MARKETING STRATEGY FOR LEVEL-UP LOUNGE
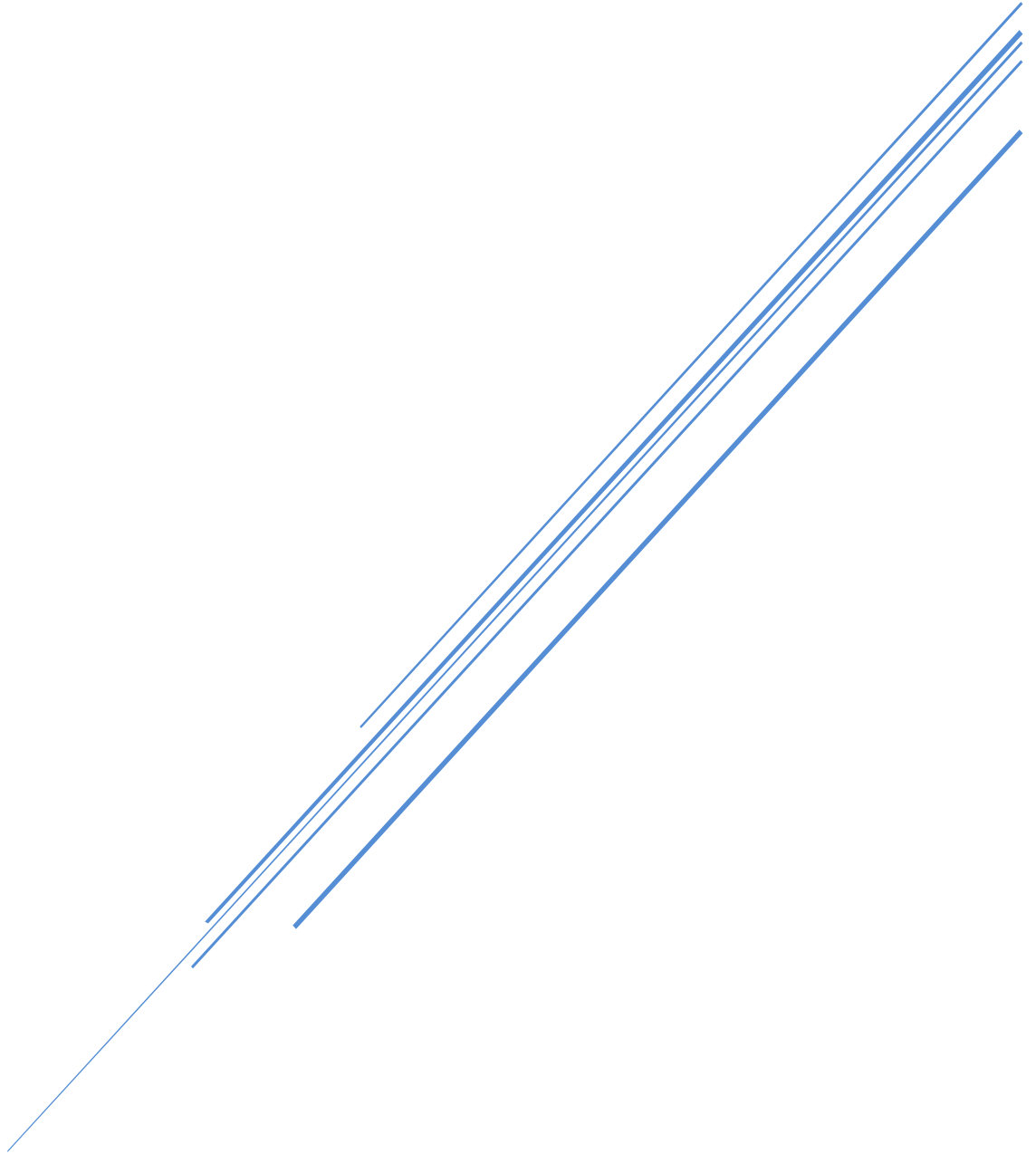
Integrated Marketing

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Creative Computing Year 4

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Introduction

Level-Up Lounge is an arcade bar serving alcoholic drinks. For an alternate night out with weekly events, bowling and karaoke. This report outlines the marketing process Level-Up Lounge will undergo to derive a customised marketing strategy. It is essential, in order to accurately market the business, to examine the macro and micro environmental factors and perform a SWOT analysis to provide insights into the company. Some other important factors included in the analysis are market segmentation, how Level-Up lounge manages its product mix and lines, analysing costing factors and distribution strategies as well as discussing the methods employed for promotion.

