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Successful foundation for concept entirety and marketing: Case Restaurant Fregatti

Brandt, Annina
Mäenpää, Janina

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Case Restaurant Fregatti

Brandt Annina&Mäenpää Janina
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Brandt Annina&Mäenpää Janina

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This thesis is produced in co-operation with Restaurant Fregatti, which is going through a concept change process. Objectives for this thesis was to found out key aspects in creating successful concept, define steps for the change process and what kind of a role marketing plays in the concept change process.

Restaurant Fregatti is a family owned restaurant which was established 1998. Fregatti is a part of Finnresco Oy, which owns two additional restaurants, but it is not a chain restaurant. Owners of Fregatti wanted to create a new concept in order to attract new customers and stand out from the other restaurants in the same area.

Our thesis is divided in two: theoretical part and research part. The theoretical part is divided in two sections: concept change and marketing as a part of a concept change. In our research we focused on conducting a survey to get a look at the present situation, benchmarking and making observations of the restaurant's environment.

As a result we created proposals for Restaurant Fregatti. Proposals include ideas that would help Restaurant Fregatti to attract new customers to try their services.

Keywords Concept change, change process, marketing

Brandt Annina & Mäenpää Janina

Menestyvä perusta konseptikokonaisuudelle ja markkinoinnille: Tapaus Ravintola Fregatti

Vuosi 2016

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Tämä opinnäytetyö on toteutettu yhteistyössä Ravintola Fregatin kanssa, joka on parhaillaan käymässä konseptinmuutos prosessia läpi. Tämän opinnäytetyön tavoitteena oli selvittää keskeiset tekijät kun luodaan menestyksestä konseptia, määrittää vaiheet muutosprosessissa ja minkälainen on markkinoinnin rooli konseptimuutos prosessissa.

Fregatti on vuonna 1998 perustettu perheomistuksessa oleva ravintola. Fregatti on osa Finn-crespo Oy:tä, joka omistaa kaksi ravintolaa Fregatin lisäksi, mutta ei ole ketjuravintola. Fregatin omistajat halusivat luoda uuden konseptin houkuttellakseen uusia asiakkaita, ja erottuakseen edukseen alueen muista ravintoloista.

Opinnäytetyömme on jaettu kahteen osaan: teoreettiseen osuuteen ja tutkimusosuuteen. Teoreettinen osuus on jaettu kahteen osaan: konseptimuutos ja markkinointi osana konseptimuutosta. Tutkimuksessamme keskityimme kyselyyn josta saamme kuvan nykyisestä tilanteesta, vertailuanalyysiin ja havaintojen tekemiseen ravintolan ympäristössä.

Opinnäytetyön tuloksena loimme ehdotuksia Ravintola Fregatille. Ehdotukset sisältävät ideoita jonka avulla Ravintola Fregatti houkuttelisi uusia asiakkaita kokeilemaan palvelujaan.

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1 Introduction

This bachelor's thesis is written by two third year Facility Management students from Laurea Leppävaara. The thesis is implemented in cooperation with Restaurant Fregatti, which operates as our case company when we study our topic: Successful foundation for concept entirety and marketing. We are implementing this thesis in a group of two students; this gives us the possibility to get two perspectives into the writing. In our case the other perspective comes from inside the company, as an employee, and the other comes from outside, as a consumer.

Our main focus in this thesis is the procedures during the concept change; how to implement them in the most successful way and marketing as a part of the concept change. The objectives for our thesis is to research how to create a successful concept base for a company that is going to implement a concept change, and to get answers to our research questions. Our main research questions are:

- What should a company which is going through a concept change take into consideration?
- What does a successful concept entirety demand to function?
- How marketing needs to be taken into consideration in the change process?

First we started by familiarizing ourselves with the case company, who are their customers, what are their products and what are the objectives for this whole concept change process, why are they doing this? After the case description we are starting to investigate the concept change more detailed; how the process proceeds, and what are the issues that need to be taken into consideration through the whole process. Concept change is dealt as a notion and in theory. Our other main focus area was marketing, if the marketing plan changes along the way, and what is the role of marketing in the whole process.

After the theory part the methods used in our research are introduced, and how we implemented our survey and benchmarking methods in order to gather as much reliable information as possible, to create analysis and proposals to our case company.

We are combining theory from literature sources and online sources which are considering these issues from different angles with the data that we are gathering through research in our case company. In the end of the process we will have a piece of production that brings out answers to our research questions and provides our case company useful data that they can exploit in their concept change process.

2 Case description

In this case description we are describing our case company more detailed, so it is easier to get a vision what our case company is like, and what is the starting point to this concept change project. We also give more information about their products and current clientele. In the end we give objectives for the whole concept change.

2.1 Fregatti

Fregatti is a family owned restaurant that has been running since 1998. Fregatti is not a chain restaurant, but is a part of Finnresco Oy which owns two other restaurants as well; Bar & Night Club Pikku-Pelikaani in Rastila and Bar Ugly Duckling in Roihuvuori. Fregatti offers a tasty home-made lunch from Monday to Friday and food from the A la Carte menu is available in the evenings and weekends. There are three cooks working in the kitchen and four waitress/waitresses plus the restaurant manager. The CEO of Finnresco Oy is Toni Utriainen and the vice-CEO is his uncle Sami Jaakkola. Fregatti aims to be a nice and peaceful place where the whole family can enjoy something from the wide menu, and also where adults can enjoy drinks before going to the city for example. One of the pros in Fregatti is definitely the location. Vuosaari is the largest district in Helsinki, holding even more residents than the whole city of Kajaani. The biggest mall in Vuosaari, Columbus is located right next to Vuosaari metro station and Fregatti is located inside Columbus, so the public transportation connections are great. It only takes 20 minutes by metro to get to Helsinki downtown.



Figure 1: Fregatti counter.

Restaurant Fregatti took part in "Kuppilatkuuntoon Jyrki Sukula" TV program in 2012. The program is created for restaurants that need help for succeeding in the business and Sukula, a famous TV chef comes and helps the owners and the staff to make the restaurant more functional. After the show was aired it brought a lot of new customers, because people were curious and wanted to visit the restaurant which was known from television. The changes what were made during the show were not that big, some changes in the menu and new tablecloths were the biggest changes. Some customers have complained that the changes in the menu were for the worse and there have been plenty of changes in that department since the show. There have also been changes with the staff, and there was a small renovation in August 2014. Things have changed a lot since the show and it is hard to tell was it a good or a bad thing for Fregatti. It is certain that Fregatti got a lot of attention from the show but it also got kind of a stamp of being a wretched restaurant.

One of the biggest problems in Fregatti is that it is stuck in its ways. Restaurants have to be able to make changes when times change; what was popular five years ago is old news today. The biggest struggle is to dare to reform and cope with changes. The location of Fregatti is terrific. It could be put to very good use. Vuosaari being the largest district in Helsinki there is enormous amount of people walking by. Fregatti is located right next the metro-, bus- and taxi stations and it means that most of the people going anywhere from Vuosaari will walk by Fregatti and it would be a perfect place to enjoy a couple of beers or a glass of wine and some tapas before continuing the evening in some night bar.

