

The Right Stuff

A host of market data geared toward foodservice operators is available, but there are several keys in how to separate the valuable information from the useless knowledge.

WE LIVE IN AN INFORMATION-DRIVEN SOCIETY, NO doubt. It seems the minutia of daily habits, business trends and global shifts are documented and analyzed, and then often sliced and diced to excruciating detail. Data is available on everything imaginable, from the projected impact of the graying of America on take-out sales in the year 2015, to how many people eat individually wrapped cheesecake bites within two feet of the refrigerator.

Some foodservice operators are using these facts and figures to great advantage, while others are mired in a sea of data or struggling with the effort necessary to find information that has value for their businesses.

Doug Whitcomb, president of Whitson's Food Service Corp. in Huntington Station, N.Y., knows research is

extremely important in helping him shape his company's direction. But he finds meaningful information very hard to come by, primarily because it takes so much time to wade through the available data or source proprietary information, interpret and utilize it. Whitcomb is heavily involved in the daily operation of the multifaceted Whitson's foodservice firm, and has little time or resources to devote to finding the right research.

It is possible, however, to identify and source meaningful information and apply it to your operation. The first step is recognizing that you need information. An operator's own firsthand knowledge of the restaurant, clientele, employees and local market is invaluable. But in today's hyper-competitive, fast-changing environment, no one can succeed with blinders on, much less

expect to grow. Gaining a broader view of the trends – national and local – in consumer behavior, business and the economy, real estate and the foodservice industry, is a must.

A WORLD OF RESOURCES

Much of this information is easily obtained through organizations like the National Restaurant Association, state restaurant associations, professional associations and local chambers of commerce and business organizations. Your own vendors are another valuable resource for market trends and industry information.

Savvy operators will want to dig deeper, which is when professional research firms come into play. To identify research firms and products of value, operators should first evaluate a researcher's knowledge of your industry or market.

On the consumer behavior front, for example, The NPD Group has been tracking the eating habits of Americans for two decades. NPD's annual Eating Patterns in America study, released each October, is known as the bible of the food industry. Bob O'Brien, president of business development for NPD Foodworld, says such long-term experience enables the firm to put the information into context, thus increasing its value to the operator who is developing business strategies.

On macro issues, seek out those with expertise in your industry and in the particular issues in question. People Report, for example, is a Dallas-based human resource tracking and benchmarking firm that studies best practices in people management in the foodservice and retail industries. In fact, founder and CEO Joni Doolin and President Teresa Siriani both have extensive experience in chain restaurant human resources.

The site selection and market development process requires a solid understanding of market forces, and many operators turn to research firms for this data. Again, look for a firm with strong knowledge of the restaurant business.

What's more, check references, says Kate Coburn, principal in the New York office of Economic Research Associates. She urges operators to make sure other foodservice professionals have benefited from engaging the firm and using the research.

When speaking with a prospective information provider, ask these questions:

- What is your experience in my industry or on this particular topic?
- Can you supply referrals?
- When was the research conducted?
- What is the sample size?
- What is the participant profile?
- How was the research conducted?
- How often is the research conducted?
- What do I need to care about?
- What information is useful?
- What can I do with this information?

THE FINE PRINT

The other aspect to evaluate is the research itself. It pays to read the methodology of the study. Consider the time-frame during which the research was conducted.

Sample size is another important factor. The rule of thumb is the larger the sample, the more statistically valid the findings. The participant profile should also be examined. Research firms must be able to readily identify the key characteristics of the average study participant.

Who those participants are also has significance. When looking at employee surveys, for example, People Report's Doolin advises that operators zero in on whether the study includes everyone from the busser up to the CEO or a specific slice of the employee base. Segmented research tends to have more value.

A pitfall to avoid is what I call analysis paralysis. Research can be like the Web: Once you get into it, you can get hooked and waste exorbitant amounts of time and energy getting into areas that have no value to you or your business. The result is glazed eyes and a desktop overflowing with information that has little meaning.

Most operators suffer from the same time famine as Doug Whitcomb, so stay focused on what you need to care about and what is useful to your initiative.

EAR TO THE GROUND

Do not, however, discard the resources at your own fingertips. Numbers can be invaluable, but so are the observations you can make on your own and the contacts you already have.

Thinking about putting a health-focused fast-food outlet in a particular market? Drive around and count the number of alternative health care providers, spas, health clubs, natural food stores, parks and athletic facilities. If they're few and far between, think again. If such places are plentiful, move ahead. Chances are, if the local economy slows, area consumers will still buy vegetarian sandwiches and granola because they place a high value on well being and health.

Keep your own finger on the pulse of local real estate trends. As a tenant or property owner, you undoubtedly know area developers and agents. Stay in touch so you're in the loop on the comings and goings of major companies or trends that may affect your business.

By combining your own knowledge, insights and experiences with relevant, credible information, you position yourself to identify and capitalize on new opportunities, and also possibly head off some oncoming obstacles.

In general, to make the most of information, you must understand your own position in the marketplace, understand consumer behavior over time and understand your competitors' strengths and weaknesses. 🍷

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