

Best Practices of the Foodservice Rewards Coalition

Maximizing Loyalty...Managing Operator Relations...Spending Smart

June 2011



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OVERVIEW

Foodservice Rewards began in the United States in 2002. The first product redeemed in the program was from a Schwan's Coyote Grill Chalupa. Chalupa – what a cool word. And Foodservice Rewards is such a cool program. Since 2002 the program has grown significantly in North America. As of June 15, 2011 over 100 million cases of product from over 130 brands have been tracked through the Foodservice Rewards program. In 2010, Foodservice Rewards tracked 20% of all cases produced by participating Sponsors. Not bad for a program that both operators and manufacturers had doubts would work.

Over the years, Sponsors have engaged operators using a variety of Foodservice Rewards tools, including the bi-weekly e-newsletter, eBlasts, direct mail, banner ads, surveys, and gift cards. Through 2010, Sponsors ran 597 promotions to encourage operators to begin buying or buy more of their product. And the results have been impressive – three quarters of the promotions produce a positive return and promotion ROIs average around 300%. In addition, over 175 surveys have been used to discover operator behavior, needs, and interests. Clearly, the program delivers!

As a Sponsor, managing your involvement in Foodservice Rewards is like having a vegetable garden. You can plant your seeds and walk away, hope the sun and rain will do their job, and wait for results. In using this approach, some of the seeds you plant will grow and thrive, and some things you didn't plant will grow and thrive as well. But if you regularly weed, water, and feed your garden, then your results will be consistent and impressive. Foodservice Rewards is the same way. The more you engage with operators (that's the weeding, feeding, and watering part), the more you influence their purchase behavior and the more willing they are to continue buying your products and trying products they have yet to buy. In other words, you'll have a good harvest.

Sponsors often ask, "How do we ensure great results?" The best practices outlined in this document provide many answers to this question. For our purposes, **best practices are defined as program activities that have demonstrated strong, positive results over time and across multiple Sponsors.** Anything that worked once or for one Sponsor and not others is not included.

Each best practice in this document includes three components:

- What Is It?
- Why Is It Important?
- How Do We Implement It?

Some best practices are easy to implement while others take a bit of effort. We know that most of you are running lean and have limited resources. Don't fret. Your Coalition Manager, or "Easy Button" (thanks, Staples) is here to help.

One final note. There is no Silver Bullet in marketing, no quick fixes or one-time wonders. It's about working hard every day. It's about having a plan and working it, long after you're tired of the plan. Foodservice Rewards provides a number of tools to help you roll up your sleeves, work your plan, get sweaty, and measure your efforts as you connect with operators. It's an ongoing process of testing – measuring – changing...testing – measuring – changing...testing – measuring – changing. Well, you get the point. Enjoy!

PARTICIPATING IN YOUR PROGRAM

Determining the Who, What, When, Why, and How of the program has a significant and long-term impact on your program success. Getting these pieces right will allow you to quickly capitalize on program benefits.

1. CRITICAL CONTACT – The FSR Star

What Is It? The point person assigned to manage your involvement in Foodservice Rewards.

Why Is It Important? Foodservice Rewards impacts your organization across multiple disciplines, including: brand management, marketing, sales, customer insights, and operations. Each discipline needs some familiarity with the program, the tools available to them, what they can get out of the program, and the results attained. The FSR Star needs to work effectively with these individuals and your Coalition Manager. That's quite the role, and the right person makes a huge difference.

How Do We Implement It? To get the most out of the program, your point person should possess a solid understanding of your brands, products, annual planning cycle, and critical success factors, and have the ability to make decisions, influence the organization, and communicate effectively across the organization. Since it takes time to understand all the program tools and how to maximize their use, this individual should remain in the role over time and not rotate out frequently. Your Coalition Manager, operating as a coach, counselor, and consultant, makes it easy for the Star.

2. PARTICIPATING PRODUCTS – Join the Party

What Is It? The group of products in your portfolio that are labeled and tracked in the Foodservice Rewards program.

