



PLACE FOR ONE MORE MENU?

SWOT ANALYSIS ON ONE MENU'S MARKET
STANDING AGAINST ITS COMPETITORS

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Prepared for

Jeffrey Chan

One Menu Operation Manager

One Menu LLC.

Prepared by

Yiyu Kwai

Qianyi Zhang

April 3rd, 2016

LETTER OF TRANSMITTAL

To: Jeffrey Chan - One Menu Operation Manager

From : Yiyu Kwai, Qianyi Zhang

Date: April 3rd, 2016

Subject: Recommendations Report for Increased Market Share and Optimized Operation

Dear Jeffrey Chan,

Here is the report you requested regarding the analysis of impediments and forces embedded within the company's operation and market standing against its competitors, OrderUp and Ricepo.

There is space for One Menu to grow and expand. An online survey was distributed to the local community to seek for the potential opportunities for improvement. The result indicates the food-ordering market in State College, PA is yet to be saturated and is welcoming healthy competition to control the service charge within a reasonable range.

To be able to capture the market demand, the company needs a better understanding of the competition and has to implement a series of operation strategies to raise the management efficiency. Through our communication with you, the online homepage manager of Ricepo and 120 market survey participants, we identified the internal strengths and weaknesses, and external threats and opportunities that One Menu should leverage on.

Many feasible and achievable solutions exist that can be pursued without further investment. Our recommendations fall into the four categories include marketing, management, and operation, and will be expounded upon in the packet.

We would like to thank you for all the time you spent sharing the company's information and concerns with us. We deeply appreciate the opportunity to work with One Menu LLC towards an aligned goal of improved operation. We are hoping to see a leap in market share for One Menu in the near future. Please give us a call if you need our assistance in implementing the recommendations.

Sincerely,

Yiyu Kwai

Qianyi Zhang



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EXECUTIVE SUMMARY

This report analyzes the market standing and operation condition of One Menu LLC. against its competitors OrderUp and Ricepo. The analysis is based on the SWOT (*Strength, Weakness, Opportunities, Threats*) model and will incorporate the survey results obtained on March 22, 2016. Solutions provided aim to increase the company's sales and market share in the State College area.

{ SWOT }

1. Strength (Internal factor): One Menu has developed 5 core competences that would differentiate its service from the competition, including *low delivery fee, consolidating orders, exclusive partnerships, coupon markets, and photo-stream menu.*
2. Weakness (Internal factor): One Menu's development is hold back by the inefficiency in each step of its internal operation, including *low market penetration rate, the absence of reverse supply chain, outsourced technology support, and lack of marketing efforts.* There are also issues with the overall team structure that may cause instability include *H1B limitations and absence of a general manager.*
3. Opportunities (external factor): Each result of the market survey indicates an opportunity for improvement that would help to offset the external threats. Opportunities include *quick act on new restaurants, time limit notification, the rating for vendor/driver, ladder-type pricing for delivery fee and cost audit for order consolidation service.*
4. Threats (external factor): The two major competitors, *OrderUp* and *Ricepo* are limiting One Menu's further expansion on three aspects, including *established local customer base, stable investment returns and overlapped Asian target market.*

{ Recommendation }

Recommendations fall into three levels include *managerial, operational and marketing.*

On the managerial level, a general manager who has the most profound understanding of the company's operation should be elected, job duties should be clarified for each role, and deadlines on projects should be enforced.

On the operational level, complaints should reflect in the ratings of vendors and drivers, a reverse supply chain for complaint and delivery rejections should be established, an email confirmation should be sent to the customers and time limit notification should be sent to the vendors.

On the marketing level, a website is needed for search engine optimization, the updates on social media account should be up-to-date, and company should award customers who invite friends to use the service.

INTRODUCTION

{ About One Menu }

One Menu is a mobile food-ordering company founded in State College, Pennsylvania, 2012. Its target customer is the local Asian population, in particular, Asian students at the Penn State University. By April 2016, One Menu will have partnered with 20 restaurants (Appendix 1) to offer its food pick-up and delivery service.

