

Innovation marketing proposal for jcu food court



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To establish a food court on Townsville campus, James Cook University is in quest of collaboration with takeaway restaurant chains. The restaurants that will be engrossed with the well known university will have a large potential market which would function in areas like brand recognition, brand loyalty and maintaining consumer relations. These areas serve as key to the marketing strategy which in turn drives the restaurants to maintain stability of revenue resulting in making profit for the food court. Due to a saturated market, competition is stern. However, competition can arise in the immediate area. Therefore, there will be a quick growth in the market.

It is well determined from SWOT analysis that weaknesses and threats of the food court are overcome by its internal strengths and the external opportunities and hence the impending business prospect for the restaurants. In addition, there have been positive estimations that will be achieved with a profit increment of 10% in three years in terms of financial controls, such as advertising budgets, contracts, expense and rental income etc. Therefore, the JCU Food Court seeks to grow as a potential market and is a sound investment.

Introduction

James Cook University has approximately 11, 000 students including 1, 300 international students studying at the Townsville campus (JCU Townsville, 2009). The 386-hectare Townsville campus consists of 364 buildings that includes housing units, student mall, library, fitness centres and excludes refectory and cafes that opens in week days for limited time (JCU Townsville, 2009). Adjacent to the University is Townsville General Hospital which is situated on the outskirts of town, approximately 11 kilometres from the city

centre. Despite of being a favourable environment for education, its remoteness to food outlets and entertainment creates a logistical challenge for students. The food facilities provided to the students is limited and restricted to Western styles that ultimately offer fewer options for the vegetarians.

Situation Analysis

The proposal of JCU food court is new to the market and lies in the introductory phase. Although there is a large competitive market of takeaway restaurants but there will no close competition in the vicinity area. However the few exceptions being the Refectory and Rococo's bar & Restaurant. There will be a significant growth in the development of food court and gain in substantial business. Hence, the food court will enter the market with rapid growth and will emerge as a profitable business.

Market Summary

As described earlier, there are no close competitors in the immediate area of the food court so the market to be targeted would be the vast market of fast-food and takeaway restaurants.

Target Market

Fast-food / Takeaway restaurant chains

Market Demographics

A typical customer profile consists of geographic, demographic, and behaviour factors.

Geographics

The geographic target area inculcates local (e. g. Eagle boys, real pizzas), national (e. g. Noodle box) and global (McDonald's, KFC etc.) restaurant chains.

Demographics

The food court is not limited to any type of consumer/customer and is likely to favour all the students studying at Townville campus. Another factor is the cost of meals under \$12.

Behavioural Factors

The food court would serve the university, hospital and surrounding residential areas. The market can be expanded to the restaurant chains who see a potential market within JCU.

Market Needs

The market needs would be fulfilled by university students, staff, hospital visitors and people residing in residential areas. The JCU food court will offer a convenient and economical consumption. The restaurants that tend to be interested will have a large potential market within the grounds of the university. The food court will come up with the following market attributes –

Convenience – JCU food court will serve as a convenient option for consumers making easy for them to get to the restaurants and will be an economical place.

Maintenance – The food court will be well maintained taking care of the surroundings areas too.

Customer Retention – As there is little competition in the immediate area, customers are likely to retain and welcome to a place that provides quality food and service at reasonable prices.

Brand credit – While off campus, customers will recognize the brand they know from JCU Food Court, which promotes the business.

Market Trends

JCU is situated in a heavy passage environment/area with students studying both onshore and offshore, hospital visitors, the army base, and residential areas. The leasing space to five different takeaway restaurants will appeal to the needs of a market that has not been presently met. JCU being a well-known university, the restaurants will tend to let on JCU possessions. With advent of food court, people would seek a fair quality and convenient meals at reasonable prices.

Market Growth

Due to market saturation, there is a strong competition in the restaurant/takeaway business. Statistics reveals that by June 2007, there were 15, 423 restaurant businesses in Australia, and takeaway rates growing 18. 3% respectively, making approximately \$646. 1m (Statistics, 2008). There will be less competition in vicinity of the food court at which puts the business on to an advantage of being profitable and will mark a rapid growth & strength in market.

SWOT Analysis

To evaluate and assess the potency and limitations, opportunities and challenges for foot court on JCU, a SWOT analysis was performed. The

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analysis revealed some key factors of the internal and external marketing of JCU Food Court. Figure 1 describes the detailed SWOT analysis (Appendix 1).

