

AN OPPORTUNITY STUDY OF A  
HEALTH FOOD RESTAURANT IN HONG KONG

by

CHEUNG FUNG-YAN, GRACE (張鳳欣)  
CHUI LAI-MING, DAWN (徐麗明)

MBA PROJECT REPORT

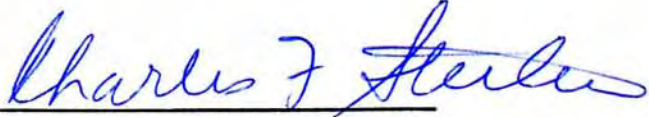
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DR. CHARLES F. STEILEN

(Advisor)

UL

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thesis

TX

911.3

M27C53

1993

DR CHARLES STEIN

(Address)

## ABSTRACT

Nowadays, people have become more aware of the nutritious value of the food they eat. This paper aims at constructing a marketing plan for a health food restaurant in order to meet the consumers' needs of healthy and nutritious diets.

The macro and micro environment is analysed first in order to give the readers a basic understanding to the restaurant business.

In the macro environment, it is observed that simple government regulations, low bank savings rate, substantial growth in GDP, the trend towards healthy and convenient eating are all favorable to the growth of restaurant business. Although constant labor shortage and the high inflation rate are the potential threats, opportunities still outweigh them and make the restaurant business a desired venue for investment.

For the micro environment, this industry has low entrance barriers while being highly competitive. Since many substitute products are available, at the same time the bargaining power of both buyers and suppliers are only moderate, the key of success for a new entrepreneur is on a smart positioning and the right marketing strategies.

The environment analysis has helped the authors to identify three groups of target customers. They are: the office workers, tourists and post-secondary students. They are selected because they either have profound needs for health food, or they are prone to innovative products.

Then, this project described the consumers' attitude towards dining in restaurants. It is found out that good taste always come first, which matches the traditional Chinese culture. Hence, it is recommended that the proposed restaurant should provide tasty and



healthful dishes.

The key elements towards the marketing mix of the existing restaurants are examined. Individual owners have ranked product and place as the most important success factors. If the restaurant can sell highly differentiated products while having a good location, there is better chance for success.

Based on the research findings, the authors have devised the marketing plan for this health food restaurant.

The products sold is of a large varieties, aim at providing food from breakfast to supper. Salads, soups, main course, desserts and beverages are all listed in the menu. The restaurant is a self-service one which tries to provide convenient and reasonable priced food to the customers.

At the initial stage, the pricing strategy of this restaurant is a match-the-market approach. The range of prices are set analogous to the competitors.

For promotion, a three-tier campaign is suggested. Pre-opening and on-going promotion are good supplements to the whole promotional campaign. Added with grand-opening advertising, the entrepreneurs aim at catching the customers attention, and at the same time providing education to the consumers about the concept of healthy eating.

Next comes the sales force strategy. Suggestive approach will be used by all sales staff. The rationale is that customers will have different needs, therefore the staffs should provide them with tailor-made service.

The restaurant is intended to locate at a high traffic area. Causeway Bay is the desired region since adequate supply of commercial space is expected there, and on the



other hand it is an elegant shopping area in Hong Kong, which will attract high volume of customers.

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The final part of this project is a discussion of financing and the method of control. A control system is needed so as to act as guideline for the implementation process, and it enables the entrepreneurs to take corrective measures if necessary.

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The first part of the book is devoted to a general discussion of the nature and scope of the business plan and its role in the management of the enterprise. It also discusses the various types of business plans and the factors that influence their development.

In the second part of the book, the author discusses the various components of the business plan, including the executive summary, the market analysis, the financial statements, and the management team.

With a focus on the financial aspects of the business plan, the author discusses the various methods of financing a business and the factors that influence the choice of financing.

The final part of the book is devoted to a discussion of the role of the business plan in the management of the enterprise. It discusses how the business plan can be used to monitor the performance of the enterprise and to make adjustments as needed.



## PREFACE

Although technological breakthroughs have grown in an enormous pace, food is still an essential part for human livings. As a consumer in Hong Kong, one must have the experience of dining inside restaurants.

The more one eats, the more he or she indulges in finding quality and delicious food, thus creating a dilemma for the city dwellers. Modern food often includes artificial flavorings and additives, which are some causes for diseases. Hence, when one eats more, the higher the possibilities of exposing to illness.

Is there a way to balance between diet and health? Restaurants that provide healthful food to human beings may be the solution to this problem.

With analysis on the existing restaurant business, the authors aimed at structuring a marketing plan for this kind of health food restaurant.

The first part of this project is a discussion on the factors that will affect the restaurant business, while the second part deals with the proposed marketing campaign and other related issues. Consequently, the plan to realize this health food restaurant is formulated concretely.

## ACKNOWLEDGEMENTS

We are fortunate to have an excellent supervisor, Dr. Charles F. Steilen, whose suggestions and perspective have helped overcome many obstacles along the way. Without his help, this project could not have been completed.

In particular, we are most grateful to the following people who have provided professional advice about the restaurant and health food industries. They are: Miss Daisy Hung from the Sweet Dynasty, Mr Wong Wing-on from the Congee Restaurant, the various staffs at China Jump, Top Dog, Art of Chinese Dim Sum, Health Shoppe and Oliver's Super Sandwich.

Further thanks goes to those anonymous people who have come to our focus group. They have shared with us some precious information towards this subject. Their support and comments have formed the basis of this study.

This list is almost surely incomplete. It is not possible to say enough about the caring and enthusiasm of these people. We thank each of you very much.

## CHAPTER I

### INTRODUCTION

With the abundant varieties of food in Hong Kong, food shortage is never a problem. In fact, Hong Kong is often praised as the "Food Paradise" in the minds of most people.

Recently, people have been concerning about the quality of food consumption rather than the quantity. There is a trend in that people tend to aware of the nutritious value of the food they eat. Books, magazines and articles from journals are convenience reference for these trends. Local specialists such as doctors and dietitians have written many articles on this topic in response to the growing demand for healthy eating.

It is a worldwide trend that people nowadays pay more attention towards their body shape and weight. Obesity is a big problem for the city dwellers.

Hong Kong provides a wide choice of restaurants: Italian, French, American, Japanese, Vietnamese, Thai, Malaysian, Cantonese. Even Indian cuisine can be found throughout every corner in Hong Kong. The majority of restaurants provide food concentrate on meats with plenty of artificial additives. Despite the fact that vegetarian food is served, oil is used to a great extent in order to compensate the lack of meat. For most people, it is not easy to find a restaurant which serves purely health food for their meals.



Health food such as green salad bar, fresh fruit, oil-free food are widely available in the US and Europe, however, there is not much in Hong Kong. Since healthier eating is a worldwide trend, and this is no exception in Hong Kong, it is believed that there is room for growth in this market.

### Objectives

The primary objective of this project is to formulate a marketing plan for a health food restaurant. The mission of this restaurant is to convey a "health message" to the general public.

Specific objectives towards the health food restaurant are as follows. First, this project will study the market environment of the restaurant industry in terms of market profile, competitors' profile and customer profile.

Second, the factors of success for the restaurants industry and the key elements in the marketing plan of a restaurant will be analyzed.

Third, based on our findings, a marketing plan will be devised for the health food restaurant in terms of the following areas: product and service strategy, pricing strategy, promotion strategy, sales force strategy, as well as distribution strategy. Areas on financing and budgeting, implementation and the control system will also be covered.

## Report Organization

"Health Food" in this project is defined as food that is naturally made, with low content of artificial additives and colorings; less oil, low-salt and low-cholesterol. This includes fresh fruits and vegetables, lean meat and raw substances.<sup>1</sup>

To prepare a thorough marketing program for the launching of the new health food restaurant, this paper will focus on four sections which are tightly linked together so as to give the readers a clear picture on the market condition and the restaurant business.

The first part of this project will discuss the macro and micro environmental forces that influence the restaurant industry. Then, an analysis on the customer profile is depicted, which will help to identify the key elements in the marketing plan of a restaurant.

The second part will deal with the methodology in collecting market information. The information is the input for devising the marketing plan.

The third part is essentially a summary of research findings. The findings would be further refined to single out the important aspects for formulating the marketing program of the new health food restaurant.

The fourth, and the final part, will be a detailed breakdown of the marketing program which consists of product strategy, pricing strategy, promotion strategy, sales force strategy, and distribution strategy. These functional areas should work interactively. For the business plan, more specific issues as related to financing and budgeting will be

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<sup>1</sup> This definition is generated from the result of the focus group which is conducted during February 1993.

discussed. To ensure the plan is implemented properly, a set of control mechanisms is suggested at the latter part of the study.

It is expected that through such an organization, readers can efficiently follow the themes and reasoning of the report.

To start with, the following chapter would deal with the environmental scanning, which includes the analysis of the opportunities and threats of market, conditions of competitors and the characteristics of customers.

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<sup>2</sup> The model of environmental analysis is presented in the following figure.  
Michael E. Porter of Harvard University



## CHAPTER II

### MARKET PROFILE : OPPORTUNITIES AND THREATS

The ever-changing environment provides constant opportunities and threats to the restaurant business.

Under the macro-environment, all business firms no matter big or small, will be affected by the political-legal, economic, technological and social forces.

Within the micro-environment of the restaurant business, five basic competitive forces will influence the opportunity for growth. They are the threat of new competitors entering the industry, the intensity of rivalry among existing competitors, the threat of substitute products or services, the bargaining power of buyers and the bargaining power of suppliers.

Here, the market opportunities and threats for the restaurant business will be analyzed and examined under the context of the macro-environment and the micro-environment.<sup>2</sup>

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<sup>2</sup> The model of environmental analysis is based on the framework laid by the famous Professor Michael E. Porter of Harvard University.

## Macro-environment Analysis

Generally speaking, the macro-environment forces are not under the direct control of the individual companies. Particularly for our newly setup business, the chances for it to influence the environment is so small that it is in a position totally affected by the external environment. The political-legal forces, economic forces, technological forces and the social forces have played a significant role for the birth of a health-food restaurant.

### **Political-legal Forces**

#### Political Environment

Although the political scenario has long been an uncertainty over the past few years in Hong Kong, one can see a gradual change in the attitude of the Chinese government to favor a more open investment environment. As the development of the special economic zones and the coastal cities proceed, it has strengthened Hong Kong's position in the eyes of the PRC government.

After the June 1989 Tiananmen Incident, Hong Kong's future looked bleak. Today, with significant increments of wealth in South China, and acceleration of economic reforms on the Mainland, even the skeptics are turning bullish about Hong Kong's post-1997 future.



The participation of Hong Kong companies in China's modernization and the direct involvement of Chinese enterprises in Hong Kong's economy have greatly enhanced the confidence of multinationals around the world in doing business with and investing in China.

As the political environment becomes more stable, the climate for investment in the restaurant business is more favorable. Good business opportunities induce more business dealings as well as social functions. It has long been a tradition for the Asians to make business deals inside restaurants.

### Government Regulations

In Hong Kong, to start a restaurant is not a difficult task in terms of government regulations. For those restaurants who do not sell liquor, they only need to apply for licenses through the Urban Council.

The procedure to apply for a license is that the owner of the shop should first look for a suitable premise. He or she should ensure that the location is of legal status, is of good lighting and ventilation, has adequate water supply and a drainage system. At the same time, the owner should check with the premise contract to see if there is any obligation against the establishment of a restaurant.<sup>3</sup>

After the above procedures are completed, the owner should prepare the floor plan and then submit it to the Urban Council. The application will not be considered successful unless there is approval from the Urban Council, Fire Services Department, and the Building and Lands Department. If the premise is located inside a public housing estate, it will have to be inspected by the Housing Authority too.

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<sup>3</sup> Source of regulations: Anonymous, Hong Kong Catering Year Book 1990/91, 1992, p. 242.



However, the above procedures do not equally applied to restaurants which sell liquor. The Liquor Licensing Board of the Urban Council is responsible for the granting of liquor license. When the authority receives an application, the District Administration Office would first inspect the suitability of the premise for being a place to sell liquor. Then, the application would pass to the Police to investigate the license applicant. If there is no problem, the applicant is asked by the Liquor License Authority to post public advertisement in order to see if there is any objection from the community.

Indeed, the whole application process will last from three months to two years. Due to the uncertainty of timing, it has been a traditional practice for some restaurants to sell liquor before they have acquired proper licenses.

The tragedy of Lan Kwai Fong on the New Year's Eve of 1992 created further trouble to the application of liquor license.<sup>4</sup> The authority becomes aware of the potential problems in bars and lounges. As a result, rules of the liquor licenses are tightened. Petrol checks the premises more frequently in order to see if the restaurant owners have proper licenses.

Recently, the best-known fish and chip emporium Harry Ramsden's has become the latest casualty for the liquor license issue. In early February 1993, the Police has banned Ramsden's for serving liquor since its license is still being considered by the Urban Council. This has been fatal since the mounds of haddock and chipped potatoes has to be served with the vast quantities of local brews and imported Tetley's bitter.

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<sup>4</sup> At the New Year's Eve of 1992, thousands of people rushed to Lan Kwai Fong where parties and celebrations were held in different bars and lounges. Unfortunately, eleven people were found dead because too many people staying at too narrow the street. Those people were killed simply because they were stepped on by others. After this accident, the government decided to tighten the rules regarding bars and lounges.

Compared with the unlicensed outlets in the Kowloon Panda Hotel, the Police did not take any action since they regarded the hotel as "a well run and managed place".

Another outlet which has fallen to this dilemma was the China Jump in Causeway Bay. Its application for a liquor license was rejected by the Liquor License Board in January 1993. It was really a dread for China Jump as its main attraction come from the barmen twirl bottles while making cocktails. For an outlet whose running costs was HK \$1 million a month, this was an absolute disaster.<sup>5</sup> The liquor license was finally approved on March 17 1993. The whole application lasted for seven weeks and had made China Jump lost between \$4 and \$5 million in revenue.<sup>6</sup>

In short, the application procedure for restaurant licenses is simple but the ambiguous policy for liquor license application pose a threat to the restaurant business, especially at a time when the crowds do not know how the authority define the term "well run and managed" premise.

