

Literature Review on Promotional Strategies Used by Fast Food Restaurants

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ABSTRACT

The fast food and beverage industry is growing rapidly. The Global fast-food restaurants are coming in the Indian market. The perception of customers about fast-food restaurants are made through positive word-of-mouth communication, vulnerability in promotion activities from fast food restaurants and former personal experiences. Fast food restaurants are one of the prominent businesses that can gain profit quickly because it salves the human's primary need: Food. Making a good quality food is not a key differentiator in food restaurant business. It also includes other key elements from marketing mix like pricing, location and promotions mix strategies. This research study aims to provide a fundamental background of fast-food restaurants focuses on promotional strategies and also helpful for discovering different types of promotional strategies and their use for promoting a fast-food restaurant business. This study also aims to identify the key challenges present in the promotional activities and find the new strategies to build strong brand equity, and it is also useful for engage the target customers for fast food restaurants. Pervasive literature review was carried out for the study. The data for this study was collected from journals, e-journals, website, books, articles and social media platform. Word-of-mouth strategy is important in restaurant business for increasing sales and to grow business. Social media has come up with new tools which can be aligned with the traditional methods of promotion. Fast food restaurants success is depending on the implementation of a different type of social media strategies and tools, encourage customer feedback through feedback channels, and formulate strategies to overcome challenges while implementing social media marketing strategies and other promotional campaigns.

KEYWORDS: Promotion, Online Marketing, Food Start-Ups, Food Restaurants, Food Outlet, Social Media Marketing, Word of Mouth, Promotional Strategy, Digital Marketing, Sales Promotion, Coupons, Promotional Campaign, Promotional Events, Personal Selling, Traditional Advertising, Public Relations, E-Commerce, Electronic Word of Mouth.

INTRODUCTION:

As per the study conducted by DiPietro (2017), Reynolds, D. Biel (2007) identified that as the digital technology continues to grow, it is becoming increasingly challenging to please restaurant customers as their eating-out behaviour is now more sophisticatedly emerged, and they are consent of the customer value. Customers usually form perceptions about food restaurants. Promotion helps in creating the demand for a company's products or services. Promotional strategy is designed to educate, influence, or remind target audiences about those products and services to its customers. The primary goals of promotional campaigns are built for creating awareness, educating people about the products and services, keep loyal customers for repeat purchase, create demand for products, identify new potential customers, and informing customers about potential products and services.

RESEARCH QUESTION:

1. What are the promotional strategies used by fast food restaurant business owners to inform customers and persuade them to buy products or services?
2. What is the impact of online reviews, coupons and word of mouth marketing on the sales of fast-food restaurant?
3. Are the food restaurants using social media marketing for promoting their business?

OBJECTIVES:

1. To understand the traditional and contemporary promotional strategies used by fast food restaurants.
2. To find out the role played by ‘Word of Mouth Marketing’ in promotion mix of fast-food restaurants.
3. To identify the use of coupons in promotion mix used by fast food restaurants.
4. To study the role of social media in promotion mix of restaurants.

LITERATURE REVIEW:

As per the reports of CRISIL, the growth of Indian fast-food market is increasing at the rate of 40% annually. The fast-food restaurants need to work strategically for sustaining in the highly competitive market. The promotional strategy will help them for strengthening both the fast-food restaurants and its products. Implementing the right promotional strategies at right time with right promotional tool is the only way for fast food restaurant to get the attention of its customers and change them into loyal customers. It will also help for getting new customers through the references of loyal customers.

PROMOTION:

Kotler and Keller (2012) stated that promotion is the fourth P in the marketing mix, is now more commonly referred to as marketing communication. Ideally, promotional-mix element like personal selling, traditional advertising, sales promotion, public relations, social media, and e-commerce should be integrated for effective promotional campaigns. The uniqueness of the message reaching the consumer should be the same whether it comes from an advertisement, a salesperson in the field, a magazine article, a blog, a Facebook posting or a discount coupon in a newspaper insert. According to Kotler et. al. (2016, 58-59), the activities to persuade consumers to buy a product by communicating its merits. These activities include advertising, personal selling, sales promotion and public relations. The economic times (2018) stated in its article that other activities like word of mouth, press reports, incentives, consumer schemes, direct marketing, contest and prizes plays significant role in promotional activities.

