

**SOCIABOWL**

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# Executive Summary

Status Quo	Palate struggles to meet the needs of both students and the AMS		
Key Issues	Lack of differentiation amongst competition	No emphasis on fostering community	Capacity constraints limit performance
Strategy			
Tactics	Brand Repositioning	Product Differentiation	Expanding Capacity
Result	A community-centric, sustainably sourced, and healthy-minded food service for the students of UBC		

## Executive Summary

The AMS currently strives to meet the dietary needs of students through offering affordable food served quickly and in abundance - currently, Palate fails to meet these needs. Positioned in a competitive market, Palate lacks differentiation, is limited in financial performance (due to capacity constraints), and does little to foster a sense of community. As students desire more food options that support a healthy environment, Palate is missing out on a crucial opportunity.

To address these concerns, we propose a strategy that creates a community-centric, sustainably-sourced, and healthy-minded food service for UBC students. Our strategy consists of two phases: repositioning and expansion. In the “repositioning” phase, we plan to transform our menu to serve an assortment of custom and premade bowls and to reposition the current layout to encourage social interactions. Additionally, we recommend an in-field marketing strategy that will increase brand awareness and build anticipation around a grand opening. Following the “repositioning” will be “expansion,” which entails expanding the restaurant’s capacity to include an outdoor seating area.

Through our proposed strategy, we anticipate increased revenues, brand awareness, and sense of community - this will ultimately fulfill the student need for delicious, healthy food served in an inviting environment.

## Establishing loyalties with health-conscious and socially-engaged students from the start will maximize customer lifetime value

### Community and Health Enthusiast



- New student living on campus
- Buys most meals, needs variety
- Seeks community

### Time and Price Sensitive



- 3rd / 4th year
- Established brand loyalties
- Time and price sensitive, but health-conscious

### “School Isn’t Everything”



- Mature student living off campus
- Cost-conscious
- Less likely to use on-campus resources

### Cultural Preference Representative



- International student
- Greater loyalty to cultural cuisine than general N.A. menus

## Customer Analysis

According to *UBC Overview and Facts*, over 52,000 students (mostly undergraduates) attend the UBC with approximately 23% of these students being international students. We have identified the following customer segments:

### Community Enthusiasts and Health Nuts (First and Second Years) - Current market

- Want more food options that will help make the UBC environment healthier
- Greater sense of community and belonging than older students
- Dietary habits: focus on healthy food, do not cook at home

### Time and Price Sensitive (Third and Fourth Years) - Soon-to-be

- Reside on and off campus
- Already have loyalty to existing restaurants (i.e. The Delly, The Loafe Cafe, etc.)
- Graduation is in sight and it looks daunting (i.e. worries about paying off debt)

### “School Isn’t Everything” (Mature Students) - Refusing

- Live off campus (want to connect with community off-campus)
- Conscious about costs (i.e. paying off debts, raising family, working part-time, etc.)
- Not as likely to use on-campus resources (i.e. AMS wellness resources)

### Cultural Preference Representatives (International Students) - Unexplored

- Makes up 23% of the student population
- Preference of their country’s food over North American cuisine

Among heavily saturated competition, Palate 2.0 needs to adjust its product offering to differentiate and capture unmet customer needs



### Competition Analysis

From our analysis of the area surrounding UBC, it is evident that ‘Palate 2.0’ faces serious competition. To narrow our focus to those of greatest urgency and impact, we have identified our primary competitors. The matrix and decision criteria is available in further detail in Appendix #17.

Primary competitors are identified as those who offer products, prices, or locations of significant similarity. In this circle, we see The AMS’ Gallery 2.0 and The Delly, the incoming Jamjar and Nori at Central, the incoming SUB’s Subway, and Loafe by UBC Food Services. Within the Nest itself, Gallery 2.0 and The Delly stand out as clear competition. Gallery 2.0 offers a broad range of products to choose from (including alcoholic beverage options), extensive seat capacity, and a pleasing aesthetic of expansive, natural light and space. The Delly focuses on healthy and home-style options, also offers a diverse selection of products (food and drink), and emphasizes quick service (rather than seating, which is available nearby in the main common area). Both venues experience strong performance and challenge other businesses’ abilities to attract customers. In evaluating Jamjar and Nori, understanding the degree of location competition is limited, given the unfinished nature of the development. However, we believe the proximity of Central as an entire unit determines them as sufficient threats. Specifically, Jamjar offers high quality Lebanese and Mediterranean food, and focuses on locally sourced, vegetarian options – in addition to selling a variety of dip jars (stand-alone products that generate auxiliary revenue). Finally, Nori is another tenant within Central, which will serve sushi and Japanese style breakfasts, salads, subs, and bowls. Although specific product information is limited, we believe Nori will serve as a challenging competitor – catering

