

The background of tutti frutti frozen yogurt marketing essay



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Tutti Frutti Frozen Yogurt is an international self-serve retail brand of frozen yogurt originated from California, United States and is the largest retailer of specialty self-serve premium frozen yogurt in the world. Tutti Frutti comes in variety of flavors which include green tea, banana, Choco Raspberry and so on. Tutti Frutti's vision is to deliver the best customer experience and provide highest quality products. Their mission is to make high quality frozen yogurt with highest-quality ingredients for people to enjoy all around the world. Tutti Frutti frozen yogurt is available in many countries, including Australia, Brazil, Malaysia, Mexico, and so on.

In Malaysia, Singapore, Cambodia, Brunei, Thailand, Middle East and African countries, Naza Tutti Frutti (M) Sdn Bhd is a Master License Holder for Tutti Frutti Frozen Yogurt. It was incorporated in October 2009 with the first corporate outlet in Sunway Pyramid, Selangor. Tutti Frutti has great nutrition and can provide substantial health benefits to human because it is low fat, low calories, high calcium and contains probiotics which have been used for centuries as natural components in health-promoting foods.

Tutti Frutti adopted self-service concept, the price of yogurt is measured according to its weight. Therefore, Tutti Frutti is able to operate with less effort and more efficiently with minimal overhead cost and staff. The first thing when customer go into Tutti Frutti outlet, they need to select a paper cup which is different in size, then they can choose the flavor and quantity of yogurt they want and dispense the yogurt out of machine into their cup by self-serving. The final step is to put their cup of yogurt on weighing machine at counter and make payment. Tutti Frutti empowered customers to mix the yogurt with different flavors together with toppings according to their

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preferences. The master franchisor will send a quality-control team regularly to evaluate all Tutti Frutti outlets to ensure each outlet is adhering to standard rules. Tutti Frutti is a structured organization with departments for operational support, marketing, stock planning and purchasing, forwarding and logistics. In addition, staff training also an important issues that franchisor focus on (the star online, 2012).

Our research focuses on the newly open Tutti Frutti in Kampar, Perak which was just established on 3rd October 2012.

2. CONTENT

Marketing Strategies

In terms of product, the core product of Tutti Frutti frozen yogurt which is the benefit of the product is that consumer is buying a healthy living style. The actual or formal product of Tutti Frutti is a soft serve, non-fat frozen yogurt made with finest dairy products, as well as a strong brand name with variety of flavors available. The augmented product includes friendly customer service offered such as serving suggestion or customer care. Line filling is the product line strategies used by Tutti Frutti. It lengthens its product line of healthy and quality frozen yogurt by adding more flavors within the present range of product line. It offers consumers greater choices by coming up with innovative ideas and flavors to set it apart from competition. Thus, there are always something new for consumers to try including its latest innovation, Soy Bean frozen yogurt which can even be enjoyed by vegans and others who are suffering from lactose intolerance. Three flavors which include chocolate, vanilla and original are expected to be available all the time, while

the rest will be rotated regularly. Tutti Frutti also uses product positioning in positioning itself as a premium frozen yogurt that offers high quality and healthy products to customers of all ages, including students, teenagers, young executives and families. The brand is leveraging its brand equity and having a unique position of being healthy and fresh as it is made with all natural ingredients containing probiotics, a microorganism scientifically proven to help with digestion and immunity.

In terms of pricing, Tutti Frutti adopted premium pricing strategy which means setting the price of its products higher than similar products in market. By charging the price by its weight, which is RM0. 53 per 10 grams, it aims to generate huge profit margins on each cups sold. It is able to sell its products at a premium price by leveraging on its unique selling proposition since the availability of unique resources and the capabilities has made them a distinctive product that is difficult to be imitated by competitors. It could also be known as price-quality signaling where the price charged for the products would signals consumers that the products are of higher quality and are able to satisfy consumers in return for value of money. In addition, Tutti Frutti even adopted segment pricing strategy according to buyer identification. It charges different prices for different buyers such as 50% discount for disabled, 10% discount for students on weekdays and 15% discount for senior citizen.

