

Subway's marketing strategies assignment

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SUBWAY: An Introduction The Subway brand was started in the summer of 1965 in Bridgeport, Connecticut. It was the brainchild of 17-year old Fred DeLuca and his family friend Dr. Peter Buck, with its purpose being to earn money for Fred's college tuition. With a \$1, 000 loan from Dr. Buck, Fred opened up the sub shop. Currently, there are 27436 Restaurants in 85 Countries, making it the second largest fast-food franchise in the world. Approximately 5000 of these locations are non-traditional units — such as convenience stores, truck stops, colleges/universities, hospitals, military bases, arenas, shopping malls, and more.

Their goal is to be the largest fast-food franchise in every market. But let's get one thing straight, Subway is not your everyday fast food outlet. They don't sell hamburgers or greasy French fries; they're in the business of healthy eating, their main products being their submarine sandwiches which are made right in front of your eyes by the highly efficient staff members. The 5 most important strengths of SUBWAY Brand Awareness Even though it is not that well known in South Africa, Subway is brand that is known the world over for their fresh tasting products and innovative store placements.

Quality of food Subway prides themselves on always having the freshest ingredients available for your sub, and they hide nothing from the customer. All their products are made on the spot while the customer chooses what toppings he/she wants on the sub. Unlike most fast food franchises, nothing is deep-fried or frozen. Efficiency At Subway, you don't wait for your order. You order it at the counter and watch it being made by the highly efficient team of staff. When the product is ready, you pay and take it with you. No bills, no queues, no hassles.

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Store Location Subway restaurant sites are adaptable to any type of location. The simplicity of the Subway Restaurant operation and the ability to fit into spaces that their competitors cannot allows them to open restaurants in many unusual and non-traditional sites, such as airports, hospitals and even supermarkets! **Exclusivity** Subway offers a unique eating experience. It's quick, easy and most importantly, it's healthy. In most cases, they are the quickest way to a healthy meal, and they possess unrivalled innovation when it comes to choice and service.

Macroenvironmental trends that impact on Subway

Political factors Anti-American and Anti-George Bush schools of thought. The level of crime and lack of security in South Africa. **Economic factors** The constantly decreasing amount of disposable income that people have due to inflation and taxes. **Socio-cultural factors** The 'healthy eating, healthy body' trend. An increased need for convenience and choice. **Technological factors** Increased technology levels means increased implementation of CRM programmes. The influence of these trends on Subway

Political factors

According to Gavin Mitchell, owner of the Subway franchise in Somerset Mall, there is a large amount of anti-Americanism going around these days due to the fact that people around the world disagree with what George Bush is doing to his country and many others. This leads to them boycotting American brands and choosing other brands to satisfy their needs. Another school of thought is that America is trying to take over the world with all its huge brands and sort of 'Americanise' the rest of the world. Now, because Subway is an American brand, people who support these schools of thought would rather support a local brand than eat at Subway.

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Also, we all know that the level of crime in South Africa is something that no one can ignore. Our government turns a blind eye to it all and it is constantly in the headlines and in other media. So what we're left with is a large amount of people who are too scared to go out for fear of being a victim of crime. " Because we don't have a delivery service, and the fact that we only have 10 outlets in South Africa causes us to lose out on the money that those consumers could be spending with us" says Gavin Mitchell. Economic factors

In finance minister Trevor Manuel's budget speech, he mentioned that government would be implementing a social grant system in the near future. This affects all fast food outlets equally, because at the end of the day, the average working person will be taxed more and ends up with less disposable income to spend on luxuries such as fast food. You could, however, look at the fact that the poverty-stricken individuals of today will be given money by government to spend on obtaining a higher standard of living, but I don't think they'll be rushing off to buy fast food. So Subway ends up losing a portion of their market due to this fact.

Socio-cultural factors Over the last 5 years or so, there has been a larger focus on how junk food affects our bodies in the long term (Supersize Me, Fatland etc.) and therefore, people these days prefer to consume healthier food. In some cases it has lead to veganism and organic consumption. Subway prides itself on using only the freshest ingredients for its products while sticking to fast food principles, meaning that they prepare a healthy meal for you in a matter of 2 minutes. They don't sell carbonated drinks or

French fries, instead, they supplement your meal with fruit juice (or mineral water) and freshly baked goods.

