

Marketing Foodservice

Enduring Understanding

- Marketing is more than advertising and promoting products or services.
- Marketing involves determining customer wants and needs and designing products/services that will be profitable and meet those wants/needs.

Learning Objectives

After reading and studying this chapter, you should be able to:

1. Define core marketing terms such as *marketing mix*, *target market*, *market segmentation*, and *promotion*.
2. Develop a marketing plan for a foodservice operation.
3. Describe ways a market may be segmented, based on demographic, geographic, or psychographic characteristics.
4. Compare and contrast the characteristics of service.
5. Participate in strategic marketing planning.

Marketing has become a philosophy and a way of doing business in many industries, including the foodservice industry. In this chapter, you will see that marketing is much more than advertising and selling. You will be introduced to basic marketing concepts and definitions and will learn strategies and techniques that foodservice managers can use to develop a strong marketing program for their operation.

Managers in all types of foodservice operations, whether commercial or onsite, recognize marketing as a component of management. Marketing is an integral component of the management functions that transform inputs into outputs (see Figure 14-1). Marketing, long defined in terms of a product, now includes a much stronger emphasis on the consumer. Achieving customer satisfaction as an output of the foodservice system depends in part on the success of a foodservice manager's ability to apply marketing principles in his or her operation.

DEFINITION OF MARKETING

Marketing has been defined in many ways. The American Marketing Association, the professional association for those interested in the marketing discipline, defines **marketing** as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value to customers, clients, partners, and society at large" (see www.ama.org). Kotler, Bowen, and Makens (2014)

Marketing

Activities that facilitate satisfying customers through creation, distribution, promotion, and pricing of goods, services, and ideas.

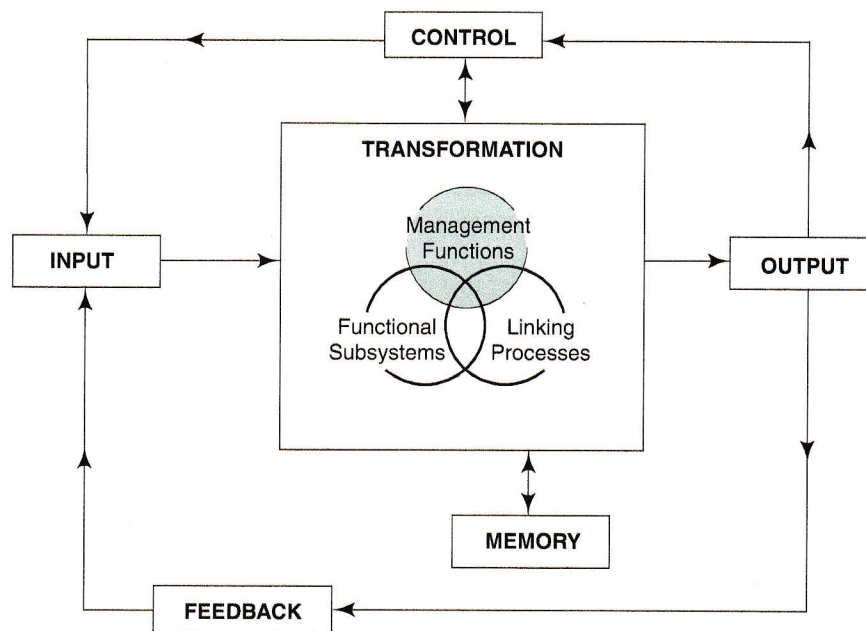


FIGURE 14-1 Foodservice systems model.

described marketing as a five-step process that first creates value for customers and builds relationships with customers which then captures value from customers in return. Their five-step process includes the following:

- Understand the marketplace and customer wants and needs
- Design a customer-driven marketing strategy
- Construct an integrated marketing program that delivers superior value
- Build profitable relationships and create customer delight
- Capture value from the customers to create profits and customer equity

Marketing Products

Many activities are needed to market products or goods. Producers, sellers, and buyers of products are all involved in marketing. Because of escalating costs in products and labor in the past decade, noncommercial foodservice managers have become cognizant of the value of using marketing principles. Competition for survival has become a priority for healthcare organizations, universities, and other institutions. Commercial foodservice managers learn early to be competitive because of the high failure rate of restaurants.

For an *exchange* to occur between two or more individuals or organizations, each must be willing to give up “something of value” for “something of value” (Pride & Ferrell, 1997). Both the buyer and seller have to communicate with each other to make their “something of value” available, as shown in Figure 14-2. In most situations, the seller has products, and the buyer has financial resources such as money or credit. In an exchange, products are traded for other products or money. The exchange must be satisfying to both the buyer and the seller. The buyer must be pleased with the product received from the seller and the seller with the reimbursement.



FIGURE 14-2 Value exchange between seller and buyer.

MARKETING CONCEPT

The *marketing concept* is a management philosophy about how an organization views customers and the sale of their product. In marketing terms, a *product* is a good, service, or idea. Kotler, Bowen, and Makens (2014) categorize marketing philosophies into five concepts:

- **Production concept.** Based on the belief that customers favor products that are available and highly affordable; thus, companies should focus on production and distribution efficiency.
- **Product concept.** Based on the belief that customers prefer products that offer the most quality, performance, and innovative features; thus, companies should focus on continuous product improvement.
- **Selling concept.** Based on the belief that customers will not buy enough of the organization's product unless the organization undertakes a large selling and promotion effort; thus, organizations should focus on getting the sale, not on customer satisfaction.
- **Marketing concept.** Based on the belief that organizations should determine the needs and wants of target markets and deliver desired satisfaction more effectively and efficiently than competitors.
- **Societal marketing concept.** Based on the belief that organizations should determine needs and wants of target markets and deliver desired satisfaction more effectively and efficiently than competitors in a way that maintains or improves the consumer's and society's well-being.

Evolution of Marketing

Satisfying customers has not always been the philosophy of business. This concept was preceded by the production and sales eras. During the late 1800s, the industrial revolution marked the beginning of the modern concept of marketing. With mass production, better transportation, and more efficient technology, products could be manufactured in greater quantities and sold at lower prices. In the initial stages of the industrial revolution, output was limited, and marketing was devoted to the physical distribution of products. Because demand was high and competition low, businesses did not have to conduct consumer research, modify products, or otherwise adapt to consumer needs. The production era of marketing had the goal of increasing production to keep up with demand (Evans & Berman, 1996).

Once a company was able to maximize its production capabilities, it hired a sales force to sell its inventory. The sales era began in the 1920s, as businesses sought to alter customers' desires to accept the products being produced. Business executives decided that advertising and sales were the major means of increasing profits.

By the early 1950s, business executives recognized that efficient production and promotion of products did not guarantee that customers would buy them. The marketing era began with the creation of the marketing department to conduct consumer research and advise management in how to design, price, distribute, and promote products. During the past 20 years, marketing managers have been represented on organizations' decision-making teams because of their ability to conduct consumer research.

