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Enhancing Commercial Food Service Sales by Small Meat Processing Firms



Freshness

Quality

Unique products



Cuisine

Buyer needs



Enhancing Commercial Food Service Sales by Small Meat Processing Firms

by

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March 2004

Executive Summary

As steady consolidation in the U.S. retail grocery industry threatens to restrict traditional access to retail markets to an ever smaller number of large-scale suppliers, smaller manufacturers of value-added meat products are increasingly seeking alternative channels of distribution for their merchandise. With the percentage of food consumed away from home in the United States rising steadily and beginning to rival the percentage of food consumed at home, the ability of smaller meat processing firms to forge successful marketing relationships with restaurant/commercial food service customers appears to be critical in helping them develop an economically viable marketing strategy for their products.

To help smaller meat processors develop more effective marketing strategies to this promising market segment, the U.S. Department of Agriculture's Agricultural Marketing Service (AMS) collaborated in a research study with Texas A&M University (TAMU) to determine potential areas of competitive advantage for smaller scale meat manufacturing firms in supplying local restaurants and other local commercial food service accounts. The idea to conduct the study was prompted by earlier research, also undertaken by TAMU, which suggested that a positive correlation exists between the relative volume of sales to the commercial food service sector and the financial performance of small meat processing firms in the State of Texas. Building upon the results of previous analysis, researchers from AMS and TAMU attempted to identify some of the key meat purchasing requirements and preferences of restaurant and other commercial food service buyers so they could advise smaller meat processing firms on how they might best satisfy the product and service needs of prospective commercial food service clients. Data on meat procurement practices were collected from nearly 200 randomly selected restaurant and commercial food service personnel in the State of Texas, representing a diverse range of chain and independently operated dining establishments.

Many of the findings from the survey data underscore the potential ability of smaller meat processing firms to compete successfully in supplying meat products to the commercial food service sector. Chief among these findings is the overriding importance of product quality over cost. When asked about the primary influences on their selection of a new meat vendor, the importance of obtaining "the highest available quality" from a particular vendor is ranked as being more than twice as important as the ability to purchase meat products "at the lowest cost." With optimal meat product quality so highly prized by restaurant and commercial food service buyers, it appears that a smaller meat processing firm's relative scale of operation may not necessarily impede its ability to compete successfully against larger processing operations in the commercial food service sector.

Geographic proximity and the ability to deliver meat products with superior freshness may also bestow significant marketing advantages upon the smaller meat processing firm seeking to establish sales accounts with local commercial food service clients. On average, survey respondents indicated that "product freshness" is nearly as important an influence in their selection of meat suppliers as the ability to obtain meat products "at the lowest cost." The relative importance of freshness is particularly pronounced among respondents from independently operated dining establishments, who indicate that product freshness is even more important than product consistency in making purchasing decisions. Consequently, smaller meat processing firms may be able to use their geographic proximity as an asset when approaching local restaurant/commercial food service buyers, to the extent that they are capable of delivering fresh merchandise to end-users more quickly than larger competitors and are able to prevent possible degradation in quality during long-distance shipping.

The constant desire for variety and innovation among many restaurant and commercial food service operators also creates a potential opportunity for smaller meat manufacturers who are capable of supplying new and/or unique products that can be showcased on restaurant menus. Nearly one-third of surveyed restaurant and other commercial food service buyers indicated that they change their menus at least four times per year, and almost three-quarters of surveyed establishments reported offering daily specials in addition to their regular menu selections.

Beyond identifying these general trends in the overall survey population, researchers also uncovered significant differences among the procurement preferences of specific segments of the commercial food service market, taking into account such variables as ownership structure, annual store sales volume, average dinner ticket price, and cuisine type. Respondents from chain-affiliated establishments, for example, reported far more frequent use of meat items with customized or exclusive product characteristics than respondents from nonchain establishments, which is in keeping with the relatively strong importance they attribute to product consistency when purchasing meat supplies. On the other hand, respondents from nonchain establishments expressed considerably greater interest than their chain-affiliated counterparts in purchasing meat items produced in the local community, as might be expected from firms with a more decentralized and flexible procurement process. Such analysis suggests that meat processors intending to develop business relationships with commercial food service buyers can benefit from understanding the specific preferences of their targeted customer base and tailoring their sales materials to emphasize those products and services most strongly desired by a particular market segment.

The level of complexity involved in introducing new meat products also appears to be related to the size and ownership structure of a particular food service operation. Chain affiliates and restaurant/commercial food service outlets with relatively high levels of store sales require more time to carry out internal testing procedures on new meat products and expect prospective vendors to provide them with larger volumes of free merchandise samples during this trial period than other dining establishments. Such prolonged waiting periods without financial compensation may have serious implications for the smaller meat processing firm with limited cash reserves and may be a factor that processors should consider in targeting particular commercial food service accounts.

Challenges certainly exist for the smaller meat processor in the commercial food service market, not the least of which is that many commercial food service buyers are unaccustomed to negotiating directly with meat manufacturers and may initially be concerned about the quality of customer service they can expect from a small processing firm. Nonetheless, the overriding importance of product quality and freshness among a sizable portion of surveyed restaurateurs and commercial food service buyers, coupled with their strong desire to showcase new or unique meat products on their menus, bodes well for the ability of smaller meat processing firms—especially those that are market savvy and understand the needs and preferences of their targeted customer base—to establish themselves as an important supply source for the commercial food service sector.

Introduction

1

During the course of the interviews, it was revealed that these small/family-run meat processing firms on average derived between 25 and 30 percent of their annual revenue from sales to restaurant and other food service operations, approximately twice the percentage of revenue they derived from sales to retail grocers.



This study is designed to provide a concrete set of marketing tools for any small operator (rancher, slaughterhouse, or food processor) interested in selling value-added meat products to the rapidly growing commercial food service sector. To pinpoint which products and services available from small-scale local manufacturers are likely to be most attractive to commercial food service customers, researchers from Texas A&M University (TAMU) and the U.S. Department of Agriculture's Agricultural Marketing Service (AMS) surveyed nearly 200 restaurant and other food service buyers in Texas about their meat purchasing habits and preferences. The resulting research report attempts to help increase sales of value-added meat products by small firms to restaurant and other food service customers by:

- Highlighting the factors that most strongly influence food service buyers when making meat purchasing decisions;
- Identifying the types of restaurants most likely to purchase meat products directly from small local purveyors—and the types of specialty/custom products they are most likely to want;
- Assessing areas of competitive advantage for small-scale local manufacturers in the restaurant and food service industry; and
- Recommending specific business strategies that are likely to be most effective when approaching individual segments of the restaurant and food service market.

The project was inspired by a previous research study conducted by TAMU in 1998-99, which examined the business operations of more than 80 small smoked meat processing plants in Texas.¹ During the course of the interviews, it was revealed that these small/family-run meat processing firms on average derived between 25 and 30 percent of their annual revenue from sales to restaurants and other food service operations, approximately twice the percentage of revenue they derived from sales to retail grocers. Despite abundant interest in developing closer/more direct marketing linkages with food service buyers, many small-scale meat manufacturers interviewed by TAMU researchers expressed frustration with the resistance they encountered from potential food service customers in trying new product lines. Consequently, the current study was envisioned as a way of enabling small-scale meat processors to more effectively reach out to potential restaurant and other food service customers by identifying the types of firms most likely to appreciate their particular blend of products and services and by recommending sales and business strategies that could appeal to this market segment.

To aid small-scale meat processing firms in their quest for new restaurant/food service customers, this document attempts to address existing gaps in market knowledge by:

- Providing information about typical meat product selection, procurement, and sampling

¹ Kuker, D., R. Nayga, J. Siebert, and G. Thelen. "Growing a Value Added Industry: Texas Smoked Meats," Department of Agricultural Economics, Texas A&M University, 2000.

Items that perform extremely well in selected markets may not necessarily appear as profitable when viewed against a broader sales territory and may be more quickly removed by retail sales managers.



requirements in the restaurant and commercial food service industry;

- Revealing the types of meat products most frequently purchased by restaurant and other food service buyers;
- Examining the relative importance of price, quality, consistency, and convenience among various restaurant and other food service segments;
- Assessing the level of interest among restaurant/food service buyers in purchasing meat products with specific quality characteristics;
- Identifying the most promising market outlets for custom or exclusive product formulations; and
- Reporting how restaurant/food service buyers tend to find their standard meat suppliers and what they generally need from suppliers to make a formal sales decision.

The timeliness of this endeavor is reinforced by two concurrent factors, consolidation in the U.S. retail grocery sector (figure 1.1) and dramatic growth in the portion of food spending devoted to away-from-home consumption (figure 1.2), which makes the restaurant/food service sector an increasingly attractive outlet for smaller scale food manufacturers. The continued acquisition of local and regional supermarket chains by larger firms can make it more difficult for smaller manufacturing firms to participate successfully in the retail supply channel for the following reasons:

- Production constraints. Smaller firms may find it difficult or impossible to satisfy the volume and delivery needs of larger retail institutions or may not wish to devote such a large percentage of their production or delivery capacity to the needs of one customer (and leave themselves more exposed to a substantial downturn in sales should a major retail client terminate its account).
- Loss of local/regional identity among retail grocery firms. Steady consolidation in the grocery industry, leading to greater centralization of procurement activities across a broader geographic region, can hinder access to specialty items with a strong local following on retail shelves. Items that perform extremely well in selected markets may not necessarily appear as profitable when viewed against a broader sales territory and may be more quickly removed by retail sales managers. A smoked meat manufacturer interviewed by AMS/TAMU researchers commented that he once had difficulty maintaining a business relationship with a large wholesale club retail chain because his beef brisket product did not appear as one of the top 50 products sold in the meat department during one of the company's quarterly sales reviews. (The fact that his product was available only in a small number of stores within the company's regional sales territory was never considered when it was decided to discontinue the item.) The product was eventually picked up again by the company after several customers complained that they could no longer find the product.

- Retail buyer inflexibility. As consolidation in the retail grocery sector continues to reduce the number of potential retail distribution channels available to food manufacturers, grocery procurement agents can afford to become more discriminating when selecting and retaining vendors and may be more prone to drop a vendor that is unwilling to conform to their specific requirements or provide sufficient promotional incentives. During an interview with research team members, a marketing manager from a meat processing firm with accounts at two retail grocery chains said he is expected to pay \$10,000-\$20,000 in slotting fees whenever he introduces a new product. Moreover, as part of this business arrange-

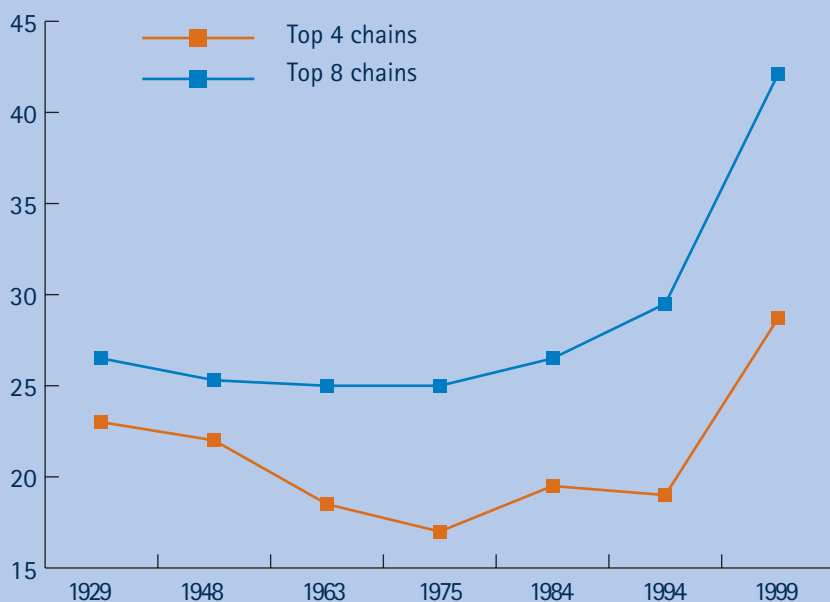
ment, his company is often expected to supply personnel for in-store demonstrations on peak shopping days (Thursday through Sunday) or to pay the labor costs of store personnel to carry out this function. The substantial financial commitment involved in this type of promotional effort may well put smaller manufacturing firms at a distinct disadvantage when seeking to win and retain retail grocery accounts.

- Burdensome level of product preparation. Retail grocery chains frequently desire more consumer-ready packaging than the food service industry, and it may be unprofitable for a smaller scale firm to make the necessary investments in labor, equipment, and supplies to satisfy these packaging



The substantial financial commitment involved in this type of promotional effort may well put smaller manufacturing firms at a distinct disadvantage when seeking to win and retain retail grocery accounts.

Figure 1.1. Concentration of U.S. grocery industry

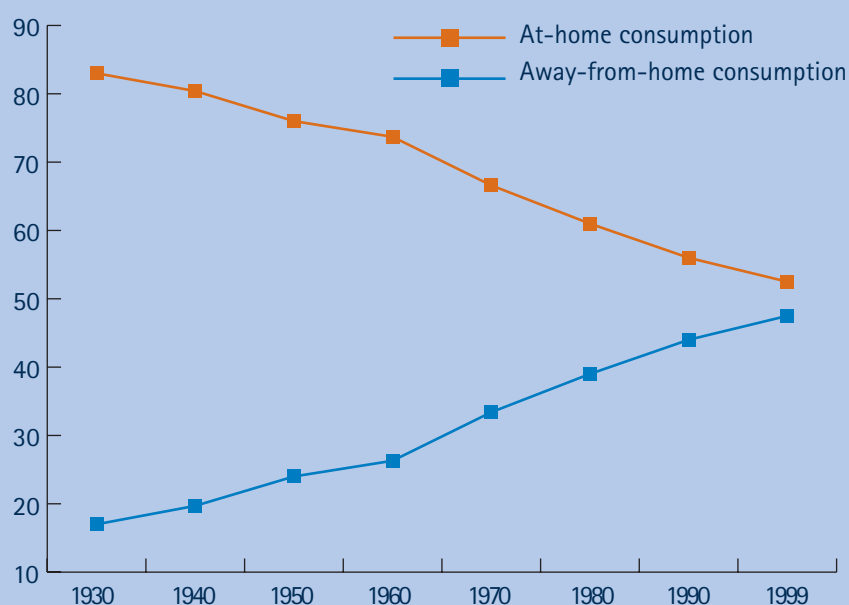


Source: McLaughlin, E.W. Grocery Industry Balance of Power: Is It Shifting?, Food Executive Program, Cornell University, July 2000.



As a result of the recent growth, away-from-home food expenditures currently represent about 47.5 percent of total food expenditures, the highest recorded percentage to date in the United States.

Figure 1.2. Percentage of U.S. food expenditures for at-home and away-from-home consumption



Source: USDA Economic Research Service.

requirements at the price retail chains are willing to pay for merchandise. In discussing the packaging requirements for his retail grocery customers, one meat processor noted that each processed meat item he sends to his retail grocery accounts needs to be shrink-wrapped, dipped into a hot water tank, and labeled individually, requiring a heavy consumption of labor and time. In contrast, his restaurant and other food service customers are happy to receive the same products in sealed-air Cryovac bags that don't require hot water treatment and need only to be labeled on the outside of each case.

At a time when the U.S. retail grocery market is becoming increasingly concentrated and expenditures for at-home food consumption have stagnated (rising only 4.7 percent in real terms between 1990 and 1999), the away-from-home food market is experiencing vigorous growth, with expenditures rising 24.8 percent in real terms between 1990 and 1999.² As a result of the recent growth, away-from-home food expenditures represented about 47.5 percent of total food expenditure at the end of 1999, the highest recorded percentage in the United States (figure 1.2).³ The rising importance of the away-from-home segment of consumer food expenditures makes it even more essential that small and medi-

² "Spotlight on National Food Spending," Annette Clauson, Food Review, USDA Economic Research Service, September-December 2000, pp. 15-17.

³ Ibid.

um-size meat processing firms have access to tools that enable them to pursue opportunities in the expanding restaurant/food service sector.

To develop greater familiarity with the specific meat purchasing requirements of restaurant/food service buyers and identify possible areas of overlap between their needs and the types of products and services typically available from small meat manufacturing concerns, researchers began their investigation in late 1999 by interviewing more than a dozen individuals responsible for making meat purchasing decisions at restaurants or distributing meat products to restaurant and other food service accounts. In a somewhat counterintuitive finding, these interviews revealed surprising interest in obtaining meat supplies from small-scale manufacturers, whether the buyer represents a single-location restaurant or a corporate chain with more than 1,200 outlets. However, the types of products and services desired by individual food service firms and the flexibility that individual firms could exercise in purchasing meat products from a new supplier vary significantly depending on the size of the restaurant/firm, its ownership structure, the average price of entrees, and the type of cuisine served.

Armed with this preliminary assessment of the potential food service market for custom and specialty meat products, the research team developed a followup questionnaire (appendix one) attempting to isolate differences in meat procurement practices among individual

segments of the restaurant/food service sector. The sample population for the mailed questionnaire was drawn from listings in the Chain Store Guide, as well as membership lists from the Texas Restaurant Association and the Texas Chefs' Association. (The Texas Chefs' Association was sufficiently supportive of this marketing project that it agreed to publish a copy of the questionnaire in its April 2000 newsletter, Lone Star Chef, which is distributed to approximately 650 members.) In total, individuals at 1,649 Texas-based restaurants and other food service institutions were mailed a questionnaire between February and April 2000. Of these individuals, 191 returned completed questionnaires for a respectable response rate for a mailed survey instrument of 11.6 percent.

To present the data results most effectively, the report begins by identifying the general marketing preferences and trends in meat procurement across the entire pool of survey responses. Following this broad overview, the report launches into a more careful analysis of the specific needs and requirements of various restaurant/food service segments, focusing on identifying those differences in meat purchasing behavior that may be influenced by a firm's scale of operation, the prices it charges for meals, and the type of cuisine on its menu. By highlighting the most revealing and significant aspects of the questionnaire results, the report is intended to help small-scale meat manufacturers explore the most promising opportunities in the restaurant/food service market for their custom and specialty meat products.



In a somewhat counterintuitive finding, these interviews revealed surprising interest in obtaining meat supplies from small-scale manufacturers, whether the buyer represents a single-location restaurant or a corporate chain with more than 1,200 outlets.

Profile of Survey Participants

2

In keeping with the large numbers of independently owned restaurant and food service operations represented in the survey population, the vast majority of survey participants also reported that their firms operate a very small number of food service establishments.

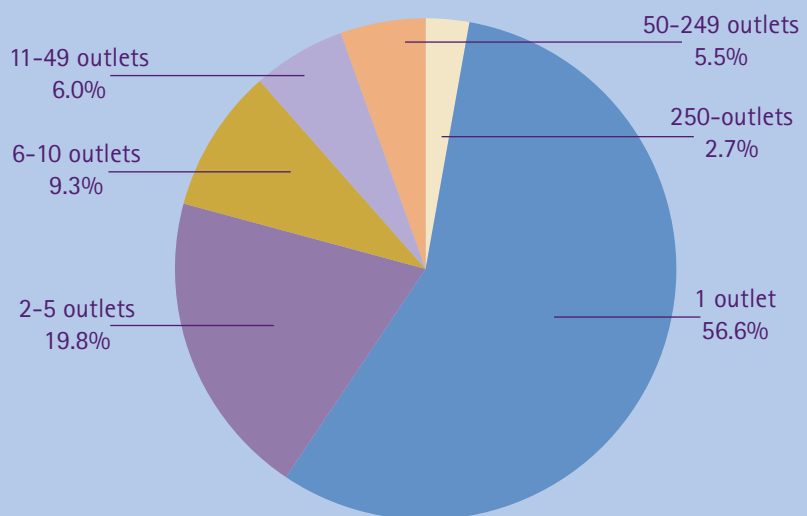


Personnel affiliated with independently owned restaurants—especially the owners/operators of these establishments—comprised the distinct majority of respondents to the AMS/TAMU meat procurement questionnaire. Of the 189 survey respondents who identified the ownership structure of their food service operation, 78 percent reported that their food service establishment is independently owned, while 15 percent indicated that they are affiliated with a corporate-managed restaurant chain, and 5 percent indicated that they are affiliated with a restaurant chain franchise. More than half of the respondents (56 percent) identified themselves as “owner/operator” of their food service establishment, followed by “manager” (21 percent), “chef” (6 percent), and “purchasing agent” (3 percent). In addition, a substantial percentage of respondents—9 percent—identified them-

selves by more than one primary job title, suggesting that they assume a multitude of responsibilities at their respective firms.

In keeping with the large numbers of independently owned restaurant and food service operations represented in the survey population, the vast majority of survey participants also reported that their firms operate a very small number of food service establishments. Of the 182 individuals who supplied information in this category, 57 percent reported that their firms operate only a single restaurant or food service establishment, while another 20 percent indicated that their firms operated between two and five restaurants or food service establishments. Figure 2.1 shows a breakdown of participating firms by number of affiliated food service outlets.

Figure 2.1. Restaurants/food service outlets operated by participating firms



While the collected data may be heavily influenced by the observations of independent and small-scale restaurant and food service operators and may be most useful in determining the needs and priorities of this particular segment of the restaurant/food service industry, the sample population is far from homogeneous. Outlined below are some data characteristics that best illustrate the diverse nature of the sample population and underscore the potentially broad application of the research results.

Volume of Sales

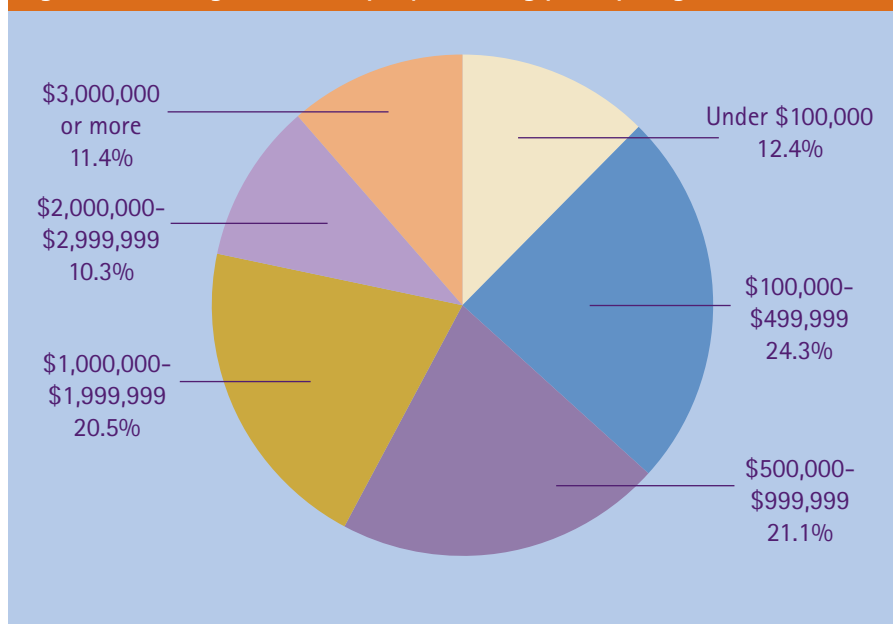
The survey data include observations from a wide-ranging pool of food service operations in terms of revenue size. Survey respondents include personnel from individual restaurants that typically generate fewer than \$100,000 in annual sales

revenue at a single location to representatives from food service companies that typically generate more than \$6,000,000 per store at hundreds of sites. Responses are also widely distributed across individual revenue categories. Of the 185 restaurant/food service personnel who agreed to furnish sales information, about 24 percent reported that their companies generate between \$100,000 and \$499,000 in sales revenue per year at each business location, while 21 percent reported that their companies typically generate annual store revenues between \$500,000 and \$999,999, and another 21 percent reported that their companies typically generate annual store revenues between \$1,000,000 and \$1,999,999. Figure 2.2 provides a comprehensive breakdown of participating firms by annual sales volume.



Survey respondents include personnel from individual restaurants that typically generate fewer than \$100,000 in annual sales revenue at a single location to representatives from food service companies that typically generate more than \$6,000,000 per store at hundreds of sites.

Figure 2.2. Average store sales per year among participating firms





The median seating capacity of the restaurants/food service institutions included in the research study is 145 customers per business location.

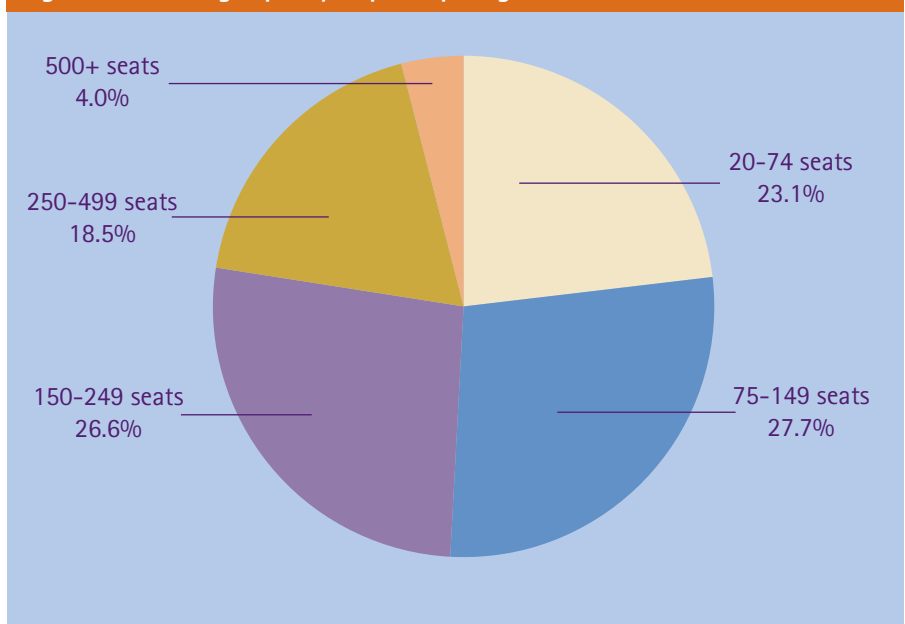
Seating Capacity

The median seating capacity of the restaurants/food service institutions included in the research study is 145 customers per business location. However, among the 173 restaurants and food service operations that provided information in this category, seating capacity ranges from facilities that could accommodate no more than 20 customers to facilities that could accommodate as many as 1,000 customers at one time. Figure 2.3 illustrates the tremendous diversity of the restaurant/food service firms interviewed in terms of the seating capacity and scale of operation of their individual business locations.

