THE PROS & CONS OF ONLINE COUPONS FOR YOUR BAR OR RESTAURANT
The Pros and Cons of Coupons for Bars and Restaurants

In last few years, coupon marketing has become an integral part of all marketing campaigns. With the evolution of couponing from printable coupons to online coupons, businesses find themselves with a great opportunity to use an effective advertising tool. The concept turns into an exponentially growing industry in last few years with the increase in manufacturer-to-consumer delivering channels and an easy access to online coupons. With the decrease in deal driven traffic to restaurants according to the research conducted by NPD Group in 2012, more and more restaurants depend on coupon marketing to lure in more customers. While the deal driven traffic in restaurants shows a declining trend, the coupon driven traffic is on the rise. The following stats were shared in the research conducted by NPD Group.

- The traffic driven by Combo meals has declined from 20 to 19 percent in last two years.
- The traffic driven by Value meals decline from 18 to 16 percent in last two years.
- The traffic driven by Coupons increased from 14 to 17 percent in last two years.

With the advancement of technology, coupon marketing finds new and innovative ways to make it easily accessible to customers like print media, internet marketing and mobile marketing.

Coupon Advertising for Bars and Restaurants

The use of coupons by bars and restaurants as an advertising tool has become a norm, and is an integral part of all marketing campaigns related to the food industry. For most of the local bars and restaurants, advertising within a selected regional market is the only option. For such marketing, couponing is an effective advertising tool as it allows restaurant owners to distribute coupons to targeted locations.
Distribution channels such as: mail, local magazines and newspapers, social media, online and mobile marketing as distributing channels can allow bars and restaurants to target specific regional markets or consumer segments.

**Effectiveness of Couponing in the Food Industry**

Coupons are very effective in marketing and promotion, but only if there is a well-established strategy. Having a strategy in place helps increase revenue and brings in new customers to your restaurant. An ill managed coupon marketing campaign can
create problems instead of doing any good. This guide will explore the pros and cons for restaurants that can come with implementing coupon based discounts.

**Pros of Using Coupons**

- Coupon marketing is designed to inspire new visitors. When coupons can attract more new visitors, loyalty programs can help to retain them as a loyal customer, so implementing both strategies is a great way for bar and restaurant owners to fill tables every night of the week.

- Coupon deals for new food items is a great way to inspire customers to taste new items from your menu. The food industry is turning into an aggressive and highly competitive market. Well-designed and creative coupon marketing can often give a restaurant an upper hand on its local competitors.

- Sites like Groupon and Living Social have made it easy for bar and restaurant owners to create deals. Once you have created your coupon, you can reap the marketing rewards these sites have to offer – not to mention the reach of potential new customers.
Cons of Using Coupons

• It is really important for restaurant owners who are initiating a coupon to clearly state the general terms of using the coupon. Many customers may try to use coupons in a wrong way, intentionally or unintentionally, due to lack of information about terms.

• Creating coupons or deals can often create problems for administration and accountants. Restaurants need to keep things manageable for the accountants and their staff before jumping too deep into the concept.

• Make sure that the time limit for using the coupon is loud and clear on the coupon. Sometime, people misread especially when downloading online coupons. This can create uncomfortable situations for customers as well as staff at an establishment.

• Many restaurants are unable to turn discount seekers into regulars with a discount or coupon. Couponing is not profitable if the customers are not coming back after a one time visit. Most of the coupon deals attract low-end bargain seekers especially on sites like Groupon.

• Mismanagement can simply result in a dip in profits. Inability to process coupons properly can result in overuse, misuse and even in undercutting the perceived value of food. If your staff is not equipped and trained to handle coupons, avoid them.

• Using couponing as a major part of your marketing strategy can often hurt brand loyalty. This audience always looks for better deals instead of a better restaurant or brand. It cannot build brand loyalty and long term relationship with your customers if their only reason for visiting a restaurant is a discount.

If well thought out, coupons can be a very effective promotion to help increase sales. In the last few years, coupons became an integral part of marketing campaigns for restaurants. The evolution of print coupons to online coupons and now to social coupons increased the effectiveness of coupons rapidly in business promotion.

