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# producebusiness

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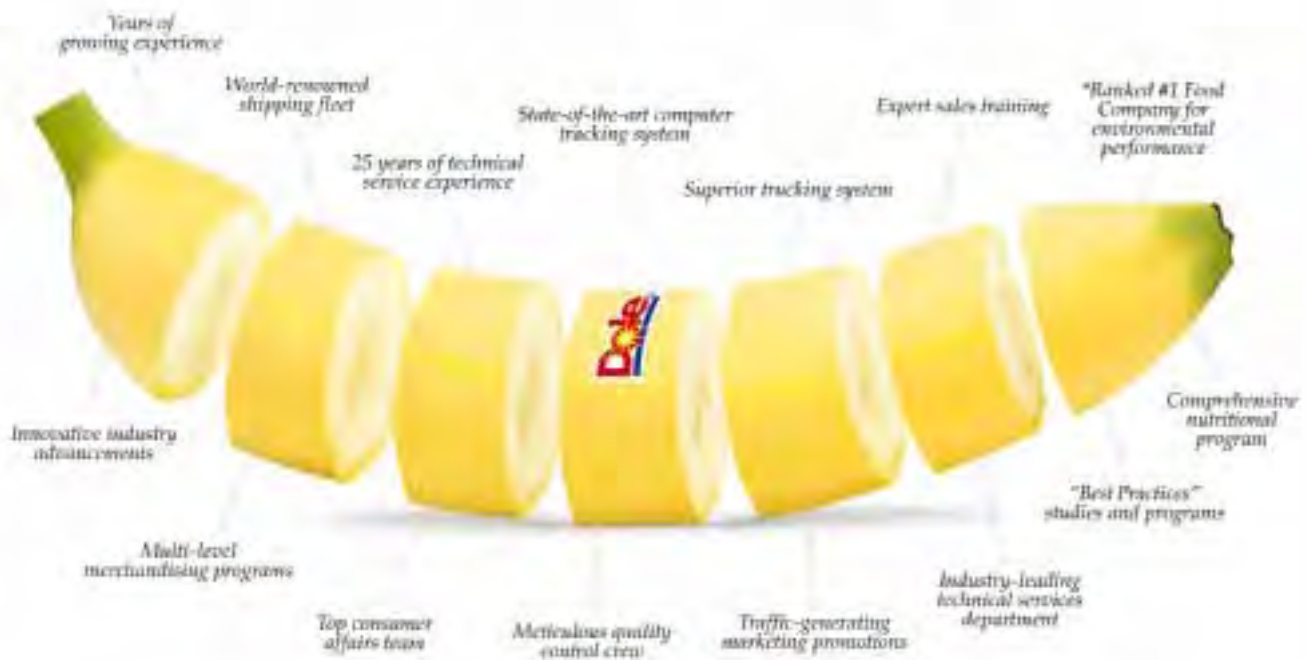
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# PRODUCE QUIZ



## THIS MONTH'S WINNER:

**Michelle Pollak**  
 Assistant Purchasing Manager  
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 Systems, Inc.  
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### How To Win

To win the PRODUCE BUSINESS Quiz, the first thing you have to do is enter. The rules are simple: Read through the articles and advertisements in this issue to find the answers. Fill in the blanks corresponding to the questions below, and either cut along the dotted line or photocopy the page, and send your answers along with a business card or company letterhead to the address listed on the coupon. The winner will be chosen by drawing from the responses received before the publication of our July issue of PRODUCE BUSINESS. The winner must agree to submit a color photo to be published in that issue.

Personalized Distribution Systems, a distributor for Dublin, OH-based Wendy's, has been in operation for about 25 years. Michelle has been with the company for 10 years, having joined fresh out of college. Among the many items she buys are all the types of fresh produce that Wendy's offers as part of its menu options.

"The produce business is challenging," she says. "There are so many aspects to consider, like Mother Nature and how it affects the products — this is going to be a very challenging year!"

Michelle has been reading PRODUCE BUSINESS for five or six years. "It provides a lot of information. I keep up with the legislative news — food safety and keeping better track of foods. I also look to see if there are new vendors out there. I want to know about them before we speak."

As the winner of the March quiz, she wins an iPod Nano.

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- 5) What is the booth number for Olivia's Organics? \_\_\_\_\_
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Reader Service #49





## Protecting Public Health Should Not Be A Punishment

Last fall, the fresh produce industry threw away millions of dollars of fresh, safe and healthful foods. Why? The Food and Drug Administration (FDA) asked us to as a precaution.

In the early days of the September 2006 spinach outbreak when FDA was uncertain which brands and specific lots of spinach might be harmful, it warned consumers to avoid all fresh spinach. While not required by law, the industry moved immediately to meet FDA's public health advisory, pulling all product from retail shelves and restaurant menus and destroying truckloads of product. Over 300 growers and handlers in California, Colorado, Maryland and New Jersey not implicated in the outbreak were harvesting and packing thousands of acres of spinach, none of which could go to market.

From the first days of this unprecedented public health warning, I had numerous calls from growers and processors asking if they should sell their produce — they knew it was safe but wanted to do the right thing to comply with FDA's request. Our association began to advise Congress that an important principle was at stake — growers and handlers should not be financially penalized for doing the right thing when asked by public health authorities. Ironically, those companies not covered by the recall and never linked to the outbreak are the least likely to have their losses covered by insurance.

Alas, policy principles can sometimes get caught up in partisan political wrangling. In early April, there was a major fight between the Democratic-controlled Congress and President Bush over a \$120 billion funding bill for the Iraq war, and Congress' attempts to include a timeline for bringing U.S. troops home. What has that got to do with spinach?

As is custom in Congress, funding bills almost always include "add-ons" — funding measures for other important but unrelated

needs. House and Senate leaders decided to use this bill to pass a \$4 billion agricultural

**Ironically, those companies not covered by the recall and never linked to the outbreak are the least likely to have their losses covered by insurance.**

disaster relief bill, critically needed to help growers recover from significant losses the past several years. And, as part of that package, Congressman Sam Farr (D-CA) and several other Representatives from around the country advocated for limited emergency financial assistance to producers and first handlers of fresh spinach who were not part of the implicated outbreak. As quick as you could say "great sound bite," we saw political wags opposed to the war policy in the overall \$120 billion bill using this little spinach provision to impugn the entire bill.

"No company should ever think twice about complying with a public-health recall issued by the government, voluntary or not," wrote Rep. Farr in a letter to *The Washington Post*. Rep. Sanford Bishop (D-GA) wrote, "Congress should make no apology for using the spending bill to address emergencies at home as well as those abroad. It is our duty."

When the House Appropriations Committee voted to pass this bill, Chairman David Obey (D-WI), whose state suffered the greatest number of illnesses associated with this outbreak, was a strong supporter of

funding for spinach producers and handlers who had not been involved in the outbreak.

In the past, Congress and the Administration have provided economic disaster assistance to growers who have been impacted by unintended consequences beyond their control. Several years ago, Congress allowed growers to apply for disaster assistance when their processing cooperative went bankrupt and could not pay these growers. Under the 2001 Supplemental Appropriations Act, compensation was given to producers who lost revenue because water needed to grow crops was diverted by the Endangered Species Act (ESA). The 2003 Agricultural Assistance Act included disaster assistance to New Mexico farmers and a grant to Texas "to assist agricultural producers who suffered losses during crop year 2002 due to failure of Mexico to deliver water to the United States."

The U.S. fresh spinach industry acted judicially and in good faith when it cooperated with FDA's Public Health Advisory.

Whether this funding bill is vetoed or passes with funding limited only to the war, an important principle remains at stake — growers must not be penalized for doing the right thing. Spinach growers and marketers who were not subject to this food recall followed a direct request from FDA and suffered significant financial losses, even though they were not in any way implicated in the outbreak. There is ample precedent for compensating businesses when government action has forced an expensive private action for the sake of public health.

Rep. Farr and others in Congress are pursuing an important effort to assist agriculture communities and also asking government to narrow outbreak investigations as quickly as possible for public health and to make sure every industry potentially affected in the future responds as quickly and forthrightly as the spinach industry did last fall.

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# Wal-Mart's Organic Woes

**A**s the produce industry gathers in Chicago for the last iteration of the Power of Five trade show, combining FMI, the US Food Export Showcase, United, All Things Organic and the Fancy Food Show, it is worth noting what is going to happen next year and what it tells us about the role of organics in the produce industry.

United will be teaming up with FMI and going on to Las Vegas, but the Organic show is co-locating with the Fancy Food Show. Think of it as the moment in time when the produce industry saw its future as part of the mainstream supermarket while the organic industry saw itself partnering with specialty and gourmet product.

This all comes to pass just as Wal-Mart, which last year was trumpeting a future filled with organically grown food, is now backtracking wildly.

Organics are hot. They fit with the zeitgeist of the times. Individual consumers, feeling burdened with problems they can't control and that have no easy solutions, such as the War on Terror, are told they have the power to improve the world by purchasing organic, fair-trade, carbon-neutral and local produce.

Organics are also hot because it is where the money is. All across the country growers, packers and processors are finding that the 5 percent of their production that is organic is producing 25 percent of their profits.

Everyone wants to sell organics because, in a commodity business with thin margins, the organic items price in a world of their own — but only because it is still a small market. You

will notice that organic advocates like to trumpet enormous percentage increases in organic production and consumption. They rarely, though, compare it to overall food production and consumption. Perhaps that is because, even now, with years of extraordinary growth in organics behind us, less than 1 percent of all U.S. crop and range land is certified for organic production.

When it comes to organics, Wal-Mart's problem is three-fold:

First, it threw out Sam Walton's rulebook of trying to please the customer and sell what they wanted to buy. Instead it approached the issue of organics as a geo-political issue, and top Wal-Mart executives felt the need to push organics into the stores as part of its sustainability initiative. This was driven not by customers demanding sustainable practices but by political concerns, such as anti-Wal-Mart legislation and difficulty getting site approvals for new stores.

This transformed what should have been a "Store of the Community" initiative, in which organic products were added to serve the purchasing desires of customers in certain neighborhoods, into an effort in which Wal-Mart was attempting to "push" product into the market baskets of consumers that often were indifferent to organics

and unable to see the benefits of such purchases.

Second, at the highest levels, Wal-Mart executives forgot that Wal-Mart, with its extraordinary reach, cannot just do every nifty thing. It can only do those things that are scaleable. And organic agriculture, living under the tyranny of an iron-clad three-year transitional requirement before conventionally farmed land can be certified organic, is practically the least scaleable thing in agriculture. If Wal-Mart wants more Tickle Me Elmo dolls quickly and wants them bad enough, it can have its suppliers run three shifts a day and fly them on planes rather than ships, etc.

But for all its might and all its money, Wal-Mart can barely influence the amount of certified organic apples available this fall because that quantity is based on decisions made three years ago.

Add to this that many organic growers feel culturally alienated from Wal-Mart and are uncertain of Wal-Mart's commitment to organics — which means they are unlikely to simply abandon long time buyers because Wal-Mart comes to town — and it is instantly obvious that it would be impossible for Wal-Mart to procure enough organic fresh produce to fulfill the hype.

In fact so many organic producers are so small and seasonal that Wal-Mart's buyers were spending wildly disproportionate amounts of time attempting to track down tiny bits of supply to fulfill the announced plans.

Which brings us to the third problem, a PR machine that simply went out of control. Because it was a message they enjoyed talking

about and because the whole purpose of the organic initiative was to enhance public relations, it was portrayed as if Wal-Mart was going to make a major commitment to organic and become an organic leader. Four hundred organic SKUs were talked of and all would be priced within 10 percent of conventional items.

Call it the arrogance of a big company. At the top corporate level, executives were used to thinking they could tell suppliers to jump and the suppliers would ask "how high?". The plan became detached from any tie to the difficulties on the ground of executing such a strategy.

A sensible role for organics at Wal-Mart, even one tied to a sustainability strategy, would probably involve years of promoting transitional product and selling that as Wal-Mart's big contribution to making the world a better place.

One wonders about the wisdom of merchandising based on ideology rather than customer demand. Should retailers really pick sides in the culture wars? Wal-Mart decided it was more important to impress the editorial board of *The New York Times* than its own customers. That is called taking your eye off the ball. **pb**

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Reader Service # 2

# Moving The Public Opinion Mountain

**T**heir patience exhausted, the Greek gods punished Sisyphus for his abuses by making him roll a boulder up a mountain, only to have it roll back down each time. For his perceived hubris, he lost his lofty position and was doomed to an eternity of frustration.

Our industry's "gods" — consumers, buyers and regulators — are concerned about produce safety after a recent series of deadly foodborne illness outbreaks involving leafy greens in particular. The latest Produce Marketing Association research indicates consumers lay the blame squarely on processing facilities and growers — and look primarily to us for solutions and reassurance.

Consumer confidence has started to tick upward since the outbreaks began with spinach last September, but the situation is not rosy. About one-third of consumers surveyed for PMA by Opinion Dynamics Corporation in March 2007 reported they have the highest confidence in the overall safety of fresh produce, compared to 25 percent in February 2007; two-thirds report less than highest confidence, 17 percent no confidence.

While a majority's produce purchases held steady compared to last year, 41 percent are avoiding some fresh fruits and vegetables, predominantly leafy greens and specifically spinach. Perishables Group pegs the drop in retail spinach sales at 54 percent, according to the *Los Angeles Times*. Other bagged produce including lettuce is suffering by association, with sales down an estimated 6 to 8 percent.

Recognizing what's at stake in both consumer confidence and sales, industry has responded quickly. PRODUCE BUSINESS readers will know a group of major retailers and food-service distributors called for new produce safety standards last October. Western Growers Association launched an initiative that created a Marketing Agreement to cover handlers of lettuce and leafy greens through enhanced Good Agricultural Practices and a system of state verification. United Fresh Produce Association has determined mandatory federal regulation should be a goal. Clearly change isn't coming — change is here.

The way public officials view us has also changed. State and federal regulators and elected officials have cast votes of no confidence in our industry's ability to self-manage. It is no longer a question of whether produce safety will be regulated, but rather by whom and how soon.

Status quo is not an option. It doesn't matter that our industry doesn't intend to cause harm. Whereas Sisyphus' acts were intentional, the perception and outcome are the same. How we respond will determine whether we can direct our own future or will face a Sisyphean destiny of never-ending oversight.

PMA, with our association and government partners, is working hard to help the industry direct its destiny. The PMA Board has committed \$2.75 million through 2008 to a multi-faceted approach, combining research, supply chain training and education, industry verification and public communications to help rebuild confidence in produce.

The largest component is a \$2 million commitment to jump-start a research program to identify science-based produce safety solutions. The Center for Produce Safety will bring together industry, government and academia to focus worldwide attention on finding the causes and solutions to microbiological contamination of produce items most at risk.

To reach tomorrow's produce purchasers, PMA has funded a \$500,000, 4-year campaign through Produce for Better Health Foundation and Scholastic Inc. to reach out to 70,000 teachers and more than 2 million third- and fourth-graders and their parents with healthful eating and food safety messages.

Our industry simply must take on this responsibility, because the public expects it of us and looks to us for guidance.

The consumers surveyed in March look to farmers and regulators first and foremost to enhance produce safety in the future. The path PMA and our allies is forging mirrors those expectations: we have to create new partnerships willing to take proactive steps to improve consumer confidence.

When asked in their own words what the food chain needed to do to ensure produce

**H**ow we respond will determine whether we can direct our own future or will face a Sisyphean destiny of never-ending oversight.

safety, 41 percent of consumers said higher safety standards and 22 percent said better quality control, testing and inspections. They think farmers are the most credible spokespersons on food safety issues — more than their own physicians — and that, after themselves, they look to farmers before any others for food safety information.

This is why we are committing \$500,000 to fund improved communications outreach — to help industry find its voice. We have to get rid of the bunker mentality that has so often marked our past. We must be proud to tell the story of produce farmers' commitment to safety, nutrition and health in every bite of our products. To paraphrase Churchill, it's far better to make the news than receive it, far better to be an author than a critic.

It's now up to us to decide how to restore and safeguard the trust consumers put in us, and to earn their business again. We can either work proactively to identify and implement meaningful solutions that we can live with and that work with consumers, or we can have others force their opinions upon us and face the risk of never being able to restore consumer confidence.

I don't think any of us want to join Sisyphus in his never-ending labor. We have to keep the boulder we're pushing up the hill at the summit — by our real commitment to research, communication and training.



## Tools At Our Disposal

**Z**eus gave Sisyphus a task that could never be completed. The outbreaks have been so relentless that our task sometimes feels Sisyphean, but it is not. Rebuilding consumer and regulatory confidence in fresh produce is a doable task, if we use the tools at our disposal.

Our biggest tool is the point in which we interact with consumers. Consumer research tells the industry many things about what consumers think, but it is a common mistake to believe the industry somehow operates separately from consumer perception.

If consumers look at the produce displays in their stores and see a fraction of the spinach items they remember once seeing, they are likely to doubt that all is “back to normal” and thus harbor doubts about the safety of certain items.

We need to be very careful about deducing from declining sales figures for certain items or categories. Small retail decisions, such as what to put on ad, can easily account for dramatic swings at the cash registers.

Despite reports of lagging sales of spinach and other bagged salads, it is interesting that not one publicly held supermarket has mentioned a decline in overall produce sales as impacting earnings for 2006. This leads to the reasonable implication that other produce items have picked up the slack. Perhaps supermarkets and other produce retailers are just promoting other items.

Which points us to something that we forget at our peril: Supermarkets in general and retail produce executives in particular are in a completely different position than the producers of a particular commodity or category.

To a spinach company, the decline in spinach sales can be a catastrophe. To a bagged salad company, the decline in the category may be a major hardship, but to a supermarket, it is just a problem if consumers start eating less overall. If consumers buy more arugula and less spinach, it doesn't really present a problem. If consumers buy more prepared salads in the deli and less bagged salad in produce, it will trouble the produce executives but not really the top executives at the

retail chain.

Although a few retailers, very loyal to their suppliers, have tried to carry a full line of spinach products and promote as extensively as before, most retailers play a chicken-and-egg game with a reintroduction, trying to moderate the number of facings, SKUs and ads in line with demand – but, of course, demand is very sensitive to these things.

PMA's substantial investment in launching the Center for Produce Safety is laudable as it sends a clear message to regulators and consumers that the industry is dedicated to wiping produce-carried foodborne illness from the face of the earth. But to build regulatory and consumer confidence, it is not necessary to eliminate all foodborne illness any more than the aviation industry has had to stop plane crashes to get people to fly. What is necessary is to be able to quickly isolate outbreaks to individual shippers, plants, fields, process and harvest dates, etc.

We need excellent traceback systems so that we can take a bag of product and instantly reassure regulators and consumers that we have isolated the problem. We need excellent traceforward capabilities so that we can quickly recall and isolate all product shipped from implicated sources.

Obviously we hope to eliminate all foodborne outbreaks on fresh produce items, but it is this traceability that will provide the short term reassurance needed that any problems identified are isolated and so consumers can feel confident to consume and regulators can feel confident to recommend the consumption of any produce still out on the shelves after any outbreak is identified.

Many studies have shown that farmers are trusted by the consuming public. But we should probably take with a grain of salt consumer explanations of the specific things that the industry should do to create produce safety. Whether we need more testing or larger buffer zones is not something consumers can be expected to tell us.

Now with the California Leafy Greens Marketing Agreement in place and many other commodities developing their own guidelines,

**T**here is nothing Sisyphean about emphasizing the positive, doing the right thing, limiting the scope of any problem and continuing to work for long term benefits.

PMA wisely recognizes the need to move the industry to implementation, through training, and to marketing, through communications.

