

‘Chaayos’ Leveraging the Power of Digital Media to Increase Fan Following and Brand Awareness: A Case Study

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Abstract: The case study elaborates the marketing strategies of Chaayos. It talks about how the company was formed by two IIT graduates motivated by their love for tea. The study touches upon the statistics of tea consumption in India against the available hygienic tea shops. The case study envisages how the digital media platforms have been effectively used by Chaayos in order to enhance their capabilities and grow rapidly. Chaayos keeps sharing valuable contents through all its online as well as offline platforms. Apart from this, Chaayos responds to their fans and followers and listens to them with the aim to serve them better and take valuable ideas and feedback. The study illustrates by doing all of this How Chaayos has been able to show it openly that it cares for the fans and makes them feel that they are an integral part of the company. Chaayos understands their audience and the importance of digital media. Taking a giant leap, most recently, Chaayos has plans that it will open 50 new stores pan India in coming 2 years. This will give a major pump to the company's growth.

Keywords: Digital Media, Brand Awareness, Online Marketing Strategies, Power of Internet

1. Introduction

The concept of tea in our country has been prevalent since ancient times. Be it in any stream the Indian love for tea have never shown a declining slope. Moreover, every individual has its own favoritism for his/her type of chai. The Chaayos inculcated the concept of this chai love into the formation of their company. Nitin Satija the cofounder of the company aims to build Chaayos as one of the finest Chai Café Chain in the country.

The famous tea vendor (chai wala) in one of the corner of the streets near the office space is the point of the most valuable discussion. All the chat rooms fail when compared to this adda. The chai wala sometimes is the place where you meet all kind of people – be it rich; be it not so rich. It is that famous point where you listen to all the news headlines, the family issues of people you don't even know. You overhear discussions of life, science, politics, and society to name a few.

For Indians chai is part of our every social setting. From that ginger tea to wake up you from the bed in the morning; to the tea with breakfast; to a samosa with kadak tea after the office; to meeting with your friends and sweet soulmates over bun maska and irani chai, the tea of all kinds remain our center substance. Yet with the modernization taking over the concept of chai; tea was taking a backseat for past few years when coffee took over chai. The love for our tea got hidden behind the coffee vending machines of our office. The chai somehow was not the drink we always banked upon when the Costa Coffee, Café Coffee Day and Starbucks of the world took over the Indian Market.

It was then in November 2012 when Chaayos was born with the main aim to bring back the rich heritage of chai addas. The interpretation of Chaayos was to serve its customers their kind of tea freshly made. They provide you with options to make more than thousands kind of tea. From making the desi chai – Kadak (Extra Strong), Sulemani (Black Tea with lemon), or Irani (More milk, less water) to have an option of selecting the add ons from Tulsi, Adrak, Elaichi, Saunf, Laung, Cinnamon, Masala, Kali Mirch, Mint, Ajwain, Hari Mirch; Chaayos totally customize your chai as per your taste. The main of Chaayos was to stay connected to people hearts' and preferences for which digital media was considered to be most important

(Stelzner, 2010).

2. Why Tea?

Tea consumption in India is way more than that of coffee (as indicated in Figure 1 (Appendix)). As per the NSSO survey of consumption of different commodities there is huge gap between the numbers of tea drinkers as compared to coffee. Considering the fact there were no big players in the coffee market of India. As per the survey, state wise tea is consumed closed to 9 times more than coffee, the pattern is either homemade or some local roadside tea vendors, or at railway stations and bus stands, which is considered to be unhygienic. Chaayos has taken benefit of this fact and has gone ahead with releasing Chains of Chai Cafes in India.

Tarun Gogoi, Assam's chief minister has demanded that tea be given the status of National Drink. It is perhaps the right time to do so—after all, the nation's prime minister started out in life as a chaiwala (tea seller). Tea is the preferred drink in India, cutting across state borders. As the chart shows, even in Tamil Nadu and Karnataka, which have the strongest coffee drinking culture in this country, the amount of money spent on tea consumption is far higher. The median tea cup consumption (based on state averages) in urban India is 5.7 cups per month.

There are approximately 2300 coffee outlets across India in relation to 9 grams per capita consumption of Coffee in India compared to less than 60 chai outlets (excluding the roadside tea vendors) against the 85grams per capital consumption of tea. Coffee has lot of big players in the market such as Café Coffee Day, Barista, Starbucks, Costa Coffee etc.; whereas for tea there are few names which are also not much popular – Wagh Bakhri Chai outlets, Tapri, Chaayos. The opportunist market structure has thus given Mr Nitin Saluja an innovative thought to start up a Chain where customers get freshly made, customized on their requirements, chai they desire to have.

