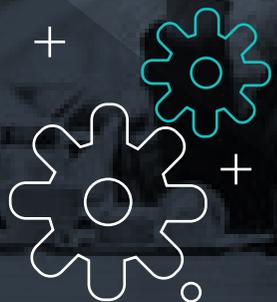


Thanx<sup>★</sup>



# THE ESSENTIAL GUIDE

to Restaurant Revenue Growth Strategies

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Traditional mom-and-pop diners are giving way to ghost kitchens that only exist online, tabletop kiosks give customers the power to order without wait staff, and robots are now preparing food rather than line cooks.

The restaurant industry is evolving, and it's making it harder for operators to maintain revenue growth. The shifting trends present new problems for restaurant operators, like:

- Declining visits as a result of strong competition and non-traditional eateries
- Less foot traffic as customers turn to online choices
- Profit loss from delivery eroding margins
- Limited solutions beyond increasing prices to keep revenue on the rise

To help restaurant operators navigate this unsteady terrain, **we've put together an essential guide that addresses these pain points and provides real, revenue-driving strategies.**



# New customer acquisition strategies for restaurants

While restaurants face declining traffic and fewer repeat visits, the amount of money people spend on eating out has never been higher. In 2018, Americans spent 54% of their food budget on eating out, according to a [report](#) from the Department of Agriculture.

## If Americans are spending more, why are restaurants suffering?

The simple answer is there's more competition. From food trucks to delivery apps, competition is as stiff as it is diverse.

To fight back and thrive, restaurant operators need effective strategies to acquire new customers:



Americans spent

**54%**

of their food budget on eating out

## Know your ideal customers

Who are your best customers? If you understand who they are, what they order, when they visit, how often, and things like their lifetime value, you can use strategies to attract more high value customers like them.

To know your customers, you need to capture behavioral and purchase data. With purchase data, for example, you can see which customers are contributing the biggest portion of your revenue. The [top 10% of your customers usually drive up to 50% of your revenue](#), according to case studies.

**Essentially, you need data to know who your customers are so you can find more of them.**

## Run targeted marketing campaigns

How do you attract new customers to your restaurant? Today's consumers want to have an emotional connection to the places they eat, shop, and work. They want personalized customer experiences like they get when interacting with online businesses like Netflix, Amazon, and Zappos. So how do restaurants bring this same personalized experience to attracting new customers and [driving more foot traffic](#)?

The future of targeted marketing relies on [digital channels](#). With the right technology platform and tools, you can easily reach potential customers across multiple channels including text, push notification, and via automated email marketing.

Sending a welcome promotion that offers 20% off a potential customer's first meal, for example, is a targeted campaign that can turn a potential customer into a paying one.

## Use a restaurant customer loyalty program

Customers love loyalty programs. The proof? Consumers hold 3.8 billion loyalty memberships, according to a [2017 loyalty census](#).

A restaurant [customer loyalty](#) program is designed to bring in repeat customers, so you might wonder how it helps you acquire new customers. Fair question. With so many loyalty programs out there, customers are starting to talk about which ones are worth their time.

### A customer-centered loyalty program gets people talking, and new customers are on the listening end.

For example, Elephant's Deli, is a local delicatessen and catering company based in Portland, Oregon. They sent out a targeted email and SMS push notification on a Friday to customers who had made previous purchases at one of their other locations on the weekdays to come for brunch during a weekend in July. Elephant's immediately saw a spike in their weekend brunch traffic increasing it by 43% over the previous month but they also saw a 50% increase in their customer loyalty member sign-ups as a result of other diners seeing customers taking advantage of the offer.



Consumers hold

**\$3.8 B**

loyalty memberships

What do new customers want in a restaurant customer loyalty program? Consumers [rank these qualities](#) as loyalty must-haves:

- Mobile-friendly program
- Easy to use (no entering phone number or codes)
- Provides personalized discounts and promotions
- Easy to understand and redeem offers

Use a customer-centric loyalty program that focuses on customers and their experience, and it will become an acquisition tool as well as a retention tool.