The company operates as a small team of six people, who work cross-functionally to share of duties of *business development, optimization, driver management, marketing, technology, and administration*. It has launched two mobile applications on the App Store, including the food-ordering portal “ONE_MENU” and the driver management portal “OMDDriver”.

{ The Dilemma }

One Menu is generating a monthly revenue of \$2,000 USD, which is also the company’s only source of income besides the initial investment. It has not yet repaid the investment in iOS App development and office operation.

Major problems identified include:

- Absence of concrete data in regards to the competition
- Customer survey yet to be conducted
- Absence of documented strategic plan
- Job responsibilities yet to be defined

{ *The leadership requests for a clear outline of the impediments the company would encounter and the forces it could utilize in its expansion.* }

{ Our Approach }

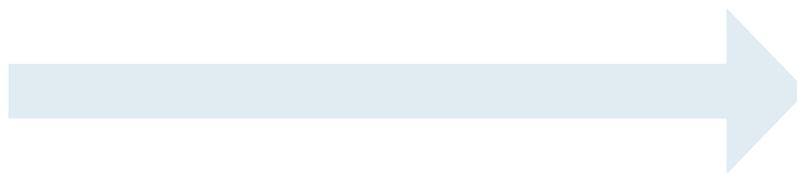
The purpose of this report is to provide the company stakeholders with a in-depth analysis in regards to its current operation condition and market standing against its competitors, *Orderup.com* and *Ricepo*.

The analysis is based on the SWOT (*Strength, Weakness, Opportunities, Threats*) model and will incorporate the survey results obtained on March 22, 2016. Solutions provided aim to increase the company’s sales and market share in the State College area.



SWOT ANALYSIS

INTERNAL



EXTERNAL

{ SWOT INVOLVES SPECIFYING THE OBJECTIVE OF THE BUSINESS VENTURE OR PROJECT AND IDENTIFYING THE INTERNAL AND EXTERNAL FACTORS THAT ARE FAVORABLE AND UNFAVORABLE TO ACHIEVE THAT OBJECTIVE. (HUMPHREY) }

Figure 1: Definitions of SWOT analysis

Identified competencies that would differentiate the company's service from its competitors'.



Feedbacks from market survey that point out a direction for the next step in market expansion.

Hidden drawbacks within the operation that would place the business at a disadvantage.



Severe competition coming from both big and small players in the market.

{ STRENGTH }

One Menu has developed 5 core competencies that would differentiate its service from the competition, including *low delivery fee*, *consolidating orders*, *exclusive partnerships*, *coupon markets*, and *photo-stream menu*.



One Menu charges \$2 to \$3 for each pick-up. The range is 75% lower than what OrderUp offers. Unlike OrderUp or Ripepo, there is no delivery minimum required. The default tip percentage is 12%, which is also below the market average of 15%. Customers could benefit from a 50% deduction in total service fee if order with One-Menu.

CONSOLIDATE ORDERS

One Menu has formed the exclusive partnerships through featuring the vendors in the App. These vendors have agreed not to deliver through any other platforms. One Menu's new service line - *Bento Box Delivery* - enabled vendors to sell in bulks and offer more competitive price on overstocking items. This is a win-win strategy.

COUPON MARKET

One Menu lists photos of actual dishes from mixed vendors in a photo-stream. It encourages customers to pick foods before selecting a vendor. This increases the total number of pick-ups. It also allows customers to rate and review the dishes and share their comments. Photos are sorted base on partnership exclusiveness and ratings.

LOW DELIVERY FEE

Customers can order foods from multiple vendors in a single delivery. Foods are picked up by the same driver and delivered at the same time. Past orders can be re-added to the cart directly from purchase record, which greatly enhanced the user experience through fewer necessary clicks.

EXCLUSIVE PARTNERSHIP

One Menu is the only platform in the competition that offers restaurant-specific coupons. The coupons are automatically issued on qualified orders on a first come first serve basis. The discount has a fixed amount of 15% and has a cap amount of 150-250 issuance.

