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**RESTAURANT STARTUP MARKETING MIX**

**Case study Mad Wok and Helmi restaurant - success and failure in marketing**

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**ABSTRACT**

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<p>Restaurant startup is one of the most popular business that can gain profit quickly because it solves the human's most basic need: Food. Making good quality food is not enough to stand out from the huge competition in food and beverage industry. Pricing, location and promotions are the other elements of marketing mix (4Ps marketing) for business owner or the restaurant's marketing team to consider.</p> <p>The thesis aims to provide a fundamental background for food and beverage startup focusing on 4Ps marketing. It is designed for young business whose team is lack of experience and especially budget. The discussion will be written in a less academic style with definition of important marketing as the basics and the rest are practical tips and tricks. The main and most important topic of this thesis is the marketing mix strategy (4Ps marketing). Each of the "P" will be explained with the basic features. Practical real-life experience tips and tricks will be included at the end of each "P". Mad Wok and Helmi restaurant are used as case study to analyze the marketing mix effectiveness of each.</p> <p>Theoretical parts are up-to-date information taken from books, journal, business websites to give a brief idea both academic knowledge and realistic events that is happening in real business. Plus, a generous amount of discussion is from face-to-face interview with Foody.vn marketing director. The case study contains personal working experience with Mad Wok and Helmi until present. Finally, a SWOT analysis is used to processed the data for Helmi.</p> <p>In conclusion, running a new business is not easy for startup as they are groups of people being lack of experience and budget to create a perfect environment for each "P". It is important to balance the value of each "P" in the marketing mix that one strong points can fill the weakness of others. Business owner should take time and effort to understanding their product and target customers.</p>		
<b>Key words</b> 4Ps marketing, balance, marketing mix, promotion, startup		

## **PREFACE**

I would like to thank Mr. Huy Duc Tran - marketing director of Foody.vn for advising me on thesis as well as his enormous generosity in providing me his precious experience in F&B industry. His guide is the most important knowledge of my thesis because it is based on real experience, not just on theory.

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Lastly, I am grateful to my parents, Mrs. Phuong and Mr. Danh. My journey in Finland would not complete without their love and support and my uncle Tai who agreed to support my business in the future. This thesis is one of the evidence that I use to prove I deserve his investment.

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## 1 INTRODUCTION

A startup restaurant is one of the types of business that can create profit quickly because consuming food is human's basic needs. There are, however, thousands of restaurants and coffee shops in many price levels that can meet the demand. Competition is tough among the food industry that making good product becomes obvious task. As a result, having tasty food and great service is not enough to make your business stand out from others. It is marketing that helps you understanding your menu and your type of customer clearly in order to create a suitable advertising plan and brand image in the mind of the stakeholder (you, customers, investors, competitors). Starting up a Vietnamese restaurant is my dream as I see a chance in Helsinki where dining quality and variety in Asian cuisine is not as high as in other European countries, specifically in the Nordic countries. Plus, from my own reservation, food and beverage business in Finland has been doing poorly marketing job compared to restaurants in Vietnam where the market is extremely energetic requiring the business to spend considerably on marketing activities.

If I can conduct a good marketing plan to my future restaurant, even when it is initially a startup, there is higher probability that my business will earn a place among the tough competition. Luckily for me, even before I came to Finland to study, I had been in a marketing group of people in Ho Chi Minh city, Vietnam where there are hundreds of startup owners who seriously take marketing activities into account. From there I have learned so many useful tips and business lessons, rival contents and many successful marketing campaigns that they have implemented. In January 2017, I went back to Vietnam to work as an account executive, known as "client service" executive, in Aleph Labs - a Singaporean digital marketing agency based in Ho Chi Minh city. After eight months working there, I have learned so much practical experience from managing marketing campaigns for big companies. Some of the projects involved in food and beverage have given me a different point of view in term of comparing marketing activities between small startup (lack of experience and budget) and big organization (professional and has huge budget for marketing).

During the time at Aleph, I met the marketing director of Foody.vn - the biggest food and beverage social community in Vietnam. His years of experience in marketing for restaurants and beverage shops have strongly affected my decisions on choosing this thesis topic. My thesis aims to provide a fundamental background for food and beverage startup focusing on 4Ps marketing. It is designed for young business whose team lacks of experience and especially budget. The discussion will be written in a less

academic style with definition of important marketing as the basics and the rest are practical tips and tricks. It will give a general picture of opportunity for starting up restaurant business in Finland. The main and most important topic of this thesis is the marketing mix strategy (4Ps marketing). Each “P” will be explained with its basic features. Practical real-life experience tips and tricks will be included at the end of each “P”. Besides, by analyzing the case study of Mad Wok and Helmi - the two restaurants in Helsinki where I work till present, the thesis will describe their 4Ps marketing strategy. It will compare the effectiveness in their marketing activity. Finally, a real rebranding strategy for Helmi that I have been working on and partly implemented will be included.

In term of methodology, the theoretical parts are up-to-date information taken from books, journal, business websites to give a brief idea both academic knowledge and realistic events that are happening in real business. Plus, a generous amount of discussion will be taken from my face-to-face interview with Foody.vn marketing director. The case study contains real experience from my time working with Mad Wok and Helmi until present. Finally, a SWOT analysis is used to process the data for Helmi.

The advantage of this thesis is that most of the discussion is based of experiences, advice and research of real people from startup owners to prestigious marketing directors in a food community. Plus, I am using my own experience of working professionally in the field of marketing as well as having practical experience to the company mentioned in the case study. However, the limitation of this thesis is that my experience in marketing firm is short (8 months) and my implementation on new marketing plan for Helmi rebranding is on the process. Therefore, the results are not ready and tested, but the thesis is still useful information for people who want to start their restaurant business.

## **2 STARTUP RESTAURANT**

Starting up a new business rather than working as an employee has recently been a trend. The entrepreneurial spirit of many successful startup companies in this globalized economy has encouraged not only young people, but anyone to step out of the comfort zone to team up with the others to solve a need of the society and make a business out of that.

### **2.1 Startup definition**

What is a startup? The Oxford English dictionary defines it as “A newly established business”, but clearly that is not enough. Is Grab, the Uber of South east Asia, which is available in 30 cities across 6 countries (Malaysia, Philippines, Singapore, Thailand, Vietnam, Indonesia) a startup? Or the most famous British chef - Gordon Ramsay's new fine dining restaurant a startup? Or our mom with her just-opened popup candy shop in the neighborhood a startup?

According to the co-CEO of Neil Blumenthal - Warby Parker (Robehmed 2017.):

A startup is a company working to solve a problem where the solution is not obvious and success is not guaranteed.

Similar to Warby Parker, startup term was defined as "an organization formed to search for a repeatable and scalable business model" by Steve Blank, a Stanford professor. (Ready 2012.)

Age, revenue, growth, stability or profitability are mostly considered to define a startup. In general, startup is a term to define a young company at its initial operating stage to developing a product or a service to be believed there is a demand for it. On the long run, most of these small-scale operations will not be sustainable due to lack of resource and high operating cost under extreme uncertainty.

### **2.2 Is a new innovative restaurant considered a startup?**

A restaurant is surely a company. How about it is a startup? Paul Graham (2012), a programmer, writer, and investor, gave “No” for the answer. “Startup is a business which is designed to grow fast”, he said,



not every newly founded company is a startup but only a tiny fraction. He stated that most service businesses such as restaurants, plumbers and barbershops are not fast growers while, for example, search engine is.

On the other hand, Rory Crawford (2016), the founder of Bevspot - bar and restaurant management consultant agency, implied that startup and restaurant share many similar characteristics through building on success of people. He listed out that complicated business and a growing restaurant have million things going on. "You're thinking about marketing, sales, the product, customer service, and you're thinking about growing rapidly", he said. It is hard that 90% startups fail (Griffith 2014) and 80% of new restaurants close in 5 years (Feloni 2014). The owner of the restaurant has to face daily challenges from hiring the right staffs, hospitality training, managing the infrastructure, to bookkeeping and finance, improving customer satisfaction and thinking about growing sustainably. One has to deal with so many day-to-day things to ensure the business is operating well. Crawford also stated that the biggest similarity between a restaurant and a startup is the emotion connection with customers. Whether a IOS application for children or a newly open Japanese restaurant in Espoo is doing good or bad depends strongly on the experiences of customers to that product that the startup and the restaurant are trying to deliver.

Since the "startup" stem is defined differently by many people with different criteria, whether or not a startup it is called, a new restaurant faces as much challenging operation difficulties.

## **2.3 Why is Finland a good place for restaurant business?**

The general Finnish restaurant is usually not highly appreciated by the foreigners visiting this country. The former French President - Jacques Chirac many years ago had a bad joke that Finnish food was the worst in Europe, followed closely by British. However, with the fast-growing foodie scene, this is about to be changed. (BBC News 2005.)

### **2.3.1 Immigration in Finland**

The wave of immigrants is one of the most important elements that change the eating habit of a country. Such communities have been giving everyone a good chance for a great business that fulfills not only the stomachs but also the need for a more international food culture in this global scenario.

Finland also join this trend with an increasing number of immigrants every year. According to most recent statistics in the Finnish Immigration Service's statistical service, Finland in the year 2016 received a number of 9,375 foreigners receiving Finnish citizenship compared with 7,921 of 2015. Since Finland 100 years ago independence declaration in 1917, this made a new record. (Statistics Finland April 2017.)

