

# Starting up a restaurant | business plan



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It is noteworthy that the keys to run a successful restaurant lies in a stable economic base in the community and demographic characteristics compatible with the intended market. A well researched feasibility is required to obtain a loan from banks or other Non baking financial institutions. The economic base of a community can be beneficial to identify the potential for success, as well as help to determine the type(s) of restaurant that might succeed.

A white-collar clientele needs are different from an industrial economic base. cultural backgrounds in the community may also affect the types of food preferred and consumption patterns. The prosperity of an area affects personal income. It help to find out a society by observing and contacting residents. The following questions help to evaluate whether a community is progressive and growing or whether development has become stagnant:

There should be an area to assure comfortable seating and enough of a walkway for wait staff to move among tables. The outstanding space is for food preparation, storage, and office area. The food preparation area should provide an efficient movement of food from the kitchen to the dining room. The space should be arranged with everything only a few steps away from the cook, and should also allow two or more cooks to work side by side if warranted. Inside the restaurant, a separate area is usually reserved for dish washing and trash. The room needed for prep and steam tables, oven, grill and stove top, and small refrigerator and freezer, along with the exhaust fans needed for ventilation must be adequate. big refrigerators or walk-in coolers are used to store perishable items (Entrepreneur Magazine Group 1996, p. 40). In the restaurant we need some room for the washrooms. In restaurant you need the area for disable, male , female toilets.

The external appearance of the restaurant is almost as important as the inside decor. Great advertising or even the best word of mouth endorsements cannot always compensate for lack of curb appeal. If the outside shows dirty windows, a dimly lit entrance, or an offensive sign, potential customers may turn away. The outside should be clean and inviting. If parking will be provided, the estimate is one spot for every three restaurant seats, with safe convenient access. Large restaurants must provide four percent of the first 100 parking spots for persons with disabilities and two percent of any additional parking. Once the conceptual framework is determined, the outcome should be recorded and saved in a form of a written manual. This written manual is more of a general description than a detailed plan. A description of the type of menu being

planned should list the types and number of items for the following categories: breakfast, lunch, sandwiches, appetizers, soups, salads, entrees, side dishes, beverages, and desserts. Apart from location and menu, one of the most important aspect of a successful restaurant is the atmosphere or ambiance. The atmosphere along with the menu, should fit the type of restaurant (quick service, mid-scale, or upscale) determined by the market study. Customers will assess the atmosphere of the restaurant by the way it makes them “ feel.” think about the following factors in creating a desired atmosphere:

An investor must do a feasibility study to estimates the cost involved and the expected returns, before starting any form of business. unluckily, not all good ideas make great businesses, or even generate a steady revenue stream. A comprehensive checklist can be prepared to determine if an idea represents a genuine opportunity for starting a new business. The checklist should includes but not limited to that who the customers will be and where the business will be located. Restaurant are no dissimilar than other businesses in this respect. The “ idea” or type of restaurant and the market the owner is trying to reach are often the first and main considerations. If a specific cultural food will be served, then the exact location and market must be evaluated.

In order to have a footing in the market we have to analyze our long term opportunities and strengths. It can be done with a concept of total quality management with continuous improvement in the food’s quality and sales by targeting the right market mix and segments.

One important aspect is to understand the behaviour of the business market and types of the competitors in this sector. This can be attained by gathering information about the major players (who had captured the market) so that to identify their moves, strategies, strength and weaknesses.

As the economy of the UK is hit hard by the financial crisis, the setting up a new business is challenging task; this means that areas and sectors like education, tourism and Industry will witness a large scale decline in the coming years. The current scenario required the government spending in some big projects like infrastructure, healthcare and education that in return can revive the economy and increase the demand of new business within the country.

### **Researching and selecting Target Markets:**

We as a restaurant operator have to adopt a policy that is directed toward identifying the market size and potential in terms of demands related to the multi ethnic group within the regions. This means, that we have to target different community using a standard food Menu that can attract the customers accordingly.

Next, we have to make decisions on types of Ethnic group that we should focus on by subdividing the market sector into smaller segments and assessing each one separately. Selection of the market segment is very important for positioning product.

