

Table of Contents

Introduction	2
Target Group.....	3
Marketing Mix.....	4
AIDA Model.....	5
Gap Analysis.....	6
SWOT Analysis	6
Brand Strategy and Service Performance	7
Customer Touch Points	8
Critical Success Factor for Costa Café	9
Comparison with Competitor	10
Conclusion	10
Bibliography	11

Introduction

Recently it has become important for organizations to implement practices that can be adjusted as per the organization's necessity and work as a system that helps the organization to achieve its goals. With increasing marketing competition in almost every industry it has become vital that businesses consider marketing strategies that enhances the business model and process to achieve competitive advantage (Xiaand Gan, 2017). In order to set priorities, focus resources that strengthen operations, guarantee that workforce and other stakeholders are working toward shared objectives; strategies must be shared with the organization planning. Therefore, marketing department's role is to ensure that the organizational values are enhanced is getting irrefutable. To stay germane in the business world, most of the international companies are incredibly dependant on the marketing department of the organization. This report will be focusing on the marketing strategies adopted by Costa Coffee.

Founded in London during the year 1971, today Costa Coffee is among the few prevalent coffee chains in the world. Costa coffee is a British transnational coffee house company. Its headquarters are in Dunstable, Bedfordshire. It's the largest coffee shop chain in the United Kingdom and second largest coffee shop chain in the world. (En.wikipedia.org, 2018) Costa Coffee is famous for haunting customers with a more mature palate and love for authentic coffee.



The main intent of the business is to achieve a significant amount of competitive edge by providing the best coffee in terms of quality globally. Besides this, to meet the queries and interest of the existing as well as potential customers around the world, the company is required to take their customer service a notch up. Costa Coffee produces its own coffee and has its own roastery. (Whitbread.co.uk, 2018)

From a market competition perspective, the coffee brand faces immense competition from Starbucks and Gloria Jeans their closest competitors in the same industry and has offered great competition in terms of profits, growth and revenue. The coffee houses are required to adopt

various strategies to attract more and more customers to ensure sustainability as the coffee market in UK is subject to great competition.

Target Group

A place where a company wishes to sell its finished goods is target market. Target marketing includes dividing the market share in several segments and planning marketing strategies accordingly for each segment.

In other words, not all products can be used by all customers as every commodity has a different set of customers who want to purchase the commodity. To attract a specific market group, the company sometimes adjusts their products accordingly. Target market formation includes the conceptualization of the item, understanding the demand of the product, learning about its target customers etc. Innovatively deployed techniques of marketing can be utilized to attract new customers and creating opportunities for business across the globe.

STP analysis can be considered as effective to understand and utilise the market potential. This analysis can help in overall growth of organization and the product efficiency. Hence, provided below is the STP analysis of COSTA coffee can be effectually used for operational excellence. (The Economic Times, 2018)

Segmentation:

The segmentation requires brainstorming to identify the market potential. Saying about the operations of Costa Coffee, multiple segmentation is practiced to attract the customers (Zhuand Jones, 2014). The selective targeting strategy is used to target the customers around the globe of 29 countries and to satisfy their needs. Costa coffee is practicing geographic and demographic segmentation that helps to identify and produce new products in market.

Targeting:

Costa Coffee targets the age group of young professionals aging 18-25 years through the principle of digitalization (Ward, 2015). Hence, the coffee shop becomes the 'go to' place between workplace and home and provide the customers with a hassle-free atmosphere after hectic work hours.

Positioning:

Costa Coffee's positioning strategy is globally the same i.e. they are the ITALIAN COFFEE MASTERS. Costa serves coffee better quality coffee as compared to its competitors i.e. it tastes better, is more hygienic and totally unique. The image of Costa is that it has the BEST and most UNIQUE coffee.

