



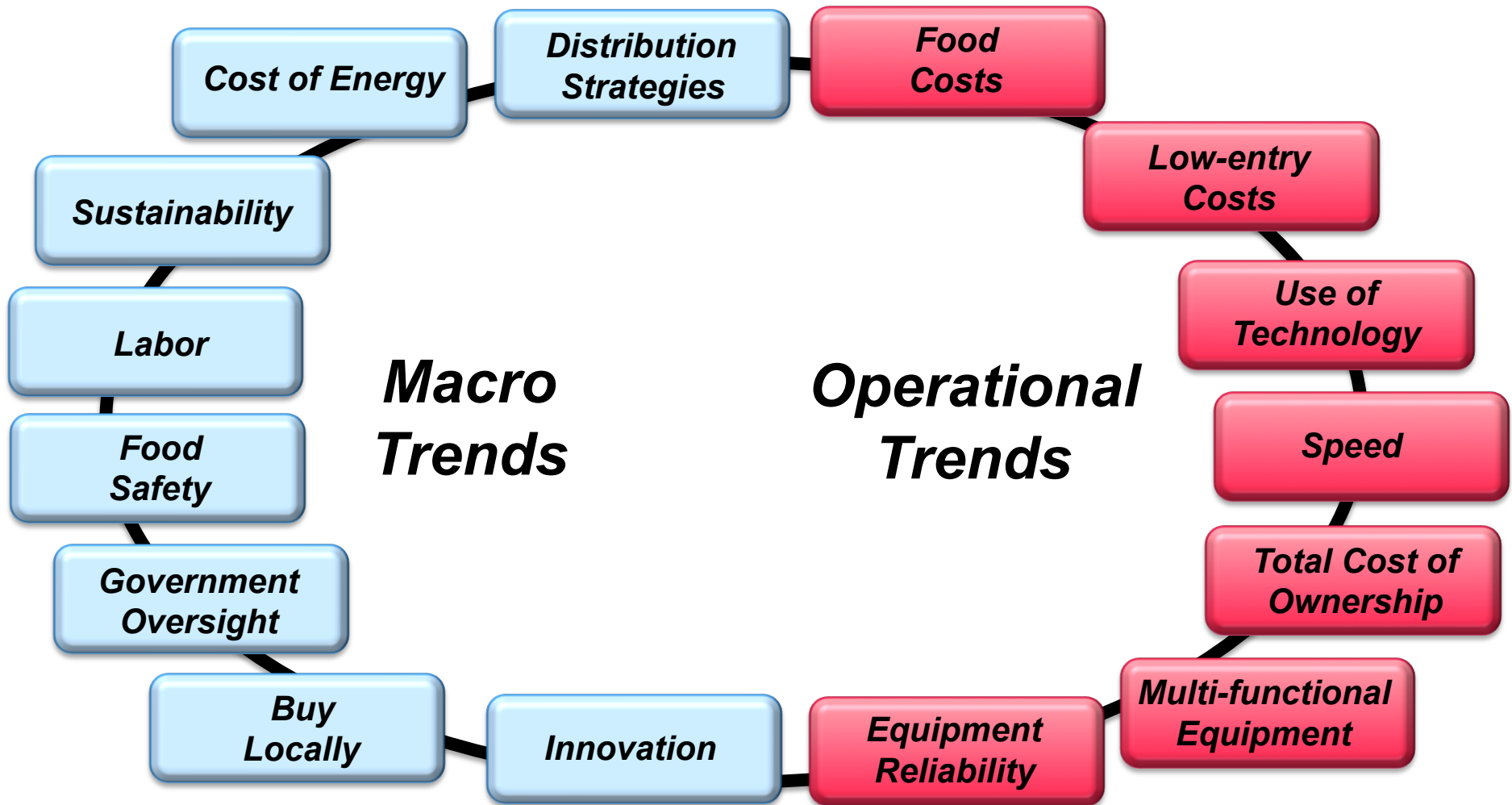
Global Food Service Industry Trends



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Overview of Today's Discussion



Macro Industry Trends



Increased Government Oversight

- **Governments worldwide are increasing their oversight of our industry**
 - Energy-related Products Directive (ErP)
 - WEEE
 - RoHS
 - Dept. of Energy



Food Safety

- **Is becoming a bigger and bigger issue as the global supply chain expands**
 - More government intervention
 - New / expanded regulations
 - GMO → a growing issue / concern on a global basis
 - Bio-terrorism



