A Foodservice Industry Whitepaper | www.clovergroup.com

Leveraging Data to **Engage the Operator** & **Drive Growth**

A Practical Guide of Operator Data Best Practices

High-impact data sources, innovative technologies & new competitors to the foodservice channel are emerging with increasing frequency. This guide explores how industry leaders acquire, curate and execute against operator data to grow their business.

clover group

Contents

Executive Summary

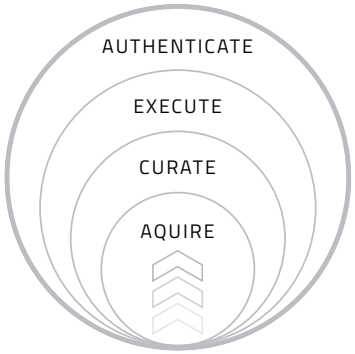
An Urgent Call to Action

Foodservice manufacturers and distributors are well acquainted with the hyper-competitive environment generated by our industry's flat growth, rising input costs, political and social volatility and the threat of disruptive market entrants.

We are not alone in this struggle. Our operator customers are also challenged by these same factors, and most of them lack the resources enjoyed by larger corporate entities to survive and thrive. If we don't find ways to bring operators our best solutions with the most efficiency, they will commoditize our offerings and seek assistance from new entrants and alternative channels.

An Emerging Hope

A data strategy that engages at the operator-specific level is the key to recognizing latent needs, informing meaningful innovation and bringing the right solution to the right customer with accuracy and efficiency. Unfortunately, the complexity of our industry and distrust between players has limited our ability to embrace data-driven strategies. Until now...



Data-Driven Maturity Model

Emerging operator-level data sources and increasing competitive pressure to collaborate are unlocking an ability for foodservice players to take control of their destiny. As these new capabilities emerge, companies taking a "wait & see" approach do so at their own peril.

The Data-Driven Maturity Model

Foodservice leaders are embracing best practices that will develop more operator-engaged and fact-based go-to-market execution plans. This involves the development of a progressive set of capabilities in working with operator data. These steps include:

Acquire: collects data from multiple sources to develop a multidimensional understanding of specific operators. Acquiring data requires maximized use of internal data, optimized consumption of syndicated data and becoming a partner in collaborative data efforts.

Curate: converts data from its raw form and generates actionable insights. Curation utilizes Master Data Management to cleanse, match and de-duplicate redundant information. Curation then applies data science to extract insights and prioritized leads from the cleansed data.

Execute: generates economic value from curated insights. Execution requires disciplined sales and marketing processes that assign and track progress against qualified leads. Execution is often reinforced by utilizing CRM tools.

Authenticate: confirms and measures the impact of data-driven execution. Authentication requires collecting data after field execution is implemented. This is critical for measuring ROI and for continuously approving all data acquisition, curation and execution processes.

Triangulating Data Sources

When considering the value of data sources, it is important to understand that data is not the solution, but merely a component within a comprehensive data strategy. Since there is not a single, perfect data source, Clover Group recommends "triangulation". This best practice combines data sources to develop a more complete understanding of customers at an operator-specific level. The following are key data sources that should each be considered for inclusion in your comprehensive data strategy:

Distributor Data: This transactional data carries the highest potential to add detailed understanding at an operator level. However, access and usage restrictions frequently dilute its value. Manufacturers hoping to gain access to this data must approach the distributor with a plan that reduces the risk and incremental effort required of the distributor.

Distributors should not be complacent. As competing distributors share more data and viable data workarounds continue to be refined, the value of distributor data is eroding. Distributors should feel a sense of urgency in pursuing strategic data partnerships with manufacturers who have a demonstrated capability to deliver growth.

Billback & Rebate Data: This is a source of transactional data that is underutilized or overlooked by most manufacturers. In the absence of distributor data, billbacks and rebates can provide insights on a significant portion of existing business and can also inform decisions regarding the rest of the market.

Collaborative Data: Manufacturer/Distributor and Manufacturer/Manufacturer data collaborations provide another opportunity to gain additional dimensions of operator information. Intermediaries are frequently utilized to expand operator understanding while ensuring adherence to confidentiality and usage protocols.

Operator Census Data: These descriptive databases provide expanded attribute fields against which data science is applied to generate actionable insights. These databases continue to be refined to more accurately cover the high-turnover universe of operator locations and to add new fields that provide greater breadth and depth of operator understanding.

Rewards Program Data: The primary benefit of Rewards Program is driving operator engagement, but their secondary benefits are often overlooked. Rewards Programs yield operator-specific data that authenticates closes of incremental business and measures the ongoing success of the data strategy.

Other Data Sources: Broker data and sales process data captured by CRM can also provide additional layers of operator understanding. NPD SupplyTrack – although not visible at the operator level – carries strong potential to inform market strategy at an aggregated level.

The power of the above sources comes when they are combined to provide multiple layers of operator-specific insight. Referring to the above merely as "data sources" also understates their potential to add value. Most of the sources above also provide complementary service capabilities that can be utilized to expand their impact and ease their implementation.

Next Steps

Embracing an operator data strategy is not an all-or-nothing proposition. Each step provides benefits along the way and there are many 3rd-party resources that are eager to assist in the journey. We recommend the following pragmatic approach:

1. Catalog and assess the value of all operator-level data that's already in your possession
2. Familiarize yourself with the full capabilities of the various data sources and 3rd-party service providers
3. Implement "Proofs of Concept" that test your ability to acquire data and generate insights
4. Implement disciplined sales and marketing processes (and supporting technologies) that enable monetization of your data insights AND make you a more attractive data collaboration partner

Pursuing an operator data strategy is best executed in digestible chunks with nimble experiments, but it does require critical thinking and discipline. We hope this guide will serve you well in your journey.

