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Go Natural

A new fast food concept

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Abstract

Title: Go Natural – A new fast food concept

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Go Natural is a 100% Portuguese healthy fast food chain that was created by two siblings' entrepreneurs, Diogo and Joana Martorell, whom had the wish to make something different. This company was chosen to serve as the setting of a Teaching Marketing study, with the purpose of being used as a pedagogical tool in undergraduate programs. This case provides students the opportunity to become familiar with brand expansions and the fast food market. In 2004, this pioneer brand providing a diversified and different range of products, in the Portuguese fast food industry, was growing and retaining more clients. However, in 2009, when Portugal faced an unfavourable scenario, some doubts appeared when sales growth started to increase in a lower rate, forcing to adapt their business to this new and adverse scenario and to costumers' habits changes. To face this dilemma, two options were studied - internationalization and brand expansion. The product provided is a quality and healthy product aligned with an efficient and customized service with value to the clients, only like that was possible to survive in that competitive industry. Despite this, Go Natural felt the need to diversify their product, with the purpose of identify and plan future strategies. Students are presented with information to support their decision and give recommendations to the evolution of the brand. This case provides an opportunity to students to be in a real life situation, in the role-play of the CEO of the company in a crucial decision to the future.

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1. Case Study

1.1 - Go Natural - A new fast food concept

In 2004, after the opening of the first “Go Natural” store in Portugal, probably only few people thought that this 100% Portuguese project would completely revolutionise the Portuguese fast food market. In 2012, Go Natural was a restaurant chain, headquartered in Lisbon, which had 30 restaurant outlets operating in Portugal, employing more than 250 people. If you did not have much time to eat, but wanted something besides typical fast food, Go Natural appeared as a solution, offering a variety of healthy food¹ including salads, noodle dishes, 100% fruit juices, and even sushi and soup (see **Exhibit 1**).

Given the highly competitive catering industry, was Go Natural able to continue to grow?

This question could not be answered with 100% confidence, but this company grew in a sustainable way and revolutionize the catering market.

1. Every year, Go Natural creates 50 new recipes, to offer diversity to clients.

This case is based on real events. However the data and history of it are disguised as the main purpose is to illustrate a management decision dilemma.

1.2 - Go natural launch

The adventure of offering healthy food where there was only provided unhealthy fast food, characterized by the high fat and salt values, started in 2004, but quickly became a national success.

Until 2003 the Portuguese economy faced several losses and finally, in 2004, the Portuguese economy changed the pattern and reached a small recover. The Portuguese economy that grew 1%, but was recovering from last year's continued losses. Despite the recuperation, this economy continued to present a lower growing rate than the Eurozone, for the third year in a row. However, the forecast in that year was that the Portuguese economy would recover and continue to grow in the following years (see **Exhibit 2**). This was the time when the two siblings entrepreneurs, Joana and Diogo Martorell, decided to take a risk, invest and start their own business (see **Exhibit 3**).

In those days, Diogo Martorell returned to Portugal after some years working abroad – England and France – and decided to create an innovative concept in the catering sector. Martorell started to do a business plan and with the help of his sister he launched their brand – Go Natural.

They opted to follow this “journey” with the desire of creating a brand and a team which would be able to revolutionise the market (see **Exhibit 4**). To achieve this objective they created “Go Natural”, a fast catering healthy service that could also be described as a “healthy fast food” company, which consisted in offering meals with all the flavour in a convenient and practical way. At those days, according to Go Natural marketing department, Portuguese consumers looked to healthy food as a punishment, something that was good for the health, but was not tasteful. After creating the concept, Martorell had to built the best team to achieve his final objective which encompassed hiring chefs, motivated employees and nutritionists to guaranty all the quality², taste and nutrition standards in a quick meal, ready to go. As Martorell said: “The success of the idea goes beyond the recipes, the high formation of employees and the freshness of the ingredients have an important role”. So as a motivation for the commitment and professionalism, Go Natural offers to employees exceptional conditions, such as the possibility to join a gym (Holmes Place) for a symbolic price, a variable part of the salary and some annual parties. Martorell's perspective about the lack of quality of the food

² The stores receive 6 times a week fresh fruit and vegetables and the employees only have contact with the client after a demanding learning and training.

provided in the majority of food courts and the relation price/quality that could be improved, created confidence and motivation to embrace this challenge.

The worldwide inspiration was one of the core competencies and a differentiator of “Go Natural” and consequently a reason to the success (see **Exhibit 5**). Questioned about what were Go Natural’s key success factors, Martorell’s answer was precise:

“...the quality of the food provided, the focus in the client and the differentiation from the competitors, offering a healthy and fast catering service that combines pleasure, welfare and convenience”.

Presentation and package were always very important to Go Natural, even more because when the company was created these characteristics were not so recognized by the consumers within this industry, other characteristics were more relevant to the general public (see **Exhibit 6**). So, according to Martorell, health, pleasure and convenience were the three pillars that sustained the creation of this company.

1.3 - Background – first steps

In 2010, the company was composed by a staff of two hundred and fifty employees in thirty food stores around Portugal, and without putting aside not only the possibility of continue to grow internally, but also to expand in a global scale.

He opened the first store, also known as food bar, in 2004, in a shopping centre – Amoreiras Plaza (Lisbon). After some years there were already dozen of food stores, spread in four cities around Portugal– Lisbon, Porto, Coimbra and Aveiro (see **Exhibit 7**). The location of the stores was decided in accordance with the target market, defined by Martorell’s sister as:

“active people with an accelerated rhythm of life, which eat regularly out of home (especially at lunch). Everyone that cares about their alimentation and appearance that look for healthy offers, sophistication, pleasure, quality and convenience. Our standard client is a person with a medium and medium/high purchasing power, between 20-45 years old (mainly women).”

1.4 - Placement

In order to reach these customers, Martorell decided to open the stores in the littoral of Portugal, near the ocean, where were the majority of the possible clients, in the four cities with higher population density and higher purchase power³.

The placement of the stores was also influenced by the concept, in the way that to Go Natural, the image and the concept overflows the alimentation. The possibility to read free daily newspapers, city information's and access to internet complemented the supply of this catering company, targeted to an interested and informed customer. Reality that took Go Natural to plan wisely and position their stores at population centres of significant dimension. Joana Martorell explained that "were areas where existed a higher percentage of an informed client, with a concern about a healthy alimentation and informed about the ingredients that we use."

The strategy was defined with the aim to follow that expansion trend. So the elected areas to launch the stores were always placed where there was a large affluence of people and potential clients - shopping centres, allocated to gyms, offices areas and supermarkets. The placement was chosen based on the flow of customers in those areas and the fact that there was a "shopping centre culture" in Portugal⁴, since a significant part of the population frequently went to these commercial areas to have meals.

Although this was the reason for the positioning of the stores in these specific cities, Go Natural was already planning a possible expansion to other cities⁵, where the flow of possible clients was sustainable. The objective of Go Natural and their owners was to provide to the client not only a meal, but a way of leaving, and they pretend to provide it to the larger number of potential customers possible.

³ Marktest's geomarketing Sales Index data: "only 6% of the Portuguese territory concentrates 50% of the purchase power". The geographical sales index shows that people leave in the coast of Portugal and a concentration in a reduced numbers of counties. If half of the purchase power is concentrated in 25 counties, it shows that 22,5% of this index is restricted into only 5 counties. - Source:

<http://www.marktest.com/wap/a/n/id~1979.aspx> [Accessed 20 May 2012].

⁴ According to a Marktest study: "In 2006, 5 Million Portuguese went to shopping centers. Students between 15 and 17 are the ones that had more frequency, 83,9% and 76,3%, respectively." Source: <http://www.marktest.com/wap/a/n/id~e2f.aspx> [Accessed 20 April 2012].

⁵ Algarve, Madeira and Azores.

1.5 - Segmentation

Marketing and sales were where Go Natural focused its activity to differentiate and create value, identifying customer needs and generating sales. The century XXI buyers were more demanding, forcing the catering companies to maximize their specialization level. This was one question that Martorell had to face, “What were the challenges that this sector faces?” and his answer to this problem was the focus on the point-of-sale, with the objective of satisfying customers’ needs. According to a TNS “future buyer” market study, the real revolution in catering industry will happen when the pretension of cover all the market reduces, and companies start to develop a format of stores directed to a certain segment of the population and their type of buying, in a clear way.

In accordance with this study, only 15% of the massive launches had the reception expected, while the probability rose until 40% when an innovation was more oriented to a narrow target, like Go Natural. For example, one of the most appreciated characteristics emphasised by Go Natural customers were creativity and innovation, which increased brand recognition and customer loyalty.

1.6 - Catering sector

To have a correct perspective of Martorell vision, we have to analyse also the catering sector, which was mainly composed by teenager clients⁶

Catering sector was a competitive market, and in 2009 there were twenty eight thousand companies in this sector. Furthermore, forecasts were not good, with a predicted 30% sales reduction. Catering was facing a difficult situation due to the crisis and consequently the retraction of consumption, in Portugal. Sales dropped abruptly, customers started to eat at home (see **Exhibits 10 and 11**) to save money, which was reflected in the closing of hundreds of establishments.

However, the crisis was not affecting all the establishments in the same way and Go Natural belonged to a segment where family’s expenditures were 30% of their revenues (see

⁶ According to a Marktest study the teenager’s fast food consumption was: “78,8% between 10/12 years old; 81,4% between 13/15 years old; 84% between 16/18 years old.” Source: <http://www.marktest.com/wap/a/n/id~4e7.aspx> [Accessed 18 April 2012].

Exhibit 12). Go Natural was not included in this category, since fast food restaurant were reacting to the crisis in the opposite way, increasing their sales⁷(see **Exhibit 13**).

Even though Martorell was concerned and conscious about the market controversy and pessimism, he opted to take a chance and make a move in this competitive market, without fear of the crisis. To support his decision he also knew that was expected that fast food companies revenues continue to grow⁸. Stimulating this favourable performance of fast food restaurants was the price competition, since we were in an economical unfavourable period and consumers preferred to spent less. Consequently, the key factor in a context of private consumption deterioration and cost savings by companies⁹ was choosing the best price-quality option (see **Exhibit 14**).

Moreover, the forecast for the revenues in the catering sector, for 2010, predicted a new cutback, nevertheless it was projected a recuperation for the following years, with an increase between 2% to 3% of the total revenues.

The Portuguese fast food segment was composed by 1000 establishments, which according to Martorell was a huge competition, but the forecast predicted a 5% increase on sales for the following year, which were good news to Go Natural.

In the “restaurants without table service”, where “Go Natural” was inserted, in 2009, the expected growth was 0,9%, achieving 790 million Euros, merits to the fast food restaurants’ performance that was predicted to increase their revenues in 2,1% achieving 595 million Euros (see **Exhibit 15**).

⁷Source:
http://www.tormo.pt/noticias/7055/Fast_food_contraria_deterioracao_no_sector_de_restauracao.html [Accessed 18 April 2012].

