The restaurant industry today marketing essay

Restaurants are one of the most highly regulated businesses today. The nature of the project is starting a new Asian restaurant in North West London. We decided to open the new restaurant in Wembley central. According to the National Restaurant Association, the restaurant industry sales are expected to reach a record $537 billion in 2007 and they have estimated that there are approximately 935, 000 restaurant-and-food service centres. Firstly we need to do first business plan in order to open a new restaurant.

Project objectives

Opening up a new Restaurant in Wembley central area will meet the following set of objectives:

Achievement of company's objective which includes maximisation of shareholders wealth.

Fulfil its growth organically.

Accomplishing customer's requirement such as easy access to our stores and good customer services.

Industry Analysis

Although the restaurant industry is very competitive and as the number of people have less time, resources, and ability to cook for them it is important that the restaurant is well positioned for the current interest and people get healthier foods at moderate to low prices.

The Restaurant Industry Today

The food service business is one of the third largest industries in the country. It accounts for more than $240 billion sales annually. The independent restaurant accounts for 15% of that total. According to a survey the average American spends 15% of his/her income on meals eating away from home. This number has been increasing for the past seven years. In the last five years the restaurant industry has out-performed the national GNP by more than 40%. Due to the change in people lifestyles, economic climate, and due to the increase in the variety of products there are more than 600 restaurants opening every month and over 200 more needed to keep pace with increasing demand.

Future Trends & Strategic Opportunities

The predicated expansion movement is very positive both in short and long-term projections. Folkney states again that as modern living creates more demands, people will be forced to eat more meals away from home. According to the DMR Industrial Report (April 1995) estimates this as high as 30% over the next five years.

According to the National Restaurant organization (1998) released that how the Foodservice industry might look in the year 2000. Some highlights from the panel's findings are as follows:

Consumers will spend a superior quantity of their food dollar away from home.

Independent operator and entrepreneurs will be the main source of new eating place concept.

Food concern will be critical at all types of foodservice operations, and food flavour will be of greater significance.

Ecological concerns will receive increased interest.

Feasibility Study

Financial Feasibility

A Financial Feasibility study is an estimation of the financial aspects of something. This project has been assessed in terms of its financial feasibility and it feasibility in terms of cost and benefit analysis. The benefit that can be derived from this project and will outweighs it initial cost. Taking into account performance of restaurant with similar size in Wembley area, I have used those performances as to project the expected cash flows where on average they both produce £10, 000 per week.

Operational Feasibility

I recommend that this restaurant will be able to achieved these targeted payback period of five months to make back the initial investment. This analysis has been shown below:

Revenue per month: £78, 350/5 = £15, 670

Revenue per staff per operating hours: £78, 350/ (10*8) = £980 as part of company training policy, all staff will be well trained to deliver excellent customer service standard.

Revenue per week: £15, 670/5 =£3, 134

Social and Environment Feasibility

I have undertaken a market a market research and environment scanning to ascertain whether there will be interest on our restaurant, what is the demographic settlement like in terms of food. My study indicated that most people will like our food because we will provide different kind of variety.

Timescale

In order to open a restaurant, we need to prepare business plan first. It will take around 1 month. About finding location and finding restaurant name will take 1 month. Finance the business will take 2 month because sometimes it takes time. Installation of electricity and equipment will take also 1 to 2 month. And last we need to obtain business licence.

Task-1. 2

SWOT Analysis

SWOT Analysis is a tactical preparation process used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture. It involves specifying the purpose of the business course or project and identifies the internal and external factors that are favourable and unfavourable for achieving the business objective.

Strengths

Brand equity

The Restaurant location (Wembley area)

Reliability of food

Consumers choice at reasonable value and great service

Cheaper price than others

We have take-away option

Different menu items

Weakness

Quality and taste of products

Our restaurant is new and not established

Our restaurant has poor disabled facilities

Limited funds

Opportunities

A new office complex is being built near by

A new housing development is planned

Threats

The high street brand is moving into the area

A main competitor has lowered their prices

Our operational costs are set to boost

PEST Analysis

A PEST analysis stands for “ Political, Economic, Social, and Technological analysis” and describes a framework of macro-environmental factors used in the environmental scanning component of strategic management.

Political Factors

This relates to direct impact of political influences and it impacts our project. In the case of this project local council will support to our business because it will create jobs as well as optimize council’s tax revenue. Especially creating job is a major priority for the national government so they will be in support of the project. And also there will be less political risk that will affect this project such as government rejection of the propose moved, increased in tax at present time in very unlikely.