### Residence permit

Decisions 1/2015 - 4/2017

In total 54,782

Other persons than citizens of EU and EEA countries have to apply for a residence permit if they plan to stay in Finland for over 90 days for another purpose than travelling. You can apply for a residence permit on several different grounds.

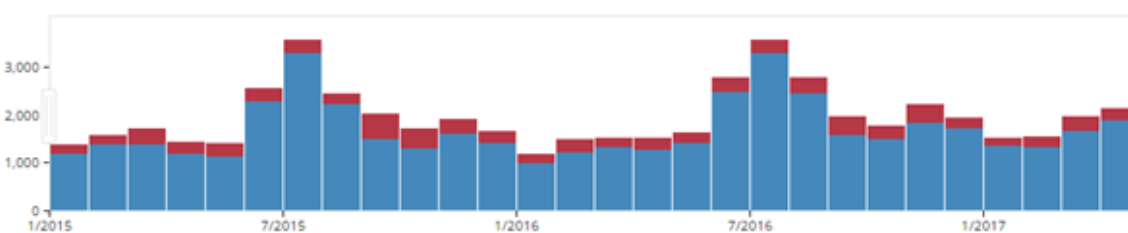


FIGURE 1. Residence permit in Finland (Adapted from Statistics Finland, April 2017)

Besides, the number of people receiving resident permit is even higher. From January 2015 to April 2017, amount 54,782 foreigners were granted the permit to work, study in Finland.

### 2.3.2 Affection of multicultural population on cuisine

The wave of immigrant is one of the most important elements that change the eating habit of a country. Such communities have been giving everyone a good chance for a great business that fulfills not only the stomachs but also the need for a more international food culture in this global scenario.

By 2016, there is approximately 364,787 persons with foreign background in Finland according to Statistics Finland. It is clear that this number can affect food culture, and certainly the food industry. (Statistics Finland April 2017.)

Annually summer in Helsinki is there a restaurant day, known as "Ravintola päivä". Thousands of professional or non-professional chefs, mothers, students open their food counter in every corner of market square. There is food from Thailand, Japan, Africa, Vietnam, Mexico, Turkey, Britain, and etc. All are

made by people who are not rooted in Finland. Only a small number of foreigners can create such a diversity in food, let alone those living in other cities of Finland.

These day, just a short walk from Kamppi center - a main shopping center in Helsinki- are many restaurants serving from Mexican tacos to Korean food, from Japanese sushi to Vietnamese Pho soup. Some of them are chain restaurants, but most of which are made by popup food shops and first-or-second-generation-family-run restaurant.

Take Britain as an example where immigration has made the whole local food culture great. Food from other countries has never been so welcomed with enthusiasm than in London. Walking through the international retailers, there lie hundreds of small restaurants, café and food shop. The smell of the street changes from cappuccino to Oolong tea, from aromatic Thai basil to kebab. An English-speaking country like Britain has attract so many foreigners to come there to work and live. The diversity in culture opens good opportunity for business. (Slater 2015.)

### **2.3.3 Finland shyness problem**

Finland is a great country with high quality product, high living standard and high ranking education. With such good points, how possible Finland misses its place in most people's list when looking for a place for business and travel. That is not the only trouble. There are many good concerts, good exhibitions in Helsinki, but only few attendants come to see just because the event holder do not know how to market it. The answer is so obvious: Finland has been doing a bad job in marketing itself to the world and to its residents. No matter how great the shows are, there are no way for them to spread to the ears of customers. The only way that people will buy a brand is when the brand image appears in their mind with a clear, positive feature. If customer cannot remember your brand name, they will buy from the competitor, whom they know.

Ira Kalb, the clinical marketing professor at the Marshall School of Business at University of Southern California, wrote 2 articles on Business Insider about his conclusion on Finnish marketing issue: "having excellent products and talented people, but being a bit too shy to communicate these facts to the rest of the world". He described how he saw most company brochures in Finland so well designed but no appropriate headlines to summarize the story. Everything good is hidden inside the thousand-word body

text that most people will skip because they only have little time and lack of patience to decide whether to continue digging in after reading a general boring headline. (Kalb 2014.)

Wherever there is difficulty, there is an opportunity. With a proper marketing plan, a startup restaurant not only makes itself known by a wide range of customers but also is able to do better than their rivals.

## **3 MARKETING**

With so many restaurants and coffee shops opening and closing these days, marketing is an essential tool to remind your customers that you are still in the business. When a new F&B business is open, there are so many marketing efforts to attract people. These efforts, however, are slowed down when business becomes busy and more stable. In this part I will discuss what a good marketing plan is in order for a business to successfully launched and go well in the long run.

### **3.1 Marketing definition**

According to the father of Marketing, Dr. Philip Kotler, marketing is defined as the science and art of creating, exploring and delivering value to satisfy the needs of a target market to make a profit. Marketing's mission is to identify the unfulfilled needs and desire. "It defines, measures and quantifies the size of the identified market and the profit potential. It pinpoints which segments the company is capable of serving best and it designs and promotes the appropriate products and services". (Kotler 2015.)

In an organization, there is usually a marketing department, which can be either good or bad. A group of trained people focusing on the marketing tasks is a good reason. It is bad when marketing activities are only done within a single department. On the other hand, it should be carried out in all the activities of the organization.

Similar to Dr. Philips Kotler, the American Marketing Association (AMA) in July 2013 approved this definition:

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. (AMA 2013.)

### **3.2 Why your restaurant needs marketing**

Brand is a terminology used widely in Marketing. In fact, the word brand is derived from the Old Norse word brand, which means "to burn", by which the owners of livestock mark their animals to identify them. (Keller 2012.)

According to American Marketing Association, a brand is a name, term, sign, symbol, or design, or combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition. (AMA 2013.)

Another approach from Mr. Philip Kotler (2015), he defined a brand as a:

"name, term, sign symbol (or a combination of these) that identifies the maker or seller of the product"

Managing a business or more specifically a restaurant has never been an easy task. Getting your restaurant or coffee shop stand out from thousands of fierce competitors requires you to have knowledge and tools. Starting a business without getting yourselves know by potential customers is a huge mistake. Nice interior, good coffee, delicious dishes, great service doesn't really mean anything if only a few sources of people know about your existence. Building your food and beverage brands will distinguish you and the other rivals through the experience about the food, drinks and service before and after they enter your place.

Getting current customer return to your restaurant or cafe can save you cost instead of attracting new ones. A good marketing plan help you engage with them, increase trust and loyalty.

### **3.3 The 4Ps: Understand your restaurant and planning**

In order to have good planning, you need to learn to put the right product in the right time, at the right place with the right place. The 4Ps or "marketing mix" is one of the great concepts in modern marketing for you to decide the marketing options in price strategy, location, promotion and your product that you offer to customers to meet their demand.

But before a startup study its marketing mix, they have to define the marketing strategy - the marketing logic that the startup hopes to deliver this value to this type of customer to create a profitable relationship. This involves defining their segmentation, differentiation, market targeting and positioning. (Kotler 2015.)

The term "marketing mix" was first expressed to describe different choices that a business organization have to take into consideration when bringing their service and product to the market. The 4Ps

stands for four important components of marketing mix:



FIGURE 2. Marketing mix components

A best possible way to understand the 4Ps is answering these questions when deciding your marketing mix. The questions involved in each “P” will be listed in the end accordingly after the discussion.

### 3.3.1 Place: Location, UX/UI and visual design

“Place” in marketing mix is not just about physical location and distribution channels but about the whole process of bringing product and service to end consumer. If you see your restaurant location as an advertising channel, then the decoration and billboards must be seen as the content. This is one of the reasons that matter when the location is on a high-end street but has only a few customers. According to Philip Kotler, place can shortly be known as activities keeping the product available to the customers.

More precisely, this involves in UX<sup>1</sup>/UI<sup>2</sup> (User experience/User interface). For example, if the business is in Thailand, beside good location, most people like to experience a good impression such as parking their motorbikes directly in front of the restaurant rather than finding a faraway parking lot. The size of the restaurant has to be big enough so as for everyone to have sufficient space for themselves. That is an example of user experience that your restaurant and cafe should not be located somewhere that is too

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<sup>1</sup> User Experience (UX) refers to emotions and attitudes about using a particular product, system or service

<sup>2</sup> User interface (UI) refers to the designs to make the user's interaction as simple and efficient as possible

hard to find, too far away from the main street and too inconvenient (like this parking case) that the customers rather choose to eat and drink at your competitor's place just because they can get straight there (and parking is much easier). As said in previous part, when you know the segmentation or type of your target customer, you can decide the location better. More precisely, if the "need" is just fast food, a small store near the train station or within the shopping center is just fine; for romantic date, however, the restaurant should be bigger, placed on a less noisy street, easy to find parking place.

After the UX/UI is the story about the importance of appropriate décor. Mr. Huy Duc Tran, marketing director of the biggest food community of Vietnam - Foody.vn, shared his customer's question: "Why can't I sell anything, even when I have great location and very nice western-style decoration?". Observing the restaurant for an hour, Mr. Tran did not find a clue about the failure of such beautifully decorated restaurant. But before he was about to give up, a couple passed by the place:

- "It seems OK eating here. Shall we?"

- "No, I'm not sure if the food is good, but it looks expensive". Said the girl. "Let's find somewhere else".

And they were gone. Therefore, when your restaurant is located on a good and convenient location, but you can't make any better sales, question yourself whether the decor is the matter. Not only the "look" have to be catchy, but also the "feel" to be friendly. If the segmentation is luxury and good quality, the decor is sure to be invested seriously, however, it must give the potential customer the feeling that the price won't be throat-cut high. If the segmentation is lower, for example serving students or middle-class customers, the decor should be simple, neat or modern is also fine, as long as it gives a friendly feeling that the food is affordable. Except your food is too outstanding and unique from many other restaurant, looking down on appropriate decor will skip you the chance to the taste of success.

