

Sales Growth Slows for the 8th Consecutive Quarter; Market Shows Signs of "Fits And Starts"

Overall sales growth for Q2/23 once again dropped significantly to + 4.1%, short of the quarterly sales forecast of + 4.5% and down from the first quarter level of +6.6%. This represents the 8th consecutive quarter (2 years) of lessening growth. The 8-quarter history is +19.1%, +14.7%, +17.3%, +15.1%, +14.3%, +12.4%, +8.7%, + 6.6% and now +4.1%. Q3/23 is projected to slow even further to +3.5%.

As sales growth moderates to low single digits, some product categories and some geographies have begun to record razor thin results and even negative levels. For example, the Northeast reports only +0.7% overall growth for Q2/23 and -0.4% contraction for Q3/23. By region, sales for Q2/23 are +6.4% South, +5.0% Midwest, +4.5% West, +2.8% Canada, and only +0.7% Northeast.

Reps are sensing a slowing down of both Consultant and Quoting Activity with 25% reporting less Consultant work vs 9% last quarter and 35% reported less quoting vs 22% last quarter. Some manufacturers, both public and private, have reported declines in sales.

A close look at the overall Foodservice Sales Curve for the past 4 years shows that we are in the 3rd leg of a likely 4-legged W formation. The "first leg" was the sharp decline bottoming out at - 28.7% in Q2/20 as Covid shut down our industry. This was followed by the "second leg" as Covid waned and business surged as Food Service opened back up and peaked in Q2/21 +19.1%, and now we are into the "third leg" of reduced demand, amply supply and higher prices as we move to a forecast of +3.5% in Q3/23.

Higher prices coupled with slowing demand is what economists refer to as "stagflation". Rising interest rates also contribute to this phenomenon.

Overall business appears to be headed towards a period of "fits and starts". We are in a period of market volatility not seen in the nearly 25-year history of the MBB.

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Qtrly Sales Forecast for North America
Q3/23 vs. Q3/22
 3.5%

Yearly Sales Forecast for North America
2023 vs. 2022 **2022 vs. 2021**
 5.9% 11.3%

