

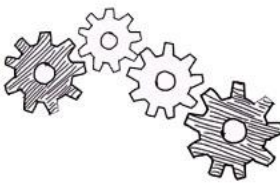


*Foodservice has been Disrupted
by the Great Reset*





Introduction



Time for the **Great Reset**:

Foodservice has radically changed the Coronavirus has fundamentally changed how the consumer will interact as well as reduced the number of players across the foodservice industry

- A new model is needed, the old adversarial approach won't work
 - Manufacturers can't be all things to all People(Distributors) and need to pick partners
 - Distributors can't hide behind Earned Income and artificially high-priced Exclusive Brands
 - Operators can't rely on new unit opening for growth, their menu, and even their unit layout must change
 - Consumers will demand transparency, cleanliness
 - Digital is the new currency



Challenges to current Foodservice Model

1

Proliferation of GPOs **adding costs but not value** need to find a way to connect with operator and reclaim margin

2

Distributors limiting **accessibility to operators** via Category Management

3

Dedicated, expensive **salesforce without accountability** or flexibility; Commissions paid for replenishment at the same rate as new business

Are brokers still necessary? Latest survey: 61.5% Yes **38.5% No**-utilization of brokers is declining"

"The world is now digital why isn't foodservice?"

4

63.6% of a recent survey say Amazon will soon disrupt foodservice

Growth of Independent Restaurant with fresh, local, food with a story to satisfy consumer demands; **supply chain struggles** to adapt at scale

Trade *Funds* **aren't designed to stimulate demand** and creating a greater need [to adapt rapidly, locally] for flexibility & visibility

6

Operators increasingly looking for assistance **to drive "butts in seats"**- trade \$'s do not accomplish this

7

Analytics lots of data but in different time frames and formats providing **few actionable insights**; Lack of predictability to the next best sales opportunity to maximize sales utilizing available data

"We need to redesign the supply chain to remove non-value added steps and players"

"I need to be able to collaborate with the operator to drive consumers to their unit not worry about earned income"

70% of Operators order online without the help of a DSR

U.S. Foodservice is a complicated channel.....

