The Coop: Market Research

Daryl Buckmeister, CEO of The Chicken Coop, was puzzled. Ever since he had started his restaurant business back in 1974, he had grown sales by about 10% per year, even during economic downturns. This growth record was particularly impressive because the quick service restaurant (QSR) industry had been growing at only 5% per year during the past five years. In 1994, “The Coop’s” average sales had been a healthy $775,000 per restaurant. However, in 1995 – for the first time in company history – sales were down in 20 of The Coop’s 76 stores. Worse, many of the struggling restaurants had long been considered the company’s strongest; together, the 20 restaurants accounted for 32% of retail sales. The average decline in sales for these 20 stores was 6%.

Buckmeister knew that he had to get to the bottom of the problem as quickly as possible; the question was, how? His immediate inclination was to simply go visit some of the slumping stores himself to find out what was going on. He had always prided himself on being a “hands on” kind of guy, and he believed that up until now, his company’s success had been largely due to his ability to “stay in touch” with his customer base. In fact, it was not at all uncommon for him to show up unannounced at one of his stores to snoop around the kitchen, sample the food, and chat with his customers.

However, at a recent meeting to review The Coop’s first quarter results,1 two of his top managers had argued for a substantial investment in more systematic market research to address quality and customer satisfaction issues. But although both managers agreed on the need for programmatic market research, they agreed on little else. Anita McMichael, Vice-President of Quality, was advocating a Quality Inspection Program (QIP). The program entailed sending “quality inspectors” – disguised as customers -- to selected stores. To complement the QIP’s investigation of in-store service, McMichael was also proposing controlled taste tests comparing the company’s food items with those of the competition.

Trevor Wallace, Vice-President of Marketing, was recommending an ambitious three pronged approach. The first step would be to conduct some focus groups. However, the centerpiece of his approach would be a Brand Image Monitoring Survey (BIMS) that could serve as a pilot for a continuous brand-tracking program. To complement the BIMS research, Wallace was proposing that the company invest in a Customer Experience Study (CES), in which customers would be paid to visit

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1 The Chicken Coop’s fiscal year began April 1. First quarter retail sales were generally above average quarterly sales.

Professors Ruth Bolton and Youngme Moon prepared this case as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. The Coop is a fictional company; any resemblance to real individuals or firms is unintentional.

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The Coop (and possibly the competition), without having any knowledge of which company had hired them.

All of these options sounded pretty expensive – certainly more than the company had ever spent on market research – and Buckmeister was skeptical as to whether any of them would provide any real payoff for the company:

Do we really need any of this stuff? I don’t know, but I feel funny about paying some high-priced market research firm to tell me something that I can figure out simply by visiting these problem stores on my own. My thinking is, why not just put a set of customer feedback cards in each of these stores? That’s what I see all the other stores doing. My guess is that this would tell us everything we need to know to get in there and fix things.

Clearly, Buckmeister’s executive management team felt otherwise. A meeting was scheduled for the following day, which barely gave Buckmeister enough time to carefully consider his options and come to a decision about (1) whether to invest in market research, and if so, (2) how much money to spend and (3) which programs to fund.

Company Background

Buckmeister had started The Chicken Coop in 1974, at the age of 27. Back then, he had borrowed $20,000 from the bank to open the tiny, 24-hour restaurant called The Chicken Grille (renamed The Chicken Coop) in the tiny town of Boxborough, MA. The original restaurant had been small – just 6 tables and 8 counter stools – but it was there that Buckmeister had first experimented with different methods for preparing tasty, easy-to-serve, chicken dishes. His motto – “We are chicken” – had reflected his simple philosophy: To provide the best-tasting meal around by specializing in the preparation and delivery of chicken.

Eventually, Buckmeister had opened a second store, this time in Andover, MA. As his success grew, he had begun expanding his menu offerings, adding side dishes such as french fries, baked potatoes, and corn on the cob, as well as two types of chicken sandwiches. By 1985, he had opened a total of 24 restaurants, many of which offered drive-through service. The company had reached the $58.9 million mark in sales in 1994, as expansion continued throughout the regional northeastern United States. [See Exhibit 1 for The Coop’s sales history.]

