A QSR Chain and its Beverage Supplier Raise Their Glasses in a Toast to Increased Sales

HAVI helped a quick service restaurant (QSR) chain and its beverage supplier drive restaurant traffic and sales with a unique promotion featuring a drinking glass giveaway.

Challenge

A global beverage supplier to a leading QSR chain sought help proposing a promotional concept to the chain and its franchisees that would leverage the supplier’s iconic drinkware as a premium giveaway in restaurants. The objective of the promotion was to drive traffic to restaurants and increase the sales of premium menu items with a promotional giveaway. The supplier had an understanding of what the cost of the glassware would be and how it likely would impact restaurant sales, but was unable to forecast cost implications across the supply chain and at the restaurant level. The supplier needed experts skilled at managing, producing, and distributing the promotional drinkware throughout the supply chain. Expertise with glass giveaways also was important since the size and weight of the items would present transportation and storage challenges.

Solution

HAVI utilized its analytics and forecasting expertise and experience managing foodservice promotions and supply chains to help the supplier demonstrate the profitability and logistics of the promotion to the QSR chain and then to franchisees in each of the QSR chain’s U.S. markets. Half of the markets (representing more than 8,500 restaurant locations) chose to implement the program.

Participating restaurants offered consumers who purchased premium menu items one of four colored beverage glasses featuring the supplier’s iconic logo. HAVI used its analytics capabilities to forecast demand for the giveaway, secure manufacturing commitments and plan storage and distribution accordingly.
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The company identified two domestic manufacturers with capacity to produce the glasses that met the QSR chain’s stringent corporate social responsibility and safety standards; however, each manufacturer’s production process was slightly different and this resulted in minor variations in the shades of colored glasses each produced. To eliminate the risk of any perceived disparity of color within a market, HAVI segmented distribution to distribution centers so markets would receive only one manufacturer’s products.

During the course of four months, HAVI oversaw sourcing, production and distribution of 38 million glasses that were used as giveaways in 28-day promotion windows that ran in more than 60 different markets. Because distribution centers did not have space to store large quantities of the cases that held the glassware until the various markets they served ran promotions and needed them, HAVI developed forward warehousing solutions and forecasted supply to ensure glasses would move through the QSR chain’s system of distribution centers as quickly as possible. Recognizing that restaurants also had storage space constraints, HAVI considered the size of cases glasses would ship in and worked to balance delivery schedules against what a restaurant could store.

HAVI produced in-store point-of-purchase (POP) displays, including window stickers and banners, to support the promotions and closely monitored daily sales at each restaurant where promotions were underway. If a market was quickly moving through giveaway items and appeared at risk of running out, HAVI balanced supply in the system by moving product from underperforming locations. Similarly, HAVI directed owner operators to turn on or off advertising for the promotion according to sales and supply.

Benefits

• **Increased sales and traffic** – Participating restaurants increased their sales 3.3 percent overall and saw a 3 percent increase in traffic.

• **Profitability** – Profitability increased as consumers opted for higher margin menu items in order to get the glass giveaway.

• **Integrated promotional supply chain solutions** – HAVI provided a fully managed suite of services that included strategic sourcing, procurement, forecasting, logistics, analysis and POP displays which eliminated the time and money to manage the project across multiple providers.

• **Flawless execution** – HAVI moved 38 million pieces of glass through the supply chain to more than 8,500 restaurants in 66 markets across 11 promotion windows with minimal breakage and without any shortage in supply or leftover inventory.