## Host compelling events

In the past, consumers did much of their shopping and errands in plazas. A well-placed restaurant in between a grocery store and a convenience store, for example, saw excellent foot traffic.

Today, customers are doing less plaza-shopping and more online shopping. As a result, foot traffic has dropped.

One way to reclaim foot traffic is to host unique events that bring people in. Try some of these ideas:

### Leverage a bigger event

When a big event is happening, piggyback off of it. For example, you can run a Super Bowl event, a special promotion during a city-wide marathon, or offer a deal during your town's community festival.

### Host a charity event

Show community members that you care by hosting a charity event. It can be as simple as collecting canned goods or as swanky as a formal affair.

### Offer a class or demonstration

Have your top chefs host a cooking class, or ask your bartenders to teach locals how to make a popular drink. Promote the class like gangbusters—from social to emails to your email subscriber list.

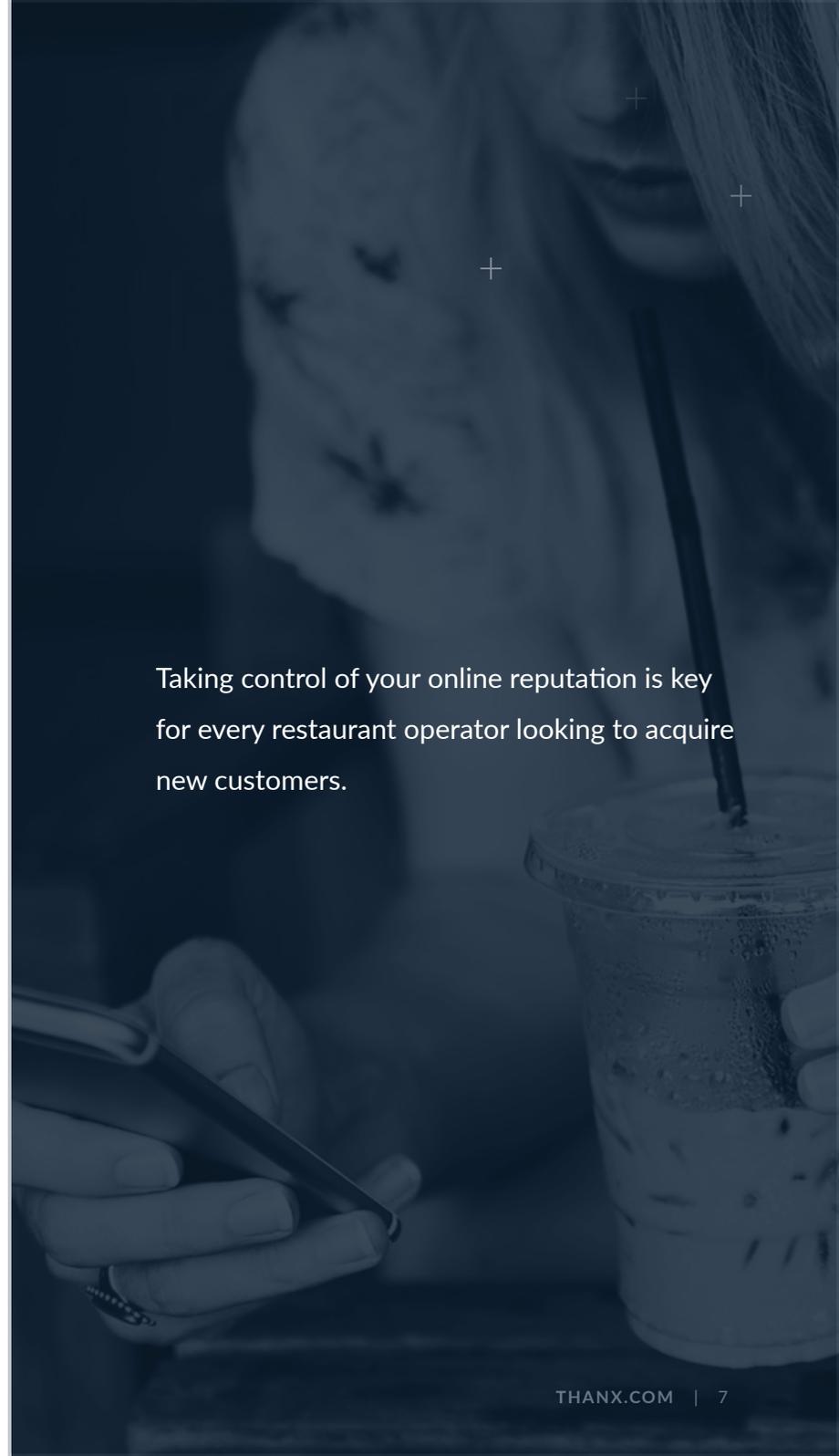
## Manage your online reputation

When customers are looking for a new restaurant to try, they often search the internet and read online reviews. Research shows 94% of diners choose a restaurant based on online reviews, according to [TripAdvisor](#).

Getting reviews isn't always easy and getting positive reviews adds another layer of complexity—but it doesn't have to.

The key is to tap into a group of happy customers and ask them to review your business. A customer engagement platform makes this a breeze as you can capture feedback from your customers after every purchase. If they leave a glowing review, you can [automatically ask them to share it on Google](#)—the world's largest search engine. It's that simple.

La Quinta Brewing Co. used a customer engagement platform to [go from zero Google reviews to 50 positive reviews](#) that drove new customers to one of their locations. [Read the case study.](#)



Taking control of your online reputation is key for every restaurant operator looking to acquire new customers.

# Restaurant marketing strategies to retain customers

The definition of eating out has changed. The term once reserved for dining inside a brick and mortar restaurant, now includes ordering delivery via a mobile apps and eating at home, at the office or on the go.

A [growing demand for delivery](#) has forced many restaurants to team up with third-party delivery apps like Grubhub to remain competitive. Research shows [68% of consumers use delivery apps](#) at least once a month. For some restaurants, the [cost of delivery has eroded profit margins](#), interrupted workflow, and deteriorated service for dine-in customers.

