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Theodore Garofola

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A STUDY OF THE FACTORS USED BY
FOODSERVICE BROKERS
IN THE QUALIFICATION OF SALES LEADS

by
Theodore Garofola

A project submitted to the
Faculty of the Food, Hotel and Tourism Management
at
Rochester Institute of Technology
in partial fulfillment of the requirements
for the degree
of
Master of Science

May, 1992
FORM K

ROCHESTER INSTITUTE OF TECHNOLOGY
School of Food, Hotel and Travel Management
Department of Graduate Studies

M.S. Hospitality-Tourism Management
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# TABLE OF CONTENTS

ACKNOWLEDGEMENTS ............................................. ii

LIST OF TABLES ................................................. vi

LIST OF FIGURES ................................................ vii

CHAPTER 1 - INTRODUCTION .................................... 1
   Problem Statement ........................................... 2
   Background ................................................... 3
   Overview ..................................................... 3
   The Foodservice Marketing and Distribution Organization ............................................. 4
   The Role of the Foodservice Broker .................................. 6
   Challenges Faced by Foodservice Brokers ................................ 8
   Purpose ....................................................... 10
   Methodology .................................................. 12
   Population ................................................... 13
   Sample ....................................................... 13
   Instrument .................................................. 13
   Variables ................................................... 15
   Definition of Terms ......................................... 15
   Assumptions ................................................ 16

CHAPTER 2 - LITERATURE REVIEW .............................. 17
   Overview ..................................................... 17
   The Generation of Sales Leads ................................ 18
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Print Advertisement</td>
<td>19</td>
</tr>
<tr>
<td>Direct Mail</td>
<td>20</td>
</tr>
<tr>
<td>Telemarketing</td>
<td>21</td>
</tr>
<tr>
<td>Trade Shows</td>
<td>23</td>
</tr>
<tr>
<td>Sales Lead Qualification</td>
<td>32</td>
</tr>
<tr>
<td>The Five Steps in the Sales Cycle</td>
<td>32</td>
</tr>
<tr>
<td>The Utilization of Qualification Factors</td>
<td>33</td>
</tr>
<tr>
<td>The Basic Criteria for Prospect Qualification</td>
<td>36</td>
</tr>
<tr>
<td>Qualification Criteria Used in Foodservice</td>
<td>38</td>
</tr>
<tr>
<td>Sales Force Motivation</td>
<td>40</td>
</tr>
<tr>
<td>CHAPTER 3 - RESULTS AND ANALYSIS</td>
<td>42</td>
</tr>
<tr>
<td>Return Rate and Survey Distribution</td>
<td>42</td>
</tr>
<tr>
<td>Descriptive Statistics of the Sample</td>
<td>44</td>
</tr>
<tr>
<td>The Rating of Qualification Factors</td>
<td>44</td>
</tr>
<tr>
<td>Volume of Sales Leads Received</td>
<td>50</td>
</tr>
<tr>
<td>Allocation of Time and Resources</td>
<td>50</td>
</tr>
<tr>
<td>Response to Qualified Sales Leads</td>
<td>51</td>
</tr>
<tr>
<td>Performance of Current Principals</td>
<td>52</td>
</tr>
<tr>
<td>Other Factors Identified Through the Survey</td>
<td>52</td>
</tr>
<tr>
<td>CHAPTER 4 - SUMMARY, CONCLUSIONS AND RECOMMENDATIONS</td>
<td>55</td>
</tr>
<tr>
<td>Summary</td>
<td>55</td>
</tr>
<tr>
<td>Conclusions</td>
<td>56</td>
</tr>
<tr>
<td>Quantifying the Qualification Factors</td>
<td>56</td>
</tr>
<tr>
<td>Recommendations</td>
<td>59</td>
</tr>
</tbody>
</table>
TABLE OF CONTENTS

Changes to the Survey ........................................... 59
Recommendations for Further Study ............................ 60

REFERENCES AND BIBLIOGRAPHY ................................. 61

APPENDIX A - THE FOODSERVICE BROKER SURVEY ............... 65
### LIST OF TABLES

<table>
<thead>
<tr>
<th>TABLE</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 1991 Expenditures for Magazine Advertisement in Trade Publications</td>
<td>26</td>
</tr>
<tr>
<td>2 - Distribution of Survey Return by Regions</td>
<td>43</td>
</tr>
<tr>
<td>3 - Average Ratings of the 14 Qualification Factors</td>
<td>49</td>
</tr>
<tr>
<td>FIGURE</td>
<td>PAGE</td>
</tr>
<tr>
<td>--------</td>
<td>------</td>
</tr>
<tr>
<td>1.1 - Supplier-Operator Organizational Structure</td>
<td>11</td>
</tr>
<tr>
<td>2.1 - Sample Business Reply Card</td>
<td>27</td>
</tr>
<tr>
<td>2.2 - Direct Mail Piece: Letter</td>
<td>28</td>
</tr>
<tr>
<td>2.3 - Direct Mail Piece: Coupon</td>
<td>29</td>
</tr>
<tr>
<td>2.4 - Direct Mail Piece: Merchandizing Examples</td>
<td>30</td>
</tr>
<tr>
<td>2.5 - Direct Mail Piece: Response Envelope</td>
<td>31</td>
</tr>
</tbody>
</table>
CHAPTER 1

INTRODUCTION

As the National Sales Manager for a major foodservice supplier it is Bob's responsibility to see to it that sales and market share for his company's products increase. Some of the major resources at his disposal for accomplishing these goals are marketing activities such as: advertising, trade shows, an 800 telephone number, and a newsletter. To date these resources have been generating an acceptable number of inquiries and appear to be delivering as expected. Still, Bob has an uneasy feeling that with the large number of inquiries received, the number of sales as compared to the number of inquiries (sales leads) generated from these requests could be much higher than it is. In talking with his sales managers about the process used by the foodservice brokers in the field to follow up on these sales leads he begins to see how these potential new accounts are being lost.

From his investigation, he has found that his current inquiry handling process is set up to handle a sales lead's requests for the output of information from his company but has no means for receiving or requesting the input of further information from the prospect (beyond name, company, title, address and desired product literature).
In addition, Bob has discovered that his foodservice brokers are overwhelmed by the large number of sales leads they receive from his company, many of which, turn out to be from people who either have no need or authority to purchase, the product in which they have expressed interest. Further, from experience, the foodservice brokers have found that the amount of new business generated from these sales leads does not justify the amount of time and effort required to sort the strong potential prospects from the unlikely prospects. Based upon this, the brokers will generally ignore or respond slowly to all but a few of the inquiries forwarded to them, thereby, allowing potential customers to "fall through the cracks".

As Bob reviews the latest batch of sales leads from his marketing department he begins to wonder - "how can I improve the quality of the leads my company forwards to the foodservice brokers so that they will be motivated to spend more time in following up on them and produce better results?".

**Problem Statement**

When prospective customers make contact with foodservice suppliers to express an interest in their products, the suppliers are in a position to gather certain information about these potential prospects and their business. This
information, in the form of sales leads, is then passed to the foodservice brokers for follow up.

What information do foodservice brokers need their suppliers to include with these sales leads in order to help facilitate their decision regarding the allocation of sales efforts in the follow up of these leads?

Background
Overview

Foodservice, a $261.8 billion industry in 1991 (Technomic), includes all establishments, businesses, and services that prepare and serve meals, snacks and beverages away from home.

The foodservice industry can be divided into two general categories: commercial and noncommercial.

♦ Commercial establishments are operations which are run for profit and are readily accessible to the public and would include restaurants, fast food operations, taverns, hotels, motels, specialty shops, and recreational facilities

♦ Non-Commercial establishments are not necessarily run for profit but ,instead, are run primarily as subsidiary or complementary operations to other businesses and service activities and would include schools, hospitals,
airlines, prisons, military bases, and other institutional facilities.

Included in both of the above categories are contract feeders which can be described as profit oriented operations which operate and manage foodservice facilities within or for other establishments.

The Foodservice Marketing and Distribution Organization

A typical foodservice marketing and distribution organization consists of the Foodservice Supplier, Food Distributors, Foodservice Brokers, and Foodservice Operators (figure 1).

