Café Mizrahi: Opening a Second Location in Jerusalem in 2011

MARKETING PLAN

BY SHIRA NADEL AND SOLOMON SALEHANI
Vision & Company Profile

• Vision
  ○ Café Mizrahi’s vision is to provide a unique gourmet dining experience through an intimate and family-oriented atmosphere in shuk Machane Yehuda in Jerusalem

• Company Profile
  ○ Owner Eli Mizrahi served as a pioneer of cultural gentrification when he opened the café nearly a decade ago. His father established the family’s presence in Machane Yehuda market about 50 years ago
  ○ Eli runs the café with his 2 daughters
  ○ The café has 10 employees and seats 40 in its 45 meter location
  ○ Menu offers freshly baked pastries and desserts, homemade pastas, breakfast, salads and various gourmet main courses like the famed gnocchi dish
Macro Environmental Analysis

- **Two main environmental factors affecting Café Mizrahi:**
  - *Social* factors tremendously affect the café because the publicity and recognition of a restaurant helps attract or discourage customers from dining at that particular establishment.
  - *Economic* factors affect how many customers may or may not attend the restaurant. If prices are unaffordable or if the economy is doing poorly people may be more inclined to eat at home in order to save money.
Market & Industry Analysis and Direct, Indirect & Future Competitive Analysis

- **Competitive Analysis**
  - Level of Competitiveness for Cafés in shuk → 4.0
  - Level of Attractiveness for Cafés in shuk → 6.0

- **Markets we are in:**
  - Cafés, Restaurants, Bars

- **Competitive Analysis**
  - There are three direct competitors of Café Mizrahi:
    - Danesi Caffe
    - Aroma Espresso Bar
    - “Mitbach Briut”
### Existing Market-Mix

#### Market Segmentation
- **Loyalty** – The café has a large loyal customer base which continues to grow

<table>
<thead>
<tr>
<th>Offer</th>
<th>Quality of Product</th>
<th>Brand</th>
<th>Physical Features / Atmosphere</th>
<th>Price</th>
</tr>
</thead>
<tbody>
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<table>
<thead>
<tr>
<th>Promotion</th>
<th>Word of Mouth</th>
<th>Attention to customers (by Eli)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Exponential chain of Eli, employees, &amp; customers telling their friends &amp; family)</td>
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</tr>
</tbody>
</table>
## Strength, Weakness, Opportunity and Threat Analysis

### Strengths
- Quality of product & service
- Location
- Atmosphere
- Heritage / History

### Opportunity (Depending on us)
- Expansion
- Increase quality of service
- Reduce prices

### Opportunity (Not depending on us)
- Other cafés closing

### Weaknesses
- Small
- Only one location

### Threats (Depending on us)
- Hiring the wrong people (chefs, waiters, waitresses)
- Ruining relationship with suppliers

### Threats (Not depending on us)
- Other cafés opening
- Price of food increasing
- Suppliers going out of business
Current Positioning

• Compared to Café Mizrahi...
  ○ Danesi Caffe – Cheaper prices; Smaller portions; Menu changes daily; Not as much selection; No baked goods; Dark atmosphere
  ○ Aroma Espresso Bar – Is an international coffee chain; Offers an Aroma Card which gives customers discounts; Average quality; Cheaper prices; Set menu; Generic
  ○ “Mitbach Briut” – Atmosphere not lively; Few desserts/pastries; Prices only slightly cheaper

• Although the prices at Café Mizrahi are slightly higher than its competitors’, it is a better establishment in terms of quality, atmosphere, and recognition

• Sources of Information:
Achievable Marketing Objectives (1)

- **Marketing Strategy**
  - In 2011 Café Mizrahi will open another location in the Nachlat Shiva neighborhood, Jerusalem

- **Desired Market Segmentation**
  - This location brings in a bit of a younger crowd, so the café hopes to bring in young adults and teenagers, as well as maintain the same market segmentation it currently has

- **Desired Marketing-Mix**
  - The new branch of Café Mizrahi will have the same offer mix and offer new ways for promotion
Achievable Marketing Objectives (2)

- Marketing Objectives as a result of Strengths, Weakness, Opportunity and Threats Analysis
  - Strengths turned into opportunities
    - Expand by making a new store location with equal or better quality of service (chefs and wait staff)
    - Use the heritage and popularity of the name to create another location
  - Weaknesses turned into opportunities
    - The small location can be portrayed as personal, exclusive and intimate

- Objective Positioning
  - Minimization of the perceptual gap seen in “Positioning 1.” Move to Nachlat Shiva will improve future positioning
Yearly Sales Forecast

- **Assumptions:**
  - 100 customers a day: 65 meal-eaters & 35 coffee-drinkers
  - Average amount of money spent: 45 NIS / meal / person & 12 NIS / coffee / person
  - Per 6-day week: \(((65 \times 45) + (35 \times 12)) \times 6 = 20,070\) NIS
  - Per 48-week year: \(20,070 \times 48 = 963,360\) NIS

- **Added market value with new location (1\textsuperscript{st} year):**
  - 75 customers a day
  - Average amount of money spent: 45 NIS / meal / person & 12 NIS / coffee / person
  - Per 6-day week: \(((50 \times 45) + (25 \times 12)) \times 6 = 15,300\) NIS
  - Per 48-week year: \(15,300 \times 48 = 734,400\) NIS
Cooperative Bodies

