

ZAXBY'S®

IMC CAMPAIGN

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EXECUTIVE SUMMARY

Overview

With over 800+ locations in the south and their first locations opening up in the west, Zaxby's is expanding at a rate that will start making Chick Fil A and its other competitors scared. Zaxby's main issue is how they handle customer service on a personal and social media level. Social media managers and helpers need to be trained on how to properly handle negative comments on Twitter and Facebook which includes being empathetic to the customers issue. In store hosts need to know how to give proper guest service recovery to help ensure the customer comes back for an encore meal.

To help Zaxby's in their continued growth, I have developed the "Zaxby's Cares" campaign that addresses the issues related to the frequent customer service complaints on social media. The campaign includes in-store and social media advertising of the ZaxbysWeCare.com site and offers customers free food in exchange for completing a survey about their experience. Survey results will be used to follow up with customers to make the situation right and train stores on how to improve their customer relations.

The casual fast food market is slowly catching up with the fast food industry and in 2016 was the fastest growing food service segment globally. Zaxby's went from \$1.07 to \$1.5 million annually between 2014 and 2015. Customers are supporting the casual fast food industry because healthy and quality food is seen as more favorable over the high processed food found at competitors like Chick Fil A and Kentucky Fried Chicken. If Zaxby's were to improve on their customer service and positive social media presence, that number could grow even more in 2017.

Zaxby's plans to beat the competition by improving customer relations by 90% and becoming the leader in casual fast food service. We can accomplish this with proper training at all locations that includes guest service recovery to help encourage customers with bad experiences to give Zaxby's a try for an encore experience.

Zaxby's main objective is to stick to the core values set in place by founders Zach McLeroy and Tony Townley to be:

- Guest Focused
- Develop Talent
- Operational Excellence
- Continuous Improvement

CAMPAIGN BACKGROUNDER

History

Zaxby's was founded in 1990 in Statesboro, GA. While buddies Zach McLeroy and Tony Townley were shooting hoops they discussed the topic of college students around the world...food. They both enjoyed a good chicken wing and while there was no shortage of places to order, they couldn't identify with any of them. There was no place with good food and a fun atmosphere. Zaxby's was born.

Zaxby's is an alternative to the fast food culture with prepared-at-order chicken meals and house specialty sauces. Restaurants are designed with the old-school farmhouse in mind while decorating in the cultural aspects of the location to engage with the community it's in. The goal is to provide a fun atmosphere and good food that keeps customers coming back for an encore experience.

Key Executives

- Zach McLeroy, Chief Executive Officer, Chairman Of The Board
- Tony Townley, Chief Strategy Officer (CSO)
- Robert Baxley, Chief Operating Officer
- Blake Bailey, Chief Financial Officer

Mission and Values

Zaxby's mission is to *"Consistently create encore experiences that enrich lives, one person at a time."* with a commitment to the food and it's culture. Their core values are to be guest focused, develop talent, operational excellence, and continuous improvement.

Products and Services

Keeping with their mission and values, Zaxby's is a casual fast food dining experience, where it's not as rushed as McDonalds but not as laid back as Olive Garden. In addition to a menu that spans from healthy salads to filling platters, they also have a range of in house sauces designed to enhance the chicken eating experience. Outside of the dining room, Zaxby's also competes in the catering business. Catering orders can be customized and personalized for the hungry crowd that needs feeding.

Franchising

To help conquer the southern market, Zaxby's started offering up franchises in 1994, only four years after it was founded. Today, a bulk of the restaurants in operation are franchise owned. Not just anyone can walk up and own a Zaxby's. There is a "dating" process as they call it to decide if the relationship is a healthy one for both parties. On top of a pre-qualification questionnaire, there's also an application process, interviews, and every aspect of the construction is reviewed by the corporate office to ensure the franchises is in tune with the brand and it's values. After construction and the restaurant is open, the franchise continues to have a contact at the franchise division to facilitate improvement and growth.