There is one tip that most restaurant business is applying that they use crystal clear window for that the customers can have a glance inside. Doing this create a temporary user experience, even though they have not entered the door, to figure how it looks inside for better decision making. The less transparent the restaurant window and door are, the more uncertainty the customers will have in mind.

In this case, if crystal clear window and door are chosen, during initial opening time of the restaurant, it is clever to play the "Bait bird" game. This means you can invite your friends to come and eat for free or with discounts, or hire someone to sit in your restaurant. The purpose behind this is to make the restaurant seem crowded.



Crowded restaurant creates an imagination to potential customer that good food leads to good business. According to Ruslan Kogan (2013), psychologically, people tend to choose a crowded restaurant over an empty one. Between two coffee shops standing side by side, one with cozy atmosphere filled by packs of people, one with deserted tables, most people will pick the packed shop. It would not be a matter, even when the empty one has better coffee with cheaper price and cleaner tables. People prefer to follow the choice of other ones rather than putting themselves in their situation to make a decision. Subconsciously registering in our brain is the “social proof” that we use to decide what car we use, what phone we buy, what brand we wear. Kogan explains when seeing a long line of people queuing to get their order, automatically in the mindset of people busted two things:

1. The food from this restaurant/cafe must be safe to buy because there are many people wanting it.
2. People would never buy something that is not worth the money. This place must be having a good deal.

Clearly, people choose to think with the other people’s brain than their own. We can make use of this behavior of psychology and play the “Bait bird” game.

Most people want a restaurant that is cozy, where they can have both private and common seat. Since you are a startup restaurant who have to prioritize the spending on other fixed cost, you do not have much left to hire a professional interior decoration service for your restaurant. One of the best ways to save your money is learning from the other successor’s visual design. They are called successor because their visual is successful. Testing your own design is very risky and costly.

Online selling is also a new distribution channel to access more customers. This can be done via Facebook, website or mobile application. Selling food from Facebook has been done in Asia. However, depends on the food and safety law of your country, read the law or seek for advisory to know whether it is legal. Selling via website and mobile app is probably the best thing because customer can pay with their bank account. In Finland, Wolt and Foodora are two biggest food take-away delivery service and they are even expanding in nearby city to Helsinki like Tampere. The hungry Finnish can conveniently order the food they wish via the application, the couriers will pick up the food directly from your restaurant and deliver it to the customer. Even application like ResQ, which “save good food from turning into

waste, help local businesses get better results, and help the environment”, can boost the sales lightly and give you a good image. (Savin 2017.)

For the “Place” element, you should find the answers for these questions:

- Is my restaurant located near the main street? How far is it from the shopping center and the residential area?
- Is it easy for customer to find your restaurant? Should I make some signs or billboard so customers can recognize my place?
- Does the decoration look expensive or affordable? Does the decor match the price of food?
- What should the interior be like? What references can I learn from? What are goods way for my customers to see inside my restaurant before they decide to enter?
- What are other distribution channels to max my sales? Is it legal? Should I do it myself or via third party?
- How is my competitor doing? What lesson do I learn from their business from the aspect of “Place”?

### **3.3.2 Product: What do customer really buy from you?**

In order to start a restaurant or cafe shop, you need to know what kind of food and drinks you would like to sell. Much as the marketing mix sound easy, you cannot just sell any kind of food you think it is appealing to the customer. Your business instinct maybe true and if you are not lucky enough to have enough profit: you are in debt. The right thing to do at the start is to make research with data and study the F&B market to make a good decision.

According to Kotler (2015), a product is a combination of goods and service offered to the target market. Ford offers many types of Ford Escape models with physical parts as well as warranty service. Hard Rock cafe sells food, drink and music with full service. The “product” in general consists of quality, design, variety, features, brand name, service and packaging.

In the overall marketing offering, product is one of the key components. Marketing mix plans to build profitable customer relationship by bringing value to them. The value are the tangible product and service. In restaurant, tangible product is the food, the drink; service is delivering the food to the eaters after a process of getting raw materials purchased, cooked by professionals, garnished and brought to

the table of the customer. Moreover, many companies nowadays, to differentiate their offers with the others, are creating “customer experience” together with their brand. For example, Disneyland make dreams and create memories via its movies and theme park. Luke Nguyen’s Red Lantern restaurant group sells more than just Vietnamese food; it is selling an extreme authentic fine-dining experience. The product can be planned on three levels. The next level adds more value to the previous one:

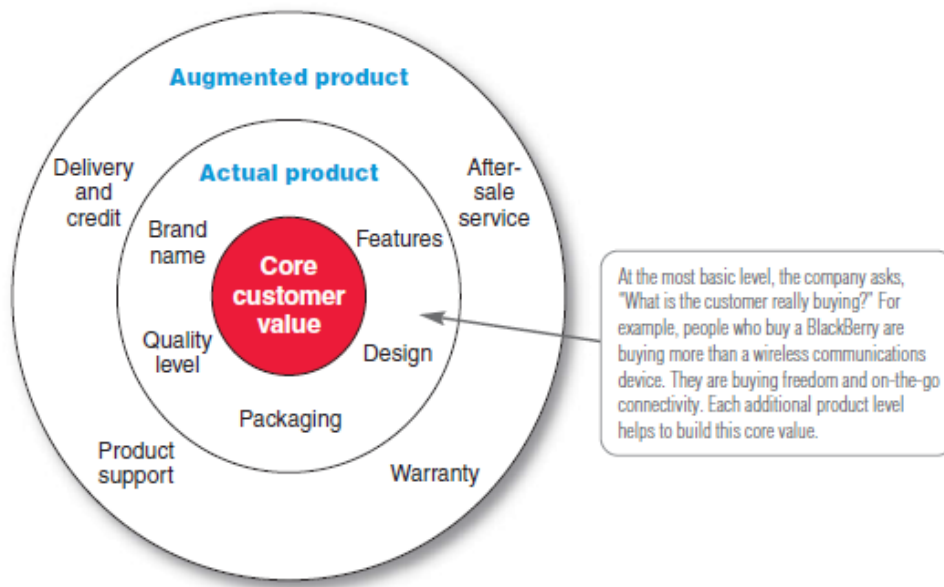


FIGURE 3. Three levels of product (Adapted from Kotler 2015, 226.)

The most basic level answers the core customer value with the question: What is the customer really buying? This question is extremely important because it will affect the next two levels. Do women buy an expensive handbag? Is it just for carrying personal things? People who are buying a Nokia phone are paying for more than just a piece of metal device; they are buying the connection to communication between human and the convenience to solve basic needs via phoning, message email and applications.

The next level is developing the actual product, how it looks, what is it named, what is its function. The Nokia mobile phone itself is the product. It has a name, look, physical parts to do its mission as a communication device. Finally, augmented product is to be built around actual product and core product by adding customer service and benefits. Nokia has fixing service, warranty service, home delivery, customer support after a phone has successfully been bought.

When referring these theories to food and beverage, the core product is the answer of the question: What do customers want to buy from this restaurant? To fulfil the stomach; to fulfil the stomach with affordable

budget; to fulfill the stomach with affordable budget and with healthy food; or to experience Korean food in a cozy Korean atmosphere? The answer can develop to be as detail as possible. General answer like the first one “to fulfil the stomach” will making the job in the next stage difficult. After defining the first level, you can go on with deciding how the food will look like, how it is cooked, how the garnishing should be, the quality and quantity of one portion, what will it be called. Next is customer service such as staff training to communicate with customer and lastly is food delivery service.

The “core customer value” or the “stem product” will be the leading star to decide what to put on the menu. Whenever you are confused, question the stem product again to get back on track. So, what exactly is a stem product of a startup? Stem product of McDonald is “burgers”, Starbuck is “coffee”, Facebook is “Friends”, Twitter is “tweets”, Dropbox is “files”, YouTube is “videos”, Pinterest is “PIN”, Agoda is “hotel vacancy”.

If you observe close enough, you will notice that a successful business model always focuses on its stem product without much development on unnecessary and unrelated products that it cannot cope with at a time. That is why WhatsApp, the king of mobile text messenger, doesn't have colorful sticky like Japanese Line or Korean Kakao Talk. And for 10 years, the only updated function of the famous chatting and video calling application SKYPE is mentioning a contact name in a conversation last 2016.

On the contrary, startups who lose their stem product have higher risk to go bankrupt. Evernote used to be the biggest competitor of any note taking application until the focus only wrong priorities that led them to deep trouble (Kim 2015). Another good example would be Google Wave. Google Wave was too greedy when they wanted to be a social network and an email service at the same time but failed to be a good chatting application. We can easily see Wave had too many things going on, but we have no idea what WAVE really is.

As startup, the most important thing is to know what value you are creating, what problem your product is solving and finally answer the question: What value customers are paying for in return for our product? Answering that, you will understand deeply the most basic and pure nature of you mission, therefore guiding your team faster.

The food in the menu will represent the actual product you are selling. The ideas will be generated on the menu, but then problems are born here when the restaurant owner, which is you, and the chefs put the “unhealthy” ego on it. Here I am talking about the types of food that do not make sense when putting

together, like Vietnamese Pho beef soup with Italian pizza on the menu. It is better to rewind back to the “core customer value” we discussed to understand what you want to sell from the beginning.

