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Next Generation Green: White Dog Cafe and its Evolving Brand Identity

Diane M. Phillips and Jason Keith Phillips wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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Between graduations, weddings, and Mother’s Day, May was a busy time in the restaurant business. In May 2017, Kerrie Van Horn, director of marketing communications at the White Dog Cafe (White Dog), had just exited a meeting with one of Philadelphia’s leading brand management agencies. The presentation certainly was impressive; the White Dog had now been under new ownership for seven years, had opened two new locations, and had continued most of the initiatives that had made it one of the most well-respected and sustainably run restaurants in the nation.[[1]](#footnote-2) The problem was that hardly anyone knew about it. How could Van Horn convince owner Marty Grims that the brand management agency could help the White Dog brand evolve to meet the expectations of an increasingly sophisticated marketplace?

BACKGROUND

The White Dog traced its origins back to 1983 when founder Judy Wicks opened a small coffee and muffin shop on the first floor of her Victorian-era brownstone house in Philadelphia. The restaurant had grown from these humble beginnings into an operation with 100 employees and US$5 million[[2]](#footnote-3) in annual sales before it was sold in early 2009. From the beginning, Wicks operated her restaurant in a very sustainable way. Indeed, long before social and environmental justice became fashionable, she created and ran her restaurant according to a four-part social responsibility philosophy: serving customers, serving our community, serving each other, and serving Earth. With its eclectic blend of organic and Fairtrade ingredients, creative dishes, and activities, it served up a blend of “food, fun, and social activism.” The restaurant had some very impressive accomplishments: it was the first restaurant in Pennsylvania to use 100 per cent renewable energy; it had a vast array of Fairtrade and organic ingredients on the menu; and it treated its workers fairly by providing, among other things, a living wage and health care benefits.[[3]](#footnote-4)

Despite this, Wicks decided it was time to step back from her gruelling schedule and focus on what she loved best: speaking, activism, and writing. Wicks was especially concerned about what had happened to other sustainably run businesses. Ben & Jerry’s, for instance, had been the target of a hostile takeover by global giant Unilever, and when The Body Shop was sold to L’Oréal Paris, the latter quickly eliminated a variety of environmental initiatives. After considering her options, including promoting a strong leader from within the organization and implementing an employee stock ownership plan, Wicks decided that in order for her vision of social and environmental justice to be sustained, the restaurant needed to be run by someone who not only shared her values, but also had a proven record of running a successful restaurant.

THE SALE AND SOCIAL CONTRACT

Enter Marty Grims, a third-generation Philadelphia restaurateur who purchased the restaurant in 2009. To ensure her vision continued to be upheld, Wicks demanded a “social contract” as a condition of the sale. For his part, Grims paid a “premium in excess of a million dollars” for the White Dog brand. According to Grims, the equipment, furniture, and physical restaurant space either was obsolete or had not been updated for years. Thus, in addition to the premium he paid and the social contract conditions, Grims invested $1.7 million to update and renovate the old White Dog restaurant. Grims said it was “definitely” worth it, explaining that the White Dog had “a lot of relevancy. . . . The whole idea of sustainability, supporting local farmers, using organic ingredients . . . I felt that the principles that have been a hallmark of White Dog were relevant. I felt I could expand on that premise.”

Running a restaurant was not easy. Approximately 60 per cent of restaurants failed within their first year, and 80 per cent were likely to close before their five-year anniversary.[[4]](#footnote-5) A transition like the one White Dog was making was especially risky. When Grims first took over, the staff, management, and food quality were stagnating. Because Wicks had become busy with speaking engagements and the writing of her book, many employees were used to “running the show as they saw fit.” When Grims came in and started to change the existing culture, there was “a lot of resistance and push back.” Grims persisted. From his perspective, he saw the “alternative culture” of the restaurant as something that needed to change immediately.

The purpose of the social contract was to sustain the White Dog’s original social and environmental philosophy over the long term. As Wicks explained, the White Dog’s initial success “came not from maximizing profits but maximizing relationships. The great thing about sustainability is that it’s really profitable in the long run. Take a page from nature—it’s incredibly efficient, there is no waste. It’s the same thing with sustainable businesses.” Because the focus was to maintain the philosophy over the long term, the conditions spelled out in the social contract were both innovative and comprehensive.

