

North Dakota Retail Grocery Distribution System



North Dakota Rural Grocers Meeting
January 14, 2016

Grocery Distributor Categories

- Broadline Grocery Distributors
- Narrowline Grocery Distributors
- Direct Store Delivery Merchandisers
- Convenience Store Distributors
- Food Service Distributors



Convenience Store Distributors

- McLane Company, Inc. – Temple, TX
- Core Mark Inc. – San Francisco, CA
- Farner-Bochen Co. – Carroll, IA
- AmCon Distributing Co. – Omaha, NE
- Wholesale Supply Co. Inc. – Minot, ND
- Henry's Distributing – Alexandria, MN
- Vistar – Maple Grove, MN



Henry's Distributing, Alexandria, MN

- 12,000 items
- Minnesota, Eastern North and South Dakota, Northern Iowa, and Western Wisconsin



Food Service Distributors



- Sysco – Houston, TX
- U.S. Foods – Rosemont, IL
- Food Services of America – Scottsdale, AZ
- Gordon Food Service – Grand Rapids, MI
- Upper Lakes Foods – Cloquett, MN
- Russ Davis Wholesale – Eagan, MN
- Reinhart Foodservice Inc. – La Crosse, WI
- Quality Meats & Seafood – West Fargo, ND

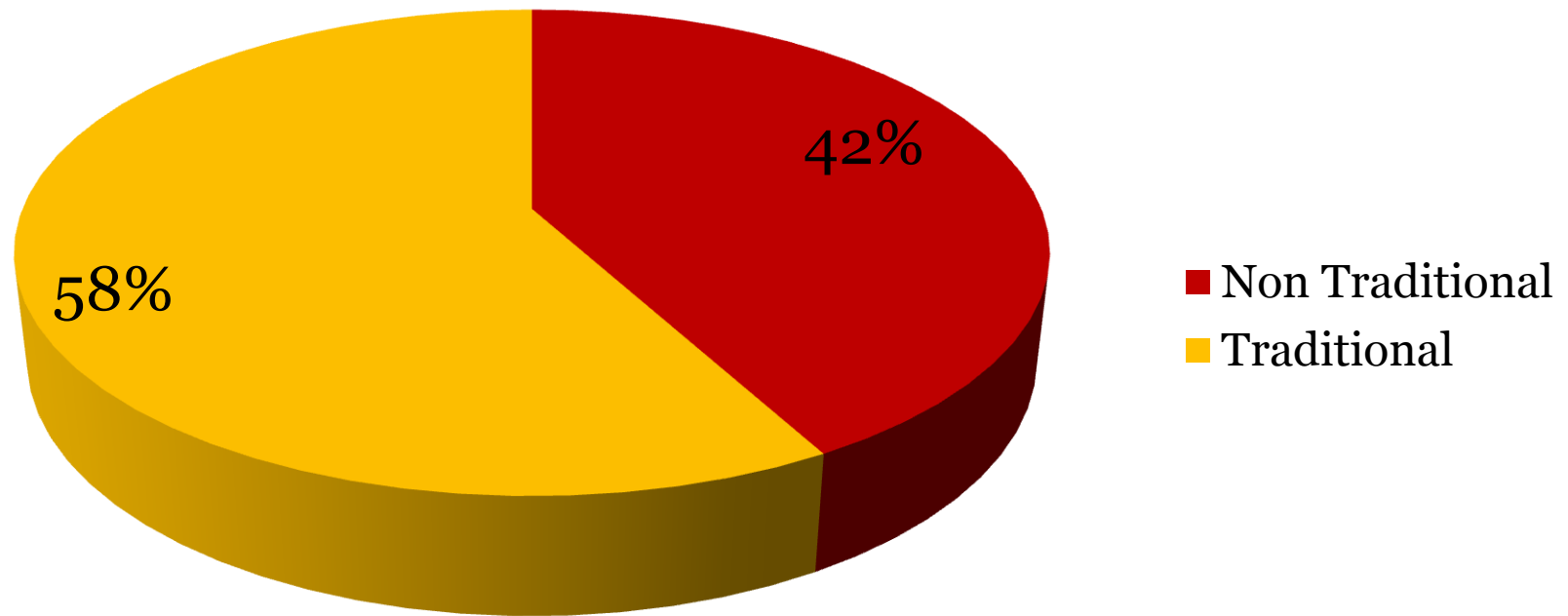
Food Service Distribution Customers

- Commercial Food Service
 - Quick Service Restaurants
 - Full Service Restaurants
 - Catering
 - Hotels and Clubs
 - Food Retailers (Grocery, Convenience, Malls)
- Institutional Food Service
 - Public, Private, Higher Ed Schools
 - Health Care
 - Military
 - Prisons
 - Business
 - Recreation