In terms of promotion, non-personal selling is used by Tutti Frutti to achieve its promotional objective. The sales promotional activities of Tutti Frutti fall into the theory of “ pull strategy” that targets end users. It relies heavily on marketing communications to create awareness and generate consumer

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demands for its products, thus it involves high spending on sales promotion and advertising. Consumers will ask frozen yogurt retailers for the products, the retailers will ask wholesalers, and wholesalers will then ask the producers. Virtual word of mouth is one of the great forms of pull marketing used by Tutti Frutti. Examples of other sales promotion would be contests, discount vouchers, coupons and so on. New media such as websites and social networking sites like Facebook are also used by Tutti Frutti to advertise its products. Its advertising and promotional objective is to build brand awareness and customer loyalty (the star online, 2012). Whenever Tutti Frutti introduces a new product which is a new flavor to market, it will use informative advertising to tell consumers about the product, and develop awareness towards the product such as advertise the picture of the new product along with serving suggestion. Tutti Frutti also adopted persuasive advertising in its growth and maturity stage to enhance competitive status of its products and concept. The advertisement will stress on health benefit of its products over its competitors. It aims to persuade customers to buy its brand and develop customer loyalty.

In terms of distribution, Tutti Frutti is the largest self-serve specialty frozen yogurt franchise where it adopted indirect distribution channel by distributing its products through intermediaries. It involves manufacturer selling directly to retailer and then onto the consumer. Wellspring Industry, Inc., the holding company of Tutti Frutti frozen yogurt, is a U. S. international manufacturer and wholesaler of soft serve frozen yogurt with over 40 flavors, and cutting-edge soft serve frozen yogurt equipment. They provide frozen yogurt products and equipment directly to Tutti Frutti frozen yogurt retailers.

Tutti Frutti is a specialty frozen yogurt retailer who will then order frozen yogurt in limited quantities and sell to consumers. In conjunction with this, Tutti Frutti adopted selective distribution as its distribution strategy in which small numbers of retail outlets are chosen to distribute the product. The products of Tutti Frutti frozen yogurt will only be distributed through selected mall retailers or selected retail outlets. It is a product distribution strategy in which the manufacturer wants to maintain a superior product image in order to charge a premium price for its products.

Marketing Mix Problems

Product

Tutti Frutti provides the highest quality and healthy frozen yogurt to consumers with a wide range of flavor choices available. However, there is a problem encountered by Tutti Frutti in which the trend of frozen yogurt will tend to fade easily. The trendy frozen yogurt that took off in the late '80s and early '90s before it fades into obscurity, has now regained its retail relevance (Jon Chavez, 2012). Research has shown that frozen yogurt will likely lose steam and will have trouble down the road in sustaining its own businesses, just as it did in the '80s and '90s (Enay, Shara, 2010). Frozen yogurt was actually a hot retail trend 25 years ago, but eventually sales drop dramatically because they are no longer remain unique. Now, the new wave of frozen yogurt capitalizes on the concept of self-serve and emphasize on health issue but there is still a sustainability problem faced by Tutti Frutti frozen yogurt in the long term. Besides, ice-cream or other frozen desserts which are much cheaper may also act as a product substitute for frozen yogurt.

After conducting an interview with Kampar Tutti Frutti's employee, we are informed that Tutti Frutti Kampar has offered more than 20 flavors of frozen yogurt which is lesser than other franchise branches that provided mostly 40 flavors of frozen yogurt. Variety of flavors and toppings provided, but consumers are not able to try all the flavors. This is because the outlet only supplies eight types of flavors at one time which include three main compulsory flavors (original, vanilla, chocolate), and other five flavors will be change from time to time, may be a week or a month.

Besides, there are some complaints regarding the low melting point of frozen yogurt even consumers consumed it in an air-conditioned outlet. Consumers can only "drink" the yogurt instead of eat it. This will leave a bad impression in the mind of consumers that Tutti Frutti frozen yogurt is milky and not delicious.

