

Convenience Store Decisions

Major Changes in Chain Executives' Dealings with Manufacturers New Culinary Visions Panel study finds major differences in 2014 and 2002.

The relationship dynamic between chain restaurant executives and food manufacturers has changed significantly in the last 12 years, according to a recent study by the Culinary Visions Panel.

The 2014 report explores the changing nature of vendor relationships and new product development between food manufacturers and decision-making executives at 51 leading chain operations, with a similar 2002 study involving 38 chain executives.

Personal, rather than unaccompanied, presentations have become the preferred means of contact, with 60% of chain executives favoring this method in 2014, compared with only 19% in 2002. Company Websites also are the preferred source of information for 44% of those surveyed last year versus 5% in 2002.



Although the percentage of respondents obtaining information by networking with peers at industry conferences doubled in 2014 compared with 2002, the importance of manufacturers' capabilities has remained relatively unchanged during this time period. The greatest importance is placed on the manufacturer's ability to meet customer needs and understand the chain executive's business.

Quality continues to be of primary importance when choosing a manufacturer, yet the definition of quality has changed to include products high in customer satisfaction that are minimally processed. Company reputation and creative ideas were top manufacturer considerations for 2014 survey respondents as opposed to in-house culinary expertise and state-of-the-art technology in 2002.

It appears more companies are meeting these requirements, as the number of manufacturers rated as outstanding by chain executives has increased considerably from 11% in 2002 to 42% in 2014.

"It was heartening to see the increase in the number of manufacturers rated as outstanding in the survey. Some of the verbatim comments spoke in detail about the deep understanding that manufacturers they considered best-in-class had of their business, their customers and their kitchen operations," noted Sharon Olson, executive director, Culinary Visions Panel.

The consensus of both surveys was that national account managers, corporate chefs and senior management should be present during manufacturer presentations. Respondents commented that, to be effective, these presentations should consist of a deep understanding of the chain's business and ideas that make sense for customers, menus and kitchen operations.

Face-to-face time has also become more important in terms of product delivery, with 78% of those surveyed preferring product samples delivered by a manufacturer representative in 2014 as compared to just 28% in 2002. The inclusion of a corporate chef working with the team also has become a distinguishing factor.

Rather than expecting manufacturers to develop completely customized products as in the past, more chain executives are seeking products from manufacturers that are pre-existing or slightly modified to meet their needs.

The most recent survey revealed that local, trans-fat free, all natural and sustainable are top considerations where menu planning is concerned. Detailed information about allergens and ingredient sources also are important to chain executives when purchasing new products from manufacturers.

In the last three years, the length of time it takes for a product or idea to be implemented into a menu has increased for more than half of those surveyed, with the majority of new items introduced as limited time offers (LTOs).

Although 83% of chain operators appreciated receiving trend information and new product ideas from manufacturers, 81% utilized Websites to obtain product information. The majority also preferred receiving newsletters for insight into today's trends.