

The case of chatime marketing essay



**ASSIGN
BUSTER**

My aim for this assignment is to study the success of Chatime and what else they can do to be better, the brand Chatime has become sort of the Starbucks and Coffee Bean & Tea Leaf. My research question is therefore what is their brand advertising strategy?

Lately in Malaysia, when we walk in a shopping mall and see a long queue line in front of a beverage stall, people waiting to get their cup of tea served in plastic cup, very high chance that it is Chatime. Chatime is a bubble tea franchise from Taiwan, it appears to be the latest hot topic and sweep the country with sales of one millions cups of tea monthly! They have around 50 outlets in just a short period of 1. 5years.

How can a cup of iced tea with just an additional of tapioca ‘ pearls’, normally can be found in the pasar malam (night market), suddenly become so famous and everybody is craze about it? Moreover they are selling at double/triple the price compares to night market! Bubble tea already exists in Malaysia in the early 2000’s, late then it faded off due to health concerns over the chemicals contamination. Last year, the Malaysia government has confirmed a contaminated bubble tea product sold in Klang Valley, with a dangerous plasticizer (DEHP, diethylhexyl phthalate) which may lead to cancer if over consume. It is important to know what the branding strategy is behind Chatime to overcome such discourage news. There are more than 30 brands of bubble tea provider in Taiwan. Now with the success of Chatime, many other brands are trying to capture the market and share the pie. I was approached by my friend for taking up franchise of another brand. They just had their first outlet open at Sunway Pyramid Shopping Center. They offer waiver on franchising fees for the first 10 outlets in the first two years of

business. It is a very attractive deal and I would like to know the possibility of success for this new brand by studying the market leader, Chatime.

Literature Review

Advertising Brands Internationally

With nowadays extensive globalization, brand advertising is currently carried on in the whole world which crosses country, nation, and cultural barrier. Organizations are attracted to standardizing the brand advertising strategy across the whole world due to the possible cost cutting and command over the brand image. However, it is very challenging communicating to various cultures.

Advertisers need to be very sensitive to the culture of the target market, such as uses of gestures and behavior of particular targeting audience. Gestures, for example, made a circle with thumb and index finger and the other three fingers up means “OK” in most of the country, but it means money in Japan. Behavior, for example, in China gift-giving contribute to significant part of their business relationship building culture but it is uncommon in western country in the context of business relationship. Sex and nudity portrayed in advertising is not a problem in more open-minded Europe country but not the case of Muslim countries. The advertising has to follow a standard of dress code of conduct.

One very important decision that an organization has to make is to what extent they have to standardize/localize their brand advertising throughout the world. According to a study by Taylor & Johnson (2002), after research

and evaluated a significant collection of the international advertising literature of the 90's, they concluded:

“ it is apparent that MNCs have moved toward combination approaches in which broad strategies of selling propositions are standardized but specific executions are adapted when it is needed and some aspects of advertisements such as language and nationality of the models utilized are almost always adapted.”

This suggested that an organization should not act to the polar side of standardized/localize but move along in between. Localize the language and models but at the same time standardize their selling proposition is just an example.

On the other hand, Onkvisit and Shaw (2002) have illustrated whether it is “ Universal or unique” with regards to the marketing/advertising concepts and principles in the international context. Their study is best summarized in Figure 1. Organization should follow universal marketing discipline and applying unique marketing mix strategies in different country.

In the same study, they have done a thorough comparison of the selectivity on advertising media (radio, television, newspaper, magazines and internet) in the international context too. The advertiser must study the target market very well on the effectiveness of media chose before launching their advertisement.

Another research has shown that international advertising is greatly affected by the technological revolution and digital divide, wide distribution of information and communications technology in the middle of socio-economic

imbalance across and within country . It suggests that advertisers shall identify the opportunities and treats, and their responsibilities in used of the Internet to advertise their brand worldwide.

A study on online advertising effectiveness by Brettel & Attig (2010) also shown that culture of different country has an effect on how internet advertising drive the behavior of consumers. They found that in between on-demand channels and push-channels, the aforementioned have a greater effect on ephemeral success.

