

Winter 2013

SeaTac Quiznos

Final Client Report



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MARKETING 445

Mr. Eberhardt
Founder and Owner
SeaTac Quiznos
17801 International Blvd
SeaTac, Washington 98158



Dear Mr. Eberhardt,

First and foremost, we would like to thank you for the time dedicated to working with us and for this invaluable experience. Over the past eight weeks, we have gotten to know you and your business and have grown to value the success of your restaurant as if they were our own. We understand that in the past, you have enjoyed great success with your restaurant. However, partially due to the decline in the economy and regulations from the airport, maintaining SeaTac Quiznos became more difficult. In the course of eight weeks, we analyzed your company and identified key areas that are detracting from your success and hindering the growth of each restaurant. We are excited to present our compiled research and recommendations in this final report and are confident that they will help restore and surpass your prior success with the SeaTac Quiznos.

The following report will detail our approach in addressing the three work areas of this project. Work area one includes an analysis of the situation, company websites, SEO, and the firm's financials. Work area two regards to the business operational efficiency. Finally, work area three involves our marketing strategies. The report will address each of these areas in detail and provide recommendations on how to improve SeaTac Quiznos.

The Quiznos observation day provided the opportunity to understand business operations and gave us the chance to talk with the staff. During the Quiznos observation day our team saw customers leaving the store during the peak time due to the long line. In addition, knowing a new competitor McDonald's is entering the same terminal to compete with SeaTac Quiznos, our team would strongly recommend the implementation of new marketing strategies and improvements to the operational efficiency.

If you have any questions or concerns regarding the content in this report, we encourage you to either contact the student team or the advisors and mentors. Thank you again for giving us the opportunity to be part of your company's success. We greatly appreciate your openness to new ideas and your entrepreneurial spirit; you have been a remarkable client. We look forward to seeing the growth of your company in the years to come.

Sincerely,

Joshua Cowgill, Marquis Stevens, and Lucy Wan

Section I: Report Introduction

Executive Summary:

The student team designated in Marketing 445, agreed to consult Mr. Eberhardt's SeaTac Quiznos location. The team worked with Hitachi Consulting as well as Professor Jane Reynolds and associates from the UW Foster Business School to best prepare business recommendations tailored to improving operational efficiencies and marketing strategies at the Quiznos location.

After conducting primary research, including multiple observations of the site, and interviews with the regional operations manager Ms. Grave, as well as a plethora of secondary research, the team identified the following recommendations:

Phase 1: Improve Operational Efficiency in the Ordering Process

- i. Adopt an iPad ordering system to serve more customers during busy times

Phase 2: Implement Marketing Strategies

- i. Drive Traffic airport-wide to Concourse B:
 - a. Install Facebook ordering with ChowNow to allow customers to order online with the option to pick-up or have it delivered.
 - b. Partner with Fireworks and Southwest Airlines to attract customers from outside of Concourse B.
- ii. Attract passerby airline passengers:
 - a. Improve storefront appearance using banners and posters advertising healthy alternatives
 - b. Implement a Happy Hour discount promotion for employees and passengers
 - c. Create a Quiznos Wheel to entice potential customers to interact with Quiznos

The recommendations that the team identified are cost effective and value oriented. Each is designed to attract customers, in turn, bolstering revenue and profits if recommended measurements are also followed.

Section II: Introduction

Company Overview:

Our client, Mr. Eberhardt, started his business as the Seattle Deli at the SeaTac Airport. Dan is half-Japanese, enabling him to be part of the ACDBE (Airport Concession Disadvantage Business Enterprise), which helps remove barriers and provide opportunities for running his business within the airport. Two years ago, the SeaTac airport board wanted a national brand, so Mr. Eberhardt decided to join Quiznos as a franchise owner. He has 10 dedicated employees, and 5 of them have worked with him for more than fifteen years, which is a major drive to keep his business afloat. Mr. Eberhardt is very knowledgeable and passionate about the food industry. He is working with Quiznos' Corporate to use his Quiznos as the model for innovation by trying new strategies. However, the most important thing right now for Dan is to get the lease extension and keep the Quiznos in the airport.

Project Scope:

Quiznos business, on the national level, currently services under the fast food industry, which can be described as highly competitive. The food industry provides many substitutes, causing very small market shares for even the dominating fast food corporations. Within the airport, Quiznos has to compete with about thirty restaurants, applying the same competitive environment as nationals. The business' purpose shares Quiznos Corporate's -- "to serve the best sandwiches and products in the marketplace and provide all the right ingredients¹."

Project Deliverables:

¹ "Overview." *Franchisegenius.com*. Web. 31 Jan 2013. <http://www.franchisegenius.com/Quiznos-Sub-Franchise>

In our consulting agreement between the UW Business and Economic Development Center and Quiznos, our team has agreed to assist the SeaTac Quiznos by addressing three work areas that we feel are essential in increasing their competitiveness and improving the company's performance.

In addressing the first work area, the team provided a set of standard (non-negotiable) deliverables to the Quiznos. To complete this work area, we created an industry analysis based on Porter's Five Forces Model, analyze the company's strengths, weaknesses, opportunities and threats by conducting a SWOT analysis, identify the firm's financial status through the use of financial ratios, and conduct a SEO plan.

Within the second work area, we focused on increasing the business' operational efficiencies to increase revenue and profit margins. To ensure this work area was complete, we created a process map to identify problems that occurred during the ordering process and provided a recommendation to solve them.

Work area three will help develop long-term growth plans that will benefit both the local franchise and the national firm by developing marketing concepts that appeal to current and potential customers. This includes primary and secondary research that assess the feasibility of each option, and analysis of the data to provide the recommendations with the highest probability of success.

Action Plan:

To improve operational efficiencies during busy hours, our team recommends implementing an iPad point of sale system to replace current register systems. This will allow for staff to take orders from people while they stand in line, reducing line times.

To effectively capture customers from the terminal and improve customer retention, our team recommends the following marketing strategies:

1. Facebook Ordering: customers will be able to order via Facebook and have Quiznos employees deliver to their office or gate. This will help Quiznos expand out of Concourse B.
2. Improving storefront appearance: attract customers by utilizing the large storefront space using banners, promotions, and façade improvement.
3. Store and Airline Partnership: by offering potential customers coupons from a variety of vendors, traffic will be driven to Quiznos from outside of Concourse B.
4. Happy Hour: offer discounts on sandwiches, beverages, and snacks at certain hours to attract customers at typically slow times.
5. Quiznos Wheel: wheel that customers spin for promotions. This is a point of purchase strategy that attracts Concourse B flyers and entices them to purchase a combo in order to play.

Paper Overview:

We begin the paper with a strategy assessment to understand if the current strategy is the best suited for the present situation. We start with a situation analysis including the general environment of the airport, an industry analysis and a competitor analysis. From there, we will evaluate Quiznos' strengths, weaknesses, opportunities and threats with a SWOT analysis. We then assess Quiznos' competitive advantage and financial reports. After this, we discuss our research methodologies and move into our proposed recommendations. To tie the recommendations into a broader strategy, we created a Balanced Scorecard, which will be explained in further detail later on.

