

Example of comparison between outback steakhouse and longhorn steakhouse restaura...

[Business](#), [Marketing](#)



Restaurant business has become popular with businesses involved increasingly seeking to develop unique concepts as a way of differentiating their brands and delivering value through excellent service and foods wrapped around themes that their markets can identify with. In this respect, this analysis seeks to utilize secondary data to compare two restaurant brands; Outback Steakhouse and Longhorn steakhouse by identifying their various components including their missions, concepts, design, locations, menu and equipment/flow design as well as food purchasing systems. In addition, the analysis compares their restaurants' managements in terms of leadership and management, revenue analysis and performance management. The analysis then compares their budgeting & controls, recruiting and staffing, technology application and financing as well as marketing methods that they apply. In conclusion, the analysis identifies their fundamental difference and similarity.

- Mission

A businesses' mission statement is a definition of what it seeks to achieve in its operations. In this respect Outback and Longhorn's missions are as follows.

Outback: The restaurants' mission is to become the leading full service restaurant that offers a compelling dining experience with a combination of great food, lively and contemporary ambience with a highly attentive service at attractive prices. (Edgar " Bloomin")

Longhorn: Longhorn has a fundamental mission to deliver exceptional service to their guests consistently exceeding their expectations. (Edgar " Longhorn") This greatly borrows from its mother brand; Darden restaurants

Inc. whose mission is to become the best in full service dining for now and for the future generations. (Darden “ Darden 2012”)

- Concept

Outback: Outback’s concept is a showcase of a great service that was recognized and rewarded by Technomic through its customer selection awards in 2012. (Technomic “ Chain Restaurant”) It operates restaurants with an Australian theme that seeks to offer consistently high quality service and food that is delivered in a casual atmosphere. The concept is also meant to enhance Bloomin’s “ No Rule, Just Right” mentality which takes food seriously while resonating with Bloomin’s concept of courage, sharing, hospitality as well as having fun. (Outback “ Company Information”) The concept is also a reflection of the belief that nothing should stand in Outback’s way of pleasing customers. In this respect, the brand represents places where customers get great service at reasonable prices delivered by people with a genuine care about their joy, comfort and wellbeing. To achieve this, Outback restaurants are operated as a mix of franchises and joint ventures differentiating it from peer restaurants normally operating only as franchises or subsidiaries. (Bloomin “ Our Company”)

Longhorn: On its side, Longhorn’s concept is a showcase of great atmosphere which was also recognized and rewarded by Technomic’s customer’s selection awards as the restaurant with the best atmosphere. (Technomic “ Chain Restaurant”) The concept provides a relaxing atmosphere reminiscent of Western Ranchers’ homes with a warm welcome for guests in a friendly and attentive manner in their bid to savor its great steak meal as well as unwind. Therefore, Longhorn differs with Outback from

its focus on atmosphere while Outback's concept is focused on service and food delivery. It is also notable that Longhorn restaurants are operated as fully owned subsidiaries different from Outback's franchises and joint ventures. (Darden " Darden 2012")

- Design

Restaurant services are usually a blend of intangible and tangible components with processes in which both production and consumption takes place simultaneously. This is usually defined by their design which is dictated by the place, time and where the service provider gets an opportunity to demonstrate quality to customers. (Yuksei & Yuskei " A measurement")

Outback: In design, Outback's concept is that of a restaurant that provides full service dinner owned as franchises and joint ventures. With this design, Outback can utilize the local partners' market experience to deliver value within the local customers' context while retaining its founder's brand identity and entrepreneurial culture. (Outback " Outback Steakhouse") In its bid to deliver a customer experience that resonates with the Australian Outback steakhouse theme and Bloomin's brand concept, Longhorn restaurants concept is designed to provide great experience through programs like rewards and online order system. For instance, through the " My Outback rewards" system, customers can increase their rewards by often visiting the restaurant as well as ordering through the online system.

(Outback " My Outback") The brand also offers gift cards which are custom made for customers, predesigned or occasional. (Outback " Restaurant Gift") In addition, there is an online system designed to provide a simple way of accessing the brands products at a finger click where they can pull their

curbs into a parking lot, order and have their orders delivered to their curbside. (Outback “ Curbside take away”)

Longhorn: Longhorn restaurants are designed to operate as full service restaurants which are subsidiaries of the Darden Restaurants brand with no franchises or joint ventures. Their design is useful in delivering and sticking to the mother brand’s concept. (Edgar “ Darden”).