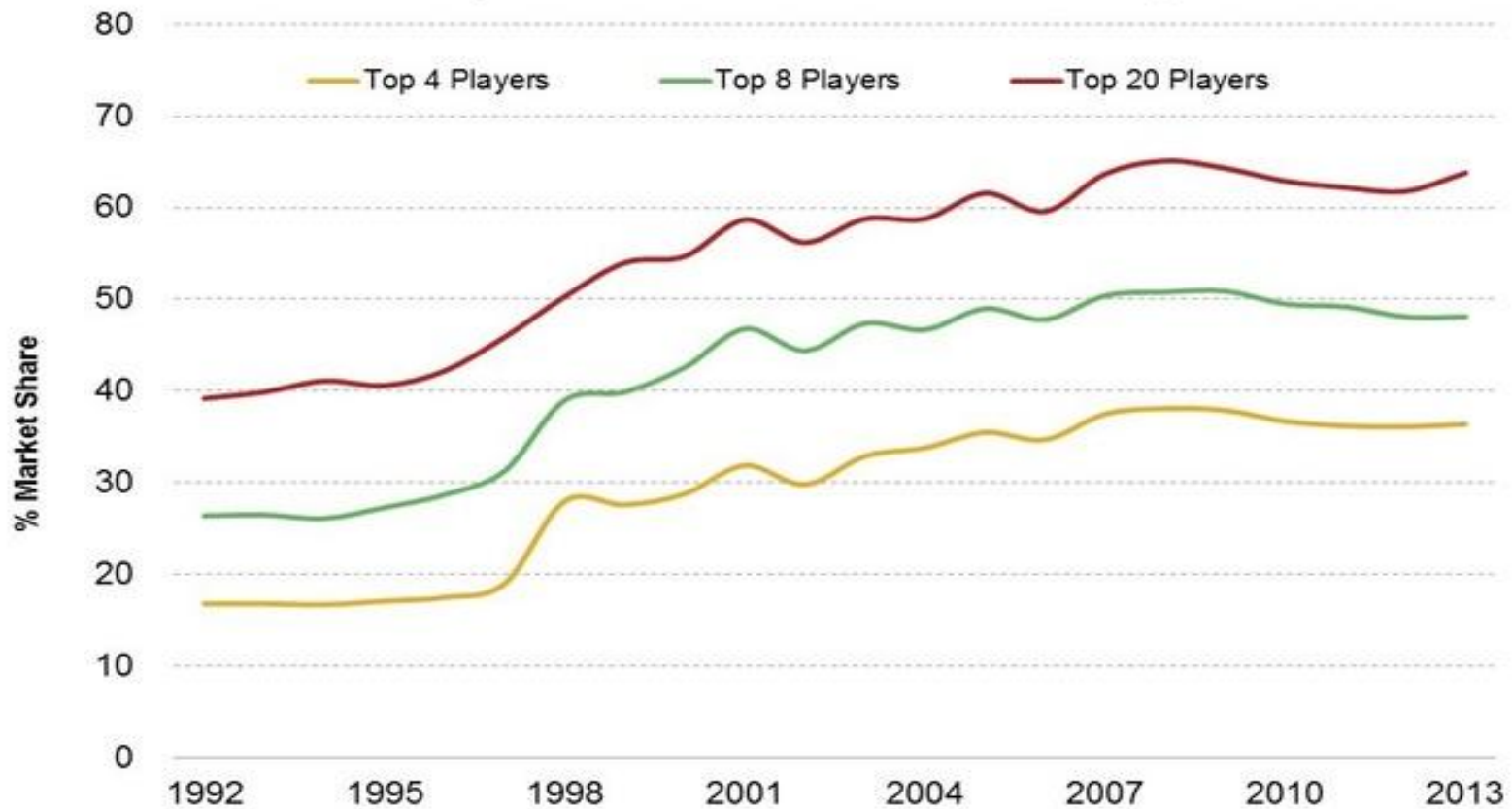
Retail Food Consolidation

% of U.S. Grocery Retailers



Source: Supermarket News

U.S. Grocery Market Concentration



Non Traditional Grocery Retailers

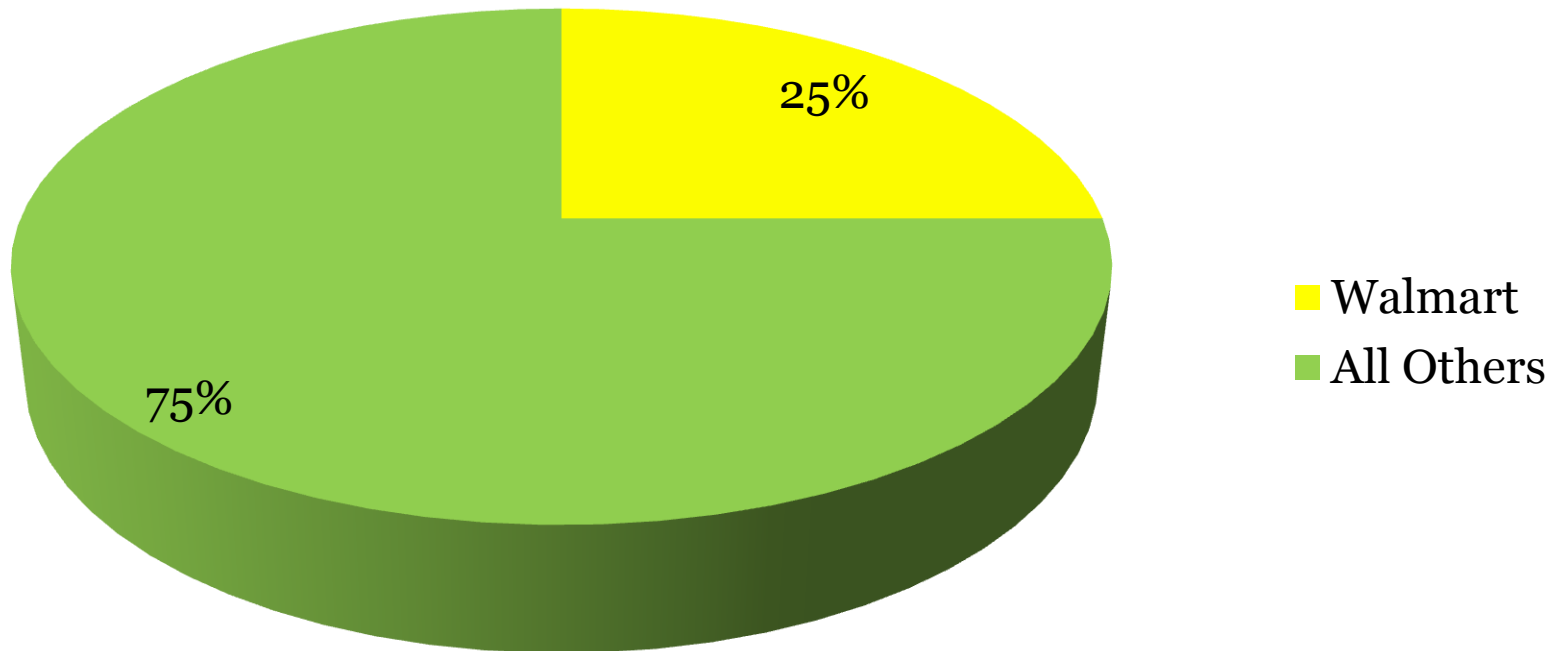


DOLLAR GENERAL®

