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Contents Page

Executive Summary	3
1.0 Introduction	4
2.0 The Strategic Marketing Objective-Market share	5
3.0 SOSTAC	5
3.1 Situation Analysis	5
3.2 Objectives	6
3.3 Strategy	8
3.4 Tactics	10
3.5 Actions	12
3.6 Control	12
4.0 Recommendations	13
5.0 Conclusions	14
Reference List	

Executive Summary

In response to the dynamic changes and significant growth potential in the Chinese fast-food chain market, I have developed an actionable and achievable strategic marketing objective for Clay Pot King company. The objective aims to increase Clay Pot King's market share in the Chinese fast-food chain market over the next 12 months by optimizing the brand's delivery service, enhancing average order value, and improving customer conversion rates through marketing initiatives and setting digital thresholds.

This objective is formulated based on a comprehensive situational analysis, including an assessment of the overall strengths of the Chinese fast-food chain market and the internal strengths, weaknesses, external opportunities, and threats (SWOT) of Clay Pot King company. Leveraging the brand's comprehensive presence in the northern market and strong support from offline stores, the strategy strategically shifts towards optimizing its delivery service while building on its traditional dine-in service to capture a larger market share. The strategic plan utilizes the SOSTAC framework to analyze and assess various aspects, clarifying the objective facts to be considered and the actions to be taken to achieve the specified goal. Through a combination of product quality improvement, pricing strategies, online marketing efforts, and operational optimizations, we aim to establish a sustainable growth trajectory. Monitoring of data will track the progress of the objective and ensure alignment with predefined key performance indicators (KPIs).

1.0 Introduction

By continuing to research Clay Pot King's internal environment, I will use the SOSTAC and SMART models to assist Clay Pot King in increasing its market share through optimizing its delivery service. By formulating a marketing plan, we are able to thoroughly assess market conditions and brand competitiveness, and set thematic directions based on the situation, ultimately achieving the final marketing plan through the execution of our set plan.

The company will focus on the Chinese fast-food chain market and online food delivery services, aiming to increase Clay Pot King's market share from 0.028% to 0.030% within the next 12 months. Leveraging the SOSTAC framework, we can conduct a specific analysis from six aspects: situation analysis, objectives, strategy, tactics, actions, and control. Through evaluating Clay Pot King's current market position, we identify areas for optimization and potential opportunities for market share growth. Subsequently, using the SMART model, we break down the current plan into specific objectives that are measurable within a set timeframe, ensuring they are achievable, realistic, and can be monitored and evaluated using data.

Based on the market trends and brand data collected in the early stages, we develop marketing strategies targeting weaknesses and areas with significant growth potential, and plan the execution of staff and their responsibilities accordingly. Finally, the entire plan is completed through data monitoring tables.

2.0 The Strategic Marketing Objective-Market share

In the next 12 months, the marketing team of Clay Pot King Company aims to increase the company's market share in the Chinese fast-food market by optimizing its delivery service, raising it from 0.028% to 0.030%.

3.0 SOSTAC

3.1 Situation Analysis

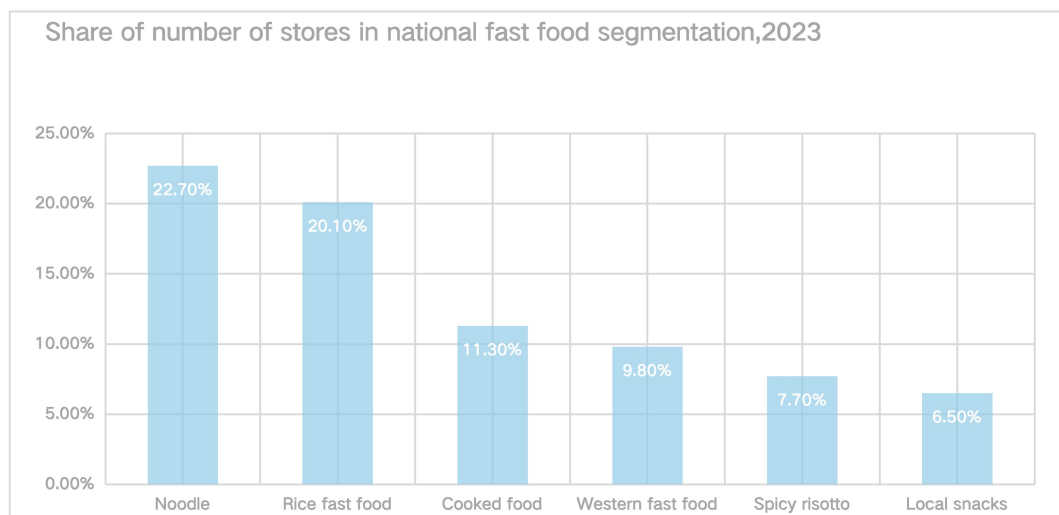
From the internal structure of the brand, the current advantage of the Clay Pot King brand lies in its positive development direction, focusing on the niche market of clay pot rice dishes and the powdered noodles and rice market within the Chinese fast-food chain industry to consolidate its core competitiveness. As of now, the company has more than 70 direct-operated stores, mainly distributed in 11 cities in northern China (Zheng, Y. 2023). By establishing a complete standardized system, the operational costs of individual stores are reduced.