Besides the tangible product which is the food, service also plays an extremely important role to save you capital, time and getting return customers. Train your staff professionally and give them unexpected circumstances for them to practice improvising. Treat them like a sales manager, not a low-level staff, because they are the people to make you good sales figure. For example, in fine-dining restaurant, wine is usually served with food. Before pouring the last amount of wine in the bottle, train the serving staff to ask if the customer wants another bottle. Just a simple but clever question to gain profit on alcohol consumption.

Punishment and reward policy should be active: there is punishment to make sure your people will work at the basic good level; and the reward is to boost the working spirit. During one of my previous job as a salesperson in a restaurant in Helsinki, there was a reward for a full-cover trip in Europe for the staff who make the most sales in beer. As a result, the owner paid such a little amount for the competition for a huge sales figure, plus the customer have had happy time at the restaurant with food and beer. Some restaurant has two founders: one found plays the evil, other the good. The “evil’s mission is to judge the staff, giving them complain or even yelling at them. The “good” founder, on the other hand, gives compliment on positive things a staff has done. Here are some useful tips on what to train the workers:

- Learn by heart the menu.
- Know how to give recommendation on menu for new customer.
- Take the initiative in asking the customer whether they need to order.
- Ask the customer courteously if you can clear the dishes. Clean the table as if the waiter is invisible.
- Stand, walk, wait for order calmly, in a distance with customer.
- Keep smile on face.
- Initiative to do the unnamed work. (add more water, change dishes, etc.)
- Be improvised under any circumstances.

Staff training, especially with high profile restaurant, should be done by week or month. People dine out because they want to experience food or spend time with their friends, family and acquaintances in a pleasant atmosphere. The right customer service, therefore, is the right product you are delivering to the

customer for satisfaction. When they are happy with the service, a return is more likely to happen, often comes with more potential customers by the word of mouth. (Hausold 2008.)

For the “Product” element, you should find the answers for these questions:

- Who are my customers? What is their “unmet” need in food?
- What kind of food and if any other aspects to complete their need?
- Do my customers need just food or the experience?
- After identifying the core value, how can I decide the actual food and service?
- As serving is a part of service, what should I train my serving staffs?
- How can I control the quality of food?
- What are the criteria for customer satisfaction?

### **3.3.3 Price: Pricing is a strategy**

Before entering this part, be noted that you are reading about: Turning current customer to loyal customer. The previous parts in this section discuss how to attract new customers. To survive and to develop, keep in mind: Find a way to get current customer come back to your restaurant and cafe; it is best if your business develops through the good word of mouth. That is your true destination of reaching extreme customer satisfaction.

Most people think the cheaper the menu is, the more customers to come. Though that pricing strategy sounds competitive, in fact, many F&B businesses charge very high but the tables are full all the time. Much as pricing is not everything, it yet still is very important to customer decision. Many people are willing to pay extra to feel the experience of getting served more than what they have paid. Be a customer of your own so you can think like them.

CEO Huy shared with me what he discovered when working on survey to support Foody.vn about what makes customer come back. He realized they often go to restaurant or a cafe shop for two reasons: They either go the big brands or to where they feel their money worth spending. The big brands famous chains (KFC, Starbuck, etc.) or Michelin starred restaurants. Because this thesis is about startup, I will only discuss the second reason.

Usually every business man wishes for a profit of 50% or 100% per bill at least. Because they take that percent into account higher than the experience of the customer, they gradually fail. Why do Chinese restaurant often have great business? Because they deliver good food with lower price. That sounds simply but very realistic. The customers will have the experience that they are getting more than they pay. They love that feeling and they want to return to your place. And you? What would you choose between make the same profit with low price but many orders or high price with less order? Basically, both of the options make the same profit. However, on the long term, lower price will attract more customer, you probably have less profit on one order but there is more consumption, which means all the raw materials can be cooked and sold faster. Imagine cafe shop A, with the same amount of cheese cakes as cafe shop B, sells out in one day with their lower price strategy, while it takes two days for cafe shop B who has high price.

Another trick to avoid throwing away food is to have a “happy day”. For more details, make a statistic data about the sales during a week. The day with the less sales can be chosen for “happy day”. You can tell customer that on this “happy day” your restaurant offers better price or other types of promotion. In Finland, it is a fact that during lunch time, food is cheaper to attract customer. “Happy time” is not popular in this country, but “happy lunch” is a good action to boost the sales. (Dion 2010.)

Another big mistake that most restaurant have is having hundreds of dishes on the menu. “Hundreds” is not an exaggerated word when it comes to eating at a Chinese or Japanese restaurant with a la carte menu. Having many dishes is not an issue. That is actually great for customers who want to explore the food. The issue we are looking for here is those hundred dishes are made of so many unrelated types of ingredients. Customers may want variety, but the fact is you are wasting resources on food waste. A good menu is one rationally analyzed with the ingredients that can optimize the cooking process as well as minimizing the chance food get wasted. Every single F&B business has a fast selling dishes and those that are less ordered. We can optimize the menu by selling dishes that includes the same ingredient. For example, the same salmon can be turned into two dishes depending on the topping sauce and other vegetables; the same salad can be used for beef steak or salmon teriyaki; the same chicken breast can be used for the Korean fried chicken as well as chicken burger. A good example for a big brand is the famous ice cream Baskin Robin. The logo of this brand has the number “31” representing 31 different flavors. After a period of time, they will review the sales of each flavor and decision are made for replacement on less selling ones. By doing so, they not only renew themselves but also save cost.

Some of the other things that we can save money to run the restaurant: human resource, electricity cost, water cost, etc. (Buzztime 2014). Some useful tips are:

- Let the staff know how much you pay for utility and food waste so they can understand how you need to cut cost.
- Turn off unnecessary light, heating and air conditioner when not in rush hour.
- Find nearer, bigger food supplier and buy in reasonable load.
- Decrease numbers of staff on low season or hour.
- Take off dishes that don't sell well.
- Train serving staff to ask customer to order soft drinks, alcohol, etc. instead of automatically bring out water.
- Use glass instead of plastic.
- Run the dishwasher only when it is full.

### 3.3.4 Promotion: Getting known and shaping your “personality”

If you are running into this problem that after a while your restaurant or cafe is having less and less customers, you have to take a look at the price, service and quality again. From the whole time from your grand opening, you have invited all your friends, family and acquaintance to your place, but those invited do not recommend their network to try out your food, they must have had a bad experience or your service is not interesting enough for them as a customer. The problem can also be the delay in marketing, which means things will happen not at once but in the future. For example, today your bistro sells beefsteak so you advertise about beefsteak on Facebook; mister Janne read about the ads, he wants to try the steak one day in the near future because his time table is currently not fit for eating out. That is when you have to be patient a bit. Even your new customer who have tried your food for the first time won't come back soon eating the same food. You can't expect people to eat your Japanese ramen noodle on Monday and continue on another bowl on Tuesday. They might come back next week or next month.

Now I will list the customer type in 2 categories:

- **First time traveler:**
  - a) Direct traveler: customer who try your service because your business is in a nice location, interesting signboard or your type of food and drinks at that moment meets the need of them.
  - b) Marketing traveler: customer who tries your service thanks to your effective advertising activities.



c) Word of mouth traveler: customer who comes from a current customer's recommendation (from friends, from review on media, press review).

- **Loyal customer or return customer:**

Those first-time travelers who love your food and service and decide to come back are loyal customers. This is the customer type that you should focus to maintain their loyalty.

As a business owner, you must have a measurement tool to analyze the effectiveness of your business activity. Having many first-time travelers means you are doing a good job with advertising or you have a friendly location. On the other hand, returning customers means you have successfully score a good point to them. Otherwise, you can recognize the issue when either of the types doesn't work, so accordingly look for solutions.

There are many ways to measure the effectiveness of operation: giving questionnaires or survey after customer finish meal, giving discount voucher to encourage customer to return, etc. All in all, the measurement is crucial within the first three months since opening. It helps you to understanding whether what you have been doing from the beginning from marketing activities to billboard is good enough.

The promotion should be divided into 3 stages:

- Stage 1: 3 to 6 initial months, focusing on getting new customer.
- Stage 2: next 6 to 12 months, turning first time traveler into loyal customer (you should actually do this at the beginning of time, but at the time getting new customer is the priority)
- Stage 3: Focusing on developing your brand, improving service quality.

The amount of money for promotion is less and less from stage 1 to stage 3. At stage 3, the finance is focused on branding, especially you have the intention to franchise your restaurant and cafe shop.

Marketing approach to new customers has two ways: Number one is advertising your brand image on different channels and number two is making a very interesting discount campaign. The first way is suitable for brand new restaurant. The affordable channels for advertising are Facebook and Instagram. Having your place published on press is one of the channel, but this way, however, is costly for startup who known to have short in money.

The second way is suitable for restaurant and cafe shop who either has normal food, average location, not unique decor or has used up all the cheap advertising channels (as the first way). The cost for this way includes 2 types: cost for discount campaign and cost for advertising channel.

Nowadays, many restaurants are still using very boring discount campaign like 20-30% discount. If every restaurant is doing that, you are not special to catch attention among thousands of campaigns like that. Remember you are a young startup who haven't built a strong brand. This type of normal advertising therefore creates little motivation for someone to become a customer. You should come up with an outstanding idea about the price or attractive content, for example, setting the same price for all the dishes or buy 1 get 2, etc. The good channels to advertise about such campaign are Facebook and Instagram sponsored posts by location, or traditional way like giving flyers near the location of your business place. In terms of attractive content, one example is to discount by temperature. Helsinki often has minus degree in the winter. The amount of discount can be based on the current degree Celsius. This campaign is interesting, creating curiosity of food lover.