## Economic Forces

### Gross Domestic Product

Gross Domestic Product (GDP) is an important economic indicator in Hong Kong. A growth in GDP generally produces a healthy economy in which businesses find increasing demand for their outputs because of rising consumer expenditures. On the

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<sup>5</sup> C. Chapel and B. Porter, "Inflation back in Double Figures after Early Festival", South China Morning Post, February 14 1993.

<sup>6</sup> Glenn Gale, "Causeway Bay Bar Jumps off the Wagon", South China Morning Post, March 18 1993.



other hand, a decline in GDP will reflect reduced consumer expenditures and lower demand for business outputs.

The GDP per person in Hong Kong, in terms of money, rose by an incredible 246 percent from 1982 to 1991. Peak year was 1987 when the average leapt nearly 22 percent. In real terms the output, if shared out equally, would have risen 64 percent. For the year 1991, per person output of all goods and services was valued at HK \$110,000. The median household income was HK \$132,000 a year.<sup>7</sup>

Meanwhile, the conservative Asian Development Bank has estimated a 5.8 percent in the real growth rate of Hong Kong. Driven by South China's surging economy, the forecast has shown that there will be a 6 percent growth in 1993. A prosperous run-up to 1997 and beyond is then expected.<sup>8</sup>

Implicitly, a predicted growth in GDP indicates that there is an increase in the spending power. Hence, opportunities abound for the established and new businesses.

### Interest Rates

Short- and long-term interest rates significantly affect the demand for products and services. For instance, low short-term interest rates are particularly beneficial for retailers such as restaurants and supermarkets because low interest rates encourage consumer spending.

In Hong Kong, the bank savings rate is 1.5 percent per annum. Such a low interest rate will stimulate the desire for immediate consumption.<sup>9</sup>

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<sup>7</sup> Alan Chalkley, "The Dynamic Decade", Hong Kong Business, July 1992, pp 32-46.

<sup>8</sup> T. Hamlett, "The Rise of Recreational Shopping", Hong Kong Business, July 1992, pp 18-19.

<sup>9</sup> Hang Seng Bank Limited, Hang Seng Economic Monthly, January 1993.



On the other hand, the best lending rate is 6.5 percent in 1992. Compared with the 8.5 percent lending rate in 1991, it fosters a more favorable investment environment for retailing business.<sup>10</sup>

For the restaurant business, the year 1993 will definitely be a golden opportunity for growth and prosperity. Consumers are more willing to spend while the investors get easy access to the funds to start up business. The only thing that is needed now would be: to what kind of restaurant should the money be invested into.

### Inflation Rates

High inflation rates generally result in constraints on business organizations. They boast various costs of doing business such as the purchase of raw materials and parts, as well as the wages and salaries of employees. Consistent increases in inflation rates will constrict the expansion plans of business and cause the government to take action that slows the growth of the economy.

The Consumer Price Index (Category A), the Government widest measure of inflation, was 10.1 percent in January 1993. This figure is higher than the previous twelve months. The Hang Seng Consumer Price Index, which measures spending by higher income earners, also rose to 10.1 percent in January 1993.<sup>11</sup>

One of the reasons for the emergence of double-digit inflation is the growing economic integration in China. Since the trade with our Chinese partners had put extra

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<sup>10</sup> Hang Seng Bank Limited, Hang Seng Economic Monthly, January 1993..

<sup>11</sup> Anonymous, "93 Consumer Price Index", South China Morning Post, February 23 1993.

strain on the service sector in Hong Kong, it caused severe shortages of labor which had in turn pushed up wages.

It is estimated that the inflation is expected to flatter around the 10 percent mark for the rest of 1993.<sup>12</sup> The escalating inflation rates will result in an increasing operating costs for businesses. This has caused hardship for many companies, especially those which have to face stiff competition. It also poses a threat to the restaurant owners for they have to face higher operating costs, and an increasing lump sum for the salaries of employees.

### Labor Shortages

Manpower is extremely essential for servicing industry since it is labor-intensive.. While robots may replace human beings at some stages of work in the manufacturing industry, full automation in the servicing industry is rather inapplicable at the present stage. Since no two human beings possess the same feelings and have the exact needs, the service offered should be tailor-made to every individual in order to best suit their needs.

Hence, for a restaurant to be successful, it should attract high caliber of staffs, for they will be the greatest asset.

A low unemployment rate means a tight labor market. Recently, the shortage becomes a controversial issue in Hong Kong. The unemployment rate at the last quarter

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<sup>12</sup> This estimate is pinpointed by Dr. Richard Wong, Head of the School of Economics in the University of Hong Kong (Anonymous, "93 Consumer Price Index", South China Morning Post, February 23 1993).



of 1992 was 2.0 percent.<sup>13</sup> Some servicing industry like the banks have begun to hire overseas labor instead.<sup>14</sup>

In respect of such shortage, the management may consider the option of employing overseas. However, at the present stage, many of the big servicing enterprises adopt a wait-and-see attitude. The overseas labor may need more time for training in order to be familiar with the local people's attitudes and behaviors. In return, the cost of training incur to extra operating costs.

## Technological Forces

### New Product Introduction

Technological forces include scientific improvements and innovations that provide opportunities and constraints or threats for businesses. However, the rate of technological change varies considerably from one industry to another. In the electronics or computer industry, for example, change is rapid and constant. In contrast, for industry like restaurant, the change is slow and gradual.

Despite the slow pace of change, it does not mean that restaurant business has been stagnant in Hong Kong. The ways that Hong Kong people eat and the methods of cooking have undergone a period of gradual change.

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<sup>13</sup> Hang Seng Bank Limited, Hang Seng Economic Monthly, January 1993.

<sup>14</sup> Reported from the television program "News Magazine" (新聞透視), TVB Jade Channel, dated February 27 1993: the turnover rate for the tellers of the Hong Kong and Shanghai Banking Corporation in 1992 was 20 percent. It has turned to recruit the college graduates from Guangzhou in place of the local F.5 and F.7 graduates.



Fast food industry has been earning big money in Hong Kong. Indeed, at the time of 1993, it has reached the post-flood stage of worrying about the health effects of too much greasy food.

Hamburgers, pizzas, spaghetti and cookies are all widely available, not only in the tourist areas but also in the more distant housing estates. Japanese style fast food of the more down-market varieties is also universally available.

Hong Kong people have become more and more receptive to new and innovative products. There are lucrative opportunities for restaurants who try to sell new style of cuisine from other parts of the world.

### Automation

The process of automation in the making of dishes will enable economies of scale. This refers to the decline in unit costs of a product or service that occurs as the absolute volume of production per period of time increase.

The fast food industry in Hong Kong has employed this technique for a number of years. Places like McDonald's, Fairwood, Cafe de Coral produced their food in a centralized base, in return having greater flexibility in cost control, packaging and sourcing of raw materials.

Recently, some types of restaurants, which stress tailor-made service traditionally, have started to employ the automation technique. Hsin Kuang Restaurant, St. Honore Cake Shop and Ah Yee Leng Tong (阿二靚湯)<sup>15</sup> are three apparent examples. Take the

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<sup>15</sup> "Ah Yee Leng Tong" is a chain restaurant owned by the Cafe de Coral Group. It sells Guangdong dishes in lower to medium price.

Hsin Kuang Restaurant as an example, the dim sum is mass produced in some centralized processing centers instead of being made in their own kitchens. Then, for Ah Yee Leng Tong, which is a Cantonese restaurant, it serves standard recipes to all customers.

Although automation in the restaurant business enjoys the advantages from economies of scale, the quality of the standardized food may not satisfy the need of individual customer. Therefore, for small scale restaurants, serving customized product will be a competitive advantage over the large scale restaurants.

## Social Forces

### Eating Healthily and Naturally

"Returning to basic" is a fundamental principle to people nowadays. Instead of eating meat, people tend to choose vegetables and fruit more often. The natural food which are without additives are welcomed by a large group of people.

Restaurant customers tend to pay more attention towards health and nutrition, and the consumption of fresh fruits and vegetables is increasing dramatically. Consumers nowadays are more sophisticated and will accept a nutrition-sensitive menu. They are demanding, too. The menus must not only be nutritious, but have to be light, flavorful, creative, and eye-appealing.<sup>16</sup>

Even McDonald's restaurant is responding to this fast-moving consumer trend. In the summer of 1992, the American McDonald's restaurants have added healthful menu

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<sup>16</sup> Anonymous, "Nutrition: The Marketing Edge", Restaurant Business, June 10 1992, pp 38, 40.



items. For example, the McLean Deluxe, a 91% fat-free hamburger, was introduced in America.<sup>17</sup>

Particularly in Hong Kong, many scholars keep urging the issue of health-consciousness. In one article, it is reported that although Hong Kong people do not know much about the nutritional value about food, their attitudes towards this school of thought are positive and educational. They need a more systematic and pragmatic approach towards the art of eating healthily and naturally.<sup>18</sup>

Food producers and restaurants will reap great profit if they can respond to this consumer trend accurately and quickly.

### The Rise of Working Women

Around the world, the number, status and buying power of working women have been growing. Not only expanding in power, their rights within the families have also developed. Working women are becoming more and more independent and important to the economic improvement of family.

Hong Kong is no exception to this phenomena. Within the recent decade, the family and marriage patterns of the people have been changing. Reported in the Hong Kong 1991 Population Census, the female labor force participation rate<sup>19</sup> increased in all age groups, except for the age group 15-19 and the older age groups 50 and over. The

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<sup>17</sup> Promotional pamphlets as taken from the McDonald restaurants in Hawaii, Los Angeles and Chicago during summer 1992.

<sup>18</sup> K. S. Lee, "The Change of Eating Habits upon Hong Kong People", Ming Pao Daily, October 20 1992.

<sup>19</sup> The term "participation rate" here is defined as the percentage of female involve in the working force, either on a full-time or part-time basis.



increase was very significant among those in the prime working ages 20-49<sup>20</sup>, and they are the backbone of the society.

As shown in the Hong Kong Social and Economic Trends 1980-1990, there is a general increase of working woman from 1980 to 1990, starting from the age group 20-24 to the age group 50-54.<sup>21</sup> The summary result is reproduced in Appendix I.

Working and non-working women have different emphasis in their consumption. Convenience, quality and health should be stressed more if the products are geared towards the working wives. When comparing the two groups, working wives seem to dislike shopping than non-working wives.<sup>22</sup>

Working women tend to have less time to do their jobs of housewives and/or mothers. For the consumption of food, they may prefer more convenient type, for example, prepared food, since they do not have the time to make all dishes by themselves. Moreover, Hong Kong housewives tend to shop fresh food from the market stalls everyday. The working women may have difficulties in doing so since they have numerous roles to perform (for example, mother, wife, and office manager) simultaneously.

Absolutely, the marketers for food should pay attention to this growing sector of the population in response to their changing needs.

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<sup>20</sup> Hong Kong Census and Statistics Department, Hong Kong 1991 Population Census: Summary Results, 1992, pp 9-15.

<sup>21</sup> Hong Kong Census and Statistics Department, Hong Kong Social and Economic Trends 1980-1990, 1991, pp 12-16.

<sup>22</sup> Jensen, Rao and Hilton, "Working Versus Non-working Wives' Psychographic Profiles: A Longitudinal Analysis", Journal of Business Research, December 1989, pp 255-265.

### Decline in the Manufacturing Sector

Traditionally, the largest industrial sector in Hong Kong has been manufacturing. The shift of emphasis from manufacturing towards service and financial sectors in recent years creates different needs for the workers.

Manufacturing is a kind of labor-intensive work. The diets for those labor should provide physical energy in order to sustain their working abilities. Hence, food that has high concentration of fat or starch are welcomed traditionally. When the labor composition changed to emphasize more on office work, those kinds of food may be excessive. The continuous absorption of excessive nutrition will result in obesity and deterioration of people's health.

The Hong Kong 1991 Population Census found out that in 1991, 28 percent of the working population was in manufacturing. This figure was markedly lower than the 41 percent in 1981. The share of employment under the sector of "Wholesale, retail and import/export trades, restaurants and hotels" increased modestly from 19 percent in 1981 to 23 percent in 1991. On the other hand, the share of employment in the "Financing, insurance, real estate and business services" sector in 1991 was more than doubled than that of 1981, which went up from 5 percent to 11 percent during the past ten years.<sup>23</sup>

The main reasons for the decline in manufacturing sector are of many. The high operating costs and inflation and growing competition from other developing countries are some of the obvious drawbacks for Hong Kong manufacturing industry, whereas the rapid growth in external trade recently has provided the underlying conditions for the service sectors to flourish and diversify. Of particular note is the rapid growth and

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<sup>23</sup> Hong Kong Census and Statistics Department, Hong Kong 1991 Population Census: Summary Results, 1992, pp 9-13.



development in finance and business services, including banking, insurance, real estate, and a wide range of other professional services.

A worth-noting point is that the working habit of Hong Kong workers has changed. They will prefer more healthier diets to meet their occupational needs.

### Summary

The preceding sections have examined a few of the important macro-environmental forces that affect the restaurant business. It is observed that the political issue of 1997 is not that critical to our target business, while high inflation rate and labor shortage are identified as more crucial threats.

On the other hand, simple government regulations, low bank savings rate, substantial growth in GDP, and significant social trends towards healthy eating will create favorable opportunities for restaurant business.

Macro-environmental forces influence the operations of all firms in a general manner. In the next section, the micro-environment forces within the restaurant industry are discussed. This set of forces will directly and powerfully affect the strategic business plan of a restaurant.



## Micro-environment Analysis

The industrial forces of the potential entrants, level of competition among the existing firms, threats of the substitutes, the bargaining power of buyers as well as suppliers, will all work together to influence the health food restaurant directly. Opportunities and threats exist at the same time within this business.

## **Barriers to Entry**

As new competitors appear, the productive capacity of the whole industry expands. Unless the market is growing rapidly, a new entrant will intensify the fight for market share, thereby bidding prices down and lowering industry's profitability.

If there are high barriers, the threat of entry are reduced. Barriers here include the degree of product differentiation, capital required, and the access to distribution channels. Below is an analysis of the restaurant business based on the above factors.