Potencies

The University has an advantage of own land so there is no land purchase requirement.

The food court will focus on offering varieties of food at cheaper deals.

There will be no external competitiveness among the restaurants of the food court.

Being a well established university, the restaurants will likely to be interested to be its part.

Trading hours will diversify from the on-campus cafes and restaurants.

Limitations

The university has to provide resources for maintenance and other related services.

Limited space to accommodate.

Less space than regular restaurant.

Prospects

The Townsville campus is likely to have a potential expansion.

More students enrolling drives the profitability of food court.

Availability of parking and loading area.

Growth and development in other JCU campuses.

Less expenses on construction and labour.

Challenges

Labour hire for construction and maintenance.

Economic downturn ongoing at present.

Future growth and development of nearby shopping centres.

Competition

There will be less or no competition in the immediate surroundings of the food court. The food court will be situated on Townsville campus. There will be no opposition for the food court because at present there is only Rococo's Bar & Restaurant and refectory offered to the students in student mall. Due to limited opening hours, they are not open on weekends. There is a limited range of restaurants in the hospital and the nearest food courts are in Willows and Stockland. Thus, the students and staff would be more directed to the JCU food court. It will be more convenient for people to walk to the food court to purchase quality meals at cheaper prices which will be economical for them. Therefore, competition will not be a major concern for businesses interested in leasing space with JCU Food Court.

Product Offering

JCU will offer quality food at reasonable prices. The food court will serve as a convenient option for people to get their meals from there. Also, it will open for business to restaurants to lease for space in the food court. The space

will accommodate a counter and kitchen. In addition, the university will provide maintenance and other janitorial services.

Keys to success

The keys to success would be offering quality food, reasonable deals, and convenience to customers, delivering products that are user friendly and offer customer satisfaction at affordable prices.

Critical Issues

Since JCU food court will be new to market the critical issues will be –

Potential expansion to other campuses of university.

Business on a contract basis, lease with the restaurants.

Growth and expansion of business through lease sales of counter space.

Marketing Strategy

The marketing strategy mainly focuses on the services provided meet changing customer needs, while still maintaining the product quality and commitment to excellence. The key marketing strategy will focus on customer satisfaction and loyalty and at the same time maintaining brand quality. Moreover, the food court will focus on the overall market segments and the associated customers. It will also concentrate on gaining a partnership with the restaurants in order to expand the business in the market while maintaining the product stability.

Vision & mission

To provide a means of personal satisfaction by improving its service delivery.

To promote and spread the benefits it provides to people.

To provide premium customer service by guaranteeing the customers a clean, comfortable and well maintained counter space at reasonable leasing prices.

To expand the success of food court to other JCU campuses.

Marketing Objectives

JCU food court is concerned about maintaining the food quality and increasing the services so as to create a brand name, which could encourage and sustain optimistic and steady growth. The food court will be expanding its limit each year and extend the counter spaces depending on demands and needs of the customers. Once established, JCU will introduce loyalty/value cards to offer discounts thereby increasing profit from additional revenue. Therefore, the objective is to establish competitive superiority in target market, guarantee stable profit to customer and pursue up growth profit.

Financial Objectives

Seek to boost the profit margin by efficient use of strategies and commitment to deliver good services.

To increase the profitability to 10% in three years.

To repay back the loan at the earliest in order to evade the interest that downgrades the income.

To maintain the contacts associated with restaurants on lease.

Reduce liability by using less of the loan and using more funds.

Target Markets

The market of restaurant chains and takeaways business is quite outsized with diversity in foods and services they offer. The food court will focus on takeaway business offering food with different varieties and quality. The major target market would be the restaurants in the market that offers quality services and varieties of food at reasonable prices.

The bureau of statistics Australia stated that during 2006-07, cafes, restaurants and catering businesses generated a total income of \$13, 673. 2m, signifying an average of \$886, 500 per business. The total expenses incurred during the same period were \$13, 108. 3m and the total industry value added by these businesses was \$5, 695m, which represented 0. 5% of Australia's gross domestic product for 2006-07. During the same year, the operating profit before tax for these businesses was \$576. 4m and their operating profit margin was 4. 2%.

Positioning

As JCU is a well-known and established university, the concept of introducing food court will represent as an innovative and demanding move for the convenience of people who are part of the university. Being a reputed education hub, JCU will perceive great customer retention and will incur a successful business in the market.