PHOTO-STREAM MENU

{ WEAKNESS }

One Menu's development is held back by the inefficiency in each step of its internal operation. The two critical bottlenecks are *marketing* and *technology*. There are also issues with the overall team structure that may cause instability.



Managed by the same person

Business Development is an indicator of management inefficiency. There are 175 restaurants available for take-out in State College. With 20 established partnerships, the market penetration rate is 11%, which is below the ideal range of 20-30% for the initial stage of expansion. The progress is also hindered by the lack of marketing efforts.

! **Absence of leadership who oversees all operations and plans. There is no hierarchy in the structure.**

Driver Management is the key determinant of customer satisfaction. Customers are experiencing difficulties in filing complaints due to the unclear way of responsibility recognition between the vendor and the driver. There is no direct way to contact the driver for a quick solution unless the driver calls ahead.

Optimization is the process of improving the user experience with the mobile application. Routine maintenance and minor adjustments in the information structure and interaction design have been conducted. The release date of each update depends on the urgency of the adjustments.

Managed by the same person

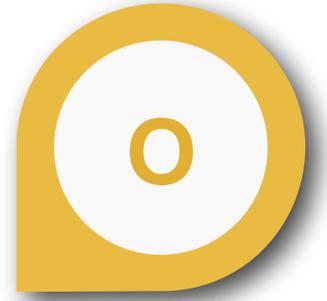
Marketing is a critical bottleneck in the progress of market expansion. There is not a specific role that dedicates to marketing operations. Updates on the Facebook page and Wechat accounts are managed by a random team member. There is not an official website for online marketing campaigns. Search engine optimization is yet to be implemented.

Accounting is managed on the level of bookkeeping. A documented report for investment pitching is yet to be issued. The company's performance needs to be backed up by strong financial indicators.

! **Only 3 out of 6 team members work full-time for the company. Many are foreigners who would require H1B visa sponsorship.**

Technology of the iOS application is supported by the personal investments of the founder. The company does not possess the technical capability to launch an Android application or a website portal. Customers will not receive an email confirmation for their orders. Deliveries can not be tracked online. The business hours of vendors are not shown on the first-level menu.

{ OPPORTUNITY }



The results of the market survey conducted in March 2016, with a sample size of 120 participants (Appendix 2), have been summarized as follow. Each result indicates an opportunity for improvement that would help to offset the external threats.

<p>Survey Question</p>	<p>What are some restaurants you would prefer delivery over dine-in?</p>	<p>Under what kind of circumstances would you tip more to the driver?</p>	<p>How long would you like to wait?</p>
<p>Survey Result</p>	<p>The new restaurant, Tokyo Hibachi, and restaurant that was not available for delivery, Big Bowl Noodle, were the most wanted diners on the list.</p>	<p>Participants tip more to the driver under bad weather, during holiday seasons and when Penn State wins in the football game.</p>	<p>Participants prefer waiting within an hour. They would call the service company or the restaurant if time has exceeded 1.5 hours.</p>
<p>Opportunity for Improvement</p>	<p>Partnerships that contain the greatest novelty and exclusiveness would be worth investing.</p>	<p>There would be greater demand and incentive for drivers to accept orders during specific seasons, which increases lead time and errors in order fulfillment.</p>	<p>A notification should be sent to the vendor if the lead time exceeds 1.5 hours. Frequent violation should reflect in the rating.</p>
<p>Survey Question</p>	<p>Have you ordered food with OrderUp? If so, what are some improvements you would like to see?</p>	<p>Do you feel the need to order from more than one restaurant in a single delivery?</p>	<p>What are some bad experiences you had with food delivery?</p>
<p>Survey Result</p>	<p>Among those who have ordered food with OrderUp (78%), many suggested lower delivery fee and greater delivery coverage.</p>	<p>Only 20% of the participants said they would order from more than one restaurant in a single delivery.</p>	<p>The most seen problems with food deliveries include wrong food, spilled drinks, and low response rate.</p>
<p>Opportunity for Improvement</p>	<p>A ladder-type pricing would be applicable to the delivery fee. Customers ordering from distant neighborhoods have more inelastic demand.</p>	<p>A cost audit is necessary to validate the efficiency of keeping the order consolidation service.</p>	<p>Failing to fulfill perfect orders should reflect on ratings of drivers and diners. A more direct and interactive channel for complaints should be given.</p>

{ THREAT }

The two major competitors, *OrderUp* and *Ricepo* are limiting One Menu's further expansion on three aspects, including established local customer base, stable investment returns and overlapped Asian target market.



