

How Agile is My Competitor? Can Strategic Agility Attenuate Latecomer Challengers? The Case of Café Coffee Day (CCD) in India

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Abstract

The paper examines the case of the burgeoning coffee café industry in India and seeks to explore whether a firm's performance outcomes relative to order entry are influenced by its rivals' strategic agility. Within the context of the coffee café industry, this investigation illustrates a global category leader's inability to leverage follower strategies when delay of market entry occurred. Starbucks, the coffee café category leader applied a latecomer strategy in an attempt to exploit first mover disadvantages of free-rider ability, the in-agility of an entrenched incumbent and the building of an enhanced level of information. Through the lens of CCD's strategic response, propositions are offered for consideration suggesting a local incumbent may successfully counter an attack from a strong global brand through a combination of three meta-capabilities of strategic sensitivity, leadership unity, and resource fluidity.

Keywords: latecomer strategy, strategic agility, market entry timing, competitive dynamics

1.0 Introduction

The effects of firm entry order on business performance, particularly in emerging economies continue to be of interest to international strategy researchers. The theory of first mover advantage proposed by Lieberman and Montgomery (1998) asserts first movers gain pioneering benefits based on early detection of, and action upon, environmental changes that point to potential market opportunities. Other studies have found the pioneer's counterpart, be it a follower or challenger, to also experience considerable performance gains based upon that firm's ability to develop follower capabilities and strategies that enable one to leverage advantage from the first mover. This late mover advantage occurs when a secondary market entrant is able to gain long-term competitive advantage by virtue of their late entry into a market while exploiting first mover weaknesses (Shamsie, Phelps, and Kuperman, 2004).

Studies on timing of entry in global markets have attempted to determine the advantages of early versus late entrants, however; less is known about why smaller local pioneers can sustain their position or have "staying power" (Cusamano, 2010) against a dominant global brand that delays entry into a growing competitive playing field. Naturally internal and external factors will drive industry dynamics and competitive outcomes. Shamsie, Phelps, and Kuperman (2004) tested key factors of market opportunity, firm resources, and strategic positioning and found "the ability of a late mover to penetrate the market is strongly linked to its own resources and its own strategy" (79). Cho, Kim, and Rhee (1998) maintain late movers will benefit based on devising strategies designed to leverage the first mover's actions related to free rider effects, incumbent inertia forces and the use of enhanced knowledge based on observing the first movers' actions. However, an account of the dynamic capabilities of present market actors' strengths and capabilities would advance our understanding of the overall phenomenon.

The purpose of the paper is to propose that an incumbent's strategic agility be carefully considered when a late entrant enacts its strategies, given the fluidity of many industry settings amid the product/service life cycles. Strategic agility is "the capacity for moving quickly, flexibly and decisively in anticipating, initiating and taking advantage of opportunities and avoiding any negative consequences of change" (McCann, Selsky, & Lee (2009: 45).

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Lengnick-Hall and Beck (in press) claim strategic agility is a pivotal factor for consideration to assess the level of an incumbent firms' preparedness for changing conditions stating, "Firms demonstrating strong agility are able to maintain their strategic supremacy despite market fluctuations" (16). The paper examines the case of the burgeoning coffee café industry in India and seeks to explore whether a firm's performance outcomes relative to order entry are influenced by its rivals' strategic agility. Lengnick-Hall and Beck (in press) argue that particular types of agility are needed for different competitive conditions. "Organizations responding to relentless product improvements and competitors within their strategic group require a different form of agility than organizations competing with emerging rivals who are actively redefining the value proposition and introducing unfamiliar technologies" (32).

Consistent with domestic market findings, market share of early entrants in foreign markets has been found to be "significantly higher than those of late entrants" yet performance and firm survival are found to be less than later entrant counterparts, the implication being late entrants are willing to take more risks (Murray, Ju, and Gao, 2012). Urban, Carter, Gaskin, and Mucha (1986) assert that late movers can achieve higher consumer preferences relative to first movers, as they have the distinct advantage of analyzing the early landscape to carve a relevant (and relative) position based on early market activity. Yet, when competitors begin to square off for control of an emerging market, the increased rival activity demands all actors to operate with agility given the shifting dynamics of the industry.