Quoting Activity for Q2/23 vs. Q1/23

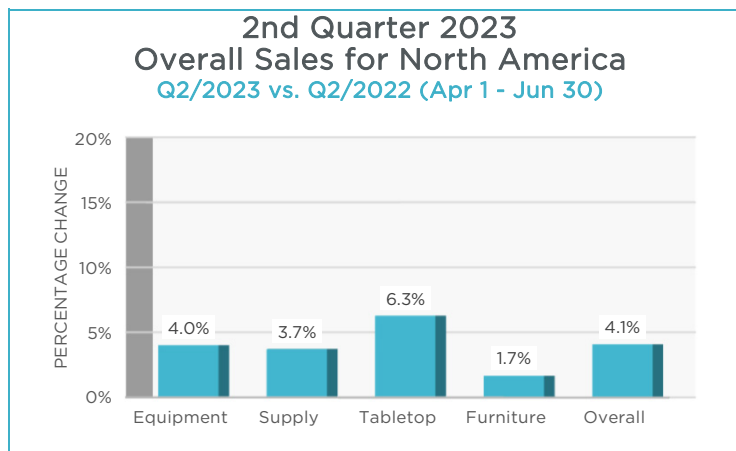
More	Less	No Change
40%	25%	35%

Consultant Activity for Q2/23 vs. Q1/23

More	Less	No Change
32%	20%	48%

Jan San Sales for Q2/23 vs. Q2/22

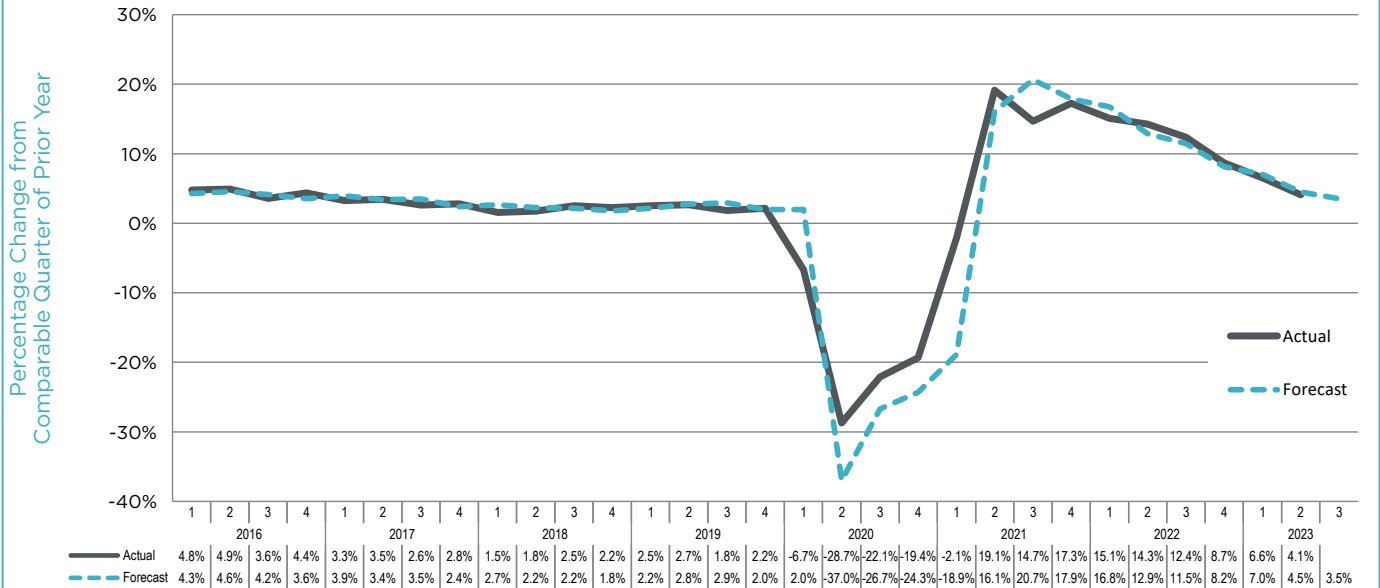
Equipment	Supplies	Disposables
2.5%	5.4%	4.8%



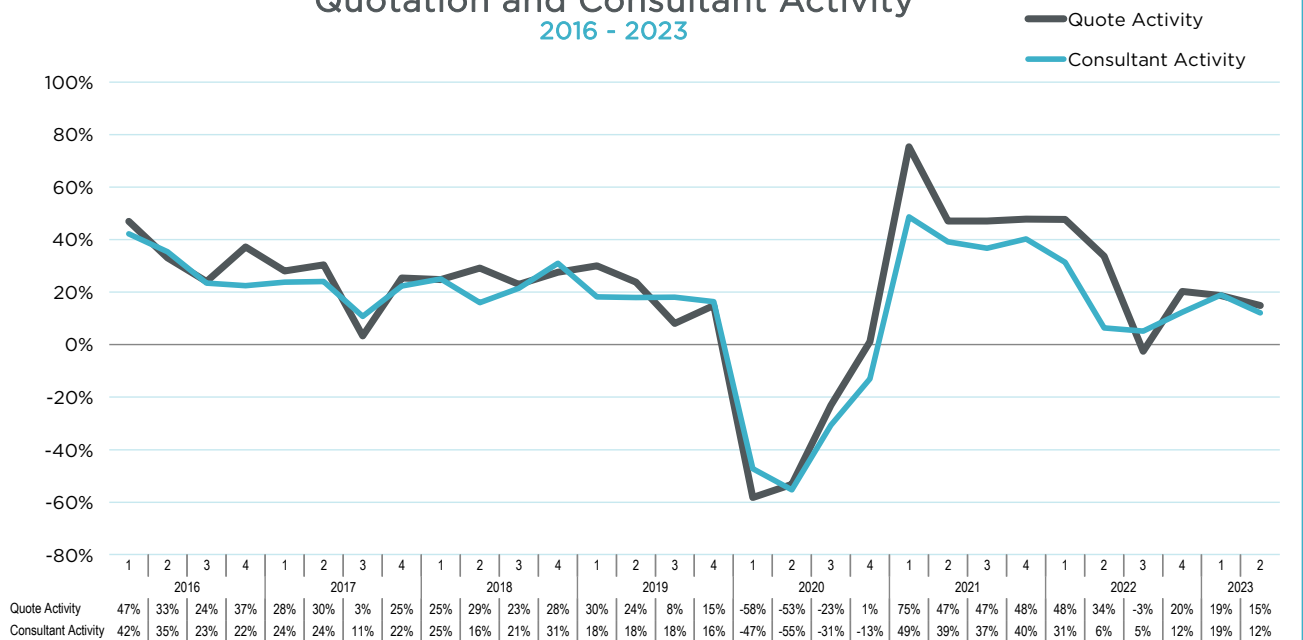
*The overall industry sales growth is calculated using a weighted average based on the percentage of the total sales volume for the overall industry represented by the various sales categories: Equipment (77%), Supplies (6%), Tabletop (11%), and Furnishings (6%). Market numbers are based on the North American Association of Food Equipment Manufacturers (NAFEM) biennial "Size & Shape of the Industry" study.



