



TODAY'S CONSUMER

The Allure of Local

"Local" has become a bit of a battle cry these days. It's not uncommon to read that "local is the new global" and "smaller is getting bigger." Data seems to support the buzz. In 2009, the Futures Company found that 73% of U.S. consumers make an effort to support local, neighborhood businesses rather than large national companies. A recent American Express OPEN survey found that **93% of consumers believe it's important to support local small businesses they value in their community.** Consumers are putting their money where their mouths are when it comes to spending at local small businesses – the study found that, on average, about a third of their monthly discretionary spending takes place at locally-owned, independent businesses. But what's behind the attraction of local, and what opportunities does it create for local businesses and even for individual multi-unit locations with a strong community presence? Some sentiments behind the trend:

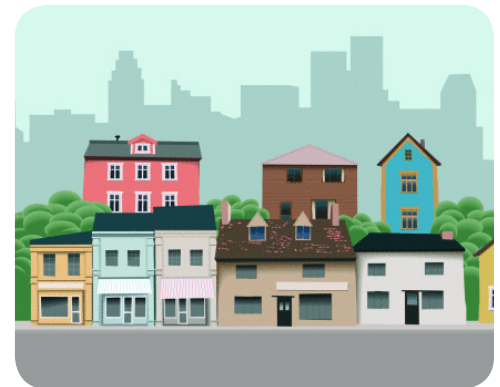
TRUST. Consumers feel that big institutions are harder to trust, an attitude fueling a lot of front-page news. The Futures Company's data shows that **52% of consumers trust small local retailers to be honest and fair compared to large, national retailers (19%).** Independent restaurants have an advantage, especially if they are transparent (e.g., ingredients in menu items, pricing of specials) and resolve issues promptly, showing concern for customers. While chain locations may be perceived as part of a big company, within their four walls they should act small – show the same degree of responsiveness and concern. Regardless, be honest and transparent about what "going local" means in your business, remembering that decisions consumers make to patronize locally are linked to a sense of responsibility on their parts, so it's deadly to overpromise.

GLOBAL FATIGUE. There has been so much focus on global – economy, politics, climate, etc. – that today's consumers may be saturated, and it's difficult to relate to. "A local business is more tangible," says Holly Moore svp/director, global accounts, The Futures Company. "In an economic downturn, 'my world' becomes more dominant and consumers are retrenching. It's really human nature. When you feel under siege, you want to protect me and mine. That doesn't mean that people lose their compassion or even worldview. It just means their priorities shift a little." The smaller circles that make up "my world" are typically family and close friends, so welcome these groups with more zeal than ever before.

SENSE OF COMMUNITY. While consumers' circles are becoming smaller, fewer say they have things in common with those around them – 48% said there is a sense of community where they live, down from 53% in 2008, according to The Futures Company. "**People are looking for community, connections, and commonality,**" says Holly. "Our data shows that one of the most important (83%) beliefs about friendship is that friends share your values." Part of what small businesses create is the sense of familiarity and friendliness with which they greet and treat customers. Small is an advantage, but there are tools to help – chief among them loyalty programs that identify those customers – and staff can simply ask if guests have been to the restaurant before. The most important element may be first impressions – make eye contact, and welcome everyone who walks in. Remember that the table is a powerful place for people to gather together – communal tables can create a sense of connection. Grubwithus.com is a growing national service connecting restaurants with Grubwithus members, who reserve to sit together for family-style meals.

MAKING A DIFFERENCE. Consumers are examining their choices and they need to feel they are doing something that has an impact – environmentally, charitably, etc. – according to The Futures Company. In its data, **62% said that making a difference in their local communities is important in their personal lives;** 82% believed that groups of individuals making small changes in behavior can achieve a real difference. American Express OPEN data shows that **89% are aware of the impact local spending has on their communities.** Again, there is a home-court advantage for independent restaurants – consumers are more aware that statistically, a higher percentage of their money spent at local, independent businesses stays within the community. But restaurants of all sizes can support schools and teams, community organizations, etc. And they can support local businesses, too, in the case of restaurants, perhaps buying locally-grown produce, locally-sourced meats and seafood, and/or locally produced wine and beer. The bigger the restaurant company, the more challenging it is to manage idiosyncratic purchasing, but it's important to try. Bottom line, all restaurants should think about ways to pay it forward locally and be good neighbors.

