

COFFEE CHAIN BUSINESS CASE

ABOUT CCD

Cafe Coffee Day(CCD), a part of Coffee Day Global Limited, is India's favourite hangout for coffee and conversations. Popularly known as CCD, it strives to provide the best experience to the guests. Their coffees are sourced from thousands of small coffee planters, who made them who they are today. They opened their first cafe in 1996 at Brigade Road in Bangalore – the youth and the young at heart immediately took to the cafe, and it continues to be one of the most happening places in the city. CCD to the youth is a “hangout” spot where they meet people, make conversations, and have a whole lot of fun over steaming cups of great coffee. Since ,then it became the largest organised retail cafe chain in the country.

PROBLEM STATEMENT :

CCD is losing money and it wants to find out why. You are asked to take a look at the data and see if you can pinpoint some reasons.

DATASETS:

There are two datasets for this Business case –

1)CCD Dataset

-This dataset gives information about store id, COGS, date, market size, market, marketing, product line, product type, product, profit, sales, target COGS, target profit and target sales.

2)Product type Dataset

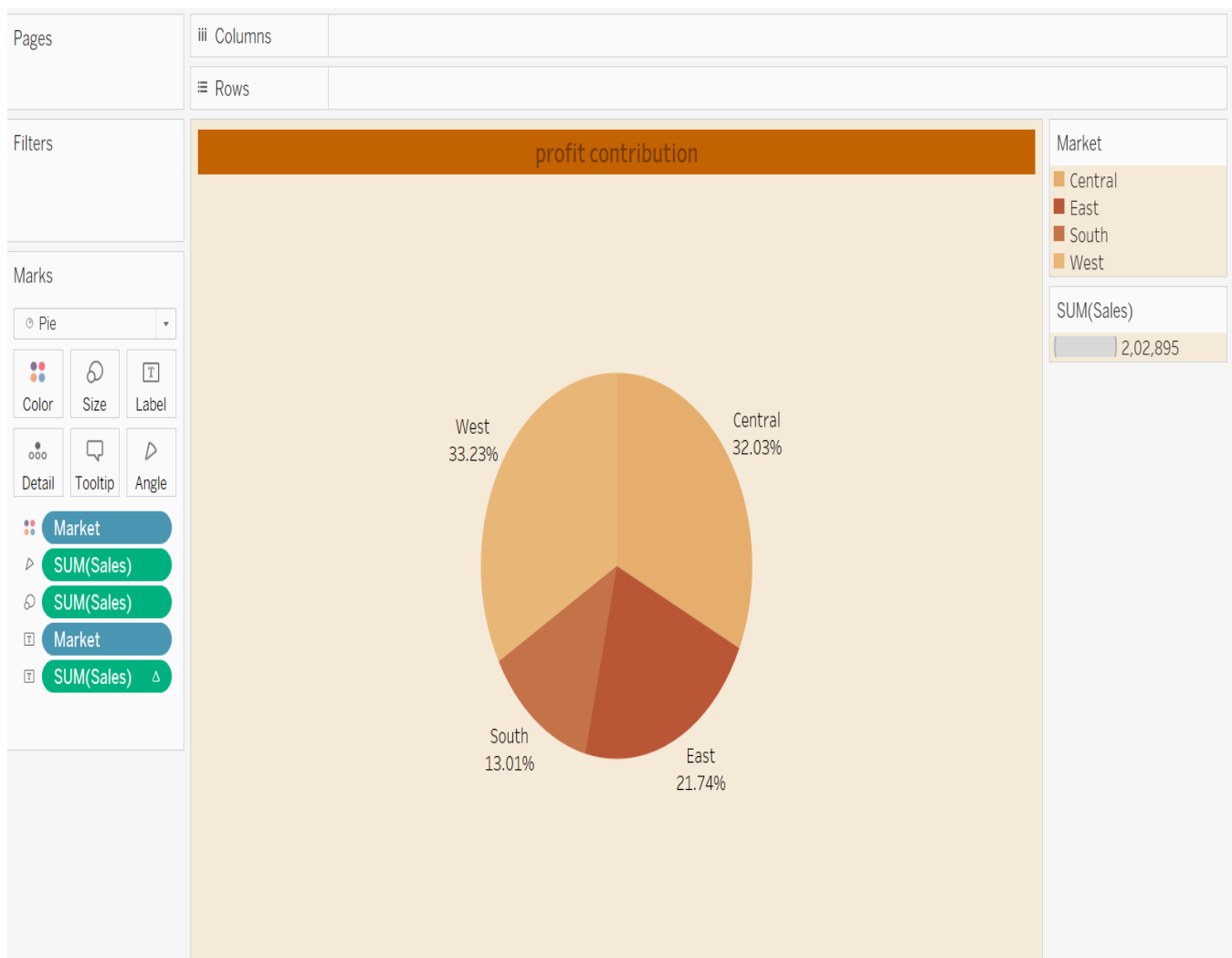
-It gives information about the various products CCD have & their type.

Question 1. Determine which market had the least percentage contribution & highest percentage contribution to total sales.

Answer –

Upon analysing the data, it became evident that the South market made the smallest percentage contribution to total sales, accounting for only 13.01%. In contrast, the West market emerged as the top performer, contributing the highest percentage of profits to CCD's total sales at 33.23%.

The data was visualized using Tableau Public, and the results were represented in the form of a pie chart, illustrating the market contributions clearly.