The possibilities for Fregatti in the summer time are even wider. Aurinkolahti beach is located couple of hundreds away from Fregatti. That beach is hands down one of most gorgeous beaches in Helsinki. People may even come far from Vuosaari to enjoy the beach in the summertime, and it would be a perfect opportunity for Fregatti to show that the beach is not the only reason you should visit Vuosaari.

Fregatti also has a very large terrace in the summertime and it is very beautiful, sunny and towards the beach. But it could be put to even more use. There is no table service for the terrace and that is the biggest problem. People have to go inside to order and they have to separately ask for the menu if they would want to eat outside. That big, beautiful terrace could be put to a better use if there would be a little bar counter outside. Then people would see that they will get service and it is easier to stay and have one more drink if they don't have to first go in, but they get service right there. There could also be a little grill and customers could get little snacks there. The mouth watering smell of a proper grill would also attract customers. That would of course mean that there would be one extra staff member on shift but I believe it would pay itself back.

Fregatti is a big restaurant with a lot of potential not put in use. These problems would all be solvable. The main reason why Fregatti has not reached to full potential is that when a problem is noticed it should be solved right away and not to think about that "this is the way we have always done things, so it is the right way of doing things". Fregatti has a reputation that there is no good food, because it was in the Sukula show, (that is actually one reason why some customers come, they want to see it in their own eyes) and that it is full of drunk customers and "normal people" are afraid to enter there. Both of the assumptions are wrong. After the show the food quality is only gone for the better and the staff is more motivated than ever. Of course Fregatti has its own regular customers, but so does every restaurant. Fregatti wants to be a place where everybody can enjoy and does not accept bad, or drunk behavior.

2.2 Objectives of conceptchange

The last time there was a small renovation in Fregatti, in the summer 2014, there was a children's playground built. That was the first step of attracting families with children. That brought more families but still the thought that there are people drinking and acting loud on the other side of the restaurant surely worried some of the customers, especially with children. Even though there is an eating side (the restaurant) and a drinking side (the pub) it is still on the same floor, really near each other and there is nothing that would separate those two areas, only tablecloths. Of course you could say that if it is so serious that someone is having a drink, then why not have a restaurant that does not serve alcohol at all and forbid alcohol from the eating customers as well. But alcohol is a big part of the restaurant business and brings out the best in some food courses. But because alcohol is so big part of Fregatti it easily gives the illusion that it is a bar, and it is possible to have some food as well, when it should be the other way around. It is a restaurant, and it is possible to have drinks as well. If that is the thought then why would you want to eat in a place like that, when you could go to a "real" restaurant?

The main reason and objective for the concept change is to attract more customers, and being taken more seriously as a real dining restaurant, Fregatti needs to get rid of the "only a bar" status. With the help of a new and well functioned kitchen, motivated staff and well organized seating arrangements that can be done.

3 Conceptchange

Everything in a company starts with an idea. An idea what the company is and what it wants to be. But sooner or later all businesses, the most successful as well, run out of room to grow. When facing this unpleasant reality, they are forced to reinvent themselves. The ability to do

that is what separates high performers from those whose time at the top is all too brief. Companies fail to reinvent themselves not necessarily because they cannot fix what is broken but because they wait too long before repairing the deteriorating bulwarks of the company. Making the reinvention before the need is glaringly obvious does not come naturally. Sometimes things can look rosier just before a company heads into decline. Revenues from the current business model are surging, profits are robust, and the company stock commands a hefty premium. That is exactly when managers need to take action. (Nunes, Breene 2011, 19-22)

3.1 Importance of a customer

When re-inventing a business model it always starts with a customer. A business cannot cope without its customers. Most organizations have a lot of information about its customers. Hopes and needs from the customers is quite easy to get by asking and listening. Many organizations also have very sharp views inside the organization. There is a television show that shows how the CEO or the founder of the company put on a wig and makeup and go work as a normal employee. Normally the boss is confused about the issues his/her employees have and they make massive improvements. It can be really hard to stay anonymous in a small company but just by listening and asking you can get very far. And as a bonus you get motivated employees. (Saarelainen 2013, 10-11)

Why corporations struggle to find the next big thing before the competitors? Many companies become too focused on executing today's business model and forget that business models are perishable. "Success today does not guarantee success tomorrow". (Govindarajan, Trimble 2011, 1) Re-inventing business model goes through either new customers or new products and services. Re-inventing both of those at the same time is a bigger challenge. The third option is transformation, which is possible when there is enough time. By getting new customers to purchase the old products or bringing new products to old customers and repeating this long enough, the business will eventually change to a whole new one. Another idea is to start or buy a whole new business. Then adding scores to the new business idea and not putting so much energy to the old one and the consequence is a transformation. The old business is creating financial growth to the new business. Later it is possible to give up from the old business, once the new has enough air beneath its wings. (Saarelainen 2013, 89)

When re-inventing the company a manager always has to think that are they ready to lose the old customers by possibly having new ones instead. When changing a business radically it can mean that the company loses the old customers. That is not necessarily a bad thing. If the idea of a concept change was to change the style so much that old customers do not fit in, and new customers are coming in, then it was a successful change. But in the worst case

some parts of the company changes but it still cannot be called a successful concept change, since the old customers leave and there are not any new customers in sight, because the company did not bring anything new in the business. That does not mean that one should not try to re-invent, today if you want to succeed you have to constantly re-invent. It is not so much about looking for new things than looking with new eyes and perspectives.

3.2 Business plan



Figure 2: Business plan.

Business plan is one tool a company needs when re-inventing a business. It does not have to be a plan for the business but a paper that confirms what is the idea. Business plan should include all the following steps:

- Business idea - What do you sell? To whom are you selling? How do you sell?
- The strength of an entrepreneur - The founders know-how, experience, strengths, connections
- Products and services - The competition of the products, image, prices
- Customers and market - Target groups, location. The market situation, the relation between supply and demand, the strength of the competitors, weaknesses and strategies.

