ROLL NO: 4231

BRAND BUILDING

HANGOUT – CAKES AND MORE

OWNER – ROHAN SAMTANI

INTERVIEW QUESTIONS

1. Please introduce your brand and how it started.
2. What are the products your brand sells?
3. What is the current scenario nationally and internationally within your industry?
4. Who are your competitors?
5. Business Model and Ideal Consumer Profile
6. What is the segmentation, targeting and positioning of your brand?
7. What is your brand identity, brand image, brand positioning, brand equity, brand differentiation, brand experience and brand communication?
8. What is your brand vision?
9. What other brands do you admire and what inspires you?
10. What is the fundamental purpose behind your brand?
11. What are your brand’s values and principles?
12. What is your brand’s USP?
13. What was the last big achievement your brand celebrated?
14. How do you identify customer needs?
15. What is your target audience like?
16. What are the feelings/associations people have about your brand?
17. What problems do you solve for your client?
18. What type of relationship do you want with your customers?
19. Can you describe your logo, colours used and overall vibe?
20. How does the logo, font and colours used, communicate your brand?
21. How would you launch a new product, if you had to?
22. How would you increase brand recognition?
23. What is your marketing strategy like?
24. How does your brand come to life across the broad spectrum of media? How do you make use of technology?
25. Does your brand have any signature products?
26. What is your best selling product and why do you think it is doing so well?
27. Are you ready to take a stand on important issues, through your brand?
28. How do you recruit your staff? What are some ways the company focuses on team development?
29. As a business owner, what are your top 3 priorities?
30. Can you explain your progress from the time you started this company till today?
31. What are the main performance indicators?
32. What do you want to improve on?
33. What is your willingness to change? In what way has your brand changed over the years?
34. What are some of the dilemmas your brand has faced in the past and how did you solve it? Is your brand facing a dilemma currently?
35. What is the biggest challenge your brand has faced?
36. What are your short term goals and where do you see your brand in the next 3-5 years? (long term)
37. What does success look like for you?

INTRODUCTION TO THE BRAND (HANGOUT)

Hangout Cakes & More is a family run business which was started by the Samtani’s in 2001 and just celebrated 17 years. Their first store was in Lokhandwala, Andheri West and since then, they have expanded because they realized the importance of growing and spreading across the city. The expansion of Hangout took quite some time; about 7-8 years and has been growing ever since. They have 15 stores in Thane and Mumbai region as of now. Their core product is all types of cakes – from regular on the shelf cakes to customized cakes, dry cakes, muffins, brownies and savouries.

COMPETITION

“If you’re looking for competition on the basis of what we do and what the market is doing, I don’t consider anyone as competition. But with regards to cake as a product, there is always competition. Every area has a large number of cake shops so we are competing against the likes of one-store shops” says Mr. Samtani. “For example: Lokhandwala and Borivali have a lot of cake shops; there are 3 different cake shops next to the Hangout branch in Malad; the Kandivali branch has 4 different shops next to it in line.” Inspite of this level of competition at the product level, they’ve always made sure that with their model of business, the control remains in their hands so that they can always make the difficult decisions of changing team members, handling of the stores etc.

BUSINESS MODEL

Hangout operates under the COCO Model i.e., the company owned and company operated model of business. Currently, no one in the market who specializes in cakes, for example: Monginis and Ribbons & Balloons, uses the type of model and strategy that Hangout uses – company owned and company operated business model. All these brands operate under the franchise model of business. Hangout was the first to start in-store cake making. They always wanted to have a personalized feel that added value to the brand. Initially, they started this concept but even the brands in the market at that time, had a tendency of looking at competitors and trying to replicate what they were doing. So everyone else followed suit. As and when Hangout expanded, they realized that they couldn’t continue to make cakes within the store and so now they have a centralized production unit which caters to all branches. Therefore, Hangout was built around a more personalized feel that they’ve always tried to keep in place. Even the people working for them are treated like family and they make sure they understand what the customer needs.

