The Chop Express

Name

Course

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Date

**Introduction**

The Chop Express is a take away restaurant that prepares Chinese food based in Middlesex Street, London. It is based on selling set meals. The restaurant strives in ensuring that customers can save money and time by delivering their products to the client’s destination. Therefore, the company has highly focused on its online operations whereby customers can order their preferred foods. Subsequently, it attempts in offering quick services with satisfying food. Moreover, it offers main course meals such as noodle and fried rice, and local snacks of the Chinese culture such as the buns, dumpling, and fried chicken. Its target market is the people residing and working around its locality and students. It is competing with other fast food restaurants located around and near Middlesex Street and various joints that provide cultural foods such as the Japanese canteens.

Its starting capital was £50,000 which was repaid back in one year and nine months whole it broke even in two years and seven months. Hence, it has proved to be a profitable business that could maximize its potential and increase its customer base and profits.

**Business Opportunities**

**Marketing Model**

The United Kingdom is a developed country with an advanced technological access. The internet and mainly social media has been highly embraced in the region. Additionally, online and social media marketing has taken root and has proved to be an effective emerging marketing tool for small and medium businesses (Bennett, 2014). This offers an equal opportunity for the small and medium business to compete with the large and multinational companies in the same industry and targeting similar customer base.

Since the Chop Express focuses on providing takeaway foods, their main strategic business practice is the online platform. Online marketing involves utilizing social media, websites, and search engines. Social media platforms and company websites are networks that help companies to establish social relationships with the existing and potential customers. Furthermore, the customers are able to interact with each other through products reviews, comments, and exchanging information beyond the marketer’s control regarding the quality of the services and products being offered by a particular company (Colliander et al., 2011). Social media networks are group-oriented. Since a large population residing in London and particularly the Middlesex Street accesses the online platforms, the Chop Express has a great opportunity in interacting and marketing its services and products to the target market with fewer costs.

Furthermore, the online platform can help the Chop Express build and strengthen its brand and image. The comments and reviews expressed by the consumers can be used to improve the reputation of the company. Online platforms encourage peer-to-peer communication and consumers tend to trust information from other peer groups compared to information from the company (Drury, 2008). Brand images are developed based on the trust and reputation a company has toward the consumers. If the reviews and comments are positive regarding the services and products provided by the Chop Express, a positive perception is developed in the consumer’s thoughts. Moreover, in this situation, the company may utilize the opportunity to interact with the unsatisfied customers and convince them about the mishap that could have occurred considering that it is a takeaway restaurant.

The online platforms can be utilized by the Chop Express to ensure that they are trending an almost daily basis. Thus, it should develop topics that attract consumers to keep on discussing their products and services that will make sure that the potential and existing consumers keep on remembering the restaurant as the competition is very high among the fast food restaurants in the Middlesex Street. This will help the company in enhancing its electronic word of mouth marketing and sharing positive information which is in real time, consistent, and accessible concerning its services and products as well as increase their visibility on the internet (Oyza et al., 2015). Ideas and knowledge are being shared easily on the online platforms. Hence, the online platforms are becoming a must-visit place or the consumers that want to better comprehend and understand a specific company. This is due to the fact that the sites allow firms to offer the recent updated content concerning their upcoming events, products, and services. Furthermore, most the activities and profiles of the Chop Express on the online platforms can be publicly seen indicating that they can be filtered via search engines- a technique that makes sure that a firm appears as an answer when a customer is looking for a local solution to a certain problem such as food delivery in the Middlesex Street.

The Chop Express does not have an option whereby a consumer can track his or her food after ordering. If trust is to be created between the Chop Express and its consumers, it has to ensure that a customer can monitor his or her products from the preparation period to its delivery period. This could be achieved by giving the regular customers options to develop their accounts to monitor their food delivery. The restaurant can commence this operation by attracting small firms that have employees frequenting the place. Some employees might complain about the delivery time or the food that has been delivered is not the one they ordered. If they are able to monitor the process themselves, they will feel that they are part of the company and are able to correct the attendants on time prior receiving the ordered food.

