HISTORY OF THE FOODSERVICE DISTRIBUTION INDUSTRY
This is the story of how foodservice distribution grew to be a $280 billion industry by 2018, logistically sophisticated, high-tech, indispensable and extremely competitive.
1800s: Hundreds of small, entrepreneurial businesses start popping up to sell and deliver a few items such as butter and eggs, dry goods, dairy or produce. They ply their trade from garages or small stores, delivering products by horse-drawn wagons, train and riverboats.
Mid 1800s: As the nation's infrastructure grows and the American public becomes more mobile, demand for food away from home grows as well. Food distributors begin to expand their product lines to fill the needs of this flourishing industry.
1850s: Many foodservice distributors can trace their roots to companies that supplied wagon trains heading west with provisions. Monarch Foods, for example, traces its roots to Reid-Murdoch Co., a Dubuque, Iowa, company founded in 1853. Monarch Foods later became a part of U.S. Foods.
Late 1800s: A few of the other early pioneers continue as independent, family-owned leaders of today's foodservice industry, including Robert Orr & Co. (today part of Sysco)(1859), C.A. Curtze (1878), Gordon Food Service (1897) and Ben E. Keith Foods (1906).
1869: The Golden Spike completes the transcontinental railway in Utah Territory. America is now officially on the move and people on the move need to eat away from home.
1870s: A fledging industry – feeding people in gathering places and as they travel – is born. As the early food emporiums grow, food distribution grows.
1885: James Capers begins peddling groceries for a wholesaler in Richmond, Va. His business grows into Pocahontas Foods, which distributes branded products to restaurants and foodservice outlets.
1894: Robert McLane opens his first retail grocery business in Cameron, Texas. In 1903, the retail operations shifted into the wholesale grocery business, marking the beginning of McLane Company, Inc. The business expanded into the convenience and foodservice distribution markets in the twentieth century.
1897: Isaac van Westenbrugge founds an egg and butter delivery service with $300 borrowed from his brother. In 1916, Ben Gordon joined the company and soon married Van Westenbrugge's daughter. In 1942 Ben and his brother Frank renamed the company Gordon Food Service.
1906: A group of food wholesalers concerned with advancing legislation to ensure food safety founds the National Wholesale Grocers' Association (NWGA).
1906: NWGA has two primary areas of interest: presenting food distributor views to government and serving as a social forum. At this time very few services are provided to members, and members provide little more to their customers than products for purchase.
1924: Prior to the late ‘20s, food either was purchased fresh, dry or in cans. Clarence Birdseye is credited with introducing the quick-freezing method in 1924. Frozen foods take off during World War II as cans are being used for metals for the war effort.
1930s: Frozen products – primarily French fries and fish portions – make their way into foodservice. This phenomenon spurs the growth of systems that preserve the integrity of frozen food: freezer storage in warehouses and freezer compartments in delivery trucks.
1932: Food marketing company Taylor & Sledd acquires the Pocahontas label and uses it to create a private label program for independent wholesale distributors. In 1954, Pocahontas becomes one of the first groups of independent foodservice distributors to market and purchase together under a single-brand identity.
1933: NWGA, formed by food distributors from the Northeast and Midwest, merges with the American Wholesale Grocers' Association, a group serving mostly the Southeast. The new group is renamed the National-American Wholesale Grocers' Association (NAWGA).
1945: A group of frozen food distributors gathers in New York to act as a body in margin and price negotiations with the Federal Office of Price Administration. They form the National Wholesale Frozen Food Distributors Association, the precursor to what would come to be known as the National Frozen Food Association (NFFA).
1945: While early members sell primarily to retailers, NFFA is destined to play a major role in foodservice. Sysco Corp. and the Frosty Acres Brands (F.A.B.) group both evolve from relationships formed in NFFA. In 2001, the group changes its name to the National Frozen & Refrigerated Foods Association.
1946: Thanks to new government legislation mandating that lunch be served in public schools throughout the nation, a new food-away-from-home market emerges.
Late 1940s: School lunch proves to an important event in foodservice distribution by providing the first guaranteed mass market. The measure encourages a number of formerly retail-focused wholesalers to turn their attention to foodservice distribution.
**1950:** Robert Orr & Co., Nashville, sponsors what is thought to be the first food show for operator customers. Many others soon follow suit and today the food show is a widely used marketing tool for foodservice distributors of all types.
