



IJSRM

INTERNATIONAL JOURNAL OF SCIENCE AND RESEARCH METHODOLOGY

An Official Publication of Human Journals



Human Journals

Review Article

December 2020 Vol.:17, Issue:2

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Implementation of Theoretical and Practical Sales and Marketing Strategies for Food Service Business Development



IJSRM
INTERNATIONAL JOURNAL OF SCIENCE AND RESEARCH METHODOLOGY
An Official Publication of Human Journals



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Submitted: 12 November 2020
Revised: 02 December 2020
Accepted: 22 December 2020

Keywords: POP-Point of Purchase, ATL-Above-the -Line, BTL-Below-the-Line, Food Standards Agency (FSA), Guideline Daily Amounts (GDA), Public relations (PR), 7Pc(Marketing Mix)

ABSTRACT

Theoretical and practical marketing applications are brought together to show how to target and reach customers in the lodging, food service, and tourist industries. The skills needed to define hospitality marketing environments, perform competitive analyses, determine market segments and position, and price specific hospitality products. All communications, strategies, including advertising and direct mail, public relations, merchandising, and promotions are covered in detail, as are marketing systems. The purpose of this study is to propose an integrated model that examines the impact of three elements of foodservice quality dimensions (physical environment, food, and service) on restaurant image, customer perceived value, customer satisfaction, and behavioral intentions, the quality of the physical environment and food were significant predictors of customer perceived value. The restaurant image was also found to be a significant antecedent of customer perceived value. Also, the results reinforced that customer perceived value is indeed a significant determinant of customer satisfaction, and customer satisfaction is a significant predictor of behavioral intentions. A key tool used in demand or revenue management marketing strategies is the application of pricing tactics based on anticipated demand to enhance both customer utility and maximize firm performance. In the restaurant segment, particularly in quick-service restaurants (QSR), organizations focus on two main promotion formats to attract customers: price-based promotions and new product promotions. Specifically, the effects of operational performance and relational performance on customer satisfaction and loyalty in the unique context of industrial services are examined. A model of service performance effects on customer satisfaction and loyalty is introduced and tested in the fast-food service industry using customer perceptions of provider performance rather than relying on providers' self-reported performance indicators, the benefit of establishing customer relationships emerges from the enhanced insight the supplier can gain regarding customer needs and wants. Upon learning of these needs and wants, the service provider can focus on operational means of meeting the needs and wants, and doing so in the lowest cost manner.



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INTRODUCTION

Marketing is a continually evolving discipline and as such can be one that companies find themselves left very much behind the competition if they stand still for too long. One example of this evolution has been the fundamental changes to the basic Marketing mix. Where once there were 4 Ps to explain the mix, nowadays it is more commonly accepted that a more developed 7 Ps adds a much needed additional layer of depth to the Marketing Mix with some theorists going even further and incoming time 8th Ps will introduce as Productivity and Quality.



Figure No. 1: Marketing Mix

The Marketing Mix 4 Ps¹

Product - The Product should fit the task consumers want it for, it should work and it should be what the consumers are expecting to get.

Place – The product should be available from where your target consumer finds it easiest to shop. This may be High Street, Mail Order, or the more current option via e-commerce or an online shop.

Price – The Product should always be representing good value for money. This does not necessarily mean it should be the cheapest available; one of the main tenets of the marketing concept is that customers are usually happy to pay a little more for something that works well for them.

Promotion – Advertising, PR, Sales Promotion, Personal Selling, and, in more recent times, Social Media are all key communication tools for an organization. These tools should be used to put across the organization’s message to the correct audiences in the manner they would most like to hear, whether it be informative or appealing to their emotions.

In the late 70’s it was widely acknowledged by Marketers that the Marketing Mix should be updated. This led to the creation of the Extended Marketing Mix in 1981 by Booms & Bitner which added 3 new elements to the 4 Ps Principles. This now allowed the extended Marketing Mix to include products that are services and not just physical things.



Figure No. 2: The 7Ps of Marketing Mix

The extended 7 Ps-

People – All companies are reliant on the people who run them from front line Sales staff to the Managing Director. Having the right people is essential because they are as much a part of your business offering as the products/services you are offering.

Processes –The delivery of your service is usually done with the customer present so how the service is delivered is once again part of what the consumer is paying for.

Physical Evidence – Almost all services include some physical elements even if the bulk of what the consumer is paying for is intangible. For example, a hair salon would provide their client with a completed hairdo and an insurance company would give their customers some form of printed material.

The 8th P. of the Marketing Mix-

Productivity & Quality - This P asks “is what you’re offering your customer a good deal?” This is less about you as a business improving your productivity for cost management, and more about how your company passes this onto its customers.

Table No. 1: Elements of the Marketing mix

Using the Internet to vary the marketing mix						
Product <ul style="list-style-type: none"> • Quality • Image • Branding • Features • Variants • Mix • Support • Customer service • Use occasion • Availability • Warranties 	Promotion <ul style="list-style-type: none"> • Marketing communications • Personal promotion • Sales promotion • PR • Branding • Direct marketing 	Price <ul style="list-style-type: none"> • Positioning • List • Discounts • Credit • Payment methods • Free or value-added elements 	Place <ul style="list-style-type: none"> • Trade channels • Sales support • Channel number • Segmented channels 	People <ul style="list-style-type: none"> • Individuals on marketing activities • Individuals on customer contact • Recruitment • Culture/ image • Training and skills • Remuneration 	Process <ul style="list-style-type: none"> • Customer focus • Business-led • IT-supported • Design features • Research and development 	Physical evidence <ul style="list-style-type: none"> • Sales/staff contact experience of brand • Product packaging • Online experience

How can we use 7 P_c-²

Companies can also use the 7Ps model to set objectives, conduct a SWOT analysis, and undertake a competitive analysis. It's a practical framework to evaluate an existing business and work through appropriate approaches whilst evaluating the mix element as shown below and ask yourself the following questions:

Products/Services: How can you develop your products or services?

Prices/Fees: How can we change our pricing model?

Place/Access: What new distribution options are there for customers to experience our product, e.g. online, in-store, mobile, etc.

Promotion: How can we add to or substitute the combination within paid, owned, and earned media channels?

Physical Evidence: How we reassure our customers, e.g. impressive buildings, well-trained staff, great website?

People: Who are our people and are there skills gaps?

Partners: Are we seeking new partners and managing existing partners well?

Brief of Market Segmentation³

Market segmentation is the process of grouping or dividing an audience into subgroups based on commonalities and shared characteristics. These characteristics can range from things such as a user's age, location, or income to their needs, wants, behaviors, and values. This results in valuable subgroups consisting of existing and prospective customers for your brand. It's important to remember that these individuals allow your brand to thrive. So, reaching the right people, in the right place, at the right time is key. And it's market segmentation that makes all of this possible for you. Market segmentation is the first move any brand should make when determining the desired target market. Why? Because the very nature and function of market segmentation are to allow you to create those legitimate, relevant, and ultra-precise audience segments that are the perfect match for your brand.

Segmentation essentially gives your brand Confidence in the knowledge that the people you are reaching are the most appropriate targets for you, and will find your product, service, or content meaningful and valuable. Research shows that 34% of consumers would be motivated to promote a brand online if the content that's shared is relevant to their interests.

Research shows that marketers noted a 760% increase in revenue from segmented campaigns.

Accurate market segmentation can be beneficial for both brands and individuals. Accuracy, here, begins with properly obtaining and using data i.e.-

- Data that is collected according to GDPR.
- Data that is collected to aid or fulfill your brand's goals and ambitions, no unnecessary collection of big data.
- That the analysis is professional, accurate, and yields useful, meaningful results that your brand can utilize to improve user experience (UX), customer experience (CX), product targeting, or communication management.

Only once you have established your brand's goals, and have gathered and analyzed your data appropriately, can you then fully utilize your segmentation outcomes.

The benefits are real. Precise segmentation simplifies and facilitates the process of setting objectives, strategizing and tailoring products, services, and brand-audience contact, and the benefit for these segments and the individuals within them? Well, they then receive connections and offerings from brands that are highly personalized and intelligently delivered, i.e. to the right person, in the right place, at the right time.

Types of Segmentation

Segmentation is a marketer's best friend and can certainly be the key to skyrocketing your brand's success... but that's only if you select the *right* type of segmentation for your brand. We now know that segmentation is the subdivision of a market. But what matters most is deciding which type, or types, are right for your goal. For example, there's no point in delving into something like demographic segmentation if the age or income of your audience is irrelevant. In

the same way, there's no use in identifying your user's behaviors if it's their geographic location that identifies them as valuable.

There are 4 main types of market segmentation:

1. Demographic, 2. Geographic, 3. Psychographic & 4. Behavioral

Demographic Segmentation

Demographic segmentation organizes a market based on their most basic elements: their demographic information. It is one of the simplest and most used forms of segmentation. This can be put down to the fact that demographic data is one of the easiest for brands to collect and analyse in a short amount of time.

