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As we head down the homestretch of 2010, I'd like to take this opportunity to thank you for your continued support of Foodservice Marketing Insights. We especially appreciate it when you take the time to write or call with feedback, because it always sharpens our thinking, and we like to think we're always learning!

We hope you will make time during the holidays to relax and recharge for the coming year. We're going to try to do the same (although Drew keeps reminding me that I've got that foodservice book to finish....)

Thanks for reading, and as always, let me know what you think. [Tell Dave](#)
Dave

"The critic has to educate the public; the artist has to educate the critic."- Oscar Wilde

"Food, Inc."

Last week, our local Arts organization held a screening of the film "Food, Inc." I had never seen it, but had a pretty good idea of what to expect. So I persuaded my wife to join me (that's what passes for an "evening out" around here...)

Anyway, I expected to be among a bunch of granola-munching tree-huggers who were bent on blowing the lid off the secrets of the evil food business, so I was prepared to defend The Truth if it came to a post-film discussion group. And the lady who kicked

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off the screening certainly seemed to fit the bill, as she introduced the head of the local farmers market as well as an organic farmer who were in attendance. She also made a call for "write your congressman" activism, then the room went dark and the film began.

And here's my Movie Review:

1. If you haven't seen it, you should rent it just so you understand the sentiments and emotions of a large segment of your customers. Whether their concerns are right or wrong, justified or not, it's important to hear these voices.
2. Any one of us could probably make a movie taking most any industry to task for its wrongdoings, real or imagined. Predictably, this one pushes the emotional buttons by dwelling on a young woman who lost her 2-year old son to a food-borne illness, and has plenty of "smuggled footage of what goes on at slaughter time."

It's easy to dismiss this as a manipulative attempt to smear an entire industry based on a few regrettable incidents. But again, we in the business must recognize that these messages resonate with our customers, and can contribute to a growing sense of distrust.

3. The narrator constantly refers to "the veil of secrecy" and "what the industry doesn't want you to know...."

I was offended by that sensationalism.....BUT:

Many segments showing alleged abuses by a given manufacturer were followed by a black screen with the words "Company X refused to be interviewed for this film...."

Hey, there are things about our business that are hard to explain, and let's face it, processing at the front end of the food supply chain is often not a pretty sight. Then there's the fact that corporate lawyers advise their executives to turn down interview requests that will probably result in a "hatchet job" regardless of the company's good intent.

Because our customers need to buy and consume food (unlike any other product), it seems to me that many would feel vulnerable to manipulation. So it's no wonder they often react (or overreact) to stories about what goes on in the food supply chain.

All of that said, we could use more industry insiders engaging in a frank and public discussion of how our business works, if for no other reason than to eliminate even the appearance of a "veil." I think Domino's is on the right track with their new "behind the pizza" campaign and website.

4. Author Michael Pollan makes a compelling case that agricultural policy has helped shape today's system - often for the worse. He points out that wheat, corn, and soy are heavily supported by subsidies, creating "cheap calories that end up in almost everything we eat."

Pollan argues that our "cheap food" is "not priced honestly." We have "cheap food" but

**Suggestions
for
manufacturers
about how to
minimize the
risk**

at what cost to our environment and health? I wonder what would happen to the calculation of the average American's food bill, if we added the amount of our tax dollars that are applied to subsidies....would it have a major impact, or not?

And it hit me that farm subsidies are somewhat akin to sheltered income for distributors and marketing allowances for GPO's and Contract Feeders - "funny money" that somehow has to find its way into the true cost of food!

5. Perhaps most disconcerting is the filmmakers' shock that businesses who produce and market food actually work hard to reduce costs and increase productivity! The message seems to be that we've "gone too far down this path, to the detriment of the environment, livestock, and public health."

But there is never an acknowledgement that food businesses are subject to the same economic forces as any other business.

My favorite character is an extremely engaging organic farmer, who appears throughout the film and makes a great case for his way of raising and processing crops and livestock. He says he's not about growth, because "as soon as you start grasping for growth, you view everything differently," and it's hard to argue with that.

