

**Attention: These are some selected announced Manufacture price increases for 2011. This information should be considered a "snapshot" of what is going on in the wholesale food markets. Your costs will not initially reflect these increases, but as your vendors repurchase, the new costs WILL be passed along. Any questions or comments, please contact me.**

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**Boghosian Raisin Packing Company (Raisins) Category Increase + 5.7%**

There is a severe worldwide shortage of raisins. The US and Turkish crops are coming in very short. As opposed to previous years, there will not be any inventory "carryover" this crop season. Industrial demand is also creating additional shortages. At this point we have been told that product allocation will not affect our vendors.

**Coffee Prices**

- **Douwe Egberts Coffee Systems (Liquid Concentrate Coffee) Category Increase +3.7%**
- **Seattle's Best (Coffee products, food products, paper products, other products, and Office Coffee Service coffee) Category Increase +3.4%**
- **Starbucks (Coffee and coffee related products) Category Increase +3.5%**

Starbucks and Seattle's have held their pricing through several months when the markets have been volatile. These pricing increases are tied to the green coffee market which has continued to trend higher hitting a 13-year high in October 2010 at \$2.00 per pound. Volatility in the market is tied to a weak U.S. dollar, low crop estimates from Brazil and high prices on Colombian coffee. U.S. stockpiles are also at a 10-year low.

**Dinex International Inc. (Patient tray top insulated ware and disposable lids) Category Increase +6%**

This increase is firm for the year. The increase is tied to increases in Resins ranging from 12% to 25% as well as a 6% increase in the Trucking Cost Index for the USA. These increases are primarily driven by the increase in petroleum costs.

**Diamond Crystal (Sugar PCs ) Category Increase +3.2%**

During the three year term of our Sugar PC contract, commodity market pricing for Sugar increased 61% while our price was held flat. Market conditions continue to be volatile driven by tight Global Supplies and increasing demand. Additional increases may occur through 2011.

**Dole (Pineapple, Packaged Fruit & Juices) Category Increase +5.5%**

The Dole increase is tied to key market indices that have risen in the past year. The price of fertilizer increased 17% and warehouse and distribution costs have risen nearly 7%.

**Fountain Pricing (Coca Cola, Pepsi, Dr. Pepper BIB Fountain Syrup) Category Increase +3%**

These increases are driven by increased cost of goods and continued investment in innovation and service.

**IMCO (Don label Windsor dinner knives, Windsor ice tea spoons, Windsor salad forks, Dominion ice tea spoons, Dominion salad forks, and Dominion dinner knives) Category Increase +4%**

The increase is being driven by a 7% increase in Chinese finished stainless sheet and increased shipping costs. IMCO was able to hold existing pricing on highly used products as a direct result of a heavy advance buy last summer. The impact on this increase should be minimal. IMCO expects to hold the new pricing through June 2011. Competitors to the IMCO products have already announced an across the board increase of 5-6%.

**Ken's Foods - BBQ sauce (BBQ Sauce Products) Category Increase +3.3%**

**Ken's Foods - Salad Dressing, Mayo, Sauces (Salad Dressing, Mayonnaise, other sauces) Category Increase +5.6%**

Ken's is taking a pricing increase on most of their food items due to high soybean oil costs and high sweetener costs. Since August, the soybean oil market has increased from \$0.40/lb CBOT to \$.50/ lb driven by lower soybean and corn yield projections from the USDA. Other factors include increased exports and weather. Due to the rising cost of grains, Ken's anticipates other increases to impact them in 2011.

**Juice**

**King Brands (Aseptic bulk juice) and Gregory Packaging (Individual cup juice) Category Increase range from 1% to 15%**

These pricing increases are tied to the short supply of apple juice (from China, the world's largest producer). The increases are also tied to a price spike in orange juice solids, a result of early freezing concerns and crop output. The pricing increase for each contract is dependent on varying factors. For instance, King Brands has only taken moderate increases over the last three years and needed to adjust to market increases. The increases vary by product as well based on different market factors. For instance orange juice increases range from 4% to 8% and apple juices are ranging from 4 to 14%.

**Kraft Foodservice Desserts (Jell-O) Category Increase: Desserts +4.29%; Bulk Gelatin and SF Bulk Prod. +4.16%**

Sugar commodity market volatility has led to 30-year high market pricing. Tight supplies and increased demand continue to drive record high prices as the sugar commodity cost has increased 61% since 2008.

**Lipton Tea/Unilever** (Teas: cold & hot) **Category Increase +3.2%**

This increase mostly impacts hot teas with a 5% increase on those products. The pricing adjustment is tied to an increase in the cost of goods including transportation.

**Schwan's** (Asian products) **Category Increase +5%**

This increase is in line with key market indices also increasing. The key index for poultry increased 5% and the fats and oils index increased 7.4%.

**Unilever Bestfoods – Bases** (Soup bases) **Category Increase +4.7**

**Unilever BestFoods – Sauces/Gravies** (Dry and Instant Sauces and Gravies) **Category Increase +4.4**

Unilever pricing increases are in line with commodity ingredients primarily Corn, Soy, and Poultry. Factors such as increased demand and adverse weather affecting crop harvests have contributed to the current scenario.