SALES PROMOTION: Sales promotion can be defined as marketing activities which includes discount coupons and samples, displays, shows and exhibitions, demonstrations, and other types of selling efforts. George (1998) defined that Sales promotion as direct encouragement that offers an extra value or enticement for the product to the sales force, distributors or the ultimate consumer with the primary objective of creating an immediate

sale. Sales Promotion is one of the effective techniques which can be used for attracting consumers to purchase more or try a product or service. The outcomes of promotion include sales increase, amount of material used and number of customers attracted.

ONLINE REVIEW FROM CUSTOMERS: The growth of Internet applications in hospitality and restaurant business has contributed to a great number of consumer-generated online reviews on different interactive communication channels like Google, Facebook and Instagram. Zhang Z, Ye Q, Law R and Li Y (2010) explained the importance of online reviews has been widely recognized in the hospitality industry. Sparks B. A and Browning V (2011) concluded that the decision-making process of customer is strongly affected by online reviews posted on websites, yellow pages and other communication channels can connect customers with many different customers. Park D. H, Lee J and Han J (2007) explained about the online consumer review has two functions. Primary function is delivering information about a product or service. Secondary function used for a getting recommendations from customers. Hoffman K. D, Bateson J. E. G (2017) explained that the online reviews system primarily works for getting information from many customers who discuss on specific products and services to others. According to Kim J. U, Kim W. J, Park S (2010), trust can be created in the mind of target audience through online reviews made by the other customers about product and service performance. Dellarocas C, (2006) reported that online review has lower trustworthiness than traditional word-of-mouth due to the absence of sources on the Internet. It would be useful for restaurant owners to better understand the significance of online reviews on their business. The restaurants online review system can help their customers in decision making process. Baek, Ahn and choi (2012) investigated review credibility by performing sentiment analysis for mining review text. Based on the dual process theory, they found that consumers tend to focus on different information sources of reviews. Specifically, peripheral cues (i.e., star ratings and ranking of the reviews). According to Errageha & Randhane (2014) suggested that consumer generated advertising is a revolutionary change in marketing. Business should align their traditional marketing media with consumer generated content to obtain competitive advantage. Hajli, (2014) identified that business can achieve better customer relationship management by participating in online communities.

SOCIAL MEDIA MARKETING: Social media has changed many marketing methods. An active presence in social media is significant to every successful marketing and promotional campaign (Seek Visibility 2016, cited 04.05.2017). Social media platforms like Facebook, Twitter, Pinterest, Instagram, and various blogs can used for generating leads about a product or services of company. Skills and knowledge are important in information generation to defend the company against problems. In social media marketing, identifying new customers through recommendation from potential and loyal customers are considered as important. As per the study conducted by Wepay, social media marketing has two-way communication, and traditional marketing is opposite to that where one-way communication exists (WePlay 2017, cited 24.03.2017). Social media is a platform for fast food restaurants to gain maximum exposure. Today, a brand like twitter or Facebook can get more attention when compared to regular billboard and television advertisements. Promotional strategies undertaken on platforms such as Instagram prove to be the most successful. Key reasons are the rising tendency of people to see and upload pictures of well-presented and appealing food. Customers can review your products on social media, and the good feedbacks in turn will act as a testimony for new customers to opt for a particular brand.

Hassan, Nadzim & Shiratuddin (2015) identified that social media is a relatively low-cost marketing tool businesses can use to expand reach to customer in less time than other

marketing tools. New businesses can succeed due to the low cost of social media marketing. Patino et. al, (2012) stated that communication on social media allows users to interact with many at one time, rather than traditional method of one-to-one communication as with direct mail and print ads. Rauniar et al, (2014) described that using social media offers opportunities for businesses because of the significant user base and because social media supports interaction with consumers, employee and other stakeholder versus traditional media which is one way communication. Social media marketing has widely accepted and effective way to reach consumers at low cost. The conversations created through social media are important to customers because it allows users to communicate with each other in a more trusted medium of talking to people just like them. Many restaurants today have jumped on to the social media and have start using it as a primary marketing tool (Dr. Suvarna Sathe and Mr. Mahesh Randhave, 2018). According to research, when picking a restaurant, Gen Z and Millennials are 99% more likely to search for one on social media. They follow the reviews online and pick a restaurant. percent of retail brands use two or more social media channels. According to Smart Insights and Clutch, the three most engaging types of content on social media are: written articles (27 percent), videos (26 percent), and images (24 percent).

