



CASE STUDY

CLIENT Scargo Café
PROJECT Scratch-Off Promotion Cards

Seasonal business fluctuations are unavoidable in the restaurant industry. In popular tourist destinations, the calendar's peaks and drop-offs can be especially steep. In places like Cape Cod, summer tourism brings a crowd and the landscape continues to draw visitors through October's Indian summer.

Then comes November and suddenly there are empty tables. No one knows the cycle better than Peter Troutman and his brother David, who for 31 years have operated the popular Scargo Café, in Dennis, Mass. on Cape Cod.

But Troutman has found a way to take some of the whiplash out of the cycle: a scratch-off promotion card printed by H&H Graphics and distributed to 9,000 to 10,000 diners in October brings 1,800 to 2,000 of them back in November. Scargo is now full in November and the promotion has generated a return on investment of 1,931%.

Keeping Off-Season Tables Filled

Named for a mythical Native American princess, the restaurant is a mile from the Corporation and Mayflower beaches and features a menu that Peter Troutman describes as, "Eclectic New England American."

The restaurant is a favorite with locals and tourists, who flock to the beaches and the summer stock theater across the street. But seasonal adjustments affect everything from staffing to purchasing. From the peak of the season in June through August when the restaurant serves 400 to 500 guests a day and waits for a table can run 90 minutes, to the end of tourist season in November when revenues fall by 25%, it's a business ruled by the seasons.

With the tourists gone and temperatures dropping, a restaurant—even one that regularly makes the "Best of Cape Cod" lists—starts to see fewer customers. Last year regular revenues of \$270,000 in October shrunk to \$202,000 in November.

"Historically, November was the bottom of the cycle," Troutman says. "Sandwiched between the shoulder season and the December holidays, it was previously one of our very slowest months, hovering at about 125 to 225 guests a day."

The goal was to draw the locals back in November. At a restaurant marketing seminar more than a decade ago, Troutman learned of the promotion that has been his seasonal go-to ever since, with an impressive and reliable return on investment.

It's a scratch-off card, handed out to diners in October for redemption in November. Diners present the cards at the end of their meal and a savings of between \$5 and \$100 is revealed beneath the scratch-off ink.



The promotion has generated an ROI of 1,931%

Troutman says the redemption rate is consistent at about 20%: of 9,000 cards distributed last year, 1,800 were returned by diners enticed into fighting off the hibernation instinct and coming back. The average transaction value was \$30.

Troutman says he gets a lot of calls from other restaurant owners who want to know how well it works.

"The biggest question is redemption rate. It's 20%—and pretty steady," Troutman says. "If we hand out 10,000, 2,000 come back."

ROI Doesn't Get Much Better Than This

After the cost of the cards and the value of the discounts, the promotion netted the restaurant nearly \$40,000 last year. That's an ROI of 1,931%.



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Here's how the numbers break down:

- Number of Transactions: 9,000
- Average Transaction: \$30
- Regular October Revenue: \$270,000
- November Revenue (25% down): \$202,500
- Tickets redeemed (20%): 1,800
- Revenue for Transactions \$54,000
- Prizes (discounts): \$13,380
- Artwork, Printing and Shipping costs: \$2,000
- Total revenue for November: \$241,920
- Net increase in revenue for November: \$38,620
- ROI from \$2,000 investment: 1,931%

A Winning Formula for Building Excitement in the Slow Months

Troutman has tinkered with the program from year to year, changing the wording, adding a rule or two, "Please no crybabies or whiners, this is supposed to be fun!"—and switching printers.

Three years ago he found Winning Promotions, a division of H&H Graphics, where Troutman says he likes the personal attention and found the company "a little easier to work with during the design process." A redesign features the scratch-off layer in the shape of a leaf matching the restaurant's logo. The leaf appears beneath the promotion's total value in an oversize can't-miss-it font: \$60,000. Two pictures on the back depict signature appetizers.

The cards are screen printed with scratch-off ink over four-color ink on 3 x 5 card stock.

Mike Thomas, Director of Games & Promotions at H&H, says the promotion works in part because of the suspense.

"...you don't know what you've won until you return to the restaurant. There are \$60,000 worth of prizes."

Troutman works hard to make sure the cards are distributed to everyone who visits the restaurant in October when the restaurant still draws 200 to 300 people a day. "Engagement, coaching and management is key," Troutman says.

Reminders help too. "We have a large illuminated sign right at the door as people depart the building that lets them know that if they did not get a ticket, their check is on us," says Troutman. "I'm very adamant with my staff." The goal is to get 9,000 to 10,000 cards distributed by October 31.

It's an effort Troutman says has never failed him. "It works beautifully for marketing in a busy time followed by redemption in a slow time," he says. "The ROI is incredible."

Contact us to learn more about scratch-off cards and other restaurant promotions.

ABOUT H&H GRAPHICS

Founded in 1978, H&H Graphics helps our clients be Anything but Ordinary with state-of-the-art special effects screen printing that utilize UV coatings, specialty inks and varnishes. Our R&D department creates custom inks and coatings in house to achieve your desired look, feel, or smell with the highest quality and performance and we offer a level of client service that's unexpected. Example special effects include glitter, gloss & matte, scented, scratch-off, glow-in-the dark, and textures. While we work with many types of applications, we offer special expertise screen printing gift cards, credit cards, packaging, retail POS/POP displays, book jackets and covers, and greeting cards. Challenge us! We love exceeding expectations and achieving the impossible. More: www.hhgrfx.com

ABOUT SCARGO CAFÉ

Scargo Café is a casual fine dining restaurant in Dennis, Massachusetts serving Traditional and New American cuisine along with standard New England fare. More: www.scargocafe.com