

# Importance of environmental analysis marketing essay



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Just Cafe takes pride in maintaining the leading Fair Trade coffee cooperative, wholesaler as well as retailer in North America, Nova Scotia and Canada Franchesca 2012. Just Us is the visionary of quality, professionalism, and innovation for its stakeholders. Jeff started the business in 1995 but it was not the start of the coffee tasting like it does at the cafe. The passion started when Jeff was in 10th grade. His passion for coffee compelled from to learn to make coffee from his sister's maid and taking tours from various countries made him a coffee specialist. He explored the fair trade possibilities. By 1997 he joined the Fair Trade as the first outside Europe fair trade member. By the mid of first decade of 2000 years, he won many awards. By 2007 he opened the open garden coffeehouse (Us 2012).

The business now offers other products besides coffee, like tea, chocolate, and sugar. There exist six distinct locations of Just Cafe. According to the demographics of North America, the cafe aims to improve the customer volume and experience, and develop some efficient market programs for the target market. The company looks forward to expand.

Below are some of the questions that give the impacts of the environment on Just Us business of coffee. The Just Cafe meets some internal and external challenges which are studied under the market strategies adopted by Just Cafe and some recommendations follow. The case study is solved by answering three questions given below. Question one does the environmental analysis. The second question studies the market strategy used through the marketing framework, and the last question gives the course of action for the new marketing strategy.

No 1:

**Critically discuss the importance of environmental scanning within the context of this case. In your analysis, what are the internal and external challenges confronting Just Us? To what extent do these challenges threaten the future of the company?**

Answer: Starting the business, Jeff had to sustain the business by marketing and advertising effectually. The previous success of Just Cafe was due to the core competence of Fair Trade joining. The business starting from Latin America ensured in offering the best quality and taste services to the customers.

## **Environmental Scanning:**

**Environmental analysis is defined as the process of acquiring and using of information about the patterns, relationships within inside and outside the organization factors, occasions and trends (Churasia 2010). A more analytical definition has been given by Johanna, this is a cycle of collecting, evaluating and disseminating information for long term utilization and tactical use (Johanna 2008).**

## **Importance of Environmental Analysis:**

**The purpose of environmental scanning is to prepare for the long term benefits. The analysis is pivotal to take an observation around and reassessing the current situation to identify the required changes or some challenges and gather information about them to confirm the gap existence. If there is a gap and it remains unnoticed, it will only worsen the situation. It may be able to figure out a perception and refute it in time (Champnoise 2007).**

In order to fulfill the strategic aims, Just Cafe has to run the environmental scanning of the Cafe. The future of Just Cafe is based on forecasts based on assumptions and current trends of customers and environment. The significance of environmental scanning is evident as it provides warnings for the upcoming changes and indicate the poor signals showing that plan can be amended (Gordon and Glenn 1994).

## **Environmental Scanning of Just Cafe:**

It scans the environment like a radar that scans the world systematically (Morrison 2012).

## **SWOT Analysis:**

The swot analysis studies the strengths, weaknesses, opportunities and threats. Looking at each one by one, we will be analyzing the situation. The strengths of Just Cafe are some of its core competence. The first strength is that of its being member of Fair trade. The environment is maintained at the top notch quality based on the level of differentiation from the rest of the coffee bars like Starbucks. In order to create the distinctive ambiance, the comments from the customers will determine if they like the food and their frequency of repeated visits are due to the distinguished taste of Just Cafe coffee. The own coffee launching is another big strength which covers the restaurant users as well as the users who like to take coffee for their domestic or office use. The charts on the website of Just Cafe that core products are 100% fair trade certified.

The weaknesses challenge the strengths and have to be ruled out of over ridden by the strengths. The weakness is that the coffee beans are being ordered from Africa. The coffee beans import may threat the shortages. The restaurant's offer karaoke nights for youth but there are no attractions for the middle aged customers (Becker 2012).

