

Is Café Coffee Day Maintaining Its Edge in India's Competitive Coffee Landscape?

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Abstract

This research paper explores the current market position of Café Coffee Day (CCD), a leading coffee chain in India, through a comprehensive survey aimed at understanding consumer preferences, brand perception, and potential areas for improvement. Gathering 114 responses from participants primarily aged 18 to 55 in the Delhi NCR region, the findings indicate moderate satisfaction with CCD's menu variety and ambiance, yet notable concerns regarding coffee quality and service speed. Many respondents perceived CCD's offerings as inferior to competitors such as Starbucks and Barista, particularly in product variety and brand visibility. The analysis highlights critical areas for enhancement, including the introduction of vegan options, improvements in coffee quality, better food and beverage selections, competitive pricing strategies, and faster service to enhance overall customer experience. Additionally, the research identifies a significant gap in CCD's marketing and branding efforts, suggesting that revitalizing its brand identity and increasing visibility could help regain market share. Strategic expansion into tier-2 cities is recommended to tap into emerging markets, alongside enhancing digital engagement to attract a younger demographic. Overall, this paper provides valuable insights into CCD's operational challenges and offers actionable suggestions for revitalizing its market presence in an increasingly competitive landscape.

1. Introduction

Café Coffee Day (CCD), founded in 1996 by visionary entrepreneur V. G. Siddhartha, revolutionized the Indian café market by introducing a vibrant coffeehouse culture to an emerging economy. Owned and operated by Coffee Day Enterprises Limited, CCD aimed to cater to the evolving aspirations of India's urban youth and middle-class population. With its tagline "A lot can happen over coffee," CCD created a unique space that went beyond serving beverages—it became a cultural phenomenon synonymous with socializing, professional networking, and creative exploration.

From the outset, CCD adopted a robust and innovative business model centered on vertical integration. Unlike most competitors, CCD owned extensive coffee plantations—spanning over 20,000 acres—which ensured a steady supply of high-quality coffee at optimized costs. This integrated approach allowed the brand to maintain competitive pricing while preserving product quality. Combined with strategically located outlets, an inviting ambiance, and a diverse menu, CCD became the go-to destination for a variety of customers, including students, working professionals, and families. By 2010, CCD had firmly established itself as India's largest coffee chain, operating thousands of outlets across urban and semi-urban areas, while simultaneously expanding into international markets.

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Despite its initial success, CCD's meteoric rise was met with significant challenges. The entry of global coffee giants like Starbucks and Costa Coffee, along with the rise of regional competitors, fragmented the market and diluted CCD's market share. Furthermore, evolving consumer preferences, particularly a growing demand for premium experiences, exposed weaknesses in CCD's value proposition. These external pressures were compounded by internal struggles, including financial mismanagement, mounting debt, and allegations of corporate governance lapses. The untimely demise of V. G. Siddhartha in 2019 underscored these challenges, bringing the company's operational and strategic vulnerabilities into the public eye.

The decline of CCD offers critical insights into the complexities of sustaining market leadership in a dynamic and competitive industry. This research paper aims to provide a comprehensive market analysis of Café Coffee Day, exploring the factors that fueled its early success, the dynamics that contributed to its decline, and the competitive landscape of the Indian café industry. By examining its market positioning, operational strategies, and financial challenges, the study seeks to identify key lessons for businesses operating in similar sectors. Moreover, this paper will assess potential strategies for CCD's revival, focusing on restructuring efforts, consumer-centric innovations, and adaptive business models that align with current market trends.

In a rapidly transforming Indian economy where consumer behavior and market dynamics are constantly evolving, CCD's journey serves as both a cautionary tale and a blueprint for resilience. Through this analysis, the study aims to contribute to the understanding of sustainable growth strategies in the café and hospitality industry, particularly in emerging markets like India.

2. Literature Review

The primary objective of this research was to assess customer satisfaction levels at Café Coffee Day, a prominent player in the Indian coffee market. Previous studies have indicated that customer satisfaction is influenced by various factors, including product quality, service speed, and ambiance (Jha et al., 2023). In our survey, we found that while many respondents expressed moderate satisfaction with CCD's menu variety, a significant portion indicated a desire for more diverse offerings, including vegan options. This aligns with findings from Joshi et al. (2022), which emphasized the growing trend towards health-conscious choices among consumers.

The research employed a mixed-methods approach, utilizing both surveys and site visits to gather comprehensive data on consumer preferences. Surveys were distributed to a diverse demographic, capturing responses from 114 participants primarily aged 18 to 55 years. This approach allowed for quantitative analysis of customer satisfaction metrics, including ratings for coffee quality, pricing, and overall experience.

Site visits complemented the survey data by providing qualitative insights into the customer experience at CCD locations. Observational methods enabled us to assess factors such as store ambiance and staff interactions in real-time. These observations revealed that while the ambiance was generally well-received, service speed was identified as an area needing improvement. This finding is consistent with previous research indicating that service efficiency is critical for enhancing customer satisfaction in the food and beverage sector (Sehgal, 2023).

Our research also aimed to analyze how CCD is perceived in comparison to its competitors, particularly Starbucks and Barista. The survey results indicated that 45% of respondents preferred Starbucks over CCD, highlighting the need for CCD to address its competitive positioning. Roshini et al. (2016) noted that brand image plays a significant role in consumer choice within this industry; thus, enhancing marketing efforts could help CCD reclaim market share.

Furthermore, our findings showed that 62% of respondents were likely to recommend CCD to others, suggesting a foundational level of brand loyalty despite concerns about product offerings and pricing. This reflects insights from

Devaki (2022), who emphasized the importance of emotional resonance in building brand loyalty among Indian consumers.

While existing literature provides valuable insights into consumer behavior and satisfaction in the coffee shop sector, gaps remain regarding specific demographic influences on preferences at CCD. Our research suggests that further exploration of socio-economic factors could yield deeper insights into consumer choices and expectations.

By integrating quantitative and qualitative methodologies, this research provides a nuanced view of customer experiences and identifies key areas for improvement. The insights gained will inform strategic recommendations aimed at enhancing CCD's market position and addressing consumer needs effectively.

3. Methodology

This research employed a descriptive and exploratory design to assess consumer satisfaction and identify areas for improvement at Cafe Coffee Day (CCD). The study utilized a mixed-methods approach, incorporating both surveys and site visits to gather comprehensive data on customer experiences.

3.1 Research Design

The research design was primarily descriptive and exploratory in nature. This allowed for a detailed examination of consumer preferences and behaviors related to CCD, as well as an exploration of the brand's competitive positioning within the Indian coffee market. By employing both quantitative and qualitative methods, the study aimed to provide a holistic understanding of customer satisfaction..

3.2 Sample Size and Population

A total of 114 respondents participated in the survey, with an age range of 18 to 55 years. The majority of participants were residents of the Delhi NCR region, which provided a relevant context for understanding local consumer preferences and behaviors. This demographic diversity facilitated a more nuanced analysis of satisfaction levels across different age groups.

3.3 Data Collection Methods Surveys

Data was collected through an online questionnaire designed to capture various aspects of consumer satisfaction, including product quality, service speed, menu variety, and overall experience at CCD. The questionnaire was structured to include both closed-ended and open-ended questions, allowing for quantitative analysis as well as qualitative insights into customer opinions.

The survey questions were carefully crafted based on best practices in questionnaire design. This included ensuring clarity, avoiding ambiguous language, and maintaining a logical flow from simple to complex questions (Scribbr, 2023). The online format facilitated easy distribution and accessibility for participants, increasing response rates.

3.4 Site Visits

In addition to the survey, site visits were conducted at selected CCD locations to gain deeper insights into the customer experience and operational shortcomings. During these visits, observations were made regarding the ambiance, service interactions, and overall environment of the cafes. This qualitative data complemented the quantitative findings from the survey by providing context and depth to the analysis.

3.5 Data Analysis Techniques

The data collected from the surveys was analyzed using statistical methods to identify trends and correlations between different variables. Descriptive statistics were employed to summarize key findings related to customer satisfaction levels. Qualitative data from open-ended survey responses and site visit observations were analyzed thematically to identify recurring themes and insights regarding consumer experiences at CCD.

3.6 Ethical Considerations

Ethical considerations were taken into account throughout the research process. Participants were informed about the purpose of the study, assured of their anonymity, and provided with the option to withdraw at any time without consequence. Informed consent was obtained prior to participation in the survey.

3.7 Limitations

While this study provides valuable insights into consumer satisfaction at Cafe Coffee Day, it is important to acknowledge certain limitations. The sample size, although adequate for preliminary analysis, may not fully represent the broader consumer base across India. Additionally, responses may be influenced by individual biases or external factors affecting consumer behavior at the time of data collection.

This methodology outlines a structured approach to assessing consumer satisfaction at Cafe Coffee Day through a combination of surveys and site visits. By employing both quantitative and qualitative methods, this research aims to provide actionable insights that can inform strategic improvements for CCD in an increasingly competitive market.

4. Business Model and Revenue Streams

Cafe Coffee Day (CCD) operates a multifaceted business model that maximises revenue streams while maintaining cost efficiency. This analysis delves into the specific components of CCD's business model, its various revenue streams, and the associated costs, utilizing relevant numerical data to provide a comprehensive overview..

4.1 Business Model Components

- i. **Retail Coffee Outlets:** The core of CCD's business model is its extensive network of cafes. At its peak, CCD operated over 1,700 outlets across India; however, as of 2023, this number has decreased to approximately 469. Despite this reduction, the cafes remain the primary revenue generator, accounting for 94% of total revenues. In FY2023, CCD reported revenues of ₹869 crore from its retail operations alone (Business Park Center, 2024).
- ii. **Franchise Model:** CCD utilizes a franchise system to expand its reach without incurring the full costs associated with new outlets. Franchisees pay an initial fee and ongoing royalties, which contribute to a steady income stream for the company. This model allows CCD to scale operations rapidly while minimising capital expenditure..
- iii. **B2B Services:** The company operates around 50,000 coffee vending machines in corporate offices and educational institutions. This segment provides an additional revenue stream by offering convenient access to quality coffee outside traditional café settings.
- iv. **Branded Products:** CCD markets various branded products, including coffee beans, powders, and ready-to-drink beverages, through retail and online channels. The FMCG division includes offerings such as Coffee Day Fresh 'n' Ground and Coffee Day Beverages, catering to retail and vending machine sales.
- v. **Event Hosting and Catering:** CCD also generates revenue through hosting services and catering for corporate events and private parties. This diversification helps mitigate risks associated with fluctuations in

café sales.