Cuisine Type

In apparent reflection of the fact that the survey research was carried out exclusively in Texas, restaurants and food service establishments specializing in Mexican, American, and southern/country cuisine are represented most frequently in the data, comprising more than half the total number of survey responses. Sizable numbers of restaurants specializing in steaks, Asian cuisine, Italian cuisine, and delicatessen foods also submitted survey information, as illustrated in figure 2.4.

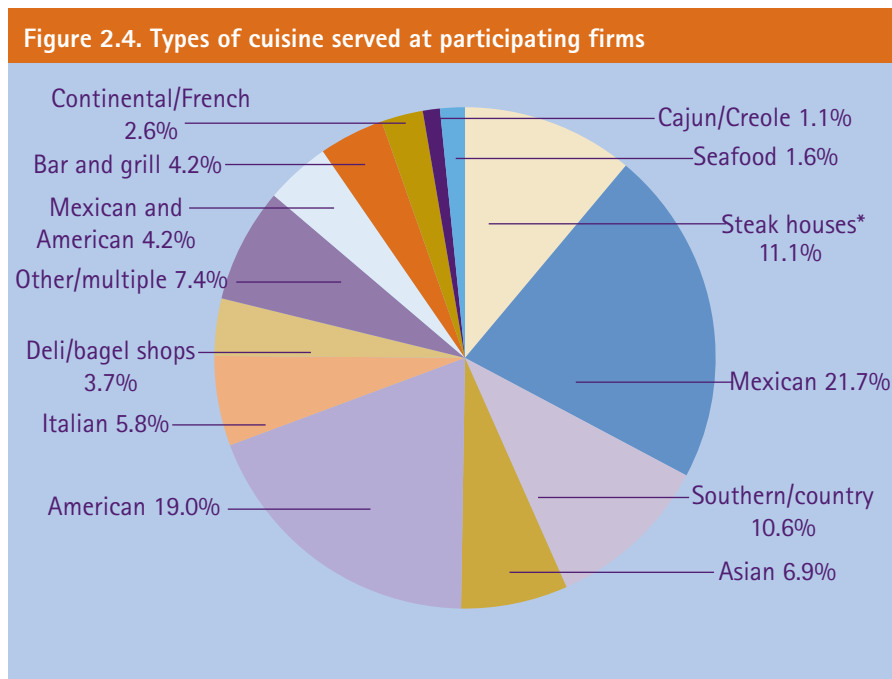
Figure 2.3. Seating capacity at participating restaurants/food service outlets



Menu Prices

Of the 163 restaurant and food service personnel that provided information on dinner prices to AMS/TAMU researchers, nearly half (49 percent) reported that the average dinner check at their establish-

ment totals less than \$10.00 per person, and nearly three-quarters of the sample population reported that the average dinner check at their establishment is less than \$15.00 per person (figure 2.5). The most common response is \$7.00 per person, and the median value of responses is \$10.00 per person.



*Including steak/seafood and steak/continental restaurants

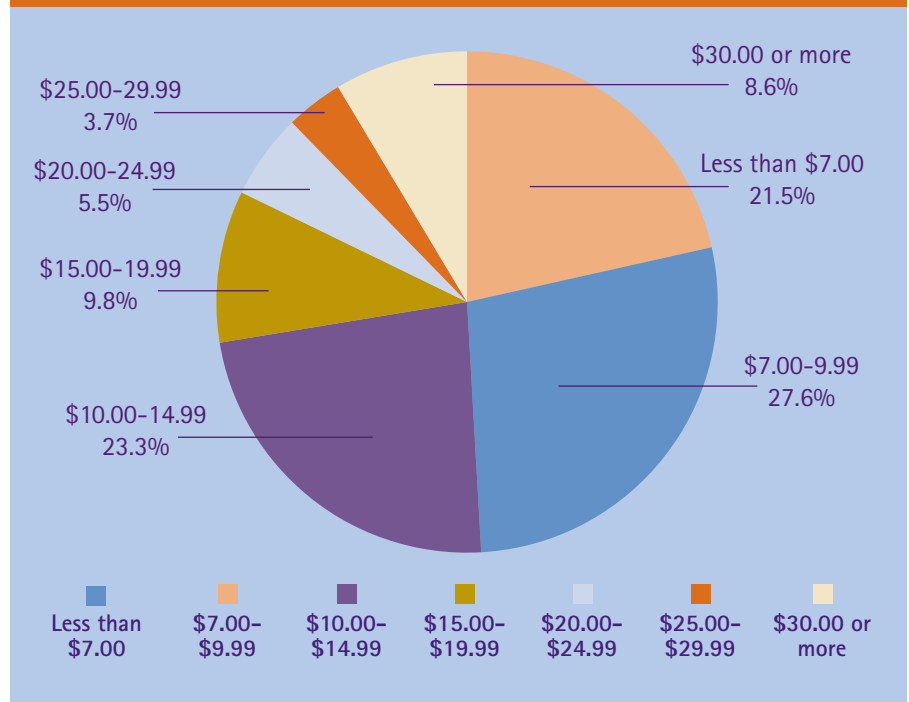
In apparent reflection of the fact that the survey research was carried out exclusively in Texas, restaurants and food service establishments specializing in Mexican, American, and southern/country cuisine are represented most frequently in the data, comprising more than half the total number of survey responses.





Nine percent of survey respondents reported that the average dinner check per person at their establishment exceeds \$30.00 per person, compared with only 6 percent in the \$20.00–\$24.99 price bracket and 4 percent in the \$25.00–\$29.99 price bracket

Figure 2.5. Breakdown of average dinner ticket prices at participating firms



In addition to the preponderance of replies at the low end of the price scale, the data exhibit a surprising concentration of responses at the uppermost end of the price range. Nine percent of survey respondents reported that the average dinner check per person at their establish-

ment exceeds \$30.00 per person, compared with only 6 percent in the \$20.00–\$24.99 price bracket and 4 percent in the \$25.00–\$29.99 price bracket (figure 2.5).

Summary



The majority of the 191 restaurant and food service firms that responded to the mailed questionnaire on meat procurement practices consisted of smaller scale, independently owned operations that manage either one or a handful of restaurant outlets. Given the stated intention of survey researchers to identify market opportunities for small/local meat processing firms, the skewed distribution of responses may reflect that independent restaurants are better poised to accommodate deliveries of meat products from smaller volume suppliers than larger/chain restaurant operations. Nonetheless, the questionnaire generated a substantial volume of responses—more than 20 percent—from personnel affiliated with chain and franchise restaurant operations, permitting insight into the potential interest of larger

firms in obtaining unique or specialty meat products from small meat processing companies and how their specific product requirements may differ from the needs of smaller firms. Moreover, while the questionnaire data may have been largely obtained from independently owned and/or single-outlet restaurants, this should not be interpreted to mean that firms in this category have similar business practices. A broad range of cuisine types, menu prices, and level of customer turnover (measured by restaurant seating capacity) are represented in the questionnaire data, allowing for a detailed analysis of how specific restaurant business practices may influence meat product and vendor selection.

Meat Procurement Practices in the Restaurant Sector and Implications for the Small Meat Processing Firm

3

The results of the questionnaire suggest that, while purchasing agents may need to be educated about the range of products available from small manufacturers, many are interested in the types of specialty and customized meat products commonly available from small or local manufacturing firms.



To assess the potential for increased market share in restaurant and food service meat sales, researchers sought to gauge the interest of restaurant and other food service purchasing agents in the types of products and services commonly available from small or local meat processing firms. The results of the questionnaire suggest that, while purchasing agents may need to be educated about the range of products available from small manufacturers, many are interested in the types of specialty and customized meat products commonly available from small or local manufacturing firms. Listed below are some specific characteristics that restaurant and other food service purchasing agents seek when choosing a prospective vendor and how these product preferences may well give a competitive advantage to the smaller manufacturer seeking entry to the restaurant/food service sector.

Importance of Quality

Questionnaire respondents were asked to rank the relative importance of seven issues associated with meat procurement on a scale of 1 to 100, so that the total number of percentage points would equal 100 percent. As indicated in figure 3.1, the 181 restaurant purchasing agents who completed this portion of the questionnaire reported that the importance of “buying the highest quality” product was twice as influential on their meat purchasing decisions as obtaining merchandise at the “lowest cost,” “product consistency,” or “convenience in preparation.” Moreover, the importance of product “freshness” to the prospective restaurant buyer was reported to be nearly as influential on meat purchasing decisions as either “buying at the lowest cost” or “product consistency” and far more important than “convenience in preparation.”

Figure 3.1. Relative importance of product attributes in making and purchasing decisions

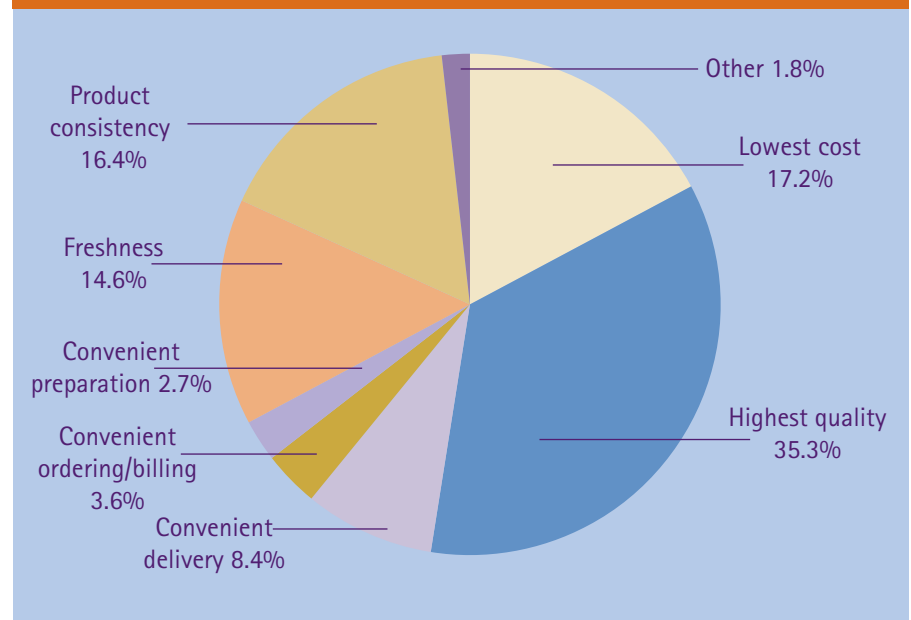
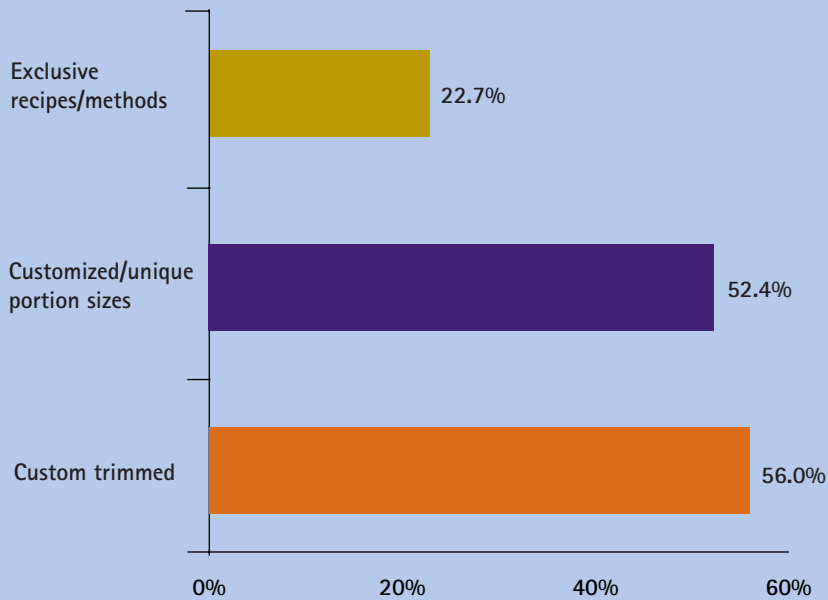


Figure 3.2. Restaurant/commercial food service use of customized meat products



The keen importance of product quality and freshness to restaurant purchasing agents should encourage the small or local meat processing firm seeking to expand its customer base into the food service arena. With the cost of goods and product consistency less important in restaurant purchasing decisions overall than obtaining the “highest quality” products, small manufacturers may be well positioned to compete for restaurant accounts, even if their higher cost of production prevents their being a low-cost supplier. Similarly, such firms may be able to capitalize on the desire of local restaurant buyers to obtain high-quality, fresh meat products by delivering merchandise to end-users more quickly than larger competitors and preventing the degradation in quality that can arise during long-distance shipping.

Industry observers note that the desire for fresh meat products among restaurant buyers has increased significantly in recent years. According to representatives from a regional meat distribution company based in Bryan, TX, approximately 50 percent of their meat sales to the restaurant trade currently consist of fresh meat, compared with only 30 percent a few years earlier.⁴

Interest in Customized Meat Products

Restaurant purchasing agents report substantial use of meat items tailored to meet their specific requirements, especially with respect to trimming and portion size. As illustrated in figure 3.2, 56 percent of restaurant and food service buyers reported that they already purchase meat products custom-trimmed to their specifications, and approxi-



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⁴ Information obtained during a January 2000 interview with firm representatives.

Given the difficulty of maintaining proper quality control, he contends that food service buyers are always looking for value-added meat supplies that require minimal kitchen preparation, preserve quality, and yield a uniform presentation to retail customers.



mately 52 percent of restaurant and food service buyers reported that they currently use meat items cut into customized or unique portion sizes. In both groups, a majority (61 and 57 percent, respectively) noted that these products are either “very” or “completely” important to their business operations.

The strong interest of restaurant purchasing agents in buying custom-trimmed and portion-cut meat products appears to be prompted by a desire to reduce labor costs and requirements, minimize waste, and improve consistency in food preparation. Mark de la Garza, market supervisor of the three-store restaurant chain Freebirds World Burrito, headquartered in College Station, TX, observed in a January 2000 interview that meat-cutting can be very labor-intensive and costly for a small restaurant operation. When this restaurant first opened for business in 1993, the employees themselves were responsible for cutting and trimming the meat used in the restaurant. As the volume of business increased, the firm had to add a 12 a.m. to 6 a.m. shift dedicated exclusively to cutting meat so the restaurant would have enough inventory for its daily business volume. Consequently, the firm was motivated to find a processor that could meet its precise specifications for freshness, tenderness, and thickness.

The frequent turnover of labor in restaurant kitchens can also enhance the attractiveness of meat products that require minimal kitchen preparation. In the words of Michael Carroll, former executive

chef and marketing manager with Caritas Barb-B-Q, Boerne, TX, the “high turnover of labor in the restaurant industry” is a primary factor contributing to “inconsistent results” in food sold to customers.⁵ Given the difficulty of maintaining proper quality control, he contends that food service buyers are always looking for value-added meat supplies that require minimal kitchen preparation, preserve quality, and yield a uniform presentation to retail customers. His firm has sought to expand its restaurant and other food service business by promoting the savings in labor and reduction in waste provided by some of their value-added meat products, including:

- Beef briskets with 90-95 percent usable meat (where hard fat has been removed by using special equipment), compared with the standard 60-65 percent usable meat in the typical beef brisket sold to restaurants;
- Presmoked beef briskets, which eliminates significant labor and quality problems associated with smoking meat in-house. (Smoking beef briskets typically takes 8-12 hours, and the consistency in product quality suffers if a restaurant smokes its meat inside rather than outside during inclement weather.);
- Sliced smoked beef briskets, which, prior to serving, need only to be put on a steam table and covered with sauce; and
- Chopped smoked beef brisket, which can be put into a crockpot, cooked, and served without further preparation.

⁵ Information obtained from personal interview, January 2000.

The concept of customized meat products is not limited to product characteristics alone. The ability to offer merchandise in unusual unit size configurations that consider the specific needs of the receiver may also provide a powerful marketing tool for the small meat processor. An executive chef for a country club on the Texas Gulf Coast observed during a personal interview that a major reason he purchased some of his specialty sausage products from a locally based small meat manufacturer was that he could purchase the sausage in convenient 20-pound cases, rather than the mainstream 10-pound or 40-pound cases typically offered by other sausage manufacturers. Consequently, he was able to lift and move the cases without difficulty and didn't need to replenish his inventory as quickly as he did when he purchased 10-pound boxes.

Interest in Exclusive Products

Nearly a quarter of the respondents to the questionnaire (23 percent) indicated that they purchase meat products that are manufactured according to exclusive recipes or methods, and approximately one-fifth (19.5 percent) of the questionnaire participants indicated that they either have worked or currently work directly with a meat manufacturer to develop an exclusive or private label product for their restaurant or food service outlet. Of those firms that currently purchase exclusive or private label meat products, the average number of exclusive or private label items purchased by an individual firm is seven products.

In addition to the large percentages of restaurant and food service buy-

ers currently purchasing private label or exclusive meat products, research suggests that many other restaurant and food service customers would potentially be interested in purchasing these types of exclusive meat items from a vendor if they could locate a reliable source of supply. Of those restaurant and food service buyers who reported that they did not currently purchase exclusive meat products from a vendor or participate in a private label program, a majority (54 percent) indicated that they would be interested in developing this type of relationship with a supplier. The substantial level of interest in exclusive and private label meat products among restaurant and food service buyers—even among those with no experience in developing such programs with their suppliers—bodes well for the potential success of a small meat processing firm capable of dedicating some of its production capacity to the needs of individual clients and supplying such highly specialized meat items to restaurant and food service customers.

Private label and exclusive meat products may appeal to restaurant purchasing agents in several ways. By establishing a supply relationship for exclusive products with a vendor, a restaurant operation can distinguish itself to customers by offering a unique product that is not available elsewhere, assured that none of its competitors has access to these items. Moreover, restaurants that maintain private label and exclusive product agreements with meat are less likely to receive products that do not conform to their desired specifications and may

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be in a better position to demand product replacements or substitutions from their suppliers when the quality of delivered products does not meet expectations. For example, the president of a delicatessen chain operating throughout the South and Southwest observed in an interview that his company “likes to work together with manufacturers to formulate a product recipe that best suits its needs,” whether that means adding garlic to a manufacturer’s standard roast beef product or working with the manufacturer to explore ways of reducing the amount of purge (liquid) in a typical package, since his busy restaurant staff “doesn’t have the time to worry about” wrong ingredients or inconvenient packaging.⁶

In some cases, private label and exclusive products may also be less expensive for a restaurant buyer to purchase than conventional branded items of similar quality. To the extent that a meat manufacturer is able to count on a steady volume of business for its private label or exclusive product line and can eliminate some expenses typically associated with promoting, advertising, and packaging its merchandise, it may be able to reduce its operational costs, passing along some of these savings to its food service customers.

One of the more surprising observations obtained from personal interviews and questionnaire data is the extent to which restaurant chain operations, including large-scale regional and national chain operations, revealed that they currently work or would consider working

with a small meat processor to fulfill a portion of their inventory needs, including private label and exclusive products. For example, a procurement and logistics manager for a national chain of family dining establishments observed that small meat manufacturers might be able to play an important role in supplying his firm with meat products that are needed in relatively small quantities, such as 100,000 pounds per year, since these items are sometimes difficult to acquire from its standard sources (mostly large-scale food manufacturers). Other procurement personnel from chain operations commented that they already purchase certain items from small and medium-size meat manufacturers because they are unable to obtain products of comparable quality from other sources. Unlike retail grocery buyers, who, in the words of one chain restaurant procurement manager, focus on “price, promotion, and market support” in selecting a supplier, food service buyers are more apt to look for “product consistency and very tight specifications,” making it easier for the smaller meat manufacturer to compete for restaurant and food service accounts on the basis of product quality and the availability of customized services. Several procurement officials from chain operations noted the overriding importance of developing long-term relationships with reliable vendors, even if it means they do not get the lowest price on any particular purchase.

Attractiveness of Local Procurement

The results of the questionnaire provide considerable evidence that

⁶ Based on information obtained during personal interview at company offices, January 2000.

the cachet of using items produced in the local community may be a marketing tool that small meat processing firms can use to their advantage when selling their products to the restaurant trade. More than a third (38 percent) of the surveyed restaurant and food service buyers who responded to a question about their use of locally produced meat indicate that they already use such items, and a majority of this group (53 percent) indicate that using locally produced meat items is either “very” important or “completely” important to their business operations. Demand was also expressed for meat products that have a strong local or ethnic following (22 percent of respondents currently use such products) or are manufactured by a family-run business (15 percent of respondents currently use such products). In addition, 16 percent of questionnaire respondents noted that they make specific references on their menus to the origin or brand name of some meat products to enhance the appeal of their offerings to customers.

The willingness and ability to feature locally produced meat items on menus does not appear to be restricted to independent or smaller scale restaurant operations. Of the 37 chain-affiliated restaurant buyers that responded to the question, 57 percent stated that they have the flexibility to offer meat items on their menus that are specifically designed to cater to local consumer preferences, even though these items may not be available in other outlets of the same restaurant

chain. Consequently, some local processing firms may find it constructive to approach restaurant buyers at individual chain restaurant outlets in their communities about featuring their meat products on their menus, especially when these products have established local followings. One manager of an outlet of a nationally known, franchise-operated steakhouse chain noted that all of his firm’s restaurants carry at least “a few menu items that are regional,” and that even though “corporate headquarters has to approve all items, including regional ones,” a small processing firm has a realistic chance of becoming a supplier to individual affiliates of the restaurant chain if the local owner(s) is convinced that the product has a strong regional following.⁷

Many restaurateurs interviewed by researchers indicated that purchasing meat products from local purveyors is often desirable for both quality and efficiency reasons. Several restaurant managers interviewed in the Bryan/College Station, TX, area said they prefer using a local vendor for meat supplies because they perceive that the merchandise is fresher and that local vendors are considerably more responsive than larger and/or more distant firms, making it easier to manage inventory and purchase fill-in supplies when needed. Listed below are some sample comments highlighting the desirability of working with local suppliers:

- “I think that the relationship between the salesman and the customer is very important in a

Many restaurateurs interviewed by researchers indicated that purchasing meat products from local purveyors is often desirable for both quality and efficiency reasons.



⁷ Information obtained during January 2000 interview by AMS and TAMU researchers.

The fact that a sizable portion of restaurant and food service firms change their menus at least four times per year bodes well for the small meat manufacturer seeking to penetrate the food service market.



small town. I buy all of my meat from [a locally based regional food distribution company] even if they are a few cents higher than [national food distributors]. They have the advantage of service on their side. If I call in a special order, they can do it and have it to me when I need it, even if it is the same day.” (from the general manager and executive chef of an independently owned upscale steakhouse and seafood restaurant)

- “I try to [locally procure meat products] as much as possible, because I find that it is faster and I get fresher products that way.” (from the executive chef of a private club)
- “If [the locally based food distribution company] has the same products as one of the big guys, and it is within 3-4 cents of the cost of the big guys, I buy from them. I think it pays to support local businesses. Plus, they are a wonderful company to work with. They are flexible and can have orders ready in a hurry if you need it. For example, if we have a really big night on Friday night, I might call [the locally based food distribution company] and say I need to stop by and pick up an order of skirt steaks. They always have it ready to go in no time. Whereas if I only dealt with the big guys, I would be waiting until Monday for the meat.” (from the general manager of an independently operated Mexican restaurant)

Therefore, small meat manufacturers who are seeking business accounts with local restaurant and

food service operations would appear to be starting from a relatively advantageous position, especially when they can assure their restaurant customers that they are prepared to fulfill last-minute orders. Many restaurant buyers appear to favor purchasing meat products from local suppliers for a variety of reasons and may even be willing to pay a bit more for merchandise from local vendors if they perceive the vendor to be a dependable source of supply and willing to provide a level of customer service superior to that typically available from larger competitors.

Desire for Menu Variety and Innovation

While the frequency of menu changes varies considerably depending on the particular restaurant or food service establishment (figure 3.3), nearly one-third of all restaurant and food service operations (31 percent) surveyed by researchers indicated that they change their menu offerings at least once every 3 months. The fact that a sizable portion of restaurant and food service firms change their menus at least four times per year bodes well for the small meat manufacturer seeking to penetrate the food service market. Restaurant and food service outlets that update their menus frequently are under considerable pressure to develop new or seasonally appropriate entrees to attract customer attention, creating abundant marketing opportunities for the small meat manufacturer that can provide new or distinctive menu selections. Therefore, it might be to the advantage of small processing firms to focus their marketing efforts on

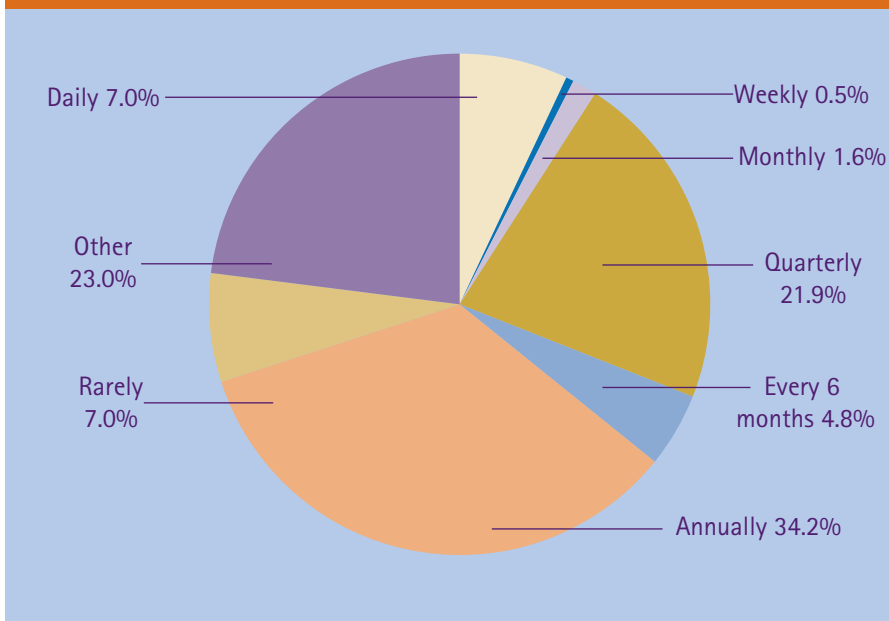
restaurants and food service operations known to change their menu offerings frequently, as such firms might be predisposed to experiment with new products.

