



How restaurants can adjust operations and marketing amidst market uncertainty

The restaurant industry has done a 180 in the matter of weeks. How does a restaurant brand make the right decisions to shift quickly and in line with customer needs?

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Adapting to the new normal

What a difference a few weeks makes.

Not long ago, the outlook for the restaurant industry was rosy. The National Restaurant Association's 2020 State of the Industry report, released in February, predicted that restaurant sales would hit \$899 billion this year, up 4% over 2019, thanks to an expanding economy and positive consumer sentiment.

Today, the National Restaurant Association is forecasting that sales will fall by \$225 billion through the first half of 2020 due to COVID-19. They've asked the federal government for \$145 billion in recovery aid.

While the pain is great, not all is lost. Operators are moving to delivery, carryout and curbside pickup to drive business. Most QSRs already did the bulk of their business at the drive-thru, so the transition is relatively easy for them. And with a host of third-party restaurant delivery services already in place, others can quickly make the move.

Let's be clear: No restaurant is likely to maintain pre-coronavirus sales levels. As GrubHub CEO Matt Maloney said in an interview with CBS Marketwatch.

[Operators are] seeing business drop 75% to 90%. We are doing everything we can to drive more business for them. We're constantly telling them if they have customer lists, to blast off emails and let them know they are available for delivery, especially ones that hadn't delivered previously.

We're now looking at a very different landscape than we did just a few weeks ago, and this is going to have lasting impacts on the industry. What can restaurants do in the near term to optimize for delivery/pickup service and reach their highest-value customers through marketing channels—all in an effort to combat declining sales? Here, we outline tactics for both challenges: optimizing your operations for a new framework and optimizing your marketing for current consumer needs.

Optimizing operations

Delivery and carryout will be essential offerings for a while: Even as coronavirus concerns subside, consumers will need to rebuild their confidence in going out. As you incorporate delivery and carryout into your operations, here are some tips to make the process easier:

Consider scaling back the menu – For most operators, these are uncharted waters. Although at this point the evidence is primarily anecdotal, the feeling is that consumers aren't looking for specific dishes as much as they are looking for a sense of normalcy. Scaling back your menu to a few top sellers will make it easier for the kitchen staff to get orders out quickly and will keep customers satisfied.

Create curbside pickup – Even if you're already equipped with a drive-thru, consider curbside pickup for third-party delivery. Few things are more frustrating for a delivery driver than to get a call for a pickup and arriving at the restaurant to see a 15-car line at the drive-thru. The end result is that drivers must wait in line to pick up an order that's likely already completed and getting cold. Implement a way for drivers to pick up orders without having to wait in line.

Recognize & reward your drivers – Do you know which restaurant traditionally got some of the best service from third-party delivery drivers? Red Robin. Do you know why? Because they gave every delivery driver a free cup of fries when they picked up an order. It likely only cost the company 50 cents per order, but it created a tremendous amount of goodwill among delivery workers. Even if you don't want to go that far, offer them a free drink, especially if they must wait for an order to be completed. Third-party delivery drivers don't work for you, but when delivering to your customers they represent your brand. It doesn't hurt to keep them happy.

Add sidewalk ambassadors – If you don't have a drive-thru, repurpose staff to greet customers and delivery drivers in their cars as they pull up in front of the store—all from a safe distance of course. With contactless delivery now becoming the norm, contactless pickup is also an option with the right process and precaution. Trust that nobody will be put out by the steps you take to keep your employees and customers safe and healthy. As added insurance, post your phone number at the door in case the sidewalk ambassador can't reach someone.



Move someone to the phones – One of the biggest challenges operators face is finding a way to keep staff employed while business is slow. It's likely that the phone is busier than usual, so having a dedicated phone person can ensure that orders are taken quickly while keeping someone on the payroll.

Repurpose staff for delivery – This isn't without risk and requires a conversation with an insurance agent, but look into the possibility of using idle staff for delivery. Again, speak with an insurance agent (and maybe an attorney) before putting your own staff on the road. If you go that route, limit deliveries to a reasonable driving distance.

Ultimately, you should prepare for business to recover, but recognize that it won't come back all at once.

Optimizing marketing

Marketing may seem like less of a priority during a time of economic uncertainty, but this is not a time to stop talking to your customers—in fact, you both need each other more than ever right now. As people are feeling uncertain about their own financial futures and the health of their loved ones, being able to grab a meal from their favorite restaurant or not have to worry about dinner for that evening is a crucial service the restaurant industry can and does continue to provide (just in a different format).

