Subway marketing report

Business, Marketing

This paper is aiming to analyses the market environment by using SOOT analysis and investigate the potentials of the new product with recommendations regarding the elements and marketing mix. Introduction The brand Subway is owned by Subway Systems Australia Pity Ltd, which functions as one of the global franchisers and assists with Australian restaurant targeting the domestic marketing (Subway 2014). Originated in the US, Subway entered the Australian market in 1988. Today, Australia has become one of the largest markets outside of the U.

S. There are over 1, 300 stores national wide (Subway 2014). Subway has made a lot of efforts in enhancing the public attention of health diet. It has gained its market share over the traditionally fast food such as McDonald's and KEF. Its products are most famous for low in fat and high in fiber, with only six grams of fat or less (Subway 2014). Current Market Share SOOT Analysts The SOOT analysis analyses the strengths, weaknesses, opportunities and threats (La Tribe Business School 2013).

A good SOOT analysis can assist the company developing a strategic plan to help identifying the key factors of the internal and external environment of a company (La Tribe Business School 2013). It is noticed that Subway is facing a lot of opportunities in the fast food industry with a lot of internal and external challenges. Table 1 SOOT analysis of the Subway retailer chain and its ewe products Flotilla (Subway 2014).

Strengths (S) Weaknesses (W) Healthy, fresh food, the new product is fresh cooked Bargain, the new product is cheap Number of stores and channels, the Subway retail chain is expanding Customizable menu, with selection of different bread, meat and vegetables Service quality is inconsistent from store to store Long queue under high customer flow, one cashier means lower efficiency and lowered customer satisfaction ratings Appearance of products are out dated Limited seating availability in most stores No drive-through option, poor customer experiences Opportunities (O) Threats (T)

CARS achievements, Subway has been positively engaged in some of the Corporate Social Responsibility activities Decoration to encourage more dine-in customers. Improve Customer Service Model, provide more people to serve the customer, increase the customer capability Improve franchisee relations, with a control of centre distribution centre, the quality of the food can be guaranteed Expand packaged offerings, instead of traditional paper package, box package and other packages can be used. Continue to revise and refresh menu offerings Competition leads decreases in their prices and hence decreases the profits, the

Subway food is also at lower price than its major competitors. More upscale sandwich shops in the local market, the Australian people are more likely to have dine-in food unless they are at work and don't have too much time Economy downturn, the retail and food industry in Australia is experiencing slow rate of growth Competition from other large fast food companies such as McDonald's and KEF The sandwich shop invests in another area which is not its specialty is a bold move, if the product is not successful, it will substantial damage other products as well and affect the profits. Findings

Internal environment: there are many risks existing in Subways internal environments. First of all, the traditional customer service model has shown significant limitations on the customer volume. The one queue model means only one customer can be served. The customer experience could be downgraded with long waiting time. It is highly likely that customers choose the restaurant with more checkouts and more staff. Secondly, the appearance of Subway store and its products are out dated. Unlike other fast food retailer, the appearance of the package has not been changed with the change of societal environment.

McDonald's, on the other and, keeps introducing new packages and new appearances of its products in response to major events to push its sale campaign. For example, McDonald's had introduced the World Cup 2010 menu sets (McDonald's 2010). In addition, McDonald's has different packages on which has specified product information such as ingredients and calories. The third finding in the internal environment is that Subway has shown inconsistency in its customer service quality and food quality.

Since each Subway store is operating individually, there is a great risk of lacking of supervision, which might result lawsuits and other negative consequences. The recognition of the store could be damaged if one store has involved with troubles. The inconsistencies in customer service and food quality have largely magnified the risk (La Tribe Business School 2013). External environment: The external environment is dominant by Subways advocate of healthy lifestyle from the food, diet, policy and its market expansion strategies.

The advocate of low fat, high fiber products have significantly increased the brand recognition and the corporate social responsibility fulfillment. The

Australia market has responded Subways incentive with increment in its sales and profit. However, with the increasing competition in the domestic fast food market, the healthy concept has been adopted by many fast food companies. McDonald's labeled the calories of all the products and provided more options in its salads and drinks (George Institute 2014). KEF committed with a 10 per cent reduction in sodium (George Institute 2014).

Domino's Pizza also introduced less sodium pizza with more vegetables in its ingredients. The increasing competition has squeezed the profit margin of the products. Subway seems to have fewer options to change its menu sets, the lower price, which has been used as an advantage in the intention, now also becomes a shortage that brings negative impacts to subway. Recommendations Target market One big potential market identified in the case study is the children market. As indicated in the SOOT analysis, it is found that Subway doesn't have children friendly facilities or children friendly meals.

In order to gain its market share, it is important for Subway to draw more attentions from children by introducing children friendly menu set. The main competitors of Subway in the market, such as KEF and McDonald's, have already had value meal for kids. The advantage of children friendly ell is not only targeting the children alone, but also, by bringing the children to the stores; it is likely that the adults will also purchase the food. By doing so, Subway can exponentially increase the number of its customers.

New product description and Marketing Mix Product The new product of Subway, Flotilla, can increase and consolidate the loyalty of customers.

Moreover, it can bring more young customers to the store, because it is small and fast, most parents can enjoy the meal with their kids without a long waiting time. It also helps Subway to gain more profit and higher market share. Flotilla looks like a small pizza, which has the convenience for take away. In addition, it package also have to protect the quality of Flotilla and let the Flotilla keep fresh.

Price Another feature of this product is that the price is incredibly low. The plain cheese is $2. 50, veggie is $2. 50, pepperoni is $3. 50, and spicy Italian is $3. 50. Most children are affordable with this product. Moreover, for adults and seniors, this product can be regarded as snack when they are hungry. This price range is much lower than its competitor's price, which will help Subway to gain a larger market share. Place Place will target at large neighborhood and communities where there are a lot of children.

The main target of this product is children; therefore, a store close to the playgrounds and parks will bring significant benefits to the franchise. Promotion The promotion method of this product should emphasis on the price to attract more customers. For example, Subway can make a voucher for free Flotilla. It can be uploaded to Subway Backbone page or Twitter, and other social networking tools. Customer value proposition A well-constructed and delivered customer value proposition can make a significant nutrition to business strategy and performance (Anderson et al. 2006).

First of all, in Subway, each value proposition must be distinctive. This requires that the new product must be superior to Subways competitor's products. Secondly, the value propositions must be measurable and based on tangible attributes (La Tribe Business School 2013); it should be quantified in monetary terns (Anderson et al. 2006). At lastly, the customer value proposition must be sustainable. The company image and brand should be well maintained. Justification of the choice of new product The strength of the new product is that it maintains the concept of healthy and fresh food and adds some new elements in it.

The traditional sandwiches are usually cold when they are served, in Subway, one problem is that there is fewer hot food. When some customers are looking for hot food, they will skip Subway for other options. With Flotilla, Subway can successfully gain more attention from these customers. The price of Flotilla is still a bargain; it maintains the price advantages of Subway to its competitors. The opportunity of the product has made some improvement in its package, which has been criticized for a while.

The new package is able to leave a better impression to the customers and provide a more friendly take-away option. The container of the Flotilla is much handy than traditional paper package. It also helps improve the menu option. Since the menu in Subway has been pointed out to be stalled, this new product will expand its Market and gain a lot of market share from its competitor such as Domino's and Pizza Hut. The new product, however, is lacking of competitiveness with McDonald's burgers and Cuff's fried chicken. It doesn't improve the situation that Subway has been criticized for its meat quality.