



Foodservice Marketing Insights

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Hello, and I hope your summer is going great. This month I've got a somewhat belated take on the NRA Show, but that's OK - we're all still getting the frying oil smell out of our pores in mid-June! And I've been thinking a lot about why it's so hard for people with good products to get going in the foodservice market, and wondering if someone will invent a better way.

Finally, I just had to get something off my chest - wonder if you'll agree or see it differently.

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

Dave

"Best in Show"

We made the pilgrimage to Chicago last month to meet with our friends and clients (one and the same in our book) and of course to "walk the show." Unlike some previous years, we actually covered every aisle, and made some new acquaintances in the process.

As always, the vast majority of the show looks the "same as it ever was," with the same pudgy middle-aged guys standing in the same booths displaying the same stuff to the same mildly-interested audience. But three companies stood out to us as offering something truly innovative to the foodservice industry. They are:

Aroma Garden

A compact, fully automated, self-contained hydroponic growing system for herbs and spices. No bigger than a commercial trash can, it held dozens of plants representing eight or ten different types of herbs and spices growing in a clean, dirt-free environment. It apparently can be programmed to provide regular cycles of light, food, and water. It looked to me like the ultimate solution for operators who want to provide "fresh, green, sustainable, local, low-carbon footprint" products for their customers.

Jelly Belly

You couldn't miss this booth, with the corporate colors boldly on display. And when we spotted it, we said "what the heck are THEY doing in the foodservice industry?" "They" turned out to be Mr. Bill Hamilton of Wow Brands, who came up with the idea of offering Jelly Belly's famously unique flavors in soft-serve and frozen drink formats. They tasted great and we had a fascinating conversation with Bill. It looks to us like he's got a rare opportunity to reach consumers with a famous brand in the foodservice channel, and actually execute the "pull" strategy that seems to be the holy grail for foodservice manufacturers. We're betting we'll see these products in a lot of C-Stores, Entertainment Venues, and other segments soon.

Food Export USA

This didn't appear to be a new business, but to us it represents an intriguing growth opportunity. These folks help U.S.-based manufacturers find and serve foreign markets. I remember occasionally looking into these opportunities 20 years ago when I worked for a manufacturer; we always abandoned them because the logistics and legalities seemed overwhelming. But if a company like Food Export can use their expertise to guide manufacturers through the maze, it seems like they are worth talking to. You can research them at foodexport.org.

It's refreshing to see true innovation in foodservice, but it's all too rare, for reasons we'll discuss below.

"When introducing new products or services, it almost always seems less expensive to utilize the business models in the existing value network...instead of creating new business models. For sustaining innovations, using the existing system is the right thing to do. But for disruptions, it spells suicide."

- Clayton Christensen, "The Innovator's Prescription"

"Getting to Market"

Every few months, I get a phone call that goes something like this:

"Hi, Dave. My name is XXX and my company is YYYY. We've got a small but growing business with some local grocery stores, and are looking to break into the foodservice market. Our product is great, and we just need to set up a broker network and get into some distributors and we'll be on our way. Can you help us?"

I'm always happy to talk with these folks and help steer them in the right direction as best I can. But the hard truth is that most broker agencies, distributors, and redistributors can't make money by "pioneering" new lines from a standing start. The time and effort involved are a distraction from the core business, and unless the returns come quickly these efforts have a negative effect on the bottom line. Mr. Christensen points out that for these reasons, existing business models always work to stifle true innovation by only accepting products that look familiar and have similar attributes to everything else they already carry.

But the truth is, there are a lot of great products out there that never see the light of day in foodservice, at least not in the mainstream. And it seems like there ought to be a business opportunity for those who would provide Sales, Marketing, and Distribution support for these manufacturers.

I know of at least one company that specializes in helping manufacturers break into the chain business. They use their extensive relationships with chain executives and their culinary knowledge to match up products with customers. And I suppose that when they get a "hit," the chain is able to bring the product in through their existing distributors, based on prearranged agreements.

But what about the "street?" Could an agency make money doing nothing but helping launch new lines? Could a distribution system be set up which bypasses the traditional broadliners (who don't want that business anyway) and delivers products directly to the operator's door? Could a consulting firm build a business by helping manufacturers crack into the foodservice business via a disruptive business model? Of course, everyone would have to be compensated differently than they are now, but that's one of the basics of disruptive innovation.

Or are we doomed to accept a never-ending stream of me-too products, while some truly great products are stuck on the outside, looking in?

What do YOU think?

"Due to Heightened Security...."

If you travel at all, you've heard this phrase on airport loudspeakers thousands of times. It's followed by a set of instructions regarding your luggage, zip-lock bags, check-in times, and all of the other behaviors that used to be disruptive but now have become routine. And while the phrase made sense in 2002, whenever I hear it I think "heightened compared to WHAT?" Isn't it time we accepted the fact that these new rules are here to stay? And even if someone feels it's still necessary to repeatedly announce them, it seems it's time to eliminate the phrase "Due to heightened security...."

Likewise, I wonder how long we're going to preface every story about the state of the foodservice business with "Due to the weak economy..." or "Due to the recession..." or "Due to the slowdown in foodservice traffic...." Compared to what? Five years ago? The boom times of the 70's?

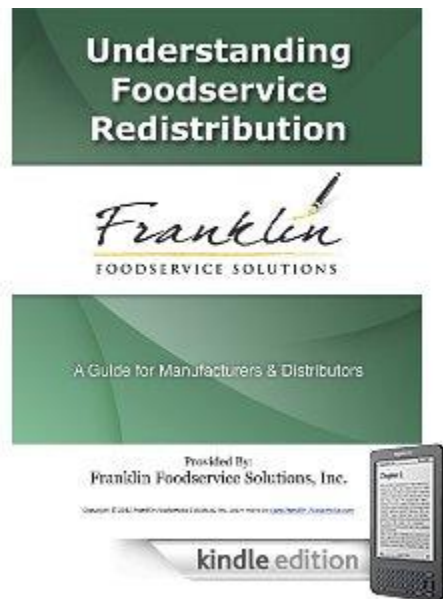
I guess it's human nature to think of the good times as "normal," and anything less as an aberration to be endured until the normal times return. But how long does a downturn have to last before it becomes "normal?" And is there a downside to the mindset of "riding out the slow times while we wait for the rebound?"

For instance:

- do we put off responding to reality because we're waiting for the change?
- do we needlessly put ourselves, our employees, and our customers into a funk with endless talk about how bad things are?
- do we fail to appreciate the good times because we feel entitled to booming business as "the way things ought to be?"

Many years ago, a colleague advised me that "if you're going to be stressed out when things are busy, you shouldn't also be stressed out when things are slow!" And he's got a point, doesn't he?

I have no idea when or if the foodservice industry will return to the good old days of reliable growth. And I have no patience for predictions about when it will start. But I know we've all got to make a living, take care of our customers, and feed our families regardless of what the economic data says. And for my money, "due to the bad economy" is about as meaningless as "due to heightened security!"



P.S. In Case You Missed It....

We've made our "Understanding Foodservice Redistribution" book available in electronic format. You can purchase this eBook at the following online stores:

- Amazon.com
- Barnes & Noble
- Sony Reader Store
- Also available on iTunes

If you have any questions about the book or if I may be of service to your company, please reply to this email, [contact me](#) online, or call (239) 395-2787.

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