

# **Goldilocks Bakeshop**

## *A Case Study*

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## **I. Introduction**

The bakeshop industry has continuously enticed market players. Just like other industry, it has been growing and evolving as technology improves. Just like any other business enterprise, they as well are shaken to every economic downturn that passes. For instance, Goldilocks Bakeshop Inc. has been one of the most successful in its line of business. It started as a simple business led by two sisters who had passions for cooking. It offers high quality products at affordable prices. It has created a wide array of products that suit the taste of the Filipino people. Given that Filipinos are very much delighted for delicious foods, the company never ceases to astound the taste buds of its market as it differentiates its products completely into breads, cakes, pastries, native delicacies, and even instant food that have been an effective marketing strategy aided by its convincing market segmentation, targeting, product differentiation, and positioning. But most definitely, it endlessly captures value the heart of its customers that further explain why the company holds a large market share in the industry.

Goldilocks garnered a large portion of market share. It positions its brand by making it part of the everyday activity and lives of its customers by strategically placing its stores in a high traffic areas that are very much crowded and accessible to people. Additionally, one thing that makes the company and the brand close to Filipino is that fact that it has patterned and package its image as close to the Filipino values of close family ties. The incorporation of this value has served as tool to establish its brand and leave an excellent trademark.

Through time, the business was able to capture and penetrate to different segments in the market in the form of promotions and ads that has been designed to capture the hearts of its consumers as it appeals to the values, cultures, and lifestyles of the Filipino audience.

Although it has been perceived as an abundant business, it has never felt safe and content being in the top of its field but rather continue to aspire to be better despite the competition in the market and even the crisis and economic downturn.

## **II. Point of View**

Winston Maribella, as a marketing executive, has led the company to an aggressive expansion program in the form of increased outlets, upgraded systems in research and development area, developed training program and enhancements on staff, and recruited highly skilled managers and technical staffs. As the company becomes very competitive, it aimed to capture 30% increase in the company's revenue yearly. Thus, the company needs to expand and maintain its production and growth through its extensive marketing strategies while sustaining customer relationship, for when the value disappears, the company losses its edge.

## **III. Statement of the Problem**

Expansion and maintenance of production and increasing revenue through extensive marketing efforts in promotion and advertising while sustaining customer relationship despite the economic downturn.

## **IV. Areas of Considerations**

Goldilocks Bakeshop Inc. is one of the most successful key players in the bakeshop industry today. Although it may be perceived as an abounding business, there are varying factors that actually stimulated the establishment of the business as well as pressures that can eventually cause downfall to Goldilocks if not considered and resolved well.

- **The Asian Regional Crisis**

As the Goldilocks Bakeshop, Inc. grew into one of the most prominent businesses in the Philippines, the business somehow was affected by the bleak economic scenario, which caused collapses in the various aspects of the country. Although it was given that the business was continuously progressing, the challenge for it was to endure the crisis and still boost its enlargement and promotion strategies. Since the company started from scratch and became an instant hit in the local economy, the event brought conspicuous effects on the consumers and became a threat to the business. A lot of businesses gave in and eventually shut down, as they cannot hold onto the unsteady economy

brought about by unfortunate events in the different Asian countries. The domino effect spread throughout Asia and as much as Goldilocks Bakeshop, Inc. wanted to boost its sales more and capture a bigger market share, the crisis was seriously considered since one small and wrong step from the business can put it in a hot seat.

- **Humble Beginnings**

One factor to be considered in Goldilocks Bakeshop, Inc. is that it started from a small operation. Two sisters who had passions for cooking started up the business, which eventually became a top brand in the Philippines. The business offered catering services to some established companies up to the present that it has already a reputable name of its own. It may be inferred then that the business had a convincing marketing strategy and effective market segmentation, targeting, product differentiation and positioning.

- **Product Development**

Goldilocks Bakeshop offers high-quality products at affordable prices, simple as that. The business aims for continuous product development. As the business was operating, there were research teams and marketing specialists that aspired to develop and boost the product offerings of Goldilocks that will surely harmonize with the tastes of the Filipino people. Even though Goldilocks has hundreds of products, the business did not cease to amaze the taste buds of the Filipinos as it differentiates its products completely into breads, cakes, pastries, native delicacies and even instant foods. It is like a one-stop-shop comfort food for the locals. It offers a wide variety of product offerings and it unceasingly capture value from the loyal consumers creating consumer brand equity which explains why Goldilocks holds a large market share in the industry for the year.

- **Market Share**

Goldilocks Bakeshop owned about 70% market share among all other bakeshops in the country. What sets Goldilocks apart from its competitors is that its product lines are not limited. It offers various goods, which ranges from

seasonal to regular ones, giving the consumers the flexibility of buying the freshest and trendiest products. Also, the business positions its brand such that people can always see and can always remember the brand in the everyday setting. Goldilocks always establishes its business in high-traffic areas, which contribute as to why it holds the largest market share among all others, and gaining doubled revenues over time.

