



MARKETING: THE KEY TO BUILDING SALES

To prosper and grow in today's competitive foodservice environment, you have to set yourself apart from the competition in your market segment by providing superior value.

To do this, you must understand your customers and do a better job of satisfying their needs than the competition. This means providing the right menu offerings and better quality products at a competitive price. It also means offering superior service, cleaner facilities, and a more appealing atmosphere.

You also have to make the public aware of your superiority. This is called "marketing." Marketing means all the activities you perform to communicate to the public that you provide superior products and value. The purpose of marketing is to increase top-line sales. Your marketing activities will enable you to keep existing customers, attract new ones, and persuade both to return frequently.

In order to see significant return, marketing must be a continuous and sustained effort. In today's competitive market, every operator should allocate three to five percent of annual revenues to marketing activities. Think of your marketing dollars spent on the right activities as an investment in your success.

Marketing to Your Core Business and Local Trading Area

Research shows that for most owner-operated restaurants, 80% of their customer base lives, works, or plays within a five-mile, or 15-minute “drive time” from the restaurant. This geographical area is referred to as the “operator’s trading area.” For the quick-service market, 87% of customers travel only three to five miles to pick up their food, while for institutional facilities, the customer base is even more limited. The only exceptions are “destination location” restaurants or facilities that operate in resort areas.

This is why mass media advertising is a poor investment for most independent operators. It does not allow you to reach your potential customers in a cost-effective manner.

The most effective marketing focuses on better satisfying the needs of existing customers. They are your most precious resource. If you can persuade each of them to visit you just one more time each year, you will dramatically increase sales. Satisfied customers give you free word-of-mouth advertising, and referrals are the most cost-effective way to obtain new business.

After referrals, the most cost-effective way to obtain new business is to market to the people who live, work, and play in your local trading area.



THE KEY ELEMENTS OF A MARKETING PLAN

To better satisfy the needs of your existing customers and to market to new customers in your local trading area, you need a written marketing plan. Your marketing plans should be a part of your business plan.

In a marketing plan, you identify:

- *Financial goals.* These should include a quarterly budget for implementing marketing programs and return-on-investment expectations.
- *Non-financial goals.*
- *Marketing tools that will be used to achieve goals.*
- *Implementation strategies for all marketing programs.*

Your marketing plan should also contain the following elements:

- *A Vision Statement.* This is a concise definition of where you want the business to be in five years. It sets a direction for the organization and is something that can be realistically pursued.
- *A Mission Statement.* This is a statement of the fundamental principles and values by which the company operates. It gives the organization a “mission” or purpose.
- *A definition of your market concept.* This is a concise definition of your operating style, product offerings, and price point that you provide to your customers.
- *Your brand personality description.* This is the way you distinguish yourself from the competition. It is a set of human characteristics that is reflected in your facility and woven together to create the unique impression that customers have of your operation.
- *Your Unique Selling Proposition (USP).* One or more elements that demonstrate how your product or service is different, better, and special.

Defining these terms and implementing them will help you create a unique identity for your operation that will make a “lasting impression” on your customers.

Finally, your marketing plan should include:

- *An analysis of your target customers.* This will help you confirm that there are enough potential customers in your trading area to support your business expectations.
- *An analysis of your competition and trading area.* Competitors are always trying to steal your customers. By never losing sight of the competition, you can identify your weaknesses, competitive strengths, your biggest threats, and areas of opportunity. This analysis will help you continually improve your operation, and as a result, build a loyal customer base.

A marketing plan typically covers a 12-month period, but should be adjusted quarterly.

The more accurate your business and marketing plan is, the more you will achieve your goals. It is never too late to develop a business and marketing plan.



MARKET RESEARCH

In order to understand what kinds of customers are in your trading area, you need to collect information on them. This will help you better satisfy the needs of existing customers and identify and market to potential new customers.

You also need to know the “people traffic generators” that are located in your trading area. Finally, you’ll want to collect data on the competition.

Guest Comment Cards

You can collect a lot of data yourself. One of the simplest and most effective ways to collect information on your existing customers is to ask them to complete a Guest Comment Card. Servers should give these cards to customers at the end of the dining experience. You can also have a comment form on your website or Facebook page.

Most customers will be flattered that you are asking for their input. You benefit from the feedback on your operation, and because you’re collecting important data on your customers in order to build a database.

Be sure your Guest Comment Card:

- Is visually distinctive enough to attract customer attention.
- Begins by explaining the customer benefit in completing it.
- Uses a rating scale from one to five to obtain feedback on your service, food, and facility.

You may also want to include five or six short, open-ended questions to obtain additional feedback.

Guests should be able to complete the card in two minutes or less. A sample Guest Comment Card is included on the following page.

Using your Guest Comment Card database, you’ll find that you are twice as likely to get a response to one of your promotions as you would be if you purchased a direct mail list.

Sample Guest Comment Card



The Grill Factory's Guest Comment Card

We'd appreciate your taking a moment to give us your comments on our service, food, and facility. We are always looking for ways to better serve you, so your opinion is important to us. If you give us your name and address, we'll add you to our mailing list, so that you can take advantage of our special promotions and upcoming events.

Service	Poor				Excellent	
Friendliness	1	2	3	4	5	
Timeliness	1	2	3	4	5	
Knowledge of menu	1	2	3	4	5	
Food						
Quality	1	2	3	4	5	
Appearance	1	2	3	4	5	
Taste	1	2	3	4	5	
Facility						
Cleanliness	1	2	3	4	5	
Comfort	1	2	3	4	5	
Atmosphere	1	2	3	4	5	

What do you like best about The Grill Factory?

What do you like least?

What items would you like to see added to our menu?

How did you hear about us?

Will you return?

Name:
Address:
City:
Phone:

State: Zip:

Today's Date:
Birthday:
Anniversary:
Email:

Waitstaff Surveys

You can obtain honest and insightful information on how your customers react to your business practices by surveying your waitstaff. As a side benefit, morale, motivation, and service efficiency often improve because waitstaff begin to feel that their opinions are important and will be acted upon.