TARGET GROUP

Hangout’s target audience is not the lower class or higher class but the upper middle class. Mr. Samtani says, “In today’s world, every person wants to upgrade from what they have been doing or from what their parents have been doing. For example: if you’re using an Iphone, you want the newest model. So we’re actually an upgrade for the Monginis and Merwans category of customers. We’ve always been there for the upper middle class and have always understood what they want. We want to be the first preference when it comes to cakes. If people are craving a brownie, they’ll go to Theobroma or if someone wants a butter cream cake they’ll visit Merwans. So, we want to be the first choice for cakes for the upper middle class and the upgrade for the lower class.” Hangout wants its customers to understand the value of the quality ingredients that they use and even though it’s a price sensitive market, people do understand the importance of a quality product. “No one wants to have a butter cream cake and have the after effects be negative. A Hangout product should always have a positive after effect. The customers should enjoy the product and be able to perceive the added value.”

SEGMENTATION OF THE MARKET

Hangout has never worked on an advertising or marketing campaign. Whatever they’ve done has been more of a product centric message that they’ve tried to put out to the customer. They’ve launched a lot of offers. For instance: buy 1 get 1 free, 2 dry cakes for Rs. 200 and 2 brownies for only Rs.70. So, these offers are very attractive for the lower class or people who have not been able to enter the store because of the brand being too expensive. Therefore, Hangout has been actively taking part in such activities. Another example is that they have been offering a flat 20% off on Swiggy with which they are under an exclusive contract with. Apart from their own delivery set up, they have a presence only on Swiggy as a third party platform. “Because the majority of the people in India today have a smartphone and free internet that Jio provides, everyone wants to order on Swiggy or Zomato and hardly anyone picks up a phone to call anymore” Mr. Samtani says.

BRAND IMAGE AND BRAND PERCEPTION

Hangout initially had a tagline which said ‘cakes for all occasions’ or ‘cakes for no reason.’ That message connected with their target group; for example how Coco Cola is a brand of joy and happiness. For Hangout, it has always been cakes for all occasions or no reason. They have realized that they need to change the overall vibe and look of the brand. So for an added value and upgrade for the people of the lower class, they are doing an entire rebranding activity.

PRESENCE ON SOCIAL MEDIA

Hangout was initially active on Instagram but that has died down a little. They are currently in the process of a rebranding activity which is going to take a period of 2 and a half months and post that, they want to start aggressively promoting their products on social media. They do have a presence online currently, but they are not very active.

BRAND EXTENSION

Earlier on, Hangout’s whole thought process was bringing in personalization and added value. What they have observed as a company is that the more products you launch, the more difficult it becomes to maintain all of them. The food industry especially is such that if it is not machine made, there can be no uniformity or consistency. Hangout always looks at the profitability part of any product. Mr. Samtani says, “If I am making a savoury product and I am spending a certain amount of time and getting less amount of return, it is not worth it. So brand extension or launching a new product depends on things like profitability and the amount of labour or manpower required. Nowadays everyone knows the importance of the people who are working with you or for you. So hiring a chef or the right workmen takes time. It has to be worth it and has to be what the market expects from you. If Hangout starts making ice creams tomorrow, I know we are not going to be good enough to compete with the many other ice cream brands out there. So it totally depends on market demands and what our staff and team members feel about it as well as the profits involved. According to these factors, we can take a call.”

BRAND THAT SERVED AS INSPIRATION

Back in the day, Hangout used to admire the way McDonalds worked even though they didn’t fall into the QSR category. “What McDonalds usually does is that it buys property. A friend once told me that the first question the director of Mcdonalds asked some university students was what they thought Mcdonalds was into. Everyone gave the obvious answer which was burgers. The correct answer was real estate,” says Mr. Samtani. KFC, Burger King etc. all tried to follow what Mcdonalds was successful at. The first KFC opened in Mumbai on Linking Road, Bandra bang opposite Mcdonalds. They tried to open a store wherever Mcdonalds had one. KFC at Bandra recently shut down. Everyone tried to follow what Mcdonalds did, but failed. Hangout used to acquire real estate property for the first 7-8 outlets that they had. They used to buy the property and then start their stores in that area. They hoped it was going to be a sure shot success because they had the product, a brand which was going to grow plus they were also going to gain from the value of the property. They have now realized that acquiring real estate property and continuing with it is a tough task. The process is a lot longer and is not easy. So Hangout has given up that model and has started renting the units where they’ve opened up their stores.

UNIQUE SELLING PROPOSITION

Their USP is their personalized feel and their signature chocolate cakes.

