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10 Steps to **Save** Casual Dining

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The 10 Steps to Save Casual Dining:

1. Differentiate Menu Offerings
2. Focus
3. Renew the Value Chain
4. Train for Remarkable Service
5. Close Underperforming Units
6. Renew the Product Lifecycle
7. Kill Curb-Side Delivery
8. Partner With Your Guests—Offer Healthier Choices
9. Drive Value Through Storytelling
10. Market to Generation Y

1. Differentiate Menu Offerings

The segment has been suffering from too much “me-too-ism” in an attempt to secure the widest possible market share. As the segment has matured (it is now more than 20 years old) imitation has substituted for innovation in menu product offerings.

Each concept must stand for something unique to survive, instead of allowing themselves to become just another commodity on a different street corner. Compared to the thriving QSR segment, CD is very risk-averse. Questions senior management should ask: *“What menu items do we ‘own’ that no one can copy?” “What is our monopoly—something no one else does -or even can- offer?” “What makes us so different that we capture a price premium, not just charge the commodity price?”*

2. Focus

Along with differentiating menus, segment leaders must focus on execution of their brand promise. Trying to be all things to all people means you aren't anything special to anyone.

Seafood, Steaks, Italian, Chinese, Tex-Mex, Sports, were at one time clearly defined and focused market positions. Today, too many concepts have broad, mixed and unclear strategies. Any menu with Sushi, Pasta, Ribs and a Quesadilla on it is not from a focused concept.

3. Renew the Value Chain

When lowering price is the only competitive tool left, it means that the customer value chain has been broken. Look at the fast feeders—back 5 or 6 years ago the entire segment was driven by a push for 99 cent items.

Today, McDonald's, Burger King and Dunkin Donuts are in stronger positions than ever because they have renewed a "value contract" with their customers. Prices are higher, but so is quality and convenience. CD has lost the connection to what drives real value.

4. Train for Remarkable Service

(No auctions at the restaurant!)

Casual Dining was originally a service driven segment. Once upon a time, it was almost as good as Fine Dining without the stuffiness. But now, every time a customer is asked *"Who gets the…?"* by a disconnected food runner the entire segment experience is diminished.

Train servers to excel in table service (including food and beverage knowledge), train bartenders to excel in bar service (including the food menu), train hosts to understand (forget excelling in) basic dining room management. Train them all in Guest Service. **Training is not an "expense" to be minimized - it is a cost of staying in business.**

5. Close Under-Performing Units

(Prune the dead wood)

Company leaders need to do an objective review of their units. Every one that is in a "C" location should be boarded up or torn down. Nothing short of a miracle will bring that unit up to an "A" rating during the next two years of sluggish economics. For some companies, this could mean that 15-20% of their existing sites should be shuttered.

Investment should only be in top performing units with the strongest locations. Jack Welsh of GE was accused of being insensitive by removing the bottom 10% of company employees each year. He said this strategy wasn't about losing the poor performers, it meant they could focus on rewarding the Top 20% and revitalizing the Middle 70%. The business is "dormant" and it's time to prune the dead wood.

6. Renew the Product Lifecycle

Restaurants are becoming more like Consumer Products every day. The product/brand lifecycle for a restaurant company used to be 15-20 years. Today only the strongest brands can go without complete renewal every 4-5 years. But the strongest brands aren't waiting that long.

There are far too many concepts in the Casual Dining segment which look and feel (and smell) like they did in the 1990s. If the trade dress and core menu of your concept hasn't significantly changed since 2002 you're simply no longer competitive. New and improved works for Tide detergent, just as it works for Casual Dining restaurants.

7. Kill Curb-Side Delivery

Casual Dining restaurants are about the full-service dining experience. Every time a concept expands its Curbside-To-Go by taking prime spaces in the parking area, the customer experience is diminished. Company leaders should visit one of their units, order a full meal To Go and pay for it themselves, then drive 15-20 minutes home and unpack the results.

Questions to be asked, *"Does my kitchen table look/sound/smell like the dining room of our restaurants?" "Does the rapidly cooling entrée in the black Styrofoam container in front of me look as delicious as the one in the restaurant?" "How come my beverage glass isn't automatically refilled?"* Or this one, *"Did I really pay full price to get this clearly inferior meal experience? Next time I should just go for a Value Meal at the Drive-thru."* Whoever came up with the idea to compete with QSR at Casual Dining prices didn't really think about the second time the customer decided to come back. No wonder customer counts are declining inside the restaurants.

8. Partner with your guests: Offer healthier choices

Casual Dining restaurants need to become the leading provider of fresh, healthy, and balanced meals. To compete with the rapidly expanding convenience offerings at supermarkets (which already own the idea of "fresh"), full-service restaurants have to help customers redefine what "convenience" really means. Consumers know they need to find a balanced plan to get back into a wellness lifestyle.

Look at the menu of an average CD menu, and you will see that it is dominated by fried foods, prepared in a commissary, with most items covered in cheese, and served in portions too large to eat in a single sitting. Treat the customer with respect—help them make better choices while still offering a full flavor profile and high value. It's time to focus on innovation, not imitation.

9. Drive Value through Storytelling

Casual Dining has great power to drive value through authentic storytelling. As consumers we are exposed everyday to thousands upon thousands of choices. Many of our choices revolve around where to eat and who to eat with. Many factors affect our choice, but one factor above any other affects our final decision: the restaurant story. If I eat here - what does it mean to me? How do I feel about this service, food and environment? Red Lobster is the only major Casual Dining chain that is telling an authentic story and living up to it. You may have noticed in the past several months they are the only chain that hasn't featured a price point through national media. Why? Because they don't have too.

The story their brand lives everyday creates more value for consumers than any price point offering. As a consumer - take me on a journey. Romance me through your menu, food offering, service and most importantly - give me something to believe in. Tell me a story through your imagery, service style and variety. Drive real value by tapping in to my emotions.

Casual Dining is designed with a "story" in mind - they are themed. However, no one has chosen to exploit the story and drive value. To really win – CD must capitalize on storytelling and then bring it to life each and every time a guest visits them.

Beliefs, emotions, journeys, and stories are more powerful than slapping on a price point in a national TV commercial.

10. Market to Gen Y

Generation Y continues to be the most overlooked, underestimated and most powerful generation. They have substantial powerful market force - and current economic conditions hasn't stopped them from spending. Gen Y spends between $140-170 billion dollars annually and their influence on others can be 5x their own direct spending. Source: Coke Generations Study, 2007.

Most CD chains continue to focus on the same old demographic and target audience they have had for 20 years. No one seems interested in picking up and owning Gen Y consumers. Why not? As restaurant marketers we know what they care about: Family and friends, Pursuing their passions, Having a variety of experiences, Being creative, Mobility, Being entertained, Documenting: Their life, their world.

To turn around their current business and drive same store sales, CD chains need to focus in on Gen Y. Deliver an experience they can relate to, and tell them a compelling story they understand - and most importantly want to share.

Who will step up to the plate and take advantage of a market that hasn't been tapped in to?

about

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For more than 20 years **Christopher Muller, Ph.D.** has been writing and lecturing on the topics of Multi-Unit and Multi-Site Management, Brand Management, and Leadership.

His lectures and seminars have been sought after by many of the world's most visionary service and restaurant industry leaders. You can read his blog at rimag.com/starters or visit his site at **leaderofchange.net**

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