

# The old town white coffee marketing essay



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Old Town White Coffee is a business of retail chain and it was established in 1999; the 3-in-1 instant coffee mix was created by the co-founder and executive director, Mr. Goh Ching Mun and Mr. Tan Say Yap. (“ Our business, 2012”) Old Town Company manufactures instant beverage mixes and operating over 180 café outlet in the Asia.

Mission

To let everyone enjoy every sip of authentic Malaysian Ipoh White Coffee, anytime, anywhere!!

Vision

To be Asia Pacific’s Leading White Coffee Producer providing high quality products to customers globally

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To promote our Unique Malaysian Taste – the authentic Ipoh White Coffee and continue White Coffee Legacy through continuous improvement and innovation that exceeds customer expectations

We embrace diversity, accept challenges, adopt international standards and good business practices

### Target Market

Old Town White Coffee has provides set breakfast and set lunch for customer, because some of the customer only has a limited amount of time to enjoy their meal, so we have provide the quick recipes to customer. The set price also can acceptance to all customer, such as, student and lower-income customer. (“ Old Town Coffee, 2011”)

Old Town Company started their first export to Singapore in 2000. In 2001, Old Town Company expanded their product to Hong Kong, and expended their product line with difference mix of coffee into instant coffee mix.

In 2002, White Café Marketing finally managed to obtain a HALAL Certification from the Islamic Religious Department of Perak for their beverages. They also intended to expand their 3-in-1 coffee mix at grocery store in Malaysia. Old Town Company had opened their first Old Town White Coffee café outlet in Ipoh, Malaysia in 2005. To support the quality of food service sector business, Old Town Company established central food processing centre, such as, Dynasty Confectionery, Esquire Chef and Emperor’s Kitchen.

In 2006, Old Town Company expanded their business to Thailand, Indonesia, Philippines, China, and Japan. In 2007, Old Town Company established the management services in Singapore, and incorporated the first café outlet in Singapore in 2008.

In 2008, company subsidiaries, Dynasty Confectionery and Esquire Chef had acquired HALAL Certification for the processing of the foods. Another subsidiary, Emperor's Kitchen also attained HALAL Certification from the IFRC ASIA. Besides, company also produces a new product-coffee mix with cane sugar.

In the end of 2009, Old town 3-in-1 instant coffee mix had been operate franchises about 1, 348 retail store in Malaysia, about 2, 100 retail store in Hong Kong and about 550 retail store in Singapore. (" Our business, 2012")

## **2. 1 Product Strategy**

Product strategy can divided into product classification, product and service decision and major brand strategy decision.

### **Product Classification**

In the view point of marketing, the products and services can divide into two main categories which are consumer products and industrial products. Under consumer product there have also convenience goods, shopping good, specialty good and unsought good.

The Old Town White Coffee is the convenience goods. Old Town White Coffee is the product that consumer will purchases frequently and immediately. Besides, Old Town White Coffee usually is low priced and comparison shop

usually will not occur when consumer purchase it. Next, Old Town White Coffee is mass advertising and it also have many purchase locations such as Tesco, 7-Eleven and even some grocery shops.

## **Product and Service Decision**

Under product and service attributes, there have product quality, product features and product style and design. Company can decide whether their products want to emphasize on which attributes. For Old Town White Coffee, they are emphasized on the product quality. Old Town White Coffee is more emphasized to maintain the original flavor of the white coffee which the original white coffee is come from Ipoh.

Next, is the product branding. Brand is a name, term, sign, symbol, or design or a combination of these, which identifies the maker or seller of a product or service. The brand logo of Old Town White Coffee in India will be remained as same as in Malaysia outlet. This will be easier for consumer of product identification. Besides, this will give advantage to buyers of product quality and consistency because easier for loyal customers to get the same feature, benefit and quality.

After that, the product decision will come into packaging. Packaging is a process of designing and producing the container or wrapper for a product. For Old Town White Coffee, its packaging on India is mainly made up of green, yellow and brown color. This is because all these colors will reflect the distinctive and rich culture and colorful spirit of the people in India. This such good packaging will develop a good image to consumers so that Old Town White Coffee can be one of success brand in the world.

Then, the next product decision is labeling. Labeling is the process that printed information appearing on or with package. Old Town White Coffee included the series of origin white coffee, old town iced coffee and tea, smoothies and so on. So, Old Town White Coffee needs to make sure the right information is printed on the package and the labeling will easier the consumer to search for the coffee according to their favorite.