- **Naaman**
  - Kitchenware store located on 234 Yafo St, Jerusalem – about 1.3 kilometers → 15 minute walk from the café
  - Eli will purchase all dishes, flatware, and cooking & baking supplies from Naaman, and make a note of it on the menu
  - Offer a 10% discount to its diners at Naaman upon mention of the café, while Naaman will have Café Mizrahi business cards at checkout counter

- **Lavazza**
  - “Italy’s favorite coffee”
  - Café will purchase only this brand of coffee
Developing New Offer

- **New Market Location: “Nachlat Shiva,” Jerusalem**
  - Heavy foot traffic
  - Easily accessible by public transportation
  - High consumerism due to various cafés, restaurants, bars in area
  - Popular tourist area

- **Café Mizrahi New Offer**
  - Same product at same price
  - Equal or greater quality of service
  - Recreating experience and atmosphere of original location
## Marketing Promotion for New Location

| Promotion | Awareness Campaign (described below) | New business cards with both locations and customer loyalty stamps (Buy 7 cups of coffee, get 8th free) | Invite journalists / food critics to write an article about the new location |

- Give customers a card – one side is for comments and the other will be for customer details (name, email, birthday, etc...)
- The café will keep a customer database and the customers will receive sporadic deals at both locations, as well as birthday deals
- Create a “Café Mizrahi” group on Facebook and offer deals and promotions to members & hire someone part-time to run it
Enhancing Service Marketing Principle

- **Location**
  - New branch will be busier in the mid-afternoon / evening hours (unlike the original location which is busier morning to mid-afternoon) so Eli’s management time will be split
  - Accessible for people driving and walking
  - Atmosphere will be similar to the Machane Yehuda location

- **Employees**
  - Wait staff will serve as the face of the restaurant
  - They will be presentable, respectful and good representatives of the Café Mizrahi brand name

- **Process of Information**
  - Information will be easily transferred between the owner, the wait staff, and all employees
### Marketing Yearly Budget*

<table>
<thead>
<tr>
<th>Resources</th>
<th>(NIS)</th>
<th>Expenses</th>
<th>(NIS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 + 1 &gt; 2</td>
<td>2,750 – (10%)</td>
<td>Business cards</td>
<td>5,500 – (20%)</td>
</tr>
<tr>
<td>Private Equity</td>
<td>24,750 – (90%)</td>
<td>Journalists</td>
<td>1,500 – (5%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comment / Customer Info Cards</td>
<td>5,500 – (20%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Part-time facebook group content manager</td>
<td>15,000 – (55%)</td>
</tr>
<tr>
<td></td>
<td>27,500</td>
<td></td>
<td>27,500</td>
</tr>
</tbody>
</table>

*The yearly marketing budget is approximately 4% of overall sales

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**Action Plan Chart:**

*Annex #6*
Control Procedures & Criteria of Success

- **Control Bodies**
  - Discuss action plan with:
    - Accountant & his two daughters who help run the locations
    - Last Monday of every month to discuss the action plan and progress

- **Control Tools**
  - Tools that will be used to monitor progress of the new location:
    - Customer surveys
    - Profit and Loss documents
    - Comment cards

- **Control by Milestone**
  - Milestone the new location will look forward to:
    - “LilahLavan” aka “White Night”
    - This will serve as a great night for further promotion

- **Criterion of Success**
  - A new location that will maintain the Café Mizrahi name
  - Attracting a customer base that is already familiar with the Mizrahi name as well as new customers
  - A new location that is profitable by year 2
Annex #1 – Market & Industry Analysis

Competitiveness → 4.0
Attractiveness → 6.0

Threat of New Entrants

3 x 0.3 = 0.9

Bargaining Power of Suppliers

1 x 0.2 = 0.2

Competition Within The Café Industry

6.0

Bargaining Power of Buyers

1 x 0.1 = 0.1

Threat of Substitutes

7 x 0.4 = 2.8

Back
Annex #2 – Market Analysis of Competition

- Café Mizrahi
- Aroma Espresso Bar
- Danesi Caffe
- “Mitbach Briut”
Using the 3 unique selling points – Location, Price & Quality – is the current positioning of Café Mizrahi against its competitors.
Annex #4 – Sources of Information

- Interview with Eli Mizrahi, 12/2/2010
- Google Maps
- Lavazza
- Aroma Espresso Bar – Menu
- Nachlat Shiva – Info
- Naaman - Houseware Store
Annex #5 – Design of Cards

Front of Business Card

Back of Business Card

Front of Comment Card

Tell us what you think!
_________________________________
_________________________________
_________________________________
_________________________________
_________________________________

Back of Comment Card (Customer Details)

Fill out to receive special deals from us!
!

Name: __________________________
Email: _________________________
Cell Phone: _____________________
Birthday: _______________________
## Annex #6 – Action Plan Chart

<table>
<thead>
<tr>
<th>#</th>
<th>Marketing Effort</th>
<th>By Who?</th>
<th>Date</th>
<th>Cost</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>15,000 Business cards with locations on front &amp; customer loyalty stamps on back</td>
<td>Eli, employees, &amp; immediate family</td>
<td>2/14/2011 – 3/1/2011</td>
<td>5,500 NIS</td>
<td>Hand out cards to current customers, friends, and the general public</td>
</tr>
<tr>
<td>3</td>
<td>Invite 4-5 journalists &amp; food critics to lunch and have a write-up of the café, a week after opening</td>
<td>Eli</td>
<td>3/7/2011</td>
<td>300 NIS/journalist</td>
<td></td>
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