



## **Foodservice Strategies for Rising Food Prices**

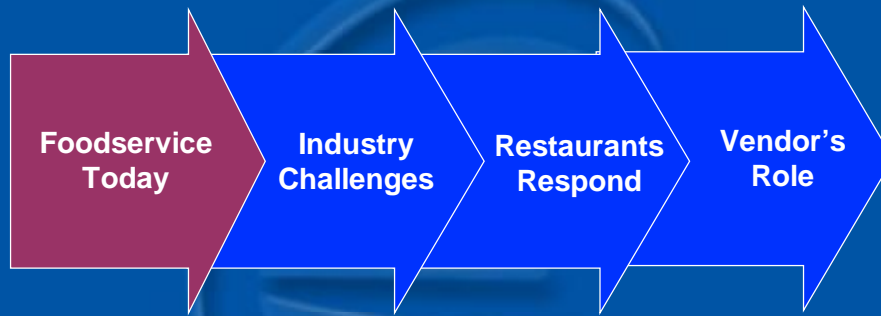
**Mark S. Allen  
President & CEO**

**International Foodservice Distributors Association**



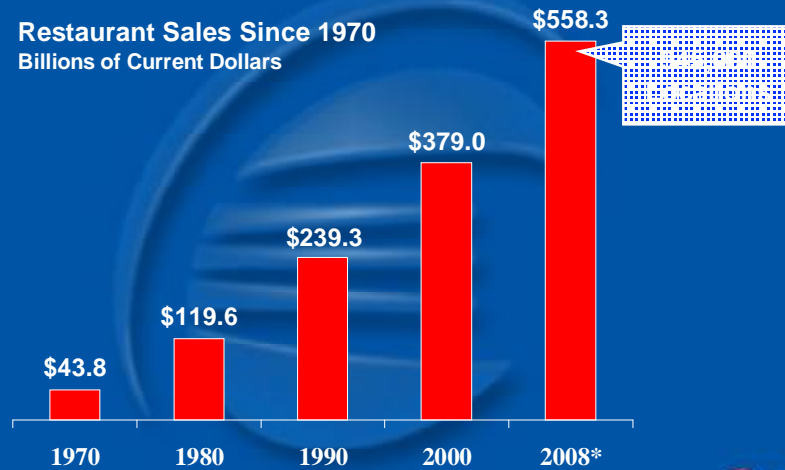
- **IFDA is the foodservice distribution industry's trade association based in McLean, Virginia**
- **IFDA represents:**
  - **170 broadline and systems foodservice distributors**
  - **Over 700 distribution centers**
  - **\$100 billion in annual revenue**

## Today's Discussion



## The Foodservice Industry Today

Restaurant Sales Since 1970  
Billions of Current Dollars



Source: National Restaurant Association



# The Foodservice Industry Today

Industry Sales Projection, 2008 (\$558B)

Billion \$

Eating Places	376.7	67%
Drinking Places	16.5	3%
Managed Services	38.3	7%
Hotel/Motel Restaurants	27.6	5%
Retail, Vending, Recreation, Mobile	51.4	9%
Other	47.8	9%
<b>Total:</b>	<b>\$558.3</b>	

