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Understanding the Decision-Making Process for Food Service Equipment in Restaurants

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Why market segmentation approach to program design

- Focus program resources to a group of customers primed for an energy efficiency message
- Increase program success by speaking to specific motivations of each group
- Verified savings by specialized technical assistance with detailed knowledge of energy and water end uses specific to a key market



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The cost of energy has increased in importance to restaurants owners

	April 2004	April 2005	April 2006
Competition	6%	9%	6%
Economy	0%	3%	6%
Energy Prices	1%	9%	15%
Food Costs	11%	18%	5%
Insurance Costs	23%	0%	0%
R&R Employees	14%	20%	32%
Sales Volume	16%	17%	18%

Source: National Restaurants Association, Industry Tracking Survey



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Recent NRA study shows an increase emphasis on energy efficiency

- 60% of operators claim to have invested in more energy-efficient refrigeration and HVAC systems during the past two years.
- 50% say they have purchased "energy efficient equipment."
- 40% claim to have purchased water-saving warewashing or plumbing fixtures.

Source: National Restaurants Association, Industry Trends Study (Oct. 2005)



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Equipment decision making varies depending on type of facility

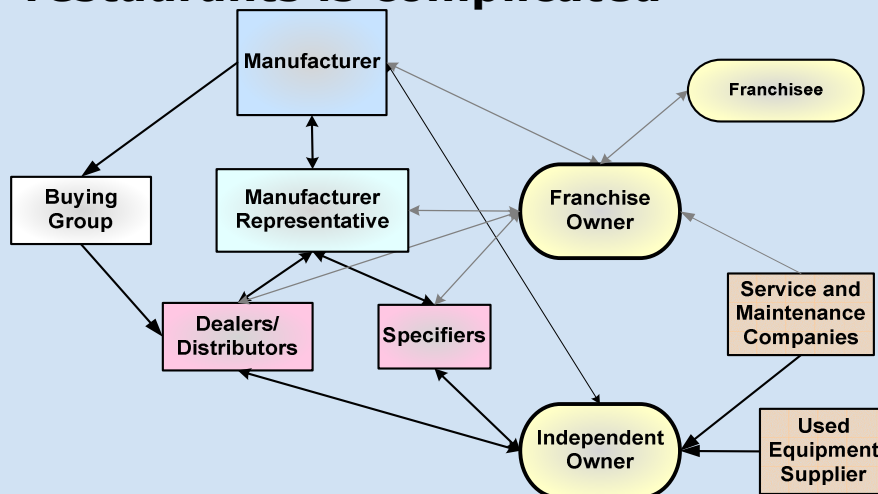
Information Source for Decision Making	Centrally Managed Chain	Individually Operated Chain
Manufacturer Representatives	52%	13%
Trade Shows	46%	3%
Past Experiences	45%	27%
Trade Journals	21%	4%
Company Staff	21%	23%
Electric Utilities	10%	1%
Distributors, Dealers and Suppliers	4%	12%

Source: April 2003 ORNL, National Account Sector Energy Profile Report by Opinion Dynamics Corporation

