



## Trends

### Step Up to the Challenge

David Ward, Refreshing News

Are we actually in a recession or not? The answer is currently up for debate, with some experts arguing yes and others claiming the situation doesn't quite yet fit the formal definition of two or more consecutive quarters of negative growth.

But even if we haven't technically descended into a recession, Carlos Herrera, senior manager, Industry Forecasting, Coca-Cola FoodService, notes, "It is definitely going to feel like one, given the significant slowdown in the economy."

The good news is the slowdown will not be permanent. However, many consumer-centric businesses -- most notably foodservice operators -- are facing reductions in both foot traffic and profits. "It's a very challenging environment," Herrera notes.

While restaurants can do little about macro-issues such as rising fuel prices or declining home values, there are some strategies they can use to not just survive, but thrive and attract customers during these tough times.

Here are six tips to help make that happen:

- 1. Don't panic.** "Now is not the time for wholesale changes," advises Ron Santibanez, president of Qualified Solutions Consulting, based in Riverside, Calif. Even if your business has slowed dramatically, he notes, you still need to carefully calculate each move you make, so you can gauge its effectiveness. "It makes much more sense to expand an existing program than to roll out several new ones."
- 2. It's all about retention, not acquisition.** "It costs five times as much to find a new consumer than it does to keep your existing consumers," says Linda Lipsky, founder of Linda Lipsky Restaurant Consultants in Broomall, Pa. "So you definitely want to steer your marketing toward loyalty programs that keep them coming back for more, especially at lunch."
- 3. Don't pass on higher costs.** Even though rising expenses may force your vendors to boost their prices, resist the temptation to pass on those costs to your customers by cutting portions or raising prices, notes Santibanez. "As your revenues go down, you can't make up for that by raising prices," he adds. "You need to buckle down to make it through the difficult times by remembering that things will balance out, because they always do."
- 4. Enhance the experience.** During tough times, customers are looking for real value for their hard-earned dollars, and that includes superior service. "You have to educate the staff that customers will want more than great food when they dine out," says Lise D'Andrea, founder, president and CEO of Customer Service Experts in Annapolis, Md. "It's all about the experience, how fast they're served, how friendly the staff is and how they come across."
- 5. Avoid over-discounting.** Promotions and coupons can be an effective short-term solution for driving business, but these programs should be targeted and limited in their scope and length. "I'd rather my restaurant clients offer something for free, like a dessert or appetizer, than rely too much on discounts," says Santibanez. He argues that too many discounts can end up devaluing your entire menu in the eyes of the customer, while giving away something will not only make a diner feel appreciated, but may get them to try an item that they'll end up ordering every time they come back.
- 6. Aim young.** One great way to boost foot traffic is by creating a kid-friendly environment to attract the whole family. "If you can attract the kids, you can get the parents," notes Lipsky, who advocates children-specific activities, kids-eat-free nights or even sticker-based loyalty programs that can get kids lobbying for your location when the family decides it's time to go out.

#### SOURCE:

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