



Delightful To The Last Drop: Silo Alliance

Silo Alliance Pte Ltd (SILO) operates the franchise for Caffè Vergnano 1882 in Singapore, managing the boutique café as well as Caffè Vergnano Academy. The SME is made up of a team of passionate individuals from different professions, united by their shared love of food and life. The inspiration for the business came from their travels abroad, as their immersive lifestyle and culinary experiences got them thinking about bringing brands that strongly resonated and appealed to their epicurean nature, back to Singapore.

The Caffè Vergnano 1882 brand of prestige heritage coffee is now tantalising the palates of coffee connoisseurs and casual coffee drinkers alike, from its swanky South Beach location.

Caffè Vergnano, founded in 1882, ranks as Italy's oldest family-owned coffee roaster. Its brand of traditional, slow-roasted espresso is enjoyed by many people the world over, and it stands ready to stake its claim on the burgeoning coffee culture in Singapore.

SILO had approached the UOB-SMU Asian Enterprise Institute (UOB-SMU AEI) with three specific issues that are inextricably linked to the sustainability of the business. Underlined by the need to capitalise on existing opportunities for Caffè Vergnano 1882, the SME required input on developing brand awareness, optimising the current café location and enhancing the customer experience.

Under the Institute's flagship SME Consulting Project (SCP), a team of student-consultants, supervised by an industry veteran as Project Advisor and supported by a Project Manager from the Institute, undertook the management consultancy project. They were guided by three primary objectives – to promote Italian coffee culture and lifestyle; to build customer awareness, attract first-time customers, enhance customer retention and loyalty, and to exploit the café's current location and amenities.

A nose for coffee

Although the SME and student-consultants had agreed early on that the SME's three issues were primarily related to communications, the SCP team proceeded to investigate the coffee-drinking landscape in Singapore. The secondary research revealed a growing trend for the hot drinks market as more people are drinking hot beverages as a lifestyle choice. Among young adults, there is an increasing preference for specialty coffees. Further research provided the team with consumer insights about the Caffè Vergnano brand, and a competitive analysis showed the café's standing among other coffee places. An informal observational exploration garnered valuable data for the customer segmentation process vis-à-vis the customer demographics, customer behaviour and interaction, and consumer persona.

The team embarked on three modes of primary research, namely focus group discussions, online survey and prototype testing, plus an informal observation study, with the aim to affirm the consumer trends, preferences and perceptions. Prototype testing was carried out, as it was crucial to obtain real and immediate feedback on the team's proposals so that they can refine their recommendations and ideas for the SME.

The scientific research methods enhanced the reliability of the data collected and their analyses, and lent credibility to the final recommendations.

Beans, blends and baristas

From the research, some of the more significant insights showed that customers, irrespective of the segment they belonged to, used cafes as platforms for socialisation; they lacked but demanded awareness of Italian culture and coffee, and they expected instant gratification. Based on these salient findings, the consulting team developed a seven-pronged strategy, including comprehensive details for each of the seven prongs.

Kicking off the strategy was a week-long campaign to increase footfall, generate brand awareness and tell the brand story. This was followed by the introduction of a new product to create buzz and expose customers to Italian blends. Other action plans pertain to building brand loyalty and facilitating sales, improving the customer experience and optimising business operations as an on-going process.

Apart from a detailed overview of all seven prongs, the student-consultants presented to the SME the logistical, financial and manpower requirements for each of them. The action plans were extremely thorough, thus paving the way for smooth implementation.

Enjoy your cuppa

SILQ, a first-time participant in the SCP, was looking for “new input and views” for the cafe, shared its General Manager Ms Sam Lai. While they had kept an “open mind” going into the project, they had hoped that proper research would be done to “back up the suggestions” as they themselves did not have the time for such tedious groundwork. Complimenting the student-consultants, she said that “the team was able to independently carry out the research professionally and efficiently to support their recommendations”.

One of the hallmarks of the SCP is the use of methodological and scientific methods to address business needs, and in this case, Ms Lai appreciated the qualitative and quantitative research findings, calling them “useful”. The SME will be implementing some of the recommendations in the third quarter of 2018.

The student-consultants, who referred to themselves as “aspiring consultants”, were glad for the opportunity to “bring together two cultures without diluting the brand, and working within the constraints posed by a franchise”. The SCP had challenged them to constantly question themselves and in the process, “yielded ideas we had not initially conceived”, leading to new learnings. Overall, it was an “eye-opening” project.

Project Advisor Ms Tong Singeng established at the onset the team objectives and roles, and the respective expectations “to remove ambiguity”. This enabled the student-consultants to “stay focused on the project goals”. Design-thinking principles and processes were also adopted to guide them. “Their iterative nature required the team to be flexible and quick in getting consumer feedback on key aspects of research”, which in turn helped them to focus on delivering on the project objectives.

Project Advisor

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Student-consultants

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