The Use of Internet Marketing by
Independent Restaurants in Kelowna

by

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Introduction

Motivation

An attempt to search for a specific restaurant in Kelowna online is likely to run into problems. Some restaurants do not appear to exist online, yielding no results whatsoever (including on Google Maps). Some have no website. For others, there are no reviews. There are restaurants with no menus, contact information, operating hours, or pictures. Going out for dinner – particularly for newcomers and tourists – can be a bit of a gamble. As tourism is an important industry in Kelowna, having a dearth of good information about restaurants in the area is detrimental both to individual owners and to the city as a whole.

Goals and Objectives

There were two primary goals for this project. The first objective was to determine the extent to which restaurants in Kelowna are using the internet as a marketing tool and if it is an effective tool. Additionally, this part of the project sought to discover why the current level of internet use by restaurants is as low as it is. This is important because the reasons for the low adoption will drive the methods used to increase its use. In particular, if restaurants are not using the internet because the owner or manager is lacking in knowledge or skill, a different approach will be used than if they are not using the internet because their customers do not.

The second objective was to craft an internet marketing strategy for a particular restaurant. This strategy includes a website as well as other avenues of internet marketing. The goal of this part of the project was to show that an improved internet marketing strategy has tangible benefits for restaurants in Kelowna.
Thesis Statement and Contributions

The contributions of this thesis are twofold. A contribution is made to the body of knowledge surrounding internet marketing for restaurants. The survey conducted for this thesis supports previous research that suggests that restaurants are not adopting internet marketing strategies as quickly as their customers are embracing them. A second contribution is the creation of an internet marketing strategy. While this strategy was designed for a specific restaurant, it could easily be adapted to others.

Background

The Restaurant Industry in Kelowna

The population of the metropolitan area of Kelowna is approximately 162,000, making it one of the twenty-five largest communities in Canada (1). In addition, Kelowna is a popular tourist destination, with approximately 1.2 million visitors in 2004 alone (2). On average, each visitor spent $425 during their stay. Both of these groups create demand for restaurants in Kelowna. There are over one hundred in the city.

Internet Marketing Tools

There are a wide variety of tools available to restaurants who wish to engage in online marketing. One important tool is a website. Other tools investigated in this thesis are summarized below.

Social Media

Blog – a type of website that is updated with “posts” that display in reverse chronological order.

Facebook – a social networking site created in 2004 with more than 800 million users (3), it includes Pages (profiles for businesses).
Flickr – a photo-sharing site.

Foursquare – a mobile check-in service created in 2007 with over 10 million users (4).

Google Places – a service offered by Google that provides businesses with a free listing on Google Maps.

Twitter – a microblogging site (each Tweet is limited to 140 characters or less) with both a mobile and web interface.

Yelp – a social review site created in 2004 with over 63 million visitors a month (5), it includes free business accounts.

YouTube – a video sharing site created in 2005 with over 3 billion videos watched per day (6).

Restaurant Listings

Dine Here – a restaurant review site initially covering Vancouver, it has now expanded to include many cities in BC and some in other provinces.

OpenTable – an online reservation service that provides points to diners for each reservation made. It was founded in 1998 and provides services in multiple countries (7).

Restaurantica – a restaurant review site owned by Yellow Pages.

Tourism Kelowna – the official website of the non-profit Tourism Kelowna society, it includes a listing of restaurants in Kelowna.

TripAdvisor – the largest travel site (8), it includes free profiles for businesses in the tourism industry.

Welcome To Kelowna – a website with local news, events, and business listings.

Yellow Pages (Online) – the online version of the printed directory, it offers free business listings.

Other Internet Marketing Tools

Email newsletter – an opt-in newsletter sent by email to customers who have joined a mailing list.
Online deals and coupons – offered by sites like Groupon, Twongo, and SwarmJam (among others); these are coupons that become cheaper as more people take part in them.

Internet Marketing Research

The number of people using the internet has exploded in the last decade. A survey conducted by Statistics Canada in 2010 found that eighty-four percent of households in British Columbia had home internet access (9). As the number of consumers using the internet increases, businesses are looking for ways to interact with them online. Specifically, businesses are interested in gathering information about their customers, advertising to new and existing customers, and selling their products or services online.

Consumers are also looking for ways to interact with businesses and to share knowledge and opinions about companies and their products and services. As consumers spend more time online, the passing of opinion that used to happen between small groups of people is being undertaken on a much greater scale (10). These online social networks are becoming ever more important to consumers as traditional sources of identity give way to identity through consumption.