WORD-OF-MOUTH MARKETING: Castronovo & Huang, (2012) analyzed that the traditional and nontraditional marketing may generate WOM communication. Word-of-mouth can be defined as a person-to-person communication about different products, service, or a brand between a non-commercial promoter and a message receiver. Word-of-mouth communication plays important role for attracting new customers. It also works as influencer for shaping customers behavior. Electronic word of mouth influences customer feedback, comments, product reviews, and merchandise recommendations which could contribute to sales. Wolny& Mueller, (2013) explained the dominant belief that WOM engagement may lead to customer satisfaction, which occurs when the client wants to share a positive experience a couple of product or service. Barreto (2014) analyzed that WOM and online WOM work together to urge the required response from consumers. Kumar & Mirchandani (2012) identified that Social media has the potential to amplify WOM strategies. Papisolomou & Melanthiou (2012) discovered that Electronic WOM marketing can have both negative and positive influence on businesses. Hajli (2014) concluded that potential consumers are more interested by what others recommend rather than the vendor-generated information provided.

As per the research by Hoffman, K.D.; Bateson, J.E.G (2017), within the service industries, like hospitality, restaurants and hotels, subjective evaluation from friends and family is considered rather than objective evaluation of products or services. According to Velazquez, Blasco & Saura (2015, 227-250), Electronic word of mouth is often done by marketers through viral marketing where marketers deliver a specific message acquiring certain aims by using different social media marketing channels. Unlike word of mouth, information in electronic word of mouth is supplemented by emotions and pictures.

BRAND POPULARITY: Goldstein N. J, Cialdini R. B & Griskevicius V, (2008) explained that the brand popularity measures the extent to which a brand is predominantly consumed by the customers. Branding image creates a positive impact on the advertising campaign, this in turn generates favourable the consumer response. As per the study by Kim J and Min D. W (2016) popularity cue results in good perceived quality along with lower perceived risk. This also helps in getting a brand highlighted. According to Kotler et al, (2016, 226) analysed that brands represent consumers perception and feelings about a product and its performance everything that the product or service means to consumers. Generally branding has a strong relation to big comfort. High brand equity is valuable asset to a brand.

COUPONS: Coupons are, as broadly defined by Kotler, Bowen, and Makens (1996), certificates that provide buyers savings once they purchase specified products. A coupon may be an advertisement device. The National Restaurant Association (1999) indicated coupons to be the second presumably 'meal deal' to be taken advantage of. Coupons in sales promotion helps in boosting the sale of stagnant and replacement product. Over use is another variable to think about when companies utilize coupons. The overuse of coupons could induce a 'poor value' mentality leading to the coupon losing its competitive-advantage. Lichtenstein & Netemeyer (1991) explained that the coupons became an integral a part of marketing for companies, by virtue of the consumer's opinion of valued savings. Consistent with Raghubir, (2004) explained differing types of coupon discounts: • percentages off • dollars off • buy one get one free Coupon are wont to offer a reduction from normally priced items. Consistent with Lichtenstein et al., (1990), Coupon proneness is defined as, "An increased propensity to respond to a purchase offer due to the coupon form of promotion." Value consciousness is defined as, "a concern for paying low prices, subject to some quality constraint. Fortin (2000) explained that Coupons can have an influence on the consumer's purchase behavior. Their purchase decision is predicated on minimizing financial burdens (Gonul & Srinivasan, 1996). Consistent with Hardie, Fader, and Wisniewski (1998) coupons are often used as how to check new products. A study was conducted to gauge the response of customers towards the use of coupons. Study tried to find out the answers for questions like effect of coupons on purchase decision, motivation of consumers and understanding the consumer's attitude in terms of use of coupons.

