Marketing Logistics for a Small Business in the Service Industry

Anna Bonfiglio

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Marketing Logistics for a Small Business in the Service Industry

Abstract
For my thesis, I have examined the marketing logistics or for two small, family-owned business in Downtown Monroe. It is my belief that these businesses are very typical of other family-owned businesses is the service industry. The major problem facing the businesses is competition, although the market is continuing to grow.

After examining the marketing mix and supply chain of these businesses, it is my conclusion that the new market place, consumers with higher expectations and more knowledge, is affecting these businesses. The customers of today demand high quality and excellent service. In order for these businesses to survive, it is necessary to become experts in customer service.

With the decreasing effectiveness of advertising, these businesses are unable to compete with large chains and corporations; however, it is possible for small business to use customer and relationship marketing techniques to gain a competitive edge. These techniques include becoming close with suppliers, aiming to please current customers rather than attract new clientele, and increasing relative value in the customers mind.

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By

Anna Bonfiglio

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with Honors in Marketing

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Marketing Logistics for a Small Business in the Service Industry

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Anna Bonfiglio

April 1, 2005

Eastern Michigan University
College of Business
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Executive Summary

For my thesis, I have examined the marketing logistics or for two small, family-owned business in Downtown Monroe. It is my belief that these businesses are very typical of other family-owned businesses is the service industry. The major problem facing the businesses is competition, although the market is continuing to grow.

After examining the marketing mix and supply chain of these businesses, it is my conclusion that the new market place, consumers with higher expectations and more knowledge, is affecting these businesses. The customers of today demand high quality and excellent service. In order for these businesses to survive, it is necessary to become experts in customer service.

With the decreasing effectiveness of advertising, these businesses are unable to compete with large chains and corporations; however, it is possible for small business to use customer and relationship marketing techniques to gain a competitive edge. These techniques include becoming close with suppliers, aiming to please current customers rather than attract new clientele, and increasing relative value in the customers mind.
Introduction

Most university education and marketing text is based on large corporations and/or manufacturing firms. For this reason, and also because of the growth in the service industry and my knowledgeable background of it, I chose to complete a study on how the new rules of marketing logistics apply to small family-owned restaurants, lounges, and pubs. Customers today are extremely sophisticated and demand higher levels of performance. Businesses are forced to stay ahead of the market, streamline activities and improve quality. For this reason, an effective plan is needed by small businesses (Waller 198).

There is a rich history in the United States of family-owned and operated businesses being past down from generation to generation. Unfortunately, these businesses are becoming extinct due to the difficulty competing with large chains and corporations. For example, Applebee's restaurant chain had $1 billion in sales in 2004 and their vice-president and chief marketing officer was paid $1.2 million, which gives them around $50,000,000 to spend on marketing (“Applebee’s International, Inc.”). Most small services oriented operations can not afford professional help in marketing, designing, and management and can not spend millions of dollars on marketing. This could be the main reason for their difficulty contending.

For my thesis, I will examine two family-owned, neighboring businesses in Downtown Monroe, Michigan and help them develop a marketing logistics plan to better compete in a changing market place. Broadly defined, marketing logistics is the organization of moving, lodging, and supplying materials to the customer (Food Supply Chain Management). Logistics contributes to an organizations success by providing
customers with timely and accurate product delivery (Bowersox 57-59). To develop a marketing logistics plan, I will examine everything from inventory systems to advertising. I will also explore the supply chain and how different suppliers use marketing and distribution to sell their products. It is my hope that the recommendations made will help businesses of this type stay in operation and hold, if not gain, market share in their current market.
Background

Industry

According to the U.S. Census Bureau’s 2002 Economic Census, the food service and drinking places had sales in 2002 of just over $322 billion, up from around $252 billion in 1997. It is also speculated that the industry will continue to rise. Of those sales in 2002, NAICS sector 7224, drinking places accounted for almost $15 billion. Drinking places are defined as establishments primarily engaged in preparing and serving alcoholic beverages for immediate consumption, and may also provide food service. In 2002, there were 504,430 establishments in the food service and drinking places industry. This number increased by 17,524 from 1997 to 2002.