Competition is intense, and companies must draw sophisticated customers to their products and retain them (Evans & Berman, 1996). According to Pine (1993), a company's competitive edge is found in the concept of mass customization, which is the development, production, marketing, and delivery of affordable goods and services with enough variety that most people will find exactly what they want. For example, Burger King's advertising campaigns have included anti-mass-production slogans such as "Have It Your Way!" and "Sometimes You've Gotta' Break the Rules." The marketing concept, with its emphasis on satisfying the customer, thus forms the basis of the marketing era.

Marketers must have a good understanding of customer satisfaction and loyalty to be successful. Harrell (2002) defined **customer satisfaction** as a customer's positive, neutral, or negative feelings about the value received from a product. **Customer loyalty** refers to the frequency with which a customer consistently purchases a specific brand.

Customer satisfaction

Positive, neutral, or negative feelings about the value received from a product.

Customer loyalty

Frequency with which a customer consistently purchases a specific brand.

Implementation of Marketing

Once the management of an organization has adopted a marketing philosophy, the development and implementation of that philosophy is based on the marketing concept. According to Lewis, Chacko, and Chambers (1997), the marketing concept derives from the premise that the customer is king, has a choice, and does not have to buy the product. Thus the best way to earn a profit is to serve the customer better.

The marketing concept affects all types of business activities and should be adopted entirely by top-level management. These executives must incorporate the marketing concept into their personal philosophies of business management so completely that customers become the most important concern in the organization. Support of managers and employees at all levels of the organization is required for implementation of the marketing concept (Pride & Ferrell, 1997).

First, management must establish an information system to determine the customers' real needs and use the information to develop products that satisfy them. This is expensive and requires money and time to make the organization customer oriented. Second, the organization must be restructured to coordinate all activities. The head of the marketing department should be a member of the top-level management team in the organization (Pride & Ferrell, 1997).

Problems can occur with this new marketing approach. Most operations cannot make products specific to the needs of each customer in our mass-production economy. Regardless of the great amount of time and money spent for research, products still are produced that do not sell. Occasionally, satisfying one segment of the population makes another dissatisfied. Limited-menu restaurants realized early that one menu would not appeal to all members of a family.

MARKETING MANAGEMENT

Marketing management is a process of planning, organizing, implementing, and controlling marketing activities to facilitate and expedite exchanges effectively and efficiently (Pride & Ferrell, 1997). The managerial functions in the transformation element of the foodservice system have an important role in marketing management. **Effectiveness** refers to the degree to which an exchange helps to achieve an organization's objectives; the quality of the exchanges may range from highly desirable to highly undesirable. **Efficiency** refers to the minimization of resources that an organization must spend to achieve a specific level of desired exchanges. Pride and Ferrell (1997) summarized these definitions by stating that the overall goal of marketing management is to facilitate highly desirable exchanges and to minimize, as much as possible, the costs of doing so.

To achieve the goal of facilitating and expediting desirable exchanges, marketing management is responsible for developing and managing marketing strategies. Strategy encompasses key decisions for reaching an objective. A **marketing strategy** pertains to the selection and analysis of a group of people, identified as a target market, which the organization wants to reach; it includes the creation and maintenance of an appropriate marketing mix that will satisfy those people. It is the marketing logic by which the company hopes to create customer value and achieve a profitable relationship (Kotler et al., 2014).

Marketing Mix

To manage marketing activities, managers must deal with variables relating to the marketing mix and the marketing environment. The **marketing mix** is defined as the specific combination of marketing elements used to achieve an organization's objectives and satisfy the target market (Evans & Berman, 1996). The marketing mix decision variables are product, price, place, promotion, and other factors over which an organization has control. These variables are constructed based on buyer preferences. The **target market** is a group of persons for whom an organization creates a marketing mix that specifically meets the needs of that group (Pride & Ferrell, 1997). The marketing environment variables are political, legal, regulatory, societal, economic, competitive, and technological forces. Many decisions must be made concerning the activities required for each element included in the mix.

Effectiveness

Doing the right things.

Efficiency

Doing things right.

Marketing strategy

Creating and maintaining an appropriate marketing mix that will satisfy target market.

Marketing mix

Combination of product, price, place, and promotion to satisfy target market.

Target market

Customer with common characteristics for which an organization creates products/services.

Product

Good, service, or idea.

New product

Innovation that has not been served commercially.

New to the chain

Products new to one chain that are imitations of successful products offered by another chain.

Price

Amount paid for product or service.

Promotion

Use of communication to inform and influence consumers.

Place

Location where product and/or services are provided.

Marketing environment

Forces outside the organization that influence marketing activities and exchanges.

PRODUCT A **product** can be a good, a service, or an idea (Hsu & Powers, 2002). Even though the manufacturing of products is not a marketing activity, research on customer needs and product designs is. Product decisions focus on which products to develop, which current products to promote, and which products to discontinue. The term **new product** means it is a genuine innovation because it has not been served commercially (such as the McGriddle® syrup-infused pancake). Products referred to as **new to the chain** such as Chicken McNuggets® are really an imitation of a successful product offered by another chain, such as KFC's chicken nuggets.

PRICE **Price** is the amount of money charged for a product and is the only marketing mix element that produces revenue for the company. Pricing decisions are influenced by internal factors such as marketing objectives, marketing mix strategies, and costs and by external factors such as competition, government regulations, and the economy. Marketing managers usually are involved in establishing pricing policies for various products because consumers are concerned about the value obtained in the exchange. Price is a critical component of the marketing mix and often is used as a competitive tool. Price also helps establish a product's image. The goal is to set the price at a point that customers perceive value, yet the company achieves the volume and profit it desires.

PROMOTION This element is used to facilitate exchanges by informing prospective customers about an organization and its products. **Promotion** is used to increase public awareness about a new product or brand; also, it is used to renew interest in a product that is waning in popularity. Lewis, Chacko, and Chambers (1997) define *promotion* as marketing communication that serves specifically as an incentive to stimulate sales on a short-term basis. The foodservice industry is one of the largest advertisers in the United States. The strategic change in foodservice promotion took place in the 1980s, when advertising increased four times over the previous decade. The level of advertising in the quick-service restaurant has become quite large—McDonald's spends nearly \$6 billion on marketing each year. Major promotion tools include advertising, sales promotion, personal selling, public relations, and direct marketing (Kotler, Bowen, & Makens, 2014).

PLACE In marketing, **place** refers to the location, the place where food or services are offered. Increasingly, food is prepared elsewhere. Food manufacturers are preparing, packaging, and distributing menu items for restaurants and contract companies. Each is intruding on the turf of others, making foodservice competitive. Many foodservice operations are downsizing traditional distribution operations to fit into kiosks and mobile carts that are much less expensive. Baskin Robbins ice cream is being sold from kiosks in malls and airports, and Pizza Hut is delivering pizza to several thousand school lunch programs and hospitals. Customers have many options to purchase food when they are away from home.

