

# Essay about Vapiano Franchise in Barcelona

Vapiano is a privately held company which was launched in 2002 in Hamburg, Germany by Kent Hahn who was the first McDonald's restaurants franchisee in Germany and learned how to service customers best and what they disliked about traditional fast food. Hahn's experience in owning and managing eighteen restaurants and nightclubs in Hamburg taught him that employee training and inventory management are critical in managing successful restaurants. Vapiano was launched to appeal to a set of customers that want healthy ingredients which are prepared into fresh meals in a casual yet sophisticated environment ("Vapiano").

Today, Vapiano has restaurants in twenty-seven countries on five continents and continues to be one of the fastest growing franchises in the world.

## Marketing Objectives

"*Chi va piano, va sano e va lontano*" is the Italian saying from which the franchise name was created. This phrase means: those who take it easy live healthier and live longer ("Vapiano"). The name of the franchise is also the philosophy by which the restaurants are created and operated. Vapiano does not set out to target a certain age group, gender, ethnic group or income bracket. Instead, the appeal is made universally to customers of all ages, color, creed, nationality, and wealth level based on the lifestyle that they prefer. The target customer's lifestyle is one of living well by making good food choices in order to live a longer, healthier life. By establishing this target customer base, Vapiano casts a broad net that has universal appeal. This is verified by their operation in twenty-seven countries and growing.

The average Vapiano customer is eighteen to thirty-four years of age and spends twenty-five dollars per visit. In 2013, leisure consultants at Deloitte found that this age group boosted their eating and drinking out to an average of 32 times per month, up from 25 times a year ago (Thompson).

Barcelona is, therefore, an appealing location for a Vapiano franchise due to its business friendliness; its cosmopolitan spirit; and the fact that eighteen percent of its residents are foreigners. In 2011, Barcelona was ranked as one of the six best European cities for business. Barcelona has maintained this position in the top six during the 2001-2011 period. Additionally, Barcelona holds the top spot as the city with the best quality of life for workers and ranks second in terms of best European city to promote itself as a business center.

The majority of the residents of Barcelona aged fifteen to sixty-four are exactly in the zone of the target market for the Vapiano franchise. Moreover, the residents live a long life, hence proving that they care about living well and, therefore, living longer, which is another match with the philosophy for Vapiano.

Barcelona also has very few Pizza restaurants. More importantly, Vapiano's fast casual concept is unique and is hardly competitive with chains such as Dominoes which have two locations in Barcelona. Dominoes' philosophy is radically different than Vapiano's. Domino's specializes in hot, cheap food delivered to a customer's home. They do not provide an inviting atmosphere for dining, nor do they have healthy ingredients prepared into a fresh meal as a priority. The map ("Pizza Restaurants in Barcelona") outlines the current Pizza restaurants in Barcelona. There seems to be a tremendous opportunity for adding a Vapiano in several Barcelona neighborhoods where competition will be minimal. Of interest, most of the existing Pizza restaurants are co-located with transportation stops – a true clue that they are about speed, versus freshly prepared.

According to Trip Advisor, there are one hundred and thirty-one restaurants in Barcelona that offer Pizza on the menu. This list includes restaurants that specialize in Mediterranean cuisine, and offer Pizza, as a result of that. The list also includes fine Italian restaurants that happen to have Pizza on their menu, but not as the featured item.

Placing Vapiano in Barcelona will require a neighborhood where a need exists for casual, fast dining, but where it is not already saturated with adjacent competitors such as fine dining Italian restaurants or quick and cheap Pizza delivery places such as Dominoes.

Ideally, the neighborhood where the franchise is located has many businesses in order to capitalize on the lunch crowd. Also, located in a place where young, urban professionals can conveniently visit after work, as a Tapas, or early later evening meal alternative. L'Exiample and Gràcia are two such neighborhoods where young professionals work and reside and where cafes, tapas bars and nightclubs abound. The challenge in finding the right address for the Barcelona Vapiano is the size of the space that is required and, therefore, the price of the monthly rental which could be exorbitant if not impractical. Or it may simply not be available. In these two neighborhoods, where the target market segment is ideal, the space may need to be purchased outright from a selling business owner, and this could be very costly, particularly for a start-up business. If the desire is to be in one of these two ideal neighborhoods, the trade-off may have to be the time spent waiting for available space. Restaurants often fail because they are not in the proper neighborhood, and waiting for the right location could be a wise investment longer term.

