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Teaching Notes

Case Study: ***Brewing Success Globally - Bacha Coffee's Marketing Strategy for Diverse Audiences***

About This Case Study

Case Study Company: Bacha Coffee

Bacha Coffee, a Singaporean coffee brand rooted in Moroccan traditions, stands out in the dynamic coffee industry with its luxurious branding and unique blend of tradition and modernity. Originating from the historic Dar el Bacha palace in Marrakech, Morocco, the brand underwent a revival in 2017, expanding globally with a total of 14 branches as of 2023. Known for its opulent aesthetics, Bacha Coffee offers a sensory customer experience, emphasizing the aroma of coffee, lavish store designs, and premium packaging. The company strategically targets both local and international markets, particularly attracting tourists. Its diverse product range includes 100% Arabica coffee, bakery items, and tea. The case study provides an opportunity for discussions on luxury branding, the interplay of tradition and innovation, and the challenges faced by heritage brands entering contemporary markets.

Case Summary

This case study adopts a fact-based approach to delve into the facts of Bacha Coffee. The focus of the case study is on Bacha Coffee's unique branding, sensory customer experience, global expansion strategy, and the challenges associated with maintaining a heritage image while appealing to contemporary consumer preferences. Expected outcomes include a deeper understanding of how Bacha Coffee has positioned itself in the competitive coffee market, insights into its marketing strategies, and discussions on

the implications of its Country of Origin (COO) branding approach. Please note that this case study was crafted using secondary sources and has not undergone review or proofreading by the case company. This version was written in November 2023, and it will be continually updated to provide current insights into Bacha Coffee's evolving story.

- Marketing
- Country of Origin (COO) Branding
- Southeast Asia
- Marketing Mix (7Ps)
- STP Strategy
- SWOT Analysis
- Sensory Marketing

Teaching Objectives

This case is recommended for courses related to Marketing and Branding. The potential key teaching objectives include:

- Investigate the role of sensory marketing in Bacha Coffee's customer experience and discuss its impact on brand perception.
- Analyze how Bacha Coffee positions itself in the competitive coffee market and explore the factors contributing to its uniqueness.
- Assess the rationale behind Bacha Coffee's decision to expand globally, identifying key drivers and challenges associated with entering diverse markets.
- Explore the advantages and disadvantages of Bacha Coffee's Country of Origin (COO) branding strategy and its impact on consumer perceptions.
- Investigate the target customer segments for Bacha Coffee and discuss how the brand caters to both local and international markets.

Suggested Teaching Plan

Pre-Discussion Session

It is recommended that instructors provide the case study to their students and participants at least 3 days before the discussion session, in order to allow them to understand the case and prepare for the discussion. The discussion questions are already attached to the case study. Instructors can also encourage students and learners to do some learning on the following business concepts and frameworks:

- 7Ps Marketing Mix
- Country of Origin (COO) Branding
- SWOT Analysis
- Segmentation, Targeting, Positioning (STP) Strategy

Instructors can utilize their own materials to provide extra reading to students or additional information sections to give students some understanding before delving into the case study content.

Discussion Session Plan *(for a 90-minute session)*

***Notes:** It depends on the level, program, and the students, the discussion plan for this case can be tailored accordingly, in terms of time, focus, and how to operate the session.*

Duration	Key Learning & Discussion	Supporting Information and Important Notes
10 min.	Introduction + Recap (Optional)	Instructors and facilitators introduce the case and background information. It is optional to recap the contents of the case study. The instructor can do a recap, to define the situations and the problems that the case features.

		The recommended flow is as follows: ● **The Coffee Industry in Asia** ● **Company Background: Bacha Coffee** ● **Bacha Coffee's Marketing: Reaching The Market** ● **The Challenges and Future of Bacha Coffee** ● **Theory** ○ **7Ps Marketing Mix** ○ **Country of Origin (COO) Branding** ○ **SWOT Analysis** ○ **Segmentation, Targeting, Positioning (STP) Strategy**
5 min.	Setting up groups (Optional)	Before delving into the discussion, instructors can set up smaller groups of students. One group can consist of 4-6 students. Possible ways to operate groups include: 1. Each group goes through all discussion questions of the case study, then shares opinions and discusses with other groups to gain different points of view. 2. Each group focuses on one discussion question. After the group discussion, they share with other groups the findings from their question. 3. Students discuss the questions in groups for around 5 minutes before each discussion question. This discussion session plan is suitable for the setup (1) or (2) of group discussion. Otherwise, if instructors do not choose to set up groups and instead encourage individual participation, they can jump into each discussion question right away.

