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It's been a busy summer so far, between working on multiple projects and trying not to "stress out" over our slowing economy, soft foodservice business, and uncertainty about the future. But rather than wallow in the bad news, I'm presenting a couple of fresh perspectives about our industry, and seeking input about an upcoming project.

Thanks for reading, and as always, let me know what you think.

*Dave*

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*"(A salesman's) a man way out there in the blue, riding on a smile and a shoeshine. And when they start not smiling back - that's an earthquake." - Arthur Miller*

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## **"Death of a Salesman?"**

Tom Rector is CEO of Foodservice University, a company which provides online training programs for professionals in all facets of foodservice. He's also been around the block more than once, and offers interesting commentaries about trade promotion, sales management, and any other foodservice issues that pique his interest via his blog, "TP Musings."

An entry this week about the changing role, future, and possible demise of the manufacturer Regional Manager caught my eye.

Tom starts out talking about broker agency consolidation, acknowledging that this concept is being pushed by a few powerful manufacturers. The idea is that the manufacturer would only have to work with 6 or 8 large agency organizations, as opposed to 45 or 50. But Tom also suggests that an underlying motivation might be the opportunity to eliminate an entire layer of the manufacturer's field sales organization.

In his usual straightforward style, Tom writes that:

- RM's don't make many sales calls, work many food shows, or train many agency and distributor reps any more

- Technology has the potential to support direct communication of data, information, and ideas among broker agencies and manufacturer headquarters

- Potential cost savings could be reinvested in local marketing funds

- Elimination of the RM level would give agencies more authority and focus accountability at the local level

It's a thought-provoking read which may be disquieting for some of you, but it's hard to argue with Tom's observations. I suggest you check it out, along with the other musings, at [TPMusings](#).

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*"Research is to see what everybody else has seen, and to think what nobody else has thought"* - Albert Szent Gyorgyi

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## **"A Fresh Look at Foodservice Trends"**

If you ever have the chance to hear Harry Balzer of NPD Group, be sure to take advantage of it. Harry oversees a long-running study of consumer eating habits both in the home and away-from-home. And while this has the potential to be a "dry" topic, Harry always presents his findings in an extremely engaging, compelling, and entertaining manner.

I caught Harry's presentation last week at the IFDA Sales and Marketing Conference, and took away five nuggets which I'd like to share, along with my comments:

*1. "The 2000's are the first decade since the 1950's in which the percentage of women in the workplace is not rising."*

It is well-understood that the entry of women into the workplace was a fundamental driver of foodservice growth. And so it should be no surprise that when this trend moderates, so does the growth rate in our industry.

Yet until last week, all I had heard about was "the economy," "gas prices," "commodity costs," "uncertainty," and a host of related reasons for our slowdown. So if and when the above forces ease up, we'll still be fighting the loss of a 50-year tailwind as we try to get back to the good old days of foodservice growth.

*2. "In a slow market, chains grab share from independents who don't have marketing muscle."*

This fact may be good news for chains and the manufacturers who supply them, but it's bad news for the distributors and broker agencies who serve independent restaurants. Much has been written about helping the independent compete via innovation, cost control, and staying on top of trends, and this is sound strategy. But if I were a distributor or broker agency, I'd also hedge my bets by figuring out how to better participate in the chain business.

*3. "There will be no recession in eating. But there will be winners and losers."*

Harry's way of pointing out that we are not (and never will be) competing in a market with shrinking overall demand. Until the day that world population begins to decrease, this will remain true.

4. *"About 200 meals per person per year are bought at foodservice, out of a potential for 1100-1500."*

A real eye-opener. While we broke the "50% of expenditures" barrier years ago, foodservice still has a virtually unlimited upside in meal occasions to capture.

5. *"The 100-calorie snack pack is pure genius."*

I couldn't agree more. Whoever first thought of offering their products this way should get a prize for figuring out how to speak to consumers on the right wavelength. The foodservice industry would do well to think the same way.

While manufacturers, distributors, brokers, and operators are comfortable dealing with "4 oz. muffins," and "10/1 hot dogs," consumers don't think that way. It's a little trickier in foodservice, where most products are further processed and combined before they are served, but we DO have opportunities to change our Units of Measure, and the way we market our products.

Any pre-packaged product offered to consumers could be formulated to provide a 100-calorie portion (or 150 or 200, for that matter). The exact number doesn't matter, just that you speak the customer's language.

Moving back a step to the operator level, a manufacturer could offer "\$1.99 desserts" (the menu price after factoring in distributor and operator margins). And taking one more step back, maybe some day manufacturers will talk to distributors about what really matters to them. How about "total profit" of the product line, taking into account inventory turns, slots, and gross margin in addition to price and promotion dollars?

The quote that preceded this section was provided by Harry as well. During these slow times, what can you see that no one else sees?

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## "I Could Write a Book - The Sequel"

As most of you know, I wrote [Understanding Foodservice Redistribution](#) a couple of years ago, as a means of sharing my 15 years of work in this area. (If you didn't know, check out [Understanding Foodservice Redistribution](#) for more information). Since then, I've taken the opportunity to write a similar book for Wholesalers in the Jan-San channel, as well as a book for a specialized redistributor.

So last month, when I told my wife about the calls I often get from companies who are eager to break into the foodservice channel, she said "why don't you write a book for them?"

As usual, I ignored her idea and turned on SportsCenter. But then I started thinking about the potential audience for a book about the foodservice industry, and the idea began to take shape. A little online research confirmed my suspicion that there is no single source for information about the structure and workings of our industry, so I resolved to create one.

It seems to me that this book will be helpful to those manufacturers who are new to foodservice, but might also be useful for:

- training new hires at manufacturers, distributors, chains, brokers, and purchasing organizations
- colleges and universities who offer foodservice and food marketing programs
- high schools and technical schools who provide foodservice training
- "old shoes" like myself who enjoy reading about our business

I plan to explain the overall structure of manufacturers, distributors (and redistributors), operators, and broker agencies. The book will include an in-depth exploration of how each group does business, and possibly some reference materials (such as Top 100 lists).

Perhaps most importantly, we'll explore the relationships between and among the groups, including the conflicts and friction points which make the foodservice industry so complex, especially for newcomers.

Right now, I'm just working on the outline and I'm guessing this will take about a year to complete.

***Why am I telling you about this?***

If you're interested, I will welcome any thoughts or suggestions about what to include. And if you're really interested, I'll be looking for people who are willing to read and make suggestions as the book is taking shape. Drop me a line at your convenience, or if you've got an instant reaction, let me know by [clicking here](#).

Thanks and stay tuned...and someone remind me to include my wife in the Acknowledgements!