- Practical arrangements - Business premises, location, equipment needed, staff, marketing, internet pages, bookkeeping.
- Financial statements - Investments to premises and equipments
- Profitability calculations

Business plan is the document where one can write the business in text once the business is planned. In most cases it seems like at first the finances and license are filed and after that starts the discussion that what are we doing. When re-inventing a business planning well is not enough. When starting the new business actions speak louder than words. Even better if it is possible to test your idea with real customers and if the resolutions are positive then start to plan the business. Obviously it does not work in every business, for example medical industry. But it is not wise to plan too carefully before it is possible to test the business with real customers, since only the reality will test how effective and productive the business idea is. (Saarelainen 2013, 85-87)

Another great way to help re-inventing the business is the inn storm method. There are eight steps in inn storm method (adjusting, understanding the problem, seeing the opportunity, hopes, listing the facts and defining the problem, creating ideas, eliminating ideas and choosing the solution, and creating an inventive blueprint). Inn storm can be used in company's yearly strategy process and in creating concepts through strategy processes. Inn storm can be used also in creating totally new products, cultivating business unit, and solving problems. The most innovative thoughts are born when we step out of our comfort zones. Inn storm can be used to give birth to the most revolutionary and significant innovations and also in everyday life. There is no idea to make everything the way competitors do it. Every business model is already used. The best way is to create a whole new business model. (Solatie & Mäkeläinen 2009, 105-106)

By adjusting one let's go of everyday routine and rush, it makes it easier to work in that kind of mind set. When trying to understand the problem that needs to be solved the most important task is to ask yourself: what is the problem that needs to be solved and where is the beginning. It is hard to solve something if all you can see is that there is a big problem. When you try to see what it could be rather than what it is, it makes it easier. Change the problem into an opportunity. Hopes are really close to seeing the opportunity, you think about what needs to be done and what is actually important.

After listing hopes, it is time to list the facts and define the problem. Listing the facts could be for example that what do we know at the moment, how are we able to define the final problem in which we need innovative ideas. Creating ideas is the next important step. Create tens, sometimes even hundreds of ideas to solve the problem. Funny ideas are the fuel to the

Next the marketing mix, 7 P's, are gone through, what they mean and how they have affected in the marketing. There are many factors, big and small, that may be more important to marketing that thought. In the end the services marketing triangle is also taken under investigation, and how the internal marketing is also vital and how the horizontal and vertical communication works inside the company.

4.1 Marketing mix

Marketing mix, one of the basic concepts in marketing, is defined as an element that a company can control and then it can be used to satisfy customers or to communicate with the customers. Nowadays marketing mix is stated as the 7Ps. This concept comprises of seven P's: Price, product, place, promotion, people, process and physical environment. These elements are the core decision variables in marketing plan, and this notion of mix implies that all these elements are somehow interrelated to each other to some extent. In services these factors are equally important as the products, for example the services are produced and consumed simultaneously i.e. the customer are involved in the production of services, service delivery and also the promotion of the services. The next figure demonstrates all the 7 P's in the marketing mix. (Zeithaml et al. 2006, 15-29)



Figure 4: 7P's Marketing mix. (DSA Global, 2015)

Next we will go through all the elements of 7 P's one by one; introducing the element and how it is important to the whole mix.

4.1.1 Price

Companies are investing huge amounts of money, big budgets, just into marketing. Marketing of product or service can be expensive or sometimes cheaper, depending on the environment and the type of the particular product or service. This also includes whether the product or service is marketed as a single purchase or repeat purchase, repeat purchases brings more steady and permanent customers, when the marketing should be wide, target customers acknowledged and continuous so that the old customers will stay, and new ones will be reached. (Groucutt 2005, 250-251)

There are factors that determine the final price for the product or service, the objective for the company is to keep the costs as low as possible, when the possible revenue will be higher. There are factors that can raise the costs high: if the product or service is only limited edition; when the particular product is on the market only for a limited time, the product is highly unique, the market forces (competition) is low or the fact that there are not so many market opportunities. Therefore factors that keep the final price lower are mass production, high supply rate and extensive market opportunities. All in all it can be said the overall influencer is the potential customer. (Groucutt 2005, 252-253)

Companies have different tactics that they use when pricing their products or services. These tactics includes psychological, promotional and international pricing, which are the widest subsets in the tactics, it is also important to look these tactics as a whole, not in separate. In the psychological pricing the product or service may have certain reputation or quality rating, in this case the price of the product or service is higher, but the customer knows the value or the reputation of the product or service, and is ready to pay higher price. Another good example of the psychological pricing are the 'One dollar'-stores, these stores have the same price for every product, when the customer has the idea that everything has the same quality rating even though some of the products might be more unknown than the others. (Groucutt 2005, 25-259)

The other pricing tactic was promotional. In this tactic the product or service might be some special offer or only available for limited time. Customers get for example get quantity discounts 'buy one get one for free', order before launching- discounts, special event prices or when customers use direct payment method they get discount. These discounts promote the product or service while promoted the cheap price and discounts. The last biggest pricing tac-

tic was international pricing; this is used by the companies that are providing products or services worldwide. In this case the price can be set the same worldwide; this includes all the costs and additional charges. The other option is to price the product individually according to the market in the country where the product or service is launched. (Groucutt 2005, 259-264)

4.1.2 Product

'Product is anything that is offered to a market for attention, acquisition, use or consumption and that it might satisfy a want or need. It includes physical objects, services, persons, places, organizations and ideas.' (Kotler, 1998)

The previous fragment is from Foundations of marketing (Groucutt, 2005), it describes how product can be many things, also that a product is not always just a physical object. Products and services are more complex than they seem to be, we take these products for granted that are part of our everyday life, although there are more than just the appearance.

4.1.3 Place

Place, or placement, is the key to success. The actual placement of the product or service is crucial, when thinking about product's success in the marketplace. The key aspects of this P are location and distribution channels. (Groucutt 2005, 268)

Location is relevant when thinking about restaurant, special shops or airports. Of course there are exceptions to the rule, when changes in the nearby environment might cause the ideal placement to turn into unfavorable environment for the business. Factors that might have an effect on the location are researched through PESTLE, these factors include political, economical, societal, technological, legal and environmental/ecological. (Groucutt 2005, 270-273)

4.1.4 Promotion

Promotion is a tool that companies are using to raise and sustain the profile of their product or service. This helps them to keep their products in the mind of consumers when the objective is to gain competitive advantage in the marketplace. This part is also important when thinking about the internal and external marketing in the company. (Groucutt 2005, 208)

Promotions objective is of course to promote the product or service, but there are more objectives in the side too. First if a company is planning to create a new market for some prod-

uct or introduce a new product for existing market the objective is to create primary demand or market. The second objective is to create brand awareness, it is important for companies to maintain awareness of their products in customer's mind in order to sell their product. The third objective is to enhance attitudes and influence intentions. In this third key objective companies want to make a clear statement to customers how they will benefit from using this particular product. So when the customers are facing a problem or complication, they remember some slogan or catch phrase, and find solution to their possible problem. The fourth and the last key objective is to facilitate purchase. None of the previous objectives cannot be reached if the product is hard to get, it is important that the product or service is easily available, if it isn't, customers will replace the product with something that is more available. (Groucutt 2005, 208-209)

4.1.5 People

Often this people part is considered to be divided in two; employees and customers, when dealing with marketing. The noun 'people' obviously refers to more people than one, it tells us that there are more individuals as a part of this. Like value can be added to the product or service, it can also be added via people, for example take into consideration how many individuals there are behind some major marketing campaign or new movie promoted all around the world. If it was without these individuals working on the background we wouldn't have these worldwide movie premieres or marketing campaigns for new smart phones. (Groucutt 2005, 288)