The first stipulation of the contract was that Wicks would maintain 5 per cent ownership of the restaurant as well as the White Dog name, brand, and other identifying trademarks. Wicks would receive quarterly payments from the operation on her 5 per cent ownership, and, depending on how quickly those payments added up, her partial ownership would continue for 10–15 years. In exchange for this ownership split, the new management had to continue carrying out a long list of sustainable initiatives. They agreed to buy Fairtrade coffee and sugar, sustainably harvested fish, humanely raised meats, and organic ingredients whenever possible. Further, management agreed to continue to purchase 100 per cent renewable energy and, as much as possible, to purchase ingredients from local farmers and suppliers within 50 miles. For the executive chef, sourcing these ingredients was a big challenge because he needed to know about the environmental and social implications of each ingredient. As Grims elaborated, the issue with “products like cinnamon and vanilla was not so much the quality of the product, but also concerns about slave labour.”

Second, in order to confirm that the restaurant was living up to its commitments, the social contract allowed Wicks to perform quarterly audits of the books. If a problem was found, Wicks had the authority to take back the brand from Grims. For Wicks, one very important condition was that the restaurant continued to support local farmers. Grims explained, “She audits all of our payables, all of our invoices. So, we show who we buy the meat from, who we buy our fish from, what farmers we use.” In between the audits, Wicks regularly stopped in for lunch and a talk with the staff. She even visited the kitchen to see what was happening behind the scenes.

Finally, the social contract stated that if Grims wanted to sell the restaurant, it had to be sold to a local person with local ties. In the end, Grims still thought the White Dog brand had enough equity and enough potential for growth. According to Grims, the social contract ensured the continuation of Wicks’s “life’s work.” He added, “Not only has it been a continuation, but actually we’ve sort of expanded the footprint.”

THE WHITE DOG TODAY

The decision for Philadelphia restaurant icon Grims to purchase the White Dog and agree to the social contract was not an easy one. What made the decision especially difficult was the requirement to comply with a long list of social and environmental initiatives. However, with the social contract stipulating how the restaurant’s original philosophies would continue, the next decision for Grims was how he could put his own personal imprint on the restaurant. An extremely successful restaurant owner in his own right, Grims had an excellent record of running high-quality restaurants.[[5]](#footnote-6) When he purchased the White Dog, he insisted he was not out to change the world—he was out to run a great restaurant. Grims used the White Dog’s strong foundation as a starting point to build the brand even further. According to Grims, the original vision could grow because Wicks “partnered with someone who respected the vision, embraced the vision, and made it relevant to a sophisticated consumer. Her vision would have died if it was not embraced by someone who could take it to the next level.”

BUILDING THE WHITE DOG BRAND

Experts defined *brand* as a promise about what the consumer could expect from consumption. Brands allowed consumers to easily predict what the consumption experience would be like.[[6]](#footnote-7) Brands helped consumers to better navigate a confusing marketplace and to predict what would happen during the consumption experience. They also helped consumers form connections to organizations. In fact, some consumers became so attached to their brands that they incorporated them into their lives. Most people knew someone who had decorated a room with paraphernalia from a favourite sports team, plastered stickers on their car from a favourite vacation destination, or even—in extreme cases—gotten a tattoo of a brand or a character from a movie (indeed, a quick online search could reveal hundreds of brand-based tattoos, including Disney, Apple, Harley-Davidson, Harry Potter, and Star Wars). In all of these cases, consumers were demonstrating strong relationships with their brands.

*Brand identity* was defined as comprising all of the things a consumer knew about the brand as well as all of the feelings attached to that brand. Consumers who purchased Apple products knew the brand would be elegantly designed, intuitive, and powerful. Very likely, this led Apple consumers to feel a variety of emotions, including excitement and empowerment. Importantly, a strong brand identity solidified an image in the customer’s mind that was different from the image offered by the competition.[[7]](#footnote-8) Over time, brands added value to organizations, and smart, forward-thinking organizations spent a lot of time and effort nurturing and growing their brands. Thus, *brand equity* was the amount the brand was worth, over and above another un-branded product.[[8]](#footnote-9) Customers were willing to pay more for a Coca-Cola than for a no-name cola product; they were willing to pay more for a New England Patriots sweatshirt than for an un-branded sweatshirt.

