

Food and beverage marketing

Introduction

Marketing in food and beverage operations can be extremely challenging as managers have to consider how to market both the tangible elements of the meal experience as well as the intangible ones. In order for a transaction to take place the consumer must be present and that makes the consumer part of the product which adds to the challenge of how to market the product effectively. As different customers have different experiences, expectations and perceptions, it can be hard to maintain absolute consistency of the product and service. Furthermore, the Perishability of both the actual products sold and the seats available in a food and beverage operation make marketing an extremely important function for the successful management of any food and beverage business. In this chapter we examine basic marketing definitions as well as the nature of services, market segmentation and market mix. We look at each stage of the product life cycle, and marketing components such as marketing research, advertising, the brand, internet marketing, public relations and merchandising. All of these components need to be given careful consideration in order to run a successful food and beverage operation.



Chapter objectives

After working through this chapter you should be able to:

1. Understand the essentials of marketing for services.
2. Understand the basics of marketing for food and beverage operations.
3. Understand the basics of advertising for food and beverage operations.
4. Understand the basics of public relations, merchandising and promotions for food and beverage operations.
5. Understand personal selling and upselling.

MARKETING

There are a number of definitions in the public domain as to what marketing is and there is an ongoing debate as to the effectiveness of marketing techniques. According to Kotler (2006), marketing is a social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

The effects of marketing in a business can be an elusive concept. It can be quite hard for a business person to believe in something that is very hard to quantify. If a restaurateur spends a considerable amount of money for a marketing campaign he can never be sure that these customers that turn up through his doors are because of that marketing campaign. Of course there is a plethora of evidence to show that marketing is extremely effective for large organizations that have the necessary budgets to support such activities with impressive results. We can list a number of companies that continually invest in marketing but Coca-Cola or McDonald's, might be the two that easily spring to ones mind.

Matching service and product delivery to customer expectations is no longer enough (Figure 10.1). With increasing competition, exceeding customer expectations has now become a must.

Understanding the marketing concept helps to understand the benefits that marketing will have to any business. For a company to be market oriented it would have to understand and adopt the following elements of the marketing concept:

1. The position of the customer as the focal point of a business is central to the marketing concept.

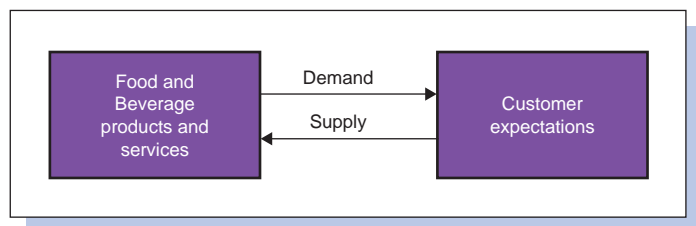


Figure 10.1
The matching process of marketing

2. It is a positive management attitude that permeates through an organization towards the satisfaction of its customers' needs and wants.
3. It recognizes the need for an organization to increase its short- and long-term profits.
4. An organization is aware of its external environment by monitoring, analysing and responding to it.

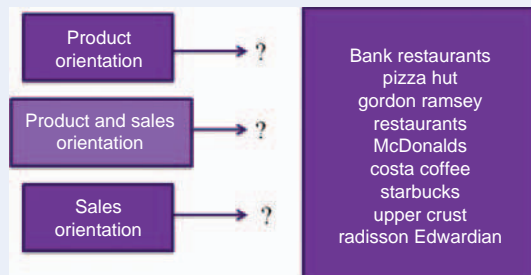
Furthermore we can distinguish between product orientation and sales orientation.

1. Product orientation is mostly adopted by organizations whose products are currently in demand, producing profit, and the organization is concerned with lowering unit costs by working towards a high volume production and economies of scale. The emphasis, therefore, is towards the product, aspects such as its design, production, quality standards, costs and pricing.
2. Sales orientation is mostly adopted by organizations whose products are not currently in great demand and the organization is concerned with increasing its volume sales. The emphasis, therefore, is towards selling and the generation of increased demand for its products. Many sales orientated businesses are of a high, fixed capital nature, for example, hotels and restaurants.

Of course a combination of these two may be what the specific business needs, or changes in the market may require a shift from one orientation to the other.

Activity

Match the suggested organizations to the type of orientation you believe most fits the particular organization.



Make a list of food and beverage organizations that you think are most likely to adopt a product orientation. Do the same for organizations that you believe adopt a sales orientated approach in their marketing.

The marketing of services

Services are generally accepted as being 'performed' whereas goods are 'objects' that have been produced. Service industries include, for example banking, insurance, retailing and hair-dressing. Manufacturing industries include those producing goods, for example cars, tinned foods, televisions and catering equipment.

However, for the purposes of this book, the following characteristics may be said to be relevant to services in general and food service operations where applicable:

1. The customer is present at the time of both production and service. In service industries, for example, in a restaurant offering conventional food service, customers wait for the food to be prepared, are served their meal at a table and the product is consumed. There is no time delay between production of the meal and service to the customer. In the manufacturing industry, for example, the manufacture of electrical goods, furniture or tinned foods, the customer is not present during the production process. There may also be a considerable time delay between the product being manufactured in a factory, delivered to a shop, its time on the shelf, being purchased by a customer, stored at home and finally being consumed.
2. Exceptions in the food service industry would include cook-freeze, cook-chill and sous-vide operations where production and service are separated, and only at the last stage of production is the customer present, for example, the regeneration process of cook-chill meals in a school kitchen or in a hotel kitchen, prior to banquet service.
3. The customer is involved in the creation of the service. In service industries, the customer involvement is a requirement for the creation of the service, for example in hairdressers, a bank or a self-service restaurant. The degree of customer involvement can vary, simply from their presence in a coffee shop so that the meal may be served and the service element of the product completed, to a self-service vending cafeteria where customers actually contribute to the production of the service by selecting a cook-chill meal, re-heating it in a microwave, taking it to a table, and possibly clearing away themselves afterwards.
4. The service product is consumed at the point of production. Customers go to a bank, or restaurant, for consumption of the service and, in this way, become part of the total product.
5. An exception in the food service industry would be take-aways where, as their name implies, the food is taken away for consumption.
6. Services cannot be examined in advance. In service industries the customer is rarely able to examine the service in advance.
7. Customers entering a supermarket may have a number of different brands of products that they are able to physically compare in terms of appearance, content and price. Customers

- using a service such as banking or a fast-food restaurant do not. In the food service industry examples of where the tangible product can at least be seen in advance include self-service food and beverage displays such as cafeterias, buffets, coffee shop trolleys and vending machines.
8. Increased contact time between service staff and customers. Because customers personally go to the operations establishment they have more personal contact time with the service staff and possibly those involved in production.
 9. Service industries distribution channels consist of people so that the training of production and particularly service staff in customer relation skills becomes very important. Generally speaking, services which have a high personnel input tend to be more difficult to manage than those with a high equipment input, and the more customized the service, the more contact time between service staff and customers.
 10. Services are perishable. An unsold hotel room for the night, or a lunchtime restaurant seat left vacant, is lost forever. Once produced, services must be consumed and, because of their perishability, services are more vulnerable to fluctuation in demand. Sales instability is typical of most catering establishments. There is often a change in the volume of business from day to day and, in many establishments, from hour to hour. This causes basic problems with regard to the quantities of commodities to be purchased and prepared, the staffing required and the availability of the components at times of production in line with the price that can be afforded in relation to the selling price.
 11. Services cannot be stored. By their very nature, services cannot be stored. A restaurant open for six and a half hours during the day can only sell its services during those hours. Once closed, it cannot produce any more services to be stored and sold the next day. Peaks of activity are common in service industries. In a hotel, for example, the peaks would typically be breakfast, lunch and dinner service. Resort hotels have peak activity months during the summer and quieter months during the winter. The balance between demand and supply in a service industry is therefore critical; where demand exceeds supply, the result is lost sales and disappointed customers. In terms of marketing implications, an organization may try to spread the level of demand by pricing differentials.
 12. Difficulties in quality control. Because there is virtually no time delay between production and consumption of a service, the control of quality becomes very difficult. The speed at which catering operations take place for example, relative to other manufacturing industries, allows little time for many control tasks. It is not uncommon that items ordered one day are received, processed and sold the same or the following day. It is for this reason that in large catering establishments cost reporting is done daily or at least weekly.