Overall Commercial Foodservice Sales Per Quarter for North America 2016 - 2023



Quotation and Consultant Activity 2016 - 2023



Note: This graph reports the difference between those reporting more activity vs. those reporting less activity.





Q3/23 vs. Q3/22 Sales Percentage Change Forecast by Region

3rd Quarter 2023 compared to 3rd Quarter 2022 (Jul 1 - Sep 30)

Northeast -0.4%	South 6.4%	Midwest 4.9%	West 6.3%	Canada 0.7%
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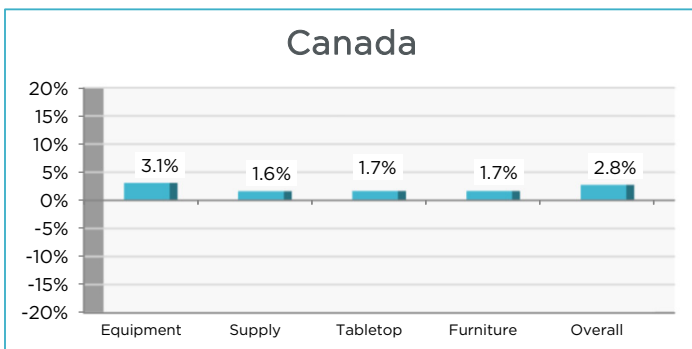
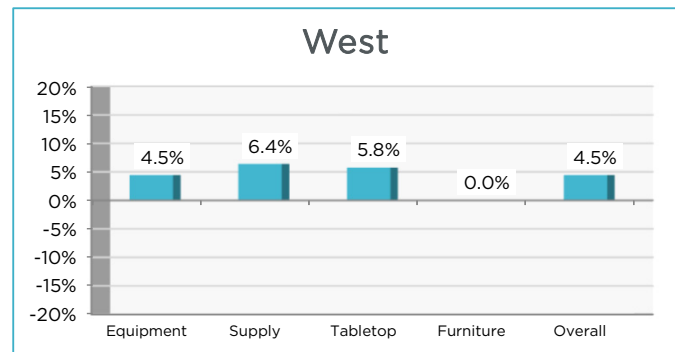
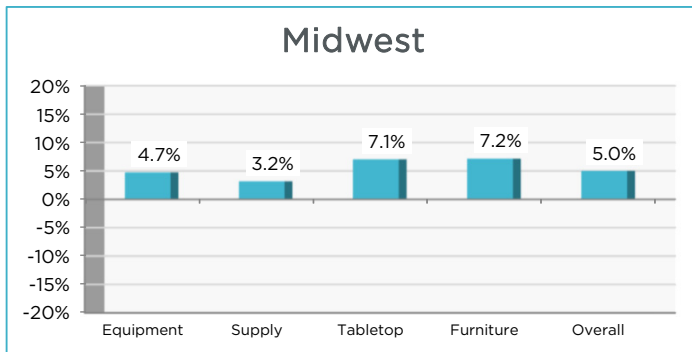
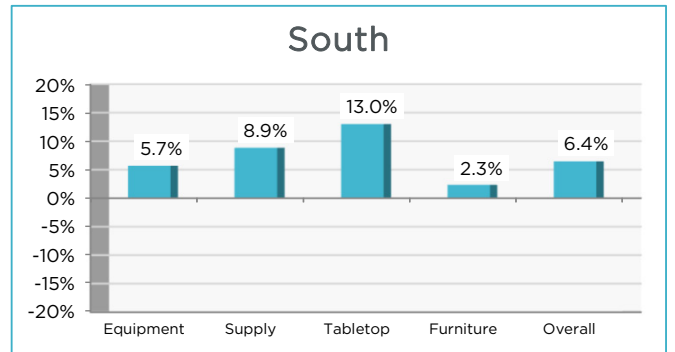
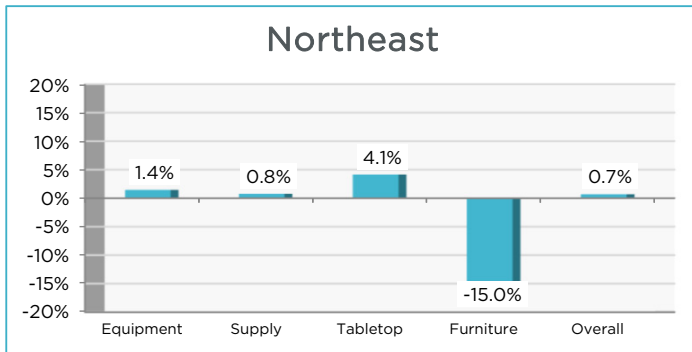
2023 vs. 2022 Overall Sales Forecast by Region

