

PGDM (RM), 2012-14

INTEGRATED MARKETING COMMUNICATION

Subject Code: RM 406

TRIMESTER – IV, End Term Examination: September 2013

Time: 2Hrs 30 Min

Max Marks: 50

Roll No: \_\_\_\_\_

**Instruction:** Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

***There are three sections in this question paper. Specific instruction as regards to the number of question to be attempted is given. Students are expected to follow the same and write the question numbers correctly***

**Section A**

***Attempt any three questions. Each question carries five marks.***

Q.1 Explain why the combination of personal selling and advertising may provide benefits that exceed just personal selling alone.

Q.2 What are the characteristics of a 'Testimonial' copy used as a tool of communication by print media?

Q.3 Why do you think there is not much programme differentiation on different radio channels as in television channels? How does it affect radio advertising?

Q.4 Assume that all known brands of menswear are on promotion. Discuss the buying process a consumer is likely to pass through under such circumstances.

Q.5 Why might a company choose to use a creative boutique rather than a large full service agency? Discuss using a suitable example.

### **Section B**

***Attempt any two questions. Each question carries ten marks.***

Q1. Assume that you have been hired as an account planner by an advertising agency and assigned to work on the advertising campaign for a new brand of 'health drink'. Describe the various types of general and product-specific pre-planning input you might provide to the creative team.

Q2. Television commercials are often developed that rely on unusual creative tactics and have very little relevance to the product or service being advertised. Creative personnel in agencies defend the use of the strange messages by noting that they are novel and provide a way to break through the clutter. Comment.

Q3. Develop a creative ad for the print medium of a branded 'baby soap' as the product recently launched in the market and explain the logic of the creative content used for this campaign so as to make it effective to the target segment.

### **Section C (15 marks) Case study (compulsory)**

## RUBY TUESDAY

### Developing a Consumer Promotion Program

"Restaurant marketing is a serious business and one needs to increase the traffic into the restaurant at any point of time" thought Nidhi Kuchhal, marketing head of popular restaurant chain Ruby Tuesday in India. It is not a just what you serve, but how we serve, how we stay ahead in competition and how far we are able to take advantage of changing business scenario. All this will decide on whether Ruby Tuesday becomes a success story or just another wannabe. As such people perceive restaurants like Rubdy Tuesday as an expensive choice in the market place. She was wondering if a consumer promotion program can be developed for the restaurant to promote young traffic in general and high spending class in particular.

#### **Ruby Tuesday-a Historical Journey**

Over 30 years ago, a young man named Sandy Beall called together four college buddies from the University of Tennessee and hatched an idea that would become one of America's favorite casual dining restaurants. Ruby Tuesday was born of their desire for a restaurant where food of true freshness and genuine quality was served by people passionate in their work, all in an atmosphere both casual and comfortable. A combination so unique they had to invent the place themselves.

- Founded in year 1972
- More than 850 restaurants in United States & around the world
- Approx 630 Company owned & 250 franchised outlets
- Registered with New York Stock Exchange
- Annual company sales: approx. \$ 1.3 billion
- Average annual restaurant sale: \$ 2.1 million
- Average guest check per visit: \$ 11 - \$ 12
- One of the leading brand in casual dining restaurant category
- Brand vision: Simple Fresh American Dining
- Position: High quality casual dining restaurant
- Strategy: Uncompromising freshness & quality, Gracious hospitality
- Culture: Quality, Passion, Pride

Ruby Tuesday has become an American classic and is dedicated to becoming the unrivaled, absolute premium choice in casual dining. Each and every visitor is treated as a guest in our home and graciously indulged with menu offerings of uncompromising freshness and quality. Meanwhile, investors continue to recognize Ruby Tuesday as a powerhouse brand in the casual dining category. Click on the links to learn more about our ever evolving, never-ending commitment to Simple Fresh American Dining and the incredible brand behind it all.

#### **Quality. Passion. Pride- Mission of Ruby Tuesday**

Quality means freshness. It's fresh 100% USDA Choice or Prime ground beef formed into perfectly grilled, Handcrafted Burgers that redefine an American classic. Quality is seasonal vine ripened tomatoes and crisp leaf lettuce still glistening with garden dew. Its applewood smoked bacon and premium cheeses and an uncompromising commitment to providing you the best.



Passion is people. People who love what they do and take your enjoyment personally. Passion is what to expect from the people who take your order, the people who craft your meal (and peek out from the kitchen to see your delight) and the people who are designing our comfortable, stylish Five-Star restaurants that are destinations in themselves. Everyone you meet here is happy you've come, and they're genuinely dedicated to having you visit with us frequently.