Over the past 11 years, the brand has optimized its suppliers and supply chain by collaborating with leading brands in the industry to ensure stable production chain delivery. Through the integration of standards in various processes, the brand ensures standardized control in ingredients, flavors, processing procedures, and distribution processes to ensure standardized operations (Weibo, 2021). The brand has also developed an integrated CRM system based on WeChat to integrate customer information and better conduct member marketing through data monitoring and analysis to achieve user retention.

Looking at the overall environment of Chinese fast-food chain brands, the market is currently in a stable growth phase. According to estimates from the Red Restaurant Industry Research Institute, the scale of the Chinese-style rice fast-food market is expected to reach 235.1 billion yuan in 2023, with a

year-on-year growth rate of 6.4%, showing moderate growth over the past five years (Red Restaurant Industry Research Institute, 2023). Considering the severe impact of the pandemic on China's economic environment, the development of this market is indicative of its huge potential.

Observing the data in the chart below, it can also be inferred that from the perspective of the overall number of fast-food outlets, noodle-type outlets dominate the majority of the market share due to their relatively smaller store size and lower operating costs, accounting for 22.7%. Rice-based fast-food outlets rank second at 20.1%, only 2.6% lower than the top spot, leading the third spot by nearly 10%. This also indirectly demonstrates the high market share and acceptance of the brand. By continuing to develop outlets in this segmented category, Clay Pot King has a clear advantage to expand its store count, capture a larger market share, and achieve its objectives by adhering to market trends and improving brand management, marketing capabilities, and production/supply chain management (Moresino, F. 2021).



3.2 Objectives

In the next 12 months, the marketing team of Clay Pot King company aims to increase the company's market share in the Chinese fast-food market from

0.028% to 0.030% by optimizing its delivery service. This objective is formulated based on the analysis of the current fast-food chain market environment in China, as well as the internal structure of the brand. The choice of market share as the target is because this data most clearly demonstrates the company's business and economic performance, typically considered a crucial metric for marketing performance. Therefore, by calculating the proportion of Clay Pot King company's total store revenue to the total sales of the Chinese fast-food chain market collected over different years, we can clearly understand the brand's operating trends in the past year and its overall market visibility. If this ratio decreases compared to last year's data, it may indicate that the brand's store count has decreased, leading to a decrease in overall revenue. Alternatively, it could be due to poor operation of individual stores, resulting in decreased foot traffic and average spending per customer, leading to a decrease in total annual sales. However, regardless of the situation, it reflects the fact that the brand's competitiveness has declined.

This objective is formulated considering that Clay Pot King was established as a catering brand in 2012. Researchers within the framework of competitive advantage believe that the timing of brand entry into the market is a critical marketing decision for companies and can determine whether the brand can quickly gain market share. The brand did not enter the market during a boom period, especially when launching its delivery service. However, marketing theory also suggests that if latecomers have the necessary skills and capabilities and align them with market conditions, this advantage can weaken the timing of entry factor, thereby capturing a larger share of the market later and gaining a favorable competitive advantage. Therefore, using the most cost-effective method to increase the brand's market share can be considered a cautious attempt. Additionally, the potential of the delivery market is immense. The brand obtained significant cash flow through delivery when the pandemic occurred in 2020. During the initial phase of the pandemic, when the

entire country was locked down and all offline stores were forced to close, many brands experienced a cash flow crisis, including Clay Pot King. However, due to the initiation of the delivery service, the brand's revenue continued to rise during the lockdown period. For example, during the 2020 Chinese New Year, the revenue from delivery reached 3 million yuan, doubled in the second month to 6 million yuan, reached 9 million yuan in the third month, and then recovered to over 10 million yuan in the fourth month. This demonstrates the tremendous potential of developing the delivery service.