4.2 Revenue Streams Breakdown

The following table summarizes the primary revenue streams for CCD:

Revenue Stream	Description	Revenue Contribution (2023)
Cafe Sales	Direct sales from cafes offering coffee beverages and food items.	₹819 crore (94%)
Franchise Fees	Income from franchise agreements facilitates rapid expansion..	₹20 crore (2%)
B2B Services	Revenue from coffee vending machine operations across various sectors.	₹15 crore (1.5%)
Branded Retail Products	Sales of packaged coffee products through retail outlets and online platforms.	₹10 crore (1%)
Event Hosting & Catering	Revenue generated from hosting events and catering services at various locations.	₹5 crore (0.5%)

4.3 Cost Structure

CCD's cost structure comprises both fixed and variable costs:

i. Fixed Costs:

- **Rent:** High rental costs are a significant burden for CCD, especially in prime urban locations with critical outlet visibility.
- **Salaries:** Employee salaries constitute a substantial portion of fixed costs.
- **Maintenance:** Maintenance costs for equipment and facilities are necessary to ensure operational efficiency.

ii. Variable Costs:

- **Raw Materials:** Costs associated with sourcing quality coffee beans (approximately ₹200-₹300 per kg), milk, and other ingredients are variable expenses that fluctuate based on market conditions.
- **Utilities:** Monthly utility costs can range from ₹30,000 to ₹50,000 per outlet, depending on location

and size.

- **Marketing Expenses:** CCD invests significantly in marketing campaigns to maintain brand visibility and customer engagement.

4.4 Product Pricing

Historically, CCD's pricing strategy has been competitive yet reflective of the quality offered:

- **A small cappuccino** was priced at INR 79 compared to INR 90 at Barista and INR 120 at Starbucks (A junior VC, 2024).
- **In recent years**, CCD has maintained similar price points despite rising operational costs due to strategic cost management practices.

4.5 Financial Challenges

CCD faced significant financial challenges following the tragic death of its founder, V.G. Siddhartha, in July 2019. At that time, the company was burdened with debts exceeding ₹7,000 crore (Business Park Center, 2024). Under Malavika Hegde's leadership, CCD has reduced its net debt from ₹1,524 crore in 2022 to ₹881 crore in 2023 (Business Park Center, 2024).

4.6 Economic Principles

CCD's business model illustrates several economic principles:

- **Economies of Scale:** By controlling its supply chain—from owning plantations to retailing—CCD achieves cost efficiencies that allow it to offer competitive prices while maintaining margins.
- **Market Segmentation:** The company effectively targets diverse customer segments — including students and professionals — by offering various products tailored to different tastes
- **Price Elasticity of Demand:** CCD's ability to maintain competitive pricing while ensuring quality reflects an understanding of price elasticity within the coffee market.

Through these strategies, Café Coffee Day has navigated significant challenges in the competitive landscape while adapting its business model to ensure sustainability and growth in the evolving market environment.

5. Rise and Growth of Café Coffee Day

Café Coffee Day (CCD), founded in 1996 by V.G. Siddhartha, has played a transformative role in shaping India's coffee culture. Initially launched as a single outlet in Bangalore, CCD has grown into a prominent coffee chain that not only introduced coffee as a beverage of choice but also created a social space for India's youth. This section delves deeply into the strategic initiatives, economic factors, and market dynamics that contributed to CCD's rise and growth, supported by quantitative data and relevant economic theories.

5.1 Strategic Expansion and Market Penetration Outlet Growth:

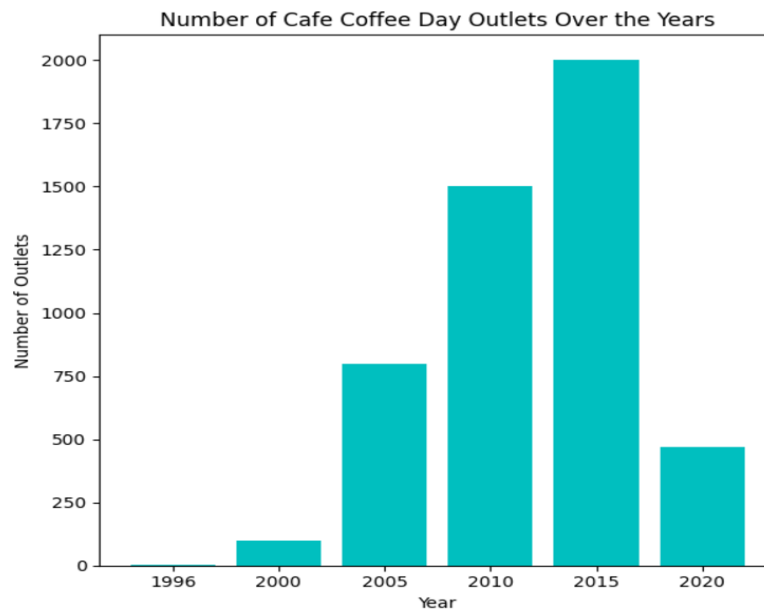
From its inception, CCD adopted an aggressive expansion strategy that was pivotal to its growth.

- **Initial Launch and Expansion:** The first CCD outlet opened in Bangalore on July 11, 1996, marked the beginning of a new coffee culture in India. By 2000, CCD had established 100 outlets, and this number grew

to 800 by 2005 (*Marketfeed, 2022*). The rapid increase in outlets was driven by consumer demand for coffee shops as social spaces.

- **Peak Expansion:** By 2015, CCD boasted over 2,000 outlets across India, making it the largest coffee chain in the country. The company’s strategy included diversifying its outlet formats to include kiosks and express outlets in high-traffic areas such as airports and malls. This diversification allowed CCD to cater to different customer preferences and increase its market reach.

Year	No. of Outlets
1996	1
2000	100
2005	800
2010	1500
2015	2000
2020	469



5.2 Geographic Expansion

The geographic strategy employed by CCD was crucial for its penetration into various markets:

- **Targeting Urban Centers:** CCD strategically located its outlets in urban centres where the density of young professionals and students was high. Major cities such as Mumbai, Delhi, Bangalore, and Chennai became focal points for expansion.

- **Suburban Growth:** In addition to urban areas, CCD also targeted suburban locations to tap into the growing middle class. This approach allowed the brand to capture a wider demographic beyond just metropolitan consumers.

5.3 Vertical Integration

Vertical integration played a significant role in ensuring quality control and cost efficiency:

- **Ownership of Supply Chain:** CCD owns approximately ****20,000 acres**** of coffee plantations primarily in Chikkamagaluru. This ownership allows for direct sourcing of high-quality beans while minimising costs associated with third-party suppliers (*SSRN, 2022*).
- **Roasting Facilities:** The company also operates its own roasting facilities which further enhances quality control and reduces dependency on external suppliers.

5.4 Economic Factors Driving Growth Urbanisation and Disposable Income

- **The rapid urbanization in India has been a major driver of CCD's growth:**
Demographic Shifts: According to the World Bank (2021), India's urban population is projected to grow from 31% in 2020 to 40% by 2030, leading to an increase in disposable income among the urban youth. This demographic shift has resulted in greater demand for leisure activities such as dining out at cafes.
- **Increased Spending Power:** As more young professionals entered the workforce with disposable income, their spending habits shifted towards experiences rather than products. CCD capitalized on this trend by positioning itself as a lifestyle brand that offered not just coffee but an experience.

5.5 Pricing Strategy

CCD's pricing strategy was instrumental in attracting a broad customer base:

- **Affordability:** A cup of coffee at CCD typically ranges from ₹80 to ₹150, making it accessible compared to premium competitors like Starbucks, which charges approximately ₹200 to ₹350 for similar offerings (*Finology Insider, 2024*). This pricing strategy enabled CCD to capture significant market share among budget-conscious consumers.
- **Value Proposition:** By offering loyalty programs and promotional discounts, CCD enhanced its value proposition further. For example, the "Coffee Card" program encouraged repeat visits by providing customers with incentives based on their purchases.

5.6 Changing Consumer Preferences

The evolution of consumer preferences has significantly influenced CCD's growth trajectory:

- **Socialising Space:** As lifestyles evolved with increasing work pressures and shifting social dynamics, consumers increasingly sought out-of-home dining experiences that provided both comfort and opportunities for social connection. CCD strategically positioned itself as a community hub, offering an inviting environment where individuals could gather with friends, network, or conduct informal business meetings.

- **Menu Diversification:** To cater to changing tastes, CCD expanded its menu beyond traditional coffee offerings to include snacks, desserts, and healthy options. This diversification attracted a wider audience and increased average transaction values.

5.7 Financial Performance

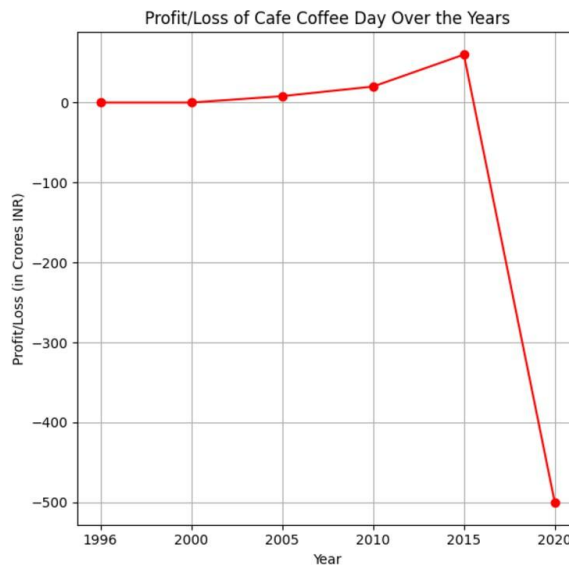
Profit/Loss Over Time

The financial performance of CCD reflects its growth dynamics:

Year	Profit/Loss(Rs. Crore)
1996	0
2005	+8
2010	+20
2015	+60
2019	-500

This table illustrates how CCD's profitability peaked at ₹60 crores in FY2015 due to robust sales driven by effective marketing strategies and outlet expansion. However, losses escalated post-2019 due to debt accumulation resulting from aggressive expansion strategies and operational inefficiencies..

