The Sales Landscape

First steps on the road to smarter selling

IFMA DATASSENTIAL KINETIC 12

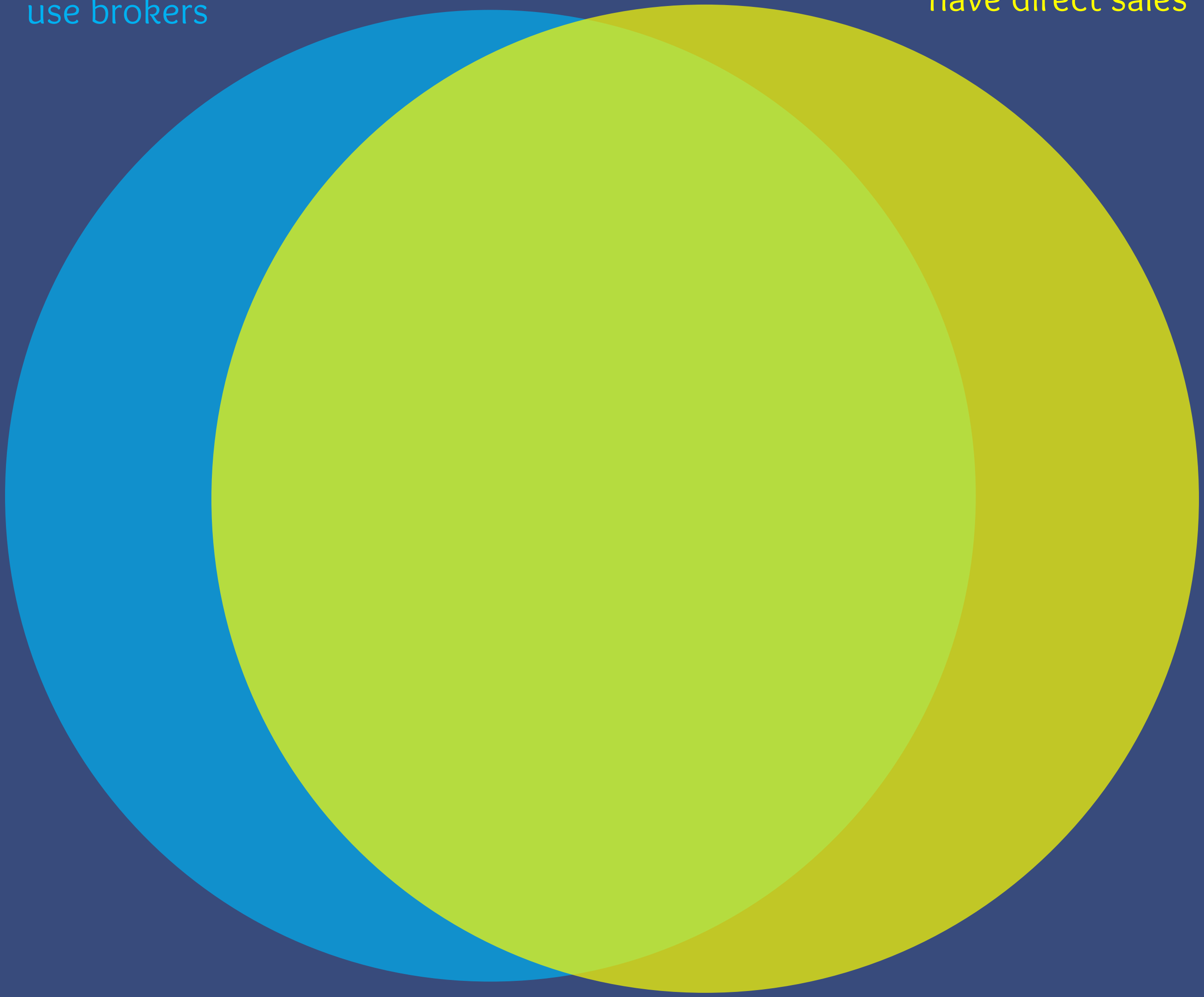
The Sales Landscape

What's the one thing that nearly all foodservice manufacturers have in common? **They believe they could be selling more effectively.**

IFMA, Datassential, and Kinetic 12 have accepted the challenge of building a model to do just that. Collectively, we're looking at what improvements need to be made to sell smarter in an increasingly diverse operator landscape.

We've started by introducing some exciting new research that reveals the state of sales today among the nation's top foodservice manufacturers. The data collected from these IFMA members offers an inside look at how their sales teams operate, best practices, and what challenges remain.

In the months to come, IFMA, Datassential and Kinetic 12 will provide additional insights around how to sell smarter in a challenging and ever-changing environment.



Most Employ a Combination of Brokers & Direct Sales.

Hybrid sales forces are today the norm, with over 60% of manufacturers using both hired brokers and their own internal direct sales staff.