With that in mind, here are ways that restaurants can optimize their cross-channel marketing to connect with consumers right now:

Adjust messaging and imagery to be informative first – If your restaurant is new to the delivery/takeout game—as even many established restaurant brands are first-timers or underprepared for this to be the bulk of their business—brands need to adjust in-market promotions to consider the new context of their offering. Use photos of menu items that travel well, remove photos from the rotation of dishes that you don’t offer for delivery and takeout, remove photos that feature the in-restaurant dining experience, etc. Additionally, use your limited messaging space to deliver the most pertinent information:

- Inform customers that you are open right now for delivery and takeout options, and direct people to where they can order online or by phone.
- Highlight the food safety protocols you’re currently taking as it continues to be top of mind for consumers.
- Include hours of operation; people may be less familiar with your typical hours, and we’ve seen some restaurants extend their hours as well to accommodate more meal times.

Email continues to be a key channel – During this unprecedented time, email has emerged as one of the most trusted channels for communicating with consumers. But it’s also highlighting 1) just how many emails people get and 2) how outdated many brands’ email lists are.

It’s likely you’ve already sent a few emails around your business updates during this time, but make sure you look at how you’re speaking to customers across your database moving forward. You shouldn’t send the same message to a loyal, high-value customer as you do to someone you want to re-engage. The former likely wants all of the information on how you’re adapting right now, while the latter likely just needs a friendly “hello” message and a reminder that you’re open during this time. Consider the level of engagement of each contact and the above recommendations for creative.

Extend your message across channels – Email is still an important channel, but people’s inboxes are getting flooded (and rightly so). You need to consider how to extend the same email messaging strategy across channels. People are spending more time online than ever; in a March survey from Integral Ad Science (IAS), 88% of consumers surveyed said the COVID-19 situation is changing the types of content they typically consume, and 59% said they are actively consuming more news.

In addition to emails, extend the conversation to digital media on publisher sites and leverage SMS and push notifications to reach customers and prospects. By diversifying the channels for your conversations, you’ll gain more traction.

Be smart about your TV advertising – Always a mainstay channel, TV is becoming even more important as people increase TV consumption while home during the quarantine period. That being said, brands need to leverage their TV spots differently; a spray-and-

pray approach is not the prudent choice right now. Instead, restaurant brands need to focus on connected TV and streaming advertising opportunities that allow them to know the individuals they're reaching and tie that ad view back to an actual transaction at the restaurant. Which brings us to the next point...

Focus on channels and tactics that drive real results – Restaurant brands need to prioritize marketing channels that focus on results right now. Restaurant brands don't have the luxury of big budget buys that are great for awareness but lack tangible traction. Now is the time to use lower-funnel tactics that are guaranteed to drive results.

True understanding is needed

Keep in mind that your customers are dealing with their own concerns right now. This is the time to reach them with communications that make them feel connected and understood during a crisis. The real challenge comes in how brands can share their most critical messages—at scale—to consumers.

Restaurant operators have more information tons of information about their customers, thanks to the vast data available to them via their point-of-sale system, loyalty program, email marketing efforts and more. The challenge they face is finding a way to turn that data into a truly relevant message for each individual.



“Without knowing your customer holistically, you can't have effective marketing programs where you provide the right contextual offer and truly understand the impact of your efforts,” says Amy Hunt, vice president, strategic consulting, at Epsilon.

Doing this at scale is a difficult task for any marketer as they often don't have the cross-organizational alignment to aggregate, analyze and interpret the data they have at their fingertips to drive increased sales (and profits).

Restaurant brands need support to connect consumer data points (and even add to them) across channels and activities, creating a holistic view of an individual in the digital space. A fully connected digital strategy helps brands avoid crucial pitfalls during these times:

- Having ad content next to the wrong contextual content.
 - In a March 2020 survey from Integral Ad Science (IAS), consumers reported having resistance to seeing food or travel brands advertise next to content about COVID-19.

- Wasting ad spend on irrelevant audiences or messages, or worse, sending the wrong message to the wrong person entirely.
 - According to the Journal of Advertising Research, during economic recessions, companies are under immense pressure to justify ad spend to shareholders and executives. Additionally, companies that stuck with advertising during a downturn were better positioned coming out of it.

By bringing everything together, restaurants can deliver more relevant messages that resonate with consumers during times of crisis and tie to real business performance—at scale.

Working with a partner such as Epsilon

With the Epsilon PeopleCloud suite of solutions—including customer discovery and prospecting, digital media solutions, customer identification, loyalty programs and email/digital messaging—restaurant marketers can identify their current customers and prospects to deliver dynamic messaging unique to each individual across channels. So brands can send loyal customers a message that their favorite dish is still in rotation on a limited menu and engage new customers in the area looking for convenient pick up options right now.

Working with a partner such as Epsilon can:

- Provide interaction management with each individual at the center of a restaurants' marketing strategy.
- Leverage first- and third-party data to have a more holistic view of each customer, powering 1:1 relationships with each individual.
- Bring offline transaction data into your marketing strategy — understand what people purchase across your locations.
- Personalize messages across interactions through email, messaging, digital media, loyalty programs, and more.

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