So what does demographic segmentation take into account? It focuses on a range of information, but predominantly revolves around these elements.

Age, Gender, Income, Education, Occupation, Marital status

52% of consumers would share personal data in exchange for product recommendations, and 53% would do the same for personalized shopping and dining out experiences.

Geographic Segmentation

Geographic segmentation groups audiences based on, you guessed it, their geographic information. But there's more to this than you might think. That's right, geographic segmentation doesn't just look at an audience's current residence or the street that they live on. It constructs different target groups based on several integral aspects, most importantly these as under-

Why do all these differences matter? They all matter because they all can impact your segmentation efforts in a multitude of ways.

Take a look at this blog for a deeper insight into geographic segmentation: It's important to note that, at first glance, geographic segmentation appears to be globally focused. But don't be fooled; geographic segmentation is as much of an effective approach for small, local businesses and small-medium enterprises (SMEs), as it is for global and international markets.

Much like demographics, geographic data is relatively easy to collect analyses and implement in your marketing strategy.

Psychographic Segmentation

When you dive deep into your target market and discover who your audience is, you know you're taking the right steps on the path to success.

Why? Because the more you get to know your audience the better you can accommodate them; cater to their needs and discover their motivations. In today's digital landscape, you can easily find out *who* your audience is, but going one step further and discovering the fundamental aspects of their characters is even more valuable.

Psychographic segmentation branches from aspects of psychology, which centralizes on things like **personality traits, perceived values, interests, lifestyles, and motivations**. So, as you can imagine, identifying these aspects of your audience will undoubtedly be advantageous to your marketing strategy.



Figure No. 3: Psychographic Segmentation

Behavioral Segmentation

Behavioral segmentation entails dividing and grouping an audience based on how they act. This could range from in-app and website behavior to actions made in-store. And the fuss is there because behavioral data has the potential to bring huge amounts of value to brands.

Firmographic Segmentation-B2B

Firmographic segmentation entails grouping and separating firms based on their descriptive attributes, and can describe the business, nonprofits, and government entities. Essentially, B2B companies use firmographics for businesses and organizations in the same way that B2C Companies use demographics for people.

Benefits of Market Segmentation-

Market Segmentation Improves Business Focus

Market Segmentation Improves Product Development

Known Tips for Market Segmentation

Communication is Key-Marketing today is all about communicating with your audience in the **right way**, in the **right place**, at the **right time**, and with the **right tools**.

Multiple factors will affect the way you communicate with your audience. But worry-not, clever segmentation will detail the most appropriate, and effective, ways for you to do so.

Customer Journey Mapping Matters

How people interact with brands is ever-changing. Customers are versatile, volatile, and often evolve at an incredible rate. Therefore, regularly analyzing customer behavior matters.

-Don't define your segments too broadly-Segmentation is a marketer's most trusted companion and with good reason. Whether you're choosing to market to a large audience or a niche one, make sure that your segments are the most appropriate size for your brand and its current and future goals.

-Be consistent with your segments globally Strong branding is at the core of every successful business strategy for several reasons. Firstly, because it makes you recognizable, and therefore able to be differentiated from your competitors. Secondly, it's your identity; it acts as the face of your business and is what your audience visualizing when you're communicating with them. If your brand differs depending on which location it's operating in, it will lose recognition and, therefore, value.

Brand consistency is the pattern of expression that affects what people think about your company.

Market Segmentation Analytics

Social Media

89% of shoppers who engage with retailers via social media channels say those interactions have an impact on their purchasing choices.

Audience-

This is specifically about your users. Their demographic, geographic, psychographic, and behavioral data, whether they're new or returning users and the currently active users on your site and devices that they're using.

Acquisition-

This displays your traffic sources i.e. did people get to your site via display ads, organic search, paid search, social media, email, etc.

Behaviors-

This shows your page views, how long people spend on your page, bounce rate, exit rate, and what they interact with.

Conversions-

This refers to a completed activity e.g. a sign-up for your email newsletter (goal conversion) or a purchase (completed transaction, often E-commerce).

This is the real value and Purpose of marketing analytics simply put, marketing analytics tells you what is working, what is not working, and how to adjust your marketing activities based on this feedback.

Theoretical and practical marketing applications are brought together-⁴

Product -As the product is the item being sold to the customer, the thing that will bring in money, its features and design need careful consideration. Whether the firm is manufacturing the product or purchasing the product for resale, they need to determine what product features will appeal to their target market. The food is crucial. Quality assurance in the foodservice industry is very important to the health of the business. If the product (menu) can be differentiated amongst competitors and stand out with a unique value to customers, it'll work out well for the restaurant.

When an organization is considering introducing a product into a market, they should ask themselves the following questions:

- Who is the product aimed at?
- What benefit will customers expect from it?
- What will be its advantage over competitor products?
- Or its unique selling point?
- How does the firm plan to Position the product within the market?

The answers to these questions will help a firm design, package, and add value to its products.

Price- There are lots of different pricing strategies but most at least cover your costs unless the price is being used to attract customers to the business (loss leader).

A product is worth as much as people are prepared to pay for it. The amount your target market is prepared to pay for your product depends on its features and the target market's budget. You will also need to consider Competitor Pricing and factors within your Marketing Environment.

Effective pricing involves balancing a range of factors. Pricing strategies need to be employed effectively here.

-Is your restaurant an ethnic theme?

-Is it a luxury dining experience?

-If there's an intangible value-added in the experience of dining here, then a premium can certainly be charged.

If you have the same cuisine as another restaurant in the area, but your restaurant is built on top of a mountain or has an ocean view, or offers live music and a full-service bar, you can probably charge 40% more than the restaurant that has none of that.

Promotion- A successful product or service means nothing unless the benefit of such a service can be communicated clearly to the target market.

Promotion is any activity to raise awareness of a product or to encourage customers to purchase a product.

Advertising is a form of promotion but not all promotions are advertisements. Promotional activities for consumer sales will be different from promotional activities for business to business sales.

This is pretty self-explanatory.

How is the restaurant perceived by the community? If it's a large and happening place, how is it perceived in the greater area or even the nation? All of this needs to be managed by effective promotions.

The message the restaurant sends out (either through advertisements, press features, or word of mouth) needs to be able to generate awareness and interest among potential customers and existing customers alike.

Factors governing Promotion-mix

a- Nature of product Different types of products requires a different promotion mix. In the case of consumer goods, advertisement is considered to be the most important because the goods are non-technical and produced on a large scale. But for industrial goods, personal selling is regarded as the most important tool because the products are technical, costly and persuasion is considered essential for their sale.

b- Type of the market if the number of customers is quite large and they are spread over a vast area, advertisement is more helpful because it can reach people everywhere. However, if the number of customers is not very large and they are concentrated geographically, personal selling and sales promotion may be more effective.

c- Stage of the product life cycle, the promotional mix depends upon the stage of the product in the product life cycle.

During the introduction, heavy expenditure is incurred on advertisement followed by personal selling and sales promotion. During the growth stage, customers are aware of the benefits of the product.

Hence advertisement along with personal selling will be more effective.

At the maturity stage, competition is more intense. Sales promotion becomes the most important tool to boost sales.

The following things will influence how a firm chooses to promote its product-

Purpose of Promotional campaign- The budget for the promotional campaign Legal rules about what you can promote and how the target market for the product the marketing environment in which the firm operates.

Place-The Place element of the marketing place is about where the product is made, where is it stored and how is it transported to the customer.

✓ The place for each of these things should ensure that the product gets to the right place at the right time without damage or loss.

✓ The ideal place will be convenient for the customer and the business Accessible for the customer if it is the place where the product is sold Low cost or free for the customer if it is the place where the product is sold Reasonable cost to the business.

✓ The place, in this unique case, is the ambiance of the restaurant and the staff.

Major 3 L Rule is – Location, Location, and Location – Playing Major Role of Business growth of the outlet.

✓ FAQ-

✓ How is the food delivered to the customers?

✓ How are they being presented?

✓ What is the experience of dining in the restaurant?

All of this needs to be taken into consideration because the component of the "PLACE" for a restaurant entails the entire process of getting the food into the customer's mouth. That includes the experience from when they first arrive to park their cars, and being seated promptly and offered quality service, to when the bill arrives on the table and they leave the restaurant.

People- People are an essential ingredient in service provision, recruiting, and training the right staff is required to create a competitive advantage.

Customers make judgments about service provision and delivery based on the people representing your organization. This is because people are one of the few elements of the service that customers can see and interact with Staff, Staff requires suitable qualities like-

Interpersonal skills, aptitude, and service knowledge to deliver quality service.

-How is the restaurant perceived by the community?

- If it's a large and happening place, how is it perceived in the greater area?

-All of this needs to be managed by effective promotions.