It's important to remember that "local" can be as much an attitude and a consciousness as it is a geographical definition, and that it has many facets – it can be the U.S. city from which a product on a menu originates and/or the cities, towns, and neighborhoods in which restaurants operate. Restaurants – whether independent or chain locations – need to find the "local" fit that's right for them, bring it to life, and let it be known.



Local Ideas

MULTI-UNIT

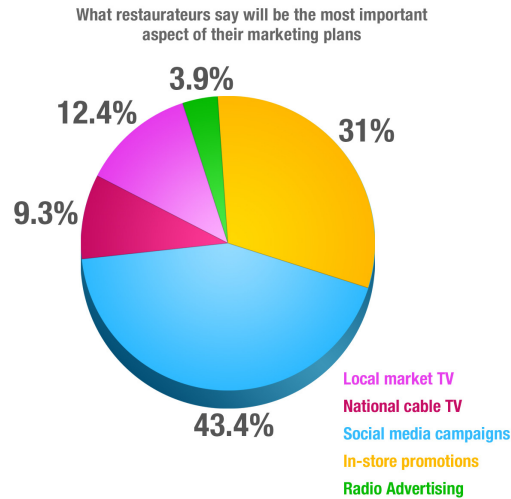
Be a hub for local, even if you are part of a national company. Consider hosting events or gatherings in which local farmers, producers, artists, or entrepreneurs can interact with customers. Take a page from the playbook of independent retailers who know the value of offering unique merchandise – if you can, have a signature item or drink not found anywhere else or adapted to your region. To the degree that you can, localize your location. If you're one of many, try to give yours a sense of place even if it's just a wall somewhere with photos of events or organizations with which you've participated in the community, or of customers.

INDEPENDENTS

Local stand-alone restaurants often compete with malls and other destinations populated by chains, so celebrate the uniqueness of your neighborhood – together. Think about uniting the businesses around you – from a block party to a "buy local" promotion to a common social media campaign. Consumers want to feel connected with their neighborhoods, so it is impactful for them to see their neighborhood connected. In a recent survey by the Institute for Local Self-Reliance, those independent businesses (including restaurants) active in "buy local" or "local first" initiatives repeatedly cited these efforts as making a difference in their survival and success.

Marketing Muscle

Earlier this year NRN a.m., Nation's Restaurant News daily e-newsletter, surveyed subscribers about the year ahead. Operators who responded expected marketing spending to be up, with about 43% indicating that social media efforts are their biggest marketing priorities; 31% said in-store promotions are key, and about 12% cited local TV advertising as their main strategy. Interestingly, the National Restaurant Association's most recent annual consumer survey – which asks about sources consumers use to choose restaurants – includes several not noted in the NRN a.m. data, such as restaurant reviews in traditional media, which 57% of participating consumers consider a trusted source. Also, more than half cited ads mailed to their home and newspaper ads – tactics that “just aren't sexy today,” says Sarah Lockyer, executive online editor, Nation's Restaurant News. “Looking at the NRA data, it's possible that restaurateurs may be missing opportunities. There's no reason to ignore the traditional outlets that they have used for years, in which some have made significant investments. Email campaigns, local TV spots, print and radio ads, etc. are still important ways to get a restaurant's message out. The value of these things doesn't go away just because social media has come on the



SOURCE: Outlook 2011: NRN a.m. Respondents were approximately 130 subscribers, the majority of whom are chain execs from the largest 500 restaurant chains.

scene.” Word of mouth – particularly from family and friends – remains the most powerful source for consumers in the NRA survey; only 25% said they use consumer-driven review websites and online communities to choose restaurants, but these technology-based channels can be

What sources consumers say they use when choosing a restaurant

- 93%** Recommendation from family member
- 92%** Recommendation from friend
- 57%** Restaurant review in newspaper or magazine
- 54%** Advertisement mailed to their home
- 51%** Newspaper advertisement
- 45%** Internet search engine
- 37%** Advertisement or promotion e-mailed to them
- 36%** Online dining guide
- 25%** Consumer-driven review websites and online communities like Yelp

SOURCE: National Restaurant Association, 2010 National Household Survey, a representative survey of 1,000 adults nationwide.

opportunities to spread word of mouth faster and further, and to develop relationships. “Social media does have an important role,” adds Sarah. “But remember that before you see any real benefit from social media, you have to execute within your four walls.”

AROUND THE USA

Community Connections

Restaurateurs are famously generous with their time and resources, especially in their own communities. While it's a natural instinct, it's also a good local marketing strategy.