Doz and Kosonen (2008) point to the paradox of the construct of strategic agility. A firm is inherently operating strategically when it identifies a set of objectives to achieve over an established period of time and commits clear and distinct strategies to achieve corporate goals. The agility factor flies in the face of this commitment in that an agile firm must act with fluidity, flexibility and a willingness to change direction "in light of new developments" (95). This issue is examined here exploring the latecomer strategy framework proposed by Cho and colleagues (1998), where key decisions have been identified utilizing latecomer advantages and posits that latecomer strategies may be less effective when the incumbent is sufficiently agile.

The paper is presented as follows. The first section provides an overview of entry order strategy from the first and late mover advantage literature with emphasis on latecomer strategies of leveraging free rider effects, inertia forces and enhanced information. Further, it introduces the construct of strategic agility of a first mover firm and asserts the necessity of a latecomer firm to carefully examine and consider the level of its competitor's strategic agility in entry timing decision making. The second section of the paper presents the case of Starbucks (the global leader) and its market entry process relative to Café Coffee Day (the local first mover brand) that enjoyed a 75 percent café market share in India at the time of Starbucks' entry in 2012. The Discussion section of the paper summarizes the case issues and offers propositions for consideration whereby a local incumbent may successfully counter an attack from a strong global brand through a combination of three meta-capabilities of strategic sensitivity, leadership unity, and resource fluidity proffered by Doz and Kosonen (2008). Lastly, the final section discusses implications and recommendation for future direction of research.

2.0 Literature Review

2.1 First versus late mover advantages

First mover advantage is defined as the advantageous position that "the first firm to introduce a new product; use a new process or enter a new market" (Lieberman and Montgomery, 1998: 1) may encounter. Entry order effects literature initially focused on competitive advantages of the first mover and argued that lead-time acquired by market pioneers allows them to capture consumer preferences and market share within a newly emerging market. First movers have benefited from competitive advantages that include higher market share compared to later entrants, (Lambkin, 1992; Cui and Lui, 2005) better service and more differentiated products (Miller, Gartner, and Wilson, 1989). Delio and Makino (2003) confirmed the prerequisite of greater investment required by early entrants. In contrast, late entrants experienced improved chances of sustainability without need for greater investment. Abel's (2008) investigation of 52 product categories found few pioneers maintained their status of category leader. Shamsie and colleagues (2004) explored several strategic factors most likely to lead to late mover advantage. In their study of 165 late entrants within the household electrical industry, the authors found late movers faced late entry obstacles; however, those that performed better were able to tap into a deep reservoir of internal resources.

The authors identified three primary factors that led to success of late movers: 1) dependence upon conditions at the time of entry that allowed for market opportunity; 2) organizational resources; and 3) performance of products relative to competitive offerings.

Researchers have also identified and segmented entry patterns according to order of entry periods. Shankar, Carpenter, and Krishnamurthi (1998) categorized market entrants as 1) pioneers, 2) growth-stage entrants, or 3) mature-stage entrants. They found growth-stage entrants outperformed the other stages of the life cycle while mature-stage entrants were the most disadvantaged group. Abel (2008) found firm performance success rates highest for early followers (56.5 percent) versus first movers and pioneers (10 percent).

2.2 Order of entry in international (and emerging) markets

Studies on international market entry have focused on entry mode strategies, more so than timing of entry order to uncover to what extent first mover advantages may occur with different FDI strategies (Goa and Pan, 2010; Murry, Ju, and Gao, 2012). Consideration of entry order timing, with regard to the uncertainty associated with entering developing countries or newly emerging geographic markets is timely, as populous underdeveloped countries are shifting to free market economics. Newly emerging markets or economies are often characterized by uncertain or weak demand, resource scarcity, weak infrastructure and deficiencies in bureaucratic processes for foreign direct investors (Magnusson, Westjohn, and Boggs, 2009). Optimal timing of international entry will be dependent on several external and internal factors, including market conditions, resource base and market positioning (Shamsie, Phelps, and Kuperman, 2004), the strength of a firm's resources (Leiberman and Montgomery, 1998) and even the role of nonmarket political resources (Frynas, Mellahi, and Pigman, 2006).