This increase in sales and establishments is contributing to the industries dramatic change. The industry is now facing a new market place. Consumers are becoming more highly developed and demanding. This is causing the industry to be extremely competitive, more volatile, and less predictable. Some of the characteristics of the changing environment are:

- Sophisticated and experienced customers
- Reduced cost effectiveness of advertising
- Perceived equality of product functionality
- More price competition

Brand loyalty and brand equity have been replaced by brand preference, meaning consumers do prefer a certain brand but do not hesitate to replace because of price or availability (Christopher 1-10).
Small Businesses

Jim and Chris Bica had both graduated from college with B.B.A.’s in Marketing, and by 1994 were both looking for meaningful and enjoyable careers. The brothers decided to buy a run down bar in Downtown Monroe and to renovate and redesign it into a clean, friendly, hometown, gathering place. Beek’s Bar and Grill, named after a family nickname, was opened in November of 1994. It is around 3,000 square foot and divided into two parts with only two doors connecting the rooms. There are bars on each side, as well as booths and tables. The business was immediately successful, although a bad year in 1997 due to innovation and expansion by competition led Jim and Chris to remodel even more of the bar in 1998.

After the success of Beek’s, and in attempt to bring more people to Downtown Monroe, Jim and Chris decided to buy another run down bar across the street from Beek’s and turn it into a martini lounge. 129 Lounge opened with much anticipation in November of 2003 and immediately had high sales. The high sales were comforting but also needed since large amounts of money were invested in the renovation. 129 Lounge is a very artistically, 1,600 square foot brick building that is on the bank of the River Raisin. The building has what remains of an old deck off the back entrance over looking the river but it is currently not safe enough to allow customers to use.

While Beek’s and 129 Lounge are making a net profit and sales are increasing yearly by around $100 per week, growing population in Monroe County has also brought new competition. The growth rate in Monroe County is 1% per year and this is bringing around two new competitors per year and many renovations of old establishments.
Combined with the decreased effectiveness of advertising and the new market place, new competition is making the Bica's have to really reevaluate their marketing strategy.

Market

The market for these businesses is Monroe County, Michigan. Monroe County is made up of over 150,000 people and is growing rapidly. There were 53,772 households in 2000 and the median income in those houses was $51,743 (Economic Census).

According to 2000 Census data, 49.6% of the population was male, the other 50.4% being female. The median age was 36 years (“2004 Marketing Data”).

According to S & MM, Survey of Buying Power, eating and drinking establishments accounted for $138,602,000 of the $1.7 billion in retail sales in Monroe County in 2003 (“2004 Marketing Data”). The retail sales came from the more than 17,112 food services and drinking places, around 2,322 of which are bars (Economic Census). Retail sales declined in 2001 and 2002, but rose by almost $8 million in 2003.

Manufacturing is the most dominate industry in Monroe County. The three top employers in Monroe County, Visteon Corp., Detroit Edison Company and Mercy-Memorial Hospital Corp., employ 5,961 people, some of which may not live in the county. Monroe County has an effective buying income of over $2.9 billion (“2004 Marketing Data”).
Current Situation

*SWOT Analysis*

Beek's SWOT analysis consists of the following:

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friendly atmosphere</td>
<td>Outdoor patio</td>
</tr>
<tr>
<td>Average price</td>
<td>VFW building for sale next door</td>
</tr>
<tr>
<td>DJ on Friday and Saturday nights</td>
<td>Increasing population in County</td>
</tr>
<tr>
<td>Local ownership</td>
<td>Live entertainment</td>
</tr>
<tr>
<td>Slow employee turnover</td>
<td>A larger food menu</td>
</tr>
<tr>
<td>Keno</td>
<td></td>
</tr>
<tr>
<td>Cold drinks</td>
<td></td>
</tr>
<tr>
<td>Large seller of Redbull</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wall dividing the bar into two separate parts</td>
<td>Competition</td>
</tr>
<tr>
<td>Limited space/no banquet facility</td>
<td>City law enforcement/stricter drinking and driving laws</td>
</tr>
<tr>
<td>Lack of parking</td>
<td>Possible smoking bans</td>
</tr>
<tr>
<td>Low awareness of food menu</td>
<td>Less business going downtown</td>
</tr>
</tbody>
</table>