Marketing Mix



Source: (Vectors, 2018)

Marketing mix is defined to place the product right, right placement and appropriate timing with appropriate pricing. It is a significant tool to create right marketing strategies and implementing them in an effective way. They help to determine how the organization is to achieve its goals and objectives and this then determines the impact of the products positioning, targeting & segmentation decisions. (Hill, 2016)

Product:

An item is a thing that satisfies a need of a person. A product made at a minimum cost that is accessible to the target with low pay scales. Every product goes through different stages of product life cycle. Any organization manufacturing products can revamp its product as per the changing environment.

An effective item shall fulfill a desire in the market and additionally shall have the competence to play out its capacity as guaranteed by the manufacturer. (Cleverism, 2014)

The highlighted in the menu of the Costa Cafe is Coffee. It also has variety of products which are tasted and enjoyed by people. Thus, Costa coffee is more interested in a pull strategy rather than a push strategy.

Price

Marketers often tend to concentrate more on actions like advertising, product development, and market study while prioritizing their tasks. These are often considered as the more enthralling facets of the product and marketing mix. Pricing is the main factor that lifts pay and different things like publicizing, advancement, item and improvement, offering and exertion and so on. This is the reason that valuing, or costing is given consideration as it greatly affects the various exercises of an organization. (Cleverism, 2014)

Costa espresso has premium costing system. It believes in the diversification of costing plan in its promoting blend however its practices are possibly premium.

Place:

Costa coffee prevails its presence of over 1000 stores in United Kingdom but less presence globally. Costa café is located at airport, malls and other places for joy. To gain customer base, Costa coffee modifies menu country to country. Such as in India they introduced local delicacy sandwiches and customized Veg sandwiches to attract more customers.

However, I would suggest, having a good ambiance with access to Wi-Fi and a lot of power sockets is also vital. Most people who may come to the coffee shop not only come for the coffee itself but mostly for the Wi-Fi where they can sit work and also enjoy the sip their coffee.

Promotion:

Promotion is the facet of any organization or of any product manufactured. The company promotes its product and items to grab the attention of its customers and provide product information to motivate them to make a purchase. The associated team with promotional. Objectives of the promotional activities is to create awareness, provision of information to customers, stimulate demand and differentiate the product. (Cleverism, 2014)

No ATL (above the line promotion) technique is practiced by Costa espresso cafe. Instead it practices the promotional technique of BTL (below the line) i.e. advertisement on vehicles and outdoor media. Costa believed in word of mouth and providing the best experience hence leading to low rated promotions. It conducts surveys through its workers for the newly manufactured and introduced products. It runs a loyalty or beneficiary campaign named as Costa Coffee Club that is eligible to its customers who are frequent visitors. Hence, frequent visitors get the discount on items offered by Costa and earn points on purchase of products. (Costa.co.uk, 2016)

AIDA Model

AIDA is an abbreviation for **A**ttention, **I**nterest, **D**esire and **A**ction. The AIDA model is used in marketing to depict the different steps that roll out from the time when a consumer first becomes cognizant of a commodity through to when the user tests a product or makes a purchase decision. Given that many customers become aware of brands via promotion or marketing communications, the AIDA model helps to demonstrate how an ad engages and encompasses consumers in brand choice. (En.wikipedia.org, 2016)

The AIDA model is an advertising effect model i.e. it explains the effect of advertising media. The selling method should be sustainably augmented based on this model.

Costa Coffee needs to include new products so that the customers can pay attention. Once the product gets the attention of the consumers, a branding strategy needs to be identified and applied so that an appropriate amount of desire can be created among the masses willing to get their hands on the product. As soon as the market demand is determined, the company can start

supplying the product and get the evaluation done as how the customers rate the product and would they like to see more of the same kind.

Gap Analysis

A comparison between actual performances with desired or potential performance is Gap analysis. Gap analysis recognizes gaps between the optimized distribution and integration of the inputs (resources), and the current allocation-level. It helps in revealing the areas of improvement. Gap analysis involves deciding, recording, and enhancing the contrast between business prerequisites and present proficiencies. Once the general standard for performance in the industry is identified; it is likely to compare that expectation with the business's current performance. Such analysis can be made at the strategic or at the operational level of an organization.