The entry decision into emerging markets requires an in depth assessment of potential obstacles. The option of latecomer entry offers strategic advantages under certain situations as late entrants can leverage the effort of first movers, for example, by free-riding on the pioneering efforts of others. When a pioneer expends great resources in creating a market's infrastructure, educating the consumer and encouraging consumer acceptance, it opens market opportunity to strategic followers who benefit from scale of economy and preparation of consumer preferences (Kerin, Varadarajan, and Peterson, 1992). Mitchell, Shaver, and Yeung (1994) argue "the greatest opportunities for successful international expansion" reside within the narrow window behind the pioneer and just prior to the market growth phase when multiple competitors begin to enter the market.

The effectiveness of first mover versus late mover strategy perspective continues to provide insight and opportunities for strategic management applications. Cho and colleagues (1998) identified three situations wherein a late market entrant can strategically benefit from market pioneers. These include: 1) the potential of free rider effects based upon the market and its evolutionary trajectory, as well as changes in consumer preferences which crystallize over time; 2) the ability to leverage inertial forces that constrain a first mover to adapt and change as a market evolves; and lastly, 3) the "enhanced level of information" the late mover acquires by virtue of delaying entry to assess, respond and react to competitor strategies in the early and often uncertain phase of new market creation.

Examination of an industry's category leader with a delayed entry within a burgeoning geographic market is noteworthy as Tellis and Golder (1996) assert, "When a firm enters a market, the only certainty is its order of entry, whether first, second etc." (66). The magnitude of competitive advantage gained by the late mover depends largely upon the extent it can free-ride on the first mover's pioneering efforts with infrastructure and supply chain, leverage inertial forces sustained by the incumbent, and maximize the education and influence of consumer preferences through enhanced market knowledge, information and resources including intangible assets (i.e., strength of one's own brand reputation).

2.3 Dimensions of Strategic Agility—strategic sensitivity, leadership unity, and resource fluidity

A strategically agile organization has the capacity to respond promptly, decisively and effectively in an unexpected or new market situation (Doz & Kosonen, 2007; Jamrog, Vickers, and Bear, 2006; Lengnick-Hall & Beck, in press). "A firm with a rich and varied agility repertoire is able to develop resources and competencies that allow effective responses to a range of market and strategic conditions" (Lengnick-Hall & Beck, in press: 19). According to Doz & Kosonen (2009) strategic agility results from a combination of three primary elements: strategic sensitivity, or a keen awareness of incipient trends and the ability to strategically act in real time; leadership unity, to allow for "lightning speed" top team consensus building, decision making and implementation; and resource fluidity, or the ability to internally reconfigure business systems and redeploy resources rapidly (96). The authors claim all three are necessary in order for a firm to be fully agile in the face of intense competitive dynamics. The next section presents the case of Starbucks' late entry into the Indian coffee café market. Data gathered is based on various secondary sources including published articles, reports and published interviews with key personnel. The case provides the milieu whereby the world's category leader in the coffee café industry squares off against India's number one leader in cafes,

CCD, and highlights the counter actions introduced by the strategically agile pioneer to thwart the threat by the global leader.

3.0 Methodology

After a review of the relevant literature, a case is developed based upon several months of data gathering using secondary resources including online documents, published articles, reports of interviews covering the Starbucks and CCD, Café Coffee Day companies, as well as the emerging café industry in India.

As part of a qualitative inquiry, case study research method investigates a “contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence is used” (Yin, 1984: 23). This case study has been aimed at identifying the common late mover strategies enacted and offers up an amendment in the area of competitive dynamics literature, to argue that given the nature of a swiftly growing industry in a strong emerging economy, aspects pertaining to strategic agility should also be considered. Thus, an exploratory case approach is an appropriate method to uncovering this phenomenon.

4.0 The Case - Starbucks and CCD fight for the India coffee consumer

By the mid-2000's the confluence of India's rousing economy and concurrent growth of a local-born café culture started by local incumbent CCD or Café Coffee Day provided foreign direct investors (FDI's) with an untapped opportunity of market demand and growth potential. Technopak Advisers, a New Delhi -based research firm, projected the café market opportunity would continue its rapid expansion at a compound annual growth rate estimated at \$107 million in 2015, and was projected to reach \$855 million by 2025, according to a report by San Francisco-headquartered consulting firm Grand Research Inc. (Mitra, 2018).