If the White Dog was to stay relevant and evolve with the changing needs of the marketplace, management needed to nurture its brand identity, which would hopefully also grow its brand equity. The best brands exhibited “the ability for deep and honest introspection. But they never get stuck there. It’s about having enough understanding to ensure meaningful change and speed of action.”[[9]](#footnote-10) To strengthen the White Dog brand, Grims worked to foster and strengthen the restaurant’s relationships with the staff, customers, and farmers.

FIRST STEPS—STRENGTHENING EXISTING RELATIONSHIPS

One of the first things Grims did was completely renovate the physical structure of the original White Dog and design two additional locations in nearby suburbs; these opened in 2010 and 2015. These efforts were designed to strengthen relationships with employees, customers, and farmers, further allowing the White Dog to support local communities.

Employees

For his employees, Grims wanted to enhance the work experience to make it more friendly and comfortable. In his opinion, if the staff was happy it would be reflected in how they prepared meals and treated guests. One priority was to invest $100,000 in a new heating, ventilation, and air conditioning (HVAC) system for the original Philadelphia location to cool the kitchen, which previously had no air conditioning. This made working conditions more bearable. “It was a sweatbox,” he said, adding, “You have to take care of your people.” He also purchased all new equipment for the kitchen and had new plumbing and electrical systems installed throughout.

Next, Grims increased the salaries of the full-time team and reduced their hours to a 48-hour work week, instead of the typical 60 hours. Management turnover was expensive, and Grims wanted to make sure he kept the team happy and committed to the White Dog. This necessitated adding new managers to each restaurant, with a salary for each of about $125,000 (including benefits). Importantly, the White Dog still maintained a very “family-like” feel. Many of the top people at each location had worked with Grims for more than 10 years, and Executive Chef Zach Grainda had worked with Grims for almost 16 years. “We don’t take ourselves too seriously,” said Grainda. He elaborated that if the staff was happy, that feeling was reflected outwards.

Customers

For his customers, Grims was committed to enhancing the quality of the dining experience. Grims wanted the atmosphere of the restaurant and the food to be unparalleled in quality. The menu often rotated and, depending on the availability of local produce, it was not unusual for new items to be introduced every few weeks. Because of this ever-changing menu, the wait staff spent 20 minutes at the beginning of their shifts in a briefing about any new menu items, the ingredients, and the farms from which they originated. The White Dog also established an allergy menu that listed dishes with nuts, dairy, gluten, and shellfish. This way, the staff was able to easily answer any questions from customers.

Also, in a shift away from some of Wicks’s purchasing priorities, it was decided that using a quality ingredient was always more important than using just any local, organic, or Fairtrade ingredient. Chocolate was a perfect example of this. While organic Fairtrade chocolate was certainly available, the quality had not yet reached the level of some other high-end chocolates. Indeed, organic chocolate was sometimes quite difficult to melt or use in creative desserts. Fortunately, the social contract allowed for this slight shift for the sake of quality. Paying more for energy, supplies, and staff made it quite difficult to turn a profit in the highly competitive restaurant business, but the White Cafe managed to do it. Grainda explained, “You have to keep it interesting by changing the menu, sourcing new local farmers, and trying different creative dishes. It’s a different dining experience every time.”

Farmers

For farmers, visits from the White Dog staff were not uncommon. Every few months, Grainda and some members of his kitchen staff visited farms on their days off. “They just appreciate everything you do—the first thing they tell you every time is ‘thank you.’ It doesn’t compute right away, but then you realize that, after you look through the purchases of how much food you are buying from them, you are supporting their families.” Grainda was also keenly aware that he was helping to build brand recognition for the farms by listing them on the menu. Thus, for Grainda, it was not just about building the White Dog brand; he also felt a responsibility to build the brand of each of the farms with which the restaurant had relationships. For example, the May 2017 menu featured items such as the Locust Point Farm chicken, accompanied by creamy Castle Valley grits, green bean casserole, and cracked black pepper cream for $26; and the Green Meadow bacon double cheeseburger and fries for $18, to which a customer could add a cage-free farm egg, 1732 Meats thick-cut bacon, Kennett Square mushrooms, or a spicy EPIC pickle. Grainda said, “If something comes from a certain farm, we make sure to say the name of the farm on the menu. We give credit where credit is due.”

Grainda and Grims believed they could leave their stamp on the world by strengthening the relationships between the staff, customers, and local farmers. The White Dog thus provided a nexus point for everyone to come together over their shared appreciation of great-tasting, creatively presented, sustainably raised local food.

