

CONSUMER PSYCHE SHAKEN. CAN HOSPITALITY RESPOND?



Applicable across the entire Hospitality landscape, same store sales at restaurants in the United States have been in the red for 15 of the past 17 months, according to recent data from the National Restaurant Association, as presented by Hudson Riehle, Senior Vice President of Research and Information Services for the NRA.

“The psyche of the consumer has been shaken,” Riehle recently said. “Pricing issues won’t go away when the economy recovers. Price-value will remain an issue as this recession has been severe enough to be life altering for many.”

Most of us in Retail (hotels, restaurants, stores and services) are numb. Today’s “good news” usually includes companies which have lost less than predicted, almost reminiscent of the dot com craze, where we all threw money at ideas with a long shot dream of returns. But, Mr. Riehle’s most unnerving comment addressed the fact that **Consumer’s will change their spending habits across the board dramatically - they (and we) have been altered.** Therefore, those of us who are surviving this economic storm cannot possibly believe that it will be business as usual, and, as that shaky, filtered light of recovery becomes more beaming, we must be prepared to face a challenging new landscape and run our businesses differently.

Charles Darwin would have some deep thoughts on this situation, watching for the adaptability of the species. Many will, although many others will become the fossils for the future. What will be your demarcation, your plan of action, your efforts for the future, starting right now?

It all begins with the integrity of your Brand. Are you poised to lead the Pack, languish in the herd Pack or merely Pack it in? Your Brand has been probably pretty well battered and tarnished to date. Your Consumer understands that, but, if you have been honest, they will work with you, as you reconstruct the Customer Experience and recreate that emotional connection. **The key is reliability and the Brand Value Promise you have pledged to deliver.** Your first look is internally, for you must manage not only the instant Customer Experience but also the continuing Relationship.

Staff has been laid off, realigned and/or reassigned. Supplies/inventories are diminished, amenities/products redefined, remodeling and maintenance delayed (you know the check list) - everything has been cost consciously reviewed in some fashion with defensive action taken.

Now, we look cautiously to the rebuilding effort, and you first need to bring your employees back

into the Brand fold. They have been bruised, as well. If there were ever an opportunity to create a partnership, you have one now. They seek your leadership and empathy. You need them involved and engaged. Reestablish your Standards of Excellence, deeply involve them in the operation and share the successes, challenge them to be innovative, seeking new, creative ways to better serve your Customers. Picture this - who knows more about how a machine runs - the operator or the general foreman? Our faith in our employees has frequently been a dubious proposition and in this era of increased Unionization we better do things differently. Embracing their talents and hearts is certainly a good start. **Invest in your employees with training and development, so when you make the turn, they are energized, strutting high.**

Concurrently, you need to take stock of the operation, performing an audit to establish what you now offer to that value-focused Consumer. In the last year, your "picture" has transformed, and your operation has undergone change - some subtle, others quite glaring. The rebuild will take some time, yet match your investment strategies to the pressing needs. Frequently, outside resources can provide that "picture in time" for you, either through an internal audit or more consumer oriented assessments - what the Guest might experience on a visit. This can become your benchmark for progress and performance, especially as your Standards become more robust in terms of product, service and condition of the facility. For multi-unit operators, as your Brand becomes revitalized and better defined, you need to ensure that the Brand vigor extends across all your sites. Once again, there are companies which help you to reenergize and deliver Brand specifics to all your employees, who need that constant reassurance and motivation - they are your messengers and ambassadors.

Next, you must marry your internal efforts to the realities of the Marketplace. All your work will be for naught, if your Customer and Guest does not respond positively to your Brand invitation. Customer/Guest Feedback mechanisms are now even more critical to this relationship. And, your efforts must be 24/7, for this new generation Customer, he/she of the shaken psyche, awaits for no laggard. Feedback must be immediate, actionable and credible. There are many tools out there. You want to understand the Customer Experience right away, so you can adjust/act immediately. Your Customer/Guest is tech savvy, and Feedback technology is the appropriate way to go, particularly as you can build on the loyalty aspects of your business, recognizing that it is easier to retain an existing Guest than recruit a new one. Perhaps, former New York Mayor, Ed Koch had the spirit, when he would daily ask, "How am I doing?" If you do not inquire, they do not tell, and you lose business.

Lastly, the "twain" (your internal and external efforts) shall meet, depending upon how you choose to announce your enhanced presence the marketplace. It has been dreadfully quiet out there, as advertising, PR and marketing budgets have been pared significantly. **What an opportunity to make some noise, communicate boldly news and activities, and steal the stage of public clamor.** With communication initiatives performed shrewdly and strategically, your Brand can regain prominence. If you are out of sight, you are out of mind!

This is a very exciting and challenging time for Hospitality, as we approach mid-year. Market indicators show some relief and positive movement. Revisit your Brand, energize your staff, partner and engage your Customers and, above all, **let the Marketplace know you exist.** We must optimize every Customer Experience at every "Touch Point", ensuring that our Brand Promise becomes operational and memorable!

By Ragsdale Hendrie

The author believes that Remarkable Hospitality is the portal to the Guest Experience. Seek solutions at: www.hospitalityperformance.com

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