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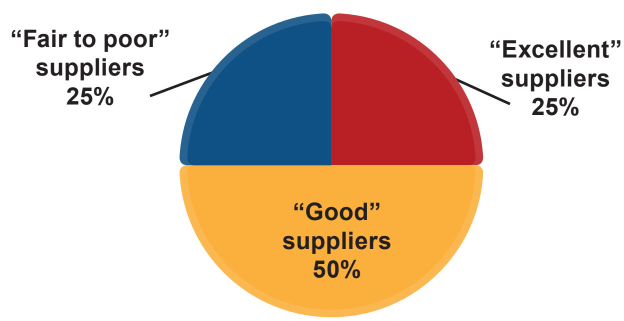
INSIDE THE ISSUES: Collaboration the Missing Link

It's often said that foodservice is a relationship business, but when it comes to distributors and manufacturers there's clearly room for relationship improvement. For many companies on both sides of the aisle, us - vs.- them business practices endure and, despite scattered attempts to bring about change, a pervasive culture of mistrust ultimately keeps real, substantive change from gaining traction. These were among the findings of the first phase of a three-year Peck Fellowship project commissioned by IFDA and IFMA with the goal of beginning to change the paradigm. (Continued on page 7.)

DI SURVEY: SUPPLIER RELATIONS

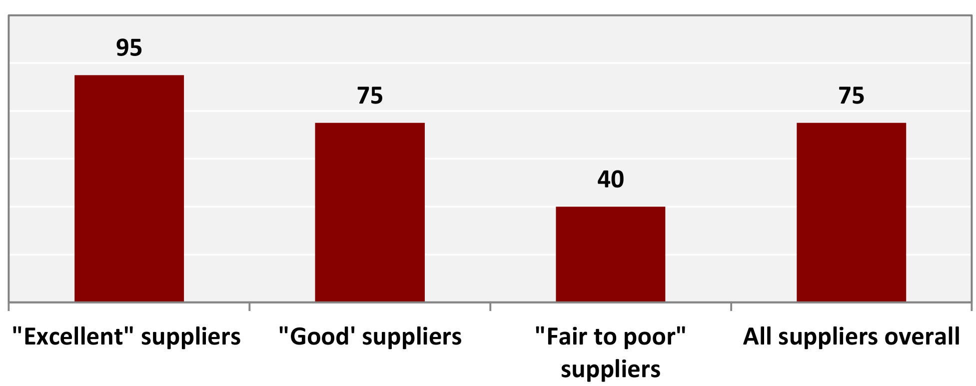
Q. Based on your own definitions, what percent of your total suppliers make up each of the following descriptions?

% of respondents



Q. Based on the same descriptions, how would you characterize your relationship with your suppliers? (Scale: 100="excellent, couldn't be better" and 1="terrible, couldn't be worse.")

Rating (1-100)



TECHNOMIC: Only one in four suppliers is considered to be "excellent" by distributors. Two in four, or half, are designated as "good." This description has remained essentially unchanged for the last several times we've done this survey, implying that suppliers have not done much to change their status in the eyes of distributors. The average rating of 75 overall is not a resounding statement of satisfaction.

SPECIAL REPORT: Power Distributors Up 5% in 2010

Following a 2% decline in 2009 sales, the Technomic Power Distributors (PDs) regained their footing in 2010 to realize collective sales growth of just over 5% to $98.6 billion compared to -3.1% decline for the balance of the industry. Together, the PD companies – broadliners with sales above $150 million – account for nearly half (49%) of total North American foodservice distribution sales, estimated by Technomic at $201 billion in 2010.

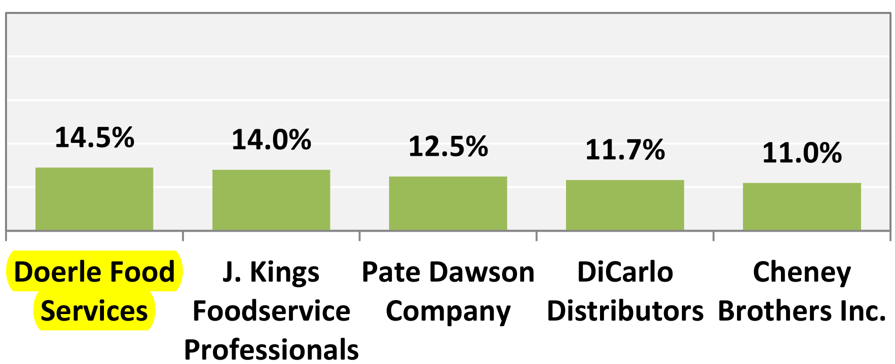
While the number of Power Distributors stands the same this year as last, at 35, two changes to the roster were made for 2010. First, CONCO Foodservice, No. 15 in last year's report with estimated 2009 sales of $440 million, was acquired early this year by Reinhart FoodService and is no longer listed. Second, DiCarlo Foodservice, which last year missed the cut-off with 2009 sales of $137 million, experience solid growth in 2010 to reach sales of $153 million. It enters the PD group this year as No. 35.

Of the 35 companies, six achieved double-digit sales increases in 2010, two fewer than in 2009. Leading the gainers for the year was Southeast juggernaut Doerle Food Services, Broussard, La., which grew 15% to $292 million. Doerle's gain for the year moves it up five notches in the PD rankings to No. 21. Since 2007, Doerle has grown its volume by 175%. Also showing strong movement in 2010 was J. King's Foodservice Professionals, Holtsville, N.Y. It advances four notches to No. 30 on 2010 volume of $187, a 14% gain. J. King's reported a loss of -3.5% in 2009.

