



The Kelp Bed

Food Court Style Dining

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Executive Summary

This report objectively analyzes the marketing plan to include food court style dining on campus at California State University, Monterey Bay (CSUMB).

The current issue on the campus of CSUMB is the lack of dining options for students. There are only three options on campus currently, which include:

- Dining Commons
- Otter Express
- Otter Bay Restaurant

The quality of food provided to students on campus is below standard. Therefore, a solution to this issue needs to be made.

To solve this problem, a new food court will be constructed on campus. The food court will be called the Kelp Bed and will initially offer two new dining options. These options will be a Chipotle and a Wing Stop. CSUMB will franchise these restaurants with Sodexo managing them.

The Kelp Bed will invest 4.5 million for a spot in the soon to be built student center. The building will consist of several stalls to house multiple food options, even though there will only be two restaurant options in the beginning. There will be ample seating inside, a great atmosphere, and a minimum number of employees.

Wing Stop and Chipotle were chosen based on a campus wide survey. Chipotle was the most popular choice to be offered on campus. Wing Stop was another popular choice, and because the nearest location is 35 minutes away, there will be a high demand for the food by students and the surrounding community.

The Kelp Bed will mainly accommodate lunch and dinner. The hours of operation for the food court will be noon till midnight 7 days a week. These are optimum hours of dining for the life of a college student.

The current dining options on campus have many disadvantages. The selection of food is limited and not popular among the student body. For example, the hours of operations for the Dining

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Commons are inconvenient and limit students to less dining options at night. A disadvantage of the Otter Bay Restaurant is its remote location on campus. The Kelp Bed will solve these issues by offering additional on-campus dining options at convenient times of the day.

The Kelp Bed will be marketed via direct marketing, public relations, and sales promotion.

Direct marketing will be the most prominent form of advertising for the Kelp Bed. Through flyers, email, and web advertising students will become aware of the new addition to campus dining.

Public relations and sales promotion will be another type of advertising. With activities for student involvement, coupons, and more, the Kelp Bed will build a positive company image and become a popular choice for dining on campus.

The results that will be achieved by this new addition to campus will be the well-being and overall happiness of the students. With more options on where to dine, students' needs will be met. This also offers more options for the surrounding community to dine locally on campus.

Situation Analysis

The quality of food provided from CSUMB's three dining facilities is currently below standard. The goal is to provide students with additional eating choices on campus. The Kelp Bed will be an option to get food after 8p.m. and on the weekends. This will fill the void left by the current available options.

Market Summary

Students are not happy with the quality of food available on campus and leave campus for better and faster sources of food. Students must spend their own money on gas, public transportation, and food on top of the meal plan they must purchase. Students taking classes at night have the largest disadvantage because they are forced to go off campus for a meal. The money spent by students leaving campus could be reinvested into the campus community.

The Kelp Bed will not replace the dining commons, but force it to be a healthier and more competitive option. The Kelp Bed wants to keep the Otter Bay Restaurant, which offers students a more formal setting to dine at. The Otter Express would also need to reorganize if a sandwich

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shop was to be chosen, because it may need to change its main source of sales. The need is for quick food that students crave, which is convenient and of higher quality. The Kelp Bed will offer a great meal that the famished university student can grab between classes.

California State University's food court target audience will be:

- The student body
- Staff
- Visitors of the University
- Local military personnel
- Surrounding community

Geographic

The Kelp Bed's geographic area will include CSUMB and surrounding cities. This would include Marina, Salinas, Seaside, and Sand City. The Kelp Bed also has the opportunity to draw customers in from The Dunes Shopping Center. The Dunes Shopping Center has no established franchised restaurants, making the Kelp Bed the closest option.

Demographic

The Kelp Bed's demographic aspects consist of age, gender, family life cycle, and income. The main age groups the Kelp Bed will attract are college students ranging in ages from 18-24. According to the 2011 Fact Book by Institution Assessment and Research, CSUMB's student population consists of 39% males and 61% females for a total student population of 5,173 (Institutional Assessment and Research, 2011, p. 45). This population could be motivation for corporations wanting to pursue research and development among this demographic. Males are generally less particular on what they eat as long as it tastes "good". The female population might lean more heavily towards the healthier alternatives such as salad, chicken, or fish. Further research will be needed.

Another demographic factor is the general life style of the population of the surrounding area. Potential income will depend on young individuals with or without children. Young families are on the go and do not always have time to make homemade meals. The Kelp Bed will provide these families with a quick and convenient alternative for meal time.

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The last demographic factor is income. Students and young families do not possess the disposable income for expensive meal alternatives. The Kelp Bed will house inexpensive franchised fast food companies. Through increased affordability, the Kelp Bed will be the popular option among students and young families.