BROKERS

Currently Use	79%
Plan to Use	5%
Used to Use	4%
Never Used	11%

DIRECT SALES

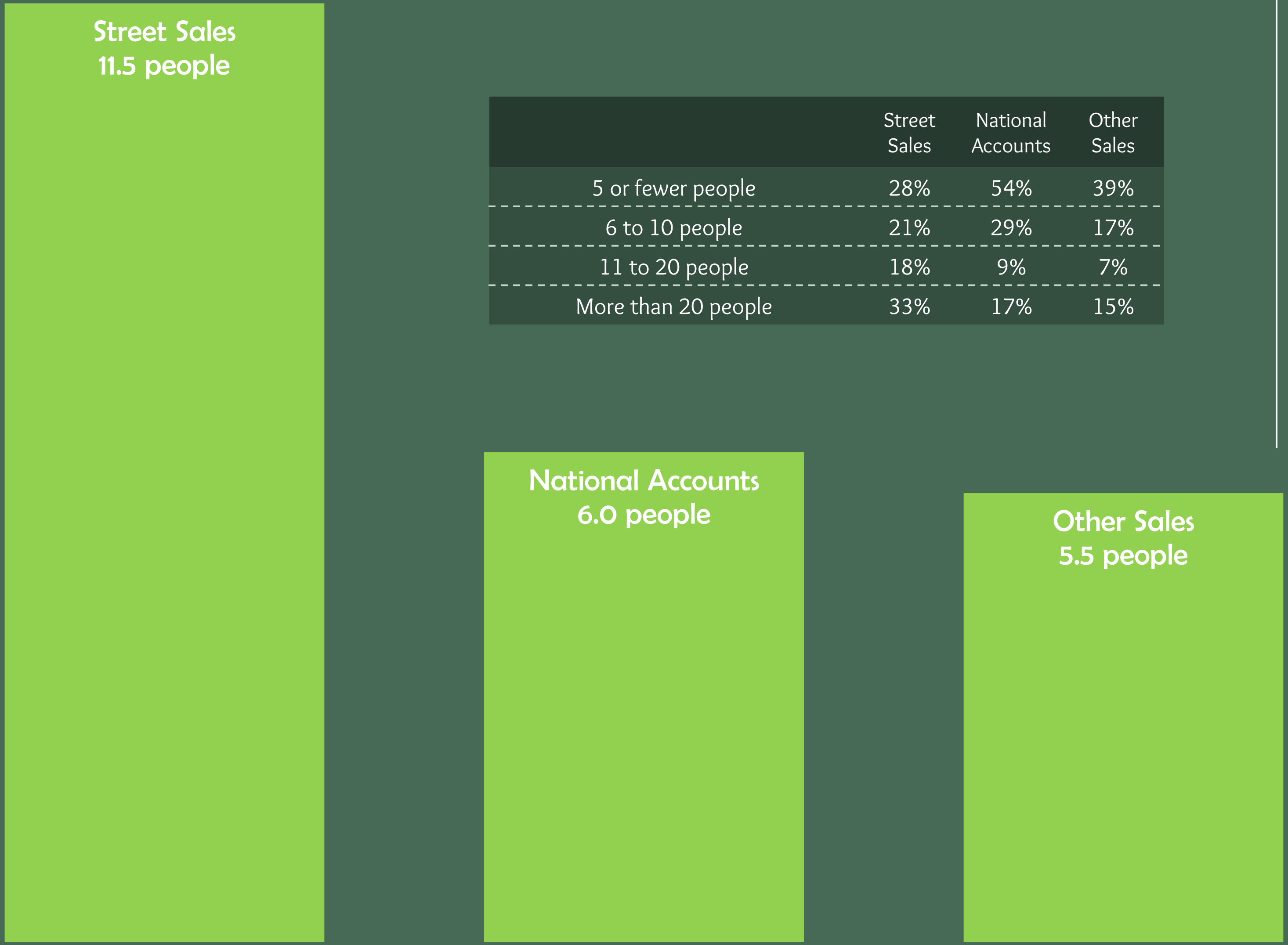
Currently Use	81%
Plan to Use	1%
Used to Use	4%
Never Used	13%

But while broker and direct sales forces are nearly equally prevalent today, the trend over the past few years has been a greater reliance on a direct sales approach.

28% shifted toward DIRECT SALES	17% shifted toward BROKERS	55% shifted toward NEITHER

TREND OVER THE PAST FIVE YEARS

MEDIAN SALES TEAM SIZE (INTERNAL)

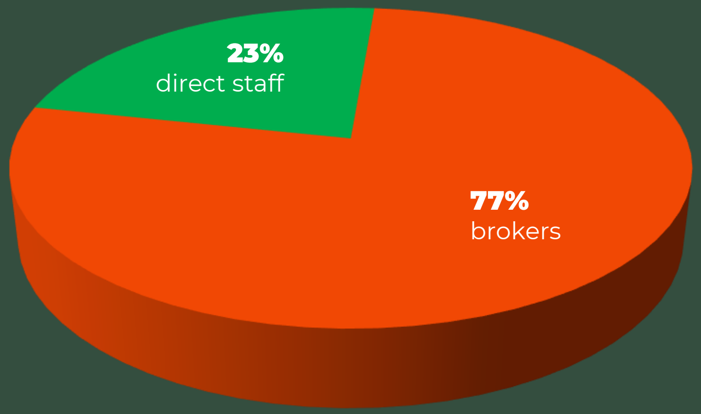


	Street Sales	National Accounts	Other Sales
5 or fewer people	28%	54%	39%
6 to 10 people	21%	29%	17%
11 to 20 people	18%	9%	7%
More than 20 people	33%	17%	15%

National Account Teams Are Generally Smaller.

Despite relying mostly on brokers to sell to the street, manufacturers still generally allocate the most internal direct sales staff to their street team. Typically, internal street sales teams – who tend to target emerging chains and other operators beyond the top 300 or so – are nearly double the size of national account teams.

WHO DO YOU RELY MOST ON TO SELL TO THE STREET?