DEVELOPING A MARKETING STRATEGY

Grims also worked tirelessly over the first few years to rework the restaurant’s marketing strategy. The first thing he did, however, was develop a clear understanding of the *value proposition*—the advantage a customer got from coming into the White Dog. Simply speaking, Grims wanted the White Dog to be known for its excellent dining experience. “It was about hospitality. It was about food, it was about wine, it was about entertainment, collecting people together,” Grims said.[[10]](#footnote-11) From the customer’s perspective, the value proposition certainly centred on the experience and the food, but it also included an element of trust. Customers could trust that the White Dog would provide great food with local, sustainably sourced ingredients. Putting all of this into action, Grims then refined the marketing strategy. A marketing strategy consisted of four distinct elements, often referred to as the four Ps, or the “marketing mix”—product, price, place, and promotion. These were the vehicles by which the value proposition was delivered to customers.

Product—What Benefits a Consumer Received

On a normal weekend, the White Dog welcomed 3,000 customers to dine at its three locations. The chefs at each location were given tremendous freedom to be creative with the dishes. Because of this, the menu was constantly changing, so guests got a sophisticated and creative taste profile every time they visited. Consumers ate more vegetables and fish in Philadelphia, and they ate pricier cuts of meat in the suburbs. Philadelphia had higher beer consumption, while the suburban locations had higher wine and martini consumption. Importantly, guests also had the peace of mind of knowing the ingredients were of the finest quality, and they could trust the staff when they claimed that something was local, organic, or humanely raised. Finally, guests could “feel good” knowing they were helping the local community and making some small contribution to social and environmental justice. They got all of this in a pleasant, welcoming, and friendly atmosphere.

Price—What Consumers Paid to Get the Product

Because of the restaurant’s support of local farmers, it could not easily take advantage of price discounts from large food distribution conglomerates. Therefore, the prices the White Dog paid for ingredients were “significantly more expensive,” according to Grainda. The goal was to provide customers not with the lowest price, but with good value for their money. Customers received a freshly prepared, creative, and seasonal dish made with the highest-quality local ingredients. The White Dog used perceived-value pricing—customers understood that they paid a little more to get a little more.[[11]](#footnote-12) Interestingly, although each of the White Dog restaurants had similar menu items, the receipts were on average $10 higher in the suburbs than in the city.

Place—How Consumers Got Access to the Product

It was never Wicks’s intention to expand the brand beyond the original location in Philadelphia. Located at the edge of the University of Pennsylvania campus, the original White Dog attracted a mix of customers to the restaurant—local customers who appreciated the high-quality food and ever-changing menu options, students and professors from the university, and local customers who were particularly attracted to the environmental and social programs at the restaurant. After the sale of the restaurant, Grims opened two new locations within about a 45-minute drive of the city—the suburb of Wayne in 2010 and the suburb of Haverford in 2015. Because of this expanded footprint, the organization purchased three times as much food from local farmers, increasing its impact on them. Each of the locations was designed to reflect the surrounding neighbourhood’s personality and had a distinct look and feel. Although there remained a strong “canine theme” in each of the locations, the Philadelphia location was more “urban, funkier, academic.” It was also a little more playful, with surprising touches and finishes throughout. The suburban locations were more conservative and upscale.

Promotion—How Information Was Communicated

Grims was not a strong proponent of advertising. He believed the product should speak for itself and that everything else would fall into place after that. He explained, “I believe our guests say one of three things at the end of the experience: ‘we can’t wait to come back,’ ‘I am not in a hurry to come back,’ or ‘I am never coming back.’ All of the details get watered down to those three things.” He believed that if the dining experience was excellent, customers would then find out more information about White Dog’s efforts regarding “sustainability, energy, and local farmers” and would feel even better about the White Dog. Therefore, very little advertising and promotion was done. As Grainda noted, “we try to do everything by word of mouth and by flying under the radar. We like to have people come in with low expectations and . . . [leave saying] ‘that was a great experience!’” (see Exhibits 1 and 2 for a sample balance sheet and profit and loss statement).

