

Marketing analysis of two leading brands

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That's why coffee shops are well placed to respond to this need (high street centres, airports, railway stations...). The branded coffee shops are very popular. It's a good place to meet friends in a relaxing atmosphere with comfortable seating. The most popular sentiment expressed by people is however that the coffee served in branded coffee shops is expensive. So why do people still go to these coffee shops? First because people like coffee. And second because they like going to a place where they can just sit and talk and have a drink. Coffee shops have an up-market image which appeals to a certain part of the population.

B. Historical Background Starbucks The history of Starbucks began in 1971 in Seattle, Washington, when three partners (Jerry Baldwin, Zev Siegl and Gordon Brown) wanted to sell high-quality coffee beans and equipment. They opened a local coffee bean roaster and retailer. It was successful and things began to accelerate in the 1980's when Starbucks became the largest roaster in Washington with six retail outlets.

In 1982 a marketing manager was hired, Howard Schultz and after being sent to Milan to attend an international house wares show, he wanted to test out the concept of selling espresso by the cup. The test of opening a coffee shop was an immediate success. Then the company built its international brand, expanding rapidly, first to other cities (Vancouver, Portland and Chicago) and by 1997 to other countries all over the world: Tokyo in 1990. It entered the UK market in 1998. By November 2005, London had more outlets than Manhattan.

C. Historical Background Costa Coffee Costa Coffee appeared first in London in 1971. It was founded by the Italian brothers, Sergio and Bruno Costa. First they supplied local caterers and coffee shops with Italian coffee and then Bruno Costa decided to branch out in 1978, in order to retail coffee. The main objective was to create and serve the finest authentic Italian coffee. The first store opened in Vauxhall Bridge Road, in London. Later in 1995, they sold the business to the giant group Whitbread.

The Costa Company was the first to introduce coffee shops in the United Kingdom. Costa Coffee has followed an expansion programme to be recognised nationally. Now, bigger in the UK than Starbucks, it is the most famous coffee chain in the UK. Costa Coffee now belongs to Whitbread Plc, a leading UK leisure company. Whitbread owns and operates some of the country's most popular pubs, restaurants, hotels, shops and leisure clubs, as well as brewing some of the UK's most famous brands of beer.

The group bought the Costa Brand in 1995 paying 12.3 million for the 41 franchised coffee shops which existed at this time. How do international firms like Starbucks and Costa Coffee react to the external elements in order to establish a marketing strategy? To answer this question, we will first focus on the controllable aspects of the firms. Then we will see the different elements that the firms undergo and their breathing space to cope with it. After that, we will evaluate the strategic position of the coffee business. And finally, we will consider how the firms differentiate its consumers' needs. Therefore the coffee shops should straight away adapt a strategy towards

young people in the developing countries. The aim of going to a coffee shop has become a habit in these future consumers' life.

But we note that in the developed countries it is the opposite. The population is becoming older and older. We choose the example of the UK to show this difference. II. Population in the UK i) Demographic forces At this moment the part of less-than-fifteen-year-olds is the same in the UK than the part of the more-than-sixty-five-year-olds. We know that the branded coffee shops are most popular among those aged 20-34, but it doesn't fall significantly before the age of 65 and above. 38% of the 20-34-year-olds have visited a branded coffee shop in the previous 12 months, 33% of the 15-19-year-olds, and between 26% and 30% of the 35-64-year-olds. The demographic composition of the UK population is constantly changing that's why the branded coffee shop market has to follow these changes and be careful of the effects it could provoke, especially on their sales.