

## American Express Industry Insights and Case Study

### Introduction

Welcome to the latest issue of The Private Room – the exclusive club for owners and managers of restaurants and cafés.

In this edition of The Private Room, discover why it takes more than great food to create the ultimate dining experience and the latest word on social media – with online recommendations fast catching up with word-of-mouth when deciding where to eat. We also offer plenty of fresh insights and hot tips to help boost your revenue and improve your business.

Ajoy Joshi, owner of one of Sydney’s best-loved Indian restaurants, Nilgiri’s, also shares his creative ideas on how to whip up the ideal dining experience and why attention to detail is important to both your customers and your bottom line.

Look out for our regular benefits as well, including complimentary restaurant supplies.

Enjoy!



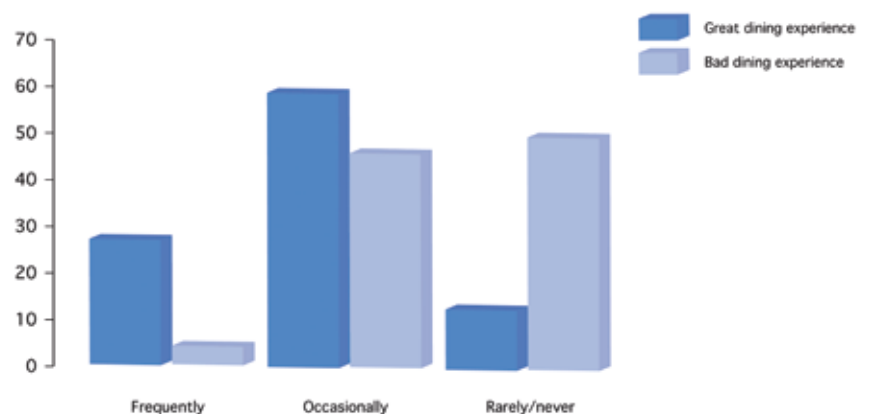
### What makes the ultimate dining experience

While dishing up top-notch food continues to be the mainstay of a great night out, it is the total experience that customers are hungering for, according to the latest American Express Industry Insights Report. Excellent service, good company and an atmosphere conducive

to convivial conversation are just some of the key ingredients that make for a truly memorable dining experience. More importantly, three out of four customers say their dining experiences begin well before they sit down to eat, and continue long after they pay the bill.

### Great dining experiences are fast becoming the norm

Frequency of great/bad dining experiences



Great dining experiences are becoming the norm for the vast majority of Australians who dine out. One in four customers report that they frequently have a great dining experience, compared to a slim 4% who say that they frequently have a bad one.

Only one in 10 people rarely or never have a great dining experience. Many of

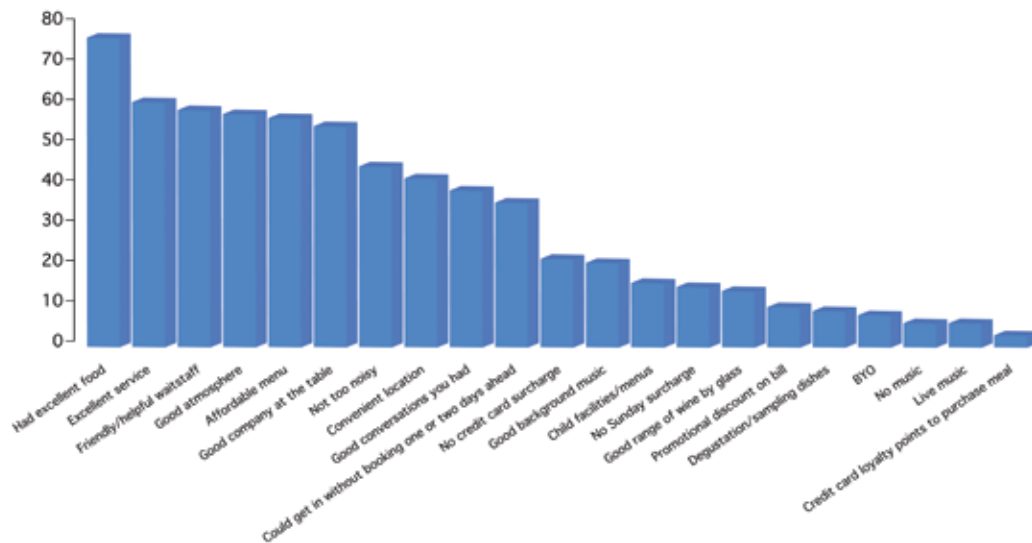
those diners tend to be over 50 (21%) and on low incomes or not working (24%). In sharp contrast, one in two diners overall either rarely or only occasionally has a less than memorable night out.

