

The Last Call - Impact of Marketing Tools on Sales of Restaurant: A Case Study

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Bistronomic food and hospitality Pvt Ltd is a flagship company with interests in restaurants and hotel hospitality management. Bistronomic food and hospitality was incorporated by a group of “highly ambitious and goal achievers” in their respective area of expertise with the core objective of setting up and running of restaurants, hotels and allied hospitality services.

They entered into the market of hospitality business by opening up a restaurant “THE ZODIAC” which deals with the Finest American Comfort Food on Baner road in Pune. THE ZODIAC is an upscale casual restaurant focused on serving the Finest American Comfort Food coupled with in – house specialty Mocktails. In order to tickle the taste buds of those with a sweet tooth they have a variety of homemade desserts.

The impeccable team of Bistronomic have carefully crafted the menu of “THE ZODIAC”. The zodiac has taken the concept of comfort food to a new level by giving it a contemporary twist. The chefs believe that “ingredients are the star of any dish” and have designed the menu keeping this in mind, offering simple yet creative dishes ensuring you come back for more.

The thought of bringing “Gourmet Burgers” to India had arisen on the realization of the fact that we Indians were hugely misguided about American Food, Basically burgers and hotdogs as it was introduced to us Indians as a fast food format which had been developed to commercialize the product, which was further being copied and replicated in various forms and pushed into the market, thus confusing the consumers all the more.

Gourmet burgers were still available in India but were accessible only to the elite class. Being from the

Hospitality Sector somewhere the urge to introduce the product to the commoners gave birth and thus resulted in the formation of Zodiac. We at the Zodiac have made an honest and sincere effort to make and serve Gourmet Burgers in the best possible way and at the best possible price. The ingredients used for the production of burgers vary from International to National markets the procurement of which is done through our purchasing partners.

On viewing the further prospects of business the company successfully opened a state of the art production unit at Mahalunge Pune, to aid the venture into developing and producing quality bakery products and concept cakes thus supplying the products to a few hotels and restaurants around Pune.

Basic Terminology

Marketing - Marketing is often thought to be only selling and advertising. However, marketing consists of many other functions that can be seen far more important than just the exchange of goods (Kotler & Amrstrong 2004: 5).

Today, more than ever, marketing has put emphasis on satisfying the customer needs. The customer tends to make decisions on buying a product or a service based on their perception of the value and satisfaction that the product or service delivers. From the company’s point of view the goal of marketing is to first build and then manage profitable customer relationships. In order to achieve this it is not enough only to first market the product and then sell it but make sure that the product being sold will meet the standards and be enough to fulfill the customer’s expectations. Therefore the company must

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be aware and understand their customers; their needs, wants and demands. That is why many companies put a lot of effort and money into making different kinds of customer surveys analyzing their customers' behavior and learning about the different way of delivering the superior customer value and satisfaction (Kotler & Armstrong 2004: 5-7).

Marketing Mix - The marketing mix is one of the major concepts in modern marketing and is often brought up in general discussions of marketing. Marketing mix is a set of marketing tools that a company uses to pursue its marketing objectives in the target market. When a company is making decisions on marketing they generally fall into four controllable categories known as the 4 P's: product, price, place and promotion.



Fig. 1: The Four P's of the Marketing Mix (Kotler 2004: 58)

DEFINITIONS

QSR (Quick Service Restaurant) - Also called fast food joints; serve processed foods fast at low prices; typical menu items include burgers, pizza, milkshakes, French fries; minimal table service; also provide takeaway and home delivery (Food & Beverage report, FICCI - Federation of Indian Chambers of Commerce & Industry 2015).

Casual Dining - Offer moderately priced food, casual atmosphere and quick table service (Food & Beverage report, FICCI - Federation of Indian Chambers of Commerce & Industry 2015).

Fine Dine - Offer finest in food, service, and ambience; high priced; staff highly trained; usually located in luxury hotels in metropolitan cities (Food & Beverage report, FICCI - Federation of Indian Chambers of Commerce & Industry 2015).

Café Chain - Outlets serving a range of coffee and other hot and cold drinks, and quick bites such as pastries and sandwiches and breakfast (Food & Beverage report, FICCI - Federation of Indian Chambers of Commerce & Industry 2015).

INTRODUCTION

Bistronic Food and Hospitality Pvt Ltd, is a new player in the restaurant and hotel hospitality management sector, established "The Zodiac," an upscale casual restaurant offering the finest American comfort food and specialty mocktails on Baner Road, Pune. The Zodiac is entering their third year of operation with consistent food quality and has regular guests. Despite consistently delivering quality food, "The Zodiac" struggled to achieve breakeven, a comprehensive marketing plan is required to reach profitability and ensure future success with limited financial resources.