Therefore it is important to find the right people for the right job. No matter how good or unique some idea of a new product or service is, it's the people who make it possible and ready for consumers. It is important that the suitable people are trained to be customer-focused; this also demands that all the rest of the personnel have involvement customer development and satisfaction. (Groucutt 2005, 290)

4.1.6 Process

The process element has an operational position in relation to the marketing mix. Restaurants might have different ways of functioning with the ordering phase, for example in one clear illustration fine dining restaurant and fast food restaurant. It is important for customers that they know the difference between the processes, so that the consumers won't get confused in the transaction. (Groucutt 2005, 313)

Future trends and current issues are the one who are changing the patterns in the customer's needs, this requires that processes to be developmental rather than constant. The more the

companies are able to modify their processes, are the ones who add the most value to their product and services. (Groucutt 2005, 321-)

4.1.7 Physical environment

Physical environment or 'physicality' can have influence on buyers' behavior. Attractive outcome and displays might arouse one's interest and eagerness to try something new, when again unstable, messy and hasty surroundings might cause uncomfortable feeling for buyer, and the product won't stay in customer's mind. The first impression is the key point, we all have reactions no matter we enter, sometimes more settle and sometimes more prominent. If the first impression is positive, it is more likely that the customers will come again. (Groucutt 2005, 295-296)

This entire physical environment includes all of the architectural elements too, interior design, entrance, landscaping and the surroundings too. These are the elements that will form customer's first impression and later more vague opinion, this is why all of this needs to be taken into consideration. (Groucutt 2005, 296)

4.2 Integrated services marketing communications

Integrated services marketing communications are the key to meeting customer expectations, it is the objective for any company; to meet the customer expectations i.e. what is promised to customer and how it is delivered in order to fulfill the customer's demands. Services marketing is a multifunctional field, due to the technological advancement and the fact that world is becoming a global market, the marketing communications is becoming more complex than ever. Possible customers can get their information from social media, internet, a friend etc., this is a companies need to be more aware what they promise to their customers, and how they promise to fulfill the promises. This demands the employee's of a company to be aware of the company's possible promises; employees are the ones who deliver the services to the customers, if there is a lack of communication in the internal marketing it can cause problems when it comes to keeping promises. The key point in integrated services marketing communications is to keep the internal, external and interactive in accordance, in order to meet the customer's expectations. The following figure shows the framework for the integrated services marketing communications. (Zeithaml et al. 2006, 355-356)

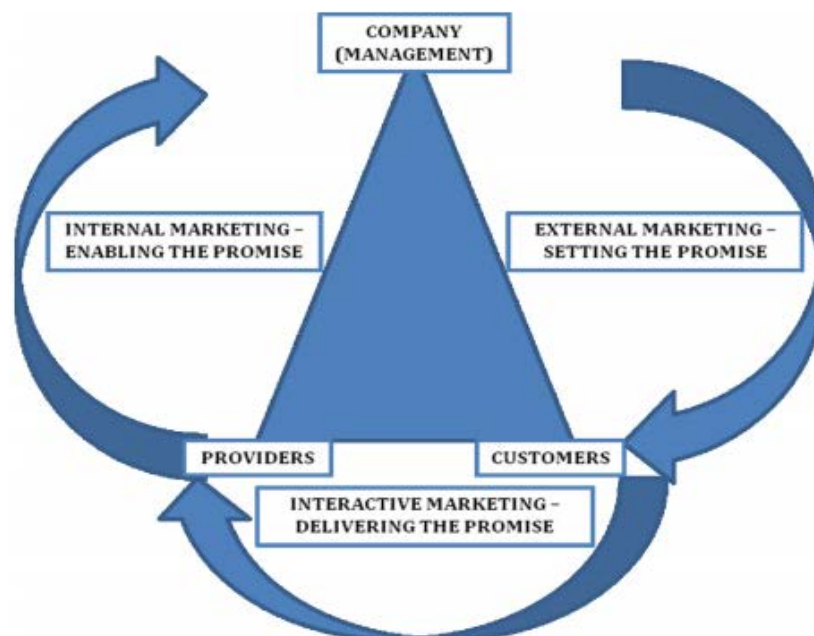


Figure 5: Services marketing triangle. (Yadav & Daphade, 2013)

Internal marketing is the communication between employers and employees; an employee must be well informed about the customer promises, so that they can provide the services in accordance with the company's external marketing. Internal marketing can be vertical or horizontal communication. Horizontal communication moves from department to another or from manager to manager, vertical then again moves from management to employees and vice versa. (Zeithaml et al. 2006, 356)

External marketing is the marketing the communication between company and customers, there are several different ways that a company can communicate with the customers for example advertising, sales promotion, public relations and direct marketing. Companies need to be careful how to market to different customers, some ways might be more efficient with other customers, when others may not react to certain kind of marketing in any ways. (Zeithaml et al. 2006, 356)

Interactive marketing is the communication between the employees and customers. Different ways of this marketing way are personal selling, customer service center and service encounters. All of these situations require the employee to be well informed of the customer promises made by the company, conflicts and misunderstandings might leave customer displeased and that can lead to company losing the customer. (Zeithaml et al. 2006, 356)

5 Research methods

As our research methods we used benchmarking, where we visited nearby restaurants, survey, where we arranged questionnaires for customers to answer questions concerning Fregatti's current state, and observation in Fregatti. Based on our findings from our research methods we created case analysis which introduces more detailed the current situation of Fregatti. These findings are a base for our proposals concerning the concept change.

5.1 Benchmarking

In benchmarking similar things are used to consider the quality and/or level of popularity for example. Comparing companies together to get a clear view of what the other might be doing better that brings more customers, or what the other company is doing wrong, so that one won't make the same mistake. (Merriam-Webster 2015)

When implementing benchmarking we visited restaurants that are located in the same shopping center and nearby area, that are or can be competitors to Fregatti. This gave us a sight from customer's view into these other restaurants, what they are doing different than Fregatti, that attracts customers.

5.2 Survey

When survey is conducted, there are group of people answering questions where they answer what they think about something and giving their opinion. This data is used to gather information and to measure and examine the results. (Merriam-Webster 2015)

In the survey we targeted customers that are using Fregatti's lunch services. We wanted to know what brings them back, and what they would want to see in Fregatti. We had 55 participants in the interview which gives us good view on the pros and cons of Fregatti. To attract customers to answer to the interview, we are raffling one gift certificate to massage.

5.3 Observation

In this part we got data from two different views. The other was employees' view and customer's point of view. This gave us the advantage to compare the observations that might not be as clear to a employee, as they see everything every day and might not pay attention to smaller issues, and vice versa, things that are not visible for a customer, but an employee pays attention to every day for example.

6 Case analysis

In this case analysis we are investigating the starting point for our project, what is the current situation of our case company. We are investigating its competitors and created a SWOT-analysis, based on our research about internal and external issues.

