



DRIVING CHANGE:

Improve ROI on LOCAL TRADE SPENDING!

Your local trade programs are expensive and likely are not producing the results and/or ROI you expect or need. Obtain specific recommendations on opportunities to either improve your ROI or spend less on local trade programs.

Trade spending is likely your number two largest P&L line after COGS, and represents a cost between two-four times that of your cost of "sales." The portion of your trade that is identified as local trade funds are typically intended to stimulate behavior to drive growth and provide an ROI. **But, are they really achieving desired results?**

Some of the most frequently-asked questions regarding local market trade spending are:

- What are other companies doing with their programs?
- What are distributors planning/doing on trade spending going forward and what programs are operators actually seeing and finding most effective?
- How do my programs compare to the more effective programs and what can I do strategically or tactically to improve my results, ROI or reduce my "pain points and spend levels?"

This study will answer the above questions and provide a thorough examination of both the current state of effectiveness and efficiency of local trade spending.

Manufacturers have created a complex set of trade spending mechanisms (or buckets) designed to address the various distributor requests and to be an **investment to stimulate growth**. Most manufacturers have HQ funds for the corporate distributors and for the Purchasing Co-op HQ (ex: UniPro, IMA), and they also have funds for local chain or independent operating distributor companies or branches. Local trade spending dollars are being counted on to work even harder than they have in the past, but are they really?

Technomic will assist manufacturers in addressing the challenging and evolving environment impacting their critical efforts and to **improve the ROI** on local trade funds.

Scope and Study Payback

The scope of this project will cover:

1. What is happening with local trade spending in the marketplace; providing benchmarking, research and trends.
2. What is happening with each sponsor company's efforts with local trade spending; providing an assessment of your programs.
3. What can each sponsor company do to improve; providing recommendations to **enhance your trade spending ROI**.

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Food Industry. Facts. Insights. Consulting.

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Key Objectives and Deliverables

The major objectives of this study update, all directed toward **improving your ROI** via the more effective and efficient use of local trade spending, are, to:

- Provide our participating clients with “in market” **fact-based insights** on the subject matter including: **benchmarks, customer preferred programs, trade spending trends, what has been successful** and other relevant market intelligence.
- **Assess sponsor company “current state”** local trade spending programs and identify strategic/tactical local trade structure and implementation issues/opportunities.
- Identify potential **opportunities** and recommend **strategic adjustments or initiatives** that will enable participating sponsors to capitalize on identified opportunities and **improve ROI**.

At the conclusion of all field work, Technomic will prepare a written report to document study results, conclusions and sponsor-specific recommendations. This report will serve as a vital blueprint for your management team to:

- Identify your negotiating position and develop negotiating strategies.
- Understand and use benchmark data to improve your marketplace position.
- How to effectively address “go forward” distributor expectations.
- Use recommendations on the steps you can/should take to improve ROI and drop more profit dollars to your bottom line .

All relevant findings and related analysis will be detailed in the report, with strategic analysis to be conducted and reported separately for each sponsor, including reporting of any proprietary issues.

Methodology

Step 1: Project initiation—private conference call with each sponsor to discuss open issues, obtain local trade information and finalize a timetable.

Step 2: Review and analyze relevant internal documentation—initial assessment of your current local trade programs, their implementation (with special emphasis on “sales expectations, needed deliverables”) and key performance indicators.

Step 3: Interviews of manufacturer sales management personnel—includes both program sponsors and additional manufacturers (food and non-food), at the level of management that “decides” program participation.

Step 4: On-site work session—one-day meeting with each sponsor for in-depth review of your current trade spending strategies, practices and results, conducted as a series of meetings with key functional/stakeholder groups.

Step 5: Interview guide development and input—key interview populations and strategic issues will be defined and shaped into survey tool; sponsors review and provide input.

Step 6: Distributor interviews—with procurement or senior management personnel from 20-25 broad-line distributor local operating companies.

Step 7: Operator interviews/surveys—with 140 independent foodservice operators (20 each from FSR, LSR, c-stores, healthcare, B&I, colleges/universities, and hotel/motel segments) to identify which local spending efforts are viewed as most interesting and effective.

Step 8: Broker interviews—10 to 15 in-depth interviews with key brokers to assess their attitudes toward current programs, implementation, authorization, effectiveness and perception of future trends and perceived needs.

Step 9: Analysis, reporting and presentation—detailed written report that documents all study findings, results, conclusions and recommendations, including specific initiatives for individual sponsors and personal presentation (in Chicago, with on-site option).

Next Steps

For a complete proposal and to learn more about how this study can make a measurable impact on your organization's performance, please contact:

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