



BUSINESS BUILDING: SUCCESS IN THE DETAILS

By Peter Thor, BFC

Delivering a quality product or service requires a process. In the specialty food distribution and pizza business, success is gauged by repeatedly performing the process to a standard of perfection set by each business. The starting point for successful improvement begins with defining how you plan to differentiate from your competition. In short, what does your brand stand for and what makes you special? Defining the demonstrable point of differentiation and focusing on it will create your successful growth and profitability. It must be understandable by your customers as to how you are different; whether it is food quality, speed, consistency, or service. Marketing lessons frequently mention the importance of the 4 P's in harmony, which are product, price, promotion, and place. Consistent with one another, your product will present a compelling purchase value to your target customer. So how does that translate to our pizza industry restaurateurs?

Everyday repetitive products must consistently meet the promise of your menu and pricing. To accomplish this requires defined processes and training of all staff involved, beginning with communicating the definition of what makes you special. Events of the past two years have damaged the American economy and psyche. It will take time and effort to rebuild and return to a "growth" mentality from a "survival" mode, but it will happen. The pizza industry has been buffeted with cost increases and product shortages; and the coming economic downturn will reduce customer counts and sales for operators and distributors alike. An independent pizzeria is not going to be able to "out-discount" the large chains which offer low price in lieu of good product and service. Think about it... the "advantage" isn't there.

It is better to ask who are your target customers and why do they come to your restaurant. A recent focus group of successful restaurant operators were convened to discuss what was important to them about their distributor. Many distributors would probably guess that "price" was the #1 on the list of important factors for restaurant owners. In fact, "service", "product selection",

(continued on page 2)

WHERE WILL INFLATION BE IN 2023?

By Peter Thor, BFC

Grocery inflation is hot now, but wholesale price inflation numbers are already starting to slow. Grocery food prices in September were up 13% compared with year-ago levels, dropping to 8.3% in October. All-Food prices were up 11.2%. The 13% grocery food inflation rate is substantially higher than the 8.5% inflation rate for restaurant food, according to the USDA.

Food prices are expected to grow more slowly in 2023 than in 2022, but one must remember the comparison is against an increasing base. In first quarter 2023, restaurant food prices are now projected to increase between 7% and 8% compared to prior year. For all of 2023, all-food

(continued on page 3)

MARKET UPDATE

Dairy	PRICE	LAST MONTH	DIFF
Cheese Blocks	\$1.7290	\$1.8217	(\$0.0927)

Per the USDA, early estimates for 2023 milk output are projected to be 1.1 percent stronger than in 2022. Which suggests milk and dairy product demand is solid.

Beef	PRICE	LAST MONTH	DIFF
50% Trimmings	\$0.9220	\$0.7080	\$0.214

Per the USDA's December WASDE report, domestic beef production for Q1 2023 beef output is forecasted to be 5.1 percent smaller (y/y) and for 2023 is projected to be down by 7.5 percent compared to 2022.

Poultry	PRICE	LAST MONTH	DIFF
Wings (Jumbo)	\$0.8950	\$0.9530	(\$0.058)

Per the December WASDE report, U.S. chicken production for Q1 2023 is forecasted to be up 2.9 percent (y/y), and 2023 is projected to be 1.8 percent larger (y/y).

As of 12/23/22

BUSINESS BUILDING: SUCCESS IN THE DETAILS *(cont. from page 1)*

and “complete orders” were all ahead of “price” in terms of priority to our panel of successful restaurateurs.

Similarly, we find that restaurant patrons want a quality and fun dining experience; not necessarily a cheap one. Especially during this time of economic stress, people will eat out less frequently, and spend their precious cash where they are appreciated and where they receive value for their dining experience. Take a look at the top important factors for restaurant owners.

- **Food quality:** Consistently serve menu items which taste and look good. Use quality ingredients, reducing cost where necessary via portion control.
- **Service:** create a friendly place where staff smile and talk to customers, preferably by name.
- **Menu choices and variety:** offer enough choices that people can experience the best you can offer; and hopefully new or seasonal additions will bring them back more often. Be cautious as to not offer more complex menu items than the kitchen staff can consistently deliver.
- **Cleanliness:** It’s amazing how many restaurants that profess their high quality food but are dirty inside and in the restrooms.
- **Be a neighborhood place,** meaning get involved with local schools, churches, and other organizations where you can market yourself and participate in their various functions. If you are located in an industrial area, make the local businesses your “neighborhood”.

Your advantage and point of differentiation should create a unique experience. At Bellissimo Foods, we believe that the independent pizzeria can best advantage themselves via their food products, and by developing some unique aspects to their service and dining experience. Simply lowering prices and offering more promotion discounts is not a winnable strategy against the chains. Authentic Italian style ingredients and superior product knowledge is what sets Bellissimo Foods distributors apart from the broad line competition. Your Bellissimo distributor can be a great source of information and assistance you with product knowledge and even menu and format development.

Find your advantage. Use superior quality ingredients, offer consistently better products, and create a friendly neighborhood atmosphere that draws the customers back, again and again. Your advantage will help you build your business through even troubled times.