- **The Filipino Value**

One Filipino concept that Goldilocks dwelled into was the value of being thoughtful or "*maalahanin*" which basically became an instant brand value for the business. Since Filipinos are known to be close-knit families and it is usual to celebrate good times and other important occasions together, the business swept into the picture taking into considerations the ties that bind people together. So it is as if that in every celebration, Goldilocks's products especially cakes must always be present. With their tagline "How Thoughtful, How Goldilocks" precisely associated the word thoughtful to the business. The incorporation of this value into the business itself served as a strong brand value that inculcates the whole concept to the Filipino people, leaving an excellent trademark. What the company had done was that besides from the superior product offerings that it has, it developed and established a relationship with its customers, creating brand loyalty.

- **Advertising and Promotions**

The main target market of Goldilocks Bakeshop before was the mature audience of the family. Through its effort in creating television commercials, which mainly features young artists, the business was able to capture the young segment of the market. The business was able to capture different segments of the markets in line with its product developments over time. Because of this, the customer base of Goldilocks became large as people of all ages were starting to become loyal consumers of the brand. Thus, Goldilocks aims to capture the minds and the hearts of its consumers as it appeals to the values, cultures and lifestyle of the Filipino people. Because of the effective advertising of Goldilocks that features the value of thoughtfulness and sharing

in a family set-up, it garnered a large chunk of consumer brand awareness, loyalty and value.

- **Charity Works**

Goldilocks Bakeshop also promotes Corporate Social Responsibility since during its 30<sup>th</sup> anniversary, it shared some of its profits to thirty selected charity institutions. The venture was also televised, which also somehow contributed to its marketing and advertising campaigns. Various activities such as charity works also creates a strong brand value for the business since the consumer base are being made aware of the ventures of the business, reflecting the Filipino values that the brand itself is promoting.

- **Market Growth**

Goldilocks Bakeshop was a developing company. However, during 1995, Winston Maribella, an-ex marketing executive of another institution joined the company. Through the aggressive expansion programs of Goldilocks under Maribella, the business increased its outlets nationwide, opened stores outside Metro Manila, upgraded their systems in the research and development area, training programs and enhancement of staff were developed and the recruitment of highly-skilled managers and technical staff were enforced. As Goldilocks became a highly competitive business in the local economy, it aims to capture a 30% revenue growth per year. As it increases its overall marketing strategies, in line with the venture is the growth of the company's costs and revenues. To keep up with the demand of the rapid market environment, Goldilocks needs to speed up its expansion and maintain its production capacity and return on investments. Also, while keeping in mind the different product strategies, Goldilocks does not cease to sustain its relationships with its customers since everything will be useless once customer value and equity are not preserved.

## V. Decision Criteria

- **Economic Situation**

In 1998, the value of Philippine peso against the U.S. dollars fell, from Php 26.00/ \$1 to Php 46.50/ \$1, as an aftermath of the of the Asian regional crisis in 1997.

As a result of this economic crisis, it stalled the moderate growth which the country was experiencing in the past three years. Companies postponed their planned expansion and halted the hiring of additional personnel. Worst, some companies need to shut down due to the economic crisis in 1998.

It was during that year also when Agnes Buendia, marketing manager of Goldilocks Bakeshop, Inc., was considering of marketing strategies that could help them to pursue their business expansion despite of the occurrence of the economic slowdown. Will they be aggressive enough to invest on advertising and expanding their business to other regions in order to persuade more people to consume their products? Or will they focus on their existing products, stores and promotional activities as it will incur more costs for them to expand their business during the economic crisis?

Goldilocks must take into consideration on the possibilities of engaging in any of the options given above. Evaluating the possible risks and costs is essential for the business to be able to weigh which is the best for the growth of Goldilocks among them.

Hence, it is appropriate for Goldilocks to research the marketing strategies that will be able to maximize their resources and minimize the costs considering the economic situation of the country during that time.

- **Customer Relationships**

The effectiveness of the business does not rely only on the quality of the products and the profit gained alone. Building profitable customer relationships is the most effective way in attaining the objectives of the business. When a business achieved in satisfying the needs and wants of customers, they tend to patronize more the products and could refer to potential customers.

In the case of Goldilocks, the business conducted a research which found out that an important Filipino value that typifies Goldilocks' customers, which is being *maalahanin* (thoughtful).

Goldilocks understood that the good-tasting and high quality products are not the basis for the customers' satisfaction. In order for them to succeed, there is a need to develop profitable relationships and superior value to the buyers of Goldilocks' products and the intended recipients of those products. The statement created by Goldilocks, "How thoughtful. How Goldilocks." Focuses on the emotional side in the consumers' minds in which they can easily remember the business when are being "thoughtful" to their family or loved ones.