1950s: Foodservice distributors continue to transform their business models from retail to foodservice and from specialty to broadline. The advantages of broadline are: larger order sizes, one-stop shopping for operators, more efficient delivery and more comprehensive customer service.
1956: A new trade association, the Institutional Food Distributors of America (IFDA), is formed to serve the needs of the new supply chain. It operates as a subsidiary of the U.S. Wholesale Grocers Association (USWGA) and acts as an advocate for their interests.
1960s: To gain leverage with manufacturers, distributors begin joining forces to create distributor buying groups. Some of the early are Pocahontas Foods USA, ABC, F.A.B., Federated Foods, United Institutional Distributors, NIFDA, Nugget and CODE.
1960: From the back of their family station wagon, Dot Foods' founders Robert and Dorothy "Dot" Tracy launch what becomes known as redistribution. Redistributors purchase large volumes of products, warehouse them and then sell and deliver them in less-than-truckload quantities or consolidated mixed full loads to distributors.
1960s: The redistribution model catches on as distributors find they can get efficient access to slower moving items with no minimum orders. Dot Foods, of Mt. Sterling, Ill., which remains family-owned, continues as the redistribution industry leader.
1960s: Burgeoning fast-food restaurant chains began aligning with supply chain partners who meet their custom product and service needs.
1960s: Once-specialized manufacturers servicing the growing fast-food market take on additional lines and enter the distribution business, with many exclusively serving chains such as McDonald's, Wendy's and Burger King.
1965: Founding editor Pat Patterson creates Institutional Distribution (ID) magazine to cover the burgeoning foodservice distribution industry. At the time, the entire food-away-from-home market was called "institutional."
1965: Americans spent just 20 cents of every food dollar for food away from home. Institutional Distribution magazine estimates total distributor sales to be $20 billion, and the average institutional distributor has an annual volume of $1.5-$2 million.
**1968:** Gordon Food Service initiates the two-trailer hook-up system, an industry innovation that enables the company to cover a wider territory by truck rather than build more distribution centers.
1969: USGWA (of which IFDA is a part) merges with the National American Wholesale Grocers Association (NAWGA). IFDA now operates as a division of NAWGA.
1969: John Baugh, founder of Zero Foods, convinces the owners of eight other small food distributors to combine their companies and form a national foodservice distribution organization. The resulting company is named SYSCO, an acronym for Systems and Services Company.
1969: NAWGA merges with the U.S. Wholesale Grocers Association and that organization's Institutional Food Distributors of America (IFDA) becomes NAWGA's foodservice division.
1970: Sysco goes public and makes its first acquisition, Arrow Food Distributor. Sysco’s operating companies continue under their own names until 1977.
1980s: The industry’s first automated warehouse sorting and shipping system is implemented by Gordon Food Service, sowing the seeds for a wave of warehouse technology advancements to come.
1980 & 90s: As the broadline distribution industry continues to grow, national and fast-growing regional distributors gain momentum and market share in large part through acquisitions.
1980 & 90s: Many smaller, family-owned companies find it difficult to make the necessary investments in technology and training in order to compete and are swept up in a wave of mergers and acquisitions that dramatically changes the industry landscape.
1980s: The need for more produce in the foodservice supply chain spurs distributors to band together in buying and marketing groups. This has a major impact on product sourcing, quality and safety, as well as on distributors' competitiveness thanks to consolidated purchasing through the groups.
Foodservice distribution is now a $69 billion industry. The five companies considered "national distributors" are PYA/Monarch, John Sexton & Company, Sysco Corporation, CFS Continental, Inc. and Kraft Foodservice. The five companies have total of 168 distribution centers covering major portions of the country.
1984: Ritter Food Corp. (later acquired by Sysco), unveils the industry's first completely mechanized warehouse. PYA/Monarch phases in a data processing system capable of processing data for each of the company's 22 branches. Frosty Acres invests in their first computer for coding invoices.
1985: Gordon Food Service's leader, Paul Gordon, recognized that foodservice distributors and operators have unique needs relative to produce. He brings together a group of leading foodservice distributors to create the industry's first fresh produce cooperative, MARKON.
1985: MARKON sets out to work directly with growers to enhance its members ability to direct-source products packed specifically for foodservice. In 1986, MARKON debuts the first private-label program for foodservice and, a few years later, the first value-added foodservice produce program.
