

Marketing plan of

TGB

THE GOOD BURGER



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INDEX

1. EXECUTIVE SUMMARY	4
2. SITUATION ANALYSIS	5
2.1. INTERNAL ANALYSIS.....	5
2.1.1. PRESENTATION OF THE COMPANY.....	5
2.1.2. MISSION.....	6
2.1.3. VISION.....	6
2.1.4. RESOURCES OF THE COMPANY	6
2.1.4.2. Financial Resources	7
2.1.4.3. Marketing Resources.....	7
2.2. EXTERNAL ANALYSIS.....	13
2.2.1. ANALYSIS OF THE GENERAL ENVIRONMENT (Pestel analysis)	13
2.2.1.1. Political factors:	13
2.2.1.2. Economic factors	13
2.2.1.3. Social factors	15
2.2.1.4. Technological factors.....	16
2.2.1.5. Ecological factors	17
2.2.1.6. Legal factors	17
2.2.2. ANALYSIS OF THE COMPETITIVE ENVIRONMENT	19
2.3. ANALYSIS OF THE COMPETITION	22
2.3.1. LEVELS OF COMPETENCE	22
2.3.2. MAIN COMPETITORS.....	23
2.3.2.1. Table competition summary.....	30
2.3.3. MARKET ANALYSIS	31
2.3.3.1. Sector Analysis.....	31
2.3.3.2. Consumer Analysis.....	34

3. SWOT ANALYSIS.....	40
4. SEGMENTATION.....	43
5. OBJECTIVES.....	44
6. STRATEGIES.....	45
6.1. GROWTH AND DIVERSIFICATION STRATEGY.....	45
6.2. COMPETITIVE STRATEGIES.....	46
6.3. STRATEGY AS COMPETITIVE ADVANTAGE.....	46
6.4. SEGMENTATION STRATEGY.....	46
6.5. POSITIONING STRATEGY.....	47
7. ACTION PROGRAMS.....	48
7.1. SUMMARY ACTIONS PLANS.....	48
7.2. PRODUCT DECISIONS.....	50
7.3. PRICE DECISIONS.....	54
7.4. DISTRIBUTION DECISIONS.....	55
7.5. COMMUNICATION DECISIONS.....	56
8. TIMELINE.....	63
9. BUDGET.....	64
10. CONTROL.....	65
11. INDEX OF FIGURES, TABLES AND GRAPHS.....	66
12. BIBLIOGRAPHY.....	68

1. EXECUTIVE SUMMARY

"The Good Burger Company SL" is a company specializing in gourmet burgers at affordable prices and adapted to the current time, belonging to Restalia Group Company. This company is created from the development of gourmet burgers and introduced into the market "fast casual".

Nowadays, if we look at the economic environment we can see that the Spanish economic crisis has changed the habits of consumption due to the decreased purchasing power of the Spaniards. Also in the social environment we see that society is increasingly concerned about the health and people are incorporating healthier products into their diet.

In this marketing plan a series of proposals and recommendations for the company to adapt to the current market and try to get position the company offering new products, product modifications and promotions that meet the expectations of customers is performed.

In the marketing plan has been carried out an analysis of internal and external environment to study the resources of the company and the current situation of the environment, in addition to analyzing the competition, the hospitality sector and consumer behavior. On the other hand, once the above analysis performed have set several objectives as reference two main objectives are to increase the rate of repeat visits to the restaurant and interact with customers.

Finally, after the analysis has been developed action plans to improve the maintenance and growth of the company, these action plans have been quantified on a budget and schedule of activities. In addition, some guidelines for control of the proposals made in this marketing plan will.

2. SITUATION ANALYSIS

2.1. INTERNAL ANALYSIS

2.1.1. PRESENTATION OF THE COMPANY

I've chosen the business "The Good Burger Company S.L." to make a marketing planning of said business for my final degree assignment.

The company The Good Burger begins its business activity on the 30th of April in 2013 by hand of the Restalia Group, with central headquarters in Pozuelo de Alarcón, Madrid. Restalia Group is a Spanish restaurant chain owner of the "100 montaditos" and "La Sureña". In the year 2013, the Restalia group launched its third brand TGB (The Good Burger) and its main activity has been offering a different alternative to American fast-food, specializing on offering gourmet products at economic prizes.