⁸Source: <http://www.apoiosfinanceiros.com/arquivo/8643> [Accessed 25 March 2012].

⁹Source: http://www.jn.pt/PaginalInicial/Economia/Interior.aspx?content_id=1047067 [Accessed 25 March 2012].

1.7 - Competitors

Go Natural was always inspired in other cultures, although they were getting even more adventurous and they believed that they could include the World in each recipe. This was the “Food Cultures” spirit that always put them in the front, and closer to the client (see **Exhibit 16**). Every day they defined a way, a path that allowed them to achieve new flavours. Also, they challenged the client to embrace this adventure with them, enjoy different meals and different experiences.

Go Natural faced a fierce competition, so they had to be cognizant with the scenario and study all the competitors, to understand what were the differences perceived by the clients (see **Tables 1 and 2**).

Table 1 - Healthy fast food competitors








<i>Companies</i>	<i>Products offered</i>
	Salads , Sandwiches, Juices and Deserts
	Sandwiches, Salads, Toasts, Soups, Juices and Deserts
	Soups
	Sushi
	Gourmet hamburgers, Juice and deserts

Table 2 - Fast food competitors

<i>Companies</i>	<i>Products offered</i>
	Hamburgers, Drinks, Salads, Wraps; and Deserts
	Hamburgers, Drinks, Salads, Wraps and Deserts

Notwithstanding the fact that all the competitors were important, Martorell focussed on the ones that were competing for the same target, since Go Natural wanted to achieve customer loyalty and recognition.

1.8 - Changes in consumer eating habits

Changes in consumer's eating habits were another topic taken into consideration (see **Exhibit 17**). Consumers were changing their consumption habits due to aliments price increase, opting to buy cheaper products and reduce food purchase¹⁰ (see **Exhibit 18**). Clients started to look for different cultures, different alternatives, tastes and products that were not common and that differentiate themselves among others (see **Exhibit 25**). Trendy brands were conquering more and more clients, and this pattern had already entered in the food market with the "fashion food" or "trendy food"¹¹ (see **Exhibit 25**). Clients respond to stimulus and tried to embrace unusual experiences and different products, which created a need to companies to adapt their products to the new customers eating habits. Nonetheless, it also

¹⁰ Nilsen. Source: http://pt.nilsen.com/documents/tr_201011_Nilsen_Consumer_Confidence_3Q_PORTUGAL.pdf [Accessed 25 March 2012].

¹¹ TNS "Exigências do Comprador do Futuro" market study. Source: <http://www.tns.pt/?lop=conteudo&op=c9f0f895fb98ab9159f51fd0297e236d&id=eae27d77ca20db309e056e3d2dcd7d69> [Accessed 25 March 2012].

created a niche market and consequently an opportunity of business. Moreover, consumption habits were changing due to the new supply, regarding the fact that costumers had access to a more diverse range of choices, and in the way that consumers were more aware of health problems, which influenced their perspective about how to face life, to look for a healthier way of leaving and consequently eating. In accordance to the market study developed, the second most important characteristic to the clients was “health” and only after the “taste” (see **Exhibit 25**).

According to Martorell, changes were clear, consumers started to be more careful with the diet, the products consumed and physical appearance became a general concern of the majority of the population.

Go Natural tried to incentive the costumer to have a healthier eating habit, and prove that healthy could also be obtained with “fast food” products. It was very common, in customers’ minds to have a correlation between “fast food” and “junk food”¹² (see **Exhibits 13 and 25**). However, Martorell’s brand (Go Natural) proved that this correlation does not had to exist. With Go natural was possible to make a quick meal that was perfectly balanced, healthy and tasteful, introducing a new concept in consumers mind.

1.9 - New consumer profile

According to TNS “future buyers” 2009 market study, what some years before provided value to the client was transformed into necessary conditions in the moment of the buy. Customers started to do a more intelligent buy: quality but not at any price, more information permitting a free choice, ecology, innovation, presentation, agility and commodity, were some of the conditions that customers were going to require¹³.

Besides this, the study also point out that, the client from the future was expected to evolve in a way that will give importance to the brands, but will not be a “fashion victim”, where the buy should be an enjoyable surprise. Another tendency of the new buyers would be the coherence between what the shop promises, in their communication and what they really

¹² Marktest study: “40% agree with the sentence ‘always think that fast food is junk food’ ”. Source: <http://www.marktest.com/wap/a/n/id~4e7.aspx> [Accessed 25 March 2012].

¹³ TNS “Exigências do Comprador do Futuro” market study. Source: <http://www.tns.pt/?lop=conteudo&op=c9f0f895fb98ab9159f51fd0297e236d&id=eae27d77ca20db309e056e3d2dcd7d69> [Accessed 25 March 2012].

offer. Also, customers started to reject the strong messages transmitted by distribution that does not correspond to reality. Go Natural, based in the future tendencies of the buyer, made an effort to create a purchase environment that fulfilled clients' expectation, in a functional and emotional way.

1.10- Pioneer

Being the pioneer and revolutionizing the market Martorell thought he will face many difficulties and setbacks in the beginning, because Portuguese consumers in some aspects were conservative¹⁴, however that was not the case (see **Exhibit 19**). Their concept was well accepted by customers and was a success. New competitor brands appeared promoting the same concept – healthier lifestyle and wellbeing values. Luísa Vilaça – Go Natural Head of marketing adds:

“Making healthier choices when dining out is a growing trend, not only in Portugal but in other countries, a fact that catering and restaurant brands are increasingly aware of” .

Competition in the catering market, was increasing, not only by the multinational companies that dominate this sector, but also by Portuguese companies that were following Go Natural and offering similar products (see **Exhibit 20**). According to Vilaça in food courts, the competition was fierce and the operation costs were high¹⁵, since all the companies provided substitute and similar products with the objective of retain customers and achieve more profits.

1.11 - Dilema

Although the business was having success, in 2009, a financial crisis was affecting Portugal and the World, so Martorell felt the necessity to innovate and improve his brand even more, with the aim of increasing the number of clients and revenues. To achieve this objective, brothers Martorell thought about two possible options...

¹⁴ Nielsen “Global on-line consumer omnibus”, show that in the third quarter of 2010 Portugal had one of the lowest consumer confidence index, with a score of 44, when the global average is 90. Source: http://pt.nielsen.com/documents/tr_201011_Nielsen_Consumer_Confidence_3Q_PORTUGAL.pdf [Accessed 23 April 2012].

¹⁵ Prime rents in Portuguese shopping centers vary from 75-80 €/m²/Month. Source: [provided by Go Natural].

The Portuguese economy in 2009 was not the most favourable one, and did not encourage investments, since the 2008 Portuguese GDP interrupted the recuperation patterns and presented a decrease in the internal demand (see **Exhibit 2**). This result was a consequence of the unfavourable evolution of the world economy.

After analysing all these facts, Martorell felt the necessity to make a move and differentiate their brand even more. They had to study which alternative was more viable. internationalization or brand expansion...

In 2010, this dilemma and possible expansion happened since was part of the strategy of the company to continue “contributing towards a healthier lifestyle while coming up with surprising new flavours”, explained Luísa Vilaça.

1.12 - 1st alternative - Going global – expanding abroad

Until 2009, the year when brothers Martorell faced the dilemma of a change in their business, Go Natural had only been operating in Portugal, not having any restaurants abroad. Although, it was a strong possibility for the near future, and a topic that Martorell never put aside, since he pretended that the company continue to grow, and going global was one of the brand’s strategies on the table. The first target markets that “popped up” when internationalization was referenced, were the Brazilian and the Spanish markets.

In order to the internationalization intention went as planned, Martorell felt the need to prepare and plan a sustainable strategy.

Firstly he analysed Go Natural’s conditions and the sector. The history and the culture of the company through internationalizations was inexistent, however in the opposite way was the personality of the founders that really aimed to go international. A brief analysis of the attractiveness of the market was done, where was conclude that Spanish and Brazilian market in the fast food industry were very similar to Portuguese, there were not founded any external pressures. To what concerns competitor’s aggressiveness, the threat of new competitor, substitute products and the bargaining power of suppliers and clients were considered variables. Despites the competition founded was bigger, was not a prohibitive point since fast food market was very competitive also in Portugal.

Spain, for the geographical proximity of the countries and for the similarity within the cultures, it was one of the first markets taken into consideration. In Spain, Martorell knew the

market and he bore in mind that probably the concept would need to adapt to the culture of the country, not opening so many stores in food courts shopping centres but on the opposite opting for more street restaurants. Spanish customers were changing their routines and habits, the so well-known “siesta” was disappearing and reducing the lunch breaks and consumers were becoming more price-sensitive, which had a positive impact in fast food industry, like in Portugal. Spain represented a 46 million people market, which turns into a significant opportunity to the fast food industry and was forecasted to following years an increase of 3,6% in the Compound Annual Growth Rate (CAGR) (see **Exhibit 21**).

Regarding Brazil, Vilaça, explained:

“Brazil was a very interesting market for the Go Natural brand because there was a natural affinity with Brazilian consumers: people concerned about their appearance and what they eat, with a hectic lifestyle and originality and different recipes. It was a market that was expanding, with enough room for a brand like Go Natural to find its niche and market share.”

Martorell global strategy came with the objective of increasing the business and consequently the revenues. To achieve it he knew that stability was needed as well as increasing quality control, which would lead to a higher efficiency and competitive level.

All in all, this was a big step that could be done by the company and demand a high investment. So, during the planning, the founders approach this alternative as a two ways end. It could be seen as a possibility to expand immediately, or keep growing internally and then approach internationalization later. Nevertheless of the decision, they encouraged possible investors and entrepreneurs in their website to franchise their brand abroad (see **Exhibit 22**).

Martorell’s objectives of expanding Go Natural to an international market were mainly to strengthen Go Natural’s commercial position and consequently, maximize sales volume. With this brand expansion the processes would be normalized and the product offered would be the same in Portugal and in the international markets. Another important objective that was aligned with the increase of sales was the possibility of acquiring synergies and reducing costs.

Go Natural’s international competitive advantages:

The possibility of going international was rationalized and planned and the competitive advantages were pointed out, to analyse the project sustainability. The first advantage found was that the existing concepts do not invest in a clear way in pleasure, health and convenience

patterns, meaning that Go Natural's menu developed around health, well-being, quality of life and pleasure concepts, with the guaranty of chef's and nutritionists could have a differentiation factor that could lead to international success. Even more because the majority of the other brands do not communicate the freshness, origin and nutritional information of the aliments, aligned with Go Natural's differentiated menu, composed by soups, pasta, salads, sandwiches, wraps, sushi, deserts, juice, tea, yogurt, smoothies, muffins, brownie cookies, etc. Go Natural would have the unique fast-food chain that offers the pleasure of fusion and Mediterranean cuisine.

Regarding the design and concept, Go Natural also had some competitive advantages once the store's concept bets on an innovative "retail design" with a strong and modern image and the products were sold in a convenient pre-packed product, with sophistication in the appearance of the product and package. The brand had a focus on customer satisfaction, so they also offer a special service that no other fast-food concept offers, such as free newspapers and magazines to the customer.

