

Local Marketing: The Benefits and Drawbacks for Large Corporations with Respect
to National Food Chains

A Senior Project
presented to
the Faculty of the Journalism Department
California Polytechnic State University, San Luis Obispo

In Partial Fulfillment
of the Requirements for the Degree
Bachelor of Science in Journalism

By
Marisa Erin Bloch
December 2011

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Abstract

A majority of large corporations, with a special focus on national food chains, put all of their marketing on national and international levels. Most corporations tend to forget about the local aspect of business. The newsletter for California Pizza Kitchen San Luis Obispo was created in order to go against the normal ways of these large restaurant chains, in an attempt to reach out to the community. This paper addresses the need for large corporations, with respect to national food chains, to bring things to a local level. The focus of marketing on a local level is constantly overlooked because it requires a lot of time and effort that people are not necessarily willing to dedicate. The importance of local marketing and how it can improve business is addressed as well as what it does for the company name in the community.

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Chapter I: Introduction

Shoppers are demanding personalized shopping experiences similar to those found in local neighborhood stores—a practice that large chains often struggle with. (as cited in Murphy, 2008). Retail stores are not the only ones affected in this type of issue. Many large corporations, especially national food chains, struggle with this ongoing battle of making themselves local. Stores such as Ace Hardware are, “overcoming this challenge through an online solution that brings its local stores to life by delivering local news, promotions and events to multichannel shoppers,”(Murphy, 2008). The local newsletter for California Pizza Kitchen is being designed to accomplish a similar goal: localization.

When dealing with large corporations, specifically food chains, it can be very difficult to escape the corporate level of things, and focus on a particular location. “Too often executive management is spending its time trying to come up with the single central strategy to apply across all stores rather than adopting a model to find the right strategy and execution market by market. To paraphrase: All markets are local,”(Hall, 2006, 13). It is important for any store, but especially corporations to focus in on what a specific consumer needs, which means looking at each location separately. Styles of life are different all around the world, so it is not fair to say that a company would sell the same in every location. There are many factors that come into play.

By designing a local newsletter for the large corporation of California Pizza Kitchen that will specifically focus on San Luis Obispo's store, there is bound to be an increase in interest and sales at that specific location. At any given location, especially

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smaller towns, community members are always interested in knowing what is new, or where they can get deals. San Luis Obispo's California Pizza Kitchen has a lot to offer that many people do not realize, and that is not consistent with every other CPK in the nation. Since CPK is a large corporation, each store has their own personal marketing fund, which will provide a majority, if not all of the funding for the newsletter. By having the support of a large company, it is easier to make the quality of the newsletter better, and allows more tools for distribution.

Even though it is nice to have funding and support from a large corporation, it is also very difficult to abide by their certain guideline. When designing the newsletter, there is a little less freedom because everything needs to be up to corporate standards and approved by the corporate office before being distributed. This includes everything from layout, to content, to method of distribution. This poses a slight challenge because it puts a limit on creativity. With the assistance of research and local management staff at CPK, it has made the process easier as a whole, because the guidelines were met from the beginning instead of having to go back and revise everything. The support of the management staff as well as the close-based community of San Luis Obispo, the idea of a local newsletter has proven to be useful at this time. The best practices for marketing a

large corporation is not only marketing on an international level, but also most importantly marketing locally at each individual store location.

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Chapter II: Literature Review

Large Corporations Marketing Locally

Local marketing for large corporations, especially national food chains is essential to having a successful business. According to Cebrzynski (2005), a seminar led by Linda S. Duke of California-based, Duke Marketing addressed the idea of why more businesses do not focus on local marketing. Duke answered this question by saying, "It requires a lot of hard work, creativity and long-term commitment that restaurant managers either will not or cannot devote to it. [Local Marketing] gives the restaurant a brand identity, which it can convey to consumers through public relations, partnerships with charities and other businesses, and special events," (Duke, 2005, p.84).

In a report called, "Driving Sales in Challenging Times," the Port Washington, N.Y.-based firm "examines the economic factors affecting consumer dining behaviors in different parts of the country and builds a case for the growing importance of local marketing," (Glazer, 2009, p.12). Brad Haley, Executive Vice President of Marketing for CKE Restaurant's Inc., parent of Carl's Jr. and Hardee's

said, “he has seen an increased interest in local-product promotions from its franchisees of late,”(Haley, 2009, 12).