3.3 Strategy

Firstly, there is a forecast indicating that China's online food delivery market is projected to reach \$925.8 billion by 2032, with a compound annual growth rate (CAGR) of 13.7% during the forecast period from 2022 to 2032 (Sphericalinsights, 2023). From these figures and the trend chart below, we can see that the market share of China's online food delivery business is substantial and steadily increasing.



This indicates that consumer demand is very stable, with the majority of consumers being isolated during the pandemic and having no choice but to

use online meal delivery services. Over the course of the three-year pandemic period, a large number of consumers have developed the habit of ordering food online (Brizek, M. 2023). At the same time, with young Generation Z and millennials gradually entering the workforce, online food delivery has become an important source of food for this demographic, especially in China (Osendarp, S, 2021). Understanding the convenience and huge market demand for this service, most brands or individuals with offline stores choose to collaborate with leading delivery companies to offer delivery services, thereby increasing overall store revenue. Additionally, the rapid expansion of the OTO platform helps reduce information asymmetry between consumers and restaurants, facilitating the matching of demand and supply for online food delivery (Dehui, Y. 2023).

Clay Pot King has a natural advantage in this regard. Leveraging the consumer awareness established through its existing offline stores, the brand can attract organic traffic to place orders online simply by offering this service. Through statistical analysis of consumer reviews on the brand's delivery platform, we can understand the current issues with the brand's online meal ordering service. Firstly, Clay Pot King's founder has consistently emphasized the brand value of slowing down to enjoy food in a fast-paced lifestyle, using specially made pots for slow cooking, which takes 15 minutes to cook, allowing consumers to experience the warmth and deliciousness of the ingredients. However, due to cost reasons, the brand's delivery service needs to use cheaper packaging, such as foil bowls. This largely diminishes the emotional satisfaction that the brand can provide to consumers (Mooradian, T, 1996). The image below shows a comparison of the packaging for Clay Pot King's dine-in and delivery services.



Therefore, considering the manifestation of brand value in the delivery business and emphasizing brand consistency, we aim to collaborate with clay pot manufacturers to procure bulk quantities of low-cost clay pot packaging containers. By raising the threshold for free delivery in online orders, we seek to drive an increase in the average order value, while maximizing the continuation of brand value. When consumers receive takeaway bowls with better material quality and thermal insulation performance, they will also perceive them as valuable "extras," with significant utility in their daily lives (Rasheed, H, 2015).

3.4 Tactics

Continuing Clay Pot King's objective of increasing market share through optimizing its delivery service, several strategies can be implemented.

Firstly, in terms of product, maintaining the supply level of the production and supply chain from offline stores is crucial (Ivanov, D, 2022). This involves collaborating with stable and high-quality suppliers to maximize the product value of online delivery orders and ensure product quality. Partnering with large-scale clay pot manufacturers to replace the original foil bowl packaging with clay pot packaging can maximize consumer satisfaction by utilizing the

"freebie" psychology (Murti, A, 2013).

Secondly, in terms of pricing, raising the minimum order threshold and free delivery threshold on the online delivery platform is essential. By setting a minimum threshold on the online ordering platform, the average order value of online orders can be actively increased. However, prices need to be referenced to the package fees of offline stores, and a reasonable threshold amount should be planned. This involves adding small items such as drinks and side dishes to consumers' existing purchase intentions. Setting a reasonable but higher free delivery amount can encourage consumers to increase their order size to qualify for free delivery. Consumers often view this as a reasonable conversion, and it can even lead to word-of-mouth promotion (Gentile, C, 2007).

In terms of online marketing, Clay Pot King can continue to promote the brand value of "slow living." With the change to clay pot packaging for delivery, the brand can emphasize the continuity of quality to ensure consumers have the best online ordering experience, akin to the high-quality taste of freshly cooked dishes served in-store.

Regarding personnel, attention must be paid to training staff in preparing delivery orders. With the adoption of new clay pot delivery, a more secure packaging method may be required to prevent pots and other dishes from shifting during transportation and avoid damage. Additionally, clear indicators of the high temperature of the clay pots should be marked to remind customers to handle them with caution to prevent burns.