Coffee café competitors began entering the Indian market quickly, setting up cafes to compete with local leader Café Coffee Day, the established local brand that opened its first cyber cafe in the late 1990's. FDI brands, staking a position in key metro areas of India, included Italy's Lavazza's Barista stores and the UK-based Costa Coffee owned by RJ Corporation. By 2011, these chains were thriving due to the rising demand of India's upwardly mobile middle class and youth who were enthusiastically adopting Western-influenced interests that included increased consumption and spending on gourmet foods and beverages, dining out, and indulgences in social entertainment (Technopak Advisers, 2012).

Since the introduction of the first Starbucks in India in 2012, local incumbent Café Coffee Day (CCD) has successfully thwarted the global brand and remains a clear leader. This examination of the case of CCD and Starbucks contributes to the entry order literature by suggesting that strategic agility on the part of the incumbent in an emerging market can reduce the efficacy of latecomer success. India's first mover, Café Coffee Day (CCD) launched the first cyber café in India in the mid-to-late 1990s. A gathering place to drink the country's preferred tea beverages, it steadily took off as the rise of local cafes provided a social hub for the Indian, young adult consumer with rising aspirations based on Western cultural influences. CCD positioned itself as the trendsetting leader, the “third place” away from home and work or college, a message that strongly resonated with its target market of young 15 – 30 year old market segment and boasted a chain of outlets of more than 800 stores across 100 cities in India by 2010 (Gain Report, 2010).

CCD had built a healthy consumer demand base among the upwardly mobile target segment and paved the way with the development of infrastructure in major cities for improved supply chain efforts and capabilities reducing barriers to entry for competitors. Early market followers included overseas coffee retailers, Italy's Lavazza and the U.K.'s Costa Coffee companies. By 2010 with the top three competitors firmly established, Café Coffee Day garnered a 75 percent share of the India retail coffee market – a figure it predicted would reach 80 percent by 2013. By 2012, another round of new entrants included Gloria Jean's Coffee of Australia, Coffee Bean & Tea Leaf of California and Dunkin' Donuts, eroding CCD's dominant share position from 75 percent to just over 60 percent, a decline of 15 share points in just two years and 20 share points below original growth projections. (Vats, 2012), However, these secondary entrants encountered local conditions that proved to be more constraining compared to their first and early mover counterparts. By 2012, India's economic growth had leveled with high real estate rates, slow infrastructure development, and some café saturation relative to current demand (Anonymous, 2012).

4.1 Starbucks leverages latecomer strategies

Starbucks, one of the world's largest coffee café chains had operations in 57 countries, including China, considered by some to be the most difficult market to establish a U.S. brand of coffee beverages to a predominantly tea drinking society (Technopak Advisers, 2012). In late 2011, Starbucks announced plans of an ambitious 50-store entry into the growing Indian café market with Tata Global, Starbucks' intermediary partner, within the first year.

By 2012, Starbucks launched just three locations; Mumbai in Horniman Circle and two sites in New Delhi. These sites were vastly different from any Starbucks' sites. They comprised a vast, expansive space (4500 square feet), multiple floors, elegant furnishings and elaborate décor.

This ultimate café environment positioning was considered unprecedented in India. It appeared that Starbucks would redefine the café experience for Indian consumers. Analysts reported Starbucks was poised to see significant growth. In an interview, Starbucks CEO Howard Schultz confidently confirmed, "...we think over time India will be one of the largest markets in the world for Starbucks...competition has done us a favour. They have educated the market and created lots of consumers" (Krishna, 2012). Schultz' statement supports Cho and colleagues (1998) contention that late mover strategies may lead to success depending upon conditions at the time of entry that allow for market opportunity, plus the leveraging of organizational resources, competitive inertia and enhanced market information; the case however, is emblematic of the rapidly changing environment and the quick responses of the leading incumbent battling to maintain its leadership position.