Environmental Forces

As shown in Figure 14-3, the **marketing environment** surrounds the buyer and the marketing mix. Political, legal, regulatory, societal, economic, competitive, and technological forces

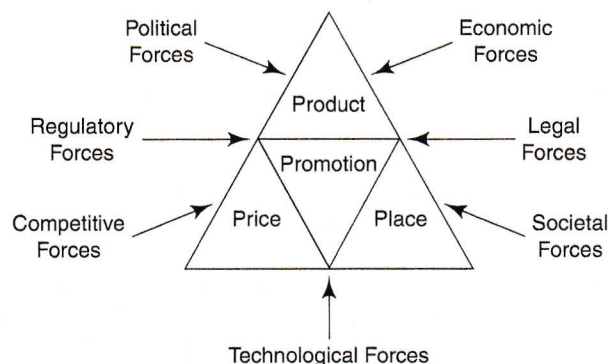


FIGURE 14-3 Environmental forces impacting the marketing mix.

in the environment affect the marketing manager's ability to facilitate and expedite change. The marketing environment influences customers' preferences and needs for products. These forces also directly influence how a marketing manager should perform certain marketing activities. Finally, a manager's decisions may be affected by environmental forces that influence customers' reactions to the organization's marketing mix.

Political forces influence the country's economic and political stability and decision making, which in turn affects domestic matters, negotiation of trade agreements, and determination of foreign policy. Political trends can have tremendous impact on the hospitality and health-care industries. Organizations such as the National Restaurant Association, American Hotel and Lodging Association, Academy of Nutrition and Dietetics, and School Nutrition Association maintain lobbyists in Washington, DC.

Legal forces are responsible for legislation and interpretation of laws. Marketing is controlled by numerous laws designed to preserve competition and protect the consumer; interpretation of laws by the marketers and courts has a great effect on marketing mix components.

Local, state, and federal regulatory forces develop and enforce regulations that can affect marketing decisions. Quite often, regulatory agencies, especially at the federal level, encourage industries to develop guidelines to stop questionable practices. Industry leaders usually cooperate to avoid government regulations. Individual industries and trade organizations also put regulatory pressures on themselves and their members.

Societal forces cause marketers to be responsible for decisions. Thousands of consumer groups have been formed to discuss such issues as environmental pollution and the use of pesticides on fruit and vegetable crops. Consumer groups also have been active in discussions on food labeling.

Economic forces have a major influence on competition, which is affected by the number of industries controlling the supply of a product, the ease by which a new operation can enter the industry, and the demand for the product relative to the supply. Demand is determined by buyers' abilities and willingness to purchase.

Technological forces have an impact on everyday living, influencing consumers' desires for products and the stability of the marketing mix. The technologies of communication, transportation, computers, and packaging influence the types of products being produced.

Managers must be able to adjust marketing strategies to major changes in the environment. If they want to develop effective strategies, managers must recognize the dynamic environmental forces that cause marketing problems and opportunities.

Market Segmentation

Swinyard and Struman (1986) stated that separating customers into "natural" market groups provides the basis for successful strategy development in marketing a restaurant. **Market segmentation** is the process of dividing a total market into groups of people with similar needs, wants, values, and buying behaviors (Harrell, 2002). A market, in the context used here, is not a place but rather a group of people; as individuals or organizations, the group needs products and possesses the ability, willingness, and authority to purchase them. A market segment is a mixture of individuals, groups, or organizations that share one or more characteristics, which causes them to have similar product needs.

In a homogeneous market, which consists of individuals with similar product needs, a marketing mix is easier to design than one for a heterogeneous group with dissimilar needs. Choosing the correct variable for segmenting a market is important in developing a successful strategy. Variables have been grouped into four categories for the segmentation process: geographic, demographic, psychographic, and behavioristic. Examples of each are shown in Table 14-1.

GEOGRAPHIC VARIABLES Geographic variables include climate, terrain, natural resources, population density, and subcultural values that influence customers' product needs. In addition, the size of the region, city, county, or state and whether the area is urban, suburban, or rural have an effect on the market. Population in these areas, customer preferences, and spending patterns also need to be considered in marketing decisions. As an example of geographical variables, Cajun food, which is part of the culture in Louisiana, has been accepted in New York City and in California. The astute foodservice manager knows when and where to introduce such food items on the menu by doing a market analysis before making a decision.

Market segmentation

Division of total market into groups of customers who have similar needs, wants, values, and buying behavior.

Geographic variables

Factors of a geographic area that influence customer product needs.

Table 14-1 Major Segmentation Variables for Consumer Markets

Variable	Typical Breakdown
Geographic	
Region	Pacific, Mountain, West North Central, West South Central, East North Central, East, South Central, South Atlantic, Middle Atlantic, New England
City or metro population	Under 5,000; 5,001–20,001; 20,001–50,000; 50,001–100,000; 100,001–250,000; 250,001–500,000; 500,001–1,000,000; 1,000,001–4,000,000; 4,000,001 or over
Density	Urban, suburban, ex-urban, rural
Climate	Northern, southern
Demographic	
Age	Under 6, 6–11, 12–19, 20–34, 35–49, 50–64, 65+
Gender	Male, female
Family size	1–2, 3–4, 5+
Family life cycle	Young, single; young, married, no children; young, married, youngest child under 6; young, married, youngest child 6 or over; older, married, with children; older, married, no children under 18; older, single; other
Income	Under \$20,000; \$20,001–\$30,000; \$30,001–\$50,000; \$50,001–\$100,000; \$100,001–\$250,000; \$250,001+
Occupation	Professional and technical; managers, officials, and proprietors; clerical, sales; craftspeople, foremen; operatives; farmers; retired; students; housewives; unemployed
Education	Grade school or less, some high school, high school graduate, some college, college graduate
Religion	Catholic, Protestant, Jewish, Muslim, Hindu, other
Race	White, Black, Asian, Hispanic
Generation	Baby boomer, Generation, Millennial
Nationality	North American, South American, British, French, German, Italian, Japanese, other
Psychographic	
Social class	Lower-lower class, upper-lower class, working class, middle class, upper-middle class, lower-upper class, upper-upper class
Lifestyle	Straights, swingers, longhairs
Personality	Compulsive, gregarious, authoritarian, ambitious
Behavioristic	
Occasions	Regular occasion, special occasion, holiday, seasonal
Benefits	Quality, service, economy, convenience, speed
User status	Nonuser, ex-user, potential user, first-time user, regular user
Usage rate	Light user, medium user, heavy user
Loyalty status	None, medium, strong, absolute
Readiness stage	Unaware, aware, informed, interested, desirous, intending to buy
Attitude toward product	Enthusiastic, positive, indifferent, negative, hostile

Source: *Marketing for Hospitality and Tourism*, 6th ed., by Kotler, Bowen, and Makens © 2014. Reprinted by permission of Pearson Education, Inc., Upper Saddle River, NJ.

