

Red Lobster Case

History:

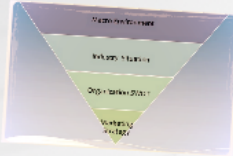
Founded in 1968, in Lakeland, Florida by Bill Davidson, offered quality seafood for an affordable price making it accessible to the average consumer.

Trend setter of many great things. From the first national seafood distribution system in the 1970s, that created an important aspect in terms of competition, to the being the first company that used computerized point of sale.

The first casual dining chain on national scale in the USA.



Current Situation: Challenges



- Major Challenges:**
- Changing demographics
 - Increase in Asian & Hispanic population
 - Unstable pricing
- Industry Situation:**
- Increased competition (Sushi, Indian)
- Operational Situation:**
- Increasing demand
 - Stalled at 40% for "resilience"
 - Stalled at 40% for new food restaurant
- Marketing Strategy:**
- Support existing product development to "reinvigorate"

Suggestions:

- Getting feedback to target to the customer needs better at all.
- They are providing basic about the food but need to have different menu and more options based on health in general of health food as well as possible.
- No more on brand building the current other brands campaign, instead research for other brands that have been effective in getting new and existing manager for customers.
- Market research of environment in pricing, analysis of the best segments and to Red Lobster use price sensitive.
- We are now expanding with the competition the remaining restaurants, on an immediate basis.



Marketing Strategy:

Prior-2004: Focused on extensive price promotions to drive traffic.



Post-2004: Emphasis on fresh and premium products with clear branding.



A new opportunity?

- In 2008, Red Lobster commissioned a study to discover some psychographic segments, customers or potential customers.

- The study revealed a new group described as "expendable" that spent about 20% of the average income. The results suggested that Lobster management.



	Expendable	Mid-Upper	Full-Upper	Upper	High
% of total population (18-49)	24%	14%	11%	7%	2%
Annual household income	\$3	\$5	\$7	\$10	\$15
Average credit per year	\$1,100	\$1,500	\$2,000	\$2,500	\$3,500
Percent alcohol	15%	8%	5%	3%	1%

Source: The Nielsen & Kantar Study Group, Inc. (2008). Red Lobster Case Study. Available at: <http://www.redlobster.com>

Should the expenditure be our new target audience?



Should we change how we present?

In making price an option?

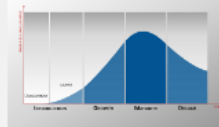
A Plan of Action:

1. Research Customer: Analyze the market to determine the needs and wants of the target audience. This includes understanding the demographic and psychographic characteristics of the target audience.
2. Analyze the Competition: Identify the strengths and weaknesses of the competitors. This includes understanding their marketing strategies and positioning.
3. Develop the Marketing Strategy: Create a marketing strategy that is tailored to the target audience and the competitive environment. This includes determining the marketing objectives and the marketing mix.



Lifecycle:

Red Lobster's life cycle has reached the mature phase. The market is saturated, and Red Lobster's market share has not increased. Seafood has become easily accessible. There is much more competition.

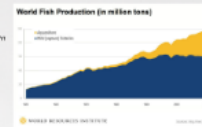


External Environment:

- Increase in aquaculture trend, led to decline in the price level of some types of seafood.

- The world's sea products increased between 25-50% between 2000 and 2008, dropping prices from \$4 to \$2 dollars per pound.

- Salmon aquaculture increased significantly as well. From 20% in 1990 to 65% in 2008. Bringing prices from \$4.50 to \$1 per pound.



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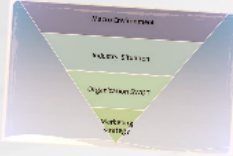
Red Lobster Case

History:

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- Found better of many great things. From the first national seafood distribution system in the 1970s, that created an important asset in terms of competition, to the being the first company that used computerized point-of-sale.
- The first casual dining chain on national scale in the USA.



Current Situation: Challenges



- Macro Environment:**
- Changing Demographics
 - Increase in Aquaculture production
 - Unstable pricing
- Industry Structure:**
- Increased competition (Swordfish)
- Organizational Situation:**
- Increasing equipment
 - Stalled at 4th in "Specialty"
 - Lower sales and lower margins
- Marketing Strategy:**
- Importing product appearance to "fresh frozen"

Suggestions:

- Getting the focus to target to the operational level of staff.
- The focus on pricing has shifted to thinking about how lobster price and other prices have changed in relation to the whole world as well as possible.
- No action on food taking the current other factors (equipment, demand) that other factors have been effective in getting the pricing message to customers.
- Without movement of advertising in pricing, a lot of the the agencies owned by Red Lobster are price sensitive.
- We do not seem to be working with the marketing of the existing restaurants, on a national scale.

