THINK LIKE A BRAND, ACT LIKE A DISTRIBUTOR

HOW FOODSERVICE DISTRIBUTORS COULD LEVERAGE GROCERY RETAIL

Saint Joseph's University
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Introduction

In March 2020 the Covid epidemic disrupted the global food supply chain, creating a challenging environment for food retailers in the U.S. for sourcing products for consumers.

Foodservice distributors were also challenged with sourcing products and supporting foodservice businesses, many of which were forced to severely restrict their operations or temporarily close. Some foodservice distributors were able to serve grocery stores in some capacity to help alleviate product shortages.

"Our industries are both committed to the safe delivery of food to consumers, and we are equipped to provide service during this critical time in our country," IFDA President and CEO Mark Allen said in a statement. "This partnership makes sense, and it is in these times of turmoil that we must step up and fill the gaps when we can to help each other where we can."

Supermarket News 3/20/2020, "FMI, IFDA partner to steer foodservice resources to grocery"

According to Mintel Grocery Retailing 2025 report, the size of the grocery market in the U.S. will reach $929 billion in 2025, an increase of 4.3% over 2024. It's projected to grow at an annual rate of 3.7% through 2030. This number is aligned with the USDA Food Expenditure series, which shows "Food at Home" at about $1 trillion and "Food Away from Home" at $1.5 trillion in 2024. While the grocery market is not as big as the foodservice market in dollars, it does present a purely incremental opportunity for growth for many foodservice distributors, as well as an opportunity to leverage fixed assets and reduce risk.

This research sets out to map those opportunities to help foodservice distributors explore expanding their business into the grocery space. During 2024 and 2025, a survey and in-depth interviews were conducted with a variety of food supply chain professionals to identify ways in which to approach that new business.

The research is a collaboration between the International Foodservice Distributors Association (IFDA) and the Gerald E. Peck fellowship at Saint Joseph's University.

What Are the Opportunities for Foodservice Distributors

The qualitative research with key stakeholders in this report focused on the consumer/retailer, retailer/manufacturer, manufacturer/distributor, and broker/distributor relationships.

The quantitative research focused on a few key areas for consumers, retailers, and manufacturers that would help foodservice distributors identify the problems and understand the opportunity that exists in the market for each of these stakeholders.

The report provides insight into how brands and retailers think. It also provides insight into how foodservice distributors can develop the framework to develop and test the business case of expanding into retail food stores. One of the biggest strengths of Consumer Packaged Goods (CPG) brands is their ability to develop sales and marketing plans using data and insights to make decisions and recommendations.

In reviewing the qualitative and quantitative research, the following themes emerged:

- **An opportunity exists for foodservice distributors to expand their business by focusing on the fresh/prepared areas of grocery.** The size of the opportunity depends on how one views risk versus reward.
- **Foodservice distributors focus on market penetration strategies for existing products and markets for growth.** The sizes of products typically carried by foodservice distributors don't merchandise well and require a scannable UPC to work in a retail environment for consumers.
- **Challenges identified by retailers and manufacturers were financial and service-related.** Both of these issues can be solved and present a great opportunity if distributors are willing to adjust to meet the needs of the retailer.
- **Manufacturers view new products as their largest opportunity for growth.** Innovation helps differentiate companies against their competition and attract new business.

Qualitative and Quantitative Research Summary

Quantitative Research Summary

The survey focused on a few key areas for consumers, retailers, and manufacturers that would help foodservice distributors identify the problems and understand the opportunity that exists in the market for each of these stakeholders. Details are included in the appendix.

Consumers

The top three benefits consumers are looking for are price, coupons/deals, convenient location. Price was the number one choice. (79% ranked this as either the 1st, 2nd, or 3rd most important choice), coupons/deals (37%) and convenient location (36%) were #2 and #3 from the responses.

Manufacturers

43.9% of manufacturers view new products as their largest opportunity for growth. Innovation provides differential advantage, as well as the opportunity for incremental space in stores. This ultimately helps attract new customers and build basket size which are important to the retailer.

Current Distribution Challenges & Opportunities

The top two distribution issues mentioned by retailers and manufacturers were financial (deductions, fees, chargebacks) and service-related issues (delivery issues, fill rates, out of stocks). Verbatim responses to an open-ended question identify key issues and present specific opportunities that foodservice distributors can address for grocery retailers and manufacturers.

Retailers commented: *"Service levels and fill rates need to improve along with planogram compliance…there are gaps in the assortment…. need more transparent billing….out of date lot codes…. missing deadlines…. need people that understand my business…."*

Manufacturers commented: *"Burdensome regulatory validation, extending to shifting liability to manufacturers for elements out of our control. Predatory deductions…Complex processes and fee structure, lack of partnership, lack of data visibility; tactical relationship…lack of focus on smaller brands…. Disorganized…. Lack of transparency…. More secretive than partner oriented…. Limited support post sell-in at distributor level. The sale is not over after it is slotted in warehouse and most distributor sales teams are not equipped to effectively sell in at store level."*

Verbatim responses to another open-ended question centered around what it would take to replace/add a new distributor. While cost and service were again the top two mentions, new markets/channels and a better relationship were not far behind. This presents a great opportunity to build a strategic, not transactional, relationship for distributors.

Retailers want: *"Better cost, long term reliability, good partner…. Better financial terms, more streamlined operations…. frequency to service the retailer…. efficient process of working together, fair to their vendors, keep me in supply…. Has something my customers want…. Poor execution at store level, delivery issues"*

Manufacturers want: *"Business simplification, Reach of Market/Channels…. Aggressive sales teams, more frequency delivery days, retailer request or preference, CGO…. Cost of doing business, ease of doing business, ability to grow…. delivery times/accuracy, communication…Diversity in distribution to help build competitive pricing and service…Growth and needed coverage of an area for distribution placements…. In market conditions compared to distributors of similar size or market…. Incremental growth through different customer base, such as hard to reach independents, where direct shipments are not an option…. Will it positively impact bottom line sales? Does it align with our product portfolio and do we have strong opportunity to compete and attract consumers? To improve our market presence and/or securing a targeted retailer."*

Qualitative Research Summary

In-depth Interviews focused on the consumer/retailer relationship, retailer/manufacturer relationship, manufacturer/distributor relationship and broker/distributor relationship. Details are included in the appendix.