Fresh Food

U.S. Convenience Store Space

CURRENT Become Trusted Food Destination



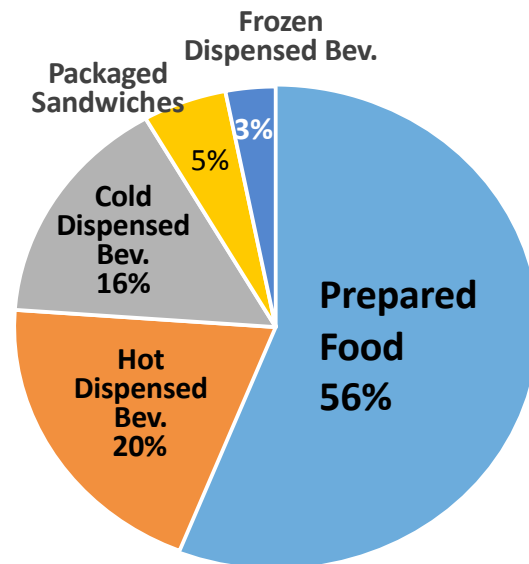
- Bright Lighting
- Comfortable Temp. and Humidity
- Optimal Food Presentation

FUTURE Increasingly Offer Complete QSRs



- Increase Prepared Food Sales
- Menu Variety Grows Sales

Average Foodservice Sales



The average store does more than \$350,000 per year in foodservice sales.

Source: National Association of Convenience Stores



Cost of Energy

- **Those energy hogs in the kitchen**
- **Rapid growth of the middle class around the world**
 - Global demand for energy is only going to increase
 - Prices for energy will rise ... again, and again ...
 - Look to technology to “save the day”



Sustainability

- **It is being driven by the end user / consumers**
 - Will pay more if they perceive that a restaurant is “sustainable”
- **Sustainability covers a lot of territory**
 - Resource utilization
 - Conservation
 - Waste management
 - Efficiencies
 - Organic foods
 - Sourcing practices
 - etc., etc.



Innovation = Focus on the End User

- **Successful innovation comes from “listening”**
- **“Neat stuff” comes from within**
 - A good idea is often not a good opportunity
- **The end user / operator is the only customer we all have!**



Lack of “Qualified” Labor

- **Is the foodservice industry all that appealing for workers?**
 - Employee quality-related issues
 - Employee “quantity”-related issues
 - Training / education-related issues
 - Skilled technicians to fix and repair equipment
- **We are perceived as being a “low-tech, low-intellectual” industry**



Changing Distribution Strategies

- It's all about providing “value”
- Value is determined by the customer, not the supplier
- The “Internet of Things”



Locals Buy From Locals

- **On an international basis, local chains want to deal with local manufacturers**
 - Even domestic U.S. chains, when expanding overseas, want to deal with “local” manufacturers



Operational Trends



Entry Costs for Operators

- **Expansion pressures drive equipment decisions**
- **Looking for the lowest cost point of entry equipment package as possible**
- **This is often diametrically opposed to some of the other trends that are in play**



Cost of Food

- **Food costs continue to raise and are affecting foodservice operators around the world**
 - Swine virus → drove pork prices up 45%
 - Drought → grain prices up, which has affected beef cattle stocks
 - High beef and pork prices have driven chicken prices up → chicken stocks remain the same
 - OECD report → world cereal and grain prices UP



Total Cost of Ownership

- **Is tied directly into:**
 - Energy efficiency
 - Sustainability
 - Product reliability
 - Service effectiveness and efficiency
 - Technology
 - Initial costs



Speed

- **Speed of cooking**
- **Speed of cooling**
 - They both support food safety criteria
 - Supports the needs of today's consumers



Improved Reliability of Equipment

- **Equipment down time = lost operator sales and profitability**
 - Equipment needs to be kept at peak performance all the time
 - Technology can / will play a role in actualizing this



Growing Use of Technology

- **End users / operators have rapidly embraced technology to:**
 - Enhance their customers' experiences
 - Garner sales and marketing data to help them improve their competitive positioning
- **Equipment manufacturers need to find ways to integrate their equipment into these “systems”**