Beek’s has some leverage in the Monroe market; with all of Beek’s strengths it could easily support an expansion. The V.F.W. building, next door, could be purchases and become part of Beek’s. It would also give plenty of frontage for a outdoor patio and allow them to increase food menu and host live entertainment. One of the vulnerabilities is that the other downtown businesses are failing to bring consumers to the historic downtown district because the small downtown business can not compete with the large chains and mall on the other side of town. This brings frequent turn-over among shops and lowers customer’s loyalty to the locally owned business. If there was more walking traffic in the area, it would be free advertisement for the bars, curiosity would be created and people may stop in.
The only constraints of the expansion are that parking is limited and there is low awareness of the food menu. However, an addition would give more space allowing for a banquet facility, something most of the big competitors already have. With few people visiting the downtown and no Beek’s parking lot, a small problem arises in the area of attracting new customers.

129 Lounge SWOT analysis consists of the following:

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Opportunities</th>
</tr>
</thead>
</table>
| • Everything is new and lavishness, including bathrooms, tables, chairs  
• Unique niche  
• Premium, cold drinks  
• Knowledgeable, personal staff | • Outdoor deck on the river  
• Outdoor patio  
• Live entertainment  
• Bring new businesses downtown  
• Help city clean-up river walk |

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Threats</th>
</tr>
</thead>
</table>
| • Size of the target market  
• Limited space/no banquet facility  
• High prices  
• Lack of parking | • Competition  
• City law enforcement/stricter drinking and driving laws  
• Possible smoking bans  
• Less business going downtown |

Being a new business 129 Lounge does not have a great amount of leverage. The leverage the bar can use is to expand to an outdoor patio overlooking the river. Other leverage would be trying to get their target market in the area. A possible way to do this is to sponsor plays at the nearby historic theatre and festivals in the downtown area. A major problem with this establishment is that the target market is small, combined with increasing competition, less businesses going in downtown, and lack of parking the likelihood of 129 Lounge experiencing large growth is slim.
Positioning

Beek’s Bar and Grill is positioned as a local hangout, excuse the cliché, “where everybody knows your name.” They like to be perceived as a friendly, comfortable, affordable place where a person can meet friends, enjoy a meal, just relax, watch sports or play billiards, darts, and keno. It also tries to appeal as a “hot spot” nightlife. These two extremely different positioning messages may confuse or even prevent possible customers from visiting. The 129 Lounge is positioned very differently, as an upscale martini and cocktail lounge for professionals (Bica, Chris).

Competition

The competition for both establishments is fierce. Before discussing all the other restaurants and bars, more broad competition must be recognized. Beek’s and 129 Lounge are also competing with grocery stores, where possible customers can buy food and drinks to be prepared and served at home, movie theatres, shopping malls, casinos and any other retail or entertainment enterprise that seeks consumers disposable income.

Competition in the industry includes businesses in the County and area that serve food and alcoholic beverages. One of the major competitors for Beek’s is Pete’s Garage. Pete’s Garage is a very large, established sports bar on Telegraph road in Monroe. Pete’s Garage holds a majority of the market share in Monroe County and many of the same customers of Beek’s.

To examine Pete’s Garage’s competitive advantage, three main areas are evaluated. Although there are potentially many areas of competitive advantage, the three primary areas are cost advantage, differentiation advantage, and marketing advantage (Best 149-150). Pete’s Garage’s atmosphere is very unique and well-know. It is a sports
bar, with some of the biggest televisions in the area and a "garage" theme. It has space to host banquets and parties and also has seven billiard tables, more than any other bar in the County. This gives Pete's Garage a differentiation advantage. It also has been around for over thirty years, and is in a high traffic area, giving it more awareness than Beek's. Also higher sales allow for more money for marketing, which seals Pete's Garage's marketing advantage. The third advantage, cost, belongs to Beek's. Renovations in 2003 to Pete's Garage made its operating cost much higher than that of Beek's. Pete's also has to keep a bigger staff and larger inventory.

Another contender for the market is McGeady's Irish Pub. McGeady's is located just a block away from Beek's. In 1997, McGeady's added a second floor for large parties and entertainment and caused Beek's to have a very poor year in sales. Beek's fought back with a new renovation and aggressive advertising and specials. Now McGeady's is trying to target a more upscale market and is more in competitive with 129 Lounge than Beek's. McGeady's product is an old Irish pub, where one can get great service and quality drinks and food. However, McGeady's tries to use prestige pricing and often falls short on proving the relative value to the consumer.