A Waitstaff Survey should be designed to obtain feedback in five key areas:

- The effectiveness of your sales tools.
- Menu and plate presentation.
- Teamwork.
- Facilities and equipment.
- Management support.

Divide your survey into these five sections, and under each section, develop about five questions to get at issues important to your establishment. Try to limit your questions to a total of 25 for the entire survey, so that it can be completed in about 15 or 20 minutes. Use a rating scale from one to five, with five being “Excellent,” to obtain feedback.

To analyze the data, create a score sheet and divide it into five sections—just like your survey. Then, under each section, create a table with five columns. Put your rating scale from Poor to Excellent across the top of the table and the question numbers down the left side of each row. Next, tabulate the responses to the questions and insert them in the appropriate cells in the table. You’ll quickly be able to see those areas where your waitstaff recommend improvement in order to better satisfy your customers.

Sample Waitstaff Survey Score Sheet

WAITSTAFF SURVEY RESULTS					
	Poor				Excellent
	1	2	3	4	5
<u>Section I:</u>	1.				
	2.				
	3.				
	4.				
	5.				
<hr/>					
<u>Section II:</u>	1.				
	2.				
	3.				
	4.				
	5.				
<hr/>					
<u>Section III:</u>	1.				
	2.				
	3.				
	4.				
	5.				
<hr/>					
<u>Section IV:</u>	1.				
	2.				
	3.				
	4.				
	5.				
<hr/>					
<u>Section V:</u>	1.				
	2.				
	3.				
	4.				
	5.				
<hr/>					

Trading Area Dot Map

To collect information on where your customers live, work, and play, you can implement a Trading Area Dot Map Study. This will help you identify marketing opportunities in your trading area.

To implement a Trading Area Dot Map Study:

- Purchase a poster-sized laminated map of the area around your facility. Be sure the map includes zip codes.
- Place the map on an easel in your lobby.
- Get two sets of plastic overlays (readily available at most office supply stores)—one for week day parts and one for weekend day parts
- Place overlays on top of the map.
- Purchase small, self-adhesive dots in two colors.
- As customers enter, have the hostess ask them to place one color of dot on the plastic overlay in the area in which they live, and the other color in the place they were just prior to coming to your facility

To obtain meaningful data, implement the study for at least seven days, including a weekend, for comparison purposes.

See *Resources* for the name and address of a vendor who can supply you with a Trading Area Dot Map kit.

Customer Focus Groups

A quick way to obtain feedback on customer satisfaction is to conduct informal customer focus groups. Invite some of your regular customers in for a free meal. Explain that while they are eating, you will be asking them questions about their opinions on various aspects of your operation.

Be sure to conduct the focus groups during a slow day part so as not to disturb other customers. Also, don't keep participants too long. After they have finished their complimentary meal, adjourn the session.

Competitive Research

“Competition” is defined as establishments in your local trading area that are in the same market segment as you. There are a variety of ways that you can conduct competitive research. You can:

- Look at how the competition sells itself.
- Look at what they do to build repeat business.
- Visit your competitors--eat a meal there, watch what customers order, and ask servers about the most popular dishes.
- Implement a “Mystery Shopper” program and have your employees be the mystery shoppers.
- Keep abreast of successes in the restaurant business by reading trade publications.

Compare your operation to the competition in terms of quality and menu variety, portion size and pricing, service, and atmosphere. Then decide who offers a better value in terms of the overall experience for the money.

Market Research Reports

You can also obtain data from market research firms and external consultants. A variety of market research reports are available that can help you get to know the people in your local trading area better. These include:

- Demographic reports.
- Psychographic reports.
- Reports on employment patterns in your local trading area.
- Reports on the kinds of retail businesses in your local trading area.
- Reports that compare restaurants by market segment category.

Customer Intercept Studies

Professional restaurant marketing consultants are available to conduct large-scale customer intercept studies. These studies can be implemented in a variety of ways. For example:

- Interviewing customers as they leave your facility.
- Conducting telephone surveys.
- Sending direct mail surveys to customers on targeted lists.

Depending on the size of your operation, anywhere from 150 to 500 interviews are conducted to assure statistical reliability. However, they are all designed to collect in-depth information on your customers. For example:

- The frequency with which customers visit.
- Customer opinions about food quality, value, service and atmosphere.
- Opinions about the overall dining experience.
- Reasons why customers don't return.
- Attitudes about foodservice and purchasing patterns.
- Competitive establishments they visit.
- Facilities in the area that help to attract your customers.
- Customer travel times.

When researchers summarize their findings, they'll also provide a profile of the kinds of customers you serve, and how you compare to similar operations nationwide.

Mystery Shopper Programs

A professional shopping service can be hired to conduct a "Mystery Shopper" program. These services have trained professionals who will visit your facility, as well as those of your key competitors, and then give you the results of their comparisons. A professional service will use an evaluation form customized to your market segment and to the services you provide.



YOUR MARKETING ACTION PLAN

After you have completed your market research, you are ready to develop your marketing action plan. An action plan consists of:

- A summary of your market research.
- A situation analysis.
- A description of the marketing programs you want to implement.
- Goals for measuring their success.

Situation Analysis

The first step is to conduct a situation analysis to identify the strengths and weaknesses of your operation. This will help you focus your marketing efforts and determine where to allocate your marketing dollars. It will also provide a baseline of information to evaluate the effectiveness of the marketing programs you implement. To conduct a situation analysis:

- Break up revenue streams by day part to determine which areas are most and least profitable.
- Look at cover counts and identify trends.
- Look at average check sizes.
- Determine customer-frequency rates.
- Determine where customers were just prior to coming to your facility.
- Compare this year's sales performance with the performance of the past couple of years.
- Analyze your menu product mix.
- Look at operational issues like ticket-turn and table-turn times, and employee turnover.

