



A Brand Analysis and Strategic Implementation Conducted By:

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## EXECUTIVE SUMMARY

What started as a low barrier to entry with traditionally formulaic standardized processes has morphed into a competitive industry at the whim of ever-changing customer preferences. With the rise of technology, consumers have become empowered across all industries to utilize their purchasing power at their discretion and have shaped their preferences alongside. In the fast-food industry, this takes primarily the form of ingredient and quality selection along with price consciousness. Fast food companies must differentiate themselves and effectively communicate this to consumers with extremely selective preferences while dealing with an unsteady global environment.

We will explore what made Subway a viable participant in the fast-food industry, its lacklustre preservation of growth, and the potential for the brand moving forward.

This proposal is structured in this format:

- In-depth view of what we aim to achieve to revamp Subway's brand
- Overview of the brand's current standing including its mission statement
- Understand the brand's goals by dissecting the current target market
- Evaluate the global environment to identify threats and opportunities and comparisons to competitors
- Analysis of the marketing mix to gauge the brand's capabilities
- Analysis of the brand to structure its brand equity to current consumer preferences
- Recommendations to pivot the brand in a direction with the company's mission
- References to support our counsel and assist with implementation

## **Section 1: INTRODUCTION**

### **1.1 Consumers' evolving demands**

Consumers' tastes and preferences have changed over the years. Now-a-days, the target market for fast food not only focuses on calorie count but also macro and micro nutrients. Millennials are picky about what they consume in their life and particularly in their diet. Hence, the fast-food industry has changed their offerings based on different diet systems such as keto, paleo etc. Furthermore, customers also want fast food restaurants to be as conveniently located as possible with their promotion activities to ethically convey the true attributes of the products.

Recent survey shows, 59% of consumers are not willing to sacrifice on the taste while having a healthy meal. Top five attributes that consumers incorporate in their purchase decisions are taste, value for the money, nutritious, simple-to-understand labelling, and fresh/less processed. They are looking for nutritious ingredients that give them the most value for their money. They are also checking labels for undesirable ingredients, artificial colours/flavours, natural ingredients, organic ingredients and preservatives. (Nash, 2021)

More than half of respondents (54%) had a favourite restaurant close during the pandemic, but 94% plan to try new local restaurants in their communities. They also prefer fast food options in under a mile radius. This support is driven in part by pent-up demand as COVID-19 restrictions disproportionately affected full-service restaurants. (Para 5, Kelso, 2022).

Ethical marketing is a long-term play rather than a one-off effort or pursuit of the latest trends. (Para 5, Wang, 2021). Data shows, more than 50% of the consumers prefer to buy the products which stay true to their values and not falsely try to replicate the latest trend of the market. Consumers are increasingly becoming wary and tired of unethical brands, especially when the brand promotion includes the attributes of the product which are inconsistent with brands'

offering. Unethical marketing practices by the brand runs a risk of upsetting customers to an extent of negative word of mouth. (Para 1, Iglesias & Sierra, 2019).

## 1.2 Subway's inability to match consumers' demand

In contrast to consumer demand, Subway's offering of low-calorie healthy sandwiches is not presumed to be healthy any more due to their excessive use of condiments to improve the taste of their healthy sandwich. Also, the use of not of fresh ingredients is repelling the consumers away from the brand (Para 16, Hall, 2020).

Currently Subway has 20,664 franchised locations i.e., only in the United States. These many locations satisfy the convenience needs of the consumers but as a consequence Subway as a company is imploding. Subway's cost affordable franchise model in an already overcrowded fast food market is bringing the company's profitability down due to quality and customer service issues as seen in the figure 1.1. If it happens too often for too many franchised locations then these locations have to close down due to the losses and consumers will lose the convenient aspect of the brand (Kelly and Bonne, 2022).

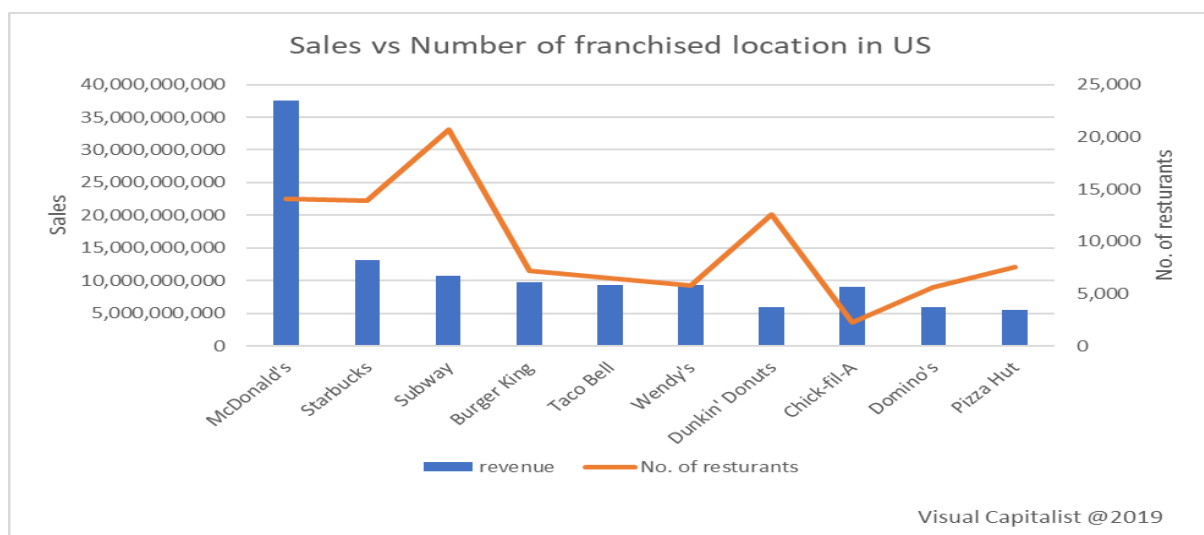


Figure 1.1: Franchised locations in US and sales

As mentioned above, the consumer taste and preference have changed, however, Subway's promotional and the branding strategies haven't. "Eat Fresh" (Subway, 2023) the tagline of the Subway is outdated and no longer reflects what it offers. Hence, it falters on the consumer needs spectrum of ethical promotion. The branding strategies used by Subway no longer are true to their offerings due to the quality of their ingredients which are not as fresh as they are promoted to be. As a result, the sales for the company as a whole is declining year over year, seen in figure 1.2. (Dominko, 2021).

