

Marketing

[Business](#), [Marketing](#)



Having first hand knowledge about the country will make it easier for Cheesecake Factory to establish a solid and respected presence in the Spanish restaurant industry. We also believe that Spain is a market that will adapt well to the Cheesecake Factory because the Spanish people will receive the food, taste, and ambiance of Cheesecake Factories restaurant. Although the economic situation in Spain has been negative, we think that by establishing a new branch of the restaurant in Spain, we would be able to capture an inelastic market that has been the least affected by the economic conditions.

Most Spanish people still go out to eat and spend money on food that is of high quality that they can obtain for a low cost because it is an instilled part of their culture. These squalliest about Spain, and our chosen mode of entry has made us confident that The Cheesecake Factory will operate will reach levels of great achievement in Madrid, Spain In 1972, Oscar and Evelyn Overtone decided to open a small shop called The Cheesecake Factory in Los Angeles selling their homemade cheesecake to customers.

Six years later, their son David (now CEO) decided to open a restaurant based on his parents business ladled, The Cheesecake Factory- in Beverly Hills. With generous portions, a diverse menu with over 200 items, quality foods and their famous Cheesecake, the business took off. Today, The Cheesecake Factory has expanded to 151 locations across the United States with ambitions to expand internationally to the Middle East In the coming years. As a result, The Cheesecake Factory has now become one of the most popular addling restaurants In the U. S. With a loyal customer base.

Spain is a country with a lot of cultural traditions, foods, and diverse people. In spite of that, because of globalization, multiple ways of living and thinking have converged with the traditional Spanish culture. Spain is one of the countries where the Mediterranean diet, one of the healthiest and most varied diets, was developed. However, because of the influence of other cultures, such as the American culture, a lot of tastes have converged creating a new market for American restaurants such as Planet Hollywood, Tony Aroma's, and Foster's Hollywood.

The Spanish culture is also very social. People get together on a regular basis for lunch or dinner with family and friends, as well as for business purposes at restaurants. While at restaurants people stay seated at the table for a long time talking, eating dessert, or drinks, benefiting restaurants as customers add to their bill. Cheesecake Factory has a long list of cheese cakes and other deserts that would be enjoyed while having a relaxed conversation after dinner. The vast majority of the Spanish society is middle class.

Middle class consumers look for affordable good quality restaurants quality food at a price that would attract customers. However, some changes would be necessary in the business model of Cheesecake Factory to allow for a successful venture in Spain. For example, it should reduce the quantity of food served. In Spain it is unusual to take home leftovers after a meal and with the amount of food offered by Cheesecake Factory a lot of food would be wasted regularly. Also, when customers see the amount of food on each

plate they will decide to share instead of buying more food, causing the company to lose profits.

Spain is a country with 47, 1 50, 819 inhabitants and according to the data of the World Bank the GAP per capita The currency of Spain is the Euro.

Nowadays, Spain is suffering from an is - economic downturn due to the financial crisis that is occurring in Europe. There are a rage number of unemployed people and in the past year Spain experienced negative growth. However, this summer the tourism rate has been incredibly high and the service sector has earned a great amount of profits. By selecting Spain as their new host country, Cheesecake Factory would experience more advantages than disadvantages.

First of all, a lot of American restaurants are being established in different parts of Spain and they are experiencing huge success. American style food is becoming trendy and Cheesecake Factory would gain from becoming a second mover and obtaining a piece of the market before it is saturated with competitors. In addition, the New York style cheesecake is a well-known desert served all over Spain giving Cheesecake Factory its initial marketing strategy. Customers will come for the initial draw of the cheesecake but will become life-long customers after they try the delicious food and are presented with excellent service.

When deciding to move a multinational company abroad, as consultants we have to take not only economic concerns into account, but the ethical values of the new host country as well. Corruption is one of the most important aspects to consider when expanding a company internationally. Business

owners want to know their company and their competitors will remain unaffected by bribes, unjust persuasion, marketing tactics, and competition. Therefore, as rated by Transparency International, a coalition dedicated to the study and prevention of corruption globally, on the Corruptions Perception Index, Spain was rated 6. On a scale of Tot 10. Spain ranked 30th out of 178 countries, which proves it to be a relatively uncorrupted country on a global scale (1). Corruption is measured within a country by the frequency and or size of bribes that occur in any country (1). Transparency International defines corruption as the, abuse of entrusted power for private gain. " The index is compiled by looking at many different sources, which include country experts, country and non-country residents as well as business leaders in the country.

It is created yearly, using data from the last two years (1). Because we are using a Joint venture as our mode of entry for The Cheesecake Factory, Spain's intellectual property laws need to be evaluated. This affirms the restaurant's trademark and technological information will be protected against competition from our Joint venture company, Foster's Hollywood. Property law in Spain is enforced by strict guidelines. It operates on a " first to file" system, which differs from the United States. The first company to register for property rights is given priority (3).