Why Is It Important? The more products in the program, the more visibility you have to your operators, the greater your influence over their purchase behavior, and the more opportunity you have to up-sell and cross-sell your products.

How Do We Implement It? For the greatest impact, your entire foodservice portfolio should be in the program. But, not every product is suitable for the program. Consider three aspects when deciding what should be in and what should be out:

- Foodservice specific SKUs
- Margin per case
- Program goals

Foodservice Specific SKUs – Include only those products that are manufactured specifically for foodservice. Otherwise, labeled cases go to Wal-Mart, Target, and other retailers where your labels will go to waste. Your costs will be considerably higher with no corresponding return.

Margin Per Case – There must be enough margin in a case of product to make inclusion in the program cost-effective. Across the Coalition, Sponsors spend about \$0.20 per case produced to participate in Foodservice Rewards.

Program Goals – The greatest results occur when all or most of your portfolio is in Foodservice Rewards. However, you could just include your high-margin, value-added products or just your lower-end, less differentiated products.

Which approach is best? The all products approach. Why? You can't learn about a product's buyers and influence their purchase behavior if the product isn't in the program. By including all products, you can track your best selling products, incent the purchase of your high margin products, and convert operators from low-margin to high-margin items. Now, if your budget does not allow inclusion of your entire portfolio, then consider what's most important to your success and include those products. You can always add or remove product from the program, so you're not locked in for life. Just keep in mind that adding product later slows down your learning and ability to influence, and removing product from the program causes customer service issues and adds noise to your data.

3. LABELING LEVEL – Your Window Into the Operator's World

What Is It? The way in which you label your products – at the brand, category, or SKU level.

Why Is It Important? The way you label your products affects your data, your ability to pay appropriate base and bonus points, and the structure and impact of promotions. In other words, it impacts what you know and what you can do. Keep in mind that all SKUs that fall under a common label are treated the same way and pay the same base points and bonus points. For example, if you label at the category level and 15 SKUs share the same label, then a promotion that includes that label will reward operators when they redeem any of the 15 SKUs. And, your transaction data will indicate the number of cases redeemed with no visibility to which of the 15 SKUs were redeemed.

How Do We Implement It? Label at a level that's useful and actionable, not because the data is interesting. Consider three factors when determining how to label:

- Operator cost per case
- Go-to-market strategy
- SKU importance

Operator Cost per Case – Products under a common label should have a similar case cost to the operator. Since your goal is to reward operators a reasonable number of points for buying your product, you want to avoid placing a \$20 per case SKU under the same label as a \$75 per case SKU. If these two SKUs are under the same label, you'll likely overpay points on the \$20 SKU and underpay points on the \$75 SKU.

Go-To-Market Strategy – Consider how your products are marketed and sold. Let's say you sell 10 different milkshake flavors. If you advertise all 10 flavors together, pay your reps the same regardless of flavor sold, have similar costs and margin regardless of flavor, and find that no flavor is more important than another, then labeling at the category or milkshake level works. If there are significant differences in any of these factors, then the SKUs should not be placed under one label.

SKU Importance – Let’s say that chocolate flavor makes up 70% of your business. You find that operators who first buy chocolate (unlike vanilla) tend to buy three other milkshake flavors in the future. Then you should break out, at the very least, the chocolate flavor SKU. This allows you to track this key SKU, provide a greater incentive for non-buyers to buy it, and upsell the other flavors to your chocolate buyers.

4. SETTING BASE POINT VALUES – Gift with Purchase

What Is It? Points operators earn on every case of product redeemed, regardless of promotional activity.

Why Is It Important? Base points serve as a “gift with purchase.” To be an incentive, base points need to reflect the product cost to the operator without cannibalizing your case margin. Base points can also reflect the importance of key segments, business types, or individual operators to a product.