Compared to Overall Sales for 2022

Northeast 6.4%	South 6.4%	Midwest 4.8%	West 4.5%	Canada 7.9%
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2nd Quarter 2023 Sales Percentage Change by Region

2nd Quarter 2023 compared to 2nd Quarter 2022 (Apr 1 - Jun 30)



NORTHEAST includes the states:

CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VA, VT

SOUTH includes the states:

AL, AR, FL, GA, LA, MS, NC, OK, SC, TN, TX

MIDWEST includes the states:

IA, IL, IN, KS, KY, MI, MN, MO, ND, NE, OH, W. PA, SD, WI, WV

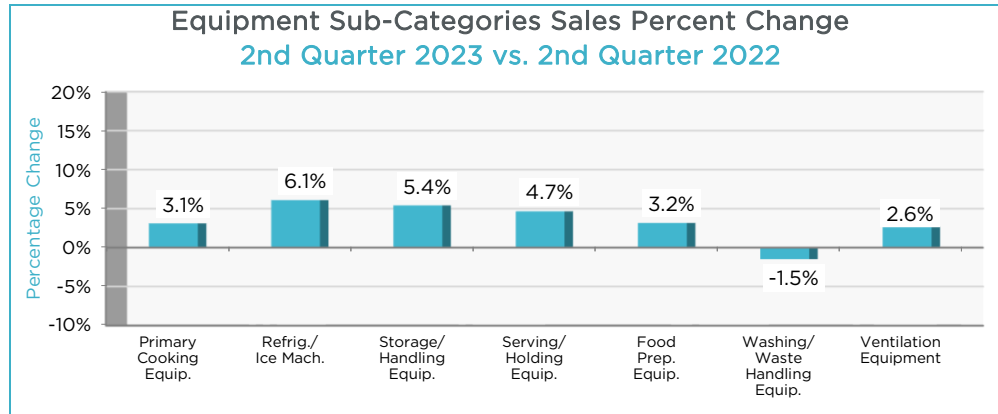
WEST includes the states:

AK, AZ, CA, CO, HI, ID, MT, OR, NM, NV, UT, WA, WY

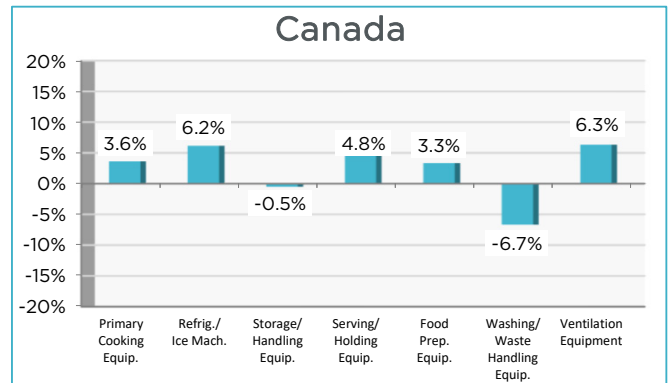
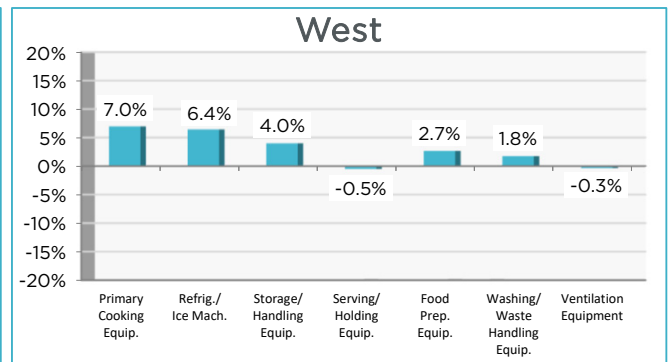
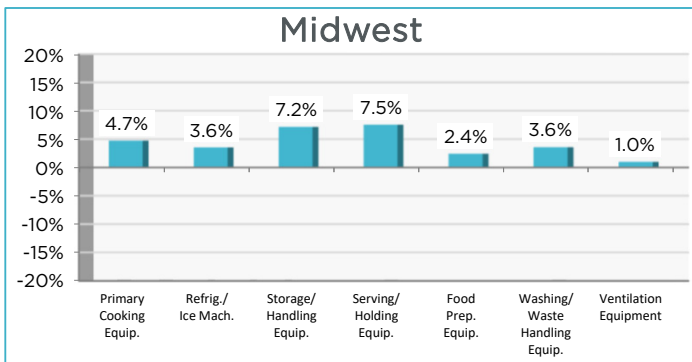
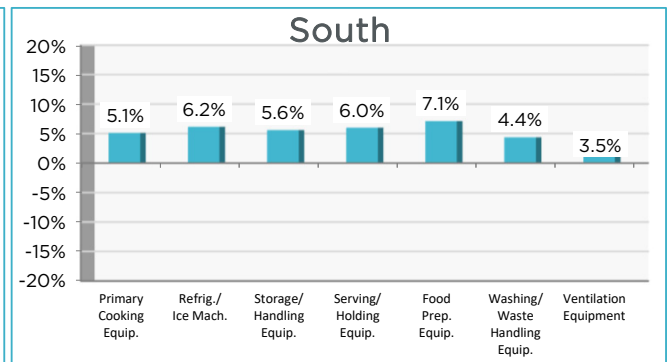
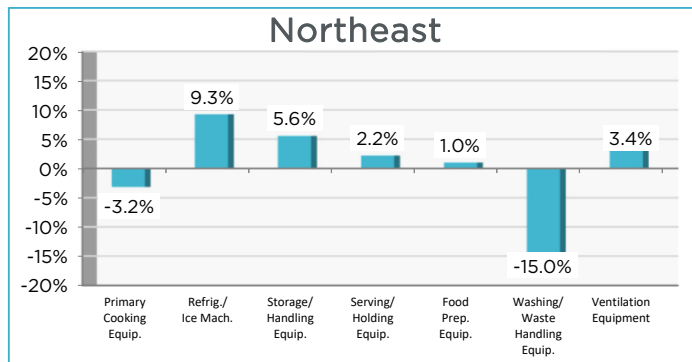
CANADA includes all provinces and territories in Canada.

*The overall industry sales growth is calculated using a weighted average based on the percentage of the total sales volume for the overall industry represented by the various sales categories: Equipment (77%), Supplies (7%), Tabletop (10%), and Furnishings (6%). Market numbers are based on the North American Association of Food Equipment Manufacturers (NAFEM) biennial "Size & Shape of the Industry" study.





Equipment Sub-Categories Sales Percent Change by Region 2nd Quarter 2023 compared to 2nd Quarter 2022 (Apr 1 - Jun 30)



NORTHEAST includes the states:

CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VA, VT

SOUTH includes the states:

AL, AR, FL, GA, LA, MS, NC, OK, SC, TN, TX

MIDWEST includes the states:

IA, IL, IN, KS, KY, MI, MN, MO, ND, NE, OH, W. PA, SD, WI, WV

WEST includes the states:

AK, AZ, CA, CO, HI, ID, MT, OR, NM, NV, UT, WA, WY

CANADA includes all provinces and territories in Canada.

*The equipment sub-category sales growth is calculated using a weighted average based on the percentage of the equipment sub-category sales volume represented by the various sales categories: Primary Cooking (25%), Refrigeration/Ice Machines (32%), Storage/Handling (9%), Serving (16%), Food Prep (7%), Warewashing (11%) from the (NAFEM) biennial "Size & Shape of the Industry" study. Ventilation not weighted.