to ethnic tastes, similar health-centered customers, and offering similar price points. While the menu and product mix available at both Jamjar and Nori have yet to be revealed; the proximity, variety of menu items, and the established branding implies significant potential for our target customers to choose these venues over ours. With an emphasis on mitigating the risks presented by primary competitors listed above, our strategy needs to address the potential difficulties 'Palate 2.0' might encounter in attracting customers to its products and services over these competitors.

## Without a clear value-add, the social and financial goals of Palate will never be attainable nor sustainable

Threats and Weaknesses	Dense competitive landscape	Unclear target customer segment(s)	Inefficient internal operations
Implications	<ul style="list-style-type: none"> <li>• Lacklustre product</li> <li>• Negligible brand awareness</li> <li>• Higher costs of inefficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Unmet customer need for community and collaboration</li> <li>• Promotional efforts seeing low returns</li> </ul>	<ul style="list-style-type: none"> <li>• Customers unable to dine with friends</li> <li>• Congestion discounts the atmosphere</li> </ul>
Issues to be resolved	Competing without differentiation	Lack of direction in marketing Palate	Forgone profits and social collaboration

### Issue Identification

#### Lack of Differentiation

Despite the prime location, Palate does not attract students who have plenty of food and drink options to choose from. The product mix follows a standard menu of sandwiches, wraps, and salads with no point of differentiation. Not only is the product lacklustre, but the service does not appeal to students wanting to purchase an “experience” as opposed to a product. Such lack of differentiation leaves Palate at a disadvantage against neighbouring competitors who offer stronger differentiators.

#### Capacity Constraints

The current configuration of Palate does not optimize the space for customers and operations; inefficient use of counter space, minimal seating, and cramped queueing conditions result in uncomfortable seating and long lineups. Furthermore, once customers receive their food, there is little room for them to dine in-store for those who want an in-store experience. This seating arrangement puts Palate at a disadvantage to competitors who either provide sufficient seats in-store (i.e. Loafe) or are located just in front of available seating (i.e. The Delly).

#### No emphasis on fostering community

Palate, is not conducive for students to build strong social interactions with their peers and professors. According to the AMS Experience Survey Report 2015, many students report difficulty making friends, approaching TAs, and approaching professors. With few seating options, Palate fails to meet the needs of students who wish to dine with friends, colleagues, and others.

Repositioning our brand, differentiating our product, and expanding our capacity will create a sustainable space for students to reconnect

#### Differentiate the Product

- Custom and pre-made bowls
- Flip the script: Vegetarian first
- Potential for beer in the future

#### Repositioning the Brand

- Timely promotions: Grand opening, peak academic periods
- Collaborate with AMS marketing, F&B, student clubs

#### Expand the Capacity

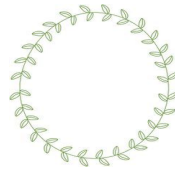
- Remove inefficient counter space
- Communal table
- Enclosed and weather-proof outdoor seating

### **Strategy**

In building our strategy, our critical focus was to address the aforementioned issues of insufficient differentiation, limited capacity and lack of community. Solving these issues will allow for Sociabowl to tackle the competitive environment, and offer a product and service to address the unmet needs of students.

With both phases of our strategy, we are confident that Sociabowl can secure its position in the student community as a space for community, relationships, and inclusion.





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To increase brand awareness, we suggest a marketing strategy that involves greater collaboration between Food and Drink, Culinary, and Marketing. Potential promotions include in-field marketing to engage potential customers, samples during key times in the academic calendar (i.e. midterms and finals), and an exciting grand opening that will direct traffic flow to the restaurant.

