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INTRODUCTION: WHAT AM I GETTING MYSELF INTO?

*Marketing is everything the customer sees,
touches, hears, or smells.*

Jim Moore, Founder and Leader, Moore Ideas, Inc.

Marketing gives life to your restaurant. Well-planned and -executed marketing will bring customers to your restaurant. And it will bring them back. It will help keep them happy. And you'll be pretty happy, too.

Although this book is written for owners and managers, restaurant marketing is the job of all restaurant employees. An owner or manager must get excited about marketing and transfer that excitement to the staff. Everyone must be engaged every day in your restaurant's marketing efforts.

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The essence of marketing is creating an experience that delivers exceptional value to your target market and communicates this message to the target market and your employees.

Successful restaurant owners and managers share a common trait: they are customer focused and strongly committed to marketing.

Due to its dynamic nature, marketing is always exciting and challenging. The marketing plan that creates maximum value for your customers today will not necessarily be the one that does this two years down the road. Your customers are forever changing. You must change with them.

WHY SHOULD YOU READ THIS BOOK?

In 1971, the National Restaurant Association (NRA) published the book, *How to Promote Your Restaurant*, which comments, “The most under-promoted product in America today is the restaurant meal.” Things have certainly changed since then.

At that time, independently owned and operated restaurants ruled the restaurant landscape. They sold most of the meals eaten away from home. Today, big restaurant chains have displaced them. The entry of corporate giants into the restaurant industry has transformed it from a mom-and-pop industry into an industry dominated by large chains, in which fewer than 25 companies account for over one-third of restaurant sales in this country. If you are working for one of these conglomerates, you have the edge. If you aren’t part of any of these organizations, read on.

Marketing was an option in 1971. Today, it is essential to gaining and keeping a competitive edge. You must use marketing to attract customers, give them a good experience, and capture their future dining business. To do this, you must understand your customers and create a marketing mix that provides value for your target market.

To illustrate how competitive the restaurant industry has become, our research shows that when customers give a restaurant an excellent rating, 80 percent say they will return. However, only 40 percent of those who give it a good rating actually plan to return.

Today, it's not enough to be good. You have to be excellent. Recall the last time you went to a restaurant. When you left, did you say, "It was good"? If so, you're probably not thinking about going back anytime soon. Why should you? In most communities, there are many good restaurants. On the other hand, if you left and said, "That was excellent," not only are you likely to return, you will probably tell others about the great time you had.

Reading about and applying the ideas presented in this book will help you achieve those excellent ratings. You will also be more successful in attracting customers. If you can look up most times of the day and see a waiting line for a table in your restaurant, then we've done an excellent job.

The two dozen or so gigantic restaurant chains operate in a highly competitive environment, where aggressive marketing skills are needed to win customers. They employ corporate directors of marketing who work with advertising agencies and public relations firms. They spend millions of dollars on marketing. If they sneeze, we independent operators catch a cold.

Earth to restaurant owners and managers: This is your competition. Many independent operators and small chains do not have these kinds of marketing resources. Managers of these operations have to use their resources more effectively. This book will show you how to do that.

According to management guru Peter Drucker in *Business Week*, "Marketing encompasses the entire business. It is the whole business seen from the point of view of the customer. Without an understanding of marketing, you do not have a good understanding of business." This book is designed to help you understand and use marketing to increase the profitability of your restaurant.

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This is not a textbook. It is more along the lines of what some people refer to as a “self-help” book. It’s intended to pass along some good ideas—things you can use right now to make a difference. It’s also intended to excite and motivate you.

We intend this book to be accessible. It is written in a conversational manner and is filled with examples of the ways in which other restaurants are using the marketing mix. In order to preserve the flow of this conversation, the book does not contain figures, sample menus, copies of advertisements, or photos.

We are fortunate to have an Internet expert on our team. Patti has won national awards for the development of informational Web sites. She developed and maintains a companion Web site for this book. Instead of showing a black-and-white copy of a year-old menu reduced to illegibility in the book, the Web site offers currently used, full-color menus. The Web site also includes advertisements, promotions, examples of publicity, and other sources that will assist you in developing your marketing mix.

This book will start you on your journey to maximizing the value created by your marketing mix. The Web site will help you to continue that journey.