Background

The Evolution of Data in Foodservice

Foodservice manufacturers have historically envied the abundance of data that their retail counterparts seem to have at their fingertips. For the last 30 years, Nielsen/IRI data shared by retail outlets has given manufacturers access to SKU-level market share on a week-to-week basis. Until recently, foodservice analysts have had to make due with some combination of shipment data, high-level, aggregated data and anecdotal assumptions.

Foodservice's complex industry structure and strong disincentives that prevent exchange of data have combined to limit access to information. Foodservice's structure has many more high-turnover operator locations when compared to the relatively lower number of retail outlets. Until recently, it has been a challenge to obtain a good count and description of the individual operators within the foodservice universe.

Foodservice's unique structure also creates disincentives that prevent key data nexus points from sharing information. Retail outlets are secure in sharing data because, once a customer is in their store with intent to buy, they are in control. Foodservice distributors do not enjoy the same luxury. Their sales occur on the customer's premises, sometimes with a competing DSR waiting in the lobby. Distributors know that manufacturers usually have multiple routes to their end customers and sharing customer identities comes with great risk of disintermediation.

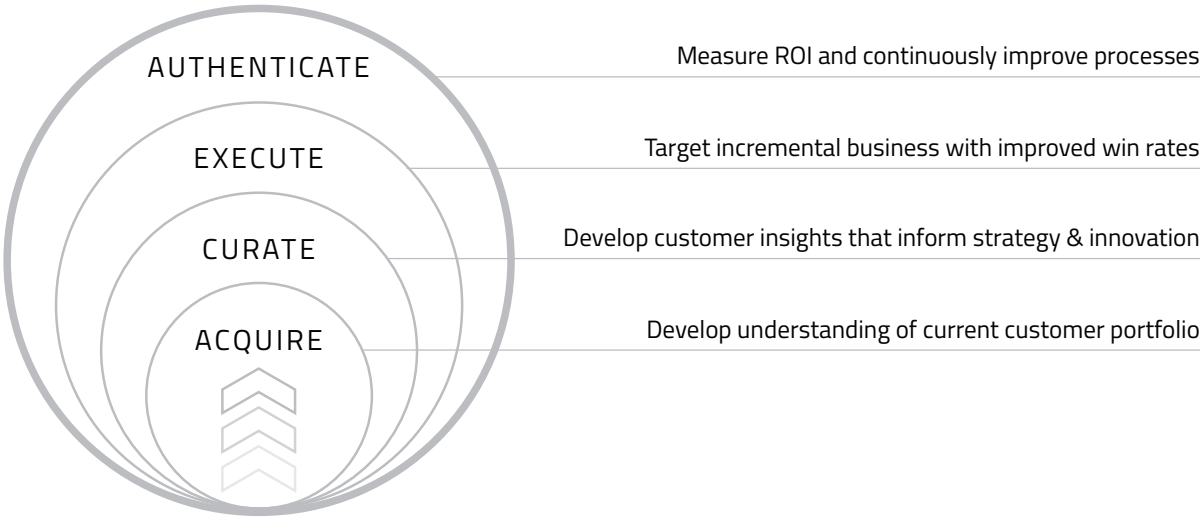
Distributors have successfully obscured manufacturer visibility to street (also referred to as "list price") customers. This is not an accident as street customers are where distributors enjoy the most price and private label placement leverage. Furthermore, this "black box" of street business is shrewdly leveraged when distributors threaten to convert business during RFP negotiations with manufacturers.

However, this traditional lack of data in foodservice is abating. The emergence and refinement of 3rd-party data sources, as well as a shifting mindset among distributors, has brought about the potential of moving foodservice closer to a fact-based, data-driven industry.

Foodservice will eventually evolve to embrace the data transparency enjoyed by its retail counterparts. However, today's best practice involves piecing together a variety of data sources to triangulate on the behaviors of a given operator or set of operators. This guide presents best practices in acquiring, curating and executing against operator-specific data. Along the way, it will also highlight some of the leading of 3rd-party data options and will provide insight as to when it is in the distributor's interest to share data.

Beyond Data: The Data-Driven Maturity Model

Unfortunately, expanded access to data will not solve all of foodservice's decision-making problems. Data acquisition is the first step in a broader maturation process to becoming a true data-driven organization. Clover Group has developed a conceptual framework (Figure 1), called the "Data-Driven Maturity Model" that illustrates the steps in this journey.



.01 | Figure

Data-Driven Maturity Benefits

The Data-Driven Maturity Model identifies four key steps in the journey to becoming a more operator-engaged and fact-based entity. The good news is that each step provides new benefits that incent practitioners to continue along the way. In other words, one does not have to wait for the completion of the entire implementation to begin realizing benefits.

Acquire: Can we obtain the raw info needed to support decision-making processes?
The traditional lack of data in foodservice has stopped critical thinking beyond Acquire from proceeding to the next critical steps. Once data acquisition is complete, companies will find themselves with a much better understanding of their current customer portfolio.

Curate: Can we take raw data and learn something of value?
This process involves cleansing data, consolidating attributes from multiple data sources to align along a unique primary key identifier and applying data science to generate new insights from the raw data components. Data curation generates new insights regarding operator behaviors that will add value to go-to-market strategy development and new product innovation.

Execute: Can we generate economic value from our insights?
Insights generated from curated data may be intellectually stimulating, but they don't, in themselves, meet the business purpose unless they are acted upon in the field. Disciplined and accountable sales processes, often supported with enabling tools such as CRM, are required to realize the full potential of data.

Authenticate: Can we confirm and measure the positive impact of our efforts?
Confirmation of operator purchases and measurement of results is required to justify the investment in data and is also critical in the continuous improvement of our data acquisition, curation and execution processes. This makes data gathered after execution as important as the original data acquired to begin the process.