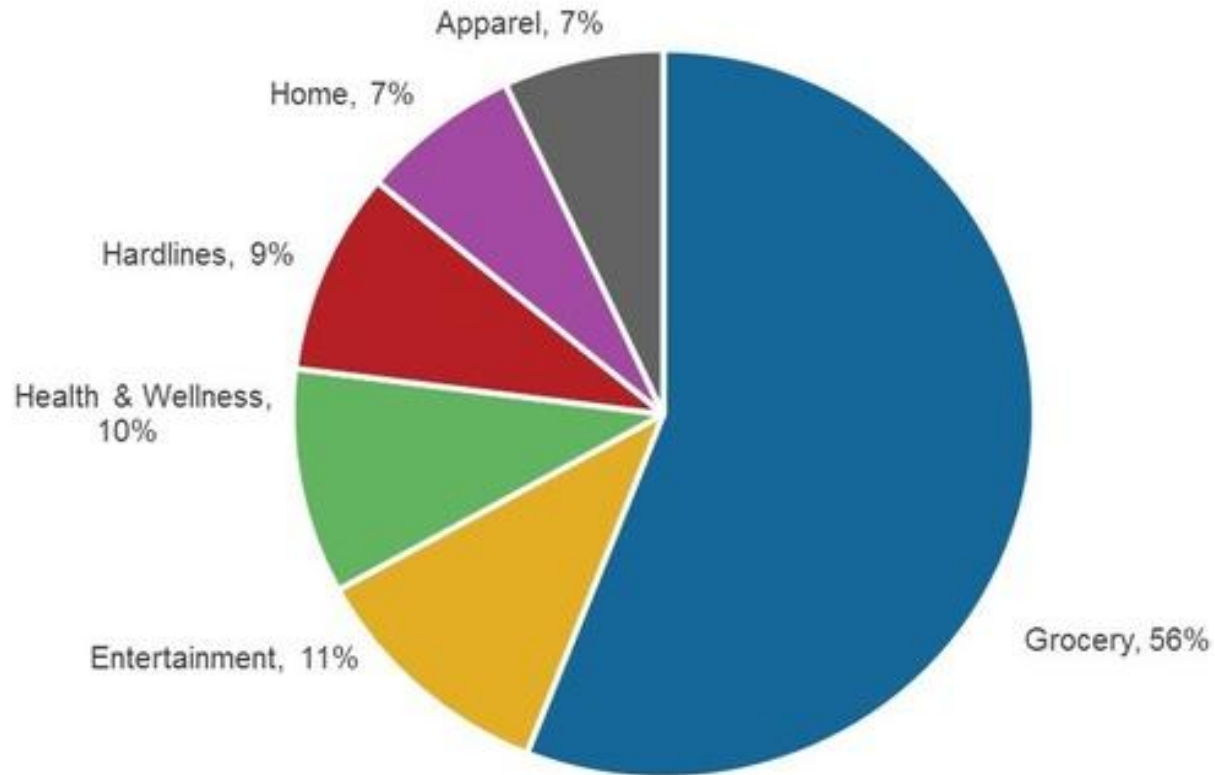


U.S. Grocery Sales by Walmart

% of U.S. Grocery Sales



Walmart U.S. Sales Segments \$473 Billion



Retail Grocery Distributor Services

- Wholesale Procurement
- Category Management
- Pricing
- Private Label Brands
- Marketing and Advertising
- Merchandizing Support
- Store Design
- Business and Accounting - EDI

Distributor's Viewpoint

- One Customer – One Truck – One Product = Efficiency
- # Drops per Truck – The Fewer the Better
- \$/Mile Goal – Fewer Miles – Full Trucks – Fewer Drops