Source: National Restaurant Association



# The Foodservice Industry Today

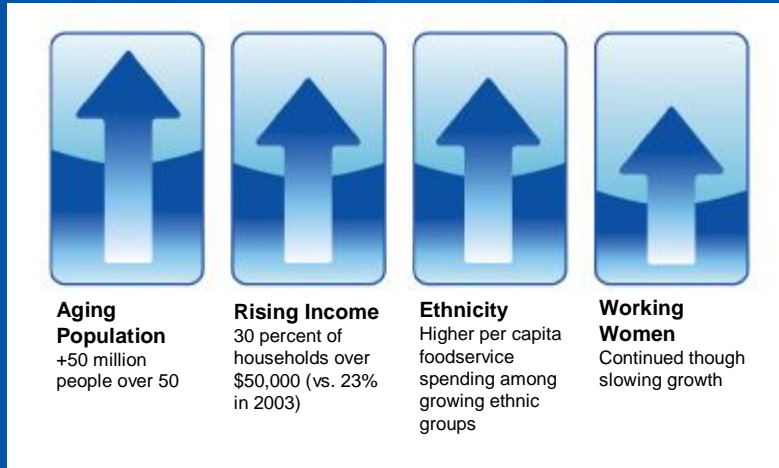


Source: National Restaurant Association



## Growth Fueled by Fundamental Shifts

By the Year 2010

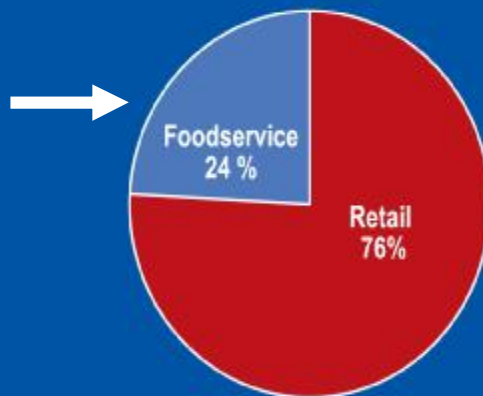


Source: IFDA 2010 Report



## Opportunity Exists for Foodservice Growth

While Share of Food Dollars spent is approaching 50/50...



...Share of Meals Is Not

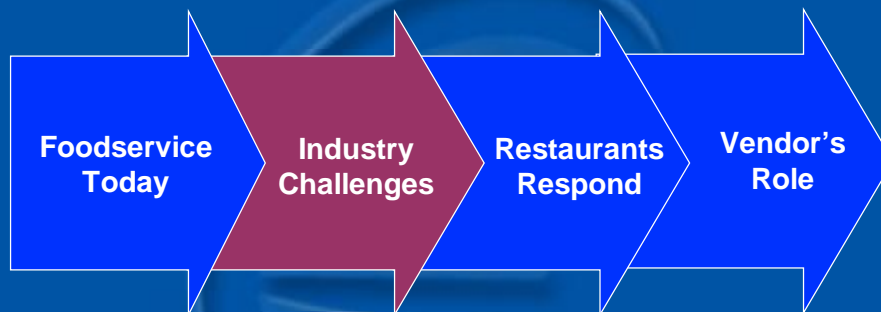
Source: Technomic; NPD FoodWorld

## FAFH: Convenience, Offering, Fun

*How restaurant food compares to food made at home:*



Source: Technomic



## Today's Challenges

- Consumer confidence/spending
- Supermarket as competition
- Chain restaurant saturation
- Consumers eating healthier
- Legislation/regulation:
  - Nutritional disclosure
  - Immigration reform
- Costs: labor, healthcare, other
- Food inflation