NEXT STEPS: EVOLVING THE SUSTAINABLE BRAND

In thinking about moving forward, Grainda noted, “The restaurant business is hard enough. There are times of stress and drama and whatever else, but I love it and when you do the things that we embody at White Dog, you feel good every day about what you do and that’s what makes the job worthwhile.” The expanded White Dog quickly became a complex operation that was run both efficiently and effectively. “The business premise is a strong one, it makes sense. It is more relevant today than it was 20 years ago because of what people are looking for,” Grims explained. A continuing challenge was making sure the White Dog brand stayed relevant to an evolving consumer segment.

The Evolving Consumer

One way in which consumers had evolved was that they seemed willing to try something new during their dining experience. The White Dog gave them a “safe” place to try something they had never tried before, as well as new combinations and taste profiles. Customers knew that the White Dog did its homework, and this trust gave customers the confidence to try new things. Grainda concluded, “White Dog got considerably more sophisticated because the consumer got considerably more sophisticated.” At the time of the opening of the two suburban restaurants, the U.S. economy was steadily improving and incomes were rising (see Exhibit 3), thus allowing customers the extra funds to pay for their more sophisticated tastes.

Another way in which consumers had evolved was that they were much more skeptical about environmental claims. One environmental research firm found that 95 per cent of products that claimed to be green were not actually so.[[12]](#footnote-13) This finding was further confirmed in a nationwide study of U.S. consumers that found that a majority of them (52 per cent) believed organizations marketed their products as “ethical” as a way to manipulate them. In addition, 49 per cent believed companies sometimes behaved ethically in one area but unethically in another.[[13]](#footnote-14) It was no surprise that customers were skeptical and wanted to know where the ingredients came from. Grainda said, “What I have really been finding, which is interesting especially talking about seafood, is people have more questions about where it is coming from, and I love the fact that people are in tune with that. Ten years ago, people didn’t care where it was coming from.”

A third way in which consumers were evolving was the increasing importance of ethics in their decision making. In a study of U.S. consumers and their attitudes, it was found that consumers indeed cared about an organization’s ethics. When asked whether a “company’s ethics influence whether you will purchase their products,” 70 per cent said yes. Millennials were even more concerned about these issues (78 per cent said yes), as were consumers aged 18–34 who earned more than $75,000 in annual household income (86 per cent said yes). Unfortunately, baby boomers were less concerned than their younger counterparts (61 per cent said yes)[[14]](#footnote-15) (see Exhibit 4).

With its neighbourhood feel and its various initiatives, the White Dog seemed ideally positioned in terms of the ethical perspective of its target market. Research indicated that White Dog’s position would likely continue to be a good one. While 49 per cent of U.S. consumers trusted small companies to do the right thing, only 36 per cent trusted big companies to do so. Further, most U.S. consumers (63 per cent) agreed that ethical issues were becoming more important, and most (58 per cent) reported that buying “ethically produced” products made them feel good. In another promising finding for the future of small, ethically run businesses, half of U.S. children and teens believed they would someday change the world.[[15]](#footnote-16)

Finally, consumers had also evolved to become much more aware of environmental issues. Although consumers certainly agreed they should do their part, they also believed that companies should be at the forefront of environmental action and not simply make a few token gestures. Indeed, 61 per cent of consumers would rather “companies work to improve their business practices to be more green than make donations to green organizations.” Thirty-two per cent of consumers considered the environmental impact of a restaurant before visiting it, and between 63 and 67 per cent of consumers preferred retailers that provided transparent sourcing information,[[16]](#footnote-17) again affirming the importance of transparency in building trust.

Grims acknowledged that his customers were different than they had been in the past, especially with respect to their knowledge about sustainability. He explained, “The marketplace has changed and the consumer has gotten increasingly more sophisticated. The business still needs to change with the times, and as long as it changes with the times, it can be true to the business model it was founded on.”

White Dog’s Evolving Brand Identity

In addressing the evolving needs of consumers, the management team did not stray from the original core values of the White Dog. “When I first got to White Dog . . . what really got me in touch with [the mission] is what is going on with the Earth. You look at climate change and how it is affecting us and that is scary,” Grainda said. He was also deeply moved by specific issues, such as fair trade, and he described an early conversation he had had with Wicks—she had taken a trip to South America “because she was using their coffee, and she realized . . . when she got down there, it was not 100 per cent Fairtrade. So, she turned around and gave them a very large sum of money, a grant, and said, ‘I need you to do this, I want you to be true to this.’ It was amazing. That is unheard of today. She is very passionate and I respect that and it is a privilege for me now [to work so closely with her].” As with any brand that had a long and distinguished history, White Dog’s heritage needed to be honoured and preserved for new customers as well as for long-time, loyal customers.[[17]](#footnote-18)

As customers evolved, brands also had to evolve to stay relevant. Thus, the White Dog’s brand identity evolved as its customers did. Although the restaurant was still known for its stand on social and environmental justice, it started to become better known for providing an excellent dining experience with ingredients that customers could trust, which was reinforced by relationship building and transparency.

