

Marketing Plan for GourMeal Vending

By Brianna Kennedy

EXECUTIVE SUMMARY

COMPANY DESCRIPTION

GourMeal Vending was created to provide fast and convenient food found in vending machines, but on a fresh and healthy level. The technology in the GourMeal Vending machines allow you to customize your own sandwich. You can pick from any fresh bread, meat, toppings and sauces. The power is in the customer and the GourMeal Vending Machine is there to accommodate.

This company was founded by Syracuse University student Brianna Kennedy and her friends. Whether you are commuting from school or from the office we believe you should not settle for unhealthy pre packaged food just because it's convenient. "Fast food" does not have to be unhealthy anymore with GourMeal Vending.

MISSION STATEMENT

The GourMeal vending machine provides consumers with fresh, hearty food on the go. It allows consumers to be able to get real, healthy meals at the convenience of a vending machine. Consumers no longer have to wait in long lines for a good meal during their lunch breaks, for

example, with the gourmet vending machine. It gives the consumer a quick, easy way to grab breakfast, lunch or dinner on the go. The gourmet vending machine can appeal to essentially anyone who is looking for a healthy, hearty meal on the go. The food inside the gourmet vending machine is completely fresh and prepared when the consumer is there. Furthermore, the food is healthy and filling, guaranteeing to keep you full and satisfied throughout the day, which is different from the usual unhealthy snack foods that you find in a typical vending machine.

KEY OBJECTIVES

Within the first two years of operation we will strive to:

- Have 30 machines located throughout three major cities (90 machines total)
- Begin expanding outside of major cities
- Have 8% market share of the vending machine industry, bringing in \$592M in revenue
- Pay back any and all loans
- Maintain a brand image of quick, healthy, and hearty food
- Create a market trend of vending machines with custom orders
- Reach one million Instagram followers within two years of operation
- Have a team of college student ambassadors to spread brand awareness
- Collaborate with celebrities and internet influencers to spread brand awareness
- Become a true competitor in the fast casual dining market

CORE COMPETENCIES

The gourmet vending machine is focused on creating a sustainable, healthy, customizable and convenient food option to those who are constantly on the go. It provides an alternative to pre packaged foods usually in vending machines, and a healthy option to fast food restaurants. The gourmet vending machine also allows its users to customize the meal to have it exactly the way that they want, as it provides a wide variety of ingredients and many different meal combinations. In addition to its healthy options, the gourmet vending machine is sustainable because of its use of biodegradable and recyclable packaging for its products. Lastly, it is easily accessible as it would be placed in locations where target customers would be. This includes commuters, students, vacationers, and others who are in search of a quick and easy meal. These locations would include bus stops, train stations, and other highly populated areas within an urban community so these on the go customers can easily and quickly buy a substantial yet healthy meal.

SITUATION ANALYSIS

MARKET OVERVIEW

The vending machine industry in the United States is expected to bring in \$7.4B of revenue this year (Dmitry). The annual growth rate of the industry tends to fluctuate between years but is currently on a slight decline (Annual Expected Growth Rate 2020-2025 = -1.5%) and is expected to continue to decrease at a smaller rate. Although the annual profit growth from 2015 to 2020 is down 31.4%, the market still is expected to make a profit of \$54.9M this year. The vending machine market contains 17,619 businesses but does not have any that dominate it.

It employs 53,838 people and pays out \$1.6B in wages. With technology progressing each year, vending machines continue to evolve and improve efficiency within the industry. New technologies also help operators create an improved user experience when purchasing goods. One major trend that is causing loss in revenue in the market is that due to a (-0.7% per capita) decline in soda consumption, people are less likely to purchase soft drinks from vending machines. COVID-19 has greatly impacted the industry. With people staying at home more and practicing social distancing, consumers do not come in contact with vending machines as often. Along with this, many view these machines as unsanitary and are not willing to risk catching the virus for a snack.

