2650 New Guests Are More Expensive Than Existing Ones

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Acquiring a new Guest costs many times more than retaining an existing one. Reichheld and Bain put it at five to twenty-five times, depending on the industry.

Most operators have this completely backward. They spend the majority of their marketing budget chasing strangers while ignoring the people keeping the lights on.

An internal survey from TGI Friday's found that 16% of their Guests were generating 69% of their sales. Sixteen percent of the people walking through the door were responsible for nearly seven out of every ten dollars in revenue. That data is from 2002. The specific numbers may have shifted — but the concentration hasn't gone away. It's just been ignored longer.

That's what Guest concentration looks like in a restaurant that's paying attention enough to measure it. And if it's true at a brand that size, it's almost certainly true in your dining room. You just may not have run the numbers yet.

So here's the question every operator needs to answer before they spend another dollar on acquisition: do you know who your 16% are? Can you name them? Do they know you know them? Because if you're splitting your marketing budget evenly between the Guest who comes twice a week and the stranger who's never heard of you, you're not just misallocating dollars — you're ignoring the people already keeping your lights on.

The most cost-effective marketing investment you can make is delivering an experience so consistently excellent that your existing Guests have no reason to go anywhere else. The second most cost-effective is making those same Guests want to bring someone new. That's not a loyalty program. That's an experience program. Build the experience. The frequency follows.