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Many thanks to the firms that participated in this quarter's MAFSI Business Barometer:

AFS Anderson Foodservice Solutions	Hollander Company	Pro Reps West
Agences Hamilton Agencies	HRI, Inc.	Professional Manufacturers Representatives, Inc. (PMR)
Allied Technologies Food Equipment	Intermountain Food Equipment	Pro-Quip Foodservice Equipment & Supplies Incorporated
B Square Enterprises	Johnson Pike & Associates, Inc.	R. Henry & Associates
Beacon Sales Group LLC	Kain McArthur	Raleigh W. Johnson & Company
Bob Waite & Associates	Kaufmann & Associates	Schmid-Dewland Associates
Celco Inc.	KBC Specialty Products, Inc.	Schmid-Wilson Group
CMA Foodservice Solutions	Kelly-Mincks	Southwest Foodservice Equipment Marketing
Collis Group, Inc.	KLH Marketing, Inc.	stage KOLSTAD associates
Copperfield Agencies Limited	MAC Sales & Marketing LTD.	The Daly & DeRoma Group, Inc.
Curate.	Midwest Professional Reps, Inc.	The Pantano and Pinilla Agency, Inc.
Dedicated Foodservice Solutions LLC	Mirk Group	Thormann Associates
DJ Marketing & Associates	North Star Agency, LLC	TLC Marketing Inc.
DRC Marketing Group	ONE SOURCE REPS	Total Tabletop Plus
E. Ruff & Associates, Inc.	P3Reps-NNY/Lake Effect	Vader & Landgraf, Inc.
Elevate Foodservice Group	Paglio & Associates, Inc.	Viola Group
Equipment Preference, Inc. (E.P.I.)	PB & J Commercial Agents	W. D. Colledge Co., Ltd.
Florida Agents, Inc.	PBAC & Associates LTD	Walter Zebrowski Associates
Food Equipment Representatives	Pecinka Ferri Associates	Wyllie Marketing
Food Service Solutions Inc.	Permul Ltd.	YBR Marketing, Inc.
Gabriel Group LLC	Preferred Marketing Agents, Inc.	YES Group, Inc
Greenwald Sales & Marketing, LLC	Premier Foodservice Solutions	Zink Foodservice
High Sabatino Associates		





