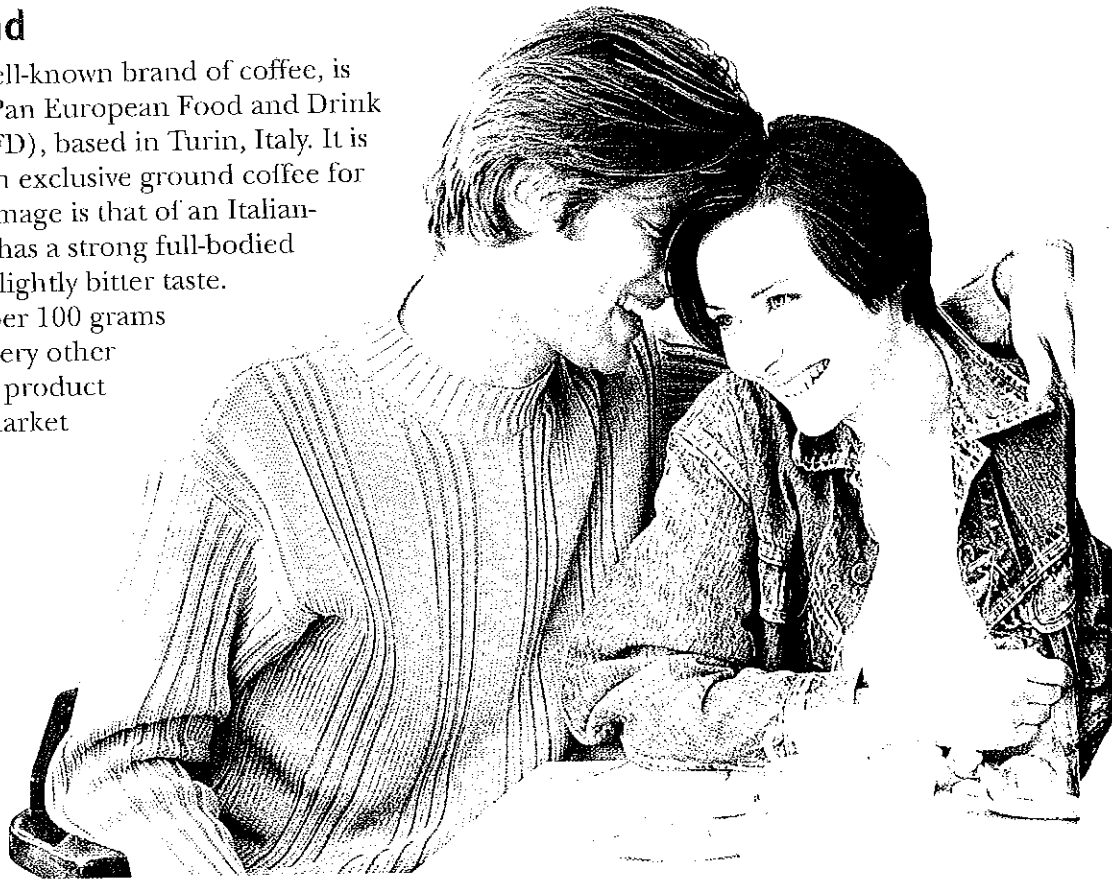


Background

Caferoma, a well-known brand of coffee, is owned by the Pan European Food and Drink Company (PEFD), based in Turin, Italy. It is promoted as an exclusive ground coffee for gourmets. Its image is that of an Italian-style coffee. It has a strong full-bodied flavour and a slightly bitter taste.

It costs more per 100 grams than almost every other ground coffee product on the supermarket shelves.



