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Final Brand Audit: 85°C  
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### **85°C Bakery Cafe**

#### **Personal Anecdote:**

I would like to open this brand audit with a personal anecdote about 85 Degrees. I first experienced this brand in early 2010 after moving to Los Angeles, when a friend in Hacienda Heights brought me to one of the only two establishments opened in the United States. I was immediately enamored by its coffee and breads, and regularly made a weekly trip (or at least a monthly trip) east from Mid-Wilshire to Hacienda Heights to get my weekly dose of coffee. I lived for their coffee, and advocated to everyone I met that I found the best coffee in the world. I lamented the fact that I had to drive 45 minutes every week out east to access it, and the line would normally be out the door and into the parking lot, though it often moved pretty quickly. I was amazed that though I had never heard of the bakery café before, 85 Degrees had *fans* that would regularly return for its creative selection of baked goods and smooth dairy-free yet creamy coffee. I was so hooked on its selection that there was a point when one of my friends in East L.A. would deliver it to me weekly. I also exposed every one of my friends to the brand, purposely making an event out of driving to my favorite coffee spot. So far, I have taken around 20 friends and family to various 85 Degrees locations, and each one has raved about the coffee's quality, including a friend who considers himself a "professional coffee connoisseur." In addition to celebrating my favorite coffee, 85 Degrees also bakes my favorite breads and pastries, and I have celebrated every single birthday since 2010 with their cakes. Until their rapid expansion in 2015, I had made it a goal to visit each and every 85 Degrees in SoCal. Over the years and after hearing and discussing feedback as an avid brand follower, I have accumulated a history of primary research and brand experiences that go beyond the data that is offered online. I chose this brand for my brand audit because I have been a fan of the brand from the first moment I was introduced to the company.

## **PARTS 1 & 2: Brand Inventory, Image and Strategy**

### **Heritage:**

Founded in 2004 with its first store opened in Taipei, **85°C Bakery Cafe** (“85 Degrees”) is a Taiwanese chain of coffee shops and self-serve bakeries (and which, for the sake of this paper, I shall categorize as a “teahouse bakery”) run by Gourmet Master Co., Ltd. Nicknamed the “Starbucks of Taiwan,” in Asia, the company makes over \$200 million in yearly revenues, with over 800 branches in Taiwan, China, Australia, Hong Kong, and the United States. For the first few years of its U.S. market entry, its initial locations were chosen in high-Asian demographic locations. The first U.S. location opened in Irvine, CA in 2009, followed by its second location in Hacienda Heights in 2010, and third location in West Covina in 2011, reaching a total of 10 SoCal locations by 2015, including Gardena, Torrance and Pasadena. Now that it is more established in the United States, 85 Degrees is beginning to expand to more non-Asian centric areas. For example, 85 Degrees is soon opening its 19<sup>th</sup> U.S. location in downtown LA by the 7<sup>th</sup> Street Red Line Metro Station.

Its name, 85 Degrees, is derived from the Celsius temperature at which the company brews espresso coffee because, according to their website, they “believe that the coffee holds its flavor best” at that temperature. In their words, “85 degrees symbolizes [their] devotion to provide coffee of the highest quality.” The brand was conceived when its founder, Mr. Wu Cheng-Hsueh, decided to open a café that would offer “five-star quality coffee, cakes, and breads” at affordable prices.

To align its brand positioning with its service, 85 Degrees is led by all-star quality master chefs (many with gold and silver medals from international pastry competitions) that develop the menu and regularly change up the offerings and designs of the breads and cakes in order to remain innovative and diversified.

## Brand Inventory:



Name:

Font: Modified AGaramond LT Bold for "85°C" & AvantGarde LT Medium for "Bakery Cafe"

Symbol:  (2004 - 2013),  (2014+)

Packaging:



Clear plastic for iced drinks



Paper cups for hot drinks (on right) and for the Iced Sea Salt Caramel Coffee (on left)

**Slogans:** There are several slogans. The primary slogan that consumers hear is "*Fresh Bread!*" which is what employees shout when freshly baked goods come out from the kitchen and are placed in the self-serving area; however, the official slogan is "*Sweeten your life,*" which is found on the Taiwanese main website and on mugs/merchandise, the phrase. According to Wikipedia (which I disagree with), the official slogan is "*Low Price Luxury,*" which may actually be more of its **mantra**, because it does not appear anywhere within the company, its items, or its lingo.

**Official Positioning Statement:** "85 Degrees is a café and bakery specializing in espresso coffee, flavored beverages, decorative cakes, and freshly baked breads. We use premium Guatemalan coffee beans and service the freshest gourmet baked goods."



**Product Offerings:** Coffee, cakes, teas, and sweet & savory breads.

85 Degrees describes its breads as “soft and fluffy,” its coffee “strong and bold, but not bitter,” and its cakes “light, but rich and flavorful.”

- **Coffees and Teas:** 85 Degrees offers coffees, teas, and smoothies almost all of which are available as both “hot” and “iced.” Almost all iced drinks allow for boba. Here are a few iconic drinks that are among fan favorites:



Iced Sea Salt Coffee\* (and flavors: Sea Salt Jasmine Green Tea and Sea Salt Mountain Green Tea)

\*Note: Iced Sea Salt Coffee contains sweetened iced coffee topped with cream that is whipped with sea salt, which further accentuates the coffee flavor.