During the spring and early summer, both places experience competition from Clam Diggers, the only bar in the area with an outdoor patio overlooking the river. During bad weather, Clam Diggers is not a threat but when consumers insist on being outside it has a monopoly. There are also two other local pubs that have low prices but not a high perceived value, Roark's Tavern and Larson's. These do not pose a big threat and because Roark's is nearby, it can actually help bring people downtown.
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There are also many national chains, new places and places that are coming soon that compete with Beek’s. Mugsy’s, a new restaurant and sports bar connected to a local bowling alley, is creating curiosity among locals and, in recent months, has hurt business at Beek’s. Mugsy’s product is food, drinks and entertainment. Mugy’s offers karaoke, sports on T.V., and bowling to accompany the dining experience. There are also rumors that BW-3’s, a very popular chain of sports bar and grills, is planning to build a restaurant in Monroe. If these rumors are true Beek’s sales could be decreased even more.

Besides McGeady’s, 129 Lounge also competes with fancy restaurants that have lounges. Dolce Vita, an expensive, local Italian restaurant, has a martini bar that promotes specials, such as two for the price of one martini night on Thursdays. Quatro’s, a locally owned steakhouse, also competes for 129 Lounge’s business and has keno, something that 129 Lounge’s owners have chosen not to offer.

(For additional competition information, please see Appendix C)

Target Market and Profile of Customers

The target market for Beek’s is very similar to the typical customer, males aged 21 years and up and large groups, such as softball teams. Beek’s patrons are 60% males and 40% females, with an average annual income of between $25,000 and $40,000. Beek’s customers are also mostly single.

129 Lounge has a clientele of males and females, mostly married. The average income is over $30,000. 129 Lounge targets professionals with higher than average incomes, who are willing to pay higher prices for better product (Bica, Jim).
Marketing Mix

Products

The actual product that Beek’s offers to customers is a casual, comfortable and friendly environment where they can enjoy food and drinks while taking advantage of different entertainment, for instance dancing, billiards or keno. The actual physical products that Beek’s sells are a variety of liquors, mostly non premium, most domestic and over 100 imports of beer, soft drinks, a few wines, malt beverages, and food. The food menu consists of burgers, deep-fried appetizers, ribs and salads.

129 Lounge offers a clean, chic environment to enjoy premium drinks and lavish appetizers, such as shrimp cocktail and hummus. Besides the appetizers, 129 Lounge products include premium liquors, 150 imported bottles of beer, premium domestic beer, wine by the bottle and glass, and malt beverages.

The most popular drink around the world the “Jagerbomb,” which consists of a mixture of one ounce of Jagermeister and three ounces of Redbull, an energy drink, has also become the most popular drink at Beek’s. A special Jager machine that keeps the liquor very cold is used at Beek’s and 129 Lounge and is one of the distinctive competencies for bars. Last year Beek’s sold 338 cases of Redbull at a selling price of $3 per can and for the same price 129 Lounge sold 65 cases. This gives a total profit of just over $17,000. It also makes Beek’s one of the largest sellers of Redbull in the County of Monroe.

Promotions and Advertising

Beek’s is currently using many internal nightly promotions, including a happy hour buffet, and 25 cent wings. Other promotions include sponsoring many local groups,
such as softball, volleyball, golf and bowling teams. Beek’s spends between $900 and $1,000 per year in sponsorships. This has proven to produce the best marketing effectiveness, because it creates a loyalty among those that Beek’s sponsors. The business also spends around $200 per year promoting special events on the radio and $500 in local newspaper.

Sponsorships are not a preferred method of promotion for 129 Lounge due to the different target market. 129 Lounge does, however, sponsor one golf outing and has one internal promotion, happy hour from 4 to 6 p.m. offering discounts on drinks. 129 Lounge’s advertising expense is around $1,200 per year.

In the beginning Beek’s spent 10% of monthly sales in marketing, using The Monroe Evening News and Tower 98 as major ways of advertising. The advertising started becoming less and less effective awareness became higher and they are now down to around 5% of total sales. In the beginning, the promotional message was that there is a new place to hang out in town, where the drinks are fair priced and it is locally owned, clean and safe. The main objective was to create awareness that the Bica family had renovated and opened a new pub. This worked in the beginning, but now a new message is needed. The message should be one that points out highlights that the bars, but are not well-know, such as Beek’s excellent rib dinner. Any new changes and improvements will also need to be advertised.