However, expand a brand to an international market was a very risky move which could bring losses and disappointment, so Martorell had some concerns, such as: regarding, administrative and legal barriers, in relation to the possible adaptation to local regulations and the attribution of licenses to open the stores. Other point that was alarming him was the customer's adhesion, since customers of different countries had different needs. This fact could limit the offer and increase product and services adaptation costs, meaning that the heterogeneity of tastes could end up in a negative impact.

Lastly, but not less important, it was the risk of entering in a new market, with new suppliers, new distribution channels and different professional practises.

1.13 - 2nd alternative - Brand expansion – Sushi bars

Like it was mentioned in the previous sections, the other alternative that was considered was a brand expansion that would be included in a concept that recently had been included in the company.

With the appearance of new brands offering the same concept, Martorell felt the need of repositioning to keep growing and "capture" more clients. He wanted to keep the concept but differentiate from the competitors, so he expanded Go Natural's horizons and kept

attention on “Food Cultures” concept. This concept was based on the development of new recipes with ingredients, flavours and recipes from all over the world.

Moreover, the inspiration to the different meals came from different countries, including Indian food and Vietnamese that resulted in a wide range and exotic meals offered. Firstly, Go Natural chefs travelled around the World looking for inspiration in the traditional *cuisines* and cultures, trying to find the suppliers with the best ingredients, so then they could create new flavours, new meals, in Go Natural kitchen and “reinvent the art of cooking”. Secondly, after the recipes being created, these were sent to the nutritionists to ensure that it was a healthy meal and was in line with Go Natural’s pattern. Since to this brand the taste was extremely important, but it must be connected with a healthy recipe. Besides these, in the company’s web site were offered four alimentation plans, to reinforce their care about the clients and to create a link with them. The alimentation plans provided were “Diet plan and weight loss”, “Organic-biological plan”, “Cardiovascular plan” and “Anti-ageing plan”.

The influence of the “Food Cultures” concept was evident in Go Natural’s menu. Besides offering pasta, salads, sandwiches and soups, this brand also offered exotic recipes and vegetarians like couscous, wraps, hot noodles and sushi (see **Exhibit 1**). Additionally, these varied menu was offered through a range of prices between 5,95€ and 7,95€. Furthermore, Indian and Vietnamese cuisine inspires the chefs to produce two menus. Martorell’s idea of offering a quality and healthy product with a low price was also included in the “Food Cultures” concept.

Sushi Bars

The alternative to internationalization considered by the managers was an expansion to the Japanese cuisine, more precisely to sushi.

This concept was based on a live sushi experience, where the sushi was prepared on time for a sushimen, in front of the client, using fresh ingredients. This extension of the brand would be included in the “Food Cultures” concept and represented in the identity of a Sushi Bar concept, that could be lived in their own stores (sushi bar), or in a mixed concept, integrated in the Go Natural “normal” food stores¹⁶ (see **Exhibits 23 and 24**).

¹⁶ Instead of a sushi bar, and a live sushi experience, with a sushi man cooking, sushi was provided in boxes already prepared and packed.

The origin of this idea was clear, in the way that in those days, Japanese food was getting increasingly popular among the Portuguese consumers, specially the younger ones, and it was facing a significant increase of supply (see **Exhibit 25**). Additionally, 74% of the population considered that they were sushi consumers. Japanese restaurants were becoming part of the habits of consumption of Portuguese consumers, and Go Natural already provided sushi, despite being in a different way¹⁶.

The company decided to follow this concept mainly because of the fact that the demand of sushi was increasing, which provided a good indicator and it was a healthy product that adapts to the brand strategy. Other important aspect was concerning the client and their satisfaction, since the sushi bar was a concept to increase the interaction between the chef and the client, since the sushi was prepared in front of the client, exposing the ingredients and product. With the exposition of the ingredients the client knew what he was going to eat, and would facilitate their choice. The modern and cosmopolitan imagine, aligned with competitive prices and a fast service and the possibility to seat-in or take-away were key elements of success. Not forgetting the fact that sushi was seen as an expensive product that could increase their demand associating it with a brand like Go Natural.

Regarding the advantages of this concept and the possible reason for success, the result was going to depend on the advantages that Go Natural had, and these were clear, since brand awareness was already present in the Portuguese customers and especially due to the quality of the product and the service. Moreover, Go Natural was pioneer in the production and sell of take-away sushi and was already producing 10.000 sushi pieces/day, to the different stores. So the know-how was already in the company, the difference was the concept and the way it was going to be sold. In order to offer a quality service, Go Natural had experienced sushi chefs, a strong and contemporaneous image and a product recognition quality. However, this was a risky step and investment, and according to Go Natural marketing department, only time and the acceptance of clients would tell if was a successful concept or not.

1.14 - Conclusion

Martorell and his team had now a dilemma and an important decision to make. They had to analyse and decide, which was the best decision to achieve their organizational goals, satisfy the clients and expand Go Natural. If they should internationalize the brand or expand their brand with a different product and concept, their decision should be focused on the value

perception of their target, not forgetting the fact that to be sustainable they had to had profits. Furthermore: is this decision going to meet clients expectations? Would attract more clients? Is the new positioning going to change Go Natural's target? Is it sustainable and follows Go Natural strategy?

Exhibit 1 – Go Natural Menus

MENU GO NATURAL

MASSAS

Rigatonni Salmão Grelhado	5.20 €
Penne c/ Frango e Nozes	5.20 €
Linguini Camarão Pesto Agrião	5.20 €
Fuzilli Camarão, Tomate	5.20 €
Farfalle Bolonhesa de Frango	5.20 €
Fusilli Mediterrânico	5.20 €
Farfalle Bolonhesa de Legumes	5.20 €
Dose XL Penne c/ Frango e Nozes	5.95 € <i>novel</i>
Dose XL Linguini Camarão Pesto Agrião	5.95 € <i>novel</i>
Dose XL Fuzilli Camarão, Tomate	5.95 € <i>novel</i>
Dose XL Farfalle Bolonhesa de Frango	5.95 € <i>novel</i>

SALADAS

Mini Salada Rúcula c/ tomate	3.00 €
Couscous c/ Frango e Caril	4.65 €
Arroz c/ Camarão e Maionese	4.65 €
Salada de Queijo Fresco, Maça	4.65 €

SANDWICHES

Focaccia c/ Camarão e Maionese de Ervas	4.60 €
Sand. Mozzarella Tomate e Manjeriço	4.60 €
Panini c/ Frango, Mozzarella	4.60 €
Panini c/ fiambre de Peru, Edam e Mel	4.60 € <i>novel/criativo!</i>
Focaccia c/ Salmão Fumado, Ovo	4.60 €
Panini Queijo Cabra, Fiambre	4.60 € <i>novel</i>
Chapata Cereais, Atum	4.60 €

SOPAS

Sopa Abóbora e Amêndoas	2.20 €
Sopa Bróculos e Parmesão	2.20 €
Sopa Cenoura	2.20 €
Sopa Courgetes	2.20 €
Sopa Espinafres Feta	2.20 €
Sopa Feijão Vermelho	2.20 €
Sopa Tomate com Queijo Cabra	2.20 €
Miso Shiru	1.50 €
Sopa de Agrião e Couve Flor	2.20 €
Sopa de Legumes c/ Ricotta	2.20 €

WRAPS

1/2 Wrap Cogumelos Frescos	2.50 €
1/2 Wrap Frango e Maionese	2.50 €
Wrap Cogumelos Frescos	4.10 €
Wrap Frango e Maionese	4.10 €
Wrap Camarão c/ Maionese	4.10 €
1/2 Wrap Camarão c/ Maionese	2.50 €
Wrap Atum, Philadelphia, Sweet Chili	4.10 €
1/2 Wrap Atum, Philadelphia, Sweet Chili	2.50 €

WRAPS QUENTES

Wrap de Beringela Mediterrânea	4.10 €
Wrap Mexicano	4.10 €
Wrap de Camarão, Tomate Cereja Seco e Mozzarella	4.10 €
Wrap de Frango, Cogumelos e Cream Cheese	4.10 €

HOT NOODLES POT

Hot Noodles Pot Camarão	6.00 €
Hot Noodles Pot Gyosas	6.00 €

PASTELARIA

Brownie	1.60 €
Fondant de Chocolate	1.80 €
Bolo à Fatia	1.50 €
Bolacha de Areia Leve	0.80 €

FRUTA

Abacaxi, Manga	2.50 €
Melão, Morangos, Abacaxi e Uvas Brancas	2.45 €

SOBREMESAS

Cheesecake	2.75 €
Iogurte c/ Brownie	2.20 €
Iogurte Maça Canela	2.20 €
Mascarpone c/ Framboesas	3.00 €
Crumble de Maça e Pera	2.20 €
Gelatina de Chá Verde	2.20 €
Trifle Indonésio, c/ Frutos	2.20 €

SUSHI

Hosomaki Box - 8 peças	4.95 €
Mori Maki - 12 peças	9.95 €
Sushi Sashimi - 12 peças	11.95 €
Duplo Sushi Roll Neutro - equivalente 8 peças	4.95 €
Duplo Sushi Roll Sake Cheese - equivalente 8 peças	4.95 €
Hosomaki Mix Box - 8 peças	4.95 €
Salmon Tasty Box - 8 peças	9.95 €
Sushi sashimi XL - 20 peças	14.95 €

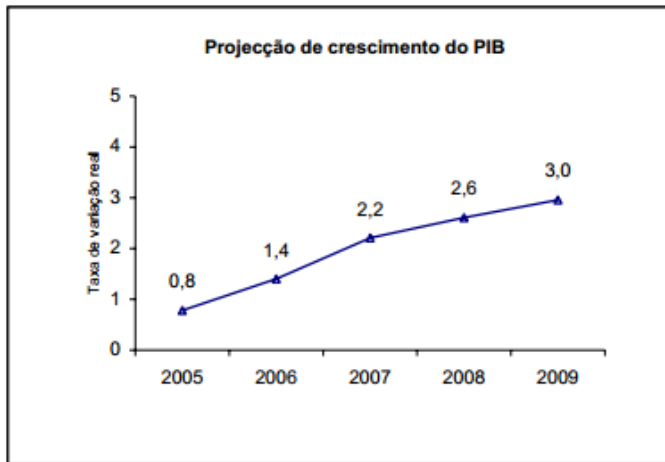
BEBIDAS

Luso 0,5 L	1.15 €
Pedras Salgadas 0,25 L	1.25 €
Sagres Mini 0,20 L	1.25 €
Smoothies	2.30 €
Sumo Copa Frubaça	2.10 €
Tisana Pleno	1.50 €
Pleno Suyo	1.65 €
Sumos Go Natural - Vários Sabores	2.20 €

Source: <http://www.gonatural.pt> [Accessed 5 March 2012].