Those who dine out more frequently notched up a higher percentage of great dining experiences (35%) than those who rarely dined out (5%).



## A night to remember

What attributes made your last dining experience such a memorable one?



Excellent food tops the list of memorable moments when dining out. Great service and friendly waitstaff are also key ingredients when it comes to creating the perfect dining experience, followed by a good atmosphere and an affordable menu.

Good conversation (39%) and good company at the table (55%) also play a key role in making the dining experience more than noteworthy, as does a setting that is not too noisy (45%).

*“Make sure your staff are attentive, knowledgeable and ready to exceed your customers’ every expectation.”*

Two out of three women place a higher premium on excellent service and helpful and friendly waitstaff, compared to one in two men. A convenient location, affordable menu and menus for children are also more important to women.

Those who dine out at least once a week are less concerned about price and affordability and have their eye firmly fixed on food, service and atmosphere. Those who dine out less frequently and are on lower incomes are more likely to opt for an affordable menu over service and ambience.

Diners over the age of 50 appear to be the most price-sensitive and rank an affordable menu the second most important element of their dining experience (70%). By contrast, Generation X are not prepared to go past excellent service (62%), while Generation Y are happy to pass over attentive service in favour of a restaurant with a good atmosphere (56%).

The ability to dine out on the spur of the moment and not have to book one or two days in advance is also important to one in three customers, particularly those who have children under the age of 12 (40%) and who dine out two or three times a month (41%).

The least important elements for a memorable night out are discounted meals (10%), live music/no music (7%) and BYO (8%).

*“Be passionate and consistent about what you do.”*





## Sharing the experience

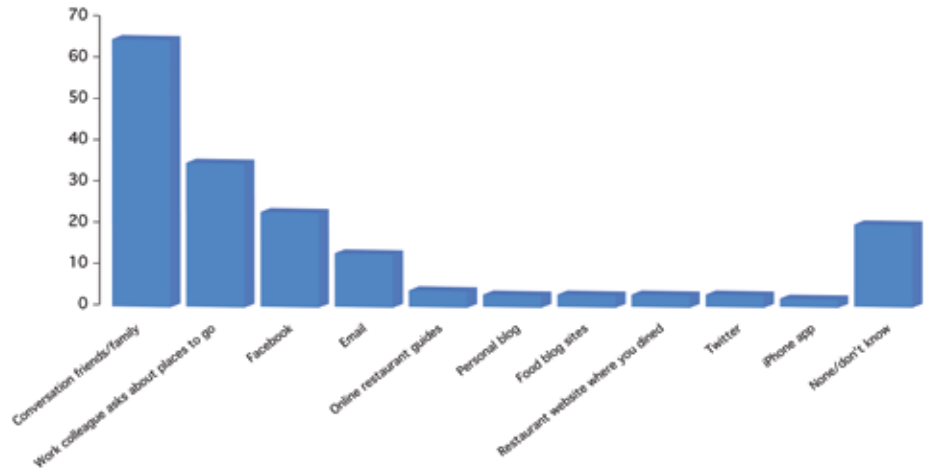
In an age of instant communication and gratification, how well your restaurant stacks up against your competitors is now a regular part of the average diner's conversation before they make a booking and long after they pay the bill. So it pays to know who your customers are talking to and how.

Word-of-mouth is still the most powerful marketing tool, with 65% of diners ready to dish up their views on their latest dining experience with family and friends, while 34% are sharing their experiences about their 'A list' of places to eat with their co-workers.

However, social media is rapidly catching up with face-to-face conversations, as 34% of customers move online to share their thoughts on where to eat. Generation Y in particular are using Facebook (31%) to talk about their dining experiences, versus telling family and friends offline (49%).

