



The Alternative to New Products

Q: We're committed to offering a streamlined menu, so we don't want to introduce a bunch of new products. What other options do we have for creating news to promote our business?

A: Great question, especially in light of recent reports that suggest the quick-serve category has become so saturated with new products that brands are reaching the point of diminishing returns.

The number of new products introduced in our category in recent years has exploded. According to Restaurant Research, in 2013, the average number of new product introductions in a year by national quick-service chains increased to 10. This influx has resulted in a decreased amount of incremental traffic generated by each introduction, along with a shortened period in which each can be relied upon to stimulate consumer interest.

Some analysts have concluded that McDonald's sales have stagnated because consumers aren't responding to the company's new limited-time offers the way they did in the past. The NPD Group recently reported that only a small segment of restaurant patrons (30 percent) today are open to trying new items, and that only 10 percent of them will try an LTO. Too many new menu items can increase complexity for our operators and create choice overload for our customers. So it's best to wean ourselves off the new product drug, or not allow ourselves to get addicted to it in the first place.

Please don't misunderstand me. Products will always be the lifeblood of our category—we are in the restaurant business, after all—but there are many other customer-experience levers that can be pulled to stimulate interest and differentiate the brand.

Packaging. Taco Bell has demonstrated how newsworthy product packaging can be. A couple of years ago, the packaging for the chain's new Doritos Locos Tacos started a long run of buzz that continues today. Not only did the elaborate box-like containers make the product seem special, but the brand also included QR codes that linked to music videos and concert contests. It then used an augmented reality feature on its Big Box Meal packaging and drink cups to bow an integrated media campaign with social media and outdoor ads. More recently, the brand designed its Waffle Taco packaging with Instagram in mind, incorporating different sayings on different parts of the box to encourage social sharing. Although these are examples of innovative packaging introduced with a new product, they suggest that packaging itself can attract attention and play an integral part of a promotional campaign.

Technology. Many restaurants are looking at digital and mobile technology as means for improving operations and speed of service, but technology is also fertile ground for generating new

news for customers. Starbucks, Applebee's, and Panera Bread are leading the way in discovering ways that mobile ordering, social games, text-message campaigns, in-restaurant entertainment, digital payment options, and other channels can give customers reasons to talk about their brands. Some traffic will come from customers who simply want to check out the novelty of tech innovations. But unique apps, campaigns, and service functionality also keep brands top of mind, differentiate the customer experience, and ultimately cultivate connections between customers and brands that are valuable for both parties.

Format. Innovating in the restaurant format itself is another way to generate interest in your concept. There are longer-term/higher-investment format innovations like ATM-style vending machines (a la Sprinkles Cupcakes), cobranded locations (like Bruegger's Bagels and Caribou Coffee's recent teaming), and food trucks. But other new formats are easier and less costly to test and implement. Setting up a pop-up restaurant during a prime season or in a hot location can drive people to your existing units simply by creating buzz in the news and social media. Introducing a flexible service model (for example, self service during breakfast and lunch and partial service during dinner, or curbside ordering and delivery during peak periods) can prompt customers to visit your restaurant for multiple occasions.

Environment. Consider creating a new theme or angle in your restaurant environment. An extensive new image like the sports-themed location that Carl's Jr. introduced in Glendale, Arizona, last year can pique significant new interest in your brand. Less expensive, more temporary environment changes can also give people new reasons to visit. Borrow a tactic from Macy's Flower Show and celebrate the changing of the seasons. A local sports bar near my home cycles through employee uniforms, some décor elements, and programming featured on its TV screens as the professional sports seasons change. Customers look forward to the switch from bartenders in basketball jerseys and signage featuring March Madness brackets to servers in baseball caps and the hanging of MLB pennants. The local media outlets have even featured the switch in their pages. Or take a page from Central Market, the grocery chain that turns the annual Hatch Chile Festival into a store-wide celebration. Stage a unique environment in your restaurant by integrating with cultural developments and local happenings.

There are also plenty of ways to innovate in your promotional strategies. But that's a topic that could fill a whole other column, and perhaps I'll cover it soon. In the meantime, I hope I've gotten your creative juices flowing. Your menu is only one element of your customer experience. New ideas can and should be discovered by applying creativity and originality to the other elements. 