In this column focused on research, we should probably add a research caveat. Many efforts can benefit by the addition of a research component to check the efficacy of different messages and spokespeople. Even expenditures on training often become more valuable if a research component confirms that trained workers produce something better or more safely than those that haven't gone through the training.

And finally, in the midst of this publication filled with words, a word should be said in favor of silence. More and more companies are adding food safety titles to their rosters and are mentioning their food safety programs in consumer media interviews. During the crisis this was all understandable, but now every repetition of the words before consumers is likely to raise more unease than it settles.

Quality, safety, flavor... these are the kind of things that come about by doing the right things and following good agricultural practices and good manufacturing practices. They should be an integral part of what all of us do every day. Emphasizing the positive, doing the right thing, limiting the scope of any problem and continuing to work for long term benefits... These are the solutions to our food safety problems, and there is nothing Sisyphean about doing any of this.

## FIVE CROWNS MARKETING, BRAWLEY, CA

Mike Maler has been hired as vice president of retail sales. His duties will include facilitating retail programs with citrus as well as enhancing existing programs in cantaloupes, variety melons, sweet corn, asparagus and winter vegetables. During 12 years at Driscoll's, he was responsible for commodity management and retail sales.



## NATURIFE FARMS, LLC, NAPLES, FL

Jim Roberts has been appointed to the newly created sales manager position. He joined the sales team in November 2004 as account manager for Northeast accounts and product manager for organics, cherries and stone fruit. His responsibilities will include managing the sales team, staffing, team development and customer development.



## SUN WORLD INTERNATIONAL, LLC, BAKERSFIELD, CA

Rafael Prada is manager of Sun World Chile in Santiago. A Chilean fruit industry veteran, he will coordinate all of Sun World's fruit exports to North America as well as its variety development and licensing programs. He will be responsible for all aspects of the company's Chilean operations.



## GIORGIO FOODS, INC., TEMPLE, PA

Robert Koch has been promoted to national sales manager for military and convenience store sales. He previously served as national account manager. With Giorgio Foods for six years, he started as a school market specialist responsible for new business development within Pennsylvania and along the East Coast.



## NEW PRODUCTS

### ORGANIC DRESSINGS

Naturally Fresh, Inc., Atlanta, GA, introduces seven organic dressings: Greek Feta, Orange Miso, Peppercorn Ranch, Raspberry Vinaigrette, White Balsamic, Sundried Tomato & Garlic and Aged Balsamic & Olive Oil Vinaigrette. All are sold in 12-ounce bottles and have a shelf life of 365 days. The MSRP is \$3.29 per bottle.



Reader Service No. 300

### FLORIDA ORGANIC GRAPEFRUIT JUICE

Noble Organics and Blue Lake Citrus Products, LLC, Winter Haven FL, has launched its organic grapefruit juice after a 3-year delay caused when Hurricane Charlie destroyed the rare organic grapefruit groves in southern Florida. Noble is the only national brand to offer NFC Organic Grapefruit available in 12-ounce and 58-ounce containers to retailers.



Reader Service No. 301

## ANNOUNCEMENTS

### MY FRUIT AND VEGGIES

The Canadian Produce Marketing Association, Ottawa, ON, recently launched a new campaign entitled *MY Fruit and Veggies* that uses a targeted approach to fruit and vegetable consumption with messaging specific to children, teens and adults, both male and female, indicating where each group falls within the existing 5-10 a day message.



Reader Service No. 302

### PBS KIDS' SPONSORSHIP

Olivia's Organics, Chelsea, MA, announces its support of PBS Kids programming through sponsorship of *Curious George* on stations in New Jersey, Connecticut, Vermont, New Hampshire, Maine and Western Massachusetts. The sponsorship was chosen because of PBS' mission to educate and nourish kids' inherent curiosity to learn.



Reader Service No. 303

### DOLE WATERMELON DISTRIBUTION

Tom Lange Co., Inc., Springfield, IL, and Dole Fresh Fruit Co., Westlake Village, CA, have partnered to distribute watermelons. Tom Lange will be the licensee for Dole watermelons, responsible for the sourcing, marketing and distribution of melons. The melons will be shipped in a high-graphic bin and carton bearing the Dole logo.



Reader Service No. 304

### SUSTAINABLE PACKAGING FOR GRAPES

International Paper, Memphis, TN, is offering the Defor DuraCool packaging system, a sustainable alternative to expanded polystyrene (EPS) foam containers. The Defor DuraCool package is made of renewable, fiber-based corrugated packaging — certified as fully pulpable and recyclable — for true cradle-to-cradle recovery and recycling.



Reader Service No. 305

### SESAME STREET PACKAGING

California Giant Berry Farms, Watsonville, CA, and Sesame Workshop, New York, NY, have teamed up to educate children about the benefits of strawberries. California Giant has released clamshell packaging featuring Elmo, Big Bird and Cookie Monster. The back of each clamshell label carries Sesame Street messaging about healthful eating habits.



Reader Service No. 306

### MADE IN NATURE'S IDENTITY SYSTEM

Made in Nature, LLC, Fowler, CA, announces a new logo identity system designed to appeal to today's new crossover organic consumer. The new logo is anchored by the word "Organic" in a green vertical box and has the name "Made in Nature" stacked in a contemporary typeface. It represents the company's aggressive plans to launch new products.



Reader Service No. 307

### LOCAL PRODUCE TO WAL-MART

The Maine Potato Board, Presque Isle, ME, has embarked on a campaign with Bushwick Commission Co. Inc., Farmingdale, NY, and Wal-Mart Supercenters, Bentonville, AR, to bring fresh tablestock potatoes to Maine consumers. Wal-Mart Supercenters across Maine are featuring 10-pound bags with the *Get Real Get Maine* logo.



Reader Service No. 308

### RATATOUILLE SPONSORSHIP

Imagination Farms, Indianapolis, IN, has partnered with Disney Studios, Burbank, CA, to promote Disney's new Pixar movie, *Ratatouille*. Imagination Farms will offer a comprehensive marketing promotion to run May through September. The promotion will include movie-themed packaging, an Internet sweepstakes and POS materials.



Reader Service No. 309

### CLAMSHELL GARDEN CUTS

Misionero Vegetables, Salinas, Ca, has introduced a clamshell version of its Garden Cuts retail washed and trimmed leaf lettuce line. The new line consists of four flavors: Romaine, Green Leaf, Red Leaf and the new Cosmopolitan Lettuce, a naturally bred cross between iceberg and romaine that grows into a natural canoe shaped leaf.



Reader Service No. 310

### ON-LINE TRACE BACK SYSTEM

Red Blossom Farms, Salinas, CA, has introduced a Web accessible, strawberry trace back system. Customers at all levels of the distribution chain can input a clamshell's trace back code and instantly receive a detailed report of the product's source. The trace back system can be accessed from the Web site listed on the bottom of each clamshell.



Reader Service No. 311

Produce Watch is a regular feature of PRODUCE BUSINESS. Please send information on new products, personnel changes, industry, corporate and personal milestones and available literature, along with a color photo, slide or transparency to: Managing Editor, PRODUCE BUSINESS, P.O. Box 810425, Boca Raton, FL 33481-0425, or e-mail us at [ProduceBusiness@phoenixmedianet.com](mailto:ProduceBusiness@phoenixmedianet.com)

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### MUSIC PROMOTION

Dole Fresh Vegetables, Inc., Westlake Village, CA, has teamed with Yahoo! Music, Catalina Marketing Corp. and Croshal Entertainment Group for a promotion featuring former American Idol finalist Elliot Yamin. Dole Salads will be directing consumers to a special Web site URL for a free and exclusive music download form Yamin.



Reader Service No. 312

### NEW TOMATO ORGANIZATION

California Tomato Farmers, a grower-owned cooperative based in Fresno, CA, has been formed and has launched *The Fresh Standard*. Tomatoes from a California Tomato Farmers member will be high quality, grown under strict safety standards and harvested by workers in a safe and positive work environment.



Reader Service No. 314

### POTATO RECIPE BROCHURE

The Wisconsin Potato & Vegetable Growers Association, Antigo, WI, is offering a new brochure, *Wisconsin Potatoes Taste Tour*, which contains six flavorful dishes made with Wisconsin potatoes and created by chefs from top Wisconsin restaurants. The dishes include pizza, salad, sides and appetizers. Each recipe is accompanied by a color photo.



Reader Service No. 316

### ORGANIC PARTNERSHIP

Goodness Greenness, Chicago, IL, has partnered with Marjon Specialty Foods, Inc., Plant City, FL. The relationship is centered on the sale, marketing and distribution of organic foods to develop a Southeastern Organic Produce Program. Marjon will be the exclusive representative, repacker and distributor of Goodness Greenness brand in this region.



Reader Service No. 318

### CIRULI REDESIGNS LOGO

Ciruli Bros., Nogales, AZ, has redesigned its corporate logo for a fresh new look. The font is Eurostyle Bold Extended No.2 and the Pantone color code is 261 C.



Reader Service No. 313

### NEW TRANSPORTATION GROUP

Frontera Produce, LTD, Edinburg, TX, has added a new transportation group. In order to reduce freight costs, the company developed an in-house team dedicated to timely and reliable deliveries. Larry Stone and Dwayne Finn have joined the team to manage this program. They both have an extensive background in transportation and logistics.



Reader Service No. 315

### RECYCLABLE CELERY BOX

Deardorff Family Farms, Oxnard, CA, is shipping celery in the first-of-its-kind recyclable box. The box provides all the benefits of traditional wax-saturated boxes with the added benefit of recyclability. Customers will be able to sell the boxes into recyclable container recovery systems rather than paying to dispose of them.



Reader Service No. 317

### DOMESTIC ATHENAS AND WATERMELONS

Ayco Farms, Deerfield Beach, FL, traditionally an off-shore melon grower/importer, is now also growing and shipping domestically. Current shipments include Florida Athena and seeded/seedless watermelons in bulk, bins and cartons. Production will continue throughout the spring, summer and fall seasons from Florida, Georgia, South Carolina and North Carolina.



Reader Service No. 319

Thanks to the DuPont Corporation and the United Leadership Program for selecting Rebecca Wilson,



Asst. Vice-President at Tom Lange, to be a member of its 2006 Class.

We extend our congratulations to the entire group for their accomplishments throughout the year long program.



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# Looking At Tesco



From Jim Prevor's *Perishable Pundit*, August 15, 2006

## Tesco Challenges

The Pundit has been keeping his eye on Tesco since long before it announced earlier this year its intention to spend up to £250 million a year or just shy of \$500 million a year to open new stores roughly modeled after the Tesco Express format they use in the U.K. and several other countries.

They've been trying to keep things quiet, going as far as using a phony name, "Buttoncable West," to cover their tracks and setting up a prototype store in a warehouse in Los Angeles that they told people was a movie set.

But they have been outed, and it has now been announced they've purchased an 88-acre parcel in Riverside, CA, on a former air force base and will use the land to build a distribution center.

They have registered Tesco Fresh & Easy as a trademark in the United States, so presumably will banner their stores with this name.

Goldman Sachs estimates the budget should allow for the opening of around 200 stores a year, and it is reported Tesco has signed retail leases in California, Nevada and Arizona.

Obviously a venture into the world's single largest consumer market is a top priority venture for Tesco, and they are staffing it with some of Tesco's most trusted executives. These players include: Tim Mason, a member of the board of directors of the parent corporation and famous as the guy who created one of the most successful loyalty programs in the world; Tony Eggs, Tesco's top real estate officer, who is personally overseeing the U.S. real estate operation; and Bryan Pugh, who was the COO for Lotus stores, Tesco's chain in Thailand, is on the team as well, presumably preparing for an operating role. [See more on Tesco's U.S. staffing on page 28.]

It is believed most of the leases are for stores in the 10,000- to 15,000-square-foot range, which means they are significantly larger than the British concept.

It is uncertain exactly what the stores will be like. It is known they will emphasize private label, and that has led to comparisons with Trader Joe's. There are also substantial indications the stores will be heavy with perishables and prepared foods. The *Financial Times* reports Tesco will be looking for "top-up" shoppers who want easy, local access to high-quality fresh foods.

Reports from the trade in the United Kingdom indicate at least some of Tesco's U.K. suppliers, especially in the prepared foods arena, have been asked to open in the United States along with Tesco. The model being discussed seems to emulate the system of Japanese car companies that came to the U.S., built "greenfield" plants and had certain Japanese suppliers move with them. When you are putting your own label on food, especially fresh foods, you better be working with suppliers you trust.

I wish Tesco well. Certainly the industry could use a vibrant new format. And they could be a tremendous new outlet for fresh foods.

And they might be on to something in terms of size. A classic response when a super center and/or a warehouse club opens in a neighborhood is for the supermarket to revamp and deemphasize the highly competitive packaged goods market, while emphasizing all the perishable depart-

ments and foodservice areas.

Of course, a lot of square footage is dedicated in a conventional supermarket to the dry grocery items, so if the stores are going to become "fresh" stores, maybe they can be smaller stores. And if they can be smaller, maybe they can be put in more convenient locations.

But there are a lot of maybes in there.

Americans, even in the trade, don't realize it, but Tesco is a giant retailer, bigger in food than Kroger, Safeway, Costco and Ahold. It is a giant non-food retailer as well. But bigness doesn't guarantee success in every venture. Just ask an even bigger retailer, Wal-Mart, after its recent billion-dollar write-off in Germany.

Obviously there are operational issues, labor issues, real estate issues — mess up on any of this and the project could fail.

But there are three overarching obstacles:

First, Tesco is making a massive bet on changing America's shopping habits, and changing habits is very difficult.

Second, Tesco's bet on private label is dangerous for a company whose name has no brand equity with Americans.

Third, the substantially lower population densities in the United States will make it difficult to sell at the volumes necessary to keep the fresh food, especially the fresh prepared food. It also will be difficult to keep it fresh, safe and appealing. Then the concept will face a dilemma: Keep stocking the fresh prepared foods in variety but experience unacceptable levels of shrink, or scale back the variety, which will make the stores unexceptional. It's a Hobson's choice, but could well be Tesco's.

From Jim Prevor's *Perishable Pundit*, August 16, 2006

## Is Tesco Good For Competition?

If a good gauge of interest is how quickly the industry responds to a piece we run, then the item we did about Tesco and its plans to enter the U.S. market indicate the industry is paying close attention. The item wasn't on the Web for 15 minutes before my phone was ringing, and it took just a bit longer for the first e-mail to arrive. And by early morning in London, the input was overwhelming.

We'll be looking at comments on this subject for months but, for now, a top-line response from someone in the know:

*This article is an excellent synopsis. Tesco's U.S. approach is definitely a format that the Pundit will want to track. From the best I have been able to determine, this store will be a morphing of Trader Joe's with Chevron's "Extra Mile." This is almost the same way Home Depot and Circuit City became category killers; except on a smaller scale. The intent seems to be to carve out and specialize in the most profitable sectors of the conventional supermarket. They will target the California soccer mom, whose frenetic lifestyle dictates some corner-cutting to save time in meal planning without compromising the quality of the food that she serves to her family.*

*Sure, the challenges will be great for Tesco. However, you cannot say they haven't done their homework.*

*Their management team has been working in California for over two years. Their partnership with Safeway in GroceryWorks.com and their*



participation with Share Groups have given them unprecedented access to market intelligence. If anything, Tesco is masters of analyzing data. The jury may be out, but the opening arguments are persuasive!

*Our company is a large supplier to Tesco in the United Kingdom. We have found them to be fanatical in their systems approach and their desire to provide the ultimate consumer experience. The data sharing we receive about consumers of our product is amazing and helps us to leverage that information to better serve the ultimate consumer in the United Kingdom.*

*West Coast retailers have a real challenge on their hands. That's going to make all of us, whether vendor or retailer, better. The consumer is going to be the ultimate winner, and that's the best thing that ever hit the business.*

This writer's enthusiasm for the business is evident. However, I'm not certain everyone is as focused on how good a dramatic increase in competition is going to be for everyone.

U.S. suppliers are also warned to shape up:

*Their food safety requirements are the most stringent on the planet.*

Over and over again, the Pundit is hearing from suppliers explaining how extraordinarily difficult it is to meet Tesco's standards.

*I was impressed your article revealed their efforts at getting their U.K. value-added suppliers to come to California. I was wondering how they were going to handle that aspect of their business.*

And those who understand what they are doing are saying that on these products, success or failure will ride.

*These value-added perishables, especially prepared foods, are going to be the crucial factor in determining their course in the United States. It is this higher-margined but perishable portion of the business that will be the bellwether of Tesco's success. It's no wonder they would want to import a turnkey solution.*

But even assuming execution is perfect, readers report the concept has real risks.

*My key question is whether the West Coast mom will stop, get out of the car, purchase a rather expensive main dish and perhaps a few side dishes for dinner. The ease of purchase is a higher hurdle than the U.K. mom exiting the tube station and finding oneself at the door of Tesco Express and only being a few doors*

*away from her London flat.*

Indeed, and this is the great dilemma. Tesco is proposing to open, very quickly, hundreds of stores all built in a format that has no track record of consumer acceptance.

This is a "brilliant or bankrupt" strategy. If it works, Tesco and its executives will be hailed as pioneers and innovators and will establish a new category for food retailing in the U.S. If it doesn't work, Tesco will be attacked as foolhardy adventurers so anxious to make a big splash they were unwilling to test out their concept in America.

So which will it be?

In this market, it is not just the food, the quality and the location — a lot of people simply don't want to get out of their cars.

Well, there is already a substantial market for high quality prepared foods in urban areas. If they were talking about doing this in Manhattan, San Francisco or Boston, it would be uneventful. It isn't surprising that Wall Street bachelors, midtown lady lawyers and yuppie couples stop on the way to their apartments to pick up some food.

But move out to the burbs and the soccer moms and things change. Money has other uses when you have a family, so they don't go for higher margins as quickly. And getting a couple of kids unstrapped from the car seats and strapping them in again starts to seem like a big reason not to go into a store.

If Tesco really wants to revolutionize the business, it should refuse to rent non-urban locations without drive-throughs. Drive-throughs are the American way. Retailers hate them because the retail DNA wants to drag people past items they don't want in order to induce impulse buys. But that is not a consumer-friend-

ly philosophy. We talk about retail learning from foodservice. Well, the business of big hamburger chains is now going through the drive-through — 70 percent of business at a chain like Burger King. And the big issue is how can everyone do it faster.

The pizza business is driven by delivery. Casual dining chains, such as Outback, Carrabba's and Applebee's, went to curbside pickup to remain competitive.

It is very clear that in this market, it is not just the food, quality and location — a lot of people simply don't want to get out of their cars.

In addition, although Tesco hasn't disclosed the locations it has leased, if it is really true they are going to open 400 stores in two years, it is highly likely they will wind up with a lot of sub-optimal real estate.

Not enough new centers are built or vacancies occur to pick up all prime locations within range of one distribution center. And moving into existing centers involves complicated negotiations with existing tenants.

In fact, local retailers regularly wait years, sometimes decades, while romancing landlords and tenants to get prime space. It is just almost impossible to get hundreds of prime spots in a short order.

Our reader compares the concept to the Chevron Extra Mile but, in so doing, points out the real estate difficulty the chain will face. The first rule in convenience stores is if you don't sell gasoline, you wind up with secondary locations.

Look at any high traffic corner. It has a gas station sitting there.

Wal-Mart has been pretty lucky in this area because its initial rollout occurred in rural parts of the South, where there was plenty of land and the large scale of its stores made them a sufficient draw to make people willing to travel to the outskirts of town.

Now, as they go closer to urban areas, they are encountering the same difficulties.

Maybe Tesco has some tricks up its sleeve. If they don't have drive-throughs, maybe they will offer curbside delivery or even home delivery. Maybe they didn't allow their rush to build scale to lead them into bad locations. Maybe they will offer product so compelling, with such a great value proposition, it won't matter what else is wrong.