### Product Differentiation

Established firms may enjoy strong brand identification and customer loyalties that are based on actual or perceived product differences, customer service, or advertising. Hence, new entrants must spend a considerable amount of money and time to overcome this barrier.

Examining this issue in the context of the restaurant business, the consumer can easily differentiate the image between McDonald's, Pizza Hut or Cafe de Coral. McDonald's is a fun and clean place selling good quality and reasonable priced products. At Pizza Hut, the consumer is expecting a time with friends and eat tasty pizzas. Whereas at Cafe de Coral, quick Chinese-style meals are expected by ordinary customers.

For a newly set-up restaurant, selling unique products will lead to a clear framework for the niche-differentiation strategy. Unless the firm competes with exceptionally low cost, some degree of differentiation is preferred by the customers.

The climate here is favorable to the new restaurants. As there are enormous kinds of cuisine and the people's taste is ever changing, customers will prefer innovative gourmet which in turn encourages the growth of new outlets.

### Capital Requirements

The need to invest large financial resources to compete creates another type of entrance barrier. Fortunately, the need for capital is not so big for one to set up a new restaurant. The major expenses will come from the rent and furnishings, which may account for nearly 80 percent of the initial investment.<sup>24</sup>

Take an example of the capital requirement of a newly established restaurant:

Name:	"Congee" Restaurant (滿粥)
Location:	North Point, Hong Kong
Rent:	HK \$244,000 (3-month deposit, and 1-month down payment)
Furnishings:	\$800,000 (including air ventilation)
Inventory:	\$160,000
Equipment:	\$250,000
Miscellaneous:	\$ 30,000
Cashflow:	\$ 70,000
<b>Total Investment:</b>	<b>\$1,554,000</b>

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<sup>24</sup> Anonymous, Gastronomic Journal, October 1992, p 49.



As it is clear, the rent and furnishings account for nearly 70 percent of total investment.

### Access to Distribution Channel

Many well established restaurants may already have occupied excellent and attractive locations. Traditionally, new entrants are forced to create new distribution channels in order to compete with the existing giants. However, the restaurant industry is not like that. Hong Kong people always enjoy dining out. It is estimated that there are 2,000,000 person-time dining in the restaurants every day.<sup>25</sup> As people scatter around different districts, it means that restaurant in every district will have business opportunity.

Location is important in the sense that the shop is easy to be reached by customers, so as to get a better chance of success.

## **Intensity of Rivalry Among Existing Competitors**

### Different Competitors

Competition is intensified when one or more of the firms in an industry sees the opportunity to improve its position or feels competitive pressure from others. The intensity of competition depends on a number of interacting factors. One factor is the

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<sup>25</sup> Anonymous, Hong Kong Catering Year Book 1990/91, 1992, p 31.

number of companies in the industry and how equally balanced are they in terms of size and power.

For the restaurant business, big and small competitors exist simultaneously. The big ones are the fast food chains since they have many outlets. At the same time, small competitors can also earn a living by either selling sophisticated products or having a remote location. Customers may go for seafood to places as far as Lamma Island, Cheung Chau, Sai Kung or Lei Yue Mun.

In the management school of thought, the strategy that the individual restaurant depends on will be the niche-differentiation strategy.<sup>26</sup> This strategy is most appropriate for business units that produce highly differentiated, need-fulfilling products or services for the specialized needs of a narrow range of customers or a market niche. For the dining out business, consumers will have very different needs for the choice of restaurants. Some will rank by taste, while others may choose by location.

Cost reduction efforts are not emphasized by firms competing with the niche-differentiation strategy. Seldom can one hear about a "big sale" in a renowned restaurant. Absolutely, business is gained by offering unique food and services. Those which could not provide good quality food or service are doomed to fail.

As the range of gourmet in Hong Kong is so diverse, there are enormous categories of restaurants. First, there is Chinese cuisine which is comprised of different types. Cantonese, Chiu Chow, Shanghai, Beijing's cuisine are the most popular ones in Hong Kong.

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<sup>26</sup> Wright, Pringle and Kroll, Strategic Management (Text and Cases), Massachusetts: Allyn and Bacon, 1992, pp 98-101.



Second, there is the Western-style restaurant which include Italian, French, Spanish, German, Swiss, Australian, English, as well as American types of gourmet.

The Asian restaurants also have a firm hold in Hong Kong. As a multinational community, Hong Kong has long attracted migrants and expatriate residents from many Asian countries. Japanese, Thai, Vietnamese, Indian, Malaysian, Singaporean, Indonesian and Korean foods have been welcomed by local people for years.

Hong Kong also have numerous vegetarian restaurants, from Chinese vegetarian cooking to Indian vegetarian curry. Although many of them use "health" as their selling point, their methods of cooking cannot match the standards of low-salt, low-oil or no cholesterol. As a subsidy for using meat, the chefs rely heavily on vegetable oil, or deep-frying cooking methods. The aim is to compensate the appetite of the customers by providing crunchy food. This is, however, a beautiful fault as to the claim of "healthy eating". The damage created by those oil is just as severe as the additives concentrated dishes.

The fact that many different types of restaurants exist in Hong Kong only reflects one thing: Hong Kong people will give credit to the creative and innovative newcomers, as long as they are providing delicious foods.

For instance, as the worldwide trend on the health issue is becoming a serious topic, restaurants that could select the best and fresh ingredients with low-oil method of cooking will have better chances to reap profits. The stagnant stage of the Beijing and Shanghai restaurants are good examples to illustrate that if businessmen do not respond to worldwide trends, but simply keeps its greasy and heavy-taste method of cooking, then their future prospects are in doubt.

## Slow Industry Growth

Service industries such as the restaurant business, in general, are more labor-intensive and less amenable to automation when compared to manufacturing industries. Consequently, their productivity growth tends to be relatively low. During the 1980s, per capita real output of services rose by an average rate of 2.4 percent a year while that of manufacturing increased by 9.4 percent.<sup>27</sup>

In general, firms in industries that grow slowly are more likely to be highly competitive than companies in fast-growing industries. In slow growth industries, one firm's increase in market share must come at the expense of other firms' shares.

Besides, a recent study on consumer expenditure finds that there has been a shift in the pattern of household consumption towards services. For instance, the proportion of private consumption expenditure on transport, domestic help, recreation and entertainment increased from 35 percent to 41 percent over the 1980s, while that on food and beverage fell from 24 percent to 17 percent.<sup>28</sup>

With the slow growth in the productivity of servicing industry and the fall on the proportion of household consumption on food and beverage, the restaurant industry is highly competitive. One must differentiate itself in terms of products and services in order to gain market share in this industry.

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<sup>27</sup> Hang Seng Bank Limited, Hang Seng Economic Monthly, January 1993.

<sup>28</sup> *Ibid.*



## Pressure from Substitute Products

The restaurant business faces high pressure from substitute products. Substitute products are defined as alternative products that satisfy similar consumer needs but differ in specific characteristics.<sup>29</sup>

In Hong Kong, there is a glorious range of Chinese food, a bountiful buffet of authentic Asian and Western restaurants, as well as enormous number of fast food stores. This indicates unlimited alternatives to satisfy the need for dining out. In face of strong competition, many restaurants adopt innovative strategies to enter the market. It is believed that restaurants that offer products and services which have no substitutes are likely to be more profitable.

In the latter part of this study, interviews are conducted with these new wave restaurants, with focus on their marketing strategies for survival in such a competitive environment.

## Bargaining Power of Buyers

In the restaurant business, every individual is considered to be a potential buyer. As consumption on dining-out does not represent a significant percentage of the total expenditure, price is not an important element for the consumers for choosing a particular restaurant. It is observed that most customers place "taste" as the first criteria for

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<sup>29</sup> Wright, Prinkle, and Knoll, Strategic Management (Text and Cases), Massachusetts: Allyn and Bacon, 1991, p 31.

choosing a restaurant, while "price", "health issue" and "services" are of lower priorities.<sup>30</sup>

In a broader sense, we can say that the bargaining power of the buyers for the restaurant business is not strong. Buyers may look for higher quality products or better service when eating in a restaurant.

### **Bargaining Power of Suppliers**

Suppliers can squeeze the profitability out of an industry that is unable to recover cost increase in its own prices. One of the concern for the Hong Kong restaurant business is the sourcing of materials.

In the situation of Hong Kong, suppliers do not possess a strong bargaining power. There are lots of wholesalers in the market, and they will not charge a higher price since the retailers will turn to another supplier immediately once they find other cheaper sources.

Wholesalers of many food products are located centrally. For example, fruit retailers have concentrated in the Yau Ma Tei Market Place. As there are numerous suppliers and they are of small scale operations, the restaurant owner will then be in a advantageous position.

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<sup>30</sup> Result from the focus groups which were conducted during February 1993.



## Summary

In the second half of this chapter, the micro-environment of the restaurant business in Hong Kong has been analyzed. It was found that the restaurant business has low entry barriers, but is highly competitive. In addition, many substitutes products are available while the bargaining power of both buyers and suppliers are only moderate. The key to success in this industry is on how well the management is able to effectively position the restaurant, and then devise a marketing plan to capture the appropriate share of market.

### **A General Overview of the Opportunities and Threats for the Restaurant Business**

From the analysis above, it is noted that different environmental forces pose different opportunities and threats to our target business. Below is a summary of what we have found from environmental scanning.

#### **Opportunities**

1. A relatively stable political environment favors investment in the restaurant business, as more social and business dealings are induced.
2. Simplified government regulations make the establishment of a new restaurant an attainable task to new entrants.

3. A consecutive growth in GDP means a continued increase in spending power for the general consumers.
4. Low bank savings rates in recent years favor immediate spending by the consumers.
5. The worldwide trend towards eating healthily and naturally further justify the need for a local health food restaurant.
6. The increase in the number of working women means that their status and buying power are on the rise. They demand nutritious, healthy and convenient food.
7. The shift from manufacturing towards the service industry among the Hong Kong workers signals that they need a change of diet to meet their occupational needs.
8. The capital requirements for a newly set-up restaurant is not that great.
9. The bargaining power of the consumers (buyers) is moderate, which allows the operation of the restaurant to be more flexible.

### **Threats**

1. The double-digit inflation rate means higher operation costs for the restaurant owners.
2. The labor shortage problem is a problem, which affects the servicing industry to a great extent.



## CHAPTER III

3. The restaurant industry demands highly differentiated products as there are so many competitors.
4. It is difficult to have a good distribution channel for the new entrant as those channels are already occupied by the established giants.
5. Slow industry growth suggests a high level of competition.
6. There is a high pressure from substitute products since the choice of food and restaurant is so wide.

Although there exists a number of threats side by side with the opportunities, it is believed by most experts in this industry that the future of the restaurant business is still bright.<sup>31</sup> Hong Kong has already established a culture that favors eating. Dining out is a kind of highly-praised social activity. The needs and the customers are already there. What is lacking now is a clear path to approach the group of target customers.

In the next chapter, the customer profile is examined so as to identify the niche market for our health food restaurant.

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<sup>31</sup> Anonymous, Hong Kong Catering Year Book 1990/91, 1992.

## CHAPTER III

### CUSTOMER PROFILE

#### Needs

From the previous chapters, there seems to be some evidence supporting the need of a health food restaurant. This need is generated from the macro and micro environmental forces.

The many opportunities listed in the latter part of Chapter Two have suggested that a restaurant providing healthy and nutritious food will have business in Hong Kong. Many people nowadays need to dine outside home, not only because they enjoy eating out but also for the reason of convenience and time-saving.

In the following, let us have a look on the dining habits of Hong Kong people so that it will serve as further justification for the marketing strategies generating for our newly set-up business.



## Breakfast

For ordinary breakfast, there are two extreme behaviors towards the way of eating. One group considers breakfast to be redundant. They do not care what to eat or they simply ignore eating breakfast. For the other group, they consider breakfast to be very important for providing energy for the rest of the day. They therefore will look for something with high nutritious value to eat.

Generally speaking, people demand quick-served meal as time is pressing. The reason that people rush to work is partly due to the heavy traffic load in town. Thus, few of them could afford the time for a comfortable meal prepared at home. However, it is difficult for the working class to buy some low-cholesterol, low-salt and non-greasy food down town. The market for healthy breakfast is of high potential as there are so many customers which no single firm has ever targeted this market.

## Lunch

For lunch, again it will be a potential market. Although there exist many different types of eating outlets, the health food restaurant can still have an outstanding position by using the niche-differentiation strategy. Moreover, there are many working people who need to have lunch outside home. Except for those teenagers who demand traditional well-balanced diet, others may respond to the health trend and want light meals instead.

## Market **Snack**

The working class have the habit of eating snacks during tea time in the afternoons. Traditionally, they consume baked cakes and breads with high sugar content drinks. Excessive calories are taken due to the lack of healthy snacks in the market.

Apparently, the snack time will serve as another opportunity for the newly set-up business. Indeed, fresh fruit juice or pure natural yogurt with wheat bread might be a good combination for snack.

## **Dinner**

Although the traditional Chinese family concentrates on eating dishes which are made by themselves in the evening, the fact that more and more women have achieved higher positions in business mean that they have less time to prepare meals. Thus, there will be a growing demand for convenient food like micro-wave dishes. At the same time, the educated working women pay more attention to the nutritious value of food. Hence, they need the health food restaurant once again at dinner times.

In short, it is quite clear that Hong Kong has the need for a health food restaurant. An analysis on the target market is given below with special attention to the issues of customers' occupation, age, and the location of the restaurant.



### Market Segmentation

The customer profile of our target market plays an essential role within the marketing plan. If there is a more specific picture of the people whom the restaurant wants to satisfy, the marketing mix devised in the latter part of the study will then tailored to the particular needs of that particular segment.

Since this is a brand new business with limited financial resources and only a small scale of operation, it will be better to concentrate on serving one market well in the first place, rather than having something for everybody.

Below is a list of the composition of the target market with focus on different demographic factors.

#### **Primary Target Group**

One bird in hand is more than two in the bush. Thus, certain groups of customers, which have the highest possibilities for being attracted to this business, will be approached first.

This prime group of customers are those office workers, with age between 20 to 49, with their working places concentrated in districts where the majority of offices exist.