The Chop Express can easily collect the data from the consumers regarding their preferences, attitude, and behavior in real time and analyze the data to provide quality services and products. This is carried out through data analytics based on the reviews, comments, and trends undertaken by the potential and existing consumers (Stelzner, 2014). Collection of data is essential in understanding the dynamics of the fast food market in London and particularly the Middlesex Street. It could also help the company to easily penetrate a particular geographical market and increase its customer base subsequently improving its sales and revenues.

**Food Services**

Asian foods are a cultural heritage to the Asian people that may have people from other nationalities that are attracted to them. Hence, the target market for the Chop Express does not only entail the Asian people. Other consumers that do not originate from the Asian region, may not be familiar with the types of foods associated with the Chinese culture. Hence, the Chop Express has to use simple and comprehensible language in describing their food products in the menu. It could be attained by narrowing down the variety of the menu.

The Chop Express has to be determined in preparing quality food products. Quality food is an essential aspect in attracting new and maintaining existing customers. Since the Chinese food normally take more time to get ready, the Chop Express has to partition its workforce strategically based on the labor requirements to enable the available employees specialize in operations that each of them has experience and skills. This would facilitate quick preparations of the foods taking into account that office workers are among the target segment and may have a limited time for consuming breakfast, lunch, or dinner.

Since the Chinese foods are relatively expensive at times, the Chop Express has to ensure that their prices are competitive to other fast food restaurants. This could be achieved by adopting cost-effective strategies by adopting effective technology throughout their operations such as preparation of food, food delivery, and marketing. Considering that among the target segment is the student category which may not have excess disposable income, the price of their products should be relatively cheap to make it more affordable to the students and attract more.

**Micro Market**

Every business especially the restaurant business has to acknowledge how many individuals are passing by its premises for the purpose of indentifying its potential consumers. If a large population passes by the premises, then it translates to increased opportunities which subsequently lead to improved sales. The determination of the foot-traffic for the Chop Express was carried out by counting the number of individuals passing by the entrance of the premises. In accordance with the data, it was determined that approximately 13,000 individuals pass by during the daily operation of the restaurant of its six hour window. The following table indicates a brief calculation of the passers-by.

|  |  |
| --- | --- |
| **Time** | **Foot Traffic** |
| 12:00 | 1819 |
| 13:00 | 2310 |
| 17:00 | 2202 |
| 18:00 | 2376 |
| Total | 8707 |
| Overall (Total/4\*6) | 13061 |

The Chop Express targets the students and individuals that work around the Liverpool Street. There are numerous universities such as the Coventry University London Campus and colleges that are comprised of students who could purchase from the restaurant. This category of students consists of people within the age bracket of 17 and 26 years who have low or medium income. Moreover, the students have adequate access to the internet and due to their modernity lifestyle, they are able to identify the Chop Express restaurant quickly on the internet. These students are also seeking for a premise that offers unique and cheap food and since it is a Chinese restaruarnt entailing Chinese foods, the students may be highly attracted to the company. Due to the modernity lifestyle that promotes indoors activities, the students will prefer a restaurant that delivers food to the required destination and the Chop Express happens to be the suitable joint. Additionally, since it is based in London, it is a locality concentrated by people in the white collar jobs and the office buildings around the area are many which involve a large population that could be purchase from the restaurant.

The premise is located near Liverpool Street Station which is among the biggest transport stations in London that serves a significant large population. Hence, most individuals pass by and some of them are attracted to the shop as they travel. It is assumed that approximately 60 percent of the individuals passing by the area work around the region and could be potential customers. However, only 10 percent of the individuals would actually visit the restaurant.

13061 \* 70% \* 35% \* 60% \* 10% = 192.0

The results indicate that approximately 192 consumers visit the premise. Some of the customers would be new while others would be existing consumers. Generally, the customers may have similar behavior, attitudes, and preferences.