The message the restaurant sends out (either through advertisements, press features, or word of mouth) needs to be able to generate awareness and interest among potential customers and existing customers alike.

Processes: This element of the marketing mix looks at the systems used to deliver the service. Imagine you walk into Burger King and order a Whopper Meal and you get it delivered within 2 minutes or domino's Pizza delivery within 30 Min.

What was the process that allowed you to obtain efficient service delivery?

All services need to be underpinned by clearly defined and efficient processes. This will avoid confusion and promote a consistent service.

In other words, processes mean that everybody knows what to do and how to do it. The process is such that the offerings of the service are more utilized and impart more value to the service. With current competition, the process of delivering the service can create a competitive difference.

Physical evidence- Physical evidence is about where the service is being delivered. It is particularly relevant to retailers operating out of shops.

This element of the marketing mix will distinguish a company from its competitors.

Physical evidence can be used to charge a premium price for a service and establish a positive experience.

For example, all hotels provide a bed to sleep on but one of the things affecting the price charged is the condition of the room (physical evidence) holding the bed. Customers will make judgments about the organization based on physical evidence.

For example, if you walk into a restaurant you expect a clean and friendly environment, if the restaurant is smelly or dirty, customers are likely to walk out. This is before they have even received the service.

McDonald's Marketing Mix (4Ps) Analysis⁵

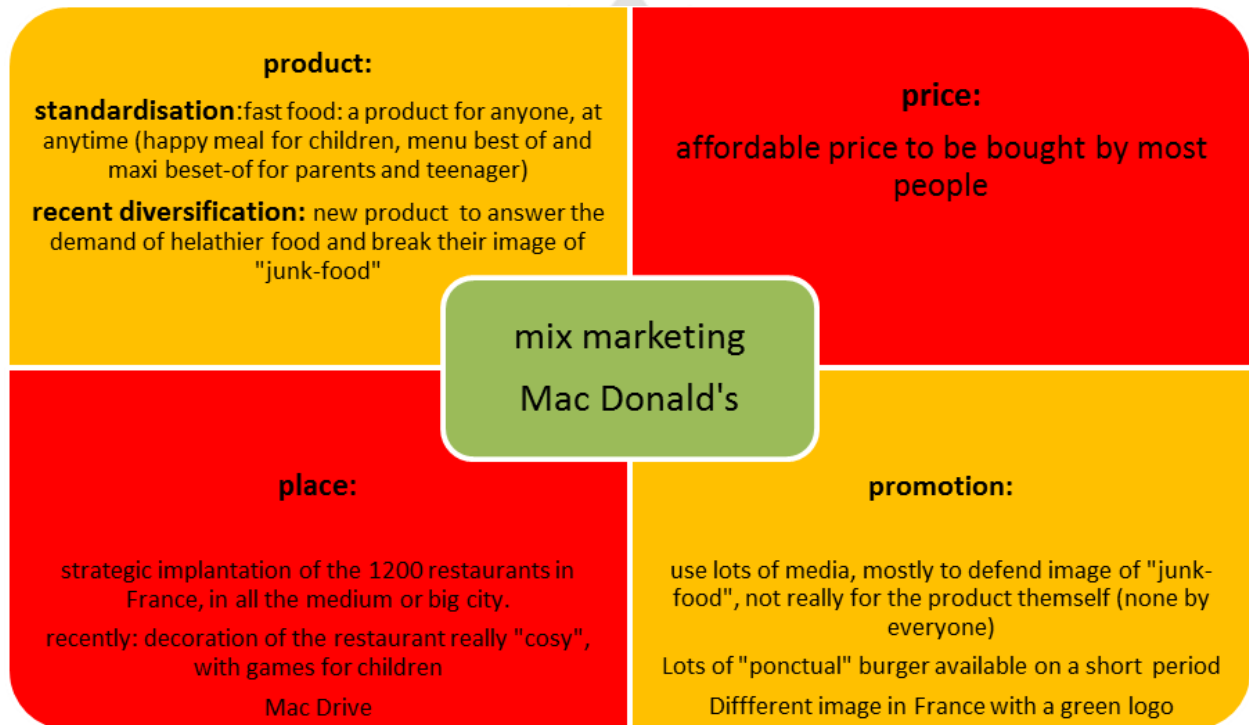


Figure No. 4: McDonald's Marketing Mix (4Ps) Analysis

McDonald's Corporation's marketing mix (4Ps) involves various approaches that meet business concerns in different fast-food restaurant markets around the world.

The marketing mix defines the strategies and tactics that a company uses to reach target customers, in terms of products, place, promotion, and price (the 4Ps). In this business analysis case, McDonald's has corporate standards that its marketing mix applies globally.

For example, the company's corporate standards for productivity are implemented in the management of each company-owned and franchised location. McDonald's also applies some variations in its marketing mix to suit the conditions of local or regional markets. For instance, the company's promotion strategies and tactics focus on print media in countries where such media are most popular and prioritize television in other markets.

The specifics of the 4P variables define the various strategies and tactics that McDonald's uses in executing its marketing plan and achieving related strategic goals to grow the multinational restaurant chain business. McDonald's Corporation's effectiveness in implementing its marketing mix contributes to the leading performance of its brand and business in the international fast-food restaurant industry.

Strategic management considers how the 4Ps relate with the approaches of competitors like-BurgerKing, Wendy's, Dunkin' Donuts, and Subway, as well as other firms in the food and beverage industry, such as Starbucks Coffee Company, McDonald's marketing mix, facilitates effective reach to target customers around the world.

McDonald's Products (Product Mix)

As a food service business, McDonald's has a product mix composed mainly of food and beverage products. This element of the marketing mix covers the various organizational outputs (goods and services) that the company provides to its target markets. McDonald's product mix has the following main product lines:

1. Hamburgers and sandwiches
2. Chicken and fish
3. Salads

4. Snacks and sides
5. Beverages
6. Desserts and shakes
7. Breakfast/All-day breakfast
8. McCafé



Figure No. 5: McDonald's Products

Among the 4Ps, products are an important element of McDonald's brand and corporate image. The company is primarily known for its burgers. However, the business gradually expands its

product mix. At present, customers can purchase other products like chicken and fish, desserts, and breakfast meals.

Place/Distribution in McDonald's Marketing Mix

This element of the marketing mix counts the venues or locations where products are offered and where customers can access them. Restaurants are the most prominent places where the company's products are distributed. However, the business utilizes various places as part of this 4P variable. The main places through which McDonald's distributes its products are as follows:

- Restaurants
- Kiosks
- McDonald's mobile apps
- Post mates website and app, and others



Figure No. 6: Place/Distribution in McDonald's Marketing Mix

McDonald's restaurants are where the company generates most of its sales revenues. Some of these restaurants also manage kiosks to sell a limited selection of products, such as sundae and other desserts. Some kiosks are temporary, as in the cases of kiosks used in professional sports competitions and other seasonal events.

This element of McDonald's marketing mix also involves the company's mobile apps. These virtual places are where customers can access information about the company's products and buy these products. For example, the company's mobile apps for IOS and Android let customers claim special deals, find restaurant locations, place orders, and pay for such orders involving

participating McDonald's restaurants. Furthermore, customers can place their orders through the Post mate's website and mobile app. This element of the marketing mix supports especially in serving more customers around the world.

McDonald's Promotion (Promotional Mix)

This element of the marketing mix defines the strategies that the business users to communicate with customers. Among the 4Ps, this variable focuses on marketing communications with target customers. For example, the company provides new information to persuade consumers to purchase new products. McDonald's uses the following tactics in its promotional mix, arranged according to significance in the business-



Figure No. 7: McDonald's Promotion

Advertisements are the most prominent among McDonald's promotion tactics. The corporation uses TV, radio, print media, and online media for its advertisements. On the other hand, sales promotions are used to draw more customers to the company's restaurants.

For example, McDonald's offers discount coupons and freebies for certain products and product bundles, as a way of attracting more consumers. Also, the company's public relations activities help promote the business to the target market through goodwill and brand solidification.



Figure No. 8: McDonald's promotion tactics

McDonald's Prices and Pricing Strategies

This element of the marketing mix agrees on the price points and price ranges of the company's food and beverage products. The aim is to use prices to maximize profit margins and sales volume. McDonald's uses a combination of the following pricing strategies:

1. Bundle pricing strategy
2. Psychological pricing strategy

In the bundle pricing strategy, McDonald's offers meals and other product bundles for prices that are discounted, compared to purchasing each item separately. Customers can purchase a Happy Meal or an Extra Value Meal to optimize cost and product value. On the other hand, in psychological pricing, the company uses prices that appear significantly more affordable, which helps encourage consumers to purchase the company's products based on supposed affordability. Thus, this element of McDonald's marketing mix highlights the importance of bundle pricing and psychological pricing to encourage customers to buy more products.