I hope they succeed.

pb

# TESCO

## Ready To Take On U.S. RETAIL MARKET

*The No.1 player in the U.K. retail world  
is set to launch a major U.S. venture.*

BY TOMMY LEIGHTON



*Editor's Note: In looking to provide the readers of PRODUCE BUSINESS with a more comprehensive understanding of Tesco as it establishes a U.S. base, we thought it appropriate to reach out to an editor in the United Kingdom who has been focusing on Tesco for years.*

*I asked my friend Tommy Leighton, editor of FPJ, the U.K.'s weekly trade publication for the fresh produce industry, to share his understanding of what makes Tesco tick. Many thanks to Tommy and to FPJ for this contribution to our understanding of what we have to look forward to as Tesco comes to America.*

— Jim Prevor

**T**esco, which is headquartered in Cheshunt, Hertfordshire, England, will enter the U.S. market later this year with a big commercial reputation to uphold, but as a largely unknown entity in the world's biggest retail marketplace. After several decades of steady progress, the U.K.-based supermarket chain has expanded at an astonishing rate in the last 10 years,

both in its own back yard and internationally. With annual group turnover of \$85 billion (£43.1 billion) in 2006 and profits in excess of \$3.9 billion in both of its last two fiscal years, Tesco is now the world's fifth largest grocery retailer.

The might of Tesco in the United Kingdom is such that around £1 of every £6 spent by British consumers goes through a Tesco till at one of its 1,800-plus stores. With more than 30 percent of the U.K. supermarket sector in its pocket, the group has built steadfast foundations from which to launch its international empire.

Just a dozen years after opening its first overseas store, Tesco is the market leader in five of the 12 European and Asian markets in which it now operates, and the chain is not known for a willingness to accept second place.

Over half of group space is now outside the United Kingdom. More than 100,000 employees work for Tesco's international operations, serving more than 15 million customers and generating \$14.9 billion in sales and \$729 million in profit in the last 12-month period.

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Entry into the United States will give Tesco coverage of more than 2.1 billion consumers worldwide, who are responsible for 55 percent of the world's gross domestic product. And the group board has made its intentions clear. "[The United States] is a market we have researched extensively for many years and over the last year we have committed serious resources to developing a format that we believe will be really popular with American consumers," says Tesco chief executive Sir Terry Leahy.

## Tesco's strategic superiority and obsessive attention to detail have set it apart from its U.K. rivals and enabled the group to compete robustly almost immediately after it enters each of its international marketplaces.

Tesco itself says its international strategy is built on six key pillars:

- Flexibility — having the will to treat each market as unique and adopt the relevant approach
- Act local — by meeting the needs of local customers, local cultures, local supply chains and local regulations with a tailored offer delivered by local staff — less than 100 of Tesco's international team are ex-pats
- Keep focus — recognizing that to become the leading local brand is a long-term effort and takes decades, not just a few years
- Multi-formatting — no single format can reach the whole of the market, says Tesco, which believes a whole spectrum from convenience to hypermarkets is essential, while taking the approach of a discounter throughout
- Develop capability — by developing skill in people, processes and systems and

# Tesco Takes Loyalty To Next Level

Many trade analysts have pointed to Tesco's relationship with marketing specialist Dunnhumby, based in London, England, as an integral part of the retailer's success in the United Kingdom.

Since Dunnhumby took on the role of running Tesco's Clubcard scheme in the mid-1990s, it has been instrumental in the development of a modern form of loyalty scheme that has been a major influence at Tesco for more than a decade.

Dunnhumby calls it "relevance marketing." The ability of Tesco, assisted by Dunnhumby, to translate the insight gleaned from analysis of shopping patterns into actionable marketing and retailing programs has played a huge role in its leap up the retail charts.

Tesco does more than count how much its customers spend — it examines every item in their shopping baskets for more than 40 key characteristics. It may note the time of day they are shopping, how they pay and even how many calories they plan to consume.

This essential information on actual buying behavior has guided most of the key business decisions the Tesco management team has made in recent times, reducing the risk associated with new initiatives.

The scheme has received plaudits on an international scale. Martin Glen, president of PepsiCo, based in Purchase, NY, said: "Customer loyalty schemes are not a new idea; they have been around for more than 100 years, but what Tesco has done is to develop a contemporary version of the original concept which goes much further in developing an active relationship with its customers. Tesco's marketing works because they combine insight with creativity, value and scale."

being able to share this skill between markets, Tesco believes it will improve the chances of success in challenging markets

- Build brands — the group feels brands enable the building of important lasting relationships with customers

None of these strategic elements at face value sound like rocket science. They, in fact, exude logic, even to those who might not always agree with the principles behind them. But there are many retail chains, Walmart undoubtedly among them, that would

Having conquered the United Kingdom, Dunnhumby has already turned its attention overseas, of course, and has a joint venture with Kroger, headquartered in Cincinnati, OH, that has run since 2003. And as it was Tim Mason, now Tesco's USA CEO, who is credited with first identifying the opportunity to sell more than fresh food and chilled meals to millions of card-carrying members of the Tesco Clubcard scheme. It is a fair assumption that he will bring his experience and know-how to bear in the United States.

Tesco also operates the U.K.'s only financially successful grocery e-tailer, and it was the Clubcard that provided the data and the insight to identify the households where those customers lived. While most online supermarkets have struggled to make ends meet, *Tesco.com*, founded in 1995 as a trial initially in just 100 stores, claims to service 97 percent of the U.K. population.

*Tesco.com* generates more than 200,000 orders per week and achieved over £1 billion in sales last year. It is debatable whether Tesco has a better model than its rivals for internet shopping, but it got into the risk-laden market early and used the power of its brand and its Clubcard-inspired data bank to target consumers far more effectively than its biggest U.K. rival, Sainsbury's, headquartered in London England.

Having already tried — with *Grocery Works.com* in partnership with Safeway Inc., based in Pleasanton, CA — to introduce the *Tesco.com* home shopping model to the United States with minimal success (some might even say relative failure), the way in which Tesco takes its own brand online sales operation into the United States will be a cause of great interest. **pb**

admit privately at least that international ventures have fallen down because they failed on one or more of these counts.

Tesco's strategic superiority and obsessive attention to detail have set it apart from its U.K. rivals and enabled the group to compete robustly almost immediately after it enters each of its international marketplaces. Expansion into the United States is therefore seen as something of a natural progression and the confidence of a relatively newfound, retail superpower, which readily translates

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### LONG-TERM STRATEGIC THINKING

Until Tesco laid its first bricks on foreign soil, no U.K. supermarket chain had shown itself to have the capacity or long-term vision to succeed overseas. U.K. food retailers have certainly not enjoyed great success in the U.S. market in the past, undone in part by a lack of understanding of the geography, consumer demographic and retail environment on the other side of the Atlantic Ocean. Tesco has the credentials and it would be fair to assume it will move in on the United States with ambitious plans and an extremely aggressive growth strategy.

Sir Terry said: "At a time when the number of retailers in our sector with international ambitions is shrinking, Tesco has defined a strategy for international growth which works well."

The leadership of Sir Terry, who came to the helm as the company settled into pole position in the U.K. market, has undeniably been crucial in its meteoric rise through the international ranks. Purely in its domestic market, Tesco stood head and shoulders above its rivals from the mid-90s through the millennium, as it stuck to its own agenda and watched everyone else lose direction.

The chief executive has based the company's goals on a few, simple tenets and rarely deviates from the path he originally mapped out to take Tesco to what, at the time, must have seemed dizzy and unattainable heights to his colleagues. He would point to a team effort, particularly to the support of a committed and single-minded boardroom. And he would be right. However, having long been recognized as the U.K.'s most powerful businessman, it is natural that Sir Terry's sights are set on transferring some of that strength into conquering other lands.

Tesco built market share in the United Kingdom on its superior knowledge of consumer trends. The central cog around which Tesco has worked its minor commercial miracles is its will to first listen to and then take the time to understand consumers in all countries. The financials suggest the company has inspired loyalty from its U.K. customer base, and that stems from painstaking attention to the quality, breadth and above all suitability of the product portfolio.

It has invested huge amounts of money to enhance its understanding of its customers since the launch of its Clubcard project in 1995, which tracks the spending patterns of Tesco customers and responds with the appropriately timed and directed marketing and promotional drives.

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The sheer scale of its profits has made Tesco an easy target for detractors, however. The reality is, though, that Tesco has far more floorspace than any of its U.K. supermarket rivals and it is being judged on a non-comparable basis with the chains that follow it in the pecking order.

Andy Bond, chief executive of Wal-Mart-owned Asda, headquartered in Leeds, England, fed up with fielding questions surrounding Tesco's superiority in the financial stakes, has recently resorted to pointing out the difference in size between the two companies' store portfolios. Asda, the U.K.'s No. 2

grocery retailer, will open 20 new supermarkets in the United Kingdom this year and still have less than 400 stores overall, which pales in comparison with its only larger rival.


### THE IMPORTANCE OF PROPERTY

Leahy and his cohorts on the Tesco board have been extremely canny in the acquisition of property and land since the mid-1990s. Tesco has continually second-guessed and outmaneuvered its competitors since the 1990s to move smoothly through the ranks from U.K. No. 3 to a position of dominance that appears to be totally irrevocable, unless

## Timeline

- 1929** — Jack Cohen opens his first Tesco store in Burnt Oak, Edgware, North London
- 1932** — Tesco Stores Limited became a private limited company
- 1934** — Jack Cohen bought a plot of land at Angela Road, Edmonton, North London to build a new headquarters and warehouse. It was the first modern food warehouse in the United Kingdom and introduced new ideas for central stock control
- 1956** — The first Tesco self-service supermarket opens
- 1960** — Tesco takes over a chain of 212 stores in the North of England and adds another 144 stores in 1964 and 1965
- 1968** — The term 'superstore' is used when Tesco opens its store in Crawley, West Sussex
- 1983** — Tesco Stores (Holdings) Ltd, becomes Tesco PLC
- 1992** — 'Every Little Helps' tagline is launched
- 1992** — The first Tesco Metro store opens at Covent Garden, London
- 1992** — Tesco launches its organic range
- 1993** — Tesco Value is launched
- 1994** — The first Tesco Express opens
- 1995** — Tesco Clubcard is launched
- 1995** — Tesco becomes the market-leading food retailer
- 1997** — Terry Leahy becomes chief executive of Tesco
- 1997** — Tesco opens its first Extra store
- 1998** — Tesco launches its Finest range
- 2000** — Tesco.com is launched
- 2005** — Tesco announces it will be appointing a code compliance officer and invites its U.K. suppliers to provide anonymous feedback on working with Tesco
- 2007** — More than 250,000 employees in the United Kingdom and around 1,800 stores; Tesco accounts for roughly £1 in every £6 spent by the U.K. consumer

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the British government ever decides to intervene — which is unlikely.

This pursuit started in earnest when it assumed the No. 1 position in the United Kingdom and has been stepped up since the turn of the millennium to the extent that it was claimed last year in the *Financial Mail* that Tesco now holds a staggering 81 percent of the land bank of 319 undeveloped sites built up by the big U.K. supermarket groups. That compared to a 46 percent share when the same information was last collated in 2000. Both Asda and London-England-based Sainsbury's, the U.K.'s No. 3 outlet, have complained that planning rules help Tesco to maintain and build on its dominant position.

It is instructive that in just the second paragraph of his last annual statement, Sir Terry felt it appropriate to emphasize the role of property in funding the group's growth. "Over the last two years, through our joint ventures with Topland, Consensus and Morley, Tesco has developed an updated version of our property joint ventures," he said. "Our experience with them has been good. They have enabled us to fund our growth efficiently by releasing cash from our property base, develop a stream of material property profits and also enhance our returns. They allow us to run and improve our stores without always needing freehold ownership." Tesco will do more of the same going forward, up to £5 billion more in the next five years, and the value of its appreciating assets is likely to be more apparent as it does. In the last month, funding was secured for overseas operations through a property joint venture with British Land, involving 21 Tesco supermarkets.

#### POLITICAL ISSUES

The political movements of Tesco have also been criticized recently in the United Kingdom. The group has expended a lot of energy infiltrating the corridors of political power, both at local and national levels. While many would dismiss this as a legitimate and wholly understandable business tactic, it has almost inevitably prompted accusations of skullduggery from certain quarters of the media and from consumer pressure groups.

Each new store opening brings with it new remonstrations from local residents and established small shopkeepers. But there is no hard legislation in place to derail the Tesco bandwagon. Planning limitations have somewhat curtailed the expansion of the mighty out-of-town superstore network, but Tesco responded by adding more variety to its store formats with smaller-scale Tesco Metro and Tesco Express stores and has subsequently taken an ever-increasing propor-

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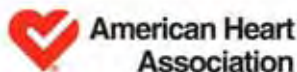
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# An Excerpt from Jim Prevor's *Perishable Pundit*



February 23, 2007

**The Credit Suisse [headquartered in Zurich, Switzerland] report identifies Tesco's key executive team [chosen for its U.S. operation]:**

- **CEO USA, Tim Mason.** Mason is very well known to most observers. He has been a Tesco main board director for 12 years and, as well as his U.S. role, retains responsibility for group marketing. He has 25 years' service at Tesco and has a wide range of experience at all levels — buying, marketing and retail operations. He has particular strengths in marketing, and specifically areas relating to understanding customers (for example, along with [chief executive] Terry Leahy, we think he deserves a lot of credit for the huge success of Tesco Clubcard). We also think he has strong diplomacy skills and gravitas (we regard him currently as a natural No. 2 to Leahy), which are likely to prove invaluable in navigating the various issues that Tesco is bound to face in the United States.

- **CFO, Remko Waller.** Waller is not a Tesco 'lifer' as far as we know. However, his recent experience as CFO of Tesco South Korea makes him well qualified in our view. We think South Korea is the only Tesco market outside the United Kingdom/Ireland that has very similar attributes to the United States — high GDP per head, a relatively 'modern' economy/consumer, high real estate prices (so, very capital intensive), and high concentrations of urban population. Importantly, Korea has also been a hugely successful market for Tesco, and one where it has competed very well with [Bentonville, AR-headquartered] Wal-Mart and [Paris, France-headquartered] Carrefour (both of which exited Korea in recent months). Over recent years, Tesco has proved adept at managing very rapid growth while generating high/increasing returns in Korea. As such, Waller's track record in managing that growth should prove invaluable in the United States.

- **Retail operations, Brian Pugh.** Pugh joined Tesco in 1998 when it bought its entry-vehicle (13 Lotus hypermarkets) in Thailand. He is a U.S. national and originally worked for Wal-Mart, which he left to set up the Lotus business with one other ex-Wal-Mart execu-

tive (Jeff Adams, now CEO of Tesco's Thai business). After the Tesco acquisition, Pugh stayed on in Thailand where he became COO. We think the combination of his U.S. nationality and Wal-Mart/international/operations experience makes him ideally qualified for his new role.

- **Marketing, Simon Uwins.** Uwins has been at Tesco for 23 years, during which time he has held various buying and marketing positions, latterly as director of marketing for Tesco's U.K. business. He joined Tesco from market research agency ACNielsen [headquartered in New York, NY] and, in his recent U.K. marketing role, represented Tesco on [London, England-headquartered] Dunhumby's Board (Tesco's Clubcard data partner). We regard him as one of Tesco's best qualified marketing executives. He is obviously very well placed to bring Clubcard and Tesco's other marketing expertise to the United States.

- **Commercial (Buying), John Burry.** Although only around 40, Burry already has around 20 years' experience at Tesco and has a similar buying/commercial background as Mason/Uwins. Most recently he was head of prepared fresh foods in the United Kingdom, which we think will be particularly appropriate for the likely offer in the U.S. stores. He also has international experience — he was the commercial director of Tesco's Czech business. We regard him as one of Tesco's strongest up-and-coming commercial executives.

- **Property, Tony Eggs.** Eggs, too, has vast experience at Tesco. He has for many years been a prominent senior member of Tesco's highly successful U.K. property team, latterly as property director. Property is likely to be a key challenge/opportunity in the United States, and Eggs will bring with him the knowledge and know-how that Tesco has developed in the United Kingdom over the last two decades. With the U.K. planning regime relatively tight and Tesco omnipresent, we suspect the more liberal U.S. laws and 'green-field' opportunity present Eggs with the chance to almost start again with another Tesco expansion plan. **pb**

tion of high-street [Main Street] sales.

## THINK GLOBAL, ACT LOCAL

Overseas, Tesco, unlike some other international retail pioneers, has not ridden recklessly into town with its British ideals and approaches but recognized that the old adage, 'think global, act local' contains more than a modicum of truth. However, neither has the company been engulfed by the markets into which it has moved and fallen into the trap of changing everything to hide its roots. Instead, Tesco has recognized it is good at what it does, stayed true to its beliefs and trusted in its infrastructure and processes, while tailoring its offer to suit its environment.

It is tempting, obviously, for a retailer fresh from a period of success with one method in its domestic marketplace to simply

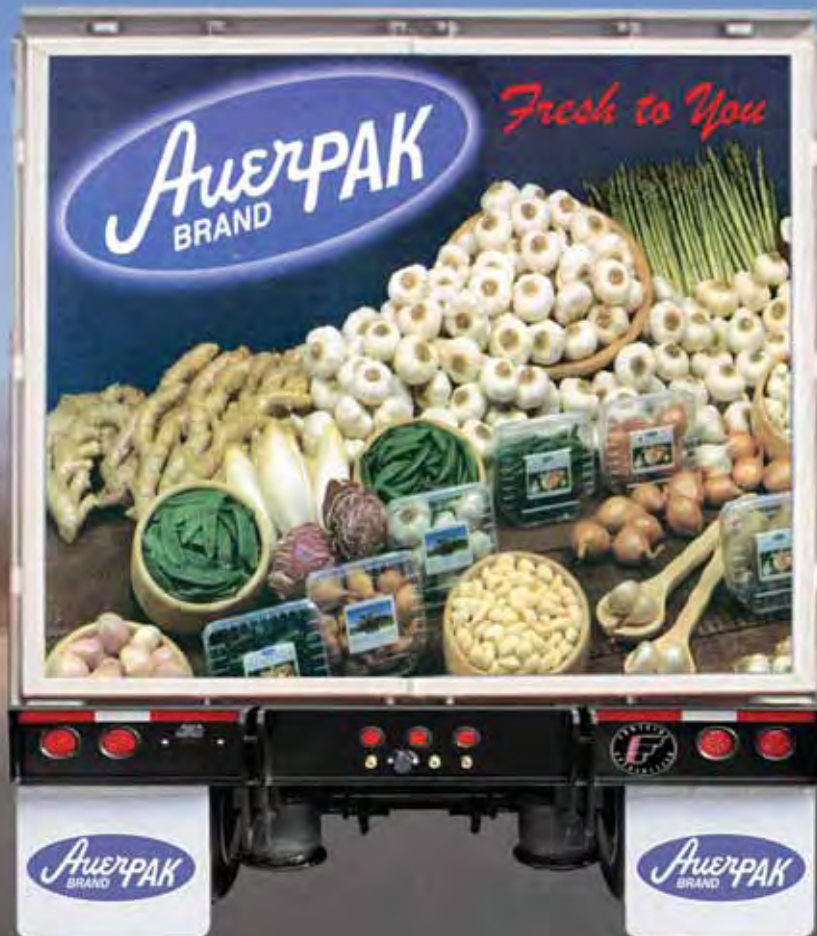
attempt to replicate that elsewhere. It can work — one just needs to look at Swedish furniture phenomenon IKEA, headquartered in Helsingborg, Sweden, for proof of that. Food, which is so indelibly ingrained on the culture of all nations, does not give retailers the same luxury. So, outside of the United Kingdom, what you'll see in most instances remains fundamentally a Tesco store, at least externally. But once inside, it can be very different, as the needs and demands of the local consumer take over.