In 1994, the QSR industry had generated approximately $87 billion dollars in retail sales in the United States. It was a relatively healthy and stable industry, having grown steadily over the past decade. (See Exhibit 2 for QSR industry sales.) The $7.7 billion Chicken QSR segment was dominated by Kentucky Fried Chicken (KFC), with more than 5000 restaurants and greater than 50% market share. Each week, 49 million consumers made purchases at a KFC restaurant. However, smaller chains and independent stores together commanded about 25% market share.

Buckmeister believed that The Coop had been able to grow market share in the competitive Chicken QSR environment by paying close attention to customers. As the company grew, he had continued to play an active role in the development of each and every restaurant, supervising everything from the seating arrangements to the size of the restrooms. He firmly believed that the success of a restaurant was not only dependent on the quality of its food, but on the quality of the entire dining experience. In particular, the company focused on providing a family environment, targeting consumers between the ages of 18 and 45. Aside from food quality, The Coop sought to provide high levels of service, cleanliness, and “value.” Buckmeister explained,
We’ve got to deliver good value, not just low prices. In this industry, the trend is toward discounting. But we believe that what our customers really care about is getting their money’s worth. People should get more than they expect, so “value” is really a function of price, quality, and abundance. That’s why you see us offering so many different meal combos, starting at just $3.99. We’ve also got a very flexible combination of complete family meals. Basically, you can walk in here and get a meal combo that feeds eight people, including side dishes and dessert, and pay just $24.95. That’s good value.

The Coop Menu

The Coop menu had expanded over the years, and now included a variety of chicken dishes such as Golden Roast Chicken, Curried Chicken and Chicken Crunch. All of the restaurants offered side dishes, salads, and desserts as well. Buckmeister took great pride in the company’s menu. He had hired Anita McMichael in 1982, largely because of her unwillingness to compromise when it came to food quality. She immediately instituted strict quality control policies covering every step in the food preparation and delivery process, and Buckmeister credited her with maintaining The Coop’s high quality food standards over a period of rapid store expansion. For her part, McMichael viewed her role as protecting the integrity of the company’s original value proposition:

I know it sounds corny, but I love our motto. The “We are chicken” tagline really sums up our company’s positioning and differentiation from our competition. We are a company that seeks 100 percent customer satisfaction, and in order to do that, we need to deliver the best-tasting chicken. This strategy means that we must exercise tight control over every aspect of our operations. No matter what else we do – if the chicken doesn’t taste good, people aren’t going to come back to us.

The most recent addition to the menu had been the brainchild of Trevor Wallace. It was a chicken mini-pizza called the “chick-pizza.” Shortly after his hire, Wallace had pushed for expanding the company’s “finger food” offerings, arguing that they would not only appeal to drive-through customers, but to customers with small children as well. (See Exhibit 3 for a breakdown of sales by distribution channel and daypart.) The mini-pizzas were instant hit. Wallace explained his thinking behind the chick-pizza:

Many of our restaurant managers thought we were crazy to offer a pizza. But we were already offering different nugget varieties, so it was a matter of trying to be more creative with our menu. I know that there’s a concern within the company that we’re diluting our brand image but I don’t believe that’s happening at all. I’m trying to evolve the image of the company, not reposition it in any way. We’ve got to keep up with the times, and that’s why you see us promoting some new exciting menu items that will hopefully reinforce in our customers’ minds that we are a “fresh” company.

Chick-pizza was a profitable addition to The Coop’s product line due to its higher margins -- achieved by charging a premium price. A typical Coop restaurant averaged 1,500 to 2,000 transactions per week, with $8 to $10 in sales per transaction. However, sales per transaction varied widely depending on whether the menu items were individual or family meals. Contribution margin per transaction also varied widely depending on meal configurations. Traditional chicken items (i.e., chicken “on the bone”), french fries, beverages and salads provided much higher margins than heavily processed chicken items. The Coop’s current gross margin (after food, paper and labor costs) to store fixed costs and profits was about 40%. During the past five years, The Coop had grown its store margins (after fixed costs) from 9.3% to 11.5% through effective pricing and control of labor costs.
Growth Opportunities

Wallace was relatively new to the company, but with extensive experience in the hotel business. Buckmeister secretly felt that Wallace was a something of a maverick, occasionally championing “off-the-wall” ideas. For example, he had initially thought that Wallace’s chick-pizza idea was crazy, but went along with it after market trials proved encouraging. McMichael had also opposed the chick-pizza idea, arguing that it represented too much of a deviation from the company’s “we are chicken” brand image. McMichael had lost that battle, but she continued to oppose menu-expansions that she felt were inconsistent with The Coop’s brand image.