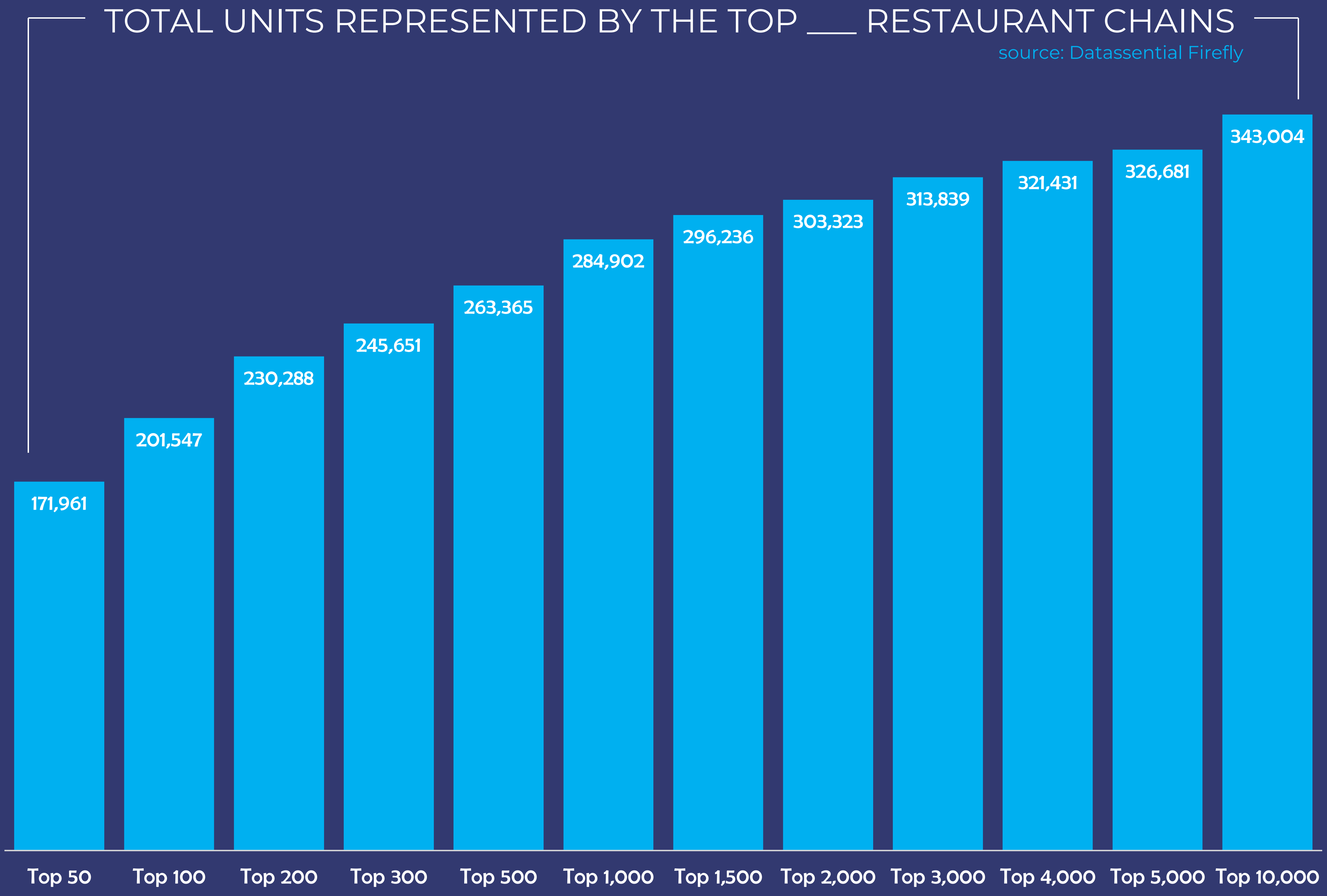


80/20 Doesn't Even Begin to Describe it.

The Top 50 restaurant chains account for more total units than the next 9,950 chains combined.

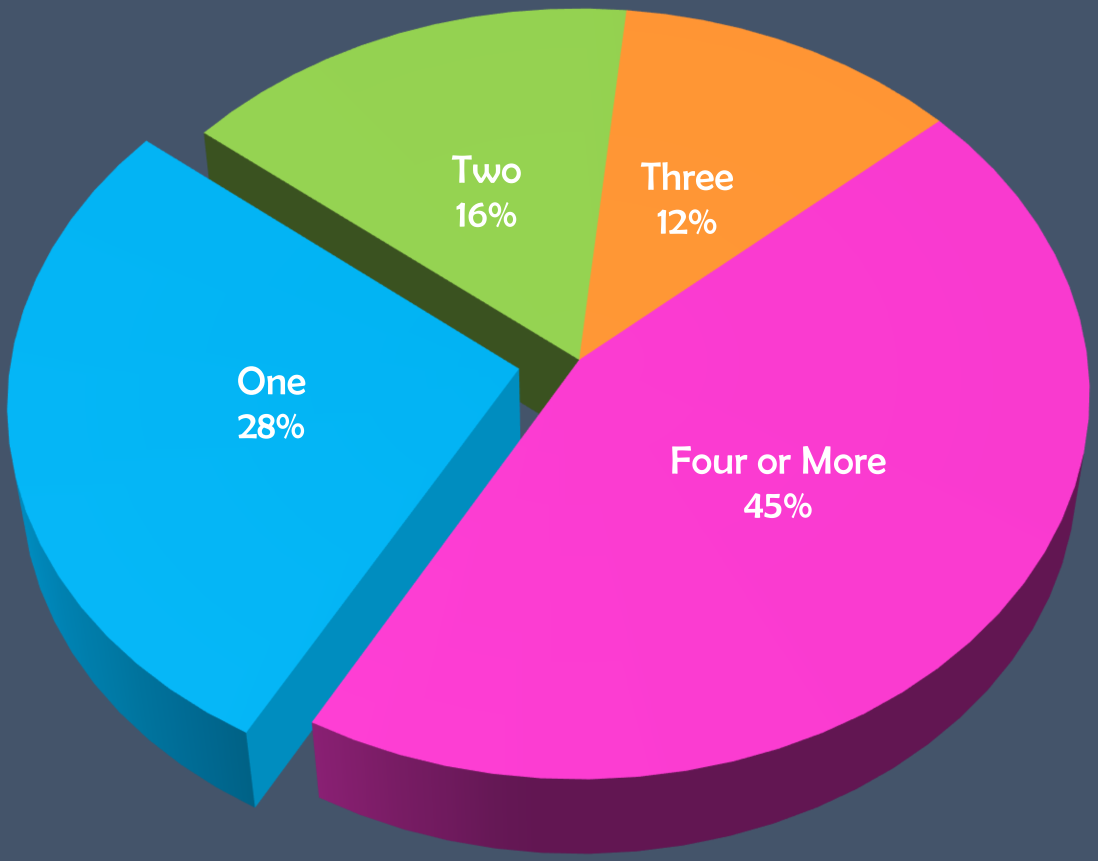
While sizable teams are required to pursue the large number of chains that fall outside the top tier, the volume potential from each of those chains tends to be much smaller.

