INTEGRATED MARKETING STRATEGY FOR BEVERAGES FRANCHISE INDUSTRY

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ABSTRACT

Trend of food and beverage industry in Asian market shows a positive growth. it is showed that nominal growth in the region over the next five years is expected to average 9% per year compared to a global average of 6.4% per year. Cokelat Klasik as a business in the F&B line optimistic to fight in the market and competition. For over eight-months-operation, Cokelat Klasik has a main hypothesis problem about the unreached target sales. According to the data, percentage of reachable target sales of Cokelat Klasik is 54% and is still unreached target sales. So, this research have goals to know the effective marketing strategy that's can be implemented for the next step. The approach used is qualitative methods. The depth-interview will be primary data to collect information from external environment. Then, literature review is also used to support analysis as secondary data. Internal data will be analyzed using Business Model Canvas, 4Ps Analysis, STP (Segmenting, Targeting, and Positioning) and Strength & Weakness. External data will be analyzed using the Porter Five Forces, Competitor Analysis and Opportunity & Threat. Then, the internal data and external data will be analyzed in TOWS Matrix. The proposed solution is derived from the new marketing mix and Program of Integrated Marketing Communications (IMC). The element of IMC that's used is consist of six tools, which are: advertising, sales promotion, event and sponsorship, direct marketing, and digital/internet marketing. The implementation plan is set on one year periods which is from Sept 2017 until August 2018.

Keywords: Marketing Strategy, Beverages Business, Business Strategy

A. INTRODUCTION

1. Background

Food and beverage businesses have various forms of business models. When it is viewed according to the business unit, the business model that runs on the culinary industry can be divided into three categories: independent, chain, and franchise. The object of this research is culinary industry in the form of beverage business employing franchise concept. Definition of franchise based on Government Regulation No. 16 in 1997 is an engagement when one party is granted the right to utilize and/or use Intellectual Property Rights or the meetings of typical business owned by another party with a reward based on the requirements set by the other party in order to provide goods and services.

Trend of food and beverage industry in Asian market shows a positive growth. According to data from PWC on 2015-16 Outlook for the Retail and Consumer Product, it is showed that nominal growth in the region over the next five years is expected to average 9% per year compared to a global average of 6.4% per year. By 2018, Asia will account for 60% of global consumer expenditure in this category, with its share which is worth US$5,9 trillion compared with US$3,9 trillion in 2014.

Street beverages are retail trade that sells and serve product which are ready to be moved or dismantled pairs, usually by using a tent, such as coffee shops, Juice shops and other beverages (Mississippi Development, 2011). Global production of cocoa is currently forecast to decrease for the third year in a row – 2015/16 production is expected at 4.1 million tons vs. 2014/15 production of 4.2 million tons. 2013/14 production was 4.3 million tons. Chocolate is broadly classified by the amount of cocoa it contains. Milk chocolate accounts for more than 50% of all chocolate consumption but may contain as little as 10% cocoa. Hershey's milk chocolate has approximately 11% cocoa, with a whole lot of milk and sugar added in. Chocolate is considered "dark" if it has more than 60% cocoa. (Chocolate Industry, 2017).

Based on theory, franchise is a marketing channel structure intended to convince end users that they are buying product from a vertically integrated manufacturer when, in fact, they may be buying from a separately owned company (Coughlan, 2006). Business development using franchise system makes distribution of partnership in many areas. It will be one of the issues for franchisor because the system should be similar in every branch. But, in fact, every city has different culture which might influences consumers' behavior in there. Besides, it will also influence the growth of sales and market penetrations. Cokelat Klasik Bandung needs to propose new marketing strategy to reach target sales.

2. Company History

Cokelat Klasik Bandung is a branch of CV. Klasik in Bandung. Since July 2016, this business began to operate with legal entity as a franchise partner. Cokelat Klasik Bandung is the first branch as well as the only one in Bandung. As a franchisee, business activity is more dominant focused on the operations and marketing strategy to the consumers. The concept of layout used is "Booth Concept". It is positioned as street beverages so that it will be closer and reachable for consumers. In addition, booth layout using wood shows the impression of ethnic, nature, and classic.

As a franchise partner of CV Klasik, Cokelat Klasik Bandung has more simple business activities than them. Business activity is focused on operation process and marketing

strategy to the end user. The stages of business activity are as follows:

Stage 1: Production Material

The main material like a chocolate powder have been available and supplied by CV. Klasik. However, the others supporting materials are acquired or purchased around Bandung.

