

Market research for (verismo machine) by starbucks

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Profile of the Market Area and Company Overview

This study aims at evaluating the characteristics of the market area for Verismo Machine, due to which the history would be discussed, the product would be evaluated, its competitive advantage would be analysed, and the market size would be identified.

History of Verismo Machine

Verismo Machine does not have a long history. Starbucks entered the single-serve coffee maker market last year with its new machine called Verismo.

The market already had coffee and espresso making machines, but it is the dream of every household to have Starbucks experience at home. Starbucks is preaching that with Verismo the same taste and aroma could be enjoyed at home too. The company introduced Verismo with the intention of becoming a market leader even in single serve coffee making segment (Barth, 2012).

Product Overview

Verismo machine is a single serve coffee maker which makes coffee and espresso. As a pod is dropped into the machine, it comes out as coffee or espresso, which contains the signature taste and aroma of Starbucks coffee (Starbucks Corporation, 2012). The machine is available in different model

which ranges from £149 to £349. The model ranges from basic to high-end ones. The pods of powdered milk and coffee are also sold by Starbucks, which is used by the customers to produce excellent coffee at lesser cost than the store (Money Watch 2012).

Competitive Advantage

The biggest competitor of Verismo in the single serve coffee maker segment is Nespresso, which was launched by Nescafe, Nestle. Verismo's first advantage is that bears the name of Starbucks, which is a market leader in coffee making. Starbucks is claiming that Verismo offers the same taste and aroma as coffee is served in its stores. Customers pay higher price for a cup of coffee in Starbucks because of their quality, and if they are getting it through a machine which is a onetime investment, customers would surely opt for it. Secondly, the product indeed has been highly appreciated by users because it do offer the quality which it promises and the cost per cup of coffee is also found to be less than having it at a Starbucks store (Clay, 2012).

Market Size and Share

Verismo Machine by Starbucks was a huge hit in the market and the company sold over 150, 000 machines in the first quarter of its launch. Howard Schultz in Starbucks' first quarter's conference said that they were planning to take Verismo to a multi-billion platform, which depicts that Verismo started really well in its initial year (Warman, 2013). Verismo is counted as a threat in the single serve coffee segment by the market leaders like Nespresso, or Green Mountain. Starbucks is cannibalizing the market share of Green Mountains slowly as it a drop in the market share of Green

mountains has been seen by 7 percent. The Times has reported that market for single-serve machines have exceeded \$8 billion in the year 2011, which depicts the total market size for coffee machines (Bhasin, 2013).

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