THE SEVEN Ps OF MARKETING

Marketing involves managing the **marketing mix**, which consists of the seven Ps:

MARKETING MIX Price, product, promotion, place, process, participants, physical evidence.

- **Price:** This is the dollar amount you place on your products. When combined with the other Ps, it denotes a certain value. This value should be consistent with the perceived value the target market places on your products.

- **Product:** This includes your menu items and the other products and services that you buy, prepare, and sell.
- **Promotion:** This is the overall message you relay to your target market, including advertising, sales promotions, personal selling, and public relations efforts.
- **Place:** This includes the location of your restaurant, the surrounding neighborhood, and its accessibility and visibility.
- **Process:** This consists of the way in which you deliver your service. Do you have a buffet? Do your customers get their own soft drinks? How do you handle take-out orders? Do you place the wine jug on the table and let the customers pour their own?
- **Participants:** These are the people you want to participate in your operation. You choose them. They are your customers, employees, and other stakeholders, such as purveyors and other outside service providers.
- **Physical evidence:** Your physical facilities create a particular atmosphere. They provide tangible clues to the customer. For instance, the exterior appearance of Bennigan's lets people know it is a casual restaurant. A neat and clean dining room gives the customer evidence that the restaurant is well managed.

The first four are the traditional Ps, developed for marketing tangible products, such as washing machines and underwear. The other three are unique to restaurants.

Managers often think of marketing and advertising as the same thing. However, advertising is just one form of promotion, which in turn is just one element of the marketing mix. And, depending upon the situation, you may not even use advertising in your mix. For example, some restaurant managers may do an excellent job of crafting

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the other elements of the marketing mix to create value for their customers. After being in business for several years, the positive word of mouth from customers replaces their paid advertising. In order to maximize the benefits you receive from marketing, you need to understand and use all seven elements of the marketing mix.

Just as you do with ingredients in a menu item, you must determine how you will use the seven Ps as ingredients in your marketing plan. They are interrelated. For example, the mix needed for a successful quick-service restaurant will differ significantly from the one used by an upscale steak house.

Charley Brown's Steak and Lobster opened its first unit in 1965. The concept had seven unique features: display cooking, gaslights, waitress uniforms with short skirts and push-up bras, water view, USDA Prime steaks, signature liquor service and glassware, and sourdough bread flown in daily from San Francisco. Eventually, six of these unique attributes were copied by competitors (all except the water view)—but it took them several years to do it.

This book will help you develop the right marketing recipe. It will give you the tools needed to create a successful mix for your restaurant and will help you create something unique, something that sets you apart from your competition. However, it will also suggest ways to go beyond simply offering a different experience for your guests.

Differentiation is important, but sooner or later your innovations can be copied by your competition—though by that time you'll be on to something else, right? The key is to latch on to a differentiation strategy that renders you unique. It is impossible to copy uniqueness.

CREATING VALUE FOR THE GUEST

Ray Kroc, the founder of McDonald's, created value for the family market with his formula of quality, service, cleanliness, and low-priced food. He referred to his low prices as value and his formula for

success as Q, S, C, and V. In the case of McDonald's, value was related to low price. But value does not always mean low price.

Instead of thinking about value, you might want to focus on **perceived value**. It is critical to get inside the customer's mind, to uncover his or her definition of "value" or "great value" or "mediocre value," and so on. It's not what we think, but what customers think that will make the difference. For instance, customers typically perceive a greater value if the quality of the products you sell and the services you provide are attractive and the prices are reasonable. But the perceived value would tend to decline if your prices are thought to be excessive. You will need to play around with the elements of quality, service, and price to develop the best possible combination that will exceed your guests' expectations. In the end, you want your customers to say, "I got my money's worth." If they say that, they'll be back. And they'll make sure other people know about your restaurant.

As Chapter 6 notes, when pricing a product, guests will tend to consider the product's quality and the service provided, along with the price you're charging. These things are generally uppermost in your mind when you're wracking your brain to come up with the appropriate price points.

PERCEIVED VALUE Perceived value is directly related to perceived quality of the goods and services you provide, but is indirectly related to the prices you charge.

But when looking at the big picture, when viewing your operation as one of many restaurants in the community, you should consider other tangible and intangible benefits you can offer that may attract guests and cause them to view value in a different light.

