

Strategic marketing management of the eat sandwich shops



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EAT. (also known as EAT Cafe) is a chain of sandwich shops with over 90 branches in the UK, the majority is situated in London, with others in Birmingham, Brighton, Cambridge, Canterbury, London Heathrow Airport (Terminal 3 and 5), Gatwick Airport, Leicester, Manchester, Windsor, Oxford and Edinburgh.

The first shop was opened in October 1996 in Villiers Street, London, next to Charing Cross railway station. That shop was Owned and run by couple Niall and Faith MacArthur . The company is similar to Pret a Manger in so far as all the produce is freshly made. Unlike Pret a Manger, food is prepared in a regional location and delivered to each cafe each morning . The prepared food is also sold in the same day

Mission:

Its mission is to be the number one for sandwiches and soups from a united team that is passionate about being the best in the bakery.

Philosophy:

For its customer it offers a variety of fresh, great tasting food, made with quality ingredients. All of its savories are sold fresh from the ovens from its shops throughout a day. It sells hand made sandwich in the shops every day which is prepared by highly trained staff.

For its people it aims to provide a Great Place to Work, where its people feel valued, are looked after, and where each individual is recognized as integral to the success of its business..

Store Manager 4. Organizational Structure:

Functional Manager

Team Leader

Team Member

5. Products:

Sandwiches: With a wide range of sandwiches and baguettes, the appealing selection of fillings includes traditional favorites, classic recipes and new twists.

Bread & Cakes: It also provides a range of delicious doughnuts, cakes and scones. **Savories:** The ever-popular Sausage Roll continues to be one of its best selling products

Regional Products: It also sells a number of regional products to reflect its customer's tastes and preferences in different parts of the country.

6. Market Size:

It has now more than 100 shops throughout the UK, but majority in London. It serves over 5 thousands customers each week in their shops.

7. Business Category:

Over two thirds of its business is in takeaway food – principally sandwiches and savory products like sausage rolls, pies and pasties, plus bakery sweet lines and drinks. These product categories have driven the growth of the group for many years.

8. Operational Performance & Supply Chain Activities:

It is a vertically integrated business which means that it prepares, distributes and sells all its products through regional bakeries; its own transport network and its own shops. It owns and operates all aspects of its business from manufacture through to retail and do not franchise any aspect of its operation.

Source: www.eat.co.uk

Task: 1

EAT's vision is to be the number one for sandwiches and soups from a united team that is passionate about being the best in the bakery. So to achieve this it has to develop a plan by analyzing the following factors:

Macro Environment: It is a PESTEL Factor which includes the following things:

a. Political Factors: The political environment is stable and reliable in London, even if Britain fails to achieve total agreement with some EU policies from time to time. At the present no EU directives are known which will have a direct effect on the UK food industry in the near future.

b. Economical Factors: The growth rate of the food market is now in a stagnant position because of the economic recession. So EAT should be considering this matter.

c. Social Factors: Nowadays life style is changing. Average working hours of the people have been decreased and they get more spare time. This means they have time to spare time in the food or café shop.

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d. Technological Factors: New technology allows new products to be developed. Existing materials can be produced quicker and cheaper. Adopting these technologies can be a decisive factor as to whether a company is ahead of his competitors or whether it lags behind.

e. Environmental Factors: The wastages of the food and other things should not be kept any where which can destroy the balance of the environment.

f. Legal Factors: Should maintain business legislation to protect the company from unfair competition, to protect consumers from unfair business practices.

Micro Environment: The Company should be considered the following factors:

High quality product with reasonable cost

Good traditional reputation

Brand name known to virtually everyone

Loyal aged customer base

Very dependent on the performance of own labels

Five Forces Analysis assumes that there are five important forces that determine competitive power in a situation. These are:

a . Supplier Power: Here it assesses how easy it is for suppliers to drive up prices. This is driven by the number of suppliers of each key input, the

uniqueness of their product or service, their strength and control over the company, the cost of switching from one to another, and so on.

b . Buyer Power: Here it should ask itself how easy it is for buyers to drive prices down. Again, this is driven by the number of buyers, the importance of each individual buyer to your business, the cost to them of switching from its products and services to those of someone else, and so on.

Competitive Rivalry: What is important here is the number and capability of its competitors - if Eat have many competitors, and they offer equally attractive products and services, then it'll most likely have little power in the situation.