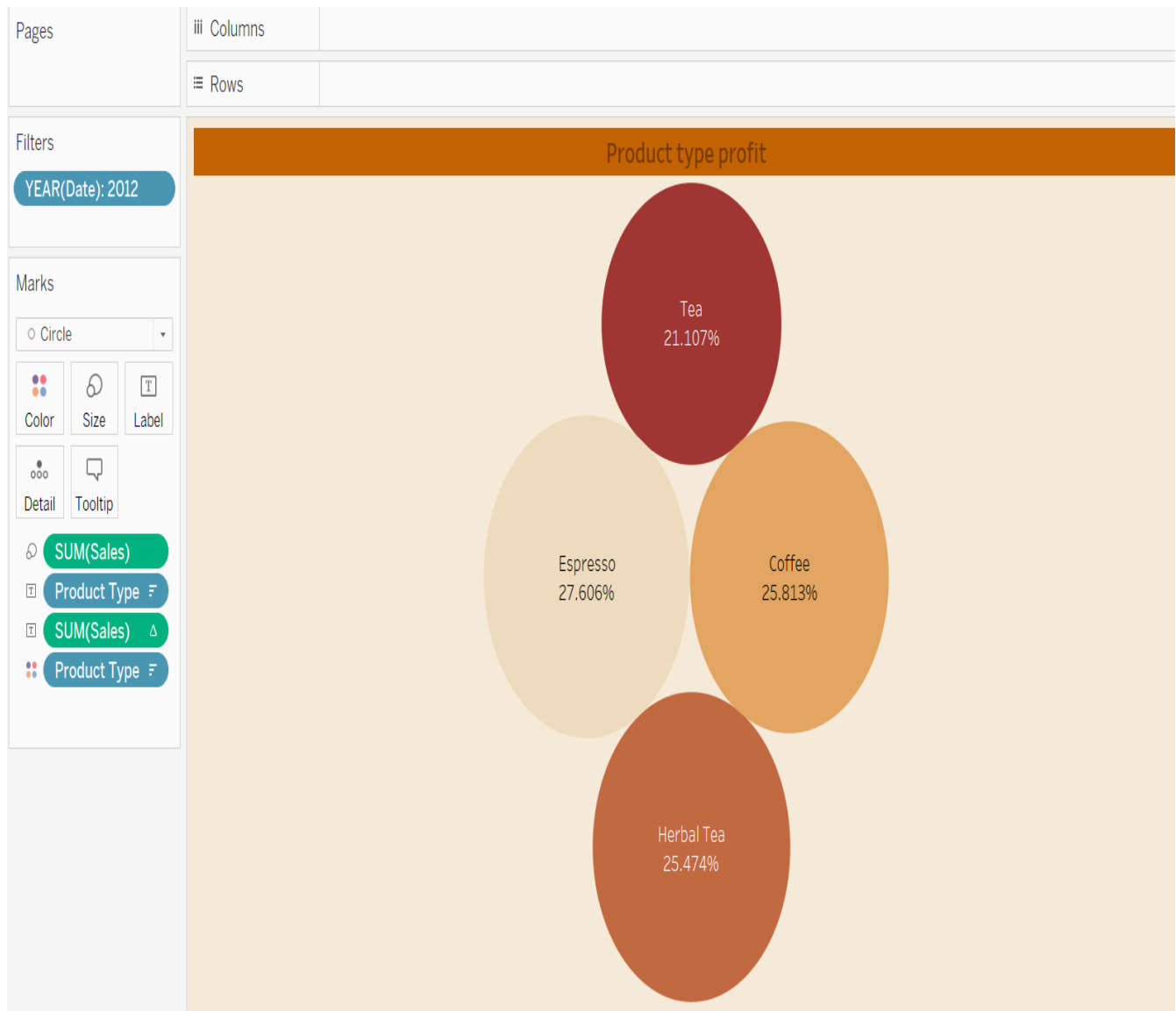


Question 2. In the year 2012, determine which product type had the highest percentage contribution to total sale.

Answer –

We discovered that Espresso accounted for the highest percentage contribution to total sales at 27.606%. In contrast, Tea had the lowest contribution at 21.107%.

The data visualization below illustrates the profit distribution based on product types.