An innovative late entrant can free-ride a first mover on category awareness and buyer education created by the pioneer and appeal to a greater pool of adopters than the pioneer if it offers greater value through superior positioning (Cho and colleagues, 1998). Starbucks' late entry likely allowed the firm to leverage the progress made with the existing development of the country's developing infrastructure. Roadways for distribution and supply chains had all been formulated early on by CCD and other early entrants. Therefore, Starbucks was able to forego distribution errors by being able to scout and select sites and new store locations relative to India's current market penetration, urban versus rural demand variations, and important supply chain factors. These highly visible, high traffic locations were strategically identified with the assistance of partner, Tata Global based on the information spillover occurring in the market. "Firms free-ride on information obtained about other firms' research and development efforts and productivity improvements" (Haunschild and Miner, 1997). Although R&D spillover is more often associated with technology, R&D also contributes to product development, menu development, local menu offerings, and geographic selection. Starbucks was able to gather competitive intelligence from all market predecessors thus learning from competitors what product and pricing strategies could be best optimized. "In India, the market has been educated in many ways for us by a lot of these competitors who are doing pretty well. What we are going to be able to do is capitalize on that but bring them [the consumers] a product and experience that is going to be quite different, much more dynamic and much more satisfying," Shultz added (Krishna, 2012).

When early entrants pioneer the market, their resources are developed and organized to meet the market requirement at that time. Cho and colleagues (1998) claim two types of inertial forces can emerge within the firm and its operations. The first involves the set of resources committed to specific fixed assets (e.g., manufacturing facilities and distribution channel). "Any committed or sunk resources may eventually act as constraints when the firm must change in response to environmental changes" (492). The second type of inertial force resides within the people and organizational processes of the firm. As an organization continues to operate, it forms increasingly "hard wired" routines in its processes (Cho and colleagues, 1998; Nelson and Winter, 1977). Embedded organizational routines, values, and beliefs are likely to persist even when changes are needed.

Starbucks' core proposition of distinct quality, atmosphere, and customer service focused on its premium niche and superior differentiation versus CCD's low-end value positioning. What Starbucks may not have known that Siddhartha, CCD CEO well understood, was the ideal real estate rent-to-revenue ratio in Indian cities. Prime real estate rental rates can account for 15-25% of the cost of running a café chain in India (Sachitanand & Balasubramanyam, 2014). CCD quickly understood that the rent to revenue ratio "should not be more than 20%, 25% maximum," stated Siddhartha (Mishra, 2013). Yet, his competitors' rent-to-revenue ratio was 50-60%. "So, the biggest problem is getting the right real estate at the right price" concluded Siddhartha (Mishra, 2013). While Starbucks had originally announced an aggressive entry of 50 stores within the first year, the firm struggled with the high real estate prices and the desire of its target consumers of young office workers and students to spend hours relaxing and sitting in a café. By 2017, Starbucks halted aggressive expansion to focus on profitability (Malviya, 2017). Starbucks' hope that CCD may be locked in a state of organizational inertia was quickly disproved as fixed costs and

long term rental agreements did not become a CCD disadvantage. Another important characteristic of latecomer competitive advantage is the latecomer firm's enhanced level of information acquired by either previous market entry experience or the deployment of a watch and wait approach. Starbucks deployed its internal resource strengths of venture arrangement, adaptation knowledge, training, sourcing, customer service, and brand equity to create a competitive advantage in the Indian café market. Its previous experience in China provided insight into how to manage globally and adapt locally to the market demands in terms of product offerings, particularly selling coffee in a predominantly tea drinking culture. Moreover, it invested \$80 million in three stores with the knowledge that India café patrons spend more time within the store rather than the US market's propensity for takeout services. Table 1 provides a summary of Starbucks' application of latecomer strategies.