The Good Burger belongs to the new generation that adopts the label "fast-casual", which is a superior category of the fast-foods where a quick food service it's offered, but the cooking it's made in the restaurant itself and the products have higher quality and don't have preservatives, while in most fast-food restaurants the food comes already prepared outside the restaurant and have great numbers of preservatives, also most of the products are ready to cook or reheat.

This burger integrates to compete in the restaurant business, with the urge to be innovative in the burger sector. The company TGB has been inspired by a New Yorker style to reinvent high quality hamburgers at economic prizes, offering gourmet burgers with quality and healthy ingredients to the consumers. Furthermore, it's the first and only restaurant chain to offer an organic meat hamburger. The company has entered a business market between gourmet and fast-food burgers, in other words, The Good Burger is a hybrid between fast-food, for its quick service, and the restaurant, for the quality of its product.

This young company operates nationwide. The first franchise opened on November 2013 in Madrid. The Good Burger (from now on, TGB) its formed by 35 franchises in Spain, mainly placed in Madrid, Valencia, Cádiz, Barcelona, Castellón, San Sebastián, Las Palmas, Huelva, Salamanca, Sevilla and Alicante.

2.1.2. MISSION

The Good Burger has as main objective to offer gourmet products with a distinctive gastronomical offer and fast service which could satisfy the consumers' needs, based on a New Yorker atmosphere with personality, trend, quality and low prizes.

2.1.3. VISION

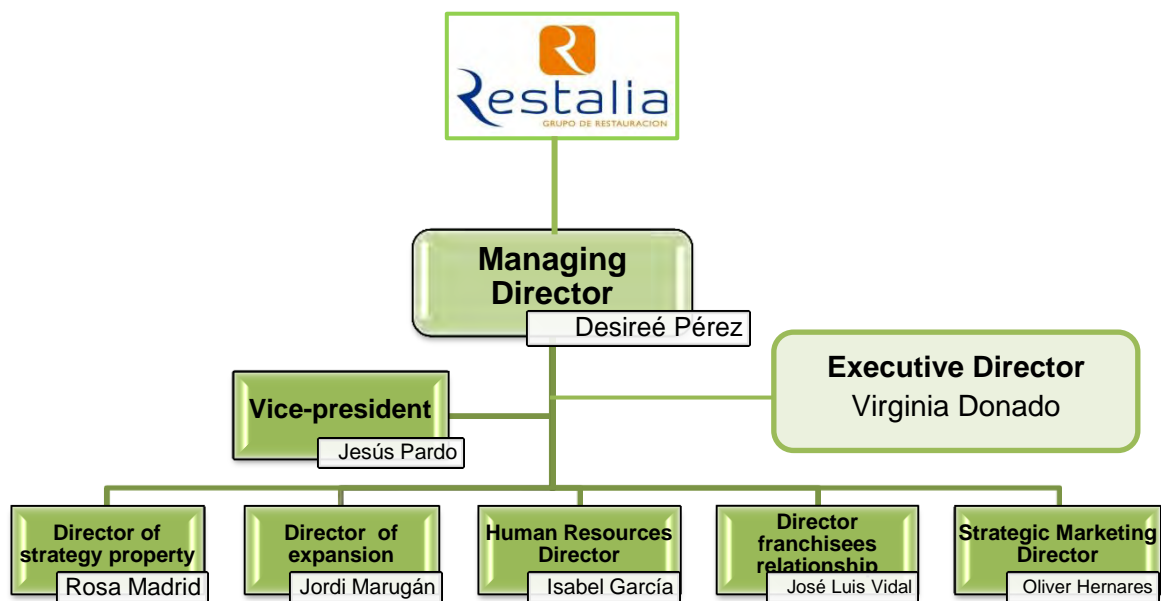
Lead the gourmet burgers sector and to offer fast service in the Spanish restaurants market. Achieve costumers' satisfaction by constant innovation of their products, quality, service, trendy environment and competitive prizes.

2.1.4. RESOURCES OF THE COMPANY

2.1.4.1. Human resources

In terms of human resources available to the company The Good Burger, President brand is Restalia General Management SL, and as CEO Virginia Donado Escudero in order to perform the functions of the highest authority of management and administrative leadership, together with the Vice President Jesús Pardo Escibano. On the other hand, we have the General Director Desiree Perez and a multidisciplinary team of marketing and expansion operation. The organization chart is the following figure:

Figure 1. Organizational chart



Source: own elaboration. Data: Website Restalia Group

2.1.4.2. Financial Resources

The company was constituted on the 17th July 2013, but begins its activity on the 30th April 2013 with a €3,000 stock and two more stock increases were made to end with €401,000.

