AMB359

STRATEGIC MARKETING REPORT

UBEREATS

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Contents

1.0 Executive Summary

This report analyses UberEATS's external environment that includes the target audiences' psychographics and consumer behavior. UberEATS's competitors are also identified and analysed based on their strengths and weaknesses that would potentially be threats to an UberEATS launch in Brisbane. The research indicates there is a high opportunity for UberEATS to expand in Brisbane, due to an increase in demand of food delivery services. The industry is discussed in further detail in the market market/submarket section. In addition, a PESTLE analysis is examined to identify any challenges that may occur for UberEATS Brisbane.

Strategies will be suggested in part 3 of the report according to the SMART objectives stated. Relevant marketing theories is incorporated in the strategies suggested for achieving these objectives. They are sub-categorised into creating advantages, value proposition and building and managing brand equity and relationship. Lastly, the budgeting demonstrates an estimation of the cost of the strategic options that are proposed for UberEATS Brisbane.

2.0 Analysis

2.1 External and Customer Analysis

The lifestyles of young professionals are becoming increasingly fast paced, with leisure time diminishing. This time poor demographic are most likely to use UberEATS as they are looking for convenience. According to Ice, (2016), UberEATS and restaurant partners are planning on utilising Uber's current customer network. 70% of Uber users are between 18 - 34 years of age, this demographic will therefore serve as UberEATS primary target audience (Roy Morgan Research, 2016). Consumer behavior research demonstrates that this age group is tech savvy, health conscious and predominantly in the workforce. This is evidence that they have the disposable incomes to afford such a convenience (Williams & Page, 2010). Considering that not all of Uber's primary user demographic will adopt UberEATS, consumers from 35 - 49 years of age should be considered as the secondary target audience. Partnerships previously made in Melbourne and Sydney by UberEATS have been with high end restaurants. Replicating this here in Brisbane would be the best strategy to facilitate service to mid-high income professionals.

Customer characteristics	Consumers from 18 – 22 y/o	Consumers from 23 – 34 y/o	Consumers from 35 – 49 y/o
Psychographic	Technology- reliant Hyper aware of their surroundings Future focused Realist Prefers graphics than texts (Desjardins, 2014)	Technology-savvy Image conscious Focused on the present and future Optimist Prefers texts than images (Dawn B. Valentine Thomas L. Powers , 2013)	Produced the 1990's dot.com stars Intensively private Values their family first Pessimistic, skeptical Prefers texts than images (Andersone, 2014)
Demographics	Teenagers and young adults	Young adults Occupies 26% in the workforce	Middle aged adults Occupies 35% in the workforce

	Within a decade they will comprise 12% of the workforce Gen Z Unmarried Unskilled High School and University (Collier, 2016)	Gen Y Majority are married Small to medium sized family Highly educated Building experiences and skills University (Collier, 2016)	Gen X Married Small to medium sized family High educated Skilled workers (Collier, 2016)
Benefit sought	Seek for better quality or healthier options in purchases (Merriman, 2016)	Seeks for stability, would always go for the best to suit their needs, not brand loyal (Regan, 2004)	Puts their family first before themselves (Thielfoldt & Scheef, 2004)