Coupon Availability	Consumer Perspective/reaction
Coupon Available	High probability of purchase in current period
No coupon available	High probability to wait to next period
Coupon offered	Price increased
High coupon value	Higher product quality
High value coupon	Less effective at improving sales

Reference: Raghubir, (2004)

Hajli, (2014) identified that consumer trust is important in electronic commerce (e-commerce) because businesses can assess risk and uncertainty in online transactions. Level of trust and the perceived risk are inversely proportional. Reviews and proposals create an environment of trust and consumers perceive them as useful in purchasing decisions supported the impression created a few product or service (Hajli, 2014). Wolny and Mueller (2013) believed negative posts might be necessary to increase the credibility of products or services where only positive comments exist. Thrastardottir (2014) explained an idea, however, should be taken into consideration carefully. Not every idea is accepted. A restaurant located in Chongqing, China in the year 2014 had a ridiculous way to draw

attention by giving discount to thin women and overweight men. Whereas some customers welcomed the idea, the other thought this action was disrespectful to gender equality. Whether this campaign was successful or not, it must have widespread that it even showed up on foreign online press like Business insider.com

The context is very important. “Only 10\$ one burger” and “happy fast meal 10\$ burger” are two ways to express a discount program and as well conveying two different emotion. “Content is king” is a popular expression in the marketing word.

DATA ANALYSIS:

Table highlights the contribution by select researchers on the subject area:

Sr. No	Researchers	Year	Subject	Findings
1.	Dr. Mini Amit Arrawatia, Ms. Skshi, Jyoti Vidyapeeth Womens University, Jaipur.	2017	A study of changing marketing strategies at fast food outlets in India	Fast Food outlets should find out the customers want and then developing promotional, marketing and advertising strategies.
2.	Dr. Mitali Gupta. DAIMSR	2019	A Study on Impact of Online Food delivery app on Restaurant Business special reference to zomato and swiggy	Swiggy’s marketing strategy is a blend of both online and offline marketing campaigns. The campaigns are run via Facebook, Twitter, YouTube, Pinterest, and Instagram. Swiggy is active on the Facebook. Regular updates are posted on per day basis. Swiggy uses social media to engage with its customers from solving the grievances to taking the feedback. Focusing on digital marketing channels for potential customers.

3.	Jonathan Rodrigues, Nikhil s, Suraj Jacob	2016	Promotional Strategies of McDonalds and Market Effects	Sales promotion comprises of conducting and activities that highlight McDonalds through various contests, programs, functions and distribution of free coupons, this results in attracting the consumers. Aim of advertisement is to attract the masses at an instance of time. It is the most popularly used method of promotion by large number of the companies around the world; It has been the most effective promotion strategies for McDonalds.
4.	Tasheenia Bennett. Walden University	2017	How Small Restaurant Businesses use Social Media	Social media has gained more popularity as compared to traditional methods of marketing. Few restaurant owners have stopped using printed marketing and in turn have implemented social and promotion. Facebook was the most preferred social media marketing platform by the participants of this study. WOM has the power to increase sales and brand awareness.

Research was conducted by Manoj Timilsina, studied the impact of social media on restaurant business in Oulu region, the research process involved combination of quantitative and qualitative research, wherein unstructured interviews method was used to collect data from entrepreneurs in restaurant business of Oulu region. Researcher has approached many restaurants from Oulu. But only 6 restaurants have agreed to a part of survey responded. Out of the 6 restaurants 3 restaurants were established between last 1 to 5 years and remaining 3 were established 10 to 15 years back. Three restaurants mentioned that their promotional budget was 100-500€ per month. The promotional tools used by them were traditional media like Newspaper and online tools like Email advertising, Search Engine Optimization (SEO). Around 1/3 rd. respondents mentioned that they prefer word-of-mouth marketing and use social media for promotion. The restaurants are using word of mouth and electronic word of mouth as an important tool for promoting the restaurant brand. They have used both traditional tools like newspaper and social media like Facebook and Instagram. Almost 30% respondents are using social media it is possible to reach large number of customers compared to traditional media. Social media enables the brand to reach a large target audience, this is not possible by using the traditional promotional tools.