Although every coffee shop serves tea, but the options available are Dip tea bags or artificial flavours. Since tea is not the prime focus for them. The coffee vending machines in office also have started coming up with masala chai and regular chai options but they lack quality and options as the flavours are artificial and they use powdered milk. The question was why would people not go to the regular chai adda and why

would they come to chaayos. The answer is chai addas lack quality and options and are an unhygienic setting whereas the chaayos outlets are served to hygienic measures.

3. USP of Chaayos

3.1 Premium Ambience

There is something about Chaayos that helps you relax, focus and escape. It has the right level of background noise, right taste of music and perfect furniture. The sounds in the Chai cafes by Chaayos are perfect for getting your work done. While surveying the visitors of Chaayos it was observant that they feel stress relieved when at Chaayos Café.

3.2 Quick Turnaround for Higher Outputs

The chaayos strategy to value and please each customer that visits the store has worked well in generating higher outputs for the company. Apart from the chai, the desi snacks like Maggie sandwich, wada pav has helped Chaayos to gain a lot of repeat customers. Mantra behind the success of Chaayos stores in such a short of time is Creativity, constantly innovating and forming something that was unusual to people.

3.3 High Advanced Process Control

Chaayos adopts the process of Advanced Process Control. It regularly takes feedback from its customers and takes immediate action on negative comments. They are still on the phase of acquiring more and more customer base. Chaayos staff is well trained on the concept “Every customer is important”. All the people working at the stores are well taught, the managers ensure that the training is implemented and justification is done to what the staff is trained on for effective running of the stores.

3.4 Broad Menus to serve Western and Indian Palates

Although the Café was initially launched to serve the Chai Addiction of Indian audience; soon with the increasing popularity of the stores the menu served a vast extension and covered dishes that can be presented to international customers. To have the footfall from all the strata the menu includes a mix that suits both Indian and International ingredients and tastes.

4. Great Minds behind Chaayos

Mr Nitin Saluja

(Founder and CEO)

An IIT Bombay graduate of 2007, Nitin was always the “designated chai-maker” of his family. His love for chai led him to start Chaayos. Nitin is the CEO and also does all product R&D (Infact, most of the chai menu at Chaayos has been designed by Nitin himself). This is not his first shot at entrepreneurship – he co-founded a robotics education company (Think Labs) at IITB, which is today valued over \$10 MM. Prior to Chaayos, he worked at Opera Solutions, a consulting firm, for over 5 years.

Mr Raghav Verma

(Marketing and Business Development)

Raghav, an IIT Delhi graduate of 2010, is the co-founder of Chaayos. He looks after the creative stuff – marketing, business

development and branding. An avid baker, he has created some of the sandwiches and dessert offerings at Chaayos. Prior to this, he co-founded an online education company called Prepsquare. Before that, Raghav worked with Opera solutions on analytics projects for large global credit card, private equity and logistics companies. He is also a semi-professional bass guitarist; and has played with 2 Delhi based brands in the past 5 years.

5. Chaayos Presence in Conventional Media

Since the launch, Chaayos is in headlines of Newspaper and Magazines. The print is actively writing successful stories of the company’s top growing charts.

The Hindu

In an article in 2014 by Osama Jalali, the quote says “Not everything needs to happen over a cup of coffee, tea can also work wonders. The IIT graduates passion and love for chai made them leave their well-paying jobs to start a chain of outlets Chaayos. As chai in India is incomplete without wai; Chaayos offers a wide range of rusk, sandwiches, biscuits to dip in. The menu is well sorted to suit all – it also has some stuff for local taste buds like keema pav, wada pav, bun maska etc.

Live Mint

Live Mint in March 2015 publishes an article on Chaayos to raise \$6 million. On discussion with Shrutika Verma, Nitin Saluja the founder of Chaayos put a light on his expansion plans. “We want to transform and own the chai drinking experience on all occasions in a customer’s lifetime,” said Saluja, who is also exploring the possibility of opening stores in Hyderabad, Chennai and Chandigarh. Their aim is to have 50 more tea cafes in the next 18 months with an aim of being present Pan India. To get more audience and customers on board Chaayos is coming up with its mobile app, which will be released by mid of this year 2016. Saluja saw an opportunity in the tea café business when he was working with a technology company in the US. “I used to miss the fresh adrak wali chai (ginger tea), the one that used to be made at home,” he said. Saluja was instantly drawn to the idea of offering ‘ghar wali chai’ experience in a café. He quit his job in mid-2012 and started Chaayos. “Despite the fact that we are a tea drinking nation, I realized that there were hardly any tea chains in the country. All we had were coffee chains,” Saluja added. On the other hand of the business, Chaayos has also started selling tea leaves with their own signature blend boxes.