The Foodservice Supplier provides value-added products and services to foodservice operators. These products are pre-processed and/or pre-prepared food items that provide value to the operators through labor savings, product consistency and/or cost benefits. The task of communicating the supplier's products and services to the market is primarily the responsibility of the supplier's sales and marketing departments. This is usually accomplished through sales calls, advertising, trade shows, newsletters and promotions which serve to generate interest, and subsequently inquiries, from the foodservice operators. These inquiries can be received via mail or telephone and can come to the suppliers directly or through the distributor or broker. Technical support such as, recommended preparation...
techniques or menu ideas, is the responsibility of the supplier and is often provided in conjunction with or through the foodservice brokers.

♦ The Food Distributors, are responsible for direct sales of the supplier's products and for maintaining an inventory of these products for quick availability. A given market area usually is served by a number of distributors, all of which, carry products from a number of different, competing and non-competing, suppliers.

♦ Foodservice Brokers are independent field sales personnel whose responsibility is to provide support to the food distributor and food service operator and to generate new business for the supplier within an exclusive sales territory. The brokers are responsible for day to day contacts with distributors, existing customers (operators), and prospective customers for the purposes of providing both technical and commercial support to them. In addition, the foodservice broker is expected to keep the supplier and distributor informed as to what is going on in their territory, such as, customer needs and competitor's actions. The supplier's internal sales personnel (usually Regional Sales Managers) will periodically make sales calls with the brokers. A foodservice broker will represent many suppliers exclusively by product. They're compensation is on a commission basis, being paid strictly for what is sold in their territory. While not directly employed by their suppliers, the foodservice broker does report
to the supplier's Sales Managers in a subordinate role and is obligated to work towards building the assigned territory.

Foodservice Operators are the personnel directly responsible for purchasing decisions in food service operations such as: restaurants, cafeterias, commercial kitchens, and institutional kitchens.

Each of the above segments have individual tasks (roles) whose outputs contribute to the achievement of the overall organization's goals.

The Role of the Foodservice Broker

The National Food Brokers Association (NFBA) defines a Foodservice Broker as "a food sales agency of one or more people that generally sells products through foodservice distributors to foodservice retailers".

The Foodservice Broker is considered by the supplier, distributor, and operator to be the local market expert in their area of coverage. In addition, the Foodservice Brokers add value to the products which they represent. This added value is in the form of knowledge and support.

The knowledge contributed by the broker firm is in the area of general information about the foodservice industry itself and specific knowledge about the accounts in the geographic territory which the firm serves.
Support is provided when the broker firm's personnel combine their knowledge with their selling, technical, and account management skills to meet the objectives of the suppliers, distributors, operators and themselves.

As detailed in "Foodservice Brokers - Moving the Industry" (NFBA), the primary services provided by foodservice brokers to the supplier are sales and marketing services. Some of these services which are provided by Foodservice Brokers are:

- Order processing;
- Product tracking;
- Market intelligence;
- Communication of market needs to the suppliers;
- Sales training to supplier's and distributor's sales force;
- Handling customer complaints;
- Product demonstrations and training for handling and preparation to customers;
- Menu analysis and suggestions for customers;
- Planning and implementing promotions for suppliers and distributors;
- Responding to inquiries from potential customers.

In addition to the above services, the foodservice broker is responsible for maintaining the distributor's relationship with the supplier. It is the broker's
responsibility to sell the distributors on the supplier's products so as to build the quantity of the supplier's products that the distributor stocks.

As can be seen from the above list, the foodservice broker's role in the Food Marketing and Distribution organization is a complex one, requiring many skills and resources, the focus of this study is on only one of these many aspects of the foodservice broker's role - Responding to inquiries (sales leads) from potential customers.

Challenges Faced by Foodservice Brokers

Foodservice Brokers today are facing challenges to their income, time, and resources.

According to Linda Bortis, President of Respond Inc a foodservice marketing company, the average cost of a sales call in 1987 was $251. With costs such as these foodservice brokers are pressed to be as efficient as possible in the allocation of their resources.

Historically, foodservice brokers have focused a large portion of their efforts on selling to the distributors in their territories who in turn would concentrate on selling to the operators (Hale). The brokers would get involved more on a technical and support level than on a sales level. In his article about the changing roles of Foodservice Brokers, William Hale projects that in the '90s this focus
is changing and brokers are now focusing more of their efforts on foodservice operators. Hale's article relates this shift to several factors:

- **Consolidation of distributors into large national organizations has affected the supplier's sales.** This is because these distributors often aggressively promote their own private labels over the supplier's own label. This puts more pressure on the brokers to maintain and increase the supplier's access to the foodservice operators in the local market. In order to do this the Foodservice Brokers must focus their efforts on selling the operators who, in turn, are in a position to affect the distributors stocking decisions. In many cases the supplier will seek to win national and key operator accounts to hold their distribution channels with the national distributors.

- **Although the food distribution system is the largest marketing system in the U.S.,** its growth rate is below that of the rest of the economy (Gallo). This decline in the growth rate of the foodservice market has increased the pressure on suppliers and brokers to maintain market share.

- **The need to add more value to the products or services.** Suppliers have come to realize that the distributors lack the resources to provide a value-added business system to the operators. They have discovered that this added value enables them to compete against the distributor's less expensive private label. This system
usually includes training, consulting, merchandising assistance, product development, problem solving and responding to the unique needs of the operators. Because the Foodservice Brokers are equipped to handle many of these needs, the supplier looks to them for support in this area.

All of these factors combine to force the Foodservice Broker to rethink their roles, as this shift from distributor oriented to a combination of both distributor and operator will mean a reallocation of resources within the broker organization in terms of people, systems and management.

Purpose

The purpose of this study is to examine the Foodservice Broker's function in the Foodservice Marketing and Distribution organization with particular attention paid to the interaction among the supplier, broker and distributor in the marketing and sales cycle. This study will examine the perceived importance of a set of qualification factors which are used by Foodservice Brokers to determine the viability of sales leads generated by the foodservice suppliers.
Figure 1.1 - Supplier-Operator Organizational Structure
Significance of the Study

Because the cost of a sales call has become increasingly expensive, running into the hundreds of dollars per call, foodservice brokers are forced to seek ways of optimizing the use of their time. This economic pressure leads to a competition among suppliers for pieces of the broker's time and also limits the amount of time a broker would be willing to spend on pursuing sales leads that appear to be questionably productive. In order to motivate the foodservice brokers to allocate more of their time to pursuing sales leads generated through the supplier's marketing efforts, the foodservice supplier must develop new and better ways of assuring the quality of the leads given to the broker. One approach, as examined here, is to ensure that the sales leads contain data that is deemed important to the foodservice broker for determining the amount of effort which should be expended in pursuing the potential prospect's business.

Methodology

By focusing on the information used by the foodservice broker in determining the viability of sales leads received from their foodservice suppliers, this study will analyze some of the qualification factors used by the brokers in their sales lead follow-up process. The study will utilize Descriptive Research Methodology to provide a means of
evaluating the perceived importance of each factor in the qualification process.

**Population:** The population for this study is the foodservice broker segment of the food marketing and distribution organizations in the United States. The population will be represented by the complete list of broker firms representing a local foodservice supplier which agreed to co-operate with this study in return for anonymity. Since these firms represent a variety of suppliers, this population is seen as representative of the population of foodservice brokers as a whole.

**Sample:** The sample of this study will be 53 foodservice broker firms who together represent the above mentioned foodservice supplier nationally.

**Instrument:** The survey instrument (questionnaire) was designed under the guidance of experts in the industry and education.

The first part of the survey consists of 14 factors which have been identified as important to the qualification process. The purpose of this section is to measure the perceived importance of each of these factors to the foodservice brokers.
Question 15 is intended to measure:

1. How fast a foodservice broker is likely to respond to a qualified sales lead.
2. What actions are likely to be taken in responding to a qualified sales lead.

The last section of the questionnaire deals with how foodservice brokers allocate time for the sales lead review process. It is assumed that most respondents will approximate the data requested. However, since the intention of this section of the survey is to ascertain the foodservice broker's perceptions of the resources required to process sales leads, it is felt that approximations will be sufficient to meet the needs of the study. The data gathered from this section will include:

1. The number of sales leads received per principal each week.
2. The amount of time spent per week in reviewing the sales leads.
3. The amount of time spent per week in direct sales activities.
4. The percentage of direct sales activities time spent in the follow up of sales leads.
5. The time it takes to respond to a sales leads once it has been qualified.
Variables: The independent variables in this study will be the qualification factors identified as a result of the review of the literature and the interview process. The Dependant variable is the perceived importance of each of these factors to the foodservice brokers.

