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"Foodservice Myths - Part 2" - Last month's commentary on Foodservice Myths prompted a few readers to submit myths of their own...

I wanted to hold off on sending this issue until after the FSMA Top2Top Conference. With so much change (chaos?) in the broker agency community, it was a high-energy event both in the conference rooms and "behind the scenes." There is a healthy give-and-take between those who cling to traditional philosophies, and those who place their hope in new and unproven structures, technologies, and ways of doing business. This goes for manufacturers and agencies alike.

So in this issue, we'll provide some nuggets from the conference, an example of cutting-edge marketing opportunities, and maybe help debunk a few more myths.

Thanks for reading, and as always, let me know what you think.

Tell Dave

Dave

“Top2Top Nuggets”

Many of you were in Orlando last week, but a lot of you were not. The FSMA Top2Top Conference broke attendance records, with manufacturers, broker agencies, and more than a few consultants on hand to chew on all of the changes in our industry.

A few of the agency share groups have suspended meetings due to newly-created geographic conflicts and uncertainty about the future intentions of their members. Others are going strong, and at least one group released a White Paper exploring the ramifications of agency consolidation.

Several software vendors took the opportunity to present new products to help agencies manage their businesses, including a cool new Customer Relationship Management system from Food Service Enablers/Foodmark.

The General Session featured a new Manufacturer/Agency Roundtable event, in which attendees broke into work groups to address current foodservice issues. In the panel discussion that preceded the Roundtables, one manufacturer said, "we drew these artificial fences on the map, and called them regions. But the distributors never stayed within the regions, and now the agencies aren't staying within the regions. So we're re-thinking the wisdom of that entire structure."

It certainly got me thinking about the traditional definition of a "broker market." When you get right down to it, an agency's geographic coverage is ultimately defined by the distributors whom each manufacturer has assigned to that agency. And as my manufacturer friend pointed out, distributors do not confine their operations to a manufacturer's map. So it seems to me that until we have perfect information about sales to operators, the lines and color-codes that traditionally define markets and regions need to be blurred and blended.

And while many participants echoed the mantra of "stronger operator relationships," at least one manufacturer executive said his company was pursuing "fact based, consultative selling based on consumer insights." If they're successful, they'll certainly set themselves apart from most of the pack. (See the guest commentary below for more on this concept).

Finally, the general consensus is that we've got another 12-18 months of merger and consolidation activity ahead of us, with the inevitable changes in representation to follow. Hold onto your hats.

"Buzz Marketing Plus"

I've often pontificated about the differences and similarities between foodservice marketing and retail/consumer packaged goods marketing.

Executives who come into foodservice jobs from the retail side are often met with skepticism, even as they try to bring order and discipline to the transactional/deal-based marketing and selling that often characterize our world. One clear difference between Retail and Foodservice Marketing is the general lack of marketing to consumers on the foodservice side- Jim Matorin's commentary suggests a way to break through this barrier - DD

In a blog post "Why you, why now?" marketing guru Seth Godin indicated companies need to create an offering that can answer these two questions. Another way of articulating – **companies must establish a point of differentiation.** Godin's blog reminded me of an article published in the Wall Street Journal back in 2009 titled *Beyond Products* written by Stephen Brown and his colleagues. Brown and his colleagues surveyed business-to-business manufacturers across a cross section of industries. The article indicated that more manufacturers were beginning to branch out into offering services as a key differentiator.

Rationale:

A.) Services require a lower fixed capital investment resulting in revenue delivering high margins; and

B.) Companies can build on their current marketing platform. Consequently, when an existing customer buys services as well as products, it creates a bond; both companies are now more closely aligned.

Should foodservice benchmark Stephen Brown's model/examples from other industries, provide services at a fee to their customers? Not yet, not until the dust settles from the *Great Recession* and foodservice gets back on its feet.

In the interim, as a baby step, foodservice manufacturers need to establish a two tiered pricing strategy.