SWOT Analysis

Strengths:

Costa Operates in more than 30 countries around the world and is the 2nd largest coffee brand globally. Being the Italian Coffee Masters, Costa is recognized for providing a mature palate of coffee to the customers. The coffee business is amplifying gradually and as people like the taste of coffee, new branches are being opened globally, subsequently the demand for the same also is increasing.

Costa Coffee is leading the coffee market in the UK whereas globally Starbucks is leading the coffee industry. Costa Coffee has been prevailing the market share in UK since 2007.

Costa Coffee has wide spread operations in more than 30 countries with more than 3000 coffee houses spread along. The business also owns more than 2000 restaurants & above 6000 costa express vending facilities. And further 1280 outlets overseas.

Costa Coffee is aims to accomplish a premium image globally with the following features.

- Commendable customer service
- Specialized & highly trained personnel
- Modern coffee machines

Limited presence of Costa Coffee in the developed countries helps the company's need to stay focused on what they have and control their operational cost thereby growing profits. (Bhasin, 2018)

Weaknesses:

Costa Coffee does not expend a much on the promotions of the product which is a big weakness for the brand. In this part, Costa faces not only direct but also indirect competition with various brands like Tea or Soft drinks. In order to appeal more customers, investment is needed to promote the brand. Costa Coffee has limited operation in the international market, i.e. they have very limited operations in countries other than UK. Costa coffee has higher prices as compared to its competitors that also affects their sales in developing countries. (Bhasin, 2018)

Opportunities:

Costa Coffee needs to expand the business in more countries as almost 50% of the business is done in UK only. Presence of Costa coffee as compared to Starbucks is almost half and McCafé by McDonald's is rapidly catching up though it does not only serve Coffee but also serves other beverages. Thus, expansion is vital for the company.

Corporate linkups can help Costa to set up strategic accords with various restaurant chains across US, UK and other countries and deliver its own coffee to these restaurants customers. Similarly, Costa can provide their vending machines to different corporations via corporate tie ups to flourish.

Costa Coffee should also consider making toilets as it can invite more passerby. With the addition of toilets, people travelling nearby can use the restrooms and freshen up and grab a cup of their favorite beverage. This may result in the increase of sales.

To invite more customers to its coffee shops, Starbucks is known for its pull strategies and utilizes numerous means. Similarly, Costa coffee needs to implement pull strategies and use innovative methods to entice the masses.

Threats

Global dominance of Starbucks is the biggest risk against Costa Coffee as the brand is not letting Costa coffee to settle and expand aggressively.

Consumption of Tea against Coffee imposes a threat to the sale of coffee. Sales and revenue of the brand has also been affected by the huge indirect competition provided by huge consumption of tea vs coffee in the larger markets such as UK, India and China.

Due to constant competition and dearth of promotions, the brand value of Costa Coffee has dropped imposing a huge risk to the brand.

Brand Strategy and Service Performance

As a student of business administration, I believe, costa café could improvise their business performance by a number of factors. Effective marketing strategies help boost the business performance and gaining customer base.

Appealing Storefronts:

The easiest way to approach new clientele is by making your coffee shop appealing to people passing by. As much as we'd hate to admit this but looks like looks still matter a lot to make a perception. Leaving the storefront unnoticed could mean unexploited opportunities for coffee shops to engage the potential new customer cruising by. Changes in fashion and interior designs now require business to improve their visual appearance a lot. Costa should also make their store fronts more appealing for people.

Reach out to local bloggers

Providing exceptional experience to influential bloggers can result in boosting up the sales as word of mouth doesn't just start with customers.

Technology/Social Media

Addicted to smart phones today's generation is online and connected to people virtually. The flow of information on internet is so vast it can't be described in words. People are more involved in social media sites then they ever were. Such a large presence of people in one place means business can reach out there existing and potential customers through the use of social media. Making an online community means you have more people following you, they are more attached to your brand and they tend to make far better customers then regular walk in. same as people don't buy a Harley Davidson bike because they need one. It's just the biker community they feel attached to. Often business who have loyal customers as a part of their community succeed more than competitors hold conversations talk to customers and form a positive image about the business.