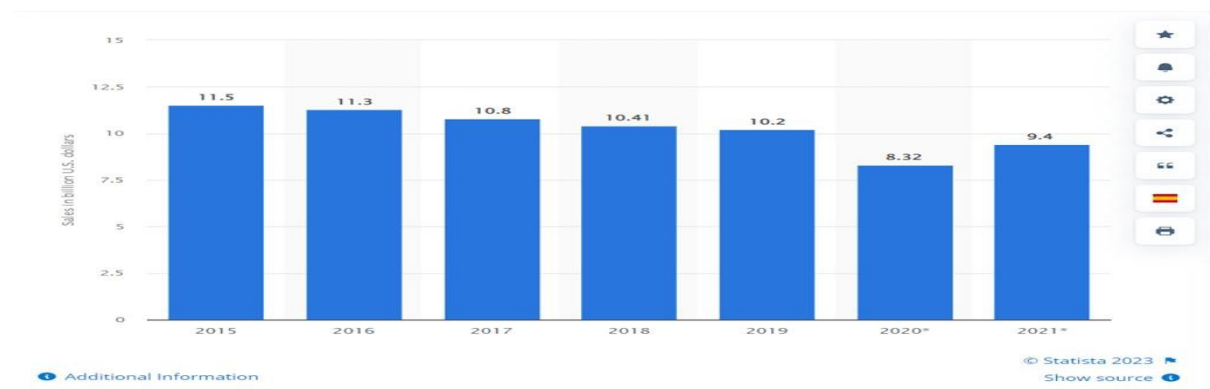


Figure 1.2: Sales of Subway restaurants in the United States from 2015 to 2021

### 1.3 Goal of the project

This paper's aim is three folds; introducing a product offering which is consistent with consumers' taste and preferences. A distribution strategy that provides conveniently set up restaurants to consumers and a branding strategy which relates with consumers' psyche which also ethically reflects its products. We will be providing different recommendations for each of the goals mentioned above; to guide Subway back to the path of maximizing its market share in the US.

#### 1.4 Contribution of the project

In this paper we will be discussing the marketing health of the company by incorporating target market and marketing mix analysis. Additionally, to understand the landscape better we will be running a competitive analysis with its biggest rivals in an effort to fill the gaps in Subway's marketing strategy. In the end will be summarizing all of our recommendations for the company.

#### 1.5 Outline of the project

A brief to our paper, we will start off with section 1; describing different challenges Subway is facing internally and externally, stating the goal of our paper and contribution we will bring to the brand. Sections 2 will be talking about the brand's history and mission statement. Sections 3 will deal with its demographic, geographic and psychographic analysis. Section 4 and 5 will encompass environmental analysis and the marketing mix of the brand. Sections 6 will cover in depth analyses of the brand incorporating all the attributes discussion prior in the paper. Lastly, section 7 and 8 will be summarizing recommendations and references.

## **Section 2: HISTORY OF THE COMPANY**

### **2.1 History of Subway**

Subway is a fast-food restaurant chain that specializes in sandwiches and salads. The company was founded in 1965 by Fred DeLuca and Dr. Peter Buck, with the first location opening in Bridgeport, Connecticut. The idea for the restaurant came from DeLuca, who was looking for a way to fund his college education. Buck loaned DeLuca \$1,000 to start the business, and they opened their first store under the name "Pete's Super Submarines." (Subway 2012).

The restaurant was successful, and the partners began opening additional locations in the surrounding areas. By 1974, they had grown to 16 locations and changed the company name to Subway. That same year, they started franchising the business to other entrepreneurs, and the chain quickly grew in popularity.

Throughout the 1980s and 1990s, Subway continued to expand its reach, both domestically and internationally. The company's focus on healthier food options, such as its "Subway Club" sandwich, helped to differentiate it from other fast-food chains and appeal to health-conscious consumers. In the late 1990s, Subway introduced its "Jared" advertising campaign, featuring a man who had lost a significant amount of weight by eating Subway sandwiches. The campaign was highly successful and helped to further establish the brand as a healthy fast-food option.

Today, Subway is one of the largest restaurant chains in the world, with over 40,000 locations in more than 100 countries. The company continues to focus on innovation and adapting to changing consumer preferences, introducing new menu items such as plant-based meat alternatives and expanding its digital ordering and delivery capabilities.

Despite its success, Subway has faced some challenges in recent years. In 2015, the company's long-time spokesperson Jared Fogle was arrested and charged with multiple counts of child

pornography and sex crimes. The scandal had a significant impact on the brand's image and sales, and the company has since worked to distance itself from Fogle.

Subway has also faced criticism from franchisees over the years, with some alleging that the company's business practices and marketing strategies have hurt their profitability. In response, Subway has made efforts to improve its relationship with franchisees and implement changes to address their concerns.

Overall, Subway's history is one of innovation, growth, and adaptation to changing consumer preferences. While the company has faced challenges and controversies over the years, it remains a popular fast-food option for millions of customers worldwide. (Ivy Panda, 2023).