Last but not least, the last product decision is the product support services. A product support service is the services that offer to the consumer who buy the product to increases their satisfactions. For Old Town White Coffee, there are no such product support services.

## **Major Brand Strategy Decision**

It is important that for company to develop a strong brand which called brand equity. This is because, high brand equity will provides greater brand awareness and loyalty of customers. In addition, strong brand will provide a profitable customer relationship and also will be more easily to launch line and brand extension.

Firstly, is the brand positioning. Old Town White Coffee is position their brand at the level of product attributes and belief and values. Next, it comes to brand name selection. Old Town White Coffee chose this as their brand name is because it can use in many foreign countries and easy to pronounce, recognize and remember.

Old Town White Coffee is a manufacturer's brand. It means that the product is manufacture and sells by itself. Lastly, Old Town White Coffee is using line

extension as their brand development. Old Town White Coffee is introducing many different flavor of white coffee in an existing category.

## **Pricing Strategy**

Old Town White Coffee is using skimming pricing in the new product pricing strategy. In addition, Old Town White Coffee using the skimming pricing at the early stages of the product life cycle to improve the cash flow. After that, Old Town White Coffee will implement the competitive pricing in order to gain the competitive advantages and market share.

In price adjustment strategy, Old Town White Coffee had used promotional pricing strategy. During certain festivals, Old Town White Coffee will temporary reduce the price to attract more consumers. Given example, Old Town White Coffee will reduce the prices about 20% during the period of promotion. Besides, Old Town White Coffee also uses geographical pricing (zone pricing) to adjust the price. For example, Old Town White Coffee will charge different price at different retail according to the location but the star-up price will be set at about RM3. 70 per drink

## **Promotions**

Advertising is a good way for being use to reach the huge number of public. Old Town White Coffee not only selling coffee in their own café, but also serving the coffee in package to be selling in those supermarket and convenience stores. For example, Old Town White Coffee came out with a 3-in-1 Blends and white coffee ready to drink product in can drink and advertise it through the television advertisement and radio advertisement. Hence, customers can enjoy Old Town White Coffee at anytime and

anywhere. Old Town White Coffee through advertising to introduces their new dish which is Rendang Delight to the customers to let the customer have more selection when they are having a meal in Old Town White Coffee and increase the customer base to every race in Malaysia. (Our Products, 2012) Sometimes, Old Town White Coffee also through advertising on Facebook to advertise their new outlet's location as a reminder to customers. (Old Town White Coffee Malaysia, Facebook, 2012)

Old Town White Coffee fully focuses on using sales promotion to promote their products because the company management believes that this will be the best way to promote their products to the customers. It includes contests, samples, product demonstration and so on. Old Town White Coffee carries out 3 different contests within the year 2012 to increase the demand of the products in the market. " My Favourite Old Town Contest" ," Be Healthy, Be a Winner!" contest and " Peraduan Old Town Kegemaran" contest. Through those contest, customers will be more easily being attract to buy more products of Old Town since they can enjoy the coffee drinks while at the same time they did not lose anything but even stand a chance to win a free prizes. Besides, Old Town also try to giving out some samples by appoint a salesperson to giving out free drinks as testing for customer who are shopping in the supermarket. It can easily gain the customer's attention when new products of Old Town exist in the market and let the customer can have a try before buy a new products. Although Old Town White Coffee is famous enough in the town, sample for test drink still considered very important for Old Town to entry into market in order to let the customers knew that the taste of the Old Town White Coffee is



standardize. Old Town also came out an idea of set meal to increase their customer base. Old Town come out with breakfast set, lunch set, teatime set, dinner set and even supper set to the customers in order to remind the customers anytime can be Old Town time and they can enjoy the foods from the menu other than just having a cup of coffee. Hence, the 5 varieties types of set lunch can attract customers from different age especially office worker to add into their selection to enjoy the foods during their breakfast time and lunch time with cheaper price. (Our Promotions, 2012)

Old Town White Coffee make use of public relations to have a relationship with various of publics without pay for publicity and it was control by the press or electronic media of good or bad company news. Old Town White Coffee not only selling products to the customers but also use another way to giving the feedback to the public by set up Old Town Children Care Fund (OCAF) to furnish children homes in Malaysia to let those children able to grow up in a better environment. Besides, Old Town White Coffee also established Old Town Earthcare to inculcate environmentally intelligent practices with variety of green initiatives which includes organizing green events and activities to reach out, share and educate environmentally conscious to the community. (Our business, 2012)

