

Developing an Effective Marketing Plan

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Developing a business plan for your restaurant is extremely important - it helps you plan for your future instead of reacting to changes in your business. Additionally, it gives you credibility and lenders will always ask for one if they consider lending you money.

Equally important and part of a business plan is developing an effective marketing plan. Marketing, in its simplest form, is getting out into your marketplace, observing what is taking place and making decisions based on that which you have observed. A marketing plan basically puts all the information you have gathered into a readable format.

The steps in developing a marketing plan include:

Determine Your Market

Determine where your business comes from. This could be a four-block area for a small deli or a 40-mile area for an upscale destination restaurant.

Check Out The Competition

Gather some "competitive intelligence" through scouting. Develop a competition profile. Things you should include in a competition profile include Name, Address, Hours of Operation, Restaurant Theme (e.g. Continental, Italian, American) and Entree Prices. Set it up like a chart and include your restaurant for easy comparison.

Identify Your Business

Identifying who dines with you is the crux of your marketing plan. Determine who your customers are (e.g. business people, social people) and why they dine at your restaurant.

Determine If There Is Additional Business Available For Your Restaurant

Based on your current customer base, determine if there are groups of people not dining at your restaurant for certain meal periods that could be. For example, maybe you have a good lunch trade but it consists totally of social people and not business people.

Anticipate the Potential New Business Segments

Once you determine where you can generate new business, advertising and promotion decisions become more focused. Reach these new market segments with advertising specifically oriented toward them.

Determine Your Competitive Edge

Find out what makes you stand out from your competition - do you have the best location, do you have the best quality of food or do you have the best atmosphere relative to your competition. As soon as you determine your competitive edge, exploit it.

Menu Price Points

Determine specific dollar amounts that influence a consumer to make a purchase and price all your menu items accordingly. For example, one price point might be that a bottle of wine priced just under \$30 might sell more than a bottle priced just over \$30. Of course you must take into account costing issues as well.

Develop Strategies to Enhance Increases in Average Check

Some restaurant chains do this very effectively. The wait staff is very proactive in trying to sell things such as soups, salads, appetizers and desserts in addition to customers ordering entrees. Develop written strategies on how you will "upsell", include them in the marketing plan and communicate them to your wait staff.

Determine Your Restaurant's Annual Revenue

This will serve as the basis for your annual marketing budget and should be done as part of the overall budgeting process.

Evaluate the Need for Professional Memberships

Since "people do business with people they know", it is important for you as a restaurant owner or manager to participate in professional organizations. Determine what professional organizations you are a member of and evaluate their effectiveness in promoting the restaurant.

Employ the Good Neighbor Strategy

Be a good neighbor and take part in community affairs. Do things such as provide meals to the underprivileged or offer your services in catering-related events. Obviously, you need to carefully choose the beneficiaries of your donations since nearly everyone will be asking. The recognition and publicity received from the right contributions is invaluable.

Develop the Marketing Expense Budget

Develop a schedule of expenses which would be a breakdown of your Marketing expense included in your budget for the year. These line items include such things as:

- Direct mail
- Entertainment costs (including complimentary meals)
- Newspapers
- Magazines
- Civic and community projects
- Donations

A full breakdown of the type of marketing expenses will be available in the 1997

Pennsylvania Restaurant Operations Report published by Restaurant Advisory Services later this year. Marketing expense should average in the range of 2 to 4 percent of your total revenues.

The Action Calendar

Introduce an action calendar to organize the myriad of activities and strategies you select for implementation. This can take the form of a calendar where you have specific dates blocked off for your marketing endeavors.

Recap

This plan is for owners and managers to follow. It is a blueprint for achieving your revenue goals.