Those who dine out regularly are more likely to share their experiences on

How people share their dining experience



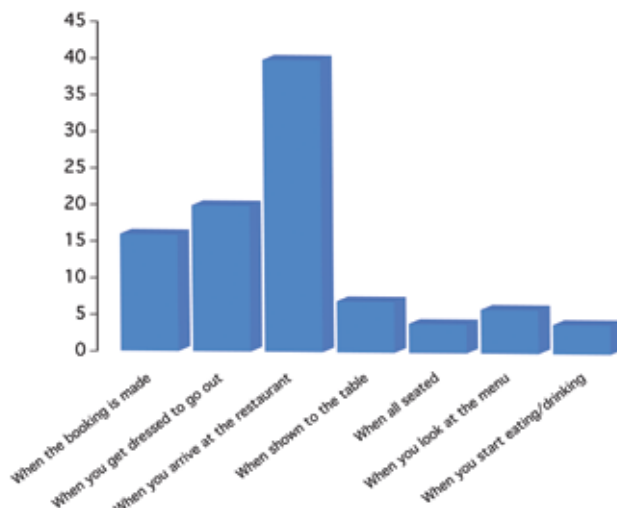
Facebook (34%), in the workplace (40%) and via email (17%) compared to occasional diners. Women are also more likely to talk about their dining experiences with family and friends (73%) compared to 58% of men, and to email and share their opinions on Facebook.

For those not yet convinced that social media is becoming an integral part of

the marketing mix, the figures speak for themselves. In just six months, since the last Dining Insights report in July 2010, the use of Facebook has jumped from 17% to 23%, blogs from 4% to 6% and iPhone apps from 2% to 6%.

## The dining experience – getting into the mood is well ahead of food

When does the dining experience begin for you?



With expectations high before diners even reach their destination, first impressions are critical, with three out of four diners already rating their dining experience well before they sit down.

Setting the mood is well ahead of food, with 16% starting their dining experience when they make their reservation, 20% when they get dressed to go out and 40% when they arrive at the restaurant. Only 4% of customers said it was when they actually started eating and drinking.



## The god of small things



When Ajoy Joshi, owner of one of Sydney's best-loved Indian restaurants, Nilgiri's, was young, his parents wanted him to be a cardiologist. Luckily for the food-loving world he chose a different career path, but he still wears his heart on his sleeve when it comes to whipping up the perfect dining experience. It's all about the little things and creating what he calls the 'vastu' or vibe that keeps customers coming back.

### What stimulated your appetite to become a chef?

My parents had strong views on what I should do with my life when I was growing up, which certainly didn't include me becoming a chef. Dad wanted me to be a heart specialist and Mum wanted me to be an aeronautical engineer. I literally ran away from home and started work as an apprentice chef in a hotel.

It was my first day on the job and as soon as I saw the kitchen and that tall white hat, I knew that's what I wanted to do. Food quickly became my first language and because I found it very easy to communicate through food, I adopted the motto 'can cook, will travel' – working in restaurants throughout India and Europe before settling in Australia. As my dad said, "Well son, if you can't become a doctor or an engineer or play cricket, at least you picked a job where you can feed yourself!"

*"Always greet your customers with a smile no matter what. Your customers come first."*

### What do you think are the key ingredients to a great dining experience?

There is nothing worse than going to a good restaurant and being greeted by someone who doesn't smile and who gives the impression that they don't want you there. I personally don't care how the restaurant looks or whether the carpet is new or not. For me the most important thing when it comes to creating a great dining experience is the relationship you build between your staff, your food and your customer.

In India, everything in life is an occasion and the central focus is always about the experience we build around food. We call it 'vastu' or the vibe and atmosphere of a place. I don't mean that in the literal sense, but the feeling people get when they walk through the door and where everyone is genuinely happy, including my staff. For me, the concept of vastu is very important to the dining experience, as is the connection between the waiter and what's going on at the table.

I can't stress the importance of great service enough; that means having staff who really want to be there. If the waiter looks down on you because you don't know what a tandoori or a duck confit

is, it ruins the conversation and the food. Similarly, if waiters are unhappy or stressed, and they allow those emotions to come through, the overall dining experience is diminished. At the end of the day, it all comes down to three key ingredients or what I call the three Cs – communication, consideration and cooperation, and that applies not only to how I treat my customers, but also my staff.