3.5 Actions

In this optimization of our delivery service, we need to hire a dedicated delivery operations manager whose main responsibilities include designing delivery marketing plans, monitoring overall delivery service performance, including designing Key Performance Indicators (KPIs) to achieve expected results, and rewarding the achievement of KPIs (KPI.n.d.). This position also requires motivating employees and promptly correcting any erroneous behaviors to achieve the ultimate marketing goals.

Additionally, apart from the dedicated delivery operations manager, each store manager needs to be involved. The delivery operations manager needs to consider the performance evaluation of store managers in the design of KPIs to efficiently optimize delivery service in daily store operations.

Each store manager can receive a 0.5% commission on delivery turnover, while the delivery operations manager can earn a 1.5% profit from the total delivery business. By improving the level of delivery service, we can increase turnover while also helping personnel increase their income through commission, thereby motivating employees to enhance their individual efficiency. However, the focus still needs to be on physical store operations because the brand's primary natural traffic still comes from offline operations. The performance evaluations of offline and delivery operations are separate, and personnel need to assess this accordingly.

3.6 Control

In the implementation of this plan, it is essential to focus on utilizing data monitoring tables. This includes a 12-month flowchart, which can enable any team member to easily understand how to complete the given process (Asana.n.d.). The chart details specific tasks to be executed and the specific time

divisions for increasing market share from 0.028% to 0.030%. Evaluating and tracking the progress of this objective cannot be evenly distributed across each month because in the early stages of the marketing plan, the growth rate of data may be slow (Keeble, 2020). It takes time for Clay Pot King's customer base to process this information and initiate action, so the task allocation figures will be lower in the first 3 months, with a focus on increasing market share placed in the mid-to-late period of the year.

Furthermore, the segmentation of this process table needs to be planned for each specific store. Different branches receive different task allocations, which need to be based on considerations such as the store's past offline operational revenue, profitability of delivery operations, geographical location of the store, and the surrounding business district. The allocation of this objective is the responsibility of the dedicated delivery operations manager, hence establishing reasonable performance assessments for this manager's final performance assessment is related to meticulous handling of data.

Recommendations

Based on the assessment of the current Chinese fast-food market, we understand that the market has immense and stable growth potential. Therefore, Clay Pot King needs to pay close attention to market fluctuations, especially understanding the movements of competitors. Additionally, through Clay Pot King's financing reports, we can identify that the brand's cash flow primarily comes from store revenue and capital investment. The ability to repay debt is closely related to the brand's stable operation, and any changes in market trends or brand PR crises could have serious consequences.

Therefore, I recommend that Clay Pot King diversify its business, diversify the brand's channels, standardize the operation of offline stores, maintain stable

store operations, and focus on optimizing online ordering services to increase its market share in the Chinese fast-food market. By aligning with the continued growth trend of the Chinese online food delivery market and leveraging the brand's existing strengths in the offline restaurant sector, the brand can increase its market share and competitiveness.

Furthermore, the brand should select suitable suppliers and collaborate with stable and reliable suppliers while ensuring close relationships with other suppliers to cope with the volatile market. In addition, partnering with large-scale clay pot manufacturers for delivery orders to introduce eco-friendly packaging aligns with the brand's sustainable development values. Competitive pricing and delivery thresholds should be established based on the corresponding increase in costs to increase the average order value and free delivery threshold.

Enhancing brand value through high-quality packaging services and aligning offline and online stores emphasizes the brand's commitment to maintaining high-quality food in the fast-food era and underscores the unique selling points of Clay Pot King dishes.

5.0 Conclusion

Through research conducted on the Chinese market where Clay Pot King operates, we have identified key marketing strategies tailored to the current landscape of the Chinese fast-food chain market. By maintaining stable operations in Clay Pot King's offline restaurants, we continuously build consumer brand awareness, cultivating habits that naturally generate traffic for online ordering services. With a plan to increase market share in the Chinese fast-food chain market over the next 12 months, along with relevant traffic monitoring and process control, we aim to enhance Clay Pot King's presence

in the market.

Furthermore, in terms of supplier collaboration, we aim to identify and partner with a specialized manufacturer of clay pot packaging specifically for delivery services, ensuring high-quality service and experiences for online customers. By utilizing the SOSTAC model for step-by-step market analysis and setting achievable objectives using the SMART model, Clay Pot King is positioned to elevate its position in the fiercely competitive fast-food industry.

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