15 min.	**DISCUSSION 1** Discuss the elements of Bacha Coffee's branding and sensory customer experience. How do these elements such as overall brand look and sensory elements differ from traditional coffee brands?	Give space for students/learners to share the answer. Should the instructor/facilitator want to summarize each discussion, the content for the recap can be as follows. **Branding Elements** ● Luxurious Aesthetic: Bacha Coffee exudes opulence with a sophisticated and historically inspired aesthetic. The use of gold and orange colors, intricate designs, and attention to detail in both café interiors and packaging contributes to a grand and luxurious brand image. ● Heritage and Tradition: The brand draws on its Moroccan roots, specifically the Dar el Bacha palace, adding a historical and traditional dimension to its branding. Elements of Moroccan culture and history are woven into the brand, providing a unique selling proposition compared to traditional coffee brands. ● Country of Origin (COO) Branding: Bacha Coffee strategically leverages its Moroccan origins in its branding, presenting itself as a Moroccan coffee chain. The COO branding adds a layer of authenticity and cultural richness, distinguishing it from traditional brands that might not emphasize a specific place of origin. ● Sensory Customer Experience ○ Aroma Emphasis: Bacha Coffee places a strong emphasis on the sensory experience, particularly the aroma of coffee. The enticing smell of coffee becomes a key part of the customer journey, enhancing anticipation and creating a multisensory experience. ○ Premium Presentation: The presentation of coffee in golden pots and the availability of chantilly cream and ground chocolate for customization add a premium touch. This

		contrasts with traditional coffee brands that may focus more on the taste of the coffee itself rather than the overall presentation. **Differences from Traditional Coffee Brands** ● Visual and Olfactory Emphasis: Bacha Coffee goes beyond the conventional focus on taste, incorporating visual and olfactory elements into the customer experience. Traditional coffee brands may prioritize simplicity and the intrinsic qualities of the coffee itself. ● COO Branding Distinction: While traditional brands may not heavily emphasize their origins, Bacha Coffee leverages COO branding to stand out. The combination of luxury, sensory elements, and COO branding creates a distinct positioning in the market. **Overall Impact** ● Memorable and Unique: The integration of historical, luxurious, and sensory elements makes Bacha Coffee a memorable and unique brand. This uniqueness, coupled with COO branding, sets it apart in a competitive market where traditional coffee brands might follow more conventional approaches.
15 min.	**DISCUSSION 2** What were the key drivers behind Bacha Coffee's decision to expand into multiple countries? How did it choose its target markets? Discuss the challenges and opportunities of operating in diverse markets.	Give space for students/learners to share the answer. Should the instructor/facilitator want to summarize each discussion, the content for the recap can be as follows. Bacha Coffee's expansion into multiple countries is a fascinating exploration of how a brand rooted in Moroccan tradition strategically navigates the global coffee market. The key drivers behind this international expansion reflect a blend of cultural appeal, luxury positioning, and a quest for a global market presence. The choice of target markets and the subsequent challenges and opportunities faced in these diverse environments further illuminate the

		complexities of operating a luxury coffee brand on an international scale. **Key Drivers for International Expansion** ● Global Gateway through Singapore: Bacha Coffee strategically chose Singapore as its first overseas flagship store, serving as a gateway to the larger Asian market. Singapore's cosmopolitan nature and status as a global business hub provided a platform for Bacha Coffee to attract a diverse clientele. ● Tourist Appeal: The brand's focus on luxury and opulence, combined with its Moroccan heritage, made Bacha Coffee appealing to tourists. Opening stores in strategic locations, including airports and malls, targeted both local and international travelers, presenting opportunities for gift and souvenir purchases. ● Population Density in Target Markets: Bacha Coffee expanded into countries with significant population densities, such as Malaysia and Hong Kong. Targeting densely populated areas allowed the brand to reach a larger customer base and create a more sustainable market presence. **Choice of Target Markets** ● Luxury Market Potential: Bacha Coffee strategically chose markets with a potential for a luxury coffee experience. Expanding to countries like Hong Kong, known for its affluent population, aligned with the brand's positioning as a luxury coffee provider. ● Cultural Affinity: Targeting markets with a cultural affinity for coffee and appreciation of unique experiences. Selecting countries like Malaysia, where the local market was given the opportunity to experience Bacha Coffee without traveling to other countries.