Tesco is not in the habit of exporting its British expertise into a new market to dictate on-the-ground affairs, but rather it provides the early support and overall direction and then encourages local experience to take the reins. One former Tesco employee in Malaysia remembers sitting through more

than 60 separate range reviews as the group cemented its position in the Far Eastern nation. The predominantly local management team was trained in the Tesco way, to follow Tesco processes and believe in Tesco ideals. But tellingly, the same employee also recalls the lengthy ranging process created "a fantastic Malaysian range." The simple ideals of maintaining a recognizable standard of quality within the prevailing price structure of the marketplace are instilled from day one.

Tesco has always been a broad church and therefore needed to cater for a wide variety of customer segments. One of the key attributes in its years of dominance in the United Kingdom is undoubtedly its realization it could not treat every one of its customers with the same broad brushstrokes. An appreciation of the finer points of rang-

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## TESCO IN THE UNITED STATES

The real question, of course, is what will Tesco add to the U.S. market? It is hard to predict, and the company would not have it any other way. You won't find too many people inside or out of Tesco who expect failure, though.

What the U.S. market can probably expect is more of the same. From day one, that means a structured network of well-planned and well-managed stores, containing high-quality product at a very competitive price. To achieve its initial targets in the U.S. market, Tesco is developing a completely new format, modeled it says, on Express, for the American consumer. "Express" is defined by the company's Web site as offering consumers "great value, quality and fresh food close to where they live." That anodyne description does the format no favors — it has made massive strides in the United Kingdom, with more than 650 stores nationwide at the latest count.

Tesco's U.S. operation has, in its chief executive Tim Mason, a master exponent of the merchandising and marketing functions. Trusted existing produce suppliers have been brought in to assist and advise on the process and also provide the backbone for the initial drive. But, as has always been the case elsewhere, the long-term impetus will be provided by American employees. An aggressive recruitment approach, which began months ago in the United States, searches out the candidates with the best-fit skills to implement the Tesco strategy — and looks for people with big brand backgrounds, as well as retail know-how. Finding the right team is paramount in Tesco's eyes and it spends a lot of time and money chasing the ideal mix.

The major challenge, which with the arguable exception of China is unique in global retailing, is the geographical complexity of the United States. Tesco will quite possibly get its product offer right, but can it secure land and stores in the right locations to propel it to the upper echelons of the U.S. retail tree?

Entering the United States has been a long-term goal for Tesco and it will hope to have left no stone unturned in the planning stages. It has not rushed its way in and has done things in its own inimitable manner, upsetting some but making it extremely clear that it means business. If the group does have a five-year plan, that will contain only its short-term objectives for the United States — this is the beginning of a very long game for Tesco and one it has no intention of losing.

**pb**

ing and merchandising has seen its product offer expand to incorporate everything from value lines to premium own-label brands across the store network.

## INEVITABLE BACKLASH

Weaknesses have been hard to identify in the Tesco armory, but being a broad church has its challenges. While the company is constantly re-evaluating its activities, its image and its identity, it becomes increasingly difficult to please all of the customers, all of the time, when markets segment and complicate matters. In the United Kingdom, there has been a backlash in the media in the last 18 months to the sheer size of Tesco's profits, and along with its competitors, Tesco has received an enormous amount of criticism from the media for the impact that supermarkets have had on the traditional high-street retail environment.

The U.K. Competition Commission is currently undertaking its second investigation into the effects the big four supermarket chains are having on their rivals, suppliers and above all the consumers of Great Britain. Tesco's response was to blind the commission with detail — it has been accused by its rivals of holding the inquiry up while compiling a monster-sized document in its defense. As by far the largest operator under the microscope, it could be argued that Tesco had more to say, more to prove and, crucially perhaps, more to protect.

The relationship between suppliers and their supermarket customers is, let's say, a contentious issue in Tesco's home market.

There is a significant undercurrent of unrest, but much of the resentment is suppressed because a large amount of suppliers is heavily dependent on their one major customer to stay afloat. It should be said that Tesco suppliers have not been uppermost in the lists of complainants, but the policy of all U.K. supermarkets to move buyers between departments and disciplines at regular intervals rarely gives any category the luxury of enjoying a good buyer for too long. Again, this system has not been entirely transported overseas by Tesco, where it has realized that establishing roots in a new market requires a degree of longevity in the buying department.

That does not mean there are no disagreements between suppliers and Tesco buyers, particularly when it comes to negotiating around often fierce price demands. Respect for their suppliers' rights to run profitable businesses is certainly present in the policies at board level — some might argue that the pressures placed on individual buyers, and the way they choose to deal with them, mean that policy will not always coincide with reality.

The size and breadth of Tesco's offer has allowed it to ride the waves of price wars in the United Kingdom — aware it can match any of its rivals on price and do more damage to their margins than its own. In the produce departments, the U.K.'s big four have more or less benchmarked their prices against each other for the last two years, leading to an impasse that adds little to the industry and can surely only be broken by

Photo courtesy of Fresh Produce Journal



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# Ocean Spray Sued By Longtime Associates

*Lawsuit alleges special deals for Costco, H.E. Butt at the expense of Sam's Club, B.J.'s, and others.*

BY BILL MARTIN

**Those who attended the retirement dinner Ocean Spray Cranberries Inc. held for James Nolan on Nov. 26, 2001, at the Dan'l Webster Inn on Cape Cod, as this writer did after being assigned to cover the event for one of the fresh fruit and vegetable trade publications, may be astonished a few years later to find that Nolan and the co-op have become foes in what has turned out to be one of the most fascinating stories ever to unfold in the produce industry.**

Turning up at various places in this story, which almost plays out like a drama one might watch on television or at the movies, are some of the biggest names in the industry, including Ocean Spray of Lakeville/Middleboro, MA (along with its largest fresh cranberry grower in Massachusetts); David Oppenheimer & Associates Partnership, Vancouver, B.C.; DNE World Fruit Sales, Fort Pierce, FL; Costco Wholesale, Issaquah, WA; C&S Wholesale Grocers Inc., Hatfield, MA; BJ's Wholesale Club, Natick, MA; Sam's Club, Bentonville, AR; H.E. Butt Grocery Co., San Antonio, TX; Wegmans Food Markets, Rochester, NY; Shaw's Supermarkets Inc, East Bridgewater, MA; Publix Super Markets, Inc., Lakeland, FL; and SuperValu Inc., Eden Prairie, MN.

In short, it's about two people who say they tried in good faith to follow a company's board-endorsed, written policy on antitrust compliance that its employees and sales agents are compelled to sign and agree to abide by under penalty of termination, imprisonment and fines for failure to do so.

Despite fresh cranberries estimated being only around a

\$25 million-a-year business for a company that posted fiscal year 2005 gross sales of about \$1.4 billion, the co-op refers to fresh cranberries as its "signature product" and "the essence of Ocean Spray's business."

This matter most likely wouldn't have evolved into a story which now has captured the industry's attention if it weren't for the treatment the Nolan claim to have received from Ocean Spray after repeatedly pointing out to its management, and later the board of directors, that their organization may not be practicing what it preaches.

A civil suit by the Nolans was filed in December 2003 in the Massachusetts Superior Court System. It has survived a motion to dismiss. Nine counts survived a motion for a summary judgment. The trial is scheduled for June 11 in Plymouth, MA.

## PAST FILLED WITH LAUGHTER

Nolan's retirement dinner helps to illustrate that no matter how strong the credibility a person seems to have with an organization after having worked for it a long time and receiving the widespread praise he did, this may not prove to be much of an asset when questioning a company's actions where legal matters are concerned. On this night, the 25-year veteran with the giant cranberry co-op was honored as he stepped down from being its domestic and international fresh fruit sales manager. At Ocean Spray's request, Nolan immediately was joining The Nolan Network (TNN), the successful produce sales and merchandising firm headed up by his wife of 31 years, Theresa, to continue doing essentially the same job for the co-op he had carried out as an Ocean Spray employee.

Pat McCarthy, Ocean Spray's former group vice president of sales and marketing, who Nolan once reported directly to for several years, told the audience, "Jim never had a boss that was as smart as he was, including me." While McCarthy, a living legend in the grocery industry after spending nearly three decades helping to build Ocean Spray into the powerhouse food and beverage company it's





become today, retired a few years ahead of Nolan, his former underling apparently continued to do a topnotch job for the co-op right up until the end since Nolan's final performance review as an Ocean Spray employee received an overall score which was among the highest in the company.

Another topic brought up that evening were Nolan's humorous presentations about the current state of Ocean Spray's fresh fruit business at its mostly otherwise buttoned-up, annual national sales meetings primarily focusing on the co-op's processed products. These talks, delivered by a former newspaper man from the Midwest with a master's degree in journalism, garnered much laughter and sometimes standing ovations from the co-op's executives in sales, marketing and senior management.

Nolan's highly acclaimed sense of humor was even the subject of a 1993 front-page story in an Ocean Spray corporate publication, a good indication his popularity inside the co-op was similar to what



**James Nolan, during happier times.**

on Nolan not only for her sales and merchandising skills, but also sought her input in putting together fresh cranberry marketing plans.

## THE DEAL WITH COSTCO

As the new fresh cranberry season was starting in September 2000, Nolan sent out a price announcement under his name to Ocean Spray's club store accounts that was approved by the co-op. The season-long price for both domestic and Canada was \$25 f.o.b. for cases of 12 two-pound bags.

However, only 10 days after Nolan's price announcement, September 25, 2000, Ocean Spray offered Costco, without Nolan's knowledge, a price of \$18 delivered on the club store pack for the months of September and October, and a delivered price of \$23 for November.

An exhibit in the Nolan complaint is a voice mail to Ocean Spray's account manager for Costco, Jay Salamon. The voice mail was from the Costco fresh cranberry buyer and was forwarded to James and others at Ocean Spray. In it, the buyer states, "...we talked about how to avoid the Robinson-Patman Act."

Nolan protested to Ocean Spray's management the lower pricing should not be given to Costco unless the same price was offered to competitors of Costco, including BJ's and Sam's Club. Nolan also protested about Ocean Spray funding in-store demonstrations for only Costco.

"Ocean Spray then initiated an elaborate cover-up which continues to this day," alleges the Nolan complaint. "Ocean Spray tried to justify the lower price given to Costco by claiming to be meeting the price offered to Costco by Northland Cranberries Inc. on its fresh cranberries club store pack. Northland did not then, and still does not have, a fresh cranberries club store pack."

## ON THE WAY OUT

On Dec. 8, 2000, Nolan unexpectedly was handed a "separation agreement" from Ocean Spray to sign, which would terminate his employment at the end of the month. In his deposition, Nolan said he suspects this was due to his opposition to the alleged special pricing given to Costco that same season in which he said he "appeared to be a minority of one."

This action was contrary to the promise Ocean Spray made Nolan the prior summer that he would retire at age 55, the earliest an employee can take early retirement, and manage the fresh cranberry business outside the co-op through TNN.

Despite Richard O'Brien's, both James Nolan and TNN's immediate superior at Ocean Spray, threat that refusal to sign would result in TNN not getting a contract to sell and merchandise Ocean Spray's fresh cranberries, Nolan refused to sign the separation agreement, and two subsequent ones, because they would have imposed restrictions upon him which Nolan considered unaccept-

**A civil suit by the Nolans was filed in December 2003 in the Massachusetts Superior Court System. It has survived a motion to dismiss. Nine counts survived a motion for a summary judgment. The trial is scheduled for June 11 in Plymouth, MA.**

he enjoyed with the larger produce industry throughout his career.

Though none of the co-op's cranberry growers were present at this event, perhaps they more than anyone would have appreciated hearing what was said about Nolan by Grant J. Hunt, president of the Grant J. Hunt Co., Oakland, CA, and Ocean Spray's produce broker for Northern California. Hunt, a former chairman of the board for the Produce Marketing Association, the industry's largest trade group, and someone who worked closely with Nolan during most of his career at Ocean Spray, sent an e-mail for this occasion reading in part:

"He always maintained the highest levels of personal integrity. The fresh cranberry industry has weathered more than its share of storms of controversy, but throughout all the battles, one truism remained. The industry always kept its respect for Jim Nolan and the principles for which he stood. He was loyal to Ocean Spray to a fault and made every effort to protect the brand with retailers, even when he had to personally suffer the slings and arrows of the attacks on the company from the trade. Jim always put the success of the growers ahead of personal success with his career. Jim Nolan knows more about the fresh cranberry marketing business than any other individual alive today."

Cut to the present where Nolan and his wife will soon face off against Ocean Spray in a civil court trial, which looks to have all the makings of a classic David vs. Goliath battle.

His wife's participation in the lawsuit stems from Ocean Spray's senior management, without any involvement on the part of her husband, hiring her firm in 1999 to handle its sales and merchandis-

# Antitrust Guidelines

**O**cean Spray's Antitrust Policy Compliance Guide requires employees to comply with federal anti-trust laws, including the Robinson-Patman Act. Regarding this particular statute, the guidelines read in part:

"...prohibits sellers from charging different prices for the same product to customers who are in competition with each other, where the effect may lessen or restrain competition or create a monopoly."

In a March 14, 2000 letter to employees, Robert Hawthorne, president and CEO of Ocean Spray, wrote in part: "Apart from the risk of violation of these laws (which may result in imprisonment, fines and treble damage awards), compliance is good business because the antitrust laws are intended to protect our economic freedom and strengthen our system of private enterprise by promoting competition."

Furthermore, the Ocean Spray antitrust guide states, "Corporations violating the federal antitrust laws are subject to fines of up to \$10 million... Individuals are subject to jail sentences of up to three years and fines of up to \$350,000." **pb**

able. Finally it was agreed Nolan would take early retirement the following fall and then continue to handle Ocean Spray's fresh cranberry business through TNN.

## THE FALL OUT

As the 2001 fresh cranberry shipping season was about to get under way, a domino effect of events, which started with the Costco special pricing the previous season, began to unfold. On September 7, 2001, Robert Hawthorne, president and CEO of Ocean Spray, received an e-mail from Ken Ryan, procurement manager for C&S, who supplies BJ's, which currently has over 160 club stores in the Eastern United States, according to its website.

In part, Ryan wrote: "In reviewing last year's sales data, which includes competitors' retails, we have concluded not all club stores received the same price from Ocean Spray on 12/2lb cases. Based on our \$25 f.o.b. price, plus .50 cents freight, we had a \$2.125 unit cost price. This is before any warehouse costs and costs to transport them to our BJ's club stores. These costs average .75 per case, which brought our delivered cost to the stores to \$2.19 per unit."

Ryan further stated this "forces" the company to have a \$2.99 retail price to make a profit. At the same time, C&S store checks of Costco revealed Costco selling the same pack for \$2.29 during the season, which is only .10 cents above C&S's total cost.

"Stores do not survive on that type of gross profit margin. This difference in retail has hurt our stores' price image and increased our shrink due to lower sales," Ryan's e-mail said.

Ryan proceeded to request a meeting with Ocean Spray "to correct this problem."

According to the Nolan complaint, Graham West, managing director of ingredients technology group, O'Brien's boss, as well as Neil Bryson, Ocean Spray's in-house attorney, and O'Brien went to C&S headquarters.

The complaint states, "Although C&S requested Theresa, TNN's president, also attend the meeting, West did not allow her to attend... West refused to allow Theresa to attend the meeting because he knew Theresa was aware of the special pricing given Costco in 2000; had opposed it from the beginning; and had already stated she would not lie to C&S's management about it."

At the meeting Ryan demanded that Ocean Spray reimburse C&S for the price difference it paid versus Costco, plus damages.

"The Ocean Spray representatives told C&S to claim some cran-

berries it would receive from Ocean Spray were of poor quality and to take a discount from an Ocean Spray invoice," the Nolan complaint reads.

## SAM'S CLUB, BJ'S AWARDS

A January 15, 2002 report from the Nolans to Ocean Spray says, "We still believe the cooperative needs to tell Sam's Club what took place on fresh cranberries club store pricing during season 2000. It should offer to remit them the difference between the considerably higher price that they paid Ocean Spray for the 1/2lb. club pack versus what Costco was charged."

"In addition, there should be reparations for any other damages that Sam's Club may feel they suffered from being out of line on price with their main competitor all season. Over four months now have passed from the time when C&S Wholesale Grocers e-mailed Rob Hawthorne confronting him about this identical situation in connection with the fruit that they supply BJ's."

Continuing, the report says, "Since C&S quickly reached a settlement with Ocean Spray, we're surprised that something hasn't been done to also compensate Sam's Club. It's almost ironic that the cooperative was a recipient of Sam's Club prestigious 'Vendor of the Year' award for the same year when this unfortunate incident occurred."

"Legal considerations aside, the fact remains that the special pricing Ocean Spray gave to Costco in 2000, which we advised against from the start, was highly unethical in the least. It enabled them to enjoy a significant competitive advantage over the other club stores as well as those conventional supermarket chains, such as Safeway, that have come to view Costco as a rival."

Ironically, according to the *Scoop Online*, an internal Ocean Spray publication dated May 2, 2001, the co-op also was presented with BJ's Partnership Award. As was the case with the Sam's Club Vendor of the Year award, this award came after the co-op allegedly gave special pricing to BJ's and Sam's Club's main club store competitor, Costco, in the fall of 2000.

## NON-RETAILER PROMOTION

In September 2002, with a new fresh cranberry season getting underway, Ocean Spray's James Lesser, group product manager for food, produce and value-added ingredients, announces what the Nolan complaint describes as "an unprecedented, last-minute addition" to the co-op's trade program, a \$2 per case "non-retailer promotion."

While this promotion was offered to all domestic produce wholesalers, it "was created to appease C&S which, still upset over the Costco incident, had stopped supplying both Pathmark and BJ's with Ocean Spray fresh cranberries in 2001."

## CONFUSING PRICE ANNOUNCEMENT

On September 5, 2002, Lesser issued a price announcement through Thanksgiving of \$18 f.o.b. domestic orders requested for arrival by October 26. The price increased to \$19 f.o.b. on orders requested for arrival between October 27 and November 30.

On November 26, 2002, Ocean Spray's Lesser issued what some consider a confusing price announcement for December. In part, the announcement reads: "The December price for Ocean Spray 24/12 ounce and 20-pound bulk fresh cranberries for the United States is U.S. \$24 f.o.b. all shipping points for orders placed after Nov. 25, 2002."

The complaint states, "Many people had difficulty understanding this announcement. Some customers interpreted the price announcement to mean orders for December shipments [that] were placed before the price announcement came out would be invoiced at \$19 f.o.b.," which was the November price.

The complaint notes that when questioned, Lesser insisted the \$19 f.o.b. applied only to November shipments, regardless of when December orders had been placed. TNN's "persistent requests" for a new price announcement to clarify was rejected by Lesser and O'Brien. Instead, TNN was instructed to tell customers and brokers the December price was \$24 f.o.b. for all customers.

## THE DEAL WITH H.E. BUTT

Although The Nolan Network was contracted to handle sales and merchandising for Ocean Spray, the co-op decided to use Jacksonville, FL-based broker, Acosta Sales Inc., to make sales calls on H.E. Butt, the large San Antonio-based grocery chain.

Only a week after Lesser's September 5th price announcement, Acosta, without the Nolan's knowledge, provided H.E.B. with a price of \$19 f.o.b. for cases of 24/12-ounce packages and 20-pound bulk fresh cranberries for the whole season. The deal also contained a \$3 off-invoice allowance on purchased fruit "without ever advertising Ocean Spray branded fresh cranberries during that season," the complaint reads. Other retailers were required in writing to advertise to get the promotional allowance.