To offset delivery charges, and the increase in prime costs (food and labor), [more than half of restaurants have raised their prices](#) to recoup costs.

Rather than continue to step up pricing, consider focusing on [customer retention](#). Retaining customers can have a positive long-term effect on your bottom line, and we have actionable tips for how to drive repeat business:



Research shows

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## Reward your best customers

By using data, you can identify and reward your best customers. Even a [5% jump in customer retention](#) can increase profits by 75%.

A robust customer engagement platform will segment your customers by average check size and visit frequency to identify your VIP segment. In the example below, shows Light, Medium, and Heavy customer segments.

	Light	Medium	Heavy
Avg. check	\$50	\$78	\$78
Annual frequency	2	4	12
Annual value per customer	\$100	\$312	\$936
Revenue	\$25,350,000	\$33,800,000	\$109,850,000
% of total revenue	15%	20%	65%
# unique customers	253,500	108,333	117,361
% of unique customers	553%	23%	24%
Incremental visits	0	1	2
Frequency lift	0%	25%	17%
Incremental revenue	0\$	\$8,450,000	\$18,308,333
<b>Total revenue opp.</b>	<b>\$26,758,333</b>		

In this example, customers in the Heavy segment are VIPs and generate about \$1000 per customer for a total of \$109 million in revenue. By getting [this group to visit two more times per year](#), the restaurant could generate an extra \$18 million dollars.

How do you get those customers to come in two more times? Reward them. Thank them for being a loyal customer and offer

10% off their next meal or a free appetizer or dessert. The revenue generated more than recoups the cost of any discount or promotion and provides incremental revenue and a positive ROI.

## Change customer behavior

To retain customers, sometimes, you have to break them out of their routine. Repeat customers are more likely to try something new, so don't be afraid to suggest new menu items or encourage them to come in for dinner rather than lunch.

For example, after Emily stops in for her regular club sandwich and soda, send her a promotion that says, "Thanks for having lunch with us, Emily! Come back and try our new seasonal menu items and get a dessert on the house."

Customer retention isn't just about repetition, it's also about introducing customers to new opportunities.