Price

The price of Tutti Frutti frozen yogurt is measured according to its weight, which is RM0.53 per 10 grams. In other words, it means that customers can pick their own flavors as much as they want plus toppings and just pay by the weight. However, the problem lies in where there is inconsistency in pricing since there is no fixed cost per cup size or scoop like everywhere else. Thus, customers are usually uncertain about the price of their yogurt and may end up buying a cup of frozen yogurt which is over their limited budget. Consumers will not be able to enjoy the convenience of buying the frozen yogurt immediately at a known price.

In addition, the price charged by Tutti Frutti is also considered to be more expensive compared to other yogurt places. It has found out that 18 to 24 years old, who are the concept's best customers, have been hit hardest by persistently high unemployment (Emily Bryson York, 2011). Since Tutti Frutti located in Kampar depends mainly on full time students whose incomes mainly come from pocket money from their parents, they may not be able to afford such expensive specialty frozen yogurt. They will tend to switch to other choices like ice-cream or desserts as they treat frozen yogurt as a luxury food. Besides, Malaysian consumers tend to remain price conscious regardless of an interest in branded goods (Business Monitor International, 2012), so Tutti Frutti might then encounter price problem during time of recession or high inflation since those price-stretched consumers will tend to cut back on non-essential items.

Promotion

Based on observation and interview, we have found out that Tutti Frutti in Kampar has faced several promotion challenges such as limited promotion and advertising promotion materials in specific media and location only. Tutti Frutti only provides limited promotion in its store for a limited time period. A research shown that consumers' attitude towards sales promotion were adapted in the measurement of proneness to coupon, price discount, free sampling test, bonus packages, and in-store display (Garretson and Burton's, 2003). Tutti Frutti only provides discount price promotion at special occasions like Chinese New Year and Hari Raya Aidilfitri in which consumers will receive a RM1 discount voucher by purchasing the yogurt at price RM10 above. It seldom offers any other promotions during normal days.

Apart from that, it also provides promotion in every weekdays like Ladies day where customers just need to spend minimum purchase of RM15 above and will be entitled for 15% discount, but it only applicable in every Tuesday at stipulated time, 6pm onwards. This may cause some ladies who work during night shift will tend to miss the promotion. Moreover, there is only limited choice of yogurt flavors for customers to test their yogurt during promotion. When a customer pay a visit to the shop, they may not able to taste other flavors of yogurt that they desire because Tutti Frutti only offers 8 type of flavors daily. Besides, Tutti Frutti only distributes its promotion materials such as flyers or brochures in specific location and advertises at its own official website and Facebook page only. For example, Tutti Frutti has updated its latest news of future product like coffee but the news is only published in its website. Customers who do not visit its website may not be aware of Tutti Frutti's new information product. Yet Tutti Frutti also did not place any new advertisement about its product in its store.

Distribution

Since we have conducted interview at Kampar Tutti Frutti outlet, we realized that this outlet is situated in a not really distinctive area. Since it is not visible in terms of store or any signage from main roads, it only attracts very few locals. Most of the customers are not aware of the exact Tutti Frutti outlet's location. Medium-sized parking space has hid the outlet from customers' view. Although parking space is provided, it is limited and insufficient. This is because there are a lot of different food outlets, photocopy shops and a cyber cafe located behind Tutti Frutti and thus there are highly crowded with students who always park their car at medium-sized

car parking lots. Due to limited parking space, customers will tend to leave and go to other indirect competitor outlets such as Black Ball which is located at low traffic area.

Furthermore, there is another problem for Tutti Frutti that chose Kampar as its outlet location since there will be a wide variety of substitution effect for frozen yogurt in Kampar. Kampar area is too saturated with a lot of alternative such as Each a Cup, Bubblean, Black Ball and so on and this will lead to a keen competition in Kampar. As for information, Tutti Frutti is not a main source of food for local people. Thus, even though it might not be a direct competition, it might still face an indirect competition with other retailers within the area. The substitution effect is too strong in this area whereby consumers will tend to substitute frozen yogurt for ice-cream or other frozen dessert. This similar situation can be illustrated by referring to the scenario happened in McDonald 2002. McDonald which is the world top fast food restaurant has suffered from serious financial losses in year 2002. The historical loss and on-going store closures in 2002 has marked a reversal for McDonald's rapid expansion (Sanchanta, Mariko, 2003). This is because McDonald's fast food in America has been overtaken by indirect competition such as street stalls and kiosks due to its convenience as well as cafe and bars including coffee shops in America.