Economic Factors

The general economic environment shows that spending level among some people individual will fall due to difficulty in gaining credit but most young people with relative disposable income can at least spend and these are the people we are targeting.

Social Factors

Social factors mainly include the educational aspects and include health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety. In this area I have undertaken a market research and environment scanning to ascertain whether there will be interest on our restaurant food. My study indicated that most people are Asian in Wembley area and will be interested in our Asian.

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Technological Factors

A technological factor includes the ecological and environmental aspects, such as R&D activity, automation, technology incentives and the rate of technological change. Here the impact of technological changes which we already possessed will help the company to gain competitive advantages such as e-commerce.

Stakeholder Analysis

A Stakeholder Analysis is a essential tool for identifying those people, groups and organisations that have significant and genuine interests in a specific urban issue. Clear understanding of the likely roles and contributions of the many different stakeholders is a original condition for a successful participatory urban Governance process, and stakeholder analysis is a basic tool for achieving this understanding.

The Stakeholders are;

Customers

Suppliers

Employees

Shareholders

Customers

Each of the stakeholders will have different expectation of an organisation. They try to engage with customers. They provide sales information, monthly monitoring of views. Their customer question time meeting help to identify and respond to changing customers’ needs.

Suppliers

The relationship of interests between an organisation and its suppliers can be seen as very similar to that between the organisation and its customers, but reversed. They do regular visits, meeting and discussions with suppliers. They have direct relationships with important raw material suppliers. Suppliers stock the business with all its business supplies. Suppliers may want an increase in wages. Suppliers have an interest in ongoing and mutually beneficial business relationships, and they expect to be paid on time.

Employees

The Company try to engage with employees. They have many ways such as internal communications including an employee magazine and regular business updates. Employees many want an increase in pay rise. Staffs have a very big interest in the business in the form of wages, bonuses, discounts and holidays pensions. Employees' interests may be seen as the assertion of certain rights deriving from what is seen to be acceptable in the way in which employees are treated within society.

Shareholders

The Company have shareholders. They do collection of feedback questions from individual shareholders. Shareholders are the owners of a company. Their only real involvement in the organisation will be at the Annual General Meeting, when they are called upon to approve, by a vote, the overall direction of the organisation and the senior management team responsible for achieving that direction.

Oftentimes, the only difference between floating and drowning is the direction. Without the restaurant financial analysis, a restaurant may be face downwards without even knowing it.

A restaurant financial analysis analyzes routine metrics such as profits and losses, cash flow, cost of sales and cost of labour. By assessing this data, operators can evaluate their finances and establish systems and structures to keep their restaurant a float.

Restaurant financial analysis performance metrics

Profits and losses

Whether we are produced monthly or weekly, profit and loss statements give restaurant operators a broad overview of their sales history.

But the information only becomes useful when broken down to reflect the cost of sales, cost of labour and other overhead costs. Restaurant financial analyses assess the profits and losses

With a vital eye to settle on specific areas taht should be improved upon.

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Cost of sales

A restaurants cost of sales, sometimes referred to as cost of goods, is the sum of all expenses associated with producing the menu items.

Should food costs be running at 20 percent or 40 percent? The answer can vary depending on

A restaurants positioning (fast casual, casual or upscale) and menu mix.

Restaurant financial analysis can help operator decide where their cost of sales should be by building academic food and beverage costs.

Cost of labour

Cost of labour is another donor to cost of sales. A fine line exists between overstaffing a

Restaurant and scheduling enough employees to run a restaurant effectively. Sensible setting up and employee output are the best ways to control cost of labour. In addition, tools should be available to assess mid-shift needs. Many restaurateurs are unwilling to phase out employees in a timely fashion. Restaurant financial analysis can re-examine payroll reports, sales reports and customer counts to optimize Scheduling and productivity and decrease cost of labour.

When to undergo restaurant financial analysis

Opening a new restaurant

When opening a restaurant, restaurateurs can make use of financial analysis to forecast their success. A restaurant financial consultant can sketch a five-year plan and financial forecast based on industry and division standards.

Financial analysis can also be used to establish financial systems for a new restaurant. Wheels for cash handling, inventory, payroll and daily sales reconciliations should best established well in advance of a restaurant opening. By implementing these systems early in the game, a restaurant can effectively monitor them, giving it a greater chance of succeeding financially.