Psychographic/Behavioral Factors

Psychographic and behavioral segmentation divides buyers into categories that include personality characteristics, knowledge, attitudes, and uses (Kotler & Armstrong, 2012, p.196). The segments that pertain to the Kelp Bed are lifestyle, personality, loyalty status, and attitude. People's lifestyles will affect the choice of what they eat from the Kelp Bed. For example, vegetarians and healthy eaters will need options that satisfy all of their nutritional choices.

Behavioral factors include knowledge and attitude. The Kelp Bed will house corporate franchised food establishments. People against big business may be more likely to reject the idea of franchised establishments. The counter to this argument is that our franchised establishments could potentially be owned by members of the community. Another negative impact is the pre-existing knowledge of the unhealthiness of fast food. The media, through documentaries like *Super-Size Me*, have reinforced this idea. Brand loyalty is a behavioral factor that will play a big role in the Kelp Bed development. Consumers tend to stick with brands and franchises they know. By bringing in well-known franchises the Kelp Bed can ensure further success.

Market Needs

Dining hours at the Dining Commons and the Otter Bay Restaurant are limited. These locations close at 8 p.m., limiting the market for students who want food later than 8p.m. Students who have classes that end at 7:50 p.m. or 10 p.m. do not have access to food on campus. The Kelp Bed will target food services that take advantage of the after 8p.m. market segment. To fill this niche, the Kelp Bed's franchises will be encouraged to stay open until 11 p.m. on weekdays. The Kelp Bed will be open on the weekends with longer hours to fill the market void.

According to the Kelp Bed Survey posted on Survey Monkey, more than 57% of the surveyed students are not satisfied with the food that is currently provided by CSUMB. Also reflected in the survey is an approval rating of the Kelp Bed of 75% of the people surveyed.

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Market Trends

California State University Monterey Bay's population is growing. As the student population expands, so does its appetite. Students living on campus receive up to three meals a day from five different food vendors on campus. The DC, OE, and OBR are full service eateries where the taste of the food is below quality to many students, including our group. Peet's and Starbuck's are not full service, but does offer some food choices. Customers of Peet's and Starbucks are quick to mention how expensive their prices are. Students are growing tired from having the same food options over and over. They are being forced to go off campus for alternatives.

Market Growth

California State University students living on campus will be the first to partake. The student body that lives on campus consumes up to three meals a day, seven days a week. Over time, the same old food choices can become boring. Students will gladly accept positive change when more choices are available.

Figure 1 below reflects the average number of meals that will be eaten at the Kelp Bed in one week. There are 17 weeks in an academic semester at CSUMB, and two semesters in a year; this is a total of 34 weeks. The "Odds of Eating at the Kelp Bed" is the average number of students eating on campus eight times a week. With the option of four eating establishments on campus, Kelp Bed, Dinning Commons, OBR, and OE, there is a chance that a student will eat at each establishment twice. This means that students have a 25 percent chance of choosing the Kelp Bed for a dinning option. According to the Institutional Assessment and Research, there currently are 5,173 students enrolled at California State, Monterey Bay. The academic population is expanding, "Total Student Population" is based on future increased student enrollment.

Average Meals Eaten at Kelp Bed in One Week

Total Student Population	X	Odds of Eating At Kelp Bed	X	Weeks Per Academic Year	Total Meals At Kelp Bed
5,173	X	0.25	X	34	43,970.5

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7,000	X	0.25	X	34	59,500
10,000	X	0.25	X	34	85,000

Figure 1

Figure 2 below shows the total meals from Table 1 multiplied by one Otter Block (roughly \$8). If the price per block is \$8, the revenue will be \$351,764. The single meal price is derived from the average cost of a meal at a local location. It is also a fair price based on \$9 fee charged at the Dinning Commons. As the University and surrounding communities' late majority partake, potential income could exceed \$500,000.

Total Potential Income

Total Meals	X	One \$8 Otter Block	Total Potential Income
43,970.5	X	\$8	\$351,764
59,500	X	\$8	\$476,000
85,000	X	\$8	\$680,000

Figure 2

Table 3 below reflects the University Students that spend more on their meals. The table uses the total meals from Table 1 and multiplies them by two Otter blocks (\$16). If California State University, Monterey Bay was at max capacity of 10,000 students, the Kelp Bed has the potential to be a million dollar service.

TOTAL POTENTIAL INCOME 2

Total Meals	X	Two \$8 Otter Block's	Total Potential Income
43,970.5	X	\$16	\$703,528
59,500	X	\$16	\$952,000
85,000	X	\$16	\$1,360,000

Table 3

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SWOT

Strengths and weaknesses are internal forces that the organization can control. These forces possess the potential to affect performance internally through marketing, finance, research and development, management, human resources, and production (Daft, 2011, p. 184).