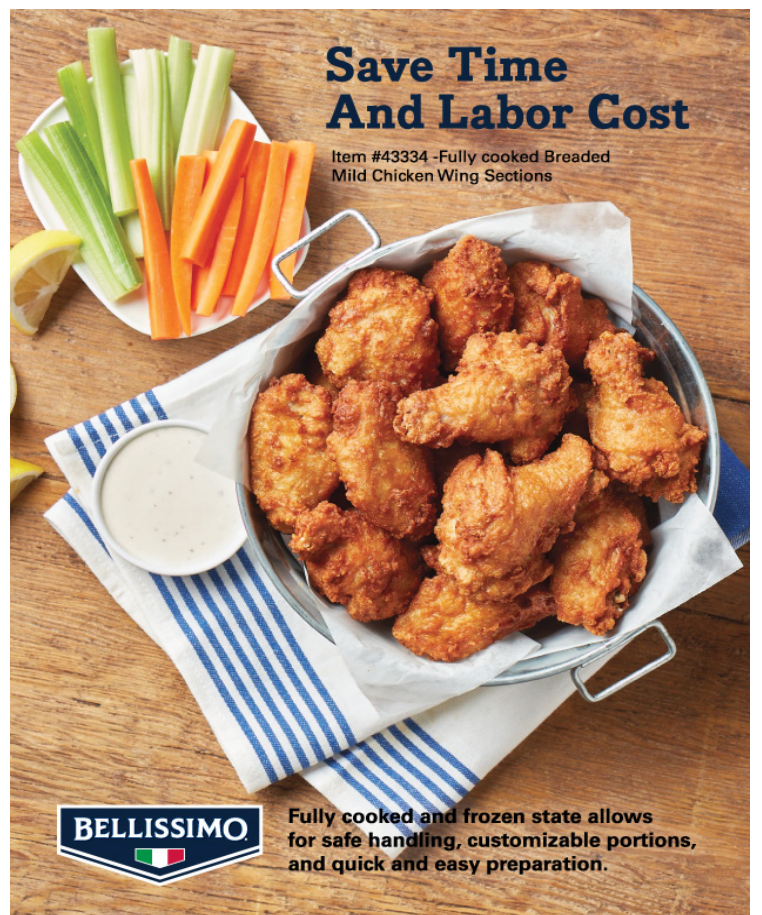


Talk to your distributor about **CUSTOM BLENDING**

your pizza sauce and dough recipes to achieve consistently superior, flavorful results each and every time.



1-800-ALLSPICE
allseasonings.com



Save Time And Labor Cost

Item #43334 - Fully cooked Breaded Mild Chicken Wing Sections



Fully cooked and frozen state allows for safe handling, customizable portions, and quick and easy preparation.

WHERE WILL INFLATION BE IN 2023?

(cont. from page 1)

prices are predicted to have increased between 3% and 4%, food-at-home prices are predicted to increase between 2.5% and 3.5%, and food-away-from-home (restaurant) prices are predicted to increase between 4% and 5%," the report said.

The details are interesting because the cost changes are very different between product groups. For example, eggs are still more than double a year ago, and turkey and fresh produce are up more than 40%. On the other hand, many of the important products and ingredients to the pizza industry are moderating, some even less than year ago. In our industry, energy and grain prices play an important role in determining dairy and protein production costs.

Overall cheese production is flat versus a year ago, but mozzarella production is up about 3%. Exports remain strong and costs are higher, driving recent cheese block market prices about 20 cents/pound higher than same period 2021. Milk, energy, and labor costs all are factors for conversion. Industry expert projections see wholesale prices trending down through Spring 2023.

Volatility is higher this year for meat products, mostly due to both higher grain and energy costs interrupted by spot shortages and uncertainty of supply. Recent weather events in the U.S., including a severe drought in the West and Midwest, have also played a role.

Chicken, with a relatively short production life cycle, actually costs about 10% less today than a year ago. Pork is similarly trending down in cost, though currently about the same as Fall 2021. Much depends on the volatile export market to determine domestic wholesale prices. Beef pricing remains stubbornly high as evidenced by continued record pricing at retail. With the longest production cycle, beef should follow other proteins in gradually coming down during 2023.

Imported ingredients and supplies from both Europe and the Far East will continue to be expensive and evident spot shortages. Incremental Covid challenges and the war in Europe will weigh heavily on this sector. Fortunately, at least logistics shipping costs are significantly lower than during the pandemic shutdowns.

Need help with your menu or pricing? Contact your local Bellissimo distributor or visit Bellissimo.com to find a distributor near you.



Di Prim'Ordine Farina Flour

Di Prim'Ordine Farina, a "00 Style" Pizzeria Premium Professional Flour

Offering a high-quality, untreated patent bread flour milled from a select blend of domestic hard winter wheat. It's excellent for hand stretching and a hot, fast bake packed in an operator-friendly 27.5 lb. bag.



EXPERTLY Crafted. EXACTLY WHAT You NEED.™

We understand you have personalized needs and are here to help you find or create just the right topping. We've spent decades perfecting the craft of our meat toppings. For us, it's not just a job, it's a passion.

Let's start with a sample at BurkeCorp.com



©2021 Burke Corporation. All rights reserved.

INSIDE THIS ISSUE

- Business Building: Success in The Details
- Where Will Inflation Be in 2023?
- Market Report



COLONY FOODS
INCORPORATED

PH: 978-794-1500
www.colonyfoods.com

Colony Foods is a proud distributor of Bellissimo authentic Italian ingredients.



Visit Bellissimo.com for more information on Bellissimo authentic Italian items, specials & more!

SCAN THE CODE TO SEE
OUR FULL LINE OF
PRODUCT CATEGORIES
OR VISIT OUR WEBSITE
BELLISSIMO.COM



**NEW PRODUCT CATALOG
COMING SOON!**



A PROUD DISTRIBUTOR OF BELLISSIMO

**CHECK INSIDE FOR THE LATEST
PIZZA INDUSTRY NEWS**

Presorted Standard
US Postage
PAID
Oakland, CA
Permit 810

c/o BELLISSIMO FOODS
1600 Riviera Ave. Ste. #315
Walnut Creek, CA 94596

RETURN SERVICE

**The brand trusted and preferred by
Pizzerias and Italian Restaurants**

