

Case Study 2

MAR2011 Principles of Marketing

Instructions

Case study sections (use appropriate headings to highlight each section)

1. **Summary of the main points of the case** (approx. ½ page- 10 points max).
2. **Discussion of the marketing decisions made** (approx. 1 page- 20 points max).
3. **Detail the 4p's** of the case (approx. 1 page-20 points max) (product, place, price and promotion).
4. **Critical evaluation and discussion** (approx. 1 page-20 points max) of one of the given solutions selected by student.
5. **Multiple student generated possible alternatives** to the solutions given (approx. 2 pages-30 points max). Do **NOT** use the alternative solutions provided by the case study as your alternative solutions. Do **NOT** simply accept that the given solutions were the best possible regardless of the outcome.

Estimated study length: 4-5 pages. Submit your completed case study in .doc or .docx (MS Word) format or choose the write submission option.

Case Study #2: When you should put maple syrup on Pizza

Pizzaffley is a 1-year-old company based in St. Augustine, FL that has 1 full time employee and 2 part-time employees. Pizzaffley makes and sells food products via a mobile catering service also known as a “food truck.”

THE CHALLENGE: Although the business was only started a year ago, Pizzaffley has experienced rapid sales growth and is considering various expansion options. The owner is working on a 5-year business marketing plan that will require a large capital investment. The direction Pizzaffley decides to take could result in expansion and growth, or lead to total failure.

THE BACKGROUND:

It's founder and CEO, Rafael Exposito, grew up poor in a government housing complex in a rough Chicago neighborhood. He dropped out of school at a young age and began working odd jobs in local restaurants. The son of Italian immigrants, Rafael had a love for Italian food and culture. He dreamed of someday visiting Italy and walking through the streets and sampling food from various street vendors. His big career break came when he landed a job managing the largest Chicago pizza restaurant in the city. But, after working there a couple of years, the

fourteen hours-a-day, six days-a-week schedule caught up with him. He was burnt out and was desperate for a change. Instead of buying a house and cars, he had saved his money and had over \$40,000 just sitting in his bank account. His wife, Margherita, had family in St. Augustine, FL. Rafael had visited there many times over the past few years and often commented that he would love to live there. So, they both quit their jobs and moved to Florida.

Within a few weeks of arriving in St. Augustine, Rafael noticed the success that the local food trucks were having. They were parked in the business areas at lunch, but they were also at all of the local events. While doing early morning prep work back in Chicago, Rafael had invented a breakfast pizza with a waffle crust, pizzafle, that could be carried around and eaten like an ice cream cone. Rafael used the money he had saved to buy an old food truck for \$15,000 and Pizzaffley was born. His unique design allowed for a person on their lunch break or on a stroll to eat pizza while walking down the street without the drippy saucy mess of traditional pies. His proprietary design kept the sauce from pooling at the bottom of the cone. He offered traditional toppings like pepperoni and onions, but he also offered unique tastes from diverse cultures. Ingredients range from curry and mango to chocolate chips and peanut butter. His flavor profiles were hot and tangy to mild and sweet. He set the price for single cones for \$4.95 that cost him about \$1.25 to make (\$.95 for ingredients and \$.30 averaged overhead cost). He priced jumbo cones at \$6.95 and they only cost him \$.35 more to make in ingredients with the same overhead cost.

Pizzaffley quickly became a local favorite among business people and tourists, alike. Rafael had his food truck wrapped to make it look more professional and act as a mobile billboard for his business. He also had accounts on various social media sites, and a text alert system to notify regulars when he would be in their area. In addition to that, he set up an internet site to showcase his menu and handle catering requests. By the end of the year, Rafael estimated that he had spent almost all of his savings on starting the business. But, he had made a nice return from first year sales of \$125,000. His calculations were that his net gains were about \$60,000. He believed he would have made more except for unexpected truck repairs due to the age of the vehicle.