When attempting to register a new trademark, companies are forced to go through measures to ensure that the trademark has not been previously the main International Conventions laws, which allows for non-Spanish business owner's rights to remain protected as well. Because Spain is part of the

European Union, this has caused the Spanish government to ratify and adhere to the Community Directives on Intellectual Property, guidelines created by the EX. (3). Spain is defined as a constitutional monarchy, or a country that functions with a monarch as a head of state, but operates within the structure of a constitution ratified by the people.

Spanish government is divided into three parts, the Executive, Legislative and Judiciary. The Executive branch is also known as Parliament, which is known as the voice of the Spanish people. It is responsible for passing laws, monitoring the budget and expenses of the state, and remains in control of the government (2). In addition, Spain's laws are based on civil law, which helps businesses that are not operating in their own country. Unlike the common law system, civil law leaves no room for interpretation because the laws are clear-cut.

Businesses are well aware of the laws and how they will be enforced; giving companies a better idea of what is acceptable and expected from the legal system. In a common law system laws are interpreted which can in turn cause friction within businesses and their host countries. As stated on the website for investing in Spain, joint ventures are a very common way of setting up businesses and Spanish law allows and provides many ways to do so. In addition, laws of the European Union that Spain has adopted have eliminated foreign investment restrictions and exchange controls, making it very easy to invest one's company in Spain (6).

Just recently in Spain, there was a change in government from the socialist party, which has been in power for eight years, to UP (Partied Popular or

Popular Party), a more conservative sector (4). Spaniards elected the party with an overwhelming control of 186 out of 350 seats in Parliament with hopes of combating unemployment and the debt crisis. As the leader of the Popular party and future Prime Minister, Mariano Rajah stated on election night, " There will be no enemies for me other than employment, the deficit, excessive debt and economic stagnation" (4).

The new government will create ways to stimulate the economy, promoting economic growth and new business ventures as a way to pull Spain out of their economic crisis. This upcoming era of revitalization and new governance will provide a perfect platform for Cheesecake factory to expand into Spain as new opportunities are becoming available. TRANSITION NEEDED By choosing Madrid as our first location in Spain, we will have to face other American chains that have already established their businesses in the Spanish market. For instance, Hard Rock Cafe has been in Madrid since 1994.

This gives them a first-mover advantage over us because they have already learned how to do business successfully in Spain by being integrated in the market for so long. Other major American chains or restaurants that could be a threat to our business are: T. G. I Fridays (est.. 1992), Foster's Hollywood (est.. 1971), Hard Rock Cafe© (est.. 1994), and New York Burger (est.. 2009). Clearly there are a lot more American restaurants in Madrid but we think these are the four main restaurants that we would face great competition with. Regardless of the competition, The Cheesecake Factory has already opened 151 locations across the

United States with annual revenues of \$1.6 billion. The Cheesecake factory has build quality food, service and delicious signature cheesecake. Our competitors have larger annual revenues and are bigger companies. ITS Fridays annual revenue is estimated at \$2.5 billion, which makes it the second biggest in Spain behind Hard Rock Cafe©. When it comes to New York Burger, their annual revenue only reaches \$500,000 but they are a fast-growing chain in the U. S. And Spain with low-cost meals and casual dining. New York Burger is one of the top American chains in Spain and will probably be Cheesecake Factory's biggest threat.

However, because of our highly varied menu, reasonable prices, fine dining, and signature cheesecake we believe The Cheesecake Factory will be able to rise to the top in the Spanish market. One of our biggest challenges will be to make The Cheesecake Factory recognized and well known in Spain because competitors of Cheesecake Factory already have a global reputation.

Cheesecake Factory has only opened restaurants throughout the United States, with marketing strategy focusing on Spain's market we can attract curious locals while bringing in tourists from the States that are familiar with the food.

In terms of Social Responsibility, The Cheesecake Factory has adopted an EYE employment policy in the United States, which means they provide equal employment opportunity to their employees. In the U. S. , The Cheesecake Factory respects the right of customers. They provide a guest survey system on their homepage, where customers can provide feedback and suggestions on improving their food or services. In Spain, The

Cheesecake Factory can implement a similar system to allow for the same high quality customer service.

Also, the managers and employees within the Spanish restaurant should feel connected to the United States offices, so a corporate culture can be upheld and foster good relationships. Relationships among all parties, stakeholders, customers, and employees included, should be kept open and honest to ensure the best company possible. Cheesecake Factory should work with their joint venture partner Foster's Hollywood to meet all cultural, legal, and ethical changes within Spain. Cheesecake factory has succeeded continually even throughout the financial crisis in the United States.