A large percentage of goods sold in vending machines are food and snacks (38.7%), followed by cold beverages (31.2%) (Dmitry). Healthy food only accounts for 7.9% of the industry revenue. There is a great opportunity here to introduce something new to the market, especially when considering the fact that consumers tend to be more mindful of what they are putting into their bodies. Vending machines are most often located in manufacturing sites, offices, hotels, and schools. With medium levels of regulation and ease of entry, the vending machine industry is something that could possibly be disrupted by a new company (Dmitry).

Source:

Dmitry, D. (2020, June). US INDUSTRY (NAICS) REPORT 45421 Vending Machine Operators in the US. Retrieved from <https://my-ibisworld-com.libezproxy2.syr.edu/us/en/industry/45421/about>

COMPETITORS

Even though there are not a lot of major players in the vending machine industry, there are companies that exist in this market such as Aramark Corporation, Compass Group PLC, Writen Group and Zoomsystems. Most of the companies except Zoomsystems because they sell more expensive products not related to food, all have a similar average price of \$1.50 for their products. The cost of our products will be a little more expensive because everything is fresh. With the right funding there should not be a problem to break-even with higher costs.

Aramark mainly operates in North America but also in 17 countries. They have employed 283,500 workers and brought in \$16.2 billion in sales. They provide many food service solutions for office parks and buildings, manufacturing plants etc. They stock brands such as Lays potato chips, Pepsi-brand drinks and Hershey brand candy in their vending machines. They also provide healthier options such as baked chips, granola bars, trail mix, nuts etc. They have however had a decrease in industry relevant revenue. This is due to pressure from other vending options such as micro markets (Dmitry). In the past 5 years their lowest profit margin was -5.27% and a maximum of 13.47% with an average of 9.68% (ycharts.com).

Compass Group has grown to become one of the largest food service companies in the world with operations in more than 50 countries. Based in the UK, they provided catering and services at hospitals, airports, schools and businesses. They brought in \$29.1 billion in 2019. They run their Canteen Vending Services inc. In addition to regular snacks they also stock their vending machines with healthy options that use locally sourced and organic ingredients. These two companies mainly are in charge of what goes in the vending machines so most vending

machines around the U.S. are probably stocked by them (Dmitry). They also manage their machines through BVM which helps with 24-hour assistance. In 2015 Canteen acquired Central Vending Company Inc. and this expanded revenue streams and they upgraded machines. IBISWorld estimates they will generate \$242.6 million in industry-relevant revenue.

Zoomsystems makes kiosks for companies like Best Buy, Nestle Espresso and Proactiv. Their machines have a strong technology focus and their displays help educate the customers on the product inside. They also strategically place their machines in places that might not have room for the large scale store versions (Dmitry). IBISWorld estimates that ZoomSystems' kiosks will generate \$56.9 million in industry-relevant revenue.

SWOT ANALYSIS

Strengths

The gourmet vending machine has many strengths, its biggest being the technology that it uses compared to other vending machines in the market. With the gourmet vending machine, the customer is able to choose exactly what ingredients he or she wants on a sandwich, for example. Using advanced technology, the gourmet vending machine is able to put this sandwich together automatically. No other vending machine in the market has technology like this, and most of the products in typical vending machines are pre-packaged and not fresh. This is another huge strength of the gourmet vending machine. All products are completely fresh and made when the consumer is using the vending machine. The gourmet vending machine gives people another

option to get food on the go. Consumers can conveniently get fresh, restaurant-style food from a vending machine rather than going through the hassle of sitting at a restaurant and waiting for a good sandwich. Consumers are now able to pick up gourmet food on the go.

Weaknesses

One weakness of the gourmet vending machine is the fact that it is a brand new product on the market. Although there is a strong marketing team behind the product, it is still very new and the team is inexperienced in this particular vending machine market. Our team is not completely sure how to deal with other competitors and potential problems that could arise because the product is so new. The gourmet vending machine has no history and therefore it's hard to plan for the future.

Another weakness of the gourmet vending machine is the fact that the food is completely fresh and therefore perishable. Food items constantly have to be switched out and replenished, which is a huge weakness and disadvantage compared to other vending machine competitors. Because fresh food is constantly being restocked to the vending machine each day, we will have high unit costs. Other competitors do not have to spend as much on unit costs, which puts the gourmet vending machine at a disadvantage.