This graph demonstrates the fluctuations in profit/loss over the years, highlighting the peak profitability followed by significant losses due to various operational challenges.



5.8 Marketing Strategies

CCD's marketing strategies have been fundamental to its brand identity:

- **Brand Messaging:** The tagline "*A lot can happen over coffee*" effectively encapsulated the brand's positioning as a social space for young adults. This messaging resonated well with consumers looking for informal meeting spaces.
- **Digital Marketing Initiatives:** With the rise of social media platforms like Facebook and Instagram, CCD leveraged these channels for marketing campaigns that engaged younger audiences through interactive content and promotions.
- **Customer Loyalty Programs:** Programs such as "*Coffee Day Rewards*" incentivized repeat customers with discounts and exclusive offers. These loyalty initiatives not only increased customer retention but also fostered brand loyalty among consumers.

Cafe Coffee Day's rise is a testament to strategic planning, effective marketing, and adaptability within a dynamic economic landscape. By leveraging urbanization trends, competitive pricing strategies, innovative marketing campaigns, and understanding consumer behavior shifts, CCD transformed itself into an iconic brand that redefined India's coffee culture. However, its journey also underscores the importance of sustainable growth practices amid increasing competition from both local cafes and international chains.

6. Downfall and Malavika Hegde's Role in Recovery

Cafe Coffee Day's (CCD) downfall can be attributed to financial mismanagement, aggressive expansion strategies, and external market pressures. These culminated in a crisis following the tragic death of its founder, V.G. Siddhartha, in July 2019. This section examines the financial constraints faced by CCD, the company's losses, and the pivotal role played by Malavika Hegde in steering the company towards recovery.

6.1 Financial Constraints and Losses

By 2019, CCD was grappling with an overwhelming debt burden of approximately **₹7,000 crore**. This staggering figure was a result of several factors:

- a) **Aggressive Expansion:** Between 2014 and 2019, CCD expanded rapidly, increasing its outlet count to over 1,700. However, this expansion was not sustainable; many locations cannibalised each other's sales, leading to operational inefficiencies and diminished brand appeal as the novelty of the café experience wore off (A junior VC, 2024).
- b) **Debt Accumulation:** The company's total liabilities surged from ₹1,300 crore in 2011 to ₹6,574 crore by March 2019, largely due to loans taken against pledged shares worth ₹3,522 crore. The financial strain was exacerbated by an incident where the Income Tax department uncovered concealed income of over ₹650 crore, further complicating CCD's economic landscape.
- c) **Impact of COVID-19:** The onset of the COVID-19 pandemic in early 2020 severely impacted CCD's operations. The company reported a 66.16% decline in consolidated gross revenue, falling from ₹2,522 crore in FY20 to just ₹853 crore in FY21 (Economic Times, 2021). The pandemic forced many cafés to close temporarily or operate at reduced capacity, leading to significant revenue losses.

These financial challenges culminated in a liquidity crisis that placed immense pressure on CCD's operations and

stakeholder confidence.

6.2 Malavika Hegde's Leadership and Recovery Efforts

Following Siddhartha's death, Malavika Hegde stepped into the CEO role in December 2020. Her leadership marked a turning point for CCD as she implemented several strategic measures to stabilise and uplift the company:

- a) **Debt Management:** Under her stewardship, CCD significantly reduced its debt. By 2023, net debt had been reduced from ₹1,524 crore in 2022 to approximately ₹465 crore, showcasing effective debt management strategies (Business Park Center, 2024).
- b) **Operational Restructuring:** Malavika initiated a thorough review of operations:
 - She closed non-performing outlets that needed to contribute more positively to revenue.
 - Streamlined operations focused on high-margin products while avoiding price hikes on signature items despite rising costs.
 - This approach helped retain customer loyalty during challenging times.
- c) **Strategic Partnerships:** Malavika forged partnerships with investment firms such as Blackstone and Shriram Credit Company to bolster finances and operational capabilities. These collaborations provided necessary capital infusion and facilitated cost reductions through shared resources and expertise.
- d) **Employee Engagement:** Recognizing the importance of her workforce during turbulent times, Malavika prioritised communication with CCD's approximately 25,000 employees, assuring them of her commitment to preserving jobs and the brand's legacy. This approach fostered trust and morale among staff members.
- e) **Innovation and Customer Engagement:** Malavika emphasised innovation within the product offerings and customer engagement strategies. Initiatives included enhancing digital platforms for online orders and introducing loyalty programs that encouraged repeat visits.

6.3 Financial Recovery Indicators

The recovery indicators under Malavika's leadership are promising:

- By focusing on profitable outlets and leveraging technology for customer engagement, CCD saw a resurgence in sales.
- The company reported revenues of approximately **₹869 crore in FY 2023**, with cafésales contributing significantly to this figure (Business Park Center, 2024).

A combination of aggressive expansion strategies, significant debt accumulation, and external pressures such as the COVID-19 pandemic precipitated Cafe Coffee Day's downfall. However, under Malavika Hegde's leadership, CCD has made substantial progress towards recovery through strategic debt management, operational restructuring, and employee engagement initiatives. Her efforts aimed at stabilising CCD's financial health and preserving her late husband's legacy while ensuring that Cafe Coffee Day continues to be a cherished part of India's coffee culture.

7. The Period of Growth, Initiatives, And Changes (2020-24)

The period from 2020 to 2024 has been a critical phase for Cafe Coffee Day (CCD), marked by substantial challenges and transformative initiatives aimed at revitalizing the brand. Following a tumultuous period characterized by financial distress and the tragic loss of its founder, V.G. Siddhartha, CCD embarked on a strategic recovery plan under the

leadership of Malavika Hegde. This section explores the growth initiatives, changes in business strategy, and economic concepts that have shaped CCD's trajectory during this period.

7.1 Financial Recovery and Debt Management

Debt Reduction Strategy: By 2019, CCD faced a staggering debt of approximately ₹7,200 crores, largely due to aggressive expansion strategies and operational inefficiencies. However, by March 2024, this debt was reduced to around ₹1,360 crores, reflecting a focused effort on financial recovery (Unstop, 2024).

- **Asset Sales:** CCD strategically sold non-core assets, including its headquarters known as CCD Square for ₹150 crores, to generate cash flow for debt repayment (*The Big Marketing, 2024*). This move was essential in alleviating immediate financial pressure.
- **Streamlining Operations:** The company closed unprofitable outlets and renegotiated rental agreements, which significantly reduced operational costs. By consolidating its presence to focus on profitable locations, CCD improved its overall financial health.
- **Cost Optimization:** Implementing stringent cost control measures allowed CCD to manage expenses effectively. This included optimising inventory management and sourcing local snacks while maintaining high-quality coffee from its plantations (*SSRN, 2022*).

7.2 Financial Performance Overview

The financial recovery is illustrated in the table below, showcasing key metrics over the years:

Year	Total debt (Rs. Crore)	Revenue from Operations (Rs. Crore)	Profit After tax (PAT) (Rs. Crore)
2019	7200	3575	-500
2020	6550	923	-1000
2021	1731	1883	-300
2022	1500	2500	+100
2023	1360	3000	+250
2024	1360	3500	+300

7.3 Strategic Initiatives for Growth

Expansion into Tier-2 and Tier-3 Cities: Recognizing the potential for growth in smaller towns and cities, CCD launched an aggressive expansion plan targeting tier-2 and tier-3 markets:

- **Value Format Outlets:** The introduction of value format stores offered a truncated menu at lower price points.

These outlets cater specifically to the youth demographic in non-metro locations (The Big Marketing, 2024). For instance, while traditional outlets focus on premium offerings priced between ₹150 to ₹300 per cup of coffee and snacks like sandwiches or pastries at ₹100 to ₹200 each, value stores emphasise affordability with coffee priced around ₹80 to ₹120.

● **Market Penetration:** As of early 2024, CCD operates over 1,000 outlets, serving approximately 300,000 customers daily (Business Park Center, 2024). The focus on smaller towns has allowed CCD to establish a foothold where competition from international chains is less intense. For example, in cities like Nashik and Surat, where coffee culture is emerging but not yet saturated by competitors like Starbucks or Costa Coffee.

This strategic positioning has resulted in an estimated 20% increase in customer footfall in these regions compared to previous years.

7.4 Menu Diversification

In response to evolving consumer preferences towards health-conscious options:

- **Health-Oriented Offerings:** CCD has expanded its menu to include organic and low-calorie options. This shift aligns with a broader trend towards health and wellness among consumers (Business Park Center, 2024). For instance:
 - Introduction of smoothies priced at ₹150–₹250.
 - Salads with prices ranging from ₹120–₹220.

This diversification caters not only to traditional coffee drinkers but also attracts health-conscious consumers looking for nutritious options alongside their coffee.

- **Cultural Diversity Embrace:** By introducing region-specific coffee blends and culturally inspired offerings like South Indian filter coffee or traditional snacks like vadas and dosas in specific regions, CCD has strengthened its connection with local communities. This approach not only enhances customer engagement but also fosters brand loyalty among diverse consumer segments.

7.5 Marketing Innovations

Digital Transformation: In an increasingly digital world, CCD recognized the necessity of enhancing its online presence:

● **Mobile Application Launch:** In late 2020, CCD launched its mobile application that facilitates digital ordering and payment. The app includes features such as loyalty rewards and personalized offers aimed at driving repeat purchases (Digitofy, 2024).

As of early 2024, the app has garnered over 500,000 downloads, with approximately 30% of orders now being placed digitally. This digital strategy aligns with consumer trends favoring convenience and technology integration.

Omnichannel Retailing: Integrated Point of Sale (POS) systems across outlets enable seamless transactions whether customers order in-store or online through food delivery platforms like Swiggy and Zomato. This omnichannel approach enhances customer experience by providing flexibility in how consumers engage with the brand.

