



2006 IFDA SALES & MARKETING CONFERENCE

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INSIGHTS AND IDEAS FOR  
**Growing Foodservice**

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# Challenges in Foodservice

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***“Oh the times,  
they are a changin....”***

Bob Dylan

# Marketplace 2005

- **Restaurant Industry grew 5.6%**
- **500 largest restaurant chains grew 7%**
- **Growth continues to be led by chains**

Source: Technomic

# Growth 1<sup>st</sup> 4 Months 2006

- **Foodservice continues to outpace Grocery as the fastest growing part of the food industry:**
- **Foodservice 5.6% ahead of same period LY**
- **Grocery 1.6% ahead of same period LY**

% Source: Bureau of Census

## **But: 1<sup>st</sup> Quarter Recent Trends**

- **21% jump in gasoline prices**
- **Grocery Sales are up over 5.0% compared to April 2005**
- **Warehouse club and supercenter sales are up over 10%**
- **Beer and spirits sales up over 10%**

# **“Cutting Back” Practices**

- **Dining out less**
- **Choosing Quick-Service instead of Full-Service**
- **Selecting less-expensive entrees**
- **Ordering take-out instead of dining in**
- **Ordering fewer alcoholic beverages**

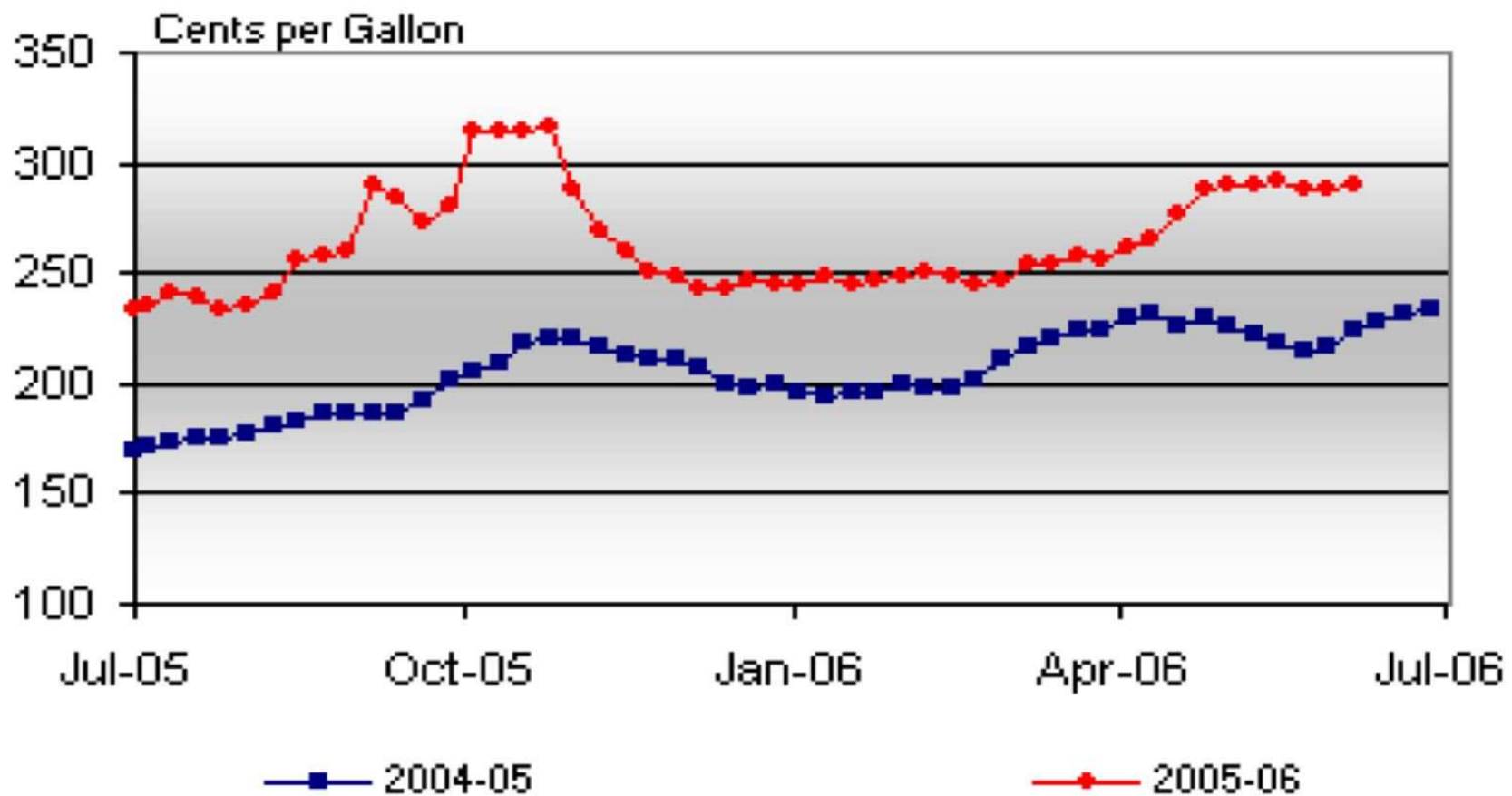
# **Greatest Challenges**

**Fuel and Energy Costs**



# Fuel Pricing Trends

## On-Highway Diesel Fuel Prices



# **Impact on Foodservice Distributors**

- **Outbound - every penny increase in fuel cost adds over \$1 million in expenses to the industry**
- **Inbound – rising fuel surcharges added by remaining carriers (\$.30 per mile not uncommon)**

# **Impact on Foodservice Distributors**

- **Intermodal shipment costs for railroads are up 6.2% due to rising fuel costs and having to fill the slack created by limited trucking capacity**
- **Cost of goods from manufacturers has increased due to higher energy and packaging costs**

# Impact on Operators

- **Ruby Tuesday – utility bill up \$1.5 million in 1<sup>st</sup> quarter 2006**
- **Sonic – 25% to 30% increase in utility costs**
- **P.F. Chang's China Bistro – lost \$.02 per share due to natural gas costs**

# Bottom Line

- **These are challenging times for distributors and operators alike**
- **Knowledge of costs is critical for both**
- **The evolving role of the distributor is to show customers how costs can be removed from the system and to help their customers grow their business**

# **Evolving Role of the Distributors**

To **profitably** help  
customers grow and  
prosper



## 2006 IFDA SALES & MARKETING CONFERENCE



OCTOBER 15-17, 2006 GEORGIA INTERNATIONAL CONVENTION CENTER, ATLANTA

# THE FOODSERVICE DISTRIBUTION CONFERENCE & EXPO



**UNIPRO**  
FOODSERVICE, Inc.

**FROSTY  
ACRES**

★ PROGRESSIVE  
GROUP ALLIANCE  
The Consortium of Independent Distributors

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INSIGHTS & IDEAS FOR  
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**IFDA**  
International Foodservice  
Distributors Association



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