

MARKETING MANAGEMENT ASSIGNMENT

Company Chosen



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Executive Summary

The project is aimed at studying the Marketing strategy of Second Cup in Pakistan. Second Cup is a Canadian brand having its operations in different countries of the World. They have started their business in Pakistan since last few years. Starting up a business in a new geographical area having different consumer preferences, cultural, economic, social and political factors may shape the marketing strategy of the company. In this project we are focusing on its current marketing strategy. I have started off with the situational analysis of the company followed by the SWOT analysis to identify the reasons of the company's success and what are the opportunities it can avail.

Second Cup has to face immense competition in the Pakistani market from Gloria Jeans, Coffee Planet, and Cinnabon etc.

Company Introduction:

The Second Cup coffee cafe concept originated over 38 years ago in Toronto, Canada. Second Cup's international expansion started in 2003, and the company has opened cafes in Dubai, Abu Dhabi, Sharjah, Syria, Jordan, Riyadh, Qatar, Oman, Saudi Arabia, Egypt, Kuwait, U.S.A., Cyprus, Romania, Lebanon, Morocco, Kurdistan, Iraq, Taiwan and Azerbaijan. Second Cup cafe operators are committed to serving the best and highest quality coffees in the world in an inviting ambiance with uncompromising standards of customer service, product quality and freshness.

Second Cup cafes are located in 21 countries worldwide with 95 operating internationally. Second Cup cafes offer a variety of innovative and exclusive blends, espresso-based beverages and iced drinks, signature foods and indulgent treats.

They started their business in Pakistan and are having their outlets in Centaurus Mall, Safa Gold Mall and in Diplomatic Enclave Islamabad.

Vision:

Our Vision is to be recognized and rewarded as a leading global Premium Café Brand.

Mission:

“To continuously grow through innovation and dedication to excellence”.

Products Available in Second Cup:

- Barista Crafted
- Cafe Delights

- Hand crafted Classics

- Frozen Favorites

The main focus of Second Cup in Pakistan is on “Perfect Cup” and they claim to provide their customers a perfect cup of coffee with the same unique taste every time.



SWOT Analysis of SecondCup Pakistan

| SWOT Analysis | |
|---|--|
| Strengths | Weaknesses |
| <ul style="list-style-type: none"> ✓ Strong Management team ✓ Strong brand equity ✓ Good reputation in the market because of good quality. ✓ Customer Focused. | <p>-As it is recently launched in Pakistan, thus it will take time to make its place and build a strong customer base in the market.</p> <p>-Weak marketing strategy</p> |
| Opportunities | Threats |
| <ul style="list-style-type: none"> ✓ Emerging markets and expansion abroad ✓ They can start providing the facility of online order placement. ✓ Product and services expansion | <p>-Competition</p> <p>-Price wars.</p> <p>-Summer Season approaching. Due to our culture we don't normally like to have coffee in summers.</p> |

Situational Analysis

External Environment

Broadly, external opportunities and threats are considered to the part of firm's external environment analysis. A firm cannot operate in isolation, therefore, it may affect or be affected by the actions of the particular environment in which it operates. Situational analysis is hence regarded as the key area of the marketing plan as it helps managers to analyse and exploit the external existing opportunities and to minimize the prevailing or forecasted external threats.

In the analysis of the external environment, different factors need to be considered. The varied factors—which can be either threats or opportunities—can be grouped into the following categories: economic, legal and political factors, social and demographic factors, markets and competition, technology and many others.

Economic Factors

The general state of the economy certainly affects the firm's strategy. Over the number of years, Pakistan has not been a safe country to invest, from the investor's point of view. In case of second cup, when it launched its first franchise in Islamabad, Pakistan, the economy was experiencing an increasing trend in the inflation rate in October 2013. This continuous increase in the inflation rate poses a threat on second cup that coffee is luxurious consumption in Pakistan. Further, the encouraging interest rates situation and the ease of opening international franchises in Pakistan favors the opening of second cup in different cities of Pakistan.

Legal and Political Factors

Political or legal factors also influence the firm's marketing strategy. The managers should abide by the laws and regulations of the state/country in which they are operating. Pakistan, being very unstable politically, admires and encourages foreign investments, thus second cup did not come across any major legal regulations, Though the firm has to comply by the basic franchising

laws of Pakistan, under the control of SECP regulatory authority which are standard for all the other similar cafés, restaurants operating in the region.

