

Subject: Honors Project
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Dr. Broadhead,

I have read Brad Burgett's project and can sign off on it as passing. Please let me know if you need me to sign the hard copy and, if so, where I should send it.

I do wish that Brad had consulted with me a bit more during the semester. I think he could have done a better project with some input on both minor issues such as editing as well as more fundamental concerns such as the research design.

Brad, if you plan to show this to any future employer, I suggest you come see me sometime early next semester to review editorial remarks and other suggestions for "clean up."

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Takeout Taxi:
Analysis of Positioning

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Takeout Taxi

Report prepared by:

Brad Burgett

Takeout Taxi has experienced a decline in first and second quarter sales in the 2002. This trend can be attributed partly to the decline in general economic prosperity. Research, however, shows that the decline is related to Takeout Taxi's current position in the consumer's mind. The current creative strategy statement does not give Takeout Taxi a unique niche in the consumer's mind. In order for Takeout Taxi to effectively market to its 35-64 year old target market, it must develop a strong, unique creative strategy that separates the company from the competition.

There are some critical factors effecting Takeout Taxi's ability to develop a new creative strategy. Strengths of the company include a loyal customer base and a strong relationship with customers. Weaknesses of Takeout Taxi include a lack of diverse marketing tactics and a lack of research into the consumer psyche. There are some opportunities for Takeout Taxi in that consumers can be made aware of Takeout Taxi's unique benefits. Also, there are hundreds of restaurants in the Knoxville area that could be made available to the consumer. Some threats to the company include current closing trends among restaurants and the increased number of restaurants that deliver their own food.

Research was conducted in the form of interviews among people in the target market of 35-64 year olds. The purpose of the research was to find out what is important to consumers when ordering from a food delivery service. The research was also conducted to find out what niche in the market Takeout Taxi currently holds.

The research showed that Takeout Taxi should take advantage of its strengths, which include variety and quality of food. Consumers are also very concerned about cost when ordering from a food delivery service. This characteristic should not be transformed into a benefit for the consumer, as Takeout Taxi is more expensive than other delivery services. In order for Takeout Taxi to occupy its own niche in the market, it will need to concentrate on its strengths.

Three positioning statements have been evaluated to determine which statement should be used. Because the strengths of Takeout Taxi are its variety of food and quality of food, they should be the main focus of the new position. Also, emotional ties should hold in the consumers mind. By letting consumers know that Takeout Taxi is there for family or friends or anybody will allow consumers to better fit the position to their own lives. Therefore, the new Takeout Taxi positioning statement should read: *Takeout Taxi provides a variety of quality food for any occasion.* This statement successful places Takeout Taxi in its own niche in the consumer's mind by appealing to both rational and emotional elements.

Statement of the Problem

Takeout Taxi is a food delivery service experiencing a decline in sales due to a lack of good marketing. Recently, the company's annual \$2 million in sales has declined in the first and second quarters of 2002. Currently, Takeout Taxi markets by direct mailing only. Menu booklets are placed in neighborhoods and apartment complexes along carrier routes. Takeout Taxi also places menus in hotels to attract out-of-town visitors who do not know their way around Knoxville. These methods will be the only methods used in the future of Takeout Taxi marketing.

The decline in sales has been attributed partly to the decline in economic prosperity. However, research will show that a change in creative strategy has the ability to soften these less prosperous economic times. In order to effectively market to the neighborhoods and hotels, Takeout Taxi must consider a change in positioning. A clear, concise positioning statement does not exist. But if it did, it would read something like this: Takeout Taxi is for people that need a break from everyday life. This strategy was investigated to see if it was the right message to send to its 35-64 year old target market. Primary research, in the form of surveys and interviews, give a better understanding of Takeout Taxi's niche in the consumer's mind.

Takeout Taxi's current strategy has caused a lot of missed marketing opportunities. By sending a message that better fits the current customer, Takeout Taxi will be able to more effectively market its service to its target market. Despite the lack of a diverse marketing campaign, Takeout Taxi can overcome its declining sales with a position shift in the mind of the consumer.

Critical Factors

Critical factors affecting this case can be broken into strengths, weaknesses, opportunities, and threats.

Strengths

- Has a loyal customer base.
- Has a strong relationship with its customers through its customer service representatives and drivers.

Weaknesses

- Lacks thorough marketing tactics.
- Lacks research of consumer psyche.

Opportunities

- Consumers can be made aware of the benefits to them through new strategy.
- Hundreds of restaurants exist to make available to customers.

Threats

- Current restaurant closing trends make up-to-date menus hard to achieve.
- Increasing number of restaurants that deliver their own food.