85° Coffee (hot and iced). Frozen Marble Taro Passion Fruit Green Tea

Note: it is served with non-dairy creamer and sugar by default

**Full beverage list:** *Coffee (available as both hot and iced):* Americano, 85°C Coffee, Cappuccino, Macchiato, Café Latte, Caramel Latte, Hazelnut Latte, Mocha, Vanilla Latte, White Mocha, Sea Salt Coffee (hot upon request, but by default only offered iced in the U.S.A.); *Tea (available as both hot and iced):* Jasmine Green Tea, Black Tea, Mountain Green Tea, Milk Tea, Boba Milk Tea, Coffee Jelly Milk Tea, Caramel Milk Tea, Green Milk Tea; *Exclusively Iced Teas:* Iced Sea Salt Jasmine Green Tea, Iced Sea Salt Mountain Green Tea, Iced Passion Fruit Green/Black Tea, Iced Peach Green/Black Tea, Iced Grapefruit Green Tea, Iced Citrus Green Tea, Lemon Iced Tea.



- **Cakes & Pastries:**

All of the pastries are created as a fusion between French and Asian styles. Chefs prepare their pastries following the “85° Yudane,” which is a custom culinary technique invented in Japan where chefs mix quality flour with 185°F water to create “an extremely moist and elastic dough that’s truly one-of-a-kind.” As a result, their “Yudane bread” is soft, rich in texture, and contains more nutrients than other mainstream breads.

The cakes are beautiful in design, around \$25-29 for whole cake, and about \$2.50-3.00 for a slice. There are also panna cottas, tarts and other small treats among the cake aisle. Here are few examples:





Around U.S. and China holidays, 85 Degrees also offers special *limited edition* sweet and savory pastries. For example, in the far right image, customers are picking out moon cakes that specially commemorate the Mid-Autumn Festival (*Zhongqiujie*) time of year in Taiwan.

**Breads:** Almost all of the breads are artisanal and savory. Popular varieties include the marbled taro bread, calamari stick (squid ink) bread, mocha bread, and potato cheese bread, among dozens of others. The breads (unlike the drinks and cakes) are *self-served* as customers carry trays and personal tongs. Upon checkout, the staff places each bread into individual plastic sleeves and a box for freshness.





**Merchandise:**

- *Mugs:* Every anniversary of each store's opening (including its grand opening), 85 Degrees sells special commemorative coffee mugs, and gives one away for free for each \$20 spent. Examples:



Torrance grand opening mug



Hacienda Heights anniversary mug



Pasadena grand opening mug

**Brand Awareness:** 85 Degrees is tremendously famous with over 800 stores (mostly in Taiwan), ranked the “#1 Coffee Brand in Taiwan,” far outcompeting Starbucks. Asian demographics (namely Taiwanese, Chinese, and Honk Kongese) that live in Australia and the USA are also familiar with it because of its heritage. However, in Western Culture, awareness has been very low. Because most advocates are Asian, the brand has centered its primary U.S. locations in Asian demographic neighborhoods. Its first location in the USA was in Irvine, CA in a Japanese strip mall called Diamond Jamboree. According to 85 Degrees, it “quickly became a phenomenon that attracted lines out the door,” and even to this day, it remains the busiest location, despite being the smallest in size.

Its second location was established in Hacienda Heights, about a 30-minute drive east from downtown LA. Its third location in West Covina, and its following locations also in Asian demos were indicative that the brand played it safe, slowly introducing its company to Asian-type areas around the main city before tentatively dipping its toe into the waters of Pasadena by 2014, which is a border location between White demographics south and west, and Asian demographics east and southeast. While the awareness is still generally low on an aggregate scale in the USA, the company is finally pushing forward to open its first location in downtown L.A. by the 7<sup>th</sup> Street Metro Station, a neighborhood not primarily known for Asian demographics. While an experimental location, it is also strategic since it will drive up awareness quickly due to high population and foot traffic.

**Marketing, Advertising Themes, and Brand Building:** ALL of 85 Degrees’ brand building has been publicity-driven. Western awareness of any marketing efforts is extremely low, and not a single example is found in either English or Chinese online. That could also be attributed to *not needing* to advertise, because just its publicity alone keeps its customers *flocking* to its doors with massive lines. The brand has *needed* to expand its locations in order to economically balance its supply and demand.



One primary publicity method is a typical sight: *massive lines* outside of 85 Degrees:



Relating to these lines is another publicity method in which Western awareness increases: *Word of Mouth*. Advocates of the brand are typically very strong and tend to repeat business often. The third way that 85 Degrees increases awareness is through *local media coverage*, ranging from local NBC news to local online magazines such as OCWeekly<sup>1</sup>. A fourth way that 85 Degrees builds awareness is through *catering tents/tables* at events (though it is unlikely that these tables are company-sponsored, but rather sponsored by local advocates, thus driving more word of mouth). One such event occurred at UCLA in early May, in which students were selling 85 Degrees products as part of a bake sale. A fifth way is through *online videos* that fan advocates love to post on YouTube and other digital channels. In just one Google Video search, *30.5 thousand* videos have been uploaded in English alone, and feature customer experiences, reviews, and taste tests.