Problems

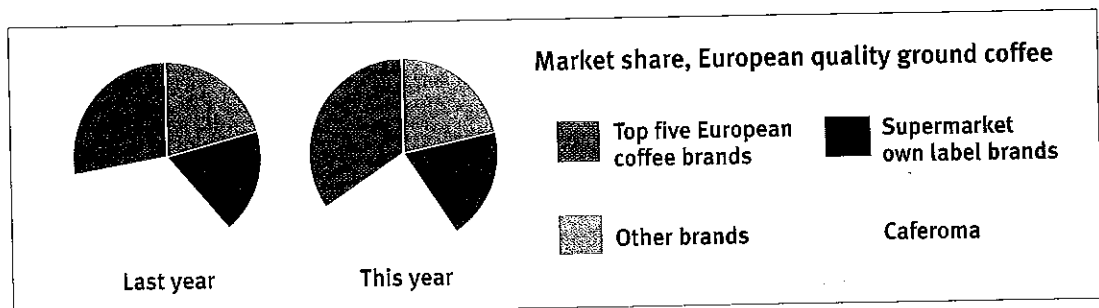
In the last two years, Caferoma's share of the European quality ground coffee market has declined by almost 25% (see chart). There are several reasons for this:

Brand loyalty: Consumers have become less loyal to brands and are more willing to trade down to lower-priced coffee products.

Price: Supermarkets have been producing, under their own label, similar products to Caferoma at much lower prices.

'Copycat' products: Competing brands of Italian-style ground coffee at prices 30% to 40% lower than Caferoma's price have cut into Caferoma's market share.

Brand image: Consumer surveys show that the Caferoma brand no longer conveys a feeling of excitement and enthusiasm, and that it does not give the impression of being up-to-date and contemporary.



Possible solutions

Repositioning the product

Change Caferoma's image to appeal to a different market segment. (Which segment, and what changes should they make to taste, quality, packaging, logo, labelling, etc?)

Pricing

Reduce the price by, say, 20% to 30% to make it more competitive.

Advertising

Devise a new advertising campaign. (The new message, kind of campaign, and any special promotions need to be considered.)

Task

You are members of PEFD's European marketing team. Hold an informal meeting to discuss Caferoma's problems. Decide what actions are necessary to halt the decline in the product's market share and to increase profits.

Multiple brands

Sell Caferoma, with minor product changes, under different brand names at lower prices.

Own label products

Sell Caferoma coffee for supermarkets to package and sell under their own labels (but continue to market the Caferoma brand at the same time).

A new product

Bring out an instant coffee or decaffeinated product under the Caferoma brand.

Stretching the brand

Allow selected manufacturers of coffee equipment (cafetieres, percolators, coffee machines, etc.) to use the brand on their goods – for a licensing fee, of course.

Writing

Write a memo for the attention of Caferoma's Managing Director, Mario Cumino. Summarise what action you agreed to take at the meeting to solve Caferoma's problems. Explain your reasons.

➔ *Writing file* pages 144 and 145



Action minutes

Minutes of the management meeting

Date 1 March, 14.00
 Venue Shaw House, Room 23M
 Present Chris Glover, Bill Brace, Gill Winstanley,
 Iwona Pawlowska, Gareth Massey

1 Guidelines for reception staff

Following recent complaints about the attitude and professionalism of the reception staff, we all agree that it is essential to produce a set of written guidelines. The Human Resources Department will also arrange additional customer service training to take place over the next two months.

2 New brochure

The Marketing Department is speaking to all senior managers about this on an individual basis. A draft brochure will be circulated so that it can be approved and sent to the printers by 15 March to be ready for next month's trade fair.

3 Price list

We agreed that our new prices this year will be contained in a separate booklet, rather than as part of the New Product Brochure. An updated list is being compiled.

4 New product presentation

A presentation to the sales team is being given on 11 March to familiarise all sales representatives with our new products. Individual meetings with team members will be arranged so that everyone is fully briefed for next month's trade fair.

Next Meeting: 18 March, 11.00am

Venue: To be confirmed

For most business meetings, action minutes are more useful than full minutes.

Action minutes are intended to make sure that decisions of the meeting are understood and carried out.

IP 8 March

There is a brief summary of the discussion for each item on the agenda.

IP

BB 5 March

The initials of the person responsible for carrying out any action required are given in the margin, along with any deadline.

BB 15 March

GM