FOODSERVICE 2003

Inside the Kitchen: How to grow your business in the restaurant and café sector

November 25th 2003

CORIOLIS RESEARCH

Coriolis Research Ltd. is a strategic market research firm founded in 1997 and based in Auckland, New Zealand. Coriolis primarily works with clients in the food and fast moving consumer goods supply chain, from primary producers to retailers. In addition to working with clients, Coriolis regularly produces reports on current industry topics. Recent reports have included an overview of the growth of private label and an analysis of the strategies of the major Australasian supermarket retailers.

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The coriolis force, named for French physicist Gaspard Coriolis (1792-1843), may be seen on a large scale in the movement of winds and ocean currents on the rotating earth. It dominates weather patterns, producing the counterclockwise flow observed around low-pressure zones in the Northern Hemisphere and the clockwise flow around such zones in the Southern Hemisphere. It is the result of a centripetal force on a mass moving with a velocity radially outward in a rotating plane. *In market research it means understanding the big picture before you get into the details.*

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REPORT OVERVIEW

This report is structured as three distinct sections

Section 1	Section 2	Section 3
Developments in the foodservice market	Inside the mind of the chef	Developing a strategy for growth

PROCESS OVERVIEW: SECTION 1

The first section of this report presents a quantitative analysis of developments in the foodservice market

Section 1

Developments in the foodservice market

Foodservice demand
- Households
- Tourists
- Businesses
- Non-commercial
- Institutional

Foodservice supply
- Non-commercial
- Institutional
- Accommodation
- Bars, pubs, clubs
- QSR/takeaway
- Restaurant/café

Identified trends
- Consumer
- Operator
- Distributor
- Manufacturer

Understanding cost-to-serve
- Relationships
- Supply chain activities
- Functions of distribution
- Logistics
- Outsource or DIY
- Customer mix

PROCESS OVERVIEW: SECTION 2

The second section of this report takes you inside the mind of the chef or owner operator

Section 1	Section 2
Developments in the foodservice market	Inside the mind of the chef

Six Day-to-Day Roles

1. Sales
2. Labour
3. Operations
4. Business
5. Purchasing
6. Profit

Five Types of Chef/Owner Operator

1. Mainstreet Struggler
2. Optimistic Dreamer
3. Bitter Borderline Bankrupt
4. Self-Made Local Personality
5. Innovative Creator

PROCESS OVERVIEW: SECTION 3
The third section of this report gives you direction on developing a strategy for growth

Section 1	Section 2	Section 3
Developments in the foodservice market	Inside the mind of the chef	Developing a strategy for growth

Doing the basics right

- P1: Product
- P2: Price/Promotion
- P3: Process
- P4: People

Developing strong relationships

- Support marketing
- Exceed expectations
- Provide information
- Drive innovation

Category specific issues

- Fruit and Vegetables
- Meat
- Seafood
- Dairy/Chilled
- Bread
- Grocery
- Frozen
- Beverages - Alcoholic / Non-Alcoholic
- Paper
- Cleaning

BACKGROUND
Foodservice is easily the most interesting sector of the New Zealand FMCG industry

- Turnover of $4.6 billion, making it half the size of the supermarket sector at $9 billion.
- Restaurants and cafes grew twice as fast as the supermarket sector in past year.
- The foodservice sector is highly fragmented, unconsolidated and difficult to serve; as a result it is poorly understood.
- Many manufacturers feel they are underperforming in sales and profit in this sector.
- There is no reliable data on sales or market share either at a total or sector level.
- Most new food and beverage product trends have their origin in the foodservice sector. Chef's experiment with new products and flavours in their restaurants, where they are introduced to consumers. They then trickle into the supermarket following consumer demand.
- No comprehensive study has ever been done in New Zealand on this market looking at industry trends, end user needs and how suppliers can better service this sector.
- Currently, it is a real challenge for suppliers to understand the sector. Decisions are being made on 'gut feeling,' trial and error and what has worked in other markets.

OBJECTIVES
By reading the report you should…

1. **Have a baseline of information from quantitative and qualitative sources that gives an overview of the industry and explains both the current situation and its likely future direction**

2. **Understand the basic service requirements of the sector, to ensure you get in the door, and on the menu**

3. **Understand the different types of operations and operators that exist in this market and the different challenges they face to ensure you are accurately targeting each group**

4. **Have the building blocks to create a sales and marketing plan with strategies to target the restaurant and café sector of the foodservice industry**

5. **Have the ability to craft a marketing and communications message to chefs and owner operators that speaks to their issues**

6. **Understand what leading manufacturers and distributors do that differentiates them from their competitors in this sector, with examples of best practice**

METHODOLOGY
Our methodology is a blending of both quantitative and qualitative tools

Quantitative	Qualitative
Facts and figures	Attitudes and opinions
What and how many	Why and how
Numerical trends	Conceptual trends
Measurement of a situation	Indicative of direction

METHODOLOGY
Fifty six face to face interviews were conducted, representing a cross-section of restaurants and cafes

Research	
Interviews	56 face-to-face interviews with owner operators, chefs and managers
Areas	Auckland - urban and rural Wellington - urban and rural Christchurch - urban and rural
Operator type	European Asian Other Ethnic
Average main price	Less $10 $10-$20 $20+

SCOPE OF THE PROJECT
The research covers only independent restaurants and cafes

- This research only analyses independent (non-chain) restaurants and cafes in New Zealand
- Other than in the Industry Overview, it excludes:
  - Commercial foodservice operations
  - Fast food chains and takeaway outlets, hotels/pubs and clubs, caterers and non-commercial self-operators
  - Institutions including hospital and nurse homes, staff canteens, education, defense and prisons are all out of the scope of this project

- We interviewed the key decision-makers - usually the chef or owner operator and sometimes a manager

- We looked at ten categories in total, seven major food categories:

– Perishable Food	Fruit & Vegetables, Meat, Seafood, Dairy, Bread, Frozen
– Dry Food	Grocery
– Beverages	Alcoholic, Non-Alcoholic
– Non-foods	Paper and Cleaning

PROCESS OVERVIEW: SECTION 1

The first section of this report presents a quantitative analysis of developments in the foodservice market

Section 1

Developments in the foodservice market

Foodservice demand	Foodservice supply	Identified trends	Understanding cost-to-serve
Households Tourists Businesses Non-commercial Institutional	Non-commercial Institutional Accommodation Bars, pubs, clubs QSR/takeaway Restaurant/café	Consumer Operator Distributor Manufacturer	Relationships Supply chain activities Functions of distribution Logistics Outsource or DIY Customer mix

SCOPE OF THE STUDY
This section is an attempt to provide a basic framework of facts and figures on the size and scope of the foodservice market

- **The purpose of this section is to**
  - **Provide a common basis in terms of market size and scope to underpin discussion**
  - **Explain why we chose to focus on the restaurant and café market for our interviews**

- **The numbers in this section come from three main sources**
  - **Data from numerous Statistics New Zealand reports and databases provided the raw material**
    - **Key sources include the household expenditure survey, the retail trade survey, the tourism expenditure surveys and satellite account, the 2001 census, the quarterly business demographics survey, the CPI index, the household labour force survey, the INFOS database and numerous other data sources hidden in some computer in Wellington**
    - **Discussions with more than a dozen Statistics New Zealand staff**
  - **Interviews with numerous industry experts, chefs and owner operators**
  - **Various other data sources, as required (e.g. annual reports, press articles, the yellow pages)**

- **While we believe the data is directionally correct, we recognise the limitations in what information is available**
  - **On the supply side, many restaurants under-report their sales for GST/tax purposes**
  - **On the demand side, the methodology used for household expenditure has acknowledged weaknesses, not least of which is its understatement of tobacco and alcohol expenditure**
  - **If you have any questions about the source or meaning of a number in this report, please call us**

FOODSERVICE LIFE CYCLE

The development of a foodservice market appears to go through a definite lifecycle; foodservice in New Zealand is still a relatively immature market

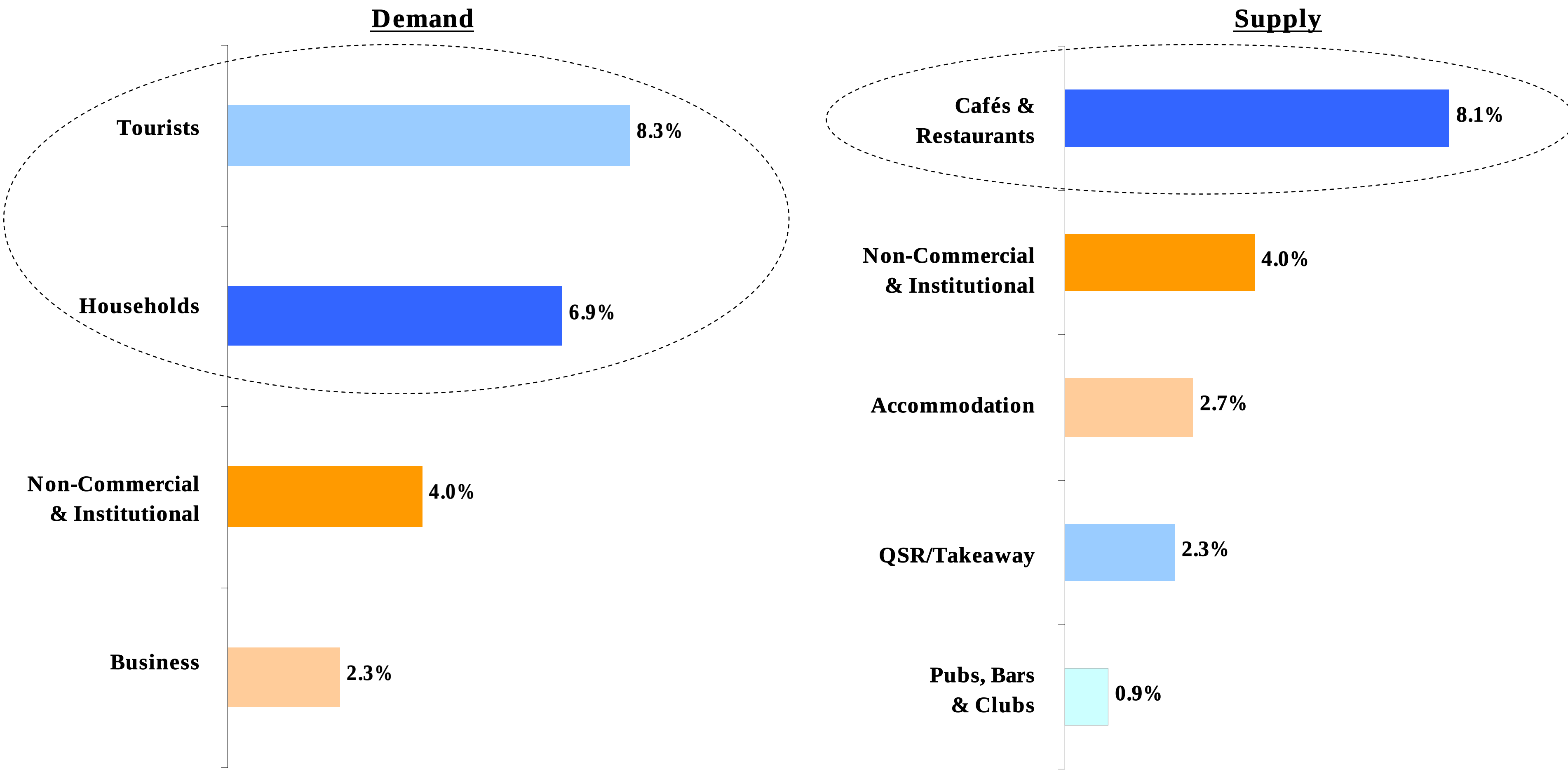
Life stages of the foodservice market
Model

	Traditional	Semi-organized	Established	Mature
Characteristics	• Disorganised • Fragmented • Local focus	• Small chains • Regionalised • Growing Consolidation	• Large national chains • Centralisation • Organisation	• Chains dominate • Foodservice close to retail in size and structure
Foodservice sales as a percent of retail food sales	• Under 20%	• 20-30%	• 30-40%	• 50%+
Example	• Spain • Argentina	• Germany • New Zealand	• Netherlands • United Kingdom	• United States

GROWTH OVER TIME

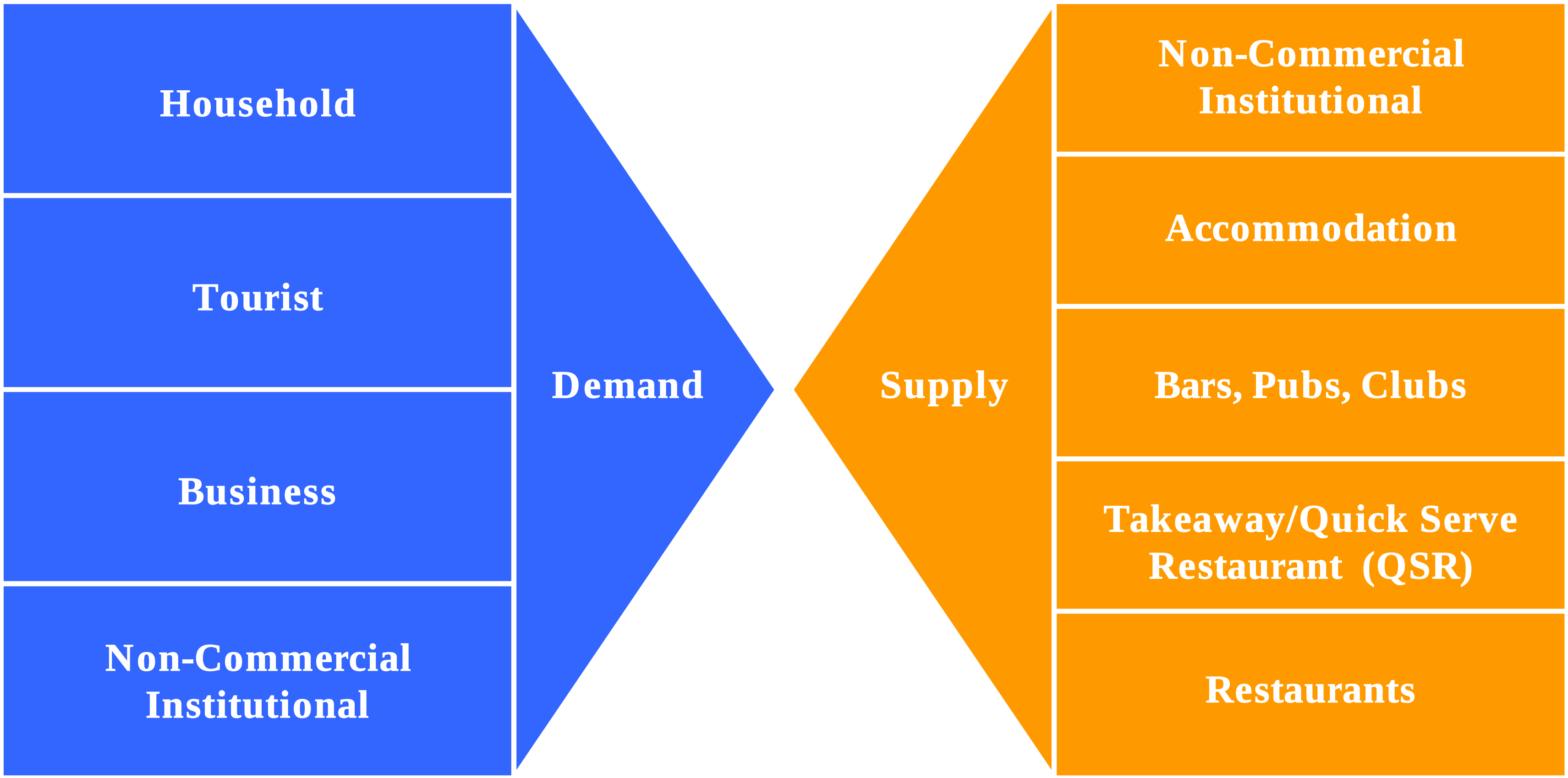
The strong growth of the foodservice sector is coming from tourists and households on the demand side and cafés and restaurants on the supply side

Average annual growth rate by segment
CAGR; 1996-2002



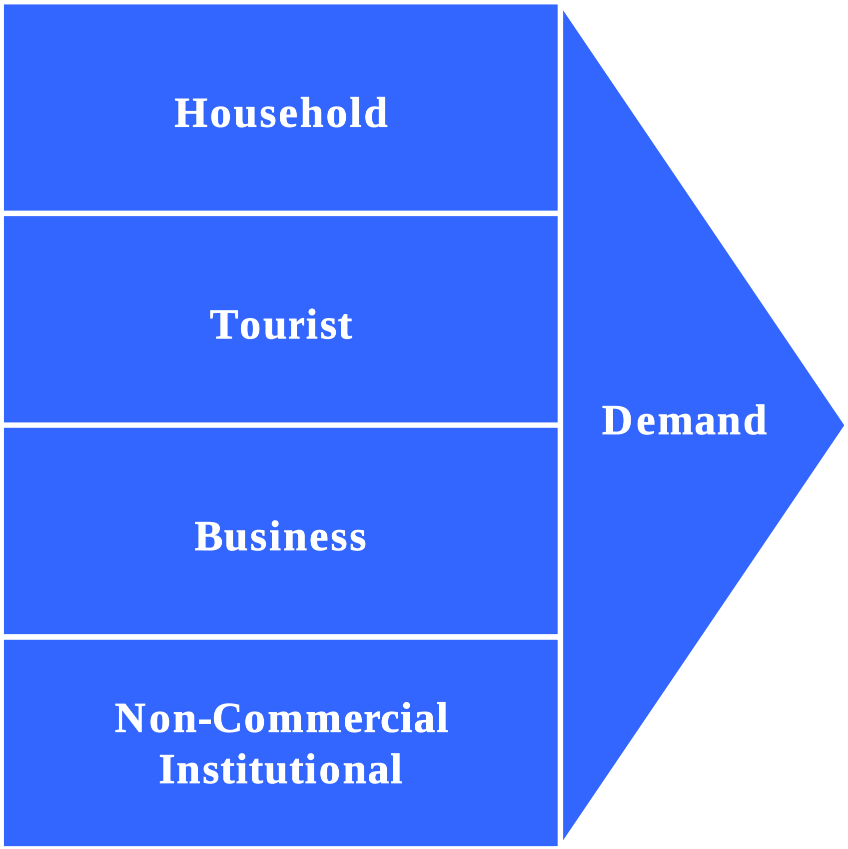
FOODSERVICE MODEL

This report looks at both the demand and supply of foodservice in order to establish the size of the market



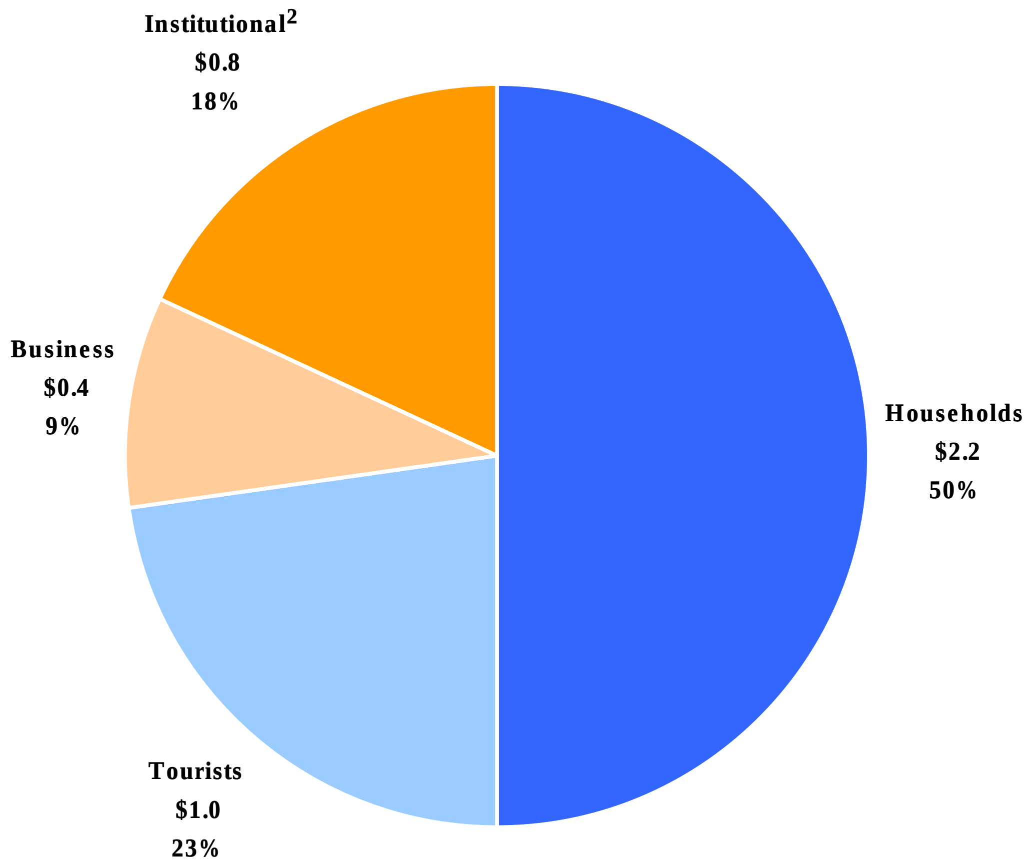
FOODSERVICE DEMAND

Demand for foodservice comes from four big segments: households, tourists, businesses and non-commercial or institutional buyers



FOODSERVICE DEMAND
The foodservice sector accounted for the equivalent of $4.3 billion in sales

Foodservice expenditure by source
$ billions, 2002

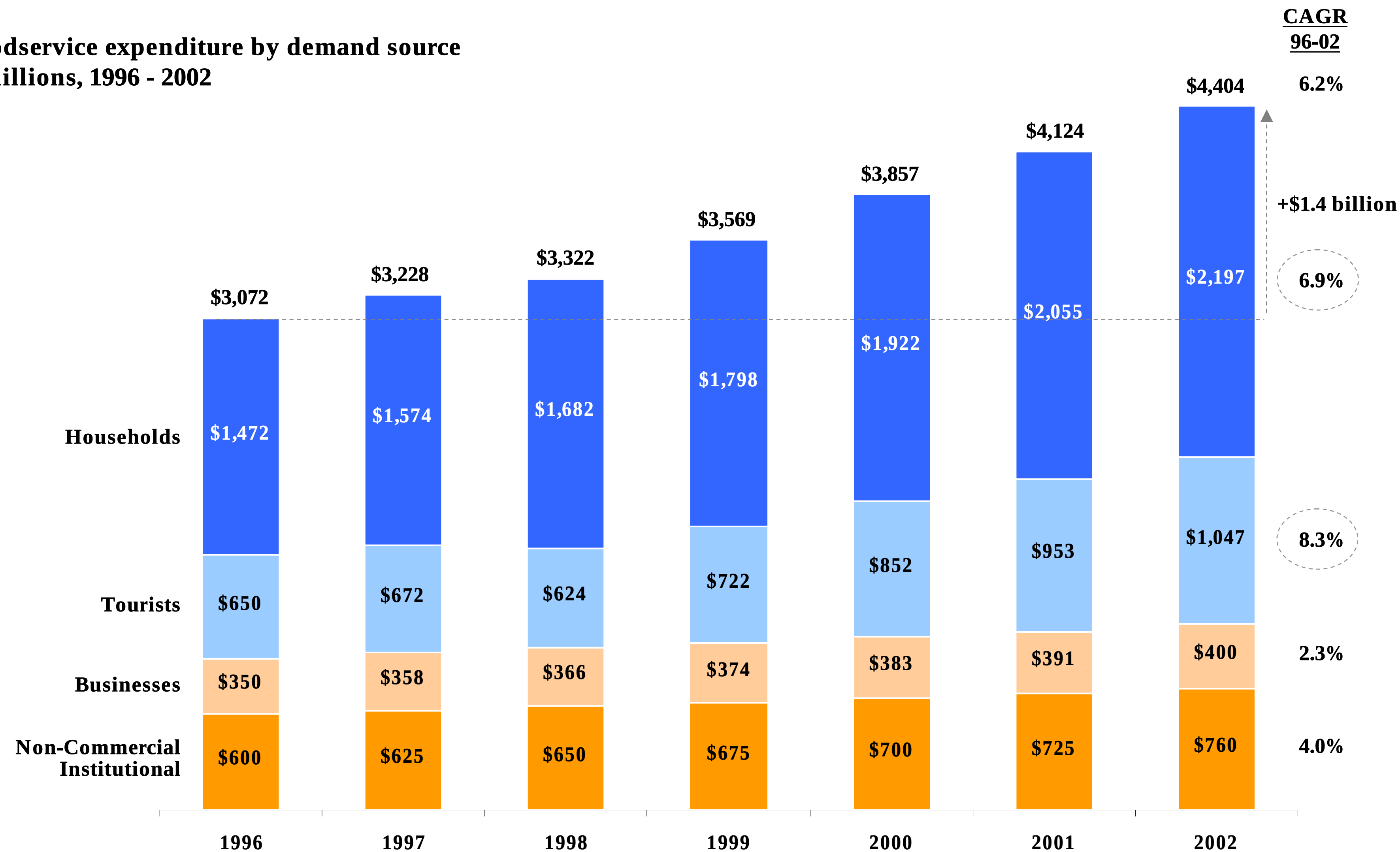


TOTAL = $4.3 billion[1]

1. Will not add up due to rounding; 2. Institutional expenditure taken at retail equivalent value for comparison purposes
Source: Coriolis analysis

FOODSERVICE DEMAND GROWTH
Households and tourists are driving the growth of foodservice expenditure

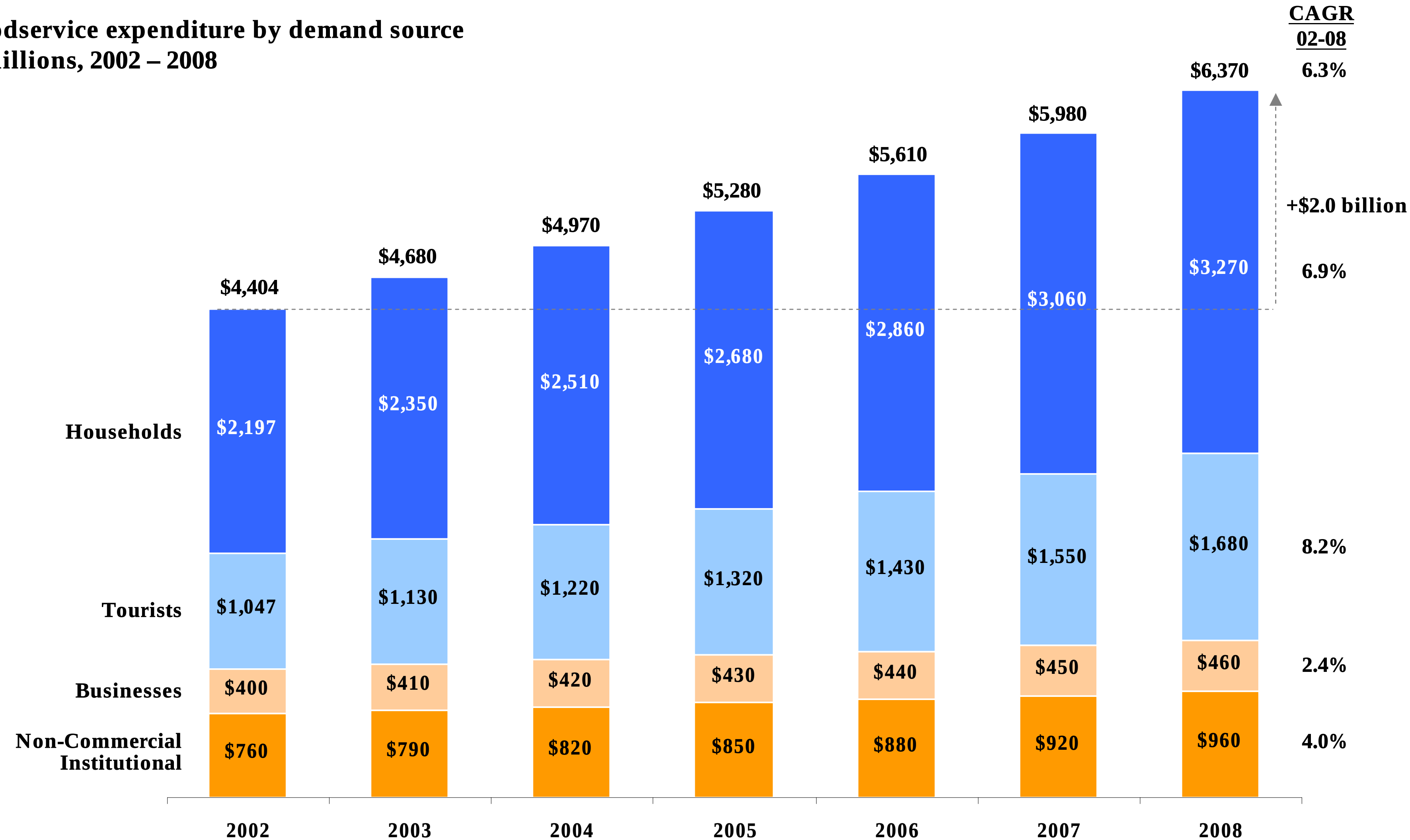
Foodservice expenditure by demand source
$ millions, 1996 - 2002



Source: Statistics New Zealand; Coriolis analysis

PROJECTED FUTURE TURNOVER
Going forward, we project households and tourists will continue to drive foodservice growth

Foodservice expenditure by demand source
$ millions, 2002 – 2008



Source: Statistics New Zealand; Coriolis analysis

HOUSEHOLD DEMAND

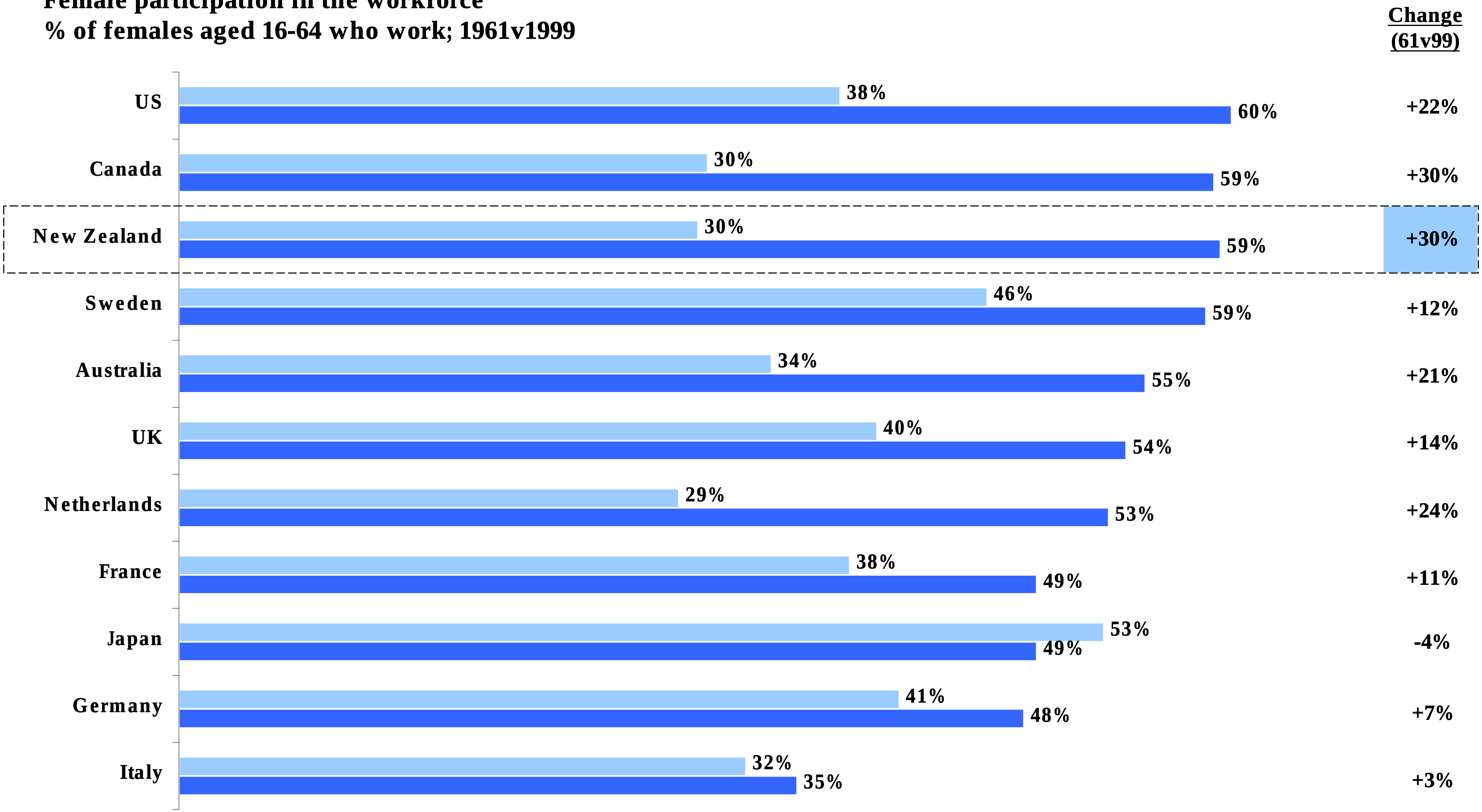
There are over a million households spending $2.2 billion on food away from home

	Households
Units	1.1 million households 3.6 million people (residents)
Food Away Expenditure 2002 2008	$2.2 billion $3.3 billion (projected)
Growth Rate (96-02)	6.9% per year
Relevant Segmentation	Income / Employment / Home Ownership Age Household size & structure
Key Points	– High income, working couple, house owners – Two thirds expenditure by households with over $50,000 income – Driven by population growth, income growth and inflation

WOMEN IN WORKFORCE

One of the main driving forces of foodservice growth is increased female participation in the workforce…

Female participation in the workforce[1]
% of females aged 16-64 who work; 1961v1999

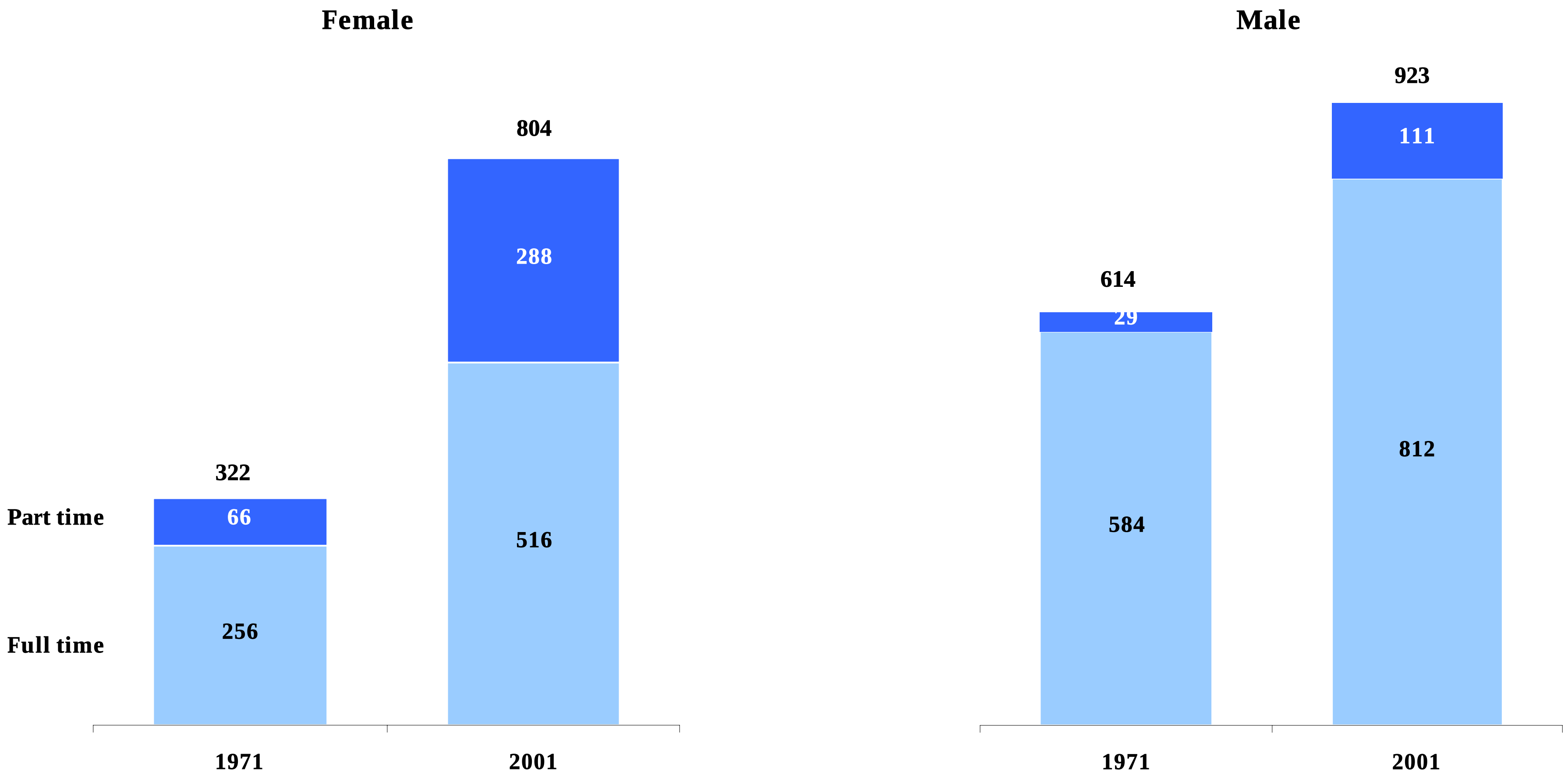


1. Note: New Zealand uses 1970 data (v. 1960)
Source United Nations Statistics Division; Statistics New Zealand; Coriolis analysis

EMPLOYMENT

… however, women are more likely than men to work part time, partially in an attempt to balance their family requirements

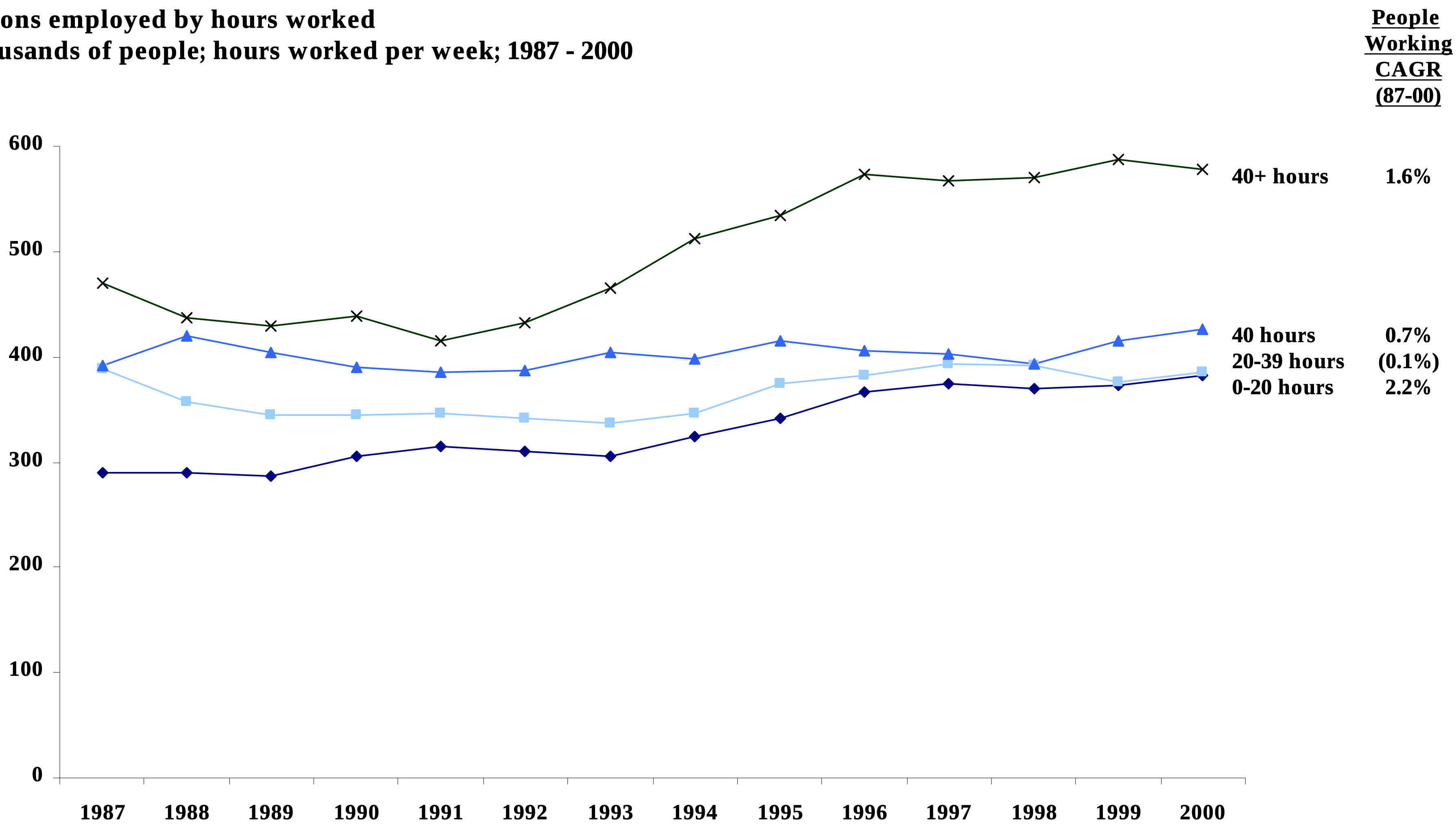
Employment by gender
Thousands; 1971v1999



EMPLOYMENT HOURS

Another driving force for the growth of foodservice is more people working longer hours

Persons employed by hours worked
Thousands of people; hours worked per week; 1987 - 2000

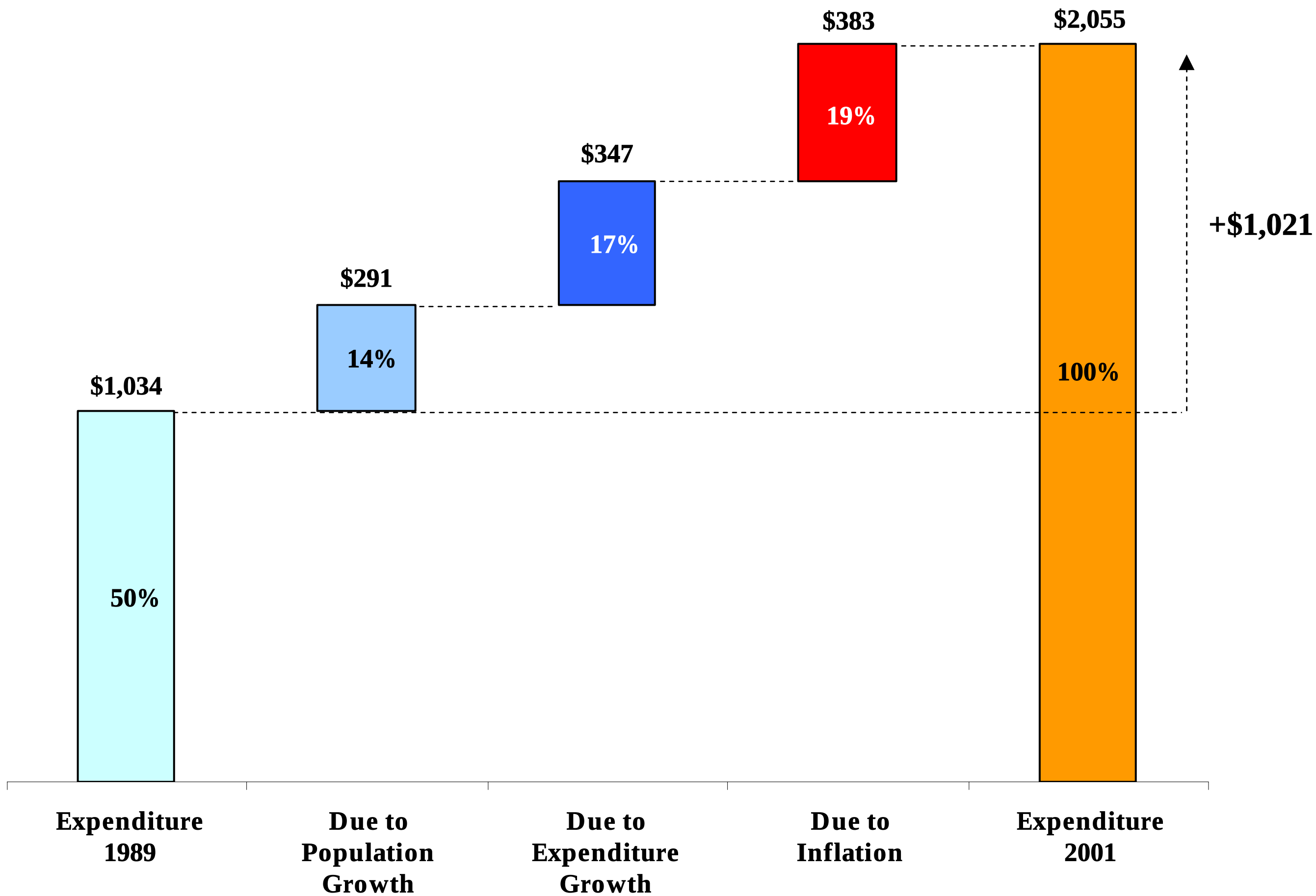


Source: Statistics New Zealand; Coriolis analysis

HOUSEHOLD EXPENDITURE

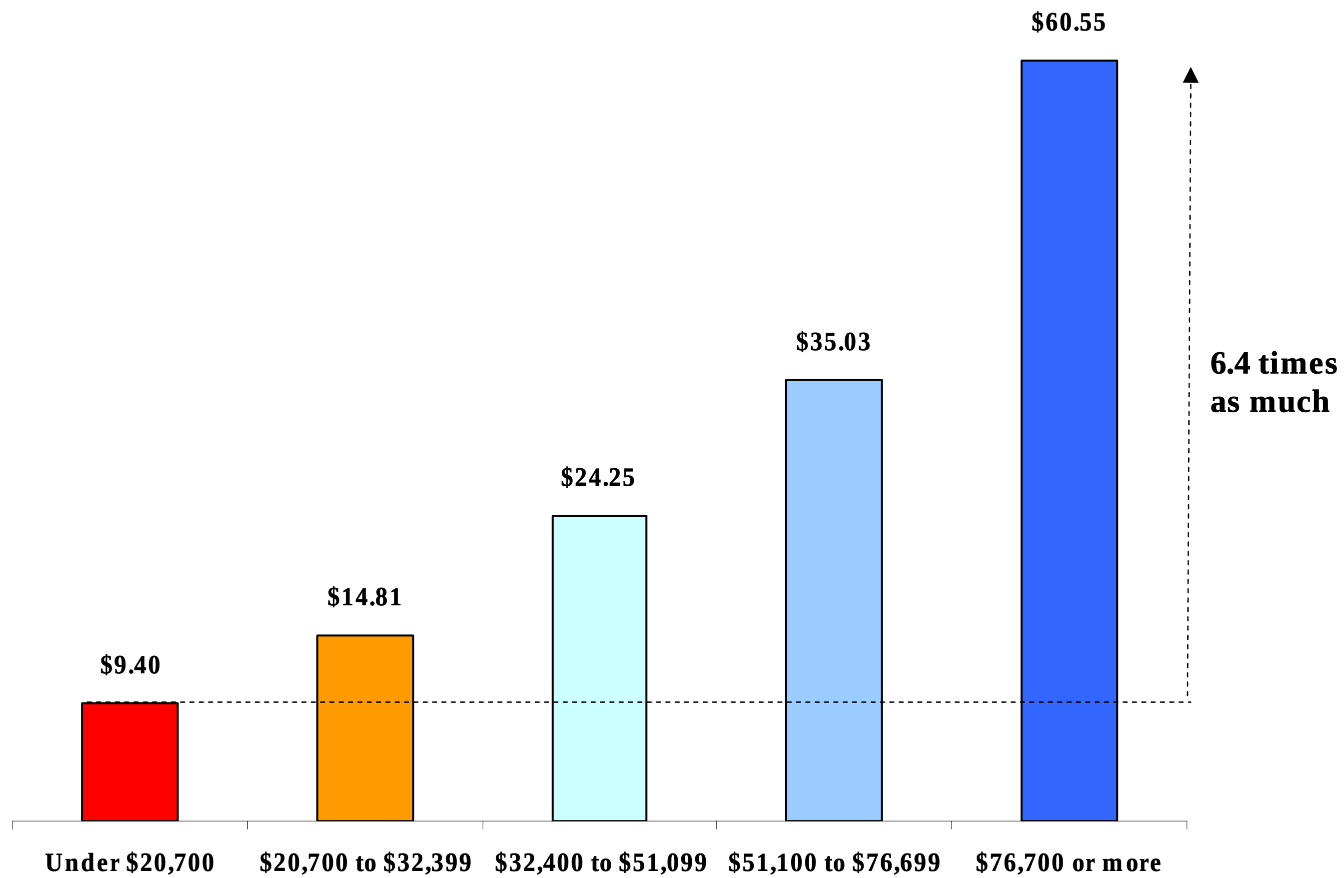
Expenditure growth has been strong over the past decade driven by three factors: population growth, expenditure growth and inflation

Causes of growth in annual household expenditure on food away
$ millions, 1989 - 2001



HOUSEHOLD EXPENDITURE - INCOME
As household income rises, expenditure on food away from home increases

Weekly household expenditure on food away by household income quintile
$ actual, 2001

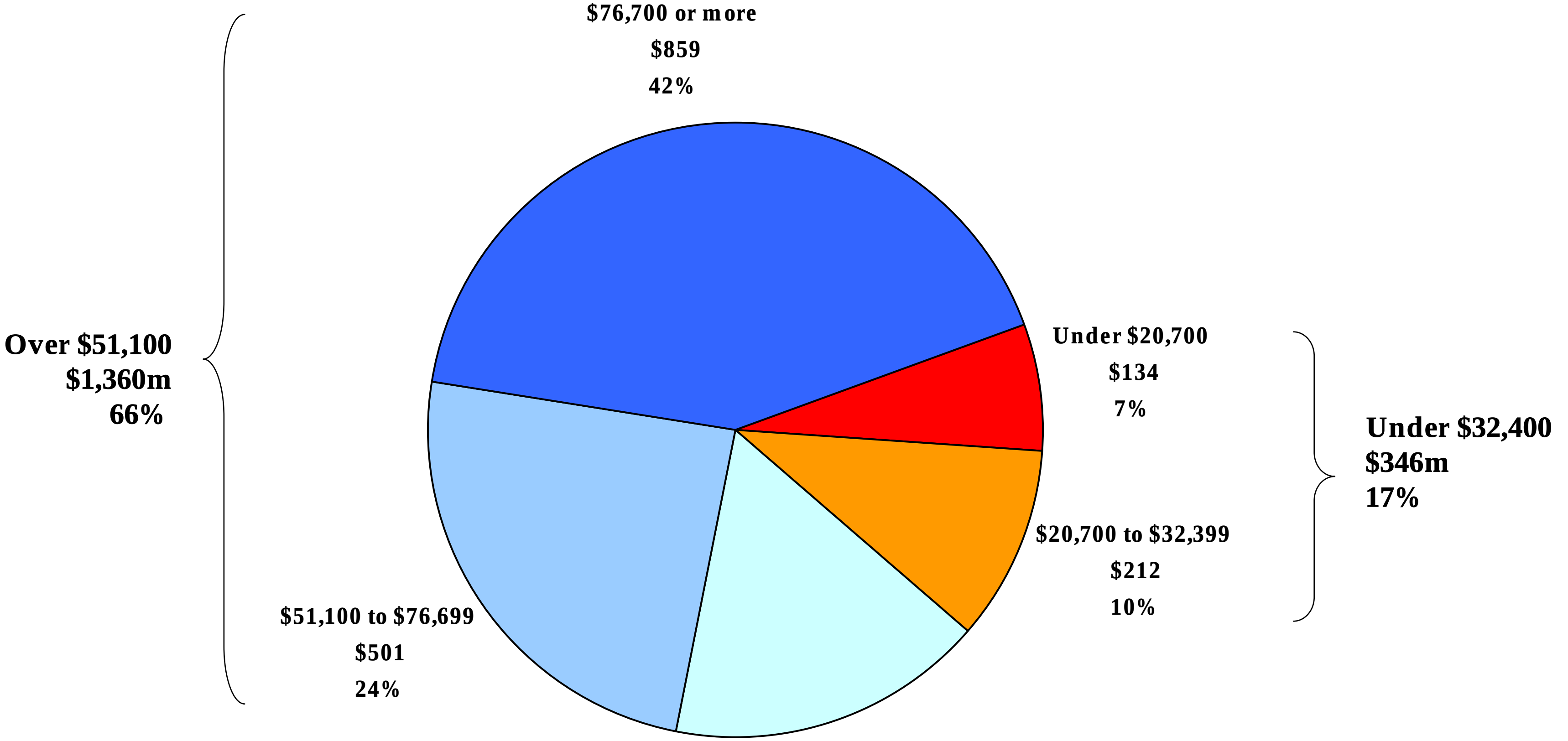


% of total food expenditure	*14.5%*	*16.3%*	*20.0%*	*23.7%*	*30.2%*

Source: Statistics New Zealand; Coriolis analysis

HOUSEHOLD EXPENDITURE - INCOME
Households with income over $51,100 account for two thirds of expenditure

Annual household expenditure on food away by household income
$ millions, 2001



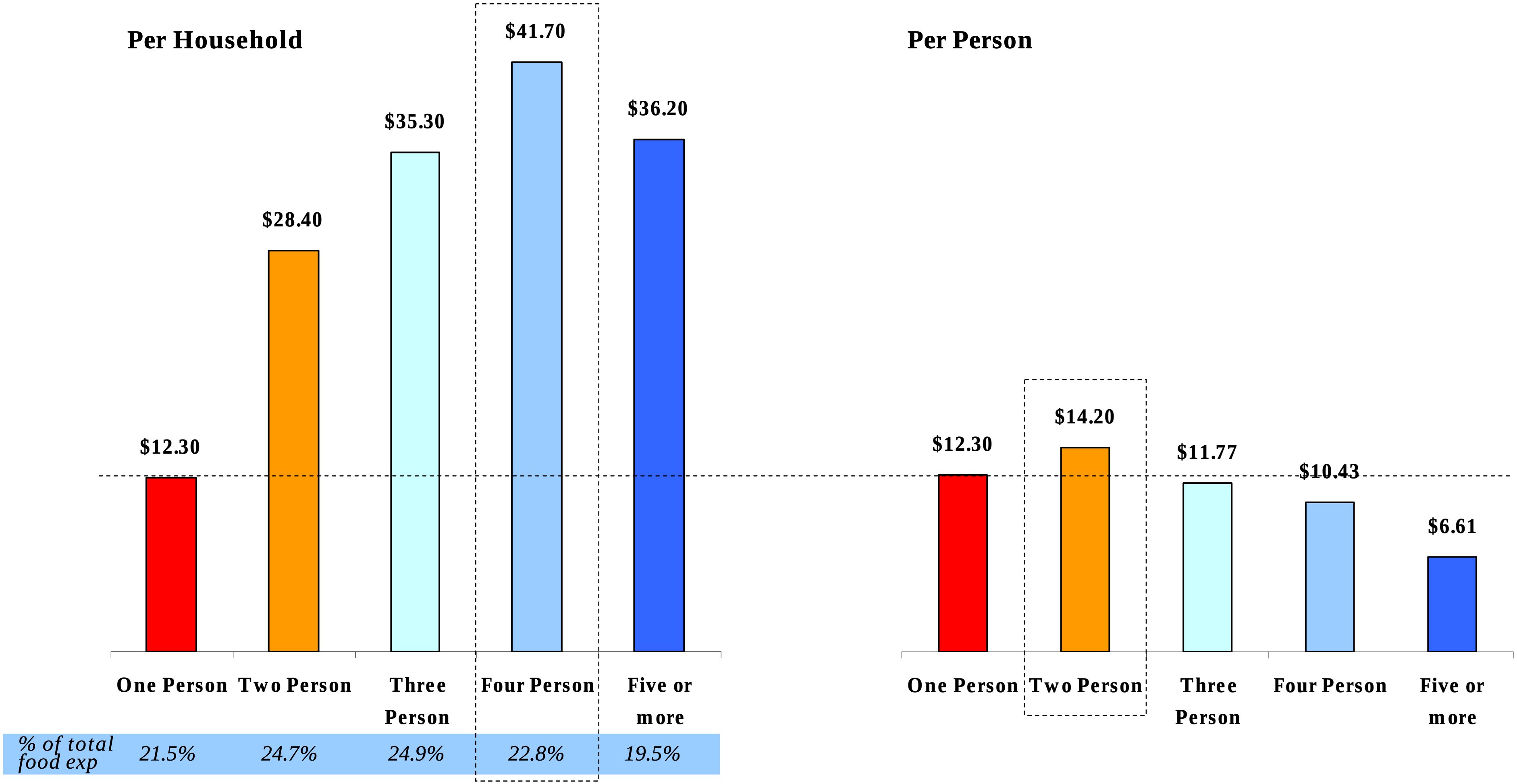
TOTAL = $2,055 million

Source: Statistics New Zealand; Coriolis analysis

HOUSEHOLD EXPENDITURE - SIZE

While four person households spend the most per household, two person households spend the most per person

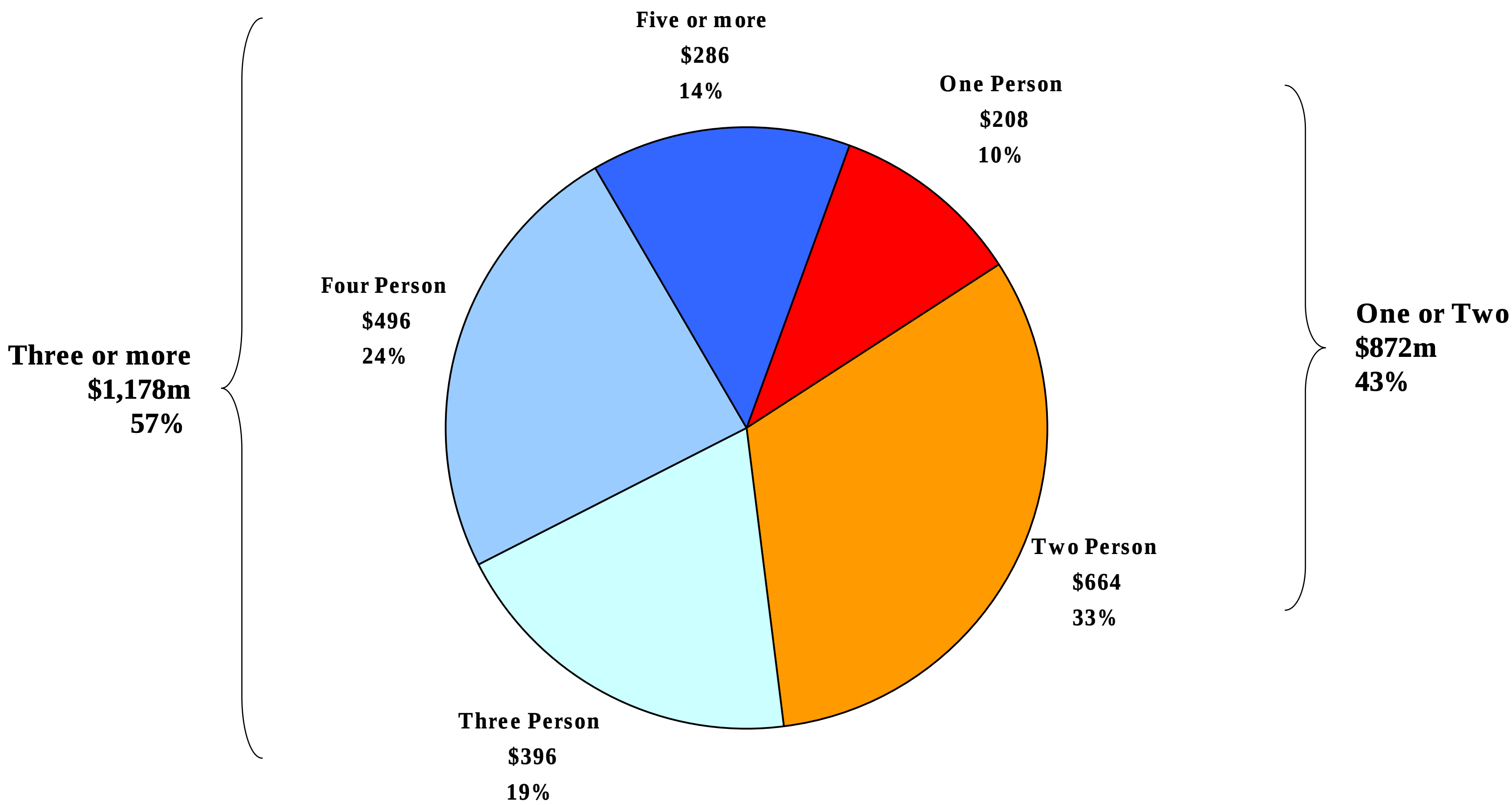
Weekly expenditure on food away by household size
$ actual, 2001



Source: Statistics New Zealand; Coriolis analysis

HOUSEHOLD EXPENDITURE - SIZE
Households with three or more people account for over half of expenditure

Aggregate annual household expenditure on food away by household size
$ millions, 2001



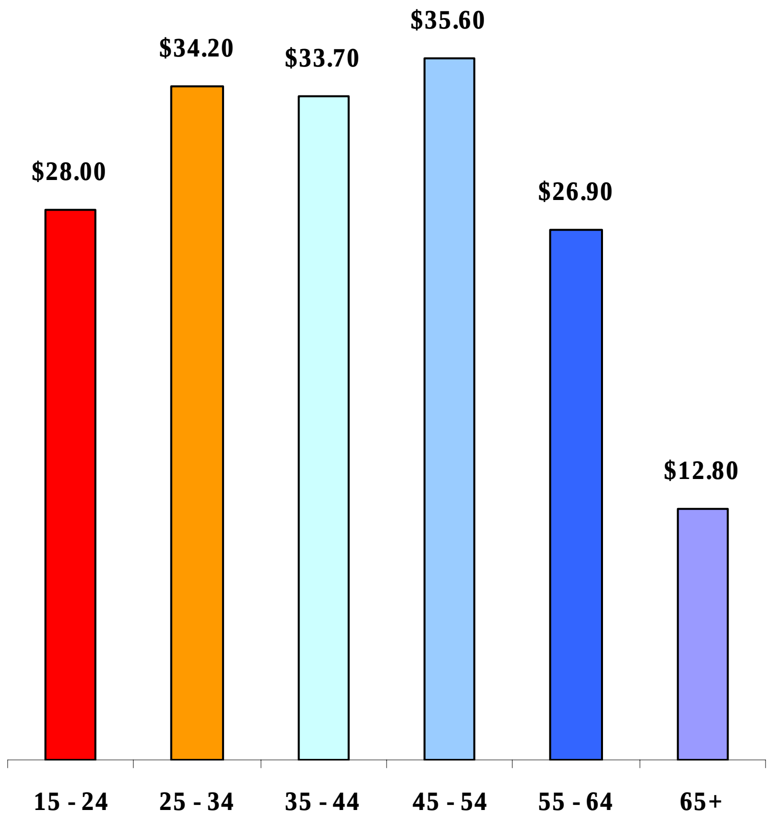
TOTAL = $2,055 million

Source: Statistics New Zealand; Coriolis analysis

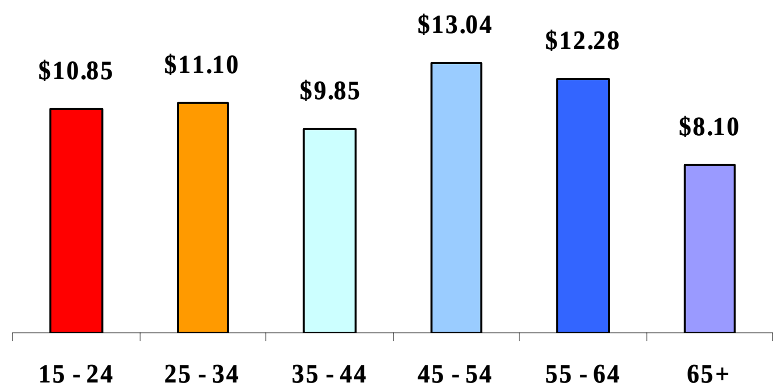
HOUSEHOLD EXPENDITURE - AGE
Expenditure falls dramatically over 65 years

Weekly expenditure on food away by age of household reference person
$ actual, 2001

Per Household



Per Person

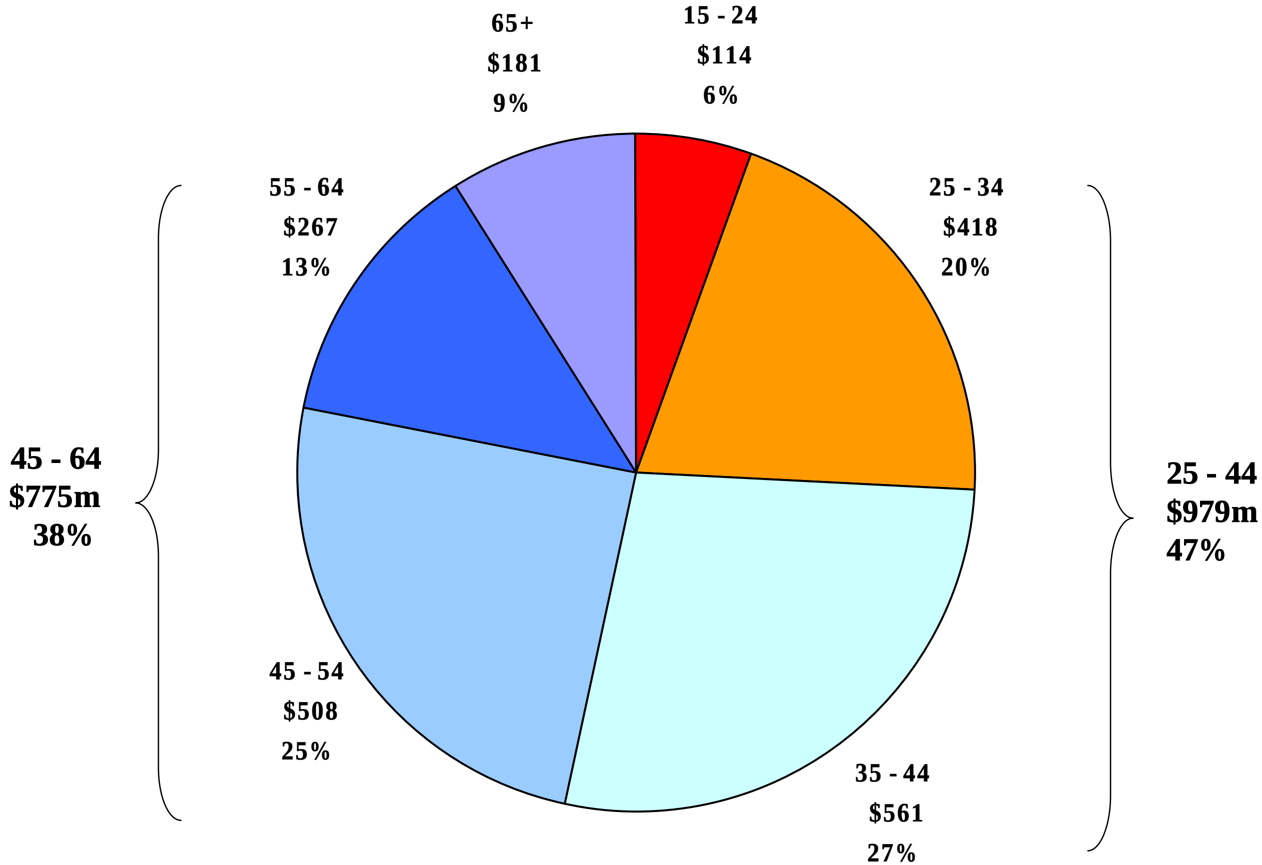


% of total food exp	*28.3%*	*26.7%*	*22.5%*	*24.2%*	*22.5%*	*15.7%*

Source: Statistics New Zealand; Coriolis analysis

HOUSEHOLD EXPENDITURE - AGE
Households 25-44 account for almost half of expenditure

Aggregate annual household expenditure on food away by age of household reference person
$ millions, 2001

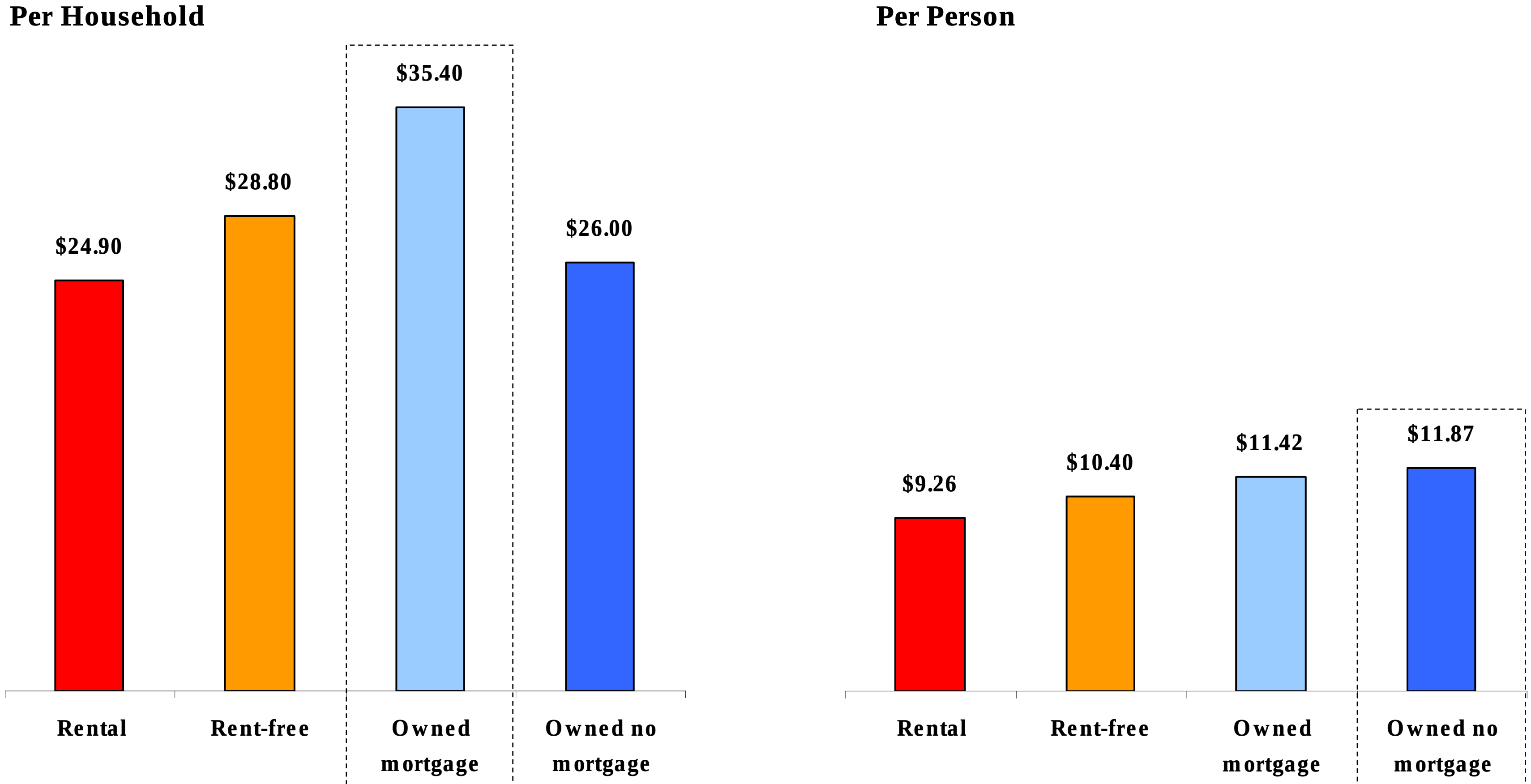


TOTAL = $2,055 million

Source: Statistics New Zealand; Coriolis analysis

HOUSEHOLD EXPENDITURE - OWNERSHIP
While households with a mortgage spend the most per household, households without a mortgage spend the most per person

Weekly expenditure on food away by age of age of household reference person
$ actual, 2001

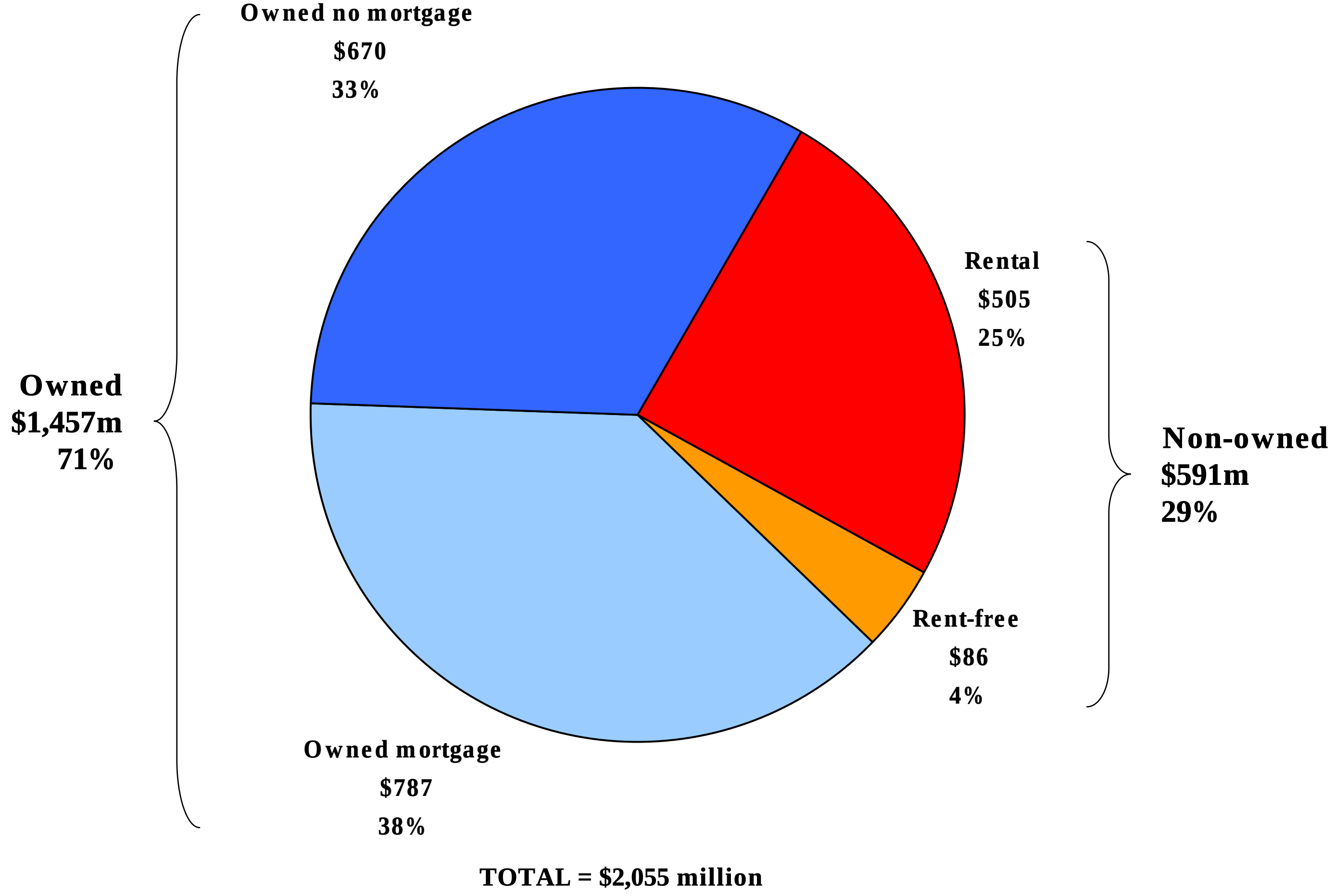


	Rental	Rent-free	Owned mortgage	Owned no mortgage
% of total food exp	*23.5%*	*22.3%*	*24.3%*	*21.4%*

Source: Statistics New Zealand; Coriolis analysis

HOUSEHOLD EXPENDITURE - OWNERSHIP
Home owning households account for 71% of expenditure

Aggregate annual household expenditure on food away by age of household reference person
$ millions, 2001

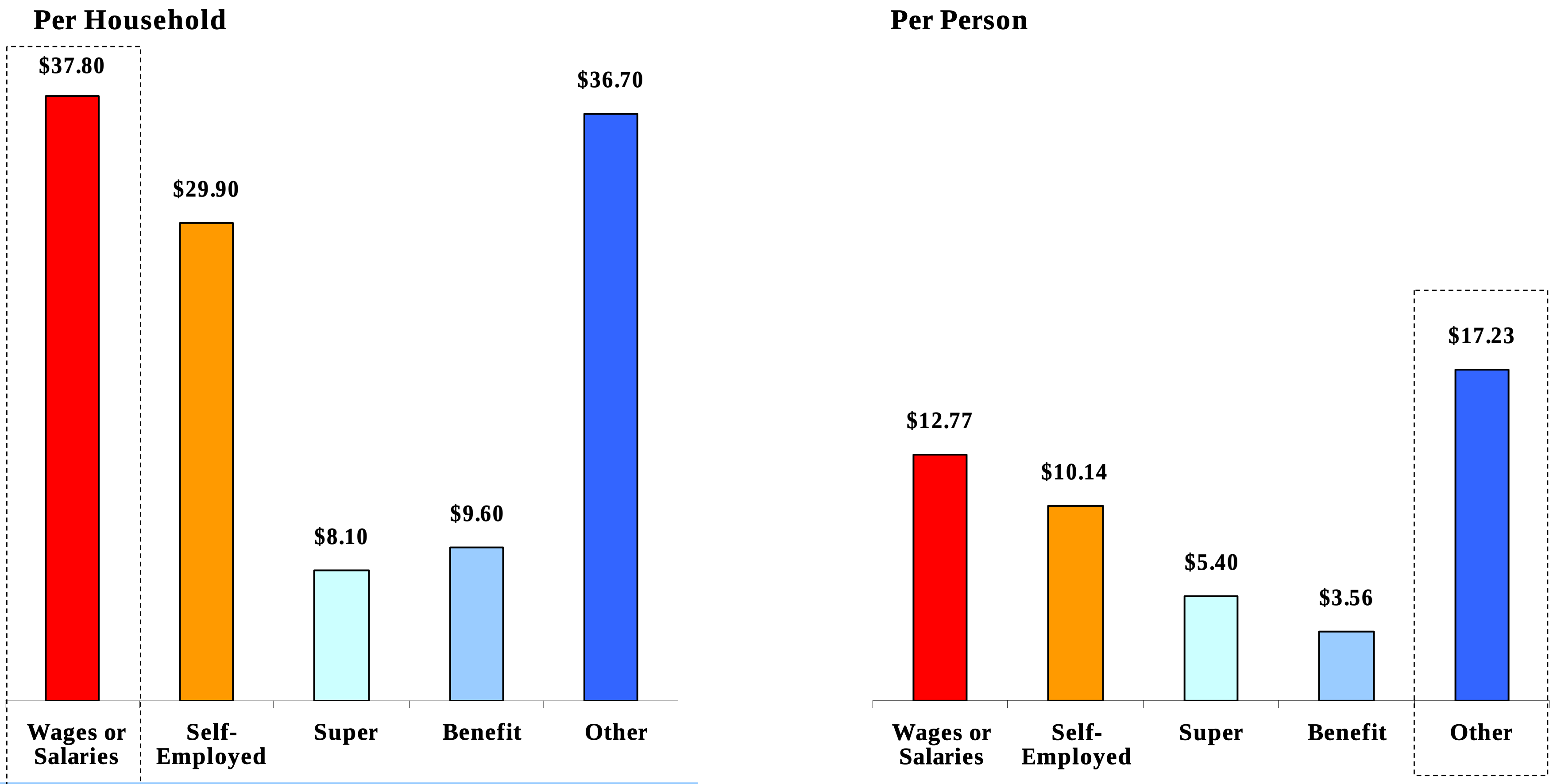


Source: Statistics New Zealand; Coriolis analysis

HOUSEHOLD EXPENDITURE – INCOME SOURCE

While households on a wage or salary spend the most per household, households with ‘other’ sources of income spend the most per person

Weekly expenditure on food away by main source of household income
$ actual, 2001

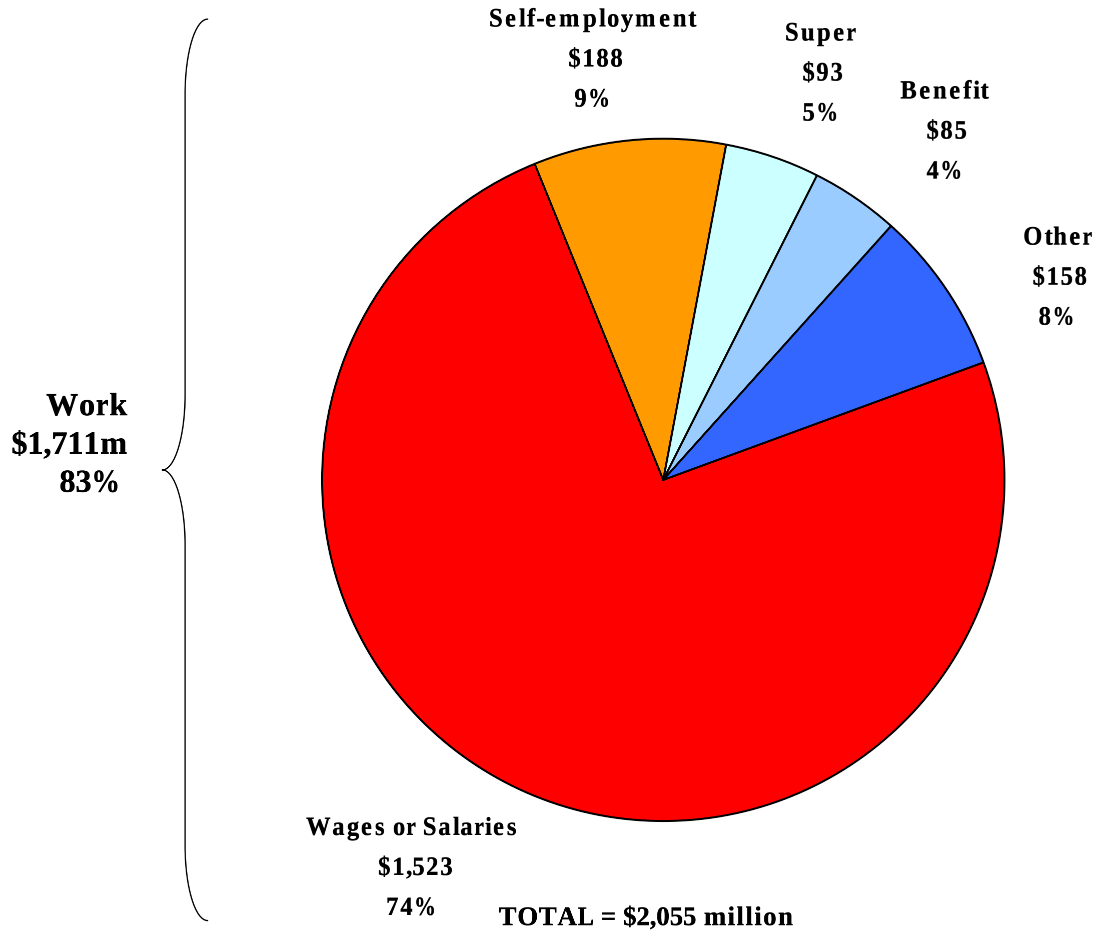


	Wages or Salaries	Self-Employed	Super	Benefit	Other
% of total food exp	*25.6%*	*20.5%*	*11.4%*	*12.7%*	*28.5%*

Source: Statistics New Zealand; Coriolis analysis

HOUSEHOLD EXPENDITURE – INCOME SOURCE
Working households account for 83% of expenditure

Aggregate annual household expenditure on food away by main source of household income
$ millions, 2001