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<sup>1</sup> OCWeekly interview-related publicity: <http://www.ocweekly.com/restaurants/on-the-line-85-c-bakery-cafe-part-one-6631860> and <http://www.ocweekly.com/restaurants/on-the-line-85-c-bakery-cafe-part-two-6631844>

**Official Social Media Channels:**

Platform	Reach	Activity	Content
<p>Facebook:</p> <p>There is a main company page for USA, and then many individual 85°C pages</p> <p>Each 85 Degrees location has its own FB page; there is a serious lack of brand unity when it comes to public communications</p>	<p>85°C USA: 8,791 Likes</p> <p>Gardena: 1775 Likes</p> <p>Irvine: 16,665 Likes</p> <p>Etc, for each store</p>	<p>USA Check-ins: 248,266</p> <p>Gardena Check-Ins: 15,322</p> <p>Irvine Check-ins: 77,739</p> <p>Etc, for each store</p>	<ul style="list-style-type: none"> <li>• Sales promotions</li> <li>• Instagram type “food story” photos</li> <li>• Food photography</li> <li>• New product intros</li> </ul>
Twitter:	711 Followers	733 Tweets, 460 Likes	Repeat FB post content
Tumblr	N/A	N/A	Shared fan images/posts relating to 85 Degrees
Instagram	4,594 Followers	187 posts	Food photography, Photoshopped pics
YouTube, and other social media:	N/A	N/A	N/A

**Taiwan Website:** [www.85cafe.com](http://www.85cafe.com)

**U.S. Website:** [www.85cafe.us](http://www.85cafe.us)

**Sub-brands:**

- *85°C Coffee*
- *Sea Salt Coffee* (not officially branded, but differentiated and perceptually branded by consumers)
- *85°C Daily Cafe* – new “express” business first opened in Sydney, Australia in 2015 and now spreading globally, including Asia with a smaller selection of breads:



- *85 Degrees Sweets Card* (also called “*The 85°C Bakery Café Reloadable Gift Card*”) – a pre-paid gift card used to purchase products and merchandise at any 85°C in the USA until full balance is used.
- *85° Yudane* – A custom culinary technique inspired by Asian and French fusion, where chefs mix flour with 185°F water to create a uniquely moist and elastic dough unlike any other that produces extremely soft, richly textured and nutritious bread.

### CUSTOMER REVIEWS:

#### **Samples from 5 Star Reviews:**

- “This place is hands-down my favorite bakery! You can't go wrong with anything they sell here, they bake everything **fresh** and the variety is great.”
- “**Sea Salt Iced Coffee** was recommended to me by the cashier and it was amazing! It took everything I had not to guzzle it down in a few seconds.
- “**busy** or not, this place is definitely worth any wait in line.”
- “Every time I go back to Texas, I always bring a box full of goodies from here.”
- “Even after all these years, this place is still consistently **busy**. Not line out of the door busy, but still busy. Everything is pretty good here. “
- “SIMPLY ADDICTING!! No matter how much some people may dislike it due to “**long lines**” the wait & lines are not even that long. It is only frightening because there are **so many people**, but the STAFF does an EXCELLENT job in getting people in & out as fast as they can.”

#### **Samples from 4 Star Reviews:**

- “there's a lot of **variety** of breads and pastries”
- “The bread is always **fresh**, so that's a plus.”
- “Their breads are the best thing you can bring to an office party or party in general. Everyone loves taking a bite into their **fresh** breads. The hype of 85 degrees won't die down anytime soon since they have bakeries across California now. yay!”
- “Nothing hits the spot quite like a **sea-salt iced coffee**! I've been obsessed with it since the day I first tried it! Be sure to mix it well when you first get it”
- “Favorite things to get: \***Sea salt coffee** \*Sea salt Jasmine tea (not mountain tea - it's bland!) \*Walnut multigrain bread \*Rose cream cheese bun \*Mocha red bean mochi bun \*Taro bread”
- “I've loved 85C since they opened their first ever U.S. location in Irvine. Despite the **lines**, and the **crowds**, and the overwhelming probability that my favorite bread has run out--I still always come back. I like to think that that's a general testament for the business itself. People whine and complain about this and that, but in the end, we still always keep going back!”

#### **Samples from 3 Star Reviews:**

- “I think it has the **same great taste** and the same customer service as it has had since it opened.”

#### **Samples from 1 Star Reviews:**

- I've **never once had a complaint with the pastries**. They are always **perfectly made**. I'm annoyed because I ordered hot black tea with a bit of milk poured into it.

- “This **review aren't about the pastries** but the customer service. I understand it's busy however when we order our pastries and want to eat it outside and notice they are out of forks, what is a guest to do?”
- “last night just totally pissed me off since it was so **crowded**, product had no price nor description, customers act like you're in their way....”

### **PART 3: Competition:**



#### **Starbucks:**

When it comes to primary competition, I feel it is important to address the elephant in the room. You got it... Starbucks. Yes, Starbucks is a behemoth of a brand that has 21,366 stores globally, including around 12,500 in the USA alone. In terms of street corners and mall outlets, it competes for retail space; their similar café theme however does not mean that it is 85 Degrees' primary competition.