6.1 Customers & products

As mentioned earlier Fregatti has its own loyal, regular customers. It is great that it has become a meeting place to a lot of people. Fregatti not being a chain-restaurant is also part of the reason why some customers would rather choose Fregatti than one of Fregatti's competitors. Chain-restaurants have the support from the large company what they are part of. Big chain-restaurants also have fame and are known, so gathering customers is easier. But chain-restaurants have their own rules; staff cannot make changes like they want. Fregatti not being a chain-restaurant gives the staff and owners a lot more freedom to work for the customers' best interest.

Because having a lot of regular customers Fregatti has to offer products that are liked by the regular customers. Fregatti changed the beer tap in summer 2014 and even that was a big thing for the customers. When wanting to make changes regular customers have always something to tell and that can be both good and bad. Nowadays Fregatti offers great quality beer from the draft and a small choice of bottled beers, ciders and long drinks. A normal customer in Fregatti orders the draft beer and it has been noticed that if some new product comes to sale, the customers take their time to adjust to the changes. "Why fix if it is not broken?" seems to match to the regular customers really well.

The A la Carte menu in Fregatti is quite large; there is everything from pizzas and pastas to liver and snails. Commonly Fregatti offers good home-made food and actually Fregatti's liver and snail dishes are the most known. The menu could be a lot smaller; it would make it more sense. Focusing on the core business, making delicious home-made food and not trying to please everyone with overly large menu would benefit the restaurant.

6.2 Competitors

Restaurant Fregatti is located in a shopping center, Columbus, which means they have competitors very close to them. In the shopping center there are 7 other restaurants or coffee shops in it. Fregatti has very different concept to the other restaurants which gives an advantage, but still the biggest competitor inside the shopping center is Chico's restaurant.

Chico's is the most familiar to Fregatti, as they also have lunch and a la carte menus separately. Other restaurants are fast food oriented or more like coffee shops, but then again if people are looking for quick snacks and coffee they might choose other places than Fregatti, because of the lack of time. (Columbus, 2016)

6.3 SWOT

Swot-analysis is used to examine company's external and internal issues, strength, weaknesses, opportunities and threats. When planning a marketing strategy the Swot-analysis findings can be implemented; avoid the weaknesses and taking advantage of the strength and the possible opportunities. Next figure illustrates our case company's internal and external issues in the form of Swot-analysis. (Böhm 2008, 2)

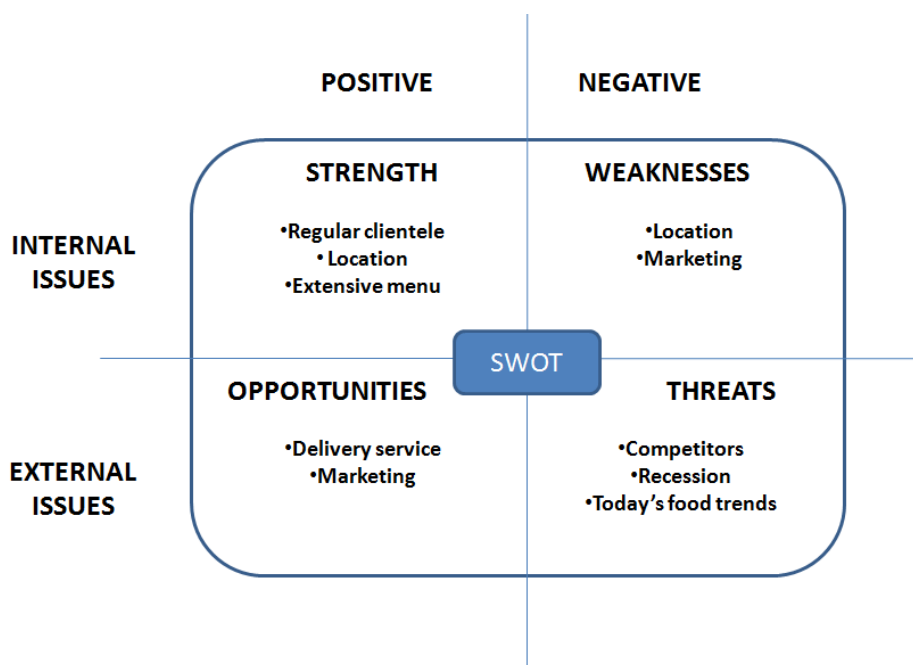


Figure 6: SWOT-analysis.

Starting first from the internal issues we have the positive and negative point of views. Strengths for the case company are absolutely its regular clientele. Location makes the regular clientele very important; location is mentioned in both strength and weakness. The point why the location is marked as strength is that it is located in a shopping center which is located next to subway and bus stops. Even though the location is strength for our case company it is also a weakness, where the regular clientele plays important role. Vuosaari is located in the eastern part of Helsinki; it is remote from the city centre, which reduces customers who are coming from the other side of Helsinki, or tourists who don't leave the city centre area.

Continuing with the positive issues, strengths, one is their extensive menu. During weekdays they serve lunch buffet, which has wide variety of different dishes. Afternoon the menu changes into a la carte menu, which includes different sorts of finger foods to starters, multiple different pizzas, steaks and pastas for main course, and different menu for children. This entirety is whole with wide range of different drinks.

As mentioned before one of the negative issues, weaknesses, is their location. Another point is their marketing. Even though they have regular clientele, they don't reach as much potential customers as they could if they would bet more on their marketing.

When it comes to the external issues, they are divided in opportunities and threats. To start with the opportunities we have listed delivery service and marketing. First is delivery service, because nowadays there are many restaurants with the possibility to order the food straight to home. Delivery service is an investment, but it opens new possibilities to the restaurant. The other opportunity is marketing. As said earlier marketing is weakness at the moment, it can be said that the marketing is almost non-existent. Marketing needs to be targeted to possible new customers, so that the awareness of the restaurant grows, and the amount of customers increases.

Other half of the external issues is threats. Like any other restaurant the competitors are always threat, in our case company's situation the competitors are the restaurants located in the same shopping center and in the nearby area. Other threat is recession, this also pates to every single small company, and why not bigger ones too, in today's Finland and the economy situation, the time that we are living is extremely hard for small companies to manage. The last threat that we listed is today's food trends. Our case company's menu is extensive with different sorts of food from pizza to different steaks, which will satisfy average customers. Today's food trends are becoming more and more exotic. People are starting to pay more attention to the ingredients and follow new different kinds of diets, when it's harder to answer to customers' wishes according to their special diets.

7 Researchanalysis

Fregatti is a restaurant which has customers both eating and just drinking. Trying to combine the two is a challenge. In a restaurant like that the real struggle is to try to create a peaceful and enjoyable experience for the customers who came to eat, and at the same time letting the customers who came only for the drinks, to enjoy themselves. Because customers who eat obviously bring more money to the restaurant than the ones who only drink, they should come first and be the main priority, but in Fregatti many of the customers coming for drinks are regular customers who come every day and support the restaurant also.