Allocating Marketing Dollars

When you've completed your situation analysis, identify your areas of strength. Then, plan to spend your initial marketing dollars in areas that can help you leverage these areas of strength.

After you have allocated part of your marketing budget to leverage your strengths, you're ready to look at your weaknesses. Rank them in the order in which they have the most negative impact on your profitability. Then, identify marketing and other strategies to address these most serious weaknesses.

SMART Goals

For every marketing program that you determine you want to implement, you'll want to develop sales and operational goals. Goals don't always have to be about money, but they should always be SMART:

- Specific.
- Measurable.
- Achievable.
- Realistic.
- Time specific.

Be sure to put your goals in writing, and share them with the entire management and employee team. Your organization will never achieve its goals without buy-in and cooperation from the entire team.

Keep in mind that irrespective of the size or type of establishment, there are only four ways to increase top-line sales:

- Bring in existing customers more frequently.
- Increase the size of each party.
- Increase check sizes.
- Attract new customers.

Any marketing program that you implement to increase sales should be designed to affect one or more of these four areas. Keep your Action Plan flexible so that you can respond to changes in the marketplace.



POINTS OF PERSUASION

Guests are most willing to “buy” your products from the time they enter your parking lot until they leave. You can maximize this “buying mentality” by using various physical areas within your facility to influence and prompt customer buying decisions.

Everywhere you “touch” a guest—from your décor, to your service levels, to the way you answer your telephone—influences guest perceptions and thereby triggers buying decisions. The **BrandStand** Group Inc. (formerly Morris Food Services Marketing Group) refers to each of these contacts as “Points of Persuasion.” When you ensure that each of these contact points positively influences guest perception, your foodservice facility becomes your most powerful marketing opportunity.

By using effective visual marketing messages in a variety of physical areas, you can build your brand personality, reinforce your USP, and establish a positive relationship with guests—all of which will lead to increased sales.

Maximizing these Points of Persuasion requires teamwork and good communication between management, the kitchen staff, and the waitstaff.

Exterior

The first impression customers have of your operation is based on your exterior. You want this impression to be fresh, inviting, and an accurate indication of the kind of experience they will have inside. In the case of quick service, some customers never enter the facility, so the outside impression—for example, around the drive-thru—is extremely important.

Keep parking lots clean, easily accessible, well lit, and safe. Valets should be wearing clean, professional-looking uniforms. They should also be friendly and courteous. The exterior of your building should be properly maintained. Use landscaping to add color and charm, and to attract attention.

Use exterior signage to attract attention—e.g., banners and outside-facing window posters to promote current product specials. Place sandwich boards on the sidewalk to announce daily specials. Be sure signage reinforces your brand personality. Keep signage well lit for nighttime visibility. Remember that exterior signage starts to lose its effectiveness in about four weeks.

Main Lobby

Continue the positive impression in the lobby. Keep it clean, properly lit, and at a comfortable temperature. Your décor and music should reinforce your brand personality.

Set the expectation of the unique dining experience to come by displaying awards, restaurant reviews, your mission statement, and photos of restaurant signature items at eye level. You can also display photos of outstanding employees, including the management team and the owner. Use a feature board to list the daily specials. Consider displaying signature dishes in a showcase.

The lobby is also an ideal place to display a variety of promotional materials, such as gift certificates and Guest Comment Cards, as well as any retail products you might be selling.

The lobby is usually the first place guests come into contact with one of your employees: the host. Be sure your host is well groomed and properly trained.

Quick Service Drive-Thru and Pickup Window

Be sure that the drive-through sound system is in good working order, and train employees to use the system properly. Keep menu boards clean, well lit, and properly maintained.

Quick Service Front Counter

In quick service facilities, the front counter should be spotless, well lit, and free of clutter. All equipment, including the register, should be in good working order. Train employees to interact with customers in a friendly and courteous manner.

Use packaging that reinforces your brand personality, and take advantage of a variety of point-of-sale (POS) materials. Also, be sure to display product specials and promotions on your menu board.

Bar or Lounge Area

Whatever your concept, the bar or lounge area is ideal for reinforcing your brand personality and for increasing sales and check sizes. Focus on creating an atmosphere in which people feel comfortable meeting and talking. Be sure bartenders and servers are well trained to knowledgeably discuss and sell products. Offer a variety of high-profit-margin appetizers at affordable price points. Finally, use a variety of POS materials to reinforce your brand personality and promote sales.

Dining Room

Your guests will spend most of their time in the dining room, so you want it to be a comfortable and inviting setting. It is also an ideal area to reinforce your brand personality and suggestively sell your products.

Keep dining rooms sparkling clean, with comfortable seats in good repair. Regularly level tables. Decorate walls, and use background music, lighting, and a color scheme that reinforce your brand personality. In quick service, be sure your dining area is child friendly.

On the table, place POS materials strategically in your guests' line of sight. Also, display brand-name condiments to remind guests that you use only the highest quality products. Remember to clean seats, tabletop materials, and condiments regularly, and be sure that menus are clean and in perfect condition.

Consider using some kind of display at key spots in the room. Just be sure to change displays every six to eight weeks.

Where you can really distinguish yourself in the dining room is in the quality of your meals and service. Servers should be well groomed, and well trained to knowledgeably discuss and sell products. They should also be trained to use the check presentation as a promotional opportunity, e.g., presenting the Guest Comment Card.

Restroom

Never underestimate the restroom as a Point of Persuasion. Keep restrooms spotless and in good repair. Keep supplies well stocked. Assign an employee to check restrooms for cleanliness every 30 minutes. To ensure that this happens, post a checklist in the room (where customers can see it) and have employees initial it each time the room is checked. The restroom is also a good place to reinforce your brand personality and display promotional materials.

Kitchen

If your facility has an "open kitchen," this can be another Point of Persuasion. Keep it clean and in good repair. Back-of-the-house employees should be properly groomed and wearing plastic gloves (as needed) to handle foods.

