



Increase sales 50% with one extra visit per month

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Now there's a title that will get your attention. Stick with us here, follow the logic, and I think you will see the point.

Most owners and managers believe that when sales start to slow they need to increase current marketing efforts, try new advertising options, or adjust the menu. Any of these choices can quickly eat up valuable capital at the most inopportune time.

Changing the menu risks losing sales by confusing or alienating current customers. Expanding your marketing approach immediately adds costs with no guarantee of an increase in sales. Remember the old adage about it being much less expensive to keep the customers you have than to advertise for new ones?

According to a 2005 California Restaurant Association survey, the typical restaurant gets up to 80% of its sales from repeat customers. Considering the amount of sales from this group, it is clear where your marketing focus should be. In a slowing, flattening, or receding economy this group becomes even more important.

Now we get into the mathematics of how just one extra monthly visit can increase your sales over 50%. First we need to break down your repeat customers into four groups based on their visit frequency. Let's say the guests in Group 1 come in once a month, Group 2 one-two times per month, Group 3 three-four times per month, and Group 4 four times per month.

We will apply some assumptions regarding the percentage of your repeat business represented by each group. Let's assume that Group 1 accounts for 25% of your business with Group 2 at 33%, Group 3 at

15%, and Group 4 at 7%. These percentages total the 80% of sales from repeat business.

For simplicity, assume monthly sales are \$100,000. The following tables illustrate how one more monthly visit for each group leads to a 50% increase in sales.

Table I

Guest Groups	Average Visit/Month	% of Business	Monthly Sales
Group 1 (once/month)	1.0	25%	\$ 25,000
Group 2 (1-2 times/month)	1.5	33%	\$ 33,000
Group 3 (3-4 times/month)	3.5	15%	\$ 15,000
Group 4 (Four or more times/month)	4.0	7%	\$ 7,000
TOTAL		80%	\$ 80,000

With 20% or \$20,000 representing new or non-repeat business the total monthly sales number equals \$100,000.

Let's see what happens to the monthly sales numbers when we increase the average visit/month by one.

Table II

Guest Groups	Increased Visits/Month	% Increase	New Monthly Sales
Group 1 (once/month)	2.0	100%	\$ 50,000
Group 2 (1-2 times/month)	2.5	67%	\$ 55,110
Group 3 (3-4 times/month)	4.5	29%	\$ 19,350
Group 4 (Four or more times/month)	5.0	25%	\$ 8,750
TOTAL			\$133,210

Again, with the \$20,000 from new business the total monthly sales number equals over \$150,000 – a greater than 50% increase in sales!

The trick is to get that extra visit each month. The best way to accomplish this is by giving your guests a sense of belonging in your restaurant. Let them know that they are important, that you appreciate them, and that their opinion counts. This requires communication above and beyond the seating, ordering, and serving norm. It requires communication that continues to have an impact even after the guest has left your establishment.

In the hospitality industry, with its high frequency of customer contacts, a guest



feedback program can be easily and efficiently utilized to achieve maximum results. Our company, Insight Guest Relationship Management, believes that the best way to open a communication channel between you and your guests is through the use of comment cards. It is essential, however, to let your guests know that you received their feedback and made use of the information they provided.

A successful comment card program, or any other guest communication methodology, must enable you to

- Analyze** your performance in key areas;
- Respond** to guests when appropriate; and
- Increase** your repeat business.

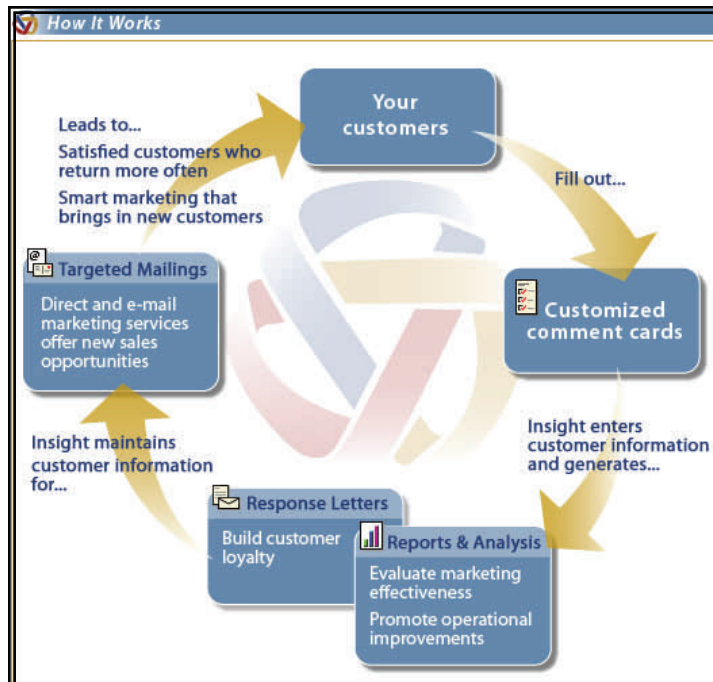
Comment cards that ask meaningful and targeted questions about the service experience are the best means to achieve these ends. They can give you the information needed to turn around a faltering operation or improve a successful one. Remember, a comment card tells you about your operation from your guest's perspective. For example, simply asking "what brought you in today?" can give you crucial insight into your marketing efforts.

Follow-up communication is an equally important component of any comment card program. By sending your guest personalized letters addressing their specific comments you will create a buzz unlike any other and immediately elevate your restaurant well above its peers. Using response letters to thank your guests for their visit, acknowledge their comments, and invite them to return can give you that one extra visit per month.

In the rare instance a guest has a bad experience; the comment card gives them a non-confrontational platform to tell you things that you most likely won't want to discuss in the middle of your dining room. The response letter gives you the chance to apologize and if necessary give them an incentive to return. It can turn a negative situation into positive word-of-mouth advertising.

Also of critical importance is the role of the service staff. We impress upon our clients the value of including a comment card with every check. The best case scenario includes the server letting the guest know that you appreciate their comments. This brief communication gives the server a chance to have one more positive interaction with the guest and dramatically increases the comment card response rate.

The key to all of this is breaking out of the old comment card paradigm where dusty cards with stale questions ended up stacked somewhere on the manager's desk with the next stop being the waste basket. That is, if they were ever filled out in the first place. There was little thought given to the actual



customer comments or any potential follow-up. Well-crafted, customized comment cards promoted by the server, collected, analyzed, and used for meaningful communication can maximize the visits of your repeat customers, providing the single greatest way to elevate your bottom line.

Going on its fifth year and having processed close to half a million comment cards, our company understands the benefits of personal communication between you and your guests. One of our clients located near Portland is a good illustration of the results. This restaurant has been in business in the same location for over thirty years and was one of our early clients. After a few months of using the Insight GRM program the owner documented a significant jump in sales even after reducing his marketing expenses by 50%. He has also tracked an increased percentage of first-time guests and is confident this is due to the positive buzz created through his repeat customers.

A game-changing increase in sales walks through your door every day. It is your current guest base. If you take steps to actively communicate with this resource, you will find getting that one extra monthly visit is completely within your grasp.

For more information on Insight's guest feedback and marketing services contact Phil Mylet at 503-502-9007 or email pmylet@insightgrm.com
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