All organization around the globe are moving quickly and are concerned with their quality of service to enhance the influence on client to feel satisfied. The effectiveness of service performance can be recognized regardless of whether the brand satisfies clients; benefit necessities (Keller 2013). Service adequacy portrays the responsiveness of the service delivery. Service sympathy alludes to the how aggressive, mindful and trusting the service delivery by the organizations is and whether they seek the interest of client (Skinner and Spurgeon 2005). Hospitality is the highest ranked factor evaluated in the service performance of a Costa coffee shop. The service empathy is a key factor for the success meter and analyzing the KPI of Costa coffee because it works with the interest of its customer. (Profitableventure.com, n.d.)

Customer Touch Points

Whenever a potential customer encounters a brand before, during or after they buy something is a touchpoint. Customer touchpoints are a brand's points of customer contact, from start to finish.

We should always consider it as an opportunity when getting in touch with customers through any channel. We shall be able to identify touchpoints for customer by listing down all the places and times. Below are a few points that can be considered for customer's touchpoints:

Before purchase	During purchase	After purchase
Social media	Store or office	Billing
Ratings and reviews	Website	Transactional emails
Testimonials	Catalog	Marketing emails
Word of mouth	Promotions	Service and support teams
Community involvement	Staff or sales team	Online help center
Advertising	Phone system	Follow ups
Marketing/PR	Point of sale	Thank you cards

Source: (SurveyMonkey, n.d.)

Critical Success Factor for Costa Café

Referring to the activities that must be finalized to a high standard of quality in order to achieve the goals of your project. For years, the coffee business has been steadily growing globally and estimates indicate sustained development, that can make this a profitable business to join, but it should be noted that success isn't as easy as opening an outlet in a high-capacity area. Marketing strategy and product quality are critical factors to business success.

Product

The biggest factor for success in the coffee business is being able to make wise entitlements that the coffee provided is better the competitor. One may have an exclusive blend, or the best on-site roasters, or baristas who can make even open coffee-haters fall in love with their lattes. But providing the customers with a great cup of their favorite brew is essential to success.

Customers

A business doesn't need be situated on the busiest road around corner - the activity probably won't be sufficient to justify the high rents, despite all the trouble. A business surely need to identify the target customers and ensure their availability in the location near the business. If a

coffee shop is on a corner, then it needs to ensure that sufficient individuals in the locality like to drink coffee for business effectiveness. If the business is running a service to serve coffee to local offices, it helps to be located closer enough to deliver the product in a timely manner.

Employees

For any of the businesses growing exceptionally well, the frontline asset are the employees or staff. They not only serve espresso but also understands the need of customer. The staff if not working and serving right to its customers shall be a risk to business growth and establishment around the globe.

Marketing

The reputable Costa may serve the best coffee around, but no one would know it if the market techniques are weak. The technique to use social media and offering loyalty cards to draw an individual's attention simultaneously offering quality with premium costing strategy can an edge to hit the big offices. Once there, it's up to the coffee itself to do the rest. (Winstudent, 2015)

Comparison with Competitor

Costa coffee and Starbucks enjoy equal customer liking, not only the price and promotional plans impact the customers decision making but the taste of coffee also helps in determining the store to visit. Customers are attracted towards Costa Coffee because of their unique taste and people enjoy the admirable environment provided by Costa Coffee. The customer base of Starbuck is majorly the executives and elite class, whereas Costa is more favored by the youth. Comparing the pricing of both the coffee shops it can be concluded that as Costa Coffee offers low pricing as compared to Starbucks. Starbucks can invite more crowd if they decrease their prices slightly, along with providing offers.

