



NORTHPOINT
CENTRE OF LEARNING

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ROLL No. 12



COFFEE WAVES IN INDIA



Early Waves

First Wave

Second Wave

Third Wave

Traditional South Indian Filter Coffee

Bru & Nescafe popularizing Instant Coffee

'Coffee Culture' introduced by Starbucks & CCD

Specialty or high-end coffee—'artisanal', 'single-origin beans' or 'bean to cup'



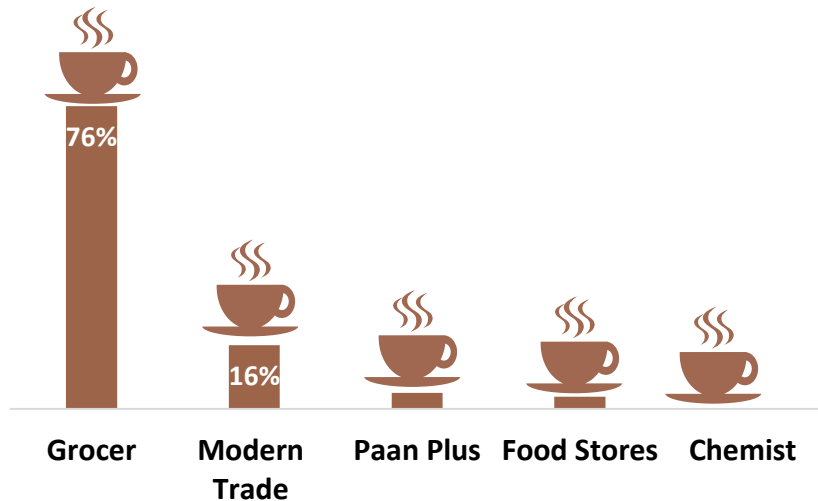
INSTANT COFFEE CATEGORY AT A GLANCE IN INDIA

MARKET SIZE

₹ 1842 Cr

☕ 1.49 Cr Kgs

DISTRIBUTION CHANNELS



GROWTH RATE

↑ 12%

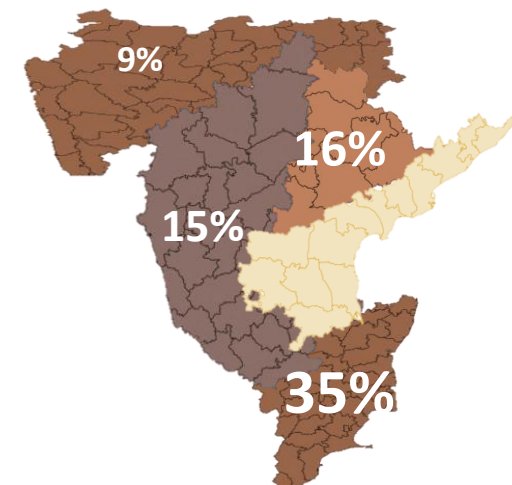
LEADING BRANDS

BRU 51%

NESCAFÉ Sunrise 26%

NESCAFÉ 18%

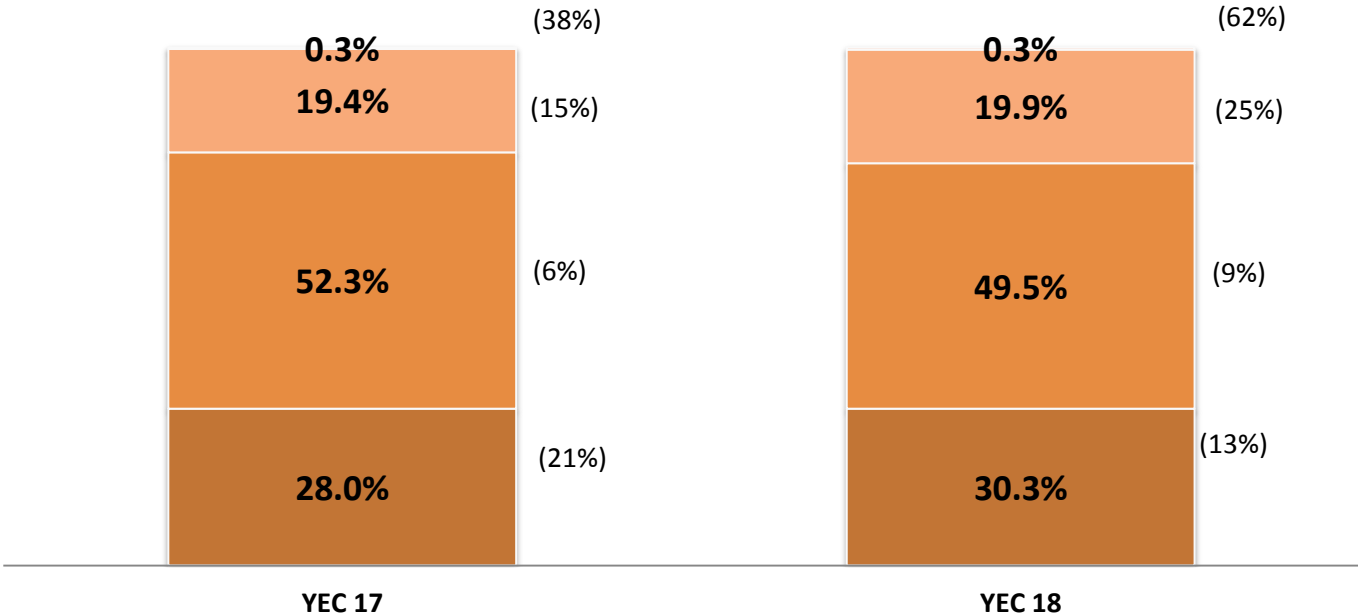
TOP STATES



SUPER-PREMIUM INSTANT COFFEE SEGMENT

SEGMENT WISE VOLUME CONTRIBUTION

■ MASS ■ POPULAR ■ PREMIUM ■ SUPER PREMIUM



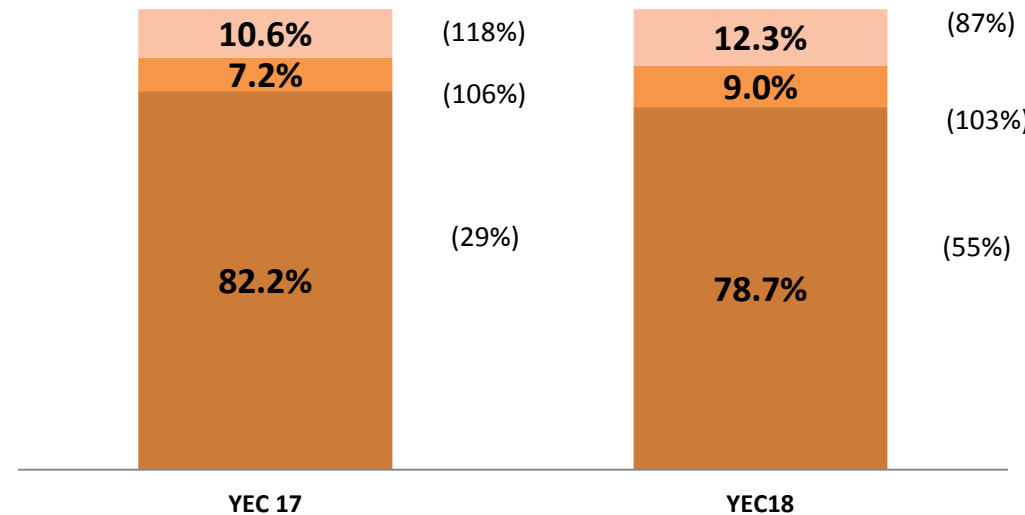
The contribution of the super-premium segment to the total category is very low, however, it slowly on the rise. Although the super premium segment is growing at a very fast rate, its base is too small to reach a conclusion.