Micro/Macro Environments

Level-Up Lounge operates in the business environment in order to have the most effective marketing campaign it is imperative to evaluate the Micro and Macro environmental factors. Micro and Macro environments have a major impact on the success of any marketing strategy and therefore must be evaluated and considered in depth. A macro environment encompasses a wide range of uncontrollable external factors that can have an impact on a business. The internal elements that can affect a company are referred to as the micro environment.

The main influences that may impact level up lounges macro environment are:

Demographic factors

Level-Up Lounge may be affected by demographic conditions such as changes in the age structure of the population with Ireland having a majority ageing population.

Economic factors

Level-Up Lounge may be affected by economic conditions such as inflation, increased interest rates, rise in alcohol prices and consumer spending due to the current cost of living crisis.

Natural factors

Level-Up Lounge may be affected by raw material availability that the business may need such as, increasing energy costs, increased electricity consumption.

Technological factors

Level-Up Lounge may be affected by technological developments because the industry is constantly changing. To remain competitive, the business may have to update its equipment and software to accommodate new consoles and games.

Legal, Regulatory and Political factors

Level-Up Lounge may be affected by regulatory and legislation changes such as licensing requirements, the impact of Brexit and taxation.

Social factors

Level-Up Lounge may be affected by social factors such as trends in socialising & leisure activities. For example, if people tend to stay at home and play games online, it may negatively affect the demand for a gaming bar.

The main influences on level up lounges micro environment are:

The Company

Level-Up Lounge must consider the influences within the company, such as senior management, financial department, maintenance staff and bar/floor employees, to ensure high-quality service and assistance. Level-Up Lounges success may depend on the expertise of its staff throughout all departments.

The Suppliers

For goods like games and equipment, Level-Up Lounge might have to depend on suppliers. The company may be impacted by the quality and dependability of these suppliers.

Customers

Customers are essential to Level-Up Lounge's profitability. To create goods and services that satisfy their requirements, the company must comprehend its target market and their preferences.

Competitors

Level-Up Lounge will most likely have to contend with rival bars and similar establishments. In order to stick out from the competition and draw in clients, the company must understand and analyse its competitive environment.

SWOT analysis

Upon analysis of each influential factor in both the macro and micro environment a SWOT analysis will be discussed next.

Strengths

- Unique business idea that integrates gaming and socialising
- High potential for customer loyalty due to weekly event nights/tournaments that include prices and offering incentives to play the arcades games
- Offering unique weekly events and tournaments

Weaknesses

- High maintenance costs for equipment and gaming machines
- With the current cost of living crisis, the number of people willing to spend their money on leisurely activities such as coming to the Level-Up Lounge may be reduced

Opportunities

- Absence of nearby gaming bars with a similar business model allows Level-Up Lounge to fill this gap in the local market
- Increasing growth of interest in gaming culture and the gaming sector which may help attract customers to the business

Threats

- Competition from other gaming bars, restaurants, and entertainment establishments
- Changing consumer preferences for socialising and leisure activities due to the effects of covid e.g. people preferring to game or host social activities at home
- Economic factors such as recessions, decline in consumers incomes and changing spending patterns
- Regulatory/legislation changes and legal challenges such as possible licensing issues and Brexit impacts when it comes to importing supplies for the company

Segmentation

Level-up Lounge should segment its place within the market and the mind of the consumers by considering and establishing the types of marketing segmentation such as demographic segmentation, Behavioural segmentation, Geographic segmentation and Psychographic segmentation that relate to the business.

The Who? (Demographic)

Level-Up Lounge uses user positioning to segment its place as it focuses on the main demographic of young people between the ages of 18 and 28. A conducted market research study showed that they go out to bars, pubs and clubs more frequently than any other age group.