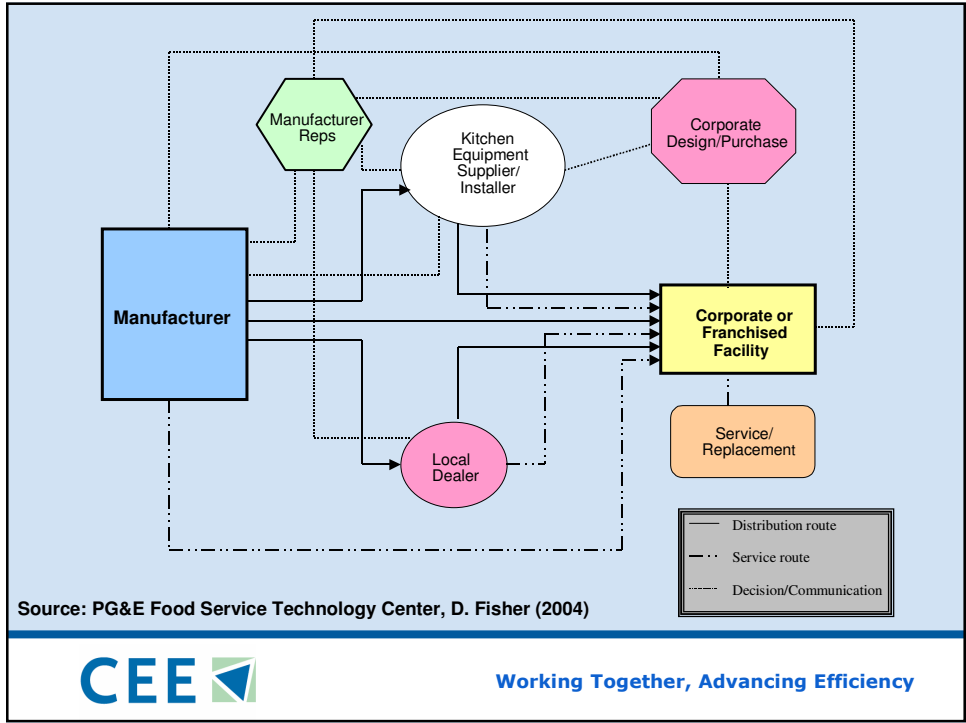


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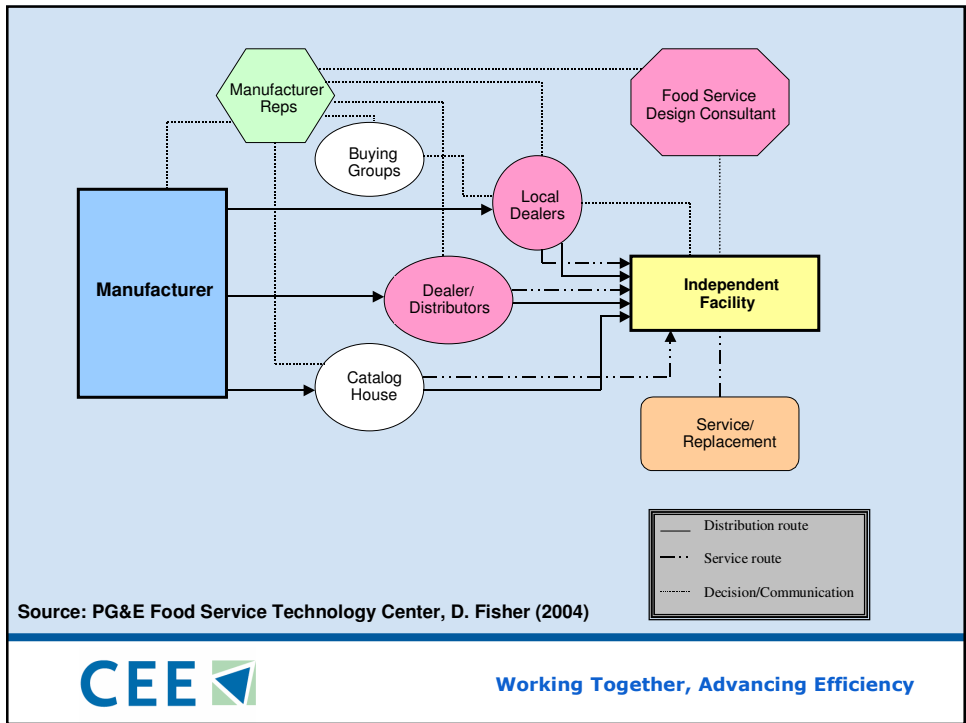
Decision making channels for restaurants is complicated



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Food Service Stakeholders for Restaurants	Description	Association Name (s)
End User	End Users are increasingly interested in equipment that will reduce energy costs and staffing needs. This group includes Quick Service and Full Service facilities.	National Restaurants Association
Manufacturers	There are roughly 800 US based manufacturers of foodservice equipment. This group designs their equipment to match guidelines provided by legislation.	North American Food Equipment Manufacturers
Manufacturer Representatives	This group is commonly used by manufacturers to promote their equipment. They represent multiple manufacturers or "lines" to dealers and end users in designated areas.	Manufacturers' Agents Association for the Food Service Industry
Dealers and Distributors	This group is the link between manufacturers and the end user. Challenges arise from rising costs by manufacturers and consumer expectations for convenience and speed.	Food Equipment Dealers Association
		Supply and Equipment Foodservice Alliance
Designers	This group is employed to design kitchens or make recommendations on the types of equipment necessary for particular applications.	Foodservice Consultants Society International
Service Companies	Roughly 600 firms offer maintenance and overhaul services to End Users. On-site equipment service is sometimes outsourced to the facility manager.	Commercial Food Equipment Service Association


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Some strategies to better communicate efficiency messages

- Directed appropriately
 - Message needs to be targeted to the most relevant department based on the decision makers.
- Clear and coordinated
 - The energy and water efficiency message needs to be coordinated and address the company's business model.
- Trusted
 - Message should be supported by a channel that the owner has already used and appreciated, e.g. trade and industry associations including ENERGY STAR.



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Panelists Introductions

- Foodservice Consultants Society International (FCSI)
 - Carol H. Kralicek, TurboChef Technologies
- Hobart Corporation
 - Rick Cartwright, Hobart Corporation & NAFEM Technical Liaison Committee Chair
- National Restaurant Association (NRA)
 - Christine M. Andrews, NRA's Director of Health and Safety
- Supply and Equipment Foodservice Alliance (SEFA)
 - Tom Stritch, SEFA Director of Dealer Relations



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Discussion Questions for Panelists

- Describe you or your member's role in the distribution of commercial food service equipment.
- What are major trends related to independent-owned /franchisee-owned and corporate chain-owned?
- How are food service equipment distributors, specifiers and buyers organized locally, regionally and nationally?
- What are the leading factors that influence or restraint owners/buyers buying food service equipment?
- Where are opportunities to work together locally or nationally to promote high-efficiency equipment?



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