Depending on your concept, you may want to promote your kitchen by showcasing your equipment or food preparation methods. Some restaurants even set up tables in the kitchen for the cachet of watching meals being prepared. At the very least, include a statement on your menu offering tours of the kitchen by appointment.



YOUR MENU AS A MARKETING TOOL

Your menu is your Number #1 salesperson. It “sells” guests on your products by providing them with the information and suggestions they need to decide on what to order. Your menu is the area of your business that will bring you the biggest return on your investment. That’s why it’s so important to design it to maximize its sales potential.

The Elements of a Well-Designed Menu

A well-designed menu:

- Is attractive and exciting so that it grabs the attention of your guests
- Communicates your brand personality and USP
- Is easy to read and handle
- Describes every item in a way that stimulates your guests’ senses and creates anticipation for the meal to come
- Guides guests towards selecting items that have the highest gross profit contribution
- Uses a presentation format flexible and versatile enough to accommodate product and price changes
- Contains an appropriate number and variety of product offerings (typically between 30 and 75 items for most casual family-style formats)

Menu Pricing

Your menu drives profit and cash flow, so it’s essential to get your pricing right. The conventional foodservice formula is to multiply the raw cost of a menu item by a pre-set factor—typically three—for a markup of 300%.

The other element to consider is “value perception”, which is partially influenced by the price charged by your competitors. This means menu items should be priced based on what the market will bear. The market will bear more than a 300% markup on some items, and less than a 300% markup on others. To maximize the profitability of your menu, you need to price *each item* based on value perception rather than some pre-established formula.

Restaurant consultants **Bill Main** & Associates suggest that price sensitivity on items \$5.00 and under is in \$.25 increments. On menu items above \$5.00, price increments of \$.50 are well accepted. On items \$12 or over, consider rounding up in increments of \$.95 or to even-dollar amounts.

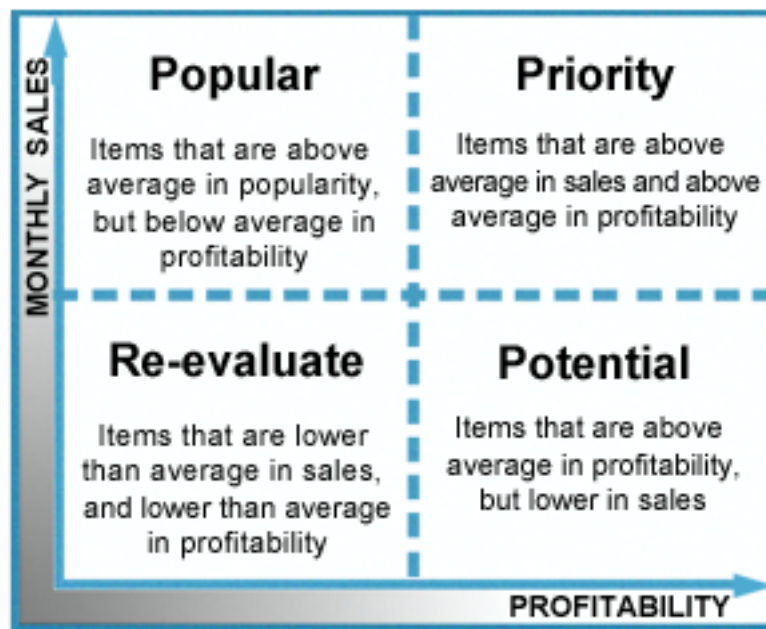
Identifying Your Most Profitable Items

You can also increase the profitability of your menu by encouraging guests to order your most profitable items. You do this by placing these items strategically on your menu.

To determine profitability, make a worksheet:

- List items in each food category according to their gross profit contribution (menu price minus raw food cost)
- Determine which items are the most popular in each category by calculating your “monthly sales mix”
- For each food category, calculate the average profit contribution by adding up the total profit contribution in each category and dividing that number by the total number of items in the category
- Calculate the average monthly sales in that category dividing the total sales by the number of items in that category
- List items in each food category from the most profitable to the least profitable (also include monthly sales figures)
- Develop a four-cell chart for each food category, labeled “Priority,” “Potential,” “Popular,” and “Re-evaluate”
- Place items in each food category in the appropriate cell
- “Priority” items and items with “Potential” should be placed in strategic positions on your menu

Sample Four-Cell Chart



Menu Changes and Product Trends

Customers like to see new items on the menu. A good rule of thumb is to change your core menu selections 10% every three to four months. Items that show up in your “re-evaluate” cell on your chart are prime candidates to delete from your menu and replace with new items. Bring back deleted items occasionally as daily specials, and when possible, prepare them on request for loyal customers. Also consider “new” and seasonal trends when making changes to your menu.

Strategic Placement of High-Profit Items

By placing your most profitable items strategically on your menu, you can influence your guests to select these items. This will not only increase the profitability of your menu, it will also help your guests make satisfying dining decisions.

Your menu has “hot spots” that you can use to draw attention to your most profitable items. You can also draw attention to items by using proper layout, design, and graphic techniques. “Hot spots” differ depending on the layout of your menu.

Menu Layout

Customers seem to prefer two or three-panel menus. Place items on the menu in the same sequence in which customers generally order them. This also holds true for menu boards.

On a two-panel menu, appetizers, soups and salads generally go on the left inside page, with sandwiches listed at the bottom. Entrees, side dishes, drinks, and desserts are typically listed on the right inside page. On a three-panel menu, desserts and beverages are often listed on the back cover page.

Depending on your market concept, you might also consider a separate dessert and specialty drink menu.