Social and Demographic Factors

The change in demographics also affects the firm's marketing strategy. Manager should need to know the current trend of the demographics of their customers in order to be successful. In Pakistan, the continuous change in the consumer's lifestyle, ways of living, cultural tastes poses a major challenge on second cup. Second cup had done an extensive research prior to the start of their operations to study the changing consumer trends, which helped them to understand the acceptance of coffee culture in Pakistan, targeting the market, with the medium they came across almost daily, which ultimately proved to the success of second cup in Pakistan.

Competition

With the emerging trend of coffee culture in Pakistan, competition among various coffee houses in Pakistan has rose at its peak. Second cup is considered as the major player in coffee industry of Pakistan. It has maintained its international brand name and continued to earn success everywhere; the pre-planned and targeted marketing strategies of second cup, has enabled the firm to achieve above the targeted level of sales, every month. However, Gloria jean's is considered as a major competitor of second cup in terms of products and pricing and because of the fact that it's one of the pioneers in the industry. For this, second cup needs to differentiate its products and sustain its competitive advantage of imported roasted coffee beans, to remain at the top position in the market. Talking about indirect competition, cafes like Papa Roti and Chaye Khana are also considered as indirect competitors of Second Cup.

Current Positioning Strategy

Gloria Jeans has positioned itself as a coffee brand for more or less all age groups, genders and occupations. It has priced itself as the brand for people belonging to upper middle and upper class but due to the massive word of mouth, it's now becoming the brand for upper middle and middle middle class now and elite class is moving away slowly because many don't feel

privileged enough to get associated with it. On the other hand, for middle class consumers, it's still a luxury food product with high prestige.

Technology

Technological factor demands the alignment of the firm's products to the latest technological trends. In case of second cup, technological factor may not be that much important. The firm has created its official web page and a face book page which caters the comments and views of its customers which is a source of continuous improvements (value addition). Moreover, the different franchises of second cup, around the globe are connected and linked through technology; the internet to keep and update the inventory (coffee beans) records.

Situational Analysis of Internal Environment

In order to provide high quality services to customers the demands of the External Environment should be matched with the company's internal resources. The internal Environment of Second Cup will be discussed under the following heads:

1. Management and Organization
2. Operations
3. Finance
4. Other Factors

Current Marketing Strategy:

Currently in Pakistan, Second Cup is paying very less attention to the marketing campaigns. A large Portion of their marketing is via word of mouth. They also use different magazines as a source of Advertisement or when they launch a new product they advertise it on bill boards only for that Particular product.

Existing Mission of the Company:

The company's existing mission statement is as under:

“To continuously grow through innovation and dedication to excellence”.

Objectives:

- The objective of the company is to increase the customer base by providing them superior value products and services.
- They want to retain their customer by providing innovative product lines.

- As they are new in this geographical area, thus they are aiming to develop/maintain a positive image in the minds of the actual and potential customer.



Marketing opportunity and customer analysis

Customer needs

The second cup cafe has created an image in the mind of the customers of having the highest quality coffee beans from the mountains of Costa Rica to the enchanting island of Sumatra. So the customers expect high quality of coffee when they go to Second cup. When the customers enters the café they expect warm, comfortable yet modern and relaxed atmosphere, which gives a feeling of a familiar yet global premium café. Second cup is guest focused, which is what their customers expect when they go there for a cup of coffee. As well as with an environment which makes the customers relaxed when they sit in, they are the best in the coffee business,

because it allows for modest customization and reflects the local culture. The customer expects convenience and speedy service, for which they are popular for.

Demographic/Psychographic Profile

Demographics include age, race, sex, and economic status, level of education, income level and employment, among others. The age of customers of the Second cup café ranges from the age of 22 to late 40s. Second cup is a premium global café and it is located at those places where the upper class people of Pakistan hangout, so there is no maximum number of males or maximum number of females in that café, both sexes are seen having a good time over there. Because of its premium image, the customers are usually the upper middle class who at least have a Bachelor's degree and most of them are employed. Psychographics include the consumers' lifestyle, their behaviours and their habits. Most of the customers of Second cup are those people who hangout every day or at least on the weekends. Customers are not that fond of homemade coffee, and believe that quality coffee is found from the cafes. Many of their customers are business men who work on their laptops while having coffee by their side.