Table 1. Financial profile. Period 2013

	31/12/ 2013 8 months
Operating revenues	41.438
Ordinary profit before tax	-382.272
Total assets	873.380
Equity capital	401.000

Source: SABI database

2.1.4.3. Marketing Resources

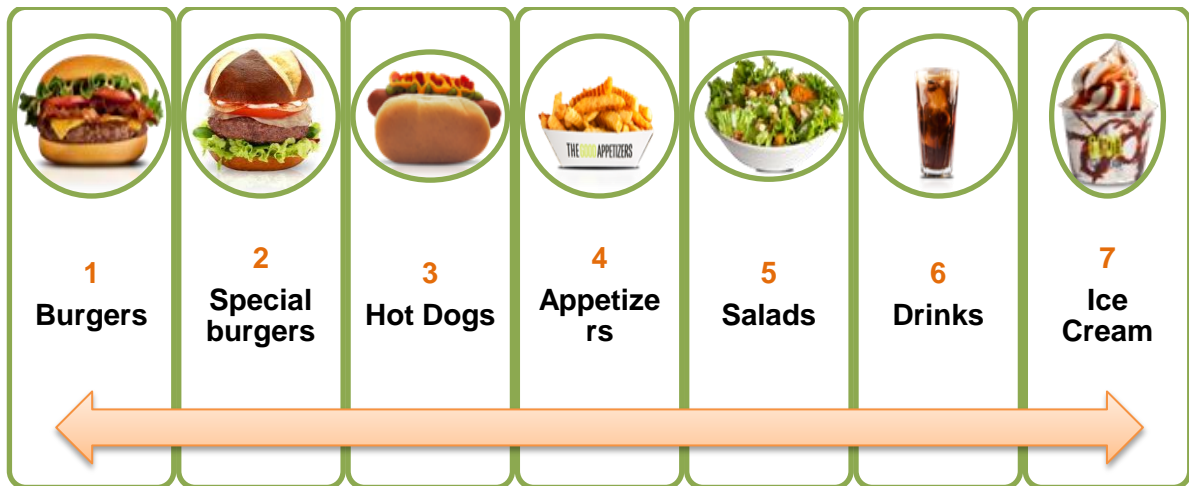
Product:

The Good Burger offers gourmet products and fast service in the products making to satisfy the consumers' desire or need of fast food with quality ingredients. The restaurant products are consumer goods which belong to the convenience and sporadic goods, because of its price, product quality, easy to acquire, fast service and it's a product that according to the segment could be a more or less frequent purchase.

On other hand, the tangibility of the products its tangible, being that the type of product is food, therefore, the products offered by this company are short lasting duration consumer goods. Said products have to be consumed short after its acquisition, that is to say, the acquired product has a short useful life and has to be consumed at the moment of the purchase. In order to see clearly the scale of products offered by the company, we'll do a small analysis of the products portfolio range, length, depth and consistence that the company has.

First, the range refers to the diversity of products that the company offers. The Good Burger's products portfolio consists in seven lines of different products named below:

Figure 2. Product lines “The Good Burger”



Source: own elaboration. Data: Website TGB

After the range, we are going to analyze the products portfolio length, which are all the products sold by the company. The length is shown here through every line:

Figure 3. Product Portfolio of the company

1. Burgers

TGB Burger:



Chicken PLT



Cheese Burger



Pull Pork BBQ



BBQ



2. Special burgers

Gaucha



Eco Burger



Samurai



3. Hot Dogs

Hot Dog 1



Hot Dog 2



Hot Dog 3



Hot Dog 4



Hot Dog 5



Hot Dog 6



4. Appetizers

Chips Stick



Nachos



Onion rings



Curly chips



Potato wedges



Epic Chicken



5. Salads

Caesar



Santa Fe



TGB



Mixed Salad



6. Drinks

Water

Soft drink

Rioja wine

White wine

Beer:

Medium or large



Tinto de Verano:

-Medium or large



7. Ice Cream

The Good Ice Cream

- Soft vanilla or yogurt

- 8 syrus

- 12 crunchy toppings to elect



Twist Vanilla

- 3 syrus

- 3 crunchy toppings to elect



TGB
THE GOOD BURGER




About the product depth it is measured by the variety of sizes, models and formats in every line. Analyzing the products offered, we have seen that different sizes exist in some product lines like the beverages, which has medium and large size of beers and “tinto de verano”, but the refreshments have a refill service where the client could just refill its drink every time they want; the hamburgers are standard size but paying an additional cost, the client can ask for a double burger; and the ice-creams have medium and large sizes. The variety of restaurant products is defined by the plating and the ingredients in every one of them, because of the different flavor of every ingredient included in every product.