- Locations

Outback: Outback steakhouse was incorporated in 1987 in Florida with its operations based in Tampa and has more than 1, 200 locations in over 22 countries. In the US, Outback operates over 600 restaurants in 47 states while its international locations are guided the franchise and joint venture systems through which local entrepreneurs identify and set up restaurants in suitable locations for their operations. (Bloomberg “ Company”) The brand has a market leadership in its domestic locations as well as in its core international markets. In addition, all the restaurants’ locations are similar in their look creating a feel of domestic locations while their products and services as well as pricing reflects the local demographics and the location’s cost factors. In this respect, the restaurants enjoy a good performance from their relatively effective locations with average pre-tax returns on investment of 30% in the year 2011. (Edgar “ Bloomin”)

Longhorn: Longhorn restaurants are based in United States and are all run as subsidiaries of the Darden brand. By the end of the year 2012, Longhorn Steakhouse brand has 400 restaurants in more than 35 states in the US but with a concentration in the eastern third of the United States. However, the brand considers expanding its brand with national wide locations as an

engine of its growth. This limitation in expansion capacity is as a result of its conservative nature which does not allow it to partner with others like Outback in reaching markets outside its locality. (Darden “ Darden 2012”)

- Menu

Outback: Due to its wider presence, Outback Steakhouse restaurants have a global menu policy for the purpose of consistency and a menu that acts as a tool of differentiation through which it offers generous portions, consistently high quality service and food at moderate prices. (Kumaran, Senthil & Anbazhagan, “ A study”) The menu specifically offers uniquely seamed wood fire or seasoned steaks, the signature Bloomin, specialty steaks and desserts as well as a full bar service. The restaurant also offers a low priced children’s menu. (Edgar “ Bloomin”)

Longhorn: In its menu, Longhorn restaurant offers great steaks like the hand seasoned fillets which are never frozen and bone in outlay Ribeye showcasing its passion for grilling. The menu also offers chicken, seafood and heart baked bread with irresistible desserts that accompany the delicious entrees. The restaurant also offers the “ Just for kinds” menu and provides nutritional information which guides customers on their choice. The provisions of the menu seek to establish identity with customers while acting as an inspiration of the American West with a passion for grilled foods. In order to engage customers, the menu and recipes are also provided on the restaurant’s website. Thus, both restaurants have a consideration of children in their menus. However, the two brand’s menus are different in their focus with outback’s focusing on differentiating the brand while Longhorn’s focuses on delivering the western culture and theme. (Longhorn “ Our menu”)

- Equipment/Flow design

In a restaurants business, service environment holds a key role in customers' reactions and behavior. This is because customers are more likely to spend money and time in a service environment that tends to prompt a feeling of pleasure and shun unpleasant environments. In this respect, service environment is highly determined by the restaurants size, flexibility and equipments as well its arrangements enhanced by its flow design which in-turn greatly affects the nature of interactions in progression of events and durations such interaction. (Yuskei & Yuskei " A measurement")

Outback: The brand seeks to deliver its relaxed atmosphere and an Australian theme through a flow design of a casual atmosphere with large booths, blond woods, Australian artworks and large tables. In addition, the restaurant's feel and flow design is tailored to the suitability of its locations with varying layouts and sizes. In this respect, a typical Outback steakhouse has a full service liquor bar suitable for 54 people, dining area of about 45 to 48 tables suitable for about 220 people. (Edgar " Bloomin")

Longhorn: Longhorn's restaurants are designed with an aim of limiting business impact on environment with operational efficiency enhanced through sustainable design elements and fixtures as well as use of natural light. The brand has restaurants built or remodeled to meet benchmarks of high performance green buildings providing energy efficiency, water saving and high quality indoor environment quality to deliver a great ambience to its customers. (Darden " Darden 2012") Thus as Longhorn's flow design focuses on efficiency in order to operate efficiently, Outback's flow is a showcase of its Australian theme with an aim of delivering the themes

related atmosphere.

- Food purchasing system

Outback: With Outback's restaurant system, the customers experience starts when they check into the restaurant's bar to begin with drinks as a measure of controlling traffic into the dining area. From the bar, customers then proceed to the dining areas where they have the Presto system from which customers can view the menu, order their meals and play games as well as pay the bills using their cards. (Edgar " Bloomin")The restaurants also operate a curbside online order system through which customers can order for food while they pull into parking lots and have it delivered to their curbside; a system that has been a very successful in popularizing the brand. On the other hand, the Presto system engages customers in their dinning where most of the service id tailored to their preference as they operate the machines to make orders appropriately. It also helps the business in reducing labor costs as there are minimal waiters in the dining area. (Outback " Curbside take away")

Longhorn: The service system at longhorn is less customers based and more of a waiter based service. On entry into the restaurants, customers are ushered into the bar which acts as the waiting area as waiters continue ushering dinners into the dining area as tables become available. On getting to the dining tables, customers are given the menus and have to order from the waiter who then serves them through the meals and payments are made through the same waiter or the cashiers. The process is time consuming as well as labor intensive hence costly and inefficient compared to Outback's purchase system. (Edgar " Darden")

- Restaurant Management
- Leadership and management

Outback: Outback mainly runs its restaurants as franchises or joint ventures which are managed by the local partners who are required to purchase a 4% to 9% interest in the brand for an initial investment of \$50, 000. (Outback “ Outback Steakhouse”) In addition, a typical Outback restaurant comprises of one management partner, an assistant manager and a kitchen manager.