Purchasing an existing restaurant

Before the purchase of an existing eating place concept, restaurateurs should conduct financial analysis and feasibility studies to determine the productivity probable of the operation. This can be sketchy by evaluating pattern and trend in the restaurants past presentation and estimate the effect of probable changes.

Running an operating restaurant

Restaurant financial analysis is not just for new operations. Generally, it is most beneficial for restaurants already in operation. Whether a restaurant has been in business for a year or 20, financial analysis can help identify losses and hidden costs. That information will help establish proper financial systems or process existing ones to keep money from slipping through the crack.

Who can perform a restaurant financial analysis?

Restaurant financial analysis shouldn’t be performed by just any financial consultant. It is best to work with consultants that specialize within the restaurant industry.

The main goal of restaurant financial analysis is to help operator understand how their restaurant can become more profitable. A restaurant-specific consultant can explain the analysis course and their findings in terms that restaurant operators will know.

A financial consultant will know the aim routine metrics for specific restaurant categories and the industry as a whole. They can provide guidance for the selection and performance of point-of-sale and accounting systems and show operators how to get best results from these systems.

A financial consultant can help eating place operators build the necessary tools to pull and analyze their own financial reports. Eventually, financial analysis should be ongoing, becoming an everyday part of a restaurants thinking.

Restaurant financial analysis doesn’t just keep a restaurant floating, it helps their business fly.

Task-1. 3

Market Competitively and Activity

This project will fit the business strategic of the restaurant because it will help gain competitive advantage, create new market for potential customers, gain market share in as well as responding to changes in business environment, increase profitability, establish local branch, obtaining new customers, expansion of business and improve company’s image which could be achieved since there is an existing market gap which we can fill via Ansoff’s matrix.

Marketing Analysis shows that this project will make the business more competitive in the following ways:

Demographic population: In west London area, the population is very high. There are many Asian restaurants available in the area. And the all restaurants provide good services and good food.

Food variety: The social society will be interested in our food because we will provide variety in the food along with music.

Market gap: the economic feasibility have highlighted that our competitors are doing well in these area.

Industry Trends

Studying industry trends is one of the first steps in conducting a market analysis. It will help you recognize opportunity and threats in the industry that may affect your productivity. Consider the following Food Service Industry 2000 Trends, reported by the National Restaurant Association:

Consumers will spend a greater portion of their food dollars away from home;

Competition in the food service industry will be more intense as growth continues;

Major food service chains will increase their shares of both sales and units;

Independent operators will be the main source of new restaurant concepts;

Nutritional concerns will be critical at all types of food service operations; and

Service will become a more important point of differentiation.

Industry Tends Checklists:

Growth in Industry Sales

Quick-service vs. table-service

Chain vs. Independent

Types of restaurants (steakhouses, ethnic…)

Catering

Deli, bakery and takeout operations

Monthly/seasonal dining out patterns

Industry sales outlook

Market Demand

Economic trends

Consumer confidence

Demographic trends

“ Food away from home” trends

Factors that motivate one to dine out Eating habits of different market segments

Menu Preferences

Appetizers/soups

Entrees

Sandwiches

Desserts

Nutritional concerns

Menu pricing

Alcoholic beverage consumption

Vegetarian trends

Restaurant Success Factors

New and popular concepts/themes

Customer service innovations

Pricing practices

Food production methods

Labour saving techniques

Debt-to-Sales ratios and other statistics

Legislative and Regulatory Issues

Business meal tax deductibility

Health insurance

Wage and hour requirements

Americans with Disabilities Act

Competition:-

This is restaurant in the area is very good because in this area almost Indian and mix people living. So restaurant is also provide verity of foods and dices serve.

But in our restaurant totally different from other like blue ginger, Panther, Tikka world, Bombay bits etc . these all are our competitors but we provide best services, best food, best drinks so automatically our restaurant beet our restaurant .

Competitive Strategy

There are three major ways in which we will create an advantage over our competitors;

product identity, quality, and novelty

high employee motivation and good sales attitude

Innovative and aggressive service options

The restaurant will be the only restaurant among all the competition which focuses the entire menu on healthy, low-fat cooking. Each of the competitors offers at least one “ healthy” selection on their menu. The target market will perceive the restaurant as the destination location for healthy, low-fat cooking.

The main points are Pricing, Location, Reputation, Image/Brand, Choice/Variety, Service and Atmosphere.