Retailer and manufacturer expectations of distributors present an opportunity for foodservice distributors. **Similar to the quantitative research, cost, service, easy ordering, and relationships are important to both retailers and manufacturers, as illustrated by the quotes below:**

"Our distributors need to stay on top of product availability & constraints with Supply Chain, understand the competition, seasonal nature and promotional price points of the product & understand inventory measures in Grocery Channel DC's (Some companies produce a lot of products and run out of space to produce additional lines, and try to have the DC teams bulk up on inventory to free up plants. DC's have inventory measures too, so production should be based on orders & capacity of the plants available space.)"

– Top 5 U.S. Grocery Retailer

"We expect our distributors to have financial stability, healthy balance sheet with stabilized earnings, resilient operating systems: cyber safe ordering and distribution IT, execution, and consistent cost to serve and in stock."

– Top 5 National Specialty Food Retailer

"We expect our distributors to provide competitive distribution pricing with a transparent commercial model, minimal customer effort to maintain high service levels for on time, in full order fulfillment, High degree of communication on issues and partnership approach to driving rapid solutions."

– Top 10 Mid Atlantic Food Retailer

"We expect our wholesalers to provide consistent supply, broad item assortment, category management support tools – what is going on in the category in rest of market, where are trends going?"

– Top 20 U.S. Retailer

Manufacturer expectations provide an opportunity for foodservice distributors

"Grocers expect distributors to have high fill rates…. ensure their stores remain full with product on shelf…. technology that will help retailers spend less time ordering and more time serving their customers at store level. (CGO platforms). They are looking for the ability to leverage collective size and scale."

– Top 10 Food U.S. Food Manufacturer

"Our retail partners expect wholesalers to have great distribution, easy ordering, on time deliveries, a variety of specialty items / slower movers with good pricing."

– Top 10 U.S. Manufacturer

"We expect our distributors to provide high service levels, meet the delivery needs with consistency of their stores…. Can't sell what you don't have…., The wholesaler's mission is to deliver to the Retailer what they need when they need it; sounds simple…. Supply and demand are not always in sync and supply disruptions constantly occur…. Forecasting is critical in a business that experiences wild swing due to many reasons… Creating a swift communication network between Manufacturers and the Retailers is key."

– Top 200 U.S. Food Manufacturer

Relationships still matter and are integral to the success for foodservice distributors to expand

In 2009, Dr. Richard George researched "Perspectives on the Distributor/Manufacturer relationship" as part of the Peck Fellowship for IFDA. He noted, *"Success in the foodservice channel is dependent on the presence of high levels of cooperation among channel members, as well as high levels of trust and integrity... An important determinant of the health of the foodservice channel will be the strength and dependability of relationships. Measures of relationship health include the following: trust, cooperation versus conflict, direction/degree of interdependence, and relative market power... The new paradigm should focus on developing partnerships… The striking conclusion is that the time of yearning for yesterday's better days is past. The time for action is now."*

In May 2025 he noted, *"It's gotten better but still transactional. The silos still exist, especially in the larger companies. Unlike retail where people can see the brands, who knows where Perdue, Campbells or ConAgra reside in Foodservice? I was on the board of directors for a distributor and broker and felt that the relationship on the Foodservice side is still transactional. What have the Foodservice manufacturers done for these guys? With a couple of exceptions, in my opinion, Foodservice is still considered a stepchild for most big food manufacturers."*

As for the sweet spot for foodservice distributors in grocery, he said, *"I would focus on the deli/prepared foods areas of the stores. It's where they can differentiate versus others and most consumers (especially Millennials and Gen Z) still need help with answering the question of 'What's for dinner?'. Understanding what problems, you solve for the Customer & Consumer and solving those problems better than the competition is still the best was to ensure success!"*

He is also an expert on grocery retail food marketing and said that consumers in 2025 still want price, assortment and convenience. (This aligns directly with what the quantitative research showed in this study.)

What this means for distributors

Distributors are key to getting products on the shelves, but they need to understand the whole value chain and what problems they solve for each stakeholder in each market.

Consumers are looking for perceived value and affordability. **They also want high-quality food (healthy and sustainable) which means that the perimeter is still the key area of opportunity for distributors.** They want a seamless, convenient shopping experience. In order to deliver this experience, retailers need speed, flexibility and reliable supply chains. They also want to differentiate from the competition, which includes private label/own brands. They want partners (manufacturers, distributors, brokers) that understand consumer behavior and can support collaborative planning with data/insights on shopper trends, category performance and promotional performance. More importantly, they want recommendations and execution.

Retailers expect distributors to consistently deliver on time, adapt to shifting demand, and keep their shelves fresh and full. Distributors who can source exclusive products will help retailers build unique assortments based on what their consumers want.

Brokers often have strong, established relationships with grocery category managers and decision-makers. They can advocate for new foodservice products to be placed in deli, prepared foods, and grab-and-go sections. They can help make products retail-ready and appealing to grocery shoppers. Brokers understand retailers and can manage their expectations. By working with manufacturers and distributors they align sales forecasts and manage promotional plans.

Distributors need to have a strong relationship with retailers, manufacturers and brokers to ensure success.

How can foodservice distributors expand their customer base to grocery retailers? Think like a brand, act like a distributor.

Foodservice distributors can learn from fellow food supply chain verticals in developing the framework to create and test the business case of expanding into retail food stores.