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1965	<ul style="list-style-type: none"><li>Subway was Founded by Fred Deluca and Dr Peter Buck in Connecticut known as "Peter Super Submarine"</li></ul>
1968	<ul style="list-style-type: none"><li>Rebranded their Name to Subway</li></ul>
1974	<ul style="list-style-type: none"><li>Started Franchising and open's its first franchise in Wallingford, Connecticut</li></ul>
1984	<ul style="list-style-type: none"><li>The Chain opened its first international store in Bahrain</li></ul>
1990	<ul style="list-style-type: none"><li>Reached it's 5000 Restaurant Landmark with an opening in Texas</li></ul>
2000	<ul style="list-style-type: none"><li>The famous Marketing Strategy the Subway guy "Jared Fogle"</li></ul>
2002	<ul style="list-style-type: none"><li>Surpassed McDonalds in highest number of operating Restaurants around U.S</li></ul>
2015	<ul style="list-style-type: none"><li>Jared Fogle was Arrested which had a huge Negative Branding impact on Subway</li></ul>
Present	<ul style="list-style-type: none"><li>the largest restaurant chains in the world, with over 40,000 locations in more than 100 countries.</li></ul>

Table 2.1 Chronological table of Subway

## 2.2 Mission Statement

The current mission statement of Subway is "We're on a mission to help our guests live balanced lives by offering a wide range of menu options that allow them to make better choices" (Subway Mission Statement, 2023). Though this mission statement emphasizes on



the company's commitment to providing a variety of choices, it does not encapsulate what the company is promoting i.e., health and wellbeing. It also does not include any of the customers' preferences. Hence this mission statement is not completely consistent with the company's overall brand image and marketing strategies as it does not reflect the aspects of health, affordability, freshness, quality and customizability. Therefore, a modification is required in order to attract a larger number of clients.

The new mission statement that we would suggest for the company would be "Our mission at Subway is to promote health and wellbeing by offering fresh, convenient, delicious and customizable meals made with high quality ingredients at an affordable price." This new statement captures the preferences of the customers and also completely aligns with what the company is promoting.

## **Section 3: DESCRIPTION OF TARGET MARKET**

### **3.1 Demographic Profile**

Subway's target market includes middle class men and women particularly aged between 16-30. However, due to the popularity of the brand this range is widened (Thomas, 2021). This group generally prefers to customize their meals and are more likely to select healthier food options. By providing a range of sandwiches, salads, and sides produced with fresh ingredients and customizable alternatives, Subway has tapped into this trend. For instance, the company offers a selection of bread choices, proteins, and vegetables for consumers to choose from while making their own sandwiches.

Recently Subway has been making efforts to appeal more to children and families. The company has been doing this by making healthier snacks available for kids and training their employees to effectively engage with children. The company has also been spending on advertisements regarding the brand in children's movies and TV series (Krug, 2022).

While the economic status of Subway's target market is people with an annual income between \$50,000 and \$74,900, the company still draws clients from all spheres of society (Thomas, 2021). Even though Subway is considered to be on the expensive end of the fast-food market, making it likely for the customers to be upper to middle class people, Subway regularly comes up with several offers and deals which appeal to people from lower economic levels as well (Krug, 2022). Active and busy people such as gym enthusiasts, students, working professionals and full-time working parents are the typical target audience for Subway (Thomas, 2021). Subway's target demographic therefore includes students as well as women and men in their late teens, early 20s, and early 30s. Since the United States is a multicultural nation with many immigrants from all over the globe calling it home, Subway can diversify its customer base

and improve its demographic profile by offering menu items that reflect a variety of cultural backgrounds.

### 3.2 Geographic Profile

As of February 27, 2023, there were 20,664 Subway restaurants operating across the country. With 2,015 stores, or nearly 10% of all Subway locations in the US, California is the state with the most Subway restaurants (ScrapeHero, 2023). Although expanding the franchise and having several branches in high priced metropolitan cities seems lucrative for the company, due to over franchising the company is facing an inherent challenge to maintain quality of the food offered and also provide good customer service. The company earns a revenue of \$10.2 billion from the branches located in the United States which make up to 52% of the entire franchise. Both rural and urban areas are covered by Subway in the USA because these areas are its primary target market. (Krug, 2022).

Subway strives to fit the numerous college-going adults' budgets by providing affordable meals and quick services, as the concept is one of value for money. Subway usually sets up their outlets at places where human traffic flow is heavy like train stations, tourist places, parks, college campuses etc. (Krug, 2022). Subway can improve its geographical profile by thoroughly evaluating the potential of the location before establishing a branch. This should be done in such a way that the branches are not overcrowding the area which enables the company to maintain quality of the food and customer service as well.

### 3.3 Psychographic Profile

The catchy slogan “My kind of fresh” reveals the psychographic among Subway’s customers. Fitness lovers who prefer and practice a healthy lifestyle are considered to be prospective and

loyal customers of Subway. The target market of Subway are more career oriented and are people who look for fast service which can satisfy their hunger and thirst (Long, 2021).

Health-conscious people who emphasize fresh and healthy food options, have active lifestyles, and seek quick and accessible meal options are among the psychographic characteristics of Subway's target market. Customers of Subway are typically more educated than those of the typical fast-food chain, with a higher proportion being college graduates. Since Subway's menu items are created to be quick and simple to order, and since their locations are frequently found in busy areas, convenience is another important factor for the company's target market (Krug, 2022). Subway's target market also includes consumers who prefer personalized eating and enjoy trying new flavours and tastes (Karthikeyan, 2023).

Broadly speaking, Subway's psychographic profile is defined by its appeal to health conscious, budget-conscious consumers who appreciate variety and customization. In the past, this trend was reflected in the brand's marketing and advertising techniques, value proposition, and collaboration efforts, which had helped Subway differentiate itself from competing fast-food chains and draw in a wide range of clients. However, in recent times customers expressed their concerns regarding the freshness and variety of the ingredients used in Subway products which deserve attention.

Subway can improve its psychographic profile by addressing the above concerns and by catering to different dietary preferences such as gluten free, vegan and keto which will help attract customers who have specific dietary needs.

## **Section 4: ENVIRONMENTAL ANALYSIS RELATED TO THE BRAND**

### **4.1 Threat**

Rapid advances in technology shape consumer preferences and make forecasting and predicting volatile for all industries. In addition, technological challenges pose a threat as the consumer is savvier of food content and composition such as caloric content, nutritional value, and competitor's offers. (Keenfolks, 2020), (Urban, 2013). Despite deep resources and extensive marketing efforts, established fast food companies are losing the perception of healthiness and must strive to keep up with consumer demand where the only predictable trend is its demand for quality (Lesser et al., 2013).