Exhibit 2 – Portuguese GDP

2005 – 2009 Forecast



Source: República portuguesa – programa de estabilidade e crescimento (2005-2009)
<http://www.parlamento.pt/OrcamentoEstado/Documents/pec/pec2005-2009.pdf> [Accessed 15 March 2012].

Exhibit 3 – Diogo Martorell



Source: Diário de Notícias (14/11/2011).

Exhibit 4 – Chefs



Source: Go Natural.

Exhibit 5 – Worldwide inspiration



Source: <http://www.gonatural.pt/> [Accessed 5 March 2012].

Exhibit 6 – Go Natural products and packages examples



Source: <http://www.gonatural.pt/> [Accessed 5 March 2012].

Exhibit 7 – Go Natural stores



Source: Go Natural.

Exhibit 8 – Fast food and visits to shopping centers (2010)

		Total	Sex		Age				
			Masc	Fem	15/24	25/34	35/44	45/54	55/64
Fast Food consumption last 12 months	Milliards	4064	1931	2133	1083	1190	936	559	297
	%Sales	60,8	58,7	62,8	77,3	79,3	65,6	43,8	27,5
	%H	100,0	47,5	52,5	26,6	29,3	23,0	13,7	7,3
Fast Food consumers that go to Shopping centers	Milhares	3879	1844	2034	1032	1141	897	528	281
	%V	58,0	56,1	59,9	73,7	76,0	62,8	41,4	26,0
	%H	100,0	47,6	52,4	26,6	29,4	23,1	13,6	7,3
(000)		6683	3287	3396	1400	1501	1427	1275	1080
Sample		5000	2404	2596	914	1156	1195	995	740

		Region					
		Lisboa	Porto	North coast	Center coast	North interior	South
Fast Food consumption last 12 months	Milliards	923	474	803	660	770	435
	%Sales	69,0	61,6	59,8	60,3	54,1	60,6
	%H	22,7	11,7	19,8	16,2	18,9	10,7
Fast Food consumers that go to Shopping centers	Milhares	895	450	766	639	715	413
	%Sales	66,9	58,6	57,1	58,4	50,3	57,5
	%H	23,1	11,6	19,8	16,5	18,4	10,6
(000)		1338	769	1342	1094	1423	717
Sample		1087	643	976	848	956	490

Source: Marktest TGI 2010 - Fast Food e Visitas a Centros Comerciais (1ªV.10). Market study provided by Marktest TGI.

Exhibit 9 – Fast food and visits to shopping centers (2010)

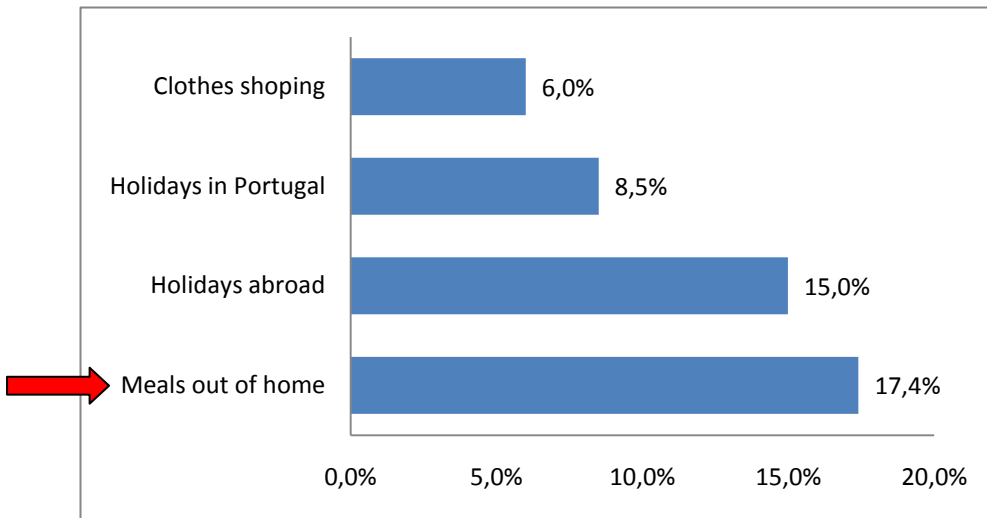
		Social class		
		A/B	C1	C2/D
Fast Food consumption last 12 months	Milliards	922	1207	1935
	%Sales	69,8	64,9	55,3
	%H	22,7	29,7	47,6
Fast Food consumers that go to Shopping centers	Milliards	900	1160	1819
	%Sales	68,2	62,3	51,9
	%H	23,2	29,9	46,9
(000)		1320	1861	3502
Sample		1589	1567	1844

Fast Food consumption		Total	Visits to shopping centers		
			Yes	No	N/A
Yes	Milliards	4064	3879	175	10
	%Sales	60,8	65,2	24,5	47,7
	%H	100,0	95,4	4,3	0,2
No	Milliards	2610	2059	540	10
	%Sales	39,0	34,6	75,5	46,9
	%H	100,0	78,9	20,7	0,4
N/A	Milliards	9	8	0	1
	%Sales	0,1	0,1	0,0	5,4
	%H	100,0	88,2	0,0	11,8
(000)		6683	5947	716	21
Sample		5000	4512	478	10

Note: Values in red present a small sample (N<30)

Source: Marktest TGI 2010 - Fast Food e Visitas a Centros Comerciais (1ºV.10). Market study provided by Marktest TGI.

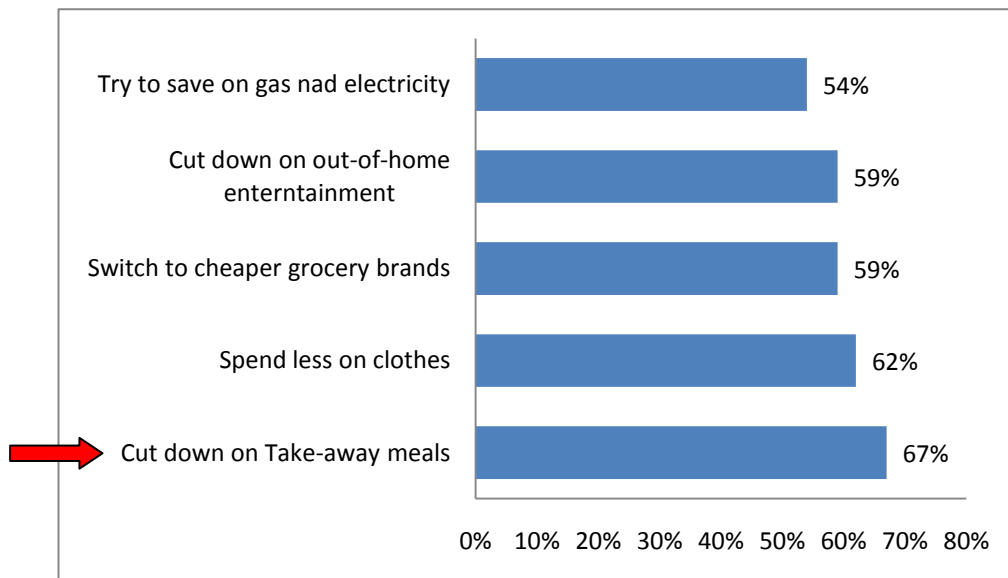
Exhibit 10 – Family decrease of value in percentage (%).



Outside meals are going to suffer the biggest cut backs in family expenses.

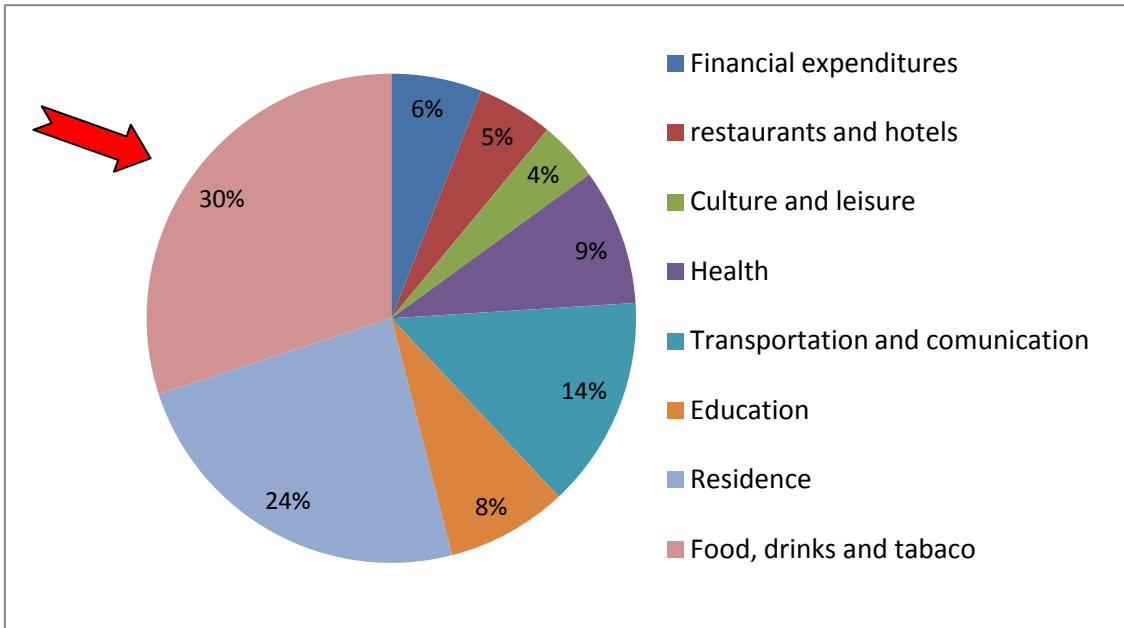
Source: Adapted from marktest consulting, "Consumo em tempos de crise: números e expectativas dos portugueses". <http://www.marktest.com/wap/private/images/logos/Consumo2012.pdf> [Accessed 6 April 2012].

Exhibit 11 – Cutting expenses by action (in Portugal)



Source: Adapted from marktest consulting, "Consumo em tempos de crise: números e expectativas dos portugueses" <http://www.marktest.com/wap/private/images/logos/Consumo2012.pdf> [Accessed 6 April 2012].

Exhibit 12 – Portuguese expenses per product category (%), in 2012



Source: <http://www.marktest.com/wap/private/images/logos/Consumo2012.pdf> [Accessed 17 April 2012].

Portugueses comem tanta *fast food* como os alemães

Inês Sequeira

● Dos portugueses residentes no continente que têm entre 15 e 64 anos, quase dois terços (65 por cento) consumiram pelo menos uma refeição de *fast food* durante o último ano.

Este dado é revelado pelo TGI (Target Group Index), um novo estudo que vai ser lançado pela Marktest, e aproxima os hábitos alimentares nacionais dos alemães, dos quais 66 por cento confessaram que também comeram pelo menos uma refeição de hambúrgueres, *pizza* e outros alimentos associados à *fast food* durante o último ano.