Market Context: Malaysia – Tea market environment.

Malaysia is well known of its multi-ethnic and multi-culture. Malaysia population as of recorded by indexmundi.com/Malaysia (2012), has reached about 28. 7 million people. The three main ethnic groups are Malay/bumiputra (62%), Chinese (24%), Indian (7%). GDP per capita is about USD \$14, 700 (indexmundi.com/Malaysia, 2012). Malaysia’s Internet users are estimated to be 17. 5 million. It is interesting to know that Facebook has 12 million users in Malaysia, about 70% penetration rate. (Lim Yung Hui, 2011)

It is important to know that Malaysia is a Muslim majority country and there are standards to follow when advertising using the main stream media. A halal sign is always placed in the advertisement to stress that it did not go against the Muslim rules on food & beverage usage.

Traditional tea drinking culture of Malaysian is ‘ teh tarik’ at ‘ mamak stall’ . Malaysian only has this option in the old days until the first Starbucks store

open in year 1998, which now give them a different choice of coffee and tea drinking experience .

Company Factors: Chatime

“ Cha” in Chinese means tea. “ Good Tea Good Time” is the tagline of Chatime. Here is their brand story:-

“ Dawn of the sunrise, at an altitude of 800meters on the mountain, tea grower carefully pick a piece of ” emerald, green, clear, limpid” as one of two leaves, pure tea smell, from the collection the first light of nature, a cup of full hearted made good tea, to restore the memory of the original sensation.”

” ” Good tea”, is to make each kind of different tea style, fully demonstrated. We search for Taiwan’s best mountain tea, work with fruit grower, base on different characteristics of tea we combined it with fresh fruit which its source is direct delivery from fruit farm , gave good tea a new style, refined tea sweet, and all Taiwan fruit fragrances. We let you taste the aroma of tea and fruit objectively.

We attached to quality of each cup of tea, pay great attention to every detail that influence the taste, simply want to put the tea most primitive and beautiful flavor “ sweet, pure, smooth”, presented to you completely. Injected a fresh sweet into the tasteless life; added a touch of tea leisure into the tired heart, enjoy the exclusively yours good tea, good times.”

By using the high-tech tea making principle, through the mechanization of a single setting, Chatime aim to serve standardized same quality pearl milk tea – Taiwan national drink, over the world, as it is serve fresh from Taiwan.

In an interview with the owner of Chatime brand Mr. Henry Wang, he has shared the story of building the Eastern Starbucks in the Pearl Milk Tea industry with shortest time frame.

Starbucks in Malaysia

Being well said by the owner of Chatime to become the eastern Starbucks, we shall study how Starbucks success in the implementation of brand advertising strategy in Malaysia.

Starbucks focus on quality and experience, customer visit the store not only for the quality coffee, but also the atmosphere. One of the Starbucks key success factor is their advertising strategy. They advertised more localized than to the nation as whole. Their target market more towards educated people hence they do lots of advertisement in print medium.

Starbucks has their first Malaysia store at KL Plaza in Jalan Bukit Bintang, Kuala Lumpur, their first grand opening is on 17th Dec 1998. Today, there are 115 Starbucks stores in the country.

Starbucks applied highly standardized brand advertising strategy in the stores all over the world. Majority of the stores are company-operated. Starbucks has clearly stated in the localized website their Mission statement, and corporate social responsibility.

Job seeker can get their question answered by browsing this website. Most of the localized job related been stated clearly here.

By one click at “ our stores” button at the website, customers can find the location of the stores nationwide. Upcoming activities also can be found here. Customer also can find the details of “ Bring Your Own Tumbler Program” here. This is one of the most successful programs that help save the environment and customer money!

Other buttons like ‘ merchandised and gifts’, ‘ fresh food’, ‘ wifi’, and ‘ favorite beverages’ gives the user full accessibility to the information they would like to know about Starbucks. It is clearly stated in ‘ favorite beverages’ menu, Starbucks Malaysia is certified Halal by JAKIM with the approval logo. This is to reassure the Malays consumer. Not forget also their royalty card program, The Starbucks Card.