Old Town White Coffee also being guerrilla marketing by some of the customers on their Facebook page and even customer's blog. For example, guerrilla marketing by the Wayne's Journal with takes some photo during the time she enjoy the foods in Old Town White Café. Through her blog, the follower will be easily attracted and influence by her comment and consider try to enjoy their meal at Old Town White Coffee too. (Wayne's Journal, 2012)

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Some of the customers even use their blog to share to others the advantages to become member of Old Town White Coffee. This makes Old Town White Coffee grow popular without pay for any cost. (longlibra blogspot, 2010)

## **Place**

Old Town White Coffee using direct channel to establish a sales contract by carries goods directly from the producer to ultimate user for their outlets. (Our outlets, 2012)

On the other hand, Old Town White Coffee also using retailer channels to selling ready to drink, white coffee can drink and Polybag packs to the customers in the market through those retailers in the market act as middle person to transfer the products from producer to the final users. (Slideshare, 2012)

At the same times, Old Town White Coffee also uses a selective distribution of channel intensity as a market coverage strategy. There are only a limited number of retailers and wholesaler in a market area to handle its line. The limited number of retailers and wholesaler makes the marketers able to reduce the total marketing costs while establishing strong relationships with the channel and also able to be more easily control quality of the products. The outbound distribution makes the products moving directly from the factory to resellers and customers within shorter period of time. (Our business, 2012)

The number of outlets of the Old Town White Coffee covered all small towns to big town in the whole Malaysia and even expanded their franchise  
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overseas such as China and even India. As the largest kopitiam restaurant chain in Malaysia with main headquarters is in Ipoh, Perak, Old Town White Coffee operate their 212 franchise under their company at different locations in Malaysia which is strategic locations. (Our outlets, 2012)

### **3.0 Market Opportunities of Old Town White Coffee**

According to the news from The Edge Malaysia, Ben Shane Lim (2012) reported that the Old Town White Coffee's market segment is composed of minority of the Malay segment which is only makes up of about 15% of Old Town's customers, whereas the majority of market segment is the Chinese customers. However, the Old Town White Coffee views the Malay segment with the needs of Halal foods and beverages as an opportunity to expand its target market. This opportunity can help the company to build a very strong and large domestic market segment because Malaysia has the majority of the Malay citizens. Currently, the company is in the process of applying the Halal certification for all 183 cafes in country and this will be completed by the end of 2012, if this Halal certificate can successfully attract the Malay customers, eventually the demand and the prospective market growth of Old Town White Coffee will rise up. Not only in Malaysia, Old Town White Coffee with Halal certificate can attract all the Muslim customers from all over the worlds. In fact, Malay market can be a potential market opportunity for the company to increase profit.

Old Town White Coffee also seeks its market opportunity by exploring the viability of the kiosk business. According to the news from The Edge Malaysia, Old Town White Coffee will open their first kiosk in Suria KLCC, Kuala Lumpur in October 2012 (" OldTown Finds Favour Amid Uncertainty," <https://assignbuster.com/the-old-town-white-coffee-marketing-essay/>

2012). Coffee kiosk is similar to the coffee cart business. Old Town White Coffee has explore a new concept which is the takeaway concept for snacks and drinks by opening kiosk that will most probably located in those high foot traffic areas. This is more attractive since the kiosk is opened in the areas that have more people, eventually can increase the number of customer and can capture different market segment. For example, the employees who want to save time during lunch break can seek the kiosk nearby to get a cup of coffee. Kiosk provide greater flexibility(time utility) and more convenient because the customers can find it everywhere(place utility). Moreover, Old Town White Coffee opening their kiosk can save the cost of operation and solve the problem of lack of space since that the shopping malls cannot provide them the space for a café (“ OldTown To Roll Out Kiosks,” 2012). In fact, Old Town White Coffee will find a new way to gain income by opening kiosks.

As a conclusion, the Old Town White Coffee has explore their market opportunities such as increase their target market of Malay segment and open their coffee kiosks to get fresh income.