Meanwhile, even among food service operations that change their menus less frequently, sizable

opportunities exist for menu innovation and new product introduction. Nearly three-quarters of respondents to the questionnaire (73 percent) noted that their food service operations offer daily specials, providing another potential entry point for introducing a new meat product to the public and testing its acceptance.

...it might be to the advantage of small processing firms to focus their marketing efforts on restaurants and food service operations known to change their menu offerings frequently, as such firms might be predisposed to experiment with new products.

Figure 3.3. Frequency of menu changes



Summary



The majority of surveyed buyers also indicated that they are interested in obtaining meat products with customized and/or exclusive quality characteristics, creating a potential marketing opportunity for smaller meat processing firms capable of manufacturing customized meat products according to the precise specifications of individual food service clients.

Scale alone does not appear to dictate a meat processing firm's ability to compete successfully in the commercial food service sector. Survey data suggest that restaurant and commercial food service buyers typically place considerably more importance on meat product quality than on cost and also place a high value on their ability to receive "fresher" meat products, giving local meat processors with a strong reputation for product quality a potential competitive advantage against alternative sources of supply. The majority of surveyed buyers also indicated that they are interested in obtaining meat products with customized and/or exclusive quality characteristics, creating

a potential marketing opportunity for smaller meat processing firms capable of manufacturing customized meat products according to the precise specifications of individual food service clients. Other factors that appear to confer marketing advantages to smaller scale meat processing firms are the widespread desire among a sizable segment of surveyed restaurant/commercial food service buyers to showcase locally produced meat items on their menus (as a point of differentiation from other commercial food service outlets) and to update their menus every few months, providing steady incentives for acquiring new meat products/ingredients that enhance menu variety.

Influences on Meat Vendor Selection and Retention

4

Eighty-seven percent of the surveyed restaurant and food service buyers reported that they purchase at least some meat products from a full-line food distribution company, and most of these buyers rely on these companies for the bulk of their needs.



While the quality, convenience, uniqueness, or local popularity of a particular meat product may persuade a restaurant or food service buyer to experiment with purchasing merchandise from a new supplier, a marketing strategy based on product traits alone may not be sufficient to ensure that restaurant or food service buyers will be interested in developing a long-term business relationship. The ability to provide an adequate quantity of products for sampling and test marketing (without compensation) or to fill orders on a regular basis with 1 day's notice or less may be as critical in helping a small meat manufacturer secure a steady account with a food service customer as the ability to supply any particular meat product. This chapter is devoted to helping small manufacturers understand the key factors that influence vendor selection in the restaurant and food service industry and recognize some of the services that food service buyers expect from their standard suppliers so they are better prepared to develop appropriate and effective sales strategies when approaching this market segment.

Challenges to Successful Direct Marketing by Small Processing Firms

Direct procurement from manufacturers still unfamiliar.

Meat processing firms seeking entry to the restaurant/food service market should be aware that most restaurant and food service operations are accustomed to receiving the vast majority of their meat supplies from full-line food distribution companies. Many potential customers may not be aware that

they have the option of purchasing meat products directly from a local processor or manufacturer and may be skeptical that obtaining meat products directly from the processor or manufacturer would be to their advantage. Eighty-seven percent of the surveyed restaurant and food service buyers reported that they purchase at least some meat products from a full-line food distribution company, and most of these buyers rely on these companies for the bulk of their needs. Of the 166 restaurants and food service outlets that use full-line food distribution companies for at least a portion of their meat supplies:

- The average share of meat supplies obtained through full-line food distribution companies is 83 percent.
- Sixty percent of these firms rely exclusively on full-line food distribution companies for their meat products.
- Only 38 of these firms (23 percent) had previously bought any meat supplies directly from a manufacturer.

Since many food service buyers are likely to have little or no experience with direct procurement from a manufacturer, meat processors who wish to cater to this market through direct sales channels should be prepared to demonstrate they are capable of providing a level of customer service comparable to that offered by larger full-line food distribution companies operating in the area.

High expectations for customer service. Research suggests that matching the customer service



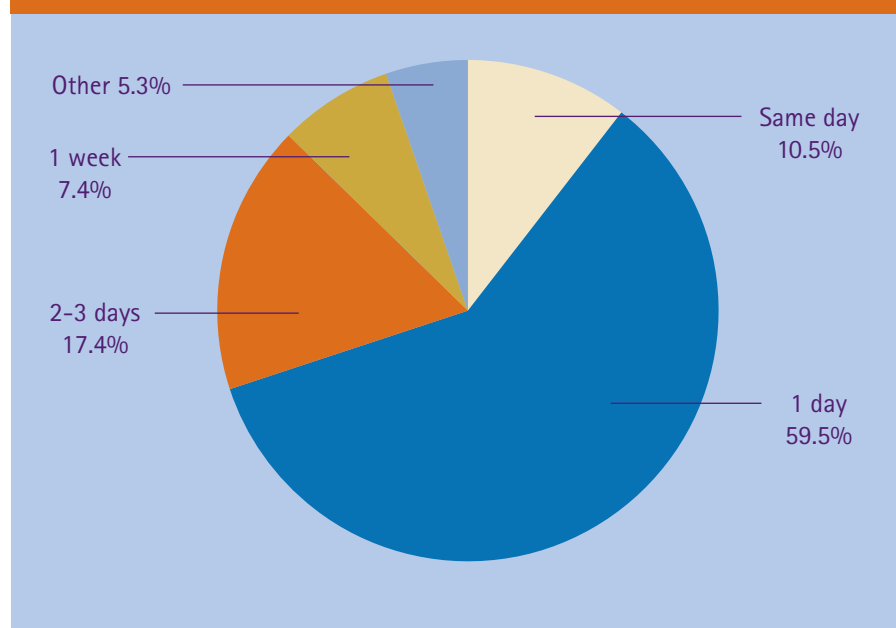
One way that some local vendors attempt to compete with larger national firms for restaurant and food service accounts on the basis of service is by providing customized deliveries that take into account the business schedules and preferred delivery times of their individual clients.

performance of the full-line food distribution companies may not be easy. A sizable majority of the restaurant and food service personnel who responded to the questionnaire indicated that they typically expect their meat suppliers to fulfill their merchandise orders in less than 24 hours. As depicted in figure 4.1, nearly 60 percent of the surveyed restaurants and food service operations typically give their purveyors 1 day's advance notice when ordering meat supplies, while an additional 11 percent of these food service buyers typically expect their meat supplies to be delivered on the day they submit their order. Consequently, any meat processing firm seeking direct access to restaurant and other food service accounts should be aware that many operations are accustomed to very short response times from their standard suppliers and would most likely

expect a similar—if not superior—level of responsiveness and reliability from any new vendor.

One way that some local vendors attempt to compete with larger national firms for restaurant and food service accounts on the basis of service is by providing customized deliveries that take into account the business schedules and preferred delivery times of their individual clients. Representatives of a regional meat supplier with a distribution territory covering a 150-mile radius noted that their firm had been able to compete successfully against larger national companies by ensuring that their restaurant and food service customers consistently receive merchandise deliveries at the time they prefer (unlike the unpredictable delivery schedules typically offered by most large-scale national companies).⁸

Figure 4.1. Average lead time for meat supply orders provided by restaurant/food service firms



⁸ Information obtained from personal interview with AMS and TAMU researchers, January 2000.

As a greater number of restaurant and food service operations move toward implementing just-in-time inventory management practices in their kitchens and storerooms, restaurant and food service buyers are increasingly seeking to develop partnerships with suppliers that can provide inventory management and/or cold storage warehousing services. In response to growing demand for these services from the restaurant and food service sector, at least one supplier of meat products interviewed by researchers indicated that he is doubling his cold storage facility area to “take on the challenge of cold storage and inventory management” for the local restaurant trade.⁹ With restaurant in-store warehouse space at a premium, the ability of a local meat vendor to provide cold storage warehouse space for food service clients might give it a serious competitive edge against other meat suppliers.

Smaller vendors stereotyped.

Smaller meat processing and manufacturing concerns that attempt to cultivate direct marketing relationships with restaurants and food service operations may also find themselves battling the stereotype that small businesses are less convenient to work with than larger companies. One owner of an independent, upscale restaurant in College Station, TX, noted during a January 2000 interview that he found dealing with smaller vendors difficult because he:

- Wants a vendor to have a large range of products;

- Enjoys the convenience of ordering merchandise from one or two full-service firms (rather than from a multitude of vendors);
- Likes working with firms that have a message center where he can submit orders at any hour;
- Has found billing to be more frequent and easier to track when working with larger companies rather than smaller companies (invoices are typically sent out on a weekly rather than a semi-monthly or monthly basis); and
- Has found that returning spoiled goods is easier with a larger company, which is important because his restaurant has limited space to store refrigerated inventory.

Another food service buyer interviewed by members of the research team, an executive chef with a private club, expressed concern that he might not be able to obtain the same “product consistency” from a small company as he would from a larger meat manufacturer.

Therefore, when developing a marketing strategy for approaching restaurant and other food service clients, small meat processing firms may find it useful to anticipate and directly address potential customer concerns about convenience and efficiency. For example, marketing brochures and materials could emphasize, where appropriate, the firm’s ability to supply customers with a wide selection of merchandise; to provide merchandise that meets precise customer specifications; and to handle orders, mer-

...when developing a marketing strategy for approaching restaurant and other food service clients, small meat processing firms may find it useful to anticipate and directly address potential customer concerns about convenience and efficiency.



⁹ Ibid.



When restaurant and food service personnel were asked to rate the relative influence of various staff members—owners, managers, chefs, corporate chefs—in determining which food items are included on their menus, the average degree of influence attributed to owners is 60 percent, while managers and chefs at individual restaurant locations are said to account for only 15 and 13 percent, respectively, of the influence over menu choices

chandise returns, and billing in an efficient and customer-friendly manner.

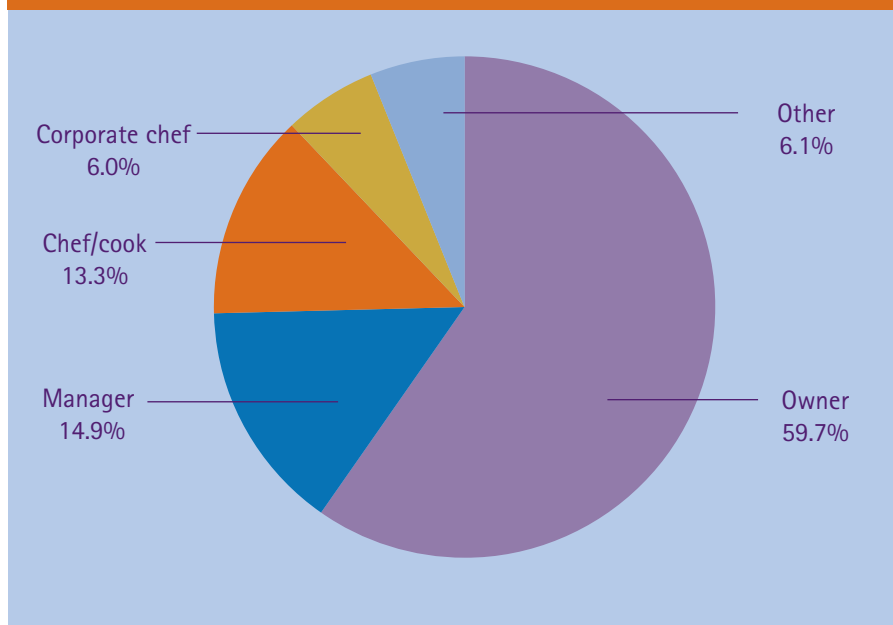
Other Important Considerations for Marketing Effectiveness

Owner key decisionmaker in new product introductions. Data indicate that owners of restaurants and food service operations exert considerably more influence than other restaurant/food service personnel in deciding which food items are served to customers, suggesting that meat manufacturers should do their utmost to contact the owners of restaurant/food service firms directly when seeking to establish business relationships. When restaurant and food service personnel were asked to rate the relative influence

of various staff members—owners, managers, chefs, corporate chefs—in determining which food items are included on their menus, the average degree of influence attributed to owners is 60 percent, while managers and chefs at individual restaurant locations are said to account for only 15 and 13 percent, respectively, of the influence over menu choices (figure 4.2). Moreover, in 40 percent of the cases, questionnaire respondents indicated that the owner is the sole individual at their organizations responsible for selecting food items for their menus.

The relative influence of business owners appears to be strongest, as one might expect, among inde-

Figure 4.2. Restaurant/food service personnel primarily responsible for determining choice of menu items



pendently operated food service establishments (68 percent). Nevertheless, even representatives of chain-operated firms indicated that the owners of their businesses exert the primary influence on menu development at their establishments, accounting for 30 percent, on average, of the overall influence on menu selection.

Given the disproportionate amount of influence that owners exert on menu development at most commercial food service establishments, prospective vendors should focus their marketing strategies on owners of restaurant and food service outlets whenever possible. Owners are often the critical decisionmakers when it comes to introducing new food products, and their support can be indispensable in a successful sales campaign.

Use of sampling and test marketing procedures widespread, especially among larger firms. Before deciding to adopt a new food product, food service buyers may use a variety of methods to determine whether a product is appropriate for their restaurant operations. Many buyers interviewed or surveyed by researchers insist upon trying a new food product in their test kitchens under “real world” conditions before serving it to their customers, so they can determine whether the product:

- Is suitable for use in desired applications;
- Is easy to store, handle, and prepare in existing kitchen facilities; and

- Has consistent and reliable quality characteristics.

To carry out these initial product tests, many food service buyers demand that prospective vendors provide them free samples during a brief trial period so they can thoroughly assess the performance of the product before agreeing to sign a formal contract.

In addition to testing samples of the food product “behind the scenes,” some restaurant and food service buyers will also attempt to gauge customer interest in the food product before incorporating it into their standard menus, using such methods as:

- Featuring the item in a “daily special”;
- Giving free samples to customers and asking for their reaction; and
- Introducing the item in test market locations (in the case of firms with multiple outlets).

Anecdotal evidence collected by research team members during personal interviews with industry representatives underscores the importance that sample experimentation often plays in the restaurant procurement process. Certain food service firms, especially large-scale firms, will not consider adopting a new food item unless they have had an opportunity to conduct extensive tests of the new product at their discretion. Purchasing agents from a regional delicatessen chain operating more than 70 outlets in several Southern and Southwestern States noted that the willingness of a prospective vendor to provide suf-

Given the disproportionate amount of influence that owners exert on menu development at most commercial food service establishments, prospective vendors should focus their marketing strategies on owners of restaurant and food service outlets whenever possible.





Of the 185 restaurant and food service operations that provided researchers with information about their sampling and test marketing practices, approximately two-thirds reported that they test potential customer acceptance of a new food product by featuring it as a "special" item outside the regular menu.

ficient free samples for testing is "absolutely indispensable" in their decision to take on a new supplier and that they typically need "a month or two" to decide whether to adopt a new supplier. When testing a new meat product in their on-site test kitchen and/or a handful of test stores (usually three or four), their company attempts to evaluate the following factors:

- Customer response and satisfaction.
- Employee satisfaction in handling and preparing the product.
- Desirability of packaging (for example, evaluating whether the packaging used by the supplier for meat products retains an acceptable or excessive volume of water).
- Ability of the vendor to supply larger volumes of product to test stores without any apparent deterioration in quality (since the quality of the original sample may not be indicative of the real level of product quality that a vendor usually supplies).

Sampling/Test Marketing Procedures in the Commercial Food Service Industry and Implications for Prospective Suppliers

This section of the report is designed to identify the most common sampling and test marketing procedures used by restaurant and other commercial food service operations and alert suppliers to the volumes of free product samples that they should be prepared to commit to the sampling and test marketing process if they wish to establish a long-term business rela-

tionship with a restaurant or other food service client.

Among the various methods used by surveyed restaurant and food service operations to test customer reaction to a new product, the most popular method appears to be introducing the new item as a menu special. Of the 185 restaurant and food service operations that provided researchers with information about their sampling and test marketing practices, approximately two-thirds reported that they test potential customer acceptance of a new food product by featuring it as a "special" item outside the regular menu (figure 4.3). Furthermore, 38 percent reported that they evaluate the potential acceptance of a new food product by giving free samples and asking for customer feedback, and 23 percent (primarily those with 10 or more restaurant outlets) reported that they introduce new food products in a few test locations before deciding to adopt a product as part of their regular menu (figure 4.3).

The length and formality of new product testing at individual restaurants and food service institutions appears to be strongly associated with a firm's scale of operation. Collected data suggest that food service outlets with larger sales volumes require a considerably longer time to evaluate the performance of a new meat product than firms with smaller sales volumes (figures 4.4 and 4.5). The average amount of time that firms with annual store sales above \$2 million indicated that they need before deciding to adopt or drop a new meat product is 6.23 weeks, compared with 4.93 weeks

Figure 4.3. Preferred sampling/test marketing strategies for introducing new food products to customers (in percentages)

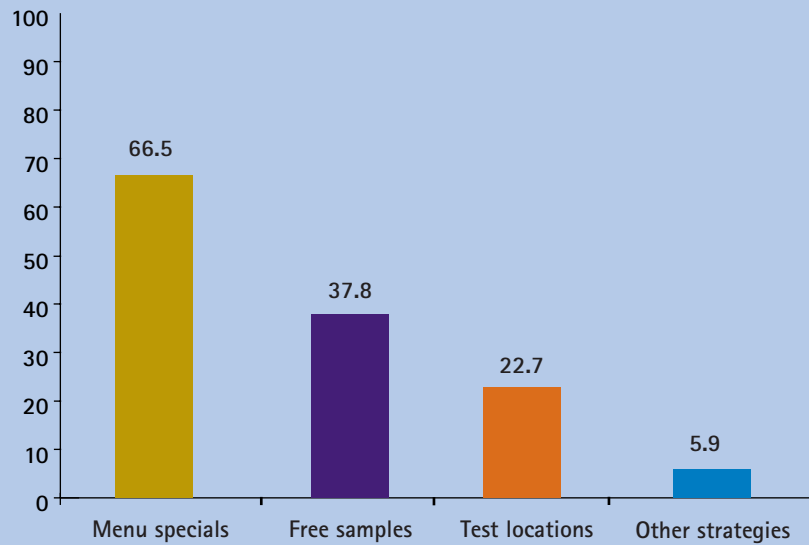
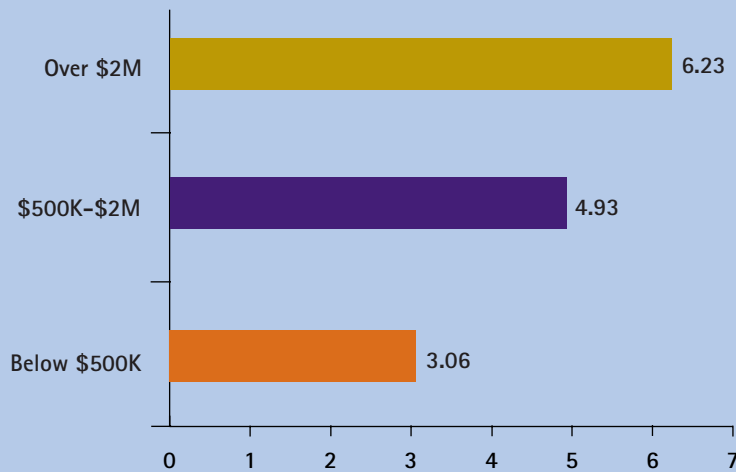


Figure 4.4. Average new product testing time period, by level of annual store sales (in weeks)

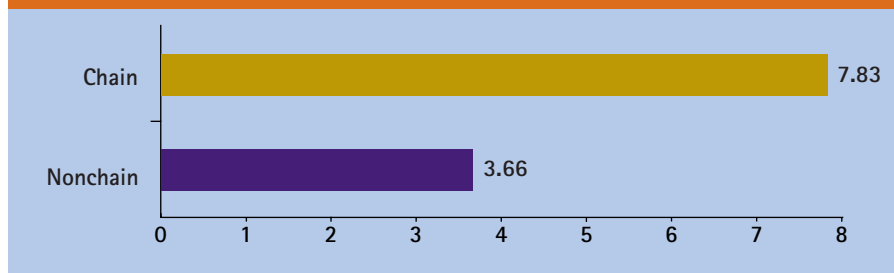


Collected data suggest that food service outlets with larger sales volumes require a considerably longer time to evaluate the performance of a new meat product than firms with smaller sales volumes

According to survey data received from 124 food service firms, representatives from chain-affiliated commercial food service outlets reported needing an average of 129 pounds of sample merchandise to carry out internal and consumer tests on a new meat item, while nonchain outlets required an average of 32 pounds of sample product before formally adopting a new meat product.



Figure 4.5. Average new product testing time period, chain and nonchain firms (in weeks)



for firms with annual store sales between \$500,000 and \$2 million and 3.06 weeks for firms with store sales below \$500,000. Purchasing agents for chain-affiliated and non-affiliated food service operations expressed even more profound differences in sampling and test marketing practices, with chain-affiliated buyers indicating that they need an average of 7.83 weeks to decide to adopt a new meat product, compared with an average of 3.66 weeks reported by other restaurant/food service buyers.

Food service outlets affiliated with a chain or having above-average levels of store sales also appear to have heavier customer traffic than other establishments, based on their available seating capacity. Average seating capacity at food service establishments with annual store sales of more than \$2 million was reported to be 357, compared with an average seating capacity of 173 at establishments with annual sales between \$500,000 and \$2 million and 81 at establishments with annual store sales below \$500,000. In a similar vein, chain-affiliated restaurants/food service outlets reported an average seating capacity of 214,

compared with an average seating capacity of 171 among nonaffiliated outlets.

The fact that commercial food service establishments belonging to a chain or with high sales turnover often take longer than their competitors to evaluate the suitability of new products can be significant for meat product suppliers. Since these types of establishments often have the physical capacity to serve more patrons at one time than other commercial food service outlets, they require larger volumes of sample products for test marketing than other food service firms, making it potentially more expensive initially for a prospective supplier to explore business prospects with these customers. According to survey data received from 124 food service firms, representatives from chain-affiliated commercial food service outlets reported needing an average of 129 pounds of sample merchandise to carry out internal and consumer tests on a new meat item, while nonchain outlets required an average of 32 pounds of sample product before formally adopting a new meat product (figures 4.6 and 4.7).

Among the largest national restaurant chains, testing and experimentation of a new meat product can take several months. Representatives from a parent company of several family restaurant chains with more than 1,200 outlets nationwide observed that the process for adopting a new product generally takes a minimum of 6 months and that prospective vendors are expected to supply free samples for test kitchens and test markets during this period without compensation. If a new product passes inspection in the company's test kitchen, it is then tested in an individual restaurant and, if the performance is satisfactory, in a single region of the restaurant chain's territory. Customer reactions to the new product are assessed through exit surveys and other quantitative methods. If more than 1 percent of surveyed consumers dislike the product, the company will terminate its evaluation of the new product unless the

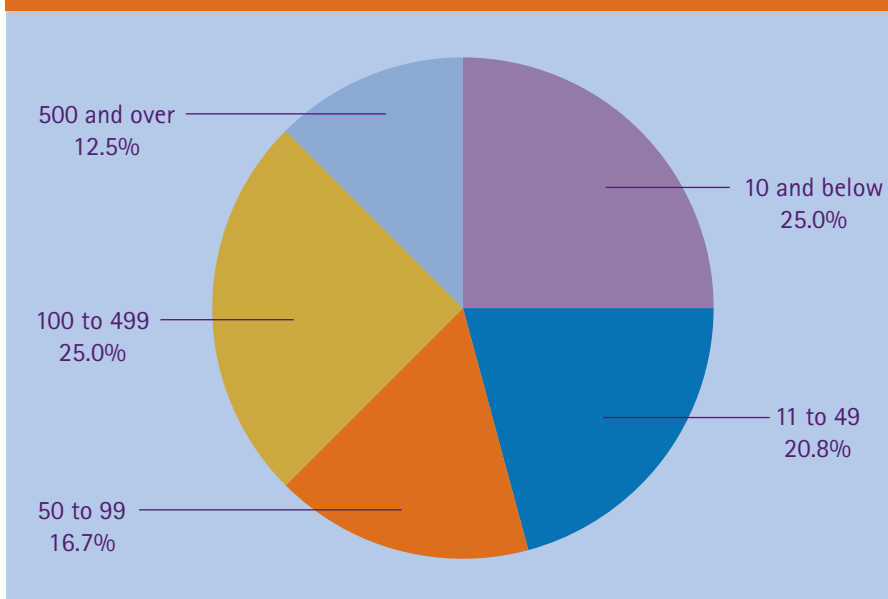
manufacturer elects to modify the recipe (at his or her own expense). According to one of the company's procurement officials, at least one perishable product currently used by the company went through 26 separate modifications and evaluation trials before it was formally included on the certified product list. Moreover, satisfactory consumer trials alone are not sufficient to ensure that the evaluated product will be accepted by the company. Before any new product is adopted, three of the company's culinary service divisions must approve the new item according to the following criteria:

- Product development staff must agree that the taste, texture, and consistency of the product are satisfactory.
- Quality assurance staff must agree that the product is safe and that the supplier is capable of providing

Among the largest national restaurant chains, testing and experimentation of a new meat product can take several months.



