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Costa

Jayateertha V K, Suma S, Anirudha Am, Keerthi N

Department of Management, AIMS IBS Business School, Bengaluru, India

Sergio Costa founded a coffee roastery in Fenchurch Street, London, in 1971, initially supplying roasted coffee to local caterers. Costa expanded its operations by opening its first store in Vauxhall Bridge Road, London, in 1981.

In 1995, Whitbread, the UK's largest hotel and coffee shop operator, acquired Costa Coffee, making it a wholly-owned subsidiary. By 2009, Costa celebrated the opening of its 1,000th store in Cardiff. In December 2009, Costa Coffee acquired the Polish chain Coffee heaven for £36 million, adding 79 stores in central and eastern Europe. Facing pressure from shareholders, Whitbread announced in April 2018 its intention to fully demerge Costa within two years.

On January 3, 2019, The Coca-Cola Company purchased Costa Coffee from Whitbread in a deal worth \$4.9 billion. In March 2020, all UK Costa Coffee shops were closed indefinitely due to the COVID-19 pandemic. Costa Coffee reopened some branches for takeaway or drive-through orders in late May 2020.

In 2022, Costa Coffee discontinued the Costa Book Awards, which had been initiated by Whitbread 51 years earlier. Jill McDonald stepped down as CEO of Costa Coffee at the end of July 2022, and Philippe Schaillee succeeded her in April 2023. Costa branches offer a variety of items, including hot and cold drinks, sandwiches, cakes, pastries, and snacks. In 2020, Costa collaborated with chocolate brands Quality Street, After Eight, and Terry's for special Christmas drinks.

Costa relocated its roastery from Lambeth to Basildon, Essex, in May 2017, investing £38 million and increasing annual coffee-roasting capacity from 11,000 to 45,000 tonnes. Gennaro Pelliccia serves as Costa Coffee's coffee taster, having insured his tongue for £10 million with Lloyd's of London in 2009. In 2020, Costa Coffee expanded its offerings with the introduction of canned coffee and iced coffee.

As of October 2019, Costa Coffee has 2,467 outlets in the United Kingdom and operates 1,413 stores in 32 countries internationally. The inaugural Costa store outside the UK debuted in the United Arab Emirates in 1999. Costa Coffee achieved a unique milestone in September 2017 by becoming the world's first coffee shop to initiate coffee delivery via drones.

Costa Coffee's headquarters in Bedfordshire are situated adjacent to those of Whitbread. In January 2022, Costa Coffee had a global presence on four continents, spanning 38 countries. The brand boasted a total of 3,884 locations worldwide at that time.

In January 2023, animal rights group Viva! Conducted an investigation revealing the mistreatment of dairy cows at a farm supplying Costa Coffee and other customers. Disturbing footage suggested rough handling, including hitting cows in the udder and slapping them, prompting concerns about animal welfare. In response, Costa Coffee stated they had investigated the supplier and asserted compliance with Red Tractor standards on animal welfare. Costa Coffee has sponsored the Costa Book Awards (previously the Whitbread Book Awards) since 2006.

However, on June 10, 2022, Costa Coffee announced its decision to conclude its sponsorship of the prestigious literary awards. The decline in product quality could lead to a decrease in the number of buyers and adversely affect brand image and partnerships. Emulating nature's adaptability can be beneficial for corporations, especially in environments with uncertainty and rapid changes.

Focusing on delivering and enhancing value in a specific product through continuous adaptation can succeed if the external environment remains favorable. Diversification, akin to variation in nature, becomes an attractive strategy in the face of extreme uncertainty and unforeseeable changes.



However, poor quality could harm a company's international reputation and relationships with partners. Attempting to deliver value in different countries without building on previously accumulated value capabilities is similar to conglomerates whose products lack a conscious value relationship. Multinational firms that don't leverage accumulated value miss significant sources of value sharing and multiplication. Value maximization, in a corporation-wide sense, comes from employing diverse methods while consistently determining and fulfilling customer needs.

This customer-centric approach forms the foundation of customer needs. This customer-centric approach forms the foundation of customer value (adapted from Feigenbaum, 2004; Manno and Kehoe, 2005; Costa Book Awards, 2010).

In summary, quality is fundamental to success for companies like Costa Coffee. The stages of value creation should align with customer needs both individually and collectively. Focusing on improving the value of a single product and market segment is a viable strategy until opportunities for expansion or threats to the current domain arise. Diversification strategies, whether through internal development, acquisition, joint ventures, or establishing a globally integrated firm, provide avenues for transferring the firm's value basis to new businesses. This adaptability allows companies to navigate changing landscapes and seize new opportunities.



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