Distribution Economies of Scale

- Profitability per Delivery/Route
 - Revenue per Delivery/Route
 - Cost of Goods per Delivery/Route
 - Operational Costs
 - Volume per Delivery/Route
 - Product Mix
- Number of Deliveries per Route
 - Travel Time between Deliveries
 - Trailer Size
 - Speed
 - Drop Time



U.S. Grocery Distribution Center Space



Source: Supermarket News

Super Valu Inc. - Eden Prairie, MN

Annual Sales - \$17.8 Bill

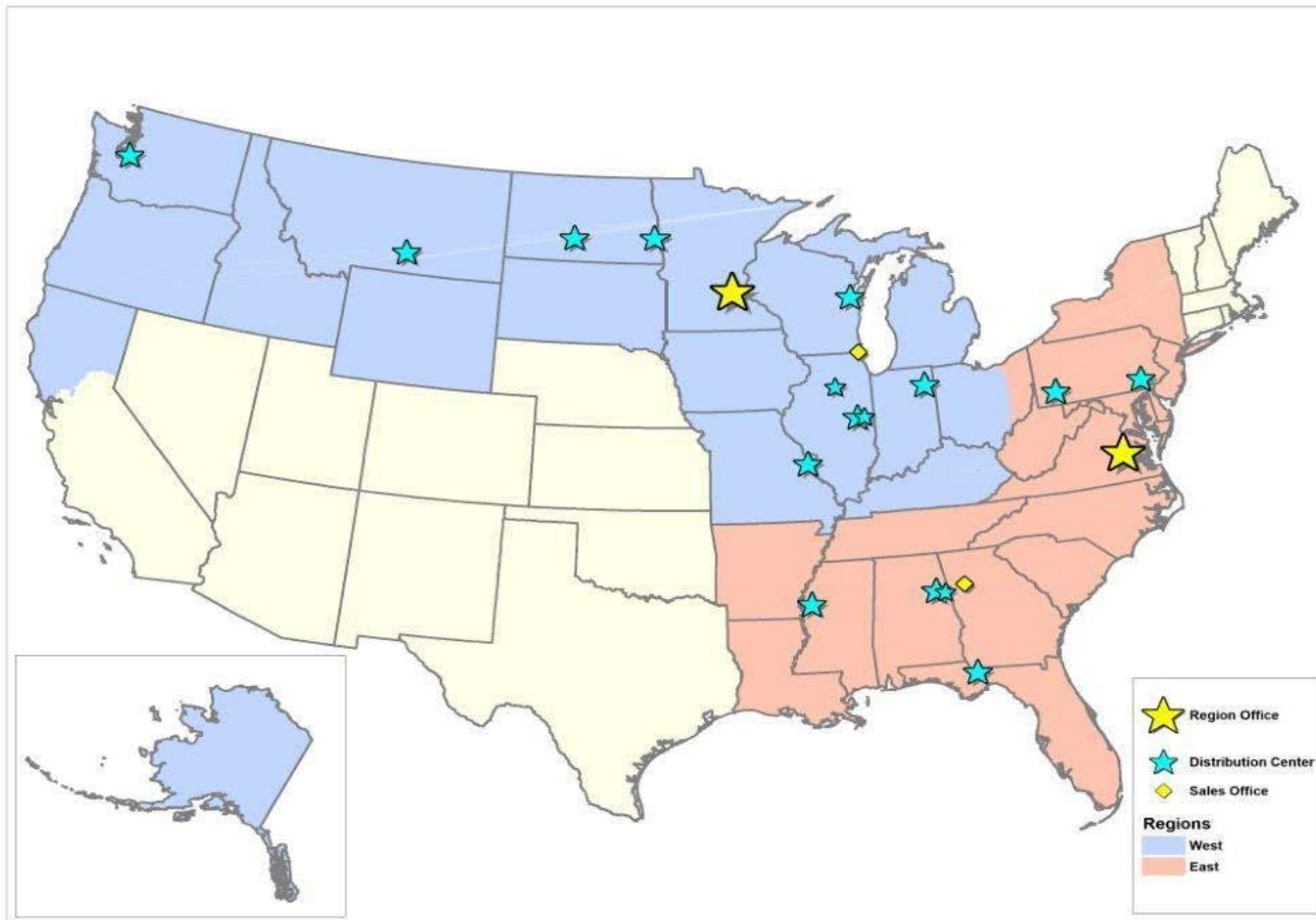
• **Number of Stores – 640**

- **Cub Foods**
- **Farm Fresh**
- **Shop 'n Save**
- **Shoppers Food Warehouse**
- **Hornbacher's**