Pride makes us a family. This is our home. You are our guest. And we will attend to your dining experience with a degree of care and attention to detail unrivaled anywhere. A deep desire to serve others is the secret weapon of a gracious host. And its why, at Ruby Tuesday, we want you to always leave with a smile.

## **Overview of Ruby Tuesday in India**

Round The Clock Stores Limited is the Regional Developer of Ruby Tuesday Restaurant that started operations in India in the year 2000. The first Restaurant, in India, at Connaught Place, New Delhi, became operational in the same year and was an instant grand success. Following this success, the company went on to open new stores and within a span of six years it owns 17 stores in NCR, Mumbai, Bangalore and Chandigarh. Seventeen restaurants in seven years and many more in the pipeline show the company's insatiable desire to expand.

Round the Clock Stores Limited has a strong dedicated workforce of more than 500 team members and 100 senior and middle level managers spread over various restaurants, CPU and the Restaurant Support Center. The management team led by the Executive Director has vast, rich and relevant experience in the hospitality & catering industry. The company was floated six years ago and is where it is today purely because of his vision, dedication and focused approach.

- Average monthly restaurant sale: Rs. 18 lakh
- Average guest check per visit: Rs. 550.00
- Average guests per month combining all 12 outlets: 1.10 lakh
- Target Class: SEC A, B+, B
- Age group: 25 – 45 years

## **Analysis of Food and Beverages Market in India**

The food and beverage sector in India has changed dramatically over the last 10 years as a result of changing socio economic conditions, liberalization of industries, entry of foreign companies, ~~dismantling of quantitative restrictions~~ on import & increase in discretionary income. There were approximately 2.2 million or 22 lakhs hotels and restaurants in India in the year 2002. ~~At that time~~ if the number of lodging or hotel units in India would not be more than 20,000 or 30,000, we can presume that the entire figure of 22 lakhs can apply to restaurant sector. For restaurants, the growth pattern are different for different cities with metro cities achieving the about 15 – 20% growth and smaller cities about 5%. According to a survey report out of 3500 crore that Indian consumers spent on eating out only 200 crore went to the organized sector, which means there is huge room for expansion. Also the willingness of the diners to accept new and exotic foods and flavors makes itself evident an increase in restaurant sales figures and market size.

Following are the major industry trends found in food and beverages industry

- **Great expectations**

With emergence of new players' everyday studies shows that, people still want to eat well which does not necessarily mean healthy & indulge in something that resembles a home cooked meal. The current economic boom has allowed people to have best of both worlds – not only can they afford the convenience of eating out more often, but they can do so in a food service environment where they more bang for the buck.

Dining out has become a multisensory event. A guest doesn't just want to have Ok food but also needs an exciting atmosphere. The bar continues to rise and industry has to meet dynamic demands & growing sophistication of its patrons.

- **Foodservice Frontier**

In India multinational restaurant chains are making downward price revision & offer more vegetarian toppings to increase sales volume. They are also adding more spicy flavors in menus to satisfy Indian taste buds.

- **Eater – tainment**

The taste buds are not the only organs that require a little something more from the restaurants these days. It seems all the senses need good jolt as well. After two decades of increased restaurant attendance, customers are no longer stimulated by a beautiful cut of succulent filet or extravagant salad bar. They want, need and demand something new and exciting to enhance overall dining experience & give a boost to their quality of life. It is an evolution of **"eater – tainment"**

## **The Environmental Challenges for Food and Beverages Industry**

In every company there are two distinct but interrelated environments: micro & macro respectively. The micro environment denotes those elements over which the company has control and attempts to manipulate in such a way as to optimize the profits. Whereas the macro environment concerns the elements outside the micro-environment but nevertheless influencing it. The macro environment of a company consists of all the forces and agencies external to the company itself. Some of these elements are closer to the operation of the company than others e.g. company suppliers, distributive intermediaries & competing brands or companies. These closer macro elements are collectively referred as "Proximate Macro Environment" to distinguish them from the wider external environment such as demographic, socio culture, technological, political and economic environment. All of these are not an immediate part of the company yet they have a direct impact on the business of the company. As a marketing manager, one has to consider all above in order designing a fruitful & profitable marketing strategy.