Dos seis países em relação aos quais a Marktest divulgou ontem alguns resultados comparativos do novo estudo, são os Estados Unidos e a Inglaterra que demonstram preferência por este tipo de refeições: dos norte-americanos com mais de 18 anos, 85 por cento optaram por comer *fast food*; no que respeita aos britânicos com mais de 15 anos, o mesmo aconteceu com 83 por cento desse universo.

65%

Quase dois terços (65 por cento) dos portugueses que têm entre 15 e 64 anos consumiram *fast food* no último ano

Em contrapartida, dos franceses com mais de 15 anos, são 60 por cento aqueles que responderam sim aos hambúrgueres e afins, enquanto os espanhóis (com mais de 14 anos) se têm mostrado os mais bem comportados: menos de metade (40 por cento) confessa que consumiu pelo menos uma refeição deste género nos últimos 12 meses.

E, no entanto, pelo menos em Portugal, muitos dos que tiveram este comportamento consideram que fizeram mal: 40 por cento concordam com a afirmação “penso sempre que a comida *fast food* não presta”.

São também as classes socioeconómicas mais elevadas, tal como as mulheres e os habitantes dos grandes centros urbanos, aqueles que mais aderem à *fast food*. A relevância vai igualmente para os portugueses mais jovens: de acordo com a Marktest, oito em cada dez daqueles que têm entre 15 e 34 anos comeram destas refeições rápidas pelo menos uma vez durante o último ano.

O TGI, que começou agora a ser realizado pela Marktest em Portugal, tem uma amostra anual de 5000 entrevistas e vai ter uma divulgação semestral (prevista para Setembro e Março), anunciou ontem um dos administradores executivos do grupo, Jorge Fonseca Ferreira. Uma vantagem será a possibilidade de comparar estilos de vida, tendências e marcas preferidas pelos portugueses com mais de 60 países a nível mundial onde o estudo também é feito, num total de 3000 marcas divididas em 240 categorias.

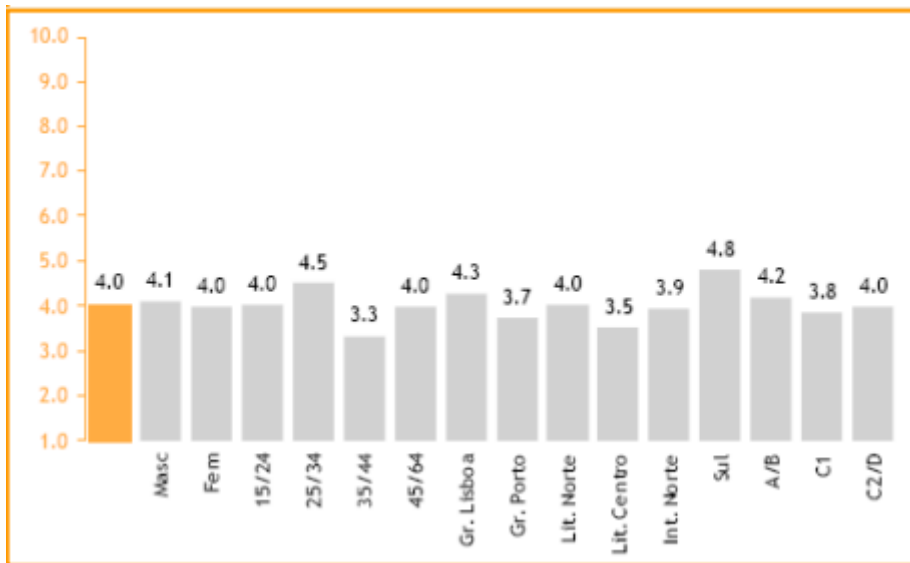
“65% of the Portuguese between 15-64 years old consumed fast food in the last year”

“40% agree with the sentence “always think that fast food is junk food”

“8 in 10 people, between 15-34 years old ate fast food at least once during the last year”

Source: Marketest http://pdf.clipping.mediamonitor.pt/pdfTemp/etn_5510360_527_0.pdf [Accessed 17 April 2012].

Exhibit 14 – Family purchase power (in relation to 2010)



Note: how you describe your family purchase power in relation to 2010?

scale 1 to 10 (being 1 the lowest (worst) and 10 the highest (better))

Source: <http://www.marktest.com/wap/private/images/logos/Consumo2012.pdf> [Accessed 17 April 2012].

Exhibit 15 - Fast food restaurants: Total Sales forecasted in 2009

Hamburguers	50 %
Pizza	26 %
Sandwiches	12 %
Soups, Salads	12 %

Source: Adapted from:

http://www.tormo.pt/noticias/7055/Fast_food_contraria_deterioracao_no_sector_de_restauracao.html [Accessed 21 April 2012].

Exhibit 16 – Food cultures



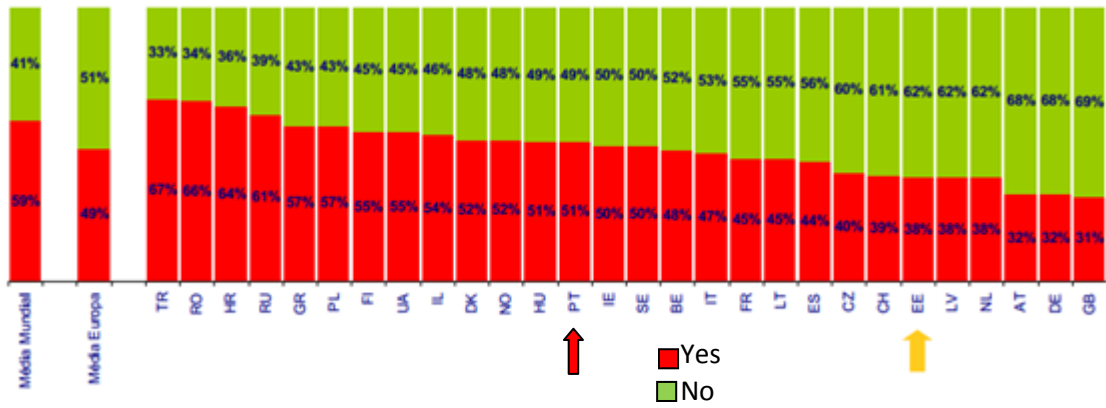
Source: <http://www.gonatural.pt/> [Accessed 5 March 2012].

Exhibit 17 – Changes in consumers habits (before 2008 vs after 2010)

- 50% of the consumers were sensitive to make better deals due to recession.
- Only 25% pretended to continue loyal to the current supplier.
- More than 2/3 of the consumers changes supplier in the last 12 months.
- Price and perceived value were the most important factors in the buying decision or in the decision of changing supplier.
- Only 1/3 of the customers consider that their supplier guaranties the best relation price/quality.
- Only 6% of the consumers are willing to give up of the quality of the product, options or extras (17%) or quality of after sale service (11%) to have a price reduction.
- Consumers were more informed about the market and the offers of the different suppliers and can differentiate them easily.
- Consumers loyalty (to the supplier) is in the lowest level.
- Only few clients are really happy with their supplier.
- Clients that defend their suppliers were rare.
- Price/ quality relation was getting more importance in buying decisions. However clients do not give up of quality and convenience.

Source: Adapted from markttest consulting, "Consumo em tempos de crise: números e expectativas dos portugueses". <http://www.markttest.com/wap/private/images/logos/Consumo2012.pdf> [Accessed 12 April 2012].

Exhibit 18 – Consumption habits changes

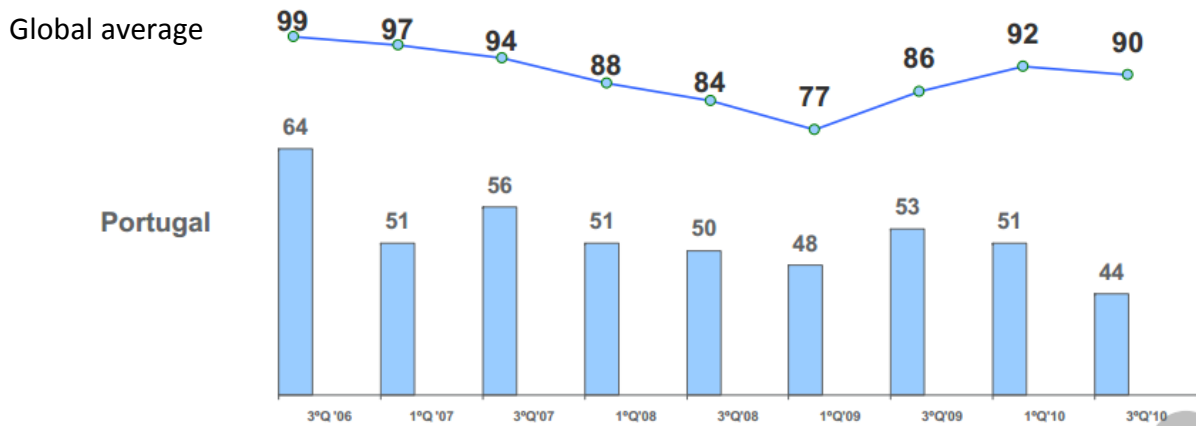


Note: Portuguese were changing their consumption habits to save money. 2/3 of the World consumers (and Europe) affirm that they were changing habits.

Source:

http://pt.nielsen.com/documents/tr_201011_Nielsen_Consumer_Confidence_3Q_PORTUGAL.pdf
 [Accessed 23 April 2012].

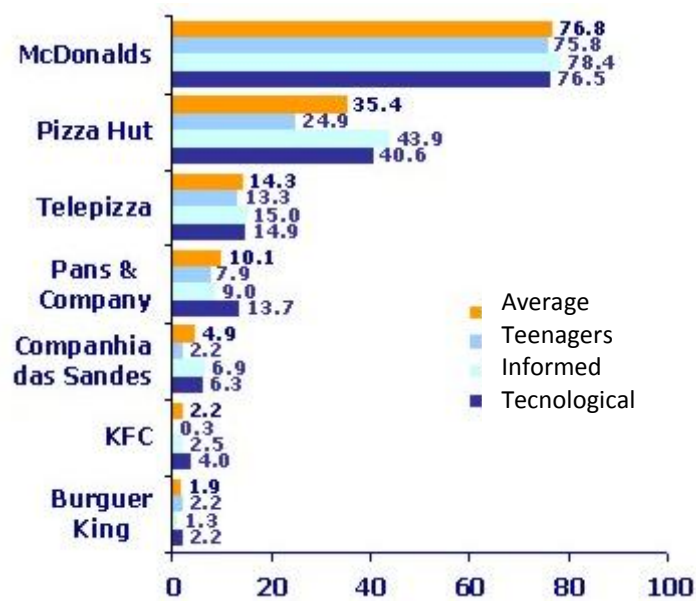
Exhibit 19 – Portuguese consumers confidence index - Portuguese consumers are the less confident



Source: Nielsen ("Global on-line consumer Omnibus")

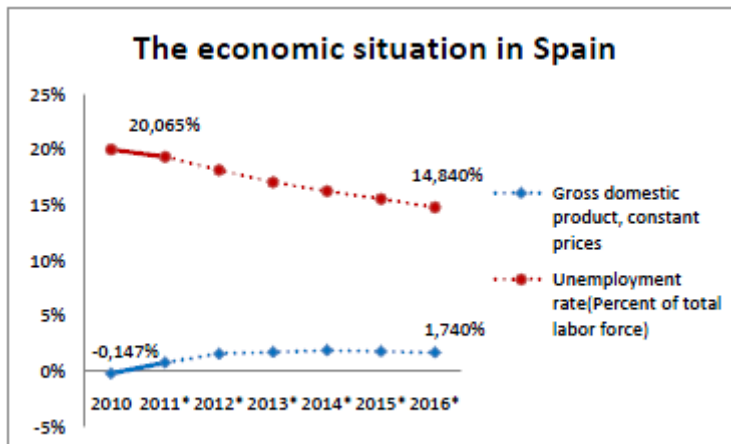
http://pt.nielsen.com/documents/tr_201011_Nielsen_Consumer_Confidence_3Q_PORTUGAL.pdf
 [Accessed 7 May 2012].