### **Financial Objectives**

According to the Vapiano Franchisor website, the start-up costs for a single franchise are between \$1.2 and \$2.0M. Additionally, there is a franchise fee of \$45,000 that is due when the franchise agreement is signed by the franchisee. Vapiano also requires monthly royalties so that the franchisor can operate the business as a Vapiano franchise. This ongoing royalty fee is 12% of the top line revenue intake. There are no additional monthly franchise fees, which is excellent, since most franchises usually also require an additional 3-4% monthly fee for marketing and advertising. The good news is that the artwork and copy of the franchise prescribed materials can be used per the terms of the franchise agreement. The bad news, especially for an unknown brand, which is what Vapiano in Barcelona would be at, first, is that the burden of brand establishment and restaurant promotion is a direct and often hefty expense for the franchisee.

To keep the estimated initial investment low, it has been assumed that there will be only four employees at the beginning of the business. As the business grows and as revenues accumulate, the franchise will expand. The initial focus will be to keep costs as low as possible in order to achieve the break-even level as quickly as possible. The minimal staff will also mean that there will not be enough salary for a manager, and, therefore, the franchise will initially be maintained by my partners and me. The four of us will be investing in the franchise as equal partners, each of us contributing \$350,000 in order to pay the start-up costs. Further, we will each dedicate our full time to working and managing the restaurant. The only special-skill employees that we will need to hire is the cooks. Vapiano is based on an interactive relationship between the cook and the customer, and as such, special diligence will be expended in order to find the right people for these roles.

The combined rent/construction/equipment total is \$950,000 and is the majority of the start-up expense. This is because Vapiano has a minimum square foot requirement of three thousand and the restaurant must be capable of seating a minimum of 140 customers. A brick oven, which is another capital intensive purchase, is also required. The ambiance created by Vapiano is based on using real wood, granite, organic accessories, such as real olive trees and fresh herbs with décor and furniture in earth tones. Genuine wood or genuine leather is recommended for all furnishings, which is another item of significant expense.

Rent is another variable which could make the start-up costs higher. As previously described, it may not be possible to rent a 3000-4000 square foot commercial space in a desirable Barcelona neighborhood. The tradeoff will be money versus time and could amount to a possible purchase versus a lease as originally envisioned.

As with all franchises, the menu pricing is prescribed by the franchisor with very little variation. This is a competitive advantage because it assures that the restaurant will be launched based on prices that have already been tested and verified in other, similar markets in order to establish a realistic willingness to pay.

For example the sample menu from a Vapiano in Australia. However, based on research for this business case, it has been confirmed that the menus all have prescribed prices – only the currency is adjusted accordingly. The menus, however, do not show the alcoholic beverages that are served on premise, which could significantly contribute to both revenues and profit. The advantage of having a cool vibe

lounge with an attractive bar area and relaxing music provided through a sound system and music tracks that are prescribed by Vapiano is that customers will linger and spend more on desserts and drinks.

The average ticket per customer is \$25, as noted earlier. Some customers may spend a lot more, and others, such as kids may only contribute less than \$10 overall. Twenty-five dollars per ticket is a big number when compared with other fast casual restaurants such as Chipotle – a chain that revolutionized the organic, fresh, fast casual dining experience in the United States. In most Chipotle restaurants, only beer and wine are served where licensing for alcohol is permitted. Chipotle does not have a full service bar, nor do they offer dessert. Their décor is minimal, and hence, this is reflected in their average price per ticket. To that end, the upfront investment will pay off over time because the price per ticket will be much higher than other fast casual restaurants.

### **Competitive Advantage**

Vapiano is a truly unique franchise, and because of this uniqueness, it offers a competitive advantage on many levels. One of the greatest advantages is the customer dining experience, and the way that the food preparers interact with the customers. The customer experience begins with a friendly smile and greeting upon entering. Once inside, the customer chooses the food items of interest and orders them. After the order is placed, the customer has the opportunity to have a friendly chat with the person preparing their meal, and special requests are always honored. They are given the opportunity to witness the fresh ingredients used in a unique way, based on what they have selected. Everything is fresh. The pasta is made at the restaurant daily, as is the sauce for the pasta and pizza. Fresh herbs adorn the restaurant ("Vapiano") and are duly used to season the food that the customer orders.

The ambiance of the restaurant is also unique and amplifies the experience of eating in a healthy way. Soothing earth tones are used throughout with natural wood and natural stone to promote the organic experience. When compared with another successful fast casual restaurant such as Chipotle that markets its brand as organic and fresh, Vapiano's ambiance is incomparable. The Chipotle ambiance ("Kwatsa") is reminiscent of warehouse style eating, where Vapiano is akin to a chic, upscale restaurant.

