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### Popeyes Pay Day pays off slower this year

by Christa Hoyland \* • 22 Apr 2010

Last April 22, Popeyes Louisiana Kitchen Pay Day offer hit at a time consumers were starving for value. Consumers waited for hours in lines that wrapped around the stores or down the street. Some stores ran out of chicken or closed early. Multiple media outlets reported on the chaotic situation. Social media channels were abuzz with consumers praising and chiding Popeyes, depending on their experience.



This year, a search for Popeyes on Google news resulted only in reports announcing the promotion yesterday.

Kelsey Schmitt, spokeswoman for Popeyes, said the company did get plenty of social media chatter and positive customer responses. Popeyes got more than 4,000 brand mentions on Twitter mentioning yesterday, four times its typical 1,000 average. On its Facebook page, the event received nearly 200 confirmed guests as well as numerous "likes" and positive comments relating to posts about Pay Day.

"Our goal to reach customers and thank them for their loyalty was successful, and for that we received tremendous response," she said.

Popeyes learned from its experience last year and implemented its preparation three weeks sooner than the last year. "The Implementation Guide that was sent to restaurants included information on how to prepare staffing, facilities, purchasing and operations preparations to successfully execute this event," Schmitt said.

The company's efforts to improve its speed of service throughout 2009 also paid off on Pay Day since stores had the tools to get customers through the drive-thru faster, she said. "Our restaurant teams are focused on decreasing the time from a placed order, to receiving that same order and were very well prepared to show that dedication to the customers yesterday — to show our service is as distinctive as our food."

#### **New consumer mindset**

Popeyes may have been better prepared, but consumers also approached the event differently this year, marketing experts say. And that may be a good sign for QSRs overall.

Lori Walderich, principal of IdeaStudio, a marketing company specializing in chain-restaurant marketing and promotion, says it wasn't speed of service that kept crowds from forming but a number of other factors, including price point and the changing

consumer mindset.

First, just like in the film industry, sequels seldom rival the success of the original. And this one featured a 20 percent price increase from eight pieces for \$4.99 to \$1 more this year. But the greater problem was pricing the promotion past the \$5 sweet spot.

"Popeye's broke the psychological barrier that consumers attach to the \$5 bill," Walderich said. "What was an awesome deal for a penny under \$5 became just another promotion this year when it required an additional bill. Never mind that the eight-piece price is normally \$10.99. Deal seekers would never expect to pay that anyway."

But it also appears that Popeyes' executives made the decision to simply dust off last year's promotion without spending money on research to find out whether it would still resonate with customers.

"The problem with this approach is that, in a fast-moving world — and an even faster-moving QSR universe — things change," Walderich said. "What seemed irresistible to last year's diners might not have the same pull with this year's. Clearly it didn't."

Last year's wildly successful promotion also made it likely the chain couldn't top its efforts this year. Many customers who waited patiently in long lines ended up being turned away when a number of stores ran out of chicken. Those customers — especially fans of rival chicken chains — no doubt remembered that experience and stayed away.

And last year, Popeyes Pay Day helped launched the aggressively competition among QSRs on price and value. This year, the marketplace is so full of deals that Popeyes \$5.99 deal no longer stands out.

More importantly, consumers are in a different frame of mind.

"Customers are feeling less grim about their economic prospects," Walderich said. "Every day, the news media inform Americans that things are getting better. People who were once cutting back because they thought they might lose their jobs are breathing a little easier — and spending a little more.

"The desperate, end-times mentality that pushed us all to seek out rock bottom prices at every turn is now giving way to a more thoughtful assessment of what's being offered under the label of 'value.'"

No longer desperate, consumers likely learned the offer wasn't such a good deal after all, she added. Most consumers aren't going to be satisfied with only eight pieces of chicken. That means a family of four who wanted a complete Popeye's meal and to pay extra for sides, biscuits and drinks, which could easily triple the promotional price.

"Many (Popeyes) franchises offer a coupon for a two-person deal that includes five pieces of chicken, two sides and two biscuits for \$6.99," Walderich said. "The net is two more pieces of chicken for about the same price, a better deal than the Pay Day Promotion."

### **The best messaging**

Gary Stibel, founder and CEO of the New England Consulting Group, the premier marketing management consulting firm, said that agreed that this year's promotion had little likelihood of matching last year's. Even though it was somewhat successful, it could have been more so with the right spin.

"The single most important factor driving successful restaurant chains is news, not value," he said. "Putting the two together is magic, but having price alone without news can fall a little flat, especially the second time around."

To create that news, QSRs need to use the right messaging.

Stibel equates focusing on price only to carpet bombing: "It helps drive incremental business everywhere, all the time, but at a very large cost," he said.

A more effective strategy is equivalent to site bombing, such as Popeyes' Pay Day promotion. Those events concentrate a brand's activities in order to generate greater awareness and trial.

The most efficient is like smart bombing, where a QSR attempts to drive traffic repeatedly to a daypart, a day of the week (such as Arby's Freebie Wednesdays promotion last summer) or a repeated activity (such as several successful executions during March Madness).

Thus, Popeyes is better off promoting its value throughout the year rather than focusing on a one-day event.

"I believe the Popeyes' Pay Day promotion was successful, albeit not successful as a year ago and capable of being even more successful because there are far more than one pay day per year," he said.

Walderich agrees.

"It may be time for all QSR chains to look toward the lightening horizon and recalculate the formula for bringing customers into the store," she said. "Maybe it's time to put away the one-day deals and, instead, focus on the steady, loyal customer base that prefers an everyday fair deal instead of a one-day blow-out that has them elbowing their way to the counter, cursing under their breath."

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