Case Studies and Portfolio

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Case Studies

Channel Islands Roasting Co. – Launching A New Brand

The Business Challenge
Carl's Jr. was among the first of the major QSR brands to offer it's full lunch and dinner menus all day. Because of this, a significant portion of the chain's breakfast daypart sales were of hamburgers, fries and sodas, instead of eggs, hash browns and coffee. Over time, that mix had shifted from about 50/50 to 80/20 (burgers/breakfast) and overall daypart sales had declined both in real terms and as a percentage of sales. We wanted to know why. The answer, according to the research we conducted, was twofold:

1) We didn't have a signature breakfast item.
2) Our coffee, the most important beverage at breakfast time, was horrible.

Solution
We split our challenge into two projects, the first of which was fixing the coffee challenge. Conveniently, the same initial research had indicated that consumers seemed to lump coffee brands into three groups:

- Starbucks – Coffee branded as and sold by Starbucks was seen as superior.
- Other Premium Brands – Premium brands like CBTL, Peet's and Caribou were all viewed equally.
- "No Name" and "House" Coffees – Coffees with no specific branding were seen as the same.

With this data in hand, we had an epiphany. Rather than pay a premium for the use of another coffee brand's name, we could create our own specialty coffee brand, with which we could do anything we liked and not pay extra for the privilege. Channel Islands Roasting Company was born!

Rather than just going through the motions, we decided to make this new brand appear completely distinct from the Carl's Jr. brand, giving it it's own legal line, web site and phone number, as well as unique packaging that did not even mention Carl's Jr. or CKE Restaurants.

On the product side, we partnered with our incumbent coffee supplier to create a new proprietary blend, significantly increasing the percentage of arabica beans and with a darker roast than what had been purchased previously. Operationally, we modified brewing procedures, using a larger throw weight and tighter guidelines for hold times.

Packaging was completely revised. Doing away with our traditional foam cups, we introduced a paper cup with sleeve, as well as a drink through lid, very similar to that offered by other “premium” coffee brands.

Overall, food and paper costs for the new coffee went up about 10¢, which we paired with a 23¢ price increase. We also eliminated our "small" size, featuring only a “regular”, our former medium, and a “large”.

Alongside the brewed product, we also launched bagged whole bean and ground coffee for sale, both as an additional sales opportunity and as part of creating a brand personality.

Outcome

Although the coffee program's specific impact on the breakfast daypart overall is hard to separate, the collective breakfast changes resulted in a 20% lift, year over year, for the daypart overall. Menu mix, breakfast vs burgers, shifted back to 60 burgers/40 breakfast.

On coffee specifically, we saw unit sales of coffee increase by 500%, marking the largest ever change in single product velocity in the history of the brand, which, when paired with the 13¢ per unit profit increase, meant significant bottom line impact for the program.

Although bagged coffee sales never took off, they were instrumental in making the brand tangible…so much so that a number of grocers approached us with an interest in retail sales of the coffee!

Carl's Jr. – Faster, Better & Cheaper? Who Knew?

The Business Challenge

Carl's Jr. had long relied on its advertising agency to manage its POP print production and its own distribution centers to deliver that POP to its restaurants. As the business grew and both print production and logistics evolved, it became increasingly obvious that the company was spending too much and was not sufficiently fast to market with its POP solutions. The situation culminated in a series of missed in-store dates due to faulty production.

Solution

After reviewing a number of options, including bringing production management in-house, I determined that we needed to do the following:

- Control POP by creating a store profile system and then only sending POP elements to those units that could use them.
- Utilize state of the art printing processes and materials to ensure quality message delivery and operational performance.
- Fulfill POP from a centralized location utilizing accurate customized shipments for each unit.
- Ensure that franchisees pay the full cost of their POP to help eliminate waste at the unit level and ROI accountability in the brand planning process.

Outcome

To achieve these goals, I conducted an RFP process that resulted in the selection of a single vendor to manager print production, fulfillment and billing. This move resulted in:

- An overall system savings of more than $2 million a year in POP costs through better cost control, improved economies of scale and the elimination of billing errors.
- No missed in-store dates in first 3 years of the implementation.
- An order accuracy rate of 99.7% annually.
- Transferring of more than $4 million of float to a 3rd party, improving and controlling company cash flow.

Sonic Drive-Ins – Drive-Ins Aren't The Same As Drive-Thrus

The Business Challenge

Sonic's unique status as "America's Drive-In" also meant that it faced unique challenges in communicating its menu and promotions to guests. Much of the understood industry wisdom about guest behavior and how to communicate to them doesn't apply when the guest is stationary in their car and the menuboard(s) are just inches away. As the organization began to target more consumer types and dayparts, they faced the challenge all retail channels face, a finite capacity to communicate messages.

Solution

Surprisingly, Sonic had never before studied how its guests interacted with its POP materials, its menus or even the "order button". Past design and hardware efforts were based on cost control and design without taking into account how guests would interact with it. In my role, I was able to institute the first ever research into how guests physically and visually interacted with marketing materials at the drive-in level. Not surprisingly, a number of serious problems were discovered:

- Less than 10% of guests even looked at messages on the passenger side menuboards.
- Less than 20% of guests were consistently looking at the promotional messages on the driver's side.
- Add on messages carried on "lug-ons" and stickers were, essentially, invisible.
- Messages attached to the building itself were essentially invisible to guests.
- Most guests were spending far longer on site than was previously believed.

