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Marketing in a downturn economy

By [Christa Hoyland](#) Editor
01 Jul 2008

With food prices going up and profit margins shrinking, quick-service restaurant operators are looking for ways to cut costs. But, one area where companies should not skimp is their marketing budget.

Marketing experts and fast-food operators say today's economy requires more aggressive strategies, from investing more money to increased effort. Many are re-examining their marketing tactics and looking for more effective ways to spend marketing dollars, including turning to grassroots efforts such as product giveaways and hosting cause-marketing campaigns.

At Blimpie International Inc., the submarine-sandwich chain is not cutting back on marketing but looking at different strategies to keep the product top of mind. Its new strategies include testing a value menu while its advertising campaign plays up the chain's longevity in the market.

The chain recently became a sponsor for 2008 Star Mazda Championship Racing series driver Charles Hall. Kate Unger, vice president of marketing for Blimpie, said the sponsorship not only reaps national cable television exposure but also gives individual operators a chance to network.

"We're excited to get that (TV) audience, but it's also definitely the one-on-one interaction at the track and meeting all the sponsors and vendors there and just getting our product out into people's hands," Unger said.

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Networking pays off

Kevin Spaulding, who operates a Blimpie franchise in Bolivar, Mo., has not cut back on his marketing budget. He invests strongly in local print advertising, even above what he contributes to national and regional Blimpie advertising cooperatives.

But his networking efforts are just as important. For example, he relies on product sampling because of its personal touch.

"One of the things we try to do a lot is just get out and sample, and show (potential customers) about our catering products," Spaulding said.

Lorne Fisher, chief executive officer/managing partner for Hollywood, Fla.-based Fish Consulting Inc., said he recommends his clients find ways to connect personally with potential customers rather than spending more on traditional advertising platforms.

"Get out and meet people," Fisher said. "Let them know who you are and what makes you so great."

One tactic Fisher recommends is providing food or coupons for local sports teams or fans. The giveaways introduce a store's concept to more people and establish the beginning of a customer relationship.

Fisher said some QSR operators balk at the cost of giveaways or discounts, but he recommends thinking of it as an investment instead of an expense.

"If you do that (product giveaways) the right way and do it to the right audiences, you'll see that money that you're spending on free product or discounting goods will be money well spent because you're giving it to a person who will ultimately be your customer," Fisher said.

Marketing for a cause

American Dairy Queen Corp. spends most of its marketing budget on television advertising and an increasing amount on online strategies. But an equally important component of its marketing plans is its longstanding cause-marketing relationship with the Children's Miracle Network, a non-profit fundraising organization for children's hospitals across the country.

Michael Keller, chief brand officer for American Dairy Queen, said the company raises \$6 million a year for the nonprofit organization, with half of it raised on the chain's annual Miracle Treat Day. Proceeds from all blizzards sold on the treat day support the program.

Because funds go to local children's hospitals, customers see their giving as a way to help children in the community, which builds relationships for the local franchisee.

"And in this day and age as we all know, that stuff matters. Customers pay attention to a company's caring," Keller said.

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Sue Reninger, managing partner, client brand strategy with Columbus, Ohio-based RMD Advertising, said more and more QSR operators are turning to cause-marketing as a way to connect with consumers and increase brand recognition.

"Community relations are speaking loudly to consumers right now because at the same time they're interested in cutting their own spending, there's a lot happening in our world right now that consumers are concerned about," she said.

Reninger has worked with operators who have held food drives in which customers brought in food that the store in turn gave to needy families. She said such events often foster goodwill in customers, who connect that positive feeling with the brand, as a result.

"It feels good to diners and consumers, and it's a message that just builds longevity to the consumer," she said.

Word of mouth an essential component

Such events are successful on a chain's national level as well as at individual stores, Reninger said. Individual operators can find any number of causes in their community to support. But those that resonate with women, especially mothers, are likely to get more word-of-mouth messaging for the brand, she said.

"It all revolves around that word of mouth," Reninger said. "Everybody wants a piece of it. The question is how to get it."

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Creating positive talk about the brand is the ultimate goal of any successful marketing strategy. Yet capturing that audience can be done without increasing a company's marketing budget, especially when times are tight.

One way is attracting the attention of local media, which community events like food drives tend to do. Such coverage is free for the fast-food operator — and goes a long way in building "credibility and third-party endorsement," Fisher said.

Fisher said building public relations is an essential marketing strategy — especially since it only takes time and effort rather than money. Networking with the local media is an invaluable resource. To be effective, operators need only to present their business news with the media outlet's audience in mind, he said.

And no matter where QSRs focus their marketing efforts, a clear and purposeful message is essential.

"It's not just throwing money at it," Fisher said. "It still has to be strategic and on point."

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