DEMOGRAPHIC VARIABLES Demographic variables consist of population characteristics that might influence product selection, such as age, gender, race, ethnicity, income, education, occupation, family size, family life cycle, religion, social class, and price sensitivity. Only those demographic variables pertinent to the population segment under consideration must be ascertained.

PSYCHOGRAPHIC VARIABLES Psychographic variables include many factors that can be used for segmenting the market, but the most common are motives and lifestyles. When a market is segmented according to a *motive*, it recognizes the reason a customer makes a purchase. *Lifestyle* segmentation categorizes people according to what is important to them and their mode of living.

A useful classification system for segmenting customers in terms of a broad range of lifestyle factors is the **Values and Life-Styles (VALS™)** research program, which is sponsored by Strategic Business Insights (see www.strategicbusinessinsights.com). The current version of the program seeks to predict customer behavior by defining segments, based on resources and primary motivation.

Resources include the psychological, physical, demographic, and material means and capabilities that people have. Resources are viewed on a continuum from low to high. Motivation is viewed on a continuum from low to high innovation and is divided into three components in the VALS model:

- **Ideals.** Consumers make choices based on their knowledge and principles.
- **Achievement.** Consumers make choices based on what they perceive will show their success to their peers.
- **Self-expression.** Consumers make choices based on a desire for social or physical activity, variety, or risk.

Combining the dimensions of resources and primary motivation results in the categorization of consumers into one of eight groups. These groups are defined by Strategic Business Insights (see www.strategicbusinessinsights.com) as follows:

- **Innovators.** Highest level of resources and motivation. They are characterized as change leaders who are active consumers and receptive to new ideas and technologies. They tend to prefer upscale, niche products and services.
- **Thinkers.** These consumers are characterized as mature, reflective, well-informed individuals who are motivated by ideals. They value order, knowledge, and responsibility and base decisions on their principles. Although their income allows abundant choices, they tend to look for durability, functionality, and value in products they purchase.
- **Achievers.** These individuals have high levels of resources and are motivated by achievement. They are characterized as work-oriented, conservative, and value-conscious consumers who favor established, prestige products that demonstrate success to their peers.
- **Experiencers.** These consumers have high levels of resources and are motivated by self-expression. They seek variety, excitement, and new and risky activities. They tend to be young, impulsive, and rebellious individuals who spend their time in exercise and outdoor activities and much of their income on products such as fashion, entertainment, and socializing.
- **Believers.** These consumers have low amounts of resources and are motivated by ideals. They tend to be conservative, follow established routines, and organize their lives around home, family, and social or religious organizations. They favor American products and established brands.
- **Strivers.** These consumers have limited resources and are motivated by achievement. They often emulate those who own more impressive possessions, but usually lack the financial resources to purchase what they would like.
- **Makers.** These consumers have limited resources and are motivated by self-expression. They are characterized as practical, self-sufficient, and traditional. They experience the world by working on it (e.g., by building a house, fixing a car, canning vegetables). They purchase products that have practical or functional purpose.
- **Survivors.** These consumers have the lowest resources and motivation. They are very cautious consumers whose chief concerns are for security and safety. They are loyal to favorite brands purchased at a discount.

Demographic variables

Personal characteristics that might influence product selection.

Psychographic variables

Motives and lifestyle characteristics.

Values and Life-Styles (VALS) program

Classification system for segmenting customers by demographic and lifestyle factors.

BEHAVIORISTIC VARIABLES Behavioristic variables are the basis of some feature of consumer behavior toward and use of a product. They include variables such as purchase volume, purchase readiness, loyalty, and shopping behavior. To satisfy a specific group of customers, a special product might need to be produced, such as caffeine-free diet cola. How the customer uses a product also may determine segmentation. Frozen menu items, for example, are being packaged in single servings to meet the needs of people living alone.

Global Market Segmentation

Many large foodservice companies have been involved in global marketing for decades. Many of the market segmentation strategies are similar, but there is a realization that within and between country differences need to be considered as well. According to Wind and Douglas (2001) each country has differing cultural and social patterns and differing levels of economic and technology development that all impact buying patterns. They suggest that international market segmentation should involve both categorization at the macro, country level and the micro, individual consumer level. The authors described bases for segmentation at the country level as follows:

- General Country Characteristics
 - Geographic location (Asian countries differ from African)
 - Population demographics (age, racial diversity)
 - Level of socioeconomic development (type of products that will be purchased will differ based on the economic development in the country)
 - Cultural characteristics (importance of family, status of women, differing ethnic and religious belief structures, aesthetic aspects such as color, functionality)
 - Political forces (degree of government control of purchasing, role and position of decision maker)
- Situation-Specific Country Characteristics
 - Economic and legal constraints (government support for types of products sold, tariffs and taxes, patent agreements, quality standards/controls, regulation of consumer credit)
 - Market conditions (competition, business attitudes, product life cycle, technology, nature of intermediate marketing organizations, number and size of retail outlets)
 - Product-bound culture and lifestyle characteristics (personal values for material possession, amount of and how free time spent)

Benefit and ethnic segmentation also are more common within global market segmentation. Benefit segmentation focuses on the benefits a product offers, the problems it solves, or the issues it addresses. Ethnic segmentation focuses on segmentation based on ethnicity and cultural differences.

Customer Relationship Management

In addition to segmenting the market, managers are identifying specific characteristics of their customers. Often termed *customer relationship management*, this practice involves using a computerized database to store purchasing and other point of contact information about a customer. Pizza Hut, for example, stores information on what items a customer orders by phone, whether coupons were used, and address and telephone information. Employees then access that information when a person calls and can offer similar products for customer purchase consideration.

Niche Marketing and Micromarketing

Newer strategies for market segmentation are niche marketing and micromarketing. Niche is a narrowly defined portion of the market with unique interests or characteristics. **Niche marketing** focuses on identifying small but profitable segments of the market and making products specifically for this segment. **Micromarketing** is marketing to the single customer, the smallest niche.

Niche marketing

Marketing focused on products for small but profitable segments of the market.

Micromarketing

Marketing to the single customer.

Social Media Marketing

Social media marketing is a form of Internet marketing that focuses on marketing through social media networks. Social networking sites and smart phone apps are providing an effective way for many foodservice managers to reach out to current and potential customers. Facebook, Twitter, YouTube, and Web site blogs in particular have proven effective ways for restaurants to reach a mobile, technology-linked customer market.

Social media marketing

Form of Internet marketing that focuses on marketing through social media networks.

Branding

A **brand**, according to the American Marketing Association (see www.ama.com), is “a name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers.” A brand could be a single item such as Big Mac, a family of items such as KFC chicken, or all items sold by a particular company, such as Sysco-labeled items. Brands often are identified by specific trademarked logos, colors, or symbols, such as the golden arches for McDonald’s and the red roof for Pizza Hut.