Competition

While there are a wide variety of competition in the fast food market, Zaxby's core competitors include: Popeye's Louisiana Chicken, Church's Chicken, Kentucky Fried Chicken, and Chick Fil A. In an interview with FastCasual.com, Amy Pritchett the senior director of the franchise development division, said:

"Not to sound smug, but there's really no competition. There's really no product that's just like us — there's just nothing out there like us. When you want Zaxby's nothing else will do."

According to the 2015 survey by The QSR, Zaxby's holds the 25th position on the top 50 brands in quick service and fast casual dining. Their competitors rank at various places on the scale:

- Chick Fil A – 8th
- Kentucky Fried Chicken – 14th
- Popeye's Louisiana Kitchen – 20th
- Church's Chicken - 31st

With Zaxby's coming in at number 25 on the survey, they are below a bulk of their competition but still ahead of one.

Locations and Growth

According to the survey by The QSR, Zaxby's recorded over \$1.5 million in sales in 2015, a growth from the \$1.07 million they pulled in during 2014.

Currently Zaxby's has over 800 locations in the south and in 2013 opened their first restaurants out west in Utah. With a solid brand and having already taken a hold in the south, Zaxby's plans to grow further out west and have 18 new locations in Utah by 2018.

Target Market

Zaxby's target market includes adults ages 18-45 with household incomes of 40,000 and up. This age range and income status keeps with the founders own status when they founded the business as college students. More research is needed to fully verify the target market. Research will be conducted via interviews and drive by visits at local restaurants.

SITUATIONAL ANALYSIS

In 1990 while shooting hoops, Zach McLeroy and his buddy Tony Townley, were hungry for chicken but not just any chicken. Good chicken in a restaurant with personality.

Zaxby's was born with a mission to:

"Consistently create encore experiences that enrich lives, one person at a time."

Since 1990 they have opened more than 800 restaurants spanning the south with their first restaurants opening up in Utah in 2015.

How does your brand/company compare with the competition?

Zaxby's competition includes Chick Fil A, Church's Chicken, KFC, and Popeye's Louisiana Kitchen.

What makes them stand apart is their success with their salads and house specialty sauces that complement the chicken eating experience. While their competition has spent time trying to reinvent their menus, Zaxby's devotes their time to improving other aspects of the business and leaves the food alone. Always looking for ways to improve their product without straying from the values of being guest focused, develop talent, operational excellence, and continuous improvement.

Globally, fast food is an industry worth over \$570 billion with an estimated of over 200,000 fast food restaurants in the USA alone.

Customers look for restaurants that provide cheap but quality, good tasting food to keep them fed on the go. Fast food restaurants put their emphasis on getting mass made food out at the speed expected with the fast food name attached to it.

What are the industry trends?

Zaxby's competes in the fast casual market with décor that's more laid back and meant to be enjoyed along with the food. Millennials are the main customers because they eat out more than their previous generations and are looking for affordable fresh quality over fast and processed. Zaxby's wants their customers to feel good about the food they eat and enjoy the atmosphere enough to come back for an encore meal.

While healthy quality food may be what the trend is going towards according to QSR Sales - Top Five Segments by Market Share

Chicken restaurants hold an 8% market share in the fast food industry compared to hamburgers which hold 30%+ of the share.

This says that even though healthy affordable food is on the rise, the desire for all chicken menu restaurants is not as strong as some of the other food choices available.

When it comes to public opinion, there are some mixed results.

According to social media, the customer opinion of Zaxby's is 99% positive with remarks about the delicious chicken, size of the drinks, and community involvement. The 1% negative mentions Canes chicken as being a better brand or the complaint that Zaxby's has the worst fries and dry chicken.

If you dive deeper into the internal perception though, the view changes. Google results show an overall rating of 2.7 out of 5 from previous employees. Many complain about lack of benefits, no pay raises, short breaks, and bad hours. Some employees complain that if you're not corporate you don't get benefits like 401k, no direct deposit, and lack of healthcare.