Consequently, the day to day operations are the responsibilities of the managing partner guided by the established operating standards. There is also an area operations partner in charge of about 15 managing partners. In this respect, the restaurant has senior management and an organization structure that seeks to maintain deep restaurant industry expertise at operational level and a functional corporate support team driving productivity, innovation and efficiency scales. (Edgar “ Bloomin”)

Longhorn: In its leadership and management, longhorn coordinates the leadership of regional operations management and the company directors with the operational directors focusing on identification of support and tools as well as strategies suitable for growth of guest counts and sales in their operation divisions. They also have a leadership focus dedicated to the in-restaurant execution and day to day operations. The management comprise of a national management center where restaurant managers can access the needed help in operations and facilities maintenance. In addition, the leadership seeks to enhance operations driven sales growth through effective leadership. (Darden, 2012) Therefore the two Steakhouses leadership differs in its coordination between the restaurants operations and

the top management with Longhorn restaurants having a more direct reach to its directors and senior management while outback has a more delegated structure with a substantial hierarchy suitable of its franchise and ventures management.

- Revenue analysis

Outback: Outback steakhouse restaurants generate revenue from the company's owned restaurants as well as the franchises and joint ventures' sales represented a 15% of Bloomins brand's totals system wide. In addition, the restaurant's limited offers on special occasions' average check per person was \$20 in 2011. Therefore, just like Longhorn, Outback restaurant has an extensive digital database through which it accesses a long period's data and be able to analyze and forecast its revenue. (Edgar, " Bloomin")

Longhorn: The restaurant seeks to achieve its profitability by leveraging its costs with sales as well as increased guest traffic where an increase in guest traffic increases its sales hence its earnings. In it s bid to monitor its operations as well as financial performance, the restaurant utilizes sales analysis with a year-over-year comparison of same restaurants sales volumes. (Edgar, 2010) In addition, the seasonal nature of restaurant business subjects its revenue to fluctuations with an average high during the winter, followed by spring, summer and the lowest being during the fall; a trend that has been reflected by the 2009, 2010, 2011 and 2012 revenues. (Darden " Darden 2012")

- Performance management

Outback: In its performance management, sales growth is taken to be crucial and incentives for staff to achieve sales targets include performance

rewards. Consequently, staffs members are subject to an appraisal on a period not less than one year and performance measures are usually based on sales, net earnings, and market share as well as revenue growth in comparison to peer restaurants. (Edgar “ Bloomin”)

Longhorn: Performance is managed in order to achieve profitability by addressing both fixed and variable costs. In addition, the restaurant seeks to enhance its sales performance through a suitable mix in menu items which is meant to impact on average guest check. To achieve this, the management collects guest traffic and sales data and analyze it as well as the menu mix in order to aid in developing suitable pricing, proportion strategizing as well as in products offerings. In its performance management, guest count is taken as a crucial measure of the brand’s long-term health while average guest check is used to establish a suitable near term profitability. (Edgar “ Darden”) Therefore, as Outback focuses its performance management on its staff through motivation and rewards, Longhorn focuses on operational issues of cost management and service delivery.

- Controls and Operations

- Budget and controls

Outback: Among its key focus in budgets and controls is the inventory costs which comprise a crucial cost for any restaurant business. In this respect, Outback has an inventory system that aids in making advance purchases of items in order to secure adequate supply and favorable pricing which acts as a key budgeting and control tool for the business. In addition, it’s financial and controls are handled through a point of sale computer system and networks for every restaurant communicating with its headquarters. This

helps in control the budget by watching costs like labor and inventory.

(Edgar “ Bloomin”)

Longhorn: Similar to Outback, Longhorn’s budgeting and control utilizes daily restaurant data on both cost and sales in order to establish the trend in the business costs, sales as well as earnings. The business also employs a system that enables it perform analysis on a daily basis. In its costs, the crucial components are daily operating expenses, labor, administration, marketing as well as restaurants remodeling costs. To achieve budget targets, the restaurants management has an internal control with audit programs and a clear documentation of assets utilization and has a proper reporting system. (Edgar “ Darden”)