## *What other elements go into making the dining experience truly memorable in your opinion?*

Food is important, but to be honest, there are plenty of restaurants out there producing quality food. What's often missing is the attention to the little things and I think that's what we do really well. We garnish the dish at the table because it's about creating a connection between the customer and the person serving the food. It's why I go to a restaurant. If I just want rice on a plate, I can do that at home. I want to see the relationship between the person serving and the food I'm eating, otherwise I might as well be eating at some fast-food joint.

It's also about going the extra mile. In India, customers like to be pampered and indulged, so if a customer wants butter chicken and it's not on the menu, I'll get my chefs to make it for them. If a customer isn't sure about dessert, we send them a complimentary one. It might mean \$10 less for me but next time they come back, they'll order one. If it is a birthday or other celebration, we always offer a glass of champagne, or, if they're not into champagne, then a complimentary jar from our chutney and spices range. The bottom line is that people want

to feel important when they dine out. I believe anything I do for a customer is an investment, not a cost.

You also need to establish a good relationship with your chef. I have nine chefs, but my job isn't to teach them how to cook – they know how to do that; it's to give them the freedom to be creative. If they're just churning out dishes like robots, they lose that vital connection between the food and their customer. As I say to them, if you can't appreciate what you've created, then don't serve it.



## *What have you found to be the best way to market that experience?*

Word-of-mouth has kept me in business for 15 years, which is why I don't rely on paid advertising. I prefer people to talk about their experience, and if it's positive, we know people will be back. Our website has also been fantastic for business, but if I were to choose one thing, I'd say our adult and 'kids in the kitchen' cooking classes are probably our most successful marketing tool because people get the chance to learn and make the foods they've eaten in my restaurant. Even though I could sell them one of my cookbooks, I would much rather sell them the experience.

*“Finally, you don't need expensive furnishings to deliver a great dining experience. It's the little things you do for your customers that make a good restaurant great.”*

## *Are you seeing a shift in people's expectations when they eat out?*

People are much more demanding than they were a year or two ago and they are increasingly conscious of how much they spend. So I'll often provide a little something 'on the house', because that extra touch is what makes the occasion a bit more memorable and wonderful. I'm not giving away my profits; I'm personalising their dining experience.

Surcharging is also an issue for customers – they don't see why it should cost them more, and I agree. My personal view is, if you can't run your restaurant on a Sunday like any other day, then don't open. I make Sunday's menu 10% cheaper deliberately because I want families to come and feel welcome. There's nothing better than a full house full of smiling people.





## What's your most recent memorable dining moment?

We go to a little Italian restaurant in Sydney and what we love about it is that, even though it's packed every day of

the week, the owners always find a table for us. It's not about being seen as important that makes it memorable, but

that they make us feel welcome every time. It's the place we go to when we've had a good day.

## Hot tips

In a highly competitive market, first impressions count, particularly with customers already tuned into the dining experience before they get through the door – so make sure your staff are attentive, knowledgeable and ready to exceed your customers' every expectation.

Understand and cater to your customers' needs, no matter how small. While getting great food onto the table is part of the package, it's the overall experience and relationships you build with your customers that count and keep them coming back.

Survey your customers, read your restaurant reviews and find out where your dining experience is winning you customers or not. With social media offering instant feedback, it's easy to turn negative reviews into stellar raves.

Love what you do. I have an open kitchen and I like that customers can enjoy watching the chefs at work.

Employ staff who want to be there, who are knowledgeable, who can explain the menu and who have a passion for what they do.

Understand your customers' needs. 90% of my clientele will tell me if things are going well, and I like that. My staff also make a point of asking the customer at regular intervals if everything is all right.

It's not just about how you start a person's dining experience, but how you finish it. Don't clear the table if people haven't finished eating, but don't leave dishes there if they have.

Keep the three Cs front-of-mind at all times – communication, consideration and cooperation. These are critical to your business success.

Source – The American Express Industry Insights Reports, Galaxy – Quarter 1, 2011

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