Large Chains Compete with Local Business

Marketing locally can be a very difficult task for large corporations especially smaller towns. Large Corporations seem to be less appealing to locals, and to small business owners. According to Cummings, there is a way to fix this barrier between big

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and little fish, and create a partnership. “In a break from the traditional battle of David versus Goliath, more small and midsize companies are changing their selling strategy to partner with giants,”(Cummings, 2005, 12). Small businesses are not the only ones wanting to partner up. Large companies have been joining forces with smaller firms as well. Large and small businesses are a beneficial partnership for everyone. Actuate, an e-business enterprise based in Dallas is a prime example of this. “Actuate also leverages the strength of other companies [usually smaller] to gain better and faster access to the clients. Doing so can mean a richer understanding of the marketplace, faster connections to decision makers, and more credibility with prospects,”(Cummings, 2005, 12).

Competing with small, “local” businesses are not the only issue large corporations face. Once corporations are settled in a location, they must find the ways that are most effective for advertising to that particular audience. Whether it

be through television, billboards, newspapers, radio, or any other form of media, it is essential to find out what works. According to Reid, King, Martin, and Soh, "Daily newspapers were ranked overwhelmingly the most effective medium for auto sales/services and restaurant advertising," (Soh, 2005, 44).

Philanthropy Donations as a Form of Marketing

One of the benefits of being a large corporation is having an ability to give back in large ways. Some corporations have started participating in philanthropy events in order to show their appreciation and boost themselves in the eyes of the public. "Nearly

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1,000 Denny's restaurants in communities across the United States displayed "Angel Trees" decorated with paper angel tags listing the Christmas gift wishes of local children. Denny's guests and employees selected an angel tag from the tree and purchased a gift for a needy child. New, unwrapped gifts of clothing or toys were distributed by The Salvation Army to children during the holidays," (PR Newswire, 2007).

California Pizza Kitchen is a prime example of a company that gives back year round. California Pizza Kitchen holds fundraisers for any organization where 20percent of each check presented with a flyer will be donated back to that specific organization. This type of work not only gives back to the community but it is also a great way for the company to receive more business.

Chapter III: Methodology

Local marketing for California Pizza Kitchen, San Luis Obispo, will help to increase this particular store's gross sales. By reaching out to the tight-knit community, through a newsletter, there should be an increase in sales. In order to produce this local newsletter, the CPK manager's and I must decide what the newsletter needs to look like, and what we need to include in it to create public interest. California Pizza Kitchen is already a company that has an established name internationally, however; in markets where there is emphasis on local feel, this large corporation struggles slightly.

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The ideal situation for this newsletter would be that it would be put out on a regular basis, being at least once a month. The San Luis Obispo location will serve as a trial run for other CPK locations. If the newsletter proves to have a direct correlation with the increase in sales, California Pizza Kitchen may like to implement a local marketing strategy of their own.

California Pizza Kitchen has regulations when it comes to marketing because they are a large corporation. Once the process of deciding what this particular

branch should put in its newsletter, it must be approved by the regional manager, and then by the marketing and public relations corporate office. Once everything is approved, distribution can begin. Although CPK already has a name created for itself and a specific target audience, this project will aim to increase the variety of people who attend the San Luis Obispo CPK and for what purpose.

This newsletter's goal will be to:

- outreach more to college students through fundraiser's
- outreach to local businesses through the take-out and delivery services offered at this particular location
- outreach to offices by allowing them to book our semi-private room
- outreach to the children by holding CPK birthday parties and kids tours
- outreach to the entire community by letting them know what is new at our location and by inviting them to dine with CPK by providing a discount.

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The newsletter will aim to provide overall awareness in San Luis Obispo of what CPK has to offer, and how they are trying to become more of a local business. The Chamber of Commerce will serve as the primary source for distribution of the newsletters. CPK San Luis Obispo employees will also be responsible for the distribution in the local downtown area. In order to monitor how well the

newsletter is working, the San Luis Obispo location will have to monitor business/sales closely and see how many of the newsletters coupons are being brought in to our location.

A couple of the issues that may arise with this newsletter are that business only increases because of the discount coupon offered. Another issue that may arise is that the newsletter is only reaching local businesses and not a mass amount. In the future if this proves to be successful, it would be wise to broaden distribution. There is also the downfall that the coupon can only be used at the San Luis Obispo location, and that a lot of the promotional facts in the newsletter only apply to this CPK. CPK saves a lot of money and time by advertising on a wide scale for all of their locations, but they do not get to focus on specific specialties of each location.

Chapter IV: Data

Marketing Action Plan:

The main goal of the California Pizza Kitchen, San Luis Obispo, newsletter is to raise awareness locally of what this specific store location has to offer to

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its immediate community. The first newsletter will have a targeted distribution date within the first week of December in order to have reached the audience before the

Holidays. The newsletters delivered by CPK SLO employees to local downtown businesses will be the first distributed. Shortly after, the newsletters being distributed by the San Luis Obispo Chamber of Commerce will be sent out. Once these newsletters are released, the manager's at the San Luis Obispo location will be closely monitoring the sales, and specifically what type of sales (dine-in versus take-out) is occurring. They will also keep track of how many coupons are being used in order to see what is drawing the customer's in, especially since this location tends to get busier around the holidays anyways.