Many foodservice participants have avoided investing in operator data because they doubt their own ability to curate, execute and/or measure the effectiveness of their actions. However, progress is being made in each step of the data-driven maturation process and old barriers are falling with increased frequency. For example:

Acquire: Competitive pressures are driving distributor to share more data and 3rd-party databases are emerging and being refined with accelerated frequency.

Curate: 3rd-party expertise in matching disparate data sources and applying data science is rapidly emerging and costs are dramatically dropping as they do. Furthermore, data science expertise is increasingly targeting foodservice as our lagging industry is perceived as an underpenetrated opportunity.

Execute: The maturation of the foodservice industry and the ever-increasing cost of a sales call has already lead many foodservice players to streamline their field resources, and adopt disciplined processes required to maximize the field impact of data-driven insights. Additionally, many foodservice players are investing in CRM platforms that multiply the effectiveness of leads generated via data curation.

Authenticate: The same forces that are easing ability to acquire data prior to execution are also easing purchase confirmation. Internal best practices and 3rd-party tools have developed specifically to support measurement of results and continuous improvement.

Given the rapid progress being made on each of the components of maturation, the risks of taking a "wait & see" approach to your data strategy are compounding every day. We hope this guide will be useful as you consider the appropriate strategy for your foodservice enterprise.

Guide Overview

Disclosure

The perspective shared in this guide is a result of our extensive working experience across foodservice. In our role, Clover Group has performed a wide variety of compensated services for a wide range of foodservice industry participants, including some of the data companies highlighted in this document. Therefore, although we have avoided endorsing one provider over another, we cannot claim absolute neutrality. The intent of this document is to identify emerging best practices in data and provide foodservice leaders with a starting point for their own internal decision-making processes.

Operator-Specific Data

A key distinction must be made between aggregated and operator-specific data. This guide is focused on acquiring, curating and executing against operator data at a location-specific level of detail. Aggregated operator data is more readily available and familiar, but its usefulness is limited to understanding overall potential and trends. Our goal is to discover, target and close specific leads which requires operator-specific data. Thus, unless otherwise specified, the focus of the data referred to in this guide is data at the operator-specific level of detail.

Intended Audience

Our goal is to provide foodservice senior leaders a strategic viewpoint on leveraging operator data. An argument can be made that foodservice's collective failure to efficiently bring the best solutions to the right customers has hampered industry growth. Worse yet, this failure has commoditized our solutions and has provided customers incentive to seek out alternatives such as GPOs, retail and online purchases.

Manufacturers: This guide will help you understand the power of your internally-available data and help you multiply its effectiveness with or without the benefit of having access to distributor partner data. It will also help you build a data request that is consistent with the interests of your distributor partner. Finally, it will help you understand the other enabling factors - outside of the data itself – to develop insights and generate economic benefit in the field.

Distributors: This guide will help you maximize the value of the single best data asset in foodservice: your transactional data. It will also help you understand that this asset is currently at its peak value. Now is the time to use your data to grow your business with select strategic partners. The value of distributor data value will erode as your competitors increasingly share their data and as manufacturers develop workarounds to make do without it.

Sales: While this guide will not delve deeply into sales strategy, it will help sales leaders understand how they can embrace data-driven insights within the execution strategies and processes that they are responsible for. Sales leaders can leverage data to pursue incremental opportunities within the existing customer base or to identify previously unknown customers with a high propensity to purchase. Curating data to prioritize leads can improve close rates and justify the ROI of calling on customers that have heretofore been overlooked. Furthermore, the same data that is used in developing leads can also be utilized to measure effectiveness of your sales team and processes.

Merchandisers: This guide will help leaders with product responsibilities understand how emerging data capabilities can identify latent operator needs and underserved market segments. It can also help them understand the importance of linking with their sales counterparts to fully take advantage of the power of their insights.

Marketers: This guide will help marketers understand how data is essential in extending reach beyond traditional sales capabilities. Data strategies will generate more leads than the traditional physical sales call can economically pursue. Marketers will be challenged to capture those incremental opportunities by using data to digitally deliver the right content to the right customer.

As resources continue to diminish and competitive pressures rise, it is incumbent upon all foodservice leaders and functions to deliver the appropriate solution to the appropriate customer with precision and efficiency. This challenge cannot be met without fully leveraging all available data resources.

Triangulation

Ultimately, there is not a single, perfect data source. The best practice is to combine data sources to generate a better understanding of the operator. Clover Group refers to this practice as "triangulation". This practice necessitates acquiring and matching multiple data sources – perhaps even purchasing multiple data sources from the same set of competing data providers. This means that foodservice decision-makers should familiarize themselves with the wide variety of emerging options available to them. Of course, there is 3rd-party support and vendors who are eager to help through this process.

Data Source Analysis: Scope

New data sources and services are emerging in foodservice on an accelerating basis. Data sources contained in this guide may contain transactional purchase data, aggregated purchase data, or data sourced from various combinations of publicly available information (including data "scraped" from operator websites).

Our intent is not to make an exhaustive assessment of all data providers, but rather to highlight some of the leading 3rd-party data resources and describe their potential fit within a rigorous operator data strategy. For these leading data sources, this guide will provide the following information:

- *Categorization of data sources*
- *Service offerings beyond data*
- *Documentation of key fields contained within each data source*
- *Potential benefits associated with each data source*
- *Limitations of each data source*
- *Best practices in leveraging each data source within a broader data strategy*

Data Acquisition

The most familiar challenge in establishing an operator data strategy is the acquisition of the raw data itself. Operator-specific data (i.e. data at the operator location level vs. at an aggregated level) requires a variety of sources to gain a full perspective. An effective data strategy assembles these data streams by maximizing use of internal data, optimizing syndicated data consumption and becoming a desirable partner in collaborative data efforts.

Acquisition Recommendation: Triangulation

There is not one perfect source of data that will provide a full picture of operator understanding. To develop actionable insights, it is likely that multiple sources of information will be required. Similar to the example of GPS Navigation (shown in Table 1), adding additional layers of data adds dimension that allows for increasing levels of understanding.