Mike Pavis, Jr., owner, La Comida, **Chico and Paradise, CA**, says they've supported numerous local youth groups and sports teams since they opened in 1970. “We have a lot of young families as customers who have supported us over the years, and this is one way we can give back to them.” Mike says they sponsor one team for every little league in town, plus the high school basketball teams that are very popular with students, who in turn are good customers at the restaurants ... St. Elmo Steak House, **Indianapolis, IN**, is very involved in the community, and one of the ways owner Craig Huse participates is serving as a long-time member of the Indianapolis Convention & Visitors Association board. “It's important to get involved outside your own doors and to support your local community to help it grow,” says Craig. He testified at the state legislature to secure funds to increase the size of the convention center by 50%, and he is also serving as the board chair for the Indiana Restaurant Assn. ...

“On the 11th of each month, we host a dinner for a local charity in our private room. Charities fill out and submit applications. We donate food and beverage and ask that charities charge \$150/person. Guests write checks directly to the organization.”

Cary Klein, owner, Eleven, Pittsburgh, PA

Stage House Tavern, **Somerset and Scotch Plains, NJ**, supports a chess curriculum called First Move, part of a national program, for second and third graders in the nearby public grade schools. From Memorial Day to Labor Day, the restaurants offer free BBQ every evening, served family style on the patio (drinks, sides, and other items are available at regular prices). “At the Somerset location, we ask that patrons donate \$5 per person to First Move,” says Heather Holzwarth, gm. She says the owners play chess and believe that the concentration and discipline required are important skills for kids to learn early. At the end of the school year, a competition is held that the restaurants host....The Panera Bread Foundation has opened nonprofit community cafes called Panera Cares™ in **Clayton, MO, Dearborn, MI, and Portland, OR**, where customers may take what they need and pay what they can, based on suggested donation levels. Kate Antonacci, project manager, says “Panera Bread makes significant

cash and product donations every year and yet we felt disconnected from the people who were using the funds and consuming the product. To us, it was a very indirect form of giving and we wanted to change that.” So, the Foundation spent nine months researching business models for community restaurants and met with One World Everybody Eats, an organization that advises on starting community cafes. “Our goal is not to provide a solution for homelessness, hunger, or poverty, but to address the broader issue of food insecurity. Very often our cafes provide a solution for people who simply don't have the means to buy food for all the meals they're supposed to eat.” Kate says they found that some people were uncomfortable getting a discounted or free meal, so the Foundation added the option of allowing people to work for meal vouchers. She says the cafes take in approximately 70-80% of retail food value (suggested donation amount), which is enough to sustain them.

Local Marketing

Even with the global reach of the Internet, approximately 80% of a consumer's transactions happen within a 15-mile radius around the home or office, according to Gregg Stewart, president, 15 Miles Local Marketing, a national marketing company specializing in local. As a result, **restaurants in particular – independents and chain locations – need to build strong local customer bases**, advises Marc Liu, director of business development, Gourmet Marketing. "For restaurants, their most important customers tend to come from an even smaller radius around them, about two miles, something that restaurateurs have always understood."

These neighboring customers want to, and do, support local businesses. To reach them, the **traditional tactics are still important** – join the chamber of commerce, work with local media for coverage, listen to customers and build relationships, learn about the surrounding neighborhood and get involved, attend events, sponsor local teams – give back to the community. But, perhaps ironically, it's also now important to also turn to the Internet to capture your neighbors' attention. **Customers and potential customers are going online to find information about restaurants and other businesses that may be around the block**. According to a study last year by BIA/Kelsey, almost all (97%) of consumers now use online media to shop locally. And much of this is occurring through search, which Gregg maintains is going local – **one out of every five searches has a local intent; on mobile devices, it increases to 53%**. And, 15miles.comScore's most recent Local Search Usage Study shows that 82% of these online local searches result in offline follow-up.

“Local search is a big deal. Customers are making literally billions of searches for restaurants in their local areas and search engines are becoming more and more local friendly.”