There are opportunities open for the growth business. The growth plans require the customer intensive restaurant to open another branch in the distance to cover some customers of other areas and this way they will be introducing to the new market nearby.

The threats are like the weaknesses suggest the production and manufacturing plant must be local as well at distributed areas to sell the

products where the restaurants have not yet open. The business costs may be reduced in this way.

The analysis suggest that the branded products of Just Cafe from fair trade, the customers visit surveys will map the opportunities of growth. The elimination of the weaknesses like growth of raw material and its import from Africa may change the taste of the coffee so that coffee must be produced locally to cover the weaknesses and threats in this regard.

### **Internal Challenges:**

Just Cafe faces some internal challenges as analyzed by SWOT analysis. These challenges are crucial to be figured out in time. These internal challenges are faced by the staff and the operations.

The first internal challenge is the business started as a co-op business among the friends. The employees of the roasteries and the restaurants do have a say in thing but the major decisions are made by the owners. This centralized decision making has become a challenge to create the consistent expansion (Mazer 2008).

The second challenge is that there are a lot of competitors in town that are launching the innovative new attractions for the coffee bars. Just Cafe has to keep coming up with new and unique attractions.

The third challenge is to establish the similar management system. There are only a few existing outlets. There is hardly any chain of command. The management must have a common training system (Champnoise 2007).

## **PESTLE Analysis:**

The external challenges met by Just Cafe are from the competitors, stakeholders and other macro environment factors. Pestle analysis is a strategic analytical tool that gives useful information in formulation of a strategy for future marketing (Swork 2012).

Political factors apply on the Just Cafe products as they are certified and member of fair trade. The business is more flourished in Canada and USA. The free borders are open so the political policies are loose and do not impact adversely rather apply positively on Just Cafe coffee products and other products. There is evolving pest economic manufacturing since the coffee is imported from Rwanda (Walsh 2010).

The economic factor applies on the manufacturing and processing of coffee products sold in the market and the restaurant prices as affected too. Just Cafe gets the benefit of selling the entirely organic coffee. The competitors sell the semi organic. The prices at the restaurants are slightly premium. The disposable income of the Canadians can afford it quite well.

The social factor in Canada casts a huge impact on selling of Just Cafe coffee. The pocket size of Canadian allows them to socialize and formal parties have coffee as a must item. The customers come and give the repeated visits to get the coffee experience again and again. The competitors also visit to check the quality and taste. The experience of Just Cafe is absolute experience.

The technological aspect is considered by Just Cafe. The restaurants are equipped with the latest technology. The improvement is still in process. The <https://assignbuster.com/importance-of-environmental-analysis-marketing-essay/>

technological improvement at the retailers, the restaurants, the manufacturing plants and even the farm equipment becomes the part of it. The updated technology open makes the business fast and rapid.

Legally the Just Cafe restaurants are registered and following the laws of the host. The cafes are according to the legal and legislative aspect, even though the products are fair trade certified but the benefit is not taken undue (Bergen and Peteraf 2002). The legal aspect comes to the economic situations like in case of passing Tariff the legal condition of both importing and exporting countries are needed to be kept under consideration.

The environmental safety is considered tremendously this is the reason, the coffee is grown in Rwanda in its native place to retain the best taste of the coffee. The manufacturing is all green and environmental friendly. The corporate social responsibility falls on the businesses to leave the environment unaffected after the running of the business.

The pestle analysis given above gives the overall view of all directions of Just Cafe business. The products offered and the services rendered by the cafe as analyzed under the radar of complete micro and macro environment. The internal and external challenges discussed above need attention to be addressed or else they may give a jerk as big as to shut down of the business. In order to devise any marketing strategy, the research and development department has to run the analysis to base their results on. The aims and goals of the business streamlining with the marketing strategy becomes a competitive advantage of a business. The hospitality businesses



are complicated as they are offering the products as well as the services so the marketing strategy has to meet the criteria for both.