1 Buying Groups:
Core-Mark,
UniPro FAB,
Legacy FS
Golbon

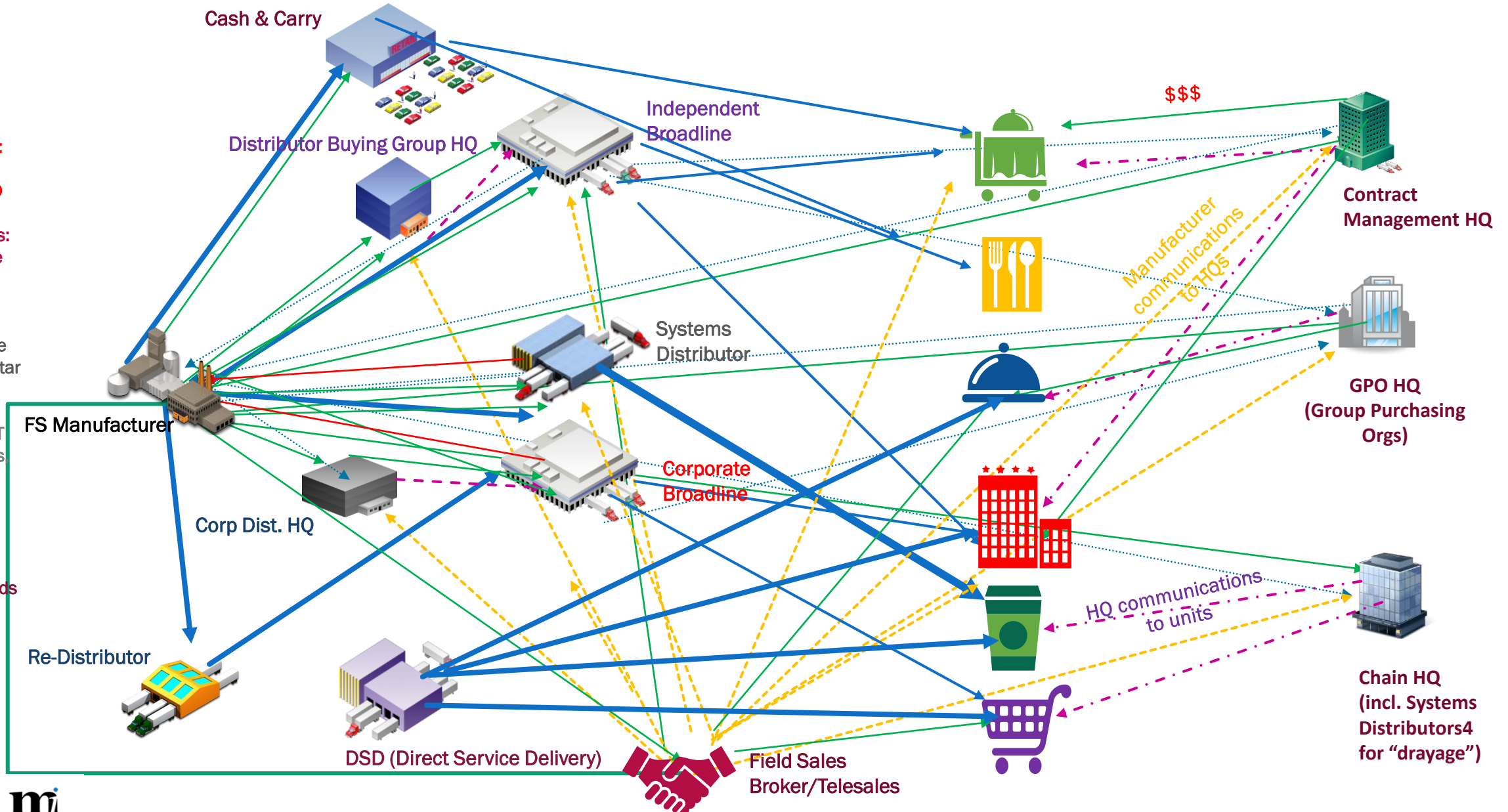
2 Corporate:
PFG,
Sysco, USFD

3 Field Sales:
Acosta, Core
Group

4 System:
Golden State
McLane, Vistar
PFG, Sygma

5 Re-Di: DOT
Honor Foods
G&C
Bunzl

6 DSD:
Bimbo
Flowers Foods



Factors facing Foodservice Manufacturers



The ability to recognize and address and solve will separate winners and losers

Manufacturers are challenges along various fronts

How to Respond?

- Manufacturers and distributors should join together to utilize the data available to help operators grow.
- Distributors are beginning to rethink their service offering - not all customers are the same
- Manufacturers & Distributors need to revise their "Go to Market" methods and strategies
- Trade funds become a true driver of business by moving to the sell-side of the distributor's business
- Operator trade can be efficiently managed and measured, at the tactical level, using technology available today

We have identified two areas that can enhance a manufacturer's performance & profitability



*Creating Value with Data. Specifically,
"Small Data" that is actionable*



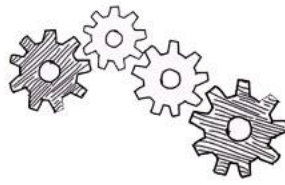
*Rethinking trade investment.
In other words...*

See how you trade dollars perform

- *New Business?*
- *Loyalty?*
- *Access?*



Manufacturers must develop their “abilities”



focus on these 5 areas to drive performance and fuel growth

Accountability



Pay for performance
Measure trade
investments
Validate operator
sales by reps

Visibility



Understand
what's happening
at the operator
and other end
customers
Know the impact
of trade dollars
and contracted
compliance

Predictability



Provide Field sales
with next best
opportunity
Sense and inform
supply chain for
demand drive
forecasting
Use data to inform
operators of new
and emerging trends

Connectability

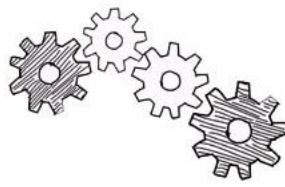


Utilize the “cloud”
to connect with
supply chain,
customers and
consumers to
drive demand and
being relevant
Available to
customers 24/7

Flexibility | Agility



Uberize or create
on-demand
functionality Sales
as a Service
(SalesaaS)
Execute on
changes in
consumer
demand