Overall, Zaxby's is part of the growing fast casual dining that is starting to grow faster than the fast food industry would probably like. In one year alone it grew more than 10% than the fast food industry and had an increase in sales to over \$3.4 million between 2014 and 2015. Zaxby's still has a bit to go to catch up in the rankings but with the trend leaning more in fast casuals favor, places like Chick Fil A will have to do something to keep their customers from going fast and furious to relaxed and affordable luxurious.

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SWOT ANALYSIS

Internal	<u>Strengths</u>	<u>Weaknesses</u>
	<ul style="list-style-type: none">- Competes in fast casual which is growing over the fast food market.- Attracts millennials which are the highest spenders in dining.- Know for having better salads than competition.- Responds to negative reviews on social media offering to make it right.	<ul style="list-style-type: none">- Employees are not happy with lack of benefits.- Management does not have good reputation on employee rating sites.- Complaints on social media revolve around higher prices but not better quality.
External	<u>Opportunities</u>	<u>Threats</u>
	<ul style="list-style-type: none">- Expand restaurants to western side of the US.- Increase online visibility by setting up a blog to improve search engine ratings of positive news.- Run contests and promotions to increase social media presence and public opinion.- Add free Wi-Fi to all locations as an incentive for target market to visit.	<ul style="list-style-type: none">- All competitors rank higher in surveys.- Negative news ranks higher in search engine sites.- Still only in the south while competitors are nationwide and global.- Lack of jazzing up menu occasionally could make menu seem boring and uninteresting.

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TARGET AUDIENCE DEFINITION

Advertisements

Zaxby's video advertisements focus their attention on the Millennial and early Generation Z customers that have an income of their own. Video advertisements show a mix of age ranges from 15 to 85 and feature sports, fast cars, music and a theme of coming together. There is a nice range of racial diversity though most of the characters in the ads are women.

The advertisement titled "Turning Tables" showed a wide range of customers from young adults taking selfies, a graduation party, soccer game, women chatting at home, business coworkers talking outside, and a family sitting around the dining room table. Gender wise, this commercial has an equal number of male and female actors.

Behaviorally, Zaxby's advertises heavy and hard during the major sports seasons with the strongest importance being put on the football season (August through February). Catering is one of the aspects of Zaxby's business and football season is known for people getting together on Sunday and Monday nights for munchies and a good game.

In the geographic marketing aspect, Zaxby's has been targeting the southern half the United States with only a few restaurants open in Utah. Fried chicken has its home in the south so it makes sense they would target hard in that general area.

As more people hear of Zaxby's reputation more potential customers are asking for them to open up across the rest of the United States. This will change their target market geographically and Zaxby's will have to alter their marketing strategies to help boost their sales in these new areas when the time comes.

The psychographic aspect of Zaxby's targeting involves sports, fast cars, and a laid back lifestyle in the middle class. This is evident by their advertisements, which focus on sporting events, showing people being together, and references to slang words and selfies on their social media pages. Customers are dressed in casual, clean-cut, non-designer label attire in their commercials, which gives the impression they are targeting the middle class.

To further cement their interest in the sports centered market, in 2015, Zaxby's through a partnership with IMG College Marketing became "The Official Chicken of College Sports" and had "collective intellectual property rights at 25 Division I Colleges." The deal included schools in every state where there's a Zaxby's location.

Zaxby's went with a unique avenue to reach their target market when they bought advertisements in the video game "Midnight Club: Los Angeles," a racing themed game with a parental rating of 12 years old and up.

Social Media

Zaxby's social media pages all follow the same trend of using texting, selfies, slang, and mentioning events that would attract the Millennial and early Generation Z age group. They frequently talk about sporting events with even their community involvement having something to do with college or youth sports.