It's a classic balancing act for manufacturers: How much personnel do I allocate to a relatively finite set of national accounts versus a much broader population of smaller emerging chains?



of manufacturers who employ brokers,

72% split their business across multiple broker partners



NUMBER OF BROKERS USED

Multiple Brokers Is Absolutely The Norm.

Just one-quarter of brokered manufacturers rely on a single dedicated partner. If you're like most manufacturers, you're probably engaging with multiple brokers, and are perhaps doing so on a regional basis to achieve coverage across the U.S. map.

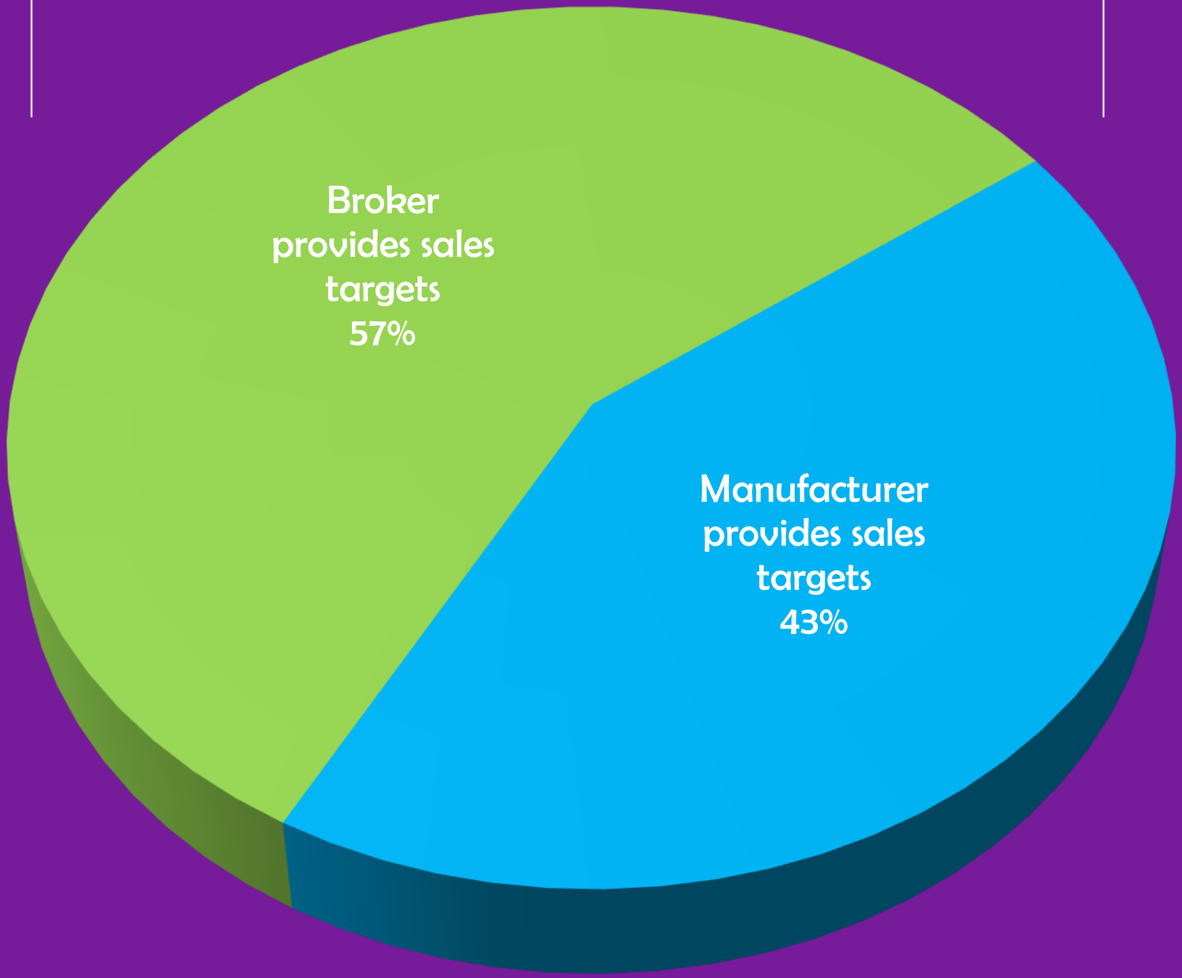
And if you thought that your network of three, four, or even more brokers was unusual, think again. Nearly half of all brokered manufacturers today employ four or more brokers to get the job done.

This fragmenting of business across multiple brokers, while helpful for achieving full geographic coverage, can also come with drawbacks. For instance, it can be challenging to maintain a consistent sales approach or to build your organization's collective knowledge about the customer landscape.

WHY DO YOU USE MULTIPLE BROKERS?

For different regions	63%
For different segments	34%
For different product types	14%
For different distributors	10%

% OF BROKER EFFORT WHERE...



Directed Selling Is Growing, But Not Yet A Majority Practice.

While manufacturers *generally* rely on sales brokers to provide their own leads, a “Directed Selling” approach – where the manufacturer provides target lists to the broker – has grown in popularity in recent years.

Directed Selling tends to be a more collaborative process, and often enables the manufacturer and broker to leverage their customer data more effectively to prioritize prospects, identify product fit for each operator, and track success rates across campaigns.

TOOLS USED TO PROVIDE BEST TARGETS TO BROKERS

Industry insights	75%
Operator customer data	66%
Database information	51%
Other	11%

Competition is Omnipresent for Every Segment.

