How Foodservice Distribution Has Changed — And What Modern Restaurants Need to Know

By Eric Faber, Founder & CEO of U.S. Restaurant Consultants   July 2025

Foodservice distribution used to be a straightforward, predictable system: a rep showed up once a week, took orders, delivered a truckload of product, and managed the relationship with the operator. Today, the landscape looks nothing like it did even a decade ago. Technology, consolidation, labor shortages, supply-chain shocks, and changing operator needs have reshaped how distributors operate and how restaurants must engage with them.

For restaurant operators, understanding this shift is not optional—it's essential for controlling costs, maintaining consistency, and building a more resilient supply chain. Here's how the world of foodservice distribution has changed, and what it means for your business.

1. Massive Industry Consolidation Has Reshaped the Playing Field

In the past, most operators worked with independent distributors or regional family-owned houses. Today, the industry is dominated by a handful of national giants—Sysco, US Foods, PFG—along with a shrinking pool of regionals.

What this means for operators:

- Fewer options often means less negotiation leverage.
- Larger distributors push contract programs, volume incentives, and house brands.
- Smaller independents may offer better service but narrower product depth.

Restaurants need to be strategic: consider a hybrid approach using a national for center-of-the-plate items and a local distributor for specialty products and perishables.

2. The Distributor Rep's Role Has Changed—Dramatically

Your "sales rep" used to be a true partner: part consultant, part product expert, part relationship manager. Today, reps are increasingly order-takers working from laptops and quoting corporate pricing.

Reasons:

- Larger territories
- Fewer reps due to labor shortages
- Increased automation
- Corporate-driven pricing and SKU management

For operators: you must now take responsibility for what your rep used to do—price checks, product comparisons, menu costing, usage forecasting, and negotiated deals.

3. Technology and E-Commerce Are Now Central to Distribution

Online ordering systems (like Sysco Shop, US Foods Online, and PFG's e-commerce platforms) have replaced handwritten orders and in-person visits.

Benefits:

- Easier ordering and reordering
- Better visibility into pricing
- SKU history and analytics
- Real-time inventory availability

Challenges:

- Less human support
- More errors if you're not diligent
- Visibility doesn't equal transparency—pricing still fluctuates weekly

Operators need to monitor dashboards the way you monitor your POS: food cost control starts with distribution data.

4. Logistics Pressures Have Made Delivery Windows and Minimums Tighter

Driver shortages, fuel costs, and warehousing constraints have forced distributors to change how and when they deliver.

Expect:

- Narrower delivery windows
- Higher minimums
- Reduced flexibility on off-day deliveries
- More split-case fees
- Fuel and service surcharges

For operators, this means better inventory management is non-negotiable. Many restaurants now order less frequently but more strategically to avoid fees or missed deliveries.

5. SKU Rationalization Is Shrinking Product Variety

Distributors have aggressively cut slow-moving SKUs in favor of high-velocity items and private-label brands.

Impacts:

- Fewer specialty items
- More “preferred vendors” and fewer alternatives
- Push toward house brands for higher margins
- Longer lead times for unique products

For menu-driven restaurants, this requires intentional recipe design with reliable alternates and stronger vendor relationships outside the primary distributor.

6. Contract Pricing Has Become a Double-Edged Sword

Manufacturer contracts and deviated pricing used to be a huge advantage. Today they’re a maze.

Reality operators face:

- Deviated items still fluctuate with freight and logistics costs
- Contracts often require volume commitments
- Rebates favor distributors more than operators
- Manufacturer “support programs” are less transparent

Contract pricing **can** save money—but only when monitored monthly. Otherwise, you’re paying for programs you don’t benefit from.

7. Restaurants Now Need a More Sophisticated Distribution Strategy

The days of “just order from your broadliner” are long gone. Modern operators should consider:

- Multiple distributors for different categories
- Direct-sourced items when it makes sense
- Negotiated long-term contract pricing on key volume SKUs
- Weekly pricing audits
- Tracking distributor errors and credits
- Comparing manufacturer brand vs. house brand cost relationships

The most profitable restaurants treat distribution the way they treat labor or rent: a controllable area, not a fixed cost.

8. Consultants and Third-Party Analysts Now Play a Bigger Role

Because the system has become more complex, many operators turn to consultants—like **U.S. Restaurant Consultants**—to manage:

- Bid processes
- Pricing audits
- Contract negotiation
- SKU optimization
- Supply-chain cost modeling

A neutral expert can save operators 5–15% annually simply by ensuring the distributor relationship is balanced and transparent.

Final Thought: Distribution Is No Longer a Simple Transaction—It's a Strategy

The foodservice distribution world has changed more in the last 10 years than in the 40 years prior. Technology, consolidation, and supply-chain volatility have rewritten the rules.

Restaurants that adapt will control costs and protect margins. Restaurants that don't will struggle with unpredictable food costs, limited product access, and weaker vendor relationships.

Your distributor is still one of your most important partners—but the partnership has changed. Now more than ever, operators need strategy, structure, oversight, and expertise.