Section III: Strategy Assessment

Situation Analysis:

i. General Environment:

Gathering demographic information for airports is a difficult task. We were unable to find exact information; instead, we patchworked our findings from a handful of different sources. We compiled these to create the most complete picture possible:

- Mr. Eberhardt serviced 113,000 customers in 2012.
- SeaTac hosted 32,823,220 passengers in the year 2011. 90.9% of those passengers flew domestic and the remaining 9.1% flew international². Although those passengers arrive and depart from the airport, they do not necessarily travel to or through the same terminal that Quiznos is located.
- Concourse B hosts Southwest Airlines, Horizon Airlines and Hawaiian Airlines. Combined, they contribute almost 8 million of those passengers.
- According to data from Quantcast, a company that measures demographics of internet page visitors, more than 2/3 of the travelers have college or above educations, more than half of which make over 100K annually. Generally, the airlines are Caucasian and Asian dominated, about 65% of which have no children. As ages progress, they are more likely to travel (i.e. 18-25 are least likely while 65+ are most likely).
 - Although this is not a true demographic measure, it is a good indicator of who is travelling.

² SeaTac International Airport Activity Report." portseattle.org. Port of Seattle, 2011. Web. 31 Jan 2013.

- Industry analysis by Hoover found a correlation between business travel, as business profits rose by 8.7% in third quarter 2012. They also found a trend in leisure travel as US tourism increased 5% in the same quarter³. Both of these growths indicate a rise in passenger numbers with higher incomes contributing to concessions revenues.

The United States as well as other countries are facing an economic recession, or currently recovering from one. Because of this, flight has suffered. Through operational efficiencies, airline companies have lowered prices to fly and were able to stay in business. As the U.S. economy further recovers from the recession, both annual disposable income (\$32,700) and personal consumption expenditures (\$35,500) are on the rise since a slump 2009. The U.S. GDP has also risen by \$1.5 trillion since the same 2009 slump. Overall, this caused an increase in air travel as more disposable money entered the economy. Even as some economies still suffer, last year “economy business travel was supported by more robust international trade in goods and service. This contributed to a positive picture for both passenger volumes and yields⁴.” Increased passenger traffic and rising incomes are very positive for airport concessions. Another bonus for just SeaTac Airport is the modest rise of 2.7% in CPI-U as compared the U.S.’s of 3.2%⁵. Seeing as 90.9% of flights out of SeaTac are domestic, that difference can be significant in drawing more Seattleites to travel.

Businesses function very differently in airports than they do on the street. The Port of Seattle defines much of the legislation having to do with airport concessions and the airport board enforces them. This is currently causing a stir that we will explain: Seattle has a law that airport

³“Airline Industry Analysis.” hoovers.com. Hoovers, 2011. Web. 31 Jan 2013.

⁴ Airlines industry - latest industry outlook and financial forecast.” eturbonews.com. eTurboNews, 14 Dec 2012. Web. 31 Jan 2013.

⁵ Historical Consumer Price Index.” seattle.gov. Seattle City Budget Office, 2011. Web. 31 Jan 2013.

concessions must charge street prices for their goods despite a higher rent. Although there is a high traffic captive population, rents and required modifications and renovations cost business owners a disproportionate amount. Airport leases also affect businesses heavily. After paying rents, and renovations, businesses must pay back these debts but if leases end too early, the business may be required to leave with debt. Currently, many businesses are in debt due to renovations and leases are soon to end. In response, Port of Seattle extended their leases, but SeaTac Airport refuses to take the command. In addition, there are a set number of concession spaces, but occasionally new spaces can be added with due process. Lastly, advertisement in the airport consists of a pooled fund by the businesses that is allocated according to the airport board. Our client Mr. Eberhardt is an airport concessions disadvantaged business enterprise (ACDBE), a program designed to remove barriers and provide opportunities for minority business owners.

Mr. Eberhardt has a diverse and extremely loyal employee base. Over half of his staff has worked at the location for over 15 years and his newest employee has worked there for 2 years. As well, Mr. Eberhardt is a diverse individual, allowing him to receive the benefits of an ACDBE. Apart from the staff being diverse, the food they offer is all natural and sliced daily.

As mentioned previously, the global economy flies. As countries develop and businesses connect, air travel will increase, positively affecting SeaTac Quiznos' revenue. But as oil prices continue to rise, currently at \$129.50 per barrel, flight prices will rise and discourage travelers.

ii. Industry Analysis (Porters Five Forces Model):

Threat of New Entry (Medium):

Renting space in SeaTac International Airport is a difficult process. There are fixed locations to rent and new locations open rarely. If they open, they do so in new terminals. Because the food locations for renting are fixed and leases last for many years, the threat of new entry would usually be considered low. It is considered medium due to the entry of McDonald's. McDonald's was able to work with the airport to build a new vending space in Concourse B.

Threat of Substitutes (High):

Airline passengers and workers as well as airport employees have many options for food within the airport. When passengers enter the airport, they must first walk through the main concourse, or "Taj Mahal" before they enter their terminal. The "Taj Mahal" offers many dining experiences, from fast food to sit down. In Concourse B, there is Sbarro and Starbucks, and soon McDonald's that will precede Quiznos. Overall, there are many substitutes in both fast food and casual dining.

Bargaining Power of Customers (High):

Because there are many substitutes in terms of dining within the airport, the bargaining power of customers is very high. In this case, Quiznos is easily replaced by other restaurants and fast food vendors if customers do not perceive value.

Bargaining Power of Suppliers (Low):

Because the SeaTac Quiznos is a part of Quiznos Corporate, there is no ability to affect the supplier relationship. The supplier itself does not have much bargaining power over Quiznos Corporate because of the competitive pricing of other suppliers.

Competitive Rivalry (High):

Again, there is a plethora of fast food restaurants in SeaTac that compete with Quiznos, many of which are corporate brands with brand loyal customers. McDonald's is a prime example of this and will be a major potential threat that will enter the airport in Spring 2013.

Please refer to Appendix 2 for the entire Five Forces Model.

iii. Competitor Analysis:

McDonald's: McDonald's will be the biggest threat because it contains a larger market penetration and customer loyalty than Quiznos. It offers inexpensive food with new products emphasizing health benefits on the "Under 400" menu. Lastly, it will be located before Quiznos in Concourse B.

Sbarro: Sbarro is also a competitor with Quiznos, offering similar prices, and healthy alternatives. With a new CEO, Sbarro is focusing on changing the image from fast food to fast casual. This is also located before Quiznos in Concourse B.

Starbucks: Although Starbucks is primarily known for coffee, it also offers a wide range of pastries and sandwiches. Starbucks is also known for its brand loyal customers and is located before Quiznos in Concourse B.

Please refer to Appendix 3 for the entire Competitor Analysis.

SWOT Analysis:

Strengths: Internal Factors that the SeaTac Airport Quiznos can build upon:

1. Only subs in the airport: Quiznos is the only specialized sandwich provider in the SeaTac airport. They are able to capitalize on one hundred percent of the market for producing high-quality toasted subs.
2. High-quality products: Quiznos prides itself in making healthy, toasty, and high-quality subs. Products are made with fresh ingredients sliced daily. To make sure this happens, employees are scheduled to work morning shifts starting around 5 a.m. to cut vegetables and meats. Each sandwich is made to order to ensure the customer that they are receiving the best quality sub.

3. Family-oriented business culture: Each employee working at the SeaTac airport has been working there for two or more years. The employees and owner have been able to work together for multiple years. From this, there grew a strong team ethic and good communication. This has led to a high employee retention rate.