13. Services have high fixed costs. Service industries have a high degree of fixed costs relative to any other industries. Customers go to a service operation to purchase a product, services are not taken to customers. A hotel, a bank, a pizza restaurant will still have all the fixed costs every twenty-four hours of trading whether fifty or 250 customers pass through the doors. In the manufacturing industry, supply can be increased or decreased to meet fluctuations in demand much more easily, particularly where production is highly automated.
14. Services have an intangible element. It has been suggested that services represent a performance, whereas goods are produced.

The marketing environment

No business operates in isolation. In a large hotel, for example, there may be a number of different style catering operations – several bars, a coffee shop, a carvery, a speciality restaurant. Although initially they may appear to operate as self-sufficient units, they do, in fact, all have a cause and effect relationship with each other. They are subsystems operating within a much larger system – the hotel. A ‘system’ may be defined as an interaction of all parts or subsystems, with the whole not equal to but actually greater than the sum of its parts. The food and beverage department in a hotel consists of a series of closely linked subsystems – the kitchen, bars, restaurants, etc. – which, together, form the whole – the food and beverage system.

Often to understand the environment an organization will perform a PESTLE (Political, Economic, Social, Technological, Legal and Environmental issues) analysis. Which stands for Political (The current and potential influences from political pressures), Economic (The local, national and world economy impact), Sociological (The ways in which changes in society affect us), Technological (How new and emerging technology affects our business), Legal (How local, national and world legislation affects us) and Environmental (The local, national and world environmental issues) analysis. Looking closely at each of those components allows businesses to get a better understanding of the environment they operate in and thus gaining a better understanding of their business. One has to keep in mind that each of these factors are constantly changing and that can cause problems when trying to assess the external factors affecting your business (see Figure 10.2).

Market segmentation

Market segmentation is the identification of a group or groups of customers within an organization’s total market. The total market may be divided into different segments, each requiring different market mixes. At one extreme there exists the mass market where an organization uses the same strategy to market its products to

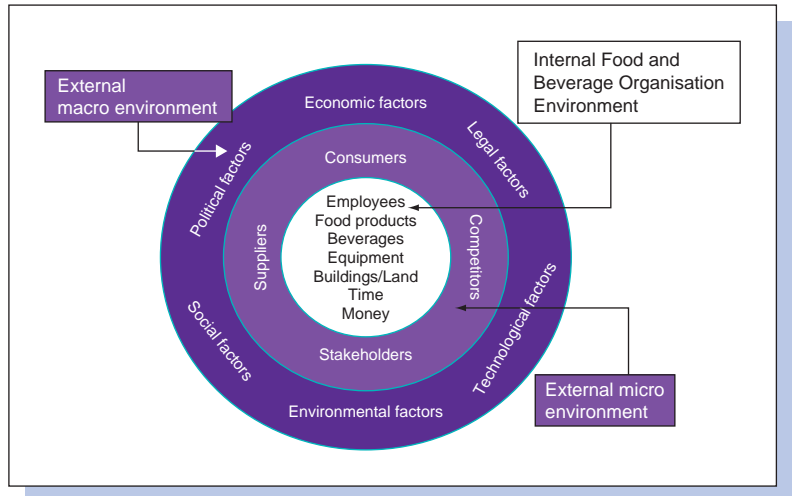


Figure 10.2

The food and beverage marketing environment

all segments of the market. At the other, an organization is able to identify a very specific market segment and market its products specifically to that segment.

Activity

Identify a major fast-food chain advert or poster that targets kids. Compare that to one that targets a completely different market segment.

Ensure both posters/adverts are from the same company.

What are the key differences and what are the similarities?

Market segmentation is an important aspect of market planning. An organization cannot be all things to all people. To market its products cost effectively, it must clearly identify its customers and the market segments they belong to. Without this clear identification of the organization's markets, its whole marketing activity is wasted in terms of time, resources and finance. A good example of targeting specific market segments is that of children's menus. Family friendly restaurants will always feature such menus ensuring they communicate to their customers that they cater for their children (see Figure 10.3).

In the food service industry some of the following demographic and geographic criteria may be used to identify market segments:

1. *Geographic*: The identification of market segments by geographic area may be at international, national or local level. At the international level different cultures may not be appropriate for the introduction of certain products; regional differences of food exist within the same country; at a local level a fish and chip shop may draw most of its custom from a two or three mile radius, whereas customers may be willing to travel ten times that distance to a specialized quality restaurant.



Figure 10.3 Wagamama children's menu (UK) (Source: Courtesy of Wagamama.com)

2. *Age group*: Specific market segments may be identified in the food service industry according to their age. The younger 18–30 age group are more willing to experience new ideas, they like to dine and be seen in fashionable restaurants and bars. The older age group may experiment less, but could form a large part of a restaurant's repeat business.
3. *Socio-economic classification*: This is a form of general classification used by JICNARS (Joint Industry Committee for National Readership Surveys), dividing the population into six groups (A, B, C1, C2, D and E) and classifying the head of the household's occupation into the groups shown in Table 10.1. The requirements and expectations of people within each of these groups differ significantly as does the amount of money they have available and are prepared to spend.
4. *Income*: The higher the disposable income, the higher the propensity to spend more on dining out. Areas that have high percentage of ABs are, therefore, able to sustain a higher percentage of expensive restaurants than areas largely made up of CDs.
5. *Family life cycle*: This form of classification is based on identifying stages within the cycle of family life and how each stage affects the family's purchasing behaviour (see Table 10.2).
6. Another example is that of the ACORN classification created by CACI (www.caci.co.uk). This classification clusters the UK population into five categories, seventeen groups and fifty-six

| Social grade | Social status | Chief income earner of household | Estimated number | Estimated % |
|--------------|-------------------------------------------|-------------------------------------------------------------------------------|------------------|-------------|
| A | Upper middle class | Higher managerial, administrative or professional | 1,932 | 4.0 |
| B | Middle class | Intermediate managerial, administrative or professional | 10,573 | 21.9 |
| C1 | Lower middle class | Supervisory or clerical and junior managerial, administrative or professional | 13,982 | 29.0 |
| C2 | Skilled working class | Skilled manual workers | 9,964 | 20.7 |
| D | Working class | Semi and unskilled manual workers | 7,819 | 16.2 |
| E | Those at the lowest levels of subsistence | Entirely dependent on state for long-term income | 3,916 | 8.1 |
| Totals | | | 48,186 | 100 |

Base: Population of Great Britain age 15+; NRS Jan-Dec 2006; *Source*: National Readership Survey

Table 10.1

Population estimates by social grade 2006

| Family status | Twice a week or more | About once a week | About once a fortnight | At least once a month | At least once every three months | Less than once every three months |
|-----------------------------------|----------------------|-------------------|------------------------|-----------------------|----------------------------------|-----------------------------------|
| <i>Marital status:</i> | % | % | % | % | % | % |
| Married/living as married | 8 | 18 | 16 | 24 | 15 | 13 |
| Not married | 12 | 17 | 13 | 21 | 11 | 15 |
| Single | 15 | 18 | 15 | 22 | 10 | 12 |
| Widowed/divorced/separated | 9 | 16 | 9 | 20 | 11 | 21 |
| <i>Own children in household:</i> | | | | | | |
| Aged 0–4 | 11 | 15 | 17 | 25 | 15 | 10 |
| Aged 5–9 | 12 | 14 | 16 | 24 | 16 | 13 |
| Aged 10–14 | 7 | 16 | 13 | 31 | 15 | 13 |
| Any 0–14 | 9 | 16 | 15 | 26 | 15 | 12 |
| No children | 10 | 18 | 14 | 21 | 13 | 15 |

Base: 2,029 adults aged 15+; *Source*: Adapted from GfKNop/Mintel, 2007

Table 10.2

Frequency of eating out by family status

types, combining demographics and lifestyle information to enable marketers to target consumers more effectively (see Table 10.3).