McMichael was even more vehemently opposed to Wallace’s newest idea: co-branding. Co-branding was Wallace’s favored approach to growing points of distribution in markets that were fast becoming saturated with quick service restaurants. In recent years, a number of fast-food chains had teamed up to form “two-in-one” stores – one recent high-profile example was Taco Time’s partnership with Dipping’ Donuts. Wallace suspected that Taco Time’s co-branding strategy was a substantial source of growth for the company. Co-branding potentially solved a classic problem for quick service restaurants, namely how to smooth usage of facilities across day parts. Taco Time apparently recognized that few tacos were purchased in the mornings, a time when donut purchases were particularly strong – and exploited this complementarity to increase average sales per restaurant. The bulk of The Coop’s business occurred during the dinner hours. Thus, Wallace was pushing for an alliance with Margie’s Muffins – a local chain that operated in the same markets as The Coop.

Buckmeister realized that co-branding leveraged The Coop’s investments in physical assets – a decided advantage since all stores were company owned. However, he speculated that this strategy could dilute or confuse The Coop’s brand image. He had invested 20 years in building The Coop’s brand equity. If brand equity were eroded, wouldn’t growth eventually erode as well? Was co-branding a source of long term growth or was it simply a fad in the QSR industry?

For her part, McMichael felt that future growth opportunities lay in the home delivery market. The Coop had never offered home delivery service. However, McMichael had examined North American food consumption trends, and she believed that meals consumed away from the restaurant would continue to increase. She predicted that The Coop could eventually grow home delivery to exceed meals consumed in the restaurant. In the R&D kitchens, she had been supervising research on how to package and deliver food items so that the in-home consumption experience would be comparable to an eat-in restaurant visit.

Buckmeister was interested in exploring growth opportunities further. For example, how would consumers react if The Coop offered breakfast items?

The Sales Slump

As Buckmeister pored over recent sales reports from his stores, it became increasingly clear to him that something was seriously wrong. During quick visits to problem stores located near the corporate offices, his managers had implored him to offer special price promotions in an attempt to increase restaurant traffic and average dollars per transaction. So far, Buckmeister had resisted doing

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2 The quick service restaurant industry disaggregated purchases by the time of day at which the food was consumed. The simplest disaggregation method was by: breakfast (early morning), lunch (11:00am to 2:00pm), dinner (evening) or snack (other).
so. The Coop’s strategy had been built by bundling food items to create value priced meals and he hesitated to depart from it.

Buckmeister had used his few visits to thoroughly examine some of the problem stores. At two of the stores, he detected significant deviations from performance standards in the kitchen. He suspected that new staff was inadequately trained. However, his observations at the other stores were inconclusive. In informal talks, customers had expressed some dissatisfaction with The Coop’s food prices – and compared certain menu items unfavorably with the competition’s offerings – but his experience told him that these sorts of comments were not uncommon.

Another possible area to investigate was The Coop’s marketing spending. All chicken quick service restaurants tended to focus on the same strategic theme: value. Advertising – via television, radio outdoor and direct mail – usually featured various meal combinations. Kentucky Fried Chicken complemented its advertising with special promotions, such as value-added premiums (e.g., Pepsi Cooler bags) or tie-ins with big events (e.g., sports). Promotions were closely tied to a calendar of special events. Buckmeister figured that The Coop’s “share of voice” was comparable to KFC’s share of voice – for the specific markets in which they competed. However, he was less certain that The Coop’s communications were conveying the correct message. Since his arrival, Wallace had been arguing that a “me too” communications strategy was dangerous for The Coop – it simply leveled the playing field. He advocated an increased emphasis on The Coop’s excellent chicken choice and variety. He also believed that The Coop was overlooking promotions as a way to encourage alternate daypart usage and to cross-sell high margin meal configurations and large packs.

Without any clear-cut direction offered by his analyses, Buckmeister took another look at the recommendations from his two VPs. Judging from her recommendations, it was clear that McMichael thought the underlying problem lay in operations – either customer service or food quality. The Quality Inspection Program involved employing a trained staff of people to visit Coop restaurants on a regular but unannounced basis. These individuals – who would be disguised as regular customers – would provide an assessment of the food, service, and facilities’ quality levels. The taste tests would involve bringing customers into a kitchen laboratory, where they would sample menu selections from The Coop and the competition, without knowing which company offered which menu item. The customers would then rate the various menu selections.