Opportunities and threats are forces which may be outside the control of the organization. These are forces that a company can use to its advantage to increase its operations, or they may hinder performance.

The purpose of a SWOT analysis is to examine the following components of a business and its industry:

Strengths

Three main strengths consist of:

- Customer Relations Management (C.R.M.)
- Purchasing System
- Operations manuals

These strengths are skills and resources that can be used to differentiate the Kelp Bed from its competition. One of the main strengths is that pre-existing franchises have ethical and efficient customer service relations (C.M.R.) that can ensure customer satisfaction. Through media marketing, franchises have established a guaranteed customer base. This is done through strong and expensive media branding backed by a catchy slogan. Examples of slogans are “Have It Your Way,” by Burger King and “I’m Lovin’ It” by McDonald’s. These powerful slogans sell customers the experience of happiness through the perfect meal.

Two other strengths that these franchises have include a strong purchasing system and organization charts. A set supply chain will ensure efficiency and decrease reliance on the University. These franchises have a pre-set order of operations, which clearly define their policies when it comes to training, safety, quality, and expectations. These organizational charts provide a solid foundation for increasing efficiency and success.

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Weaknesses

Two main weaknesses include:

- Profit Margins
- Location

Once the Kelp Bed has been fully established, potential profits can be calculated. A weakness will be finding a new market segment besides students, faculty, and staff. The Kelp Bed, being on campus, will decrease non-student customers that do not want to travel to the university campus. Lastly, because the concept is “food court style dining” there will be no drive-through, which may decrease the customer segment of people that prefer to use drive through services. The drive through is very convenient, but the Kelp Bed’s primary clientele is college students.

Opportunities

Two potential opportunities include:

- Customer Base
- Infrastructure

The biggest opportunity the Kelp Bed can utilize is CSUMB’s extra infrastructure left over from the Fort Ord. Reusing these raw materials will save time and money in starting up. The reuse will also parallel the University’s “green” ideals.

Another opportunity is for franchises to take advantage of the established customer base. Localizing the customer base will provide the corporate side of the franchise chances for Research and Development (R&D). Corporations doing R&D will have results from a majority age range of 18 through 24.

Threats

A threat is an external force that has the potential to disrupt the company’s operations. Companies should focus on early identification of threats to determine the best alternatives to consider avoiding these problems in the future.

Significant threats include:

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- Competition
- Locating New Market Segments

The biggest threat to the Kelp Bed is pre-established competition on campus from the three preexisting eateries on campus. Competition will also come from other fast food eateries in the area that have the convenience of a drive-through.

Once established, franchises housed in the Kelp Bed will struggle to find new market segments. Customers in the outside community including faculty and staff may second guess going to the Kelp Bed because of its location. The non-college student segment might feel that they have to compete with college students to get their meals.

Competition

The Kelp Bed's main competition will come from California State University's (CSUMB) current on campus dining options and off campus dining options in the Monterey area. The on campus competitors include:

- The Dining Commons
- Otter Express
- Otter Bay Restaurant
- Peet's Coffee
- Starbucks Coffee

Dining Commons

The Dining Commons (DC) is a large cafeteria where students can quickly swipe their student ID cards and allowed into an all-you-can-eat buffet. According to the Kelp Bed Survey posted on Survey Monkey, the DC is the most popular and most liked food option on campus. The Dining Common's menu varies daily and the food options include burritos, burgers, salads, cereals, pizza, pastas, and more.

Advantages

The main advantage is the location of the Dining Commons which is conveniently in the middle of campus, and easily accessed by all. Another advantage is the price compared to the quantity of

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food received. The cost to students living on campus is one Otter Block per meal. Students living off campus and visitors must pay \$8. Another advantage is the DC has a greater seating capacity compared to the Otter Express and Otter Bay Restaurant.

Disadvantages

The seating capacity is not large enough to hold everyone during peak hours. During peak hour times, the DC gets very busy, which causes long lines, a longer wait time, and slower service.

Otter Express

The Otter Express (OE) is a faster option than the DC and Otter Bay Restaurant. The OE is located in the middle of campus next to the DC. The menu at the Otter Express is the same every day. The OE offers a variety of “fast food” such as burgers, fries, corndogs, grilled cheese, and chicken. There are also sandwiches and smoothies. Many options for drinks are available, along with some fruits and snacks.

Advantages

The main advantage of the Otter Express is that it is convenient. Students can often grab a meal in between classes on their 10 minute break and carry it out in an easy to transport cardboard basket. Another advantage is that the OE has longer operation hours than the DC. The OE is open between the hours of 8am and midnight on weekdays, and 2pm to midnight on weekends.

Disadvantages

A big disadvantage is that the menu never changes. This leads to no variety which causes students to get tired of this option. The lack of seating and poor atmosphere also negatively affects the OE. Most students take their food to go because it is not ideal to eat there.