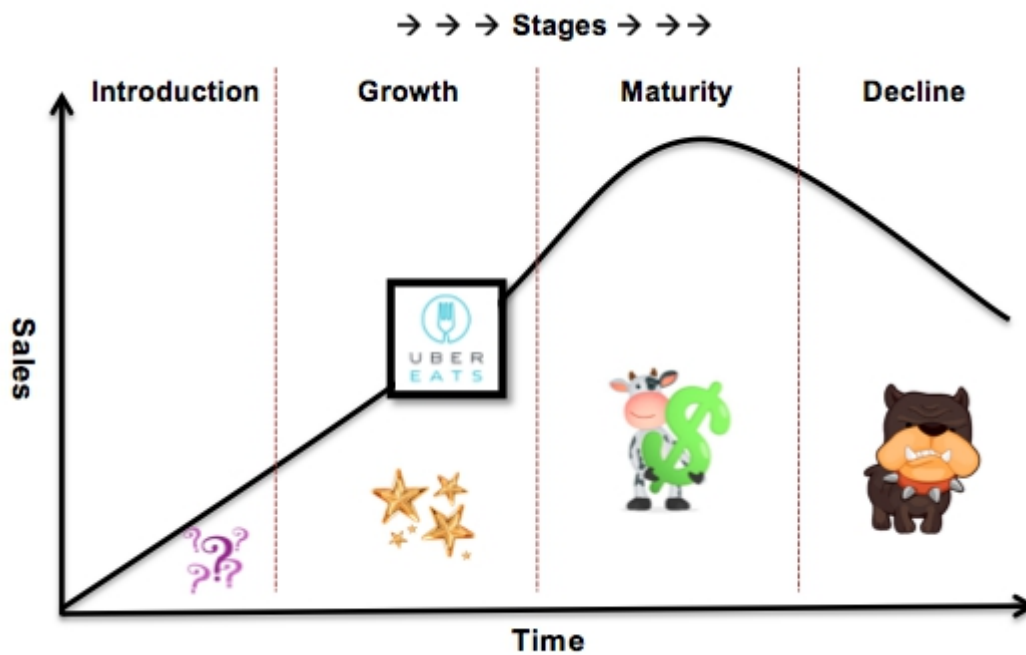*Table 1 – Segmentation of Target Audience*

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2.2 Competitor Analysis

Figure 1: UberEATS's BCG positions throughout the Product Life Cycle

Based on figure 1, market entry for UberEATS would fall into the mid to late stage of the growth cycle. This indicates rapid growth and high levels of competition for UberEATS's launch into Brisbane. Menulog is currently a direct competitor of UberEATS's, parallel to UberEATS in terms of business model and objectives. Menulog is dominating the industry with 1.4 million active consumers nationally (RNS, 2015). After achieving first mover advantage in 2006, Menulog has grown rapidly to become Australia's' most popular food delivery service (Freed, 2015). Their merge with EatNow early this year has enabled Menulog to achieve an estimated 5,500 restaurant partners nationally (Swan, 2015). Additionally, notable competitors such as Deliveroo, Foodora, Delivery Hero and Dominos all have similar business models, yet are marketed differently to UberEATS. For instance, Menulog and Delivery Hero possess a different positioning strategy compared to UberEATS, promoting value for money fast food options that are often not healthy options. Whereas, UberEATS targets high-end customers who value product quality (Marketing 4 Restaurants,

2016). Further comparisons with UberEATS's competitors are shown below on Figure 2.

Nevertheless, UberEATS holds a strong competitive advantage that can outweigh competitors. Uber has a huge and growing customer database from its ride-share service, to which direct marketing can be executed toward. Moreover, the Uber brand is known by many people all around the world. Consequently, Uber has attained strong customer interest, desire and action towards the brand. These factors significantly influence UberEATS's strategies to achieve their objectives during the Brisbane launch.

Key Dimension of Quality in comparison to UberEATS	DELIVEROO	foodora	Menulog
Network of food outlets	✓ UberEATS	✓ UberEATS	= UberEATS
Delivery time & operations	✓ UberEATS	✓ UberEATS	✓ UberEATS
Customer service Responsiveness	= UberEATS	= UberEATS	✓ UberEATS
Sophistication of application	✓ UberEATS	✓ UberEATS	= UberEATS
Range and variety of food choices	✓ UberEATS	= UberEATS	= UberEATS

