

AMB359

Strategic Marketing Audit

UberEATS, Brisbane



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Executive Summary.....	3
1.0 Introduction.....	4
2.0 Customer Analysis.....	4
3.0 Competitor Analysis.....	5
4.0 Market/Submarket Analysis.....	8
5.0 Environmental Analysis and Strategic Uncertainty.....	9
5.1 Technological Trends.....	9
5.2 Consumer Trends.....	9
5.3 Government/Economic Trends.....	9
5.4 Strategic Uncertainty.....	10
6.0 Preliminary Strategic Options.....	10
7.0 References.....	11

Executive Summary

The Uber Strategic Marketing Audit is a close analysis of the current market environment for intermediate online food delivery services such as UberEATS (UE) in Brisbane. The Strategic Marketing Audit has been prepared ahead of the launch of UE in Brisbane and will present two preliminary strategic objectives in order for the firm to succeed in its entry in this new market.

Firstly, the two primary target segments were identified as the most profitable and sustainable in the customer analysis - the **Young Professionals** and the **High-end Restaurants**. The **Young Professionals** represent the service receiving segment and the **High-end Restaurants** represent the service offering end segment.

A competitor analysis also revealed two direct competitors, Deliveroo and Foodora and three indirect competitors, Menulog, Eatnow.com and Delivery Hero. Using the Competitor Strength Grid it was revealed that UberEATS was the only direct competitor to utilise drivers and vehicles for distribution.

The market and submarket analysis revealed that the overall market is relatively attractive due to promising growth. More specifically the emerging submarkets that were revealed were, vegetarianism, alcohol delivery and utilising the existing app as a search and discovery tool for consumers.

The environmental analysis also revealed technological, consumer and government trends. Self-driving vehicles, a growth in vegetarianism and lone households and current food standards were all discussed.

Finally the two most strategic uncertainties were identified as technological unpredictability and economic uncertainty - both of which had a high level of impact.

As a result of the Strategic Marketing Audit, two preliminary strategic objectives were identified. The first recommendation advised that leveraging the firm's current logistic capabilities will enhance its value proposition and the later suggested submarkets are to be deeply explored and considered prior to finalising partnerships and app developments.

1.0 Introduction

After its great success in the United States, UberEATS (UE) is expanding its global market share and establishing its brand name in the Australian and soon to be Brisbane market. The mobile application specialises in the online food service delivery market as an intermediary service that aims to bridge the gap between restaurants and consumers. This strategic marketing Audit aims to analyse the current market environment and identify preliminary strategic objectives for UE.

2.0 Customers Analysis

As UE is an intermediary service, the customer analysis had to identify two segments. The first segment analyses the App users on the service receiving end. Whereas, the second segment identifies the service offering end. The **Young Professionals** segment were the most profitable and sustainable segment due to their disposable income, proximity to the service availability area and need for takeaway food on demand. Similarly, the **High-end Restaurants** were the most profitable and sustainable due to their location and willingness to trial other casual trends in order to generate more growth (IBISWorld, 2016a).

Young Professionals

Demographics

- 20 - 34 years of age
- Female and Male
- Professional occupation (Australian Bureau of Statistics (ABS), 2011a)
- Never married (ABS, 2011a)
- Lives or works within 5km of CBD (UberEATS, 2016)
- 26.9 per cent have a Bachelor Degree (ABS, 2011a)
- Median income of \$53, 592 (ABS, 2011a)



- Walks or uses Public Transport to commute to work (ABS, 2011a)

Psychographics

- cooking is an unnecessarily time-consuming chore. Would rather save the hassle with easy-to-prepare food or takeaway (Roy Morgan, 2016a)
- Values sense of community (McCrindle and Wolfinger, 2009)
- 51 per cent are heavily influenced by their peers (McCrindle and Wolfinger, 2009)
- Owns a smartphone (Sensis, 2016)
- Consumes little to no meat (Roy Morgan, 2016b)
- Visits a Quick Service Restaurant at least once a month (EMMA, 2014)
- Lacks the confidence to cook (EMMA, 2014)