BACKGROUND AND PROBLEMS IDENTIFIED

Restaurant is not able to generate new footfall as, no marketing and promotion plan made or plans are made however, they are not executed. It is being 8 months since last marketing activity done. The agency appointed did not work up to the mark. Restaurant sales have dropped in last 2 years. No skilled manpower available for Customer Relationship Management (Customer Feedback Data not

updated). Managers are busy in day to day operations- so they cannot focus on new development.

STRENGTHS AND WEAKNESSES

“The Zodiac” identified its strengths, including its

diverse menu, positive customer feedback, and corporate discounts. However, weaknesses like limited visibility, a confusing name, and an inability to attract new footfall needed attention.

<i>Strength</i>	<i>Weakness</i>	<i>Weakness into Strength</i>
American gourmet food, a complete meal	No clarity in the name – The Zodiac	Change in the design of the logo but keeping the same name. Put a tagline under the name or pictorial depiction of the product in the logo
Fresh, healthy, quality of food, usage of ingredients, variety for vegetarians, menu offering- 5 course menu	Name does not depict what is being served	Advertisements, updates on face book page at right time, paper inserts, interactive website / app for smart phones and tab users, Zomato, just dial, telemarketing, bulk mails, sales calls
Serves 4 types of meat-bacon, fish, chicken, beef	Brand awareness, reach to people	“more burger picture/ standees / change in the design of the logo”
Designer cakes	Looks like a café / dessert shop than a burger place	Add more pictures
Clean open kitchen	Pictorial forms of the menu/ interior/ exterior/ advertise are missing	
Ambience	Single outlet	
A.C. seating area	Menu not suitable for take ways and home deliveries	
Mezzanine floor as party venue	No combos	
Outside seating	No new footfall	
Smoking zone	Market positioning	
Locality	Hiring skilled manpower	
Value for money		
Corporate discounts available		
Positive customer feedback, 90 % repeat clients		
Parking on road		
Capacity of party menus i.e. Other than existing menu		

The Marketing Strategy by The Zodiac

The restaurant marketing strategy seek to create customer awareness regarding the products that they offer, develop the customer base, and work toward building customer loyalty and referrals.

The message that the restaurant seek to communicate is that they offer the largest selection of Gourmet Burgers in Baner. People no longer need to travel to Camp to find Gourmet Burger.

- The first method that the restaurant uses to communicate this is location. The restaurant has an upscale, trendy street that receives a lot of walk through traffic. This generates large amounts of visibility for the restaurant. By increase in visibility of restaurant, acquire new customers.
- Another method of communication is advertisements on Social Media platforms, registration on Zomato, Just dial Websites.

Marketing Mix by The Zodiac

The Zodiac marketing mix is comprised of the following approaches to pricing, service, advertising and promotion, and customer service.

- **Pricing:** The Zodiac pricing is designed to be competitive to the other Fast Food retailers.
- **Service:** Good service will necessitate a second trip for the customer to come and have burgers and desserts. It allows The Zodiac to offer a much wider selection than any of the competition.
- **Advertising and Promotion:** Location, targeted advertising in the newspaper / Social Media and strategic alliances will serve as the foundation of The Zodiac advertising and promotion effort. And to do so they invested in following branding like Sign Board, Menu Cards, and New Promotional Standee, Plate presentation, Look and feel of Place, Uniforms, and Leaflets.

- *Customer Service*: Exceeding customer's expectations is the company's mission.

Use of "Its your Birthday Today" Software for sending Mailers to wish guest on their BD or Anniversary with an offer of 10% discount on Food and Beverages and 15% discount on Celebration Cakes. The Zodiac get at least 1 order every month.

- *Drawback* - The current location of The Zodiac on baner loses the visibility, as it situated between two Marvadi shops. Because of which it loses on the walk-in guests.
- *Complimentary Offer Coupons* - Every guest who bills above 400/- will get a coupon and this coupon can be redeemed on their next visit. Offer - One complimentary Dessert or Mocktail.

Limited Financial Resources

The restaurant has Limited Financial resources for business and marketing strategies.

Barriers in Business - High cost of mainstream marketing, Could not offer high wages as corporate restaurant chain, less budget towards marketing & Budget does not permit constant recognition.

They identify different marketing tools and their performances to increase restaurant.

The Zodiac did the rebranding of restaurant.

Change in Logo

From



To



Visibility improved by with new sign board & standees showing USP's of restaurant which will attract the walk-in customers.