Opportunities

The gourmet vending machine has many opportunities as it is the first of its kind and there is no product that exists like it as it allows you to choose your own ingredients and then creates the substantial meal. This means that there are not many competitors within the market

and the gourmet vending machine is given the opportunity to expand the market themselves and potentially become a market leader. Because there is a growing trend in the idea of health and wellness, the gourmet vending machine could capitalize on this by making its products healthy and focused on whole foods instead of processed. Archer Daniels Midland conducted a study that looked at how the coronavirus pandemic had affected Americans and their ideas of health and wellness. The research showed that 77% of consumers want to do more to stay healthy in the future. In addition to this, there has been an upward trajectory in plant-based food consumption (FoodDive 2020). The gourmet vending machine would be able to capitalize on this by stocking its machines with healthy foods that fall in line with this new American consumer standard.

According to a market analysis report conducted by Grand View Research, the ready to go meals market was valued at “USD 159.15 billion in 2019 and is expected to grow at a compound annual growth rate (CAGR) of 5.5% from 2020 to 2027” (Ready Meals Market Size 2020). The report states that this growth would switch over consumer preferences to pre made meals and is caused by the busy lifestyle of current working individuals. The report also found that “the growing demand for minimally processed and additive-free food products with an extended shelf life is expected to fuel market growth” (Ready Meals Market Size 2020). Because the whole idea of the gourmet vending machine is to be quick and easy with the way it provides substantial meals, it has the opportunity to attract customers. As food delivery apps continue to be a growing trend as well as other technologies, there is the potential for the gourmet vending machine to take advantage of this and allow for customers to order their meal through an app in advance and have it available for pick up or put their order in to have it brought to them through a delivery service such as DoorDash, Uber Eats, or its own created app.

Threats

Since the gourmet vending machine would be starting in a new market there is a major threat of uncertainty as to how the market will grow and what the market and the product itself will look like once actually implemented into the world. In addition to this, vending machine market leaders could potentially hop on the trend and take on this new technology involving gourmet and custom meals. This would take away customers from our product and prevent our gourmet vending machine from gaining a sustainable place in the market. While there is not much competition there are vending machines that offer frozen food and meals that can be prepared by a microwave. This is similar to the gourmet vending machine because it provides a substantial meal and could potentially take customers away. Another threat involves the viewpoint of the customer. Since the food and ingredients would need to be inside the vending machine itself, customers may not think the food is fresh because they have the idea that it is sitting in the machine and opt to buy from somewhere else.

Poinski, Megan. "Consumer Trends Shifting toward Health and Wellness, ADM Finds." *Food*

Dive, 3 Sept. 2020,

www.fooddive.com/news/consumer-trends-shifting-toward-health-and-wellness-adm-finds/584388/.

Ready Meals Market Size, Trends, Growth Report, 2020-2027,

www.grandviewresearch.com/industry-analysis/ready-meals-market.

MISSION STATEMENT

The gourmet vending machine provides consumers with fresh, hearty food on the go. It allows consumers to be able to get real, healthy meals at the convenience of a vending machine. Consumers no longer have to wait in long lines for a good meal during their lunch breaks, for example, with the gourmet vending machine. It gives the consumer a quick, easy way to grab breakfast, lunch or dinner on the go. The gourmet vending machine can appeal to essentially anyone who is looking for a healthy, hearty meal on the go. The food inside the gourmet vending machine is completely fresh and prepared when the consumer is there. Furthermore, the food is healthy and filling, guaranteeing to keep you full and satisfied throughout the day, which is different from the usual unhealthy snack foods that you find in a typical vending machine.

TARGET MARKET STRATEGY

TARGET MARKET

Since quick, healthy, and hearty food is something that everyone needs, we have a variety of market segments. Vending machines tend to be located in public places including parks, shopping areas, and rest stops. The presence of vending machines tend to result in many spontaneous purchases from passers by. Because of this, we will initially target large cities and places that generate a lot of foot traffic. Places with large masses of people, including New York City, Los Angeles, and Chicago, will most likely generate more sales for us because of the sheer number of people that will come into contact with the gourmet vending machines.