To strengthen the brand identity, Van Horn updated White Dog’s marketing materials. First, she updated the restaurant’s website to portray a more upscale image. Beautiful menu items with flawless presentations were added to the main page accompanied by headings such as “Farm to Table: Local, Seasonal, Sustainable.” Background information and links were provided for each of the partner farms, and the restaurant’s sustainable initiatives were listed. Van Horn also updated and modernized the newsletter, which was available at the front counter to anyone entering the restaurant. The newsletter contained stories about, for example, the origin of some of the menu items or a visit by the staff to one of the farms. Finally, she created a new logo portraying a slightly slimmer dog against a black background (see Exhibit 5). Grainda supported these changes as well as efforts to maintain the strong connection with the original founding principles, saying, “It was a long-standing business and long history . . . let’s make sure that we stay true to what the brand is; let’s make sure that we uphold to what she [Wicks] has put into it.”

White Dog’s Strengthening Brand Equity

By the time Grims took over the White Dog, it had survived many years of deferred maintenance and a management team that was somewhat disengaged. Despite this, there was definitely enough growth potential in the brand equity that Grims was willing to spend “in excess of a million dollars” to keep the White Dog brand attached to the restaurant. Though he could have purchased another restaurant and worked to improve its stature in the Philadelphia restaurant community, Grims wanted the White Dog and was willing to pay for it. As further evidence of the strength of the White Dog’s brand equity, Grims spent an additional $1.7 million for renovations and upgrades to the original location, and agreed to undertake the time-consuming and arduous efforts needed to comply with the social contract and its mandated audits.

WHAT’s NEXT?

In addition to the changes that had already been made, Grims continued to meet the changing needs of the smart, savvy, sustainable consumer, while simultaneously staying true to the original brand and putting his personal imprint of upscale casual dining on it. Van Horn thought that what they had done so far was good, but that it was not enough. She understood that in nurturing and building a brand, one of the most important things to do was to recognize the changing needs of the consumer. She agreed that sustainability should not have been seen as a differentiator in setting the restaurant apart from its competition, but as simply part of the restaurant’s normal operations. However, she believed that if they could use advertising to more frequently put the word out about what White Dog was doing, it might attract and convert a new group of customers.

The question of whether or not to advertise the innovative sustainability initiatives undertaken at the White Dog was certainly a difficult one. On one hand, skeptics could argue that advertising these initiatives was disingenuous because the restaurant should be engaging in these activities anyway—sustainability was simply the right thing to do from a social, environmental, and business standpoint. Also, with the changing needs of the sustainable customer, the brand had already evolved into something that was new and relevant to the target market.

On the other hand, proponents of advertising could argue that the White Dog was investing extra money into these programs and that both current and future customers wanted to know about it. Many individuals might not have been motivated to look up these initiatives online or to pick up and read the newsletter. Further, advertising through local outlets had the potential to get new customers excited about coming in to the White Dog and trying out what it had to offer. The more customers the restaurant had, the greater the potential for positive social and environmental impacts.

Van Horn was impressed with the presentation from the brand management agency, which had a long history of success with local businesses. It recommended a fully integrated marketing communications plan that included print, social media, and digital platforms. The question now was, how could she convince Grims that this was an important strategy to evolve the White Dog brand even further?