Stage 2: Operations Process

Products of Cokelat Klasik are kinds of products "Made by order". So, the product is produced by request. The operations process in a single product can be explained in the figure below:
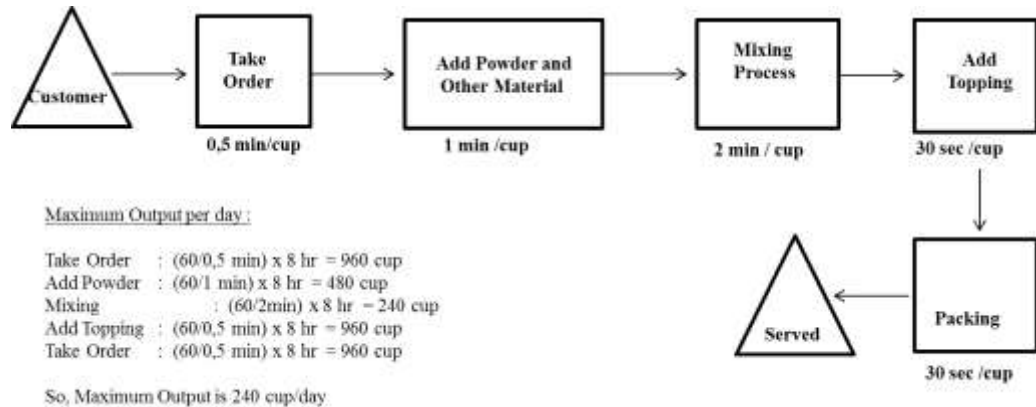

Maximum Output per day :

Take Order   : (60/0,5 min) x 8 hr = 960 cup
Add Powder : (60/1 min) x 8 hr = 480 cup
Mixing   : (60/2min) x 8 hr = 240 cup
Add Topping : (60/0,5 min) x 8 hr = 960 cup
Take Order   : (60/0,5 min) x 8 hr = 960 cup

So, Maximum Output is 240 cup/day

Figure 1 Operations Process *(Company Data)*

Stage 3: Marketing

In general, Cokelat Klasik Bandung has market segmentation to the consumers in Bandung area. The main target of Cokelat Klasik Bandung is college student at Parahyangan University and consumers in radius of 5km from business location. So, the current marketing activities are more focused on programs to attract consumers with offline marketing strategy such as discount, free trial, buy one get one free, and member card.

3. Business Issue

For over eight-months-operation, Cokelat Klasik has a main hypothesis problem about the unreached target sales. The hypothesis can be supported by sales data in other competitor around radius of 1 km from business location. The data are as follows Table 1:

Table 1 Data Survey of Quantity Sales Competitor in April 2017

No	Competitor	Target Sales/day	Qty sales min/day	Qty sales max/day	Avg sales / week	% of Reachable Target
1	Juice for you	150	140	190	159	100%
2.	The Poci	60	50	68	58	96%
3.	Cokelat Klasik	50	20	32	27	54%

According to the data in table above, Percentage of reachable target sales of Cokelat Klasik is 54% and is still unreached target sales. So, from this data analysis and hypothesis problems, Cokelat Klasik will try to find the real problem that should be solved. Then, a means of root cause analysis which can be used to find a real problem is by using structure tree analysis/ fault tree analysis. In sum, the following are the most likely root cause of sales growth that has not reach the target. However, in this

research only focused on the low effectiveness of marketing.

B. LITERATURE REVIEW

1. Conceptual Framework

Cokelat Klasik Bandung is a newcomer in culinary business. As the start-up which has many challenges and problems, identification of problems which is combined with the analysis of internal and external factor is needed to give the best solution. Then, conceptual framework is provided to guide this research and will be describes in the figure 2 below :
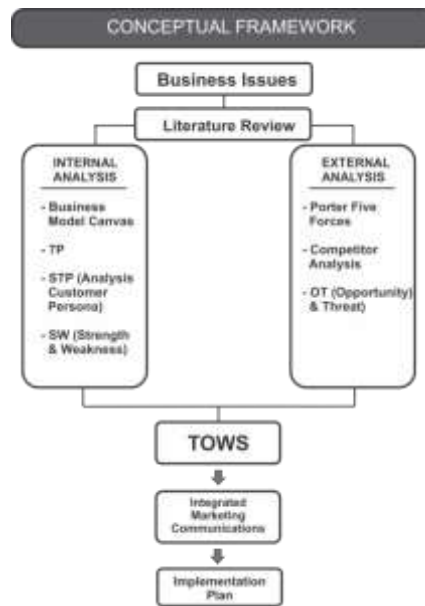

Figure 2 Conceptual Framework

2. Analysis of Business Situation

To analyze the internal factor of business, Cokelat Klasik Bandung employs BMC as a means of business model analysis. The explanation is described Figure 3 below:

Figure 3 BMC of Cokelat Klasik Bandung

Strength and weakness are part of internal analysis to know what positive and negative aspects in our internal factors. Basically, strength and weakness are analyzed based on SWOT Analysis. The explanation about strength and weakness is described in the table 1 below.