Weaknesses: Internal Factors that the SeaTac Airport Quiznos can improve upon to turn into strengths:

1. Management team is small: SeaTac Quiznos only has one manager that oversees operations besides the owner on a day-to-day basis. Although the manager has been with the company for more than ten years, having another manager could improve efficiency within the store and relieve pressure of other workers.
2. Owner has limited control of business due to corporate and airport restrictions: The owner cannot change products on the menu, so the store is only allowed to provide part of the full Quiznos menu. The pricing of the items on the menu is not allowed to change, so the airport pricing is the same as street pricing. If the Quiznos inside the airport wants to do additional marketing, they have to go through corporate and the port. Also, the supplier has a contract with corporate, so Mr. Eberhardt cannot change suppliers.
3. Not located in a highly trafficked terminal: SeaTac Quiznos is located near the end of the terminal and travelers must past several restaurants before they arrive at the Quiznos.

Opportunities: External factors that the SeaTac Airport Quiznos can use to expand its brand and grow customer base within the airport:

1. Can promote secondary products: Besides sub sandwiches, SeaTac Quiznos offers its customers secondary products such as chips, cookies, soups, salads, and bottled drinks.
2. High-foot traffic: Quiznos is located in the SeaTac airport therefore allowing access to all travelers within the airport. Millions of people pass through the airport on a yearly basis outside of Concourse B.

Threats: External factors that the SeaTac Airport Quiznos should be aware of to improve its future success:

1. Commercial airlines leaving the terminal: Concourse B originally hosted Horizon Airlines, Hawaiian Airlines, and Southwest Airlines, but Horizon Airlines has switched concourses and does not operate out of the terminal anymore. Hawaiian Airlines still operates out of Concourse B, but has reduced the number of flights they conduct. Southwest is now the airline that brings the most customers through the terminal.
2. A new McDonald's location is opening in the same terminal: The airport is in the process of construct a new vendor space for McDonald's in Concourse B which will divert potential customers.

Please refer to Appendix 4 for the entire SWOT Analysis.

Competitive Advantage Assessment:

By analyzing our research, our team has concluded that SeaTac Quiznos has three primary competitive advantages. These three advantages include:

- 1) Exclusive barrier to entry because of high rent and regulation costs

- 2) Supported aid and benefits as members of the Airport Concession Disadvantage Business Enterprise (ACDBE)
- 3) Operating as the healthier fast-food option within Concourse B.

Overall, there are limited entry barriers within the fast food industry. Briefly stated, most of the fast food industry is largely competitive, reaching a nearly perfect competitive environment. In fact, as of 2011, the dominating 50 fast food corporations only contain 20% of the industry's market share⁶. Having said this, it is often difficult to see circumstances within this industry where there are high barrier to entries, such situations are rare. However, in the case of our client, SeaTac Quiznos, such high barriers to entry exist.

The SeaTac airport contains regulations that must be established in order to provide services within them. These regulations have hindered the possibility for other competitors to serve within the airport. Many safety hazard and numerous regulations have high installation costs, which have prevented them from entering into the airport location. One example of the costly installation are ovens with extreme ventilation power, which are required within the airport to prevent smoke damage of the rented locations.⁷

One of the greater benefits that Quiznos has is that it is a member of the ACDBE. This program provides aids for entities that are categorized as "disadvantaged businesses", by helping them develop their firm and pushing to create equal level of playing fields within the market⁸. For Quiznos, being part of this program provides a competitive advantage because it not only

⁶ "Industry Overview." *Fast-Food & Quick-Service Restaurant*. Hoovers.com. Web. 31 January 2013. <<http://subscriber.hoovers.com/H/industry360/overview.html?industryId=1444>>.

⁷ Dan Eberthard. Manager of the SeaTac Airport. Interview. 26 January 2013

⁸ "Disadvantage Business Enterprise." *Port of Seattle*. Web. 1 Feb 2013
https://www.portseattle.org/About/Organization/Documents/2012_DBE_Program.pdf

helped the business establish itself within the airport, but has gained recognition from Quiznos headquarters. Quiznos headquarters is highly invested in having this localized Quiznos stay within the airport because it wants to provide a good standing within the Disadvantage Business Enterprise. Through the ACDBE, Dan Eberthard—Quiznos SeaTac Airport Manager-- has gained a voice that is being listened to by nationals. In response, nationals is willing to work with Mr. Eberhardt to solve some problems and help develop the Quiznos brand within the airport. Thus the ACDBE has provided pressure and aid that is not available for other airport competitors.

Finally, and most importantly, Quiznos is the only fresh fast food restaurant within Concourse B of the airport. Quiznos next competitor within Concourse B are Sbarro pizza and the potential McDonald's. Although, McDonald's does contain a higher brand equity, Quiznos is marketed as fresh food because of its natural ingredients compared to McDonald's; however, the eminent threat of McDonald's with its new health menu named "Favorites under 400" will be strong competition.

Current Financial Situation:

In order to analyze Quiznos financial situation, our team met with Jim Thomas of Community Capital Development. He is the CEO who has previous experience in looking at company's financials. The two statements that we analyzed from Quiznos were its Balance Sheet and Income Statement. After the meeting with Jim we were able to conclude that Quiznos is in excellent financial position. What they did that was interesting, was the fact that they have no debt with financial institutions, but they have debt to investors. Instead of treating the investments from the investors as capital, they are using that as debt in their liabilities. If needed,

they could move that debt to equity and have barely any debt, in other words this would allow them to borrow from banks if they needed the funds. An area of opportunity for Mr. Eberhardt is to lower his General/Administrative Expenses by lowering bank expenses. Currently there may be services of equal quality and lower prices.

Current Strategy:

From our analysis, we found that there is currently little strategy that we can identify from the SeaTac Quiznos. One strategy of Mr. Eberhardt's is to create a strong and dedicated team of employees that work hard and hold mutual respect for each other. He also emphasized the fresh food Quiznos provides to customers that beats other fast food suppliers. We felt there could be more effective strategies for the current situation in which the current strategies can be a part. In response we created a holistic strategy to guide SeaTac Quiznos towards success in stride with Quiznos corporate.

Quiznos corporate strategy:

Senior vice president of franchise development Sean Fitzgerald, a newcomer to Quiznos' corporate management team, says Quiznos is working on "establishing that the Quiznos brand is better than ever, with an emphasis on quality ingredients and customer experience."

Our proposed strategy:

"Increase the number of customers and customer retention using marketing strategies, and improved operational efficiencies of the ordering process while continuing to treat customers and employees with the upmost respect."

Section IV: Recommendations

Research Methodology

Objective:

The purpose of the research intended for this project is to gather information and ideas for marketing strategies and operational efficiencies, as well as understand specifically how these strategies will benefit Quiznos. Once we have gathered all the information necessary, we will then recommend strategies, that we feel will be most beneficial, to implement in order to increase efficiency and grow customer base. Additionally, our teamed researched ways to implement these recommendations. Not only will we provide the best strategies, but we will also give our client the steps necessary to do so. Throughout the process, our team acquired substantial amounts of primary data and relevant secondary data.

Primary Research:

Primary research consisted of work-site observations and a personal interviews. Our team visited SeaTac Quiznos on three separate occasions to observe our client's business operations and identify possible marketing strategies. The set of interview questions are illustrated in Appendix 5.

