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Union Square remembers patrons' favorite foods, and then some

1to1 Magazine

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In the fine-dining segment of the restaurant industry, as well as many other service businesses, the reservation process is both the first point of contact with your customer and the best place to start your CRM effort.

One of the basic tenets of building one-to-one relationships is to remember customers' preferences, history and needs so they only have to give you personal information once, and to continue to remember those preferences every time they visit you. There are certain industries where one-to-one programs are more prevalent than others - hotels, for instance. Restaurants, on the other hand, which historically are small organizations without huge infusions of capital, often do things the old fashioned way - by getting to know their customers in person over time, then remembering their preferences in their heads. But one company - Union Square Hospitality Corp. - is melding the corner restaurant approach with a little bit of technology to better manage its patrons' visits in more of a one-to-one fashion.

Seventeen-year-old Union Square consists of five concept restaurants and a jazz club all within a dozen blocks of each other in New York City's Gramercy Park district. Together, they employ 650 people and serve up to 2,000 meals daily. The driving force behind the organization's Union Square is what owner Danny Meyer calls "enlightened hospitality" - a level of service that he says puts customers and staff on the same side, a strategy that has paid off.

Meyer's Union Square Cafe and Gramercy Tavern have earned the No. 1 and No. 2 spots on Zagat's list of New Yorkers' Most Popular Restaurants for three years running. Top-flight service, however, is an ever-moving target, and as Meyer admits, "We need all the help we can get when it comes to great service and to keeping records on what our guests desire."

24/7 electronic reservations

To pin customers' interests down, each of Meyer's restaurants uses the OpenTable System, a hardware/software solution that has transformed the establishments' paper-and-pencil reservation book into a computerized, automated process (OpenTable competes with Foodline.com, iSeatz.com and DinnerBroker). Now, even occasional diners at Union Square venues often get escorted to their "regular" table, or get asked if they would like another bottle of the same Bordeaux they enjoyed during their last meal.

Customers can choose to call the restaurant directly or make a reservation through the Web site. In either case, their names, and as much contact and personal information as they care to offer, are entered into the system. Once a record is created, information begins to accumulate. If you ate at the Gramercy Tavern once last year and you call to reserve a table tonight, the restaurant's staff will know where you sat, how much you spent, how well you tipped, whether your visit was a special occasion, and any other unique circumstances that might have occurred.

Before the dinner service begins, the night's reservations are printed out and distributed. Special requests filed in the database are noted along with the reservation, such as a preference for a quiet table or vegan meal. Events such as birthdays and anniversaries are noted, as well.

In addition to guest records, the manager pulls up a view of the entire floor along with estimated table turn times, wait lists and server counts. On a remote terminal in his office or at home, Meyer calls up the night's reservations at all six of his businesses, checks the guest lists, and enters any comments he cares to add. Each byte of customer information becomes an opportunity to ensure that it doesn't take another year before Gramercy Tavern gets to give you a repeat performance.

A direct marketing database

To keep patrons coming back, Meyer uses his customer information to run an occasional email marketing campaign. Efforts are generally successful.

(Union Square is just starting out in this area, and hasn't explored the issues around permission-based marketing yet.)

In one instance, for example, at The Jazz Standard, Meyer emailed customers about an appearance by Wynton Marsalis that the club was not permitted to advertise publicly. "It was one set that night," remembers Meyer, "and it got booked up literally within 10 minutes."

The system can also be configured to share information between locations, enabling cross-marketing efforts, although Meyer has not chosen to connect the Union Square venues yet. "We could do it if we wanted to," he says, "but there are lines I draw for myself. I really view my restaurants as independent businesses within one family group."

The system runs on a subscription model of about \$275 to \$300 per month, with a one-time set-up fee of about \$1,300. Online reservations are free to customers, while the restaurant pays OpenTable \$1 for each diner seated. Meyer doesn't quantify the return on Union Square's investment, but notes, "I absolutely cannot imagine running my restaurants by going back to paper and pencil. It would be a real negative." Even without metrics, this capability clearly helps Union Square provide a more one-to-one customer experience. A "before/after" analysis, however, would help Meyer fine tune his efforts in ways he might not be able to see now. Perhaps he'll consider it for next year.