

EATALY, ISTANBUL

Marketing Audit

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Executive Summary

Project Objective

To conduct an objective, comprehensive, independent, and systematic analysis of the marketing of Eataly, Istanbul. The marketing audit aims to evaluate the company's marketing assets and activities within the context of its marketing environment and strategies.

Background

- Eataly, Istanbul is a franchise of the larger food retail conglomerate Eataly, headquartered in Monticello d'Alba, Cueno, Italy. Eataly has locations worldwide spanning from Chicago and New York in the United States of America, Sao Paulo, Brazil in South America, Dubai, United Arab Emirates in the Middle East, and Tokyo, Japan in the Asia-Pacific region, with many other planned locations in other major cities around the globe.
- Eataly is the largest Italian marketplace in the world.
- Eataly, Istanbul is located in Zorlu Center, a 1.1 million square feet multi-function complex housing offices, residences, movie theatres, cafes and restaurants, the Raffles Hotel and Spa, the Zorlu PSM which is the largest performing arts center in Istanbul, as well as many of the finest brands in fashion from around the world.
- Eataly, Istanbul is situated on two floors and comprises of three restaurants, three cafes, a wine and cheese bar, a bakery, a meat shop, a large retail food market space specializing in Italian food products, and a culinary school.
- An average of approximately 2000 meals are served in the restaurants per day, and a total of approximately 1 million meals are served during the year.

Tasks

- Collect data about Eataly from primary and secondary sources.
 - Interview Mr. Claudio Chinali, Executive Chef, Eataly, Istanbul.
 - Interview Mr. Çağrı Burak Sağlam, Corporate Sales Manager, Eataly, Istanbul
 - Company literature: Menus, brochures
 - Online resources:
 - Company Website: eataly.com.tr
 - Facebook Page: <https://www.facebook.com/eatalyistanbul>
 - Instagram: [eataly_istanbul](https://www.instagram.com/eataly_istanbul)
- Tour the premises of Eataly. Observe and collect data by observing space, design, layout, signage, promotions, etc.
- Visit Eataly kiosk in Kanyon AVM, Istanbul and observe space, design, layout, signage, promotions, etc.
- Review marketing assets and activities within the framework of the company's macro- and micro-environments.
- Conduct a SWOT analysis and discuss company objectives and the marketing strategies used to achieve them.
- Assess company's marketing mix: Product, Price, Promotion, Place.

“ITALY IS EATALY”

“We sell with what we cook, and we cook with what we sell”, says 33 year old Claudio Chinali, the Executive Chef of Eataly, one of, if not, the most authentic Italian retail food establishment in Istanbul. “We want to remind consumers about the traditional Italian ways of preparing food while integrating state-of-the-art technology in the production process to generate value through exclusivity and efficiency. This is our philosophy”

Walking through the sliding glass doors one cannot help but notice the simple, yet chic, industrial, yet comfortable interior of the premises. In contrast with most retail food markets, the displays are neatly stacked, at comfortable, relatively shorter heights, allowing consumers to get an almost 360 degree view of the floor, no matter where they are standing, and navigate easily to any other section of the store. The signage, highlighting menu specials, new products, special promotions, as well as general information about the ingredients used for some of their most popular dishes, all available for sale in their Food Market, of course, is in both Turkish and English. You might even catch a glimpse of Claudio teaching one of his culinary workshops, recorded and aired on a local television channel. Sights of handmade pasta, aromas of pesto, basil, and thyme, the taste of fresh mozzarella, and the sounds of chefs calling out orders over each other in Italian, are but a few of the many, many reasons behind Eataly’s astronomical, or more appropriately, gastronomical, success.

Marketing Environment Review

The Company’s Macro-Environment:

Demographic: Istanbul has a population of approximately 14.4 million. Turkey has a roughly even distribution between male and female groups, and both sexes share the same median age of approximately 31. Approximately 68% of Turkey’s population is between the ages of 15 to 64, inclusive.