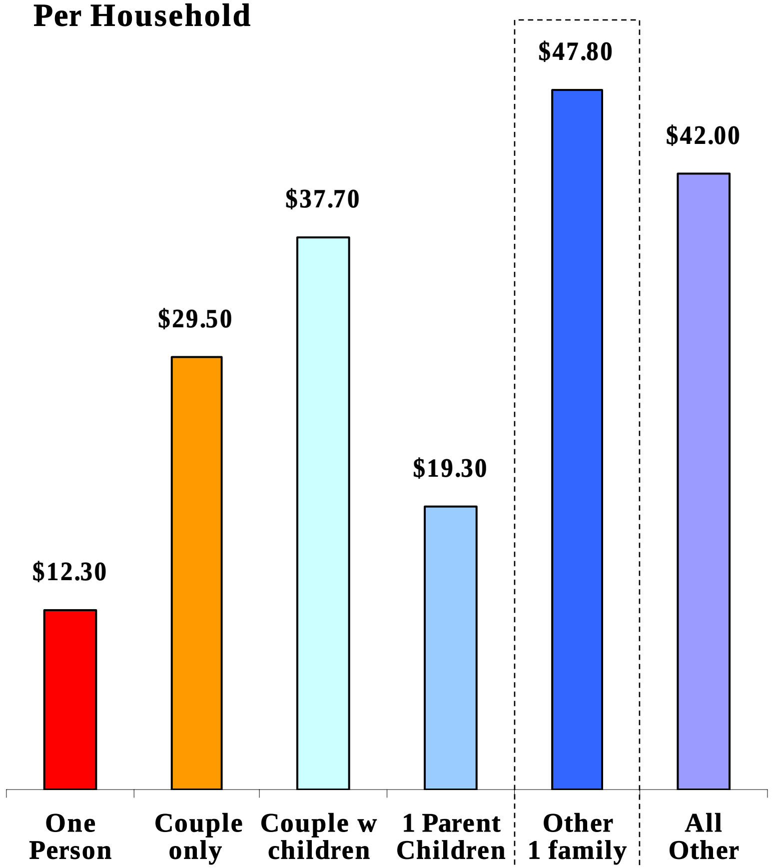


Source: Statistics New Zealand; Coriolis analysis

HOUSEHOLD EXPENDITURE - STRUCTURE
While couples spend the most on a per person basis, 'other' one family households spend the most per household

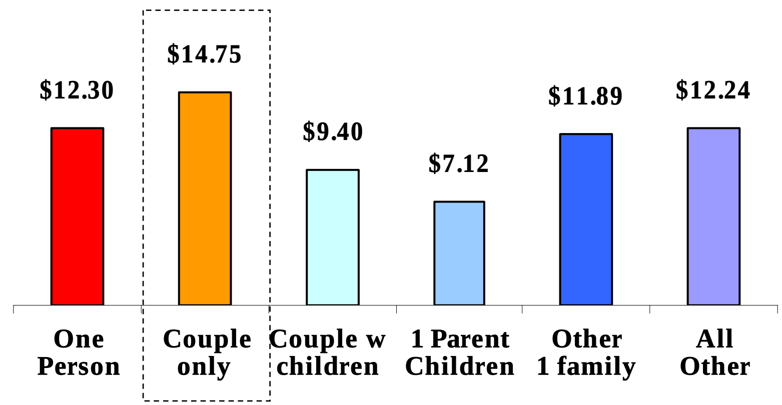
Weekly expenditure on food away by household structure
$ actual, 2001

Per Household



% of total food exp	*21.5%*	*24.2%*	*21.2%*	*20.7%*	*29.7%*	*29.0%*

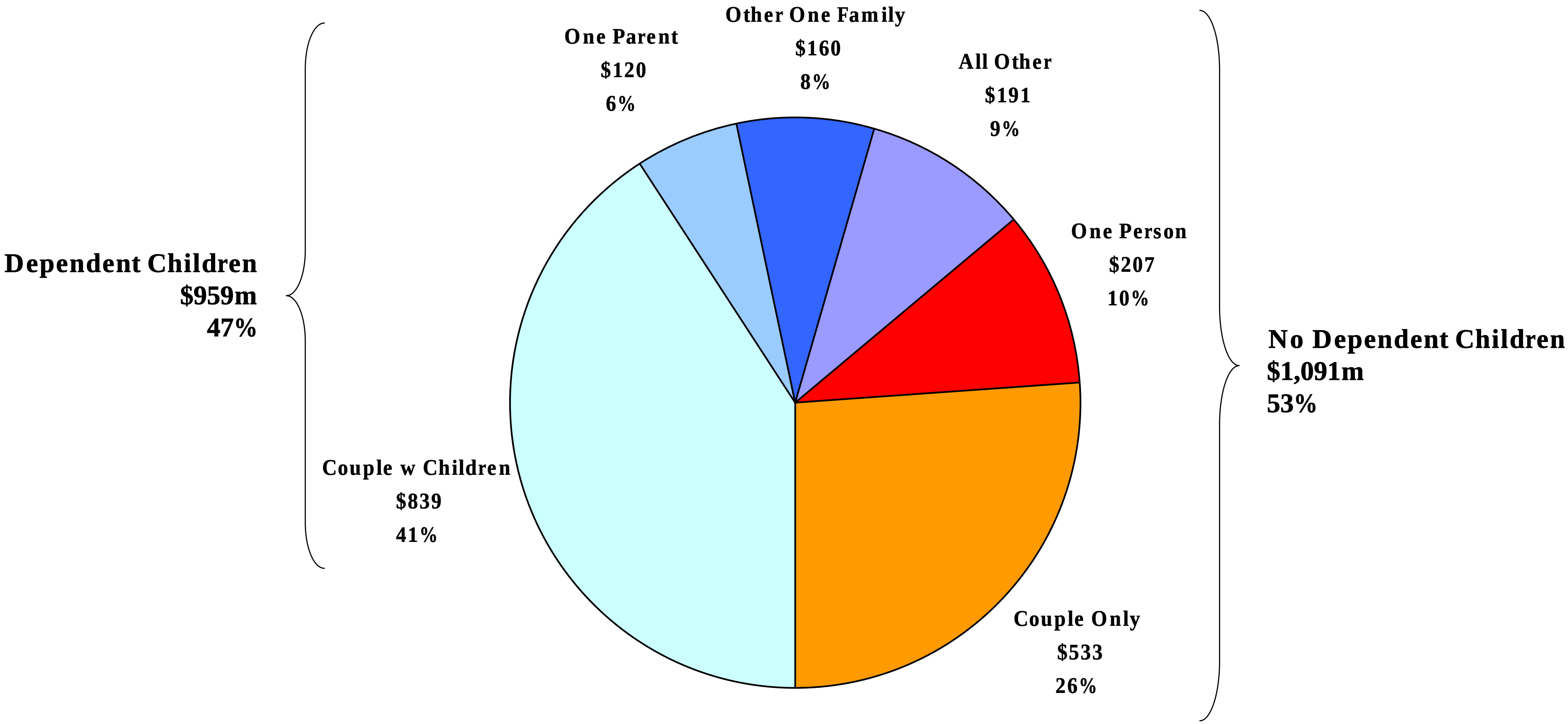
Per Person



Source: Statistics New Zealand; Coriolis analysis

HOUSEHOLD EXPENDITURE - STRUCTURE
Working households account for 83% of expenditure

Aggregate annual household expenditure on food away by household structure
$ millions, 2001



TOTAL = $2,055 million

Source: Statistics New Zealand; Coriolis analysis

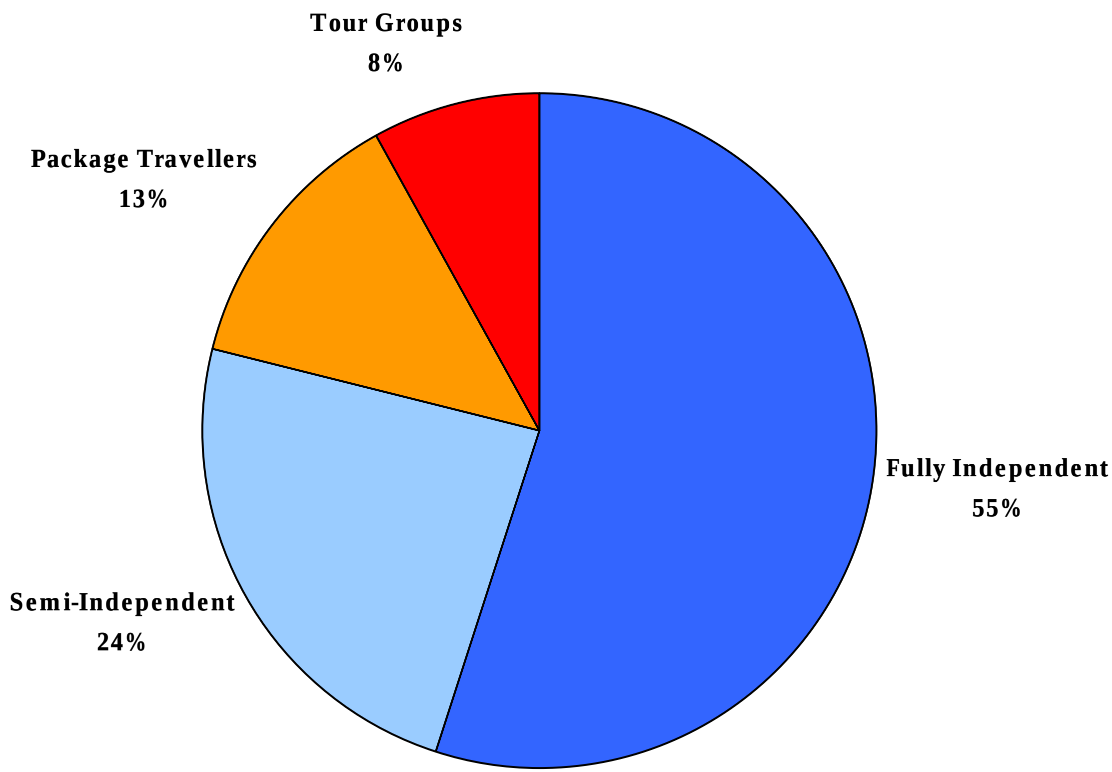
TOURIST DEMAND

Almost two million tourists visit New Zealand every year spending over a billion dollars on foodservice

	International Tourists
Units	1.8 million international arrivals 35 million nights
Food Away Expenditure 2002 2008	$1.0 billion (international only) $1.7 billion (projected - international only)
Growth Rate (96-02)	8.3% per year
Relevant Segmentation	Travel Style European/American and Asian Age/Lifecycle/Income
Key Points	– Strong growth in arrivals projected to continue – Highly seasonal (December is twice size of June) – Effect spread throughout country – Not a homogenous market

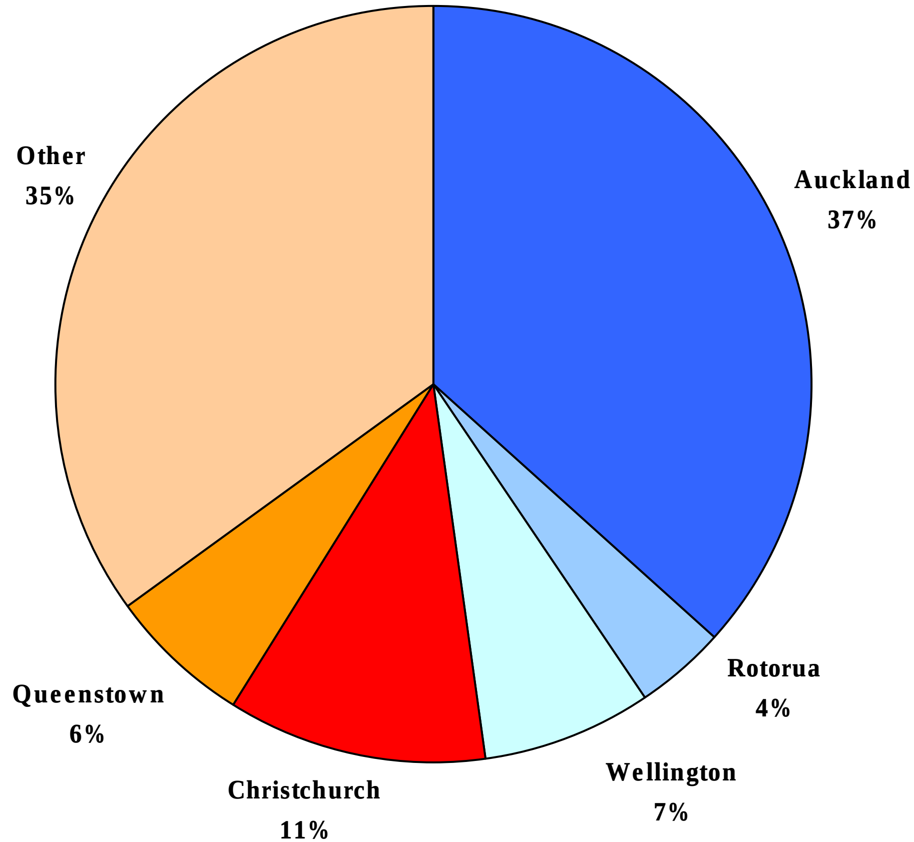
TRAVEL STYLES
Tourism New Zealand classifies international tourists into four broad categories by travel style

Percent of international tourist arrivals by defined travel styles
%, 2002



NIGHTS BY REGION
While almost forty percent of international tourist nights are spent in Auckland, the remainder is spread throughout the country

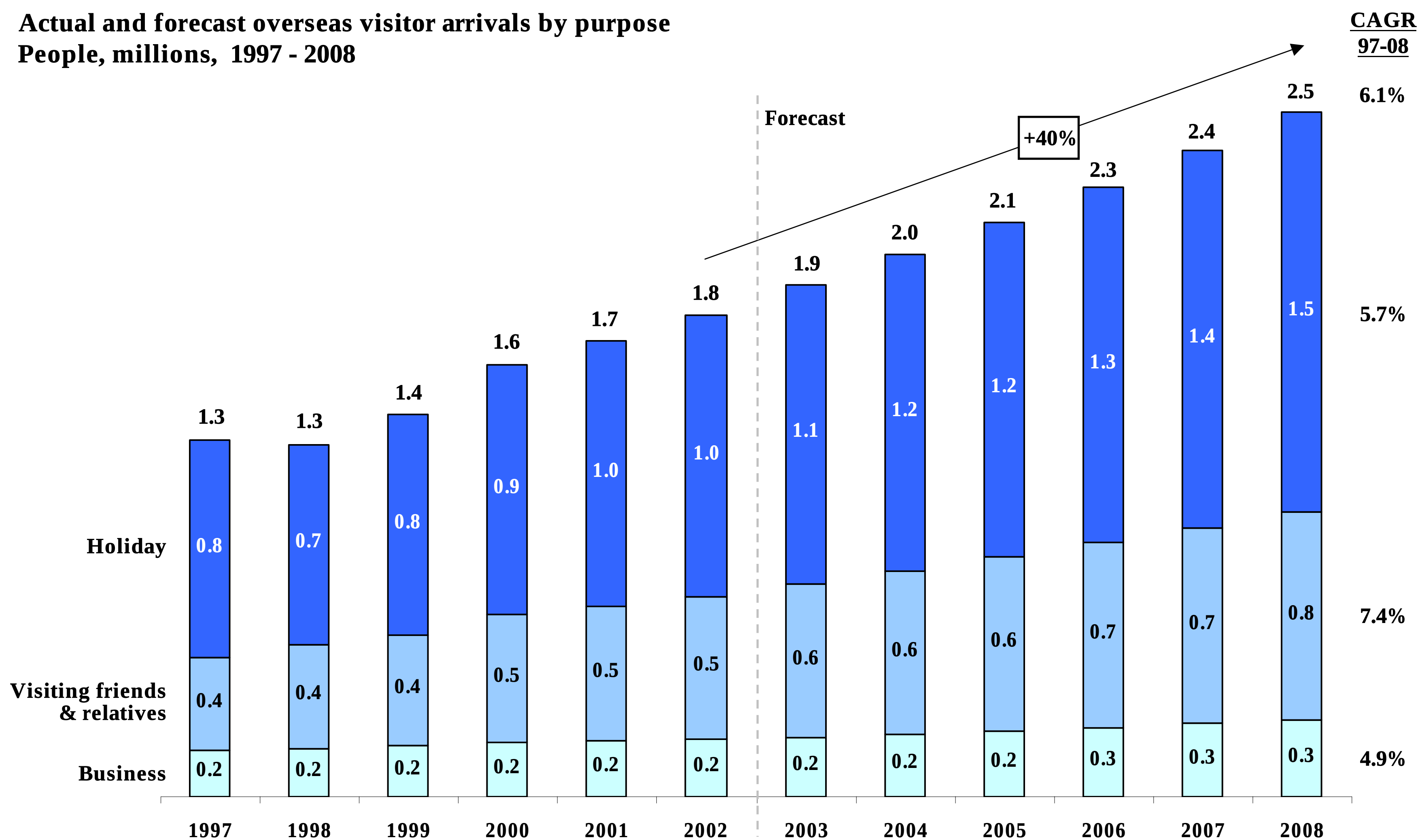
Percent of international tourist nights by region
%, 2002



TOTAL = 35 million nights

TOURISTS
Growth in tourist arrivals is projected to continue

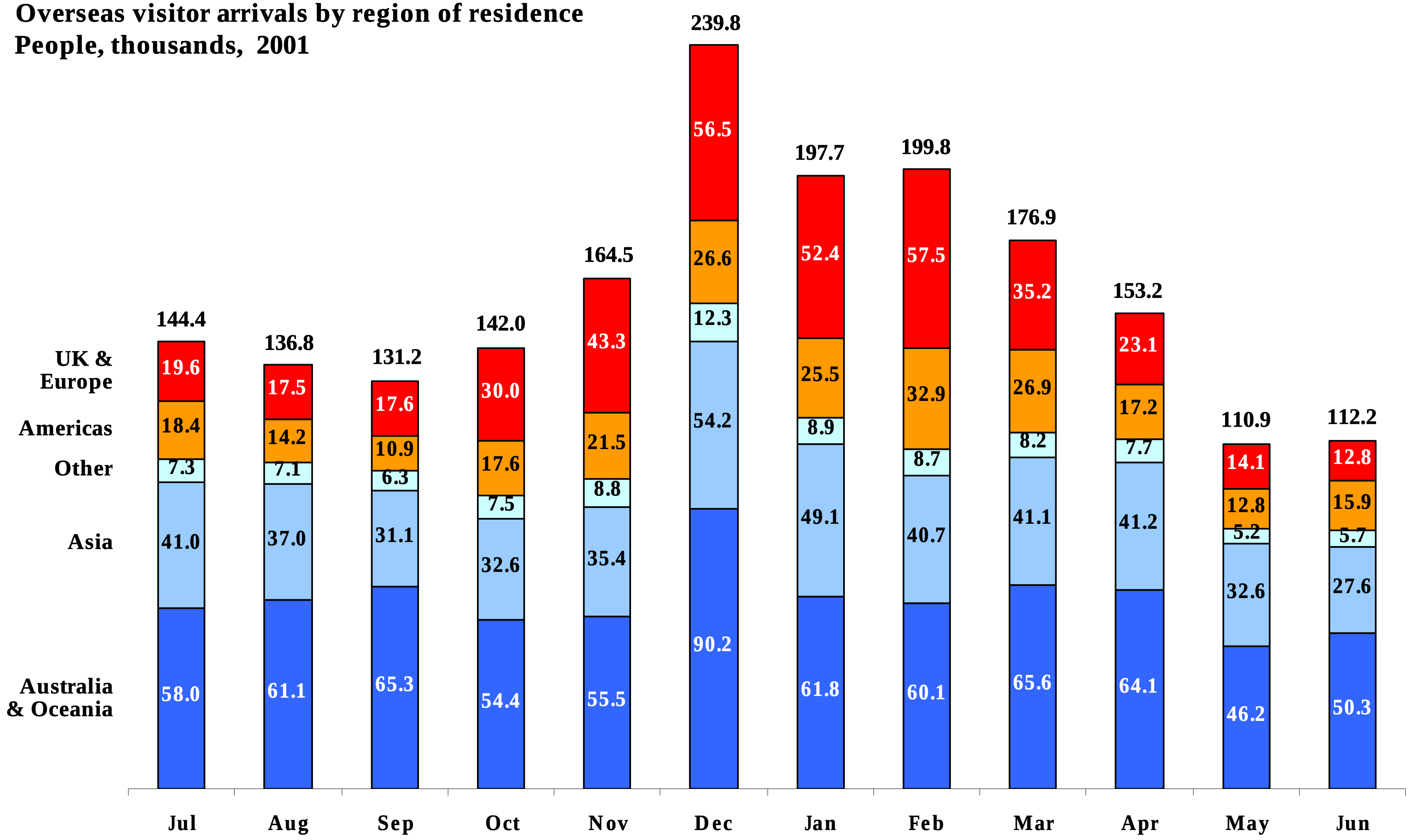
Actual and forecast overseas visitor arrivals by purpose
People, millions, 1997 - 2008



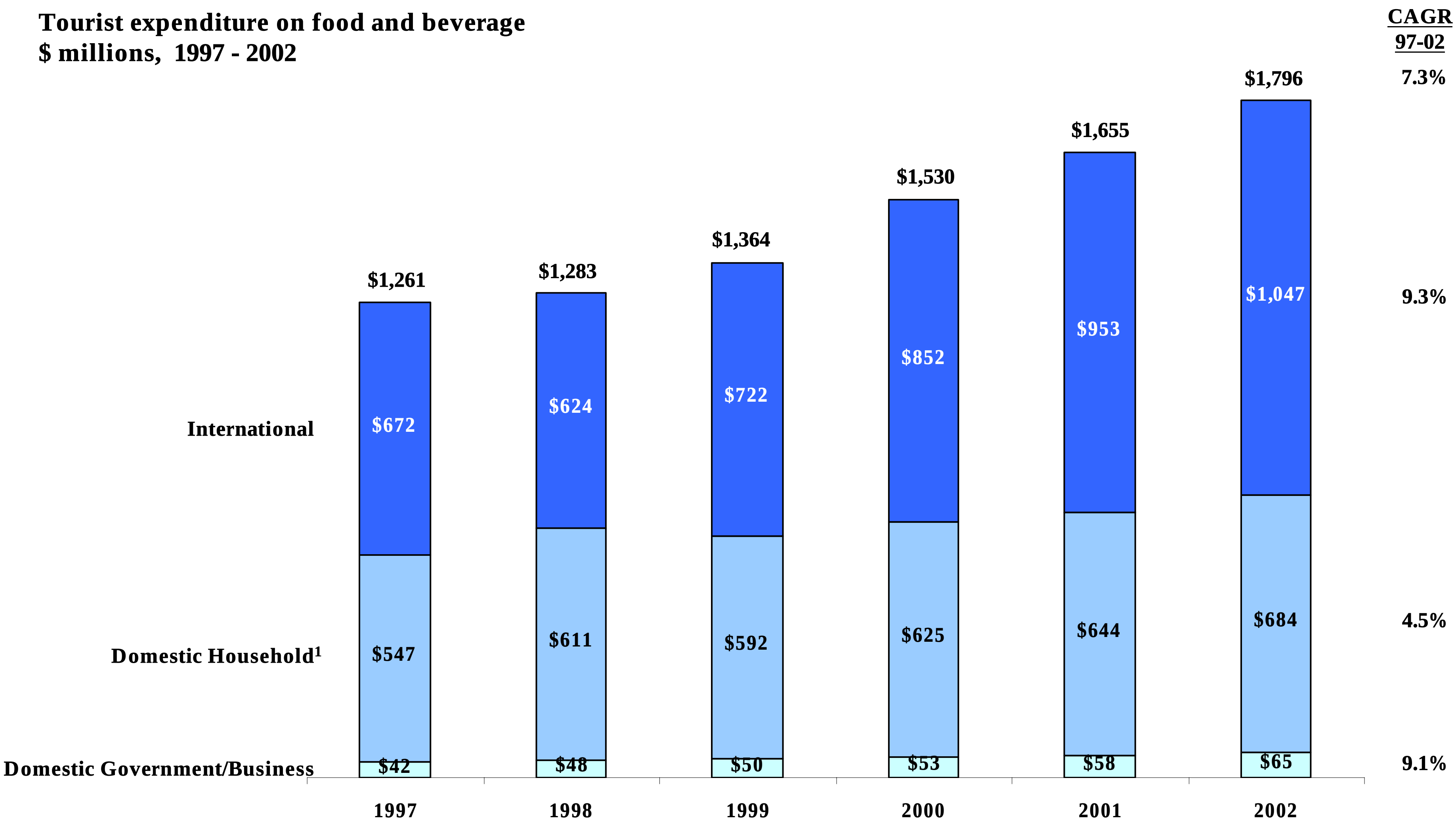
Source: Tourism Research Council; Statistics New Zealand; Coriolis analysis

TOURISTS
Tourist arrivals are strong through summer and spike at Christmas

Overseas visitor arrivals by region of residence
People, thousands, 2001



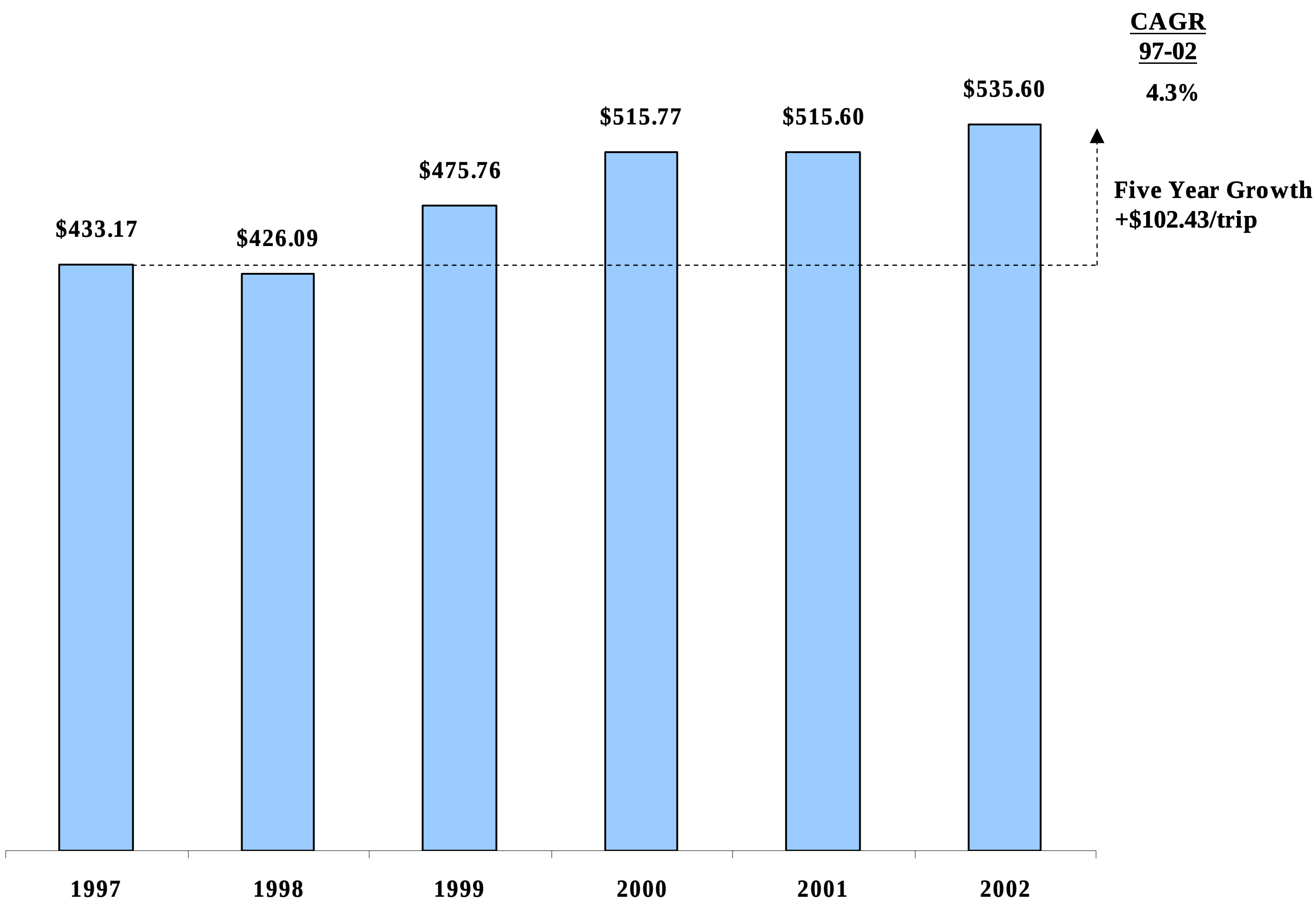
TOURIST EXPENDITURE
Tourist expenditure on food and beverage is growing strongly



1. Domestic tourism expenditure included in household expenditure
Source: Tourism Research Council; Statistics New Zealand; Coriolis analysis

TOURIST EXPENDITURE
Average international tourist food & beverage spending per trip is increasing

Average international tourist per capita visit expenditure on food and beverage
$ actual, 1997 - 2002



Source: Tourism Research Council; Statistics New Zealand; Coriolis analysis

BUSINESS DEMAND

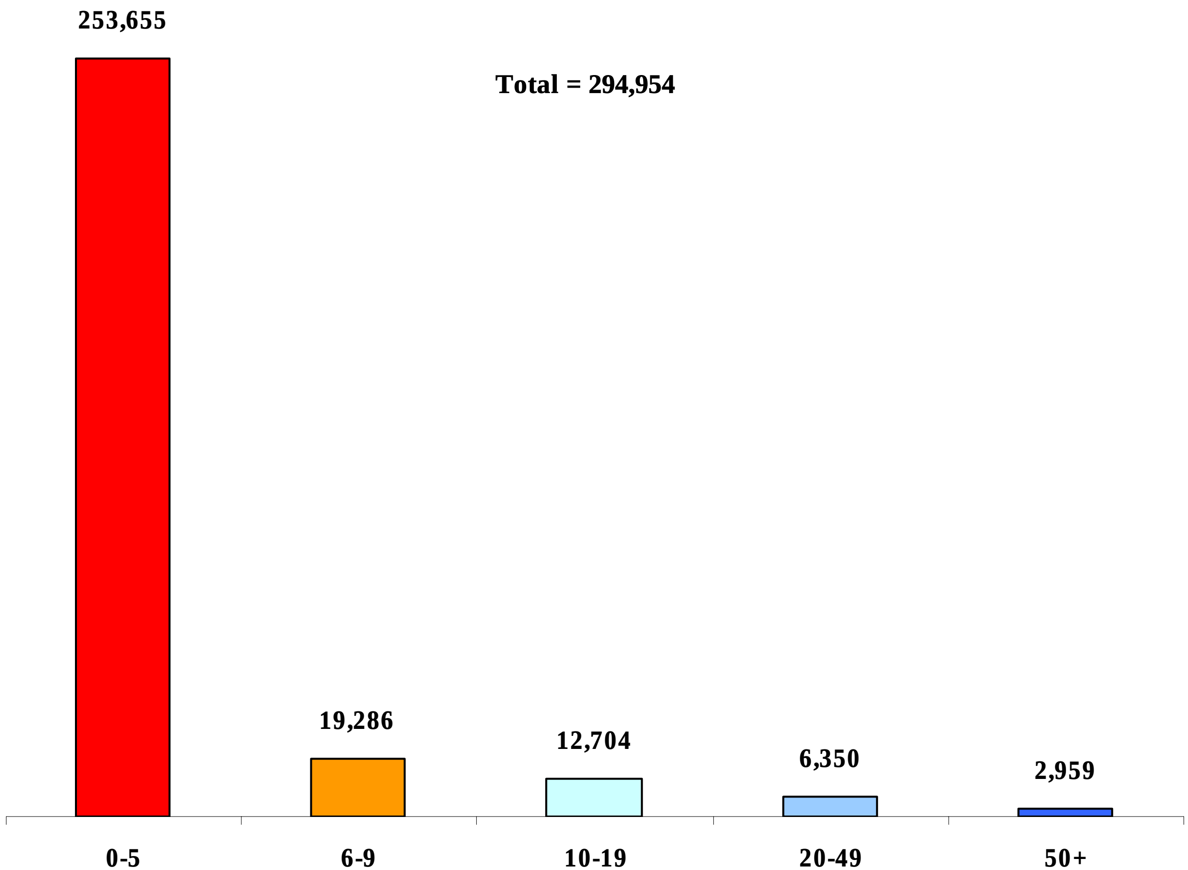
There are almost three hundred thousand businesses with a million and a half people working, accounting for $400 million in business expenditure

	Businesses
Units	294,594 non-farming enterprises 1.5 million persons engaged
Food Away Expenditure 2002 2008	$0.4 billion $0.5 billion
Growth Rate (96-02)	2.3% per year
Relevant Segmentation	Occasion Seniority / Management level Location
Key Points	– Low/no growth sector overall driven by changing business norms and more strict tax regulations – Significant user of catering – However long term move to service economy favours restaurants

Note: Excludes factory cafeteria covered under non-commercial/institutional analysis

BUSINESSES
The vast majority of New Zealand enterprises are have less than five employees

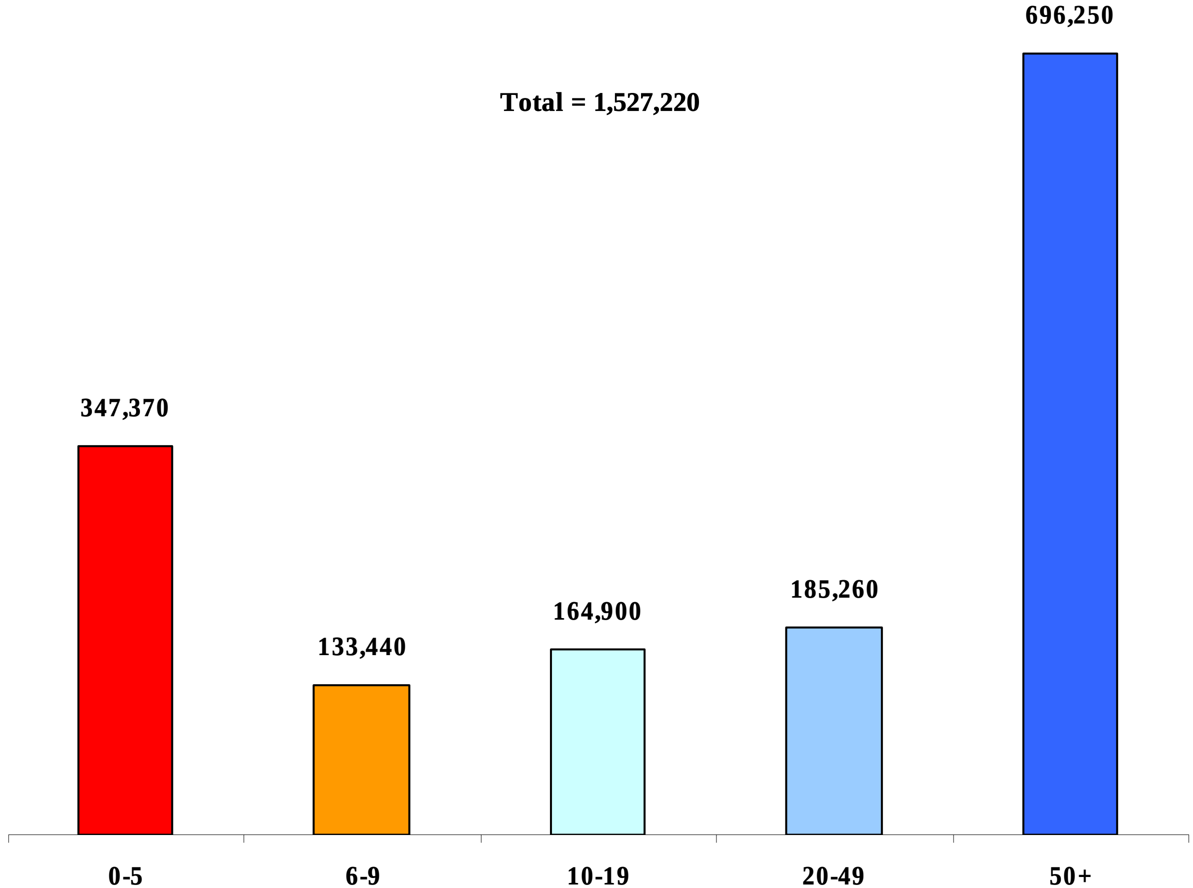
Number of non-farming enterprises by number of full-time equivalent persons engaged
Enterprises, actual, 2003.3



	0-5	6-9	10-19	20-49	50+
% of non-farm enterprises	*86.0%*	*6.5%*	*4.3%*	*2.2%*	*1.0%*

BUSINESSES
Employment shows a greater spread through businesses of different sizes

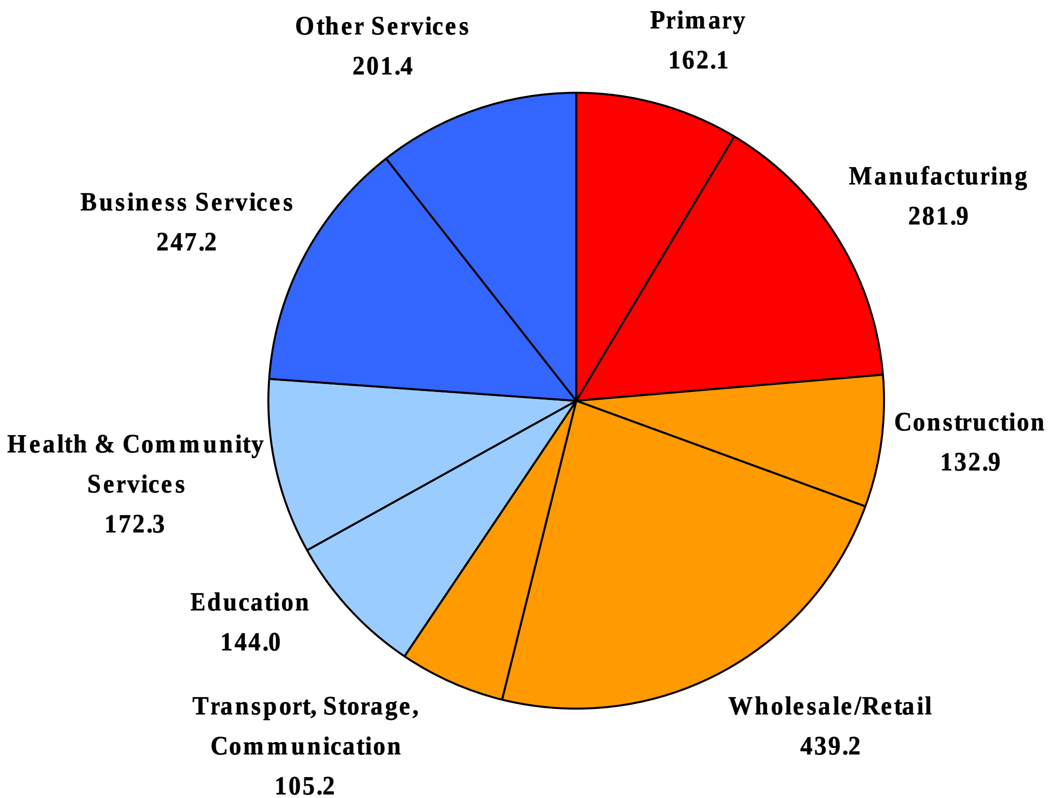
Aggregate number of full-time equivalent persons engaged by employment size of non-farming enterprise
Enterprises, actual, 2003.3



% of non-farm employment	*22.7%*	*8.7%*	*10.8%*	*12.1%*	*45.7%*

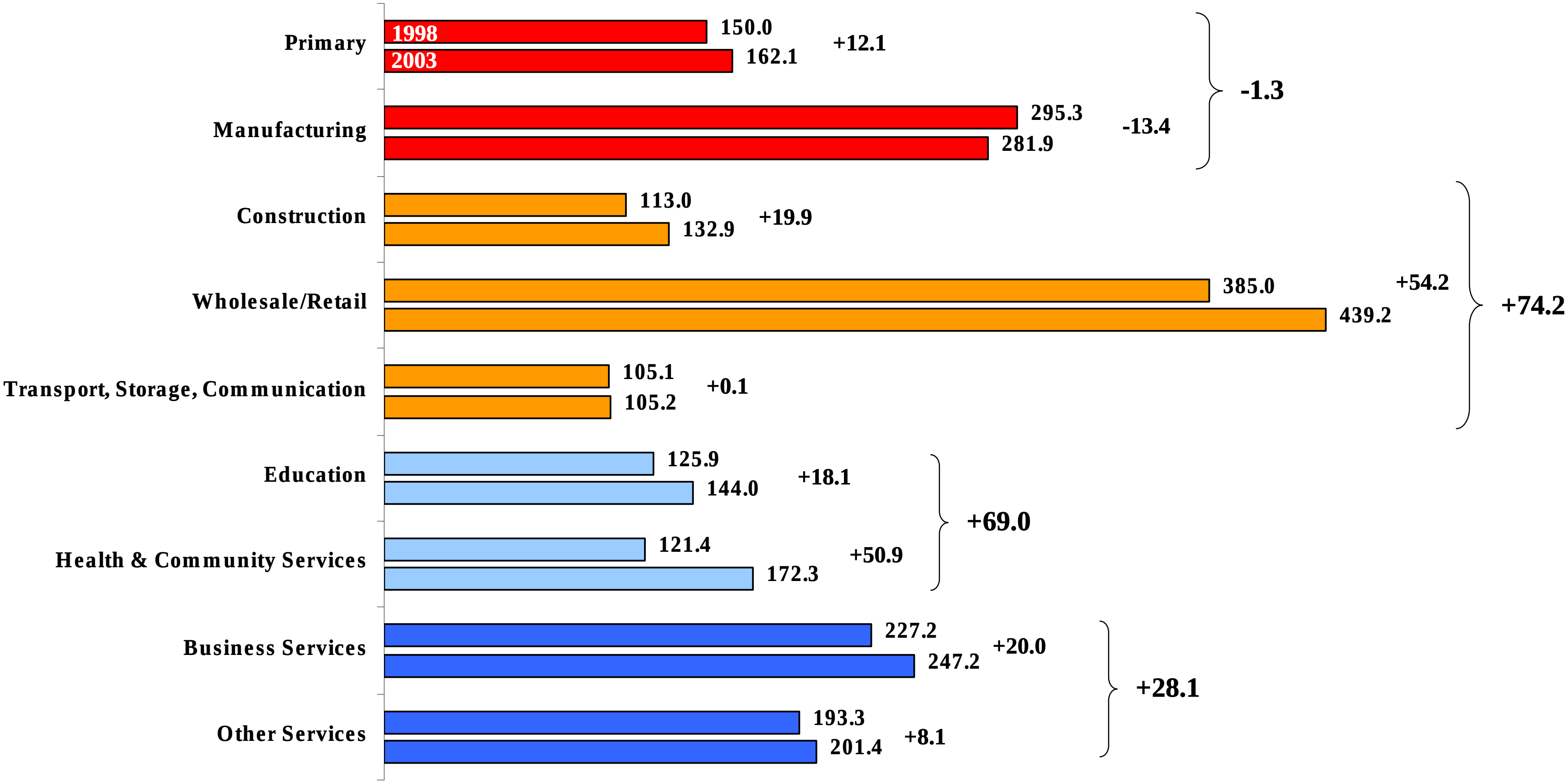
BUSINESSES
Employment is spread through different business sectors

Aggregate number of full-time equivalent persons engaged by sector
People, thousands, 2003.3



BUSINESSES
Employment growth is occurring in the service sector

Aggregate number of full-time equivalent persons engaged by sector
People, thousands, 1998.3 v 2003.3



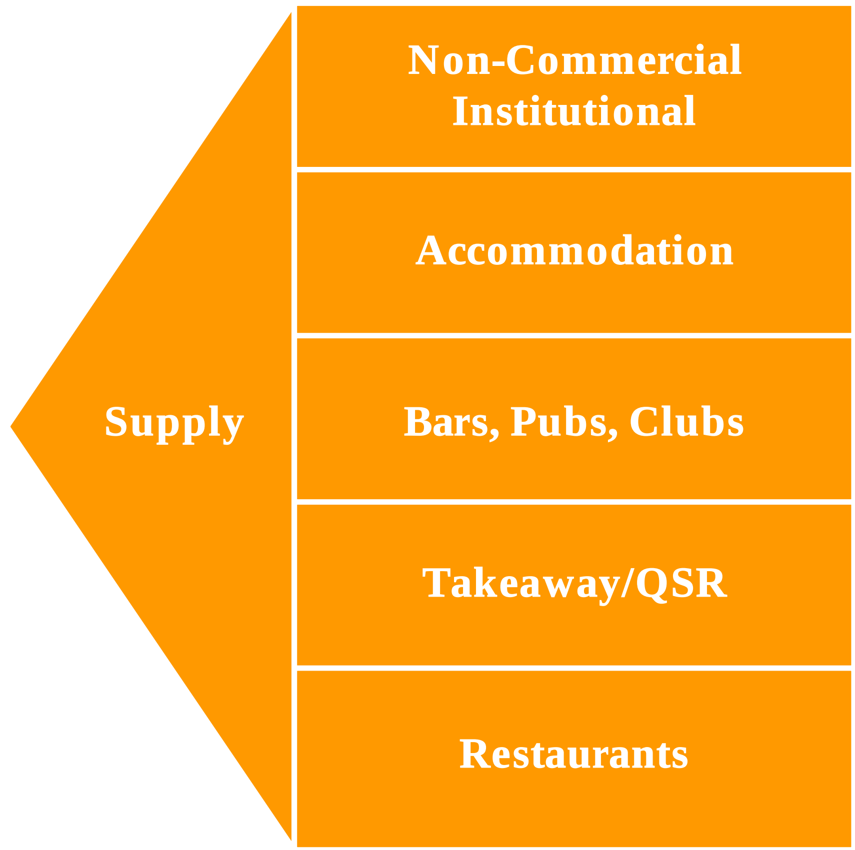
NON-COMMERCIAL/INSTITUTIONAL DEMAND

There are a large number of non-commercial/institutional foodservice outlets, accounting for almost $0.8 billion in retail sales

	Non-Commercial/Institutional
Units	*Numerous*
Food Away Expenditure 2002 2008	$0.8 billion $1.0 billion
Growth Rate (96-02)	4.0% per year
Relevant Segmentation	Education (primary/secondary and tertiary) Health (hospitals/nursing homes) Travel (airlines/cruise lines)
Key Points	– Aging population; increased health expenditure – Minimal growth in other segments – Generally very price driven

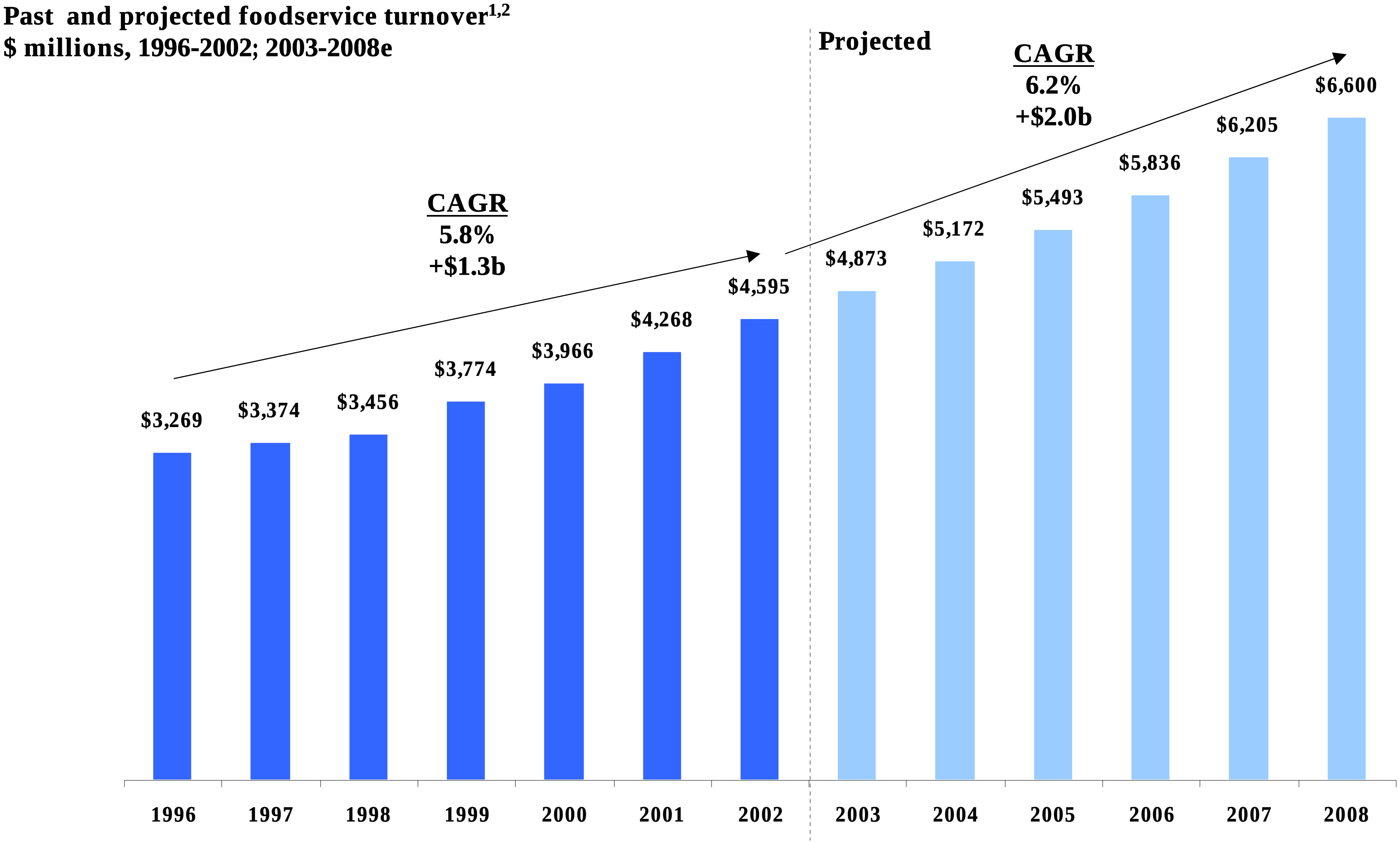
Details in supply section

FOODSERVICE SUPPLY
The supply of foodservice comes from five big segments: non-commercial/institutional, accommodation, bars/pubs/clubs, takeaway/QSR and restaurants/cafés



INDUSTRY TURNOVER GROWTH

The foodservice industry has grown by $1.3 billion in the past six years; we believe it will grow another $2.0 billion in the next six



1. Will not match demand side due to acknowledged flaws in SNZ HHES; 2. This value includes alcohol in the restaurant/café sector
Source: Statistics NZ; Coriolis analysis and estimates

DEFINITIONS
The five segments used in this report are defined as follows

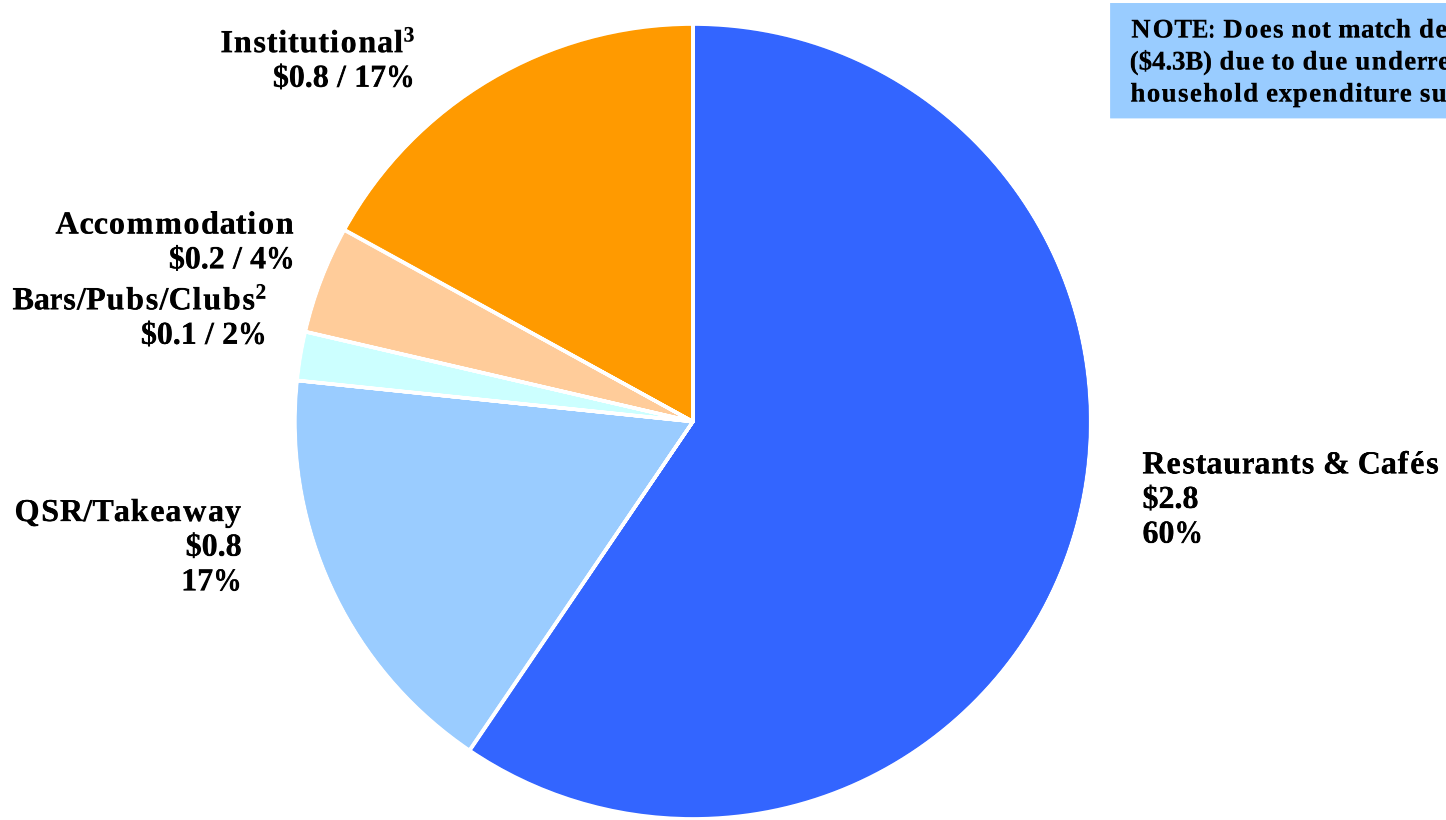
Definitions of different types of food away providers

	Definition	Examples	
Restaurant	Units mainly engaged in providing meals for consumption on premise.	Cafe Catering service Restaurant	
QSR/Takeaway	Units mainly engaged in retailing food ready to be taken away for immediate consumption. QSR stands for quick service restaurant.	Chicken takeaway Ethnic takeaway Fish and chips Hamburger	Ice Cream Pizza takeaway Other takeaway
Bars, Pubs, Clubs	Units mainly engaged in selling alcoholic beverages for consumption on premise.	Bar Night club Pub	Tavern Wine Bar
Accommodation	Units mainly engaged in providing short term accommodation. Includes hotel kitchen/breakfast bar. Does not include separate restaurants located on hotel premise.	Backpackers Camping ground Caravan park Hotel	Motel Motor inn Ski-lodge Youth hostel
Non-Commercial /Institutional	Units mainly engaged in the providing of meals where the consumer does not directly pay for the meal at the point of delivery.	Airlines Cruise Lines Factories Fishing Boats Hospitals	Military Prisons Rest Homes Schools Universities

Source: Statistics NZ; Coriolis analysis

FOODSERVICE SUPPLY
The foodservice industry has a turnover of $4.6 billion through these five major segments

Foodservice expenditure by segment[1]
$ billions, 2002



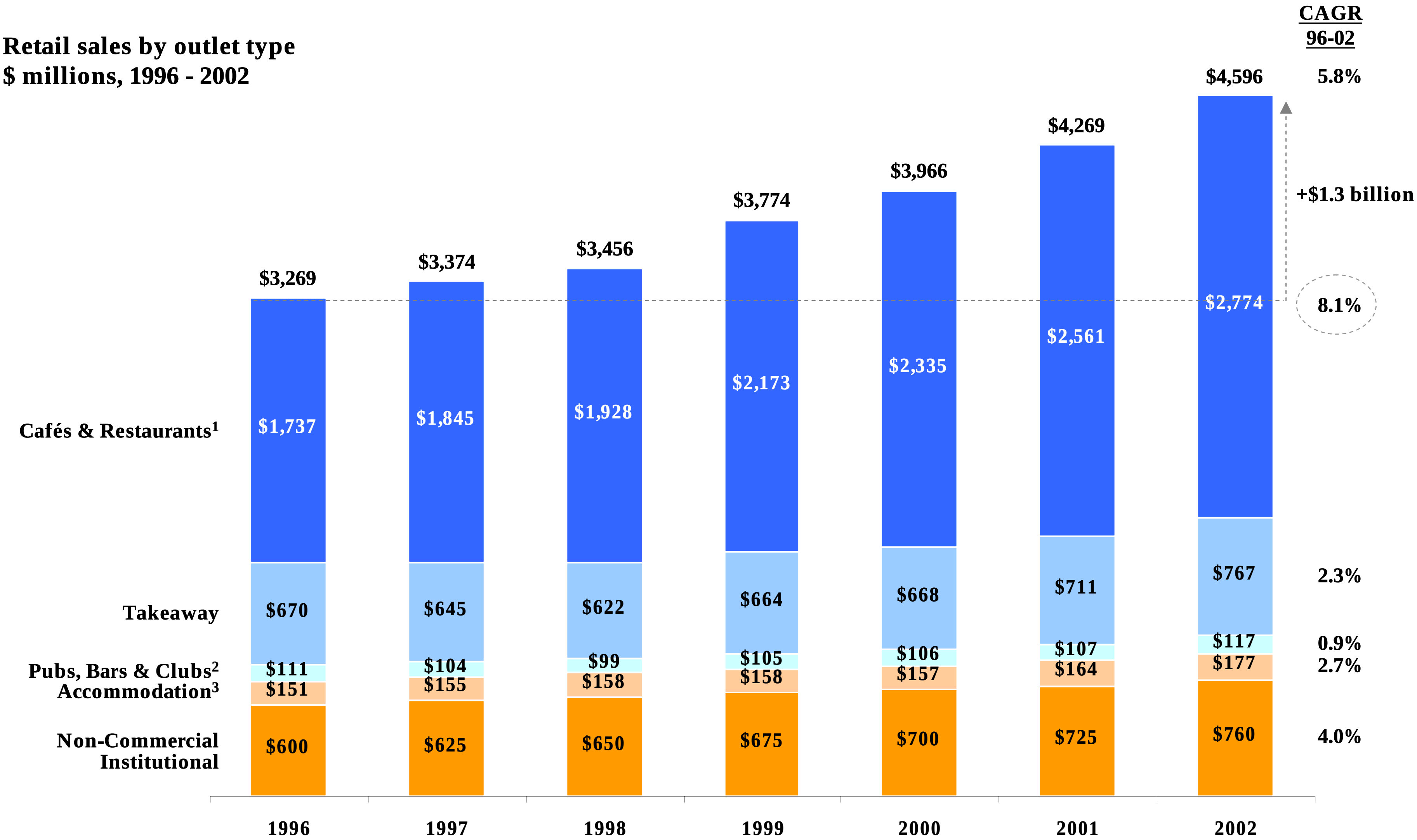
NOTE: Does not match demand side ($4.3B) due to due underreporting in household expenditure survey

TOTAL = $4.6 billion

1. Will not match demand side due to acknowledged flaws in SNZ HHES; 2. This value excludes alcohol; 3. Institutional expenditure at retail equivalent value for comparison purposes; Source: Statistics NZ; Coriolis analysis and estimates

FOODSERVICE TURNOVER
Cafés and restaurants are showing most of the sales growth in foodservice

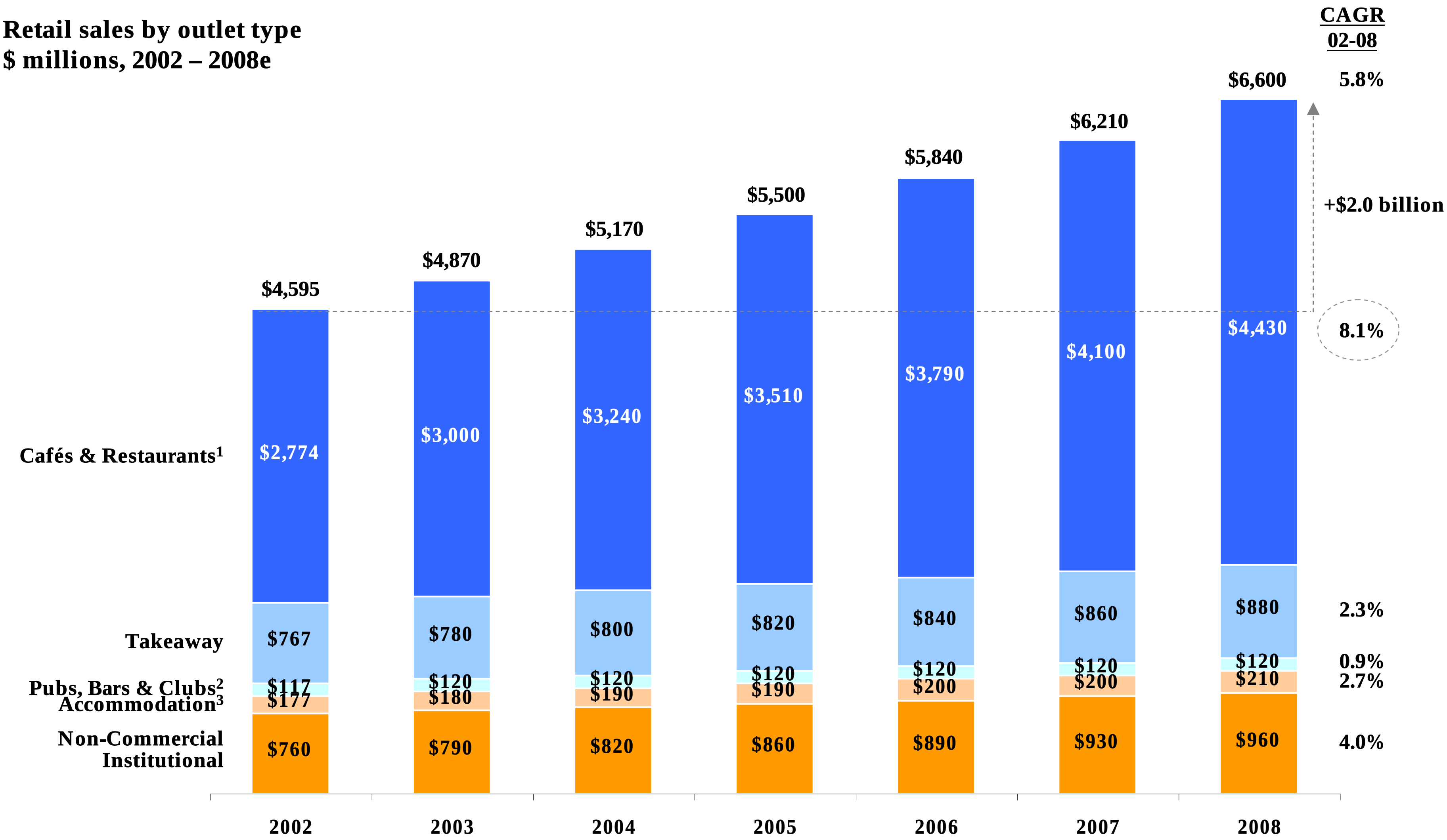
Retail sales by outlet type
$ millions, 1996 - 2002



1. Includes alcohol purchased in licensed restaurants; 2. Food component only; 3. Food and beverage component only
Source: Statistics New Zealand; Coriolis analysis and estimates

PROJECTED FUTURE TURNOVER
Going forward, we project cafés and restaurants will continue to be the growth engine

Retail sales by outlet type
$ millions, 2002 – 2008e



1. Includes alcohol purchased in licensed restaurants; 2. Food component only; 3. Food and beverage component only
Source: Statistics New Zealand; Coriolis analysis and estimates

OPERATORS NEEDS & REQUIREMENTS
These different segments have different characteristics and needs

Key characteristics of major segments

	Key Characteristics	Requirements to Serve
Non-Commercial /Institutional	Commodity-style buyer Often bid out contracts Consistent products and range	Price Meet minimum quality standards
Accommodation	Breakfast-skewed daypart mix Similar to Café/Restaurant	Reasonable product range Dependable service
Pubs, Bars & Clubs	Simple low skill range Snack-type products Low involvement	Focused range Low hassle
QSR/Takeaway	Limited menu Primarily proprietary products High inventory turnover	Low prices Consistent quality levels Adherence to strict standards
Cafés & Restaurants	Broad menu and supply requirements Often limited space Not generally purpose built	Broad product range Dependable service High quality

SEGMENT ATTRACTIVENESS
Growth in the café and restaurant sector should be the focus of suppliers strategic plans

Segment attractiveness matrix by outlet type
Relative index

	Absolute Size	Growth	Efficient to Serve	Overall Supplier Profitability
Non-Commercial /Institutional	◑	◑	●	○
Accommodation	○	○	◑ or ○	●
Pubs, Bars & Clubs	○	○	○	◑
QSR/Takeaway	◑	○	●	○
Cafés & Restaurants	●	●	○	◑

Low ○ **Medium** ◑ **High** ●

NON-COMMERCIAL/INSTITUTIONAL SUPPLY

There are numerous non-commercial/institutional customers representing a retail equivalent value of $0.8 billion

	Non-Commercial/Institutional
Units	*Numerous*
Food Away Turnover 2002 2008	$0.8 billion $1.0 billion
Growth Rate (96-02)	4.0% per year
Relevant Segmentation	Education (primary/secondary and tertiary) Health (hospitals/nursing homes) Travel (airlines/cruise lines)
Key Points	– Aging population; increased health expenditure – Minimal growth in other segments – Generally very price driven

NON-COMMERCIAL/INSTITUTIONAL

The non-commercial/institutional segment has expenditure of $311 million representing an equivalent retail value of $760 million

Estimates of size of non-commercial/institutional sector in New Zealand
$ Millions, 2002

		Estimated Expenditure			
		Walkers 1999	BIS 2002	Coriolis 2003	Reason for Variance
Education – Prim/Sec			$44	$40	Fewer meals; more off campus
Education - Tertiary			$36	$30	More off-campus
Health – Hospitals/Inst		$38	$46	$70	Interviews with MOH; ADHB
Health – Nursing/Retirement		$53	$51	$60	Higher spend per patient; more residents
Military		$10	$42 (Military and Prisons combined)	$30	Interviews with MOD
Prisons		$10		$10	Interviews with DOC
Factories			$64	$40	Fewer factories with facilities[2]
Airlines				$15	Interview with airline
Marine – Cruise Liners				$5	Interviews with industry
Marine – Fishing Boats				$5	Interviews with MOF/industry
Marine – Other				$1	Interviews with industry
Other			$6	$5	-
Total	**At Cost**	**$111**	**$289**	**$311**	
	Equivalent Retail Value	**N/A**	**$650[1]**	**$760**	

1. Implied; 2. Independent cafeteria counted in café/restaurant segment
Source: Walkers 1999; BIS 2002; Coriolis analysis and estimates

EDUCATION

There are over a million primary, secondary and tertiary students (including boarders) representing a combined expenditure of $70 million on non-commercial foodservice

Number of schools and students by type of school
Actual, 2002

	Number of Schools	Number of Students	Students /School
Primary/Intermediate[1]	2,188	453,246	207
Secondary[1]	463	283,294	612
Other	48	11,544	241
Sub-total	**2,699**	**748,084**	**1,060**
Universities	8	122,727	15,341
Polytechnics	23	87,436	3,802
College of Education	4	12,045	3,011
Wananga	3	2,972	991
Private Facilities	452	39,173	87
Sub-total	**490**	**264,353**	**539**
Total	**3,189**	**1,012,437**	**1,599**

Estimated Market Size

$40m

+

Estimated Market Size

$30m

= $70m

1. There are 5,337 boarders in primary and secondary schools who require a much larger expenditure
Source: MOE; Census 2001; Statistics New Zealand; Coriolis analysis

HEALTH
The health sector, including public and private hospitals, nursing homes and retirement villages represents $130 million expenditure on non-commercial foodservice

Number of facilities and patients by type of facility
Actual, 2003[1]

	Number of Facilities	Number of Beds	Inpatient Days
Public Hospitals	85	12,484	4,700,000
Private Hospitals	360	11,341	2,000,000
Sub-total	445	23,825	6,700,000

Estimated Market Size
$70m

+

	Number of Facilities	Number of Residents
Nursing Homes	796	21,000
Retirement Villages	98	4,000
Sub-total	894	25,000

Estimated Market Size
$60m[2]

= $130m

1. Nursing homes and retirement villages uses 2001 data; 2. Does not include self-prepared food
Source: MOH; Census 2001; Coriolis analysis

MILITARY
The New Zealand military has almost thirteen thousand personnel and an estimated $30 million in foodservice expenditure

Number of personnel and facilities by service
Actual, 2003

	Number of Personnel				
	Regular	Non-Regular	Civilian	Total	Facilities
Army	4,423	1,975	646	7,044	6
Navy	1,979	356	431	2,766	1[1]
Air Force	2,202	35	417	2,654	3
Headquarters	367	-	408	775	2
Total	**8,971**	**2,366**	**1,902**	**13,239**	**12**

Estimated Market Size
$30m

1. Plus three large ships and eight small vessels; Source: NZDF

PRISONS
There are nineteen prisons in New Zealand representing a $10 million foodservice market

Number of facilities and inmates by type of facility
Actual, 2002

		Number of Facilities	Number of Inmates	Inmate Days
Prisons	**Public**	18	6,146	2,243,300
	Private	1	252	91,980
Total		19	6,398	2,335,280

Estimated Market Size

$10m

Source: MOJ; DOC; Coriolis analysis

FACTORIES
There are about a 22,500 factories in New Zealand representing a $40 million foodservice market

Number of manufacturing facilities and employees
Actual, 2002

	Number of Facilities	Number of Employees
Mining, Oil & Gas Exploration	468	3,610
Food, Beverage & Tobacco	1,785	62,990
Textile, Clothing & Leather	1,999	20,240
Wood & Paper Products	2,280	25,800
Printing, Publishing & Recorded Media	2,080	19,870
Petroleum, Coal & Chemicals	1,296	19,820
Non-metalic Mineral Products	858	6,650
Metal Products	3,338	27,870
Machinery &Equipment	5,522	44,320
Other Manufacturing	2,935	14,610
Total	**22,561**	**245,780**

Estimated Market Size

$40m

Source: Statistics New Zealand; Coriolis analysis

AIRLINES
There are almost 3.5 million outbound international passengers and eleven million domestic passengers, representing a $15 million foodservice market

Number of passenger movements
Actual, 2002

	Number of Passenger Movements		
	International		
	Total	Outbound	Domestic
Auckland	5,371,000	2,685,500	4,056,663
Wellington	446,000	223,000	3,454,000
Christchurch	1,021,400	510,700	3,571,835
Total	**6,838,400**	**3,419,200**	**11,082,498**

Estimated Market Size

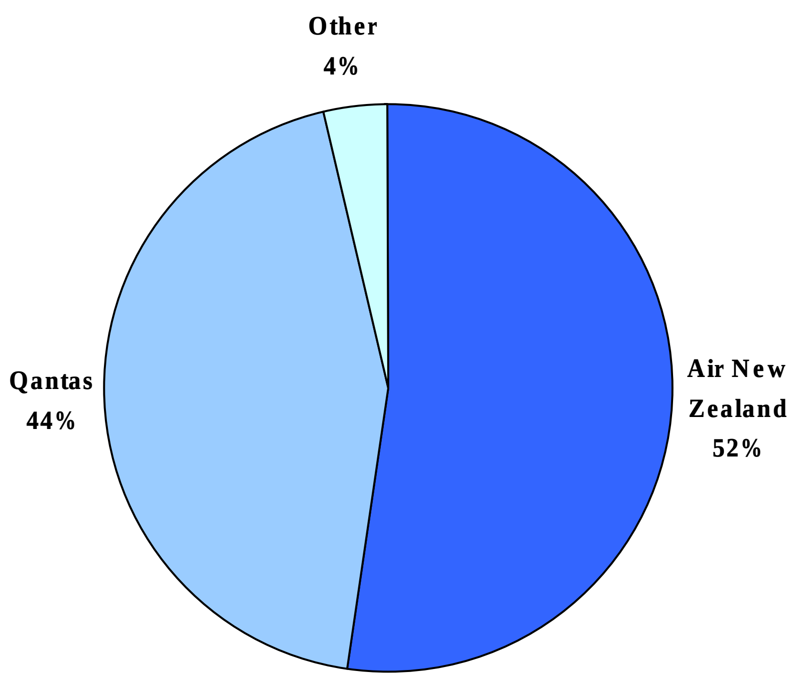
$15m

Source: AIA; WIA; CIA; Coriolis analysis

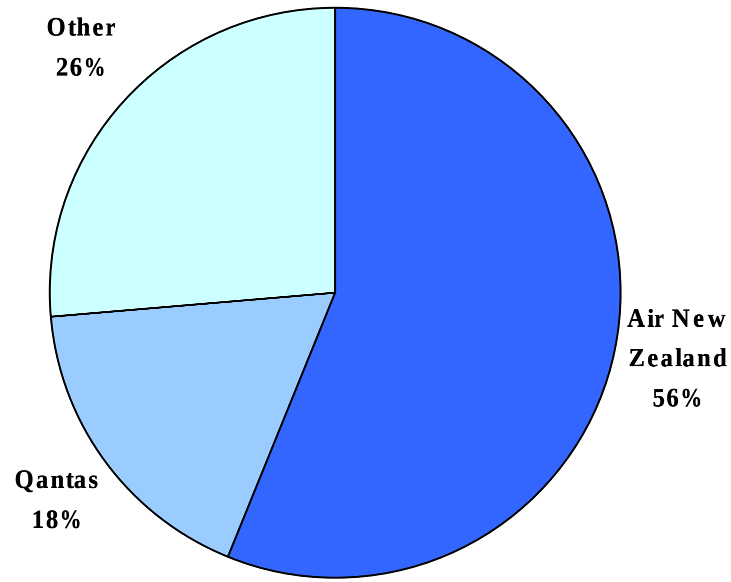
AIRLINES
Air New Zealand and Qantas are the key airline customers

Share of passenger movements by major airline
Percent of total, 2002

Domestic



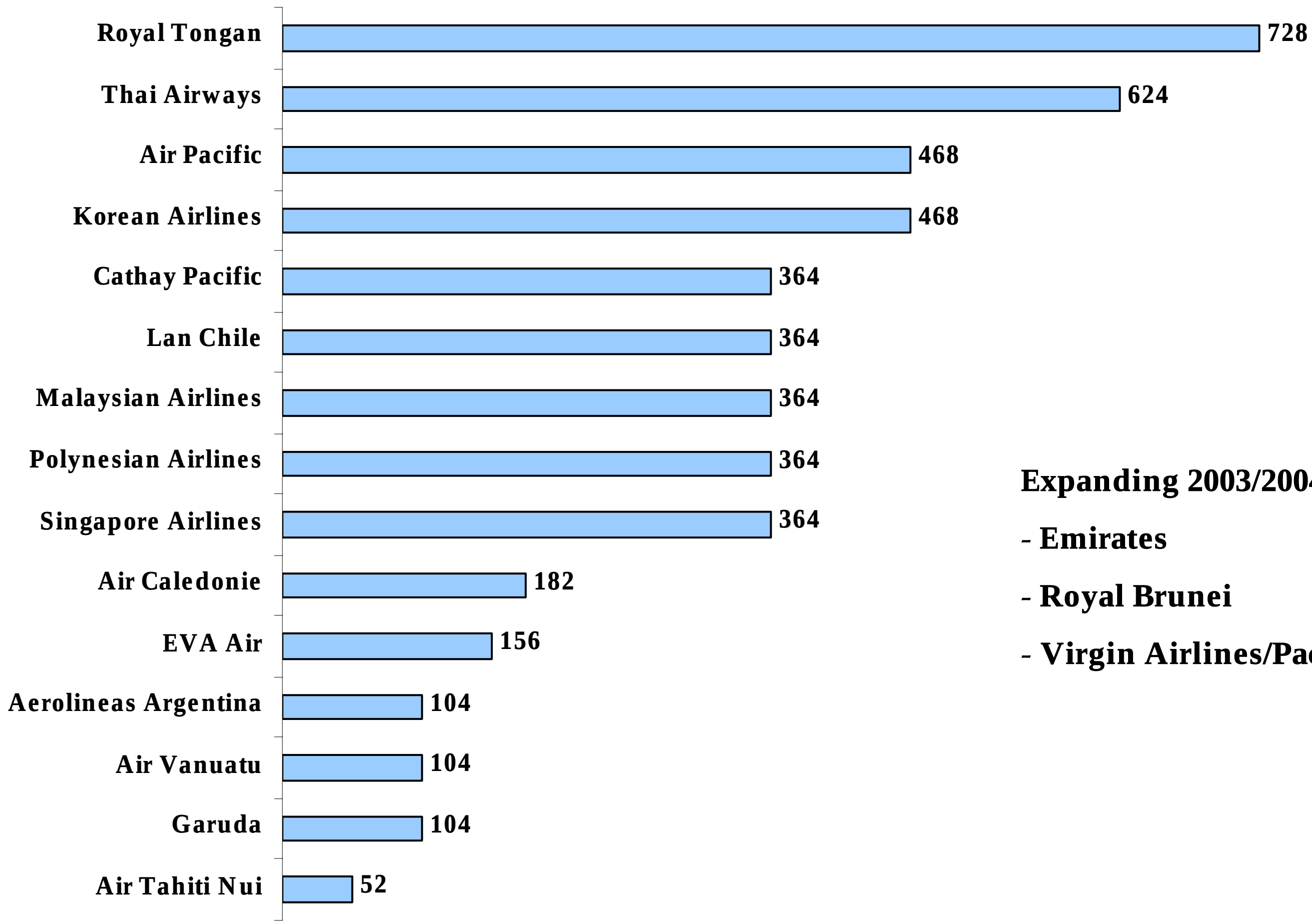
International



Source: SNZ; ANZ; NZCC; Coriolis analysis

AIRLINES
However, fifteen additional airlines provide international flights from New Zealand

International flights from New Zealand per year
Actual, 2002



Expanding 2003/2004 :

- **Emirates**
- **Royal Brunei**
- **Virgin Airlines/Pacific Blue**

MARINE
The large number of boats moving in and out of New Zealand waters represent an $11 million foodservice market

Number of marine craft and arrivals
Actual, 2002

	Number of Craft	Number of Passenger Arrivals
Cruise Liners Arriving in NZ Waters	38	9,333
Marine Craft Arriving in NZ waters	6,830	269,495
Total	**6,868**	**278,828** [1]

Estimated Market Size

$11m

Number of commercial fishing vessels and fishermen
Actual, 2002

	Number of Vessels	Number of Fishermen
Commercial Vessels	**1,614**	**3,913**

1. Will include double counting of people as one vessel may move in and out of New Zealand waters more than once in a year
Source: MOF; Department of Customs; SNZ; Coriolis analysis

OTHER
There are a number of other types of non-private dwellings with foodservice expenditure estimated at $5 million

Number of facilities and residents by type of facility
Actual, 2001

	Number of Facilities	Number of Residents
Welfare Institution / Night Shelters	333	1,755
Religious Institutions	87	585
Residential or Community Care Facilities	309	1,824
Staff Quarters / Nurses Homes	228	693
Boarding Houses	351	3,150
Youth/Scout/Guide Camp /School Camp	348	Seasonal
Total	**1,656**	**8,007**

Estimated Market Size

$5m

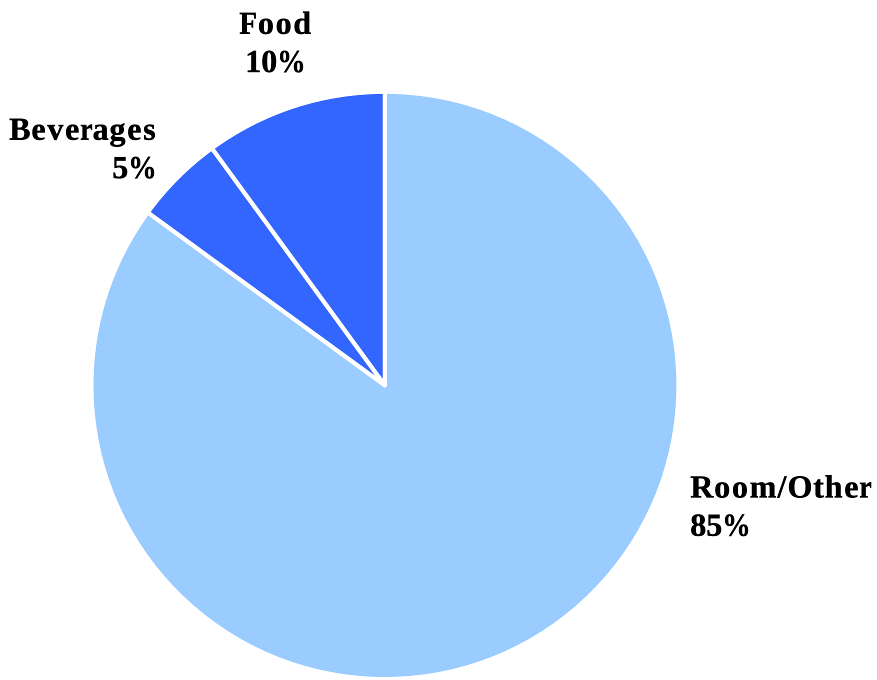
Source: Census 2001; Coriolis analysis

ACCOMMODATION SUPPLY
While there are 3,800 accommodation facilities, the market is somewhat fragmented

		Accommodation
Units		3,800 accommodation facilities
Food Away Turnover	2002 2008	\$0.2 billion \$0.2 billion
Growth Rate (96-02)		2.7% per year
Relevant Segmentation		Hotel/Motel/Other Chain/Independent
Key Points		– Strong breakfast/buffet component – Fragmentation occurring beyond hotel/motel – Hotels growing more slowly than other channels – Guests increasingly likely to eat away – Primarily independent; minimal chain presence

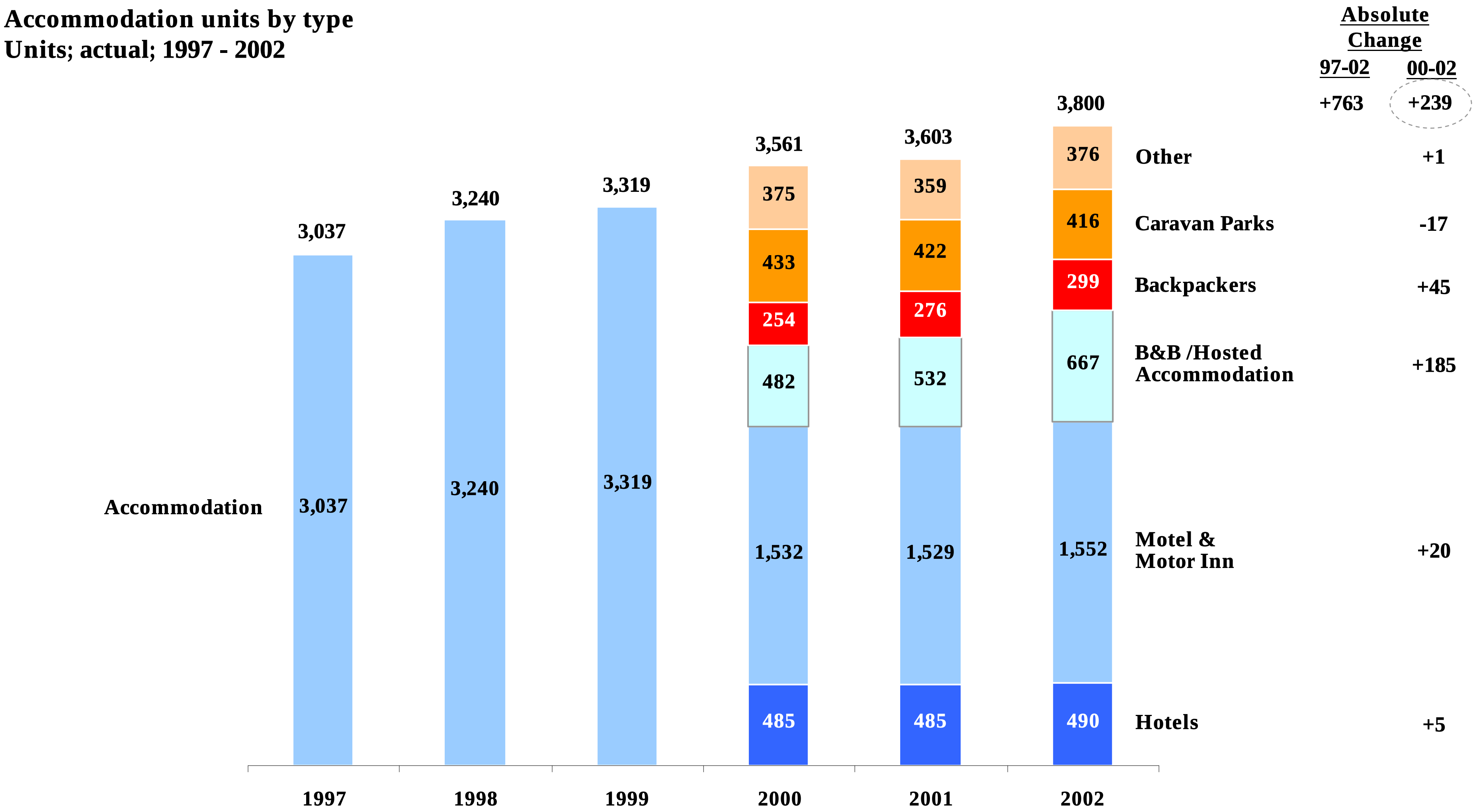
SALES MIX
Food and beverages represent 15% of the average accommodation provider's turnover