References

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Part 2

Task 2. 1

Resources

Materials: Rented property from an individual landlord in west London as a perfect location for the new restaurant to be open, this is critical factor in terms of visibility and easy access of the restaurant for our customers.

Equipments: Different kinds of restaurant will require different kinds of equipment. Typically equipment needed to open a restaurant includes a service kitchen (oven, microwave, heat lamps, prep tables and dish washer, fryers, boilers, refrigerators (table, chairs, spoon, glasses and cash registers).

Labour: Ten staff normal standard hours (8 hours per day) and contractors the fixed day of work for one month.

Finance: Most banks and lenders require you to put some of your own money into the business and contrary to popular belief, they do lend money for businesses. The project financed can be source from long term borrowing from bank in Iceland of £50, 000 to finance the project deliverables.

Cost Associated With Resources

These are one-off capital cost required immediately to deliver project deliverables.

Materials: property rent in west London area will requires a normal rental agreement with the landlord. A deposit of £15, 550 plus one month’s rent in advance including council tax will be require total £32, 350.

Equipments: Kitchen equipment will cost £10, 000, boiler will cost £2000, till and it maintenance will cost £12000 and general things e. g. tables, chairs will coat £8000.

Labour: External contractors for refurbishment are expected at £12, 500 this will includes: electrician, refurbishing the restaurant and painting the restaurant.

Sources of Finance

The project financed can be source from long term borrowing from bank of £78, 350 to finance the project deliverables. They could be approach on the based that this project will recoup its initial investment within four months time; and that revenue generate can be used to pay of principal loan plus interest.

Budget for the Project

This project has been budgeted on the grounds of Zero based budgeting which involves identification of tasks to be performed and then funding resources to complete the task independent of current resourcing it ensure that resources are efficiently allocated. The project budgets have been made on this bases with each cost justify in terms of their usage in the project:

Resources

£ Cost

Rent

16, 800

Total

16, 800

Resources

£ Cost

Deposite

15, 550

Equipments

32, 000

Labour

12, 500

Miscellaneous expenses

1, 500

Total

61, 550

Cost Benefit Analysis

Cost Benefit Analysis is classically used by governments to assess the attraction of a given interference; it is an analysis of the cost success of different alternative in order to see whether the benefits outweigh the costs. The aim is to gauge the competence of the involvement relative to the status quo. The costs and benefits of the impacts of interference are evaluated in terms of the public's willingness to pay for them (benefits) or willingness to pay to avoid them (costs). Inputs are typically measured in terms of opportunity costs the value in their best alternative use. The guide attitude is to list all of the parties affected by an intervention, and place a monetary value of the outcome it has on their benefit as it would be valued by them.

Years

0

1

2

3

Present value

78, 350

3, 90, 180

1, 090, 860

1, 072, 163

Probability

50%

50%

50%

Certainty equivalent

1, 95, 090

5, 45, 430

5, 36, 082

D. F 9%

1. 000

0. 880

0. 945

0. 820

Present value

(75, 000)

1, 71, 679

5, 15, 431

4, 39, 587

NPV

£10, 51, 697

The project is viable because it will yields to shareholder wealth conception of about £2. 01 million in three years time. However incorporate rick to the cash flows using certainty equal, and for the fact that current economic climate in terms of expenses will affect all industries, I am certain that the 50% of the cash flows will be generate in each of the years. This is show below:

One time investment

Budget Overview –

Sources of Funds

Proposed Loan from Bank

£100, 000

Uses of Funds

Construction

£65, 000

Walk-in Refrigerator

£10, 000

Cooler for Beverages

£5, 000

Stove oven

£5, 000

Deep Fryer

£4, 000

Two sinks for Kitchen

£1, 000

Microwave

£500

Toaster

£100

Cash Register

£400

Furniture

£7, 000

Dinnerware

£1, 000

Pots and Pans

£1, 000

Plan by Month or Period

Most of the restaurants use a scheme of 12-month or 13 four-week periods to way their yearly accounts. By infringement the budget down into these types of sections, it is easier to see when money is moving in and out of the eating place.