### **External Challenges:**

Just Cafe has been facing some significant external challenges that require instant solutions to sustain the company.

The first external challenge is the expanding to the global market. The problem gets there when the entry in the foreign market is initiated. Any wrong policy development may turn out to be an expensive step (Mazer 2008).

The second challenge is that Just Cafe is the Fair trade member so the CED initiatives keep creating opportunities for the host countries. The Fair Trade is build on structured outcomes. Abiding by these becomes quite challenging in policy devising (Vink 2011).

### **Intensity of Threatening Challenges on Just Cafe:**

There are some threatening challenges on Just Cafe that require utter attention of the top management and the host managers. The intensity of the internal challenges may make or remake the global reputation of the company. The centralized decision making will become difficult and may build some frictions among management.

The growth of coffee is done in Africa. There may be chances that the government increases the tariff and the local farmers start to blackmail the business owner. In this situation the launching of innovative solutions may become more complicated for the company. This may become a severe

threat to the existence of the company. Also the products of Just cafe are sold in coffee packs that may be under some legal and cross border politics (Brianna 2009). The politics may affect the pricing and the costs on the transportation of coffee from Africa till Canada. The supply chain has to be honest and satisfied. Any unsmooth action may slow down the regular operations and the business has flop over time (Jobber 1995).

The internal challenges are controllable but the external challenges are dependable.

The fair trade certification of the products qualifies them cross border and their transportation over seas through shipment. The policy making to abide by all the policies of Fair Trade becomes a difficult deal. Then at the same time corporate social responsibility may be questioned in case of not being able to produce some opportunities for the host countries. The most challenging factors are political and legal challenges. In case of any uncoordinated activity or bad negotiation, the business may be tremendously affected. This is the reason, the host country has to keep kept environmentally scanned and updated all the time (Cravens, Merrilees et al. 1999).

Question no 2:

### **Using appropriate framework of analysis, critically analyze the competitive marketing strategy adopted by Just Us?**

Answer: The competitive marketing strategy of Just Cafe has to be updated all the time as there are a lot of competitors in town already. Starbucks has a distinguished name and repute in Canada. The work place environments are  
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rich customers of Tim Horton's coffee. These are two major competitors that affect the marketing strategy of Just Cafe. The company takes the competitive advantage from these competitors in that it is fair trade certified. It is good enough but not entirely helpful (Julia Sagebien 2007).

The framework of analysis has to be following the competitive marketing strategy of the organization to give the best results. The strategy of each business is unique because of the factors that affect the business. Both of these aspects are given in detail with respect to Just Cafe.

### **Product Life Cycle:**

The framework of analysis used for this scenario is product life cycle. The product life cycle is the entire cycle of a product or the initiation of a new business from where it was developed, covering the introduction to the market phase, growth and finally maturity (Hayes and Wheelwright 1979). The cycle is for service businesses as well (Levitt 1985).

**Maturity**

**Growth Decline**

**Introduction**

**Development**

**Sales**

**Time**

**Product Life Cycle Diagram.**

**Development:**

The first stage of Just Cafe product life cycle dates back to 1995 when Jeff moore and Debby, Jane and David Mangle and Ria March opened Just Cafe for selling coffee (Cafe 2012). The best friends opened the business as the joint venture. They started as cooperative in business of fair trade. The development was a well through process that started from the passion of coffee from Jeff and his friends contributed. The development of the business was based on the distinctive taste and fair business.

**Introduction:**

The next phase is that of introduction. The coffee entered in the market when the Starbucks and Tim Horton's already existed. The popularity rose up due to the fair trade certification. The buyers were forced to turn down the prices. The substitutes coffee experience was not as per the coffee experience of Just Cafe because, the coffee beans used to be roasted (Bawa and Shoemaker 2004).