The marketing mix

In order for the exchange process to take place in marketing, the organization must decide how to market itself to those segments it has identified, and how to influence customers' behaviour to buy. It does this by means of the marketing mix which according to Kotler it is defined as the mixture of controllable marketing variables that the firm uses to pursue the sought level of sales in the target market.

The four marketing variables that are generally accepted as being the tools of the marketing mix are the *four Ps* (McCarthy,

| Category | % of pop. | Group | % of pop. | Type | % of pop. |
|-----------------------------------------------|--------------------|------------------------------------------------|-----------|--------------------------------------------------------------|--------------------|
| 1 Wealthy Achievers | 26.6 th | A Wealthy Executives | 8.6 | 1 Wealthy mature professionals, large houses | 1.7 |
| | | | | 2 Wealthy working families with mortgages | 1.8 |
| | | | | 3 Villages with wealthy commuters | 3.7 |
| | | | | 4 Well-off managers, larger houses | 2.6 |
| | | B Affluent Greys | 7.7 | 5 Older affluent professionals | 1.8 |
| | | | | 6 Farming communities | 2.0 |
| | | | | 7 Old people, detached homes | 1.8 |
| | | | | 8 Mature couples, smaller detached homes | 2.0 |
| | | C Flourishing Families | 8.8 | 9 Older families, prosperous suburbs | 2.1 |
| | | | | 10 Well-off working families with mortgages | 2.3 |
| | | | | 11 Well-off managers, detached houses | 3.7 |
| | | | | 12 Large families and houses in rural areas | 0.6 |
| 2 Urban Prosperity | 10.7 th | D Prosperous Professionals | 2.2 | 13 Well-off professionals, larger houses and converted flats | 0.9 |
| | | | | 14 Older professionals in suburban houses and apartments | 1.4 |
| | | E Educated Urbanites | 4.6 | 15 Affluent urban professionals, flats | 1.1 |
| | | | | 16 Prosperous young professionals, flats | 0.9 |
| | | | | 17 Young educated workers, flats | 0.6 |
| | | | | 18 Multi-ethnic young converted flats | 1.1 |
| | | F Aspiring Singles | 3.9 | 19 Suburban probably retiring professionals | 0.9 |
| | | | | 20 Student flats and conversion schemes | 0.6 |
| | | | | 21 Single and shared, multi-ethnic areas | 1.6 |
| | | | | 22 Low income singles, small rented flats | 1.2 |
| | | | | 23 Student terraces | 0.4 |
| | | | | 3 Comfortably Off | 26.6 th |
| 25 White-collar singleprofessionals, terraces | 1.4 | | | | |
| H Secure Families | 15.5 | 26 Younger white-collar couples with mortgages | 1.9 | | |
| | | 27 Middle income, home owning areas | 2.9 | | |
| | | 28 Working families with mortgages | 2.6 | | |
| | | 29 Mature families in suburban semi | 3.3 | | |
| | | 30 Established home owning suburbs | 3.6 | | |
| I Settled Suburbia | 6 | 31 Home owning Asian family areas | 1.1 | | |
| | | 32 Rented home owners | 0.9 | | |
| | | 33 Middle income, older couples | 3.0 | | |
| | | 34 Lower income, older people, semi | 2.1 | | |
| | | J Prudent Pensioners | 2.6 | | |
| | | | | 36 Older people, flats | 1.9 |
| 4 Moderate Means | 14.5 th | K Asian Communities | 1.6 | 37 Crowded Asian terraces | 0.5 |
| | | | | 38 Low income Asian families | 1.1 |
| | | L Post-Industrial Families | 4.8 | 39 Skilled older families, terraces | 2.8 |
| | | | | 40 Young working families | 2.1 |
| | | M Blue-collar Roots | 8 | 41 Skilled working, semi and terraces | 3.3 |
| | | | | 42 Home owning families, terraces | 2.8 |
| 5 Hard-Pressed | 22.4 th | N Struggling Families | 14.1 | 43 Older people, rented terraces | 1.8 |
| | | | | 44 Low income large families, semi | 3.3 |
| | | | | 45 Low income, older people, smaller semi | 3.0 |
| | | | | 46 Low income, multiple jobs, terraces and flats | 1.4 |
| | | | | 47 Low income families, tenanted and semi | 2.6 |
| | | O Burdened Singles | 4.5 | 48 Families and single parents, semi and terraces | 2.1 |
| | | | | 49 Large families and single parents, many children | 1.7 |
| | | | | 50 Single elderly people, council flats | 1.8 |
| | | P High-Rise Hardship | 1.6 | 51 Single parents and pensioners, council terraces | 1.9 |
| | | | | 52 Families and single parents, council flats | 0.8 |
| | | Q Inner City Adversity | 2.1 | 53 Old people, many high-rise flats | 0.8 |
| | | | | 54 Singles and single parents, high-rise estates | 0.9 |
| 55 Multi-ethnic purpose built estates | 1.1 | | | | |
| U Unclassified | 0.3 | 56 Multi-ethnic, crowded flats | 1.1 | | |
| | | 57 Minority community population | 0.3 | | |

Table 10.3
ACORN targeting classification *Source:* Copyright CACI 2007, reprinted with permission

in Kotler 2006). They may be applied to food and beverage operations in the following way:

1. *Product*: The product basically consists of its tangible and intangible features. Its tangible or physical characteristics include the quality of foods and beverages produced and served, the restaurant decor, table arrangements, menu design, portion sizes, life cycle, etc. The intangible features of the product are those that satisfy the 'feelings' of the customer – the atmosphere of the restaurant, the image it wishes to portray, the attitude of the service staff.
2. *Price*: The prices charged by the catering operation are the balance between the organization on the one side with its need to achieve profitable sales, and the customers on the other with their views as to what they are willing to pay for its products. Varying price levels may be used for different products in different market segments. Pricing variables include à la carte or table d'hôte menus, whether government and service taxes are to be inclusive or exclusive, if discounts are to be given to group bookings, or reductions for meals ordered before a certain hour.
3. *Promotion*: The promotion, or communication mix, is concerned with informing the market about an organization's products and persuading them to buy. It may be on a personal level, for example service staff in a restaurant, or it may be impersonal, for example advertising or merchandising.
4. *Place*: This aspect of the marketing mix is concerned with a number of factors: the location of the catering outlet, for example the haute cuisine restaurant, or coffee shop within a hotel; the siting of a centralized cook-chill operation and its peripheral units; the availability and accessibility of the location and product to the customers; the distribution channels and methods of transportation to be used, the inventory levels to be set.

These basic *four Ps* have been increased to *seven Ps* by Bitner (1991). These three are especially of interest to operations such as food and beverage outlets.

5. *Process*: The actual procedures, mechanisms and flow of activities by which the service is delivered (e.g. seating the guest, taking of food orders, dealing with questions and complaints, etc.).
6. *Physical evidence*: The environment in which the organization and the customer meet and interact, plus the tangible elements that facilitate the performance of communication of the service delivery (e.g. exterior/interior appearance of building, restaurant floor plan, decor, lighting, table layout, staff uniforms, menus, tent cards, etc.).
7. *Participants*: The individual – staff and other customers with whom the customer interacts with (e.g. hostess, restaurant manager, waiter and other customers, etc.).

Different marketing mixes are required for different market segments. In a shopping mall, for example, the marketing mix for a pasta bar would be different to that required for the coffee shop. The more segmented the market, the more detailed the marketing mix can become.

The product life cycle

The concept of the product life cycle (PLC) is that from a product's launch on to the market, until it is withdrawn, it passes through a series of stages. These four stages form an S-shaped curve and are usually described as introduction, growth, maturity and decline. Each stage has a number of particular features in terms of costs, sales, profit and competition (see Figure 10.4).

1. *Introduction:* Costs at this stage are high: research and product development; stock levels to be set; advertising and sales promotion costs for the launching of the new product; managerial time and resources, etc. Sales are from first-time buyers and will be significantly affected by the success or failure of the promotional campaign. Profit is minimal, if any, owing to the high financial commitment at this stage. Losses are common. Competition is also minimal, the new product is at its infancy and many competitors choose to sit back to see the outcome.
2. *Growth:* Costs are lower as marketing research and the high initial publicity costs are more a feature of the introductory phase of a new product. Sales growth is rapid as the market expands – first-time buyers may become repeat purchasers. Profitability can be at its highest owing to increased sales and the overall reduction in costs. Depending on the success of the product launch, competition may now enter the market which has the effect of enlarging the total market for the product due to their additional advertising and promotion.