Fast food companies must also contend not only with competitors' ability to innovate their marketing efforts, but their product offerings as new companies seek to differentiate the way the product is made, processed or delivered to consumers. Everything about technology's exponential rate of advancement and disruptive elements makes for an uncertain environment. According to Harvard Business Review, the restaurant industry and the intertwined industries are risk prone to evolving technology (Dyer, 2021). Agriculture, as an example, is ranked as moderately uncertain and a sway in a direction that can be considered "positive" or "innovative" such as food growing technology can lead to intense and unpredictable competition by lowering the barrier to entry, known as low end disruption (Larson, 2016).

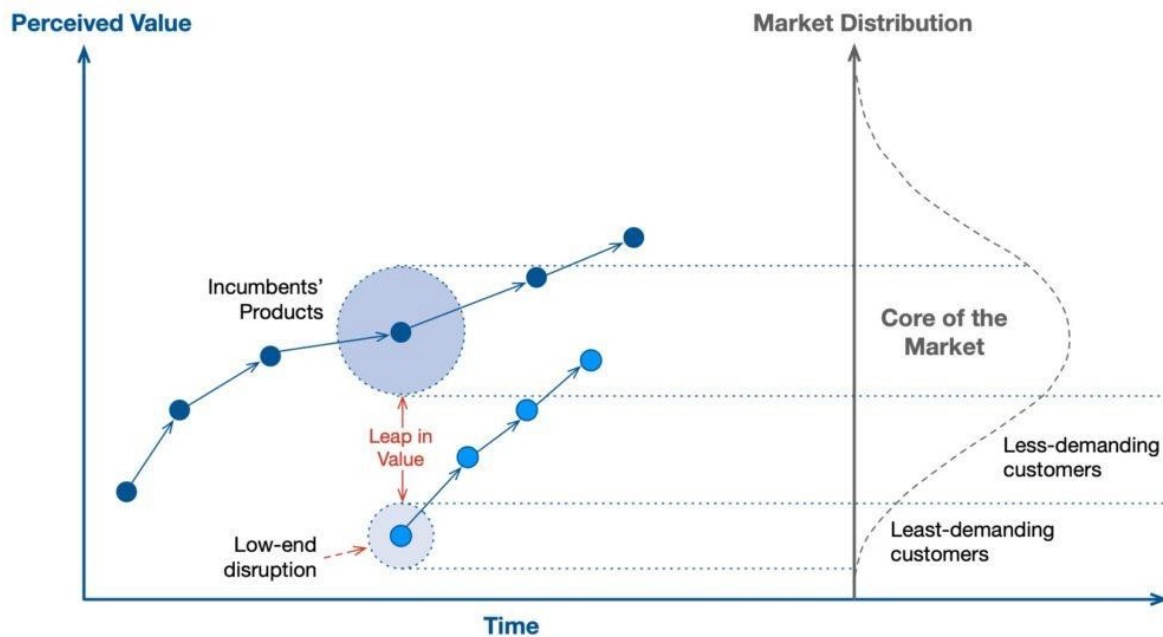


Figure 1.3 shows how a technological disruption can have new entrants into an industry take advantage of core market demands with new needs that may not be in line with traditional industry supply. (Wu, 2020)

A sway in a direction that can be considered “negative” such as adverse effects on agriculture from another industry may lead to disruptive effects on demand across the food industry as a whole and lower fast-food demand as consumers change their habits to accommodate such as preference to cooking at home. Either way, the unpredictability of technology amplifies all risks and fast food as a whole is a hyper competitive environment where decisions must not be stalled (Andreoletti et al., 2022).

Subway can keep all this in mind when conducting a self-assessment and considering its strategy. We will explore this further with all this into account when we explore the options such as further developing the methods for consumer engagement and innovating the distribution methods.

## 4.2 Opportunity

Current economic conditions have impacted fast food demand. Consumers don't want less fast food; they want the same yet are conscious of the cost and health factors (Johnson et al., 2022) & (Fortune, 2023). This presents an opportunity for fast food chains to present themselves as cost leaders while maintaining the minimum thresholds for demand quality and composition. For example, when considering fast food options, they may view McDonalds in line with their budget expectations but not health and quality expectations (Sutton, 2019). In contrast, when considering options such as Poke Bowl or Green Beans, they may perceive their products in line with their health expectations, but not their budget constraints (Chua et al., 2020).

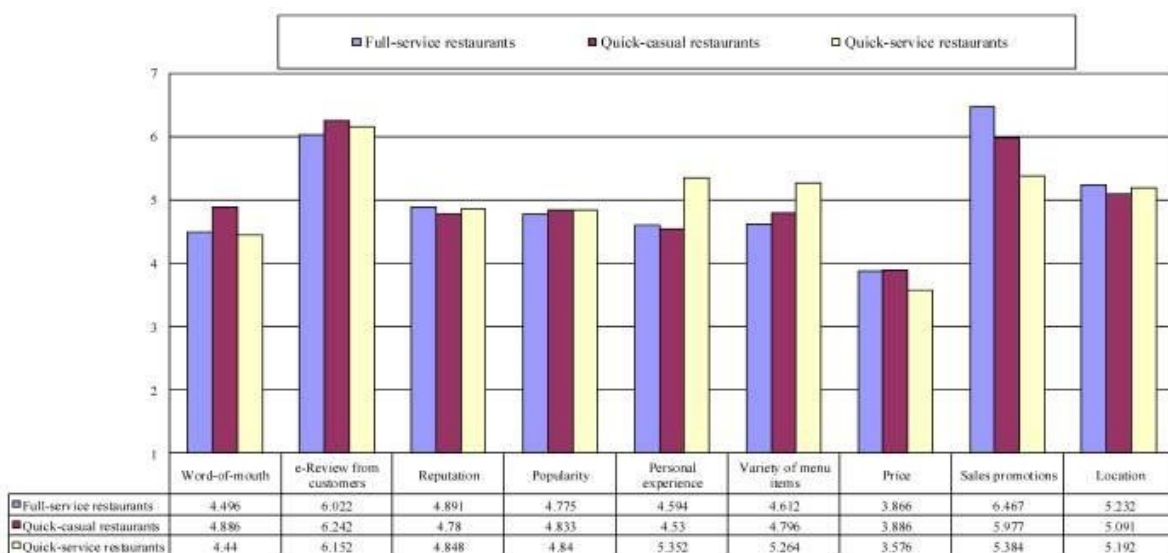


Figure 1.4: Study conducted by the International Journal of Environmental Research and Public Health showed that of all the factors that go into the decision making, price is the most important for consumers (Chua et al., 2020).

