Northwestern University
May 15, 2019
We make it easy to source local food

Local Foods is a wholesale distributor of Midwest-grown foods, servicing 300+ restaurants, caterers, schools, institutions and more throughout Chicagoland & the upper mid-west.

Working with hundreds of growers and producers in the Midwest, we aggregate their products at our facility in Chicago.

Under one-roof, we offer wholesale distribution and retail access to the best farm-direct goods.

FARMERS
For peak freshness, our farmers hand harvest to order, capturing the best flavor and highest nutritional content.

INSTITUTIONS
Schools, universities, hospitals and businesses.

RESTAURANTS
Everyone from small chef-owners to large restaurant groups.

RETAIL
Neighborhood stores, co-ops, and large grocery stores.

localfoods.com
Local Foods

Deli & Cheese Counter

Offering a selection of the midwest's best cheese, meat, and charcuterie. House-made Deli Meats & Charcuterie.

Whiskey Acres

Local Meats & Cheeses

New Meats & Cheeses

- Smoking Goose
- Blue Hills Sheep Bleu
- Windshadow Farms Chevre
- Pork, Chorizo, Pepper Salami
- Woodsford Arlington Tomme

Specials

Mother's Day

Present *100
Get *20 giftcard

$5 Pork chops
Uber Eats could generate at least $1 billion in revenue this year (an estimated 7% to 10% of the total market), and ranks second in the U.S. behind rival Grubhub (likely $1 billion in 2018 revenue) and ahead of competition like Caviar, Postmates and DoorDash.

Restaurants are, at best, semi-willing partners that can ill afford a 30% blow to their bottom lines. And since Uber isn’t (yet) willing to have your meal share a ride with a paying customer, there are fewer network efficiencies to capitalize on.
A year ago, DoorDash Inc. looked like just another meal delivery app maker on its way out. The company was burning cash as it struggled to differentiate its software from that of Uber Eats, GrubHub Inc., and other competitors, and it had recently sold shares that valued the company at less than its previous funding round. Then something strange happened:

Excluding overhead expenses such as salaries and rent, DoorDash started turning a profit. Granted, that’s a generous definition of the word “profit,” but it was enough for Saudi-backed SoftBank Group Corp., which swooped in to lead a fresh round of investment totaling $535 million.
A FEW CAUTIONARY TALES

Amazon net profit was 4% of revenue in 2018.

Amazon cost of fulfillment has gone from 13% in 2016 up to 14.2% in 2017 and went up further to 14.6% in 2018.

Uber Adjusted EBITDA in 2018 ($1.85B).

Lyft 2018 revenue $2.2B with net income of ($911MM).
Managing Expectations

1. The way the 3rd party delivery concept is pitched to restaurants and retail grocery is:
   • Increased revenue and marketing reach
   • Customers are expecting you to provide delivery but…
   • Delivery infrastructure is costly and risky
   • You already have the labor in house so the only increase is food costs and a bit of packaging.
   • We’ll take care of the rest and you make the $$$$$

2. Top line revenue growth isn’t always the answer

3. Restaurant and grocery margins are thin at best (very high failure rate even amongst seasoned professionals) and a major source of sit-down restaurant profits come through liquor sales.

4. Increased labor and packaging costs nearly impossible for restaurants and grocery retailers to absorb.

5. The logistical challenges of 3rd party delivery are beyond most independent restaurant and store owners. **Low band-width, high turn-over and modest technology.**

6. The risk remains with the food provider—their name and reputation—not the delivery partner.
What to do?

1. Customers want what they want and have high expectations—especially when it comes to food!
2. You have to play—simply saying no isn’t the right answer.
3. Speed (with associated risk but capturing share and learning on-the-fly) v. Thoughtful (mitigating execution risk but potentially “left behind” by being late adopters). What fits you best?
4. Local Foods currently following the more thoughtful path (we’ve put our current 3rd party delivery arrangement on hold) but with a commitment to execute in the future.
   a. Quality of execution paramount
   b. Supply chain—capabilities of our farmers, ranchers & makers.
   c. Building capabilities within my team.
5. My restaurants chose not to participate as we concentrated on our seated experience as well as other customer engagement platforms—more on-brand for us.
6. Delivery providers need to consider increased customer training, systems support, on-site onboarding/implementation procedures, etc.
How many miles?

- 9 Separate Items
- Sourced from 13 countries
- Packaged in North Carolina
- On a Family Dollar shelf right here in Chicago!
- $2.00 a bag!