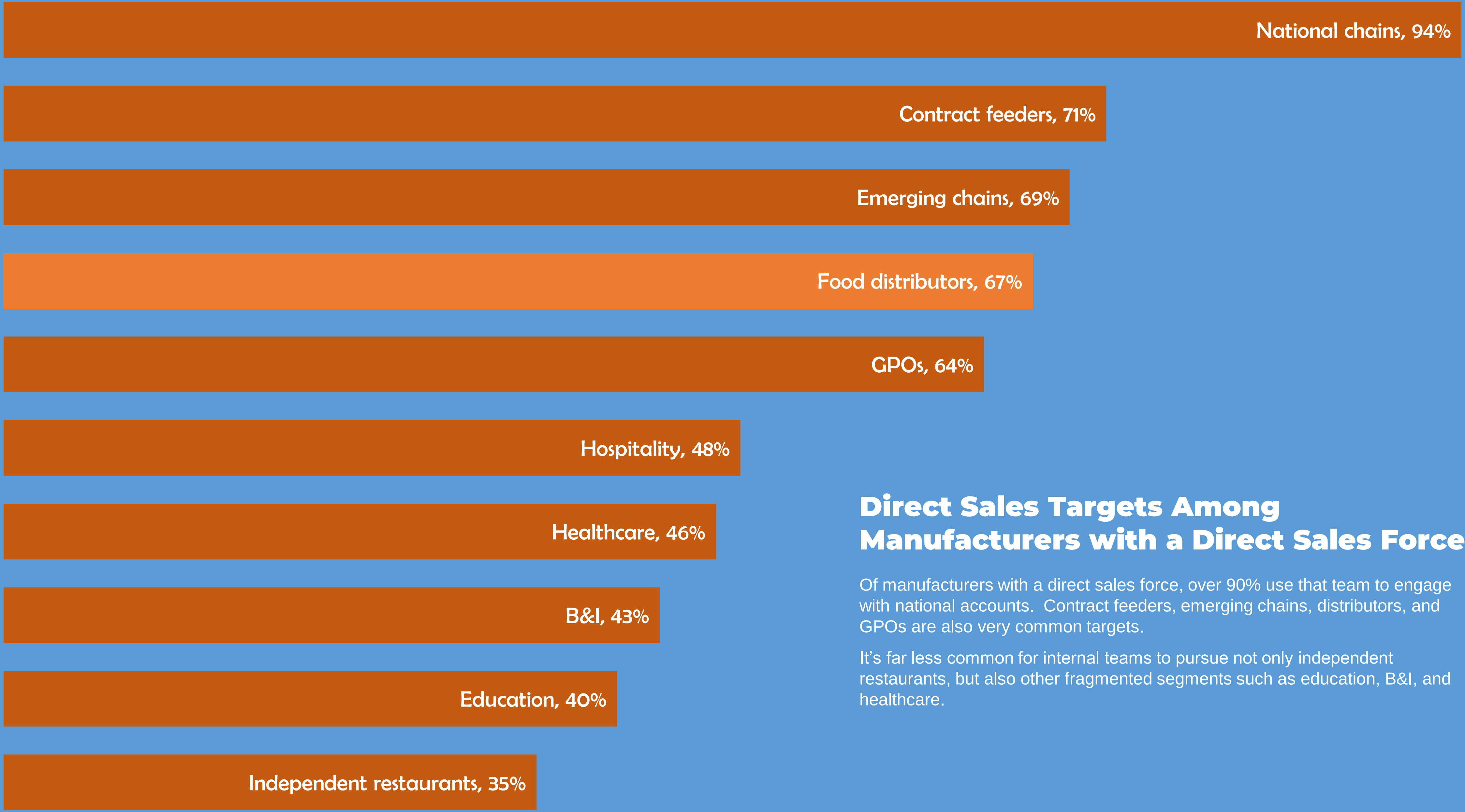
Foodservice manufacturers generally take an all-inclusive view of the market, with a large majority pursuing each of the major industry segments / channels.

Yet despite having a full array of operator types firmly in their sights, just 36% of manufacturers use industry segment as a key basis for grouping their sales territories / prospects.

We think there's an opportunity here to close that gap, by building around segment-specific strategies that more thoughtfully consider the specific needs of operators in each segment.

% OF MANUFACTURERS THAT TARGET…

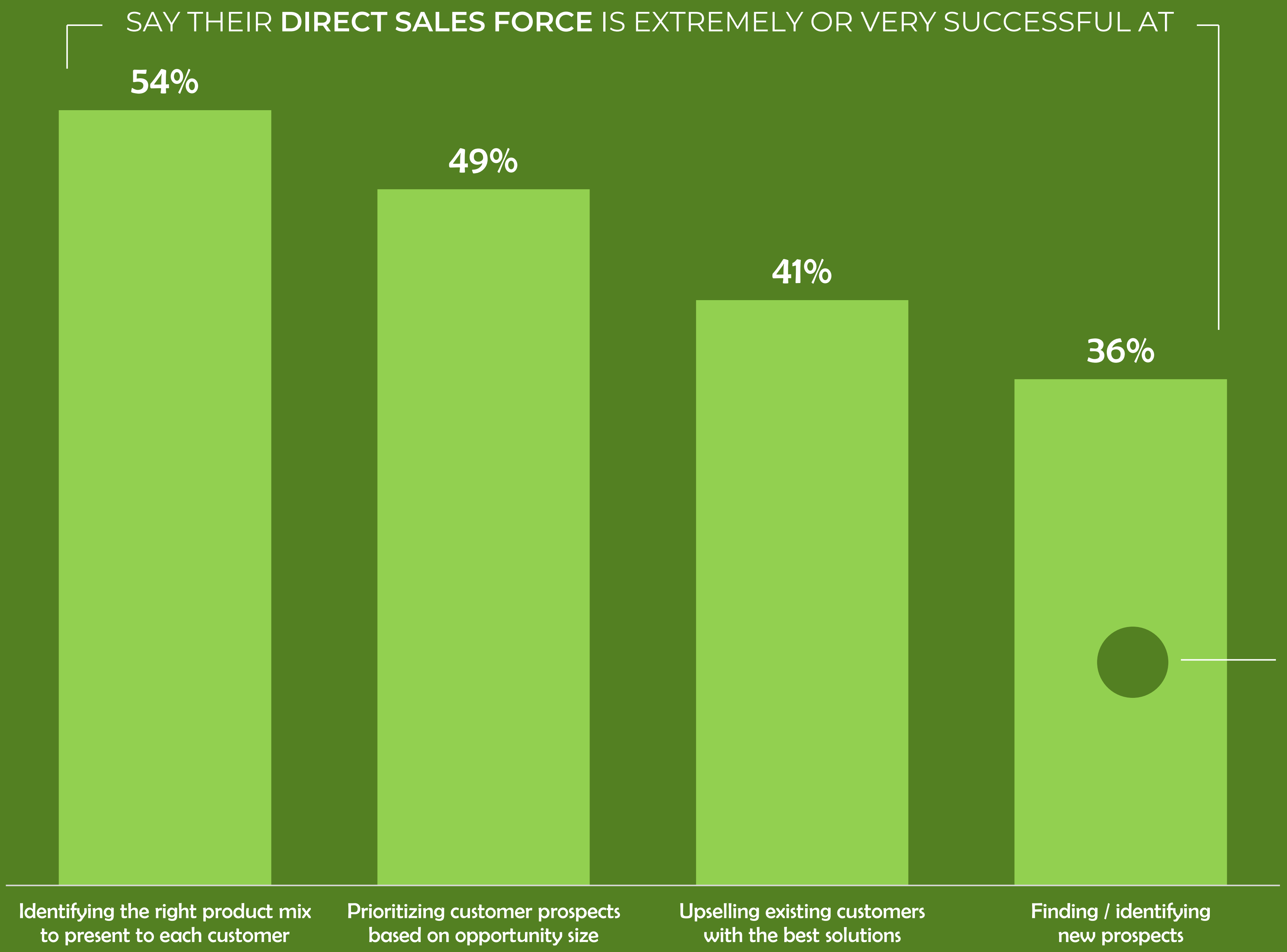
93% emerging chains	88% distributors	86% national chains	84% hospitality	81% independents
77% B&I	75% education	75% healthcare	74% contract feeders	71% GPOs



