

## 5.0 Marketing Plan

### 5.1 Marketing Objectives

There are three key marketing objectives:

- ! To achieve sales of \$536,650 for the first year and \$580,000 for the second year.
- ! To achieve estimated 40% market share next 12 months.
- ! To position the business as a convenient place to eat light and healthy meals

To be reviewed in 6 months.

### 5.2 Marketing Mix

#### PRODUCT

Healthy and light meals are the key point of differentiation for the business because the Café has the capabilities and flexibility to develop new menu lines to meet the changing needs and tastes of customers, whereas the two franchise businesses in the centre must conform to the requirements of the franchisor. While the other products, in particularly fine coffee, are not unique they do offer excellent 'value for money' that fill the price points between the high and low ends of the other coffee and café businesses in the centre.

The café will provide the relaxed and friendly environment that our customers seek when searching for a 'dine in' meals, beverages and cakes and desserts that offers excellent value for money, but do recognise that this is not unique as shown in table 4 below:

**Table 4: Value Propositions**

Features	Benefits	Importance (1 to 10)	Unique? Y/N
Cafe environment	Relax and take a break	8	No
Fine coffee	Enjoyment & social connector	7	No
Beverages	Refresh and relax	4	No
Fresh & light meals	Health & well being	8	Yes
International chef	Quality and variety of meals	8	Yes
Cakes & desserts	Complements coffee & meals	4	No

Rating: 1 = Low, 10 = High

## **PRICE**

We propose to offer high quality food and service at a price comparative to our major competitors – we will meet the market on price to retain market share if we need to. Our clientele have a medium to high disposable income and seek high quality products and good service, pricing will reflect the value of our products and services.

The shopping centre has a 'captive market' and given the limited number of cafés in the centre, prices have not been discounted in the market. There is no intention to discount to buy market share as Café Paradiso currently holds the largest market share of approximately 35% and we intend to take it to 40%, whilst maintaining existing margins.

## **PLACE (i.e. DISTRIBUTION)**

Customers access and purchase our products and services through our shop front. The location of the café is at the southern end of the Mountain Glen Shopping Centre. Mountain Glen is a very large regional shopping centre drawing customers from up to 15 kilometres away and is surrounded by a 'market' of approximately 250,000 persons.

It is situated on the main mall, near the major (national) supermarkets and retail fashion clothing chains. It has a high passing trade due to its close proximity to two national supermarket chains and a number of well known retail fashion clothing chains. The café is 60 m<sup>2</sup> and there is three years to run on the current 5 year lease. An option to take another 5 years is available under the lease.

When the proposed commercial development goes ahead, the businesses located there are potential customers for a catering business. The business plan will be revisited at this time.

## **PROMOTION**

In conjunction with Mountain Glen Centre Management we will be undertaking a range of promotions when we take over the cafe promoting the new ownership of the café. These promotions will include offers of discounted meals and coffee, but they will only run for two weeks. We estimate that this will be sufficient time to allow a smooth transition to ourselves as new owners.

Our regular advertising will consist of shopfront A-frame advertising boards, weekly newspaper advertising and a three monthly flyer drop in local mail boxes. As most of our business will be passing trade, shop front signage will be bright and appealing. We will develop and offer a loyalty card scheme to increase repeat business.

Word of mouth advertising is very important and the best advertising we will be providing is the quality of our products and service.

## **PEOPLE**

Both Brendan and Margaret Elliott have been successful owners and managers of cafés. Brendan is a French trained chef and his skills will be used new product lines to meet the changing needs and preferences of consumers which will be a point of differentiation for the business. Margaret with her business and hospitality background will be responsible for the day to day operations of the Café.

Two key staff member who worked with the previous owner will be retained to help with the continuity of existing relationships with customers.

## **PROCESS**

Major processes are flow-charted in the café's procedure manual that are geared to providing

quality and responsive services to clients as well as efficient and effective operations of the cafe. This includes sufficient numbers of staff are working during the peak periods to make sure customers are served in a timely manner. Further information about the processes in place are detailed in section 8 of this business plan.

### **PHYSICAL EVIDENCE**

The café is fully fitted out with table, chairs and décor that projects the desire image of quality and value as well as aligns with the USP of 'Light and Healthy – Café Paradiso'. This also applies to uniforms for the staff. The cleanliness of the premise, tables and chairs will be maintained to a consistently high standard at all times.

### 5.3 Action Plan

In conjunction with Mountain Glen Centre Management we will be undertaking a range of promotions when we take over the cafe promoting the new ownership of the café. These promotions will include offers of discounted meals and coffee, but they will only run for two weeks. We estimate that this will be sufficient time to allow a smooth transition to ourselves as new owners.

Our regular advertising will consist of shopfront A-frame advertising boards, weekly newspaper advertising and a three monthly flyer drop in local mail boxes. As most of our business will be passing trade, shop front signage will be bright and appealing. We will develop and offer a loyalty card scheme to increase repeat business.

Word of mouth advertising is very important and the best advertising we will be providing is the quality of our products and service. In this area will be training the staff in customer service skills

When the proposed commercial development goes ahead, the businesses located there are potential customers for a catering business. The marketing plan will be revisited at this time.

### 5.4 Sales Analysis and Forecast

Our sales analysis has revealed that we can expect on average 6,000 customers (transactions) per month with a general mix of customers buying only coffee, usually 'take away' and those 'dining in' buying a light meal and coffee. Our sales forecast is based on an average industry selling price of \$3.50 per cup for coffee and average light meal selling price of \$13.00. We expect that the mix of coffee to meals will be approximately 1.5:1 and have based this on the café's current figures. On this basis we have projected sales of \$536,650 for the first year and \$580,000 for the second year. Sales will spike in the build-up to Christmas and at times of seasonal celebration e.g. Mother's and Father's days, Easter etc. Our Sales Forecast by quarter is shown in the figure below.

Sales performance will be analysed on the basis of sales (\$) per employee.

**Figure 1 Sales forecast**