Table 1: Starbucks' application of Latecomer advantage strategies

Cho, Kim, & Rhee's Latecomer Advantages	Starbucks Strategies to leverage first mover disadvantages
Free rider effects Consumer education Information spillover Skipping trials and errors	-Demand base built by FM, CCD which invested since mid-1990's -Less R&D expenses required -Leveraged distribution and site selection relative to competitor's market penetration -Leveraged a globally familiar brand name with the target market -Odd Timing; Starbucks' timing leveraged a period of slowing economic growth that could hinder rivals' growth prospects.
Incumbent inertia Lock-in of assets Organizational inertia	-Focus on premium niche and Superior differentiation versus CCD's low-end value positioning; -Leverage incumbent uncertainty regarding sunk resources; may act as constraints for incumbent
Enhanced level of information Resourcefulness Shared experience or assets	-Starbucks deploys internal resource strengths (venture arrangement, adaptation knowledge, training, sourcing, customer service and brand equity) for competitive advantage -Invested \$80 million in 3 stores -China experience

Overall, Starbucks' experience from its earlier China expansion imparted the knowledge and expertise affording it a nimble entry into another predominately tea -drinking culture already primed for the coffee café culture based on the efforts of first mover, CCD and other early entrants. Similar to China, Starbucks and its Tata Global partner focused on selecting high visibility and high traffic locations to project its brand image with minimal advertisement and promotion so as not to be perceived as threatening tea drinking loyalists.

4.2 CCD exhibits strategic agility in response to competitive threats

CCD's positioning emphasized the value end of the coffee café market and yet it also competed directly in the upscale premium segment as well by expanding the core business to include a premium chain of cafes in addition to its present value chain known as their "Lounge" format. Continued investment in one's existing asset base beyond the point where such investments will realize new enough return can sometimes be problematic for companies and perhaps Starbucks was banking on that. However, by broadening its appeal at opposing ends of the pricing/experience spectrum of the market, CCD cast a preemptive strike, rather than betting on which segment would prevail; the brand chose to appeal to all of them. CCD's additional capital investment for upgrades, rural expansion and the new premium concept was estimated to reach Rs200 Crore or the equivalent of \$40 million US dollars, half of what Starbucks had invested in its first three grand openings (Shadishar, 2012). CCD hired marketing firm, Landor Associates to refresh the brand and make it modern in response to the arrival of foreign competitors and design the new premium coffee chain, "Square" to counter the Starbucks entry. Its format borrowed from the Starbucks' model of large, open café space, premium setting and pricing. CCD opened two Square stores in Bangalore and Delhi and indicating plans to ramp up. In press reports, chief operating officer Venu Madhav A. pressed on, "It is time we offer our consumers the next level of experience."

Not only was CCD challenged with staying relevant in the minds of Indian consumers in the face of competitors, the company had to remain relevant to its employee base. Since its advent, CCD invested sixteen years in developing human resource talent in the café market and was at risk of losing its best employees through attrition as Starbucks and others offered attractive compensation packages to locals relative to CCD. "There is the potential that some of CCD's 9,500 employees, the largest pool of trained workers in the country, would be lured away by

potentially higher pay at the one of the Seattle chain’s outlets” (Knowledge @ Wharton, 2012). CCD aggressively recruited loyal long-term employees. Through local recruiting and incentives, the company provided new employment opportunities for young employees to join the company, giving them full training and the promise of a future position and career advancement.

CCD adroitly weathered the café market competitive storm. According to experts CCD “focused on its core proposition of affordable coffee, with comfortable surroundings” while advancing its brand through aggressive growth and crystallizing its food offerings. Moreover, it procured key sites located on highways and popular rest stops in key areas to expand its presence in that space as well (Sachitanand & Balasubramanyam, 2014). All actions pointed to a strong level of strategic agility on the part of CCD.

5.0 Discussion

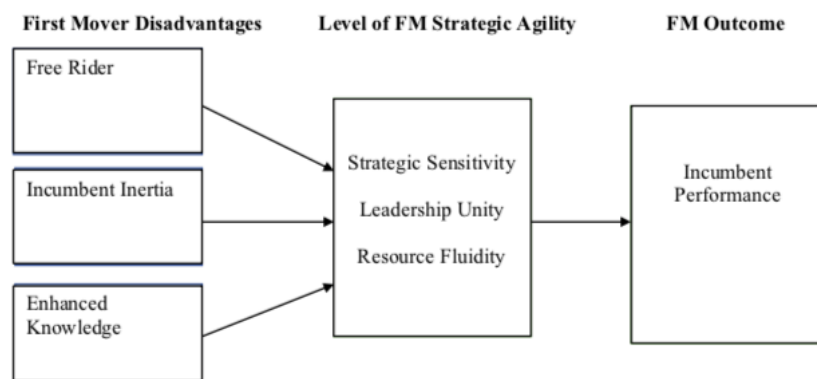
How agile is my competitor? Strategic agility as a moderating variable