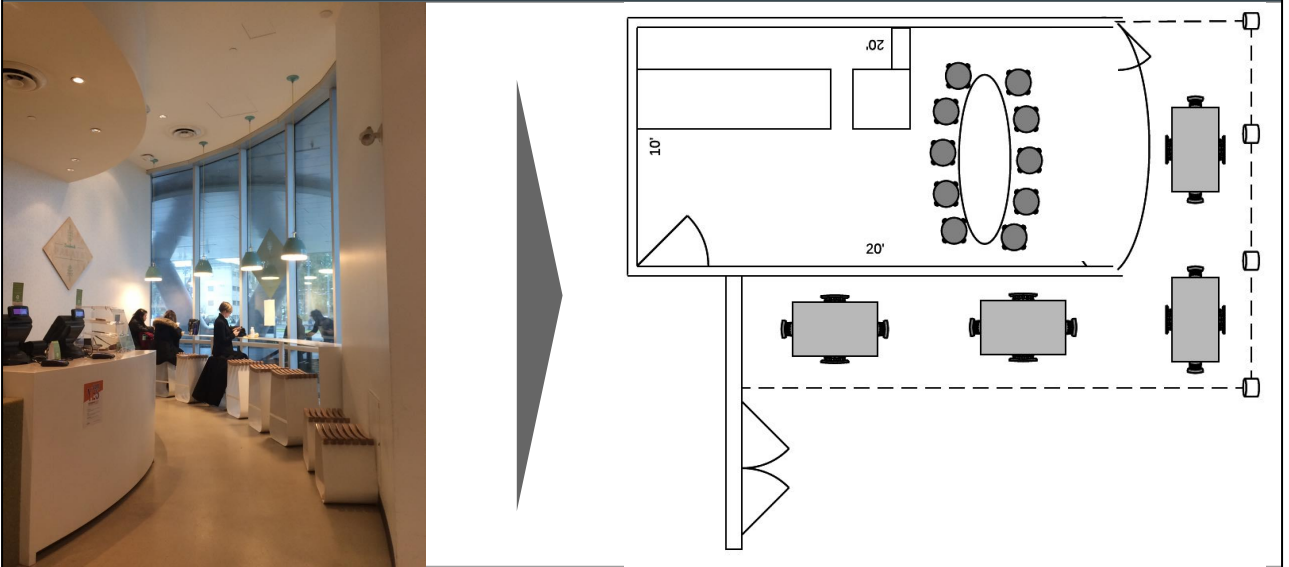
Our new product offering will target gaps in the competition, appeal to current and to-be customers, and work with existing materials



- Grain-based vegetarian bowls topped with various mix-ins, sauces, and *optional* protein add-ons
- Inspired by neighbourhood and demographic favourites: The NAAM, Tractor, Chipotle
- Overlap with Palate's current ingredients will ease the transition

We plan to change the current product offering from sandwiches and salads to an assortment of custom and premade bowls. This product offering is currently underserved at the UBC market, not targeted by competitors in the area, and aligns with the goals of serving healthy food. Additionally, bowls appeal to both vegetarians and omnivores alike. In conducting our market analysis, we observed consistent success of comparable businesses that offer similar menu items (in the Kitsilano and Vancouver area) such as The Naam, Freshii, and Tractor. In addition, the materials required to build bowls are similar to those currently being used in sandwiches and salads, which facilitates the transition (with respect to the supply chain and estimating costs). Our new menu will help reposition our brand as healthy and creative, a boost to our lacklustre brand.