• **Store Distribution – 1,854**

The logo for SUPERVALU is displayed in a bold, red, italicized sans-serif font. The word "SUPERVALU" is written in all caps, with a prominent diagonal slash through the letter 'V'.

Super Valu Distribution Map



Spartan Nash Inc. – Grand Rapids, MI

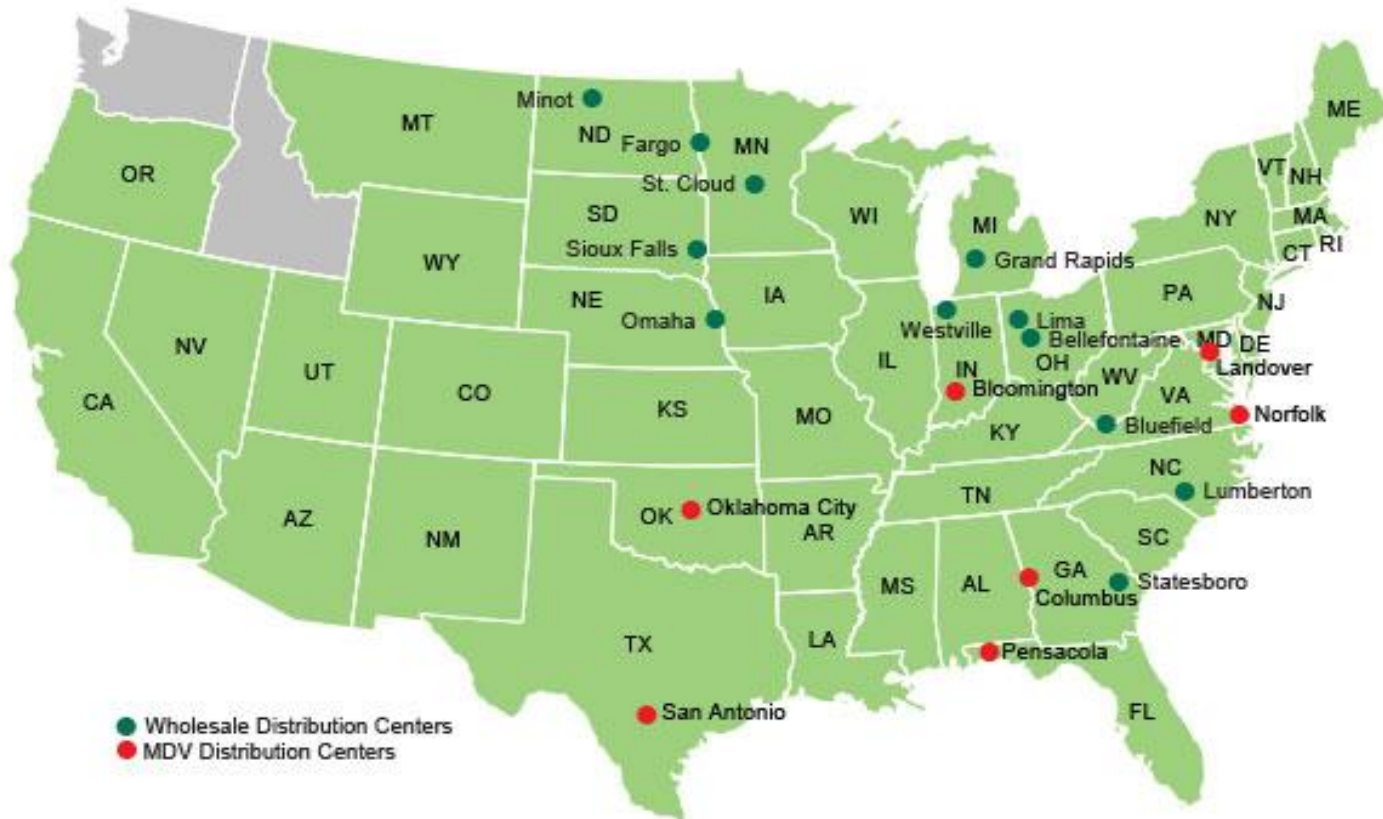
- **Annual sales:** \$8.0 billion (est.)
- **Store Distribution:** 550
- **Number of Stores:** 165 (\$2.4 billion)
 - Bag ‘n Save
 - D&W Fresh Market
 - Econofoods
 - Family Fare Supermarkets
 - Family Fresh Market
 - Family Thrift Center
 - Forest Hills Foods
 - Glen’s Markets
 - No Frills
 - Sun Mart
 - Supermercado Nuestra Famili
 - Valu Land
 - VG’s Food and Pharmacy