**Regional Bakery Pricing**

**Flowers Bakery** – Florida, Georgia, Alabama, Mississippi, Louisiana, Texas, New Mexico, Oklahoma, Arkansas, Tennessee, Kentucky, South Carolina, North Carolina, Virginia, West Virginia – **Average Increase +5% increase**

**– Effective December 20**

(All [previous](#) independent Flowers pricing zones have been collapsed into [one](#) pricing zone)

**US Bakery** – Pacific Northwest - **Average Increase +6%**

**Old Country** - California - **Average Increase +4-5%**

*Many of our regional Bakery Partners have held their pricing for over 18 months. Currently, grain markets are volatile mostly due to Russia one of the world's largest suppliers banning exports. Since June 2010, wheat prices have increased month after month. As of October 2010, wheat prices are 47% higher than June 2010. Our regional bakery partners do not always have the capacity to project out or buy long term positions on their main commodities such as wheat and they are sometimes forced to buy in at volatile market times.*

**Rich Food Products** (Sweet Goods contract) **Category Increase +3.4%**

The pricing increase is a result of commodity percentage increases from August 2009 to August 2010. Sugar (beet) increased 13.6% and Soybean oil 16.9%. Cocoa and linerboard also increased more than 10%.

**Commodity Driven Contracts**

The contracts below are formula-based, reflect the markets and change monthly or quarterly. We will not always provide an explanation for pricing changes, as the pricing of these programs continually ebbs and flows with the markets. A yearlong snapshot of pricing gives the most appropriate view of the benefits associated with our negotiated pricing, and the monthly pricing reflected does not portray the full year benefit. However, we do want to keep you informed so you can make menu and pricing adjustments as appropriate for your units.

**Berry Plastics** (Formerly Covalence) Diet Kits **Category Increase +5%**

**Berry Plastics** - A&E Products **Category Increase +5%**

**Berry Plastics** - Trash Liners **Category Increase +3.7%**

Berry can liner prices are heavily impacted by resins for which prices have continued to rise recently. Limited supplies of ethylene feedstock and resin continue to push polyethylene prices higher with significant increases in November of this year, further increases are expected in the next 1-3 month as well. In the caterware and diet kit categories, pricing has held for over 18 months while resin used in both product lines have risen significantly over this period as well as non-resin based cost inputs.

**Cargill Raw Process and Ground Beef** (Raw Processed Beef, Ground Beef, Meatloaf and Salisbury Steaks) **No change**

**Cheese Updates**

– **DCI** (Natural Cheese) **Category Decrease -.04%**

– **Schreiber Foods, Inc.** (Processed Cheese) **Category Decrease -11.3%**

The pricing for DCI Cheese uses pricing factors based on the Chicago Mercantile Exchange (CME). Schreiber pricing follows the CME *barrel* market along with a slightly different pricing timeline and therefore has increases and decreases that are not necessarily in line with the DCI fluctuations. The cheese market has fallen due to increased inventory, causing a downward trend.

**Dopaco, Inc.** Paper French Fry Cartons **Category Increase +5%**

**McNairn** (Butcher paper, evirobake pan liners, steak paper and window bags) **Category Increase +6.1%**

Price pressures are due to increases in the tonnage prices of both the pulp and paper raw materials which are the primary drivers for the majority of products for both McNairn and Dopaco.

**Farmland Foods**

- Raw Bacon: **Category Increase +2.1%**
- Cooked Bacon: **Category Increase +1.4%**
- Pure Pork Sausage: **Category Decrease -2.2%**
- Whole Hog Sausage: **Category Increase +1.6%**
- Ham: **Category Increase +3%**
- Deli Lunch Meat: **Category Decrease -0.5%**
- Fabricated Pork: **Category Increase +1.2%**
- Hot Dogs: **Category Decrease -0.5%**
- Pizza Toppings: **Category Decrease -0.5%**
- Italian Sausage: **No Change**
- Smoked Sausage: **Category Decrease -1%**

**Jennie-O Foods, Inc.** (Turkey Products) **No Change**

**Koch Foods**

- Bone in Breaded: **Category Decrease -0.1%**
- Bone in Raw: **Category Decrease -0.1%**
- Breaded Boneless Breast: **Category Decrease -1.1%**
- Breaded Nuggets and Patties: **No Change**
- Raw Boneless: **Category Decrease -0.1%**
- Pulled, Diced and Cooked Strips: **Category Decrease -0.3%**
- Breaded Tenders, Tenderloins, Popcorn, Strips: **Category Decrease -0.8%**
- Cooked Unbreaded Breasts and Patties: **Category Decrease -0.8%**
- Wings: **Category Decrease -0.2%**
- CVP: **Category Decrease -1.6%**

**Kraft Foods** (Cream Cheese) **Category Decrease -3.71**

**Michael Foods, Inc.** (Papetti's) (egg products) **Category Increase +4.6%**

**Mitsui** (Tuna) **Category Increase +1%**

While the average for this category is low, there are two pricing changes worth mentioning. Skipjack Tuna Pouch is decreasing in price by 8% and Low Sodium Skipjack Tuna is increasing by 10%. The disparate pricing adjustments are tied to demand. Pouch product is popular because of the perceived benefit to the environment (i.e. no cans), however, there is low demand – it is a “flake” product and chefs prefer chunk. Low sodium products continue to be in high demand so that is why you are seeing the increase in that product.

**Reynolds** (Foil Products) **Category Decrease -4%**

Raw materials prices have rebounded following the recent aluminum reductions three months ago. The increased price of raw materials resulted in higher costs for finished aluminum and foil-based products and is due in part to increase demand. In addition, there are reduced surpluses as the automobile industry worldwide has begun to pick up demand for aluminum.

**Ventura Foods** (Bulk Margarine) **Category Increase + 6.7%**

**Ventura Foods** (Oil, Shortening) **Category Increase from +6.5% to +9.2%**

The market continues to be driven by strong export demand from China as well as some weather related concerns regarding the South American crop potential – there are dryness issues for some parts of Brazil and Argentina, the world's second and third largest soybean producers behind the U.S. Their crops are being counted on to relieve some of the pressure on U.S. bean supplies amid strong global demand.