Additionally the Nolans claim O'Brien approved H.E.B. receiving truckload rates at \$1.53 per case even though "H.E.B. did not take delivery of Ocean Spray cranberries in full truckloads at any time during the 2002 season. This resulted in H.E.B. sometimes paying as little as half of what the freight rate for the size of its order should have been."

Soon the Nolans learned of special pricing Ocean Spray allegedly provided H.E.B. through Acosta. The complaint alleges Ocean Spray use Acosta as a broker, so Acosta offered H.E.B. price concessions to get its business. Ocean Spray has done little cranberry business with H.E.B. since Northland left the co-op in the early 1990s, and Northland has been supplying HEB with most of its cranberries.

## RETAILERS ASKED TO PAY UP

According to the complaint, "Several of Ocean Spray's customers took deductions from [December] invoices... believing they should have been charged only \$19. Even though H.E.B. was charged \$8 less than the \$24 f.o.b. per case, Lesser wrote to several customers requesting payment of the full invoiced price of \$24... in his letter to these customers, Lesser refers to and quotes from a revised December price announcement which he claims was also published on November 26th, 2002."

Among the customers Ocean Spray sought more money from was: Shaw's Supermarkets, Publix, Supervalu and C&S.

After receiving Lesser's February 21, 2003 letter, Ken Ryan of C&S called Theresa Nolan asking for a fax verification that the revised price announcement had actually been sent to C&S on Nov. 26, 2002.

The Nolan's complaint notes she knew nothing of the Lesser letters to those accounts until she received the phone call from Ryan, despite Nolan being responsible for selling fruit to those accounts. Nolan immediately asked Lesser for the fax verification for C&S.

On March 11, 2003, Lesser, who on February 28 had told Nolan the second notice was distributed to the produce trade on Nov 26, now advises her he wrote the revised price announcement, but it was never sent out.

## CRISIS MANAGEMENT

The story takes another strange twist when the Nolans claim Lesser, who denied this in his deposition, never wrote the February 21 letter to C&S, nor the other collection letters regarding unauthorized deductions from December 2002 fresh cranberry invoices, nor any of the 2002 price announcements.

According to the Nolans' complaint, "Ocean Spray used the [Little Falls, NJ-based] Marcus Group to ghost write Lesser's fresh cranberries price announcements during 2002 to conceal the favorable pricing which Ocean Spray extended to H.E.B. on this item that same year. This attempt to conceal the truth was the reason for the ambiguous wording of Ocean Spray's fresh cranberries price announcement for December 2002 shipments and why Lesser refused to respond to TNN's urging Ocean Spray send out another, more lucid notice immediately in the wake of the original one."

According to the Marcus Group website, the company "offers a wide-range of advertising, public relations and crisis communications services," the complaint states. The information in the complaint referring to the Marcus Group was learned by looking at the properties of Lesser's e-mails.

On January 15, 2003, James Nolan e-mailed TNN's final fresh cranberry report to Ocean Spray management for the 2002 season. In the report, Nolan again complained to Ocean Spray about the discriminatory pricing provided Costco in 2000 and H.E. Butt in 2002.

"We'd like to remind everyone of how giving preferential treatment to selected accounts on an item like fresh cranberries, aside from the legal issues, can ultimately cost the cooperative far more money than just that of the actual concession made to the recipient as well as create serious customer relations problems," Nolan's report reads.

The report pointed out the price Ocean Spray charged H.E. Butt on fresh cranberries in December was "astonishing considering all the trouble the cooperative got into with C&S over what it did for Costco. Not only was H.E. Butt's f.o.b. price 21% less than what all other customers in the U.S. and Canada had, the retailer also saved on average around another dollar per case in transportation costs the entire season by receiving a substantially reduced freight rate," Nolan's report reads.

Nolan further noted as far as can be determined, besides H.E. Butt being the only customer in North American still paying \$19 f.o.b. per case for the co-op's fresh cranberries in December, "H.E. Butt was the sole account that intentionally wasn't invoiced the correct amount according to the cooperative's published 2002 freight rate sheet."

Furthermore, as pointed out in Nolan's e-mail report, unlike the situation with Costco, where the "biggest risk Ocean Spray incurred by giving just that customer a steep discount from the published price for the 2 lb. bag in 2000 is to its credibility with the other club stores (Sam's Club apparently is still unaware of what happened regarding Costco in 2000 despite TNN's longstanding, strong recommendation to Ocean Spray that it come clean with them about this), the deal H. E. Butt enjoyed has the potential to jeopardize the cooperative's relationships and reputation with everyone it sells fresh cranberries to in the produce industry."

On the next day Ocean Spray vice president - cranberry, Stewart Gallagher, forwarded TNN's December report to Randy Papadellis, who had succeeded Hawthorne as president and CEO of Ocean Spray. Gallagher was responsible for the co-op's beverages, foods and ingredients business. Instead of expressing any concern Ocean Spray's Antitrust Policy Compliance Guide and/or federal antitrust laws may have been violated, Gallagher wrote, "FYI. I refuse to have my people go through another season with this guy representing us. Do I have your approval to hire a produce expert to manage this business next season so we can completely cut Nolan out of our lives? We are paying him a fortune as a consultant. We'll save a lot of money and improve a lot of people's blood pressure if we never have to read reports like this again."

Less than two hours later, Graham West, who reported to Gallagher, forwarded prior e-mails to Lesser and O'Brien, both of whom



Kiss those pots and pans

# GOODBYE.



- 1 • Remove the outer packing and place the tray in the microwave. No need to peel off or puncture the film.



- 2 • Heat on high for two minutes. The film expands to form a bubble during heating, and then self vents and relaxes over the produce.



- 3 • Just remove from the microwave and let cool for one minute. Then, simply peel off the film, and serve straight from the package.

Now everyone can have fresh, steamed veggies with the press of a microwave button. No cleaning, no cutting, no boiling, no scrubbing, no mess, no problem. Introducing Cryovac® Simple Steps™ for produce, the unique packaging solution that can be shipped, merchandised, steamed and served all in the same package. The Easy Open package has "Stay Cool" handles to reduce risk of burns and spills. Plus, its self-venting feature means there is no need to puncture before heating, so no microwave splattering. Best of all, vacuum skin packaging keeps produce looking fresh and colorful, not to mention retaining the all-important vitamins. Hello Simple Steps. Veggies never had it so easy.

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reported to West, stating, "Rich & Jim, I discussed this with Stu this morning... getting a fresh produce manager (cranberry & grapefruit) isn't the entire answer but I'll take it and make it work if we can get rid of this guy."

Thirty-three minutes later, O'Brien forwarded prior e-mails to Graham West and Lesser with copies to Gallagher and Neil Bryson

**Instead of Nolan's report being used to investigate Ocean Spray management, in an ironic twist, the Nolans began to suspect the Ocean Spray board was using the requested report against the whistle blowers themselves.**

stating, "I believe we have Neil's support in going with a new hire."

**MORSE AIRS PRICING CONCERNS**

On April 1, 2003, Mike Dubuc, vice president of finance for North Easton, MA-based Morse Brothers Inc., the largest supplier of fresh cranberries from Massachusetts to Ocean Spray, wrote Ocean Spray chairman Bob Rosbe. In part, the correspondence reads, "I have reason to believe Ocean Spray has enormous exposure stemming from fresh fruit in what is referred to as the Costco cover-up from two years ago. Further there is a storm brewing with C&S Wholesale regarding this past season where H.E. Butts (sic) was given far more favorable case pricing than the rest of the trade."

Dubuc also addressed his concern that "the trade will discover

our past questionable practices, in particular the Costco scandal where Sam's Club was a victim, and that our single largest customer, Wal-Mart at 11 percent plus of our sales, will stop buying Ocean Spray."

Dubuc also asked an investigation of this issue be "fast tracked" before the trade learned of Lesser's appointment as head of both marketing and sales for fresh fruit, due to Lesser's "unethical behavior in the past."

**NOLAN REPORT FOR THE BOARD**

Dubuc later asked James Nolan to prepare a report for the Ocean Spray Board of Directors and arranged a meeting between the Nolans and board member Richard Poznysz, head of the board's audit committee. During a two-hour meeting at the Nolans' home, 10 days after Dubuc e-mailed Rosbe, James Nolan provided Poznysz with the requested report detailing, among other things, Ocean Spray's practices with Costco and H.E.B.

On May 6, 2003 at the request of Chip Morse III, president of Morse Brothers, Theresa Nolan arranged a meeting for Morse and Poznysz at C&S headquarters with top produce management.

**MEETING AT C&S OFFICES**

According to the Nolan complaint, "At this meeting (at C&S headquarters) and despite his knowledge to the contrary, Poznysz asked the C&S executives whether they thought TNN was responsible for C&S paying a higher price for the club store pack in 2000 than Ocean Spray charged Costco.

C&S confronted Poznysz with Lesser's Feb. 21, 2003 letter, which they then knew falsely stated a revised price announcement and, using this false information as its basis, asking for payment at the \$24 f.o.b. case price for their December fresh cranberries.

Reader Service # 20



Recognition is hereby granted to  
**DOMENIC D'ANTUONO**  
of Stop & Shop Supermarket Company  
as Winner of the 3rd Annual  
**RETAILER OF THE YEAR AWARD**  
Presented at the New England Produce Council Expo  
April 25, 2007  
by PRODUCE BUSINESS and the New England Produce Council

*This year PRODUCE BUSINESS is pleased to award its third annual New England Produce Retailer of the Year Award. The winner was chosen by you — the members of the New England Produce Council.*

*There must be something very special about the New England retail produce world because its companies seem to be able to attract top-notch people and keep them forever. Like Roche Bros.' Paul Kneeland and Shaw's Jack Salamon, the first two winners, this year's winner has spent his entire career at one company. I guess if you can start your career pushing carts at store level and rise through the ranks to become vice president of produce, it's worth staying with one company.*

*He has been successful even when the corporate structure has changed. He joined Stop & Shop in 1968, when it was owned by the Rabb family, continued on his upward path during the years of KKR ownership and reached even greater heights under the aegis of Ahold.*

*His peers call him resilient, proactive, innovative, passionate and soft-spoken. A strong developer and motivator of people, he has trained many of his teams' associates — past and present. In addition, he has adapted to changing technology and was instrumental in helping the company's Training Department develop an intranet-based learning tool for those produce teams.*

*Midway in his career he sat on a buying desk where he learned the growing end of the business as well as the merchandising and retail end. He has been described as sales- and store-driven because he took a lot of what he learned at the store level and integrated it into his present position.*

*Stop & Shop has gone through many produce department formats and designs through the years and our winner is responsible for the current open format that highlights produce freshness, quality, value and variety. The company is a strong supporter of local growers, and the local growing communities know and respect him. He also heads up the teams that were awarded a Produce For Better Health Excellence Award this year.*

*One colleague describes him as following his own convictions — which is evidenced by the incredible courage it takes to live here and be a Yankees fan! This aberration was probably easier to deal with when he lived in the company condo in New York during the period when he was instrumental in bringing the Edwards stores into the fold.*

*Or perhaps this aberration is what caused him to become a runner, even participating in some distance races. Of course, he says it's for fun and relaxation, but you have to wonder if it isn't an attempt at self-preservation. I sure hope he doesn't wear pinstripes when he's out there running.*

*His wife Linda has been a tremendous support and his children are a source of pride. His daughter Haley also runs track, his son Seth has a part in a Disney movie that will be coming out in the fall, and his son Damon is following in his footsteps at Stop & Shop.*

*So this is the 2007 New England Produce Council Retailer of the Year — a dedicated man with a long history of professional and personal achievement. Ladies and gentlemen — Domenic D'Antuono.*

"Poznysz, fully aware of the special deal H.E.B. had received from Ocean Spray in 2002, did not mention this special deal during his meeting with C&S," the complaint alleges.

"Instead, Poznysz, who also was informed by C&S of the questionable way Ocean Spray wanted to reimburse it over the Costco incident, told C&S if it were him, he would ignore the letter and pay only \$19 f.o.b., which C&S believed was the correct price based on when its December order had been placed."

At the meeting, Poznysz indicated he would report to C&S the outcome of the investigation relating to Costco and the November 26, 2002 price announcement. The results of the investigation were never reported to C&S, the complaint states.

According to the Nolan complaint, "During May and June of 2003, Ocean Spray did conduct an internal investigation of its pricing practices, which included interviewing Ocean Spray employees; examining the contents of computers used by employees; removing hard drives from computers; and reviewing and removing Ocean Spray records."

Instead of Nolan's report being used to investigate Ocean Spray management, in an ironic twist, the Nolans began to suspect the Ocean Spray board was using the requested report against the whistle blowers themselves.

In early June 2003, the Nolans were also told by another large unnamed Ocean Spray grower that there was an investigation into Ocean Spray's pricing practices. However, "the grower told the couple they were now a target of this probe." At this time, the Nolans decide to retain an attorney.

On July 14, 2003 TNN, through its attorney, reiterated its concerns about the damage to its and the Nolans' reputations, requested the results of the Ocean Spray investigation and asked what corrective steps would be taken.

Ocean Spray refused to divulge the outcome of the investigation.

## **OPPENHEIMER REPLACES TNN**

On Aug 7, 2003, Ocean Spray issued a press release naming Vancouver, BC, Canada-based The Oppenheimer Group to manage the sales and marketing of fresh cranberries for the 2003 season.

In the press release, Lesser stated in part: "As a grower-owned cooperative, we're obligated to take the steps necessary to sell more fruit more profitably."

However, in an e-mail Lesser sent to the Nolans on September 4, 2002, regarding Ocean Spray's pricing through Thanksgiving, he states, "I'm aware that you think we are leaving money on the table with the \$19 November price...."

TNN's legal documents state, "In 2002, Ocean Spray's fresh cranberry case sales rose 13 percent over the prior year. Revenues also increased in 2002 and would have been even stronger had Ocean Spray followed the Nolan's recommendation to sell its fresh cranberries at a higher price than it actually did in November 2002."

Furthermore, court documents contend that the financial arrangement TNN had with Ocean Spray, "was less lucrative than the contract Ocean Spray awarded to Oppenheimer in 2003 to perform fewer services than TNN did."

Continuing, the complaint states, "the decision to replace TNN and the Nolans came as a result of the Nolans' complaints about Ocean Spray's pricing practices which violated the antitrust compliance guide."

Oppenheimer was a year-round client of Theresa Nolan's for 17 years on apples, pears and kiwifruit. When she learned of Oppenheimer getting the Ocean Spray account, Nolan urged Oppenheimer to "check with Ocean Spray to find out what unresolved ethical issues TNN had with the cooperative."

Upon doing this, the complaint claims Theresa Nolan was

informed by Oppenheimer it was told nothing by Ocean Spray "that would keep it from wanting to have the fresh cranberries account."

## **TNN LOSES OPPENHEIMER ACCOUNT**

On November 24, 2003, Oppenheimer informed Theresa Nolan in person, with a letter dated November 18, 2003. The letter was from Chairman, President and CEO, John Anderson, informing her that Oppenheimer will not be renewing her contract for 2004.

During this November 24 meeting, Jim Hohman, sales manager of Oppenheimer's Newark, DE, office and Nolan's immediate superior, stated her performance was not the issue and gave several examples of exceptional work she had done for Oppenheimer, as well as praised her strong relationship with the trade.

According to the complaint, "A conflict of interest between Ocean Spray and Theresa was cited by Oppenheimer as the reason for the decision to end its business association with her. Cal Tribiano, an Oppenheimer salesman who also was present at the meeting, told Theresa it would be difficult to recuse herself from a call with a customer when fresh cranberries were being discussed."

Later that day Anderson published a company-wide e-mail announcing her departure. In part it reads, "Theresa has spent more than two decades with Oppenheimer successfully marketing New Zealand kiwifruit, pip fruit and later the entire Oppenheimer basket. During the years Theresa has been with Oppenheimer she has achieved excellent results through her unique blend of innovation and market savvy combined with her skill at meshing retailer needs with grower offerings."

Following her termination, Steve Woodyear-Smith, Oppenheimer group category director, kiwifruit, wrote in a letter to her, "your professionalism and expertise have been second to none."

Theresa Nolan also received a letter from David Nelley, category director, pipfruit, of the Oppenheimer group. Nelley praised her for a "signature blend of wisdom and creativity," and being "an invaluable asset to our program... Indeed, what is now the Braeburn 'heartland' of the North East is largely due to your efforts... Theresa, we count you among the industry's finest."

## **TNN LOSES DNE ACCOUNT**

In 2004, Ft. Pierce, FL-based DNE World Fruit Sales, the largest independently owned citrus marketer in the world, declined to renew its contract with TNN, which had served the past eight years as its merchandising agency for the United States.

Since 1997 DNE had a licensing agreement with Ocean Spray to ship fresh citrus under the Ocean Spray label. TNN's immediate supervisor at the time DNE severed their ties with TNN was Mark Hanks, then an Ocean Spray employee, working out of DNE's Fort Pierce office and reporting to both Greg Nelson at DNE and Jim Lesser at Ocean Spray.

## **THE L&S FACTOR**

In an effort to save the remnants of their business, and hopefully start rebuilding it, TNN entered into an arrangement with L&S Cranberry to market the company's fresh cranberries to supermarkets and produce wholesalers, starting with the 2005 season. L&S is owned in part by the same principals as Morse Brothers Inc.

L&S's cranberry bogs are in Quebec, Canada. L&S also had once been a member of the Ocean Spray cooperative and has been unsuccessfully seeking readmission for several years.

Was L&S using the Nolans to get back in the co-op?

In a letter dated October 27, 2005, Morse Brothers advised Robert Beams, Ocean Spray's director of agricultural supply, since "Ocean Spray has explicitly indicated that it will not be seeking any additional acreage at this time and for the foreseeable future," it was



## Decas, Northland And Ocean Spray In Earlier Lawsuits

The TNN complaint is not the first involving antitrust issues against Ocean Spray. In what is now Decas Cranberry Sales of Wareham, MA, the company brought antitrust litigation against Ocean Spray in the late 1980s.

According to *JS Online*, published by the *Milwaukee Journal Sentinel*, Nov. 29, 2002, Decas president John C. Decas said, "They [Ocean Spray] set the price on each and every cranberry item that is sold. When they make a bad decision, like they are this year with fresh fruit, we suffer because of it."

On November 13, 2002, *NutraUSA Ingredients.com* published a story regarding a multi-count federal antitrust lawsuit against Ocean Spray filed in 2002 by Northland Cranberries and Clermont, a cranberry processor.

John Swendrowski, Northland's chairman and CEO, issued a statement appearing in the article: "Ocean Spray's stranglehold over the production and sale of cranberries and cranberry concentrate in North America has enabled it to stifle Northland and other competitors' efforts," he said. "We are unwilling to sit back and watch Ocean Spray carry out its plan to cripple competition in cranberry products through unfair methods."

Continuing, Swendrowski stated, "Virtually everyone in the cranberry business has been negatively affected by Ocean Spray's market manipulation. The victims range from customers and consumers of cranberry products to the growers that have no alternative but to participate in the Ocean Spray cartel or face elimination."

Northland dropped its lawsuit in September 2004 after agreeing to sell its cranberry processing operations to Ocean Spray. That was also the last year Northland shipped consumers fresh cranberries.

The Decas lawsuit against Ocean Spray was settled out-of-court. **pb**

Morse Brothers' intention to have L&S enter the private label fresh cranberry market.

L&S also informed Ocean Spray, "As part of our efforts, we have contracted The Nolan Network to represent us in the marketplace and fully expect to construct a packing facility on site in the not so distant future."