Hence, when compared with even the most successful fast casual restaurant that also uses fresh, organic ingredients to prepare their meals to order, it is clear that Vapiano offers a much nicer environment that contributes significantly to the overall customer experience. A fast casual restaurant is a true competitor for Vapiano where ambiance is concerned, and it has a real competitive advantage.

When compared with a fast and cheap pizza restaurant, the difference will be in the taste of the food and the level of customer service that is offered. Dominoes, for example, offers typical "fast food" ingredients that have been previously frozen and shipped from the restaurant's warehouse to prepare their pizza, pasta and salads. This is good for Dominoes cost control, but not good for customers that are seeking healthy ingredients that will allow them to live longer. Pepperoni, greasy sausage and dried out, over-fried chicken wings doused in a mediocre orange colored sauce is hardly the way to eat in order to live longer. It is a recipe for a heart attack. The only advantage that Dominoes may have over Vapiano is that Dominoes delivers. This may need to be explored further, specifically for Barcelona where the Vapiano brand is not yet known.

The other competitive threat to Vapiano is a fine dining Italian restaurant, where the price per ticket will likely be two or three times that at Vapiano. The ingredients may or may not be fresh at a fine dining restaurant. Each restaurant maintains its own level of inventory and although must adhere to standards of hygiene for the city to maintain their license, unless they are reported by a customer, or there is a random inspection, there is no way to know how fresh and/or non-frozen their ingredients can be. The ambiance provided by Vapiano is as good as, if not better than older fine dining restaurants where the furniture and décor may be dated. Which leaves service as the only unknown variable. Plenty of expensive restaurants have lousy service. Vapiano strives to exceed the service expectations with every visit. In fact, the cook to customer exchange and interaction ensures that a customized service experience adds to the pleasure of the meal.

For Barcelona specifically, or in any other location in Spain, some competition may come from traditional and especially non-traditional Tapas restaurants that are similar in style and function. The difference is, not every Tapas restaurant will advertise itself as a fresh, wholesome and organic dining experience.

Quite the contrary, rich, fried foods could dominate the menu, and in later evening hours, sometimes this is not a preferred food choice. Hence, for Barcelona, Vapiano may offer a fresh alternative to an established, traditional routine -- and taking share from local Tapas eateries may be one way to establish the business quickly.

### **Promotion and Advertising**

There are five key market segments that Vapiano in Barcelona will need to cater to, each being in the age group of 18-34. It is strongly encouraged that this integrated promotion and advertising plan include delivery to both homes, as well as hotels in Barcelona, in order to create the brand, and make it better known. With that in mind, the following are the market segments of interest:

- The Lunch Crowd
- The Later Evening Socializers
- The Dinner Diners
- Delivery Diners
- Tourists and other out of town visitors

After identifying Vapiano's five market segments of interest, the next step is to develop marketing communications content and tools that would appeal to all these segments. Primary marketing communications strategies should include "word of mouth" marketing and public relations (PR). Not only do these strategies effectively target a large market or consumer population but these are also less expensive than more structured marketing communications strategies or content such as print, digital, or social media marketing platforms.

The primary goal of developing marketing communications through "word of mouth" and PR would be to create buzz about Vapiano and attract attention to the establishment to draw more guests or customers, particularly from the five market segments. The most crucial component of the PR campaign is the target partnership with media outlets such as the local newspaper. The local media will play an important role in capturing the public's interest and publishing a series of advertisements or stories that feature the establishment's history, structure, location, ambiance and detail expected customer experience that Vapiano will deliver for their guests. Because this will be the first Vapiano in Spain, no doubt the newspaper El Pais will want to cover this as a national event. Also, a couple of local Catalanian newspapers, such as Ara and Avui may have significant interest in a European franchise coming to Barcelona. The goal is to reach out to as many newspapers as possible and to target the most meaningful ones that ideally have a paper distribution, as well as an online media address. Different newspapers will want to cover different strategies and ideas based on what they value. The challenge will be to get their attention with something that might be of interest to them, so that they believe that these articles will increase readership. The franchisee and the newspapers have the same goal: the more people that read, the higher the revenues, for both sides of the equation.