SUPER-PREMIUM INSTANT COFFEE SUB-BRANDS



SUPER-PREMIUM SUB-BRAND WISE CONTRIBUTION

■ NESCAFE GOLD ■ DAVIDOFF ■ OTHERS



Around 85% of the Super-Premium segment is dominated by Nescafe Gold and Davidoff.

SPECIALTY COFFEE IN INDIA



Special geographic microclimates producing beans with unique flavor profiles is referred to as 'specialty coffee.' – **Specialty Coffee Association of America**



35% of all exported coffee from India are 'specialty coffee.' Recent uptick in specialty coffee from Indian consumers owing to rising '**Third Wave Roasters**'



"No validated domestic data by the government on specialty coffee as it is difficult to track the journey from bean to roaster" - **Dr Ashwini Kumar, Research Chair at the Coffee Board**



CAGR : 12% between 2012 and 2017 *
Projected CAGR : 6.9% predicted from 2017 to 2022 *

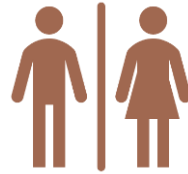




BLUE TOKAI COFFEE



Single origin, Bean to Cup and 100% Arabica



“Our consumer base is within 25 – 45 years who are more aware of their choices and what they are consuming – they know the difference between a great coffee and good coffee” – **Rhea Sanghi, Marketing Head Blue, Tokai**



Online Retail, Whole Sale and Cafes



Also sells Giftpacks, Coffee machines and Merchandise

BUSINESS QUESTION



Business Question:

Map the mind spaces of coffee drinkers in the Country and work if its possible to launch a new variant of cheaper Blue Tokai instant coffee through retail to compete with Nescafe Golds & Davidoff of the World

Objectives

- To map the mind spaces of coffee drinkers
- To understand the key drivers and barriers for Instant coffee and Brewed Coffee drinkers
- To investigate if instant coffee and brewed coffee drinkers want to have a premium Instant coffee
- To find the awareness of Blue Tokai amongst coffee drinkers

RESEARCH METHODOLOGY

Qualitative Research



Sampling Size: 40

Sampling Method: Purposive

Methodology: In-Depth Interviews

Areas Covered: Powai, Lower Parel, Sion and South Bombay



SEC A

Age : 25 to 45 as people between this age group are more aware of their choices and what they are consuming.

Sample divided into two parts based on what kind of coffee do they drink **MOST OFTEN :**

- **Instant Coffee Drinkers** (with a mix of Nescafe Gold and David Off Drinkers)
- **Brewed Coffee Drinkers**

Quantitative Research



Sample Size : 100

Sampling Method: Purposive

Methodology : CAPI

Areas Covered: Powai, Lower Parel, Sion and South Bombay

COFFEE CATEGORY CODES

RESIDUAL CODES

Coffee as a category is no longer just a beverage which is consumed owing to Habit, Tradition or Satiation

"Its easy to make a cup of instant coffee anywhere and anyplace" – Male,29

EMERGING CODES

Coffee that expresses identity and individuality i.e. my evolved taste, coolness and premium status



" Back in the days, I drank only filter coffee because that was the norm of the day but now apart from my usual filter coffee.. I drink in cafes with my friends often" - Female, 34

DOMINANT CODES

Coffee as a category is mostly associated with convenience and lifestyle

"Coffee is very personal to me..so whenever I buy one I make sure it matches my palate and has a nice look and feel to it" – Female, 31



