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Who is the customer?
We expect our customers to be primarily independently owned restaurants unaffiliated with any franchise or chain. In addition, we will put special emphasis on new restaurants, since our research shows that most new restaurants fail within about 3 years. (See http://www.restaurantowner.com/public/302.cfm)

There are several reasons why this is a marketable solution:

- running a restaurant is very challenging
- that the owners or managers may not be experienced in running a restaurant
- The restaurants do not have an established customer base
- These restaurants (new and independently owned) do not have a tried and true model in place for restaurant efficiency

Is this a marketable solution?

This is a marketable solution for the following reasons:

- There is a need for our product because most restaurants fail shortly after opening and profit margins for restaurants are typically low
- Our product is priced attractively, being much less expensive than hiring another worker or hiring a consultant

There are a few caveats that we need to be aware of and work around wherever possible.

Firstly, numerous studies show that the restaurant business can improve efficiency in several cases:

http://www.news.cornell.edu/Chronicle/03/1.23.03/restaurant.html (CU report shows how to boost restaurants' efficiency, improve profits)

http://cqx.sagepub.com/cgi/reprint/40/3/31 (A simple measure of restaurant efficiency)
Here are a few key points to be aware of:

- The restaurant business is cut throat and concerned with the bottom line. Like the CPI project in the past, this may limit us to high-end restaurants that can afford such a system.
- Restaurant managers and their subordinates are very busy. If our product requires a lot of manual input of restaurant data, they may be less likely to buy it. Introducing automation into the system with sensors, RFID’s, etc. or anything that will cut down on manual data entry will be good.

**What do we envision the best-case marketing solution?**

The “Marketing mix” consists of the following four components that we should take into consideration:

- **Product**: Restaurant AI system to improve restaurant efficiency. Restaurants should expect efficiency gains of 1% per AI iteration by using the system. This system will take into account inventory, customer turnover, physical area usage, and more factors. This is a service-based system where we deliver algorithm updates and software directly to the customer for a monthly fee.
- **Price**: $100 per month is affordable for our target market and allows us to break even within 2 years if we meet sales goals. It is much, much cheaper than hiring a new worker.
- **Place**: We can use many different types of media to market to customers. We can use direct mailings, Internet placement (Google Ad sense), e-mail marketing, and where appropriate and possible site visits to restaurants. We should target potential customers based primarily on who we think would be most likely to be able to afford the cost of this system.
- **Promotion**: By using early customers as “early adopters” and beta testers we can, with their permission, advertise potential profit and efficiency gains of X% using our system (no guarantees!) as well as include testimonials. We will primarily target new restaurants and restaurants that are unaffiliated with any chain or franchise model, as these are at the greatest risk of failure and do not have a good model in place for restaurant efficiency.
SWOT Analysis

This shows the favorable and unfavorable forces involved in solving our problem.

**Strengths:** Good quantifiable problem, solvable with software alone, can be distributed at reasonable costs.

**Weaknesses:** Low-margin business (restaurants), restaurants unwilling to believe software can improve their business

**Opportunities:** potentially provide full-scale integration of ALL existing recorded information in a restaurant. Improvements of profitability of restaurant, never been done before. Our solution will have potential for use in other domains.

**Threats:** Competition, restaurant’s unwillingness to spend money on this

### Competition

This matrix shows similar products that are already available on the market, and shows that our solution plans to incorporate all of these factors into one solution.

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Interest Survey

This survey is designed to analyze our target market to see just how many restaurants are willing to purchase a system like ours at our target price point. This survey could also generate sales leads for when we plan to start actively marketing our product.

Results of our survey
Responded = 98
Have system in place = 7
Are not interested = 56

Conclusion of survey
We have concluded that there is a market to the problem.

• 36% of 900,000 = 324,000 target restaurants.

• 3% buy a one year contract = $1.2M per year income
Break Even Point

This graph shows that revenues will steadily increase while our expenses remain constant. We are projected to break even about 2 years after our product is available for sale.