**Growth:**

The third phase of the product life cycle is growth. The growth was injected to the economy first because of the fair trade, secondly due to differentiated coffee experience, thirdly due to the pure coffee of Rwanda. The business starting from Latin America spread like a fire in the jungle to Canada (Iriberry and Leroy 2009). The growth of the cafe is perpetual. The existing cafes are Grandpre coffeehouse, Wolfville coffee house, Spring garden road coffeehouse, Barrington St. Coffeehouse, Office and roaster, Wolfville Farmers' Market. The growth in North America was rigorous.

**Maturity:**

The fourth phases of maturity is the peak of sales of coffee at the restaurant as well the manufactured coffee. All of the above mentioned coffeehouses sell the coffee of the same taste and excellent quality. The coffee experience is consistent irrespective of the coffeehouse location or name. The sales have been consistent. The new entrants face trouble jumping in the current market due to the fact that there are so many coffee competitors as coffee houses are well established in Canada (Salomone 2003). The substitutes of coffee like tea, green tea, lemon grass tea and other teas also exist in the market. The coffee suppliers are negotiated to continue to supply the coffee. The fame of coffee has spread to the third world countries too. Even through they are hot but they still like coffee as their formal hot drink. There are new initiatives under consideration and will soon be launched (Doole and Lowe 2008).

**Decline:**

Just Cafe has faced slight declines in sales over the years but the strong policies and proactive management has been able to cover them up.

**Critical Analysis of marketing strategy:**

The strategy of marketing used by Just Cafe was to keep linked to the other businesses like it started its relationship with Stanfest in 1999. The organizational review took place in 2001 and the market strategy was re devised. The expansion started up and the more coffeehouses opened the business in the local market. Networking with the other business is a good marketing strategy. One best strategy is even to acquire the weak businesses offering the same product to the society. The mergers and acquisitions give a sudden boost to the profit maximization.

The marketing strategy was focused on the organic products selling in the restaurants as well as in products in the market. The disposable income of Canadians was just enough for the affording of this coffee (Wilson and Gilligan). The weather of Canada is cold this is the reason the hot drinks sell like a need of people.

The marketing consideration took under account the four P's of marketing. The products, which were fair trade certified, organic and gave the distinguished coffee experience, the price was pocket friendly to Canadians and other North Americans, the placement is done at the retailer stores and the extravagant experience is available at store in Canada. The final P is that of promotion. The Just Cafe has launched the website, and has been

promoting the product as word of mouth, coffee experience as well as the advertising.

The product life cycles indicates the growth patterns of Just Cafe from its establishment till now. The marketing after the maturity get tougher as the competitors and new entrants have already studied and run the SWOT analysis of the business and they target to attack at the weaknesses and the threats to weaken the policies of the existing business. It also removes or loosens the barriers of entry to the new entrants. The competitors take an advantage.

Question no 3:

**Critically evaluate the strategic options available to Just Us. Recommend a course of action for Just Us, giving reasons for your answer.**

Answer: The strategic options are available for Just Cafe. The coffee sells as the name is enough for the brand. The internal and external challenges met by Just Cafe are already discussed. The marketing strategy of Just Cafe has to be one universal for all of its coffeehouses. This is to keep the quality and business consistent at all the locations and Just Cafe spots to show the unification of norms and values. The same coffee experience needs to be delivered at every store of Just Cafe. In order to do so, the course of action needs to be determined. The analysis that leads to the course of action is the ansof matrix.

## **ANSOFF Matrix:**

### **Penetration**

### **Market Development**

### **Diversification**

### **Product**

### **Development**

### **Products**

### **Existing New**

### **Existing**

### **Markets**

### **New**

ANSOFF Matrix Diagram.