Digital Activity

- Access to broadband connection (ABS, 2011a)
- Accesses social media at least once a day and most active after work (Sensis, 2016)
- Social media is accessed predominantly in the home, work or on public transport (Sensis, 2016)
- Social network sites include, Facebook, LinkedIn Instagram and Snapchat (Sensis, 2016)
- Uses a smartphone to access social media (Sensis, 2016)

Unmet Need

- The need for more vegetarian options on delivery (Roy Morgan, 2016b)

High-end Restaurants

Demographics

- Well established and trendy restaurant reputation
- Small non-franchise businesses
- Minimum 4 star google ratings
- Location within 3-5km of the CBD



Psychographics

- willingness to embrace new casual trends in order to drive growth opportunities (IBISWorld, 2016a)
- Innovative and forward thinking business strategy

Digital Activity

- 60% of hospitality businesses use social media (Sensis 2016)
- Social media presences are amongst the highest for small businesses in QLD (Sensis, 2016)
- 83-90% of businesses advertise on social media (Sensis, 2016)
- Average social media budget is \$7,457 (Sensis, 2016)

3.0 Competitor Analysis

In order to identify the competitors within the intermediate online food delivery service market, the customer-based approach was used. The direct UE competitors are Deliveroo and Foodora and their indirect competitors are Menulog, Eatnow.com and Delivery Hero.

UE's direct competitors currently possess most of the key assets UE acquired, as seen in Table 1 below. However, the most fundamental key asset they do not possess are Drivers and vehicles which is critical to improved service quality.

Table 1: Competitor Strength Grid

Key Assets	Strength	Weakness
Technology (App)	UberEATS, Foodora, Deliveroo	Eatnow.com and Delivery Hero
Restaurant partnerships (data)	UberEATS, Foodora, Deliveroo	Eatnow.com and Delivery Hero
Drivers and vehicles	UberEATS	Foodora, Deliveroo, Menulog, Eatnow.com and Delivery Hero
Capital	UberEATS, Foodora, Deliveroo	Menulog, Eatnow.com and Delivery Hero
Global brand name	UberEATS, Foodora, Deliveroo	Menulog, Eatnow.com and Delivery Hero

The perceptual map as seen in Figure 1, demonstrates the clear divide in competitors against two variables - fast service and high-quality restaurant partnerships. This indicates how UberEATS is perceived as a high service quality provider which is indicative to customer loyalty, satisfaction and patronage (Wirtz, Lovelock & Chew, 2012).