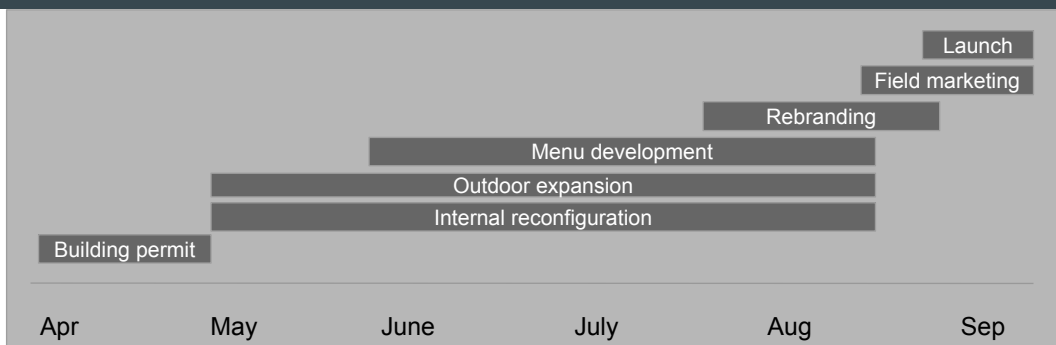
## Expanding Capacity - Proposed Layout



The current footprint limits the quantity and quality of customer's' experience. By expanding the operational capacity, we can serve more people at a given time, encourage customers to stay at Sociabowl and ultimately create space for social interaction and community-building. Furthermore, by removing the unused/inefficient counter space next to the cash registers, space will be freed up to allow for the introduction of a communal table – which, when placed at the centre of the wall, provides seating on both sides. Not only does this increase revenue potential through greater occupancy; it also adds to the overall social atmosphere of Palate 2.0 and creates the opportunity for students to stay, eat together with friends, and meet new people.

Additionally, we recommend expanding capacity further by adding an outdoor seating area. Students seek spaces for social interaction and collaboration. By turning the available space outside into an enclosed, heated, and aesthetically inviting area, the AMS can transform this idle (but otherwise optimally located and untapped) piece of real estate into a revenue stream – serving existing customers, as well as driving new demand to 'Palate'

With approval by AMS and developers, sociabowl could be ready to launch in 6 months



## Implementation Timeline

### Building Permit

In order to legally expand, the AMS file for a Development Permit Application (DPA), once this permit is approved the outdoor expansion project can begin. We predict this process will take approximately one month. Additionally, it is essential the AMS act quickly to attain the permit to help ensure that construction will be done by fall 2017.

### Reconfiguration

A redesign of Palate's internal architectural structure will increase capacity. An increase in capacity will offer students a space to consume healthy food with their friends and professors, ultimately attracting both customers in a rush and those who want to dine-in. Appendix #20 exhibits the planned internal redesign with a communal table. To make this possible, we will moderately shrink the cooking line, and remove the large green shelving unit that currently serves no purpose.

### Expansion

Additionally, we plan to further expand the restaurant in order to foster a community-oriented atmosphere in conjunction with increasing revenue. Offering outdoor seating will draw attention to the restaurant as it is positioned in a very high traffic area. Appendix #21 shows a proposal for outdoor seating nearly tripling the current capacity. The restaurant will expand onto the courtyard outside the building and will be accessible by a door inside the restaurant. The outdoor area will be fenced off to ensure the tables are used only for customers.

## Expansion costs could be recouped in only two months

Internal reconfiguration costs		\$15,000
Counter removal and finishing	\$8,000	
Communal Table (New)	\$4,500	
Extra seating	\$1,500	
Communal Table (Old)	\$1,000	
External expansion costs		\$23,000
Door installation	\$14,000	
Development Permit	\$1,000	
Fencing	\$3,000	
Seating	\$2,000	
Windbreaker	\$3,000	
Total expansion costs		\$38,000
Transactions Needed to Cover Cost		7,170
Months to Cover Cost		2

### Financial Analysis

The primary cost drivers of our recommendation are composed of internal reconfiguration cost and external expansion cost totaling \$38,000. Below outlines the further decomposition of the primary cost drivers. Overall, based on average spend per transaction and cost of goods sold we expect 7,170 transactions will cover the reconfiguration and expansion cost. It will approximately take two months for this many transactions to occur.

#### Internal Reconfiguration Cost

We expect internal configuration cost will accumulate to \$15,000. These cost are made up of removing the old table structure and installing a new communal table.

#### External Expansion Cost

We expect external expansion cost will accumulate to \$23,000. These cost are composed of installing a door to the outside, adding tables and fencing off the area.