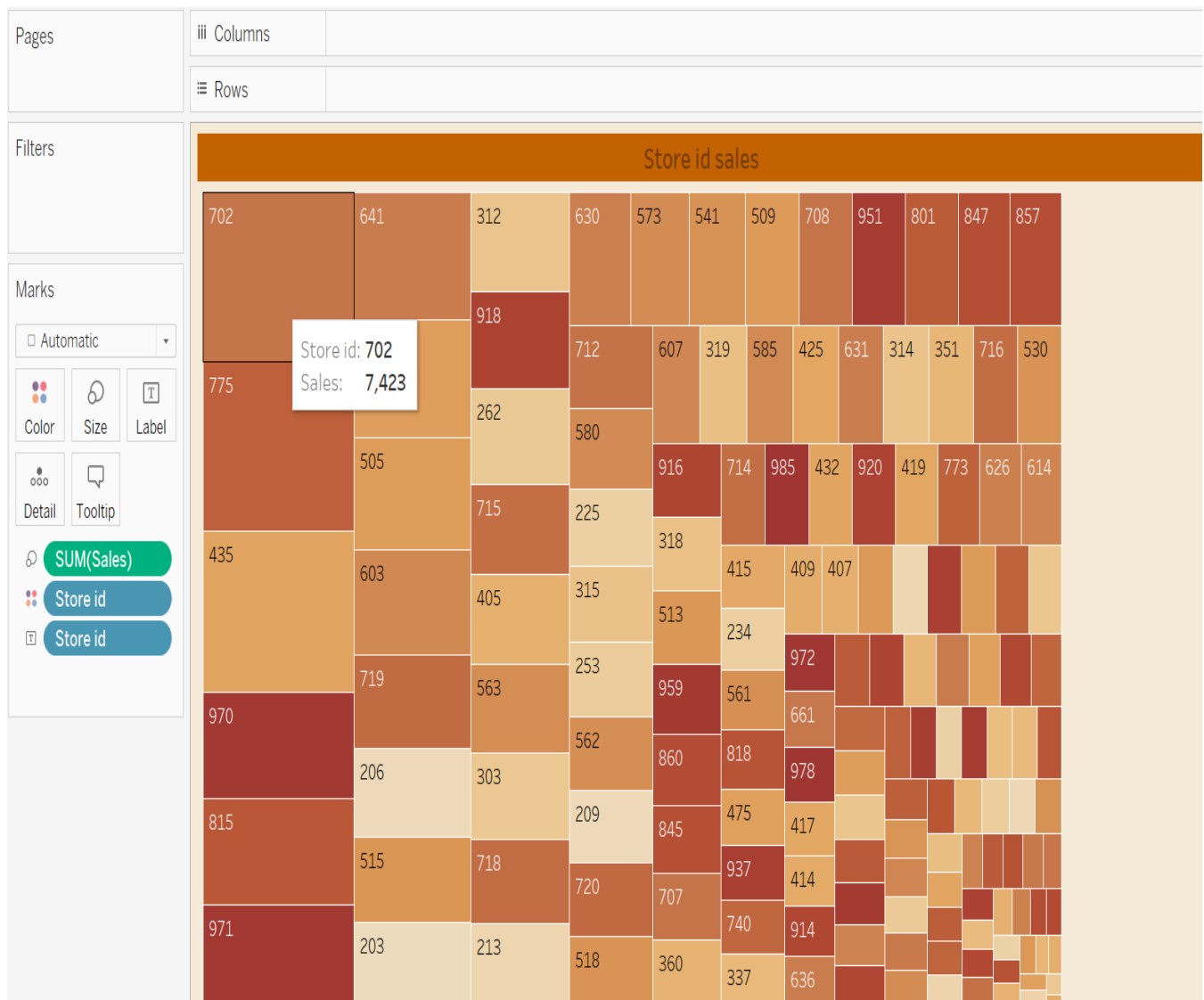


Question 3. Find the store id with highest sales value.

Answer –

Based on the visualization, it is evident that Store ID 702 achieved the highest sales value, amounting to \$7423.

This information was depicted using a tree-map chart in Tableau to visually represent the sales data.

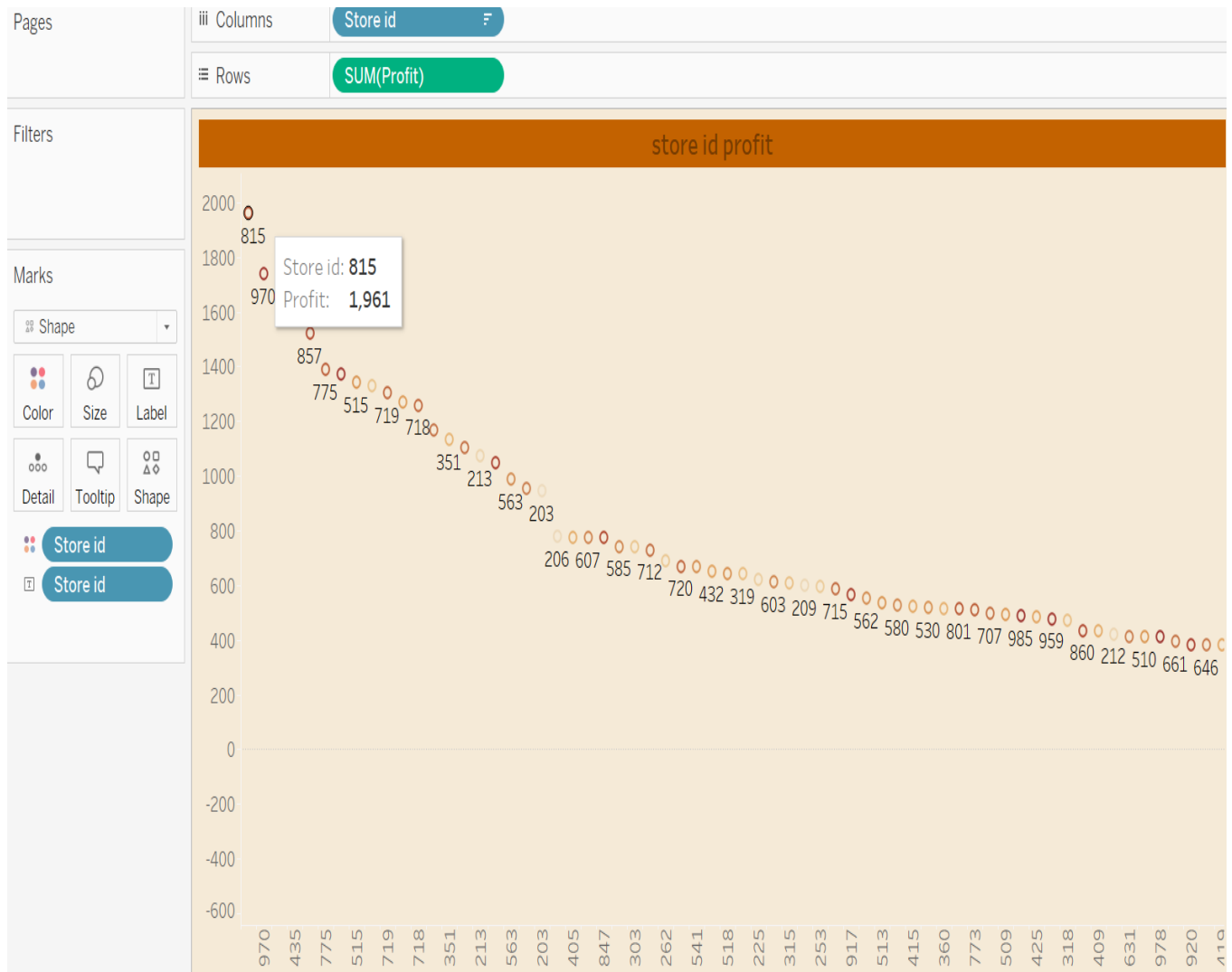


Question 4. Find the store ID which generated the highest profit.

Answer –

Store ID 815 recorded the highest profit, totalling \$1961.

The corresponding data visualization showcasing the profit distribution based on store IDs is displayed below.