We are able to segment our market further by looking into the types of people in these large cities that are most likely to purchase a quick meal. Since our product emphasises efficiency, many people who are always in a hurry will find our machines very appealing. There are numerous different types of people who are always rushing around in cities.

First, one segment of our market will include students. Some of the most prestigious colleges in the United States are located in major cities. One thing that college students often struggle with is time management. With loads of course work, internships, and social life, it can be hard for young adults to take time out of their day to enjoy a full sit-down lunch. Putting our gourmet vending machines on college campuses will provide a quick and easy way for scholars to grab a nutritious meal.

Another segment in our market that we will be targeting is business people. Major US cities are some of the world's hubs for all things business. Busy business men and women go hand-in-hand with large cities. Similar to students, these hard workers do not always have a lot of time to sit down at a restaurant for a nice lunch. Instead, if we put our machines in office buildings, or public areas in a business district, many business people will be able to fill up their stomachs with a low-price, hearty sandwich.

Vacationers and tourists are another large group of people that tend to be in major cities. While some tourists like to experience the cuisine of the area, others enjoy learning about the history and visiting landmarks. The latter tend to fill up their itineraries with loads of excursions and activities, and often do not leave themselves with a lot of time for meals. Gourmet vending machines could provide these types of vacationers with a quick bite to eat in between their trip to the museum and their bus tour of the city.

It is also important to take a look at a segment of the market that would not be interested in our gourmet vending machines. There are many people who would not use our machine due to their dietary restrictions or food preferences. Along with them are many people who would prefer to spend some extra money for a more complex meal, or save some money and just grab a snack from a more traditional vending machine. Taking these people into account will help us further determine exactly who is in our target market.

The gourmet vending machine would use a concentrated targeting strategy as it focuses on one segment of the food business being that it is heavily reliant on the fact that it is fast and time saving while also providing a substantial meal. The gourmet vending machine's target market would be students. The bases for segmentation that the gourmet vending machine focuses on is geography, demographics, and psychographics. The gourmet vending machine looks at urban regions for geography, the age of the target customers for the demographics, and the lifestyle choices for the psychographics. Looking at these three bases satisfies the criteria for segmentation of substantiality, identifiability and measurability, accessibility, and responsiveness. Substantiality is satisfied by looking at urban areas covering a large portion of this country and creates a marketing segment that is large enough for the gourmet vending machine to develop a specific marketing plan. The target market is specifically students in urban areas which can be measured in many different ways. For example, how many students ride the train or bus into a city each day. This satisfies identifiability and measurability. There are many methods for a marketing mix to reach the urban areas that these students are located in such as billboards and signs in a city or advertisements on social media platforms most commonly used for this demographic. For younger students the advertisement would appear on a platform such

as Instagram, Snapchat, or TikTok. This allows for the criteria of accessibility to be satisfied. Finally, responsiveness is fulfilled from looking at psychographics, as lifestyle changes may be the key reason that a customer base is not responding to a marketing mix. Identifying this problem and how the customer changed their lifestyle could easily help find a new way to reach them.

COMPETITIVE ADVANTAGE

Our gourmet vending machines are superior to other food vending machines for a couple of reasons. The main advantage is the option of fresh quality food as opposed to prepackaged food normally found in vending machines. For business people, students and tourists this is the superior option. Another thing that puts our gourmet vending machines above the others is the ability for customization. This is very unique in which the customer has full control on what they want and are not limited to the same basic options as seen in the vending machines today. The customer is able to pick from a variety of ingredients to make a meal that is unique to them. Lastly our gourmet vending machines are very accessible making this a convenient food option. When walking to class or from the office for a lunch break, waiting in line for some fresh, non vending machine food can be time consuming and then not worth it. Our gourmet vending machines will be located in many locations so customers don't have to wait for quality, fresh food. Now people don't have to settle for not fresh, prepackaged food just because it's a more convenient option. The gourmet vending machines will now be the better and more convenient option.