.01 | Table

GPS Navigation Example

# OF SATELLITES	GPS CAPABILITY
	Identify Existence
	Estimate Location Within a Sphere
	Identify Exact Location
	Identify Exact Location & Altitude

One of the key challenges facing any data strategy is determining which sources of data to piece together to develop an effective understanding of the operator. For example, transactional purchase or billback data provides understanding of quantities purchased but may not provide key operator characteristics (such as menu type) that would allow development of predictive and actionable insights.

Data from multiple sources must be acquired to develop a deeper understanding of operators. Adding data is an intentional process because additional sources and fields increase the cost and complexity of the overall data initiative. Therefore, each additional data source should be evaluated against the incremental benefit that it brings to the overall value of the data pool.

Maximizing Internally Available Sources

A simple first step in any data acquisition effort is to document all existing sources of operator data and the fields of information within each source. This may sound like common sense, but we have found that most clients have an incomplete understanding of the span of their internally available data and usually underutilize the power of the information contained therein.

While many sources of data exist at the manufacturer and distributor, they are often contained within functional silos. Silos and political differences can lead to potentially powerful data being under-utilized or overlooked entirely. Therefore, we recommend a formal, cross-functional inventory of internally available data sources as the starting point of any data acquisition effort.

A formal internally available data inventory effort should document all operator-specific data sources. The inventory should not just name the various data sources, but it should also catalogue data fields contained within each source and should also assess the level of completeness/reliability of the data housed within each field.

Purchasing Syndicated Data

By definition, internally available data sources are limited in that they only provide insight into a company's current (or recent) customer base. Furthermore, the most reliable information collected internally usually only consists of information that is essential in transacting business with a given operator (e.g. address, price, quantity, etc.).

In most cases, the value of internally available data can be greatly increased by pairing it with syndicated data that provides further depth of operator understanding. Syndicated data is our term for data that is available for anyone (including your competitors) to purchase in the open marketplace. The benefits of syndicated data are:

1. Syndicated data supplements information about known customers
2. Syndicated data provides information regarding unknown customers (who do not exist within internally available data)

Because syndicated data is available to all market participants, it does not provide competitive advantage by itself. Syndicated data can, however, be a key contributor to competitive advantage when it serves as a key component in providing a multi-dimensional perspective that generates superior operator insights.

As part of an overall data strategy, we encourage experimentation with multiple syndicated data providers because they each may offer unique fields that ultimately generate actionable insights. Also, they each provide varying value-add services that may support your data strategy. Your ultimate solution may choose to utilize multiple syndicated data providers.

The downside of syndicated data is that it comes at incremental cost. The data curation process is critical in determining which sources (and fields) are contributing value. Spending decisions on syndicated data should regularly re-evaluate a given source's contribution to the overall value generated by your data strategy.

Data Collaboration

The final means of adding depth to data is to acquire data via collaborative partnerships. Data collaboration inherently requires some exchange of value between two partners. The best exchanges are in the form of data-for-data or data-for-commitment to grow the business. Data-for-cash collaborations disappoint unless the data provider makes a strong commitment to help the data recipient leverage the information.

This section separately addresses Distributor/Manufacturer and Manufacturer/Manufacturer collaboration.

Distributor/Manufacturer Collaboration
Distributors have become increasingly willing to share operator-specific data to accelerate penetration or target category growth. In exchange for data, distributors expect manufacturer partners to bring incremental resources to bear to drive growth in the targeted category/customers.

Distributors have much at risk when they share data. They want to avoid cannibalizing existing profitable business (especially private label) and will be looking for manufacturers who can control their field resources to only pursue mutually incremental opportunities. Furthermore, distributors are sensitive to the incremental effort required by data collaboration. Seemingly simple requests can require much data manipulation and often require heavy communication to ensure local sales teams support the effort.

Manufacturers interested in pursuing a collaborative effort should embrace the following strategies to increase their likelihood of obtaining distributor cooperation:

1. Data Risk Reduction: Disciplined field execution to reduce the risk of cannibalization, utilizing an "arm's length" intermediary to handle the actual data and allowing the distributor to filter the final target list are all means to reduce the downside for the distributor

2. Make it Turn-key: Focusing the data request to include essential fields only, carrying the burden of communicating with the distributor's field sales counterparts and minimizing dependence on the DSR to execute the campaign (i.e. utilize your own field resources) are all means to make it easy to say "yes" to a proposed data campaign

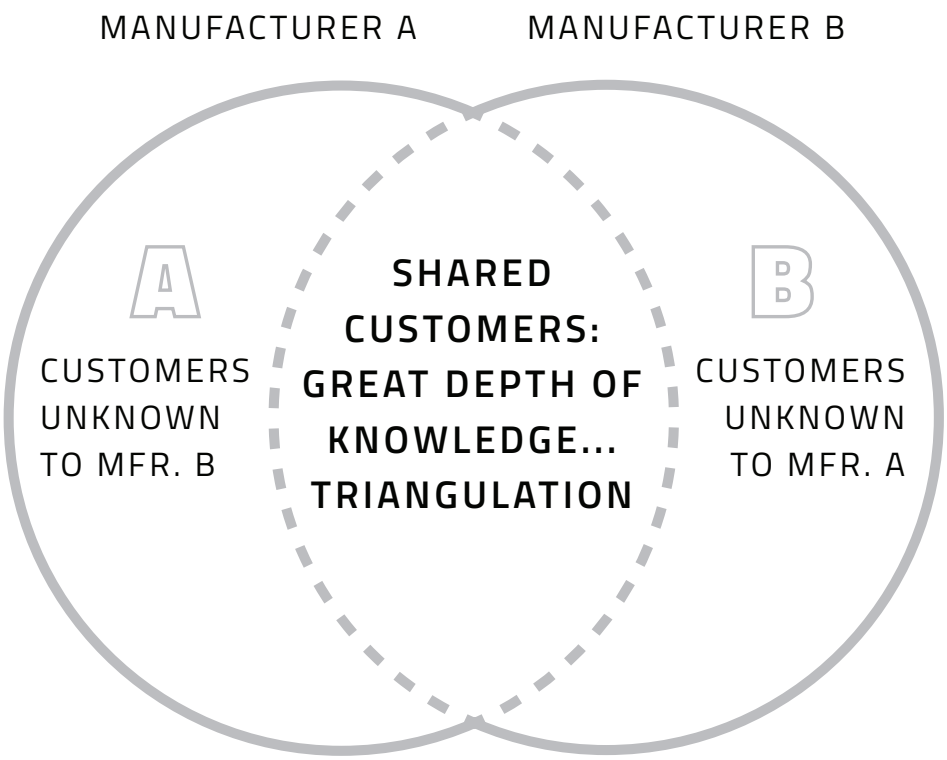
3. Perform & Share Results: Leveraging the data with rigor in the field and reporting results is critical to obtaining future collaborative opportunities