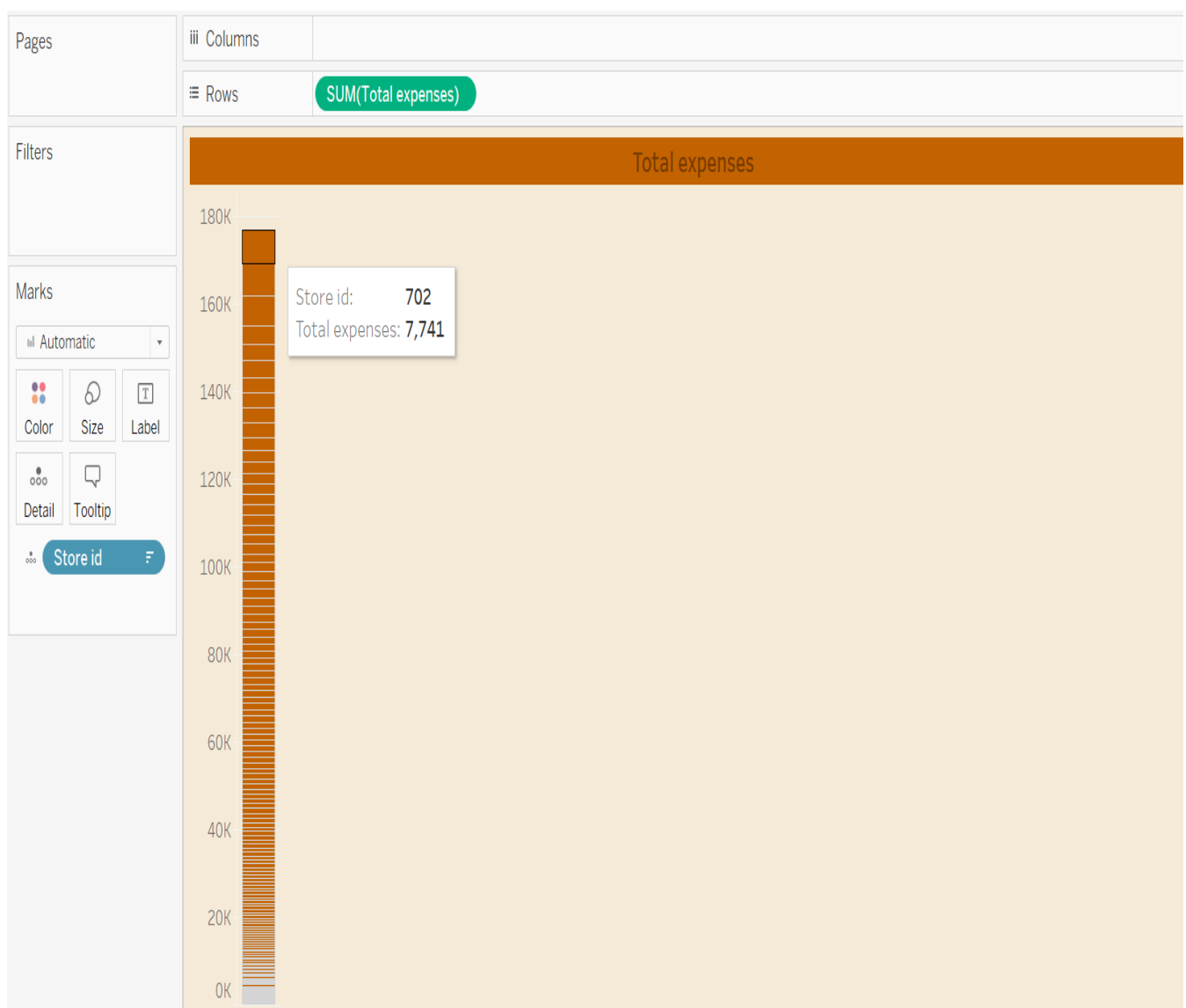


Question 5. Determine store id with highest total expense.

Answer –

Store ID 702 incurred the highest total expenses, amounting to \$7741. These expenses were calculated using the formula: Total Expense = Cost of Goods Sold (COGS) + Marketing + Other Expenses.

The data visualization representing total expenses utilized stacked bars to provide a clear visual representation.

