Constant Contact®
for Restaurants

How to Generate More Marketing ROI for Your Restaurant Franchisees

Online marketing offers the highest and most measurable returns

Summary

This white paper discusses the marketing challenges restaurant franchises face and the available solutions that deliver the highest ROI.

The marketing imperative

Competition is fierce in today's restaurant landscape. Not only are independent owners, groups and franchises all vying for customers, but grocery stores, warehouse clubs and meal kit services are also now cutting into dining share. In this cutthroat environment, an alarming 60% of restaurants—independents and franchises alike—fail within the first three years. [1]

Enter marketing. Though it's important in every industry, marketing is indispensable to a restaurant's success. While there is no single reason restaurants succeed or fail, many experts place marketing high on the list alongside food quality, location and management skill.[2] Beyond awareness, marketing provides that extra push to drive new and repeat traffic to one's tables or counter, whether through a coupon, a loyalty program or a recommendation shared on social media.

For franchises, brand recognition and marketing are especially critical due to the sheer scale of the operation. Well-respected brands can drive business for hundreds of restaurants, while damage to a brand can be widely felt. Franchise marketing is also more complex since the effort is shared between corporate and franchisees.

So if restaurant franchise marketing is both critical and complex, marketing efforts and platforms must respond by managing complexity while delivering measurable results.

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[1] Bloomburg Business, "The Restaurant Failure Myth," debunking the more disturbing stat that 90% fail within 1 year.

[2] Evan Carmichael, *"The biggest mistakes restaurants make, and why they have a high failure rate."* George Mahe, *"Ask George: Why Restaurants Fail."* The Wall Street Journal, *"How to Succeed As a Franchisee."*

Tracking marketing results across a franchise system

The problem with a great deal of marketing is seeing the payoff. As businessman and marketing pioneer John Wanamaker famously quipped: "Half the money I spend on advertising is wasted; the trouble is, I don't know which half."

It's true that when there's no clear link between expenses such as a billboard ad and revenue patterns, marketing can feel like a necessary but nebulous expense, a cost of doing business that simply flies out the window.

The ability to track results varies greatly across marketing channels. Offline channels, including TV, radio, print, outdoor ads and PR campaigns, are notoriously hard to measure. [3]

Online channels such as web, SEO, email and social media efforts have steadily replaced offline channels because they are less expensive, highly scalable and provide more metrics. Many of them also offer a better return on investment.

Moving online for higher ROI

The combination of corporate and local marketing efforts in a franchise also makes measuring the effectiveness of these efforts doubly complex. That's why franchisors benefit from online tools that help bridge these efforts, and offer measurable ROI.

Fortunately, there's a wide range of online channels to choose from. A website is merely table stakes in today's market. Corporate and location-specific websites offer basic information like location, hours and menu, plus further enticements like photos, deals, reviews and event marketing.

But of the many other online marketing options, three choices offer franchises great exposure for minimal expenditure: email, social, and trackable coupons and deals. Many of the tools that embrace these channels are designed to address the complexity of franchise marketing: central control with local enablement.

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[3] Moz CEO Rand Fishkin places TV, radio, print, outdoor ads and PR campaigns in the "Impossible to Measure" category in *The Paradox of Easy vs. Hard to Measure Marketing Channels*. ProWeb says: Little wonder people have discarded the roller banner and the leaflet in favour of more digital means" in *Measuring Marketing Success: Traditional and Offline Metrics*.

1. Email

Often restaurants overlook this classic online marketing channel. Many are surprised to learn that email is still a powerful tool.[4] A Forrester study found that email recipient behavior has even improved since 2006: today, fewer consumers unregister or delete messages without reading, while more consumers forward emails. [5]

> *"The nearly 20 years tenure, 80% enterprise adoption, and established rules of engagement of email marketing make it the most straightforward tool available for marketing leaders to use for experiments today."*
>
> –Forrester's Shar VanBoskirk

Email marketing is a channel with built-in ROI. It reaches customers where they tend to spend the most time: their inbox. Email tops the list of what companies will be spending more on this year.[6] It's little wonder, given the stats:

- 91% of consumers check their email daily
- 66% of consumers have made a purchase online due to an email [7]

Email is very affordable, often costing less than a dollar per thousand emails.[8] And because it's digital, it's very trackable. A recent VentureBeat survey reported that email marketers enjoyed an average of 222% ROI on the cost of their email services, including time and materials. Clearly, "email plain works—even on the simplest, batch-and-blast level."[9] And it works even better when your email service lets you target audience segments with highly customized content.

Branded email templates and content allow easy sharing of national campaigns, combining strong brand identity with customization for local markets. Leading online marketing solutions offer a suite of tools that integrates email with other digital marketing efforts.

Integrated digital marketing becomes a powerful tool in the hands of restaurant franchises because it addresses the principal challenges of franchise marketing: complexity and integration. Forrester's Shar VanBoskirk says marketing leaders now dedicate a solid budget to email annually "because they know that it's the key to connecting them to their customers across online, mobile, and in-store experiences." [10]

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[4] Forrester's Shar VanBoskirk, *"Use Email To Spark Contextual Interactions"*

[5] Forrester's Shar VanBoskirk, *"Apply Best practices To your Email Marketing Processes"*

[6] VentureBeat Insight, *"Email marketing, that digital workhorse, primed to grow in 2015"*

[7] Entrepreneur, *"What Franchisees Need to Know About Digital Marketing (Infographic)"*

[8] Forrester's Shar VanBoskirk, *"Use Email To Spark Contextual Interactions"*

[9] Social Media Week, *"Email Marketing Will Have A Much Greater Impact In 2015"*

[10] Forrester's Shar VanBoskirk, *"Use Email To Spark Contextual Interactions"*

2. Social Campaigns

Social media is a perfect tool for growing customer loyalty, retention and brand awareness[11] because of the power of interconnected networks. Restaurants engage their fans with interesting content or offers, who in turn engage their networks, and so on. Done right, it can be a highly effective and inexpensive way to reach large numbers and drive awareness, referrals and new business, since 74% of online adults use social networking sites.[12]

Franchises may engage in social media at the corporate or local level, or both. It depends on where their target demographic spends the most time: Facebook, Twitter, Instagram or another evolving network? Franchises don't need a presence on every one. If they regularly post interesting, quality content and offers that match the brand voice, readers will value and share this information with their networks.