Times of India

On discussions with the founder himself Nitin Saluja, speaks about his endeavors in the past and how he was motivated to start his own chain of chai cafes. “We endeavour to provide our customers their freshly brewed chai exactly the way they like it, in a relaxed setting that is conducive to both formal and informal meetings” he added. Chaayos is in expansion phase; valuing every customer is important as the cafes need to expand to great heights.

Economic Times

The news talks about the expansion and the growth strategies of Chaayos. The two young blood after getting funding from an Angel Investing look for more funds to settle their foot pan India. Chaayos is a contemporary interpretation of the ‘chai

adda'. Chaayos offers more than 25 varieties of tea, customizable in 12,000 ways. Chaayos delivers Tea in Delhi, Gurgaon and Noida - orders can be placed by using the Chaayos App or by calling them up. It also allows customers to prepare tea at home by using the packaged 'chai patti' available in Chaayos cafes and on e-commerce sites like Amazon.in.

Business Today

With the aim to bring home-style servings of the vintage brew in a modern and funky cafe format, Chaayos came into picture. While speaking to business today, Nitin Saluja and Raghav Verma shared some inspiring stories. Saluja opened with Rs 25 lakh of his savings, of which he invested Rs 12 lakh in setting up the first store at DLF Cyber City in Gurgaon. "The premise was simple. I would give it six months, either put in another Rs 12 lakh or close it down." But in six months, it was clear he had a winner, and that's when Verma joined him with an equity partnership. "I had quit Opera 10 months before to open an online education company, but that didn't work out, so I contacted Nitin," he says. Facing all the ups and downs, working on the challenges faced, the two young entrepreneurs happily share stories about their success.

Your Story

The two young founders of Chaayos in their interaction with Your Story Team, share their mantra of motivation which they have received from their mentor Zishaan Hayath. How is chai a venture-backed business? Don't investors look for a 100x return? Nitin gives us Zishaan's perspective to this: • Is the market there? Well, chai is a product that doesn't need any marketing. • And if one outlet is doing INR 1 crore annually, it is pretty easy to scale up to INR 100 crores in total in the next two years (Math – 60 Stores X 1.5Cr per store = 90Cr ~ 100 Cr) • And chai is not restricted to India alone; Chaayos will be keeping an eye out for SE Asia, the Middle East and other regions as well.

Inc. 42

Chaayos in an interview with Inc 42 magazine speaks about its marketing strategies and competition in this marketplace. Chaayos competes with number of entities and outlets as their competition for different aspects of its business, such as for price conscious chai customers, the roadside thela and homemade chai, from an ambience point of view, Café Coffee Day, Starbucks and Dunkin donuts are its competition. And for the freshly grilled sandwiches and sides that it serves, QSR chains like Subway and McDonald's are competition for it. The startup is marketing about the services with a mix of online and offline initiatives. For online, it is heavily using social media and email marketing to keep in touch with the customers and inform them about the promotional activities and new additions. Its offline is largely "Below the Line" and is targeted at captive audiences in the area around the outlets. Chaayos also has a dedicated loyalty program running across all outlets where it reward its most loyal customers.

5.1 Radio Campaigns for Chaayos –

To reach out to its customers, the brand has so far experimented with media only at a local level, which includes radio as well. The objective of these campaigns is to increase awareness and prompt trials. Chaayos' first and ongoing radio campaign, crafted around the monsoons, comprises three ads - 'Pet Frog', 'Street Frog' and 'The Sneezing Experiment'. The spots are being played during morning and evening time on

Radio One, Radio Mirchi and Red FM, along with RJ mentions and contests.

6. How Chaayos uses Digital Media Platforms?

Marketing on digital media helps in gaining website traffic (Gubrium & Holstein, 2001) or attention through varied options like social media sites, e-commerce sites, search engines, video streaming sites, online food portals like zomato, dineout etc. Digital Media aims at creating content that attracts attraction and encourages users to share it on their own network (Barnes & Mattson, 2008). It tends to foster the brand awareness for the business and improved customer service.

Many CEOs talk about how social media and digital platforms are the future, and that their companies are adapting in order to take full advantage (Rao, 2011). However, the reality is that few really understand the complex triangulation between consumers, a product, and social media, and how the three, when successfully managed, can increase a brand's profile and generate higher sales. Leveraging the power of content and digital media marketing can help elevate your audience and customer base in a dramatic way (Waters, 2000).

- 32330 Facebook fans
- 15830 Twitter followers
- 22240 Instagram followers
- 10425 Google+ views
- 1120 Pinterest pins
- 540528 views on YouTube

6.1 Facebook

The Chaayos Facebook page was created in 2012. Chaayos has more than 32k fans. Chaayos uses Facebook as a platform where their fans can connect with them for open discussions to share their stories, ideas, suggestions, or comments. (Figure 2 (Appendix))

Through Facebook, Chaayos directly and actively connects with its fans. Fans can also build their own virtual images and share it using Facebook. All their upcoming events and promotions are also being published on Facebook Page. The recent campaign Chaayos is running is on Jaipur Litfest 2016.