Exhibit 20 – Fast food restaurant frequency (2004)



Source: <http://www.marktest.com/wap/a/n/id~4e7.aspx> [Accessed 9 April 2012].

Exhibit 21 - The economic situation in Spain



*= Forecast

“In 2010 the unemployment rate decreased, situation that is expected to occur until 2016. The national GDP is recovering from negative and it is expected that in the next six years it grows until 1,740%. The expected CAGR from 2010-2014 is 3,6%, a lower value if it is considered that period between 2005 and 2009 (4,7%), however it maintains the growth trend. Considering market shares in the fast food industry, hamburger chains appear in the second position (30,91%) (2008 value), shared by McDonald’s and Burger King.”

Source: *International Monetary Fund and Datamonitor.*

http://www.datamonitor.com/store/News/spain_unemployment_and_the_economic_landscape?productid=6BA50F9-B177-AC81-1EF957C154 [Accessed 9 April 2012].

Exhibit 22 – international franchise



Go Natural does not franchise in Portugal. If you are interested in International Franchising, this is the opportunity to partner with a very innovative and scalable brand.

Go Natural franchise license is a Master License for the entire territory and is granted only to one operator.

It is required that master franchise partners have an existing multi unit restaurant business, successfully established in the country where it operates.

Ideally the partner should have:

- Minimum 10 units per territory
- Back office dedicated to brand development
- Proven operational capabilities, knowledge of local market and expertise in the areas of consumer behavior, real estate, government regulations, labor, and supply chain
- Full day to day involvement with company operations
- Access to necessary capital for a minimum 2-3 year period to develop initial units

Please send us:

A brief profile together with any material which helps illustrate your existing restaurant business, i.e. website address and menu

geral@gonatural.pt

Source: www.gonatural.pt [Accessed 5 March 2012].

Exhibit 23 – Sushi bar proposal



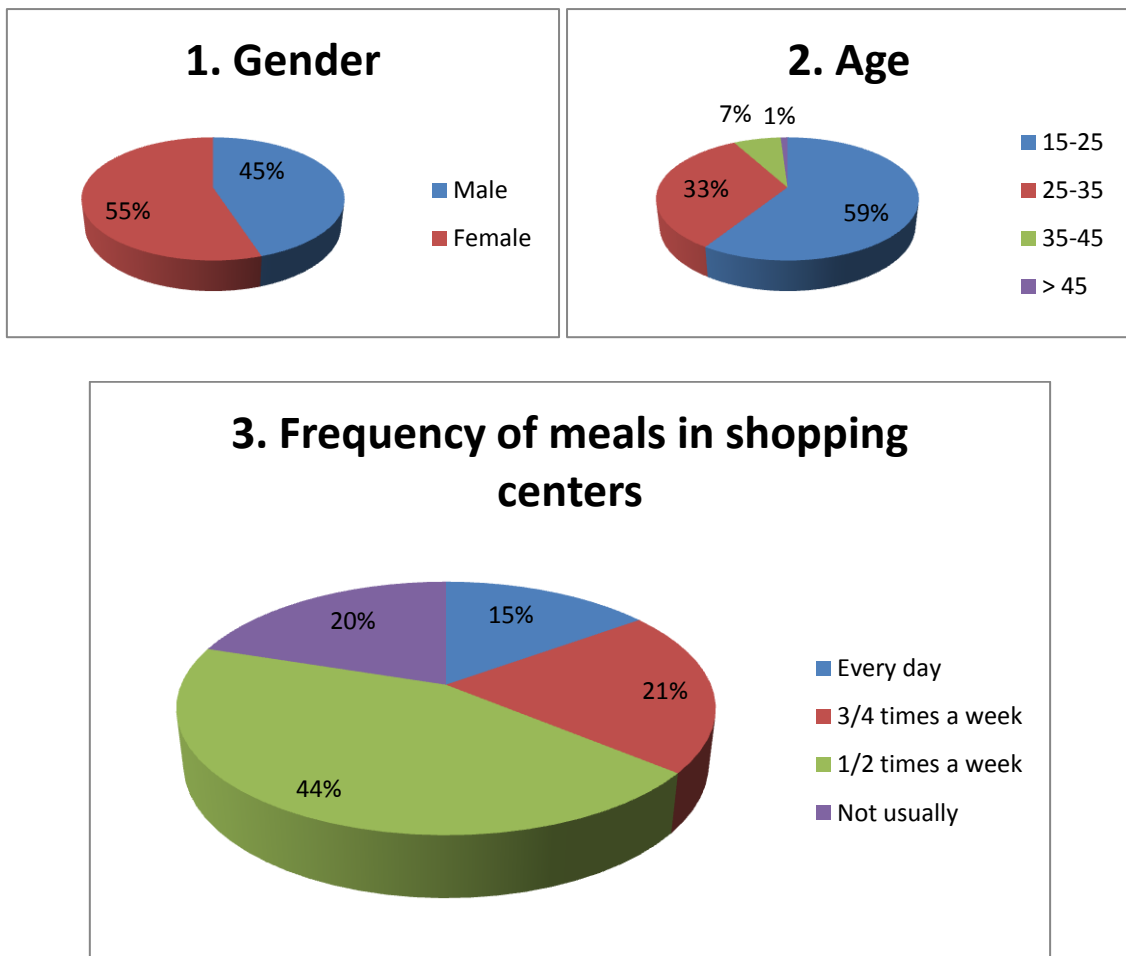
Source: Go Natural.

Exhibit 24 – Sushi store requirements:

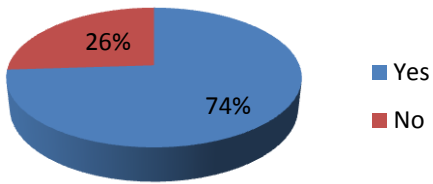
- Area between 25 – 30 m²
- Frontage 4m (minimum)
- Stand-alone or inserted in a Go Naural store (multi-concept) or mobile kiosk

Source: Case writer adapted from company documents.

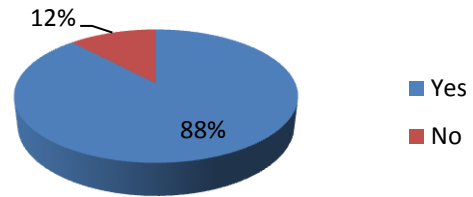
Exhibit 25 - Questionnaire results:



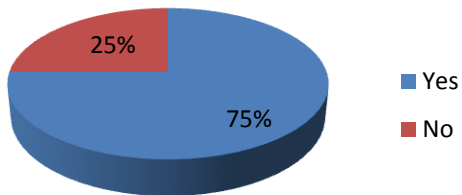
4. Consumer of sushi (%)



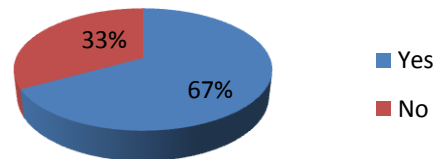
5. Do you like to try new products, ingredients, flavours and different gastronomies?



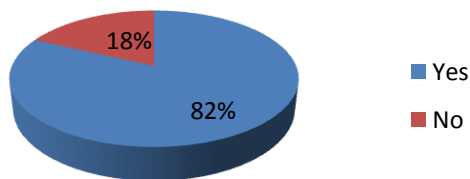
6. Identification with the consumed products and with the restaurants



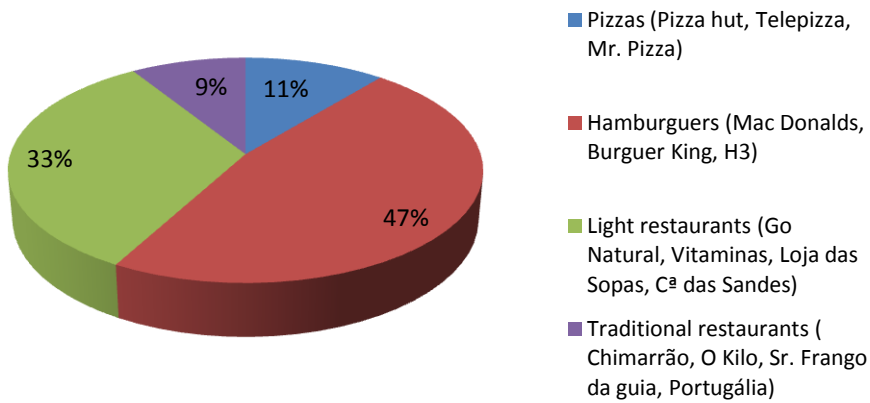
7. "trendy food brands" influence



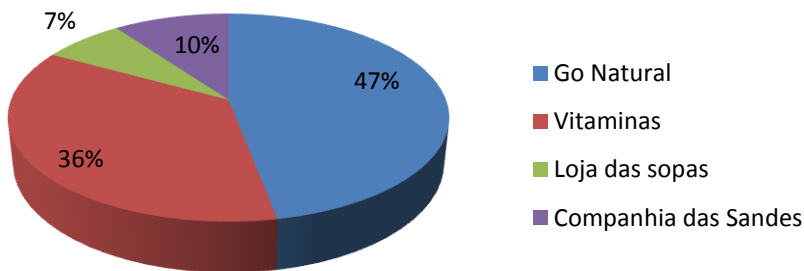
8. Correlation between "fast food" and "junk food"



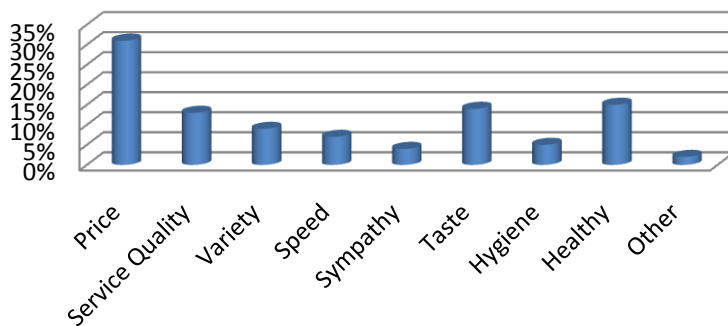
9. Preferred Restaurant by class



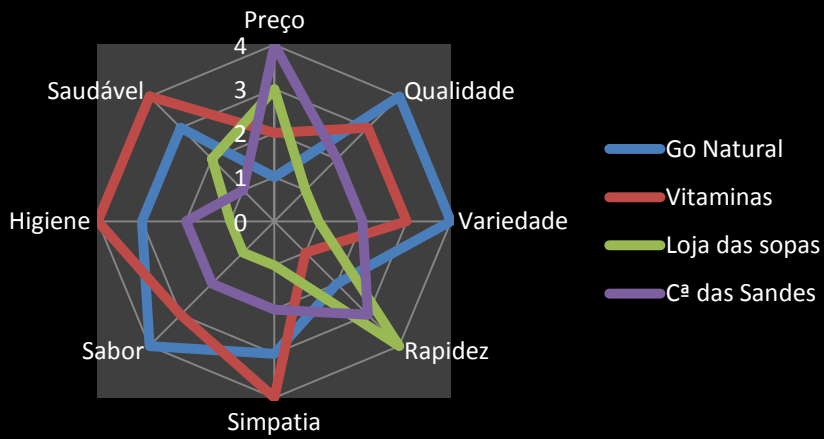
10. Preferred Light restaurants



11. Most important characteristics to the clients



12. Consumer perception attribute



Note: Was used a scale between 1 and 4. Being 0 the lowest perception, and 4 the highest.