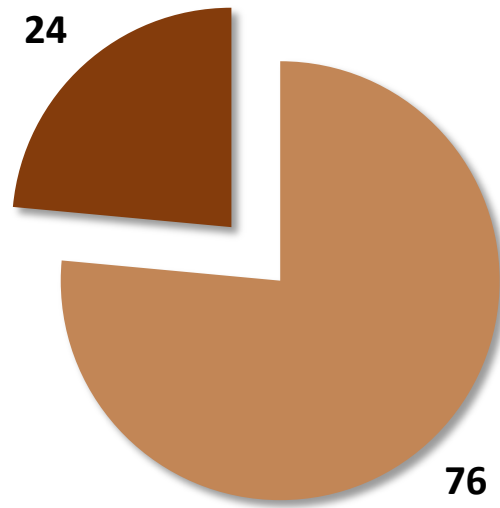
NEED STATES OF COFFEE





SAMPLE

Most Often Drink: Brewed vs Instant



■ Instant coffee ■ Brewed coffee

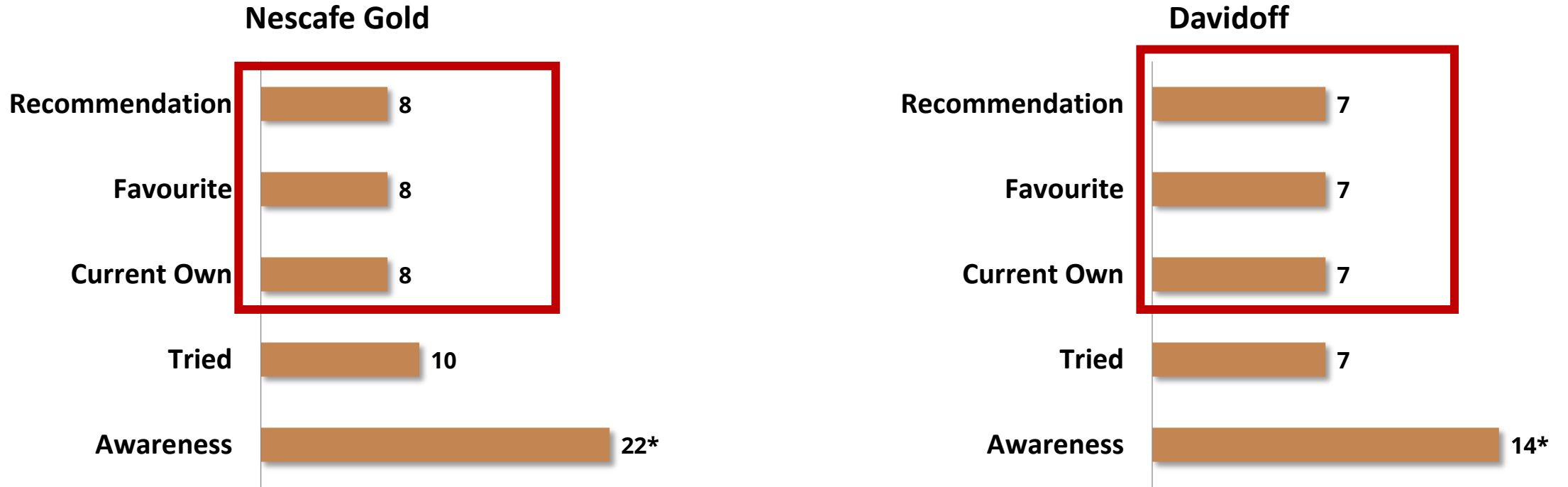
Base :100





INSTANT COFFEE : *Convenience Aspires to Quality*

SUPER PREMIUM SEGMENT : BRAND LEVERAGE

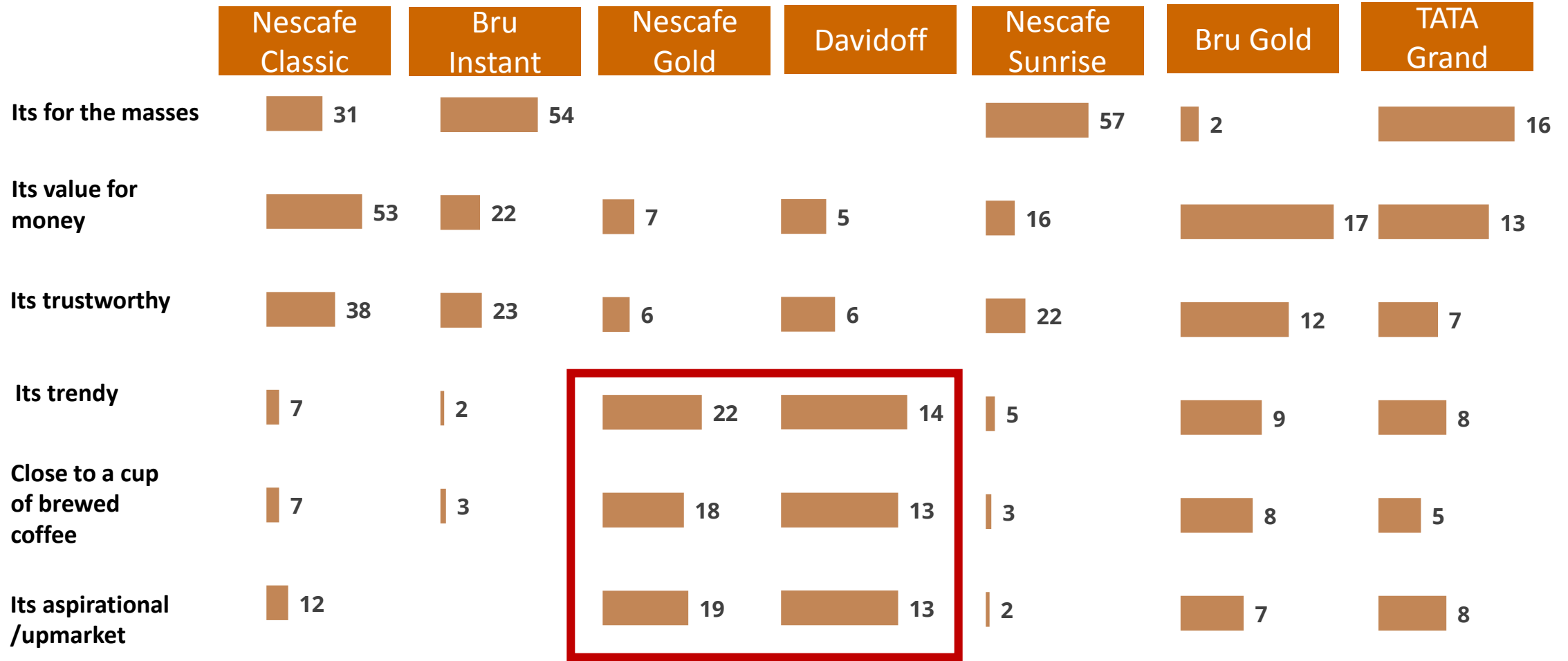


Base :76

Although, the awareness of both the Brands are quite low, the conversion of trialist to current users, users to favorites and favorites to recommenders is very high. In short, instant coffee drinkers who have once tried these brands have since been loyalists.

*Aided Awareness Only

BRAND PERCEPTION MAP

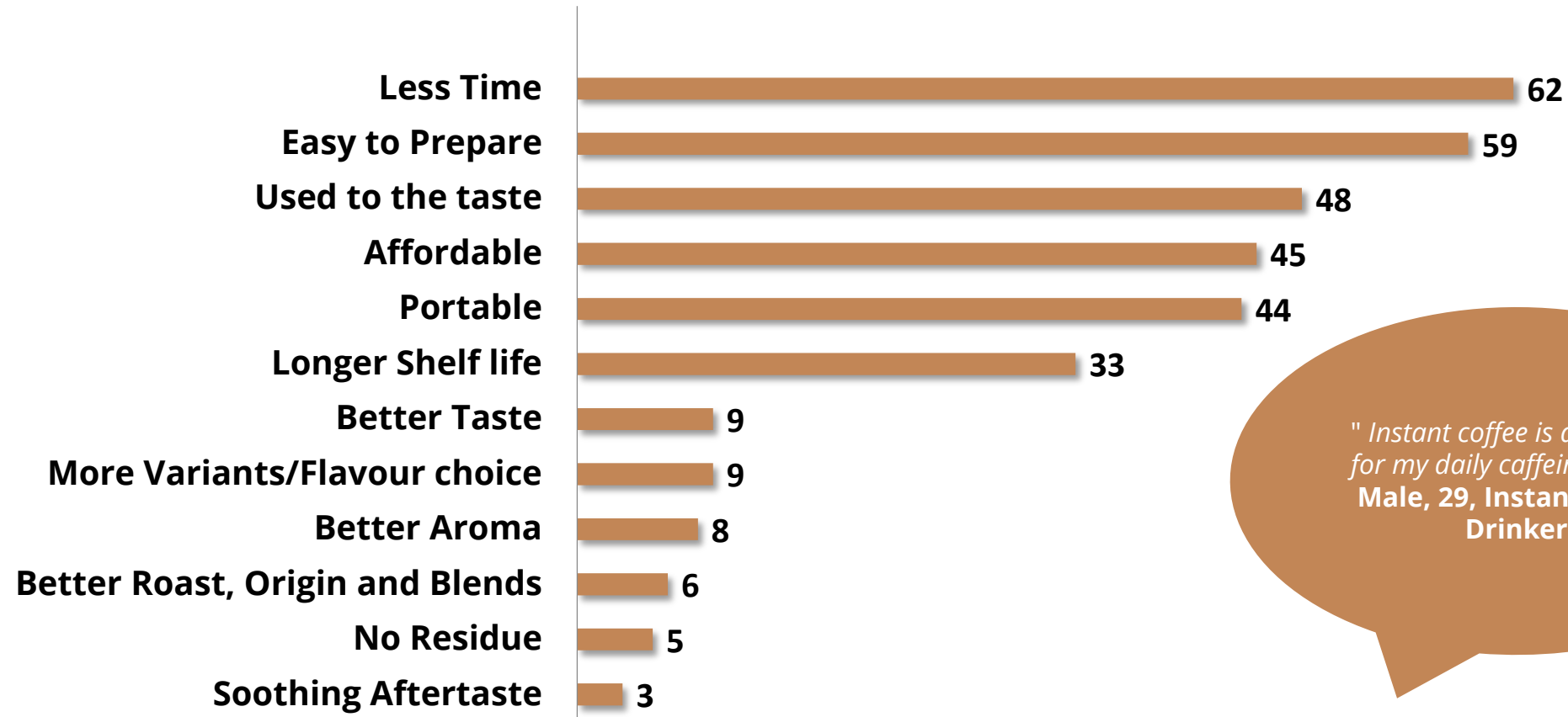


Base :76

Davidoff and Nescafe Gold are mostly perceived as 'upmarket,' 'close to brewed coffee' and 'trendy'