Research

Methods

Primary research was conducted in the form of 65 surveys among people in the target market 35-64 year olds. These surveys were conducted to find out what factors people consider when ordering from a delivery service. Survey participants were found

at West Town Mall and The Knoxville Center (a.k.a. East Town Mall). The surveys were quantified and the findings analyzed.

Findings

From the surveys, the average number of times people order from a food delivery service in a month is three to four times. With this question, it is evident that the frequency of orders will play a role in a consumer's decision to order from food delivery services. Because the average number of orders per month is three to four times, reaching the target audience on a weekly basis is important. By reaching them on a weekly basis, Takeout Taxi will be able to expand its loyal customer base, people that order weekly. A call for frequency of purchase is important.

Participants were then asked to rate the importance of characteristics of the food delivery service. The surveyed characteristics were cost, delivery time, saves time, quality of food, and variety of food. Participants rated the quality of food and the cost as the most important factors when considering an order from a food delivery service. Each characteristic rated at a 1.8, meaning the participants felt that cost and quality of food were the most important characteristics. The benefit that Takeout Taxi concentrates on is saves time. But, according to the surveys, customers are least concerned with the time it saves them. Takeout Taxi should use the benefits that make them unique in the food delivery service industry.

The next question in the survey asked participants to specify whom they order for when they order. Forty-eight percent of participants responded that they order mostly for their families. Another 29% responded that they order mostly for themselves. From this,

it is evident that the family should be considered when coming up with a new creative strategy.

Next, participants were asked to name all of the food delivery services that came to mind. Other than pizza delivery, Takeout Taxi and Steakout were the only other food delivery services mentioned. Sixty percent of the participants answered with Takeout Taxi as one of the food delivery services. This shows that Takeout Taxi is on the consumers' minds. Therefore, it is assured that Takeout Taxi's declining business is not a matter of lack of awareness. The problem has been correctly identified as related to Takeout Taxi's current creative strategy.

Of the participants surveyed, 48% have ordered from Takeout Taxi. The participants that had ordered from Takeout Taxi were asked to rate the characteristics of cost, delivery time, saves time, quality of food, and variety of food. Here, variety of food and quality of food rated the highest with ratings of 2.1, meaning that the target market considers Takeout Taxi to very good in each of those characteristics. Cost rated at a 3.5, meaning that the cost of Takeout Taxi is not one of the company's strengths. Delivery time and saves time each rated well at 3, meaning that Takeout Taxi is neither excellent nor poor in those characteristics. From this question, it is clear that Takeout Taxi's strengths lie in the variety and quality of food delivered.

From these findings, it is evident that Takeout Taxi should consider the quality of food as part of its new creative strategy. Also, the variety of food should be used because participants rated it as a very good. This could be the separation from the competition that Takeout Taxi is looking for in order to occupy its own niche in the consumer's mind.

No other food delivery service offers the choices that Takeout Taxi offers. This niche should be utilized to make a stronger positioning statement.

Alternatives

The primary research findings present a few different choices on how to position Takeout Taxi. Currently, Takeout Taxi is positioned as a time saver when the research clearly indicates that it has little to do with the true strengths of the service. The findings suggest a new approach is in order. The following is a discussion of three alternative positions.

Alternative #1: Takeout Taxi provides a variety of quality food for the entire family.

This position focuses on both the rational and social aspects of the consumer psyche. With this position, Takeout Taxi becomes a rational idea when considering food delivery services. It focuses on the consumer's ability to make a decision based on the most quality for the money. This position also discusses the variety of food as a separation from the competition. Most food delivery services only serve one kind of food, whereas Takeout Taxi can deliver anything from Mexican to Chinese to American food. Now, the consumer will be aware of the choices Takeout Taxi provides for its customers. The last part of this position lets the consumer know that Takeout Taxi is perfect for providing food for the family. This will fulfill their social needs through the family. The social need taps into an emotional tie that will complement the rational thought processes of the appeal to variety and quality.

One advantage of this position is that it will concentrate on the strengths of Takeout Taxi. It shows the consumer that quality food is the only kind of food that Takeout Taxi delivers. Also, it will secure its own niche in the market with its variety of

food. Consumers want variety, a choice, and Takeout Taxi can provide it. Because the surveys indicate that a near majority of consumers order for their families, this statement would concentrate on the people for whom most customers order.

There are some disadvantages to this position. First, the statement does not concentrate on what survey participants expressed as one of their main concerns, cost. Also, “for the entire family” may not be a great choice of positioning because a large amount of Takeout Taxi’s business does come from other businesses and hotels. This could cause a problem with the consumer’s perception of the service as only for families. By expressing the social aspect of family in the positioning of Takeout Taxi, some consumers may feel shut out by the message.

Alternative #2: Takeout Taxi delivers from many different restaurants.