The City Administration, or other local public agencies, may co-sponsor a story line of interest or take advantage of the opportunity to create jobs for locals and consequently bolster the local economy, as a result of this International franchise coming to Barcelona. The City Administration's sponsorship of the establishment would create much needed interest around Vapiano as the local government's involvement attaches value to the image of the restaurant. Moreover, the local government's involvement would make a feature of Vapiano interesting and newsworthy. Examples of articles that may be published about Vapiano include the following:

**A.** Published six to eight months before Vapiano's opening: The title of the article may be "New and Fresh Franchise coming to Barcelona Soon". To inform the readers more about Vapiano, the article may then feature the restaurant's location. Moreover, the article may be used to establish or boost Vapiano's reputation if it features the new franchisees and their relevant management experience, and explore the potential socio-economic advantages and contributions of Vapiano to the local community in Barcelona.

**B.** One quarter before opening: "Vapiano selects Location for New Restaurant". In this article, the potential address would be shared and details about why this amazing City and this neighborhood were

chosen. The intended audience for this article are walk-in customers that would come in for lunch or as a Tapas alternative, later in the evening.

**C.** Thirty days before opening: “Vapiano creates jobs and hires locals to deliver superior customer experience... and Freshness!” The article will describe the kind of employees hired by Vapiano of Barcelona (if any to date) to establish the restaurant’s values, particularly in human relations and servicing. The article may also be used to feature the uniqueness of Vapiano by introducing the concept of “fresh food” delivery to the residents of the city, promote the consumption of organic ingredients, and the restaurant’s commitment to offering convenience for customers through its flawless delivery. The purpose of the article is not only limited to the promotion or marketing of Vapiano but also to the encouragement of local residents to apply for jobs at the restaurant since the restaurant needs skilled cooks.

**D.** Seven days before opening: “Join the Grand Opening Event of Vapiano of Barcelona”. Publishing this article will significantly help the restaurants establish relationships with locals and hopefully engage and attract patrons. This article represents a tremendous opportunity to recruit new patrons. Similarly, this article will be used to promote the Grand Opening event as an invitation does, so that anyone that is interested in this restaurant can come and try it. The article would describe the Grand Opening as a festive event where customers may sample free food offered by the restaurant. Ideally, and with enough notice, Vapiano will invite city government officials and other influential people in the event, which will also be mentioned in the article to motivate other people to join the said event. Free samples and other teasers are always a good idea for the Grand Opening event – they whet the appetite and create future interest to return for a larger portion.

**E.** Opening Day: “Vapiano of Barcelona is Officially Open”. This article copy should read like a promotional ad. The challenge is to convince a journalist to write it this way. It can be done and if it is done this way, will be a great way to spread the word widely without having to spend any money. Photos that were taken from the Grand Opening event will also be featured in the article to focus attention on one key competitive differentiator: the incredible ambiance that awaits the future Vapiano diners. The photographs that will be included in the article should be interesting and encouraging for the audience, which means that these photos will be carefully selected as they are expected to show happy guests enjoying themselves while eating Vapiano’s good food. If possible and the journalist agrees, consider including a sidebar about the potential delivery service and how this offers good fresh food fast. Vapiano should also take a photo of one of its confident delivery drivers while holding a sack of food. The restaurant signage must be seen in this picture. The more the signage is shown, the faster brand creation can occur.

After the publication of the fifth article, it may also be used as content for Vapiano’s brochure that will be given out to locals to promote the business. This is an inexpensive way to re-use the collateral that Vapiano created and printing costs are low when compared with starting a brand new brochure. The brochure is a significant part of marketing Vapiano as using this material is akin to “leave behind” marketing brochure. If local businesses display the brochure on their front desks, then more people would see it. Consequently, these businesses loyal customers would then become Vapiano’s own loyal customers.

Vapiano may also leave the reprinted brochure with the hotel front desk staff and concierges (where available) at local hotels. Tourists and business travelers are always in search of good local restaurant that offers fresh food. To discover these places, they rely on attendants at the front desk. Hence, front desk officers’ knowledge and awareness of Vapiano and the presence of “leave behind” brochures at hotel front desks will enable them to introduce the restaurant tourists and business travelers. If Vapiano is located near hotels, it would also be advantageous for the restaurant as they may offer free delivery service for tourists and business travelers staying in these hotels. A nice and radical departure from room service!

The newspaper article component of the overall PR campaign is an example of how FREE messaging is possible when the right media outlet participates. With any PR campaign, all five target market segments should be reached. The challenge in creating an effective PR campaign is the ability to find the right newspapers or magazines that are willing to work with a start-up business. Once Vapiano achieves this,

the goal is to focus on the content of the article as this is crucial in ascertaining that features are specific and aimed at the target market segments.