Overall strategy

The main objective of JCU food Court is to create awareness among customers to recognize food court as an innovator and a potential

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investment. The overall strategy is to provide people with best possible services and quality thereby making food court as a profitable and stable investment. The beginning phase and the upcoming growth stages will not be supportive without the lease of the potential restaurants (Kotler, Keller, & Burton, 2009). Introductory phase is like a start up business (Kotler, Keller, & Burton, 2009). Once the initial phase of contracts and leasing agreements are accepted and passed, growth will continue leading to maturity phase.

In order to establish the business in market, the main focus will be to maintain customers, their satisfaction and potential expansion of food court to other campuses of university. Market research will be done in terms of sales, promotions, communications, advertisements and brand development. JCU will be looking for specific businesses they feel will provide variety and quality products at reasonable prices for the consumers. Advertisements in newspapers and over internet will provide a rich source of information and contact details to people thereby creating awareness among them and promoting the business.

Marketing Mix & the Customer

Five Ps of the Marketing Mix

Product – Restaurants interested to spread their business and take lease with the university.

Price: Price includes the rent which will be based on square metre of space, restaurant location and other utilities. The food and related services of the restaurant would be charged as own franchise.

Promotion: Advertisement will be made in leading newspapers all over Queensland and over internet for lease and contracts. JCU website will incur a link for services offered by the food court.

Place: The food court will be located on the campus with massive free parking areas on campus and short-term free parking near food court for other customers.

Packaging: JCU Food Court will provide healthy high quality food and a clean atmosphere. Other services include maintenance and janitorial services provided by the university.

Four Cs of the Customer

Customer Solution: The business is in the immediate area of the target market with high number of consumers – students and faculty in JCU.

Customer cost: The prices are cheaper and inexpensive due to size and location. Consumers are offered value/discount cards. The companies are responsible for other costs that include leasing prices, utilities, major renovation, appliances and fittings.

Promotion Pros for customer: Promotions will be done as advertisements provided across campus at different specified locations which will be a part of rent.

Convenience: The location will be convenient and suitable for the customers and will offer a large number of employments. Other considerations like maintenance and janitorial services will be provided by JCU food Court.

Marketing Research

Marketing research will focus on consumer retention, stability and satisfaction, market segments and the target markets. Market research would therefore include the following –

Consumer eating habits, student movements. Motivation for the food court began after receiving grievances about the lack of food options within the proximity of the campus.

Market sampling comprise of local restaurants and cafes. Sampling will determine to gather the leasing space in food court of university.

Survey consists of dichotomous, Likert scale and ‘intention to buy’ questions to convert into quantitative data (Kotler, Keller, & Burton, 2009).

Preparation and circulation of survey by email with completion online as primary method.

Students, faculty, hospital staff and other customers are all inculcated in the sampling procedure.

Sampling procedure will take into account some questions to evaluate behaviour of the customers and their interest in food court. Online surveys will be available for students and staff to give their feedback on performance and services provided by the food court. Drop box will be set up at various points within the university area and the hospital so that people can feel free to give their comments and suggestions. Results and percentages assess the interest in JCU Food Court; the cost to profit finances; how to promote to target market; narrow specific target market groups. The information from <https://assignbuster.com/innovation-marketing-proposal-for-jcu-food-court/>

all the above mentioned sources will be compiled and computed to generate quantitative data which further will strengthen the development of frequency distributions which can be charted in order to clearly view the statistical findings and determine whether it rejects or accepts the hypothesis (Kotler, Keller, & Burton, 2009).

Financials

Financial Controls

This section will deal with some of the relevant financial situations regarding marketing the food court in the market. This section include Break even analysis, sales forecast, expense forecast and indicate how these activities are related to the marketing strategy of the firm.

Break Even Analysis

The break-even analysis indicates that as to reach break-even point the income required is \$ 500, 000

Figure 1 – Break Even Analysis

Controls Procedures

JCU Food Court incurs a marketing plan to start up the business as a guide for creating interest from restaurants giving the best performance by providing customers with best quality and quantity.

The control procedures will take into account the initial expenses and revenues, cost of maintenance and other janitorial services, lease & contract agreements, leaser's and customer satisfaction.

Contingency Planning

Difficulties and Risks

Turn down of the secondary target market

Risk of entering into saturated market

Promotional failure and lack of awareness among customers

Closure of restaurants in the food court

Power outage

Worst-Case Risks

Risk of business failure due to lack of profits and inability to cover liabilities.

Financial instability during the course of growth phase.