Typical hotel/motel outlet sales by product group
%; 2003



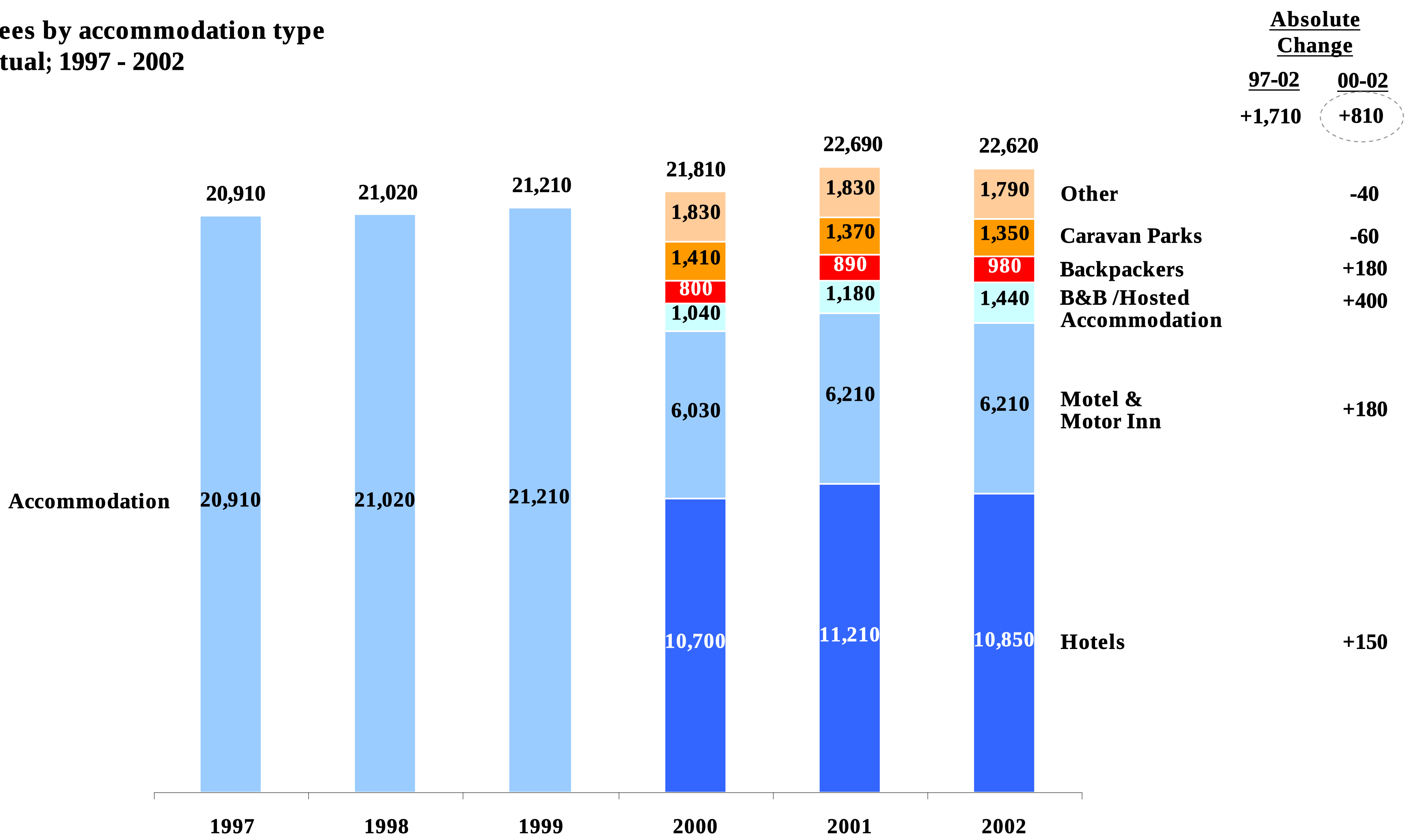
Source: Interviews; Industry sources; Coriolis analysis

ACCOMMODATION UNITS
The accommodation sector is showing strong unit growth



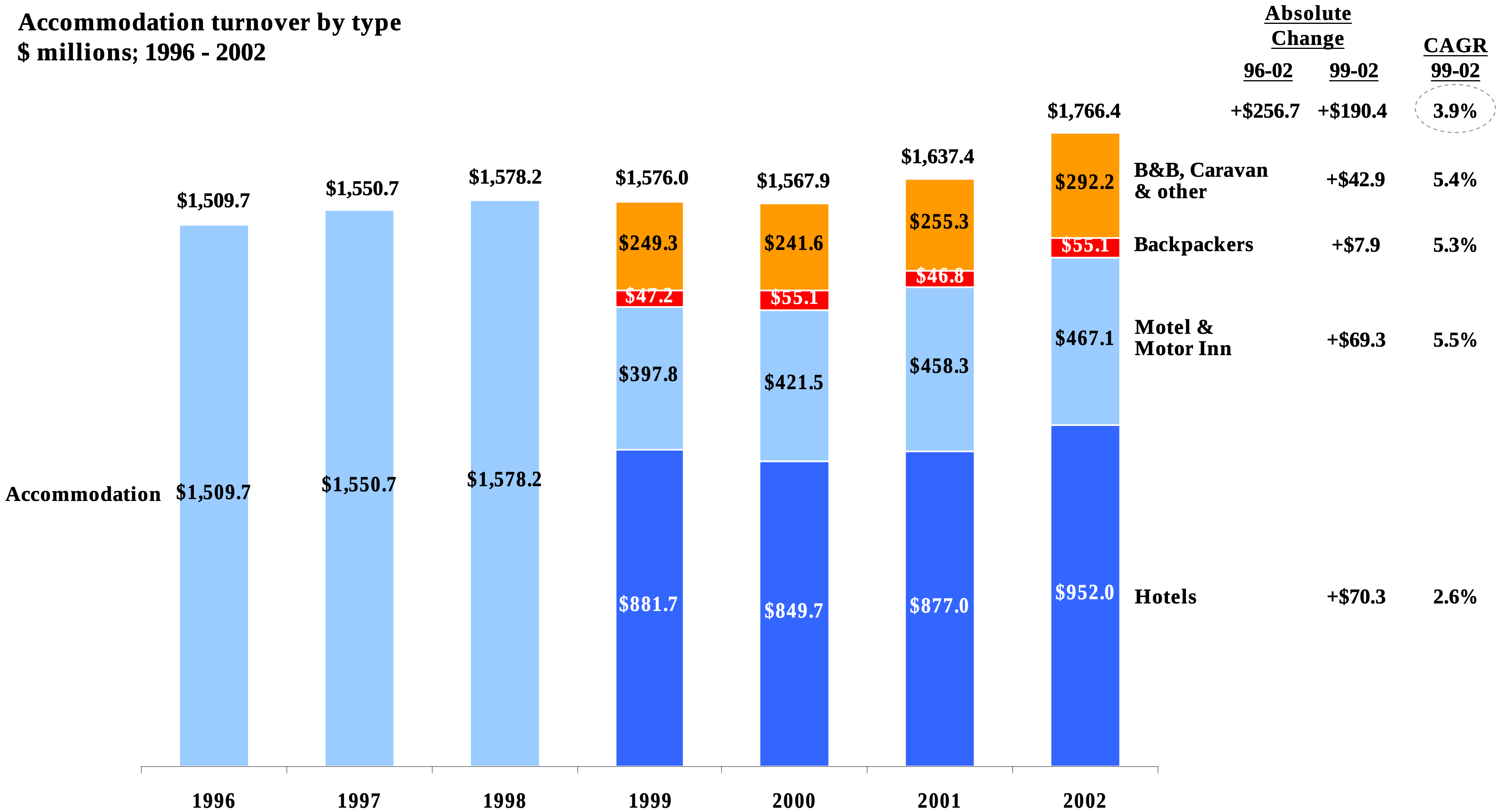
ACCOMMODATION EMPLOYEES
The accommodation sector is showing strong employment growth

Employees by accommodation type
FTE[1]; actual; 1997 - 2002



1. Full Time Equivalents Source: Statistics New Zealand; Coriolis analysis

ACCOMMODATION TURNOVER
The accommodation sector is showing average turnover growth



Source: Statistics New Zealand; Coriolis analysis

TOP TEN GLOBAL HOTEL GROUPS
The global hotel groups have a minimal presence in New Zealand at this point

Top 10 global accommodation chains presence in New Zealand
$ millions; 1996 - 2002

Group	Rooms Global	Properties Global	NZ	Brands (# in New Zealand)
Cendant	538,566	6,537	-	Days Inn, Super 8, Ramada, Howard Johnson, Travelodge
Inter-Continental	516,027	3,412	8	Holiday Inn (1), Crowne Plaza (2), Intercontinental (1) Parkroyal (1), Centra (3)
Accor	440,807	3,829	13	Sofitel, Novotel (5), Mercure (6), Ibis (2), Motel 6, Red Roof
Marriott	428,488	2,329	-	Marriott, Courtyard, Residence Inn, Renaissance, Ritz Carlton
Choice International	354,319	4,431	47	Comfort, Quality, Econo Lodge, Clarion, Sleep, Flag (47)[1]
Hilton	350,007	2,052	1	Hampton, Hilton (1), Doubletree, Embassy, Red Lion
Best Western	303,442	4,014	71	Best Western (71)[1]
Starwood	225,221	750	1	Sheraton (1), Westin, Four Points, St. Regis
Carlson	140,915	846	-	Radisson, Country Inns, Regent, Park Inns, Park Plaza
Hyatt Hotels	96,024	207	1	Hyatt Regency (1), Grand Hyatt, Park Hyatt

1. Defined as Banner Groups rather than Chains Source: AHMA; various annual reports; Coriolis analysis

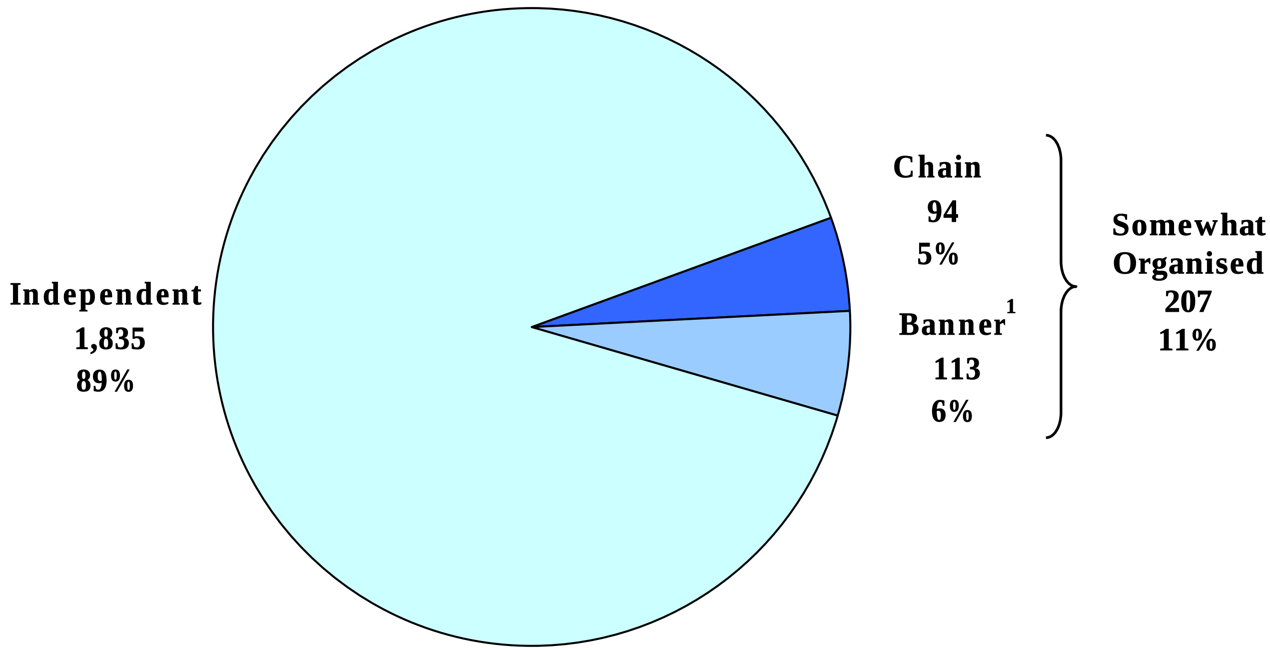
MAJOR ACCOMMODATION GROUPS
There are five other accommodation groups with any scale in New Zealand

Other major accommodation chains in New Zealand
$ millions; 1996 - 2002

Group	Properties	Locations
CDL Hotels	28	Millenium (3): Rotorua, Christchurch, Queenstown Copthorne (10): Bay of Islands, Auckland (2), Taupo, Masterton, Wellington, Christchurch (3), Queenstown Kingsgate (15): Paihia, Whangarei, Auckland (2), Hamilton, Rotorua, Palmerston N Wellington (2), Christchurch, Greymouth, Queenstown, Oamaru, Te Anau, Dunedin
Scenic Circle	18	Auckland, Hamilton, Queenstown (2), Paihia, Blenheim, Christchurch (3), Gore Dunedin (2), Franz Josef, Fox Glacier, Rotorua, Punakaiki, Kaikoura, Napier
Grand Hotels International	9	The Chancellor (3): Methven, Queenstown, Wellington Grand Chancellor (4): Auckland, Wellington, Christchurch (2) Grand Tiara (1): Rotorua Grand Central (1): New Plymouth
Heritage	7	Auckland (2), Wellington, Nelson, Hanmer Springs, Christchurch, Queenstown
Rydges	6	Auckland, Christchurch, Hamilton, Palmerston North, Rotorua, Queenstown
Duxton	3	Auckland, Wellington, Rotorua

UNIT SHARE
The vast majority of hotel, motels and motor inns are independently owned and operated, leading to a large number of points-of-contact

Other major accommodation chains in New Zealand
$ millions; 1996 - 2002



TOTAL = 2,042 Hotels, Motels and Motor Inns

1. Banner defined as independently owned and operated under common name or banner (Best Western and Flag in New Zealand)
Source: Coriolis analysis

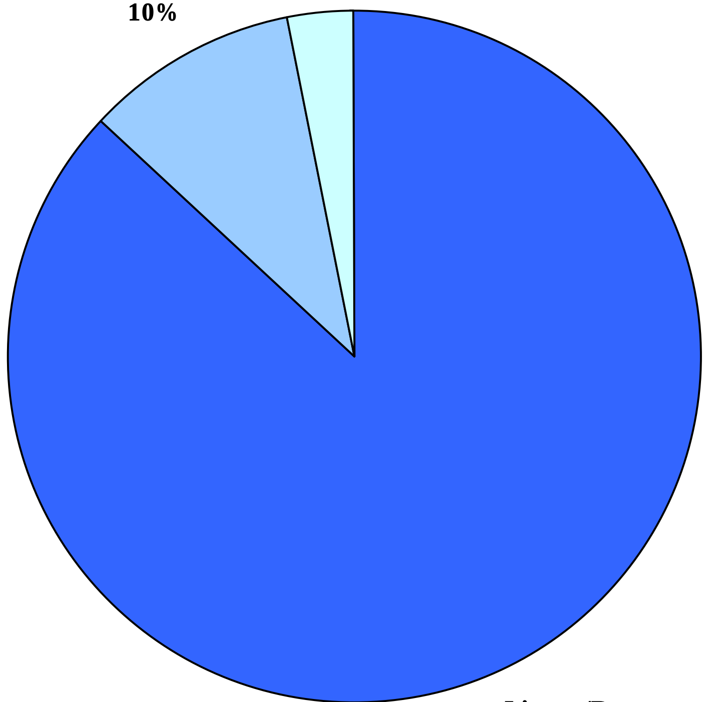
BARS/PUBS/CLUBS SUPPLY
While there are 1,726 primarily liquor establishments, the sector is not showing strong growth

	Bars/Pubs/Clubs
Units	2,775 units[1]
Food Away Turnover 2002 / 2008	$0.1 billion $0.1 billion
Growth Rate (96-02)	0.9% per year
Relevant Segmentation	Structure (Pub/Tavern or Club (RSA, Sports Clubs), Sports Facility, Casino, Race Track) Food offer (Kitchen / No Kitchen)
Key Points	– Overall low growth market – Increased competition from more restaurants and cafés getting liquor licenses – Many pubs/taverns converting to restaurant format – Urban shift changing drinking patterns

1. Does not include 663 liquor retailers, other primarily off-premise liquor vendors, 490 Hotels with accommodation, other accommodation outlets, or cafes and restaurants with a liquor license

SALES MIX
Food represents only 10% of the average on-premise establishment's turnover

Typical on-premise liquor outlet sales by product group
% of sales; 2003

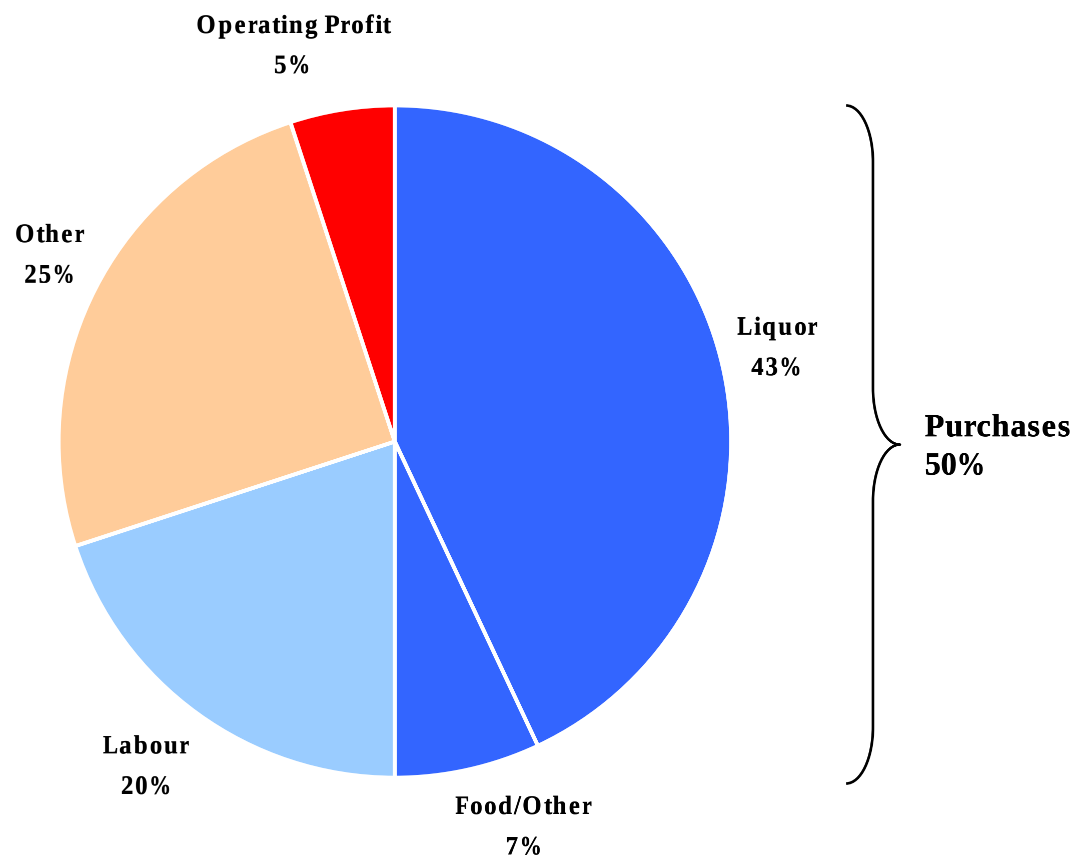


TOTAL = 100% of sales

Source: Interviews; Industry sources; Coriolis analysis

EXPENSES BY TYPE
Purchases typically account for fifty percent of sales, labour twenty percent and operating profit five percent

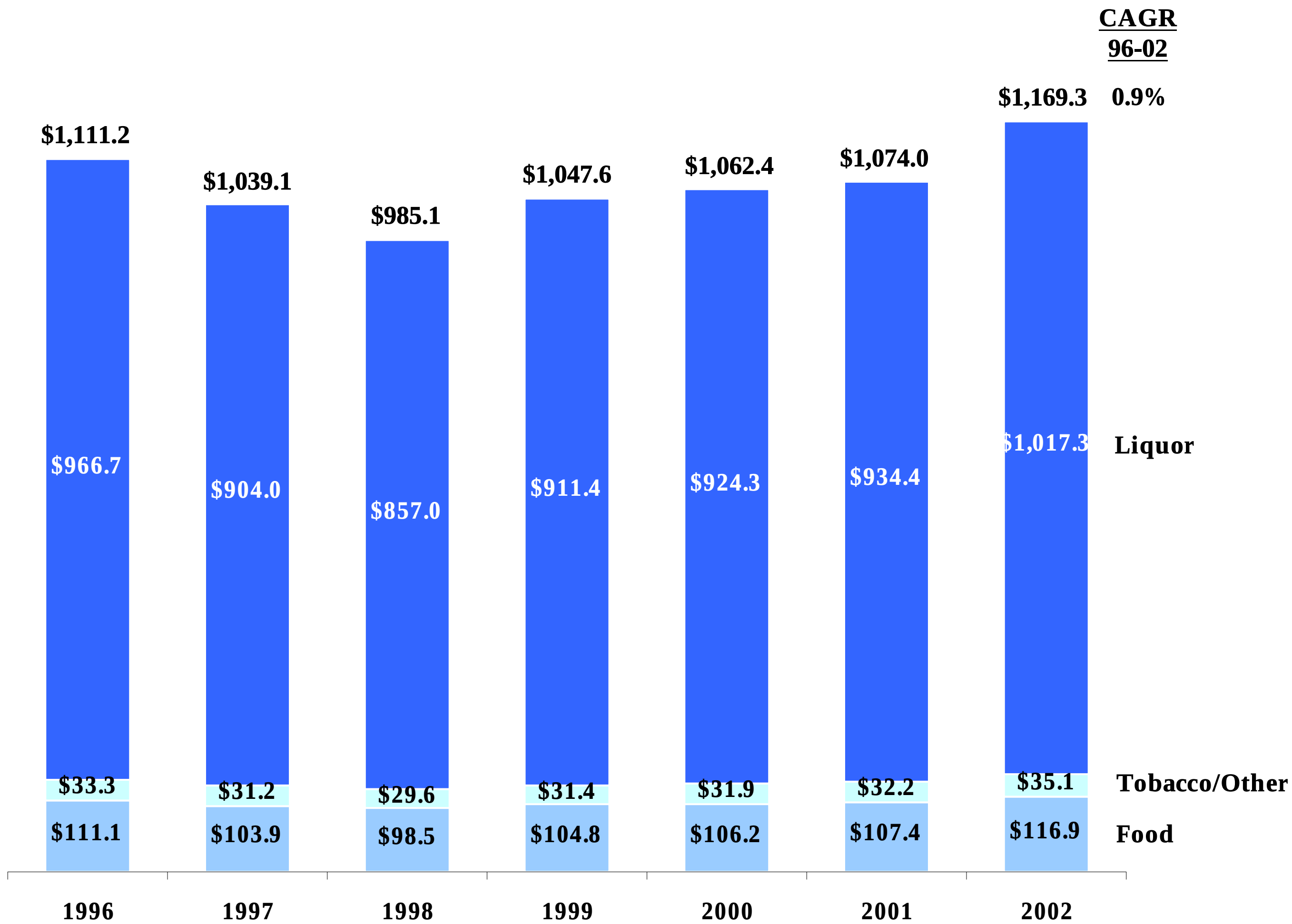
Typical on-premise liquor outlet components of sales
% of sales; 2003



TOTAL = 100% of sales

BARS/PUBS/CLUBS SALES
The on-premise liquor segment appears to have recovered from its sales dip in the late 90's

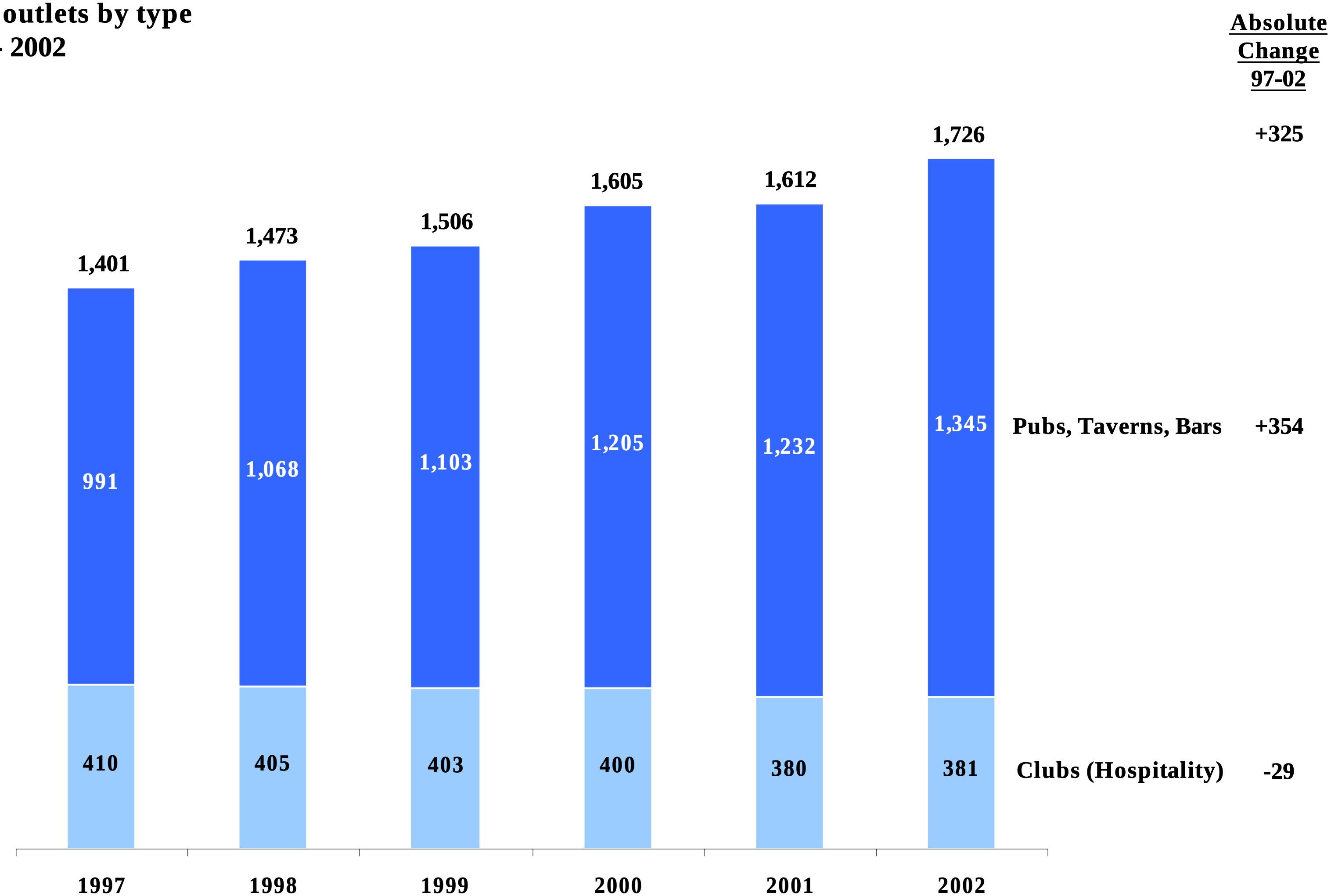
On-premise liquor outlets sales by product category
$ millions; 1996 - 2002



Source: Statistics New Zealand; Coriolis estimates and analysis

BARS/PUBS/CLUB FACILITIES
The number of on-premise facilities is increasing…

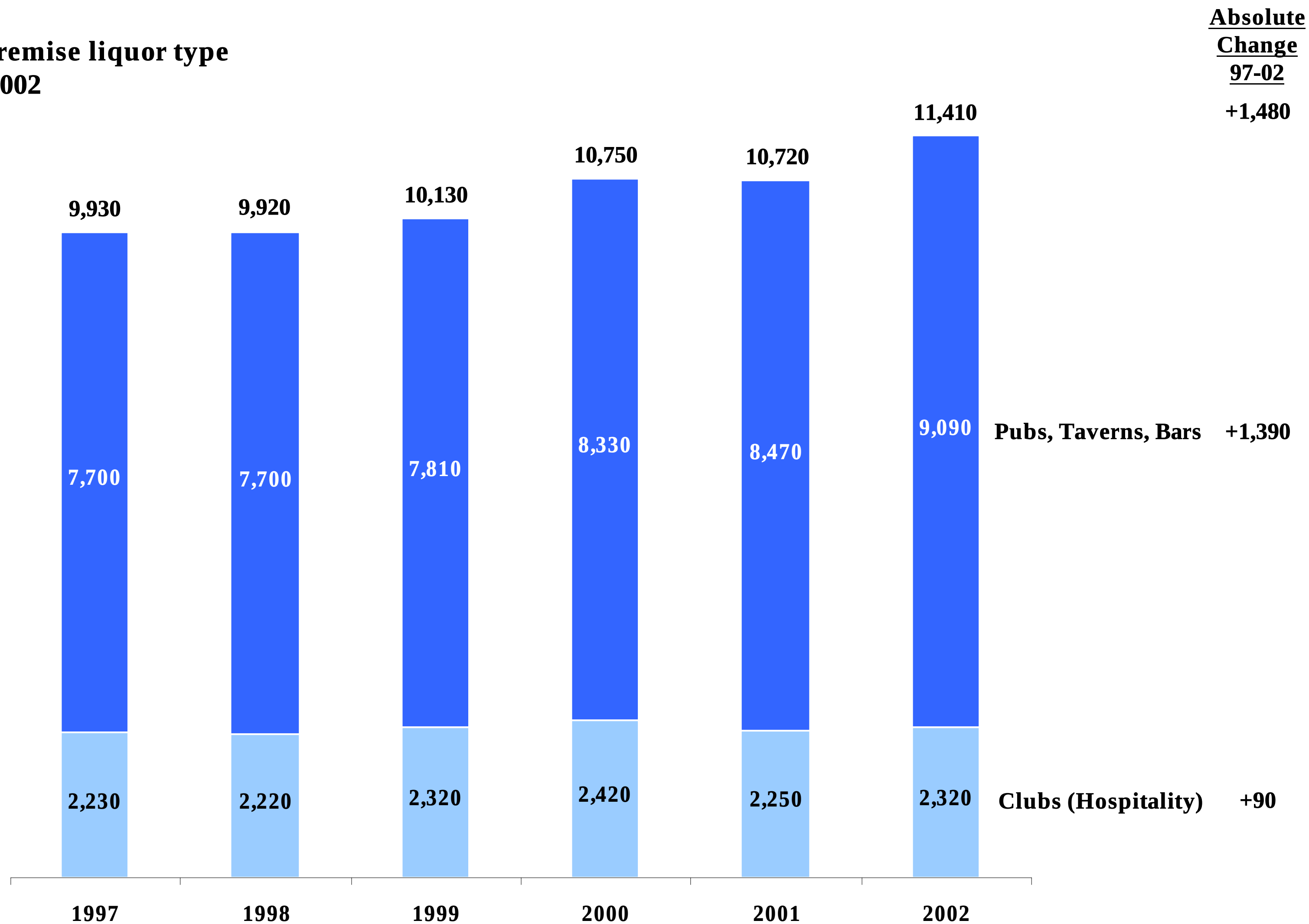
On-premise liquor outlets by type
Units; actual; 1997 - 2002



Source: Statistics New Zealand; Coriolis analysis

BARS/PUBS/CLUBS EMPLOYEES INCREASING
… as is total employment

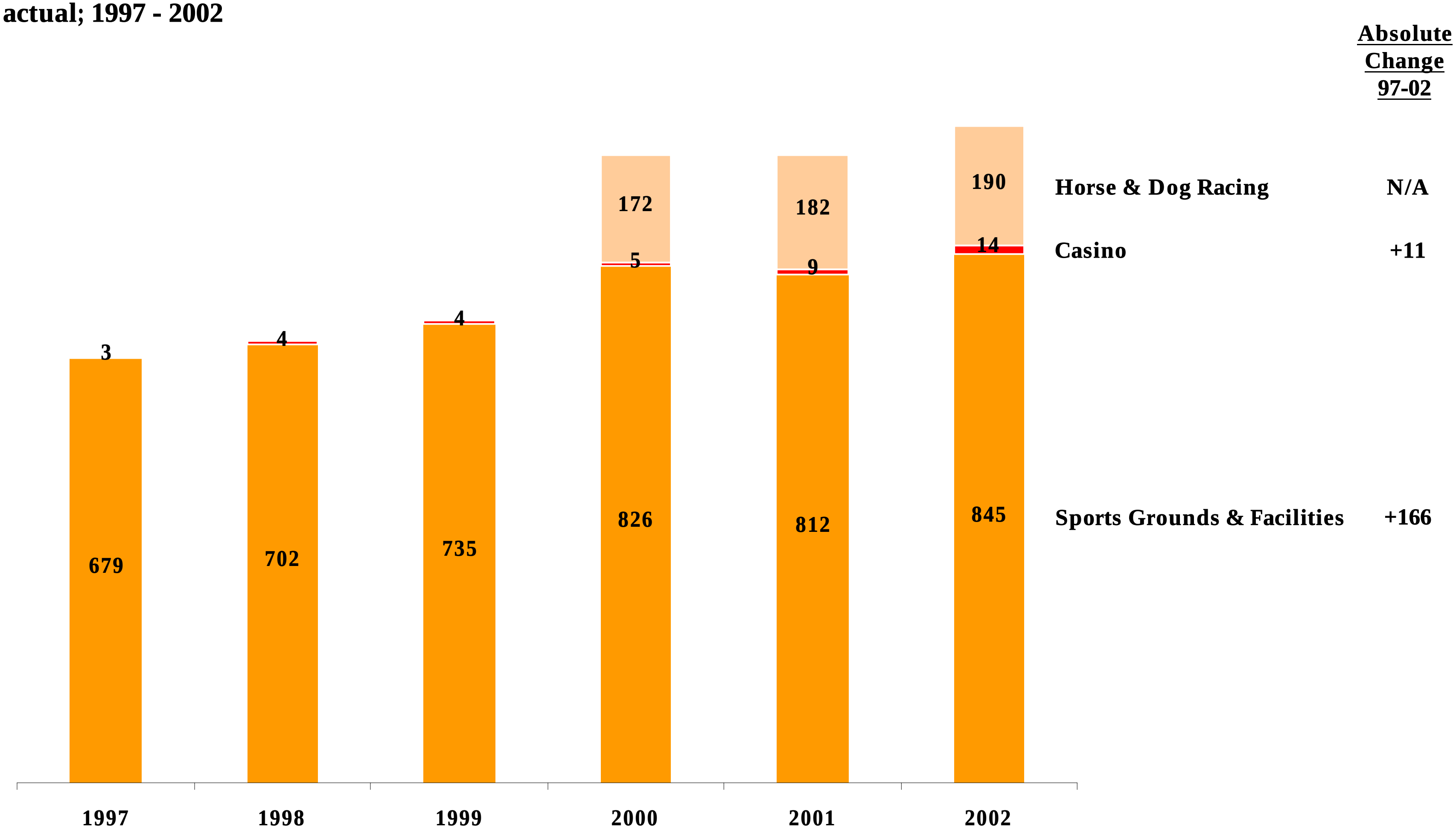
Employees by on-premise liquor type
FTE; actual; 1997 - 2002



Source: Statistics New Zealand; Coriolis analysis

OTHER MAJOR ON-PREMISE LIQUOR
There are a number of other major on-premise liquor outlets

Other facilities with significant on-premise primarily liquor activities
FTE; actual; 1997 - 2002



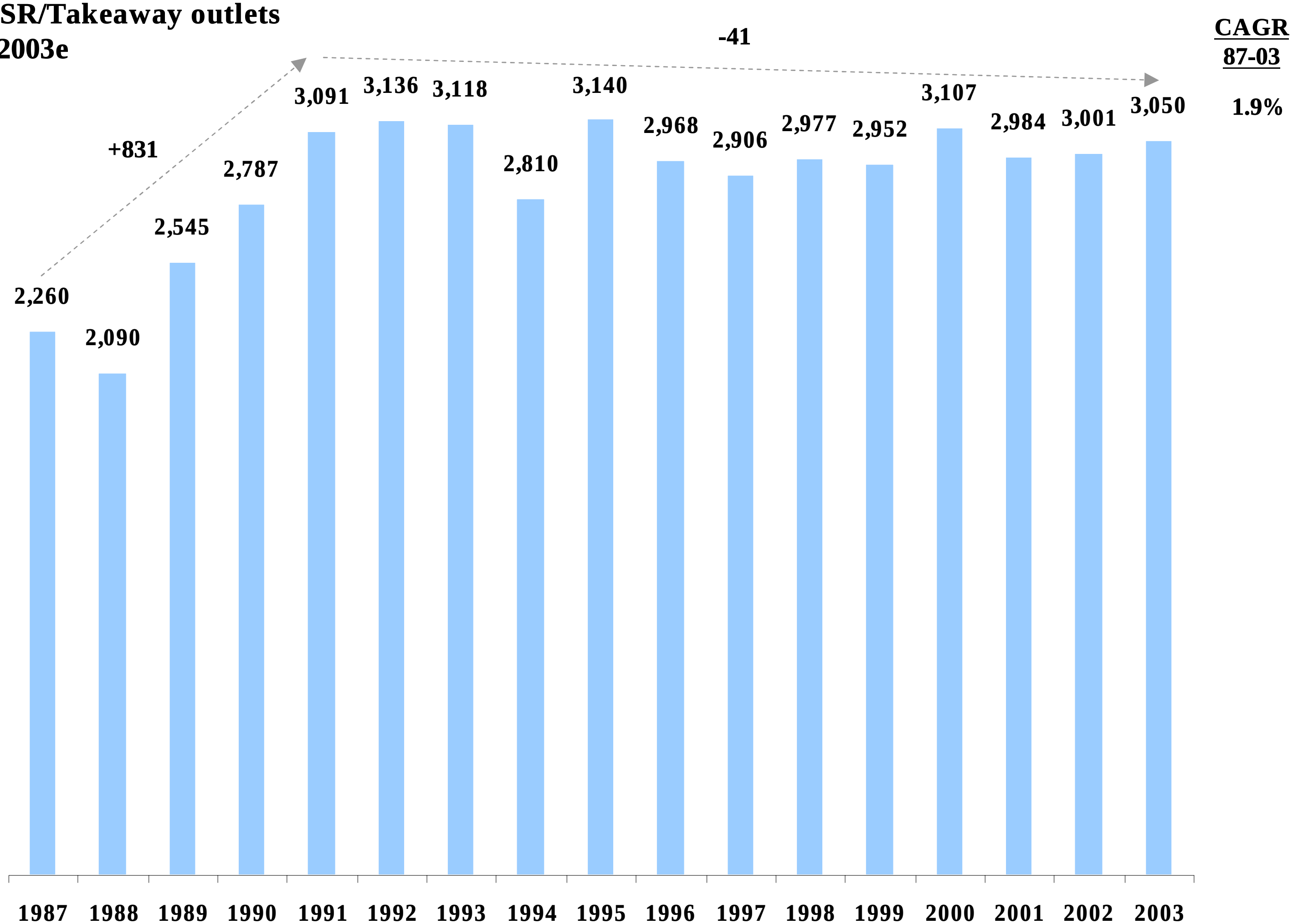
QSR/TAKEAWAY SUPPLY

There are about three thousand QSR/Takeaway outlets with a total turnover of almost $800 million

		QSR/Takeaway
Units		3,000 units
Food Away Turnover	2002 2008	$0.8 billion $0.9 billion
Growth Rate (96-02)		2.3% per year
Relevant Segmentation		Chain / Independent Burger / Chicken / Pizza / Sandwich
Key Points		– New Zealand market close to saturated – Negative growth in real terms – Most major global chains now here – Independents in steep decline

MARKET SATURATION
The number of QSR/Takeaway units appears to be declining slowly

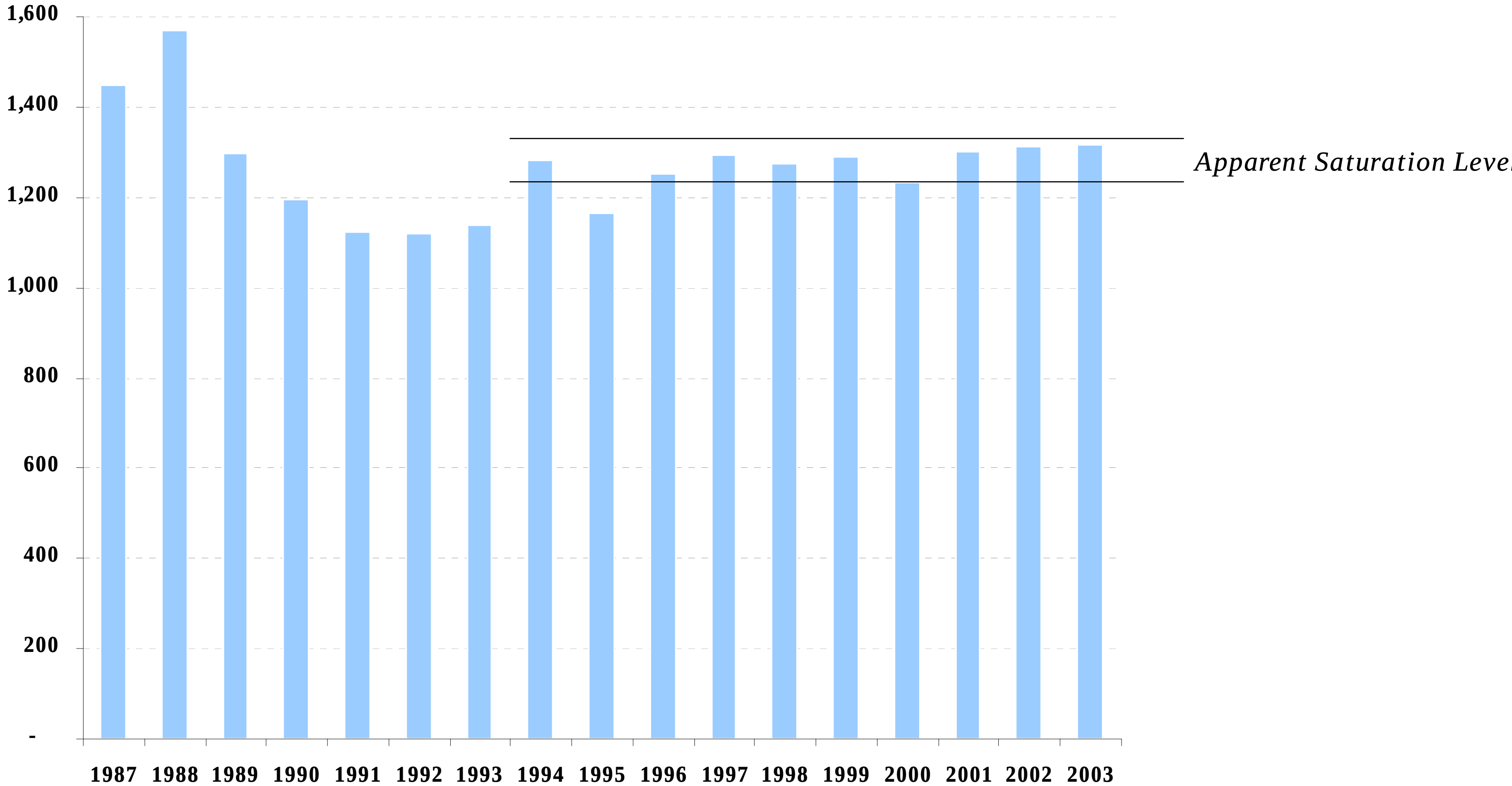
Number of QSR/Takeaway outlets
Units; 1987 – 2003e



Source: Statistics New Zealand; Coriolis analysis

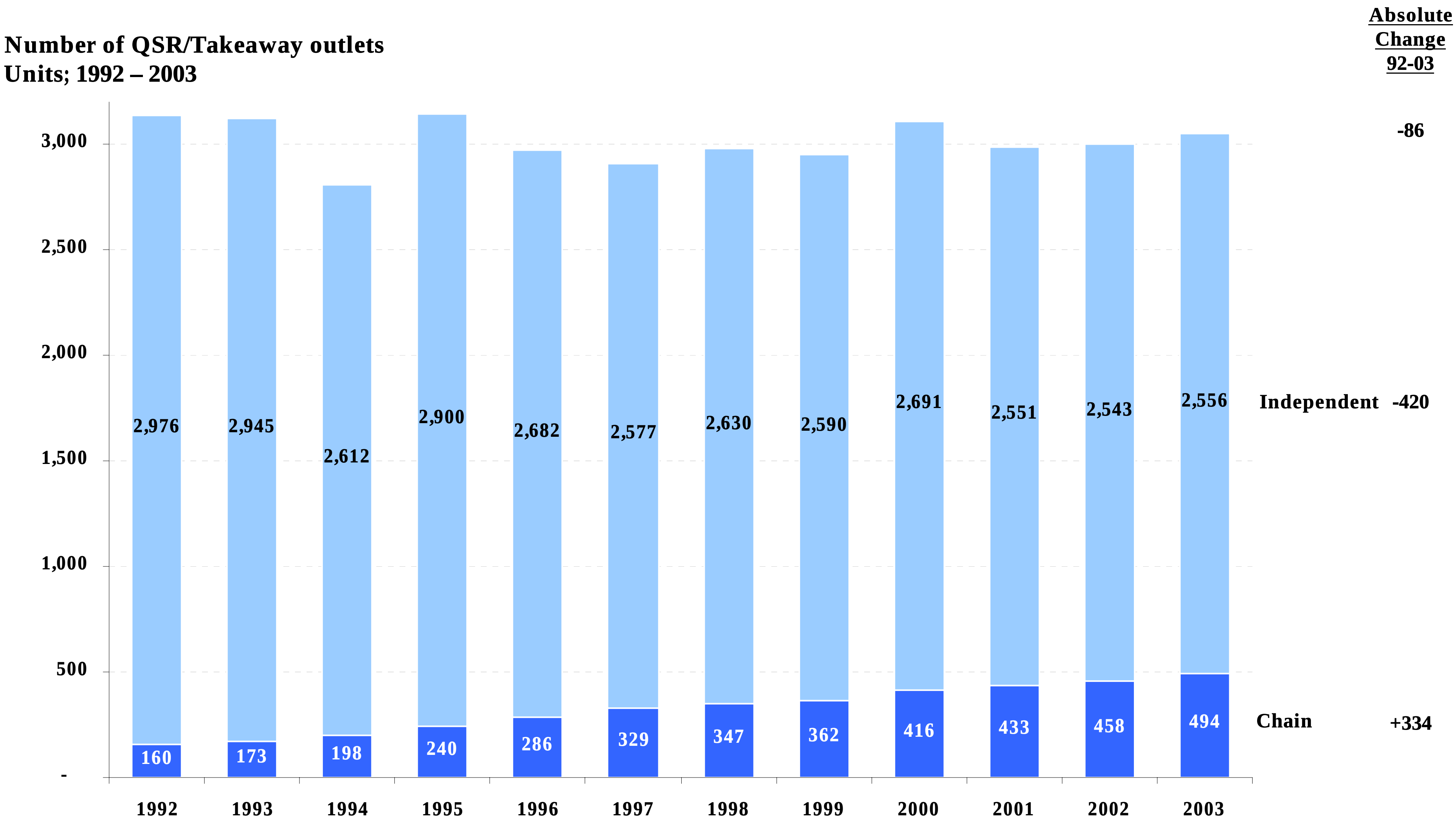
MARKET SATURATION
The New Zealand QSR/Takeaway market appears to have reached saturation at a level of around 1,300 people per outlet

Population per QSR/takeaway outlet
People; actual; 1987 – 2003e



Source: Statistics New Zealand; Coriolis analysis

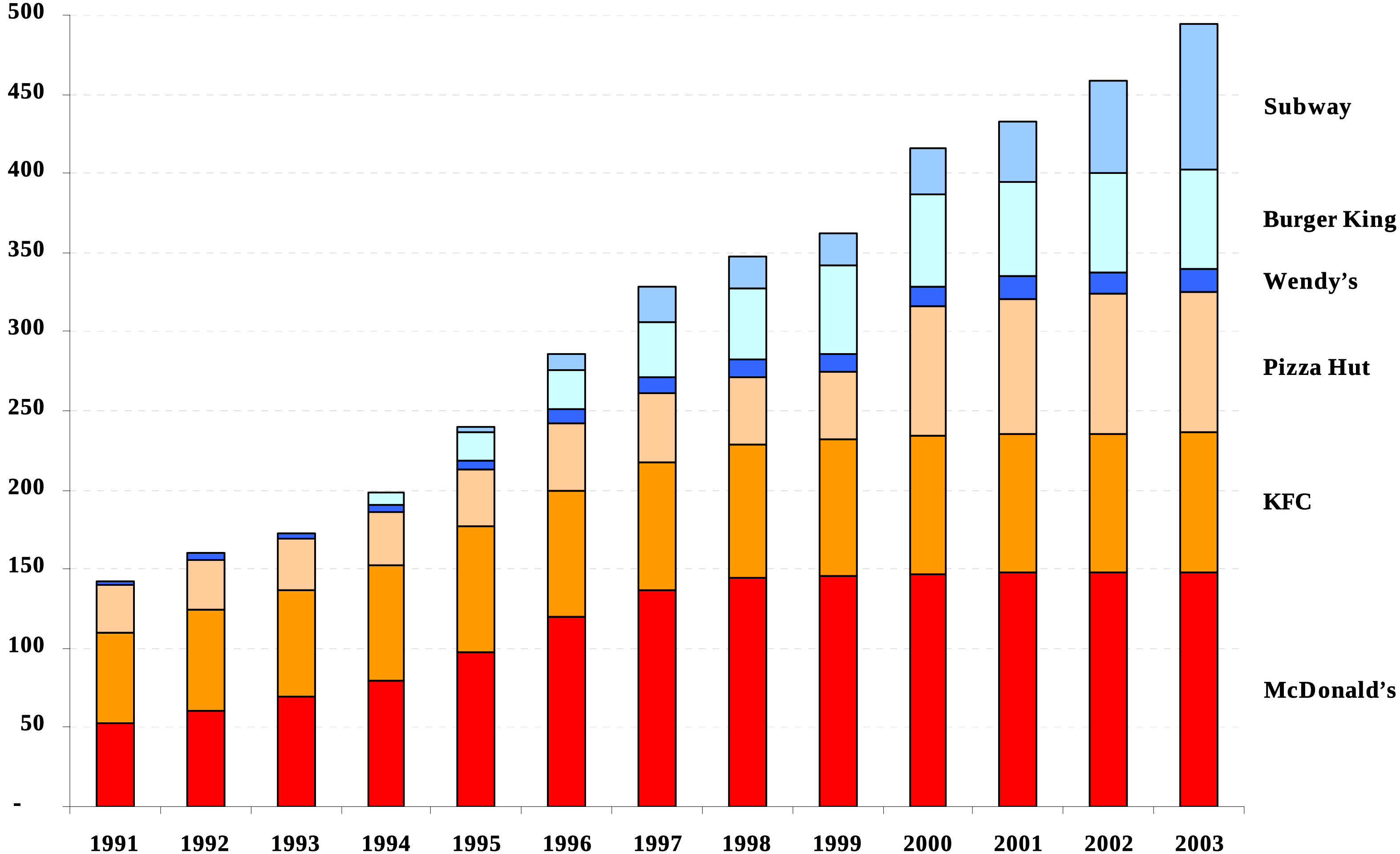
CHAIN GROWTH
Chains are growing at the expense of independents



Source: Statistics New Zealand; Coriolis analysis

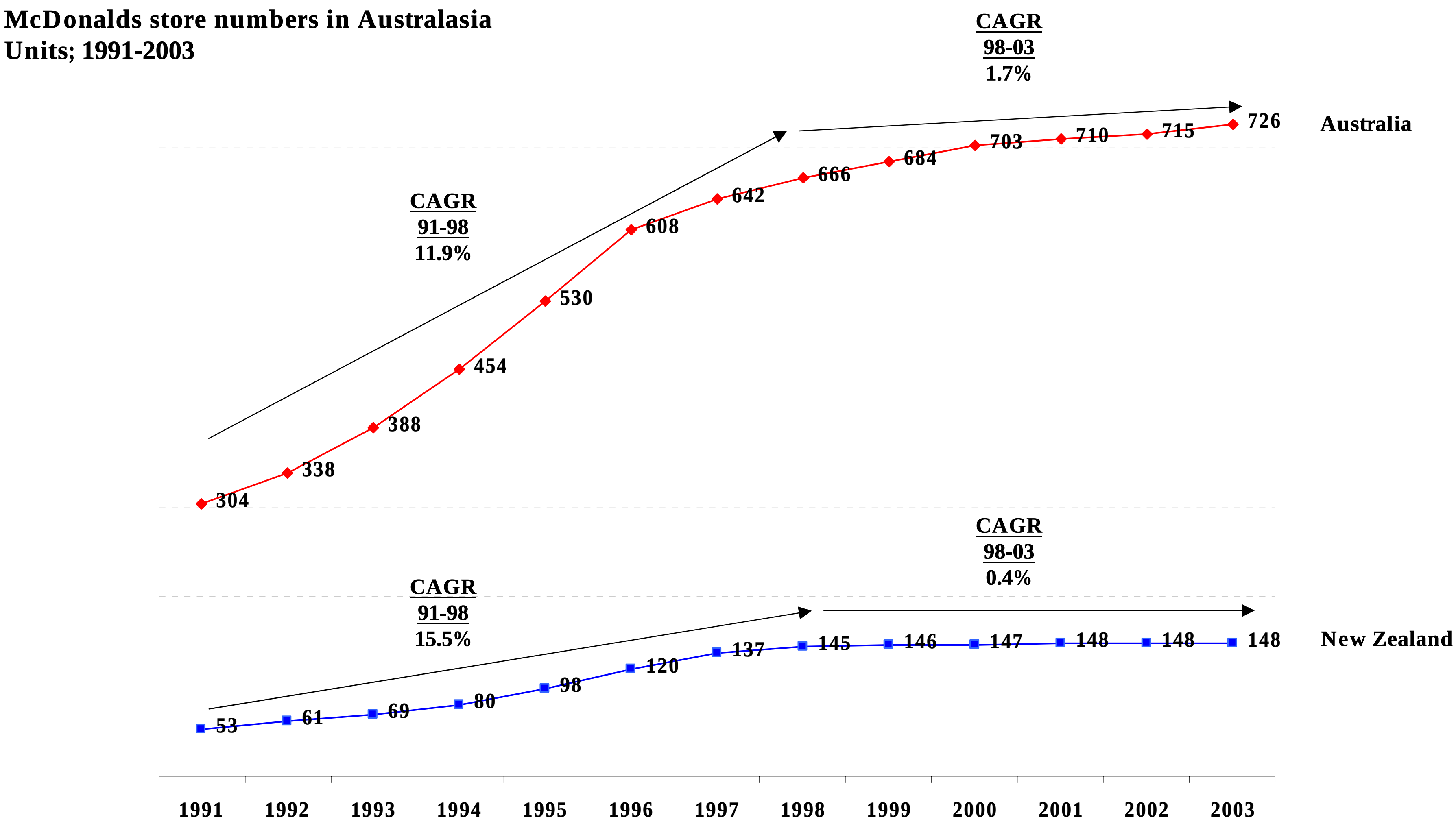
CHAIN GROWTH
However, much of this growth has been from new chains entering the market rather than strong growth by existing players

Number of QSR/Takeaway outlets
Units; 1992 – 2003



Source: Statistics New Zealand; Coriolis analysis

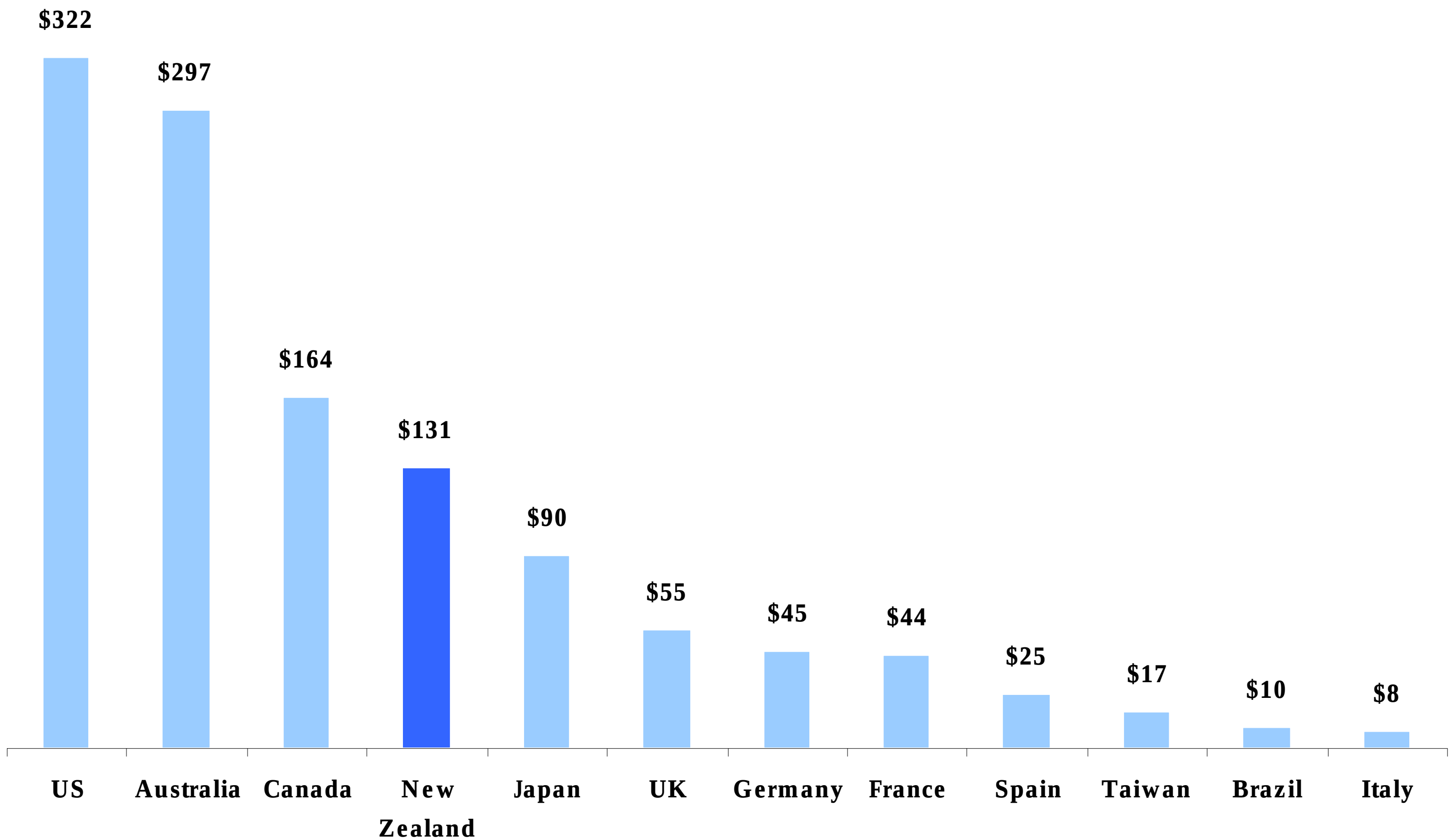
GROWTH
Clearly McDonalds, the market leader, has reached market saturation in New Zealand



Source: McDonalds Annual reports; Industry Interview; Select articles; Coriolis analysis

EXPENDITURE
New Zealand is toward the top end of the scale in terms of per capita expenditure on fast food

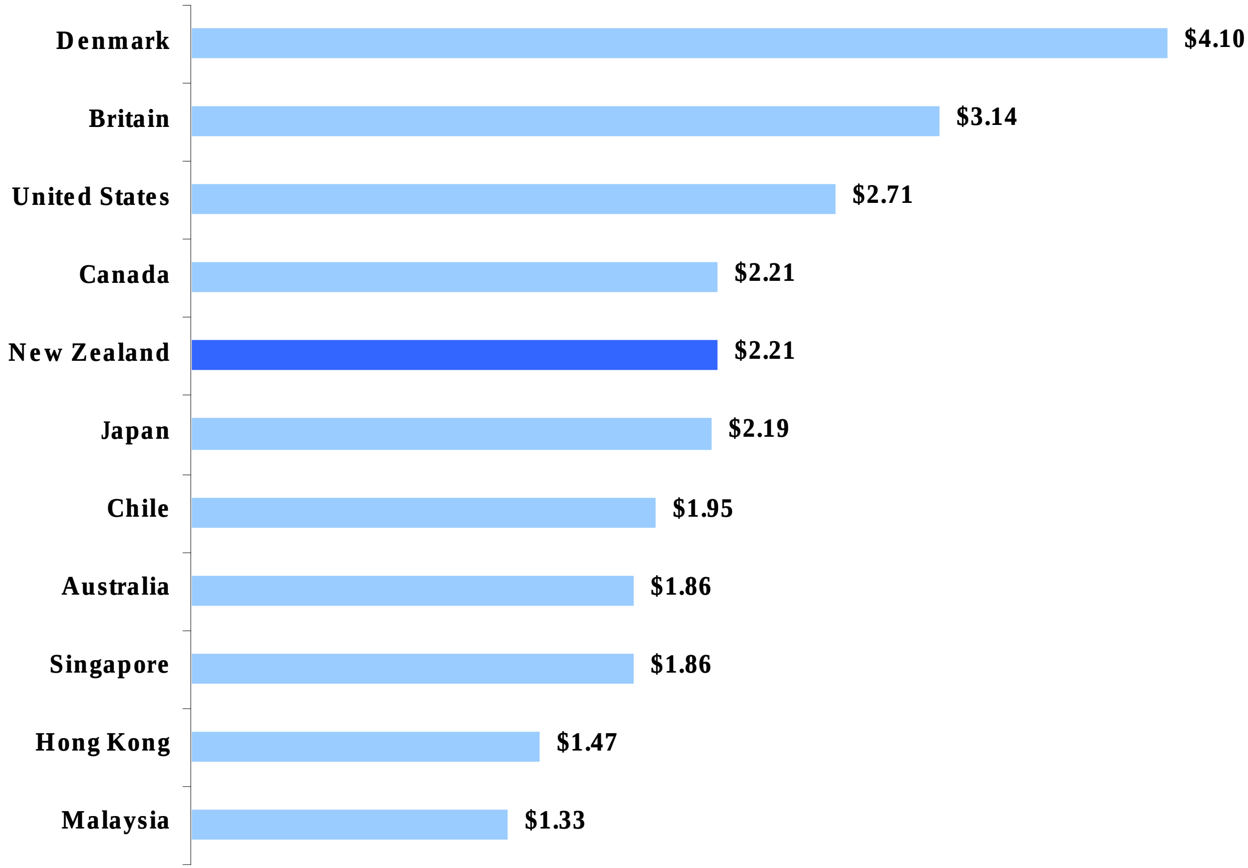
Annual expenditure per capita on fast food by select country
US$; actual; 2003.4



Source: SSB; Deutsche Bank; Euromonitor; SNZ; ABS; Coriolis analysis

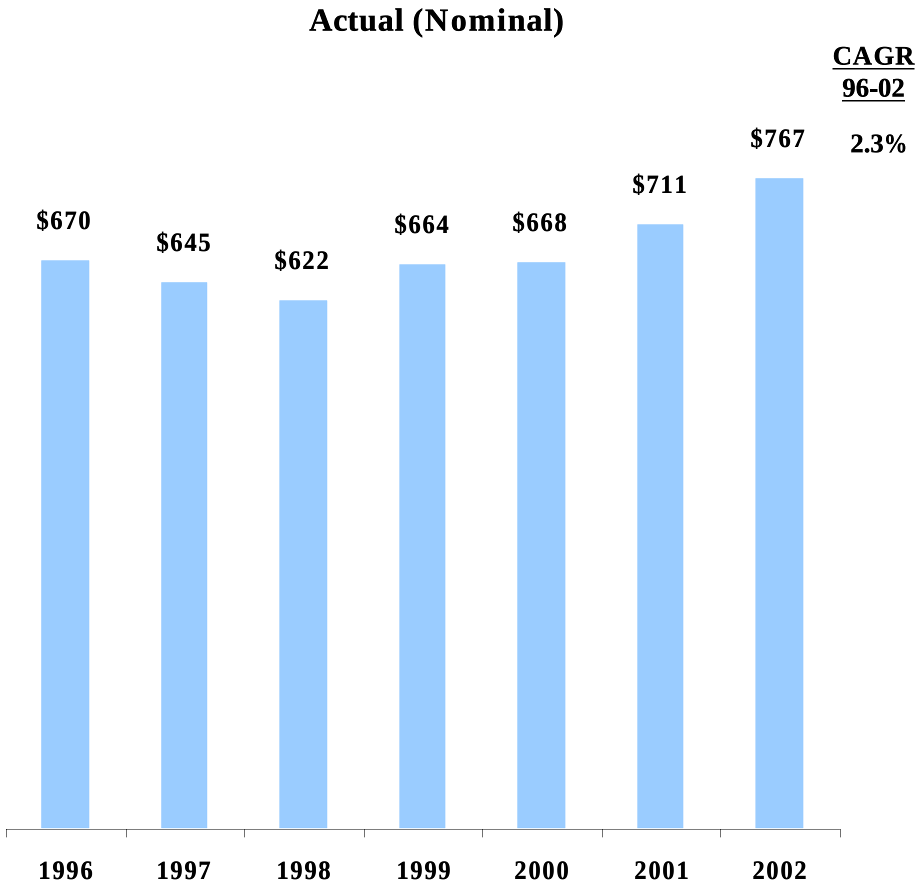
BIG MAC INDEX
The Economist 'Big Mac index' appears to indicate there is little room for upward movement in fast food prices

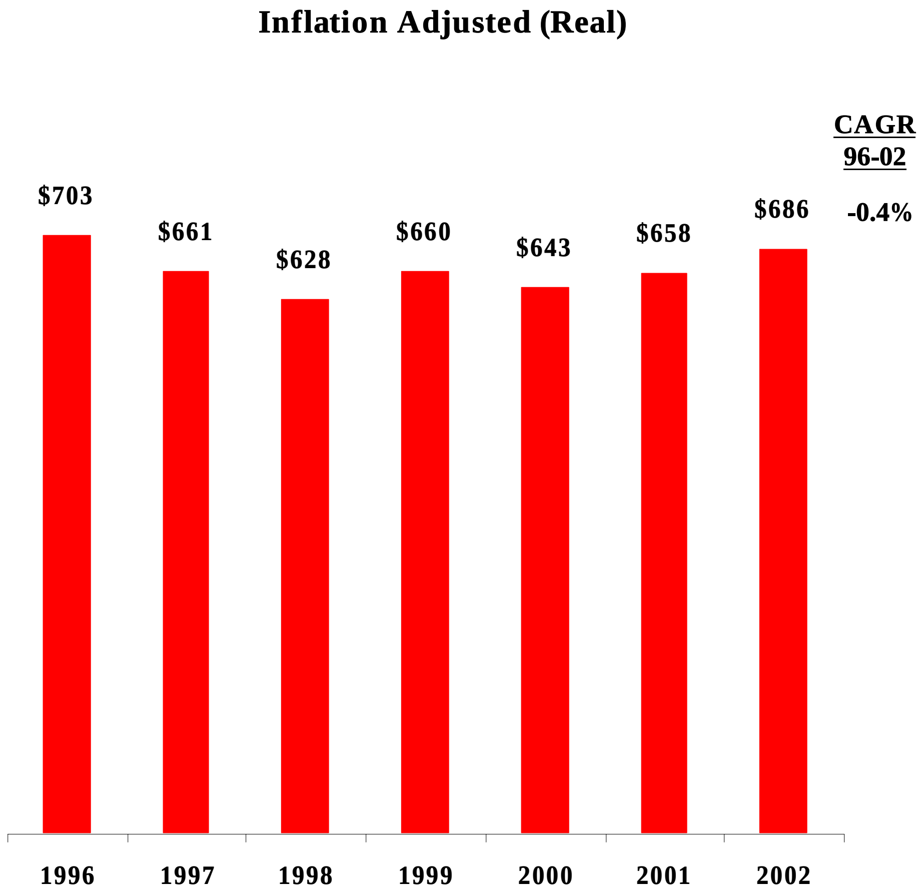
Big Mac prices by select country in US$ at exchange rate as of April 22nd
US$; 2003.4



QSR/TAKEAWAY SALES
The QSR/Takeaway sector has low growth in nominal terms and shows decline in real terms

Takeaway sector retail sales actual and inflation adjusted
$ millions; 1996 - 2003





1. Uses restaurant/takeaway category deflator; Source: SNZ; Coriolis analysis

TOP TEN QUICK SERVE RESTAURANT (QSR) OPERATORS
All of the top ten global fast food chains, except Taco Bell, are now present in New Zealand

Number of outlets by country
Units; 2002/3

						Yum!				
	McDonald's	Burger King	Wendy's	Subway	Domino's Pizza	Pizza Hut	KFC	Taco Bell	Starbucks Coffee	Dunkin' Donuts
Global Sales (US$; B)	**$41.5**	**$11.1**	**$7.5**	**$5.7**	**$3.9**	**$7.9**	**$10.2**	**$5.4**	**$3.8**	**$3.3**
United States	**13,600**	**7,904**	**5,594**	**16,334**	**4,875**	**7,599**	**5,472**	**6,165**	**3,496**	**4,200**
Canada	**1,131**	**368**	**309**	**1,842**	**222**	**741**	**365**	**92**	**380**	**TBD**
UK	**1,014**	**662**	**Failed**	**187**	**230**	**578**	**522**	**-**	**322**	**Failed**
Australia	**726**	**289**	**-**	**544**	**254**	**319**	**512**	**8**	**33**	**Soon**
New Zealand	**148**	**63**	**15**	**92**	**6**	**95**	**88**	**???[1]**	**35**	**4**

1. Taco Bell has been discussed by Restaurant Brands; Source: Various annual reports; company websites; press reports; Coriolis analysis

SECOND TIER QSR OPERATORS
While the global leaders are here, second tier operators may still arrive

Operations in market by select country
Presence; 2003

	New Zealand	Australia	Canada
Burger			
McDonald's	✓	✓	✓
Burger King	✓	✓	✓
Wendy's	✓	✓	✓
Jack in the Box			
Sonic			
Chicken			
KFC	✓	✓	✓
Chick-fil-A			
Popeyes	Planned	✓	✓
Church's	Planned	✓	✓
Boston Market	Other[1]	✓	✓
Sandwich			
Subway	✓	✓	✓
Arby's			✓
Panera Bread			
Quiznos		✓	✓
Schlotzsky's			✓

	New Zealand	Australia	Canada
Pizza/Pasta			
Pizza Hut	✓	✓	✓
Domino's Pizza	✓	✓	✓
Papa John's Pizza	Looking		✓
Little Caesars			
Sbarro	✓	✓	✓
Snack/Beverage			
Starbucks	✓	✓	✓
Dunkin' Donuts	✓	✓	✓
Krispy Kreme	Planned	✓	✓
Baskin Robbins		✓	✓
Seafood			
Long John Silver's	✓		✓
Captain D's			
Mexican			
Taco Bell	Discussed	✓	✓
Del Taco			
Baja Fresh			

1. McDonalds, who own Boston Market, have rolled out a line of ready-to-heat meals in New Zealand under this brand

Source: Various annual reports; company websites; press reports; Coriolis analysis

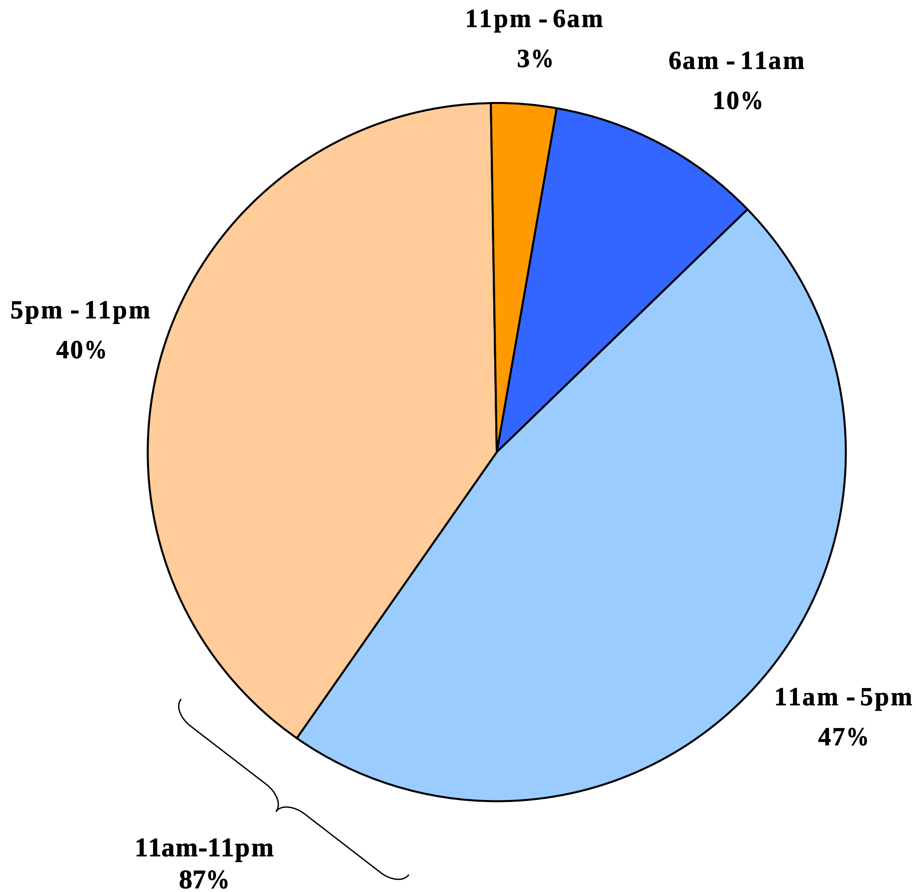
LOCAL/OTHER QSR OPERATORS
There are a number of local and other QSR operators

Local/Other QSR chains by number of units
Units; 2003

Brand	Number of Units	Parent Ownership
Pizza Haven	35	Local
Burger Wisconsin	27	Local
New Zealand Natural Ice Cream	10	Australia
Nando's	9	South Africa
Burger Fuel	5	Local
Oporto	5	Australia
El Taco	4	Local

SALES BY DAYPART
Almost ninety percent of sales occur between eleven am and eleven pm

Typical chain QSR restaurant sales by daypart
Percent of day; 2002

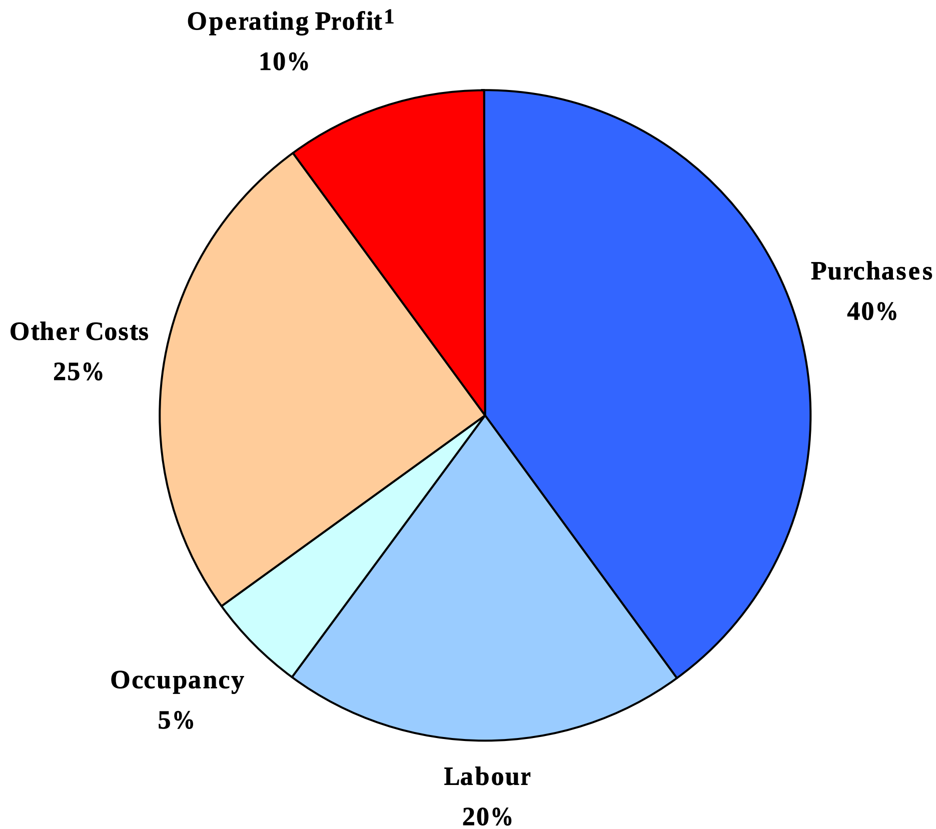


Source: Interviews; Industry sources; Coriolis analysis

QSR CHAIN EXPENSES BY TYPE

Purchases represent about forty percent of turnover in the typical QSR chain outlet, labour twenty percent and operating profit fifteen percent

Typical chain QSR restaurant components of sales
% of sales; 2003



TOTAL = 100% of sales

1. *Includes franchise feess/corporate profitability Source: Interviews; Industry sources; Coriolis analysis*

KEY SUPPLIERS
Most products are locked in with key supplier relationships

Existing supply relationships with New Zealand QSR chains
Current

Category	McDonald's	Burger King	Wendy's	Subway	Domino's Pizza	Pizza Hut	KFC
Meat	Glovers	Kiwi Pacific Foods	Hellaby	Imported	Imported	Walsh's	Tegel / Inghams
Bread/Buns /Dough	North's Bakery	TipTop	Quality Bakers	Yarrows	Imported	Flour: Goodman Fielder	Goodman Fielder
Produce	Essentia	Blackbridge	Broker Essentia	Essentia Leader Brands	Imported	The Commissary	The Commissary
Cheese	Fonterra	Fonterra	Fonterra	Fonterra	Fonterra	Fonterra	Fonterra
Fries	McCain	McCain	McCain	N/A	N/A	Talley's / Mr. Chips	Talley's / Mr. Chips
Beverage	Coca-Cola	Coca-Cola	Coca-Cola	Coca-Cola	Coca-Cola	Frucor/Pepsi	Frucor/Pepsi
Milkshake	NZDF Fonterra	NZDF	NZDF	N/A	N/A	N/A	NZDF
Logistics	Transottway	Own (NI) Crean (SI)	Barbers	Crean	Crean	Barbers	Barbers

Source: Interviews; Industry sources; Coriolis analysis

CHALLENGES IN SUPPLYING CHAIN QSR
Supplying QSR chains is difficult as they are very demanding and sophisticated customers

- McDonald's Supplier QSVP: Quality, Service, Value, Price
"Simple, predictable, professional once you get it right"

- Must have quality to an exact global specification everyday
Inflexible on quality throughout the total supply chain (e.g. temperature)
Paranoid about brand image (e.g. animal welfare)

- Must work with their supply chain
Centralised distribution on regular cycles
Their systems, their methodology

- Price is there, but not a key driver
"We know what the price should be"
In touch with global markets through parent (e.g. world beef price)

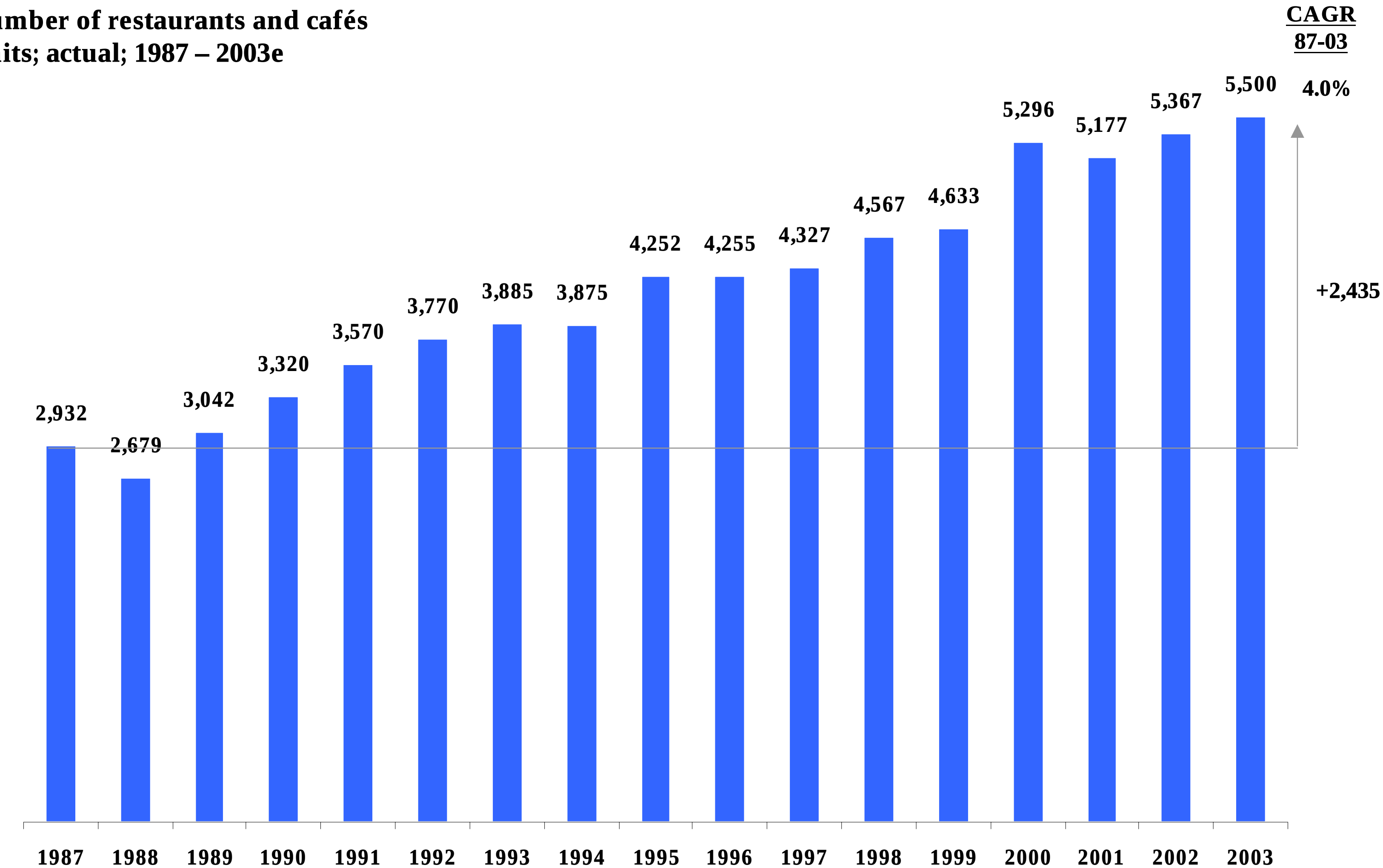
RESTAURANT/CAFÉ SUPPLY

The restaurant and café sector is both the largest sector of the foodservice industry, at $2.8 billion, and the fastest growing, expanding by over eight percent per year

	Restaurant/Café
Units	5,500
Food Away Turnover 2002 2008	$2.8 billion $4.4 billion
Growth Rate (96-02)	8.1% per year
Relevant Segmentation	Table service / counter service Average main price Licensed / BYO / unlicensed
Key Points	– Rapidly growing segment – Highly fragmented; negligible chain activity – Increasingly competitive: more operators – Blurring of positioning; growth of casual

