

Distributors Continue Growing in Operators' Minds

Caveat: They Must Provide Comprehensive Information and Services to Customer

NEW YORK – Operators continue to acknowledge their tenacious, consultative distributor-partners for contributing to their success thus proving that their high standing in last year's Foodservice Elite report was not a fluke.

The recently-released 2008 edition of Foodservice Elite, prepared by Cognito, Inc., Carmel, IN, and Cannondale Associates, Inc., Wilton, CT, featured more distributors and even a marketing group that were ranked by operators for providing them, in some cases, with more services and intelligence than even manufacturers, according to the surveyors.

"Distributors' visibility and role as perceived by operators are increasing. Distributors are doing a phenomenal job. They're being recognized on their own merits," observed Sven Rison, managing director of Cannondale Associates, in an interview with ID. "On the other hand, manufacturers are letting us down, which is a more salient point."

"Distributors are doing a phenomenal job." – Sven Rison Last year, Sysco Corp., the No.1 foodservice distributorship in North America, for the first time strongly registered on operator radar screens of top foodservice manufacturers. Though it has attracted operator interest as a manufacturer in the past studies, in the Foodservice Elite 2007 survey the Houston-base corporate distributorship appeared among top 10 manufacturers in several noteworthy categories.

The researchers explained at the time that in open-ended questions operators were asked to list three manufacturers, which they considered are the best. Enough operators filled in the blank with Sysco to place the distributorship among elite manufacturers. The Sysco responses become more striking when taking into account that operators could have referred to an attached list of several hundred manufacturers, which did not include the distributor's name.

This year, Rison repeated his surprise with the results, saying: "The fact that a distributor is recognized as a manufacturer in many categories is just amazing."

In addition to Sysco, the 2008 report also includes U.S. Foodservice, Gordon Food Service and UniPro Foodservice in respectable positions, some in the top 10 places. Rison noted that these companies must be making strong impressions with operators and meeting their needs at a time when other suppliers aren't satisfying them.

"Clearly operators are saying that distributors know their businesses, they appreciate that and wish manufacturers would do more," he said.

In the report's executive summary, the authors pointed out that operators are considering distributors as manufacturers and critical strategic partners. Operators expressed a host of positive sentiments about their distributor-partners:

- Business partnership: "My distributor goes the extra mile. They have a full line of quality products and deliver recommendations that are right for me."

- New products: "My distributor always brings new things to the table and I really like their quality and price."

- Customer service: "They're available whenever needed. They know what I order and they keep current on those products. They keep my business alive."

- Insights: "They deliver information and insights in ready-to-use formats that are up to date and current, which is significantly more than the manufacturers are bringing me."

The researchers wrote: "The distributors have increased their relationship with the operators well beyond distribution and operations to include new products, insights and customer service that are strengthening their relationship with operators, given the apparent void from manufacturers. The manufacturers need to identify opportunities for the growth of the operator's traffic, conversion of incremental categories, ring or repeat. By driving the total business, both the operator and manufacturer will win."

Rison emphasized to ID that the current data specifically pertains to the distributors mentioned in the report, however, he added, that doesn't mean that other distributors aren't also being recognized by their operator-customers.

"They just aren't doing it with enough clout to get over the hill or they don't have enough people reporting it," he said.

Distributors that want to be appreciated by their customers need to invest heavily in service, insights and marketing rather than just distributing products from the warehouse to the restaurant.

“Distributors that are visible at industry events, active in groups, proactive on the front lines providing as many consultative services as they can to independent or multi-unit accounts can be recognized just as much as the national ones are,” he said.

Risom recommends that distributors provide the same kind of marketing, insights and consumer guest satisfaction that the nationals do to be successful.

“A small distributor can be successful servicing all of a town’s restaurants and even if no one knows about it, the accounts are still happy,” he said.

Specifically, he noted, distributors and DSRs should understand the segment the operator is catering to, identify key products that meet the segment’s needs, advise accounts about reaching their goals, and being knowledgeable about new technology and products.

As for manufacturers, Risom their lack of investing in this relationship-building process is the reason for their dip in operators’ satisfaction. After researching the marketplace, they often don’t share the results with their trading partners, he said.

The top 10 manufacturers in all operators’ opinions, according to the report, are:

- Tyson
- PepsiCo
- General Mills
- Coca-Cola
- Sara Lee
- Kraft
- ConAgra
- Schwan’s
- Nestle
- Kellogg’s

Sysco was ranked tenth by commercial operators. Preceding the distributorship were: Tyson, PepsiCo, Coca-Cola, Sara Lee, Kraft, General Mills, Anheuser-Busch, Nestle and ConAgra.

Sysco was also ranked in market segment categories such as: B&I, college/university/ family/casual and lodging.

Operators value most manufacturers and by association distributors that have the following traits:

- Deliver high product quality
- Strong customer service
- Establishes strong relationship
- Provide consumer insights
- Communicates with you
- Full portfolio of products
- Manu/operations solutions

- Innovative marketing
- Great sales materials
- Best prices
- Superior supply-chain management
- Superior technology

The most valuable manufacturer and distributor insights for operators are:

- New products
- Segment-specific patron trends
- Consumer decision process
- Where lost patrons are going
- Overall operator trends
- Patron trends
- Consumer segmentation
- Retail sales data
- Chain-specific patron research
- Cross-segment sales

With comments and questions, contact The Editor.