Subway is taking advantage of this idea by offering salads in addition to their already popular subs. Another trend that has taken over is the trend of convenience and variety. Consumers want what they want and they want it as soon as possible. They are no longer satisfied with 3 or 4 traditional flavours, they want something new because they've tried everything else. They don't want to wait in queues or have incompetent staff tend to their needs, they want it now and they want it done right! When compared to their biggest competitor, Kauai, Subway dominates when it comes to preparation time and variety.

They offer an almost unlimited variety because you get to choose what goes on your sub, and everything is prepared in a sanitary environment right in front of your eyes in less than 2 minutes. This satisfies both the need for increased variety and increased convenience. Technological factors “ In what one executive of the \$9 billion, 26, 000-restaurant Subway chain dubbed “ the single largest integrated cash card program in the world,” Subway has come out with a card that handles payment, instant loyalty rewards and highly targeted promotions that can be tracked by the customer. Marina O'Rourke, Subway's director of retail technology, said the system is groundbreaking because of the wide range of capabilities but also because of the scope of the deployment. “ We have rolled out the single largest integrated cash card program in the world. We have almost 20, 000 stores on this program, and our program is integrated into our POS software,” O'Rourke said. “ It's a very sophisticated CRM program. It has the ability to <https://assignbuster.com/subways-marketing-strategies-assignment/>

target consumer behavior and reward and entice that behavior. It can look at cardholders in a geographic area. We can drill down to the store level.

We want to understand if we can change behavior by offering, let's say, a free cookie. " ??? eweek. com Because of the rapidly rising rate of technology in this day and age, firms can now install incredibly sophisticated customer relationship management programmes that collect bucket loads of valuable information for their marketing teams. Although this new CRM card is already available at a large number of stores across the world, Gavin Mitchell says that South African Subway fans can expect to fill out an application for one of these Subway cards in about 2 years from now.

What these means for Subway is that they'll be able to monitor what I like best and predict what I'll like as well. They'll know how often I buy, at what time I buy, at which store I buy etc. This is a huge step for Subway and undoubtedly, any firm would want to have that kind of power. Customer retainment strategies Loyalty card Subway at Somerset Mall offers a loyalty card to each and every single customer that buys from their outlet. The programme entails a card with 8 empty blocks on it, every time you purchase a sub from them you receive a stamp that is stuck into one of the 8 blocks on the card.

Once the card is filled up, you qualify for a free sub. This is just a temporary rewards programme until the new Subway cash card is implemented in South African outlets. Gavin Mitchell said that although they only receive a 2% return on these cards, they are creating loyal customers who talk about the brand. The ' Sub of the day' promotion Because Subway is relatively new

in the area, they run a promotion every day of the week where you can buy the 'sub of the day' for only R15. The point in this promotion is to get consumers to try everything on the menu and develop a set of favourites.

These days R15 is not a lot of money at all, so consumers do end up trying all seven of the special subs, and if they enjoy a particular sub, they will make sure to buy it on the day that it is on special. This is true as I have experienced it at my place of work. Subway is literally 20 steps from us and at lunch time, everybody knows what the sub of the day is. The 'Kids' Pak' Not only does Subway cater to healthy eating habits but they also cater to children as well, by offering a small, healthy meal that comes with a different toy each week (much like the McDonald's Happy Meal, but a lot healthier!).

This enables health-conscious parents to make sure that their children eat healthy from a young age. Free delivery in shopping centres In Somerset Mall, a lot of the staff in the food court/entertainment area are so sick of eating junk food that most of them eat Subway on their breaks as it provides energy and doesn't make you feel bloated or sick afterwards. Subway has caught onto this trend and has offered free delivery of their products to employees of the various stores in the mall. This creates loyalty because most of the time, we aren't keen to venture out of the back office area to go and get food because we like to rest on our breaks.

We can give Subway a call, tell them what we want, and 5 minutes later it is delivered to us, free of charge! Most of us have loyalty cards as well, so they'll bring us each a stamp whenever we order...how is that for service?

The Subway mission statement " To provide the tools and knowledge to

allow entrepreneurs to successfully compete in the QSR industry worldwide by consistently offering value to consumers through providing great-tasting food that is good for them and made the way they like it. " An analysis of the mission statement What is there strategic vision?

