



Understand Your Supply Chain Costs
Tune Up Your Prices and Programs
Build Your Bottom Line

239-395-2787

Foodservice Marketing Insights

Sent Monthly to Over 950 Subscribers Worldwide

May, 2012

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Initial thoughts about ramping up the dialogue around thorny foodservice issues

We've stayed good and busy this month with a lot of client work, writing a new e-book about foodservice pricing, and preparing some new service offerings for manufacturers in the foodservice and jan-san channels. This year's NRA Show was a great opportunity to see old friends and make a few new ones.

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There even seems to be a positive "buzz" about our industry that suggests we're fighting our way out of the slowdown.

Those who seek and embrace new and better ways of doing things will be first to reap the benefits of the recovery.

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

Dave

Goin' To The Show

Another NRA Show has come and gone. If you missed it, it's safe to say it was a lot like last year's show, and that next year's show will be a lot like this year's show....

But if you were there, you noticed some welcome changes. The continued downsizing of the show floor and mixing up the perennial exhibitors brought a much-needed freshness and energy to the show that has been missing in recent years. And when you've been attending since the late 70's, any change is good!

There was only one new product which stopped me in my tracks, and it was all about new packaging for a standard product. The Kraft Salad Dressing "YES Pack" is a great-looking innovation which replaces the standard rigid gallon plastic container.

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Compared to the traditional packages, the YES Pack:

- Eliminates weight and airspace in the case and reduces transportation and storage costs
- Is much easier to handle and pour
- Reduces plastic by 60%, and waste receptacle space by 86%
- Improves yield by allowing operators to squeeze out the last drop
- Still holds exactly one gallon of dressing

The YES Pack took me back to my days at Vlasic, when we replaced the 5 gallon pail with a smaller, flexible pouch pack for hamburger pickle chips. Once they saw it, people wondered why it had taken so long to improve such an obviously awkward and difficult package. But then, we've been traveling for hundreds of years, and just figured out that we could put wheels on our suitcases in the 1980's!*

My point is that a LOT of foodservice packaging could stand to be improved. Although we've all gotten used to the traditional formats and learned how to cope with their weaknesses, there is a ton of opportunity for manufacturers to use **packaging** to truly differentiate products and gain competitive space.

It may be different today, but in my day our packaging engineers NEVER ventured out into the real world of foodservice kitchens just to watch their products and packages being stored, handled, opened, and discarded. It seems their focus was on reducing costs and making the existing packages run better on our production lines.

It's 2012. Do you know where your packaging engineers are?

**I know of only one person in the world who thinks luggage with wheels is a bad idea...he's a foodservice guy and most of you probably know him too!*

Getting Better...Together

The Foodservice Supply Chain Alliance had our first face-to-face meeting a couple of weeks ago on Sanibel.

The meeting provided the opportunity for supply chain professionals from non-competing companies to have an open discussion about many issues around serving foodservice distributors. Despite differences in sales volume and scope of the plant/DC networks among members, we found that virtually all of the challenges are shared by virtually all of the members.

Discussion topics included:

- GS1 implementation and results

- Communicating service issues to Sales, brokers, and customers
- SKU Rationalization
- Transportation capacity outlook and impact
- Improving "upfront" involvement of Supply Chain in the new product development process

The true value of membership in this group is in learning how others are dealing with the challenges, and what results they are achieving. As one member put it, *"Not only have we learned from each other, we have also formed long lasting relationships that are critical in the food service industry."*

Over time, we will continue to identify best practices that can be adopted by more and more members.

We were impressed with the progress being made by some members in moving customers to more efficient order patterns. Whereas these programs are somewhat common in the retail grocery channel, foodservice has been slower to implement them. On the one hand, our tendency toward smaller, more fragmented orders makes achieving efficiency more challenging; on the other hand, we have a great opportunity to clean up a lot of the complexity and reap the benefits.

With the Supply Chain challenges ahead, it's encouraging to see some progressive manufacturers leading the way in working with customers to remove waste and share in the savings.

In addition to our general discussions, we reviewed the Foodservice Outbound Freight Benchmark Survey Report. Our Alliance members and some outside manufacturers had completed a 33-question online survey, and we presented the results on a "blind basis" (without linking specific participants with specific responses).

This exercise allowed participants to measure their company's performance compared to peers, in key areas such as:

- Order cycle time
- On time delivery
- Payment of fuel surcharges and other accessorial fees

- Plant vs. DC CPU's and shipments by mode
- Use of various pallet platforms
- Transportation cost trends

One member commented: *"The surveys have been very helpful, as it is not easy to find benchmarking data specific to the Food Service supply chain."*

The Foodservice Supply Chain Alliance is looking for additional members who do not compete directly with existing members. If your company could benefit from joining, please [click here](#) to learn more about this group.

Taking It to the Next Level

After 40 years in the foodservice industry, I've gained some perspectives and formed a few opinions.

I've tried to cultivate a balanced view of the channel and the differing objectives of manufacturers, distributors, operators, redistributors, brokers, buying groups, and all of the allied business that contribute to the channel.

After 8+ years, Foodservice Marketing Insights has nearly 1,000 readers spanning all elements of the Foodservice world, and we're grateful for your support.

But I find myself wanting to have more of a "conversation" with all parties, not deliver more "lectures!" And as we take it to the next level, we're looking for like-minded people who want to come along.

Accordingly, later this year we're going to offer qualified FSMI readers the chance to move from "Subscribers" to "Members."

We're going to sharpen our focus on the difficult topics that don't get enough sunlight, including:

- Trade spending at distributor, operator, and group levels
- Foodservice pricing practices
- Manufacturer-broker relationships
- Brands and Private Labels
- Role of "Marketing" in Foodservice
- "Commoditization" of categories
- "How stuff gets sold"
- ...and other issues suggested by members

Our goal is to improve everyone's understanding of the issues and the forces behind them, by drawing from all types of channel participants. If we can change some of the conversations from "complaints and threats" to "acknowledgement of differing agendas and search for common ground," we'll be doing well.

To that end, we want and need members from all segments of the foodservice industry, including:

- Manufacturers
- Redistributors
- Distributors
- Operators
- Chains
- Broker Agencies
- Buying Groups
- GPO's
- Contract Feeders
-and even Consultants!

We'll provide the opportunity for members to weigh in on all topics, and will share your comments and criticisms with readers (without "naming names" if that's your preference). We also envision conducting regular surveys and issuing proprietary reports to members.

Whatever the ultimate format, we're confident that we can have a thoughtful, polite, and productive discourse on any of the issues that create turbulence in our foodservice channel.

We believe there will be great value, but recognize that it's a new and unproven concept. Accordingly, we're thinking that the Membership Fee will be just \$99 per person for 12 months. This should eliminate most financial barriers and encourage the broadest possible participation.

Please consider whether participation in this group will be of value to you and your company, and click here to [provide any suggestions for the Group](#). And stay tuned for additional information in the coming months.

Thanks for reading!

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