- **Business Expansion**

With the economic situation in 1998, businesses in the Philippines encountered several challenges on its respective industries. Some companies need to shut down because of the incurred losses. But despite of the existence of economic crisis in the Philippines, Goldilocks took an aggressive expansion program to lead and maintain a large percentage in the industry against its competitors.

The business' expansion plans involved opening of stores on the other regions of the country, investing on the research and development to create effective marketing strategies and a more improved product. However, the expansion of retail outlets has been affected by the economic situation of the country.

Brand awareness was one of the factors why the business is engaging on expansion. Establishing retail stores of Goldilocks to the other regions of the country means that their products will be

introduced more to the other people. Thus, the brand of Goldilocks will be more known in the market.

Despite of the crisis faced by the nation during that time, Goldilocks was able to maintain its market leadership. To retain their position in the market, it was mentioned on the given case study that Goldilocks' management aims to attain an increase of thirty (30) percent revenue growth for the next three years.

## **VI. Alternative Courses of Action**

1. Consider to craft small cakes that can be eaten on-the-go by busy, young professionals.
2. Strive to have food shops, if not all retail outlets, but in most. If a particular outlet isn't located in a high traffic area, then they can opt to offer a downsize menu that is easy to prepare/ cook. That can also show consistency with their products. Some consumer might expect uniformity on every Goldilocks outlet.
3. Study to push 'affordable prices' lower without compromising quality. Since the average price for the cakes is around Php 400.00, they can still lower the price. There will be more chance for the general public, with majority of low earning Filipino families, to avail the main products which are the cakes if the price is more affordable than Php 400.00.
4. Penetrate regional locations with famous bakeshops for example Calea or Felicia in Bacolod which are gaining market share in Western Visayas alone. Goldilocks should find a way to advertise their brand that's is more relatable to the Filipinos besides the being 'maalalahanin' campaign. To be specific they can try and remake the statement "How thoughtful. How Goldilocks" into Tagalog/ Filipino. This can also build customer loyalty.
5. Ensure profits to increase with current plan of aggressive advertising campaigns and promotions before they can start the expansion.
6. Focus advertisement of "How thoughtful. How goldilocks' locking in on family, friendship, relationship, etc to capture majority of the Filipino market with great values towards these.

## **VII. Conclusion and Recommendations**

Goldilocks has been a staple store of almost every Filipino family. From fluffy choco slices to their delectable BBQ sticks, Goldilocks has effortlessly mastered the taste of the common *Pinoy*. From small gatherings to *Balikbayan* boxes, Goldilocks has filled

every corner and every tummy of every Filipino. It is no surprise that the brand continues to be a part of every Filipino occasion.

It is the company's unwavering commitment to total customer satisfaction and quality assurance that have been the key drivers of Goldilocks' remarkable success. Undoubtedly, it is this attention to customer needs that allowed the Goldilocks menu to expand considerably. From its initial offering of rolls, chiffon slices and pastries, Goldilocks now offers full meal and *merienda* choices as well as catering services. It is now recognized as one of the country's specialists when it comes to decorated cakes. The cakes, pastries, and well-loved dishes that have become so associated with Goldilocks such as its Fluffy Mamon, Cheesy Ensaymada, Chiffon Cake Slice, Classic Brownies, Chicken Pie, Classic Polvoron, Classic Mocha Roll, Classic Chocolate Roll, Brazo de Mercedes, Dinuguan, Fresh Lumpia, Palabok, and Laing, just to name a few have since become the gold standard by which all others are measured by product excellence.

Goldilocks withstand the bleak economic scenario of the Asian Regional Crisis in 1997. As the planned expansion of retail outlets have been slightly affected by the economic environment, Goldilocks never disappoint its customers to become the market leader and to gain greater market share. As mentioned that the company owned about 70% market share, it is therefore recommended that Goldilocks will continue to pursue expansion of its business amidst the economic downturn experienced during that time. Although there's such larger risk of low profit and failure of the business due to inflation and the value of peso fell from Php 26.00/ \$1 to Php 46.50/ \$1 during those times, but it would be still wise for Goldilocks to go for its planned expansion given the big percentage of market share it has in the market. It just had to engage in more research and innovation and determine on how best to respond to the different tastes and preferences of its consumers in order to increase its revenue.