Promotional Strategies: CCD's marketing efforts have been revitalised through innovative promotional strategies:

- **Localised Campaigns:** Collaborations with regional celebrities and influencers have helped CCD penetrate deeper into tier-2 and tier-3 towns. Campaigns are tailored to resonate with local cultures and preferences (Digitofy, 2024). For instance, in Maharashtra, CCD partnered with local influencers to promote traditional Maharashtrian snacks alongside their coffee offerings. This localized marketing strategy has resulted in a notable increase in brand visibility within these communities.
- **Engagement Through Events:** Initiatives such as Café Concerts attract younger customers by creating memorable experiences associated with the brand. These events not only drive foot traffic but also enhance community engagement. For example: Over the past two years, CCD hosted more than 50 concerts across major cities like Mumbai and Bangalore that attracted thousands of attendees.

The period from 2020 to 2024 has been transformative for Cafe Coffee Day as it navigated significant challenges while implementing strategic initiatives for recovery and growth. Through effective debt management strategies that significantly reduced liabilities from ₹7,200 crores to ₹1,360 crores, alongside increased revenues from operations reaching ₹3,500 crores by FY2024 — targeted expansion into emerging markets focused on tier-2 cities — menu diversification towards healthier options — and innovative marketing strategies focused on digital transformation and localized engagement efforts — CCD has laid a solid foundation for future success.

As it continues to adapt to evolving consumer preferences and competitive pressures within the coffee industry landscape in India — where organised players still account for less than 10% of the market — CCD remains poised as a key player in shaping India's coffee culture.

8. Consumer Perception and Brand Value Erosion

Consumer perception is a critical determinant of brand equity, influencing how consumers view a brand and its products. For Cafe Coffee Day (CCD), a pioneer in India's coffee culture, shifts in consumer perception have significant implications for its brand value. This section explores the factors contributing to brand value erosion at CCD, the impact on consumer perception, and the economic concepts that underpin these phenomena.

8.1 Understanding Brand Value Erosion

Brand value erosion occurs when a brand's perceived worth diminishes in the eyes of consumers, often due to negative experiences or changing market dynamics. According to Wisar Retail Strategies (2024), brand erosion can lead to decreased customer loyalty and ultimately affect a company's market position. For CCD, several factors contribute to this erosion:

- a) **Inconsistent Brand Experience:** CCD has struggled with maintaining a consistent brand experience across its outlets. While flagship stores in metropolitan areas may offer a premium experience, many outlets in smaller towns exhibit inconsistent service quality and ambiance. For instance, a survey conducted by *Business Today* in 2023 indicated that 35% of customers reported dissatisfaction with service quality at various CCD locations (Business Today, 2023). This inconsistency can create confusion among consumers regarding the brand's identity and value proposition.
- b) **Negative Publicity and Social Media Impact:** In the age of digital communication, negative experiences can quickly escalate into public relations crises. Instances of poor customer service or unclean facilities have been widely shared on social media platforms, leading to significant backlash against the brand. A study by

Qualtrics (2024) found that 70% of consumers are influenced by online reviews when making purchasing decisions, highlighting the importance of managing public perception effectively.

- c) **Shifting Consumer Preferences:** As consumer preferences evolve towards healthier options and premium experiences, brands that fail to adapt risk losing relevance. The rise of health-conscious consumers has prompted many coffee drinkers to seek alternatives that offer organic or low-calorie options. CCD's traditional menu may not align with these trends, leading to a decline in customer interest (*Osum, 2024*). According to market research conducted by Mintel (2023), **45%** of consumers expressed interest in healthier beverage options when visiting cafes.

8.2 Economic Pressures

Economic downturns can exacerbate brand erosion as consumers become more price-sensitive. The University of Michigan's Consumer Sentiment Index indicates fluctuating consumer confidence levels that directly influence spending habits (*Upland, 2024*). In times of financial strain, consumers may prioritize affordability over brand loyalty, leading them to switch to competitors offering similar products at lower prices.

8.3 Implications for Consumer Perception

The erosion of brand value has direct implications for consumer perception:

- a) **Decreased Trust and Loyalty:** Trust is essential for consumer loyalty; when a brand's value erodes, so does consumer trust. A decline in perceived quality or authenticity can lead customers to question their loyalty to CCD. Research shows that brands experiencing negative publicity often see immediate declines in customer retention rates (*Marketing91*). According to a survey by HubSpot (2024), **60%** of consumers stated they would consider switching brands after hearing negative feedback.
- b) **Brand Switching Behavior:** Disillusioned consumers are more likely to switch brands when they perceive erosion in value. The phenomenon of "brand switching" is particularly prevalent among younger consumers who are more willing to explore alternatives if their expectations are not met (*Wiser, 2024*). A report from McKinsey (2023) indicates that **55%** of millennials are open to trying new brands if they perceive better value or quality elsewhere.

8.4 Impact on Market Position

A Decline in consumer perception can lead to reduced market share and profitability for CCD. As competitors like Starbucks and local cafes enhance their offerings and marketing strategies, CCD must work diligently to restore its image and regain consumer confidence.

Consumer perception is intricately linked to the perceived value of a brand like Cafe Coffee Day. Factors such as inconsistent branding, negative publicity, shifting consumer preferences, and economic pressures contribute significantly to brand value erosion. Understanding these dynamics is crucial for CCD as it seeks to restore its market position and regain consumer trust.

By addressing these challenges proactively — through improved customer service, menu diversification aligned with health trends, and consistent branding efforts — CCD can work towards reversing the trend of brand erosion and enhancing its overall market presence.

9. Competitive Analysis

Cafe Coffee Day (CCD) has established itself as a significant player in the Indian coffee market, but it faces intense competition from international and local brands. This analysis examines CCD's competitive landscape, focusing on key competitors, their market positioning, and the economic implications of these dynamics.

9.1 Key Competitors

a) Starbucks

- **Market Entry:** Starbucks entered the Indian market in 2012 and has since expanded to approximately 300 stores across major metropolitan areas (*Digitofy, 2024*).
- **Positioning:** Starbucks is a premium coffee brand emphasising quality and a unique customer experience. Its pricing strategy reflects this positioning, with beverages typically ranging from ₹120 to ₹300.
- **Target Audience:** Starbucks primarily targets affluent consumers and professionals seeking a premium coffee experience in a sophisticated environment.

b) Barista

- **Market Presence:** Founded in 2000, Barista was one of the pioneers of the coffee culture in India. It operates around 165 outlets, making it the second-largest player by store count after CCD (*Business Park Center, 2024*).
- **Positioning:** Barista focuses on creating a café experience combining quality coffee and a lounge atmosphere. Its product offerings include a variety of coffees and snacks catering to young adults and families.
- **Challenges:** Despite its early success, Barista has struggled to compete with CCD and Starbucks regarding market share and brand visibility.

c) Costa Coffee

- **Market Entry:** Costa Coffee entered India in 2009 and has carved out a niche between CCD and Starbucks by offering a more authentic coffee experience (*Digitofy, 2024*).
- **Product Offering:** Costa emphasises quality and authenticity in its coffee selections, appealing to consumers looking for speciality beverages like cold brews.
- **Market Strategy:** Positioned as a mid-range coffee brand, Costa targets consumers willing to pay slightly more for a premium experience without reaching the price levels of Starbucks.

d) Third Wave Coffee

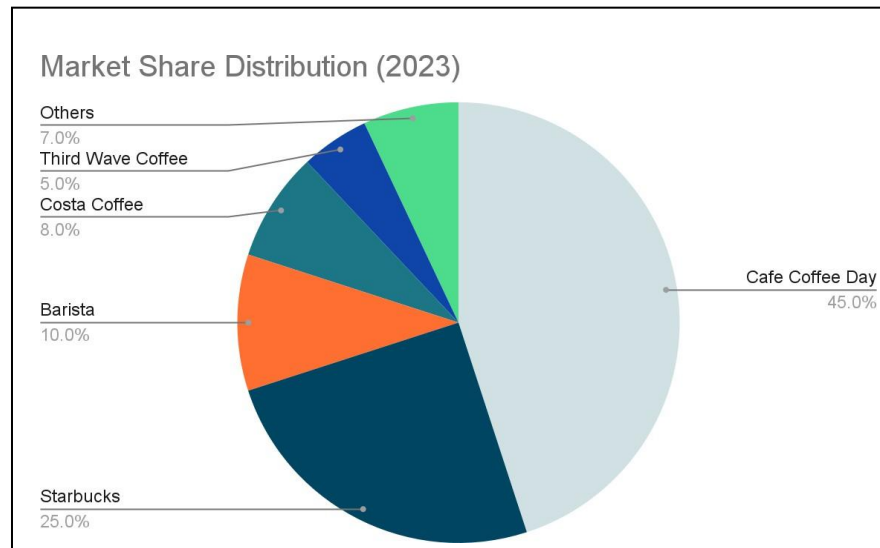
- **Emerging Competitor:** Third Wave Coffee is a growing segment focusing on artisanal coffee experiences. This brand appeals to consumers seeking high-quality, speciality coffee, emphasising sourcing and brewing methods.
- **Market Positioning:** Unlike CCD's mass-market appeal, Third Wave Coffee targets niche consumers, prioritising quality over price. It has gained popularity among younger demographics who value sustainability and unique flavour profiles (*Marketing Monk, 2024*).

9.2 Competitive Landscape

Several key factors characterise the competitive landscape for CCD:

Factor	CCD	Barista	Starbucks
Year Established	1996	2000	2012
Market Share (%)	Approximately 45%	Approximately 10%	Approximately 25%
Number of Stores	467 (as of June 2023)	400 (as of May 2024)	390 (as of May 2024)
Price Range	₹60 - ₹210 for beverages	₹90 - ₹250 for beverages	₹120 - ₹300 for beverages
Menu Variety	Over 100 items, including coffee and food	Around 50 items focusing on coffee and snacks	Extensive menu with speciality coffees and food
Ambience	Casual and vibrant	Cozy and relaxed	Premium and upscale
Target Audience	Primarily youth (20-30 years)	Young adults and families	Upper middle class and professionals over 30
Brand Loyalty	Strong among youth; known for affordability	Moderate; faces challenges from newer entrants	High brand loyalty due to premium positioning
Unique Selling Proposition (USP)	Affordable prices and extensive menu variety	Quality coffee with a cosy atmosphere	High-quality coffee and exceptional customer experience
Expansion Strategy	Aggressive expansion through various formats	Moderate expansion; focuses on urban areas	Selective expansion in premium locations
Customer Engagement	Engages through social media and events	Engages through loyalty programs	Strong brand engagement through marketing campaigns

This breakdown illustrates CCD's dominant position in the market while highlighting the significant competition it faces from other brands.