Manufacturer/Manufacturer Collaboration

An often-overlooked area of potential data collaboration is between manufacturers *(Figure 2)*. Manufacturers with non-competing – or better yet, – complementary product lines can get a better picture by pooling their data together. Pooling data provides visibility to customers with whom a company is not currently doing business and allows further triangulation to better understand purchasing behavior of shared customers.

.02 | Figure

Manufacturer/Manufacturer Collaboration



Manufacturers utilize 3rd-party intermediaries to minimize visibility to sensitive raw data and avoid antitrust concerns. Such an intermediary can execute data science on the pool of data and share only mutually agreed-upon insights without exposing either party's full underlying customer information. In this way, manufacturers can protect customer identities and ensure appropriate protocols are always followed.

Data Curation

After acquiring data from multiple sources, it will need to be cleaned and matched to eliminate bad and/or duplicate information. Furthermore, data requires ongoing disciplined maintenance to ensure the information remains relevant over time.

Curation Strategy: "Make vs. Buy"

The analytical skillset and disciplined processes to convert raw data into actionable insights is an intimidating barrier that discourages many companies from pursuing a data strategy. Many companies mistakenly assume that embracing a data strategy requires internally developing many new and complex analytical capabilities.

The good news is that more external assistance is available to assist companies in managing data and developing insights. 3rd-party assistance is available to provide value-add services to supplement capabilities at various steps in the process. Some key available services include:

- *Data Cleansing, Matching & De-duplication*
- *Lead Development & Prioritization (via Data Science)*
- *Data Hosting and/or Upload to CRM or ERP*
- *Marketing Fulfillment and Sales Support*
- *Lead Warming (telesales and digital)*
- *Direct & Digital Marketing & Promotions*
- *Rewards Program Management*

With all this available assistance, companies need to be strategic about which components make the most sense to keep "in-house" and which are more effectively managed by 3rd parties. This guide will not delve deeply into the Make vs. Buy decision process, but the following table provides some thought starters:

.02 | Table

Quick Make vs. Buy Recommendations

DATA PROCESS	ABILITY TO OUTSOURCE	COMMENTS
Cleanse, Match & "De-dupe"	Data firms likely better positioned for this role	Many data firms already possess this competency and can execute faster and cheaper
Lead Development	Maintain oversight at a minimum	Data scientists will benefit from your input of foodservice and product expertise
Data Hosting & Systems Links	Systems Dependent	IT decision at most companies... be wary of absorbing all aspects and over-customization
Marketing Fulfillment	Suitable for Basic Options Only	More complex digital strategies and sales content will likely require internal resources
Rewards Program	Requires Scale and Operator Mindshare	Admin cost of internal programs require large scale and operator mindshare

Master Data Management

Master Data Management is the process of cleansing, matching and eliminating duplicative data from multiple sources. A solid Master Data Management foundation is critical to establishing data credibility required by a successful operator data strategy.

It is important to cleanse each data source by ensuring that all fields conform to agreed-upon standards. Once each data source is cleansed, work begins on drawing relationships between data sources that enable a more multi-dimensional understanding of individual operators.

A key challenge in merging data is developing "matching" techniques to recognize where the same operator location exists across multiple databases. Establishment of a unique primary key operator ID for each operator location is the key component of matching. This acts as the "red thread" that recognizes the same operator location across a variety of data sources which allows pooling of multi-dimensional information and development of new insights.

After matching has occurred, it is not uncommon to discover that the same operator is represented multiple times across various data sources. "De-duplication" is the next step in Master Data Management that recognizes and eliminates redundant appearances of a specific operator or data field.

3rd-party assistance is available to perform Master Data Management services. Cleansing, matching and de-duplicating are core competencies of many syndicated data firms that regularly pull information from many sources in the assembly of their final syndicated data product. It is often quicker and cheaper to outsource Master Data Management activities to these 3rd parties. This is especially the case when a company is trying to match data to a source that syndicated firms have already previously matched for another client.

Data Science

Once the raw data is cleaned, matched and de-duplicated, data science can be applied to generate actionable insights. Data science is the practice of identifying relationships between specific data attributes and operator purchase behavior. This usually takes the form of estimating propensity (likelihood) of buying and purchase quantity of a given product for a specific operator based upon relevant attributes. Propensity and purchase quantity estimates are then utilized to develop and score leads to be fed forward into the execution process.

Many firms have emerged that can provide the data science portion of Data Curation. When working with data science firms, we have found it advisable to have internal resources tightly linked with the development of the data science techniques that will be applied to a given company's data strategy. Internal experts can accelerate the progress of data scientists by recommending potential relationships or by debunking potential dead-ends.