An idea, however, should be taken into consideration carefully. Not every idea is accepted. A restaurant in Chongqing, China in 2014 had a ridiculous way to draw attention by giving discount to thin women and overweight men. Whereas some customers welcomed the idea, the other thought this action was disrespectful to gender equality. Whether this campaign was successful or not, it must have been widespread that it even showed up on foreign online press like [Businessinsider.com](http://Businessinsider.com). (ThraStardottir 2014.)

Moreover, a campaign should also mind about the psychology and culture. In Vietnam, there was a super Pho challenge campaign for a beef soup noodle restaurant: the restaurant would offer 1M Vietnam Dong (approximately 50 US dollars) to customer who finished a 4-kilo gigantic bowl of noodles within a certain time. This campaign was discussed widely on media and press, which increased the brand awareness. However, those who failed would pay around 10 US dollars (normal price is 2 US dollars), which made the "players" feel this was an act of gambling. What would make sure that these "losers" would enjoy losing and would become loyal to the restaurant. The noodle challenge, basically, was not good for health to digest such a large amount of food at a time. As a result, some of the "players" vomited during the "game". Personally, I bet they will never eat there again. In the long run, this experience is not actually 100% good for the brand image. (Hieu 2014.)

Think carefully about what image, what text you are going to put on the ads. The context is very important. "Only 10\$ one burger" and "happy fast meal 10\$ burger" are two ways to express a discount

program and as well conveying two different emotion. “Content is king” is a popular expression in the marketing world because having a unique marketing idea with wrong image and wrong words is like a Samurai with a plastic sword.

As the owner, you are not a marketing expert on content and context. You can put yourself in the position of a customer and imagine if they will like this ad or at least finish the PR article. Hiring a freelancer who knows how to write is a cheap way, but do not 100% leave all the responsibility on them.

Setting up advertisement on Facebook and Google AdWords are two of the most popular channel. In fact, they together have been dominating the digital marketing empire (Alba 2017). These channels are popularly used, user-friendly and have useful functions such as targeting ads according to ages, genders, geography, etc. Also, the business can edit the amount of money they can pay for a promotion. However, there is an issue that most people are “blinded” by the “reach” (the number of unique accounts having seen the promotion post) and the “impression” (The total amount the promotion post has been seen) without caring or understanding the actual cost to gain one customer after paying for the advertisement. Besides, you should have a detail budget for marketing. Although Facebook is popular, spending all the money on it is not a wise choice. Instead, you can spend a certain amount on other third parties (Instagram, Trip Advisor and other local food community). When you are “available” on different websites, your brand is more recognizable.

According to Foody.vn, here is a few indexes they measured for a good marketing campaign:

- Leaflet/ Flyer: 3-8% - meaning every 100 flyers given to the side walkers, there is a chance that 3-8 of them come to the restaurant/cafe shop. If 1000 flyers cost 100\$ to produce, then the cost you paid to gain 1 customer is  $100\$/30$  or  $100\$/80$
- Facebook: 0,001 -0,01 - meaning if there are 10000 users see the post, there is a chance that 1 user can come to your business place. A good campaign should have 10 “try-ers” every 1000 reach

Above are two example of platform/ channel you have to pay for advertisement. Using them is like building house: the more you pay, the high the house is, the more chance people will see it. But always keep in mind a good house as a good base. The quality of your service is the base: the content and context. If your product - your food is not good enough, the more you market your service, the more issue will multiply.

The power of word of mouth is the original media platform according to Whittler (2014). The best and most powerful way to approach to your beloved customer is serving them with the best food you have, along with the best service and great atmosphere. A customer who love you will recommend your restaurant or cafe shop to the other for free. Once a woman who told her two friends about your excellent spaghetti, those two friends may each tell their other two friends about that. As a result, one happy customer will lead to many other happy ones, as long as your service can remain the good quality. According to Nielsen, 92% of customer will believe in the friends and family's recommendations over other forms of marketing. In fact, more than 60% of marketing executives admit word of mouth is the most effective marketing, although only 6% do it well. "Collecting" likes and reaction from Facebook statistic is not as important as "connecting" people who really are in love with your food. Having 10000 likes on a iPhone-giveaway Facebook post are making sure they will go directly to your restaurant or cafe shop to try your food out. It is 1000 fans who "liked" your account because they are passionate with your brand that needs to be paid more attention to.

Here are some popular tricks to take word of mouth in practice:

- Give vouch with impressive percent of discount in short period of time. Because it is only valid in a short time, if the customer can't come back, they will give it to a friend who will be our next customer.
- Check-in: customer who take a picture or post a status showing that they are enjoying your food can get free food or big discount. Friends of this customer can see this and your restaurant has just get known more.
- Give free sample that are useful for daily life with your logo on it like tote bag, T-shirt, cup, etc.
- Have a contract with tourism company to take their tourists to your restaurant. This way increases your sales instantly and also your points on Trip Advisor which tourist often use to rate service in a foreign country.

Finally, are some tricks for indoor marketing turning new customer into loyal customer. You have to take this seriously because it is less expensive to retain a customer rather than gaining one. A good restaurant doesn't pay too much on marketing activities. Customer who are in need will automatically look for you, besides the excellent service, here are the tips:

- Member card: This is costly to produce because you have to pay for good system, CRM, card production. It is best applied on franchise or high-class restaurant.

- Point card: simply a piece of small hard paper like a business card with a certain number of blank or hole to reserve score.
- Flyer: next promotion event from your restaurant or cafe shop on big days like Valentine, Christmas, Labor Day can be announced from flyer on the table.

All in all, there are many ways to gain loyal customers. The general rule is to repeat your brand image in the mind of customer many times. However, you should create interesting promotion with excellent content marketing instead of keeping using discount as strategy. Using too many discount campaigns creates a bad habit to your business.

## **4 CASE STUDY MAD WOK AND HELMI RESTAURANT**

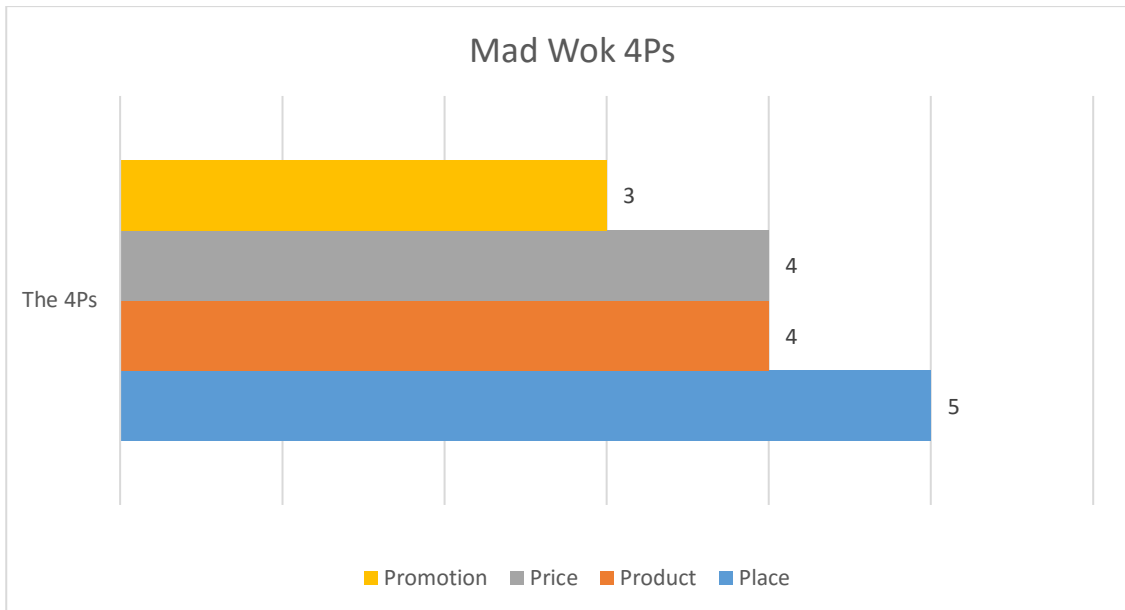
In this part I chose Mad Wok and Helmi as the case study. Thanks to my time working for both of them, I can clearly understand what they have been through. Mad Wok and Helmi are young restaurant that have been running for more than a year. I will discuss their business focusing especially on marketing mix as well as analyzing my real work to them.

### **4.1 Overview of Mad Wok restaurant**

Mad Wok was where I worked in 2016 as a chef. Also, I was one of the three first chefs of Mad Wok when they opened during the summer for the first time in Kamppi shopping center in Helsinki, Finland. After a year, Mad Wok opened their second restaurant in Iso Omena shopping center in Espoo. That means the story that I am discussing about Mad Wok is a case study about success.

Mad Wok is a Chinese slow fast food restaurant serving traditional home style Chinese dishes which are usually cooked by the moms for daily meal. What special about Mad Wok is that they keep the authentic Chinese flavor instead of altering the recipe that is mainstream fitter to the Finnish taste. My talented boss as the owner - Wei Zhou and her husband - Pertti Kallioinen as the owner of Street Gastro - an another extremely successful Finnish premium fast food brand, has developed the brand professionally.