FINDINGS:

1. Restaurants should utilize the principle of integrated marketing communication strategies in promotional activities.
2. Research indicated that many international fast-food chains, make it a point to remind the customers of how much savings they have done on the meals ordered by them.
3. In case of restaurants, the marketing communication message should focus on price benefit advantage.
4. Word of Mouth is one of the cost-effective tools in restaurant industry. This tool helps in influencing the potential customers about the products/services offered by the restaurants.
5. Coupons, Financial incentives (such as value meals and set meals) are preferred by Customers. Customer may visit a restaurant from the perspective of sheer convenience. The visit may be for social get togethers.
6. Whenever customers think of a choosing a restaurant brand for celebrating various events, word of mouth strategy can act as a decisive factor. Accordingly, restaurants should increase their competitive advantage through more customer engagement opportunities, like sharing dining experiences on social media networks.
7. The study shows that sales promotion plays the important role in the marketing program for marketers and retailers and customers are satisfied with sales promotional tools such as Various sales promotional schemes include coupons, giving the free samples of products, discounts-based pricing and offers like BOGOF that is Buy one get one free.
8. The sales promotion Strategies has short term effect, so the marketers and the business people require the continuous follow up to maintain long term relationship with customers as they may switch with the competitors with better strategies
9. Some important factors like reputation of restaurant, quick meals, and celebration plays crucial role in food restaurant business. The other factors include social occasion, convenience and celebration.
10. In the restaurant industry, word-of-mouth recommendation is influential, and most importantly, it costs a restaurant nothing to promote its products/services to potential customers. Restaurants can provide high-quality products and services for generating positive word-of-mouth.

SUGGESTIONS:

1. Restaurants may use social media marketing for promoting the goods and services and offer gift cards or apology in cases of negative reviews on social media.
2. Restaurants should utilize the principle of integrated marketing communication strategies. For example, quick-service restaurants can organize international fast-food chains this will in turn remind customers of their meal savings.
3. In the restaurant industry, word-of-mouth recommendation is influential, and most importantly, it costs a restaurant nothing to promote its products/services to potential customers. Restaurants can provide high-quality products and services for generating positive word-of-mouth.
4. For the customers who are visiting the restaurant on various social occasions, the store can offer various monetary incentives like value meals.
5. Tool like word of mouth is helpful whenever a customer makes a choice of particular restaurants. This is more effective when customers celebrate special occasions, the customer experience offered via customer engagement will help in creating a positive

word of mouth. The customer may in turn post the positive reviews on the social media.

6. It is essential to find out the prominent locations on social media wherein a restaurant should be a part of a social conversation.
7. Host social media contests after regular intervals this will help in online customer engagement.
8. The restaurants should update the social media pages regularly. At least 2 posts a week will keep a high appearance of the pages on customers' News Feed.
9. A Twitter contest is not only a highly effective way to build business and increase engagement, it can also generate new followers and grows customer loyalty. For example, customers can post pictures of themselves in the restaurant.
10. Food restaurants can create campaigns on Instagram, wherein they may post pictures of restaurant kitchens, changing menus and publicizing events.

CONCLUSION:

The fast food and beverage industry is growing rapidly. The Global fast-food restaurants are coming in the Indian market. The perception of customers about fast-food restaurants is formed through positive word-of-mouth communication. The promotional tools used in the past were traditional media like Newspaper and in the present context many restaurants are also incorporating the online tools like Email advertising, Search Engine Optimization (SEO) and social media like Facebook, Twitter Research indicated that few restaurant owners have stopped using printed marketing and in turn have implemented social media for promotion in the restaurant industry, it is observed that word-of-mouth recommendation is influential. Coupons in sales promotion helps in boosting the sale of stagnant and replacement products. This paper should help the restaurants in designing a right promotional strategy. We may conclude that an effective promotional strategy for restaurants will be a blend of traditional and modern tools of promotion, the right mix will be decided by the objective of promotion.

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