OrderUp is an online food ordering franchise, started as Lion-Menus in 2002 which served State College, PA. (Zetlin) The founders relocated to Baltimore, MC in 2009 and formed Loca-UP to expand to additional markets. (Zaleski) In August 2014, the company announced a \$7 million Series A investment round focused on growing its technical team and expanding its delivery service nationally. (Waldman) OrderUp had sites in about 25 American cities and had launched a mobile application from which users can order food using Android or iOS devices. (Lawler)

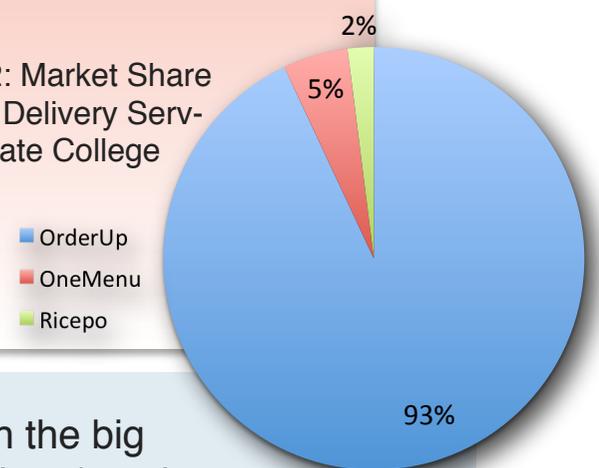


Ricepo is an on-line food ordering company registered in New York, NY. It is the biggest Asian food ordering platform in the North America. The company delegates its offline marketing operations to the regional partners who work with the local Asian ethnicity groups. Talents are sourced nationwide and they do not work closely as a team. Ricepo serves 8 university towns that have significant Asian customer bases.

Pressure from both sides



Figure 2: Market Share of Food Delivery Service in State College



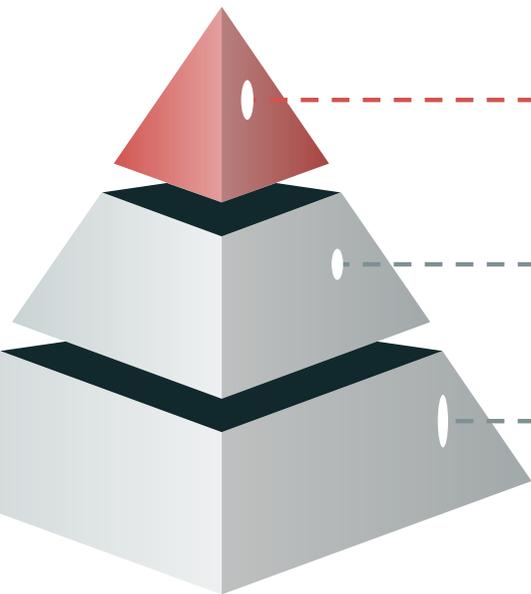
One Menu is receiving pressure from both the big market player (OrderUp - 93% of local market share) and the small player (Ricepo - 2%). Both companies have launched iOS and Android applications and established multiple sites across the nation. They are operating in a franchise/delegation model that allows the company to grow at a small marginal cost to the leadership team. At this point, One Menu is unable to compete on *investment* and *local customer base* with OrderUp, and its *targeting market share* is threatened by the expansion of Ricepo's business at Penn State. One Menu has to choose or incorporate the two paths showcased by its competitors - long-term capital accumulation in the local market as OrderUp or rapid increase in market coverage with light capital as Ricepo.