For the purpose of identifying the interests of the potential consumers regarding the restaurant, a primary research was carried out. The questionnaire entailed seven questions involving 40 participants in the Liverpool Street. The questions comprised:

1. Do you like Chinese food?

* Yes (34, 85%)

1. How often do you eat Chinese food?

* Once a week (17, 42.5%)

1. How long will you spend on queuing up for lunch?

* 10-20 minutes (24, 60%)

1. How much would you like to spend on lunch?

* £10-15 (18, 45%)

1. Would you like to take away or eat in?

* Take away (28, 70%)

1. Which kind of cuisine would you like to have normally?

* Chinese (14, 35%)

1. Would like to book your lunch in advance to avoid waiting?

* Yes (33, 82.5%)

**Macro Market**

Chinese food has become one of the most popular ethnic cuisines in United Kingdom since it was introduced during the 1950s and 1960s and it is booming which could have been facilitated by the explosion of the quantity of the pan-Asian restaurants (Warwicker, 2014). However, the taste for the conventional Chinese restaurants is adjusting. Moreover, Chinese takeaways have become the most popular in the country. Ready meals and sauce sales have improved by 46 percent every year at the Amazon online retailer while 87 percent of the people who have tried Chinese food consume it regularly (Warwicker, 2014). The attitude towards the Chinese food among the UK consumers has adjusted massively over the years. During the 1980s the sour and sweet pork was the most popular Chinese food but currently more regional Chinese food from regions such as Hunan and Sichuan have been embraced (Dunlop, 2016). Moreover, a 2015 study indicated that approximately 78 percent (four out of five) of Britons have consumed Chinese food at home while 12 percent consume in at least once per week (Ford, 2015).

It was determined that restaurants, particularly those located in and around London are facilitating the consumption of the cuisines with approximately 75 percent of those who consume Asian food undertake it in restaurants (Thompson, 2016). Moreover, 95 percent of consumers have consumed Chinese food as a takeaway or within a restaurant (Thompson, 2016). The amount of pan-Asian food recognized by branded restaurants has increased by 9 percent since 2013 (Thompson, 2016). As the demand for Chinese dishes increases in the UK, the Chop Express can capitalize on the market opportunity and improve its sales by tapping in the rising trend.

Macro market drivers will be analyzed using the PEST analysis technique.

Political: London consists of numerous international students who mainly belong to the Asian region. Brexit may affect their entry into the UK education system and decrease their population within the London city and negatively affect the Chop Express business.

Economical: The Chop Express imports some of its raw materials from China and the drop in the British pound may decrease its cost of imports (Brinded, 2017).

Social: The rising trend in the consumption of the Chinese dishes may have a positive effect on the Chop Express business.

Technological: Technology has greatly advanced in the UK and particularly the utilization of the internet which has promoted the adoption of e-commerce whereby the Chop Express has highly focused on. Therefore, the online ordering of food is a valuable opportunity for the business.

**Macro Industry**

The main competitor is the Kungfood Chinese restaurant that offers Chinese takeaway. However, it offers the traditional dishes, old style menu, and spends more time to prepare. This provides a competitive advantage for the Chop Express.

**Micro Industry**

*Price:* The Chop Express sells its products at relatively low prices since it targets students who are within the lower and middle-income category.

*Product:* It is restaurant that deals with Chinese dishes and highly concentrates on the customer-relationship management which is their main offering.

*Place:* It is strategically located in the Middlesex Street which is highly populated by the working class and around the Liverpool street station targeting the travelers and near numerous higher education establishments such as New Castle University and Coventry University London Campus. The Kungfood Chinese restaurant that is close to the premises does not offer stiff competition.

*Promotion:* The company utilizes the online platform to market their products and services which is highly accessible by a large population within the Middlesex Street.

*People:* The workforce of the restaurant is highly trained with the required skills concerning Chinese dishes. Moreover, some of the employees are of Asian origin and they therefore extensively understand the dishes that they offer.

*Packaging:* The Chop Express utilized recycled containers to deliver food to the consumers rather than plastics that are hazardous to the environment. This improves the corporate social responsibility strategies of the restaurant.