How Do We Implement It? Consider four factors when setting base points:

- Operator case cost
- Segment and business type importance
- Competitive pressures
- Promotion activity

Operator Case Cost – Base points should reflect the cost of the case to the operator, so a \$50 case of product pays operators more than the minimum 10 points. Ten points for a \$50 case acts more as a disincentive than an incentive. Use the equation below as a starting point for determining base points:

$$(\text{Operator Case Cost} \times 3\%) / \text{Cost of a Point}$$

Segment and Business Type Importance – Operators in critical segments should earn higher base points than operators in less critical segments. Let’s say that for one of your products, the calculation above produced a result of 50 points, and Education and Healthcare operators are the most important segments to this product. Then base points for these two key segments are set at 65 while base points for all other segments are set at 35. And, since Contract Feeders get special pricing, their points are set at 10.

Competitive Pressures – When setting base points, consider the impact of private label brands, changes in distribution, food trends, and public opinion (think High Fructose Corn Syrup). These issues may necessitate keeping base points higher or allow you to lower points.

Promotion Activity – Consider planned promotion activity. Finding a balance between base points and promotion points is important, so Sponsors take one of three approaches:

- Pay minimal base points (operator not excited) but run lots of promotions giving operators the opportunity to earn significant bonus point (operator excited).
- Pay high base points (operator excited) but limit promotions (less impact). Using this approach, operators earn a fair number of points on a daily basis but miss out on the occasional “Wow!” factor of a big promotion.
- Pay modest base points (operator neutral) and run a modest number of promotions (more impact).

Ideally, all three approaches result in the same payout of points over the course of a year. Sponsors need to experiment to find what works best for them. Sponsors who maximize the flexibility of their base points typically assign from two to five different base point values for the same product.

5. COLLECTING OPERATORS – *It's Raining Operators*

What Is It? One benefit of the Foodservice Rewards program is the ability to build an operator database. Operators are automatically attached to you when they redeem a product code. However, there are other ways to add operators to your database that don't require product purchase.

Why Is It Important? Sponsors maintain an operator database for a number of reasons including: understanding transactions, collecting operator feedback and needs through surveys, building sales call lists, and building direct mail lists.

How Do We Implement It? You can collect a large number of operators through the use of codes printed on: gift cards, advertisements and sell sheets, surveys, sample requests and case inserts, and direct mail. You can also participate in the Welcome Email Bonus program, which allows you to collect operators just after they join the program. Talk to your Coalition Manager about the best way to use bonus codes for your preferred application.

6. SKU CLEAN-UP – *Keep It Tidy and Fresh*

What Is It? A twice per year review and update of your participating products.

Why Is It Important? As a manufacturer, you add and remove products from your portfolio on a regular basis. To help operators maximize their point earning potential, reduce customer service issues, and avoid confusion, be sure an accurate list of your participating SKUs are reflected on the Foodservice Rewards website.

How Do We Implement It? Visit www.FoodserviceRewards.com, click the "Browse Products & Services" tab, and click the "Download Full Product List" button. A PDF of all brands, label names and SKUs is created. Print your section of products, write in any new additions and cross off those no longer in the program. Then mail or fax changes to your Coalition Manager. By the way, the best way to list your participating SKUs is to include: SKU number, product name, and pack size.

THE ART OF PROMOTIONS

Promotions provide operators an opportunity to earn bonus points in exchange for sampling new products, continuing to buy products, and buying more products than in the past. Simply put, promotions are critical for your success. Sponsors who get the most out of the program run multiple promotions throughout the year, test various concepts, modify promotion parameters with discoveries from prior promotions, and keep operators engaged with frequent promotions. Promotions offer a way to begin relationships with operators and prove that your products are worthy of consideration. This is both the easy part and the tough part. Easy, because it's easy to get a promotion set up and run. Tough, because Sponsors continuously ask for the Silver Bullet, the one thing you can do to guarantee a successful return. Regrettably, there's not ONE thing you can do, but there are numerous things you should do, and your Coalition Manager will ensure that you're doing them. Over time, you'll learn what works. Do more of it and stop doing what doesn't work.

7. PROMOTION PLANS – It's a Date

What Is It? A 12-month calendar identifying promotion name, participating products, operator targets, timing, and communication tools.