To sell the fruit, Theresa Nolan convinced a large fresh cranberry customer of Ocean Spray, Ahold USA Inc., Braintree, MA, and its four operating divisions to buy fresh cranberries from L&S packed under each supermarket chain's respective individual store brand. Those divisions are: Stop & Shop, Tops Markets, Giant Food Stores and Giant Food Inc.

TNN also signed up D'Arrigo Brothers of Mass, a Boston wholesaler, to purchase fresh cranberries under the L&S label.

"Despite the packinghouse's repeated failure to both pack the variety of berries L&S promised to deliver to Ahold and to size the fruit properly, TNN managed to sell all of the fresh cranberries L&S made available to it at a price which was acceptable to L&S," the complaint reads.

Continuing, the complaint reads, "L&S agreed that the plaintiffs would also market all of L&S's fresh cranberries in the 2006 fresh cranberry season. L&S's fresh cranberry crop was projected to be large enough to pack at least 100,000 cases in 2006 and much greater amounts in subsequent years."

In preparation for the 2006 season, TNN had a booth dedicated and paid for by L&S at the 2005 Produce Marketing Association Convention and Exposition in Atlanta in early November.

Theresa Nolan and TNN contractor, Rick Stepp, spent three days

telling retailers, wholesalers and others who stopped by the booth that TNN had been hired to be L&S's sales and merchandising agent.

The TNN staff also told the trade of L&S's plans to build a new packinghouse in time for the 2006 season and to offer retailers their own private label, or the L&S house brand fresh cranberries, in a choice of clamshells or poly bags.

On display in the L&S booth were individual private label clamshells for all of Ahold USA's supermarket chains, along with containers under the L&S house brand, which D'Arrigo was selling to some of its accounts.

After the PMA convention TNN contacted 58 major retailers and wholesalers in the U.S. and one Canadian supermarket chain. All but five of the companies surveyed expressed interest in doing business with L&S on fresh cranberries.

The day after Thanksgiving in November 2005, Wegmans contacted TNN to begin laying the groundwork to buy private label fresh cranberries for the 2006 season.

In January 2006, L&S told TNN it had deferred plans to build their own packing facility, but instructed TNN to continue working with Wegmans on the private labeling program while a packinghouse in the United States was found. TNN assisted L&S in this search for a packing facility.

"Despite its repeated refusals over several years to allow L&S back into the cooperative, in March 2006, while L&S was in the process of negotiating packing arrangements with potential co-packers for the 2006 season, Ocean Spray reversed its course and approached L&S with an invitation to rejoin the cooperative," the court documents state.

Because Wegmans demanded to know why L&S would not be supplying them with fresh cranberries, L&S advised the Nolans in an April 26, 2006 e-mail that L&S had called Julie Salone, product development coordinator for the company Wegmans uses for sales and marketing of their private label products.

L&S told Salone that Ocean Spray was re-admitting L&S into the co-op "since it is our intention to go private label and due to the success of our 2005 season, Ocean Spray recognized the threat and TNN's ability to shift the market and the Ocean Spray board made a very unprecedented move to take in outside acreage immediately. L&S advised the plaintiffs that L&S...emphasized [to Salone] that it was the strength of TNN that spooked Ocean Spray into offering us [L&S] this opportunity."

In court documents, the Nolans contend L&S was admitted into the cooperative to further increase Ocean Spray's "monopoly power in the fresh cranberry market, which already is estimated to be around 80 percent."

Not only have the retailers and wholesalers been deprived of an alternative source of fresh cranberries, but the Nolans were forced out of the market by "Ocean Spray's deliberate, ongoing and unrelenting actions," the complaint concludes.

### THE DEAFENING SILENCE

The allegations in the Nolan versus Ocean Spray lawsuit have so many twists and turns, it could be a movie. The now defunct *Cranberry Stressline*, a news and opinion internet website about the cranberry industry, posted the entire lawsuit, including many exhibits. It went so far as to not only urge its audience to read the Nolan complaint, but explained the antitrust implications of the Robinson-Patman Act.

PRODUCE BUSINESS has tried to reach numerous individuals connected to Ocean Spray, including management, board members, grower-stockholders and the defendant's law firm. However, each party either declined to return phone calls, or refused to comment. **pb**

# The Canadian Retail Environment

*Responding to a diverse and demanding public reveals these supermarkets staying flexible and tuned-in to their customers.*

BY DUANE CRAIG

## **The Canadian fruit and vegetable retail scene is driven by an evolving consumer group that increasingly sees fresh produce as a must-have part of its diet.**

“Canadian shopping patterns, particularly in urban centers, have changed significantly in the last two decades, with shoppers making more frequent trips to food retailers and purchasing more fresh products,” says Samantha Winters, director of education and promotion for the Maitland, FL-based Florida Tomato Committee (FTC), an organization that works closely with the Canadian produce markets.

Ron Lemaire, executive vice president of the Canadian Produce Marketing Association, (CPMA) in Ottawa, ON, backs that up with the results of research showing that more than half of Canadian consumers shop for fruits and vegetables once a week and 21 percent shop for produce two or three times a week.

“The psychological approach to eating in Canada is very different than in the United States,” he says. “They’re looking for nutritional value out of their food as opposed to other dietary supplements.”

“Household penetration for refrigerated veggie and fruit dips in Canada is 12.1 percent, which is more than double what it is in the United States,” adds Cathy Antinozzi, senior business manager, for Priority Brands in Markham, ON, exclusive distributors in Canada for vegetable and fruit dips from T. Marzetti, Columbus, OH. She sees this difference as evidence Canadians consume more fruits and vegetables.

“Consumers are trading

up to more healthful snacking and we’re seeing more and more fresh-cut individual veggie and fruit trays being sold,” she continues. In accommodating Canadians’ penchant for eating lightly, Marzetti has had success with a 3-ounce “tubette” of dip packed in the centers of pre-cut fruit and veggie trays. This combination, she says, has spurred a 50 percent increase in incremental sales.

Others point to the *National 5 to 10 A Day For Better Health* program, a CPMA initiative with participation from the Canadian Cancer Society and the Heart and Stroke Foundation of Canada, as another contributing factor to higher produce consumption in Canada. According to Statistics Canada, Canada’s national statistics agency, Canadian per capita fresh fruit and vegetable consumption was 447 pounds (208.53kg) in 2005; according to the U.S. Department of Agriculture (USDA) Economic Research Service per capita consumption of fresh produce the same year in the United States was 303 pounds (137.66kg). These are retail weights so a lot of the waste has been factored out.

“Canadian retailers continue to capitalize on the *National 5 to 10 A Day* program’s messaging from coast-to-coast,” says Winters. “The increasing emphasis from this program makes consumers aware of the many health and nutritional benefits of including more fresh fruits and vegetables in their daily food intake.”

According to Lemaire, 84 percent of Canadian produce shoppers get their fruits and vegetables at traditional supermarkets and almost a third of shoppers cite convenience as the reason they shop where they do. Across the country there are subtle differences in the ways and means of produce departments, but on the whole, the industry is very much like its U.S. counterpart.

## **UNIQUE MARKET ASPECTS DEFINE MERCHANDISING EFFORTS**

“There really aren’t any significant differences,”



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**Pete’s Frootique of Bedford, NS, is one of a very diverse group of retailers across Canada.**

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## Diversity Reigns

Canadian produce packaging reflects the diversity of the marketplace and often focuses on lifestyle and life stage. Not unlike the United States, Canada has a sizeable “boomer” population. According to Statistics Canada, senior citizens will outnumber children in a decade. This is largely attributable to the baby boomers beginning to turn 65 in 2011.

“We are also aware of different types of packaging and different opportunities for lifestyle and life stage packaging,” says Virginia Zim, executive vice president, Faye Clack Communications, Mississauga, ON, referring to this aging population.

Canada’s largest immigrant groups are Chinese and Southeast Asian. The U.S. Department of Agriculture (USDA) Foreign Agricultural Service’s GAIN Report #CA2002 lists visible minorities as 14 percent of the population and points to these immigrants as creating an appreciation for stronger flavors, spicier foods, fresher ingredients and new taste combinations.

“A lot of Canada is made up of ethnic groups from all over the world,” notes Loren Queen, marketing and communications manager, Domex Superfresh Growers, Yakima, WA. “They’ve got a huge number of first- and second-generation immigrants who have brought cooking flavors and techniques from their homelands. The Canadian retailer has had to play to that and has had to be able to source produce from all over the world to be able to satisfy their needs.”

“Any chains that are aggressive and forward thinking today are looking at that area,” adds Joel Ippolito, president, Ippolito Group, Burlington, ON. “Whether in the United States or Canada, they’re looking at the areas in their stores and trying to make them fit the demographics of the stores.”

According to Cathy Antinozzi, senior business manager for Priority Brands, Markham, ON, popular-sized dips also tell a story about the way Canadians eat. “We have a 12-ounce veggie dip container versus a 16-ounce container in the United States. Cana-

dians tend to eat smaller portions, which I think contributes to the higher household penetration of these products. There is greater trial with the smaller size.”

“Canadians still have a lot more bulk offerings compared to our American counterparts,” says Ippolito. “Slowly it’s changing. The bagged salads took hold in the United States at a very strong pace and Canada was four to five years later in embracing the packaged salads. Now packaged salads in Canada are equal to what’s happening in the United States.”

Antinozzi says the organic sections in Canada are growing at a good clip and sees soy and juices expanding, too. All of this, along with fresh cuts and bagged salads, compete for refrigerated space. Some retailers expand that space as needed.

“A lot of them have revamped their departments and not at the expense of other displays they have just added five decks everywhere,” says Zim. “So there are a lot of vertical displays everywhere and lots of 5-shelf units.”

“The marketing efforts that are deployed through the CPMA [Canadian Produce Marketing Association, Ottawa, ON] and the buy-in the retailers take is an all-for-one kind of attitude,” says Cory Clack-Streef, Faye Clack president. “They really work closely together to ensure the key messaging about the importance of consuming five to 10 a day. The retailers try to incorporate it into their corporate marketing programs. They are all similar but each retailer takes its own initiative to ensure that it’s educating its customer on the importance of a good, healthful lifestyle.”

“The produce department sets the stage for shoppers’ forthcoming food experience,” says Samantha Winters, director of education and promotion for the Maitland, FL-based Florida Tomato Committee. “Canadian retailers from coast to coast have done a masterful job in highlighting, marketing and merchandising fresh produce to meet growing and diverse consumer demands.” **pb**

says Lemaire. “There are just unique aspects to each market.”

“They are unique and reflect the personalities of their consumers,” says Robert Verloop, vice president marketing for Sunkist Growers in Sherman Oaks, CA. “There’s no one way to describe Canadian retailers, just

as there’s no one way to describe U.S. retailers. From a broad perspective, the best operators are the ones that really understand their consumer bases and offer a very sound value proposition focusing on quality, service, selection and variety. I think if you look at the way Canadian retailers merchan-

dise and market their products in front of their consumers, it reflects the diversity of their population – but they vary just as much as ours do.”

“They are very well stocked with a broad selection of good product that somebody has put a lot of care and concern into,” adds Loren Queen, marketing and communications manager for Domex Superfresh Growers in Yakima, WA. “Their customer service

**Canada has not escaped the changes that have spread across the continent with retail consolidation. Even so, Canada’s grocery industry remains a highly competitive marketplace that sells an astounding array of produce.**

level is quite high so when shoppers come in, they do a good job of picking those folks up and helping them through the department and answering questions for them and being available.”

“I think the produce departments in general are more similar to the United States than what they used to be years ago,” says Priority’s Antinozzi.

Canada has not escaped the changes that have spread across the continent with retail consolidation. Even so, Canada’s grocery industry remains a highly competitive marketplace that sells an astounding array of produce.

“We see consolidation happening across this country and there are still a few regional players left, but who knows whether the consolidation is finished,” says Rick Wallis, greenhouse category specialist for Western Canada with The Oppenheimer Group in Vancouver, BC.

“While major chains command large shares of the market, a thriving base of independent and specialty retailers are highly regarded, and proactively influence and effectively cater to the markets they’re locat-



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ed in," adds FTC's Winters.

One of those specialty retailers, Pete's Frootique of Bedford, NS, features primarily fresh foods with a major focus on produce. "Our biggest department is produce and that's what we're famous for," says Pete Lockett, president. "We build displays outside of the refrigerated zone. It just means you're under pressure. You've got to move it and you have to rotate and care for it. But as far as being creative, you can really do it on the floor as opposed to in the confines of refrigerated display cases.

"We have a very diverse group of retailers across Canada," he continues. "My neck of the woods is dominated by the two big corporate players — Sobeys and Loblaws. I'm the only independent in Eastern Canada. In other areas, the independents are alive and well and have a lot of diversity and uniqueness in the way they merchandise from one store to another."

### COMPETITION SPAWNS COMPETITIVE SOURCING

Customers reap the benefits of competition by being able to purchase fruits and vegetables at excellent prices.

"Perhaps nowhere in the world is the competition for food dollars as fierce as it is

in Canada," says Winters of the FTC. "Dollar-for-dollar, it is not uncommon for Canadian food retailers to market fresh fruits and vegetables procured from around the world at retail prices that are lower than in the backyards of states and countries they were originally sourced from, this despite added costs for transportation, logistics, and currency exchange."

"Because there's a lot of competition, the pricing is very affordable," adds Virginia Zim, executive vice president for Mississauga, ON-based Faye Clack Communications, which specializes in produce marketing. "People don't shy away from buying fruits and vegetables because they are affordable and plentiful. A lot of it has to do with volume purchasing and global supply chain management. These have really added to the whole competitive nature and so we're able to source from anywhere in the world. Sometimes countries will compete against one another for a contract, and I think that's probably what drives the prices down."

Priority's Antinozzi points out that low prices, especially when local produce is in season, causes a spike in sales during the summer months.

Localities, regions, ethnicities and the lack of import restrictions have a strong



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effect on product diversity.

"You can always find regions that provide a unique variety of products," says CPMA's Lemaire. "Overall we don't have a Mediterranean fruit fly concern, so we're able to bring in products that may be prohibited in the United States"

"We have fewer restrictions on imported produce," explains Pete's Luckett. "For that reason we see a lot more imported exotic fruits and vegetables than anywhere in the States. We see a lot of products from Thailand, Vietnam, Korea and China. Mangos coming to the United States from Mexico,

which is the largest main season supplier, have to go through a hot water bath treatment because of a potential of a fruit fly egg, whereas when they come into Canada, they don't have to go through the hot water bath. That factor alone makes the mangos much better tasting. That hot water bath just seems to kill a lot of that ongoing ripening process in the mango.

"The multicultural population of Canada is another factor that plays into this. In Canada, it's very diverse with Asians to Italians to Greeks to Middle Eastern. We have a very wide spectrum of ethnic people living in

Canada and those people tend to buy products that they used to buy in their homelands," he notes.

"Loblaws and upscale stores like Fortinos do a fabulous job of merchandising," according to Joel Ippolito, president of Ippolito Group in Burlington, ON. "It seems they go back and forth as to who can raise the bar to the next level. But then I'm also thoroughly amazed when I go into a Wegmans store. It's interesting watching where we've come as an industry over the past 10 years. When I was a youngster, a good produce department might have had 30 fresh offerings in the winter. There was one kind of tomato but now there are maybe 15 or 20 different offerings of tomatoes."

"We appeal to the Canadian consumer — we actually give them what they want," says Faye Clack's Zim about Canadian supermarkets in general. "Our stores are very well merchandised, they're very well stocked. We appeal to the cultural demographics that live in this country, which is multi-faceted. We have large displays and large footprints in the stores devoted to produce. We do a lot of companion placement, and we really extend on our categories as well. We don't have just one kind of tomato or one kind of orange. We would actually have 30 feet of tomatoes and maybe 10 or 20 SKUs in the tomato category. At any given time, a produce department might have 600 to 650 SKUs."

"Produce is about choice," adds Kevin Coft, director of produce operations for Buy Low Foods in Surrey, BC. "Our job is to make sure we deliver those choices." He sees three reasons for the Canadian product mix. "It's a matter of ethnic mix, it's a matter of diversity in your product lines and it's a matter of seasonality being diminished. When you combine those three things, you see that you are truly carrying way more SKUs today than you were carrying before and not really for any one particular reason but for all of them."

"The greenhouse industry in Western Canada has been developed further than in the States," says Oppenheimer's Wallis. "You'll see displays of long English cucumbers and specialty peppers probably at a much higher volume than you would see in some of the U.S. areas. That's probably the result of the fact that the greenhouse industry's been developed for so long. The consumers have gotten used to a higher consumption rate of the product. The long English cucumber is the majority of consumer purchases in Canada whereas in the United States the field variety is purchased more. That probably also is for no other reason than the product was available and the retailers were supporting the local growers."

**pb**

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# Tie-Ins Provide Innovative Ways To Move Produce

*Consumers looking for novelty and convenience are the target audience for a wide variety of add-on items.*

BY BOB JOHNSON

**An increasing number of non-produce items are finding their way into the produce section as tie-in products.**

"The tie-ins are an integral part of the produce department and give the retailer stable profit with no shrink," says Carla Laylin, senior marketing manager at T. Marzetti Company, Columbus, OH.

In deciding which tie-ins to offer, the revenue generated may be of secondary importance. The most important consideration may be how much a product will increase sales of its related produce.

"We see our reason for being as increasing produce sales," notes Brandon Steele, vice president for marketing at Fresh Gourmet Company, Sun Valley, CA. "We are the original produce department crouton. Fresh Gourmet croutons have been in the produce department for more than 25 years."

The effectiveness of tie-ins depends on quality, name recognition, placement, packaging, display and promotions.

A few decades ago the idea that non-produce items would best be displayed in produce was forward thinking and innovative. Today tie-ins have become such a regular and important part of the produce department that some products were developed specifically to serve as tie-ins.

"We've got a topper kit that plays off the bagged lettuces. It's a protein and topping kit," says Michael Williams, sales director for Golden, CO-based New World Restaurant Group, the holding company that owns Noah's Bagels, Manhattan Bagel, Chesapeake Bagel Bakery, New World Coffee and Einstein Bros Bagels.

The new product will provide both a gourmet flavor and enough protein to make four meal salads using a bag of lettuce. "The topping kit is just

being introduced," Williams explains. "We have every intention of selling it in the produce department because it doesn't make any sense anywhere else."

Concord Foods, Brockton, MA, markets its line of products to go with different fruits. "They are always purchased through the produce department — our items are not sold in grocery. Most retailers experience a 50 percent profit margin," says Heather Adams, marketing assistant.

Even for products that can be displayed either in the produce department or elsewhere in the store, the numbers are in and placement in the produce department sells goods.

Linsey Foods Ltd., Markham, ON, Canada, produces Et Tu Caesar Salad and Dessert Kits. Around a sixth of the product is retailed with the salad dressings, while the rest is sold in the produce department near Romaine lettuce and other vegetables for Caesar salad. "Our velocity is 3½ times as fast in the produce department," says Kevin Kenny, vice president for sales and marketing.

The combination of produce and related products helps encourage impulse buying. "Consumers are convenience oriented," says Laylin. "Additionally, the proximity creates impulse purchases."

But there can be exceptions to this rule. "We have 10 different flavors of salad dressings, and we have croutons," notes Virginia Davis, partner, Live A Little Gourmet Foods, Newark, CA. For a niche label, placement in produce may be a mixed blessing. "The advantage of having them in the produce section is that's where all the side items are," Davis says. "The disadvantage can be that's not where people are used to looking for their salad dressing."

"In the produce section, it tends to be the larger brands," she continues. "I'm a smaller company. My dressing is more homemade and more expensive."