While 85 Degrees has earned itself a colloquial title of “The Starbucks of Taiwan,” the truth is that 85 Degrees is very differentiated from Starbucks. Due to the popularity of Starbucks and first-hand experience of the reader, I will not go into too much depth about Starbucks' product line and customer experience. The primary big-idea differences are that Starbucks positions itself as a *coffee* location and *caters out* its baked goods, meaning the baked items are *not* fresh. Its baked goods are more of an afterthought, the selection is extremely limited, and the quality is very low. Also, while Starbucks does indeed compete in the *coffee* space, its products are highly *differentiated*. Starbucks' silver bullet is the *frappuccino* and all varieties that have spun off based on that idea. The ice-blended drinks are almost all coffee-based, and its coffee is served black. On the contrary, 85 Degrees offers an immense selection of baked goods, ranging from breads to cakes, and among its drinks, there is a wide variety that does *not* have coffee. When it comes to its coffee differentiation, 85 Degrees serves its coffee *with milk and cream by default* (you have to specifically ask for black coffee); similarly, unlike Starbucks' bitter flavors from its dark roasts, 85 Degrees' coffee is smooth *without* bitterness. This may also be because Starbucks roasts its coffee beans at a very high temperature and then brews it around 200°F (leading to their industry

colloquial nickname “Charbucks”), while 85 Degrees’ coffee is only lightly roasted, and is brewed at 185°F (85°C).

Although Starbucks is more of an indirect competitor due to its business model encompassing the experience of a “coffee house” versus a “teahouse bakery,” 85 Degrees does directly compete with at least two brands, **JJ Bakery** and **Paris Baguette**, both of which offer a similar business model a with similar products, yet provide examples of two entirely different kinds of business outcomes, largely due to branding.

### JJ Bakery:



JJ Bakery is a Californian teahouse bakery, established in 1996, and positioned as a primarily Taiwanese cuisine bakery with French influence. In 2009, they established their flagship store in the City of Industry, CA, offering the full selection of their goods, and since then, they had grown to have 7 retail outlets in Southern California: Arcadia, City of Industry, Hacienda Heights, Rowland Heights, Torrance, Irvine, and Chino. Unfortunately, in 2015 their Chino location closed down, and they downsized to 6 locations. I chose this competition because it is a direct competitor to 85 Degrees in terms of its business model, though the brand is currently struggling. A further analysis may provide key insight into the strengths and weaknesses of both companies.



**Brand Image:** JJ Bakery’s website is extremely rough and does not highlight the brand’s strengths. This leads to a great deal of confusion. On the front page, there is no brand voice, message, icon, or any factor that indicates that this is a JJ Bakery site except in the top right corner where it states “Welcome to JJ Bakery!”

When a consumer chooses to learn more “About” the brand, JJ Bakery highlights factors that do not pertain to brand personality in the slightest.

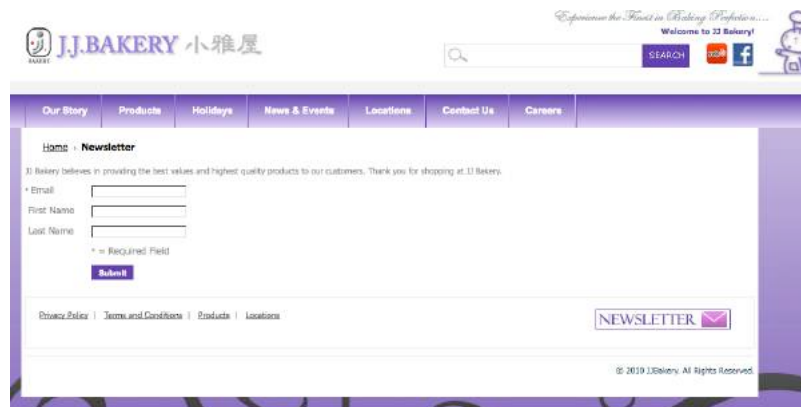
Instead, they highlight their “Quality Control,” and the “Research” (R&D) they put into their products. They even *position themselves* as a “customer service driven scratch bakery.”

When marketing their strengths, they primarily feature their breads, though in actuality, they offer a very similar selection of baked goods as 85 Degrees, in much smaller varieties. While they have a *point of parity* with its baked goods, they also have a *point of differentiation*: sandwiches. Unlike 85 Degrees, they make sandwiches with their breads, though awareness of this differentiating feature is extremely low because they do not highlight or promote this feature, nor do they consider themselves to specialize in it.

While JJ Bakery does sell coffee, they do *not* market anywhere on their menu or on their website. I have tried their coffee before, and it was stale and bitter; there is no love given to their coffee products. Similarly, there is a lackluster enthusiasm about its café products, with an extremely limited selection:



Regarding their marketing efforts, they provide an email *newsletter* that offers website visitors to sign up, though it offers *zero* value proposition, nor any explanation of what the newsletter is intended to accomplish. Does it market sales promotions? Does it inform users of new products? From the website, it is impossible to know until you give away your private information.



Newsletter sign-up

Despite JJ's rough website, the interior looks (and smells) remarkably similar to 85 Degrees:



The cake decorations are more busy, but very colorful.