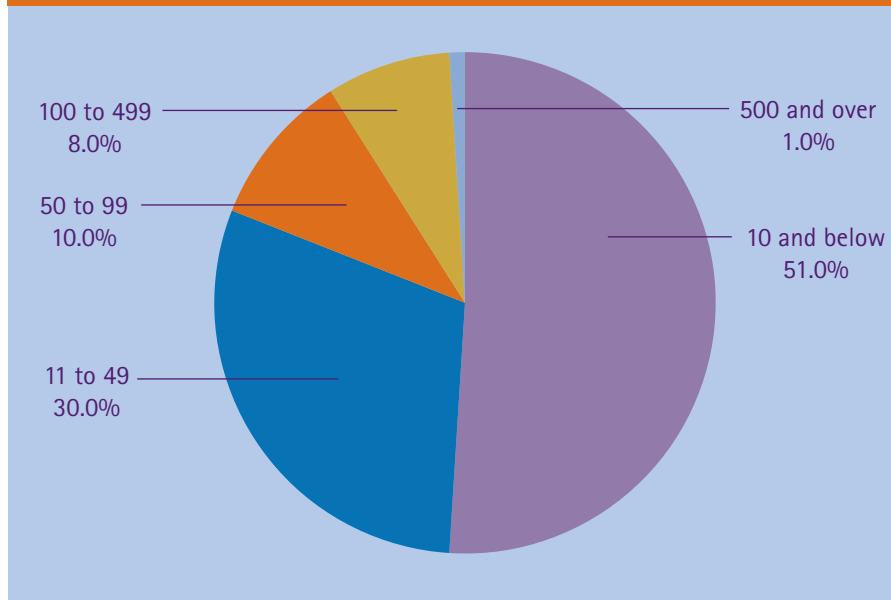
Figure 4.6. Sample requirements for new product testing, chain affiliates (in pounds)



...in developing a prospective marketing strategy, small meat manufacturers and processors may wish to consider carefully the types of food service firms they want to solicit before proceeding with their marketing efforts.



Figure 4.7. Sample requirements for new product testing, nonchain outlets (in pounds)



ing consistency in such physical characteristics as appearance and fat percentages.

- Purchasing and distribution staff must determine that the product is affordable and priced competitively and that all liability and indemnity agreements are in place.

Therefore, in developing a prospective marketing strategy, small meat manufacturers and processors may wish to consider carefully the types of food service firms they want to solicit before proceeding with their marketing efforts. While the prospect of supplying niche or specialty meat products to a chain restaurant or large-scale restaurant operation may seem appealing on the surface because of the potential volume of sales that these firms can support, a small processor or manufacturer may well find the costs of pursuing these market outlets prohibitive because such firms often demand

large quantities of free sample merchandise from their prospective vendors throughout the test marketing process without any guarantee that the use of this merchandise will result in an actual commercial transaction. As part of devising an appropriate business plan, small meat manufacturers and processors would be well advised to consider the potential cash-flow consequences of pursuing certain business accounts and not focus exclusively on the potential benefits of landing a sale with larger scale and chain-operated food service establishments.

Finding Buyers in the Commercial Food Service Sector: Which Sales Approaches Work Best?

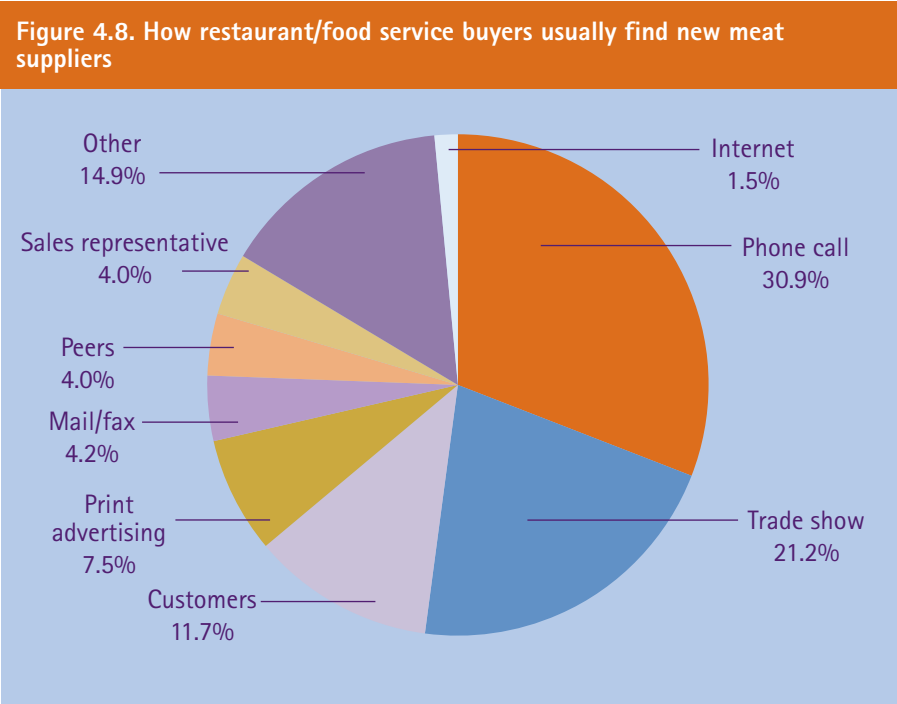
Direct personal contact with buyers most effective. Surveyed restaurant/food service buyers report that unsolicited telephone calls from vendors and trade show participation are the most common mechanisms they use to find new suppliers

of meat products. Thirty percent of the respondents indicated that they usually learn about a new meat supplier through a telephone call from a prospective vendor, while another 21 percent generally learn about a new supplier by attending trade shows. Word-of-mouth customer recommendations also seem to be fairly important in alerting food service buyers to new meat products, with 12 percent of surveyed buyers reporting this as the primary way they locate new meat suppliers. Sales strategies that do not incorporate an element of personal contact, such as mailed solicitations, print advertising, and Internet sites, appeared to be far less successful in engaging the interest of prospective buyers than more direct approaches (figure 4.8).

The only major resistance to direct vendor contact seen among restaurant/food service buyers is related to spontaneous, unscheduled personal visits by a manufacturer’s sales representative. Eighty-four percent of surveyed buyers prefer that sales representatives seeking business accounts with their firms arrange a formal appointment rather than arriving unannounced.

A detailed breakdown of the data suggests that larger scale restaurants/food service establishments are more likely to identify suppliers through trade show encounters, while smaller scale restaurants/food service establishments are more likely to rely on vendor-generated telephone calls and customer recommendations as the primary way of contacting suppliers. Firms that reported they use trade shows to

Thirty percent of the respondents indicated that they usually learn about a new meat supplier through a telephone call from a prospective vendor, while another 21 percent generally learn about a new supplier by attending trade shows.



To enhance the likelihood that an initial sales call will be successful, meat suppliers should strongly consider bringing samples of their meat products when they visit prospective food service customers.



locate new suppliers of meat products at least 50 percent of the time also indicated that they operate an average of ten retail outlets, compared with an average of four retail outlets among firms that indicated they primarily rely on telephone calls or customer recommendations to identify new vendors.

Samples important aspect of effective sales presentation. To enhance the likelihood that an initial sales call will be successful, meat suppliers should strongly consider bringing samples of their meat products when they visit prospective food service customers. A sizable majority of surveyed restaurant/food service buyers (58 percent) expressed an interest in receiving sample products from a new vendor during the initial sales appointment. The willingness of a vendor to stand behind his or her product in a face-to-face meeting

also appears to be linked to buyer satisfaction; nearly twice as many buyers indicated that they prefer to have vendors bring merchandise samples to the initial sales meeting rather than send them samples ahead of time (figure 4.9).

In contrast to the overwhelming interest among buyers in examining merchandise samples, relatively few restaurant/food service buyers (under 20 percent) expressed interest in receiving recipes from prospective vendors. This may speak to the creativity of many restaurateurs, which spurs them to seek new and unusual products, and their ability to incorporate new or unusual items into menu offerings quickly.

How to keep customers happy after establishing a sales account. Restaurant/food service buyers indicated very strong preferences on the timing of telephone calls from their

Figure 4.9. Preferred sales appointment strategies (in percentages)

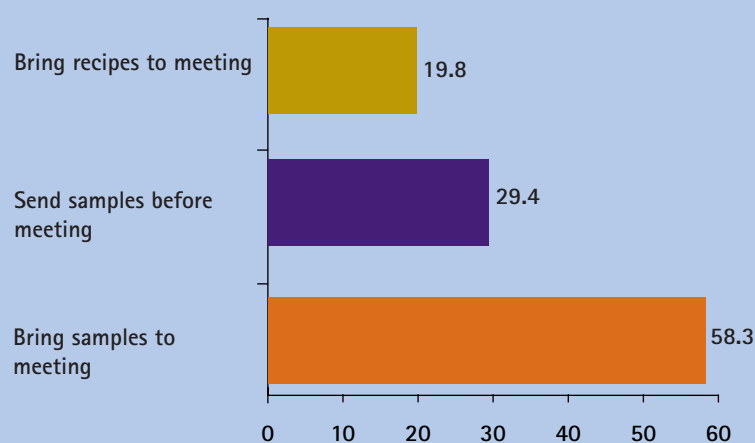
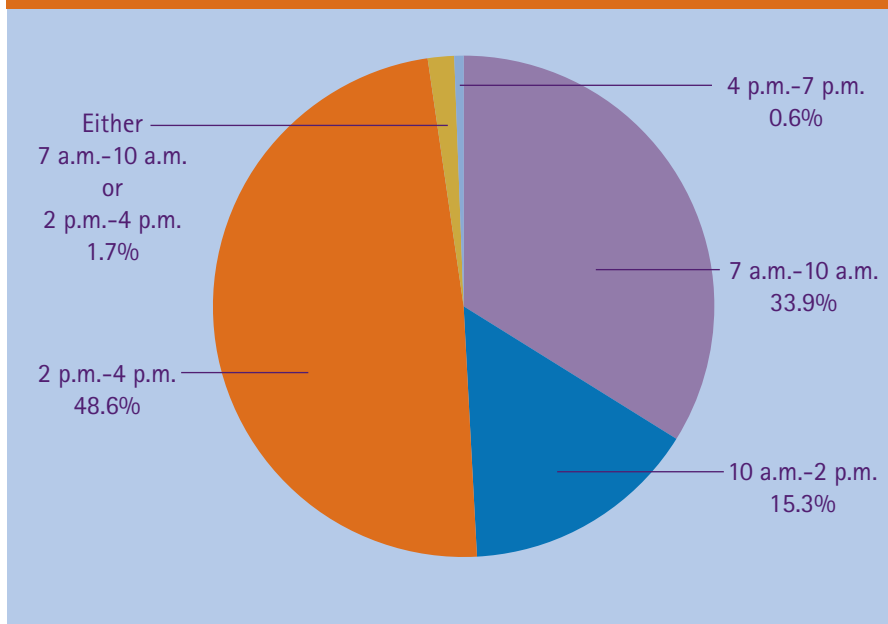


Figure 4.10. Preferred timing of vendor phone contacts



current suppliers. As might be expected, buyers overwhelmingly prefer to receive vendor telephone calls during periods of the workday that do not conflict with peak lunch and dinner service hours. Nearly half of the surveyed buyers expressed a preference to be contacted by vendors during the afternoon, between 2 p.m. and 4 p.m., while 34 percent indicated that they prefer to receive vendor telephone calls between 7 a.m. and 10 a.m. (figure 4.10). Therefore, meat sup-

pliers with food service clients should contact such customers outside of peak business hours. Furthermore, they may want to establish a specific time for calling clients that corresponds with the individual preferences of each firm, thereby enhancing the likelihood that buyers will be most receptive to submitting new orders for merchandise.

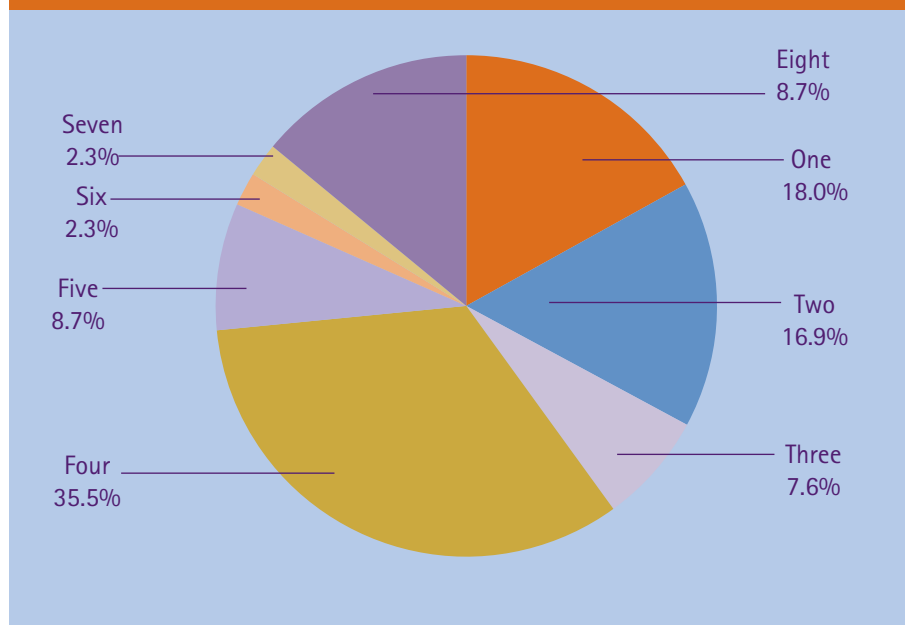
(Suppliers) may want to establish a specific time for calling clients that corresponds with the individual preferences of each firm, thereby enhancing the likelihood that buyers will be most receptive to submitting new orders for merchandise.



While 35 percent of surveyed buyers indicated that they prefer to receive at least one call per week from each of their regular meat suppliers, another 35 percent reported that they prefer to be contacted by their suppliers no more than one or two times per month.



Figure 4.11. Preferred frequency of vendor phone calls (in times per month)



Regarding the frequency of telephone calls from current meat suppliers, preferences among food service buyers vary considerably, suggesting that suppliers have a vested interest in learning the specific preferences of their clients to ensure that their customers are satisfied with the level of service. While 57 percent of surveyed buyers indicated that they prefer to receive at least one call per week from each of their regular meat suppliers, another 35 percent reported that they prefer to be contacted by their suppliers no more than one or two times per month (figure 4.11). Restaurants/

food service outlets with greater customer traffic, measured by their average annual sales volumes, appeared to desire slightly less frequent contact from their meat suppliers than smaller scale outlets. Individual retail outlets with annual sales of \$2 million or more prefer an average of 3.2 telephone calls per month from their meat suppliers, compared with an average of 3.7 telephone calls per month preferred by other survey respondents.

Summary

Smaller scale meat processors attempting to cultivate direct marketing relationships in the commercial food service sector... are likely to be more successful in building and sustaining these relationships to the extent that they can provide a level of customer service comparable to other suppliers.



Smaller scale meat processors attempting to cultivate direct marketing relationships in the commercial food service sector can expect to face a fair amount of buyer resistance. They are likely to be more successful in building and sustaining these relationships to the extent that they can provide customer service comparable to other suppliers. Many commercial food service buyers have had little previous experience with smaller meat manufacturers and may have preconceived notions about the difficulty and inefficiency of purchasing meat products from a smaller firm. Consequently, for a smaller scale meat processor to attract commercial food service clients, it should demonstrate that it can meet or exceed buyer expectations of customer service from full-line distributors. This would include the ability to supply meat products on 1-day's notice and the willingness to replenish returned merchandise that does not meet the buyer's quality standards. Other services that may enhance the appeal of smaller scale meat suppliers for commercial food service clients include the ability to manage inventory and provide refrigerated storage services to customers with limited on-site storage capacity and the ability to customize the timing of deliveries and phone calls so they correspond to customer preferences.

Meat processors seeking access to commercial food service accounts should also be prepared to give free samples to prospective clients. Buyers generally expect a manufacturer's representative to bring product samples to an initial sales appointment, and many insist that

their firm's staff have the opportunity to experiment with sample merchandise before making a purchasing decision. However, the average amount of time that a commercial food service establishment devotes to test marketing new products and the volume of merchandise required to carry out these product tests can vary considerably. Representatives of chain-operated or commercial food service establishments or those with heftier sales volumes report using a much larger volume of sample merchandise and taking more time to make formal procurement decisions than other types of firms. Consequently, when targeting prospective clients, smaller scale manufacturers with limited financial resources may want to consider the potential short-term implications of pursuing business accounts with certain establishments.

To further enhance the likelihood of securing a contract with a restaurant/commercial food service client, enterprising meat processors should emphasize direct contact with prospective customers and seek the support of business owners whenever possible. Survey data indicate that unsolicited telephone calls are the single most important method by which buyers locate new suppliers, followed closely by trade show participation. Business owners also appear to play a primary role in determining menu selections at many commercial food service establishments, especially at independently owned firms, suggesting that their support is critical in determining whether a new meat product is likely to be adopted.

Product and Service Preferences by Market Segment

5

...buyers from establishments not associated with a chain operation are more likely to value a business relationship with a small-scale meat processing firm because of the firm's ties to the local community and its ability to deliver fresher and/or more reasonably priced products than other suppliers.



To provide further insight into appropriate marketing strategies for smaller scale meat processing operations, researchers examined whether there were substantial differences in procurement practices among specific restaurant/food service market segments. As part of this exercise, survey responses were divided into subgroups, based on the reporting firm's ownership structure, average dinner ticket price, and annual sales volumes per location. The results of the analysis suggest that individual segments of the restaurant/commercial food service market can differ substantially in terms of the specific product characteristics they value and the types of services they are likely to seek from prospective vendors. Highlighted below are variables that elicited statistically significant differences in responses among subgroups, along with an evaluation of how meat processors might want to consider these differences when approaching new food service accounts.¹⁰

Differences in Purchasing Behavior Associated with Ownership Structure (Chains Versus Nonchains)

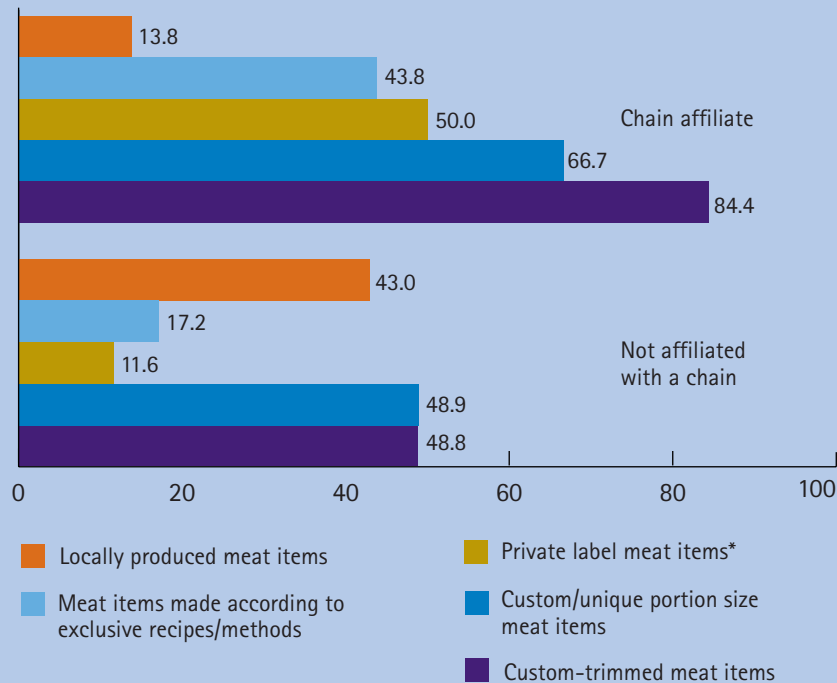
Beyond a shared interest in obtaining the "highest quality" product (the most important influence on meat purchasing decisions reported by both groups), buyers from chain-affiliated and nonchain commercial food service establishments reported very different motivations for selecting a particular meat supplier. Buyers for chain-affiliated establishments expressed greater interest in acquiring meat products with distinctive or unique quality character-

istics and place more value on a firm's ability to provide tailored processing services (such as customized trims and portion sizes) than other food service buyers (figure 5.1). On the other hand, buyers from establishments not associated with a chain operation are more likely to value a business relationship with a small-scale meat processing firm because of the firm's ties to the local community and its ability to deliver fresher and/or more reasonably priced products than other suppliers. These differences in business priorities are explored in detail in the following paragraphs.

Importance of customized meat products greater among chains than nonchains. Buyers for chain-affiliated restaurants/commercial food service operations appear to use custom-trimmed and portion-cut meat products more frequently than other food service buyers and attribute greater value to customized meat products than their non-chain counterparts. Eighty-four percent of respondents from chain-affiliated restaurants/food service operations reported that they purchase custom-trimmed meat products, compared with only 49 percent of buyers from commercial food service outlets that are not associated with a chain operation (figure 5.1). When asked to rank the importance of custom-trimmed meat to their business operations, the response from chain-affiliated buyers was overwhelmingly positive. On a 7-point scale, with 1 representing "completely unimportant" and 7 representing "completely

¹⁰ P-values indicated a 90-percent chance or better that differences in mean responses were statistically significant.

Figure 5.1. Restaurant/food service patronage of meat items with specialized quality characteristics, chain outlets versus nonchain outlets (in percentages)



*Includes restaurants/food service operations that have purchased private label meat products in the past and no longer do so.

Two-thirds of surveyed buyers from chain-affiliated food service outlets reported purchasing meat items in custom portion sizes, compared with just under half (49 percent) of other respondents.



important,” the average score awarded by chain representatives was 5.85 points (approaching “very important”). Moreover, 45 percent of chain-affiliated respondents awarded the highest possible score to this question, indicating that they consider the availability of custom-trimmed meat products “completely important” to the success of their business. In contrast, nonchain respondents gave custom-trimmed meat products an average ranking of 4.56 points on the same 7-point scale, and only 22 percent indicated that custom-trimmed meat products were “completely important” to their business operations, less than half the percentage reported by chain-affiliated respondents.

Chain-affiliated buyers also attribute greater value to product consistency and reported greater use of portion-cut meat products than other food service buyers. Two-thirds of surveyed buyers from chain-affiliated food service outlets reported purchasing meat items in custom portion sizes, compared with just under half (49 percent) of other respondents. In confirmation of this preference, when asked to rank the primary influences on their meat purchasing decisions, buyers from chain-operated establishments ranked “product consistency” as the second most important influence on vendor selection, next only to “buying the highest quality” product (figure 5.2). Among buyers from

Figure 5.2. Influences on meat procurement decisions, chain-operated food service establishments (total=100 percent)

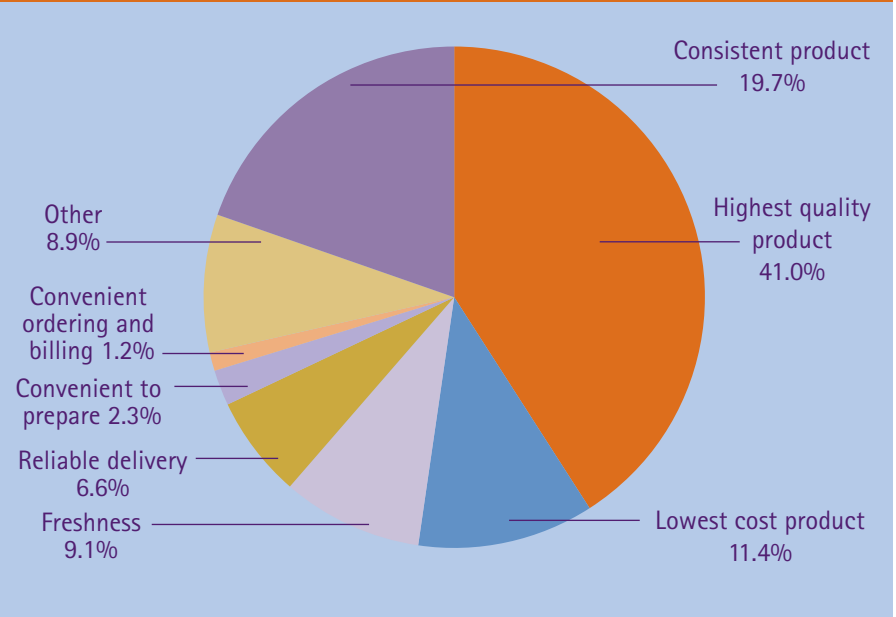
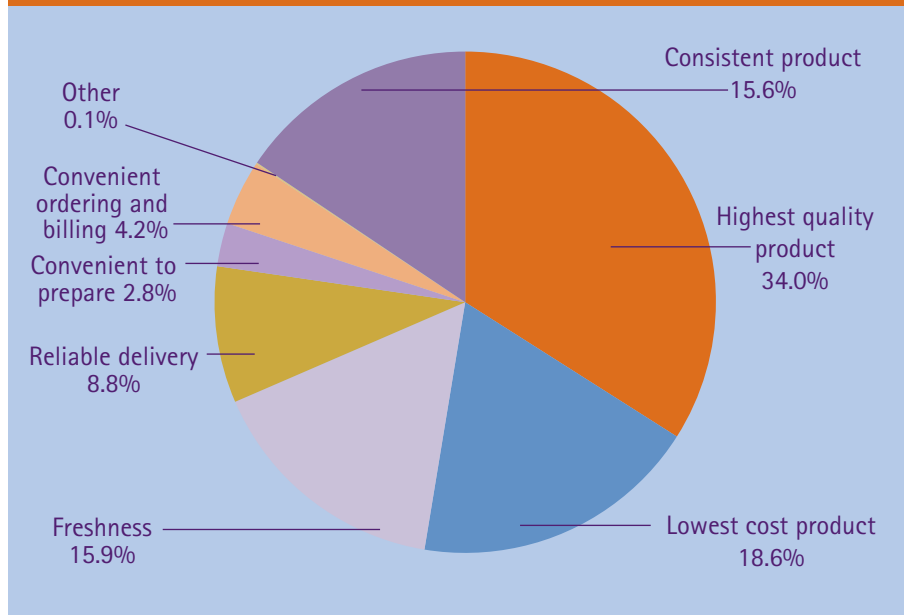


Figure 5.3. Influences on meat procurement decisions, nonchain food service establishments (total=100 percent)



nonchain establishments, however, the importance of “product consistency” trailed behind the importance of “buying the highest quality” product, “buying at the lowest cost,” and “product freshness” (figure 5.3).