SpartanNash

Spartan Nash Distribution Map

SpartanNash Wholesale and MDV Distribution Centers



Mason Brothers - Wadena, MN

- **Product Line:** 19,000 sku's
- **Number of Stores:** 250
- **Service Area:** Minnesota, Eastern North Dakota, Eastern South Dakota, and Wisconsin



Retailer Owned Food Distributors & Assoc.



- Established: **1962**
- Members: **13**
- Member Employees: **10,486**
- Annual Sales: **\$16.1 billion**
- Member Stores: **5,536**
- Non-Member Stores: **2,573**
- Food Service Accounts: **3,008**
- Annual Retail Sales: **\$42.8 billion**
- Retail Employees: **189,500**

Retailer Owned Food Distributors & Assoc.

- [**Affiliated Foods Midwest**](#)
Norfolk, NE
-
- [**Affiliated Foods, Inc.**](#)
Amarillo, TX
-
- [**Associated Food Stores, Inc.**](#)
Salt Lake City, UT
S. Neal Berube, President & CEO
-
- [**Associated Grocers of FL, Inc.**](#)
Pompano Beach, FL
-
- [**Associated Grocers of New England, Inc.**](#)
Pembroke, NH
-
- [**Associated Grocers of the South**](#)
Birmingham, AL
-
- [**Associated Grocers, Inc.**](#)
Baton Rouge, LA
-
- [**Topco Associates, Inc.**](#)
Elk Grove Village, IL
- [**Central Grocers, Inc.**](#)
Joliet, IL
- [**CERTCO, Inc.**](#)
Madison, WI
-
- [**Olean Wholesale Grocery Cooperative, Inc.**](#)
Olean, NY
-
- [**Piggly Wiggly AL Distributing Co., Inc.**](#)
Bessemer, AL
-
- [**U.R.M. Stores, Inc.**](#)
Spokane, WA
-
- [**Unified Grocers, Inc.**](#)
Los Angeles, CA

Unified Grocers

- **Unified Grocers:** Largest retailer-owned wholesale grocery cooperative in the western United States.
- **Annual Sales:** \$4.1 Billion - No. 38 in Supermarket News 2016 Top 75 U.S. and Canadian Food Retailers and Wholesalers
- **Number of Stores:** Over 3,000



Central Grocers - Joliet, IL

- **Annual Sales:** \$2 Billion
- **Number of Stores:** 400 stores in the Chicagoland area



Pay Less, more profits, The Strength of Central Grocers

Associated Food Stores - Salt Lake City, UT

- **Annual Sales:** \$1.9 Billion
- **Number of Stores:** 500 stores
- **Area Served:** Utah, Arizona, Idaho, Colorado, Montana, Nevada, and Wyoming