1986: NAWGA/IFDA launches the Food Industry Truck Driving Championships. Now a signature IFDA event, the annual gathering for drivers and their families continues to promote and recognize safe driving practices.
1990s: Working with the USDA Nutrient Database for Standard Reference, IFDA develops the Standard Product Data Exchange Format. It facilitates the exchange of product information, including nutrient data, between food manufacturers, distributors and their customers throughout the food chain.
1990s: Technology impacts every area of distribution companies from Distributor Sales Representatives (DSR) equipped with laptops and cell phones providing new levels of customer service to drivers with onboard computers assessing fleet performance and asset management.
1990: Sysco follows shortly after MARKON with its own produce procurement office in California and, in 1991, Pro*Act, a group founded by six independent foodservice distributors to consolidate purchasing, marketing and networking, comes on the scene.
1987: Bob Sledd of Taylor & Sledd and Michael Gray of Pocahontas Foods USA create a holding company that is the precursor to Performance Food Group. The holding company is named Pocahontas Food Group, under which the Pocahontas Foods USA buying group operates.
1987: The first distributors to align themselves with Pocahontas Food Group are Caro Produce and Institutional Foods and Kenneth O. Lester Co. The company changes its name to Performance Food Group in 1992.
1990s: Inspired by the success of the ECR (Efficient Consumer Response) initiative in retail, the foodservice supply chain begins to coalesce around EFR (Efficient Foodservice Response). The goal is to build a platform for profitable growth and to save an estimated $14 billion by cutting waste through supply-chain efficiencies.
1990: Wal-Mart Stores, Inc. purchases McLane Company from the McLane family. McLane Company is later purchased by Berkshire Hathaway in 2003 and has grown to be the third largest foodservice distribution company today.
1995: According to Institutional Distribution Magazine, the foodservice distribution companies with the top 5 sales figures are: JP Foodservice (#5), US Foodservice (#4), Kraft Foodservice (#3), S.E. Rykoff/John Sexton (d.b.a. Rykoff-Sexton) (#2) and Sysco (#1).
1996: NAWGA-IFDA’S Board of Governors votes to adopt a new name: Food Distributors International (FDI). The new name more directly describes the overall membership of the association.
2002: IFDA’s Board of Directors vote to establish a freestanding trade organization dedicated to the unique needs of foodservice distributors thus breaking with FDI.
2003: IFDA Partners’ Executive Forum becomes a stand-alone foodservice distributor meeting. Considered by many to be IFDA’s most impactful and valuable member event, the forum brings together distributors and manufacturers for relationship building and business planning.
2006: IFDA launches its own Foodservice Distribution Conference & Expo focused on operations, technology and transportation. That signature annual event is later renamed the IFDA Distribution Solutions Conference. It provides education for a wide range of distributor roles.
2009: With the support of IFDA and other related trade groups, the Foodservice GS1 US Standards Initiative is launched by foodservice manufacturers, distributors and operators in an effort to streamline information sharing across the supply chain.
2014: The Women in Foodservice Distribution Committee is formed to engage and encourage IFDA members to be inclusive of women as they develop their leadership talent pool. In addition, this committee works to provide IFDA member companies with resources, education and experiences that appeal to women and support their development within the industry.
**2015:** IFDA launches the Executive Development Program for Foodservice Distributors. Created in partnership with the University of Virginia Darden School of Business, the customized program builds leadership, analytical and problem-solving skills in high-potential employees.
2018: IFDA establishes the Truck Driver Hall of Fame, honoring drivers with outstanding records of service and safety. Twenty-six drivers are inducted in 2018, the program’s first year.
2018: IFDA conducts the industry's first comprehensive, publicly available economic impact study of the foodservice distribution industry in the U.S. Measuring the physical and economic footprint of foodservice distributors nationwide, the study quantifies the full impact the industry has on national and state economies.
2019: Broadline distribution has grown to become the largest segment of industry. The largest foodservice distribution companies are still finding success servicing all types of customers with all types of products. But smaller companies are finding a focus on alternative channels and specialization are the key to their future.
2019: Leading broadline distributor groups include UniPro, Frosty Acres Brands (F.A.B.), Inc., Golbon, Independent Marketing Alliance and Legacy Foodservice Alliance.
2019: According to Transport Topics Magazine, the foodservice distributors with the largest fleets are: Gordon Food Service (#5), Performance Foodservice (#4), McLane Foodservice (#3), U.S. Foods (#2) and Sysco Corp. (#1).