MARKET SEGMENTATION & CUSTOMER VALUES

Food & Beverage and Restaurant Entrepreneurship

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VALUES: THE CORE OF WHY

$$Value = \frac{What\ the\ Customer\ Gets}{What\ the\ Customer\ Gives\ Up}$$

MEET OR MAKE A NEED?

Meet

- An existing un-met need
- An existing market segment

- The ability to choose segments are limited due to:
  - Location
  - Labor
  - Legacy

- The values underlying choice, must be *extracted* from each segment

Make

- Markets do not yet know they have a need
- Market segments must be created

- Success requires:
  - Education
  - Heavy Marketing

- The values underlying choice,
  - are extrapolated from research
  - are verified through testing

MEET YOUR DEMAND

1. Start with what you CANNOT change:
   - Location
   - Labor
   - Legacy

2. Determine how the constraints affect the value you can provide.

3. Find segment(s) that would find value with the value proposition that you can provide.

EXERCISE 1: IDENTIFY CONSTRAINTS

PERSON 1

- Explain your business idea in ~ 2 minute.

- Describe (~3 minutes):
  - Location/space requirements
  - Type of labor required
  - Any legacy commitment/ties

PERSON 2

- Based on the business idea and constraints, suggest five (5) values that you think will be important to potential customers, as they decide whether to patronize.

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MAKE YOUR DEMAND

1. Start with what you CANNOT change:
   - Location
   - Labor
   - Legacy

2. Determine how the constraints affect the value you can provide.

3. Find segment(s) that would find value with the value proposition that you can provide.

EXERCISE 2: MARKET POSITIONING

PERSON 1

- Describe (~3 minutes):
  - The unique/unknown value
  - The reason why the concept is provides a unique or unknown
- OR .. Any exemplar or similar concepts, and:
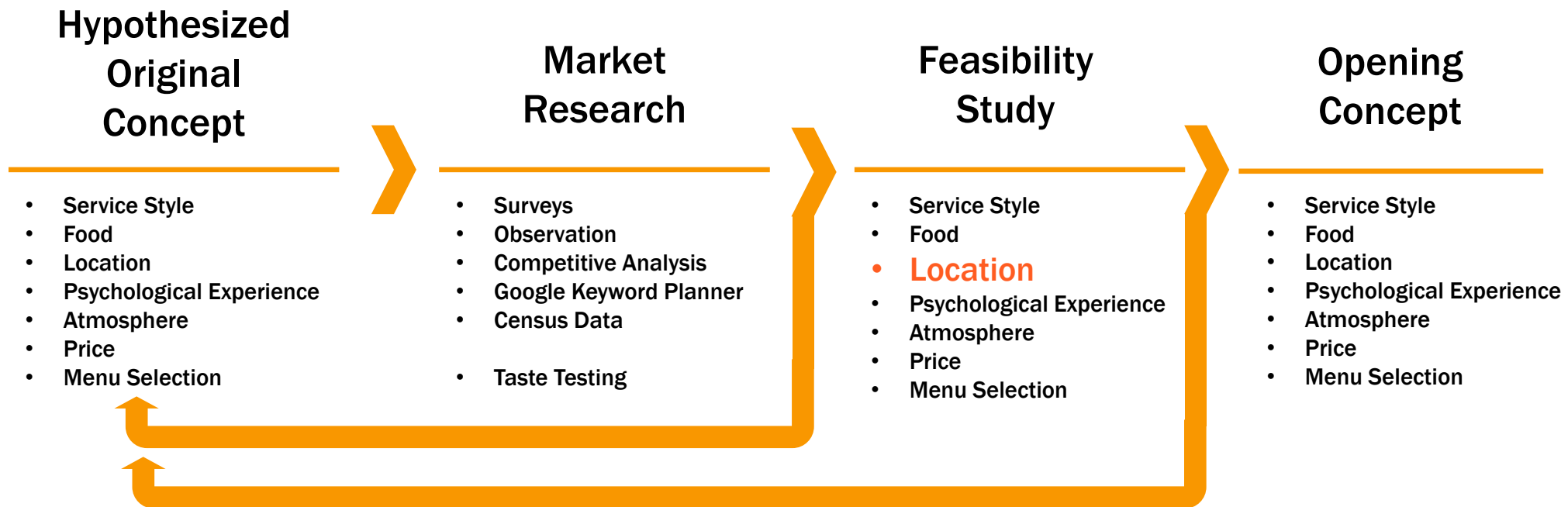 - The value that they provide

PERSON 2

- Evaluate the uniqueness of the value, and suggest two or three potential competitors or substitutes that can reasonably meet those same values.

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ELEMENTS OF A CONCEPT & MARKET

- Service Style
- Food
- Location
- Psychological Experience
- Atmosphere
- Price
- Menu Selection

ITERATE

Hypothesized Original Concept

- Service Style
- Food
- Location
- Psychological Experience
- Atmosphere
- Price
- Menu Selection

Market Research

- Surveys
- Observation
- Competitive Analysis
- Google Keyword Planner
- Census Data

- Taste Testing

Feasibility Study

- Service Style
- Food
- Location
- Psychological Experience
- Atmosphere
- Price
- Menu Selection

Opening Concept

- Service Style
- Food
- Location
- Psychological Experience
- Atmosphere
- Price
- Menu Selection

RESTAURANT DEVELOPMENT SEQUENCE

Day 1 ⟶ **Six (6) Months** ⟶ **12 Months** ⟶ **18 Months**

		Construction Bidding	Opening Day
Concept Development	Financial Feasibility	Contracts Let	
Menu Development	Pro Forma Financials	Construction	
Tentative Site Selection	Licenses & Approvals Sought	FF&E Ordered	
Market Analysis	Architectural Renderings		Hire Key Personnel
Competitive Analysis	Design Iterations		Train Key Personnel
	Construction Documents		Hire Service Personnel
			Train Service Personnel