

FOODSERVICE MARKETING INSIGHTS

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

Volume 5, Issue 1
January, 2007

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REDISTRIBUTION UPDATE:

“Another Day, Another 420,000 Square Feet!”

A couple of months ago Dot Foods announced, without fanfare, that they had broken ground on an 8th facility and were significantly expanding capacity at two existing warehouses. In case you missed it, you can read the entire press release below, followed by my comments:

Mt. Sterling, Ill., August 28, 2006 - Dot Foods announced construction of a new distribution center at a press conference in Cambridge City, IN last week. Indiana officials, including Governor Mitch Daniels joined Dot Foods executives and managers at the groundbreaking ceremony.

Cambridge City is located in Wayne County, IN and has a population of 6,000 people. It is located 40 miles east of Indianapolis along Interstate 70.

“We’re excited about the opportunity to open this newest distribution center. Cambridge City looks to be a great, rural community like our hub in Mt. Sterling,” said Jim Tracy, Dot Foods senior vice president/general counsel. “As always, we do extensive logistics analysis on where and when to open a new distribution center. We were looking at the areas of Eastern Indiana, Western Ohio and Northern Kentucky, and we were very impressed by the economic incentives the State of Indiana and Wayne County offered to bring our company to Cambridge City.”

The new facility will service Dot Foods customers in Indiana, Ohio, Kentucky and parts of Michigan and Pennsylvania. The 200,000 sq. ft. multi-temp distribution center will be located on 70 acres in the Cambridge City Gateway Industrial Park. The company plans to open the facility in August 2007.

This is the eighth distribution center for Dot Foods, the leading food redistributor in the United States. The company also has distribution centers in Modesto, CA; Vidalia, GA; Lemont, IL; Williamsport, MD; Liverpool, NY; Ardmore, OK; and its main distribution center in Mt. Sterling.

Other expansions:

Dot Foods also announced plans to expand its Williamsport, MD, distribution center and its main distribution hub in Mt. Sterling. The \$10 million project in Williamsport will add 63,000 sq. ft. of dry storage capacity and 40,000 sq. ft. of frozen storage capacity. The Stellar Group of Jacksonville, Fla., will construct the expansion; increasing total space to 275,000 sq. ft. Construction should finish in Spring, 2007.

“We’re expanding due to rapid, double-digit growth companywide and at this distribution center,” said Williamsport General Manager Brian Duffield. “Since coming to the area in 1994, Dot has enjoyed the relationship with the community, and we look forward to adding more jobs to the economy here. The expansion will allow us to increase staff by up to 100 people over the next four years.”

Dot Foods will also begin construction on an expansion to its frozen warehouse in Mt. Sterling. It is scheduled for a completion date of June 2007. The \$12 million, 119,000 sq. ft. expansion will add 80,000 sq. ft. of frozen storage capacity and will include 22 trailer dock doors.

“This expansion allows us to plan and handle our frozen volume through 2010 and as we get our Mideast (Cambridge City) distribution center up and running,” said Vice President of Distribution Centers John Long. “The frozen foods category continues to grow rapidly in our industry, which has been great for us and our business partners.”

The expansion will add up to 50 jobs to the local economy.

About Dot Foods:

With over \$2 billion in revenues, Dot Foods, Inc., is the nation’s leading food redistributor. Dot delivers foodservice, convenience, retail, vending and equipment & supplies from the nation’s top manufacturers to distributors in all 50 states. The company employs 2,826 people nationwide.

Dave's Comment: Some thought that Sysco's RDC initiative would put a kink in Dot's growth trajectory. Apparently not.

It's interesting that they're building just down the road from Sysco's site for RDC #3 in Hamlet, IN. And that Dot will be up and running this summer, probably before Sysco has broken ground in Hamlet.

If Dot Foods is betting on continued growth in the redistribution business, manufacturers, distributors, and operators will be wise to take notice. And if you still have doubts about the value of redistribution, now would be a good time to take another look.

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?"

"Marketing is what you do when your product is no good"
- Edwin Land

THIS MONTH'S FEATURE ARTICLE:
"What IS Foodservice Marketing, Anyway?"

Back in the 80's, I became the first-ever Director of Foodservice Marketing for Vlastic Foods. When I drove up to the nearest plant to get my inaugural (and unforgettable) pickle plant tour, Al the Plant Manager waved me into his office and greeted me with "why the **** do we need a Marketing Guy for Foodservice?"

I don't remember what I said, but I'm sure it sounded incoherent and evasive!

Twenty years later, Foodservice Marketing Guys and Women are a pretty common sight around headquarters. But there are still a lot of folks who question exactly what they're up to and how it benefits the business.

There are Foodservice Marketing people at large, national branded, retail-driven companies who go about their business very much like their Retail counterparts. They think big thoughts about the big picture, focusing on building their brands. They spend a lot more time with operator research and even consumer research, looking for that magic that will pull their products through distributors. They steadfastly refuse to get sucked into the day-to-day haggling and dealmaking that keeps a lot of our distributor business working at the transactional level.

And there are Foodservice Marketing people, often at smaller, foodservice-focused companies, who know how the foodservice game is played. They behave as if their brand has little power, focusing on countless pricing and promotion spending schemes to seize whatever volume becomes available that day. These Foodservice Marketing people function, for better or worse, in the realm of Sales Support, which some would argue is not Marketing at all.

Chances are all of these people would tell you their job is to promote profitable volume growth of their categories and brands. And as we've written before, both of the above approaches can be very successful in foodservice.

But do you have a standard definition of Foodservice Marketing?

Do your job descriptions accurately reflect the reality of what goes on in the Marketing Department?

Has anybody taken a shot at defining the process of Foodservice Marketing, including inputs, work, and outputs?

If you have or have seen something you think does the job well, send it over and we'll share it, anonymously. If you have other thoughts on this topic, drop me a line and we'll cook them into a future issue. Maybe there's an answer out there for all of the "Al's" in our world.

AND FINALLY, A WORD ABOUT "THE NUMBERS"

(Reprinted from April 2004)

At the very real risk of sounding like a broken record, I continue to be amazed at the amount of time and energy that companies spend "working on the numbers."

Whether it's the big long-range plan, the annual budget, the endless updating and adjusting of the annual budget, or the monthly explanation of why reality didn't match the numbers, it is too much! All of the Marketing and Sales people I work with get sucked into this activity far more than they like. What's worse, getting higher on the corporate ladder just means less time for marketing and sales activities, and more time crunching and re-crunching the numbers.

Every business needs sales projections to drive purchasing, production planning, and myriad other resource-allocation decisions. But when being an expert on the numbers becomes more important than being an expert on the marketplace, the customers, and the products, something is wrong. And if working the numbers means people do not have the time to work with customers and products, there is an ever-increasing chance of MISSING the numbers.

Scott Adams wrote that “any activity that is one level removed from your people or your product will ultimately fail or have little benefit. It won’t seem like that when you’re doing it, but it’s a consistent pattern.” I would substitute “customers” for “people” and say that Scott is right on the money. Oh, by the way, Scott Adams is the creator of “Dilbert;” maybe not a business guru, but certainly a shrewd observer of the way companies work.

My solution? Do what you need to do at “numbers time,” but insulate as many of your best people as possible from the process, so they can do something that will really make a difference in your business results.

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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