3. RECOMMENDATION

Product

Tutti Frutti can have a product line extension strategy to extend their product to be more variety. Product line extension strategy is the addition of

a product or service with different feature, size, prices, etc. (Cambridge Dictionaries Online, n. d.). A product line extension strategy can help Tutti Frutti to boost their profit through the sales of different products and it also can reduce the risk in which failure of one product can be compensated by other products. Tutti Frutti can do this to increase target markets and any other segments that Tutti Frutti had not targeted. For example, Sony begins with selling transistor radio, it expanded into TV, video games, entertainment (Columbia pictures) etc. As we know, Tutti Frutti only produce one product which is frozen yogurt in the market currently, so they may extend their product into beverages such as coffee, chocolate, fruit tea for consumers, because some consumers would prefer to buy beverages more than yogurt. Tutti Frutti may also sell some snacks for their consumers, because consumers will not only eat at there, they may also chatting at there for a moment, so if Tutti Frutti provides snack such as french fries, wedges, nuggets, and so on, this will help to increase their profit as well.

Price

Pricing decision is important to attract consumers. For Tutti Frutti, frozen yogurt is priced at RM0. 53 per 10 grams, so I would suggest that Tutti Frutti should adopt psychological pricing. For example, McDonald is using this strategy to price their burger at RM5. 95 instead of RM6. 00. Thus, instead of charging its price RM0. 53 per 10 grams, Tutti Frutti should set its price at RM0. 49 per 10 grams, because this strategy will let consumers perceive the price as RM0. 40 instead of RM0. 49. It considers the psychological factors of price and wants consumers to respond on an emotional, rather than rational basis. It can also be known as odd pricing strategy, a price that ends in an

odd number (RM0. x9). It claims that consumers often appear to be more drawn to prices ended in odd numbers.

Promotion

Based on our analysis, Tutti Frutti is lack of promotion for its store, so we would suggest that Tutti Frutti use newspaper advertising promotion strategy to promote its product and brand. Advertisement in newspaper can help to pull customer to the store and promote brand image. For example, McDonald used this strategy to promote their promotion, print the coupon or voucher to get a lower price burger in their store. So, Tutti Frutti can use this strategy to promote its brand as well as to increase customer awareness to visit its store. Since students are the major target market in Kampar and Utar is giving out free The Star newspaper for Utar students, Tutti Frutti can use this opportunity to attract customers by using bottom section of newspaper as a coupon to provide incentive for reader to visit its store. For instance, a coupon of free 50grams for minimum purchase of RM10 can be provided.

Distribution

Based on the analysis, we found that the store was not very visible, so we would suggest that Tutti Frutti should include some of these strategies. As mentioned just now, newspaper advertisement can help to increase customer awareness, so a map that directs Tutti Frutti consumers to its store can be put inside the voucher. It will lead its consumer to find out its store in an easier way. For example, for new opening of McDonald's store, they would advertise on newspaper as well as a small map inside the advertisement. Moreover, Tutti Frutti can also use this strategy to promote or inform the consumer about their store.

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Besides, Tutti Frutti can adopt event marketing strategy. Event marketing can define as activity of designing or developing a themed activity, occasion, display, or exhibit such as sporting event, music festival, or concert to promote a product or organization (Business Dictionary. com, n. d.). For example, Samsung had promoted their 3D TVs by launching a concert. For Tutti Frutti, they can organize an event in front of its store such as employ a band and create a small music concert in front of store. This can help to increase awareness of people around Kampar area. In the meantime while this event is conducting, they may grab this opportunity to gain extra sales by having another small event inside its store. It could be a small game organized by Tutti Frutti such as asks customers to buy any amount of frozen yogurt, weight it at the counter and then guess the actual weight. If customers are able to guess the weight within the range set by Tutti Frutti, they will get 20% discount on their purchase. It can serve as a strategy to increase traffic inside the store.