A fast-food company that can shape their strategy around this fact will be the top contender within the consideration set for consumers. Merge this with the health and quality demands by consumers and fast food will have a strategy that addresses the two most important factors of demand today. It is within this financial landscape that all fast-food companies exist. There

exists an opportunity for a fast-food company such as Subway to take advantage primarily due to its price and “simplified” menu structure. (Maze, 2013) These will be explored further during the marketing mix. Viable strategy options are:

- Maintain low consumer price while increasing product quality
- Maintain low consumer price while decreasing operating costs or innovating distribution
- Focus on being cost leader at the expense of product quality or operating innovations

#### 4.3 Competitive Analysis

The competitive analysis will be performed against the backdrop of direct competitors and alternatives

Direct Competitors:

- Fast food brands which are healthy but costly
- Fast Food brands which are unhealthy but budget friendly

Alternatives

- Pre-packaged delivery services
- Pre-packaged grocery services

The social attitude towards health preference and importance is not going away or diminishing. Fast food companies must either completely dissociate what made them market leaders before such as McDonalds and fried food or establish a foothold against already established competitors such as Hello Fresh (Commetric, 2020). A company that can address modern consumer preferences while adapting to technological uncertainty and maintaining a low price can be poised to be a market leader.

Within the landscape of advancing technology and economic consciousness, alternative competitors have arisen. These include pre-packaged delivery and grocery services. Pre-



packaged delivery services pricing is on par with the average fast-food meal. These services differentiate by maintaining optimal quality & nutrition, product variety, and transparency. Grocery meals are marginally lower in price but lower in articulating freshness and nutrition (Watsky, 2020).

All this accounted for, price as a significant decision maker not being impacted by alternative competitors, a fast-food restaurant has to maintain a moderate sense of product quality and convenience.

#### 4.4 Environmental Analysis Conclusion

In summary of the analysis of threats, opportunities, and competitors, we will be addressing Subway's unique position of having a lead in being the "best of both worlds" when compared to competing fast food companies and simply a better fit to address consumer demands when compared to alternatives due to alternative competitor pricing not being low enough.

## **Section 5: DESCRIPTION AND ANALYSIS OF THE MARKETING MIX**

The marketing mix is the fundamental idea in marketing. It is a set of tools that a company can use to get the response they want from their target market. The "Marketing Mix" is usually defined by their 4 P's which stand for "product," "price," "place " and "promotion." These are the most important parts of a strategic marketing plan, and they can be used to put a marketing plan into action (Team, M. B. A. Skool, 2021).

### **5.1 Product**

The first thing Subway sold was a submarine sandwich, but now they have a lot more to choose from. The company not only serves food in its restaurants but also provides catering services. The restaurant has a wide range of sandwiches, breakfast foods, snacks, drinks, sides, and breads on its menu. Subway offers catering services that include menu items like Giant subs, Sandwich platters, desserts, sides, and drinks. Sandwich platters come with a variety of sandwiches, such as Chicken Ham, Turkey Breast, and Subway Club and Veggie Delight sandwiches. Cookies, doughnuts, muffins, and wraps are some of the baked goods that are offered (The Subway Story,2023).

One of the biggest problems Subway has been that younger people, especially those in Gen Z, think it's unhealthy. This generation is known for caring about their health and liking natural, organic, and environmentally friendly foods. In the past few years, they've been vocal about how they don't like fast food, and they're more likely to choose healthier options when they go out to eat. This is reflected in the fact that Subway sales have been going down because people think its sandwiches are high in calories, salt, and preservatives.

Suggestions:

In order to appeal to a targeted audience, Subway needs to focus on making menu items that are healthier and suit the targeted consumer demographic. This could mean adding more plant-

based options and making its bread, meats, and sauces with organically harvested ingredients. Subway could also offer more options for people with special diets, like gluten-free or low-carb options and keto to attract consumers with specific diet needs. By making these changes, Subway could improve its reputation among its targeted market and bring in more health-conscious customers.

## 5.2 Price

Subway's pricing strategy is based on making sandwiches and meal deals that are cheap and easy to customize for its customers. The prices of the company's sandwiches are about the same as those of other fast-food chains, meal deals and loyalty programs known as MyWayRewards give customers even more value. Subway also has catering packages for big groups or events that come with discounts. In general Subway's pricing strategy is meant to attract customers who are price-conscious and want a good meal at a low price.

Average Subway meal - \$9.26
Average McDonalds meal - \$8.70
Average Poke bowl meal - \$15.40

Table 1.2 shows how the average Subway meal compares to two different types of competitors:

Sources:

Real Menu Prices

Fast Food Price

Price List

Data processing - Meal Comparisons Data

This current price standing leaves some room for Subway to maneuver in terms of increasing price to facilitate freshness and quality or undercut competitors while maintaining the current product quality.

With the consumer attitude placing an emphasis on quality and nutrition, we recommend a strategy of increasing quality and for the short-term maintaining the current prices even at the risk of incurring losses. Hence, this would revamp the brand as being associated with quality and freshness which will lead to increased market share. Subway can then refocus their efforts on positive revenue streams.

#### Suggestions:

The Subway in the United States doesn't have a dynamic pricing strategy. By using dynamic pricing, Subway might be charging more during busy times when demand is high and less when demand is low. This could help Subway keep track of its inventory and resources better and make the most money possible. Also, Subway could think about giving its customers personalized prices through its loyalty program, which gives customers promotions and discounts based on their preferences. This strategy is actually being used by the subway itself in India. Subway's cost affordable franchise model in an already overcrowded fast food market is bringing the company's profitability down due to quality and customer service issues as seen in the figure 1.1. If it happens too often for too many franchised locations then these locations have to close down due to the losses and consumers will lose the convenient aspect of the brand (Kelly and Bonne, 2022).