Table 1 Strength and Weakness Analysis

Strength	Weakness
S1: Clear value preposition: healthy dessert and reduce bad feeling	W1: Unclear management inventory
S2: Different in terms of main materials used which is dark chocolate	W2: Supplier cannot make sure about availability of raw material
S3: Good maintenance of chocolate powder materials	W3: Employee performance: responsiveness and empathy
S4: Clear standard of product making process to keep the quality of product	W4: Lack of financial and marketing planning
S5: Affordable Price	

External factor and environment of business change rapidly. One of the best ways to evaluate opportunity and threat is by capitalizing alternative opportunity or minimizing the impact of threat. Then, the analysis of external factor is explained in the table 2 below:

Table 2 Opportunity and Threat Analysis

Opportunity	Threat
O1: Large number of market size and growth in culinary business	T1: Recipe of product and business concept are easy to imitate
O2: Trend of social media and delivery through online channel	T2: Unpredictable climate: rainy season will affect the sales of product
O3: Growth of target market which is aware about healthy product	T3: High growth of new entrants for the same business line
O4: Chance to cooperate with retail for mass distributions	T4: Unpredictable tax regulation from the government
	T5: New comers with more convenience concept: café, working space, food court.

C. METHOD, DATA, AND ANALYSIS

The approach used is qualitative methods. The literature review will be primary data to collect information from scientific resource. Then, data collection also used to support analysis as secondary data. In this research, the researcher will used personal interviews as the method. Personal interview method requires a person known as the interviewer asking questions generally in a face-to- face contact to the other person or persons (Kothari, 2004).

Based on research objectives, this research needs information to analyze external stakeholders who can give insight to suggest marketing strategy. So, researcher uses a purposive sampling to choose interviewee that can give the information needed. Those criteria of interviewees are shown in table 3 below:

Table 3 Criteria of Interviewee and Topic of Interview

No	Interviewee	Topics	Numbers
1.	Customer - Persona 1 - Persona 2 - Persona 3	- Product - Price - Place - Service	12
2.	Competitor : - Juice For You - Nyoklat Klasik - Chocolate Changer	- Business history - Opportunity and Threat - Trends of market - Marketing Activity	3

The information from all of interviewee will be combined with other analysis result in chapter of discussion.

D. RESULT AND DISCUSSION

1. Product

There are several weaknesses in the products which should be solved and fixed by Cokelat Klasik. There are as follows:

1) Make an innovation in the product with the addition of two variants or two choices of tastes which are sweet and bitter

2) Redesigning the cup to be simpler and more elegant as well as modifying the shape of the cup so that it will not be spilled because the cover is not well-closed.

3) Fixing product stock management to fulfill the availability of the product and to reduce the possibility of the empty stock.

2. Price

There are several weaknesses in the price of product which should be solved and fixed by Cokelat Klasik. There are as follows:

1) Making an alternative product with the estimated price which is more affordable for schoolchildren.

2) Recounting the Cost of Goods Sold (COGS) product to ensure the efficiency of the raw material cost and reduce unnecessary cost.

3) Arranging strategy concerning on the price in sales promotion program such as voucher and price bundling.

3. Place

There are several weaknesses in the business location which should be solved and fixed by Cokelat Klasik such as follows:

1) Ensuring that the position of the booth is not blocked by other booths and giving a distinct banner or name board.

2) Providing extended roof in front of the booth so that the customers queuing might take shelter and do not feel stiflingly hot.

3) Ensuring that the ditch in front of the booth is not clogged and dirty as well as it does not smell bad.

4. Promotion / Integrated Marketing Communication

The key tools of promotion mix that used consist of six tools, which are: advertising, sales promotion, event and sponsorship, direct marketing, and digital/internet marketing. The Integrated Marketing Communication Plan can be strategy to answer marketing objectives of Cokelat Klasik Bandung.

D. CONCLUSION

The point that can be reason why Cokelat Klasik unable to reach the target sales is Mostly interviewee said they never know about the promotion activity for Cokelat Klasik. The key tools of

or programs has been done before. Other result show the content/information of product is not clear. So, Integrated Marketing Communications (IMC) will be new marketing strategy which is used for this research is

Activities	Goals
Advertising	
POS Materials : Poster, Banner, Flyer	- Increasing brand awareness owned by target market (radius 1 km from business locations) - Introducing a new variance
Paid Promote : Instagram advertisements	Increasing brand awareness owned by target market in Bandung area
Sales Promotion	
Coupon: Buy 5 get 1 free	Increasing frequency and quantity of purchase
Event & Sponsorship	
Bazaar Campus	Engaging and involving targeted audience to try product or brand
Direct Marketing	
LINE@	Build customer relationship and engagement
Digital/Internet Marketing	
Social Media Integrations	- Maintain and share the information about produt - Increase awareness and brand recognition

promotion mix consist of six tools, which are: advertising, sales promotion, event and sponsorship, direct marketing and digital/internet marketing.

F. IMPLICATION/LIMITATION AND SUGGESTIONS

The researcher will limit the issues on aspects below:
1. This discussion is limited to the variable of Integrated Marketing Strategy for Cokelat Klasik Bandung.
2. The research object and location is Cokelat Klasik Bandung which has been operated for 8 month since July 2016 until February 2017. Then, the data company

based on that period of business.
3. The location of research carried out in Ciumbuleuit area or radius 3 km from business location. Whereas, the location limits are in the area of Bandung.

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