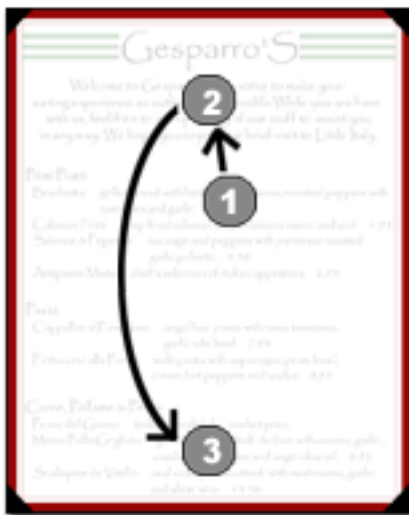
Pick a layout that is flexible, adaptable, and versatile, to save yourself the expense of re-doing your menu every couple of months. For example, you might want to use a standardized “shell” or “template.”

On menu boards, use back-lit panels. Place current product promotions, new products, or high-profit items in the center of the primary panel for maximum exposure.

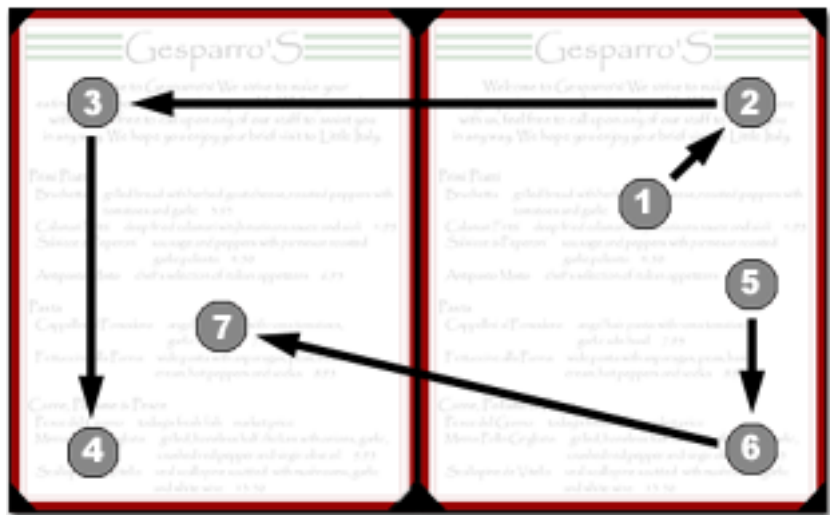
Predictable Gaze Patterns for Customers

Most customers only scan a menu. That's why you need to place items in "hot spots," where customers are most likely to see them. Typical gaze patterns showing menu "hot spots" are illustrated below.

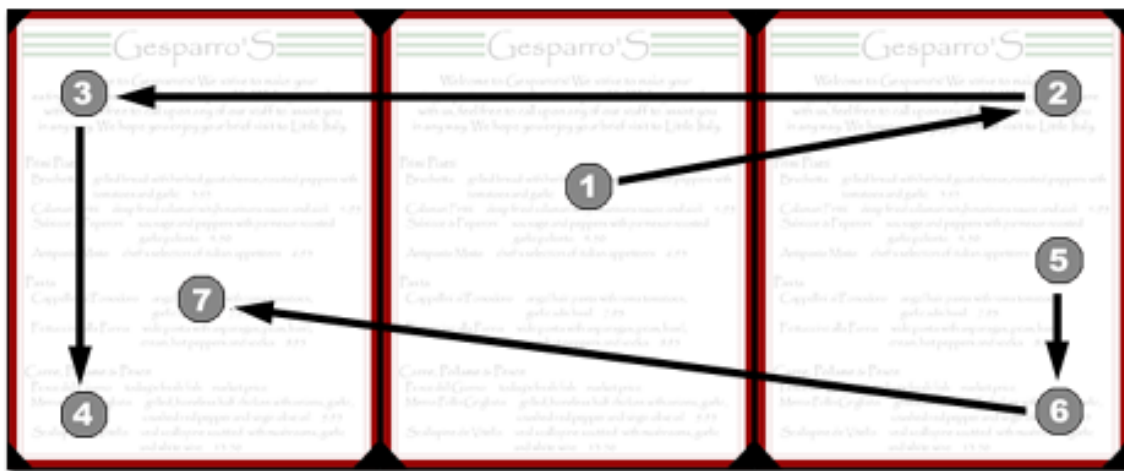
Gaze Pattern for a One-Panel Menu



Gaze Pattern for a Two-Panel Menu



Gaze Pattern for a Three-Panel Menu



Listing Items in Menu Categories

You can also increase sales of high-profit items by where you place them in a list of food items. In a list of six or more items, customers are most likely to order the first item listed. Items listed second and last in each category also tend to sell better. Place less profitable items in the middle of a list.

Writing Menu Descriptions

In order to be persuasive, menu-item descriptions need to be both highly descriptive and accurate. They should present an attractive “word picture” that instantly appeals to a variety of senses: sight, smell, and taste. And, they should emphasize the quality of your ingredients.

A precise description of the unique ingredients in a dish—such as herbs and spices—is extremely important. These unique ingredients also enable you to distinguish yourself from your competitors.

Incorporate all of these elements into descriptions that are short and action-oriented. Avoid names or terms that will cause confusion. Explain any foreign-language terms you feel you must use.

Using Brand Names

When consistent with your brand personality, consider using those brand names in your descriptions that have “tangible monetary value” in the marketplace. The use of these products can help you cost-justify a higher price for an item. Customers will also often pay more for items that use regional products with quality connotations.

Remember to update descriptions from time to time to keep up with current tastes and food trends.

Price Placement

Consider placing item prices at the end of an item description. An evenly aligned column of prices encourages guests to price shop. However, if you do use a column of prices, use only one dollar sign at the beginning of a menu category.

Using Graphics to Hold Attention

While people will glance at items placed in “hot spots” on a menu, graphics will hold customer attention. Try the following techniques:

- Place words like “new” or “special” next to an item in an asymmetrical position
- Use highlighting or shading
- Place boxes around certain items
- Use different styles and sizes of fonts. (On menu boards, be sure that letters are at least one inch high)
- Place signature icons next to items. (Limit icons to no more than one every 15 items)
- On menu boards, use picture transparencies (shot by professionals) and short-run attachments to hold your customers’ attention in the hot spots.