### 5.3 Place

Subway in the United States has more than 20,603 thousand stores as of 2023. The subway uses the franchise model which most of the fast-food companies use. When compared to other fast-food chains, Subway has the most restaurants (ScrapeHero,2023).

This large distribution network makes it easy for customers to get Subway products, but it can be hard to keep quality and customer experience the same in so many places. With so many locations, it could be hard for Subway to make sure that each franchisee follows the company's

brand standards and rules. Even though franchisees get a lot of training and support, there may be differences in how each location runs, which can affect the overall customer experience and the reputation of the brand.

Suggestions:

Subway might want to take a more strategic approach to choosing new locations and growing. This could mean doing thorough market analysis and research in order to find unexplored markets where Subway could grow while avoiding overcapacity in areas where there are already excessive Subway locations. Subway could create an online ordering system specifically for businesses, allowing them to place large orders and have them delivered directly to the office. This could be particularly useful for businesses that have a large number of employees, or for companies that regularly host events or meetings. Consider expanding into the food truck market, offering a mobile option for catering events or bringing their sandwiches to busy business districts during lunchtime (Papa John's, 2023).

#### 5.4 Promotion

Subway's current promotion strategy involves various tactics such as offering limited-time deals and discounts, partnering with popular brands and influencers, and using social media to engage with customers. For example, Subway frequently offers promotions like "\$5 Footlongs" and BOGO (buy one, get one free) deals to attract customers. (Subway, 2021). Subway's promotions should offer real value to customers while still being profitable for the company. They should also be well-publicized and easy to understand.

Suggestions:

Offer limited-time deals on popular items to encourage customers to visit more often. Create loyalty programs that reward customers for repeat visits or larger purchases. Offer bundle deals

that combine several items at a discounted price. Use promotional events, such as grand openings or charity fundraisers to attract new customers.

#### Sales:

Subway has traditionally relied on a franchise model to drive sales, with franchisees responsible for promoting their own locations and driving traffic through local marketing efforts. In recent years, Subway has also implemented national advertising campaigns, such as the "Make It What You Want" campaign, which focuses on the customizable options available at Subway restaurants. Subway has also introduced limited-time offers and promotional deals to encourage customers to try new menu items or increase their spending. For example, Subway has offered "Sub of the Day" deals, where a different six-inch sub is featured at a discounted price each day of the week. These promotions are designed to incentivize customers to visit Subway more frequently and increase their overall spending. (Subway, 2021)

#### Suggestions:

Subway's sales strategy should focus on maximizing revenue and profit while also maintaining customer satisfaction. They should also prioritize training and supporting their sales staff to ensure they can provide a positive customer experience. Train sales staff to upsell and cross-sell products effectively without being pushy or aggressive. Use data analytics to identify which products are most popular and adjust pricing and promotions accordingly. Implement an online ordering system that allows customers to place orders easily and quickly.

#### Advertisement:

Subway's current ad strategy involves a mix of traditional and digital advertising. They have been focusing on promoting their "Fresh Fit" menu items, which include low-calorie options,

through various channels such as TV commercials, print ads, and social media. They also run promotional campaigns in collaboration with sports teams and events.

#### Suggestions:

Create eye-catching ads that emphasize Subway's fresh ingredients and healthier options. Develop targeted ads that appeal to different customer segments, such as busy professionals or health-conscious consumers. Use social media platforms like Instagram to showcase Subway's products and engage with customers. Consider partnering with influencers or celebrities to promote Subway and reach new audiences.

#### Public Relations:

Subway launched a partnership with the American Heart Association to promote heart-healthy eating. The partnership included the development of a "Heart-Check" certification for certain Subway sandwiches and salads that met the AHA's nutrition criteria. This initiative helped Subway to position itself as a healthier fast-food option. It has also partnered with TasteMade to create a series of videos showcasing Subway's menu items. (PR Week, 2018)

#### Suggestions:

Partner with local organizations and charities to show support for the community. Respond promptly to negative feedback or complaints on social media or review sites. Use customer feedback to make improvements to the menu or service. Highlight Subway's commitment to sustainability and environmentally-friendly practices.

#### Direct Marketing:

Subway's direct marketing strategy in the USA involves a combination of email marketing, mobile app notifications, and text message promotions. Subway offers customers the option to sign up for its email list to receive promotional offers, coupons, and news about menu items. The Subway mobile app also allows users to receive notifications about promotions and offers,

as well as place orders for pickup or delivery. Additionally, Subway sends text message promotions to customers who opt-in to receive them. (Subway, 2023)

Suggestions:

Use email marketing to promote new products, special deals, or events. Create personalized offers based on the customer's purchase history or preferences. Provide useful content such as recipes, nutritional information, or cooking tips. SMS or push notifications to remind customers of special offers or events.



## Section 6: ANALYSIS OF THE BRAND

According to YouGov BrandIndex, for the Top brands in the QSR & Casual Dining sector in United, Subway's score has been declining since 2014. From March 2022 to March 2023, it went down another rank and currently sits on the 9<sup>th</sup> place which shows that consumers are becoming less aware and interested in the brand. On the other hand, its competitor Panera Bread went up another rank to claim the 3<sup>rd</sup> place.