- Recruiting and staffing methods

Outback: Out back establishes its restaurants through local partners for its franchises and joint ventures. Managing Partners have to sign a five year employment agreement with the organization on besides purchasing an interest in the company. This means that the restaurants management recruits partners who are then trained on the brand’s system and who in turn recruits the restaurant staff. The restaurants staff included the waiters, chef, customer service and others who are recruited in an open process with opportunities being advertised even on the restaurants website. The restaurant recruits full time as well as part-time staffs who work on hourly basis due to the seasonal nature of its service. (Edgar “ Bloomin”) For the management team, the business has a stock compensation program as a means of motivating its key staff, attract talent as well as prevent the staff from directly competing with the business. (Outback “ Outback Steakhouse”)

Longhorn: On its side, Longhorn has its recruitment being done by the mother brand's Darden specialty Restaurant Group which provides the restaurants with world class leadership and support that tailored to their demands. This is done to ensure that there is cutting of costs in labor while not compromising the ability to create value. (Darden " Darden 2012") The business also hires both fulltime and part time staff with senior management being awarded equity instruments as a means of motivating them. The business also has some programs for its management including medical coverage, accident and life insurance, paid holidays, weekly pay as well as equity bonus. (Edgar " Darden")

- Technology

Technology application in business operations is increasingly becoming a source of competitive advantage and businesses are thus seeking to apply it to improve their efficiency.

Outback: Outback applies technology in its operations including its multi-year information system. It also applies technology in finance and control where computer systems at points of sales are networked to provide real time data to the head office for purposes of credit cards authorization, inventory control and financial records. (Edgar " Bloomin")

Longhorn: On its side, Longhorn steakhouse employs technology in diverse operations including marketing, inventory control, and demand forecasting as well as in its guest's data platforms. Specific examples of technology applications include the digital guest's platform that helps identifying each guest by their buying behavior, the guest forecasting system which helps

them prepare services and food appropriately with the right amount of labor and food to serve guests. Digital technology is also applied in advertising campaigns as well as in the online platforms through which they interact with customers sharing experiences like the online gift cards and order system. (Darden “ Darden 2012”)

- Financing/Leasing

In their operations, businesses usually require financing for purposes of pursuing further investments that are in tandem with their strategies. In the cases of Outback and Longhorn Steakhouses, such financing would be necessarily for expanding the restaurants’ reach through opening of other restaurants within their local market or in the international market or remodeling the existing restaurants to meet the changing customers’ tastes and preferences as well as enhance efficiency. However, funding depends on a business structure and system as can be demonstrated by a comparison of the two. (Kotler 50)

Outback: Through its franchise and joint ventures business model, Outback relies on the business partners to raise funds for opening and running new ventures. In that respect, the business partners are required to purchase a stake into the business through an initial investment of \$50, 000 as well as buy approximately a 9% stake that the business can buy back after a period of five years. This helps the business in accessing financing for its operations while retaining its equity control on the business and the concept. In addition, the franchise business is source of financing as the partner is only allowed to take 17% of the business earnings with the rest reverting to Outback organization. (Edgar “ Bloomin”)

Longhorn: Unlike Outback, Longhorn has limited sources of raising finances without losing its shareholding as it is operated as a subsidiary of the Darden Restaurant brand without an option of franchising or joint ventures.

However, the business has financing options through sale of its equity in a public offer or private placements. This has been done through strategic offers for sale of equity to strategic investors/partners and to the public but with a limitation on ability to trade publically. In contrast, this kind of financing means losing a stake in the business to the financiers which is not revertible like it is possible for Outback which has a buy back option. (Edgar “ Darden 2012”)

- Marketing methods

With increasing competition, enhancing competitiveness requires application of suitable marketing methods. In this respect, both Outback and Longhorn applies diverse marketing methods as follows. (Kotler 35)

Outback: Outback employs extensive marketing methods to support its brand’s growth through guest traffic increase including promotional marketing like advertising. An example of promotional marketing is the restaurant’s advertisement campaign running the “ No Rules, Just Right” message seeking to present the restaurant as a place where dinners would get what they want in terms of prompt service and food. Adverts are run through the local print media like the newspapers and magazines as well as through radio and Televisions. Promotions are also done through seasonal limited time offers. Another marketing method that the restaurant uses is maintenance of a high quality evolving and affordable mix in its menu in order to maintain its brand’s relevance. Outback also employs e-marketing in

order to create awareness and maintain a favorable brand image. (Edgar “Bloomin”)

Longhorn: On its side, Longhorn’s marketing is driven by the passion for hospitality matched with love for building a strong brand that customers can identify with. The restaurants marketing strategies are also aimed at increasing sales while building brand equity by differentiating guest’s experiences. This is done by reinforcing the compelling brand promise through each guest’s touch point with methods ranging from innovative menu offering and promotions to the emerging social media. They also employ advertisements campaigns which seeks to communicate the restaurant’s promise. The business has also heavily invested in a robust digital technology platform as well as richer customer database system that helps in identifying customer’s preferences and tailoring their services to meet them. (Darden “ Darden 2012”)

Conclusion

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