

How New Zealand's Cafe's, Restaurant's & Bar's can best use the internet to attract new customers and encourage existing customers to return

EXLD544-10E (HAM): Major Research Project Dissertation

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2.0 Executive Summary

Café's, Restaurant's and Bar's that learn how to use the internet to attract new customers and to remind existing customers to return, will have an advantage over owners who don't.

7 Cafe/Restaurant/Bar owners in Tauranga were interviewed about their use/non-use of 11 different methods of online marketing which were: Business Websites, Business Facebook Pages, Email Newsletters, Online Review Websites, Online "Daily Deal" Coupon/Voucher Websites, Online Business Directories, Applications for Smart Phones, Pay-Per-Click Internet Advertising, Twitter, LinkedIn and Business Blogging.

Each method was described, the pros and cons were discussed, owners shared their perceptions and techniques, and a "how to get started" guide was provided.

One major benefit of online marketing is that you can use just about any method for free (or for next to nothing), and that, if it is set up properly, it can keep generating results indefinitely with little or no maintenance. Compare that to an advertisement in yesterday's newspaper or in last week's Television commercial break.

However, business owners need to be convinced that each method will generate measurable results before they are willing to allocate time/resources/money to those methods.

To determine what those results may be, 105 consumers were surveyed about their use of the internet in relation to Cafe's, Restaurant's and Bar's.

Firstly, they were asked about how they used the internet to find new places to visit. The 3 most common methods consumers used were Google search, "Daily Deal" websites, and Facebook.

Many respondents wanted to make it clear they did not use the internet at all to find new places to visit. However, many others are active users and several voiced frustration over not being able to find the information online, that they needed to make an informed choice.

If a growing number of consumers are using the internet looking for a new place to consider going to, are owners ensuring that their brand appears in the search results for a chance to be considered? Owners that invest time/effort/money into this area will undoubtedly have an advantage over those that do not.

Secondly, the consumers were surveyed about the kind of information they expect to find online about a Cafe/Restaurant/Bar they are considering visiting. The importance of 18 factors was measured.

61% of respondents indicated that they were more likely to visit a place if they can find the answers to their questions online.

It is proposed that these questions and answers could form the basis of a Frequently-Asked-Questions page on a business website, and/or on a tab on a Facebook business page.

Finally, consumers were asked about how they interact with their favourite brands online.

Many respondents indicated that they would become fans of the Facebook business pages of their favourites if they could find them, and that they do subscribe to Email Newsletters.

We are living in a time when the effectiveness of traditional types of media is decreasing, the fragmentation of the media channels is increasing, and consumers are paying less and less attention. In times like this, business owners who get permission from customers to speak directly to them will have an advantage.

One third of respondents said they talk about their experiences online via social networking sites (such as Facebook) and a similar proportion take the time to write good/bad reviews online.

A growing proportion of consumers are engaging in discussions about their experiences, both positive and negative, on online platforms.

Owners that make efforts to monitor this feedback may be able to prevent damage to their brand that can result from negative criticism posted online.

Overall, it is clear that Café's, Restaurant's and Bar's that make efforts to put some or all of these tools and techniques to use for their own businesses, will gain significant advantage over owners who don't in terms of attracting new customers and maintaining relationships with existing customers.

3.0 Introduction

Hi, my name is Sheldon Nesdale.

In my profession I am passionate about 3 things: marketing, the internet, and small New Zealand businesses.

I love marketing because it is the heart of every business. It is the art of discovering what consumers want and delivering it to them in exchange for cash. It is a game, and it's one I like to win.

I love the internet because I can reach my target market for free.

I love small New Zealand business because I'm proud that we are the backbone of the economy. We are agile and free and we can run circles around corporate businesses who are slow to react and tied up with bureaucratic red tape.

I have carved out a niche for myself here in New Zealand by combining these three passions.

For half of my time my role is Marketing Consultant for Small Business specialising in online marketing media. The other half is spent building up several online businesses niches I own, on which I earn advertising revenue.

Since 2005 I have been researching and experimenting with a wide range of marketing media, particularly web-based, such as websites, email newsletters, blogging, internet advertising, online business directories, and, for the last 2 years, social media such as Twitter, Facebook Business Pages and LinkedIn, and more recently, smart phone applications. Many of my experiments have failed, but many more have been a success. I am determined to learn a lesson from each success or failure. Overall, I generate measurable results for my clients and several of my own niche businesses are very successful.

I am also interested in one particular group of small New Zealand businesses: Cafe's / Restaurant's & Bar's. I find it interesting that they are a largely homogenous group of small businesses with identical marketing challenges and opportunities. They are concerned with just two things:

1. "How do I get new customers in the door?"
2. and "How do I get existing customers back again and again?"

I find it interesting that so few of them have websites, and those that do are predominantly static “brochure-ware” websites that change very little, are often out of date, and provide little or no interactivity or connection with consumers.

Because I spend so much of my time online, when I am searching for new places to go, I find the lack of details on sites like this quite frustrating.

I have read several dramatic success stories in the blogs/newsletters I subscribe to, that give me confidence that I can generate results for New Zealand Cafes/Restaurants & Bars. One such story is of a Korean BBQ truck in Los Angeles, that announces its chosen location for the evening via Twitter. It is so popular that people queue for hours around the block for a meal just to be a part of the buzz (Springwise, 2009).

In the Cafes/Restaurants/Bars business you have to get the basics right first: provide good service, good food and beverage, and deliver a memorable and pleasant experience so that customers return and spread the word to their personal network. It’s simple. The ones that don’t get it right, die. The ones that do, either survive, or thrive.

How can owners of these businesses make the best use of the internet to attract new customers, and remind existing customers to return?

If they get this recipe right, might it be the key which turns a business from one that merely survives in to one that thrives?

That is what this research paper is about.

Once I have completed my research I aim to share my findings and new found techniques with Cafes/Restaurants & Bars throughout New Zealand perhaps in the form of a whitepaper, a “how-to” guide, which I may sell to the owners.