REASONS FOR CONSUMING INSTANT COFFEE MOST OFTEN

Reasons for Buying Instant Coffee



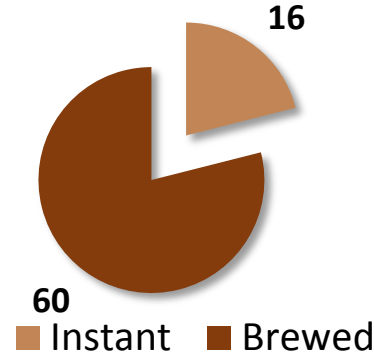
" Instant coffee is a quick-fix for my daily caffeine need" - Male, 29, Instant Coffee Drinker

Base :76

The most important reasons to use Instant Coffee are Convenience i.e. Less Time and Easy to Prepare

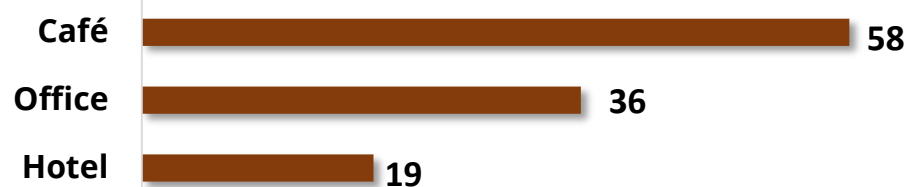
MOST OFTEN VS. PREFERRED

Preferred: Brewed or Instant?



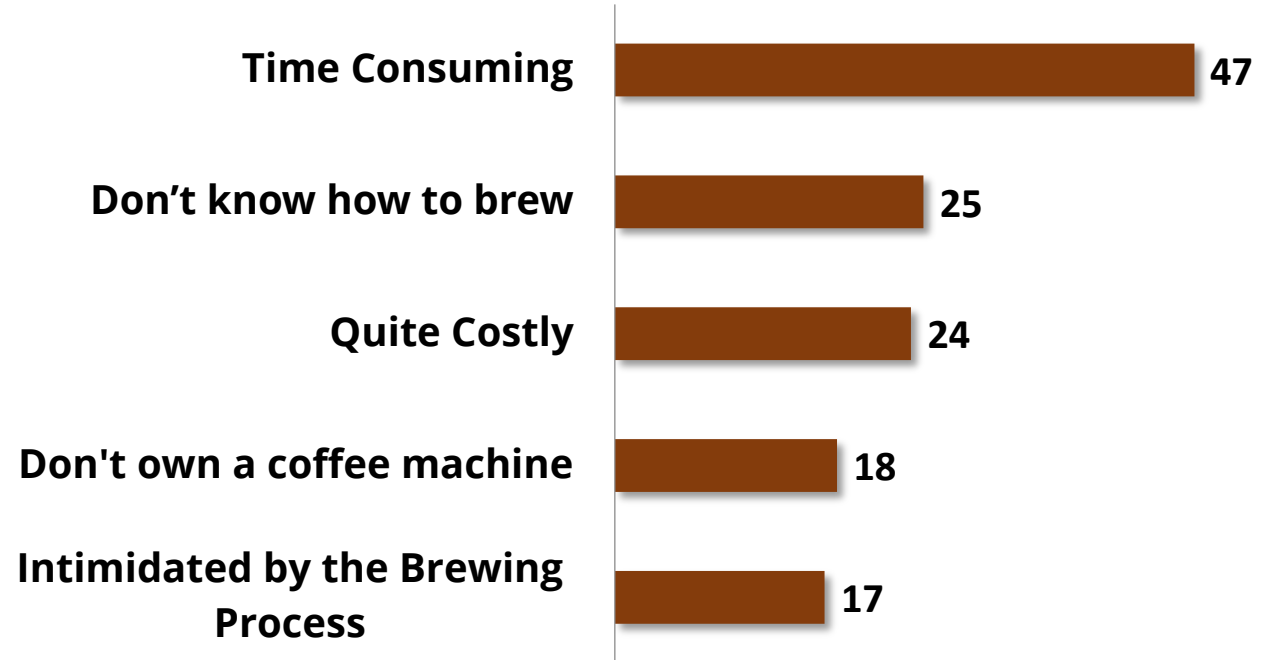
Base :76

Where do you consume brewed?



Base :60

Barriers to Having Brewed Coffee



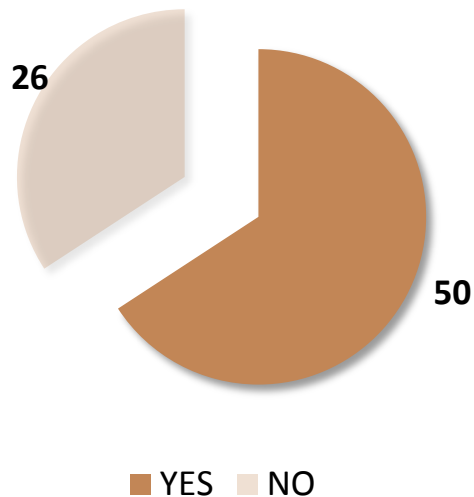
Base :60

Although, most often people consume Instant Coffee there is a high preference for brewed coffee amongst them which is usually consumed in offices and cafes

Having said that, the deterrents to consuming brewed coffee are the time, technical know-how and cost related to brewing

TO UPGRADE OR NOT TO ?