Why Is It Important? The best way to maximize sales is for all parties – marketing, sales, and Foodservice Rewards – to be moving in the same direction at the same time. And your promotion plan should reflect this. For example, if your sales team is promoting a set of products, then your Foodservice Rewards promotions should do the same. It doesn't make sense for your sales reps to push one item, your rebates to push another, and your Foodservice Rewards promotion to push a third. Real impact comes when everyone moves together in the same direction.

How Do We Implement It? Share your marketing plan and brand, product, segment priorities with your Coalition Manager. Also, share competitive issues, seasonality trends, and usage insights. The more details you provide the better. Your Coalition Manager will then recommend a set of promotions that integrate Foodservice Rewards into your plans and help you achieve your goals. Throughout the year, your Coalition Manager will confirm your plans, remind you of deadlines and creative needs, and get everything set up for you. In addition, you'll automatically get a report of your promotion results about one week after your promotion ends.

8. IMPACT PROMOTIONS – Go Big or Go Home

What Is It? These are promotions that generate a high number of incremental cases from a large number of operators and generate a positive ROI.

Why Is It Important? Senior management expects you to increase sales by keeping your buyers buying, having your buyers buy more, and acquiring new customers. In other words, those in the executive suite are looking for incremental sales. The right kind of promotion can make this happen.

How Do We Implement It? Reviewing the results of hundreds of promotions shows that the most successful promotions – those moving lots of incremental cases, to lots of operators, with a positive ROI – tend to include lots of products and are targeted to lots of operators. In other words, multi-brand or portfolio-wide promotions open to all operators. When developing your promotion plans, include at least one portfolio-wide promotion for the year. Some Sponsors use alternating quarters where one quarter features a large portfolio promotion and the next quarter features promotions targeted to specific brands, products, and channels. The portfolio promotion tends to move lots of incremental cases and rewards a large number of operators. The targeted promotion helps support critical brands, products, and channels. To have the greatest impact on your business, you're better off running a few large promotions than lots of small promotions.

9. KEEP IT SIMPLE – KISS Me

What Is It? The simplest promotions (in the operator's eye) are often the most successful.

Why Is It Important? The main reason promotions are run is to engage operators and move incremental cases. The more complex a promotion becomes for the operator: fewer operators participate, more customer service issues are created, and impact is weak. A complex promotion runs a greater risk for errors in set up, communication, operator understanding, payout, and reporting.

How Do We Implement It? Discuss your promotion needs and ideas with your Coalition Manager. We're looking out for your best interests and will recommend options that have the greatest potential for success. Don't ask operators to:

- Click multiple links to learn about promotion details.
- Register or provide additional information before they can participate.
- Buy products in a complicated way to earn points (3 of these, 2 of those, and 1 of them).

10. SETTING BONUS POINTS – Size Matters, Sort Of

What Is It? Bonus points provide an incentive for operators to buy, continue to buy, or buy more of your products. They directly affect the performance of your promotion.

Why Is It Important? Determining bonus point levels is part art and science. They have to be high enough to incent operators to act, but not so high that you give away all your margin. Running a promotion that pays a large number of bonus points is no guarantee of success.

How Do We Implement It? When designing a promotion, start with the number of cases operators must redeem in order to earn bonus points. Then, to set bonus point values, consider:

- product margin
- other promotion costs (programming, creative services, additional communication)
- average number of redeemers during the promotion period
- size of your target audience

Ask your Coalition Manager for help. We have analyzed hundreds of promotions and have a good idea of what moves cases and provides a reasonable return for your promotion dollars. We'll analyze your criteria and potential impact, and recommend potential enhancements.

11. QUALIFYING NON-BUYERS – 90-Days To Success

What Is It? This is an optional promotion rule for non-buyers. Non-buyers are eligible for your promotion only if they have been enrolled in Foodservice Rewards for 90 or more days prior to the start of your promotion.

Why Is It Important? One way to grow your business is through acquisition. But how do you know if you're really finding a new customer? Our definition of a non-buyer is an operator who has not redeemed from you or has not redeemed the products in your promotion. If an operator just joined Foodservice Rewards, they are considered a non-buyer because they have no redemption history in our system. Some of these operators are already buying from you, we just don't know it, yet. The way to identify and reward those operators who are truly new customers is to add the 90-day rule to your non-buyer promotions. We know that 95% of operators who join Foodservice Rewards redeem product codes within their first 30 days of joining the program. If they were buying from you, they would have entered your codes within 90 days. By implementing the 90-day rule, you're eliminating operators who are already buyers and maximizing the opportunity to drive incremental sales.

