

Social Media Use #99: Busting the Ghosts of Cafés Past

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Guest post by SMB member [Doug Tangwall](#)

This is the first post of a two-part series on Social Media Success Strategies for Retail sponsored by Social Media Breakfast-Madison. Part 2 will recap a presentation by Jacob Harlow, general manager of Century House, a business specializing in modern and Scandinavian furniture, art and gifts for the home.

You all know it. That location that seems like a good spot for a restaurant but always ends with another eatery going out of business.

When Lisa and [Lance Ratze](#) opened [Yola's Café](#) in January 2009, it was fresh on the heels of a coffee shop that lasted only a year or so and another that made it only a few months. As he walked through the building and checked out his new business, Mr. Ratze may well have sounded like the character Dana Barrett, played by Sigourney Weaver in the movie *Ghostbusters*, “Well that’s just great. Either I have a ghost in my kitchen, or I’m completely crazy.”



Lance Ratze and Jacob Harlow at Social Media Breakfast Madison April 2011

Making Yola's a Regular Haunt

“We felt Madison’s west side needed a place where business professionals and entrepreneurs would feel comfortable meeting—with adequate Internet capacity and plug-ins—and we wanted to provide a space for parents with children as well,” says Ratze.



In his presentation, Ratze talked about his inspiration for naming the café, “My grandmother, Yola, passed away shortly before we opened. We wanted to pay tribute to her. She was a great cook, witty, wise and filled with energy. In a word, Yola’s was an *oasis* for family and friends.”

So the couple went to work remodeling and creating their own oasis—a place where regulars would feel at home.

A New Way to Lift Spirits

Ratze wasn't sure a new atmosphere would be enough. Yola's needed to bust out of the stigma of those previous establishments. So he came up with a new twist: He saw social media as his *ghostbuster*.

Following advice he received from social media consultant Wendy Soucie, a frequent business and virtual worker looking for a business friendly Madison place to work, Ratze says, "Start with one or two social platforms and do them well." He chose [Facebook](#) and [LinkedIn](#) "to raise awareness of our brand and deepen relationships with new and existing customers."

He used Facebook advertisements targeting people over age 25 who live within 10 miles of Madison and list "coffee" in their Likes and Interests profile. For about \$100, Ratze generated 238,000 impressions and added 50 fans in one week. He says, "Our fans become our sales people in the sense that they know what our brand represents and what we represent in the local community."



Next, Ratze experimented with online coupon sites that have a strong social component, like Groupon and Living Social. He cautions other business owners that these sites can come with high a price tag and unexpected expenses due to the surge in business they bring. He also warns of one-time customers who only want a bargain.



With the cost of free food and additional part-time staff, Ratze calculates he paid \$2,100 for 200 takers. Since he was building awareness and buzz, he felt the benefits outweighed the negatives. Would he do it again? “Yes, with the right terms and conditions,” he says.

Ratz offers the following advice to business owners on negotiating with these companies:

1. **Set a cap**—Control available coupons to limit the “damage” should your Groupon go viral.
2. **Set an expiration date**—Make sure your Groupon or Living Social coupon expires. Yola’s set a 6-month expiration date for their campaigns.
3. **Negotiate the revenue split**—He says, “When negotiating with Groupon or Living Social, never allow them to take more than 50%. We were able to negotiate a 60/40 split. I have heard of splits as high as 70/30.”
4. **Negotiate or eliminate merchant fees**—Groupon imposes a 2.5% credit card fee. Living Social doesn’t charge a credit card fee. Yola’s negotiated to eliminate these fees.
5. **Pick the slow season**—He advises, “I would only do it during a slow season so you’re not selling your product at a discount during times that are already busy.”
6. **Compare subscriber lists**—“Evaluate the size of mailing lists to gauge your advertising reach,” he says.

Ratze’s latest social media venture is focused on encouraging customers to evaluate or recommend Yola’s on sites like Yelp and Google Places.

Making It Personal

While social media has enabled Ratze to revitalize Yola’s location, he believes personal networking is key to the long-term livelihood of local retail businesses.

The Ratzes have used the human touch to gain referrals and expand their business model. They joined the local chapter of BNI International, Premier Business Connections, a networking group of 38 businesses, which has also led to leads on bargain equipment purchases and available retail locations for expansion.

And Yola’s began hosting evening networking groups, a move which has expanded business hours, led to new catering contracts and even brought a connection for the company’s newest employee, [Erin Bakker](#), who now manages Yola’s catering and events services.

Another clever idea... In April, Yola’s ran a \$10.40 tax special to deliver meals to businesses with overworked accountants. The personal connections that came out of this promotion have generated several new catering contracts.

A New Vibe

The strategy of expanding social and personal connections appears to be working. Less than a year into the venture, fellow building tenant Wade Anunson of Anunson Chiropractic said, “You’ve really given this place a new vibe.”

Yola’s year-on-year café transactions have doubled and its higher-margin catering business has increased from 5% to 30% of total revenues.

And, yes, the ghost seems to have vanished...So try Yola’s signature waffles, or have them cater your next event.



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