Mad Wok has their own office with their own marketing team who has been striving for the business success. As this thesis is discussing about the marketing aspect, I won't talk mention about other topics but marketing. Here is the marketing mix - 4Ps marketing I rated for them with my own judgement:



GRAPH 1. Mad Wok marketing mix on scale of 1-5

On my own judgement, Mad Wok is doing a good job in general. They have good location, easy to find and suitable to their type of food, good quality food with affordable price. They have average activities in social marketing activities.

**Place:**

In term of “Place”, Mad Wok is located at one of the busiest spot in Helsinki - Kamppi shopping center. More precisely, the location is very close to the elevator which leads from to underground metro trains to the world above. Opposite the restaurant is the waiting lounge for buses to Espoo and Vantaa region - two other big cities next to Helsinki. This means that there is a very high chance that pedestrian will likely see the restaurant immediately when they go up from the metro trains. Mad Wok stands in the front line of 6K food court, next to Burger King fast food restaurant. As Mad Wok is defined as fast food, having their business in a shopping center that connects with high spot transportation is a very smart move. By standing next to Burger King, the famous international fast food chain, that even proves more about the effectiveness of the location they choose.

Mad Wok is one of the six restaurants of 6K food court, meaning that the six kitchens share the same sitting area, tables and utensils. The decoration inside the place is unified. 6K applies the industrial Scandinavian design to everything: White and black walls, wooden tables, thick single color cemented table. The atmosphere gives the passersby a very familiar feeling and it tells that the price is not too high, which suits the whole place’s customer segmentation: passerby, office people, young to middle

age people who look for Chinese fast slow cook food in the city center where they don't have to walk to far. Eating here is also convenient for those customers who go shopping around Kamppi.

Mad Wok also share the benefit from sharing the same space with other 5 kitchens. Even when some customers don't buy food at Mad Wok, that they are sitting in the same place not only means they see Mad Wok and there might be a chance they will try the food one day, but also the ones who pass by the food court might fall into the "bait game" mentioned in part 3.3.1 of this thesis. Only that this time, all customers are real.

### **Product:**

Mad Wok serves several dishes from Sichuan Province in China where the taste is strong, spicy and numb. They try to keep the most authentic flavor to the taste bud of Finnish customer without losing their original taste. One portion includes the protein, rice and pickled vegetables that are marinated with a type of fermented sauce. The food is served on a platter brought from China. The platter is a metal plate with different separated parts to contain different food. It is exactly the platter that is used for labour worker, student, public canteen and even prison. The metal platter goes very well the the brand image of Mad Wok, also with the whole food court: Fast food, average pricing, industrial look.

Back to the question "What is the customer really buying?" in part 3.3.2, Mad Wok aims to deliver "fast slow cook authentic Chinese food with affordable price in a fast-moving pace" to customer who want to have a quick meal. Mad Wok has successfully applied suitable product to suitable location.

### **Price:**

In 2016 and 2017, Mad Wok still keep their price at 10 EUR on the average for all the main dishes. 10 euro is the most popular price for a meal in Helsinki (Price of travel 2017). Moreover, since pricing strategy is based on the segmentation, 10 euro is higher than the price of burger in Mc. Donald and lower than that in a fancier restaurant with wine and a la carte menu. The price of Mad Wok infers that the food quality is better than harmful junk food like burger and service is affordable to the buying power. 10 euro also is suitable for pricing in such a location of a food court.

### **Promotion:**

Personally, I would give an average point to all the promotional activities to Mad Wok. Mad Wok like many businesses in Finland hasn't done a good job on promotion. From June 2016 to October 2017,



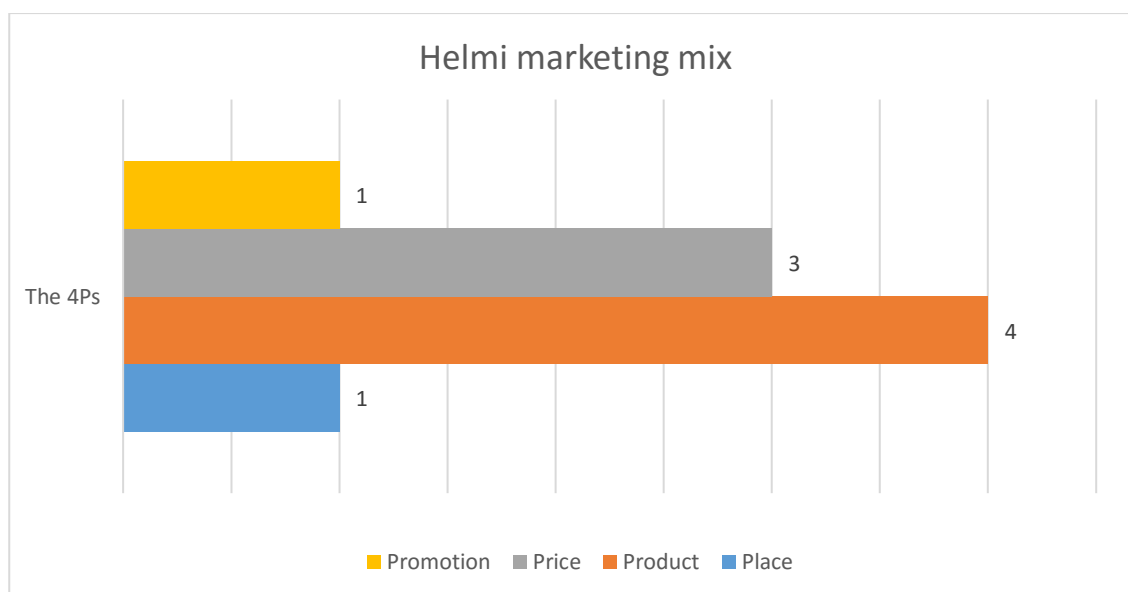
Mad Wok has only 30 posts on Instagram with very humble 107 followers. On Facebook up to 30 October 2017, there are 347 likes, 47 “check-in” with few posts within one month. It looks like Mad Wok has put no effort in promotional activities.

#### 4.2 Overview of Helmi restaurant

Helmi restaurant is where I am working from August 2017 until now. Here I am helping them to change the rebrand by changing their name, the logo, menu and a lot of task involved what will be discussed in part 5.

Helmi was first open in 2016 as a Japanese restaurant serving sushi, hot dishes and Japanese wine. The special thing about Helmi is that they have the biggest Yakiniku - Japanese BBQ service which meat and vegetable are grilled on the special electronic table. My Boss, the owner Zhao Li has been trying to make the sales better by rebranding.

Helmi, unlike Mad Wok, is a family-owned restaurant. Because of that they don't have a marketing team to engage marketing activities. All the things were done by my Mrs. Li. The overwhelming amount of managerial work to run the business has left her no time to think for marketing. Here is the marketing mix - 4Ps marketing I rated for them with my own judgement:



GRAPH 2. Helmi marketing mix on scale of 1-5

On my own judgement, Helmi is doing a bad job in marketing since its opening, even though they have very good product and suitable price. The lack of marketing activities plus bad location requires them to do more to balance the marketing mix.

**Place:**

I rate 1/5 to Helmi on “Place” because of the bad location. In fact, it is hard to find, and to recognize their existence, even though Helmi is located very near to the city center of Helsinki. Helmi is a very big in size restaurant with 3 floors (total usage area can be up to 700 square meters). However, the building is not in a front lying next to the busy street. Helmi location acts like a residential apartment building behind the rows of restaurant that people have to get through a short tunnel to see the building. Plus, billboard, sign board and brand logo are the biggest trouble. The logo of Helmi is not shown on the billboard. There is no picture at least hanging on the wall to let the passerby know what the restaurant looks like and what kind of food is on the menu. Even the wall the tunnel has only yellow color without any signs showing that there is a restaurant inside.

The good job Helmi has done is doing an excellent job on indoor decoration. Since the theme is Japanese traditional world, it has been designed with dark tone color, weak light, Kimono dolls, bamboo trees, Japanese painting and small mini mountain miniature. The atmosphere indoor will certainly create a very unique Asian world within the Nordic design world of Helsinki, Finland. Current customer who has been loyal given good feedback on the décor.

**Product:**

Helmi currently in October 2017 has 2 different service: in the morning to 3PM they serve sushi buffet, from 5PM to 10PM they serve a la carte sushi and hot Japanese dishes and Yakiniku. Since sushi buffet is a trend in Helsinki, Helmi follow this trend by serving mainly sushi buffet in the morning. The chef of the restaurant, Mr. Hua, has years of experience in making sushi in Japan. The sushi types are altered every day, making the menu for lunch more varied. For dinner, Helmi switches to a la carte menu with freshly made sushi when ordered. There more Japanese ramen and rice based dishes. Besides those food, Helmi has the biggest Japanese BBQ in Helsinki with that can serve up to 60 customers at a time. Japanese Yakiniku BBQ is a type of “do it yourself” BBQ with a table with electronic grilling pan in the middle. This is very popular in Japan and also Korea where Yakiniku originated. Beside food, there are drinks from Japan like Sake and beer.

**Price:**

If there is anything I can give compliment to Helmi, it must be their pricing strategy. As mentioned, Helmi has quite various dishes on the menu: sushi buffet, all you can eat menu, a la carte sushi, a la carte hot dishes, BBQ Yakiniku. Because each types of food are differently served by time and by types, they offer different price to each food. In the morning from 11 AM to 5 PM, Helmi is a sushi buffet restaurant; the price is around 10 euro, which is cheaper than many sushi buffet competitors nearby, yet to mention that Helmi is much bigger in size and better decorated. In the evening from 5PM to 10PM, Helmi serves “all you can eat” menu with 72 dishes including fresh sushi, hot dishes and ice cream for nearly 20 euro; a la carte menu with more types of sushi and hot Japanese dishes; and lastly the Japanese BBQ Yakiniku with many options for types of meat with different prices; and even so they have an a la carte menu just for Yakiniku who are just into specific meat type.