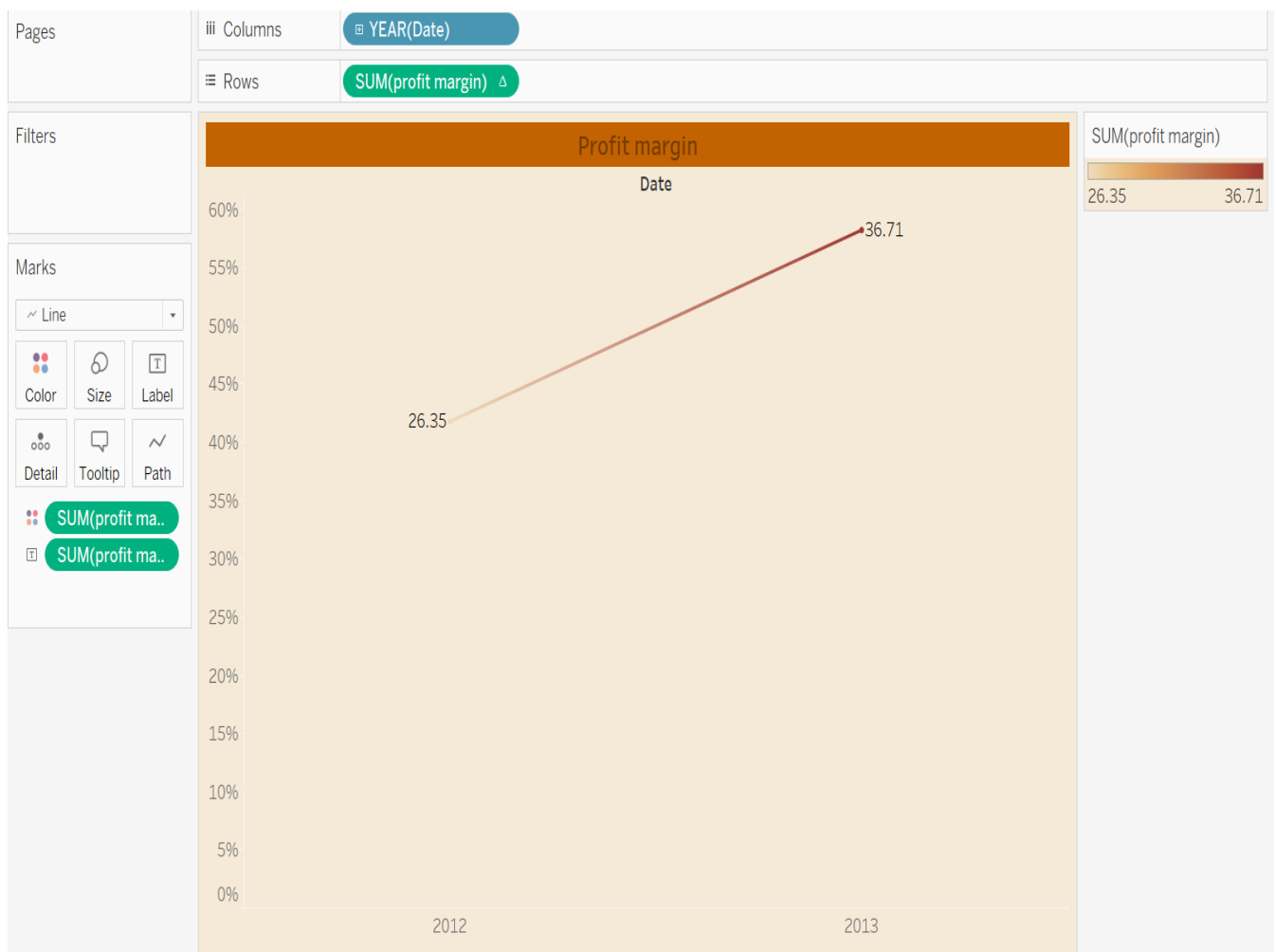


Question 6. Determine the profit margin for the year 2012 and 2013.

Answer –

Profit margins were computed using the formula: Profit Margin = (Profit / Sales) * 100. The analysis revealed that the profit margin for the year 2012 stood at 26.35%, and for the year 2013, it improved to 36.71%.

This data was visually represented using a line chart to illustrate the profit margin trends over the two years.

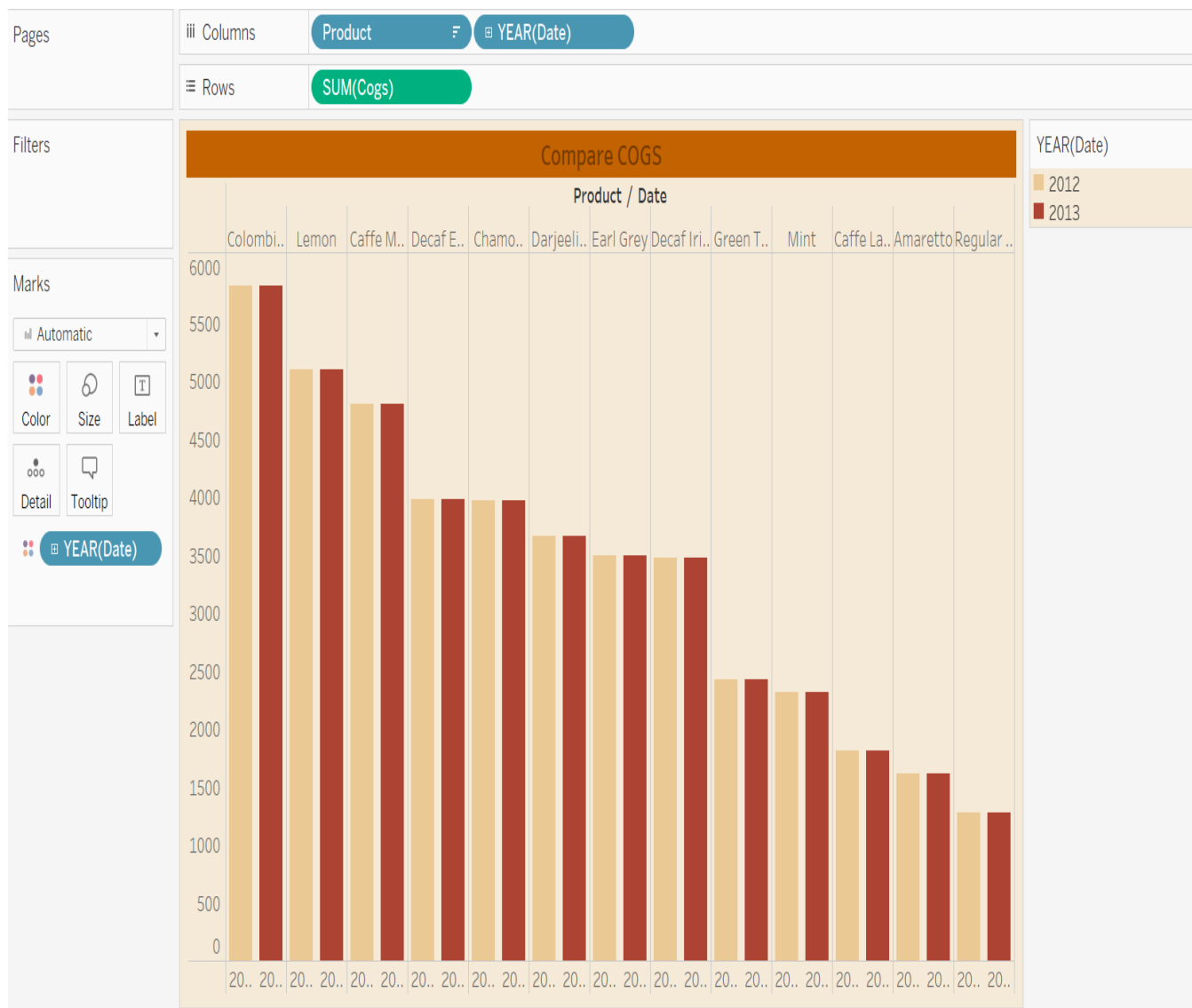


Question 7. Compare the COGS of various products in 2012 and 2013.