In contrast, Wallace was convinced that the problem involved the company’s brand image and its marketing activities. Although he had not explicitly said so, it seemed clear that he felt customers perceived The Coop to be old-fashioned and out-of-step with the times. Consequently, Wallace was advocating three market research studies that investigated consumers’ opinions of The Coop. First, he wanted to conduct a series of focus groups, using QSR customers in the areas in which Coop restaurants had decreased the most. Second, he was proposing that the company hire a market research firm to conduct a Brand Image Monitoring Survey of adults in the areas surrounding each Coop outlet. And third, he was proposing a series of Customer Experience Studies. In these studies, an outside company would hire individuals to visit Coop restaurants and competition restaurants, and evaluate them on a variety of specific criteria. The consumers would have no knowledge of which restaurant was paying for the research.

Buckmeister thought that focus groups were an appealing option. They were a cheap, fast way to talk to consumers in the areas where Coop store sales were slumping. Wallace had recommended hiring a market research supplier to recruit participants and run the focus groups. Each focus group would contain 8-12 consumers and would last about two hours. The supplier would write a report, but The Coop management team could also observe the interviews. Three focus groups would cost about $15,000.

As he reviewed these recommendations, Buckmeister was frankly surprised that both of his VPs were asking the company to make such a substantial investment in market research. (See Appendix
for condensed descriptions of the market research alternatives.). He had expected, at most, that his VPs would recommend the “customer feedback” card option that had been casually discussed in management meetings in the past. The idea was to place postcard-sized questionnaires in a conspicuous location near the cash register in each Coop outlet. Customers who had criticism or praise (or other comments) that they wished to pass along could simply pick one up and complete it. The completed cards would be handed to the cashier, who would be responsible for passing them on to the store manager. Each manager would then have ultimate responsibility for forwarding the questionnaire to store headquarters each week, along with the standard weekly Operations Report. This approach was being used by a wide variety of restaurant chains, and it required very little investment on the company’s part.

The new programs advocated by his VPs would be substantially more expensive than customer feedback cards, and Buckmeister was skeptical about whether it was worth spending the money on any of them. Of course, he had been wrong before (e.g., he had originally nixed the chick-pizza idea), so maybe he was simply being shortsighted. In fact, some of the market research alternatives sounded rather intriguing, and he wondered whether any of them could not only identify the problem at the restaurants with slumping sales, but also shed light on the implications of the co-branding strategy that Wallace was proposing. If so, then perhaps the investment was worth it. At any rate, he had one day to come to a decision about which recommendations to adopt, and how much to invest in market research.
### Exhibit 1: Simplified Income Statement for The Coop for 1990-94

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<td>1.1</td>
<td>1.2</td>
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<tr>
<td>Total Labor &amp; Benefits</td>
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<td>9.9</td>
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<td>Operating Margin</td>
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<td>10.6</td>
<td>11.5</td>
<td>13.6</td>
<td>15.4</td>
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<tr>
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<td>6.5</td>
<td>7.3</td>
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<td>8.6</td>
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<td>Net Operating Income (Before Tax)</td>
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<td>4.1</td>
<td>4.2</td>
<td>5.8</td>
<td>6.8</td>
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3 All numbers expressed in millions of dollars. Retail store operations (RSO) expenses include variable and semi-variable costs such as cleaning supplies, garbage collection, uniforms, office and computer supplies, repairs and maintenance, training materials, incentives and utilities.
**Exhibit 2: Historical Data Concerning Quick Service Restaurant Sales in the United States**

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<thead>
<tr>
<th>Year</th>
<th>Sales (in billions of dollars)(^4)</th>
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<tr>
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</tr>
<tr>
<td>1986</td>
<td>50.5</td>
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<tr>
<td>1987</td>
<td>55.7</td>
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<td>1993</td>
<td>81.0</td>
</tr>
<tr>
<td>1994</td>
<td>87.1</td>
</tr>
</tbody>
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\(^4\) Source: *Restaurant Industry Operations Report,*
Exhibit 3: – Breakdown of The Coop’s Sales by Distribution Channel & Daypart

Sales by DayPart

Sales by Distribution Channel

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Appendix: Market Research Alternatives

McMichael’s Proposal

1. Taste Tests

The purpose of the Taste Tests would be to gather objective information about the quality of The Coop’s menu items, relative to the competition. Anita McMichael proposed conducting the taste tests in Waltham, MA – at The Coop’s Research and Development (R&D) kitchens. She felt that, by holding the tests at the R&D kitchens, respondents would taste the food in a “controlled environment” -- where they wouldn’t be influenced by facilities or service. Her plan was that The Coop would recruit loyal customers from nearby stores to visit the kitchens and give their opinions about food items. Store managers near Waltham could easily provide the names of loyal customers.