Fregatti offers a daily lunch, from Monday to Friday, from 10.30 am to 02.30 pm. About 100 people enjoy Fregatti's lunch every day. That means more money than from the daily A la Carte customers or daily drinking customers. Still the number could be a lot higher. There is enough room and capability to fit about 200 lunch visitors every day during those hours. Therefore the lunch is the factor that should be reformed and the focus should be on that. To make the lunch more attractive and to function better it could be a good idea to remove the lunch table so that it would be attached to the bar counter. In that way it would be very easy to fill in food from the kitchen, because the chef would not have to even leave the kitchen, he/she could see the lunch table at all times and it would be easier to keep it looking full and tempting. Now the situation is that the chef always has to walk from the kitchen to the lunch table to see if there is something that should be added more. Of course the waitresses help as well but by moving the lunch table closer it would be closer to the chef and also closer to the counter and it would benefit waitresses' job as well. It would be easier for example to tell customers what does the food include and be more helpful.

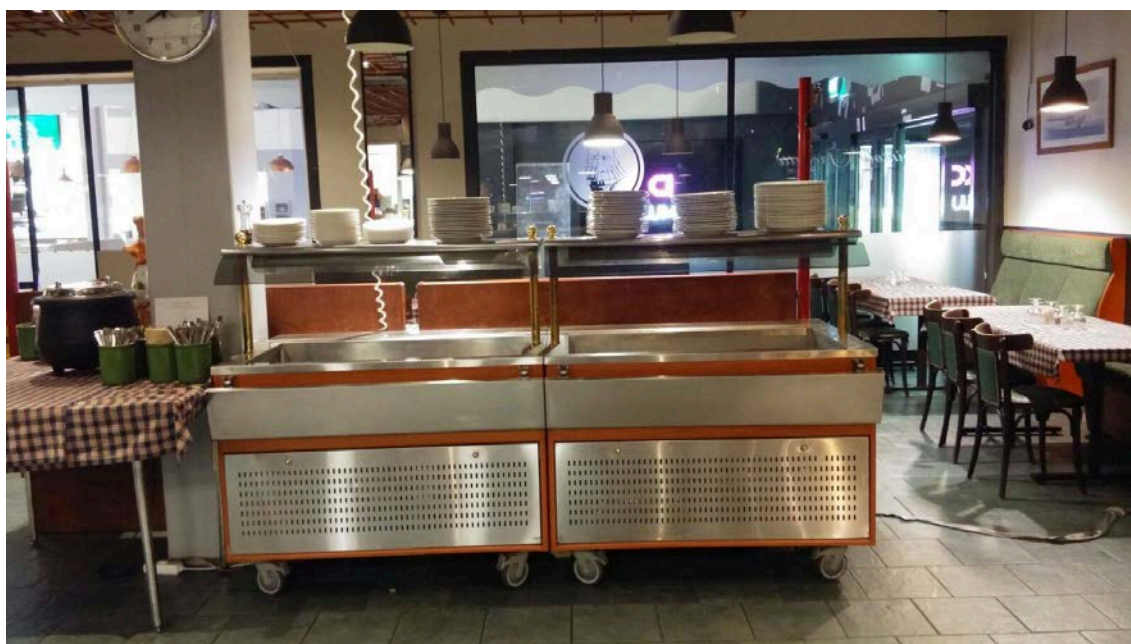


Figure 7: Lunch buffet table.

Today's situation is that usually there are two waitresses working during the lunch hours, one working on the counter and the other on the floor. Fregatti is situated in shopping mall Columbus and right next to Columbus is located Albatrossi's premises. In Albatrossi is situated for example Kela offices and health care centre. People working in those premises eat lunch in Fregatti every day and usually about the same time. So it can get really crowded in 11-12 am and at those times the waitresses have no time to talk with the customers or tell any "extra" information, even if they would want to. Customer service has to maintain its quality

even if it is busy, but during the lunch hours people are in the middle of their workday and usually don't have more than half an hour to spend, so that needs to be taking into consideration. When people come to eat A la Carte from the menu and it is for example Friday evening they have more time and are more relaxed, and even if it is a busy evening and a lot of customers, you can still stay to chat with your customers and tell them about the menu widely. In that case it is all about the quality of the service, not the time. Customers don't mind if they have to wait 30 minutes their food rather than 20 minutes, if the service is satisfying and the food tastes good.

This thesis is made by two students, one working in the restaurant and one who only got familiar to the restaurant during this process. That means that there are two completely different views and lots of different ideas. One working in a restaurant has ideas how to make changes that would benefit staff's everyday job and the one not working there sees it more from the customers point of view. Observation was partly done every day working there and when noticing some pros or cons writing them down, and partly sitting in the restaurant and keeping eyes and ears open. By just looking and listening what goes on around you may give new ideas and new perspectives. We realised that us both sitting in the restaurant as customers was maybe the most beneficial way, since we saw things differently and focused on different things. By adjusting our thoughts together we got kind of overall view. We also got to talk a lot with the CEO and owner Toni Utrainen. We got to share ideas and help each other which made it more efficient.

Benchmarking was mainly done in Vuosaari area. Because Vuosaari is so far away from the centre of Helsinki it is not directly competing for the same customers as all the restaurants in the centre area. Vuosaari being the largest district in Helsinki there are more than enough potential customers in the neighbourhood. It makes more sense to try to attract possible customers in that area than to try to make them come all the way from another district. Fregatti aims to be the place where local Vuosaari residents come before they possibly carry on their way to somewhere else. Fregatti is located right next to the subway so it is very easy to move on from there. But the object is to make the restaurant so attractive that people would not walk by but they had to come in no matter where their journey is leading next.

Being a large district and holding a lot of residents it is still hard to gain new customers in a place like Vuosaari. One would ask why should I eat here when there are much more alternatives in the centre area. That is true but we did not want to focus on that rather than focusing the fact that it is also a good thing that there is not that many options. Benchmarking was done in a way that we searched all the restaurants there were in Vuosaari and visited some of them. There are a lot of pizza places in Vuosaari and the competition is hard, but those consider to be more fast food restaurant so we decided not to focus too much on those. By Aurinko-

lahti beach, a couple of hundreds away from Fregatti lies a Nepali's restaurant. They offer only Nepali's food so they have their own regular customers. It is a good thing that the restaurant has a certain theme and as soon as you step your foot to the restaurant you know what you are going to get. But as the down side if you do not like Nepali's food, or one of your friends who you are going to go eat does not like it, you have to choose another place.

Restaurant Namaskaar opened just next to Fregatti in 2015. It was said to bring a lot of competition. It is a chain restaurant so a lot of people knew it in advance. Namaskaar begun to serve lunch and it was the same price than Fregatti's lunch. At first there was a lot of competition and Fregatti lost about one fourth of their customers. Nowadays most of the customers that went to Namaskaar instead have come back. When going to observe in Namaskaar we realised that they do offer very tasty lunch but it is the same lunch every day. The people who eat lunch in the shopping centre Columbus (where Namaskaar is also located) are mostly people who are working in the area. They come and eat from Monday to Friday, they do not want to have the same lunch every day. Fregatti offers lunch that is different every day, so in that way they won most of the customers back.