Otter Bay Restaurant

The Otter Bay Restaurant (OBR) is the most formal dining option on campus. The OBR includes several televisions, a beer bar, and a large seating area.

Advantages

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An advantage of the OBR is its formal atmosphere. It provides students with the restaurant experience. Another advantage is that unlike formal off campus dining choices, students can pay for their food using Otter Blocks.

Disadvantages

The major disadvantage is pricing. The Otter Bay Restaurant is much more expensive than other on campus dining. Students often complain of high prices and food that is of low quality. The service is also much slower, and dining hours are even more restricted than the DC. Also, the location of the DC is about a 10 minute walk from residence halls, and a 15 minute walk from North Quad.

Coffee

There are two locations on campus for coffee. The first location is Peet's Coffee, which is located in the library. The coffee shop is located in a large room, filled with couches, computers, and tables. This enables students to socialize and study. The pricing for Peet's Coffee is convenient since students are allowed to use their meal plans, however, it is expensive compared to off campus options. The coffee shop also sells numerous snacks such as muffins, scones, premade sandwiches, and more. This is a popular destination in the morning and between classes for students who need caffeine.

The second coffee shop is Starbucks. The on campus Starbucks sells coffee, snacks, mints, and much more. The Starbucks is located in the student center, conveniently in the middle of the most populated area of campus. There is almost always a line at Starbucks, and the seating area is generally pretty full. Pricing at Starbucks is similar to the pricing of Peet's Coffee.

University Payment System

California State University, Monterey Bay's current payment system consists of three types of currency: blocks, flex, and otter bucks. Blocks are a onetime use currency and are worth anywhere from five dollars to about eight dollars per block. At the OE, OBR, and both coffee locations a block is worth five dollars. At the DC, a block covers an entire meal at either breakfast, lunch, or dinner which ranges in pricing; up to eight dollars. Flex and otter bucks are

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dollar value. However, otter bucks are optional and can be refilled throughout the semester. Flex are added once at the beginning of the semester.

Promotion

California State University Monterey Bay's dining options are marketed through the University's website (MacDonald, 2011). Daily menus are posted on the website as well along with links to information about the community and health and wellness. This is an effective marketing ploy, as CSUMB is very involved in sustainability and this limits print ad campaigns. The DC also markets special event and activities that they will be hosting by posting flyers around campus and making use of the Otter Be Involved weekly email sent to students and other campus members.

Off-Campus

Off-campus food options are another competitor to the Kelp Bed. The major disadvantage is that students cannot use their meal points off campus. Students often dine off campus because the food on campus does not meet the same standards of quality and budget.

Product Offering

The Kelp Bed (KB) is a food court style dining experience, similar to food courts at the mall. The KB will be located on California State University's Campus in a new building built specifically for the food court. There will be up to seven stalls, allowing up to seven different food options. But the initial start-up will include only two choices (Wing Stop and Chipotle). The Kelp Bed seating capacity will be four times the current seating capacity of the Dining Commons.

Hours of Operation for the Kelp Bed will be as follows:

- Weekdays: Monday-Friday: noon-12am
- Weekends: Saturday and Sunday: noon-12am

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Based on a campus wide survey posted on Survey Monkey, the current top choices for the two options offered in the Kelp Bed will include:¹

- Chipotle
- Wing Stop

Students will be able to use their meal plans. Usage of their blocks will be similar to the Otter Express. At the Kelp Bed Food Court, one block is worth \$8.00 and flex can be used at dollar value. Cash, credit, and debit will also be accepted. Accepting these forms of payment will attract off campus students, faculty and staff, and members of the surrounding community.

Keys to Success

The main key to success is that the Kelp Bed will offer options that are already popular among the majority of students. The franchises chosen have already instilled the standard of satisfaction expected by hungry students. Unlike the food that the University currently supplies, the food offered at the Kelp Bed is known to taste good and cater to any appetite. The Kelp Bed will house those restaurants that students otherwise would waste their gas, time, and money to eat at.

Another key to success is that people who do not attend CSUMB can still purchase food at the food court using cash. For the surrounding community, options housed on campus will be close by and new to the area, making the Kelp Bed accessible to visitors to the University, prospective students, and the local community. This will benefit the franchises and the University by increasing the overall income.

Critical Issues

A major issue that the Kelp Bed will face is entering into the contract with Sodexo, the current food supplier for CSUMB. The school is currently in a 10 year contract with the supplier, allowing it to be the only food supplier on campus, and the first looked to for necessary catering services. If Sodexo feels that the food court will be too much of a competitor, they may not allow the Kelp Bed to enter into the dining services on campus.

¹ These choices are subject to change, as the survey is still in progress.