These work-site observations allowed us to understand the business operations and provided an opportunity to talk with staff members regarding the working scene at the Quiznos. Another source for the research also came from an interview with conducted with a regional manager from corporate. Since the owner is a part of the Quiznos franchise, we wanted to confirm our ideas with our client and corporate to make sure any rules weren't violated. Our client, Dan Eberhardt, referred us to Ms. Grave, the Quiznos' regional manager for the Pacific Northwest. Mr. Eberhardt felt it would be great for us to speak with her because anything that he

does regarding the store, she has to approve or she has to be involved. An added benefit of the discussion, Ms. Grave was able to explain what other stores were doing as far marketing concepts. We had a conference call with Ms. Grave to discuss our particular marketing strategies. Appendix 5 is the record of the conference call.

On February 2nd, we visited our client Dan Eberhardt. Our team spent about four hours at the SeaTac Quiznos to discuss his business situation and understand some of the desired outcomes. He demonstrated his store inventories, processes, machines, and also explained relevant regulations imposed on the restaurant by the airport board. The client site visit was very helpful because after talking with Mr. Eberhardt, our team understood the value of SeaTac Quiznos and strong connection of the staff.

Secondary Research:

The majority of our secondary research comes from reputable sources such as: N.Y Times, FastCasual.com, Euromonitor Passport Market and Sectors, SeaTac annual report and other scholarly articles. Throughout recommendations, the team will utilize these sources to support our findings from the primary research in order to make our recommendation accurate. The secondary research helped our team understand market trends in restaurants, the average profile of a frequent flyer, and trends and factors that affect the airline industry.

Findings Kept in Mind for the Recommendations:

1. The slow time at SeaTac Quiznos is between 2PM to 5PM.
2. SeaTac Quiznos is offering 20% off for employees in SeaTac Airport

3. SeaTac Quiznos is allowed to do promotions individually. However, if promotions involve in remodeling, coupons, and purchasing, Mr. Eberhardt will need to have the permission from corporate first.
4. For any additional marketing, Mr. Eberhardt must incur the extra cost
5. SeaTac Quiznos is only allowed to do promotions within the store. Any promotion activity that is outside the store will need the permission from the Airport Board.
6. Storefront space is underutilized in terms of advertising.
7. During the peak time, there is not sufficient space for customers to wait in the store.
8. When the store is busy, the amount of employees are not able to accommodate all of the needs of customers.
9. The location of the SeaTac Quiznos is relatively inaccessible to many passengers.

Implementation Recommendations:

- i. Operational Efficiency:

iPad point of sale system:

The iPad POS system is our team's recommendation for the SeaTac Quiznos to improve its business operation efficiency during the rush hours.

Research and Case Study:

During the Quiznos observation day, our team noticed customers leaving the store due to long lines during rush hours. Waiting in line may be painful for customers and can leave negative impressions of the store. We've observed the U-Village Starbucks with a similar

problem of long lines that caused customers to leave; the way they solve it is through installing a mobile check out system in the store so the transaction is finished while customers are waiting in line. That helps them to move the line faster and build a positive image among customers.

Implementation:

The implementation would require a staff to hold an iPad at the entrance to finish customers' orders or to have an iPad Kiosk in the store for customers to do self-ordering. We have been in contact with two companies that are specialized in iPad POS systems. Touch Bistro provides an application for the ordering system. The SeaTac Quiznos can buy the license from them and start to use within a week. Touch Bistro charges \$1100, which includes the license fee, an iPad, Airport express for storing the information and a cash drawer. However, Touch Bistro does not offer the service to set up the menu, so the SeaTac Quiznos would have to set up the menu individually. Touch Bistro's staff said it usually takes 2 hours for their customers to finish the menu setup. If SeaTac Quiznos would like to have the iPad kiosk in the store for customer to order their meals, the Revel System would help them to accomplish that. However, Revel System would cost \$2500 to design every element in the application and implement the hardware for the iPad Kiosk and do the set up. Revel System has a branch in Seattle, so if SeaTac Quiznos need any additional assistance, Revel System can send staffs to the airport.

ii. Marketing Strategies:

Delivery and online ordering:

Because SeaTac Quiznos is not easy to find, offering the online ordering and delivery service to customers in the airport is a great strategy for the SeaTac Quiznos to reach new and existing customers. As for the online ordering, the Facebook page will be the primary source for

customers to order their meals. We hope the online ordering and delivery will help SeaTac Quiznos' to increase the number of customers as well as their online presence.

Implementation:

The Facebook ordering process can be installed through a company named ChowNow. ChowNow provides different ordering channels including Facebook integration and iPhone/iPad apps. For SeaTac Quiznos, this company will have access to SeaTac Quiznos' Facebook page and will install a program that allows customers to order through it. ChowNow provides a tablet that will ring and the order will be accepted. An email will be self-generated, notifying customer of their wait time. SeaTac Quiznos will then receive the order through the tablet, and prepare the meal for their customers. If the customer asks for delivery, SeaTac Quiznos' tablet will notify staffs that there is a delivery request. The message will provide the location of the customer and a Quiznos employee will deliver the meal personally, providing that the customer shows the receipt. In order to prevent fraudulent orders, ChowNow requires every order through Facebook to pay with credit cards. This ordering system requires a \$199 (including the tablet) installation fee along with an \$89 service charge per month for unlimited orders.

Research and case study:

Companies are starting to use technologies to offer better services to their customers. According to an article from Forbes, "the next frontier for social media and smart phones may as well be the restaurant table." In the same article, Facebook ordering is described as an upcoming trend for restaurants in the next year. One of the advantages of doing Facebook ordering is a relatively low cost and add-on for a restaurant. Since the SeaTac Quiznos has to incur any additional marketing expenses, the price of doing Facebook ordering will be an affordable option. The trade magazine Fast Casual also reported that, "not only does the Facebook ordering

channel provide convenience for socially networked customers, it has also helped the restaurant fill more orders faster.” The SeaTac Quiznos can utilize space on the storefront to promote to airport employees and passengers that they do delivery. When passengers are waiting for their next flights, they can order subs while browsing their Facebook pages, and their subs will be delivered to their gate. Furthermore, we noticed that Quiznos does have online ordering available for many stores, but the SeaTac Quiznos does not accept customers to order online in part of that may due to its location. However, a handful of airports are doing food delivery now. The food and beverage provider OTG Management and Delta Airlines has collaborated together. In the Delta terminal at Minneapolis-St. Paul, there are iPads available in the gate areas. Passengers waiting for their flights can use these iPads, order food from the terminal, and have it delivered to the gate they are located. OTG also offer this type of services at La Guardia Airport in New York, Toronto Pearson International in Ontario and Minneapolis-St. Paul International in the Twin Cities.

Facade Improvement:

A simple way to market Quiznos is to improve the storefront appearance. The Quiznos space has a 50ft façade that allows for advertisements and promotions. When analyzing other restaurant facades within the airport it became apparent that Quiznos had room to improve. There are three physical areas specifically to improve on: 1) the picket fence and trellis, 2) the column with the pepper bar, and 3) the farthest back wall that currently has 2 framed posters hanging.