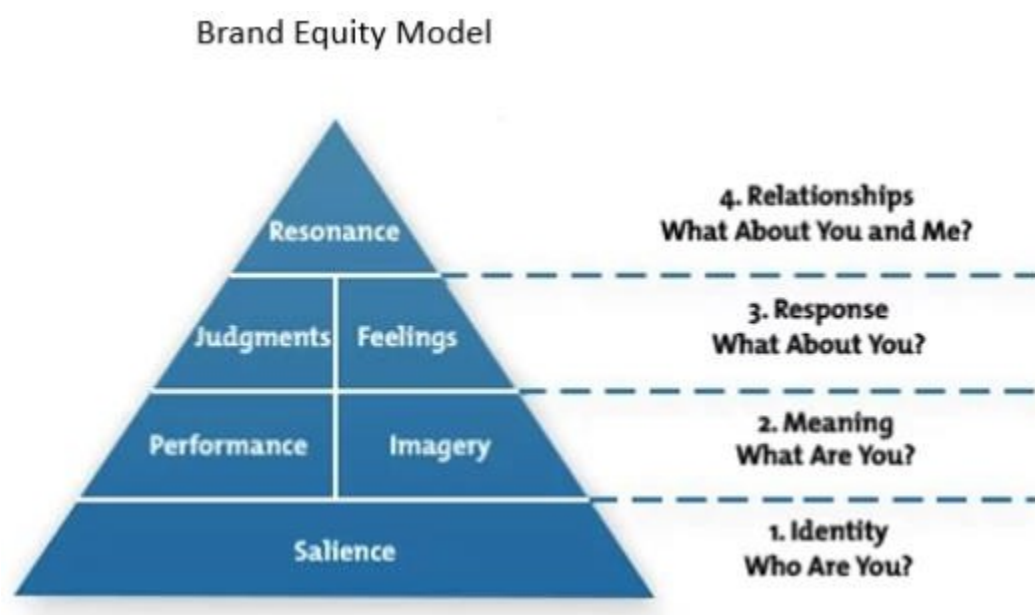


Figure 1.5 describes the brand equity model by Keller; for the brand analysis we will be using the Keller model to understand Subway as a brand.

Brand Awareness:

Figure 1.6 reflects subway's satisfaction score has been moving lower almost every year since 2013, which ties into low consumer awareness of Subway as a viable fast-food option. This lack of awareness can be attributed to increased competition from other fast-food chains like McDonald's and Burger King who have started selling products with fresh ingredients that may be customized. Due to this, Subway is finding it difficult to set itself apart from the competition

and hold onto its position as the market leader for fresh sandwiches in the United States. (Statista, 2022)

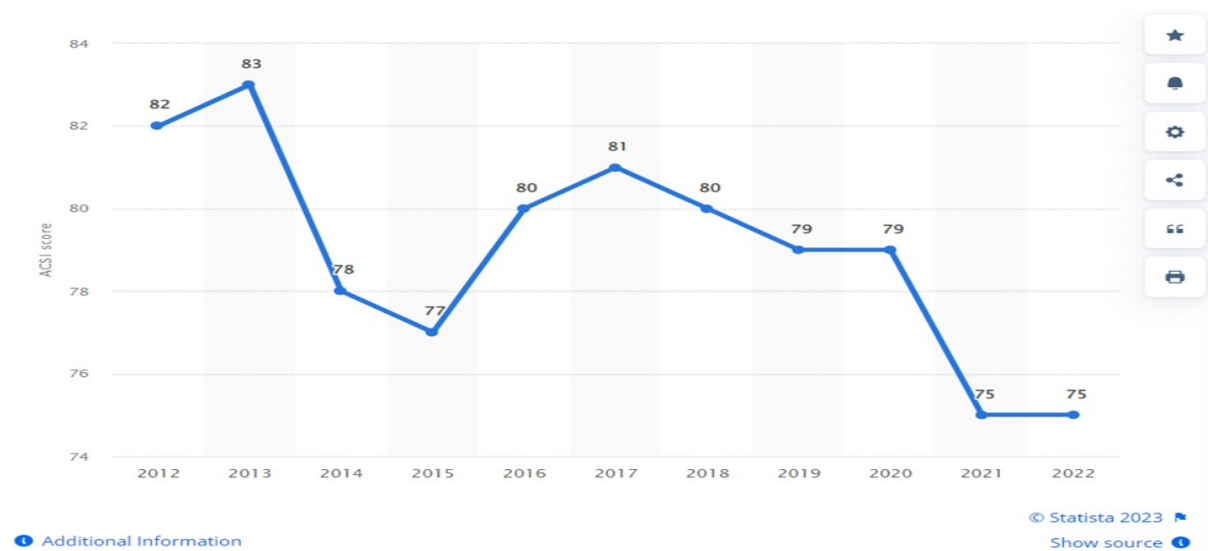


Figure 1.6: American customer satisfaction index score of subway in the United States from 2012 to 2022 (Statista, 2022)

Subway's declining consumer awareness can also be attributed to its lack of product innovation. As mentioned earlier in this paper; consumer taste and preferences have changed over the years, however, Subway hasn't made any substantial changes in their menu to address those changes (Long, 2021).

#### Brand Elements:

The brand element of Subway is its famous logo with its name coloured green and yellow with the tagline 'Eat Fresh.' and its iconic packaging design. Since, Subway controls the supplies for its franchises, it is on them to deliver the ingredients as fresh as possible, on the contrary sourced ingredients are being delivered about 10-15 days late on an average. Hence, the elements which used to attract customers in the past are now working against the brand. Consumers are recalling the brand in a negative light due to repelling developments over the years. Its elements are often related to an old brand which was once considered a healthy fast-

food option but not anymore due to a ton of developments in the field of healthy living (Dominko, 2021).

#### Brand Attributes:

Subway was built on three key attributes namely, fresh ingredients, healthy living and customized fast food. However, in recent years, Subway's brand attributes have come into question, particularly in terms of fresh ingredients and healthy living. Several Subway's patrons claim that the food served at the restaurants isn't as fresh as it could be. In recent interviews, customers allege that Subway's marketing slogan "eat fresh" is, in fact, alarmingly misleading and this misrepresentation is resulting in lost market share. It is also alleged that Subway generally operates within loopholes in the Food and Drug Administration's regulations, which mandate the standard of quality of food products. This isn't the first time that the ingredients the brand uses have been called into question. In 2014, the company decided to drop azodicarbonamide, a chemical used in yoga mats and shoe soles, from its bread after thousands of customers demanded the change through a petition. Consequently, Subway lost its competitive advantage which were also its foundational attributes (Landau, 2014).

#### Brand Association:

In the past Subway was associated with healthy and relatively inexpensive sandwiches helping in reducing weight due to success from Jared Fogle ad commercials and the introduction of \$5 footlong sandwiches. However, since 2014, the brand is facing a series of issues including increased competition from different fast food restaurant chains, a major setback due to the brand's favourite mascot Jared Fogle sentenced to 16 years in prison resulting in closure of various franchised locations around the globe including in the US and consumers associating Subway with a failing brand. Furthermore, consumers associate Subway with an unhealthy, cheap sandwich shop with its prime consumer base being high school kids (Olito, 2020).