This electronic “word of mouth” is even more powerful than the face-to-face variety (11). For restaurants and others in the hospitality industry, this is particularly important. Since these services have many intangible aspects, they are relatively risky for consumers. Positive word of mouth from other people that consumers trust reduces this risk. Research has found that consumers are motivated to spread positive word of mouth – if they have had a good experience at a restaurant – out of both a desire to express positive feelings and a desire to help the company.
Some businesses are taking advantage of these consumer networks better than others. In recent years, there have been a number of research articles focusing on the use of internet marketing in the hospitality industry, which includes both hotels and restaurants. This research has revealed some of the strengths and weaknesses of the industry with respect to internet marketing.

A study of the social media marketing strategies of sixty-seven hotels in Hong Kong found that the most commonly used social media sites were Facebook and Twitter and that the most frequent online activity for these hotels was to promote their discounted products or services (12). It also found several major problems with the hotels’ social media marketing strategies, including unresponsiveness to guests’ comments, lack of interaction between hotels and customers, and lack of commitment to social media marketing. Interestingly, the study also found that social media marketing was better understood (and better marketing strategies were in place) at the brand and corporate levels than at the property level. That is, property managers did not have one or more of the knowledge, skills, time, or desire to properly implement and manage a social media marketing strategy.

This gap in understanding and implementation is found in the restaurant industry as well. A study of twenty chain restaurants conducted in the United States found that every restaurant selected for the study (restaurants were randomly selected from a list of the top sixty casual dining chain restaurants compiled by Restaurants and Institutions) had a website (13). In addition, according to the National Restaurant Association, forty-eight percent of American adults have visited a restaurant website to obtain information (14). The function of providing information is the most fundamental function of a website (13), but a website has three other business functions as well: communication (such as targeted marketing), transaction (including making a reservation at a restaurant), and relationship (at which stage useful information about
the consumer can be gathered). Gregory and Wang note that appropriate use of technology is of great importance for the functionality of websites.

The chain restaurants surveyed in Gregory and Wang’s study performed reasonably well in terms of their website functionality. A case studio of four restaurants in San Francisco led Oronsky and Chathoth to develop a number of propositions, including that “Full-service chain restaurants are more likely to implement some form of new IT-related developments faster than full-service independent restaurants” and that “Full-service independents are more likely to be short-term oriented in how they view the impact of technology” (15).

From this previous research, it is obvious that franchise owners and managers and independent restaurant owners are at a disadvantage compared to corporate offices when it comes to internet marketing for restaurants. While franchisees can leverage the understanding and strategy of their corporate offices (which can include substantial and expensive information systems such as data warehouses), what can independent restaurant owners do to compete in this environment?

The irony is that the very technologies that independent restaurants struggle to use properly are those that can provide them the greatest advantage. Koutroumanis notes that independent restaurants can use social media as a way to gather and interpret the kind of information that is stored and mined by technology that is typically only affordable to larger companies (16). A caution in this area is provided by Chan and Guillet: it is important to choose the correct quantity and variety of social media sites (12). They provide several guidelines, including that companies should avoid entering social media sites if they are unable to sustain their presence there and that companies should be active on social media sites that their competitors are active on.
Independent restaurants can use mobile technology to connect with their consumers. Mozeik et al. comment that, as hunger is a primal need that can result in impulsive behavior, being able to provide information to a potential customer *when they are hungry* can be an advantage (17). However, the same study also found that, relative to desktop computers and laptops, consumers consider ease of use to be more important on mobile devices.

Despite the work done in this area so far, there has been no research focused specifically on independent restaurants, though many researchers have called for this to be investigated in future studies. As well, in a survey of leading researchers in the field of marketing and entrepreneurship, Hills and Hultman found that one of the most important open research questions was the role of social media (and new media in general) for the entrepreneurship-marketing interface (18).

**The Survey**

**Methodology**

This survey addresses the research gap by investigating the extent to which independent restaurants in Kelowna are using the internet as a marketing tool. Additionally, it sought to determine if the internet is being used effectively as a marketing tool by those who are using it and the reasons why it has not been adopted by those who are not. The survey consisted of approximately twenty-five multiple choice questions about the restaurants’ internet use, as well as four questions used to categorize restaurants, such as number of customers and average price of a meal.
The target population was all independently-owned restaurants in Kelowna. As there was no comprehensive listing of such restaurants, one was compiled by using the Yellow Pages and information provided by the City of Kelowna Business Licensing Office. The “independent” status of the restaurants was confirmed by using Google search. If more than one location was found for a restaurant, it was not included in the population. This yielded a population of 153 independent restaurants. Forty-three restaurants that were diverse in terms of location, cuisine, and price were selected as the sample.