Promotional Tools Adopted by the Zodiac

- Personal messages about offers are sent to regular guests.

- SMS sent through-Way to Sms, E-mails are also sent to Existing customers.
- Coupons are printed with offers, E-mailers & Pamphlets.
- Standee are printed and placed outside the restaurant with various offers.
- Social media presence by postings these offers on Facebook.
- Also Website is launched to increase online presence.

Offers

- Introduce Regular Veg Classic Burger @ 75/-.
- Introduce Combo Menu- Veg @300/- and Non Veg@400/-.
- Signature New Burger.
- Introduce Unlimited American Brunches @850/- Couple.
- Take Away Menu + 10% extra for packaging.
- Introduce Birthday Parties (Kids).

Data on Marketing and Its Effect on Sales of the Restaurant

500 Coupons, 1000 E mailers and 2000 Pamphlets distributed with an offer. The guests can redeem the offer on their visit to restaurant. These Direct Marketing tools redemption rates are 8%, 1% & 1% respectively.

Table 1

Sr. No.	Particulars	Quantity	Redemption Quantity	Redemption Rate
1	Couponing	500	40	8%
2	E mailers	1000	10	1%
3	Pamphlet	20000	100	1%

Time Frame for execution of marketing strategy was six months from August 2014 to Jan 2015.

Table 2

Sr. No.	Time Frame	Sales %	Cover %	APC %
1	Aug 14 - Oct 14	24	20	4
2	Nov 14 - Jan 15	32	28	-10

Effect of Marketing Activity show positive increase in restaurant sales, Increase in number of Cover however promotional offers shows decrease in APC.

Effect of promotion on Sale and APC from Aug 2014 to Jan 2015.

Table 3

Sr. No.	Time Frame	% of Sales	% of APC
1	May 14- July 14	0	0
2	Aug 14 - Oct 14	24	4
3	Nov 14 - Jan 15	32	-10
4	Feb 15 - April 15	-12	2

Valentine's Day Campaign show increase in sales for that week as compared to other weeks of the month.

Effect of Valentine's Day Campaign on Feb 2015 Sales.

Weekly Sale in Feb 2015.

Table 4

Sr. No.	Weeks	Feb 2015 Sales (Rs)
1	First	68770
2	Second	92240
3	Third	51911
4	Forth	63626

Comparison of Sales of 2013-2015

% Comparison of Sales of 2013-2015

Table 5

Sr. No.	Time Frame	2013-2014 Sale %	2014-2015 Sale %	Increase in Sale %
1	Aug - Oct	7.38	23.97	16.59
2	Nov - Jan	-24.4	32.5	56.9

Marketing Tool Performance

- *Couponing*: Distributed 500 coupons with an 8% redemption rate.
- *E-mailers*: Sent 1000 e-mailers with a 1% redemption rate.
- *Pamphlets*: Distributed 2000 pamphlets with a 1% redemption rate.

Impact of Marketing Activity (Aug 2014 - Jan 2015)

- Sales: Increased by 32% from Nov 2014 to Jan 2015.
- Cover Percentage: Increased from 20% to 28%.
- Average Per Customer (APC): Decreased by 10%.

Effect of Promotions (Aug 2014 - Apr 2015)

- May 14 - Jul 14: No significant impact.
- Aug 14 - Oct 14: Sales increased by 24%, APC increased by 4%.
- Nov 14 - Jan 15: Sales increased by 32%, APC decreased by 10%.
- Feb 15 - Apr 15: Sales decreased by 12%, APC increased by 2%.

Valentine's Day Campaign (Feb 2015)

Week-wise sales during the Valentine's Day campaign showed a substantial increase compared to other weeks in Feb 2015.

Comparison of Sales (2013-2015)

Aug - Oct: Sales increased by 16.59% from 2013-2014 to 2014-2015.

Nov - Jan: Sales increased by a significant 56.9%.

FINDINGS

- The marketing tools, especially couponing, contributed to increased sales and customer engagement.
- Promotions had a positive impact on sales but resulted in a decrease in APC, highlighting the need for strategic pricing.

The marketing activities are carried out for six months only from August 2014 to January 2015.

Direct marketing tools are the most preferred tools used in marketing strategy. Word of mouth, social media presence, product differentiation and restaurant atmosphere are the ways of promotion.

Due to limited finances, owners have spent on branding and promotion. Change in the design of the logo increase the visibility and also give clarity on what product the zodiac sells. The tagline under the name or pictorial depiction of the product in the logo makes it easy for customers to identify the restaurant. Burger picture and standees highlight unique selling points of restaurant may have increase the visibility of restaurant.

