

The restaurant of the future

Improving profits by connecting customer data to generate insights for marketing, sales and service

Executive Summary

Consumers base more and more of their purchasing decisions on online information, then moving on to order and pay over the web. For restaurants, it is fair to say that the walk-in has moved online!

As a result, our world is becoming increasingly digital. All around us, data is being collected about our behaviour, our preferences, business trends and performance.

Restaurants today already have access to easy-to-use tools that uncover a wide range of data taking some of the guesswork out of important business functions such as procurement, staffing and online marketing.

By leveraging the data in these tools and connecting tools together allowing data to be shared, valuable insights can be gleaned that allow you to improve your business by being more in touch with your customers.

This document describes how products from Livebookings already used by thousands of restaurants can work for you to support data driven decisions.

Do you today have access to the data that can guide you in the right direction?

Working with Livebookings gives you access to local, national and international partners making it possible to reach far more customers than on your own. During the coming two years we are investing an additional 10 million pounds in the Livebookings platform on which you can own, develop, use and control your customer data.

We build technology for you, so you can focus on your business goals.

Structure of this white paper

Each of the four examples starts with defining the general business need and benefit gained from use of digital customer data. Then we briefly describe how a solution would look using tools from Livebookings.

To find out more about how the tools provided by Livebookings can help you become more data driven, contact us today.

www.livebookings.co.uk / sales@livebookings.co.uk / 020 7934 9275



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01. Introduction

Connecting data and using the insights to improve marketing, sales and service will be *the* sustainable competitive advantage for any major hospitality business in the future.

Doing business today is like competition swimming in a digital current of data. Every business wants to know more about their customers to successfully tailor products, services and messaging to resonate with the customer needs and desires.

Customer online behaviour and opinion, guest contact detail collection at the time of booking, in restaurant spend information... Mining the current of data through tracking and monitoring provides very cost effective means with which to glean insights on consumer behaviour and the resulting utilisation of your resources.

You carefully plan ahead to make sure you have the right amount of staff scheduled. Through tracking inventory you know how much food and beverage is consumed. You have spent a good deal of money on a great looking website, a Content Management System and an email newsletter tool to make sure you can maintain your online presence professionally.

But how do you now make sure you have **the data to make the right decisions in improving your business?** What if you could know exactly **which Google AdWords ads work** and which don't? What if you could **target your most loyal and highest spending guests** with messages to entice them to come back on specific nights? If you know that business for next month looks slow compared to same time last year, will that affect **purchasing and staffing decisions?**

By connecting the dots a map can be constructed to find the proverbial "x" that marks the treasure.



"Never before have companies had such powerful technologies for interacting directly with customers, collecting and mining information about them, and tailoring their offerings accordingly. And never before have customers expected to interact so deeply with companies, and each other, to shape the products and services they use"

Harvard Business Review, <http://hbr.org/2010/01/rethinking-marketing/ar/1>

02. Track ROI on online advertising spend

Using paid-for search advertising (PPC) to put your brand in front of web users looking for a restaurant is commonplace today. Compared to direct mail, directory advertising and online banners, search advertising has been shown to be the most cost effective method*.

Search advertising allows you to bid for keywords matching your offering in such a way that your ads are only shown to web users when relevant. By providing a link to your website in the ad, you can capture the web user in the right frame of mind and persuade them to book your restaurant. No cost is incurred until a web user actually clicks your ad, but if the user arrives at your site and doesn't buy anything, was that money well spent?

It is easy to fall into the trap of applying brute force and simply buying as many keywords as possible to cover all bases. Don't do it! The key to success in the paid-for search advertising game is refinement. Finding which keywords and ads that work, and which to drop.

Through testing of various keywords and ad combinations you can monitor what works and what doesn't. Find what works, do it over and over again.

By tracking conversions, i.e. how many of the people that clicked your ad actually book, you know precisely the return on investment you're getting. You can know down to the last penny, how much you can afford to pay for every ad click.

** U.S. Bancorp Piper Jaffray, New Methods in Search Marketing: Contextual Advertising and Other Evolutions (Safa Rashtchy), June 2004*

Example using AdWords, Google Analytics and Livebookings Direct

This example assumes you already have accounts with Google AdWords and Analytics, and that you use Livebookings Direct, the industry-leading easy-to-use online bookings tool, on your website.

(Note: screenshots in this section are from a Livebookings Network Partner, not a restaurant website.)

Through a special function in Livebookings Direct, the conversion tracking codes supplied by Google (or similar suppliers) can be run every time a booking is made. See [08.Appendix](#) for step by step instructions on how to set conversion tracking up.

Once all tracking is in place, bookings through Livebookings Direct start flowing into the Google tracking tools.

