

STRATEGY

From Slide to Strategy: Fixing a Fading Concept

A problem for many multi-unit concepts that have achieved opening a significant number of stores is navigating through the phase of becoming a tired concept and losing customer counts. Staying ahead of consumer trends and recognizing these changes create problems. Talking about specific brands could be problematic for me, so here are generalizations that should be relatable. Key points are:

- Understanding and addressing your customers and their diversity as it pertains to age, income, ethnicity, etc.;
- Keeping it local;
- Learning to recognize consumer trends and staying ahead of the game;
- Monitoring unit-level economics and addressing price and value.

To tackle these topics, I asked two experts their thoughts, the first of whom is Marlo Fogelman, chief executive officer of Marlo Marketing. She said the first thing to consider is brands need to be authentic. As brands grow, authenticity can start fading. Companies start giving the consumer mixed signals as to what the brand is. What happens then is the restaurant starts discounting to bring back customers and attract new ones which further erodes authenticity of the brand. Brands may then try to be something for everyone, and they forget what made them unique in the first place.

Fogelman added that marketing is much more local than it used to be because of the rise of social media. You need to be talking to your customers and understanding who they are and what they want. The collection of data, particularly with AI, is paramount so you can understand your customers in depth, as well as their loyalty. Finally, she said the key is to build a community around a culinary experience.

Our second expert is Phil Roberts, founder of Parasole Restaurants, who has created numerous concepts: Buca Di Beppo, Oceanaire, Pittsburgh Blue and numerous other concepts.

Roberts has a great story on the issue of concepts stumbling: A concept he invented was growing and it was time to hire a top CEO. The CEO, trying to control and cut costs, started eroding the brand by making cuts such as buying red sauce in a bag, rather than making its marinara from scratch. Roberts met with the CEO and brought a bag of rivets with him. He asked the CEO if he had ever sat in a seat in a plane over the wing and looked down to see a rivet or two missing. Roberts told him that's not a problem if two rivets are missing, but at

some point, if there is a continued loss of rivets the wing is going to fall off. That, he said, is what we're doing to our restaurants. We are taking away the rivets, which hold the restaurant together. He explained the key is to maintain the soul of the restaurant and the confidence of the people who run the restaurant. They must be aligned, and you can't start letting things default to corporate management. It starts at the unit level, the interaction with the customers and the fun they're having.

One thing I found that impedes brands that are starting to lose growth and spark is knee-jerk reactions. Those reactions are often price cutting, limited-time offers of new products and things they can implement and get out quickly on social media.

The better approach is to look at long-term, sustainable solutions, particularly in franchising. I've often compared franchise brands to an armada of ships moving toward a goal while trying to get all the ships to stay on course in bumpy waters. Alternatively, when stores are corporate owned it is more like an ocean liner where the ship can change directions, but it won't be quickly.

With careful planning, mature brands can be revived and start the next chapter in their growth. Here are my five steps to dealing with a concept that is declining. This goes back to Fogelman's and Robert's concept of authenticity:

- Is your concept identifiable (does it stand out from similar concepts)? Are you true to your brand?
- What have you heard from customers? Do you understand what they want and what they feel is missing? You need to talk to them, but not just by reading Yelp reviews.
- Check out what your competition is doing. Are they "stealing" your customers? And if so, why?
- Evaluate your hospitality culture. Are your restaurants and your company committed to serving the customer?
- Don't put off taking action. But first put together a plan that is economically viable. If you need funding, don't try to do it on a boot strap, get the amount you need.

There are numerous great examples of turnarounds that have been sustainable for the long term, and we know a declining brand/concept can be reversed. You just want to ensure your brand is one of them.

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