Direct Sales Targets Among Manufacturers with a Direct Sales Force

Of manufacturers with a direct sales force, over 90% use that team to engage with national accounts. Contract feeders, emerging chains, distributors, and GPOs are also very common targets.

It's far less common for internal teams to pursue not only independent restaurants, but also other fragmented segments such as education, B&I, and healthcare.



Discovering New Prospects Is A Foremost Challenge.

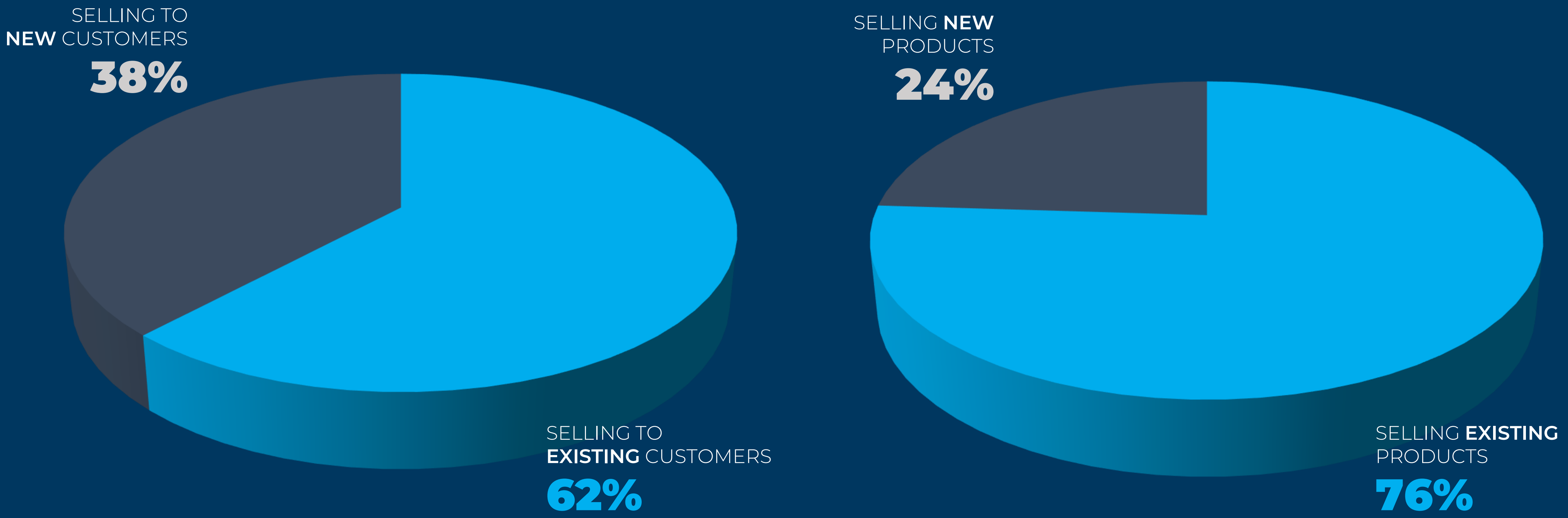
Manufacturers' internal sales teams struggle most with finding new potential customers, with just 36% rating themselves as highly successful in this critical area for growth.

And while the industry feels better about its ability to upsell, prioritize prospects, or presenting the right product mix, that's not to say there isn't room for improvement in these areas too.

For instance, just half believe they are highly successful at prioritizing their prospects based on opportunity size. Meanwhile, upwards of 60% indicate that their upselling efforts could be substantially boosted.