Economic: The GDP (PPP) per capita for Turkey in constant 2000 International Dollars is 9,949 Int\$, which is approximately equal to TL 30,000.

Natural: The geographical placement of Turkey between the Black Sea and the Mediterranean Sea creates the variations in weather such that Istanbul observes all four seasons. Seasonality provides the opportunity to bring variation on the menu using changing seasonal ingredients. It also provides Turkey with mineral-rich soil to grow a wide variety of wine grapes, and Turkey does have a strong demand for both local and imported wines. In general, Istanbul's landscape, climate, and history make it a popular destination for tourists as well.

Technological: Eataly employs state-of-the-art technology and specialized knowledge in food handling, processing, storing, as well as precision methods for cooking to deliver food that is fresh, delicious, and nutritious and food technology plays an important role in all three. The idea is that an informed customer does not have to consciously observe the role of cutting edge food technology and techniques, but rather perceive it on an unconscious or subliminal level through the quality of the food.

Political: While the dynamic, and sometimes volatile, political climate of Turkey has little to no impact on Eataly's customer base, it does pose a very specific threat in terms of the prices of imports, and even their overall availability.

Cultural: Istanbul has a popular and diverse food culture, with people's tastes extending from the traditional Turkish menu to sushi. However, according to Claudio, the Turkish palette is risk averse, and "they want to have food that they can understand easily".

The Company's Micro-Environment

The Company: Claudio says "We can make tastier food with honesty, fresh ingredients, and seasonal products, while having a constant respect for the supplier. Being honest wins in the long term. No shortcuts." The staff hired are those that understand the idea of 'honest food' as

well as the expectation of the people, and not necessarily the best chefs, in a strictly technical manner of speaker. The company trains them to be able to match the expectations of consumers in the best possible way.

Suppliers: Eataly maintains strict quality control and it is directly overseen by Eataly HQ as well. Therefore, Eataly has developed and maintained mutually profitable relationships with its relatively very small number of suppliers who understand the philosophy and business model of Eataly at large. There is one supplier each for fish, meat, produce, and dry fruit, and a few for fresh dairy.

Marketing Intermediaries: Eataly does not have any specific marketing intermediaries. Most of its marketing is done in-store and any outdoor marketing is done occasionally through no specific intermediary.

Competitors: Eataly essentially does not have a direct competitor. There are many good Italian restaurants and culinary schools but Eataly benchmarks itself with reference to them, ultimately surpassing them. The market power of Eataly comes from a combination of all the things it has to offer in terms of retail, service, kitchen, and classes. No other establishment provides these options in one single convenient location.

Marketing Strategy Review

Company Objectives, Market Segmentation & Positioning:

The objective of Eataly is to bring the option to eat and buy the best Italian food, and to share knowledge about what you eat, all under one roof. To achieve these goals, Eataly offers a variety of restaurants, a very extensive Italian food retail marketplace, and culinary workshops taught by some of the best Italian chefs the city has to offer, all at relatively lower prices, and therefore creating greater value for money and the convenience of doing it all in one location. This unique combination of retail, service, and knowledge-sharing has created

the unmatched competitive advantage that allows Eataly to remain a market leader in the Italian food market.

Eataly positions itself using a combination of a Price-Quality and Attribute-Benefit approach. Combining objective evaluative methods and technological processes with the best factors of input such as the right suppliers, trained and knowledgeable employees, codified quality control management processes, and superior service to arrive at a consistent, perceptible, unconscious, subliminal view of the quality and value of the final product offering by the consumer. It keeps cost low by generating value throughout the supply chain, from the supplier to the consumer, and by trimming off extravagance costs. But the largest direct cost to Eataly is that of the ingredients available in their food market and those used in their kitchen. The company keeps costs low by using the best ingredients available in the market. According to Claudio, using relatively inferior quality ingredients at cheaper prices takes more input in terms of labor and processing to arrive at a marketable product than it does if we start with high quality ingredients. Therefore, minimizing factor cost as a tool to cut overall costs is misleading and costly in the long run in terms of the value-added processes required to produce a marketable product.