How Do We Implement It? Just ask your Coalition Manager to add this rule to your non-buyer promotions. Easy. Done.

12. PROMOTION COPY – Say What?

What Is It? This is what you say about your product benefits and the rules of the promotion.

Why Is It Important? To effectively encourage operators to continue buying a product, buy more of a product, or try a new product, they need a good reason. You need to speak to them in *their* language about issues *they* care about – labor costs, food costs, prep time, clean up, portion control, waste, profitability, patron satisfaction. When an operator says no to your product, be sure it's because they are not interested and not because they don't understand what you have to offer.

How Do We Implement It? Be clear in answering the operator question, "So what, why should I care?" Tell operators about your key product benefits in their terms. Don't just say, "We're the #1 brand." Explain why and how it benefits the operator: no waste, quick prep time, consistent portions, easily customizable with simple ingredients. Think of them, not of you. It's a little thing that goes a long way. Also, be clear about the promotion parameters and what they must do to earn points.

13. LINKS AND PROMOTION PAGES – Give Me More, More, More

What Is It? Directing operators to your website is an effective way to provide additional product and promotion information that drives engagement for your brands.

Why Is It Important? Standard copy on the Promotions and Offers page is limited to about 1,000 characters. It's not easy to communicate all your product benefits and usage suggestions in 1,000 characters. You may also want to share recipes, provide more promotion details, and provide legal language that doesn't fit in the limited space.

How Do We Implement It? At a minimum, include a link in your promotion copy directing operators to your product page. To maximize communication, create a unique landing page for each promotion, providing full product detail, promotional details, and legal language.

14. ADDITIONAL COMMUNICATION – Reach Out and Touch Them

What Is It? Your promotions are automatically communicated in the bi-weekly eNewsletter and on the Promotions & Offers tab of the FoodserviceRewards.com website throughout the term of your promotion. There are additional communication options that increase touch points, increase participation, and increase performance.

Why Is It Important? Direct mail, eBlasts, and banner ads increase participation rates and promotion performance by building greater awareness and interest. These tools do not have the copy, graphics, and creative limitations of the newsletter. They increase promotion performance, if used wisely.

How Do We Implement It? Before designing creative components, determine if the cost of additional communication makes sense. Consider the number of operators eligible for the promotion, estimated number of earners, likely redemption rates, and cost of communication. For example, don't spend money on additional communication when your promotion is only offered to a few thousand operators. It's unlikely that you'll generate enough incremental business to make up the additional spend, and your promotion will have a negative ROI.

15. TIERED PROMOTIONS – Stacking The Deck for Success

What Is It? A tier is a group of operators with similar redemption behavior. Tiered promotions place operators into unique groups that have their own redemption requirements and bonus point opportunities.

Why Is It Important? Traditional promotions treat all operators the same – operators earn double points or 500 bonus points for 5 cases – regardless if they redeem more or less product than they normally do. Tiered promotions are different. They stack the deck in favor of the operator by setting redemption goals that are in line with their redemption behavior. For example, let's say a tier includes operators who redeem, on average, 1-6 cases per quarter and bonus points are paid for redeeming 3, 6, and 9 cases. An operator who normally redeems 2 cases per quarter does not have to stretch too far to earn bonus points. In the same promotion, an operator who normally redeems 25 cases per quarter is in a different tier and may be required to redeem 30 cases to earn bonus points.

Tiered promotions are also stacked in favor of the Sponsors. How can this be? In each Tier, over half the operators fall into the low end of the tier. Using the example above, of the operators in the 1-6 case tier, over half of them redeem just 1-3 cases on average. So, over

half the operators in this tier will earn bonus points when they redeem incrementally more cases than they normally do. The operator wins and the Sponsor wins. Pretty cool!