The purpose of the newsletter being distributed at this time and being so closely monitored is so the San Luis Obispo location can compare their sales at one of the busiest times of the year. The manager's can look back to previous years and see the difference of sales to the exact day. This will help decide how effective local marketing is compared to company wide international marketing.

Tactics and Tools:

The California Pizza Kitchen, San Luis Obispo, local newsletter aims to increase sales by focusing on a local marketing strategy. Glazer reports, along with the help of the NPD group, that the nation is facing an economic crisis but that the effects on the different regions vary, especially for the restaurants in those regions. In a recently

released report called "Driving Sales in Challenging Times," the Port Washington, N.Y.-based firm examines the economic factors affecting consumer-dining behaviors in different parts of the country and builds a case for the growing importance of local marketing (2009, p.12). The local newsletter will attempt to prove that this theory is correct when it comes to restaurants.

In the drafting stages of the newsletter, it was discussed that solely CPK employees would distribute it, however; after further discussion and research, it posed to be more affective to use CPK San Luis Obispo's connection with the chamber of commerce in order to reach a wider audience. The chamber of commerce will be able to assist CPK in deciding which businesses would be the most effective to distribute to base on size and type of business. The Chamber of commerce will serve as the largest method of distribution.

Even though the Chamber is willing to partner with the San Luis Obispo store to assist with distribution, a large amount of distribution will rely on the employees of the San Luis Obispo location. Newsletters can be distributed to guests after they dine at the restaurant, in order to get them to visit again. The employees will also be expected to survey the local downtown area and distribute the newsletters to any local businesses that might be interested in California Pizza Kitchen. By having the employees cover the immediate downtown area, the chamber of commerce can focus on distributing to businesses that may be outside of the downtown vicinity.

Communication with the Community

The newsletter will be designed by, myself along with the input from some of the San Luis Obispo California Pizza Kitchen's managers. According to Glazer, Peter Gaudreau, Vice President of Brand Development for Freebirds, said that people want to do business with their friends (2009, p.12). He said they spend most of their time getting people in the restaurant that can connect with customers and getting out [in the community] and making connections with people. Making an emotional connection with people has everything to do with local marketing.

One of CPK's main pushes on the newsletter is fundraising. The San Luis Obispo location is one of the top fundraising stores in the company, and yet they are not at their full potential. California Pizza Kitchen allows organizations to hold daylong fundraisers where 20 percent of each bill (when a flyer is presented) is donated to that organization. Gaudreau also said that Freebirds relies a lot on community outreach efforts in order to increase support and business locally. By advertising fundraising options in the newsletter, CPK SLO can increase their business significantly, while giving back to the community as well. Gaudreau also said that to keep Freebirds front of mind, the chain also relies heavily on community outreach efforts, including encouraging each unit to partner with a local charity (2009, p.12).

Since the topics being discussed in the newsletter are not one-time events, the newsletter will be produced more than once. Ideally, the results of the newsletter will prove to be useful for business, and the continuation of this type of

marketing will be beneficial. Newsletter distribution will hopefully keep occurring at least once every

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couple of months in order to keep the community up to date on any changes or new deals going on.

Chapter V: Discussion

Summary

Myself, a Cal Poly Journalism student, developed the idea of a local newsletter for California Pizza Kitchen, who saw a wide range of opportunity for local marketing. California Pizza Kitchen advertises on a corporate level, however; they miss a large portion of the market by not advertising locally to drive individual store sales. The task for advertising locally was both intended for a company-wide improvement as well as helping my place of work. The purpose of this newsletter is to raise awareness in the area as to what California Pizza Kitchen has to offer, especially the one in this community. It is the San Luis Obispo stores goal, to prove to the community, that we give back, and benefit the surrounding environment.

Due to corporate limitations, the newsletter approach seemed like the best option to reach the local community. With the help of the San Luis Obispo Chamber of Commerce as well as the California Pizza Kitchen San Luis Obispo employees, and our Regional Director, we are able to distribute this newsletter to a wide variety of community members. If the newsletter proves to be successful, we may be able to

convince the corporate offices that other form of media will be useful for the increase of sales, such as social media.

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By using the Chamber of Commerce, we can easily track what types of businesses are responding to the newsletter and the deals CPK has to offer. The discount coupon offered with the newsletter will also serve as a major tool to decide how effective the newsletter is and what type of customer's are using it. When the coupon is presented, it will be the manager's job to reach out to the customer and find out more information on their background and what drew them into our particular location. With this feedback, it will provide first-hand information on how we can better target our audience for future newsletters.