Keep in mind that social media coupons are also a popular trend among bars and restaurants. Using social media coupons can be a great way to reward loyal customers.
and fans. On Foursquare, customers redeem specials by checking in when they arrive at your bar or restaurant. Your special will appear on their phone after they “check in” – they will show it to your staff to redeem it. On your Facebook page, your establishment can create an “Offer” to advertise a special deal and push it to fans’ newsfeeds.

**Bonus! 10 Tips for Effective Coupon Marketing**

While designing effective coupon marketing, you need to make sure that the bottom line is not affected and you are not underselling your value in the name of discounts. Discounts surely lure new customers to the restaurants but the net result should add up to increase bottom line. Follow these simple tips to avoid mistakes and to get the most out of a marketing strategy for coupons.

1. **Is Coupon marketing effective for your restaurant?** It is very important to have a clear answer to this question. It is not necessary that coupons will work effectively for every type of restaurants even though it is good for most. For example, if a restaurant is situated at a popular tourist destination you may find coupon marketing ineffective but can produce a different result for restaurants situated in urban centers within a fiercely competitive local market.

2. **Are you well equipped for what lies ahead?** Coupons can trigger some quick and often massive turnouts. Make sure that your staff and operations are well prepared to deal with additional influx of customers.

3. **Right Product with Right Discounts.** If you are throwing coupon based discounts in the market, the end goal is to increase your bottom line. But how do you achieve that with offering discounts on products? Simple, by attaching the right products with coupons from your menu with high profit margins. Don’t put products on coupon discounts that are already popular or have fewer profit margins.

4. **Use Coupons for New Products.** If you have added a new dish on your menu, attaching coupon discounts with such products can be very effective in your promotion.

5. **Coupons for Right Customer Segment.** Coupons for your whole customer base might hit your bottom line hard. Sometimes, a restaurant owner needs to think carefully about the customer segment he needs to target with coupon marketing to keep the effectiveness of coupons. Is it directed towards loyal or
new customers? Restaurants that want to sustain their loyal customer base and restaurants that are looking for new customers may have to target different customer segments.

6. **Take Calculated Key Decisions.** Effectiveness mostly depends on a few key factors associated with coupons. You need to calculate the number of coupons, discount offered and duration of the campaign. Mathematically, this all should sums up to better your bottom line.

7. **Turn Customers into Repeat Customers.** The goal of coupons is to promote your business, draw the attention of customers to your products and increase the loyal customer base. Make sure your coupon offers are contributing to repeat visits. For example, if a customer buys something during one visit, offer an additional coupon for their next visit.

8. **Online and Group Coupons.** Coupons are of no use if they are hard to find for people. Make sure you are taking advantage of your own website and other websites that promote coupons. Websites that sell coupons to a group like Groupon are also very effective. Even though, you need to design a separate coupon deal for group discounts. Don’t forget to use social media for your coupon promotions. Some other marketing channels include Yelp, Google places, partner websites, magazines and local newspapers.

9. **Sale Beyond the Coupon.** If customer spending is only limited to what the coupon is offering, you might have to face some serious issues with your financial returns. Your coupons must drive customers to spend beyond the coupon. For example, what about a coupon that offers just a free entrée? Or one that offers discount at a particular amount spent by the customer.

10. **Don’t Use Coupons Too Frequently.** If you are offering coupon discounts regularly, you may put your business at risk. This makes your customers coupon-oriented and their visits to your restaurant becomes limited and derived only by coupons. Don’t do it!

Remember to think about how the coupon or discount could affect your bottom line. A solid strategy around a coupon will help ensure that you will increase visitors and sales.

There is no doubt that coupons can earn great results for restaurants and bars but only if restaurant owners know what they are dealing with. As printable coupons have
evolved into easy to obtain online coupons and with plenty of websites available to help restaurants with their coupon advertising, there is no reason for any restaurant to fear or avoid using coupons as a marketing strategy.
Buzztime is the world’s leading in-venue social gaming, marketing and entertainment provider. Trusted by over 3,500 bars and restaurants, we integrate trivia, card, sports games and live events with in-and out-of-venue marketing, messaging and communications tools. With over 3,000,000 registrations and over 50,000,000 games played each year, Buzztime players spread the word and invite friends and family to their favorite Buzztime location to enjoy an evening of fun and competition.

To find out more about how your bar or restaurant can keep customers coming back to your establishment with Buzztime, please contact us or call (877) 963-9200, we are happy to help!

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