Brand

Name, term, design, symbol, or feature that identifies one seller’s good or service as different from another’s.

Brands can be nationwide companies with multiple locations or self-branded concepts at individual sites. Tu Mercado, for example, is a market-type operation self-branded by the foodservice management at University of San Diego. The operation offers organic, vegan, and vegetarian items (Ramsey, 2010).

A brand is more than just the logo or identifying symbol; it reflects many aspects of a foodservice operation, what types of foods will be offered, the quality of the food and service, the environment in which it will be served, the staff interaction, and many other characteristics of an operation. Hendrie (2011) suggests that a foodservice or restaurant manager should address 11 Ps when creating a brand:

- Principles—identify the values that will drive all business decisions, what the company will stand for
- Play—create a step-by-step narrative of the ideal guest experience
- Promise—determine the commitments to be made to customers for the experience they should expect
- Place—design the space to meet the brand promise
- People—instruct your staff as actors and understand your guest’s purpose in choosing this brand
- Production elements—create wow experiences
- Props—intentionally choose equipment and fixtures to create the planned experience
- Price—set pricing based on the value of the experience
- Promotion—communicate the brand experience
- Press—use public relations and marketing to create a “buzz” about the brand
- Performance reviews and prizes—evaluate performance and recognize and reward the desired staff performance behaviors

Brand loyalty, repeated customer purchasing of a specific brand, has become increasingly important in the foodservice and hospitality industries. Many organizations offer incentives and recognition programs to help foster brand loyalty. Earning frequent flyer miles that could be redeemed for a free airline flight was one of the first types of loyalty programs. Restaurant loyalty programs may include special seating, individualized menus, free foods or beverages, and coupons to regular customers.

Brand loyalty

Repeated customer purchase of a specific brand.

Brand equity is defined by Keller (2001) as the “differential effect of brand knowledge on customer response to the marketing of the brand.” A customer’s perceptions of various brands are based on what they have heard about and their experiences with the brands over time and they create value for the brand. In essence, the power of a brand is based on customer perceptions of that brand. Aaker (1996) suggested that brand equity consists of five components: brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary assets.

Brand equity

Value of a brand.

SERVICE MARKETING

In the definition of marketing used in this chapter, a *product* refers to a good, a service, an idea, or any combination of the three. A *good* is a tangible product that a customer can physically touch; a *service* is the application of human or mechanical efforts to people or objects. The most satisfactory definition of *service* is that given by Kotler (1996): A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything.

Manufacturing firms still exist, but services have replaced goods in the U.S. economy, accounting for 68% of the **Gross Domestic Product (GDP)** and four out of five jobs (www.ustr.gov, 2014). Several reasons for this growth in the services sector are apparent. The United States now is an information rather than an industrial society; services are the primary material of an information society. Services are no longer by-products in a manufacturing or production process but often are the products. A third reason is the prosperity in the United States that has led to growth in financial, travel, entertainment, and personal-care services. Lifestyle changes, such as more women in the workforce, have created increased demand for child care, domestic, and other time-saver services including meal preparation. The elderly require increased healthcare services, and at the same time the younger population demands increased fitness and health maintenance services. The technology explosion has created more complex goods that require servicing and repair; the business environment is more specialized, justifying more business and industrial services.

Lewis, Chacko, and Chambers (1997) emphatically stated that marketing and management in a service business, such as the hospitality industry, are one and the same. Zeithaml, Bitner, and Gremler (2006) stressed that marketing services presents issues and challenges not faced when marketing manufacturing and packaged goods. Service marketing requires different strategies and tactics.

Characteristics of Services

Zeithaml, Parasuraman, and Berry (1985) and Zeithaml, Bitner, and Gremler (2006) stated that the problems of service marketing are not the same as those of goods marketing. A look at the four basic characteristics of service marketing—intangibility, inseparability of production and consumption, perishability, and heterogeneity—explains why services generally are sold before they are produced, and goods generally are produced before they are sold (Berry & Parasuraman, 1991; Zeithaml, Bitner, & Gremler, 2006). Moreover, services marketing has a more limited influence on customers before purchase than goods marketing.

INTANGIBILITY Generally, **intangibility of services** is defined in terms of what services are not; they cannot be seen, touched, tasted, smelled, or possessed (Pride & Ferrell, 1997; Zeithaml, Bitner, & Gremler, 2006). Services are performances and, therefore, intangible; products are tangible. Services, however, have a few tangible attributes. Atmospherics is an example of a tangible attribute and has been used as a marketing tool for many years.

Atmospherics describes the physical elements in an operation's design that appeal to customers' emotions and encourages them to buy (Pride & Ferrell, 1997). Berry and Parasuraman (1991) stated that the principal responsibility for the service marketer is to manage tangibles to convey the proper signals about service.

The atmosphere of the exterior and interior of the operation may be friendly, exciting, quiet, or elegant. *Exterior atmospherics* is important to new customers who often judge a restaurant by its outside appearance. If windows are foggy or the grounds unkempt, customers might decide that service would be unacceptable, too. *Interior atmospherics* includes lighting, wall and floor coverings, furniture, and restrooms. A pleasing and clean interior probably would indicate to the customer that the service would be impeccable. Sensory elements also contribute to atmosphere. *Color* can attract customers. Many limited-menu restaurants, for example, use bright colors, such as red and yellow, because they have been shown to make customers feel hungrier and eat faster, thus increasing turnover. *Sound* is important; a noisy restaurant probably would not be chosen by customers who are celebrating a wedding anniversary. *Odor* also might

Gross Domestic Product (GDP)

Total national output of goods and services valued at market prices.

Intangibility of services

Inability of services to be seen, touched, tasted, smelled, or possessed before buying.

Atmospherics

Physical elements in an operation's design that appeal to customers' emotions.

be relevant; the scent of freshly baked bread makes customers feel cared for and wanted. Again, these tangible sensory elements might reflect on the customer's perception of the intangible service (Pride & Ferrell, 1997).

Levitt (1981) stated that the most important thing to know about intangible service is that "customers don't know what they're getting until they don't get it." A customer is more precious than the tangible assets shown on a balance sheet, and companies that understand this concept continually tailor products and services to their customers. They look beyond the value of a single transaction to the customer's lifetime value to the company (Treacy & Wiersema, 1993).

INSEPARABILITY According to Pride and Ferrell (1997) and Zeithaml, Bitner, and Gremler (2006), **inseparability** of production and consumption is related to intangibility. Services are normally produced at the same time they are consumed. In a commercial foodservice operation, the waitstaff, bartender, and maître d'hôtel are producing services at the same time the customer is consuming them. The knowledge and efficiency of the waitstaff in taking the order and serving the meal, the desire of the bartender to mix a drink exactly the way the customer wants it, and the concern of the maître d'hôtel that the customer is satisfied are examples of inseparability of production and consumption. In hospitals, foodservice personnel deliver trays to patients who are either satisfied or dissatisfied immediately with the attitude or concern of the delivery person. Likewise, the warmth of a smile from a cook serving a child a school lunch is strongly associated with the acceptance of the meal.