In our case it is advisable to target and select few niche markets comprising certain African and Asian ethnic groups within med-level salary ranges. The

challenge would be providing them with the reasonable standard food with nice atmosphere at competitive rates.

## **Designing Strategies and positioning our product:**

Once we have decided about the target market then the next step will be designing the strategies that match our long term objectives and goals. For this we can develop and deploy differentiation and positioning strategy.

This can be done by providing a product that is different in term of quality and strength so as to capture the eye of the customers. After that we should position our product for middle niche market between large to medium level society.

During this phase we have to consider that challenging market leaders in the very beginning would be difficult but we can exert extra efforts to be the market challenger or else become a market follower which is a strategy that fits us well during the initial stages of our operations.

## **Planning Marketing programme**

After designing strategies we need to transform our strategies into programmes. This could be accomplished by making decisions on marketing expenditures, marketing mix and marketing allocation. As an entity we have to divide the marketing budget into the following elements of the market mix namely:

### **Our product:**

We have to introduce our product with some differentiation and improved quality by acquiring good recipes, as well as, employing quality chef who can

prepare quality food, allowing us differentiating our products from market. It is the product that needs to be marketed with due diligence so as to make the market feel your presence. And also tried to bring a new kind of recipe which is not available in the market before because that will make a plus point in your products and in your reputation.

### **Price of the product:**

The Price of the product also plays some important role in its sales. At present, tough competition exists demanding the restaurant to sell their product at the right price. To price the product, initially one can consider quality and cost of production and company's mark up. Price valuation procedures like target pricing can be used to reach a point for price determination. In addition, to that idea of the market price for that product is also essential because one cannot set a price beyond the market norms unless that product is exceptional either in its quality or availability.

### **Promotion:**

Promotion is vital tool for any product to promote our restaurant and its products (food items). The promotional mix / tools that could utilized may include:

- Television
- Radio
- Newspaper
- Magazines

- Direct mail
  
- Yellow Pages
  
- Public transportation
  
- Billboards
  
- Internet home page
  
- Free-net in community
  
- Chamber of Commerce
  
- Visitor's Bureau
  
- Convention Bureau
  
- Supporting non profit organizations
  
- Free press (if available in the community)
  
- Community involvement

Advertising: since it is a perishable item, due care is essential to market it using printed media that tend to be one of the reliable advertising tool.

Sales force: for the same reasons above this promotional tool becomes very efficient & effective.

Delivery places (on time and at right place)

Special Offers (like discount for parties and bulk Purchases etc.)



Offering birthdays parties in your hotels so families can come and enjoy in restaurant decorate your restaurant for them and offer some kinds of kids boxes to the kids which can help in promotion of your restaurant.

### **Organizing and implementing marketing programmes.**

It would be very cost effective to have the marketing philosophy built in and adopted by all working staff and employee at all levels. The marketing philosophy should be the primary component of the firms organizational culture to be reflected in firms and worker's daily practices and performance. At higher levels the founders/ partners have large and more responsible role to play as they would be expected to market the firm among identified clients based on their relations the market.

Monitoring the market process is the crucial activity where it will be needed to trace and find whether or not the programme is being executed correctly this includes controlling the expenses to ensure cost effectiveness as well as to ensure the execution of the programme is in line with the firms long term objectives.

### **Suggestions for Success**

The customers' perception of the restaurant's concept is an important factor in success. Once the restaurant is open, quality feedback from customers is important. Does the concept need adjustment? Observe and talk with customers. What does the wait staff overhear? Are their tips good? Are certain menu items ordered more often than others? What menu items are left on the plate? Are the portions too large or too small? Consider carefully

how the market you have created reacts to your concept. Repeat customers and word of mouth endorsements are priceless.

The SBDC web site (<http://www.commerce.state.il.us>) provides the following list of 15 reasons

why businesses fail:

1. Lack of experience
2. Lack of capital
3. Poor locations
4. Inventory
5. Equipment
6. Poor credit practices
7. Personal expenses
8. Premature expansion
9. Bad attitude
10. Too many expenses
11. Poor collections
12. Low sales
13. Inventory mismanagement

14. Competition

15. Crime