Marc Liu, director of business development, Gourmet Marketing

"In leading search engines, particularly Google, the local search map appears at the top of the page, even before other search results. Restaurants that are high on local search lists have an edge over their competitors," advises Marc. John Jantsch, small business expert and founder of Duct Tape Marketing agrees wholeheartedly. **“Local businesses must take steps to make sure they pop to the top of online searches.”**

LOCALIZE YOUR WEBSITE. Local content can be meaningful to both consumers and search engines. To get the attention of search engines, John says the first step is "localizing" your website. He says it's important to **add your full address to each page of your website**, which will help improve your local search ranking. At the same time, John encourages restaurateurs to think of their websites as more than portals for information, such as hours, menu items. "Look at a website as a community-building tool, not just an information source. It has rich potential for local content." He advises restaurateurs to **weave in the names of neighborhoods and local towns from where you purchase foodstuffs, telling stories about your participation in local events, or your customers**. "A restaurant that really wants loyal, repeat customers should feature those kind of customers on their website, like a customer's 50th anniversary party held at the restaurant. This tends to get your customers involved and it reinforces the local message." **Another element that boosts local search results is a map**, says John. "Google recently added a feature that makes it super easy to embed a map on a website, rather than a link to one, so you can have all the map functionality right on your webpage." John also says that **adding keywords – words used by customers searching for businesses like yours – to your site's content also counts when it comes to local search results**. That means not only including keywords about what you do, but also where you do it – location, location, location. To use effective keywords on your site, you must understand how people look for restaurants like yours. There are free (Google's keyword tool) and paid (Wordtracker) sites that let you type in a description of your restaurant and location to see which words and phrases are most popular, but John says you can simply start by asking customers what they would type into a search engine to find a restaurant like

Claim Your Local Business Listings

Gregg Stewart, president, 15 Miles Local Marketing, is often asked for a formula for business listings. He says that there are lots of interconnected layers, but they are all related, and there is a hierarchy. The top layer is database aggregators, followed by search engines that specialize in local listings, and then directories. It's important to be present in all tiers. Some examples:

DATABASE AGGREGATORS

While there are many providers, these three represent significant listings and push their data to numerous sources, including local search engines and directories.

Localeze localeze.com
InfoGroup expressupdateusa.com
Acxiom mybusinesslistingmanager.com

SEARCH ENGINES

Restaurateurs should provide their business information to sites such as these that specialize in local listings and that represent the largest consumer usage.

Google Places google.com/places
Yahoo Local listings.local.yahoo.com
Bing Local bing.com/businessportal

ONLINE BUSINESS DIRECTORIES

Some online directories are designed to be replacements for phone books and Yellow Pages and provide free basic listings for businesses.

Supermedia supermedia.com/business-listings
Yelp.com biz.yelp.com/claiming
Yellowpages.com adsolutions.att.com/internet-solutions
Dexknows.com dexknows.com/info/build.asp
Superpages supermedia.com/spportal/quickbpflow.do

John Jantsch, founder, Duct Tape Marketing, also points to GetListed.org, a comprehensive, free resource for small business owners to learn more about the way their businesses are listed online, and UniversalBusinessListing.org, a fee-based service which will distribute your listing to all major U.S. search engines, online Yellow Pages, 411 Directory Assistance, mapping and GPS navigation sites.

For more information on local directories, visit smallbusinessshift.com/guides/getting-your-business-listed and locallytype.com/pages/submit.

yours. Another element he underscores are links back to your website. **“One of the most important factors in ranking highly with search engines is the number, relevance, and quality of links from other sites back to yours.** The best way by far to get links is to have content worth linking to and to network with other people doing the same.” John advises restaurateurs to reach out to their customers, suppliers, and other members in their neighborhoods and community and discuss ways to link to each other.

GET LISTED. In the local search arena, “Your website is the hub. All other places are the spokes,” John advises. And the most important spokes are your business listings in leading online directories. **“To build an online presence and compete locally, you have to have listings in online directories to be in the game,”** advises Marc. **“At the very minimum, be on Google Places, Yahoo Local, and Bing Local.** And if you’re not on Google Places, you may as well not be on anything. Among our clients, 90% of restaurant searches are done on Google.” Gregg agrees that Google is a central focus in local search because of the sheer amount of traffic channeled through it. “And the importance of Google Places grew exponentially overnight once Google began placing local search at the top of its rankings,” he adds.

Google, Bing, and Yahoo make up an important part of the local listing landscape, but there are many other listing services and directories (see the column on page 3, Claim Your Local Business Listings), and it’s important to be listed with a number of them because Google notices mentions of your business that it detects elsewhere on the web, e.g., on other websites and other business directories. These “citations” give credibility to your listing on Google Places and help the search engine to associate you with a particular location.

