

Patchi : How marketing made ordinary chocolate luxury?

Nikoloz Turazashvili

Group UVA2D1

Department of Commerce

Supervisor: Ieva Bruksle

1. Introduction.

Many products that we use nowadays on a daily bases have become luxury goods only by uplifting their looks and prices just to make wealthy layers of our society be able to consume them just like anybody else but also be proud of it and be able to show and talk about it to others. Some examples are mobile phones like Vertu (which is not functional at all and reminds a phone from 90s by being able only to call and send an SMS), fashion, cars and...chocolate. How many people are willing to buy expensive and luxurious chocolate? – you would ask. Apparently, plenty!

In this short research paper I would like to look deeper into this topic. We will explore the reasons, which can motivate customers buy Luxury goods and as a specific example we will look at Patchi, luxury chocolate brand.

2. History.

First of all, we will need to look into the history of Patchi's creation, where it came from, what are the vision, mission and values of the company and what kind of strategy in communications it has right now.

It all started with a dream and an 11 year old boy who was fascinated by the universe of chocolate: Nizar Choucair. As he grew older, so did his passion until it became a dream come true. A pioneer and innovator, Choucair knew that chocolate had the potential to become something even more special. He felt it had the power to bring added joy to people. With these beliefs as his muse, he was inspired to create something new. This creative concept embodied transforming chocolate into gift items. Patchi was born.

1974 marked the start of this premium brand's rise to success and path to win the hearts of many. Their name tells a tale of exclusivity. It symbolizes a brand celebrated as the creator of the chocolate gift and a trendsetter in the world of premium chocolate.

3. Products diversification

A chocolate brand that wants to become a luxury cannot produce just tasty chocolate, it has to create an imaginary world around it, make the customers feel that by buying this chocolate they are actually purchasing some type of power, that they feel a part of exclusive society and show it to everyone else. Basically, what makes Patchi different from simple chocolate? Yes, branding and its marketing strategies.

Today, Patchi is the chocolate brand which leads in the Middle East. (It is a region centered on Western Asia and Egypt http://en.wikipedia.org/wiki/Middle_East) It is winner of ISO (International Organization for Standardization) is an independent, non-governmental membership organization and the world's largest developer of voluntary International Standards. <http://www.iso.org/iso/home/about.htm>) 2000 – 1901 year award for quality management. In July 2008, Patchi collaborated with Harrod's to produce the most expensive box of chocolates. Patchi also cares about local tastes and it makes customized menu for local events and festivals. First of all Patchi is a luxury brand of chocolate. It has menu of chocolates with all-natural and premium ingredients. The Patchi Chocolate Menu contains a list of over 50 varieties. The menu is famous for integrating roasted nuts (hazelnuts, pistachios, almonds), Gianduja, orange peel, dried Strawberry bits, and more. Recently, Patchi introduced 5 new exotic flavors to its menu with Cotton Candy, Cheesecake, Peanut Butter in some of the recipes. Though Patchi is a luxury brand of chocolate it goes beyond the boundaries of its market. Patchi can compete not just with other chocolate producers but with other luxury gift producers. For example Patchi created an elegant chocolate box that carries the Casinos Logo. The materials used reflects the richness of this giveaway: The cover is made of black leather and the hot stamping is in gold. **This box can compete with leather diary book by [Smythson\(link\)](#)**. Prices of [Patchis' products\(link\)](#) and [Smythsons' products\(link\)](#) are about the same. Consumers purchase Patchis' products as a sterling gift.

To see the difference in Patchi's actions from those of "simple" chocolate brands, I will compare it to an ordinary chocolate brand "Milka". In fact, we will look at their marketing strategies, quality of chocolate, positioning, targeting etc.

4. Marketing.

4.1 Marketing strategies of Patchi

- **Expansion:** The business is well expanded and properly established at 29 countries spread amongst the globe with a great deal of **focus on the Middle East** – The Home of Patchi – as well as recognizable presence in North Africa, Asia Pacific, etc. Countries are: Armenia, Azerbaijan, Bahrain, Brunei, Canada (Online), Egypt, France, Chinese Hong Kong, India, Indonesia, Ivory Coast, Jordan, KSA, Kuwait, Lebanon, Malaysia, Mexico (Online), Morocco, Oman, Philippines, Qatar, Syria, South Africa, Tunisia, UAE, UK, Ukraine, and USA.
- **Patchi's competitive advantages :** "A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or *deliver benefits that exceed those of competing products* (differentiation advantage)." (Types of Competitive Advantage and Analysis Wang, Wen-Cheng Department of Business Management, Hwa Hsia Institute of Technology 111 Gong Jhuan Rd., Chung Ho, Taipei, Taiwan, R.O.C, May 2011)
Its elegant and innovative packaging, and product customization. They also write a personal message on the lid which gives a sense of individuality to each item. It promotes itself as a lifestyle not only as a brand. Their concept is promoted based on the finest quality with custom filled interior decors based on particular themes.
- **Advertising campaigns :** "An advertising campaign is a series of advertisement messages that share a single idea and theme which make up an integrated marketing communication (IMC)." (Belch, George, and Belch, Michael, eds. 2004. Advertising and Promotion: an integrated marketing communications perspective. MacGraw-Hill/Irwin.)
Patchi work with Leo Burnett Company- biggest multinational advertising agency
Patchi's previous advertising campaigns consist of different kinds of advertisements like commercials on television, many different ads and pictures billboards on the street and in malls, and in newspapers and magazines.
Also Patchi uses Online marketing.
- **Patchi's marketing and communications goals :** to inform their target audience and increasing their brand awareness, then to build the consumer's interest, after that they will influence and

persuade the consumer's beliefs, attitudes, and purchase behavior. Through these, Patchi will enhance the consumer's purchase actions, and finally increase their sales and market share.