Definition of Terms
Cold-Call Canvasing - a method of selling in which the salesperson calls on any of the persons or businesses which fall within a class or group. There is no careful pre-selection in this process, instead the salesperson relies on the law of averages to get sales.
Lead Follow up - the process of making contact with an individual who has responded to a marketing effort to ascertain their needs and make a sale.
Lead to Sale Conversion Rate - the ratio of new sales made to sales leads received.
Mail-back Response Card - a post card that is included in a direct mail piece of advertising for use by the contact to respond to the ad. It is usually pre-addressed to the supplier and sometimes postage pre-paid.
Principal - a foodservice supplier that has empowered a foodservice broker to act on its behalf.
Private Label Food - a foodservice product produced by a supplier for a distributor and labeled with the distributor's own private label.
Prospect - a qualified person or business that has the potential to buy a marketed product or service.

Sales Lead - the name of a person or business who might be a prospect. It is only by being qualified that a sales lead can be considered a prospect.

Sales Lead Qualification - The process of determining the sales potential of a sales lead for the purposes of allocating sales resources.

Sales Territory - a geographical region in which a Foodservice Broker is responsible for product sales, delivery, and support.

Assumptions

The assumption made by this study is that there are specific, identifiable factors used by foodservice brokers to evaluate the quality of sales leads in determining whether or not to allocate their resources to pursuing the prospect's business.
CHAPTER 2

LITERATURE REVIEW

Overview

This study focused on identifying and measuring the importance of qualification factors used by Foodservice Brokers to determine the viability of sales leads generated by their foodservice suppliers. This chapter examines the relevant literature in regards to some of the marketing methods used to generate sales leads and techniques for the qualification of them (sales leads). A review of available literature regarding these areas included a search of the ABI (Abstract Business Index) for articles related to the above subjects which was published in research and trade journals. In addition, personal interviews with experts in marketing and sales, and marketing and salesmanship texts were used as resources for the study.

In the first portion of this chapter a review of the available literature regarding sales lead generation (marketing) was performed. Studies were referenced concerning expenditures (Gallo 1991, Paterson 1992), and the effectiveness and uses of the various marketing programs (Anonymous-f 1990, Anonymous-h 1991, Stone 1989). This literature search was unable to identify any research which was specifically related to the use of marketing programs to
target only those individuals who could be considered qualified and therefore capable of making or influencing the purchasing decision within the targeted group.

The second portion of this chapter deals with the Sales Cycle, of which, qualification factors and the process itself are a part. In this section the sales cycle is defined and the identification and use of qualification criteria are discussed. Research studies were referenced which examined the differences in how salespeople weighed qualification factors in determining how to classify prospects (Sujan, Sujan, Bettman 1988 and Szymanski, Churchhill 1988). This search was unable to identify any research regarding the effectiveness of specific qualification factors. Instead, these factors were identified through, personal interviews with professional sales people, articles published in professional sales journals, and through salesmanship texts. In looking beyond the qualification process, the subject of sales force motivation was examined. Research regarding the motivation of salespeople to respond to requests for sales resource allocation from their principals was reviewed and is summarized (Keith, Jackson, Crosby 1990).

The Generation of Sales Leads

There are many different sources of sales leads which can be utilized by the foodservice supplier. Some of the
traditional sources are trade publications, direct mail, telemarketing, trade shows, referrals from customers, past inquiries for the same or similar products or services, and inactive or current customers. The selection of sources is dependant upon the type and nature of the business and its products/services. Many successful programs combine two or more sources for optimum results, i.e., direct-mail using a mail-back response card, a phone number to call and telemarketing to call the non-responding contacts (Sollo 1992).

The food industry as a whole is the largest group of advertisers in the U.S and their advertising expenditures for 1990 was nearly $12 billion (Gallo 1991). The typical methods of marketing used by the foodservice industry are discussed below.

**Print Advertisement** in trade publications is the most common form of marketing used by the foodservice supplier. Expenditures for magazine advertisement in trade publications was $161 million in 1991 (Table 1). Print advertisement's main purposes are to generate interest (sales leads) in products and services and to foster name or brand recognition. In order to help facilitate sales leads, many trade publications include business reply cards (Figure 2.1) which interested parties can mail to the magazine for further information regarding the products or services featured in the issue. These sales leads are then forwarded
to the appropriate advertisers for follow up by their sales departments.

Some of the advantages of this type of marketing are:
♦ Ability to target specific markets;
♦ Low cost per contact;
♦ Long ad life;
♦ Moderate lead time from ad design to publication.

Disadvantages of this marketing approach include: its less personal approach, slower response rate than trade show or telemarketing, and because of its broad exposure, even in trade publications, it has much less selectivity than the other approaches.

**Direct Mail** advertising is advertisements mailed directly to the user to expose them to the product/service or remind them that the product is available to meet specific needs. In addition, direct mail can be used to elicit a response from a current customer, through the use of questionnaires. Often direct mail pieces include coupons, samples, or promotions such as contests or special offers. An example of a foodservice direct mail piece is shown in Figures 2.2 through 2.6. This particular piece included a one ounce sample of the product featured, as well as, a coupon, a selection of available merchandising materials, and a response envelope addressed to the Foodservice Broker.
Some of the advantages of direct mail are its:

♦ Ability to reach all businesses in a selected segment;
♦ Selectivity within the segment, i.e., by title, business, location, etc.;
♦ The ability to Personalize the mailing;
♦ Flexibility due to the fact that offers and ad copy can be changed within a mailing;
♦ Ability to include other marketing tools such as, coupons, an 800 number (inbound telemarketing) and print advertisement;
♦ Second highest response rate (behind telemarketing) and
♦ Suitability for research and testing.

A key disadvantage of direct mail is its high cost per contact when mailing, printing, promotion and mailing list costs are factored in.

Telemarketing is a marketing communications system which utilizes telecommunication technology and trained personnel to conduct planned, measurable marketing activities directed at targeted groups of consumers (Futrell 1984). There are two types or classifications of telemarketing Inbound and Outbound

Inbound Telemarketing relies on the sales lead, prospect or customer to call the company's sales department for information or to respond to a marketing tool, such as an advertisement or direct mail piece.
Outbound Telemarketing is the process of proactively selling products or services. The scope of outbound telemarketing is rather broad and could range from calling contacts gathered from lists of specific market segments, calling sales leads to further qualify them, or contacting existing customers to determine present and future needs or offer services.

As a marketing tool, telemarketing is relatively new, its widespread use only started in the early 1960's (Bradbury 1992). Sheraton Corporation is recognized as being one of the first to utilize the telephone when it implemented its 800 toll-free service for reservations (Kordahl 1992). Today, as the field of telemarketing is expanding, many marketer have adopted it to assist them in lead generation, qualification, and face-to-face selling.

The primary purpose of telemarketing is sales lead generation and qualification, although some use it to add value and service to their products or services. According to a study conducted by the Manufacturer's Agents National Association (an organization similar to the NFBA):

- 81% of agents sampled used the telephone for cold-call canvasing;
- 96% used the telemarketing to further qualify leads sent to them by their principals;
- 83% felt that telemarketing improves their sales productivity when it is used for further qualification;
♦ 93% used the telephone to maintain contact with their prospects;
♦ 91% used the telephone to maintain regular contact with their customers and
♦ 56% indicated that they were spending less time in face-to-face meetings with their customers in 1990 then in 1988. (Anonymous-f, American Salesman 1990)

Some of the advantages of telemarketing include:
♦ Higher response rate than print advertisement and direct mail.
♦ Its one on one nature which is more personal than advertising or direct mail;
♦ Fast response time;
♦ Flexibility;
♦ Selectivity;
♦ Application for profile generation and
♦ Usefulness in research and testing.

Disadvantages of telemarketing are:
♦ High cost per contact, second behind trade shows, as high as $14 per contact (Stone 1989) and
♦ The danger that sales leads will be turned off by its less than personal approach if they had hoped for a face-to-face response from the supplier.

Trade Shows perform several functions from a marketing perspective such as enhancing the company's image and
providing a means of bringing the product or service to the public. From a sales perspective, the main role of trade shows is to generate sales leads and qualify prospects.

Some advantages of trade shows are:
♦ They draw upper strata members of the target audience since most attenders spend a considerable amount of money to attend. These people spend an average of 7.6 hours over 2 days viewing exhibits (Anonymous-h, American Salesman 1991)
♦ Provide a productive list of potential prospects which can minimize the cost of a sales call by allowing the contact to be pre-qualified;
♦ Offer broader customer exposure;
♦ Strengthen the company's image;
♦ Provide a means of giving customers and potential customers hands on experience with the products and services;
♦ Can generate immediate sales leads;
♦ Provide the company with an opportunity to see what is happening within the industry;
♦ Provide an opportunity for non-sales personnel to make direct contact with the customers.