In 2009 the revenue of Cheesecake Factory held steady even during the economic crisis in the United States, and during 2010 they propelled forward reaching net income levels exceeding those ROR to the recession. (See Exhibit 1) <http://pHs. Corporate-IR. Net/External. File?> This illustrates that The Cheesecake Factory has strategies in place to resist an economic crisis like the one occurring throughout Spain and most of Europe. The economic unrest in Spain should not deter Cheesecake Factory from starting an overseas venture because they have a strong company that has proven itself against a harsh economic environment.

In addition, The Cheesecake Factory has learned throughout the years how to curb their initial start up costs, cutting their preening costs by more than half between 2006 and 2010 (<http://pHs. Report-IR. Net/External. File?> Their efficiency in opening up new restaurants has cut millions of dollars in expenses over the years leaving financial resources available for the

company to open new restaurants. In order to successfully implement our new branch of the Cheesecake Factory in Madrid Spain, we plan to have Cheesecake Factory partner with a local chain, Foster's American style cuisine market in Spain.

They will provide Cheesecake Factory with local market knowledge allowing for a smooth transition and less start up costs. DON'T NEED THIS Multiple sources have predicted in 2012 that the economic growth in Spain is projected to reach between one and a half and two percent. Although this number is low growth is growth Although this number appears to be low, it is substantial in a country that is undergoing an economic crisis to the extent that Spain is experiencing. (. [Http://press. Baa. Com/latest-contents/press-releases/Spain/ 8216-Spain-economic-outlook-8217-published-by-Baa-research\(9882-22-101- c-72116\). HTML](http://press.Baa.Com/latest-contents/press-releases/Spain/8216-Spain-economic-outlook-8217-published-by-Baa-research(9882-22-101-c-72116).HTML) : [http://www. Aced. Org/document/](http://www.Aced.Org/document/) , o. HTML . AS the country slowly grows unemployment rates are predicted to drop slowly reaching around nineteen percent by the end of 2012 allowing consumers more spending money MORE ON THIS? ([http://www. Coed. Org/document/ _1 _1 _1](http://www.Coed.Org/document/_1_1_1) , o. HTML In order to successfully implement our new branch of the Cheesecake Factory in Madrid Spain, we plan to have Cheesecake Factory partner with a local chain, Foster's Hollywood through a Joint venture. Thus far, Foster's Hollywood has been successful in Spain, but the Joint venture between Foster's Hollywood and Cheesecake Factory will be beneficial to both companies.

Cheesecake Factory will benefit by gaining a foot hold WORD CHOICE? In a new country and market with the local knowledge and connections offered

by Foster's Hollywood. Foster's Hollywood would gain by joining with a future competitor and therefore capturing a larger portion of the restaurant market in Spain. Information concerning knowledge transfer between the companies will need to be discussed, and a cohesive agreement laid out, to make sure neither company is taken advantage of. Another aspect of our entry strategy is that The Cheesecake Factory should use local food for their menu.

In Spain, like in the U. S. , all the ingredients needed for the menu items can be found within the country, making it easier and cheaper to supply food for the restaurant. Because Spain offers wide variety of food and in the United States all their food is provided locally. The only item that will need to be imported to Spain is the specialty cheesecake that is shipped to all the restaurants from their only factories located in North Carolina and Los Angeles. Because most of the food will be bought locally, only the cheesecake will have to be imported.

Also, Cheesecake Factory will be able to adapt to the new environment more efficiently because change will be easier to implement in a transnational strategy. Foster's Hollywood will help with the local marketing because they know how to cater to the local market while the food has proven itself successful in the United States already and as little changes are needed Cheesecake Factory will. Based on our research we have found that moving the American based restaurant chain, Cheesecake Factory, to Spain would result in greater profitability and success for the company.

We believe a Joint venture with Foster's Hollywood is the best mode of Entry into Spain. We have chosen a Joint venture in order to acquire experience and familiarity with our global market, while still being able to maintain control of the easiness. We wanted to make sure important aspects of our restaurant like quality control, our signature taste, employee treatment, and our all around image, did not get changed or tarnished in our move overseas.

In order to maximize success in our chosen foreign market, we recommend for Cheesecake Factory to adapt a few of their business practices to be better able to conform to the culture and traditions of Spain. First off, we recommend that the menu stays the same, offering the same items as Cheesecake Factories all over the United States, but make their portions smaller. Because the appeal of the Cheesecake Factory is the fact that it is marketed as an Americanized restaurant, we believe the restaurant would lose appeal if we were to cater to Spanish tastes specifically.

It has already been proven by the abundance of American type restaurants that Spaniards agree and like the taste of Americanized food. However, the large portions that they serve at restaurants here in the U. S. Are seen as over-indulgent and excessive in the eyes of the Spanish people. We also recommend that the restaurant use Spanish suppliers and farmers to obtain all the odds for the making of menu items, using exporting only to import the famous cheesecakes that are made only in the U. S.