PERISHABILITY The **perishability of services** means that those services cannot be stored for future sale (Evans & Berman, 1996; Zeithaml, Bitner, & Gremler, 2006). Unused capacity cannot be shifted from one time to another. Because service is produced and consumed simultaneously, it is perishable. The service supplier must try to regulate customer usage to develop consistent demand throughout various periods. The service operation must have the capacity and capability to produce when demand occurs; if demand does not occur, however, that capacity and capability are lost and wasted, resulting in losses in the bottom line (Lewis, Chacko, & Chambers, 1997). For example, if overstaffing occurs, the labor cost is too high; if understaffing occurs and demand increases, service becomes too slow.

One alternative is to charge prices high enough to permit overstaffing. Restaurant managers of operations known for a high level of service often use this scheme. Most foodservices cannot afford such a solution to the problem, and the result is irate customers. Reduction of staff is both a marketing and management decision, and the impact on the customer must be the first consideration. If service is being marketed, it becomes an expectation of the customer, and management must accept the risk of overstaffing and the higher cost to the customer. A customer, however, often makes a sacrifice beyond cost, which is time. Waiting for room service, for lunch in a restaurant, for a bottle of wine to be served, or for the check to come causes the customer to become irritated. An alternative is the limited-menu restaurant, which has been very successful because it capitalizes on the time saved. If marketing creates expectations, makes promises, offers value, and reduces risk, management needs to understand that the cost of keeping a customer is far less than that of creating a new one.

HETEROGENEITY **Heterogeneity of service** is concerned with the variation and lack of uniformity in the performance of people (Zeithaml, Bitner, & Gremler, 2006). This is different from the poor service caused by an insufficient number of staff; rather, it is fluctuations in service caused by unskilled employees, customer perceptions, and the customers themselves. Variations might occur between services within the same organization or in the service provided by one employee from day to day or from customer to customer. Most services are labor intensive, and the performance of each employee is different. Managers have difficulty in predicting how employees with different backgrounds and personalities will react in various circumstances.

Marketers of services who make promises to the customer never know how employees will handle a situation or how the customer will perceive a service. Lewis, Chacko, and Chambers (1997) stated that the consequence is that good service may equal bad service. One customer may be pleased that the waitstaff never permits the coffee cup to become empty, but another

Inseparability

Inability to separate production and service.

Perishability of services

Services cannot be stored for future sale.

Heterogeneity of service

Variation and lack of uniformity in the performance by different service employees.

customer may be annoyed because the cup never becomes empty. Sometimes, less service is more service. An example is the popular salad bar. Many people like the idea that they can select what they want, although this is less service because they have to get their own food.

Service Marketing Mix

Managers desiring to market services must provide benefits that satisfy the needs of the customer. Target markets should be defined and the marketing mix identified before a marketing strategy can be finalized. The four elements required for a marketing mix for goods are applicable to service (product, distribution, promotion, and price), although the strategies for implementation may differ. For example, because the product can be an intangible service, defining it for the customer will be different, as will promotion that may occur by the server of the service encounter. In addition, Zeithaml, Bitner, and Gremler (2006) indicate three additional Ps should be considered: people, physical evidence, and process.

People are those who provide the service delivery and thus influence customer perceptions about the company and the service being provided. Physical evidence includes tangible representations of the service being provided, such as brochures, menus, and signage. Process is the actual flow of activities.

STRATEGIC MARKETING

Marketing strategy pertains to the selection and analysis of a target market and the creation and maintenance of an appropriate marketing mix. Any strategic planning process begins with the organization's mission statement and objectives and ends with a marketing plan.

Strategic Planning Process

Evans and Berman (1996) identified seven interrelated steps in the strategic planning process for marketing:

- Define the organizational mission.
- Establish strategic business units.
- Set marketing objectives.
- Perform a situation analysis.
- Develop a marketing strategy.
- Implement tactical plans.
- Monitor results.

Mission statement

Purpose of the organization; what differentiates it from others.

Strategic business units (SBUs)

Division, product-line, or product department that sells specific products or services to a target market.

Marketing objective

Statement of what is to be accomplished through marketing activities.

The organizational **mission statement** is a summation of the organization's purpose, competition, target market, product, and service and of the recipients of the service, including consumers, employees, owners, and the community. For example, the mission of a hospital could be to provide both inpatient and outpatient medical service to the people in the community within budgetary limitations. Each department would have a mission compatible with that of the organization. The mission of the foodservice department thus would be to provide food within the departmental budget to the patients, employees, and visitors.

After defining a mission, an organization should establish **strategic business units (SBUs)**. Each SBU is a separate component of the organization and has a specific market focus and a manager with responsibility for placing all functions into a strategy. SBUs are the basis for a strategic marketing plan. In business terminology, the hospital is the corporate level, and the foodservice department is the strategic business unit. Every SBU has a clearly defined market segment with a strategy consistent with that of the corporation, its own mission, and its own competitors.

A **marketing objective** is a statement of what is to be accomplished through marketing activities. Each SBU in an organization needs to set its own objectives in clear, simple terms for marketing performance. Objectives generally are described in both quantitative terms (dollar sales, percentage profit growth, market share) and qualitative terms (image, uniqueness, customer service). Many restaurants and other foodservice organizations combine quantitative and qualitative goals, such as dollar sales and uniqueness based on a new theme.

Situation analysis is the identification of marketing opportunities and potential problems confronting an organization. The manager needs to know the current condition of the organization and the direction in which it is going.

A technique often used in situation analysis is a **SWOT analysis**. A SWOT analysis focuses on identifying the Strengths, Weaknesses, Opportunities, and Threats to an organization. When using a SWOT analysis for marketing, the focus typically is on factors related to market share, customer loyalty, customer satisfaction, and previous marketing success. Strengths are defined as the unique resources that a company can provide. Weaknesses or constraints are those aspects of a company that limit the company's ability to achieve its goals. Opportunities are areas where competitive advantage exists or where new markets could be developed. Threats are those elements that might prevent accomplishment of objectives.

A **marketing strategy** encompasses selecting and analyzing a target market and creating and maintaining an appropriate marketing mix that will satisfy that market (Pride & Ferrell, 1997). A strategy should be as specific as possible. For example, to increase dessert sales, a poor strategy might be something imprecise like, "The addition of low-fat frozen yogurt to the menu will be advertised." A better strategy would provide more guidance: "Dessert sales will be increased by 10% within 3 months by adding low-fat frozen yogurt to the menu and increasing advertising to health-conscious consumers."