Data Execution

Acquisition and curation of data does not contribute its full potential unless it is harnessed to deliver results in the field. Leveraging the data is accomplished by activating all sales and marketing resources to execute against data-generated insights, measuring results and continually refining all data and field execution processes.

Disciplined Sales Processes

Disciplined processes that embrace data-generated leads and measure results with accountability are a prerequisite for leveraging data. This means installing processes to assign leads to accountable parties, including sales resources, broker resources and potentially digital marketing resources. Furthermore, processes to monitor execution against leads and track results are essential to drive accountability and refine future lead generation and sales execution processes.

Integration with CRM

CRM systems can serve as an enabling infrastructure for data execution processes. Conventional CRM systems serve as a central repository of customer information, sometimes implemented with workflow management capabilities. Implemented in this most basic sense, CRM systems run the risk of being perceived by field personnel as an administrative burden that largely benefits upper management who feel disconnected from end customers.

Feeding qualified leads into a CRM can improve adoption because it provides field personnel with a tangible benefit that increases their ability to grow business. This benefit is dependent on the quality of the leads and efforts must be made in data curation to exercise quality control. Bad leads will quickly erode confidence and hamper future data execution efforts.

Sales Authentication and Continuous Improvement

Acquiring data that authenticates claims of successful closes must be intentionally designed into the system. Designing the data strategy to embrace distributor transaction data, specific rebates, promotions and/or rewards programs allows the data infrastructure to "tag" and measure incremental business.

Sales Authentication data should be scrutinized to measure return on the data strategy and to recommend specific improvements to data acquisition, curation and execution processes.

Potential Data Sources

This section provides a high-level overview of key operator-specific data sources available in foodservice. Due to our focus on operator-specific data, we have largely limited our scope to data sources that assign data at an operator location-specific level of granularity. We will briefly address one aggregated data source, SupplyTrack, due to its unique presence in foodservice. We highly encourage manufacturers and distributors to familiarize themselves with all data options, not only from a data perspective, but also from a service perspective.

.03 | Table

Operator Data Source Categories

DATA CATEGORY	POTENTIAL SOURCES	DATA DESCRIPTION
Distributor Data	Distributor Internal	Purchase information from distributor transactional systems
Billbacks & GPO/ Operator Rebates	Manufacturer Internally-available	Purchase information from operator rebates and repayment claims passed from distributor to manufacturer
Data Collaboration	Company-to-Company Tibersoft	Purchase information from a pooled database of manufacturers
Operator Census Databases	CHD Expert Datassential Firefly NPD Recount	Descriptive information for all foodservice locations scraped and matched from publicly available sources
Rewards Program	Internal Foodservice Rewards RealTime Solutions	Purchase information from operator participation in reward programs
Other	Broker Data Internal (CRM) NPD SupplyTrack	

Distributor Data

Because of the span of customers and detailed transaction history, distributor data is presently the best potential source of data for targeting operators. We've added the "potential" qualifier because the restrictions on accessing data and obstacles in field implementation can severely dilute distributor data's value in practical execution.

Distributors have traditionally put more emphasis on growth via new customers than targeting specific product opportunities within their existing customer base (which can often cannibalize existing sales). Those distributors who have utilized their internal data have primarily utilized it to identify lost accounts or target private label conversions.

As foodservice growth has slowed, distributors have become more focused on account penetration and taking market share. Additionally, cost reductions have forced distributors to cover more accounts with fewer DSR's, leaving them more dependent on manufacturer and broker resources to drive growth. These factors make distributors more willing to share data with manufacturers who can harness it to drive collaborative growth.

Distributors are increasingly providing standardized reporting (such as US Foods' Cookbook) and/or ad hoc data sharing opportunities that provide operator-specific data. Distributors are most likely to share data with manufacturers who have a specific plan to execute growth with a minimum of incremental risk and effort on the distributor's part.

Caution for Manufacturers: Strategies designed to utilize distributor data can fail due to disconnects that often exist between distributor resources granting data access and distributor field resources responsible for calling on local accounts. Just getting the data is not enough – efforts must also be taken to "clear the way" with local sales teams to ensure appropriate data execution can occur.

Caution for Distributors: As GPOs gain share in commercial restaurants and competing distributors share more data, manufacturer visibility into "street accounts" is rapidly increasing. Furthermore, the underlying value of street business erodes as GPO presence erodes profitability. This means that the value of distributor data is eroding. Distributor data is at its peak value and distributors should strategically partner now with those manufacturers who can best execute against data to collaboratively drive growth.

.04 | Table

Typical Distributor Data Fields

OPERATOR INFO	PRODUCT INFO	TRANSACTION INFO
Operator Location Name	Distributor Product ID	Pounds
Address/City/State/Zip	Manufacturer Product ID	Cases
Distribution Center	Product Description	Sales Dollars
DSR/Sales Route	Related Products	Related Product Purchases

Distributor Data Benefits:

- *Operator-specific*
- *Transactional data at the account and product level*
- *May provide related and/or competitive product information*
- *May provide pricing information*
- *May provide contract & "street" visibility*
- *Can provide post-call sales authentication*

Distributor Data Limitations:

- *Potential Private Label/National Brand conflict*
- *HQ/local executor disconnect*
- *Only contains operators with recent sales*
- *Unreliable descriptive operator data (e.g. Segment, Menu Type)*

Billbacks & Rebates

Most manufacturers underestimate the amount of their business that already contains an operator-specific identity. Internal systems that process trade transactions usually receive location-specific data to provide proof of delivery. Business supported by direct operator agreements, bid agreements (e.g. K-12), rebate claims or distributor billbacks usually adds up to a significant portion of a manufacturer's overall foodservice business. And, with the increased penetration of GPOs within street accounts, that total is increasing every year.