Area 1): Healthy food is a trend that Quiznos can step behind. By utilizing space on the picket fence, posters/banners can be used to promote healthy alternatives that Quiznos offers using both

imagery and text. For these materials, contact Ms. Graves. There is also an unused space on the far right of the façade, where there is an empty magnet sign with the Quiznos logo above. Many restaurants in the airport would use this space to post a menu. Because you already have a menu stand, you should use this for special promotions. Here you can promote our recommendations like Happy Hour or the Quiznos Wheel to attract potential customers. Also, utilize the spotlights currently directed towards the sign. This will help draw attention.

Lastly, other companies have menus facing the terminal. Rather than keeping the menu stand (not board) inside of the store, you can place it outward to improve visibility for customers. Many other restaurants are doing that same thing.

Area 2): The wall column where the pepper bar is located can be used for promotion as well. Currently there is a Coca Cola poster and a small poster promoting cookies on this space. This is a space that can provide different types of advertising like promoting the Facebook and iPad/iPhone App delivery system.

Area 3): On the farthest wall from the façade there are currently two framed posters hung. The posters are wrinkled in the frame and look outdated. The simple fix for this is updating the posters and making sure they fit well in the frames. This small fix will improve the appearance of the store, draw attention, and communicate quality. A slightly more intensive suggestion is to add sticker posters of the quality toppings that Quiznos offers for subs. Currently, there is only a bulleted list describing the fresh toppings, but if they were pictured on the wall, customers would be primed before they decide what toppings to choose, speeding this notoriously slow process⁹.

⁹ Comments from Thoni expressed that the new system of customers choosing their toppings has slowed down the sandwich making process.

Lastly, although it simplifies the workers lives, we noticed the garbage bin was in the terminal from the time we arrived until after we left (more than 3 hours). It is a bit of an eyesore and detracts from the façade improvement strategies.

Research:

There is a trend in fast food for healthier food. In Bonnie Riggs' (an analyst at NPD Group Inc.) recent study, she found consumers are looking for healthier foods advertised as fresh and high quality rather than low fat and low calorie. "It's not that consumers don't want that," Riggs said. "Consumers assume low calorie and bad tasting are interchangeable."

R.J. Hottovy, an analyst at Morningstar Inc., expects to see an increase in the percentage of healthier alternatives on each fast-food restaurant's menu. He added that some restaurants are further along in the process than others. "McDonald's has been well ahead of the game in offering healthier alternatives between fruit cups and oatmeal, more recently," Hottovy said.¹⁰

Store Partnership:

A strategy to drive traffic from other terminals or the "Taj Mahal" is to partner with stores located in those areas. We identified Fireworks as the business with the most potential to partner with. Fireworks is an independently owned small business that does not serve food or beverages. To partner with Fireworks, Mr. Eberhardt can offer a variety of options on how to cross promote the businesses (see Appendix 7). By doing so, Quiznos can drive customers from the "Taj Mahal" to Concourse B.

¹⁰ Mariani, Stephen. "Fast-Food Restaurants Trend to Increase Healthy Alternatives." *Northwest Indiana Times*. Web. 23 February 2011.

As a general rule of thumb, flyers are told to arrive at the airport no later than 2 hours before a domestic flight and 3 hours for an international flight. During that wait, people have the chance to peruse stores and work up a hunger. By pairing boredom and hunger, you may find a good combination by offering coupons for entertainment after they eat or vice versa.

To measure the effectiveness of this program, you can give the partner store unique coupons and measure the amount that are being used.

Partnering with Southwest Airlines is also highly recommended. Southwest offers their “Audience Network” marketing, a program that uses market research about their customers, so businesses can specifically tailor their advertisements to reach targeted customers. Within this, our team identified two target customers: “Mobile Professionals - Travel Reason: Business” and “Vacationers – Travel Reason: Leisure” who are both considered “Travel Intenders - Users who have booked a specific flight, route, rental or travel package.”¹¹ Travel Intenders can be targeted geographically, allowing you to offer advertisements and coupons to travelers flying from SeaTac. Southwest is currently producing a mock advertising plan for SeaTac Quiznos free of charge. It is expected March 25th, and will promptly be sent to Mr. Eberhardt.

Implementation:

Fireworks: use the proposed sales plan and contact Fireworks at by phone at (206) 805-3038 or via email at fireworks@FireworksGallery.net.

Southwest: Contact Krista Shoulders to continue conversations by phone at (214) 792-5223 or via email at kristina.shoulders@wnco.com. The estimate for a 90 day marketing packet is \$20,000, a cost Mr. Eberhardt may be able to share with Quiznos corporate.

¹¹ “Southwest Media Kit.” *Southwest Airlines*. Web. 2 Feb 2013.

Happy Hour:

After our visits to SeaTac airport, we wanted to develop a way for Quiznos to capitalize on the high-foot traffic the airport receives. After extensive research, we found that the purchases consumers make relating to food are extremely impulsive^{12,13}. We decided the best way to capture the attention of potential customers is to attract those impulsive purchasers with a Happy Hour. Most services that use Happy Hours are restaurants because they serve alcohol, which is the main item bought during this time. There are very few Happy Hours within the fast food industry; however, two major players within the fast food industry, Sonics and Dairy Queen, are rolling there systems out. Quiznos has the unique opportunity to provide a happy hour that can offer discounted prices on their subs, salads, soups, drinks, and desserts. This will grab customer's attention and generate more sales for the store as well as grow the customer base.

We conducted research on why restaurants need a Happy Hour and how to ensure it is promoted correctly. Here are a list of reasons why Quiznos should have a Happy Hour:

- To increase sales during slow hours.
- To attract customers who might not otherwise try Quiznos.
- To showcase food options at a good value.
- To encourage customers to associate your restaurant with “fun.”
- To attract a specific market during a specific time.

¹² A study done by J. Wesley Hutchins Professor of Marketing at The Wharton business School of University of Pennsylvania and Pierre Chandon is Assistant Professor of Marketing at INSEAD graduate business school in France concluded that 75 percent of purchase decisions are done by point of purchase marketing. This number increases to 77 percent when pertaining to food. *“Measuring the Value of Point-of-Purchase Marketing with Commercial Eye-Tracking Data”*

¹³ Our team interviewed Ms. Grave, regional manager of the Pacific Northwest Quiznos. When asking her about the SEO assessment she share with us that many airport traveler do not us Facebook when it came to food option. When speaking to our Hitachi advisors, they agreed.

The Happy Hour can also be way to increase online presence, by using Facebook to promote the specials.

Implementation:

After speaking with Mr. Eberhardt, our group concluded that there are many options to choose from in regards to implementing a Happy Hour at the SeaTac Quiznos. Some ideas that we felt would work well with the Quiznos operations were:

- BOGO -Buy One, Get One (chosen discount)
- Discounts on profitable items
- Discounts designated to drive particular items sales
- Bring a Friend

The team and Mr. Eberhardt felt that BOGO special would help increase the sales of his secondary products such as: chips, cookies, soup, salads, and bottle drinks. In turn, the sales of these secondary products will increase his revenue and ultimately his profit. Another idea that SeaTac Quiznos could utilize for a Happy Hour strategy is a discount on profitable items. This would allow the store to promote their brand more by attracting new customers within the airport. The designated drive specials was an idea suggested by Mr. Eberhardt because he wanted to increase the sales of soups and salads. The drive specials will assist him in doing so because for customers to participate in the Happy Hour, they would have to purchase a soup or a salad. Another way to do this is by simply discounting undersold items. Bring a friend is also a Happy Hour strategy idea that Mr. Eberhardt had mentioned as well. The intention of this idea

was to help bring in new customers through loyal customers to help grow the customer base and to increase traffic into the store during slow hours.