But toward the end, he says something like "of course I'd like more and more people to come to appreciate my products and want to buy them. But God help me if that means I have to get bigger, because I have no idea how I'd do that while staying true to the way we do things." To me, this scene clearly captured the dilemma we face as an industry.

Food, Inc. clearly calls for consumer activism on two fronts:

- being more informed about the food supply chain and making "healthier choices"
- calling for an overhaul of the food supply system and better regulatory oversight

I think we can all get behind the first cause, and in fact should do our parts to make consumers better informed about our business and how it works. As for the less-attractive aspects of food processing, we can either help shape public perception or let others do it for us.

But there's also a more ominous movement afoot. As the narrator urges individuals to step up the fight against the big corporations he says "the fight against tobacco provides the perfect model." I've often felt that we're only a few steps removed from the tobacco industry in terms of being vulnerable to charges of "knowingly foisting unhealthy products on an unsuspecting public." And "Food, Inc." certainly fuels that fire.

So while it's not "two enthusiastic thumbs up," my recommendation is that you should see this film, bite your tongue when we're getting hit by cheap shots, and engage your company (and customers) in a conversation about how we can make our food system even better.

"Shippers Beware: 2011 Promises To Be A Budget Buster!"

We're hearing rumblings about a shortage of transportation capacity looming on the horizon. The following article from Holly Cooper at Trinity Transport does a great job of explaining the forces that will impact food manufacturers in the near future, and provides some advice for those who are planning ahead. It sounds like this will be an issue not just for the Transportation Department, but for Sales and Marketing folks as well. Keep your eye on your transportation costs, and make sure your price structure reflects reality! - DD

A positive economic forecast and tightening truck capacity has experts predicting "The Great Freight Recession" in 2011. Rising fuel prices, increased regulatory emphasis on drivers, and highway infrastructure deficiencies are all expected to contribute to a dramatic shift in pricing power from shippers to carriers. Whether budgeted for or not, shippers will likely be forced to pay higher rates for delivery service or their freight simply will not move.

Statistics suggest 142,000 less trucks on the road than in 2007. The impending Federal Motor Carrier Safety Administration's new Compliance, Safety and Accountability regulation (CSA 2010) is expected to render another 5-10% of drivers unemployable. Proposed revision of federal hours-of-service rules for commercial drivers is speculated to create an overnight need for as many as 150,000 more trucks to move the same amount of freight. As the economy recovers and freight delivery demands grow, experts agree that in 2011 we could be looking at the worst driver shortage the industry has ever seen.

Many businesses haven't yet felt the burn of the capacity that has been wiped out by the economic downturn. The recession has forced major truckload carriers to cut over-the-road capacity by as much as 12-15%. Many fleets have been driven out of business and the remaining carriers have trimmed their fleets to better match demand from shippers. The capacity crunch will become increasingly evident as consumer spending rises and pressure increases to get products to market on time.

Savvy shippers are looking for ways to position themselves to emerge from "The Great Freight Recession" with a competitive advantage. Many are moving away from "doing things the way they have always done them" and turning to more sophisticated supply chain technology and processes. Integrated transportation management systems that put all modes and options on the same platform allow shippers to make the most efficient freight decisions.

Transportation industry experts are encouraging shippers to lock in capacity and rates now by negotiating long term contracts with carriers and cultivating cooperative relationships with 3rd party logistics companies. Shippers are learning to become more "carrier friendly" by planning efficient routes that create continuous moves and backhaul opportunities for drivers. Effective appointment scheduling ensures dock door

availability to avoid detention and keep equipment rolling.

So shippers beware! As the year comes to a close, be prepared to meet the challenges ahead. Ensure that your supply chain technologies are current, your freight management processes efficient and carrier relationships strong. Position yourself to survive "The Great Freight Recession" of 2011.

Trinity Customized Logistics headquartered in Seaford, DE is a full service logistics company offering freight brokerage for all modes of transport, customized supply chain technology and consultative solutions.

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