One of the biggest strengths of CPG brands is their ability to develop sales and marketing plans using data and insights to make decisions and recommendations. Brands have been collecting transactional data in grocery stores for over 40 years and this is where companies like Circana, Dunnhumby, Nielsen have helped quantify what is happening.

Typically, this is done by cross-functional teams, but the important thing is to develop a planning discipline that works for you and your company. A typical planning framework includes an environmental scan (external and internal), SWOT analysis, market segmentation and sizing, opportunity assessment and implementation plan.

The external analysis (sometimes called a PESTLE analysis) looks at Political, Economic, Social, Technology, Legal, and Environmental macro trends. This identifies potential opportunities and threats which need to be further evaluated.

The internal analysis looks at the strengths and weaknesses (operations, marketing, finance), as well as resources and capabilities (core competency).

The SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis is constructed based on how the company/brand stacks up to the competition in a given market, segment, or customer.

Market sizing quantifies the potential opportunity which then leads to the development of the implementation plan. Typically, this is done by a cross functional team (Operations, Sales/Marketing, Finance, Human Resources, Legal).

Great brands know who they are, what they do, how they are different, and why they are better. (What problems they solve better than the competition?)

Proving the business case comes last.

There are always opportunities for companies to expand their business, it all depends on the how one views risk versus reward.

It starts and ends with consumers and what they want from retailers

Unlike foodservice, where the establishment is the brand, food retailers sell brands (including private label or store brands). Since shelf space and share of mind is at a premium, the brands that are successful have a differential advantage that solves a problem for the retailer typically by solving a problem for the consumer.

Successful brands understand the food customer (retailer) and the shopper/consumer. When they are able to provide data/insights and more importantly recommendations to solve the problems of shoppers/consumers retailers will listen.

Retailers were and are still interested in products/services that drive trips, basket size, and increase loyalty. Or said another way, retailers are interested in products/services that drive customer acquisition, retention and development. Using data/insights to show how distributors solve these problems in your selling presentations will get the retailers attention and ensure that you are speaking the same language.

Understanding the role of the food retailer

Grocery stores have been around for over 100 years in the United States. Customer service was the key issue then as most of the items were behind the shelf. Today, “Customer Experience” helps food retailers across all channels differentiate and create value for the consumer.

Stores have gotten bigger. We’ve seen retailer, manufacturer and broker consolidation. Technology has had a big influence yet the role of the retailer has not changed much. The list below was developed 100 years ago and is still relevant today.

Retail 101

1. Locate where accessible
2. Offer the wanted assortments
3. Make merchandise convenient
4. Provide necessary and desired services
5. Create a favorable atmosphere
6. Offer price and quality that are recognized as value
7. Utilize effective communication

Retailer Review

Perhaps the best way for foodservice distributors to understand the problems and opportunities of the grocery retailers is to grab a shopping cart and walk the store. Look at the store from a consumer, manufacturer, and distributor perspective. Retailers use each of these areas to help create their consumer value proposition.

1. Banner, location, format, size, value proposition
2. Outside experience – Entrance/egress, parking, lighting, traffic patterns
3. Transition zone from parking lot into the store
4. Store layout and flow of consumers
5. Store decor, fixtures, lighting, signage (Customer Experience!)
6. Perimeter/perishables assortment, merchandising, service levels, pricing
7. Center store assortment, merchandising, service levels pricing
8. Private Label/Own Brand review
9. Front end (Checkout, Customer Service, 3rd party (food service, banks etc.)
10. Staff levels, conduct, morale

Doing this for all retailers in your market provides the opportunity to identify the value proposition that each one offers their consumers. Brands leverage this information in developing product and promotion plans. Distributors that support both will be successful.

Trade organizations like Food Marketing Institute (FMI), National Grocers Association (NGA), National Association of Convenience Stores (NACS), Nationals Association of Specialty Food Trade (NASFT), Private Label Manufacturers Association (PLMA), International Fresh Produce Association, and International Dairy Deli Bakery Association (IDDBA) are a great resource for information and networking at their respective trade shows.

CASE STUDY

How does Walmart think about shopper and consumer value?

In the mid 1990's as Walmart was in the early stages of their supercenter expansion, they challenged all of their vendors to identify at least one of the following consumer drivers that their products solved for customers.

1. Saves me money
2. Saves me time
3. Entertains me (fun/indulgent)
4. Is good for me (wholesome & healthy)

Back then, Walmart was clear with all of their vendors that they would show value to the shopper consumer by having a great price on the national brands and an even better price on their private label alternatives. Brands that understand this still thrive in Walmart.

John Furner, President & CEO Walmart U.S. published the following on LinkedIn. **(Notice the "What's for Dinner" that echoes what may be the number one opportunity for foodservice distributors in grocery across all formats.)**

"Our customers are our North Star and we're relentlessly focused on bringing them low prices and improving their shopping experiences, which includes tackling everyday problems. Busy families are often faced with the age-old question, "What's for dinner tonight?" So, our team stepped up to answer it! Customers can go to "What's for dinner tonight?" on our App or site, and order everything they need for a full delicious meal: main courses, sides, deserts, and drinks. In many markets we can have dinner to your home less than an hour after it's ordered - still hot! Delivering groceries to people's homes is not easy and delivering hot food is even harder. I'm so proud of the team for making this a reality."

CASE STUDY

Success Leaves Clues – How Wawa leveraged distributors to grow

Successful brands study successful retailers. They understand how they present themselves digitally. They follow their leaders on various platforms. They review investor reports, attend webinars focused on the retailer, and read the case studies and books that have been written. Howard Stoeckel, former CEO of Wawa said, *"Our success isn't being on the bleeding edge; it's in mainstreaming popular products. We have to wait for things to become popular before they work at WAWA." ("Managing the Wawa Way")*

Back in the 1990's, Wawa was expanding their food service offer beyond coffee, breakfast sandwiches, and hoagies. They felt the best way to do this was to leverage successful brands like Pizza Hut, Taco Bell, Dunkin Donuts & Krispy Kreme.