The survey was created online using the SurveyGizmo platform. This platform was used for a number of reasons, including the ability to export a survey to Word, which allowed the survey to be printed. Additionally, SurveyGizmo provides the option to grant access to surveys through QR codes that can be scanned by smart phones as well as by simply providing the link to the survey page. Finally, SurveyGizmo offers its enterprise-level software for free to student researchers. This was valuable because it allowed for the use of survey logic in order to make the survey easier to navigate for respondents.

The survey was distributed in January 2012 to each restaurant selected for the sample. The researcher visited each restaurant and spoke to either an owner or a manager. The researcher explained the purpose of the study and offered the owner or manager the option of filling out the survey online or on paper. If the respondent chose to complete the survey online, they were given a piece of paper with the name of the survey, the address of the survey, and the survey’s QR code. Upon accessing the site, the respondent would be asked to read and agree to a consent form before completing the survey. Alternatively, if the respondent chose to complete the survey on paper, they were also provided with a paper copy of the consent form, which they were asked to read and sign before completing the survey. Respondents were given the option of
Survey Design

The survey asked respondents about five different aspects of internet marketing: their own website, social media sites, restaurant listing sites, email newsletters, and online coupons. In each case, respondents were asked whether they used the given tool (or which, if any, they used, in the case of social media and restaurant listings). If they did, they were asked what kind of content they provided through that avenue and how often they updated it. If they did not use a tool, they were asked why that was. Finally, respondents were asked which forms of traditional marketing they used, how much they spent on marketing, how many people their restaurant employs, the number of customers they have each day, and the average price of a meal at their restaurant.

At the end of the survey, respondents were asked if they would be interested in participating in the second stage of the research in which the researcher would create an internet marketing strategy for one restaurant. Respondents were given the opportunity to provide their contact information in order to be considered for selection to this second stage. They were informed that providing contact information would mean that although their responses would remain confidential, they would no longer be anonymous.

Results

Fourteen responses to the survey were collected, indicating a response rate of approximately thirty-three percent. Sixty-four percent of respondents indicated their restaurant has a website (see Figure 1). Of these, one third had paid a professional to design their website, while the remainder were either designed by the respondent or by someone else who provided their
services for free. Only forty-four percent of the websites were updated at least monthly, with eleven percent not even being updated yearly. Every website included the restaurant’s menu, with most also displaying pictures of both the restaurant and menu items. Most of the respondents without websites indicated that they did not have the time or ability to maintain a website.

![Figure 1 Percent of Restaurants with Websites](image)

The majority of respondents (eighty-three percent) indicated their restaurant has a presence on Facebook. The Facebook pages were updated more often than the restaurant websites, with eighty percent of respondents updating them at least monthly. The most common content on Facebook was event listings and specials, which were each posted on eighty percent of the pages. Sixty percent also included pictures and only half of the restaurants’ menus were displayed. With the exception of Facebook, however, social media sites were not particularly well-used by restaurants, with no other site being used by more than a quarter of respondents. This can be seen in Figure 2. Again, the most common reasons for not using a certain social media site or tool were lack of time or ability. Another common reason was that the respondent was not aware of the site.
Restaurant listings sites were much better used than social media sites. Figure 3 shows the majority of respondents indicated their restaurant was listed on Trip Advisor and Yellow Pages. Tourism Kelowna and Welcome To Kelowna were also popular choices. However, the listings were updated very infrequently. Only ten percent of listings were updated more than once a year and thirty-five percent of listings had never been updated by someone associated with the restaurant. Many respondents were unsure if their restaurant was listed on a given site, with an average of sixty-three percent indicating that they did not know. Of those whose restaurant was not listed on a site, an average of thirty-four percent said they did not know how to get it listed.
Only twenty-one percent of respondents said that their restaurant had an email newsletter, as indicated by Figure 4. Those who did have a newsletter sent it out once a month or once every few months. The content was varied, but specials, event listings, and pictures of the restaurant were common. Among respondents whose restaurants did not have a newsletter, a lack of time was again the main reason for not having one.

![Figure 4 Restaurants with an Email Newsletter](image)

Even fewer respondents had offered an online coupon (see Figure 5). Of the eighty-six percent who had not, over half felt that coupons may not bring the kind of business they wanted. Another twenty-seven percent thought they were too expensive.

![Figure 5 Online Coupon Offerings by Restaurants](image)
Among the traditional forms of marketing, magazine ads and flyers were the most popular choices, with fifty-four percent of respondents using each. Half of the respondents spent at least $1000 on all forms of marketing in the past year, while twenty-nine percent spent nothing at all, as can be seen in Figure 6.