Source: Word Stream

See Additional Information

Strengths

- Unique Branding: Bacha Coffee's unique blend of luxury, tradition, and sensory experience gives it a distinctive edge in the market.
- Global Presence: The brand's expansion into multiple countries establishes a global presence and increases brand recognition.

Weaknesses

- High Price Point: The luxury positioning and high prices of Bacha Coffee may limit its accessibility to a broader market.
- Challenges in Market Perception: The perception of Bacha Coffee as a heritage brand with roots in Morocco could lead to challenges in managing customer expectations and market perception. Misalignments between customer expectations and the brand's actual

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origin may impact consumer trust and loyalty.

Opportunities
• Growing Coffee Culture: The increasing popularity of coffee in various Asian countries presents opportunities for Bacha Coffee to tap into evolving coffee cultures.
• Innovation Potential: The brand can explore innovative coffee products and experiences to stay ahead in the competitive market.

Threats
• Competition from Established Brands: Global giants like Starbucks pose a significant threat, especially in markets with well-established coffee cultures.
• Legal Challenges: Trademark disputes, as seen with TWG, indicate potential legal challenges in maintaining brand integrity and market presence.

Bacha Coffee's international expansion was driven by a combination of strategic considerations, targeting markets with luxury potential, cultural affinity, and high population density. While the brand has unique strengths, it faces challenges related to pricing, authenticity, and competition, emphasizing the need for adaptive strategies in diverse markets.
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<td>15 min.</td>
<td>DISCUSSION 3
Explore Bacha Coffee's marketing approach and how it adapts these strategies to cater to local and international consumers. How does Bacha Coffee use digital and offline marketing channels to reach its target audience?</td>
<td>Give space for students/learners to share the answer. Should the instructor/facilitator want to summarize each discussion, the content for the recap can be as follows.</td>
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Source: Lovelock 2011; Moirabari College

See Additional Information

Bacha Coffee employs a multi-faceted marketing approach that seamlessly blends tradition with modernity, catering to both local and international audiences. The brand meticulously adapts its strategies to align with diverse consumer preferences and effectively utilizes digital and offline channels for a comprehensive marketing mix.

Product • Offers a wide variety of coffee products, including 100% Arabica coffee. • The product range includes not only coffee but also non-coffee items like bakery and tea. • Products are presented in beautifully designed packaging suitable for gifts and souvenirs.	**Price** • Position itself as a luxury brand with relatively high prices compared to other coffee players in Asia. • The pricing strategy aligns with the luxurious look and feel of the brand.
Place • Strategically chosen locations with high	**Promotion** • Uses a blend of digital and offline

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<td>foot traffic, including malls and airports, to reach both local and tourist markets.
• Expanded globally, operating in 6 countries as of 2023, including Singapore, Malaysia, Qatar, and France.</td>
<td>marketing channels, including social media platforms like YouTube, Instagram, and Facebook.
• Relies heavily on word-of-mouth and has been featured in press coverage and interviews.
• The grandness of the stores and overall brand contributes to a consistent luxurious image.</td>
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<td>People
• The case study mentions the founder and executive chairman of V3 Group, Ron Sim, and the CEO of V3 Gourmet, Taha Bouqdib, who shared insights about Bacha Coffee's strategy.
• The brand's staff, including waiters, enhance the customer experience by offering recommendations based on personal preferences.</td>
<td>Process
• The customer experience at Bacha Coffee involves a sensory journey from choosing coffee varieties to the presentation of orders.
• The process of ordering, the anticipation, and the luxurious experience are well-documented by customers and influencers on social media.</td>
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<td colspan="2">Physical Evidence
• The physical evidence of Bacha Coffee includes the luxurious look and feel of its stores, products, and packaging.
• The brand's design, colors, and attention to detail contribute to a grand and sophisticated brand image.</td>
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Digital Marketing Channels
• Social Media Presence: Bacha Coffee maintains active profiles on popular social media platforms, including Instagram, Facebook, and YouTube. These platforms serve as visual showcases for the brand,
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		featuring high-quality images and videos of its luxurious stores, premium coffee products, and the overall coffee experience. • YouTube Content: The brand leverages YouTube to share immersive content, allowing customers and influencers to document their experiences at Bacha Coffee. Videos often highlight the sensory aspects of the brand, creating an online presence that goes beyond static images. • Online Reviews and Influencers: Bacha Coffee benefits from positive online reviews and influencers who share their experiences on platforms like YouTube and Instagram. These user-generated content pieces contribute to the brand's digital reputation and reach a wider audience. • Website and E-commerce: The brand's official website serves as an online hub for customers to explore its product offerings, locations, and heritage. An e-commerce platform allows customers to purchase Bacha Coffee products online, expanding the brand's reach beyond physical store locations. **Offline Marketing Channels** • Strategic Store Locations: Bacha Coffee strategically selects physical locations with high foot traffic, including airports and malls. This offline presence ensures visibility and accessibility, attracting both local customers and tourists seeking a premium coffee experience. • Word-of-Mouth Marketing: The brand relies on word-of-mouth as a powerful offline marketing tool. The unique and opulent ambiance of Bacha Coffee stores, combined with the sensory experience,