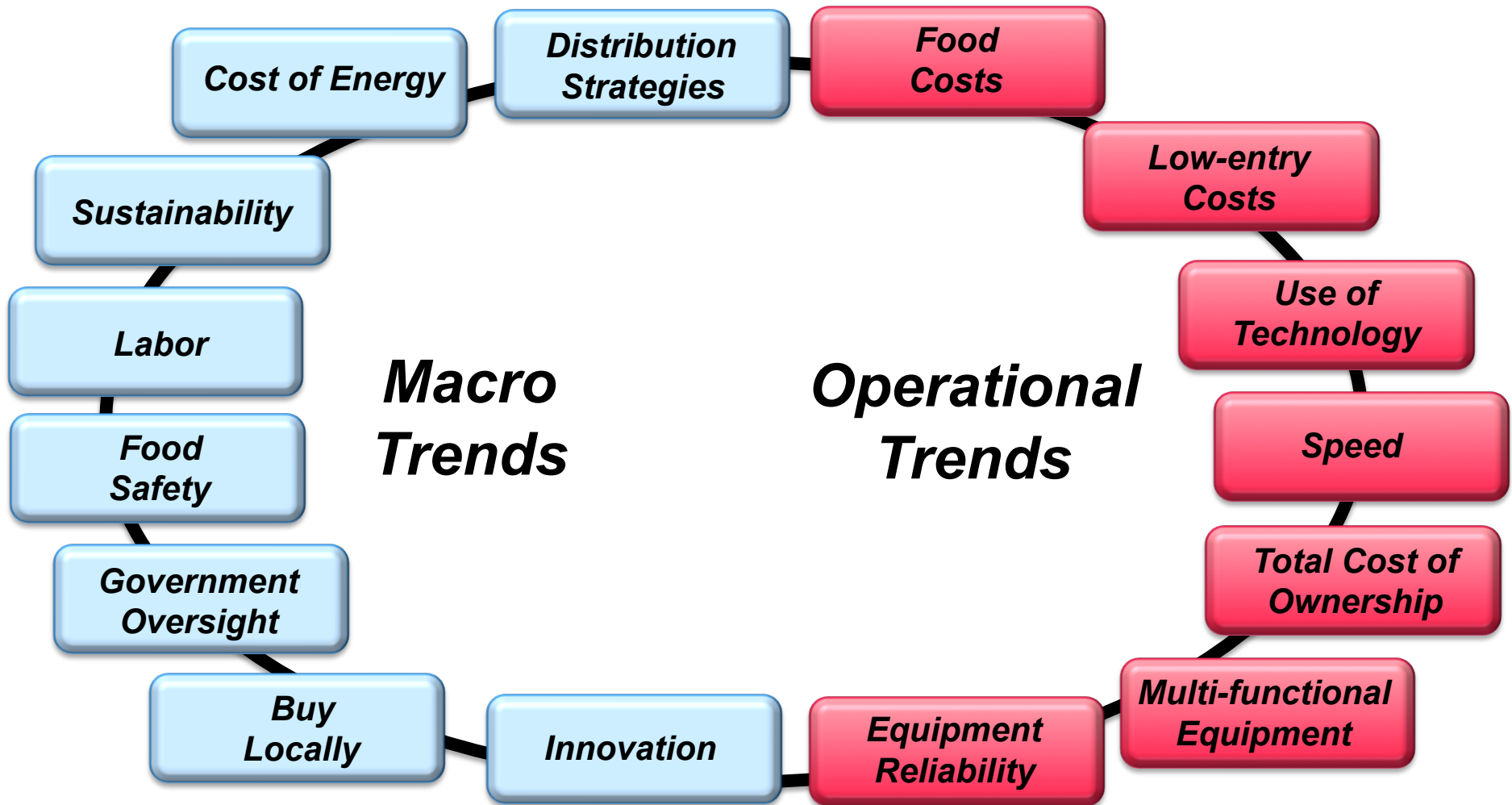


Multi-purpose / Functional Equipment

- **Supports the key components of good design → flexibility and modularity**
- **Kitchen space is a premium**



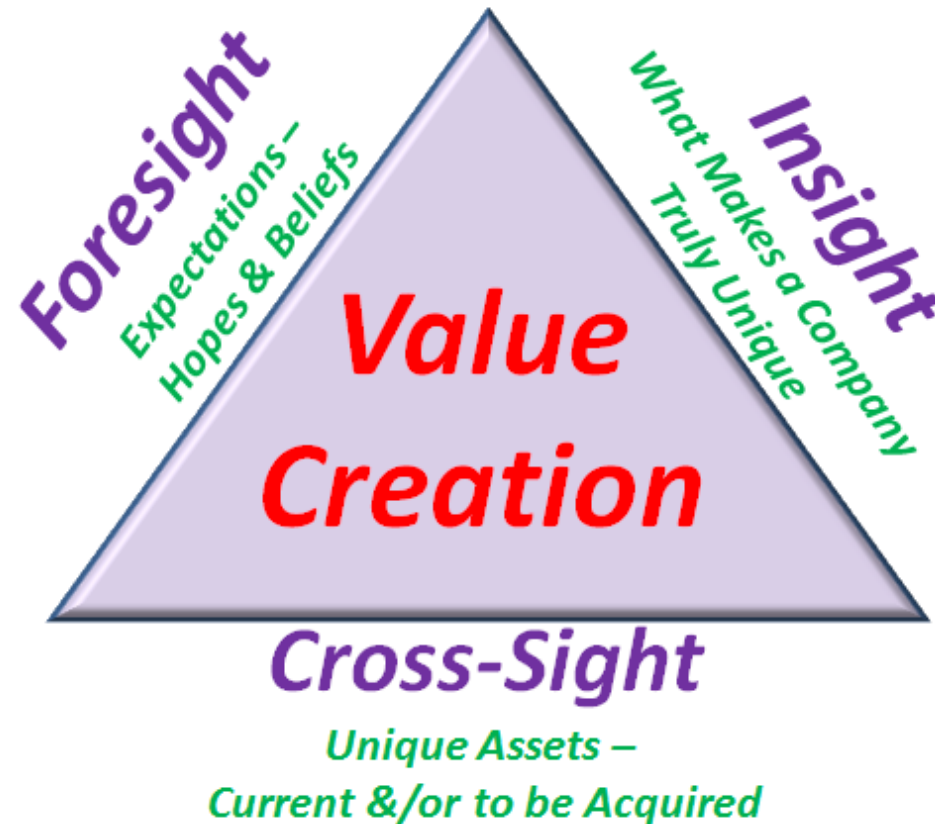
So, What Does All of This Mean?



