

One-stop shop for all
your dining needs
assignment



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It serves to manage reservations, assign tables, recognize repeat diners, and remember preferences making online reservations possible linking real time availability with the Internet. Pentacle also offers the option of making the reserve through restaurant 's win websites. Pentacle is leading the online reservation market. Citreous analysts estimate the company has more than a 90 percent market share in the U. S. Online reservation business and they think that there is stimulator to grow. The company works in all fifty states and also in Canada, Germany, Japan, Mexico, and the United Kingdom.

Their main competitor now is the phone reservation but it is a matter of time that the new technologies will replace this old method of booking a table. In 2010-2011, Pentacle has increased its revenue by 53% up to \$34. 3 million. They have also expanded he number of restaurants they work with to more and seated 53% more diners also during this period. These numbers all contributed to a consolidated net income of \$6. 3 million for the second quarter in 2011 , while still having cash and short term-investments totaling \$69. Million, demonstrating sound financial footing. Pentacle has two main types of competitors: online reservation ones and coupon ones. Pentacle's main business has been the online reservation one, but it has recently started a service called Limelight that dabbles in the coupon business, stepping on the toes of the likes of Group and Restaurants. Mom. Pentacle has partnered with coupon dealer Savored, which offers discounts on dinner reservations to compete against Spotlight, which offers weekly gift certificates.

And on the reservation side there are two more competitors: Urbaneness that launched its own service called Rezone (that directly competes With <https://assignbuster.com/one-stop-shop-for-all-your-dining-needs-assignment/>

them, but it currently only has 800 restaurants) and Google that purchased Gate (the restaurant rating service) in 2011, leading some to speculate that it would attempt to enter the reservation business as well. With the appearance of all these new competitors; Pentacle is beginning to lose its competitive advantage as its service is no longer unique, it has been imitated, and there are emerging almost substitute products.

In today's world, it is very difficult to maintain the competitive advantage, so Open Table must be ready to innovate in order to remain ahead. Market & Customers Pentacle makes their money by charging restaurants a one-time installation fee for reservation software/hardware, a monthly subscription fee, and a fee for each diner seated through the service. A higher fee of \$1/ diner booked directly through the company's website compared to \$0.25/ diner booked through the restaurant's website is an indicator of the value of Pentacle's website as a customer referral tool. Therefore, this suggests that Pentacle is twice as effective as a marketing tool rather than through independent online reservations. 1 Opinionate provides an ERP (Electronic Reservation Book) touchstones software that provides a real-time map of free tables in each restaurant floor, stores meal patterns for all parties, keeps a database of diners, helps maximize guest seating, attracts repeat business with email marketing, offers a rewards point system for loyal customers and saves time with automated reservations. Though restaurants would have to pay a fee to utilize their online booking system, the service is free to diners. Opinionate has seated 25 million diners across 8,090 restaurants, at an average of 345 seats monthly or 14 seats daily per restaurant. It has 25,000 restaurant clients and seats 9 million customers

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per month. 2 It is currently the market leader in the SIS and reported significantly profitable compared to their international locations in Germany, Japan and the United Kingdom, which only represents 5% of their total revenues.

Product & Service Pentacle is a leading service provider of instant online restaurant reservations for diners and reservation management systems for restaurants. The actual product is a software which delivers the convenience of booking reservations online to diners as well as the functionality of a computerized reservation system to restaurants. The augmented product is now a combination of subscription and reservation revenue: Revenue Model Reservation Revenue: The Company charges each restaurant \$1 for every seated diner that books a reservation on Pentacle. Mom. The Subscription Fees, is charged to restaurants for using Opponent's electronic booking system. Product Features Mobile Payment: Opinionate gives opportunity to diners to pay directly from their phone, reducing the wait time to pay for the check. Ratings & Reviews: Diners are able to share their experience and rate restaurants. Brand Role play - Pentacle has the credibility as being the pioneer for providing such logistics for restaurants.