## Operator Critical Concerns

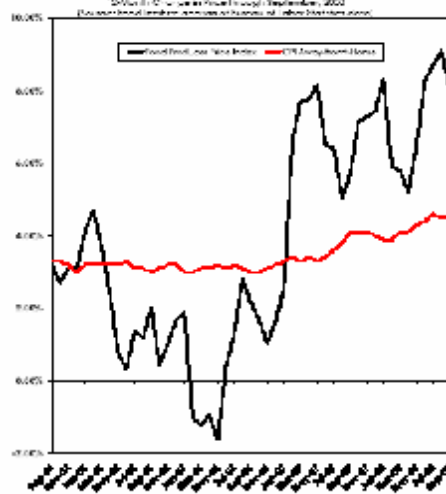
% in Top "5" Concerns



Source: Technomic

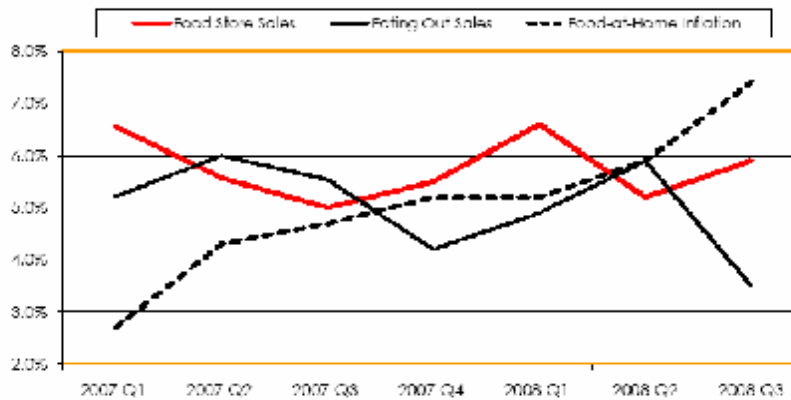


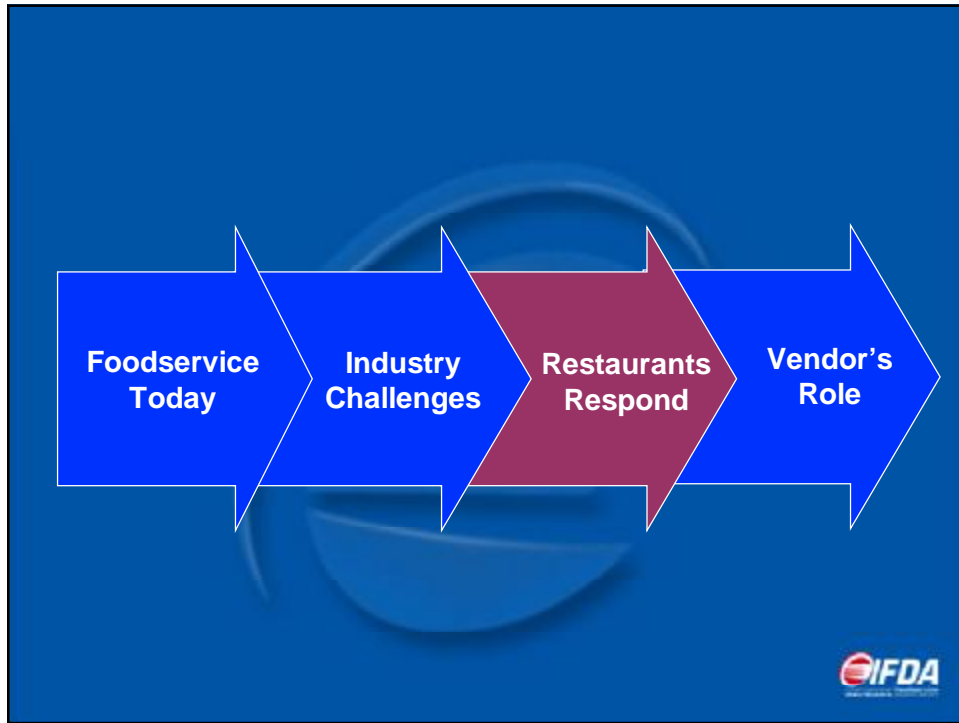
**Wholesale Food Cost Hikes  
Still Exceed Eating-Out Increases**



**Eating Out Sales Growth Takes Big Hit In Inflation's Wake;  
Food Store Sales Rebound But Still Trail Inflation Rate**

Chart Portrays % Change, Vs. Prior Year





## Restaurants Respond

- Cost management/cost reduction opportunities
  - Selective price increases
  - More value options
  - Limited time promotions
  - Food costing
  - Reformulating recipes
  - Recipe/culinary development
- IFDA

## Restaurants Respond

- Expand Day parts
- Innovation
- Reduce portion sizes
- Remove unprofitable menu items
- Catering
- Takeout



## Interest in Vendor Support

% Indicating would like help



Source: Technomic



## Vendor's Role

- Prime Vendor relationships
- Modified service levels
- New products
- Menu evaluation, engineering and profitability analysis
- Industry and consumer trends
- Marketing best practices
- Operations consultation





**Thank You!**