Answer –

Upon analysing the data, it was observed that the Cost of Goods Sold (COGS) for all products remained consistent in both 2012 and 2013.

To visualize this comparison, side-by-side bars were utilized, illustrating the unchanged COGS values for the respective years.

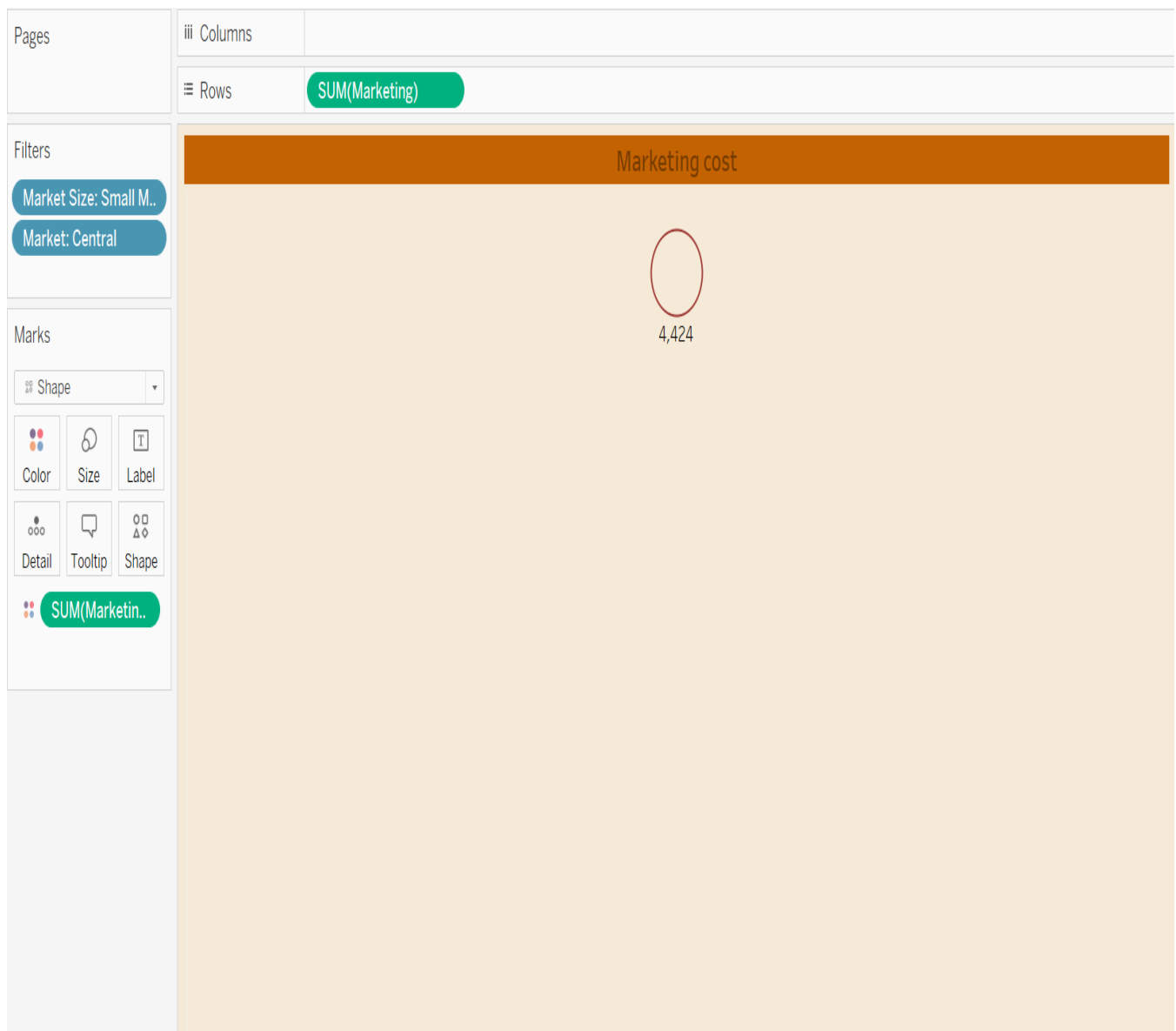


Question 8. Determine the cost of marketing for central market under Small market size.

Answer –

The marketing cost for the Central market under the Small market size category was determined to be \$4424.