The consistence is defined by the homogeneity or the link degree between the different products. The lines of products are related because all the products are food products and the product making is similar because the provider distributes the needed ingredients to the restaurant so the they could do the processing of the final product aiming to offer a food product in order to satisfy the consumer’s needs.

Price:

The price is one of the most powerful variables of the marketing resources due to its significant influence in the buyer final decision. The average price paid by a consumer for a hamburger, appetizer and a drink is about €8.5, but the value could range according to the consumer goods selection. Next we show a table of The Good Burger pricing list by products.

Figure 4. Price of products TGB

	Burgers			
	Cheese burger	3,5€	TGB Burger	4€
	Chicken PLT	4€	Pull Pork BBQ	4€
	BBQ	4€		
	Burgers specials			
	Gaucha	5€	Samurai	5€
	Eco Burger	5€		
	Hot Dogs			
	Hot Dog 1	2,5€	Hot Dog 4	2,5€
	Hot Dog 3	2,5€	Hot Dog 5	2,5€
	Hot Dog 4	2,5€	Hot Dog 6	2,5€

Appeteziers				
	Cheese burger	3,5€	TGB Burger	4€
	Chicken PLT	4€	Pull Pork BBQ	4€
	BBQ	4€		
Salads				
	Gaucha	5€	Samurai	5€
	Eco Burger	5€		
Drinks				
	Water	1,5€	Medium Beer	2€
	Soft Drink	2€	Large Beer	2€
	Rioja Wine	2€	Medium Tinto Verano	2,5€
	White Wine	2€		
Ice-cream				
	Vanilla Soft or Yogurt + 1 topping	2€	Topping extra	0,50€
	Vanilla Soft or Yogurt + 2 topping	3€		

Source: own elaboration. Data: Restaurant Menu TGB

Distribution:

As regard of the distribution, now the company has 35 restaurants in Spain. As we can see in Figure 5 The Good Burger uses the consumer goods distribution channel and, in this channel it uses it at a level.



This kind of distribution channel has a manufacturer who does the ingredients or beverages elaboration process needed by The Good Burger, then it distributes those products to the retail company we are studying so that it could do the end-product preparation service and, finally, it carries out the service for the consumers.

Communication:

The Good Burger makes use of three different set of tools, which are advertising, sales promotion and direct marketing.

The first means of communication used is advertising outside their establishments by labeling and advertising gifts in some short periods of the year as minimum consumption t-shirts, and then they use this gift to promote short-term sales. For example, in the anniversary of TGB, the client who wears the t-shirt will get free 3 products on site.

The second tool used is sales promotion. The company performs three types of sales promotions on different days of the week. First, on Monday it carries a promotion that includes a hot dog, drink and ice cream for €2.5. Secondly, Thursdays does a sales promotion of 2x1 burgers and, last, on Sundays promotes a type of menu that includes a burger, fries and drink for €5. All these promotions have the same purpose to boost sales for incentives and attract new customers. (Figure 6)

Figure 6. Company Promotions



Source: The Good Burger

Another promotion is "The Good Week", which was conducted in a small period and was that consumers could buy two products for the price of one and get the opportunity to get a t-shirt TGB if the client became fan of the brand in the social network Facebook.

The last element being used is direct marketing, which is the tool that's used to communicate with consumers through social networks, vimeo and the official website.

2.2. EXTERNAL ANALYSIS

2.2.1. ANALYSIS OF THE GENERAL ENVIRONMENT

(Pestel analysis)

2.2.1.1. Political factors:

The stability of the Spanish government is extremely unstable, due to the economic situation and the distrust of its citizens by the lack of transparency in the government. The population and businesses live with uncertainty of expectations of the current government, since major concern is the Spanish unemployment, corruption and political fraud.