Zaxby's is active on Facebook, Twitter, and Instagram but their main attractiveness is on Facebook (currently sitting at over 1.3K likes). While Zaxby's has a strong following on Twitter with over 1.9K people watching their tweets, Facebook is where they get the real interaction with their fans and not-so-fans actively commenting on every post.

Females are prominent in their Facebook photo albums along with sports themed activities and events. Community involvement also centers itself around supporting youth or college sports.

The audience is currently giving mixed results about Zaxby's.

Social Media has an equal amount of praise and hate for the brand. Some customers love the brand and can't get enough. An equal mix of customers post complaints after eating at their local restaurant.

Facebook in particular is full of customers complaining about everything from employees who don't care to food poisoning. Zaxby's does an okay job responding to each complaint, but at times it can seem like that is what fills up their feed.

LikeAlyzer.com gives Zaxby's a score of 65 with recommendations for more engaging posts, asking more questions, and responding to commenters more frequently. In comparison, their competitor, Chick-Fil-A, gets a score of 67 with a poor response rate to their followers (60%). Zaxby's response rate however is listed as catastrophic (16%).

If Zaxby's wants to improve their social media reputation, a good start would be to respond to all commenters, not just the negative ones. Something they could do to drive customer interaction would be to run contests for free or discounted food, extra sauce, or similar on their social media pages.

TARGET AUDIENCE PROFILE

Meet the Travers family. Kelly (32) and Richard Travers (34) are young parents of the millennial generation. They both work full-time to support their three children. They live in Southern Georgia where Kelly graduated with her Bachelors of Fine Arts degree and Richard graduated with his Bachelors in Information Technology.

Kelly is originally from the west while Richard was born and raised in Dublin, Ireland. They met through mutual friends who introduced them after a college football game.

Richard Travers was active in football, but after hurting his knee had to retire his dreams of playing in the NFL. Kelly played basketball where she served as captain of her team until she graduated and decided to pursue a career and motherhood.

Kelly works from home as a part-time video editor for a small marketing company and makes an average of \$20,000 a year depending on volume. Richard works as a network administrator for the same company but reports into the office for 40+ hours a week. He makes an average of \$50,000 a year.

The Travers children are active in sports and enjoy playing year round in basketball, football, and soccer.

When the family is not hopping from one sport event to another, they enjoy going to the beach and traveling to the western United States where Kelly's family is from. On occasion, Richard's family visits from Ireland and they enjoy taking them about town to their favorite spots.

Since the family is frequently out at team practices and games, they have grown accustomed to eating out. They enjoy places that are laid back but not formal and don't mind children who just spent hours playing outside. Their ideal restaurant as classic southern fare with quality affordable food.

At times they get their food to go and eat at home so they can watch playbacks of their practice sessions or most recent game.

MARKTING AND PR PLAN

GOAL: To position Zaxby's as the leader in customer service and satisfaction and improve our current rating by 90%.