## Winback lost customers

On average, [5-7% of restaurant customers churn](#), or choose not to come back, each year. For most restaurants, the reason a customer leaves is unknown and there's little that can be done to stop them.

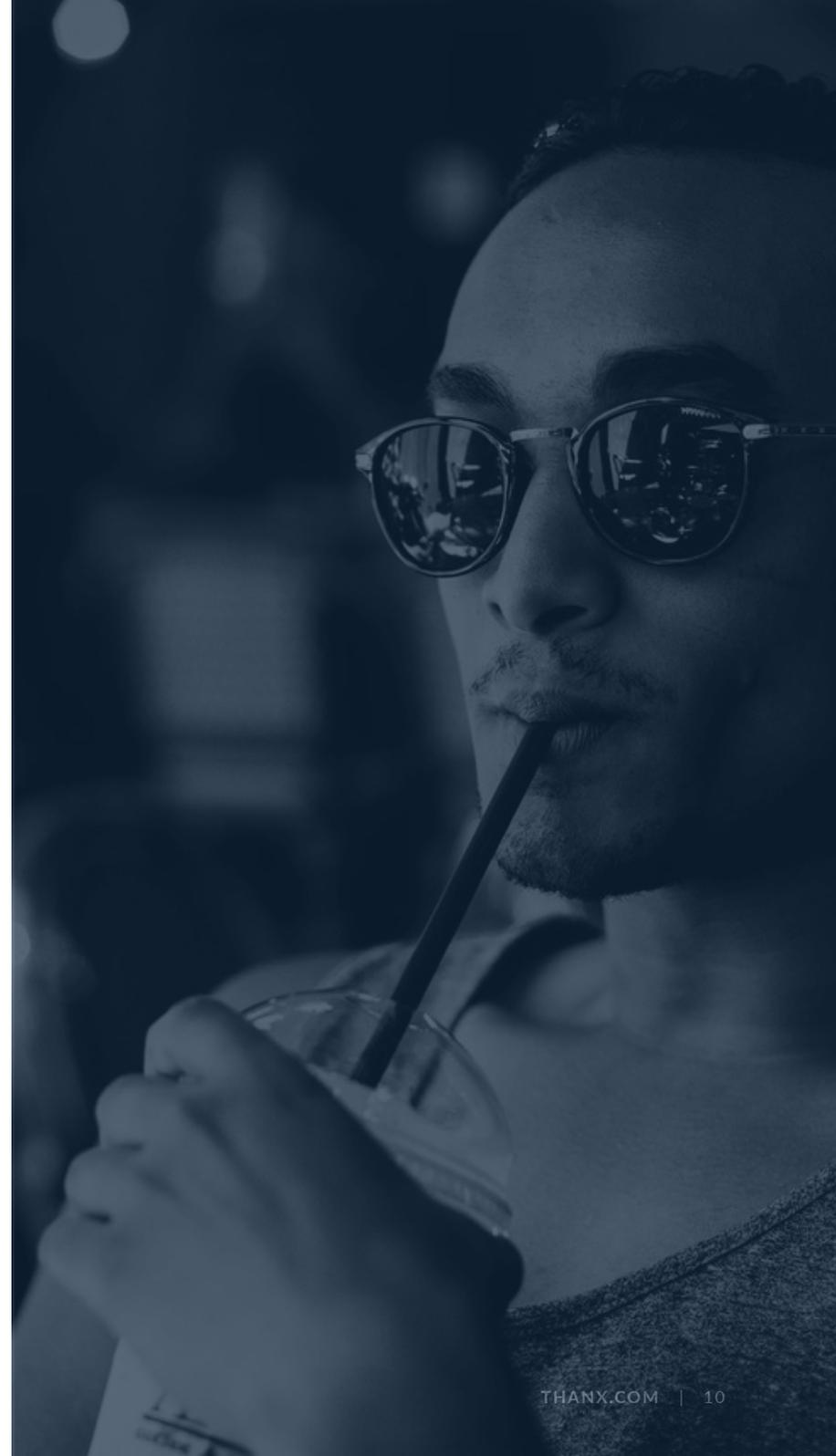
However, if you're capturing customer behavior data it's easy to recognize when someone is about to churn. In fact, your customer engagement platform will identify it for you so you'll know before a customer leaves and can make efforts to keep them. We use data-driven AI to track customer visit frequency across multiple business locations. The platform discovers any previously loyal customers who are currently churning and have not made a purchase in a specified amount of time. The platform knows which items this particular customer used to purchase and uses this information to craft a targeted, special offer made just for each unique customer.