This type of tracking helps answer several important questions:

- Is it clear to my visitors how to book? If lots of people arrive at the start page, click to read the menu but never book (and



I don't get a big number of phone calls either) perhaps information needs to be changed or the booking interface needs presenting in a clearer and more obvious way (i.e. not "hiding it away" on the "Contact Us" page).

- Which of my advertising campaigns actually works? What is the conversion rate on each, do I make more money from the ads than I spend?
- Are my newsletters making a difference to my booking levels, can I see a clear spike in bookings when a newsletter goes out?
- When do people book? What are the variations throughout an average day? Does it vary with season? With other activities are going on in the media or in the local area?



The ROI (return on investment) implications are clear to see:

- Killing the ads that are not converting visitors to paying customers means not wasting money.
- Learning which ads and offers in newsletters convince people to book means offering diners what they are looking for which increases conversion.
- By knowing which ads work, you can create unique landing pages with higher relevancy. This helps in lowering ad spend, as the bidding tool used by Google takes into account the quality of the ad landing page when setting the cost per click.

Just as your business can use this data to improve, internally at Livebookings we continually monitor network wide booker behaviour and conversion statistics. This forms the foundation that allows us to continually strive towards making our booking tool the best converting one in the market place.

03. Build and grow your guest database

Every diner that has been to your restaurant has by definition already made the decision that your product is worth paying for. Continually building and maintaining a guest database with contact details allows you to reach out to these customers and try to get them back for a return visit.

A database is the key to maximising profits, but it can also be the key to survival in difficult times. The goal for your database should be to increase guest loyalty and value through conversion, retention and repeat custom and to allow you to create new marketing opportunities.

Basic guest contact details for your guest database can come from a variety of sources. To name a few: collection cards for the diners to fill out in the restaurant; over the phone when your staff are taking bookings (ask if you can send a confirmation email to get the email address); competitions and prize draws; and of course from your own website whenever a booking is made online.

As always when data comes in from several sources it can be difficult to maintain one single view with all the information, removing duplicates and weeding out contact details that no longer are up to date.

Ideally you would use an electronic reservations book or "diary software" in all aspects of your business where customer contact is made. If all sources feed into the same database, some completely automatic, time spent on maintenance can instead be spent on putting the database to good use.

Example using Livebookings Direct and Livebookings Standard

Using the tools from Livebookings data collection from several sources is supported:

- Whenever a booking is taken over the phone, staff can create, edit and add to a customer profile.
- A purpose-built form to register a newsletter signup can be placed in the website, making sure a guest can sign up to the newsletter even if they don't intend to book at the time.
- From the online bookings tool, Livebookings Direct, you automatically collect name, email and phone number as these details are required to make a booking.
- Import functionality allows guest contact details to be imported from a previous system or from Excel spreadsheets created from collection cards or competitions.



For more examples on important tasks when it comes to maintaining a clean guest database, see the Livebookings Guest Database Best Practice guide which you can download from our website at: http://www.livebookings.co.uk/Best_Practice

04. Compare projections to history

Is it possible to feel more confident about what the future will bring? To some extent, yes.

With a pen and paper reservations book, all you have is your gut feeling. Are we doing as well as or better than we did around this time last year? Do I need to run an advertising campaign or push out an email with an offer to get my booking levels up for next month? Or can I save the time and money for when I really need it?

Using an electronic reservations book where all your online bookings automatically go in real time, and where you also put all the bookings coming in over the phone and email, you have data to mine and the reports to analyse.

Suddenly you can start making more educated stabs at answering questions like:

- What are my booking levels like for the coming weeks leading up to Christmas?
- What did it look like last year, is Christmas this year developing in the same way?
- Do I have unusually quiet times coming up for which I should run an email newsletter or a campaign in the Livebookings partner network to get more bookings?
- What incremental revenue are my advertising campaigns actually creating?
- Am I successfully filling my shoulder times with bookings created by my campaigns, as I planned?

At Livebookings we call a simple metric for all of this the "bookings bank". How many bookings do I have "in the bank" for the future, is this increasing or decreasing compared to this time period last year and how does it trend over time?

Example using Livebookings Premium

In the electronic reservations book that comes with Livebookings Premium, there is a very simple yet powerful way to look into the future and get true numbers for your current bookings bank: "Daily totals".

This simple reporting page lists the daily totals for a given date range (for example the coming 30 days) and with a few simple clicks you can compare it to the same time period last year.

Using more advanced reports available in the Livebookings tools, along with exports of the raw data to external tools such as Microsoft Excel, you can stay on top of how your business is evolving.

This helps take a lot of the guesswork out of your planning for the future.



05. Increase repeat business through targeting the right guests

You don't want to send too many email newsletters. If you do people will say "no thank you" and unsubscribe. You have to carefully choose what you say to make each newsletter yield as much return as possible.

