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SMART MARKETING: DEVELOPING A DIALOGUE WITH CUSTOMERS
*A Seminar for Restaurateurs held during the American Express
Trade Program at the Aspen Food & Wine Classic*

ASPEN, CO June 17, 1994 -- A good restaurant aims to meet customers' expectations; an exceptional restaurant strives to exceed them. While restaurateurs may set their goals accordingly, many may wonder how to best reach them. Attendees of the American Express Trade Program at the Aspen Food & Wine Classic found the means to attain those goals during the seminar, "Smart Marketing: Developing a Dialogue with Customers," where four successful restaurateurs shared their secrets on how to elicit customer response.

The panel of restaurant professionals offering advice included: Alex Brennan-Martin, President and Managing Partner of the Houston operations of Brennan's Restaurants; Danny Meyer, owner of Union Square Cafe and the newly-opened Gramercy Tavern in New York; Jimmy Schmidt, chef and owner of The Rattlesnake Club and META Restaurants in Detroit; and Patrick Colombo, Senior Vice President of Sfuzzi, Inc.

"Successful service not only ends with the customer, but begins there, as well," said Lloyd Wirshba, vice president and general manager of restaurant and entertainment industries at American Express. "American Express knows that open communication with customers is important to our restaurant partners, and through our publications and seminars like 'Smart Marketing: Developing a Dialogue with Customers,' we hope to help restaurateurs establish open lines of communication with their customers, and to profit from those exchanges."

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Alex Brennan-Martin, President and Managing Partner of Brennan's Restaurants, opened the hour-long session by describing his frustrated attempts at obtaining honest and useful feedback from customers -- a situation many restaurateurs could empathize with. Brennan-Martin explained the imaginative tactics he employed to overcome the problem, beginning with the key question he wanted an answer to: How does a customer choose a fine dining establishment? Brennan-Martin then developed a questionnaire based on that, and several other ideas which followed.

Under the guise of a fictitious marketing firm, "Food for Thought Survey Co.," Brennan-Martin distributed the questionnaire to 300 people, including customers on his mailing list as well as individuals he would like to have as customers. In order to increase response rates and obtain a list of names and addresses, he offered a one-year subscription to the respondent's choice of eight upscale magazines. The survey was, in Brennan-Martin's own words, "wildly successful," providing him with a trove of pertinent information which he was able to use to improve his restaurant's service, attract more customers, and increase sales.

Danny Meyer, owner of Union Square Cafe, explained his multi-tiered approach to obtaining customer feedback. "Most people are not naturally inclined to let you know when something isn't perfect," Meyer stated. "So it is the restaurateur's responsibility to create opportunities for customers to express themselves." He distributes comment cards and actively encourages customers to share their thoughts and opinions; those patrons who complete the comment cards are added to Meyer's database and sent the Union Square Newsletter. The newsletter is a form of two-way communication between restaurateur and patrons -- it allows customers to become part of restaurant "family" and it allows Meyer to publicly acknowledge the useful suggestions and comments he receives from his customers.

"The worst thing that can happen from a feedback standpoint is when a problem surfaces for the first time in a critic's review," asserts Meyer. "Then a million people hear about the problem." To avoid such a situation, Meyer seeks out feedback from as many sources as possible -- and who better to offer feedback on a restaurant's service and food than those who know it best? Every member of Meyer's staff receives a \$50 dining voucher each month; in return, Meyer asks them to provide a critical review of their dining experience. He uses this information to discover potential problems at their earliest stage, and to improve the overall quality of service at the restaurant.

Jimmy Schmidt, owner of The Rattlesnake Club, believes that customer perception is reality: "It doesn't matter if a restaurateur does everything technically right; if the customer doesn't see it that way, then the customer is right. That's why it is so important for restaurateurs' perceptions and customers' perceptions to be identical." Schmidt is able to fathom those perceptions through personal interaction with his guests. He calls back every customer who books a private party at The Rattlesnake Club within 48-72 hours of the event; providing enough time for the experience to settle in the customer's mind, and allowing other attendees the chance to give their feedback to the person who booked the party.

Schmidt uses focus groups to get to the heart of customer's perceptions; he invites some of his best customers to a wine bar, where they are able to relax and offer their commentary in an informal setting. "We can get some incredible results without a set questionnaire," said Schmidt. "The fact that we solicit customer opinions to improve the restaurant and better satisfy our guests helps to generate goodwill and loyalty, and allows us to establish a rapport with our customers."

Schmidt also looks inward for ways to improve his restaurants. He holds luncheon meetings with the general managers of all of his restaurants, where each manager can share his own experiences and the group can collectively discuss other restaurants, in order to brainstorm ideas to improve the quality of service at Schmidt's restaurants. Finally, Schmidt uses "mystery shoppers" to provide insight into his restaurants' service. He offers business associates -- customers who frequently book private parties, vendors, etc. -- a free dinner in exchange for a critique of their dining experience. In addition to pinpointing problems, mystery shoppers identify staff who go beyond the call of duty so that Schmidt can reward them. "This system isn't only used to find what might have gone wrong, but to identify what was right and reinforce it."

Patrick Colombo, Senior Vice President of Sfuzzi, Inc., explained that "value" is the buzzword at Sfuzzi, Inc.: "Our goal is to deliver the product at the best possible price and exceed the customer's value." To ascertain how well his restaurants accomplish that goal, Colombo has developed a customer "information highway" across the nationwide chain of restaurants via customer insight cards and a 1-800 customer hotline. "These measures allow us to communicate back to the customer on a more frequent basis, both through our quarterly company newsletter and our monthly festivals and wine dinners."

In order to achieve Sfuzzi's "Zero Defection" customer policy, Colombo trains all staff to recognize "moments of truth" in their daily customer interactions. "Each time an employee faces a customer, he may face a moment of truth -- a customer request which, if fulfilled, leads to satisfaction, but if unfulfilled, leads to certain disappointment." Servers mark special requests with an "MT" on the order, so that the kitchen will recognize these moments of truth and respond appropriately. Colombo also stresses employee empowerment, encouraging staff to use their own initiative to make lasting positive impressions on the customer. When a problem does surface, employees follow Colombo's "triple A" system: "acknowledge a complaint immediately, as it happens; apologize sincerely to the customer; and then act on the situation, and do follow up."

In conclusion, these four savvy professionals stressed that the key to understanding customers is to develop a dialogue with them, and that can only be achieved when customers feel comfortable sharing their comments. Customers who enjoy dining out have their own ideas of how a restaurant should be run, and they'll share those opinions with restaurateurs who are willing to listen. All customer commentary offers restaurateurs an opportunity for improvement -- and brings them one step closer to having the customer's experience *surpass* his expectations.

"Smart Marketing: Developing a Dialogue with Customers" was the third of nine seminars and roundtable discussions held at the American Express Trade Program at the Aspen Food & Wine Classic. The American Express Trade Program was created five years ago to support the restaurant industry, and it focuses on issues restaurateurs have identified as being of critical importance within the industry today.

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