For example, when Davy, who typically comes in every Friday for lunch hasn't shown up for the specified amount of time, the customer engagement platform spots this irregularity and sends him this promotion:

**“Hi Davy! Stop in for lunch this Friday and enjoy a free Coke on us.”**

As a result, Davy gets the message and stops in on Friday. Boom. You just stopped a customer from leaving, and you didn't have to do anything. Winback is proven to drive 49% of churning customers back in, using data to drive an ROI that powers real business growth.

Pacific Catch, a West Coast Fish House, [used Winback campaigns](#) and brought back 2,000 customers and generated an estimated \$180,000 in incremental revenue. [Read the case study.](#)



## Perfect the customer experience

Retention is driven by customer experience. How customers perceive their interactions with your restaurant has become a top priority. And customers have set the bar high.

Seventy-five percent of customers expect a seamless, consistent experience with your restaurant, no matter what channel they use to interact with you, according to [Salesforce](#).

### Take the time to evaluate your customer experience.

What does each step look like? Are customers waiting long for a table? How's your customer service? What's the payment process like? By understanding each interaction that a customer goes through you can make improvements where necessary.

## Collect customer feedback

Customers want you to listen. But, here's the thing, most restaurants don't give customers a platform to speak. Sending a manager to each table once in a while to ask customers about their experience isn't enough. [You need real-time actionable feedback](#).

With a customer engagement platform, you can [gather real-time customer feedback](#) after every meal. You can gauge their customer satisfaction and ask if there's anything you can do to make their next visit better.

The best part is, you collect and respond to feedback privately. So, if Rachel isn't thrilled with your service this time around, she can let you know directly—rather than [vent her frustrations on a review site](#).

In return, you can apologize for the inconvenience, thank her for sharing her feedback, and, if desired, give her an offer to use for her next visit.

By asking for feedback, and responding to it personally, you could [see a 22% bump in sales growth](#).



# Strategies to reduce restaurant costs

Profit margins for restaurants typically [range between 1-15%](#), and when that number starts to decrease, you may feel the urge to raise prices. While acquiring and retaining customers should be part of your revenue growth strategy, reducing costs can also play a role.

Here's a look at ways to reduce costs and resources that can help:

## Evaluate your menu

Know exactly how much it costs to make each item on your menu, and then weigh that against its popularity. Make adjustments to your menu based on costs and customer preferences. Resource: [Toast Food Cost Calculator](#)