Objectives and Strategies

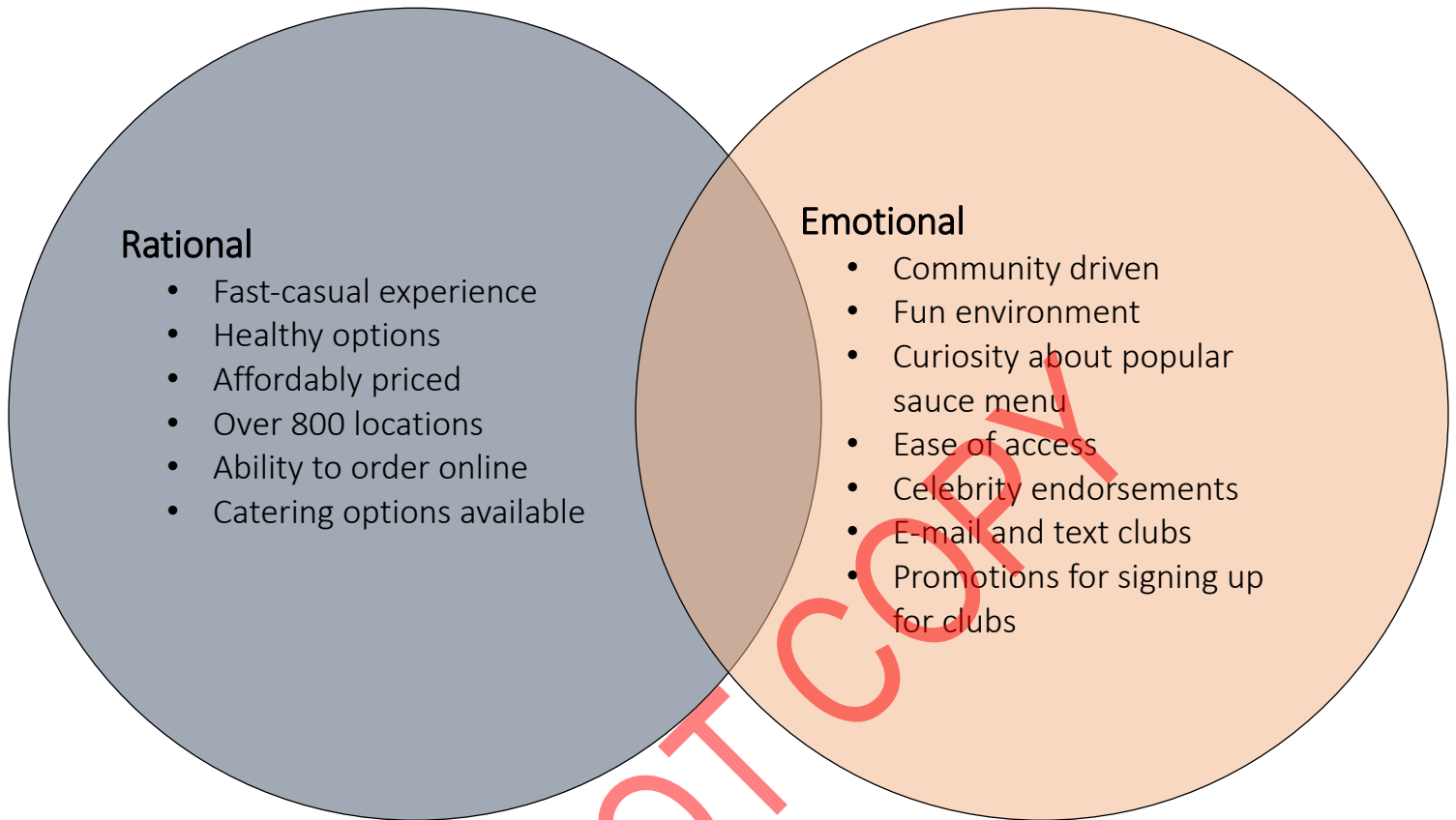
1. Improve social media engagement

- Train our social media team in responding to negative feedback with more than just a link to the customer complaint website.
- Set standards for response time to social media commenters.
- Create fun and engaging posts to encourage customers to give us the necessary feedback to improve.
- Run contests asking fans for pictures of them eating Zaxby's, participating in togetherness activities and give e free food based on the photos with the most likes.

2. Improve our overall rating with customers by 90%

- Create fun and engaging surveys that reward customers for filling them out.
- Follow up with negative commenters after initial contact to make sure a resolution was reached.
- Install tablets in each restaurant with short five-question survey for customers to fill out before leaving.
- Ask social media team to post weekly asking for customer feedback in exchange for rewards such as Zaxby's swag, free sauce coupon, or chance to win free food.

CREATIVE STRATEGY



Tag Line:

“Healthy. Affordable. Fun.”