- “Starbucks posts slowest sales growth in India in last fiscal” (Economic Times, 2017)
- “Tata Starbucks plans to improve sales, cut losses” (India Business Standard, 2019)
- “Tata Starbucks aims to achieve breakeven by FY20” (Economic Times, 2019)

Six years following Starbucks’ initial launch in India, headlines alluded to the firm’s difficulties. In an interview with its’ newly appointed CEO, Navin Gurnaney, the company expressed hope to “breakeven in FY20” but acknowledged there had been “unanticipated challenges to its original growth plans in terms of excessive occupancy costs, swift and aggressive entry of major rival brands due to India’s continued growing economy” which was projected to grow 7.5% by 2020, and continued investment and innovation in offerings by the market pioneer and leader, CCD(Pinto, 2019: 2).

Figure 1 represents the paper’s conceptual proposition that the greater the strategic agility on the part of a local incumbent, the less effective a global challenger will be able to successfully leverage traditional latecomer strategies of free rider effects, incumbent inertia and enhanced levels of knowledge advantages as the level of strategic agility may attenuate its chance for advantage.

Figure 1



By the time Starbucks entered the Indian coffee café market, several brands had preempted the industry giant including U.S.-based Dunkin Donuts, Australia’s Gloria Jeans and Coffee Bean & Tea Leaf of the U.S. CCD’s response to Starbucks’ entry was aggressive.

In an effort to shore up and hold its position, the brand developed a multiple format strategy to differentiate and reach multiple customer segments. The brand introduced formats that were upscale and a signature origin coffee destination on the value end. Furthermore, it added approximately 600 kiosks across the country and 30,000 vending machines, optimizing its brand presence. Analysts were impressed with CCD’s strategic agility that fostered swift direction, implementation, and resource allocation. “What stands out about Siddhartha and CCD is their ability to make strategic changes in response to customer demand and competition – expanding the food offerings or rationalizing store count to sustain growth and profitability are great examples,” claimed Sanjay Nayar, MD and CEO

of KKR India, an investment firm (Sachitanand & Balasbrumanyam, 2014:6). The original value proposition of the cafes remained, and premium locations appeared to have amplified the brand's success.

Experts claimed CCD's focus on its core proposition of affordable coffee and comfortable surroundings made it the mass market leader. Stated Siddhartha, "all foreign coffee brands are looking at the top 5% of the India market – i.e., high income group consumers" he continued, "But we are focusing on the dynamic youth population. Roughly 70% of Indians today are below 35, and our goal is to reach out to them" (Sachitanand & Balasubramanyam, 2014:5). By 2019, the largest café chain had more than 1750 cafes across 243 cities, operated through its Coffee Day Global Limited (CDGL), a subsidiary of Coffee Day Enterprises Limited and continued to hold onto 65% share of the market, "staying ahead of the pack," (Technopak Advisers, 96). CCD is the mass market leader with sites located close to colleges, business complexes, high streets and malls where budget conscious consumers can be reached.

Six years following the first Starbucks launch in India, café numbers across India have grown and CCD remains a clear leader. India's coffee retail chain market, which was estimated at \$107 million in 2015, had been projected to touch \$855 million by 2025, according to a report by San Francisco-headquartered consulting firm Grand Research Inc (Mitra, 2018). Other market entrants arrived aggressively jockeying for position and vying for the coffee café consumers; McCafé has over 180 stores, Barista has over 200. In August of 2018, Coca-Cola globally acquired [Britain's] Costa Coffee in a \$5.1 billion transaction, with plans to rejuvenate there" (Pinto, 2019:2). Starbucks projects 140 stores by the end of 2019 (Pinto, 2019). Starbucks' timing into India as late mover entrant may have put it in an underdog position (Berger & Blake, 2016).