✓ UberEATS – Advantage over UberEATS

= UberEATS – On par with UberEATS

Figure 2: Key Dimension of Quality in comparison to UberEATS

2.3 Market and Submarket Analysis

Threat of New Entrants	Low – Despite the rapid growth in this sector, the food delivery industry is close to reaching a mature stage on the Product Life Cycle. Prior to UberEATS's entrance to the food delivery industry in Brisbane, increase of competition will be inevitable. Thus, the threat of a new entrant is unlikely to happen (Magner, 2016).
Threat of existing firms	High – There are a number of big players that exist in the market. Considering UberEATS's late entrant to the industry, existing firms do pose a formidable threat due to their acquired customer base and brand equity in the market.
Threat of Substitute products/ services	Medium – While UberEATS's current business model is reliant on the use of Uber drivers, future services planning to substitute drivers are already being explored and tested by rival firms. These consist primarily of unmanned transportation methods such as 'nuTonomy' driverless cars (Asian Scientist Newsroom, 2016).
Bargaining Power of Customers	High – Customers are given a wide range food delivery services conveniently from the palm of their hand. This empowers customers with a very high bargaining power to choose the service that suits their preferences.
Bargaining Power of Suppliers	Medium – Due to UberEATS's having strong brand recognition, developing a relationship with Uber will be beneficial for restaurants, as it can potentially increase sales. Additionally, given that UberEATS provides an entire delivery process and fleet to suppliers, they benefit from an extension of business resources.

Table 2: UberEATS Porter's Five Forces Analysis

2.4 Environmental Analysis and Strategic Uncertainty

Factor	Analysis
Political	Considering that Australia has been ranked as amongst the top 25 stable political environments in the world, domestic and international investors can be assured that the risk of political issues interfering UberEATS's launch in Brisbane is fairly low (HABC, 2016).
Economic	According to economic speculations, Australia will most likely head into a recession in 2017 (Mukhopadhyay, 2016). This may affect customer's purchasing power. However, this will impact all competitors equally and UberEATS can take necessary precautions by designing a suitable pricing strategy. Given that home delivery is cheaper than dine-in (Elder, 2016), implementing a suitable strategy might even increase sales than expected.
Social	Below are some predominant motivators of using UberEATS: · I'm hungry and don't want to go out · I prefer the interaction involved in a delivery experience · I prefer the options available in a delivery experience These consumer insights all indicate that a preference for convenience is one of the major motivators amongst the UberEATS target audience (CSD Staff, 2015). Due to an increasingly energetic Australian workplace, seeking out speed and convenience in purchasing behaviour is a growing trend (Michael, 2006).
Technological	Fully autonomous taxi services are already operating on a small scale in Singapore. All operations of these cars can be fully controlled by passengers' mobile phones (Ackerman, 2016) This may be a major change to the market if UberEATS ends up being a late entrant to this service.

Table 3: UberEATS's PESTLE Analysis

UberEATS faces strategic uncertainty in regards to the consistency and quality of restaurant cuisine. The food quality and services provided by UberEATS's partners will impact the brand directly, as it reflects on the Uber brand value and image. It is therefore essential for UberEATS to partner with restaurants that will best represent the Uber brand value.

2.5 Strategic objectives

1. Obtain 50% market share of the food delivery service industry in Brisbane within the next 6 months.

2. Increase both social media engagement and sales growth by 10% per month through a marketing campaign that will be implemented over 3 months from 1st Nov 2016 to 31st January 2017.

3. Have 70% of Brisbane's population serviceable by the end of January 2017, with continued plans to increase partnerships for further coverage in the future.

3.0 Execution Strategy

3.1 Creating advantage

A competitive advantage is a particular set of characteristics that a firm possesses that offers a desirable edge over competition (Wagner & Hollenbeck, 2014). Common factors that are attributed to a competitive advantage consist of quality products or services, cost structure, distribution network and intellectual properties (Peteraf, 1993). (Eden & Ackermann, 1998) state that sustainable competitive advantage is underpinned by three main strategic philosophies consisting of Strategic Commitment, Strategic Opportunism, Strategic Adaptability. A firm must commit to opportunities once identified and adapt business practices to stay ahead of competition. An example of such is the recognition of the healthy eating trend and consumer submarkets associated yet to be specifically targeted by rival brands. A first-mover advantage is likely if UberEATS were to tap into this market.

