

Chipotle mexican grill restaurant in ohio



**ASSIGN
BUSTER**

Chipotle Mexican Grill was started by Steve Eells in 1993 in Colorado with the aim of providing excellent quality fast-food items that are made from fresh and premium ingredients. Presently, Chipotle Mexican Grill Inc. is a chain of restaurants that are located in Canada, United Kingdom and United States. The name of the restaurant was derived from chipotle which is the Mexican Spanish name of smoked and dried jalapeno chili pepper (“ Unique Corporate Culture drives results”, 2008)

The specialty of the chain is in the burritos and tacos offered to the customers along with use of natural and organic ingredients and assembly-line production. The company is listed on the New York Stock Exchange and it went public in 2006 when McDonald’s divested all of its non-core business restaurants (“ About Us”, 2012). The mission of Chipotle Mexican Grill Restaurant is defined as Food with Integrity that highlights its focus on using only pure and organic ingredients and serves the customers with naturally raised meat; it gives the restaurant a competitive edge over all other restaurants present in the market (“ Food with integrity”, 2012). It is among the pioneers who developed the concept of fast-casual dining restaurants.

Currently, it is present in more than 1200 locations in about 43 states including France, Ontario, England, Washington and Toronto. According to Brandau (2012), the chain earned net income of US\$215 million in the year 2011 and had a workforce of about 30, 940 employees. The chain is run by a board that comprises of four directors along with a chairman (Steve Eells) and is headquartered in Denver, Colorado.

SWOT Analysis is important for every organization as it helps it in analyzing its capabilities and opportunities along with threats that will ensure that it is able to take the business in the right direction (Sikdar & Vel, 2010). The detailed SWOT analysis of Chipotle Mexican Grill Restaurant is as follows:

Strengths

The company maintains its ownership in all the restaurants.

Strong financial position allows it to undertake its various growth plans

Low cost of advertising as it relies heavily on Word-of-mouth and Internet marketing

Customer base is strong as all customers are loyal to the brand

Cordial relations with the suppliers especially organic ingredients

Competitive edge in providing healthy food items

Weaknesses

Labor costs are increasing at an accelerating rate

Sales get seasonal during few months

Expansion strategy ensures that it enters into market with extremely diversified tastes to meet the requirements of the market

Opportunities

Consumers are becoming health conscious so there is growing trend of healthy and organic food items

Online ordering process will become the norm with the advancements in technology

Increasing demand of diversified food concepts

Restaurant design that is sustainable is gaining popularity

Threats

Barriers of entry are low so competition can get intense in future

Food prices are increasing which can result in high production cost

Economic downturn can cause recession

Consumer tastes and preferences are changing on frequent basis

Natural disasters and climatic conditions can impact the growth and production of organic ingredients

Competitor Analysis

In the fast-food industry, there is a long list of competitors as there are many domestic and international enterprises present in this market. However, for Chipotle Mexican Grill Restaurant, the direct competition is from fast-casual Mexican market that comprises of Baja Fresh, Moe' Southwest Grill, Rubio's Fresh Mexican Grill, Qdoba Mexican Grill and Pancho's Mexican Grill (Ragas & Roberts, 2009). According to the customer surveys, Chipotle Mexican Grill was given eighth, third and first ranking in years 2009, 2010 and 2011 respectively; it is considered to be among the fastest growing restaurant chains in United States. It has been stated that all of its restaurants serve total of about 750, 000 customers daily (" About Us", 2012).

<https://assignbuster.com/chipotle-mexican-grill-restaurant-in-ohio/>

Market-Product Focus

In order to enter into Columbus, Ohio market, most of the fast-food restaurants target young people as it is evident from the demographics of the state that majority of its population constitutes people within the age bracket of 16-30 years. Almost all the large fast food chains have their headquarters in Ohio; for instance, Wendy's Corporate headquarter is in Dublin, Ohio and White Castle in Columbus, Ohio ("Fast Food Restaurants in Columbus, Ohio", 2012).

Some other fast-food chains like Steak Escape, Max & Erma's, Donatos Pizza, Bob Evans Restaurants, Cameron Mitchell Restaurants and Charley's Grilled Subs are located in Columbus, Ohio as well. It is considered to be the best test marketing region for evaluating the acceptance of the restaurant by the target market (Dahlen, Lange & Smith, 2010).

Considering the successful operations of Chipotle Mexican Grill Restaurant, it has been decided that it will target entirely new market which comprises of older people as this market is often neglected by the fast-food restaurants. The profile of the target market is as follows:

Gender: Male and Female

Age Group: 40 years and above

Income Level: US \$40, 000 per year

Lifestyle: Passion for socializing, young at heart, adventurous, love to dine out, health conscious

Occupation: Either employed in an organization or self-employed,
Businessperson and consultant

After reviewing the situation analysis of the company, the marketing and product objectives are as follows:

To increase market share in Columbus, Ohio by 10% by October 2013.