		encourages customers to share their experiences with friends and family, driving organic growth. • Traditional PR: Interviews with key figures within the company, such as CEO Taha Bouqdib, contribute to the brand's offline PR efforts. Coverage in traditional media outlets adds credibility and authenticity to Bacha Coffee's story, fostering a positive offline image. • In-Store Experience: The physical evidence of Bacha Coffee, including store ambiance and packaging, plays a crucial role in offline marketing. The brand ensures that every aspect of the in-store experience reflects luxury and sophistication, leaving a lasting impression on customers. Bacha Coffee strategically integrates both digital and offline marketing channels to create a comprehensive and cohesive brand presence. The digital channels focus on visual storytelling and online engagement, while offline efforts capitalize on physical locations, word-of-mouth, and traditional PR to reinforce the brand's luxury image and reach a diverse audience.
15 min.	**DISCUSSION 4** What role does COO branding play in Bacha Coffee's strategy? What are the advantages and disadvantages of the approach Bacha Coffee takes?	Give space for students/learners to share the answer. Should the instructor/facilitator want to summarize each discussion, the content for the recap can be as follows. Bacha Coffee's Country of Origin (COO) branding is a crucial element in its overall strategy, intertwining its identity with the historical Dar el Bacha palace in Morocco. This branding approach aims to leverage heritage, authenticity, and cultural significance to create a unique brand image. However, as with any strategy, there are both advantages and potential pitfalls associated with this COO-centric narrative.

		Advantages	Disadvantages
		Heritage Appeal Associating Bacha Coffee with the historical Dar el Bacha palace in Morocco adds a sense of heritage and authenticity to the brand. This historical connection creates a unique selling proposition, setting Bacha Coffee apart in the competitive coffee market.	**Authenticity Concerns** The COO branding strategy raises concerns about authenticity. While the brand claims roots in the 1910 Dar el Bacha palace, the extended closure and subsequent revival may lead to skepticism regarding the continuous historical presence and practices of Bacha Coffee.
		Storytelling and Differentiation The COO branding allows Bacha Coffee to tell a compelling story about its origins, emphasizing the revival of a historic coffee house. This storytelling approach contributes to brand differentiation, capturing the attention of consumers who appreciate a blend of tradition and modernity.	**Complexity and Potential Misconceptions** Bacha Coffee's COO strategy is somewhat complex, with claims of a brand revival and ownership by a Singaporean company. This complexity may lead to misunderstandings or misconceptions among consumers regarding the true origins and ownership of the brand.
		Cultural Significance The use of COO branding aligns Bacha Coffee with Moroccan culture and traditions. This cultural association can resonate positively with consumers who value diverse and exotic experiences, contributing to the brand's appeal among a global audience.	**Legal and Trademark Risks** As the brand expands globally, the COO branding tied to a specific location may pose legal challenges. Trademark disputes or challenges related to the use of historical locations could impact the brand's ability to operate seamlessly in diverse markets.
		Perceived Quality Products associated with certain regions may carry a perceived level of quality. By positioning itself as a Moroccan coffee brand, Bacha Coffee aims to leverage positive	**Balancing Tradition and Innovation** While the COO branding emphasizes tradition, Bacha Coffee must carefully balance this with modernity to meet the evolving preferences of consumers. Striking