For brand-name producers, the produce department is a highly sought-after location. "Marie Callender's [Commerce, CA,] was one of the first crouton people that went from the grocery department



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## Co-Promotion Is The Rule

to the produce department," says Leo Pearlstein, public relations. "The preference is that the tie-in be displayed near the produce item it goes with."

Other producers agree placement with related produce helps sell brand name tie-in products. "It's often up to the retailer and/or the grocery and produce department managers to decide whether non-produce items will be displayed in that area of the store," says Bridget MacConnell, senior manager for corporate and legal affairs, Kraft Foods, based in Northfield, IL. "We think it benefits the Kraft brand and the retailer to make it easier for consumers. Instead of having to search in other parts of the store for recipe elements, they're easily accessible in one place."

The bottom line is whether placing a tie-in with produce will help sell produce. "Are we helping the produce manager sell more produce?" Fresh Gourmet's Steele asks. "Any product that is not helping sell more produce doesn't belong in the department."

"From a merchandising point of view, they're adding to the cash register receipts of the produce department," says Pearlstein.

### ADD-ON SALES

Since consumers — mothers in particular — are looking for ways to make fruits and vegetables more appealing, anything that helps increase produce consumption will increase sales. "We offer several produce tie-in items, including refrigerated salad dressings, croutons, Caramel Apple Dips, Cream Cheese and Yogurt Fruit Dips, and Veggie Dips," says Marzetti's Laylin.

"Tie-ins promote the sale of fresh produce to those consumers who want to jazz up their fruits and vegetables," says Concord's Adams. "Produce buyers realize tie-ins help sell more fresh and usually allow 20 percent of their department for these items."

Fresh Gourmet packages encourage consumers to buy bagged salad or other produce items. Its standard is whether its product and promotions entice the customer to buy not just two but three related products. The goal is for the customer to buy a bagged salad, salad dressing and croutons. Fresh Gourmet also has a line of crunchy toppings designed to enhance a variety of vegetable dishes. Again, the standard is to increase register ring. "If we don't deliver produce sales, we're not doing our job," Steele says.

An effective merchandising program that includes tie-in products can increase sales to a large group of customers who are usually reluctant to buy large amounts of produce.

"There are normally a few different types of consumers, those who love fresh produce as it is and those who feel the need to add something more interesting to their every-

**A**n effective technique to promote tie-in items is to sell them with coupons that provide a discount for the produce item that goes along with a tie-in or vice versa.

"It's a matter of a partnership," explains Leo Pearlstein, public relations for Marie Callender's, Commerce, CA. "[Retailers] know they'll sell more if they offer a special on the combination."

Linsey Foods Ltd., Markham, ON, Canada, has made partnerships with major Salinas Valley lettuce growers to offer co-promotions of its salad kit and head or bagged lettuce. "We provide coupons for money off on a purchase of Romaine lettuce when you buy the Caesar salad kit," says Kevin Kenny, vice president for sales and marketing. "That way consumers have their entire salad kit."

It has become customary for suppliers to team up to offer coupons on related salad products and produce. "We do tie-ins with other companies to offer a discount on bagged salad or tomatoes if the consumer buys our croutons," relates Brandon Steele, vice president for marketing at Fresh Gourmet Company, Sun Valley, CA.

day fruit and vegetable intake," Adams says. "We like to think we make fruit and vegetables fun and more enjoyable for the mass population. Our items are always placed in the produce department for the ease of consumers. They only need to shop in one area to create a fresh, great-tasting product."

### LOCATION COUNTS

Location within the produce department is essential to the success of the tie-in campaign. "Usually, we do tie-ins to pair items that are recipe-oriented," says MacConnell of Kraft. "For example, we've positioned our Nilla Wafers cookies and a banana cream pie recipe next to the bananas. That one's very popular in the South and Midwest."

Placing salad fixings next to salad produce has become virtually de rigueur. "Another natural tie is to place our Kraft salad dressings near salad fixings," she adds. "You'll find ready-to-eat Oscar Mayer bacon positioned very near produce sections of many supermarkets. The natural connection is to lettuce and tomatoes for a BLT."

The tie-in category has become so popular and successful that space has become a premium and retailers are looking for new places to put the products.

"In addition to 'selling differently', we also tried to 'think differently' when it came

"We partner up with Dole and other lettuce companies to offer \$1 off on your lettuce if you buy the topper," says Michael Williams, sales director for Golden, CO-based New World Restaurant Group, the holding company that owns Einstein Bros.

Because the Einstein Bros. salad topping kit is new, New World is even taking on the expense of promotional free samples. "Since it is a new product, we will try to cover the cost of demonstrations," Williams says.

The coupon practice frequently extends beyond salad products. "To encourage consumers, we might offer a coupon for \$1 off bananas with the purchase of Nilla Wafers," notes Bridget MacConnell, senior manager for corporate and legal affairs at Kraft Foods, based in Northfield, IL.

Promotional packages frequently include coupons and other helpful materials. "The couponing depends on the programming and the retailer," says Carla Laylin, senior marketing manager at T. Marzetti Company, Columbus, OH. "For example, on T. Marzetti's Caramel Apple Dips, we have done coupon and recipe tear pads, recipe booklets, sweepstakes, IRCs, etc."

pb

to display and placement of Dolci Frutta in the produce department," say Tony Sanna, vice president of Saco Foods, Inc., Middleton, WI. "In addition to the standard 12-pack case, we have a 72-pack display/shipper. I call it a display/shipper, rather than a 'display shipper' because its unique design provides for a dual use."

The top of the wet case is used more for tie-ins than it used to be, says Marie Callender's Pearlstein. Another convenient location for tie-ins is shelves below the dry case of apples, oranges, potatoes and bulb onions. "Suppliers frequently offer the produce department the means to display the tie-in, like clip strips, display cases or other items."

Sanna believes the shape of displays in berry sections makes it easy to display Dolci Frutta. "In produce, it's all about display, and nothing in the department is easier to tie in with than berries. Getting salad dressing next to the lettuce is difficult, but berries are usually merchandised in flat table displays, especially during the peak growing season."

Linsey provides retailers with a tower shipper that covers only one square foot but displays 36 items. "The sharp retailers are trying to build the meal rings," Kenny says. "Most category management strategies try to group items together the way that customers buy them."

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# What's In Store For The Refrigerated Juice Category?

*Industry leaders discuss the future of this rapidly expanding category.*

BY JAN FIALKOW

**P**RODUCE BUSINESS recently polled members of the refrigerated juice industry to discern their viewpoints on several issues important to both producers and retailers. Because we phrased the questions with the term fresh juice — rather than refrigerated juice — our inquiry uncovered an important issue — what exactly is a fresh juice?

There are very particular standards for any product labeled fresh. According to the Food and Drug Administration (21CFR101.95), “The term fresh, when used on the label or on labeling of a food in a manner that suggests the food is unprocessed means the food is in its raw state and has not been frozen or subjected to any form of thermal processing or any other form of preservation.”

What this means is that many consumers confronting the refrigerated juice section in the produce department think, “Ah, fresh juice!” when many of the products on display are not, by definition, fresh. Many are actually premium juices — high quality, good tasting, convenient, often unusual, more expensive than shelf-stable or frozen juices — but they are not fresh. If they are subjected to any form of heat preservation, they are not by definition fresh.

We asked the following questions of processors of both fresh and premium juices. Please bear in mind that the wording says fresh, even though some of the respondents produce premium refrigerated juices rather than fresh juices (as defined by FDA).

The respondents were told their names would appear as having participated in the poll but their comments would remain anonymous.

The following represents some of their feedback.

## Q. WHY IS THE PRODUCE DEPARTMENT THE BEST LOCATION FOR FRESH JUICES?

**86%** The location reinforces the concept of freshness in the consumer's mind.

“Produce signifies fresh, healthy and natural, which are all things consumers are looking to add to their diet and lifestyle.”

“I think everything with more than 30 days code belongs in dairy.”

**14%** Because the department already has refrigerated cases, it makes sense from a labor and/or equipment standpoint.

**0%** The products could do equally as well in another department with refrigerated cases.

## Q. WHICH FACTOR IS PARAMOUNT IN STIMULATING THE GROWTH OF THE FRESH JUICE CATEGORY?

**100%** Many consumers look to juices as an important health contributor.

“Fresh squeezed juice is an unchanged force of nature in a bottle. Perfect balance of what the body needs unadulterated NOT cooking everything natural out of it, then adding back artificial oil, acid, pulp and synthetic vitamins.”

“Juices are an alternate way to get the same health benefits of fruits and vegetables.”

*Participants: Allison Lee, Blue Lake Citrus, Winter Haven FL; Chuck Watson, Global Juices & Fruits, LLC, Eagle, ID; John Martinelli, Orchid Island Juice Co., Ft. Pierce, FL; Greg Holzman, Pacific Organic Produce/Purity Juice, San Francisco, CA; Dawn Geers, Riveridge Produce Marketing, Inc., Sparta, MI; Myrna Nickelsen, Sundia Corp., San Francisco, CA; and Hannah Taylor, Tart Is Smart, Othello, WA*

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"Growing as a health concern — watch sugar content."

**0%** Fresh juices fit the consumer need for both new and unusual flavors and immediate gratification.

**0%** Technology allows the packaging of fresh juices with no or minimal preservatives.

**Q. WHAT DO YOU SEE AS BEING THE MAJOR STEP IN REINFORCING THE CONSUMER PERCEPTION OF FRESH JUICE AS HEALTHFUL?**

**71%** Product packaging plays up the health benefits.

"Packaging must reinforce the message you want the consumer to understand.

**29%** Line extensions are designed to build on consumer awareness.

**0%** Consumer advertising drives home the message.

**Q. WHAT DO YOU SEE AS THE FUTURE OF THE FRESH JUICE INDUSTRY?**

**29%** The pressure to acquire limited shelf space will prevent more companies from getting into the category.

"The pressure will make it more difficult, not prevent it."

**29%** The category is in the early stage of a growth spurt and there is plenty of room for additional players.

**42%** The category will devolve into gourmet, premium and value lines, following the pattern of orange juice.

"People will maintain their desire for "freshly squeezed" juice, not artificial blends."

"Or it will follow the pattern of bagged salads." **pb**

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# Turn Your Marketing Into An **Awarding** Experience

Right now, and on through July 7, 2007, we're taking entries for the **19th Annual Marketing Excellence Awards Program**, presented by **PRODUCE BUSINESS**. The awards recognize excellence in marketing in each of five categories: retailers, restaurants, wholesalers, shippers, and commodity organizations. Print, broadcast and other media are eligible to win.

## To participate, send us the following:

1. Your name, company, address and phone.
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3. Names and dates of promotion (must have taken place between June 1, 2006 and May 31, 2007).
4. Promotion objectives.
5. Description of promotion.
6. Promotion results (sales or traffic increases, media attention).
7. All support materials used in the promotion – such as POP, ads, posters, TV commercials.

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FL Tomato Committee • The Giumarra Companies  
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Litehouse Foods and Rainier Fruit Company • Litehouse Foods  
Mann Packing Company, Inc. • Mastronardi Produce Ltd.  
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Sorting cucumbers



Tomatoes being dried in a packinghouse



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Green bell pepper plants in a shade house



Antonio and Rosario Beltran of Agricola BelHer



Peppers drying off after washing



Director Baltazar Contreras of Agricola B.C. with pepper plants

The food writers' tour of Mexico's growing region, which was sponsored by the Fresh Produce Association of the Americas, based in Nogales, AZ, took place Jan. 22-25. Trade journalists visited farms and packing facilities and spent time with growers and government officials learning about Mexican produce.

Photos by Jacqueline Ross Lieberman



## CHICAGO MARKET PROFILE

# CHICAGO MARKETPLACE Expands

New retail entries into windy Chicago up the competitive ante.

By Bill Martin

**D**ynamics in the Chicago produce industry have been alive and well for several years, but they seem to have been put in overdrive during the past year or so as the retail business changes to capture market share. New entrants into the marketplace combined with changes and expansion by existing retailers are making Chicago more competitive than ever before. The benefactors in town are everyone – wholesalers, brokers, consumers and even the retailers themselves.

Consider the following:

- Roundy's Supermarket's Inc. of Milwaukee, WI, is moving into Chicago with several upscale stores planned.
- Grant Mart International and H-Mart, two East Coast-based Asian retail chains, have moved into the Chicago market.
- It has been over a year since Dominick's Finer Foods Inc. opened its first Safeway Lifestyle Store and it is converting

other stores to the more upscale design. Meanwhile it is selling off unprofitable stores, some of which are being taken over by the city's thriving independent retailers.

- Last year Supervalu, Eden Prairie, MN, acquired Albertson's, Boise, ID. To get final approval for the sale from federal authorities, it had to sell off some Cub Stores, a number of which have been bought up by independent retailers.
- Recently Whole Foods Markets, Austin, TX, announced its intentions to buy Wild Oats Markets Inc., Boulder, CO.

"This Chicago market continues to be very dynamic," according to Dave Watson, president and COO of Strube Celery & Vegetable Co. on the Chicago International Produce Market (CIPM). "Retailers from outside this market are attracted to having stores here."

As an example, Watson points to Fresh Market, Inc., a 48-

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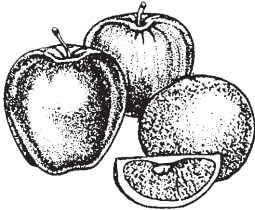
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store retail chain based in Greensboro, NC. The company has opened one store in the Chicago area and is working to open two more.

He also points to Grand Mart International, owned by Annandale, VA-based

Man Min Corporation, which has taken over old Cub stores in suburban Niles, IL, as well as in Chicago. H-Mart, a chain of North American grocery stores owned by Woodside, NY-based Hanahreum Group, has moved into the Chicago marketplace. Both Grant Mart and H-Mart cater to international clientele, Watson notes.

Nick Gaglione, president of Dietz & Kolodenco Co., a CIPM wholesaler specializing in fruit, adds that many of the independent retail operators in town started with one store and now have five or six.



Dave Watson of Strube Celery & Vegetable Co. with Chuck Weisinger and Gary Guynn of Weis-Buy Farms Inc., Fort Myer, FL

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**CHICAGO MARKET PROFILE**

“They know their customer base and what they need. It’s a big city and within 20 blocks you can have a different customer base and the independents meet those needs. The independents have buyers on the market daily.”

Tom Hanyzewski, a buyer and seller for Eclipse Produce in Shorewood, IL, calls Roundy’s a good retailer, which performs well. Roundy’s entrance into the Chicago marketplace opened up a whole new line of competition. “It will test the other retailers. This is a very competitive market. Roundy’s will have high-end, upscale stores with a lot of prepared meals.”

“It is always good when a new player comes to town,” adds Billy Wennlund, a consultant for Eclipse, who notes that Roundy’s buyer Tom Cook is on the CIPM daily buying produce. Cook used to work for Dominick’s.

Hanyzewski says Dominick’s is now shifting its traditional “cookie cutter”



**Dusty Kwasigroch, Jerry Lamm and Tom Hanyzewski of Eclipse Produce**

stores into the more upscale “Lifestyle Stores” and closing 14 unprofitable stores.

According to Watson, when Supervalu bought out Albertson’s, a number of Cub stores had to be sold off as part of the deal. Independents are taking over many of those stores. “So with all the different companies, Chicago is a hotbed for diversity

among stores,” he says, adding it should be remembered that Jewell-Osco still has the largest market share in town.

Watson also sees the proposed purchase of Wild Oats Markets Inc., by Whole Foods Market, as simplifying things for the consumer. Whole Foods is in an expansion mode, he notes.

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Reader Service # 79

Bill Dietz Jr., president of Heartland Produce Co. of Kenosha, WI, views the increasing retail competition as good for the consumer. For example, when Korean retailers come into the market, it is good for the Asian trade. "It is vibrant for the industry to have a changing market. Plus, a lot of the independents are buying stores from Dominick's and the former Eagle stores. We like what we are seeing. It's good to see good growth. The new chains, plus the existing chains, are expanding and this is helping them to be successful."

Anytime big business shrinks and

results in smaller businesses, then business is better, says Fred Plotsky, president of Cool Runnings Ltd in Kenosha, WI – as long as it is locally owned. "However, if a large company comes into town and it is the only retail chain, you may be in trouble if you are not one of the lucky ones doing business with the big operation."

As an example, if Dominick's sells 16 stores to four different companies, it provides Cool Runnings with more opportunities to supply transportation services, Plotsky explains. "If I have 20 trucks, I'd rather be providing 10 customers with two

## Chicago Wholesale Market Customers Look For Best Deals

**D**uring the past 17 years, Kevin Lenhart, produce buyer with Bakker Produce Inc. of Griffith, IN, has been coming to Chicago in the early morning hours to see what fresh fruits and vegetables are available. He climbs into a 28-foot local delivery truck and makes the 45-minute to one-hour drive to the Chicago International Produce Market (CIPM). Prior to the CIPM opening four years ago, he shopped with wholesalers on South Water Market.

Although Bakker sources 95 percent or more of its produce on a direct basis, the company relies on the CIPM to supply it with specialty items and other products it may be short on. The distribution company services customers in Indiana, Illinois, Michigan and Wisconsin.

George Zervos is the produce buyer for Wheeling, IL-based Fresh Farms, which has six supermarkets in the Chicago area. The 15-year veteran buyer says the small independent chain buys about 40 percent of its fresh fruits and vegetables off the CIPM. "You can go house to house and compare prices, merchandise and quality on the market. You can get better deals on the market. When you buy direct, you can get stuck with product."

Nico Berlen, produce buyer for Shop & Save Markets, a 3-store chain based in Des Plaines, IL, says all the chain's produce is purchased either off the terminal market or from local growers in season. Most of the chain's customers are from various ethnic groups. "I like the variety of produce on the CIPM. I like the opportunity to see what I am buying and to make sure I'm getting the best produce available."

Lenhart buys from all the wholesalers on the CIPM. The old South Water Market had its own "nuisances and character," but he admits the new CIPM is much more convenient. For example, the floor of the truck he uses to pick up produce is the same height as the loading dock, which was not true on the old market. This makes loading the truck much easier.

What is Lenhart's biggest challenge as a produce buyer? "Finding the highest quality for the best price, and making sure the customers are satisfied with what I buy for them," he concludes.

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loads a week than have two customers I'm providing 10 loads each week." It spreads the business around and helps to avoid the too-many-eggs-in-one-basket method of doing business.

According to Rocio Vega, general manager, La Hacienda Brands Inc., Chicago, IL, business has increased 40 percent since



Bill Dietz Jr. of Heartland Produce Co.



Fred Plotsky of Cool Runnings Ltd



Rocio Vega of La Hacienda Brands, Inc.



Sarah Miller of Muller Trading Co.

April 2004 when the company moved its operation from the old South Water Market to its warehouse operation at 3000 S. Ashland Ave in Chicago.

Vega says her company does business with large and small retailers, and the dynamic changing marketplace provides major business opportunities. "The biggest change since I have been here the past 10 years is more competition for the Hispanic market," she says.

Sarah Miller, who buys and sells produce for Muller Trading Co. Inc. in Libertyville, IL, believes the increasing retail



CHICAGO MARKET PROFILE

competition is good for everyone and cites the example of local independent retailer Garden Fresh Produce Inc. buying some of the available Cub stores. "You're kind of getting away from the Wal-Mart thing. These independents are buying from local businesses like us. I sell to people [whole-

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George Zervos of Fresh Farms

salers] who are selling to retailers, so we are getting a piece of this business.”

She believes the more retail supermarkets there are, the better it is for the wholesalers and says the Chicago area independent retailers are doing well. “There are not a lot of Super Wal-Marts or Super Targets here. This is what kills the little guys,”

## What’s New?

Here are some of the changes that have occurred with Chicago area companies handling and distributing fresh fruits and vegetables.