Trevor Wallace argued that the company shouldn’t recruit a “convenience sample” of loyal customers. He believed that the respondents must be screened – that is, they must meet certain criteria. He thought that a market research supplier could help them find the right respondents by establishing “quotas” based on certain customer characteristics. The disagreement between his two VPs made Buckmeister wonder whether it was a good idea to hold taste tests in Waltham, MA at all. Waltham’s demographics didn’t represent their typical market. Should the taste tests be held in some other market? If so, where? He knew that McMichael felt strongly that the tests should be held at the R&D kitchens.

Both McMichael and Wallace agreed that – if the taste tests were held -- the respondents should not be informed that The Coop was sponsoring the research. (The R&D kitchens were in a nondescript building and – since only selected employees visited there – there was no signage identifying them as being owned by The Coop.) The respondents would be brought into a room at the kitchens, where they would sample food selections from The Coop’s menu and from the competition’s menu. Then, they would evaluate these food selections. McMichael had offered to make up a checklist for the respondents to fill out.

Unfortunately, The Coop’s small research and development kitchens had not been designed with the expectation that customers would visit them. McMichael felt that it would be relatively easy to clear out a room to make some space temporarily available where respondents could eat the food and fill out the checklist. However, Wallace didn’t like the idea of a checklist. He argued that they needed a special purpose room with one way mirrors (such as were used to conduct focus groups). His idea was that he, McMichael and Buckmeister would watch the taste tests from behind the one way mirrors. Buckmeister liked the idea of being able to watch the expressions on customers’ faces, and hear what they actually had to say about the food. However, a special room with one way mirrors sounded expensive. And how would customers feel if they knew that executives from The Coop were spying on them? Somehow it didn’t feel right.

Neither McMichael or Wallace had been specific about which food selections the customers would taste. Buckmeister felt pretty confident that their existing menu items were tasty, so he presumed that McMichael wanted to test some of new food items that she had been developing. She had been intensively working on several new items ever since Wallace’s success with chick-pizza.

McMichael had contacted a few market research suppliers, and she estimated it would cost about $6000 for one taste test involving 8-12 customers. This cost estimate assumed that the supplier would recruit customers, conduct and monitor the taste tests, and write a report and that The Coop would handle food provisioning and provide the taste test facilities. However, if Buckmeister liked Wallace’s idea of a one-way mirror, The Coop would have to pay for renovations at the R&D kitchens.
or ask the supplier to help them find a facility equipped with one-way mirrors and other special features (such as audio and video taping capabilities).

2. Quality Inspection Program (QIP)

Traditionally, executives at The Coop followed Buckmeister’s example and took every opportunity to visit individual restaurants and personally observe operations. However, Anita McMichael had long advocated replacing these haphazard visits with a more systematic program to evaluate restaurant performance. These ongoing discussions had led to the consideration of a Quality Inspection Program.

The purpose of the Quality Inspection Program was to gather information about the quality of the food, service and facilities provided by individual restaurants, and to ensure that all stores met The Coop’s high performance standards. It would act as an early warning system that would “red flag” problems at different restaurants. Store managers and staff would be informed about the program, but they would not be known when they were being measured.

A member of a team of quality inspectors would visit each Coop restaurant a minimum number of times per quarter. These inspectors would systematically visit each restaurant at different times of day, using different channels (eat in, take out, or drive through), and ordering different items. These individuals – who would be disguised as regular customers – would systematically (and surreptitiously) measure the speediness of the service, the cleanliness of the facility, the quality of the food, etc. The inspectors would not (and could not) conduct the sort of “in-depth” examination that Buckmeister was apt to make. For example, since they would be disguised as customers, they could not visit the kitchens. However, they could rate the experience from a customer perspective: Was the order accurate? Was the food hot? Were the staff people friendly? Were the tables clean? Had the washrooms been adequately maintained? How long was the wait in line?