Questionnaire with a sample of 291 respondents.

2 - Teaching Notes

2.1 - Introduction

This thesis is part of the Master of Science in Business Administration program from Universidade Católica Portuguesa. It is inserted in the dissertation workshop on marketing case studies and it was administrated by Professor João Borges de Assunção and Dr^a Sandra Oliveira.

This case was developed in order to illustrate to students that is possible to enter through a well succeed familiar company, in a competitive market, dominated by multinational companies, with good ideas and projects that provide value to the customers. It was elaborated to give a real example of entrepreneurs that had success especially due to their focus on the client, trying to motivate students to believe on their ideas and do not give up on their dreams. This case also pretends to exemplify that crisis and unfavourable economical scenarios can be good investment opportunities and a chance to develop new projects and new ideas.

The information was collected with an interview with Go Natural founder and CEO, Diogo Martorell and with Luísa Vilaça from the Marketing Department. To complement the information and have a better analysis of the market and consumer ideas, it was conducted an on-line questionnaire with a sample of 291 people. Other sources of information used were information available in EBSCO (academic articles and papers) and also online information, newspapers and magazines.

Go Natural a new fast food concept case was prepared as a basis for class discussion and not as a source of primary data or an illustration of effective or ineffective management. Presented data has been disguised but all essential relations have been prevailed.

2.2 - Synopsis

In 2004, Go natural was a healthy fast food restaurant chain that offered a variety of products, based on the concept of light and fresh ingredients. The meals were sold pre-packed and were prepared everyday in the kitchen of each shop. The launch of this company was a success, but after 5 years the company faced a dilemma, due to sales slowdown and the increasing competition, they felt the need to diversify and adapt to the market changes.

Diogo Martorell, the founder and CEO of this brand, a young ambitious entrepreneur that wanted to expand the brand, in 2009, looked to the financial crisis as an opportunity to invest and gain competitive advantage.

The case is divided in four main sections. Firstly, it starts by giving the background information about the company as the origins, the founders, the new concept and briefly describing the Portuguese economy and the catering sector in the launch period.

Secondly, there is a description of the company, taking into consideration the brand, the concept, the placement and segmentation. This new concept was based on quick meals that could also be healthy, introducing into customer's minds that fast food was not 100% correlated with junk food. Go natural target its product to active working people, with an accelerated rhythm of life that take care about their health. To achieve this young business target, Go Natural positioned the majority of their restaurants in shopping centers food courts.

Thirdly, mainly due to the target of this brand, it is described the dilemma and the background, how was Portugal situation and the fast food industry in those days, taking special attention to competitors and also the changes in consumers eating habits and the new customer profile.

Finally, the last section describes the alternatives and the plans that Martorell thought about to face this dilemma and the possible solutions and alternative to choose to determine the best expansion brand of the brand, between internationalization and brand expansion.

2.3 - Suggested Assignment Questions

1. Do a brief analysis of the company and the macro and micro environment, using SWOT analysis, in 2010.
2. What would you do, today, if you were the manager? Which alternative would you chose, internationalization or brand expansion, and why?
3. What do you think should be the strategy for the next 5 to 10 years to maintain a sustainable growth? What would be the next step?
4. Characterize the fast food industry, taking into consideration the food courts. Do you think that this healthy fast food concept is going to prevail in the future? Have the fast food chains to adapt?
5. What do you consider the key element of success of this brand expansion and internationalization?

2.4 - Teaching Objectives

The case has the following teaching objectives:

- 1- To highlight to students the importance of clients and how the relation company/client is important, enhancing the importance of costumers and their taste to a business success.
- 2- To illustrate to students that one of the way to face competition is differentiation.
- 3 - To help students to understand that consumer's habits change during times and companies have to adapt to the new tendencies and trends.
- 4-To have students become familiar with the fact that some products characteristics are more important and valorised to customers, which become key elements of success.
- 5- To help students understand the objectives of launching a product to a specific target, advantages and disadvantages of each alternative and how it influences the positioning.
- 6- To have students evaluate crisis solutions and alternatives, instead of looking to an economical crisis as a period of cutting expenses.

7- To illustrate the complexity of decision making and how to face stress periods.

8- To motivate students to become entrepreneurs, encourage them of not fearing the possible fail and how is possible to achieve success.

2.5 - Use of the Case

The case has been designed to confront students with a real life situation and put them in control to make a strategic marketing decision on positioning and differentiation. It allows the exploration of consumption markets, taking into consideration different topics as segmentation, market studies, and also possible competitive strategies, product and brand strategies. These strategies and decisions have to be based on the management of distributing channels, new service development and relate it to consumer behaviour and brand extension topics.

It can also be used as a tool to understand the crisis effects on customer's habits, how they adapt to an unfavourable economic scenario.

This case was developed to be used in an undergraduate marketing course under the topics of positioning, differentiation and brand management.

2.6 - Analysis and Discussion

1. Do a brief analysis of the company and the macro and micro environment, using SWOT analysis, in 2010. (15 minutes)

Possible topics for the answer:

SWOT

<p><u>Strength:</u></p> <ul style="list-style-type: none"> -Strong position in the market (page 7 and Exhibit 25); -Diversified offer – Differentiation (Exhibit 23); -Good performance, creating client's confidence and credibility (pages 7 and 9); -High brand awareness, recognised by the customers (page 9); -Strong distribution channels, having a bigger impact on the clients (page 8); -Product personalization (page 7); -Focus on client's necessities – Client satisfaction (pages 6 and 7); -Innovative fast and healthy catering concept, that bets simultaneously in pleasure, welfare and convenience (page 8); - High product quality (page 8 and Exhibit 25); -Pioneer – Innovation (page 14) ; -Fusion and Mediterranean cuisine (page 17); -Varied and healthy meals (Exhibit 23); 	<p><u>Weaknesses:</u></p> <ul style="list-style-type: none"> -Present only in Portugal – lack on international development (pages 8 and 15); -Absence of economies of scale to compete with the multinational companies (pages 8 and 15); -Dependence of national market (pages 8 and 15);
<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> -Expansion to international markets – increase of market shares (pages 8 and 15) ; -Reduce the dependence of Portuguese market (pages 8 and 15); -Establishment of quality standards that can lead to the increase of revenues (page 7); -Go Natural's brand notoriety (Exhibit 25); -Changes in consumption habits' (pages 13 and 14 and Exhibit 17); -High degree of innovation – 50 new recipes each year (page 7); -Recipes with worldwide inspiration (page 7; Exhibit 5); -Brand expansion possibility (pages 17 and 18); 	<p><u>Threats:</u></p> <ul style="list-style-type: none"> -Economical crisis (pages 7 and 9) ; -Insolvency (pages 10 and 11 and Exhibit 11); -Possible growing reduction (pages 10 and 11 and Exhibit 11); -Change in the regulations – decrease performance (page 17) ; -Austerity (pages 7 and 9) ; -Purchasing power reduction (pages 10 and Exhibit 11); -Increase of competition (page 15) ; -More uncertainty and market volatility (Exhibit 10 and 11 and page 15);

2. What would you do, today, if you were the manager? Which alternative would you chose, internationalization or brand expansion, and why?

Divide the class into 2 groups, one group should stand for the internationalization and the other for the brand expansion. Role play a debate (25 minutes), and the main topics discussed should be written in the whiteboard. Students should point out the main Pros and Cons of each alternative. "Trigger" question - Do you think in an unfavourable economic scenario is a good decision to invest? Why not wait that the crisis pass, mature the brand and then invest?

Advantages of choosing a brand expansion:

The first step should be to analyse the market and try to understand what clients wanted, through market studies and customer questionnaires. Since the brand was getting brand recognition, still growing and trying to have even more success in the catering market, the option chosen should be the brand expansion (page 9 and Exhibit 25). Expanding the brand in the Portuguese market, with the objective of consolidating the brand, achieve more clients, test the new sushi bar concept and analyse if the clients were accepting the new product (pages 13 and 14).

Go Natural was a relative new brand, although it was becoming familiar to the Portuguese consumers, so they could use this competitive advantage in their favour, using their brand in a sushi bar, since consumers were familiarized with the brand, and was one that they trusted and knew the values and notoriety (Exhibit 25). Other relevant topic was the fact that Go Natural already provided sushi and it was a pioneer in producing and selling sushi in a take-away format, so they had the know-how needed (page 14).

The consumption of sushi was increasing in Portugal, it was a healthy product, however the consumer saw it as an expensive product. Go Natural expansion was going to provide a service that consumers were interested in, with a different approach to the clients and with a lower price (pages 13 and 14).

The tendency was that shops in the future would try to optimize time and offer an easy buy, in a friendly environment. Also, it was expected that innovative brands, and new categories of products were enhanced and more popular, attached to an excellent quality/price relation. The objective would be to create an authentic buying experience, in

which the communication and the differentiation strategy, based in relevant targets, would have an important role¹⁷ (pages 11 and 14).

Advantages of choosing internationalization:

Portugal is a small country, with 10M habitants, so the market was not too big. Regarding the fact that Go Natural already covered the cities that had the highest purchasing power, and Portugal was facing a huge financial crisis and was stagnated, maybe it was the time to expand to other markets and internationalize Go Natural (pages 7 and 8).