Threat of Substitution: This is affected by the ability of its customers to find a different way of doing what you do - for example, people can depend on the Indian restaurant for their lunch in place of sandwiches.

Threat of New Entry: Power is also affected by the ability of people to enter EAT market. If it costs little in time or money to enter the food market and compete effectively, if there are few economies of scale in place, or if it have little protection for its key technologies, then new competitors can quickly enter the market and weaken the EAT's position.

The BCG Matrix should be considered by EAT to achieve its objectives by the following ways;

Question

Marks

Star High High

Dogs

Cash Cow Market Growth Rate

Low High Market Share Low

Source: Philip Kotler; Eleventh Edition; Marketing management; Prentice Hall; page: 94

1. Stars: It is the market leader position in a high-growth market. EAT should spend substantial funds to keep up with the high market growth and to fight off competitors' attacks.

2. Cash Cow: EAT should maintain the cash cow which is the business in high market-share in low growth-rate market. EAT should not invest in this market because the growth rate has slowed.

3 . Question marks: in this section the business of EAT operates in high-growth markets but have low relative market shares. The company should think hard about whether to keep pouring money into this business.

4. Dogs: if EAT has a product which operates in low growth market with weak market share it is called dogs. The company should consider whether it will hold on to these business or not.

5. The SWOT Analysis of EAT:

Strength

Own product/Band

Good with food

Customer service

Variety of product

Weakness

Celebration cakes are only available in some shops

Have no franchised shops

Limited service hours

Opportunity

Can expand to other EU market

Have the ability for franchising

Spreading whole of the UK

Partnership benefit with other company

Other group Opportunity(Non-food sector)

Threats

Other companies expanding quickly

Overseas business entering UK

Can not able to provide night shift service like Macdonald

PLC: The PLC of Eat's product is as follows;

Source: <http://samueljscott.files.wordpress.com/2007/09/product-life-cycle.png>

The products of EAT are now in some market in a maturity stage, suppose in central London. Somewhere these are in introduction stage, suppose in outside of London. If it will enter in a new region then the product will be in development stage. Special Pudsey biscuits and cakes which go on sale from the beginning of November in the EAT shops are now in the development stage

(Source: www.eat.co.uk/food/biscuits).

Task: 2

As EAT wants to be the number one for sandwiches and soups from a united team that is passionate about being the best in the bakery. So to gain this it can adopt one of the following potential of alternative marketing strategies:

Intensive Growth Strategies: Ansoff's Product-Market Expansion Grid;

Product Development Strategy

Diversification

Market-penetration Strategy

Market-development Strategy Current Product New Product

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Current Market

New Market

Source: Adopted and reprinted by permission Harvard Business Review.

From “ Strategies for diversification”, by Igor Ansoff, September-October 1957.

Market Penetration Strategy: EAT can provide its current products for the current marketing by providing a better service. For example, EAT should increase its till number for servicing more customer at a time at each shops so that the customers don't have to wait for long for their products.

Product Development Strategy: it is the strategy where new products are provided in the current customers. So adopting this strategy EAT can provide its new products to its currents customers. For example, it will have a number of brand products that the current customer will find in most of the outlets, it also sell a number of regional products to reflect its current customer's tastes and preferences.

Market Development Strategy: It is one kind of strategy where current product is provided to the new customer. So EAT also can apply this strategy to achieve its goal by providing current products to the new customers. For example, EAT has no shops outside of UK. So it can set up its business in other countries which is similar to its country's economic condition. Suppose it can open shops in USA and other countries of EU.

Diversification: It is such kind of strategy where new products are provided to new markets. EAT also can take this strategy to achieve its goal and can <https://assignbuster.com/strategic-marketing-management-of-the-eat-sandwich-shops/>

able to provide new products and new service to new geographic regions or new market. Suppose it can launch a new brand such as Bic Barger to a new market such as in India to expand its business.

Competitive Marketing Strategies:

To capture the competition in the market EAT can adopt the following marketing strategies;

Marketing leader Strategy: In this strategy the company has the largest and the biggest market share in the product market, and generally leads the other firms in price changes, new product launches, distribution field and promotional steps. So adopting this strategy EAT can be the market leader in its business market. But to be the business leader EAT has to provide unique products as well as services to its customer better than its competitors. So it is quite difficult to adopt this strategy. It can be adopted by the following by the following ways;

Expanding the total market

Defending the market share

Taking defensive strategies

Expanding the market share

Market Challenger Strategy: Company which capture the second, third and lower ranks in the industry are often treated as a runner up or following firms. By adopting this strategy EAT can attack other company in bakery

products and food business in an aggressive bid for further market share.