**Associated
Food Stores**

Associated Wholesale Grocers - Kansas City, KS

- **Annual sales:** \$8.1 billion (est.)
- **Member stores:**
AWG is the second largest retailer-owned grocery co-op in the United States, currently serving approximately 3,406 member stores.
- **Service Area:** 28-states

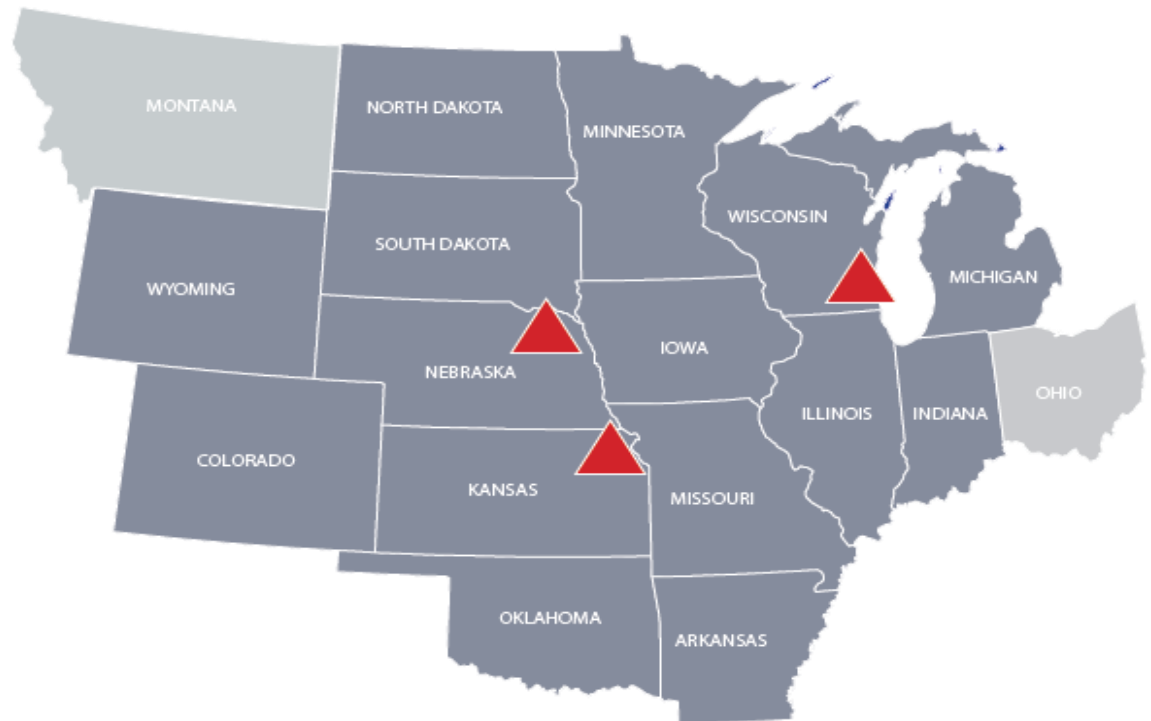


Associated Wholesale Grocers
distributing success for over 80 years



Affiliated Foods Midwest- Norfolk, NE

- **Annual sales:** \$1.6 billion (est.)
- **Member Stores:** 800
- **Service Area:** 15-states



Survey Findings

- 40% collaborate in some way with other small stores
 - sharing ideas
 - cooperative advertising/marketing
 - achieve minimum buying requirements
 - distribution purposes
- 52% feel that a statewide alliance of small, independently owned grocery store owners may have value

United Action - Working Together

- Attract Distributor Competition
- Improve Distributor Logistics
- Utilize Distributor Services
- Lower Costs
- Improved Decisions



Organizational Development Process

- Establish Steering Committee
- Establish Advisory Team
- Develop Strategy, Mission, Objectives
- Develop Plan of Work and Time Line
- Assign Tasks and Target Dates for Action
- Evaluate Potential Member Interest
- Conduct Feasibility Study
- Develop Business Plan
- Conduct Equity Drive
- Establish Board
- Hire Management
- Complete Capitalization
- Begin Operations