BIGGEST ACHIEVEMENT

Hangout celebrated 17 years on the 4th of August. “For us that was a big achievement because we’ve been there consistently, we’ve been growing in the market and we have loyal customers. We have stores in areas like Borivali, Kandivali, Vile Parle, Matunga where the customers are not really part of the urban niche crowd but inspite of this, the upper middle class and the lower class people are very loyal. Their first preference is us” says Mr. Samtani.

IDENTIFYING CUSTOMER NEEDS AND WANTS

Identifying customer needs and wants is the biggest challenge that any brand faces and what Hangout does is that, since it is not a publically funded brand, Rohan Samtani has always connected with the lowest level of employees. Today they are present at 15 locations and every area’s demands or every area’s customer requirements or expectations are different. For example: people visiting Hangout from Juhu or Vile Parle East will have a different perspective about the brand. Mr. Samtani says, “I have a meeting every 10 days with every store manager wherein they give their inputs and suggestions about how they can improve the business. What we’ve realized is that the company is valuing from all the feedback that we receive from customers and from our team members.” If there is the smallest of complaints or changes that they need to make, they ensure that it’s done. They then monitor the result to see whether things have improved or not. Majority of the products at Hangout are eggless. People in areas like Borivali, Mulund, Matunga, Vile Parle are 100% vegetarian. So that connects in these areas. “You need to closely keep an eye on competition and on what the competitors are doing. If they’re trying to outdo us, we have our own ways of dealing with it. We have invested a lot in training our staff. They will make sure that the smallest of things come to me and they are very loyal. Based on feedback, we make changes accordingly. I personally look at reviews and feedback on Swiggy and implement those changes. If one customer thinks a certain way, there’ll be 10 more who think the same. Therefore, if you want to grow, you have to change” says Mr. Samtani.

LOGO, FONT AND OVERALL VIBE

Hangout doesn’t have a logo as such. The font speaks about the brand and as the signature product was more to do with chocolate cakes and chocolates, the color brown came into effect. However, every company, brand and cake shop tend to stick to this color, so there’s nothing that differentiates Hangout from other stores. Therefore, the rebranding activities are going to bring about a change in this aspect too.

PICKING UP ON TRENDS AND IMPORTANT ISSUES

With the removal of Section 377, Hangout used the LGBTQ colors on their cupcakes and pastries and promoted them actively. So as a brand it does pick up on trends and important issues.

RECRUITING STAFF

“The most difficult task is in today’s world is getting the right man for the right job,” says Mr. Samtani. “None of our store managers are hotel management graduates or qualified to do what they’re doing. We’ve spent a lot of time training them so I realize that if I’ve picked up someone who’s absolutely raw and promising and who can be a long term asset for the company, at the store level for example, we mould and train him/her so he/she is able to handle work. Today, if I try to hire someone from Café Coffee Day or Starbucks, my expectations will be so high that if he doesn’t deliver according to what I’m paying him, it will be very disappointing. The people who have been working with us from the start are able to perform better than new employees.” Hangout has a good 3-4 year process wherein they try to mould the person from delivering a cake to being a part of the counter sales team, then making him/her the chef manager and eventually putting him up to the level of an outlet manager. It is all based on potential. “Now if you’re expanding to a new area, I wouldn’t like to have a new person or new recruit handling that area. I would want my experienced person to also be a part of it. It should be a good mix of energy and experience,” says Mr. Samtani.

PRIORITIES OF A BUSINESS OWNER

Mr. Samtani’s first priority as a business owner is to change constantly and not remain stagnant. Being a part of this business for the past 10 years – he started when he was 16 whilst continuing to study, finished his hotel management and master’s degree – he’s realized that the changes and trends that took place 10 years ago are nowhere to be seen today. The most unloyal set of people in the target group is the youth. The youth constantly shift loyalties. It is more about Instagram and Snapchatting rather than liking what they eat. It’s become all about the visual. “We believe in value for money,” Mr. Samtani says. “I don’t want to be charging an exorbitant amount without giving anything in return. Our main aim is profitability but it is also to sell cakes and spread our name across every household. At times we tell customers to order from Swiggy and get a 20% discount instead of ordering directly from us. So I always tell my team and my customers that my main aim is not to save on commission or what I’m doing with Swiggy but to ensure that you should have a Hangout cake at the end of the day.” His second priority is value for money as mentioned previously. His third priority is to spread across the city and be a pan Indian brand soon. Hangout already has a presence in major parts of the city and Mr. Samtani’s next aim is to cover Navi Mumbai as an area and expand into Gujarat. He says that only then will Hangout be recognized as a pan Indian brand. Being a part of the food industry, you need to have a presence in atleast 3 cities if you want to go pan Indian.