EAT should decide whom to attack;

It can force the market leader in this field such as Pret A Manger

It can attack to its own size company like Macdonald

It can also attack the small and the regional companies who are in bakery and food business.

Market Follower Strategy: EAT can be the market follower by copying or improving the product or business the market leader in bakery and food business. Suppose it can make and sell the unique product of McDonald which Bic Mac and can be a market follower in food business. Also it can adopt one the followings market follower strategu;

Counterfeiter

Cloner

Imitator

Adaptor

Market Nicher Strategy: EAT can also follow the steps of market nicher strategy which to being a follower in a big market is to be a leader in a small market or niche. By adopting this EAT can normally avoid competition with the large firm by targeting the small markets. Suppose it can target the small developing countries' market like India, Pakistan, Bangladesh etc. To be a nicher EAT should be specialized in the following ones;

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End-user specialist

Vertical-level specialist

Customer-size specialist

Specific-customer specialist

Geographic specialist

Product or Product-line specialist

Source: Philip Kotler; Eleventh Edition; Marketing management; Prentice Hall;
page: 254

Marketing Mix Strategy:

Greggs can use the marketing mix variable to achieve the marketing objectives by the following ways;

Marketing Mix

Product Place Price Promotion

Source: Philip Kotler; Eleventh Edition; Marketing management; Prentice Hall;

Product: EAT can make its product unique for its customer by the following ways;

It can bring variety in its product line. Suppose it can add Birthday/Wedding Cakes items its product line.

Though it tries to maintain quality in its products but it will have more conscious about the food hygiene and safety.

Its can use an individual brand name for its individual product.

It can show its uniqueness it's in packaging also by providing attractive and protective package for its products.

Price: EAT can use the following price strategies for its products;

Its can use list price where it can provide different items of food with a unique price. For example, it can provide one pastry, one sandwich, and one drink with 2.99 pounds where individual price of these product are more than 4.5 pounds.

It can give discount to the product bundle. Suppose if five sandwiches are brought together then the price will be 5 pounds where the individual price of each is 1.5 pounds.

It can give its suppliers allowances to support their trade promotion activities

Promotion: To achieve its objective EAT can use the following promotional tools;

To increase its sales it can use the sales promotion tools such as discount, buy one get one free, product bundling etc.

It can use TV advertising, Radio advertising for its products and shop information. Also it can use print advertising such as newspaper ad.

It can maintain public relation with different types of groups such as ethnic groups, young one, and older one by creating clubs.

It can also use sales force or direct marketing tools for increase its sales. For example it should have home delivery service.

Place: Place is an important marketing mix. EAT should be careful enough to choose its place. It should utilize this tool by the following ways;

It should maintain a proper relationship with its different channels such as supplier, shoppers, producers etc.

It should be careful to choose its location for its shops. The shops should be placed in location where enough people will be gathered at the time of breakfast, lunch and dinner or for share their leisure time.

It should have well transportation system for carrying its raw material to shop and deliver the food in time to the home or desired place.

Here a list marketing mix is given to analyze of what is needed by EAT for it's achieving marketing objectives in a short form;

Place

Promotion

Price

Product

Product variety List price Sales promotion Channels

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Quality Discount Advertising Coverage

Design Allowance Sales force Assortments

Features Payment period Public relation Locations

Brand name Credit terms Direct marketing Transpost

Packaging

Sizes

Services

Warranties

Returns

Source: Philip Kotler; Eleventh Edition; Marketing management; Prentice Hall;
page 16

Task: 3

1 . Current Changes in Marketing Environment:

Change is the demand of day . So the world is changing day by day. New inventions and technological developments create many opportunities as well as threats for the companies of business world. Economic recession and boom also effect the marketing environment of the companies. EAT is not beyond of these impacts. The following current changes is occurring in the EAT marketing environment;

The market share of EAT is reducing day by day for the impact of huge competition. For example the supermarket is now capturing this field. Also other cafés and bakery shops are emerging day by day.