Exhibit 1: Sample Balance Sheet—University City Location (in US$)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2014** | **2015** | **2016** |
| ASSETS |  |  |  |
| Cash | 67,278.00 | 74,006.00 | 76,226.00 |
| Amortized Expansion Costs | 55,500.00 | 61,050.00 | 62,882.00 |
| Kitchen Equipment | 20,000.00 | 22,000.00 | 22,660.00 |
| Furniture, Fixtures, & Equipment | 45,000.00 | 49,500.00 | 50,985.00 |
| Accumulated Depreciation | −10,714.00 | −21,428.00 | −32,142.00 |
| **Total Assets** | **177,064.00** | **185,128.00** | **180,611.00** |
|  |  |  |  |
| LIABILITIES & EQUITY |  |  |  |
| Accounts Payable | 23,120.00 | 21,559.00 | 19,654.00 |
| Long-Term Liabilities | 80,398.00 | 72,178.00 | 69,228.00 |
| Other Liabilities | 11,732.00 | 12,881.00 | 11,588.00 |
| **Total Liabilities** | **115,250.00** | **106,618.00** | **100,470.00** |
| **Net Worth** | **61,814.00** | **78,510.00** | **80,140.00** |
| **Total Liabilities & Equity** | **177,064.00** | **185,128.00** | **180,610.00** |

Note: This balance sheet was created merely for illustrative purposes and for the purpose of discussion. It is not the actual balance sheet from the White Dog Cafe.

Source: Created by the authors.

Exhibit 2: Sample Profit and Loss Statement—University City Location (in uS$)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2014** | **2015** | **2016** |
| Sales | 710,790.00 | 781,869.00 | 867,875.00 |
| Cost of Goods Sold | 344,068.00 | 376,663.00 | 410,563.00 |
| Gross Margin | 51.59% | 51.83% | 52.69% |
| **Operating Income** | 366,722.00 | 405,206.00 | 457,312.00 |
| **Expenses** |  |  |  |
| Payroll | 203,950.00 | 224,345.00 | 231,075.00 |
| General & Administrative | 9,000.00 | 9,900.00 | 10,197.00 |
| Marketing | 6,663.00 | 7,329.00 | 7,549.00 |
| Professional Fees | 4,250.00 | 4,675.00 | 4,815.25 |
| Insurance | 15,000.00 | 16,500.00 | 16,995.00 |
| Rent & Utilities | 25,000.00 | 27,500.00 | 28,325.00 |
| Miscellaneous Costs | 2,275.00 | 2,502.00 | 2,577.00 |
| Payroll Taxes | 24,500.00 | 26,950.00 | 27,759.00 |
| **Total Operating Costs** | 290,638.00 | 319,701.00 | 329,292.00 |
| **EBITDA** | 76,084.00 | 85,505.00 | 128,020.00 |
| Federal Income Tax | 31,804.00 | 34,984.00 | 35,334.00 |
| State Income Tax | 6,334.00 | 6,967.00 | 7,037.00 |
| Interest Expense | 12,291.00 | 9,639.00 | - |
| Depreciation Expenses | 10,714.00 | 10,714.00 | 10,714.00 |
| **Net Profit** | 14,941.00 | 23,201.00 | 74,935.00 |
| **Profit Margin** | 2.10% | 2.97% | 8.63% |

Note: This profit and loss statement was created merely for illustrative purposes and for the purpose of discussion. It is not the actual profit and loss statement from the White Dog Café; EBITDA = earnings before interest, taxes, depreciation, and amortization.

Source: Created by the authors.

Exhibit 3: Median Household Income for Each white dog cafE Location (In US$)

|  |  |
| --- | --- |
| University City (opened 1983) | 21,773 |
| Wayne (opened 2010) | 122,266 |
| Haverford (opened 2015) | 109,205 |

Source: United States Census Bureau, American Fact Finder, accessed January 21, 2018, https://factfinder.census.gov/faces/nav/jsf/pages/community\_facts.xhtml.

Exhibit 4: Consumer Attitudes About Ethical and Unethical Companies

|  |  |
| --- | --- |
| Question | Response |
| Which of the following factors, if any, do you consider when deciding how ethical a company is? | Employee treatment = 48% |
|  | Where products are made = 34% |
|  | Environmentally friendly = 33% |
|  | Animal treatment =31% |
|  | Advertising practices = 27% |
|  | Food transparency = 27% |
|  | Stance on controversial issues = 27% |
|  | Outreach in local community = 22% |
|  | Outreach in the United States = 18% |
|  | Charitable donations = 17% |
|  | Outreach globally = 13% |
|  | Employees volunteering = 9% |
| When you believe a company/brand/retailer is especially ethical, which of the following, if any, have you done? | Told friends/family/  acquaintances = 34% |
|  | Bought from it even if it costs slightly more = 28% |
|  | Bought from it even if I have to go out of my way to do so = 24% |
|  | Posted about it on social media = 21% |
|  | Bought from it, even if I thought a competitor’s products were better in quality = 19% |
|  | Followed it on social media = 17% |
| When you believe a company/brand/retailer is especially unethical, which of the following, if any, have you done? | Told friends/family/acquaintances = 35% |
|  | Stopped buying from it even if there was no substitute = 35% |
|  | Stopped buying from it, even if it was more affordable = 30% |
|  | Stopped buying from it, even if I thought the products were high quality = 27% |
|  | Stopped buying from it, even if I had to go out of my way to do so = 24% |
|  | Tried to limit my buying from it, but did not entirely stop purchasing from it = 23% |
|  | Posted about it on social media = 14% |
|  | Un-followed it on social media = 14% |