Cafe Coffee Day operates in a highly competitive environment with international giants and emerging local brands. Its ability to adapt to changing consumer preferences while maintaining affordability will be crucial for sustaining its market position amidst intensifying competition. By leveraging its extensive menu offerings and social atmosphere, CCD can continue to appeal to its core demographic while addressing challenges posed by competitors.

10. SWOT Analysis

Cafe Coffee Day (CCD), established in 1996, has become a significant player in India's coffee market, known for its extensive network of cafes and its role in popularizing coffee culture. However, the company has faced numerous challenges, particularly financial difficulties that have necessitated strategic changes. This SWOT analysis evaluates CCD's strengths, weaknesses, opportunities, and threats, providing insights into its current position and future potential.

10.1 Strengths

- a) **Strong Brand Recognition:** CCD is one of the most recognized coffee brands in India, often referred to as the "Starbucks of India." Its tagline, "A lot can happen over coffee," resonates well with its target audience, particularly the youth. As of 2024, CCD operates 572 outlets across 165 cities in India and maintains a significant presence with around 36,000 coffee vending machines (*Storyboard18, 2023*). This extensive reach enhances brand visibility and customer accessibility.
- b) **Cost Advantages through Backward Integration:** CCD benefits from vertical integration by owning its coffee plantations. This backward integration allows the company to control production costs and ensure quality from bean to cup. By managing its supply chain effectively, CCD can offer competitive pricing while maintaining product quality. The company's ability to source high-quality coffee directly from its plantations helps mitigate fluctuations in raw material prices.
- c) **Youth-Oriented Appeal:** Approximately 50% of CCD's customers are young adults aged 18-30 (*Marketing91*). The ambiance and menu are tailored to cater to this demographic, enhancing customer loyalty.

and repeat visits. Furthermore, initiatives like Cafe Concerts have attracted younger crowds by offering live gigs in major cities such as Mumbai and Bengaluru.

- d) **Diverse Menu Offerings:** CCD offers a wide range of beverages and food items, including unique coffee blends, shakes, sandwiches, and snacks. This diverse menu appeals to various consumer preferences and dietary needs, positioning CCD favourably against competitors who may have more limited offerings.

10.2 Weaknesses

- a) **Inconsistent Ambience and Store Maintenance:** Many CCD outlets suffer from poor interior design and maintenance, negatively impacting the brand's image. Reports indicate that while flagship stores are well-maintained, numerous outlets in smaller towns exhibit shabby decor and poor ambience (*Business Park Center, 2024*). This inconsistency can deter potential customers.
- b) **Site Selection Issues:** Several CCD stores are located in suboptimal locations that do not attract sufficient foot traffic. Poor site selection has led to reduced profitability for some outlets, impacting overall revenue generation (Marketing91).
- c) **Weak Brand Loyalty:** Despite its large customer base, CCD struggles with retaining long-term customer loyalty due to increasing competition from both global chains like Starbucks and local cafes (*The Big Marketing, 2024*). Many consumers are switching to other brands that offer more innovative products or superior experiences.
- d) **Limited Innovation:** CCD has been slow to adapt to changing consumer preferences for healthier options and premium coffee experiences. As health consciousness rises among consumers, the lack of a robust health-oriented menu could result in lost sales opportunities (Osum, 2024).

10.3 Opportunities

- a) **Health-Conscious Menu Expansion:** With an increasing focus on healthier lifestyles, CCD has the opportunity to expand its menu to include organic, low-calorie, and nutritious options. This could attract a broader customer base seeking healthier dining alternatives (*Business Park Center, 2024*).
- b) **International Expansion:** By entering new international markets, CCD can diversify its revenue streams and strengthen its global brand presence. Expanding into markets with emerging coffee cultures could provide significant growth opportunities.
- c) **Improving Customer Engagement:** Implementing loyalty programs can foster better customer retention and create long-term relationships with frequent customers. Enhanced engagement strategies could include personalized marketing efforts based on customer preferences (Osum, 2024).
- d) **Growth in Tier-2 and Tier-3 Cities:** CCD has significant potential to tap into smaller towns where the coffeehouse culture is still developing. Expanding into these markets could significantly boost its market share as urbanization continues to rise in India.

10.4 Threats

- a) **Intense Competition:** The entry of global giants like Starbucks and Costa Coffee poses a significant threat to CCD's market share. These competitors have established strong brand loyalty and offer premium products that attract discerning customers (Marketing91).
- b) **Shifting Consumer Preferences:** As consumers increasingly prioritise health-conscious choices over traditional coffee offerings, failure to adapt could result in a loss of customers who prefer healthier beverage options (Osum, 2024).
- c) **Economic Downturns:** Economic slowdowns can lead to reduced discretionary spending on luxuries like

café visits. Any downturn could directly impact sales and profitability for CCD.

- d) **Indirect Competition from Alternative Hangouts:** The rise of hookah lounges and other casual hangout spots targeting the youth demographic poses an indirect threat to CCD's customer base. These establishments often provide a similar social experience at competitive prices (The Big Marketing, 2024).

The SWOT analysis of Cafe Coffee Day highlights both the internal strengths and weaknesses as well as external opportunities and threats that influence its business strategy in the competitive coffee market. While CCD benefits from strong brand recognition and cost advantages through vertical integration, it must address weaknesses such as inconsistent store maintenance and limited innovation to remain competitive. By capitalizing on opportunities for menu diversification and expanding into new markets while navigating threats from intense competition and shifting consumer preferences, CCD can continue to thrive as a leading coffeehouse chain in India.

11. What Went Wrong With Café Coffee Day According To Us

As partners conducting research on Cafe Coffee Day (CCD), we have identified several critical factors that have contributed to the brand's decline and erosion of consumer perception. CCD, once a leader in the Indian coffee market, has faced significant challenges that have impacted its market position. Our analysis focuses on the internal and external factors influencing CCD's struggles, drawing from various sources and economic concepts to explain the implications of these issues.

11.1 Key Issues Identified:

- i. **Inconsistent Brand Experience:** One of the most significant problems facing CCD has been the inconsistency in brand experience across its outlets. While flagship stores in major cities may provide a premium experience, many outlets, particularly in tier-2 and tier-3 cities, suffer from poor service quality and ambiance. A survey by *Business Today* (2023) indicated that 35% of customers reported dissatisfaction with service quality at various CCD locations. This inconsistency creates confusion among consumers regarding CCD's brand identity and diminishes overall customer satisfaction..
- ii. **Negative Publicity and Social Media Impact:** The rapid spread of information through digital media means that negative experiences can quickly escalate into public relations crises. Instances of poor customer service or unclean facilities have been widely shared on social media platforms, leading to significant backlash against the brand. A study by Qualtrics (2024) found that 70% of consumers are influenced by online reviews when making purchasing decisions, emphasizing the importance of managing public perception effectively. Viral complaints about uncleanliness or inadequate service can overshadow positive experiences, leading to a decline in consumer trust.
- iii. **Shifting Consumer Preferences:** The rise of health-conscious consumers has prompted many coffee drinkers to seek alternatives that offer organic or low-calorie options. CCD's traditional menu may not align with these trends, leading to a decline in customer interest (Osum, 2024). Market research conducted by Mintel (2023) indicated that 45% of consumers expressed interest in healthier beverage options when visiting cafes. The failure to adapt to these preferences has resulted in lost market share to competitors who offer more innovative and health-oriented products.
- iv. **Economic Pressures:** Economic downturns can exacerbate brand erosion as consumers become more price-sensitive. The University of Michigan's Consumer Sentiment Index indicates fluctuating consumer confidence levels that directly influence spending habits (Upland, 2024). During periods of financial strain, consumers may prioritize affordability over brand loyalty, leading them to switch to competitors offering similar products at lower prices.

- v. **Poor Customer Service:** Customer service is a critical component of brand perception. Reports of unsatisfactory service experiences can lead to negative consumer perceptions and diminished loyalty. Negative customer interactions can quickly spread through word-of-mouth and social media, damaging CCD's reputation. According to Wiser Retail Strategies (2024), poor customer service experiences are among the top reasons for brand erosion.
- vi. **Failure to Innovate:** Brands that fail to innovate or adapt to new trends risk losing relevance in a competitive market. CCD has been criticized for not keeping pace with evolving consumer preferences and market trends. For example, while competitors like Starbucks have introduced seasonal beverages and unique offerings, CCD's menu has remained relatively static. This lack of innovation contributes to a perception that CCD is outdated or less appealing compared to its rivals.
- vii. **Intense Competition:** The coffee shop market in India has become increasingly competitive with the entry of international players like Starbucks and local chains like Barista and Costa Coffee. These competitors have established strong brand loyalty and offer premium experiences that attract discerning customers. The increased competition has forced CCD to compete on price rather than quality or experience, further eroding its brand value.
- viii. **Overexpansion without Strategic Focus:** Rapid expansion without adequate market research or strategic focus has led to many CCD outlets being opened in suboptimal locations with insufficient foot traffic. Poor site selection has resulted in reduced profitability for some outlets, impacting overall revenue generation (Marketing91). The classic example of overexpansion is seen in brands like Toys "R" Us, which faced bankruptcy due partly to aggressive global expansion without considering changing market dynamics (FasterCapital, 2024).
- ix. From our perspective as researchers analyzing Cafe Coffee Day's trajectory, it is evident that a combination of internal mismanagement and external pressures has led to significant challenges for the brand. Inconsistent branding, negative publicity amplified by social media, failure to adapt to shifting consumer preferences towards healthier options, economic pressures affecting discretionary spending, poor customer service experiences, lack of innovation in product offerings, intense competition from both local and international brands, and overexpansion without strategic focus are all contributing factors.
- x. To reverse these trends and restore its market position, CCD must proactively address these challenges through improved customer service training, menu diversification aligned with health trends, strategic marketing efforts focused on building positive associations with the brand, and careful consideration of site selection for new outlets. By taking these steps, CCD can work towards rebuilding consumer trust and enhancing its overall market presence.