The office workers are chosen because they need less physical energy. Actually, in the last decade, Hong Kong is transforming from a predominantly manufacturing

economy to a more service-oriented economy. As mentioned in Chapter Two, this trend is expected to continue. According to statistical figures, the total labor force in 1990 is 2.7 million, in which 1.7 million (about 61.6 percent) people are office workers.<sup>32</sup>

Therefore, we will first target this sector. The composition of their occupation are professional, technical and related workers; administrative and managerial workers; clerical and related workers; sales workers and service workers.

As our business targets mainly on the working staffs, their age group will be between 20 to 49. The labor force participation rate by age and by sex is listed in Appendix II.

The target customers start from the age of 20 since the majority of people younger than this age are still at school. For the upper limit, it is set at age 49. The rationale is that those age under 50 are born after the World War II and they have better education level. As they have a higher literacy rate, they have captured more clerical positions which implies that they demand a healthy diet to prevent obesity.

The office workers are primarily centralized in major commercial areas. The central business district of Hong Kong is located from Central and Admiralty, down to Wanchai and Causeway Bay. The ideal place for the proposed restaurant will be inside one of the shopping arcades in the above district.

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<sup>32</sup> Hong Kong Census and Statistics Department, Hong Kong Social & Economic Trends 1980-1990, 1991, pp 12-15.



## Secondary Target Group

Apart from the above target group, our restaurant plans to attract the tourists visiting Hong Kong as a further step towards the expansion of our business.

Tourism is one of Hong Kong's largest tertiary industries and it is the third largest earner of foreign exchange. In 1991, more than six million visitors came to Hong Kong from various countries in the world. Hong Kong remains as Asia's most popular travel destination, and the biggest growth in visitors in recent years has been from neighboring countries in Asia, notably Taiwan and Japan.<sup>33</sup>

For the incoming visitors, Taiwanese have accounted for 21.5 percent and the Japanese 20.9 percent. A breakdown of the portion of incoming visitors is depicted in Appendix III. It is clear that those visitors brought along their money to spend in Hong Kong.

In recent years, the Hong Kong Tourist Association has designed the marketing strategy of attracting high-yield visitors to Hong Kong and to encourage them to stay longer in the territory. *The Hong Kong - Stay an Extra Day* campaign has been the focal point of the promotional campaign held by the Tourist Association.

With more visitors in Hong Kong and they stay longer, they need more things to do here. Hong Kong's biggest attraction has been shopping and eating traditionally. The shopping centers of Hong Kong are located in some big shopping malls which are easy to get through. They are concentrated in areas like Causeway Bay, Admiralty, Central and Tsimshatsui. These districts are also the one where offices are located. If the proposed

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<sup>33</sup> Government Information Service, Hong Kong 1992 (A Review of 1991), 1992, pp 278-281.

restaurant is situated in one of the glamorous shopping centers, there is a potential to attract the tourists nearby.

Travelers here are mainly the ones from developed countries. They are even more aware of the health issues than local Hong Kong people. After eating so many types of cuisine in Hong Kong with emphasis on meat, they may need something to refresh their appetite. Their next destination to dine in may be the health food restaurant.

### Tertiary Target Group

The third target group is the post-secondary college students, who include students from the universities, polytechnics and other institutions.

The total number of full-time students in post-secondary colleges in 1991 are 42,883.<sup>34</sup> Besides, the four colleges of education offering pre-service professional training for non-graduate teachers in primary and secondary schools have 2,452 trainees enrolled in full-time courses.<sup>35</sup>

Students enrolled in tertiary education have more freedom than their counterparts studying at the primary and secondary level. They have much time and pocket money to spend. It has been a trend for Hong Kong students to engage in part-time jobs so that a large portion of college students have adequate pocket money. They can decide what types of clothes to buy, what kinds of activities to go to, and what sorts of restaurants to

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<sup>34</sup> Government Information Services, Hong Kong 1992 (A Review of 1991), 1992, pp 123-144.

<sup>35</sup> Ibid.



dine in. The 45,335 students (figures as at 1991) will mean tremendous business opportunity for retailers.

Students studying at this level has the greatest curiosity and freedom to do whatever things they want. Somehow, the bold and courageous character of those college students will take the lead in adopting some social trends. As eating naturally and healthily is a worldwide issue, they may respond to it even quicker than the working class.

An added advantage for approaching this group of target customers is that seminars and exhibitions can be held inside the colleges. Students can also be helpers and promoters, who serve as an energetic force to assist in the promotion of the health food restaurant.

### Summary

Here, the needs and the eating habits of Hong Kong people for different meals are identified. People look for nutrition and convenience for breakfast. While for lunch, they prefer simple and easily digested food. And for dinner, some consider it as family or social activities while others may look for convenient and high nutritional meals.

Basically, the office workers are the first focus to attract since the proportion of that segment is the largest among our three target groups. Tourists that come to Hong Kong will be the second target. As the college students have the willingness and power to try new things, they are set as our third target.

After identifying the target customers, some information about their attitudes are needed so that we could tailor-make our marketing strategies for them. In the next chapter, which focuses on the methodology, the methods used to gather consumers' opinions are listed while the attitudes are explained in the chapter that follows "Methodology".



## CHAPTER IV

### METHODOLOGY

Based on the analysis in the previous chapters, the future of the health food restaurant is promising. As a new business in the market, some exploratory work is essential to our study. We have begun with secondary data research which is then followed by primary data research.

#### Secondary Data Collection

The reason we consider secondary data first is that it is the most convenient and cost-effective source. Secondary data is readily available and easier to find as compared with other sources. Besides, as people around the world are so health-conscious nowadays, it is expected that literature of different countries will help to justify our study.

Furthermore, government statistics or trade journals can also help to specify the important variables for our research.

### Primary Data Collection

It is not enough to depend on secondary data only, and primary research must have to be conducted. Primary research will help to refine our project in a more specific way.

Basically, in-depth interviews and qualitative focus groups are applied to this study.

#### **In-depth Interviews**

In-depth interviews are conducted with the staffs of some restaurants and health food shops. The interview targets are those restaurants which employ new concepts and sell innovative products. The focus is on the new wave restaurants and their respective business strategies.

#### **Qualitative Focus Groups**

Given the fact that the idea of health food restaurant is new in the market, qualitative focus group techniques are applied in the exploratory stage. The objective of the focus group is to gather new ideas and insights on the health food restaurant.



A total of five focus groups are carried out. From the information of market segmentation analysis, each focus group will consist of about six to eight respondents aged from 20 to 49, of either sex. They are mainly working class centralized in major commercial areas. Another criteria is that they must have at least one meal eating out per day.

## FINDINGS AND ANALYSIS

The findings will be analyzed and are given in the next chapter.

In this chapter, the findings of the focus group interviews are presented. It includes a detailed description of the research objectives, the research methodology, the data collection process, and the analysis of the data. The findings are presented in a clear and concise manner, and the implications of the findings are discussed.

### Focus Group Interviews

A total of five focus group interviews were conducted. The details of the focus group interviews are given in the table below.

Group	Date	Location	Duration
Group 1	12 February 1997	London	1 hour
Group 2	11 February 1997	London	1 hour
Group 3	15 February 1997	London	1 hour
Group 4	27 February 1997	London	1 hour
Group 5	28 February 1997	London	1 hour

The objectives of the focus group interviews are to explore the attitudes and opinions of the working class towards eating out. The findings of the focus group interviews are presented in the next chapter.

## CHAPTER V

## FINDINGS AND ANALYSIS

In this chapter, results from the primary research are reported. In the first place, details of the research are shown. Actually, the research is centering around by two issues, namely the consumer attitudes about the setting up of the health food restaurant, and the marketing strategies of some of the existing restaurants.

Focus Groups Interviews

A total of five focus groups were conducted in February 1993. Details of the composition are as follows:

	<u>Date</u>	<u>Composition</u>	<u>Age range</u>
Group 1	12 February 1993	8 female	23 - 27
Group 2	13 February 1993	4 female + 2 male	24 - 29
Group 3	15 February 1993	3 female + 4 male	22 - 32
Group 4	27 February 1993	6 female + 2 male	20 - 40
Group 5	28 February 1993	8 male	25 - 30

The objectives of the focus group interviews are (1) to explore the general attitudes and opinions of the working class towards eating healthily; (2) to find out their



existing eating habits and their perceptions on different meals; and (3) to brainstorm the possible marketing mix of the new health food restaurant.

The topics that we had covered in the discussion were as follows:

- a) What is meant by "Health food"?
- b) What is your attitude towards eating health food?
- c) What do you often eat for breakfast / lunch / dinner?
- d) How often do you eat outside?
- e) How much could you afford for each meal?
- f) What are your criteria for choosing a restaurant to dine?
- g) Do you feel there is a need for the health food restaurant?
- h) Then, what location will be suitable?
- i) Strategies on product, pricing, distribution and promotion.

The information that we gathered from the focus group interviews are presented in the latter part of this chapter. Actually, the opinions of the consumers are reported throughout the entire study where necessary.

### **In-depth Interviews**

Five interviews were conducted with the managing staffs of restaurants in Hong Kong. They were chosen because of the innovative and special ideas in marketing strategies they have used. Basically, they are selling products which are different from traditional restaurants or chain food shops. Probably, we could learn from their success and failure. Details of each restaurant are discussed here.

## The China Jump

China Jump is situated at Phase II, Causeway Bay Plaza. Its decorations are similar to those American bars in Hong Kong. One would feel familiar when going to bars like Joe Banana, Dan Ryan's, LA Cafe, or China Jump.

The whole establishment emphasizes the use of wood furniture and has the style of being inside a ship. As the owner is keen on sailing, the restaurant has a character which reflects the owner's hobby.

The range of food served is wide. One can expect to see hamburgers, sandwiches, spaghetti, and seafood from every corner in the world. There are about 80 kinds of dishes from the main course to dessert. However, the sole attraction of China Jump comes from the bottle twirling shows presented by the bar tenders.

The customers of China Jump are mainly expatriates, young professionals and teenagers who are willing and have the ability to spend.

The promotional technique that China Jump uses is quite traditional. They place great emphasis on publicity, placing articles in best-selling magazines.

China Jump is on the seventh floor of the Causeway Plaza. On the one hand it has the advantage of cheaper rent, on the other hand it could not attract large crowds of people to enter into the bar. When compared to some other bars of this kind, promotional activities held for bars that operate on ground or basement floors are easier to attract customers' attention than China Jump.



After discussing with the management staff in China Jump, it seems that they all feel a promising future about their business, especially after their recent successful application for a proper liquor license. Apparently, the lively and vivid decor of China Jump has provided the general customers with a place to retreat from the busy workday.

### The Sweet Dynasty ( 唐朝 )

At present, there is one main shop situated at the Happy Valley and one branch in Tsimshatsui. Indeed, the owner, Ms Daisy Hung, is so aggressive that she ultimately aims at setting up chain shops of this kind around different districts in Hong Kong.

The product that the Sweet Dynasty sells is its main attraction. It is an elegantly decorated shop serving mainly Chinese desserts. Altogether there are more than 30 kinds of desserts served, with a supplement of Chinese dim-sum and set meal. Dim-sum and set meals are only served as some extra attraction. The Sweet Dynasty is doing best in desserts.

The decoration of this restaurant is so special that people are hard to forget once they have stepped into it. Both shops used purely rosewood furniture and are decor by antiques, which include clock, telephone, radio, paintings, posters, and sofas. They aim at giving the customers a feeling of the old Hong Kong.

Even the menu sheet serves as a promotional tool. The accessories are trendy and classy, with each piece of menu sheet printed a story of the Chinese dessert. Besides this, they place great emphasis on publicity. For example, they often invite journalists to write

about their restaurants to the general public. This method is quite customary as it is the most common promotion method that is being used by most restaurants in Hong Kong.

In choosing location for their outlets, the owner has good vision by picking up some high traffic points within the territory. It first started in Happy Valley where the neighborhood has high spending power. Then, the other shop in Tsimshatsui can attract customers from nearby shopping centers, which include the Ocean City, Ocean Terminal, and the China Hong Kong City.

Generally speaking, the future of the Sweet Dynasty is positive. Our observation is that given the expansion program which aims at bringing a dessert chain shop in Hong Kong, the owner should aware of the food quality. One main attraction of Chinese dessert is the delicate mix of ingredients. If more shops of the same kind are opened, the owner is likely to grab the benefit of the economies of scale. At the same time, the Sweet Dynasty should note that automation may affect the quality of Chinese dessert.

Similar to that of China Jump, one of the main attraction of the Sweet Dynasty comes from its decoration. Up to this point, we have noted that differentiated products and elegant decoration are the two basic selling points for a newly set-up restaurant.

### Top Dog (大狗大)

Top Dog is the first and only hot-dog specialty store in Hong Kong, which is situated in Lan Kwai Fong. It claims that all of their quality sausages are direct import from the USA.



The products it offers are simple: mainly hot-dog, with some beverages like soft-drinks and coffee, plus two kinds of desserts like brownies.

Top Dog uses the self-service format. Firstly, each customer has to buy the ticket at the entrance, then he or she can pick the food from the counter next to the cashier. The third thing the customer has to do is to add whatever combination of sauce he or she wants. Next, one can pick the drinks and find an eating place in the second floor. This self-service method enables the restaurant to save the manpower to a minimum level.

The decoration of Top Dog is quite American style. The shop is similar to an ordinary fast-food shop. What is outstanding is that the owner has place a music juke-box in the seating area.

The target market for Top Dog is customers who want some snacks when wandering at Lan Kwai Fong. On Friday and Saturday nights, it even opens until morning 6 a.m., aiming at serving those customers who have just gone dancing and drinking in the nearby bars.

The potential risk of Top Dog is that Hong Kong people still do not accept bread as the usual food during meal time. Indeed, the location it picks can compensate this risk since Lan Kwai Fong is a place where East meets West.

### Art of Chinese Dim-Sum ( 譽滿坊 )

This artistically decorated shop is situated in Happy Valley which is very near to the Sweet Dynasty. These two places are not only analogous in the sense of location, their

style and atmosphere are very close to one another. Both of them serve Chinese dim-sum and desserts. The only difference is that while the Sweet Dynasty uses dessert as its unique selling point, the Art of Chinese Dim-Sum has an emphasis on dim-sum.