Cover Art

Be sure your cover reinforces your brand personality and is consistent with the rest of your décor. The use of color is important on the cover (as well as on the inside) of your menu. The right colors stimulate the appetite and attract customer attention. On menu boards, use a maximum of two colors for letters. Use only professional quality photographs or illustrated art. And, be sure to use a quality paper stock that is of sufficient weight and thickness to hold up over time.

Menu Presentation Format

Use a presentation format consistent with your market concept. Reusable menu sleeves are significantly less expensive than producing laminated menus, as is using menu insert pages and attaching them to high-end card stock covers. However, laminated menus often make sense for high volume, family-style, kid friendly places where the menu takes a lot of abuse.

Whatever format you use, remember that soiled and dog-eared menus reflect poorly on your operation. Choose a format that you can keep clean and “fresh” looking.

Some Final Menu Tips

Emphasize daily specials. Servers can provide verbal descriptions, and you can also describe specials on boards in the dining room, or use menu clip-ons and table tents. As a general rule, limit specials to three a day. Change the kinds of specials in each menu category, depending on seasonal demands and availability.

Put your quality assurance pledge on your menu. Formalize your commitment in a short paragraph and display it prominently, with the owner's signature. You might also want to display restaurant reviews or customer quotes.

Consider printing mini or companion menus as takeaways and souvenirs, as well as abbreviated menus to showcase desserts or specialty beverages.



PRODUCT DEVELOPMENT, TESTING, AND SAMPLING

Changes to menu offerings should be part of a well thought out strategy for increasing sales. There are several important steps to consider when developing new products for your menu.

Determine Possible New Menu Items

Start with an analysis to determine possible new menu items.

- Look at your market research data to see what types of requests you've received from customers, and what kinds of products competitors are offering.
- Look at your waitstaff surveys to see which items customers are requesting.
- Look at the profitability analysis you conducted on your menu. Think about deleting items that are not that popular or profitable. Think about adding new items that are variations on highly profitable and popular items.

Based on this analysis, you'll have some criteria for determining the types of new items you can add.

Identify Recipe Ideas

The next step is to research recipe options. Try the following for ideas:

- Look at the Sunday food section of major newspapers.
- Talk to your distributor sales representative (DSR).
- Read trade publications.
- Look at *locally* written cookbooks.

Discuss Production Issues

When you find some recipe ideas that you think might work, discuss the following issues with your chefs and kitchen managers:

- Are the ingredients readily available in your marketplace? Are there seasonal issues to consider?
- Do you have reliable suppliers for the ingredients?
- Are the ingredients popular with customers?
- Consider the core competencies of your kitchen.
- Do you have the necessary equipment to prepare the items efficiently?

Create a Profit Scenario

Next, determine your direct food costs to prepare the item, as well as the possible menu price based on value perception. Identify the volume you'll need to make the item profitable.

After considering all of these factors, you're ready to select your new recipes.

Product Testing and Sampling

The next step is to test your recipes prior to including them on your menu.

To get their "buy-in," let your kitchen team try out their interpretation of a recipe. If the kitchen team approves, test the recipe on servers to see if they think it will "sell." If you get positive feedback from both the kitchen team and servers, you're ready to test the item on your customers.

Invite about five to ten customers in during a slow time. Have them sample about three items. Hand out 3 x 5 cards for each item, and ask customers to provide feedback on these cards.

If the menu item is well received, select a server from one shift to circulate through the dining room with a platter of the prepared item. 3 x 5 cards should be on the tables, and servers should ask customers to provide feedback on these cards. Be sure to invite your DSR, food manufacturers, and brokers, because these experts offer professional feedback.

You can also test new products less formally by first trying them out as daily specials.

Product Sampling as a Promotional Tool

Product sampling can be used as an effective promotional tool. It is especially powerful for welcoming guests and introducing them to your menu if you have recently opened or re-opened. It can also make a long wait for a table more enjoyable, and is an ideal way to promote existing menu items that need more exposure.

Check with your DSR for manufacturers that may provide marketing dollars or POS materials that you can use during the sampling.



TRAINING AND COACHING

Ongoing training and coaching is the ideal way to communicate your vision to employees and show them how to perform their roles as professionally as possible. Studies show that the service your employees provide impacts guest satisfaction more than any other aspect of your operation.

Training and Coaching Defined

Formal training refers to structured programs that are administered in the same way from one employee to the next. Specially designed materials are typically used to present the information, and employees are tested or evaluated to ensure comprehension. Formal training is a great way to shorten the learning curve and bring employees up to speed on new job tasks and responsibilities as quickly as possible.

Training should always start at the top, with your managers. It is also critical for your waitstaff, and for your back-of-the-house employees.

Coaching is informal. A coach is like a private tutor or mentor who sets an example for an employee as to how a task should be done, and then provides day-to-day feedback on performance. The coach discusses expectations, sets boundaries, and provides ongoing support and encouragement. Coaching is conducted on a one-on-one basis, as well as at pre-shift briefings or meetings.

Pre-Shift Briefings

To do informal coaching, allow 15 to 30 minutes before the shift starts. These meetings should always start promptly and occur “on-the-clock.” Topics you might want to cover include the following:

- Discuss and sample daily specials and new items (cover ingredients and preparation methods).
- Implement a Waitstaff Survey.
- Brush up on specific skills (prepare scripts for role playing and compile in a binder for re-use).
- Communicate expectations.
- Review performance standards.
- Review organizational policies and procedures (these should always be documented in an Employee Handbook).

Prepare a briefing form that covers the key points you’ll be covering. You can then post the form after the meeting, so that employees who were not in attendance can find out what was covered. Separate management meetings should also be held regularly.

