



The

Power of
foursquare

7 INNOVATIVE
WAYS TO GET
YOUR CUSTOMERS
TO **CHECK IN**
WHEREVER THEY ARE

CARMINE GALLO

BESTSELLING AUTHOR OF
THE INNOVATION SECRETS OF STEVE JOBS


CHECKING IN

"Get out there and start testing. See what your consumers enjoy. Foursquare and other social media tools can help you keep on an ongoing conversation with your customers."

—**TRACY MARKS**, Public Relations/Social Media Specialist,
Souplantation & Sweet Tomatoes

conversations with her loyal customers where they are living their lives, often on social networks. She uses Twitter to communicate with the mayors of each location and asks them for their suggestions regarding what types of rewards the restaurants should give its mayors. Suggestions have ranged from free food to reserved tables. Mayors like to be treated like royalty, and they like it when others know it, too!

"We see an increase of awareness of our restaurants on Twitter because of all the people checking in to our locations on Twitter and sharing their check-ins," says Marks. "We've been using this as an opportunity to start a conversation with these guests, asking them their opinions on menu items, for instance. Ideally, we try to reach them when they are still in the location. They love it when we do!"

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Foursquare Gives an Old Pizza Chain a Fresh Start



STRAW HAT PIZZA

San Ramon, California

I have fond memories of growing up in San Jose, California, and going to Straw Hat Pizza after soccer games. My dad never missed a game, and he would bring me to the local pizza parlor where we would meet up with other players and

coaches. The restaurant was colorful, fun, and lively, and had tasty pizza. Straw Hat had been around well before I discovered it. In the summer of 1959, when Frankie Avalon topped the charts and Sandra Dee played Gidget in the first beach party movie, *Pacific Coast Highway*, California was dotted with convertibles, drive-throughs, and young kids playing on the sand and rocking out to the Beach Boys. California was sexy and so was its food. Straw Hat was the first to introduce the Genuine California Pizza. Lighter in style than its counterparts in Chicago, it was made with a layered, flaky crust, light and zesty tomato sauce, fresh toppings with California-style ingredients, and six types of naturally aged California cheeses. It was on the cutting edge of a taste trend that would last for the next five decades.

A Company with a Great History

By the mid-80s, Straw Hat was regarded as one of the dominant pizza chains in the western United States. In 1987, Pizza Hut bought all existing corporate-owned Straw Hats as part of its western expansion plan and ended the chain's reign. I moved on to college in Southern California and completely lost touch with the great pizza and community atmosphere I remembered as a kid. I recently learned that after the Pizza Hut buyout, a few stubborn Straw Hat franchise owners refused to convert and won the right to carry the brand name forward. But for the next 20 years, the Straw Hat Pizza name was all but forgotten, with the exception of a few mom-and-pop stores scattered around northern California.

In February 2008, former high-tech executive Jonathan Fornaci was named president and CEO of Straw Hat Restaurants. He had an uphill climb. Fornaci took over a company with 38 restaurants that were showing little to no growth, did little to no advertising, and did not engage in any social media programs. But Fornaci told me he felt right at home. "It was a company that had a great history, family-oriented atmosphere, and quality products. It had the foundation to be a 450-store chain again like it was in the 1980s. All it needed

was new leadership with a vision to build on the foundation that made it great."²

In the next three years, in the middle of a great recession, Fornaci grew the brand by 250 percent and has positioned the chain for aggressive expansion over the next several years. According to Fornaci, Straw Hat has a story to tell, a story that he decided to tell on Facebook, Twitter, and foursquare.

Straw Hat hired Fornaci to grow the chain—not slowly, but quickly. Fornaci realized he had to reconnect the brand with customers like me who remembered the brand and, at the same time, introduce the brand to our kids. People like me would remember the brand, but the challenge would be to connect with kids, teens, and young adults who had no recollection of the old magic. Fornaci needed to reach an entire generation of patrons ranging in age from 10 to 25 years old, and he would reach them where they were having conversations on social media networks. But first he had to have a story to tell. Fornaci tapped into three areas where he thought the pizza parlor could differentiate itself and raise awareness with Generation Y and their parents: ingredients, community, and mobile social media.

Three Steps to Generation Y

If a pizza doesn't taste good, no amount of social media will make a difference. So Fornaci made sure the pizzas were made with fresh produce grown and shipped within 150 miles of each restaurant, naturally aged California cheeses, and flour ingredients sourced from the company's own wheat fields.

The next step was to turn the restaurants into destinations. "If you coach a Little League or soccer team, where can you go within a few miles of your house to have good food, have fun, and be entertained all at a reasonable price?" Fornaci asked. He turned Straw Hat into exactly that kind of experience. Straw Hat parlors are now family (and team) friendly with upgraded decors, large-screen TVs, arcades, game rooms, televisions in each booth, and TVs with digital memory card slots so kids can see the photographs of their game while enjoying their pizza.

The third step in Straw Hat's transformation was entering the world of social media. "Every one of those kids is on their smartphone, and we needed to connect with them where they were living their lives," says Fornaci. He started by making sure every store had Wi-Fi: "Parents might not care, but the kids get mad if they can't talk to their friends on Facebook." Fornaci established a Facebook page and a Twitter account; however, foursquare was the vehicle that really sparked the creative fire in this former tech executive. "I learned about foursquare because I'm always reading and keeping up with new things," says Fornaci. "It's what I used to do in my venture capital days. I always want to know what's out there, and foursquare fit right in."