Therefore, a small-scale processing firm seeking to establish a business relationship with local restaurants and other local food service operators may want to consider the ownership structure of the firm when deciding whether to highlight its customized processing capabilities. While the ability of a meat vendor to provide custom-trimmed meat cuts would probably be seen as an asset by both chain-affiliated and nonaffiliated food service firms, buyers for chain-operated restaurants and other commercial food service facilities are likely to be more responsive to a marketing campaign that emphasizes a supplier’s ability to provide customized processing services, whether they involve trimming meat products according to precise customer specifications or the ability to provide meat products in tailored/unique portion sizes.

Exclusive meat items used more by chains, but strong interest seen across food service industry. Use of meat items with exclusive quality characteristics appears to be far more predominant among restaurants and food service operations affiliated with a chain than other commercial food service establishments. Forty-four percent of buyers for chain-affiliated food service establishments reported that they currently purchase meat items manufactured according to exclusive

recipe formulations or processing methods. Furthermore, 50 percent of chain-affiliated buyers indicated that they had previously worked directly with a meat manufacturer to obtain an exclusive or private label meat product for their restaurant or food service facility. In contrast, only 17 percent of buyers from nonchain food service establishments reported that they purchase meat items manufactured with exclusive recipe or processing characteristics, and only 12 percent had ever worked directly with a meat manufacturer to develop an exclusive or private label product.

Even among the relatively few non-chain commercial food service establishments that purchase private label meat products, the use of such products appears to be far more limited than it is among chain-affiliated firms. Buyers for nonchain food service establishments reported using fewer than three private label meat products on average in their food service operations, compared with an average of 14 private label meat products reported by buyers from a chain-operated restaurant or food service establishment.

Although chain-affiliated food service buyers appear to be far more familiar with the private label concept than other food service representatives at the moment, the survey data also suggest that buyers from nonchain establishments find the concept of obtaining meat products with exclusive quality characteristics very attractive. Of the respondents from nonchain firms with no previous experience in purchasing exclusive or private

Use of meat items with exclusive quality characteristics appears to be far more predominant among restaurants and food service operations affiliated with a chain than other commercial food service establishments.



The appeal of purchasing locally produced meat items appears to be considerably greater among buyers from commercial food service establishments not affiliated with a chain than among buyers from chain-operated establishments.



label meat products, a clear majority (53 percent) indicated that they would be interested in developing this type of supply relationship. The level of interest is remarkably similar to the percentage of respondents from chain-affiliated firms without previous private label experience (57 percent) who expressed the same sentiments. Consequently, even though food service establishments that aren't associated with a chain may be less familiar with the private label concept, they may well represent an important untapped market for private label and/or other meat items produced with exclusive recipes or processing methods.

Ties to local community more important to nonchain than chain-affiliated firms. The appeal of purchasing locally produced meat items appears to be considerably greater among buyers from commercial food service establish-

ments not affiliated with a chain than among buyers from chain-operated establishments. Forty-three percent of respondents from nonchain firms reported that they purchase meat items produced in the local community, compared with only 14 percent of respondents from chain-affiliated firms.

Buyers from chain and nonchain food service establishments also appear to be deeply divided on the issue of whether the procurement of locally produced meat is an asset to their business operation. When asked to rank the importance of purchasing meat items produced in the local community on a scale of 1 ("completely unimportant") to 7 ("completely important"), the average ranking among buyers from nonchain establishments was 4.32 (between "neutral" and "somewhat important"). Moreover, the largest single segment of these respondents—24 percent—indicated a

Figure 5.4. Importance of purchasing meat produced in the local community, nonchain food service establishments

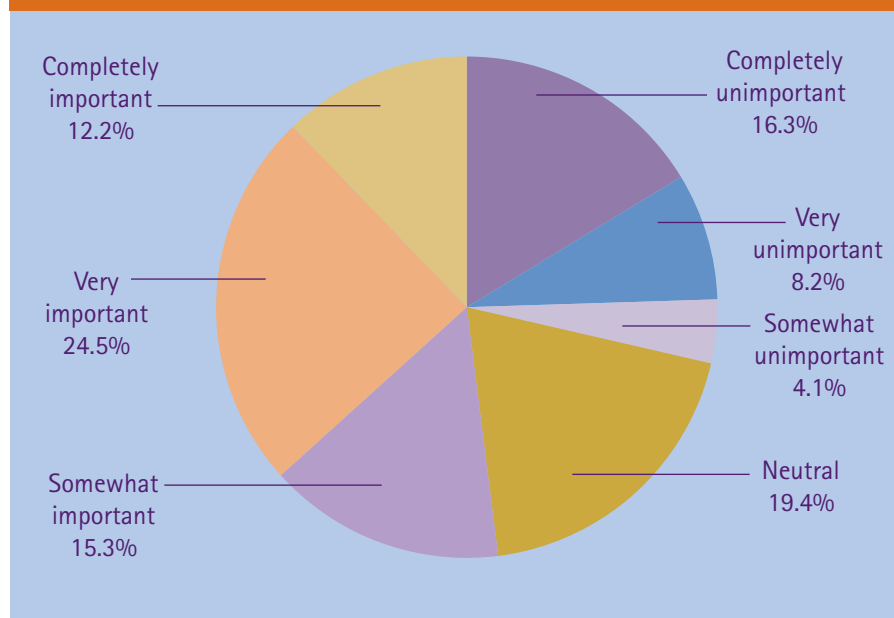
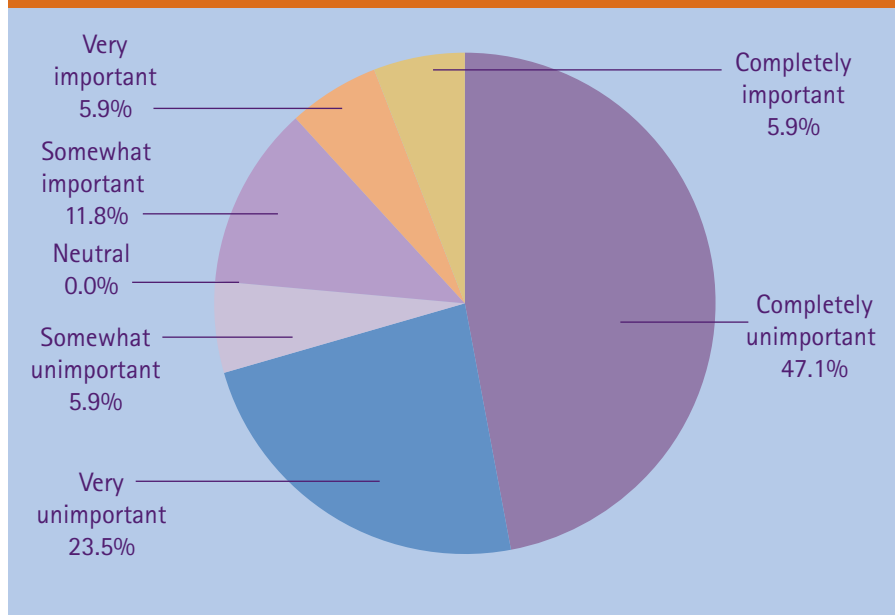


Figure 5.5. Importance of purchasing meat produced in the local community, chain-affiliated food service establishments



belief that procurement of locally produced meat items is “very important” to their business operation (figure 5.4). In sharp contrast, the average score submitted by chain-affiliated respondents on this question was 2.47 (between “very unimportant” and “somewhat unimportant”), while the single largest segment of chain-affiliated respondents (47 percent) submitted a score of 1, indicating that access to locally produced meat is “completely unimportant” to the procurement process (figure 5.5).

The strong divergence of opinion between representatives of non-chain and chain-affiliated firms on the value of local community ties and the decidedly negative response of chain-affiliated buyers to purchasing locally produced meat items suggest that meat processors might benefit from omitting or deemphasizing ties to the local community in marketing materials and presenta-

tions geared toward chain-affiliated customers. While the ability to procure locally produced meat items appears to have widespread appeal among nonchain restaurants and food service establishments, which have the ability to capitalize on their local or regional firm identity by featuring locally produced items on their menus, a marketing campaign that emphasizes the local origin of meat products may alienate prospective chain-affiliated customers that operate over a broader geographic area.

Nonchain firms more interested in product freshness than chain affiliates. In addition to embracing ties to the local community more strongly than their chain-affiliated counterparts, respondents from nonchain restaurants/other commercial food service facilities attribute greater value to product freshness than respondents from chain-affiliated establishments.

In addition to embracing ties to the local community more strongly than their chain-affiliated counterparts, respondents from nonchain restaurants/other commercial food service facilities attribute greater value to product freshness than respondents from chain-affiliated establishments.



...small meat processors may be able to use their geographic proximity to local customers as a significant marketing advantage, especially among buyers from independently owned restaurants and food service facilities, to the extent that they have the capacity to supply fresher meat products than their competitors.



When asked to rank the relative importance of freshness against six other variables, buyers from non-chain establishments ranked freshness as the third most influential attribute on their meat procurement decisions, compared with a distant fourth among chain-affiliated buyers (figures 5.2 and 5.3). Furthermore, 56 percent of non-chain respondents that ranked freshness as a purchasing influence indicated that they place as much value on product “freshness” as on obtaining the “highest quality” meat products for their business operation. This finding suggests that small meat processors may be able to use their geographic proximity to local customers as a significant marketing advantage, especially among buyers from independently owned restaurants and food service facilities, to the extent that they have the capacity to supply fresher meat products than their competitors.

Nonchain firms possibly more receptive to receiving meat supplies directly from manufacturers than chains. Chain-affiliated food service establishments receive a substantially greater percentage of their meat supplies from food distribution companies than other food service operations, suggesting that they may be less familiar with and possibly less receptive to direct deliveries from local manufacturers. On average, buyers from chain-affiliated outlets indicated that they receive 83 percent of their meat supplies from food distribution companies, compared with 70 percent among other surveyed food service buyers (figures 5.6 and 5.7). Moreover, about 66 percent of chain-affiliated buyers indicated that they rely exclusively on food distribution companies for meat supplies, compared with 49 percent of buyers from nonchain food service establishments.

Figure 5.6. Sources of meat supplies among chain-operated restaurants/food service establishments

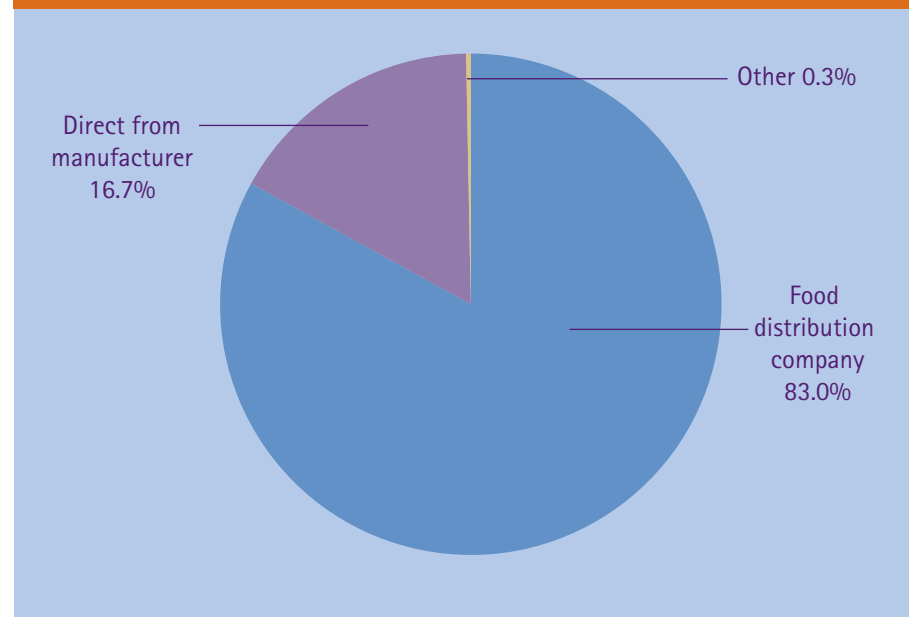
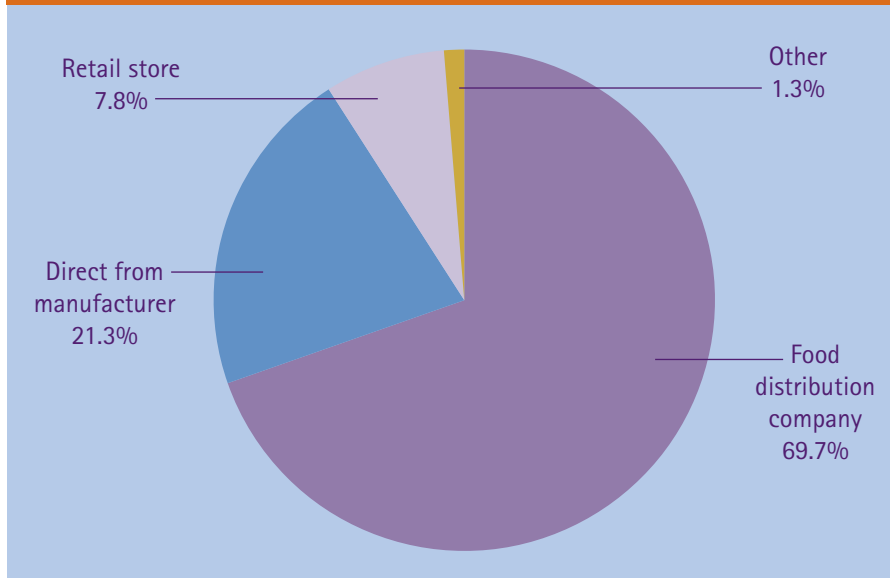


Figure 5.7. Sources of meat supplies among nonchain restaurant/food service establishments



...to the extent that small meat processing firms are seeking to initiate direct business transactions with local food service firms, they may find it more fruitful to target independently owned and operated restaurants rather than chain-affiliated food service establishments.

lishments. Therefore, to the extent that small meat processing firms are seeking to initiate direct business transactions with local food service firms, they may find it more fruitful to target independently owned and operated restaurants rather than chain-affiliated food service establishments. They may also want to consider developing a business relationship with a local or regional food distribution company in order to furnish supplies to a broader range of food service operations that may resist the idea of direct deliveries from a manufacturer with a limited product line.

Nonchain firms more concerned about cost of raw ingredients than chain affiliates. Buyers from non-chain restaurants and commercial food service outlets appear more sensitive to the price of raw ingredients than chain-affiliated buyers,

despite the fact that average lunch and dinner ticket prices at these outlets tend to be higher than those at chain-operated establishments.¹¹ Respondents from nonchain restaurants and food service outlets reported that “buying [merchandise] at the lowest cost” is the second most important influence on their meat procurement decisions, compared with third among chain-affiliated buyers (figures 5.2 and 5.3). In addition, 55 percent of respondents from nonchain firms that ranked cost as a purchasing influence indicated that purchasing merchandise “at the lowest cost” is equal to or greater than the importance of obtaining the “highest quality [meat products].” Only 41 percent of buyers from chain affiliates responded similarly. The relative sensitivity to the cost of raw ingredients among nonchain firms suggests that small meat processors



¹¹ The average dinner ticket price at surveyed nonchain restaurants and food service establishments was \$14.46, and the average lunch ticket price was \$7.82, compared with an average dinner ticket price of \$10.17 and an average lunch ticket price of \$7.56 at chain-operated establishments.

Buyers from higher priced establishments are also more likely to purchase meat products from a family-run agribusiness and to advertise the origin of their meat products on their menus as a way to distinguish themselves in the marketplace.



seeking to pursue business with independently owned restaurants might benefit from emphasizing the competitive pricing of their merchandise wherever possible and identifying the savings that buyers can obtain by purchasing locally produced merchandise and avoiding long-distance refrigerated shipping costs.

Differences in Purchasing Behavior Associated with Meal Prices

A breakdown of survey responses by average dinner ticket price reveals considerable difference in the value meat buyers attribute to the quality and origin of products, depending on whether they are associated with expensive or inexpensive commercial food service establishments. As might be expected, since higher priced establishments cater to a more affluent (and presumably more demanding) clientele, their responses show far greater interest in acquiring meat products with distinctive or unique quality characteristics than those from less expensive establishments. Buyers from higher priced establishments are also more likely to purchase meat products from a family-run agribusiness and to advertise the origin of their meat products on their menus as a way to distinguish themselves in the marketplace. For their part, buyers from less expensive restaurants/commercial food service operations tend to rely more heavily on vendor-generated telephone calls as a source of information about new meat products, making it potentially easier for smaller businesses to attract their attention by capitalizing on such informal contacts. Highlights of the primary differences in survey

responses associated with differences in average meal prices are summarized as follows:

Quality distinctions more important to establishments with higher meal prices. Food service establishments at the high end of the price range report using premium quality or exotic meats far more often than establishments with less expensive menu prices (figure 5.8). Among restaurants and other food service concerns in the top quartile of average dinner ticket prices:

- Sixty-four percent purchase aged beef products (preferring an average aging period of 27 days);
- Fifty-one percent purchase Certified Angus beef products;
- Thirty-five percent purchase meat products made from relatively exotic species (such as buffalo and venison); and
- Twenty-two percent purchase certified organic meats.

At the other end of the spectrum, food service establishments with relatively low meal prices generally indicated little interest in purchasing meat products with distinctive quality characteristics. Of those establishments for which average dinner ticket prices fall within the lowest quartile of the survey population, only:

- Seventeen percent purchase Certified Angus beef products;
- Twelve percent purchase certified organic meats;
- Eleven percent purchase aged beef products (preferring an average

- aging period of only 10 days); and
- None purchase meats from exotic species.

Figure 5.8 indicates the relative popularity of premium or exotic meats among restaurants and other commercial food service in various price categories. While increases in average dinner ticket prices are not consistently associated with increases in demand for these specialty meat products, the graph underscores the degree to which menu price and interest in quality distinctions are related.

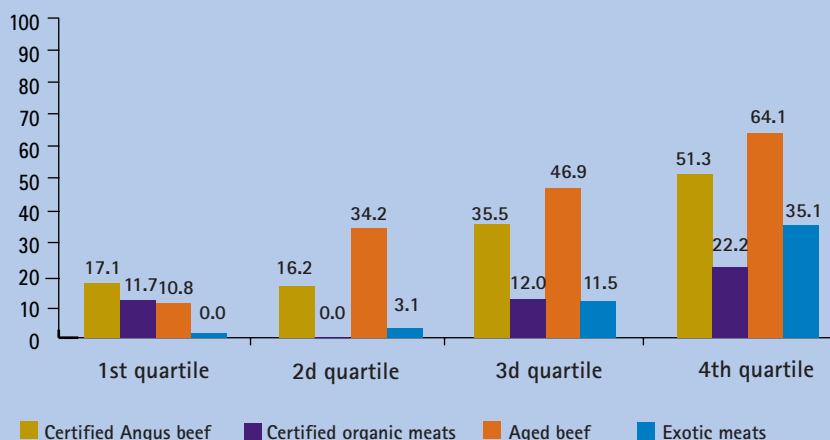
Since the appeal of premium quality and exotic meats appears to be largely concentrated within a relatively narrow segment of the restaurant/commercial food service industry, small meat processing firms that wish to market a premium quality or exotic product line may find a more receptive audience if they specifically target buyers from high-end food service establishments.

Higher priced establishments more inclined to establish private label supply relationships. Buyers from expensive restaurants/commercial food service outlets with no previous experience in acquiring private label products expressed far greater interest in working directly with a meat manufacturer to develop private label meat items for their food service operations than their peers from less expensive establishments. Of those buyers that had not previously purchased private label products, 78 percent from establishments in the top quartile of average dinner ticket prices reported that they would be interested in developing a private label supply relationship with a meat manufacturer, compared with 50 percent in the third quartile, 53 percent in the second quartile, and 44 percent in the first quartile. Therefore, while interest in private label supply relationships appears to be abundant across the commercial food service sector, expensive establishments can be expected to respond more favorably than less expensive establishments

Food service establishments at the high end of the price range report using meat products with premium quality or exotic meats far more often than establishments with less expensive menu prices.



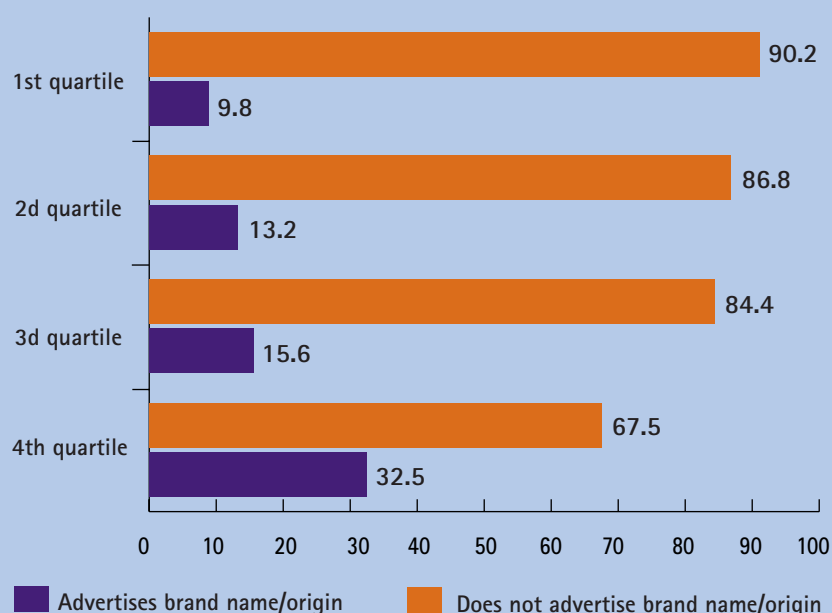
Figure 5.8. Patronage of highly differentiated/exotic meat products, by average dinner ticket price category (in percentages)



The survey results reveal a strong association between average ticket prices and the likelihood that a food service operation advertises the origin of its meat products on its menus.



Figure 5.9. Frequency of meat brand/origin advertising on menus, by average dinner ticket price category (in percentages)



to a marketing campaign that emphasizes a processor's ability to supply private label meat products.

Expensive restaurants/food service businesses more likely to use product origin as a marketing tool.

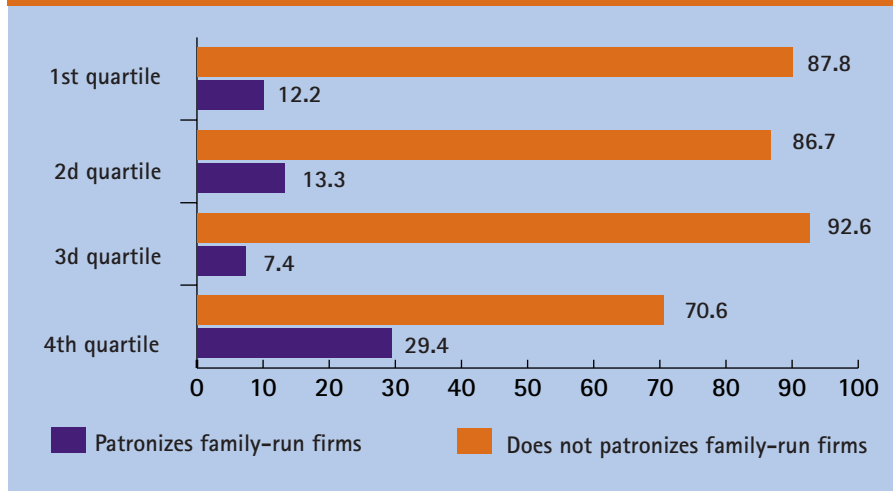
The survey results reveal a strong association between average ticket prices and the likelihood that a food service operation advertises the origin of its meat products on its menus. Nearly one-third of surveyed food service establishments in the top quartile of average dinner ticket prices noted that they routinely advertise the origin or brand name of meat products they use, twice the percentage that responded positively to this question in any of the other quartiles (figure 5.9).

The fact that such a large number of higher priced food service operations tend to advertise the origin of

meat products on their menus may also help explain their apparent receptiveness toward meat supplies manufactured by small businesses. Twenty-nine percent of surveyed restaurants and food service establishments in the top quartile of dinner ticket prices indicated that they purchase meat products manufactured by a family-run agribusiness, once again more than twice the percentage of firms in the other quartiles that reported making such purchases (figure 5.10). Moreover, this percentage does not take into account those firms that might be inclined to purchase meat items manufactured by a small/family-run processing firm if they knew such items were available locally.