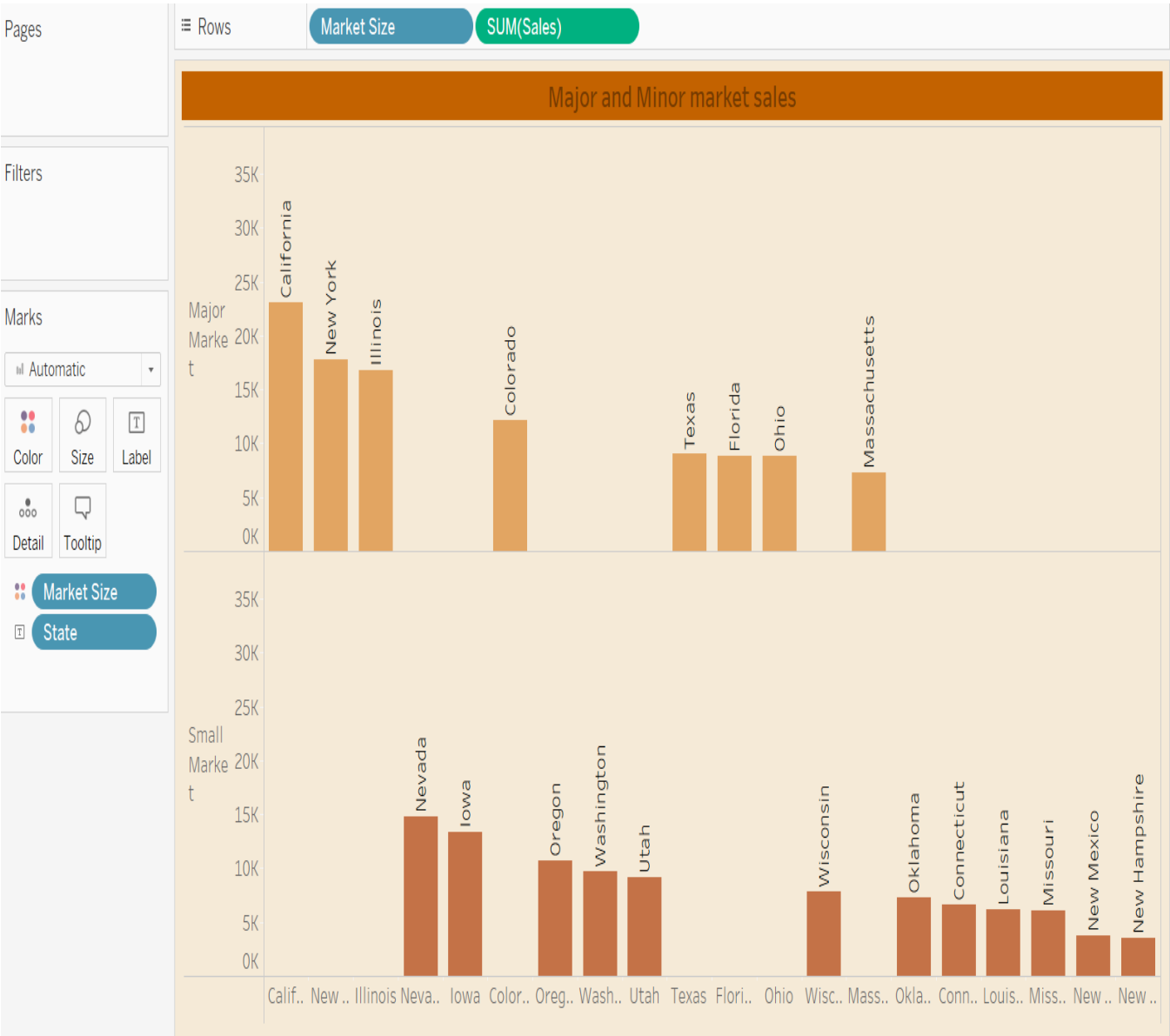
The corresponding data visualization depicting the marketing expenses was created using Tableau, providing a clear representation of the marketing cost data.



Question 9. Find the State with highest sales in major and minor market respectively.

Answer –

Upon analysing the data, it was discovered that California had the highest sales in the Major market category, whereas Nevada emerged as the top performer in the Minor market. The sales figures for both the Major and Minor markets were visualized in the following chart, clearly illustrating the sales performance in these specific regions.