The excessive deficit in Spain has caused that the European Union has forced the Spanish government to implement further austerity measures to reduce the deficit and meet reduction targets set for 2015, amendments and new laws created by the government may adversely affect the hospitality sector.

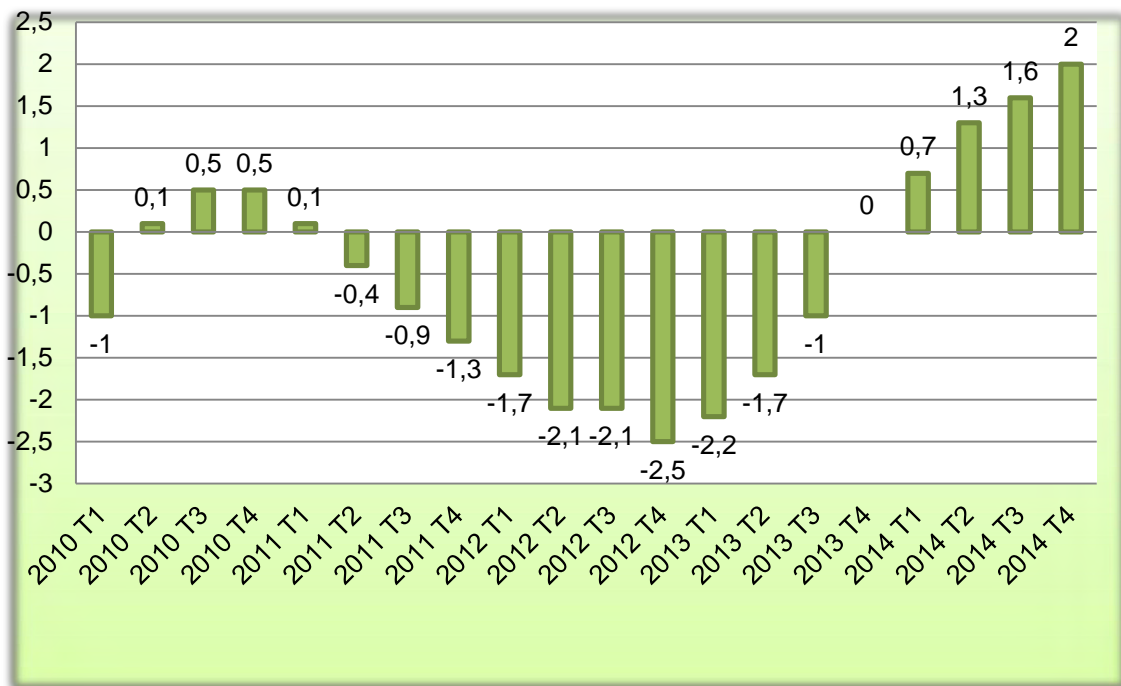
The year 2012 saw the greatest increase in Value Added Tax (VAT), the general increased from 18% to 21%, reduced VAT rose from 8% to 10% and, finally, the super-reduced remains 4 %. Restaurant services, some nutrition products, and beverages, reached 10%.

2.2.1.2. Economic factors:

In regards of the economic factors it is important to mention that the current situation of the Spanish economic crisis is affecting all economic sectors. The hospitality industry has managed to stem the decline in sales suffered since 2008 and closed the year 2014 with an increase in sales of 3.4%, but was not enough to prevent the closure of many companies; the most prejudiced were bars and traditional restaurants.

As for the Gross Domestic Product (GDP), it has registered a continuous decline from the beginning of the economic crisis, except in 2010, which had a small growth but turned to decrease from 2011. In the last year, GDP ends 2014 period with a positive rate of 2%, becoming the first year since the crisis began in which economic activity grew significantly. The low GDP growth is insufficient to generate new jobs.

Graph 1. Annual rates GDP



Source: own elaboration. Data: INE

Another important factor to analyze with the economic factors is the Consumer Price Index (CPI). The CPI has steadily increased in recent years due to the economic situation, but in the current year prices have fallen by - 1.3%, caused by lower oil prices. Prices in restaurants have declined - 0.3%. This fall, recorded in January 2015, was the largest decline since 2007, according to the National Statistics Institute. The lower prices will mean an increase in the disposable income of households and a drop in production costs of enterprises.