Small meat processors seeking to penetrate the commercial food service market should take some com-

Figure 5.10. Percentage of firms purchasing meat products from family-run processing firms, by average dinner ticket price category



fort from these survey results, since they appear to indicate that, at least among higher priced establishments, there is recognition that acquiring meat products from a family-run business may convey some marketing advantages by enabling them to distinguish their menu offerings from the competition. However, given the strong concentration of interest in purchasing meat items from family-run businesses among more expensive restaurants and food service operations, as seen in figure 5.10, any marketing campaign that attempts to emphasize a vendor's connection to a family-run/small-scale agribusiness would probably be most successful when targeted at upscale establishments.

Different sources of information used by higher and lower priced establishments to find new meat suppliers. The methods that commercial food service buyers generally use to locate new meat suppliers seem to differ according to the aver-

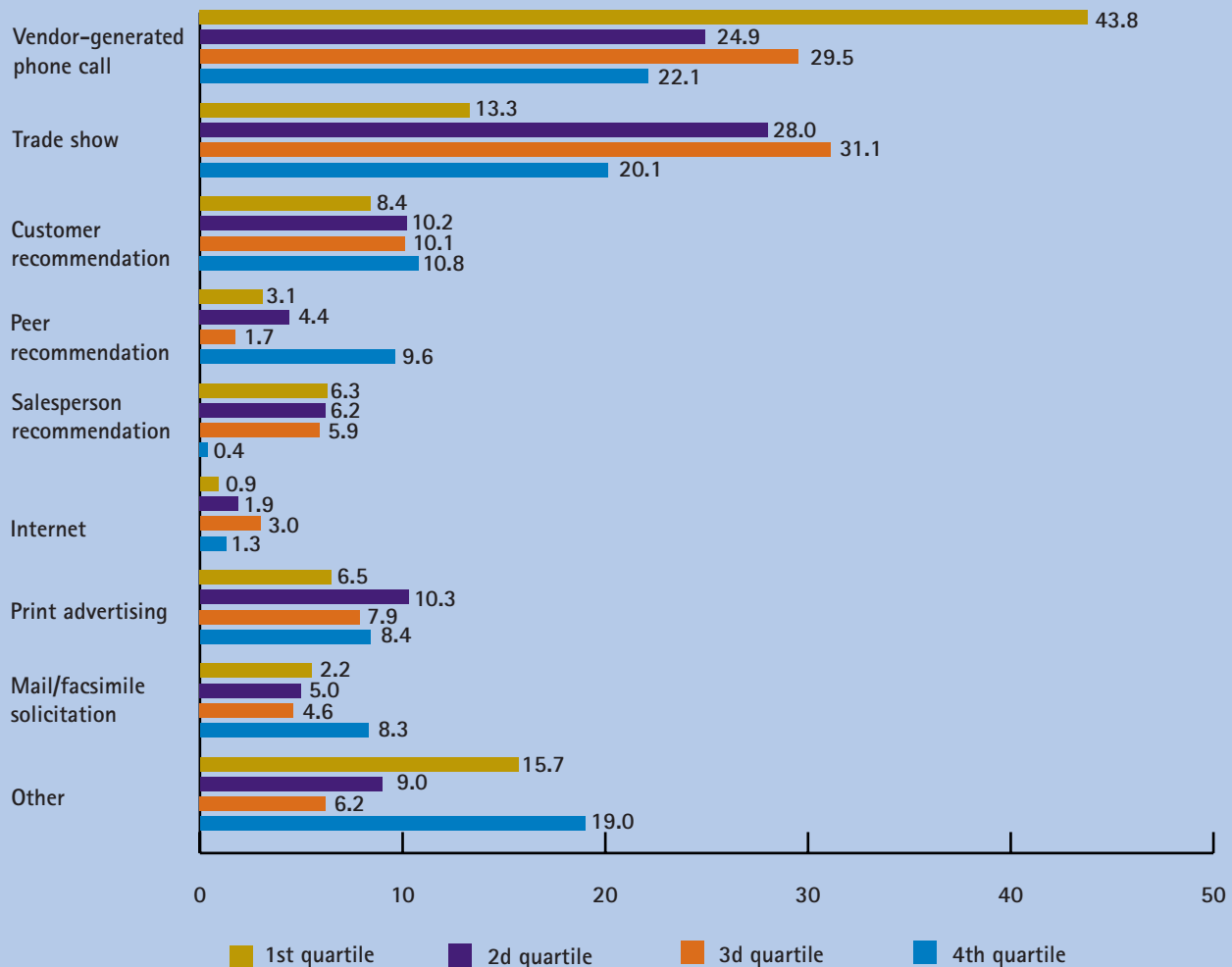
age meal prices at their establishments. Among the lowest priced rung of restaurants/commercial food service operations, for example, unsolicited telephone calls from vendors appear to be the chief way that buyers learn about new supply sources. Respondents from outlets with average dinner ticket prices in the lowest price quartile reported that they found new meat suppliers through vendor-generated telephone calls about 44 percent of the time, twice the frequency reported by respondents from firms in the top price tier (figure 5.11).

In contrast, while mailed solicitations were relatively ineffective in influencing buyer behavior across all price categories, representatives from outlets in the highest average dinner ticket price category were notably more responsive to mailed solicitations than any other group of buyers. On average, respondents from food service outlets within the highest quartile of average dinner ticket prices indicated that they

Small meat processors seeking to penetrate the commercial food service market should take some comfort from these survey results, since they appear to indicate that, at least among higher priced establishments, there is recognition that acquiring meat products from a family-run business may convey some marketing advantages by enabling them to distinguish their menu offerings from the competition.



Figure 5.11. Typical channels used to identify new meat suppliers, by average dinner ticket price (by percentages)



Respondents from outlets with average dinner ticket prices in the lowest price quartile reported that they found new meat suppliers through vendor-generated telephone calls about 44 percent of the time, twice the frequency reported by respondents from firms in the top price tier.

learn about new meat suppliers from mailed solicitations more than 8 percent of the time, compared with only 2 percent of the time among buyers from food service outlets in the lowest price category.

These findings suggest that meat processors trying to establish a business relationship with commercial food service customers may benefit from adjusting the formality or informality of their initial marketing approach to prospective clients

based on the nature of the establishments. On balance, buyers from establishments that offer less expensive meals appear to respond more favorably than other commercial food service buyers to unsolicited telephone contacts with prospective vendors, while more expensive establishments appear to respond more favorably to more formal marketing presentations by prospective vendors, such as trade show exhibits and mailed information.

Differences in Purchasing Behavior Associated with Sales Volume

Given the extensive overlap in the survey population between commercial food service establishments with expensive meal prices and establishments with hefty sales volumes, it is not surprising that meat buyers from both types of firms exhibit many similar characteristics in their purchasing behavior.¹² Two characteristics that are both positively associated with increased sales per location and with more expensive dinner ticket prices are the use of various premium meat products (e.g., aged beef, meat made from exotic species) and the likelihood that a firm will advertise the brand or origin of meat products on restaurant menus. Nevertheless, an analysis of survey responses by annual level of store sales also reveals several differences in product and service preferences that were not evident when the same responses were analyzed by average dinner ticket price. Chief among these are differences in the:

- Importance attributed to “purchasing the highest quality,” “product consistency,” and “cost of ingredients” when making meat purchasing decisions;
- Value attributed to custom trimming and other tailored/exclusive product specifications;
- Procedures used, period of time, and volume of merchandise required to complete test marketing programs; and

- Demand for low/reduced-fat and low/reduced-sodium meat products.

Importance of product quality influenced by sales volume. Even though “buying the highest quality” product is the most important influence on meat product/vendor selection reported by commercial food service firms in all sales categories, the relative importance attributed to purchasing top quality meat product appears to rise in line with increases in the average level of annual store sales. Among buyers from firms with average annual store sales of more than \$2 million (approximately 22 percent of the survey population), more than 50 percent of influence on meat purchasing decisions is attributed to a desire to purchase “the highest quality” product available. However, among representatives of firms with average annual store sales below \$2 million, the relative importance of buying “the highest quality” products declines to around 30 percent (figure 5.12).

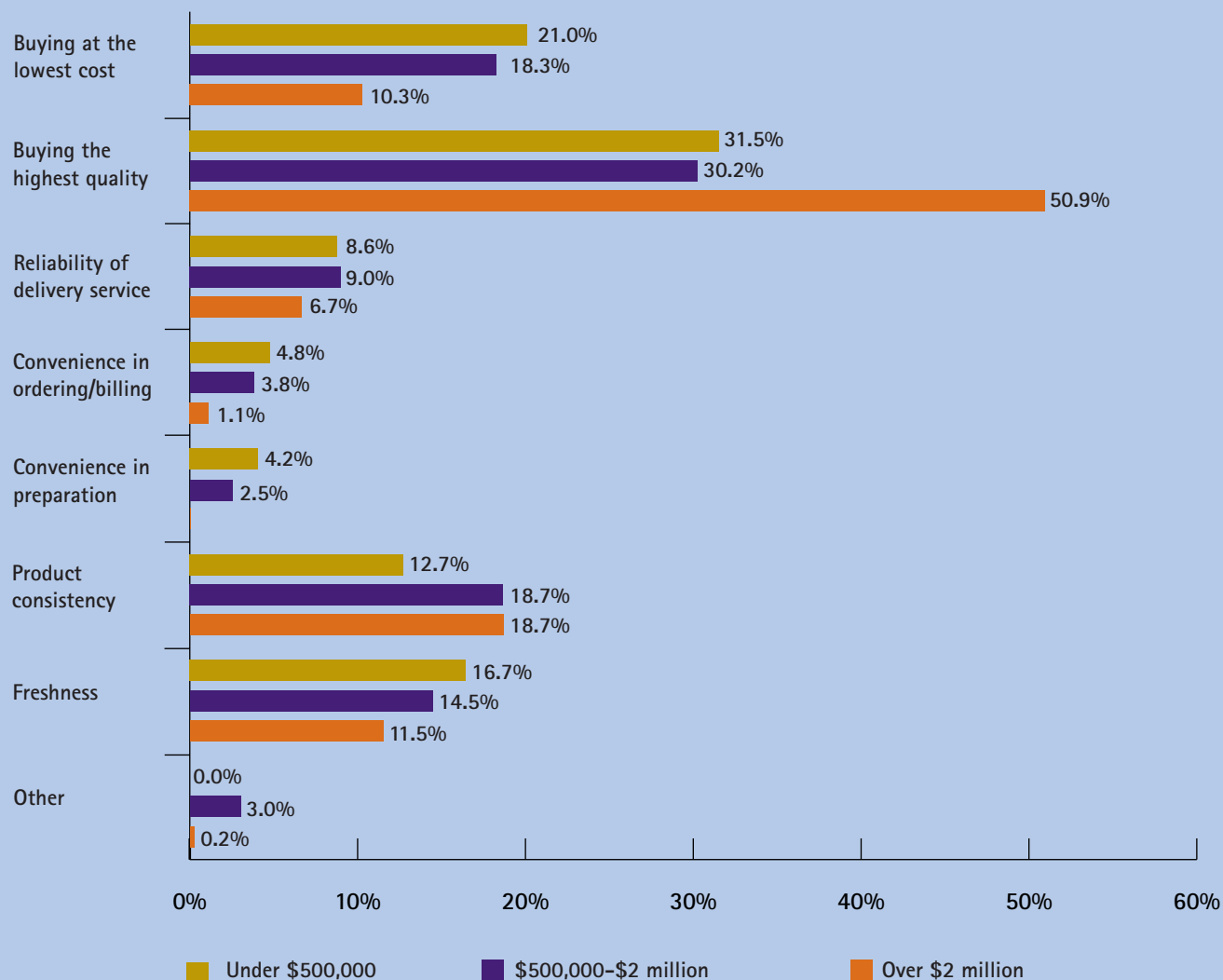
Interest in obtaining meat products with uniform quality characteristics also appears to be decidedly stronger among buyers from commercial food service establishments with relatively high sales levels. On average, respondents from firms with average annual store sales of more than \$500,000 attribute around 19 percent of the influence behind their meat purchasing decisions to a desire for “product consistency.”

Among buyers from firms with average annual store sales of more than \$2 million (approximately 22 percent of the survey population), more than 50 percent of influence on meat purchasing decisions is attributed to a desire to purchase “the highest quality” product available.



¹² Average dinner ticket prices were \$9.08 among restaurants/commercial food service firms with average annual sales per location of under \$500,000, compared with \$13.51 among firms with annual store sales between \$500,000 and \$2 million and \$20.20 among firms with annual store sales in excess of \$2 million.

Figure 5.12. Relative influences on meat purchasing decisions, by annual level of store sales



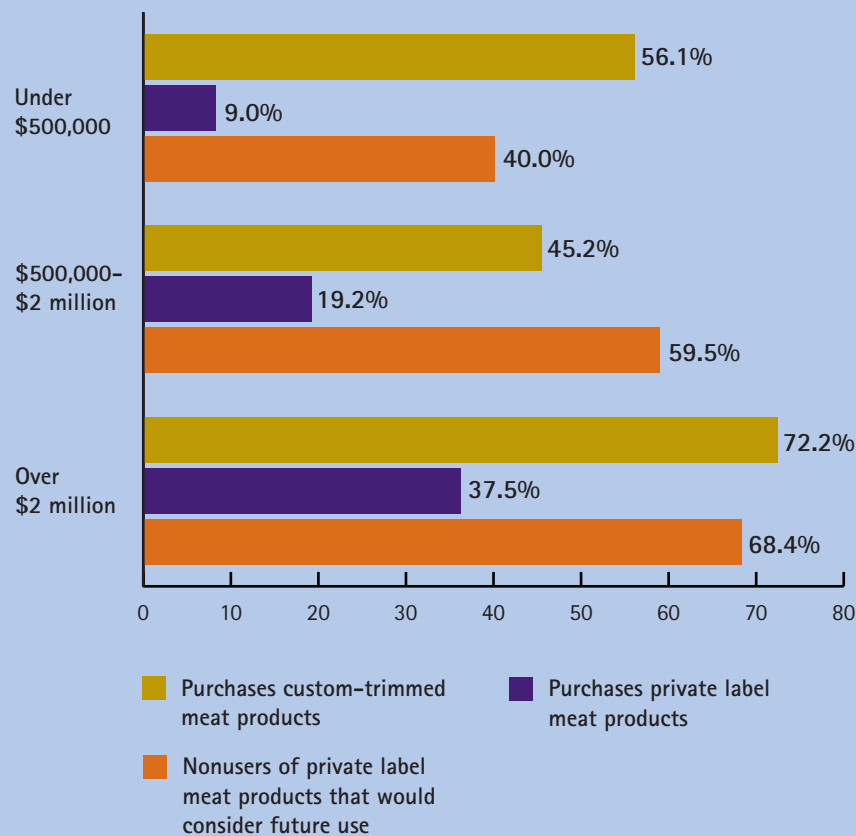
Commercial food service establishments with greater than average sales volumes per store appear to exhibit somewhat stronger interest in acquiring customized or exclusive meat products than their competitors.

tency.” However, among representatives of firms with average annual store sales below \$500,000, the relative influence of product consistency on meat procurement decisions averages only 13 percent.

On the other end of the spectrum, meat buyers from commercial food service establishments with relatively low sales volumes appear to exhibit greater interest in containing the cost of raw ingredients than

buyers from establishments that generate more revenue. While buyers from commercial food service firms with annual store sales below \$500,000 attribute 21 percent of the influence on their meat purchasing decisions to an interest in purchasing products “at the lowest cost,” buyers from firms with average annual store sales in excess of \$2 million attribute only 10 percent of the influence on their meat purchasing decisions to such cost considerations.

Figure 5.13. Demand for tailored/exclusive meat products, by average level of store sales



Among surveyed buyers that do not use private label meat products, more than 50 percent of buyers from firms with average annual store sales in excess of \$2 million and more than a third of buyers from firms with average annual store sales between \$500,000 and \$2 million reported that they would be interested in developing a private label meat product with a manufacturer.

Even though a custom-trimmed meat product may be more expensive to purchase on a dollar-per-pound basis, it may actually prove more cost effective to use such a product in a commercial kitchen because it requires less preparation before serving.



Consequently, when developing appropriate marketing materials, prospective suppliers of meat products to the commercial food service sector may want to reflect on the specific concerns of their target audience and consider how the sales levels of targeted establishments might affect their interest in particular goods and services. Survey results suggest that an emphasis on superior product quality and, to a lesser degree, uniform quality characteristics would be especially

appealing to firms with relatively high levels of revenue per location, while establishments with smaller sales turnover would probably be more responsive to a marketing campaign that emphasizes competitively priced merchandise.

Demand for tailored/exclusive meat products stronger among top earning food service outlets. Commercial food service establishments with greater than average

...smaller meat manufacturers would appear to be especially well suited to develop exclusive supply relationships with smaller commercial food service outlets that are interested in private label meat products, as such firms may have difficulty obtaining such highly customized processing services from larger manufacturing concerns.



sales volumes per store appear to exhibit somewhat stronger interest in acquiring customized or exclusive meat products than their competitors. As illustrated in figure 5.13, the percentage of commercial food service buyers reporting purchases of custom-trimmed and private label meat products is highest among representatives of firms that generate more than \$2 million per year in average store sales. Nonetheless, the concentration of demand among top revenue-generating establishments appears to be far more pronounced for private label products than for custom-trimmed products. In fact, buyers from commercial food service firms with average annual store sales below \$500,000 reported greater use of custom-trimmed meat products than firms with average annual sales volumes per store between \$500,000 and \$2 million (56 percent versus 45 percent).

The strong demand for custom-trimmed meat products among buyers from firms with relatively low sales volumes may reflect their deep concern for controlling operational expenses. Even though a custom-trimmed meat product may be more expensive to purchase on a dollar-per-pound basis, it may actually prove more cost effective to use such a product in a commercial kitchen because it requires less preparation before serving. Therefore, prospective suppliers wishing to offer their customized meat processing services to the commercial food service sector may want to identify specific ways in which their tailored meat products can be expected to save commercial clients money by eliminating waste

and reducing labor costs, especially when courting smaller establishments.

In contrast, purchases of private label meat products are highly concentrated among commercial food service firms with average store sales of more than \$2 million per year. More than 37 percent of responding firms with average annual store sales in excess of \$2 million indicated that they already use some private label meat products in their business operation, compared with only 19 percent of firms with average annual store sales between \$500,000 and \$2 million and fewer than 10 percent of firms with average annual store sales below \$500,000 (figure 5.13).

Although relatively few commercial food service buyers in the survey population reported engaging in private label transactions, small meat manufacturers capable of offering exclusive processing services to commercial food service clients can be encouraged by the survey results. More than 60 percent of buyers from firms with average annual store sales in excess of \$500,000 and more than 40 percent of buyers from firms with average annual store sales below \$500,000 reported that they would be interested in developing a private label meat product with a manufacturer, despite their lack of experience with private label meat purchases. The widespread interest among meat buyers in developing private label supply relationships with a manufacturer, regardless of the size of their establishment, suggests that the market for private label meat products among commercial food

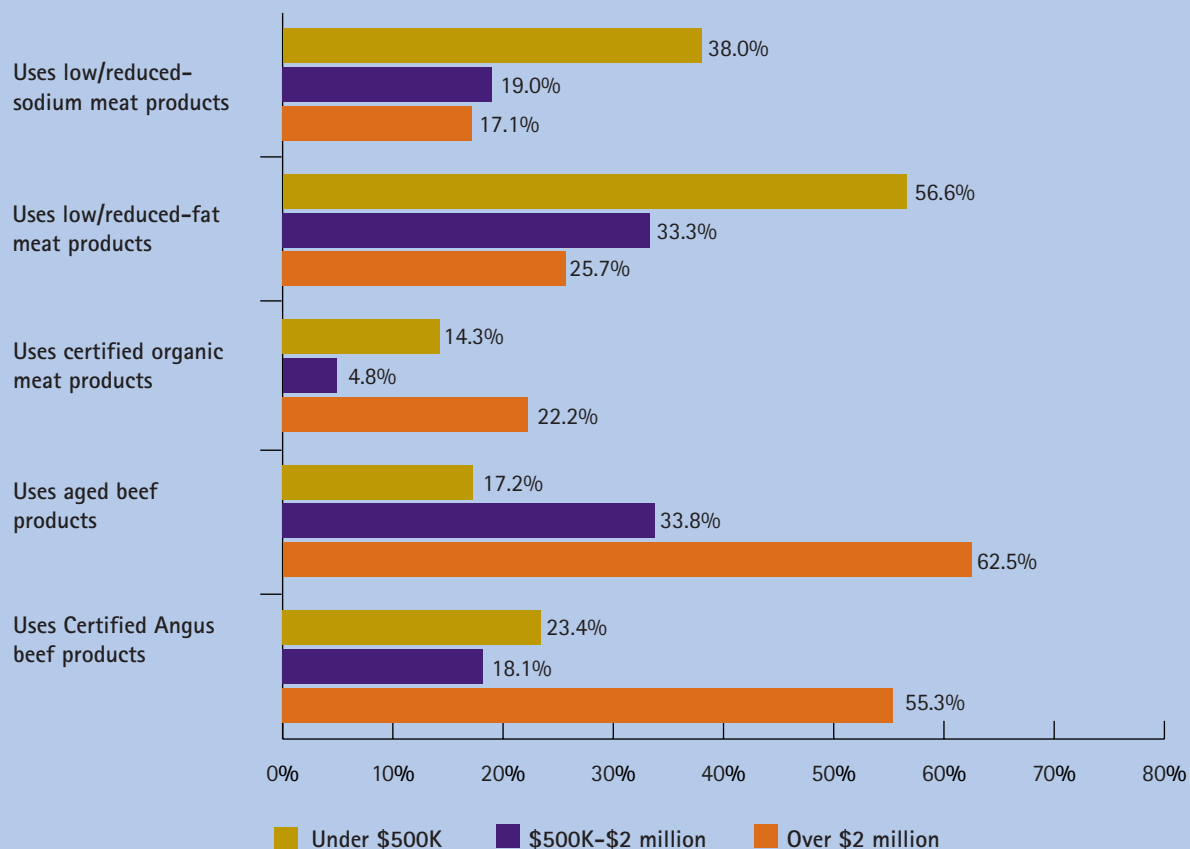
service clients may be far broader than current use alone would indicate. Indeed, smaller meat manufacturers would appear to be especially well suited to develop exclusive supply relationships with smaller commercial food service outlets that are interested in private label meat products, as such firms may have difficulty obtaining such highly customized processing services from larger manufacturing concerns.

Retail outlets with large sales volumes slower to adopt new meat products. Meat processors interested in approaching commercial food service establishments with relative-

ly large sales volumes should be aware that such establishments tend to demand significantly greater volumes of free samples from prospective vendors and take longer to adopt new meat products than food service establishments with fewer sales. Surveyed restaurants and other commercial food service operations with annual store sales in excess of \$2 million reported that their test marketing programs take an average of 6.2 weeks, twice as long as the average test marketing program (3.1 weeks) at food service operations with annual sales below \$500,000. Consequently, buyers from restaurants and other food

More than 60 percent of buyers from firms with average annual store sales in excess of \$500,000 and more than 40 percent of buyers from firms with average annual store sales below \$500,000 reported that they would be interested in developing a private label meat product with a manufacturer, despite their lack of experience with private label meat purchases.

Figure 5.14. Demand for meat quality characteristics, by average annual sales volume (in percentages)



service establishments with relatively large store sales volumes tend to demand larger quantities of sample merchandise from prospective suppliers than other commercial food service buyers, as they typically take longer to complete test marketing programs. Among restaurants and other commercial food service establishments with annual store sales volumes under \$500,000, surveyed buyers reported that they usually need 28 pounds of free sample merchandise on average before deciding to adopt or reject a new meat product. In contrast, buyers from restaurants and other commercial food service establishments with annual store sales volumes of more than \$2 million reported that they usually need about 95 pounds of sample merchandise before making a final purchasing decision.

To some degree, this discrepancy in sample requirements may be explained by the greater likelihood that retail food service outlets with high sales volumes will introduce new meat products at multiple test locations rather than one retail store. Forty-five percent of surveyed buyers from commercial food service operations with annual store sales of more than \$2 million indicated that their firm evaluates consumer reaction to new meat products by introducing the item in multiple test locations, compared with only 12 percent of establishments with annual store sales below \$500,000. (In the survey population, 61 percent of establishments with annual store sales of more than \$2 million were associated with firms that operated more than one store, compared with only 17 per-

cent of establishments with annual store sales below \$500,000.)

Demand for healthful versions of meat products stronger among outlets with lower sales volumes.

Respondents from restaurants and other commercial food service establishments with relatively low sales volumes per store reported far greater use of low/reduced-fat and low/reduced-sodium meat products than restaurants/commercial food service establishments with larger volumes of store sales. A majority (57 percent) of surveyed buyers from commercial food service retail outlets with sales below \$500,000 per year reported purchasing low/reduced-fat meat products for their food service operation, compared with approximately a third of surveyed buyers from firms with sales between \$500,000 and \$2 million and a quarter of surveyed buyers from firms with sales above \$2 million (figure 5.14). Representatives from these three groups also revealed similar differences in behavior with respect to consumption of low/reduced-sodium meat products. While more than a third (38 percent) of surveyed buyers from firms with sales below \$500,000 indicated that they purchase low/reduced-sodium meat products, this percentage drops to 17 percent among buyers from firms with annual sales in excess of \$2 million.