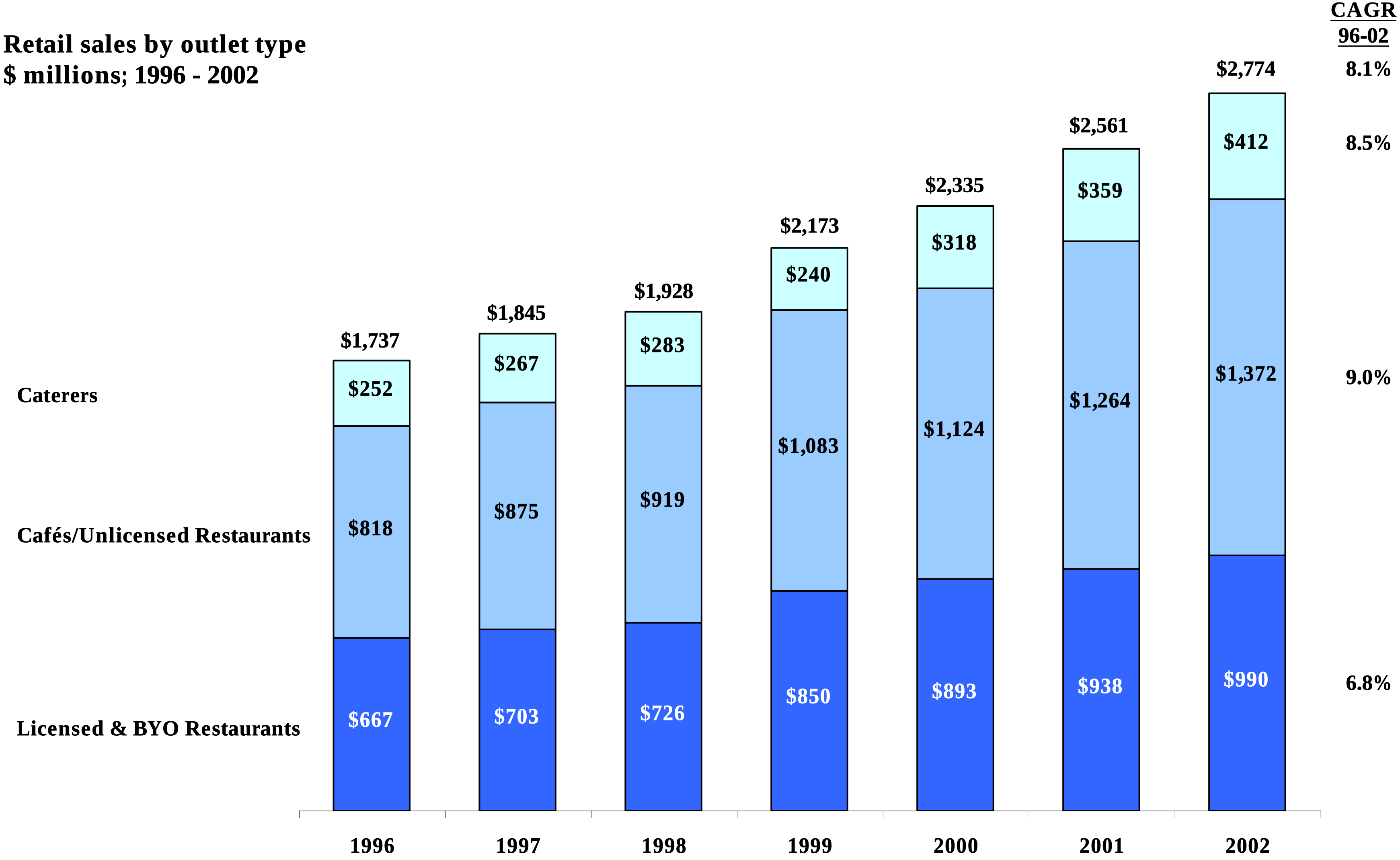
GROWTH
The number of cafes and restaurants has almost doubled over the last 15 years

Number of restaurants and cafés
Units; actual; 1987 – 2003e



Source: SNZ; Coriolis analysis

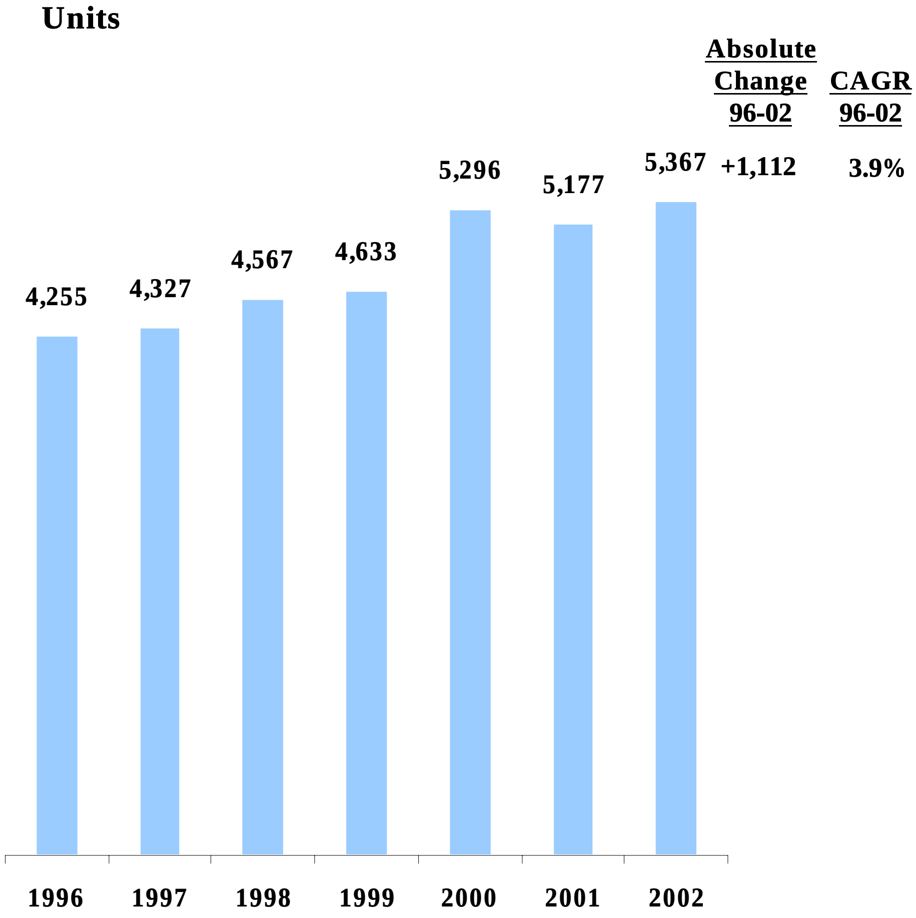
SALES
All segments of the café/restaurant sector are growing in high single figures

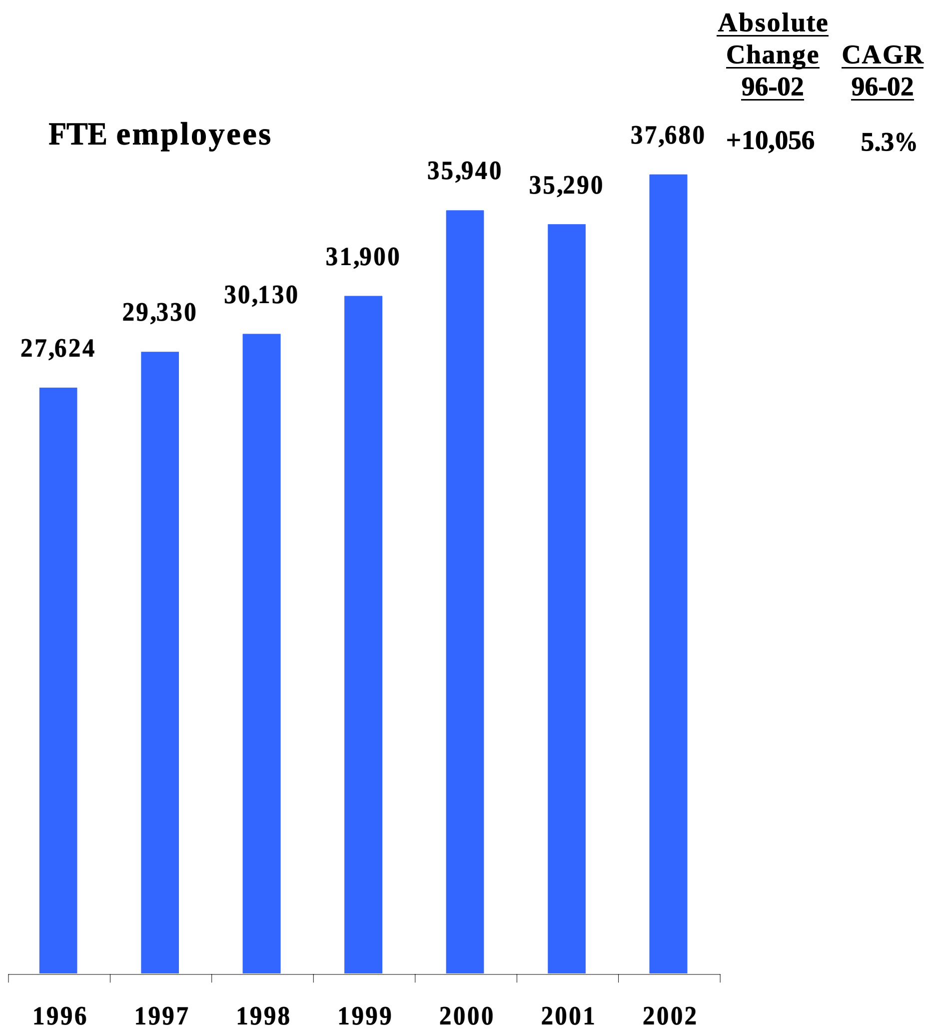


Source: SNZ; Coriolis analysis

UNITS & EMPLOYEES
Both number of units and number of employees are growing

Number of restaurants and cafés units and employees
Units; actual; 1996 - 2002



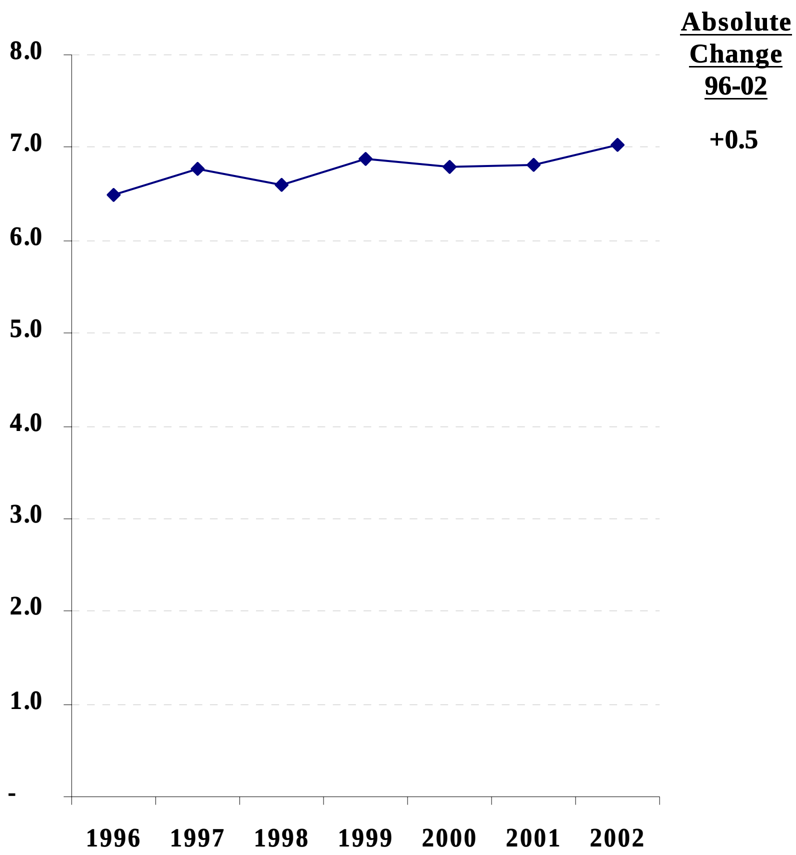


Source: SNZ; Coriolis analysis

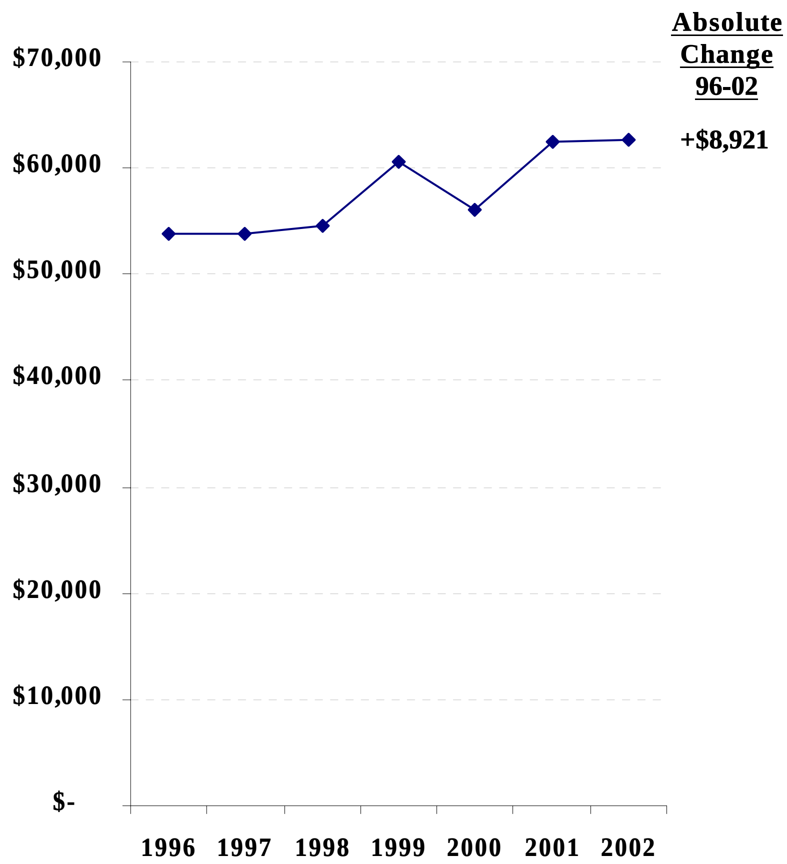
INCREASING EFFICIENCY
Restaurants and cafés are increasing both their staffing and staff efficiency

Measurement of efficiency in restaurants and cafés
Units; actual; 1996 - 2002

FTE employees/Unit



Annual Sales/employee

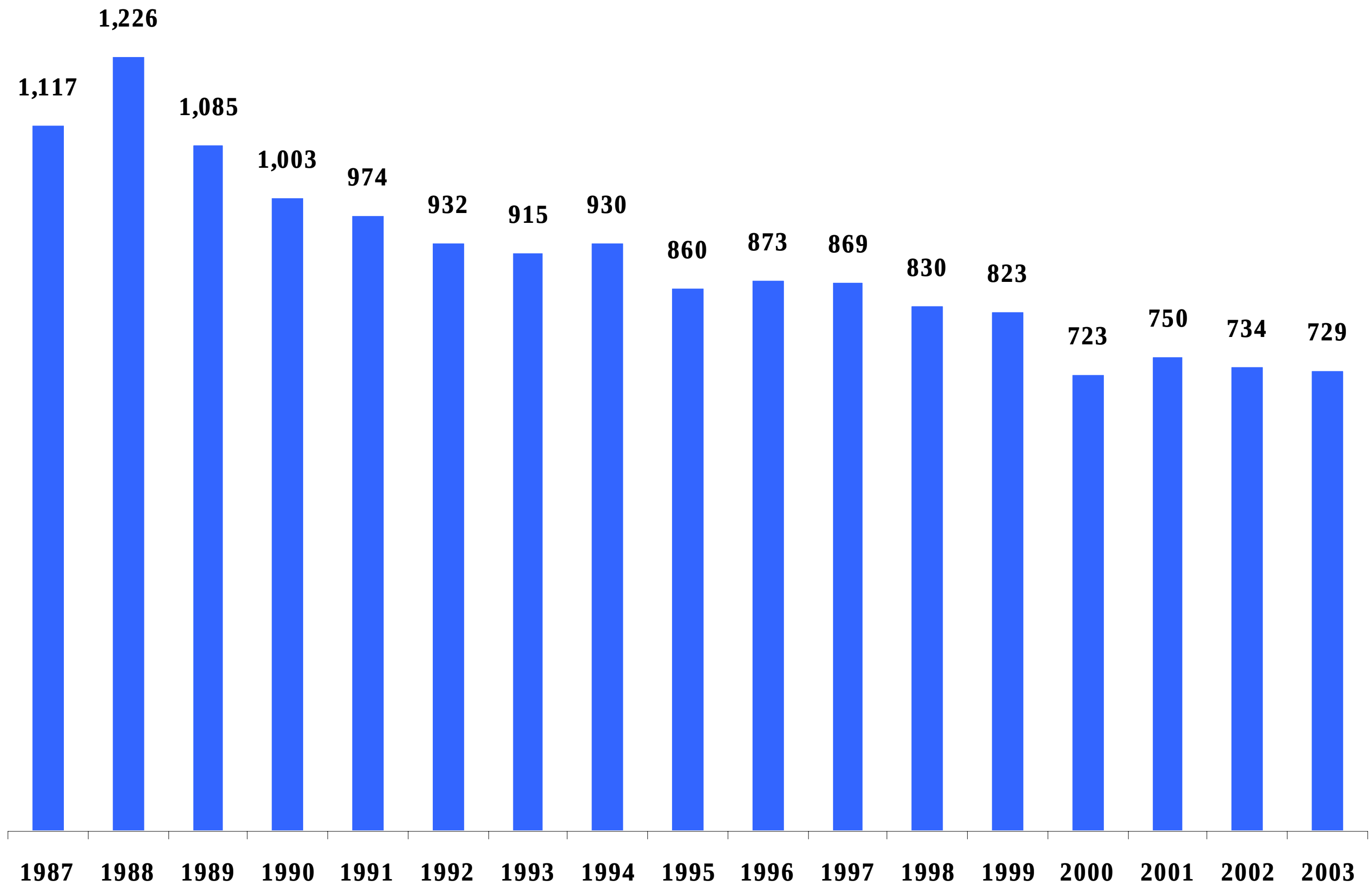


Source: SNZ; Coriolis analysis

INCREASING DENSITY

The market is becoming more competitive in terms of people per restaurant as the number of restaurants is growing faster than the population; there are now 729 people per restaurant

Population per restaurant and café
People; actual; 1987 – 2003e



Source: SNZ; Coriolis analysis

POSITIONING

We propose there are five main restaurant segments, based on average main price and service level

Restaurant positioning in New Zealand
Model

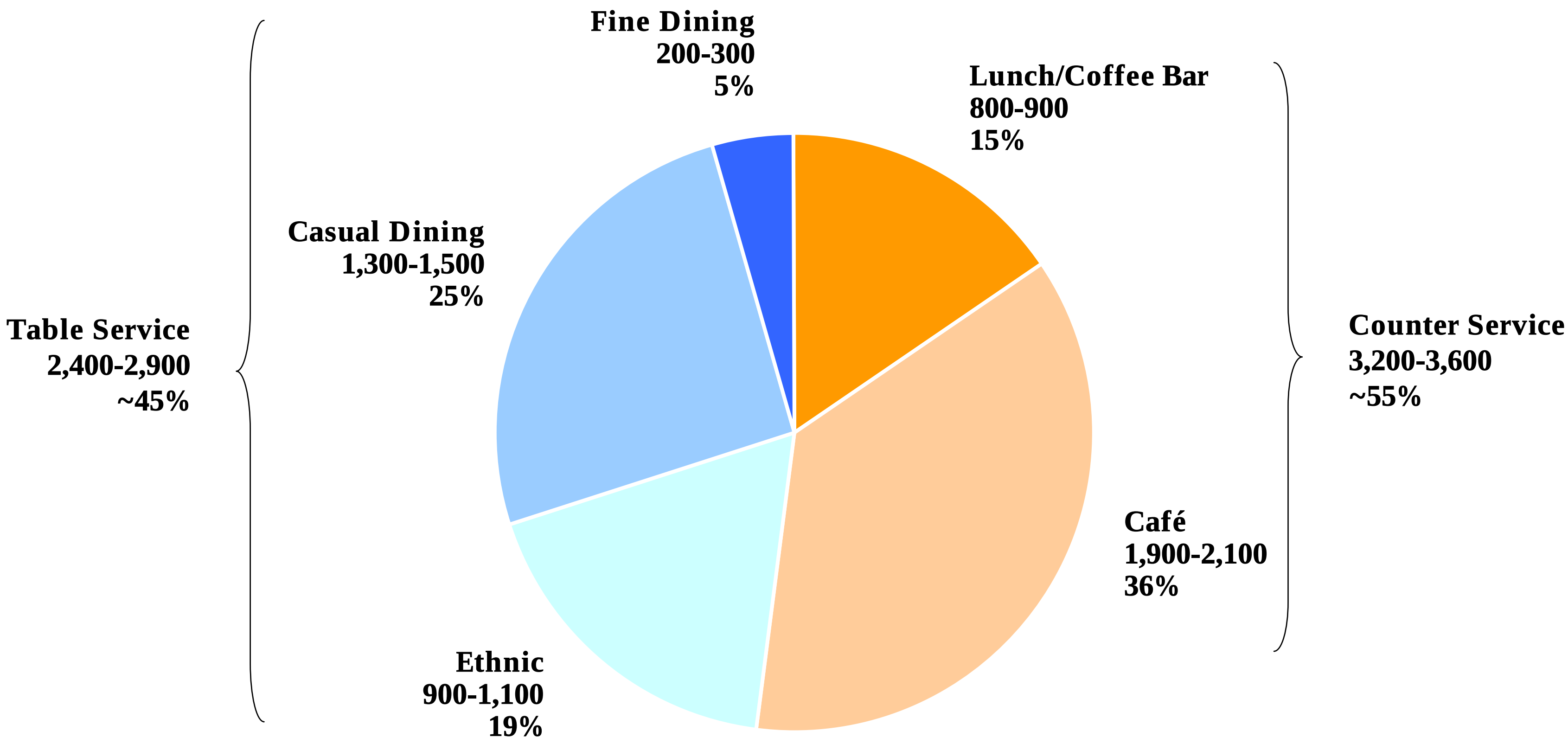
Average Main Price

	Café/Cafeteria Counter Service	**Restaurant Table Service**
Up-Market $25+		**Fine Dining**
Mid-Market $10-25	**Café**	**Casual Dining**
Down-market $7-15	**Lunch/Coffee Bar**	**Ethnic**

Service Level

SHARE OF UNITS BY SEGMENT
In terms of unit numbers, the market is split almost evenly between counter and table service

Estimated number of restaurants by restaurant positioning
Units; % of total units; 2003



TOTAL = 5,500

Source: Coriolis analysis

SEGMENT CHARACTERISTICS
Our research indicated these segments have different operational characteristics

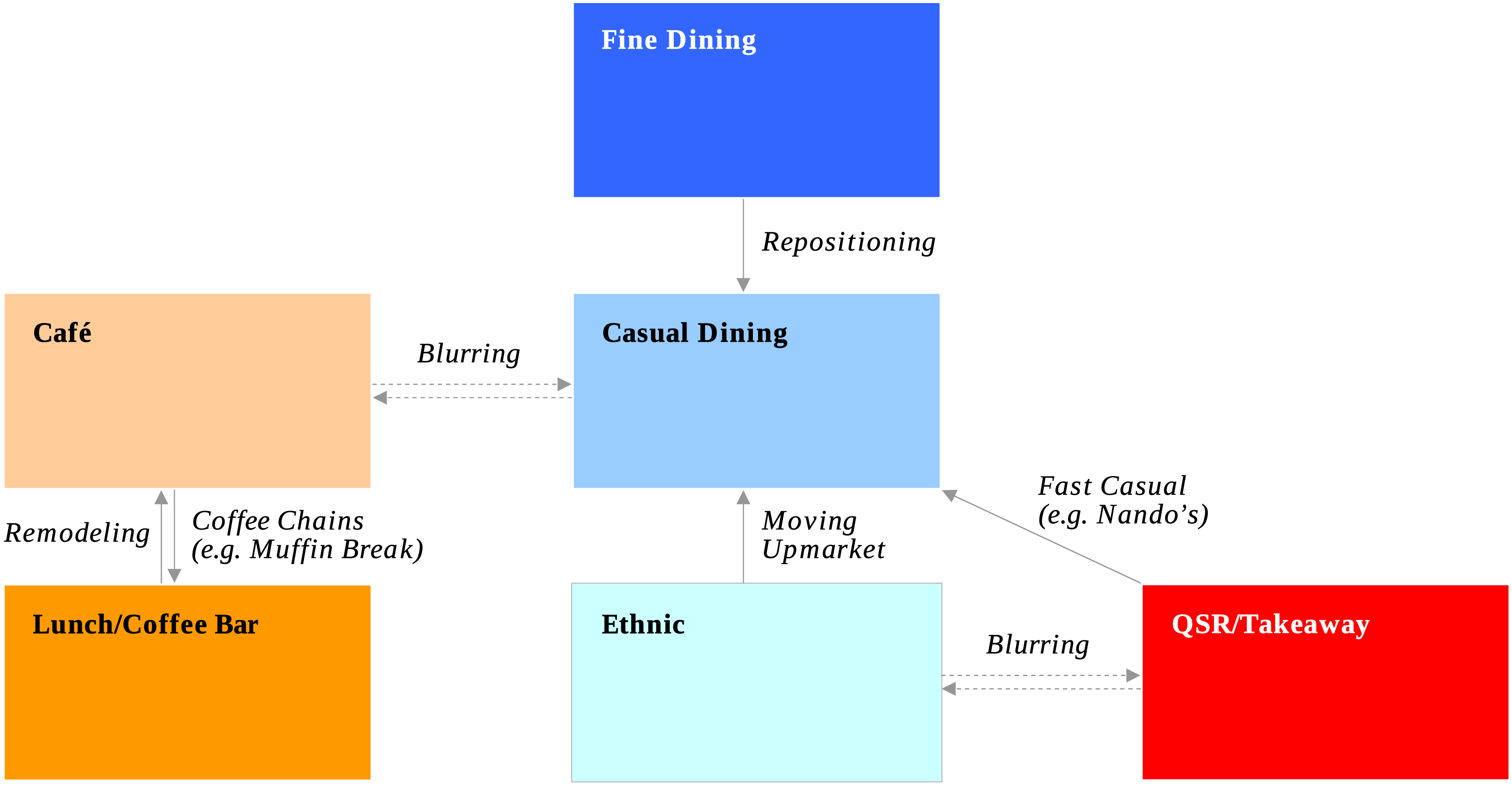
Restaurant characteristics by restaurant positioning
2003

		Lunch/Coffee Bar	Café	Ethnic	Casual Dining	Fine Dining
Average price of main		$7 - $15	$10 - $25	$7 - $15	$10 - $25	$25+
Customer service level		Low	Low	Low/Medium	Low/Medium	High
Number of items on menu		High	Medium/High	Medium	Medium/High	Low/Medium
Primary meals served		Breakfast Lunch Snack	Breakfast Lunch Snack	Lunch Dinner	Lunch Dinner	Lunch Dinner
Number of seats		10-20	10-50	60-100	50-100	30-80
Frequency of menu changes		Rarely	Annually	Rarely	Seasonally	Seasonally
Number of suppliers	Average	7	13	14	13	29
	Range	5-10	10-15	10-30	10-20	20-50
Average weekly deliveries		8	17	16	26	33

Source: Interviews; Coriolis analysis

POSITION BLURRING
However, the positioning of these sectors is blurring as other sectors chase the "casual" dollar

Blurring of restaurant positioning in New Zealand
Model



CAFÉ/LUNCH/COFFEE BAR SEGMENT LEARNINGS
The café/lunch/coffee bar segment is under severe competitive pressure

Café/Lunch/Coffee Bar Segment Learnings

- The traditional cafeteria is evolving into a more sophisticated and expensive café
  - Reflecting attitudinal, demographic and lifestyle changes
  - As ownership and management change, a lunch bar often becomes a café
  - This requires an investment in equipment and visual aesthetics
- Increasing competition is a fact of life: "So many places to eat"
- The quality of staff is declining
  - Increased staff turnover; lower average experience levels; spending less on training
  - The "dumbing down of chef training" with shorter, less comprehensive courses and training
- Operators are responding by changing their practices
  - Increasing use of pre-prepared foods (e.g. breads, cakes, spreads)
  - Reducing the number of suppliers they use
  - Offering catering services to grow sales
- There is a blurring of lines between cafés and restaurants
  - More cafés are staying open in the evening for dinner
  - More and more cafés are getting liquor licenses
- Coffee/Café chains are showing strong growth, primarily using a franchising model
  - There are twelve major coffee chains positioned throughout the market
  - Coffee/Café chains are invading the cafeteria space (e.g. BB's, Muffin Break)
  - Chains now represent 7% of café/cafeteria unit numbers

EVOLUTION IN PROGRESS
The traditional Kiwi cafeteria is evolving into a more sophisticated and expensive café

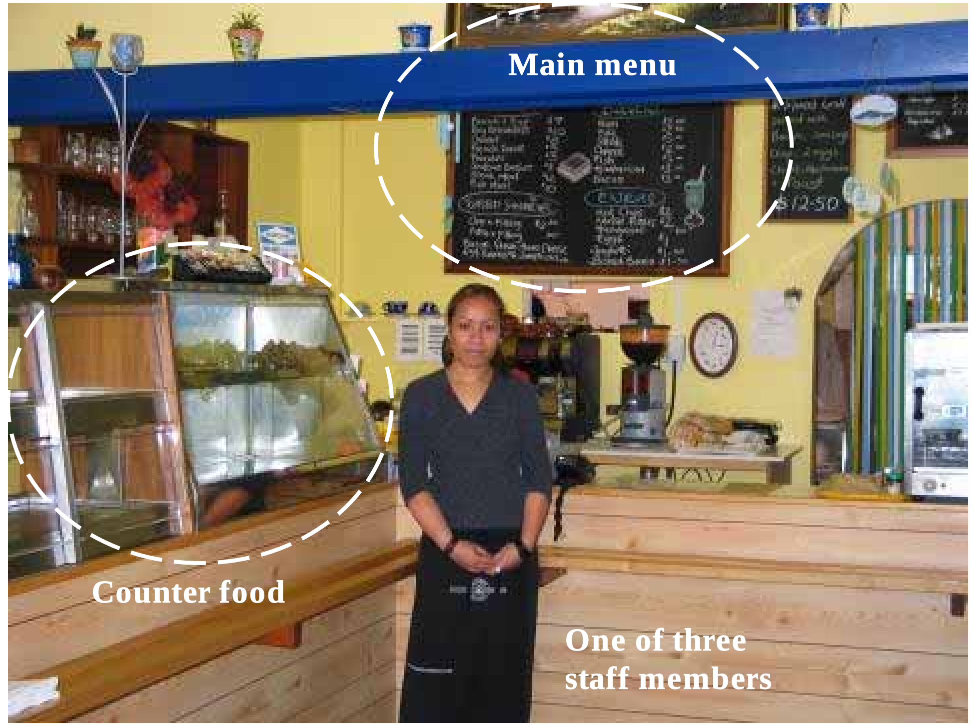
Evolution from cafeteria to cafe Model

	Lunch Bar	Café
Attitude	Traditional	Modern
Coffee	Coffee percolator	Espresso, cappuccino
Menu items	Lamingtons, ham sandwich, pie	Brioche, panini, eggs benedict
Management	Owner operator	Owner off-site
Staff	Cook	Trained chef
Average main price	$8	$14

Source: Interviews; Coriolis analysis

LUNCH/COFFEE BAR

A lunch/coffee bar offers a la carte items from the menu and pre-prepared counter food to maximise sales

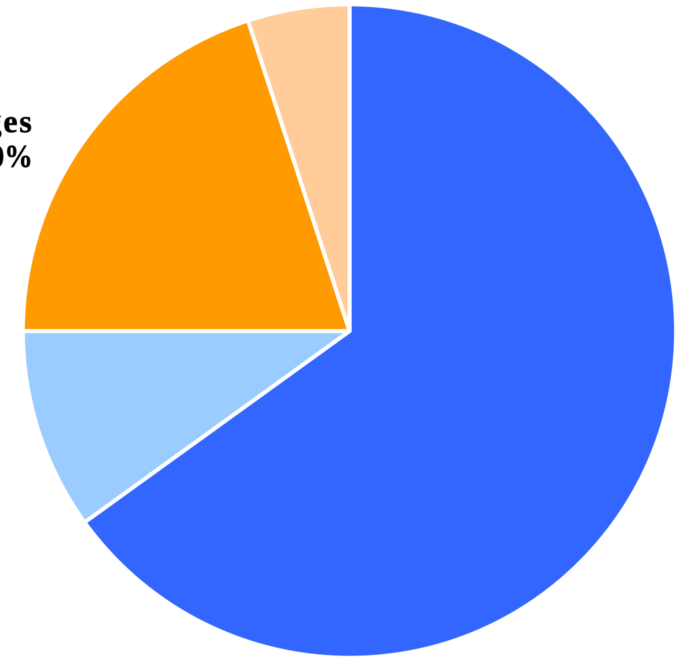


CAFÉ

A café has more expensive ingredients and a higher average menu price, but still typically offers both menu and counter food

CAFÉ SALES BY SEGMENT
Food accounts for seventy-five percent of turnover in the average unlicensed café

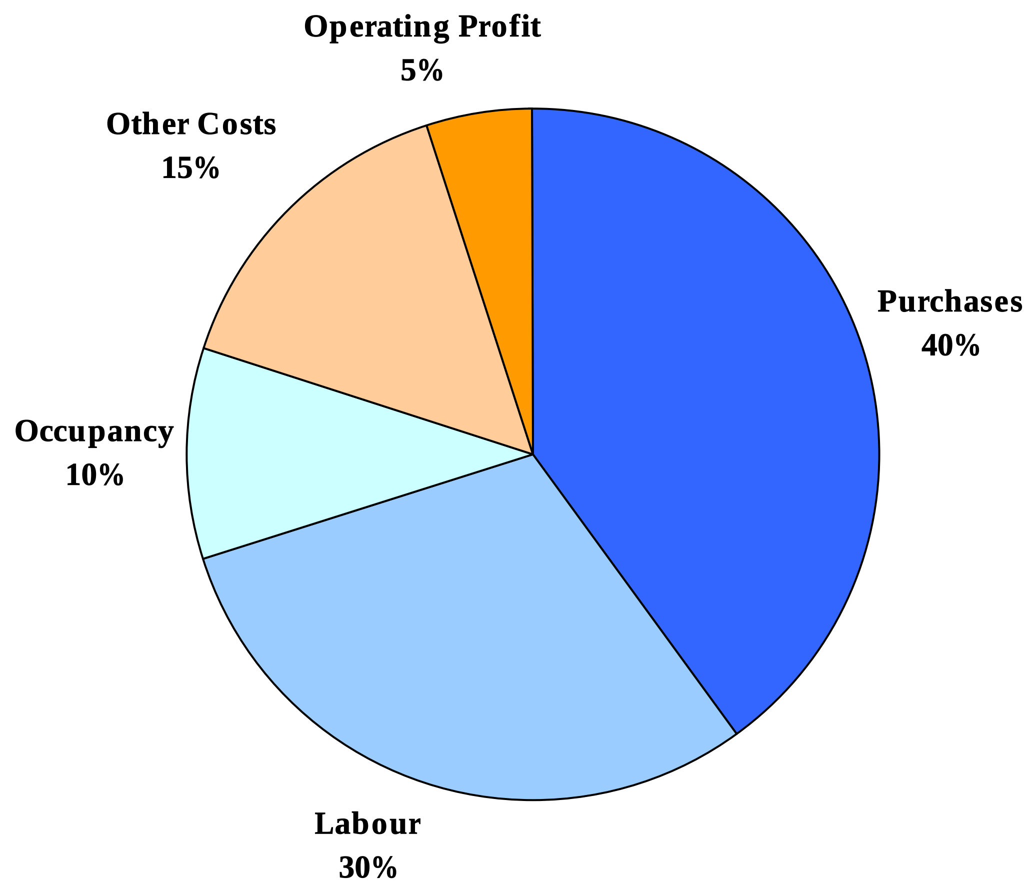
Typical unlicensed café sales by segment
% of sales; 2003



TOTAL = 100% of sales

CAFÉ EXPENSES BY TYPE
Purchases typically account for forty percent of sales, labour thirty percent and operating profit five percent

Typical unlicensed café components of sales
% of sales; 2003

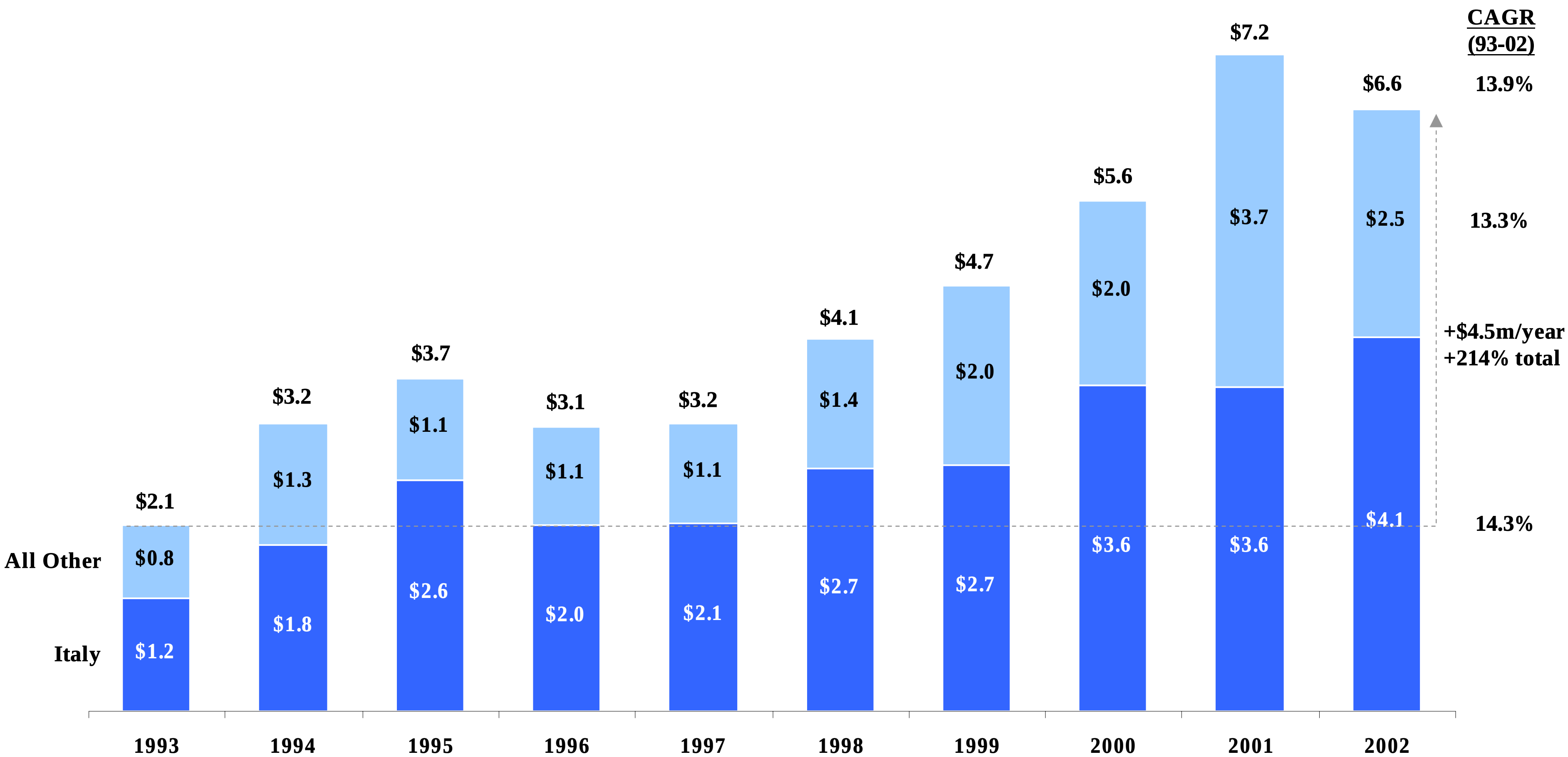


TOTAL = 100% of sales

COMMERCIAL COFFEE MACHINE IMPORTS

The market is becoming more sophisticated and competitive; the total value of imported commercial coffee machines has more than tripled in the last nine years

Import value of commercial coffee machinery by country[1]
$ millions; 1993-2002



1. Machinery; for making coffee, counter-type, not used for domestic purposes
Source: SNZ; Coriolis analysis

COFFEE CHAINS
Café style coffee chains are growing; there are now thirteen major coffee chains in New Zealand

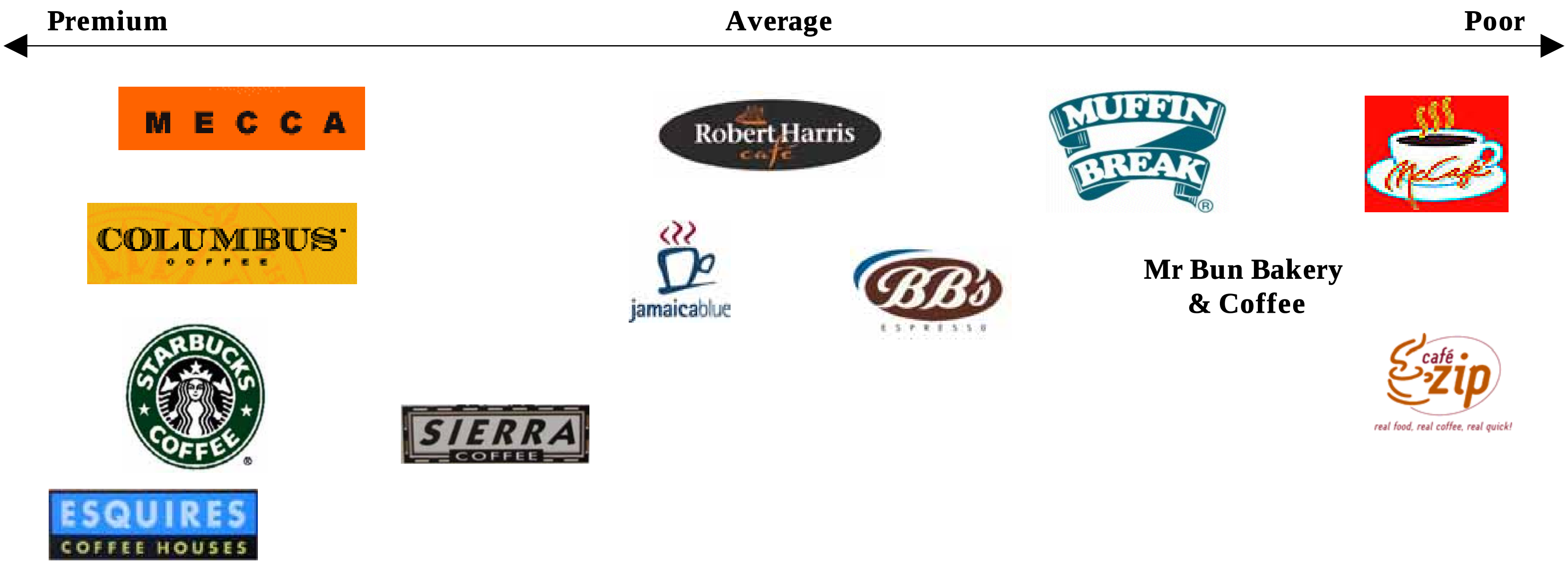
Key characteristics of major coffee chains 2003

	Store Numbers	Ownership Structure	Parent Company	Range	Locations
Starbucks Coffee	35	Master Franchise	Starbucks Limited[2]	National	High St.
Muffin Break	35	Franchise	Foodco Group	National	Mall/Institutes
Robert Harris Café	32	Franchise	BP	National	Petrol Stations
café zip	32	Franchise	Cerebos Greggs	National	Mall/High St.
McCafé	29	Franchise	McDonalds	National	Bolt-on
BB's	26	Franchise	RFG (Australia)	National	Mall
Sierra Coffee	10	Franchise	Sierra Coffee	Auckland	High St.
Columbus Coffee	7	Franchise	Burton Hollis	Auckland	High St.
Mr Bun Bakery & Coffee	7	Franchise	Foodco Group	Wellington	Mall
MECCA	6	N/A	Mecca Cafe	Auckland	N/A
jamaicablue	5	Master Franchise	Foodco Group	National	High St.
Esquires Coffee Houses	3	Franchise	Esquires (Canada)	Auckland	Mall
Gloria Jean's Coffees	-	Franchise	Diedrich Coffee (US)	Planned	Mall

1. BB's Coffee and Break are currently upgrading to BB's Espresso; 2. Restaurant Brands is a franchisee of Starbucks Limited
Source: Whitepages; Franchise Association of New Zealand; Coriolis analysis

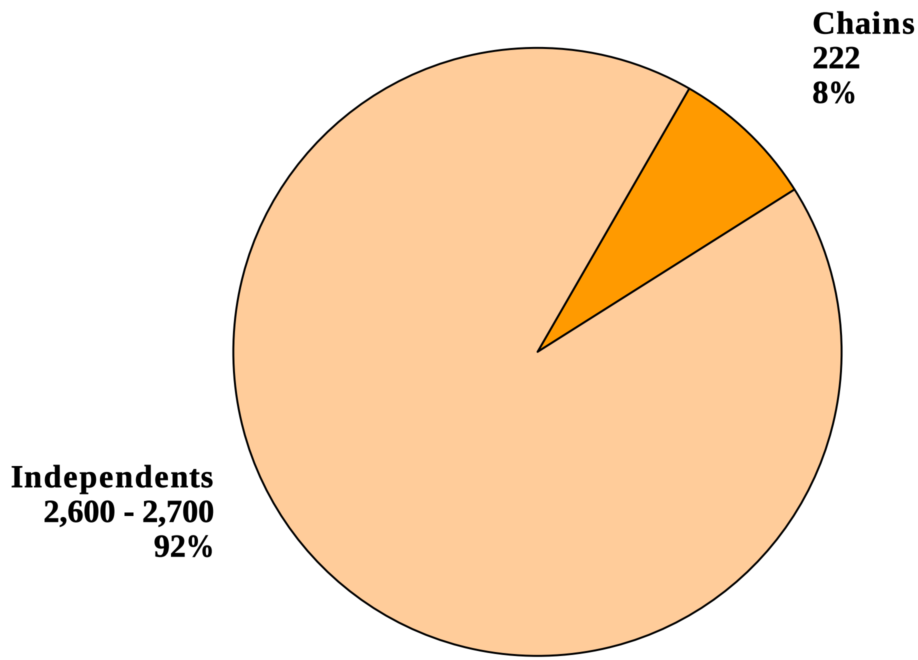
COFFEE CHAIN POSITIONING
These chains have a wide range of brand positioning

Coffee chain brand and quality positioning
2003



UNIT SHARE
Chains now represent eight percent of total café/lunch/coffee bar units

Share of units by management structure
Units; 2003



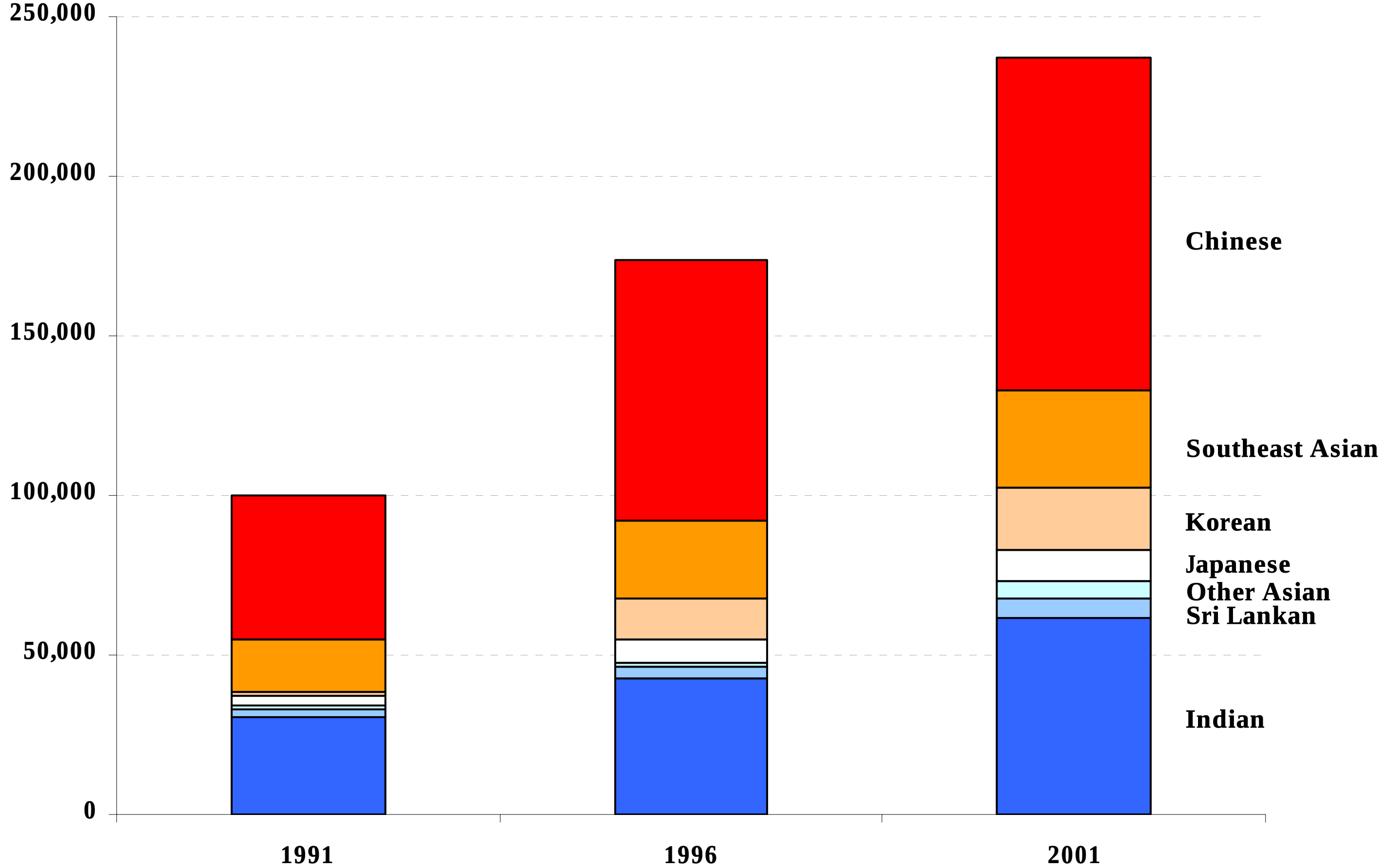
ETHNIC RESTAURANT SEGMENT LEARNINGS
There is increased demand for ethnic and Asian ingredients/cuisine from both new immigrants and the general populace

Ethnic Restaurant Segment Learnings

- Opening/working in a restaurant is often first job in New Zealand
  - Many are overqualified for their role (i.e. don't underestimate)
  - Often used as a ticket into New Zealand
- Increasing number of Asian establishments
  - Strong growth in Asian population
  - Increasing acceptance and demand for authentic Asian food
- Very competitive at the bottom end of the market
  - Blurring/transition between takeaway and ethnic restaurant
  - Operators attempting to remodel/reposition move up price position
  - Growth of food courts in malls and elsewhere
- Asian cuisine fragmenting into regional cuisines
  - e.g. Chinese now Cantonese, Sichuan, Hunan, Steamboat etc
- Increasing number of Asian suppliers and distributors
- Staff often have limited English
  - Need for suppliers to develop Chinese speaking salesforce
  - Often receive poor treatment from suppliers / more patience needed
  - Multilingual packaging, information sheets and instructions an opportunity

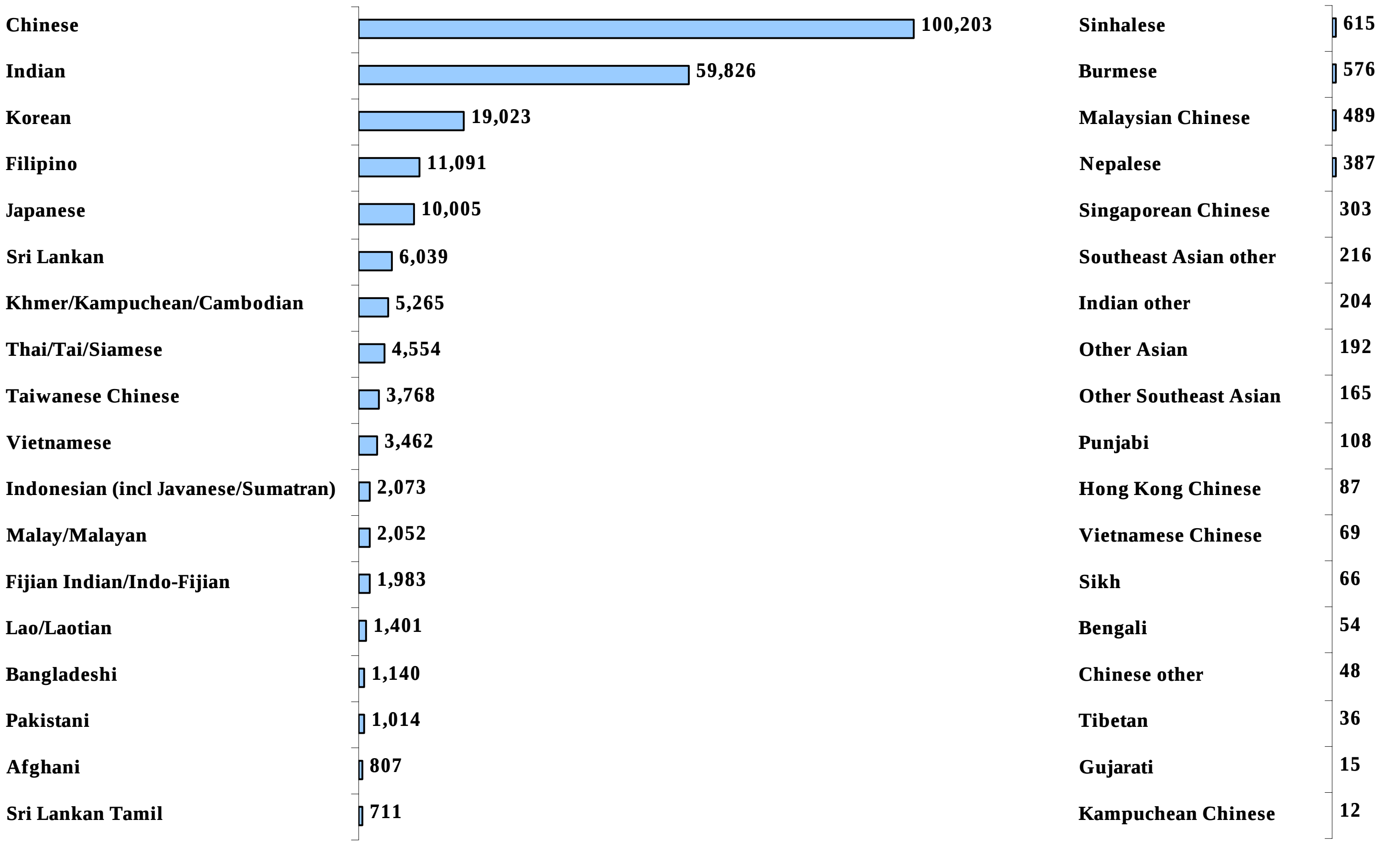
ASIANS IN NEW ZEALAND
New Zealand has a growing Asian population…

Asian peoples in New Zealand by major ethnic group
People; 1991 - 2001



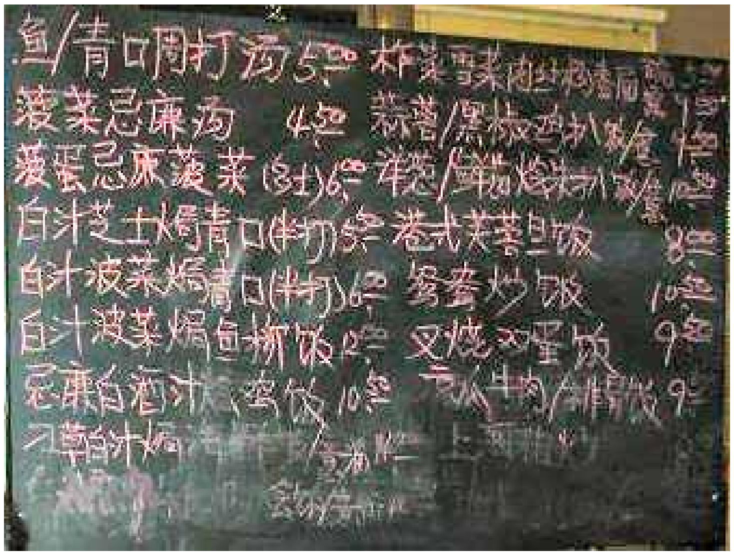
ASIANS IN NEW ZEALAND
… that has brought with it a wide range of cuisine styles

Asian peoples in New Zealand by claimed ethnicity
People; 1991 - 2001



ETHNIC RESTAURANT
Many outlets have simple fitouts and fixtures...

SAMPLE MENUS
… and a very basic menu



(Table NO)________ (Date)___/___/___ (Walter)________

Contents	Price	Qty	remark	Contents	price	Qty	remark	Contents	price	Qty	remark
Meat				Fish Tofu	$5			Ong Choy	$2		
Sliced Lamb	$5			**Mushroom**				Spinach	$2		
Scotch Beef	$5			Shitake Mushroom	$4			Sliced Potato	$2		
Eye Fillet	$5			Oyster Mushroom	$4			Lettuce	$2		
Chicken Breast	$5			Neddle Mushroom	$4			Sea Weed	$2		
Luncheon	$3			Button Mushroom	$4			**Sauces**			
Lamb Meat Ball	$5			Fungi	$4			Peanut Butter	$1		
Beef Meat Ball	$5			**Bean Curd**				Garlic Oil	$1		
Seafood				Fresh Tofu	$2			Hoisin	$1		
Prawn	$5			Frozen Tofu	$2			Satay Sauce	$1		
Fresh Water Prawn	$5			Fried Tofu	$2			**Food**			
Crab Nugget	$5			Bean Curd Sheets	$2			Sesame Pancake	$[illegible]		
Squid Roll	$5			Dried Bean Curd	$2			Fresh Noodle	$2		
Chikuwa	$5			Vermicelli	$2			Wonton	$2		
Baby Octopus	$5			**Vegetables**				Beijing Pancake	$2		
Salmon Head	$5			Pak Choy	$2			Rice	$1		
Surimi	$5			Choy Sum	$2			**Soups**			
Mussels	$5			Chinese Cabbage	$2			Normal Mini	$6		
Fish Ball	$5			Sliced Lotus	$2			Normal	$8		
Shrimp Ball	$5			~~Gai Lan~~	$2			Half Normal& Half Spicy Soups	$10		

(Total of Drinks)________ (Total of Dishes)________ (Total)________

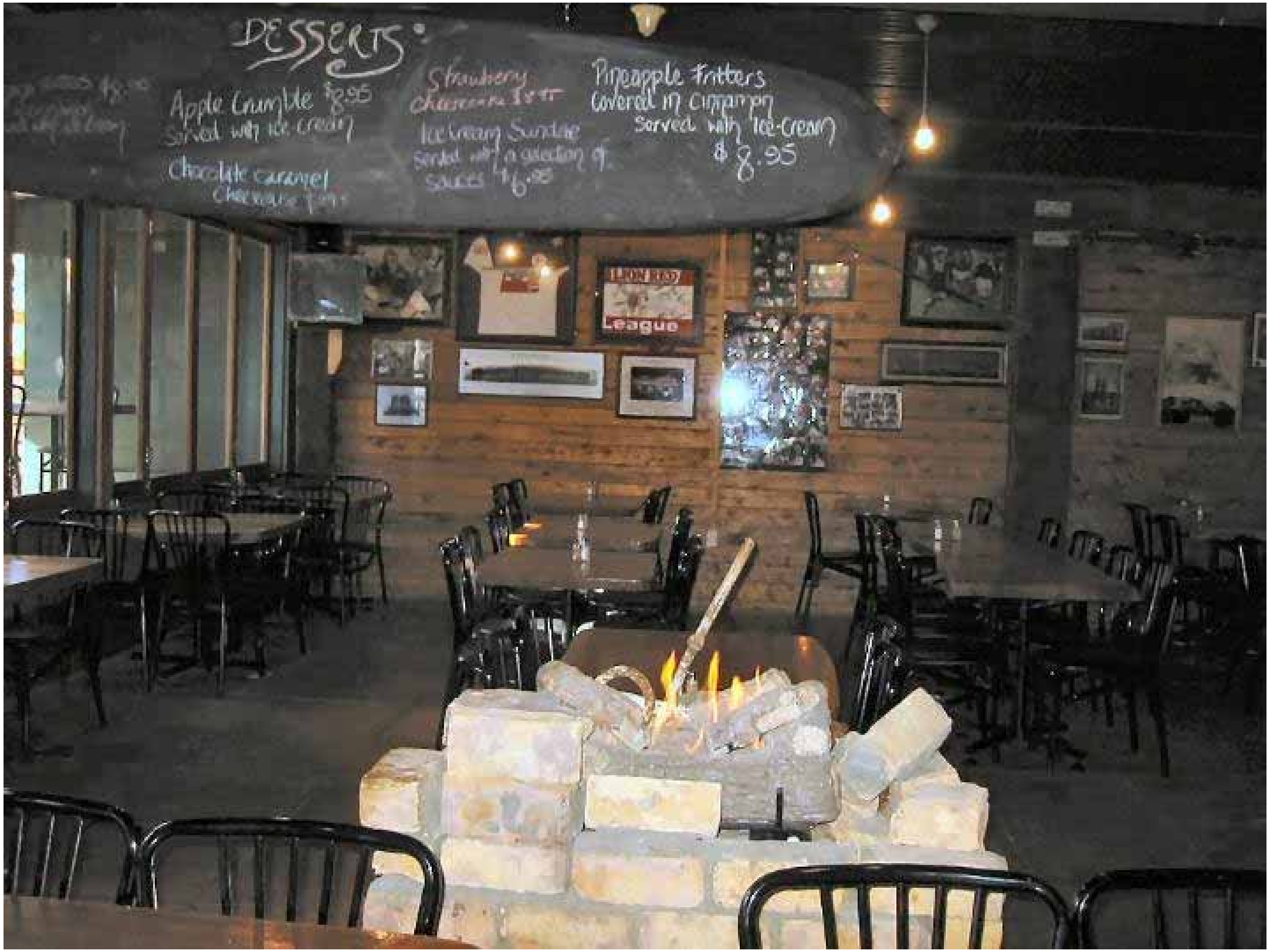
RESTAURANT SEGMENT LEARNINGS

Operators in the restaurant sector are moving to the middle of the market in an effort to chase the baby-boomer dollar

Fine Dining/Casual Dining Restaurant Segment Learnings

- Fine dining operations are declining
  - Reflecting demographic and attitudinal changes; Busy/Less time to eat
  - White table clothes and silver service is being replaced
  - Opening for evenings only
- Casual dining is more in demand
  - Attractive to a wider client base; quick and easy
  - Fresh and simple is the key to success
  - Demand for the 'third place', couches and baby friendly
- Increasing competition putting a lot of pressure on operations
  - Sensitive to price changes; important to cost and budget menus
  - Fewer items on menus
  - Increasing need to market business
  - Opportunities for assistance in co-branding or co-promotions
- Financially challenging to re-model and stay modern and stylish but essential
- High staff turnover (front of house and back of house)
  - Limited experienced staff; waiting not seen as a profession
  - Lack of front of house training
  - 'Dumbing down' of chef training, cater for high demand but pay less
  - Increased amount of pre-prepared product in an effort to decrease labour costs
- Blurring of restaurants and cafes and bars
  - Restaurants relying more and more on alcohol for profits
- International chains are failing in this sector but many owners operate two or three restaurants to gain buying power

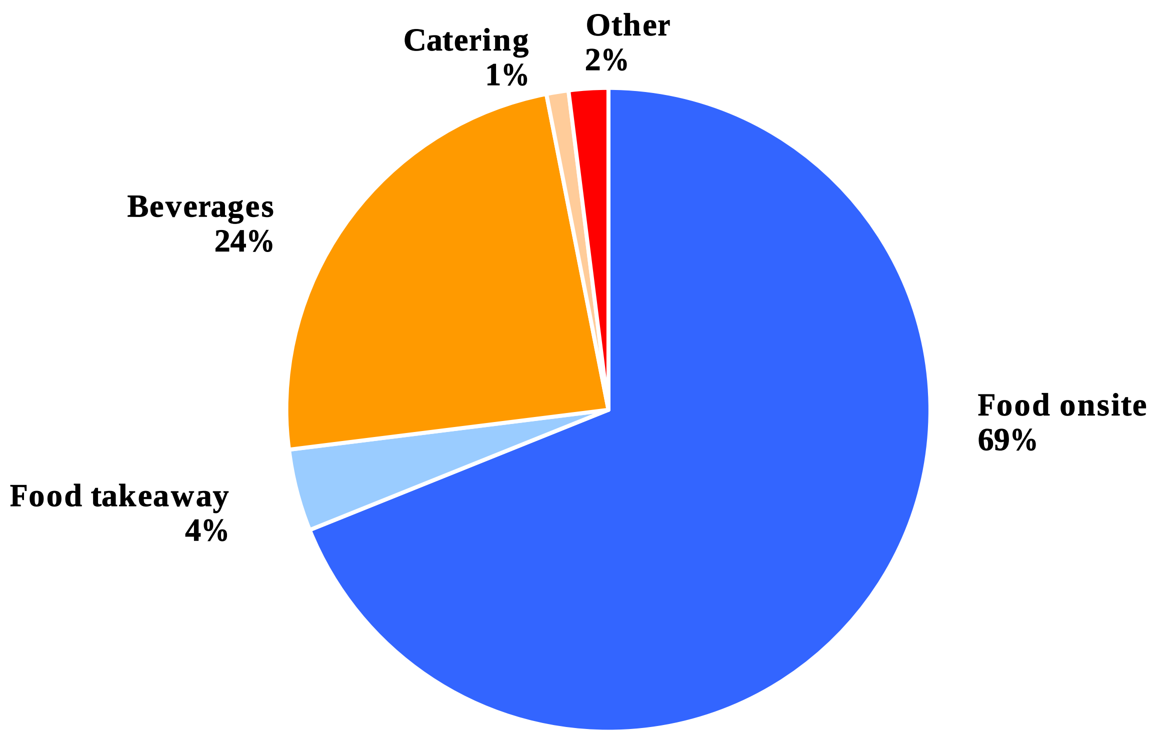
RESTAURANT EXAMPLES
Casual dining restaurants have a welcoming feel



RESTAURANT SALES BY SEGMENT

In the average licensed restaurant, food represents about seventy percent of turnover and beverages twenty five percent

Typical licensed restaurant sales by segment
% of sales; 2003



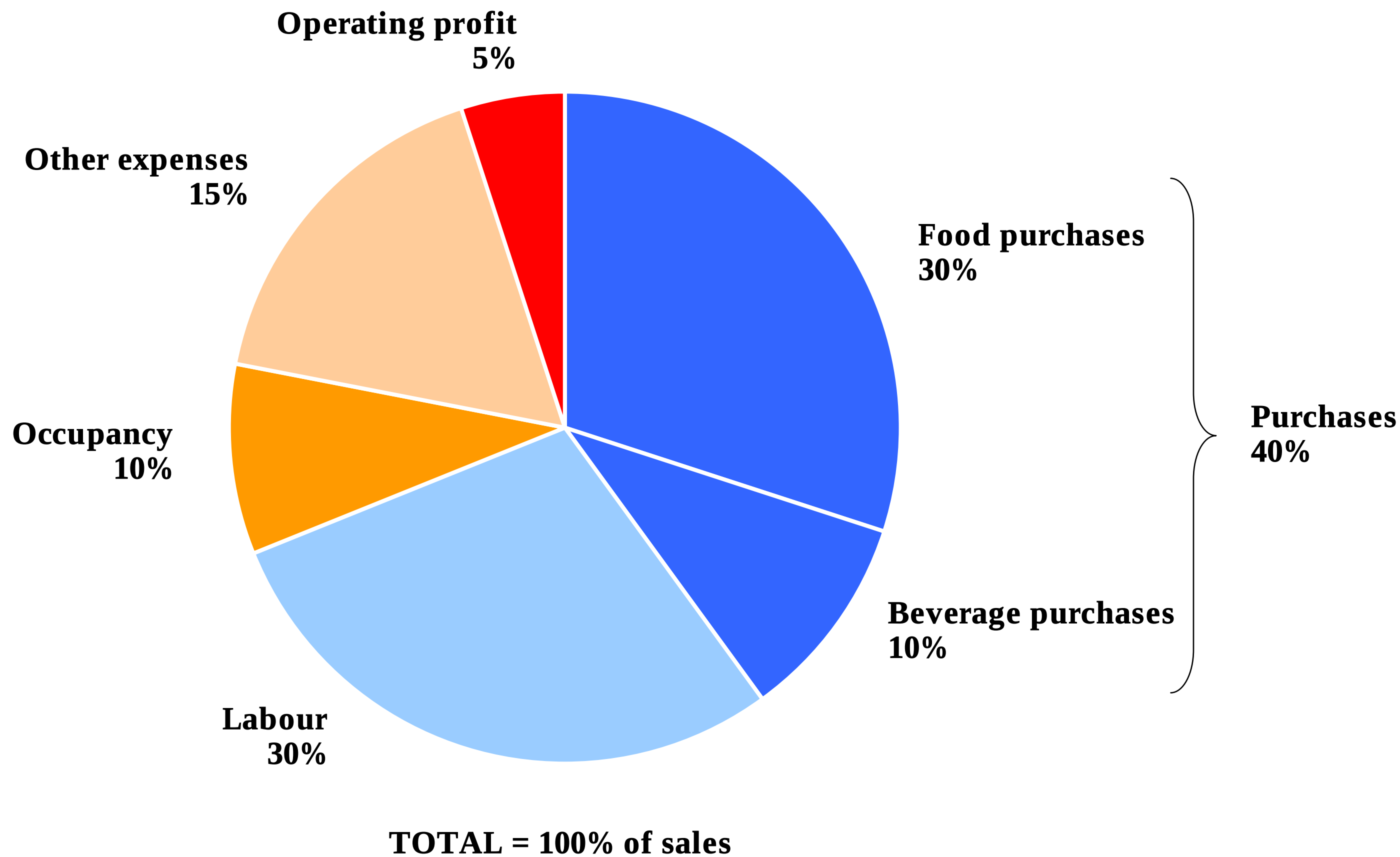
TOTAL = 100% of sales

Source: Interviews; Industry sources; Coriolis analysis

RESTAURANT EXPENSES BY TYPE

Purchases typically account for forty percent of sales, labour thirty percent and operating profit five percent

Typical licensed restaurant components of sales
% of sales; 2003



Source: Interviews; Industry sources; Coriolis analysis

CASUAL DINING CHAINS
There are sixteen casual dining chains in New Zealand, predominantly locally owned

Casual dining chains by number of units
Presence; 2003

	Number of Units	Ownership Structure	Parent Ownership
COBB & CO.	15	Franchise	Local
VALENTINES	11	Franchise	Local
ROBBIE'S	11	Franchise	Local
LONE STAR NEW ZEALAND	11	-	Local
THE LOADED HOG	8	-	Local
Denny's	6	Franchise	USA
one red dog restaurant and bar	3	-	Local
GPK	3	-	Local
INDIA	9	-	Local
Japanese Steak House DAIKOKU	7	-	Local
Tandoori Palace Indian Cuisine	6	-	Local
Handi	5	-	Local
Adjaz	5	-	Local
MASALA Cafe and Bar	3	-	Local
Kashmir	3	-	Local

TOP TWELVE GLOBAL CASUAL DINING CHAINS
American casual dining chains do not appear to export well, especially to New Zealand

Presence of top 12 casual dining chain restaurants by select country
Presence; 2003

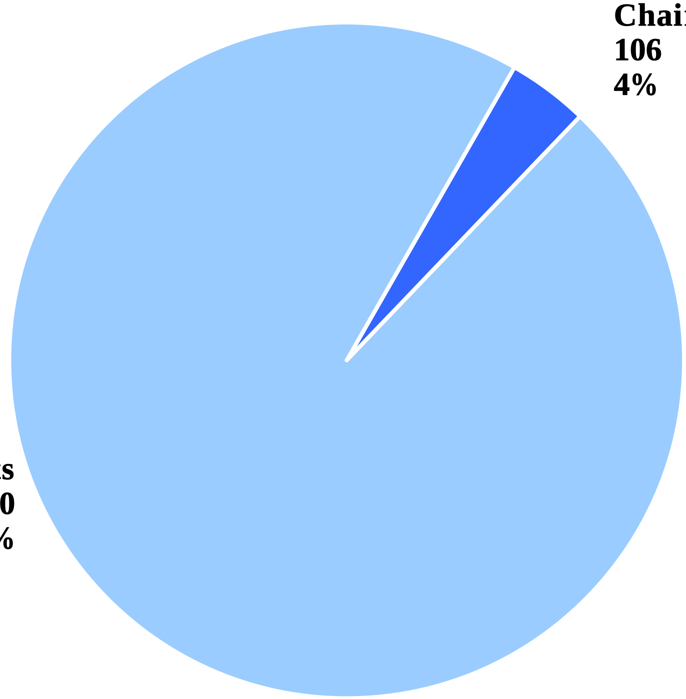
	New Zealand	Australia	United Kingdom	Canada
Applebee's	-	-	-	✓
Denny's	✓	Failed	-	✓
Outback Steakhouse	-	✓	✓	✓
Red Lobster	-	-	-	✓
Chili's Grill & Bar	-	✓	✓	✓
T.G.I. Friday's	Failed	✓	✓	✓
Olive Garden	-	-	-	✓
IHOP	-	-	-	✓
Bennigan's	-	-	-	-
Ruby Tuesday	-	-	-	-
Hooters	-	Failed	✓	✓
Sizzler	Failed	✓	-	-

Other NZ Failure
Planet Hollywood

Source: R&I; various press articles; industry interviews; Coriolis analysis

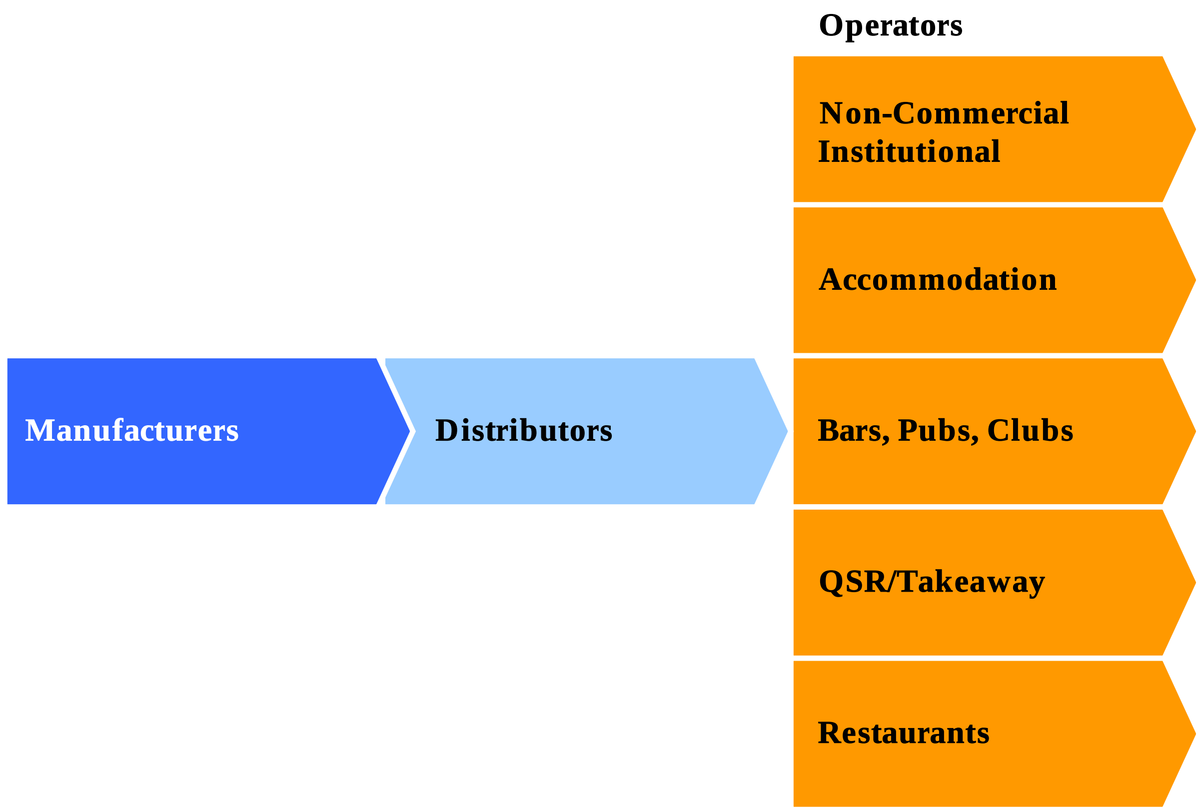
UNIT SHARE BY STRUCTURE
The restaurant market is dominated by independents; chains represent only about four percent of units

Share of units by structure
Units; 2003



DISTRIBUTORS
Distributors act as the link between manufacturers and operators; they handle the movement of product from a small number of manufacturers to a large number of operators

Structure of foodservice value chain
Model



FOODSERVICE VALUE CHAIN
Distributors are in the middle of the $4.6 billion foodservice industry

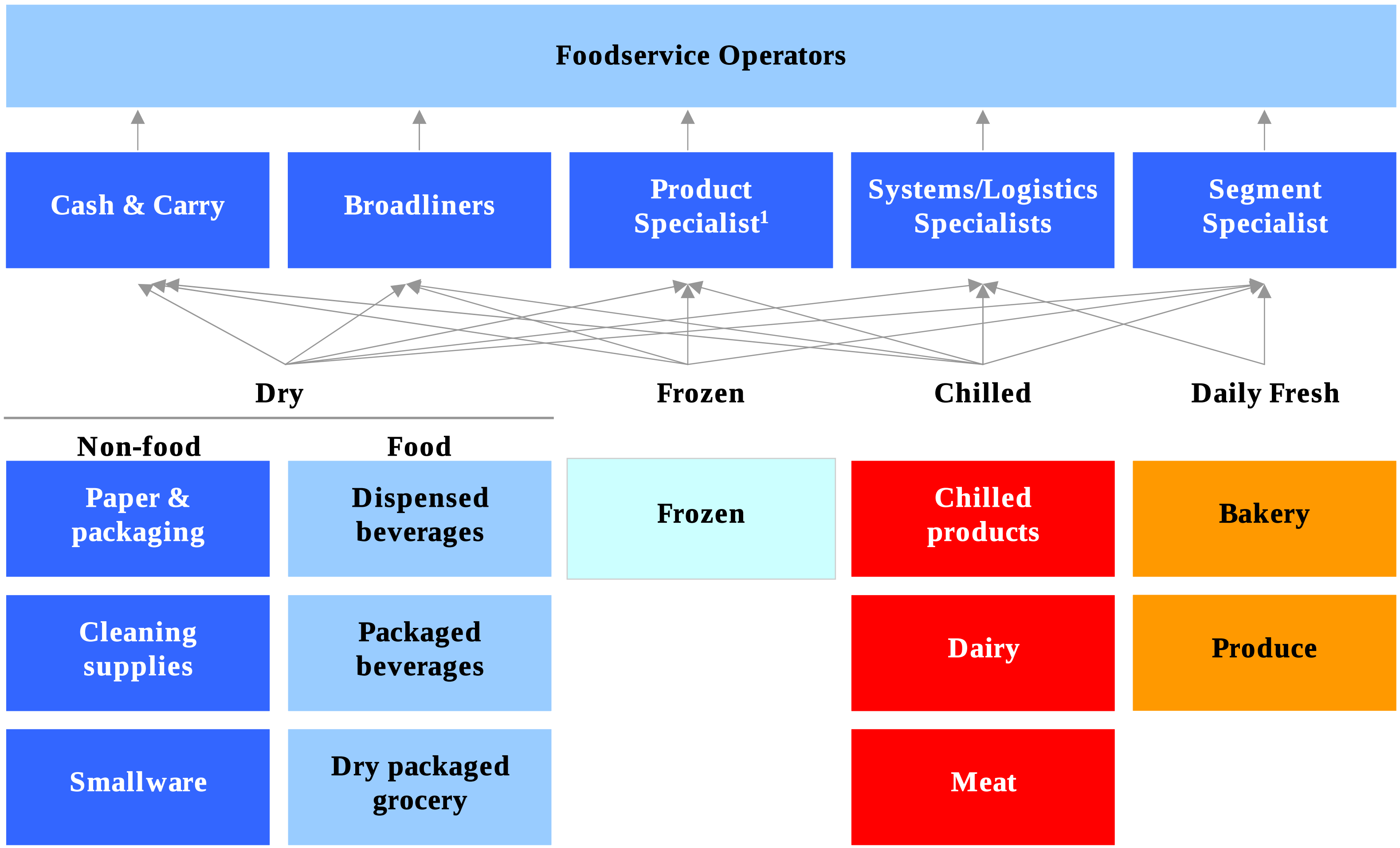
Structure of foodservice value chain
Model

	Manufacturers $1.5 billion	Distributors $1.8 billion	Operators $4.6 billion
Markup	N/A	15-30%	150%
Examples of segments	Food manufacturers Paper goods suppliers	Product Specialist Manufacturer /Distributor Cash & Carry Broadliner	Commercial - QSR Chain - Independent Non-Commercial - Hospital - Boarding School
Examples of companies	Goodman Fielder Mainland	Gilmours Crean Mainland	Auckland DHB McDonalds

FOODSERVICE SUPPLY CHAIN

Foodservice operators use a number of suppliers to get a large range of products across a number of categories

Major categories of product distributed
Model



1. Product specialists includes all manufacturer/distributors (e.g. Coke)

DISTRIBUTION MODEL MARKET SEGMENTATION
Broadly speaking there are four key foodservice distribution segments

Distribution model market segmentation definitions

Segment	Customer focus	Description	Range	Example
Cash & Carry	Commercial - Cafes - Restaurants Non-commercial	Broad product line (dry, frozen, disposables, janitorial) Limited service; strict delivery criteria	12,000+ sku	Gilmours Moore Wilson Toops Trents
Broadliners	Commercial - Cafes - Restaurants Non-commercial	Broad product line (dry, frozen, disposables, janitorial) Street sales force and telesales	3,000+sku (growing)	Crean Skellons Davis Trading
Systems/Logistics Specialists	QSR Chains Other	Independent or chain owned Often paid on structured contract No street sales	200-300sku per account	Transottway Barbers
Product Specialist (Mnfr./Distributor)	Independents Non-commercial	Deep product line in a single category/segment - Many major New Zealand manufacturers - Often perishables (produce, meat, coffee)	300-1,000sku	Atomic Coffee Mainland Coca Cola
Segment Specialists	Segment focus - Airlines - Health Care	Deep product line focused on segment Most products used by that segment Meet special service needs (e.g. delivery schedules) Often include a production component (e.g. airline meals)	Under 1,000sku	Food Productions

DISTRIBUTION MODEL CAPABILITIES

The different distribution models have different capabilities; we believe the broadline distributor model is best positioned for growth