4. CONCLUSION

The major future challenges that we foresee for Tutti Frutti is that it may not be able to survive in long term due to its location at Kampar new town which is a small town and also a housing area located near to UTAR and KTAR. Most of the houses there are rented for students as students' hostel. Therefore, most of the residents are students who are just staying there temporarily for education purpose. So, as Tutti Frutti is located there, their market is small due to their main customer base will be those students and local residents only. It is not like a tourist spot or shopping malls which enable the business to target wider customer base and expose to different customers every day.

Furthermore, as we know, Tutti Frutti is a well-established brand, so its frozen yogurt is charge with premium price. Most the students are just completely focus on their study without working. So, most of them are full time students with zero income and depends only limited pocket money from parents every month. Therefore, most of the students have low purchasing power and will seldom visit Tutti Frutti to buy high-price frozen yogurt which is not affordable to them. They will rather go to McDonald and buy a sundae cone with only RM1. 05. Since the price of Tutti Frutti is not affordable to their main potential customer base which is students, Tutti Frutti may not be able to generate high profit in the long run.

In addition, even household consumers will not often go Tutti Frutti just to enjoy a cup of frozen yogurt that cost up to RM10, RM20 or even more. They will only go there occasionally. Besides, since Tutti Frutti does not sell any other food or drinks, it may not be the primary choice for students or even household consumers to have their meals there. Since Tutti Frutti profit is solely depends on the sales of frozen yogurt, it may not be able to sustain in long-term.

Things go even worse during semester break of UTAR and KTAR students. The sales of Tutti Frutti will drop dramatically. This will be a future challenges for Tutti Frutti because students will have semester break three times per year and each semester break will last for at least 2 weeks or at most one month. That means Tutti Frutti will face dramatic sales drop 3 times per year. It is definitely a threat for them in the long run. In short, the future challenges that we foresee for this Tutti Frutti store is that it may not be able

to survive in this small town in the long term with limited customer base that only generate low profits and even facing a risk of business loss.

We gain a lot of precious knowledge by learning this unit. First of all, we realized that marketing management is particularly important because it play an important role in deciding the success or failure of a business. First of all, organization must have a well-established marketing strategy with clear objectives stated to be accomplished, and helps the company staff to understand their business and target audience, working and developing channels to pinpoint the best way to target and appeal directly to them in order to meet opportunities and avoid threats to gain competitive advantage.

Secondly, before a company operates their business, in order to reduce business risk, they need to carry out market opportunity analysis to appraise market and industry attractiveness to ensure that they are entering into the right industry and right market. This analysis also helps them to know the moves and understand their competitor's strengths and weaknesses so that they are able to get into the main competition and is not left behind.

Furthermore, company must be able to better understand consumers about their needs and wants, buying behavior and purchasing power. Therefore, they can develop market segmentation where various customers are categorized into different segments according to variables such as demographics, behaviour and needs. When customers and potential market are properly segmented, it is easy for company to fulfill their needs based on factors considered for each segment.

Next, it is important to select an outstanding marketing manager who bears the primary responsibility for developing and implementing a strategic marketing program which includes 4Ps. The first 4Ps is product decision such as product packaging, warranties which are among the most critical in differentiating company brand from others to achieve competitive advantage. Pricing decision is a challenging area because if the price set too high, customers may simply switch to other competitors brand, however, if the price set too low, it may not be able to maintain sufficient profit margin for company or even unable to cover the cost of production. Under distribution decision, management should select an effective distribution channel that makes the right quantities of product available at the right place and right time. Under location, management should assess the sizes of potential market by locating their store in a particular location that enables them to gain maximum profit and survive in long-term. We must not confuse a lot of traffic for a lot of customers. Store wants to be located at places where there are many shoppers but only those shoppers who meet the definition of their target market will be their potential customers and contribute to their sales. Promotion decision basically is use to boost the sales of company products or help company to obtain new customers. Company must have a clear understanding of one's target market before planning and implementing an effective promotional program.

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