Graph 2. Evolution of CPI. Period from 2009 to 2015



Source: INE

The unemployment rate in Spain has increased significantly since the onset of the economic crisis. The unemployment rate in Spain registered last year a rate of 23.70%, so unemployment remains the main concern of the Spanish population. Furthermore, if we add the increase in prices and the risk of job loss, we can see that the confidence of consumers and economic situation of Spanish households has declined, due to the current economic situation.

Graph 3. Evolution of unemployment in Spain



Source: own elaboration. Data: INE

2.2.1.3. Social factors:

Values and beliefs on society:

Society in Spain is concerned about the health and it is increasing healthier products in its diet and reducing saturated fat products. Consumers are experiencing changes while eating more dietary, low fat or light products.

Fashions and lifestyles:

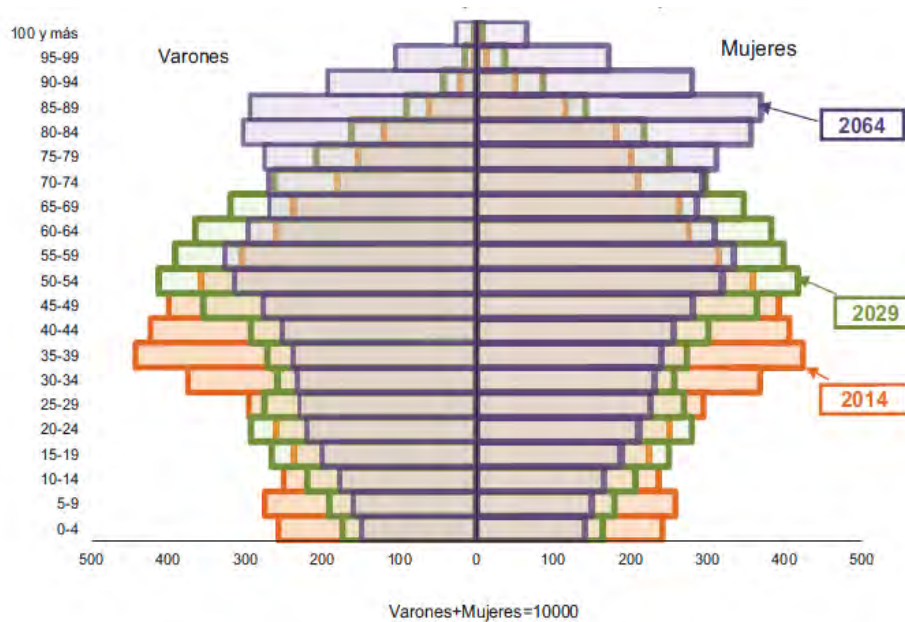
Currently, the crisis has changed consumer habits. It is true that is not affecting equally to all people but most Spaniards have reduced their purchasing power and others are afraid of the Spanish economic situation in the coming years, therefore, changes in the level of income are affecting consumption, consumers are reducing the whims and prioritizing those things essential to live.

Consumer habits have changed because we now eat more at home, many workers have moved their breakfast at home, before they used to have breakfast in bars, plus lunches are replaced in bars or restaurants for lunch boxes or snacks in the workplace. Families prefer to eat in fast food chains, benefit from promotions, discounts or restaurants that have a set menu. The whims are down in families but the fast-food companies are going through a good time because consumers seek for low prices.

Demographic variables:

About the demographic variables of the Spanish population, the prediction made by the National Statistics Institute shows the increased of aging in Spain and the declining birth rate in the coming years. Population loss would focus on the age group between 30 and 49 years in the next 15 years due to migration. In addition, the declining birth rate would cause that 2029 had 32.8% fewer under 10 years' children as today. Moreover, the increase in the population in the upper half of the population pyramids, in the population groups from 70 years.

Graph. 4. Population pyramid of Spain



Source: INE

2.2.1.4. Technological factors:

The use of new technologies contributes to enhance the productivity and competitiveness of enterprises. Restaurants are in continuous process of change and transformation, adding new products and technologies.

Information and Communication Technologies (ICT) in the hospitality sector have benefited from automated tasks, and improved the quality of services offered by the restoration. The main common technologies in hospitality have been the new touchscreen cash registers or POS terminals, which have helped to manage a facility to record the order easily with a touch screen, as well as view tables and corresponding orders. Thus, the process and time savings, convenience, automatic calibration of control box and the customer orders are automated.