The cheaper price for lunch to compete with the rivals and different prices for dinner for different needs: if customer has limited budget, they can have the “all you can eat”; if customer are Japanese people who often only eat special dishes they can have the a la carte menu; if customer want more protein and wine they can have the BBQ.

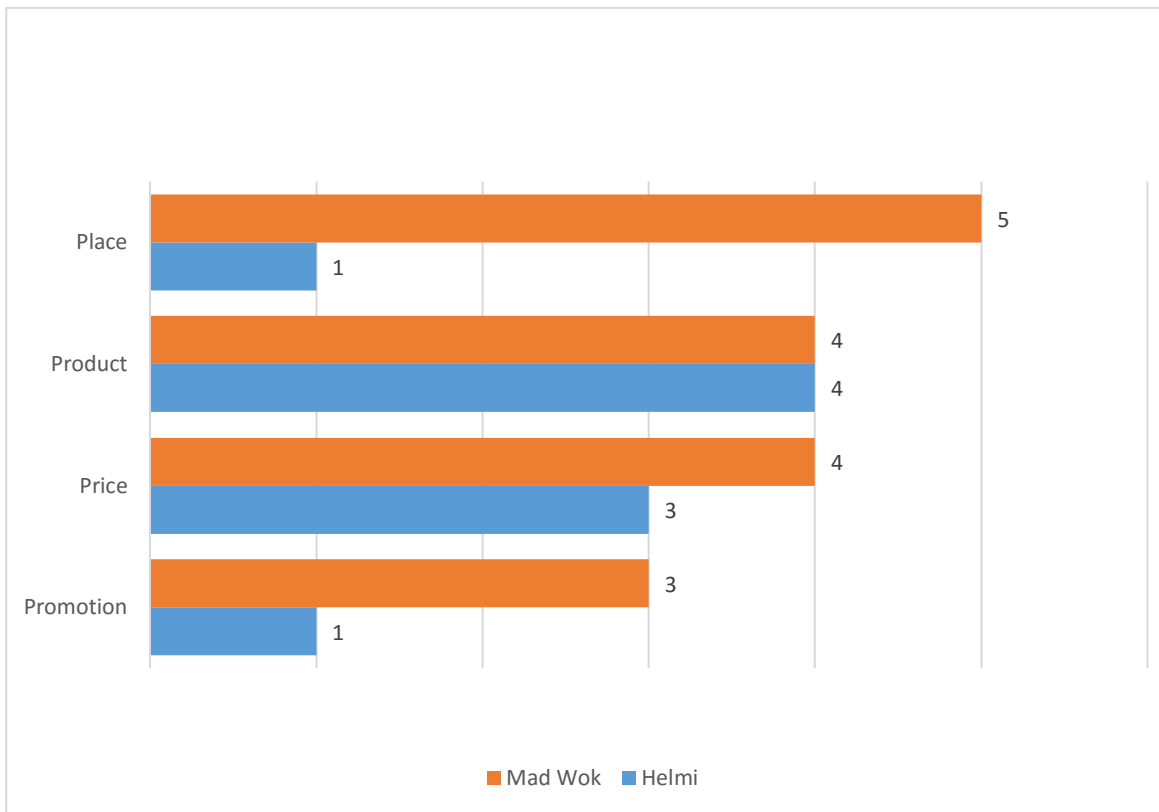
**Promotion:**

Although Helmi has more than 4600 fans (people who like the fan page) on Facebook, they haven't really had any interaction with the fans. Most of the posts are infrequent picture of food, old menu with boring look, even the caption is not interesting to read and all have one thing in common: they don't call fans to action. Helmi don't answer to the bad” reviews” which is a function for visitors to rate a business. Until I was given the role as “moderator” of Helmi's fan page, I found out that Zhao Li has ignored the messages from the fans. The reasons for this is she is from China, so she is not familiar with the use of Facebook, also because she has no time to take a good care of the fan page. Helmi, on the other hand, has no Instagram account. They have never had discount or any interesting promotion ever. They don't use point cards and flyers was not taken into practice.

**4.3 Why one fails, why one succeeds?**

To remind you again, Mad Wok in 2017 has two branches: one main restaurant in Kamppi and other in Iso Omena. Plus, Mad Wok is expanding its third branches in the new shopping mall Ainoa of Tapiola,

Espoo, Finland. On the other hand, Helmi business has been going so bad that it is planning on a re-branding strategy by the end of 2017.



GRAPH 3. Comparison of marketing mix effectiveness between Mad Wok and Helmi

According to the comparison chart of marketing mix effectiveness between Helmi and Mad Wok, we can see that Helmi is losing to Mad Wok on every aspect. “Place” can be the most important “P” of the marketing mix. Mad Wok has the best places with the highest chance to reach to new customer. By choosing to be in food court in a main metro station and shopping center, Mad Wok has many chance to introduce themselves. Even return customers have higher chance to visit it because the metro station is convenient to travel to. Mad Wok’s second location in Iso Omena is another great choice for restaurant. According to Lansimetro (2017), the new metro Matinkylä will be open in the future with connecting route directly to Iso Omena shopping center. Iso Omena itself is a big shopping center in Espoo region. However, the lack of convenient transportation has block its opportunities to be a popular shopping center in the east side of Uusimaa region (Uusimaa consists of Helsinki, Espoo and Vantaa city). With the opening of Matinkylä metro station, traveling to the east will be much easier. As a result, the big flow of customer is expected to raise the business situation of all the store within it. Mad Wok will get positive affection from the opening of Matinkylä station.

Helmi's "Place" is its very big disadvantage.



FIGURE 4. Screenshot of Helmi restaurant taken from Google Map Street View

The current location of Helmi is Eerikinkatu 14, a busy street full of beautiful restaurants. It sounds like Helmi must be doing good business here. However, located near the center, about 400 meters from Mad Wok, Helmi is hidden behind the blocks of building. Looking at the picture captured by Google street view, it can be seen that in order to get into the restaurant, customers have to go through a tunnel of ten meters. In Finland, most buildings behind the main street are usually residential buildings, which is not a location for dining. Because of this, from the outside, it is hard for the passerby to recognize it as a restaurant. The billboard of Helmi, besides its name, has nothing really that can tell itself a restaurant. There is no point no matter how good and price is if no one recognizes a restaurant's existence.

In terms of "product", both Mad Wok and Helmi are doing a good job. Mad Wok instead of selling many Chinese dishes has been focusing on only four dishes: Twice cooked pork, Chicken and tofu, Eggplant and Sichuan fried beef. Before, Mad Wok used to have sour pork on the menu, but due to the low sale in this dish, Mad Wok decided to replace it with chicken dish, giving more meat options for customers to eat white meat. Helmi has good sushi, good BBQ Yakiniku and good hot dishes. However, although Helmi has good food quality, the variations in types of food may confuse customers. Helmi is not exactly a sushi restaurant, or noodles restaurant or even BBQ restaurant where it claims to have the biggest BBQ

Yakiniku. Thus, Helmi has different time period of the day for different food. If they can sell everything all day, will there be a chance that their business will get better?

Mad Wok has suitable price for their food. Being a part of 6K food court, Mad Wok is supposed to follow the average price of the place: 10 Euro. As mentioned in previous part, 10 Euro is a popular price for a meal in Helsinki. By setting this price, Mad Wok delivers a message to the customers that its food is definitely better qualified than fast food like burger and therefore more healthier and is not listed as junk food.

Helmi's price strategy has been a burden to the rent that the owner has to pay monthly. Since Helmi is a whole building consisting of three floors, the rent is enormous. The decoration of Helmi is also expensive. Mrs. Zhao said that the piece of brick on the floor (about 30 square centimeters per piece) costs her 20 euro. It is unreasonable that lunch sushi buffet is only 10 euro, even cheaper than smaller restaurant (about 12 euro). In the evening, the a la carte menu is expensive. Putting cheap food together with expensive food, Helmi confuses people who want to try it out.

Mad Wok and Helmi's promotion are both unsatisfying. While the world business depends so much on marketing, both restaurant focus too much on the product and forget to spread its reputation on the internet. They all have too few interactions with the fans. There is rarely any promotion, mini game with content explaining their food. Mad Wok even don't show their menu on Facebook. Helmi is more active. However, they only post pictures with very boring content. Besides digital marketing, there are no direct marketing like giving flyers and food testing booth. Mad Wok appears to have taken part in some festivals in the summer of 2017. This activity can be considered as marketing because they had a place in a festival area where there are thousands of customers but only a few food sellers are allowed. Helmi has its way to boost the sales by having personal sales with the Korean travel agency which agreed to take their tourists to Helmi for lunch.

TABLE 1. Summary of Mad Wok and Helmi marketing mix

	Mad Wok	Helmi
<b>Place</b>	-Located at excellent busy dining point. -Available on online distributions like Wolt and Foodora.	-Hidden location behind busy street. -Very bad UX, UI making itself unrecognizable.
<b>Product</b>	-Good food quality.	-Good food quality.