With each price discount, revenue will rise based on the amount of volume sold. But measuring only revenue is very dangerous, you must also measure profit. Eventually there will be an inflection point will begin to fall. This point is the ideal discount for that particular item. This should be measured on a weekly basis following the example in *Appendix 6*.

Quiznos Wheel:

Our team, in order to improve SeaTac Quiznos' customer attraction, suggest to heavily invest in promotional techniques that help Quiznos appeal to the captive customer base. One simple way to attract potential and existing customers is through promotional marketing. Promotional marketing is one key element because it increases the value to customer's product as it enhances the satisfaction of gaining that particular product, if effectively done¹⁴.

We recommend for SeaTac Quiznos to add the Quiznos Wheel to their restaurant. The Quiznos Wheel is a promotion wheel that contains different specials from SeaTac Quiznos. Customers are able to spin the wheel when ordering a combo meal, then the arrow of the wheel will land on a certain special, such as a coupon for the next time in SeaTac Quiznos, or a free salad or soup. Our team decided to promote the salads and soups because these are products that have low sales. SeaTac Quiznos can learn from Chipotle's marketing strategies. Chipotle is seeing a rise in their Customer Retention Index from 49.2 percent in the first quarter of 2011,

¹⁴ Johnston, Kevin. "The Advantages of an Increase in Promotion & Advertising." *Small Businesses: Chron.com*. Web. 22 Feb 2012. <<http://smallbusiness.chron.com/advantages-increase-promotion-advertising-23195.html>>.

climbing to 54.1 percent in the first quarter of 2012¹⁵, by focusing on spending less on marketing and spending more on customers. One way Chipotle creates their evangelists is by giving away free burritos. If the salads are given for free, this will help SeaTac Quiznos expand awareness of their product range.

We believe this form of promotional marketing is effective because Quiznos will not only be providing food for their clients but will also be selling a fun atmosphere where they have a possibility of winning. A recent study by the Experimental Gambling Laboratory at Central Queensland University shows a positive correlation between fast food clients and their satisfaction with game entertainment¹⁶. When analyzing McDonald's, we were able to see a similar promotional form with the monopoly series. Here, customers were able to win small product more frequently if purchasing a McDonald's meal. This marketing promotion has caused great success for McDonald's, as it has made the burger buying experience more delightful by transforming the ordering process into a game. Our team suggests for SeaTac Quiznos to capture the similar "game" attitude and environment McDonald's had with monopoly through the Quiznos wheel. This form of environment was successful for McDonald's as it brought in new customers while retaining their older ones. Because of McDonald's' monopoly game, McDonald's has won 2012 Interactive Marketing Award while continuing to add value to their product.

Balanced Scorecard:

¹⁵ Jennings, Lisa. "Study: Restaurants improve customer retention rates." *National Restaurant News*. Web. 8 June 2012.

¹⁶ "Study Finds Link Between Fast Food and Gambling." *Online Casino*. Web. 16 Jan 2013.

The Balanced Scorecard is a strategic planning and management tool used by businesses to align the vision of the organization with SMART (Specific, Measurable, Achievable, Realistic, and Timely) objectives in order to realize it. We've created a scorecard specifically for SeaTac Quiznos based from the recommendations we proposed. The scorecard is broken down into four sections: Customer Perspective, Internal Business Operations, Financial Perspective, and Growth and Learning.

Learning:

The ultimate goal of learning is to improve the business performance. Improving the use of technology and optimizing workforce are two strategies for the SeaTac Quiznos to implement. A way to improve the use of technology is by adopting iPad order system, which will require training for this type of ordering system. The SeaTac Quiznos can look for technology companies such as Order Talk to facilitate iPad ordering system. The technology use evaluation and hours spent on training will be used to measure the outcome of the implementation. To achieve target goals, all employees are required to pass the evaluation and an hour training for new technology and online ordering process will be conducted. If the goals are not being met, then we would suggest the SeaTac Quiznos to continue their technology training.

Internal Business Operations:

The two strategies of this section are to improve delivery performance and increase awareness of product range.

Improving delivery performance means to improve the process from ordering to receiving the sandwich. Through measures like iPad ordering systems, delivery performance will be more efficient. To measure this, calculate the average customer wait time with the current system in both peak time and slow time. Once the recommendations are implemented,

compare the wait times and calculate the difference. The goal is to reduce customer wait time by twenty seconds, in order to encourage customers to stay.

To help increase revenue, employees and advertisements will promote the range of products that Quiznos offers. In this case, we specifically mean secondary products like desserts, chips, and bottled beverages. This can be measured through the increase of sales of secondary products. In each customer interaction, employees should promote secondary products in tandem with store advertisements to encourage 25% of customers to purchase a secondary product.

Customer Perspective:

The SeaTac Quiznos is located at an airport that has foot traffic every day. One of our goals mentioned in the Balance Score card is to help the SeaTac Quiznos to increase the amount of customers. Our team has listed five marketing strategies to help the SeaTac Quiznos to acquire new customers. These five marketing strategies are Delivery, Quiznos Wheels, Happy Hour, Store Partnering and Façade Improvement. In addition, launch the customer loyalty program that will be one of the objectives for SeaTac Quiznos to retain customers. A way to measure the success of this implementation will be based on the number of orders per day through the cash registration system. The target goal is increasing orders per day by 10 percent. If goals of our implementations are not being met, then the alternative we would suggest will be reevaluating the marketing strategies.

Financial Perspective:

All strategies combine to improve Quiznos profit. In this case, lowering general/administrative expenses and raising revenues are strategies we created the SMART objectives for.

According to the team's bank employee, Marquis Stevens, the general/administrative expenses can be lowered. To do this, consult other banks to find an equal quality banking service with a lower price. The alternative is to negotiate the price with your current bank.

To raise revenue, all of the previous strategies should accumulate to raise revenue. This will be measured by revenue at year end as well as "days inventory on hand." Measuring year end revenue is straightforward, but also very telling. The goal is to raise the revenue to \$1 million. The "days inventory on hand" is calculated by $(\text{Inventory} \times 365) / \text{Cost of sales}$. This indicates the number of days on average for which inventory was held before it was sold. By measuring this on a monthly basis, the amount should decrease by 5%. A decrease indicates faster inventory turnover, meaning more business, which will result in a higher revenue.