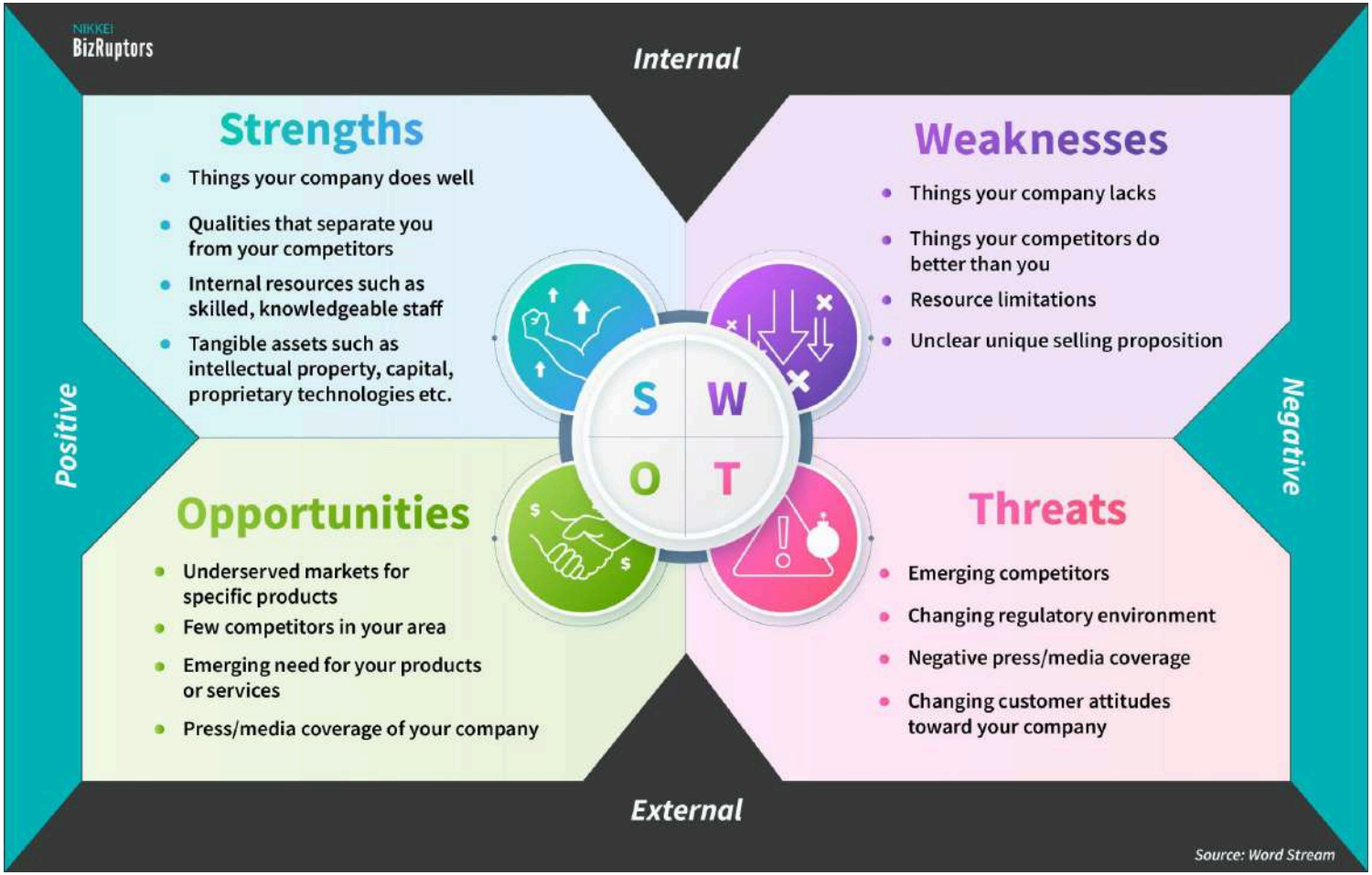
		perceptions associated with the rich coffee history of the Arabian Peninsula and North Africa. / the right balance is crucial for long-term relevance and sustained growth. Bacha Coffee's COO branding strategy carries both advantages and disadvantages. While it adds a layer of heritage, storytelling, and cultural significance to the brand, potential authenticity concerns and the complexity of the narrative require careful management. Balancing tradition with innovation will be essential for the brand's continued success in the competitive coffee market.
15 min.	**DISCUSSION 5** Identify a target market for Bacha Coffee in a specific location. How does this affect its marketing strategies and brand perception? Prepare a recommendation plan for Bacha Coffee to reach this target market.	Give space for students/learners to share the answer. Should the instructor/facilitator want to summarize each discussion, the content for the recap can be as follows. **Segmentation + Targeting = Positioning** **Segmentation** Breaking down a broad target market into distinct groups. • Identify diverse consumer segments. • Criteria: Demographics, behavior, geography. • Purpose: Tailor marketing for specific audience needs. **Targeting** Selecting the most viable segments for focused marketing efforts. • Evaluate segment size, difference, reachability, profitability, and benefits. • Focus: Concentrate resources on high-return segments. **Positioning** Defining how a product stands out in the minds of the target audience. • Analyze competitors and unique value propositions. • Create a distinct brand image. • Objective: Connect product with consumer needs and perceptions. Source: Salesforce India Blog