How Do We Implement It? We pull a list of operators who redeemed participating products over the last 12 months. This generates a reasonable list of interested operators. Using 12-month redemption data also helps to moderate any seasonal spikes in purchase activity. Using the 12-month history, we calculate for each operator a monthly case average, based on how long they have redeemed the participating products. Using this information, we calculate a quarterly case average (assuming this is a three month promotion). We analyze the results and look for natural breaks in the data, which is part art and part science. Based on the data, we recommend tiers, case ranges, and bonus points. Here's an example:

Tier	Operators Redeeming	Case Requirements	Bonus Points
1	1-6 cases/quarter	3 – 6 – 9	100 – 300 – 750
2	7-15 cases/quarter	10 – 15 – 20	500 – 1,200 – 2,000
3	16-35 cases/quarter	25 – 35 – 45	750 – 2,000 – 3,000
4	36+ cases/quarter	50 – 65 – 80	1,000 – 2,000 – 3,000

We're seeing more and more Tiered Promotions run because they are so successful – fair to the operator, fair to the Sponsor, and producing solid, positive results. Who could ask for anything more?

16. GOAL STRETCH PROMOTIONS – The Closest Thing to Guaranteed Success

What Is It? This is the big brother to a Tiered Promotion. The Goal Stretch promotion is a promotion unique to Foodservice Rewards that treats each operator as an individual, with individual case requirements and Bonus Point opportunities, and only pays points for incremental redemptions. It's the most successful promotion type in Foodservice Rewards as it requires operators to redeem, on average, 15% to 40% more cases than they normally do.

Why Is It Important? Traditional promotions set the same case requirements for each operator. For example, a promotion that pays 500 Bonus Points for every 5 cases pays out every time 5 cases are redeemed. Some operators will redeem more than they normally do and some will redeem less than they normally do. In a Goal Stretch promotion, Bonus Points are only paid when operators redeem incrementally more than they typically do. And like Tiered Promotions, Goal Stretch promotions have lower case requirements for those who redeem a small number of cases and higher case requirements for operators who redeem a high volume of product.

How Do We Implement It? Goal Stretch promotions follow a standard formula that has been tested and proven over a number of years, over a dozen promotions, and with multiple Sponsors. They are designed to run for three months and work best when they include your entire portfolio and target all operators. When you're ready to run a Goal Stretch promotion, your Coalition Manager will provide you with a Promotions Parameter document that outlines all the details. Your approval of this document gets the process started, and it takes about three weeks from approval to promotion start. Since operators are asked to redeem significantly more product than they normally do it's critical that your promotion communication explains how operators can use more of your products. After all, operators won't suddenly start serving

more meals. But, they can buy more from your portfolio and they can buy more of what they normally buy. Education is the key. You need to help operators understand:

- How one product can be used in unique ways, such as in multiple day parts and applications
- How to use your products in weekly or monthly specials
- Key product benefits that help operators offer flavor trends, reduce labor, create premium dishes that carry a premium price, reduce costs, and reduce waste.

17. PROMOTION FOLLOW-UP *Completing the Promotion Cycle*

What Is It? During a promotion, some operators redeem significantly more than they normally do and some redeem significantly less than they normally do. Finding out why ensures that you're maximizing your budget and learning.

Why Is It Important? Promotions help you engage with operators and incent them to buy more of your product. Learning why they are buying more or less from you is valuable information to have. Just think what you can do with a few tidbits like this!

How Do We Implement It? Ok, before you feel overwhelmed, realize that we're not talking about following up with every operator, just the outliers. Review the Operator tab of your promotion report and identify those operators who redeemed the greatest number of positive incremental cases and the greatest number of negative incremental cases during the promotion. Typically we're talking about 10 to 100 operators – a very manageable list. Share operator contact and transaction information with your sales reps or broker team and ask them to connect with the operator. For operators with positive incremental cases, contact could be as simple as a phone call thanking them for their business, asking what they like about the product and how they effectively use it in their business. For operators with negative incremental cases, this is an opportunity for your reps to save business and learn about:

- product or service issues,
- DSR swapping behavior,
- price issues, and
- brands your operator bought in place of yours.