Unlike 85 Degrees, there are several main points of differentiation. The first is that the bread products are not "fresh." They are pre-wrapped in plastic bags to maintain freshness throughout the day. The second point of difference is that they offer at least 32 kinds of cookies. This is a *huge* differentiation, because cookies are an item that 85 Degrees has only *just*

started to produce for the market, and their own selection is still small. The cookies are a big selling point, as well. When I had been referred to JJ Bakery by word of mouth (since they don't advertise), I was specifically advised to "purchase the cookies." That is where their differentiation *value* really lies, though they do not actively market it. Another major point of difference is that they serve a variety of mochi treats, which is also significant because it aligns more with its Taiwanese-skewed brand positioning, and is a niche space in which 85 Degrees (and other competition) does not compete. When it comes to the top Yelp Reviews, all three of the most quoted topics included their mochi products:



"I came by here after work, and picked up **strawberry mochi**, redbean mochi, and mont blanc." in 11 reviews



"Their version of Japanese anpan (**red bean bun**) has mochi inside - so good!" in 11 reviews



"The mochi balls are in my top 3 favorite **dessert** and this is the only place you can get them!" in 37 reviews

Good For: Dessert

[Show more review highlights](#)

In terms JJ Bakery's foot traffic, it is much slower. It still gets many customers, but not nearly with the same hype, and certainly not with lines out the door.



One last point of difference is JJ Bakery's icon – a roughly drawn baker reaching for a loaf of bread. The drawing quality is poor, and while its visual message aligns with reaching for bread, one of JJ Bakery's core competencies, it is actually misleading, since JJ Bakery offers a great deal more variety of products. The poor image quality may also negatively impact consumer perceptions of the brand.

JJ Bakery is having a tough time expanding its business, and a lot of its problems may stem from its lack of brand clarity. It does not stand for anything, nor does it highlight any differentiating strengths. It may be a good brand to assign to a "struggling brand" team for the future. For now, it helps to highlight the strengths of its main competitors who are overshadowing it, namely 85 Degrees and Paris Baguette.



## Paris Baguette:



In 1988, **Paris Baguette** was established as a sub-brand of **Paris Croissant**, a South Korean bakery chain. Paris Baguette quickly grew into a top bakery café franchise in South Korea, and by 2015, the chain had over 3,175 retail stores in South Korea, 185 stores in China, Vietnam, Singapore and France, and 46 active stores in the USA, with the majority in California (26 stores) and on the East Coast (18 stores).



On their website, they are actively seeking to franchise and grow even more.

### HISTORY OF PARIS BAGUETTE

- 86 Paris Croissant was established in 1986
- 88 Opened Paris Baguette's first store
- 92 Opened Paris Baguette's 100th store  
Opened Korea-French institute of Baking in Seoul
- 04 Certified as the 'No.1 brand power of Korean Industries' for 4 consecutive years  
(conducted by Korea Management Association Consulting)
- Paris Baguette entered Chinese market  
(opened first store in Gubei, Shanghai)
- 05 Paris Baguette entered U.S. market. (opened first store in LA)
- 06 Opened Paris Baguette's 1,800th store
- 10 Opened Paris Baguette store in Manhattan, U.S.  
Won 'Korea First Brand Awards' for 7 consecutive years

Paris Baguette entered the U.S. market 3 years before 85 Degrees and has already established 46 locations across the USA. In 2008, when 85 Degrees was achieving its 324th store globally, Paris Baguette opened its 1,800<sup>th</sup> store.

The chain is growing big, and very rapidly. Due to competing in a similar space, plus having a first-mover advantage into nationwide U.S. expansion, it is 85 Degrees' strongest brand competition.

The good news though is that in terms of brand personality and perception, Paris Baguette competes in a much different space. Paris Baguette is very *clean and sophisticated* while 85 Degrees is *fun and quirky*. While Paris Baguette positions itself as a Western-influenced baked goods company, 85 Degrees' silver

bullets are its drinks (namely its sea salt coffee) and unique bread flavors that are fusion products unseen anywhere else (such as its taro bread and squid ink pastry).

Similar to 85 Degrees, Paris Baguette offers a similar layout and consumer experience when shopping for breads and beverages. Like JJ Bakery, they wrap each piece individually in order to maintain freshness throughout the day. Also similarly, it also offers a beautiful cake selection, though more simplified and streamlined than even 85 Degrees.



In larger Paris Baguettes, they offer complex baked goods that are much more European-inspired, such as waffles, cinnamon rolls, and even apple pie:



Unlike its competition, Paris Baguette's atmosphere is much more *clean*, *organized*, and sterile. It does away with the café atmosphere, and instead feels much more like a natural foods store:





They also cater themselves more toward customers who want to sit and work. Unlike JJ Bakery and 85 Degrees, they offer free WiFi.



On their website, they highlight similar products, among which are breads, pastries, cakes and other desserts. They also highlight a **point of difference** being “gourmet sandwiches,” and premium-art-foam cappuccinos, among other high-end coffee products.

Similarly offering Asian/French baked goods, when it comes to their breads, they skew more toward the Parisian high-end, classy appearance. Their bread consistency also slightly skews more toward western texture. For example, they sell French breads, including whole loafs:



#### **PART 4: Categorization**

Although 85 Degrees has so far been doing a great job establishing and securing a name for itself globally while also growing more rapidly than ever in the United States, the brand has been growing its own name, and has not yet concentrated on growing any of its products or brand perceptions. While 85 Degrees and other teahouse bakeries have established international perceptions of differentiation in their product offerings and services, the teahouse bakery concept is very new in America and Western cultures that are primarily adapted to a Western palette; therefore, there is a wide open space for growing product and brand perceptions and securing customer loyalty. This means that 85 Degrees has a great opportunity to grow awareness of its specific teahouse bakery genre and establish a “benchmark” point of parity for its competition. 85 Degrees must do it quickly because it faces a significant threat once its competition begins to market themselves, especially Paris Baguette (known to aggressively advertise with A-list celebrity endorsements). This is especially significant because *85 Degrees does not advertise itself*. There is zero marketing budget; its reputation is spread entirely by word-of-mouth publicity. This is a bad long-term strategy because while 85 Degrees may have short-term success, the brand will eventually suffer for not having any branded products to market.