Buckmeister liked the idea of quality inspection teams. After all, he couldn’t be everywhere at once. However, neither he, McMichael or Wallace had been able to figure out how the teams would actually function. For example, what sort of people would make good quality inspectors? How could they keep the quality inspectors’ identities a secret? And, if the inspectors were recognized, wouldn’t they be likely to receive exemplary service? Furthermore, Buckmeister always liked to check behind the scenes – and the quality inspectors wouldn’t be able to go there. For example, inspectors couldn’t check whether the chicken was being kept at 140 degrees. Would The Coop obtain sufficient information about whether or not each restaurant outlet was adhering to their high performance standards? He envisioned a simpler version of QIP, in which quality inspectors were not disguised, but simply made unannounced visits to check on performance standards.

McMichael was the logical person to take charge of this new initiative. However, Buckmeister wasn’t sure that he wanted her team “bogged down” in hiring inspectors, scheduling quality inspector visits, etc. An outside vendor could probably help with the quality team logistical functions – but would they really understand the QSR industry or The Coop?
Wallace’s Proposal

In addition to focus groups, Wallace advocated two major studies.

1. Brand Image Monitoring Surveys (BIMS)

The purpose of the Brand Image Monitoring Survey would be to gather quantitative data on The Coop’s brand image vis-à-vis its competitors. A market research supplier would interview customers and potential customers by telephone. Wallace wanted to use “random digit dialing” in The Coop’s markets to ensure a “probability sample” of potential customers. Buckmeister wasn’t familiar with either of these terms, but Wallace explained that this method would ensure a representative sample of all potential QSR customers.

During the telephone interview, customers would be asked whether they had heard of “The Coop,” when they had last visited one of The Coop’s restaurants, and about their impressions of the food, dining experience and value provided by The Coop. Customers would also be asked about their impressions of the competition. Wallace had obtained proposals regarding the BIMS program from several market research suppliers. Both Buckmeister and Wallace particularly liked one proposal that included a sample report showing how measures of brand awareness, advertising awareness, brand trial, past 3-months usage, past 3-months frequency, last visit details, and brand image attributes would be displayed. The key benchmarks would be Kentucky Fried Chicken, Burger King or strong local competition.

BIMS was the most expensive option that The Coop was considering. Proposals from market research suppliers ranged from $20,000 to $50,000. Buckmeister had been shocked when he had first heard these figures. Wallace explained that the cost of a telephone survey employing random digit dialing procedures differed across product categories depending on the “incidence rate” of product usage within the general population. After querying several suppliers, he had determined that they were all quoting roughly the same dollar cost per telephone interview ($15-$17). However, they differed slightly on their assumptions about the incidence rate. Each supplier had included a caveat in its proposal saying that the final cost would depend upon the actual incidence rate in The Coop’s markets. However, most suppliers felt that the incidence rate of QSR usage was relatively high in the general population. Hence, the primary difference in the costs of the various proposals was that some suppliers had recommended more intensive sampling in each of The Coop’s markets. More intensive sampling allowed the research suppliers to provide detailed results in each of The Coop’s three major markets, rather than an overall view of the marketplace. The minimum sample size recommended by any research supplier was 450 interviews. To obtain detailed breakdowns for The Coop’s three major markets, most vendors were suggesting about 900 interviews. In addition to the cost for collecting the data, the research firms figured in the cost of tabulating and analyzing the data, and writing a report. If The Coop commissioned the larger study, vendors were willing to provide rolling quarterly reports rather than a single annual report. However, the quarterly reports wouldn’t have the same high levels of statistical precision as the (cumulative) annual report.

McMichael had expressed strong reservations about The Coop relying on information from telephone interviewing. She felt that a seven to twelve minute interview would not obtain sufficient diagnostic information about The Coop’s food and service to allow The Coop to develop a detailed action plan. Buckmeister took her views seriously because, as Vice President of Quality, it would be her job to implement the results of any research that The Coop undertook. As a general rule, he liked to see operational results on a restaurant-by-restaurant basis, as well as “rolled up” within and across markets. Shouldn’t the same rule hold for market research results?
Buckmeister also wondered about the whole notion of telephone interviewing. He knew from casual reading in the business press that cooperation rates for telephone interviews were falling because consumers were leery of telemarketers. Consumers probably had favorable impressions of The Coop, and that they would be more cooperative if the survey revealed that The Coop was sponsoring the research rather than a research house. One proposal from a market research supplier recommended revealing sponsorship information as a way to lower interviewing costs and foster the impression that The Coop cared about its customers. Buckmeister thought that higher cooperation rates might yield a more representative sample. However, most of the suppliers recommended that interviewers should not reveal sponsorship information.

