

Written by Jacobs & Clevenger with approval of its client, the National Restaurant Association Educational Foundation.

BACKGROUND

The National Restaurant Association Educational Foundation (NRAEF) is the educational arm of the National Restaurant Association. Together, these organizations serve the 925,000 restaurant and foodservice operations in the United States. The restaurant and foodservice industry is enormous. With over 12 million workers, the industry is the largest employer outside of government, and with over \$500 billion in annual sales, it is one of the largest sectors of the economy, contributing 4 percent of the U.S. Gross Domestic Product.

The NRAEF's role is to develop and educate the industry's workforce. The Foundation's activities focus on recruiting new workers, helping retain those that enter the industry, and helping operators minimize the risks inherent to serving food and beverages. To this last end, the flagship product of the NRAEF is ServSafe®, the industry's leading food safety training and certification program.

Many restaurant and foodservice operators are required to have a manager trained and certified in proper food safety practices, to avoid the risk of foodborne illness among customers. For over 10 years, ServSafe has been the dominant player in this category, certifying more than 2 million people. ServSafe is important to the industry and its customers, but also to the NRAEF, as it is the leading source of revenue for many of the Foundation's scholarship and educational initiatives.

New Edition Merits a Fresh Approach

The NRAEF faced a critical juncture with ServSafe. It was ready to launch the new third edition of the program, which was much improved in content, tools, and materials. But the market environment had grown considerably tougher. Two competitors were more aggressively marketing their programs, and beginning to bite into ServSafe's market share.

And over the years, the brand image had grown out-of-date and was no longer reflective of the quality and leadership of the program.

Additionally, ServSafe was affected by a complicated distribution model, which allowed many customers to purchase materials from foodservice distributors, state organizations, and independent contractors. While some of the larger restaurant chains maintained a relationship with the NRAEF Sales Department, many others were not in contact and many smaller operators had no contact with the Foundation at all, relying solely on the network of local distributors for their needs. The result was that it was difficult for the NRAEF to deliver a consistent message, communicate the benefits of the new edition, and build the relationships that would increase customer value over time.

The NRAEF Marketing Department was ready to launch the new edition, but needed new positioning and a fresh direct marketing strategy. The NRAEF Sales Department was ready to talk to customers, but they needed ammunition and a pipeline of new leads. There was no marketing database, lead generation, or customer relationship activity. They knew what they wanted, but lacked the infrastructure and plan to make it happen.

CHALLENGE

The challenge was to develop and execute a plan to launch the new edition of ServSafe, and build a business-to-business marketing platform that would continue to serve the NRAEF going forward. The objectives were:

- Reposition the brand to better reflect the competitive advantages of ServSafe and the leadership and authority of the NRAEF.
- Develop a strategy to more efficiently market direct to customers, including lead generation among the higher-value segments.
- Drive sales of the new product to achieve a 2:1 ratio of revenue to marketing expense.
- Develop an infrastructure for marketing data that could become an information asset and

better inform strategies and targeted communications over time.

SOLUTION

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Customer and prospect information was reviewed. The NRAEF did not have a customer marketing database but did have a transactional database containing records of exam scores, class information, and past purchases for a select group of customers. Customer data was extracted from the transactional database, while other information came through the knowledge of the frontline sales team. Firmographics were appended to the file from outside data sources and some segments of the file were tele-verified.

For prospects (not existing customers), industry research and outside data sources were used in order to paint as complete a picture as possible. The available information was enough to segment the market based on potential customer value.

The market was segmented into these groups:

- **Large national restaurant and foodservice chains** with approximately 100 or more locations and product sales potential of \$25,000 and up.
- **Regional and local chains** with approximately 5 to 100 locations and product sales potential of \$1,000 to \$25,000.
- **Independent restaurant owners** with approximately 1 to 5 locations and product sales potential of less than \$1,000.

A contact plan was devised to deliver a stream of communications to each segment commensurate with the return the NRAEF could expect from that segment. *The highest-value segment*, large chains, represented a relatively small number of contacts, each worth considerable value. They would be put through a complete lead-generation program and receive the richest stream of communications, including personalized sales calls from their NRAEF sales representative, telling them about the new edition and the changes happening for ServSafe. Sales reps would also ask research questions of their customers, helping to fill any gaps in the data that

would be important for future marketing and sales efforts. Members of this segment also received a specialized, dimensional direct mailer with a premium designed to break through the clutter of a busy corporate manager.

The middle-value segment, with significantly more prospects but lower revenue per customer, would also be put through the lead-generation program. This segment would receive a more modest stream, including centralized telequalification and a more modest direct mail package. As part of the telequalification, prospects were asked a series of questions about their company's needs and food safety training resources. A grade was assigned from A through D, indicating the quality of the lead and the urgency with which the contact should be re-contacted. The direct mail sent was a 6 x 9-inch package with letter and brochure.

The lowest-value segment was the largest in terms of total numbers. For that reason it was extremely important. But the revenue per customer could not warrant the same investment in marketing, lead generation, and sales support. This group would receive a simple, cost-efficient direct mail piece. This value-based contact strategy ensured an allocation of marketing budget that would deliver the targeted revenue to expense ratio.

Lead-Generation Process

A phased-campaign approach was implemented to migrate prospects through the customer acquisition cycle. This process guided the timing and sequence of the multichannel, multisegment campaign.

The first phase, Awareness, introduced the brand and built awareness. This was achieved through targeted ads in trade publications, containing tip-in cards for response measurement. This phase also included online advertising and search engine marketing, which led to campaign-themed and targeted Web site landing pages. This phase ensured the market would have a basic comprehension of the program and its changes.

prospect file, which consolidated all of the various data sources into a single, integrated source for mailing, telemarketing, and e-mail communications. The other part was a new salesforce automation system that tracked key leads and accounts, sorting by grade and territory to the Sales Department for follow-up and maintenance, creating a pipeline of opportunity.

RESULTS

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The launch of the new edition of ServSafe was a success on every level. Economically, the program had its best year ever and the campaign itself exceeded objectives with a 2.5 revenue-to-expense ratio. Thousands of new sales were driven and over

500 high-value leads were qualified and generated for the Sales Department.

The new brand was unanimously well received across the industry and continued to anchor the look and feel of ServSafe communications for years to come. Print advertising consistently scored in the highest ranks for recall and awareness within its target. And the seamless integration from product packaging to Web to direct mail to sales collateral ensured that every customer received the clear and consistent message about ServSafe. The next year, based on the success of this initial campaign, marketing investment in ServSafe increased and the program continues to thrive on a new trajectory of success.



The National Restaurant Association Education Foundation (NRAEF) segmented their customer base using potential customer value as the criteria. There are many other ways that they could segment prospects. However, no matter what segmentation scheme they use, it must be reachable using mailing lists.

- A. Identify three other segmentation schemes NRAEF could use.
- B. Choose one of those segmentation schemes and describe how it might be executed by NRAEF.
- C. Explain your rationale for choosing that scheme.
- D. Describe a type of list that could be used to reach that segment

Key Points

- ▶ Large average order sizes, enormous lifetime values, and small target market universes dictate that the goal of business-to-business direct marketing is to increase sales productivity while “cultivating” relationships with existing business customers—the buyers, specifiers, approvers, etc., who influence or make direct purchases for companies, institutions, or other organizations.
- ▶ To uncover and meet needs that the competition is not meeting, seek to understand why customers buy from you, what needs your products or services fulfill, and how your products’ features or attributes compare with those of