MARKETING MIX STRATEGY

PRODUCT STRATEGY

The gourmet vending machine would look and act just like every other basic vending machine. However, the gourmet vending machine is far from basic. It holds a number of ingredients that can be mixed to create a number of delicious, healthy, and substantial meals. This includes food such as salads, sandwiches (both hot and cold), wraps, and even other meals like rice and chicken bowls. The menu on the screen would allow a choice of one of these meals. It would then bring the customer to a screen that gave a choice of the ingredients that are specific to that meal. For example, the wrap option would give a list of “greens” choices that the customer must choose from and a protein option. For a rice bowl, it would give a choice of white or brown rice and for a sandwich, the gourmet vending machine would also provide a choice of bread or roll. After the menu would take the customer step by step through the build up of their meal, the machine would then ask for payment which could be either credit card, debit, or cash as the vending machine would include scanners that could read cash and card. Once the meal is produced in a short amount of time, the food would be dispensed in a biodegradable packaging with disposable utensils. Instead of being able to see into the machine and look at the food options, the gourmet vending machine would be a solid color that is not see-through, as there are many ingredient options that need to be stored. The front of the machine would read the product's name, The Gourmet Vending Machine, and include a short description or slogan of the brand. Although the vending machine would have a pretty basic look it would include higher technology. For example, it would have a touch screen that showcases all the meal and ingredient options and would allow for the user to choose exactly what they want.

The slogan on the vending machine would read along the lines of “food on the go for people on the go—fuel the bodies that keep moving.” The slogan would relate to the idea that the gourmet vending machine provides an opportunity for people who are busy and pressed for time to buy a quick and hearty meal that gives them the nutrients and fuel that they need, but also saves their time and their money. In addition to this, the gourmet vending machine would use biodegradable and recyclable packaging and utensils so that its footprint is small and it is safe to the environment. The gourmet vending machine is something that people could use everyday as it provides a slew of options that a customer could never grow tired of.

DISTRIBUTION STRATEGY

The distribution strategy for the gourmet vending machine features one distribution channel. The gourmet vending machine uses a retailer channel when distributing the products to the targeted customers. We distribute the gourmet vending machines to retailers such as airports, hotels and malls. Our distribution strategy must center around selecting the best retailers that will best get our product to our targeted customers while maximizing the profits and sales. The vending machine industry in general is a huge industry, and there are many different retailers that vending machines can be distributed to. In the United States, there are over 5 million vending machines which generate over \$7 billion in sales (Naturals2Go, 2019.) That means that there is a huge amount of other vending machine companies and producers that we must compete with for customers.

Choosing the best retailers to ultimately sell our products to is the most important part of our distribution strategy because we need to compete with other vending machines. Retailers that already have other vending machines may be beneficial for maximizing profits because we have many advantages over the other types of vending machines. Our gourmet vending machine offers the consumer something that the other vending machines lack, which will in turn make the consumer want to use our vending machine over the competition. For example, we offer healthy and fresh food, which is something that most other vending machines lack. When specifically choosing the retailers to distribute our product, we need to keep in mind which places have the most traffic flow. Places include high traffic flow areas such as airports, shopping centers, hotels, schools/universities, gyms, and apartment complexes. These are key retailers for our distribution strategy. Schools and universities specifically are important retailers because hundreds of people pass by these vending machines a day who are in a hurry and may be hungry, whether it be before, after, or between classes (Naturals2Go, 2019.)

Because the retailer channel is the only channel in our distribution strategy, choosing the best retailers to sell our products to our intended customers is extremely important. We must choose the retailers and distributors that will both maximize our profits and give the gourmet vending machine an advantage over the competition. When choosing the best distribution channels, it's important to be cost-efficient, especially in the beginning stages. It might be beneficial to only distribute the gourmet vending machines to a geographically limited area. For example, it might be beneficial to start out with placing the gourmet vending machines in places with lots of foot traffic in New York City. This allows distribution to be more cost-efficient until we are able to gain enough revenue to expand geographically across the United States.