The buyer supplier relationship is one of the mutual economic interdependence, both relying on the other for their commercial wellbeing. Factors in supplier environment are subject to change, such as delivery, cost fluctuations etc. At Ruby Tuesday where we are present at almost all metros, we prefer to have the national tie ups with most of suppliers and for the fact we also prefer to source the supplier who is present nationally. Competition is very important as it prevents a company from complacent." Now a day's focus of maximum people is shifting from food driven to experience driven food outlets and because of the reason competition is getting extreme in restaurant industry.

**Primary Competition**

Casual dining restaurant chains, International food chains. Or the restaurants which are offering similar food at very similar level of pricing.

- TGIF (Thank God it's Friday)
- Rodeos
- Bennigen's
- American Café

**Secondary Competition**

Pizza chains, QSR, 5 star hotels, Pubs, national players etc. To name few:

- Pizza Hut
- McDonalds,
- Punjabi by nature
- Chor Bizarre
- Diva
- Shalom

Eating out and that's too at stand alone specialty restaurants have evolved into a popular trend among the SEC A & B+ households. 2 out of every 5 household dine out at least once a month.

Dining out habits (IN %) for metro cities (wherever Ruby Tuesday is present)

EATING OUT IN A REST / CITY	DELHI	MUMBAI	BANGALORE
TWICE / THRICE IN A WEEK	1.4	1.4	4.7
ONCE A WEEK	3.1	2.7	7.6
ONCE A FORTNIGHT	2.7	2.7	7.3
ONE A MONTH	7.4	8.3	13.3
ONCE IN 2 / 3 MONTHS	6	10.5	8.6
OCCASIONAL	6.4	8	7.9
RARELY / NEVER	70.3	57.9	49.1

Political & economical factors are often strongly related. Political & economical factors are of great concern to restaurants because they are likely to influence among other decision such as demand, costs, prices & profits. Such factors are largely outside the control of the company but their effects on our business can be profound. Below mentioned are few recent changes that pose a set of opportunities for restaurant industry.

- Liberalization of liquor policy in favor of restaurants. Serving of liquor contributes 40% of the business to our company.
- Lowering of personal tax structure. This policy always helps prospective customers with incremental disposable income and aspiration to be a patron of fine dining restaurant.
- Government impetus to the tourism industry like incredible India, Commonwealth games in 2010 etc. helps restaurants to add up more footfalls in the winter season, which is generally perceived as low footfalls season.

The convergence of the telecommunication, electronic & software industry is opening up vistas for a range of new products. Technology could be used as a strategic tool for enhancing the overall guest



experience. Database of visiting customers generated with the help of advanced software technology helps our restaurants in the following ways:

- To improve / modify the restaurant services including food, beverage, music, and other elements of service as per guest preferences.
- It also work as guide in menu changes that takes place after every 6 months in our restaurant. e.g. through the popularity analysis of all food and beverage items generated through software we get fair idea to eradicate the least popular items and to add new flavors.
- Due to the technology advancement we are also able to track our effectiveness in services from time to time.
- If database of visiting customers is used effectively it also ensures repeat purchase.

## The Marketing Mix

The objective of any company is to make profits through satisfying customers. The variables termed as marketing mix is combination of all the ingredients in a recipe that is designed to prove most attractive to customers. These variables are individual elements that as a marketing manager we can manipulate into the most appropriate strategy. The variables in reference to Ruby Tuesday are:

- **Product:**



Ruby Tuesday serves an all American cuisine comprising of an extravagant salad bar with it's mouth watering delights like the platters, Chimichanga, Enchiladas among it's specialties and a range of seafood and stackers and to mention an extensive range of delightful signature desserts. To compliment these delicacies is an elaborate bar serving the spirited range of all kinds of traditional and classic spirits.

To maintain the interest of customers in Ruby Tuesday, the company after every 6 months revamps the entire menu, with deletion of few items and introduction of new flavors and dishes.

- **Price:** At Ruby Tuesday overall price strategy is "we are not expensive and at the same time we are not a cheap dining place". So, through this strategy we welcome the segment of customers who are ready to spend to enjoy at Ruby Tuesday. To derive the menu pricing we generally use the cost based pricing.



Though the product is standardized every where in India through the recipe standardization, but pricing for certain locations has been fixed keeping in mind the demographics & socio economics into consideration e.g. Chandigarh & Faridabad (in NCR) have menu with approximately 25% lower menu pricing. Though

Faridabad & Gurgaon belong to same state i.e. Haryana but there is substantial difference in social economic environment between the two which made us to keep the prices lower in Faridabad outlet. We also try to review the pricing of menu with introduction with new menu launch every time in India.