Another tool added in recent years in the hospitality industry has been the Personal Digital Assistant (PDA), which mainly adds more freedom of movement in the workplace to record customer orders, connection with the establishment computer, and review stocks in the store. In addition, the Internet access service via Wi-Fi in the establishment is a way to attract more customers and make a competitive differentiation. Finally, the website and mobile apps have become in some companies other way to acquire customers, to display products or give exclusive promotions, and even place orders at home or make a reservation through these two tools.

2.2.1.5. Ecological factors:

Another important factor in the Pestel analysis is ecological factors. The Spanish are among Europe's most concerned citizens about the environment and the companies in the hospitality sector show great concern for the environment.

The resorts are required by law to worry about changing the oil regularly and their waste must not contaminate the environment, in addition to not pour used oil down the drain. Restaurants should try selecting cleaning products that do not contain phosphates to prevent harmful effects on rivers and use appropriate products for cleaning facilities containing less environmental aggression. Moreover, this year the fast food industry is becoming aware of phasing out non-biodegradable shopping bags, which in 2018 will be prohibited by the Law on Waste, due to their negative environmental effects. Finally, it is worth mentioning the sustainability of packaging in the fast food sector, it is true that many fast food companies have adopted an environmental policy on packaging sustainability, but many establishments in this sector still have not adopted yet such a policy to redesign their packaging in order to make them more efficient and reduce negative environmental impacts.

2.2.1.6. Legal factors:

The legal dimension is based on the fulfillment of the Spanish legislation affecting the hotel industry, some of the laws are:

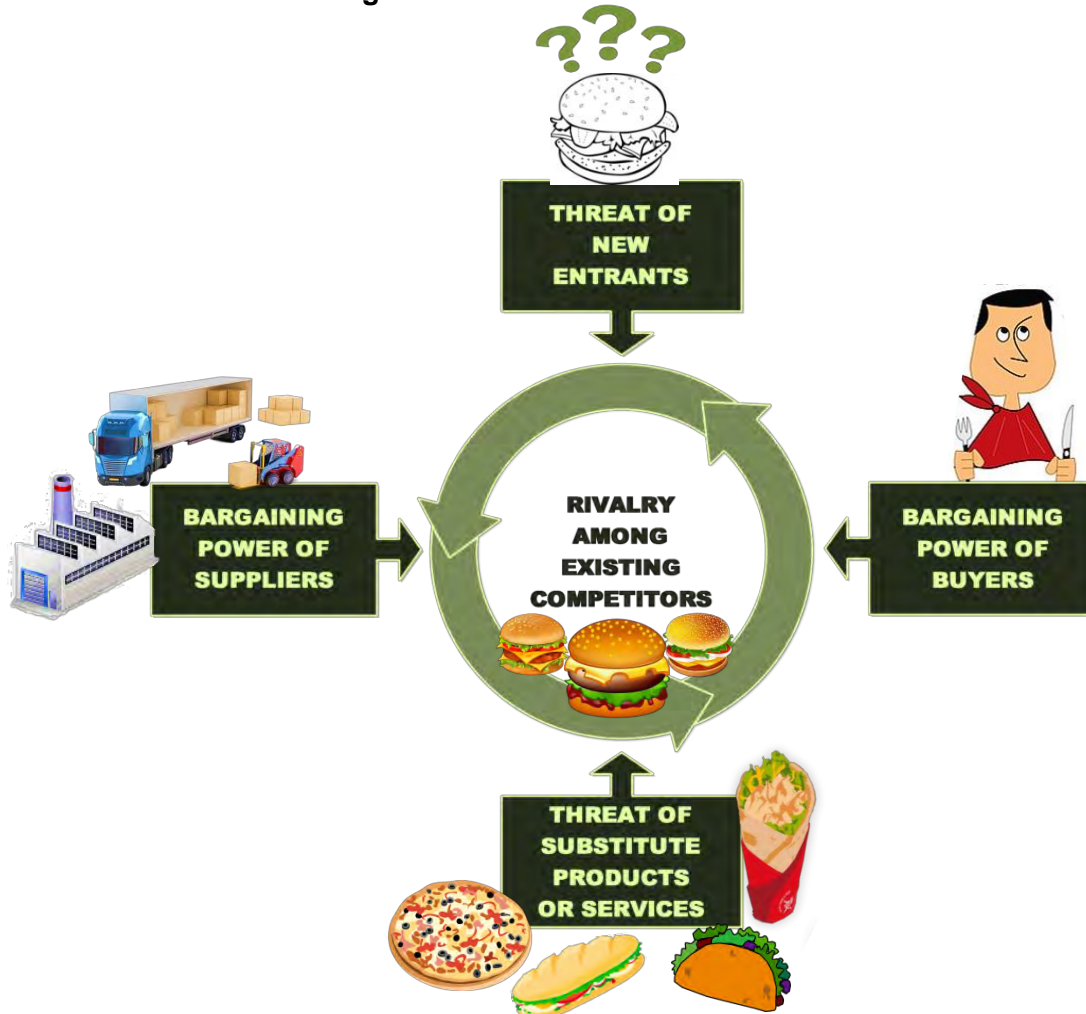
- The smoking ban in Spain in 2011 that prohibits smoking in any kind of collective public space, open to the public and that is not outdoors, but has some exceptions to enable smoking areas. On the other hand, The Good Burger is located mainly inside malls and smoking is prohibited, with some exceptions. The hospitality industry must fulfill with the rules of this law; by contrast the establishment will be punished.
- Royal Decree 2207/1995. Rules of food hygiene, companies are responsible for the hygiene in their facilities and ensuring the safety and wholesomeness of food products.
- State regulations for hygiene and proper food handling, application of good practice for those responsible for the process of developing foodborne illness. The responsible person handling food should be trained.