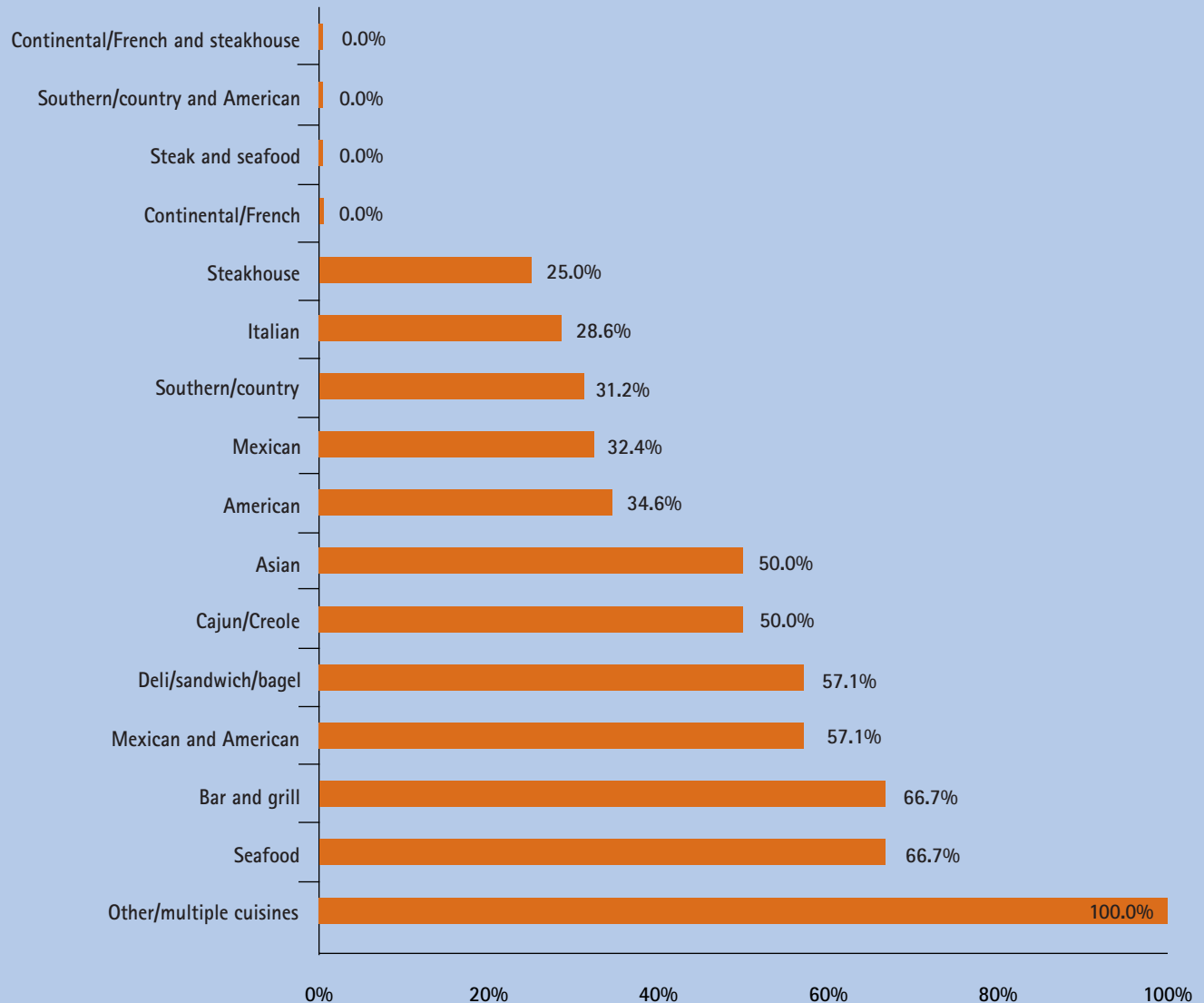
One possible explanation of the sizable variation in use of low/reduced-fat and low/reduced-sodium meat products observed across sales categories may relate to the relative importance of cured and highly processed meat products,

such as frankfurters, sausages, and cold cuts, among particular segments of the commercial food service industry. Relatively inexpensive casual restaurants, such as delicatessens, sandwich/bagel shops, and bar and grills, are more likely to feature frankfurters, sausages, and cold cuts as menu staples than more formal dining establishments and, therefore, might be more predisposed to offer low/reduced-fat and low/reduced-sodium versions of these products on their standard menus more frequently than other retail outlets. Also, restaurants specializing in certain types of food in which cured/processed meats are an integral part of the cuisine, such as Cajun/Creole cooking, might be more likely than other establishments to offer low/reduced-fat and low/reduced-sodium alternatives to their standard fare.

Figures 5.15 and 5.16 illustrate the profound differences in low/reduced-fat and low/reduced-sodium meat product use among restaurants and other commercial food service establishments, based on the types of cuisine they serve. While half or more of surveyed delicatessens; sandwich/bagel shops; bar and grills; and restaurants specializing in seafood, Cajun/Creole, Mexican-American, or Asian cuisine reported using low/reduced-fat meat products in their food operations, this percentage drops to less than 30 percent among steakhouses and restaurants specializing in Italian or continental/French food.

The distribution of low/reduced-sodium meat product use among restaurants and other commercial food service operations by cuisine

Figure 5.15. Breakdown of low/reduced-fat product use, by cuisine type



type is similar to that for low/reduced-fat meat products, although the total percentage of food service establishments that reported purchasing low/reduced-sodium meat products (40 percent) is considerably smaller than the percentage reporting purchasing low/reduced-fat meat products (24 percent). Once again, a greater percentage of delicatessens; sandwich/bagel shops; and Cajun/

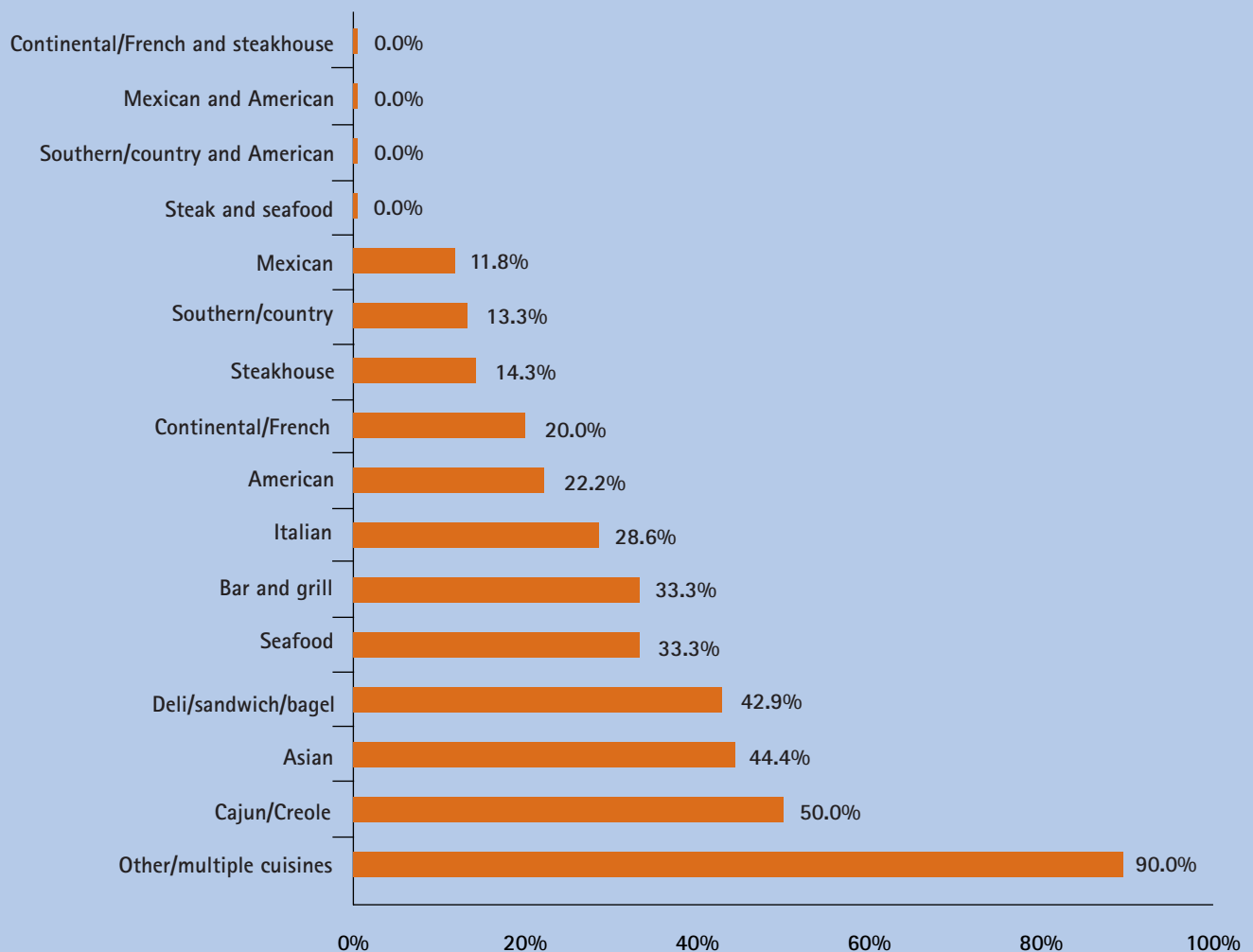
Creole, seafood, and Asian restaurants are predisposed to use low/reduced-sodium meat products, while relatively few, if any, steakhouses, continental/French, and Italian restaurants demonstrate interest in these types of products. The most dramatic exception to this rule involves food service establishments that serve both Mexican and American food. More than half of those restaurants that described



themselves as serving both Mexican and American food reported purchasing low/reduced-fat meat products, while none reported purchasing low/reduced-sodium meat products. There are significant discrepancies as well between the reported use of low/reduced-sodium meat products and low/reduced-fat meat products at restaurants serving southern/country and Mexican cuisine.

For small manufacturing companies that wish to showcase their low/reduced-fat and low/reduced-sodium meat products, the message conveyed by the survey data is clear; they can expect to be more profitable in their marketing efforts if they focus on segments of the commercial food service sector in which demand for these specialty products is most highly concentrated. Informal restaurants, such as delicatessens, sandwich/bagel shops,

Figure 5.16. Breakdown of low/reduced-sodium product use, by cuisine type



and bar and grills, along with restaurants specializing in Cajun/Creole and Asian cuisine, appear to offer some of the strongest marketing potential for low/reduced-fat and low/reduced-sodium meat products.

Differences in Purchasing Behavior Associated with Cuisine

The importance attributed to specific quality characteristics and vendor services by commercial food service buyers appears to vary considerably depending on the type of cuisine served at their respective firms. While certain types of restaurants/food service establishments, such as steakhouses, prize the ability to receive premium and customized meat products, other sectors of the industry, such as Mexican restaurants, have relatively little use for premium or customized meat products but use meat items manufactured in the local community much more frequently than other commercial food service operations. Provided below is an analysis of the survey data by cuisine type, focusing on those cuisines most heavily represented in the survey population so prospective vendors of locally manufactured specialty meat products might better understand how a restaurant's choice of cuisine appears to influence product and vendor selection.

Mexican restaurants. Mexican restaurants, the most prevalent cuisine type in the survey population (with 41 observations), offer a mixed blessing to the small manufacturer of meat products. While survey data suggest that buyers from Mexican restaurants are more sensitive to the cost of raw ingredi-

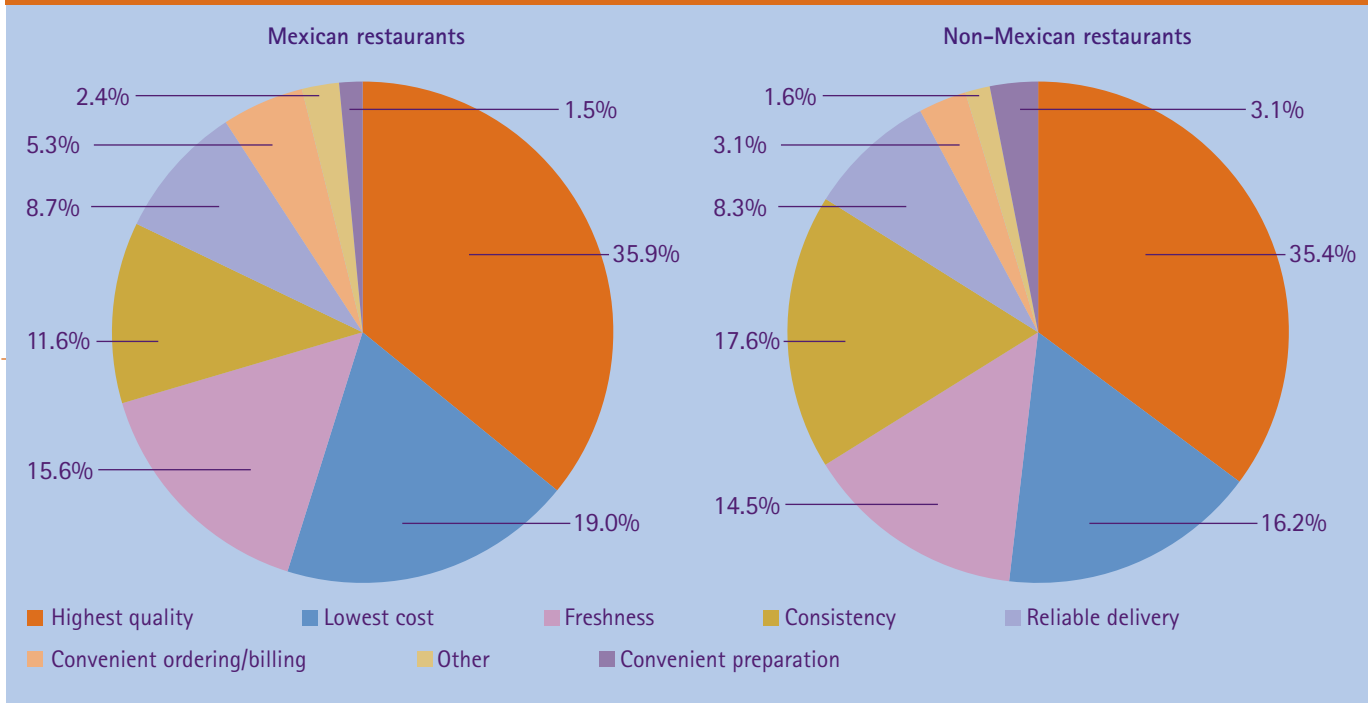
ents—and place less value on superior product consistency or premium merchandise—than other commercial food service establishments, they also tend to purchase meat supplies from the local community more frequently than other restaurant/commercial food service buyers and place greater value on access to products manufactured according to traditional methods or recipes. As illustrated in figure 5.17, surveyed buyers from Mexican restaurants differ considerably from representatives of other commercial food service establishments in the importance they attribute to receiving customized or premium quality meat products from suppliers. Unlike surveyed buyers from non-Mexican restaurants, who rate “product consistency” as the second most important influence on vendor selection, next only to obtaining the “highest quality” product, Mexican restaurant buyers rank “lowest cost” and “freshness” ahead of “product consistency.”

Another indication that Mexican restaurant buyers may be more concerned about the cost of raw ingredients than meat quality is the fact that they appear to be less insistent on viewing product samples during an initial sales appointment than buyers from most other food service establishments. Only 45 percent of buyers from Mexican restaurants and 37.5 percent of respondents from restaurants that serve both Mexican and American food reported that it would be desirable for a prospective vendor to bring meat product samples to an initial sales appointment, compared with 63 percent of respondents from other food service concerns.

Mexican restaurants have relatively little use for premium or customized meat products but use meat items manufactured in the local community much more frequently than other commercial food service operations.



Figure 5.17. Relative influence of product and service attributes in meat purchasing decisions, Mexican versus non-Mexican restaurants (total=100 percent)



Representatives of Mexican restaurants also reported less frequent use of premium meat products, such as aged beef or Certified Angus beef, than other commercial food service buyers. Eighteen percent of Mexican restaurant buyers reported purchasing aged beef, compared with 36 percent of non-Mexican restaurant buyers, while only 15 percent of Mexican restaurant buyers reported purchasing Certified Angus beef items for their establishments, compared with 30 percent of non-Mexican restaurant buyers. Therefore, the Mexican restaurant sector would not appear to be the most promising market for those meat suppliers wishing to appeal to restaurant clients on the basis of their ability to offer customized services and/or premium quality merchandise.

The overriding importance of the cost of goods to surveyed Mexican restaurant buyers may be related to their association with smaller and less expensive retail outlets, making it more difficult for them to absorb increases in their operational expenses. Seating capacity at surveyed Mexican restaurants average only 130 seats, compared with 192 seats at non-Mexican restaurants, while average ticket prices at Mexican restaurants are \$6.06 for lunch and \$8.07 for dinner, compared with \$8.22 and \$14.90 at non-Mexican restaurants.

Even though the cost of goods appears to be an important consideration to buyers from Mexican restaurants, prospective small vendors should take heart from the fact that Mexican restaurants also seem to place greater value than other

firms on ties to the local community. Sixty-one percent of surveyed Mexican restaurant buyers reported that they currently purchase meat items from local sources, nearly twice the percentage of buyers from non-Mexican restaurants/commercial food service concerns (38 percent) that reported such transactions. Forty-four percent of respondents from Mexican restaurants also reported that they purchase meat supplies because the manufacturer uses traditional production methods or recipes, compared with 30 percent of respondents from other firms (figure 5.18). These findings suggest that local meat processing firms with a reputation for producing high-quality meat products using traditional methods or recipes might well appeal to Mexican restaurant buyers, especially if the delivered price of these meat products is competitive with alternative sources of supply.

Another distinctive characteristic of Mexican restaurants that emerges from the survey data is that they appear far less likely to advertise the origin or brand name of meat products than most restaurants/commercial food service establishments. Only 2.5 percent of respondents from Mexican restaurants indicated that their company advertises the brand name or origin of meat products on restaurant menus, compared with 19 percent of respondents from other food service operations (figure 5.19). In some aspects, the widespread disregard for product origin among Mexican restaurant buyers may be a marketing advantage to the novice restaurant supplier, as these buyers may be

more tolerant of obtaining merchandise from vendors whose products are not well known to local consumers. Nonetheless, this finding also suggests that Mexican restaurant buyers may have less interest than most restaurant/food service purchasing agents in paying a premium for specialty meat products merely because of their place of origin or local following.

Once buyers from Mexican restaurants agree to test a new meat product on a trial basis, they are more likely than buyers from other restaurants/food service establishments to try the product in multiple test locations. Thirty-six percent of respondents from Mexican restaurants reported that they introduce new meat items to customers by test marketing in multiple locations, compared with only 19 percent of respondents in general. Consequently, prospective suppliers to this sector should be aware that they may be expected to provide their customers with somewhat greater than average volumes of free sample merchandise for these product trials. The average volume of sample merchandise that representatives of Mexican restaurants reported needing for each new product introduction is 86 pounds, more than twice the volume reported by non-Mexican restaurants in the survey population.

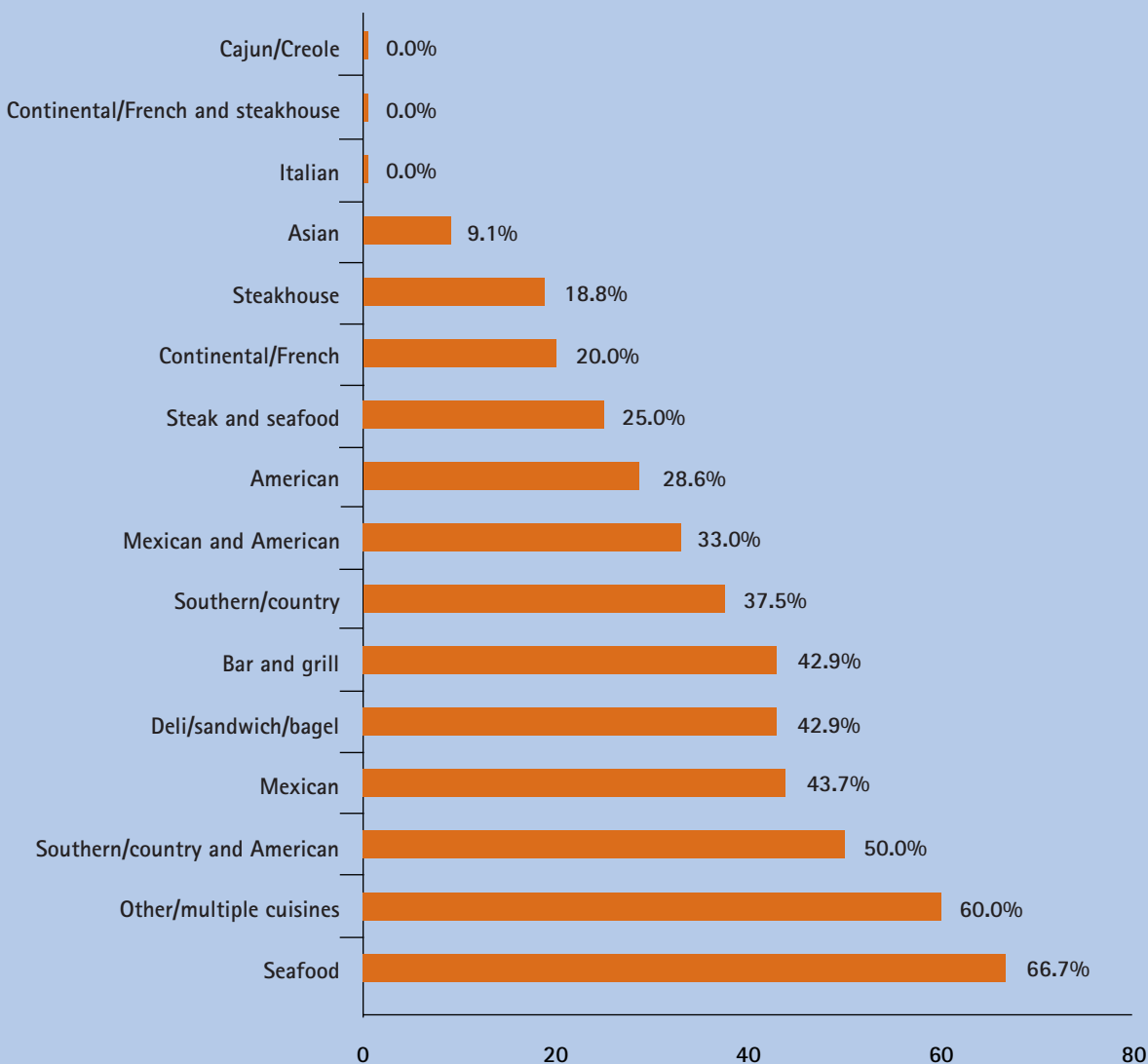
Steakhouses. Steakhouses, the third most prevalent cuisine type in the survey population (21 observations), represent an especially promising marketing channel for local manufacturers of premium quality meats.¹³ Not only do steakhouses report considerably greater



Forty-four percent of respondents from Mexican restaurants also reported that they purchase meat supplies because the manufacturer uses traditional production methods or recipes, compared with 30 percent of respondents from other firms.

¹³ Survey population includes five restaurants that describe themselves as specializing in steak and another type of cuisine.

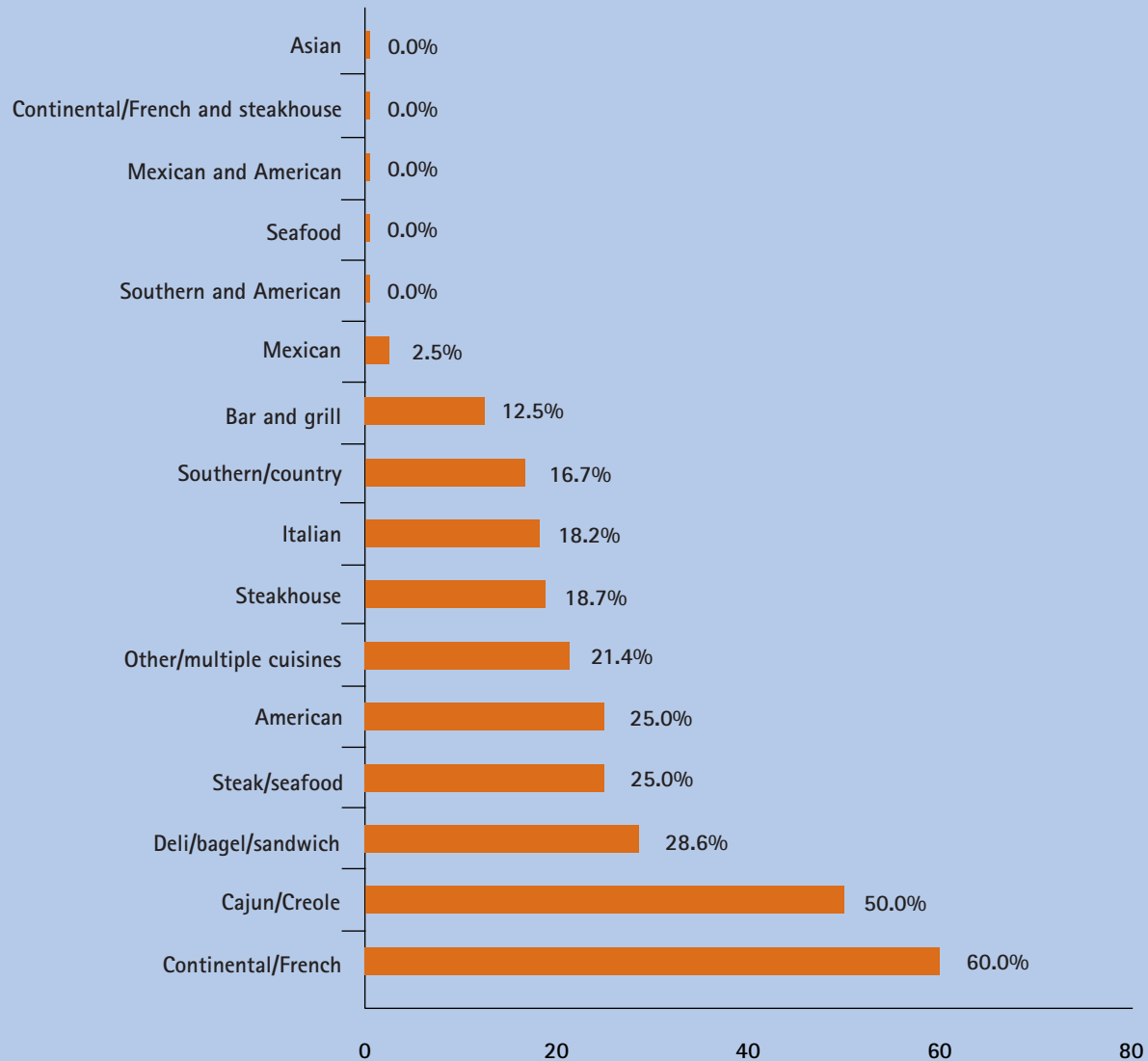
Figure 5.18. Percentage of restaurants/commercial food service establishments that purchase meat supplies manufactured according to traditional production methods/recipes, by cuisine type



use of various high-value beef products than other commercial food service establishments, but a sizable percentage of representatives from steakhouses report that they already purchase most, if not all, of their meat supplies directly from manufacturers, suggesting that they may be more receptive than average to direct business relationships with local meat processing firms.