Existing Marketing strategy

Since it's a premium café, it is targeting only the niche market. It is targeting the upper middle class of Pakistan and not going for mass customization. They are intending to expand slowly to other market segments, but not like Gloria Jeans which has targeted many segments at once. They don't go for mass marketing rather they give their ads in high profile magazines which businessmen read, to target their specific audience.

Significant opportunities

Their target market is very small, so they have a lot of opportunity to expand in to the other market segments. Targeting the other market segments with a premium image might just get this café a competitive advantage over other cafes. They have opportunities to expand the

variety of their products as well, as the Pakistani market also are always in a search for high quality cold chiller drinks, they could focus on that part of the products as well and increase their range of cold drinks. They could also move in to other cities of Pakistan, as they are only catering to the customers of Islamabad and Lahore currently.

Major Threats

The major threats are its competitors which include Gloria Jeans, Coffee Republic and Cinnabon. The security issues in Pakistan are a major threat also, because it scares off the investor which lessens the chance of Second Cup to expand in to other markets and target other market segments. And because of the economic conditions in Pakistan, the purchasing power of the consumers is declining, because of which this café can suffer the consequences. Also the premium image in Pakistan also scares off customers, as the people in Pakistan are very price sensitive and they would prefer the cheaper products than high quality expensive products. Another threat could be the preference of the customers of Pakistan, as the people of Pakistan prefers tea over coffee, so this could result as a disadvantage to Second cup. Also the second cup logo and its marketing gives away the image of only hot coffees, when in summers the Pakistani customers don't drink hot drinks that much. So it needs to cater to this problem as well, so that it doesn't become that big of a threat.

Proposed Target Market

The proposed target market for *SecondCup* is categorized as:

- Income brackets range starting from 50k/ month.
- Educated, literate, modern
- Target Market family with age group
 - Male: 22 to 45 yrs.
 - Female: 22 to 45 yrs.
 - Teenagers: 16-19 yrs.
- Designations / Occupation of target market:
 - Executives
 - Managers
 - College/University Students
 - Young Executives (mostly of Multinationals)

- Businessmen / women
- Entrepreneurs
- Expatriates
- House wives

Project Sales, Costs and Revenues

Following are the anticipated costs for the marketing promotions suggested in the above sections and their effect on the overall sales and then profits.

| Project Figures | Coffee | Chiller |
|-----------------|--------------------------|----------------|
| Daily Sales | 175 | 150 |
| Sale Price | PKR 320 | PKR 380 |
| Daily | PKR 56,000 | PKR 57,000 |
| Weekly | PKR 392,000 | PKR 399,000 |
| Monthly | PKR 1,568,000 | PKR 1,596,000 |
| Semi Annually | PKR 9,408,000 | PKR 9,576,000 |
| Annually | PKR 18,816,000 | PKR 19,152,000 |
| Total Annually | PKR 37,968,000.00 | |

| Projected Expenses | Cost/month | Time period | How many | Expense |
|---------------------------------|-------------|-------------|--------------|----------------------|
| Magazine | PKR 30,000 | 12 | 4 | PKR 1,440,000 |
| Social Media image ad | PKR 20,000 | 12 | 2 | PKR 480,000 |
| Social Media video ad | PKR 25,000 | 12 | 1 | PKR 300,000 |
| Billboards | PKR 450,000 | 3 | 2 | PKR 2,700,000 |
| Light Post Banners for Chillers | PKR 200,000 | 3 | 2 | PKR 1,200,000 |
| | | | | PKR - |
| | | | Total | PKR 4,920,000 |

Conclusions/Summary

- ✓ Extensive advertising promotion plays an important role in enhancing the overall sales as well as establishing a strengthened image of the company. This is what SecondCup needs to capitalize on in order to increase their market share rapidly.
- ✓ Due to the outreach of social media, SecondCup can carry out its promotion in a very cost

effective manner reaching maximum appropriate audience.

- ✓ SecondCup should also put focus on the wide variety of other food products its offering which includes 12 types of cakes, 6 types of sandwiches, muffins, mini pizzas etc.
- ✓ In the marketing Ps, place is something of concern as both the locations Islamabad outlets of SecondCup are not perceived as ones having peace and silence. Both locations are present in different shopping malls which raise a question for whether the customers would like to visit SecondCup if they are looking for a quiet and warm place to relax away from the busy routine.

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