![Figure 6 Restaurant Marketing Budgets](image)

**Discussion**

The results of the survey show that the extent to which independent restaurants in Kelowna are using the internet varies with the particular tool being used. For instance, Facebook is being used to a greater extent than any other form of internet marketing, both in terms of level of adoption and frequency of use. Because the survey asked about the type and extent of internet use, it is likely that those restaurateurs already using the internet to market their business were more likely to complete it. For example, it is improbable that eighty-three percent of the target population have Facebook pages as the survey showed. Still, while the actual level of adoption may be lower than that represented by the survey, the results are still valuable, particularly in identifying general trends such as which sites are best utilized by the independent restaurant industry.
One of the most important conclusions that can be drawn from this survey is that in most cases, the biggest barrier to greater and more effective internet use is the owner's perceived lack of time and ability to set up and maintain an effective internet marketing strategy. With the exception of online coupons, the most common reasons for not engaging in a certain aspect of internet marketing were not having enough time and not knowing how. In other words, the owners know these tools exist and feel they would be beneficial, but they feel unable to take advantage of them. Thus, any effective internet marketing strategy must be both easy for a non-technical person to learn and not take a lot of time to maintain.

**The Strategy**

**The Restaurant**

The North End Café Roadhouse was selected to participate in creating an internet marketing strategy. This restaurant is located in the industrial area north of Clement Avenue, at 1089 Gordon Drive. Because of its location, the restaurant has had difficulty attracting new customers, as many are simply unaware that it exists. Additionally, the restaurant has poor visibility from the road, as it is mostly blocked by the adjacent building when approaching from the south. Since coming under new ownership in September 2011, The North End Café Roadhouse has been renovated to have an old-fashioned diner feel. It serves diner-style food, including hamburgers and milkshakes. The location (near several mechanics’ shops) and the décor (including a gleaming exhaust pipe and a hot rod sign) have attracted car lovers to the restaurant, but the owner has been struggling to bring more customers in. An internet marketing strategy could provide the kind of visibility the North End Café Roadhouse needs.
Requirements

As Chan and Guillet discuss, one of the most important considerations when using social media for marketing is ensuring that once a company has a presence on a social media site that it maintains its commitment to that presence (12). As mentioned above, the survey suggests that the best way to do this is to make the maintenance process both simple and fast. In fact, this was the central requirement for the creation of the internet marketing strategy.

In addition, Chan and Guillet found that it is important to be active on the same sites that one’s competitors are. Thus, a second requirement was to ensure a presence on Facebook, TripAdvisor, and Yellow Pages as each of these sites were used by over fifty percent of those surveyed. On the other hand, it is advantageous to the restaurant to also have a presence on popular sites that their competitors do not use, so the third requirement was to have a presence on Twitter, Google Places, Dine Here, and Restaurantica. Next, the restaurant must have its own website. This allows all the other sites to link to it and provides a sense of legitimacy for the business. Therefore, the fourth requirement was to have a website that reflects the restaurant’s “brand” appropriately.

In order to differentiate the restaurant from its competitors, its “personality” must be clearly visible in all of its web presence. More importantly, the message it delivers must be consistent across all platforms. These were the fifth and sixth requirements. Finally, because the restaurant is small and has virtually no marketing budget, the seventh and final requirement was that the cost of the internet marketing strategy be kept as low as possible.

Website

The center of the internet marketing strategy is the restaurant’s own website, which is displayed in Figure 7. The website establishes the restaurant’s brand and provides a “landing page” for all
the other services to link to. The website uses a two-column design, with a sidebar on the left and the main content area on the right. The sidebar displays important information on every page, including restaurant hours, location (including a map) and any specials. The main content area displays different information for each page.

![The North End Cafe Roadhouse Website](image)

**Figure 7 The North End Cafe Roadhouse Website**

The home page simply displays a short welcome message that establishes the atmosphere of the restaurant. The menu page displays the breakfast, lunch, dessert, and beverage menus, as well as information on bag lunches and catering. The gallery page displays pictures of both the dishes on the menu and the restaurant itself. The fundraising page will display information on the restaurant’s latest efforts to raise money and awareness for various causes. The blog page will include updates from the owners about the restaurant. Finally, the contact page provides the address, phone number, and email address of the restaurant.
The website’s look and feel takes its cues from the restaurant itself. The colour scheme – red, black, and yellow – is found on the restaurant’s exterior wall and is continued in the restaurant itself. The checkered flag header draws its inspiration not only from the black-and-white tiled floor, but also from the automotive décor of the restaurant.

