

the Link

Delivering the latest IPC News to SUBWAY® Franchisees

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Franchisees Get Valuable Results from Secret Shopper Service

In January, IPC introduced you to **Customer 1st's** secret shopper program that can provide you with valuable information about your SUBWAY® restaurant. IPC worked closely with Customer 1st to provide this service to you at an affordable rate while giving you access to automated shopper reports via e-mail and the Internet.

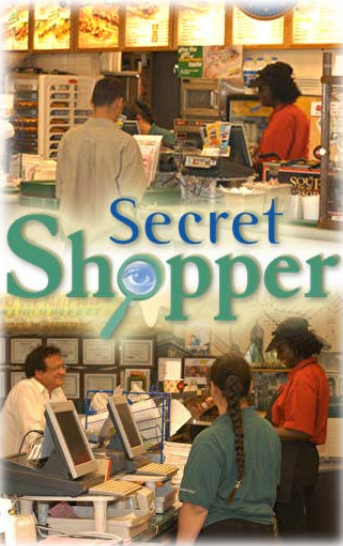
"With the program now entering its tenth month, Customer 1st has proven to be a successful tool for franchisees all across the U.S.," stated Carl Phillips of Customer 1st. "Franchisees who have scheduled regular monthly shops are seeing the most benefit. Many actually discuss the shopping reports in their staff meetings, and also use blank shopping reports as a training tool for new hires."

Customer 1st's trained mystery shoppers visit your store and complete a [detailed questionnaire](#) on basics such as customer service, facility cleanliness, product quality, sandwich ingredients, and most importantly, up-selling. In some cases, the program has uncovered a variety of customer service issues that can cause substantial revenue loss.

SUBWAY® franchisees, Hara and Stuart Frankel, have two busy restaurants in Miami's Jackson Memorial Hospital campus. They have been using this secret shopper program for

the past seven months.

"We wouldn't be without it. Every month, the convenient shop reports are e-mailed to us so that we can analyze



all areas of the 'shop'," explained Stuart Frankel. "The reports not only identify weak areas, but strong ones as well. We were pleased to find out that our staff is doing a good job 'up-selling' the SUBWAY® Value Meals."

On the Customer 1st website, franchisees can access a comparative report on how their restaurant is doing compared to other area SUBWAY® restaurants being evaluated; the specific store information remains confidential.

Customer 1st also archives and tracks the history of each restaurant's reports so franchisees can have an instant track record of their performance.

According to franchisee Eric Nelson, who owns five stores in North Carolina, "We've done weekly shops in each store for the past several months. With Customer 1st providing a comprehensive management overview on their website, I can monitor progress weekly. If there is a shop the night before, I'll have that report in my e-mail the very next morning."

Nelson added, "It's definitely worth the investment, and has probably saved me at least that much by identifying cost savings. My employees are also much more aware of their job performance and willingness to please customers."

The secret shopping service costs \$21 (US) for the standard shop, plus the purchase of one meal, not to exceed \$5. A portion of the profit from each shop is donated to the SUBWAY® Scholarship fund. To sign up, visit [IPC's Website Marketplace](#) (www.ipcoop.com/marketplace) and go to "Secret Shopper Service" to access Customer 1st's customized website for SUBWAY® franchisees. For more information, visit [IPC's Website Library](#) (www.ipcoop.com/library.asp) to read the secret shopper article in the January 3, 2002 edition of *The Link*. 📌

After several months of negotiations, IPC has finalized a new contract with distributor **Gordon Foodservice** (formerly IDI) to serve over 1,200 SUBWAY® restaurants in Kentucky, Ohio and Tennessee. The new contract was effective September 2, 2002 and runs for three years. Gordon Foodservice (GFS) has distribution centers in Martin, Tennessee and E. Bernstadt, Kentucky. All franchisees currently serviced by these two locations are covered under the new agreement. IPC appreciates the efforts of the Development Agents who provided assistance, feedback and support in finalizing this contract. For more information on the new contract, please contact IPC's regional distribution manager, Brad Anderson, at banderson@ipcoop.com.



New Bread Contract

A new two-year bread contract has been negotiated with **General Mills**. Although the wheat supply has decreased substantially due to the drought in the wheat belt, IPC and General Mills were able to lock-in wheat prices from September 2002 through August 2003, avoiding potentially significant increases in flour, and therefore bread prices. This resulted in a cost avoidance of approximately **\$3.6 million annually**.

Competition on the Rise

Looks like competition from other fast food chains will continue to escalate. An excerpt from a recent issue of the National Restaurant Association's *SmartBrief* reports: Changing tastes prove challenging for fast-food firms. Analysts recommend **McDonald's®** and **Burger King®** review their offerings if they would like to stay competitive with such chains as **SUBWAY®** and



Taco Bell®. Industry experts attribute consumers' changing taste to the growing popularity of healthy eating and consumer boredom with stagnant menus. Source: *The Christian Science Monitor* (10/2/02).

Americans are Eating Out More

According to a recent *Kiplinger Letter* (7/12/02), Americans will eat out more often. Spending on food eaten at restaurants accounts for 47 percent of total U.S. food expenditures. But by 2010, such spending will exceed expenses on food eaten at home.



The above chart graphically shows the current quality of produce (10=the best quality) and whether you can expect quality to trend up or down based on factors like weather, regions and supply. **Red** = Trending down; **Green** = Trending up; **Orange** = Stable



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