McDonalds Local Pricing Strategies

1. **Value Pricing** - Pricing method based on the perceived worth of goods or services to its intended customers.
2. **Product Line Pricing** – Bundling, Value Meals, Super-Sizing
3. **Promotional Pricing** – most McDonalds offer some type of promotional pricing scheme which change regularly
4. **Penetration Pricing** - Penetration Pricing When McDonald's first began to break into the coffee market



Pricing Strategy

➤ Value Pricing

McDonalds came with the concept of value pricing for Indian consumers where in it came out with various combos in form of

- Happy meals comprising of small burgers, coke + toy.
- Medium meal combo that consisted of burger, medium fries and medium coke with the price of Rs. 75
- Maharaja Mac Meal – Rs. 94
- Famil Dines under Rs. 300.

Figure No. 9: McDonald's Pricing strategy

QSR's Growth- (Chains of restaurants)-⁶

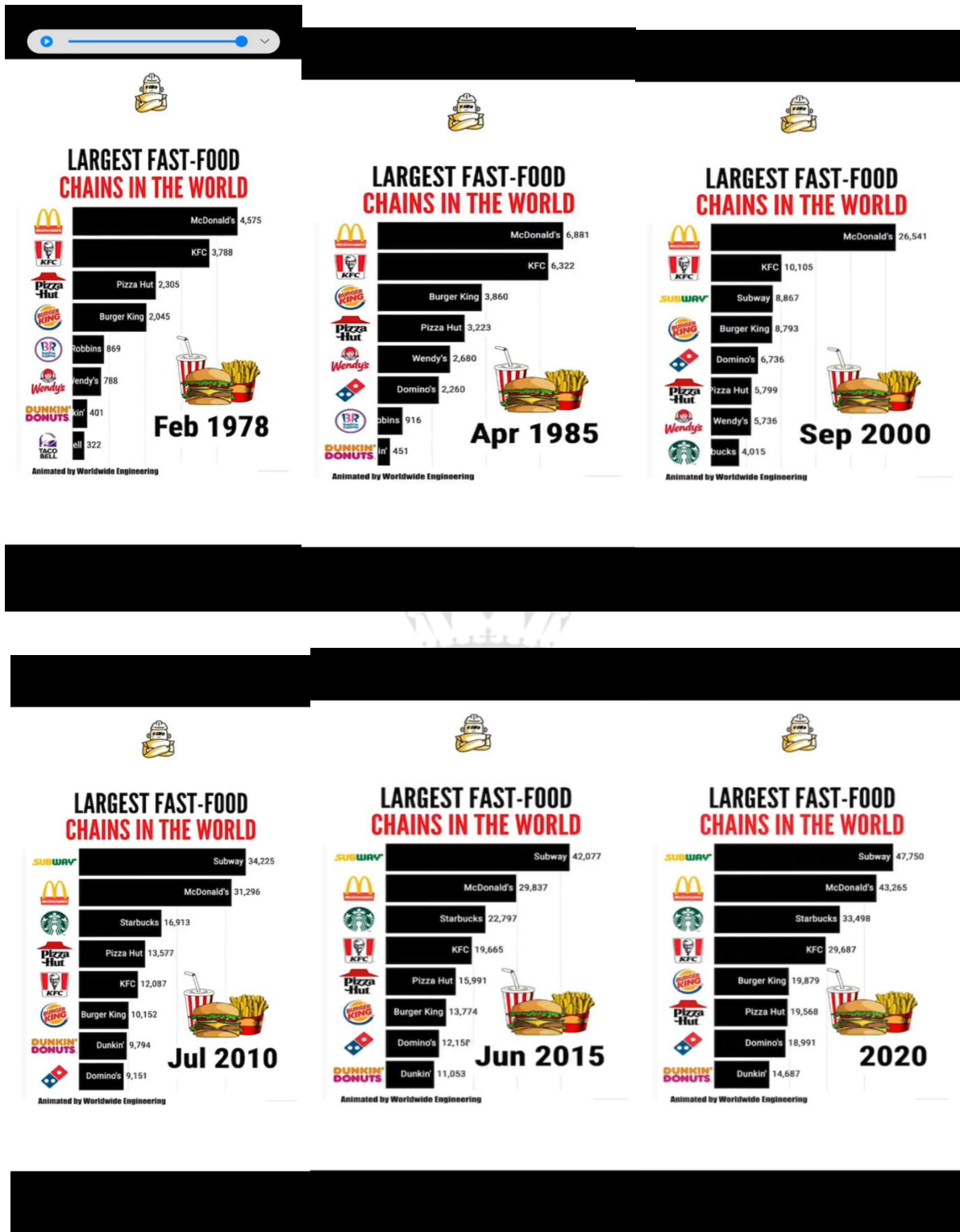


Figure No. 10: QSR's Growth



McCain Marketing Mix (4Ps) Analysis (B2B Format)⁷

Marketing Mix
Product
Price
Place
Promotion

McCain Foods was founded in 1957 in Canada by the McCain brothers – Harrison, Wallace, Robert, and Andrew. McCain Foods is now the largest chip producer in the world with a market share of almost 33% and more than 20,000 employees working in 57 locations worldwide. Since 1968 McCain GB has been operating from its UK base in Scarborough, North Yorkshire. McCain prides itself on the quality and convenience of its product range and for over three decades has been making healthier versions of favorites staple foods.

The McCain brothers had a simple philosophy – ‘Good ethics is good businesses. This lies behind the McCain brand message ‘It’s All Good’. It is not just the food that is good. The philosophy also refers to the way McCain works with its suppliers and builds its relationship with its customers.

McCain believes it is important to take care of the environment, the community, and its people. It works with around 300 farmers in the UK, chosen for the quality of their potato crop. McCain factories are located in key potato growing areas, which help to reduce food miles.

A further example of the way McCain is reducing its impact on the environment is the installation of three 125m high wind turbines to generate electricity for its Whittlesey factory near Peterborough.

McCain is the first major UK food manufacturer to use alternative energy to help power a large factory. McCain also gives back to the community by committing resources to both local and national projects.

McCain strives to be a company making good, simple food in an increasingly **sustainable** way while meeting business objectives. To achieve this, the business ensures that it balances the four elements (the four Ps) of the **marketing mix**. A product or service will have a different mix of the four Ps. The right mix will achieve marketing objectives and result in customer satisfaction:

Product - this has to look and taste good and be made from wholesome ingredients.

Price - the price has to be attractive to ensure enough sales to generate a profit.

Place - the place and position of the product in the market is important to compete for market share.

Promotion- this has to fit the company's objectives for the product.

Product-McCain Foods is the world's leading manufacturer of frozen potato products. Although McCain is perhaps best known for producing Oven Chips, its product lines are much wider.

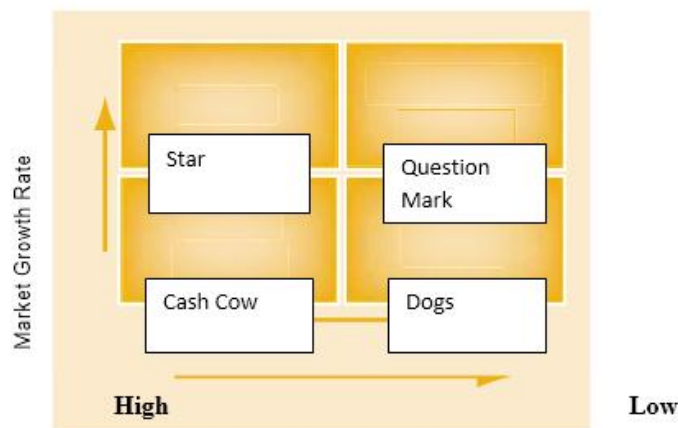
In the UK they include various other potato products such as McCain Wedges and McCain Home Roasts, as well as McCain Sweet Potato and McCain Micro Pizza. In other countries, McCain sells a variety of foods including frozen vegetables, ready meals, and desserts.

Some products, for example, McCain Oven Chips, captured the public imagination immediately and continue to sell well without needing to be changed. Other products change through time or are adapted to create new variations, e.g. curly fries or thin and crispy fries.

Changes in the range are driven by several different factors. For example, microwaveable snacks take account of changing lifestyles, where people are looking for food that does not take long to prepare. McCain has also been responsive to market needs for healthier options and its products support the government's Change4life campaign. This encourages people to 'Eat Well, Move More, and Live Longer'.

The company's philosophy supports the 'calories in/calories out' principle. This states that to maintain a healthy weight, calories consumed should not exceed the calories used. This also forms part of the 'It's All Good' message – not only does McCain food taste good, but it fits in with current thinking on healthy diets. McCain now only uses sunflower oil in the preparation of its chips. It knows that customers want to eat healthily without compromising on taste and it is careful to use wholesome ingredients in its products. Having a wide range including healthier options, such as Oven Chips, as well as products developed for taste, e.g. Wedges, and means the company can meet different consumer needs for different meal occasions.