Accountability



Pay for performance

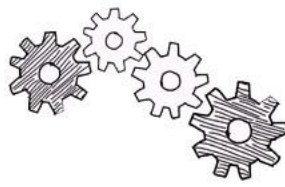
Measure trade
investments

Validate operator
sales

Move trade fund
from the “buy side”
to the sell side

Foodservice today lacks accountability across the board

- Brokers and DSRs commissions don't differentiate between new and existing sales
- Distributors don't provide unit level details to their suppliers the true impact of incentives aren't know
- GPOs don't provide their operators with the percentage of manufacturer incentive they keep
- Distributors mask the true cost to serve to their operators
- Manufacturers have no control over the Earned Income and Marketing support they provide to the distributor
- Street account pay the cost of this lack of efficiency



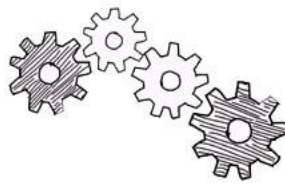
Visibility



**Understand
what's
happening at the
operator and
other end
customers**
Know the impact
of trade dollars
and contracted
compliance

True visibility is lacking

- The supply chain is lacking end to end visibility
- The opportunity to create a real time view would eliminate numerous non-value-added steps:
 - Buyers placing reorders vs. automatic fulfillment at all levels
 - Operators to Distributors
 - Distributors to Manufacturers
- Manufactures can directly interface with operators (through their distributor partners) to provide LTOs to generate true consumption increases
- Operators would know what activities drive pricing to their location (i.e. DSR involvement) and choose what services they value
- Manufacturers & Distributors can mutually decide on how and where to apply marketing funds



Predictability

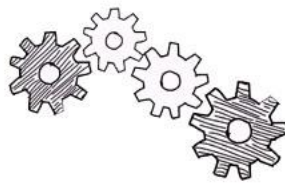


Provide Field sales with next best opportunity

Sense and inform
supply chain for
demand drive
forecasting
Use data to inform
operators of new
and emerging trends

Time for AI and Predictive Analytics

- Provide Sales force with the next best sales opportunity via small data
- Allow the system to manage inventories and people to manage exceptions
- Operators could use surge pricing and preview emerging trends
- Incentives developed by market vs one size fits all
- Manufacturers and Distributors can measure churn and react



Connectability



Utilize the “cloud”
to connect with
supply chain,
customers and
consumers to
drive demand and
being relevant

**Available to
customers 24/7**

The World has moved to the Web

- Over 70% of operators order online without DSR involvement
- Manufacturers and Distributors working together can directly communicate with operators to:
 - Understand what the consumer wants at the micro level
 - Develop effective marketing programs to drive sales
 - Communicate any recalls
- Operators can use AI and the Web to provide individual consumers with incentives to drive sales



Flexibility | Agility

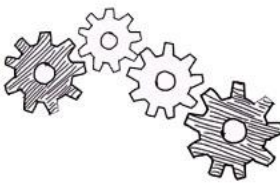


Uberize or create
**on-demand
functionality**

Sales as a Service
(SalesaaS)
Execute on
changes in
consumer
demand

Agile over Production-Line Thinking

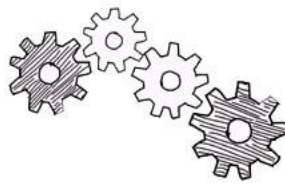
- Opportunity to “uberize” sales both for Manufacturers and Distributors taking advantage of the other “abilities”
- Sensing the Supply Chain allows better planning for raw material, plant utilization and inventories



Value to Foodservice Manufacturer



*Estimate based on past results from MarketIntelligence



Where we see the future of Foodservice

All food decisions are Local

Help sales marketing and the operator understand the market they are in trends, demographics and needs
Create food with a story

Increase Net Margin

Providing insight to trading partners (as well as field sales) will increase margins

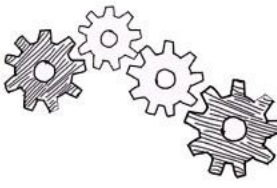
Analytics underlie Everything

Develop Advanced Analytics & AI Capabilities pushing Actionable Insights to the Field Sales and Customers & measure results

Collaboration

A new approach to how manufacturers interact with distributors developing a personalized approach to consumers to drive new revenue opportunities for the operator





Market*Intelligence*

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