		See Additional Information **Segmentation** • Geographic Segmentation: Focus on customers in upscale neighborhoods or areas with a higher concentration of luxury consumers. • Demographic Segmentation: Target higher-income individuals who are likely to appreciate and afford the luxury offerings. • Psychographic Segmentation: Appeal to individuals who value cultural experiences, luxury, and exclusivity in their coffee choices. **Targeting** • Concentrated Targeting: Concentrate efforts on a specific segment, such as affluent individuals who seek a premium and culturally rich coffee experience. • Behavioral Targeting: Identify and target consumers who are enthusiasts of specialty or luxury coffee products. **Positioning** • Luxury and Cultural Richness: Position Bacha Coffee as a brand that offers not just coffee but a luxurious and culturally immersive experience. • Heritage Storytelling: Emphasize the heritage and Moroccan roots of Bacha Coffee to differentiate it from other coffee brands in the market. • Exclusive and Premium Image: Craft a positioning that communicates exclusivity and premium quality, aligning with the preferences of the

		chosen target audience.
10 min.	Wrap-Up	Instructors and facilitators will wrap up the discussion. The following topics may be discussed during the wrap-up session. ● Bacha Coffee strategically expanded into multiple countries, including Singapore, Malaysia, and France, targeting both local and international consumers, the brand aimed to captivate a diverse audience. ● With a blend of innovation and tradition in marketing, Bacha Coffee caters to local and international audiences using digital and offline channels to reach the target audience and relying on word-of-mouth marketing, supported by interviews and press coverage. ● Bacha Coffee utilizes the senses as part of branding and marketing, focusing on the human senses to build customer connection and trust in the brand ● Bacha Coffee's COO image is complex, claiming Moroccan roots with an emphasis on heritage tied to the Dar el Bacha palace while facing challenges in maintaining historical authenticity. ● Positions as a luxury brand with relatively high prices in comparison to other coffee players in Asia and targets higher middle-income earners and tourists looking for a luxurious coffee experience.

