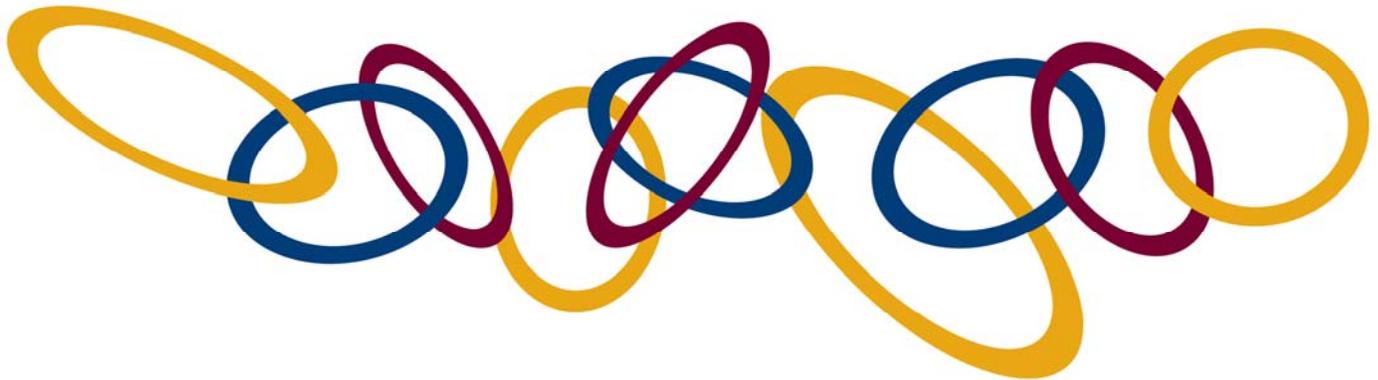


ABC & Café Coffee Day

Innovation Case Study

The DeSai Group

May 2011





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Case Study ABC & Cafe Coffee Day



A lot can happen over coffee
Cafe Coffee Day is owned by the ABCTCL, which is the largest producer of Arabica Coffee in Asia. Started in 1996 by VG Siddarth, CCD pioneered the cafe concept in India. By 2000, the company had just 14 outlets in six cities.

Then the company started on a massive expansion program that has seen it set up nearly 1000 outlets in India in ten years. It also has shops in Vienna and Karachi and has plans to expand to other overseas destinations.

Background

Cafe Coffee Day is owned by the ABCTCL, which is the largest producer of Arabica Coffee in Asia. Started in 1996 by VG Siddarth, CCD pioneered the cafe concept in India. By 2000, the company had just 14 outlets in six cities. Then the company started on a massive expansion program that has seen it set up nearly 1000 outlets in India in ten years. It also has shops in Vienna and Karachi and has plans to expand to other overseas destinations.

Why is it Innovative?

1. Brand experience: CCD made coffee drinking popular among Indian youth by offering an brand experience environment and other value additions. This meant that customers were willing to pay much higher for a cup of coffee.
2. Reinforcing brand with cluster approach: CCD created entry barriers by opening multiple outlets within short distance of each other in major cities. The Mumbai suburb of Bandra, for example has six outlets.
3. Multiple formats: CCD has various formats of Cafe's including High Street Cafes, Garden Cafes, Mall Cafes, Highway Cafes etc.
4. Company owned franchisee: All the outlets are company owned. While this makes it more expensive to run, it ensured that there was no brand dilution.
5. Vertical integration: by integrating the value chain, 'from bean to the cup', ABCTCL was able to reduce costs, assure adequate supply demand, and gain economies of operation.



Details & Stats.

1. There are 900+ Cafe coffee Day shops in 130 cities in India. All the shops are owned and operated by the company. The store ranges from 800 – 2000 sq feet
2. Coffee Day was voted India's 2nd most trusted brand in 'Food Services' in the Economic Times Brand Equity survey 2008
3. Around 450,000 customers visit Coffee Day shops every day

References

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