It was part of the Martorell brothers strategy and plans to expand the brand to other countries. For the majority of the small and medium enterprises (SMEs) internationalization was not part of their strategy and their managers preferred to focus in the local market. This would make sense, since SMEs work in a smaller scale than multinational companies, which increases the risk. However this was not Martorell plan, because he observed this dilemma through a different perspective, in the way that smaller companies were more flexible and adaptable (pages 7 , 9 , 10 , 15 and 16).

Although the risks, if Martorell wanted to achieve success worldwide he had to face it. This was a good opportunity since the worldwide exports and the foreign investment flows were growing. Internationalize Go Natural was also a good opportunity to reach new markets, new capitals, new work force and new suppliers, which could increase the revenues and the market volume. Also, it was also a possibility to launch and test new products regarding Spanish and Brazilian customers. Besides that, business internationalization was becoming more complex, and the Brazilian market was in an exponential growth with lots of opportunities; in this sense it was the perfect timing (pages 11, 15 and 16).

¹⁷ TNS market study “Exigências do comprador do Futuro”.

3. What do you think should be the strategy for the next 5 to 10 years to maintain a sustainable growth? What would be the next step? (15 minutes)

Possible topics:

The future of Go Natural can follow different paths, starting through the 2 options that Martorell had to decide, meaning that if now he decided for example to internationalize the brand, in the following years he can analyse the other option and expand the brand to sushi bars or vice-versa.

Other option that supports a sustainable growth of this company and also on the table of discussion and, seen as a near future, is keep investing in Portugal by opening more restaurants in each city and inaugurate new restaurants in cities where the brand is not present yet, reaching more clients.

Following the values of the company, other possibility for the future could be the personalization of meals, satisfying the specific needs, tastes and needs of clients, offering them the option to choose between a variety of ingredients, focusing their service even more in the client, leading to client satisfaction and loyalty. However, this possibility needs a good planning and a wisely strategy, since it could change the initial concept of the brand, and slow down the service.

In the same line of thought, focusing the service on the client, Go Natural could opt to provide a service that will please the costumers, and probably increase the sales, since would facilitate the access to the stores and would reduce some inconvenient like, waiting line, parking issues, distance to the stores, etc... The service that would facilitate theses issues would be Go Natural home delivery. Although with this service, some considerations, as the lost of certain characteristics of the products during the transportation, have to be taken into consideration, and try to develop a service that minimize this loss.

Regarding a more extreme case, in the scenario that Go Natural is facing some difficulties or want to diversify their offer and products even more, or adapt to new customer's consumption habits, Martorell could have in consideration another expansion of the brand to a different product rather than sushi.

Any of these options follow Go Natural's strategy of offering a healthy and fast catering service focused in the pleasure, welfare and convenience of the client, transforming a meal in a food experience.

4. Characterize the fast food industry, taking into consideration the food courts. Do you think that this healthy fast food concept is going to prevail in the future? Have the fast food chains to adapt? (15 minutes)

Possible answer:

Fast food industry is a competitive industry where the multinational companies, like MacDonalds, Pizza Hut and Burguer King lead the sector. Nonetheless, this sector was changing due to consumer habits changes: consumers started to look for healthier food. This could be the future, where people would have less time to eat, but in the meantime they will look more for the quality of the products, forcing the fast food companies to adapt. However, this adaptation had been progressively happening, with the companies offering salads, nutrient values and healthier products (Exhibits 17, 20 and 22 and pages 12 and 13).

Regarding food courts, this was a place where the catering companies compete about the clients and the money that they spent. Each restaurant present in those areas tried to have the better sales per meter square possible. The competition was fierce, the offer was huge and differentiation was a key element (pages 11, 12 and 14).

5. What do you consider the key element of success of this brand expansion and internationalization?

- Do in pairs/trios of students- Students should think about possible answers (7 minutes).

-Then share with the rest of the class, justifying the answers, and writing down on the whiteboard (5minutes).

Possible topics for the answer

This question can be analysed according the 2 possible alternatives.

Regarding the product development to sushi bars, where Go Natural offers a new product and service to the clients, in the same market, with the purpose of not becoming complacent and keep current customers happy with the new products. Go Natural's key element of success was the focus on client's satisfaction through diversified products and meals. This way Go Natural would compete in a portfolio or market – not depending on one product line only. Other key elements of success were the brand recognition attached to a healthy product and the fact that Go Natural was the pioneer in the production and sell of take-away sushi. The methods used were a competitive price, a wider distribution and an alternative service, with the aim of current customers purchase more and, consequently, increase sales (Exhibits 25 and 34 and Pages 6, 7, 8, 15, 16 and 17).

In case of internationalization being the option chosen, the key elements of success would be the healthier and quality product provided, the focus on the client and the differentiation from the competitors, since it was a new product offered in those countries, a healthy and fast catering service focused in the pleasure, welfare and convenience of the client (Pages 7, 8, 15, 16 and 17 and Exhibit 25).

2.7 - What has happened

The founders decided that internationalization was not a short term strategy of the company. This step was a long run move, and the brand pretended to continue its national expansion and growing strategy as had been doing – product innovation and business areas development.

In spite of not being an easy decision, it was unanimous, in the way that Joana and Diogo Martorell, the founders thought that they were not ready yet to go abroad and invest in a world market. Although, they said that the internationalization idea, after being considered got more emphasis. Not being a priority to the company, since they preferred to invest and expand their brand firstly in the Portuguese market. However, they keep the option open, since they are open to listen to investors and entrepreneurs offers, to franchise Go Natural in a foreign country.

So, the alternative chosen was the expansion of the brand, with the opening of sushi bars. The next culture to be introduced and inspirational was the Japanese. This was the new concept of Go Natural, and the solution that they found to their dilemma - a brand extension that came from Japan. As mentioned before, this sushi bars were based on a live sushi

experience, where the sushi was prepared on time for a sushimen, in front of the client, using fresh ingredients (see **TN - Exhibit 1**). This concept was created in the first trip of this concept to the Japanese culture and food that inspire the company to open the sushi bars in Portugal. It was prize-winner in the Brand category, by the “Clube dos Criativos” with bronze award.

This new concept was integrated in the brand, through the creation of specific sushi bars, but also through the integration of the food in the Go Natural stores. The Portuguese company decision to expand the brand to sushi happened, according to Luísa Vilaça, because:

“Go Natural was recognized from the very beginning as a pioneer in offering sushi take-away food, with many years experience and the fact that Japanese food is increasingly in demand. It was a natural step for the Go Natural brand to take and it’s also been an important one for the company’s development and growth”.

Project Description

Despite the fact that they were already planning this expansion, one offer by El Corte Inglés, made them anticipate their plans. Since, El Corte Inglés proposed to Go Natural if they wanted to be totally responsible for the sushi store that was already in this shopping centre. After analysing different items the image of the first extension of Go Natural, the Sushi Bar Go Natural, was developed by the design agency Brandfiction, with the strategic plan of Duarte Vilaça and Gonçalo Cabral. They opted to:

“Maintain and pass the recognition of Go Natural and respect the heritage of the brand. We changed only the colour of this brand extension to black, so the customers could identify the Go Natural brand, but creating a new concept”, explained Duarte Vilaça. “But rather than the image that appear in the front, Brandfiction worked in every concept of the brand, that suffered a completely reshuffle/makeover, with an impact on the menus graphic communication and media store”.

According to Duarte Vilaça:

“They created a concept named Japa Zoom, since it’s a focus that Go natural was doing in a product that they already commercialize before, the sushi and focusing on the Japanese cultures that we wanted to graphically transmit this proximity”.

The responsible also explained that:

“We also worked with Go Natural in all the conception of the graphic universe and the store environment, which was a small area but very appellative, with a decoration that emphasize that focus on Japanese culture in a graphic level with pictures of Tokio”.

The new extension of the brand betted on the opposite of what it was presented by the brand before – food prepared and packed - in an idea of a sushi bar with a sushiman cooking and preparing the ingredients in front of the client (see **TN – exhibit 1**), a concept that could be incorporated in other stores.

Points of tension

As said before, both founders of the company thought that diversification to sushi bars, was the best alternative, by contrast the implementation was not so simple. They faced a problem of software and inefficiency. So they needed to implement a structured solution. They opted by LS Retail NAV¹⁸.

Before introducing LS Retail NAV, “Go Natural did not use any structured solution. The company used an extensive number of different vertical applications, which did not consolidated data”, said LS retail. Go Natural faced this difficulty, since they wanted to improve information control, in order to improve their efficiency and due to the high turnover and absenteeism in catering. They needed to be efficient in managing their recipes, since this was an item of major importance in the company, due to their catering nature (see **TN - Exhibit 2**).

Other reason was the opening of the new Sushi bars and the geographical dispersion of the restaurants. When there was not an automated program, all the different systems acted separately, which resulted in meaningless data, problems in communication and replication of data. Consequently, the sharing of data between the stores and the head office was almost impossible and it was very inefficient. After the brand expansion, the company realized that

¹⁸ “LS Retail is a leading provider of end-to-end solutions for the Retail and Hospitality industry based on Microsoft Dynamics technology”. Source: http://www.partner-tech.eu/detail-presse.html?&tx_ttnews%5Btt_news%5D=217&cHash=cf602132eb2ab0360bf0ac0114a9391f&L=0.

manual update of data, besides the fact that it was time-consuming activity, required too much staff work, it was inefficient and had higher administrative cost.

Go Natural understood that individual systems could no longer meet their needs and requirements. In this sense, they looked to this change also as a possible improvement in the customer relationship management (CRM), providing a better interaction with the customers and providing a better service.

In addition, with this new software (LS Retail NAV), Go Natural could perform their recipe management more effectively, categorizing their recipes and providing all the necessary information. The system offer the possibility to categorize them, “grouping by main ingredient, category, production time and instructions for cooking, additional items such as utensils and trays”, explained LS retail.

The solution to this problem was to implement a product with the standard modules of accounting, sales, purchases, warehouse and assets. The system controlled also the inventory, what came in and what went out of the company, and consequent costs distribution. Additionally, this service was provided in all restaurants, and could be accessed by their managers.

This system provided among the aspects already mentioned, an automatic wage processing, automatic process of financial payrolls, the automatic control of work contracts and the automatic distribution of costs.

This software was a Point of Sale (POS) solution that was configured according to Go Natural’s requirements and maintained the data of the entire organization. The software solved the efficiency problem in operations as well as the profitability issue, information analysis and data quality. The company became more efficient, and more focused on the clients, providing a better and quicker service.

TN Exhibit 1 – Sushi bars

ECI - Lisboa



Saldanha Residence



Pão de Açúcar Amoreiras



Amoreiras Plaza



Source: Go Natural.

TN Exhibit 2 – Sushi store main benefits:

- Complete end-to-end Retail and Recipe Management Solution
- Standard Interface across the Board
- Greatly Improved Transaction Time
- Reliable Information
- Eliminates Manual Processes, Saves Person-Hours
- Allows Data Analysis for Enhanced Business Decisions”

Source: <http://www.lretail.com/LinkClick.aspx?fileticket=OliLYgZ0HwE%3D&tabid=2053&mid=5238>

[Accessed 27 April 2012].