**Pricing**

Beek’s and 129 Lounge use completely different pricing strategies for many reasons. One of the reasons is to minimize cannibalization of each other. The different strategies are intended to bring in different target markets. Beek’s has competitive and
volume objectives. Focus is on the competition and selling large amounts. Beek’s tries to keep prices equal to or lower than the competition. They sell higher volumes of beer and Redbull than other comparable businesses.

129 Lounge’s main pricing objective is financial performance and image objectives. The lounge tries to create a price-quality effect. They hope that by maintaining higher than average prices consumers will perceive products as a high quality and perceive the lounge as more prestigious (Reid and Bojanic 374-376). Employees and management are challenged to create a high perceived value. The higher the perception of value the higher the price can be charged (Christopher 55)

Places

Beek’s and 129 Lounge are both located in downtown Monroe. One block of the main street in town, Monroe Street, the bars are across the street from each other on Front Street. Other businesses in the area are Monroe Bank & Trust main offices, the V.F.W. Hall, Roark’s Tavern, and a couple local law offices and accounting firms. The downtown area has limited parking on the street and the only parking lots belong to Monroe Bank & Trust, making it hard for customers to always find parking, especially during bank business hours.

In earlier years, Downtown Monroe was very busy. It was home to many small shops, such as Martin Shoes. These shops have, in the last twenty years, experienced an abundance of competition from the two shopping malls, each just a few miles away, and the growing retail chains that are located uptown. Although, Martin Shoes has been passed down two generations and is still in business, hardly anything else has lasted over twenty years. Most do not even last a year without having to close down.
Management

Structure and Staffing

The management structure of Beek’s and 129 Lounge is like that of many small family owned businesses; Jim and Chris Bica are the only managers or bosses and all other employees are equal. Rarely is one of the owners not at one of the businesses, leaving no management responsibilities to the staff of nearly 20 people.

There are two types of employees. One is the full-time employee, usually a bartender that works around four nights a week and has been there for at least one year, on average five years. The other is the part-time or temporary employee, most-likely a waitress or waiter. This type of employee, usually goes to school or has another job and only works shifts at the bar one or two nights a week. One person is also employed full-time to do all the cooking and in the event it is busy or the cook needs a night off, one of the owners will prepare food.

Customer Service

No particular training or guidelines are given to new staff members. The owners try to hire friendly, personable individuals with some restaurant experience. Due to the fact that the owners are generally close by, the rules are very lacks. Although dress code and appearance rules are stricter for employees at 129 Lounge than at Beek’s because of the clientele and atmosphere, proper attire is still only enforced if it becomes a noticeable problem.

Since Beek’s and 129 Lounge’s clientele are generally what is referred to as “regulars” or people that often come in and are well known, customer service is taken very lightly. This seems to be a common problem with small family owned businesses.
Whereas nationwide chains have full management and marketing staffs developing innovative and effective ways to better serve customers, small businesses generally use very traditional standards and customer suggestions to develop customer service.

This could be a potential threat to small businesses because according to Improving Food and Beverage Performance by Keith Waller, there is continued pressure on this industry to modify or change their operations. The book suggests a customer-centered performance strategy. The three main areas of change are food and drink, the menu and drink lists, and the systems of production and service (28-31).
Supply Chain

Inventory

Managing inventory is a major part of marketing logistics, but is often very simple in a small business. Like most bars and restaurants, everything is delivered once a week. The inventory on-hand at the beginning of delivery week must be enough for six business days (closed on Sundays). With the consideration that running out of anything would be a detrimental customer service error; Beek's and 129 Lounge keep a very lean inventory. Under $8,000 in inventory is kept on hand at 129 Lounge, the majority of which is in premium liquors. Beek's keeps under $6,000 in inventory, with liquor only accounting for half and beer and food sharing the other half. The bars also have the advantage of borrowing inventory and supplies from each other.

In the case of most restaurants and bars, the inventory system used is FIFO or first-in, first-out. This stems from the extreme importance of freshness. The food, beer and malt beverages have expiration dates, making overstocked inventory that goes unsold very costly for a small business. The average beer order for both bars is around 25 cases of Bud Light and Miller Lite, 5-10 cases of Bud and Coors Light, and then only 1-2 cases of imports and specialty drinks. Liquor orders very from bottle to bottle.

