Hung Dau

BA 3103 – 004

M, 5:30PM – 8:00PM

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**Ruby Tuesday is Failing**

**Background**

Ruby Tuesday used to be known as one of the most successful casual-dining chains. However, they are struggling to claw their way out of the casual-dining death trap (Taylor, 2017). Ruby Tuesday’s decline started in 2006 when sales began to fall (Maze, 2017). In 2016, the chain announced that it had lost 18 percent of its profit year over year (Hamer, 2018). As a result, Ruby Tuesday has faced the large reduction of restaurants from 949 locations in 2009 to 613 restaurants today (Maze, 2017). The chain is facing the serious macro and micro environmental conditions, which contributes to these struggles.

The macro and micro environment factors that influence the decline of Ruby Tuesday’s sales are its competitors and its business structure. The business climate in the restaurant industry has gotten much more competitive because the number of U.S restaurants grew 49 percent in 20 years (Gaines, 2017). The increasing number of restaurants in the U.S makes it harder for Ruby Tuesday to attract customers. Moreover, the business structure of Ruby Tuesday is also the factor that discourage the customers to come to the restaurants. Mid-range chains with concepts that date back several decades have been hardest hit by a shift in consumers’ work, travel and dining patterns (Gaines, 2017). The customers nowadays tend to prefer fast-casual or quick-serve restaurants because they have less time than before (Gaines, 2017). Thus, the fast-casual chains like Chipotle or Shake Shack are on the rise (Taylor, 2017).

The competitive environment and its business structure are the reason why Ruby Tuesday’s sales decline. Despites the changing trends and the competitors, Ruby Tuesday is trying to get back its position. The chain has gone through many makeover and changes in order to go upscale again (Munarriz, 2017).

**Problem Statement**

Ruby Tuesday faces many competitors and the changing trends of customers’ buying. The chain must identify the new opportunities in order to overcome the difficulty.

**Alternative Solutions**

The first solution that Ruby Tuesday needs to take is to improve its guest experience by providing the better menu options compared to other chains or restaurants. As their food-decision matrix grows increasingly complex, consumers will be more engaged and discerning than ever when dining out (Gaines, 2017). In order to compete with other restaurants, Ruby Tuesday needs to differentiate itself by providing the menu options that can attract and hold customers. The chain can leverage its menu by adding the “create your own” section, where customers can create their own burgers with their preferred ingredients. This will provide customers the food that perfectly fit their dietary preferences no matter when and where they visit the restaurants.

Fast-casual dining is outgrowing traditional restaurants. Since people do not have as much time as they used to, they tend to prefer going to a fast-serving restaurant (Gaines, 2017). Therefore, Ruby Tuesday can attract customers by providing a faster service. The chain can fasten its business by launching a drive-through service, where customers can purchase their foods without living their cars or going into the restaurants. Furthermore, millennial customers are more attracted to the restaurant, which provides ordering delivery (Taylor, 2017). Ruby Tuesday can target this type of customers by making an online ordering option on its website. By providing the online ordering and drive-through service, Ruby Tuesday not only drives more revenue but also fasten its business.

**Recommendations**

The best solution for Ruby Tuesday to take immediately is providing the better options compared to other chains or restaurants. Since providing drive-through and online ordering service can cost a lot of money and time to launch, developing the menu can be much easier and incurs less risk.

**Program Performance Metrics**

The immediate performance metrics that helps the chain calculate the efficiency of the solution is the customer satisfaction rate and customer reviews. If the customer satisfaction rate increases, it is a realistic evidence that the customers enjoy the new menu option and satisfy with the change. The customer reviews will help us understand deeply what customers think about the menu, so the chain can make any changes to improve it.

The conclusive performance metrics that Ruby Tuesday can use to determine the effectiveness of the solution is the profit and revenue. If the new menu option satisfies the customers, the chain will attract more customers to the restaurants and increase its profit and revenue. The increase in the profit and revenue clearly shows that the chain has successfully implemented the solution.

**What I Have Learned from This Critical Analysis Exercise**

This critical analysis exercise is a great opportunity for me to place myself into the company’s position to analyze its problems and figure out the possible solutions. Throughout the exercise, I learn new things and practice analyzing the market and companies’ strength, weakness, opportunities, and threats. The right decision can determine the success of an organization. Therefore, this crucial analysis advances a person’s critical thinking and decision making, which is really helpful in the future.

**References**

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