

Synergy Defines Retail Foodservice

And why it is so important to recognize it as its own channel

Retail Foodservice - Breaking the Norms



- This disruptive force has captured the attention of manufacturers, distributors, and operators who see themselves re-evaluating not only their go-to-market strategies but also their competitors, as each attempts to command the attention of consumers in a new food world order.
- Grasping the influence of proliferating ethnic tastes, and making sense of the complexities of product migrations between retail and foodservice is the foundation of the Synergy Group and the roots of Retail Foodservice.

Growth Requires Change

Whether you participate in Retail Foodservice or not, it will influence your go-to-market model, your revenue stream, your customer targeting strategy, and your competitive influence.

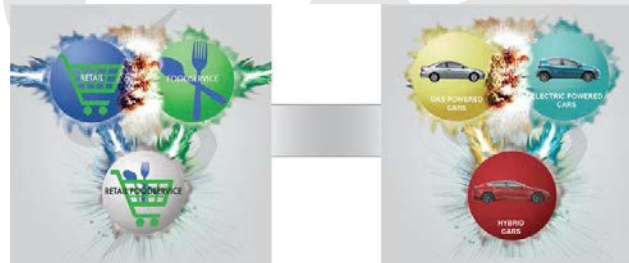
- Connecting the unconnected dots in this new supply chain requires customized, strategic and tactical support from professionals experienced with each link of the chain.
- The required integration of retail and foodservice adds a new level of performance objectives and benchmarks, and dictates a new way to go-to-market.



The Need to Adapt and Grow - Retail Foodservice Can Take a Page From Hybrid Cars

Retail Foodservice needs communications between the established vertical channels in order to blend its own integrated supply and production, and establish unique go-to-market standards.

In parallel, the auto industry built gasoline powered cars and electric cars in its respective vertically integrated production channels. But, without cross-channel, horizontally integrated communications hybrid cars may not exist. The integrated combination produced a solution more attuned to the voices of consumers.



Today, Retail Foodservice is the consumers' hybrid car for food choices. Retail Foodservice fuels a more efficient and more productive means to satisfy consumers' demands for new and exciting meal and menu options in customary venues as well as locales unimagined a decade ago.

“Push meets Pull”

Consumers and Operators Drive Demand for Products Better Aligned with Lifestyles and Workstyles

- Operators and consumers no longer have to wait for the product “push” from manufacturers, brokers, and distributors that dictated what was available for their meal planning.
- Today, “pull” drives demand. The emergence of crowd-sourced social media influence drives go-to-market strategies and product development.
- “Push” must adjust and sell through products and brands consumers and operators want. A new vertical channel is born and consumers and operators drive it.



A New Food World Order

Retail Foodservice is driving growth. Leaders are trending with it. Laggards were taken by surprise.

- Manufacturers, distributors, and operators are re-evaluating go-to-market strategies. New market classifications are being developed to clarify sales positions, fortify procurement strategies, and to help shape market data to be more efficient and effective.
- Retail Foodservice, in evidence since 1994, has impacted many. Some acted and adjusted quickly. Some are now reacting and catching up to this growth opportunity.

Retail Foodservice and Dynamic Change

Dramatic shifts in food purchases have caused businesses throughout the retail and foodservice supply chains to re-think and reconfigure not only their go-to-market strategies, but, in some cases, their business models as well.



- Retail and foodservice operators, their manufacturing partners, and their distributor partners find themselves in the midst of a “cross channel” migration of both channels’ challenges and opportunities.
- Evident is the surge of millennials’ food purchasing power and the resurgence of the baby boomers’ and the seniors purchasing powers, mimicking those of millennials.
- This crosses all segments of retail and foodservice requiring a horizontal go-to-market approach aligning the “push and pull” verticals, opposed to the solitary market approach.

Addressing the Dynamic Shift in Go-to-Market Positioning

- Understand the paradigm shift from a “push” marketplace to a “pull” marketplace and is real and disruptive.
- Where, what, how, and why in food distribution has cause many manufacturers, operators, and others in the supply chains to prepare new SWOTT analyses of their own companies and those of their competitors.
- As the new horizontally integrated approach normalizes, the second “T” - trends - becomes more critical in structuring the new go-to-market plans.
- Study trends because they affect consumer buying habits, buyers purchase partners, manufacturers’ display objectives, and product development.
- Note: Be sure brokers and distributors are also watching trends.

Cause and Effect of Trends

- Underlines the importance of understanding the currents of market change in order to determine courses of action that help clients achieve their desired growth objectives.
- Predicts how trends affect business success.
 - Facilitates better guidance to clients' use of vital resources
- Analysis examines clients' past performances, present situations, and future growth expectations.
- Highlights the differences between market awareness and market penetration, and touch points and purchase patterns.
- Requires an adept comprehension of the marketplace and a clear interpretation of desired results.