4.2 "Milka"s' marketing strategy.

Why a Company Needs Marketing Strategy?

- Goal of Marketing Strategy is to identify and create competitive advantage, is a logical sequence and also includes a series of activities leading to setting goals and formulating marketing strategies and tactics to achieve objectives with financial consequences resulting from applying the proposed strategies. (Baker, Michael The Strategic Marketing Plan Audit 2008. ISBN 1-902433-99-8. p.3)
- Milka is a part of Mondelez International. It was founded in 1901 by the famous confectioner Philippe Suchard. Today Milka is one of the leading brands in for chocolate sweets.
- Mission Statement: "We believe a little Milka chocolate can go a long way to making the world a more tender place."Milka's logo is handwritten and makes association with childhood and tenderness.
- Why cow?
The milk from alpine cow is better, hence the chocolate will be more tender. Today the Milka cow - one of the most successful advertising images.
- Customer - driven Marketing Strategy.
- The customer is in the centre of Milka's strategy. four dimensions of the strategy: segmentation, targeting, differentiation, positioning
- Segmentation: "The division of a market into identifiable groups, esp to improve the effectiveness of a marketing strategy"(Collins English Dictionary - Complete & Unabridged 2012 Digital Edition © William Collins Sons & Co. Ltd. 1979, 1986 © HarperCollins) geographical segmentation, demographical segmentation - segmenting the whole market on age, family life cycle, income.
- Targeting: Target groups ("A specific group of consumers at which a company aims its products and services; <http://www.investopedia.com/terms/t/target-market.asp>) - children, teenagers, middle age people, and mainly families with average income, everyone who loves the tender taste of the good chocolate.

4.3 Differentiation.

There can be many talks about quality and flavors and all those sorts of things but we know that the main differentiator for a luxury product is not how it tastes but how it looks and how personally-fitted for you it feels and how it makes you stand out in the society. So, below I gave some facts that Patchi describes itself but the main details are all about wrapping, packaging and feelings the purchase of this chocolate brings.

The Patchi differentiator:	The Milka Differentiation:
<ul style="list-style-type: none"> • Highest quality cocoa sourced ethically and blended with finest ingredients • 100 % natural ingredients, no preservatives are added • Feeling of lightness after eating, unlike conventional chocolates • All Patchi chocolates are wrapped to preserve flavours • Every Patchi chocolate is individually packaged by hand • Bespoke chocolate arrangements • Personalisation With Patchi everything is possible 	<ul style="list-style-type: none"> • purple colored package • the purple cow • Milka is produced with Alpine Milk • Positioning: Milka aims to attract its consumers' perceptions, impressions and feelings. • Values - based on innocence, feeling young at heart. The consumers appreciate the values of the company and associate themselves as part of the brand. • Strong advertising campaigns: The ads provoke customers' perceptions.

And now we can look at these 2 brands and their strong and weak sides to identify where luxury brands win and where they are not seen as strong:

Name	Strengths	Weaknesses
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Patchi	<p>Is that it customizes to local tastes and for local event and festivals.</p> <p>Has a good brand position and very good quality.</p> <p>Has over fifty varieties of exotic flavors for example cotton candy, cheesecake, peanut butter, etc... and has a large product line.</p> <p>Uses natural and premium ingredients and has 145 boutiques fairly distributed according to the market demand.</p> <p>Has a corporate website to raise brand awareness and sales in corporate sector. The company uses e-commerce effectively as one of its marketing strategies. Every three months, the company does a SWOT analysis to improve their brand and strategies.</p>	<p>Its high advertising expenses.</p> <p>Its lack of consumer diversification because they only target high end society consumers.</p> <p>Its high cost of products</p>
Milka	<p>Well-known brand name</p> <p>Good brand image</p> <p>Good advertising techniques</p> <p>Strong supply chain</p>	<p>Geographic constraints</p> <p>High prices for some product, like ice cream (It's not luxury product so high price here is a big weakness).</p>

Conclusion.

So what is answer of question: How marketing made ordinary chocolate a luxury?

In my opinion, Patchi is a very successful company with one of the best marketing strategies, and is one of the best Lebanese companies that have moved abroad. It is a very modern, well known and sophisticated company with an excellent history, and background.

I think Patchi became luxury because of:

- 1) Its location: Middle East is famous of its richness (UAE, Saudi Arabia, Qatar).

- 2) Packaging: it is elegant, innovative and unique. Patchi makes unique goods. They care about individuality of each item. For example, for corporate gifts they use their corporate logos, names, etc. It makes goods exclusive and the brand which produce it becomes luxury.
- 3) High-end advertisement also made Patchi luxury in eyes of customers. It always uses gold color in its logo, billboards and etc. Gold definitely uplifts the brand value of any company.
- 4) High-level service in shops. Customers experience luxury type of shopping and service like they would in Chanel or Prada shops.

Of course, Patchi will have to think at some point whether to produce at low-cost line of goods to attract more customers. It was done by many luxury companies like Moschino, Dolce&Gabbana and Marc Jacobs. There are some pros and cons.

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