**Financials**

**Cash Flows**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Category** | **Heading** | **Quarter 1** | **Quarter 2** | **Quarter 3** | **Quarter 4** | **Total Year 1** |
| Money In |  |  |  |  |  |  |
|  | Capital | 50000.00 | 0.0 | 0.0 | 0.0 |  |
|  | Sales | 156048.8 | 180645.9 | 209120.2 | 242082.8 | 787897.8 |
|  | Total | 206048.8 | 180645.9 | 209120.2 | 242082.8 | 837897.8 |
| Money Out |  |  |  |  |  |  |
| Equipment | Tables | 150.0 | 0.0 | 0.0 | 0.0 | 150.0 |
|  | Chairs | 300.0 | 0.0 | 0.0 | 0.0 | 300.0 |
|  | Cookers | 3000.0 | 0.0 | 0.0 | 0.0 | 3000.0 |
|  | Refrigerators | 800.0 | 0.0 | 0.0 | 0.0 | 800.0 |
|  | Cash Machine | 500.0 | 0.0 | 0.0 | 0.0 | 500.0 |
| Raw Materials | Food Material | 76605.8 | 88680.7 | 102659.0 | 118840.7 | 386786.2 |
|  | Water | 141.9 | 164.2 | 190.1 | 220.1 | 716.3 |
|  | Gas | 2695.4 | 3120.2 | 3612.1 | 4181.4 | 13609.1 |
|  | Drink | 12767.6 | 14780.1 | 17109.8 | 19806.8 | 64464.4 |
| Consumables | Other consumables aside from raw materials such as containers, chopsticks, etc | 709.3 | 821.1 | 950.5 | 1100.4 | 3581.4 |
| Others | Rent | 30000.0 | 30000.0 | 30000.0 | 30000.0 | 120000.0 |
|  | Staff Recruitment and Uniform | 1500.0 | 500.0 | 500.0 | 500.0 | 3000.0 |
|  | Management costs | 5000.0 | 5000.0 | 5000.0 | 5000.0 | 20000.0 |
|  | Wage | 36000.0 | 36000.0 | 36000.0 | 36000.0 | 144000.0 |
|  | Promotion | 6000.0 | 6945.8 | 8040. 6 | 9308.0 | 30294.3 |
|  | Renovation Costs | 10000.0 | 0.0 | 0.0 | 0.0 | 10000.0 |
|  | Marketing Costs | 1800.0 | 1800.0 | 1800.0 | 1800.0 | 7200.0 |
|  | Total | 187969.9 | 187812.2 | 205862.2 | 226757.3 | 808401. 6 |
| Net Cash Flow |  | 18078.8 | 7166.3 | 3258.1 | 15325.5 | 29496.2 |
| Cumulative Cash Flow |  | 18078.8 | 10912. 6 | 14170. 6 | 29496.2 |  |

**Payback Period**

|  |  |  |
| --- | --- | --- |
| Payback | | |
| Capital |  | 50000.0 |
|  |  |  |
| Annual Income |  | 29496.2 |
|  |  | 1.7 |
| Payback |  | 1 year and 9 months |

**Breakeven Point**

|  |  |  |
| --- | --- | --- |
| Breakeven | | |
| Sales / Unit |  | 11.0 | |
|  |  |  | |
| Fixed Costs |  | 639244.3 | |
|  |  |  | |
| Variable Costs (59%) / Unit |  | 6.5 | |
|  |  |  | |
| The number of units when sales = FC + VC |  | 142054.3 | |
|  |  |  | |
| Number of Units sold per year |  | 55203.0 | |
|  |  |  | |
|  |  | 2. 6 | |
| Breakeven |  | 2 Years and 7 Months | |

**Recommendations**

The Chop Express has proved to have potential and become a more profitable business. Since the capital was low and the expenses of covering the operations were also low, the business is recommendable. Moreover, due to the emergent of online platforms as effective marketing tools and the increasing demand for Chinese dishes, the Chop Express has numerous opportunities to grow and improve sales.

**Reflections**

I have acknowledged that for a start-up business to be successful, it has to consider multiple aspects and the magnitude of their impact to the business. Even though the financial aspect of the study was quite difficult, other sections have been easy to comprehend. It has enhanced by knowledge concerning business start-ups.

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