



What is a D-GPO, and will a “New & Enhanced” D-GPO Effort Succeed?

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Independents restaurant operators have become priority targets for GPOs (Pentalllect research estimates **35,000 independent operators are members of GPOs** and the number appears to be growing rapidly).

All foodservice trading partners are highly interested in influencing independent operators, with over \$100 billion annual spend to buy their products, brands and or services. However, the **entities that most influence independent restaurants product and brand selection have the valuable “marketplace leverage”**.

For manufacturers, the independent operator universe is an attractive population. A large percentage of a manufacturer’s sales and trade spend is to compete for, or tap into, the marketplace leverage and reach/influence independents.

The national GPOs recognize many of their target non-commercial market segments, such as healthcare, are already highly penetrated and therefore independent operators offer the potential for significant growth and revenue. Further, local market and regional GPOs have intensified their independent operator focus.

For broad-line and local market specialty distributors, the independent operator community is very attractive as it significantly and favorably influences distribution economics and profitability.

Historically, the large national distributors, especially Sysco and U.S. Foods, have collaborated with and provided services for the largest GPOs and the largest food service management firms, thereby enjoying the predominant share of GPO volume and growth.

Further, in the past, only a few distributors and/or distributor buying groups developed their own operator loyalty programs/GPOs to compete (ex: Ben E Keith’s Keith Care, IMA’s CAN program). These programs reportedly have been modestly successful but apparently have not maintained growth momentum.

This brings us to UniPro's GPO initiative. It appears this substantial group of regional broad-line distributors are planning to collaborate and **form a new distributor GPO/operator loyalty program (D-GPO) to compete with traditional GPOs.**

Can this be significant? Can this actually be a game changer? Can they be more competitive?

The Pentalllect POV is that if executed properly, yes, this "movement" can gain momentum and could indeed shift/make a difference on "Marketplace Leverage".

When the new initiative starts, some things to watch that may well determine success or "nice try" include:

- Will the distributors put the needed resources against growing the D-GPO and master program execution?
- How will independent operators react to a D-GPO?
- Can the UniPro distributor D-GPO effectively take share of independent business from the national distributors?

At this very early stage, there are **many yet unanswered questions**, however, this D-GPO concept could be the competitive response many distributors have long sought and **definitely bears watching by all trading partners.**

This and other critical strategic issues will be discussed at the **Pentalllect Summit, The Fight for the Foodservice "Sweet Spot": GPO Traction with Independents. To be held April 26th in Chicago.**

The summit will feature:

1. New/original critical independent operator research.
2. Operator and GPO speakers/panels providing insights on today's GPO challenges.
3. Pentalllect's strategic assessment and outlook.
4. Many additional strategically important insights & perspectives.

Visit www.pentalllect.com for more information.