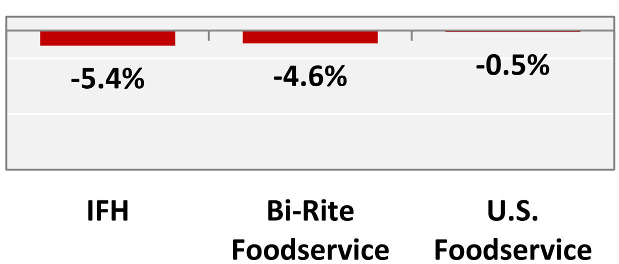
Only six PD companies reported flat or decreased sales for the year. That compares to 19 who showed no sales growth or sales declines for 2009. Of the three national distributors, only U.S. Foodservice showed a slight 2010 decline. Sysco Corp. and Performance Food Group (PFG), both of which showed roughly 5% losses in 2009, came back into positive territory last year. Sysco was up 7% for calendar 2010 while PFG grew its volume by 6%.

In a total foodservice market that grew by only 0.7% in real terms in 2010, according to Technomic, the PDs' 5% gain shows they continue to grab market share. Collectively, the group added $4.7 billion in volume. The top 10 companies added $4.3 billion of that, with $2.7 billion coming from Sysco alone. The bottom 10 companies, however, saw a bigger percentage sales gain. The 10 smallest of the PDs together grew by 6.6% compared to the 5% increase achieved by the top 10.

5 Biggest PD Gains
(% sales growth in 2010)



PD Decliners
(% sales loss in 2010)



SOURCE: ID Top 50

2011 Technomic Power Distributors

RANK	COMPANY	HQ LOCATION	2010 SALES (millions)	2009 SALES (millions)	% CHANGE	$ CHANGE	# DIST. CENTERS	# ACCOUNTS
1	SYSCO CORP.	Houston, TX	38,430	35,776	7.4%	$2,654	180	400,000
2	U.S. FOODSERVICE	Rosemont, IL	18,862	18,961	-0.5	-$99	78	250,000
3	PERFORMANCE FOOD GROUP	Richmond, VA	10,300	9,720	6.0	$580	65	100,000+
4	GORDON FOOD SERVICE	Grand Rapids, MI	7,700	7,200	6.9	$500	20	N/A
5	REINHART FOODSERVICE	La Crosse, WI	4,547	4,205	8.1	$342	24	38,086
6	MAINES PAPER & FOOD SERVICE	Conklin, NY	3,050	3,000	1.7	$50	11	10,137
7	SERVICES GROUP OF AMERICA	Phoenix, AZ	2,600	2,600	0.0	$0	13	N/A
8	BEN E. KEITH FOODS	Fort Worth, TX	2,100	1,979	6.1	$121	7	20000+
9	SHAMROCK FOODS CO.	Phoenix, AZ	1,800	1,650	9.1	$150	4	16000+
10	LABATT FOOD SERVICE	San Antonio, TX	922	909	1.4	$13	5	10,200
11	CHENEY BROTHERS INC.	Riviera Beach, FL	900	811	11.0	$89	3	17,500
12	IFH (INSTITUTION FOOD HOUSE)	Hickory, NC	575	608	-5.4	-$33	2	5,500
13	AGAR SUPPLY CO. INC	Taunton, MA	569	553	2.9	$16	1	5,400
14	GLAZIER FOODS	Houston, TX	541	531	1.9	$10	2	4,300
15	MERCHANTS FOODSERVICE	Hattiesburg, MS	450	409	10.0	$41	4	7,470
16	PERKINS	Taunton, MA	412	378	9.0	$34	2	10,000
17	NICHOLAS & COMPANY	Salt Lake City, UT	408	396	3.0	$12	1	5,000
18	SALADINO'S	Fresno, CA	394	373	5.6	$21	2	2,915
19	CASH-WA DISTRIBUTING CO.	Kearney, NE	370	353	4.8	$17	3	N/A
20	FOX RIVER FOODS INC.	Montgomery, IL	341	311	9.6	$30	1	5,000
21	DOERLE FOOD SERVICES	Broussard, LA	292	255	14.5	$37	4	2,851
22	WOOD FRUITTICHER GROCERY CO.	Birmingham, AL	290	284	2.1	$6	1	3,500
23	C.A. CURTZE CO.	Erie, PA	279	278	0.4	$1	3	7,850
24	BI-RITE FOODSERVICE DISTRIBUTORS	Brisbane, CA	272	285	-4.6	-$13	1	3,000
25	MARTIN BROS. DISTRIBUTING CO.	Cedar Falls, IA	272	248	9.7	$24	1	3,651
26	PATE DAWSON CO.	Goldsboro, NC	271	241	12.4	$30	3	2,000
27	FEESERS INC.	Harrisburg, PA	222	222	0.0	$0	1	4,000
28	HFM FOODSERVICE	Honolulu, HI	193	176	9.7	$17	5	1,700
29	HAWKEYE FOODSERVICE DISTRIBUTION	Iowa City, IA	189*	189*	0.0	$0	4	N/A
30	J. KINGS FOODSERVICE PROFESSIONALS	Holtsville, NY	187	164	14.0	$23	1	2,400
31	UPPER LAKES FOODS INC.	Cloquet, MN	181	181	0.0	$0	2	1,361
32	DRISCOLL FOODS	Clifton, NJ	179	165	8.5	$14	1	4,000
33	VAN EERDEN FOODSERVICE CO.	Grand Rapids, MI	177	168	5.4	$9	1	2,026
34	CITY LINE DISTRIBUTORS	West Haven, CT	160	150	6.7	$10	1	1,750
35	DI CARLO DISTRIBUTORS	Holtsville, NY	153	137	11.7	$16	1	2,450
	TOTALS		98,588	93,866	5.0%	$4,722		

*sales figures estimated

SOURCE: ID Top 50