# Risk and Mitigations

Risk	Impact	Mitigation
Higher than budgeted costs for reconfiguration and expansion	HIGH	Sell high margin products (e.g. alcohol) to expedite recovery
Delays in obtaining building permit	MEDIUM	Marketing indoor space through events, promotions, happy hour
Delays in hiring a qualified chef and reliable students	MEDIUM	Work with new recruitment manager to adjust job advertising process
Increased capacity creates lags in supply chain	MEDIUM	Adjust sales forecasts and staffing, set up allowance for lost sales
Wind between outside the Nest makes outdoor seating unattractive	LOW	Build wind protectors and have heat lamps in outdoor seating area

## Risks & Mitigations

Through our analysis, we identified the following risks and mitigations:

### High Risk

Incurring higher costs than budgeted for in the process of reconfiguring and expanding stand out as a high risk. To mitigate this risk, we advise selling high profit margin products (such as alcohol) to offset these costs.

### Medium Risk

Risks that have a medium impact include complications with the building permit application (i.e. being denied the permit or the process taking longer than expected); inability to hire a qualified chef and reliable students; and increase in capacity leading to difficulty in consistently sourcing materials. To mitigate these risks, we propose leveraging UBC resources to search for permit experts; ongoing communication of hiring needs and expectations (which appeal to intrinsic needs of potential applicants) with full-time recruiter; and using historic data and other restaurant data to forecast future demand respectively.

### Low Risk

A low risk is the wind tunnel between the Nest and Alumni Centre. To mitigate this risk, we propose building wind protectors as well as having heat lamps in the outdoor seating area.

# Measuring success

Strategy Tactic	Key Performance Indicators	Answers these questions
Marketing and brand awareness	<ul style="list-style-type: none"><li>• Percentage of liquidated coupons</li><li>• Changes in customer satisfaction reviews</li><li>• Customer turnover</li></ul>	<ul style="list-style-type: none"><li>• Has brand awareness and recognition increased?</li><li>• What marketing media are most effective to reach students?</li></ul>
Reconfiguration and expansion	<ul style="list-style-type: none"><li>• Progress to industry averages: \$250 rev psf, 30% margins</li><li>• Tracking transactions to capacity ratio</li><li>• Return on investment</li></ul>	<ul style="list-style-type: none"><li>• Have we justified the CapEx?</li><li>• Have our profits increased?</li><li>• Do students find the new space to be community-centric?</li></ul>

## Measuring Success

To measure the success of our strategy, we aim to evaluate the effectiveness of (1) our marketing and brand awareness, and (2) reconfiguration and expansion. Specifically, we want to measure whether brand awareness and recognition have increased, the effectiveness of different marketing mediums, how to justify using capital to expand, profitability, and whether or not students feel a sense of community.

### Strategy 1: Marketing and Brand Awareness

- Percentage of liquidated coupons during promotional periods
- Changes in customer satisfaction review
- Customer turnover rate during promotional and regular sales periods

### Strategy 2: Reconfiguration and Expansion

- Short-term and long-term profits (i.e. setting the benchmark for annual sales per square foot at \$250)
- Number of transactions; for example:
  - Short-term: increase to at least 6000 per month in the short term (1.5 times 4000 transactions in January 2017)
  - Long-term: a double in transactions after outdoor expansion
- Qualitative feedback from customers in regard to community engagement

# Conclusion

Status Quo

Palate struggles to meet the needs of both students and the AMS

Key Issues

Lack of differentiation amongst competition

No emphasis on fostering community

Capacity constraints limit performance

Strategy



Tactics

Brand Repositioning

Product Differentiation

Expanding Capacity

Result

A community-centric, sustainably sourced, and healthy-minded food service for the students of UBC

The AMS has the exciting opportunity to reinvent the Palate restaurant and better leverage a premier piece of real estate. Our analysis identified a lack of brand awareness, capacity constraints creating an uninviting atmosphere, and no emphasis on community as primary issues. Our team has built a strategy around solving these issues which can be summarized as creating a community-centric, sustainably sourced, and healthy-minded food service for the students of UBC. We believe that continuous collaboration between the AMS F&B department and the marketing department will get the new restaurant off to a phenomenal start. The offering of bowls will serve the demand for healthy food and will also carve out a niche in the UBC food market. A reconfiguration of the space will triple the capacity, and foster a community oriented space.