Restaurants know that Pentacle has the current largest reach of potential customers and therefore want to use them. Having seated over 200 million dinners in 20 k restaurants all over the world shows the reliability in their brand. Product Life Cycle - Pentacle should be awarded the later stages of growth and slowly transitioning into the maturity period. This is because despite being at a whopping 2.6 billion dollars there is a very big

opportunity to further expand the brand worldwide especially after being acquired by Principle.

This allows them to have a bigger client base and considering how the world is slowly moving towards an app based dependency Open Table has the world at their shoulders. Despite almost having monopoly of the market which could suggest they are already in the maturity stage, they have not had competitors that can give them a run for heir money and none can compete with the opportunity for a much wider and deeper global expansion.

Objectives - The product line objectives is selling the reach of their software and database which is 2nd to none.

They are able to charge premium prices due to their relative monopoly and reliability of their application. Promotional Strategy The business strategy significantly revolves around the promotion of the Pentacle website and it's Electronic Reserve Book (ERP). Inline restaurant reviewers were given monetary benefits upon providing links to the Pentacle website, however this form of advertising was not cost-efficient ND although new visitors were increasingly brought to use the website, the cost far outweighed the revenue brought in through this strategy.

Following changes in management, the importance of personal selling and public relations grew as a door-to-door sales force was formed, targeting mostly expensive restaurants. Pentacle has a team of sales representatives that promote the ERP system to potential restaurants and also participate in numerous trade shows and conference to promote the system. This form of advertising and promotion was more effective as the concept spread to 50

States in the United States Of America, as well as to over 1 , OHO restaurants elsewhere in the world. 2 This form of personal selling is, indeed appropriate as it has increased the subscription rates and income of the company. In a world of a cold, emotionless digital surface, the presence of personalized connections, especially in terms of selling the product and also the follow up customer service, could clarify any doubts that an FAQ tab cannot, while possibly gaining the trust of potential clients and restaurateurs. In this sense, there seems to be a proper balance between contemporary media and rotational forms.

However, if traditional media were categorized as mostly print media, Pentacle does not seem to have any investment in advertising through traditional media. Regardless of this lack of presence in traditional media, Pentacle is indeed a digital product and as such, the imbalance in media choices are appropriate and well-thought of because users of the product are mostly digital media users. Also, considering also the fact that traditional media would most probably incur more cost than effectiveness, this is a proper balance for the needs and goals of the company.

Opinionate also uses Yelp and Google and other partners to cement its status as a default option for new restaurants, making their drive in digital media secure. 5 price Strategy The products of the company are mainly focused on the two services offered which are the Opinionate E. R. B. , a computer terminal which essentially assists in running business in restaurants including seating arrangements, wait staff assignments, feedback from customers which could possibly lead to a more personalized experience for customers.

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Pricing of products include a one-time fee for installation and training costs which could range from \$200 to 700 – depending on the company – and an additional monthly subscription fee also applies, ranging from a minimum of \$199 per month with extra charges costing between \$25 to \$89, a month. Additionally, for each diner that completes his or her reservation, Pentacle receives a fee of \$1 or \$0.25 per diner depending if the reservations were made through Pentacle's website or mobile app, as opposed to through the restaurant's website using Pentacle's software. Open Table also has a lighter version of the reservation system called Connect, which deals mostly with restaurants that have, mostly, walk-in customers. In this system, Pentacle receives \$2.50 per diner who completes his or her reservation through the Opinionate site, while a \$0.25 fee applies for reservations made through the restaurant's site using Pentacle software. The strategy and strength of the business model that Opinionate adopts is that it is able to convert what was a fixed cost, for restaurants, into a variable one.

This model is incredibly appealing to restaurateurs as many expenses in running a restaurant are non-variable as such utilities, rental and staffing. There are many competitive pressures which have resulted in renegotiation's in relation to price. Depending on the type of adjustment in price, there could be a potential reduction in Pentacle's future revenue. In terms of competitor pricing, overseas options have proven to be more aggressive in terms of expanding and also, charging lesser fees, for example using Lovingness. Com in Europe and Peeve in Scotland.