In order to prepare for long-term competitive success, it is time for 85 Degrees to start to strategically consider what products to officially brand and/or sub-brand. The first place they can look is at their consumer insight, and figure out which products are their most popular products, either through sales data or reviews. From reviews alone, it is easy to spot that both of its taro products (baked goods and drinks) are most commonly praised, in addition to its unofficially branded “Sea Salt” products (coffee and teas). Those two classifications of items could be officially branded in addition to its current 85 Degrees branded coffee, and the company can develop its brand image around those products. By doing this, 85 Degrees could align its product offerings with its brand image by promoting its “Excitement” based brand personality (as compared to Paris Baguette, which is more “Sophistication”-oriented).



Iced Sea Salt Coffee

Iced Sea Salt Mountain Green Tea

Iced Sea Salt Jasmine Green Tea



Taro Cake

Taro Cake Slice

Taro Latte

Marble Taro Bread

In a similar vein, 85 Degrees can help establish a brand perception by marketing its most exciting and original strategic brands as its silver bullets, and represent its coffee and baked goods with its most iconic products. Following consumer insight, the best two products would be its (1) Sea Salt Iced Coffee and (2) Marble Taro Bread. Both are also visually beautiful and would be great stars of traditional and digital advertisements.



Due to its growing business, 85 Degrees is still trying to establish a name for itself, and this early in the process, it has neither built itself as an endorser brand, nor does it have any branded products in its line that it could endorse. However, once 85 Degrees officially establishes its Iced Sea Salt Coffee as a core *brand*, there is a potential opportunity to seek a partnership with coffee distributors, and/or license its flavor with Keurig, whose K-Cups brand would act as an endorser while also enabling increased awareness of 85 Degrees and potentially its range of “Sea Salt” sub-sub-brands, which include Iced Sea Salt Mountain Green Tea and Iced Sea Salt Jasmine Green Tea.

## **PART 5: Brand System Evaluation**

Despite 85 Degrees' success, it is remarkable just how *few* branded products there are. At the moment, its products are sold entirely under the brand perception of 85 Degrees' identity and quality. While this method has worked for 85 Degrees up until this point, there will eventually reach a point when 85 Degrees needs to differentiate its products (and protect its product images through branding) as it faces heavy competition from similar market entrants.

As a growing threat, Paris Baguette is expanding even more quickly than 85 Degrees' expansion rate and will grab a whole market plus secure brand loyalty by the time that 85 Degrees has the chance to come into play. This is significant because Paris Baguette is internationally known for big and bold advertising campaigns, and will easily steal potential spotlight from 85 Degrees. While Paris Baguette competes in a different brand personality space, its marketing campaign could seriously hinder 85 Degrees' expansion rate, especially since 85 Degrees does not advertise. While it is unknown why 85 Degrees has not yet established a marketing campaign anywhere globally, one theory is that the brand may be uncomfortable with marketing its products due to impacting its publicity-based image (which also may actually be a core differentiator). Regardless, 85 Degrees would benefit by at least establishing some kind of official perception through another means.

For example, one significant and differentiating feature is how its employees emerge from the kitchen to restock its savory baked products, shouting "Fresh Bread!" every time they bring out more breads. 85 Degrees has the potential to brand its employees and develop a brand image through them, similar to how Singapore Airlines markets its "Singapore Girl," and how Dos Equis has/had "The Most Interesting Man in the World." In the case of 85 Degrees, they would have the "Fresh Bread" girl, therefore increasing its brand equity by establishing an official character and identity that aligns with its current brand perception, while also promoting its most widely known slogan, "Fresh Bread."

In addition to establishing a branded character, 85 Degrees could add a brand value proposition by giving her (or him) a favorite drink, namely its silver bullet product, Iced

Sea Salt Coffee. 85 Degrees could even go one step further and give perceived personality to the drink by eliciting a direct response from the character. “Fresh Bread Girl” can even highlight qualities of the drink, further differentiating the product and establishing perceived brand attributes. A marketing campaign along these lines would greatly aid product and brand awareness, and also market its differentiations while building upon its already loyal fan base.

Another way to raise awareness and indirectly market its brand would be to pursue a partnership opportunity. 85 Degrees could choose to subtly build its brand by offering its baked products, specifically its breads and desserts, to local breakfast cafes and restaurants, further connecting itself with the community (which is also a potential point of differentiation from its teahouse bakery competition). Partnering with the community would also encourage publicity and therefore align with its brand image and experience that it is not tainted by a perception of corporate interest.

If 85 Degrees chooses to “dream bigger,” an opportunity lies with offering its coffee flavors to Keurig. One disadvantage is that 85 Degrees would actively pursue a corporate interest, but because Keurig covers so many hundreds of flavors, that perception will likely not have any negative impacts on its brand. Instead, it leaves room for a great deal of positive impact, including increased awareness and a shot for initial brand loyalty.