Suppliers and Distribution Systems

Monroe has three major suppliers of beer and malt beverages. Liquor is ordered online and controlled by the state, through the Michigan Liquor Control Commission. Both businesses use Pepsi Co. as the only supplier of soft-drinks and one of the breakout success companies over the past couple years, IDI Redbull, a supplier of the popular energy drink Redbull. Both companies use a call in sales order to a local sales
representative. A sales representative from L & L Wine calls to get the weekly wine order, like do U.S. Foodservice, the major supplier of food and kitchen supplies. Any other food or cooking supplies are purchased by personal shopping at Gordon Foods.

The biggest competition in the suppliers comes from beer distributors. The three local suppliers are Custer Beer Company, a locally, family-owned supplier of Molson and Coors Brewery products, Floral City Beverage, a large supplier of Anheuser-Busch products, and O & W Distribution, a supplier of Miller Brewing Company products. In the experience of Beek’s and 129 Lounge the suppliers have taken very different approaches to their customer marketing.

Custer Beer Company is struggling because of lack of effective marketing to the end-user on the part of their supplier, lack of regional marketing and the high cost of a small business trying to compete with major corporations. Although there is a very friendly relationship between Custer Beer Company and Beek’s management, Coors and Molson fail to create a demand among end-users, therefore there is no pull marketing through the supply-chain. Beek’s spends the least in weekly beer orders with Custer Beer Company (Bica, Chris).

Anheuser-Busch’s incredible use of advertising has created a very strong demand from end-users to local bars and restaurants. A pull technique is being used by Anheuser-Busch; their promotions are aimed at the end-user to create a demand for the product (Reid and Bojanic 318). Floral City Beverage rates very low in customer service and relative value, but with out Anheuser-Busch products the customers of Beek’s would be very displeased and possible go elsewhere. This is a classic example of marketing
productivity and brand loyalty, thanks to a company who spends marketing budget very effectively.

O & W Distribution rated highest among area bars in relative value and customer service. It is because of this customer marketing, generous discounts, and promotional material that many local establishments push Miller Brewing Company products to end-users. Although Miller is number two in the U.S., it has recently rose above Budweiser products as number one in Monroe County. Budweiser products are down by 50,000 cases in Monroe (Bica, Chris). O & W is forced to use a push technique because of Miller Brewing Companies failure to create a large demand and brand loyalty among end-users. A push technique uses promotions aimed at channel members to get them to move products through the chain (Reid and Bojanic 317). Miller Brewing Company has done a very poor job of marketing in the past 20 years. The problem with their campaigns is no consistency, creating a lack of branding. Even though their commercials may be entertaining, there is no associative memory in combination with a recall cue. Miller starts from the beginning every time it begins a new marketing campaign (Williams 17-20).

(For a diagram of push/pull marketing strategies used, see Appendix A)
Marketing Plan

Evaluation

After extensive research, it has been my conclusion that the competition is growing as fast as the population and advertising is becoming less and less effective, therefore I recommend that Beek’s and 129 Lounge do not increase advertising expenses at all, but rather improve customer marketing. I think enough awareness was created in early years and that the market is small enough it can rely heavily on the six markets model, discussed further in the customer marketing section and shown in Appendix B.

Customer Marketing

Customer marketing is basically using service to sell; outside marketing can increase awareness and even bring new customers in but marketing within the establishment will determine how long a customer stays, how much he/she will spend and how often, if at all, he/she returns. It also determines whether or not the business is recommended or complained about to acquaintances (Christopher 16-17).

Stas Kazmierski, co-owner of Zingerman’s and Zing Train claims, “They’re not making customers like they used too.” Zing Train is a training seminar for service employees to teach the art of giving great service. At Zingerman’s, there are three main steps to great customer service: figure out what the guest wants, get it for him/her accurately, politely, and enthusiastically, and then go the extra mile. The first step is as simple as asking the customer what you can do for them. Making a connection immediately with the customer is very important. The second is simple and easy, getting the food or drink that the customer ordered. The third requires more personality and
consideration, adding a little extra touch that was not asked for, such as a sample, an extra lemon, or maybe it is a conversation that he/she is seeking (Kazmierski).

