Maksat Mametjumayev Word:1057

MKT-200-BOS1  
Case Analysis: Spicy Steak House

November 19, 2021

***Dear Mr. Satranarakun,***

I hope you are doing well!

In this letter, you (Mr. Satranarakun) will be able to find key points that help keep the numbers of customers stable at Spicy Steak House and the primary reasons for the decreased numbers of customers at your restaurant. Additionally, you will be able to find my recommendations on how to keep the restaurant overflowing with customers as it used to be during 10 years of operating within the same business model.

On one hand, I agree with your several strategies. Firstly, going out can be an occasion for many customers to socialize, meet, relax, have a good time with others, and a higher price does not allow the customers to get this occasion and can cause discomfort. Therefore, I support that lowering the price to100-200 BHT (ca. 3-6 USD) per meal is effective because it enables to reach more customers and allows them to eat as much as they like (“Spicy Steak House: Marketing for Survival”, n.d., p. 2&3). Secondly, Thai people are devoted to their favorite tastes and food combinations even if they prefer to taste something different than the usual dinner choices such as Thai dinner. So, even though beef was the original mainstay for the restaurant, it is a practical approach of adding pork and chicken variations to the menu as it makes the customers feel that they are eating their homemade meal. Additionally, giving an alternative to serving the steak with rice instead of French fries lets Thai people enjoy their dinner (“Spicy Steak House: Marketing for Survival”, n.d., p. 3&4). Lastly, it was the successful choice of the location- hometown and close to your home, the closest beachfront cities to Bangkok, less developed location such as local and little international exposure, and low price for renting (“Spicy Steak House: Marketing for Survival”, n.d., p. 4&5). The geographical place of the steak house will help to get different segmented customers such as local people, tourists, foreign employees, and so on.

On the other hand, it is better to start making changes in the business model of the Spicy Steak House as customer preferences are changing frequently which has a main effect on diminishing the number of customers in the restaurant. As you claimed that cost leadership strategy mixed with differentiation benefited the steak house because it could build a solid customer base during the first years, for example, 90% loyal Thai customers who dined in restraint required and quite frequently. Following your estimation, they came to the restaurant on average twice a week but the numbers of these loyal customers started to decrease by 10% and 20% annually and the customer who remains loyal started to come to the steak house rarely (“Spicy Steak House: Marketing for Survival”, n.d., p.8). According to that, the manager of the Spicy Steak House should have knowledge or experience of running the business. In other words, the managers should be capable to deal with internal problems- to know how to solve conflicts between employees, know how to advance the quality of the services, know the ways of keeping or enhancing the quality of the meals, creating an enjoyable atmosphere at the restaurant for customers, and so on

Simultaneously, the manager also should know the methods and be aware of economic, political, and market factors. In brief, the manager needs to know how to deal with external problems. In my opinion, market factors play the main role regarding the shrinking the number of customers at the steak house. A noticeable example is the facing imitation practices, like a copying business model of the Spicy Steak House. while it is easy to enter the restaurant sector in Thailand, many restaurants started appearing and copying your steak house model in the district after 2 years of operating Spicy Steak House Also, you stated that copying of the restaurant model is easily accomplishable because competitors easily can dine in, observe the service, take several notes from the menu, actively listen to customers’ feedbacks or comments, and so on. These brought three steak houses to be located on the same street where Spicy Steak House runs. (“Spicy Steak House: Marketing for Survival”, n.d., p. 9). In this case, managers should know how to approach copyrights effectively or be intensively prepared to collect and deal with court cases because these three steak houses will continue to steal your customers. There is another option in this situation- to strongly build brand awareness and sharpen marketing activities to compete with these restaurants for customers. Overall, I would recommend you take control or management of Spicy Steak House as soon as possible or hire a proficient and well-experienced restaurant manager as your siblings do not know how to defend their market positions, plan further developments, and do not have any training in entrepreneurship or management.

Currently, every person has and knows how to use gadgets: phones, laptops, computers, and so on. These digital devices allow the user to find information, places, products, and services online. Hence, I would recommend creating and advancing the website for Spicy Steak House as fast as possible because it will help to reach more customers because nowadays online users are increasing gradually. The website will allow customers to know about the dishes of Spicy Steak House which will bring the action of ordering online or reserving a table. You also can promote several special deals such as 1+1, student discounts, or holiday discounts on your website. Besides the website, it will be helpful if the Spicy Steak House creates and keeps updating social media account on Facebook, Instagram, and other popular social media platforms in Thailand for promoting these deals.

All in all, it is preferable to keep the lower price, to include local dishes, and to stay in the same location- for returning customers to the restaurant. Nevertheless, there are several actions that need to be taken soon for increasing the number of customers at Spicy Steak House- to let the person, who is professional and well-experienced in management, run the steak house, and also to create and sharpen the website and social media accounts of Spicy Steak House.

***Thank you,***

***Best Regards,***

***Maksat Mametjumayev,***

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