Additional Information

SWOT Analysis



SWOT Analysis Template | Source: Word Stream

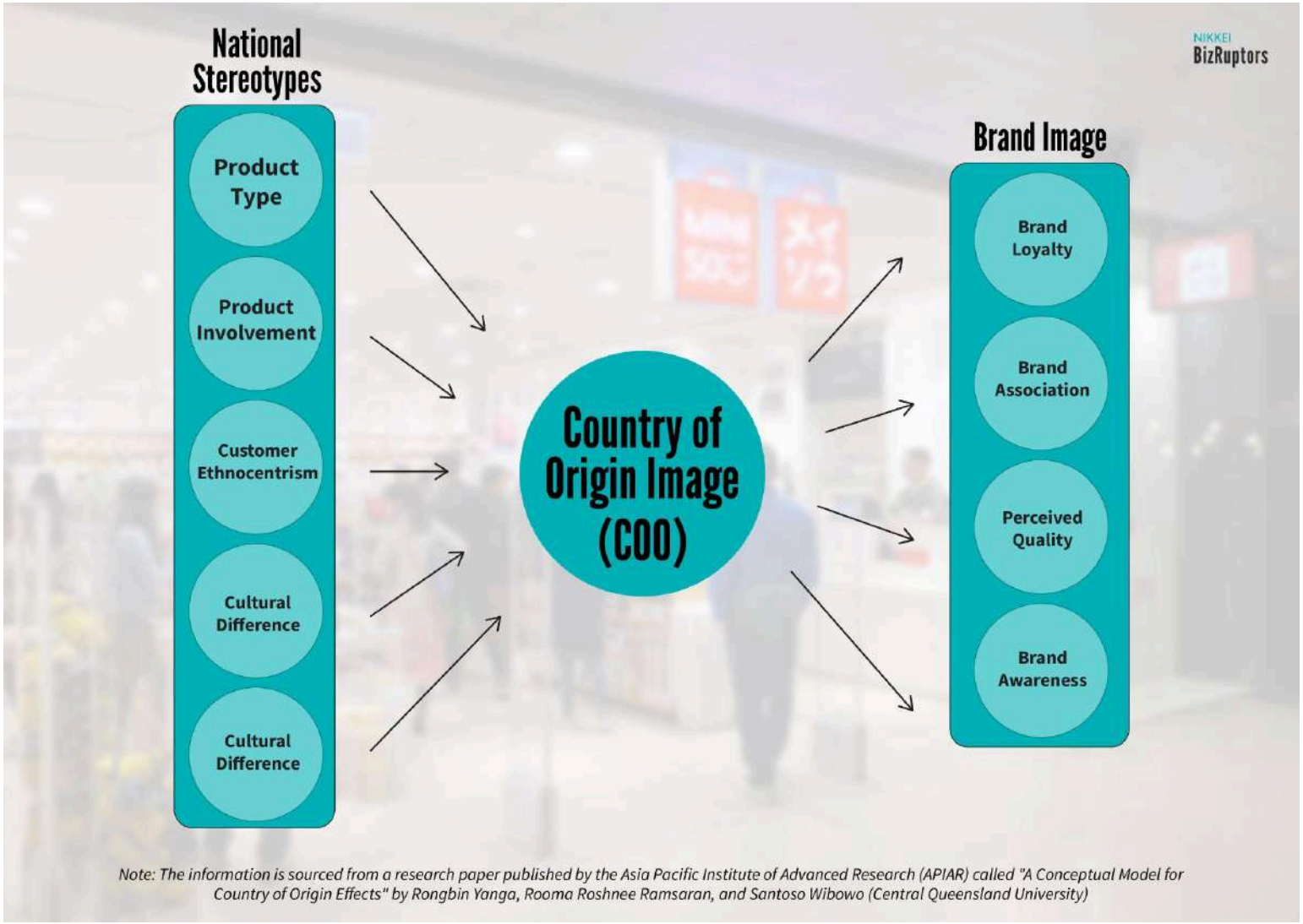
Country of Origin (COO) Branding

For a better context of the COO image, the following sources would help delve deeper into the topic.

- (PDF) Country of origin, brand image perception, and brand image structure by Yamen Koubaa (EM Normandie Business School), published by Asia Pacific Journal of Marketing and Logistics (March 2008)
- (PDF) A Conceptual Model for Country of Origin Effect by Rongbin Yanga, Rooma Roshnee Ramsaran, and Santoso Wibowo (Central Queensland University) published by the Asia Pacific Institute of Advanced Research (APIAR) (March 2016)

The COO image presented illustrates the relationship between national stereotypes, the Country of Origin (COO) image, and the ultimate perception of a brand. This information was gathered and synthesized by Nikkei BizRuptors, drawing from a research paper titled "A Conceptual Model for Country of Origin Effects" authored by Rongbin Yanga, Rooma Roshnee Ramsaran, and Santoso Wibowo, affiliated with the Central Queensland University.

Prior research into the effects of a product's country of origin (COO) has also delved into how a country's image and the stereotypes held by people can influence consumer behavior. These stereotypes can be categorized into two dimensions: "warmth" and "competence," which are determined by variables such as "status" and "competition." Importantly, warmth and competence collaborate to form various types of stereotypes.



Note: The information is sourced from a research paper published by the Asia Pacific Institute of Advanced Research (APIAR) called “A Conceptual Model for Country of Origin Effects” by Rongbin Yanga, Rooma Roshnee Ramsaran, and Santoso Wibowo (Central Queensland University)

The model's left side indicates that the Country of Origin (COO) effect is shaped by national stereotypes and factors such as "product type," "consumer expertise," "culture," "product involvement," and "consumer ethnocentrism." This collaborative process, initiated by national stereotypes, collectively influences consumer behavior, as illustrated in the diagram.

In the realm of consumer decision-making, the COO image holds significant sway. Simply put, where a product is made directly impacts how consumers perceive the brand. On the right side of the model, four crucial factors—customer loyalty, brand associations, brand awareness, and perceived product quality—directly impact a brand's overall value. The study indicates that the COO image doesn't exert a direct influence on a brand's value; instead, it indirectly shapes these four factors, as depicted in the diagram.

For instructors teaching marketing and branding, this emphasizes the importance of comprehending the COO image's impact on a brand's overall value. While the COO image may not have a direct effect, it still molds a brand's value indirectly through variables like loyalty, associations, awareness, and perceived quality. This knowledge equips students to formulate effective marketing strategies that consider the COO image of their products.