Appendix 1

Strategy Map	Objectives	Measurements	Target Goals	Alternatives
<p>Financial:</p>	<ul style="list-style-type: none"> • Compare banking services • Increase revenue from more customers 	<ul style="list-style-type: none"> • General/Admin expenses at year end • Days inventory on hand • Revenue at year end 	<ul style="list-style-type: none"> • Find a bank that offers equal quality services with lower prices • Lower the amount of day the inventory is on hand by 5% • Increase annual revenue to \$1 million 	<ul style="list-style-type: none"> • Negotiate with current Bank to lower expenses
<p>Customer:</p>	<ul style="list-style-type: none"> • Implement marketing strategies that appeal to current and potential customers • Build customer loyalty 	<ul style="list-style-type: none"> • Track the number of orders per day 	<ul style="list-style-type: none"> • Increase orders per day by 10% 	<ul style="list-style-type: none"> • Reevaluate marketing strategies
<p>Internal:</p>	<ul style="list-style-type: none"> • Restructure ordering process • Increase the # of secondary products (desserts, chips, and bottled beverages) sold 	<ul style="list-style-type: none"> • Customer wait time • Amount of customers purchasing secondary products 	<ul style="list-style-type: none"> • Decrease customer wait time by 20 seconds • 25% of customers to purchase secondary products 	
<p>Learning:</p>	<ul style="list-style-type: none"> • Adopt iPad ordering system • Host a training for new ordering system 	<ul style="list-style-type: none"> • Technology use evaluation • Hours spent on training 	<ul style="list-style-type: none"> • All employees pass evaluation • Conduct an hour training for new technology and ordering process 	<ul style="list-style-type: none"> • Continue technology training

Appendix 2

	New Entrance	Threat of Substitute	Bargaining Power of Customers	Bargaining Power Over Suppliers	Competitive Rivalry
Nationwide	<ul style="list-style-type: none"> -The fast food industry is highly fragmented: the 50 largest companies account for about 20 percent of the market (no barriers to entry) -Trade market sandwiches 	<ul style="list-style-type: none"> -Chains such as Chipotle Mexican Grill and Panera Bread heavily promote their use of organic ingredients and healthy cooking techniques in order to set themselves apart from other fast-food concepts. 	<ul style="list-style-type: none"> Because they are very replaceable no true bargaining power over customers. 	<ul style="list-style-type: none"> Nationals may have a small power over suppliers because other suppliers groceries exist; however, they are not as effective as Sysco 	<ul style="list-style-type: none"> -Trade mark sandwiches -Industry competes with growing fast food areas such as Subway -Fresh food component
Airport	<ul style="list-style-type: none"> -Quiznos and other fast food restaurants are part of the Disadvantaged Business Enterprise, allowing them access to use the airport -Specific regulations that are needed to be part of airport (high infrastructure cost) 	<ul style="list-style-type: none"> -To go through to Concourse B, individuals passes through "Taj Mahal." Contains similar fast food areas. -Once in terminal only main competitor under fast food is Sbarros pizza. 	<ul style="list-style-type: none"> Quiznos operates at a competitive price (Seattle street price) -Customers can easily go to another fast food service industry 	<ul style="list-style-type: none"> No power over suppliers because they contain no say in what national does 	<ul style="list-style-type: none"> -Only main competitor within the concourse B is Sbarro. -Major threat from potential McDonald's. Contains a larger market penetration and customer loyalty than Quiznos.

Appendix 3:

Competitor	Resources & Capabilities	Current Strategy	Future Goals	Apparent Assumptions	Customer Perceived Value
McDonald's	Multi-billion dollar company. Highly capable of entering new areas regardless of barriers or cost. Powerful buyer.	Low cost food that includes snacks, full meals, and drinks. Customer focused. Franchisees share risks.	Expand. Practice corporate responsibility. Continue to adapt to new preferences.	Continued access to capital to fund expansions.	Inexpensive food. Desirable and good tasting food. Offering newer "healthy" options with calorie counts.
Sbarro	New and qualified CEO James Greco. Filed bankruptcy 1 year ago.	Begin international expansion in India. Quick service in service oriented locations.	Further expand internationally. Change image from fast food to more upscale.	Sbarro at SeaTac is suffering the same difficulty as corporate.	Fast-casual food.
Starbucks	Very popular brand name. Offers food, snacks and coffee beverages. Multi-billion dollar company.	Rapid growth. Customer service through good employee care. Perfect cup of coffee.	Very environmentally oriented: fair trade coffee, reusable cups, green certified stores. Also expansion: 1000 new stores in 5 years.	Coffee is more of a draw than the food. Food made is mostly snacks, not entrees.	Quality coffee beverages, made with fair trade beans. Happy employees, making happy drinks.
Dish D'Lish	2 locations within SeaTac. Popular Seattle name Kathy Casey: cooking school in Ballard, cookbooks and products.	Serves high quality entrees, snacks and goodies. Uses Kathy's name for promotions.	Build Kathy's brand with new products, cookbooks, blog entries, and restaurants.	Kathy's name is big enough to draw customers in.	Kathy Casey makes delicious food, and you can buy the cookbook with the recipe of what you just ate!
Quiznos	Chain store with 2000 locations. Quiznos corporate is interested in buying out half of Mr. Eberhardt's business to test new strategies.	Offer fresh food sliced daily, toasted perfectly. Offering the toppings bar as well as chips and soda with friendly staff.	Renew airport lease to pay off debt. Use this Quiznos to test new marketing strategies for corporate. Offer healthier foods.	Quiznos will be able to renew the lease. Mr. Eberhardt can purchase different	Quality toasted subs.

(All scores out of 5) Past Future	Quiznos	Starbucks	Sbarro	Dish D'Lish	McDonald's
Fresh Food	4 4	3 3	3 4	4 4	2 2
Inexpensive	3 3	3 3	3 3	3 3	5 5
Upscale	3 3	4 4	3 4	5 5	2 2
Customer Service	3 5	5 5	3 3	4 4	3 3
Brand Name	4 4	5 5	3 3	3 4	5 5

Appendix 4:

SWOT

	Favorable		Unfavorable
Internal	Strengths		Weakness
	<ul style="list-style-type: none"> • Good management team • High-quality products • Family oriented business culture • Owner has 17 years of experience in the food industry • Only Quiznos in Sea-Tac Airport • Efficient operations: environment friendly equipment • Good supply management • Highest grossing Quiznos in the Northwest • Owner is a part of DBE (Disadvantage Business Enterprise) 		<ul style="list-style-type: none"> • Management team is small • Product is similar to competitors • Owner has limited control of business due to corporation restrictions <ul style="list-style-type: none"> ➤ Can't change products ➤ Can't change price ➤ Marketing has to go through corporate ➤ Can't change suppliers • Not in a good location within the concourse • No clear cut marketing strategy; no self promotion within airport • Average customer rating is 56% <ul style="list-style-type: none"> • High cost of equipment
External	Opportunities		Threats
	<ul style="list-style-type: none"> • Large location within the airport; Has 50ft space at the entrance for marketing purposes • Management team has room to learn and grow • Can offer secondary products • Lease has opportunity to be extended 7-10 years • National Name • Owner is open to new marketing concepts and partnerships • High foot traffic • Can increase online/social media presence 		<ul style="list-style-type: none"> • Only 3 years left on the lease • Airport wants to sell Quiznos work space to a new business • Low Profit Margin • Large amount of money invested in the company • Commercial airlines leaving the concourse • A new McDonalds is opening in the same concourse in March 2013 • Heavy competition from the main concourse • Seasonal business

Appendix 5

Conference Call with Vikki Grave about Marketing Ideas

Date: February 15th, 2013. 2 PM.

The following is the record of the conference call.

Student Team:

We would like to use this conference call to tell you some of the ideas we have now. We hope you can help us to identify if these ideas we pursue will go good with the corporation.

Vikki:

Sure. To begin with, there is the national campaign from the corporate, but if the store has their own marketing strategies, the store can do the additional marketing on their own, but they need to find the funds on their own.