Since Wawa was Tastykake's number one customer at the time and considered them a strategic partner, they had the opportunity to work with them on expanding their bakery foodservice offer. At the time, they had no experience in foodservice, but had differential advantage with their distribution network and knowledge of the consumer which Wawa valued.

At the time, local Dunkin Donut franchises would deliver to the Wawa stores near their location. The cases were branded Dunkin Donuts. Product quality and service varied based on a variety of factors which was something that Wawa did not like. In addition, Dunkin was in the beginning stages of expansion through focusing on coffee as the lead. Clearly, this was going to impact Wawa's coffee business which was a big part of Wawa's strength in foodservice.

Wawa embarked on a multi-store test of a Tastykake branded display case. Each day, fresh bakery products from Krispy Kreme and distributed to Wawa by Tastykake. They proved that a dedicated distribution system would improve product quality and service and also provide the opportunity to have more perishable products delivered to the stores.

At this point, Tastykake was unable to pursue the opportunity under the Tastykake brand. Wawa began a relationship with Penske Logistics to help implement expansion to all store and the "Wawa Bakery" case was born. In the case study "Wawa: A Fresh Look at the Northeast's most recognized Convenience Store" (Penske Logistics), Wawa identified three key issues that needed to be resolved:

1. "Consistency among all stores had to be maintained"
2. "Daily on-time temperature-controlled delivery of the fresh food products was critical"
3. "Collaboration among suppliers to reduce cost and drive continuous improvement"

The solution according to Penske:

1. "Penske sourced the right trucking equipment to maintain highly perishable foods that require both refrigerated and ambient temperature zones"
2. "Penske's dispatch operation provided a centralized hub accessed by all suppliers to ensure products are delivered fresh and on time each day"
3. "Penske introduced a new routing system which in turn reduced the amount of equipment used, helping to lower costs."

Jim Crawford, Director of Supply Chain at Wawa said, "I would give Penske an "A" on implementation and partnership".

These issues are still important to retailers that focus on fresh and perimeter and play to the strength of Foodservice distributors. They were noted in both the qualitative and quantitative research verbatims listed in the Notes section of the Appendix.

An opportunity exists for both large and small foodservice distributors. Distributors are the key to getting fresh and perishable products on the shelves. They need to understand the whole value chain and what consumer problems they solve for retailers & manufacturers. They need to understand the nuances of each grocery format (Mass, Club, Value, Specialty and Independents.) Key areas to focus on are fresh, prepared foods, and specifically "What's for Dinner".

Research Methodology and Notes

Part 1 – Secondary research

The secondary research used a variety of sources including IFDA, Food Marketing Institute (FMI), The Wall-Street Journal, The Food Institute, Circana (formerly IRI), Dunnhumby, Mintel, Mckinsey & Company, Acosta (Food Broker), C.A. Ferolie (Food Broker), Supermarket News, Food Trade News, and Morning New Beat among others.

Part 2 – Qualitative and Quantitative Analysis

The qualitative portion of the research consisted of 20 in-depth interviews with CPG manufacturers, food retailers, food brokers, and food researchers. These were conducted in person, by phone and email in 2024 and 2025. The quantitative portion of the research used a convenience sample of working age men and women through Saint Joseph's University Food Marketing alumni and food industry contacts. The survey was delivered primarily via email in the Spring of 2025. Respondents were screened for relevant food industry experience (Retailer, Manufacturer, Broker, Distributor, Data/Information, Other). 416 responses were recorded.

As a result, both the qualitative and quantitative results provided below should be considered directional but provide a great foundation for the development of executional framework.

In particular, the verbatims from both the quantitative group and the interview group identify key issues and present specific opportunities that foodservice distributors can address for grocery retailers and manufacturers.

Quantitative Research Summary

The survey focused on a few key areas for consumers, retailers, and manufacturers that would help Foodservice distributors understand the opportunity that exists in the market.

Consumers

The top three benefits consumers are looking for are price, coupons/deals, convenient location. Price was the number one choice by far both from a raw standpoint and weighted standpoint. The weighted average was calculated on 50% #1, 30% #2, 20% #3 basis.

Top 3 things your consumers look for…	Ranked 1	Ranked 2	Ranked 3	Total	Weighted
Price	56.5	13.6	9.4	79.5	34.2
Coupons/Deals	8.4	16.8	12.6	37.8	11.8
Convenient Location	9.9	12.6	13.6	36.1	11.5
Diverse Product Assortment	3.7	10.5	12	26.2	7.4
Convenient Layout/Easy to Shop	6.8	9.4	9.4	25.6	8.1
Fresh Produce	3.7	12	8.9	24.6	7.2
Personalized Deals	1.6	8.4	13.1	23.1	5.9
High Quality Meat/Seafood	5.2	4.7	9.4	19.3	5.9
Sustainable Options	3.1	3.1	4.7	10.9	3.4
Friendly Staff	1	4.2	3.7	8.9	2.5
Clear Labelling	2.6	3.7	1.6	7.9	2.7
App/Mobile	0.5	3	3.1	6.6	1.8

Distribution Issues

One open-ended question centered around issues with current distributors with financial and service issues being the two main problem areas. Both of these are issues that can be solved by the distributor and present a great opportunity.

Main problems with exsting distributors	Mentioned
Deductions/Fees/Chargebacks	50
Service/Out of stock	46
Produc Quality	21
Communications/Relationship	18
Data	12

The second open-ended question centered around what it would take to replace/add a new distributor. And while cost and service were again the top two mentions getting into a new market and a better relationship were not far behind. This also presents a great opportunity to build a strategic not transactional relationship for distributors.

Why change or add distributors?	Mentioned
Cost	34
Service	34
New Market	27
Relationship	24
New Product	15
New Customer	10

Manufacturers view new products as their largest opportunity for growth. This is not surprising given that fact that innovation provides differential advantage, as well as the opportunity for incremental space in stores.