Distribution model capabilities

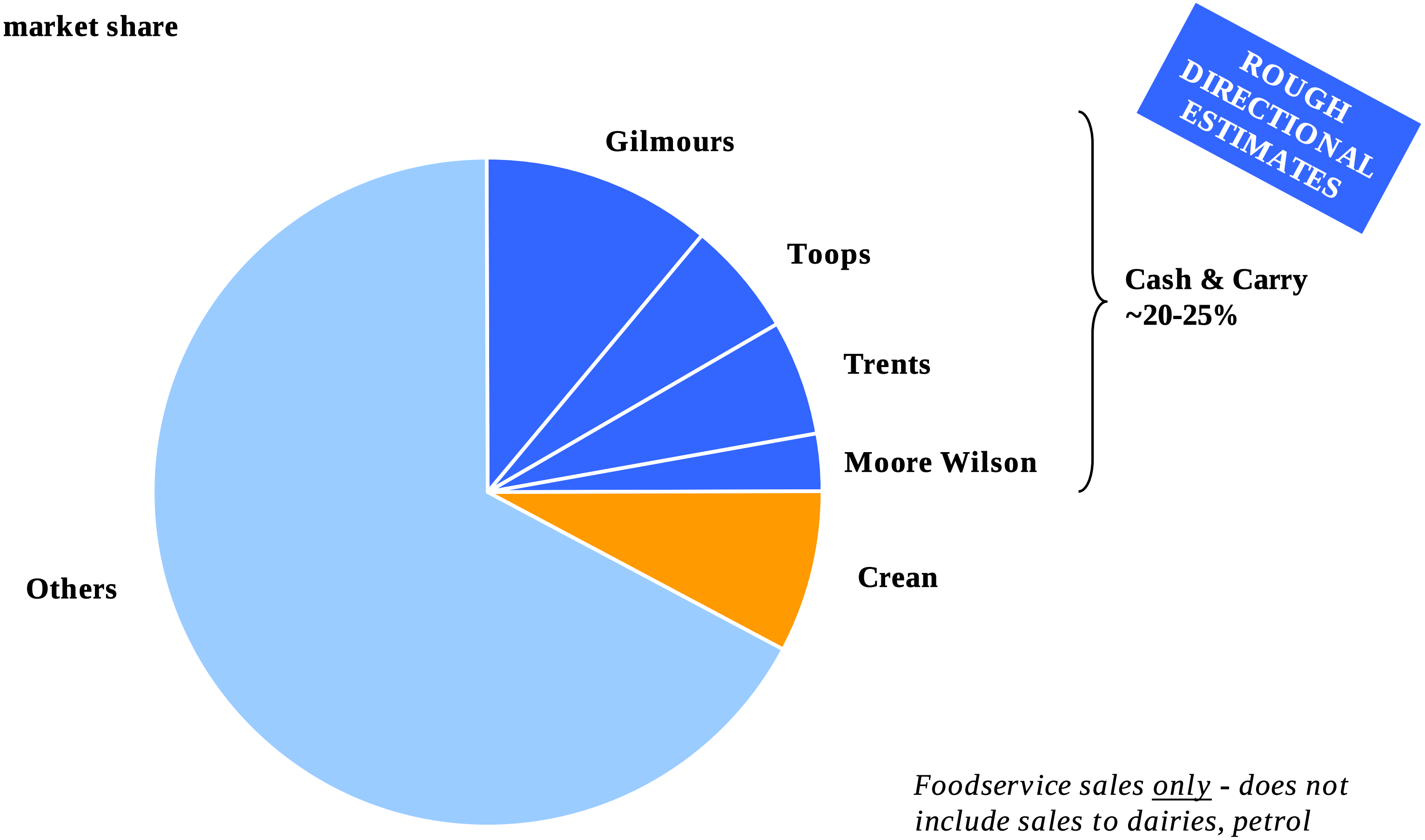
		Scale Efficiency	Product/ Category Expertise	Negotiating Power	Management of Small Accounts	Long Term Growth Potential	Geographic Dominance
Cash & Carry[1]		●	○	●	○	?	●
Broadliners		●	◑	●	◑	●	●
Systems/Logistics Specialists		●	◑	○	○	○	◑
Product Specialist	**Mnfr./Dist.**	○ to ●	●	N/A	◑	○	◑
	Dist. only	○	●	○	◑	◑	○
Segment Specialists		●	●	○	○	○	◑

1. Much of the buying strength of the Cash & Carry sector comes from its supermarket ownership

Low ○ **Medium** ◑ **High** ●

DISTRIBUTOR MARKET SHARE
The foodservice distribution market is still highly fragmented

Foodservice distribution market share
% of turnover; 2003



Foodservice sales only - does not include sales to dairies, petrol stations, and other non-foodservice

TOTAL = $1.8 billion

MAJOR ACQUISITIONS
However major acquisitions continue to occur in an attempt to consolidate the industry

Other foodservice related acquisitions in the last three years 2000-2003

Date	Acquirer	Acquisition
Nov 1999	Sharon Hunter Tenby Powell	Continental Distributors
April 2000	Bidvest plc	Crean Foodservice
March 2002	Aquiline Holdings	Marsanta Foods
June 2003	Delmaine Fine Foods	EuroPacific Foods
N/A	Davis Trading	Endeavour Foods

CONSOLIDATION EXAMPLE – CREAN'S

Crean's is an example of the consolidation sweeping the industry – the company has made seven acquisitions since June 2000

Bidvest/Crean's acquisitions in the last three years
2000-2003

Date	Acquisition	Location	Description
June 2000	Juice Express Rotorua	Rotorua	Dry goods
November 2000	Seafood Specialties	Wellington	Frozen, chilled, some dry
January 2001	Mainstream Foods	South Island	Seven branches in the South Island
June 2001	Coolfoods	Wellington	Frozen
May 2002	Rattray's Customer Base	Auckland	Database from receivers
March 2003	Tabletalk	Whangarei	Frozen, Chilled, some dry
October 2003	Oceanic Seafood	Auckland	Fish/seafood, frozen, fresh, some dry

Three Rationale

1. Increase geographic coverage
2. Increase customer base
3. Acquire new capabilities

PROCESS OVERVIEW: SECTION 1
The report now looks at identified trends that are impacting the industry

Section 1

Developments in the foodservice market

Foodservice demand → **Foodservice supply** → **Identified trends**

Consumer
Operator
Distributor
Manufacturer

FOODSERVICE TRENDS & INFLUENCE FLOW

Consumers' needs and preferences are driving changes upstream in the value chain, placing further pressure on distributors

Foodservice influence flow

Manufacturers

- Moving away from doing own distribution; searching for a new model
- Growing emphasis on foodservice (vs. retail)
- Leaders developing foodservice specific products

Distributors

- Strong growth through industry acquisition and consolidation
- Elimination of marginal operators and non-specialists
- Increasing range
- Increasing sophistication in systems
- Increasing private label

Operators

- Increasing competition
- Increasing fragmentation of food styles and emergence of fusion
- Difficult to raise prices
- Remodeling to casual dining
- Increasing labour challenges

Consumers

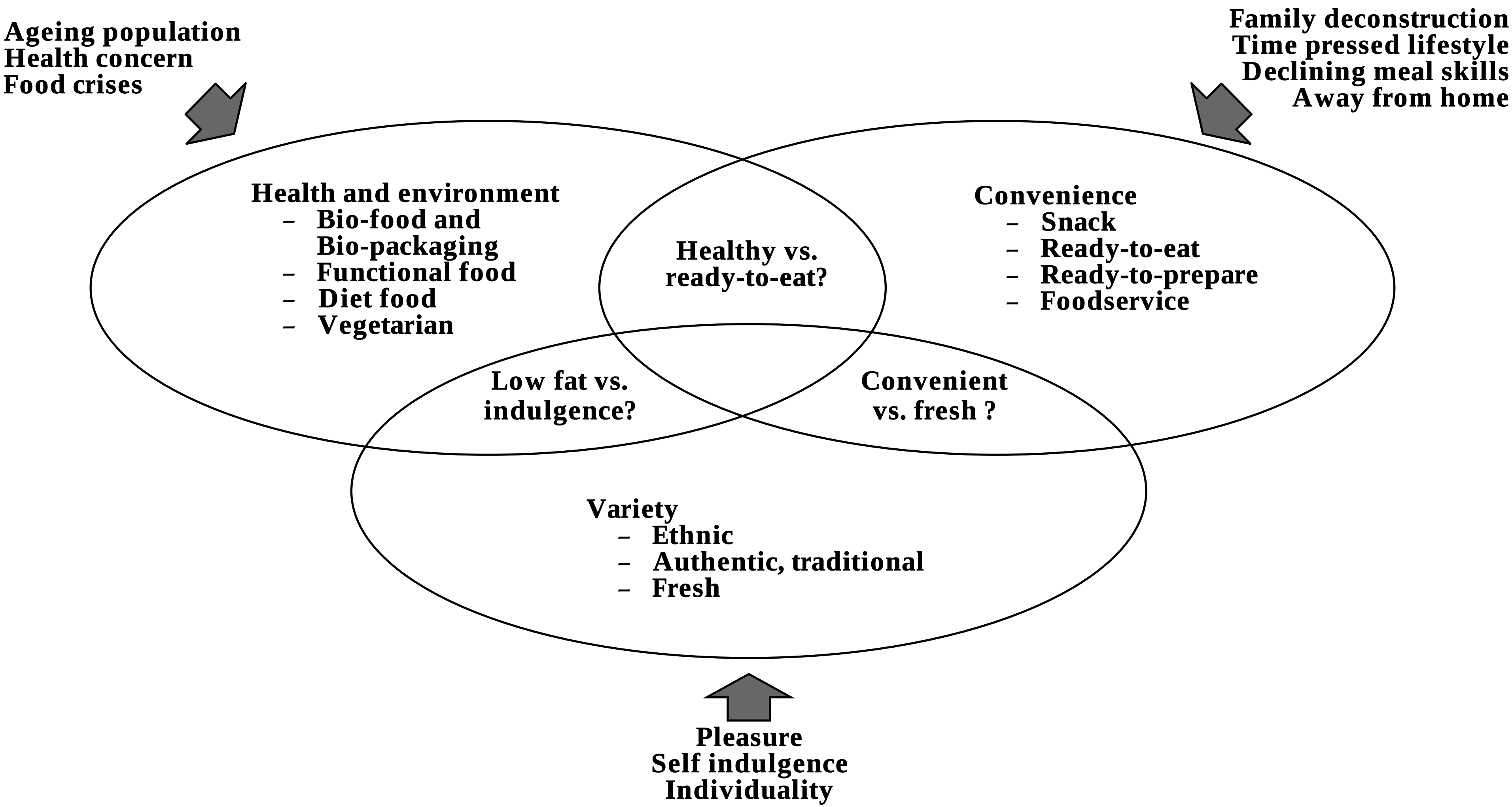
- Growth of casual dining, more away from fine dining
- Demand for greater value in foodservice products
- Demand for greater convenience in food consumption occasions and locations
- Demand for increased variety and quality in foodservice items
- Demand for healthy items

Consumers

T1: CONSUMERS
Changes in the industry are ultimately driven by the consumer

Trend	Details	Driver	Industry Implications
Casual	Growth of casual dining, move away from fine dining	– Changing lifestyles and demographics – Increased expectation for quick service in the restaurant sector – Takeaway moving upmarket	– Changing product mix – Increased demand for high quality in the mid-market
Value	Demand for greater value in foodservice products	– More food away at a lower price point – Checking the menu before dining – Need to achieve key plate price points – Desire for value for money	– Reducing number of suppliers used – Demanding value-added services – Competition based on more than price
Convenience	Demand for greater convenience in food consumption occasions and locations	– What, where, when I want it – Eating as part of an experience – Desire for dishes that meet individual needs – Increased dish customisation (e.g. non-dairy)	– Continued growth in outlet numbers; more points-of-contact – Increased use of value-added
Expectations	Demand for increased variety and quality in foodservice items	– Exposed to new cuisines while traveling – Knowledge through cookbooks and magazines – Emergence of more refined palates; coffee snobs – Discerning in the quest for good foods	– Demand for unique/customised products – Quality standards increasing across the board
Healthy	Demand for healthy items	– Demand fresh, organic; vegan – Demand free from: fat, carbohydrates, sugar, gluten, not genetically modified	– Demand for modified products (e.g. dairy-free, carb-free) – Supply chain traceability

CHANGING CONSUMERS
At the mega-trend level, many consumer trends are contradictory or conflicting



Source: BCG

T2: OPERATORS
Operators are fragmenting in an increasingly competitive environment

Operators

Trend	Details	Industry Implications
Competition	Increasing competition	– More points-of-contact – Flat to falling average order sizes – Increased likelihood of failure – Diversifying business; functions, catering, takeaway
Fragmentation	Increasing fragmentation of food styles and emergence of fusion	– Demand for increased range across industry – Demand for specialised range
Cost Control	Difficult to raise prices	– Controlling costs by managing plate cost – Reducing menu variety; less range per unit – Supplier price increases difficult – Increased emphasis on portion control – Fewer suppliers per outlet
Investment	Remodeling to casual dining	– Opportunities to assist with revised menu/wine list – Increased debt load on many operators
Labour	Increasing labour challenges	– Increased use of value-added – Increased need for training – Simplified instructions

COMPETITION DRIVERS
Competition will continue to increase it is driven by three factors: more restaurants, low cost competitors and more substitutes

1. More restaurants	**Low barriers to entry**	**Minimal regulation governing restaurants opening** **Large number of available sites** **New restaurants always opening**
	Entry ticket	**Immigrants using restaurants to enter country** **Importing relatives as labour**
2. Low cost competitors	**Mom & Pop**	**Living in and above restaurant** **Under-valuing own labour**
	Food courts	**Higher volume / lower overheads**
	Fast food	**Continuing growth of Subway/others** **Price based promotional activity by chains**
3. Substitutes	**Supermarket deli**	**Increased ready meals and table ready options (e.g. roast chicken)**
	Ready meals	**Continuing trials with poor to mixed success**

COMPETITION
There is increasing competition in the casual restaurant and café sector

- **"Times are tough - there is a lot of competition in restaurants."**

  Chef, Mid-market restaurant, Canterbury 5

- **"There are new cafes and restaurants constantly opening. We have to stay on top of things. They often don't stay around that long though."**

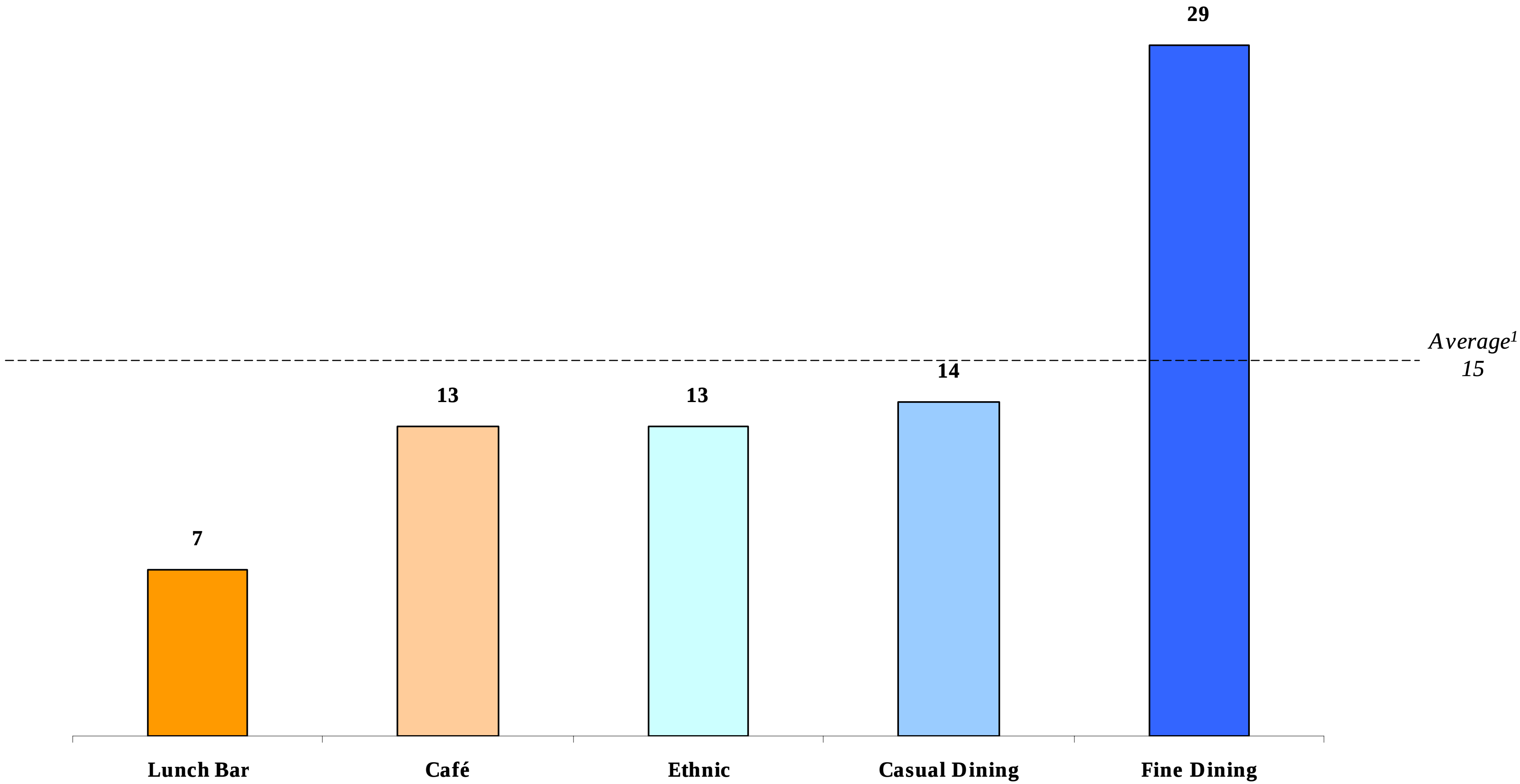
  Owner operator, Upmarket restaurant, Auckland 36

- **"We have only been open for three months… There are a lot of other restaurants around here."**

  Owner operator, Ethnic restaurant, Auckland 38

NUMBER OF SUPPLIERS
Operators currently have an average of fifteen suppliers, however this varies by restaurant type

Average number of suppliers by restaurant type
total respondents



1. Average is lower than total category averages as some suppliers are counted in more than on category

FRAGMENTATION - MORE PRODUCTS
Chefs want more, new, different products from new suppliers

- **"We need new suppliers with new product. They can ring and come in, I'm more than happy to see them."**

  Owner operator, Mid-market restaurant, Auckland west 43

- **"We have big trouble sourcing product. We want unusual meat and vegetables. We try to find products but they are all exported."**

  Chef, Upmarket restaurant, Wellington region 28

- **"Finding new suppliers is hard. The hospitality show had few suppliers that were different or niche. I need to find some niche suppliers, like for pasta. Where are the suppliers, how do we find them. Ring or knock on the door with something special tempt me."**

  Chef, Upmarket restaurant, Wellington central 22

CONSOLIDATION - REDUCING SUPPLIERS

Many operators want to reduce their number of suppliers…

- **"I only want a hand-full of suppliers. You may save on products by shopping around, but I have higher bank fees and more cheques to write. I want to be able to streamline my system. I need to cut out time spent on administration; making phone calls every day, ordering, checking orders, it's endless. I'm very short of time."**

  Owner operator, Mid-market café, Wellington region 33

- **"I want to be able to get more products from my suppliers. I want fewer suppliers not more."**

  Owner operator, Mid-market restaurant, Auckland 50

- **"It's important that they have a large range, I don't want to be doing my ordering through a lot of different suppliers. I use specialists but for my basics, I want it all together."**

  Owner operator, Mid-market restaurant, Wellington 29

- **"I have 60-70 creditors in total, I would like to pay more to some and have one less cheque to write. I'd love fewer suppliers."**

  Owner operator, Mid-market restaurant, Auckland 43

CONSOLIDATION - REDUCING SUPPLIERS
… continued

- **"At the moment I have three bread suppliers I am looking at only having one. I need to simplify the accounts. One company is good. I will choose the one that has better products and services."**

  Chef, Mid-market restaurant, Auckland city 51

- **"There are different products with different groups. I have about five dry goods suppliers. All in one it would be better."**

  Chef, Upmarket restaurant, Auckland central 36

- **"Two suppliers for everything is ideal, to cut back on the paperwork."**

  Manager, Mid-market cafe, Canterbury 6

MENU TRENDS
Operators interviewed identified a number of significant menu trends

Menu trends identified
2003

Trend	Details	Industry Implications
Fewer items on the menu	Reduces costs Simpler systems, ingredients	– More competition for menu slots – Increased importance of menu changes
Growth in breakfast & brunch 'Snacking' a new day part 'Doing coffee'	Lifestyle changes Smaller meals, more often	– Demand for different products – Opportunities for value-added (e.g frozen breakfast items) – More demand for snacking products
Increased variety and fusion	Asian fusion Increasing acceptance of new dishes and flavours	– Increased range by distributors – Increased specialist knowledge required
Individualism	Personalising the menu Choosing your own sandwich filling	– Need for modular products/services – Increased demand for variety
Gourmet takeaway	Sandwiches; coffee Trading up with gourmet ingredients and styles to increase margins	– Opportunities for new products in casual dining sector
Simplifying the dishes	Simple style and flavours No heavy sauces No high stacking and fussy detail Basic honest classics Increased flavors	– Changing demand patterns – Opportunities for solutions selling – Reintroduce old classics
Healthy options	Fresh; Organic; Vegan Free from: fat, carbohydrates, sugar, gluten Not genetically modified	– Demand for modified products (e.g. dairy-free, carb-free) – Supply chain traceability

T3: DISTRIBUTORS
Consolidation will leave fewer, more sophisticated distributors

Distributors

Trend	Details	Industry Implications
Consolidation	Strong growth through industry acquisition and consolidation	– Fewer distributor points-of-contact – Increased negotiating power
	Elimination of marginal operators and non-specialists	– Potential exit of more manufacturer/distributors – Polarisation of channels: broad/narrow – Unclear future for Cash & Carry operators
Increased range	Increasing range per distributor	– Attempting to increase customer penetration and increase average order size – Selling a broader range (e.g. frozen + plastic wrap) – Declining category specific knowledge and expertise
Sophistication	Increasing sophistication in operations and systems	– Distributors move to category management – Greater understanding and control of information – Push for full bar-coding – Potential to capture operator through technological linkup (e.g. give them a fax)
Private label	Increasing distributor controlled label and private label	– Distributors creating point-of-difference – Profit margin grab by distributors able to leverage relationship at point-of-sale – Brand irrelevant in commodity categories – Development of differentiated products a priority for manufacturers

PRIVATE LABEL EVOLUTION

The experience of the US market suggests that private label will continue to grow along one of two pathways: either umbrella branding or invented pseudo-brands

Private label architectures of two largest American foodservice companies
2003

Sysco (US$22.6B)
Umbrella brand with sub-brands

SYSCO

Classic SYSCO

Reliance SYSCO

Imperial SYSCO

Supreme SYSCO

Natural SYSCO

US Foodservice (US$17.7B)
Invented pseudo-brands by category

US FOODSERVICE

PERFECTA

Monogram

CLASSIC TUREEN

HARBOR BANKS

el PASADO
Authentic Mexican Cuisine
With A Touch Of The Past.

MAGNIFRY

PATUXENT FARMS

PACIFIC JADE

ROSELI

HILLTOP HEARTH

CROSS VALLEY FARMS

INTERNATIONAL EFFICIENT FOODSERVICE RESPONSE INITIATIVES

We expect that at some point more sophisticated New Zealand distributors will push elements of the Efficient Foodservice Response initiative

Elements of Efficient Foodservice Response (EFR) in the US
2002

Initiative	Objective	US Activity
Equitable alliances	Identify true profit and cost centres to more efficiently manage the business (Activity based costing)	No major progress
Supply chain demand forecasting	Flatten out inventory levels by forecasting future demand - Bar codes - Product information databases - Standard product identification - Market forecasting/planning	Increasing bar-coding
Electronic commerce	Increased communication between manufacturer, distributor and supplier to reduce costs (EDI, EFT, invoiceless payment)	Growth of electronic ordering
Logistics optimisation	Reduce overheads and increase warehouse efficiency - Direct shipment - Consolidation - Shared distribution - Coordinated transportation - Cross docking	Continuing activities
Foodservice category management	Tailor products to meet individual market needs and improve efficiency (new products, deletions)	No major progress

T4: MANUFACTURERS
Foodservice is moving from being an adjunct to a strategic focus

Manufacturers

Trend	Details	Industry Implications
Exiting distribution	Moving away from doing own distribution; searching for a new model	– Movement of margin to specialist distributors – Development of low cost models for commodity products – Fewer distributor points-of-contact – Increased negotiating power
Strategic focus	Growing emphasis on foodservice (vs. retail)	– Managing in an uncertain environment: increased demand for data; non-existent supply – Increasing competition: winners & losers
Investment	Leaders developing foodservice specific products	– Investment/re-tooling required – Expansion into new product forms or temperature states – Searching for real value-added – Foodservice driving new product development; migration of successes to retail

PROCESS OVERVIEW: SECTION 1
The report now looks at cost-to-serve

Section 1

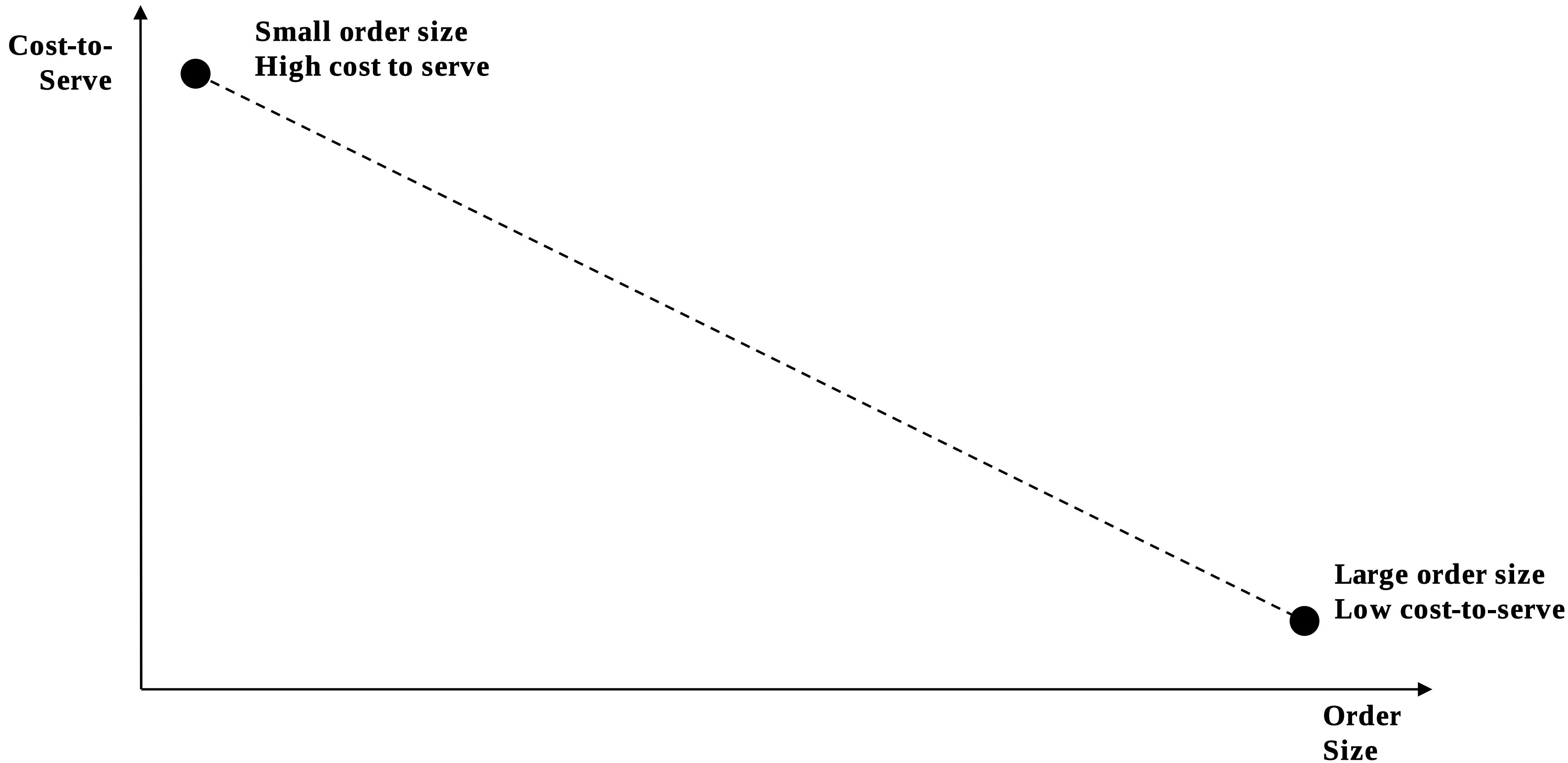
Developments in the foodservice market

Foodservice demand → **Foodservice supply** → **Identified trends** → **Understanding cost-to-serve**

Relationships
Supply chain activities
Functions of distribution
Logistics
Outsource or DIY
Customer mix

COST-TO-SERVE
Theoretically order size should be the main determinant of cost-to-serve

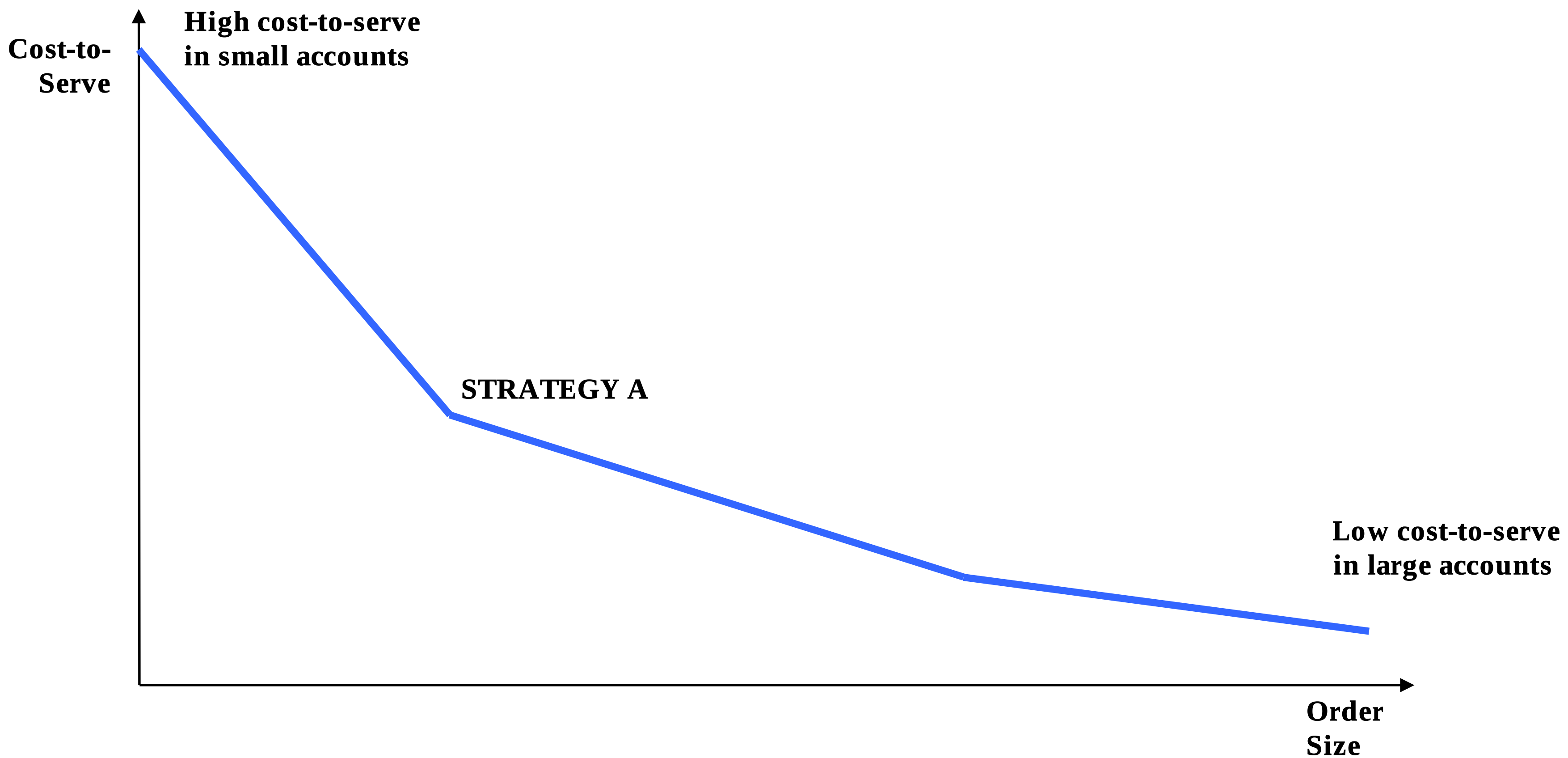
Relationship between order size and cost-to-serve



COST-TO-SERVE – COMPANY A / STRATEGY A

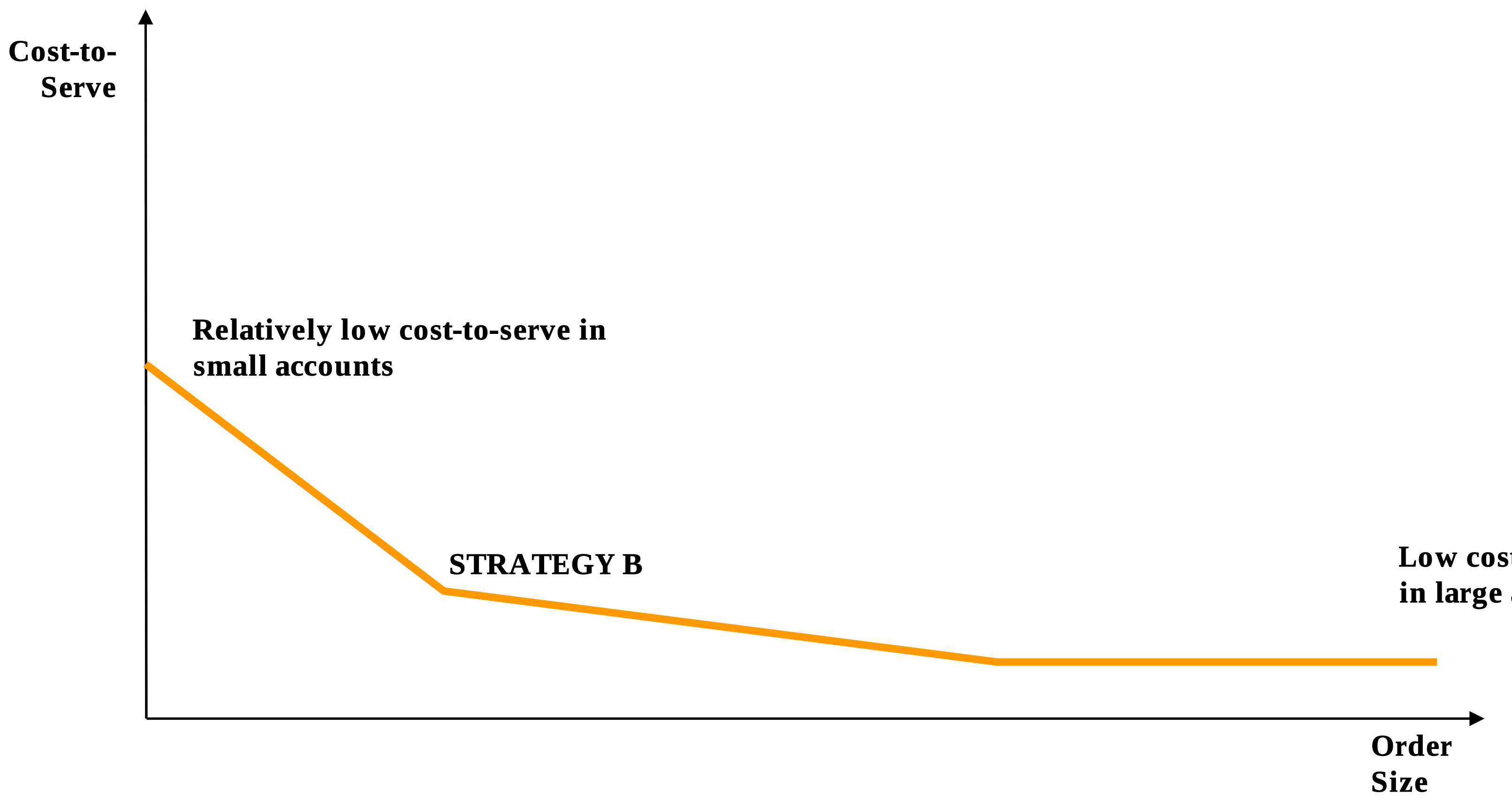
In practice "Company A" might have a relationship between order size and cost-to-serve as follows…

Relationship between order size and cost-to-serve for "Company A"



COST-TO-SERVE – COMPANY B / STRATEGY B
… while "Company B" might have a relationship between order size and cost-to-serve like this

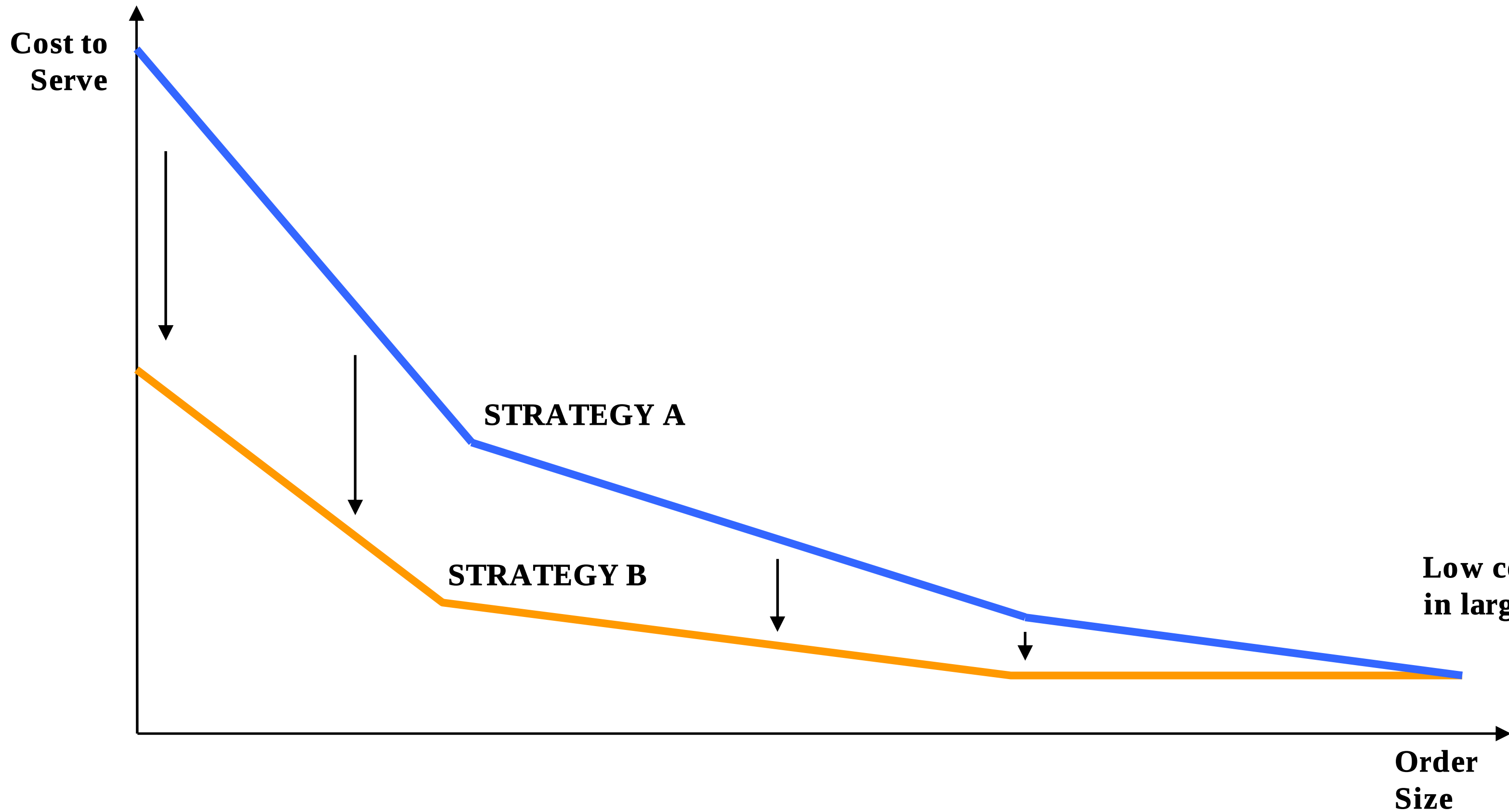
Relationship between order size and cost-to-serve for "Company B"



COST TO SERVE – COMPANY B / STRATEGY B

While "Strategy B" always have a lower cost-to-serve than "Strategy A," cost is not the only determinant of delivery strategy

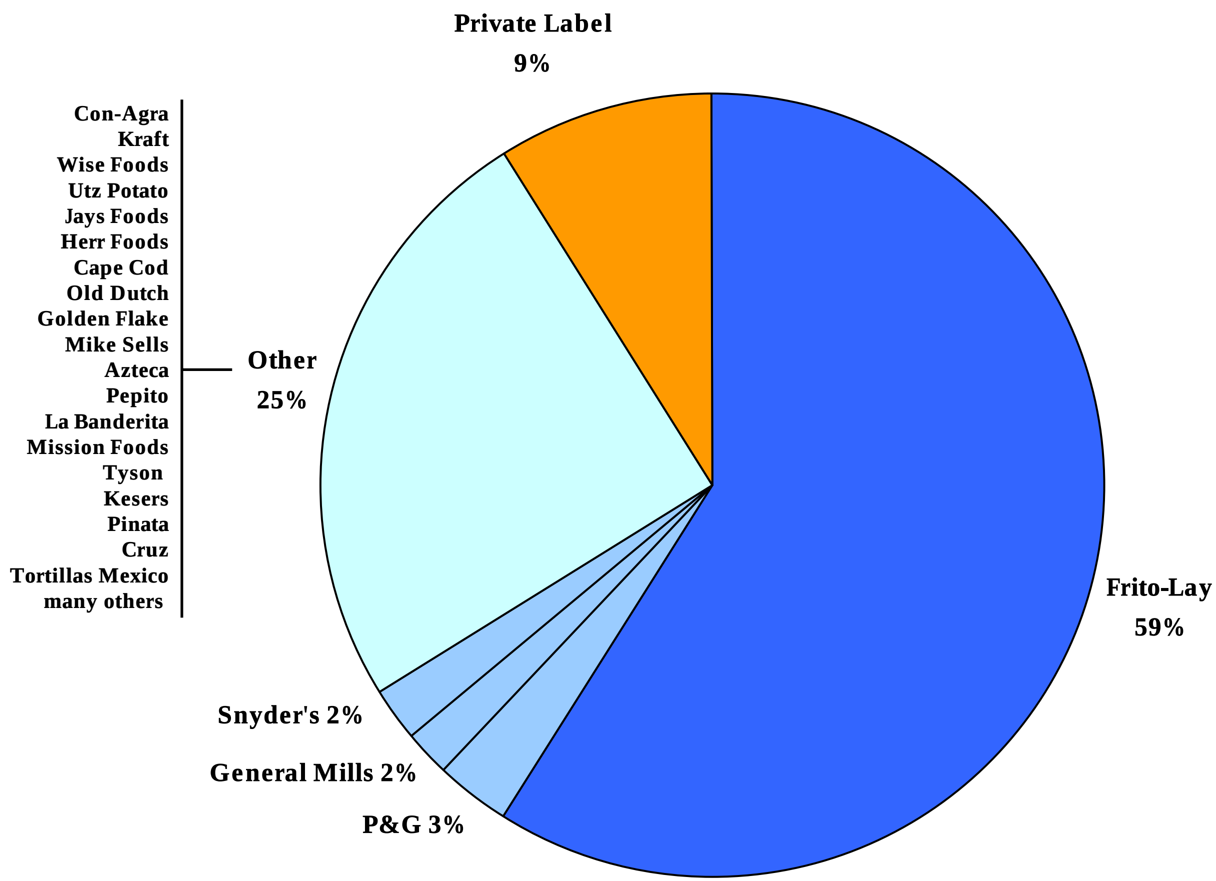
Relationship between order size and cost-to-serve for "Company A"



HIGH COST-TO-SERVE: THE FRITO-LAY EXAMPLE

Frito-Lay is twenty times the size of its nearest competitor in the US snack chip market and primarily uses a high cost-to-serve delivery model (van sales)

US snack chip market share by company
% of snack chip market; 2002



Source: Pepsico Annual Report; Prepared Foods Magazine; Coriolis analysis

SUPPLY CHAIN ACTIVITIES
Seven activities occur across the supply chain

Activities occurring in the supply chain

Logistics

Brand Building → **Selling** → **Transaction Processing** → **Warehousing** → **Picking** → **Delivery** → **Returns & Credits**

Building brand image
Product promotion
Quantity assessment
Specials
Order taking

Delivery frequency – order size
Physical process
- pick, pack and dispatch
- delivery

Should be invisible to the consumer
Every step adds more cost
Errors cost more

SELLING
How to sell is a key decision for manufacturers/distributors; each method has its good and bad points

Activities occurring in the supply chain

Brand Building → **Selling**

- **Do it yourself**
  - **Rep visits & takes order**
    - Rep may visit to support promo/launch products
  - **Van sales, rep visits and takes/fills order**
  - **Telesales phones to take order**
  - **Customer initiates orders:**
    - Phone/fax
    - Via www.site
    - Site/email product promo/launch
    - Email order reminders
- **Use someone else**
  - **Customer visits Cash & Carry**
  - **Customer initiates orders:**
    - Phone/fax
  - **Wholesaler/distributor visits & takes orders**
    - Rep may visit to support promo/launch products

TRANSACTION PROCESSING
Manufacturers/distributors selling method may determine how orders are processed; customer friendly, simple and accurate… it costs less

Activities occurring in the supply chain

Example of how additional steps add cost

Rep order to wholesaler (for delivery)

Wholesaler invoices supplier (for delivery service)

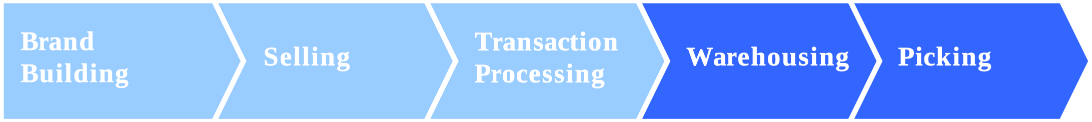
Supplier invoices customer

	Transaction entry/processing	
	Manual (Phone/Fax)	**Electronic**
Cash & Carry	✓	✓
Broadliner	✓	✓
Web Sales	-	✓
Telesales	✓	-
Sales Rep + Delivery	✓	✓
Van Sales	✓	✓

LOGISTICS – WAREHOUSE HANDLING

Manufacturers/distributors choice of selling method often dictates logistics: one variable is warehouse logistics…

Activities occurring in the supply chain

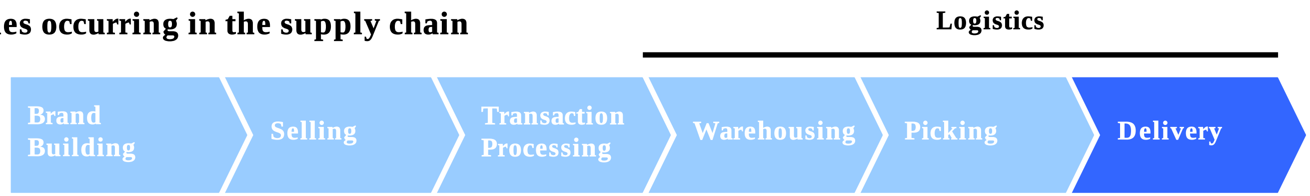


Small order pick for delivery by: *‘Small order pick has higher cost as percent of order value’*	**Own truck direct to customer** **Freight company direct to customer** **Courier company direct to customer** **Van Sales Rep (pre-ordered)**
Large order pick for delivery to:	**Van Sales Rep distribution point** **Wholesaler/distributor**

LOGISTICS – METHOD OF DELIVERY

… another major variable is method of delivery; each method has its good and bad points

Activities occurring in the supply chain



Sales and delivery direct to customer	**Van Sales Rep**
	Wholesaler/distributor
Delivery only – direct to customer	**Own truck**
	Freight company
	Courier company
	Wholesaler/distributor

OUTSOURCE OR DIY?
The end result of an outsource or DIY decision should deliver the strategic requirements

Outsourcing options abound

- **Selling**
- **Transaction processing**
- **Logistics**

For each element of the supply chain ask these five key questions

1. **Is this an area of real competitive advantage?**
2. **Who can do it best?**
3. **Who can do it for the lowest cost?**
4. **How many suitable alternatives providers are there?**
5. **Is this a core competency we should focus resources on?**

CASE STUDY – COMPANY B'S TELESALES MODEL
Company B supplies specialty food products to foodservice customers only; their model may or may not work for you

Telesales model

Brand Building → Selling → Transaction Processing → Warehousing → Picking → Delivery → Returns & Credits

Personal relationship
Planned call cycle

'Live' manual order – direct entry
Confirm availability and delivery plan
Suggest alternatives if necessary

Fixed time service courier delivery
Auckland: before 10am same day
Rest of country: overnight

CASE STUDY – COMPANY A'S VAN SALES MODEL
Company A supplies a range of food products to foodservice and route trade customers; could this model be improved? How?

Van Sales model

Brand Building → **Selling** → **Transaction Processing** → **Warehousing** → **Picking** → **Delivery** → **Returns & Credits**

Personal relationship
Planned call cycle

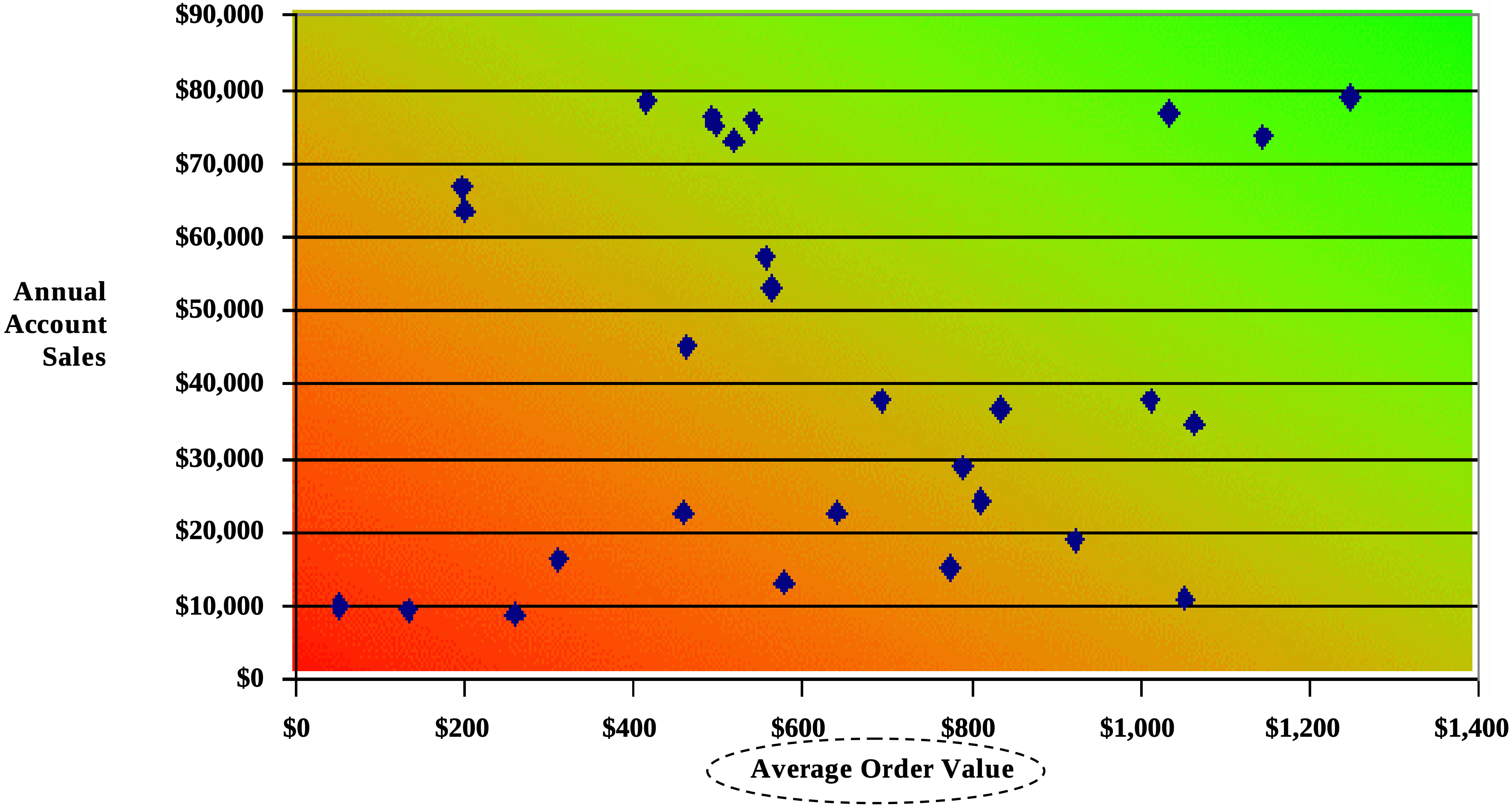
'Live' manual order – direct entry into handheld
Suggest alternatives if necessary

Order filled out of van
Forecast based daily orders bulk picked at warehouse by van
Van orders bulk shipped to region and cross-docked to vans

TYPICAL CUSTOMER MIX

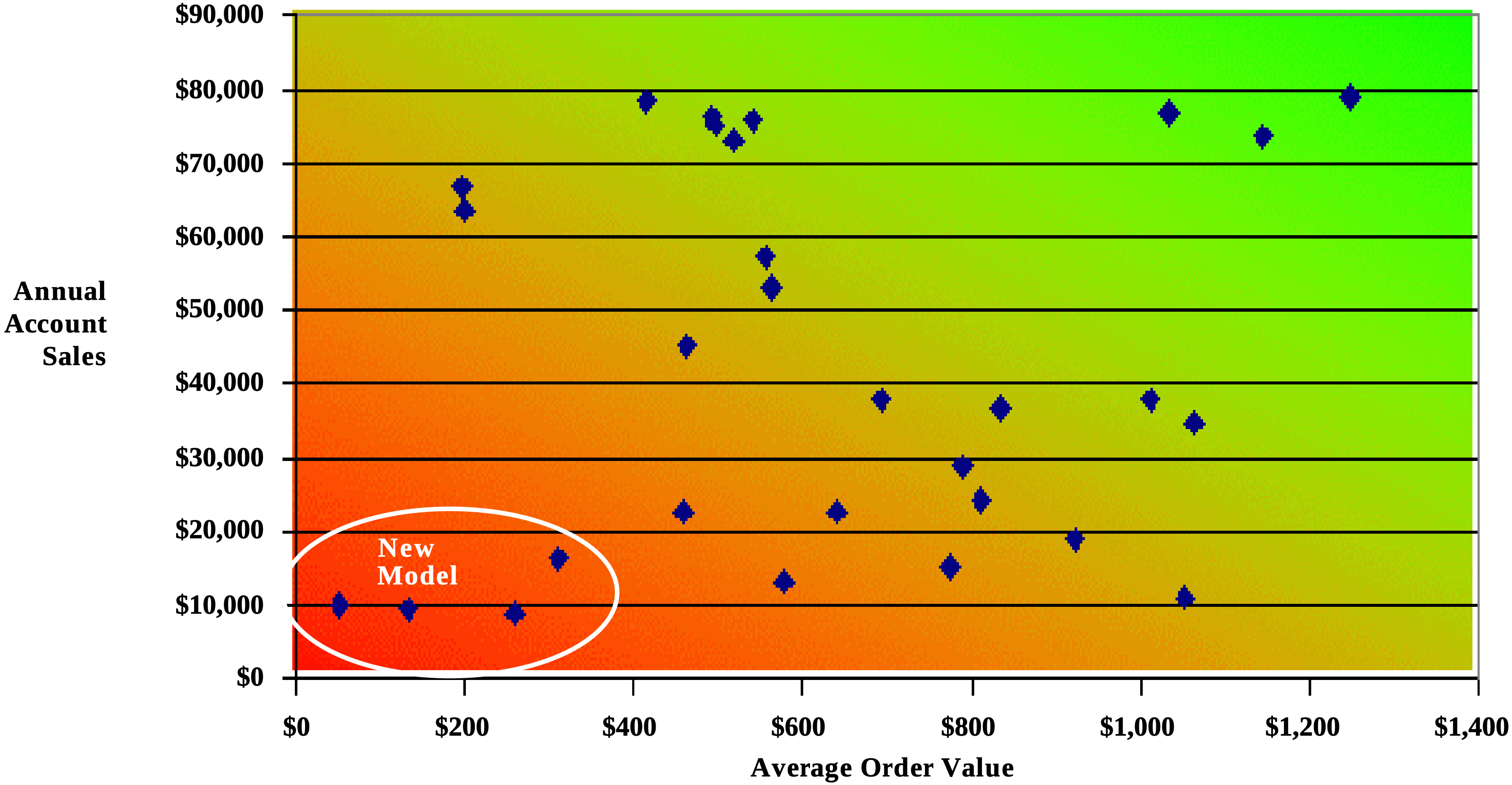
Most companies have a mixture of customers similar to this model where average order value is the key driver of customer cost-to-serve

Annual account sales vs. average order size for a number of accounts
Example company



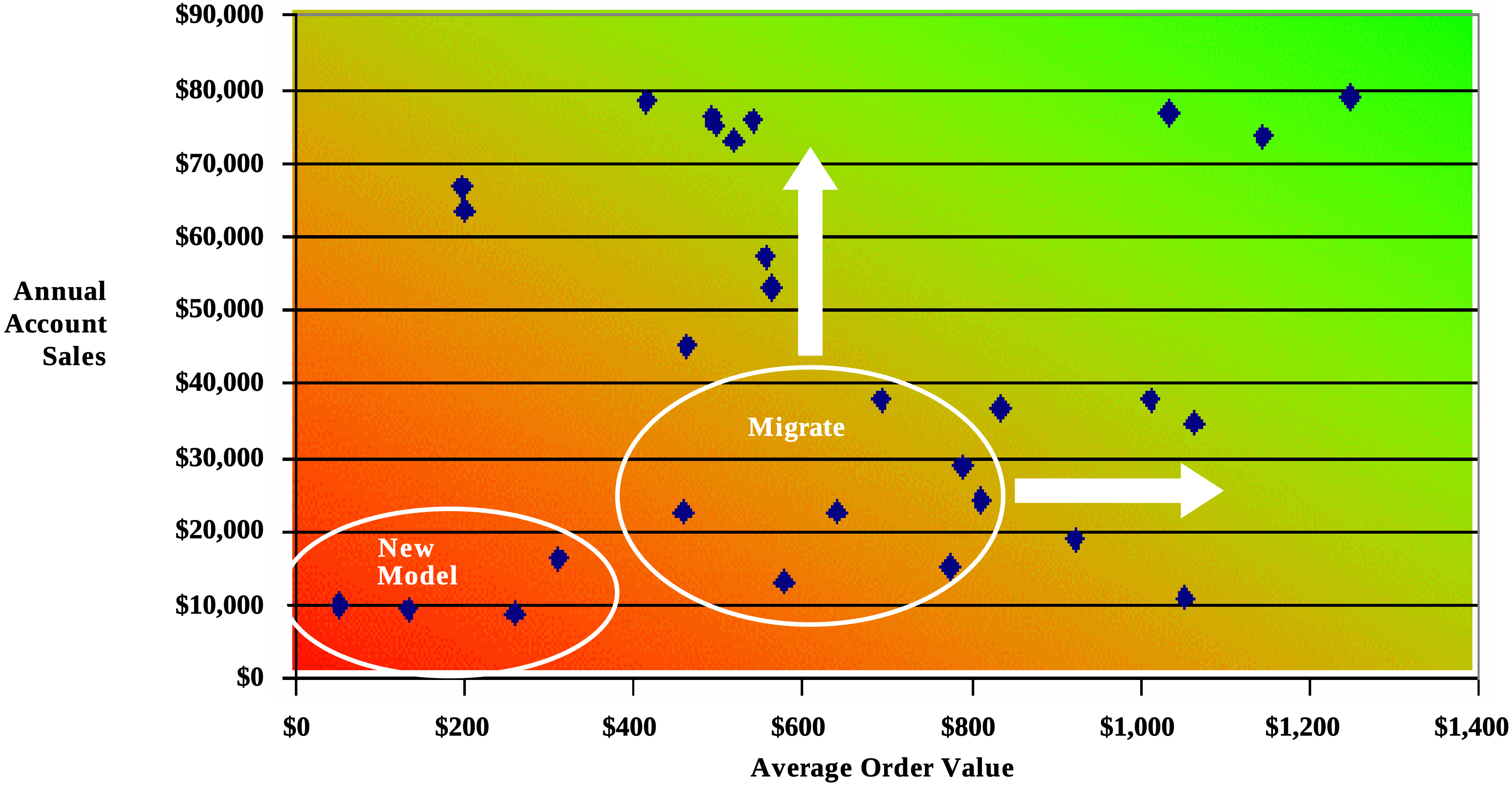
MATCH SERVICE LEVEL TO CUSTOMER TYPE
Some customers may be better matched to a different supply chain (eg Cash & Carry)

Annual account sales vs. average order size for a number of accounts
Example company



MATCH SERVICE LEVEL TO CUSTOMER TYPE
Other customers need to be convinced to either increase their average order size or buy more on an annual basis

Annual account sales vs. average order size for a number of accounts
Example company



DISTRIBUTION MODEL SUMMARY
No one model is right for every company

Distribution model capabilities

	Chef's Perception	Approximate Cost-to-serve
Cash & Carry	Low	Low
Broadliner	Medium	High
Web Sales	Low	Low
Telesales	Medium	Medium
Sales Rep + Delivery	High	High
Van Sales	High	High

Low ○ **Medium** ◑ **High** ●

PROCESS OVERVIEW: SECTION 2
The second section of this report takes you inside the mind of the chef, owner operator

Section 1

Developments in the foodservice market

Section 2

Inside the mind of the chef

Six Day-to-Day Roles

Five Types of Chef/Owner Operator

REMEMBER
First, it is important to remember a chef is not a supermarket buyer

Different characteristics of supermarket buyers and chefs
Model

		Supermarket Buyer	Chef
KPI		Gross margin	Plate cost
Attitude		Trader	User
Personality		Bully Beancounter	Passionate Artist
Prior role		Pricing toilet paper	Saucier
Career Ambition	First…	Promotion	Fame
	Then…	Retirement	Fortune
Special means…		…a low price	…a unique product
New products are…		…a cost	…an opportunity
The best products are…		…shelf-stable	…fresh
Customer feedback		Remote and abstract	Instant and in your face

PROCESS OVERVIEW: SECTION 2

The first thing inside the mind of the chef or owner operator are six day-to-day concerns

Section 1	Section 2
Developments in the foodservice market	Inside the mind of the chef

Six Day-to-Day Roles

1. Sales
2. Labour
3. Operations
4. Business
5. Purchasing
6. Profit

ONE DAY
Here is a sample day for "Sarah" a chef at a mid-market café in Christchurch…

On-going preparation and cooking

6:45	**Unlock the premises. Pick up the two bread deliveries and vegetable delivery on the back door. Noticed the mesh on the door ripped even more mental note to get that fixed. Switch everything on. Get changed and begin the baking for the days counter food.**
7:00	**The doors open. I continue baking while cooking breakfast orders.**
7:15	**Laundry show up with the tea towels, cloths and aprons. We discuss again how the towels last week were almost unusable. I smile nicely.**
7:30	**Discover a note from a kitchen-hand saying she is starting a course soon and her hours will need to be cut – will need to rethink the roster, or get another person. A knock at the door and Raewards drops off the melon that they forgot in the order (at least I don't have to ring them).**
8:00	**Check the fridge for prep work and make a list of what we need. I check the dates to make sure I use everything that is due today (dam that ham should have been used yesterday I'll have to throw it out). Get whatever meat is needed for the day and the busy weekend ahead out of the freezer.**
8:15	**Do whatever dishes are necessary (usually about two loads) before the kitchen-hand arrives. Still making breakfast orders. My co-worker for the food prep arrives and he unloads the second bread delivery and the vegetables. I double check to make sure its OK (we have been having a lot of problems with them- its OK this time). I start the cakes for the day.**
9:00	**Receive a call from the herb and lettuce supplier wanting to know my order for the day – I have to order for the weekend as well. The egg suppliers ring for our order. I inform them that their egg trays are leaking dye when wet. That's uncool it's staining the shelves. I just thought I should let them know. General prep continues.**
9:30	**The kitchen-hand arrives. I make pancake mixture especially for Brian - one of our patrons who kindly fixed the salamander for us. Keep preping and baking.**
11:00	**Write up the lunch specials for the day. Delegate cleaning the walls and other jobs to my co-workers – its cleaning day.**
11:30	**Breaks staggered for staff, there is no time during lunch.**
12:00	**I quickly clean the walls in my section before the lunch rush.**

ONE DAY
...continued

......cooking......

12:00-1:30	**Lunch time rush starts and I am busy cooking lunches. Most people order off the menu board but one women wants to change hers around, lucky I have the ingredients she wants.** **The kitchen-hand going on the course wants a referee so I fill out a form for polytech.**
1:30	**Meat arrives from Walshes - the sausage, lamb, etc. - and it is promptly put in the freezer. That will see us through the weekend.**
2:00	**Begin cleaning down.** **Co-worker mentions a tradeshow. Hopefully I can get some time to go to it** **Check what is needed for tomorrow and make a list. I send the fruit & veggie order through for tomorrow.** **A new rep (who we don't use) drops in to meet me. I ask him to make an appointment. I don't have time to talk to him now.**
2:30	**Cook meals for the staff out the front, then clean off the grill, salamander, stove tops, walls and benches. I assign jobs for the afternoon kitchen-hands and discuss with them if they want extra hours.** **I restock the cabinet with sweet products.** **I get on the phone and try to rehire a former staff member. I need to offer her more than she is getting at her new place.**
3:00	**Finished for the day.**

ONE NIGHT
Here is a sample day for "Paul" the chef and owner at a upmarket restaurant in Wellington…

On-going preparation

2:00	Been doing the wages all afternoon and trying to organise some new chairs and tables for the place, we need to stay modern, had some reps showing me some nice combinations. Spent half 15 minutes trying to track down a credit that is owing from 3 bill cycles ago, still no luck.
3:45	On my way to work pick up the napkins, apparently we ran out at lunch. What happens to them I don't know.
4:30	Arrive at the restaurant, check the fridge to see that the meat is all there, we had problems with the delivery yesterday so I have to check, we don't have stock to carry us through two days, yip there it is. Lucky, that's been happening a bit lately. I check the list to see what was ordered after lunch, I recheck the fridge and stores to make sure nothing is missed. Its hard - we're at the start of a new menu and we are uncertain of the quantities needed. I put through a quick order to the veggie guys. They are happy to drop an order off on their way home.
4:40	Meat guy rings to see if we need anything else for the night. But we look good. Commi chef has been prepping for the evening, we look on track for the evening booking at 7:00. I help with the prepping. The new menu looks great, trying some really new dishes that should really wow customers, it will be good to see the reaction. It was hard to find some of the products, luckily I have a great meat supplier who can usually find me anything different, he helps me find products. The new 'beef stock' he suggested is saving me so much time.
5:30	A few bar menu tapas and antipasto orders are coming in that keeps the Commis busy for a while, while I keep up the prep. I write up the specials, and prep "Lucy" who looks after the waiting staff about the specials. I think the pasta will do well tonight its been a cold day. The new season veggies will do well too. I want to trial the scallops on the specials board, pity I can't get them fresh every day.
7:00	The 7:00 booking arrives on time and have a few drinks, lucky there are only eight of them, we are down one staff member out front tonight, Tom's wife is having a baby. Jen isn't very experienced but she's pretty friendly.
7:15	The kitchen is flat out, as the entrée orders are prepared and the mains started. It's hard to get around in this small kitchen lucky we have worked together long enough to know each others habits.
8:00	A lamb dish is sent back, dam! I will have to stop using them that is the second one this week to be sent back, its not good enough, sheep instead of lamb.

ONE NIGHT
…continued

On-going cooking

9:30	**Still busy cooking, it's been a busy night, hope we have enough veggies to see us through**
	Cleaning up as we go.
10:00	**Slowed down, kitchen closes at 10:00, but we take a few orders after, and we prep the cheese boards for supper. Time to cook some meals for the staff and clean up my section. Kitchen-hands have been cleaning up the area through the night. Do a good clean and start to check stock levels.**
10:30	**The commis chef stays a bit later to do the suppers. We stay open late three times a week. There is a show next door and we do a promotion with them for discounted after show wine and cheese, it works well for us.**
	I ring through three orders and leave messages on the answer phone. I cant get through to one there must be a problem with their phone. One is still open, the only supplier who is, so I give them my order. They check the stock is all available. That will all be here for lunch. I fax though one order, simple. There is a fax here waiting telling us this weeks wines specials, the rep has recommended some good wines. I will pass that to the Bar Manager.
11:00	**Kitchen is closed, I help clean up.**
11:45	**Orders all made and the place is clean, I write a note in my diary to check the fish order in the morning.**
	Sit down with the others and have a drink at the bar, we then head to the 'social club' a local industry hangout.

SIX DAY-TO-DAY ROLES
Chefs and owner operators spend their time trying to run a business and make a dollar

Day-to-day concerns of a chef or owner-operator
Model

	1. Sales **Getting people in the door**
-	**2. Labour** **Managing staff**
-	**3. Operations** **Restaurant operations**
-	**4. Management** **Running a business**
-	**5. Purchasing** **Dealing with suppliers**
=	**6. Operating Profit** **Making a profit**

1. SALES
Getting people in the door is difficult

- **"Getting customers through the door is hard. There are a lot of coffee shops in the area, there is a lot of high quality food and coffee."**

  Owner operator, Mid-market cafe, Auckland region 34

- **"We have no parking around here, so it's hard. In winter fewer people come into town so we struggle. We are as friendly as possible when people are here so hopefully they will come back."**

  Owner operator, Ethnic restaurant, Christchurch 5

- **"We find because of our location in a plaza, that we don't get people walking past so they don't know we are here."**

  Owner operator, Mid-market restaurant, Auckland 50

- **"Keeping people coming back is hard. We advertise as a garden centre and café in the local paper."**

  Manager, Mid-market café Upper Hutt 18

1. Sales
People in the door

SALES
There is a lot of competition

- "There is so much competition in Wellington, there are too many restaurants for the population. Government should help attract more tourists, they eat out a lot. We have to do a lot of advertising."

  Chef, Ethnic restaurant, Wellington central 27

- "The market is so competitive, some places will loose money to get business. Like bluff oysters , $19 plus a beer, verses $27. They make a loss on that dish, what is the point in that."

  Chef Upmarket restaurant, Christchurch central 1

- "In a stones throw there are a handful of restaurants. People just walk up the street, a lot of casuals just walk in off the street and expect a seat. If not they move on."

  Chef, Upmarket restaurant, Wellington central 22

- "The hardest thing is to keep customers coming in. Running a restaurant is a high risk business, I'm a realist."

  Chef, Upmarket restaurant, Auckland city 57

2. LABOUR
There is a shortage of skilled professionals

Availability	**Shortage of good staff**	**Difficult to attract people to the industry** **Demand exceeds supply** **Shortage of experienced, high quality staff** **Low pay entry level positions unattractive**
	High turnover	**Staff move between operations** **Part time employees not dedicated to job** **Good staff head-hunted or move with chef**
Skills	**Low skills**	**Easy entry into jobs especially front-of-house** **Front-of-house staff don't see job as profession** **Limited low cost training options**
	Declining skills	**High cost to train new employees** **Dumbing down of chef training courses**

LABOUR – SKILLED
Skilled staff are hard to find and maintain

2. Labour
Managing staff

- **“Finding people with the right skills and attitude is really hard. People in New Zealand don’t see it as much of a job, they are on there way to something else. There is high turnover and low motivation.”**

  Chef, Mid-market cafe, Auckland city 51

- **“We need kitchen staff who are good at many jobs. We can’t afford to have just a pastry chef they must be able to do many things.”**

  Owner operator, Upmarket restaurant, Auckland city 52

- **“There is such a high turnover of staff, it gets expensive. 50% of the staff need to have first aid certificates, getting people trained and taking time off, it’s hard.**

  Owner operator, Mid-market cafe, Wellington region 33

- **“It’s hard to give them the knowledge to understand profit. Sometimes it’s just laziness. Getting staff to do exactly what I do is really hard. They don’t think about what needs to be used, when and what. They don’t realise that waste means less profit. People are not thinking ahead.”**

  Chef, Upmarket cafe, Christchurch central 9

LABOUR – SKILLED
… continued

2. Labour
Managing staff

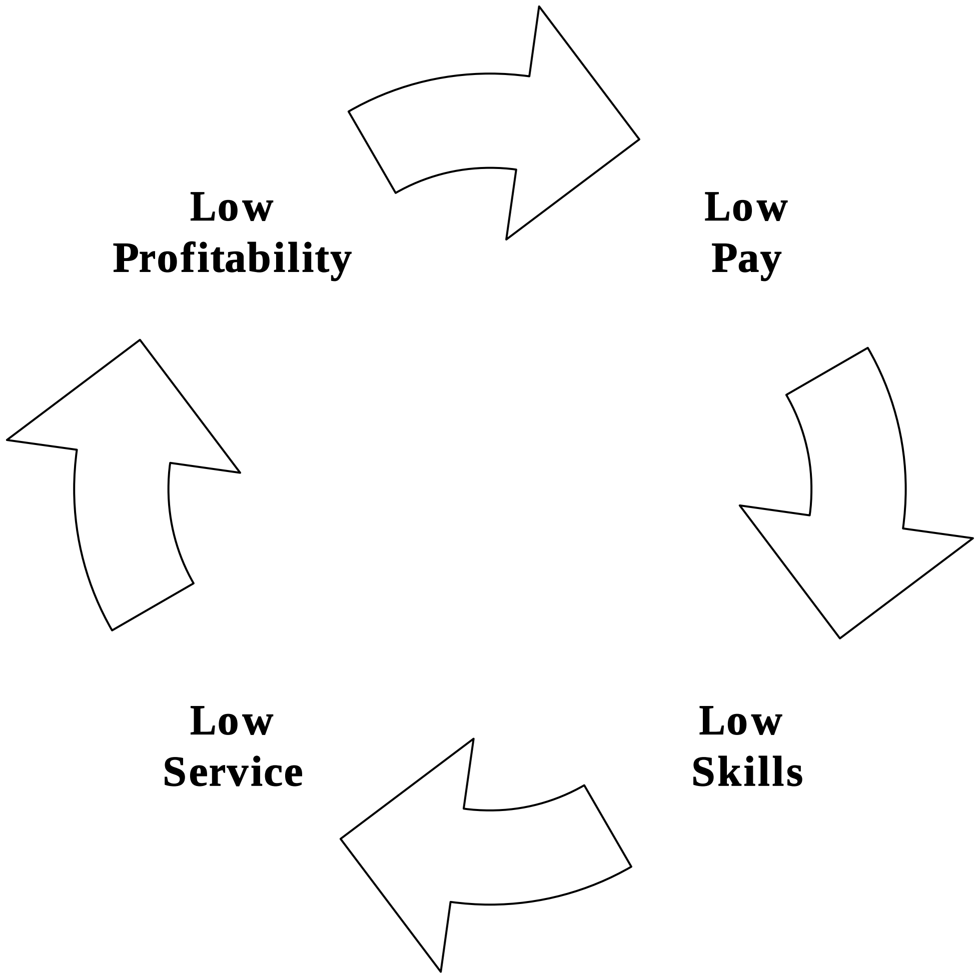
- "Kids have changed they don't have a work ethic. There are a lot of staff and they need a manager who runs a tight ship. Most staff are mediocre. The kids are there to pay the rent, they don't treat it like a profession. Some are brilliant but there is no money in it. $9/hour isn't enough. If they are good you have to pay them more like $15-$20/hour. Wages haven't moved with the times. The wage bill is worth it."

  Chef, Upmarket cafe, Wellington central 25

- "You can do a tech course in 6-12 months and have the title of chef. It's taken the industry a step back, with less skilled people, there are crappy places to eat and lower wages. There are a lot more chefs but the good places are few and far between. Most places churn through customers and abuse staff a lot more with long hours and low pay. It needs to be more professional."

  Chef, Mid-market cafe, Auckland city 51

LABOUR – NEGATIVE SPIRAL
Downward spiral of service and pay in the industry



LABOUR – KITCHEN HIERARCHY
Behind every good restaurant, there's an excellent kitchen with a hierarchy all of its own.

2. Labour
Managing staff

“Every kitchen is slightly different, but there are some rules they all follow. The most valuable players in the kitchen are those who work fast, hard, and don't make mistakes. Everyone must know their role and how it relates to the roles of the people around them. At eateries like New York's Gramercy Tavern, the kitchen staff must produce a picture perfect plate, during dinner rush 3 plates a minute, generating over a 1,000 plates a night.”.

The Executive Chef is the visionary. He conceives the cuisine, from the main ingredients, to the garnish, to the arrangement of the dish on the plate. The Sous Chef (or under chef) runs the kitchen. Like the conductor of an orchestra, every night he must make sure that all the elements of the appetizers, entrees, and side dishes are smoothly and simultaneously coordinated. He is also the last checkpoint between the kitchen and the customer. It is up to him to see that nothing gets past him that does not meet the high standards of the restaurant. As the orders come in from the dining room, the Sous Chef calls out each dish to delegate it to a line cook, keeping tabs on all the meals being prepared.

> *"You have to understand that there is an imaginary line between you and the kitchen. And how you communicate with your chef is of the utmost importance. If you don't communicate with your chef you're gonna lose the restaurant.“ Peter Glazier*

The Line Cooks are masters of grace under pressure. Working in a line in the hot zone next to the stoves, they are responsible for cooking the meat, constructing the salads and creating the sauces. Line cooks have specific titles that determine their tasks. The Garde Manger makes cold dishes and salads, the Entre Metier prepares garnishes and vegetables, and the Saucier is responsible for meats. The Chef de Partie oversees a section of the kitchen, such as the grill or cold foods. Prep cooks, who start working long before the diners begin to arrive, do the necessary slicing, dicing and peeling for the days' cooking.

> *"When you are a line cook, you have to have passion for the food. A fish is not just a fish. You have to pay attention to each thing. You have to love the food. If you don't love the food, you'll never be a chef.“ Erwin Schroettner*

The Pastry Chef's domain is the last course: dessert. Often developing dishes that complement the aesthetic and flavor of the cuisine, they must make sure that the diner is satisfied from first taste to last.