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Marketing Strategy

The Kelp Bed offers high quality food and convenient hours to the students, faculty, and staff of CSUMB. The Kelp Bed will provide students with an alternative dining choice. The Kelp Bed's dining hours and food choices fit the lifestyle of a college student. The Kelp Bed will provide greater value to students without increasing prices compared to the other on campus alternatives.

Mission

The Kelp Bed's mission is to provide the students at CSUMB a new dining experience. The food being served will be healthy, popular, and made available at times that fit the lifestyle of a full-time college student.

The Kelp Bed being located on campus is a key to the success. The on-campus location will be convenient to current and future students. The Kelp Bed location will be large enough to serve the current student population, as well as accommodate growth in campus enrollment without having to expand. Our primary competitors are the pre-existing dining establishments on campus.

The Kelp Bed is a long-term investment with room for future growth. The Kelp Bed could be a potential million dollar business as the University's student population increases. With increased demand, the Kelp Bed will be capable of expanding allowing room for additional franchises to move in.

Marketing Objectives

The Kelp Bed will become an on-campus alternative for the 5,200 students of CSUMB. The Kelp Bed's convenience and selection of food will have students choose to dine at least twice a week at this establishment. The marketing of the Kelp Bed will continually create awareness for potential students and also current students about the Kelp Bed and its position on campus.

Financial Objectives

The Kelp Bed will sell food for 1 block, equivalent to \$8. By its fourth year, the Kelp Bed will break even by selling at least 60,000 units of food and begin to generate profits for CSUMB. By

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keeping a constant and successful business model, the Kelp Bed will expand and continue to offer more on-campus options.

Target Markets:

Student Body

The main target market is the student body at CSUMB. The Kelp Bed will benefit current and future CSUMB students.

Faculty and Staff

Professors and other members of the faculty at CSUMB will be encourage to dine at the new facilities.

Local Military Personnel

CSUMB is located near military housing. Military workers and their families are another target audience close to the campus that are able to dine at The Kelp Bed. A military discount will be available.

Visitors of the University

Potential incoming students and visitors to the university are another segment. If they so choose, they may sample the Kelp Bed's dining services as to experience the dining options offered at CSUMB.

Surrounding Community

While we are aiming to provide convenience for the students, The Kelp Bed welcomes those who are living in the surrounding neighborhoods. This market segment will increase potential revenue.

Positioning

The Kelp Bed will provide flexible hours, on-campus convenience, and high quality food. The Kelp Bed is a dining facility that will give the students of CSUMB more options for the same price they're paying. The Kelp Bed's major product category attributes are the franchises that will be contracted. Wing Stop and Chipotle are already well-known and well-demanded options due to their reliability in food taste and quality from being sold outside of CSUMB.

Sodexo is positioned as offering food that's made with the locally grown raw materials in the same area as CSUMB.

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Strategies

Emails and circulars will be sent out before, during, and after the opening of the Kelp Bed. This will create campus-wide awareness, and meet the goal of having students and faculty be aware and know about the Kelp Bed. There will also be a section on CSUMB's home website that will feature the opening of the Kelp Bed as a major story. This will create awareness to incoming students and potential students.

On grand opening week, there will be events to create further awareness and hype about the Kelp Bed. By creating this awareness, there will be potential for the students' preference and conviction for eating at the Kelp Bed rather than the other on-campus dining choices.

Marketing Mix

Pricing

One block will be \$8, and left over charges will be transferred to flex. The common meal at a fast food chain is at least \$5 to \$12. Students will be able to get a regular sized meal without having to use more blocks. Customers paying cash will be charged the same preset prices as a normal franchise.

Distribution

The Kelp Bed will order supplies through the corporate ordering system. Each respective chain will have their own space and personal room to receive, store, cook, and distribute the food to customers.

Marketing Communication: Sales Promotions

To gain awareness on campus, employees will hand out circulars and hang posters in the major buildings on campus. The direct form of marketing will increase student awareness of the Kelp bed at a low price.

Marketing Communication: Public Relations

Initial advertising will be posted on CSUMB's web website. During the first week of opening, the Kelp Bed will host certain events inside and outside of The Kelp Bed to raise awareness.

Marketing Communication: Direct Marketing

Initially an email will be sent out to the entire student body, faculty, and staff informing them of the new addition to campus. This will happen repeatedly until the opening of the Kelp Bed. This will increase awareness of the new on campus dining option.

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Marketing Research

Primary

The Kelp Bed's primary research consisted of several methods. The first method was personal interviews. Research and Development (R. & D.) met with:

- Charles Wesley
- Uriah Priva
- Kathleen Ventimigla

These individuals provided feedback on costs and additional information that factor into the research.

Other than interviews, R. & D. conducted surveys among current CSUMB students. The majority of surveys were released via emails and answered on Survey Monkey ("Survey Monkey"). The responses provided outstanding information on what franchises to bring and additional details.