You can learn as much, if not more, from the bad results as the good. The data is there, follow up just takes a few minutes, and it can have a significant impact on your business. Go for it, learn, and grow.

18. GIVING BACK – *Sometimes It's Better to Give Than Receive*

What Is It? Some promotions can be used just to thank operators for buying. This is done by providing bonus points for redeeming just a few cases.

Why Is It Important? It's impossible for operators to keep buying more and more from you. Sure, it's what we're striving for, but let's be realistic. At some point, helping operators recharge and thanking them can go a long way.

How Do We Implement It? Run a promotion that makes earning bonus points easy, such as redeeming just 1, 3, or 5 cases. Cap the promotion at one payout. Let operators know that you appreciate their business and that you're rewarding them for their continued support. Keep the message focused on thanks and how they can get more information. No more. No less.

THE PAYOFF

To get the most out of Foodservice Rewards, you need to do more than just pay base points, run occasional promotions, and collect data. You need to make good use of the data available to you, protect the business you have, and grow your operator base. This is when you really maximize your investment and grow your business.

19. MEANINGFUL MEASURES – You Are What You Measure

What Is It? Data comes in many shapes and sizes and Foodservice Rewards certainly generates lots of data. But you need to focus on the data that is most relevant to your business and goals.

Why Is It Important? The purpose of collecting customer data is to both understand your customers and to help build a product offering that will grow your business. The Foodservice Rewards program provides a significant amount of data. It's easy to dive into the data and find all kinds of interesting trends and facts. It's also easy to get overwhelmed with all the data. Data from the program is useful for brand managers, marketing and sales staff, customer insights team, and senior management. Knowing the questions you need to answer and how you'll use the data helps determine what needs to be collected and analyzed.

How Do We Implement It? The best place to start is to ask, "How do we measure success?" and "What do we need to know?" The right answers are the ones that correspond to your company's goals. For example, some Sponsors focus on growing their customer base and primarily track new buyers. Some focus on individual operator account growth and track each operator's product and volume trends. And some focus on pounds of product sold, not cases moved. Let your Coalition Manager know what's important to your success and what questions you need to answer, and we'll recommend ways to collect, analyze, and present your data.

20. SURVEYS – Tapping Into the Voice of The Customer In No Time Flat

What Is It? Surveys are a quick and cost effective tool for obtaining operator insights.

Why Is It Important? Operators who participate in Foodservice Rewards are interested in value-added, branded products and they don't buy strictly on price. If price were their only consideration, then points would have no value to them. So, Foodservice Rewards operators are a great source of information.

How Do We Implement It? The eNewsletter is used to invite operators to take your survey. Operators are asked to complete the survey in exchange for bonus points. They like earning points and are eager to share their opinion. You can use surveys to ask operators about issues critical to your brand and plans – product volume, format usage, frequency of purchase, number of brands used, interest in new products or line extensions, how they use a product, where they use the product, how it's offered to patrons, and product features most important to them. Manage your budget by limiting bonus points to a set number of operators, such as the first 500 that take the survey. Or, if you'd like feedback from more operators and want to avoid customer service complaints (operators don't like it when they want to participate in a survey but it's closed), you can open a survey for a week or two and pay the first 500 operators who complete the survey 300 bonus points and the remaining operators 50 bonus points.

21. MOST VALUABLE OPERATORS – Securing Your Base

What Is It? Your Most Valuable Operators, or MVOs, are your best customers.

Why Is It Important? Your MVOs only make up about 10% of your customer base, but they are responsible for about 65% to 70% of your volume. In other words, this is where the money is. Since these operators are so important, you better know who they are and take care of them.

How Do We Implement It? Implementing an MVO initiative is an on-going five-step process:

- 1) Identify
- 2) Reward
- 3) Communicate
- 4) Track
- 5) Grow

Identify – Before identifying who your MVOs are, you need to determine the criteria for MVO qualification. Most Sponsors use volume as the primary qualifier. Other criteria can be used, including: portfolio penetration, key product redemption, promotion participation, location, and segment. But, first and foremost is volume, which can be your sole identifier. Like a frequent flyer program, transactions are based on a 12-month activity cycle with a calendar year being the most logical and easiest to manage.