> *"If you've done something wrong, do not give excuses, just apologize and do it again. All extra talk in an environment where time is everything is a waste of time. So you want to do what you have to do as quickly and as effectively as you can do it without speaking. Basically that's what it is to work in a kitchen. Speed, quiet, effectiveness and repetition.“ Claudia Fleming”*

LABOUR – KITCHEN HIERARCHY DEFINED

The restaurant industry has a specialised set of roles and titles with fancy French names

Back-of-House Roles defined

Executive Chef	**Administrative head of the kitchen-related operations, including schedules, hiring, bookkeeping, menus, appointments, organizing.**
Chef de Cuisine	**Head chef in the kitchen during preparation and meal service, does ordering and administrative duties, is in charge of all stations.**
Sous-Chef	**Second in command to the Chef de Cuisine, and is in charge in his or her absence.**
Chef de Partie	**In charge of specialized, individual stations or partie, assisted by a commis.**
Poissonier	**Fish chef, in charge of preparing all fish dishes, along with their sauces.**
Saucier	**Sauce chef, responsible for stocks, sauces, and all meat and poultry.**
Rôtisseur	**Under the saucier, responsible for grilled, broiled and braised meat dishes. In modern, smaller restaurants, called the "Grill Station."**
Grillardin	**Some larger kitchens have this station, for grilled, broiled, deep-fried dishes. In modern restaurants, sometimes called the "Fry Station."**
Entremetier	**Chef responsible for vegetables, eggs, soups, side dishes.**
Pâtissier	**Chef responsible for plating and preparation of desserts. Depending on the size and type of business, there may also be a sous-Pâtissier and an executive Pâtissier.**
Commis	**These people assist the Chefs de Partie and in turn may be assisted by apprentices.**

LABOUR – KITCHEN HIERARCHY IN NEW ZEALAND
However, the theoretical full kitchen is rarely seen in New Zealand

2. Labour
Managing staff

Back-of-House Roles in the New Zealand context

		New Zealand	
	France or London	**Fine Dining**	**Café**
Back-of-House	Head Chef (Executive Chef)	Head Chef (Executive Chef)	
	Sous Chef	Sous Chef	
	Pastry Chef		
	Chef de Partie		
	Demi-chef	Demi-chef	
	Commis Chef	Commis Chef	
	Salad preparation		
	Line cooks	Line cooks	Cook
	Dishwasher/Kitchen-hand	Dishwasher/Kitchen-hand	
Front-of-House	General Manager	General Manager	General Manager
	Maître d'		
	Bar Manager	Bar Manager	
	Waiting staff	Waiting staff	
	Bar staff		
	Counter staff		Counter staff

2. Labour
Managing staff

LABOUR – SCHEDULING

Labour scheduling to control wages is a critical activity; many employees have to work split shifts to make labour supply meet customer demand

	MON 24	TUES 25	WED 26	THURS 27	FRI 28	SAT 29	SUN 30
7.00	Nick	Sarah	Nick	Nick	Sarah	Sarah	Nick
8.00	Hanna	Tomo	Sarah	Sarah	Tomo	Tomo	Hamish
9.30		Nick	Tomo	Tomo	Hanna	Hanna	Hanna
2.30	Hanna	Hanna	Erin	Hanna	Tomo		
	MON 1	**TUES 2**	**WED 3**	**THURS 4**	**FRI 5th**	**SAT 6**	**SUN 7**
7.00	Nick	Sarah	Sarah	Sarah	Sarah	Sarah	Nick
8.00	Hanna	Nick	Nick	Nick	Tomo	Tomo	Hamish
9.30		Tomo	Tomo	Tomo	Hanna	Hanna	Hanna
2.30	Hanna	Hanna	Erin	Hanna	Tomo		

3. OPERATIONS
Operating a restaurant is a hectic and complex job

Preparation	**Inventory**	**Assess stock levels** **Stock quality and rotation (minimise waste)**
	Meal prep	**Determine daily specials** **Cut, chop, sort in fridge; prepare counter food**
	Make and receive orders	**Make the orders for the day and night** **Receive all the orders and check they are accurate**
Cooking & Serving	**Scheduling**	**Allocate jobs and tasks for the day** **Training where necessary**
	Busy times	**'Service' is 12-2pm and 6-9pm - very busy periods** **Good meal every time; deal with any complaints** **Counter food levels maintained**
Maintenance	**Ongoing**	**Tables cleared in a timely manner** **Restaurant needs to be clean** **Keep section constantly clean** **Keep up with dishes**
	Daily	**Major clean up end of day**

3. Operations
Restaurant operations

OPERATIONS – CONSISTENT
Chefs must deliver a consistent, high quality meal every time

- **"Maintaining quality and standards is a challenge. People expect the same products every time they come in. People don't mind paying if they get what they expect."**

  Owner operator, Ethnic restaurant, Wellington region 31

- **"It's a challenge to provide a consistent product with different chefs."**

  Chef, Mid-market cafe, Wellington central 21

- **"Keeping up with the play is hard. You need to stay one step ahead of everyone else. You need to get out a consistent quality product every time."**

  Chef, Upmarket restaurant, Christchurch central 1

- **"Maintaining a good reputation is important, its hard work. You can't slide at all. A good meal and you tell people - a bad meal you tell even more."**

  Owner operator, Mid-market café, Wellington 25

3. Operations
Restaurant operations

OPERATIONS - TIME MANAGEMENT
Chefs and owner operators are busy with limited spare time

- **"I'm a very busy person."**

  Chef, Mid-market restaurant, Auckland central 51

- **"Not having enough time is a problem. I need to free myself more. I try to plan but sometimes things change day to day."**

  Owner operator, Mid-market cafe, Wellington region 33

- **"During service I can't see anyone, I am far too busy. People in the industry should know this."**

  Owner operator, Mid-market café, Christchurch central 9

- **"I work in the office as much as the kitchen. My books are good but I have little time for anything else."**

  Owner operator, Upmarket restaurant, Wellington 28

4. MANAGEMENT
A restaurant is a complex business requiring significant management time

Financial	**Daily management**	**Till reconciliation** **Paying suppliers** **Paying wages** **Financial accounting, tax requirements** **Sales and cost analysis; cost savings**
	Operations	**Source product for kitchen; suppliers meetings, getting a good price and quality product** **Develop menus, portions, prices and formats** **Determine equipment needs** **Assess staff requirements; rostering, hiring, discipline, firing**
Planning	**Procedures**	**Health & Safety; regulations, food safety, first aid** **Develop operational regulations** **Develop control procedures; food, beverages, cash**
	Marketing	**Develop strategy and put in place** **Advertising needs; Yellowpages, fliers etc** **Create atmosphere**

MANAGEMENT
Running a business

- **"I must be in control of pricing. It varies so much. It's important to get the best deal. I can't put the prices up. So if I pay too much I don't have enough money, and what are my options, underpay staff, rent. I must save on the cost of products, it effects my profit margin. Chefs charge $28/hour who can afford that.**

  Chef, Ethnic restaurant, Auckland central 55

- **"Staying afloat is hard. It's a hard game to be in. There are more premises but the amount of money being spent isn't increasing. The population isn't changing. The market can't sustain all the bars. Five years ago we were doing really well. Now I'm cutting staff and doing more hours myself."**

  Owner operator, Mid-market restaurant, Auckland central 46

- **"We must be proactive to stay ahead of the market. We need to look at pricing, menus, refit, and investment back into the business to maintain market share."**

  Manager, Ethnic restaurant, Christchurch central 7

- **"Keeping costs right is hard. There are wage costs, product costs. There is a minimal margin. Any alteration to cost and it can fling your profit out."**

  Chef, Upmarket restaurant, Auckland city 57

5. PURCHASING
Dealing with suppliers

- **"Finding good suppliers is hard. We need reliable ones. If you have good suppliers you have no problems. Suppliers can make or break a business, if a product costs too much, or they are mucking around a lot. Time is money."**

  Owner operator, Mid-market café, Wellington central 25

- **"Personalities are very important. You need a good relationship with your suppliers. If you're an asshole then you don't get good service."**

  Chef, Upmarket restaurant, Auckland central 57

- **"It's a challenge to get cost effective high quality product delivered to the door."**

  Chef, Mid-market cafe, Wellington central 21

- **"It's a challenge trying to fit their products into our economic model of specifications, portions and cost."**

  Chef, Upmarket restaurant, Wellington central 20

PURCHASING
… continued

5. Purchasing
Dealing with suppliers

- **"An ideal supplier should have an interest in your business, and do everything they can to assist. They have a routine, systems, consistency and quality. It's a real challenge to maintain this. Errors occur a small percent of the time for each supplier but in total it happens a lot. It's a major inconvenience. It's forcing you to trial competitors."**

  Owner operator, Lunch bar, Christchurch central 14

- **"I want to be able to get more products from my suppliers. I want fewer suppliers not more."**

  Owner operator, Mid-market restaurant, Auckland 50

- **"I have 60-70 creditors in total, I would like to pay more to some and have one less cheque to write. I'd love fewer suppliers."**

  Owner operator, Mid-market restaurant, Auckland 43

- **"Finding good suppliers is hard. Suppliers can make or break a business, if a product costs too much, or they are mucking around a lot. Time is money."**

  Owner operator, Mid-market café, Wellington central 25

PURCHASING – BULK DISCOUNTS
Hard to get the discounts and buy in bulk

5. Purchasing
Dealing with suppliers

- **"We have no buying power, we need the volume to get the lower prices and backup service, but we have low stock levels, and we don't want our product all the same, it's hard to balance."**

  Owner operator, Upmarket restaurant, Auckland 52

- **"Gilmours have us captive because of the alcohol discounts. I have to use them. Alcohol is how we make money, so we need to buy other dry goods through them to reach the volume."**

  Chef, Upmarket restaurant, Auckland central 53

- **"We don't order that much, so they (suppliers) don't care about us, that's how it seems anyway."**

  Owner operator, Mid-market cafe, Wellington 26

- **"I don't order enough to get good discounts, and we can't buy in bulk because we don't have the space and we don't use that much."**

  Owner operator, Lunch bar, Auckland south 44

PURCHASING – LOCK-IN
Restaurants are hesitant to change suppliers – there is some level of lock-in

5. Purchasing
Dealing with suppliers

- **"We are pretty well organised now, we don't have to chase up or wonder where our products are. It takes a while. It took up to 18 months to get an even keel. You need to stick with your main suppliers over time to get to know each other in terms of price and quality."**

  Owner, Ethnic restaurant, Wellington region 31

- **"It's a pain to change suppliers. I need to get a key for them, give them the alarm codes and they have to learn the delivery schedule."**

  Owner operator, Lunch bar, Auckland South 42

- **"We have been with our suppliers for a long time. Over 10 years some of them, they know what we need, they would have to do something pretty serious for us to change them."**

  Owner operator, Mid-market restaurant, Auckland west 48

5. OPERATING PROFIT
Juggling the profit and loss sheet is a challenge for most operators

Sales

Expenses

Food costs
Labour costs

Trade-off

Rent
Other costs
Taxes

Profit

OPERATING PROFIT
Making a profit is hard for many operations

6. Operating Profit
Making a profit

- **"There are big savings to be made by getting it direct. I get to see the quality. It's a high cost to get it delivered. If I pick it up, I see the specials. That's good for side vegetables. You can save good money. I go to Gilmours myself too, so I can see the specials."**

  Chef, Ethnic restaurant, Auckland central 55

- **"It's a challenge keeping the price of the menu down, the only thing that hasn't gone up lately is the fish. It's hard keeping the margins in there."**

  Owner operator, Mid-market restaurant, Auckland West 48

- **"If we can save some money during the week it's good. Wage costs can't go down, product and quality can't go down. It's hard to make money in this business. It's hard to create profit with no alcohol. There is good profit on coffee, but it's difficult."**

  Chef, Upmarket cafe, Christchurch central 9

- **"Lucky we have the coffee, we make money on that."**

  Chef, Mid-market café, Christchurch 9

- **"Making more money is hard, there are so many cafes around."**

  Owner operator, Lunch bar, Wellington central 19

PROCESS OVERVIEW: SECTION 2
There are five types of chef or owner operator

Section 1

Developments in the foodservice market

Section 2

Inside the mind of the chef

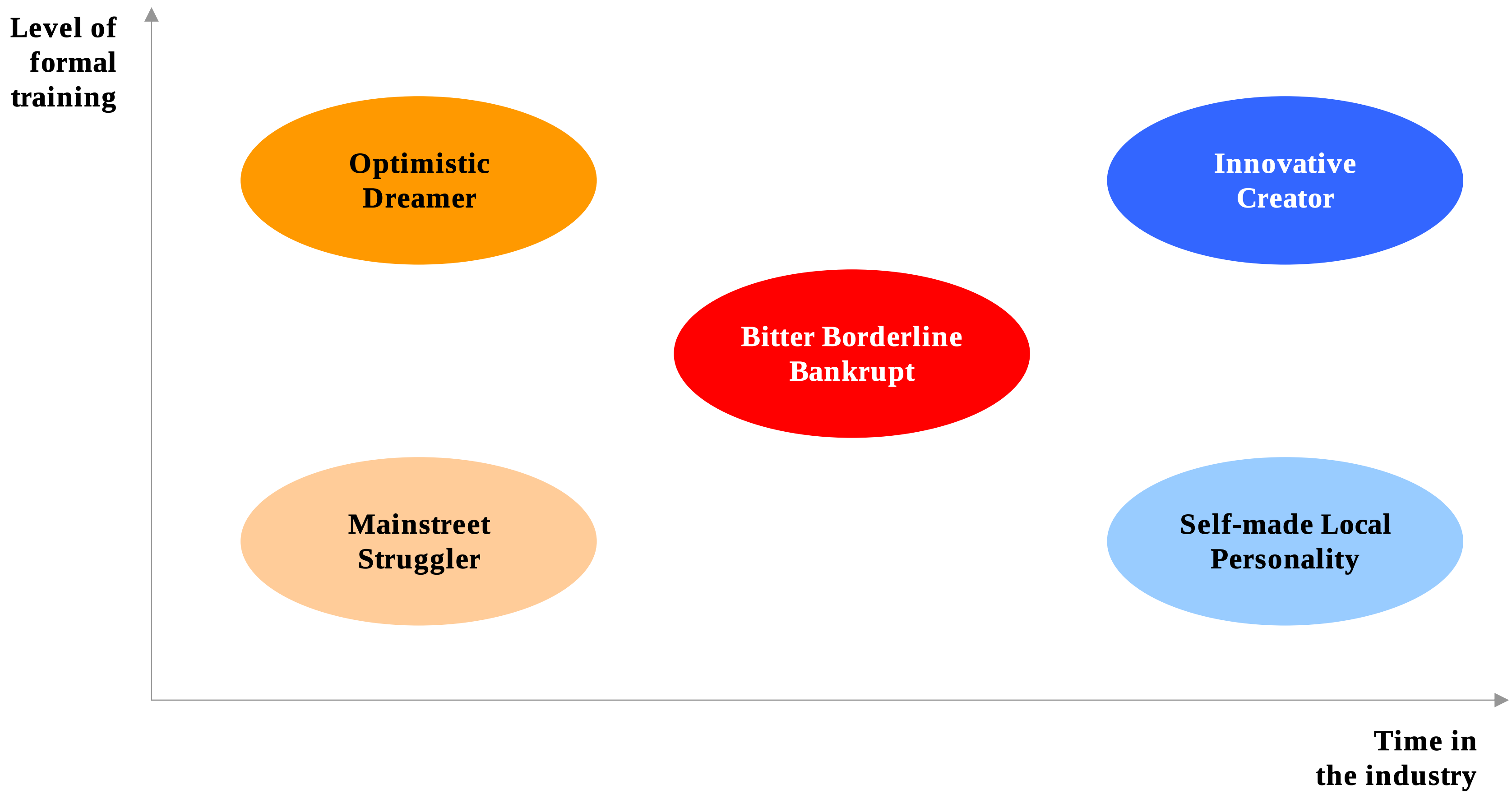
Six Day-to-Day Concerns

Five Types of Chef/Owner Operator

1. Mainstreet Struggler
2. Optimistic Dreamer
3. Bitter Borderline Bankrupt
4. Self-made Local Personality
5. Innovative Creator

FIVE TYPES OF CHEF AND OWNER OPERATOR
We identified five types of chefs and owner-operators in our research

Five types of chef or owner-operator personalities
Model



1. MAINSTREET STRUGGLER
The Mainstreet Struggler works hard just to make ends meet

Mainstreet Struggler

"Work seven days a week in the restaurant"

"Struggle to develop relationships - no terms available"

"Cousin's bakery supplies the bread"

"Go to Gilmours once a week to see the specials"

"Just immigrated to New Zealand"

"Nana peeling the beans on the table"

"Can't get reliable service - don't feel respected"

"If there's no chips we might as well close the doors"

"Do catering for funerals on the side to increase sales"

"There's a lot of competition"

2. OPTIMISTIC DREAMER
The Optimistic Dreamer will do things differently in their restaurant

Optimistic Dreamer

“Head chef in a central city café”

“Want my own restaurant - would do things differently”

“Pressured by the owner to control costs”

“Always trying to make the staff understand”

“Trying to reorganise the kitchen”

“Enjoy trying new things”

“Full of energy and enthusiasm”

“Up and coming chef”

“Keen to have a good wine list that complements the food”

“Struggle to get good suppliers”

3. BITTER BORDERLINE BANKRUPT
The Bitter Borderline Bankrupt lacks the business skills to succeed

Bitter Borderline Bankrupt

"Wish I had a fax - it might make things easier"

"Introducing tapas to get people in after work"

"Pickup my own fruit daily to save money"

"Tried some different food options, but didn't work"

"People have no taste"

"Adding pokey machines and expanding the bar menu"

"Getting more into alcohol there is no money in food"

"Unhappy with the new smoking law"

"Suppliers are often rude"

"I'm small and nobody cares"

4. SELF MADE LOCAL PERSONALITY
The Self-made Local Personality has big portions and a big personality

Self-made Local Personality

"Take pride in the fact that everyone leaves full"

"I'm getting into more food and less plate"

"Two daughters are waitresses"

"Proud of ability to do everything - Maître d' , cook, wait tables,"

"Pictures of him and local sports heros on the walls"

"Greets regulars by name – like to meet new customers"

"Supports the local school"

"Don't like drinking without food - it attracts the wrong crowd"

"Looking at ways to expand – maybe franchise"

"Dealt with the same suppliers for years"

5. INNOVATIVE CREATOR
The Innovative Creator's ego can hardly fit in the kitchen

Innovative Creator

"Suppliers are warned about my kitchen"

"Reviewed in New York newspaper"

"You're not a chef if someone else does it for you"

"Three years training myself - now I am training others"

"Excite me with new products"

"Constantly trying to source new products - do you know where I can get Thar"

"Suppliers give me interesting items, like a boars head, as a challenge"

"Like to socialise with top suppliers after work"

"No veal in fridge at 6pm - I need my supplier on the phone, now"

"Expect suppliers to do anything and everything to keep the business"

IMPORTANCE OF BUSINESS BASICS
Different business basics are more or less important to different personality types

Relative importance of business basics to different chef or owner-operator personalities
Model

	Mainstreet Struggler	Optimistic Dreamer	Bitter Borderline Bankrupt	Self-made Local Personality	Innovative Creator
P1. Product	○	●	◑	◑	●
P2. Price/Promotion	●	◑	●	◑	○
P3. Process	○	◑	●	○	●
P4. People	○	◑	○	●	●

P1: PRODUCT - SELLING VALUE-ADDED

Different approaches work with the different personality types when selling added-value product

Value-added products that work for the different chef or owner-operator personalities

Mainstreet Struggler	Dips and spreads for sandwiches Private label - same product at a lower price
Optimistic Dreamer	Pre-prepared solutions - sauces Time saving options Reduce labour costs
Bitter Borderline Bankrupt	Frozens Pre-prepared bar snacks/entrees
Self-made Local Personality	Portion - control meat Pizza bases - save time – consistency
Innovative Creator	One-off luxury items Unique/exclusive items Very high quality

P2: PRICE/PROMOTION - PROMOTIONS THAT WORK
Different promotions appeal to different personality types

Promotions that work for the different chef or owner-operator personalities

Mainstreet Struggler	Special low prices on the basics Free storage container with every purchase
Optimistic Dreamer	Masterclass in matching wine and cheese Enter Barista awards and young chef awards New system for kitchen organisation
Bitter Borderline Bankrupt	Business Management skills course Supplier redesigns the wine list
Self-made Local Personality	Win a seasons pass to the Warriors Branded glasses for the bar Co-branded table 'tents' for customers to win a car
Innovative Creator	Montana wine and food challenge Lingon berries for three weeks only Niche product /flavour exclusivity

P3: PROCESS – EVERYTHING WORKING SMOOTHLY
Different personality types are comfortable with different systems

Importance of processes for the different chef or owner-operator personalities

Mainstreet Struggler	Want simple systems – phone, fax ordering Struggle with change Lower expectations of personal service
Optimistic Dreamer	More sophisticated systems - tailor ordering forms High service expectations Best practice advice welcomed
Bitter Borderline Bankrupt	Systems - expectations basic Need hands on help with system improvement More technophobic
Self-made Local Personality	Regular personal contact- taking orders, following up Greater tolerance of imperfect systems
Innovative Creator	Very high service level expectations- systems expected to be in place, incompetency not tolerated Back up service standards must be high

P4: PEOPLE - DEFINING A GOOD RELATIONSHIP
Different service level expectations exist between the personality types

Importance of relationships by the different chef or owner-operator personalities

Mainstreet Struggler	They give me better terms or a lower price Friendly and respectful
Optimistic Dreamer	Professional Deliver on time Do what we say, when we say
Bitter Borderline Bankrupt	Flexible terms Provide advice & suggestions
Self-made Local Personality	Mates, talk about rugby Long standing relationship Loyal
Innovative Creator	Expected to go the extra mile Image of suppliers important- reflects own

PROCESS OVERVIEW: SECTION 3
The third section of this report gives you direction on developing a strategy for growth

Section 1

Developments in the foodservice market

Section 2

Inside the mind of the chef

Section 3

Developing a strategy for growth

Doing the basics right

Developing strong relationships

Category specific issues

PROCESS OVERVIEW: SECTION 3
The first thing you need to do to grow is to do the basics right

Section 1	Section 2	Section 3
Developments in the foodservice market	Inside the mind of the chef	Developing a strategy for growth

Doing the basics right

P1: Product
P2: Price/Promotion
P3: Process
P4: People

DEFINITIONS

The four "P" drivers cover a wide range of subjects. Key decision-maker issues arising in each area are discussed in this section with relevant recommendations

Definitions of four P's

	Characteristics
P1: Product	− Quality − Range − Packaging
P2: Price/Promotion	− Value is more than price − Price competitive in the market − Management of price − Promotions available
P3: Process	− Ordering method – easy, confirmation, hours − Delivery - on-time, accurate, flexible − Invoices – accurate, comprehensive, hassle-free
P4: People	− Trustworthy − Competent − Friendly

CHANGING SUPPLIER OR PRODUCT

Changing suppliers can occur for a number of reasons - often more than one - learn from the mistakes of others

Reasons customers are pushed or pulled away by the competition

	Push	Pull
P1: Product	– Quality deteriorating – Quality inconsistent – No stock	– Fresher product – More appealing product – Sole supply – Product for new menu
P2: Price/Promotion	– Price increases – Uncompetitive price – Price fluctuating	– Competitive offer
P3: Process	– Out of stocks – Deliveries late – Orders incorrect – Communication – understand; notification if late, unavailable	– Appealing service e.g. same day delivery
P4: People	– Rude staff; not feeling valued as a customer; not helpful – Not trustworthy	– History with company/ staff – Knowledgeable rep visits

IMPORTANCE BY RESTAURANT TYPE
Different operators find different attributes more important

Importance of P's by type of restaurant

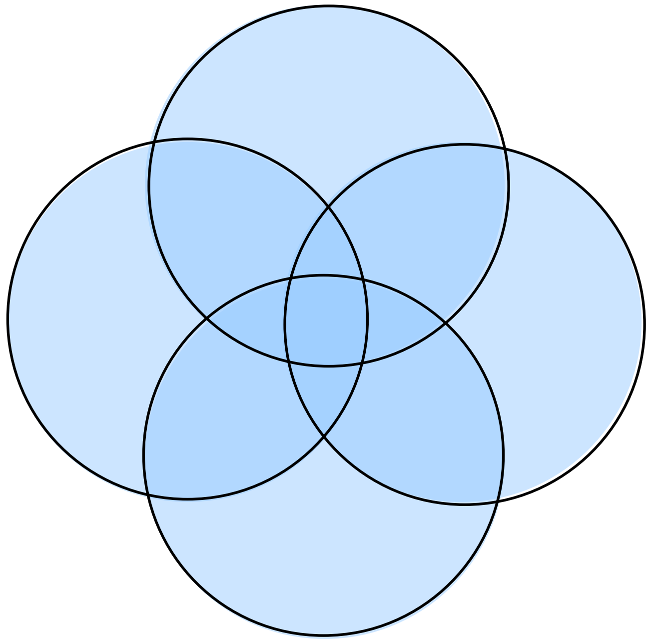
	Types of Operations			
Attributes	**Lunch bar**	**Ethnic**	**Café or Casual Dining**	**Fine Dining**
P1: Product	○	◑	●	●
P2: Price/Promotion	●	●	◑	○
P3: Process	◑	◑	◑	●
P4: People	◑	○	●	●

○ Somewhat important ◑ Important ● Very important

ACHIEVING SATISFACTION
Doing the basics right in terms of Product, Price, Process and People will result in a satisfied decision-maker - are you achieving this?

P1: Product

P4: People

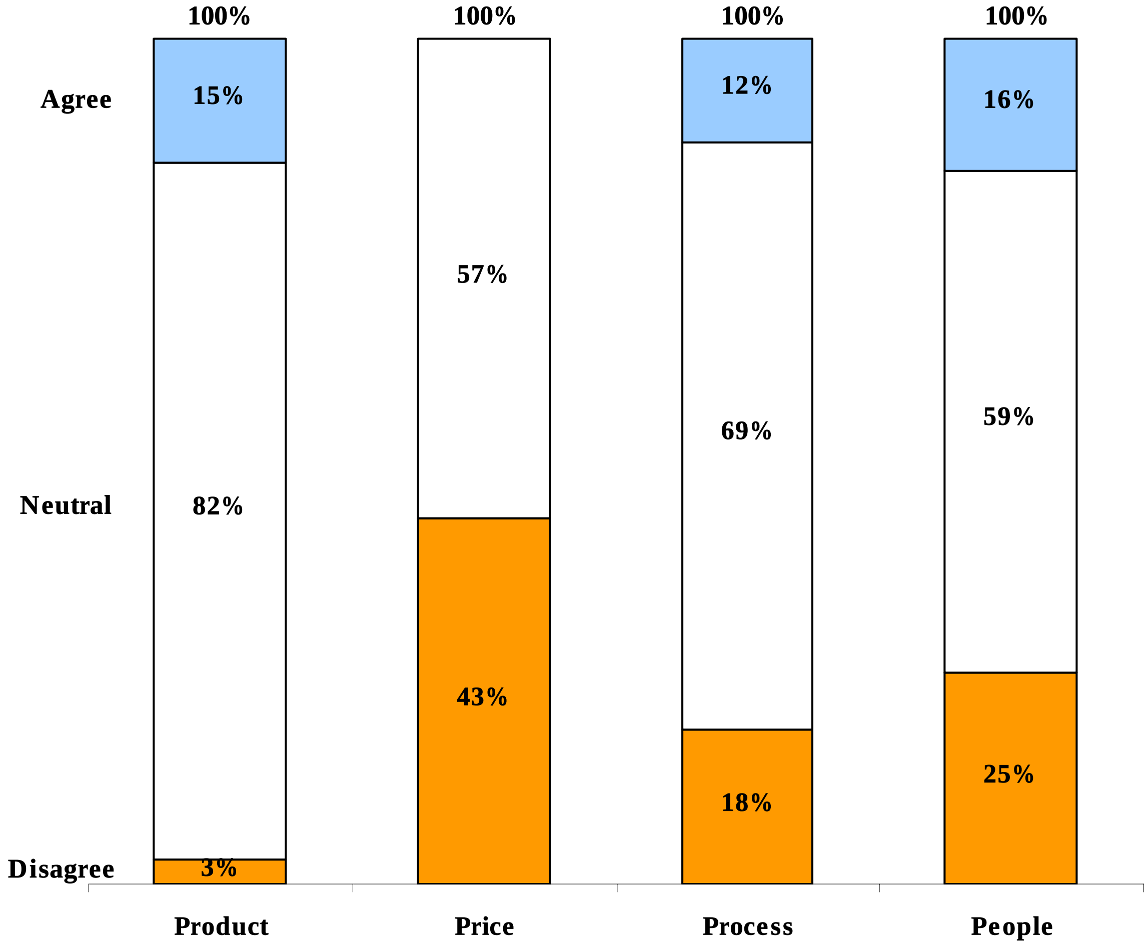


P2: Price / Promotion

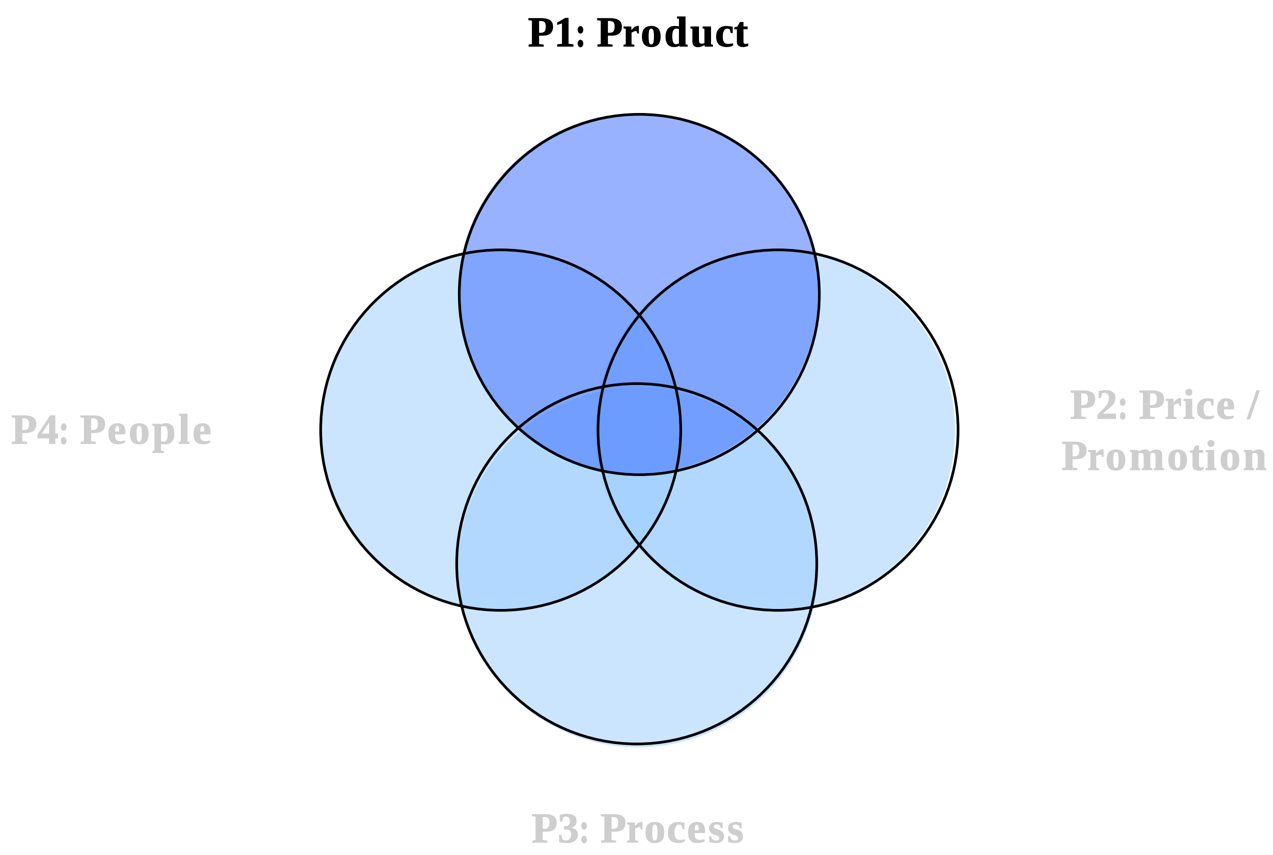
P3: Process

OVERALL SATISFACTION
Operator satisfaction varies by "P"

Overall, I am satisfied with my suppliers on the basis of…
% of respondents; n=56



P1: PRODUCT
Product needs to be consistent and available



P1: Product

P1: PRODUCT – INSTANT FEEDBACK
Remember, customer feedback is instant in foodservice…

– **"If food is left on the plate I have to ask why: was it the cooking? the ingredients? the quality of the products?"**

Chef, Mid-market cafe, Wellington 29

– **"If a meal gets sent back, I know instantly that there is a problem. The problem is if they then tell someone. Sure they say when it's a good meal, but they will tell even more if it is bad."**

Chef, Upmarket restaurant, Auckland central 52

– **"I have to watch tough lamb, I can't send out tough lamb, and it takes so long for us to marinade it to get right. It needs to get to us right."**

Manager, Ethnic restaurant, Christchurch 7

– **"I go out and talk to the customers, check that their meals are OK. It is important that they are happy, because you need them to keep coming back. The people out the front are very important."**

Owner operator, Mid-market restaurant, Auckland west 48

P1: PRODUCT – INSTANT FEEDBACK
… continued

P1: Product

- "I got some new instant sauces and I got feedback straight away from the customers, they liked it, so I will keep using it."

  Owner operator, Mid-market restaurant, Canterbury 15

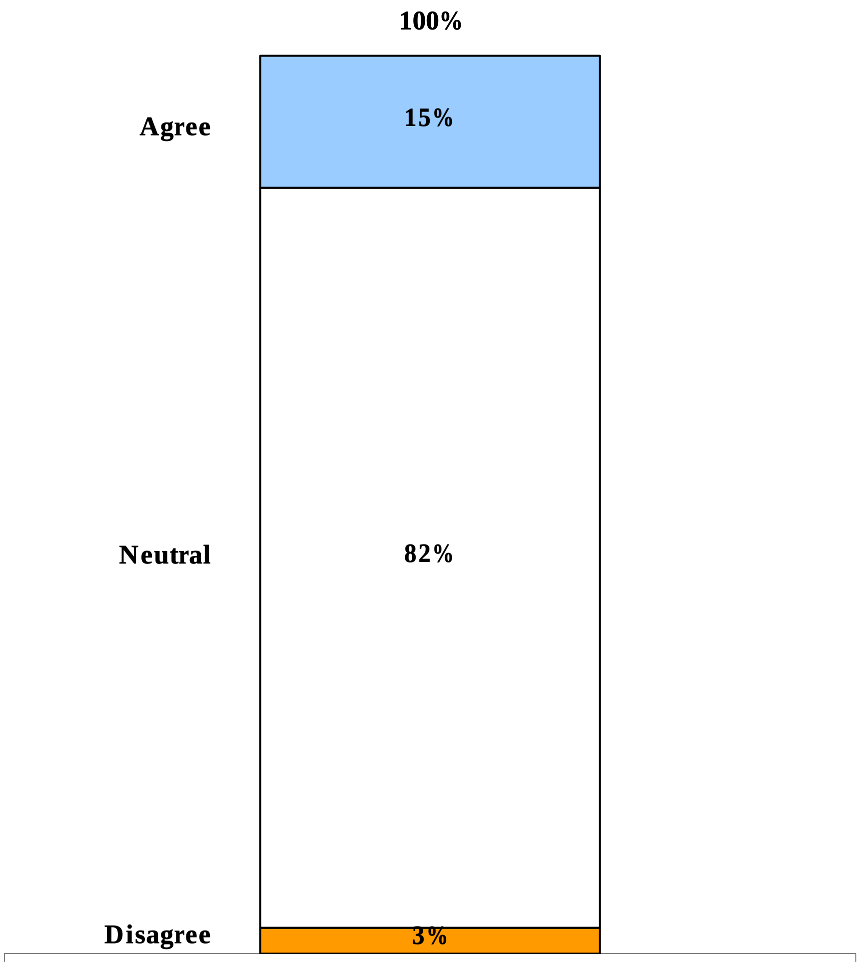
- "I tried the own brand tomato sauce and it was terrible the customers noticed a difference. I won't be buying that brand again."

  Owner operator, Lunch bar, Auckland south 37

P1: PRODUCT – OVERALL SATISFACTION
15% of respondents were satisfied with their suppliers products

P1: Product

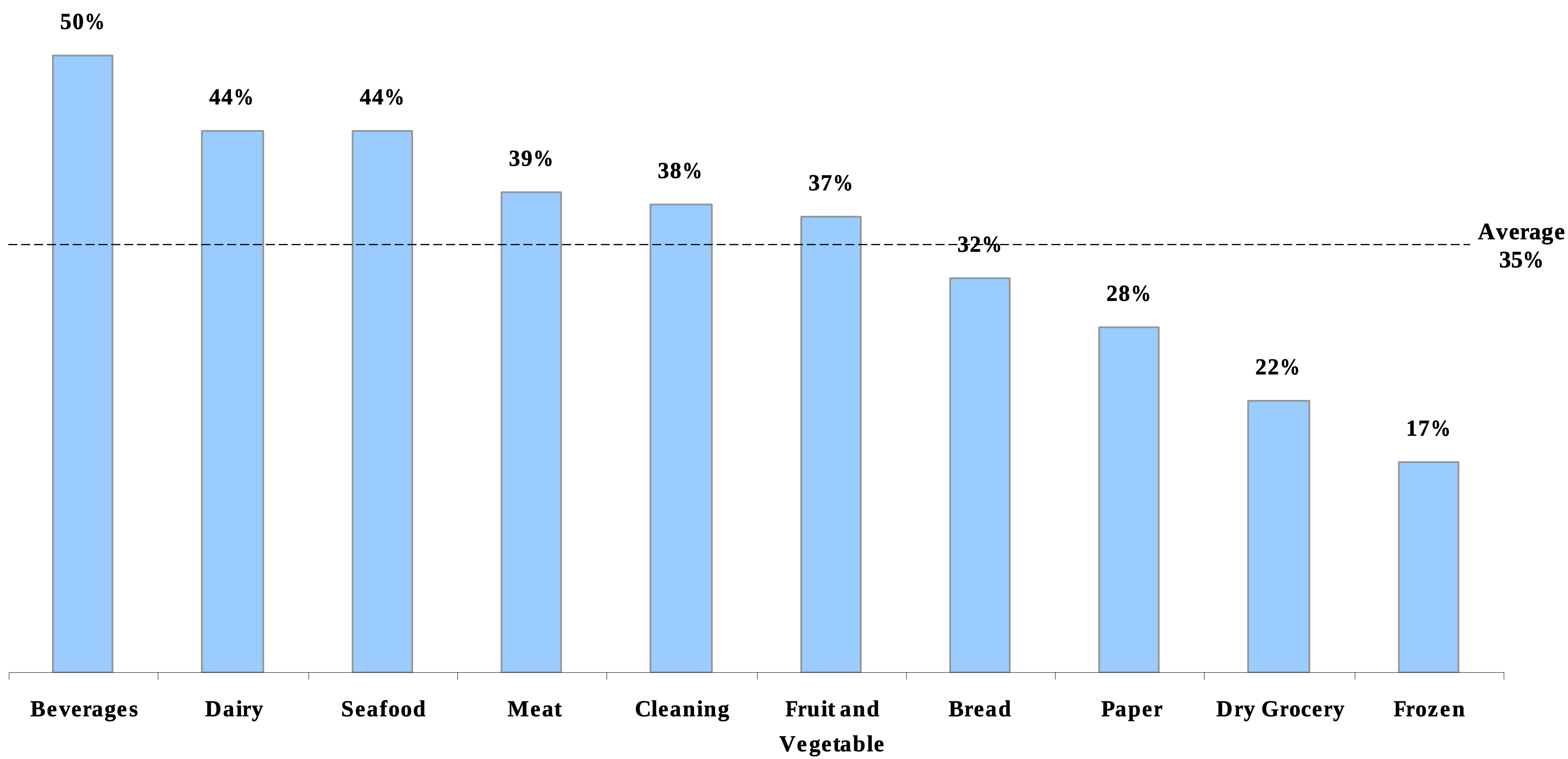
Overall, I am satisfied with my suppliers products
% of respondents, n=56



P1: PRODUCT - SATISFACTION BY CATEGORY
Satisfaction with the main supplier's product averaged 35% across the ten categories

P1: Product

I am satisfied with my main supplier in the following categories…
% of respondents; n=56



P1: Product

P1: PRODUCT
Three major areas are important to operators with regards to product: Quality, Range and Packaging

Issue	Rank	Key Factors
A. Quality	●	Inconsistent Unripe Ugly Inferior Not fresh
B. Range	●	Limited Use of pre-prepared Price point limitations Brands
C. Packaging	◑	Not functional Weak Sizes limited or too big Instructions lacking Recipes lacking

○ Somewhat important ◑ Important ● Very important

P1: PRODUCT – BEST PRACTICE
The following companies received special mention for various product attributes

P1: Product

Operational best practice in product
Companies mentioned

	Best Practice	Received special mention
A. Quality	Provide a consistent product size and quality every time	Mainland meats Pork Market
	Target quality appropriate for end-use, not all require highest grade product	Lettuce Deliver Produce Company
B. Range	If broadliner stock full range of products across various price points	None
	Target product to appropriate sector	Kapiti Darjon Montana
	Stress the solution your product provides –consistent, time/labour saving, easy	Wellington Trawling Company Foundation Foods
C. Packaging	Multi-functional packaging – storage, stackable, resealable, durable, educational	Barkers

P1: Product

A. QUALITY
Customers want consistent product quality

Issue	Rank	Key Factors
Inconsistent	●	Plate presentation Impact on costing
Substandard	◑	Unripe Ugly Inferior Not fresh

○ Somewhat important ◑ Important ● Very important

P1: Product

A. QUALITY - INCONSISTENT

Inconsistent product makes it difficult to please customers and control plate costs…

- **"Sometimes the paninis are burnt or undersized. They shouldn't be inconsistent quality. I expect the same product every time. Every time I check the quality, out of habit. Sometimes I send it back and have to explain I only want good stuff. I don't see why its not as good as you can get every time."**

  Chef, Upmarket café, Wellington 25

- **"With the corn-fed chicken supreme we have to keep an eye on the size and watch the portion control. It's too small to put on the plate sometimes. That's important when we cost the dish. At the Pork Market we get plate portions cut they don't charge extra for it."**

  Chef, Fine dining restaurant, Auckland 45

- **"Sometimes the muffin size is too small at Hartsoms, it needs to be consistent if we charge the same amount for each one."**

  Owner operator, Ethnic café, Auckland suburb 44

- **"We do bake potatoes so the potatoes need to be the same size, we find we have to select them ourselves to get the right size."**

  Owner operator, Lunch bar, Auckland 39

A. QUALITY - INCONSISTENT
... continued

P1: Product

- **"We get meat in portion controlled cuts so there is consistency between chefs with sizes. We loose money if there are incorrect portions. The ribeye is 200grams. The 1kilo salmon is cut into 5 portions and vacuum sealed, it is better this way."**

  Operator, Upscale café, Christchurch 6

- **"The meat must be in peak condition. If we get portion control it must be a uniform size. Pre-cut saves labour. Labour cost is our biggest killer so sometimes its good to compromise. They have the facilities to deal with it. As long as the cuts are a consistent size, then it's fine, its perceived value for money."**

  Chef, Fine-dining restaurant, Christchurch 1

- **"The ribeye is not trimmed properly. We are paying for the meat not the fat. The portions are not good or even either."**

  Manager, Upmarket café, North Canterbury 12

- **"We need to get it in small sizes so it can go straight out on the table, we don't want to be fiddling around with it, it is too time consuming otherwise."**

  Owner operator, Lunch bar, Auckland 44

A. QUALITY - INCONSISTENT
… continued

P1: Product

- "Not having good consistent fresh product over time is a challenge. We shouldn't have to worry about quality. I have to check the product every time. I shouldn't have to."

Chef, Upmarket cafe, Wellington central 25

P1: Product

A. QUALITY - UNRIPE
Perishable products must be ripe and ready to use

- **"You don't know the quality of the goods from one day to the next. Like the avocadoes are they going to be hard or ripe."**

  Chef, Upmarket cafe, Christchurch central 9

- **"Some of the cheeses are too young. They have over-expanded and can't age their cheeses. Some need to be at least three months old. It's a big problem at the moment we are always running out of cheese."**

  Chef, Upmarket restaurant, Auckland central 53

- **"Tomatoes are always a problem, they aren't red enough, they always look too pale and are flavourless. Avocadoes are usually too hard also. It's hard with fruit and vegetables."**

  Owner operator, Mid-market café, North Canterbury 12

P1: Product

A. QUALITY - UGLY
Plate presentation is driven by the visual appearance of the product

- **"If its going to be used for ingredients or as a flavour in a sauce then it doesn't have to be an A Grade product, but if its going on the plate as a salad then it has to look good, it can't be squashed or blotchy."**

  Chef, Upmarket restaurant, Auckland central 56

- **"It has to look good. No point buying something that I can't use on the plate."**

  Owner operator, Ethnic restaurant, Wellington central 27

- **"It's hard with organic products we find it hard to get fresh, good looking products. Sometimes it's not as good as it should be, it's old and bruised. "**

  Manager, Organic café, Wellington central 23

P1: Product

A. QUALITY - INFERIOR
Don't pass off inferior or faulty product on your customers…

- **"Panaterria have had glass in their bread - not just once but two times - a lady complained. That is not the sort of thing that we want happening in our café. We had a smoked salmon spread that came in, and it was off. Lucky that wasn't served to anyone."**

  Chef, Mid-market café, Christchurch central 9

- **"He sent us faulty bacon, knowing it was faulty and we weren't able to use it. It was in the weekend and there were no other suppliers. When I rang, he said it wasn't their fault. They are gone as a supplier."**

  Chef, Mid-market cafe, Wellington central 21

- **"Sometimes Morris tries to pass off inferior quality as good. They try to get away with it. They pass it off to get the money. But if its not good quality, then give it for free, or at lest not at full price. That just pisses me off."**

  Chef, Upmarket restaurant, Christchurch 1

- **"The chicken arrived and it was vacuum packed and smelt bad. I told the butcher and he said 'Oh yeah it sometimes does smell like that sometimes.' Its not good enough."**

  Chef, Upmarket café, Wellington central 25

P1: Product

A. QUALITY - INFERIOR
… continues

– **"The product has to work. We had a cleaning product once that just didn't do the job - it has to work."**

Owner operator, Mid-market cafe, Auckland east 40

– **"Quality is important. The problem with lamb is if it's not tender, it's obvious straight away. We can marinade it, but there is time and effort with tenderising."**

Manager, Ethnic restaurant, Christchurch 7

– **"I changed our veggie supplier. The product was rubbish, they have taken on large accounts and we are pushed to the bottom of the pile."**

Chef, Mid-market cafe, Wellington central 21

– **"There is no point sending me a lettuce that I can't use, where half the leaves are rotten."**

Owner operator, Ethnic restaurant, Auckland 39

P1: Product

A. QUALITY – NOT FRESH
Freshness issues

- **"Meals are about using fresh ingredients."**

  Chef, Mid-market restaurant, Auckland 45

- **"Fresh is fresh, why do I get sent old eggs?"**

  Chef, Upmarket café, Wellington 25

- **"If I order cumin seeds, I don't want them in 100kilo packages. They would be had-it by the time I use them. Fresh seeds are paramount."**

  Chef, Upmarket restaurant, Christchurch 1

- **"We want it fresh. We don't have space to order a lot of product at once. So we have to do small orders. We don't want it here for a long time anyway, it just goes off."**

  Owner operator, Upmarket restaurant, Auckland central 5

P1: Product

B. RANGE - PRODUCT - RANGE
Customers want variety and choice

Issue	Rank	Key Factors
Limited range	●	Depth Specialty products
Pre-prepared	◑	Marketing pre-prepared
Price points	◑	Variety of price points
Brands	◑	Role of private label

○ Somewhat important ◑ Important ● Very important

P1: Product

B. RANGE - DEPTH
Restaurants struggle to find a one-stop-shop

- **"It's important that they have a large range. I don't want to be doing my ordering through a lot of different suppliers."**

  Owner operator, Mid-market restaurant, Wellington 29

- **"We have tried a lot of suppliers and Raeward are great. Their range is fantastic and they are never out of stock."**

  Manager, Mid-market restaurant, Christchurch central 6

B. RANGE – SPECIALTY PRODUCTS
Restaurants are always looking for specialised products

P1: Product

- **“It’s sometimes hard to get unusual products. We don’t grow a lot of Asian products here. There is no consistent availability.”**

  Chef, Mid-market restaurant, Auckland central 53

- **“Getting what I want is the hardest thing. I want Israeli couscous in a certain quantity. Do you think I can get it?”**

  Manager, Upmarket café, North Canterbury 16

P1: Product

B. RANGE – PRE-PREPARED
Pre-prepared products provide consistency and/or save time

- **"I use a Beef Dew (gravy) by Foundation Foods it saves me time. It would take me three days to make that. The price would be exactly the same if I made it. There is consistency in the product every time. I also get a sorbet made. I supply the product and he makes it. It saves me time."**

  Chef, Upmarket restaurant, Auckland central 53

- **"I get frozen diced vegetables and sliced beans it saves me so much time."**

  Owner operator, Lunch bar, Christchurch

- **"Sliced deli meats and grated cheese saves me time when I am making sandwiches."**

  Owner operator, Mid-market café, North Canterbury 11

P1: Product

B. RANGE – PRE-PREPARED

Pre-prepared products require careful marketing

- **"I'm not a chef if I buy it in. A chef should be able to make all products."**

  Chef, Upmarket restaurant, Auckland central 53

- **"If you asked a chef, they'd say they didn't want any pre-prepared food in the kitchen. Chefing is loosing it's art. It's not just trained monkeys we want. But if you ask the owner they would say yes. The cost of labour would be less. We need to train staff how to prepare food."**

  Chef, Mid-market café, Wellington 21

- **"I get whole cuts bought in. I cut bits off when I need them. You get extra meat when you bone it out yourself. It keeps cost down. Its not just about cooking food - its about preparing food."**

  Chef, Mid-market restaurant, Auckland city 47

P1: Product

B. RANGE – PRICE POINTS
A variety of price points are necessary

- **"There needs to be a variety of products at different prices, because it depends on what my needs are for that product."**

  Chef, Mid-market café, Wellington central 21

- **"I like to see choice. If I want something good, then I will pay more. But if I just want it for ingredients, then I want to see a cheaper product."**

  Chef, Upmarket restaurant, Auckland city 57

P1: Product

B. RANGE – PRIVATE LABEL
Private label will continue to grow in many commodity categories

- **"Flour is flour. Sugar is sugar. Just give me the cheap one."**
  Owner operator, Mid-market café, Christchurch 17

- **"I'm not brand sensitive, with ingredients especially. A lot of it is down to costing, not brand. If it does the same job and it is cheaper then I'll use it."**
  Owner operator, Mid-market cafe, Wellington region 33

- **"With something like flour, it doesn't matter who makes it, it's all the same."**
  Chef, Mid-market cafe, Auckland city 51

- **"If its tinned, it's the same product."**
  Chef, Ethnic restaurant, Auckland city 35

- **"The others have proven themselves just as good. The gravy mix is good. But sometimes if the pack size is wrong, I will buy the brand product."**
  Owner operator, Mid-market restaurant, Canterbury 15

- **"Tomato sauce is tomato sauce."**
  Owner operator, Mid-market restaurant, Auckland west 43

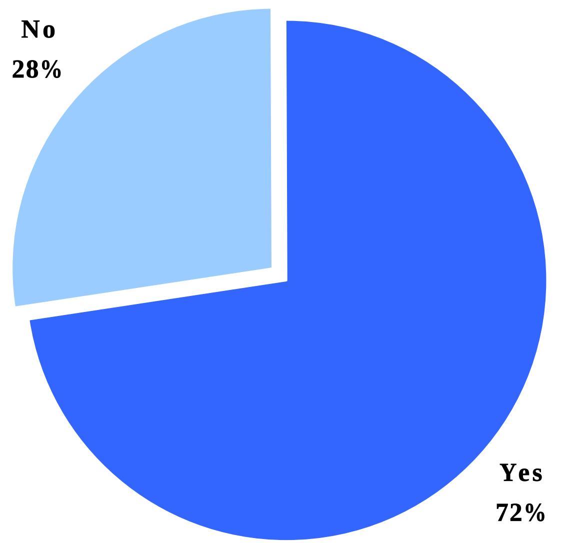
B. RANGE – PRIVATE LABEL
72% of respondents purchased private label

P1: Product

Do you purchase private label products?
% of respondents

Main Reasons why not:

1. Poor quality
2. Not available
3. Bad experience



Main Reasons why:

1. Cheaper
2. Equivalent to branded

P1: Product

B. RANGE – PRIVATE LABEL
However, private label not an option for some products

- **"With things like cling film, spices sure, but not vanilla beans and other specialty things. There are different grades the quality varies."**

  Chef, Upmarket restaurant, Auckland central 56

- **"I use the store brand for commodity items and icing sugar - things like that. But I wouldn't use Gilmours for specialty items. I don't think they are very good - not up to scratch. The dried apricots were fermenting, the walnuts were off."**

  Owner operator, Lunch bar, Auckland west 42

- **"Food products differ. Going with the brands is safer."**

  Manager, Upmarket cafe, Christchurch central 6

- **"I get my bulk things from there only - things I use for catering. In some cases Foodtown is cheaper, like spaghetti. I try the different brands, some of the Gilmours brands are alright. The tomato sauce is crap, the quality isn't as good. It depends on how rich I am. I tried their Gilmours milkshake flavours, but they were disgusting - so I went back to the normal brand."**

  Owner operator, Lunch bar, Auckland south 37

P1: Product

C. PACKAGING
Packaging needs to be more than just containing and storing product

Issue	Rank	Key Factors
Functional	●	Product hard to open or close Design would be better if able to reseal, or ziplock
Durable	●	Packaging sometimes breaks or splits
Size	◐	Packaging is not always suitable for kitchen size Easier if product split into useable portions Sizes are hard to stack/store
Instructions	◐	Staff unable to use product as can't read or understand instructions
Recipes	○	Ideas how to cook product

○ Somewhat important ◐ Important ● Very important

P1: Product

C. PACKAGING – DIFFERENT

Chefs are more sophisticated when it comes to packaging –they accept cryovac meat for example - a concept which has never worked at retail

- **“We have no major problems because our meat is pre-packed, so its easy. The bacon and steak is Cryovak – its fresh and lasts longer.”**

  Chef Mid-market cafe, Auckland city 51

- **“Meat is perishable and there are different ways to keep it fresh. Better packaging keeps it fresh longer. If it’s vacuum packed its keeps fresh longer. Kidneys, for example, have a limited shelf life If they’re packaged, you can leave them in the fridge for 2-3 days without them going off. It’s for health reasons also, you know no one has had their fingers on it, or sneezed on it.”**

  Owner operator, Mid-market café, Wellington region 26

P1: Product

C. PACKAGING - FAILURE
Packaging should not fail

- **"It would be good if meat was delivered in a crate. They could just replace it each time. At the moment it is just dropped on the floor in a pool of blood."**

  Owner operator, Mid-market restaurant, Auckland west 43

- **"The egg container was leaking dye and it is staining our cupboards. That's not a good look."**

  Chef, Mid-market cafe, Christchurch central 9

- **"The packages need to be secure - accidents can happen easily. They need to be sealed properly."**

  Chef, Upmarket restaurant, Christchurch 1

- **"Often the box with ice from Gilmours is a soggy carton."**

  Owner operator, Sandwich bar, Auckland region 42

P1: Product

C. PACKAGING - USABILITY
Packaging is not always designed with the needs of the restaurant in mind

– **“I wish that some products were in packages that were easier to pack and stack in the cupboards and fridge.”**

Chef, Mid-market café, Auckland city 51

– **“Why can’t the bags reseal and have ziplocks on them? It would make things a lot easier in the kitchen.”**

Owner operator, Mid-market restaurant, Auckland central 50

– **“They just changed the packaging of the yoghurt to plastic from cardboard. It’s so much better. We can store it better, it’s stronger and it seems more hygienic.”**

Owner operator, Ethnic restaurant, Auckland 41

C. PACKAGING – SMALL SIZES

In many cases, New Zealand restaurants don't want industrial quantities of product…

P1: Product

- **"We have no space here for large packs and large volumes, so we order often and get smaller items."**

  Owner operator, Upmarket restaurant, Auckland central 52

- **"The bacon is now in 2.5 kilo bags, no longer in 1 kilo bags. When it gets here we have to divide it before freezing it. It's time consuming. Same with the cheese: we need to divide this as well. Can't it be in small lots? Why so big?"**

  Chef, Upmarket café, Christchurch central 9

- **"Sometimes I can only order a 10kg bag of fish balls and I only want 5kgs. I have freezers but I don't have that much space, I have a lot of frozen products."**

  Owner, Ethnic restaurant, Auckland west 38

- **"Highland Milk now only comes in 1 kilo and 13 kilo there used to be a 4 kilo but they dropped it. It takes up so much more space. The bigger you buy the more staff use. Portion costs are out the door. "**

  Chef, Mid-market café, Wellington 21

C. PACKAGING – SMALL SIZES
… continued

P1: Product

- **"I need small sizing for some things, like spices, and large for others, like flour. So I need a choice of pack sizes."**

  Chef, Mid-market cafe, Auckland city 51

P1: Product

C. PACKAGING - INSTRUCTIONS
Packaging should include clear, simple instructions in basic English

- **"We need instructions that are clear on a lot of our products, from cleaning products to basic food items. You have to remember that English is a second language of most of the staff here."**

  Chef, Mid-market cafe, Wellington central 21

- **"I have to tell a lot of our staff members how to use products. The products aren't familiar to them."**

  Manager, Ethnic restaurant, Wellington region 31

- **"Pictures are often useful, especially for non-English speaking staff."**

  Owner operator, Lunch bar, Auckland south 29

C. PACKAGING – RECIPES
Include recipes to provide inspiration

P1: Product

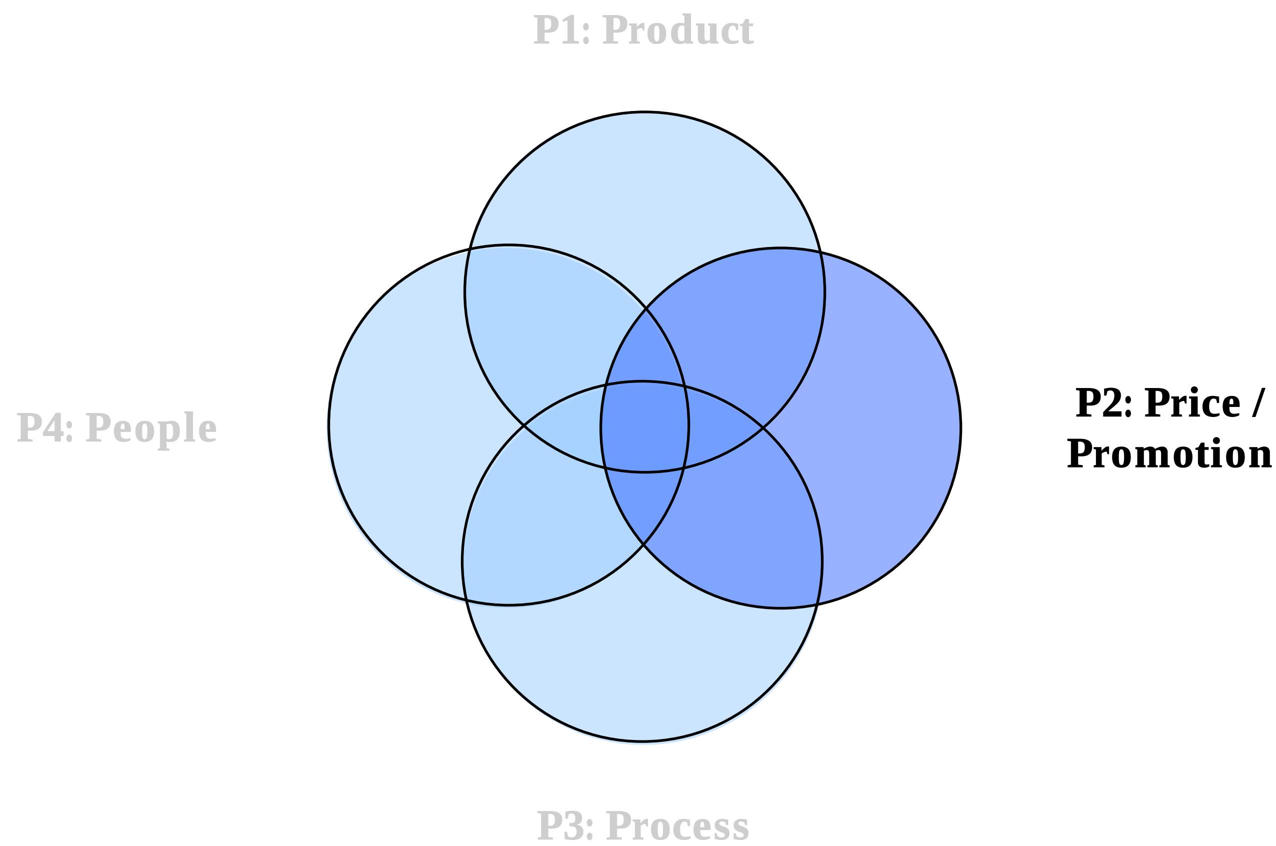
- **"I sometimes get a good idea about how to prepare a product, or something to do with it that's different, if there are recipes on the pack."**

  Owner operator, Lunch bar, Wellington region 24

- **"Information on packaging for uses is handy. Like on potatoes, mash versus salad. Education needs to be ongoing."**

  Chef, Upmarket restaurant, Christchurch central 1

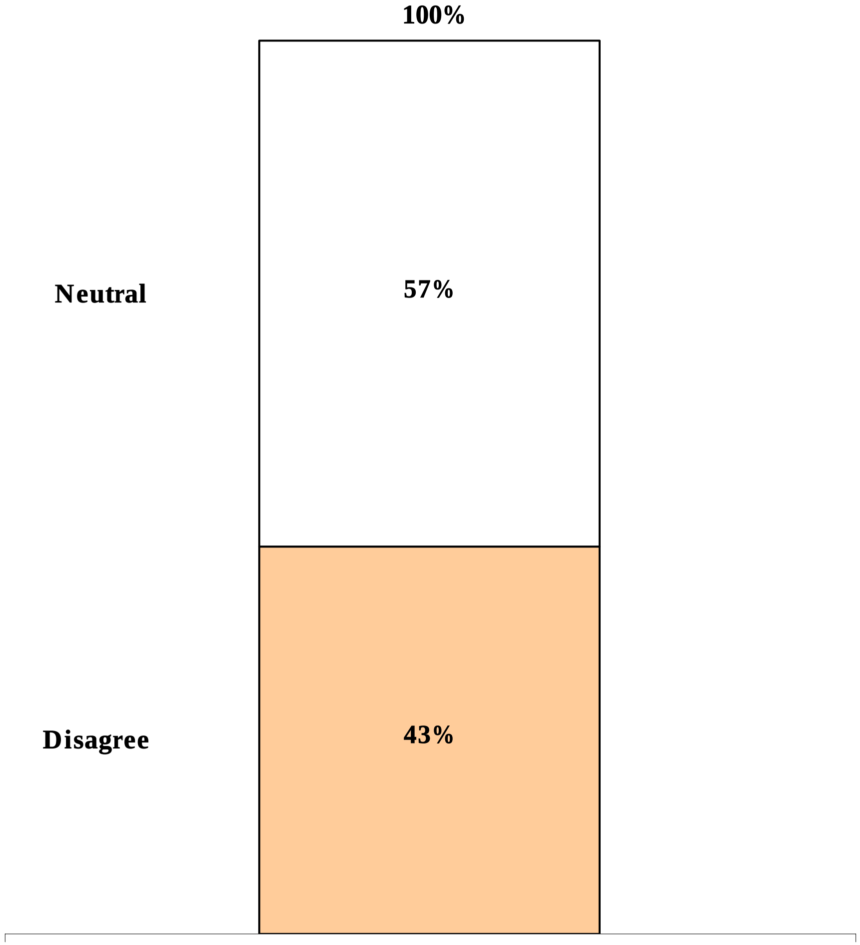
P2: PRICE/PROMOTION
Prices should be competitive and promotions relevant



P2: PRICE - OVERALL SATISFACTION
No respondents were satisfied with the price the were getting for their products

P2: Price

Overall, I am satisfied with the prices I receive from my suppliers
% of respondents; n=56



P2: PRICE/PROMOTION
Price stability is an essential part of keeping the business profitable

P2: Price

Issue	Rank	Key Factors
A. Value	●	More than just $/kilo
B. Competitive	●	Prices must be comparable Shop around for good prices High cost of delivery Inflexible terms and payments
C. Management	◑	Hard to balance the plate price Prices increasing and fluctuating wildly
D. Promotions	●	Usually on price Based on product Never see or hear from some suppliers

○ Somewhat important ◑ Important ● Very important

P2: PRICE/PROMOTION – BEST PRACTICE
The following companies received mention for various price/promotion attributes

P2: Price

Operational best practice in pricing and promotions
Companies mentioned

	Best Practice	Received special mention
A. Value	Stress the value of features beside price	Growers Direct Gourmet Direct
B. Competitive	Prices are competitive Low delivery costs	Gilmours Molesworth
C. Management	Regularly update price lists	Fresh Express Penguin Distributors
	Keep customers informed of any price changes	Fresh Express Lettuce Deliver
D. Promotions	Have regular promotions, keep customers informed	Montana Moore Wilsons
	Targeted promotions at restaurant trade	Lion Amalgamated Food Distributors Montana

VALUE
Price is just one part of the value equation

P2: Price

A. VALUE – PRICE ISN'T EVERYTHING

Customers are prepared to pay more for some products and services…

- **"I pay good money for meat and fish because I want high quality product. They are the main thing on the plate so they need to be good. It's a high menu price but people know its good."**

  Owner operator, Mid-market restaurant, Auckland west 48

- **"It may be a dollar cheaper, but its not always worth it if there is no service. Larger companies are safer - you know they have higher turnover of product. If I was offered chicken at $6.50 a kilo, I wouldn't get it. I might get food poisoning. It's not worth it."**

  Manager, Ethnic restaurant, Auckland central 55

- **"I don't mind paying extra, if its going to be good. But if its not good enough, I will send it back. Sometimes things cost a bit more, and some things you can get for a good deal, it balances out."**

  Chef, Upmarket restaurant, Auckland central 36

- **"I'm more concerned about quality than price. I don't have as much pressure to make the percentage, make a profit, like in other places. The bar does well."**

  Chef, Upmarket restaurant, Auckland central 56

- **"Food Chain aren't the cheapest but they are available in the weekends we need that."**

  Owner operator, Mid-market restaurant, Auckland 46

A. VALUE – PRICE ISN'T EVERYTHING … continued

P2: Price

- **"We know that we can get the products a lot cheaper, but the service is hard to fault. Sometimes we will only buy 1kg of coriander and they will still deliver it. We need that service."**

  Manager, Ethnic restaurant, Christchurch 7

- **"He throws in free stuff occasionally, like offal heads. It's good to play around with new things and he knows I like it. I don't expect it, but it does help. There is a perceived value for money if I feel like he cares enough to do things like that."**

  Chef, Upmarket restaurant, Christchurch 1

- **"We pay $2 a kilo more at Lettuce Deliver but if we aren't sending anything back then its worth it."**

  Chef, Upmarket restaurant, Auckland central 53

P2: Price

B. COMPETITIVE - COMPARABLE
Prices must be comparable with those of other suppliers

- **"There is a lot of competition in Auckland. You can play them off against each other. They must be able to match the competition."**

  Chef, Ethnic restaurant, Auckland central 35

- **"I play them off against each other - with price you can negotiate. They like to lock and load, be your sole supplier, but its not in our best interest. In a perfect world it would be great to develop a strong relationship, but they need the competition."**

  Chef, Mid-market cafe, Wellington city 21

- **"Skellons are very flexible about service, but are quite pricey. We need to renegotiate their prices."**

  Chef, Upmarket restaurant, Auckland central 57

P2: Price

B. COMPETITIVE – SHOP AROUND
Operators shop around for good prices

- **"I have two suppliers to keep them honest. I was looking for comparisons as the price of meat was skyrocketing. Meat fluctuates so much, but when the price declines that decline is not passed on to us. I am satisfied that I am getting a good price - I do a lot of comparisons."**

  Manager, Ethnic restaurant, Christchurch city 7

- **"Gilmours have specials that Creans don't have. They are both pretty competitive and they have the same products. So I go between them for the basics."**

  Owner operator, Mid-market restaurant, Auckland 46

B. COMPETITIVE – DELIVERY CHARGE

Some operators find the cost of delivery excessive; others modify their behaviour…

P2: Price

- **"Deliveries are too expensive. We find if we pick it up ourselves, then we can see specials and we don't have to pay the additional delivery fee."**

  Chef, Mid-market café, Christchurch 10

- **"As long as we get only one delivery a week, the cost is alright. But any more than that and they charge us for it."**

  Owner operator, Lunch bar, Wellington region 33

- **"Different companies have different charges depending on the freight company, so sometimes we have to wait for quite a big order before we get delivery, that way the freight charges are less."**

  Chef, Upmarket restaurant, Wellington 22

- **"I pick our produce up every day on my way to work, I can then see the product and pick what I want, its better and cheaper that way."**

  Owner operator, Mid-market restaurant 46

- **"They charge me freight, but others don't. If I'm paying for delivery it should get delivered."**

  Owner operator, Upmarket restaurant, Canterbury 12

B. COMPETITIVE – DELIVERY CHARGE
… continued

P2: Price

- **"You can save good money by picking things up yourself. Delivery is expensive with some companies. Picking it up yourself you also get to see what's on special."**

  Manager, Ethnic restaurant, Auckland central 55

- **"We don't get deliveries, it's too expensive."**

  Owner operator, Lunch bar, Wellington region 24

- **"We get one delivery a week - anything over that and we have to pay for it - so we try to make sure we get everything in that order."**

  Owner operator, Mid-market cafe, Wellington

P2: Price

B. COMPETITIVE - TERMS
Many suppliers are unhappy with their payment terms

- "We are a small business, in comparison to others, and there is no flexibility. They don't care about us."

  Chef, Ethnic restaurant, Christchurch 2

- "It's really hard to set up a new business, because I am new to the country. I have to pay on delivery."

  Owner operator, Upmarket restaurant, Auckland central 52

- "We swapped from Creans because they wouldn't change their terms. They wanted a weekly billing and we wanted to go to monthly."

  Chef, Upmarket restaurant, Auckland central 57

- "Some suppliers are quite hard nosed. They charge weekly compounded interest, it's part of the agreement of the account."

  Chef, Upmarket restaurant, Wellington central 20

P2: Price

B. COMPETITIVE - PROBLEMS
When there is a problem, hard feelings often result

- **"SeaMart aren't interested in small operations like ours. We had a hassle with our accounts. We have a weekly account and we got a week behind. There were no phone calls, there was just no delivery. Should be a bit more lenient, it was only one week."**

  Owner operator, Mid-market restaurant, Auckland 50

- **"I've been with Lion Nathan for six years. A direct debit was dishonoured - it took a couple of days to sort out and they stopped delivery. I'm a loyal customer and I thought that was unreasonable."**

  Owner operator, Mid-market restaurant, Auckland 46

C. MANAGEMENT - BALANCING
Operators are constantly juggling products to balance plate cost

P2: Price

- **“I juggle cheap prawns with expensive salmon, so I have to mix up suppliers to get a good price for products. You need back up suppliers. If I use specialists, I don’t pay top dollar. Generalists sometimes charge more for the same product.”**

  Chef, Upmarket, restaurant, Auckland central 56

- **“Pre-portioned meat is still very expensive – so we need cheaper garnishing - the equation has to balance. Higher priced items like cervena, veal and game you can make a profit on, but not other meats.**

  Chef, Upmarket restaurant, Wellington central 22

P2: Price

C. MANAGEMENT – PRICE CHANGES
Operators don't like fluctuating prices or unannounced price changes

- **"As long as the prices of products don't keep increasing then that's OK. Some suppliers give you a good one-off price then they slowly increase the price. We can't keep increasing the price of the menu. Prices and products are set in stone for three months while the menu is running. There are no specials or changes. We have a lot on the menu and we stick to it."**

  Chef, Upmarket restaurant, Auckland central 56

- **"You need to check that prices are within guidelines. Fruit and vegetables fluctuate a lot. You can make a profit on them, but you can only use seasonal vegetables."**

  Chef, Upmarket restaurant, Wellington central 20

- **"With small suppliers the price can jump around a lot."**

  Chef, Mid-market cafe, Auckland city 51

- **"The price is getting better. You need to be price conscious with meat - it really can erode the gross profit. It's 50% more for meat."**

  Manager, Upmarket café, Christchurch central 6

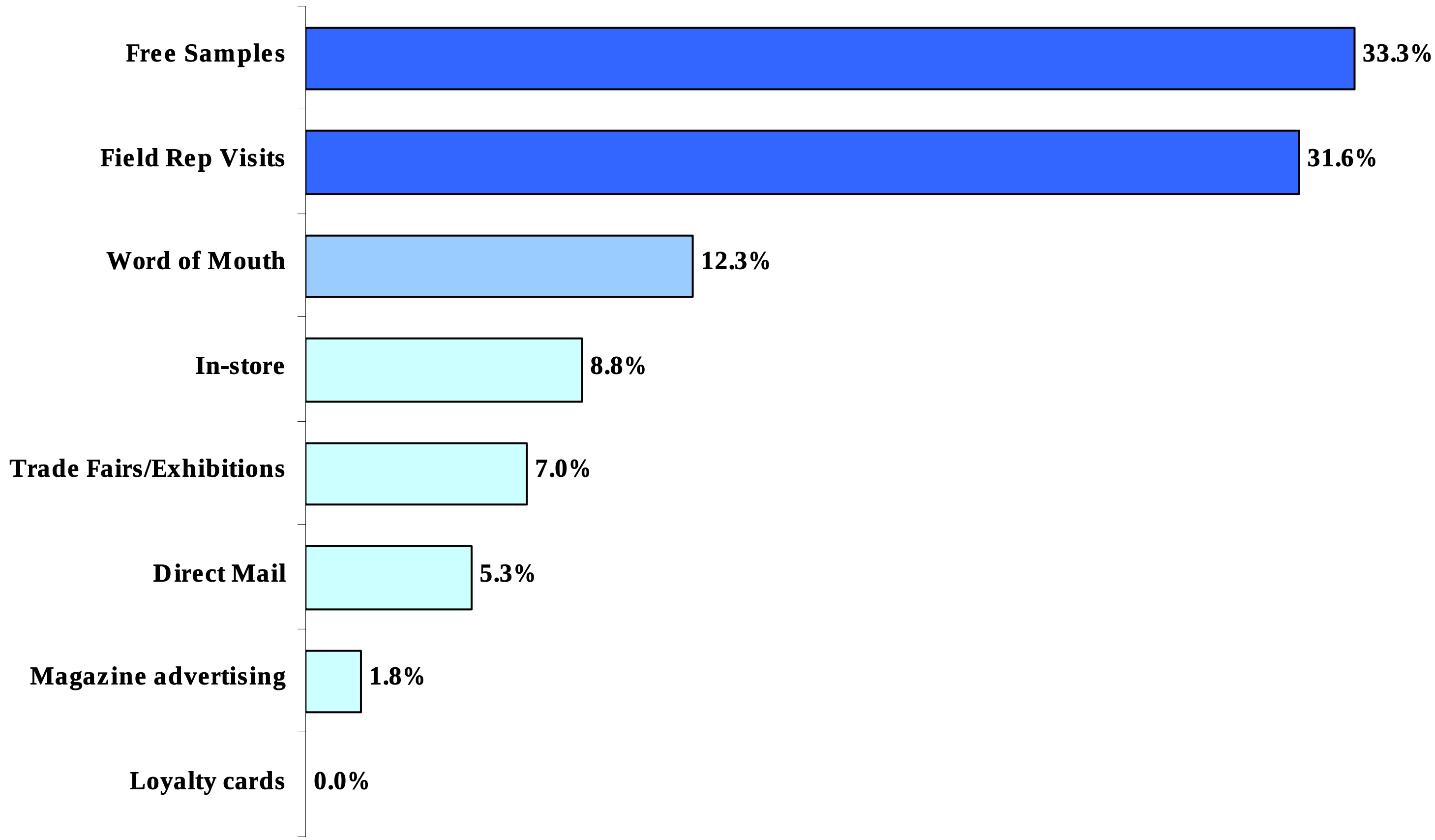
- **"The price just kept on increasing and they never said anything."**

  Chef, Upmarket café, Wellington central 25

P2: Price

D. PROMOTIONS - EFFECTIVE
Products samples and field rep visits are the preferred method of promotion

What is an effective promotion strategy for you?
% of responses; multiple responses



P2: Price

D. PROMOTIONS – SPECIAL PRODUCTS
Many operators view specials as about the product not the price

- **"We need specials that are about the food and not the price. Sure the price has to be good, but we want to see 'special' food not so much special prices."**

  Chef, Mid-market restaurant, Wellington 20

- **"Special promotions are good. Like a seasonal product that has just come in. Promote it. Tell me about it, excite me."**

  Owner operator, Upmarket restaurant, Auckland city 52

- **"We'd like to see more promotions with good price offers and good product. You have to have samples, so we can actually see what is so special."**

  Chef, Upmarket restaurant, Auckland city 45

- **"I don't like dealing with companies who aren't proactive with special products."**

  Manager, Mid-market cafe, Canterbury 6

P2: Price

D. PROMOTIONS – SPECIAL PRICE
Price based specials are also important to some operators

- **"I need to go into Gilmours to see the specials - then I choose what I will buy."**

  Owner operator, Mid-market restaurant, Auckland central 46

- **"I get a list of specials at the beginning of the week, but there are more specials in store so I go myself."**

  Manager, Ethnic restaurant, Auckland central 55

P2: Price

D. PROMOTIONS – PRICE LIST
Operators wanted to be kept informed with regular price lists

- **"They said they'd send a price list through tomorrow, we haven't seen it for weeks. We are supposed to get it once a week."**

  Chef, Mid-market café, Christchurch central 10

- **"Send a price list every week. Keep it updated so we can tell what is in season and what isn't. So we can choose which items to have that will help keep costs down."**

  Chef, Upmarket restaurant, Wellington 22

D. PROMOTIONS - INFORMED
Some never see specials or hear from anyone

P2: Price

- **"Some companies I never see. I saw the Gourmet Direct rep once in three years, that's not really good enough. How are they supposed to sell me products when I never see them? They have a rep here now, which is a lot better."**

  Chef, Upmarket restaurant, Wellington central 22

- **"When the Wild Food Challenge was on, I was trying hard to source products. A week before Moore Wilsons send out a product list. It was a bit late by then the menu was already done."**

  Chef, Upmarket restaurant, Wellington central 20

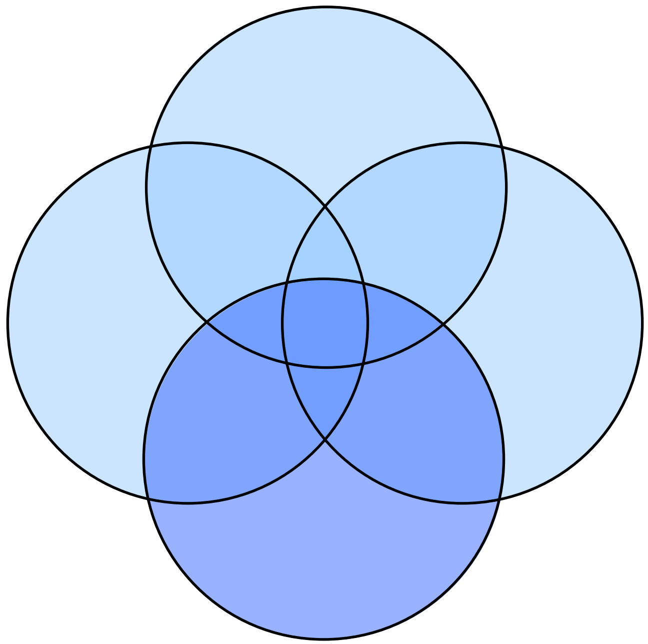
- **"With something like tomatoes, if they are second grade they can be used for soups or relishes. But GH Morris never ring with specials, they fax through a price list, but that's all."**

  Chef, Upmarket restaurant, Christchurch central 1

P3: PROCESS
Make sure your processes are easy and accurate

P1: Product

P4: People



P2: Price / Promotion

"The more efficient they are they more efficient I can be."

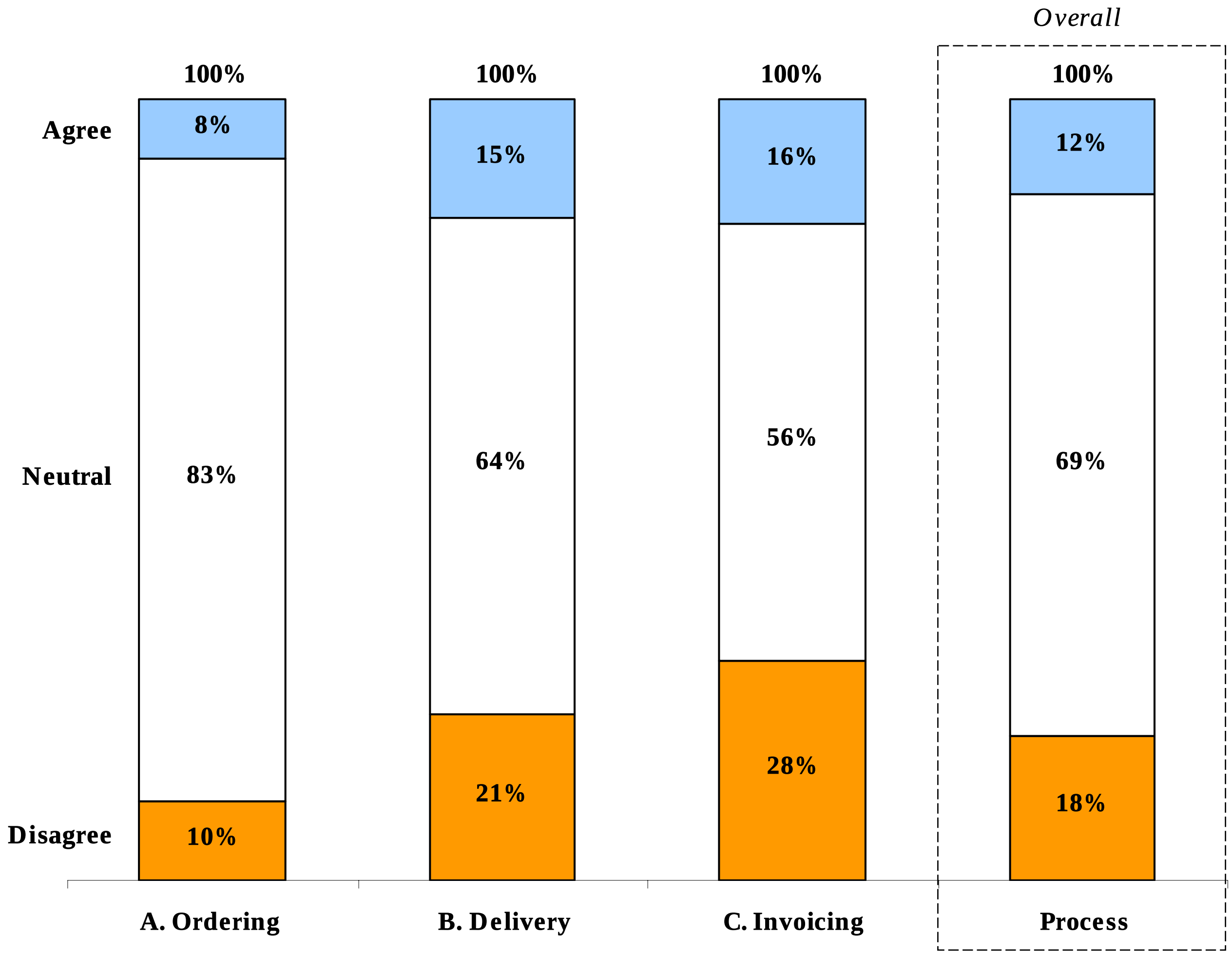
P3: Process

P3: PROCESS – OVERALL SATISFACTION

Only 12% of respondents are satisfied with their suppliers processes; invoicing is the biggest area of concern

P3: Process

Overall, I am satisfied with my suppliers processes
% of respondents; n=56



P3: PROCESS - MODEL PROCESS

The products ordering process occurs in three discrete steps: ordering, delivery and invoices and credits

P3: Process

A. Ordering				B. Delivery	C. Invoicing & Credits
Prompt	**Notification**	**Assembly**	**Placement**		
Signal need to order	*Prompt staff for need*	*Collect list of needs*	*Transmit order to supplier*	*Receive and verify order; approve payment*	*Correct errors and resolve payment*
Run-out of product **Regular order cycle** **Urgent** **Critical mass on list** **Rep visit**	**Verbally** **Note**	**Notes** **Head** **Notebook** **Diary** **Current order book**	**Phone** **Fax** **Rep** **Retail** **Email**	**Arrives in kitchen or backdoor** **Check content accurate** **Identify backorder** **File for payment** **Repack, label, date** **Store on shelf, fridge or freezer**	**Check invoice for accuracy** **Wait for rep to deal with it** **Ring and organise return** **Come to pick up**

P3: PROCESS - IDEALISED PROCESS
In an ideal world the order process is smooth and easy

P3: Process

A. Ordering				B. Delivery	C. Invoicing & Credits
Prompt	**Notification**	**Assembly**	**Placement**		
Flexible order time	Ask others in kitchen	Collect on simple form	Phone or fax Phone - Customer service helpful Notified instantly if stock not available Confirmation of order	Friendly driver delivers: - next morning if night order - same day if morning order Order always correct and in full Able to give feedback to delivery person	Invoice details all correct Delivery person or rep takes away and fixes if problem Prompt credit payment Available to take calls if issues

P3: PROCESS - NEGATIVE PROCESS
In the negative ordering process everything goes wrong

A. Ordering				B. Delivery	C. Invoicing & Credits
Prompt	**Notification**	**Assembly**	**Placement**		
Urgent need for items	Staff don't notify of needs	Notes everywhere Try to hold in head but forget important items Can't find right code; codes confusing	Rep doesn't show up Answer phone full Fax not receiving Lose notes Customer service unaware of out-of-stock product	Delivery late; driver unfriendly Important item missing or on backorder Have to rush out to get missing items from supermarket	Invoice incorrect Returns sit around forever Delay in credit payment Error on correction

A. ORDERING
The ordering process is often limiting and cumbersome

P3: Process

Issue	Rank	Key Factors
Ordering	●	Not easy Getting daily replenishment Minimum orders Out of Stock Never know if received Restrictive opening hours

A. ORDERING – BEST PRACTICE
The following companies received mention for best practices in ordering

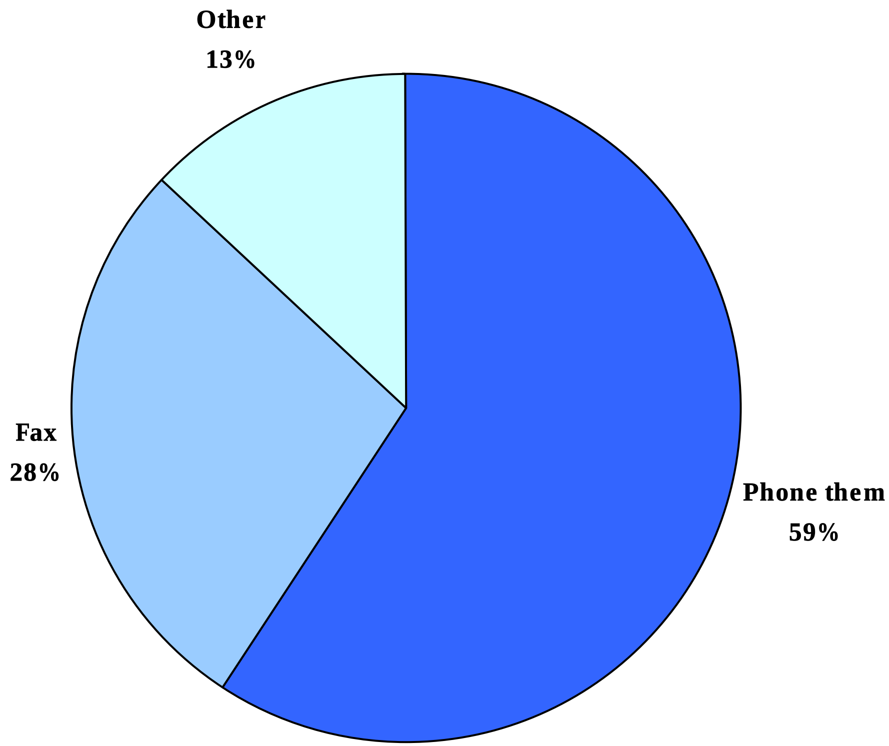
P3: Process

Operational best practice in ordering
Companies mentioned

	Best Practice	Received special mention
Easy	Supply a preset, tailored order form	Gilmours Lettuce Deliver Amalgamated Food Distributors
	Develop reliable standing orders	Mainland Local milk delivery
	Supplier assesses stock levels & replenishes	Ecolab Palmy 'N' Son Phoenix
	Proactive ordering, check if order not received	Lockie Seafood Akaroa Salmon
Confirmation	Send confirmation of order	Lion Breweries
Hours	Extend hours to suit customers needs and be available	Creans Foodservice Lettuce Deliver

A. ORDERING - PREFERRED METHOD
Phoning through an order is the most preferred method of making an order

How do you prefer to make your order
% of respondents



Other includes; they phone you, online, through rep, standing order

A. ORDERING – ADVANTAGES & DISADVANTAGES
All methods of ordering have their advantages and disadvantages

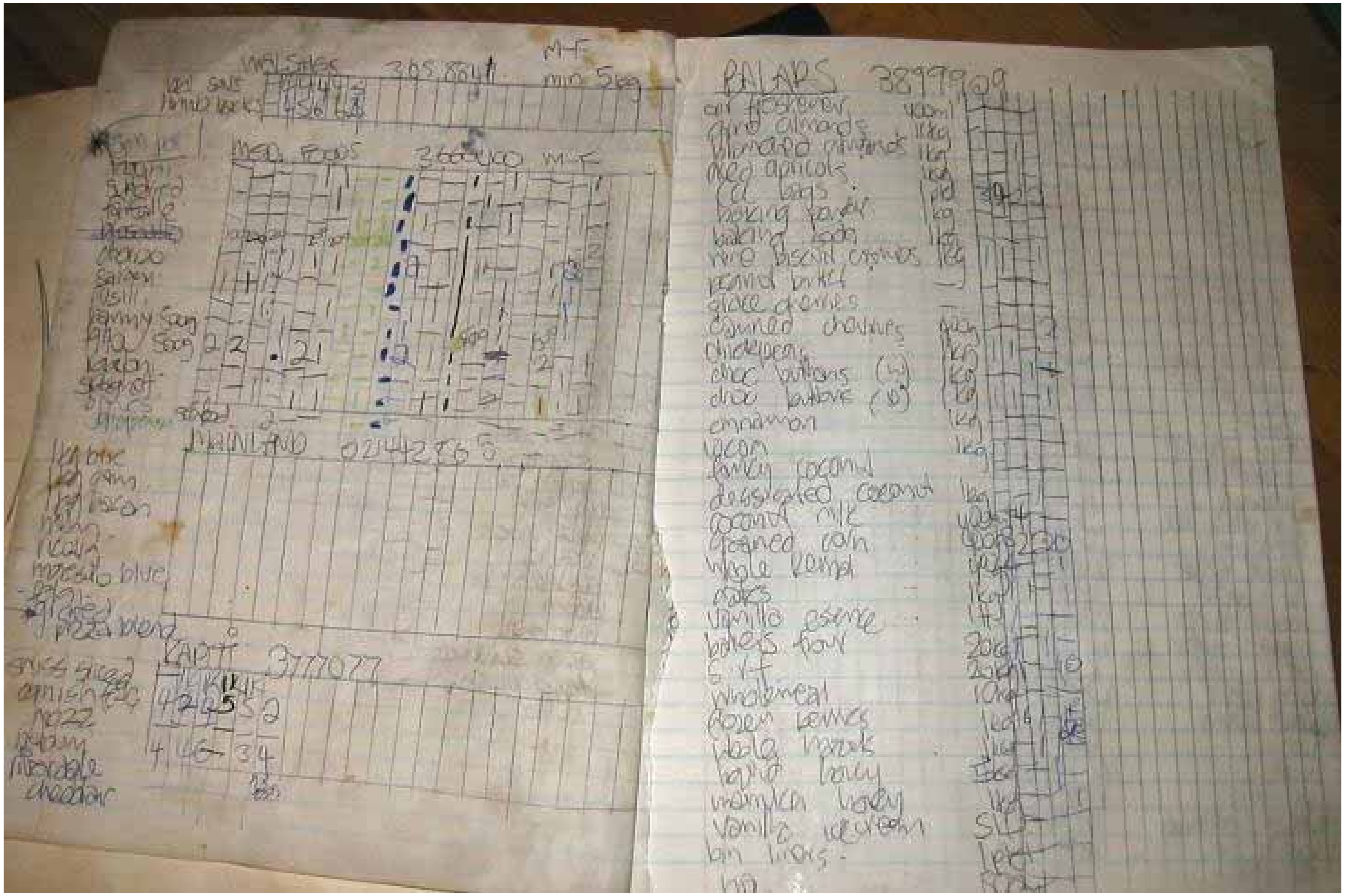
P3: Process

Advantages and disadvantages of delivery methods

Method	Key Category	Advantages	Disadvantages
Answer phone	All	Easy system to use Can hear specials Available after hours option	Can't order if system full Hard to understand sometimes No feedback available if query
Phone	All	Personal - can ask questions Can clarify order and reduce error Can provide with alternatives	Time consuming New staff unsure of personal needs
Fax	All goods	Simple	Time consuming to write out order
Standing Order	Dairy, beverages, bread	Easy to maintain order Certainty that product will arrive	Too much or too little
Rep on-site	All	Discuss offers, special, promotions Get feedback if issues Can provide samples	Time consuming
Off the truck	Dairy, Small goods	Immediate stock Discuss any issues Can provide samples	Not always fully stocked Driver often not knowledgeable
Pick up	Product, Dry goods	See available specials See full range	Time consuming Often out of stock

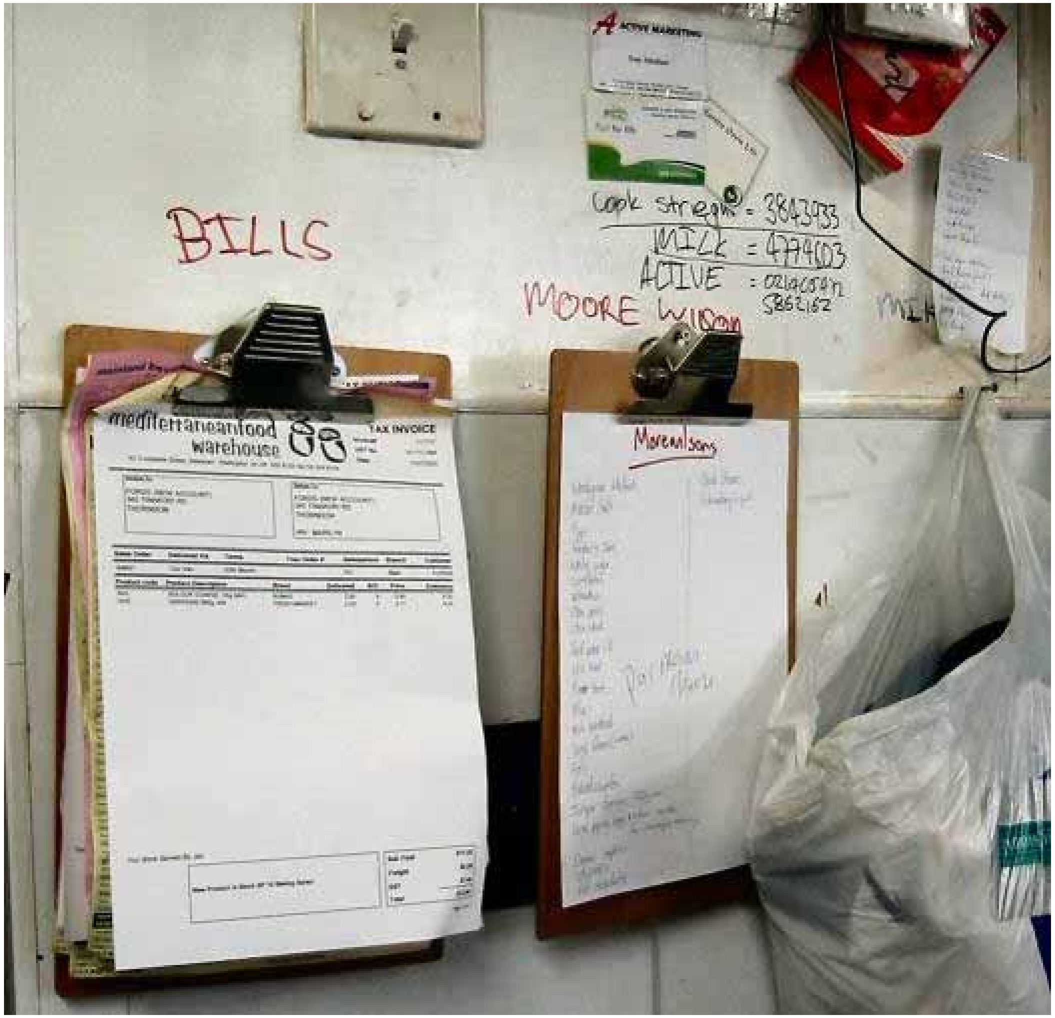
P3: Process

A. ORDERING – OFTEN MANUAL
Gathering information could be more efficient



P3: Process

A. ORDERING – OFTEN MANUAL
Procurement and systems training would help increase efficiency



P3: Process

A. ORDERING – OFTEN DIFFICULT
Making the order is often difficult…

- **"They don't go the extra mile at Toops. It depends who you deal with. With telesales I ask for the same person because they know what I want. I just need to say six packets of Deeko serviettes and they know the ones I mean. Otherwise there are lots of questions. I prefer to ring it through because then I know what is available and what isn't. They don't get back to me if I fax it through, so I never know if it will arrive or not."**

  Owner operator, Ethnic restaurant, Wellington region 31

- **"It's faster on the phone there's not so much paperwork. When you ring you get to confirm the order, and you know everything is available and you don't get caught out. We need to schedule ourselves around the suppliers ordering lead-in times. Some are the night before some 11am some 1pm. It's important that we know their cut off times, or we won't get our product."**

  Chef, Upmarket restaurant, Wellington central 20

- **"There is an answering service for both of my bread suppliers during the day time. That's fine, I don't want to talk to them. I would use the fax if I had one. If I can avoid talking to someone then why not. As long as they are available if I want to complain."**

  Owner operator, Lunch bar, Wellington region 26

P3: Process

A. ORDERING – OFTEN DIFFICULT
… continued

– "We have scraps of paper around - there must be a way we can make the ordering easier. One supplier made up an order form, so we can just fax it through. That is easier."