Biggest Growth Opportunity for Manufacturers	
New Products/Existing Markets	43.9%
Existing Products/Existing Markets	27.7%
New Market/Existing Products	26.4%
New Market/New Products	2.0%

Distributors on the other hand took the safer choice of a market penetration strategy which makes sense given their operational mindset. This choice will generally not work for the center store shelf stable items or bulk pack value add products typically carried by many foodservice distributors. These products don't merchandise well, and with the exception of club stores the product sizes are too big for most households.

Biggest Growth Opportunity for Distributors	
Existing Products/Existing Markets	37.5%
New Products/Existing Markets	29.2%
New Market/Existing Products	25.0%
New Market/New Products	8.3%

Other Data Tables

Gender	Mentioned	Valid Percent
Male	206	50.1
Female	195	47.4
Other	4	1.0
Prefer not to say	6	1.5
Missing	5	0.0
Totals	416	100.0

Occupation	Frequency	Percent	Valid Percent
Food Retailer	58	13.9	14.6
Food Manufacturer	156	37.5	39.2
Food Distributor	30	7.2	7.5
Food Broker	13	3.1	3.3
Data/Information Svcs.	14	3.4	3.5
Other	127	30.5	31.9
Subtotal	398	95.7	100.0
Missing	18	4.3	
Total	416	100.0	

Biggest Growth Opportunity	Frequency	Percent	Valid Percent
Existing products in existing markets	50	12.0	27.9
New product in existing market	78	18.8	43.6
New markets with existing products	46	11.1	25.7
New product in new market	5	1.2	2.8
Subtotal	179	43.0	100.0
Missing	237	57.0	
Total	416	100.0	

Retailer Type	Frequency	Percent	Valid Percent
Grocery	25	6.0	65.8
Club	3	0.7	7.9
C-Store	10	2.4	26.3
Subtotal	38	9.1	100.0
Missing	378	90.9	
Total	416	100.0	

		Where do you work?		Total
		Food Manufacturer	Food Distributor	
Existing products in Existing markets	Count	41	9	50
	% Within Where do you work?	27.7%	37.5%	29.1%
New product in existing market	Count	65	7	72
	% Within Where do you work?	43.9%	29.2%	41.9%
new markets with existing products	Count	39	6	45
	% Within Where do you work?	26.4%	25.0%	26.2%
new product in new market	Count	3	2	5
	% Within Where do you work?	2.0%	8.3%	2.9%
	Count	148	24	172
	% Within Where do you work?	100.0%	100.0%	100.0%

Quantitative Research Select Verbatims

What are the current Issues facing grocery retailers and manufacturers?

"Service levels need to improve. (Planogram compliance and bringing in enough product to get the store through until their next delivery. No one wants to do anything above and beyond to drive incremental sales."

"Burdensome regulatory validation, extending to shifting liability to manufacturers for elements out of our control. Predatory deductions."

"Wanting to play by a "rule book" that they've followed for years, even though there are gaps in their assortment."

"Complex processes and fee structure, lack of partnership, lack of data visibility; tactical relationship."

"Deductions, lack of focus on smaller brands, cost/markup differentials to retailers."

"Disorganized, no staff, pricing issues, performance issues."

"Fill rate to stores, replenishment rate, out of date lot codes, lack of transparency in pricing and knowledge of who our customers actually are. I could type for an hour."

"Lack of transparency between inner working/change that directly impact the supplier. More secretive than partner oriented."

"Limited support post sell-in at distributor level. The sale is not over after it is slotted in warehouse and most distributor sales teams are not equipped to effectively sell in at store level."

"Need more deliveries per week, not meeting deadlines to bring in deliveries, missing vendor day for new store openings, abusing the display process and asking stores to take in more of their displays that weren't approved by category teams."

"High markup, confusing process on passing through promotions, requirement of small brands to participate in annual OI deals that are not always passed through to retailer, lack of transparent ordering. - just terrible in general, lack of common sense around forecasting and ordering new items or items on promotion, fills out warehouse slots with slow movers rather than reserve space for fast movers."

"They are struggling to hire and retain employees that understand the business. They are contributing to too many out of stocks in our stores and show no signs of improvement."

What would it take to add/change distributors?

"Better cost, long term reliability, good partner."

"Better financial terms, more streamlined operations."

"Business simplification, Reach of Market/Channels."

"Aggressive sales teams, more frequency delivery days, retailer request or preference, CGO."

“Cost and frequency to service the retailer.”

“Cost of doing business, ease of doing business, ability to grow.”

“Cost, delivery times/accuracy, communication.”

“Diversity in distribution to help build competitive pricing and service.”

“Efficient process of working together, fair to their vendors, keep me in supply.”

“Growth and needed coverage of an area for distribution placements.”

“Has something my customers want.”

“In market conditions compared to distributors of similar size or market.”

“Incremental growth through different customer base, such as hard to reach independents, where direct shipments are not an option.”

“Will it positively impact bottom line sales? Does it align with our product portfolio and do we have strong opportunity to compete and attract consumers?”

“Poor execution at store level, delivery issues, overdue payments (slow paying invoices).”

“To improve our market presence and/or securing a targeted retailer.”

Qualitative Research In-Depth Interviews

While all of the responses below are anonymous, each of them has daily interactions with retailers, manufacturers, brokers and distributors. Each provides a unique perspective that identifies both problems and opportunities that currently exist in the market.

RETAILER PERSPECTIVE

Top 5 U.S. Grocery Retailer – (Conducted via email)

"Our Consumers in today's environment search for value, healthy product availability & exceptional retail service (Either in To-Go ordering, or In-Store assistance). We are looking to our manufacturers for innovative item sets to expand a category, adequate forecasting to ensure in-stock measures are met, & reliability to exceptional service. Our distributors need to stay on top of product availability & constraints with Supply Chain, understand the competition, seasonal nature and promotional price points of the product & understand inventory measures in Grocery channel DC's (Some companies produce a lot of product and run out of space to produce additional lines, and try to have the DC teams bulk up on inventory to free up plants. DC's have inventory measures too, so production should be based on orders & capacity of the plants available space.)"

