

Research firm: Brand recognition drives success for major chains

By Greg Cibrzynski

STAMFORD, CONN. — Starbucks, McDonald's and Wendy's are food-service leaders not only by virtue of their size and their sales, but because consumers recognize their corporate identities as readily as their products, according to officials at CoreBrand, a consulting firm here that measures brand equity and assesses the effectiveness and value of branding campaigns and their impact on financial performance.

Corporate branding efforts have an impact not only on a restaurant chain's sales, but on how much the brand contributes to the company's overall market capitalization, said James R. Gregory, chief executive of CoreBrand.

Corporate branding consists of all forms of communication that a company puts out, including advertising, public relations and packaging. CoreBrand calls it the "intentional declaration of who you are, what you believe and why your customers should put their faith in your products."

"In the case of Starbucks, they're not out there advertising very much. The corporate brand is in the culture of the business," Gregory said. "It created a culture

and a business process that aligns with the corporate brand."

The same is true for Wendy's, he said.

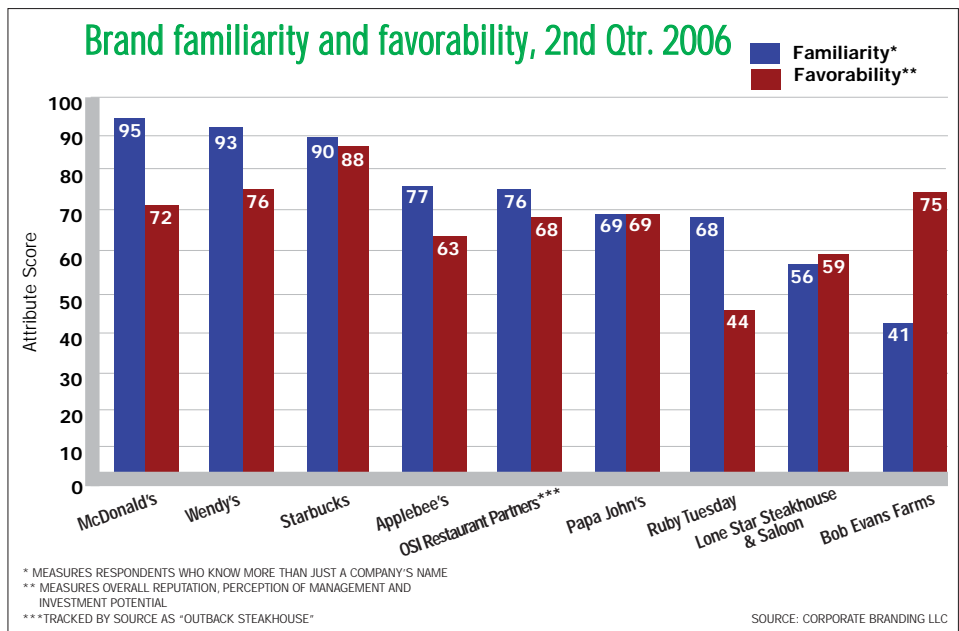
"The corporate brand used to be all about Dave Thomas, and when he passed the brand image took a hit," Gregory said. "But there was enough structure there and the culture had been embedded enough that the corporate brand continues."

With some companies like McDonald's, he said, the corporate branding is reflected in the product branding, but corporate branding for all marketers goes much further.

"Sometimes there are communications that are not intended and can be good or bad," Gregory said. It

can be the way a person smiles and says hello. It can be signage."

The results of CoreBrand's surveys are reported in a quarterly Directory of Brand Equity,



which measures brand equity as a percentage of market capitalization and assigns a dollar value as a result of that percentage.

The report for the second quar-

ter from April through June included 10 restaurant chains. Starbucks' brand equity as a percentage of overall market capitalization was 19.34 percent out of a

possible 20 percent. Wendy's International was second at 18.91 percent, and McDonald's was third at 18.17 percent.

(See **RESEARCH**, page 14)

HFM confab highlights training, leadership in health care foodservice

By Elissa Elan

TAMPA, FLA. — Improved communication and better training are some of the ways health care food-service managers can boost employee morale, production and job satisfaction, industry experts explained at the 2006 annual HFM National Training conference here late last month.

"The hardest thing for a supervisor to do is explain the why to an employee when that employee is not going to like what the supervisor has to say," consultant Quint Studer told the nearly 1,000 conference attendees during his opening keynote speech. "We must make our employees see they do worthwhile work and why we make the decisions we do."

Studer, founder and chief executive of the Studer Group consulting firm, noted that workers need a ratio of three positive, constructive remarks to one negative comment to feel a sense of self worth.