A third partnership that would help 85 Degrees would be with a WiFi company. While Starbucks is not a direct competitor, it has established a point of parity for coffee shops to offer WiFi in order to be a validated coffee house according to Western perception; and, while 85 Degrees is a teahouse bakery, technically different in practice, the majority of American culture does not understand that difference yet. Currently, 85 Degrees has not standardized its WiFi offerings; some locations have it, and some do not (as compared to Paris Baguette that has standardized it as a common offering among all locations). This is a disadvantage to the brand because this inconsistency confuses the customer and threatens to negatively impact the overall brand, especially since it relies so heavily on word of mouth publicity. To rectify this, 85 Degrees should partner with a WiFi service provider such as AT&T (which whom Starbucks contracted their WiFi service for many years before

they changed WiFi partners). Another blue ocean of opportunity would be to similarly partner with Google, who has taken strides to offer WiFi to the public. Since both companies base themselves in California and now that 85 Degrees has locations in the Bay Area, that opportunity could help grow both brands. In addition, partnering with Google would help gain 85 Degrees a competitive advantage if they contractually negotiate to secure better search results for their coffee.

While 85 Degrees certainly has a lot of growing pains ahead for establishing its brand in America, its current system as a small-but-growing startup is successful. Once inside an 85 Degrees, its products and system are very clear; it has clearly designated lines for ordering drinks, ordering cakes, and ordering breads. Specialized lines lead to better service behind the counter. From a third party perspective, the work force seems motivated; they work in teams and they are efficient. The floor-workers (aka. not working the registers) are also directly appreciated when they emerge from the kitchen and announce fresh products with “Fresh Bread!,” often encountering a whole group of customers waiting around for them specifically so they can nab the freshest products.

Luckily for 85 Degrees, their growing pains will be much easier than its coffee industry forefathers. Starbucks carved out a trend for a coffee house experience according to Western views. The trail has been blazed. By offering a variety of great coffee and alternative drinks while also offering baked goods, 85 Degrees has reached a point of parity, and now the brand can achieve points of differentiation. In multidimensional scaling that compares 85 Degrees to Paris Baguette, it is far quirkier with a more avant-garde fusion selection of goods. So far, its brand perception has been resonating with its customer base, and contributing to immense profits. Following the path of its success, 85 Degrees should move forward by adopting that perception as their official brand image. When 85 Degrees finally advertises, it should pay special attention to how it develops its voice and tone.

As for its next steps, 85 Degrees needs to create a voice. Whether it is a branded message or simply a large share of voice online, they need to use that voice to create a differentiation in its brand proposition, and communicate that to align with consumer perceptions. They also need to do it fast, since its competition, Paris Baguette, is positioned