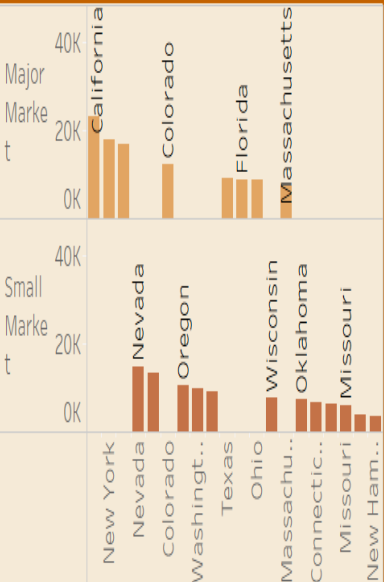


COFFEE CHAIN DASHBOARD

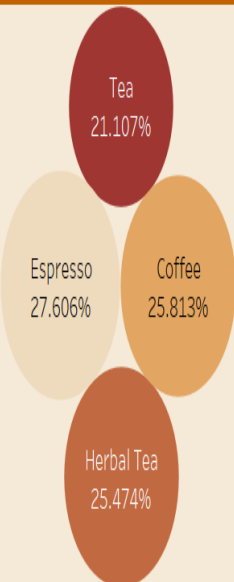
Marketing cost



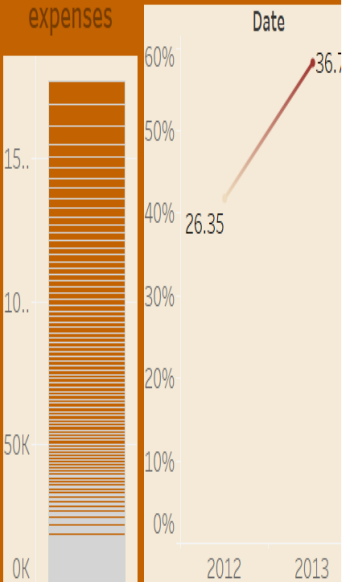
Major and Minor market sales



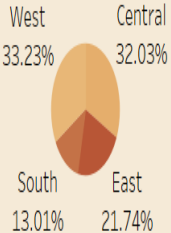
Product type profit



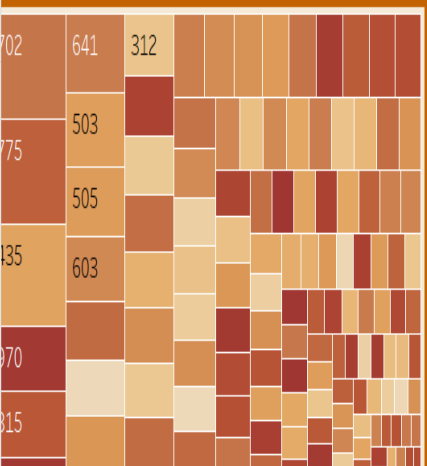
Total Profit margin



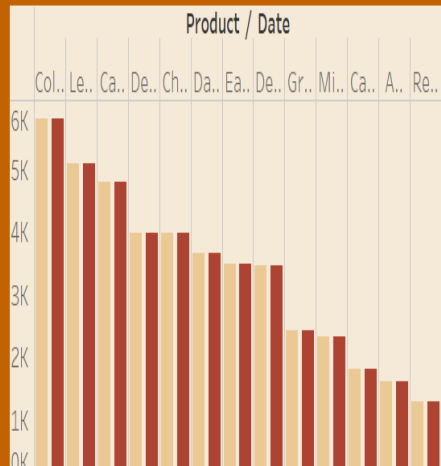
profit contribution



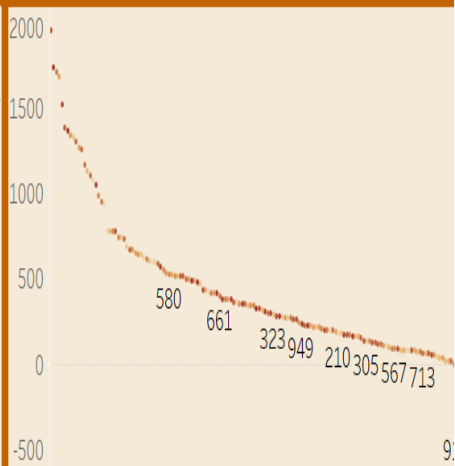
Store id sales



Compare COGS



store id profit



Insights from the analysis:

- 1) South market has the least percentage contribution to total sales that is 13.01% whereas West market has the highest percentage profit contribution to total sales of CCD that is 33.23%.
- 2) Espresso has the 27.606% percent contribution to total sale which is highest among all. On the otherhand Tea contributes the least(21.107%).
- 3) The store Id 702 has the highest sales value which is 7423 dollars.
- 4) The store Id 815 has generated the highest profit that is 1961 dollars.
- 5) The store Id 702 was found to have the highest total expense that is 7741 dollars.
- 6 Profit margin for the year 2012 was found to be 26.35% & for the year 2013 it was found to be 36.71%.
- 7) COGS of all the products stayed the same for both the years that is 2012 & 2013.
- 8) The cost of marketing for central market under Small market size was found to be 4424
- 9) After analysing the data, the state with highest sales in Major market was found to be California while for Minor market it was found to be Nevada.

Possible reasons for the loss of money of CCD:

1. **Regional Disparities:** The significant difference in market performance between South (13.01% sales contribution) and West (33.23% profit contribution) markets suggests that CCD may be facing challenges in understanding and catering to the South market's needs and preferences. Addressing regional disparities in marketing and product offerings could help improve sales.
2. **Product Mix:** Espresso being the highest contributor to total sales indicates a preference for coffee-based beverages. However, the low contribution from tea (21.107%) might suggest a gap in CCD's tea offerings or potential pricing issues. Diversifying the tea menu or adjusting prices could help capture a broader customer base.
3. **Store-Level Management:** Store 702, despite having high sales, experienced substantial expenses (7741 dollars), leading to a potential loss. Investigating the reasons behind these high expenses, such as operational inefficiencies or overhead costs, is essential to improving profitability.
4. **Profit Margin Improvement:** The increase in profit margin from 26.35% (2012) to 36.71% (2013) indicates that CCD made effective changes in its operations, pricing, or cost management strategies. Identifying and replicating the successful strategies from 2013 could contribute to reducing losses.
5. **Cost Control:** Keeping the Cost of Goods Sold (COGS) consistent implies stable production costs. Focusing on controlling other operational expenses, such as labour, utilities, and rent, might be crucial to improving the overall financial health of CCD.
6. **Marketing Efficiency:** Analysing the marketing cost of 4424 dollars for the central market under Small market size can help assess the efficiency of marketing campaigns. Ensuring that marketing efforts align with the target audience and generate a positive return on investment is vital for financial sustainability.
7. **Market Analysis:** Understanding that California and Nevada are the highest sales states in Major and Minor markets, respectively, suggests potential opportunities for expansion or targeted marketing efforts in these regions to further boost sales and profitability.

Recommendations based on the above analysis:

1.Regional Strategy Optimization:

South Market Focus: Given the low contribution from the South market, invest in market research to understand local preferences and adapt the menu and marketing strategies accordingly. Tailoring offerings to match regional tastes can increase sales.

Leverage Successful Markets: Learn from the successful West market. Analyse customer preferences, pricing strategies, and marketing approaches that led to high profits. Apply these successful strategies to other regions where applicable.

2.Product Diversification and Pricing:

Tea Menu Enhancement: Since tea contributes relatively less to total sales, consider diversifying the tea menu. Introduce new tea blends, specialty teas, or unique tea-based beverages to attract tea lovers.

Price Adjustment: Evaluate the pricing of tea and other low-contributing items. Adjust prices if necessary to align with customer expectations and market standards. Ensure that pricing reflects the perceived value of the products.

3. Store-Level Efficiency:

Expense Analysis: Investigate the high expenses at Store 702. Conduct a detailed cost analysis to identify areas of overspending. Implement cost-cutting measures where possible without compromising service quality.

Operational Streamlining: Streamline store operations to minimize wastage, improve staff efficiency, and optimize inventory management. Efficient operations can significantly impact overall profitability.

4. Profit Margin Maintenance:

Identify 2013 Strategies: Identify the specific strategies that led to the improved profit margin in 2013. Whether it was cost control, menu adjustments, or operational changes, replicate these strategies across all stores to maintain and enhance profitability.

5. Cost Management:

Expense Review: Review all operational expenses across stores. Identify areas where costs can be reduced without affecting the customer experience. Negotiate with suppliers for better rates, optimize staffing levels, and monitor utility costs.

6. Marketing Efficiency:

ROI-Focused Marketing: Evaluate the effectiveness of marketing campaigns. Focus on channels and methods that provide a higher return on investment. Utilize digital marketing tools to target specific customer segments and track campaign performance.

7. Market Expansion:

Target High-Performing States: Given that California and Nevada are strong markets, consider expanding operations or intensifying marketing efforts in these states. Capitalize on the existing customer base and brand loyalty to drive further growth.