"In order for a person to feel good, they need to hear three positives to one negative," he said. "In health care that's tough because we're trained to notice what is wrong, the abnormalities. Still, we must be more vigilant in noticing the things



From left: Panelists Deb Fratrick of BD's Mongolian Barbecue, Gary McCullough of Abbott Laboratories and John McDonough of ITW Food Equipment Group addressed conference attendees during a session on leadership.

that are right. And there's a lot of what's right in health care."

According to Studer, approximately 85 percent of performance leadership initiatives in the health care field have failed, primarily because there isn't a good evaluation system for leaders, one that is based only on outcomes and not relationships. "There needs to be a system in place that is totally objective," he said.

He also noted that the average amount of time devoted to management training in the health care field is only 6.5 hours a year, compared with the restaurant industry norm of 55 hours a year.

The consultant also suggested

that managers institute 30- and 90-day evaluation meetings with their employees in order to discuss what works well and make suggestions on how to improve operations. He also noted that managers must be more willing to terminate workers who do not perform up to par.

"Approximately 8 percent of employees do not perform up to expectations," he said. "Low performers suck the life out of the operation, and the other 92 percent — the high and middle performers — get tired and discouraged."

Attendees also were told that leadership is a quality that can be learned.

"Anyone has the ability to

lead," said Gary McCullough, president of the Ross Products Division of Abbott Healthcare and senior vice president of Abbott Laboratories. "I've seen people I didn't expect would be great leaders who have emerged as such. You can hone your skills and instincts over time. Though some are predisposed to it, everyone can learn [leadership]."

McCullough offered his perspective during a panel discussion, "Harnessing Potential: Executive Leadership Panel," which was moderated by Nation's Restaurant News editor Ellen Koteff and also featured panelists John McDonough, president of ITW Food Equipment Group, and Deb Fratrick, chief operating officer of the BD's Mongolian Barbecue chain.

Fratrick told the group that connecting with employees goes a long way toward building

respectful relationships.

"It is important never to forget your baseline teammates," she said. "It keeps people engaged and happy, wanting to keep working for you. Basic courtesy is important on the leadership level."

A good leader allows employees to excel in the leader's areas of weakness, McDonough said.

"There is no one in any function who can do the job all by themselves," he said. "You have to be able to admit what you don't really do all that well and have the confidence to admit it. Then surround yourself with people who are really good. Create a team where the whole is greater than the sum of its parts ... That's what will build the foundation."

For McCullough, the most important thing is to be open and welcoming and to provide a positive work environment.

"When I work with people who try to lead through fear and intimidation, well, that just doesn't work," he said. "It's a fatal flaw and so is micromanaging. You just can't do everything yourself." ■

elan@nrm.com

MARKETING

Research firm: Brand recognition drives success for major chains

(Continued from page 8)

Those percentages are significant because, according to Gregory, while 80 percent of stock performance can be explained by such financial factors as cash flow, earnings and dividends, company size, expected cash flow, financial strength, and stock momentum, the other 20 percent usually is written off as "unexplained." He noted, however, that at least a portion of that is due to the corporate brand. The larger the percentage, the more brand equity affects financial performance. In the restaurant category, brand equity as a percentage of market capitalization was an average of 12.82 percent during the second quarter, according to the report.

The percentages for Starbucks, Wendy's and McDonald's are slightly higher than their first-quarter percentages.

"The percentages mean all those brands are becoming stronger in contributing to the total market cap of the company," Gregory said.

Darden Restaurant's Inc. had the lowest percentage at 0.37 percent.

The report is based on proprietary financial information, advertising spending and a brand-image survey of more than 12,000 decision makers from the top 20 percent of U.S. businesses.

The survey determines brand strength by measuring two types of image data: familiarity, which is a weighted percentage of respondents who know more than just the company name; and favorability, which rates overall reputation, perception of management and investment potential.

McDonald's had the highest familiarity rating during the second quarter, scoring 95 on a scale of 100. Its favor-

ability rating was 72. Starbucks scored 88 in favorability to achieve the highest rating for that measure and was close to McDonald's in familiarity with a score of 90.

Bob Evans Farms ranked lowest in familiarity with a 41, and Ruby Tuesday scored the lowest in favorability with a 44. The brand-strength ratings and the company's financial data determine the percentage of market capitalization that is directly derived from the corporate brand. A dollar value is assigned after the percentage is calculated.

Starbucks' brand-equity dollar value, for example, is \$5.23 billion. McDonald's value is \$7.44 billion, and Wendy's value is \$1.29 billion.

Those values reflect stock market conditions, Gregory said, and they were lower than the first quarter because the market was down during the second quarter.

CoreBrand also differentiates corporate branding from corporate identity or image, which is the public's perception of a company. It defines corporate branding as a business process that is planned, strategically focused and integrated throughout the company.