Advertisements like updates on face book page, newspaper inserts, registration on Zomato & Just dial, telemarketing, and sales calls have added to improve the sales.

However, the restaurant does not have any tool to analyze the impact of Branding and Advertising on restaurant sales. Feedback forms, website, review portals, blogging sites used to measure the quality of services and to track trends.

POS (Point of Sale) systems are not used effectively for CRM (Customer relationship management).

SUGGESTIONS

The marketing strategies used will be effective to small, individual restaurant to increase the sale. The small independent restaurants should identify the marketing tools according to the recourses available. Product differentiation will be effective to small, individual restaurant to increase the sale. Direct marketing techniques like coupon, e-mailers are more suitable for small independent restaurant.

The small, independent restaurant owners can allocate more resources toward social media marketing to increase customer reach.

The small, independent restaurant owners can develop marketing strategies that include employee engagement.

Managers should promote learning resources for employees on effective marketing strategies. Owners should ensure employees are engaged and made fully aware of tracking mechanisms such as blogging, comment cards, and the POS (Point of Sales) to enhance business performance.

Executives should offer incentives to motivate employees to develop and share best practices form efficient marketing from indirect and direct interactions with customers.

Teaching Note

This case study is of The Zodiac. They are entering their third year of operation with consistent food quality and regular guests. However, restaurant could not achieve breakeven. A comprehensive marketing plan is required to reach profitability and ensure future success with limited financial resources.

Target Group

This case study is useful for undergraduate students of hospitality courses. This case study can be used for Restaurant Marketing Strategy.

Learning Objectives and Key Issues

- To study what are the needs of restaurants to revamp after first two years of operations.
- To choose the cost effective tools according the budget available.
- To study the effect of marketing tools on sales, average per cover (APC), and number of customers visiting the restaurant in the given period.

Key Issues are – Lack of funds for marketing as they might have done at the time of opening.

Consistency of senior staff, Location, Less visibility from road, lack of media coverage.

Teaching Strategy

General Questions

- Did you see positive or negative impact of marketing tools on sales of The Zodiac restaurant?
- Which type of marketing is effective in the case of The Zodiac?
- List few reasons for increase in Sales % and decrease in APC % (Average per Cover) during the Aug 14 - Jan 15 time frame?
- The service / product life cycle consists of four stages: introduction, growth, maturity and decline. According to you, The Zodiac is at what stage of the service / product life cycle and why?

Discussion Questions

Social Media Impact

- What are the advantages and disadvantages of using social media as a marketing tool for a restaurant?
- How can the restaurant leverage social media platforms to engage with customers and build a strong online presence?

Loyalty Programs

- What are the key components of an effective loyalty program for a restaurant?
- How do loyalty programs contribute to customer retention and increased sales?

Partnerships

- What criteria should the restaurant consider when forming partnerships with other businesses?
- How can partnerships help the restaurant expand its customer base and enhance its offerings?

Traditional Advertising

- In what ways can traditional advertising methods (e.g., print, radio, TV) complement digital marketing efforts for a restaurant?
- What challenges might the restaurant face in implementing traditional advertising, and how can these be addressed?

Classroom Activities

Group Discussion

Divide the class into small groups and assign each group one marketing tool from the case study. Ask them to discuss the advantages, disadvantages, and potential improvements for the assigned tool.

SWOT Analysis

Have students conduct a SWOT analysis for each

marketing tool discussed in the case study, considering the restaurant's strengths, weaknesses, opportunities, and threats.

Role Play

Organize a role-playing activity where students take on the roles of marketing professionals and discuss strategies for integrating multiple marketing tools to create a comprehensive marketing plan for the restaurant.

Case Study Analysis

Assign students to analyze real-world examples of successful restaurant marketing campaigns, comparing and contrasting them with the strategies discussed in "The Last Call" case study.

Analysis of Data

Positive correlation between marketing activities and sales increase. Variation in redemption rates of different marketing tools. Impact of themed campaigns, like Valentine's Day, on sales. Challenges in APC (Average per customer) during promotional periods.

Background Reading

Marketing strategies for restaurants and hospitality. Customer relationship management in the food industry. The importance of branding and visibility for restaurants. Financial management for small businesses in the hospitality sector.

Experience of using the Case

Engage students in discussions about challenges and opportunities in the restaurant industry. Encourage students to brainstorm cost-effective marketing strategies for a restaurant with limited resources. Discuss the significance of customer feedback and CRM in maintaining and increasing customer loyalty.