California Pizza Kitchen is constantly introducing new items and promotions both on the local and national levels. It is our job to pinpoint what has changed at our particular location and present it to the community. San Luis Obispo in general is a very "locally-driven" city, which usually shy's away from large corporations. By providing a newsletter, we will hopefully reassure the community, that we also want to give back and provide benefits for them. California Pizza Kitchen supports partnerships, and the largest one being between the Community and the store.

Findings

Through reviewing the general customer's we have dining at the San Luis Obispo location, we can infer that our general crowd is adults from the ages 30 and up. We do

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see our fair share of college students in the restaurant due to the fact that we accommodate large parties and we are located in the heart of downtown. The newsletter is primarily going to target local businesses, some of them who have college students as employees. For future newsletters and expansion in distribution, it would be wise to consider distributing newsletters or some form of advertisement to the Cal Poly campus.

Many students don't know that we offer discounts off entire bills to Cal Poly and Cuesta students when presenting an official student ID. These are some of the special offers from our location that we hope the newsletter will help advertise. The newsletter by no means will reach everyone in the community, but since it is a tight-knit community, word of mouth will also be a useful resource for our location. Hopefully if we target the right audience, we will be able to reach a large percentage of our intended consumers.

Since we are only one store with so many managers and I am the only student working on this project, distribution and timeliness are both factors that can be improved upon. While trying to maintain a high quality, it is difficult to have mass production when there are limited people involved in production. Also, since

the corporate office does their own marketing, they are not going to use extra resources in helping our one location. Each store location is allotted a specific marketing budget, and anything over that must be approved, or spent out of pocket.

Once we can prove that this newsletter in particular has significantly increased our sales, we will gain more support from Corporate, and hopefully help expand this idea to other CPK locations. The California Pizza Kitchen name is already established and

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known, but it is the specifics that each location has to offer that consumers don't know about.

Conclusions

As discussed in previous chapters of this paper, the need for local marketing for California Pizza Kitchen locations, is not just suggested, but is crucial to the increase in business. According to the Glazer article, Nick Vojnovic, president of Beef 'O' Brady's based in Florida said, We've had to step up our game during this downturn to continue to move sales forward. This is not the time to hunker down. You have to be out there making an impression and giving your guests more reasons to dine with you more often. The partners that optimize local marketing efforts are at the top of our sales charts each year (2009, p. 12).

According to Cebryzynski's article, If local-store marketing works so well, Linda S. Duke asked her seminar audience during the National Restaurant Association Restaurant, hotel-Motel Show in Chicago, then why don't all restaurant chains do it?

She answered her own question: Because it requires a lot of hard work, creativity and the long-term commitment that restaurant managers either will not or cannot devote to it (2005, p. 84). This is a problem that we have noticed first-hand. When I presented the newsletter idea to the local California Pizza Kitchen managers, they were all for it, but were tentative due to the fact that they already have so many tasks on hand that are required of them. When I assured them, that I would be doing all of the legwork, they were quick to jump at the opportunity. It isn't that they don't want to push local

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marketing, because they know it works, it is just that the time and energy involved is not easily acquired.

Most restaurant chains you come across will agree that those willing to put in the time for local marketing prove to do better. Local-store marketing targets consumers within 3 to 5 miles of the restaurant, and the way to reach them is by creating news. One way to do that is by developing a newsletter to send to consumers and to local newspapers, which can lift items for their own publications, Duke said (2005, p. 84). California Pizza Kitchen, San Luis Obispo, is attempting to do exactly that. If we are able to use all of the tools and resources provided to us, there is no reason that this specific location cannot be the highest producing store in the company. There is a large target audience, a prime location, and the need for what we have to offer.

If we continue to strive to get the word out to the public on a regular basis,

the sales are bound to increase. Not only do we have a lot to offer, but also we have a corporate, well-known name backing us, which people always feel more comfortable with. By using our resources provided by the company as well as our local resources such as the employees and the Chamber of Commerce, our target audience will be reached, and the news will quickly spread to the rest of the town.

There are always many ways to reach your target consumer, and in our particular case at this moment, a newsletter proved to be the best method. However, in the future there is no saying that other forms of media won't be needed in order to keep up with the changing population of our consumer's. With technology constantly changing and expanding, there is a need to stay modern whether it is via Facebook, Twitter, E-mail, or

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any other form of media. When a company as large as California Pizza Kitchen makes an effort to be part of its local community, people are likely going to listen and support it.

By paying attention to consumer wants and needs, it is easier to target what the company needs to do locally in order to support the partnership and survive in this economy.

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