

Tutti matti: sales increase



**ASSIGN
BUSTER**

Tutti Matti - Practice Case This case meets the conditions of my signed Academic Integrity Statement on file with the Instructor. Critical Issues Alida Solomon is currently facing these critical issues is her restaurant, Tutti Matti.

1. How to continue to expand her business and avoid problems during the SARS outbreak. 2. How to build awareness and obtain new customers. 3. How to make better use of her time and resources. Analysis Tutti Matti has been open for 6 months and has already become a profitable business earning sales of \$210, 000.

Her plan is to finish the year with sales of \$500, 000. The SARS outbreak, decrease in tourism, seasonality and family and friends have decreased attendance at the restaurant and competition. Solomon has established strengths and weaknesses that can affect her business which are outlined in Exhibit 1. In order for her to continue to strive and run a successful business she must consider the SWOT analysis and choose what is most important at this point in time for her business. Option 1 - Summerlicious Event

Solomon should accept the summerlicious offer to attract more customers. Also since this offer is only valid for two weeks and the full 3 course meal is at a prix-fixe of only \$15 for lunch and \$20 for dinner, she will attract more customers to learn about the restaurants quality and uniqueness. These customers will return during the regular season. By trying the summerlicious event this year, she can use it to determine the profitability and decide whether or not she will use this event to market her restaurant again in the future.

At this stage of her business, she needs to be more focused on obtaining a strong customer base for lunch and dinner, instead of worrying about the revenues she may be losing out on by not participating in the two week event. It may be worth the risk to participate partly because of the SARS outbreak and seasonality that Solomon predicts. Exhibit 2 shows the estimated losses from participating in the summerlicious event. Option 2 - Promotions / Combo One of the problems that Solomon had was that Monday and Tuesday were very slow especially during the weekends.

In order to attract new customers she can introduced promotions during those days to not only have customers come for dinner, but also as a way to attract new clientele. Similar to how some other restaurants increase sales, Tutti Matti can introduce Pasta Mondays and Tuesdays, offering a discount on the pasta dishes. Solomon should consider offering dinner combos that put smaller portions of various dishes in one combination. This allows customers to taste a variety of Tuscan cuisine and may be intrigued to try more the next time.

Often people may try one dish and dislike it and may not come back to the restaurant. Another way to attract smaller families is by offering a kids menu and also offer free wine tasting before the customers have ordered. The customers may enjoy the sample of wine and become interested in trying more. Option 3 - Advertising / Website In the first 6 months of business, Solomon has only spent \$500 on advertising. She intends on increasing her annual budget up to four times for the next year. This gives her \$4000 to spend on advertising.

One of the emerging trends is creating a website. The website would cost her \$2088 to start up and an additional \$588 to maintain each year. Exhibit 3 shows calculations of Advertising. The website is a good way to promote the website, offer coupons, have contact information, menu items and prices, and ability to book reservations. The Bring Your Own Wine option can be beneficial to the company because they can charge a corkage fee if the customer brings in a bottle of wine. This is extra revenue without having to use any resources.

This however can be a problem if the majority of customers stop purchasing alcohol from the restaurant and instead always bring their own. The Dining out magazine will cost \$2000 advertisement will be available during the SARS problem. Therefore Tutti Matti will have advertisements during the time where they feel there could be a decrease in customers.

Recommendation In Solomon's marketing plan, she should accept the invitation to the Summerlicious event. It will allow her to attract new customers who can increase traffic and maintain her return rate of customers.

Currently 90 percent of her customers were returning diners; therefore it comes to the conclusion that her customers enjoy the service and quality of cuisine. This will increase her customer base and allow her to satisfy the goal of increasing sales during the summer. This is also a way for her to decide to participate in future Summerlicious events and eventually become a first-tier restaurant charging higher prices for the food. This event will only cost her a registration fee of \$350. Regularly her average dinner bill per customer is \$50; the Summerlicious event will only charge \$20 without alcohol sales.

There is not enough evidence to determine that wine sales will reduce by 50 percent. She should also consider advertising in the Dining Out Magazine.

The cost of advertising is \$2000, however she will have a full 1 page spread and 30, 000 copies of the magazine are sold in popular stores such as Chapters. Although other restaurants are featured in the magazine as well, it will give readers a chance to compare different cuisines and there is the chance that readers will want to try Tutti Matti. Exhibit 1 - SWOT Analysis

Strengths * Food is quality authentic Tuscan cuisine Location is in downtown Toronto and close to heavy-traffic districts * Ability to raise capital - father provided to open the restaurant * Open-concept kitchen allowing customers to see how the food is prepared * Saves \$15, 000 a year by not using a food distributor and instead purchasing fresh ingredients on her own. Weaknesses * Poor advertising and low budget of only \$500 for the first 6 months. * 80 percent of the total revenue earned came from lunchtime revenues. * Only 15 percent of customers purchase an alcoholic beverage at lunch. * Inability to build the business. Opportunities * Increase the markup on bottles of wine.

Currently only have a below average mark-up of 120 percent. * Participate in Summerlicious event to promote the restaurant for a cheap cost of \$350 * Creating a website that will offer customers the ability to view the menu before they arrive to the restaurant. Threats * Competition from Alice Fazooli's, Terroni, and over 200 other Italian restaurants in Toronto. * SARS outbreak preventing customers from eating at restaurants. Exhibit 2 - Gross Margin Lunch is \$15, cost of food is 30%, and therefore gross margin is \$10.

50 Dinner - cost of food 30%, margin is 70% therefore, 70% of \$50 avg Mark-up on drinks is 54%, 30% of \$50 avg

Gross margin is \$32. 50 By participating in summerlicious, she spends \$350 registration loses \$15 in dinner margin Exhibition 3 - Budget for Advertising Budget of \$4000 the plan has to build & trial, survive the SARS and manage the work (refer to criteria) 1) Website - \$2088/\$588 for following years \$1500 + $(\$25 \times 12) + (\$12 \times 24) = 2088$ Need additional 140 dinners to break even 2) Dining out ad - \$2000 for full page Magazine is in greater Toronto, however the business is downtown unlikely to get people downtown 3) Toronto Life - \$1000 business card size 4) BYOW option- Opens up food to people who have their own wine preferences .