Disadvantages of trade shows are:
♦ They require taking people out of the factory and the field to participate;
♦ Are costly to produce and perform;
Have the highest contact rate at $97.93 per contact (Anonymous-h, American Salesman 1991) and

Often only attract existing customers or competitors.

Regardless of the industry, sales leads or inquiries generated from the various marketing activities often are ignored. Marketers estimate that at least one half of the companies receiving inquiries do nothing with them, even though studies have indicated that greater than 20% of these sales leads would result in sales within 6 months if properly handled (Kelly 1989). Because of the expense related in generating sales leads, they must be followed up promptly to avoid wasting the company's money and the valuable time of the salesperson.
This annual PAR report lists the TOP 200 ADVERTISERS from 20 publications serving the FOODSERVICE/LODGING business markets. The advertisers are ranked by total ad pages, including regional, demographic, split runs and supplements. Ad revenue is based on the 6-time rate either in B/W for one or two color ads and 4-color rates for 3 or 4 color ads.

Regional, demographic and supplements rates are calculated based on 25% of the national rate. The TOP 200 report for the foodservice/lodging market also includes the previous 4 years in both pages and dollars for comparative purposes.

### Table 1. 1991 Expenditures for Magazine Advertisements

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<tr>
<th>Year</th>
<th>Total Ad Pages</th>
<th>TOP 200 Ad Pages</th>
<th>%</th>
<th>Total 6-Time Ad Revenue</th>
<th>TOP 200 Ad Revenue</th>
<th>TOP 200 Average Page Rate</th>
<th>Total # of Advertisers</th>
<th># of Ads 100 pages</th>
<th>Minimum Pages to make 200</th>
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<tr>
<td>1979</td>
<td>13,849</td>
<td>10,000</td>
<td>72.2</td>
<td>$44,686,328</td>
<td>$31,958,410</td>
<td>71.3%</td>
<td>#3,227</td>
<td>19</td>
<td>19</td>
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<tr>
<td>1980</td>
<td>14,095</td>
<td>9,410</td>
<td>66.8</td>
<td>$47,564,450</td>
<td>$34,185,290</td>
<td>71.9%</td>
<td>#3,375</td>
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<td>1981</td>
<td>14,702</td>
<td>9,388</td>
<td>63.9</td>
<td>$54,693,181</td>
<td>$38,320,054</td>
<td>70.7%</td>
<td>#3,720</td>
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<tr>
<td>1982</td>
<td>15,970</td>
<td>11,020</td>
<td>69.0</td>
<td>$67,404,927</td>
<td>$51,285,430</td>
<td>74.9%</td>
<td>#4,220</td>
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<td>1983</td>
<td>17,457</td>
<td>11,285</td>
<td>64.6</td>
<td>$82,039,379</td>
<td>$57,973,796</td>
<td>70.6%</td>
<td>#4,699</td>
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<td>20,466</td>
<td>13,755</td>
<td>67.2</td>
<td>$108,213,929</td>
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<td>72.4%</td>
<td>#5,287</td>
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<td>21,252</td>
<td>14,499</td>
<td>68.2</td>
<td>$132,095,301</td>
<td>$93,600,528</td>
<td>76.7%</td>
<td>#5,745</td>
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<td>14,680</td>
<td>64.2</td>
<td>$132,395,431</td>
<td>$101,610,872</td>
<td>76.7%</td>
<td>#5,975</td>
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<td>1987</td>
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<td>16,007</td>
<td>70.3</td>
<td>$147,946,179</td>
<td>$111,751,825</td>
<td>75.5%</td>
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<td>14,833</td>
<td>63.4</td>
<td>$154,260,302</td>
<td>$110,516,234</td>
<td>71.3%</td>
<td>#6,397</td>
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<td>1990</td>
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<td>14,394</td>
<td>66.7</td>
<td>$155,615,179</td>
<td>$113,936,337</td>
<td>73.2%</td>
<td>#7,217</td>
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<td>1991</td>
<td>20,627</td>
<td>14,721</td>
<td>71.4</td>
<td>$161,039,769</td>
<td>$122,990,978</td>
<td>76.3%</td>
<td>#7,807</td>
<td>45</td>
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An average schedule for an Advertiser in this market in 1991 is 12.4 pages and a cost of $46,488 in 6-Time Ad dollars.

**Publications Monitored in the 1991 Top Advertiser Report Are:**

- Club Management
- Food Management
- Restaurant Business
- Lodging Hospitality
- Food Arts
- Progressive Grocer (FS Edition)
- Hotel & Motel Management
- Institutional Distribution
- Restaurant Hospitality
- Nation's Restaurant News
- School Foodservice
- Restaurants & Institutions
- JRLN. American Dietetic Assn.
- Foodservice Product News
- Foodservice Director
- Restaurant Show Daily
- FS Equipment & Supply Specialist
- Foodservice Distributor
- R & I Market Place
- Progressive Grocer (FD Ser Edition)
**Figure 2.1 - Sample Business Reply Card**

For faster service, please check off this information: February 10, 1992

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**Use this postage paid reply card to find out more about the products featured and advertised in RESTAURANT BUSINESS. Or, for fast service fax to (609) 764-7157.**

For FREE subscription form circle number 350
BRIGHT and BRISK

... that's what America loves about Lipton tea. America's #1 tea is far and away Number One. Enclosed is a 1 oz. bag for you to enjoy that bright sparkling color and brisk refreshing taste. Others may try hard to copy, but only Lipton stands out as the Bright and Brisk favorite of American Tea Drinkers.

A 1 oz. Lipton bag costs only 23¢ and makes a gallon of Bright and Brisk Lipton Iced Tea. A gallon sells for approximately $12 or 52 times its cost. It pays to sell America's favorite tea! The profit is in more sales, not a few pennies less per 1 oz. bag. Iced and hot tea are one of the fastest growing beverages. Sales nearly doubled in the 80's and the same fast growth is continuing into the 90's. How many menu items cost 1½ cents and sell for 75 cents? (a lot more room for cups, labor, ice, and sweeteners)

Take a look at the enclosed literature which shows you the many ways Lipton helps you sell more tea. Make sure your tea orders say Lipton both on the purchase order and at your point of sale.

Figure 2.2 - Direct Mail Piece: Letter
Introductory Cash Rebate Certificate

Save Up To $50.00

Lipton

Lipton will pay foodservice operators $5.00 per case on initial order(s) of Lipton Iced Tea Bags (Code # 283 - 4/24 1-gallon iced tea bags) up to a total of 10 cases ($50.00). Your order(s) must be placed by August 31, 1992, so start ordering now! Redemption must take place within 45 days of last order date.

Here's how to get your rebate:

1. Complete this form.
2. Attach a copy of your distributor invoice(s) showing purchases of eligible products (10 case maximum).
3. Mail to: Lipton Iced Tea Bags
   P.O. Box 1634
   Delran, N.J. 08075

Please print. All information must be legible and complete to qualify.

Account Name____________________________________________________
Attention________________________________________________________
Address__________________________________________________________
City________________________ State______ Zip________________________
Total number of cases (up to 10)__________ x $5.00 rebate =____________

Offer not valid outside the continental United States except Alaska, Hawaii and Puerto Rico. Distributors, wholesalers, warehouse clubs, cash and carry operations, contract business, bid accounts and individual consumers not eligible. Chains and franchise groups must participate on an individual basis. One rebate per location only. Maximum rebate is $50.00. Void where restricted, prohibited or taxed. Please allow 6 to 8 weeks for processing.

FST123

Figure 2.3 - Direct Mail Piece: Coupon
Putting Us Out Front, Puts You Out in Front!

Take advantage of Lipton's appetite appeal point-of-sale display materials, plus our brewing dispenser decals and exclusive Lipton pitchers and carafes. Select any or all of these specially designed items.

COLORFUL TABLE TENTS
Sure to prompt impulse purchasing with its appetite appealing photography specially designed for this program. Folded size measures 4½" x 4½". Order Code # FST034T.

EYE-CATCHING MOBILES
Designed to convey immediately that you serve “Fresh Brewed” Lipton Iced Tea via a traditional image of a tea pot surrounding a tall glass of Lipton Iced Tea. Measures 14½" x 15". Order Code # FST033M.