For instance, some guests may be attracted to your operation because of its unique atmosphere, the convenience of valet parking, or the extended hours of operation. Some may fall in love with your willingness to prepare off-menu items. The list of possibilities is endless. All these things can create value. The trick is to find out what they are and how much customers are willing to pay for them.

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Although you know that customers will pay for these elements of value, you cannot put a price tag on them unless you take the time to research your customers' needs and desires. For example, chatting with your steady customers may lead you to conclude that most of them have more money than time. Waiting is a cost that can reduce value. Some customers will not wait more than 30 minutes; to them, this wait reduces the value of their experience in your restaurant.

Some restaurants have only one location. The value of the restaurant is reduced as the drive time lengthens. What to do? Often, you can reshuffle the entire marketing mix to create more value, but in this situation there are fewer options. An excellent solution is the Outback Steakhouse **call-ahead program**. This program allows guests to call the restaurant and put their names on the waiting list before they start out on their trip. This reduces the wait time, which creates more value.

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Another way to create value is to be different. Provide something no one else has. In today's society, *boring* is bad for your financial health.

A tried-and-true technique used to create value is to put a new spin on an old product. McDonald's differentiated itself by creating a national chain that was clean and offered a consistent product. Burger King differentiated its restaurants from McDonald's by flame-broiling the product, thereby adding value for some customers. Wendy's differentiated itself by adding a number of unique features, such as using fresh hamburgers instead of frozen ones, providing tables with nonattached chairs, and including other similar features that appealed to, and thus created value for, adults. In these ways, each of these quick-service hamburger restaurants differentiated itself and gained a competitive edge.

THOUGHT FOR TODAY

Differentiation is a journey toward uniqueness. It requires considerable dedication. Providing customers with what they value and doing this better than the competition creates excellence.

The service delivered by your employees is a very important element of value. It is also an area where you can distinguish yourself. If you do it well and do it consistently, you will also differentiate yourself and stand out from the crowd.

To be successful at marketing, you must create a service culture in your organization. Your culture should be focused on serving and satisfying your customers. All employees should embrace this culture, which means you must recognize and reward employees who help create value for your customers.

In *Service Management and Marketing*, Christian Gronroos relates a comment from Roger Dow, Marriott's vice president of sales and marketing services: "We used to reward restaurant managers for things that were important to us, such as food costs. When have you heard a customer ask for the restaurant's food costs? You have to reward for what customers want from your business." Today, measuring and rewarding customer satisfaction is part of Marriott's reward system.

All in all, in order to provide excellent, consistent value to your guests, you need to adopt the **marketing concept**. This concept consists of three parts:

MARKETING CONCEPT This consists of customer orientation, integrating marketing throughout the organization, and meeting company objectives.

1. Everyone in the operation must be customer oriented. Restaurants sell service; supermarkets sell food.
2. Marketing must be integrated throughout the organization. Everyone must embrace marketing and its concomitant customer orientation.

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3. You must meet company objectives. Roger Dow is not suggesting that we shouldn't be concerned about costs. However, managing costs, producing profits, and creating and maintaining customer counts are equally important. If you create temporary profits by reducing customer value, you will eventually see a steady decline in cover counts and profits.

When creating customer value, you need to add benefits that are worth more to customers than what it costs you to create them. These benefits don't have to be overly elaborate or expensive. A benefit might be something simple, such as putting a special sauce on a grilled salmon dish, making it a house special, and charging \$2 more for the item. It might involve developing a specialty dessert at a cost of 75 cents and selling it for \$5. Or it might mean developing a service delivery system that reduces your costs but does not reduce customer value.

Good marketing is not an expense. It is an investment. It will generate excitement, enthusiasm, and electricity. It will pay for itself many times over.

Let's get started.

THINGS TO DO TODAY

- Familiarize yourself with this book's Web site. You'll want to visit it often.
- Just for fun, brainstorm with your staff ways to differentiate one of your current menu items, giving it an unusual and unique twist.
- Locate a copy of the NRA's book *How to Promote Your Restaurant*. It will give you a good idea of what restaurant marketing was like 30-some years ago. Read it before you read the rest of this book.

<http://tca.unlv.edu/profit>