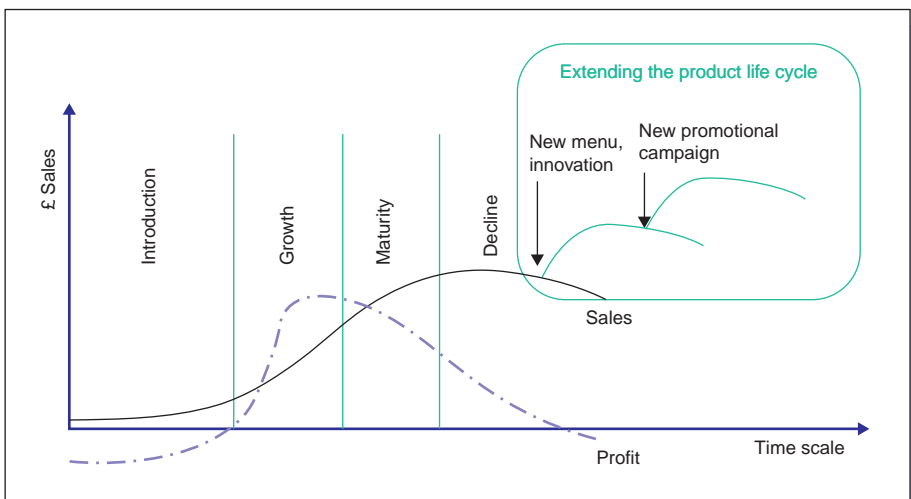


Figure 10.4 Product life cycle and extending the PLC

3. *Maturity*: Costs in the maturity stage may increase again, particularly in terms of promotion as the organization seeks to retain its market share. Sales gradually level out as competition from products of other companies take a share of the total market, and the growth of the organization slows. As the sales levels stabilize, so do the profits – prices are reduced in order to compete, promotional costs erode profitability levels and total demand for the product stabilizes.
4. *Decline*: As the market becomes further saturated with products, some organizations may leave the market altogether. Costs become disproportionately high in an attempt to hold the company's position in the market. Sales and profit levels fall as too many products compete for an ever decreasing percentage of the market, demand falls while supply remains in abundance.
5. At the decline stage a company may reinvent its strategy or create some innovative products or even a new promotional campaign could reinvigorate sales and spurt a new growth for the sales of the company (see Figure 10.5). Understanding at which stage of the product life cycle the operation is can be crucial as different strategies would be adopted for a mature organization as opposed to one that is in its introductory stage.

Marketing research

Marketing research involves systematically collecting, storing and analysing information, both internally and externally, for an organization. Once the information has been collected, it may be used for the purpose of examining any aspects of the organization's marketing activities.

1. *Primary information*: Primary information is new information that the organization will usually have to go outside of its own confines to gather. Professional marketing research companies may be used or the organization can tailor-make its own. Primary information is more expensive and time consuming because the data first has to be collected in the field before it can be analysed.
2. *Secondary information*: Secondary information is information that has previously been collected either within the organization itself or it already exists externally. Within the organization 'desk research' often highlights a number of areas that have stored information useful to marketing research, for example:
 - Reservations made in a restaurant, recording client and contact name, address and telephone number, method of reservation, frequency of usage and special rates given.
 - Sales records, identifying products, quantities sold, sales cycles, average spends, methods of payment, cash or credit.
 - Purchasing documents, percentage of convenience and fresh foods being used, food and beverage costs and budgets compared, shortfalls, pilferage and wastage.
 - Staff meetings held between management and staff.



Figure 10.5
Bombardier advertisement.
Celebrating Englishness
campaign (Source: Courtesy of
Wells and Young's Ltd 2007)

Outside the organization, there is a wealth of information available:

- Government publications and statistics.
- Professional trade associations, publications, conferences and meetings.
- Educational establishments.
- Other publications, guides, journals, newspapers and television.

The brand

One of the most debated concepts by academics and practitioners alike is that of a brand. According to Walter Landor, of the Landon associates branding consultancy brand can be defined

| Owner | Number of outlets | Brands |
|------------------------------|-------------------|-----------------------------------------|
| Whitbread | 1,603 | Beefeater, Brewer's Fayre, TGI Friday's |
| McDonald's | 1,263 | |
| Spirit Group | 798 | Chef and Brewer |
| Burger King | 724 | |
| Pizza Express | 386 | |
| Wimpy | 274 | |
| Mitchells and Butler | 263 | Harvester |
| The Restaurant Group | 253 | Garfunkel's Frankie and Benny's |
| Little Chef | 233 | |
| Ask | 186 | |
| Tragus | 160 | Cafe Rouge, Bella Italia |
| Nando's | 100 | |
| Out of Town Restaurant Group | 97 | Bitz and Pizza, Bradwells |
| Greene King | 90 | Hungry Horse |
| Compass/EQT | 72 | Harry Ramsden's |
| DPP Restaurants | 54 | Deep Pan Pizza |

Source: BHA Trends and Statistics, 2005

Table 10.4
Top restaurant groups

as a promise. By identifying and authenticating a product or service it delivers a pledge of satisfaction and quality. A brand is quite different from advertising and although advertising alone cannot help establish a brand. Some may argue that a brand can only be created by big organizations, however it can be said that even small businesses can create a brand for the market that they are dealing with, the scale is smaller but the concept remains the same. To build a brand a food and beverage organization must first deliver what it promises and if possible not only meet, but exceed customer expectations. Today we have seen individuals becoming a brand, for example, if a celebrity chef opens a new restaurant it can be expected that business will be far better simply because customers will associate the chefs name with a promise of exceptional food. Gordon Ramsay, for example, has created a strong brand around his name due to the effective use of the media. As the brand gets stronger and stronger customers will talk about a business to colleagues, friends and relatives and the business will enjoy loyal customers but also new customers due to positive 'word of mouth'. Some examples of worldwide recognized food and beverage related brands are McDonalds, Starbucks, T.G.I Fridays, Nandos and Burger King (Table 10.4)

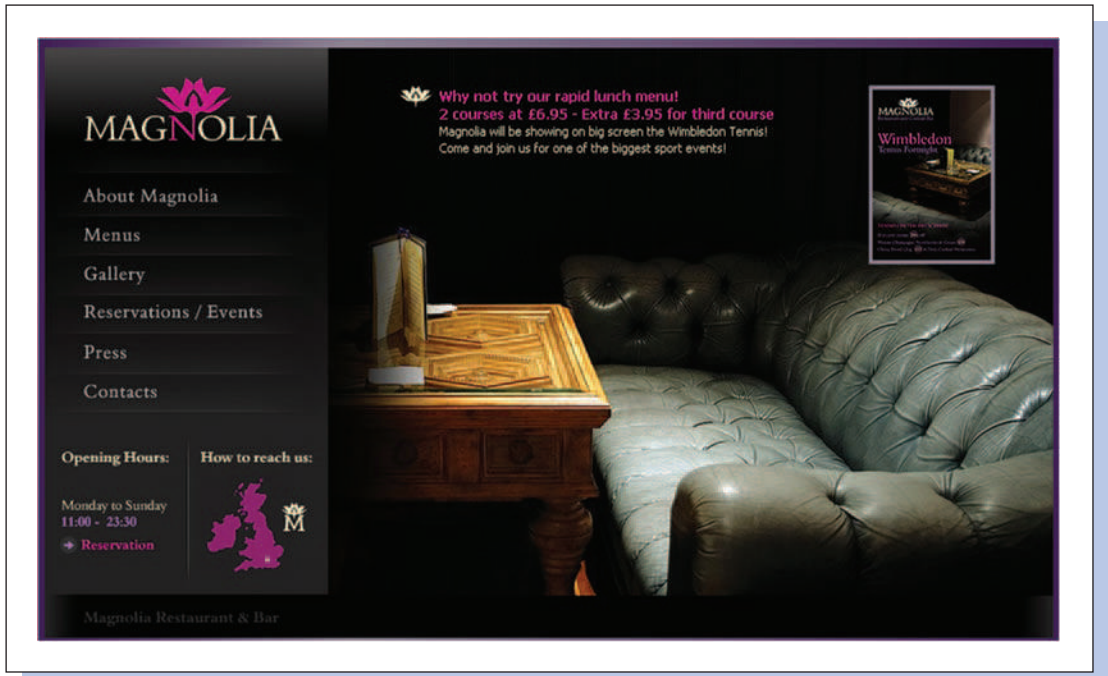


Figure 10.6 Website of the Magnolia Restaurant in London, UK (Source: Reprinted with permission www.magnolia.uk.com)

Internet marketing

Another effective form of marketing is that of Internet marketing. Particularly for small businesses the Internet provides an opportunity for global exposure. A restaurant card featuring the restaurants web address can enable customers to check the menu before they arrive, they can have virtual tours of the business or even book a table online and take advantage of special promotions (see Figure 10.6).