Profit margins for restaurants typically range between

**1-15%**

## Consider delivery options

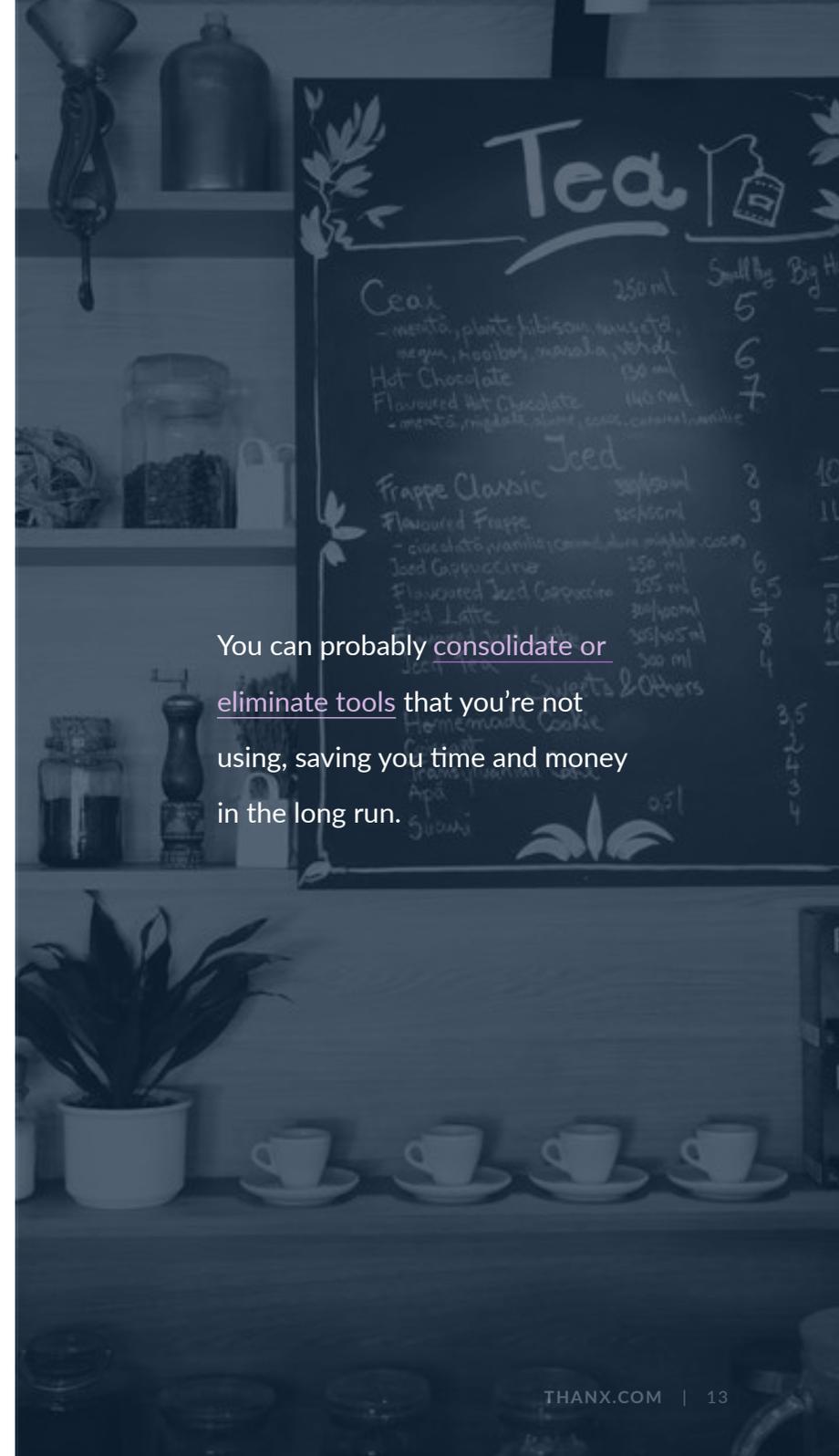
Many restaurants feel delivery has become a necessity, but if you're losing money and straining resources, it may not be a viable option for you. Before you [jump on the delivery bandwagon](#), research different options, understand the fees, and talk with others about their experience. Resource: Restaurant Business offers a good [primer on using a delivery service](#)

## Adjust staffing

Labor costs make up a significant portion of your business, but do you know how much? It's time to crunch the numbers. Take a look at your traffic flows, look for patterns, and make staffing adjustments that keep costs down. Resource: [Labor cost calculator](#)

## Consolidate your martech stack

How many tools are you using to reach customers? The combination of tech tools that you use for marketing is called your marketing stack, or martech stack for short. From social platforms to your POS, you might be [wasting time and money on too many tools](#). It's time for a tech audit.



You can probably [consolidate or eliminate tools](#) that you're not using, saving you time and money in the long run.

## Wrap up

The [restaurant industry is evolving](#), and with it, comes change. To succeed, restaurant operators must take a closer look at their revenue and expenses and invest in digital solutions that provide actionable data, targeted marketing, and growth strategies that can be measured in revenue.



**Restaurant Customer  
Engagement Made Easy.**

[Request a demo](#)