A third method used was a campus walk and personal dining experience at CSUMB's current establishments. The dining was done at both the Otter Express (OE) and the Dining Commons (DC). This was for personal in-the-field experience to test the food and determine if there was a need to offer more options.

Secondary

Secondary research was executed via the internet. Kelp Bed's R. & D. team found useful information on the Sodexo website (Sodexo). Students provided a great source of information as to their personal experiences at the current restaurant establishments on campus. Individuals felt strongly for or against the current solution that CSUMB has provided for their appetite.

Ongoing

Continuous research is needed to keep the interest of current and future customers. The Kelp Bed will continue to grow and flourish to fit the needs of the students. As new students continue to enter CSUMB, the Kelp Bed will need to fulfill the desires of those incoming customers. To fulfill this, additional student surveys and meetings with the Student Union will gain critical

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feedback. Acquiring this information will create needed change and ensures the best interest for the students.

Financials

Through due diligence determining financial and variable costs, the Kelp Bed will break-even during its fourth year and become a profitable entity at CSUMB.

Break-even Analysis

According to Exhibit 2's Break-Even Chart in Appendix I, the Kelp Bed will exceed break-even once 60,000 units have been sold. The exact break-even volume will be at 57,384 units with breaking-even sales at \$573,840. According to the total income of the accumulated financial data in Appendix I, the Kelp Bed will break-even during year 4 based on year 3's results.

Sales Forecast

Based on Exhibit 1's accumulated financial data in Appendix I, there is a continual increase in revenue from quarter one through four. Quarter one will generate low revenue due to its initial start-up costs. Quarter three has low revenue from the lack of students on campus due to a six-week winter break. Among the fixed costs, Quarter four costs are adjusted to only a single month. This is due to Kelp Bed closing during summer break. The fixed cost of management salaries will continue through the closure. Like fixed costs the variable costs were also adjusted accordingly. Quarter two and four see a decrease in the costs due to students being on break and the lower demand of supplies. The next two years are also profitable for the University as student population and awareness increases so does the Kelp Bed's profits.

Expense Forecast

The expense forecast consists of fixed and variable costs. The fixed costs are derived from employee labor, salaries, and cost of the building. The fix costs add up to a total of \$353,480 yearly. The fixed costs consist of:

- Seven employees at nine dollars per hour, working a combined total of 1400 hours per month.
- Management salaries of \$80,000 per year.

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- Accounts payable account for the new building consisting of \$150,000 yearly.

The variable costs consist of utilities and supplies. Utilities include PG&E, water, garbage, and sewer. Supplies for the Kelp Bed include total supplies for Wing Stop and Chipotle. Total variable costs consist of:

- Total Utility cost of \$24,000 a year.
- Supply cost an average of \$96,000 a year.

Control

Number of People

Success will be measured based on how many people initially will dine at the Kelp Bed and how much larger the number of students who choose to dine at the establishment changes within a two year period. The promotion mixes will be used to keep the students aware of the Kelp Bed and the dining experience which will keep the students convinced that the Kelp Bed is their right choice of on-campus dining.

Break Even

Success of a new business in its initial years is measured on how well it breaks-even. The measure of breaking-even, or how much or less is made, can measure how well the popularity of the Kelp Bed is in its initial three and four years. It can also show what needs to be changed to convince the students that the Kelp Bed is the better on-campus dining choice.

Profits

Success of the Kelp Bed can be seen through how well it can make profits.

Sales vs. Expenses

What will be critical are the marginal costs versus the marginal revenue. Keeping track of the Kelp Bed generating more profit than over-all expenses is essential. It will show if it can be profitable in the future, break-even, or show signs of needed change in its marketing on-campus.

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Competition

This will keep an eye on the other on-campus dining facilities, OBR, OE, and DC, to see who is gaining, keeping, or losing customers to their respective facilities. If any of the other dining facilities are maintaining or gaining students while the Kelp Bed is losing, then it shows that the current model isn't successful enough. If it's opposite with the Kelp Bed gaining while the DC is losing customers, then it shows that students have a preference to the new dining choice.

Implementation

The Kelp Bed has a goal of opening by Spring 2015. The following is needed to ensure success.

Spring 2013: Email

An initial email will be sent out to all students, faculty, and staff. This will happen after CSUMB has signed a contract with Chipotle and Wing Stop. This will bring awareness to the project and gain initial interest.

Spring 2013: Construction

Construction will begin in Spring 2013. The estimated time of construction for this project is 2 years. During construction, a coming soon sign will be placed out front. The sign will explain what is being built, including a sketch of the building and a brief explanation.

Summer 2015: CSUMB Homepage/Television

On the homepage of the CSUMB website, there will be an advertisement promoting the new food court. This will be placed on the homepage when construction is almost finished. There will also be advertisements on the CSUMB television channel during sports games, student radio shows, and student films.

