

Gloria jean's coffees australia

Business



**ASSIGN
BUSTER**

Gloria Jeans Coffees Australia of Growth and profitability goals Gloria Jean aims at becoming a worldwide brand having coffee outlets in all the countries. Its franchise-only strategy is aimed at ensuring that only the profitable outlets of Gloria Jean remain operational. The acquisition of the company by GYP placed the company in a stronger position financially. This increased financial muscle has seen the company develop plans to venture into China and other Asian markets. This entrance into new markets will benefit the company by giving it access to a bigger market. Its profit margins will increase as a result and the reduced operational costs because of venturing into Asia that has a large low cost labour pool.

Product range

Gloria Jean is being an innovation driven organization has managed to develop numerous coffee recipes over the years. However, their expertise in coffee has not prevented them from adding tea and chocolate drinks into the menu to better serve customers by offering a variety. Apart from beverages, Gloria Jean's has also developed merchandise like the G 79 espresso machine. The latest in its production lines are Cake, which in two new flavours choc raspberry white, and choc mouse. The company also has new blends of tea like pomegranate, Super berry, and tropical green. This has enhanced the ability to come up with new beverage blends that have endeared the franchise to millions of people. Moreover, it has enabled the company to remain a leader in this highly competitive industry.

Market expansion plans.

Having sprouted in Sidney in the late 20th century, Gloria Jean's has been so successful in its journey to explore new markets. The company achieved a global outlook in the year 2009 when it managed to acquire Gloria Jean's <https://assignbuster.com/gloria-jeans-coffees-australia/>

franchise in the U. S. currently serving in 39 markets the quest to make the brand a worldwide success is still ongoing as shown in the company's vision and mission. Its vision: " to be the most loved and respected coffee company worldwide" speaks volumes of the direction the company has taken (Saleh & Irvine). Its ultimate goal is achieving a global status which entails having outlets in every country in the world. Its plan to shift to a business model that is franchise -only steam rolled this February when it shut down 14 outlets in Australia. This model was adapted last December when the company was sold to Global Yellow Pages a Singaporean company (Cole, 2013). This move to fully franchise enabled the company to have the necessary financial influence to expand into China and other Asian markets where the huge population provides a potentially huge customer base.

Gloria Jean's Generic Strategy

Gloria Jean's generic strategy can be analysed using Porter's generic strategies as shown below:

Cost leadership.

Following the 100% take over by GYP Gloria Jean has positioned itself strategically by acquiring the necessary finances that would boost its ability to have larger economies of scale. This step would enable the company to expand its operations subsequently enabling it to access a larger market base boosting its profit margins. The franchise only move also enabled the firm to cut down on overhead costs. Labour costs will also be reduced significantly by venturing into the Asia market since the large population provides a large and low wage workforce. Venturing into expansive markets will also help cushion the company against massive losses as it has spread risks in different markets globally. The costs of business of operating

businesses in China are relatively cheaper as suggested by the recent trends of global companies shifting some of its operations to China based plants.

Differentiation

Even though the beverage market is saturated, Gloria Jean's is able to cope with the competition by using its innovative advantage. By developing over 20 blends of tea and coffee, the company has been able to have more products just because of differentiation. This has resulted in increased popularity of coffee Jean as its customer base has been captivated by its wide range of quality coffee and tea blends. Differentiation has also enabled the company to identify itself as a powerful brand.

Niche or focus strategy

Having over 400 coffee outlets in Australia did not deter the company from venturing into new markets. GYP has enhanced this global perspective after the acquisition. The company has set its sights at capturing a new market share in China due to its vast population. The move into China and Asia markets will increase massively the sales figures of the company thus increasing profitability. The step to venture into China can be deemed as a management masterstroke given the economic growth that the country has witnessed.

Future position in the market

The company intends to be the leading coffee brand in the entire world. Its sustained steps of venturing into new markets have enabled it to enjoy huge economies of scale. The company has also created a sustainable business environment by collaborating with the Rainforest alliance (Gloria Jean). This collaboration as part of its corporate social responsibility is aimed at ensuring its activities does not affect the environment negatively. This

<https://assignbuster.com/gloria-jeans-coffees-australia/>

environmental protection measures will ensure that Gloria Jean's source of raw material i. e. coffee and tea is protected against adverse climatic conditions. Its water for water campaign has also turned up to be a good PR strategy as taking this CSR approach communities have benefited by having access to water while the company has diversified its services to include water bottling.

Conclusion

The company is set to achieve its vision in the near future of becoming the leading global coffee brand. Its targets have been strengthened as a result of having established strong business that lays emphasis on four aspects that are key to the company's long term success i. e. having a passion and joyful culture, changing, believing building the lives of people, commitment to innovation and excellence and establishing integrity based partnerships.

References

Saleh, N., & Irvine, P. (n. d.). our story. Retrieved September 22, 2014, from Gloria Jeans coffees: <http://www.gloriajeanscoffees.com.au>

Cole, B. (2013, December 21). Singapore firm picks up Gloria Jeans. Newspaper article . The Australian.

Gloria Jean. (n. d.). our relationships. Retrieved September 22, 2014, from Gloria Jeans Coffee: <http://www.gloriajeanscoffees.com.au/About/Ourrelationships.aspx>