6.2 Instagram

Chaayos through Instagram interacts with customers through the photo-sharing option. Chaayos has 2224 followers on Instagram who keeps active eye on the updates over the platform. They highlight of their campaigns here as well. (Figure 3(Appendix))

To give a personal feel Chaayos designs ecards for its customers on all festivals. Chaayos posts pictures of celebrities visiting their café. Recently Chaayos was official partner for a Bollywood Movie "Dilwale" where the complete star cast promoted Chaayos.

6.3 Twitter

Currently Chaayos has approximately 3636 followers over Twitter. Chaayos engages with their followers on regular basis by responding their queries and re-tweeting what others say about Chaayos. Twitter followers may also get an e-coupon for a new chai or can build their own virtual drink and share it over the Twitter platform.

6.4 YouTube

Chaayos smart strategy to be omnipresent on both online and offline platforms simultaneously is working well for the company. On Youtube the founders constantly keep on sharing few minutes clip to share their thoughts and ideas behind their success to let people remember their existence. They have recorded clips for #BendTheRules and keep tweeting @chaayos as part of their strategy of brand presence.

6.5 Google+ and Pinterest

Google+ and Pinterest are part of digital media activities where Chaayos needs to put focus on. The company has built fan pages but the marketing needs to be strong, since the pages only have limited number of 2 or 3 fans. Chaayos can use Pinterest boards as an extension of its storefront or website. Pinterest helps in interacting with customers through the photo-sharing capabilities. Google+ is thus another similar platform, Google+ posts are majorly from the Twitter feed and Facebook page.

7. Tweet #ExperimentsWithChai @Chaayos Campaign

The initiative is being promoted on Twitter, where users have to Tweet with the hashtag #ExperimentsWithChai and tell Chaayos what they would like to experiment with this monsoon, and why. Three "interesting" entries stand to win free chai for a month. (Figure 4 (Appendix)) Alongwith all these campaigns Chaayos is also doing cross promotions with gyms and local markets like Grofers which is working really well for the company.

8. Conclusion

In a space, where people have n number of options to eat and drink in a setting and format they desire for, working on the concept of Chaayos appeared to be challenging. People today have tremendous varieties available still India's national drink remains Tea for any social or antisocial setting. The innovation in any business is must, that's the reason why Chaayos picked up.

Undoubtedly competition is massive in this industry; at the same time what is very important is you should have a concept that should be able to break through the clutter. Chaayos is doing pretty well with its current stores in Delhi and the national capital region.

It has plans to expand and spread its foot Pan India. The marketing strategy has been wise enough for the company to generate fair number of customers. Chaayos has been pretty good on its digital media platforms including Facebook, Twitter. Regular posts over social media sites keeps the customers engaged over the platform. It has been of great assistance in broadening the reach to different audiences.

The Twitter campaigns #ExperimentsWithChai has gained 25% more footfall of customers in the Chaayos Café (source Titus Upputuru: Dentsu Creative Impact, Brands Creative Agency). Chaayos main strength is the power of engaging their fans over digital media, as they are really good at answering to the comments and enquiries raised from customers. This

positive value of the company really helps them in building a friendly and accepting brand image, more fan following and high brand awareness.

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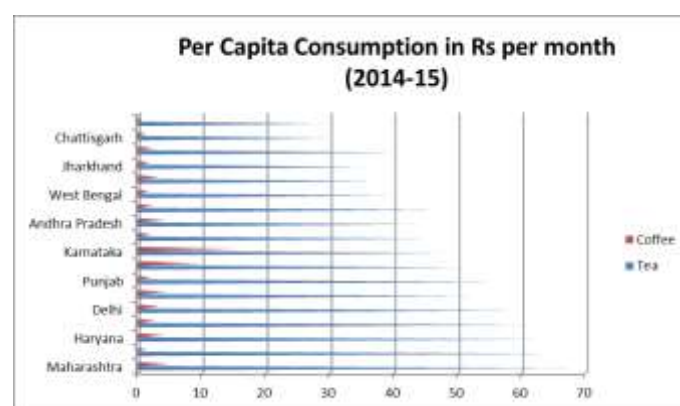
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Disclaimer

This case is solely developed for class discussion in programs of management education. Case study does not represent or endorse the views of management on issues of the case.

Appendix



*Source NSSO, only numbers for urban India have been considered

Figure 1: Per Capita Consumption of Tea/Coffee in India



Figure 2 : Chaayos Facebook Page



Figure 3 : Chaayos Instagram Handle



Figure 4 : Chaayos #ExperimentsWithChai Twitter Campaign