MAIN PERFORMANCE INDICATORS

The main performance indicators are numbers – sales figures. Mr. Samtani measures performance according to the quantity of cakes that go off the shelf and the number of special orders they get for every occasion. The second performance indicator is the demand that they get from areas that they are not present in. It makes them think about that area. They never had a store in Malad and Kandivali when they were a one store company but they still got a decent amount of orders from those areas. So that’s how they realized that these were the areas they needed to get into. Recently, they have gotten a lot of orders from Navi Mumbai and so they’ve realized the importance of setting up shop there. Hangout has a lot of Gujarati, Marvadi and Jain customers. Hence, they realize the importance of getting into a market like Gujarat.

SCOPE FOR IMPROVEMENT

The main aim of Hangout as a brand is improvement of their brand image. For that reason, they are investing heavily into improving that area of their business. They want to change the perception for those who don’t find that connect with their brand. Therefore, the aim is to help them find that connect.

THE WAY THE BRAND HAS CHANGED OVER THE YEARS

What Hangout has realized as a company is that if you want to grow, you have to let go of wanting personalization. “You yourself cannot be there at all times” says Mr. Samtani. “I cannot be present at 17 locations and then tomorrow at 50 locations. What I can do is have my team trained well enough to understand what the customer needs. We have all our team members on a Whatsapp group on which we keep a track of the smallest things and are in touch constantly. The smallest of queries are put on the group because when there are so many people involved, something or the other is bound to happen. There have been times when we have dispatched a cake or product and during the transit period, it gets damaged. For example: all the pillars of the cake collapse. What would you do in this situation? You have to take quick decisions. Do I have to make another cake and send it to the venue? So, inspite of the heavy traffic we make sure that we arrange 2 people who leave from our production unit with the necessary raw materials in order to repair the damaged product so that the customer is satisfied.

CHALLENGES FACED IN THE PAST

Hiring the right man power was a problem initially but they’ve dealt with that and ensured that everything can be taken care off. Another challenge was delivery on two wheelers. “Market rate for hiring a delivery boy is more than what it is for an MBA graduate” says Mr. Samtani.

SHORT TERM GOALS

Mr. Samtani says that they have short term goals every month, like reaching targets, doing better every festival and having something or the other every month. They also compare what they’re doing now to what they did last year and how they want to improve on business. So these short term goals eventually become long term goals. Many small short term goals lead to achieving long term goals.

FUTURE OUTLOOK OF BUSINESS

Mr. Samtani sees Hangout spread across 4-5 cities in the next 5 years, although he can’t determine the size of the cities. Everyone will soon see the brand everywhere in the city of Mumbai. He promises that there will be a Hangout store every 4 km in a majority of the areas, atleast in Thane, Mumbai and Navi Mumbai with the same level of quality and uniformity that you wouldn’t see in any franchise based company.

SOLUTION FOR DILEMMA

According to me, a solution for increasing awareness about Hangout as a brand is to start aggressive marketing and advertising campaigns after the rebranding takes place. Branding is about building consumer trust in an organization’s products. Globalization and communication mediums are making a wider target audience possible. As a result, companies are investing heavily into marketing campaigns that can boost the value of their brand. Companies like Nike, Inc. understand the impact the brand value has on their sales and profits. They also understand the need for stakeholders to believe in a brand. Hence, they spare no expense when recruiting the athletes that will help project the desired image. Therefore, Hangout should follow suit in order to become more successful than they already are.

CONCLUSION

In conclusion, Hangout has stuck around for 17 successful years which is a massive achievement for everyone involved in this company. I myself have been a loyal customer since the time I moved to Lokhandwala, and I know for a fact that Hangout is a household name for most of the residents living in this area and that it will continue to be so if it successfully re invents its brand image according to what everyone expects of it. It has constantly been providing quality products and service and has many positive associations attached to its brand name. This paper went over various brand elements and key features of business in order to understand what goes into the process of creating and maintaining a successful brand which caters to the needs of a wide spectrum of people in the market.

BIBLIOGRAPHY

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SOURCES/REFERENCES

Rohan Samtani – Director (Hangout)