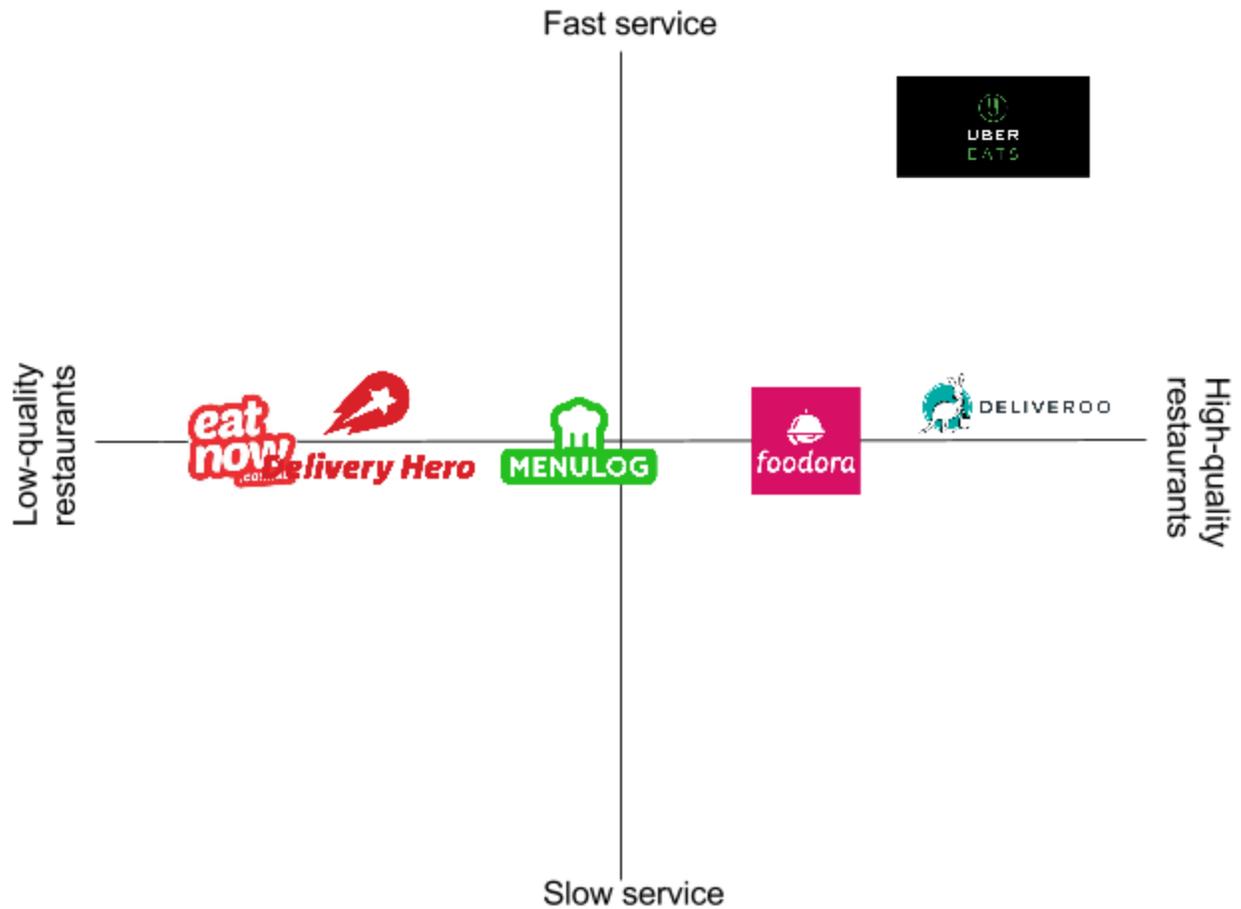


Figure 1: Perceptual Map

4.0 Market/Submarket Analysis

The intermediary online food delivery service market in Brisbane is an attractive market due to the small number of direct competitors. In addition to this, the market growth as seen in Table 2, is expected to increase in Queensland. Trends and developments also mentioned in Table 2 indicate that there is a strong consumer trend towards vegetarianism and that technological advances may replace human drivers. This leads to the submarket of offering more vegetarian options and potentially alcohol in order to gain further market share.

Table 2: Dimensions of a Market/Submarket Analysis

Emerging submarkets	<ul style="list-style-type: none"> • Australians are 'eating less meat these days' and majority live in capital cities (Roy Morgan, 2016b). Restaurants recommended to revisit their vegetarian menu options (Roy Morgan, 2016b). • Alcohol delivery • Another potential submarket to pursue is the emergence of restaurant apps such as Zomato and Yelp. The UE's app could also serve a second purpose for users to utilise as a search and discovery app due to their collation of restaurant data.
Actual and potential market and submarket size	Approximately 2 key competitors and 3 supplementary competitors. Consumers turning to delivery options is expected to grow by 2.6% over the next 5 years (IBISWorld, 2016a).
Market and submarket growth	Current market in a early growth stage. This is due to the increase of Queensland restaurants and density population (IBISWorld, 2016a).
Distribution systems	Both cars and bicycles are currently used as primary distribution systems (MenuLog, 2016; Deliveroo, 2016).
Trends and developments	<ul style="list-style-type: none"> • Vegetarianism is set to rise. 9.9 million Australians are 'eating less meat these days' (Roy Morgan, 2016b). • Australians enjoying share foods (EMMA, 2014) • Technological advances may replace the driver model, similar to DRU the autonomous delivery vehicle (Dominos, 2016).
Key success factors	<ul style="list-style-type: none"> • Effective cost controls (IBISWorld, 2016a) and ethical employee standards. • Ability to change goods in order to match current consumer tastes (IBISWorld, 2016a).