Traditional Retail “Category Strategy” Now Requires More Managed “Revenue Driven” Strategy

Because the diverse combination of food and food outlets, not only within the store, but also with catering, shop at home delivery, and food kiosks, it will be revenue that drives the ultimate category focus.

- Dine-In Restaurants
 - Appetizers
 - Lunch
 - Entrees
 - Desserts
- Healthier Buffets
 - Lettuce
 - Fruit
 - Rice
 - Vegetables
- Bakery
 - Desserts
 - Breads
 - Cookies
- Cultural/Ethnic
 - Italian
 - Asian
 - Mexican
 - Cajun
 - African
- Hot Food Buffets
 - Appetizers
 - Meats
 - Vegetables
 - Pasta
 - Rice
- Sandwiches
 - Panini
 - Cuban
- In-Store Kiosks
 - Pizzas
 - Hoagies
 - Chicken
 - Coffee
 - Snacks
- Pre-Packaged
 - Salads
 - Soups
 - Sandwiches
 - Appetizers
 - Rotisserie Chicken
 - Desserts

Retail Foodservice Data Still Sketchy

- There are multiple sources unique to either retail and foodservice driving data, but none focused on creating the SKUs or UPCs dedicated to products specifically in Retail Foodservice categories and departments.
- Retail Foodservice is creating leaders and laggards with many looking for what's next and wanting to identify trends and trend drivers in the race to meeting consumers' demands for meal and menu planning diversity.



Research Effort Gaining Ground

- With new research being conducted and new products making inroads into evolving market segments, new performance benchmarks show current Retail Foodservice growth projections are only the tip of the iceberg.
- Retail Foodservice is here to stay. With it comes new sales opportunities evolving into multiple growth opportunities, both in research and with new product penetrations into growing market segments.
- Changing consumer profiles, changing buyer profiles, and changing distribution profiles create leaders and laggards.



What We Know

There is a new focus on lifestyle and workstyle consumer buying habits. Purchase partners drive the newly created crowd-sourced social media influence advantages.

- Millennials only recently began to understand their purchasing power through the accelerated use and application of social media.
- Millennials' influence on baby boomers is great and will continue as millennials age.
- TV food shows are broadening the horizons of meal planning to accommodate these new menu planners.
- Convenience is here to stay. Workstyles and lifestyles will continue to drive shopping destinations, with more and more convenience food showing up in non-traditional locations.
- Retail supermarkets with restaurants, restaurants with in-house retail products, and deli departments are providing a buffet of foods focused on visual taste appeal.
- Take-out buffets in retail is nearing the same point as with restaurants, with grab 'n go virtually everywhere.

What We Know

- The traditional retail deli will remain intact with prepackaged cold cuts and fresh sliced cold cuts. Fresh to-go salads and some entrees will move to the new Super Deli within the channel category and create their own data compartment.
- Extended marketing partnerships with manufacturers and their operating clients are forming not only to drive sales, but also to deepen brand awareness to achieve growth objectives.
- A seamless and deepened integration of resources coupled with the clients' growth capabilities and competencies are needed to minimize costs of market entrance and to maximize growth options.
- Foodservice distributors are backing up to retail supermarkets with more foodservice produced in a retail environment.
- With the power of locations, convenience stores are the emerging market providing the biggest growth area for Retail Foodservice.

What the “Push” Side of the Channel Can Do

First Prepare A New “SWOTT”

- Ensure your corporate brand is sound. This new channel will be a combination of retail and foodservice strategies.
- Ensure your products are in line with what is being offered at restaurant buffets or “all you can eat” buffet models.
- Adjust go to market “product category” rosters to be more in line with retail and foodservice menus.
- Know the operators’ “consumer profile” so your products align with their lifestyle shopping patterns.
- Re-configure your category management product offerings to be in line with a revenue driven strategy that affects your sales collateral, web site, and sales training.
- Ensure your products are in-line with retail and foodservice day part offerings from breakfast through dinner and snack time.
- Align products by cuisine profiles...flavor infusion, regional cultural and ethnic heritage, ie. Asian, Cajun, Hispanic, African, Italian, Soul Food.
- Look to lifestyles and workstyles buying habits and purchasing patterns for product development and distribution.

What the “Pull” Side of the Channel Can Do

- Consumers with social media power to have basically created their own crowd-sourced social media influence and are empowered to speak directly to the food manufacturers and operators.
- They sidestep the dated “link-to-link” whispers down the long-established supply chains of the “push” channels that dictated shoppers’ food choices. This new supply chain must listen to an energized marketplace, now intermingled with millennials, boomers, and seniors.
- Millennials are a prime audience for retail prepared foods. Recent Acosta research shows that 78% of Millennials/Gen Yers brought home vs. 68% of Gen Xers, 60% of boomers and 57% of seniors within 30 days of being surveyed.
- Expanding cultural diversity and the power of social media are driving new notions of what people eat, when they eat, and where they eat, changing the rules of food marketing forever. Retail Foodservice is officially a “pull” vertical channel.