How to Implement a Waitstaff Survey

Follow these steps to implement a Waitstaff Survey:

- Before the briefing, prepare a master list of all employees who will be participating (Include a column for the employee’s name, distribution date, and for employees to initial when they complete the survey).
- Place surveys in large manila envelopes—one envelope for each employee.
- At the beginning of the briefing, explain the purpose of the survey.
- Stress that you want anonymous feedback, so employees should not put their names on the survey.
- Hand out surveys and check off the names of employees who received surveys on the master list.
- Allow 10 to 15 minutes for employees to complete the survey.
- Ask employees to return the surveys in the envelopes.
- Check off employee names on the master list as surveys are received.

How to Implement a Guest Comment Card Program

To implement a Guest Comment Card program, follow these steps:

- Ask servers to present the Guest Comment Card when they present the check.
- Servers should use a script to explain the customer benefit in completing the card.
- Have servers practice the script during pre-shift briefings.

How to Conduct a Product Sampling

To conduct a product sampling, follow these steps:

- Select one server from each shift to offer samples to guests (choose servers with exceptional people skills).
- Since servers won't be receiving tips during the shift, consider offering a higher hourly rate, or some other form of compensation.
- Servers should wear appropriate accents or change their uniforms to stress the festive nature of the sampling.
- Servers should use a script to obtain feedback from customers.
- Discuss product presentation with the chef to make sure that the kitchen will prepare items in smaller portions without loss of quality.
- Make the plate presentation as appealing as possible.
- Be sure items are easy for customers to eat.

Incentives and Rewards

Consider linking employee incentive programs and contests to any training or coaching you perform. Tie rewards to measurable results. Never reward mediocrity—always set minimum standards for success.

For any contest, publicly track the program on a wall-mounted poster or board in the back of the house. Offer public recognition, and perhaps some type of award.



PROMOTIONAL TOOLS

A promotional tool is any kind of activity designed to encourage customers to take a specific action. To be effective, promotional tools must be consistent with your market concept and brand personality, and must reinforce your internal marketing efforts.

Planning a Promotion

Follow these steps when planning your promotion:

- Give yourself enough lead time to plan and prepare for a promotion.
- Define your objectives so that you can measure the success of the promotion. (A realistic objective is a 3 to 5% bump in revenues, as well as other non-financial objectives).
- Identify customer needs that you can satisfy in the promotion.
- Confirm that you have the resources necessary to implement the promotion successfully.
- Develop promotions around the time of day and meal periods where you are most likely to get the response you want.
- Check to see if there are any national cooperative programs in which you can participate.
- Identify start-up dates and end dates (Most promotions run somewhere from 4 to 8 weeks).

For most operations, it's a good idea to have a promotion about three to four times a year. If you go too long without one, it's hard to generate a sense of newness and excitement about your operation. To keep things simple, look at successful promotions that you've done in the past and try to update them and use them again. And don't be too quick to discontinue a promotion that's not working after a few weeks. Instead, try to salvage your investment by modifying it and making it work better.

Selecting Products to Promote

Promotions can be used to increase sales on specific products. Items that are profitable but not all that popular should be your first consideration, since they have the most potential. Items that are profitable and popular can also be tied to a promotion. Special pricing and new products and services are also good choices. Another good way to promote products is to combine them into meal bundles and offer them at a special price. Use POS materials to call attention to your product promotions.

Gift Certificate Programs

One of the most cost-effective promotional programs you can implement is a gift certificate program. It is a great way to attract new customers and encourage repeat business.

Pre-printed gift certificates are often available at local office supply stores or from mail order companies. Just add your company's information, and feed them through your laser printer. Also, check with your DSR. Sometimes distributors can get pre-printed gift certificates from their vendors. If you can't find pre-printed ones, your local print shop can design a customized one.

Follow these steps to implement a successful gift certificate program:

- Sell certificates in standard denominations, between \$20 and \$25.
- Number certificates and issue them in sequence so they can be easily tracked in a logbook.
- For security purposes, have the owner or manager sign all certificates.
- Provide space on the certificate to indicate who purchased it.
- Package certificates in an attractive box or enclosure.
- When the sale occurs, check off the number and denomination of the certificate in a logbook, recording the purchaser's name, address, and phone number, which can then be added to your customer database.
- When the certificate is redeemed, check it off against the logbook to prevent accidental re-use.
- Use table tents to remind customers of their availability, display them in the lobby, and consider an incentive program to increase their sales.
- See the sample gift certificate and logbook entry included on next page.

Sample Gift Certificate

\$20	1001
<p>A Gift for You</p> <p>Experience The Grill Factory</p> <p>Where You Can Build Your Own Burger</p>	
Compliments of: _____ Authorized by: _____ Date: _____	
* Does not include tax or gratuity	
	\$20

Sample Log Book Entry

The Grill Factory Gift Certificate Log Book				
No.	Denomination	Date of Purchase	Customer Name, Address & Phone	Date of Redeem
1010	\$20.00	June 15th	J. A. Marks 1502 5th Ave. #9 Santa Maria	
1011	\$50.00	June 20th	Eva C. Hatcher 6223 Broadway	

Direct Mail Campaigns

If you stay in contact with your customers, you have a better chance of getting a greater share of their “dining-out budget.” One of the best ways to stay in contact and build “top-of-mind” awareness is by direct mail.

To achieve the best response from your *existing customers*, segment your database into several categories. That way you can target your promotions to customers who will be most interested in a particular offer.

You can also target mailings to new customers and new residents in your trading area and even segment your mailings to key zip codes in your trading area. Direct mail campaigns can be developed to match specific demographic and psychographic customer profiles. The direct mail offer is the most cost-effective marketing tool you can use to attract large numbers of new customers.

You can buy mailing lists from a direct mail vendor—sometimes called a “fulfillment” or “database” house. These houses do large-scale mailings that meet postal regulation requirements for bulk mail. They can also provide you with a bulk-mailing permit.