Although Mr. Exposito was happy with his new businesses success, he was still working six days-a-week and about the same number of hours. He also did not have any of the fringe benefits like health insurance and paid vacation that he had earned from his previous employer. Rafael was not discouraged and began working on a five-year business marketing plan to expand the business. He convinced relatives to invest in the business and presented them with the following options:

THE OPTIONS:

■ **Same but more.** Rafael's brother-in-law was interested in the business and was willing to buy another food truck to cover some of the surrounding areas. This would also give Pizzaffley the ability to work simultaneous events where they might have missed opportunities in the

past. Rafael also thought about turning over his current truck to his brother-in-law. This would free him up to help establish a franchised chain in various cities across the country. He estimated he could receive royalties of 10% of gross sales equal to about \$15-\$20k per year/per truck.

■ **Go old school.** Rafael still loved the romantic idea of street vendors. St. Augustine's historic district reminded him of the old world with the narrow cobblestone streets and heavy foot traffic. He believed that he could establish food carts or kiosks in various locations that his main truck could not access. He could service them from his food truck to keep the pizzaffles hot and fresh. He estimated that each cart could sell about \$300 per day. Each cart would cost about \$2,500 to set up plus local vendor fees and licenses.

■ **Build a Pizzaffle Palace.** Whatever direction Rafael's business goes, he knows he wants to live in St. Augustine. He is considering either leasing or selling the food truck and opening up a Pizzaffley restaurant. He estimates that although the costs would be significantly higher, he could significantly increase his own income. He believes that by the third year in operation he would net a personal income of \$250,000/year based on sales of \$1.5 million. He does not believe the banks will lend him the money, but he believes he has found investors willing to back him with the \$375,000 it will take to get the restaurant going.

Rubric

CRITERIA	EXEMPLARY	MEETS EXPECTATIONS	DEVELOPING	BEGINNING	NOT ACCEPTATBLE
Summary	10 Points- Complete summary highlighting all the main parts of the case. No grammar or spelling errors.	8 Points- Complete summary highlighting all the main parts of the case. 1-2 Spelling or grammar errors.	6 points- incomplete summary, missing key information. No grammar or spelling errors.	5 points- incomplete summary, missing key information. 2 or more grammar or spelling errors.	0 points- did not respond for this section
Discussion	20 Points- Complete and well written discussion of all of the marketing decisions made in the case. No grammar or spelling errors.	17 Points- Complete and well written discussion of all of the marketing decisions made in the case. 1-2 grammar or spelling errors.	14 points- incomplete, but well written discussion of all of the marketing decisions made in the case. No grammar or spelling errors.	10 points- Incomplete and not well written discussion of all of the marketing decisions made in the case. 2 or more grammar or spelling errors.	0 points- did not respond for this section
Detail 4 P's	20 points- Clear and complete highlighted documentation of all of the 4 p's in the case. No grammar or spelling errors.	17 Points- Clear and complete highlighted documentation of all of the 4 p's in the case. 1-2 grammar or spelling errors.	14 points- missing some of the details of the 4 p's in the case. No grammar or spelling errors.	10 points- missing some of the details of the 4 p's in the case. 2 or more grammar or spelling errors.	0 points- did not respond for this section
Critical evaluation	20 points- Well written critical evaluation and discussion of the given solutions to the case. No grammar or spelling errors.	17 points- Well written critical evaluation and discussion of the given solutions to the case. 1-2 grammar or spelling errors.	14 points- missing elements in the critical evaluation and discussion of the given solutions to the case. No grammar or spelling errors.	10 points- incomplete critical evaluation and discussion of the given solutions to the case. 2 or more grammar or spelling errors.	0 points- did not respond for this section
Alternative solutions	30 points- 3-4 clear and concise original student generated alternative solutions to the case study. No grammar or spelling errors.	26 points- 3-4 clear and concise original student generated alternative solutions to the case study. 1-2 grammar or spelling errors.	22 points- 3 or less original student generated alternative solutions to the case study. No grammar or spelling errors.	15 points- 3 or less original student generated alternative solutions to the case study. 2 or more grammar or spelling errors.	0 points- did not respond for this section