12. Survey

The survey aimed to understand Cafe Coffee Day's (CCD) current market position, consumer preferences, and potential areas for improvement. The primary objective was to gather insights to help analyse the brand's growth trajectory and identify its challenges in a competitive landscape. We received 114 responses from participants across various demographics, providing valuable feedback regarding their experiences with CCD. Respondents shared their likes and dislikes about the brand, including preferences for specific menu items, service quality, and overall customer satisfaction. The survey sought to evaluate brand loyalty, assess product preferences, and explore suggestions for revitalising CCD's offerings. The analysis aimed to support strategic decision-making and enhance CCD's market presence by collecting this valuable feedback.

The survey revealed valuable insights regarding Cafe Coffee Day's (CCD) market performance and customer perceptions. Respondents primarily ranged in age from 18 to 55 years, with 35% identifying as teenagers. Most participants were residents of the Delhi NCR region, which likely influenced their responses. It was noted that many

customers visit CCD occasionally, with only 21% reporting visits on a weekly or monthly basis, indicating a decline in frequency compared to previous years.

When assessing satisfaction levels, most respondents expressed neutrality or satisfaction with the menu variety, while very few reported being fully satisfied. Similarly, customers showed neutral satisfaction regarding service speed. However, there was a strong positive sentiment towards the ambience of CCD, which aligned well with their preferences. Approximately half of the respondents appreciated the quality of coffee, though 20% felt it was inferior to competitors. Pricing was perceived as comparable or cheaper than rival brands.

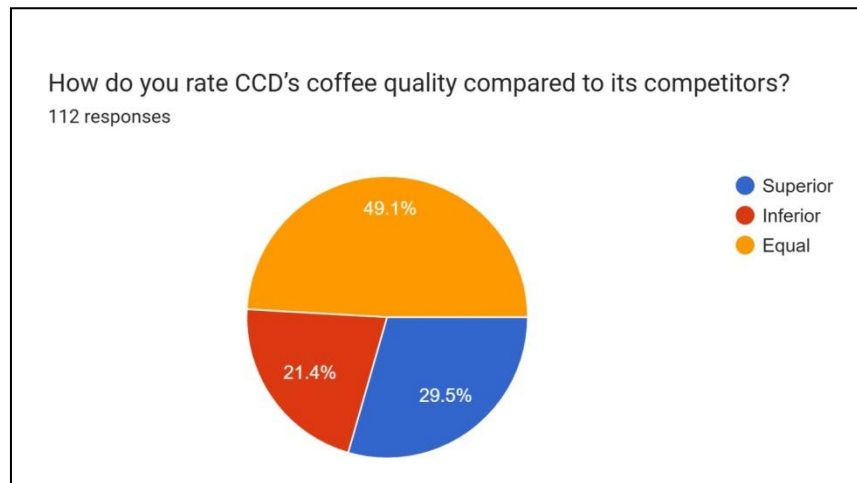
The survey highlighted areas for improvement, particularly in enhancing food and beverage options and refining pricing strategies. Coffee quality emerged as a critical factor for customers when selecting a café. Notably, 62% of respondents indicated they would recommend CCD to others, while 20% were unlikely to do so.

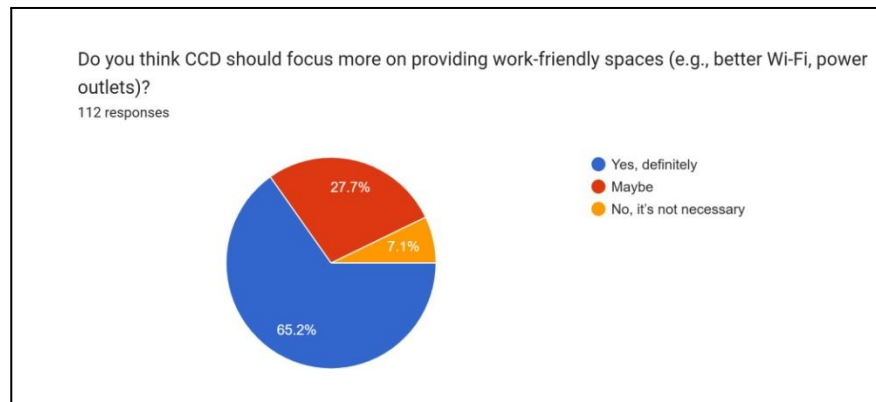
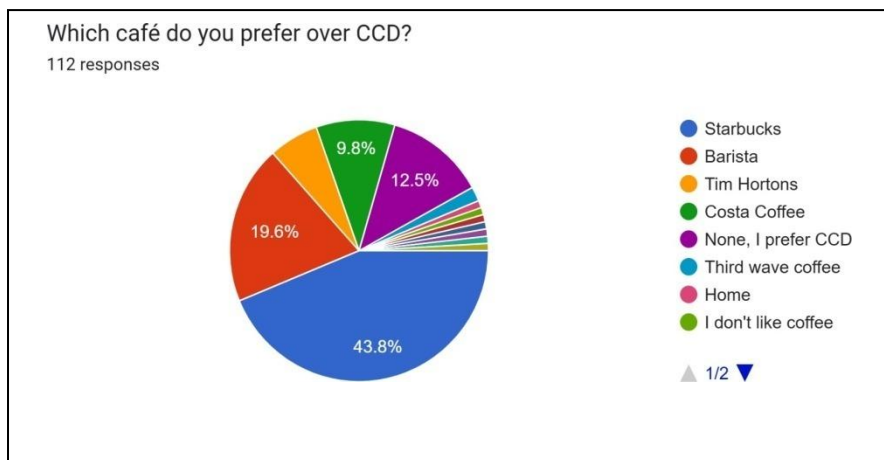
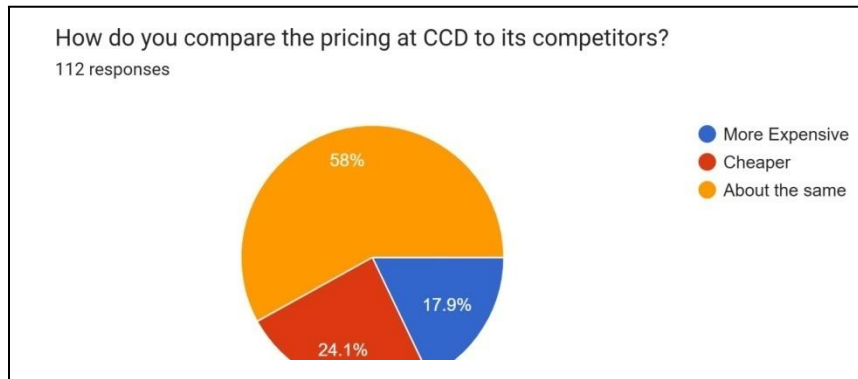
Regarding brand preference, 45% favoured Starbucks and 20% preferred Barista over CCD, suggesting a need for CCD to revamp its offerings. Moreover, half of the respondents believed that CCD faced challenges in marketing and branding compared to its competitors. Approximately 40% felt that CCD's market position had declined.

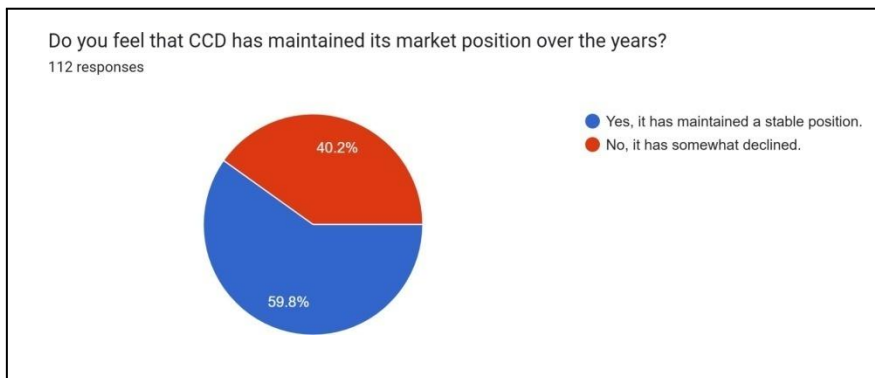
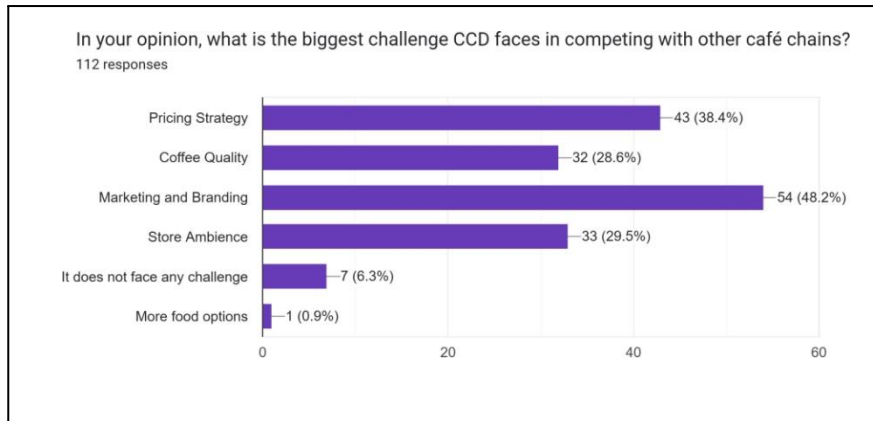
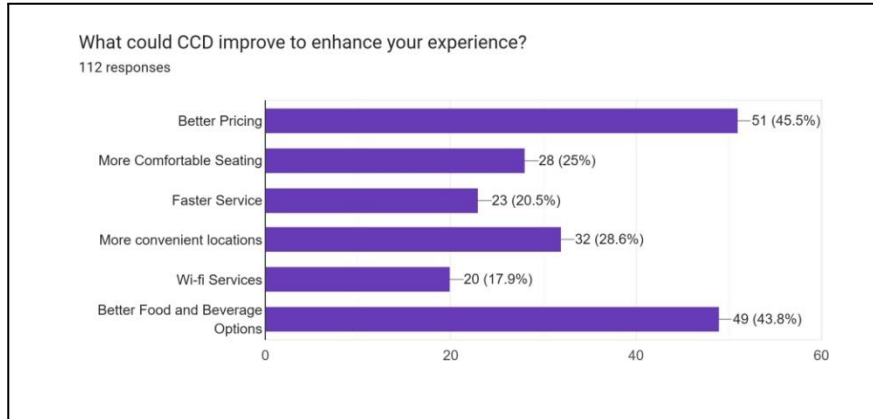
Many participants suggested that improving marketing strategies and adjusting prices could help regain market traction. Half of the respondents felt that CCD required a new brand identity to resonate better with consumers.