EXCLUSIVE PITCHERS & CARAFES
Reinforce the “Fresh Brewed” message to your customers when you serve their favorite tea in our exclusive Lipton “60 oz. pitchers or 1 liter carafes. Your logo could also be imprinted. Order Code # FST038 (pitcher) or # FST039 (carafe).

SALES-BUILDING POSTERS
This colorful 2-sided poster tells your customers you think to serve the best—“Fresh Brewed” Lipton Iced Tea. Perfect for windows, doors or dining room walls, the enticing image urges customers to enjoy America’s choice tea, plus reinforces your other point-of-sale items. (Comes in 2 sizes) Order Code # FST035P (15” x 18”) or # FST036P (24” x 36”).

BEVERAGE DISPENSER DECALS
Let America know you’re brewing their #1 choice of tea! These high-quality decals come in three sizes: (6 1/2” x 9 1/2” for plastic urns, 9 1/4” x 9 1/2” for T-3 urns, and 8” x 10 1/4” for T-6 urns) Order Code = FST031D (plastic urn), # FST031D (T-3), # FST032D (T-6 urn).

NEED ADDITIONAL MATERIALS?
Contact your local Lipton Sales Representative with any request at all for additional materials. Napkins, placemats, whatever your needs, Lipton is ready to help you in any way they can to build your sales and profits!

Figure 2.4 - Direct Mail Piece: Merchandizing Examples
BUSINESS REPLY MAIL
FIRST CLASS PERMIT NO. 5096  INDIANAPOLIS, IN
POSTAGE WILL BE PAID BY ADDRESSEE

BOCAR Enterprises

P. O. BOX 681408

INDIANAPOLIS INDIANA 46209-6750

Reply Now

YOUR NAME _______________________ PHONE PLEASE __________

COMPANY NAME ________________________________

ADDRESS ________________________________

CITY____________________ STATE _________ ZIP ________

PLEASE SEND ME:

____________________ (CASES) ______________ (SIZE) __________ (PRODUCT)

PLEASE SEND ME SAMPLES ________________________

PLEASE HAVE A PRODUCT SPECIALIST TELEPHONE ME ______________________

REMARKS ________________________________

________________________

SIGNED __________________________

Figure 2.5 - Direct Mail Piece: Response Envelope
Sales Lead Qualification

There are five steps in a typical sales cycle (process) and an average industrial sale requires 5 sales calls (Brock 1989). Therefore, some or all of these steps may be used in varying degrees during sales each call throughout the course of the sales cycle.

The Five Steps in the Sales Cycle:

1. Initial qualification to allow the salesperson to gather information from the sales lead to help the salesperson determine whether there is a genuine want or need for the product(s) or service(s). Discussions during this step often center around general questions about the sales lead's business.

2. Needs analysis to determine the prospect's requirements. This is usually an in-depth interview whose objective is to glean as much information as possible about the prospect's needs. Ideally, this interview is with a decision maker, influencer or facilitator.

3. Presentation of the salesperson's product(s) or service(s) to demonstrate how needs can be met and to arouse in the prospect a desire to purchase. This step is crucial since failure can end or setback the sales process. A poor presentation may be perceived as a lack of understanding of the prospect's needs, therefore, the presentation's success relies heavily on a proper needs analysis.
4. The *Proposal* is similar to the presentation step and can be combined with or used in place of the presentation, depending upon where the salesperson is in the sales cycle. This step is used to propose a solution to the problems identified from the other steps.

5. *Closing* the sale is the culmination of the sales cycle, it is the point at which the prospect will decide whether or not to buy. A good close is dependant upon the careful execution of all steps in the sales cycle.

Step 1, the *initial qualification*, is the focus of this study, however, as with all steps, it is intertwined with the complete process. How the qualification factors are viewed by the salesperson will determine the approaches used in subsequent steps. Additionally, it is important to note that qualification occurs continually throughout the sales cycle as the salesperson assesses and reassesses the needs and reactions of the prospect. With this in mind, it may be helpful to understand how the utilization of this knowledge (qualification factors) affects the performance of the salesperson.

**The Utilization of Qualification Factors**

In determining a sales lead's potential salespeople use the qualification factors discussed above to classify the prospective customers and to evaluate the potential of the sales lead prior to acting upon it. This takes the salesperson to the next step in the sales cycle, namely,
needs assessment. In making decisions regarding the qualification of sales leads, how the information is used by the salesperson to assess the needs of the prospect has an affect on the outcome of the sales process.

In their study of a group of telemarketing salespeople, Sujan, Sujan, and Bettman observed that all of the salespeople would place prospects into categories based upon specific qualification factors (i.e., small family business, large chain, etc.). Each category would contain a number of qualification factors (descriptors) which would be used to determine the viability of the sales lead. This study, to determine how salespeople used sales knowledge to perform, found a factor in distinguishing effective from less effective salespeople was in the number of descriptors used in each category (4.6 vs 3.7). The study opines that the difference in the number of descriptors (the amount of information) is related to the salesperson's knowledge of the traits, motives and behaviors of the different types of customers encountered (i.e., customers needs). In addition, the study points to the salesperson's use of the descriptors in determining sales strategy, with the more effective salespeople having a higher number of sales strategies per set of descriptors (3.5 vs 2.4). Further studies have shown that the use of qualification factors in the categorization of prospects is not uncommon among salespeople. In studies of financial services salespeople (Szymanski, Churchill 1988) it was found that their prospecting process had three steps:
1. Ascertain whether the sales lead is a prospect at all by placing into a general category using the sales lead qualification factors (cues) to compare the prospect with typical customers to quickly include or eliminate the sales lead from consideration.

2. The next step identified by the study was to assign a level of sales potential to the prospect, such as, good, moderate, or poor. Again this is accomplished by comparing the information against typical customers of each level. In doing this, the salesperson applies a weighted value to each of the cues (qualification factors) used to categorize the prospect.

3. Finally, the sales person determines the appropriate response level to the sales lead by the weighing of the previous step.

In this study, a significant difference between effective and less effective salespeople was the types of cues used and how they were weighted in determining the sales lead's general category and the potential of the prospect.

The significance of this research points to the importance of going beyond using general qualification criteria in gathering information from prospective customers. Instead, foodservice suppliers would be wise to utilize input from their top salespeople in designing any sales lead generation program.
The Basic Criteria for Prospect Qualification

The basic criteria for prospect qualification can be found in many texts on salesmanship. Futrell lists seven criteria in his text "Fundamentals of Selling" which are representative of the criteria found in other literature. These criteria are:

1. Does the individual or business need the products or services?
2. Does the individual or business perceive a need or problem that may be satisfied by the salespersons products or services?
3. Does the individual or business have a sincere desire to fulfill this need or solve this problem?
4. Can this individual's desire to fulfill needs or solve problems be converted into a belief that the products or services are needed?
5. Does the individual or business have the financial resources to pay?
6. Does this individual have the authority to buy?
7. Will the potential purchase be large enough to be profitable.

The use of these criteria has been found in interviewing sales and marketing experts both inside and outside of the foodservice industry. It is important to point out at this juncture that the questions asked of the potential prospects are almost never presented as listed above as they could be construed as insulting or improper. Instead, the
salesperson will ask a variety of questions designed to obtain the above information indirectly. The types and numbers of questions asked varies from industry to industry and even among products/services.

Some products or services may require minimal information gathering for the qualification process while others can be quite complex. For example, in talking with Dominick Palmo, Vice President and General Manager of Par-Med a supplier of generic drugs to pharmacies, it was found that Par-Med was successful in using a narrow band of qualification criteria: total volume, number of prescriptions written and percentage of prescriptions written that are generic. What Par-Med found was that this data alone was enough to qualify the account as a prospect for their telemarketing sales department. In fact, Par-Med found that this information could be obtained from a purchased database prior to making contact with the prospective account. Since the key buying influence was the same for all pharmacies, once a prospect had been identified from this data base, all the salesperson needed to do was call, ask for that individual, and begin the sales process. Conversely, as experienced by the author, selling industrial equipment involves qualification questions that are much more complex, often there are several decision makers who must be identified up front in addition to requiring information about budget, budget cycles, projected project scope, etc.
Besides the variations in the nature of the questions asked by salespersons, there exists a time factor in the qualification process. When making face-to-face sales calls the salesperson may have 15 minutes to several hours to ask questions and discuss needs. This is not true for sales situations such as telemarketing and trade shows. Sources estimate that the average sales call at a trade show lasts from 3-5 minutes (Resnick 1991). In telemarketing, Par-Med tries to keep their telemarketing sales calls under 5 minutes.