Conclusion

Costa Coffee is one of the leading coffee shop in the world, however the aforementioned study submits that Costa is sells premium products at a high price. Comparing it with recent business trends show most of the competition in coffee market exists in consumers with mid income range. The company should try encash their market name by expanding and exploring new areas. The organization should try to innovate their products portfolio keeping in mind their specialty in Italian Coffee making.

As the company doesn't advertise on mass media, it is hard for Costa to survive much longer in the global market, hence Costa should try to adopt newer ways to advertise the company on different platforms to grab the attention of potential customers having great liking for Coffee.

Bibliography

- En.wikipedia.org. (2018). *Costa Coffee*. [online] Available at: https://en.wikipedia.org/wiki/Costa_Coffee [Accessed 28 Aug. 2018].
- Whitbread.co.uk. (2018). Whitbread. [online] Available at: <https://www.whitbread.co.uk> [Accessed 2 Sep. 2018].
- The Economic Times. (2018). Definition of Target Market | What is Target Market ? Target Market Meaning - The Economic Times. [online] Available at: <https://economictimes.indiatimes.com/definition/target-market> [Accessed 28 Aug. 2018].
- Vectors, R. (2018). 4P marketing mix model - price product promotion vector image on VectorStock. [online] VectorStock. Available at: <https://www.vectorstock.com/royalty-free-vector/4p-marketing-mix-model-price-product-promotion-vector-3118807> [Accessed 28 Aug. 2018].
- Hill, W. (2016). Importance of Marketing Mix in your Marketing Strategy – Part 1. [online] LinkedIn. Available at: <https://www.linkedin.com/pulse/importance-marketing-mix-your-strategy-part-1-warren-a-hill/> [Accessed 29 Aug. 2018].
- MBA Skool-Study.Learn.Share. (n.d.). Costa Coffee Marketing Mix (4Ps) Strategy | MBA Skool-Study.Learn.Share.. [online] Available at: <https://www.mbaskool.com/marketing-mix/services/17119-costa-coffee.html> [Accessed 1 Sep. 2018].
- Cleverism. (2014). Marketing Mix | Product in Four P's. [online] Available at: <https://www.cleverism.com/product-four-ps-marketing-mix/> [Accessed 2 Sep. 2018].
- Cleverism. (2014). Marketing Mix | Price in Four P's. [online] Available at: <https://www.cleverism.com/pricet-four-ps-marketing-mix/> [Accessed 2 Sep. 2018].
- Cleverism. (2014). Marketing Mix | Place in Four P's. [online] Available at: <https://www.cleverism.com/place-four-ps-marketing-mix/> [Accessed 2 Sep. 2018].
- Cleverism. (2014). Marketing Mix | Promotion in Four P's. [online] Available at: <https://www.cleverism.com/promotion-four-ps-marketing-mix/> [Accessed 2 Sep. 2018].
- En.wikipedia.org. (2016). AIDA (marketing). [online] Available at: [https://en.wikipedia.org/wiki/AIDA_\(marketing\)](https://en.wikipedia.org/wiki/AIDA_(marketing)) [Accessed 2 Sep. 2018].
- Bhasin, H. (2018). SWOT analysis of Costa Coffee - Costa Coffee SWOT & Internal analysis. [online] Marketing91. Available at: <https://www.marketing91.com/swot-analysis-costa-coffee/> [Accessed 2 Sep. 2018].
- Profitableventure.com. (n.d.). 50 Creative Coffee Shop Marketing ideas & Strategies | ProfitableVenture. [online] Available at: <https://www.profitableventure.com/coffee-shop-marketing-ideas-strategies/> [Accessed 2 Sep. 2018].
- Winstudent. (2015). What are the Key Success Factors for the Coffee Business? | Winstudent. [online] Available at: <http://www.winstudent.com/what-are-the-key-success-factors-for-the-coffee-business/> [Accessed 1 Sep. 2018].
- SurveyMonkey. (n.d.). Identifying Your Customer Touchpoints | SurveyMonkey. [online] Available at: <https://www.surveymonkey.com/mp/identify-customer-touchpoints/> [Accessed 3 Sep. 2018].