But what if you could target a newsletter to a specific selection of guests, and send a message they are likely to find interesting? Then different selections could get different messages, making it possible to send more messages each month without annoying large sections of your guest database.

Guest data doesn't just have to consist of names and addresses - it can also include additional guest preferences and historical data. While the electronic reservations book keeps a record of who dined and when, it doesn't tell you what they ate or how much they spent.

This is where your Electronic Point of Sale system (EPOS) comes in. Given a connection between your EPOS and your reservations book you can get a more complete customer view. How often they booked, when they booked, how much they spent, and on what.

Such information allows you to tailor your messages to different segments of your database.

Example using Livebookings Premium integrated with EPOS

One of the key features of the Livebookings Premium reservations book is the guest database.

Dynamic customer profiles allow you to define the fields you want to track about your guests, and using the powerful reporting functions you can slice and dice the guest database in the segments you want to communicate with.

Furthermore, the Livebookings Premium software is built with other suppliers in mind, meaning that connections can be created with most Point Of Sale systems.

Shown here is the main segmentation screen where selections can be made, including any custom guest data fields defined.

Once a selection has been made, it can be saved away under a unique name, making that segment easy to bring up again and again for recurring messaging.



What makes the Customer Relationship Management (CRM) section in Livebookings Premium really sing and dance though is the connection to the EPOS system in the restaurant.

With such a connection in place spend data is continually imported to Livebookings Premium using the table number as connection to the guest every time they come to dine.

Spend data adds not only a financial dimension to your segmentation, allowing you to segment out your most loyal, high spending guests.

You can also get the ability to find the wine connoisseurs, the seafood lovers or the beer drinkers.

With all this data available to you, you can send out a targeted email campaign to the high value segment you hope will fill your seats. A special on wine week 1, a lobster feast week 2 and a special beer tasting week 3. All in separate emails, targeted to the people most likely to find it interesting!

Datum	Per	Food	Bever.	N-Food	Total
22.04.08	2	184,00	214,00	0,00	398,00
17.07.08	2	192,00	207,00	0,00	399,00
13.08.08	3	292,00	368,00	0,00	660,00
13.09.08	1	36,00	66,00	0,00	102,00
30.09.08	3	258,00	162,00	0,00	420,00
25.10.08	1	65,00	76,00	0,00	141,00
15.11.08	1	177,00	51,00	0,00	228,00
10.12.08	7	0,00	0,00	0,00	0,00
17.01.09	5	524,00	646,00	0,00	1'170,00
2	1x	00 Dom Perignon			240,00
1	3x	San Fellegrino	9,00		27,00
1	2x	Fachingen 0,75l	6,00		12,00
1	1x	06 Homburger Kallmuth,Aspho			63,00
0	2x	01 Château Haut	123,00		246,00
2	1x	6 Gillardau Austern			24,00
0	2x	Ausgelöster Hum	36,00		72,00
1	1x	Langustinen			38,00
0	1x	Diverse Vorspeisen			16,00
2	2x	Wahlweinst...	15,00		30,00
Total	72	5'489,00	5'284,00	0,00	10'773,00

06. Conclusion

Digital tools, online marketing and connections between systems generate a wealth of information. Provided that you treat this information with respect, and use it to bring added value, the customers won't mind parting with more details about themselves.

All this customer data can be mined to generate valuable insights.

You can use these insights to hone your marketing, increase your sales and improve your customer service.

To find out more about how the tools provided by Livebookings can help you become more data driven in your decisions, contact us today.

www.livebookings.co.uk / sales@livebookings.co.uk / 020 7934 9275

07. About Livebookings

Livebookings is an award-winning company built for restaurateurs by restaurateurs.

Headquartered in London, with offices in Hamburg, Stockholm, Madrid and New York and customers in 23 countries, we are the global online marketing and reservations service for restaurants.

Livebookings enables real-time, online reservations on restaurant websites and helps restaurants to access customers that would otherwise be difficult to reach through a global network of partners including Bookatable.com, 118 118, Yell.com, lastminute.com, Ticketmaster and Time Out.

Through this network of local, national and international partners you get access to more potential guests than you can ever reach on your own, adding new business and generating large amounts of guest data. We have been building and nurturing this network for several years, investing large sums in supporting technology creating a direct link from online diners to restaurants worldwide.

During 2010 and 2011 we will invest a further 10 million pounds in our systems to further assist you in marketing and managing your restaurant, and help you draw conclusions based on facts collected about your diners over time.

Our mission is to build and supply marketing and reservations technology for you, so you can focus on your business goals; creating a great product and delivering stellar customer services.