Qualification Criteria Used in Foodservice

With the above considerations in mind, several sources within the foodservice industry were interviewed to ascertain which qualification criteria were used in their industry.

In speaking with broker firms (Klass 1992, Wilson 1992) regarding some of the factors that are important to them in qualifying leads, they indicated that they were interested in:

♦ The name of the company, i.e., are they familiar with the business, is it a new business.
♦ The source of the sales lead i.e., trade magazine, referral, trade show, call in, etc.
♦ What influence the prospect has in the organization. Is this individual able to specify or influence the purchase of the product or service?
♦ What type of location is it, i.e., is this a contract feeder, family owned restaurant, multi-unit, chinese, fast food, etc?
♦ In what product or service did the sales lead express interest.
♦ What equipment does the prospect have available for use in working with the product(s) or service(s) in question, (i.e., if the inquiry was for frozen french fries, do they have a deep fryer).
♦ How will the sale of this product or service influence the stocking policies of the distributors in their area.
♦ With which distributor(s) does the prospect prefer to do business.
♦ Is it a new product or an existing one?
♦ Is the product available immediately?
♦ Does the customer have good credit?

Interviews with marketing management and sales management at foodservice suppliers (Janesz 1992, Plunkett 1992, Silverman 1992) identified which information they felt was important both in the qualification process and how they feel it should be processed for the brokers.
♦ A division of leads by sources, such as, magazine ad, face to face, call ins, trade shows, etc.
♦ The sales lead's name and title to determine whether contact is buyer or buying influence. Also, is the name spelled correctly?
The sales lead's address, including street address (no P.O. Boxes). Also, is this the buying location.
- The correct phone number;
- A convenient time to call;
- The quantity or volume (actual or potential) of the product or service used;
- Any current competition for the product or service;
- Key distributors supplying the account;
- The sales volume of the business in dollars.

As discussed in the previous chapter, the combination of the above criteria from both suppliers and brokers was utilized to develop this study's survey instrument.

Sales Force Motivation

Once a sales lead has been qualified, the next steps in the sales process are oriented towards making the sale. However, since this effort may be significant, the salesperson must be motivated to move beyond (or even take) the first step in the sales process. While, in many cases, the monetary reward alone is sufficient motivation, this is not always the case. There may be other reasons for the supplier's desire to pursue a given prospect beyond initial profit. For instance, selling the account may be part of a plan on the part of the supplier to build market share leading to new business with a national distributor in the area. In this case, the initial sales volume may be small compared to the amount of effort required to make the sale and the benefits are long term. In cases such as these, how
are Foodservice Brokers motivated to pursue the sale? According to a recent study of 1000 food brokers the motivational factor was the brokers's dependance upon the supplier (Kieth, Jackson, Donald, Crosby 1990). This study used a scenario in which a principal requested that the broker add additional resources to increase sales in their territory. The results of the study indicated that the more dependant the brokers were upon a particular principal, the more likely they (broker) are to act to preserve the relationship. This dependance was found to go beyond simple profits and was affected by the level of support provided by the suppliers to the brokers. Therefore, foodservice suppliers who wish to motivate the Foodservice Brokers may have to consider ways to increase their (supplier) ability to affect the brokers behavior. This may include increasing profit or commission from sales, adding new products, increasing promotions, or providing more technical support from the factory.
CHAPTER 3

RESULTS AND ANALYSIS

This study focused on the identification of the factors Foodservice Brokers use to facilitate their sales lead qualification process for the follow up of sales leads provided by foodservice suppliers.

The study identified 14 factors which are used by Foodservice Brokers in their qualification process and sought to ascertain the value of each to the Foodservice Brokers. The instrument utilized by this study to achieve this goal was a survey of the 53 foodservice broker firms who together comprise the national sales force of a major foodservice corporation. The average number of principals represented by these firms was found to be 23.

Return Rate and Survey Distribution

45 of the 53 surveys mailed out were returned, representing a return rate of 84.9%. The geographic distribution of these returns was determined from the postmarks on the envelopes and is shown in Table 2. (note that there were 4 envelopes which did not have a postmark, these are shown in the table as Unknown).
<table>
<thead>
<tr>
<th>Geographic Region</th>
<th>Number Returned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northeast</td>
<td>6</td>
</tr>
<tr>
<td>(MA, NJ, NY, PA)</td>
<td></td>
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<tr>
<td>Northwest</td>
<td>2</td>
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<tr>
<td>(WA)</td>
<td></td>
</tr>
<tr>
<td>Midwest</td>
<td>14</td>
</tr>
<tr>
<td>(IL, OH, OK, MI, MN, MO, ND, NE, TX)</td>
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<tr>
<td>Southeast</td>
<td>9</td>
</tr>
<tr>
<td>(FL, GA, MD, NC, TN, SC)</td>
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<tr>
<td>Southwest</td>
<td>7</td>
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<tr>
<td>(AR, AZ, CA, CO, HI, NV, UT)</td>
<td></td>
</tr>
<tr>
<td>Unknown</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 2 - Distribution of Survey Return by Regions
Descriptive Statistics of the Sample

Of the 45 surveys, two were returned with only the front page completed. One was incomplete because the individual chose not to finish it (the first question on the back page was answered, all the rest were left blank) and one survey was incomplete because the survey was inadvertently sent out with the back page blank. Because the half of these two surveys that was completed dealt with the rating of the qualification factors, as focused on by this study, it was decided to include these surveys in the overall results.

In the statistical processing of these two surveys it was decided to use the average answers, as determined from the completed surveys, in place of a zero or non-answer. This same process was used for 19 surveys which each had one or two incorrectly answered or unanswered questions.

In recording the data from questions 16a through 21 some answers were found to have been given as a range (i.e., 5-9) in these instances the mid-range, rounded up to the nearest whole number) was entered. The surveys were then processed using the Statistical Package for Social Science (SPSS) on the VAX computer at the Rochester Institute of Technology.

The Rating of Qualification Factors

Each of the 53 firms were asked to rate the importance of the 14 factors identified by the study.
The rating choices given were 1 to 5, with 5 being equal to Very Important, and 1 being equal to Not Important. In the interests of clarity and, for the purposes of this analysis, the following descriptions will be used in describing ratings receiving the values of 2, 3 and 4:

- 2 - Somewhat Important
- 3 - Important
- 4 - More Important

The average ratings for the qualification factors in the survey are shown in Table 3. In reviewing these results, the lowest average rating was 2.89 for "Source of Sales Lead". The highest average rating was 4.64 for "Products/Services of Interest".

The 14 qualification factors in question fall into five general areas:

1. The sales and meal volume of the business and the potential purchase volume of products/services of interest. The intent of these questions was to determine how the prospect of profit contribution was viewed by the Foodservice Brokers in qualifying sales leads. These factors were examined in survey questions 3, 7 and 10.

The response to these factors was mixed: "Potential Volume of These Products" was rated at More Important, receiving an average rating of 3.75.
"Quantity of Meals Served" was seen as Important (3.24) and "Total Sales Volume" was rated just below Important (2.93). Since these factors represent the potential of the account as a whole, in relation to other products and services that might be used, they represent the overall financial status of the establishment in question. This would seem to indicate that Foodservice Brokers are more concerned with how much profit potential the product or service of interest has than with the overall volume of the establishment.

2. Factors related to the type or classification of business operation. The purpose of this group of factors was to determine how important the classification of a business is to the qualification process, since these factors are used to determine the type of sales approach best used in making the sale. These factors are covered in survey questions 4, 5, 6, and 9.

With one exception, the Foodservice Brokers have rated these factors as More Important. "Type of Operation" received the highest average rating (3.84) of the group with 27% of the respondents rating it as Very Important (5). Also rated highly was "Contract Feeder" (3.55) with 27% of the respondents rating it as Very Important (5).
While not receiving a high percentage of Very Important ratings, "Type of Food Served" also received the same high rating (3.55) as "Contract Feeder", with 49% percent of the respondents giving it a rating of 4 (More Important).

The factor receiving the lowest rating of the group was "Type of Equipment Available" (3.18) indicating that this information is not as crucial to qualification.

3. Information concerning the sales lead itself. This group of factors was used to determine how the Foodservice Brokers view the sales lead itself in terms of how it was generated, the product/service of interest, and how immediate the inquiry is. Survey questions 2, 11, and 14 dealt with these areas.