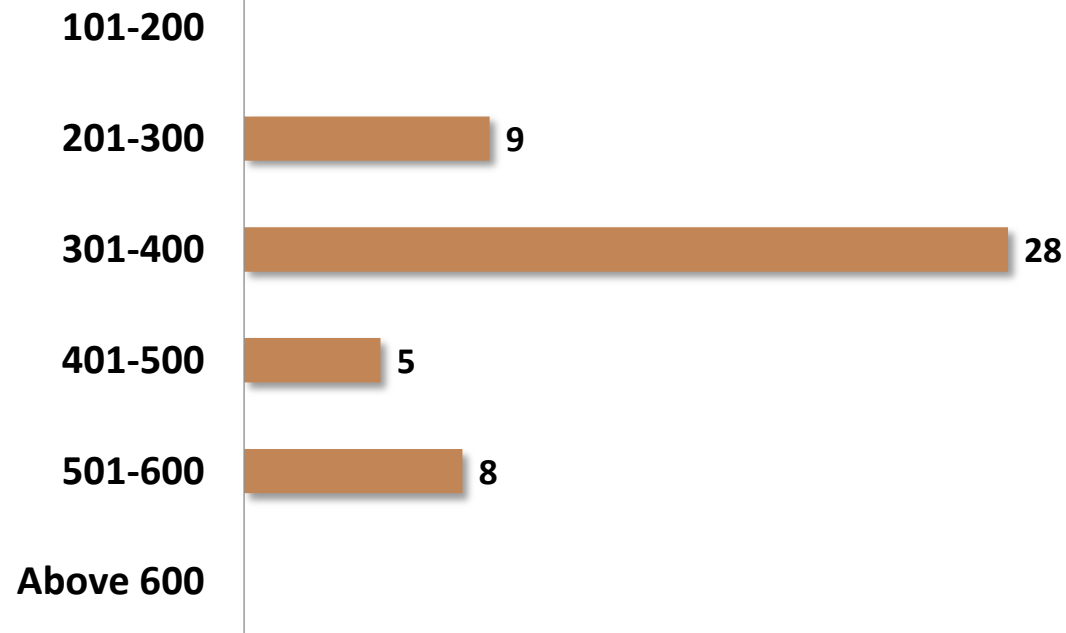
Upgrade to a more Premium Instant Coffee?



Base :76

Less than 100

Willingness to Pay for 100gm (in Rs)?

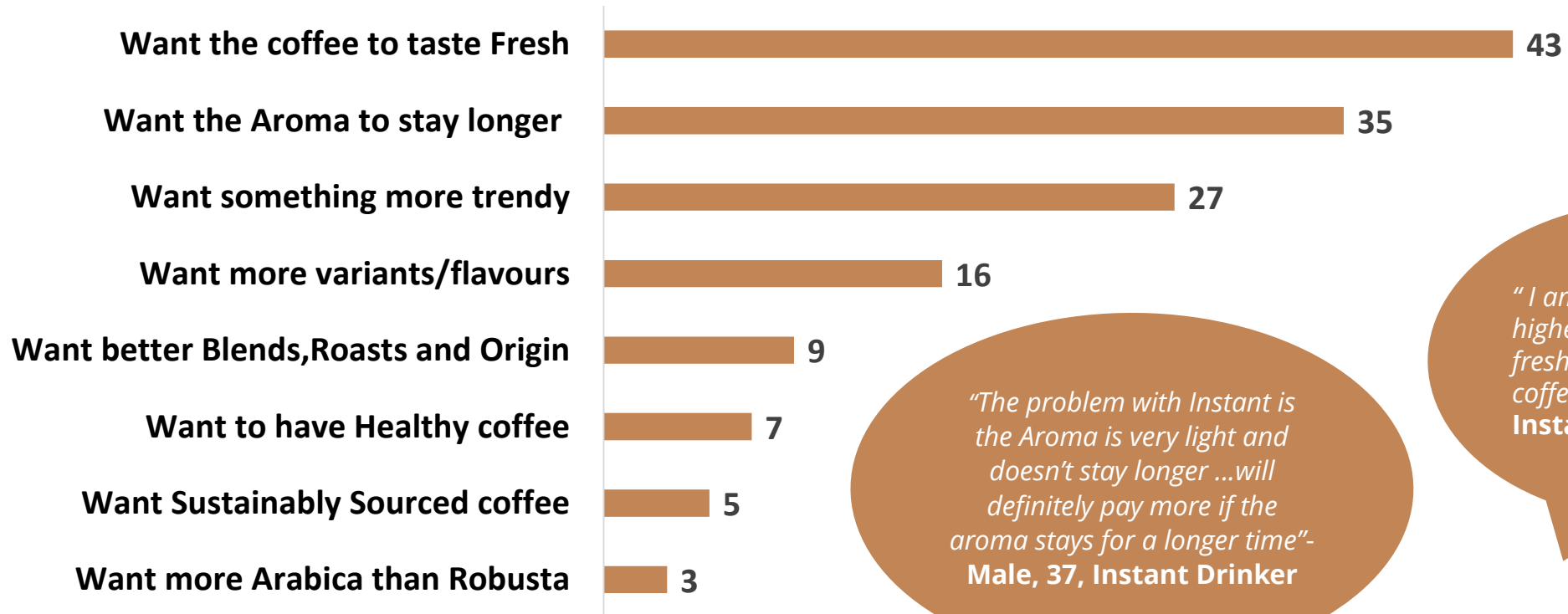


Base :50

Most Instant Coffee drinkers want to upgrade to a more Premium Coffee with the highest willingness to pay within the range of Rs. 300-400

WHY UPGRADE?

Triggers to Upgrade



Base :50

"The problem with Instant is the Aroma is very light and doesn't stay longer ...will definitely pay more if the aroma stays for a longer time"- Male, 37, Instant Drinker

"I am willing to pay higher only if it tastes fresh like a cup of café coffee"- Female, 29, Instant Drinker

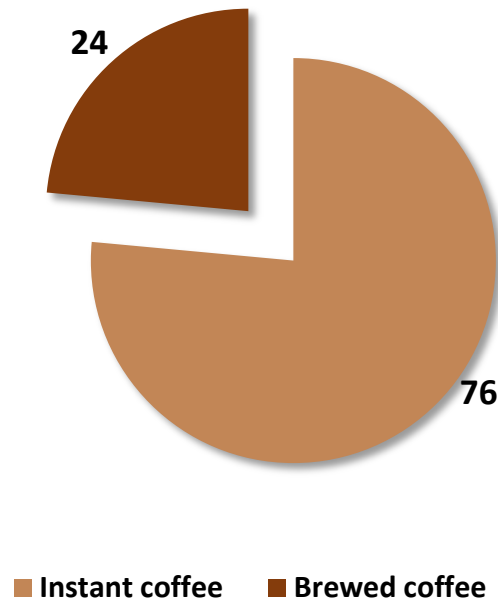
Most Instant Coffee drinkers want to upgrade as they wish to have coffee which tastes close to a freshly brewed, Aroma stays for a longer time and is attractive/ trendy.