As mentioned in the previous paragraph, this restaurant is decorated in a way akin to its cousin, the Sweet Dynasty. Rosewood furniture is used to a great extent, with pieces of antiques placed inside the shop aiming at creating a taste of the old Hong Kong.

As concern with the product served, a wide range of food is available. The main attraction comes from Chinese dim-sum. This restaurant has done a lot of work in product innovation. It introduces new types of ingredients to traditional dim-sum and adopts new methods of cooking. Besides, it can provide dim-sum throughout the day, which is very unusual to the traditional Chinese restaurants (Traditional restaurants only provide dim-sum during morning or lunch time).

As noted about the wide range of food served, much attention should be paid on quality control. It is hard for such a small shop to accommodate that wide range of food served for a whole day.

The price for dim-sum and desserts is a little bit higher, while the size per serving is rather small. However, when the location of this restaurant is taken into account (in the district of Happy Valley where the medium to high income class live), the price may be acceptable.



## The Health Shoppe (保康店)

At present, there are two Health Shoppes in the territory, one in Admiralty and the other one in Causeway Bay.

This is a very interesting shop as it sells only health-conscious food and related products. Seldom could one find such kind of shop in Hong Kong. The goods sold include cereals, drinks, snacks, dairy products, vitamins and fibre tablets, and also skin care products. Besides selling things, this shop acts as an information center for customers who are health-conscious. Brochures and pamphlets about health issue, as well as books and magazines of this kind can be found there. It serves as a convenient spot for those who want such kind of information and products.

These shops have provided a pleasant shopping environment for the customers. Certainly, its products will match many city dwellers' needs.

Despite of the attractiveness, the Health Shoppe does not do much promotion due to their small scale of operations. Actually, they are quite small shops which could not afford expensive promotional activities.

Our observation is that although the health shoppes provide good information for customers, the sales staffs at the shop do not greet the customers proactively. Indeed, the customers may look for some sophisticated information from them and treat them as "consultants". Thus, it is recommended that when the proposed health food restaurant starts business, the staffs, no matter which rank, should act as consultants of this kind and serve the customers proactively.

## Consumers' Attitudes About the Setting up of a Health Food Restaurant

From the focus group interviews, the authors have observed that the general attitude towards such a health food restaurant is positive.

For many female working class, they care about the health and weight issues very much. This is predictable as it matches with the general consumer trend nowadays. What they expect from the health food restaurant is not only a place providing food, but also a place where they can get information on diets, recipes, and a whole range of dietary products. In other words, they place great emphasis on convenience. If the health food restaurant can accommodate convenient dietary products, the consumers will be pleased much.

For men, however, they place taste and service as more important criteria for choosing a restaurant. They think lunch is very important as it is a time to relax. Thus, in order to attract this group of customers, our food served should also be tasty and of great varieties.

As to the question about appetite, men and women have different views. Indeed, a sandwich from Oliver's Super Sandwich in the eyes of women is too much to eat at a time. Then, for men, the same packet of sandwich is not enough for him. One solution to this problem would be self-service and charge according to the weight of the food.

From the focus group interviews, we also noted that working class demands delicate and neat environment for a place to dine in. They generally think that it is a



pleasure to have food in a restaurant. Hence, they ask for good environment as it will increase their appetites.

Last but not least, the consumers also believe that the price should not be too high for ordinary lunch. A lunch range from HK \$20 to \$30 is acceptable. Higher than this price would be unreasonable, while lower than this range will mean a good value for their money paid.

### Marketing Strategies for the Existing Restaurants

Except for those large chains of restaurants which can afford high advertising expenditure, the marketing mix of this industry is largely the same and can be grouped as follows. The discussion will be divided into parts, namely product, price, place, and promotion.

#### **Product**

Product should be highly differentiated. Unless a restaurant has an extremely good location where the customers will have no other choice but to buy the food there, a restaurant owner should provide unique and sophisticated products to cater for the change of appetite of the customers.

McDonald's success is an exceptional case in the restaurant business. Although it serves quite homogeneous products, the restaurants have built up an image which costs millions of dollars. Ordinary restaurant operating in an individual basis could not afford it.

If the products served are sophisticated and tasty, it will earn customers' credibility. Word of mouth is the best promotional tool that a restaurant could earn. More customers will come after the credibility has been built, and profits will follow.

Hong Kong restaurants know this fact for sure. Thus, their owners are trying to find some unique selling points for the food and then promote them. A goose from Shen Tseng has not much difference from that in the market place of any housing estate. But by word of mouth, tourists and citizens are urged to try the goose in Shen Tseng.

In short, even a place where it is very remote from the town center, there is business opportunity if it sells unique products.

### Price

The price for the restaurants depends on the region it is operating. There is no use for costly designed decoration if the restaurant is located in, say, Shamshuipo, where lower income families live. Restaurant owners cannot charge high simply because the customers cannot afford it.

In contrast, if one is operating in districts like Central, Admiralty or Tsimshatsui, even a fast-food shop can charge a higher price than its counterparts. This is partly due to



the high rent in these districts, but it is also due to the reason that consumers in those regions have the ability to pay higher price.

Thus, if the restaurant plans to appeal to up-market, it should be operated in districts like Admiralty, Causeway Bay or Tsimshatsui.

### Distribution

By distribution, it also means the place and location of the premise. This is extremely important because if one can get a good location, it helps to lower down promotion budgets because the decorations and the restaurant itself can be seen by customers, which serve as vivid advertisements by themselves.

Traditionally, Hong Kong restaurants locate on both sides of the streets. However, with the rocket-rise of rent in recent years, more and more restaurants are "forced" to move upstairs. The Ginza type shopping malls have come into existence which made the move of restaurants achievable. Shopping malls like the Causeway Bay Plaza have attracted many customers because the whole block of shopping centers are for entertainment. Karaoke, bars and lounges, as well as restaurants all situated in the same building, providing the greatest convenience to consumers.

Restaurants that operate in buildings of this kind will enjoy lower rent, while at the same time losing the benefit of decoration promotion. Thus, more and more restaurants have relied on publicity, direct mails, print and radio advertisements as their major promotional tools.

## Promotion

As suggested in the previous part, promotional activities of the restaurants nowadays are largely the same. The scale of the activities tend to be small and they appeal only to a niche of the market.

The most common tool used by the restaurants is publicity. Some restaurant owners will organize special banquets or festivals and then invite journalists or celebrities to come and help promoting the place. These kind of activities are of low cost while being highly effective.

Besides, restaurants will use print advertisements which appear on some mass market magazines to promote business. Magazines like the Next Magazine (壹週刊), East Week (東週刊), Oriental Sunday (東方新地), Ming Pao Weekly (明報週刊), and City Magazine (號外) are the usual venues for restaurant advertisements.

Other than using print ads, radio advertising is often utilized. Radio ad is used because of the cheaper cost and its relative effectiveness.

However, in Hong Kong, seldom do the individual restaurants place television advertisements. If advertising is to be effective, it has to be placed constantly or at least for a certain consecutive period of time. Except for the large chain of restaurants which have enormous financial resources, the small restaurant owners will not attempt to use this method since it is too costly for them.

On the other hand, in recent years, some large scale promotional activities have provided innovative channels for the restaurants to outcry their messages to the



consumers. Events like the *Hong Kong Food Festival* which is held by the Hong Kong Tourist Association, and the *Food Expo* which is held by the Hong Kong Trade Development Council are good examples. The above mentioned events both held annually, and have provided a centralized place for the many independent restaurants to advocate their products simultaneously.

It is observed that for an individual restaurant, the interior decorations and the store facade will help to convey promotional message to its customers. Thus, for the proposed health food restaurant, it is recommended that greater attention should be put into the interior design in order to attract business.

## CHAPTER VI

### MARKETING PLAN AND STRATEGY

This chapter is the most essential part throughout the whole project in which the marketing plan and strategy of the health food restaurant is discussed. After reviewing the general consumers' attitudes and the ways that modern restaurants operate, a marketing plan is suggested.

#### Key Elements to Construct a Restaurant Marketing Plan

From literature, the key elements in marketing will include product, price, place, distribution, promotion and sales force. Indeed, not all of them are essential to every industry. For some businesses, they are bound by the scale of operation or financial resources that made them unable to change some of the above mentioned forces.

For the restaurant industry in Hong Kong, this rule of thumb also applies. "Product" and "place" are essential to the success of an individual restaurant, whereas little can be done in "price" and "promotion". Besides, the training of the sales force within that restaurant will make a difference for sincere service is an advantage to the servicing industry.



Product is important since the competition is keen while the scale of operation is small. By offering unique or special products, the restaurant can bring the greatest satisfaction to its customers.

Place is also an essential element for it will decide the volume of customers. A central and high-traffic location can attract more people.

In Hong Kong, as rent is constantly high, pricing is often limited by the location in which the restaurant operates. As suggested, a restaurant situated in region like Tsimshatsui cannot charge very low price because of the high-rise rent.

As the scale of the individual restaurant is rather small, it could not afford expensive promotional campaign. Actually, it is unusual for restaurant of this type to place print or radio advertisements. For promotion, it depends highly on how the restaurant decorates itself. Furnishings in some way can help to convey messages from the seller to its consumers.

Another significant element in the marketing strategy is the sales force. Since we are in the servicing industry, the quality of the staff will have a direct impact on the profit potential.

In the following sections, the objectives and related strategies for different aspects are being discussed.

## Formal of

### Product

The term product will include the food and other related products sold in our shop, and also the service offers by this restaurant.

### **Product Objectives**

The primary product objective for the health food restaurant is to provide the consumers with healthy and nutritious food, while at the same time giving them convenient service. Second, information with regards to nutrition and health issues are also made available to our customers. Third, a sense of fun should be felt by the consumers when they dine in our restaurant.

### **Product Strategies**

To satisfy the first objective, a wide range of dishes are available in the restaurant. In order to minimize the cost, the restaurant is a self-service one. Products sold include: self-service salad bar which is available all-day round, special daily salad, soups, main course, desserts and drinks. A temporary layout of the restaurant is depicted in Appendix IV, and a list of suggested menu is listed in Appendix V.



### Format of Service

Customers when enter the restaurant will pick up their own trays and then line up. According to the direction of the queue, they can pick up whatever food they want. After that, they will then pay at the cashier counter and go to the seating area to have the food. The format is simple, the flow of customers is one-way, and the staff required is then kept to a minimum level.

At the corner of the shop, there exists an "Information Corner". Pamphlets, magazines or books are shelved there. Except for the pamphlets which can be taken away, the materials are catered for customers to read inside the restaurant.

### Cooking Method and Ingredients Used

In the Health Food Restaurant, more emphasis is placed on cooking method like steaming, grilling, stir-frying and dry sautéing, rather than relying on deep frying.

Only pure and natural products will be used for ingredients and seasonings. Fruits, vegetables, lean meat like fish and chicken are largely used. For the condiments, skimmed milk will be used instead of pasteurized milk, raw honey instead of sugar, natural yogurt instead of cream, olive or sunflower oil instead of butter or margarine, lemon juice instead of vinegar, wholemeal flour instead of plain white flour.

Moreover, in order to compensate the spicy taste of deep-frying dishes, more herbs and spices will be used.

### Self-service Salad Bar

Fresh ingredients and dressings are provided here. Customers can choose whatever combinations they want and pay according to the weight of the bowl of salads.

Fruit and vegetables are the main ingredients. For someone who want meat in the salad, they have to order the "Daily Special Salad".

The choice of fruits and vegetables may include apple, avocado, broccoli, cabbage, carrot, cashew, cauliflower, celery, corn, cucumber, date, grape, grapefruit, green bean, kiwi, lettuce, melon, mushroom, onion, orange, papaya, pea, peach, peanut, pear, pineapple, plum, potato, spinach, sprout, tomato or walnut.

Dressings are made of purely natural material, with no artificial materials and additives.

### Daily Special Salad

Although there is a salad bar inside the restaurant, we hope to bring new concept of dining to the customers. Thus, a line of special designed salads is included in the menu, with the aim to convert the eating habits of the Orientals to welcome salad as a kind of main course.

A distinct combined salad will be served each day. Unlike the salad bar which is charged according to the weight of food, the price and volume of the daily special salad are fixed.



### Soup of the Day

People have adopted the habit of eating soups for years in Hong Kong. Besides, the soups can make stomachs full easily. They are readily made and the costs are cheap.

Each day, two kinds of soups are provided. The ingredients used are mainly vegetables, and are accompanied by different kinds of herbs and spices.

### Main Course of the Day

During each meal-time (lunch or dinner), three types of dishes are provided. Customers can pick whatever number of dishes they want; one, two or three are all welcomed. The difference is only the price.

Besides, bread, spaghetti or rice are provided. One can pick these starch-concentrated food to accompany the dishes.

The dishes made here emphasize on fun and innovation. Actually, there are so many ways to combine the fresh materials in making new and delicious dishes. This restaurant encourages customers to freely choose the combination of food they want. The only thing that is guaranteed is that no matter how many kinds of dishes the customers order, all food are healthful and natural.

### Desserts and Snacks

For some customers, a meal is not yet finished unless desserts are served. Although eating refined sugar is highly unhealthy, desserts are still acceptable in healthy

diet if sugar is replaced by more natural ingredients. In addition to material like raw honey and wholemeal flour, fruit and fresh juice are widely used in making desserts.

Indeed, desserts and snacks are not only catered for meal time. They are available from noon to evening. A bowl of self-made salad together with a piece of snack are ideal food for tea break.

In this restaurant, sandwich is not provided. The reason is that the ingredients to make sandwich are largely meat or sausages. When compared to salads, desserts or snacks, sandwiches are less healthful.

Sample desserts and snacks that are served in our restaurant include crunchy pies, puddings, custards and fruit cocktails. In general, five to six kinds of snacks will be served each day. Fresh and seasonal ingredients will be used whenever possible.

Besides, frozen natural yogurt is available for the whole day. This is the most desired, pure and unrefined dessert that is to be found in the market.