There are different levels of Internet marketing and the simplest level is that of using a website as a mere electronic billboard with no interactivity for the customer. Even at that stage a website can be a supplementary tool that directs customers from a business card to an area that can provide more information about your business. The other end of the spectrum is a fully interactive website where customers can more than just glance at the operations menu or contact information. They can download recipes, reserve a table and even choose which table to reserve, can read other customers comments, purchase merchandise online and even enjoy interactive cooking lessons.

The web is a fast less expensive medium that potentially speaks to a global audience and can offer wider and deeper material to the consumer. Furthermore every time a customer books a table he or she can be entered in a database which can then make it easy to the restaurateur to communicate direct with customers who are already interested in the product he/she has to offer.

Activity

Internet marketing. Go to www.google.com and type the keyword 'Restaurant'.

Visit some of the sponsored links. What type of websites are the majority of sponsored links?

Also take a note of the top 10 non-sponsored links. Perform the same search one week later. Do you notice any differences in the rankings of the websites? If yes, then why do you think is that?

ADVERTISING

Advertising is concerned with contacting and informing a market of an operation's product, away from the point of sale and is involved with influencing the customers' behaviour and attitude to the product before they enter the service operation.

Advertising has been defined by the American Marketing Association as 'Any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor'. Its purpose, as defined by the Institute of Practitioners in Advertising (IPA) is 'to influence a person's knowledge, attitude and behaviour in such a way as to meet the objectives of the advertiser'.

The aims and objectives of an operation's advertising policy should be contained within the marketing plan. No advertising campaign ought to be undertaken unless it has been properly organized and is going to be efficiently managed. Disorganized advertising will not benefit an establishment; it may, in fact, do a great deal of harm. It is, therefore, wrong to assume that any advertising is better than no advertising.

The size of a food services advertising budget is dependent on a number of factors:

1. The nature of the catering operation, whether it is in the commercial or non-commercial sector.
2. The size of the operation. Generally speaking, the larger the commercial operation, the larger the advertising budget available.
3. The ownership of the catering facility. In a small, privately owned hotel or restaurant, the responsibility for advertising may be in the hands of the owner or manager. In a large multi-unit organization, the responsibility for advertising is either assigned to a specialist department within the organization, or given to a professional outside advertising agency.
4. The number and nature of the market segments being aimed at.
5. The amount of advertising each market segment requires to be adequately covered.
6. The type of advertising to be used. Peak time national television coverage will obviously cost considerably more than a local radio broadcast.

In some sectors of the industry advertising budgets are very large. The fast-food sector, for example, surpasses any others in the catering industry. Generally speaking, advertising expenditure in this sector of the industry varies from 0.5% to 4.5% turnover. Companies within the hotel industry are also increasing their advertising budgets considerably (Table 10.5).

Where small owner-managed or small groups of hotels cannot afford to individually advertise their properties and facilities to any great effect, they may group together to form a marketing consortium to achieve greater advertising impact. By joining together with other small or similar operations, an individual establishment benefits from being part of a large organization.

Whatever the size of the food service facility, however, advertising does have relevance and importance. In order to be effective, there must be a clear understanding of the purposes and objectives of advertising. In a catering operation these would include the following:

- To create awareness of the product.
- To create desire for the product.
- To influence customers attitudes to the product.
- To create brand loyalty.
- To persuade customers to buy.
- To persuade customers to visit an operation in preference to a competitor's.
- To remind customers to buy.
- To inform the market about a product.
- To provide reassurance about the product.
- To be ethical.

The following advertising techniques are all applicable in some way to both commercial and non-commercial operations. However, depending largely on the sector of the industry and

| Restaurant chain | Direct mail | Outdoor | Press | Radio | Total |
|---------------------------|--------------------|----------------|--------------|--------------|--------------|
| | £ | £ | £ | £ | £ |
| Bank Restaurant Group Plc | - | - | 1,331 | - | 1,331 |
| City Centre Restaurants | - | 12,648 | 11,307 | 391 | 24,346 |
| Conran Restaurants Ltd | - | - | 1,573 | - | 1,573 |
| La Tasca | - | - | 3,711 | 156 | 3,867 |
| Loch Fyne | 57,310 | - | 15,915 | 194 | 73,419 |
| Ma Potters | - | - | 3,875 | - | 3,875 |

Source: ACNielsen MMS, 2005

Table 10.5
Main media advertising expenditure for selected chains (UK)

the size of the advertising budget available, the larger commercial organizations are able to utilize many or all of these advertising tools, whereas smaller non-commercial operations will be restricted to only a few. The major forms of advertising that may be employed by food service facilities include the following:

Direct mail, and email

Direct mail involves communicating by post to specified customers; it may be directed at new and potential customers or to past or well-established customers. It involves the direct mailing of personalized letters, brochures, pamphlets and leaflets, and as a form of advertising offers a number of advantages:

1. Specific customers can be targeted.
2. Direct mail and emailing is easy to introduce.
3. The feedback from targeted customers is relatively prompt and easy to appraise.
4. It is a cost-effective method of advertising to specifically targeted groups of customers with very little 'wastage' (Figure 10.7).

However, direct mail also has a number of disadvantages:

1. The market must be specifically targeted or the mail shots are a complete waste of money.
2. The mail must be received, read and acted upon by the specific individual or group or all prior advertising research has also been a waste. An email can be easily deleted or considered 'junk mail'.

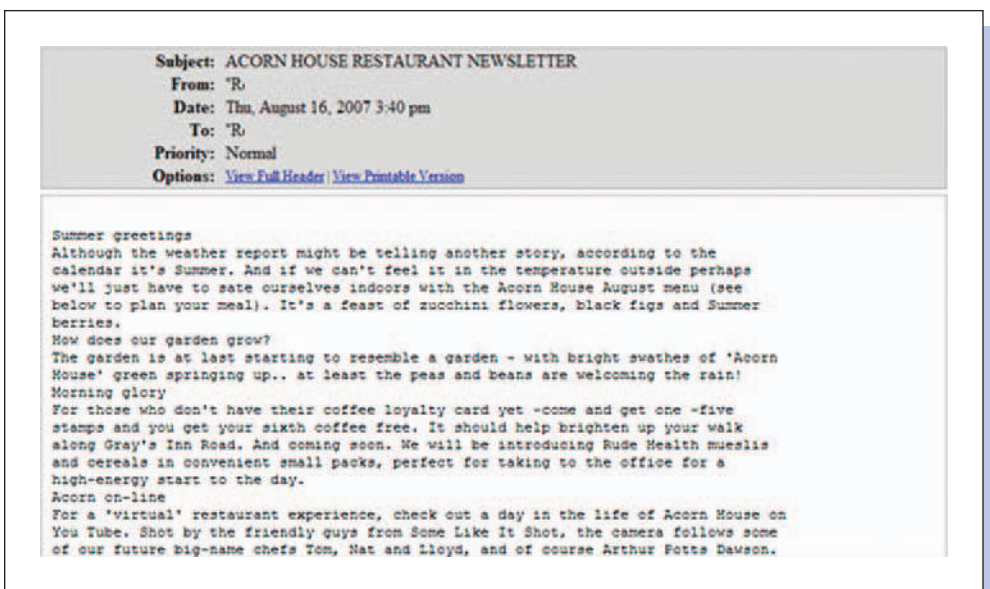


Figure 10.7 Extract of the Acorn House Restaurant newsletter (London, UK) (*Source:* email, reprinted with permission Acorn House Restaurant)

3. The production of good-quality mailing literature can be costly. Personalized letters should ideally be used as duplicated material has little impact and is often discarded straight away. The envelope too must encourage the recipient to open it rather than discarding it as a circular. Once the initial mail has been sent out, careful monitoring of subsequent replies is necessary; often further advertising material may need to be distributed to reinforce the initial sales literature.

