

FOODSERVICE MARKETING INSIGHTS

The Online Newsletter for Foodservice Marketing Professionals
From Franklin Foodservice Solutions and Dave DeWalt

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REDISTRIBUTION UPDATE:

"I Could Write a Book!"

Over the past decade, redistribution has gone through a very rapid maturing process. Not so long ago, the concept of redistribution was so novel that many manufacturers found it a bit unsettling. Then as the opportunity to reduce complexity, control costs, and reach new distributors became clear, redistribution became a source of competitive advantage for some manufacturers.

Before long, all of the major and mid-level manufacturers had explored redistribution, and a good many made the commitment to enter into programs with one or more redistributors. It's fair to say that participation in redistribution had moved from being a "competitive advantage" to becoming a "competitive necessity." And as their programs have matured, manufacturers' focus has shifted from understanding the fundamentals to making sure they're continuing to derive long-term value from their redistribution relationships.

Now Sysco's RDC initiative is causing many manufacturers to broaden their participation in redistribution. And because Sysco's major suppliers really have no choice about whether to participate, they are rightfully mindful of the costs and potential savings represented by this new phase of redistribution.

Through it all, I've had the opportunity to work with many manufacturers and redistributors to design programs that work. And through a partnership with Technomic, we're going to publish a manual that will bring it all together and help manufacturers get the most out of redistribution now and into the future.

With a planned release in late 2005, this publication will:

- provide profiles of national, regional, and corporate redistributors
- make a "deep dive" into the economics of redistribution and effective program design
- identify and address the "advanced issues" which are surfacing as redistribution matures

THERE ARE TWO IMPORTANT MESSAGES FOR FOODSERVICE MARKETING INSIGHTS SUBSCRIBERS:

1. Technomic has generously offered to provide a significant discount to you
- details will follow in the coming months
2. You are invited and encouraged to contact me with your questions and concerns about redistribution, so we can build them into the manual

Whether you've been soaking up my commentaries in silence, or we've worked together on your programs, now is the time to come forward and tell me what you'd like to see in the manual. A lot of input from a lot of sources will help me make this a valuable, beneficial publication.

So please do your part, via phone or email, and I'll do my part to provide a great resource to help ensure your future success.

Thank you!

Franklin Foodservice Solutions has been helping manufacturers get more from their redistribution programs since 1996. E-Mail us (dave@franklin-foodservice.com) to receive a copy of our article "Does Your Redistribution Program Address These Realities?"

"Tradition is a guide and not a jailer."
- W. Somerset Maugham

THIS MONTH'S FEATURE ARTICLE:**"Landscaping"**

As my neighbors will attest, I'm neither a gardener nor a landscape architect. But with my daughter's graduation party looming in June, it was time to tidy up the homestead.

So we went after some areas that had been neglected over the years. No "jungles," mind you, but some places in which we'd pretty much gotten used to seeing the weeds. And some others where we'd planted nice plants, but hadn't really tended to them. And a place that was neither lawn nor planter, but something in between.

We pulled weeds, moved ground cover and a lot of dirt, laid down mulch and gravel, and built borders. We pruned low branches and removed "suckers" from the bases of mature trees. And when we were done, something amazing happened.

The plants and flowers that had been there all along suddenly seem to jump out at us with a whole new beauty. Even the trunks of the majestic spruces and pines look new and fresh. And the whole property has taken on an organized and coherent appearance which we hadn't noticed was lacking just a few weeks before.

And I found another analogy for our foodservice business!

If your product line has proliferated without regular tending, your prize products are probably being obscured by the "weeds" which you've neglected to pull as you became aware of them. If your product list is a confusing profusion of brands, categories, flavors, and sizes, chances are your sales managers have a hard time making sense of it. And if your own people are overwhelmed, how can you expect a broker or distributor sales rep to recognize and sell the real winners in your line?

There are two excellent times to do your landscaping work and optimize your product line. The first is when you are adding promising new products to your line. "Weeding the garden" at the same time will not only please your distributors by opening slots, but will help your sales force and customers "see" the new products more clearly. The other is early in your Annual Planning process, so that the entire organization can build their numbers around a streamlined product line.

As we've written in the past, there are a lot of reasons these projects get neglected (see June '04 and February '05 back issues posted on our website). We're working on a new software solution which will help you overcome all of the obstacles and make good decisions about where to apply your hoe and pruning shears.

This tool will provide a step-by-step guide through a proven process which takes into account both the numbers and the softer issues. It will instantly convert your everyday data into clear information to simplify your choices. It will get everyone in your organization dealing with the same information, and help you project the P&L impact of any number of potential scenarios.

We're shooting for a test version to be available this fall. If you're interested in trying it out, just drop me a line and I'll add you to the list!

"Dave is extremely knowledgeable in all facets of the foodservice world. His special emphasis on redistribution strategies is really helpful for a manufacturer's understanding of that important aspect of the industry. Dave is a practical, hands-on straight shooter who works hard to deliver the best for his clients."

- Vice President, \$2Billion Foodservice Manufacturer

AND FINALLY, A WORD ABOUT "THE LITTLE THINGS"

(With apologies to Andy Rooney) You know what really ticks me off? Filling my tank at the gas station, only to pull out the window washer squeegee and find that the tub is bone-dry (or worse yet, half-full of muddy water!) In the middle of a Michigan winter, when we drive around with pounds of dried salt on our windshields, it's more than a little annoying. And when a local station repeatedly pulled this trick, I embarrassed my family by going in to complain to the stooge behind the counter, only to get the predictable uncaring shrug. It's a great brand with a convenient location and a nice new store, but I never went back.

Last year, we took a Caribbean cruise with my cousin's family. From the unnecessarily slow check-in process to the hassles with our luggage when we returned, there was a daily dose of disappointments to be dealt with. I'm easy to please, and pretty uncomfortable with the idea of complaining about a cruise, for gosh sakes! But I can assure you that virtually everything was done half-way, other than the crew's indifference regarding the passengers, which was complete. So while the ship was nice and the destinations were beautiful, the overall experience was like "death by a thousand pin-pricks!" We'll never book with those guys again, and have shared our story with many friends.

So what kind of experience do you provide for your customers?

Does your product perform as advertised, or do you need to stretch the truth? Does your packaging open easily for all types of employees, or haven't your packaging engineers been in your customers' kitchens to find out? Are you set up to receive orders however your customers want to send them, or do they have to conform to your system? Are your invoices accurate and in line with the prices on the PO, or are you always quibbling over collections? And can your Sales, Marketing, and Customer Service people defuse an angry customer and solve their problem, or is dealing with your company just another source of frustration?

First-hand experience says that even the biggest companies with the best-known brands don't do so well in these and similar areas. Getting the little things right is not nearly as exciting as planning the next new product launch or marketing campaign, but it just might be more important to your distributor and operator customers. And just as weakness in the fundamentals can drive away customers in spite of an excellent product, doing a great job on the basics can provide a powerful barrier to the competition. Don't overlook "the little things" in your effort to build long-term, sustainable competitive advantage!

Foodservice Marketing Insights is intended to share ideas and stimulate your thinking about current topics affecting your business. Your comments, criticisms, ideas and questions are all welcome, addressed to dave@franklin-foodservice.com

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