The market size of the bakery business is increasing day by day. Because people are depending day by day on fast food culture. Because they don't have enough time for food preparation. EAT also face this situation

There has a scope for EAT to grow to at least 500 - 1000 shops, both by expansion within existing trading areas where it is under-represented, such as the South East, and by moving into new regions. The markets in which it operates are large, fragmented and growing.

At past EAT could find more employees for part time program. But now the government restriction on part-time job for student. EAT has to face a problem in this case because of most part-time employees are student. So now they have to depend more on full time employees, which is costly

For the emerging of modern technologies the processing system of the fast food shops and cafes are now changing. For example EAT will have to now try to change its business system into e-commerce system.

. EAT businesses are exaggerated only by climatic extremes - very hot weather can slow down demand for bakery products, and long-standing rain or snow can make people unwilling to go out and make their usual daily purchases.

For the modern technologies the processing system of EAT is changing from manual work to technology based work.

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2 . Initiatives:

To meet this challenges EAT can take the following initiatives; To fulfill this potential we plan to

Expand other bakeries to make possible greater expansion than formerly planned

Reshape the older one to improve quality, efficiency and capacity for growth

Afford the capability for new shop growth in the South by replacing its shop in Twickenham

Build an additional new bakery to support growth in the South of England.

Besides the above strategies to be a market leader in baker and café industry the following plan and strategies can be taken by EAT;

It should expand its total market. By the following ways it can expand its market size to other regions;

New uses: EAT can expand it's markets through discovering and promoting new uses for it's products. For example sandwiches are eaten as a breakfast in UK. EAT can gain if it can promote sandwiches eating on other occasion - perhaps as a snack.

New users: Every product class has the prospective of attracting buyers who are uninformed of the product or who are resisting it because of price or be short of certain description. So the company can enter this new market to provide its service. For example EAT can expand its business in other

countries where it could not enter before, such as in China, Japan, Middle East countries where its products can have great demand.

More usage: EAT can also convince people to use more products per use occasion. Suppose it can provide product bundle, like two sandwiches with a drink at a uniform price, so that people eat food more at a time.

A. The opening time of EAT should be expanded. Its present time is from 7am to 4pm. So it can not be able to capture the night shift consumers. So the should be 24 hours like MacDonald. Otherwise the market share will be captured by competitors.

B. It should offer franchises to other region because of capturing the market. It is not possible to encounter the competition in other region without franchise business, because it is too tough to accelerate in other region with own management. So at this stage franchise is better option to accelerate business.

C. At the moment celebration cakes are only available in London due to falling popularity across the rest of the country. But it can be available in all the EAT shops.

D . EAT should turn out a touch-screen Electronic Point of Sale (EPoS) system that will provide its business with much improved business information through the Internet. It should significantly improve its interaction with its suppliers by the use of e-commerce.

It can take some defense strategies to be a market leader. It can utilize the strategies by the following ways;

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Position defense: EAT can adopt this defense strategy by building superior brand power, making the brand almost unconquerable. For example, it can make big Barger for the fatty people which helpful for their health and not make them fatty.

Flank defense: By adopting this strategy EAT can make a strong position against its competitors. It such kind of strategy which can help the company to make its competitor position weak. For example the main competitor of EAT is Supermarkets. So it can reposition itself to become primarily a takeaway food business. Here its convenient locations will be in the high streets and suburbs where people live and work, will give it a real competitive advantage.

Preemptive defense: EAT can Attack its competitors before the enemy starts its offense. For example EAT can expand its shops at every possible area before its competitors where its competitor can start its business

Counter defense: When attacked, most market leaders will respond with a counterattack. In a counteroffensive, EAT can meet the Attacker frontally or hit its flank or launch a pincer movement. In this strategy EAT can invade the attacker's main territory so that it will have to pull back some troops to defend the territory. For example, EAT can reduce its baker products' price so that the supermarket can not compete with it.

Contraction defense: when EAT will find that it has no scope with the competitor in some specific territories it should withdrawal its business from that territory and start business in other suitable region. For example, if EAT can not fight in EU countries' baker business it should withdraw its business <https://assignbuster.com/strategic-marketing-management-of-the-eat-sandwich-shops/>

form there and start a new in business in any suitable in UK or any other Asian countries in the world.
