

Free green mountain coffee roasters- fair trade coffee research paper sample

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Executive Summary

Green Mountain is one of the leading coffee brands in the highly competitive American coffee market. The brand was established in the year 19981 and quickly grew to be most popular coffee brand in USA by overtaking market leaders like Starbucks. Apart from offering world class coffee to its customers, Green Mountain also commits itself to the sustainable business practices. It procures a substantial part of its coffee seeds through the Fair Trade Coffee route. Fair Trade Coffee involves procuring coffee directly from the coffee producers and ensuring a good standard of living for coffee producers and coffee workers. America is one of the top coffee markets in the world where 80 percent consumers consume coffee in one or the other form. By the year 2014, Green Mountain managed to have a top market share of 19. 9 percent in the American market. While having a strong brand which is recognized across the country is a major strength of Green Mountain, it faces a lot of threats in the form of the entry of new market players with innovative business models. Green Mountain's coffee products are targeted at the younger customers and are positioned on the basis of its functional and symbolic attributes. Green Mountain should improve its positioning strategies in the future if it wants to further consolidate its leadership position in the market.

Product Description

Green Mountain Coffee Roasters (Green Mountain) was a leading coffee brand in USA. The company was established in the year 1981 as a small coffee shop in Waitsfield, Vermont. It sold its own brand of coffee in its

coffee shop. Demand for the Green Mountain brand made the brand make a number of local cafés and hotels to use the Green Mountain brand. The growing operations of the company enabled the company to go public in the year 1993. Eventually, it sold off the original café entered into full-fledged coffee roasting and distribution business. The growing popularity of the brand made companies like Coca Cola and Starbucks to enter into tie ups with the company to sell the Green Mountain brand of coffee and coffee machines in their outlets. From the initial days after it was founded, Green Mountain focused on practicing sustainable business practices and was often rated as a good corporate citizen in USA.

As part of its sustainable business practice, Green Mountain has put a lot of emphasis on procuring and supplying Fair Trade Coffee. Fair Trade Coffee is just the regular coffee which is purchased from the coffee growers directly without the involvement of any middlemen. Companies which procure fair trade coffee pay a higher price to it than the regular coffee. The main objective of Fair Trade Coffee is to improve the living conditions of workers in the coffee plantations. Fair Trade Coffee also gives good incentives to the farmers and guarantees a minimum price for the coffee they grow in the market. As part of its socially responsible business practices, Green Mountain has increased the procurement of Fair Trade Coffee every year and emerged as the largest producer of Fair Trade Coffee in the world. In recognition of its responsible business practices, Green Mountain is certified by Fair Trade USA as the largest producer of Fair Trade Coffee for three successive years in a row till 2013. While improving the quality of life of Coffee Growers, Fair Trade Coffee also guarantees high quality coffee for consumers. Due to its

unflinching commitment to procuring Fair Trade Coffee, Green Mountain enjoyed a lot of competitive advantage in the market due to the high quality of coffee supplied by it and its commitment to improving coffee farmers and workers.

Market Analysis

Coffee is one of the most preferred drinks in USA. Unlike in other parts of the world, where Tea is preferred Americans have traditionally preferred Coffee drinks. According to an estimate by the National Coffee Association of USA, nearly 80 percent of American adults drink Coffee in one of its many forms. It is estimated that every single American consumes at least three cups of Coffee per day. The total size of the American coffee market is estimated at US\$ 30 billion. Out of the US\$ 30 billion market for coffee in USA, nearly US\$ 28 billion of revenues come from the retail sector and the remaining from the wholesale market.

Of all the Coffee drinkers in USA, it is estimated that nearly one third of them drink gourmet Coffee once every day. There is still a lot of unmet demand for premium coffee products in the American market which is being exploited by companies like Green Mountain and Starbucks.

The American coffee industry is dominated by a number of Coffee brands like Folgers, Maxwell House, Private Label, and Starbucks. Due to the sheer size of the coffee industry in the American market, a number of players aggressively compete for gaining a market share in the American market.

The market shares of top coffee brands in the world are given in the following table.

Market Shares of Leading Coffee Brands

Source: <http://www.statista.com/statistics/315036/market-share-of-single-cup-coffee-in-the-us-by-leading-brand/>.

As shown in the above table, Green Mountain is the undisputed market leader in the American coffee market. Despite the dominance of the Green Mountain, it faces stiff competition from other major players like Starbucks and Folgers Gourmet Selections. Despite the recent origins of the brand, Green Mountain managed to overcome the other players in the market to emerge as the undisputed leader. The products of Green Mountain are also priced at a premium price when compared to the competing brands in the industry. One bag of Green Mountain coffee bag is priced at US\$ 7.82 when compared to many other brands that are priced at around US\$ 5. The unique brand image enjoyed by Green Mountain enabled it to price its products at a higher price than the competitors and still manage to have the highest market share in the American market.