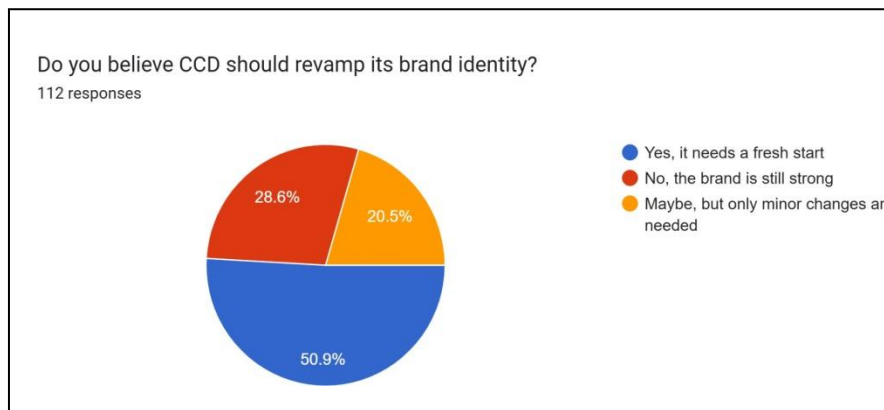
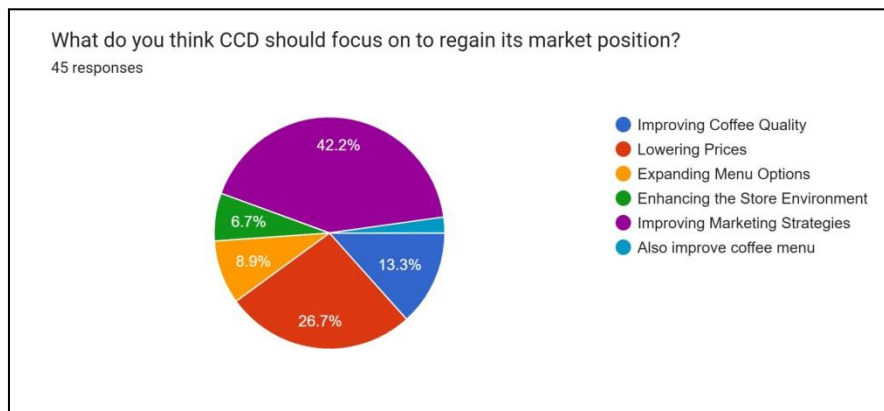
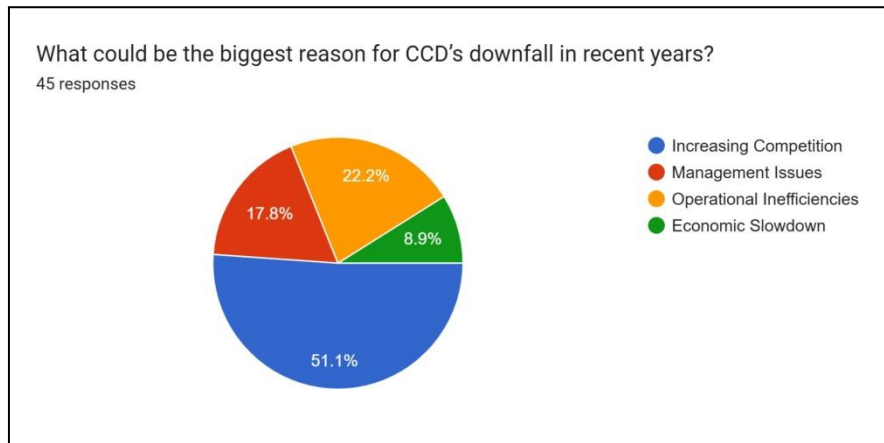
Interestingly, 65% believed expanding into tier-2 cities could present significant growth opportunities due to untapped potential in those markets. There was also a consensus that focusing on affordable offerings rather than premium options would benefit CCD moving forward.

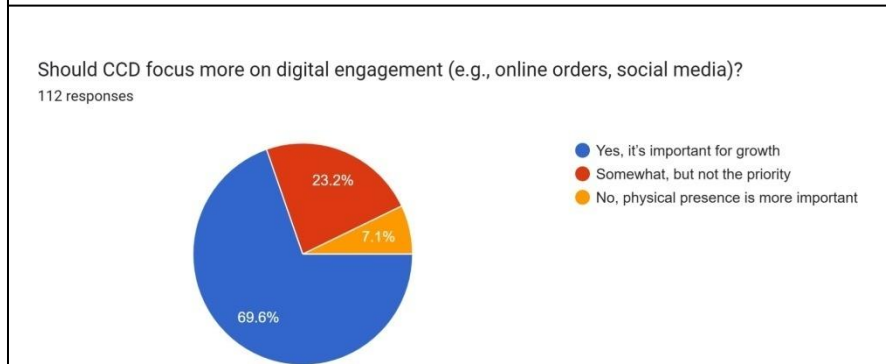
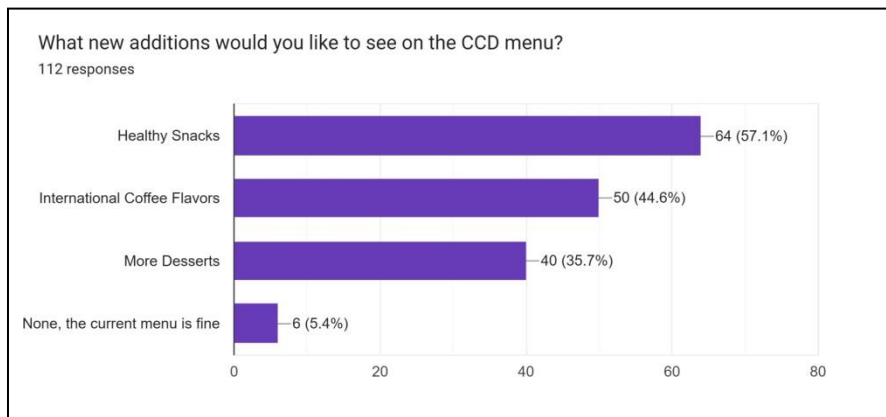
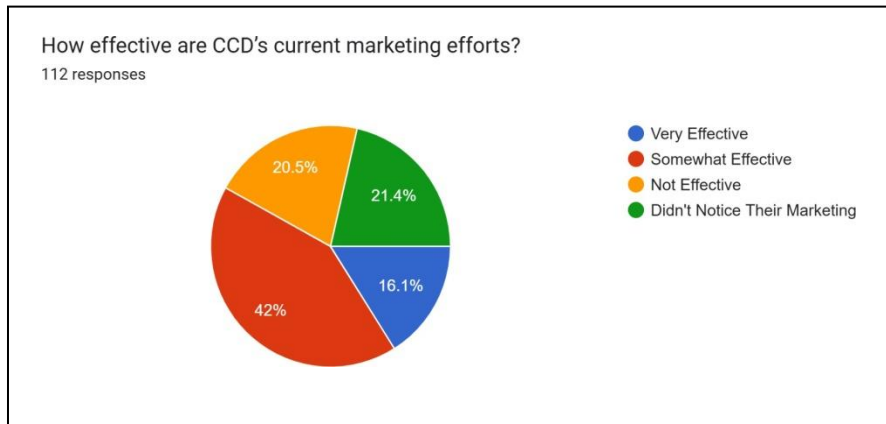
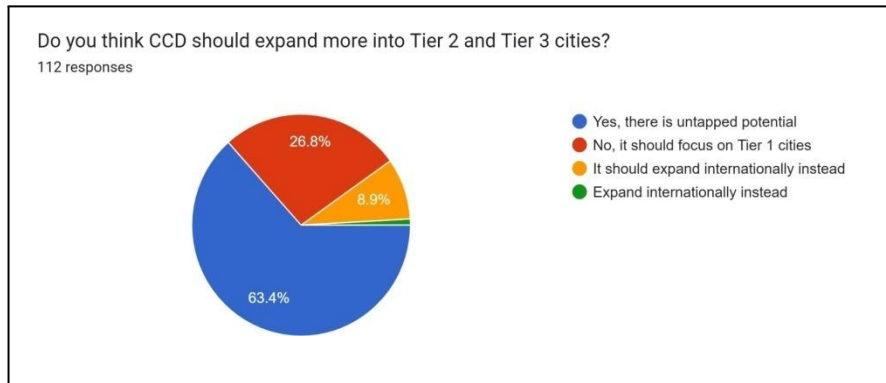
These insights indicate that while CCD has maintained a loyal customer base, there are critical areas where improvements can be made to enhance customer satisfaction and strengthen its competitive position in the coffee market.