To protect quality throughout the whole supply chain, McCain manages its potato seed development. After specially selecting the seeds, McCain works closely with around 300 farmers to ensure the potatoes are grown to a high standard and harvested at their peak. Only the best potatoes are chosen to make McCain chips and potato products. McCain Foods' product offering extends outside the home to include food service. This provides products specially designed for use in restaurants and canteens.



Relative Market Share

The Boston Matrix identifies four types in a company's product portfolio-

Stars-These products have a high market share in markets that are growing quickly. For example, the Play station was a star when it was first introduced into the games market. **Question Marks**-

These products have a low market share in a growing market. Costs are more than returns as the company tries to increase its market share. An example of a Question Mark could be a newly launched fashion item or a new car model. **Cash Cows**-These products have a high market share in established markets, for example, cornflakes in the breakfast cereals market.

Dogs-These products have a low market share in a low growth market. A company may look to get rid of these products or invest in marketing to improve sales. For example, DVD recorders have replaced video recorders which became Dogs for the electrical firms making them.

Price-In pricing its products, a business must consider four things:

The business objectives-The business may set its pricing to achieve some different objectives. These may be -

To maximize profits,

To achieve a target return on investment.

To achieve a target sales figure.

To achieve a target market share & to match the competition.

Costs-In order to make a profit a business must make sure that its products are priced above their cost, the total cost of a product includes overheads such as research and development, investment in equipment, people, and technology, as well as direct costs, such as raw materials and ingredients.

Competitors- If there is no competition the business can set whatever price it chooses. On the other hand, if there is **perfect competition** then the business must accept the market price for its products. In most cases, the reality is somewhere in the middle.

Customers- The business needs to consider what its customers' expectations will be.

For example, customers may be prepared to pay more for a product that is unique or produced ethically and sustainably. This would place it as a premium brand above its competitors.

McCain uses a range of pricing strategies associated with adding value for money.

For example, 'extra-fill' packs can give the customer up to 30% extra free.

These reward regular buyers of a particular product. McCain may also offer its products at a special promotional price using price-marked packs to encourage people to try the product.

Place- describes the channels McCain uses to position its products in the marketplace. As a business-to-business (B2B) organization, McCain does not sell directly to its consumers.

Instead, it places its products with wholesalers and retailers, such as major supermarket chains. McCain may then be able to influence how its products then reach the consumer at the point-of-sale.

For example, it may secure key positions for its products in stores.

By paying for end-of-shelf positions for its products, customers are more likely to see and buy them.

McCain does not use its vehicles to distribute products to its customers. Transportation is outsourced, which means another organization carries out the deliveries. Products are delivered directly to retailers' central depots for onward distribution to their stores.

Alternatively, they may go to wholesalers, who sell them on to other businesses such as restaurants. McCain takes the need for sustainability and reducing its impact on the environment into consideration in transporting its products. For example:

-Where possible local farmers are used to reduce food miles.

-Double-decker trucks are used, saving in the region of 2,000 lorry journeys a year.

-The Lorries have built-in solar panels which help to provide additional power, for example, to help with the internal lifting mechanism.

Promotion-A further demonstration of the ‘It’s All Good’ ethos is McCain Foods’ ethical stance on promotion. McCain commits not to advertise to children under 12 years old. It also ensures that retail labeling on its products carries clear information on levels of fat, saturated fat, salt, and sugar to help shoppers choose healthier options. Its labeling is in line with the Food Standards Agency (FSA) traffic light scheme and the food industry’s Guideline Daily Amounts (GDA).



Promotion falls into two main categories:

Above-the-line promotion -ATL

Below-the-line promotion-BTL

ATL- promotion is paid for and includes traditional advertising routes such as television, radio, and the press. These are good for carrying marketing messages to a large audience. However, it is less easy to measure the impact of these channels, for example, whether a TV advert has increased sales. Special displays or positioning in stores or advertising on supermarket trolleys are also examples of McCain’s above-the-line promotional activity.



BTL- promotion can take many forms and is usually more under the control of the business. Typical examples include events or direct mail. McCain uses a combination of below-the-line activities including-

Door-to-door leaflet drops or books of vouchers which give customers discounts over some time. These help to attract consumers and establish brand loyalty so the consumer buys the product again.

Email newsletter for consumers. This creates a relationship with consumers, which is unusual for a B2B organization.

It not only allows McCain to communicate directly with and listen to consumers, but it also enables the business to collect information, for example, about their lifestyles and product choices. This is used for feedback, research, and promotions.

Public relations (PR) is a form of promotion that is concerned with evolving flavor and consideration between organizations and the public.

For example, McCain uses its relationship with UK Athletics to deliver 'Track and Field' roadshows across the UK. These emphasize the link between healthy food and a healthy lifestyle. Again, this aligns with the 'It's All Good' message.

McCain also takes part in different types of sponsorship, such as-

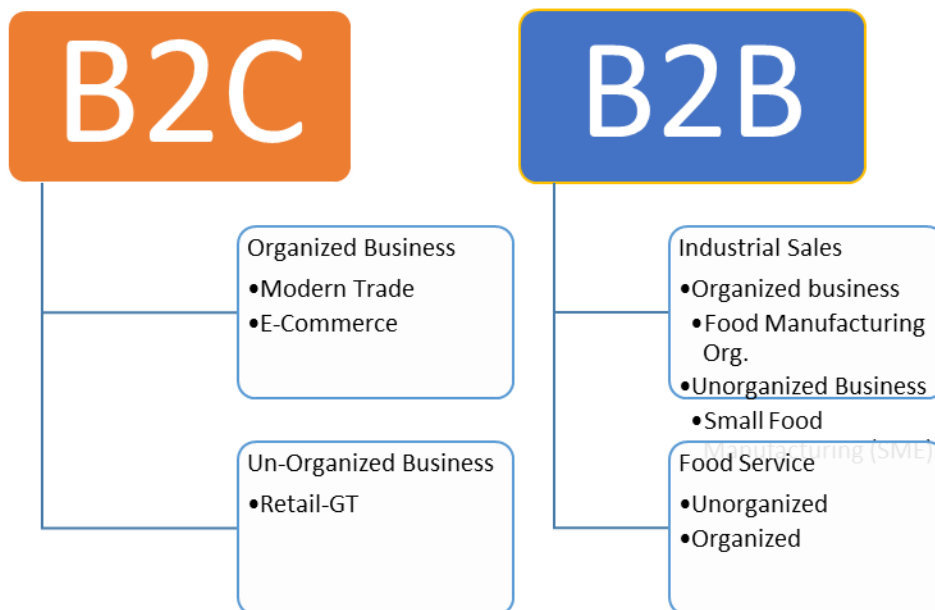
TV shows Family Fortunes. This brings the McCain brand to a wide audience through a popular family program. McCain Athletics Networks encourage young people to get involved in the sport through local clubs. This further supports the company's approach to balancing calories in with calories out. McCain also aims to promote a better understanding of where food comes from through initiatives such as The Potato Story. This is an educational resource that helps teach children about how potatoes grow and their place in a balanced healthy diet.

Steps to be taken care of while developing Business Plan for products pushing into Food Service segment-8

8- From experience and working records.



Objective-“ To attain sustained growth through focused Regular & Customized/Non-Customized products range with the exclusive distribution network, to provide efficient services to Food services customers”.



Need to work out city-wise Foodservice universe and target Market to be capture – Target customers are as under-