Top 20 U.S. Retailer (Conducted via email)

"Our consumers expect competitive pricing & great Value, well stocked shelves of fresh/quality items, convenience (location, store layout, e-commerce channels, etc.).

We expect our manufacturers to provide, high quality products & innovation, competitive & stable costs, partnerships over transactional relationships.

We expect our wholesalers to provide consistent supply, broad item assortment, category management support tools – what is going on in the category in rest of market, where are trends going?

We expect our brokers to understand our needs/requirements to build a strong go to market strategy. Having the right broker makes a great difference. We have a different philosophy versus others. Be flexible with needs based on who the retailer is and what their strategies are."

Top 5 National Specialty Food Retailer (Conducted via Email)

"Our customers look to us for quality food (fresh and non-perishable), Value – COGS and pricing, and store experience – clean, efficient, warm, and friendly.

We expect our CPG manufacturers to have financial stability: healthy balance sheet with stabilized earnings, resilient operating systems, cyber safe ordering and distribution IT, and finally stabilized pricing and margins.

We expect our distributors to have financial stability, healthy balance sheet with stabilized earnings, resilient operating systems: cyber safe ordering and distribution IT, execution, and consistent cost to serve and in stock.

We expect our brokers to design service platforms to reduce friction and costs for the retailer, do what you say per service agreement/contract, consistent, cadenced, and rhythmic communications."

Top 10 Mid-Atlantic Food Retailer (Conducted in person & via email)

"Our consumers look for convenience. We expect our manufacturers to have proven quality systems to ensure food safety throughout all aspects of production and the supply chain, redundant production facilities to secure supply, Competitive pricing with ongoing process improvements to continuously drive efficiencies and reduce costs.

We expect our distributors to provide competitive distribution pricing with a transparent commercial model, minimal customer effort to maintain high service levels for on time, in full order fulfillment, High degree of communication on issues and partnership approach to driving rapid solutions."

MANUFACTURING PERSPECTIVE

Top 10 U.S. Food Manufacturer (Conducted via phone & email)

"We have brands across the entire store. Our consumers expect pricing advantage by channel – where is my value today? Younger generations stock up at club and now shopping Aldi, Lidl, Walmart (online) for weekly needs. But they still want fresh offerings and refrigerated staples – so perimeter is still king.

Our retail partners are concerned about pricing so lower COGS are important. But they also want aggressive trade support to promote and drive lower base retail pricing. And given the supply chain challenges over the past few years fill rates are still a hot/key topic. A couple of years ago I would have included category management support but AI is reshaping and they easily access on their own.

Our retail partners expect wholesalers to have great distribution, easy ordering, on time deliveries, a variety of specialty items / slower movers with good pricing.

Brokers that understand prepared foods and deli solutions are key. The Deli continues to evolve and, in my opinion, will be very different in next 18 months. Depending on the retailer, focus on ready to go meal options (pre-made sandwiches as an example). Also, a trend to watch is prepared bulk food offerings to repack for in store brands."

Former Top 10 U.S. Grocery Retailer/Former Regional Wholesaler/Food Manufacturer – (Conducted in person & email)

"Our consumers look for convenience, freshness, and product availability. Customers are more time starved than ever and look for quick and easy solutions for meals and everyday living needs. Convenience used to mean location but with mobile web shopping and quick home delivery, it's become where I can get what I need when I need it to win the customer. Right products at the right time, nothing new.

We expect our manufacturers to provide Marketing and promotional support along with products that meet consumer needs. We are looking for ways to drive traffic into our stores and down our aisles or through our online platforms. Manufacturers are relied upon to deliver the relevant excitement to spur sales and deliver unit volume. The better the support, the better the outcome. Innovation helps keep consumers interested and works to continually deliver greater convenience for the end user and us.

We expect our distributors to provide high service levels, meet the delivery needs with consistency of their stores, and the ability to work well with manufacturers to meet everyone's needs. Can't sell what you don't have. The wholesaler's mission is to deliver to the Retailer what they need when they need it; sounds simple. Supply and demand are not always in sync and supply disruptions constantly occur. Forecasting is critical in a business that experiences wild swing due to many reasons. Simply the weather that can muddy the weekend plans creating overstocks of expected product sales or disrupt trucking lanes. Manufacturing issues constantly happen that interrupt the flow of product causing backorders and a lag in the supply chain. Creating a swift communication network between Manufacturers and the Retailers are a key necessity for a wholesaler to develop reactive responses to minimize impacts and manage supply voids while providing options to maintain customer loyalty and satisfaction in these constantly moving targets.

Brokers should provide value, value, value. Distributors and Brokers need to demonstrate the value they can provide with the not so mainstream products that are carried by Wholesalers. These products must be the right differentiated items that drive consumers to or stores for these types of purchases. They will need to compete with UNFI and Kehe for critical mass to supply the stores. Some retailers are looking to downsize and specialize. This could be a great opportunity for specialized distribution that the Foodservice distributors could easily fill. They need to find products and services that the Retailer needs for them to satisfy their consumers' needs. Then they'll have a foothold."

Top 10 U.S. Food Manufacturer (Conducted via email)
"Our consumers look for convenience both online and instore. They want aggressive/fair pricing – Everyone wants a value, that's why Walmart is BOOMING and folks aren't afraid to shop places like Aldi and Trader Joes/ Costco has taught us that value and quality intersect!

Quality Products – National brands and quality PL, high quality fresh categories like meat and produce.

Our retail partners look for Brands that resonate with their consumers, fair/aggressive pricing to drive consumer traffic and Innovation or What's new?