### Brand Resonance:

Over the last decade, Subway has lost its emotional connection with their consumers in the midst of negative publicity around the brand. In 2016, to revive the brand, Subway introduced a new logo.

as seen in figure 1.7. But the rebranding efforts went in vain since the brand is still in disarray with consumers not being able to shake out of Jared Fogle news and the ingredients issues that the brand has faced in the past (Long,2022).

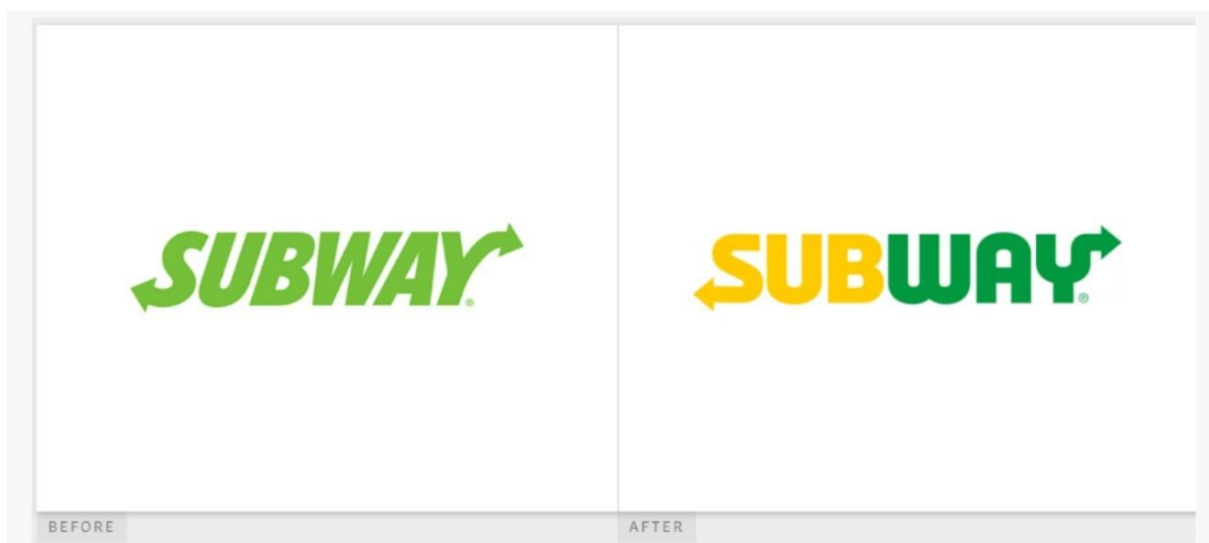


Figure 1.7 Changes in Subway Logo (Long,2021)

Going forward, in order to regain the brand's equity value, the focus should be on creating a new strategy. The field of marketing has grown by leaps and bounds due to its adoption of technology but Subway still primarily uses a marketing strategy that focuses on ad campaigns through cable tv. The brand does not have a social media strategy except for just having an account on Instagram and Twitter which has subminimal followers compared to a huge target market it caters to. We recommend the brand to start by creating a digital media strategy to connect with a technology savvy customer base.

Brand also needs a new tag line since the "Eat Fresh" doesn't reflect the products it offers. We suggest choosing a tagline which is related to their new and improved menu and shows how

the brand satisfies a deeper need than just hunger for their customers. For the new tagline we suggest “healthy at every bite”, it resonates with consumers and correctly reflects the new offerings. To connect with the healthy generation, Subway can also collaborate with fitness organizations such as gyms and different fitness studios’ by creating specific dietary options that cater to the customers following particular meals such as keto or paleo furthering their goals.

## **Section 7. RECOMMENDATIONS**

**Demographic:** The United States is a multicultural nation with many immigrants from all over the globe calling it home. Subway can diversify its customer base and improve its demographic profile by offering menu items that reflect a variety of cultural backgrounds.

**Geographic:** Subway can improve its geographical profile by thoroughly evaluating the potential of the location before establishing a branch. This should be done in such a way that the branches are not overcrowding the area which enables the company to maintain quality of the food and customer service as well.

**Psychographic:** Subway can improve its psychographic profile by addressing the above concerns and by catering to different dietary preferences such as gluten free, vegan and keto which will help attract customers who have specific dietary needs.

**Product:** Subway needs to focus on adding menu items that are healthier and cater to the needs of people with specific diets like keto, paleo and gluten free.

**Price:** Using the strategy of dynamic pricing, Subway can keep track of its inventory and resources better and make the most revenue.

**Place:** Making sure that the branches are not overcrowding an area and adding in B-to-B business to improve revenue.

**Promotion:** Offer limited-time deals on popular items to encourage customers to visit more often. Create loyalty programs that reward customers for repeat visits or larger purchases. Offer bundle deals that combine several items at a discounted price. Use promotional events, such as grand openings or charity fundraisers to attract new customers.

**Sales:** Train sales staff to upsell and cross-sell products effectively without being pushy or aggressive. Use data analytics to identify which products are most popular and adjust pricing and promotions accordingly. Implement an online ordering system that allows customers to place orders easily and quickly.

**AD's:** Using data analytics to identify the products that are most popular and adjusting pricing and promotions accordingly can help increase revenue. Implementing an online ordering system that allows customers to place orders easily and quickly can help bring in more customers.

**PR:** Improve customer service by utilizing customer feedback and making necessary changes in the menu. Highlighting Subway's commitment to sustainability can help bring in more consumers.

**Direct Marketing:** Use email marketing to promote new products, special deals, or events. Create personalized offers based on the customer's purchase history or preferences. Provide useful content such as recipes, nutritional information, or cooking tips. SMS or push notifications to remind customers of special offers or events. Improving social media presence and creating a digital media strategy can help improve the target market and help connect with a tech savvy customer base. Collaborating with fitness studios and organizations can help increase revenue.

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