You Need to Morph From a Supply Chain Mentality to a Value Chain Mentality

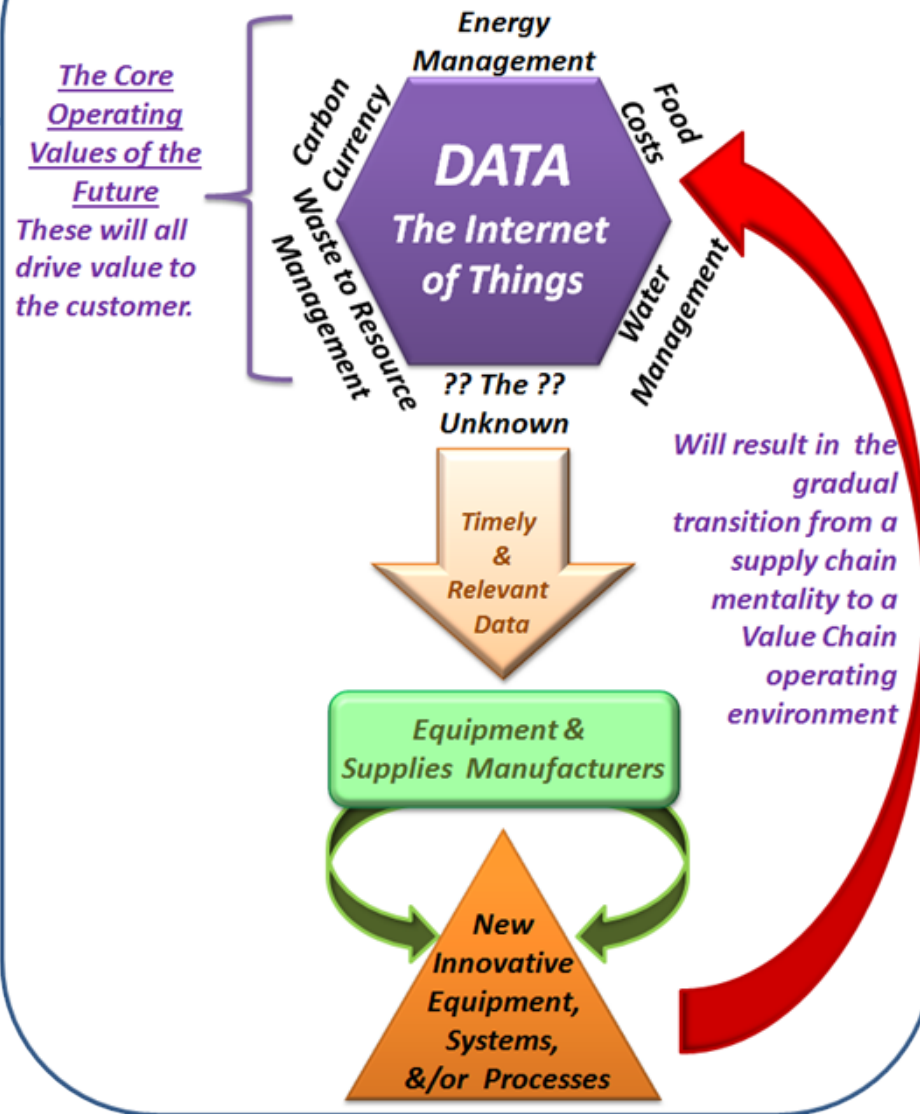


The “Three-Sights” of Value Creation





Value Chain -- 2025



Thank You!

Questions?

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