

# WEEKLY BRIEFING REPORT

Week ending 21 May 2023

Published 22 May 2023

**Peter**  
**Backman.**





### About my Weekly Briefing Report

This Weekly Briefing Report is **free**. Has this been sent to you by a colleague? You can sign up here for your own copy:

[Sign up Here](#)

### Premium Briefing Reports

My **Monthly and Quarterly Briefing Reports** provide a more in-depth view. There is a **choice of monthly and annual subscriptions**.

[Subscribe Here](#)

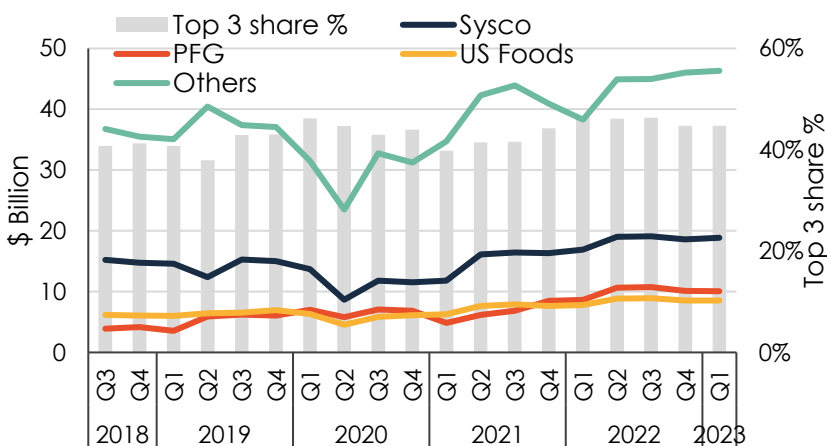
### The numbers

I am not as much of an expert on the US foodservice supply chain as I would like but being based in St Louis, in the US midwest for a while, I have taken the opportunity to review the numbers for

this market that I have been collecting and analysing for several years. So what follows is generally longer on description and shorter on conclusions than the comments I normally make. Nevertheless I hope they are informative and put other markets (outside the US) into some broader context.

There are three major distributors in the US – Sysco, Performance Food Group, and US Foods. Their combined sales in the US were \$164 billion in 2022 – their total sales are higher than this because of their sales in markets

### Food Sales into Foodservice: USA



Sources: Company sales; FRED; Peter Backman

outside the US. The total market for food and beverages sold to foodservice outlets in the US last year was valued at \$322 billion based on total foodservice sales published by the Federal Reserve Bank of St Louis (FRED). So, on a simple basis, the top 3 foodservice distributors had a 45% share. But it was actually less than that because they supply products – packaging, chemicals, some equipment and so on - to foodservice operators that they (operators) don't sell but account for as a cost and which are therefore not included in the numbers derived from the data from FRED.

The combined shares of the top 3 companies have increased substantially since the end of 2018 when they stood at about 25%. This increase was partly a result of faster organic growth than the market as a whole and partly a result of acquisitions. For aficionados of the US market, this share is the share of the foodservice market only and doesn't include sales of tobacco, beauty products, health care products etc which are included in the portfolios of some distributors.

While the US market is much larger than, say, the UK market, the top 3 players in both markets have a similar combined share of about 50%. Maybe there are some forces at work that ensure this is what happens in foodservice distribution markets. The numbers also demonstrate that while the major players have half the market there are still plenty of opportunities for smaller companies.

## My insight

Sitting where I do at the intersection of analysis, strategic consultancy, startup mentoring and being a general 'go to' person for understanding the international foodservice market, I get exposed to many, varied ways of providing information about what's going on.

I see pie charts without attribution or scale, I see PowerPoint presentations full of generalities, I see reports with many unknowns and undefined allegations. I also see tech-based solutions, AI-based reporting programmes and data-scraped analyses – some in real time, some with a longer perspective. They may be built on data provided by a single company or a restricted dataset, or they may be based on large, relevant elements of the internet. I don't decry any of this. People and businesses do what they can with the data that they can find. But it suffers from many shortcomings which arise from many factors which I'll list under half a dozen headings.