### Beverages

There will be neither soft drinks nor coffee in this restaurant. Fruit juice is the most common type of beverages that is to be found. A large variety of juices are served, ranging from the most common orange juice to some exotic fruit like mango juice.

In addition, Chinese tea, unsweetened herbal tea, mineral water, and distilled water will be served.



### Information Corner

At the outermost part of the restaurant, there exists the "Information Corner". The aim of this corner is to provide customers with up-to-date nutritional and healthful materials. Brochures, pamphlets, books and magazines are located there.

In case if the customers want that piece of books, they can buy at the cashier counter. For magazines, only the most updated version are held for sale.

### Affiliated Services

All food served in the restaurant, including salads, soups and beverages are catered for take-out service. This is because the increasing number of working women will mean that they demand more convenient types of food products. This restaurant may provide those working women or single households another means of satisfying their suppers if there is take-out service.

Besides, take-out products can tap another market - customers working in the office with no extra time for meals. They can buy the food and eat while at the conference or meeting break, or during tea-time.

All materials that used to pack the take-out goods are environmental friendly. Recycled materials are largely used. This is to enhance an environmental friendly image to the customers since the whole concept of eating naturally relies on the principle of "Going Back to Basic". Artificial and man-made things should be avoid as much as possible.

Another type of service that is to be held is named "Advance Ordering". Customers can place their orders by phone or by fax to the store. Orders are to be made at least 15 minutes in advance, so that customers can pick up the food at the time they want and can avoid the crowds.

This type of service is intended to cater for the loyal customers since they are familiar with what types of products we are selling, and they have developed their ways of combining the food.

## Price

### **Pricing Objective**

The pricing objective of the health food restaurant is to charge the general customers with price that is affordable to them. At the same time, the pricing should reflect the prices that the target customers manage to buy, which are determined by the strength of the location and the uniqueness of the products offered.

### **Pricing Strategies**

The pricing strategy depends on numerous factors. It is inter-related with other items in the marketing mix like product and place. The proposed pricing strategy is a combination of the "match-the-market approach" and the "market-based approach".



For “match-the-market”, it means the price is charged relative to outlets in the same district and sells for similar products. This approach is easy to be taken by newly set-up businesses as the owner simply resembles the pricing of existing ventures. Consumers have already demonstrated their willingness to pay the prices for dining out in those restaurants alike, so new businesses just need to match their competitors’ prices. This is a “play it safe” approach.

However, only considering the match-the-market is not enough, for it have not yet taken the market information into account. Hence, the “market-based approach” to pricing has provided supplements. By this method, the buying power of the target market has to be analyzed first. Besides, information about similar products of the competitors is to be gathered. If the market already has that kind of products and are sold in reasonable price, then the price should not be set too high.

Although there is no direct competitors for the proposed restaurant, it has some similarities to restaurants like the Delifrance or the Oliver’s Super Sandwich. The pricing should resemble to these outlets since the primary target market is largely the same - all of them appeal to the office workers. Since they can afford to eat at Delifrance or Super Sandwich’s, they can also afford the price of the proposed health food restaurant.

The strategy for this restaurant is that the products are priced analogous to the competitors. This is the most guaranteed method for newly set-up business.

## Promotion

Promotion is the way to communicate between the owners and their customers. The promotion campaign for this new business will address the following questions: to whom are the messages conveyed to, what the message is, when and where will the message be placed.

### **Promotion Objective**

Precisely, the objective is to make the target customers aware of the existence of this restaurant and the benefits provided to them. With the aids of different tools, the promotion campaign has to be done in a cost-effective way.

### **Promotion Strategy**

As discussed in the previous chapters, the promotional tools that an independent restaurant can use is rather limited. Since there is only a small promotional budget, the restaurant has to rely upon print advertisements and publicity to a large extent.



Primarily, print advertisements should be placed at a spot where the target customers can see. For the content of advertisement, since this is a brand new idea of restaurant, educational advertisement will be used more often.

A three-phase campaign will be launched. In the first place, a "pre-opening" campaign is scheduled. "Teaser" advertising is used, where slogan like "there is only 10 days for the Health Food Restaurant to open" will appear. This is aimed at providing a feeling of excitement and anticipation.

When entering into the second phase, the "grand opening" promotion will be launched. Tools like magazine ads are to be used. A three-day radio ad campaign will be scheduled at the Commercial Radio. The suggested frequency of this radio ads is listed in Appendix VI. For radio, it is an effective means to get to a large number of people at various times during day and night. If radio ads are run during the morning rush hours, it can help to encourage drivers to try their executive meals at the proposed health food restaurant during lunch time.

Besides, direct mail will be another kind of useful tools. Elegantly designed leaflets are to be given to men and women on the streets. On those leaflets, message of healthy eating will be listed.

On the other hand, these leaflets can be used as menu sheets that placed on top of food trays. Thus, when the customers take the food to eat at the seating area, they are actually reading the information simultaneously. Information like nutritional value, the importance of healthy eating, and the right combination of diets are printed on the menu sheets. This will help educating the customers and promoting the store.

In addition, journalists and writers are invited to the restaurant so as to create publicity. This is in fact the media coverage that need not to pay, and it equivalents to

thousands of dollars of free advertising. It may be more effective as potential customers sometimes pay more attention to features than do advertisements. The potential journalists include writers from magazines like City Magazine, Next Magazine, East Week and other women or lifestyle magazines. The readership profile of these magazines analogous to our target market, and they have current columns to feature new opening of restaurants.

In the third phase of advertising, which is "ongoing promotion", print ads will occasionally be used which serve as reminders. Furthermore, the restaurant will actively involve in trade shows like the *Food Expo*, which is organized annually in summer, or the *Hong Kong Food Festival*, which is held annually in Spring. Whenever participating in these shows, it can join in cooperative advertising which is launched by the organizers. Costs are lower but the attention drawn on public is great. This is quite a cost-effective way for ongoing promotion, and it helps to remind consumers occasionally.

For the venue of print ads, Next Magazine or East Week will be the ideal choice for they help to appeal to the office staffs.

Besides, ads will be printed on materials published by the Hong Kong Tourist Association. For incoming tourists, a plastic bag is given to them once they step out from the airport. The bag contains numerous booklets, like information of where to visit and where to dine. Tourists will also receive information of such kind inside hotels. Thus, in order to capture the tourist market, print ads should be published on those booklets.

A third source of print ads is the various college newspapers published by the tertiary institutions in Hong Kong. The costs are extremely cheap while there is a lot of college readership for those magazines. To capture the student market, promotion printed in these magazines will be the most direct way.



Not only are the promotional campaigns important, interior design of the restaurant is also an indispensable part. Wood furniture will be used to a great extent since create a natural feeling. Besides, green plants will be placed to decorate the store so as to convey an environmental message to the customers.

Last but not least, the effect of word-of-mouth is not to be neglected. This is undoubtedly the best advertisement when having a large pool of satisfied customers. If people are given the products they are looking for, at a reasonable price, and in a convenient manner, then a group of ambassadors for the business is created. Satisfied customers can be viewed as free salespeople. The more satisfaction we provide, the more our customers will recommend our business to other people. The more word-of-mouth recommendations, the less advertising we will need to pay for. The less money we need to spend on advertising, the lower our expenses and the higher the profit margin.

### Sales Force

Sales force inside the restaurant will mean all the front staffs that serve the customers. By a sophisticated team of sales people, it help to increase sales volume and to create customers' satisfaction.

### **Sales Force Objective**

The objective of the sales force team is to proactively understand what is needed by the consumers, and help to educate the healthy eating concept to newcomers. They are

not only sales people, but will be in a position to offer advice or alternative recommendations with regards to the concept of healthy eating.<sup>36</sup>

### Sales Force Strategy

Since the restaurant is operating in a limited scale, the number of staffs tend to be small. Besides the front line waiters or waitresses that help to bring food to the customers, two “managers” are needed.

They are named “managers” only tentatively, but their roles are much wider than managing the staffs in the restaurants. As in the supervisory level, they should possess expert knowledge in health-eating issues. On one hand, they should help to explain to the customers how pure and natural the ingredients are, and to assist them in choosing the right combination of food. On the other hand, they should make good use of the “Information Corner” at the shop so as to provide customers with up-to-date nutritional information.

Not only should the managers be aware of health issues, all the front line staffs should know the whole “healthy eating” concept. In case they are free, they should act as consultants at the same time. When they are busy, they can direct the customers’ enquiry to the managers in-house.

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<sup>36</sup> Charles Steilen, “Tailoring a Sales Ploy to Get Results”, South China Morning Post, April 4 1993.



For the whole batch of staffs, a suggestive approach should be used. The staffs should suggest the right combination of food to the customers by asking their appetite, preference of foods, and the price willing to pay.

It is hoped that by diagnosing the customers' problems proactively, they will be more familiar to the concept of healthy eating. The aim is to create a pool of loyal customers ultimately. Healthy eating is viewed not only as a fashion or fad, but it is a "lifestyle" to be relied upon.

### Distribution

The term "distribution" here will refer to the physical way that businesses provide goods and services to the customers, which in fact means the place and location of the business.

### Distribution Objective

The restaurant aims at locating in a high-traffic area, so that it can attract the office workers, tourists, and students at the same time.

## Distribution Strategy

Since this restaurant seeks to locate at a high-traffic area, some possible choices are shopping malls at Tsimshatsui, Wanchai, Admiralty, Central or Causeway Bay.

Among the nominee districts, the most ideal place is in Causeway Bay. On one hand, Causeway Bay has lots of offices. On the other hand, it is a main shopping area for tourists and a place of entertainment for most Hong Kong people. Business is guaranteed not only on weekdays, but also on weekends.

Causeway Bay has long been a shopping center. It is surrounded by different department stores as well as elegant shops. In the management school of thought, a "symbiotic relationship" will arise. The health food restaurant can benefit if it is situated in shopping malls where similar target customers are attracted. The facilities inside the mall, like theaters, clothing stores, cosmetic house, may help to pull in customers to the restaurant which is just nearby. Advertising costs can then be lowered while business opportunities will increase.

Recently, there has been a construction boom of shopping malls in Causeway Bay. Some grand commercial buildings have been built or are under construction, which include the Causeway Bay Plaza Phase I and II, Sino Plaza and Times Square. Hence, there is a sufficient supply of commercial space.

As one "chic" region in Hong Kong, the shopping crowd at Causeway Bay is prone to accept innovative products. As people are more willing to try, the health food restaurant's possibility of success will increase.



## Summary

After reviewing the marketing plan which involves issues like product, pricing, promotion, sales force and distribution, it is clear that all five forces should act interactively to produce satisfied results.

By an integrating marketing mix, the products served are really what the target customers anticipate. The food is sold at a reasonable and affordable price. The customers know when and where they can get the products by means of different promotional tools. They are guided by a sophisticated sales force, and the products are conveniently located.

The basic tools for the setting up of the health food restaurant are already analyzed. What is lacking now will be a concrete business plan. Consequently, the next chapter would deal with the remaining but important issues in the business plan which include how to finance this venture, and the ways to control the different elements.

## CHAPTER VII

### BUSINESS PLAN

Besides the marketing plan , there are some other issues that deserve attention. Among these, the financial estimates and the control methods are most important.

In this chapter, the initial capital requirement will be estimated in accordance with the marketing strategy. Then, various aspects on the financing and budgeting of the new venture will be covered. Lastly, the mode and techniques of control are discussed.

#### Initial Capital Requirement

As far as the initial set up cost is concerned, there is a need to estimate the cost on product, promotion, employees' salary and the location accordingly.

#### Cost on Product

The food served in this restaurant is made of fresh and natural ingredients. Fresh fruits and vegetables are the main source of raw materials. They can be bought directly



from the wholesalers in competitive price. Due to the perishable nature of fruits and vegetables, the restaurant cannot keep a large stock. As a result, frequent purchase is required.

Hence, a preliminary estimation on the initial purchase of raw materials for food is about HK \$50,000 while the monthly cost of purchase will be about HK \$40,000.

Concerning the reading materials of the Information Corner, books and magazines on nutritional and healthful issues have to be purchased. The initial amount is around HK \$1,000 and the monthly expense will be HK \$500.

Since take-out service is provided where recycled paper and bags are used in packaging, this expense incurs about HK \$1,000 per month.

*Initial Investment on Product:*

Purchase of Raw Material	HK \$ 50,000
Information Corner	1,000
Packaging	1,000
	<hr/>
Initial Investment on Product:	HK \$ 52,000

*Monthly Expenses on Product:*

Monthly Purchase of Raw Material	HK \$ 40,000
Monthly Purchase of Health Magazines	500
	<hr/>
Total Monthly Expense on Product:	HK \$ 40,500

## Promotion Cost

The promotion strategy is based on a three-phase campaign. In the first phase, which is 10 days before the opening of the restaurant, print ads will be put on the Next Magazine. It is chosen because its readership profile matches the demographic of the target customers. 80 percent of its readers fall between the age range of 18 to 44, whereas 71 percent of them have at least completed the secondary education.<sup>37</sup>

The print ads will be four color printed and half page in size. The cost for print ads is estimated at HK \$15,400.<sup>38</sup>

For the second phase promotion, which is the "grand opening" promotion, print ads on Next Magazine is again used to remind our customers. In addition, radio ads will be broadcasted at the Commercial Radio for three consecutive days. There are altogether 36 shots of the 30-second ads. The cost of the radio ads is HK \$79,200 (36 x HK \$2,200<sup>39</sup> ).

Moreover, leaflets are distributed to the nearby offices. 30,000 pieces of leaflets with size 15 cm x 21 cm, which is half of the A4 size paper, are printed. The cost is around HK \$3,000 (30,000 x HK \$0.10 per copy).

Whereas for the elegant leaflets used internally as the menu sheet, they are made of recycled paper. If 15,000 meals per month is sold and the cost per each copy is HK \$0.50, then, the total cost will be HK \$7,500 for 15,000 copies.

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<sup>37</sup> These figures are reprinted from the Survey Research Hongkong Media Index 1991.

<sup>38</sup> The price is quoted by Next Magazine Limited, with effect from April 1993.

<sup>39</sup> The price for a regular spot of 30-second ad in the Commercial Radio is HK \$2,200, with effect from April 1993.