Creating Your Direct Mail Piece

If you want to work with an outside vendor, be sure to request proposals from at least three different sources in order to compare pricing and services. Also, be sure to check references.

Any offer that you develop should appeal to the specific needs of your targeted prospects, while at the same time remaining consistent with your market concept and brand personality.

The most commonly used direct mail offers include:

- Gift certificates.
- The featured, or “open” offer, that features a single item from your menu at a special price savings.
- The contingent offer, where the customer needs to take some type of “action” to benefit from the special pricing.
- The “Buy One Get One Free” (BOGO) offer.

To be successful, an offer should meet the following guidelines:

- It should be perceived as “valuable” by your customers. Stay away from offers that are less than 25% off.
- It should be profitable.
- It should never attempt to overcome a competitive price disadvantage.
- Never try to “bait and switch”.
- Always include a limited time or expiration date on your offer.
- Specify disclaimers to avoid “double hits” and using the offer on holidays.
- Avoid repeated discounting, which can eventually cheapen the perception of your product in the marketplace.

Customer Frequency Programs

You can reward your loyal customers with frequency programs:

- Determine your average guest frequency and reward customers who exceed it.
- Consider issuing an official membership card, which is then stamped, initialed, or punched on each visit.
- You can also issue cards that let customers accumulate “points,” redeemable for food rewards or gifts.

There are several key ingredients to an effective frequency program:

- Rewards need to be meaningful to guests.
- Guests should be able to participate in the program easily.
- The program should be easy for the operator to track.

Sample Frequent Diner Club Card

Grill Factory's Frequent Diner Club

Name of member: _____

Address: _____

Birthday: _____

1	2	3	4	5	6
7	8	9	10	Free \$10.00	

This card will expires 4 months from issue date: _____

Joint Promotions

Another way to build frequency is to develop joint promotions with local businesses and charitable organizations so that you can leverage each other's promotional dollars and strengths.

You don't have to lose money when you sponsor a charitable event. Develop a program that allows you to cover your costs. In some cases, it might be appropriate to split any profits with the charity, which might even allow you to make a little money.

When participating in a charitable event, be sure to work closely with their public relations department to ensure that your facility's name is included in all press releases and public service spots. This "free publicity" is what makes it worthwhile to participate in a break-even or marginally profitable event.

Other Types of Promotions

Try offering a variety of in-house activities to build low day part business, or to tie promotions to holidays, or to appeal to the needs of a specific audience. Try cross-promoting day parts or giving guests takeaway items to promote your services and special events.

Using the Internet as a Marketing Tool

Consumers are going to look for your presence online. You can use a variety of vendors or full-service agencies to build a web site for you. Many offer simple templates that are classy alternatives to costly, custom-designed sites. Just be sure to check references and the quality of their work, to be sure you will be happy with the final product.

Think of a web site as a "digital brochure" that enables customers to "virtually" visit your facility. Your objective should be to present enough information to persuade your customers to come visit your facility in person.

An important issue to consider when you build a web site is how often you want to update the site. Frequent updating requires a significant commitment of time and resources on your part.

Some applications, such as an online reservation system, will require the development of sophisticated databases. Database applications are expensive to develop and difficult to manage.

Basic Rules for Copywriting

Whether you are creating your menu, a direct mail piece, a freestanding insert, or a web site, the words you choose to present your message will be a critical factor in its success.

Effective copywriting requires complete understanding of the needs of your customers, your USP, how you compare with your competition, the types of things that influence your customers' dining decisions, and, of course, your brand personality and market concept.

Use these guidelines to develop effective copy:

- Define your specific business objective for the marketing piece.
- Define the call to action, or exactly what you want the customer to do.
- Identify all the visual elements that can be used to reinforce your brand personality and market concept.
- Use a headline that grabs your customer's attention and explains what's in it for them to keep reading.
- Use attention-getting words like, "free," "new," "here," "today," and "only."
- The copy should emphasize your USP.
- The copy should also promise an important benefit, from the customer's point of view.
- The offer should be clearly stated and easy to understand.
- Be informative and create a sense of urgency.
- Limit the number of disclaimers.
- Include your address and phone number and include directional help, if appropriate.
- Additional statements, such as "customer testimonials," are nice to have.



EVALUATING RESULTS

In order to determine whether your marketing action plan has been successful, it is important to evaluate the results of your marketing efforts. “If you can’t measure it, you can’t manage it,” so you never want to invest marketing dollars on a program you can’t evaluate.

By evaluating your sales results, you’ll be able to identify important sales trends that will help you determine whether your current marketing programs are profitable. You will also be able to recognize when it’s time to modify existing programs or implement additional marketing efforts.

Keeping Records

To evaluate results, you have to keep careful records. At a minimum, you’ll want to track:

- Total revenues.
- Customer or cover counts.
- Average check sizes.

This data can be segmented by day parts and revenue streams.

While you can use a computer software program like Excel or Lotus to collect this data on a monthly basis, it is much easier with an automated Point of Sale (POS) system. Be sure to purchase a POS system that captures all of the data you need to track your marketing efforts and manage your operation better.

Calculating Return on Investment

While various formulas exist for calculating the return on your marketing dollar, there are some simple guidelines you can use. Over the longer term, you'll want to see an increase of at least 3 percent in gross revenues and cover counts. You can determine this by comparing gross revenues with the previous year. (Sometimes it helps to go back two to three years to compare results.)

In the shorter term, look for at least a 3 to 5 percent bump in revenues and/or new customers. When evaluating a campaign, run the numbers for both prior to a promotion and afterwards, to calculate your actual return. Then, compare your results with the same time period the previous year (controlling for as many variables as possible, such as the number of weekends, similar weather conditions, etc.).

And in terms of costs, the rule of thumb is that you want to see three dollars in increased sales for every dollar you spend in marketing costs.

For less tangible marketing efforts, look for at least a 1 percent increase in gross revenues and cover counts after about 30 days, and another 1 percent increase after about six months.