**Other Sites**

Beyond the website, there will be a significant presence on other sites. Unfortunately, most of these sites require confirmation of ownership, which has been difficult to coordinate with the client. There are three main categories of sites on which a presence will be established. First, there are business listings sites, which include Google Places and Yellow Pages. While these do not provide many opportunities for branding, they do allow for pictures to be uploaded. Contact information, hours, and cuisine will also be displayed.

Second, there are social media sites. Only Facebook and Twitter will be utilized as they are the most popular and can easily be linked so that an update on one site will display on the other site. Both of these sites offer greater opportunities for branding than the business listings sites – Facebook through the cover photo and profile picture, and Twitter through the background and avatar. These components will reflect the design choices of North End Café Roadhouse’s website. The cover photo on Facebook will be the same as the banner on the website, and the background on Twitter will match the website’s background. The profile picture and avatar will feature the company name and an associated image.

Third, there are restaurant listings and review sites. These include Dine Here, Restaurantica, Trip Advisor, and Yelp. Again, these sites offer few opportunities for branding, but most provide the ability to add pictures of the food and the restaurant. All supply the ability to link to the
restaurant’s website and to display information including hours and cuisine. Additionally, some allow the owner to respond to customer reviews.

**Step-By-Step instructions**

Once a presence has been established on the sites listed above, that presence must be maintained. As mentioned, this must be both simple and quick for the owner to do. To that end, an internet marketing guide will be created. The guide will be a PDF document with four sections. Each section will indicate which actions need to be taken daily, weekly, monthly, or yearly. For each action, the site that must be updated will be provided, along with a description of the action, a hyperlink to the sign-in page for the site, and step-by-step instructions with screenshots.

This document is still under construction as the restaurant must first have an account on each site. However, the following example should illustrate the general idea. In the daily section of the document, there will be seven actions. The first is to respond to any emails sent to the restaurant’s email address. It will include a link to the webmail client and screenshots of the standard workflow. The next two are Facebook actions – specifically to respond to any posts or comments made by others on the restaurant’s page and to comment on a post on someone else’s wall. These will include a link to Facebook and screenshots indicating how to perform the given actions. Next are two Twitter actions that are similar to the Facebook actions. In this case, they are to respond to any tweets and to retweet or respond to one tweet by another user. Again, a link to Twitter and screenshots of how to do so will be provided. Finally, the last two actions are to post the next day’s special and any upcoming events to both Twitter and Facebook. To make this easier, it will be done by tweeting the information and using the hashtag “#fb”, which Selective Tweets (a Facebook application) uses to post tweets to Facebook. As before, a link to
Twitter and screenshots will be included. Selective Tweets will already be set up and will require no further input from the owner.

**Conclusions**

This research has contributed in several ways to the domain of internet marketing research for independent restaurants. First, it found that in Kelowna, the most popular internet marketing tool is Facebook and that the two greatest barriers to greater use of the internet for marketing purposes are a perceived lack of ability and a perceived lack of time. Second, it resulted in the creation of an internet marketing strategy for an independent restaurant that could serve as a framework for future work in the area.

Ultimately, while the tools exist or could be created to allow independent restaurants with small marketing budgets to develop and maintain an effective internet presence, any internet marketing strategy’s success depends on the commitment of the owner to the strategy. While new and better tools could make it easier to maintain this commitment, particular for non-technical owners, the onus is and always will be on the owner to ensure the full potential of this resource is reached.

**Future Work**

While this project provides a good starting point, there is more work to be done in the area of internet marketing for restaurants. Two areas in particular warrant greater investigation. The first is to perform more extensive surveys of the restaurant industry in Kelowna. Ideally, these would include a comparison between the way that chain and independent restaurants use the internet for marketing, a longitudinal study of the way internet use in the restaurant industry is changing over time, and a comparison of internet use by the restaurant industry in Kelowna
with that by another similar tourist destination. Each of these surveys would shed greater light on the strengths and weaknesses of the various internet marketing strategies in use by restaurants in Kelowna.

The other area worth pursuing is the practical, industry-based approach suggested by the internet marketing strategy. The step-by-step instructions created for this project could be made more flexible to allow for use by multiple restaurants. This would likely require a change in format for the instructions but could prove useful for busy owners who cannot afford to pay for professional marketing management. Taking this idea a step further, a service could be created that would allow a non-technical owner to create a drag-and-drop restaurant website based on pre-defined templates. This could be useful to consumers as well, as it could serve as a central repository of restaurants in a particular area. Making this information available as a mobile app would increase its value.
Bibliography