Manufacturers have underutilized billback data from distributors and rebate claims from operators and GPOs because they've failed to recognize its value in capturing incremental business. Until recently, billback data usage has largely been utilized by Trade Management to automate processing and reconcile payments.

Recently, manufacturers have found that billback data can also be used to track lost business or enforce compliance, as well as to identify penetration opportunities within existing accounts. Furthermore, purchase behavior insights from known accounts can also enable inferences regarding the behavior of unknown "street" accounts. Effective execution against billback data may encourage manufacturers to increase frequency of billback-related transaction strategies over time.

Billback and rebate data is only useful if manufacturers have practiced discipline in collecting it. This is not only good accounting compliance practice, but critical in developing an operator data strategy. Distributors are hesitant to share the requested information and sometimes attempt to provide aggregated claims when seeking compensation. If manufacturers haven't been diligent in demanding full detail, they will have much less valuable data to work with.

.05 | Table

Typical Billback Data Fields

OPERATOR INFO	PRODUCT INFO	TRANSACTION INFO
Operator Location Name, Unique Identifier	Distributor Product ID	Pounds
Address/City/State/Zip	Manufacturer Product ID	Cases
Distribution Center	UPC Code	Deviated Dollars
GPO/Mgt Relationship	Product Description	Trade Rates

Billback & Rebate Data Benefits:

- *Operator-specific*
- *Volume by specific item*
- *Identifies operator's GPO & distributor preferences*
- *Can provide post-call sales authentication*

Billback & Rebate Data Limitations:

- *Only contains operators with recent sales*
- *Data skews towards large customers*
- *Data may not exist if discipline has lacked in demanding it*

Data Collaboration

Manufacturers and Distributors can increase data acquisition by pooling their data with complementary strategic partners. This is often done by employing a 3rd-party to manage the data and maintain mutually agreed-upon confidentiality and usage protocols.

Tibersoft is a prominent example of a 3rd-party that is facilitating data collaboration across a community of large foodservice manufacturers. Tibersoft's initial value focused on helping clients maintain master data and improving a manufacturer's ability to audit billbacks and reduce double-payment on redundant claims. Tibersoft expanded its value proposition by pooling parallel streams of client data to identify "white space" opportunities where one client may not be taking full advantage of contract compliance opportunities (e.g. Client A's list of active Sodexo facilities may include locations unknown to Client B).

Tibersoft has activated this capability by developing a proprietary system (Tibersoft Explore) that allows lead generation, assignment and sales authentication via interfacing with existing manufacturer and broker systems. Sales authentication is accomplished by reconciling CRM field-reported closed sales against subsequent billback or rebate claims that flow through in future trade claim data feeds.

Tibersoft Explore is best used to:

1. Pursue compliance opportunities within existing contract relationships
2. Pursue product penetration opportunities across Top 1000 operators mostly buying at a contract price
3. Provide sales authentication of reported closed sales

.06 | Table

Tibersoft Explore Data Fields

OPERATOR INFO	PRODUCT INFO	TRANSACTION INFO
Operator Location Name, Unique Identifier	Distributor Product ID	Pounds
Address/City/State/Zip	Manufacturer Product ID	Cases
Distribution Preferences	UPC Code	Deviated Dollars
GPO/Mgt Relationship	Product Description	Trade Rates
Segment, Index of Purchase Power	Product Group	

Tibersoft Service Offerings:

- *Master Data Management*
- *Data Science: opportunity identification*
- *Hosting and/or Integration Facilitation*
- *Campaign Tracking / Sales Authentication*
- *Formal Community Best Practice Sharing*

Tibersoft Explore Benefits:

- *Operator-specific*
- *Embeds direct sales for end-to-end visibility*
- *Supports collaborative operator engagement with multiple partners*
    - *Distributors, Redistributors, GPOs*
    - *3rd-party resources: Brokers, Telesales, Digital marketing*
- *Incorporate other systems and data sources*
    - *Integrate with ERP, Trade and CRM systems*
    - *Link with 3rd-party Data*
- *Lead Generation for existing ("compliance") & new ("white space")*
- *Prevent sharing data with anti-trust implications*
- *Can provide post-call sales authentication*

Tibersoft Explore Limitations:

- *Contains only data from operators that purchase on contract price within the community*
- *Product and volume details not shared unless sanctioned by collaborating parties*
- *Limited operator contact information - not ideal for direct digital marketing efforts*

Operator Census Databases

The "Operator Census Database" category consists of syndicated databases that collect and manage descriptive data for specific operators across the entire foodservice market. Operator Census Databases are best used to:

1. Identify & describe new customers unknown within the bounds of your internal data
2. Provide expanded attribute fields against which to derive insights via data science

Covering the entire market is an aspirational goal given the transitory nature of foodservice operations. However, these data providers go to great lengths to discover new operations, update fields and cull discontinued concerns. Updating techniques improve over time and vary between providers so we recommend a regular assessment of each provider as an ongoing practice.

The three main providers of these syndicated databases are CHD Expert, Datassential's Firefly and NPD's Recount. These databases cover commercial and non-commercial operators and are compiled and updated from a wide variety of publicly-available sources (including government/compliance sources, social media, online booking platforms, yellow pages, etc).