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| | <ul style="list-style-type: none">• The ability to remain technologically current in order to maintain service quality (IBISWorld, 2016b). |
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5.0 Environmental Analysis and Strategic Uncertainty

5.1 Technological trends

UBER Headquarters has recently investigated the technological opportunity of self-driving vehicles to replace human drivers. This transition into new technology could severely reduce distribution costs for the firm. The US division has indicated that the cost savings could be up to \$1.05 (USD) per Mile (Bloomberg, 2016).

5.2 Consumer trends

Roy Morgan (2016b) research revealed that vegetarianism is expected to rise. This consumer trend presents an opportunity for UE to introduce a submarket of vegetarian options to meet this consumer need (Roy Morgan, 2016b).

A burgeoning demographic trend is lone person households, which are projected to increase by 2.2 per cent each year (ABS, 2010). This demographic trend presents another opportunity as consumers may be more inclined to dine in compared to dining out alone.

5.3 Government/Economic Trends

The current safe limit for food transportation is less than 2 hours in Australia (Australia New Zealand Food Authority, 2001). However, if a additional time constraint regulations were to be imposed, it could potentially threaten the firm's distributions systems and limit the amount of area the firm could service.

Of other particular importance is the current economic climate in Australia. Since 2011, income per capita has fallen by 3.7 per cent which demonstrates a larger fall than that experienced during the Global Financial Crisis (McAulley, 2016). This forecast is indicative of a recession and how disposable income may significantly decrease in the short term. Thus, it is imperative for the firm to consider budget constraints or new marketing programs (Aaker, 2013, p.81).

5.4 Strategic Uncertainty

The two major strategic uncertainties that appear as inherently unpredictable are technological advances and the current Australian economic climate. Firstly, the technological advances of competitors suggests a high level of immediacy and impact. The possibility of competitors investing and investigating the possibility of new technologies could pose a large risk for the firm. Thus, it is recommended that resources are expended in order to gather information and stabilize the uncertainty in this area (Aaker, 2014, p. 86).

Secondly, the impact of economic uncertainty suggests a low level of immediacy, however a high level of impact. A pessimistic scenario relative to this economic uncertainty could be the economic trend of lower disposable income and consumers spending habits may become elastic due to the dire economic environment. Thus, it is recommended that monitoring of the economic environment is analysed further and contingencies are developed (Aaker, 2014, p.86).

6.0 Preliminary Strategic Options

Logistic Capabilities as Value Proposition

In order to gain a sustainable competitive advantage into the Brisbane, intermediate online food delivery service market, UE must consider leveraging its current logistic capabilities to enhance its value proposition. Primary research revealed that competitors that utilised cars as their delivery system failed to maintain a high level of service quality. Thus, by effectively communicating the brand's current logistic capabilities achieved with Uber, UE can effectively position itself as a reliable provider (Aaker, 2014, p.116). In addition, exploration into the the technological advances of self-driving vehicles could compliment this strategy further.

Explore Submarkets

Particular focus should be made towards servicing the submarket of emerging vegetarians and alcohol delivery. As identified in 2.0 and 4.0, Vegetarianism is increasingly rising and few competitors are offering alcohol delivery. Thus, it is recommended that UE considers such submarkets when finalising partnerships and app developments.

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