Grocers expect distributors to have high fill rates they are looking for pit bulls to ensure their stores remain full with product on shelf. They are looking for technology, the type that will help retailers spend less time ordering and more time serving their customers at store level. (Computer generated ordering platforms). They are looking for the ability to leverage collective size and scale – in traditional retail chains that are using 3rd party distributors often play in the small to middle of the road size retailer so they are looking to gain scale thru the partnership with a distributor partner.

Our retail brokers need to educate our foodservice team on different needs. For example, a Broker will need to help them understand one another and their needs – grocery stores will need smaller packs vs foodservice, distributors will likely make lower rates on grocery but will make up for it on drop size. Help everyone understand the industry trends, it is my opinion that foodservice trends drive retail sales so it is a natural progression. Just need to have manufacturers keep this progression in mind. Help manufacturers and distributors understand what this will do to help position them for future success. Think back to Covid when foodservice tanked and those specialized distributors were in a lot of trouble! With diversity in your customer base comes added complexity but reduced risk."

Top 100 U.S. Food Manufacturer (Conducted via phone & email)
"Our consumers look for Value, usually measured by price (there is a mental calculation that consumers have that weighs price and convenience and that is subjective), convenience-both store location and ease of shopping, store conditions -clean/friendliness of employees, organized product merchandising.

Our retailers look to us to solve a problem(s) by being their partner. This gets broken down into several buckets: Reliability in both supply and execution, category insights/consumer insights,

competitive information, nothing proprietary but observations in their markets, Brand equity that drives traffic to their stores/strong trade plans, slotting, variety of items & Supply Chain excellence.

Our brokers need to know and have ability to meet with the grocery decision makers, provide clear and accurate direction on specific requirements for retail distribution, offer realistic outlook for the likelihood of acceptance at retailers to minimize unnecessary work."

Top 50 CPG Manufacturer (Conducted in person & via email)
"Based on my recent participation in a regional grocery store Vendor summit, the following are supplier key areas of focus:

- 98%+ OTIF (On Time in Full) service levels – In order to delight the customer, product must be available for purchase
- Competitive cost, frequent promotions – High-Low pricing strategy
- Retailer dedicated cross-functional team – Sales, Marketing, Supply Chain, Finance
- Open, timely, transparent communication – proactive vs. reactive, bad news travel fast
- Holistic Category approach (vs. brand only) – future insights, adjacent categories
- Innovative new items – Fill unmet consumer need, category accretive

From a shopper/customer POV - instore experience, staff, layout and cleanliness factor into satisfaction. Anything, in addition to the above, that help support these will be value-add. Must be focused on Omni path to purchase."

U.S. FOOD BROKER PERSPECTIVE

Top 5 U.S. Food Broker (Conducted via phone & email)

"Consumers are looking for consistent Value, service, exceptional perimeter products and merchandising.

Our retail partners look to us for growth, innovation, & transparency.

Our retail partners expect wholesalers to provide great service (in stock positions), low costs and flexibility.

Our job as brokers includes understanding our customers and their consumers, identifying trends, consulting, and hands in the stores. We help get products on the shelf and off the shelf."

Top 5 U.S. Food Broker (Conducted via email)

"We have brands that compete on the perimeter and in center store. Our consumers look to our retail partners for:

Value and Affordability

- With inflation still impacting household budgets, consumers are prioritizing **price, promotions, and private-label alternatives** over brand loyalty.
- Many shoppers are actively switching to stores that offer better deals, and private-label products are gaining popularity for their perceived value.
- **Fresh, High-Quality Food**
- Fresh produce, meat, and deli items remain a **top priority** for consumers. Shoppers associate fresh food with health and happiness, and they expect their primary retailer to deliver consistently in this area.

Convenience and Omnichannel Experience

- Consumers want a **seamless shopping experience**, whether in-store, online, or through curbside pickup. Speed, ease of checkout, and digital integration (like personalized offers or mobile apps) are increasingly important.

Our retail partners look to us and our principals for:

Speed, Flexibility, and Supply Chain Reliability

Retailers want manufacturers who can deliver consistently and adapt quickly to changing demand. With ongoing supply chain pressures, being able to respond fast and keep shelves stocked is a huge win.

Support for Differentiation and Private Label growth

Retailers are looking for manufacturers who can help them **stand out from the competition**—whether that's through exclusive products, innovation in private label offerings, or co-developing unique items that align with shopper trends like health, sustainability, or convenience.

Data-Driven Collaboration and Shopper Insights

Retailers increasingly expect manufacturers to bring **real consumer insights to the table**—not just sell products. They want partners who understand shopper behavior, can help optimize assortments, and support **joint business planning** with data and analytics.

Our retail partners look to wholesalers for

Reliable, Flexible Supply Chains

Retailers want wholesalers who can **consistently deliver on time**, adapt to shifting demand, and help them avoid out-of-stocks. With ongoing supply chain disruptions and inflationary pressures, **dependability and agility** are more important than ever. How distributors navigate the increasingly disruptive factors related to tariffs should be very telling since this is uncharted waters for all.

Support for Private Label and Differentiation

Retailers are doubling down on **private-label growth** to offer better value and stand out from competitors. They're looking for wholesalers who can **source or develop exclusive products**, offer competitive pricing, and help them build unique assortments that resonate with today's value-driven shoppers.

Data Sharing and Strategic Collaboration

Retailers want wholesalers who bring more than just product—they want **insights**. This includes **data on shopper trends, category performance, and promotional effectiveness**. The goal is to work together on smarter planning, better merchandising, and more targeted promotions.

Our principals should expect us to:

Leverage Relationships with Grocery Retailers

- **What it means:** Brokers often have strong, established relationships with grocery category managers and decision-makers.
- **How it helps:** They can **open doors** and advocate for new foodservice products to be placed in deli, prepared foods, or grab-and-go sections—areas where foodservice items can thrive. These conversations frequently come up in various customer and client engagements: frequently manufacturers that sell in traditional channels but have various food service offerings seek introductions and collaboration across broker and retailer networks.