The marketing strategy is implemented through a series of **tactics**, which are specific actions. According to Lewis, Chacko, and Chambers (1997), strategy is the way to gain and keep customers; tactics are the step-by-step procedures on how to do it. The objective could be "to be perceived as the restaurant of choice," and the strategy, "to give customers better value." Some of the tactics could include having a table ready for customers who have made reservations, calling customers by name, having the print on the menu large enough to read, and offering a selection for customers with special dietary needs. Tactics flow from strategy, which means the appropriate strategy must be developed first.

Monitoring results involves the comparison of performance standards against actual performance over a definite time. Budgets, timetables, sales, and cost analyses may be used to analyze results. If actual performance does not meet the standards, corrective action should be taken in problem areas. Many organizations have contingency plans if performance standards are not met.

Marketing Research

The foundation of a successful marketing plan is research (Yesawich, 1987). Only through research can proper judgments be made about the best combination of product, distribution, promotion, and price. Market research can help an establishment succeed, rather than merely survive, by attracting new customers, keeping up with trends, and tailoring menus to meet customer needs (Stern, 1990). Intuition and past experience, rather than scientific decision making, often govern marketing decisions, however.

The American Marketing Association defines **marketing research** as the function that links the consumer, customer, and public to the marketer through information that is used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process (see www.ama.org). To be effective, marketing research must be systematic and not haphazard or disjointed. Marketing research is a key vehicle for understanding customer expectations and perceptions of service (Zeithaml, Bitner, & Gremler, 2006). Marketing research involves a series of steps including data collection, recording, and analysis (Evans & Berman, 1996). Data may be available from different sources: the organization itself, an impartial marketing research company, or a research specialist working for the organization. Several professional organizations and government groups such as the National Restaurant Association (www.restaurant.org), the Association for Healthcare Foodservice (www.healthcarefoodservice.org), and the Institute of Child Nutrition (www.nfsmi.org) provide trend and consumer data for those in the foodservice industry.

Objectivity, accuracy, and thoroughness are important when conducting research.

- **Objectivity.** Conducted in an unbiased, open-minded manner; conclusion based on data and analysis

Situation analysis

Identification of marketing opportunities and challenges.

SWOT analysis

Analysis focusing on identifying the Strengths, Weaknesses, Opportunities, and Threats to an organization.

Marketing strategy

Selecting and analyzing a target market and creating appropriate marketing mix for that market.

Tactic

Specific action.

Marketing research

Systematic gathering, recording, and analyzing of data about problems relating to the marketing of goods and services.

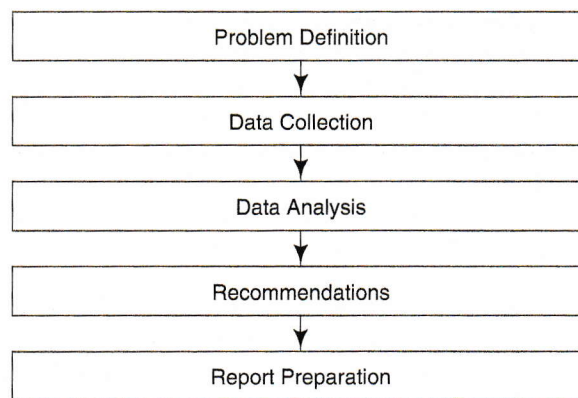


FIGURE 14-4 Marketing research process.

- **Accuracy.** Use of research tools that are carefully constructed and implemented
- **Thoroughness.** Ensuring that the sample represents the population; a questionnaire, if used, is pretested; and the analysis of data is statistically correct

The marketing research process, as shown in Figure 14-4, consists of five steps for logically solving a problem: problem definition, data collection, data analysis, recommendations, and preparation of the report. Foodservice managers conducting marketing research should think about each of these steps and tailor them to fit the problem.

Zeithaml, Bitner, and Gremler (2006) identified several criteria that they suggested are needed for an effective services marketing research program:

- Includes both quantitative and qualitative research
- Includes both expectations and perceptions of customers
- Balances the cost of the research and value of the information
- Includes statistical validity
- Measures priorities or importance of attributes
- Occurs with appropriate frequency
- Includes measurement of loyalty, behavioral intentions, or actual behavior

A variety of techniques are used to gather data for services marketing research (Zeithaml, Bitner, & Gremler, 2006). Although no company likely will use all of these techniques, most will use more than one technique to gather data about consumers and their perceptions. Research techniques include the following:

- **Complaint solicitation.** Proactively gathering complaints from consumers; typically involves employees and managers documenting complaints and routinely tabulating and reviewing causes of the complaints
- **Critical incident studies.** Using qualitative interviews in which customers provide verbatim stories (positive and negative) about their experiences with the company
- **Requirements research.** Using surveys, structured brainstorming, and extensive literature reviews to determine the benefits and attributes that customers expect in a service
- **Relationship and service quality surveys.** Using structured surveys that are collected on a routine basis to evaluate a customer's relationship with the company and identify aspects needing performance improvement
- **Trailer calls or posttransaction surveys.** Gathering customer assessments (via phone call, computer-based, or paper questionnaire) of the service encounter immediately following the encounter
- **Service expectation meetings.** Holding meetings with customers to determine their expectations
- **Process checkpoint evaluations.** Gathering customer feedback during the service encounter process to allow for corrective action before the service encounter is completed
- **Market-oriented ethnography.** Observing consumption behavior in natural settings, often via videotaping

- **Mystery shopping.** Hiring an outside firm to experience the service as a customer and evaluate the encounter using a pre-established questionnaire
- **Customer panels.** Using groups of current customers to provide attitudes and perceptions about a service over time
- **Lost customer research.** Seeking out former customers and discussing in detail their reasons for leaving

The Marketing Plan

Pride and Ferrell (1997) define **marketing plan** as a written document or blueprint governing an organization's marketing activities, including the implementation and control of those activities. *Marketing planning* is a systematic process involving the assessment of marketing opportunities and resources, the determination of marketing objectives, the development of a marketing strategy, and planning for implementation and control. A marketing plan needs to be integrated and evaluated.

Marketing plan

Written document or blueprint governing an organization's marketing activities.

DEVELOPMENT OF PLAN Strategic planning should be done before a marketing plan is developed. The marketing plan should define the target market and marketing mix variables. The plan also should identify resources needed and objectives to be achieved.

A marketing plan should be real and workable and should be easy to execute (Lewis, Chacko, & Chambers, 1997). It also should be flexible but have a certain amount of stability. Specific responsibilities with times and dates for accomplishment should be designated in the plan. Finally, a marketing plan needs to be constantly reviewed and evaluated to keep it current.

TYPES OF PLANS Marketing plans can be categorized according to duration, scope, and method of development (Evans & Berman, 1996). Marketing plans typically are developed for 1 year and are considered short range; medium-range plans from 2 to 5 years are sometimes used; and those over 5 years, long-range marketing plans, are seldom developed. Short- and medium-range plans are more detailed and more geared to the operation than long-range plans.

The scope of marketing plans varies tremendously. Separate marketing plans may be developed for individual menu items and special services.