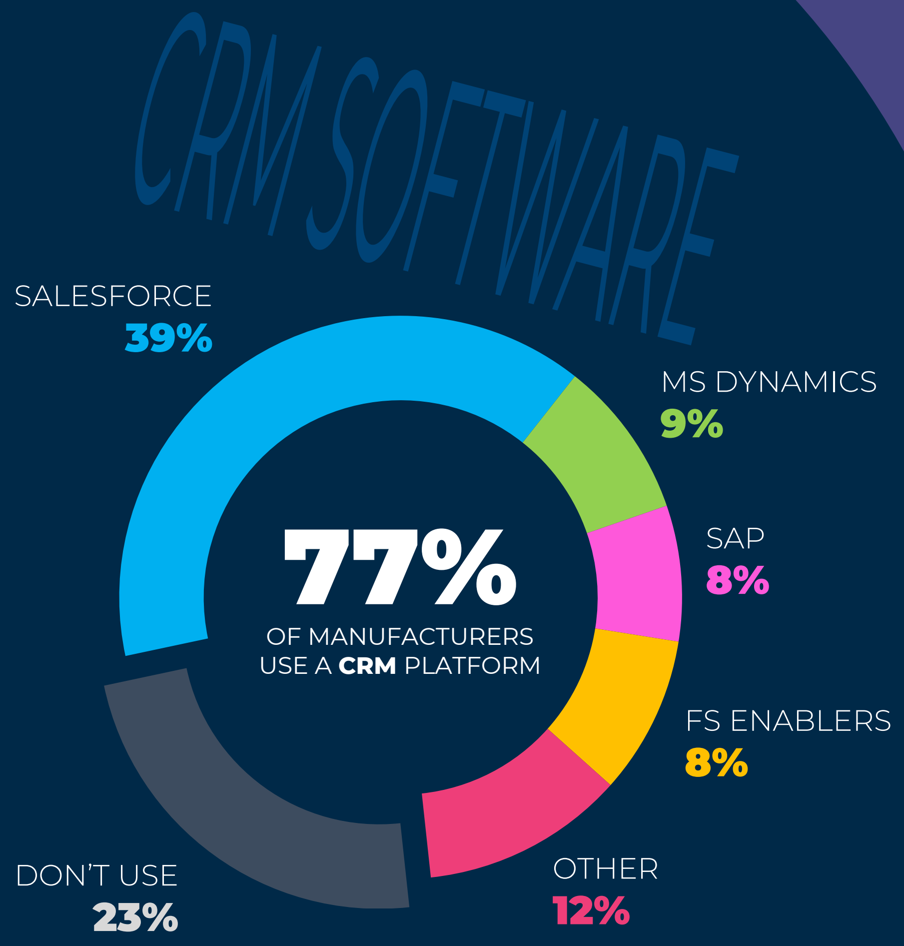
Manufacturer Sales Focus

% OF EFFORT DEDICATED TO



An Opportunity To Shift Focus To The New.

Most manufacturers today allocate most of their effort toward selling current products to existing customers. But this course of action often deprives them of the benefits of growing their customer base, which is generally the quickest path toward incremental sales. In many cases this relative focus on “current / existing” may be less of a designed strategy, and instead the result of the tendency for teams to gravitate toward the familiar. Meaningful growth of your customer base may require a firmer commitment to focusing on the “new” – identifying new customers and introducing new products that target incremental audiences.



Manufacturers Often Fail to Leverage Data Fully in Their CRM.

While three-quarters of foodservice manufacturers utilize a CRM platform, the management of data inside of those platforms can often be lacking. Amazingly, just 27% integrate third party data into their CRM to strengthen their customer profiles and expand their prospect lists, instead relying on their existing organic data feeds (which can be inconsistent) and the manual data entry of their sales team.

Note that this is not to say that manufacturers aren't using third-party data at all (in fact, nearly half do); rather, it's that comparatively few go the distance to integrate that data into their CRM platform, which can mean leaving a great deal of sales efficiency on the table.

of those who use a CRM platform

JUST 27%
integrate **third party data** to enhance their customer / prospect list

across all manufacturers

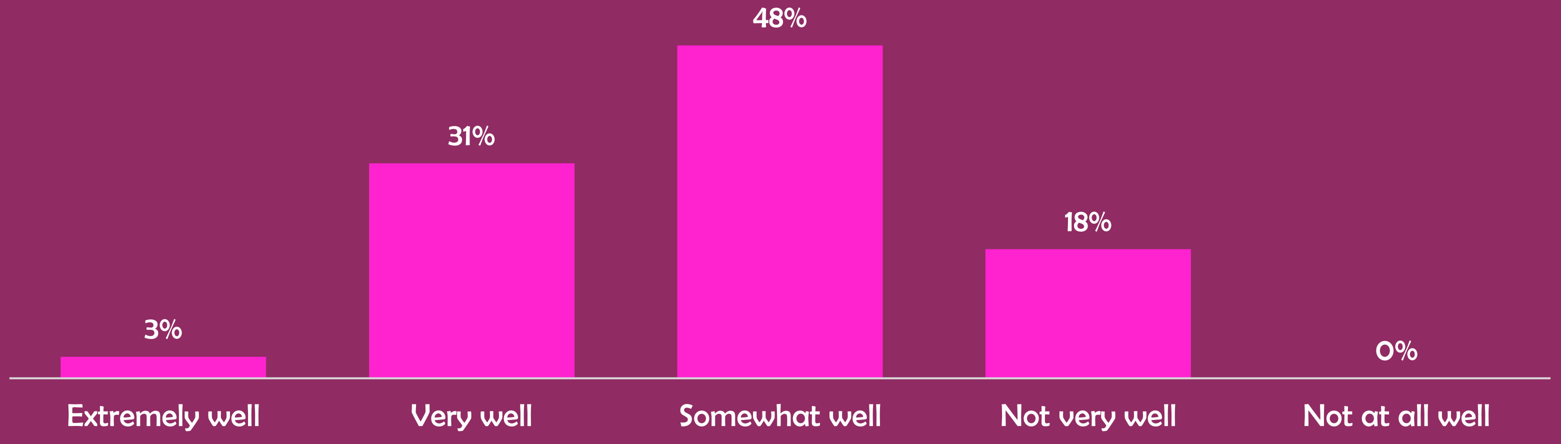
ONLY 20%
use a data-driven approach to ranking prospects across the entire sales org

The entire sales organization uses a data-driven approach to prioritize targets	20%
There is some data being used to prioritize targets, but it is inconsistently applied	68%
Data is not being used to prioritize targets	12%

HOW WOULD YOU RATE THE QUALITY OF YOUR OPERATOR CUSTOMER DATA?