Translate Foodservice Products for Retail Success

- **What it means:** Foodservice items often need to be **repackaged, repositioned, or relabeled** to fit retail formats.
- **How it helps:** A broker can guide manufacturers on **portion sizes, packaging, labeling, and pricing** to make products retail-ready and appealing to grocery shoppers. The value in having a thorough understanding of packaging options and being able to share this appropriately is critically important.

Coordinate Seamless Supply Through Distributors

- **What it means:** Distributors are key to getting product on shelves, but they need volume, velocity, and clear demand.
- **How it helps:** Brokers can align sales forecasts, manage promotional plans, and ensure distributors are stocked and supported, making it easier for retailers to say yes. They can also provide guardrails to manufacturers and provide realistic expectations on what is truly acceptable for a retailer."

DATA/INSIGHTS RESEARCH PERSPECTIVE

Top 5 Insights/Consulting company (Conducted via phone & email)

"Retailers are looking for innovation / new products. CPGs are the engine for bringing new trends to life in retail—the retailers may follow with Private Brand products, but CPGs have the research teams and budgets to make sure we all know about the product or trend in the first place.

Retailers expect Wholesalers to be a trusted advisor: knowledge and advice based on market intel, provide services which can help them run their business in a digital age, and finally provide value.

Brokers should provide information/insights on trends and provide solutions to problems with products and programs. They need to have a clear value equation for your product and understand how that helps a retailer profitably connect to their customer. If every retailer looks the same and sells the same thing, there's nothing left to differentiate. Everyone needs to sell some sort of chicken on the food service side—what is unique and different about what you're bringing and how does it help the retailer compete in the market / stand out / reinforce their value equation to customers?"

Trade Publication Analyst (Conducted in person)
"Most Food consumers still want price, quality and convenience. Retailers expect all suppliers to provide price, promotions, partnerships, product assortment and on time delivery. Brokers need to have people on the team with knowledge and experience of how retailing works for that specific retailer. And of course, we all need to be as transparent as possible throughout the entire process."

Food Retail Researcher (Conducted in person and via email)
"Consumer always put a premium on value, which doesn't always mean low price. It's a combination of good price, but good quality (taste especially) and they want that from their retailer throughout the store. Plus, they want ease of shopping (location, simplicity of layout) and good service experiences all the way through the checkout. In short, they want the retailer to make their busy lives a little easier.

Grocery retailers expect fulfillment of orders to full. Shortages are the biggest complaint retailers have. They also want good pricing so that they can compete on a level playing field with self-distributing companies. And they want support on complex topics from technology to human resource management. But nothing is more important than getting complete service on orders and on time.

Food brokers have an unmet opportunity in my opinion. The more supermarkets get into prepared food (not a new topic) the more they need the expertise and product supply that food service companies have, yet the silo in manufacturing companies between retail and food service is rarely breached. Food service brokers have unique skills and knowledge that can help retailers better operate their prepared food and food service departments, while at the same time help manufacturers understand the differences between their retail and foodservice customers to help each one grow. I've long seen this as an unmet opportunity."

Food Marketing Researcher & Journalist (Conducted in person & via email)
"Consumers want to believe that their primary grocery retailer is offering a fair price for the types of products they're looking for. This does not mean that consumers are looking for the lowest priced grocery store. For example, if it was price alone, everyone would be shopping at an Aldi type store. if it was highly nutritious and highest product quality everyone would be shopping at a Whole Foods. A second and universal attribute the consumers are looking for is cleanliness. Although cleanliness does not necessarily mean unhealthy, consumers consider that to be true. cleanliness does not just mean keeping the floors clean, but also means staff people looking clean and looking neat and it means keeping bathrooms clean.

Grocery retailers are looking for competitive pricing, consistent supply delivery and effective trade promotion.

Retailers expect distributors to have competitive pricing, knowledge and information on potential new products in the market, and competitive pricing, did I say that already?

Brokers can provide information on new products, provide information on food trends, and provide help and information on how to best prepare and serve products. And competitive pricing."

About Saint Joseph's University and the Peck Fellowship

In 1986, the National American Wholesale Grocers Association (NAWGA) established an endowment in recognition of the achievements of retiring NAWGA president Gerald E. Peck to support teaching and research of Food Wholesale Management.

Over time, the series evolved into two-year appointments of Professors of Food Marketing at Saint Joseph's University in Philadelphia Pennsylvania to contribute to the understanding of distribution as it relates to Food Retail in the United States. George Latella is the current Peck Fellow and has spent the last two years researching the opportunity for Foodservice distributors to expand their customer base to include Grocery retailers.

The Fellowship is alternated between the International Foodservice Distributors Association (IFDA) and FMI, The Food Industry Association every two years.

About George Latella

George is currently an Assistant Professor of Practice in the Department of Food, Pharma & Healthcare Marketing at Saint Joseph's University and has taught in the Undergraduate, Graduate (MBA & EMBA) and Continuing Education programs for 33 years. He has developed and taught a variety of subjects including Retail Food Marketing Strategy, Brand Strategy, Understanding the Food Customer & Consumer, Food Marketing Communications and most recently The Future of Food. He also provides Sales & Marketing consulting for the Food industry.

In addition, he spent 22 years in a variety of Executive Sales & Marketing positions at Tasty Baking Company (Now part of Flowers Foods). He developed people, products, and programs for the top National and Regional Food Retailers across the United States including Walmart, Kroger, Albertsons, Ahold/Delhaize, Wegmans, ShopRite, BJ's, and Wawa among others.

About IFDA

The International Foodservice Distributors Association (IFDA) is the premier trade organization representing the $400 billion foodservice distribution industry. This industry ensures a safe and efficient supply of food and products to more than one million restaurants and foodservice outlets in the U.S. daily. For more information, visit ifdaonline.org.

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