A competitive edge should be identified and accounted for in financial planning as a means to develop sustainable competitive advantages. To maintain an advantage over competitors it is essential that the businesses in a technology based industry are structured to promote innovation (Niehaus & Price, 2012). Statistics show that customers buying technology based goods and services hold a much higher regard for innovative equipment and processes (Johnston & Marshall, 2016). This would suggest UberEATS commits to a strategy that prioritises continuous optimisation of the application. This would involve streamlining procedures to create a user friendly, automated system. The goal is simplifying the process of buying food and having it delivered.

Another key competitive advantage discovered in the analysis is the assets and competencies that Uber currently holds within the transportation industry. UberEATS already possesses brand recognition amongst its target audience prior to its launch in Brisbane. The company has access to large customer base that are already familiar with the Uber brand. This strategic opportunity will cut costs associated with launching as UberEATS can be marketed as a new service from a reputable company, rather than an entirely new firm. This advantage is also pivotal in establishing relationships

with desired food suppliers, as they are more likely to be interested in affiliation with a respectable brand.

3.2 Value proposition

With its Brisbane launch, UberEATS will be entering a saturated marketplace with multiple competitors. Entering a market such as this is known as a Red Ocean Strategy. Firms adopting this strategy attempt to get advantage over competitors by employing strategic points of differentiation (Kim & Mauborgne, 2005). To execute this strategy successfully, UberEATS will need to maintain parity with competitors while providing unique value from the customer's perspective.

According to Aaker (2014), the most successful strategies represent an integration of several value propositions which are feasible, relevant, and sustainable. While using individual tactics like providing free delivery during launch can offer a significant advantage over competitors, they do not create a sustainable long-term strategy. To maintain the advantage generated by tactics like these, UberEATS needs to offer both real and perceived value to its customers over the long term. From the perspective of the customer, the primary attributes of UberEATS that provide value over its competitors have been analysed in Table 4 below.

Ease of Use	A simple to use app as well as the instant payment through a customer's Uber account is a huge benefit, especially for a service that customers seek out for its convenience. Existing customers of Uber will also have immediate, instant access since the one account can be used across Uber's entire product range.
Brand Strength	Most points of difference can be copied by competitors, however having a branded differentiator makes this very difficult. Uber is becoming a globally recognised brand, which is a strong foundation for growth for new products like UberEATS.
Region Coverage	With the exception of Menulog, competitors of UberEATS only service a small area around Brisbane's CBD. UberEATS has a huge potential to utilise its existing systems to service any region where Uber drivers are already operating.

Table 4: Customer focussed value propositions

If UberEATS' launch is going to be successful, these three attributes should be the primary points of difference to secure an advantage over competitors. In the long term, they should be focal points for development in order to increase that advantage and promote growth.

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3.3 Building and managing the brand equity and relationship

The ideology behind Uber's business strategy has provided a strong foundation for its brand awareness and identity. The Uber platform empowers the public to be either a consumer or a supplier and is leading the way in technologically powered convenience (Marsden, 2014).

The Uber company vision and business objectives have resonated with many contemporary consumers, generating strong brand loyalty. Consequently, UberEATS marketing strategies can be directed at existing customers, reducing lead generation costs and setting a barrier against competitors (Aaker, 2014). The following UberEATS brand associations in Table 5 below are proposed to form the core identity of UberEATS and the foundation for this campaign. In developing a strong arsenal of brand assets, these associations aim to build upon existing Uber brand awareness and drive brand loyalty for UberEATS.