*Promotion Cost for Phase Two:*

Print Ads	HK \$ 15,400
Radio Ads	79,200
Leaflets	3,000
Recycled Leaflets	7,500
	<hr/>
Promotion Cost for Phase Two :	HK \$ 105,100

For the third phase "on-going" promotion, it includes print ads promotion in magazines, various guide books published by the Hong Kong Tourist Association<sup>40</sup>, and the colleges newspapers; as well as the trade shows promotion. An amount of HK \$50,000 must be kept aside for this purpose.

For the interior design of the restaurant, wood will be the basic material for furnishing while green plants will be the basis for decoration. The renovation cost for the restaurant is estimated to be HK \$500,000.

*Total Promotion Cost:*

Phase One	HK \$ 15,400
Phase Two	105,100
Phase three	50,000
Renovation	500,000
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Total Promotion Cost	HK \$670,500

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<sup>40</sup> Cost of print ads in the monthly guide book of the Hong Kong Tourist Association is HK \$12,320, \$6,600 and \$3,630 for the full-page, half-page and quarter-page respectively. These prices are effective from April 1993.

In sum, the total promotion cost is HK \$670,500 and the monthly promotion cost on recycled leaflet is HK \$7,500.

### Salaries Expense

The employees will include one chef, one assistant chef, two managers, six waiters, one cashier and two amahs. The calculation on the monthly salaries is shown below:

	HOURLY WAGE	WORKING HOURS	DAILY OVERTIME	MONTHLY WAGES	NO. OF WORKERS	TOTAL MONTHLY WAGES
CHEF	\$36.00	8	2.0	11088	1	\$11,088
ASST. CHEF	\$25.00	8	2.0	7700	1	\$7,700
MANAGERS	\$40.00	8	2.0	12320	2	\$24,640
WAITERS	\$18.00	8	2.0	5544	6	\$33,264
CASHIER	\$18.00	8	2.0	5544	1	\$5,544
AMAH	\$16.00	8	0.5	3920	2	\$7,840
						\$90,076

Monthly salary expenses: HK \$90,076.<sup>41</sup>

### Rental Expense

Our restaurant seeks to locate at a high-traffic area, and Causeway Bay will be the likely spot. A 1,000 sq. ft. premise will be appropriate. The average monthly rent in the

<sup>41</sup> For calculation, "Basic Salary = Hourly Wage x 8 Hours per day x 28 Days per month", and "Overtime Hour Rate = Regular Hour Rate x 1.5".



shopping mall of this area is HK \$200 per sq. ft.<sup>42</sup> For this restaurant, the monthly rent will be HK \$200,000. The initial rental deposit is three times the monthly rent of the premise. Therefore, the initial requirement on rent is HK \$800,000.

### Miscellaneous Expense

Other expenses include the incorporation fee; lawyer fee; insurance fee; installation costs of equipment such as oven and stove, refrigerator, cooking utensils, uniforms and so forth. The estimated total for these expenses is around HK \$50,000.

### Summary

In brief, the estimated initial capital requirement and the monthly expenses of the restaurant are as follows:

#### *Initial Capital Requirement:*

Product Cost	HK \$	52,000
Promotion Cost		670,500
Distribution Cost		800,000
Miscellaneous Expense		50,000
<b>Total Initial Capital Requirement:</b>		<b>HK \$1,572,500</b>

<sup>42</sup> This figure is the average of the rents in shopping malls of Causeway Bay as at April 1993.

*Monthly Fixed Cost:*

Monthly Product Expense	HK \$	40,500
Monthly Promotion Expense		7,500
Monthly Salaries Expense		90,000
Monthly Rental Fee		200,000
Others (Gas, Electricity, Water, and etc.)		20,000
		<hr/>
Total Monthly Fixed Cost:	HK \$	358,000

**Financing**

As indicated above, a total of HK \$1,600,000 is needed for the initial capital. For a new business, it is impossible to get loans from bank or other financial institutions since the new business has no tracking sales record. Hence, the most direct way for obtaining fund is from personal savings or from other investment funds.

For the sake of simplicity, the form of this business is registered as limited partnership. The aim is to have four partners in this business, for each shareholder will have to contribute HK \$400,000 to the start-up capital. The partners share the profit or losses equally and assume limited liability. Decision making is based on consensus.

A sales forecast is needed before the return of this business is projected. The projected sales for the health food restaurant will be as follows:



Number of Meals Expected to Serve per Day : 450  
 Average Amount Expected to Spend per Meal: HK \$30

Sales per Month as Forecast:  $\text{HK } \$30 \times 450 \times 30 \text{ days} = \text{HK } \$405,000$

Monthly Expense: HK \$358,000

Monthly Profit:  $\text{HK } (\$405,000 - \$358,000) = \text{HK } \$47,000$

Monthly Return on Investment:  $\text{HK } \$47,000 / \text{HK } \$1,600,000 \times 100\% = 3\%$

Yearly Return on Investment: 36%

Bearing in mind the attractive yearly return on investment of 36 percent plus the right marketing plan, it is predicted that the investment on this health food restaurant is promising.

### Control

The success of the whole business depends on the measure of control very much. It serves two purposes indeed. On one hand, a control plan will act as guideline for implementation. On the other hand, it helps to discover early mistake so as to make relevant correction. The whole control systems for the Health Food Restaurant will cover aspects like the budgetary control, labor cost control, crisis management and other important issues.

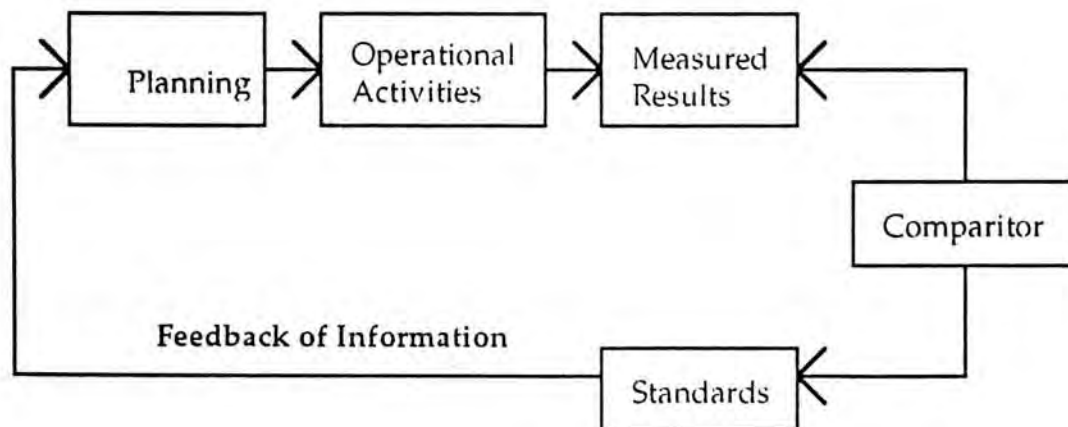
## The Control System

The primary aim of this system is to ensure that results of operations conform as closely as possible to the establishing objectives, whereas the secondary aim is to provide timely information that may prompt the revision of objectives if necessary.

The focus of this system is on the differences between actual achievements and planned achievements. This serves as a measure and basis for any remedial action being taken.

The most important characteristic of this system is a continuous review of information as soon as it becomes available, which helps to evaluate the continuing validity and fairness of the objectives set at the planning stage.

The cycle of control:



The "Planning" stage is set beforehand. This has been done in the preceding section of the Marketing Plan. The "Operational Activities" are the procedures and results that can be achieved as long as the restaurant starts business.



“Standards” in this loop are the managerial requirements. Normally, they are expressed in a quantitative way which are easy to measure and compare. Besides, qualitative standards are sometimes set like: “To make the kitchen hygienic and clean”.

“Comparator” is a description for the comparison process between the measured results and the standards set by the management level. The variance of these two will form the basis of the “feedback of information”. Comparison is done by the use of in-house micro-computer. The report is then commuted to every staff in the restaurant.

The whole system is not yet completed unless the appropriate corrective measures have been taken.

### **Budgetary Control**

Budget is needed in numerous ways. First, it helps to mark the coordinating marketing plans. Second, the budget is a means of communication between those who plan the campaign and those who carry out. Third, the budget motivates the managers, as well as all other staffs who are concerned. Also, they will serve as standards so that actual performance can be compared.

Thus, budget is needed at the initial planning stage. Next, monthly budget as well as yearly budget are needed. The monthly budget which serves as a short-term yardstick to the company, should be a subset of the yearly budget, which is a long-term plan of the restaurant in the financial point of view.

## **Labor Cost Control**

It is sometimes difficult to determine how valuable a particular person to the whole company is. In fact, some questions have to be answered beforehand. For example, what kinds of work is to be done by that labor, whether the work is being done in an effective way, how much work should be expected from that person, or how much should be paid for the carrying out of a specified job.

One method to address these questions is by "Control Indices". The management level should develop some criterion to measure the performance level of the labors. For instance, index like "food sales per food service staff member" can be calculated in order to draw comparison between different members in the labor force.

## **Behavioral Aspects of Control**

Somehow it is ordinary for staff to have negative feelings on the control measures. One way to reduce such feelings is to get them involved.

The management, when devising such a control system, should get participation from all levels of employees. The information should be made available to people whose results are being evaluated against the required standards. The staff who is responsible for the controlling task should be trained in both the skills to interpret comparison reports and the range of remedial activities possible in the event of such action being necessary.



## Tools Used in the Control System

### Total Quality Management

As this restaurant is a rather small scale operation, it is then possible for every staff to get involved in the control loop.

The method of Total Quality Management is being used as every one serving the restaurant is responsible for the sake of it. A general meeting is to be held every week, with the objectives of evaluating the existing performance and recommending possible corrective measures.

A chart composing the following three elements should be filled during every meeting. The important elements are: (1) Stage Involved; (2) Possible Problematic Areas; and (3) Remedial Action.

Stage involved will compose areas ranging from daily operational activities to the marketing tools, or the budgets. For example, "ordering foodstuffs" and "goods receiving" are two possible areas for the management to pay attention.

At step two where possible problems are highlighted, all staff concerned should give opinions in order to make this sheet as complete as possible. For example, in the matter of "ordering foodstuffs", the employees may fail to take up the price advantage that has given by the wholesalers, or ordering procedures are not strictly followed.

Thus, at step three, the meeting will recommend the possible solutions to these problems. To solve the problem, a precise guideline for ordering is set by the management so that every member of the restaurant is able to make the relevant orders. Furthermore, all suppliers' names and addresses are stored in the computer so that the most updated list is made available for everyone who needs the information.

### The Use of Computer

An in-house computer system can save time and costs, at the same time providing instant feedback for information like sales analysis and inventory level.

It helps to link up the control system. From cashier to kitchen, the computer is capable to show the managers the stock position; as well as a sales analysis which lists items sold, price, total sales value, percentage of sales value for each menu item; and an activity report giving total sales, average value of sales per customer, the labor hours involved, ratios of customers, sales per man hour and the percentage of labor costs to sales.

The time lag between the operational activities and the measurement of their results is so short that the feedback of information is available at the touch of a button. With the use of computer, it helps to lower operating costs, and at the same time helps to increase profit margin.



## Summary

In short, the estimate of initial costs requirements, financial planning and budgeting, as well as the control system are indispensable parts in the business plan.

Actually, up to this point, the basis for this health food restaurant has been laid down already. What is left will be the endeavor and energy to implement the whole plan.

## CHAPTER 8

### CONCLUSION

From start to finish, a marketing campaign for this innovative business has been drafted. It incorporates many facets which are essential to the birth of this restaurant.

The macro-environment has been studied first aiming at seeking out the relevant opportunities and threats for the restaurant business. Political-legal, economic, technological, as well as social forces integrated together to influence this business. Fortunately in Hong Kong, the future for the dining industry has been promising. The increasing business deals with China has strengthen people's confidence for investing in Hong Kong. The low bank savings rate, on the other hand, stimulate immediate spending. For the society as a whole, the rise of working women both in number and power, has created many business opportunities for those who can cater for their needs. As blended with the worldwide trend of health consciousness, there generates the birth of the health food restaurant.

After reviewing the macro-environment, the industrial environment of the restaurant business is being discussed. As a slow-growth industry with large numbers of competitors, it is concluded that the location and products offered are very important to the success of a particular restaurant. Since barriers to entry is low, any one who is able to cook in a delicious way will have the chance to win business. Success or failure is not determined solely by the amount of money invested, or the talents of the management. Customers will give credits to the ones who could offer tasty food and good service.



Precisely, the market for a health food restaurant exists. What is to be considered now is to find an effective and efficient way to capture this business. In our project, three groups of target customers are identified, namely the office workers, tourists and the post-secondary students.

Given the useful information that has been found from earlier chapters, the marketing plan and business plan are then formulated. The format of service is a self-help one, and the products available are of great varieties. Pricing is in a safe way which matches the competitors' price. With a good location, a knowledgeable sales team, and a well planned promotional campaign, the health food restaurant is now on the move.

Implementation and control are the other influential elements to the success of this business. Financial planning and budgeting have been set beforehand. They are incorporated into the control system which act as a yardstick to the implementation process.

Although the substantial elements of this new business have been mentioned, it is not a comprehensive one. Some other areas, which are more specific, have not been touched yet. Subjects like the exact location of the business, the actual combination of the menu, or the design of the advertisements are excluded here. The reason is that this project is designed to be an exploratory one. Actually, after the business plan, this project can be extended to parts like product testing, or to find and financial supports.