The first is the fragmented nature of the foodservice sector. Each segment - restaurants, bars, feeding at work and so on - has different data needs, and information may vary based on factors such as location, size, and specialisation. As a result, data collection and reporting are a challenge, and no single source captures the entire sector comprehensively.

The second consideration is the variety of data needs. Each type of stakeholder requires different types of information. Government may focus on economic indicators and employment data, trade associations may emphasize market trends and policy issues, financial institutions may be interested in investment and financial performance. As a consequence, multiple sources are necessary to provide specialized information to different stakeholders.

Then there is the variability of data: collecting accurate and comprehensive data on the foodservice sector is complex. Information is gathered from various sources - surveys, financial reports, market research, administrative records. The availability and reliability of the data varies across different sources and may not always be easily accessible, consistent, or defined.

Another set of challenges arises from privacy and confidentiality concerns. Some data - such as financial performance or sales figures of individual businesses - may be considered proprietary or confidential. Companies may be hesitant to disclose such information, making it challenging to obtain a complete picture of the sector from a single source.

Industry dynamics and its fluid nature also inhibit the availability of useful information. The foodservice industry is constantly evolving, it's subject to changing consumer trends and market forces. Data needs to be regularly updated to reflect the latest developments, and relying on a single source may not provide real-time or up-to-date information.

And finally there are a multiplicity of perspectives and interpretations in the sector. Each organisation and institution has varying methodologies, definitions, and interpretations that lead to discrepancies and differences in the findings and insights provided by different sources.

Will these challenges always remain? I guess they will. But advances in data availability and the use of AI technology to interpret what is found – including filling gaps – may begin to bring greater clarity and understanding to the process of data collection and analysis in the frustratingly complex foodservice sector.

The rest of this Weekly Briefing Report provides a summary of the news in the past week:

## News in the past week

### QSR

- Greggs LfL sales rose 17.1% in the first 19 weeks of 2023 versus 2022

### Pubs

- Punch Pubs Group sales rose 10.9% in the six months to end February versus 2022
- Marston's LfL sales rose 10.7% in the six months to end March versus 2022
- Mitchells & Butlers sales rose 10.6% in the first quarter of 2023 versus 2022; LfL sales rose 6.4%
- Heartstone Inns sales rose 17% in the first four months of 2023 versus 2020

### Leisure

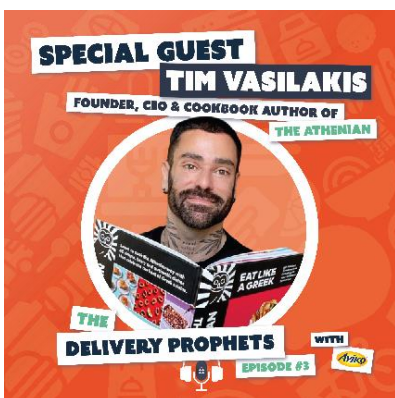
- Manchester Airport Group passenger numbers rose 16.4% in April versus the prior year

### Suppliers

- Britvic sales rose 7.9% in the six months to end March 2023 versus 2022
- Tillery Valley Foods has been put into administration.

### Around the World

- Krispy Kreme sales rose 12.5% in the first quarter of 2023 versus 2022
- Elicor sales rose 16.5% in the latest quarter versus 2022



The latest episode of **The Delivery Prophets** podcast features guest Tim Vasilakis alongside Jon Borzacchiello of Aviko and me. Tim is Founder, CEO and author of *The Athenian* and he shares his trenchant opinions on the importance of effectively executing ordering, delivery, and collection, and how delivery has become a basic commodity that needs to be even more integrated into our lives today.

The *Delivery Prophets* podcast is the perfect way to stay informed and ahead of the curve in the world of food delivery for delivery companies, marketplace apps, technology companies, restaurant owners, investors, and consumers.