Most restaurants will already have a listing in directories, but it’s important to go online and “claim” them. Unlike the traditional phone books – White and Yellow Pages – on which many of these directories are based, there is no longer a single database of all local businesses that is completely accurate, says Gregg. In fact, many of these directories have copied and scanned phone books to create listings and any glitches in the process are only compounded as the listings are propagated around the Internet. So, part of **the importance of claiming listings is to make sure they are correct and consistent across all directories – down to the name, address, and phone number.** “Our 15 Miles Local Marketing data indicates that 35% of all listings are inaccurate,” warns Gregg. This is especially problematic because **if the big search engines can’t gauge the accuracy of a listing, or if it isn’t consistent across all channels, search rankings can be dramatically lower** – and Google won’t consider something a citation unless the NAP (name, address, and phone) data about your business matches what they have.

“Search engines have become one of the primary ways that people find businesses in their hometown, so you need to master local search. Having local content on your website is one of the underlying elements that tell the search engines that yours is a local business.”

John Jantsch, founder, Duct Tape Marketing

It’s also important to provide as much information as you can. The more you give, the more search engines have to work with and not providing hours of operation, for example, may lead search engines to assume your business isn’t open. You’ll often have the option to select categories for your business and search engines can pass over those business that aren’t in a category. There can also be negative repercussions when a business isn’t listed in as many relevant categories as possible – especially where there may be a lot of listings, such as restaurants. For example, if a restaurant is listed

only in a general “restaurants” category and not a more specific one such as “pizza parlor” or “Italian trattoria” it may be overlooked, especially if the search engines find enough relevant results in a more specific category.

Beyond claiming and making listings consistent, experts advise restaurants to “optimize” or enhance their local search profiles when possible. Google and others in the local search arena want

businesses to build detailed and rich information for their local profiles, says John, because it improves the accuracy of results when people search for local businesses; it’s also good marketing for businesses. “Listings increase your business’ chances of getting noticed in a local search,” says Gregg. “Enhancing those listings – with videos, photos of your restaurant, etc. – increases the chances that customers will patronize your business.”

BE SOCIAL. Experts say that one of the biggest elements driving local search is social media – more and more consumers are searching locally, checking in, using coupons, and interacting with local businesses. **Sites like Yelp and Foursquare offer opportunities to provide incentives to try your restaurant; social networking sites such as Facebook, Twitter, and LinkedIn also offer great opportunities to build your local profiles and have locally-relevant conversations that link back to your website.** Marc underscores the importance of linking to these other platforms, but he also has a caution. “If you have a Twitter presence and a Facebook page you’re not using – if you ignore the posts – it’s like looking through the window into an empty restaurant.”

GET MOBILE FRIENDLY. It’s important to remember that “local” doesn’t necessarily mean within a specific zip code; it can be anywhere a potential customer happens to be standing. “The rise in mobile technology is making local search even more important,” says Marc. Gregg agrees, “Yellow Pages Group reported that about 30% of its overall traffic volume is now coming from mobile devices; Yelp said its number was 35%. **Anyone in the local space needs to make mobile a huge priority right now.**”

REVIEWS. Local directories have also become important review tools – reviews/rankings for restaurants often appear with local search results, so managing “word of mouse” has never been more important.

Attracting Customers Around the Corner

The number of consumers using location-based services – sharing where they are, what they're doing, and what they like in real time – is growing rapidly as people become more involved with social networking and as smartphones with GPS capability become mainstream. Foursquare, Yelp, and SCVNGR are examples of services with strong marketing components that help merchants engage consumers while they are in their establishments and/or nearby – searching for things to do, places to go, and promotions. Each has a website where merchants post pertinent information (address, phone, hours, etc.) and create offers (points, badges, rewards). Foursquare and Yelp are free to both merchants and consumers; SCVNGR is fee-based service for merchants that helps them set up challenges (like scavenger hunts) that users complete to win points and rewards while in one or more locations. All three services allow users to link to their Facebook and Twitter accounts; Foursquare and SCVNGR work with partners, including American Express (gosocial.americanexpress.com).

By far the biggest location-based service is Foursquare. The company reports it has 10 million users worldwide (an increase of 5,000% since last year), almost half of whom are in the U.S.; 70% are 18-35 years old; half are female, half male. Yelp, primarily a site where users write reviews, added a check-in feature earlier this year and they report check-in usage is growing at 70% month over month.

“I can guarantee you that people who go to your restaurant(s) have checked-in. The reality is that it's happening and you need to get in front of it and manage it.”