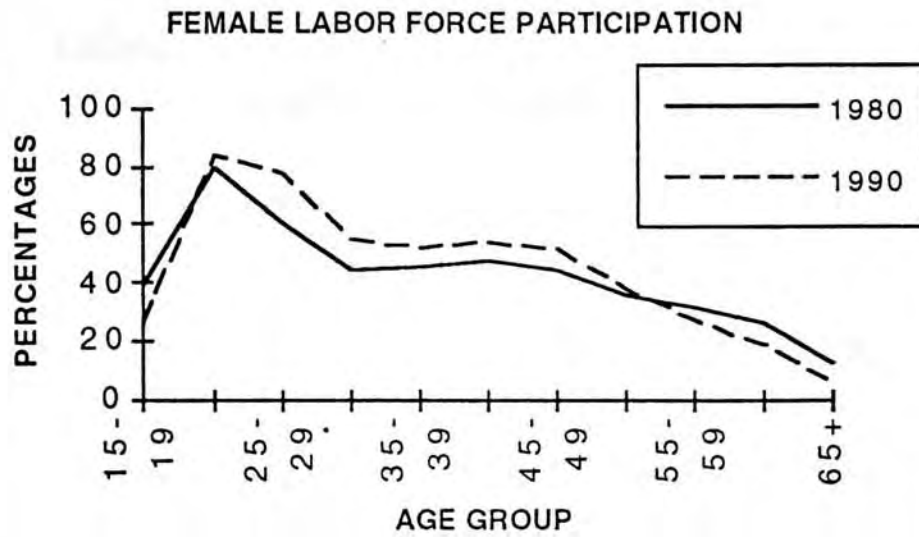
This project has enabled us to have a deep understanding for the large and complex restaurant business. Although this business is an exciting one, not everyone will has the temperament to cope with the complexities. After this opportunity study, we have learned that entrepreneurs have to be realistic because only a well-planned and properly equipped place will bring in business. The small scale restaurant is not merely a mix

between good food and attractive location, but is a comprehensive marketing program which involves many different facets of modern business management.

As we believe firmly that there is an opportunity for this health food restaurant, it is our dream to see the birth of it. However, whether this restaurant is run by ourselves or not, we still hope that this project would be able to serve as an informational basis to the marketing campaign of a new health restaurant in Hong Kong.



## APPENDIX I

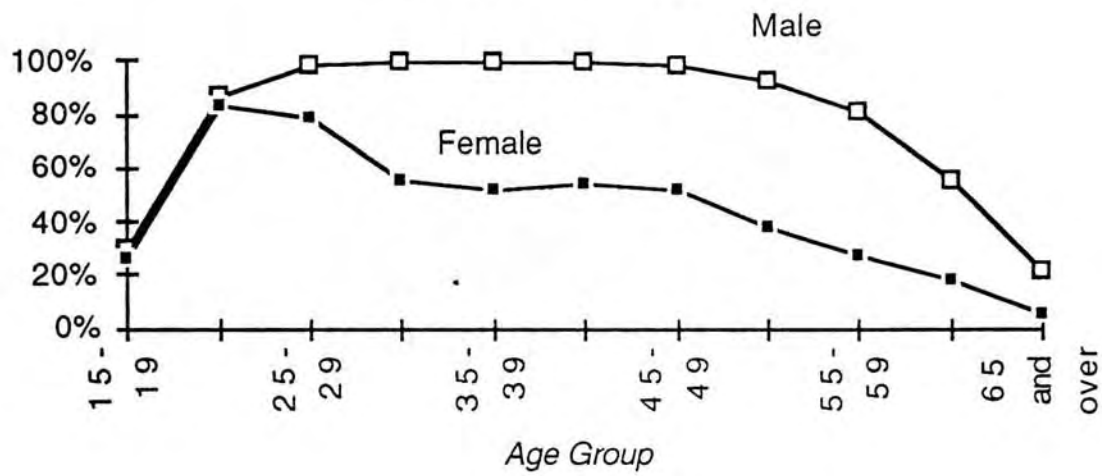


Source: Hong Kong Census and Statistics Department, Hong Kong Social and Economic Trends 1980-1990.

From 1980-1990, there is a general increase of working women from the age group 20-24 to the age group 50-54.

## APPENDIX II

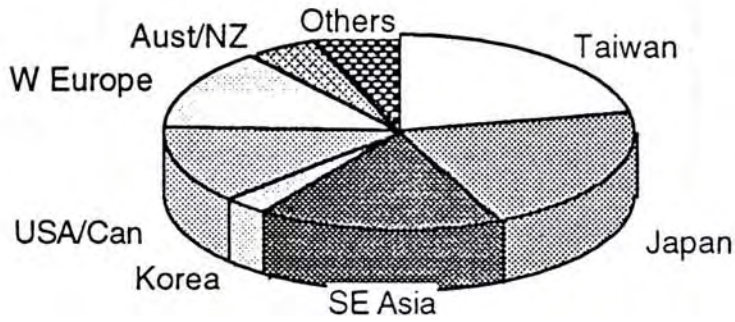
**Labour Force Participation Rates By  
Age By Sex in 1990**



Source: Hong Kong Census and Statistics Department, Hong Kong 1991 Population Census: Summary Results, pp 9-15.



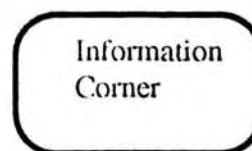
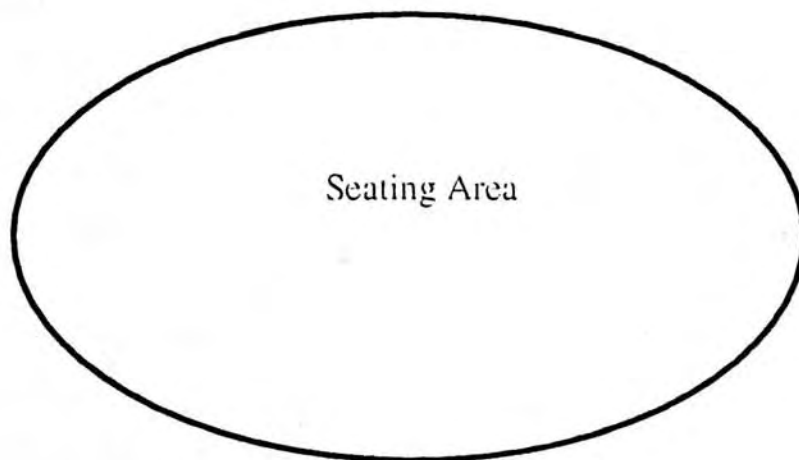
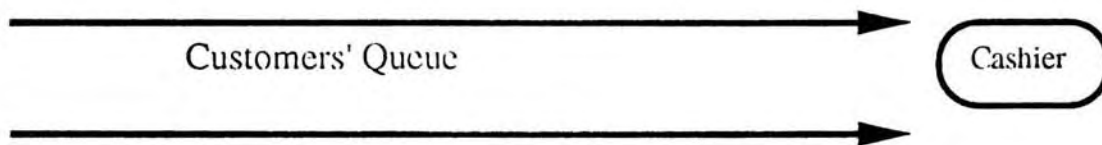
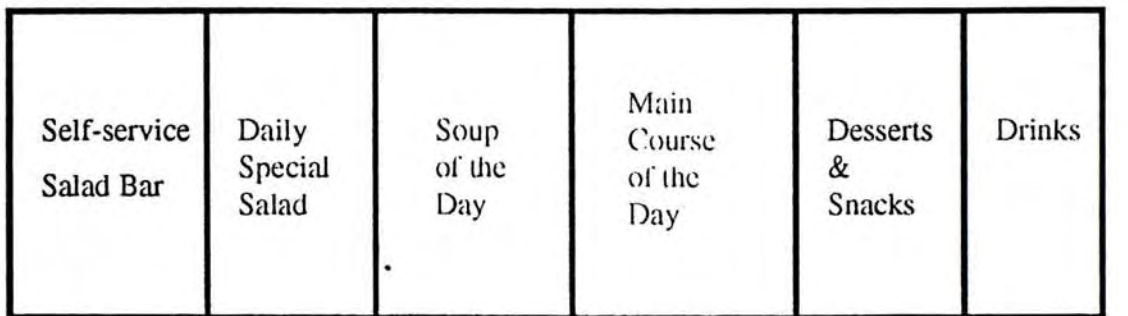
## APPENDIX III

**Portion of Incoming Visitors to  
Hong Kong in 1991**

Source: Government Information Services, Hong Kong 1992 (A Review of 1991), pp 278-281.

## APPENDIX IV

## Proposed Layout of the Health Food Restaurant





## APPENDIX V

**Suggested Menus for the Health Food Restaurant**1. Special Daily Salad

Bean and Pasta Salad;  
Beetroot, celeriac and Beansprout Salad;  
Caesar Salad;  
Cantonese Seafood Salad;  
Celeriac Salad;  
Citrus Salad;  
Curried Chicken Salad;  
Curried Corn Salad;  
Easy Fruit Salad;  
Energy Salad;  
Farmhouse Salad;  
French Green Salad;  
Fruit and Nut Salad;  
Fruited Chicken Salad;  
Kiwi and Cashew Salad;  
Lebanese Salad;  
Macaroni and Zucchini Salad;  
Marinated Pasta Salad;  
Mediterranean Rice Salad;  
Melon, Tomato and Cucumber Salad;  
Mixed Bean Salad;  
Pasta Salad with Pepper;  
Potato-lover's Salad;  
Salade Parisienne with Asparagus;  
Sicilian Fennel Salad;  
Spinach and Edam Salad;  
Spinach-Sprout Salad;  
Steak-lovers' Salad;  
Summer Green with Creamy Avocado Dressing.

Sunshine Salad;  
Vegetable-fruit Platter;  
Whole Green Beans;

2. Soup of the Day

Bean and Pea Soup;  
Butterbean, Carrot and Yogurt Soup;  
Carrot and Orange Soup;  
Carrot-Leek Bisque;  
Cauliflower-Pea Cream Soup;  
Coriander Soup;  
Corn Chowder;  
Country Harvest Soup;  
Fish Broth;  
Fresh Tomato Soup;  
Golden Potato Soup;  
Hearty Split Pea Soup;  
Lentil and Apricot Soup;  
Minestone al Povero;  
Old-fashioned Lentil Soup;  
Pea and Yam Soup;  
Perfect Creamy Cauliflower Soup;  
Raspberry and Orange Soup;  
Tortilla Soup.  
Yogurt and Cucumber Soup;

3. Main Course of the Day

Asparagus and Shrimp Puffs;  
Asparagus Italian Style;  
Baked Garden Vegetable;  
Beef Cobbler;  
Braised Brown Rice;  
Broccoli in Lemon Butter Sauce;  
Broiled Fish Steak;



California Tostada;  
Caribbean Cod;  
Cauliflower Toastie;  
Cheese Topped Turkey;  
Chicken Curry;  
Chicken with Pimento Sauce;  
Chicken, Leek and Mushroom Omelette;  
Crusty Butter-crumb Vegetable;  
Curried Cabbage;  
Duckling with Honey and Lemon;  
Eggplant Khoresh;  
French Peas and Lettuce;  
Gammon with Apple Sauce;  
Garlic Broiled Chicken;  
Garlic String Bean;  
Haddock with Mixed Vegetables;  
Lamb and Nut Korma;  
Liver Casserole;  
London's Indian Vegetable Curry;  
Mughal Vegetables;  
New York Goodwich;  
Normandy Corn Galettes;  
Nutty Broccoli and Cauliflower;  
Onion Flavored Fluffy Potato;  
Parslied Chicken;  
Peppered Steak;  
Perfect Sautéed Mushroom;  
Plaice and Crab Whirls;  
Pork Goulash;  
Potato Boat;  
Prawn Filled Jacket Potato;  
Provençale Chicken;  
Roast Chicken;  
Romaine Roll-Ups;  
Savory Cabbage Strudel;  
Shepherd's Pie;  
Spicy Peanut Roast Chicken;  
Staffed Pita Sandwich;

Steamed Vegetable in Lemon butter Sauce;  
Stew for Two;  
Stir-fried Black Mushrooms with Zucchini and Chinese Greens.  
Stir-fried Chicken;  
Stir-fried Lo Mein with Shredded Vegetable;  
Sweet and Sour Meat Balls;  
Sweet Basil Carrot;  
Sweet Spaghetti Squash;  
Tagliatelle with Tuna Sauce;  
Tangy Green Coleslaw;  
Teriyaki Broccoli;  
Turkey Fillet with Cucumber Sauce;

#### 4. Desserts and Snacks

Apricot Rice Pudding;  
Apricot, Strawberry and Kiwi Meringue Flan;  
Baked Apple and Sago Pudding;  
Banana Bread;  
Carrot Cake;  
Carrot Hash Brown;  
Chicken and Peach Crispbreads;  
Crusty Roasted;  
Cuke-A-Tillas;  
Exotic Fruit Terrine with Mango Coulis;  
Gooseberry and Apricot Cobbler;  
Granary, Oat and Walnut Loaf.  
Healthy Apple Strudel;  
Healthy Crumble;  
Honey Corn Bread;  
Hot Buttered Tortilla;  
Light 'n' Fruity Cheesecake;  
Little Orange Custards;  
Macerated Fruits;  
Pear and Date Crunch;  
Pear Soufflé Pancakes;  
Perfect Corn on the Lob;



Pineapple Calypso;  
Pineapple Sorbet;  
Pita Toasts;  
Plaited Fruit Loaf;  
Plum Flan;  
Steamed Fruit Pudding with Light Yogurt Sauce;  
Strawberry Carob Roll;  
Summer Fruit Tartlets;  
Sun Glory Pawpaw Pudding;  
Tangerine and Lemon Mousse;  
Yam Stew;

Sources of the Menus:

They are from a number of sources which include: (1) Jenifer Shapter, Mix and Match Your Calorie Counted Recipes, Quarto Publishing Plc.; (2) Mary-Lou Arnold, Good Health Cookbook, Sydney: Bay Books, 1985; (3) Rob Silverstone, Healthy Eating: A Guide for Chefs and Caterers, Macmillan Education Ltd, 1990; (4) Harvey and Marilyn Diamond, Fit for Life, Bantam Books, 1985.

## APPENDIX VI

**Frequency of Radio Ads at the "Grand-opening" Stage of Advertising Campaign:**

<b>Media:</b>	Commercial Radio		
<b>Length of the ads:</b>	30 seconds per shot		
<b>Frequency of the ads:</b>	Morning	-	6 shots
	Afternoon	-	6 shots
<b>Estimated schedule:</b>	Day 1	-	Morning 6 x 30s
		-	Afternoon 6 x 30s
	Day 2	-	Morning 6 x 30s
		-	Afternoon 6 x 30s
	Day 3	-	Morning 6 x 30s
		-	Afternoon 6 x 30s

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