

Consulting Report

Business: Tacology 101

Owners: James (Redacted) & Chip (Redacted)

Address: (Redacted)

Team members

(Redacted)

Business Overview

Name: Tacology 101

Address: **(Redacted)**

Owner(s): James (Redacted) & Chip (Redacted)

Location Description: Tacology 101, is located **(Redacted)**

Type of Business: Partnership

Number of employees/Hours of operations: 8 Employees/**Tuesday-Friday: 11-2:30pm / 5-9pm**

Saturday: 5-9pm

- History of owner and the business: After spending 19 years in the restaurant industry, Chef James **(Redacted)** decided it was time to do his own thing. James started his career in Hyde Park, New York and graduated from The Culinary Institute of America, before moving his career to Philadelphia. In Philly, he honed his skills at several critically acclaimed restaurants before deciding to move back to the midwest, where he would start his first restaurant, with the help of his wife, Antoinette and his business partner, Chip.

- Major products and services

- Mexican entrees. Ex: Tacos
- Chips & salsa(or guacamole)
- Yuca Fries (Mexican style french fries)
- Alcoholic beverages & non-alcoholic beverages
- Salads
- Mexican style desserts

As a restaurant, the obvious source of the income for the business is going to be the food that they sell. Tacology also sells alcoholic beverages, which is another source of revenue for the business. Desserts are also included.

- Target Markets

- Primary - The main target market is the downtown **(Redacted)** business workers. They are the lunch crowd that comes in everyday. They are between the ages of 25 and about 65 years old. This crowd is all about the grab and go lifestyle. Most of these workers have about 30 minutes to an hour to get lunch and get back to work.
- Secondary - The secondary target market is the young adult crowd and college students. They are between the ages of 17 to 28 years old. This crowd is about the feeling of the restaurant. They are there because they love good mexican food and the feel of a younger more contemporary place to hangout.

- Outline efforts in promotion

- They are a big social media marketing restaurant. They are on numerous platforms like Instagram with 108 followers, Facebook with over 3700 followers. They post on these platforms new food items and drinks, and they post special events that they are hosting. This promotion has been used for the business crowds and the young adults social media crowd.
- Promotional efforts through the newspaper have been used. This was used to introduce the new restaurant to the local Springfield area. This ad was targeted for the business crowd.

- Tacology has worked out a deal with local businesses and hotels to where they carry brochures and carryout menus and will even name drop Tacology if they are asked where to eat in the Springfield area.
- Tacology has also been on TV, the local Fox News has had owner James on a couple of times to talk the restaurant and his delicious food. In this segment he is talking about his homemade tortillas that he makes fresh everyday.

- Customer service tactics and strategies.

- Creating a welcoming environment
- Specials on food and drinks
- Offer unsatisfied customers with desert churros
- Ask customer feedback - what they like and dislike
- Started online ordering so customers could grab and go when they needed it - did this off of feedback they gained from customers.

Business Analysis

- Value Proposition

For the people who are looking for a great taco or Mexican-American meal, look no further than Tacology 101. Tacology 101 is based on authentic Mexican street food, and unlike Los Rancheros and Casa Real, they offer a ton of great flavors and a unique twist on tacos. Tacology 101 offers affordable, tasty food and can be found at **(Redacted)** or Tacology101.com

- Industry Analysis

This industry is made up of restaurants where customers pay before being served food products. Purchases may be consumed on the premises, delivered, or taken out. Gross revenue comes from both company-owned and franchised stores. Typically, alcohol is not sold but soft beverages are. The industry's NAICS code is 722513. 32% of the available market share is controlled by the top 4 players. 48% of businesses in this sector have a staff of 9 employees or less, indicating an active small business population (Alvarez, A.). There are approximately 269,155 establishments (Sageworks). The industry's growth has been steady in the past 5 years. Low price food items and convenience is still popular with consumers, but market saturation is extremely high among businesses like these. In 2013, the industry's profit margins are low being about 4% on average, partly due to its highly competitive nature. Consumer spending has increased for the past 5 years resulting in a slow but steady growth of revenue (Alvarez, A.). Cutting costs are possible by economies of scale. Leaders in the quick-service industry include McDonald's, Wendy's, Subway and others.

- Competitive Advantage

The competitive advantage of this firm is how the company puts an emphasis on "authentic" Mexican food. All the food is made in house except for the Cholula sauce. The food is considered healthy for many reasons like that it doesn't have a lot of preservatives, additives or fillers. Just simple fresh ingredients where customers don't feel compelled to question its quality. Keeping true to the traditional and authentic taste, the firm makes it well known that they are offering something so close to authentic that you couldn't have anything closer to the real thing unless you traveled to Mexico.

- Industry life cycle of this business

This industry is stable and firmly situated in the mature stage of its life cycle. The industry has experienced slow long-term growth, a just a slightly faster pace than the economy. This is why many chain operators seek to have new store openings internationally rather than domestically, which has been witnessed as we see the rate of new store openings slowing down. Shifts in consumer demand has impacted the industry over the past five years as people prefer to eat healthier foods. For example, fast casual restaurants that provide higher quality food and ambiance like Chipotle have experienced strong growth within the past 5 years and has been able to steal market share from traditional higher earning fast food businesses (Alvarez, A.).