Nonetheless, despite these credible competitors providing slight concern, Pentacle's clientele is significantly higher than competitors, at over 24,000
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restaurants and counting. Open Table has indeed aligned itself with its target market pricing as well as assessed, although not adequately, elasticity of demand, which will show the way it copes with international pressures and competition as well as its willingness to negotiate. Place & Distribution Although figures vary widely from product to product, roughly a fifth of the cost of a product goes on getting it to the customer, but this is not our problem. Place' is concerned with various methods of transporting and storing goods, and then making them available for the customer, but in our case, we can Offer the product to everyone as it consists in an online service that, thanks to our software platform, we can easily distribute. So, as the distribution of our product is cheap and easy, our strategy will be to reach as many people as possible trying to target the most popular restaurants so that we keep attracting new customers.

Recommendations Strengthen and grow existing market by enhancing the current diners' experience, extending the mobile offering to android users. Expand on mobile platform to respond to growing number of mobile users and make the Current interface more user friendly Diversify activities by acquiring a mobile application in the food delivery industry to enter a new market Pursue the international expansion in major metropolitan cities.

Implementation Strengthen and grow existing markets Current Situation As of now, you are only servicing 1/4 of dinners that make restaurant reservations.

Some of that is due to the fact that the website is not very user friendly or intuitive. Procedure We recommend that you strengthen your positioning by personalizing the dining experience. This can take several form. One of them <https://assignbuster.com/one-stop-shop-for-all-your-dining-needs-assignment/>

is using Big Data that is collect from users to make their next reservation more convenient, intuitive. Example: If a diner always seems to order the same dish at restaurants, develop a feature that suggests some restaurants that have the est. reviews for the same dish.

Continuously improve the software in hand. The current website is still basic and requires multiple steps. Develop options for users to sign in with their Faceable accounts, where you can access their preference information. Include all your users by developing an android application, this is to strengthen your existing customer base so they do not feel left out as opposed to phone users. Expansion of mobile platform Your mobile interface is basic and has some bugs that prevents the customer to enjoy a seamless.

Procedure We recommend that you develop your mobile platform and design. The mobile interface can be improved by fixing minor bugs and making the interface more intuitive. Develop additional features that will make the dining experience more pleasant. For example: When available, given the option to dinners to choose if they would like to be seated by the windows. Develop the option to buy “ Pentacle” credits that can be redeemed at the restaurants for a larger value. Example: A \$50 Pentacle credit will have a value of 555 to use at one restaurant.

Diversification (Blue Ocean) As you currently operate solely in the dining industry while some related markets are showing signs of growth. Procedure We suggest that you cease some growth opportunities that are happening in the food delivery space, this will broaden your portfolio by doing a strategic acquisition of the application Eat . This will add some new assets and new

talent to your portfolio. Acquiring a company that has significant expertise in the space will save time, resources to deploy and possible errors that you may face if you were to get in the space as Pentacle.

We encourage you to keep investing in research and development to find innovative solutions that will help accomplish your mission to cover all aspect of the dining experience in the best possible way. Initialization You are present in the K, Japan, Mexico, Spain and Germany Procedure We recommend you pursue your international expansion in larger metropolitan cities that have a large part of their population that share a similar lifestyle of dining out in Europe, Asia and South America. Use two different strategies to enter those markets.

Option 1: Duplicate your current model by deploying a sales forces on the ground to sign up restaurants. Hire local advertising agencies to run advertising campaigns in global and metropolitan cities Option 2: Consider acquisitions of similar startup in the market of interest as you had previously done with Adoptable. Com in the United Kingdom. Conclusion The next steps described in this report has for purpose to reconcile the mission of Pentacle and the actual perception of its customers and lay a path for growth.

Moving forward we anticipate to see major improvements in the mobile offering of the company by using a customer centric approach to personalize the user experience. A pursuit of opportunities in international markets as well as one or several acquisition efforts in the food delivery space.