

# Internal analysis of caffè nero case study examples

[Business](#), [Company](#)



## **Caffe Nero**

Caffe Nero is among the leading and largest privately owned, independent operator of espresso shops in the United Kingdom. The Caffe Nero Group has more than 500 stores around the globe, 450 of which are in the UK. The company is run under a simple philosophy of serving premium Italian coffee and classic Italian recipes in a warm and welcoming atmosphere (Caffe Nero, 2011). Good food and good service is the company's motto. Major products from the company include high quality espresso coffee ranges and high quality delicious food varieties such as traditional soups, fresh pastries, salads and cakes. The Allegra Report has ranked Caffe Nero as the best Coffee House brand in the UK for eight consecutive years from 2002-2009. The company has received other awards and accolades from other recognized bodies within the United Kingdom.

## **Sources of Internal Competencies**

Porter's Generic Value Chain

Efficient Activities

Key factors are responsible for ensuring efficacy and efficiency of activities within the company, and these include the company's infrastructure, exceptional procurement process, good management, and incorporation technologies (Porter, 1998). The efficiency of these activities enables Caffe Nero to register high profit margins. An understanding of these activities enables the company to achieve cost advantage and differentiate the processes using core capabilities and competencies. The following are key

activities within the value chain:

Highly advanced inbound logistics - enables Caffe Nero to source high quality coffee beans directly from farmers at premium prices. It is also essential in maintaining strong relationships with farmers and as well, provides them with incentives to maintain the production of high quality coffee standards

**Carefully monitored operations ensure that only the best coffee brands or food types are added to Caffe Nero's menu.**

Managed outbound logistics- Caffe Nero is committed to opening up more stores within the UK to ensure that products from the company are efficiently distributed to clients all over the UK.

Marketing and Sales- Caffe Nero studies the cultures, ethics, tastes, and preferences of customers then develops products that suit their needs (Mead, 2005). This explains the availability of different espresso coffee ranges and a diverse food menu

Service Delivery- as mentioned earlier, Caffe Nero's philosophy is " Good Food. Great Service" (Caffe Nero, 2011). Coffee and food is served in a warm and welcoming environment.

**Other competitive advantages entail:**

The expansion of Caffe Nero's shops in every city within the United Kingdom is the ultimate goal of Caffe Nero Group. Currently, there are over 450 Caffe Nero shops in the UK and most shops are being opened to cater for the demands of the growing market in addition to providing a comfortable, inviting, and relaxing atmosphere to customers. Although all Caffe Nero shops have similar goals, values, and offerings, each store is designed to

reflect that part of the community.

Another unique thing about Caffe Nero is the management of its people.

Caffe Nero's management believes that warmth and positive outlook in life is attained through hard work and caring for the people. The Human Resource aspects enables the company to build long lasting relationships with workers and clients

## **Exhibits**

Primary Activities

Caffe Nero Value Chain

Reference List

Caffe Nero, 2011. The Italian Coffee Company. [Online]. Accessed on November 4, 2011 from

<http://www.caffenero.com/default.aspx>

Mead, R. 2005. " Cross Cultural Dimensions", International Management. Cambridge,

Blackwell, pp. 27-54

Porter, M. E. 1998. Michael Porter on Competition. Boston, MA: Harvard Business School

Press.