In 2009, we delivered over 4 million online diners to restaurants worldwide including The Ritz, Gordon Ramsay Holdings, Strada, The Ivy, River Cafe and Galvin Restaurants.

Livebookings is owned by Livebookings Holdings Ltd.



08. Contact Livebookings

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09. Appendix: Setting up conversion tracking using Livebookings Direct

Here is the process for implementing conversion tracking in your website using Livebookings Direct. No attempts have been made to explain the functionality of Google AdWords and Google Analytics, this is a step by step instruction assuming the reader is familiar with the tools.

1. Start with setting up your AdWords account: <http://www.google.com/adwords>
2. Following Google instructions, set up a Google Analytics account: <http://www.google.com/analytics>
3. In Google AdWords, select in the "Reporting" menu the "Google Analytics" option. When asked to link the accounts, answer yes.
4. In Google Analytics, make sure your website is now connected to cost data from AdWords.
5. Make sure Livebookings Direct is added to your website according to the Livebookings Best Practices: http://www.livebookings.co.uk/Best_Practice
<http://tools.livebookings.net/lbd-configuration/>
6. Now create a web page on your web server named "conversion.html", in this file we will place the necessary tracking codes from AdWords and Analytics.
7. Go to AdWords and in the "Reporting" menu choose the option "Conversions". Click the button "New conversion" in the table on the page. Name the conversion "Booking completed", set tracking purpose to "Purchase/Sale". Click "Save and continue". Complete the fields, click "Save and get code".
8. Copy the code and put it in your file "conversion.html".
9. Go to Google Analytics, copy the tracking code you received. Put it in the file "conversion.html".
10. Upload "conversion.html" to your server.
11. For every page in your website where Livebookings Direct is added, you now need to update the embedded codes to make sure "conversion.html" is accessed with every booking made. You do this by adding the JavaScript function LBDirect_addConversionCode(). Example only, **DO NOT USE**:

```
<!-- Start Livebookings Direct Code -->
<script type="text/javascript"
src="https://secure.livebookings.com/LBDirect/Assets/Scripts/LBDirectDeploy.js"></script>
<script type="text/javascript">LBDirect_Embed('DEV-RES-EATFOOD:3925', 'en-
GB,0,79BCFF,CC0099,df,000000,0,,FFFFFF,');
// Pass a reference to my conversion code
LBDirect_addConversionCode('http://www.yoursite.com/path/conversion.html');
</script>
<!-- End Livebookings Direct Code -->
```
12. Upload all changed pages to your server.
13. Set up goal tracking in Google Analytics, using "conversion.html" as the goal page.
14. Done!

Tracking data should now go into your AdWords and Analytics account every time a booking is made through Livebookings Direct.

10. Appendix: Glossary of terms

Bookings widget, bookings gadget, bookings tool – see Livebookings Direct.

Conversion – in marketing, a conversion occurs when a prospective customer takes the marketer's intended action. On a web site for example makes a booking or purchases an item.

Customer data – refers to all information that identifies a customer or describes the behaviour of that customer. Having access to the raw customer data creates opportunities for analysis and learning. This builds knowledge that allows for true business improvement.

CRM – Customer Relationship Management, a software-based technique designed to select and manage customers in order to maximise their long-term value to an enterprise.

Data driven – means that business decisions are made after analyzing and understanding the relationships derived from facts and data, striving to take trial and error out of the business.

EPOS – Electronic Point Of Sale, see POS.

Google AdWords – Google's flagship advertising product and main source of revenue (\$21 billion in 2008).

Google Analytics – free service from Google that generates detailed statistics about the visitors to a website.

Livebookings Direct – industry-leading online booking interface that can be added to a restaurant's website in just a few minutes. Adding Livebookings Direct to your website will enable you to convert website traffic to covers by allowing website visitors and potential customers to make confirmed, real-time bookings 24/7.

Livebookings Standard – Livebookings' standard package gives access to all our key services including an online reservations book and medium sized inclusive cover bundle.

Livebookings Premium – Livebookings' advanced package for restaurants, including superior table management and EPOS integration options as well as a generous inclusive cover bundle.

Paid for search advertising – see PPC.

POS – Point Of Sale (system), cash register systems that record transactions in a retail store.

PPC – advertising model in which advertisers pay for click-throughs to their website. Ads are served based on keywords or themes.

ROI – Return On Investment, the actual or perceived future value of an expense or investment. Ad campaign ROI is a metric that attempts to determine what the advertiser receives in return for the cost of the advertising, usually in terms of new sales.

Segmentation (of customer data) – market segmentation of people or organizations sharing one or more characteristics that cause them to have similar product and/or service needs.

White paper – a report or guide that often addresses problems and how to solve them. White papers are used to educate readers and help people make decisions. They are often used in politics and business.