Q & A

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# Appendix

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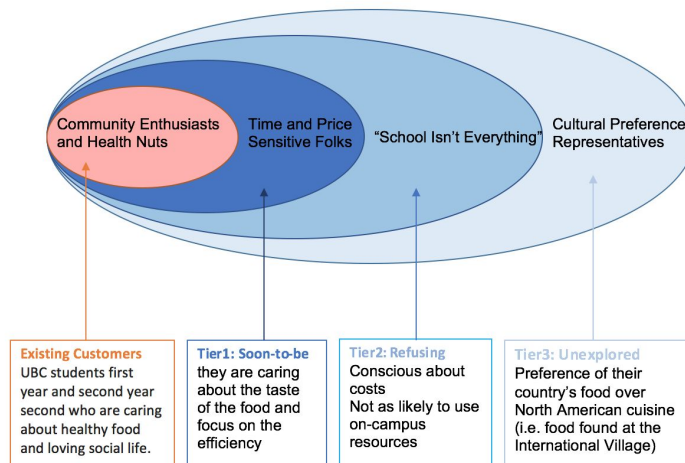
# Competitor Matrix 1

Business	Summary	Product comp	Price competition	Proximity	Additional
Flipside	Pub food: burgers, fries, etc.		\$6-8 mains	✓✓	
The Delly	Sandwiches (grab and go, custom), premade salads, 'ethnic' hot entrees * quantity *	✓✓✓	\$4-9 mains	✓✓✓	Efficient purchase, branding, range of options
Gallery 2.0	Pub food/ general mass market, alcohol	✓✓	\$9-12 mains	✓✓✓	Seating
Jamjar	"Folk lebanese food," gourmet, with a focus on veg options, aux. product sales	✓✓✓	\$7-11 mains	✓?	Branding (to be), ethnic specialty
Nori	Sushi and Japanese centred breakfasts, salads, subs, bowls	✓✓✓	???	✓?	Uncertain which product; branding (?), caters to ethnic specialty
Loafe	Cafe and Gourmet foods	✓✓✓	\$4 drink mains \$8-12 food mains	✓✓✓	Wide range of options, slightly upscale, full offering
SUB Subway	Custom and grab and go sandwiches	✓✓	\$6-10 mains	✓✓✓	Branding, nearby study space (?)

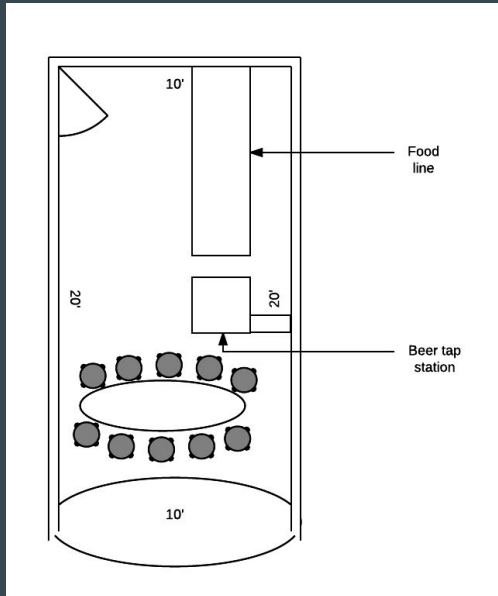
# Current Layout



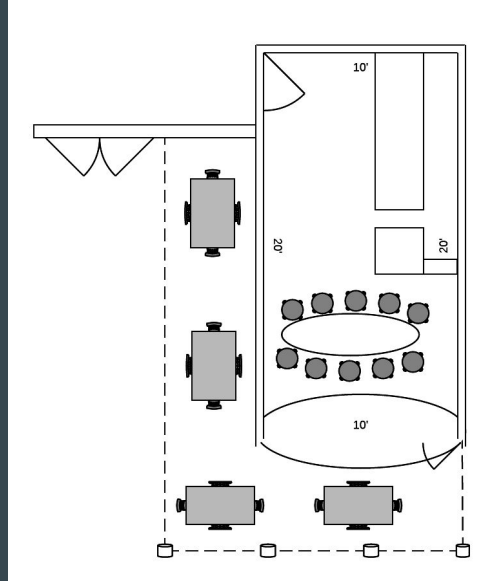
# Customer Analysis - Non-customers Framework



# Internal Reconfiguration



# External Expansion



# Alternative Implementation Timeline