If The Coop chose the Brand Image Monitoring Survey option, Buckmeister would have to decide how intensively to survey The Coop’s markets. This decision would dramatically affect the total cost of this option. Although McMichael opposed the telephone interviewing option, a “go” decision would mean that she would be pushing for disaggregate results to increase the actionability of the findings.

Wallace was promoting the Brand Image Monitoring Survey as a pilot for a recurring survey effort. Buckmeister wasn’t sure he was ready to spend this sort of money on a regular basis – especially since they would be interviewing customers of competing quick service restaurants who might never have eaten at The Coop.

2. The Customer Experience Study (CES)

Buckmeister himself had originated the idea of a Customer Experience Study after reading about a similar program conducted by Au Bon Pain.5 Au Bon Pain operated a “Mystery Shopper” program in which each company-owned store is visited three times over four weeks, during breakfast, lunch and dinner shifts. Anonymous non-company affiliated customers buy a meal and fill out a questionnaire about the restaurant, the food and the service. The questionnaire contains about 60 questions. Au Bon Pain uses the results of the surveys to pay bonuses to everyone from line employees to vice-presidents. Buckmeister wasn’t certain that he wanted to incent employees based on survey results, but he could see how such an incentive scheme focused employee attention on quality and customer satisfaction issues.

Wallace had put together some information about how a similar program could be implemented by The Coop, and now advocated this approach as part of his proposal. The purpose of the Customer Experience Study would be to gather information on how customers viewed their visits to The Coop’s restaurants. The program would involve using an outside company, which would hire individuals to visit Coop restaurants and competition restaurants and evaluate them on a variety of specific criteria. The customers would have no knowledge of which restaurant was paying for the research. Au Bon Pain recruited its shoppers through newspaper advertisements and word of mouth, and maintained constant turnover so that the identity of the shoppers would be truly a mystery. Wallace believed that The Coop (or its vendor) could recruit customers in the same way. He recommended that the recruitment process utilize quotas to ensure the correct distribution of customers between 16-45 years of age, male and female. He estimated that it would be necessary to pay customers $10/visit or a research vendor $20/visit. The vendor’s services included training sessions for customers on how to conduct the visits and carry out the evaluations. Customers would be asked to retain their receipts as proof of purchase and return it with the questionnaire for reimbursement.

Buckmeister worried about how The Coop or its vendor would recruit “real” customers. He believed that individuals should be past three month QSR users, who had also purchased The Coop’s

or its near competitors’ products in that time period. If special sampling procedures were required for BIMS, didn’t CES merit the same attention to representativeness? Were newspaper advertisements and word of mouth the best way to recruit?

More importantly, how much would the CES program cost? Buckmeister quickly did some back of the envelope calculations. He assumed that he outsourced the CES study and that 30 mystery shoppers visited each Coop store over the course of the year. The total cost for the CES program would be $45,600! Of course, the cost would be even higher if he paid customers to visit the competition. Only Wallace could propose paying customers to go elsewhere . . .

Buckmeister’s Idea

1. Customer Feedback Cards

The purpose of the customer feedback cards would be to gather information on customer satisfaction. The program would involve placing postcard-sized questionnaires in a conspicuous location near the cash register in each Coop restaurant. Customers with comments would be encouraged to complete a card and give it to the cashier. The cashier would be responsible for forwarding the questionnaire to store headquarters each week, along with the standard weekly Operations Report. Buckmeister felt that the cost of a program like this would be minimal.

The feedback cards would look something like this:

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TO OUR GUEST:    We would appreciate your comments and suggestions.  
                     Thank you.   

Date: ________   Time: _________   Hostess Name: ____________

Food Quality:          Satisfactory    Unsatisfactory
Courtesy of Service:  Satisfactory    Unsatisfactory
Restaurant’s Cleanliness:  Satisfactory    Unsatisfactory
Promptness of Service: Satisfactory    Unsatisfactory

Where was food consumed?      At Location   Carry Out

Will you patronize this store again?  Yes  No

Comments / Suggestions:

If you wish, sign your name.

Name: _______________   Address: _______________ Phone Number: ____________
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