I think a service training course like Zing Train could prove very useful in setting Beek’s and 129 Lounge above the rest. Especially with the prestige pricing strategy that 129 Lounge is using, because products are often the same from place to place service could be a great way to increase the perceived value attached to 129 Lounge’s image. Rather than focusing on advertising, the Bica’s and many other small business owners need to make their businesses market-oriented. Market-oriented firms are characterized by three things: an obsessive customer focus on satisfaction, an on-going competitor orientation, and the team approach (Christopher 16-17). This is the best way to combat the new market place.

The six marketing model, from the book Food Supply Chain Management: Issues for the hospitality and retail sector, is a good way for Beck’s and 129 Lounge to market to new and old customers using relationship marketing. Since a lifelong customer to the bars could spend up to $60,000 in 10 years, relationship marketing could prove to be very worthwhile. The model shows six role-related domains or markets that each represents a dimension of relationship marketing and involving relationships with parties, organizations and individuals who can potentially contribute to the marketing effectiveness, whether indirectly or directly. The center of the model is the customer markets because that is the focus of all marketing. The other five markets include internal, referral, supplier, employee recruitment, and influencer markets (169-173).
Advertising Plan

Before beginning my research, it was my intention to develop comprehensive advertising plans for both Beek's and 129 Lounge. I planned on spending the majority of the marketing budget on advertising, such as newspaper and radio. After researching the industry, I found that this type of marketing would have very low marketing productivity. Instead, I feel Beek's and 129 Lounge should increase customer/relationship marketing, by redesigning the menu and teaching the staff to better market to the customers. Radio and newspaper should still be used but only to inform potential and current customers of changes or special events. If any new leverage is used, such as adding outdoor seating or expanding Beek's size and menu, then broadcast and print advertising could be very effective.

Conclusion

In conclusion, my suggestions for Beek's Bar and Grill and 129 Lounge are to take advantage of some opportunities and become obsessed with customer service. Beek's Bar and Grill should definitely expand if possible. Buying the building next door, could give room to add seating and a more restaurant-like atmosphere. Then advertising could be used to create excitement and awareness about the food menu. 129 Lounge should definitely seek the appropriate permits and reconstruct the existing outdoor patio. This would be advertised in the spring and summer, and also would make more room for possible live entertainment.

Most importantly, both places need to become very concerned with customer service. This is an easy and inexpensive way to set them about the competition. All workers should be trained and rewarded for exceptional service.
Works Cited


<http://www.hoovers.com/applebees.com>


<http://www.census.gov>.


Appendix A
Most Effective Marketing Strategy

Custer Beer Company (Coors Brewing)

O & W Distribution (Miller Brewing)

Floral City Beverage (Anheuser-Busch)

BEEK'S Bar & Grill & 129 Lounge

Customer (END USER)
Appendix B
Six Markets Model

- Internal Markets
- Influencer Markets
- Referral Markets
- Employee Recruitment Markets
- Supplier Markets

Customer Markets
### Appendix C
Relative Value

<table>
<thead>
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<th>Performance Rating</th>
<th>Relative Performance</th>
<th>Average Price</th>
<th>Relative Price</th>
<th>Relative Value</th>
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<td>2.75</td>
<td>102</td>
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<tr>
<td>Mugsy's</td>
<td>8</td>
<td>118</td>
<td>3</td>
<td>111</td>
</tr>
<tr>
<td>Pete's Garage</td>
<td>7</td>
<td>103</td>
<td>3</td>
<td>111</td>
</tr>
<tr>
<td>Roark's Tavern</td>
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<td>74</td>
<td>2.25</td>
<td>83</td>
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<td>Larson's</td>
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<td>2.5</td>
<td>93</td>
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<tr>
<td>Average</td>
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<td>2.7</td>
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<table>
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</thead>
<tbody>
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<td>7</td>
<td>130</td>
</tr>
<tr>
<td>Quatro's</td>
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<td>111</td>
</tr>
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<td>Dolce Vita</td>
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<td>8</td>
<td>148</td>
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<tr>
<td>McGeady's</td>
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<td>Average</td>
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<td>100</td>
<td>5.4</td>
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*Ratings are estimated based on a customer survey. Average price is based on the average prices of three popular drinks.*