Outcome

I proposed a number of recommendations for change based on this research. Among them were:

- Decreasing the number of total messages to drive greater awareness of remaining messages.
- Eliminating many refreshes of low viewership POP elements.
- Moving to a 6-9 window promotional calendar instead of 12 monthly promotion windows.
- Eliminating "lug-ons" and stickers entirely.
- Repositioning core menu elements and promotional elements so that current high value promotions were front and center, while "destination" categories, such as breakfast, lived in locations that were not.

Results of initial testing on these changes were promising. Further, a move to a promotional calendar targeted at real customer usage levels (instead of on a hypothetical super heavy user) promised a dramatic savings in TV and POP creative and production costs as well as a more optimal media strategy. Unfortunately, a downturn in same store sales, organizational resistance to change and a variety of competing internal interests resulted in the majority of these changes being shelved and their benefits not being realized.

Subway Restaurants – Understanding A Unique Customer Experience

The Business Challenge

Throughout the 1990's and early 2000's, Subway Restaurants struggled with how to position and merchandise combo meals on their menuboards. Unlike burger chains with a straightforward sandwich/fries/drink equation, Subway faced multiple challenges:

- An unusual side item: packaged chips.
- A complicated, highly customized, ordering process that led to customer fatigue and inconsistent up-sell by crew (versus the typical numbered combo/beverage flavor ordering process for burger chains)
- Locations often near or even inside convenience stores with similar products, often at a lower price.
- A very low incidence of on-premise dining.

Solution

My cross-functional team conducted an assessment of Subway's menus and how customers interacted with both the menus and the total in-store environment, using hands on customer research, to determine the most effective way to target the key areas of opportunity. This information in hand, I was able to lead a team of information architects and designers to create a new menu that:

- Mirrored the in-queue customer experience and recognize the decreasing viewership of the menu as guests begin to interact with Sandwich Artists
- Leveraged the known sales driving power of quality food photography
- Created a natural way to merchandise the addition of multiple new combo options as part of the Subway Fresh Fit Meal program
- Could be localized easily for a variety of menu configurations, languages and local market conditions

Outcome

Leveraging existing customer behavior, rather than trying to change it, allowed Subway Restaurants roll out a new menu system that, paired with substantial product changes to their combos, immediately delivered same-store sales growth. In addition, due to planning for international versions of the menu throughout the development process, deploying Canadian menus launched at the same time as US menus, while Australian, New Zealand and UK menus launched within 90 days of the US launch.

Portfolio

Subway Restaurants

New Menus – New York City Calorie Labeling Regulation

In 2007, the New York City Health Department issued regulations that required the addition of calorie information on all menus. That information had to be posted on the menu itself (as opposed to posters or other locations) and the values needed to be "as large or larger than the price point". Among all major restaurant chains impacted by this rule (which was later overturned), only Subway actually rolled out menus that were in compliance with the rule.

Carl's Jr.

New Menus – First Total Menu Redesign in 15 Years

Carl's Jr. had not redesigned their menu for some time and, with the addition of the new "Six Dollar Burger" line, it had maxed out on space. Working to design a menu that was photo driven (since nearly 20% of the US population is functionally illiterate and Carl's Jr does business in many Spanish dominant communities) that was cheaper to produce and update was the primary mission of the project. In the process, the opportunity to use the menu to shift product mix into more profitable menu items became apparent. Overall, menu mix shifts accounted for, on average, a 10% jump in year over year profits when adjusted for simultaneous sales growth during the same period.

Sonic Drive-Ins

New Drive-Ins, New Markets, New Customers

For many years, Sonic had been growing within the Southern tier states, bringing the brand to customers that, likely, had some past exposure to the brand. Starting in 2007 however, the brand started to rapidly expand into markets that had previously never been exposed to Sonic and where consumers were unfamiliar with what Sonic calls its "Brand Treasures". In an effort to communicate these products to new market customers, I created a new store launch POP set that included elements that introduced Cherry Limeades, Extra-Long Chili Cheese Coneys and more, resulting in great feedback from customers and operators alike.

WildCare Foundation

Social Media – Bringing a Conservation Charity into the World of Social Media

The WildCare Foundation runs a clinic and rehabilitation center for the care of wild animals native to the state of Oklahoma. Their work includes care for birds (including Bald and Golden Eagles), mammals and reptiles. Along with a full animal hospital, they have more than 6 acres of enclosed habitat areas at their facility. Obviously, this important work is expensive to maintain.

In the past, the majority of donations came from phone drives, events at the facility and a limited amount of corporate gifts and public grants. Recognizing that their important work was going under recognized, I worked with the organization to create an online news channel, using Facebook and Twitter to communicate with the community.

Initially, we used social media channels to provide news updates about the various animals coming into (and leaving) the facility, providing updates about their conditions. The goal was to create both goodwill towards the organization and deep, long term, connections with the animals at the facility.

After creating that relationship, we then used these same channels to solicit donations, including animal "adoption" kits, where donors can pick a particular class of animals to support, on through member subscription tiers, where donors can sign up for ongoing support.

First year results have been promising, with donations up by more than 200%.