



Foodservice Marketing Insights

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We're keeping an ear to the ground regarding the GS1-Foodservice initiative, and are picking up some mixed signals. As an industry, are we just slogging through the toughest part of a long journey? Are we at that low point where the novelty and excitement have worn off, but the payoff is still a long way ahead?

Or are we in danger of losing interest all together, leaving the leading companies holding the bag and only partly synchronized, reaping only partial rewards for their efforts? I've offered my thoughts, but would love to hear yours, especially if your company has taken the plunge.

And we're going live on April 20 with a webinar entitled "Getting SKU Rationalization Right." Manufacturers and distributors in all industries struggle with the question of "how many products is too many?" Operations and Supply Chain people can feel it when product line size and complexity begin to drive cost and service issues, but have a hard time quantifying the cost (and a harder time quantifying the benefit of trimming the line).

Sales and Marketing people hear the outcry, but can't get excited about giving up hard-earned sales volume when it's easy enough to lose sales by accident!

We're going to talk about the reasons so many "SKU-Rat" projects fail, and put forth some fresh approaches to overcome the barriers to success. Details below.

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

Dave

"The graveyard of failed products and services is populated by things that people *should* have wanted - if only they could have been convinced that those things were good for them. The home-run products in the marketing hall of fame, in contrast, are concepts that helped people more affordably, effortlessly, swiftly, and effectively do what they already had been trying to get done." - Clay Christenson

"Whither GS1?"

I really hope I'm wrong about this one. But I can't help the feeling that the foodservice GS1 initiative is losing steam.

We've been beating the drum about how right-minded it is to finally be getting foodservice product information synched up and shared electronically. It seems that we've got the right combination of technology, a proven platform that works in other industries, and large chains, distributors and manufacturers ready to lead the way. But is anybody following?

Over the past year, I've asked a lot of manufacturers and distributors what they think, and what they're doing about the GS1 opportunity. A surprising number have given me the blank stare and asked "what's GS1?" Others express some knowledge of the concept, but are not actively seeking to get involved.

For sure, the founding members have worked hard to bring their own product information into compliance, select data pools, and otherwise follow the timetable which has been laid out. And in fairness, the GS1 organization is probably more focused at the moment on establishing this foundation of success than they are on "signing up" more companies.

But just like with Efficient Foodservice Response in the late 1990's, our industry in general seems to be strongly resisting the opportunity to learn and implement a more efficient way of doing business. So what's going wrong?

We have our theories. For one, we have yet to see a clear, well-explained case for why a manufacturer should get on board. Platitudes about "saving the industry millions of dollars" don't hold much water with people who've got their own annual profit number to make. And I can't help noticing that the official GS1 Foodservice website does nothing to draw in the curious folks who may take the initiative to investigate GS1 on their own. Rather, it almost screams "this is very complex, scary stuff - run away!" As it stands today, committing to the GS1 initiative requires a major investment of time and effort, with a very uncertain payback.

Then there's the fact that the few big customers who hold the clout required to change manufacturer practices have thus far remained silent. The big distributors and a few big chains are among the GS1 founding members, but no one is setting timetables by which their suppliers must reach compliance. And most of the people I talk to think this is what it will take to get things moving.

So what about it? If you're a founding member and see things differently, by all means let me know. Or if you have the same concerns, but have thoughts about how to get some serious traction in our industry drop me a line and I'll share them.

But if I'm right, we'll be sticking a fork in GS1 and we'll try again in another 10 years.

"I Smell a SKU-Rat!"

With the current and escalating runups in fuel and commodity costs, there is no question that distributors and operators are tightening their belts and looking for opportunities to streamline operations, simplify their businesses and manage costs. This is no time for manufacturers to push "me-too" products down the channel; but it's a great time for manufacturers to help their downstream partners by purging unsuccessful products out of the system.

It's tempting to cling to the contrary opinion, which holds "in no-growth times, we need every possible sale we can make - we're not going to discontinue any products, no matter how poorly they perform!" And if you believe that "every sale is a good sale," this may well be the path for you.

But if you're starting to feel that too many products are driving up your costs, driving down service levels and profits, and dulling your company's focus, it may be time for a "SKU-Rationalization" project.

Chances are you've been down this road before. I've heard SKU Rationalization referred to as a "hardy perennial" - like a plant that just keeps popping back up year after year. Or as a friend of mine once said, "all of our SKU-Rationalization projects end up as SKU-Justification projects!" But it doesn't have to be that way.

I've been writing about SKU Rationalization projects for years, and have helped several manufacturers achieve meaningful results through our Product Line Optimization process. On April 20th at 2:00 p.m. EDT, we're partnering with Answers Systems to present a one-hour webinar entitled "Getting SKU Rationalization Right." We'll be looking at the reasons SKU-Rat projects often end in frustration, and describing a process which overcomes the barriers that stop many of these projects in their tracks. Attendees will have the opportunity to ask questions and provide input as well.

If you'd like to receive an invitation to the webinar, just [click here](#) and we'll put you on the list. You're sure to learn a few things that will make your next SKU-Rat project come out smelling like a rose!

Thanks for reading!

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