

BreadTalk: Continuous innovation to keep the brand fresh

Published: 22 August 2016

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It was December 2012, and Joyce Koh, Senior Vice President of Brand Development at BreadTalk, was examining the company's preliminary growth statistics for 2012 with a view to developing its future brand strategy.

Founded in April 2000, BreadTalk entered Singapore's traditional bakery industry with a unique positioning: it was projected as a professionally run business; its stores were located in the major malls in central parts of Singapore; the kitchens were open plan so customers could see how the bread was made; and its products were a fusion of traditional bakery favourites with a modern twist.

BreadTalk prided itself on having a culture of "creative differentiation" – and strived to stay "fresh" by continuously changing and adapting to consumer demand, and "relevant" by offering localised and customised products with something for everyone.

To this end, the company launched a new range of products every six months in line with seasonal trends, social events, and festivals. For instance, BreadTalk outlets sold panda-shaped products to raise funds for the victims of the Sichuan earthquake and rocket-shaped products to celebrate China's first astronaut in space.

Having established a robust brand at home – 20 thriving outlets in just two years – BreadTalk began to consider expanding its footprint to other countries in the region. In its first year alone, the company had received over 1,000 inquiries for franchising from firms in Singapore as well as other Southeast Asian countries.

In 2003, BreadTalk opened its first overseas outlet in Jakarta, Indonesia. The bakery was an immediate hit with monthly sales touching SG\$300,000, higher than the revenue per store in Singapore.

China too presented an attractive business opportunity, and BreadTalk soon inaugurated its first outlet in Shanghai in the same year. With its fresh breads, appealing product range, and localised flavours, it established itself as one of the top three best performing tenants in Shanghai's prestigious Raffles City.

Along with rapid international growth, BreadTalk also expanded into new brands. Within the bakery business, BreadTalk maintained its position as the company's cornerstone brand, with Toast Box, Thye Moh Chan, and Bread Society each having its unique, niche following.

Publication: Singapore Business Review

Date: 22 August 2016

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The bakery segment contributed to more than 50% of the BreadTalk Group revenue. The restaurant business unit, which included franchised businesses like Din Tai Fung, RamenPlay, and Carl's Jr., represented 22% of Group revenue. And the food atrium business accounted for about a quarter of the group's business.

By 2012, the BreadTalk Group, which consisted of eight different brands, had turned in a record performance for the year, with revenues increasing by 22.3% over the previous year. With 609 bakery outlets, 47 food atria, and 30 restaurants across 15 countries, BreadTalk had, in a span of 12 years, become a premier lifestyle bakery brand in Southeast Asia, China, and the Middle East, as well as a cherished household name in Singapore.

BreadTalk had turned Singapore's humble bakery business into an international lifestyle concept. The company had built a culture of constantly engaging with customers, understanding their requirements, and developing creative products with a unique blend of Asian and European flavours that would excite its customers. The challenge was to keep this momentum going.

The competition in the bakery industry in Singapore and abroad was getting fierce, and customers were becoming more demanding. New markets offered both opportunities and challenges. And customers had come to expect a constant stream of innovative products from the bakery chain.

As BreadTalk entered its mature stage of growth and came head on with the challenges of international expansion, Koh wondered if the company's business model was equipped to identify and address the risks associated with global brand management. Was the brand positioned well to seize future opportunity?

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