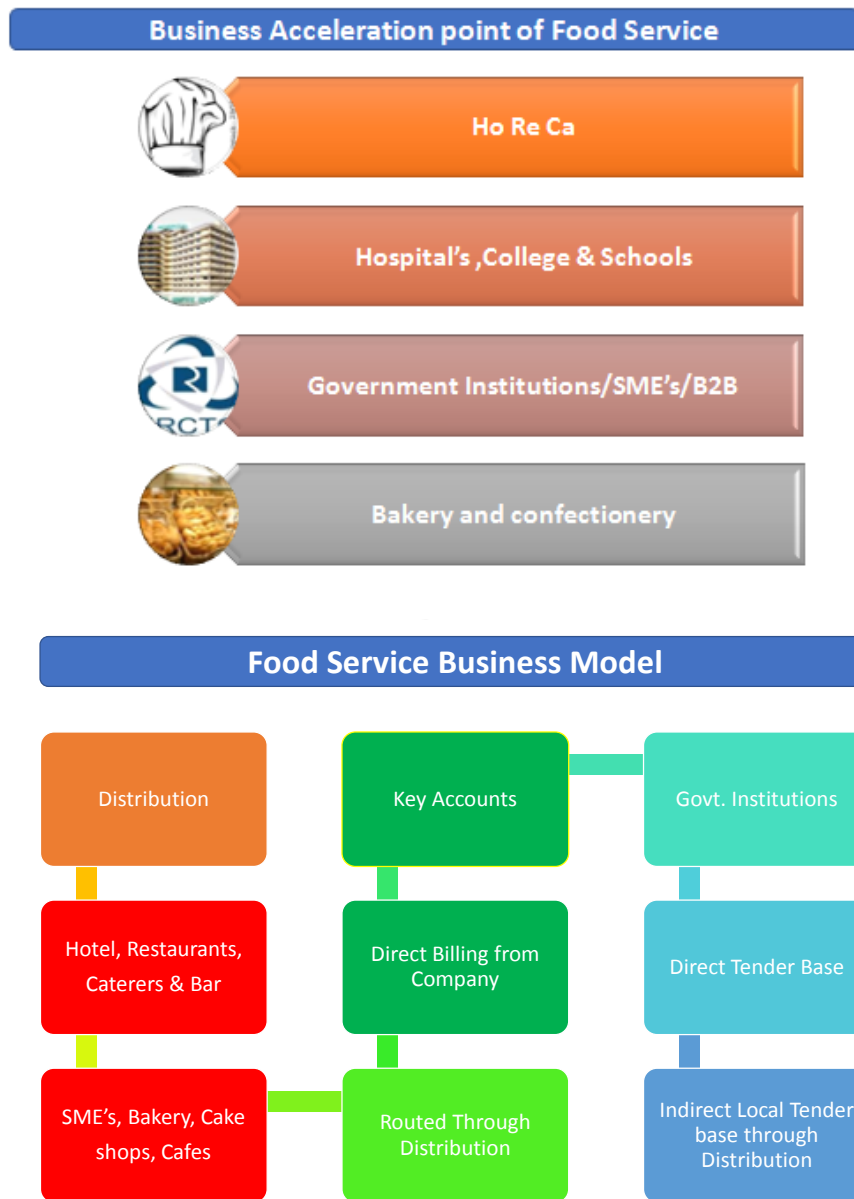


Figure No. 11: Food Service Business Model

Food Service Business Structure –Micro segmentation



Customer Focus for business development-

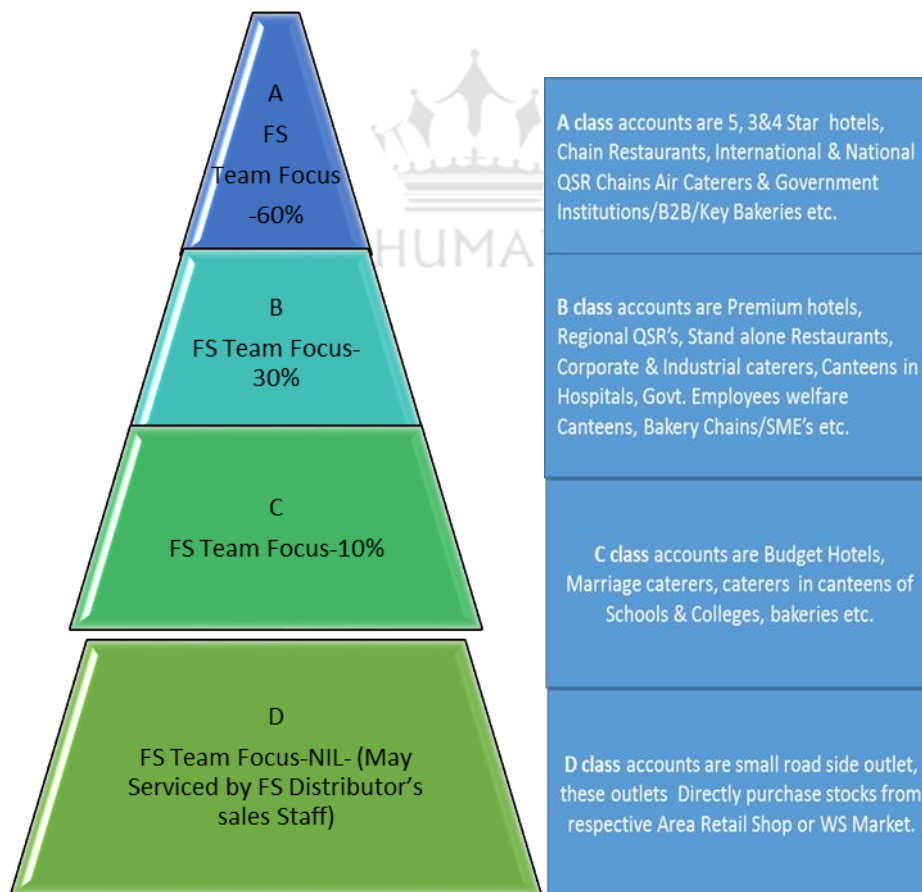
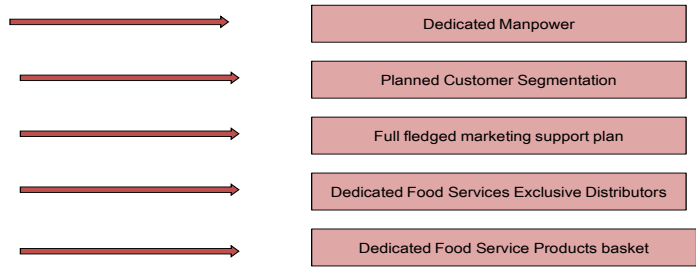


Figure No. 12: Customer Focus for business development

Conceptual Difference between the working style of WS/FSD Vertical's Distributors

P&G/Bulk/WS/Trading Points	Foodservice Nature of distributor/ Suppliers
Billing from counter	Majorly-Directly Billing to FSD & Institutional Customers (Industrials/Govt. institutions).
Have a customer base but buying may or may not be regular.	Have an organized Customer base who buys regularly.
Directly dealing with Traders/ Kirana's Shops	Directly Dealing with FSD Customers and Institutional or HoReCa/Bakery stuff Suppliers
Promoting based on Brand and price	Promoting based on Brand/Quality(Technically/USP) of the products.
Dealing in a particular product category as a whole	Dealing in all the products (Product Line/products Basket) required by FSD Customers.
Relation with Traders and WH/Brokers	Relation with PM/Chefs and owners of Restaurants and Institutional owners etc.
Maximum sales on CD or Low Credit	Providing 45-60 Days or more Credit to FSD Customers & Institutions.
Required Adequate Infrastructure/Majorly operating from Shop.	Required owned Adequate Infrastructure required by FSD Distribution
Price is the deciding factor for rating customer.	Retains customer through Consistency of Services & Quality of the supplying products.
Price stability fluctuation as per the pricing Trends or depends on Market Sentiments.	Try to Give the same price for a longer period (or Contractual Rates)- create stability and consistency in the growing sales.
Majorly keeps 2/3 options or more-of a product.	Loyal to the company- Generally don't do the distribution of competitive products.
Staying in touch with the customer is not possible.	Maintain good relations & always stay in touch with the Customer.
Only pricing & Supply matters.	Feedback from the customer on a product is important.
Focused Working should be in 3.0 Lac above towns.	Focused Working should be in 10 Lac and above towns. (Priority to Metro/TLP than FLP)
Handling with existing product range or designed products as per the market sentiments with price Variation.	Handling specific common SKU or Customized products as per key customer's quality & price requirements.