RECOMMENDATIONS

Our recommendations fall into three levels include *managerial*, *operational* and *marketing*. The issues are identified through the SWOT analysis and should be resolved from top to bottom. Reversed approach will compromise the long-term effect of the efforts made on the bottom levels. For instance, without an improved operational strategy, any efforts made on marketing would only yield temporary effect.

Recommendations on management include:

1. *Elect general manager*: the team needs a leader who oversees all operations and decisions for development. The person would be the spokesperson for investment sales pitching thus a profound understanding of the company's operation is a must.
2. *Clarify and reassign job duties*: team members can work closely but each needs a clear outline of what they are supposed to do for a specific role. This will help them to prioritize the important tasks and raise the overall efficiency.
3. *Measure progress and establish incentive*: project should be measured on progress using gantt chart. Deadlines for each project have to be enforced. Incentives are needed to encourage on-time delivery of results.



MANAGEMENT

OPERATION

MARKETING

Recommendations on operation include:

1. *Rating system for vendors and drivers*: mistakes in order fulfillment and complaints received should reflect in the rating for vendors and drivers. This will serve as a valuable record for partnership upgrade and shares on revenue in the future.
2. *Reverse supply chain*: a more interactive and direct channel for complaints and suggestions should be given. Customers should be able to reach a representative with a single phone call or text message. This will greatly enhance the customer satisfaction.
3. *Order confirmation and time limit notification*: the system loop should send an order confirmation to the user's email once the order is received and confirmed. A notification should be sent to the vendors if the order lead time exceeds 1.5 hours.

Recommendations on marketing include:

1. *Website and Facebook updates*: an official website is needed to increase the credibility in the company's image. Updates on the social media should be more frequent and up-to-date. Images should be processed to make the service more appealing.
2. *Encourage invitations*: consider giving out coupons of more value to the people who invite friends who would become active customers. Enlarge customer base through personal networks.

CONCLUSION

By taking the necessary actions, we should expect improved operation and higher customer satisfaction, which would result in more sales over the next few years. Some of the recommendations tackle the problems previously identified by the team, but the majority would help the company to expose its hidden glitches in the system. In the initial stage of troubleshooting, it is important to align the team's incentives to create a more time efficient, as well as cost-efficient company culture.

Actions should be taken in a timely manner due to the tightening competition and shrinking market space. Leadership should be decisive on the problem of whether to stay local or expand nation-wide.

APPENDIX

1. List of Partnerships (April, 2016)

Fuji Jade Garden	Mei Wei Ju	Underground Burger and Crepe
Kungfu Tea	Cafe Wow	Penang
My Thai	Golden Wok	India Pavilion
Big Bowl Noodle House	Tokyo Sushi and Hibachi	Penang Japanese Menu
Little Szechuan	Lychee Resto	
100 Degree Hot Pot	Pita Cabana Grill	
Tommy's Asian Grill	Zen Wings	

2. Market survey (March, 2016)

One Menu Customer Survey

*Required

What are some restaurants you would prefer delivery over dine-in? *

- Big Bowl
- Tokyo Hibachi
- Tadashi
- Kimchi
- Other: _____

How long would you like to wait? *

- Less Than One Hour
- Less Than One And Half Hour
- Depends on The Weather
- Depends on My Feelings
- Other: _____

Under what kind of circumstances would you tip more to the driver? *

- Bad Weather
- Game Day
- Holiday Season
- Personal Celebration
- Exam Weeks
- Never
- Other: _____

What are some bad experiences you had with food delivery? *

- Spread Drinks
- Wrong Food
- Terrible Service
- Low Response Rate
- Waiting Time Exceeds 1.5 hours
- Other: _____

Have you ordered food with OrderUp? If so, what are some improvements you would like to see? *

Your answer _____

Do you feel the need to order from more than one restaurant in a single delivery? *

Your answer _____

SUBMIT

Never submit passwords through Google Forms.

WORK CITED

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