This positioning statement expresses the variety of food that can be ordered through Takeout Taxi. This statement concentrates on the consumer’s rational thinking ability. Here, the focus will be on the consumer’s need for a wide selection of food.

One major advantage to this position is that it focuses on a key strength in that Takeout Taxi can provide variety. Another advantage is that it is simple and direct. Consumers do not have to worry about any other factor except that variety can be found with Takeout Taxi. This is important to consider because in order for Takeout Taxi to secure a unique position in the market it must market itself as unique. Therefore, concentrating on what separates them from the competition is a good policy.

This positioning statement does have its disadvantages. First, the position may not include enough to occupy the consumer’s mind as a good enough reason to order from Takeout Taxi. The position is missing emotional reasons for ordering. In order for

this position to be successful, Takeout Taxi's ability to provide variety would have to be incredibly strong in the consumer's mind. Another disadvantage is that the positioning statement to not include an appeal to the emotional side of the consumer psyche. In order to more effectively market its service, Takeout Taxi's positioning statement should include both rational and emotional appeals.

Alternative #3: Takeout Taxi provides affordable quality food for any occasion.

This positioning statement concentrates on the characteristics of cost and quality. These characteristics are considered to be the most important in a consumer's decision to order from a food delivery service. These characteristics, again, focus on the consumer's rational thinking abilities. Takeout Taxi is affordable and does provide quality food. This position also includes "for any occasion." By saying this, the consumer knows that Takeout Taxi will be there in a variety of situations, whether for a single person or a group of people, a quiet night at home or a party. This opens the consumer's mind to an emotional appeal, one that includes family, friends, or any other situation for ordering from Takeout Taxi.

The advantages of this position are strong. First, it concentrates on one of the main concerns expressed in the surveys when ordering from a food delivery service, cost. The cost of ordering is a concern and this positioning statement addresses that concern. It also addresses one of Takeout Taxi's strengths in quality food. This allows the consumer to know that Takeout Taxi is about high quality food service. And finally, this statement does not put a restriction on the use of Takeout Taxi. It gives the consumer freedom to choose when he/she uses the service and for whom. There is not a specific social need being addressed in this statement.

There is also a major disadvantage to this positioning statement. The mention of cost as affordable is relative. It may be affordable for some but not for others. When speaking in such relative terms, it may turn consumers off before they are able to get the rest of the message. If the consumer sees mention of cost, it may taint Takeout Taxi's image because there is a delivery charge. Most food delivery services do not have a delivery charge; the mention of extra cost in the positioning statement may cause negative attitudes to form against Takeout Taxi. In order for the consumer to see the true benefits of Takeout Taxi, they will have to see past the extra cost.

Conclusion

Takeout Taxi should consider combining elements of the first and third positioning statements. The final statement will read: *Takeout Taxi provides a variety of quality food for any occasion.* This positioning statement mentions Takeout Taxi's strengths, the variety and quality of food delivered. This separates Takeout Taxi from the competition by positioning according to its most unique aspect. Because Takeout Taxi is the only delivery service in Knoxville that delivers from multiple restaurants, it should take advantage of this niche in the market. In this statement, the consumer is given the freedom to choose when and why they order. There are no restrictions, like "for the entire family," to inhibit the consumers actions.

Future Recommendations

From this new positioning statement, new creative executions should be enacted in the direct mailing. Once the execution is decided upon, new menus should be printed and distributed using the company's new positioning statement. After the distribution, sales should be closely monitored to track the success of the new creative strategy.

Further evaluation can be executed through the use of telephone surveys to determine what made new customer's call Takeout Taxi.

The following is a survey being conducted for research at the University of Tennessee. Participants must be 35-64 years old and live in either the West or North Knoxville area.

1) How many times per month do you order from a food delivery service?

- 1) 0
- 2) 1-2
- 3) 3-4
- 4) 5-6
- 5) 7+

2) How important are each of the following characteristics in your choice to order from a food delivery service?

	Very Important			Very Unimportant	
Cost	1	2	3	4	5
Delivery time	1	2	3	4	5
Saves time	1	2	3	4	5
Quality of food	1	2	3	4	5
Variety of food	1	2	3	4	5

3) When ordering from a food delivery service, you most often times order for:

- 1) Yourself only
- 2) Your family
- 3) Friends
- 4) Coworkers
- 5) Other: _____

4) List all of the food delivery services you can think of:

5) Have you ever ordered from Takeout Taxi?

___ Yes (Go to question #5)

___ No (Finish)

6) Rate the following characteristics for Takeout Taxi:

	Excellent			Poor	
Cost	1	2	3	4	5
Delivery time	1	2	3	4	5
Saves time	1	2	3	4	5
Quality of food	1	2	3	4	5
Variety of food	1	2	3	4	5

Thank you for participating in this survey.