Finally, the method of development of plans may be bottom-up, top-down, or a combination of the two. In the *bottom-up approach*, information from employees is used to establish objectives, budgets, forecasts, timetables, and marketing mixes. Bottom-up plans are realistic and good for morale. Coordination of each bottom-up plan into one integrated plan may be difficult to achieve because of conflicts, for example, in estimates of the impact of marketing a new menu item. In the *top-down approach*, top management directs and controls planning activities. Top-level managers understand the competition and environment and provide direction for marketing efforts. If input from lower-level managers is not sought, however, morale may diminish. A combination of these two approaches could be the best solution; top management could set the overall objectives and policy, and lower-level managers could establish the plans for implementing the policy (Evans & Berman, 1996).

INTEGRATION OF PLANS Integration of marketing is necessary if the product, distribution, promotion, and price elements of the marketing mix are to be synchronized (Evans & Berman, 1996). An integrated marketing plan is one in which all the various components are unified, consistent, and coordinated. According to Evans and Berman (1996), a well-integrated marketing plan will include the following:

- Clear organizational mission
- Stability over time
- Coordination of the marketing mix
- Coordination among SBUs
- Compatible short-, medium-, and long-range plans
- Precisely defined target market(s)
- Long-term competitive advantages

A clear organizational mission defines an organization's type of business and place in the market. The mission is involved each time products or services are added or deleted or new target markets are sought or abandoned. A marketing plan must show stability over time to be implemented and evaluated correctly.

The product, distribution, promotion, and price components of the marketing mix need to be coordinated within each department (Evans & Berman, 1996). Coordination among individual departments or units is increased when the strategies and resources allocated to each are described in short-, medium-, and long-range plans. Compatible plans for each department or unit become the broad marketing plan for the organization. The target market needs to be identified in a marketing plan to guide marketing efforts and future direction. If two or more distinct target markets are present, each should be clearly defined. For example, a foodservice organization catering to children and parents probably will have separate strategies for each of these segments.

Customer expectations and quality of the product and service need to be emphasized in developing long-term plans for successful competition in the market. Internal customers, like the maître d', chef, waitperson, and cashier, all need to work together while keeping the external customer in focus.

CONTROL AND EVALUATION

Control Control is as necessary in marketing as in managing all facets of the foodservice organization. The manager should establish performance standards for marketing activities based on goals of the organization. Internal standards generally are expressed as profits, sales, or costs. Most organizations use external individuals or organizations, such as consultants or marketing research firms, for marketing assistance.

When foodservice managers attempt to control marketing activities, they frequently have problems because information is not always available. Even though controls should be flexible enough to allow for environmental changes, the frequency and intensity of changes may curtail effective control. Because marketing overlaps other activities, the precise costs of marketing are difficult to define.

Evaluation **Sales analysis** can be used for evaluating the actual performance of marketing strategies (Pride & Ferrell, 1997). A *sales analysis* is the detailed study of sales data, either volume or market share. Dollar volume sales are frequently used because the dollar is the common denominator of profits, sales, and costs. Price increases and decreases, however, affect total sales figures and need to be considered in the analysis. For example, if a restaurant increases prices by 10% this year and its sales volume is 10% greater than last year's, it has not had any increase in unit sales. A restaurant marketing manager should factor out the effects of price changes.

Market share is stated as the percentage of industry sales for a product. The rationale for using market share is to estimate if sales changes occurred because of the organization's marketing strategy or from uncontrollable environmental factors. The assumption is that industry sales decrease when restaurant sales decrease and market share remains constant. If a restaurant suffers a decrease in both sales and market share, however, the marketing strategy is not effective. Market share analysis should be interpreted with caution because it is based on uncontrollable factors, such as differing objectives among companies.

Sales analysis

Study of sales data to evaluate appropriateness of a marketing strategy.

Market share

Percentage of industry sales for a product.

Chapter Summary

This summary is organized by the learning objectives.

1. Marketing is a complex process that involves planning, promoting, and distributing goods, services, and ideas that satisfy customers and meet organizational goals. Several terms are used in marketing. Marketing mix is the combination of product, price, place, and promotion. Target market is a group of consumers with common

characteristics. Market segmentation is the process of dividing a total market into groups based on consumer characteristics. Promotion is the use of various techniques to increase public awareness or renew interest in a product or service.

2. The marketing plan should define the target market, describe the marketing mix, and identify resources needed

to execute the plan. The plan should be workable, easy to execute, and flexible, and it should clearly identify specific responsibilities and time/date deadlines for accomplishment. Service marketing research should provide data to develop the plan.

3. There are many ways to segment a market. Segmentation by demographic characteristics would involve grouping consumers based on attributes such as age, gender, race, ethnicity, income, education, occupation, religion, and social class. Segmentation by geographic characteristics would involve grouping consumers based on indicators such as city, state, region of the country or world, and population of area. Psychographic segmentation would involve grouping of consumers based on factors such as lifestyle, motives, and values.

4. Service is often defined by the characteristics of intangibility, inseparability, perishability, and heterogeneity. Services are thought to be intangible because they cannot be seen, touched, tasted, smelled, or possessed. The production of a service is inseparable from its consumption; both occur at the same time and it is perishable because it cannot be saved for a future date. Because services are provided by people who vary in their performance of the service, heterogeneity exists in the service provided both between employees and by a single employee to different customers on different days.
5. Involvement in strategic marketing planning will include defining the mission for the organization, establishing strategic business units, setting marketing objectives, performing a situation analysis, developing a marketing strategy, implementing tactical plans, and monitoring results.

Test Your Knowledge

1. What is the marketing environment? How does it impact the development and execution of a marketing plan?
2. Define the term *marketing concept* and describe how it applies to a foodservice operation.
3. What are variables that influence the marketing mix and market segmentation?
4. Explain the four characteristics of services and describe how they impact marketing in foodservice operations.
5. Describe how strategic planning might be used to enhance foodservice marketing.
6. What is involved in creating a brand?
7. How might social media be used in marketing an operation?

Class Projects

1. Ask a manager from a local foodservice operation that has an active marketing program to speak to the class about his or her program; have the manager include descriptions of target market, types of data collected, and how a marketing plan is developed and evaluated.
2. Divide into groups of two to three students. Develop a marketing plan for a local foodservice operation.
3. Work with a local foodservice operation and develop blogs for their Web site.

Case Study Exercises

1. "Who's Going to Buy Healthy When Yummy's More Fun"? in Lieux, E. M., & Luoto, P. K. (2008). *Exploring foodservice systems management through problems*, 3rd ed. Upper Saddle River, NJ: Pearson Prentice Hall.
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www.hsmi.org Hospitality Sales and Marketing Association International

www.adage.com Advertising Age

www.sri.com SRI Consulting Business Intelligence

www.quirks.com Quirk's Marketing Research Review

www.strglobal.com Smith Travel Research

www.census.gov U.S. Census Bureau