Anticipate Your Costs

In the eating place, budget is often a game of evaluation costs and income. In fact, a budget is much like a profit and loss (P&L) account extended over a longer period of time. Be set to account for the following costs in your yearly budget:

Rent or mortgage payments

Taxes

Insurance

Labour/payroll

Utilities

Loan payments

Operational supplies

Repairs and maintenance

Marketing

Training

Food service professional recommend that you plan to spend about 30 percent of your budget on food, 25 percent on labour, 10 percent on rent or advance, and 3 percent on utilities. 1 The rest goes in small part to operational charge, promotion, taxes, continuation and other patchy costs. These are purely sketchy plan to follow, as every restaurant's payment and budget are different. Look below for a graphical image of these suggested expenditures:

Know Your Breakeven Point

The cope point is the volume of sale needed to cover all charge without making a profit. It is the bare least amount amount of sales the restaurant process needs to bring in to survive. It is central to know your restaurant breakeven point so that future monetary decisions can be made in hopes of making a reasonable profit.

Analyze Your Financials Every Period

Exploratory your P&L and your budget on a weekly and monthly basis will help you keep your bases covered in terms of realize your payment and income. Appraise your budget operational payment and your actual expenses, as well as the net profit you expected and what your eating place actually made. Make a note of any areas in which your expenses exceed your budget amount.

When budgeting for the year, especially if you are doing so for the first time, it helps to have a budget worksheet. Download a sample budget worksheet to your own back office computer.

Cost of Goods Sold — The cost of goods sold was strong-minded by taking actual Profit and Loss statement from various eating place concepts and then using our price structure and guest counts to arrive at costs.

Management Payroll — Figures are based upon the use of five managers per unit at our maximum bonus and salary levels. If we use four managers per restaurant, this will lower our payroll.

Fixed and Variable Expenses — The various fixed and variable expenses were determined by taking actual numbers from several different restaurant concepts.

Marketing Fees — These funds will be used for the production of various marketing materials.

Advertising — These funds will be used, if necessary, to maintain our sales at projected levels. If we are management appreciably ahead of our sales projection, then these funds may not be necessary.

Management Fees — We will use these pounds for accounting and payroll services of our firm. As we grow in size, this cost burden will shrink per store due to efficiencies in volume.

Important Assumptions

The financial plan depends on important assumption, most of which are revealed in the following table as annual assumption. The journal assumptions are included in the annotation. Interest rates, tax rates, and personnel burden are based on traditional assumptions. Some of the more important causal assumption is:

We assume a strong economy, without a major recession.

We assume, of course, that there are no unforeseen changes in consumers' tastes or interests to make our concept less competitive.

Task 2. 2

Report

TO: Management

FROM: Project Manager

DATE: 20th May 2009

SUBJECT: Staff Development and Training Cost

Introduction

This report is concerned staff training and development it related cost associated to this project. The company sales force plays a vital role in delivering better customer services and each member have different training needs depending our their position. The company's their future depends on nurturing great individual talent and providing an environment where staff can flourish personally and professionally. Successful training will help to develop the following skills.

Deliver excellent customers

Well motivated

Increase morale

Improved job and staff performance.

Recruitment takes place from the point when a business decides that it needs to employ somebody up to the point where a pile of completed application forms has arrived in the post. Selections then involve choosing a suitable applicant through a range of ways of organization out suitable candidates leading to interview and other tests. Training involves providing a range of planned performance that enable an employee to develop the skill, attitudes and knowledge required by the organisation and the work required.

A job account is also helpful because it sets out:

The job description can be sent out to probable candidate along with a person arrangement, which sets out the pleasing and vital description that someone will need to have to be selected to the post.

A variety of media will be used to be a magnet for applications e. g. national newspapers for national jobs, and local papers and media for local posts.

Objectives of Training and Development

The main objective of staff training and development is to improve the qualities of the trainee, formulation of objectives for different needs and ways to achieve it. The training objective is very important because it determine the calculated and content of the training programme. Contents of the training stay put the same no matter the type of training occupied. It is to increase personnel efficiency, professional growth and smooth and more useful organization's operations.

Methods of Training and Development

On the job training/coaching: This relates to formal training on the job. A worker becomes experienced on the job over time due to modification of job behaviours at the point of training or acquisition of skills.

Induction/orientation: This is carried out for new entrants on the job to make them familiar with the total corporate requirements like norms, ethics, values, rules and regulations.

Apprenticeship: A method of training where an unskilled person understudies a skilled person.

Demonstration: Teaching by example, whereby the skilled worker performs the job and the unskilled closely observes so as to understand the job.

Vestibule: This is done through engineering part for the purpose of skills and technology transfer. It is therefore achieve through residency of an individual within anothe