Food services Vertical calls for a Paradigm Shift in Strategy



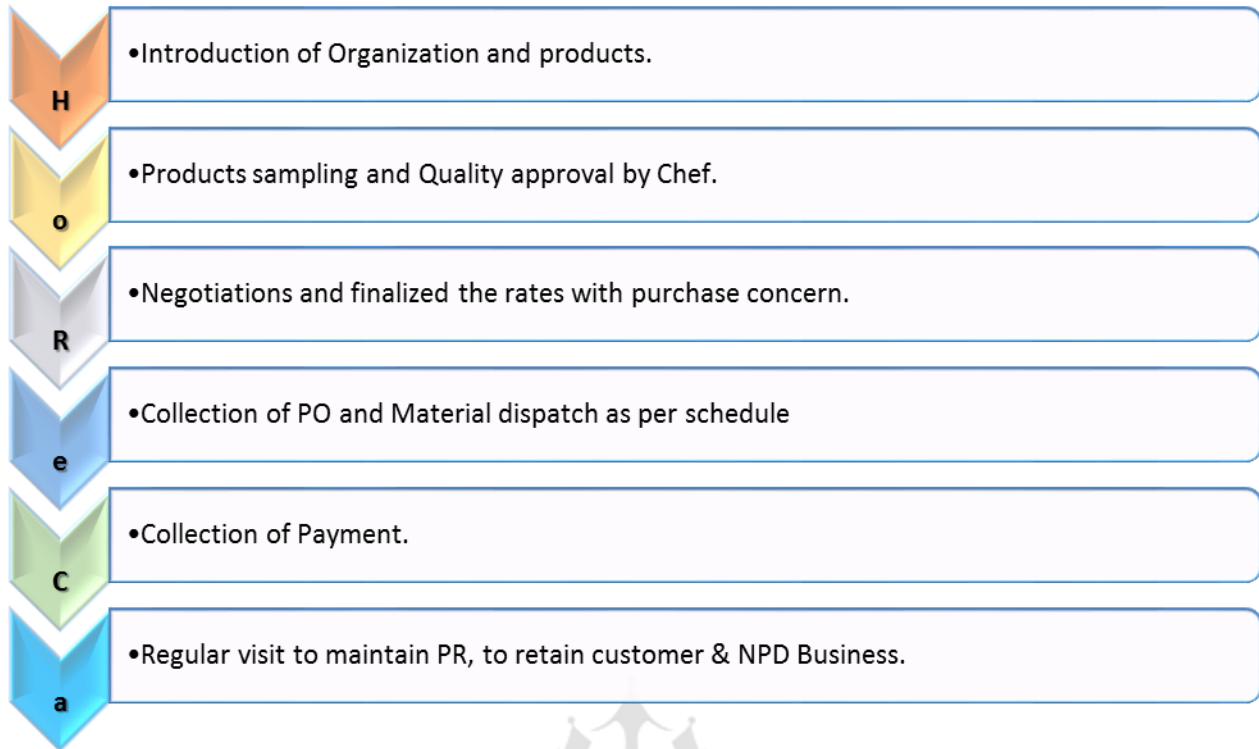
Key Drivers in FS Business Development



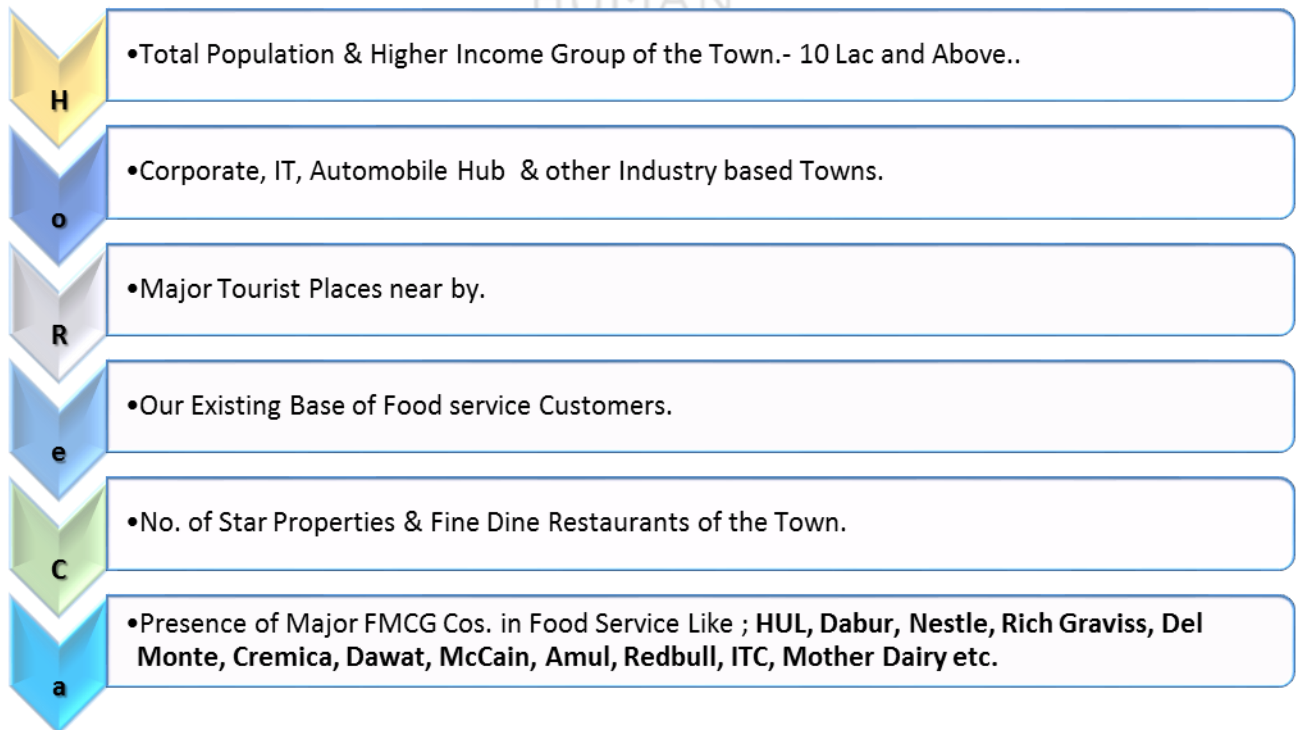
Figure No. 13: Key drivers in FS business development

A Proper selection Criteria along with Job description and eligibility of Foodservice staff and Key account person for handing sales as per the business plan.

Food Service Business Process-



Criteria for selecting FS Town-



CRITERIA FOR APPOINTING Food Service DISTRIBUTOR-

CRITERIA FOR APPOINTING FS DISTRIBUTOR / SUB-DISTRIBUTOR (STOCKIST)	
1.	Minimum Monthly Turnover Expected from Distributor--Rs 50 Lacs for FS. (Depends upon the Town)
2.	Minimum Monthly Turnover Expected from Sub-Distributor - Rs 10 Lacs for FS (Depends upon the Town)
3.	Number of outlets to be covered by any party, doing direct market to HoRaCa/Bakery coverage, Govt. Institutions etc.. is Minimum 20 & above (Area allocation to be done accordingly)
4.	Every party doing direct market coverage should be able to provide Exclusive Salesman for AWL to cover every 50 outlets (Rs5Lac T/O) on a weekly/ fortnightly basis as per company officers recommendation.
5.	Distributor/Sub-distributor should have minimum 1500-2000 sq.ft
6.	Distributor/Sub-distributor should be able to invest One and half month's turnover + Market credit including the credit days (Avg-60-90 Days) offered to FS Customers on invoice.
7.	Distributor/ Sub-distributor should be currently handling minimum one FMCG company of reputed (National/ Multinational) Or he should be HoReCa /Bakery Suppliers (Grocery/Dry fruits/Edible Oil/Bakery Ingredients & specialty Fats/Imported Products/Non Veg/Fruits & Vegetables/ frozen Food/Dairy products etc..)
8.	should have own transport facility (Tempo) for urgent supplies.
9.	Sub-distributor appointment should be done in agreement with the distributor of the area.
10.	Distributor/ Sub-distributor should have computerized billing facility or should be ready to do so once appoint by AWL- in case of requirement or ready to operate DSM by their sales staff.
11.	Distributor/ Sub-distributor should keep the inventory for minimum 15 days.
12.	Please enclosed list of existing Food Service customers.
13.	Any amendment in above FS Distributor Criteria will required approval from Senior Officials.

Major Food Service Customers in India

- | | | | |
|--|--|--|---|
| <p><u>Hotel Chains</u></p> <ol style="list-style-type: none"> 1. Taj Group of Hotels 2. ITC Group of Hotels 3. Marriot Group of Hotels 4. Oberoi Group of Hotels 5. Holiday Inn Hotels 6. Le Meridian Hotels 7. Ambassador Group pf Hotels 8. Narang Group of Hotels 9. Sarovar Group of Hotels 10. Ramada Group of Hotels 11. Pride Group of Hotels 12. Fortune Park Group of Hotels 13. Radisson Hotels 14. Lemon Tree Hotels Etc.. | <p><u>Restaurant Chains</u></p> <ol style="list-style-type: none"> 1. Specialty Restaurants (MLC) 2. Mirah Hospitality 3. China gate Group 4. Barbeque Nation 5. Haldiram's 6. Kamdhenu Group 7. Bikanerwala 8. Indigo – Deli 9. Little Italy 10. Moti Mahal Deluxe 11. Chawla Chicken 12. Impresario Restaurants 13. Yo China 14. Pan India Food Solutions 15. TFS 16. YUM Etc.. | <p><u>Caterers Chain & Cloud Kitchens</u></p> <ol style="list-style-type: none"> 1. Sodexo 2. Cook House 3. IRCTC 4. ASC 5. Fobes 6. ICS 7. Shetty Catrers 8. Little Italy 9. Food Link Caterers 10. Food & soul Catering 11. Kwaliti Catering 12. Box 8 13. Rebel Foods 14. Swiggy 15. Zomato 16. Food Panda Etc.. | <p><u>Government Business</u></p> <ol style="list-style-type: none"> 1. IRCTC 2. APO 3. Navy Etc.. <p><u>SME/B2B</u></p> <ol style="list-style-type: none"> 1. Parle Agro 2. ITC 3. Campco 4. Anmol 5. Tata Foods 6. Karachi Bakery 7. Monginies 8. Baskin robin Etc.. |
|--|--|--|---|



