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Foodservice Marketing Insights

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IN THIS ISSUE:

"Going All-In on Category Management"

Updates on US Foods and Sysco efforts to bring this discipline to foodservice

This month's Foodservice Marketing Insights issue is a little briefer than normal, for three reasons:

1. We're crazy busy between client work, travel and the holidays
2. Category Management is an important enough issue to stand on its own
3. We're putting more energy into our "Foodservice Insiders" group. For more information, [click here](#).

But fear not, we're going to continue to publish Foodservice Marketing Insights, and as always are deeply appreciative of your support. Have a wonderful holiday season and we look forward to serving you in 2013!

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

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Going All-In on Category Management

Nearly six years ago, I wrote a commentary (in collaboration with Karen Ribler of ID Access) titled "Are We Ready for Category Management?"

Karen and I agreed that the notion of bringing order and discipline to product lines is a good idea for both distributors and manufacturers. But we also acknowledged that many in foodservice had already rejected the concept of Category Management as "another Retail idea that will never work in Foodservice." And yes, there are compelling reasons (the lack of scanner data being one of them) why true formal Category Management practices might not be possible in our channel at present.

But both Sysco and US Foods have made it clear that they are moving ahead with plans to manage certain product lines using Category Management principles. Predictably, some manufacturers are dismissing these initiatives as "just another distributor money-grab," or "EFR all over again." But others see it as an enlightened and long overdue data-driven approach to product mix, pricing, and promotion decisions. And whether you believe in it or not, there is no question that this approach will change the way products are purchased and sold in the foodservice channel.

Can Category Management be successful in Foodservice?

My money's on US Foods and Sysco, and the manufacturers who are willing and able to commit to supporting their Category Management efforts. Of course, major manufacturers who have leading Retail Grocery businesses have a huge leg up on most Foodservice-focused manufacturers, for whom "Category Management" is little more than a buzzword. *By the way, my gut tells me that these are the same manufacturers who jumped on (or drove) the move to national foodservice brokers, likely with a not-too-gentle nudge from their*

Retail-based senior leadership.

The big Retail brand companies have been living with Category Management for years, and have the people, knowledge, and experience to support the Sysco and US Foods efforts.

As to whether or not Category Management will "be successful," that depends on how we define "success." Many in foodservice still question whether the national broker agencies will "be successful," but as Advantage Waypoint, Key Impact, and Acosta put the finishing touches on their national networks, one can argue that they're already successful. Likewise, US Foods, Sysco, and any other distributors who pursue Category Management will "be successful" as soon as they begin to convert product categories to this approach.

And like Strategic Sourcing, Category Management will certainly create "instant winners and instant losers" among manufacturers and their broker agencies.

But as painful as it is to lose a large chunk of business, experience has shown that it's very rarely fatal. It just forces the "losers" to refocus their efforts in other areas.

So believe in Category Management or not; it's up to you. But for your own sake, don't ignore it!

Thanks for reading!

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