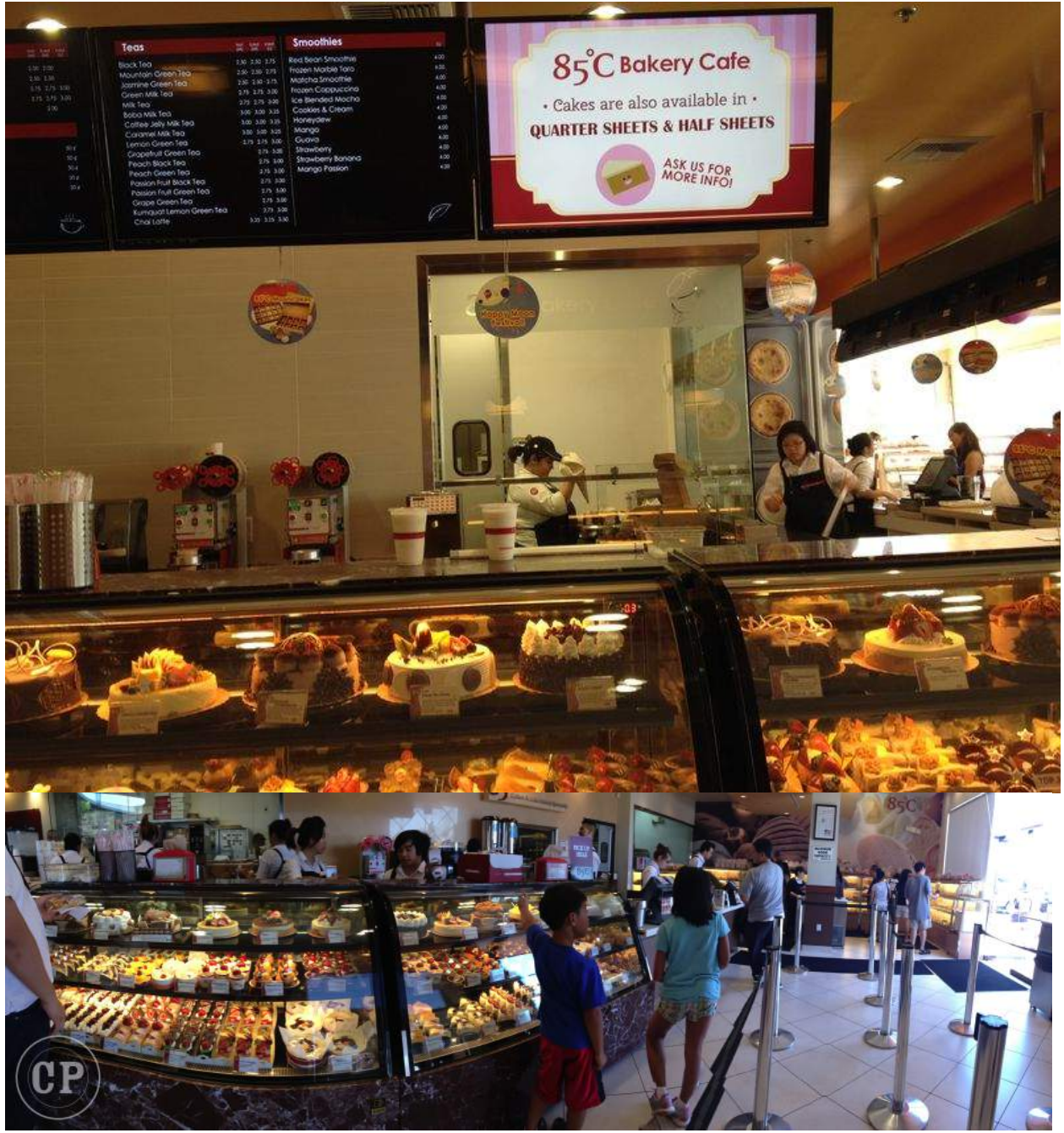


as a company that uses celebrity endorsements in advertisements overseas, is likely to apply that same method here in the USA to align their marketing campaigns and brand image globally, and already has opened more stores across America through active and aggressive growth (where even on their website's main page, they feature and promote franchising opportunities). This will help to establish 85 Degrees' brand to have a fighting chance against its competition as it helps to carve out an entirely new teahouse bakery industry across the USA.

**Appendix 1: 85 Degrees Consumer Experience**







## Appendix 2: Breakdown of 85 Degrees' Milestones:



2004: Officially branded; first store opened in Taipei



2006: Opened first overseas store in Australia. In Taiwan, it reached 237 stores and *officially beat Starbucks* to become the largest coffee and bakery chain in Taiwan.



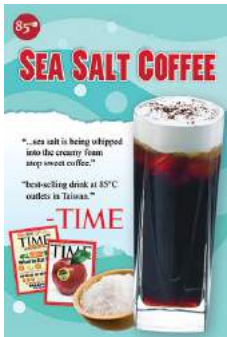
2007: Entered the China market with its first store in Shanghai. In Taiwan, it became the official largest coffee and bakery chain in terms of store count and sales... all in just 4 years!



**85°C Bakery Cafe**

★★★★☆ 5101 reviews [Details](#)

2008: First U.S. store opened in Irvine, CA. Total store count reached 324.



2009: Its iconic Sea Salt Coffee was introduced into its menu.



2010: Management Magazine awarded 85 Degrees the “#1 Ideal Brand” in the Coffee Category in Taiwan. In the U.S., NBC officially dubbed the Irvine location as “the Asian Starbucks.” They reached 482 stores globally and also had an IPO in Taiwan that year.



### 85°C Bakery Cafe

★★★★☆ 1355 reviews [Details](#)

2010: Store count reached 600. The 2<sup>nd</sup> U.S. store opened in Hacienda Heights, CA.



### 85°C Bakery Cafe

★★★★☆ 741 reviews [Details](#)

2012: 3<sup>rd</sup> U.S. store opened in West Covina, CA. From here on, it began to spread rapidly.



### 85°C Bakery Cafe

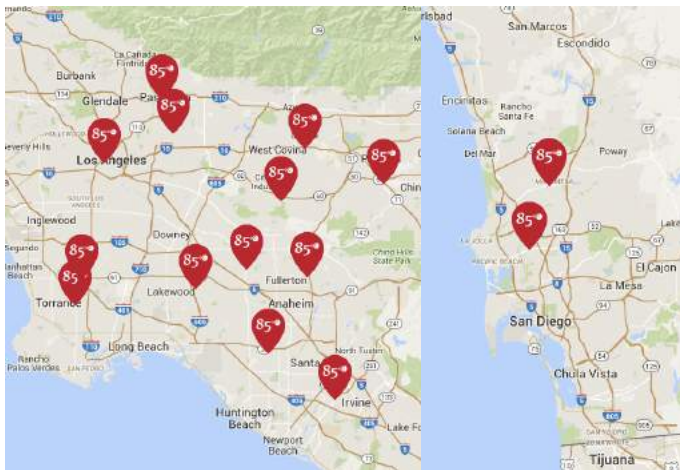
★★★★☆ 392 reviews [Details](#)

2014: Store opened in Torrance, CA.

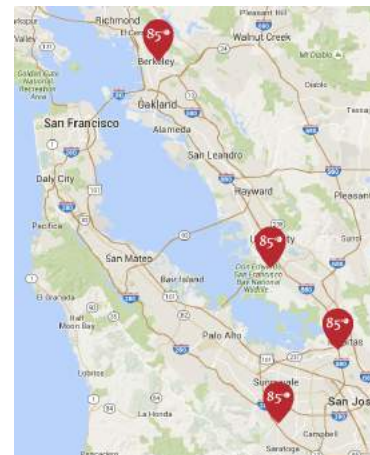


2016 Store Count: Over 800 globally

### Appendix 3: 85°C Locations in the USA:



Southern California locations = 15



Northern California locations: = 4

TOTAL U.S. LOCATIONS (as of June, 2016): 19 locations