While the source of the sales lead was not viewed as Important (2.89), the Product or Service was viewed as Very Important (5) by 69% of the respondents and More Important (4) by 27% for an overall average rating of 4.64. Also rated highly at 3.95 (More Important) by the Foodservice Brokers is the sales lead's initiation date.

4. The contact's role in the buying decision. This factor is recognized as a basic qualification factor in the sales process and was included to determine how
important it is in the qualification of sales leads. Survey questions 1 and 8 deal with this factor.

These factors were among the highest rated in the survey, indicating that they play a crucial role in the pre-qualification process. "Specification/Purchasing Location" received the second highest average survey rating (4.49) and "Contact's title" received the fourth highest average survey rating (4.33). In both instances, over 60% of the respondents rated the factors as Very Important (5).

5. Sales Competition and Suppliers. The intent of this group of factors was to ascertain the importance of competitive information in the qualification process. These are examined in survey questions 12 and 13.

Information regarding the primary distributor received an average rating of 4.35 (More Important). This was the third highest survey rating with 56% of the respondents giving it a Very Important (5) rating. Current competition was also seen as critical to the respondents, receiving an average rating of 3.93. Since this information would be used to determine the best approach to the sale, this would correlate to the high ratings received by the factors related to business classification (Type of Business & Type of Food Served).
<table>
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<tr>
<th>QUESTION</th>
<th>AVG. RATING</th>
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<tr>
<td>1. The title of the contact.</td>
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<tr>
<td>2. The food service product(s) and/or services for which information was requested.</td>
<td>4.64</td>
</tr>
<tr>
<td>3. The potential volume for these product(s)</td>
<td>3.75</td>
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<td>4. The type of food served at the establishment, i.e., Italian, Chinese, fast food, etc.</td>
<td>3.55</td>
</tr>
<tr>
<td>5. The type of operation, i.e., Restaurant, Cafeteria, etc.</td>
<td>3.84</td>
</tr>
<tr>
<td>6. The type of equipment, as it relates to the products or services, at this location.</td>
<td>3.11</td>
</tr>
<tr>
<td>7. The quantity of meals served, by category, i.e., breakfast, lunch, or dinner.</td>
<td>3.24</td>
</tr>
<tr>
<td>8. Whether or not product specification and/or purchasing is done from this location.</td>
<td>4.49</td>
</tr>
<tr>
<td>9. Whether or not this is a contract feeder.</td>
<td>3.55</td>
</tr>
<tr>
<td>10. The total sales volume of the establishment.</td>
<td>2.93</td>
</tr>
<tr>
<td>11. The source of the sales lead, i.e., magazine ad, trade show, special promotion, etc.</td>
<td>2.89</td>
</tr>
<tr>
<td>12. What competitive products are currently purchased by the prospect.</td>
<td>3.93</td>
</tr>
<tr>
<td>13. The contact's primary distributor.</td>
<td>4.35</td>
</tr>
<tr>
<td>14. The date the prospect initially requested information (how old the lead is).</td>
<td>3.95</td>
</tr>
</tbody>
</table>

Table 3 - Average Ratings of the 14 Qualification Factors
Volume of Sales Leads Received

Survey questions 16a and 16b were used to determine the weekly volume of sales leads received by Foodservice Broker firms. In addition, the distribution of these leads between principals and distributors was measured.

The Foodservice Brokers receive an average of 18 sales leads per week from their principals, although the numbers given ranged from as little as 2 per week to as high as 110 per week. Conversely, distributors provide an average of 26 sales leads to the Foodservice Brokers per week. These numbers also varied greatly from 3 per week to 200 per week.

Allocation of Time and Resources

Survey questions 17 through 20 were used to determine how the Foodservice Broker firms allocate their personnel's time and efforts.

The average percentage of the foodservice firm's sales personnel who are dedicated to direct sales was found to be 67.9%, leaving 12.1% of the firm's manpower dedicated to management and support efforts.

In examining the allocation of the direct sales personnel's time, an average of 60.6% was found to be spent in front of the customer. Further, 15.3% of their time is spent in the follow up of sales leads and 8.9% of their time is spent weekly in reviewing sales leads. Combined, this
indicates that 24.2% of the direct sales force's time is spent in the review and pursuit of sales leads from their principals.

**Response to Qualified Sales Leads**

How quickly and by which methods a Foodservice Broker responds to a pre-qualified or qualified sales lead was examined through survey questions 15a, 15b, and 21. The purpose of questions 15a and 21 was to see if there would be a difference in the response time between sales leads that are pre-qualified using the survey's factors and sales leads that have been qualified by the Foodservice Broker. In addition, question 15b was used to ascertain how the Foodservice Brokers respond to qualified sales leads.

The response to question 15a showed that 43.9% of the Foodservice Brokers would respond within 1 week to a sales lead incorporating the survey factors. Another 31.7% indicated that they would respond within 48 hours. Similarly, 51.2% of the Foodservice Brokers indicated that they respond to qualified sales leads within 6 or 7 days and 22% indicated that they respond within 48 hours.

The action taken by the Foodservice Brokers in responding to qualified sales leads was found to be either "telephone the prospect to make an appointment to present the product" (80.5%) or "other" (19.5%). In the case where "other" was selected the most common action described was to
further qualify by telephone then make appointment or mail additional information (62.5% of "other").

There was some indication (6.7% of respondents) in the feedback received that geographical considerations come into play in determining follow up time and method of response.

Performance of Current Principals

The Foodservice Broker firms were asked if they were aware of any suppliers who were gathering enough information so as to pre-qualify sales leads.

Of the 45 respondents, 26 or 57.8%, felt that there were suppliers who were gathering sufficient information from prospective customers, and passing it to them (the Foodservice Brokers) to allow for the pre-qualification of sales leads. The survey obtained the names of these companies for use by the foodservice corporation whose brokers were surveyed. Because they have no relevance to the results of this survey, they have not been listed here.

Other Factors Identified Through the Survey

Survey question 24 was included to allow the Foodservice Brokers to provide additional input to the list of factors or to make comments about the survey in general.

17 of the 45 survey respondents (37.8%) indicted that there were factors other than those in the survey which they
felt were important to the sales lead qualification process. Many of these additional factors were mentioned by several respondents. These comments can be divided into four general areas:

1. Comments which centered around the name, address and phone number of the contact were made by all respondents. In particular items such as:

   ♦ The correct address was mentioned by 47.1% of the respondents to this question. These comments included ascertaining that the given address is an establishment and not the contact's home address. This also included providing street addresses and not P.O. boxes.

   ♦ The correct phone number was cited by 52.9% of the Foodservice Brokers responding as information critical to the qualification process. In particular, the area code is important, particularly to firms covering several states. In addition, attention must be paid to whether or not the given number is for a home or business

2. 29.4% of the respondents to this question felt that information about the status of the lead should be provided. This information should include:

   ♦ A code contained in the sales lead which indicates the urgency of the lead.

   ♦ Whether or not the principal has made contact with the prospect already.
Whether information has been sent and what type it was.

Has the principal pre-qualified the sales lead?

Should a sample be taken in?

3. An indication of the most convenient time to call or see the contact was mentioned by 23.5% of the respondents.

4. Other factors which were identified by these respondents were:

- Who is the primary distributor's sales person handling the account.
- Is there a secondary distributor?
- Is there a secondary contact for the establishment?
- Has the sales lead been sent to the correct Foodservice Broker?
- Is the establishment open (i.e., does it close for the winter)?
- Is the product of interest a specialty or daily item on the establishment's menu?
CHAPTER 4

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary

The goal of this study was to identify the factors which are used by Foodservice Brokers to determine the viability of sales leads generated by the foodservice suppliers. The study identified 14 factors which are used by Foodservice Brokers in their qualification process and sought to ascertain the value of each to the brokers. The assumption made by this study was that these factors could be quantified to determine the relative importance of each in the qualification process.

After identifying these factors which are important in the sales qualification process, in both a classical sales sense and as specifically related to the foodservice industry, a survey was developed to measure their importance.

The survey population consisted of all Foodservice Broker firms in the U.S. representing a particular major foodservice corporation cooperating with this study. Because these firms represented an average of 23 various principals nationally, they can be viewed as representative of Foodservice Brokers as a whole.
Conclusions

In the rating of qualification factors by the Foodservice Brokers, all received average ratings of 2.89 or above (on a scale of 1 to 5 with 5 equal to Very Important and 1 equal to Not Important). The average rating for all 14 factors was 3.75, this indicates that all of the factors which were identified by the study were viewed by the Foodservice Borkers as important to the qualification process. In addition, when the fact that 76% of the survey's respondents indicated that they would respond within 1 week to sales leads containing these factors verses 73% who had indicated that their response time to qualified leads was within 1 week is taken into consideration, it can be concluded that these factors constitute the necessary qualification criteria.