As Goldilocks became a highly competitive business in the local economy, it aims to capture a 30% revenue growth per year. The market leadership of Goldilocks over a span of decades was attributed to the brand relationship it has established with the Filipino consumers. Given Goldilocks's edge over its competitors such as it serves big companies like Air Manila, Filipinas Orient, Philippine Airlines and Monte de Piedad, the company persists in building strong customer relationship from serving such big businesses and therefore creating a superior brand image as compared to

its other competitors. The effectiveness of the business does not rely only on the quality of the products and the profit gained alone. Building profitable customer relationships is the most effective way in attaining the objectives of the business. Not only that, since its other competitors such as Red Ribbon are not aggressive in marketing communications and relied mainly in the word of mouth for its advertising, this would serve as a great opportunity for the company to enhance its abilities in excessive promotion to gain greater market share. Goldilocks's remarkable strategy of spending greater cost in marketing and promotion is gaining the company greater benefit as compared to its cost since as soon as the company hired Mr. Winston Marbella to become the company's a marketing executive. He has led the company to an aggressive expansion program in the form of increased outlets, upgraded systems in research and development area, developed training program and enhancements of support system like in information technology, and recruited highly skilled managers and technical staffs.

For the reason that Goldilocks have a team of research and development, and marketing specialists that continuously developed products to satisfy the palates of Filipino consumers, the company may create new advertising campaign in order to appeal more deeply in the emotional minds of its consumers. Based from its previous advertising campaign which is "*How thoughtful, how Goldilocks*" it may be more creative and will have a greater impact if the new advertisements would be "*In Goldilocks, You're the No. 1.*" This would have a deep impact since the tag line would have a double meaning, this means that customers are its priority and remains to be No. 1 in all the products and services they come up with. In turn, customers make Goldilocks their top of mind choice for cakes, breads, Filipino food, sweets and treats.

"To be No. 1 in someone's life requires more than top of mind. You are also present in their hearts." This would be an excellent deal of campaign for the company since unlike the previous one, this new campaign entails that when people think of Goldilocks, they would remember it as the Filipino's second home, a place where they can have their all time favorites. They must do these through aggressive marketing communications by the use of television and media to further promote its products. The company must have strategic initiative to implement this advertising campaign especially in television everyday between 6 PM to 8 PM where families are at home the most and spend their time with their loved ones. For sure, the campaign would blow away the hearts of the Filipino consumers since beyond being heart

warming and thoughtful image of the company, the love and Filipino's second home image would definitely give greater demand and advantage to its consumers. The company bend over backwards in order for the consumers to have a pleasant and memorable experience with Goldilocks. This is really what Goldilocks made special in the hearts of its consumers thus became their number one choices.

Therefore, to a capture 30% growth of revenue each year, the company should be more customer-focused and deliver excellence in product quality. Amidst consumer trends and changing preferences, Goldilocks has sustained its track record of growth and constant innovation.

Moreso, the company offered high quality products at an affordable price of Php400.00. It never fails to provide the same freshness and quality of their products all throughout their expansion and dominance in the market. The company exhibited consistency of the quality standards of its product to gain total customer satisfaction. The manager made sure that the *Mamon*, *Ensaymada*, and Barbeque in Store A have the exact high quality as the one served in Store B. With these too much concern for the product quality and uncompromising system to ensure absolute safety and hygiene of their more than eight hundred kind of products, made the company to be the most sought by every consumers and future clients as they pursue to lead the market world and stay on top. It is therefore recommended that Goldilocks may offer more promos of their products to cater the needs of those always on the go and busy young professionals. The company may offer convenient and on the go meals or snacks for young professionals to answer their needs to eat and have Goldilocks amidst the busy life. Furthermore, it may offer combo meals with a very affordable price of Php70.00 to capture young consumers. Instead of going to famous fast food chain, young ones would prefer Goldilocks because of its native delicacies and food products. They have a variety of menu to choose from, and upholding to the standard and excellence of the company, they would offer their new combo meal product at a healthier side. The company should take most considerations in the consumers' health that is to offer their product with less salt and less fat as possible. As the company is investing a good amount in research and development, they need to come up with different promotions and different products to capture the market mentioned above. The research team may focus in the carry on convenience and handy consumption products to become the strong purchase drivers in today's fast-paced world. Hence, the company would be true to its arching vision which is: Goldilocks will be the leading Filipino global brand that will fulfill the

changing customer needs through world class products and services in markets served.

Goldilocks has more to offer to its consumers, their superb marketing efforts and driving excellence in product quality made the company to shine from its competitors. The reason for its great success is due to its relationship with the people inside the company as well as its relationship with its consumers, suppliers and competitors outside the company. It created a partnership relationship inside and outside the company that the company withstand the test of time and therefore they became a legacy. It is very important to build strong partnership relationship to its franchisee and supplier to deliver the best customer value to their customers.

Finally, Goldilocks have this sustainable relationship towards the environment, consumers, suppliers and all others. The company makes it a goal to increase its revenue and gain greater market share but mindful also of the company's sustainability towards its environment and consumers to be able to have a customer lifetime value. The company may increase its campaign towards recyclable materials and they would have an advanced research on how to contribute healthy lifestyle to Filipino consumers. With these, Filipinos would embrace more of their products.