



Restaurant Survival Guide: Protecting Revenue and Profitability During Unexpected Times



The restaurant industry has managed to survive unpredictable and disrupting factors before. Natural disasters such as hurricanes, earthquakes, and tornadoes to economic recessions to outbreaks ranging from salmonella and H1N1. The current Coronavirus (COVID-19) pandemic is the latest example, albeit on a larger scale, which initially caused voluntary and mandatory closings of dine-in areas as people needed to slow the virus spread by practicing social distancing. It's crucial for restaurants to have a plan in place for tough times such as these, when customer buying habits drastically and suddenly shift.

Restaurants need strategies to adapt to crises in order to remain in business and protect profitability when life becomes more normal again. The two ways of ensuring survival are **protecting revenue** and **reducing costs**. And the right technology can help.

Protecting Revenue

Place a Heavy Focus on Online Ordering, Takeout, and Delivery

Events such as pandemics and disasters mean that people won't be dining out like they used to. However, consumers still need to eat (and may be experiencing anxiety over food availability as panic buying causes grocery store shortages). The key to staying in business during times of uncertainty is by focusing your efforts on servicing guests through online ordering, takeout, and delivery (which are allowable under most COVID-19 guidelines).

Offer ordering through:



Your Website



Mobile App



Phone Orders



Third-Party Services
such as DoorDash,
UberEats, etc.

Offer food fulfillment options such as:



Delivery
Through your restaurant and
third-party delivery services



Takeout
Pick up in-store, drive-thru
and curbside



To help maintain social distancing, you can offer low-exposure or “contactless” options such as requesting the delivery driver to leave food at the customer’s doorstep or a staff member bringing orders to the customer’s car so they don’t have to go inside. Make sure to include the option to include phone numbers so the delivery driver can call or text when they arrive.

Make sure your online ordering channels, including third parties, are integrated into your point of sale (POS) for optimal efficiency and visibility. This way, you also own and manage all of your customer data for when consumer consumption habits normalize and you can provide personalized offers to drive repeat business.



Adjust Marketing Strategies and Loyalty Programs

Because your business strategies have changed in how you serve your customers, your marketing messaging needs to match those changes. Make sure your marketing and loyalty programs are evolving to meet these new needs.



Marketing Strategies

Put less focus on traditional marketing such as in-store signage and flyers, and more focus on digital marketing. Social media and email marketing campaigns will be most effective since you can reach your customers no matter where they are. As people self-isolate, they’ll be more attached than ever to their smartphones and devices to maintain connections. That makes social media and email the best avenues for communicating to your customers that you’re still open for business and serving the same delicious food and quality service that they are used to.

You could also try a little out-of-box thinking to gain visibility, such as putting up yard signs in residential areas since people will be sticking close to home. In any case, be sure to focus your messaging and campaigns on your online ordering and delivery services, as well as gift card purchases (which can be a great source of cash flow and a way for customers to support you without currently dining in your restaurant).





Loyalty Programs

It's important to let customers know you appreciate their business, and your loyalty program is a key way to do so. Adjust it to complement your shift in focus. Make sure your customers can sign into their accounts and get or redeem loyalty rewards, through your website or mobile app. You might also want to change your reward strategies to put less emphasis on dine-in and more on online ordering. For example, you could offer bonus points or specials for customers who place online orders or give rewards members half off their first delivery order. This strategy will encourage customers to utilize these services and reward them for doing so.

Reducing Costs



Perform a Merchant Account Rate Analysis

By moving your restaurant business model to focus on online orders and contact-free delivery, you're eliminating the option for customers to pay with cash. That's why it's crucial to perform a merchant account rate analysis to make sure you are getting the lowest possible rate for your credit card processing services.



Understand the pricing model and fees

Flat rate: single rate for all transactions, regardless of the type

Tiered: transactions are categorized into tiers based on factors such as card type and amount, and fees vary by tier

Subscription: wholesale and markup costs are charged separately, and merchant pays per-transaction amount plus a flat subscription fee

Interchange-plus: wholesale and markup are charged separately and clearly itemized





Understand contract terms

It's important to know what type of contract you are in. The ideal contract is month-to-month.



Understand service and value

What service and value are your current payment processor offering? Do they have the industry expertise and support you need?

After reviewing all these factors, shop around to see if you can find a partner that offers you more for lower fees. The fees that may seem small at first add up throughout the year, and can be significant to your profit margin—especially during tough times.

Optimize Costly Operations



Labor

Labor is one of the biggest costs for a restaurant, and in hard times it can often be one of the first places to cut. If demand and sales go down, some employees, unfortunately, may have fewer hours and days scheduled, or may be furloughed. Aside from that, restaurants can optimize the staff by training them in different areas. For example, you may not need table servers if your business isn't open for dine-in customers, but you can train them to help fulfill online orders. Dishwashers will also be less in demand without dine-in customers, but some of them can transfer into delivery drivers. Leveraging restaurant technology also allows you to optimize labor costs by helping you predict demand and streamline operations.



Inventory

Aside from labor, inventory is one of the costliest aspects of a restaurant and needs to be optimized when looking to reduce costs. Take inventory to see what you have on hand, as this is what should be prioritized based on usage. You may need to create an adjusted menu for online orders that includes the inventory that you have in stock. You'll want to identify the lowest-cost items, or ingredients that can be used in many different ways, in order to optimize inventory costs and stretch your budget further.

Pandemics and other disasters can disrupt the supply chain, too. Talk to your vendors and get a feel for how they are handling the COVID-19 situation and if any orders will be delayed or need to be canceled. These factors may shape your menu as well.

With the Right Technology, It's Easier to Adapt

Technology is crucial to survive and thrive during times of uncertainty. An integrated restaurant management system, including features such as online ordering, delivery support, loyalty program management, centralized reporting and management, easy menu adjustments, and labor and inventory control can enable you to protect revenue and reduce costs. Align your tech stack and operations to help your restaurant evolve to handle sudden changes in customer preferences during challenging times and beyond.

HungerRush is led by a team of restaurant experts who are here to help you adjust your restaurant to adapt with the times and remain profitable. Our restaurant management system includes all of the features and functionality restaurants need for survival during uncertain times-including integrated loyalty, online ordering, and delivery and curbside pickup capabilities. To learn more about how our industry-specific solutions and dependable customer support can strengthen and grow your business, **contact us** today.