Asif Khan, founder, Location Based Marketing Association

Claiming your business or venue page is a must. Consensus is that, at the very least, every business needs to claim or create their Yelp business page (biz.yelp.com) and Foursquare venue (foursquare.com/business/merchants/claiming), and verify that all information is correct.

Educating staff is critical. Most services have intuitive, easy-to-use tools on their websites to help merchants get started and train staff. Kris Guthrie, director of marketing for Landry's Restaurants says, “We use screen shots in our training, showing step by step what the customer goes through when checking in and claiming a deal or reward. When our managers see customers checking in, they use it as an opportunity to engage them in conversation.”

Check-in offers should be easy to understand and to use. For example, Joe Sorge, owner, AJ Bombers, Milwaukee, WI, creates offers on Foursquare to incent individuals and groups (five or more) to check-in, offering a free food or drink item. He encourages Foursquare members to leave “tips” at the bottom of his Foursquare page – comments on what they liked and/or a photo they took in the restaurant – by giving a free cookie for each tip and/or photo posted. Joe says that sales of menu items promoted on Foursquare have risen roughly 30% since the restaurant began using the service two years ago. To stimulate happy hour business, Landry's Cadillac Bar, Houston, TX, offered a free queso to those checking in on Foursquare. Kris says over a period of 75 days the free queso was awarded to 554 check-ins, who contributed more than \$30K in sales (tracked on the restaurant's POS). “The great thing is that people aren't coming in just for the free food – our average check is up a huge amount.” Buffalo Wild Wings used SCVNGR to create a campaign during March Madness last year that gave customers ways to interact with one another and offered deals on wings. Participants got points for eating certain items, showing up wearing their team's jersey, etc. In the first week, there were over 10,000 players, over 33,000 check-ins, and participants won 5,000 awards, some provided by SCVNGR partners like Coca Cola.

Analyze usage. Foursquare, Yelp, and SCVNGR collect and share data that provides valuable information about customers and the success of offers. Plus, there are websites – yourbuzz.com, a free service from American Express, and socialmention.com – that monitor what's being said about your business via social media, including Foursquare. Services such as Geotoko provide location-based marketing data as well as analytics.

The future. “Location-based marketing is going to be more about discovery and less about deals,” predicts Asif. “People will use these services to find out what's going on near them when they're out and about – is there a Thai restaurant nearby, tips on what to order, etc. Deals won't be the ultimate driver.” Aaron Strout and Mike Schneider, authors of *Location Based Marketing for Dummies*, believe the next step will be “passive check-ins” – to keep it simple, customers using these services will automatically be checked in when they arrive at a location. And, while Facebook has canceled Facebook Places, there is speculation that it is moving towards more location-driven features. It's rumored that check-ins won't be the emphasis but that they will still be part of status updates on mobile devices and that Facebook users will be able to select from a list of nearby places, and, if their location is offering a check-in deal, it will pop up.

MAKE PARTNERSHIP REWARDINGSM with American Express

First there was Black Friday, then Cyber Monday, and now, Small Business Saturday. For the second year, American Express, the founding partner of Small Business Saturday, is encouraging consumers to support their local businesses the Saturday after Thanksgiving – November 26, 2011.

Small businesses can download the Small Business Saturday Checklist and access free tools to help promote participation in Small Business Saturday by going to facebook.com/ShopSmall. Tools include in-store signage to create awareness and attract customers on November 26; free templates for Facebook posts, Tweets, and emails; \$100 worth of free Facebook ads geo-targeted to their local areas (registration is limited), and tips for creating compelling offers, should they want to offer a special savings on that day. Plus, small businesses can learn how to start a Facebook Business Page, share their business story with My Business Story from Google and American Express, turn customers into followers on Twitter, and find out what people are saying about their business with YourBuzz – all through free tools on the Shop Small Facebook page.

American Express will promote Small Business Saturday to their Cardmembers and Cardmembers who registered will receive a one-time \$25 statement credit when they spend \$25 or more using that Card at a small business on November 26.

Results from last year* show that 28% of small businesses that accept American Express experienced an increase in sales comparable to the 2009 Thanksgiving weekend. Social media played a very important part in last year's success as 100,000 small business owners downloaded promotional material from American Express' Facebook page; 30,000 Tweets were sent to alert consumers of participating merchants, and 1.2 million “liked” Small Business Saturday on Facebook.

* Internal American Express spending data as of 12/10.

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