In the hospitality industry there are many more state and regional laws for compliance with food hygiene, labeling and presentation of products, rules concerning food handlers, and prevention and control of legionellosis.

2.2.2. ANALYSIS OF THE COMPETITIVE ENVIRONMENT (PORTER'S FIVE FORCES MODEL)

By analyzing Porter's five forces we'll try to explain the forces close to the company and how they affect the ability to obtain an advantageous position to compete with other companies, in order to help decide on the most appropriate strategies for The Good Burger. (Figure 7)

Figure 7. Porter's five forces model



Source: Own elaboration

Bargaining power with customers: The fast-food products have had a very favorable demand in recent years and, today, people are looking for new options of healthier products such as gourmet products. Fast food products with very economic prices are being chosen by many Spaniards due to the economic crisis, mainly in young adults. Because of this, the cost of client change is relatively low because there are other alternatives to cheap fast-food restaurants; by this part the bargaining power is low, whereas if the customer looks healthier burgers, customer choice decreases in

casual fast-food establishments because there are not many restaurants in the area of this type and it increases the bargaining power with customers. In many cases, the customer purchase decision is influenced by the specific promotions, speed, dealing with the customer, quality, cleanliness and decor of the establishment.

Bargaining power of suppliers: The Good Burger belongs to the Restalia group; this group undertakes local economies and has 96% of Spanish suppliers. Most of these suppliers maintain a long-term relationship with the restaurant group. As for the economic situation of local businesses is threatened by the crisis and for most Spanish suppliers is important to maintain a long-term relationship with TGB, to supply its products or services for local revenues, this leads to having less bargaining power because TGB could have greater access to new suppliers in less time. On the other hand, The Good Burger is an official supplier of soft drinks of the multinational Coca-Cola, as the two companies have signed a strategic alliance to provide all Coca-Cola soft drinks in TGB. Therefore, this provider is very important for the provision of the company, in addition to help the Coca-Cola business development, therefore the importance of suppliers in the value chain gives it greater bargaining power. Finally, the quality of the products of TGB is the basis of the company, which heavily relies on some suppliers to ensure product quality and influencing these providers have greater bargaining power.

Threat of new competitors: The structure of The Good Burger works with strict controls on raw materials to ensure hygiene and product quality, constant development in marketing and sales, also they have long-term relationships with suppliers that allow good condition and maintain standards quality. Regarding the entry of new competitors there are several barriers:

Initial investment

The capital requirement prevents new competitors to join because a lot of initial money is needed to have its own restaurant, and in the case of access to the franchise system the initial investment is higher.

Location

The most profitable locations are not typically available or in the case they are, it is required to pay a very high rent monthly and not everyone is willing or can't pay the rent. Most of the establishments where it is located The Good Burger are in zones of high influx, mainly in shopping centers and cities.