CCD demonstrated the strategic agility elements posited by Doz and Kosonen (2008) of heightened sensitivity to market developments and trends, a prompt response on the part of a decisive and united leadership team led by Siddhartha, and the resource fluidity to reconfigure its systems in order to operate a multilevel format business model. As the Indian café market pioneer, the brand strongly positioned itself with the cost/value proposition, and also launched its flagship high end store, "Square," touting the perfect offering of redefined coffee brewing and culinary experiences of the highest standard. This strategy directly positioned Square in the high end "experience" realm of Starbucks, with a full frontal attack. Moreover, CCD's brand equity could propel the Square concept provided quality and unique experiences were consistently delivered. Cho and colleagues' (2008) framework offers valuable strategies to counter a first mover's disadvantages; however, it may be too static as illustrated in this case where the competitive dynamics of the multiple brands along with external forces quickly shifted the tide from rapid expansion plans for Starbucks (initially projected to open 1500 stores over several years) to scale back given the market demands of the developing India economy. Thus, the following propositions are offered for consideration with regard to incumbent strategic agility:

- P1: The greater the strategic agility on the part of the incumbent, the less effective is the challenger's ability to leverage free rider effects.
- P2: The greater the strategic agility on the part of the incumbent, the less effective is the challenger's ability to leverage incumbent organizational inertia.
- P3: The greater the strategic agility on the part of the incumbent, the less effective is the challenger's ability to leverage enhanced levels of information.

6.0 Implications, Limitations, and Future Research

This research offers several implications for strategy and policy setting. First, it suggests that incumbent agility is necessary in order to overcome the propensity for organizational inertia, particularly during times where a de facto category leader emerges onto the scene. The optimal timing of international entry will be dependent on several external and internal factors, including market conditions, resource base, market positioning, (Shamsie, et al., 2004) the strength of a firm's resources (Leiberman and Montgomery, 1998) and even the role of nonmarket political resources (Frynas, et al., 2006). Incumbents and first movers would be well served if they are proactive in decision-making and capital investments with regard to late entrant forecasts and expectations. At the time of several new entrants embarking on the India market, CCD correctly continued to aggressively open cafes to garner market share, but at the lower end. Knowing Starbucks' premium positioning across the globe, CCD likely anticipated that Starbucks would continue with a premium position. CCD then aggressively pursued a multi-segmentation strategy, appealing to distinct customer segments with unique stores and product offerings across multiple customer segments.

Within the context of the coffee café industry, this investigation illustrates a global category leader's inability to leverage late mover strategies when delay of market entry occurred. Starbucks, the coffee café category leader applied a latecomer strategy framework proposed by Cho and colleagues (1998), in an attempt to exploit first mover disadvantages of free-rider ability, the in-agility of an entrenched incumbent and the building of an enhanced level of information. CCD's strategic response allowed it to successfully counter an attack through a combination of the three meta-capabilities of strategic sensitivity, leadership unity, and resource fluidity.

Advancing our understanding of the sustainability and survival of secondary entrants or late movers and identifying the competitive dynamics leading to well established followers' performance relative to market pioneers is an important contribution to the present literature. However, this investigation is subject to limitations that provide opportunity for further refining, research, and discussion. To date, given the continued expansion and growth of the global coffee café life cycle, it appears Coffee Café Day has well managed the competitive onslaught of rival actions including Starbucks. The study of MNCs entry timing relative to local firms can provide important insights as to how and when companies should leverage follower strategies, particularly in newly emerging economies where uncertainty of consumer product, service and brand acceptance is dubious, bureaucracy and political constraints are challenged, and infrastructure is underdeveloped. Further analysis is necessary to examine long-term relational effects as the coffee café industry continues to stretch and grow. A single case is not representative for generalization. Additionally, secondary sources are opportunistic and may not capture all the facets and issues of late mover challenges. Lastly interpretation of success by journalists may be biased, depending on the nature of the situation.

Qualitative research examining several firms in varied sectors and followed by empirical studies in the future will allow scholars and practitioners to fully examine and better identify key influence factors for top global brands' entry timing relationships against first mover and latecomer strategies to assess overall performance variables that could include profit, market share, brand presence, and consumer preferences. As developing countries continue to expand economically, MNC's will continue to eye these emerging economies for profit and expansion. Understanding the boundary conditions that can foster or impede international expansion plans will continue to be of value to strategists and managerial policy makers for organizational and strategic design.

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