BREWED COFFEE: *Quality Desires Convenience*

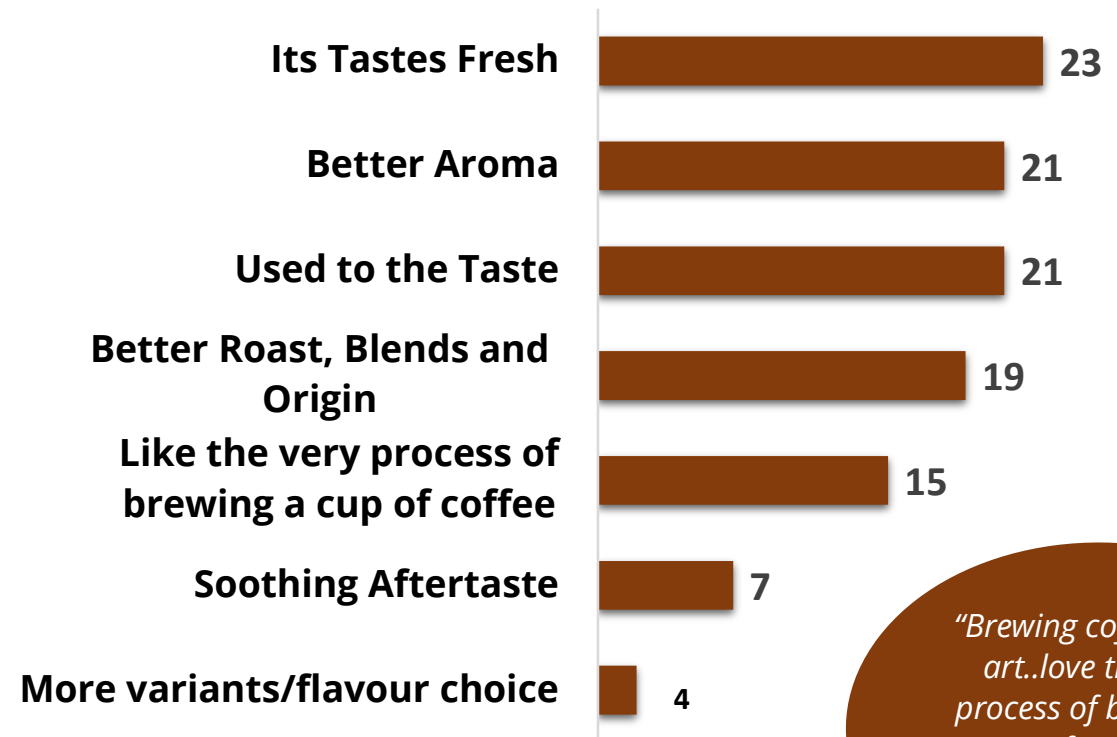
REASONS FOR CONSUMING BREWED COFFEE MOST OFTEN

Most Often Drink: Brewed vs Instant



Base : 100

Reasons for consuming Brewed Coffee



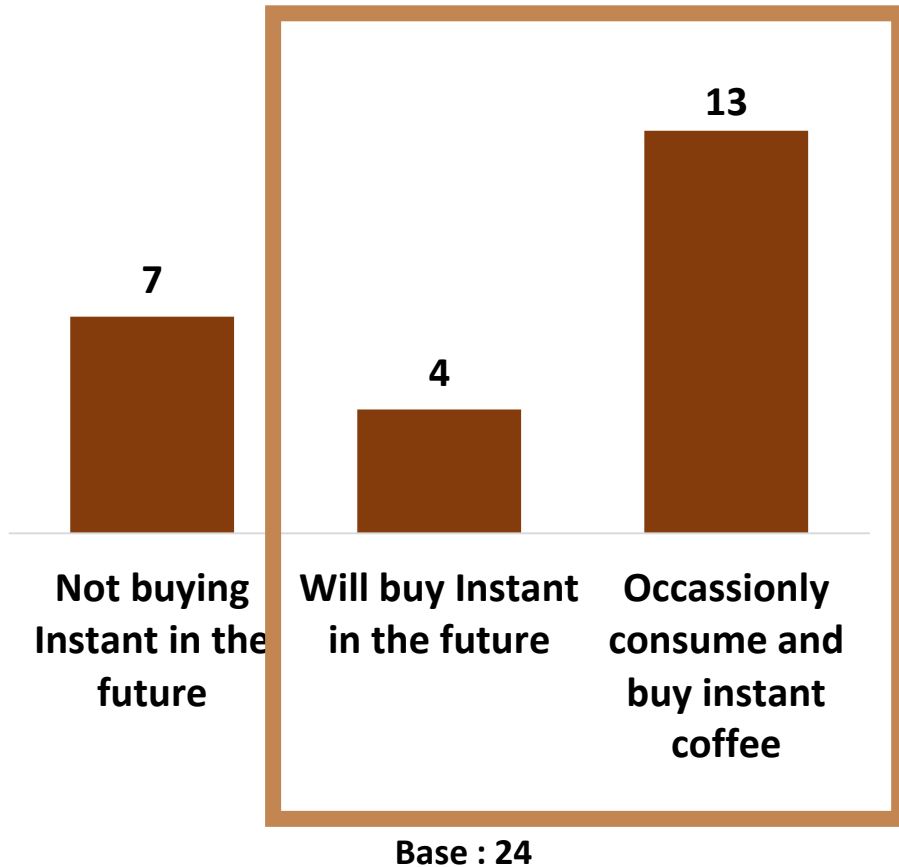
Base : 24

"Brewing coffee is an art..love the very process of brewing a cup of coffee for myself" -Male, 43, Brewed Drinker

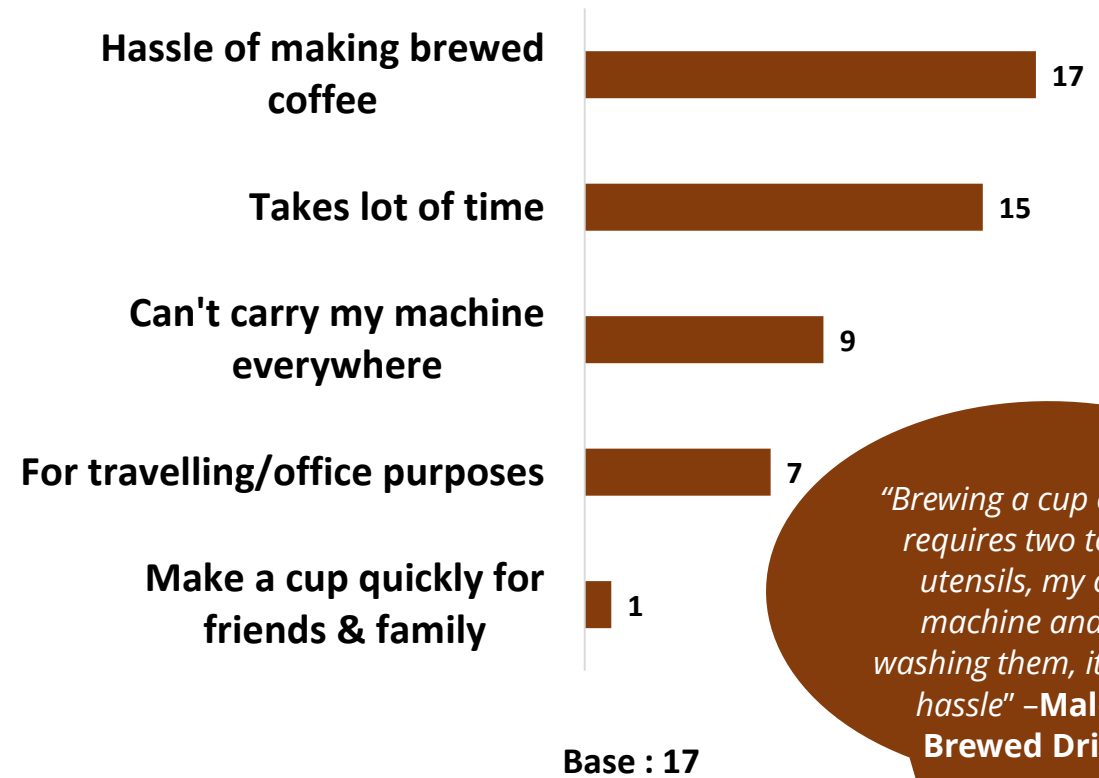
Mostly Brewed Coffee drinkers have it owing to Freshness, Aroma and Quality.