The biggest competitors are definitely in the shopping centre Columbus. There is also Chico's which is a chain restaurant and has multiple restaurants around Finland. Chico's is a very large chain and that makes it very known as well. Chico's has the same menu and pretty much the same décor everywhere you go. That means that if you have visited them once anywhere, you know what you will get. That can be either a good thing or a bad thing. Fregatti has the benefit of being an "independent" restaurant.

Trying to get opinions and maybe even new ideas we decided to create a customer survey for Fregatti's customers. Because Fregatti offers so many services (from A la Carte menu, to children's play area and slot machines) we decided to focus on the one that we think that is the core business, lunch buffet. We created a lunch survey where we wanted to find out the customers gender and age so that we can clarify what is the typical Fregatti customer. By knowing your customers it is easier to try to please them and create menus that will succeed. We also wanted to ask what did the customer think about the food, the service and where does Fregatti stand when you compare it to other restaurants in the area. At the end of the survey there was also a possibility to give feedback.

All in all we got 51 answers on 4 different days. Because the survey was only about the lunch buffet, customers had time from 10.30 am to 2.30 pm to fill in the questioner. The idea was to collect answers all week, so that we could get answers from Monday until Friday. We did not go through with that because on the middle of the week we noticed that every day we got less answers. On the first day we got 34 answers, which is more than half of all the answers,

even though on the third day there was 127 customers and on the first day only 104. That tells us that customers wanted to answer on the first day because it was something new and exciting but on the second, third and fourth day it was old news. So Fregatti has a lot of loyal regular customers, not only drinkers, but eaters too. And the average customer is a 45-65 man. This survey was really helpful in that way that most of the customers who answered are regular customers who speak from experience. Some of the feedback was not only for today's lunch but also issues that have been going on for years. Sometimes when you are too close you cannot see clearly. Staff does their work every day but there can be things that they miss out, because it is just everyday life for them. The other thing what we found out was that it is clear now how hard it is for customers to give feedback face to face, but when the opportunity comes that you can give feedback in writing and even anonymously if you want to, then it is easier.

If we would point out one thing that came out of the survey it would be that there is nothing wrong about the service, cooking or the venue. The problem is the ingredients. By investing to fresh, Finnish ingredients could make a big change. And of course, making sure that the ingredients won't run out in the middle of the day, and making honest homemade lunch with the right feeling, is all that it takes.

8 Proposals

Fregatti has a lot of potential and there is a lot of room to grow. It is a big restaurant that just needs to decide which way to go. By offering pub feeling, A la Carte menu, lunch buffet and children's corner it can get really messy. There is no point on doing all the things and leaving them half way. There does not have to be everything for everyone. The most important thing is to find the core business and make it as well as possible. There is a lot of things that can be removed in order to make the other services better.

Fregatti could be remembered as a fantastic lunch restaurant if all the potential is put to use. That means that A la Carte menu would not be as wide. That also makes the restaurant clearer. It would help that the menu would have a certain theme. If a restaurant offers everything from pastas and pizzas to snails and liver it makes you think that what is actually good here. Is it possible that all the dishes are fresh and really well cooked? But having a certain theme shows that this is what we are good in and this tastes excellent.

When the menu and lunch buffet are in a good state the next step is to focus on the seating arrangements and the overall atmosphere. There are multiple plastic plants around the restaurant which gives the restaurant a cheap look. Those could easily be removed and it would give the restaurant more fresh look and also extra space. Plastic plants do not give anything

to the restaurant since you can immediately see that they are not real and all they do is collect dust. So removing the plants it would also benefit the waitresses, since they would not have to clean the plants or worry if there is dust falling on the floor or even worse, on customer's plate.

Another problem is the slot machines. When there is a slot machine in a restaurant it gives the illusion that you are in a bar. When having a drink it is normal to put some coins to a slot machine and see if you are lucky. It helps to kill the time and maybe even encourages people to have another drink. But people coming to eat dinner in a restaurant do not need slot machines to enjoy themselves. When trying to create a beautiful and enjoyable restaurant to eat in, slot machines do not fit in the picture. In addition the slot machines bring problems to the staff every day. Fregatti being located in the centre of Vuosaari, there is a lot of houses and also schools very near. That means that there are children running around the shopping centre and sometimes bugging the customers. Under aged children are not allowed to be in a restaurant after six in the evening without their parents and slot machines are forbidden from under aged children in Finland. Despite that there are children coming in and trying to use the slot machines every day in Fregatti. That gives the staff an extra task, when they try to keep the children away and make sure that the paying customers enjoy and are able to use the slot machines. Of course getting rid of the slot machines would mean that some of the current customers would have to find another place to have a drink and use slot machines but as said earlier in this thesis, that by creating something new you have to give up something old. Giving up the machines would hopefully bring new customers to have a meal and enjoy the new atmosphere.