To create awareness about the importance of healthy and nutritious foods so that there is reduction of 5% in the number of people suffering from health related issues every year.

To start online business completely in Columbus, Ohio so that the customer base increases by 8% till January 2013.

To introduce new range of Italian food in September 2013 in Ohio to meet the demand of this food segment in the market.

Marketing Program Strategy and Focus

The marketing program strategy and focus comprises of 4Ps (Product, Place, Price and Promotion) along with strategic positioning so that an organization has clarity about the mechanisms that will be employed to achieve the desired business objectives (Ernst, Hoyer & Rübbsaamen, 2010). Each of the important elements of marketing program that will be targeted towards the new target market in Columbus, Ohio are discussed below to give detailed information about its marketing strategy:

Product - The company will offer the similar range of products for the old people but the ingredients used will be 100% preservative free and will be

extracted from organic sources. Along with the normal food items, some healthy drinks and salads will be introduced in the second half of the year i. e. in January 2013 to provide healthy option to the target market.

Price - The price range offered to the customers will be competitive and they will be offered meals within their affordable range. The prices of the products will be in between \$3 to \$8.

Place - The first location will be on 488 S. High Street Columbus, OH 43215 in December 2012 and the second one will be on 3090 Kingsdale Center Columbus, OH 43221 in May 2013. The restaurants will be developed in the same architectural structure so that people can develop an association among various all of them and enjoy the sensational dining experience.

Promotion - In the first year of operations, the promotional activities used will comprise of free trial, coupons and online marketing activities. When the first restaurant will be opened, the advertisements will be done on social networking sites and flyers will be dropped at every home in nearby areas so that people are aware of the opening of the restaurant in their locality. On the opening day, customers will be offered free first meal and will be given 50% on second meals. Since the old people like to read newspapers, the ads will be placed once every month in The Columbus Dispatch newspaper; the ad will be printed on the second page of the newspaper and will occupy $\frac{1}{4}$ of the page.

The strategic positioning of Chipotle Mexican Grill Restaurant in Columbus, Ohio can be described as " to provide high quality food items that are developed with organic and fresh ingredients in an environmental-friendly

<https://assignbuster.com/chipotle-mexican-grill-restaurant-in-ohio/>

way so that the company fulfills its corporate social responsibility effectively while ensuring alignment with its ' Food with integrity' slogan".

Financial Projections

The main assumptions made in the financial plan are as follows:

The advertisements will be placed once every week in the newspaper and the cost of ad as per specification is \$1, 500.

The direct cost of sales include the ingredients' cost, transportation cost and back-end staff cost.

The management salaries comprise of the compensation of all board of directors along with Chairman.

There will be four staff members along with restaurant manager who will look after the business operations.

The website management will be outsourced and it will have yearly cost of \$1, 800 that will even include up gradation of the website content.

There will be no tax charges in the first three years of operations in Ohio.

Implementation Plan

In order to measure the effectiveness of the marketing program, the company has set certain short-term milestones to measure the performance of the restaurant in Columbus, Ohio (Packaged Facts, 2009). Some of the milestones identified by the company are as follows:

By the end of first month i. e. November 2012, sufficient advertising will be done to create awareness about the brand.

In December 2012, the first outlet will be opened.

In January 2013, online business will be started.

From February to May 2013, the business will continue with its new operations and open new outlet at the end of May 2013.

During summer vacations, the restaurant will sponsor summer camp program to give a fascinating time to the kids and enhance their intellectual skills.

At the end of August 2013, teaser campaigns will be run for introduction of Italian food.

In September 2013, the new range of Italian food will be introduced in the first outlet and in the first week of October 2013, the latest food line will start in the second outlet.

Evaluation

The marketing efforts of the company will be reviewed monthly as the technological advancements take place on an ongoing basis and new products are introduced quickly as well. The initial source of evaluation for the company will be the difference in the estimated and actual sales of the product (Ferrell & Heartline, 2008). On the website, the customers will be allowed to give their feedback about the product features and the existing customers will be asked to participate in the survey of the computers.

However, some of the evaluation tools that will be used to measure the performance are as follows:

Carry out customer satisfaction surveys and gather information from customer reviews on various blogs and review the customer feedback by selecting the users from Beta test market both current and potential ones.

The evaluation of direct sales and surveys and e-mails designed for follow-up purpose with products recently purchased will give a proper indication about the customer's satisfaction level and how successful the product is in view of the customers.