Source: Adapted from Mintel Group Ltd., *The Ethical Consumer – US*, 2015, (London, UK: Mintel Group Ltd.). Used with permission.

Exhibit 5: Logos

|  |  |
| --- | --- |
| Old%20logo.jpg | New%20Logo.jpg |
| Old White Dog Logo | New White Dog Logo |

Source: Judy Wicks

1. The White Dog Cafe had won numerous awards, including *Inc. Magazine’s* “Best Small Businesses to Work For” and *Condé Nast Traveler Magazine’s* “Top 50 American Restaurants Worth Traveling to See.” For a full list, please visit http://judywicks.com/awards. [↑](#footnote-ref-2)
2. All currency amounts are in U.S. dollars. [↑](#footnote-ref-3)
3. Diane M. Phillips and Jason Keith Phillips, *Walking the Walk: Putting Social Responsibility into Action at the White Dog Cafe* (London, ON: Ivey Publishing, 2009). Available from Ivey Publishing, product no. 9B07M049. [↑](#footnote-ref-4)
4. Richard Feloni, “Food Network Chef Robert Irvine Shares the Top 5 Reasons Restaurants Fail,” Business Insider, February 25, 2014, accessed April 30, 2017, [www.businessinsider.com/why-restaurants-fail-so-often-2014-2](http://www.businessinsider.com/why-restaurants-fail-so-often-2014-2). [↑](#footnote-ref-5)
5. Danya Henninger, “Teaching the White Dog Cafe Some New Tricks,” *The Inquirer*, August 24, 2015, accessed April 17, 2017, www.philly.com/philly/blogs/the\_spot/Teaching-the-White-Dog-Cafe-some-new-tricks.html. [↑](#footnote-ref-6)
6. Philip T. Kotler and Kevin Lane Keller, *Marketing Management*, 15th ed. (Boston, MA: Pearson, 2016). [↑](#footnote-ref-7)
7. Judith L. Zaichkowsky, “Strategies for Distinctive Brands,” *Journal of Brand Management* 17, no. 8 (2010): 548–560. [↑](#footnote-ref-8)
8. Kotler and Keller, op. cit. [↑](#footnote-ref-9)
9. Interbrand, *Best Global Brands: Anatomy of Growth*, 2016, 18, accessed April 30, 2017, http://interbrand.com/best-brands/best-global-brands/2016/. [↑](#footnote-ref-10)
10. Henninger, op. cit. [↑](#footnote-ref-11)
11. Kotler and Keller, op. cit. [↑](#footnote-ref-12)
12. Terrachoice, *The Sins of Greenwashing Home and Family Edition, 2010*, Underwriters Laboratories, accessed April 30, 2017, http://sinsofgreenwashing.com/findings/greenwashing-report-2010/index.html. [↑](#footnote-ref-13)
13. Mintel Group Ltd., *The Ethical Consumer – US*, 2015, (London, UK: Mintel Group Ltd.). [↑](#footnote-ref-14)
14. Mintel Group Ltd., op. cit. [↑](#footnote-ref-15)
15. Mintel Group Ltd., op. cit. [↑](#footnote-ref-16)
16. Mintel Group Ltd., *Marketing to the Green Consumer – US*, 2014, (London, UK: Mintel Group Ltd.). [↑](#footnote-ref-17)
17. John M.T. Balmer, “Corporate Heritage, Corporate Heritage Marketing, and Total Corporate Heritage Communications: What are They? What of Them?,” *Corporate Communications: An International Journal* 18, no. 3 (2013): 290–326. [↑](#footnote-ref-18)