	<ul style="list-style-type: none"> <li>-Simple and consistence menu.</li> <li>-Meeting the needs of customer who want fast slow cooked food nearby convenient shopping centers and main metro station</li> </ul>	<ul style="list-style-type: none"> <li>-Unreasonable menu.</li> <li>-Confusing unrelated product.</li> </ul>
<b>Price</b>	<ul style="list-style-type: none"> <li>-Reasonable pricing.</li> <li>-Average price has rated its food to be higher quality and other fast food nearby.</li> </ul>	<ul style="list-style-type: none"> <li>-Price are various from low to high.</li> <li>-Many price levels have confused the budget of customers.</li> <li>-Some food should raise the price to keep the same price level with the other.</li> <li>-A la carte menu seems overprice.</li> </ul>
<b>Promotion</b>	<ul style="list-style-type: none"> <li>-Lack of marketing activities.</li> <li>-Selling at festivals is a plus but very seasonal.</li> <li>-No promotional like discount or free giveaway.</li> <li>-Well taken care of customer's review.</li> <li>-Facebook message is reply instantly.</li> </ul>	<ul style="list-style-type: none"> <li>-Lack of good content.</li> <li>-No promotional like discount or free giveaway.</li> <li>-Has no Instagram account.</li> <li>-Badly taken care of customer's bad review on Facebook.</li> <li>-Reply late or ignore customer's message very often</li> </ul>

## **5 REBRANDING**

In 2015, Google reorganized and changed their company name from Google to Alphabet. In short, this is a typical example of rebranding.

### **5.1 A risk to change**

Creating a new look and feel for an established product or company is called rebranding. Rebranding is part of marketing strategy that a new term, symbol, name, design is created in order to develop a new brand identity in the minds of customer, rivals, investors and stakeholders. Some popular rebranding activities are changing the company's name, logo, advertising theme. The aim of rebranding is to reposition the brand. Mostly this helps to distance the company from its previous negative image from the past, to reflect a change in focus or simply to send a message to change the perception on the product and service it is revitalizing.

A brand differentiates from competitors by changing their logo to going green. In order to attract more customers and draw more good talents to the work, it is important to tell yourselves apart from the competitors. This need is more necessary when some of the business markets are saturating.

### **5.2 Case study: My plan for Helmi's rebranding and new marketing mix**

In this part, a plan for Helmi's rebrand based on its marketing mix will be analyzed followed by a SWOT analysis.

#### **5.2.1 SWOT analysis**

SWOT analysis is a popular tool to analyze the internal strength, weakness, opportunity and external threats and is a structured planning methodology evaluating those four elements of an organization, project or business. Through the analysis, the team can decide how to improve the product that meets customer's demand and win over competitor.



**Strength:**

Helmi has its advantage of the size of building. Before it was Helmi, the facilities were used to be a bar. With its two giant floors (700-meter square in total), Helmi is very suitable to serve services that usually have many customers like buffet, hosting events and conference. The big size is also convenient for changing or adding decoration material. The other strength of Helmi is having the biggest Japanese BBQ that can serve up to 60 people.

**Weakness:**

The location of Helmi is definitely the most troublesome weak points. It is hard to catch attention of the passerby. Ignorance in decoration of billboards, name board and menus of the front gate contribute more to the failure of UX/UI. Having lack of experience team in marketing, Helmi has few interactions on social media with its “fan”.

**Opportunity:**

Yakiniku Japanese BBQ is new in Finland. Having the largest space and most BBQ devices in number, Helmi can serve not only individual customer but also groups, especially in hosting event.

**Threat:**

It takes time for Finnish people to try something new. Japanese BBQ, especially do-it-yourself Asian BBQ is not even popular in Europe. Plus, competition in sushi buffet is huge in Helsinki. The variety in the type of food that Helmi offers may confuse the customers: “This is a sushi buffet restaurant or BBQ one or a la carte one?”

**5.2.2 Helmi’s rename and new marketing mix**

As the business has been down after a year since its opening, the owner of Helmi decided to change the restaurant’s name as well as improving what it failed to deliver. Since August to present I am working for Helmi on planning for its rebranding.

“Helmi” in Finnish language is “pearl”/ “gem”. The name Pearl is least likely related to a restaurant selling Japanese food. As most business names itself with the product it is selling, Helmi failed by the naming itself. Therefore, to find a suitable name for Helmi, we have to dig into the unique selling point,

what Helmi has but others don't: The Japanese BBQ. In fact, Helmi has the biggest Japanese BBQ can serves up to 60 customers. In Japan, the type of BBQ that many people gather around a special table with the grill hole amid is called Yakiniku. As a result, we decided to use the name Yakiniku as Helmi's new name.

The first thing we took action the rebranding plan is have a new logo. By September 2017 we have already have an artist design a logo for Yakiniku. The logo has a name Yakiniku in front of the red round shape that stands for the sun. Since most of the sushi brand in Finland has dark tone, we want to differentiate Yakiniku from the mainstream by choosing bright color for the background.

Changing the name is not enough. It is time to make old customer know about it and also revive Helmi into a brand that more people will love. I will go into more details with a brief marketing mix / 4Ps marketing plan:

**Place:**

If Helmi were in a different location, somewhere like the front of the street that it is now, things could be brighter. But that is not realistic due to the rent contract and starting over again with decoration for a new location is extremely complicated. Therefore, my plan for Helmi is to increase the brand awareness through better billboard outside. The main point is to make the passerby recognize its existence when they walk along the street. As I stated in part 4.3, Helmi is hidden behind a tunnel. The billboard is too simple and unrelated to its logo and lack of information about the restaurant. With the new name Yakiniku, here are some of the things to be done:

- Having the name sign board made using the same guidelines that the logo designer suggests. The background behind the logo is a hand painted picture of meat and the special table. This sign name board will be used exactly for the new name card and menu design.
- There will be two standees in front of the tunnel: one standee with clear information about the lunch buffet including price, type of food, open hours and happy hour (special discount for lunch buffet from 2-4 PM); the other standee is about the evening food with similar information. Both standee will be designed with the same tone and mood like
- The old tunnel was painted with yellow color. To catch the passerby attention, we hired an art student to paint inside it with picture of Japanese elements: sushi, ramen, sumo men, Tsunami wave, rising red sun, etc. However, as the painting came to 90% completion, the rent company

requested us to remove the painting, while they have already agreed before. To make an alternative to that painting, we will print a giant banner. The banner will be hung on the wall, which will not be against the rule of the rent company.

- In the wall in the front, we bought an advertising LCD display (about 60 inches) to showcase all the food on the menu and the interior of the restaurant.



FIGURE 5. The new look of Helmi - Yakiniku (update on 17 November 2017)

### Product:

Because a la carte menu and BBQ Yakiniku are quite expensive compared to the average food price in Helsinki, we need to update the price of lunch buffet from its current price (10 euro) to between 12 - 13 euro. The quality of the lunch buffet, therefore, is upgraded with more food. We have already received our order from China with grilling machine. The new lunch buffet will have grilled meat called Yakitori (grilled chicken), many types of noodle soup and more desserts.

We hired a photographer to take pictures of all the food we will serve in the evening. The menu design also goes with bright color as theme new main theme. These pictures are also put the advertising LCD display in front of the main entrance.

**Price:**

Accept for the increase of price in the lunch buffet, everything else will remain the same. The old menu for a la cart and BBQ has already received good reviews from current customers.

**Promotion:**

There are many restaurants today. Competition is huge and severe. Having a good location, good food and good price doesn't commit the success enough. Obviously, any organization is thriving to make better product with competitive price. Therefore, promotion activities are the most vital element to spread your reputation to the audience - the customers. For Yakiniku, we will focus and spend our budget on marketing activities.

During the opening time about 2 months, we aim to focus on gaining new customer. In term of social media, we will design big discount and giveaway promotion event. These promotions required the Facebook users to "tag" their friends in the promotion post, like the fan page and share the promotion. In every two, there is a promotion. For those who don't win but commented in the promotion post, we will send them a code or coupon to the Facebook message with small value discount and cheap giveaway dish that won't affect our sales. Besides Facebook, similar promotion can be done on Instagram.

For the promotion the reach more people outside the social media, we will give discount coupon, for example, to the first 10 customers who come to our restaurant to have the new lunch buffet and "check-in" on any social media platform (Facebook, Twitter, Instagram, TripAdvisor, etc.). Also, when paying for the lunch, they can get a chance to have lucky draw for discount coupon that we have printed randomly in a box. Even if they cannot use the coupon, they can give it to friends and family.

Helmi currently has around 4600 fans on Facebook. When the page is changed to the new name Yakiniku, we will use a third-party software to message all the fans who liked the page about our changing name activities. The message will include all the information about the new buffet, new menu and thanking words for their loyalty. Certainly, the message comes with a discount coupon. This will please the fans and encourage them to try out the new service.

## 6 CONCLUSION

The thesis provides and discusses the basic guide in marketing mix for a startup restaurant. It is the result of years of experience from prestigious people in Food and Beverage marketing industry and my personal experience as an account executive in marketing agency as well as the time working in restaurants in Finland. Four elements of marketing mix have been analyzed. There are tips and tricks included at the end of every “P”. Those are taken from real experience and therefore can be taken into practice immediately.

It can be referred that “product, place, price and promotion” needs to be balanced. Good food can make up for bad location or high price. Cheap price and good service can make up for location and idled social media marketing and etc. In some other cases, however, the core product is still the most important. Cheap price, good location or good marketing can never save bad food and bad unfriendly service.

With the case study of Mad Wok and Helmi, I have analyzed their situation and achievement. The case study provides a brief picture of activities how a restaurant succeeds or fails. Based on the SWOT analysis for Helmi, a plan for its rebranding activities was made and is still going on in the end year of 2017.

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