Reward – It's necessary to identify your best customers. But just identifying them doesn't go too far. You need to recognize and reward their loyalty. The rewards don't have to be elaborate or particularly expensive, but they must be valuable to the operator. For example, you can provide your MVOs benefits other operators don't receive such as: special product information, samples of new products, opportunity to provide input on new product development, access to key personnel such as Corporate Chefs, and invitations to hospitality suites at key trade shows.

Communicate I – It's not much use identifying an MVO but not letting them know they are special. Regardless of the medium used, let them know: they are in an elite status, how they got there, and the benefits they receive. And don't forget to thank them for their business. Communication should take place four times per year:

- Beginning of the year – the message is...you're an MVO, here's how you qualified, here's what you get, and thanks. A greeting card with a bonus code is a nice touch.
- Three months – the message is...remember, you're an MVO with these benefits, and here's where you stand on progress toward next year.
- Six months – the message is...same as three months.
- Nine months – the message is...thanks again, keep getting these great benefits, here's your progress toward next year. Include communication to operators who are not currently in MVO status but are at least 65% of the way toward qualifying. The message is...this is our MVO program, you're getting close, here are the benefits, good luck.

Communicate II – Not only do you need to communicate with your MVOs, but you also need to share MVO information with your sales reps and brokers. If they don't already know these operators, they need to get to know them.

Track – On a quarterly basis, review the activity of your MVOs and compare their behavior to the prior quarter or same time last year. For those operators who redeem significantly more cases, follow up with them to thank them, learn why they are using more, and how they're successfully using your product to grow their business. For those operators who are redeeming significantly fewer cases, follow up with them to find out why. Did their DSR switch them to a different brand? Was there a product or customer service problem? Is there a pricing issue? To determine what constitutes significant growth or loss, consider the number of operators you can follow up with each quarter and how often the same operator would be contacted in multiple quarters.

Grow – This is done with the help of CHD. They take your list of MVOs, run them through a series of algorithms, identify key attributes, and identify other operators who possess similar attributes. The list of operators they identify becomes your target for growing MVOs. Share the list with your sales team and/or use it in a direct mail campaign to gain new customers and add them to the Foodservice Rewards program.

Don't be overwhelmed by the logistics of an MVO initiative. Like everything else in Foodservice Rewards, your Coalition Manager is here to help you through this process.

22. SPENDING BALANCE – Tipping the Scales In Your Favor

What Is It? The percent of your total points allocated to base points and bonus points.

Why Is It Important? Every case an operator redeems acts as a touch point for your brand. You further engage with operators through promotions. Sponsors who are most effective in Foodservice Rewards tend to spend a greater percent of their overall points, over time, on bonus points. This ensures that you're running promotions and incenting operators to buy, continue buying, and buying more over time.

How Do We Implement It? Developing a promotion calendar not only ensures that you have a plan but also helps you determine how to integrate Foodservice Rewards into your plans. Look at past years and the current year and compare the percent of total points paid for base points and the percent of total points paid for bonus points. Over time, you should be trending towards a higher percentage of points going to bonus points.

23. PROGRAM SHARING – Spreading The News

What Is It? A number of people within your organization, such as brand managers, product managers, sales reps, and senior management, can benefit from the tools and data of the Foodservice Rewards program.

Why Is It Important? The more people aware of the program tools and output, the more effectively they can be used to grow your business. While those in your organization have the same general goals, not everyone knows what others are doing or what they need.

How Do We Implement It? It's easy to keep key personnel up to speed on the program:

- Have them attend account reviews.
- Have them attend the annual Foodservice Rewards Sponsor Meeting.
- Send them to Minneapolis for an orientation session or ask your Coalition Manager to conduct an orientation webinar.
- Add them to the Sponsor Update distribution list.
- Share eTelligence dashboard metrics with them.
- Sign them up for the bi-weekly eNewsletter.
- Share reports and promotion results with them.