



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

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IN THIS ISSUE:

"Goin' to The Show?"

An invitation to grab a coffee and talk business in Chicago

"Fuel for Your Pricing and Order Policy Decisions"

As long as you're contemplating a price action, we recommend you review fulfillment costs and take a holistic approach to bracket structure, order policies, and redistribution strategy

Four months into 2013, we've been helping our clients with **Cost to Serve** analyses, **Price Structure and Order Policy** projects, **Customer Pickup Programs and Allowances**, and implications of the **New Broker World** for manufacturers, distributors, and operators.

If you'd like to kick around any of these topics, just pick up the phone or send an email any time. Better yet, if you'll be at the **NRA Show**, let's meet for a few minutes in Chicago (see "Goin' to The Show" below).

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Do You

Know Your Fulfillment Costs?

If you're contemplating a price increase in the coming year, you'd be wise to study your total fulfillment costs first. And while you're at it, you can reconsider bracket

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

[Dave](#)

Dave

Goin' to The Show?

In a couple of weeks, I'll be on my way to Chicago to see the NRA Show for the 37th time(!) Over the years, the buzz of walking the show floor has worn off quite a bit. But it's been replaced by the rich experience of visiting with old friends and meeting Foodservice Marketing Insights subscribers, and sharing our views on the big topics affecting the foodservice business.

If you're "working a booth," maybe you 'd like to break away for 10 minutes to get off your feet and talk. If you're "walking the show," you can pick a time and place to visit. And if you're "in town but may not see McCormick Place," let's grab a quick beer somewhere. We can pick apart broker consolidation, category management, redistribution or whatever is on your mind.

It's a rare opportunity for face-to-face conversation that's too good to pass up!

I'll be in town Saturday through Tuesday morning. I'm putting my schedule together this week, so if you'd like to get together, please [click here](#) and suggest a day, time and place. I'll confirm the appointment, and look forward to seeing you soon.

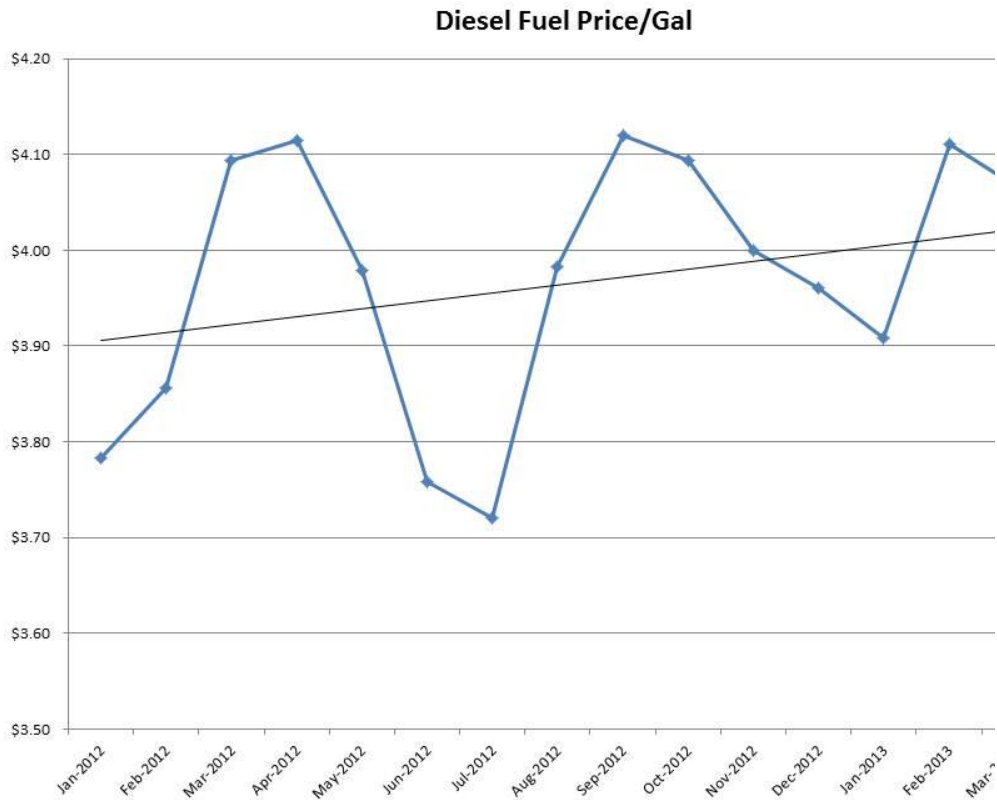
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Fuel for Your Pricing and Order Policy Decisions

It's a frustrating grind to keep up with the crazy swings in commodity costs. But for many product categories, understanding and predicting costs and making the right price decisions is critical to maintaining and building profit. Even the so-called "value added" categories, where commodity costs are a lesser component of overall cost, have seen a much larger impact from cost increases over the past couple of years.

But whether your products are priced weekly based on a published commodity index, or priced annually based on long-term cost trends, everyone is affected by diesel fuel costs. Fuel cost has combined with carrier capacity shortage to sharply drive up transportation cost over the past few years. And while fuel costs fluctuate with seasons, natural disasters, political decisions, and other mysterious forces, the overall trend is simple to decipher: "UP."

Here's a look at Diesel Fuel prices, with the trendline, since the beginning of 2012:



I show this chart not to bum you out, but to make this point:

No matter where fuel costs were the last time you developed your price structure and order policies, they have changed. What's more, we know that many manufacturers cannot articulate the basis for their existing bracket definitions, price premiums, minimums, order policies, and redistribution programs. At price increase time, they are forced into simply adding percentage points onto a structure with no foundation in reality.

But with fuel cost being the major driver of transportation cost, and transportation cost being the major driver of total fulfillment cost, doesn't it make sense to understand what's going on and build it into your decisions?

Nobody likes to sell a price increase. But a change in price structure and policies based on a thorough analysis of fulfillment costs has a much better chance of sticking than an across-the-board increase based on a percent of old prices!

When you're ready to learn more about linking your price structure, order policies, and redi strategy to total fulfillment cost, [click here](#) and let's talk it over.

Thanks for reading!

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