Social Media has now become the easiest and fastest way to advertise or promote an up-and-coming business. To take advantage of social media marketing and promotions, Vapiano of Barcelona should create different social media accounts such as a page on social networking site Facebook and an account on the microblogging site Twitter. Vapiano may take advantage of its social media accounts to inform its fans or followers online about current or upcoming promotions, deals, or special discounts and offers. Moreover, the establishment's social media accounts may be used to inform and update the public about its plans and programs, current location, and other forms of contact information. New customers may use the information from Vapiano's page to locate the restaurant. Aside from descriptions and information, Vapiano should also use social media to post pictures. To entice customers, Vapiano may post pictures of their dishes, the restaurant interior and exterior, and its happy guests upon their permission. Another way to use social media is to offer promotional codes or special offers to fans or followers in exchange for sharing Vapiano's page to their friends and followers. Vapiano should also inform its customers that they are on social media by posting them in the interior and exterior of the restaurant. In this way, customers can "like" or follow Vapiano on Facebook and Twitter and leave reviews and comments about their experiences as customers. Also, suggest that a customer may have a free glass of wine on the next trip for providing a review.

Yelp and Trip Advisor are also another good way to advertise a business. These sites are a double-edged sword, so careful monitoring of these sites is required to ensure that reviews posted are appropriate and accurate. Plus, it's always crucial to communicate directly with customers if they had unpleasant experiences in the restaurant and address their concerns or demands. One of the ways that Vapiano can appease disgruntled customers is to offer the latter complimentary meals and other specials or exclusives as a means to offer sincere apology and communicate its commitment to excellent customer service. Doing so would bring about higher ratings for the restaurant, especially if Vapiano is consistent in pleasing its customers.

Aside from Facebook and Twitter, Vapiano may also use audio-visual content to promote the business. YouTube, for instance, is a platform that allows people, groups and organizations to create and share audio-visual content. To involve online users, Vapiano can post a short video of the Grand Opening event to show the food that was served, the interior of the restaurant, and the guests that attended the event. After posting the video, Vapiano may then share it to its Facebook or Twitter users so their fans and followers can share it with their family, friends, and followers.

In using social media to promote and advertise the business, Vapiano must make sure that its social media pages and networks are frequently updated. Social media is not simply for updating followers and fans about the business but also using it as a tool to directly interact or communicate with customers. Hence, managing social media must be constant because customers would post comments and ask questions frequently, and Vapiano's social media staff should immediately respond to these requests or queries. Moreover, managing social media is important because the business may generate a significant percentage of its reviews online. By ensuring that Vapiano's online social media accounts are updated with reviews, especially good reviews, the restaurant would be able to draw attention from tourists and business travelers from out of town that would be looking for good places to eat in Barcelona.

Furthermore, social media may be used to establish Vapiano of Barcelona's brand identity. One way to do so is to create a consistent look for its social media pages. For instance, Vapiano can use the shades of the restaurant's interior, exterior, and logo for the background photos of its social media pages. Aside from using aesthetics in social media marketing to establish brand identity, Vapiano may also do so to appeal to its target market segments. Of interest will be the artwork and copy material from the Vapiano franchise that has already been previously used for a "first of" franchise in a new country or territory.

One of the challenges of advertising is the cost. Hence, it is highly important that businesses or establishments such as Vapiano carefully develop marketing communications strategies and tools to directly appeal to its target market segments. To ensure that the restaurant would not waste capital on advertising, Vapiano may conduct trial advertising. An example of trial advertising is mailer campaign, which involves direct mails, online and offline, to target market segments. Customers targeted for this

campaign will then be asked to bring the mailers with them when they decide to dine at Vapiano. In this way, the restaurant may know the number of customers that responded well to the mailer campaign and if it is an effective means of promoting the restaurant. To save on cost of production and printing, Vapiano may also use the mailers as flyers. For trial testing, Vapiano will float the flyers among its employees who will then distribute them to family, friends, and other people. It is important that employees do so during rush hour when there are many people milling about, such as during lunch time, dinner, or after

Brand promotion will be a crucial component to the successful launch of Vapiano in Barcelona. Brand promotion is an important, ongoing process. There is a need to continue to reinforce the significant attributes and differentiators that Vapiano offers customers. The brand establishment campaign should be very intensive during the first year of operation, with significant support from the Franchisor.

See ad from Domino's ("bahamaslocal.com"). This is a good way to engage with lunch and delivery diners. Typically, the franchise will provide a copy and it would simply need to be customized to be made location specific. This ad is a great Facebook status or a tweet on Twitter.