The identification of the market segments to be aimed at is most important. As with marketing research, the operation may find that through its own desk research – internal and external – it can amass a considerable amount of information about its markets through restaurant reservations, sales records, trade journals, local newspapers, etc. If a restaurant is considering featuring special business lunches, for example, it may consider writing to civic and business associations and asking for their membership lists, as well as contacting any other professional groups in the area. Alternatively, a catering operation may consider using a professional mail service agency. Here again, it is important to specify exactly the section of the market to be aimed at.

Press advertising

1. *Newspapers*: Advertising in national and local newspapers and magazines is probably one of the most popular forms of media used by catering operations. Because restaurant advertisements are generally featured together in a newspaper, it is essential that the design of an advertisement featuring a particular restaurant is such that it will stand apart from the others (see Figure 10.8).
2. *Magazines*: The different types of magazines in which a catering operation may choose to advertise include professional journals and publications, business management magazines and the 'social' type magazines which are read by particular target market groups. The advantages of advertising in specific magazines are that response may be measured, they have a longer 'shelf life' than newspapers and may be re-read many times.
3. *Guides*: There are a number of 'Good Food Guides' produced in which food service facilities may wish to be included. Such well-known guides are the AA and RAC guides, The Michelin Guide, The Egon Ronay Guide, The Good Food Guide and the Tourist Board Guides. To be featured in these guides will often be as a result of passing a professional inspection by the particular organization and at times having to pay a fee for inclusion. As a method of advertising these guides have a special value in that they all have large circulation figures and are purchased by interested and potential customers and are used regularly as sources of reference for eating out occasions.



Special restaurant offer

To celebrate the release of *Curse of the Golden Flower* (Cert 15), out in cinemas everywhere from April 13, we've teamed up with Universal Pictures to bring you some fantastic offers.

You can take advantage of some fantastic offers at some of the top Asian restaurants in London with Toptable. (Click on the restaurant to book a table).

Cocoon W1 - 30% off lunch menu

Gilgamesh NW1 - 2 courses £18

Tamarai WC2B - Chef's Tasting Menu: £52 for 2

Katana WC2 - 3 courses for £13.50

Mango Tree SW1X - 50% off food

Terms and conditions
All offers apart from Cocoon valid until 30 April. Cocoon offer valid until 19 April 2007. Visit www.thelondonpaper.com to book and for full terms and conditions. Offer subject to minimum order requirements, restrictions on booking times, table size and availability.

Curse of the Golden Flower (Cert 15), out in cinemas everywhere from April 13 © 2007 Universal Pictures International www.curseofthegoldenflower.cn.uk

Also in EAT By April

Haiku
Haiku is best described as: "Plush pan-Asian place / The cooking is a pleasant surprise / Until you see bill" Wednesday 18 April 2007 16:17

Bouga
Recently opened Moroccan restaurant Bouga isn't exactly breaking new ground, but with likeable food at a decent price, it's bound to do well Monday 16 April 2007 14:55

Al-fresco eating
With the mercury set to hit a record 25C this weekend, here's London's best places to eat and drink in the sun Monday 16

Figure 10.8 Newspaper Restaurant advertising (Source: www.thelondonpaper.com)

4. *Trade advertising*: Trade or 'wholesale' advertising is the selling of an operation's catering facilities through 'middle men' such as travel agents, package tour operators, etc. At present it is mainly the large hotel groups and restaurant chains who have utilized this form of external selling although it is also available to small restaurants that are privately owned. By approaching local tour operators, for example, a country restaurant may be able to secure a regular weekend lunchtime trade of between twenty and thirty covers throughout the summer months.
5. *Electronic guides and magazines*: Ensuring that the restaurant's website is linked with popular electronic trade magazines or guides is extremely important as search engines now use links to other sites as a factor for search engine positioning. Meaning that when a customer searches for an Italian restaurant in a search engine, if your restaurant is an Italian one but with no website or with a website that has no links to other websites, your web pages will never be read by that customer simply because your competitors' pages would be the first from a list of hundreds or more restaurants of the same type.

Broadcasting

1. *Radio*: Advertising on commercial radio is mainly limited to local radio stations that broadcast within a specific radius. It may be used to advertise local takeaways, restaurants, hotels, wine bars, etc. Its main advantages are that it is a very up-to-date form of advertising, not too costly and has the potential to reach a large percentage of local custom – people at work, driving cars, using personal stereos, people at home, etc.
2. *Television*: Television's major advantage over radio is its visual impact. Its major disadvantage is its high cost, particularly during peak receiving times. Its national use is limited almost exclusively to the larger restaurant and fast food and popular restaurant chains and hotel groups, for example KFC, McDonald's, Pizzaland. McDonald's has a history of TV advertising campaigns with the latest one 'i'm lovin' it' (see Figure 10.9). Some regional television advertising may be undertaken but at present is very limited. The use of both DVD recorders and cable television are two further extensions of TV and their use in private homes, clubs, hotels, shopping malls, etc. is increasing annually.
3. *Cinema*: Cinema advertising is also highly visual but also very localized. Catering facilities such as fast food and popular restaurants, etc. open until late in the evening are often featured, but are usually quite specific to a certain area.

Signs and posters

Signs and posters advertising a catering facility may be positioned either very close to it or some distance away. They are used



Figure 10.9 McDonald's TV advertising campaigns over the years (Source: www.Mcdonalds.ca)

along streets in towns and cities on hoardings, in airport lounges, railway carriages and the underground subways. External signs on main roads are particularly important for hotels, restaurants and fast-food drive-in operations who rely heavily on transient trade, and it is, therefore, important for these advertisements to be easily read and their messages understood quickly. Traffic travelling at high speeds must also be given adequate time to pull in. Posters displayed in the street, in railway carriages, etc. can afford to be more detailed because passengers and passersby will have more time available to read them.

As with all other forms of advertising, signs and posters must portray the type of image the restaurant is trying to achieve. Fast food and take-away outlets in high street locations, for example, who are attempting to attract as much transient traffic as possible, feature large colourful signs with distinguishing logos and colours, for example KFC, McDonald's, Wimpy, etc. An up-market restaurant situated outside a town, however, would not need to use such obvious external signs, because a higher percentage of the trade would already have made a reservation and such a restaurant would, therefore, display something smaller and more discreet.

Miscellaneous advertising media

This includes other forms of advertising media that may be used in addition to the major channels discussed above, for example, door-to-door leaflet distribution, leisure centre entrance tickets, theatre programmes, shop windows, etc. Another example is credit cards. Credit cards can be used as means of advertising. Featuring the company logo and bestowing discounts or other privileges to customers they can become both a loyalty tool for the customer who has one and an advertising tool for friends and relatives of that customer (see Figure 10.10).

PUBLIC RELATIONS

Public relations is a communication and information process, either personal or non-personal, operating within an organization's internal and external environment. It involves the creation of a favourable environment in which an organization can operate to the best of its advantage. An organization would typically be involved internally in communicating to its customers and employees, and eventually to its customers, suppliers, sales force, local community, council and government departments, etc. Public relations has two main functions:

1. It has a problem-solving or trouble-shooting function to deal with any negative publicity. As with advertising, it is wrong to assume that any publicity is better than no publicity. Detrimental newspaper reports and letters to column writers, bad word-of-mouth and radio news publicity can all have a damaging effect on an operation's image and sales. Through a public relations exercise a company's desired corporate image can be restored.