“Our customers belong to all age groups, this is a place for everyone”, says Çağrı Burak Sağlam, Corporate Sales Manager at Eataly, Istanbul, and Eataly facilitates this through small play areas for children, away from the wine racks and art galleries for the adults. However, up to 80% of their turnover comes from a small market segment made up of 20 to 40 year old professionals with relatively larger disposable incomes. The clientele is segmented by gender with approximately 60% being women and 40% men. Eataly’s location at Zorlu center, situated in Gayrettepe, one of the largest business and transportation hubs of the city, provides the ideal setting for targeted marketing, with signage posted through the hallways of the train and metrobus stations through which millions of people pass all day everyday.

SWOT ANALYSIS

Strengths

- Acceptance of failures. Average delay in work reporting time is 10 minutes. But it is accepted because the workers make the customers happy because the workers are happy. Enforcing rules too hard can be a handicap. Employee interaction is casual yet respectful.
- Embrace mistakes. Growth is a slow educated process.
- Business model: retail, service, kitchen, and culinary school, all under one roof.

Weaknesses

- Internal communication due to scale of company. Difficult to keep people informed of changes due to scale.
- Difficult to exhibit all offerings to consumers in a feasible way since there is so much to exhibit.
- High taxation on imports. An increase in the prices of imported ingredients affects the bottom line, and therefore makes Eataly vulnerable to price change.
- Changing exchange rates.

Opportunities

- Since Eataly currently has only one location in the European side of Istanbul, close to the coast, another option for expansion may be near Istanbul's Sabiha Gokcen airport on the city's Asian side.

Threats

- Human Resources: Must maintain supportive team environment and maintain harmony in the team.

- Employee turnover threatens service. Claudio believes that “A good waiter can serve fantastic food in a way that makes you a leader in the market.” Therefore, while some employee turnover may be desirable, a high employee turnover jeopardizes the service component of Eataly’s total offering. High turnover is loss in time invested in training employees about product knowledge, techniques, technology, and different aspects of service.
- While a high turnover is undesirable, a very low turnover may be an indication of complacency. It is therefore important, yet difficult to be appropriately vigilant.

Marketing Activity Review – Analyzing the Four P’s

Product

Eataly has a very wide product mix, i.e. it offers a large number of different product lines. They range from bottled water from Italy to Italian wines, cheeses, and ready-made pastas, and many more.

The length of each product line, i.e. the total number of items in each product line, differs significantly from one product line to another. For example, while there are hundreds of different Italian wines to choose from, there may be a relatively smaller selection of olive oil imported from Italy, a still smaller selection of Italian glassware available for sale, and perhaps only ‘Illy’ and ‘Vergano’ coffees available for sale as the premium Italian complements to the Turkish ‘Selamlıque’.

The depth of the product line is generally dichotomous, with both Turkish and Italian versions to choose from, with the Italian being the premium choice.

Price

The pricing strategy takes into account two factors: First, check to see if there is something similar in the market to benchmark against in order to get a reference price to determine price ceiling. The price floor is determined by factor costs.

Second, examine quality of what you are offering. Examine supplier costs, process costs, complexity of entrée produced, projected storage time horizon, and wastage costs. If these costs result in unreasonable price levels, then a re-examination of the process is warranted.

The use of alternative ingredients, for example a different type of olive oil, or the elimination of a nonsense ingredient, while remaining true to the food and creative process, may all help to drive down factor costs and processing times. However, a compromise in terms of what Eataly claims to deliver is the only impossibility for Claudio. In addition, periodic reviews of the pricing strategy based on market preference, seasonality, and market trends allow Eataly to remain profitable while maintaining a growing consumer base.