Fall 2015: Grand Opening

The grand opening will be held on a Monday. The previous week, flyers will be handed out containing information and coupons for the food court. On the day of its grand opening, there will be a red rope cutting, music, and other activities. Throughout the week, there will be many activities to promote student awareness and the opening of the new food court. Activities will include games, raffles, food eating competitions, music, dancing, and more.

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Fall 2016: Grand Opening Anniversary

On the one year anniversary of the grand opening, there will be a repeat of the activities of the opening week. This will become an annual event.

Marketing Organization

Functional Organization

The Kelp Bed will be using functional organization for its marketing strategy. The head of Kelp Bed's functional organization are the corporations being franchised (Chipotle and Wing Stop). Directly under the franchised corporation is CSUMB, which is franchising both restaurants. CSUMB employs Sodexo to maintain and regulate all on campus dining operations. It is Sodexo's job to manage the Kelp Bed's market research, advertising, supplies, and employment needs.

Sodexo will hire a marketing research group, with its own Marketing Research Manager and an Advertising Manager, to keep track of all potential customers. The Marketing Research Manager will organize all research and development (R. & D.). The research and development sector is responsible for surveys to determine student needs and preferences. The Advertising Manager is responsible for advertising on Otter Media (a radio show during school events) and maintaining the corporate advertising relationships. Through commercials, corporations can promote their products, and also increase awareness of the new location on campus.

The chart representing the marketing organization can be seen as Exhibit 3 in Appendix I.

Contingency Planning

Difficulties and Risks

There are several difficulties and risks the food court may encounter in the future. Difficulties include: convincing franchises to join in on the project, breaking even, making a profit. Some risks that the food court is taking on are: natural disasters, supplies running low, and not enough customers

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Solutions

There are several solutions to issues that may arise. If there is a noticeable decrease in profits, the number of franchises in the food court can be reduced. There can be a yearly rotation of franchises. The company can initiate a more vigorous advertising campaign to gain more customers. Another franchise could be selected to see if it draws in more customers.

If profits are decreasing slightly, several employees would be laid off.

The food court could also use the building for something completely different. A larger sit down restaurant could be brought in. Lastly, if there are no other options, there could be a transfer of ownership and Sodexo can take over completely.

Last Resort

In a scenario where the food court is making no money and drawing in no customers, drastic measures could be taken. Everything inside the building would be scrapped and sold. The building would be converted for classroom use. A likely option for use of the building would be for culinary classes to be offered.

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Appendix I

Exhibit 1

	23-Aug-15	23-Nov-15	23-Feb-16	23-May-16	Year 2	Year 3
Fixed Costs						
Employees (7 employees)	9	9	9	9		
Operation Hrs/Day	54	54	54	40		
Hours/Month	<u>1400</u>	<u>1400</u>	<u>1400</u>	<u>1120</u>		
Total	12600	12600	12600	-10080		
Quarterly	-37800	-37800	-37800	10080		
Management	<u>-20,000</u>	<u>-20,000</u>	<u>-20,000</u>	<u>-20,000</u>		
Total	-57,800	-57,800	-57,800	-30,080		
4.5 mill/30 year monthly						
Accounts Payable	<u>-37,500</u>	<u>-37,500</u>	<u>-37,500</u>	<u>-37,500</u>		
Total Fixed Costs	-95,300	-95,300	-95,300	-67,580	353,480	353,480

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Exhibit 1 Continued

Variable Costs

Utilities

PG&E

-4500 -2900 -4200 -833

Water

-2500 -1500 -2300 -567

Garbage

-1000 -400 -1000 -167

Sewer

-500 -200 -500 -67

Total -8500 -5000 -8000 -1633 -27,200 -27800

Quarterly -25500 -15000 -24000 0 -81600 -83400

Supplies

Chipotle

-18,000 -12000 -15000 -3000

Wing Stop

-18,000 -12000 -15000 -3000

Total -36,000 -24000 -30000 -6000 -148000

Quarterly -108000 -72000 -90000 0 -140000 -444000

Total Variable Costs

-133,500 -87000 -114,000 -7,633 - 420,000 -527400

Total Costs

-228,800 -182,300 -209,300 -75,213 - 955,792 -981592

Revenue (Campus)

263823 263823 263823 87941 1116492 1157292

Revenue (Non-Campus)