DO THEY WANT TO HAVE INSTANT?

Purchase Intention towards Instant



Triggers to have Instant?

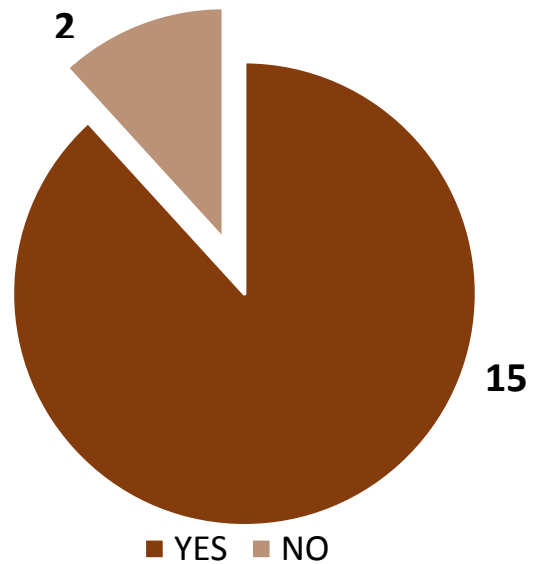


"Brewing a cup of coffee requires two to three utensils, my coffee machine and then washing them, its quite a hassle" -Male, 37, Brewed Drinker

Mostly Brewed Coffee drinkers want to purchase Instant Coffee owing to the hassle and time taken to make brewed coffee.

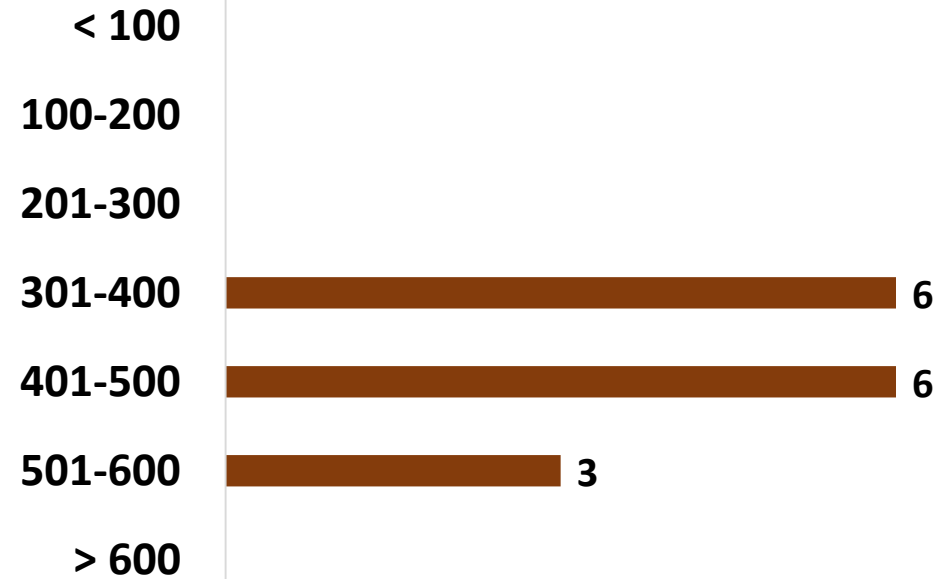
TO HAVE INSTANT OR NOT TO ?

Do you want to have a Premium Instant Coffee?



Base : 17

Willingness to pay for 100gm(in Rs.)?



Base : 15

Most Instant Coffee drinkers want to have Instant Coffee with the highest willingness to pay within the range of Rs. 300-500



BLUE TOKAI : Can the brand be leveraged so that *Convenience meets Quality?*

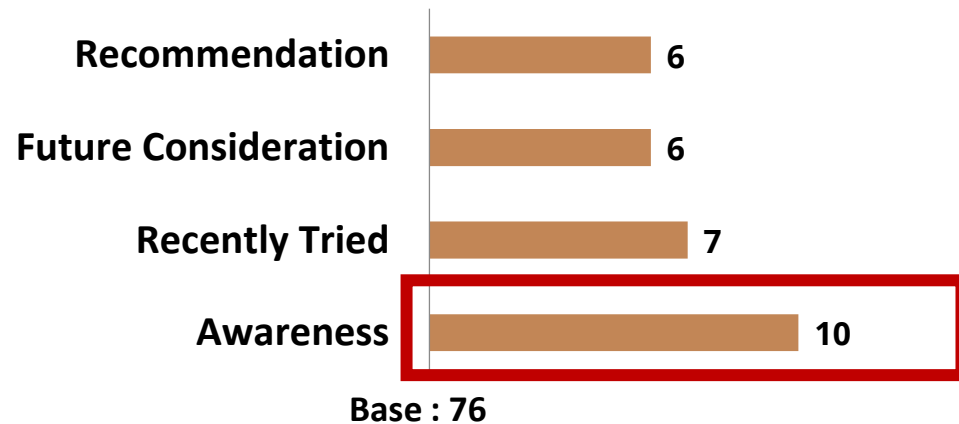


LEVERAGING BLUE TOKAI

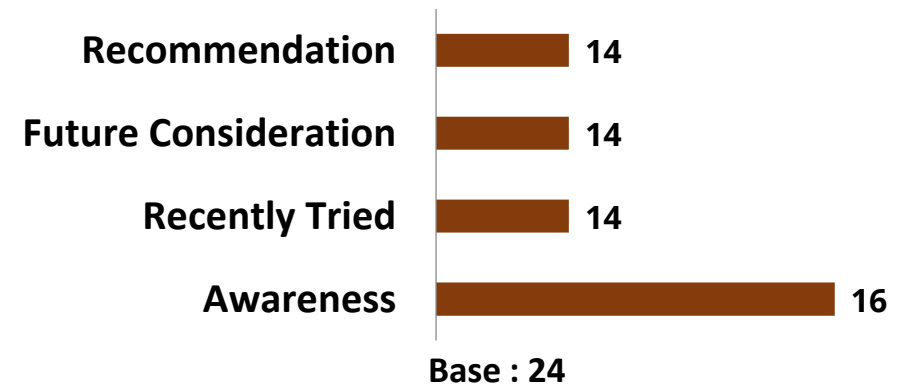
Blue Tokai (Overall)



Blue Tokai (Instant Drinkers)



Blue Tokai (Brewed Drinkers)