The How? (Behavioural)

Level-Up Lounge has found that 18-28 are loyal to incentives and prizes such as themed nights, student deals, and themed drinks, which can be used by Level-Up Lounge to segment its place through benefit positioning.

The Where? (Geographic)

Level-Up Lounge segments its place and thrives in an urban setting, with a large college in the area. Waterford is the perfect setting as it balances the bustling nightlife and the high number of students.

The Why? (Psychographic)

Level-Up Lounge is home to a fun, social atmosphere featuring arcade games, bowling and karaoke, offering fair pricing for the income of the lower-middle class, similar to that of the income of a college student. Additionally, utilising Quality/Price Positioning through the use of hireable booths that offer premium perks.

Level-Up Lounge will target the appropriate segments by using the social platforms that are used most by our target market, supplying incentive tokens in the college campuses and having themed nights affiliated with the local student union Level-Up Lounge will position its service within the mind of the consumers by offering a unique cocktail gaming bar in the local area. Other bars in the Waterford area don't offer an interactive gaming experience.

Product Information

How the Level-Up Lounge can utilise and manage its product mix and product lines

In order to increase customer satisfaction and profitability, Level-Up Lounge utilises and manages its product mix and product lines in a variety of ways. Level-Up Lounge provides multiple different services such as bar and food service, karaoke, bowling, gaming, hireable booths and more. This attracts a diverse range of customers to Level-Up Lounge. It is the intention of Level-Up Lounge to regularly update its products and services in order to keep up with the latest trends in the market and customer preferences.

Importance of branding and how Level-Up Lounge manages branding

Every business should prioritise well-planned branding because it provides a cohesive look and vision to the brand. Branding is what makes a company stand out to its customers, which is why Level-Up Lounge's goal is to make sure its branding is easily identifiable and memorable.

Level-Up Lounge will manage its branding by taking the following steps:

- Developing a brand identity that makes Level-Up Lounge stand out from its competitors. To do this Level-Up Lounge has created its very own unique logo that is identifiable to the company, a neon based colour theme and slogan "Live, Laugh, Level up!"

- Level-Up Lounge will use its social media platforms to share updates on upcoming events, new games, news, and customer queries. Level-Up lounge will also make their branding style consistent across all social media accounts. Consistency is what will help build brand recognition for the company.

- Level-Up Lounge will focus on providing a positive customer experience for its customers by providing high quality service, comfortable seating, high quality gaming, bowling and karaoke equipment and tasty food. This will assist in keeping the brand's reputation positive.

- Level-Up Lounge engages in partnership with popular local gamers, musicians and tournament competitors, who promote the business to their audiences and utilise it as the place to go for their events, making Level-Up Lounge the place to go for niche events.

Stages of Level-Up Lounge's Product Life Cycle

Level-Up Lounge was founded in September 2018 and has been in business for 5 years now. The business has gone through multiple Product Life Cycle stages, currently Level-Up Lounge is in Stage 3.

Stage 1 (Introduction): Level-Up Lounge was only a basic gaming bar with no extra services offered.

Stage 2 (Growth): Level-Up Lounge underwent renovations during the pandemic to allow for food and drinks services in house. To keep consumer attention, they launched a social media campaign using TikTok, Instagram and Snapchat, teasing the renovations and advertising Level-Up Lounge as the place to be once lockdown was over. They also had online live shows, competitions and game tournaments to remind customers of the company and associate their name with fun.

Stage 3 (Maturity): Level-Up Lounge is improving the services offered, adding new services such as event hosting and booth hiring, and establishing itself in the wider community through partnerships with local popular figures. It is also undergoing a revamp of the website and social platforms to make it known to customers that this is a great place to hire for Live Shows, gigs, live podcasts and meet and greets, as well as a great option to hire out private booths and hire out areas for birthday parties, hens and stags. To support this, it is also expanding its catering services, with staff training and hiring, and revamping the menu to be more comprehensive.

Pricing

<u>Factors that affect Level-Up Lounge's pricing decisions</u>

Multiple factors impact the pricing decisions used by Level-Up Lounge, such as competitors pricing, costs and expenses, supply and demand and customer expectations.