SWOT Analysis of Green Mountain

The SWOT analysis of Green Mountain Fair Trade Coffee helps in properly understanding areas where the brand is strong identify its weaknesses, identify the new opportunities in the market, and the new threats faced by the brand.

Strengths

The focus on triple bottom line which enabled the company to give appropriate focus on social and environmental factors apart from the financial aspects of an organization is one of the significant important strengths of Green Mountain. Appropriate focus on enhancing the quality of coffee workers and farmers enabled the company created a good image for the company among its customers. The positive impact of triple bottom line philosophy practiced by Green Mountain brand is higher for its Fair Trade Coffee product as it directly enhances the living standards of coffee producers. The strong brand image of Green Mountain among the customers makes it possible for the company to charge a premium price for its products in the market. Marketing tie-ups with some of the biggest brands in the American market like Starbucks and Coca Cola helps the company to improve its future sales with little ease. Green Mountain also enjoys higher levels of loyalty from its customers than the other brands in the industry.

Weaknesses

Unlike other coffee brands in USA, Green Mountain does not have its own coffee chain like Starbucks. It mostly relies on other retailers for a significant part of its revenues. Heavy spending on procuring Fair Trade Coffee could also put a strain on its key resources.

Opportunities

Despite the strong presence of the Fair Trade Brand in the American Market, it has a limited presence in other countries. Many countries in Asia which traditionally preferred Tea over Coffee are now shifting their preferences in

favor of Coffee. This made brands like Starbucks to start their operations in Asian markets like India. Green Mountain too can expand its presence in the Indian and other Asian markets to further grow the brand.

Threats

The size of coffee industry attracts new players into the market with innovative ideas. New players that enter the sector can pose a threat to the growth of Green Mountain brands in the future. Shortage of supplies in the American market in the long-term is another major threat for Green Mountain- Fair Trade Coffee in the market. The strict certification requirement imposed by many coffee boards around the world for Fair Trade Coffee is resulting in low quality coffee for consumers as some high quality coffee producers fail to get themselves certified. As a result, the image of Green Mountain- Fair Trade Coffee may be severely impacted among its loyal customers.

Current Target Market Target Market Segments

Despite having some international presence, Green Mountain- Fair Trade Coffee is mostly targeted at the American market. The company has presence across the country and company primarily targets customers in the American market. The company is targeted at the brand conscious younger customers who are in their early 20s to mid-40s. Having a significant number of younger customers makes the operations of the company lucrative. Most of the loyal customers of Green Mountain drink an average of 2 to 4 cups of coffee per day. This makes it the most ideal market for single-cup brewing coffee. Most of target market customers of Green Mountain are from high

income segments and hence could afford the premium priced products of Green Mountain. Higher income customers also prefer companies which are committed to sustainability. Due to their preference for companies which are committed to sustainability, Green Mountain mostly targets them with its Fair Trade Coffee. Most of the additional amount that Green Mountain pays for the welfare of coffee growers is recouped through the premium price paid by its affluent customers.

Recommendations

Despite the huge success of the Green Mountain- Fair Trade Coffee brand in emerging as the market leader by targeting the younger customers, it needs to look at the older customers to further consolidate its position in the market. As the baby boomers retire, they spend most of their in leisurely activities. Baby boomers also have high disposable incomes as start using their retirement funds. Older customers also have a tendency to prefer companies and brands that are committed to sustainable business practices. Hence, Green Mountain should start expanding the target market for its Fair Trade Coffee brand.

Positioning Strategy

Positioning refers to the creation of a distinct image in the minds of consumers (Brooksbank 1994). A product can be positioned by consumers in a number of ways, functional positioning, experiential positioning, and symbolic positioning. While functional positioning focuses on the functional attributes of a product, symbolic positioning focuses on positioning a product on the basis of the product's symbolic attributes. Experiential positioning

focuses on positioning a product on the basis of the experience offered to the customer. Experiential positioning is mostly used by the service companies as they do not have a physical product that is visible to the customer.

Green Mountain's Fair Trade Coffee was positioned on the basis of both functional and symbolic positioning strategies. While the functional attributes of the Fair Trade Coffee relate to it being made by its unique roasting techniques, it also positions its product on the basis of its symbolic attributes like contributing for the wellbeing of coffee growers.

The current positioning strategy of Green Mountain meets the requirements of the market in which it has operations. However, as the company spends a lot of money on Fair Trade Coffee, it could explore the possibility of increasing focus on the symbolic attributes of the product in future. If the company decides to have its own chain of coffee chains, it could focus on providing better ambience in-store ambience, superior customer service and position the brand on experiential attributes.

Value Proposition

The current value proposition of Green Mountain brand is a unique coffee brand which focuses on sustainable development of its business. Due to the high importance given to sustainability, the company charges a premium price than the competing brands in the market. The company could continue its value proposition with some minor changes in the future. It could contemplate giving more preference to its symbolic attributes and increase

the price of its products.

Conclusion

References

Brooksbank, R. (1994). The anatomy of marketing positioning strategy, *Marketing Intelligence and Planning*, 12 (4), 10-14.