Rejected Statements:

- Zaxby's is fast-casual fun.
- Zaxby's is affordable, edible fun.
- With over 800 locations, Zaxby's is full of delicious fun.
- Zaxby's has healthy, affordable, edible fun.

COMMUNICATION CHANNELS

What are we advertising?

We are advertising the beginning of the customer service improvement program at Zaxby's. The program will involve surveys, contests, and other engagement opportunities that will help us collect data on our customer's experience while also giving them reasons to stop by their local restaurant. Our research shows that our customers are not as happy with our service as they are with our chicken. Complaints range from lackluster service to incorrect orders with no resolution.

Whom we are talking to?

We are talking to our target market of 18-34 with emphasis on our social media users. The emphasis is on the social media users because those are the ones that are voicing their opinions the loudest and the most. Facebook has the highest engagement with customers commenting on posts and or giving their opinions on the wall.

What do they currently think?

Currently, customers think Zaxby's has lack-luster customer service with issues also surrounding the quality of the food. Facebook users have complained about messed up orders and food poisoning. Previous employees complain about the lack of a free meal for shift employees, bad hours, and lack of benefits. Twitter users tend to think Cane's chicken is better. Both social media platforms have positive feedback as well asking about when locations are opening up in their areas.

What would we like them to think?

We would like customers to think of Zaxby's as the number one fast casual restaurant in terms of both food and service. To improve our overall public reputation, we need to address each of the issues and train employees how to handle customers who have bad experiences to help them have a better encore one.

What is the single most persuasive idea we can convey?

The single most persuasive idea we can convey is that the customer's opinion matters. Right now when someone voices a negative experience on social media the social media team responds back with a form letter response apologizing and telling them to fill out the customer survey. While this tells the customer where they can issue their complaint, it is not empathetic of the situation when every response to a negative response is the same. In researching the social media mentions, not one of them was followed up by the social media team to see if a resolution was made or offer further help if it wasn't.

Why should they believe it?

Guests should believe that their opinion matters because it's built into the core values of being guest focused, operational excellence, continuous improvement, and developing talent. Without guests, Zaxby's doesn't exist.

Are there any creative guidelines?

The creative guidelines include keeping Zaxby's core values in mind and representing them in all advertising. Messages, clothing, and other elements should be clean cut without discriminating against age, race, or gender.

CREATIVE EXECUTION

Dimensions: 7.5 inches x 4.5 inches.



ZAXBY'S

FREE FOOD!

As part of our mission to be
Guest Focused
we care about what
YOU have to say.

Fill out our customer satisfaction survey
and we will send you a coupon for a
FREE ZAXBY'S NIBBLER
to use on your next visit.

Visit: www.zaxbyswecare.com

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The image shows a promotional flyer for Zaxby's. On the left, there is a photograph of a 'Nibbler' platter, which includes a large square sandwich, several pieces of fried chicken, crinkle-cut fries, chicken tenders, celery sticks, and two dipping sauces. The background of the flyer is a dark wood grain. The Zaxby's logo is in the top left. The main headline 'FREE FOOD!' is in large, bold, yellow letters with a black underline. Below it, the text explains the offer: 'As part of our mission to be Guest Focused we care about what YOU have to say.' It then says 'Fill out our customer satisfaction survey and we will send you a coupon for a FREE ZAXBY'S NIBBLER to use on your next visit.' The website 'www.zaxbyswecare.com' is listed at the bottom. A large, diagonal red watermark 'DO NOT COPY' is overlaid across the entire flyer.

CONCLUSION

Zaxby's is part of the fastest growing food segment in the world. With this great expansion also comes great responsibilities in the ways of customer service and training. The Zaxby's Cares campaign will help improve customer relations while also giving employees the necessary training to improve on this fast growing brand.

The target market is looking for healthy and affordable quality food to feed themselves and their families. Zaxby's unique all-chicken menu and specialty sauce sets them apart from their competitors but it won't be enough to keep them in the game. Customer service must be improved if successful expansion is to move forward.

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