#### **4. 0 Recommendations Of Old Town White Coffee.**

Due to the opportunities that faced by Old Town White Coffee, the following recommendations are made concerning the obtaining of halal certificates, opening new kiosk and staff training in order to help Old Town generate their profit

In our opinion, we think that, Old Town White Coffee should focus all the 3 major races customers in our country including Malay customers. So, Old

Town White Coffee should get the halal certification for all the outlets to assure that the products offered are halal. According to the Chairman of Old Town Berhad, there are still 40% of the outlets in Malaysia doesn't hold the certificates of halal by Division of Islamic Food & Consumption of Jakim. (freemalaysiatoday) These outlets are still in the pending confirmation. Due to this case, we think that Old Town White Coffee should hasten the process of the certificates given by Jakim. They should resend or reapply the certificates. With the certificates, Old Town White Coffee can create advertisement to tell the customers that they hold the halal certificates. For instance, they can make a creative advertisement to clarify that Old Town White Coffee's foods are all halal. Besides creating advertisement, Old Town White Coffee can also hire more Malay's staff to convince the Malay's customers. For example, the Old Town White Coffee can hire the Malay's waiters to serve the customers. This simple action can set the Malay customer's mind in rest and thus attract more Malay customers. As we said, our country has majority citizens of Malay, so Old Town White Coffee is expected to generate more than 50% extra revenue if they successfully done it.

In addition, we highly recommend that Old Town White Coffee should start the kiosk business or business cart. In this competitive society, we think that kiosk business can take a lot less risk compare to open a new outlet. Furthermore, spaces for kiosk business are easier to get. For instance, Old Town White Coffee can locate their cart or kiosk in the shopping mall, in the college, or places that crowd of people. Moreover, the cart or kiosk that creates by Old Town White Coffee should provide various choices for

customers. Old Town White Coffee should not only provide the coffee but also tea and chocolate drinks and also simple foods in the cart or kiosk. Besides, the drinks that sell in the kiosk should also have the choices of cold or hot, and also the sugar level of the drinks. For example, customer can choose a cup of old town chocolate hot drinks with sugar free. This simply convenience the consumer because segment of the consumer prefer hot drinks and also can attract the customer who are health conscious. Besides, these kiosk or cart should also have promotion strategy to attract more customers. For instance, purchase any 3 drinks from the cart or kiosk will free a pack of snacks or provide buy 5 free 1 promotions. With these promotions, customers that seek for convenience and also money saver may prefer these kiosks. Next, Old Town White Coffee should regularly monitor the performance and maintenance of the kiosk and cart. For instance, check the performance and the ability of the kiosk once a month.

Last, Old Town also provides good customer services to the customer. If customer facing any problem while consuming the products, they can either help customer to solve it or seek for other solutions. For example, if the customer feels that the taste of the drink is too sweet, they can add in some ice or sugar free coffee. In addition, Old Town also will provide free after services to customer. To provide good services for customers, Old Town should improve their staff morale through training. They should ensure that their staffs are well training before they serving customers. After training, Old town should increase the pay of bonus each year to discourage their staff from leaving. Although this will increase the cost, but in the long run, Old Town would save money by doing less recruitment and training the new

staffs. Then, the performance of the staffs should be monitor. Old town can distribute the staff evaluation forms to their customers. From the evaluations, Old Town rewards staffs who are well performed and no exceptions penalize the staffs who are making error. Such as, the staffs who perform well, patients to customer's needs get more bonus at the end of the year. Through this, the staffs will be more self -disciplined, improving the services and thus generate more profits.

## 5. 0 Conclusion

Old Town White Coffee can be one of the longevity businesses of retail chain. Old Town Company from a small company transforms to famous company with about 1, 348 retail stores in Malaysia, about 2, 100 retail stores in Hong Kong and about 550 retail stores in Singapore..

Managers need to understand product strategy on other areas of marketing like price, distribution and promotion. Company need to emphasis the product quality, packaging, branding, and labelling. Company also need to develop brand equity to provide loyalty of customers. Besides, company using skimming pricing in the new product pricing strategy to improve cash flow and gain the competitive advantages.

Company provides ready to drink white coffee at the right place through retailers in the market. Besides, company promotes their product through sales promotion, and tries to giving out some samples to customer try before buy new products.

Besides those marketing mix strategies, Halal foods and beverages in Old Town Company is a market opportunities, because Malaysia has the majority of the Malay citizens and Muslim customer. This market opportunity can increase the profit and target market of Malay segment. Another market opportunity, Old Town Company also can add a new concept which is open their coffee kiosk to convenient their customer and increase their fresh income.

With the recommendation, Old Town White Coffee can create a creative advertisement to communicate with customers about their halal certificates. Besides, the coffee kiosk should provide various choices for customers, for example, tea, chocolate drinks and simple foods. Company also can improve their staff performance through training.

In conclusion, those successful must be credit on company co-founder and executive director; in way to manage their company in a more systematic way and become more famous company in the future.