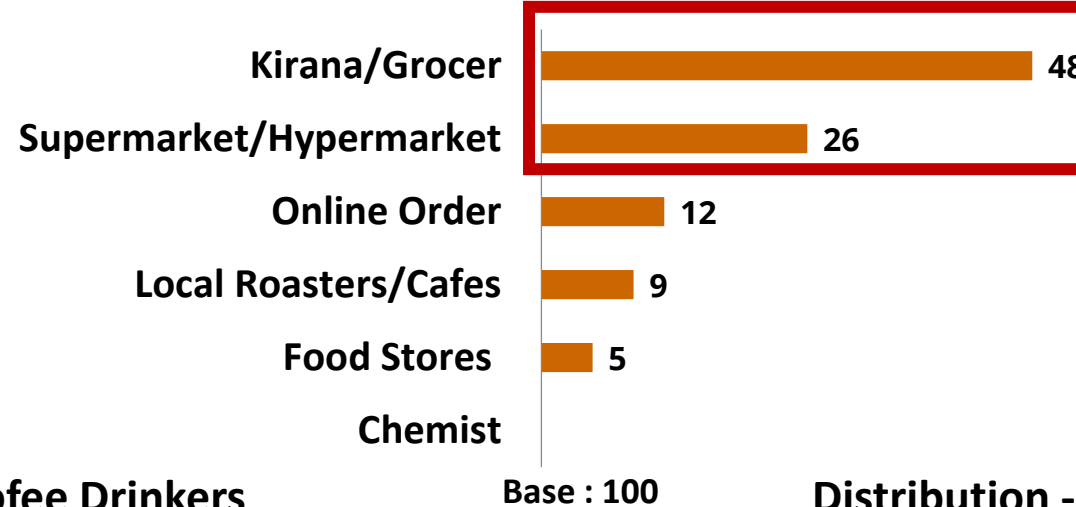
The awareness of Blue Tokai is very low amongst Instant Coffee Drinkers as compared to Brewed Drinkers. However, both show high conversion from trialists (past three months) to future consideration and future consideration to recommended.

A perspective view of a supermarket aisle with shelves of colorful products on both sides. The image is blurred to suggest motion. In the foreground, a metal shopping cart with a red handle is visible.

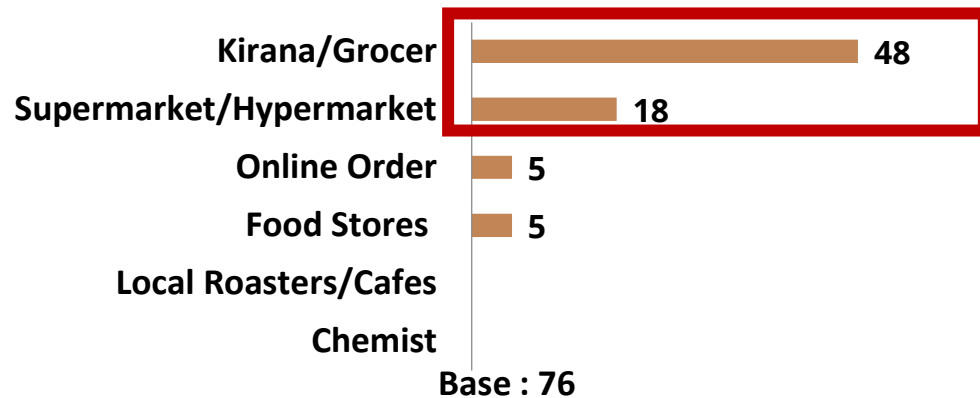
DISTRIBUTION : *But is it Possible?*

DISTRIBUTION ASPECTS

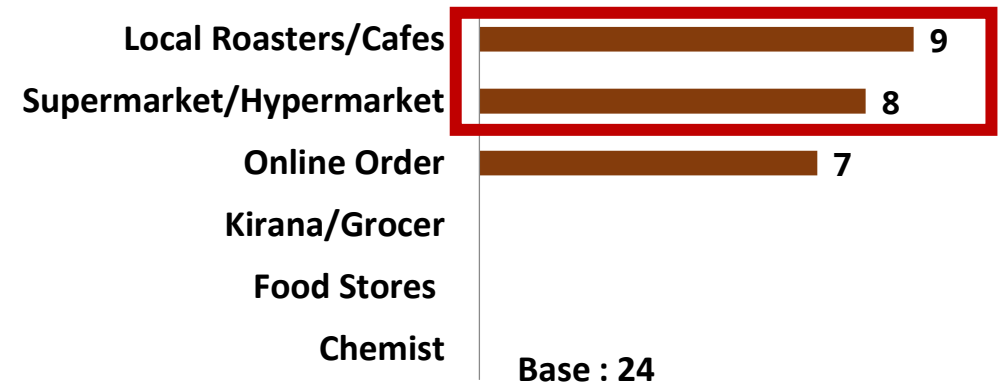
Distribution (Overall)



Distribution - Instant Coffee Drinkers



Distribution - Brewed Coffee Drinkers



Blue Tokai mostly sells through online, their own cafes and wholesale (hotels, canteens and etc). It will be an uphill task to align their distribution channel as mostly coffee drinkers buy from Kirana or Supermarkets.



CHALLENGES : *Will Brewed meet Instant?*



COFFEE SPECIALISTS SPEAK

“Specialty coffee roasters are used to making blends in small batches. Maintaining consistency of aroma and flavor will be difficult in large batches” – Male, Brewmaster, Starbucks

“Supply chain will be a big issue....As specialty roasters trade in single origins or location specific blends, they are usually tied to limited but quality farms as a result they will face problems to source beans for commercial instant coffee production. “- Male, Café Manager/Barista, Blue Tokai

“Aroma and flavor are dependent on the extraction process. Mainstream instant production totally destroys the integrity of coffee. Freeze drying is a great process to get a brewed like taste in instant as it brews them in small batches to retain the flavors and aroma in very low temperatures. But the process is time consuming, labour intensive and increases the cost per cup” – Male, Barista, Gloria Jean Cafe



FINDINGS & CHALLENGES



There are two potential set of consumers whom Blue Tokai should target for its instant coffee:

- Instant coffee drinkers who want to upgrade to a premium instant coffee as they want better quality and something more trendy
- Brewed coffee drinkers who want a premium instant coffee owing to convenience



Amongst people who wish to upgrade, Brewed Coffee drinkers have a higher propensity to pay than instant coffee drinkers



Overall, there is low awareness about Blue Tokai. Moreover, amongst instant coffee drinkers the awareness is alarmingly low.



Distribution will be a big challenge for Blue Tokai as consumers mostly buy coffee from kirana and supermaretts where Blue Tokai is not present at the moment.



A lot can happen over Coffee



BLUE TOKAI
COFFEE ROASTERS

NACHAMMAL ESTATE
Arabica
Light Roast
Roasted especially for you

Roast level | City
Culinary | Specialty
Taste | Sweet body

Premium specialty coffee, sourced directly from Indian farms, delivered straight to your door.



ARABICA
SPECIALTY
PREPARED
COFFEE ROASTERS