- **Place:** The success of any restaurant is half done if it is place at right location. Same mantra is well understood by management of Ruby Tuesday India and that is why 75% of our outlets are located in top selling malls at various locations / regions respectively. On top of that Ruby Tuesday is strategically located in most of centric locations leaving almost no scope for overlapping of customers between the two outlets e.g. outlet at Connaught Place caters to people from central & east Delhi, whereas Saket caters to people from extreme south and Greater kailash for people from south central localities. If we consider another example of Nariman Point in Mumbai, Ruby Tuesday is there in the right catchment area where almost all the top corporate of India are located with their corporate offices. And same is the story for all other outlets and upcoming ones as well.

- **Promotions:** No marketing program can succeed without the promotion. At Ruby Tuesday we adopt the various communication & promotional tools. Our motive of any promotion is to increase the footfalls at the outlets. While designing a promotion we mainly consider our image, our requirement and the time period, so this is not to counter attack the competition but to serve our best purpose. The tools majorly used at Ruby Tuesday are mentioned as follows:

- **Print media advertising:** This media is basically need based like whenever we are coming at any all together new location, to promote any major festival or happening.
- **Electronic media:** Currently we are promoting through radio to promote the various low budget campaigns as radio is local medium having good impact as general entertainment channel.
- **Flyers:** This tool has a strong strength to inform the customers and to generate the instant footfalls inside an outlet.
- **Timely promotions:** Our business is quite affected by season and day timings. Like the footfalls are generally higher on weekends as compared to weekdays, and to counter that affect we carry out promotion meal period wise like to attract the corporate who does not have time to have a luxury lunch they may have express lunch which cost less and it is quick. Another example is Happy Hours in the evening hours to attract the segment who in general not able to afford Ruby Tuesday, so by offering discount during evening hours we are able to encash upon meal period between lunch & dinner and such segment of people like walk in crowd, corporate, or people who just wish to sit at some nice place before going back home.
- **Food & beverage festival:** In the spirit of doing something interesting for our customers is very important and that is the reason that almost in every quarter we arrange the theme based festival which in turn promotes an individual category of food items.
- **Cross Promotions:** This is most popular media of promotion whereby two companies share each other's footfalls e.g. Ruby Tuesday & Lifestyle stores are present in the same catchments area at most of locations and target the similar group of clientele, so executing a promotion to divert / share the each other traffic by extending some value based offer helps in increasing the footfalls for a specific period.



- **Corporate Communication:** this is another strong tool to promote our brand among the corporate houses in and around the outlet vicinity. The corporate communication through the sales force, who primarily work as educational in nature to influence the brand choice among the target clients.
- **Physical Environment:** The ambience of a restaurant plays an important role in any restaurant success. Keeping the importance of this element, we have standardized our ambience around the world. An ambience packed in the trademarks colors of red, yellow and green; the walls at Ruby Tuesday are adorned with very "American Artifacts" with memorabilia like upended tiffany style lamps. The music also plays an important role in ambience like Ruby Tuesday through the world is not into DJ dining but we play music that only of 70's & 80's, setting the mood for good times one can taste.
- **People:** Services like restaurants depend highly on direct interaction between customers and our restaurant front of the house staff. The quality of staff and further add on with professional training strongly influences the diner's perception of company's overall quality and it's management attitude towards the same.

Currently the restaurant industry is dominated by foreign retail chains like Ruby Tuesday, TGIF, Bennigen's, Pizza Hut, Domino's, McDonald's etc and no doubt we are flourishing as well, because of our really strong promotional gimmicks and marketing strategies, while our cause has been helped by the huge middle class population who love to be in trendy places. The liberalization policy has encouraged many more foreign retail food chains to come in India and with in span of 3 years from today, we may see almost 25 more chain belonging to all odd categories of food industry.

Though through the marketing gimmicks trends are created but at the end of the day it is consumer's choice that rules. At the same time customers have more choices than ever, higher expectation and more food chains competing for their attention than ever. So, on behalf of Ruby Tuesday my concern is how to break through all of the clutter and capture the attention of the customers suffering from sensory overload. Nidhi has to decide a product strategy for Ruby Tuesday and she has to address the following issues.

#### Questions:

1. What demographical changes have influenced the growth of food and beverages industry in India?
2. Develop a suitable consumer promotion program with an objective of attracting younger and affluent customers to Ruby Tuesday