Chef, Mid-market restaurant, Auckland 53

– "Sometimes the answer phone messages go on forever. You must be able to fast forward to leave the message. Fax machines are a pain, you have to write it all out. Lettuce Deliver bought us a fax machine and made up an order form so all we have to do is tick the boxes. I wish that Creans and our dry goods suppliers would do that."

Chef, Upmarket restaurant, Auckland central 57

– "We used to use South Island Gourmet, but they had the worst phone service. So they lost our $2-$3,000/month business."

Chef, Ethnic restaurant, Christchurch 2

P3: Process

A. ORDERING – NO ACKNOWLEDGEMENT
Suppliers often don't acknowledge the order was received – there is no feedback

- **"Sometimes I don't know what is going to arrive, or whether it will all arrive?**

  Owner operator, Mid-market café, Wellington region 33

- **"With Toops they never let you know if the product you just ordered is in stock or not. I know they are able to tell though, because they have done it before. But some people can and some can't. Its really annoying. I need to know whether I am going to get it all or not."**

  Chef, Mid-market café, Wellington central 21

- **"When you ring in an order, they don't tell you that its not in stock. You're never told it just doesn't come. You must tell me or give me an alternative. At Easter I was two items short. I needed that product. I rang and told them they would lose all my business. The manager came and delivered it himself from Wellington."**

  Owner operator, Lunch bar, Wellington region 33

P3: Process

A. ORDERING – KITCHEN SPACE LIMITATIONS
Small size kitchens have limited storage space and must replenish daily

Small size of café kitchens
Mid-market café, Auckland region

P3: Process

A. ORDERING – DAILY OFTEN REQUIRED

Daily replenishment is necessary to ensure product is fresh…

- **"If we want fresh product then we have to order it daily. It comes from the market fresh every day."**

  Chef, Mid-market cafe, Christchurch 10

- **"Fish has to be ordered every day. We ring in the morning and the message states what fish is available that day."**

  Chef, Ethnic restaurant, Wellington 27

- **"Breads and produce come every day, but the others are every few days or less. We have to know what the price is before we order and know what is good."**

  Chef, Mid-market restaurant, Auckland 47

- **"We order a small amount of produce every day. It needs to be fresh and in small amounts because we have no storage space."**

  Chef, Ethnic restaurant, Christchurch central 2

P3: Process

A. ORDERING – DAILY OFTEN REQUIRED
…and often storage space is not available in the restaurant

- **"Why can't the big companies deliver ever day? Some of the little ones do. We only carry 1-2 days worth of stock, so if we run out, they need to be about to deliver."**

  Chef, Upmarket restaurant, Wellington 22

- **"It's better to order five times a week. I don't want to store everything here. There is no space for really big quantities."**

  Chef, Mid-market restaurant, Wellington city 21

- **"Our orders have to be daily. We have a very small kitchen and a small fridge so we have no room to store additional product."**

  Chef, Upmarket restaurant, Auckland central 53

- **"We have limited fridge space, so we have to watch what is in it. We have to make sure products in there are selling."**

  Owner operator, Lunch bar, Canterbury 13

- **"I have no storage for excess, so I'm going next door for a general cool store. I have limited fridge space - no room for boxes or bits and pieces."**

  Owner operator, Upmarket restaurant, Wellington region 32

P3: Process

A. ORDERING – OFTEN SMALL ORDERS
The ability to support small order sizes is critical to many operators

- **"Even if it is a small order, they need to deliver. That's important because sometimes we run out."**

  Owner operator, Lunch bar, Wellington region 26

- **"We don't have space to order a lot of product at once. So we have to do small orders. We don't want it here for a long time anyway it just goes off. We want it fresh."**

  Owner operator, Upmarket restaurant, Auckland central 52

- **"Most people in our industry have small orders. We need it fresh and we need it daily so most orders are small. It's important that they accept that and don't charge for the delivery."**

  Chef, Mid-market restaurant, Wellington central 29

- **"It's not like we deliberately call them all the time for one or two things, but it's important that when we need something urgently, that they are able to supply it."**

  Chef, Mid-market restaurant, Auckland central 53

P3: Process

A. ORDERING – OUT-OF-STOCKS

Foodstuffs Cash & Carry operations seem to have a lot of out-of-stock issues

– **"Service at Gilmours is not up to scratch. The stock is out the back and not in the fridges and on the shelves. Some staff aren't aware of the stock levels, so you have to ask them to go and have a look. Sometimes they have no chips and I have to go to another branch. I have to have chips and therefore have to go out of my way to get them.**

Owner operator, Lunch bar, Auckland south 49

– **"Trents have been out of white straws for three weeks, and food colouring. You'd think these would be basic items wouldn't you?"**

Owner operator, Mid-market restaurant, Canterbury 15

– **"I guarantee there will be at least one thing that won't be at Toops when I go to there."**

Owner operator, Mid-market cafe, Wellington 26

– **"I stopped going to Trents because the product wasn't there. I had to make another special trip in, it just took to much time."**

Owner operator, Lunch bar, Canterbury 11

P3: Process

A. ORDERING - AVAILABILITY
Product availability is often poor, especially for fish…

- **“Seafood is a big one. We’re told: ‘this is what we’ve got,’ and they read out a list. In Sydney you can get whatever you want - name your fish. We are surrounded by water and there are no fish available.”**

  Chef, Upmarket restaurant, Wellington central

- **“I will ring in the morning and they will say ‘oh sorry we don’t have any more crayfish.’ I need to have crayfish, it’s a main part of our menu.”**

  Chef, Ethnic restaurant, Christchurch 2

- **“There is variable availability. So we definitely need two suppliers. We are top of both their lists. We have a huge turnover in fish and seafood.”**

  Chef, Upmarket restaurant, Auckland central 36

- **“They have no figs, call yourself suppliers, they are out of stock and there is no other option.”**

  Owner operator, Upmarket café, Wellington city 29

P3: Process

A. ORDERING - AVAILABILITY
… continued

- **"It is really hard to get fish, you need at least three suppliers to ensure you get what you want and even then its not guaranteed."**

  Chef, Mid-market restaurant, Auckland central

- **"Sometimes suppliers run out of product or can't get it which means we need more than one supplier to cover ourselves. This is more paperwork. I want fewer suppliers not more."**

  Owner operator, Upmarket restaurant, Auckland central 52

- **"I understand that there is seasonal variability of fruit vegetables and meat, but they can't say they can supply and then run out of product. That's lying to us. Sure, I can supply tarragon, just not in April and May."**

  Chef, Ethnic restaurant, Wellington central 28

- **"We can never get fish."**

  Chef, Ethnic restaurant, Christchurch 2

P3: Process

A. ORDERING – OPENING HOURS
Opening hours are seen as too restrictive…

- **"Hydra are closed Fridays, so I have to use another suppler in the weekend. So I have to have three meat suppliers."**

  Owner operator, Upmarket restaurant, Auckland central 57

- **"Two or three of the suppliers are off at 3 o'clock - you get the answering machine. Which is really frustrating. For some things I need an instant answer, and then the odd time they miss the message."**

  Manager, Upmarket café, Christchurch 6

- **"I ring my orders through on a Thursday. If the delivery doesn't come on Friday I would have to wait until Monday before I spoke to them."**

  Chef, Upmarket restaurant, Auckland central 56

- **"We don't work 9 to 5 but our suppliers do. Our busiest time is public holidays and long weekends and our suppliers aren't open. Seafood is terrible for this. Our last order is Thursday and we don't get a delivery again until the following Tuesday. "**

  Chef, Upmarket restaurant, Wellington central 22

P3: Process

A. ORDERING – OPENING HOURS
…especially at the Cash & Carry operators

- **"Have you actually been into Gilmours? It's run like an old government department - doors close before 5pm - they have only one late night and it's until 6:00pm I think - plus they're only open a few hours in the weekend."**

  Owner operator, Mid-market restaurant, Auckland west 48

- **"Trents trading hours are too limited - Monday and Tuesday is only to 6pm - and other days until 5pm. There is Saturday morning, but 5pm is too early."**

  Owner operator, Mid-market café, Canterbury 11

- **"How am I supposed to go to Toops and get anything when the only time I can really go, they aren't open. They need to extend their hours."**

  Owner operator, Mid-market cafe, Wellington region 26

P3: Process

B. DELIVERY
Operators seem to have constant issues with deliveries

Issue	Rank	Key Factors
Delivery	●	Late deliveries Incomplete delivery Incorrect delivery Wrong location Unacceptable state Urgent deliveries must be available Not all delivery companies are respected High delivery costs

B. DELIVERY – BEST PRACTICE
The following companies received mention for best practices in delivery

P3: Process

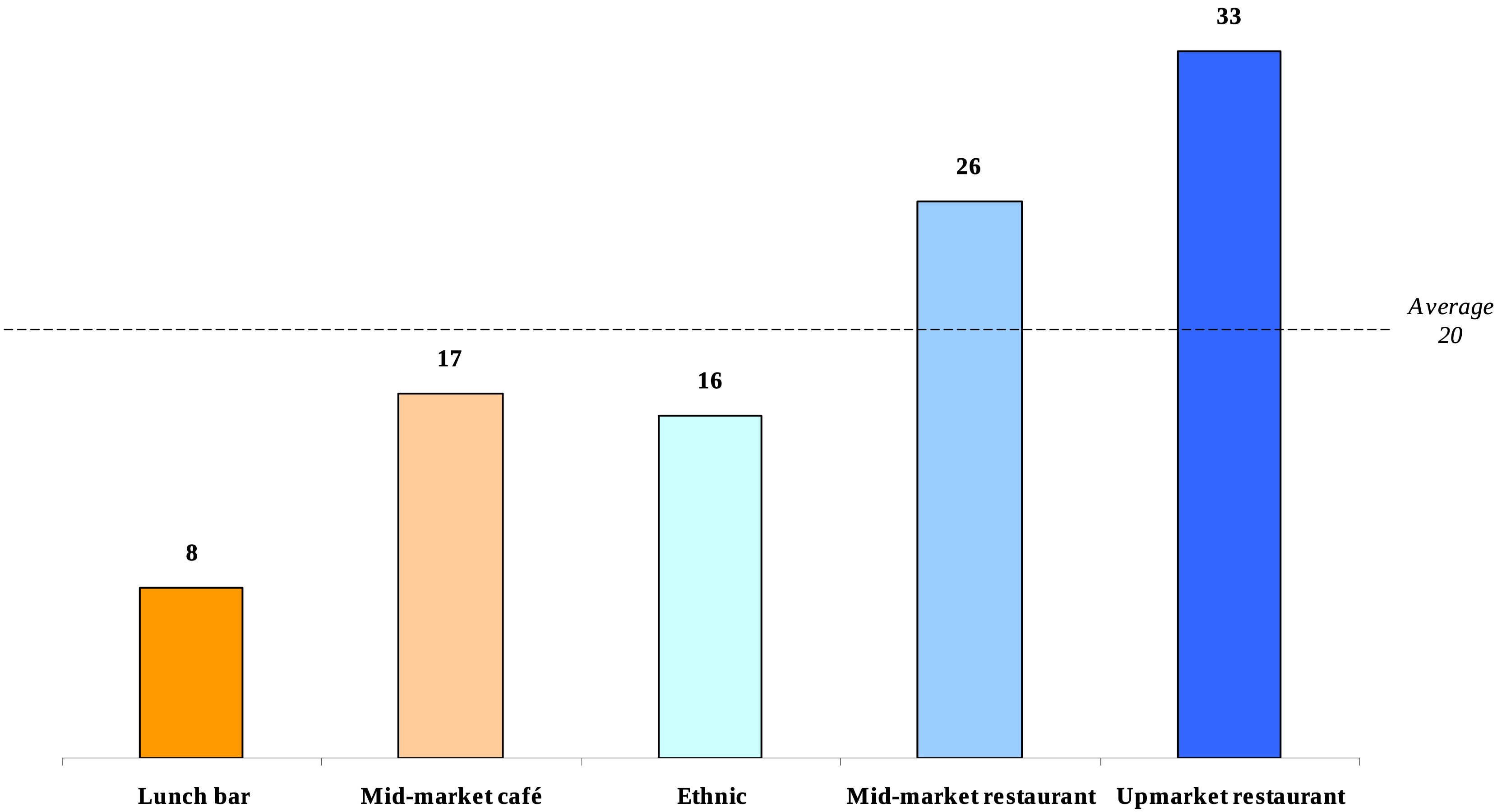
Operational best practice in delivery
Companies mentioned

	Best Practice	Received special mention
On-time	Always on time	Raeward Produce Company Davis Trading
Accurate	Always in-full	Food Service Produce Services
	Notify if product not available	Penguin Lion Breweries
	Deliver to correct location every time	Aussie Butcher
Flexible	Deliver short notice, emergency products	Lettuce Deliver Penguin Mainland

P3: Process

B. DELIVERY – WEEKLY NUMBER
The average operator receives twenty deliveries per week

How many deliveries do you receive in an average week?
Average by restaurant type; n=56



P3: Process

B. DELIVERY – LATE OR NON-EXISTENT
Late or even non-existent deliveries are a major issue

- **"Our biggest challenge is getting them here on time. It's worse when you're open for lunch and dinner and you are waiting for a product. The fish man comes in the door at 11:50. With Creans, you'll be waiting sometimes and you'll ring and ask where the morning run is and they say: "The truck broke down." That's not our problem. We need that product. They must have other trucks."**

  Chef, Upmarket restaurant, Auckland central 57

- **"I was held up for two or three hours waiting for them. I was late 15 minutes and they rang me going mad. Who is the customer?"**

  Owner operator, Mid-market restaurant, Canterbury 15

- **"South Island Gourmet have completely forgotten me three or four times, leaving us in dire straights."**

  Owner operator, Upmarket restaurant, Canterbury 12

- **"The last guy we had was here by 2 or 3pm, now its here at 9:30 or 10am. It's a lot better."**

  Owner operator, Mid-market restaurant, Wellington 29

P3: Process

B. DELIVERY – INCOMPLETE
Incomplete orders, with no prior notification, waste time

- **"Kapiti are shocking at not notifying us if they don't have the stock. It's such bad communication. They just don't send it and they don't ring. The docket just arrives with an "0" on it, and you have to ring and ask."**

  Chef, Upmarket restaurant, Auckland central 57

- **"You order and it arrives with a note saying some things aren't available. You just have to try again and try until you get it. If its too patchy then I try another wine supplier."**

  Owner operator, Ethnic restaurant, Christchurch central 5

- **"I have to make sure I get the right order. If it's delivered and I'm not happy with it, I learn I can't trust them."**

  Owner operator, Mid-market restaurant, Auckland west 48

- **"With bigger companies it's hard to track down your product. Half a day or day later has a big impact on us. We have eight main courses if one product is missing that's a high percent of our offer."**

  Chef, Upmarket restaurant, Wellington 20

B. DELIVERY – INCORRECT CONTENTS
The delivery should not contain incorrect product

P3: Process

- “I hate it when they give you more than you ordered and then charge you for it. I order that much because I need that much, and have budgeted for that much. I don’t want to go over budget.”

  Owner operator, Mid-market restaurant, Auckland west 43

- “At Christmas time there were wrong deliveries one after another at Gourmet Direct. I’d order by the packet and they were sending it by the kilo. I ordered three boxes of meat and would end up with seven cartons. That was $1,000 worth of meat. I didn’t have room to store it. They said I had to have it. It was crazy. They said it was my fault. Now I deal with someone with a brain between her ears and I’ve had no problems since. I believe in them, I’ve been with them since Fortex days.”

  Owner operator, Upmarket restaurant, Wellington region

- “We always have to check the orders, there will always be something that is wrong. Its just the way it is.”

  Owner operator, Lunch bar, Auckland 44

P3: Process

B. DELIVERY – INCORRECT LOCATION
Getting product delivered to the correct location is often an issue

– **“Saturday is a problem. The fish from Moana has to be delivered home because they close early on a Saturday and we aren’t open for them to deliver it. But now, they have a policy not to deliver to peoples houses - they had problems. So how am I to get my stuff if I’m not open? Now they now drop it at the butcher across the road.”**

Owner operator, Mid-market restaurant, Auckland central 50

– **“Its important that they drop it at the back door. We put it on the invoice. The courier companies always drop it at the wrong place. We don’t want couriers coming through the restaurant.”**

Owner operator, Upmarket restaurant, Auckland central 52

– **“The meat was left at the front door in the sun. We have room around the back where it could have gone. Why didn’t they ring and ask? It was ridiculous - we needed that meat.”**

Owner operator, Upmarket restaurant, Wellington region 32

– **“We don’t get here until 5pm and we need our deliveries by then. There is some access, but we have an alarm and Armourguard come if its set off accidentally. The problem is everyone we deal with go home at 5:30pm.”**

Owner operator, Ethnic restaurant, Christchurch central 5

P3: Process

B. DELIVERY – UNACCEPTABLE CONDITION
Product shouldn't arrive in an unacceptable state

- **"Frozen seafood when its delivered should be 100% frozen. It came defrosted. It should come all the way frozen."**

  Owner operator, Ethnic restaurant, Auckland 41

- **"I don't need brands for a lot of things, but the nacho chips were always broken when they arrived. So now I get them at the local supermarket."**

  Owner operator, Café, Wellington region 33

P3: Process

B. DELIVERY – NOT RESPECTED
Not all delivery companies are respected

- "Freight companies are influential in determining whether we use a company. There are freight charges if its not local product and some couriers are better than others."

  Chef, Upmarket restaurant, Wellington central 20

- "We had real troubles with the courier company, but they seem to have changed companies now, and its a lot better."

  Owner operator, Upmarket restaurant, Wellington region 32

- "Product wouldn't show up or it would be damaged. We lost our ducks once and finally traced them back to the company's depot. We don't know how they got delivered there. They were not a good company to go with."

  Owner operator, Ethnic restaurant, Wellington region 31

- "EuroPacific were using couriers to do there deliveries and that wasn't good. Now they have their own driver so it's much better."

  Chef, Upmarket restaurant, Auckland central 57

P3: Process

B. DELIVERY – NOT DURING SERVICE
Never deliver during service

- **"If they are in hospitality, then they should know the industry, and they should know not to deliver at lunch."**

  Owner operator, Lunch bar, Wellington region 33

- **"If they arrive at lunch time and we are all busy, I tell them to go away and come back at 3:00. I have told them what time it needs to be here, I can't have them dropping off stuff when there are people trying to order at the counter. We are too busy to unpack it, check it and put it away. They just don't understand."**

  Owner operator, Mid-market café, Wellington region 33

- **"The veggies used to arrive at late times, inconsistent times, or during lunch. I never knew when it was going to arrive. With Raeward it arrives before me, and its out the back ready to be brought inside."**

  Chef, Upmarket cafe, Christchurch central 9

- **"Don't deliver it while we are busy. Never at six o'clock."**

  Owner operator, Ethnic restaurant, Auckland city 38

B. DELIVERY – NO FEEDBACK
Must have feedback to right people

P3: Process

- "They need to communicate problems back to the right person. If the feedback works it's great we get some change. Sometimes information doesn't get back to the people who need to know."

  Chef, Upmarket restaurant, Christchurch 1

- "The problem with a large business is that they don't talk to each other and feedback doesn't seem to get back."

  Owner operator, Mid-market café, Canterbury 12

B. DELIVERY – URGENT AVAILABLE
Urgent deliveries must be available

P3: Process

- "If they forget something, or something is wrong, then I expect them to be able to drop it off straight away. We are going to need the product today, not tomorrow."

  Chef, Upmarket restaurant, Wellington central 28

- "Not all companies do instant deliveries, we need to know that. We need to know that if we need something urgently then we can get it."

  Chef, Upmarket restaurant, Auckland central 53

- "We know that we can get the products a lot cheaper but the service is hard to fault at GH Morris. Sometimes we will only buy 1kg or coriander and they will still deliver it. We need that service."

  Chef, Upmarket restaurant, Christchurch 7

- "Foodservice only deliver on a weekly basis, if you need a second delivery it's a problem. Its uneconomic for them to come into town. We just know that we have to use another company as well."

  Owner operator, Lunch bar, Christchurch central 14

P3: Process

C. INVOICING
A lot of time is spent chasing up invoices and trying to contact people

Issue	Rank	Key Factors
Invoices/Credits	◐	Inaccurate Difficult to understand

C. INVOICING – BEST PRACTICE
The following companies received mention for best practices in invoicing

P3: Process

Operational best practice in invoicing
Companies mentioned

	Best Practice	Received special mention
Accurate	No mistakes on invoices	None mentioned
Comprehensible	Clear and easy to understand invoices	Local milk delivery
Hassle-free	Invoices fixed on the spot	Breadworks
	Solve issues ASAP	Amalgamated Food Distributors Neat Meat

P3: Process

C. INVOICING – INACCURATE

Inaccurate invoices are rampant and time consuming to fix…

- **"I spend a good few hours a week, trying to chase up products and fix invoices."**

  Chef, Mid-market cafe, Christchurch 9

- **"Our Anchor milkman was putting GST on top of GST. He didn't say anything, and when I noticed he said: 'I was wondering when you'd find out.' That's not good enough. When I finish up my credit with him, I am going to change. With Lee KK Bakery we always have a problem with the invoices - I just correct it for him and send him the right amount. God knows what his books look like at his end. Its routine, I have to check all the invoice anyway."**

  Owner operator, Mid-market restaurant, Auckland west 43

- **"At least once a week there will be a wrong quantity, price or something, but that's why we are here, to control that. You need to read it through and check it out. It's an easy thing. Trust is good but control is better."**

  Chef, Mid-market restaurant, Auckland central 47

- **"I look at the invoices daily and check the prices. If I don't think its right I will ring. I would drop them it the they were constantly wrong."**

  Owner operator, Upmarket restaurant, Auckland central 52

C. INVOICING – INACCURATE
… continued

P3: Process

- "You have to keep your eye on the invoices. Every couple of months we get the same problems at Gilmours. We will order a can of something and will get charged for a pack of four or six. They just change it and take my word for it. You just have to keep your eye on the invoices."

  Owner operator, Mid-market restaurant, Auckland west 43

- "I have an accounts problem with Pandoro. Maybe it is isolated, but they let themselves down on accounting."

  Owner operator, Lunch bar, Wellington region 26

- "Every two weeks there will be mistakes on the invoice. Sometimes with cigarettes or drinks we buy 10 but get charged for 11 or 12. The invoice is wrong."

  Owner operator, Ethnic lunch bar, Auckland suburb 44

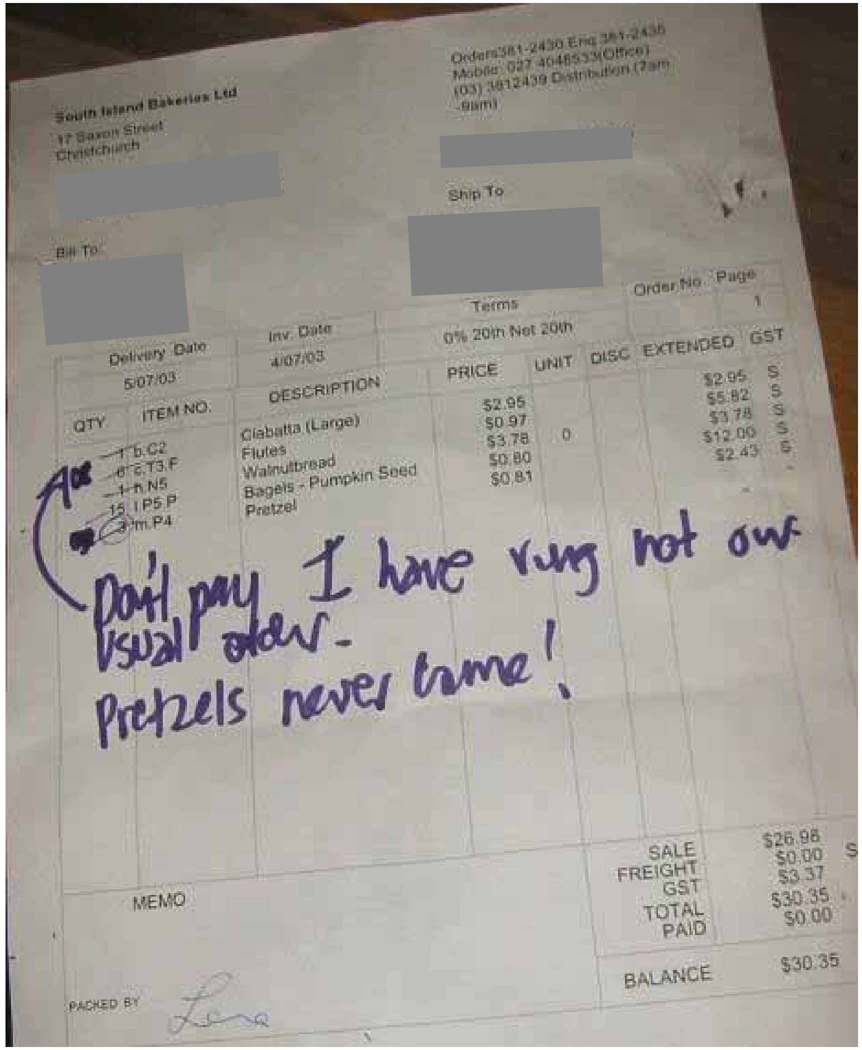
- "The Breadworks driver goes through the order to make sure we are happy. So we deal with any issues on the spot. It's better than others who just drop and run and I have to spend time chasing them up. It takes about three minutes, but it is better things are dealt with straight away. It saves wasting time on the phone."

  Chef, Mid-market restaurant, Wellington central 21

P3: Process

C. INVOICING – INACCURATE
Operators regularly showed incorrect invoices during interviews

Inaccurate Invoice
Mid-market café,
Christchurch 9


South Island Bakeries Ltd
17 Saxon Street
Christchurch

Orders381-2430 Enq 381-2436
Mobile: 027 4048533(Office)
(03) 3812439 Distribution (7am -9am)

[redacted]

Bill To:
[redacted]

Ship To
[redacted]

Delivery Date	Inv. Date	Terms	Order No.	Page
5/07/03	4/07/03	0% 20th Net 20th		1

QTY	ITEM NO.	DESCRIPTION	PRICE	UNIT	DISC	EXTENDED	GST
1	b.C2	Ciabatta (Large)	$2.95			$2.95	S
6	c.T3.F	Flutes	$0.97			$5.82	S
1	h.N5	Walnutbread	$3.78	0		$3.78	S
15	I.P5.P	Bagels - Pumpkin Seed	$0.80			$12.00	S
3	m.P4	Pretzel	$0.81			$2.43	S

Don't pay I have rung not our usual order.
Pretzels never came!

MEMO

SALE	$26.98
FREIGHT	$0.00
GST	$3.37
TOTAL	$30.35
PAID	$0.00
BALANCE	$30.35

PACKED BY

P3: Process

C. INVOICING – UNCLEAR
Invoices are often unclear and difficult to understand

- **"The invoices must be clear - no hand written ones. I won't accept anything hand written."**

  Manager, Ethnic restaurant, Auckland central 50

- **"I get a hand written docket from the fish guy, that really isn't good enough."**

  Chef, Upmarket restaurant, Auckland central 57

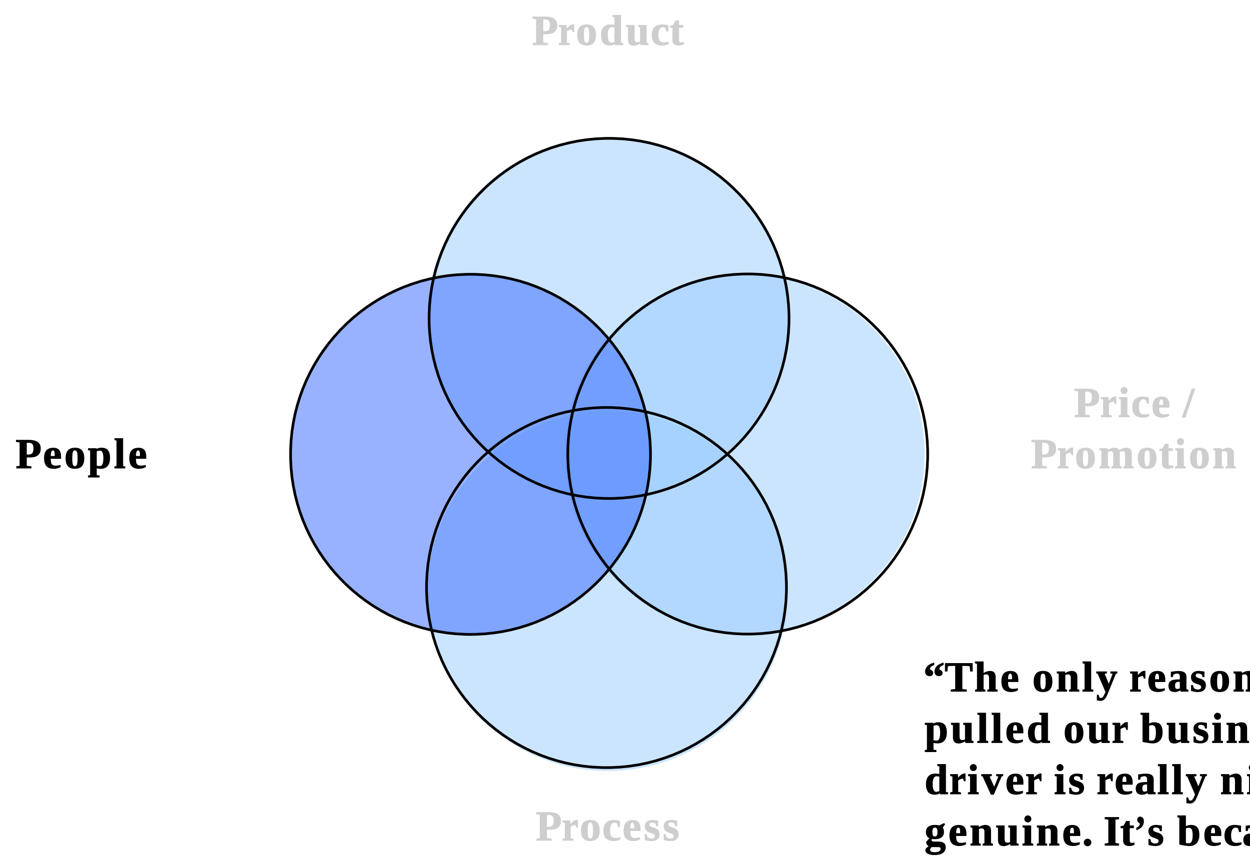
- **"It needs to be easy to read and see. I need to know what has arrived, what hasn't, and, if it hasn't arrived, when it's due."**

  Manager, Mid-market cafe, Wellington region 18

- **"Ngai Tahu send the invoice before the product. They aren't dated the same time, so it gets really confusing. You don't know what order the invoice goes with. The delivery day should be the same as the processing day - it would be a lot easier."**

  Chef, Upmarket restaurant, Christchurch central 1

P4: PEOPLE
People can make or break a business - operators have high expectations of people



"The only reason we haven't pulled our business is that the driver is really nice, really genuine. It's because of him we are still with Toops."
Owner operator, Café, Wellington region 33

P4: PEOPLE – MULTIPLE POINTS OF CONTACT

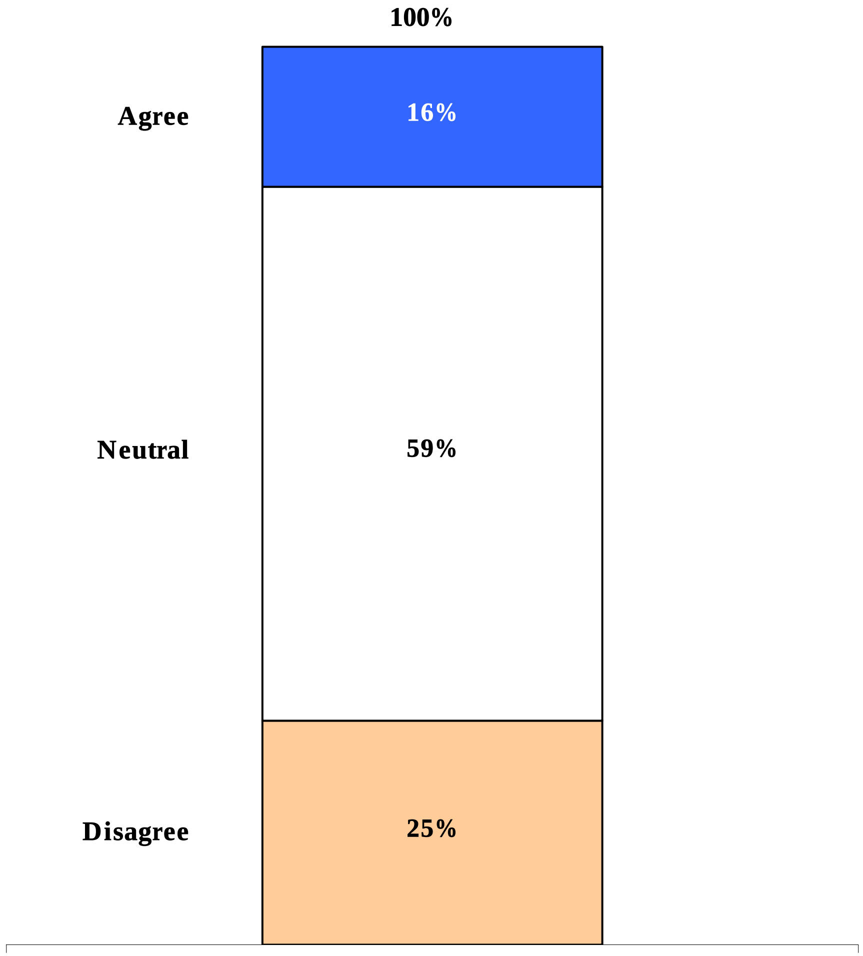
There are five main contact points, it is essential that staff are professional, informative and friendly at every point

P4: People

Occasion	Staff
Ordering	telesales, rep or owner
On-delivery	company driver or third party contract (courier or freight)
Enquiry	telesales, rep or owner
Rep's visit	company representative
Pick-up/Cash'n carry	retail staff or owner

P4: PEOPLE
Overall, only 16% of chefs and owner operators are satisfied with their suppliers

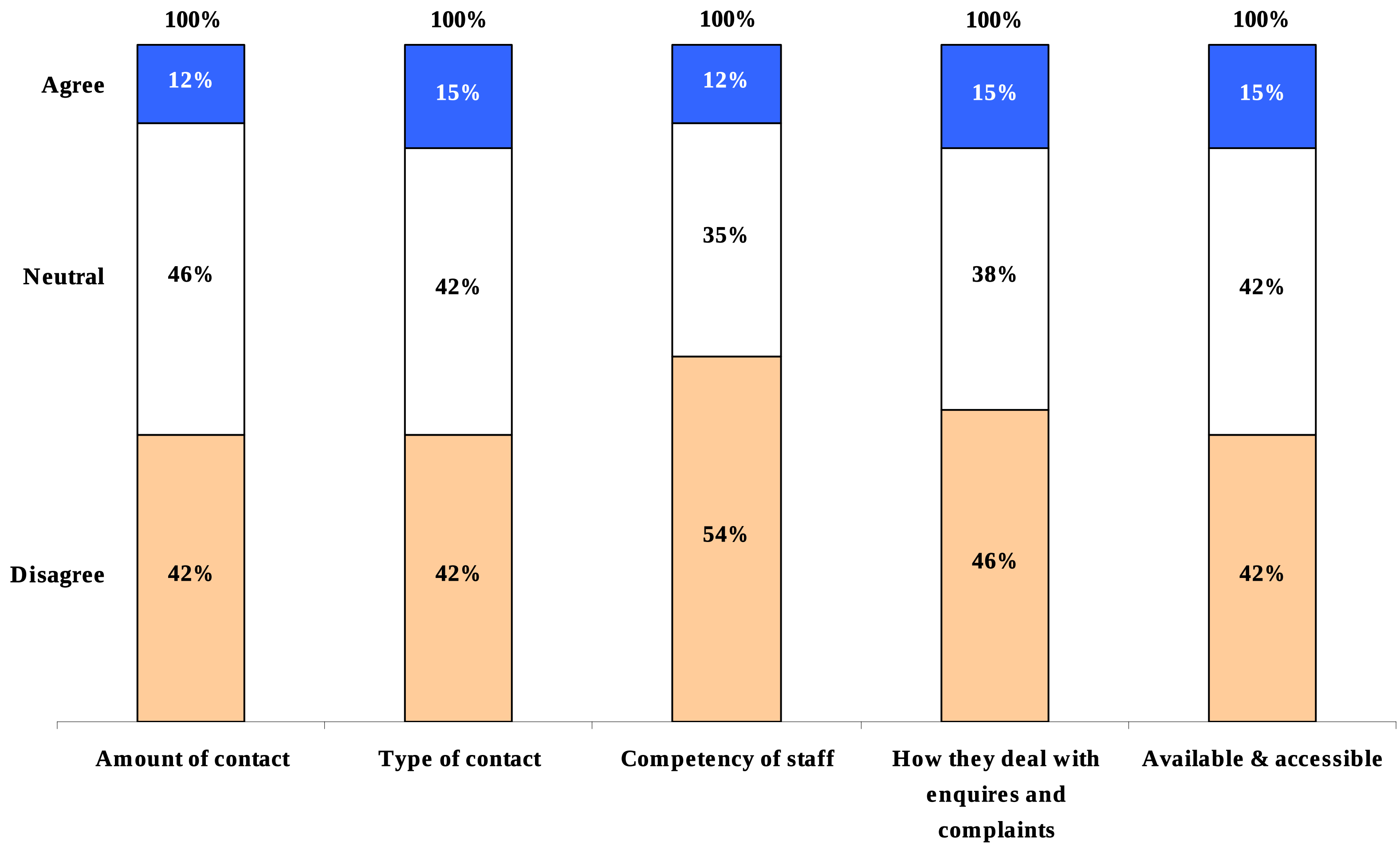
Overall, I am satisfied with my suppliers people
% of respondents; n=56



P4: People

PEOPLE
Customer service training is necessary to improve relationships

Overall, I am satisfied with my suppliers people in terms of…
% of respondents; n=56



P4: People

PEOPLE
The attitude of suppliers staff is a key element for restaurant and café operators

Issue	Rank	Key Factors
Trustworthy	●	Dishonest or untrustworthy
Competent	◑	Knowledgeable Competent and answer questions with ease Don't understand my business Unprofessional Hard to deal with Big businesses don't understand Call on a regular basis with more than complaints Speak English Return calls
Friendly	●	Pretty obvious really

○ Somewhat important ◑ Important ● Very important

P4: PEOPLE – BEST PRACTICE
The following companies received mention for best practices in people

P4: People

Operational best practice in people
Companies mentioned

	Best Practice	Received special mention
A. Trustworthy	Able to give key Always trust they give you the best product	Phoenix Produce Services
B. Competent	Understand my business needs	Kapiti Amalgamated Distributors Montana
	Professional	Crean Kapiti Pandoro
	Immediately respond to requests and requirements	Coffee Supreme Atomic
	Develop feedback loop	Anchor (1-1 evaluation)
C. Friendly	Must be friendly and courteous	Verkerks Neat Meat Fresh Express
	Customer service training	Darjon Winery Montana

P4: People

A. TRUSTWORTHY – DISHONESTY A PROBLEM
Dishonest suppliers are an issue…

- **"There was a theft in our kitchen of a phone and a pair of glasses and only [a major Cash & Carry operator] had been in. We don't trust them, so now we escort them on and off the premises. I hate them! But they have us captive, because of the alcohol discounts. I have to use them."**

  Chef, Upmarket restaurant, Auckland central 53

- **"A guy came around in a van offering me really cheap olive oil off the back of the truck. He was in a [major Cash & Carry] truck even. He was putting the money straight into his back pocket. I wouldn't order from a company who couldn't keep an eye on their stock."**

  Owner operator, Upmarket restaurant, Wellington city 29

- **"Gilmours always make mistakes. We purchased a full Mono gladwrap and it was only half full. We took it back and she thought that we had just used it and were bringing it back. She accused me of lying. Things like this happen often. "**

  Owner operator, Ethnic lunch bar, Auckland south 44

A. TRUSTWORTHY – DISHONESTY A PROBLEM
… continued

P4: People

- "They try you out a few times. They send rubbish every now and then - you just have to get onto it straight away - and it's not a problem."

  Chef, Mid-market cafe, Wellington 21

- "I will change a supplier if I get bad service. I was sent faulty bacon and they knew it was faulty. They sent it in the weekend when no other suppliers were available. They said it wasn't their fault. Three strikes and they are out. That's fair everyone knows where they stand. They get a better reaction from me if they are honest, I know when they try to pull my leg."

  Chef, Mid-market cafe, Wellington central 21

P4: People

B. COMPETENT – IGNORANT
Some staff are ignorant of the products they are selling

- **"They must have high knowledge of their products if they're selling them. They can't come in here with no knowledge. It's especially obvious in wines, they don't know European wines. There is bad training, a lack of knowledge."**

  Chef, Upmarket restaurant, Wellington central 28

- **"When I ring I expect the person to know about the product. How am I supposed to have faith in you and your product if you don't know about it."**

  Owner operator, Upmarket cafe, Christchurch 6

- **"I must have confidence in the product and the reps approach. If I don't like the rep then I won't buy the product. Confidence is good but not overconfident. Talking like they're your mate when they don't know you."**

  Chef, Upmarket restaurant, Auckland 56

- **"Sometimes I ring and the people answering the phone don't know about their own products. They don't know if it's available: "Is baby spinach available?" "I don't know – what season it?" I expect the person answering the phone to know about products."**

  Chef, Upmarket cafe, Christchurch 9

- **"Pork market don't know there cuts. If you ring the call centre they get the order wrong."**

  Chef, Upmarket restaurant, Aukland city 45

B. COMPETENT - UNPROFESSIONAL
Some suppliers do not project a professional image

P4: People

- **”Some places are cheaper, but they are not professional. You don’t need applications, or give them any details, nothing. It is very risky for them.”**

  Manager, Ethnic restaurant, Auckland central 55

- **“They act like they are doing you a favour selling to you. Who is doing who the favour? Some places definitely don’t have a ‘customer is right’ policy. We get walked on by suppliers, with a like it or lump it attitude.”**

  Chef, Mid-market cafe, Wellington central 21

- **“Bakehouse have a bad attitude. It’s a bit of a circus. They should supply every day but if they don’t supply something they don’t tell you. Then they argue about it, they don’t care two hoots when I ring to talk to them. They used to be OK, but its getting gradually worse.”**

  Chef, Mid-market café, Auckland central 51

- **“I get a hand written docket from the fish guy that really isn’t good enough.”**

  Chef, Upmarket restaurant, Auckland central 57

- **“They are absolute idiots. The guy dropped the chicken on the road and expected me to buy it.”**

  Owner operator, Lunch bar Auckland region 42

P4: People

B. COMPETENT – UNINTELLIGIBLE
Some suppliers are hard to understand

- **"They don't understand me. I ring and they only speak Italian, so I have to ring back. Its hopeless."**

  Chef, Mid-market café, Christchurch central 9

- **"Northcote Meats has just changed hands and no one there speaks English. There is one guy with a really strong Welsh accent and the rest are Asians. I had a mistake on the invoice it was an obvious mistake and it took half a day to get hold of them, half and hour to explain, they still didn't understand so I had to go in. It was too much time."**

  Owner Operator, Mid-market restaurant, Auckland west 43

- **"There are language issues. They are Indian, and it can take a long time to order, you really have to check the order. 'So that's three kilograms of kalamatas?' 'No, two kilograms.'"**

  Chef, Mid-market café, Christchurch central 10

- **"Thai Foods don't speak English, placing an order is really hard. I can't understand them. They should be able to speak English. Their price is good and delivery on time but it's the wrong delivery because of communication problems."**

  Chef, Ethnic restaurant, Auckland central 35

P4: People

B. COMPETENT – NOT AVAILABLE
Some suppliers are hard to contact

- **"I have to ring a few times to get hold of someone."**

  Chef, Upmarket restaurant, Auckland 57

- **"Most people are available on cell phone, but it's hard to get hold of some people, especially if they finish work at 4pm, just when we are starting."**

  Chef, Mid-market restaurant, Christchurch 10

- **"They are always closed when I ring. They close at 3:00, I haven't even started yet."**

  Owner operator, Upmarket restaurant, Wellington region 32

- **"I don't have cell phone numbers of a few of my suppliers, so I know I have to ring another supplier if I run out of meat."**

  Owner operator, Mid-market restaurant, Wellington region 29

- **"If there is a problem, I have to ring back two or three times before I get the right answer, that's not good enough. There is too much pick up the phone and press 1. I can never get through to speak to anyone.""**

  Owner operator, Mid-market cafe, Wellington region 33

P4: People

B. COMPETENT – NO FOLLOW UP
Never return calls

- **"I hate having to chase people up. Why can't they contact me when there is something not right or available."**

  Owner operator, Mid-market cafe, Wellington 26

- **"Pork Market's after service is strange. If we have a problem, it takes a while for them to get back to us. They have some third party message, I never know what is happening."**

  Owner operator, Mid-market restaurant, Auckland 50

P4: People

B. COMPETENT – LARGE = INCOMPETENT
Many operators thought large companies equaled poor service…

- **"They are so big, it's all pie-in-the-sky."**

  Owner operator, Upmarket restaurant, Wellington city 29

- **"There are so many staff that its hard to get a rapport going with anyone. I want to be familiar, but its hard to get a relationship going."**

  Owner operator, Mid-market restaurant, Auckland central 46

- **"With bigger companies it's hard to track down your product. Half a day or day late has a big impact on us. We have eight main courses - if one product is missing that's a high percent of our offer."**

  Chef, Upmarket restaurant, Wellington 20

- **"Gilmours are probably the least friendly to deal with – they are the least accommodating. It's highly annoying when they run out of things. There are no apologies. They should ring when things aren't available. Its convenient to get all the things together. They are a lot more automated and less caring. Only half the products are in their catalogue and there are no prices in their catalogues. So you ring to ask, and if you have more than six items or questions, then you have to fax it through with the product numbers. It's the little things like that that are annoying."**

  Owner operator, Mid-market cafe, Auckland region 34

P4: People

B. COMPETENT – LARGE = INCOMPETENT … continued

- "People skills really depend on the size of the operation. The bigger the operation, the more they have to concentrate on people skills. When you leave a job up to others, you'll find people who cant be bothered looking after your customers. They need training schemes to instill customer relations. Small owner operators - they want to do best for you."

  Owner operator, Mid-market restaurant, Auckland central 50

- "Gilmours are a bit scratchy at times. It's a big company - they loose touch with customer issues. Not very reliable at stocking things or having things in stock. If there is no product they don't advise you. Sometimes the orders are wrong. They are pretty big so you have to take that into account."

  Chef, Mid-market café, Auckland central 51

- "The big companies are not as flexible with deliveries."

  Chef, Upmarket restaurant, Auckland central 57

- "Some people don't care and some want to make it right. But they can ask some silly questions at Gilmours. They are too big."

  Chef, Mid-market restaurant, Auckland central 47

P4: People

B. COMPETENT – SMALLER IS BETTER
Many operators felt they got better service from small suppliers

– "With small businesses I have a one-to-one relationship. They have your personal interest at heart. Others you have to deal with drivers, managers, phone people. I prefer owner operators. They will call and ask how the supply is going, ask when we want products delivered."

Owner, Ethnic restaurant, Wellington region 28

– "With small companies, like EuroPacific, you deal with the boss. One person looking after you is so much better - they look after you more. They have a better service and are more welcoming."

Chef, Mid-market restaurant, Auckland central 47

– "They're a small business and we're a small business, so we support each other. We have the same interests and motivations: to get new and interesting products. I have to trust the person I am buying off, I have to stand by the product I am selling. "

Chef, Upmarket restaurant, Wellington central 28

– "We have to really work as a small business. We're not as important as big business - suppliers are not as willing to help - we don't get as much as big businesses. It is good working with other small businesses."

Owner operator, Lunch bar, Wellington region 33

P4: People

B. COMPETENT – BE PATIENT WITH YOUR CUSTOMERS
Operators with English as a second language often struggle

– **"I ring to order and sometimes they don't understand me. I find it hard on the phone to understand what they are saying. When I was setting up the business I found it really hard to get suppliers, I didn't know where to look or what to do."**

Owner operator, Ethnic restaurant, Auckland city 38

– **"I am new to New Zealand and I find it hard to understand what people are saying sometimes - they speak really fast. So sometimes it is easier for my staff to make the orders for me."**

Owner operator, Lunch bar, Auckland 24

P4: People

C. FRIENDLY – RUDE STAFF
Suppliers can be rude and unfriendly…

- **"We used to use [a baker]. They were the worst. The staff were very rude. Every time they made a mistake, they always said it was not their fault. They would deliver things to the wrong place in the shop and the alarm kept going off, so we stopped using them. He rang our other suppliers and told them not to deliver to us. They just don't like Asian people."**

  Owner operator, Ethnic café, Auckland south 44

- **"People aren't very friendly. They don't ask how you are. No questions about the quality of the product or food. They should know how to make their customers happy."**

  Owner operator, Thai restaurant, Auckland 41

- **"Some people don't care and some want to make it right. But they can ask some silly questions at Gilmours. They are too big."**

  Chef, Mid-market restaurant, Auckland central 47

- **"Chicken company had a great price, but you needed to order before 8am. I had a row with the guy over this. The service was shocking so we never used them again."**

  Chef, Upmarket restaurant, Auckland central 56

C. FRIENDLY – RUDE STAFF
… continued

P4: People

- **"I was held up for two or three hours waiting for them, I couldn't get through to them to see where they were. I was late 15 minutes and they rang me going mad. Who is the customer?"**

  Owner operator, Mid-market restaurant, Canterbury 15

- **"With the milkman I only here from him when there are overdue payments. That really annoys me. Certain companies only hear from when there are problems. They need to come in for a chat, that's important. Happy to take my money but not happy to have a relationship. You never hear from big companies."**

  Owner operator, Mid market restaurant, Auckland west 43

- **"Sure we are a little café on the peninsula and not a high priority for Frucor. God they get up my nose. The rep is supposed to come in and get my order, but sometimes he doesn't even bother he just sends it. He doesn't care."**

  Owner operator, Lunch bar, Auckland West 42

P4: People

C. FRIENDLY – UNFRIENDLY DELIVERY DRIVER
The delivery person must be friendly – remember they are the face of the company

- **"They have to be nice friendly delivery people - they are the face of the company. They must say 'hello' when they walk in the kitchen. Some people are really rude. A delivery guy from Gilmours made the one of our staff cry once."**

  Chef, Upmarket restaurant, Auckland central 53

- **"The delivery people must be friendly. Not just dump the box and leave without even saying hello or goodbye. One guy is good, he puts the drinks in the chiller."**

  Owner operator, Mid-market cafe, Auckland west 42

- **"The delivery guy was really threatening. They had arrogant staff. That contributed to us getting rid of them."**

  Owner operator, Mid-market restaurant, Wellington region

P4: People

C. FRIENDLY - RELATIONSHIPS
Building a relationship with customers is hard, especially for larger companies

- **"You really need to be in the know. You need a real relationship with your supplier. You write a new menu and you check if they can get things and they say 'sure not a problem.' But it is a problem, I couldn't get quail or the fish that I wanted."**

  Owner operator, Upmarket restaurant, Auckland central 55

- **"It's really hard to develop relationships. It takes time. Its so important, but because I am new to this market, it will take time."**

  Owner operator, Ethnic restaurant, Auckland 38

- **"They don't care about us, we are small fry to them."**

  Owner operator, Mid-market café, Wellington region 26

- **"Its hard to have enough clout to make people responsive. Suppliers don't care. We are small to them."**

  Chef, Mid-market restaurant, Wellington city 23

P4: People

C. FRIENDLY - RELATIONSHIPS
Building a relationship with customers is hard, especially for larger companies

– **"We are pretty well organised now, we don't have to chase up or wonder where our products are. It takes a while. It took up to 18 months to get an even keel. You need to stick with your main suppliers over time to get to know each other in terms of price and quality."**

Owner operator, Ethnic restaurant, Wellington region 31

– **"Bigger operators need to concentrate on their people skills. They need training schemes to instill customer relations. Like at Telecom how they monitor calls."**

Owner operator, Mid-market restaurant, Auckland city 50

P4: People

P4: PEOPLE – REPS PAY OFF
Having reps does pay off…

- **"Fifty percent of the suppliers we deal with have reps. We spend a lot more money with the companies who have reps. The person who makes the call around here gets the job."**

  Manager, Mid-market restaurant, Christchurch central 6

- **"The volume increased 100% since they've had a rep at Amalgamated. It's been great for both of us. He always has new suggestions for the menu. He knows my business and my menu. The rep understands my business and he knows what he's doing. They target new products at me."**

  Owner operator, Mid-market restaurant, Canterbury 15

- **"I love the boys at Neat Meat, they are really nice, they are friendly, they come in and have drinks. They are so nice and it is really reasonably priced."**

  Chef, Upmarket, restaurant, Auckland central 53

- **"Storecold have the personal touch - they are there to please - nothing is too much trouble. They follow through on what they will say they will do. They send us out new products they think we will be interested in. Out of the blue they will call just to check everything is OK, it's great service."**

  Owner operator, Ethnic restaurant, Wellington region 31

P4: PEOPLE – REPS PAY OFF
… continued

P4: People

– "The rep visits once a month. Its better knowing who I am dealing with – that way they give a shit and are willing to do deals. They are very personable and that is important. Some reps I never see."

Chef, Upmarket café, Christchurch 9

– "I like to see a rep, they know all the gossip, the fill you in on what is happening in the industry. Some reps are really nice, they are a regular visitor you get to know them."

Chef, Upmarket restaurant, Auckland 45

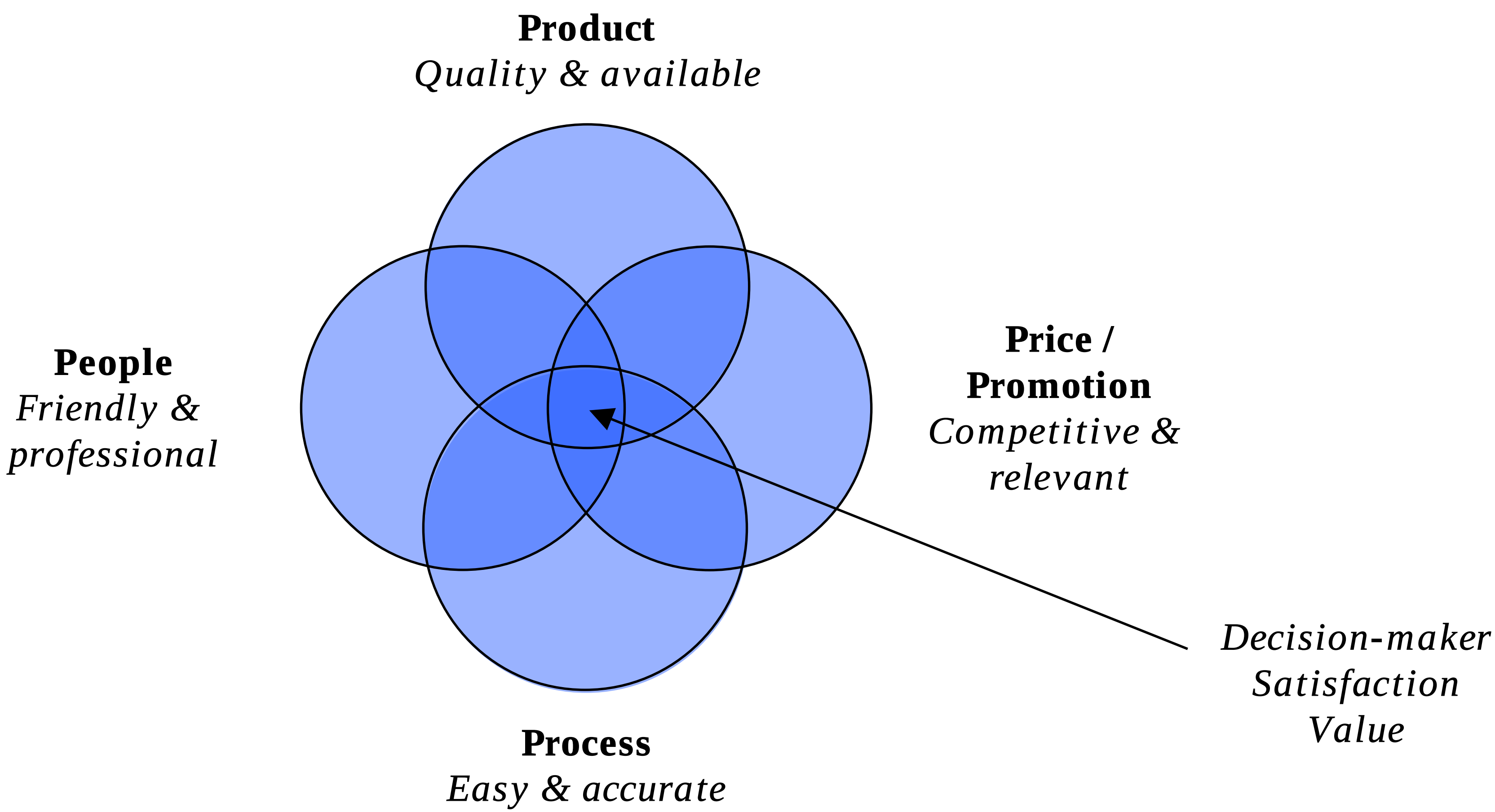
P4: PEOPLE – EIGHT THINGS A REP MUST DO
Rep's have an important role in winning business

P4: People

Action		Reason
1. Ring and make appointment	–	Respectful of the decision-makers time
	–	Treating the kitchen like a business; shows a professional manner
2. Be interested & enthusiastic	–	Ask a lot of questions; look at menu, understand their style; work out what products appropriate/relevant; ask how often change menu and when
	–	Must show and interest in your business and their business; sales people who believe in their product will influence customers in their favour
3. Rep must be knowledgeable about the product or service	–	Decision-maker wants certainty and assurance that dealing with professional and not a 'fly-by-nighter'
	–	Shows you care enough about them to send someone worthy
	–	Assurance you are professional in your field
4. Bring Information	–	Product lists give chefs and idea of your business extent – leave it with them
	–	How/where you source product – availability issues, seasonal issues
	–	Invite them to visit your site; explain your business; staff, location, background
	–	Who else you supply, a recommendation letter
	–	Where is your product available
5. Explain service	–	e.g. delivery twice a day at 9am and 4pm – may have particular needs
	–	Ordering process – find out their preferences – may have a strong preference
	–	Lead in time to delivery at door time - timing very important
	–	Credits and returns process – needs to be simple
6. Bring samples	–	Decision maker interested in the look, feel and/or taste of the product
7. Assist in helping their business	–	Systems management, process management, time management, annual reviews
8. Follow-up	–	Shows professional and care enough to ask why/why not

CUSTOMER SATISFACTION

When key elements of Product, Price, Process and People are achieved you will have a satisfied decision maker and a value proposition



PROCESS OVERVIEW: SECTION 3
The third section of this report gives you direction on developing a strategy for growth

Section 1

Developments in the foodservice market

Section 2

Inside the mind of the chef

Section 3

Developing a strategy for growth

Doing the basics right

Developing strong relationships

Support marketing
Exceed expectations
Provide information
Drive innovation

FIVE LEVELS TO ACHIEVING GROWTH
There are five levels to achieving growth in the foodservice sector

Achieving growth in the foodservice sector
Model

Hard

- Drive product innovation
- Trial products ideas
- Listen for trends

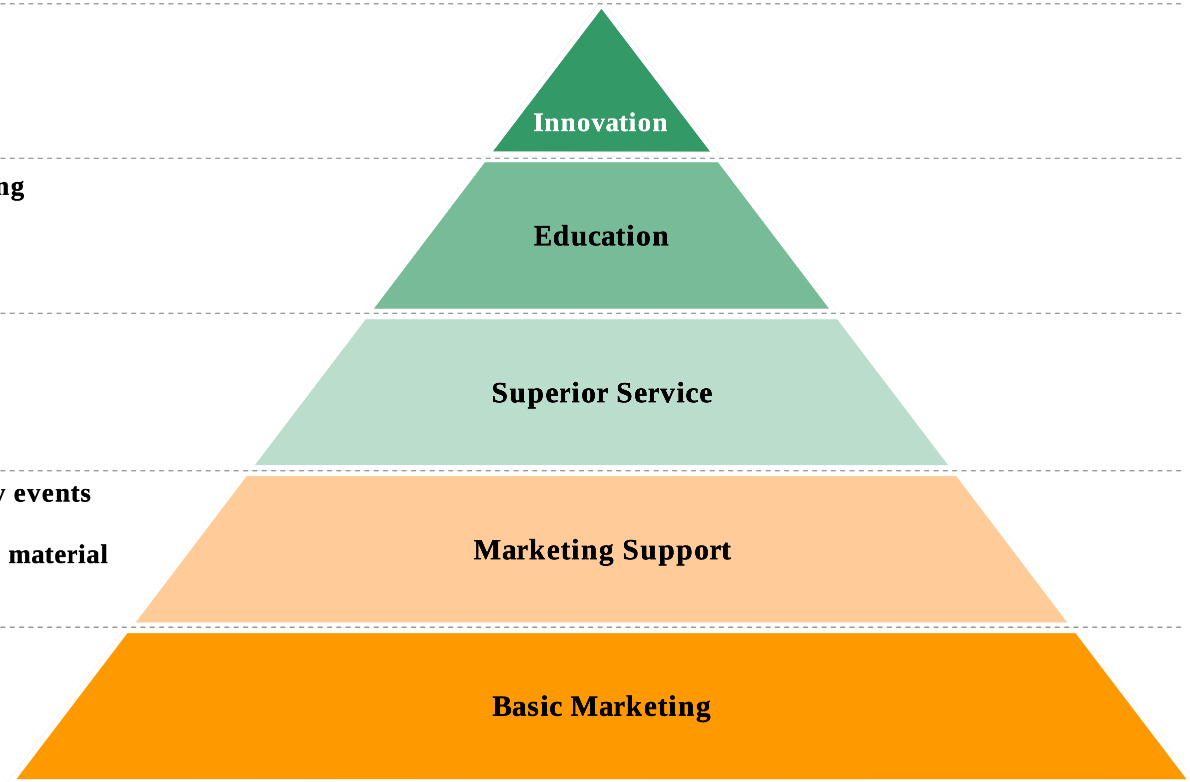
- Provide business skills training
- Provide professional training
- Provide product training

- Do the little things
- Take ownership of problems
- Communicate regularly

- Develop and support industry events
- Explore co-advertising
- Design customer promotional material

- Price promotions
- Ads in trade press
- Publicity campaign

Easy



**Doing
the Basic
4P's**

EXAMPLE – MONTANA

Montana is an excellent example of a company with a strong strategy for growth in foodservice

- **Limited direct selling only to major clients, therefore achieve pull through with events sponsorship, promotions (direct and specific), and offers**

- **Targeted five grade system in accordance with sales and perception/reputation of establishment; offer, wine list etc will depend on grade**

- **Promotions have strong brand fit strategy**
    - **Lindauer for winter festival, skiing and yacht events**
    - **Deutz for Fashion**
    - **Montana for Jazz**

- **Reps visit smaller establishments every 6 months**
    - **100% call cycle expectation in Auckland**
    - **Territories outside of Auckland**
    - **Product offer: ice buckets, knives, wine list printed, table cards, glasses, aprons & clothing**
    - **Service offer: business strategy and advise when set up business; how best to set up systems and selection**

STRATEGIES FOR GROWTH
Growth is achievable in foodservice but it requires building strong relationships with customers

I. **We assume you have some form of textbook marketing program in place**

II. **You should provide your customers with support in their marketing efforts**

III. **Set high and consistent service standards and try to exceed customer expectations**

IV. **You should provide customers with information in a number of forms**

V. **Use the foodservice channel to drive product innovation**

FIVE LEVELS TO ACHIEVING GROWTH
Both doing the basic 4P's and having a basic marketing program are assumed

Achieving growth in the foodservice sector
Model

- **Price promotions**
- **Ads in trade press**
- **Publicity campaign**

Doing the Basic 4P's

BASIC MARKETING
I. We assume you have some form of textbook marketing program in place

- **A detailed marketing plan**
- **A regular schedule of price based promotions, either through your own salesforce or through your distributors**
- **Product and brand advertising in the trade press**
- **An occasional publicity campaign about your products**
- **Develop promotions that incentivise restaurant and café owners and their staff**
  - **Win a case of wine by buying x boxes of y during December**
  - **Buy both x and y this month and get 10% off your order**
  - **Sell 200 units of y during December and go into the drawer to win a trip for two**
  - **For each unit of z get a free plastic storage container from w**

FIVE LEVELS TO ACHIEVING GROWTH
The next level is supporting your customers marketing efforts

Achieving growth in the foodservice sector
Model

- **Develop and support industry events**
- **Explore co-advertising**
- **Design customer promotional material**

Doing
the Basic
4P's

II. You should provide your customers with support in their marketing efforts

IIa. Consider offering promotional materials development and design to your customers

IIb. Explore co-advertising with your customers and your peers

IIc. Develop and support industry events

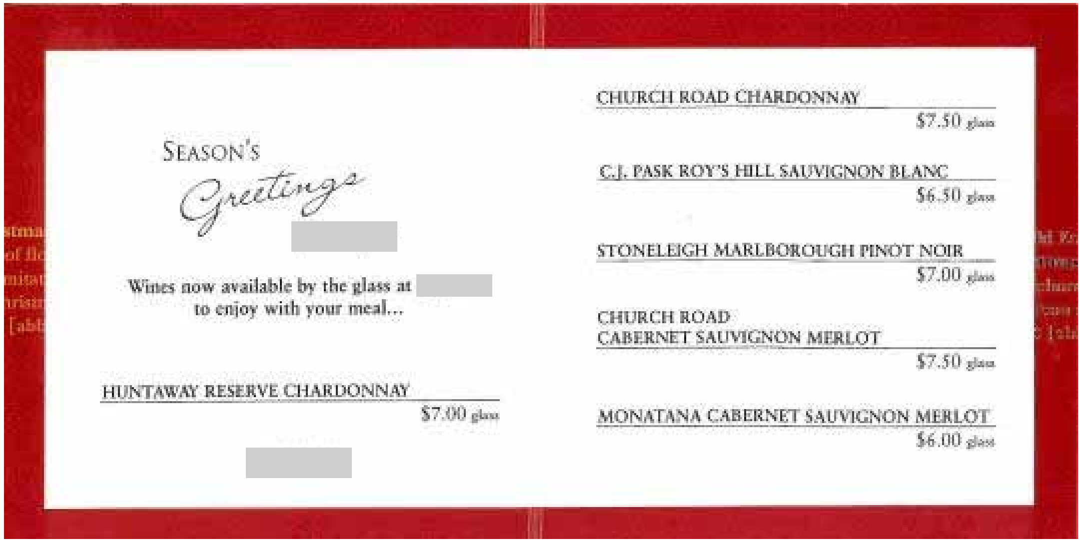
IIa. Consider offering promotional materials development and design to your customers

Did you design or help design any of the following for your customers?

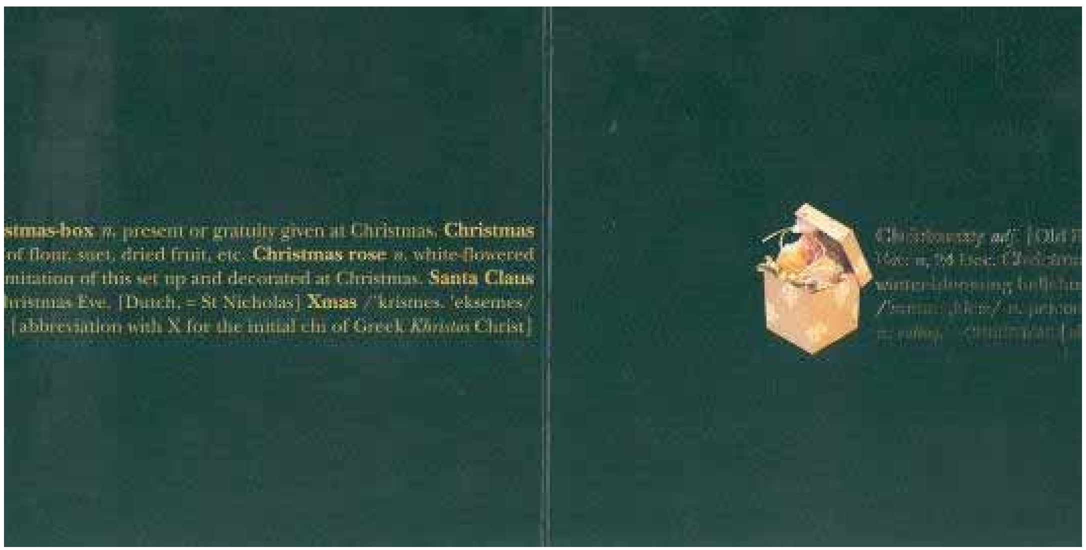
- **Menu** ☐
- **Wine List** ☐
- **Advertising material (postcards, flier, yellow pages)** ☐
- **Website** ☐

EXAMPLE – MONTANA CUSTOMISED WINE MENU

Seasonal restaurant wine menu as a card



Inside card menu



Outside card

IIb. Explore co-advertising with your customers

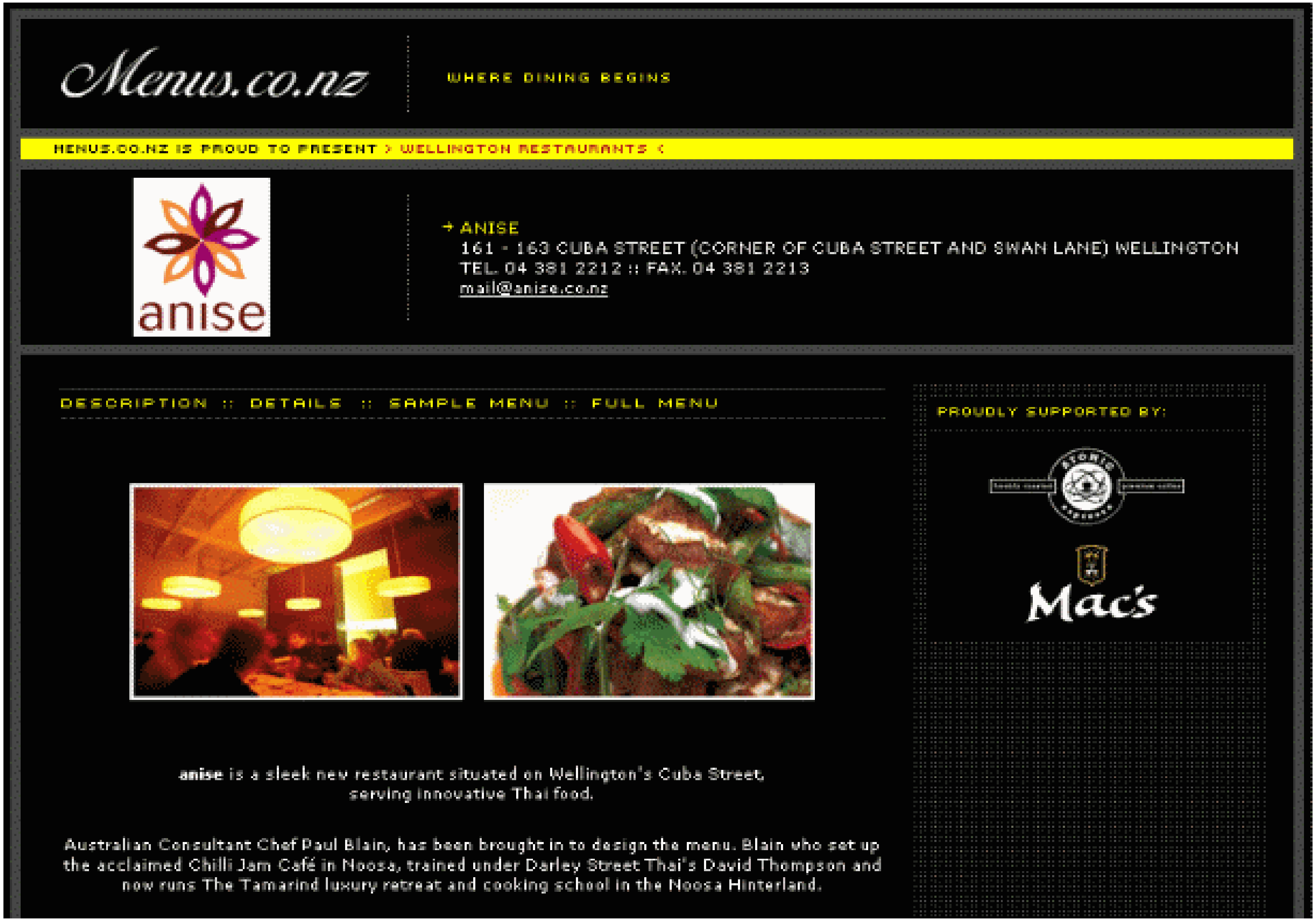
Do you have any co-advertising programs in place? ☐

Which of the following programs have you run?

- **Product found at Restaurant A, Restaurant B, …** ☐
- **Product and Restaurant A** ☐
- **Restaurant A sponsored by Product** ☐

Do your reps have authority to agree to co-advertising on the spot? ☐

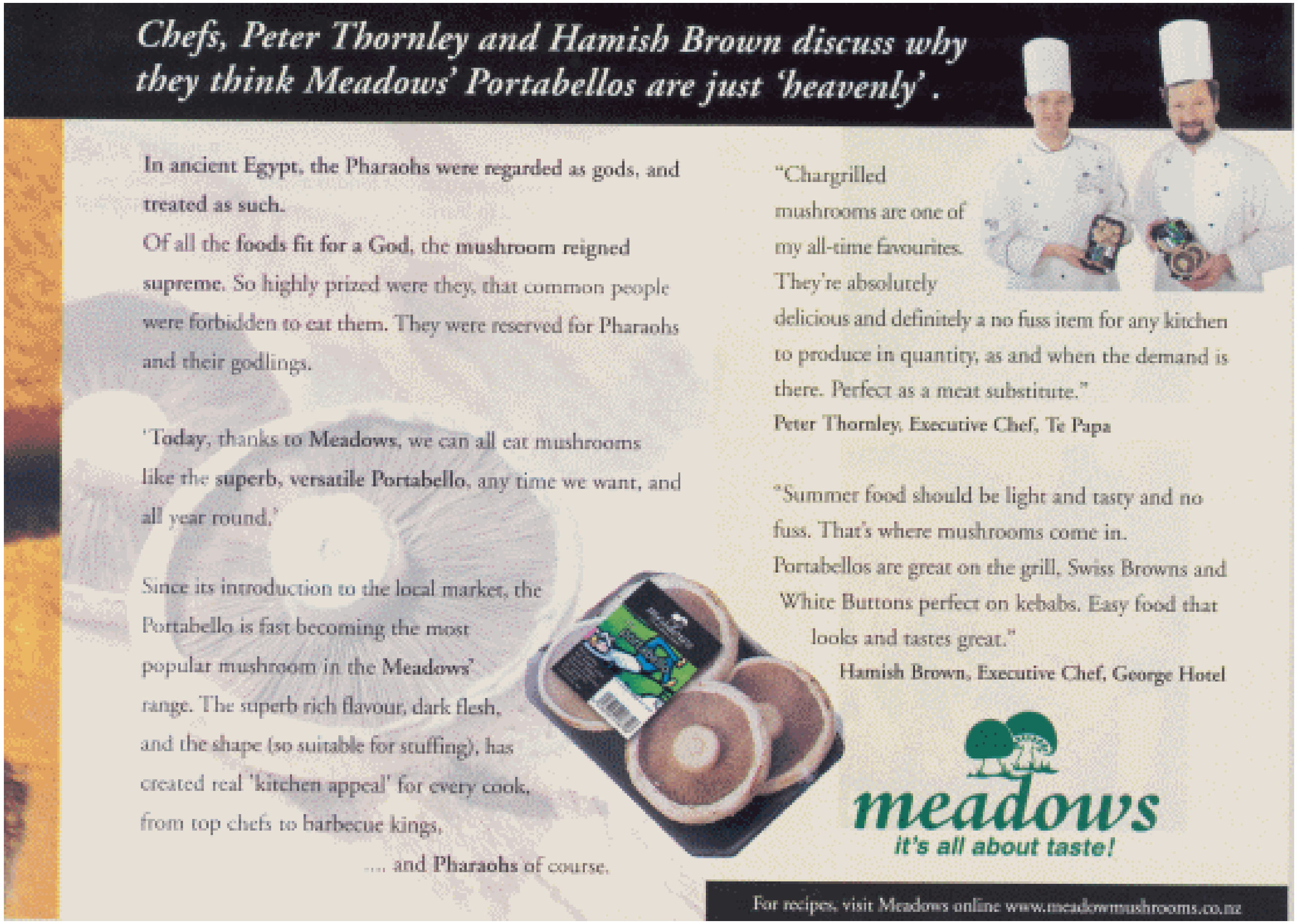
CO-ADVERTISING
Atomic and Mac's are jointly supporting this restaurant menu site



Note: This cafe was not part of the research

CO-ADVERTISING
Meadow Mushrooms and Simos Moroccan Restaurant co-advertising and recipe ideas…

CO-ADVERTISING
… including chef endorsements



CO-ADVERTISING

Support restaurant events: could your name be on these fliers?