The importance of product quality among steakhouse buyers is most apparent with respect to their interest in meat products with premium-quality characteristics. Seventy-five percent of respondents from steakhouses indicated that they buy aged beef for their restaurant, nearly three times the percentage of buyers from other restaurants/commercial food service establishments (27 per-

Figure 5.19. Percentage of restaurants/commercial food service establishments that advertise brand names/origins of meat products on menus, by cuisine type



cent) that reported using such products. Similarly, 47 percent of steakhouse buyers reported purchasing Certified Angus beef for their restaurant, compared with only 24 percent of buyers from other surveyed restaurants/commercial food service outlets.

As the restaurant sector with the largest average seating capacity (323

seats) and second highest average dinner price (\$24.91) in the survey population (next to Continental/French restaurants), steakhouses may well have more flexibility than the average commercial food service operation to pay for premium quality ingredients and pass along those costs to their customers. (In contrast, the average seating capacity at other restaurants/commercial food



As the restaurant sector with the largest average seating capacity (323 seats) and second highest average dinner price (\$24.91) in the survey population (next to continental/French restaurants), steakhouses may well have more flexibility than the average commercial food service operation to pay for premium quality ingredients and pass along those costs to their customers.



service outlets is only 160 seats, and the average dinner ticket price \$11.96.) In apparent reflection of their exceptional concern for product quality and need to satisfy a discriminating, relatively affluent customer base, steakhouse buyers appear to take longer on average than buyers of any other cuisine type in the survey population to decide on a new meat item. Testing and evaluating a new meat product at steakhouses was reported to take an average of 7.5 weeks, compared with only 4.2 weeks among the rest of the survey population.

Along with their gravitation toward premium quality merchandise, steakhouses appear unusually open to receiving meat products directly from a manufacturer rather than a full-line food distributor. On average, steakhouses reported obtaining a far greater percentage of their meat supplies (42 percent) directly from a manufacturer than any other type of restaurant; among other survey respondents, the average market share for manufacturers is only 18 percent. Prospective vendors should note, however, that most steakhouses appear to either purchase all of their meat supplies directly from manufacturers or none at all, with relatively few firms obtaining meat products from both manufacturers and food distribution companies simultaneously. Of the 21 respondents in the steakhouse category, 6 respondents (29 percent) reported that they purchase all of their meat directly from manufacturers, 10 respondents (48 percent) reported that they pur-

chased no meat from manufacturers, and only 5 respondents (24 percent) reported that they use multiple supply channels. Therefore, the ability to provide coverage for a steakhouse's entire meat requirements appears to be important in establishing successful direct marketing relationships.

Other cuisines. While buyers from Mexican restaurants and steakhouses exhibit the most distinctive behavior with respect to meat purchasing habits and preferences, the data also reveal isolated areas of distinctiveness for other major cuisine types in the survey population. Listed below are some specific product and service preferences that appear to be associated with other major cuisine types in the survey population, although these responses are not necessarily statistically significant.

American. Restaurants specializing in American food (36 observations) appear to be especially promising for meat manufacturing firms seeking to establish private label programs with commercial food service clients but offer few opportunities to firms hoping to appeal to restaurant/commercial food service customers based on their local reputation or existing customer following. Respondents from self-described "American" restaurants who had previously participated in private label programs reported using a far greater number of private label meat items than the average restaurant/commercial food service establishment, purchasing

an average of 18.5 private label meat items, compared with an overall average of 5.2 items among buyers from non-American restaurants. Buyers from American restaurants also reported the second lowest use of meat products manufactured in the local community (19 percent, compared with 41 percent of non-American restaurants) and the second lowest use of products with a strong local or ethnic following (12 percent, compared with 24 percent of non-American restaurants).

Asian. Asian restaurants (13 observations) stand out to the extent that they provide unusually strong marketing opportunities for the manufacturer of low/reduced-sodium meat products; 44 percent of Asian restaurant buyers reported purchasing low/reduced-sodium meat products, compared with 23 percent of respondents from non-Asian restaurants. Smaller manufacturing concerns may also be encouraged by the fact that Asian restaurants generally take less time to evaluate whether they want to adopt a new meat item than most commercial food service outlets. Test marketing procedures average only 2.5 weeks at Asian restaurants, compared with 4.7 weeks among the rest of the survey population, suggesting that Asian restaurants may not require as much free merchandise for sampling purposes and may impose less of a financial burden on smaller vendors wishing to establish sales accounts with commercial food service customers.

For the manufacturer that seeks to establish a private label program with restaurant clients, however, Asian restaurants offer fewer marketing opportunities than most restaurant firms. Only 11 percent of

buyers from Asian restaurants expressed interest in developing a private label program with a meat manufacturer if they didn't already have one in place (compared with 57 percent of the remaining survey population). Prospective marketers to Asian restaurants should also be aware that Asian restaurant buyers appear to be more satisfied than most firms with their ability to receive desired merchandise from their current suppliers of meat and are especially concerned about receiving dependable delivery services from their purveyors, which may make it more difficult for new vendors to establish direct marketing relationships. None of the surveyed buyers from Asian restaurants indicated that they had any difficulty obtaining desired meat supplies through their current distribution channels, compared with 13 percent of respondents from non-Asian restaurants. They also attributed more importance to reliable delivery services than most restaurant buyers; among respondents from Asian restaurants, delivery issues account for 12 percent of the influence on vendor selection, compared with only 8 percent among other survey respondents.

Italian. Italian restaurants (11 observations) exhibit considerably stronger demand for exotic and ritually slaughtered meat products than the average commercial food service establishment and place greater value than average on purchasing products with a strong local or ethnic following, factors that may make it easier for the smaller processor of these specialty meat items to find a receptive audience. Thirty-three percent of buyers from Italian restaurants reported pur-

Respondents from self-described "American" restaurants...reported using a far greater number of private label meat items than the average restaurant/commercial food service establishment, purchasing an average of 18.5 private label meat items, compared with an overall average of 5.2 items among buyers from non-American restaurants.



Thirty-three percent of buyers from Italian restaurants reported purchasing meats from exotic species, and 29 percent reported purchasing meats from exotic species, and 29 percent reported purchasing Kosher or Halal-slaughtered meats, the highest percentage recorded in any individual restaurant segment and far greater than the average frequency of use reported by respondents from non-Italian restaurants (12 and 7 percent, respectively).



chasing meats from exotic species, and 29 percent reported purchasing Kosher or Halal-slaughtered meats, the highest percentage recorded in any individual restaurant segment and far greater than the average frequency of use reported by respondents from non-Italian restaurants (12 and 7 percent, respectively). Italian restaurants as a group also expressed the second greatest degree of interest in purchasing meat products that had a strong local or ethnic following; 43 percent of buyers from Italian restaurants reported purchasing meat products in this category, compared with 26 percent of the rest of the survey population.

Buyers from Italian restaurants are also more receptive to indirect sales solicitations than most survey respondents, suggesting that they might be more open than average to working with new or unknown meat suppliers. On average, buyers from Italian restaurants reported learning about new meat suppliers through print advertisements in trade journals or by sales brochures sent by mail or facsimile 24 percent of the time, more than twice as frequently as buyers from other types of restaurants.

Nonetheless, Italian restaurants appear to have less experience than most commercial food service establishments with procuring meat products directly from a manufacturer and may be somewhat more reluctant than average to engage in a direct marketing relationship with a small meat processing firm. Respondents from Italian restaurants reported that they use a full-service food distribution company for 92 percent of their meat supplies on

average, compared with 71 percent among buyers from non-Italian restaurants, and only 2 out of the 11 respondents from Italian restaurants indicated that they purchase meat supplies from any source other than a full-service food distribution company. Therefore, small meat processing firms that seek to develop direct marketing relationships with Italian restaurants may be well advised, when approaching prospective clients from Italian restaurants, to emphasize the customer service side of their business, such as the reliability, frequency, and customized timing of their delivery services and their ability to respond quickly when inventories need to be replenished. They may also want to consider developing a business relationship with a local or regional food distribution company to help overcome resistance to the direct delivery concept.

For those meat processing firms hoping to appeal to restaurant/commercial food service clients through their ability to supply meat products in customized or unique portion sizes, however, Italian restaurants offer limited sales prospects. Only 14 percent of buyers from Italian restaurants indicated that they purchase meat products in customized or unique portion sizes, compared with 54 percent of buyers from non-Italian restaurants.

Bar and grill. Responses from bar and grill restaurants (eight observations) are distinctive because of the exceptional importance buyers from these establishments attribute to uniform, customized, and low/reduced-fat meat products, compared with other restaurant segments. When selecting a new meat

supplier, bar and grill restaurants rank access to meat products with consistent quality characteristics nearly as important as access to high-quality meat products. Among respondents from bar and grill restaurants, access to consistent meat products accounts for 35 percent of the influence on meat vendor selection, while 36 percent of the influence is attributed to the ability to purchase the “highest quality” meat products. In contrast, among other surveyed restaurant/commercial food service buyers, product consistency accounts on average for only 16 percent of the influence on vendor selection, compared with 35 percent attributed to the ability to obtain the “highest quality” meat products from suppliers.

The demand for meat products with tailored or exclusive quality characteristics among bar and grill restaurants far exceeds the levels of interest reported by most commercial food service establishments, suggesting that meat processing firms with the capacity to produce and deliver these customized products might find a receptive market in this particular restaurant segment. Eighty-six percent of bar and grill restaurant buyers reported that they purchase meat products in unique and custom portion sizes, the single highest level of patronage seen among any individual restaurant category in the survey population and hovering well above the 51 percent of buyers from other restaurant establishments who reported making such purchases. Sixty-seven percent of bar and grill respondents also reported that they use custom-trimmed meat pro-

ducts, equaling steakhouses and seafood restaurants as the restaurant segment with the highest level of custom-trimmed product use. The popularity of private label programs for meat products also appears to be more widespread among bar and grill establishments than the restaurant/commercial food service community in general, with 50 percent of bar and grill respondents indicating that they have some experience with purchasing private label meat products, compared with only 18 percent of the remaining survey population.

Low/reduced-fat meat products also seem to have a considerably stronger following among buyers from bar and grill restaurants than most commercial food service buyers; two-thirds of respondents from bar and grill restaurants reported purchasing low or reduced-fat meat products, compared with 39 percent of respondents from other commercial food service establishments. Therefore, those meat processors who feature low- or reduced-fat meat items in their product line may find bar and grill restaurants to be an especially promising outlet for some of their specialty merchandise.

Delicatessens and sandwich/bagel shops. Responses from these casual, inexpensive dining establishments (seven observations) are characterized by an unusually strong preference for conveniently prepared meat products. On average, buyers from delicatessens and bagel/sandwich shops attribute 16 percent of the influence in their selection of meat suppliers to their ability to receive meat items that are convenient to prepare, an issue barely



When selecting a new meat supplier, bar and grill restaurants rank access to meat products with consistent quality characteristics nearly as important as access to high-quality meat products.

On average, buyers from delicatessens and bagel/sandwich shops attribute 16 percent of the influence in their selection of meat suppliers to their ability to receive meat items that are convenient to prepare, an issue barely noted by most segments of the restaurant/commercial food service sector.



noted by most segments of the restaurant/commercial food service sector. Among survey respondents in other cuisine categories, the average influence attributed to convenient preparation in selecting a meat supplier is only 2 percent. Such findings suggest that processors who manufacture conveniently packaged and easy-to-serve meat items may find it especially productive to focus their marketing efforts on representatives from delicatessens and bagel/sandwich shops, as they appear to place greater value on eliminating preparation time than other commercial food service establishments.

Respondents from delicatessens and bagel/sandwich shops also appear unusually interested in showcasing meat products with exclusive quality characteristics. Of the six respondents in the deli/bagel/sandwich category who answered a question about their use of meat items produced with exclusive methods or recipes, 50 percent indicated that they currently purchase such meat items, well above the 21 percent of the remaining survey population who admitted using such items. This finding would appear to be a potentially encouraging sign to those small meat manufacturers who might be capable of providing tailored processing services for local retail outlets.

Another characteristic behavior of representatives from delicatessens and bagel/sandwich shops that

might favor the local meat purveyor is the unusual degree of importance that buyers from these establishments seem to place on local customer feedback in making purchasing decisions. Sixty-seven percent of buyers from delicatessens and bagel/sandwich shops indicated that they evaluate new products by offering free samples to customers, compared with only 37 percent of other restaurants/commercial food service outlets in the survey population. Moreover, buyers from delicatessens and bagel/sandwich shops reported using local customer recommendations more frequently to identify new meat suppliers than any other restaurant segment. On average, customer recommendations account for 16 percent of the influence on meat vendor selection among buyers from delicatessens and bagel/sandwich shops, compared with 12 percent among the rest of the survey population. In sharp contrast to the behavior of most survey respondents, who rely on trade show participation as a primary means to establish contact with new meat suppliers, meat buyers from delicatessens and bagel/sandwich shops attribute little importance to trade shows. On average, respondents from delicatessens and bagel/sandwich shops reported that they found new meat suppliers at trade shows about 5 percent of the time, compared with an average of 22 percent among other survey respondents.

Summary

Responses to the AMS/TAMU survey suggest that prospective vendors of meat products to the commercial food service sector should familiarize themselves with basic information about the firms they intend to target before engaging in a marketing campaign. Differences in ownership structure, sales volumes, ticket prices, and types of cuisine all appear to exert important influences on the types of products and services that commercial food service buyers expect and desire from their meat purveyors. Product characteristics highly prized among certain upscale segments of the commercial food service industry, such as aged or Certified Angus beef, have little or no value to buyers from less expensive food service establishments. Nevertheless, while product and service preferences may differ substantially across the restaurant spectrum, small-scale meat processors have the potential opportunity to appeal to a broad range of commercial food service customers. By becoming aware of the specific needs of individual market segments and tailoring their production and marketing strategies to meet these needs, small-scale meat processors have abundant opportunity to use their size and proximity to customers to their competitive advantage. Smaller regional chains and other food service operations with high sales turnover may be especially responsive, for example, to receiving cus-

tomized or exclusive meat items directly from a small-scale meat processing firm, as they are concerned about receiving products with consistent quality characteristics but may not use meat products in sufficient volume to attract the interest of larger meat manufacturers. On the other hand, Mexican restaurants may be drawn to business relationships with small-scale meat manufacturers because they like the option of sourcing product from suppliers in the local community, place unusual value on product freshness, and use a greater volume of meat products manufactured according to traditional production methods or recipes than most food service establishments. The diversity of product and service preferences among commercial food service customers, along with indications of substantial untapped demand for customized processing services, bodes well for the ability of smaller scale meat processing firms to find their unique market niche and establish a sustainable foothold in the restaurant/commercial food service supply chain.

By becoming aware of the specific needs of individual market segments and tailoring their production and marketing strategies to meet these needs, small-scale meat processors have abundant opportunity to use their size and proximity to customers to their competitive advantage.

Appendix One: Survey Instrument

Type of Establishment

1. What job title best describes your position? (Please check one)

Manager _____ Chef _____ Procurement Specialist _____ Owner/Operator _____
Other (please specify) _____

2. How would you best describe your business? (Check one)

Stand alone Restaurant _____ Hotel/Motel/Resort Restaurant _____ Private Club _____
Hospital/Health Care _____ Other (please specify) _____

3. What is the seating capacity of your restaurant? _____

4. What best describes the cuisine you serve? (Circle one)

Southern/Country _____ Steak House _____ Bar and Grill _____ Mexican _____ Asian _____
Continental/French _____ Cajun/Creole _____ American Seafood _____ Italian _____
Other (please specify) _____

5. Who determines the items on your menu? (Please show level of influence in percent total should equal 100%)

Owner _____
Manager _____
Chef/Cook _____
Corporate Chef _____
Other _____
Total = 100%

6. How often do you change your menu? (Circle one)

Daily Weekly _____ Monthly _____ Quarterly _____ Annually _____

Other (please specify) _____

7. Do you offer daily specials in addition to standard menu items? Yes _____ No _____

8. What is the average ticket price per person?

Breakfast\$ _____ Lunch\$ _____ Dinner\$ _____

9. Which of the following best describes the ownership structure of your restaurant? (Check one)

Independent _____ Chain (Franchise Operated) _____ Chain (Corporate Operated) _____
Private Club _____ Hospital/Health Care _____ Other (please specify) _____

10. How many restaurants does your company operate? _____

11. What is the average annual sales volume generated by your company's average restaurant? (Circle one)

- a. 0 to \$100,000 b. \$100,000 to \$500,000 c. \$500,000 to 1 million d. \$1 to \$2 million e. \$2 to \$3 million f. \$3 to \$4 million g. \$4 to \$5 million h. Over \$6 million

Meat Purchasing

12. Ordering Schedule: How much advance notice do you typically give your meat supplier(s) when placing an order? (Check one)

- a. Same day _____ b. 1-Day notice _____ c. 2-3 Days notice _____ d. 1 week notice _____
e. Other (please specify) _____

13. Purchasing: Please rank the following issues according to their importance in making meat purchasing decisions:
(Total should equal to 100%)

Buying at the lowest cost	_____
Buying the highest quality	_____
Quality and reliability of delivery service	_____
Convenience in ordering and billing	_____
Convenience in preparation	_____
Product Consistency	_____
Freshness	_____
Other (please specify) _____	_____
Total	= 100%

14. What percent of your supplies come from a: (Total should equal 100%)

Food distributor?	_____
Directly from the manufacturer?	_____
Retail stores (e.g. Sams Club).	_____
Other (please specify) _____	_____
Total	= 100%

Use the following scale for questions 15 - 17

- | | | |
|---------------------------|-----------------------|-------------------------|
| 1= Completely Unimportant | 2= Very Unimportant | 3= Somewhat Unimportant |
| 4= Neutral | 5= Somewhat Important | 6= Very Important |
| 7= Completely Important | | |

Please indicate below whether or not you use the following items and how important they are to your business.

15. Custom/Unique Items:	Use (Y/N)	Importance (1-7)
Custom or unique portion sizes	_____	_____
Custom trimmed to your specifications	_____	_____
Manufacturer use of traditional recipes/methods	_____	_____
Manufacturer use of exclusive recipes/methods	_____	_____
Products made from exotic species	_____	_____

16. Health/Religious Concerns:

Low or reduced fat items	_____	_____
Low or reduced sodium items	_____	_____
Kosher or Halal Slaughter items	_____	_____
Obtaining meat products from hormone free animals	_____	_____
Obtaining meat products from certified organic animals	_____	_____

17. Local Procurement:

Produced in the local community	_____	_____
Produced by a family-run agribusiness	_____	_____
Products with strong local/ethnic following	_____	_____

18. Are there any meat a products, which you would like to offer on your menu that you have trouble obtaining from your current supplier(s)? Yes _____ No _____

If yes, please provide some examples.

19. Do you advertise the origin or brand name of meat products on your menu?

Yes _____ No _____

If yes, please provide some examples. _____

20. If you are a member of a restaurant chain, can you as a single location feature any meat items designed to cater just to local preferences? Yes _____ No _____

21. Do you take advantage of this flexibility? Yes _____ No _____
If yes, please give an example.

Meat Item Selection

22. What is the process for introducing new products to your customers? (Check all that apply)

- _____ Introduce in "test" locations for customer reaction
- _____ Run as a special and gauge customer reaction
- _____ Give free samples to customers and ask for their input
- _____ Other (Specify)

23. How long is the average test period before you decide to adopt or drop a product?

24. How many pounds of samples do you usually need to test a meat product before a decision to adopt it is made? _____

25. Have you ever worked directly with a manufacturer to develop an exclusive product such as a private label product for your restaurant? Yes _____ No _____
If yes, how many private label or exclusive recipe items do you carry?
If no, would you be interested in developing this type of supplier relationship? Yes _____ No _____

26. Do you purchase Certified Angus Beef (CAB)? Yes _____ No _____
What percentage of beef purchases are CAB? _____ %

27. Do you purchase aged beef? Yes _____ No _____
What percentage of beef purchases which has been aged? _____ %
Preferred aging period days _____

Protocol for Sales Call

28. A manufacturers market representative is planning a cold sales call.

- _____ Should they: (Check all that apply)
- _____ Make an appointment ahead of time
- _____ Bring samples
- _____ Bring recipes
- _____ Send a sample for you to try before the meeting
- _____ Other, Specify

29. A market representative has been assigned to your account.

a. Over a thirty-day period, how often should they telephone? 1 2 3 4 5 6 7 8

b. What time of day would be convenient for the call?

7a.m. - 10 a.m. 10a.m. - 2p.m. 2p.m. - 4 p.m. 4p.m. - 7 p.m.

30. How do you typically find new suppliers of meat products (total should equal 100%)?

- a. Telephone call from supplier _____
- b. Mail/fax from supplier _____
- c. Supplier Internet web site _____
- d. Trade show contacts _____
- e. Advertising in a trade journal _____
- f. Customer recommendation _____
- g. Other (please specify) _____

Total 100%

Purchase Summary

Please list the top three meat items you use from each category (beef, pork, poultry, and exotic species). For each product type please list your case size preference and answer the descriptive columns.

Beef Products	Case Size	Volume/Month	(Check One)		(Check One)	
			Fresh	Frozen	Cryovac	ShrinkWrap
	Lb.	Lb.				
	Lb.	Lb.				
	Lb.	Lb.				
Poultry Products	Case Size	Volume/Month	Fresh	Frozen	Cryovac	ShrinkWrap
	Lb.	Lb.				
	Lb.	Lb.				
	Lb.	Lb.				
Pork Products	Case Size	Volume/Month	Fresh	Frozen	Cryovac	ShrinkWrap
	Lb.	Lb.				
	Lb.	Lb.				
	Lb.	Lb.				
Exotic Products	Case Size	Volume/Month	Fresh	Frozen	Cryovac	ShrinkWrap
	Lb.	Lb.				
	Lb.	Lb.				
	Lb.	Lb.				

Appendix Two: Restaurant Purchase Preferences, by Commodity

Most popular beef items purchased by surveyed restaurants/commercial food service establishments¹⁴

Cut of meat	Average restaurant volume (lbs./mo.)	Most popular case size (lbs.)	Second most popular case size (lbs.)	Product condition		Packaging	
				Fresh (%)	Frozen (%)	Modified atmosphere (%)	Shrink wrap (%)
Brisket	4,877	65	80	75	25	90	10
Fajita meat	4,376	40	60	70	30	67	33
Clod/shoulder clod	3,333	n.a.	n.a.	78	22	80	20
Ground beef	1,620	80	40	74	26	86	14
Hamburger patties	1,520	10	7	70	30	89	11
Sirloin steaks	1,205	10	60	73	27	91	9
Ribeye steaks	1,017	70	10	90	10	89	9
Tenderloins	960	60	70	100	0	90	10
New York strip steaks	373	n.a.	n.a.	100	0	90	10

Most popular pork items purchased by surveyed restaurants/commercial food service establishments

Cut of meat	Average restaurant volume (lbs./mo.)	Most popular case size (lbs.)	Second most popular case size (lbs.)	Product condition		Packaging	
				Fresh (%)	Frozen (%)	Modified atmosphere (%)	Shrink wrap (%)
Ham	1,061	10	12	54	46	71	29
Boston butt	679	n.a.	n.a.	33	67	100	0
Tenders	405	10	40	63	37	90	10
Bacon	392	33	15	68	32	100	0
Sausage patties	135	10	12	40	60	n.a.	n.a.
Pork Chops	129	10	40	59	41	100	0

¹⁴ All items included in charts were mentioned by 10 or more respondents.

Most popular poultry items purchased by surveyed restaurants/commercial food service establishments

Cut of meat	Average restaurant volume (lbs./mo.)	Most popular case size (lbs.)	Second most popular case size (lbs.)	Product condition		Packaging	
				Fresh (%)	Frozen (%)	Modified atmosphere (%)	Shrink wrap (%)
Turkey (unspecified)	10,293	20	18	11	89	80	20
Skinless/boneless chicken breast	8,761	40	10	21	79	14	86
Chicken breast (unspecified)	1,449	40	10	38	62	47	53
Boneless chicken breast	1,252	40	10	9	91	100	0
Fryer chicken cut up	1,105	40	n.a.	57	43	n.a.	n.a.
Whole fryer chicken	689	50	40	68	32	75	25
Chicken thigh meat	553	40	n.a.	25	75	33	67
Turkey breast	335	18	10	63	37	50	50