.07 | Table

Typical Operator Census Data Fields*

OPERATOR INFO	COMMERCIAL DETAIL	NON-COMM DETAIL
Operator Name	Menu Type	# of Beds
Address, Phone	Estimated Volume	GPO/Mgt Relationship
Email	Check Average	# Schools in district
Contact Name	Units	Enrollment
Market Segment	Parent-Child	Free/Reduced Lunches
Website	Actual Menu	Meals served

*Table is not exhaustive and performance varies from field to field between providers

Operator Census Database Service Offerings (capabilities vary by provider):

- *Master Data Management*
- *Data Science: opportunity identification*
- *Hosting and/or Integration Facilitation*
- *Marketing Fulfillment Services*

Manufacturers and distributors are using Operator Census Databases with increasing frequency. As an isolated reference source (without merging transactional data or utilizing complementary services), Operator Census Databases offer the following raw benefits:

- *Identify unserved operators and underserved segments*
- *Basic operator research, call prep & lead warming*
- *Deploy sales resources based on market opportunity*

Operator Census Database Limitations:

- *Lacks product purchase data*
- *Data field availability & depth varies widely by provider*
- *Aspirational nature of capturing 100% of foodservice locations*

Given the limitations above, synergies occur when manufacturers or distributors match their internal transactional data with the descriptive information present in an Operator Census Database. This "cross-pollination" can be prioritized to provide sales teams with the following types of lead lists:

- *Existing Operators ranked by volume and propensity to buy*
- *Operators no longer buying ("lost business")*
- *Contract operators that are not buying ("compliance")*
- *Cross-sell and Up-sell opportunities of existing customers*
- *Rank new customer leads by propensity to buy & estimated volume ("white space")*
- *Segment or Menu Type campaign targeting*

Rewards Programs

Investments in internally or externally (e.g. Foodservice Rewards, RealTime Solutions) managed Reward Programs engage operators by allocating redeemable points as specific operators purchase increasing quantities of qualifying products.

Rewards Programs are designed to engage operators, tracking the points they've earned and redeeming their points for a variety of valuable rewards (from electronics to cooking equipment). The main value provided by Rewards Programs is the establishment of product preferences and engaged relationships with operators.

An additional benefit is the increased visibility of operator purchase behaviors that these data-supported programs provide to their sponsoring companies. Rewards Programs establish proof of operator purchase by a variety of means ranging from scannable redemption stickers attached to the case to electronic sharing of invoice data (often facilitated by the distributor). This makes Rewards Programs an effective form of sales authentication to confirm incremental operator purchases.

Rewards Programs can be internally designed and managed and/or companies can choose to participate in broader externally managed programs. Design of an appropriate Rewards strategy varies greatly based upon a company's brand strength, competitive position and underlying cost structure, but companies can design Rewards Programs to ensure that economic benefits go directly to the operator.

.08 | Table

Typical Rewards Data Fields

OPERATOR INFO	PRODUCT INFO	TRANSACTION INFO
Operator Name	SKU	Operator Volume
Address, Phone	Product Code	Item/Category Purchases
Email	Brand Code	Points Redeemed
Contact Name	Product Description	Pounds
Customer Segment	Product Group	Cases

Rewards Program Service Offerings (capabilities vary by provider):

- *Master Data Management*
- *Hosting and/or Integration Facilitation*
- *Marketing Fulfillment Services*

Rewards Data Benefits:

- *Operator-specific*
- *Invoice data may provide a holistic view of operator purchases*
- *Data skews towards street operators*
- *Identifies operator's GPO & distributor preferences*
- *Can provide post-call sales authentication*

Rewards Data Limitations:

- *Only contains visibility to participating operators*
- *Product granularity may be limited when case stickers are utilized*
- *May require incremental operator effort to participate*

Other Data Sources

We will also briefly discuss three other sources of operator data in this guide that frequently arise when companies are considering operator data strategies.

Broker Data: Brokers have increased their investment in data and have improved capabilities to exchange information with their manufacturer principals. Brokers are much better positioned to interact with manufacturer CRM systems to execute against CRM-administered sales activities. While some leading brokers have added data science resources, broker data capabilities are still limited by their place in the value chain. Without access to operator transaction data, broker data capabilities are largely limited to a digitized version of call reports.

Internal CRM Data: CRM systems are collecting new data that may prove useful in helping data science discern better leads. For example, a flag that indicates a customer has expressed interest or received a sample may prove useful in generating future leads with better estimates of purchase propensity. As CRM customer attribute fields evolve, they should be tested for both accuracy and correlation with future operator purchase behaviors.

NPD SupplyTrack: This is a highly useful tool for estimating market share, but is an example of a tool that operates on an aggregated vs. operator-specific basis. While it is effective for establishing and monitoring high-level market share goals, it is not likely to add to the understanding of a specific operator's likely future purchase behaviors.

Getting Started with a "Proof of Concept"

A "Proof of Concept" can serve as the justification for a broader rollout by providing an ROI that has a basis in actual experience without risking a full implementation. Many of the 3rd-party providers referenced in this guide are eager to execute small scale implementations that prove their value. We would recommend pursuing a Proof of Concept with some or multiple providers that include the following elements:

1. Proof of Concept Leader: Responsible for managing the project
2. Internally Available Data Assessment
3. Proof of Concept Scope Determination (Product, Geography, Promotional Offer)
4. Data Partner(s): Evaluation of 3rd-party Data Sources and Value-add Service Providers
5. Leads Developed and Scored
6. Upload file of prioritized leads
7. Campaign Support: 3rd-party services such as email marketing and/or telesales
8. Customized Campaign Webpage or upload into existing CRM
9. Sales Authentication: Document and monitor reported wins & losses
10. Reporting: Win/Loss rate on leads, growth and ROI to inform future data investment

Contact Clover Group for More Information

Please contact Clover Group if you would like to discuss executing a Proof of Concept or determine how we may otherwise help you leverage your data for growth. We have extensive experience implementing data-focused efforts within distribution and manufacturing and are happy to provide references.

DATA STRATEGY ELEMENT	HOW CLOVER GROUP CAN HELP
Data Acquisition	Internally Available Data Assessment 3rd-Party Evaluation
Data Curation	3rd-Party Evaluation Lead Management Process Design
Execute	Sales / CRM Integration Digital Marketing Integration
Sales Authentication	Reporting and ROI Analysis

Pat Power
ppower@clovergroup.us
(269) 615-7065

George Monahan
gmonahan@clovergroup.us
(616) 301-4383