Success in social media is very trackable, with metrics that include likes, followers and shares. How those metrics drive revenue is harder to track. Franchises might be wiser to consider the return on not investing. A franchise with no social media presence lets customers discuss the ups and downs of your business publicly without your input.

The Corner Bakery Café relies on the power of word-of-mouth conversations on social media. But this U.S. franchise invests in that conversation, using listening tools to monitor sentiment and jumping in when needed. In a month, Twitter and Instagram comments about the franchise alone reached more than 7.3 million people and left more than 40 million impressions.[13] Says CMO Diana Hovey, "social media is some of the most influential and cost-effective marketing we do."

"Social media is some of the most influential and cost-effective marketing we do."

–Corner Bakery Café CMO Diana Hovey [14]

3. Trackable coupons and local deals

Franchises should consider two other marketing methods with solid and measurable ROI. Local deals let customers pay, for example, $20 for a $40 food voucher. Trackable coupons let customers claim an offer for 15 to 20% off their meal at a later date.

Customers can receive these offers through email and claim them through your or a partner's website, making them highly trackable. Integrating these deals with social media means fast and easy promotion and exposure. Customers share great deals quickly. Some franchisees even add extra value to the deal for sharing.

Leading online marketing platforms let you follow the success of your efforts and improve future offers, using metrics like total claimed, sharing method, new versus existing customers and revenue by location.

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[11] Synergy Brand Management's Sandy Lechner, in Franchising.com's *"Local Marketing Rules!: Ratcheting Up Unit-Level Sales"*

[12] Entrepreneur, *"What Franchisees Need to Know About Digital Marketing (Infographic)"*

[13] Franchising.com, *"CMO Q&A: Diana Hovey, Corner Bakery Cafe, Part 2"*

[14] Franchising.com, *"CMO Q&A: Diana Hovey, Corner Bakery Cafe, Part 2"*

Coupons and deals do come with some caveats. First, it's critical to create the right kind of offer to drive future revenue while not going overboard with your deal. Too many businesses get in trouble through ill-advised deep discounts. [15]

Secondly, you want to avoid discount competition among local franchisees. Make sure you standardize deals and coupons at the franchise level to prevent damage to your brand's reputation.

Empowering franchisees to contribute to franchise success

Even if they know that developing a local voice within the brand framework is critically important, franchisees struggle to find the time and the money to market, especially at start-up when owners are working day and night to keep the doors open and make payroll. They shouldn't have to reinvent the wheel to do their own marketing.

Online marketing tools offer easy-to-use, affordable solutions for both corporate-level and franchisee marketing. To ensure the success of every location, franchisors need a high-ROI online marketing platform that offers:

Easy self service for local marketing.
Since franchisors are rarely equipped to offer individual support to each franchisee, they need to empower potentially hundreds of franchisees with an intuitive, self-service marketing solution, especially for first-time marketers. Franchisees must be able to market locally within a strong brand identity, and evaluate and improve ongoing efforts.

Brand control.
Choose a system that allows you to create templates for any marketing that franchisees will carry out, such as emails for customer birthdays, new menu items, events or specials. Make sure you can lock down branded sections while providing franchisees customizable sections for local information.

Social media integration.
Built-in social media sharing lets you and your franchisees easily share communications across social sites. Make it easy for customers to share emails and coupons on their social platforms.

Administration portal.
Your franchise should be able to track success at both the local and network level through an easy-to-use dashboard.

Support.
Your online marketing vendor should also be able to provide expert technical and marketing support and services directly to anyone in the network who needs guidance.

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[15] George Mahe, *"Ask George: Why Restaurants Fail."*

WHY SOCIAL?

Diners are more apt to choose restaurants based on personal recommendations.

- *70% of consumers are more likely to patronize a business if it has information available on a social media site.* [16]

- *High-quality food and service keeps the conversations positive.*

- *When you respond to mistakes and lapses quickly with a sincere apology and a make-up gift, customers will forgive you and can even become advocates.*

- *The more reviews you have, the more customers will believe them.*

Share the work, share the wealth

The franchise model works well because it's built on shared effort and standardized best practices. Marketing is no different. Busy franchisees rely on franchisors to make marketing easy.

But with brand consistency top of mind, franchisors are sometimes hesitant to hand over marketing control. A strong marketing solution lets you keep the brand strong across all outlets, balance marketing efforts between central and local, and track locally executed marketing at the corporate level.

A solid integrated online marketing platform will let franchisees carry out high ROI marketing, engage customers in every local area and drive revenue across the company.

For more information on Constant Contact's Restaurant Franchise Solution, visit www.constantcontact.com/franchise-restaurants or call 866-899-3710.

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[16] LocalVox white paper: *Examining the franchisor-franchisee marketing gap*