Competitive pricing:
TOKEN and Barcadia are the main competitors in the arcade bar sphere. Since Level-Up Lounge provides higher quality services and exclusive amenities, the pricing can be driven higher in certain aspects.

Costs & Expenses:
Running and maintenance costs of arcade machines and bowling lanes have significant impacts on pricing.

Supply and Demand:
The supply cost of food and drink as well as customer demand for products can also impact pricing.

Cost of Living/Inflation:
Level-Up Lounge employs a price that takes the Cost of Living Crisis into account and is fair for the service it provides to its demographic.

<u>Pricing policies employed by Level-Up Lounge</u>

Level-Up Lounge employs competitive pricing to attract customers who are tuned in to the cost of similar services. They employ premium pricing for its unique booth-hires where customers are supplied with unlimited tokens for the games, 1 round of bowling and a round of drinks on the house. Keeping the main target-audience of 18-28 years old in mind, Level-Up Lounge also offers dynamic/discounted pricings for students during off-peak days, but on more high-peak days the price will be as normal.

Distribution

As Level-Up Lounge provides services to the general population, their main aim is to get a flow of customers in the establishment while retaining consumer interest in Waterford. It is therefore paramount that Level-Up Lounge offer the best service possible. As Level-Up Lounges target audience is 18-28 year olds, most of these patrons are comfortable and familiar with online pre-booking using OpenTable or Eventbrite. This allows Level-Up Lounge the facility to cater to this demographic and implement these strategies which provides insights into how many customers will visit on a specific evening. Online booking provides the customer with flexibility, there is no restriction on when they can book. This allows Level-Up Lounge to monitor and keep track of reservations. Level-Up lounge will implement QR code ordering systems, customers can therefore simply scan and order straight from their phone. This is an efficient and smart way to manage orders.

Promotion

Level-Up Lounge uses social media, advertising, direct marketing and search engine optimisation (SEO) to promote the company. Instagram, Snapchat and Tik-Tok are used to post promotions/updates on upcoming events/tournaments, new gaming machines etc. Paid advertising is used on websites and social media platforms where the intended audience is active. In order to maximise traffic to Level-Up Lounge's website, they ensure that their information comes up as the top searches when consumers are searching for similar venues/establishments. Level-Up Lounge also goes to local college-campuses and gives out tokens to incentivise students to visit.
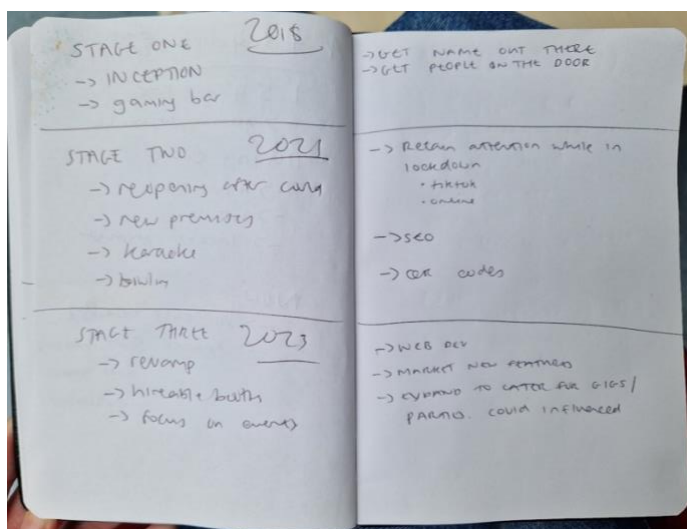
Conclusion

Level-Up Lounge is operating in the services industry meaning they have to be wary of macro and micro environmental factors as evident above. They have segmented their market position while managing the variety of services they offer. Level-Up Lounge have analysed the importance of branding and their branding procedure to make their branding as memorable as possible while also ensuring their pricing policies appeal to the target audience. Level-Up Lounge has evaluated a distribution policy that caters to their demographic and ensures they enforce proper promotional policies that are relevant to their business. All of the above methods contribute to a successful marketing strategy.

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Appendices

Appendix 1 - Project Life Cycle Stages

Appendix 2 - Market Segmentation