"When you build the brand, it's much more than advertising or communications," Gregory said. "Everyone is focused on product branding. But you should not ignore the corporate brand when you're doing that."

Yet product branding is essential to making the entire brand strong, according to Fred Geyer, managing principal in the Chicago office of Zyman Group, an international management consulting firm.

"One of the ways to look at the brand is that the brand is a promise," he said. "It's what you're going to get when you go to a restaurant. If people know what the promise is, it helps them decide where to go."

"Brands that can't deliver on the promise 'don't have much power,' Geyer said. The most powerful brands are those that consumers perceive as "the embodiment of the experience" that the brand provides.

"That's how brands get value," he said. And though corporate branding is different from product branding, the brand can act as a unifying element, according to Jeff Swystun, global director for New York-based Interbrand, a global branding and design consulting firm.

"A brand acts like a sort of mental sorting device because there are so many different things to consider when making a decision, big or small," he added.

And whether the message is about a product or the corporation, "brands require continual refreshing to stay relevant, exciting and appealing to the audience," he said. ■

gcebrzyn@nrm.com

ADWATCH

But carry your license if you're driving

Forget having to buy one to get one free. Just come in and get one free automatically. CiCi's Pizza is going all out to attract first-time customers with this offer of a free meal, a generous one considering it's for an all-you-can-eat buffet. The ad appeared in People magazine. Coppell, Texas-based CiCi's has about 600 units in 27 states.

LEAVE YOUR WALLET AT HOME. (YOUR FIRST VISIT IS ON US.)

Get ready for a whole new kind of pizza experience. Our pizza is served buffet-style with 12 different flavor options, including our new unique flavors like Meat & Cheese. The buffet also includes delicious pasta, salads, and more desserts. So come in, we need to know you don't forget your appetite and this coupon. If you can't stay, that's all right. Come pick up a fresh, large 16 inch one topping pizza to take for an unbelievable price.

CiCi's Pizza Buffet. Almost too good to be true.

FREE ONE ADULT BUFFET
ALL THE PIZZA, PASTA, SALAD AND DESSERTS YOU CAN GET YOUR HANDS ON. ON US.

To find a CiCi's location near you, visit www.cicispizza.com.

NEWS DIGESTS

Checkers' 'Choose Your Champ' pits Gators against 'Noles

TAMPA, FLA. — Checkers Drive-In Restaurants will bring back its "Choose Your Champ" fundraising promotion in Florida, where the company sponsors both the University of Florida Gators and the Florida State Seminoles.

Checkers customers can support their favorite team by ordering either a Gator Combo or Seminole Combo, which are sold at most Checkers units in Florida. Checkers will donate a portion of the proceeds during football season to the athletic scholarship funds of each school.

In addition, Checkers will donate \$25,000 to both the University of Florida Food Science and Human Nutrition Department and the Florida State University Dedman School of Hospitality.

Boston Lobster Feast to sell popular menu items online

ORLANDO, FLA. — Boston Lobster Feast and wholesaler Bar Harbor Seafood have launched a sales division on the restaurant's website, www.bostonlobsterfeast.com, to deliver popular menu items from the restaurant overnight anywhere in the United States. Lobster dinners, clambakes and New England Steamers are among the offerings. The New England Clambake Deluxe dinner package includes a 16-quart steamer pot, lobster crackers and forks, butter, bibs and placemats.

Boston Lobster Feast operates three restaurants in Orlando and is a division of Orlando-based Bar Harbor Lobster Co., which also owns Bar Harbor Seafood.

KFC sets up moms' panel to offer advice on family issues

LOUISVILLE, KY. — KFC has formed an advisory board composed of mothers to advise it on a wide range of issues, from trends that affect families to new-product ideas.

The "KFC Moms Matter! Advisory Board" will meet in person twice a year and hold quarterly conference calls. Its first task is to work with the more than 13,000-unit chain to develop an online community dedicated to reducing daily stress for moms. The website is expected to launch in 2007.

Similarly, McDonald's Corp. in May formed a "Global Moms Panel" to advise on issues affecting the well-being of kids and families.

Read Gregg Cebrzynski's insights into foodservice marketing on his blog, www.nrmadwatcher.blogspot.com.

"AdWatch" submissions should be either proofs, prints or stills of a new print, direct-mail or television advertisement for a restaurant or restaurant chain, with accompanying information on the responsible agency name, if any, and the media time and placement schedule. Submissions should be sent to: **Gregg Cebrzynski, Marketing Editor**, Nation's Restaurant News, 444 N. Michigan Ave., Suite 1070, Chicago, IL 60611.