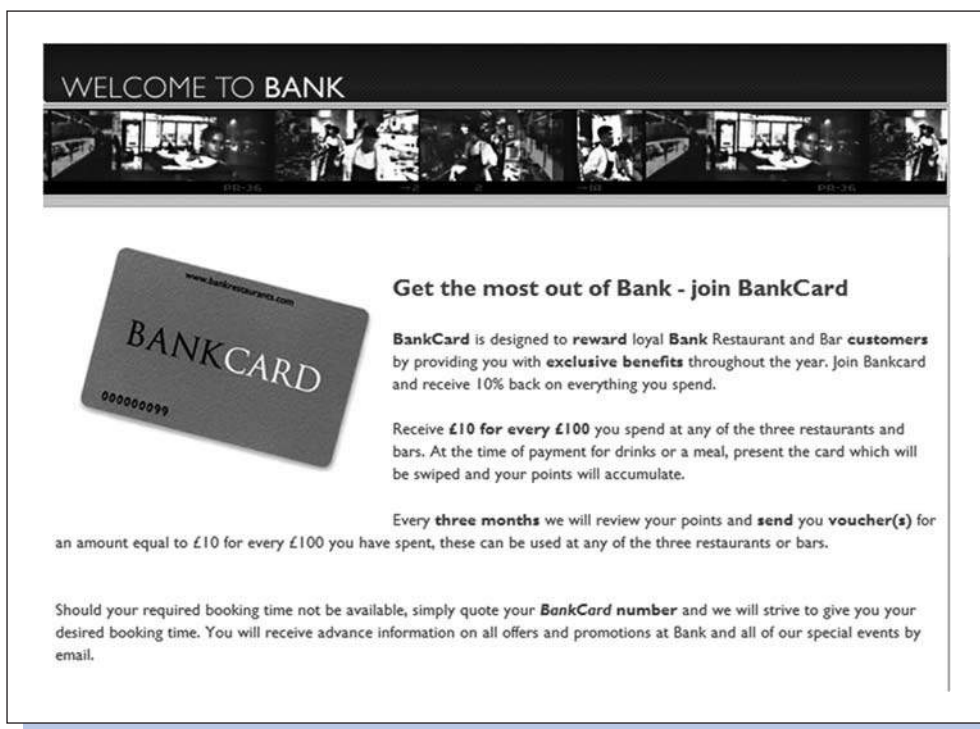


Figure 10.10 Bank Restaurants credit card (UK) (Source: Bank restaurants, UK)

2. It has a forward looking function to creating positive publicity for the organization and may be used at various stages during the life cycle of the facility. For example, if a fast-food unit is to be opened in a busy town centre, a public relations exercise would typically be to create a favourable environment and attitude within the local community before its opening. If this facility is specifically aiming at a younger family market, the public relations function would include informing the identified market segments of the benefits the facility has to offer to them. For example, children’s menus and portions will be available at reduced prices, high chairs for babies are to be provided, an informal atmosphere will exist, on certain days entertainment for the children will be organized, a young members’ club will be available for those wishing to join, etc.

In institutional catering, the role of public relations may be to explain to a staff committee the need for certain price increases to be passed on to the staff cafeteria, or why different products have been bought to replace existing ones, etc.

The initiation of a public relations exercise should begin with the identification of that sector of the organization’s environment that it wishes to communicate with; it may, for example, be a particular segment of its market, the press, local schools, etc. An evaluation of the organization’s existing corporate image

with that sector will highlight those areas it feels are unfavourable, and would benefit from a public relations exercise. The organization may then choose the most suitable channels for communicating its messages to help create the type of environmental climate it feels would be favourable to its own company's objectives.

The choice of public relations tools to be used depends largely on the target audience, the suitability of one media over another and the budget available. They would include:

1. *Press media*: Newspapers, magazines, trade journals, brochures, leaflets, guides, press conferences and press releases.
2. *Broadcasting media*: Television, radio, cinema, promotional video and cassettes.
3. *Community media*: Sponsorship of local events, individuals, companies, exhibitions, talks, free gifts and samples.

Depending on the size of the organization, the public relations function may be the responsibility of the owner, or manager, it may be an individual's task in a medium-sized operation, a separate department within the organization consisting of a number of employees, or an external public relations company may be used.

Public relations in the hotel and catering industry has a real application whether the catering facility is a small or large operation, is independent or part of a large group, exists in the free market or captive. The importance of public relations is the ability to communicate and inform. The public image, good or bad, of a catering facility is something that develops as a result of the business activity; however, whether it is advantageous or disadvantageous to the organization can be greatly influenced by public relations.

MERCHANDISING

Merchandising is the art in which the brand or image from one product or service is used to sell another. For example, McDonalds will often feature toys from recent cartoon characters with their kids meals. By featuring a favourite character from a recent cartoon as part of the deal kids choose to buy burgers from that chain rather than another. Another example is that of Wagamamas, who have a range of merchandise such as T-shirts, cookbooks and even gift vouchers (see Figure 10.11)

The merchandising of catering operations involves the point of sale promotion of their facilities using non-personal media. Unlike advertising it is not a paid for form of communication, but like sales promotion is more concerned with influencing customer behaviour in the short term.

We have explored menu merchandising in Chapter 5, but here we refer to merchandising in the food and beverage operation in its wider meaning. It is not uncommon to see restaurants



Figure 10.11
Wagamama (UK) Merchandise
(Source: Courtesy of
Wagamama)

producing their own labelled bottles of wine, or coffee shops selling their own brand of coffee to customers. Hats, T-shirts, coffee mugs and other promotional materials can both help with extra income into the business and at the same time strengthen the operations brand.

There is a variety of other internal sales tools that may be used by a catering operation. These include place mats, which in coffee shops may contain the breakfast menu with a reminder that the operation is open throughout the day for snacks; napkins; doilies; and pre-portioned condiments which all add to the operation's sales message. In the bars giving away cocktail sticks, matches and drink mats also enables a small part of the operation to be carried out of the establishment and may act as a reminder to customers of their meal experience several days or months later.

Through all aspects of an organization's merchandising approach, there is a very real need for it to complement its advertising campaign. Advertising the facilities will hopefully have stimulated customer interest. The role of merchandising is to convert that interest into purchases and increased sales.

SALES PROMOTION

Sales promotion is a form of temporary incentive highlighting aspects of a product that are not inherent to it. Sales promotion may be aimed at customers, distribution channels and sales employees. It does not necessarily occur at the point of sale, although in many instances it does.

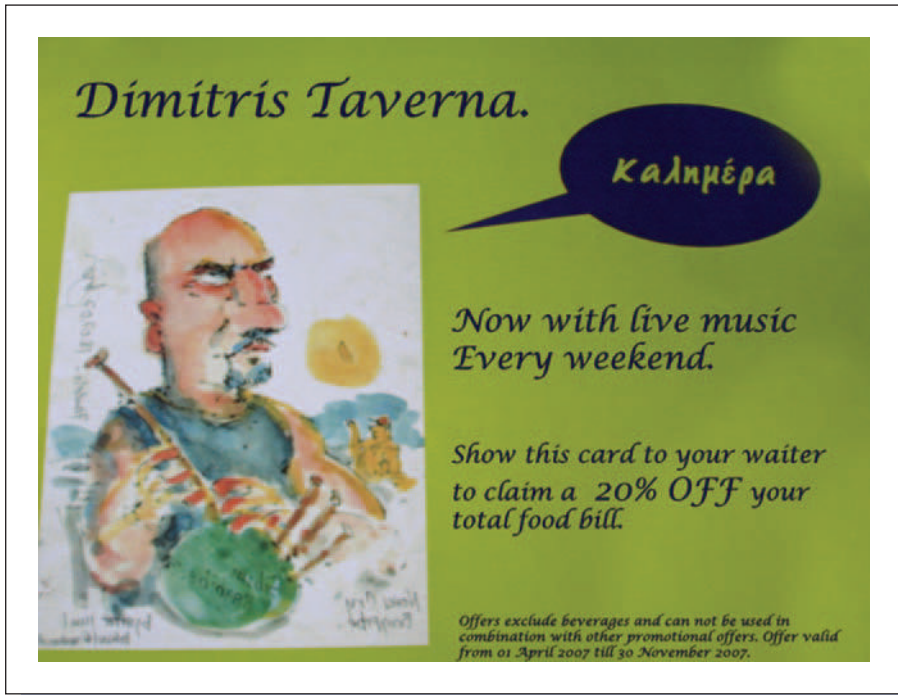


Figure 10.12 Example of promotional materials of Dimitris Taverna (GR) (Source: Courtesy of Dimitris Taverna, Leros, Greece)