Promotion

Promotion revolves around simplistic informational advertising with signage generally carrying pictures of dishes offered on the menu, and conveying information about the ingredients that are used and available for sale in the store. Most of the promotion is done in-store with the remaining promotional signage posted throughout Zorlu Center and the train and metrobus stations nearby. Other promotional activities include a Sunday Jazz breakfast, live piano at their wine and cheese bar, and a cooking show on Digiturk called Chef Italiano Olunca. With over 15,000 'Likes' and almost 48,000 'Check-Ins' on their Facebook page, as well as almost 15,000 followers on Instagram, Eataly Istanbul also maintains a respectable presence online as well. Eataly has a small sampling kiosk at Kanyon AVM where people can try samples and purchase their olive oil, bread and cheese. Finally, celebrities and VIP's such

as Hollywood star Hugh Jackman, and industrialist Rami Koç also add to the buzz generated through word-of-mouth marketing.

Place

The distribution of the product mix that consists exclusively of Italian brands is only available at Eataly stores.

1. What is your age?

< 18	18-25	25-35	35-45	45-55	> 55
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2. Are you:

Male	Female
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3. Are you Turkish?

Yes	No
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4. How did you find us?

Online	Friend	Commercials	Billboards	Food Websites	Others
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Others

Which part of our establishment did you enjoy most?

Restaurants	Food Market	Cafe	Wine and Cheese Bar	Culinary Workshops
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5. Which of the activities you like?

Culinary Workshops	Art Exhibitions	Sunday Jazz Breakfast	Live Piano	Eataly Tour
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6. Was this your first visit to Eataly?

Yes	No
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- If not, how often you visit us?

Daily	Weekly	Monthly	Once a quarter	Once or twice a year
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- If yes, would you want to come again?

Yes	No
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7. Do you prefer to visit us for lunch or dinner during the week?

Lunch	Dinner
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8. When you dine with us, is it generally for:

Business	Pleasure	Social Capital
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9. Do you prefer to visit us ?

On Your Own	With Family	With friends	Business Groups
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10. The waiting time was:

About what I expected	A little longer that I expected	Much longer than I expected
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11. Please tell us what you had ordered for lunch/dinner at our restaurants

12. Please share with us your opinions on the quality of your food:

-Taste and quality of your food;

Excellent	Good	Average	Below Average	Poor
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-Food temperature

Excellent	Good	Average	Below Average	Poor
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-Presentation

Excellent	Good	Average	Below Average	Poor
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-Overall value for your money

Excellent	Good	Average	Below Average	Poor
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13. Please share with us your opinion of

-The variety of courses offered on our menus

Excellent	Good	Average	Below Average	Poor
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-Availability of sauces, utensils, napkins, etc.

Excellent	Good	Average	Below Average	Poor
-----------	------	---------	---------------	------

-The general behaviour of our employees during your visit

Excellent	Good	Average	Below Average	Poor
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-The quality of beverages

Excellent	Good	Average	Below Average	Poor
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-If you consume alcohol, the value for money of our alcoholic beverages

Excellent	Good	Average	Below Average	Poor
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-The cleanliness of our restaurant

Excellent	Good	Average	Below Average	Poor
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14. Do you think our employees are well versed in product knowledge and service etiquette/technique about:

Wines

Excellent	Good	Average	Below Average	Poor
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Cheese

Excellent	Good	Average	Below Average	Poor
-----------	------	---------	---------------	------

Main Courses

Excellent	Good	Average	Below Average	Poor
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Food Market

Excellent	Good	Average	Below Average	Poor
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15. Are you satisfied with the quality of food products sold in the Eatly Food Market?

Yes	No	Maybe
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16. Were you able to easily find what you were looking for?

Yes	No	Maybe
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17. Was our staff helpful while making your purchase at the Eatly Food Market?

Yes	No	Maybe
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18. Were you satisfied with the service you received while making your purchase at the Eatly Food Market?

Yes	No	Maybe
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19. How quick was the processing of your purchase at the checkout counter?

Quickly	Average	Slow	Very Slow
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20. Do you think that our culinary workshop offers you good value for money? Are you satisfied with the course?

Yes	No	Maybe
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21. Did you like the music playing in our store?

Yes	No	Maybe
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22. Would you recommend Eatly to a friend?

Yes	No	Maybe
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23. Please provide any additional comments about your experience at Eatly:

THANK YOU!