A new opportunity?

- In 2008, Red Lobster commissioned a study to uncover some psychographic segments of potential customers.
- The study revealed a new group described as "opportunity" that consisted 20% of the existing clientele. The results surprised Red Lobster management.



	Opportunity	Millennials	Generation X	Boomers	Gen. Y
% of total population	20%	18%	15%	12%	10%
Age range (years)	18-34	35-50	51-65	66-80	18-34
Average annual income	\$35,000	\$28,000	\$22,000	\$18,000	\$25,000
Home ownership	15%	25%	35%	45%	10%

Source: The Nielsen & Co. Study Group, Inc. (2008). Red Lobster's new target audience: the opportunity group. Retrieved from www.redlobster.com

Marketing Strategy:

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Post-2004: Emphasis on fresh and premium products with clear branding.



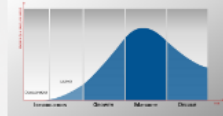
A Plan of Action:

1. Analyze the current market conditions and identify the key challenges and opportunities.
2. Develop a clear and concise marketing strategy that aligns with the company's overall business goals.
3. Implement the marketing strategy through a series of targeted campaigns and initiatives.
4. Monitor and evaluate the results of the marketing efforts, making adjustments as needed.



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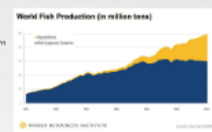
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External Environment:

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History:

- Founded in 1968, in Lakeland, Florida by Bill Darden.
- The Red Lobster brand positioned itself as a restaurant that offered quality seafood, for an affordable price making it accesible to the average consumer.
- Trend setter of many great things. From the first national seafood distribution system in the 1970's, that created an important asset in terms of competition, to the being the first company that used computerized point of sale.
- The first casual dining chain on national scale in the USA.





Red Lobster



**WARM UP
WITH OUR
SEAFOOD GUMBO**

From 5 locations in the first 2 years

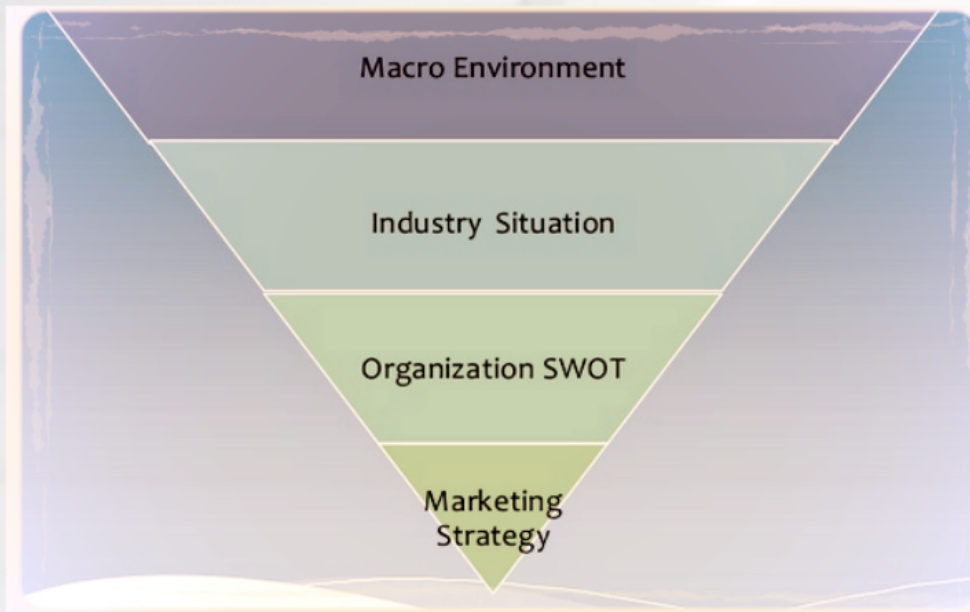


To 400 locations in 1985



And 694 locations in 2010

Current Situation: Challenges



Macro Environment:

- Changing demographics
- Increase in Aquaculture production
- Unstable pricing

Industry Situation:

- Increased competition (direct/indirect)

Organization Situation:

- Becoming stagnant
- Stalled at 64% for "excellence"
- Viewed as a low end sea food restaurant

Marketing Strategy:

- Repositioning product appearance to "fresh not frozen"