To provide its employees with the necessary resources to satisfy the needs of their customers. What business are they in? The healthy fast food industry. What type of organisation are they? One that aims to satisfy the needs of consumers all the time. What type of organisation do they want to be? An organisation that is loved by its customers because of its consumer oriented approach and dedication to need satisfaction. After looking at the various views that organisations can take, I'd have to say that Subway's mission statement encompasses 3 of the views, namely:

Skills-and-knowledge view - " To provide the tools and knowledge..." clearly means that there are specific skills required to operate and work in a Subway store. An employee view ??? "...to allow entrepreneurs to successfully compete..." shows that they back their employees 100% and that a good relationship exists between the organisation and its employees. A customer-oriented view ?? - "...consistently offering value to consumers through providing great-tasting food that is good for them and made they way they like it. shows that Subway loves their customers and will continually strive to satisfy the needs of each and every person that buys one of their products. When looking at the characteristics of a good mission in the prescribed textbook, I see that Subway covers all but one important characteristic. The mission is market-oriented ("...consistently offering value to consumers..."). The mission is realistic ("...allow entrepreneurs to successfully compete...").

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The mission stresses important corporate values (“...food that is good for them...”).

Their mission statement just doesn't have a long term orientation, which can be detrimental to the way that the employees think about the company. It focuses too much on the 'now' and too little on the 'then'. This could be seen as short-sighted thinking, but then again, Subway is the 2nd largest fast food franchise in the world (McDonald's being number 1), they open a new store every 4 hours, they've just won the Franchise 500 franchise of the year award for the 15th time in 20 years and the Veggie award for the best fast food franchise outlet for the second year in a row...so I think they're doing fine by thinking in the now.

Based on my interviews with the customers (see attached page) I have compiled the following results: Out of the sample number of 10 customers: 50% have loyalty cards 30% say that the Steak & Cheese sub is the best on the menu 50% buy because of convenience 40% buy because of food quality/taste 10% buy because of the variety offered So as the results show, most consumers are customers because of the convenience offered by Subway. They like to go to the counter, place their order, pay for the product and be on their way.

The second factor that consumers love about Subway is the quality of food and the taste of the product, they enjoy the freshness of the bread, the crispy salads and the tasty meat. Half of the sample set are loyalty card holders and buy from Subway at least once a day. Based on this primary information that I have gathered I can safely say that Subway offers value to

its consumers in the form of convenience and quality...which is what most consumers are in search of these days. And we can see that when these customers find what they're looking for, they stick with it.

So Subway is on the right track here! They are catering to exactly what the consumer is looking for. Based on my interview with the owner of the Subway outlet in Somerset Mall, I found out that he believes that they create value for their customers through superior customer service and good quality food that is good for their bodies as well as their taste buds. And this is true! Do you enjoy standing in a long queue to be served by someone who is bored and unenthusiastic about your order and the reputation of the company?

No! You want to get there, be greeted by someone whose main aim at that point is to make you as happy as possible, you want to see that nothing weird is going into your order, you want to pay for it, say thank you and leave! Nobody likes complaining about a wrong order when the employee is obviously only concerned about when their next smoke break is. Mr. Mitchell's idea of providing customer value is exactly the same as that of the consumer's. Give the consumer what he/she wants with enthusiasm and efficiency!

He has determined and converted Subway's key success factors into a value proposition which he then delivers to his customers. And he has positioned this value on not one, but two key attributes...top class service and top class food. Customer Interviews Joop Kaspers (20) Anton Olls (49) Male Male Loyalty card ??? yes Loyalty card - no Fav. sub ??? crumbed chicken Fav.

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sub ??? chicken teriyaki Why Subway? Convenience Why Subway?

Convenience Wesley Gordon (21) Nicola Lake (21) Male Female Loyalty

card ??? yes Loyalty card - no

Fav. sub ??? tikka chicken Fav. sub ??? veggie delite Why Subway?

Variety Why Subway? Convenience Surlena Manuel (24) Russel Aitkenhead

(22) Female Male Loyalty card ??? no Loyalty card - yes Fav. sub ??? steak &

cheese Fav. sub - meatball Why Subway? Convenience Why Subway? Taste

Sonja Van Der Walt (21) Jaco Konig (24) Female Male Loyalty card ???

no Loyalty card - yes Fav. sub ??? steak & cheese Fav. sub - meatball Why

Subway? Convenience Why Subway? Taste Shane Czapski (20) Neil Smit (21)

Male Male Loyalty card ??? no Loyalty card - yes

Fav. sub ??? steak & cheese Fav. sub - meatball Why Subway? Taste Why

Subway? Taste 50% have loyalty cards 30% say that the Steak & Cheese sub

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