7Ps Marketing Mix of Service Marketing

Source: Lovelock 2011; Moirabari College

The 7Ps of Service Marketing constitute a pivotal framework tailored for the unique challenges of marketing intangible services effectively. This model, encompassing Product, Price, Place, Promotion, People, Process, and Physical Evidence, delves into critical aspects that collectively contribute to delivering outstanding service experiences and fostering strong customer relationships.

- Product: In the realm of services, the product is intangible yet central. It represents the core offering that fulfills customer needs. The attributes and distinctiveness of the service play a crucial role in shaping competitive scenarios and formulating effective marketing strategies.

- Price: Price significantly influences customer satisfaction in service marketing. It is often perceived as a proxy for quality, and in the intangible service landscape, it becomes a vital factor for service consumption after awareness and acknowledgment.
- Place: Place in services marketing focuses on accessibility and location utility. Proximity to the customer is paramount, and strategic placement enhances the probability of purchase. This aspect is crucial for strategizing the entire marketing mix.
- Promotion: Promotion contributes to the perception of the service by the target audience. The alignment between promotion and positioning is key. Various tools like internet advertising, special events, and endorsements play roles in building brand recognition and assessing service quality.
- People: People are central to service delivery. The demeanor of service providers directly impacts the customer experience. Effective training for personnel on customer interaction and contingency management is imperative for success.
- Process: Processes are pivotal in ensuring quality service delivery. Given the intangibility of services, well-defined processes are essential to meet standards and ensure reliability. Process mapping helps in establishing perceived dependability.
- Physical Evidence: Physical evidence is the tangible aspect customers rely on to evaluate service quality. In the absence of tangible products, cues like a clean environment and professional appearance become crucial in shaping customer perceptions.

Segmentation, Targeting, Positioning (STP) Strategy

Segmentation + Targeting = Positioning

Segmentation	Targeting	Positioning
Breaking down a broad target market into distinct groups. • Identify diverse consumer segments. • Criteria: Demographics, behavior, geography. • Purpose: Tailor marketing for specific audience needs.	Selecting the most viable segments for focused marketing efforts. • Evaluate segment size, difference, reachability, profitability, and benefits. • Focus: Concentrate resources on high-return segments.	Defining how a product stands out in the minds of the target audience. • Analyze competitors and unique value propositions. • Create a distinct brand image. • Objective: Connect product with consumer needs and perceptions.

Source: Salesforce India Blog

The STP strategy is a dynamic marketing model designed to optimize the effectiveness of a brand's communication and engagement with its audience. This strategy is a three-step process that involves Segmentation, Targeting, and Positioning.

1. Segmentation: Breaking Down Audiences

   The first step, Segmentation, revolves around identifying and categorizing diverse consumer segments. This involves analyzing factors such as demographics, behavior, and geography. The goal is to create a comprehensive understanding of different audience groups to tailor marketing strategies according to their specific needs and preferences.

2. Targeting: Focused Marketing Efforts

   Following segmentation, Targeting is about evaluating the segments based on size, difference, reachability, profitability, and benefits. This step involves concentrating marketing resources on segments that offer the highest potential return on investment. By focusing efforts on specific, well-defined segments, brands can maximize the impact of their marketing

initiatives.

3. Positioning: Defining Brand Distinctiveness

   Positioning is the final step, where the brand analyzes competitors and determines its unique value propositions. This involves creating a distinct brand image that resonates with the target audience. The objective is to connect the product with consumer needs and perceptions, ensuring that the brand stands out in the market.

The STEP Formula: Segmentation + Targeting = Positioning

This formula encapsulates the essence of the STP model, highlighting that product positioning for each target segment is different. By effectively executing these three steps, brands can direct their marketing strategy with precision and relevance.

Benefits of STP Marketing

- Improved Engagement: Tailored messages resonate better with the audience.
- Reduced Costs: Efficient use of resources by targeting high-return segments.
- Robust Product: Focused innovation based on feedback from specific audience segments.

Sources of the Case Study & Teaching Notes

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- Luxury gourmet lifestyle group explains why it chose Singapore for Bacha Coffee's flagship store | CNBC
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- STP (Segmentation, Targeting, Positioning) Marketing Strategy: A Detailed Guide | Salesforce India Blog
- How to Do a SWOT Analysis | WordStream
- The 7 Ps of services marketing | Moirabari College
- 7P's of Service Marketing: Meaning and Examples | Shiksha Online

- (PDF) Services Marketing: People, Technology, Strategy, 7th edition | Research Gate