Thursday 8:30 – 11:30pm	Friday 9:00 – 12:00midnight	Saturday 8:30 – 11:30pm	Sunday 7:00 –10:00pm
29MAY	30 MAY	31 MAY	1 JUNE
KIP TIPUNA GUITAR/VOCALS RHYTHM & BLUES	RUFUS REHU PETA SIU'LEPA KEYBOARD VOCALS POP/JAZZ/BLUES STANDARDS	MAX PURDIE DENIS HEPI KEYBOARD GUITAR/VOCALS RHYTHM & BLUES	JAZZ @ ALHAMBRA WITH 'SIDE EFFECTS' *TWO COURSE ROAST* *DINNER SPECIAL* *ONLY $15*
5 JUNE4	6 JUNE	7 JUNE	8 JUNE
DENIS HEPI GUITAR/VOCALS LATIN JAZZ	RUFUS REHU ROBBIE MAXWELL KEYBOARD GUITAR/VOCALS POP/JAZZ/BLUES STANDARDS	KIP TIPUNA TRUDA CHADWICK GUITAR VOCALS RHYTHM & BLUES	JAZZ @ ALHAMBRA WITH 'SIDE EFFECTS' *TWO COURSE ROAST* *DINNER SPECIAL* *ONLY $15*
12 JUNE	13 JUNE	14 JUNE	15 JUNE
KIP TIPUNA GUITAR/VOCALS RHYTHM &BLUES	RUFUS REHU PETA SIU'LEPA KEYBOARD VOCALS POP/JAZZ/BLUES STANDARDS	DENIS HEPI MAX PURDIE GUITAR/VOCALS KEYBOARD RHYTHM & BLUES	JAZZ @ ALHAMBRA WITH 'SIDE EFFECTS' *TWO COURSE ROAST* *DINNER SPECIAL* *ONLY $15*
19 JUNE	20 JUNE	21 JUNE	22 JUNE
DENIS HEPI GUITAR/VOCALS LATIN JAZZ	RUFUS REHU ROBBIE MAXWELL KEYBOARD GUITAR/VOCALS POP/JAZZ/BLUES STANDARDS	KIP TIPUNA TRUDA CHADWICK GUITAR/VOCALS RHYTHM & BLUES	JAZZ @ ALHAMBRA WITH 'SIDE EFFECTS' *TWO COURSE ROAST* *DINNER SPECIAL* *ONLY $15*
26 JUNE	27 JUNE	28 JUNE	29 JUNE
KIP TIPUNA GUITAR/VOCALS RHYTHM & BLUES	RUFUS REHU PETA SIU'LEPA KEYBOARD/VOCALS POP/JAZZ/BLUES STANDARDS	DENIS HEPI MAX PURDIE GUITAR/VOCALS RHYTHM & BLUES	JAZZ @ ALHAMBRA WITH 'SIDE EFFECTS' *TWO COURSE ROAST* *DINNER SPECIAL* *ONLY $15*

ALHAMBRA

Restaurant and Bar
283 Ponsonby Road,
Auckland. N.Z.

OPEN DAILY FROM 4:00PM
HAPPY HOUR 5:00 - 6:30PM
For copies of our dinner menu, fixed price menus or Restaurant information
PH:376-2430 or FAX:376-2437

Or SEE OUR WEB PAGES
www.yellowpages.co.nz
www.menus.co.nz/alhambra
www.aucklandrestaurants.co.nz

here

Wednesday Live Music from 8:30pm
features - "POLYNESIAN BLUES"
with PITA TAOUMA & MAUA MILLER

crank

Crank café & catering
Corner Waring Taylor St & Customhouse Quay
P 04 473 3491 F 04 473 3491
E catering@urbanhealth.co.nz
Monday – Friday – 7am – 4 30pm

Your logo here

TWO FOR ONE BREAKFAST
every
TUESDAY & THURSDAY
before 10am.
Offer valid until July 31 2003

Buy 1 get 1 free!

ROCKET
SANDWICH DELI

Buy 1 get 1 free!

Corner of Featherston & Waring Taylor St
Monday – Friday 7.30am – 4pm
P 917 8980
E catering@urbanhealth.co.nz

Buy 1 Designer Sandwich get the 2nd 1 FREE!

*Offer applies Wednesdays & Fridays 9am – 11am

Conditions:
- Does not include Chicken Schnitzel
- Sandwich of lesser value discounted
- Offer valid until 31st July 2003

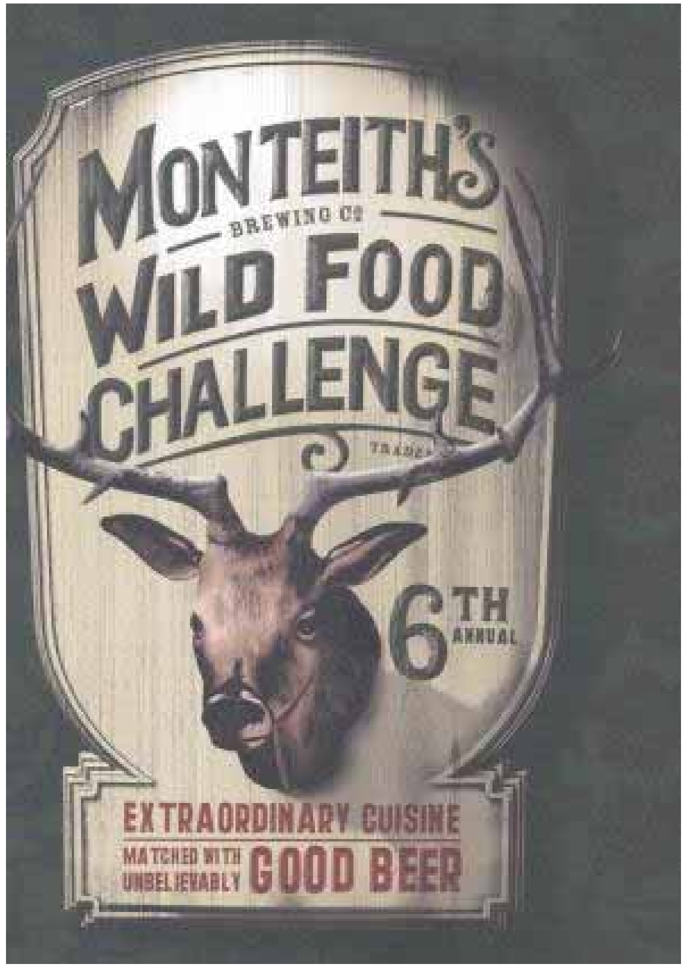
Your logo here

CO-ADVERTISING
Could your logo and name be on one of these coffee cards

IIc. Develop and support industry events

- [ ] **Was your last new product launch a foodservice industry event?**
- [ ] **Did you have a booth at the food /hospitality shows?**
- [ ] **Do you support trade shows?**
- [ ] **Do you offer/sponsor some form of chef challenge?**
- [ ] **Do you attend/support industry networking nights?**

DEVELOP YOUR OWN INDUSTRY EVENT
Monteiths Wild Food Challenge is supported by approximately 150 restaurant and cafes throughout New Zealand, encouraging creativity in chefs. Trial concepts first to reduce risk.



SUPPORT INDUSTRY EVENTS

Event Examples
National Hospitality Show
NZ Culinary Fare - Chef of the Year, Food and Beverage person of the year
Restaurant of the Year Competition
Savour
Famous Chef's Dinner
Hall of Fame
NZ Cheese Awards
Wine Show
NZ Ice Cream Awards

SUPPORT INDUSTRY EVENTS
Shows provide good exposure

- **"The trade shows are good, but increasingly dominated by the wine companies. They are a good way to find niche smaller food players who can supply product so that way they are good. I found this year that the public food show was even better than the trade only show for new suppliers."**

  Chef, Upmarket restaurant, Wellington central 20

- **"Trade shows are good. They're a great opportunity to see what's new and try some new products."**

  Chef, Mid-market restaurant, Auckland central 47

- **"I love attending the industry shows, but they need to be open longer hours, so we can spend more time there. They're my only chance to learn about what's happening really, I rarely get time to read some of the magazines. "**

  Chef, Mid-market cafe, Canterbury, 16

SUPPORT INDUSTRY EVENTS
Organised by the Restaurant Association - did you sponsor the show? or have a booth?

"If you're going to do it then do it well."

SUPPORT EXISTING INDUSTRY EVENTS
Savour is the South Island offer master classes for food and wine lovers

SUPPORT EXISTING INDUSTRY EVENTS
Be seen to support the industry – they support you back

Sponsors

Major -- Category -- Specialty

Major Sponsors

- Hort+Research
- The New Zealand Food Safety Authority
- Massey University
- New Zealand Trade Development Board

Category Sponsors

- A.J. Park
- dmg world media
- Ecolab
- FMCG Magazine
- Imaje Coding Technologies Ltd
- NCI Packaging (NZ) Ltd

Specialty Sponsors

- New Zealand Institute of Food Science and Technology
- National Heart Foundation of New Zealand

SUPPORT INDUSTRY EVENTS
NZ Cheese awards sponsored event by Kapiti and Gibbston Valley Cheese

Tuesday 1st April 2003
THE ULTIMATE MASTERCLASS
@ Sky City, Auckland: 1400 & 1900

Juliet's talent of combining expert knowledge with entertaining anecdotes ensures this event will be a knockout. Cheeses will be chosen from Kapiti's impressive award winning N Z cheeses including 2 past Supreme Champions. Don't miss this opportunity to experience some of N Z's finest cheeses.
TICKETS: $30 from Kapiti Cheese. Fanshawe Street, Auckland 09 377 2473

Monday 17th March 2003
THE PERFECT MARRIAGE @ The Copthorne Hotel, Queenstown

Gibbston Valley have organised a wonderful evening with Juliet who will lead a tasting of our cheeses, and others from the South Island. Each like wine reflects the passion, imagination and expertise of their maker. Matched with our wines this is an unmissable evening.
Tickets: $30 For details contact Gibbston Valley Cheese
at:**info@gvcheese.co.nz**

SUPPORT AN INDUSTRY EVENT
Robert Harris Barista Awards exposes the brand and supports the industry

SUPPORT EXISTING INDUSTRY EVENTS
Montana Wines supports restaurants in the Wine and Food Challenge

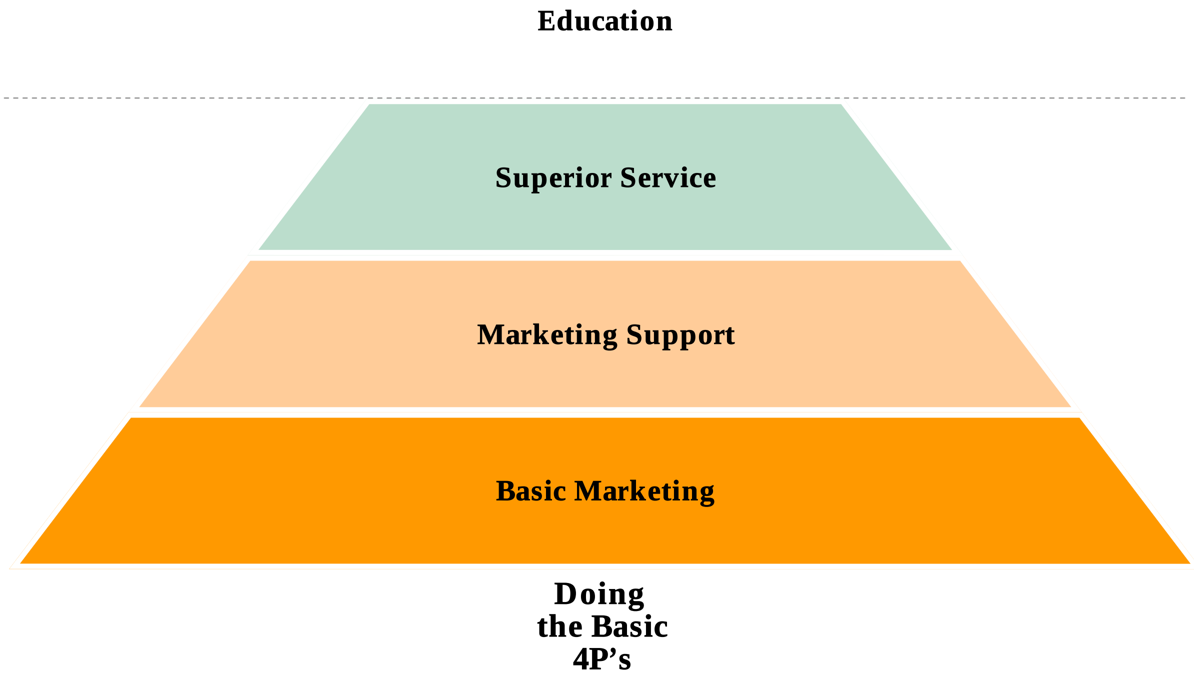
"I participate in the wine and food challenge, it gives me the chance to be inventive and to get some additional exposure for the restaurant."

Chef, Upmarket restaurant, Auckland central 57

FIVE LEVELS TO ACHIEVING GROWTH
The next level is consistently delivering on superior service

Achieving growth in the foodservice sector
Model

- **Do the little things**
- **Take ownership of problems**
- **Communicate regularly**



III. Set high and consistent service standards and try to exceed customer expectations

IIIa. Communicate on a regular basis

IIIb. Take ownership of problems when they occur

IIIc. Ensure you do the little things – they do count

IIIa. Communicate on a regular basis

Do your reps call on every customer on a regular call cycle? ☐

Does the same rep call every time? ☐

Do your reps make an appointment before showing up? ☐

Do your reps avoid calling / showing up during 'service'? ☐

Do they know the order has been received? ☐

Do you immediately notify customers if…

- product is out of stock? ☐
- the delivery will be late? ☐

Do you communicate useful information such as…

- a relevant new product? ☐
- a relevant special promotion? ☐
- a change in season or market conditions? ☐

Do you have an annual review with customers? ☐

EXCEED EXPECTATIONS
Important for reps to understand customers business

Issue	Recommendation
Regular call cycle	– A regular call cycle is predictable for customers, it clearly demonstrates being well serviced – It shows a professional approach, they expect you and your product at a certain and regular time – If you don't come often at least come <u>before</u> a change in menu
Same rep every time	– Important to build a relationship –shows value business – Increase knowledge about the business and their particular needs
Appointment	– Always make an appointment to see a chef or operator – Be respectful of their time, if they don't have time to chat then respect that
'Service' (12pm – 2pm and 6pm – 8pm)	– Service is the busiest time for a restaurant and café, products take time to prepare reps can not show up at the last minute – Do not call during service – Do not just show up at service – Do not deliver at service
Language barriers	– How patient are your reps being? – Employ Asian speaking reps or staff members if it fits your target market

EXCEED EXPECTATIONS
Have a regular call cycle

- "The Huttons man comes every Tuesday morning between 9-10. I have a standing order now. If I'm not there he just drops it at the back door step. If I want anything extra he just gets it from his truck, it's easy."

  Owner operator, Lunch bar, Auckland south 39

- With the smallgoods and bacon a rep come every two weeks. He just gets it off the back of the truck."

  Manager, Lunch bar, Upper Hutt, 18

- "The milkman comes every day so it's convenient to get thing off him."

  Chef, Mid-market cafe, Canterbury 11

- "The come around the same day every week, so I know when to expect him. I give him my order and he brings in the invoice. I write the cheque straight away, it's easy."

  Owner operator, Lunch bar, Wellington region 26

- "Every two weeks on a Monday, the guy from ProClean comes in and assess what we need and drops it off the next day."

  Chef, Mid-market restaurant, Christchurch 10

EXCEED EXPECTATIONS

The same rep every time can develop strong relationships…

- **"Personal contact is important to build up a relationship. If they work hard they can influence what's on the menu, with things like recipe cards and personal contact."**

  Owner operator, Mid-market restaurant, Auckland 50

- **"The rep was impressed at how we ran our business and got me a ticket in a box to a Warriors game with some other chefs, so I could give them some advice."**

  Chef, Ethnic restaurant, Auckland 55

- **"The rep sees me all the time, he's like a mate. We have good customer relations. He knows what he's on about. If the meats not up to scratch, I will send it back and he's happy to take it."**

  Chef, Ethnic restaurant, Auckland central 35

- **"They give a shit. The rep [Fresh Connection] came in and sat down and we discussed the end product. I showed him it was important that the produce was high quality to get the right end result. They understand that now."**

  Chef, Ethnic restaurant, Auckland 55

EXCEED EXPECTATIONS
…continued

- **“They come around the same day every week, so I know to expect him. I give him my order and he brings it in and the invoice, I write him a cheque straight away, it’s easy. If I run out of dairy products that affects what I can have in the cabinet.”**

  Owner operator, café, Wellington region 26

- **“We dropped Oceana as a supplier. I ran into one of them at a party and she asked why. I said “you never ring.”**

  Chef, Upmarket restaurant, Auckland 53

EXCEED EXPECTATIONS
Make an appointment

- **"I can't stand it when they just drop in and think that I can drop everything. If they want my attention then they have to ring and make an appointment."**

  Chef, Upmarket restaurant, Auckland central 53

- **"I don't have time for visits, during lunch especially. But I will make time if they ring and say they are coming in to show me something interesting. I am always looking for new products."**

  Chef, Mid-market café, Wellington central 25

- **"They have to ring first."**

  Owner operator, Lunch bar, Wellington region 33

EXCEED EXPECTATIONS
Show you understand their business…

- **"Come in and look at our menu, understand where we are going with the products."**
- **"They must be interested in our business. If you are a big account they should come in and see the end product. They should be able to contribute, like a consultant, making suggestions of new products. They deal with the product its their business. They should pass on this knowledge to us about pricing and products."**

Chef, Ethnic restaurant, Auckland central 55

EXCEED EXPECTATIONS
...and never call during service

- **"I have told them not to ring at 1pm, three or four times now, but they still do. If I ring back later they have forgotten and say they can't do it for another 6 days. Coke are really inflexible."**

  Owner operator, Upmarket restaurant, Canterbury 12

- **"If I need it today and I order it today, if I am told I can have it today, then I expect it. Sometimes they say they can, when really they can't. Sometimes its late. But don't deliver at 6pm. That is not good, we are too busy."**

  Owner, Ethnic restaurant, Auckland West 38

- **"If they arrive at lunch time and we are all busy, I tell them to go away and come back at 3:00. I have told them what time it needs to be here, I can't have them dropping off stuff when there are people trying to order at the counter. We are too busy to unpack it, check it and put it away. They just don't understand."**

  Owner operator, Mid-market café, Wellington region 33

EXCEED EXPECTATIONS

Depending on your target market, consider employing Asian speaking staff

- **"Coca-Cola have a Chinese speaking rep. I wish others did."**

  Owner operator, Sandwich Bar, Auckland South 44

- **"The Toops guy used to be so good - he used to come out all the time. He used to have lunch out here. He was much more patient than any of the others. He had an Asian wife, so he understood our needs . He was a rep to a lot of Asian businesses. It was very good. But he's no longer there."**

  Owner operator, Ethnic restaurant, Wellington region 31

- **"Would be good if they could speak a bit slower, I can understand fine as long as they are not speaking too fast."**

  Owner operator, Ethnic restaurant, Auckland region 38

EXCEED EXPECTATIONS
Let customers know right away if there is a problem

Issue	Recommendation
Confirmation	– Offer a confirmation service especially if order has been received by fax, online or answer phone
Out of stock	– Ring and inform customers if ordered product is out of stock – Discuss appropriate action e.g. wait and courier ASAP, next day, next week? substitute the product?
Substituting stock	– Advise in advance if substituting stock – Never substitute unless prearranged with customers, some customers are very sensitive to change of products
Late delivery	– Ring and inform customers if problem with delivery, imperative that some items are on time – Ensure delivery arrives ASAP, keeping customers informed softens the blow

EXCEED EXPECTATIONS
Confirm that orders were received

- **"Ten minutes after you send a fax to Lion Breweries they send back a confirmation fax. You know straight away what is out of stock. If you know its not available then you can order elsewhere if its urgent. With most companies you only know when the invoice arrives."**

  Owner operator, Mid-market restaurant, Auckland west 43

- **"I prefer to ring it through because then I know what is available and what isn't. They don't get back to me if I fax it through so I never know if it will arrive or not."**

  Owner operator, Ethnic restaurant, Wellington region 31

- **"It is not good enough that they don't confirm your order. Especially if it is an important item that is not available. We have to have time to source it from somewhere else, even if it is the supermarket, they have to let us know."**
  - **Owner operator, Mid-market café, Auckland north**

EXCEED EXPECTATIONS

Inform if ordered product is out of stock

- **"They have great product but not service. If you get your order in in time, then you get it. I have trained them to let me know if its not available, so I can order it elsewhere. There is no guarantee that it will arrive. They wont bend over backwards to help you, or make it easy."**

  Chef, Upmarket restaurant, Auckland 45

- **"Sometimes they notify us if its not available, it depends how much they care or are interested. Sometimes they leave a message."**

  Owner operator, Mid-market restaurant, Auckland central

- **"Suppliers are shocking at notifying us if they don't have the stock. It's such bad communication. They just don't send it and they don't ring. The docket just arrives with an "0" on it, and you have to ring and ask. Specialists tend to be a little better at it, except Kapiti."**

  Chef, Upmarket restaurant, Auckland central 57

- **"I don't like it when I fax an order through and they don't ring us to let us know if the product isn't available."**

  Manager, Mid-market cafe, Canterbury 6

- **"Amalgamated are great, if anything is incorrect then they fax me instantly and if something isn't available they say the can't supply, it makes such a difference."**

  Owner operator, Mid-market restaurant, Canterbury 15

EXCEED EXPECTATIONS
Never substitute, unless pre-agreed

- **"We have a standing order with Baker Boys. Some days we get no ciabatta and they drop something else off. It shouldn't happen there is a glitch every 3-4 months."**

  Chef, Mid-market restaurant, Christchurch central 10

- **"They should never substitute though, they don't know how important the item is."**

  Owner operator, Mid-market restaurant, Auckland central

- **"Sometimes they put in some frozen products instead of fresh. Like we wouldn't notice. They know we always get fresh."**

  Chef, Mid-market café, Christchurch central 9

EXCEED EXPECTATIONS
Inform if late delivery

- **"Once by Monday at 12 o'clock the order had not arrived. I rang and was told there wasn't enough room on the truck, so our stuff was left off, but I wasn't informed. It was going on the Fletchers truck. It got here at 2:30 – after lunch. I was really pissed off. I should have been rung, I'm paying for the delivery."**

  Owner operator, Upmarket restaurant, Canterbury 12

- **"Ring if product isn't going to be in delivery. If they don't I will go elsewhere. That is really important, they must ring."**

  Chef, Upmarket restaurant, Auckland central 53

- **"They could at least ring if they are going to be late so at least we know."**

  Owner operator, Mid-market café, Christchurch 17

- **With Creans, you'll be waiting sometimes and you'll ring and ask where the morning run is and they say, the truck broke down. That's not our problem, we need that product. They must have other trucks."**

  Chef, Upmarket restaurant, Auckland central 57

EXCEED EXPECTATIONS
Communicate useful and relevant information

Issue	Recommendation
Brochure/Catalogue	– All customers should have a product catalogue with product name, code, description, photo and price
New products	– Get customer input when developing new products – Inform customers when new products available – Promote your new products to show you're proactive and the leader in your field – Make appointment to discuss new products
Special offers/ Promotions	– Inform and advise of specials cycle – If offering weekly specials then ensure they are provided weekly, and make then relevant – Make specials something interesting, 'special' and new as opposed to the low cost option for the week - pull vs. push – Ensure offer will sell more product or get customer to sell up
Price	– If in price volatile category (fresh products) ensure prices are provided regularly, daily if necessary. Important to operators for budgeting purposes – Inform customers of any price changes there should not be a surprise price on the invoice

EXCEED EXPECTATIONS
Communicate relevant information

Issue	Recommendation
Change in supply conditions	– Keep customers up to date with seasonal changes of products – Provide basic seasonal charts for planning purposes – Inform if stock is likely to be in limited supply so operators are given the opportunity to buy ahead – If short season inform so able buy in bulk

EXCEED EXPECTATIONS
Provide a catalogue and brochure

- **"Penguin send a product catalogue and update it every six months. The price is right there on the page in front of you. I prefer dealing with smaller companies you get a better service."**

  Owner operator, Mid-market cafe, Auckland region 34

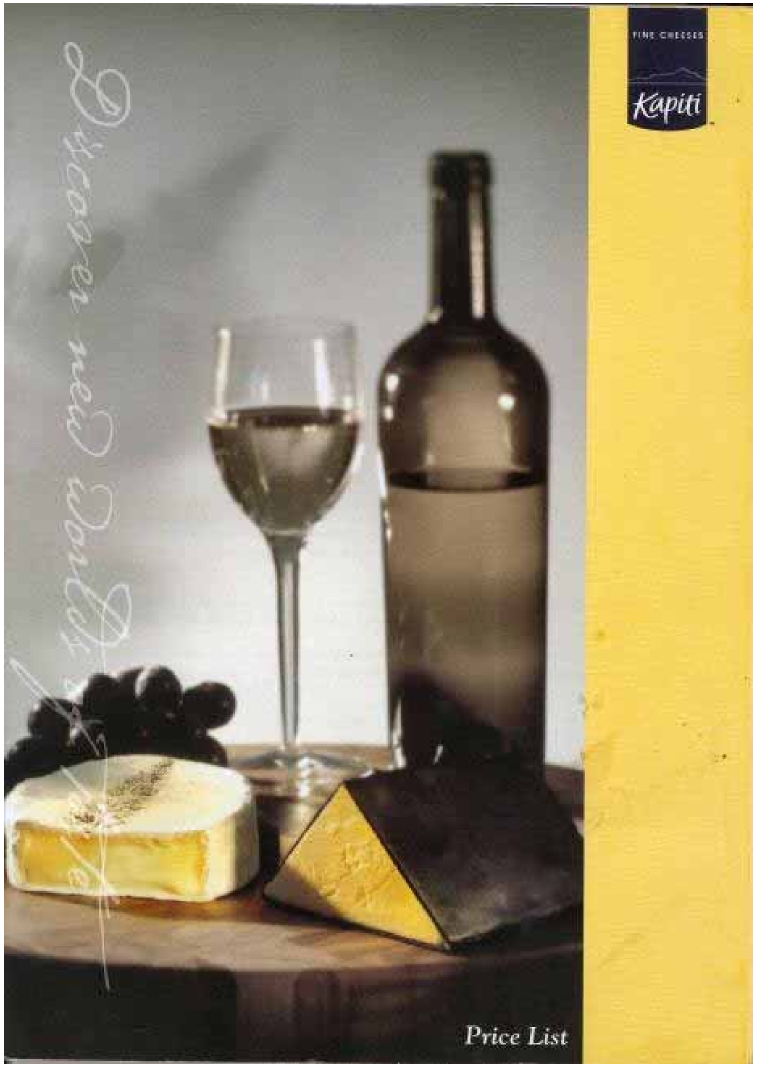
- **"Only half the products are in their catalogue and there are no prices in their catalogues, they should at least put in a standard price to give you a rough idea."**

  Owner operator, Mid-market cafe, Wellington region 33

- **"Kapiti's price list has all the details we need, it makes it clear which products are new which is handy."**

  Chef, Upmarket restaurant, Christchurch city 1

EXCEED EXPECTATIONS
This section from the Kapiti catalogue is a good example some of the basics



GOAT AND SHEEP MILK CHEESES

See also White Mould, Blue Mould and Parmesan sections

KAPITI				
CHET	Chevre Tihi	450g RW Portion		$28.55 kg
CHETP	(semi-soft, fresh goats' milk cheese)	130g RW Portion		$30.43 kg
MTHEC	Mt Hector (ripened soft goats' cheese)	100g RW Truncated Pyramid	14 per ctn	$38.95 kg
MTHER	Mt Herbert (fresh soft goats' cheese)	100g Set Truncated Pyramid *(now set weight product)*	12 per ctn	$4.05 ea
GOUK	Kohu Gouda	4 kg RW Wheel		$29.75 kg
GOUKP	(Goats' milk gouda)	160 gm RW Portion		$33.95 kg
Spain				
KAPITI INTERNATIONAL CHOICE				
MANC	Manchego Queso Tradicionales (Hard sheep milk cheese)	1.8kg RW Wheel		$52.09 kg
Norway				
SKIQ250	Ski Queen (Gjetost Cheese – goats' milk)	250g box	12 per ctn	$5.76 ea
France				
COUP1	Chèvre de Bellay plain (Buchette)	1kg Set Wt log	3 per ctn	$33.04 ea
COUP100	(soft, moist, fresh goats' milk cheeses)	113g Set Wt log	12 per ctn	$5.12 ea

New products highlighted in red
Includes: code, name, description, weight, amount and price

EXCEED EXPECTATIONS
Promote new products properly

- **"Promote new products once they are in. We aren't told about new products enough. If it's good we can do a special with it or include it on the next menu."**

  Chef, Upmarket restaurant, Auckland central 53

- **"On a monthly basis we have a meeting to discuss new products. They are aware of our needs and invite us to tastings. If there is a promotion they give us samples."**

  Chef, Ethnic restaurant, Wellington central 28

- **"Samples are essential, we want to be excited about what is out there. This is a great way to do it."**

  Owner operator, Mid-market restaurant, Auckland 50

- **"I'm amazed they don't send us more information on new products directly, I seem to see stuff at the supermarket or somewhere else and think, why wasn't I made aware of this, that's what I 'd be doing more of if I was them."**

  Owner operator, Mid-market cafe, Canterbury region, 11

EXCEED EXPECTATIONS
Specials and promotions must be relevant and targeted

- "Our rep at Amalgamated is great he brings in the specials and tells us in advance what is coming up on promotion, he's great."

  Owner operator, Mid-market restaurant, Canterbury 5

- "We would want to see a rep every two weeks from our major suppliers, just to keep us informed about the specials and new products that are out."

  Chef, Mid-market restaurant, Canterbury 5

- "Molesworth do a newsletter. You need to get information about every day changes. You need to rely on it, that it will be there every day. A sheet of paper with the invoice is good, latest promotions, or on the back of the invoice, then follow up with a call if think it is something we would use."

  Chef, Upmarket restaurant, Wellington central 20

- "Gilmours brochure specials are usually rubbish, things I don't use. It's pretty cheap there anyway. Ten cents off a tin of tomatoes doesn't make much difference. If they are going to do specials need to be decent ones."

  Chef, Upmarket restaurant, Auckland 56

EXCEED EXPECTATIONS
Inform customers of price changes & fluctuations

- **"The price just kept on increasing and they never said anything. So we got annoyed and finally we just left them."**

  Chef, Upmarket café, Wellington central 25

- **"As long as the prices of products don't keep increasing then that's OK. Some suppliers give you a good one-off price then they slowly increase the price. We can't keep increasing the price of the menu. Prices and products are set in stone for three months while the menu is running. There are no specials or changes. We have a lot on the menu and we stick to it. If there are going to be changes they just have to let us know."**

  Chef, Upmarket restaurant, Auckland central 56

- **"Prices change and we are not informed, even if it increases $1. I can't change the format of the menu so it affects our profit."**

  Chef, Upmarket restaurant, Wellington central 20

EXCEED EXPECTATIONS
Inform customer of change in conditions

- **"If they aren't happy with the quality they currently ring to say it's not top grade. If they can't get something they will ring and tell me, they are really good, no suprises"**

  Owner operator, Mid-market café, Canterbury 11

- **"Send a price list every week. There are so many fluctuations with vegies. Keep it updated so we can tell what is in season and what isn't. So then we can choose items that will help keep our costs down."**

  Chef, Upmarket restaurant, Wellington 22

- **"Fresh Express keep us up to date with stock and prices weekly. They are faxed out to us so we know what's in season and what's not and can adjust the menu accordingly. This helps us manage our costs."**

  Chef, Ethnic restaurant, Auckland central

- **"I get a monthly sheet from Molesworth saying what's in, what's out, coming into New Zealand, short supply, plentiful supply etc, it's great, helps our planning."**

  Chef, Upmarket restaurant, Wellington central 22

EXCEED EXPECTATIONS
Do an annual review of the relationship

Issue	Recommendation
Informal annual review	– As appropriate - Management to Management , Rep to Owner review of service and products – Discuss the last 12 months; servicing levels, improvements – Discuss common goals, direction for future – Set yard sticks to work towards

Collaborative planning, forecasting and replenishment	– Discuss:
	    – Likely product demand / supply
	    – Revise volumes purchased, pricing if needed
	    – Likely opportunities for new products, promotions
	    – A six month plan for sales
	    – Possibility of establishing a standing order

EXCEED EXPECTATIONS
Review the relationship

- "With our cleaning supplier we have a more formal meeting once a year, just to provide feedback really on how the relationship is going, improvements we'd like to see, is everything working out, quantities we are using, any pricing implications of that. It seemed really professional I thought. "

  Owner operator, Mid-market café, Auckland

- "Given they are our biggest supplier we have ongoing feedback with them plus a more formal review type meeting once a year, between the bosses, this is when they renegotiate price based on the volume we have done the previous year, talk about the delivery service and any other issues that need to be resolved. Seems to work well, issues get resolved and everyone knows what the other is expecting."

  Chef, Mid-market café, Canterbury, 16

IIIb. Take ownership of problems when they occur

- Do customers only have to call you once when a problem occurs? ☐
- Does the first point of contact take ownership of issues? ☐
  - Is there a proper system in place? ☐
  - Is this measured? ☐
- Do you have a documented system in place for defects in…
  - Product quality? ☐
  - Delivery? ☐
  - Invoicing/credits? ☐
- Do you have a feedback mechanism? ☐
- How does management ensure follow-up occurs? ☐

TAKE OWNERSHIP
Communicate - failure in product or service

Issue	Recommendation
Proactive communication	– Keep customers fully informed of procedures for dealing with errors and mistakes – Ensure procedures in place for dealing with enquiries or complaints – The person who takes the call must take ownership of the issue and ensure follow up and resolve of issue – Customers should not have to waste time chasing up issues
Dealing with recalls	– Ensure recalls swift and as easy as possible for the operators – Credits should be within the same billing cycle

TAKE OWNERSHIP
If you can't get it right the first time – fix it quickly

- **"I need the suppliers to be more efficient, to streamline their business. A lot of them lack polish. Little things get on my nerves, having to ring three times to sort out a credit, or chase a lost item. They need to be open to what I say and deal with it without being arrogant an unreasonable with a "that's how it is" attitude. If the first person got it right it would prevent all that."**

  Manager, Upmarket cafe, Christchurch central 6

- **"We have a bag sitting around now its been here for about a month, getting under our feet. Why they don't come and pick it up I don't know. I don't know why I should have to keep ringing them."**

  Chef, Mid-market cafe, Wellington central 21

- **"Penguin have great customer service. They keep our records handy so they know what we purchase. They are always prompt, if something is unavailable they courier it straight away. If there is a problem they take the product back and credit it straight away. I prefer dealing with smaller companies."**

  Owner operator, Mid-market cafe, Auckland region 34

- **If there is a problem like they charge too much they credit it and they fix things the first time you ring. They ring every day to ask what we need for the day."**

  Owner operator, Lunch bar, Auckland south 44

TAKE OWNERSHIP
Have systems in place for Re-calls

- **"People want 'V' so I stock it, but they are verging on incompetent. With product recalls and the subsequent paper work and picking up and credits."**

  Owner operator, Mid-market cafe, Auckland South 49

- **"We don't get that many recalls but it is so much easier to live with when the systems are in place for letting us know about the problem, and addressing it quickly, we shouldn't hear about it from the media or our customers first. They know it could be a possibility so should have systems in place to deal with it. No excuses with the bigger organisations in particular."**

  Owner operator, Mid-market cafe, Canterbury region, 11

TAKE OWNERSHIP
Document and Measure issues

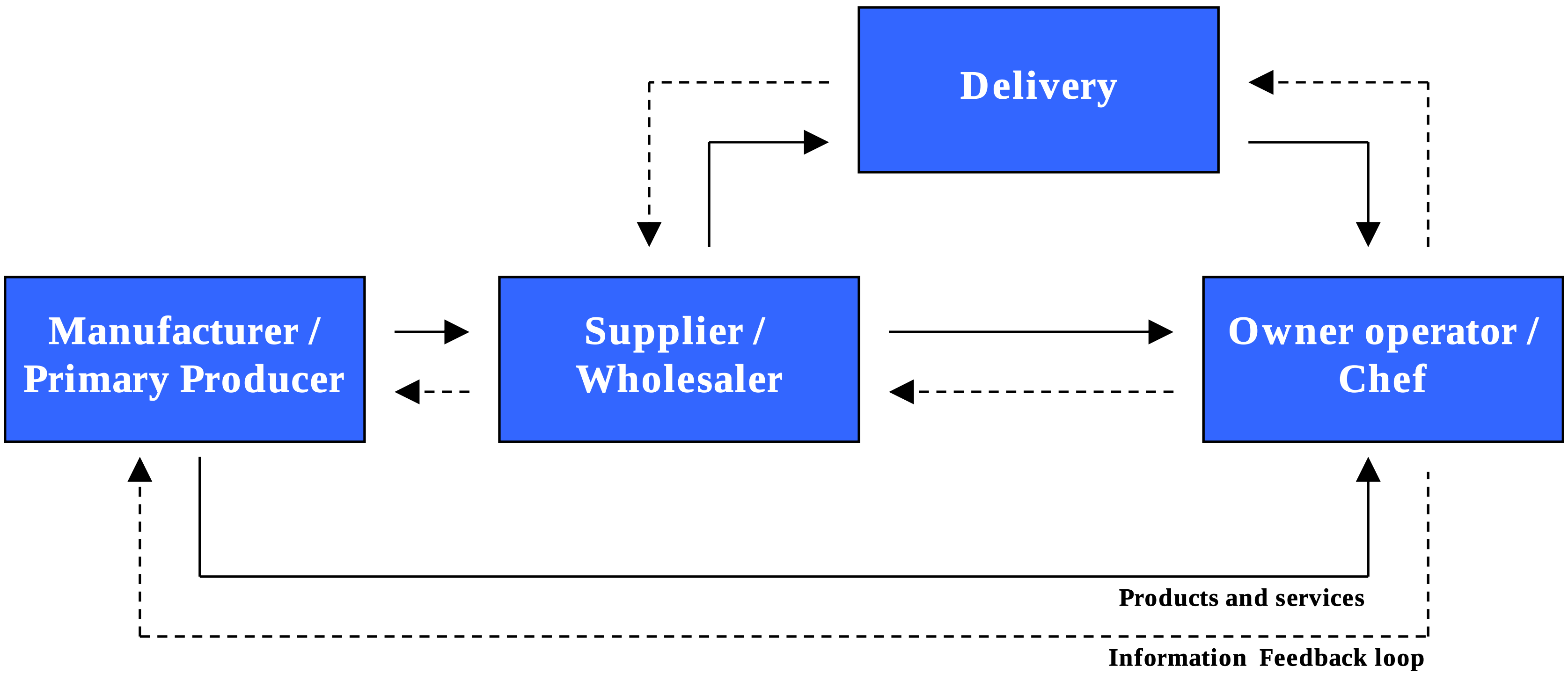
Issue	Recommendation
Document	– Have clear procedures for documenting any complaints or enquiries – Include: who, subject, who responsible for dealing with it, timeframe for resolving, response, action taken, feedback, how prevent in future
Measure	– Measure performance of responsiveness e.g. results within timeframes? – Measure invoice and delivery error frequency. Cost to fix errors is approximately $100 for each party – Undertake customer satisfaction research to identify and resolve key issues in your business
Key Performance Indicators	– Establish KPI's relating to: responsiveness, product, invoice and service errors eg Credits within 3 working days – Communicate these clearly to staff and customers so all clear on promises and expectations

TAKE OWNERSHIP
Stand by your word

Issue	Recommendation
Management reviews	– Ensure you deliver: Review procedures and KPI's to ensure feasible internally, can they be improved – Review measures to ensure meeting the needs of customers
Guarantees	– Provide a guarantee on product and/or service promises and back these up –Next day delivery guarantee –5% discount on next order if incorrect

TAKE OWNERSHIP
Formalise the feedback loop so information is not lost and relationships are strengthened

Feedback loop



- *Improves the products and services*
- *Reduces the number of repeat errors*
- *Strengthens the relationship*

IIIc. Ensure you do the little extras- they count

Did you send your foodservice customers a Christmas card/or call specifically at Christmas? ☐

Do you invite them to your events? ☐

Do you occasionally provide additional products…

- **as samples?** ☐
- **as a 'bakers dozen'?** ☐

Do you support restaurant events? ☐

- **Restaurant anniversary?** ☐
- **Staff functions?** ☐

Do you give reps a budget for rewarding support/apologise? ☐

LITTLE THINGS COUNT
Show you care through recognition and small extras

Issue	Recommendation
Recognition	– Send a Christmas card /call to show appreciation of their business – Send/give a gift to larger accounts, reward in some way – Donate to a local charity instead of a gift- letter/call to suppliers informing them of this
Small extras	– Give product as samples or new products they haven't tried – Give extra product occasionally i.e. additional buns, additional cut of meat – Add an additional service e.g. precut, presliced, individually packaged – Assess stock levels – Deliver into relevant area/final 'home' – Put stock away in fridge, or other appropriate storage areas etc

LITTLE THINGS COUNT
Recognise and reward key customers and loyalty

- **"They could give us a present at Christmas. We spend $52,000 there a year. They give us nothing at Christmas, not even a card. With their 30% margin they can afford $100 on products for their customers."**

  Manager, Ethnic restaurant, Auckland central 55

- **"We get nothing at Christmas now, we used to. Something small- it doesn't take much, not sure if they still do it, or just us not getting it anymore."**

  Owner operator, Mid-market restaurant, Canterbury 15

- **"At Christmas they were generous, they gave us a huge basket of tropical fruit. They are supplying the vegetables at my wedding for free. "**

  Chef, Upmarket restaurant, Auckland 53

- **"I went to Sabatos' 10 year 'do' which was good. Nice to be invited, feel special, know they really value my business."**

  Chef, Upmarket restaurant, Auckland central 56

LITTLE THINGS COUNT
Do something a little extra – make them feel valued

- **"At the Pork Market we get plate portions cut, they don't charge extra for it."**

  Chef, Upmarket restaurant, Auckland 45

- **"He throws in free stuff occasionally, like offal heads, it's good to play around with new things and he knows I like it. I don't expect it, but it does help. There is a perceived value for money if I feel like he cares enough to do things like that."**

  Chef, Upmarket restaurant, Christchurch 1

- **"The reps visit, check the levels and also restock for us. I sign the docket and off they go. It's great, all very easy. They also bring our paper goods as well, it's so easy."**

  Chef, Upmarket restaurant, Auckland central 36

- **"Coke do their own orders, they do a stocktake and take it upstairs for us. It's great."**

  Manager, Mid-market cafe, Canterbury 16

- **"Produce Company are fantastic, they have a really, really good rep. Everything off them is A grade quality. I guarantee the order will be correct and that is a big thing. The rep slips in the odd treat, chocolate fish, olives. They even ring to ask if they think I have forgotten something."**

  Chef, Upmarket restaurant, Auckland city 45

LITTLE THINGS COUNT
Support restaurant/ restaurant events – demonstrates true partnership

Issue	Recommendation
Support restaurant	– Dine at your customers' establishments – encourage others to dine there – provide feedback on experiences, make known attended – Support the Christmas function with some free product – Sponsor or provide product for staff events such as anniversaries

LITTLE THINGS COUNT
Support the restaurant – builds loyalty

- **"If I am out of veal at 6pm they will drop it off. They spend time to keep their business up. What they do in their company is right. They come in and eat with us, they support us."**

  Chef, Upmarket, restaurant, Auckland central 53

- **"We are really conscious of having a good relationship with our suppliers, it is a win win, as most of them are locals and it is really important that we support them and they support our business, I buy their local produce and many dine here regularly with their friends as a result, it's good to see that they support us too, plus in a small community it is crucial to survive."**

  Owner operator, Mid-market restaurant, Canterbury 12

LITTLE THINGS COUNT
When service extends beyond expectations - loyalty is created

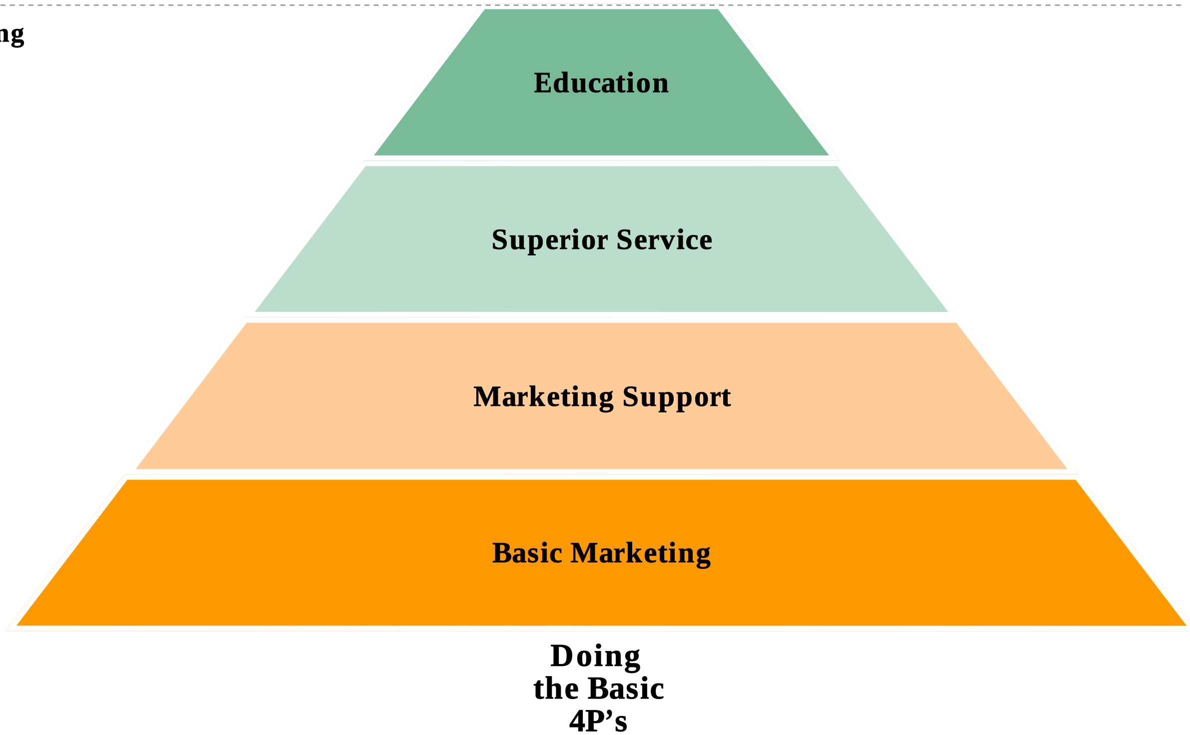
EXAMPLE: LETTUCE DELIVER, AUCKLAND FRUIT AND VEGETABLE SUPPLIER

- Supplying produce for chefs wedding free of charge
- Often puts in free samples
- Birthday gave large fruit basket
- Christmas huge tropical fruit hamper
- Provides oranges for sons soccer
- Bought the restaurant a fax machine and gave us an order form so we just have to tick the boxes
- Owner and staff friendly and approachable
- Deliver up to three times a day - if required
- Have product to kitchen within half and hour
- Consistent high quality, in 2 years only one thing sent back
- They will ring us mid-morning to see why order not through/remind us
- Get sole supply of some product

FIVE LEVELS TO ACHIEVING GROWTH
The next level is providing information and education to your customers

Achieving growth in the foodservice sector
Model

- **Provide business skills training**
- **Provide professional training**
- **Provide product training**



IV. You should provide customers with information in a number of forms

IVa. Provide your customers with product education

IVb. Provide your customers with professional training

IVc. Consider providing or sponsoring basic business skills training, enhancement and development for your customers

IVa. Provide your customers with product education

Do you provide supplementary product information such as…

- Preparation and usage information ☐
- Storage and handling instructions ☐
- "Romantic" menu-ready product source ☐
- Shelf-life details ☐
- Seasonality and season length ☐

Do you provide process information?

- Factory tours ☐
- Distribution centre/warehouse tours ☐
- Farm tours ☐

Do you organise informative new product launch events? ☐

Do you provide new products samples? ☐

Do you provide master classes in your product? ☐

EDUCATION
Provide the basic product information and help solve problems

Issue	Recommendation
Usage	– Clear directions how to use product, any preparation information as required – Pictogram instructions useful for non-English speaking customers especially – Provide recipes and cooking suggestions, alternatives
Storage and Handling	– Clear instructions how to handle in pictograms – Colour code product for ease of use – Information either on packaging, laminated card, information sheet, sticker or magnet
Seasonality	– Provide seasonal information on sheets, website, charts this assists in menu planning – Weekly updates especially relevant for fresh product
Source	– Understand source of products and ingredients, understand how and where they were made

EDUCATION
Using your product should not be difficult

- **"We need instructions that are clear on a lot of our products, diagrams are good, from cleaning products to basic food items. You have to remember that English is a second language of most of the staff here."**

  Chef, Mid-market cafe, Wellington central 21

- **"Montana are great they give us free lectures on the wines for staff. They provided us with advice and training right from the beginning, on what wines are best with what, they helped us set up, they are the experts and were happy to share that knowledge. We didn't have a clue."**

  Owner operator, Ethnic restaurant, Christchurch 5

EDUCATION
Seasonality information is crucial, it impacts planning and margins greatly

- **"More seasonal chart information would be good, the ones I have are basic and outdated, the range has broadened since they were made. It is important we are up to date on what is in season and when."**

  Owner operator, Upmarket restaurant, Auckland central 52

- **"Send a product, price list every week. Keep it updated so we can tell what is in season at present and what isn't, it helps us with planning out the menu and specials too. "**

  Chef, Upmarket restaurant, Wellington 22

- **"You need to check that prices are within guidelines. Fruit and vegetables fluctuate a lot. You can make a profit on them, but you can only do it by using seasonal vegetables, this is the only cost advantage, so we must be informed. They are the experts, they know what is around when."**

  Chef, Upmarket restaurant, Wellington central 20

EDUCATION

Be aware of industry trends. Will GE free products extend into restaurants and cafes? Do you know the source of your ingredients?

FoodNEWS 07 / 11 / 03

Compiled by the editorial team at *FMCG* and *Food Service* magazine

Foodstuffs bans GE ingredients from its Pam's brand

FOODSTUFFS is to take action to ensure all of its private label products under the Pam's and Budget brands, do not contain GE ingredients.
"We are seeking confirmation from our suppliers that all ingredients used in the manufacture of our private label brands are sourced from non-GE crops," said Foodstuffs NZ MD Tony Carter. "This also includes the assurance that non-GE feed ingredients are used in relation to animal products.
"We are aware that most of our private label suppliers already comply and we can give assurances of the non-GE status of the majority of our private label products including bread, chicken, biscuits and margarine However, we are seeking written confirmation from all suppliers so that we can categorically state that our house brands are manufactured using non-GE ingredients. If that confirmation is not forthcoming, then the company will look for alternative sources of supply."

"We have a couple of organic dishes on our menu now, we have had a few customers starting to asking about GE free products too. It's important for some customers."

EDUCATION
Create true partnerships – get customers to know your business too

Issue	Recommendation
Tours	– Have factory, facility, warehouse or farm tours available to customers and encourage them to do it – Strengthens relationships – Puts faces to names and voices – Excellent opportunity for "face time" – Provides assurance of product and procedures – Enables customers to clearly understand what else is possible, and explain limitations – Able to promote new products

EDUCATION
Be proud of your business, share your knowledge

– **"I went on a factory tour around the Kapiti facility, it was great I was able to see and try the products. I now know what they have available, even though I can't afford it most of the time."**

Chef, Upmarket cafe, Christchurch central 9

– **"Our veggie guys have offered that we do a tour around their farms I really want to do it I just haven't had the time."**

Chef, Mid-market restaurant, Auckland city 47

– **"We did a tour of their fruit and veg facility, it was excellent, got to see what was available and how it was all stored, plus we tried some new products, learnt a few things along the way, it was great."**

Chef, Mid-market restaurant, Christchurch, 10

EDUCATION

Product launch events – consider multi company participation to share costs, and increase benefit to chef and owner operators

Issue	Recommendation
Location	− Launch from manufacturer, distributor or neutral facility − One-on-one launch to key customers
Provide	− Samples − Usage, storage, handling information, seasonal implications (if relevant) − Recipe or menu recommendations − Application concepts − Key benefits of product i.e. time saving, high quality ingredients
Product background	− Explain why developed? what solutions it is providing? − Explain where products and ingredients sourced − Pictures of farm, plant available
Product integrity	− Understand health and safety procedures/standards in place − Have relevant facilities KPI's available
Authority	− Be the expert in your field, trends, new ideas, industry information

EDUCATION
Samples are key

Issue	Recommendation
Win business	– Samples can increase sales to current customers – Gain new business – reduces risk of wasted purchase – Chefs are excited by new products –satisfies need for variety – If chefs like the product it can be used on the 'Specials' board – Decision maker interested in the look, feel and/or taste of the product
Quality/Suitability	– Do not send old product or second rate product as samples. – You do not want inferior quality to reflect on your company – Product must suit the business, target your market
Follow-up	– Follow-up, get feedback if you show a new product, did they like it? Usage suitability? – Would they use it? Why? why not? – Further questions, further information required?

EDUCATION
Samples win business

- **"Samples are essential, show me new products, ones that will excite me, but don't waste my time with rubbish."**

  Chef, Mid-market cafe, Christchurch 11

- **"I often try the new beverages. He brings them around, I try them and if I like them and they sell then I keep them."**

  Owner operator, Lunch bar, Wellington central 19

- **"The French Maid rep came around the other day and cold called. He left some samples. He didn't bother asking what I currently used. But if he keeps coming back, and follows through with the trial then I will buy it. That should happen more often."**

  Owner operator, Lunch bar, Christchurch 14

- **"Bring in samples, I will always try, assess if it suits the menu then I will use it, or when the menu changes or the season changes I will look at it."**

  Chef, Mid-market cafe, Auckland city 51

- **"There is nothing like trying new products. I tried Maggi mashed potato now I stock it. I get the new Nestle condensed milk, in the new size. There was also a new dip for the chicken that I use now after I tried it."**

  Owner operator, Mid-market restaurant, Canterbury 15

EDUCATION
Samples must be reflect your brand image and be appropriate

- **"The rep is amazing at Kapiti. He brings in samples, and not just little slithers but big wedges that he knows we can try with different dishes, it works really well."**

  Chef, Mid-market restaurant, Auckland central 53

- **"We look at other suppliers and trial products, just to know what is around. I'm amazed, we get samples from some companies then never hear from them again. No followup at all. One supplier seriously, brought in a burnt loaf of bread and yesterdays bread as a sample. Did he think I was going to buy from him? I need to see the quality examples not the worst case ones."**

  Chef, Upmarket restaurant, Wellington central 22

- **"Watties rang me to try and sell me some products, offered samples. I listened patiently and told them their range wasn't really suitable. I got off the phone thinking what idiots, they had no idea what sort of business we have here, it was completely inappropriate."**

  Chef, Upmarket restaurant, Wellington central, 22

- **" We have nine Kapiti cheeses on the menu. Rep came in and gave us a talk and tasting. He was really good. After that we got cheese on the menu. We were invited to a cheese tasting with an international cheese maker."**

  Chef, Upmarket restaurant, Auckland city 45

EDUCATION

Offer 'Master' Classes in your product, consider cross category classes with complementary suppliers to reduce costs and increase reach

Product	Recommendation
Meat Seafood	– Species education – Cuts education – How to cook various cuts – Recipe ideas – New ways to use products – Complementary products / matching the product
Wine	– Trends, new varieties, types of wines and grapes – Palate education for front and back of house – Complementary products / matching the product – Wine menu planning
Cheese	– New types, styles, flavours available – "Cheese board" classes – Complementary products / matching the product
Coffee	– Staff barista training – Machine use and care, coffee storage, preparation – Flavours, styles, range, blends

EDUCATION
Opportunities exist with training in ethnic ingredients

Product	Recommendation
Fruit and Vegetables	– New varieties and species – Asian vegetables and ingredients – Complementary products / matching the product – Seasonal variability and flavour – Cooking styles and methods – Industry trends
Spices	– Particularly Indian/Asian ingredients – Usage – Recipes, cooking styles and methods

EDUCATION
Offer 'Master' Classes in your product or product training

- "Kapiti gave me tickets to a Master class which was good."

  Chef, Mid-market restaurant, Auckland central 53

- "People who are recognised specialists in their field, do well at Master classes like Montana and Kapiti. I went to a Kapiti Master Class and their was no Kapiti cheese there."

  Chef, Upmarket restaurant, Christchurch central 1

- "I wish our local Asian Warehouse would do educational sessions, there are so many things I see in there that I wonder what you would do with them, what else I could be using them for, the same with the Indian spices."

  Chef, Mid-market restaurant, Christchurch, 10

- "Darjon winery across the board is my best supplier. She loves her product. She is informative, and willing to go the extra mile. She suggests training the staff on the wines and in her own time at no cost to me."

  Owner operator, Upmarket restaurant, Canterbury 12

- "EuroPacifc gave chocolate glasses to our pastry chefs - that was great. Get involved in the product with classes and talks, like coffee classes."

  Chef, Upmarket restaurant, Auckland city 45

IVb. Provide your customers with professional training

Is your rep an expert on your products? ☐

Do you have printed material on how to:

- **Cook your product?** ☐
- **Prepare your product?** ☐
- **Serving suggestions?** ☐

Which of the following events do you provide or sponsor?

- **Refresher courses** ☐
- **One day seminars** ☐
- **Technical Institute/University courses** ☐

Do any chefs endorse your products? ☐

PROFESSIONAL TRAINING
Educate your reps – they are key to customer relationships and future growth

Issue	Recommendation
Rep education	– Ensure they understand the differences between foodservice establishments – Fully appreciate customers unique needs – Constantly look for and provide solutions – Understand the role of relationship building – Educated reps sell products more efficiently and effectively, – Educate your reps so they can pass on information, advice and knowledge – Ensure reps understand your products, processes and procedures – Ensure reps are knowledgeable about cooking, applying or using your products

PROFESSIONAL TRAINING
People learn in different ways - written materials are essential to also support sales

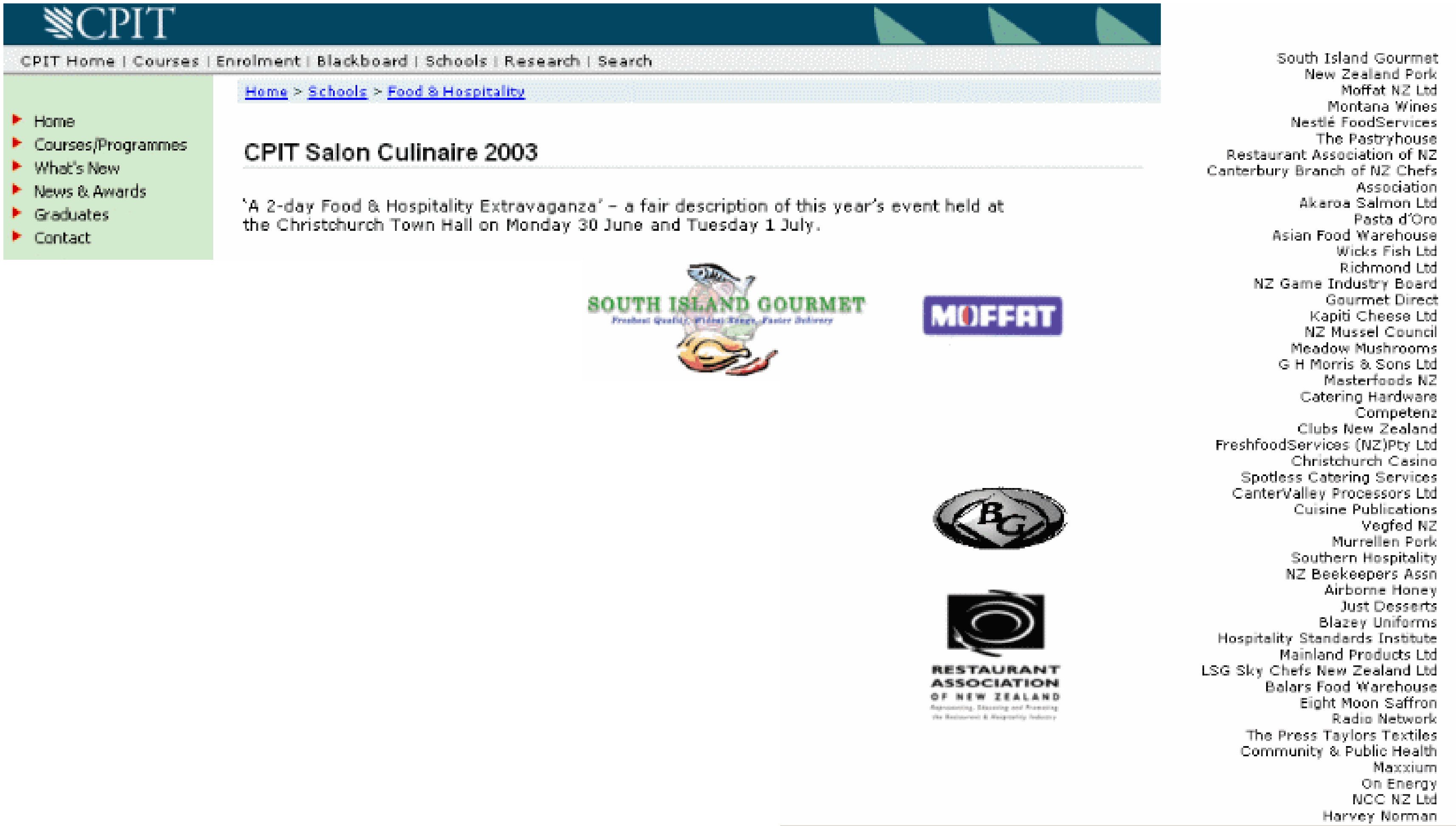
Issue	Recommendation
Materials	– Do your reps and customers have all the support/written materials required to do the job/fully utilise your product – Ensure you have adequate written material either on the packaging or separate sheets or brochures – seek feedback on what is required – Ensure customers / the key decision makers receive your material

PROFESSIONAL TRAINING
Consider providing or sponsoring industry courses, this builds profile and credibility

Issue	Recommendation
Sponsorship	– Tertiary Institutes –Universities / Technical Institutes / Polytechnics –Private Cooking Academies / Schools – Refresher courses – One day seminars – Chef Association Events

PROFESSIONAL TRAINING

Consider sponsoring tertiary education courses – shows you take the sector and educating it seriously



IVc. Consider providing or sponsoring basic business skills training, enhancement and development for your customers

Do you provide or sponsor training in food safety, cleaning and sanitation? ☐

Do you provide a kitchen auditing process? ☐

Do you provide or sponsor training in basic product related skills?

- **Procurement** ☐
- **Inventory management** ☐
- **Menu costing** ☐

Do you provide or sponsor training in business management skills?

- **Budgeting** ☐
- **Cash management** ☐
- **Marketing/Promotions** ☐
- **Customer Knowledge/Management** ☐
- **Forecasting** ☐

BASIC BUSINESS SKILLS

Provide or sponsor basic business skills training for your customers – it shows you understand their needs and want to grow together

Issue	Recommendation
Training	– Offer courses – a forum not a classroom, you are seen as an expert – Be aware of industry courses so you can advise customers – Many kitchens staff unaware of basics of running a successful kitchen, provide assistance where possible
Business	– Many operators do not have formal or tertiary qualifications – Provide training or advice on basic business skills – Assist in simplifying processes and help them be more efficient – Help simplify their administration processes – win win for you – Run day courses for customers which include marketing, procurement, finance staff members – Provide industry information, pass on best practice so operators can understand their customers better and are able to forecast more successfully
Timing	– Ensure training or courses are relevant and do not add to operators work load

BASIC BUSINESS SKILLS
Provide or sponsor basic skills and training for your customers - Don't underestimate your industry and best practice knowledge'

- **"The rep at Ecolab regularly comes around. He is an ex-chef so he knows what he's doing. He's very helpful. He helped put together a cleaning roster it saved me hours. He was also knowledgeable about what was required for health and hygiene. He scaled down the number of products we had and got economies of scale."**

  Manager, Mid-market cafe, Canterbury 6

- **"Montana were great, they came in and helped set up our wine menu."**

  Owner operator, Ethnic restaurant, Christchurch 5

- **"Help educate me, not only about your products but about the business."**

  Owner operator, Mid-market restaurant, Wellington central 29

- **"I'm doing a business diploma at the moment, I realised very quickly that just because I could cook didn't mean that I could run a business. There is so much to setting up a business, running it, keeping your books straight, and making a profit. Any help along the way is appreciated."**

  Owner operator, Upmarket restaurant, Auckland 53

BASIC BUSINESS SKILLS
…continued

- **"Come to me with help and new ideas. Like a computer program that will save me time, ot that might interest me. Offer a half day training."**

  Owner operator, Mid-market restaurant, Auckland city 50

- **"Training in food safety regulations would be really useful. Manufacturers and suppliers no more about that sort of thing. Spread the knowledge."**

  Owner operator, Upmarket restaurant, Auckland city 51

- **"There are so many laws and regulations, it's hard to keep up – new smoking laws, fire hydrants laws, god there are all sorts, the industry is over regulated. Help keep us up to date."**

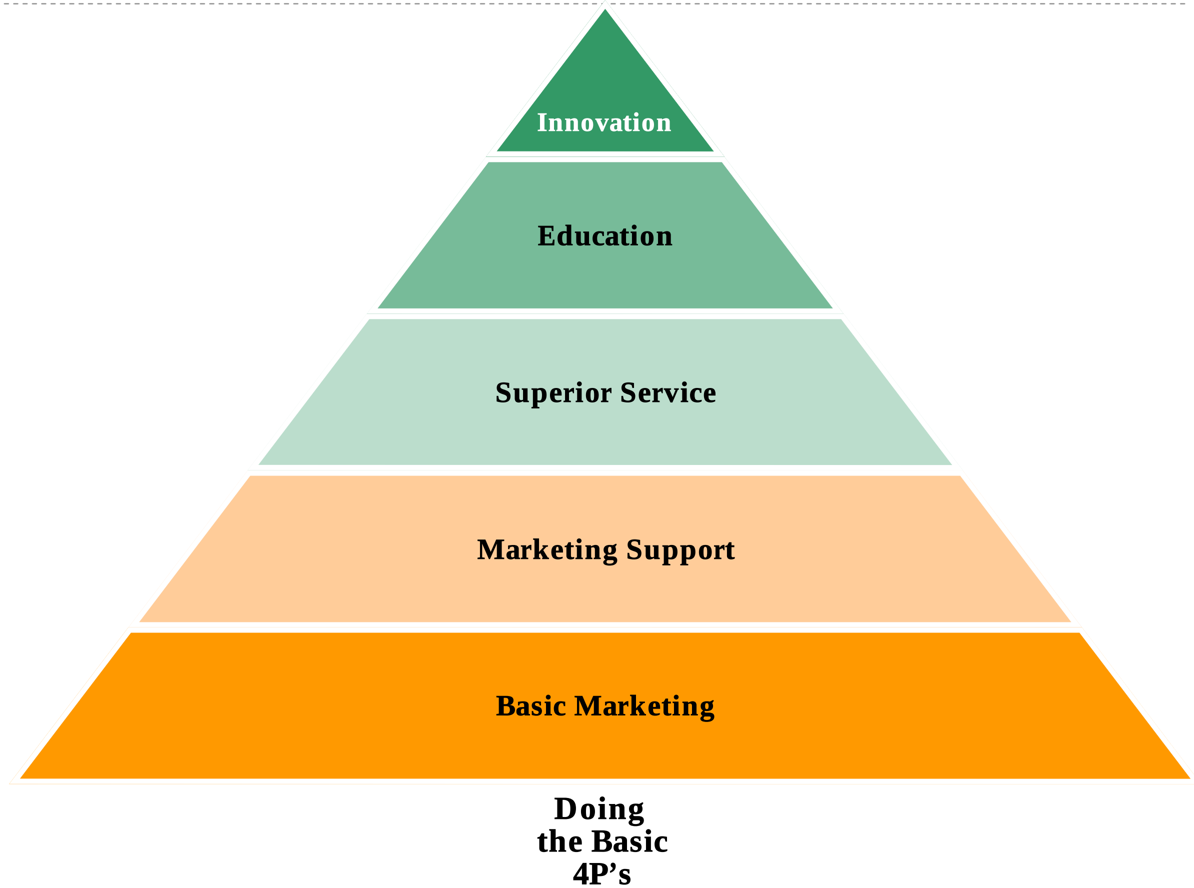
  Owner operator, Mid-market restaurant, Auckland city 50

FIVE LEVELS TO ACHIEVING GROWTH

At the highest level, you will turn the process around and let these passionate food experts guide your new product development

Achieving growth in the foodservice sector
Model

- **Drive product innovation**
- **Trial products ideas**
- **Listen for trends**



V. Use the foodservice channel to drive product innovation

Va. Listen for trends

Vb. Trial product ideas and drive innovation

Va. Listen for trends

Do you subscribe to industry press ?

- **Local** ☐
- **International** ☐

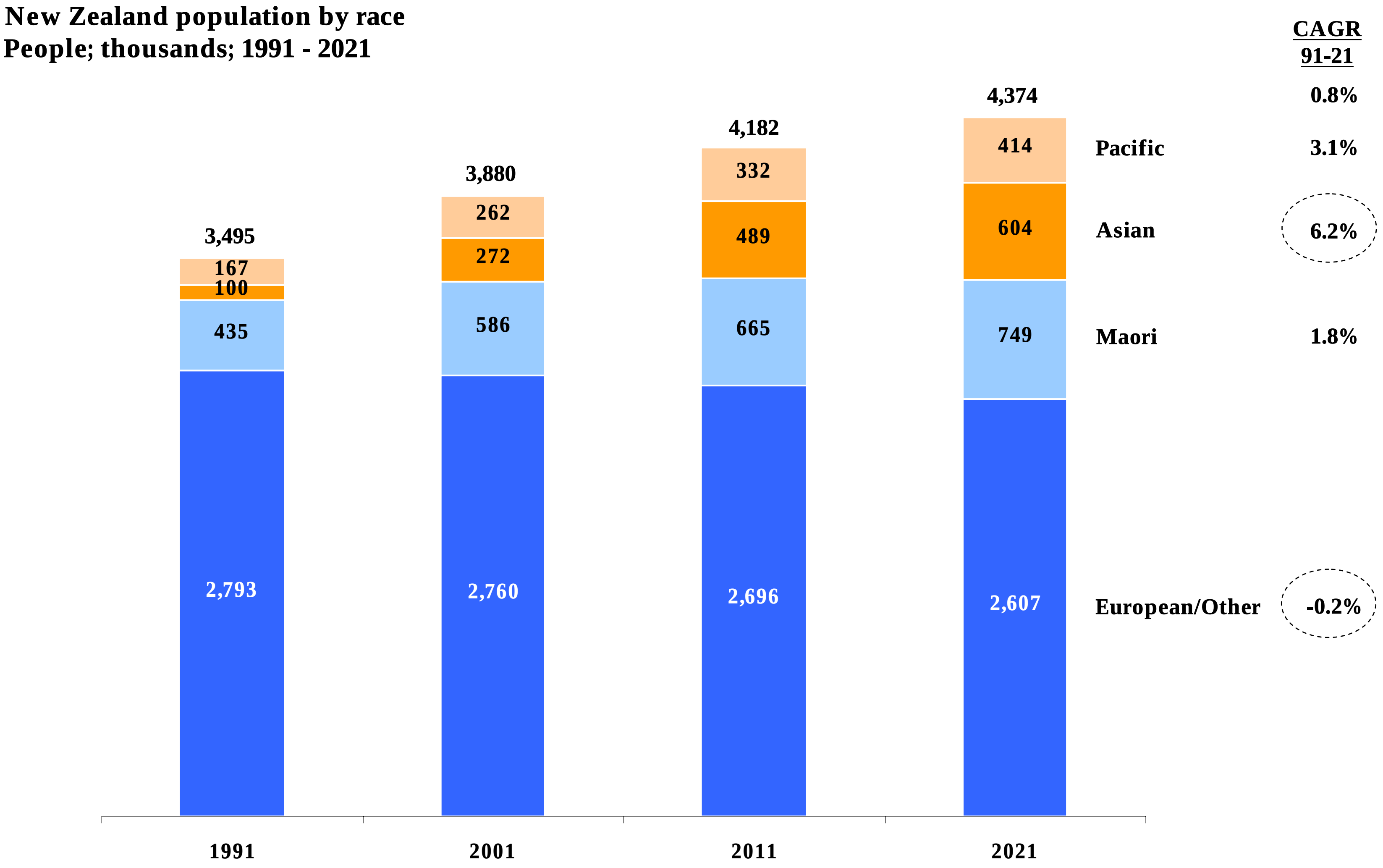
Do you regularly poll chefs on…

- **Trends in your category?** ☐
- **Industry trends?** ☐
- **New product usage?** ☐
- **New flavours and tastes?** ☐
- **Products they can't find?** ☐

Do you collect recipes that use your products from chefs? ☐

POPULATION GROWTH

The Asian-ification of New Zealand cuisine will be the defining trend in the food industry over the next twenty years; are you listening to the leaders?



Source: Statistics New Zealand; Coriolis analysis

TRENDS

Chefs have a very good handle on what's happening with food; are you listening?

- **"Food styles are always changing, hospitality is alive. Customers want to try a lot more. The food business is extending its taste, the variety of products especially in breads and fruit is so much better now."**
  Chef, Mid-market restaurant, Auckland city 50

- **"We need simpler food, its more about the taste, and how fresh it is."**
  Chef, Mid-market café, Christchurch central 9

- **"We've got a Thai salad on the menu – you wouldn't have seen that in here five years ago."**
  Owner operator, Mid-market restaurant, Canterbury 15

- **"Food is healthier, with less emphasis on big slabs of meat."**
  Manager, Mid-market café, Wellington central 23

- **"Plate design used to be important; now it's more of a balance, swapping back to an old style, using fresh pasta, not dry, its about using fresh ingredients."**
  Chef, Mid-market cafe, Auckland 51

- **"The definition of dessert is also changing, it is not necessarily about a dessert dish but something sweet and quality to finish a meal with such as small handmade chocolates, or eclairs, or premium cheeses, fruits and nuts, washed down with a dessert wine."**
  Chef, Upmarket restaurant, Auckland city 45

LISTEN FOR IDEAS
In a simple model, chefs are 220% more likely than your company to come up with a new idea

Likelihood of coming up with a successful new idea
Model

SIMPLE MODEL

5,500 restaurants	**X**	**1 new menu idea per year**	**=**	**5,500 new menu ideas per year**	**X**	**1% success rate**	**=**	**110 good ideas**
								220%
1 manufacturer	**X**	**10 new product ideas per year**	**=**	**10 new product ideas per year**	**X**	**5% success rate**	**=**	**½ a good ideas**

Vb. Trial product ideas and drive innovation

Do you try your new products on chef's first? ☐

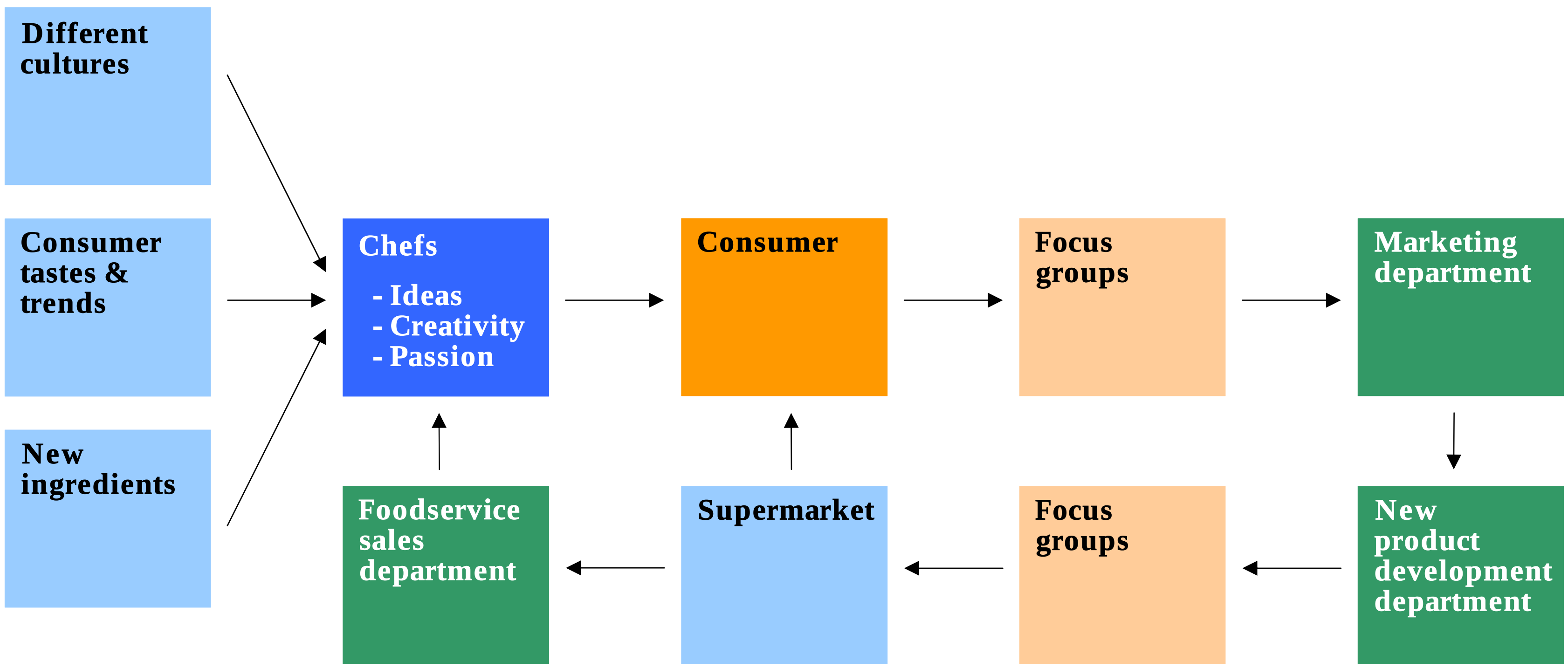
Do you involve chef's in…

- **Flavour and taste development?** ☐
- **New product brainstorming?** ☐
- **New product development?** ☐
- **New recipe ideas?** ☐

Do you 'fast-fail' your new products in the foodservice channel first? ☐

FLOW OF CHANGE IN FOOD TASTES
Maybe there is an opportunity to remove some stages from this process

Flow of change in food tastes
Model



BEGGING FOR NEW PRODUCTS

Unlike the retail channel, chefs are begging for as many new products as possible

- **"We need reps with off the wall products, support us, see what we are doing with your product, see the end product."**

  Owner operator, Upmarket restaurant, Wellington city 28

- **"It's sometimes hard to get unusual products. We don't grow a lot of Asian products here. There is no consistent availability."**

  Chef, Mid-market restaurant, Auckland central 53

- **"Getting what I want is the hardest thing. I want Israeli couscous in a certain quantity. Do you think I can get it?"**

  Manager, Upmarket café, North Canterbury 16

- **"Special promotions are good. Like a seasonal product that has just come in. Promote it. Tell me about it, excite me."**

  Owner operator, Upmarket restaurant, Auckland city 52

- **"We'd like to see more promotions with good price offers and good product. You have to have samples, so we can actually see what is so special."**

  Chef, Upmarket restaurant, Auckland city 45

BEGGING FOR NEW PRODUCTS
… continued

- **"I see all these great recipes and there are no products available."**

  Chef, Upmarket restaurant, Auckland city 53

- **"We have big trouble sourcing product. We want unusual meat and vegetables. We try to find products, but they are all exported."**

  Chef, Upmarket restaurant, Wellington region 28

- **"We need new suppliers with new product. They can ring and come in, I'm more than happy to see them."**

  Owner operator, Mid-market restaurant, Auckland west 43

WANT TO WORK WITH YOU
These people want to work with you

- **"I need passionate suppliers, with new things to look at. They feed you with information, new products, interesting different products. Start knocking on doors a month before the menu changes, if you miss the change then put it on your calendar, so you know for next time. Its hard to find new ingredients so we want suppliers to come around."**

  Chef, Upmarket restaurant, Wellington central 22

- **"It would be nice for suppliers to actually do something to get you thinking again. Come up with some new ideas, something to keep things exciting."**

  Owner operator, Mid-market restaurant, Auckland city 50

- **"Finding new suppliers is hard. The hospitality show had few suppliers that were different or niche. I need to find some niche suppliers, like for pasta. Where are the suppliers, how do we find them. Ring or knock on the door with something special tempt me."**

  Chef, Upmarket restaurant, Wellington central 22

FIVE LEVELS TO ACHIEVING GROWTH
We believe the foodservice sector provides you with excellent opportunities for growth going forward

Achieving growth in the foodservice sector
Model

Hard

- Drive product innovation
- Trial products ideas
- Listen for trends

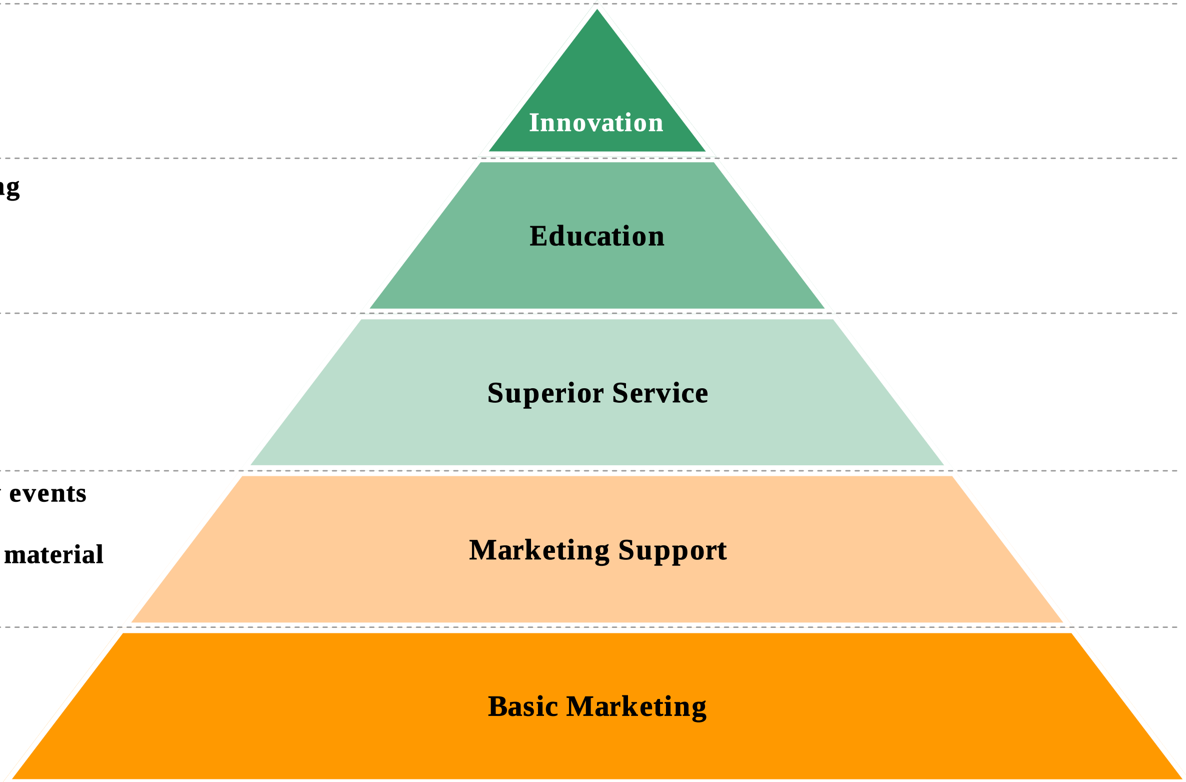
- Provide business skills training
- Provide professional training
- Provide product training

- Do the little things
- Take ownership of problems
- Communicate regularly

- Develop and support industry events
- Explore co-advertising
- Design customer promotional material

- Price promotions
- Ads in trade press
- Publicity campaign

Easy



Doing the Basic 4P's

❖
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