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Surviving in an Economic Downturn! A Guide for Restaurant Owners

I have just returned from a weekend in New Zealand where the price to fill up with petrol is \$2.12 per litre and we in Australia are complaining about \$1.65 per litre. Already the talk there is the price will go to \$2.85 by the end of the year. Interest rates here are higher than we have been used to for a long time and consumer prices are moving up.

I don't normally talk doom and gloom, or compare what is happening in New Zealand but over the years having lived in both countries I have found that with New Zealand more exposed to the rapid changes in the world economy because of its size and heavy reliance on imported goods it is often a good predictor of what is following in Australia.

The message is clear, consumer's disposable incomes are falling, discretionary spending is down and so consumers are eating out less and are more discerning about how they spend their hard earned dollars.

So the question is "How do you survive in this hardening environment?"

Firstly, you need to clearly differentiate yourself from your competitors. Australia is currently suffering from a disease of sameness in our restaurant industry. I am not talking about the food you serve. But everyone seems to do the same, you basically treat your customers the same way, you advertise and market the same way with everyone following everyone else.

So the question is how you create the "WOW" factor that makes you stand out from the crowd. What is your unique buying advantage? Understand that and you will scream ahead of your competitors.

Effectively, with falling discretionary income your market is reducing in size but the number of suppliers to the market is increasing putting pressure on margins and your ability to even survive.

Your restaurant in the current changing market will not survive by continuing with what you have been doing and will need to rapidly adapt to the new environment. The days of relying purely upon having the best chef, menu and location and with

expectations customers will come to you purely based upon the reputation of your food and service is passed. Sorry, but while all these things are important your success or failure will be determined by your ability to market your business and get customers in the door.

The bottom line is cash flow is king and you need paying customers flocking to your doors to survive. It is fundamental – no customers – no cash to pay the bills and wages and it is Good Bye Restaurant!

So for many restaurants who in the past have survived in a buoyant economy on reputation alone, the time has come to swallow that “ego and pride” and get down to marketing their businesses and developing some marketing strategies and plans. In many cases this means getting some professional help!

By marketing plan I am not talking about putting a few advertisements in the local newspaper. Interesting most of you think you have the marketing budgets of big banks who can afford the endless image advertising. Sorry but you can't!

Anything you do must be set up around emotional direct response advertising. Every advertising dollar needs to pay for itself, be directly measurable and call for an immediate response by the consumer. You need to clearly understand who your existing customers are, what sort of customer do you want (top 10% of your market place maybe) and then find ways to effectively communicate with them.

Of course the best people to talk to are your existing customers. Hopefully, you already have a customer database which you can talk too. To me it would make sense to write/email them with some special offer that gets them to come back in to your restaurant before they start eating with your competitors.

About the Author:

Alistair Gray is a Marketing and Profit Improvement Specialist who works with small to medium sized businesses that have the potential to be turned into market leaders often resulting in sales and profit gains of 45-60% within 90 days or less, with the goal of expanding, selling, licensing or franchising the business at a huge profit within 3 years or less.

You are invited to meet Alistair for a confidential; no obligation free discussion on how you may achieve significant sales and profit growth in your business. At the same time he will give you a **FREE copy of Peter Sun's bestselling book "Maximum Profits in Minimum Time"**.

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By the way **Alistair is paid on results and provides all his customers with a written results money back guarantee.** How many other consultants do you know who are prepared to do that?

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