Business Barometer Category Product List

MAIN CATEGORIES	
Equipment Please note: as of Q315, "Thermometers and Temperature Monitoring Devices" (previously in Food Preparation Equipment) are now in Supplies.	Food Preparation Equipment, Janitorial & Sanitation Equipment, Primary Cooking Equipment, Refrigeration & Ice Machines, Serving & Holding Equipment, Storage & Handling Equipment, Ventilation, Warewashing, Waste Handling Equipment
Supplies Please note: as of Q315, "Menu and Message Boards" (previously calculated in Supplies) are now in Furniture.	Barware, Bakeware, Bins, Bus/Tote Boxes, Buckets (Ice & Wine), Buffetware, Can Openers, Chef Apparel/Shoes, Cleaning Tools, Colanders, Cookware/Pans/Pots, Cutting Boards, Knives/Cutlery Blocks/Sharpeners, Mixing Bowls, Storage Containers, Thermometers/Temperature Measurement/Food Safety, Textiles (Kitchen), Utensils/Tools (Kitchen)
Tabletop	Baskets, Beverage Pitchers/Servers, Candle Holders/Lamps, Candle & Chafing Fuel, Carafes/Decanters, Chafers, Covers, Dinnerware, Drinkware, Flatware, Glassware/Stemware, Linens (Napkins & Tablecloths/Covers), Menu Covers, Salt & Pepper Shakers, Serving Bowls/Plates, Servingware, Trays, Tray Stands
Furniture	Bars (Stationary & Mobile), Benches, Booths, Cabinets (Decor), Chairs, Coat Racks, Drive -Thru/Pass-Thru Windows, Heaters (Patio/Outdoor), Hostess Stands, Menu/Message Boards, Railings & Railings Fittings, Signs/Signage, Stools, Tables, Table Bases, Table Tops, Umbrellas
SUB-CATEGORIES	
Primary Cooking Equipment	Braising Pans, Broilers, Charbroilers, Cook-Chill Systems, Fryers, Griddles, Grills, Hot Dog Grills/Rollers, Microwaves, Oil Filtration Systems, Ovens, Panini Grills, Pasta Cookers, Ranges, Rice Cookers, Smokers, Steam Jacketed Kettles, Steamers, Tilting Skillets, Toasters, Waffle Bakers/Crepe Equipment
Refrigeration & Ice Machines	Air Curtains, Blast Chillers, Compressors, Condensers & Evaporators, Coolers, Doors (Walk-In/Insulated), Drop-In Pan Chillers, Freezers, Ice Cream Cabinets, Ice Machines, Refrigeration, Slush/Smoothie Machines, Soft-Serve Ice Cream/Yogurt Machines, Water Filter Systems
Storage & Handling Equipment	Cabinets, Carts, Conveyor Systems, Covers, Dispensers (non-food), Dollies (Can, Dish, Rack), Food & Ingredient Canisters & Containers, Hand Trucks/Utility Trucks, Meal Delivery Systems, Racks, Receiving Scales, Shelving, Work Tables (Bakers, Cooks, Makeup, Prep, etc.)
Serving & Holding Equipment	Beer Systems, Beverage Dispensers, Carving Stations, Coffee Equipment, Display/Merchandisers, Food Dispensers, Food Shields, Heat Lamps, Kiosks/Mobile Serving Units, Salad/Food Bars, Serving/Buffer Lines, Serving Carts, Soda Fountains, Soup Kettles/Servers, Steam Tables/Hot-Food Tables/Bain Marie, Tea Brewers, Warmers
Food Preparation Equipment	Blenders, Breaders, Bread Slicers, Choppers (Dicers, Graters, Peelers, Non-Bread Slicers), Dough Preparation Equipment, Food Processors, Juice Extractors/Juicing Equipment, Meat Saws, Meat Tenderizers/Marinators, Mixers, Mixer Stands & Tables, Pasta Makers, Popcorn Carts/Machines, Salad/Vegetable Washers & Dryers, Scales, Slicers, Timers, Vacuum-Pack Machines
Warewashing & Waste Handling Equipment Please Note, as of Q416, Sanitation Equipment is included under Janitorial and Sanitation Equipment.	Booster Heaters, Can & Bottle Crushers, Can Washers, Drainboards, Faucets/Spray Units/Washers/Hoses, Flatware-Handling/Recovery Systems, Floor Troughs & Drains, Mats (Anti-Fatigues, Bar, Rubber, etc.), Pulpers & De-Water Equipment, Racks (Warewashing/Dishwashing Racks), Sinks, Tables (Dish), Warewashing/Dishwashing Machines, Waste Bins/Recycling, Waste Compactors, Waste Disposal Systems
Ventilation	Appliance Connectors, Grease/Exhaust Filters, Grease Interceptors, Fire Suppression Systems/Fire Extinguishers, HVAC - Exhaust Systems, Fans, Utility Distribution Systems, Ventilation & Hoods
Janitorial & Sanitation Lines	
Janitorial & Sanitation Equipment	Air Blowers/Carpet Dryers, Air Filtration Equipment, Bathroom Faucets and Faucet Systems, Bathroom Stall Doors, Dehumidifying Equipment, Eye Wash Stations, Pressure Washing Systems, Restroom Partitions/Stalls, Floor Scrubbers, Sinks, Toilets, Toilet Flushing Systems, Urinals
Janitorial & Sanitation Supplies	Baby Changing Stations, Brooms, Dusts Mops, etc., Brushes (Equipment Cleaning Brushes, Scouring Pads, etc.), Carpet Sweepers, Vacuums, Floor & Carpet Care Products, Carts (Janitorial), Cloths Microfiber, Hand Dryers, Mops, Buckets & Pails, Odor Control Chemicals & Devices, Paper Towel Dispensers, Soaps and Hand Sanitizers, Soap Dispensers, Stall Storage Systems, Toilet Paper and Sanitary Dispensers
Disposables	Disposable: Catering Trays and Serving Ware, Cloths Non-Woven, Concession Food Bags, Eco-Friendly Cups, Bowls, Flatware, Lids and Plates, Deli Food Safety Labels, Food Trays & Lids, Foam Food Cups, Bowls and Plates, Gloves, Garbage Bags, Paper Napkins, Paper Cups, Lids and Plates, Placemats (Disposable), Plastic Barware, Plastic Cups, Plates and Lids, Plastic Flatware, Take-Out Containers, Trash Can Liners