Media, V. (2020, June 12). The 10 Best Locations For Vending Machines . Retrieved November 24, 2020, from <https://www.naturals2go.com/best-vending-machine-locations/>

PROMOTIONAL STRATEGY

The main reason for our product is availability and freshness on the go. This needs to be communicated to our target market of tourists, students and workers in urban areas. Because this would be a new product to most, the location of promotion is key. The plan is to map out areas of high traffic so we know where the optimal place would be for the vending machine. Places of high commuter traffic are usually cities so this is the ideal location. Initially, planting these vending machines might be too aggressive so we plan on first getting people interested. This will be done by having mini stations that would be operated by one person offering a more personal experience first to the customer. The station would be equipped with all the products the vending machine would normally have. The goal will be to provide people with this quick mini boutique experience and when they are purchasing and tell them about our vending machines that will take their place. Once people are interested, a couple of vending machines will be placed where the mini stations were. There will still be a person to help monitor use and promote the vending machine. We want our customers to see the vending machine is capable of creating food like a human can. So at first there will be a helper but ultimately the plan is then to be able to have the only vending machine with hungry customers coming and going. A promotional code

will also be given initially that people can use when they use the vending machines for the first time that gives them a discount on their purchase.

Once we have the vending machines out, digital marketing is key. Snapchat filter advertisements would be implemented as well as Instagram advertisements. The goal is to make people want to promote our product so having an incentive like another discount for posting a picture with our product and tagging and sharing would be the plan. Another key social media platform is TikTok, so we plan on utilizing it. Having famous people on Tik Tok make dances with our product in it will give our product a lot of publicity. This is also another promotional opportunity for people to get involved. As well as social media there will be a database that's accessible to everyone and will have locations of each vending machine around the cities.

Lastly, we want customers not to get bored so after a certain number of orders, a customer can receive a discount on their next order. Once a certain number of purchases have been made, the customer will receive an email with a code that will give a discount on their next purchase.

PRICING STRATEGY

To maximize sales, it is in our best interest to use a competitive pricing strategy. We will analyze the prices that our competitors charge and base the prices of our meals off of that. Gourmet Vending Machines have two main types of competitors: traditional vending machines and fast casual restaurants.

First, we are competing with traditional vending machines. These classic machines that can be found at any park, university, or office are filled with unhealthy, small snacks. Most of

these machines seem to sell snacks and drinks to consumers for a low price, usually between \$1 and \$3. Since our products will be both higher quality and higher quantity than products from traditional vending machines, we plan on charging higher prices than them. Buying fresh produce, meat, and bread in bulk for our machines will cost more than buying candy, chips, and soda in bulk. This “pay for what you get” model, where higher quality justifies higher price, is a good starting point when determining how we should price.

Our other type of competitors are fast casual restaurants. Restaurants like Chipotle Mexican Grill, Panera Bread, and Au Bon Pain fall into this category. These restaurants are able to get food to their customers very quickly while charging a reasonable price. Our pricing will be closer to the prices of restaurants in this category because our products are more similar. After analyzing prices from these competitors, we learned that they sell healthier, more filling food compared to traditional vending machines for a higher price, ranging from \$7 to \$15.

We believe that, initially, we should charge just below the prices of fast casual restaurants to draw in customers. For the release of our machines, we want to entice customers to purchase from us rather than our more established competitors. By setting our prices around \$6 to \$10, lower than these competitors, potential consumers will be more likely to try out our products. Once our brand name starts to get around and more people know about our machines, we plan to raise prices to become closer to those of fast casual restaurants.

Using this strategy will increase our sales, which will lead to gourmet vending machines yielding more profit. Due to the fact that gourmet vending machines have a much lower overhead cost than fast casual restaurants, we could possibly make the same, or even higher, profit margins compared to them. We will not be implementing any price discrimination

strategies. Since our prices are fairly low, we feel that all potential customers will be willing to pay our set prices. Potentially in the future we could incorporate third degree price discrimination to give discounts to students or seniors, or second degree price discrimination to offer price bundling with our products.