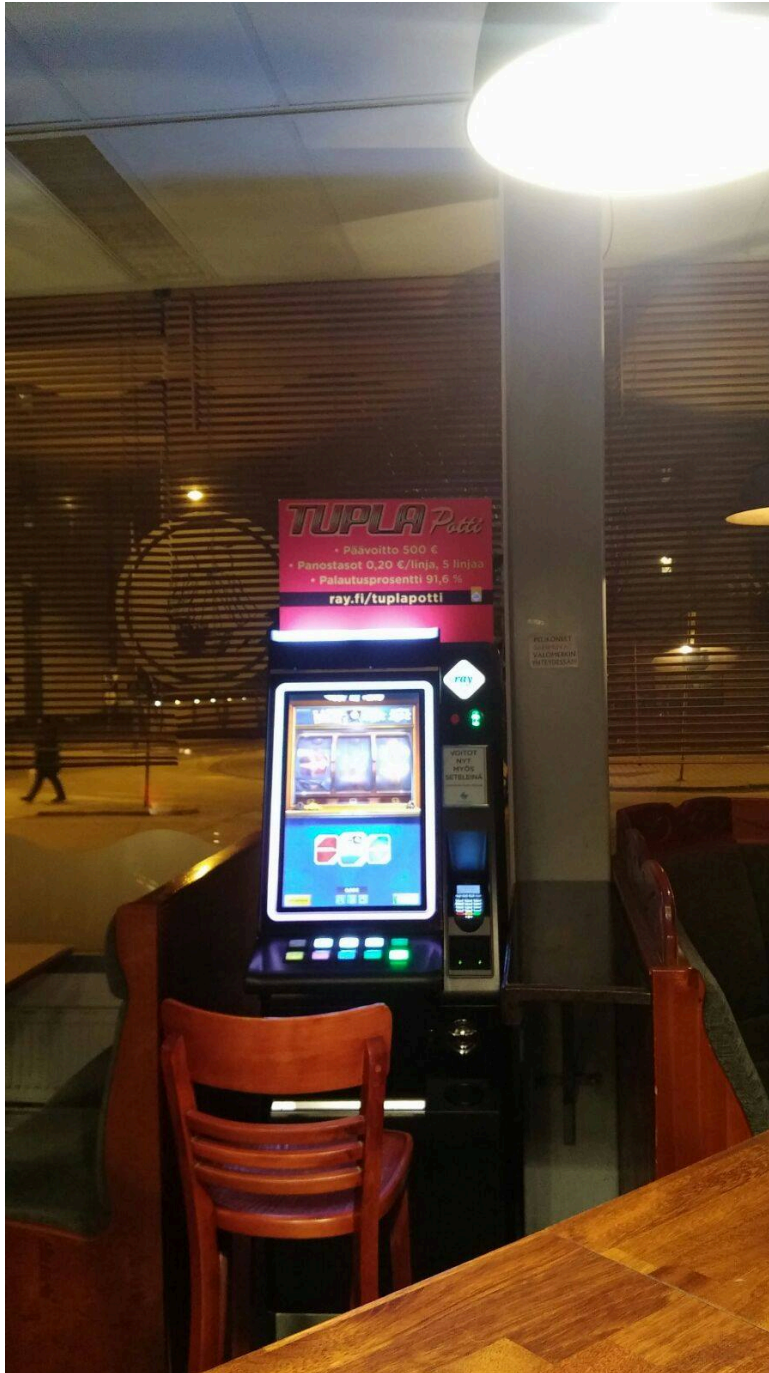


Figure 8: Slot machine.

When it comes to our proposals concerning marketing issues, it is quite easy to propose these next things, because of the lack of proper marketing. First of all the integrated services marketing communication issues, employer maintains employee's level of knowledge of customer promises, in order to have the employees ready to answer these promises. This matter is more internal issue in a company, but is it base for enabling the promises that are promised through marketing.

Ideas concerning more marketing services are the one key factor in this case, because of the lack of proper marketing in the company. The main focus would be on reaching new customers, to get more publicity to Fregatti. When thinking about the location the important part is to get Fregatti into knowledge of the local. After the concept change there would be a chance to hand out and spread flyers, which would market the new concept and the new style. This could include some special offers which would lure customers to come and try, this is the only way they would know if they want to come again to the restaurant.

When thinking about marketing on a longer period Fregatti should make even a small plan how to continue their marketing. This would help them to keep track how they are marketing and reaching customers, if they want to reach new customers, enhancing their marketing habits is the only way. This marketing plan should include if there are different key points focused in certain time period, and when this is happening. Nowadays all sorts of theme days or weeks are very popular; this could be taken into consideration when thinking about marketing, if these would bring more customers.

Also marketing in social media is a good channel for reaching customers these days. Fregatti has internet pages and Facebook-pages, but the point is that company needs to be active, not only have the pages, but update and maintain them actively. For example Instagram is a good social media channel, where the customers are exploring new companies and services. are good ways to market services and spread the word, in this case we suggest that Fregatti would also take into consideration in creating an Instagram account.

It needs to be kept in mind that marketing is the only way to reach new customers, especially from outside of the Vuosaari region. Fregatti has a lot of potential in its services; this concept change process only increases this potential. Marketing not only increases the awareness about the services, but it gives the opportunity to highlight the new improvements, if when people from the same region might have negative opinions of the restaurant because of its old clientele, and as a pub which is not suitable for families.

9 Conclusion

To conclude this thesis we will answer to our research questions. Keeping in mind our research questions:

- What should a company which is going through a concept change take into consideration?
- What does a successful concept entirely demand to function?

- How marketing needs to be taken into consideration in the change process?

We found answers to these questions based on our background work for this thesis, theory part, and based on the information that we got during our research. Change process is a process which consist of multiple components, there are lots of issues that needs to be taken into consideration. It is important to set goals for the change and create a plan how and when everything is done, proper planning always is a step forward.

When company decides to implement a concept change, they have to take different issues into consideration during this process. These issues keep inside for example employees, possible setbacks and budgeting. Company needs to have a clear plan how everything is implemented, instead of tumbling in problems when everything is not planned properly. When the process is completed successfully, it is easier to comply with the new concept too.

Successful business is what every company and entrepreneur is keeping as a goal. Successful business is not only profitable, but it brings challenges what keeps the work interesting and rewarding. In order to achieve a successful entirety in a business it is important to have a clear business plan. Business plan consists of different segments, like a puzzle different segments collate a entirety. These segments are key activities and -resources, value propositions, channels, customer segments, cost structure and revenue. When these are clear and functional, of course with a hard work, business will function successfully.

It is highly likely that when a company changes its concept, there is a need for a new marketing plan as well. Normally there are particular reasons for concept change, as in this case gaining new clientele, these reasons normally demand new marketing plan. In our case the objective was to change the target customer group, this is a important issues that needs to be taken into consideration while planning the change process. If the target customer group changes is it important to modify one's marketing plan to answer this target customer groups needs, also where to find these customers. Marketing needs to be adjusted to the new business plan and concept also.

Concept change process is a hard and long process, there is no fast lane in this process if one wants to have a successful change. There are ups and downs in every project, companies needs to have plans how to face these issues. Nowadays market situation in every field demands unique ideas and business plans in order to survive in the demanding market. Restaurant Fregatti has every possible potential to survive the current depression in business life and reach their goals to find a new way for their business and provide something new for their customers. In order to find the key to their success they need to pay more attention to their strengths and weaknesses, how to use these and how to turn the weaknesses into strengths.

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Appendix

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Appendix 1: Questionnaire

LOUNASKYSELY

Kyselyn tuloksia käytetään opinnäytetyön toteutukseen, tietoja ei luovuteta eteenpäin eikä käytetä suoramarkkinointiin.

Kyselyyn vastaamalla autat Laurea-ammattikorkeakoulun opiskelijoiden opiskelujen etenemistä.

1. Sukupuoli

Mies	0
Nainen	0

2. Ikä?

Alle 20-vuotias	0
21-45	0
46-65	0
Yli 65	0

3. Ruoan laatu?

Erinomainen	0
Hyvä	0
Hieman parantamisen varaa	0
Paljon parantamisen varaa, mitä?	0

4. Palvelun taso?

Erinomainen	0
Hyvä	0
Hieman parantamisen varaa	0
Paljon parantamisen varaa, mitä?	0

5. Kuinka laadukkaana koet Fregatin lounasruoan verrattuna alueen muihin kilpailuviin ravintoloihin?

Erinomainen	0
Hyvä	0
Hieman parantamisen varaa	0
Paljon parantamisen varaa, mitä?	0

6. Parannusehdotuksia/ sana on vapaa

Yhteystietosi antamalla olet mukana urheiluhieronta lahjakortin arvonnassa.

Nimi: _____

Puhelinnumero tai sähköpostiosoite: _____

Kiitos vastauksista!