The first tier: Everyday low pricing for those operators that are strictly focused on managing their overall costs.

The second tier: A value added pricing tier where the manufacturer, in addition to its product offerings, provides for free, pull through, patron marketing tactics.

How will this be achieved? By the use of the new, cost efficient marketing tools that are transforming consumer marketing daily – social media and m-commerce to name two. Food manufacturers should offer a free service where they **support their operators by listening to their guests (a.k.a. guest speak). By doing so, they can lend a hand in creating culinary/menu solutions, then help drive customer traffic via pull through, patron marketing tactics; implementing buzz marketing campaigns, that I title *Buzz Marketing Plus*.**

Funding for these services will be facilitated by redirecting a percentage of the manufacturers advertising and promotion budgets. In return, food manufacturers will achieve pricing that is a win-win for both parties – the manufacturer achieves its margin goals and sells more products; the operator drives its guest counts and delivers more profitability to their bottom-line.

Detailed below is the six step *Buzz Marketing Plus* process:

1. Listen to your operator's **guests conversations (a.k.a. guest speak)** through their online social media network tools or classic feedback loops (e.g., guest surveys).
2. Collaborate with your operators' culinary team to develop innovative culinary solutions incorporating key learning achieved via guest speak.
3. Design a buzz marketing campaign with the end objective of creating viral word of mouth that results in increased guest counts.
Establish measures.
4. Execute a buzz marketing campaign utilizing a mix of social media, m-commerce and classic marketing tactics, as well as waitstaff buzz.
5. Review both qualitative feedback and quantitative data, measurements that were established during the design phase (step three) of the ***Buzz Marketing Plus*** process.
6. **Complete the loop and start the process over as part of the ongoing service agreement.**

In closing, consumer marketing is morphing. It is essential for foodservice manufacturers to recognize this. **Otherwise, by operating in the comfort zone of status quo, continuing the strategy of focusing on push versus pull marketing, manufacturers will experience no growth and declining margins.**

Currently, the operator community understands how the availability of new marketing tools has enhanced the value of pull marketing – they have begun conversations with their guests. Consequently they have jumped on the bandwagon, but will welcome all the assistance they can get since their marketing departments are lean. ***It is time for food manufacturers to climb aboard and tap into these conversations.*** By listening to their operators' guest conversations (a.k.a. guest speak), it will open the door to create **value added services** that will further differentiate their product offerings. These services will breed innovative pull through, patron marketing tactics; buzz marketing campaigns better known as ***Buzz Marketing Plus.***

To learn more about *Buzz Marketing Plus* and how it can work for your company, contact Jim Matorin, *Business Catalyst*, SMARTKETING:

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"Foodservice Myths - Part 2"

A few of you responded to last month's "Mythbusters" commentary by providing additional words of wisdom which may or may not stand the light of day. Here are three of my favorites:

"New Products are the Lifeblood of The Industry" - Oh, really? How many truly innovative, game-changing foodservice products have been introduced by manufacturers in the last 20 years? I can think of Anchor Poppers and Dippin' Dots ice cream. Then of course there's, ummm....

Am I missing something? Many foodservice manufacturers have invested a ton of money in R&D, Innovation Centers, Culinary Programs, etc., and there is no end to the "new products" that are pushed into the marketplace. But "lifeblood" they are not.

Perhaps my VP of Foodservice from 30 years ago had it right when he said "at least it gives us a reason to get in front of our customers!"

"Distributor Growth Program" - need we say more?

"My Broker Agency Doesn't Do Pioneer Work!" - what do you call it when you show a product to an operator who has never bought it before? And how different can that be from presenting products from a startup company?

Yes, true pioneering means dealing with questions like "who else has had success with this?" and "which distributors are stocking it?" But in my book, Broker Sales Reps are pioneers every time they make an operator call!

Keep 'em coming - we'll put a few more Foodservice Myths under the spotlight in the future.