	Excellent	Above Average	Average	Below Average	Poor	Excellent or Above Average
National account information	15%	38%	38%	8%	0%	53%
Customer sales history	18%	32%	32%	12%	5%	50%
Customer profile information	5%	34%	43%	18%	0%	34%
Customer contact information	6%	23%	51%	17%	3%	29%

HOW WELL DOES YOUR SALES TEAM USE YOUR OPERATOR CUSTOMER DATA?



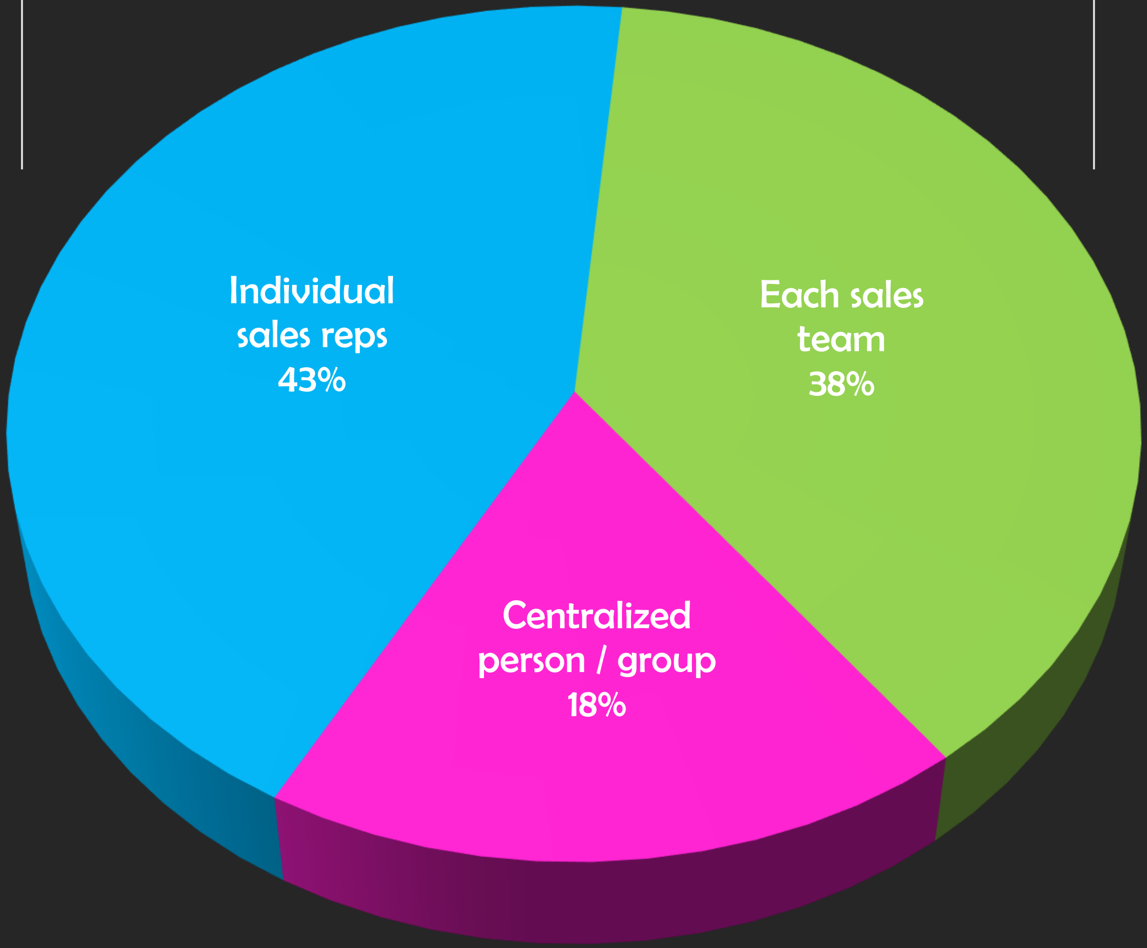
The Value of Customer Data Often Goes Unrealized.

When it comes to getting the most out of customer data, a sizable gap exists between “what is” and “what could be”. Even today, manufacturers often struggle to maintain accurate customer data as well as to leverage that data effectively in their sales teams.

Just 3% of manufacturers believe that their sales organization uses customer data “extremely well,” and scant few rate the quality of that data as “excellent.”

Customer profiles and contact info are considered particularly challenging, while national account data is thought to be somewhat better (but still nowhere near perfect.)

WHO IS RESPONSIBLE FOR PRIORITIZING SALES TARGETS?



Less than 20% of manufacturers have a centralized person / group for prioritizing operator targets. That responsibility instead falls upon individual sales reps or teams who may not be properly trained in prospect prioritization, which can also lead to unwanted variability in the methods used across the sales organization.

Manufacturers Often Make The Sales Pitch About Themselves.

Manufacturers frequently provide operators with cuttings, detailed product info, and use cases / applications. And while these elements can certainly form the cornerstone of a sales pitch, they tend to be more about the manufacturer themselves rather than they are about the customer.

A more consultative sales approach should include a thoughtful assortment of insights to focus the story on each specific prospect. Competitive intelligence, food trends, pricing forecasts, and related insights are provided far less frequently, yet are coveted by operators.

WHAT SELLERS PROVIDE TO CUSTOMERS / PROSPECTS

	Frequently	Sometimes	Never
Product sampling & competitive cuttings	81%	15%	4%
Detailed product information	80%	14%	7%
Use cases and applications for your products	65%	28%	7%
Trend data to support the product sale	43%	47%	9%
Commodity pricing outlook & insights	42%	42%	16%
Economic information & trends	34%	54%	12%
Competitive intelligence for that operator	24%	57%	19%
Information on new technologies	12%	34%	54%

Thank You & Next Steps

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Sell smarter with operator data >>

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Implement smart selling best practices >>