1500 3000 3200 3000 28,000 30000

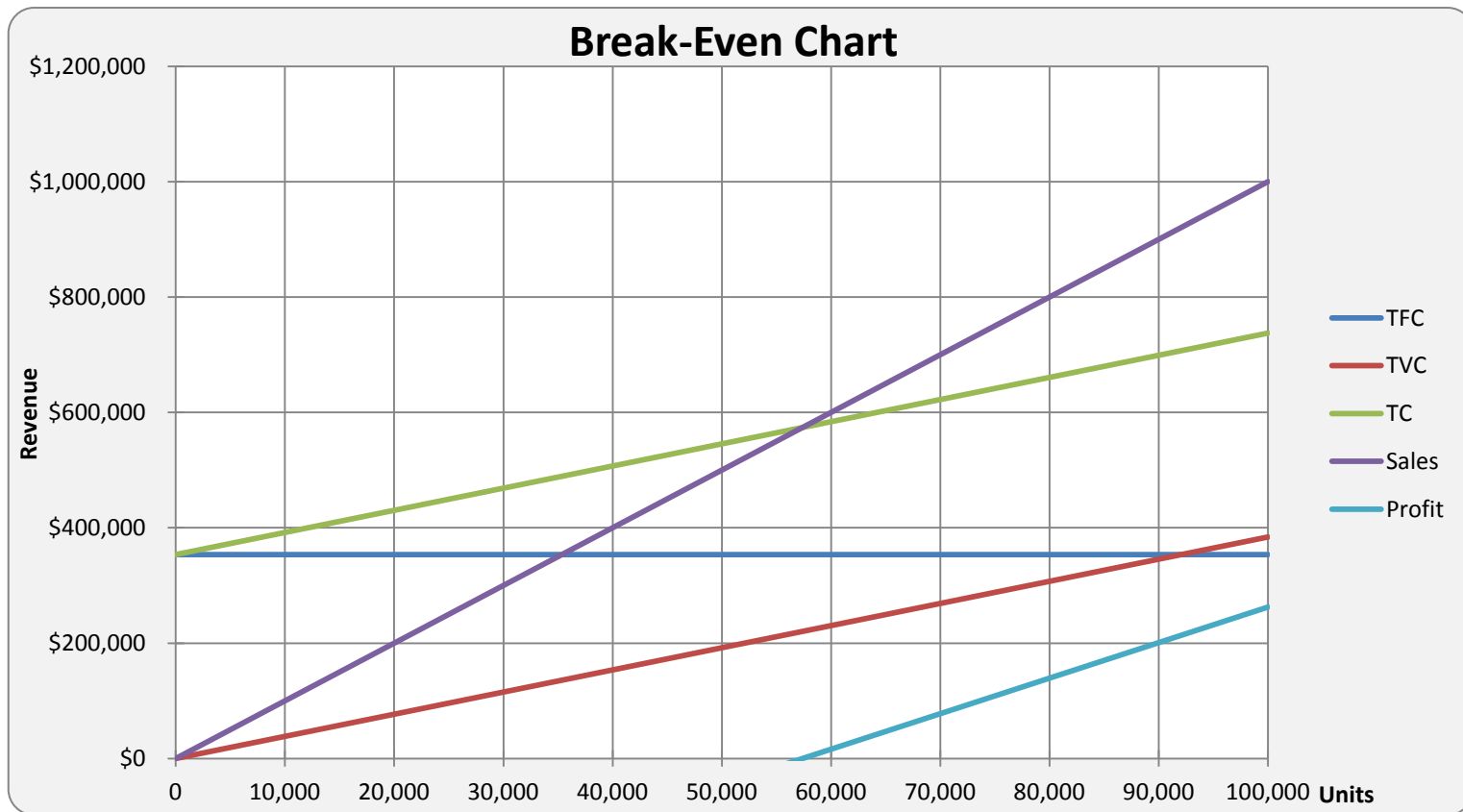
Last Quarter Income

0 36,523 121,046 178,769 194,497 383,197

Income

36,523 121,046 178,769 194,497 383,197 558,397

Break-Even Analysis



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**Break-Even Point
(units) = 57,383**

**Break-Even Point
(\$'s) =**

Total Fixed Costs
Variable Cost per
Unit
Sales Price per Unit

TFC =	\$353,480
VCU =	\$3.84
SPU =	\$10.00

Formulas:

BEP (units) = TFC/(SPU-VCU)

BEP (\$'s) = BEP (units) * SPU

Unit Increment x-
axis

10,000

Graph Data:

Total Units	TFC	TVC	TC	Sales	Profit
0	353480	0	353480	0	-353480
10000	353480	38400	391880	100000	-291880
20000	353480	76800	430280	200000	-230280
30000	353480	115200	468680	300000	-168680
40000	353480	153600	507080	400000	-107080
50000	353480	192000	545480	500000	-45480
60000	353480	230400	583880	600000	16120
70000	353480	268800	622280	700000	77720
80000	353480	307200	660680	800000	139320
90000	353480	345600	699080	900000	200920
100000	353480	384000	737480	1000000	262520

Exhibit 3