Student Team:

We are thinking to change the style of the menu but not replacing it. Can we do it?

Vikki:

Unfortunately, you cannot change the appearance of everything. The menu has to be aligned with the corporate's design.

Student Team:

If we want to do the delivery within the airport as one of our marketing strategy, would it be possible?

Vikki:

Yes. It's a great one to do for your marketing. I have talked with Dan about delivery to the airport employees, but in order to do so Dan has to have additional staffing. We can help Dan to make a sign that says "We Deliver".

Student Team:

Can we give certain amount of discount for people who work in the airport?

Vikki:

Dan has been doing it already. Airport staffs get 20% discount.

Student team:

In order to generate more traffic to the Sea-Tac Quiznos' Facebook page, we are thinking about adding more contents in there, such as having contests or offering a free drink if a person clicks a Like to the Facebook page.

Vikki:

Usually the store on streets will tend to do that because they want to generate more foot-traffic. However, Dan's store has the foot traffic from passengers, and many passengers do not use their Facebook to choose their food in the airport. If you want to work on the Facebook page,

Student team:

We are thinking about doing the Happy Hour during a certain time period to offer some discounts on some sandwiches.

Vikki:

That is fine. I have seen stores do it all the time. Dan can do it if he wants to.

Student team:

Since there are a lot of people walk by Dan's store everyday, can we do the sampling for customers to try?

Vikki:

We have done that before. It captured the people within the concourse that day. Dan has to have the permission from the airport to it. I wish him are allowed to do the sampling out of the concourse. Be mindful that the making process for the product for trials has to be done by Dan's employee. There is also a dress code because you are representing the Quiznos.

Student team:

We are thinking of doing the "Welcome Back Discount" for a customer who comes back and orders sandwiches in Sea-Tac Quiznos. Would that be a good idea?

Vikki:

Yes. This is a good one. We have a similar one is called the "Bounce Back Coupon". Make sure you specify the store hour and the location for that because the Sea-Tac Quiznos closes at 7PM, so this discount will not be applied for passengers who arrives after they close. And you need to be clear that these coupons can only be redeemed in that store, but not on the street.

Student Team:

Another thing we want to do is to pick a random number, and whoever gets that number can get something special.

Vikki:

Yes. It's fine. The cash register keeps track on the number of customers that day, so Dan and customers can check the number on the receipt.

Student Team:

Is there anything that the store itself cannot do?

Vikki:

You cannot change the appearance of the store including the menu. If you will give out coupons, it has to go through me first. I need to know what's going on. You can present your creative ideas, but the graphic of that has to go through us. Basically, you can come up with ideas and we will work together. You are great marketing people, but you cannot create you own thing for Dan. Those have to go through us because we are really strict on making sure that the marketing materials do not confuse customers. Anything thats involved in remodeling, purchasing, and coupons have to go through us.

Student Team:

Is there any other marketing material is allowed to go out of the concourse but won't be considered as soliciting?

Vikki:

Dan would let you know if the port allows him try these ideas.

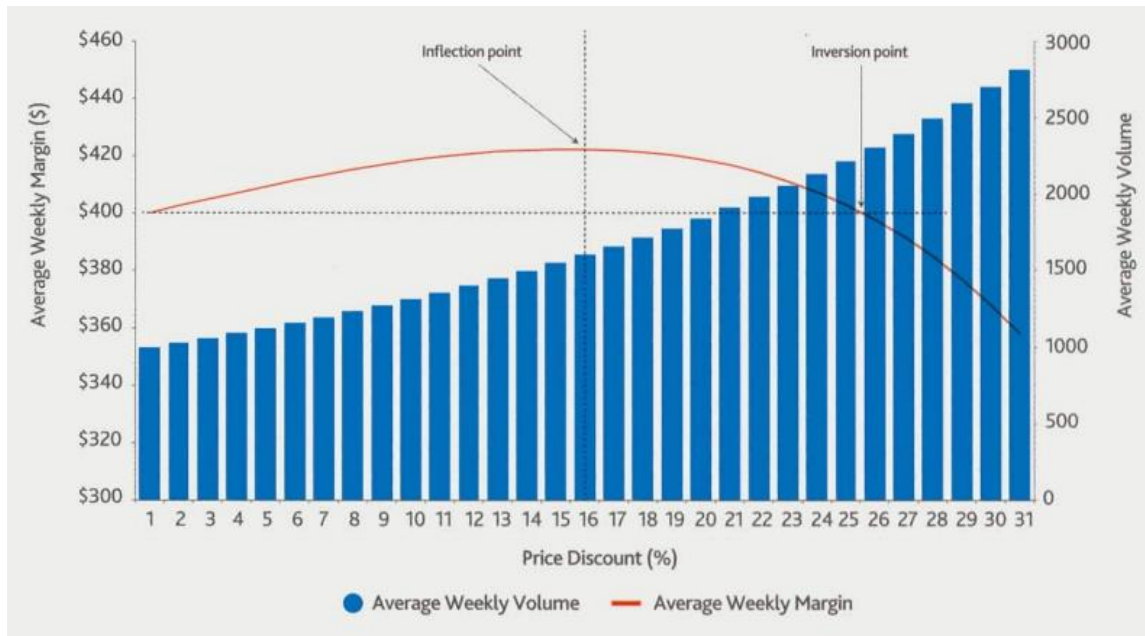
Student Team:

Have you notice any other promotions that other stores do?

Vikki:

We do the customer appreciation day, so on that day it's \$0.99 for any small subs. That helps to drive traffic. There is other store parent with a company called " Spendgo". It's like a customer loyalty program, and it helps us to build a database on our customers. There will be iPads at the counter, and people can log in with their e-mail addresses or type in their phone numbers and redeemed their coupon or rewards. Every couple days we will text or e-mail these customers about our special offers. Craft promotion, so if a customer buy a sub from us, they can get a dollar off for their Cold Stone ice cream.

Appendix 6



Appendix 7

Proposed Sales Pitch for Fireworks:

Email or Call Fireworks to begin the conversation:

To whomever it may concern,

Hello, my name is Dan Eberhardt, the owner of Quiznos in the Seattle Tacoma International Airport. I am contacting you to propose a cross promotional partnership between our stores. My employees and I want to offer you a chance to promote your SeaTac Fireworks location outside of the physical location. As we both know, advertising within the airport is difficult and regulated process. By partnering with Quiznos, we can cross promote Fireworks by offering chosen advertisements to the 113,000 customers we serve annually. We would also like you to consider allowing us to host pieces of artwork in the store, to drive our customers to your location. If you are interested in continuing this conversation, please call me, Dan Eberhardt at (425) 578-4370 or respond to this email.

Thank you for the consideration,

Dan Eberhardt

What you can do for Fireworks:

- Cardholder or coupon holder by register
- Print Fireworks coupons on receipts
- Design and purchase a plaque titled "Community Partners" between Quiznos and Fireworks using the ACBE's logo
 - Use this website for simple, inexpensive and fast service:
<http://www.accoladedesigns.com/>
 - Hang above the pepper bar
- Hang Fireworks artwork with prices below to advertise their products

What Fireworks can do for you:

- Offer Quiznos coupons on customer receipts
- Offer a coupon stand next to the register
- Provide Quiznos stickers that Fireworks may place around the register
- Hang the custom plaque in a visible area