Foursquare fit in to Fornaci's vision because it was fun and it reached his customers where they were sharing and giving information—not in the newspaper but on their smartphones. According to Fornaci, "The convenience factor is huge for this generation. Nobody wants to go back to the old ways of clipping coupons. With smartphones and foursquare, they can get all the benefits of those coupons and have more fun. Our specials offer customers a strong incentive to visit our restaurants. It's convenient, easy, and encourages loyalty. It's also free. Why wouldn't you do it?"

Fornaci is a big believer in "shock value." Asking someone to clip a coupon for the same dull incentives that most pizza chains offer would not translate well to the mobile platform. Fornaci realized that smartphone users want to be surprised, so he surprised them in a big way. For example, most chains might offer a free drink for the purchase of a pizza. Fornaci turned the tables, offering a free pizza for the purchase of a drink. "You've got to shock people in a recession," says Fornaci. "Most coupons in mailers give you \$1 off a small or \$2 off a large pizza. You see the same thing all the time. But our special made people notice. You may never have tried Straw Hat Pizza, but if you only have to pay \$1.79 for a drink to get a free pizza, why not try it?"

Fornaci hired a social media professional to work with franchise owners to offer fresh, creative, and shocking specials



CHECKING IN

"Use all multiple social media platforms, including Facebook, Twitter, and foursquare. Set up foursquare yourself to see just how easy it is to use. It takes about 30 minutes to get your store on foursquare. The entire process is very simple. Even if you're not tech-savvy, you can have a weekly promotion up in no time. It's not like writing HTML code or creating a Web page. It's the easiest possible thing to do. And it's free. Why wouldn't you do it?"

—JONATHAN FORNACI,

President and CEO, Straw Hat Restaurants

that change frequently. Restaurant owners could easily offer day-only or special-event specials to encourage diners to choose Straw Hat over another pizza joint or restaurant. For example, on the day of the Super Bowl in January 2011, Straw Hat got people in the door by offering instant foursquare specials like beer for 75 cents or six chicken wings for a buck (items that typically cost \$3 to \$4).

According to Fornaci, "The big advantage with foursquare is that every store can offer its own specials based on their demographics. Local owners know their communities best. We want to allow the franchise owner to figure out what incentives make the most sense in their local markets. For example, let's say the local high school just won a championship. A Straw Hat owner could create a special: wear the high school colors and get a free personal pizza."

Data Doesn't Lie

Fornaci is a big believer in the power of mobile marketing to replace traditional methods of distributing coupons and promotions. "It's a huge savings for individual restaurants," says Fornaci. "We've done a ton of promotions like door hangers and direct mail pieces. An insert in a Sunday newspaper is very, very expensive, and you're lucky to get a 2 to 4 percent

return rate. An individual owner can easily spend \$2,000 to \$4,000 on advertising, and for what? A 2 percent hit rate? It costs you nothing with foursquare."

Fornaci shared some data with me, individual store statistics from Super Bowl Sunday that surprised the both of us. The Excel spreadsheet showed three columns for each of the Straw Hat stores in a vicinity from Salinas to Sacramento, California (50 stores in all). The columns were labeled: eClub redeemed (coupons sent by e-mail), FB redeemed (coupons delivered to Facebook fans), and 4sq redeemed (foursquare). During the Super Bowl, Straw Hat offered the same general incentives on Facebook, through e-mail, and via foursquare—discounts on wings, beer, and pizza. Customers had to print the e-mail coupons, and they had to show their phone to redeem the foursquare promotion. Some locations on the outskirts of large towns saw only 1 foursquare redemption, while others saw more than 30 redemptions during the Super Bowl.

As we reviewed each cell in the spreadsheet, we discovered that nearly all the restaurants posted the most redemptions in the foursquare column. In fact, the redemption rate was significantly higher for foursquare than it was for either Facebook or e-mailed coupons. Fifty-four percent of the total redemptions came from foursquare, 30 percent from the e-mail campaign, and 16 percent from Facebook. In most cases, individual Straw Hat Restaurants saw up to nine foursquare redemptions for every one redemption in the other categories. Out of 50 stores, only 3 had higher e-mail redemptions than foursquare or Facebook redemptions. And those stores were located in remote areas that had poor phone reception, so it's quite likely that there were few customers in the area who were actively using their smartphones. Here's the bottom line: across 50 Straw Hat locations in California, foursquare was more effective in generating business than both e-mails and Facebook. Foursquare brought in *16 percent* more customers than both e-mail and Facebook coupons *combined*.

Foursquare—a free service—brought more people through the door than other digital and social media promotions. Individual franchise owners could also access the foursquare

merchant dashboard for a rich data set of information, including: number of check-ins per day, time of day when the most check-ins occur, how many check-ins share information with Twitter and Facebook, gender and age breakdowns, and most loyal customers. Individual franchise owners can also use foursquare's merchant tools to create and manage their own specials.

Straw Hat's Super Bowl foursquare promotion convinces Fornaci that he's on the right track, successfully connecting with a new generation of customers. Despite Straw Hat's impressive growth, Fornaci has a long road ahead if he hopes to bring Straw Hat back to its glory days. But as long as his customers have foursquare in their pockets, Fornaci has a direct line to their hearts. Would you bet against him?



UNLOCK THE POWER

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- ◆ **Extend the conversation.** Promote your foursquare specials on Twitter and Facebook. The full power of foursquare is unleashed in combination with an overall social media strategy.
- ◆ **Shock and awe.** Take the Straw Hat approach—give people the unexpected. If they expect a free drink with a pizza, give them a free pizza with a drink just for checking in. You can always turn off the special if it's too successful!