Sales promotion is used by operations for a number of reasons including the following:

1. To increase the average spend by customers and thereby increase the sales revenue (see Figure 10.6).
2. To promote a new product or range of products being featured by the operation, for example offering a new flavoured milk shake in a take-away facility at a reduced price.
3. To influence impulse purchasers towards a certain product or range of products, for example featuring Australian wine at a special discount price.
4. To aid as a reminder during a long-term advertising campaign, for example on long established main menu items.
5. To help 'level' peak activities of business, for example offering a free glass of wine to customers ordering their meal before 18.30 hours.
6. To celebrate a special event, for example the New Year, Thanksgiving Day Dinner, etc.
7. To 'package' together menu items at an attractive price, for example steak and strawberries. Such 'packages' are seasonal in nature but aid in directing a high proportion of customers' choices towards items of a low preparation labour content (Figure 10.12).
8. To clear slow moving stock, for example pricing specific cocktails at two for the price of one.

The types of sales promotions used are influenced by the targets being aimed at:

1. *Customers*: Sales promotions aimed directly at customers include money-off coupons, discounts or special prices during off-peak periods, free chicken meals for families, a free bottle of wine for every two adult meals ordered, etc. Special events and promotions may be communicated to the customer by advertising, by direct mail, by telephone or by posters and tent cards.
2. *Distribution channels*: Promotional techniques aimed at incentivating third party agents include free restaurant meals, free gifts, competitions and the use of the hotel's leisure facilities.
3. *Sales employees*: Sales promotion incentives are similar to those listed above and include commission related sales, competitions, token and points systems occurring over an extended period to encourage an ongoing sales commitment by the sales force.

Sales promotion is a marketing tool in its own right and should be planned, monitored and evaluated as such. It can be initiated either by the operation itself or by an external organization, and as with all other aspects of the marketing mix must be in line with the marketing objectives of the organization (Figure 10.13).



Figure 10.13 Example of a KFC promotion, featuring a meal package (UK) (Source: courtesy of KFC, UK)

PERSONAL SELLING AND UPSELLING

Personal selling is a paid form of promoting a facility on a personal basis. One of the main characteristics of service industries is the increased contact time between service staff and customers, and the attitudes and behaviour of an operation's service employees are important parts of the total product the customer is buying. As with the other aspects of the promotion mix, advertising, public relations, merchandising and sales promotion, the objectives, requirements and techniques of personal selling need to be fully integrated into the overall marketing policy of the organization.

Service employees are one of the most important assets of a catering operation. Too frequently waiters, bar staff, counter assistants, are seen only as 'order takers' and not as sales people. Particularly in large organizations, such as hotels which have their own sales department, it is too easy for service staff to see themselves merely as servers of the facilities' foods and beverages. The fact that an establishment may have a sales department does not relieve the catering department of its sales functions and responsibilities.

When customers enter a restaurant their first personal contact with the restaurant staff is usually the waiter who shows them to their table. How often is that same customer presented with the menu and then left to ponder for a considerable time without being asked if they would like a drink while considering the menu. A potential drink sale is lost immediately. When the waiter comes to take customers' orders there is another chance for the employee to promote the menu, perhaps the restaurant's speciality, a side salad, additional vegetables, wine to accompany the meal, rather than simply being an order taker. At the end of the meal the presentation of the dessert and liqueur trolleys can do much to revitalize a customer's palate, rather than the waiter merely asking if sweet or coffee are required.

Some establishments operate training programmes for service staff to help increase their awareness of the different ways in which they personally can contribute to an operation's sale. These training programmes can include basic sales functions of the waiter, such as asking customers if they would like a drink when they arrive at the restaurant to more in depth sensitivity training. In the US, such techniques can be considered intrusive and when badly performed by the staff it can be seen by customers as 'script' reading. It is important that staff have been trained to be able to 'read' the customer and to offer a personalized service with the goal not the bottom line but increased quality of the meal experience (which would then naturally lead to increased revenue).

Fast-food chains such as Burger King and McDonald's have highly standardized training programmes where service staff are taught selling phrases and responses that may be used when taking a customer's order. Although these highly formalized responses and situational examples are now being modified with the introduction of warmer and friendlier phrases such as McDonald's 'we've got time for you' suggesting that even in an

efficiently standardized operation such as their own, they will have time for individual, personalized service.

At the other end of the catering spectrum, where there is a much longer contact time between service staff and customers, such as in haute cuisine or speciality restaurants, the 'personal touch' plays a more important role in the total service product. Also at this level, the technical knowledge of the service staff assumes greater importance.

Some operations encourage their staff to sell by providing incentives. For example, a waiter may receive a sales related bonus for every additional £5.00 spent by a customer over and above a prefixed average spend; the additional sale indicating that the waiter sold more food and beverages than the average for that restaurant. Incentives given to service staff in this way, however, needs to be introduced with sensitivity so that the wrong type of competitiveness between staff does not develop to the detriment of the restaurant.

Whatever the level of catering operation and the amount of sales training given, there is a need for service staff to become more alert to customers' needs by listening to and observing and identifying what their needs are for that particular meal; this information may then be quantified by management for possible future action. This aspect of personal selling is discussed as part of the meal experience.

The marketing of a catering operation must be effectively planned, organized and monitored throughout all its stages. The successes and failures of its promotional campaigns and those of its competitors, should be studied and reviewed when possible.

Good advertising, merchandising, public relations and sales promotion are difficult. They are areas of food and beverage management that often require considerable financial outlay, but which have no guarantee of success. Caterers are faced with a variety of promotional tools and techniques and whichever they choose, so will have others; they must compete therefore not only with the other facilities' catering products but also with their marketing campaigns.

Alone, advertising does not sell. It is there to stimulate interest, and to influence a customer towards buying an operation's product above those of its competitors. The customer's action is translated into a purchase at the point of sale, further stimulated by effective merchandising and possibly sales promotion techniques, all working together in a favourable environment created by good public relations.

Summary

Food and beverage marketing is the focus of this chapter. Because of the nature of services marketing for food and beverage operations can differ greatly from that of products, and although the basic concepts of segmentation mix and life cycle

remain the same the intricacies of marketing for food and beverage are explored.

More specifically we explored:

- Marketing of services
- Segmentation, marketing mix
- Product life cycle
- Marketing research, the brand and Internet marketing
- Advertising
- Public relations
- Merchandising
- Sales promotions and personal selling.

Review questions

1. Explain the elements of a marketing concept.
2. Why is marketing for services different to that of products?
3. What methods are available to a food and beverage operation in terms of advertising?
4. Which method of advertising is more cost effective for a small operation?
5. Explain merchandising, and its potential benefits to a restaurant.
6. What are the key reasons for an operation to use sales promotion?

Further study options

Case study: Centenary Hotels

Centenary Hotels a small hotel chain in London, UK enjoyed a healthy room occupancy throughout the year. The board of directors were more than happy with the hotel performance in terms of room revenue. However, the same could not be said for the food and beverage department. The hotel restaurants seemed to be doing poorly in terms of customer attendance and it seemed that only a 15% of the hotel residents would eat in the restaurant and a very small number of external customers would ever give their restaurants a try. They decided to revamp all of their five restaurants and spend a considerable amount of money ensuring that a new contemporary design was implemented in all of the restaurants and a new executive chef had redesigned all of their menus. All the restaurants now had separate entrances to the high street so that potential external customers were not intimidated by having

to enter the hotel and pass the foyer before entering the restaurant. The board of directors has decided to hire a marketing firm to reintroduce their 'new' restaurants in the market.

Q1: Your company is bidding for this contract and you are expected to prepare a power point presentation illustrating how your company is going to approach the marketing campaign and what tools you are going to use to ensure the restaurants are a success. Consider internal marketing techniques as well as external ones when pitching your ideas to the board.

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