It is critical that if this type of ad is used that it conforms to the franchise brand requirements and the copy given. Dilution of the brand is expensive. The look and feel of this type of ad should be the same look and feel at the restaurant. The Domino ad signals fast and cheap. The Vapiano ad should tout chic and customized.

Hotel delivered Pizza has been around for a long time. Recently, hotels have been implementing the "Pizza button" on their hotel room phones because the front desk staff has been inundated with questions about where to order pizza from, the phone number, the location, and so forth. To make this as simple as possible, and to eliminate the middle man: the hotel staff, phones have been modified so that a pizza button direct dials the pizza delivery establishment.

### **Implementation Milestones**

There are some factors that could cause a delay such as the time for the Architect's design to be completed and the time necessary for the building permits. The process of finding and contracting the right location is a daunting task, and much planning is necessary in order to ensure that the preferred location is the one chosen. Sometimes, Realtors might push for their "favorite" location. Therefore, a great deal of research should be done in advance in order to avoid this pitfall. Much research will be undertaken so that an opinion is expressed clearly to the Realtor long before the search begins, hence ensuring an optimal outcome to the most important decision of all the milestones.

One area where it may advantageous to be a franchisee is the architecture design and blueprint. Since this is a franchise, the Franchisor should have many existing blueprints that would ideally be used in Barcelona. If this is the case, then there could be substantial time and money savings as a result. With that in mind, once again, the decision for location becomes the most important decision because if a site is selected that matches almost exactly an existing blueprint for a similar size restaurant, then it can be re-used with minimal effort. In this scenario, there are both time and money savings.

Additionally, with a similar blueprint, the construction can begin quickly without the need for the final design. An architect's existing blueprint that is similar to the intended construction is helpful and here there could be both time and money savings.

The goal for the milestones is to get everything completed in time for spring when people are trying new things and restaurants and when the tourists are starting to travel to Barcelona. By the time the summer arrives, the restaurant will have been in operation for quite some time, and ideally, all of the kinks will have been worked out of the service and the cooking. This way, the restaurant is performing at its peak during peak tourism.

One of the trickiest parts of this timeline is the permit phase. This could drag on for many months. Hence the goal is to get to know the individuals in Barcelona that influence these decisions and are in a position to streamline the process. It would be quite costly to get bogged down with permits that don't move through the system quickly.

In conclusion, it appears that based on the analysis from this business plan that the purchase and operation of a Vapiano franchise is a sound business decision. Vapiano is an award-winning franchise. The Vapiano concept has proved successful worldwide, and it has also gained recognition from leading industry awards, including the Casual Dining Design Awards 2014. Vapiano, Vienna 4 and 5, Austria & Vapiano Belefield and Koblenz, Germany all received the Best Designed Multiple Restaurant this year. Previously, Vapiano has been awarded the Foodservice Award 2006, Top 10 Employer in 2008 and e-Star Online Excellence Award in 2011.

Based on the research and competitive analysis, Vapiano is differentiated from its competitors in many ways. The ambiance is like none other and this coupled with superb customer service due to masterful training. The ingredients that are used by Vapiano are fresh and are gathered in a made to order meal where the cooks can converse with their customers to ensure that their every need is addressed. The use of natural looking materials such as wood and stone and a hundred-year-old olive tree in every Vapiano shipped directly from Italy really contribute to the overall WOW! Factor of this franchise.

If there will be a difficulty in executing on this business plan, it will come from two forces: the location of choice being available; and, Vapiano's interest in opening up the Spanish market, which to date they have shown little to no interest in pursuing, opting instead for places in Asia, the Middle East and the eastern coast of the United States. It appears that the Spanish and Latin market are largely untapped. Hence, it will be necessary to appeal to the Franchisor with this strong business plan so that they can do their own series of analyses and be convinced that Barcelona is an ideal location for this franchise.

Another concern about opening a new market is the lack of brand equity. Domino's is already established and known, and while not necessarily a direct competitor, they are an established brand which likely has loyal followers by now. Brand establishment is expensive and takes time. With no real support from the franchise in establishing the brand in a country such as Spain, this could be a serious concern because all efforts might lead to failure. A Vapiano restaurant recently closed in Chicago, in the United States because all of the other Vapiano franchises were on the east coast. Hence, the Midwest did not know the brand or appreciate the differentiators. And in a city steeped in pizza history, as Chicago is, it was easy for Vapiano to slip into oblivion – which is what we would want to avoid in Barcelona.

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