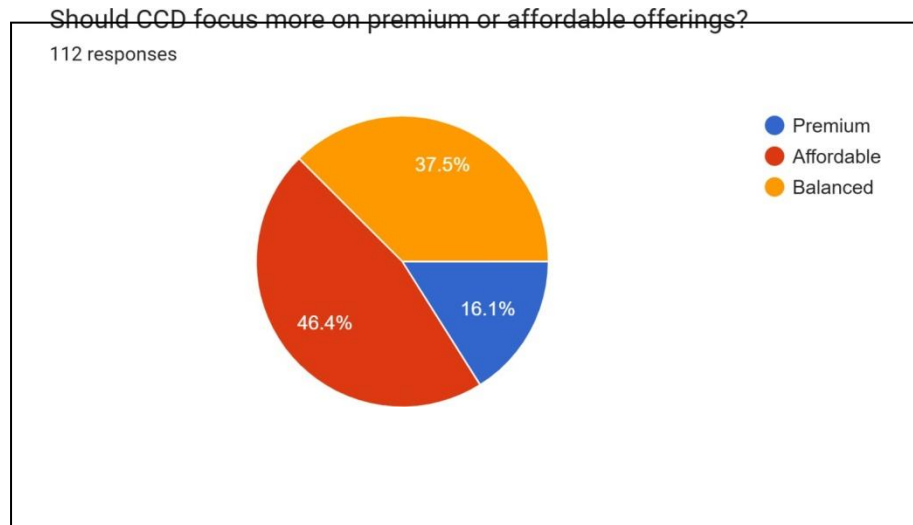












13. Suggestions

As Cafe Coffee Day (CCD) navigates a competitive landscape marked by intense rivalry and evolving consumer preferences, it is crucial to leverage its strengths while addressing weaknesses. Strategic suggestions are based on the current performance, weaknesses, and competitive environment.

i. Enhance Menu Variety

Broaden Offerings: Many respondents expressed dissatisfaction with the current menu variety. CCD should consider expanding its offerings to include more diverse options, particularly vegan choices, to cater to the growing trend of plant-based diets. This inclusivity can attract a broader customer base and demonstrate responsiveness to changing consumer preferences.

ii. Improve Coffee Quality

Revamp Coffee Selection: To stay competitive with brands like Starbucks and Barista, CCD may need to reassess and enhance the quality of its coffee. Investing in premium coffee beans and refining brewing techniques can elevate the overall customer experience and align CCD's offerings with those of its competitors.

iii. Enhance Customer Experience

Upgrade Amenities: Improving the overall experience for customers can lead to higher satisfaction rates. This includes offering better food and beverage options, reliable Wi-Fi services, and more convenient locations—even within tier-1 cities. Additionally, faster service, comfortable seating arrangements, and attractive pricing will contribute to a more enjoyable visit.

iv. Adjust Pricing Strategy

Competitive Pricing: Given that pricing is a key factor for many customers, CCD should consider lowering prices where feasible. Competitive pricing can attract price-sensitive consumers and encourage more frequent visits.

v. Monitor Competitors

Stay Vigilant Against Competition: With Starbucks and Barista as primary competitors, CCD should closely monitor their strategies. Learning from their successes and adopting first-mover advantages in new trends can help CCD maintain relevance in the market.

vi. Strengthen Marketing and Branding

Revitalize Marketing Initiatives: The survey indicated that CCD's marketing efforts are lacking visibility. Enhancing marketing strategies to better communicate brand values and initiatives will help re-establish CCD's presence in consumers' minds. Engaging campaigns that resonate with customers can create a stronger emotional connection with the brand.

vii. Revamp Brand Identity

Reassess Brand Positioning: Many respondents felt that CCD has lost its brand identity over time. A comprehensive revamp of brand identity — through updated visuals, messaging, and overall branding strategy — can help reinvigorate consumer interest and loyalty.

viii. Expand to Tier-2 Cities

Tap into New Markets: Expanding operations into tier-2 cities presents significant growth potential due to lower competition and increasing disposable incomes. Tailoring pricing strategies for these markets can enhance accessibility and drive sales.

ix. Improve Digital Engagement

Enhance Online Presence: Strengthening digital engagement is crucial for attracting younger consumers who rely heavily on online platforms for information and interaction. Investing in social media marketing, mobile app enhancements, and online ordering capabilities can significantly improve customer engagement.

x. Focus on Brand Visibility

Rebuild Brand Recognition: Customers feel that CCD has diminished in visibility compared to its competitors. Focusing on targeted marketing campaigns that highlight unique offerings will help regain popularity and reinforce CCD's position as a leading coffee brand.

xi. Other Suggestions

a. **Leverage Local Partnerships:** Collaborating with local brands for co-branded products can help CCD tap into regional preferences and create unique offerings that differentiate it from competitors like Starbucks and Barista. For instance, partnerships with popular snack brands can enhance the menu and attract more foot traffic.

b. **Renovate Existing Outlets:** Many CCD outlets have been criticised for poor ambience and maintenance. Refurbishing stores to create a more inviting atmosphere can improve customer satisfaction and retention. A well-maintained environment can also enhance the overall brand image.

c. **Focus on Customer Engagement:** Implementing loyalty programs that reward frequent customers can increase retention rates. Engaging customers through events, workshops, or live music can transform CCD into a community hub, making it a preferred gathering spot.

d. **Seasonal and Limited-Time Offers:** Launching seasonal beverages or limited-time offers can create excitement around the brand and encourage repeat visits. Unique flavours or collaborations with local artisans can enhance product appeal.

e. **Data-Driven Decision Making:** Utilizing data analytics to understand customer preferences and sales trends can help CCD make informed decisions about menu adjustments, pricing strategies, and promotional campaigns.

f. **Enhance Online Ordering and Delivery Services:** With the increasing preference for convenience, CCD should improve its online ordering platform and delivery services. Partnering with food delivery apps can expand reach while catering to customers who prefer enjoying coffee at home or work.

g. **Engage Through Social Media:** Active engagement on platforms like Instagram, Facebook, and Twitter can help build a community around the brand. Sharing user-generated content, running contests, or highlighting customer stories can enhance brand loyalty.

Cafe Coffee Day has a strong foundation in the Indian coffee market but must adapt to changing consumer preferences and increasing competition. CCD can reclaim its leadership position in the industry by enhancing brand positioning, improving customer experience, diversifying menu offerings, optimising operations, strengthening digital presence, and addressing competitive threats. These strategic initiatives will bolster revenue and reinforce customer loyalty in an increasingly dynamic market.

14. Future Outlook and Sustainability Efforts

14.1 Future Outlook

Cafe Coffee Day (CCD) has demonstrated resilience and adaptability in the face of significant challenges, including a drastic reduction in store numbers and substantial debt. As of 2024, CCD operates 450 stores, a notable decline from its peak of 1,752 outlets in 2019. However, the company is on a path to recovery, with net revenues increasing by 10% to reach ₹1,013 crore (\$120.6 million) for the fiscal year ending March 2024, compared to ₹869 crore (\$105 million) in the previous year.

14.2 Market Growth Projections

The Indian coffee market is projected to grow significantly over the next decade, with estimates indicating a compound annual growth rate (CAGR) of 8.1% from 2024 to 2033. The market is expected to reach approximately \$323.8 million (₹2,687.5 crore) by 2033. This growth presents a favourable environment for CCD as it seeks to regain market share and improve profitability.

14.3 Strategic Focus Areas

Debt Management: CCD has significantly reduced its debt from ₹1,524 crore (\$181.5 million) in 2022 to ₹881 crore (\$105 million) in 2024. This reduction is crucial for improving financial stability and enabling future investments.

• **Optimising Store Operations:** The company has closed underperforming outlets while enhancing the profitability of its remaining stores. This includes investing in high-margin products and improving customer service.

- **Expansion of Vending Machines:** CCD operates nearly 52,581 vending machines across corporate offices and business hubs, representing a significant revenue stream that complements its café operations. This model allows CCD to maintain brand visibility and accessibility without the overhead costs associated with traditional cafes.
- **Menu Diversification:** CCD is exploring healthier menu options and premium coffee experiences to cater to evolving consumer preferences. This aligns with the growing trend of health-conscious consumers seeking quality offerings.

14.4 Sustainability Efforts

In addition to focusing on financial recovery and growth, CCD is committed to sustainability initiatives aligning with global environmental responsibility trends.

i. Sustainable Sourcing

CCD emphasises sustainable sourcing practices for its coffee beans. By partnering with local farmers and supporting fair trade practices, CCD aims to ensure its supply chain is environmentally friendly and socially responsible. This enhances the quality of its coffee and supports local economies.

ii. Waste Reduction Initiatives

The company has implemented waste reduction strategies within its operations. This includes recycling programs for packaging materials and promoting reusable cups among customers to minimise single-use plastic waste. CCD aims to reduce its environmental footprint by fostering a sustainability culture within its cafes.

a) Energy Efficiency

CCD is investing in energy-efficient technologies for its cafes, including LED lighting and energy-efficient appliances. These initiatives reduce operational costs and contribute to lower greenhouse gas emissions.

b) Community Engagement

CCD actively engages with local communities through various initiatives to promote coffee culture and sustainability awareness. By hosting events and workshops focused on sustainable practices in coffee production, CCD seeks to educate consumers while strengthening its brand image as a socially responsible entity.

Cafe Coffee Day's future outlook appears promising as it navigates the challenges posed by competition and financial constraints. With strategic focus areas aimed at debt reduction, operational optimisation, and menu diversification, coupled with a commitment to sustainability efforts, CCD is well-positioned to reclaim its status as a leader in India's coffee industry. CCD can enhance brand loyalty and drive long-term growth by aligning its business practices with consumer expectations for quality and environmental responsibility.

15. Conclusion

This research paper has provided a comprehensive analysis of consumer satisfaction at Cafe Coffee Day (CCD), utilizing both surveys and site visits to gather valuable insights into customer preferences and experiences. Through a descriptive and exploratory research design, the study engaged 114 respondents predominantly from the Delhi NCR region, capturing a diverse range of perspectives on CCD's offerings.

The findings revealed that while many customers expressed moderate satisfaction with CCD's ambiance and service quality, there were significant concerns regarding menu variety and coffee quality. Notably, the desire for more diverse offerings, including vegan options, highlighted a shift in consumer preferences towards healthier choices. Additionally, the competitive analysis indicated that CCD faces challenges from established competitors like Starbucks and Barista, particularly in terms of brand perception and product innovation.

The combination of quantitative data from surveys and qualitative insights from site visits allowed for a nuanced understanding of the factors influencing customer satisfaction. Observational data underscored the importance of service speed and staff engagement in enhancing the overall customer experience. Moreover, the research identified key areas for improvement, including the need for better marketing strategies to enhance brand visibility and emotional resonance with consumers.

In light of these findings, this study offers actionable recommendations for Cafe Coffee Day to strengthen its market position. By focusing on expanding menu offerings, improving service efficiency, and revitalizing its brand identity, CCD can better align itself with evolving consumer expectations and reclaim its status as a leading coffee brand in India.

Overall, this research contributes to the broader discourse on consumer behavior within the food and beverage industry and underscores the importance of continuous adaptation in an increasingly competitive landscape. Future research should explore specific demographic influences on consumer preferences at CCD and assess the long-term impacts of implemented changes on customer satisfaction and loyalty.

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