Quantifying the Qualification Factors

The qualification process incorporates multiple decision making steps and, therefore, it would be expected that some factors would have higher ratings than others. Also, since the sales process itself consists of several steps, beginning with qualification, some factors might be more important later in the sales cycle and therefore not rated as highly here as other factors. This assumption can be borne out by dividing the relative importance of the factors into ranges which can be applied to the average ratings
received and looking at how the factors are used in the qualification and sales process.

In examining the factors which were viewed as the most important, having received average ratings above 4, one can conclude that the factors Foodservice Brokers are most interested in are (in order of importance):
1. The product of interest;
2. Is buying decision made here;
3. The contact's primary distributor;
4. The contact's title.

These factors are used in the sales process to determine whether or not the sales lead is worthy of consideration and, if so, which approach should be used in making the sale. Therefore, these factors are basic to the qualification process and would be expected to receive the highest ratings.

The factors which were rated in the middle range (between 3.75 and 4.0) were found to be (in order of importance):
1. The urgency of the inquiry or how old the sales lead is;
2. Who the competition is;
3. The type of operation;
4. Potential volume of the product/service of interest.
These factors are used to categorize the prospect into a group with an assigned level of importance, allowing the Foodservice Broker to determine resource allocation. Therefore it would be expected that these factors would receive above average ratings.

The factors viewed as least important (below average) by the Foodservice Brokers were (in order of importance):  
1. The type of food served and (tie) is this a contract feeder (this indicates that purchasing is centralized)  
2. The quantity of meals served;  
3. What type of equipment is available at the establishment;  
4. The total sales volume of the establishment;  
5. The source of the sales lead.

The factors concerning the type of food served and whether the location is a contract feeder should, in the study's assumption, have received higher ratings since they are connected to the type of operation and the purchasing decision. It is possible that the wording of the question was not clear in its intent.

The reasoning behind the lower ratings given to factors related to volume and type of equipment may lie in two areas: the Foodservice Brokers might feel that this information could be gathered later in the sales cycle or
that the information given by the contact is not believable and must be found out through direct contact.

The relatively low rating given to the importance of the source of the sales lead to the Foodservice Brokers can possibly be explained by the importance of the other factors in the qualification and sales process (it did receive a 2.83 rating which is above the 2.5 mid-range of the scale and within the realm of Important).

Recommendations

Changes to the Survey

In considering the results of the survey and its use in further studies the following changes would be recommended:

♦ In questioning the Foodservice Broker's reaction time to a qualified sales lead, the use of an identical scale for time factor would be recommended.

♦ The rating scale for the qualification factors would be changed to include a definition for each number (i.e., 1 = Not Important, 2 = Desirable, 3 = Important, etc.).

♦ The question concerning contract feeder would be clarified.

♦ Questions related to percentage of resources or time would have answers that are ranged (i.e., 1-5%, 6-15%, etc.)
Recommendations for Further Study

Based upon the results of this study the following recommendations for further study are made:

1. A further study is recommended in which sales leads which incorporating some and/or all of the qualification factors identified here are generated. These leads would then be forwarded to groups of Foodservice Brokers to measure the response (follow up) rate of the brokers and the sales success rate of the sales leads. This study would allow for further validation of the qualification factors identified by this study, as well as, their motivational value.

2. Very little information was found by this study related to the costs of sales lead follow up by the brokers. Further study along these lines may help the suppliers and brokers to better understand each other's needs.

3. Motivation of the Foodservice Brokers to pursue sales leads goes beyond providing quality data. Further study into what motivates brokers would allow suppliers to develop comprehensive sales plans that incorporate the quality sales leads focused on here.
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APPENDIX A

THE FOODSERVICE BROKER SURVEY
June 18, 1992

Dear Food Service Broker:

Thank you for taking the time from your busy schedule to consider this request. I am a graduate student working on a research project to complete my Master's degree at the School of Food, Hotel & Travel Management at the Rochester Institute of Technology in Rochester, New York.

My research project addresses the issue of the information food service suppliers gather when they are in contact with prospective customers. In particular, what information do you, as the field sales representative, require in order to most efficiently respond to sales leads.

Enclosed is a brief questionnaire for your consideration. Please take a few minutes to fill it out, as your opinion is very important to my research. Please return the questionnaire by July 13, 1992. A postage paid envelope is enclosed for your convenience.

All specific information collected through this survey will be held in the strictest of confidence. A summary of the results of the survey will be available to all respondents upon request. Please submit a business card with your completed questionnaire if you desire a copy of this summary.

Please feel free to contact me with any questions regarding this survey or the intent of this research at (716) 475-5679.

Thank you for your time and consideration.

Sincerely,

Theodore Garofola
Masters Candidate

Francis M. Domoy, Ph.D.
Director, School of Food, Hotel & Tourism Management

Enc.
In deciding what action to take when you receive a sales lead from a principal, how important, on a scale of 1 to 5, is it that the following information be provided to you?

**PLEASE PLACE AN X IN THE BOX NEXT TO THE ANSWER THAT MOST CLOSELY REFLECTS YOUR OPINION.**

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<th>1</th>
<th>2</th>
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<tbody>
<tr>
<td>1. The title of the contact.</td>
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<td>3. The potential volume for these product(s)</td>
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<td>4. The type of food served at the establishment, i.e., Italian, Chinese, fast food, etc.</td>
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<td>5. The type of operation, i.e., Restaurant, Cafeteria, etc.</td>
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<td>6. The type of equipment, as it relates to the products or services, at this location.</td>
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<td>7. The quantity of meals served, by category, i.e., breakfast, lunch, or dinner.</td>
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<td>8. Whether or not product specification and/or purchasing is done from this location.</td>
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<td>9. Whether or not this is a contract feeder.</td>
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<td>10. The total sales volume of the establishment.</td>
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</tr>
<tr>
<td>11. The source of the sales lead, i.e., magazine ad, trade show, special promotion, etc.</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>12. What competitive products are currently purchased by the prospect.</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>13. The contact’s primary distributor.</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
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</tr>
<tr>
<td>14. The date the prospect initially requested information (how old the lead is).</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
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<td>[ ]</td>
</tr>
<tr>
<td>15. If a sales lead were to contain all of the information that you feel is important (rated as 3, 4 or 5 in the questions above) AND the information is positive, i.e, the General Manager of a high volume, full service restaurant, serving meals which utilize the type of product in question: A. In what time frame are you most likely to respond to it?</td>
<td>[ ]</td>
<td></td>
<td>[ ]</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>48 hours</td>
<td>1 week</td>
<td>2 weeks</td>
<td>30 days</td>
<td></td>
</tr>
<tr>
<td>B. Which action are you most likely to take?</td>
<td>[ ]</td>
<td>Telephone the prospect to make an appointment to present the product(s) and/or services of interest.</td>
<td>[ ]</td>
<td>Mail additional information to the prospect and follow up with a telephone call.</td>
<td>[ ]</td>
</tr>
</tbody>
</table>
The following information will assist us in understanding how Food Service Brokers allocate resources towards sales lead follow up.

16. a. How many sales leads does your firm receive from principals per week (total for all principals)?

    b. How many sales leads does your firm receive from distributors per week (total for all distributors)?

17. What percentage of your firm's personnel are dedicated to direct sales (vs support and management)?

18. What percentage of your firm's time is spent each week in the review of sales leads from all principals?

19. What percentage of your firm's direct sales personnel's time is spent in front of the customer?

20. What percentage of the time spent on direct sales activities is spent each week in the follow up of sales leads from all principals?

21. Once you have determined that a sales lead is qualified, how quickly do you act upon it?

22. How many principals are represented by your firm?

23. a. Are there any food service suppliers which you are aware of whose sales leads contain sufficient information so as to be considered by you to be pre-qualified and, therefore, deserving of immediate attention?  [ ] Yes  [ ] No

    b. Please name them (up to three):

    ___________________________

    ___________________________

    ___________________________

24. Other information which you feel should be included by your principals with the sales leads sent to you or any comments you might have regarding this survey:

    ___________________________

    ___________________________

    ___________________________

    ___________________________

Thank you for your time and consideration. Please return this questionnaire in the accompanying postage pre-paid envelope.