- Informal location analysis

The state of Illinois offers businesses low corporate taxes and is the 5th highest GDP in the nation. Other incentives of doing business in Illinois is that it has a diverse economy and tax-free personal property (*Why Illinois?*). The businesses location is situated in downtown Springfield, Illinois. Springfield, Illinois. The median average income for Springfield residents is about the same as the states median average income at \$50,000 a year. Springfield has experienced a stagnant population growth which creates obstacles for business growth. Over the years Springfield has seen slowing tax revenues (*Springfield, Illinois Economy*). 56% of business owners in Springfield complain that their property taxes are too high (The State Journal-Register). Tacology 101 is situated in the states capital, although. Many advantages exist because of this since it is enveloped in the state government district. Over 1000 government workers have business to attend to in the local area offering great opportunities for restaurants. Along with this

is the town's rich history. Being former president Abraham Lincoln's hometown, it attracts a lot of foot traffic and tourists looking for a meal.

Consulting Recommendations

- 3 Strengths to Expand

We would recommend that Tacology 101 keeps their target market of business workers, college students and young adults with their innovative ideas. This is an ever expanding market and should help to get new customers, and retain current customers. Secondly, their online ordering and social media presence, is strong, and a great way to keep up with the trends of marketing and the increasing amount of technology in our lives. Lastly, the casual setting allows all types of people to enjoy food and drinks in a relaxed social setting and recruits a diverse group of people to its current location. Tacology 101 has seen steady growth over the past five years, and we do not think this will change as long as the image of the business stays positive, and word of mouth keeps spreading good things about the business.

- 3 Weaknesses to Correct

The first weakness that we would fix is the hours of business. We would expand the hours to at least be open until midnight, thus allowing college students the ability to get a late night snack or meal. College students are often up late studying, working, or partying, and this would allow them a nice place to go eat or if the business started delivering, the ability to order food to be delivered late at night. The second weakness is that they do not deliver. We think that if they were to deliver they could expand their target market to more students in a larger area and busy parents, or business professionals who may not have time to stop in to pick up their food. The

last weakness we want to focus on is the simplicity of the menu, if they were to add a few more items to the menu, traditional or non traditional food, it may help to keep customers coming back, and make sure they do not get bored with the products on the menu and allow for a wider variety of meal ideas for current and future customers.

- **Assume this business would make no major changes and continue as is. Predict the future of this business for the next 3 years based on all of the analysis you performed. Be specific as to why you think it will thrive or decline.**

We predict that this business will only gain popularity with its new innovative ideas that target a young and growing population of college students/ young adults, and business professionals.

Non traditional Mexican restaurants have been gaining popularity in recent years and this is a perfect example why. Tocology101 also has a variety of adult beverage options which makes it a perfect place for a social and relaxing environment. We think that as long as Tacology 101 keeps doing what they are doing, and possibly improving a few small things such as delivery, it will have no problem being a long term successful business.

SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none">- New innovative ideas targeting college students and business professionals- Non traditional Mexican food- Great social media outreach on	<ul style="list-style-type: none">- Not open late enough at night- Do not deliver- Fairly simple menu- Owner does not take well to food criticism

<p>Facebook and Instagram</p> <ul style="list-style-type: none"> - Easy to use website - Unique trendy names for their products - Online ordering - Catchy 'A new class of tacos' as their product description <p>A+</p>	<ul style="list-style-type: none"> - Small location only can hold about 25 people total <p>B</p>
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Opportunities	Threats
<ul style="list-style-type: none"> - Could expand hours to be open later - Could begin a delivery service - Open up more chains in other locations 	<ul style="list-style-type: none"> - Other less traditional mexican restaurants - Bars and other restaurants that serve food and alcohol - It's still a relatively new business
A	B+

COMPETITIVE ANALYSIS

	Los Rancheros	Taco Gringo	Chipotle
Location Description	Los Rancheros is located right off the highway onto Veterans Parkway, which is the shopping district of Springfield.	The closest location to Tacology by being on South Grand Ave. Only a couple blocks away from the heart of downtown.	This is located in one of the best areas of Springfield, they are in the heart of the shopping center right next to the mall on Veterans Parkway.
Independent or corporate owned? (Franchise?)	Independent. Family owned	Independent. Family-run franchise.	Corporately owned
Strengths?	Appeals to vegans/vegetarians. Great environment. Offers a catering service.	Wide variety of food choices. Affordable prices.	Rapid growth, Good Financial Strength Strong brand name.
Weaknesses?	Not great for big groups	Location	None
(Product/Service line?)	Mexican appetizers, soups & salads, burritos, tacos, and vegetarian options	Tacos, nachos, burritos, quesadillas, enchiladas, hot dogs, wings, fries	burritos, tacos, burrito bowls (a burrito without the tortilla), and salads.
Comparison to your products/services? Better or worse in what ways?	Similar Mexican style food. Better: They offer vegetarian food. Worse: Not many flavors of tacos.	Similar Mexican style food. Better: more food options. Worse: .	Similar Mexican style food. Better: faster service on “assembly line.” Worse: Not as many food options.
Pricing Structure compared to yours?	Prices are relatively low, with nothing on the menu exceeding \$12.50. They use bundling pricing strategy.	Also low prices. Many combo meals are offered(similar to bundling). Sauces are extra.	1. Charge a premium 2. Price slightly below direct competitor 3. Total meal price under “psychological thresholds”(\$10) 4.”Reverse-Freemium”strategy
Marketing Activities?	Social media(Instagram, Facebook, Twitter).	Offers online coupons on website. Social	Coupons, social media, goodwill.

		media.	
Sales Literature/websites compared to yours?	They have a website, but the option to order online is not available. Not much information about the business on the website. Just location/contact info	No option to purchase food online, but they do have a website. Offers info about business on website	They have the option to buy online, like Tacology. Information of the business is available on website.
Expanding? Cutting back?	Expanding	Stagnant	Expanding
Your opinion: a threat or not a threat to your business?	Threat	Non-Threat	Threat

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