Some of the Major-QSR's



Major customer –food Service-



Recommended Trade Promotion Activity-

S.No.	Type	Category	Objective
1	Product Detailer/Product Brochure – on Ipad	Brochures	To give a detailed presentation of Company & Product.
2	Co-Branding activity with key Customers.	Brand promotion	to retain and enhance other product Business from the Product Basket
3	Birthday Anniversary Gifts to Key customers	Gifts	To Maintain PR with Customers.
4	Gift Articles for Caterer and Chefs		
5	New Year Diaries & Gifts in all main stations and with Key Clients.		
6	Dipawali Gift to Key Clients and Chefs/ Purchase Managers		
7	Small Caterer Meets in B & C Class City (8 Events)	Exhibitions & Chefs Meets	To directly interact with Chefs, Purchase Managers & Concerned Persons and promote our products.
8	X' mas & New year sponsorships all across.		
9	Annual Chef Directory's Advertisement		
10	Participation in Aahar In March & Other Exhibition		
11	Participation in AHAR AGM & Zonal Meets		
12	Participation in HOSTS Exhibition		
13	Participation In IFF Exhibition		
14	Participation in FWH Exhibition		
15	HORECA INDIA/B2B Exhibitions		
16	Participation in Annapurna Exhibition		
17	Participation in PRAHA AGM Meet		
18	Culinary Chef Awards	Sponsorship	To increase our Brand value & Maintain PR with aspires Chefs.
19	Food fest in Restaurants/Hotels/Food festival in Mumbai & Pune /Delhi/NCR only Star properties.		
20	Menu Cards sponsorships in Mumbai/Pune/Delhi/CHD etc..		
21	Promotion in Hotel Management Institutions.		
22	International Chef's day celebrations as well as gifting to star chef of A class cities		To Maintain PR with Customers.
23	Advertisement in Food Service (FS Related Magazine)	Advertisement in Magazines	To directly reach to the decision makers .
24	Advertisement in FHRI (FS Related Magazine)		
25	Direct Mailer	Direct Connectivity	To aware potential customer about our Product & generate leads
26	Activity on Biryani Outlets		To Motivate & to retain Customers

Points to be taken care of while doing investment for new Venture-

The following points highlight some of the major investment considerations when it comes to investing in a company, especially in the Food Services space:

Underlying Strengths of a Business

- An established market position and a solid, defensible market share/ brand recall
- A product or service with a competitive edge or unique selling point (USP)
- Opportunity for growth and scalability
- Attractive store-level economics with a healthy return on investment and payback period along with good profitability at the corporate level
- Regular and reliable income and cash flows
- Good corporate governance with robust financial systems and controls
- A proven track record

Promoter Credentials -As passive investors, PE fund managers rely on the promoters of the company to carry on the business in a fully dedicated way. Typically, they expect the promoters to have enough capacity in the game to be incentivized to deliver on the projected business plan. They prefer to partner with top quality promoters and management teams that are professional, ethical, and have a proven track record.

It is always important to note that PE/ VC investors invest in a company for financial returns, and therefore, they are likely to invest only if they believe that a promoter is going to do all that is in his power to provide an exit and maximize returns to an investor.

A Realistic Exit Plan -Most PE investors typically invest for a horizon of 4-5 years and therefore, the potential of exit plays an important role in the investment decision. Typical exit options include – listing on a stock exchange, secondary sale to another PE investor or a trade sale of the entire business, or a majority stake to a strategic investor.

Fair Deal Terms Performance of PE investment is determined by the internal rate of return (IRR), which is a function of entry and exit price. Typically, PE investors consider the valuation paid in various recent transactions and the valuation at which listed peers trade to value businesses. Therefore, it is crucial to reach an agreement on all such terms and rights including valuation to close a transaction. Therefore, they seek standard minority protection rights. They play an active role in monitoring portfolio companies through participation on the Board of Directors and Management Committees.

Back-end Companies -Back-end companies act as the backbone of the Food Services market on which the efficiency of the front- end system rests. These primarily constitute suppliers (produce, dairy, bakery and confectionary, staples, sauces, condiments, etc.) and logistics (including cold chains) companies. Back-end companies are exceedingly important for good restaurant chains, helping them maintain the consistency and quality of ingredients, and therefore a standardized end product across their network of restaurants. Certain examples of back-end companies are as follows-⁹

	<p>Producer and supplier of frozen dough and confectionary and international QSR restaurant chains in India like Subway, Domino's, Taco Bell, KFC, Pizza Hut, and McDonald's among others. Bakers Circle raised INR 30 crore from Gaja Capital in February 2015.</p>
	<p>Supplier of chips, sauces, sandwich mayonnaise, salad dressings, and syrups to institutional clients such as McDonald's, Taj Group, Subway, Domino's Pizza, PVR, Starbucks, Barista, Café Coffee Day, and Papa John's. In January 2007, Cremica raised funding from Goldman Sachs, who sold its stake in the company to Motilal Oswal PE Exhibit X – Type of Investments in September 2010. In August 2015, CX Partners invested INR 390 crore in Cremica, providing an exit to Motilal Oswal PE. In June 2016, Rabo Equity Advisors invested INR 100 crore in Cremica.</p>
	<p>Leading manufacturer of food ingredients and flavoring solutions in India and the Middle East with a strong focus on the QS Rand processed food industries. Its customer base includes Domino's, McDonald's, KFC, Café Coffee Day, Haldirams, etc. In 2013, India Value Fund Advisors (IVFA) committed an investment of an undisclosed amount.</p>
	<p>McDonald's supplier for the chicken and vegetable and pie/ puff range of products in India. It is a part of OSI Industries (USA), which is one of the largest suppliers for the chick enrage of products to McDonald's across the world. Engaged in manufacturing and marketing sauces,</p>
	<p>Engaged in manufacturing and marketing sauces, emulsions, dessert toppings, and syrups, etc., it supplies to some of the biggest names in the QSR sector such as Domino's, KFC, Burger King, Pizza Hut, Taco Bell, and Dunkin Donuts, amongst others. Its strong national distribution network helps it reach even the smallest bakeries and pizza stations that are dotted across the country. In June 2015, it raised Rs. 25 Cr. in a fundraising round led by Saama Capital. The company has recently stepped into the B2C space offering a range of its products for retail.</p>

There are major effective ways of successful Marketing of Food Service.¹⁰

- Technology and Foodservice Marketing
- Defining Your Foodservice Buyer Personas
- Understand the Changing Landscape of Foodservice
- Use Inbound Marketing to Supplement Traditional Foodservice Marketing
- Continue to Develop Your Digital Ecosystem to Generate Foodservice Leads

SUMMARY

Marketing and sales theories implementation in Foodservice – marketing Mix is most commonly used of 4Ps. of Marketing such as Product, Price, Place, Promotion and in this modern era also start concentrating on People, Process and Physical evidence (3Ps -newly introduced) They are intricately and thoughtfully related to each other and have to be configured consistently.

It's no secret that the world of digital marketing is a volatile place. It's loaded with fresh theories, unpredictable trends, and ever-changing elements. But market segmentation is one practice whose impact on digital marketing has been consistently fruitful for brands, and it's no surprise. Clever market segmentation is the most efficient way to categorize, analyze, and utilize audience information, creating segments that are valuable in both the long and short term.

The market population will always have a wealth of differences, similarities, and common characteristics. This means that if you want to get to know your target audience and create optimized experiences and personalized offerings, then creating authentic segments is imperative.

Developing an on-point segmentation strategy gives your brand focus and structure. Over the years, marketers have learned that with advancements like big data, innovative strategies, advanced analytics, and dynamic segmentation, businesses can flourish. Meticulous market segmentation paves the way in identifying those audiences who will deliver the most value for brands.

McDonald's generic strategy and intensive growth strategies influence the product lines included in this element of the marketing mix. In diversifying its product lines, the company satisfies market demand, improves its revenues, and spreads risk in its business. In terms of risk, a more diverse product mix reduces the company's dependence on just one or a few market segments. This element of McDonald's marketing mix indicates that the firm innovates new products to attract more customers and improve its business stability. In the fortune pricing strategy, McDonald's offers meals and other product bundles for prices that are discounted, compared to purchasing each item separately. For example, customers can purchase a Happy Meal or an Extra Value Meal to optimize cost and product value. On the other hand, in emotional pricing, the company uses prices that appear significantly more affordable, such as Rs.99/- instead of rounding it off to the nearest Rs. This pricing strategy helps encourage consumers to purchase the company's products based on perceived affordability. Thus, this element of McDonald's marketing mix highlights the importance of package pricing and emotional pricing to encourage customers to buy more products.

McCain also takes great care to minimize its impact on the environment. Its products are placed in the market in a way that reduces both food miles and carbon emissions. Promotion of the products focuses on the positive relationship between McCain food and a healthy diet and reinforces the importance of food and exercise in a healthy lifestyle.

'It's All Good' is a message that is embedded in all aspects of Foods' marketing mix. Not only are the products designed to look and taste good, but they are also produced from good quality crops in a way that addresses people's concerns about issues such as health and the origins of their food. This helps to ensure that remains a trusted brand.

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