Seeing Just Cafe under the spotlight of ANSOFF matrix, Just Cafe lies at the product development stage. The business has penetrated already and is enjoying to sell the existing products to the existing customers as the definition also confirms (Malshe 2011). The business is in the product development stage as the expansion and increasing the customer volume is the goal. For this the new roasteries have been established and the new services at the restaurants have been implemented. Now the cafe is enjoying the benefit of successful product in the market. The customers like the coffee experience and pay repeated visits. Seeing from the market aspect, Just Cafe is reaching towards diversification. The website of Just cafe shows the new events have been entertained from some history. As the businesses



go from left to right from product aspect and top to bottom from market aspect, the risk increases. Since, Just cafe' is introducing the innovations day by day so the business seems to be inviting the risk but to expand.

### **Strategic options Available:**

The business of Just Cafe coffee started off with quite wise rules establishments. The first good strategic step was to be a member of Fair Trade. No other organization in USA and Canada is certified for Fair Trade, which are only available in Europe. This is the competitive advantage for Just Cafe. The excellent coffee experience and ambiance created by Just Cafe on its launch was a good strategy to start from.

The growth options are open for Just Cafe to extent. The restaurants have already added the product lines and the services to the restaurants like the karaoke, VIP halls, and events halls. The growth can extend the hospitality business to the opening of catering business for the parties which are not organized at restaurants.

The coffee beans are grown in Rwanda and other African countries. There is a big opportunity for Just Cafe to bring the coffee beans and start the farming of these exquisite tasting coffee to be grown locally and then to increase the growth, put more manufacture units to make more coffee. It will just boost the business as the cost on transportation may be reduced in this way (LaPointe 2006).

## **Course of Action:**

In order to implement all these changes the course of action needs to be well planned. The planning has to be consistent with the goals to determined the success expectation. The critical success factors determination will make the business meet the goals in time.

The step one for the course of action needs to be the survey and research of customer wants. This way the research and development will be made easy. The product life cycle will help to take a turn or a next step from now as the previous researches will indicate which policies and marketing strategies have been used. The new strategy needs to be consistent with the old ones.

The second step has to be to run the survey from the customers. This will get the factors that the customers consider and business might have ignored. The business has to be as per the demand of customer. If the customer wants something that thing has to be made available as some marketers follow two rules.

The step three has to be to do some research of the weather conditions suitable for the coffee beans production locally. This way the suitable temperature and weather conditions need to be found. Then in that particular state the land needs to be purchased for the cultivation coffee. The legal aspects need to be planned and taken care of.

The step four is to execute the plan eventually. The production of coffee needs to be started locally. The farmers needed to be trained to grow the coffee.

The step five is to establish the manufacturing plant locally. This will produce the coffee in the country and the tariffs and other costs will get covered.

The final step would be step six, to promote and advertise the coffee. The good business will expand as more and more when more retailers will have the coffee available at them. So this way the customers will be able to acquire their coffee from anywhere. The advertising and the establishment of the supply chain will make the business easy for the producers. The coffee manufacturing needs to be inappropriate amounts to need the demand and supply fluctuations.

### **Justification:**

The course of action has been planned as per the growth and expansion plans of Just Cafe. Since Just Cafe has started over a couple of decades and so far the strengths and opportunities have been streamlining. The business has to cover the strong areas and cover the weaknesses through these strengths.

The course of action given above is expected to meet the goals of the organization. The aims are to improve the customer volume and experience, and develop some efficient market programs for the target market. The company looks forward to expand.

In order to meet the growing need to expand the business, the business has to keep some considerations in mind. The first being the local production of the coffee will increase the profit potential and the local market will be able to cover the geographical area that are being ignored in Africa. The survey from the customers will only get their opinion about what they want.

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Customer is the reason business sustaining and running at the first place.

The first rule as the customer is always right. The second rule is that if ever the customer is wrong, re-read the rule number one. They are the reason for business sustaining.

The increase of product lines and the services will provide the new opportunities to be established in every restaurant. There may be some locations that are not like the usual coffeehouses of Just Cafe. The business just has to be interesting. In order to do so, the marketing and promotion of the coffee and the health aspects of the coffee will just be good for the business. The competitors have already covered a big market and it is not easy to make customers shift to new business.