Element of Core Identity	Brand Associations
Quality	Fresh ingredients Reputable restaurant partners Well trained delivery drivers Inspected delivery vehicles Policies for food temperature control and handling
Convenience	Quick delivery Numerous delivery drivers & cyclists Simple and appealing app layout Frictionless payment Personalised accounts Support available
Diversity & Value	Broad range of options Cheap options available No minimum order Affordable delivery

	Food options categorized logically
	Filtering options available
Organizational Intangibles	Global platform
	Young and energetic brand personality
	Trend driver
	Relevant and modern consumer orientated
	Understanding of pop culture
	Technologically advanced and innovative
	Stimulates the local economy
	Defining its product category

Table 5: UberEATS brand associations

A proof point or a strategic imperative should support brand associations and in particular, the elements of the core identity (Aaker, 2008). UberEATS already has a considerable competitive advantage by having access to the extensive network of Uber users and drivers. This contributes to the strong bargaining power UberEATS has in forming partnerships with local restaurants and cafes. These relationships offer great potential synergy as UberEATS can diversify its offering while local businesses can tap into a substantial pool of customers. As UberEATS is in a position to partner with many reputable restaurants, this represents a proof point for both the dimensions of Quality and Diversity. For UberEATS, speed is at the core of convenience. UberEATS must strategically plan to continuously fine-tune its operations so that meals are delivered fast. By developing standards around this dimension of the service, UberEATS are upholding their identity as convenient for consumers.

Uber itself invented an entirely new product category and has since been world renowned as technologically advanced and innovative. A perception therefore exists that Uber is an organisation that emphasises organisational intangibles in its business strategy. To maintain and enhance this as a core identity aspect, UberEATS intends to drive trends within the online food delivery industry. This will enable UberEATS to stay relevant as an entrant into an existing market (KPMG, 2013).

A focus on innovation and technological sophistication also serves as an expression of company culture and values, aiming to motivate staff and business partners. These associations related to organisational intangibles formulate a key component of the UberEATS brand essence.

4.0 Budget

Budget activity - 3 months	Promotional activities
$25,000	Outdoor billboards (APN outdoor)
$25,000	Public transport advertising –buses CBD (APN Outdoor)
$50,000	Online advertising (50% Facebook and 50% Google Adwords for the first month. Allocate budget proportionately based on performance in months 2 & 3)
$25,000	Promotional discounts ($10 off next meal when a friend signs up using your promo code)
$20,000	Instagram influencer endorsements
$35,000	Launch event – Promoted through App and social media.
$10,000	Prize/ competition funds
$60,000	Funds set aside to inject into the most successful advertising mediums based on figures.

Table 6: Three month budget allocation

Shown in Table 6 above, the campaign budget emphasises a heavy use of outdoor advertising on the relatively small serviceable area UberEATS will deliver to. Billboards, public transport and taxi advertising are traditional forms of media that place the product in the forefront of consumer's minds (Bhargava, Donthu, & Caron, 1994). This will ideally target inner city workers, many of who regularly purchase lunch in the city.

As the system of service is entirely through an application, online advertising over popular social media sites is also ideal for targeting consumers with the goal of facilitating online conversations and word of mouth. Online advertising is useful in that its effectiveness is monitored with click-through conversion rates (Plummer, Rappaport, Hall, & Barocci, 2007). The launch event and competitions are set up purely to raise customer awareness and attract media attention. Roughly a quarter of the campaign budget will be set aside to inject into the channels that perform successfully based on milestone goals and consumer engagement.

5.0 Conclusion

As a new entrant in an existing market, UberEATS has the advantage of being able to do an analysis of the current environment before they enter the market. This report has identified the opportunities and advantages that UberEATS has when executing its market entry strategy. It was found that UberEATS can create competitive advantage and facilitate growth by utilising their core strengths. These include: brand strength, existing systems and networks and a passion for innovation, among others. A budget for a 3 month campaign was created to propose how UberEATS could allocate funds to best achieve their strategic goals. It is important that the recommended strategy remains flexible so that UberEATS can plan for the future, seize opportunities and respond to any unforeseen threats.

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