- **The Auster Co. Inc.** has purchased the one unit of Phoenix Produce Co. on the Chicago International Produce Market, bringing its total to three units.

- **Eclipse Dist.**, which had been a truck brokerage and a produce brokerage, is now strictly a transportation company. Billy Wennlund, a co-founder, is now a consultant. He and co-founder Tom Wilmoth later brought in Brent Schmit as a partner. Schmit is now the owner of Eclipse Dist. and the company still has the same staff.

- **Eclipse Produce** is now a separate company, although Eclipse Dist. and Eclipse Produce are located in suites next to each other in Shorewood, IL. Tom Wilmoth now owns Eclipse Produce. Joining him are Tom Hanyzewski, who was a produce buyer at Certified Grocers Midwest Inc. at Dominick’s Finer Foods, and Jerry Lamm, who was with Tom Lange Co. Inc.

- **Heartland Produce Co.** has expanded its facility in Kenosha, WI, by 50 percent and now has 80,000 square feet of warehouse and office space with a high cube racking system.

The expansion also features new temperature- and humidity-controlled rooms. The company is now looking to expand its product line.

- **Muller Trading Co. Inc.** is handling onions from Canada and has increased its volume with Canadian carrots. It is now handling imported garlic from China. The sales staff is now responsible for sales by territory instead of working all geographical areas. Newest additions to the sales staff are Mike “Drev” Drevline and Pat Wedge.

- **Ruby Robinson Co. Inc.** has created “Ruby on the Market.” The program, launched last year by vice president Scott Weber, has 29-year veteran Peter Marines servicing as the “eyes and ears” on the market and buying produce six days a week. Robinson also is now leasing unit 21 on the CIPM to provide “shorts” for other wholesalers as well as to receive overstocked items from shippers. It is handling its long-established items of potatoes and onions, plus many other commodities.

- **Testa Produce Inc.** has outgrown its facilities, located across the street from the former South Water Market, where it has been located since 2001. President Peter Testa is now looking for a larger facility.

pb

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Mark Mandolini and Greg Mandolini of Mandolini Co.



country?”

At Testa Produce Inc., president Peter Testa says more retailers are competing with restaurants as retail stores offer prepared foods. The foodservice supplier believes wholesalers on the CIPM are learning to work together more. In so doing, the wholesalers can supply a large chain such as Wal-Mart by sourcing product from one another when necessary to meet the needs of a big retailer.

#### FOODSERVICE THRIVING

Strube's Watson has not seen any slow-down in the number of Chicagoans eating out in restaurants. “Foodservice is a very important part of the whole mix as a wholesaler. If it is not, you are missing out on 50 percent of the business. Strube sells produce to both the broadliners and the independent foodservice companies. “I see Get Fresh Produce, Clark Foodservice and Testa all getting larger because there are

she states.

The added retail competition provides business opportunities for Mandolini Co. on the CIPM, as well as everyone else, notes Greg Mandolini, president. He trades with H-Mart, a retailer he understands prefers to buy “off the street,” even in its East Coast operations. “I don’t know what’s driving the retail market here,” he says. “Apparently these retail chains have someone telling them certain segments of the market here are not being served.”

Albert Melshenker, director of market-

ing for Ruby Robinson Co., Inc. Buffalo Grove, IL, describes the Chicago retail market as “very fluid” with all the changes occurring. When his brother, George Melshenker, became president of the company 15 years, it was grossing \$8 million a year and now it is doing \$100 million a year. His point is no matter how much the retail market or the produce industry is changing, customers need suppliers who deliver on their promises. “Keeping promises is why we continue to work with some of the largest retail chains in the

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CHICAGO MARKET PROFILE



Peter Testa of Testa Produce Inc.

more restaurants opening,” he adds. Testa says that foodservice accounts are interested in service. “The only way my competition can beat me is on price, and there are people out there looking for price. The people who leave us on price come back because they end up throwing out more product – plus we’re nicer to work with!” Testa says with a smile.

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Gene Ruffolo of The Ruffolo Corp.

The Ruffolo Corp. moved to its South Ashland Avenue location in November 2005 to have a larger, more efficient food-service supplier operation, says president Gene Ruffolo, and the move meant that customers have more assurances of good quality, safe produce.

Today, he adds, "Restaurants are cooking a little differently. They are using different ingredients. Due to the Internet, chefs are aware of different herbs and vegetables. They are more educated."

Testa believes more customers are asking for organically grown produce. "We're



CHICAGO MARKET PROFILE

handling more organics than ever. A lot of specialty items are organic and I love specialty items." He says more customers have questions about organic produce. While many people perceive organic as being higher priced and better for you, Testa does not agree with the latter perception.




Kevin Lenhart of Bakker Produce Inc.



Nick Gaglione of D & K



Nico Berlen of Shop & Save Markets



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## CHICAGO MARKET PROFILE

He believes conventional produce is also safe and nutritious.

There is a huge debate in the organic industry, Testa maintains, between the purists and the contemporary handlers. "The purists go by the book – then there is the cheat sheet version. But I look to using more organics," he says, citing items such

as mesclun, apples, cherry and grape tomatoes. Testa is now sourcing organics from larger growers so the costs are lower for customers. He says at times organics are as low priced as conventional items.

## MIXED TRANSPORTATION OUTLOOK

What will be the availability of refrigerated trucks, which haul 90 percent or more of the nation's fresh fruits and vegetables, is anybody's guess heading into spring. Observers cite rising fuel prices and other increasing costs of operations as well as the hassles of produce hauling adversely



Left to right: Billy Wennlund, Jose Garcia, Tristan Schmit, Scott Rhodes, Sharon Boyd and Brent Schmit of Eclipse Dist.

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affecting supplies of equipment and drivers. At the same time, others believe the peak summer shipping season may be similar to a year ago when freight rates remained relatively low for that time of the year, due in part to fewer bumper crops available for transporting to market.

Brent Schmit, owner of Eclipse Dist., feels there will be fewer trucks available for hauling produce this summer than some people think. Early in the year a lot of carriers called his company wanting loads, he says, but by March he was receiving a smaller but still steady number of inquiries. "This might be a bad sign for truck availability this summer."

He also sees weather factors possibly cutting into equipment supplies. He calls 2006 a "tough" year weather-wise for California. It was too wet then became too dry. There was the hard freeze hitting West Coast crops and the non-weather-related but highly publicized *E. coli* spinach scare. He is concerned these factors may reduce produce volume, with many truckers deciding to haul other types of freight.

"Owner operators are not increasing in numbers," Schmit relates. "We've noticed a 10 percent decrease in carriers the past three years – with medium and small carriers and independents. We are seeing a lot of truckers doing shorter routes, which pay better on a per-mile basis."

Cool Runnings' Plotsky says no shippers have been "rolling" loads, which can happen in over-supply situations where product is put on a truck to be sold on consignment. The volume on most products just has not been there.

As for peak summer shipments, Plotsky takes a different view from Schmit. "I don't believe business this summer will be brisk enough to warrant higher summer rates compared to a year ago," he states. "Last summer there was one week when rates went above \$4,200 from California to Chicago. I don't think it will be any different this year."

Miller at Muller Trading works with a lot of truck brokers to help move the mixed loads her company puts together for wholesalers. She does not recall refrigerated equipment being in a tight supply situation last year. "Trucks may not be plentiful, but I think there will be enough – but it is

hard to speculate with the fuel cost situation," she says.

Mandolini's Mandolini is not as confident as Miller. While produce freight rates were flat in January and February, due in part to the freeze in California, he is concerned those truckers have sought out other freight. He also wonders how many drivers will be able to afford new plates when those costs come due, not to mention insurance premiums, higher fuel and other costs.

Mandolini handles a lot of fruit and citrus, most of which have had relatively



short crops in recent years. "Apple and pear prices have been higher the last 12 months, more so than any period I can recall," he adds. This translates into fewer loading opportunities for produce haulers, who may be doing something else to keep their big rigs rolling. **pb**

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## CHICAGO RESTAURANT PROFILE



# DeLaCosta

This Spanish/Latin American restaurant creates a trendy, cutting-edge dining experience.

By Bill Martin

**D**eLaCosta is a trendy, cutting edge dining establishment characterized by contrasts. A Hollywood-type restaurant, it is situated in downtown Chicago only a stone's throw from Lake Michigan and Navy Pier. But the contrast extends well beyond geography. Entering DeLaCosta, one is immediately transfixed by the long, sleek bar fronted by low-backed barstools and resembling something out of *Star Trek*.

Celebrity chef Douglas Rodriguez, who spends most of his time at one of his eating establishments in Miami, recruited some impressive names in creating DeLaCosta. Consultant Matt Stoen, the Hollywood owner and promoter of hot spots White Lotus, XES, Dublin's and The Falls, designed the lounge. Ron Garcia, formerly of Wolfgang Puck's Granita in Malibu and Loggia of Hollywood, as well as Venetian's AquaKnox in Las Vegas are other participants in the creation of DeLaCosta.

According to the restaurant's Web site chef Rodriguez "scoured the coasts of Spain, South America and the Caribbean seeking inspiration for his latest culinary creations."

The restaurant features elevated tables, dining booths and a DJ spinning music to suit the mood.

On this evening in early March, the atmosphere provided another of the restaurant's contrasts. The lighting was so low in the dining area that the candles on the table were required to read the menu. Instead of soft music in the background, relatively loud pop music provided a clash in atmospheres.



Yet, it was still a wonderful dining experience. In a telephone interview at a later date, DeLaCosta chef Adam Schop, a 13-year-veteran who came to Chicago a year ago, explains that he used a lot of locally grown veggies at his previous gig at a restaurant in Central Arizona throughout most of the year. The exception was summertime when it became too hot for local production.

A highlight of the DeLaCosta meal was the Oyster Rockefeller with horseradish cream, spinach fufu (a thick paste), applewood bacon and huacatay (a Peruvian herb) sauce. This is DeLaCosta's take on Oyster Rockefeller, featuring good use of spinach and plantains.

The menus also offers a spinach salad with pork chicharrones, potato, onion and goat cheese vinaigrette. Schop replaces the traditional poached egg with a sunny-side-up fried egg. "We use really nice spinach for

this," says Schop, who sources most of his produce items from Testa Produce Inc. in Chicago.

This writer's entrée featured delicate and succulent wild striped bass with basil-golden raisin mojo, applewood smoked bacon and roasted cauliflower. Chef Schop uses organic cauliflower with different preparations for this dish. There is a cauliflower purée, which is made from regular white cauliflower. Then he takes the heirloom varieties of cauliflower – purple, green or orange – and cooks them with a little toasted curry and other ingredients.

Schop's current favorite vegetable preparation is Artichokes Barigoule, a French preparation, but "instead of cooking the artichokes in a pot, I cook them in an airtight bag with aromatics, olive oil and a little bit of lemon juice. I cook them very, very slow," he concludes.

**pb**

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## CHICAGO RETAIL PROFILE

# CARNICERIAS JIMENEZ, INC.

Local chain provides Hispanic customers with what they want.

By Bill Martin

It is 2:00 PM on a Tuesday and the produce aisles at the Wheeling, IL, Carnicerias Jimenez – one of the seven stores in this independent chain – are bustling with shoppers – mostly Hispanic.

The huge, bright green signs in the front windows of Jimenez are easily seen from the parking lot of a small shopping mall in this Chicago area suburb. The signs' blue and red lettering tempts shoppers with the bargains to be found inside. Most signage is written in both Spanish and English.

One enters the 50,000-square-foot supermarket through the produce department, which takes center stage with humongous displays of jalapeños, bell peppers, tomatoes, lemons, limes and much more. The department has one of the largest displays of 3-pound net bags of yellow onions (at \$1.49) this writer has seen.

Count size on some other items was equally as impressive. There is a 6-count display of papayas yielding one of the largest sizes of the tropical fruit this writer has ever seen. "We'll display 20 boxes of the fruit at one time," says Beto Jimenez, manager of the Wheeling operation. "We sell lots of papayas."

Tomatillos, a green tomato-like fruit used in cooking, is another big seller. While most supermarkets today carry jalapeños, they typically do not feature the huge displays found at Jimenez. Similar to the tomatillos, jalapeños are ordered by the pallets.

One of the more interesting discoveries in this store was the lack of pre-cut or prepackaged salads. While these items have become huge in mainstream American



Beto Jimenez

supermarket chains, not one prepackaged salad could be found on this visit. Jimenez says he sells very few pre-cut salads to his Hispanic customers. "We've tried to sell them, but we just don't sell much of it. We have put them on sale at a real cheap price – \$1.49 – and we still will only sell one pallet a week."

The Wheeling store opened about four years ago. The seven other stores are generally smaller in size, in the Chicago area, according to Jimenez. His brother Jose

"Pepe" Jimenez owns the independent chain and is also the produce buyer. Pepe came to the United States from Mexico in 1965 and Beto followed seven years later.

Beto remembers the first Jimenez store opening in 1975 on Chicago's south side. He spent 10 years as a produce buyer on South Water Market when the company had only two stores.

Seventy percent of the Jimenez's customers are Hispanic. The produce department at the Wheeling store accounts for about 20 percent of the supermarket's gross sales. "Our customers like fresh produce," according to Jimenez. "We are always trying new items."

Located within a mile or less from this Jimenez store is a Fresh Farm supermarket. However, he does not really consider it a competitor since the Fresh Farm operation has a different customer base.

About one-half mile from the Jimenez store is a Wal-Mart Super Center. "We don't try to compete with Wal-Mart on price, except on a few produce items from Mexico," Jimenez says. Instead, the small chain focuses on what it does best – providing freshness and quality produce items its customers have come to expect. **pb**

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# Departments Of Agriculture Promote The Industry (Part 1)

*A sampling of these state agencies shows them as powerful produce industry advocates.*

BY DUANE CRAIG

**These industry advocates bring together buyers and sellers, mix high-powered ads, cook up promotions and sample produce for certification — and that is just the beginning.**

## CALIFORNIA

This state's large, diverse agricultural segment has a vast array of marketing orders, agreements and commissions that undertake the promotional efforts for produce.

"We have a marketing branch at California Department of Food and Agriculture [(CDEFA), Sacramento, CA] and its function is to oversee established marketing orders, marketing agreements and marketing commissions," says Steve Lyle, director of public affairs. "There are more than 50 of them in California and most do some sort of marketing. There doesn't have to be a strict marketing function in the orders, agreements and commissions but there often is. The way it's set up, we create the structure and then the marketing order sets up the specifics. We're more of a regulatory agency in California."

The Buy California Marketing Agreement covers all kinds of products and includes a campaign called *California Grown* that focuses on food. Products sport the iconic blue license plate logo and retailers place the same logo in their weekly ads.

Entities such as the Avocado Board, the Raisin Marketing Board, the Strawberry Commission and the Table Grape Commission, carry on a wide array of promotional efforts. Their Web sites provide extensive information on their specific commodities, including care and display tips, downloadable POS materials and category management information. They may also run advertisements in many venues, sponsor events and generally promote their commodity on behalf of the growers/shippers.

## FLORIDA

Departments of Agriculture help

their produce industries find off shore markets and smooth the way in developing commercial relationships.

"I think it has become easier to take Florida products international because they have watched us build our reputation," says Evelyn Harrison, development representative, international section of the division of marketing at the Florida Department of Agriculture and Consumer Services (FDACS), Tallahassee, FL.

One of FDACS' early international efforts was with the 180-store Waitrose chain based in Bracknell, England. Today it also works with Leeds, England-based Asda, a Wal-Mart chain of more than 300 stores and the second largest supermarket chain in the United Kingdom. It is also exploring a relationship with Superquinn, a 28-store chain based in Dublin, Ireland, that specializes in fresh foods.

"We had written a grant in conjunction with some of the Florida sweet corn growers and they were already shipping to Waitrose stores, so we approached Waitrose to try to encourage that relationship for not only sweet corn but also for some other commodities," explains Harrison.

"The first year we did sweet corn and that went over well," adds Dan Sleep, FDACS supervisor and senior analyst. "Using that as a catalyst, we went into year two with sweet corn, grapefruit and incorporated a staff chef in that program. We did a number of demos and samplings that were very successful. So this year we've basically duplicated that and I'm hoping we can do blueberries as well."

Florida is also continuing to build presence in Central and South America and is in 11 countries. It has business relationships with Wal-Mart Central America (formerly Central American Retail Holding Company) with stores in Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica.

"We do country analysis where we look at the USDA [U.S. Department of Agriculture] reports and

*Editor's Note: Our July issue of PRODUCE BUSINESS will cover activities of additional Departments of Agriculture. Editorial comments for this article can be directed to: [info@producebusiness.com](mailto:info@producebusiness.com)*



Photo courtesy of North Carolina Dept. of Agriculture and Consumer Services



Photo courtesy of Georgia Department of Agriculture

at the retailers themselves," says Sleep. "We look at those retailers carefully and see how they're handling imports." If things look good, the department then enters into talks with potential candidates.

## GEORGIA

The Georgia Department of Agriculture

(GDA), Atlanta, GA, has a long history of supporting Georgia farmers. Agriculture Commissioner Tommy Irvin, explains, "It is important to promote good communications and favorable working relationships between growers and supermarkets. *Bring Home Georgia Grown*, our advertising/promotions campaign, is supported with point-of-purchase displays, flyers and other direct sales-generating materials."

As consumers show increased interest in locally and regionally grown produce, supermarkets also benefit from the programs. "Our promotions help consumers know the fresh fruits, vegetables and produce they buy

are grown and produced nearby," Irvin notes. "This is very important in the marketing process because consumers are primarily interested in purchasing the freshest food available with a preference to helping local farmers and local economies."

GDA sponsors several innovative promotions. "We are proud of our *Supermarket Buyers' Tour*, where we take specific buyers from supermarkets to farms where fruits, vegetables and produce are grown. The buyer meets the farmer and the farmer is able to explain why *Georgia Grown* produce and products are superior to others," Irvin adds. "We also publish an annual *Georgia Fruits & Vegetables Directory*. It lists specific *Georgia Grown* fruits and vegetables and the farms where they are grown. Supermarket buyers can see who is growing more than 40 different fruits and vegetables, by name, address, telephone number and status as grower/packer/shipper. It also contains an *Availability Guide* of commodities showing peak harvest season for 29 fruits and vegetables."

Other produce-specific promotions aim to introduce visitors to Georgia produce. Irvin points out, GDA "promotes specific in-season *Georgia Grown* fruits and vegetables. At Welcome Centers across the state, *Georgia Grown* peaches, apples, watermelons and peanuts are some of the products promoted and given away with the idea that visitors will shop at a local supermarket to purchase the product currently being promoted."

He believes these programs have proved their worth over and over again. "Through radio and television broadcasts, *Georgia Grown* produce is advertised in small, medium and large consumer markets. We also promote Georgia farm products in newspapers, magazines and trade publications.

## NEW JERSEY

The *Jersey Fresh* banner was an early entry into the battle to increase consumer awareness of state-grown produce. "When we started *Jersey Fresh* in 1983, about 9 percent of consumers in New Jersey were even aware of anything grown here," recalls Al Murray, assistant secretary, New Jersey Department of Agriculture (NJDA), Trenton, NJ. "It was depressing. We'd ask them to name the top five things grown and they'd say bananas or oranges. We realized we had a serious educational effort to undergo. That's when *Jersey Fresh* was born and now 23 years

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Reader Service # 96

later, we have a 49 percent awareness rating."

NJDA "has done a fantastic job over the years in educating the residents of New Jersey that we grow superior fruits and vegetables within the state," says Jeff Shilling, vice president of procurement, RLB Food Distributors, West Caldwell, NJ. "They have also created the demand for home-grown products through their educational and communications efforts aimed at consumers."

The *Jersey Fresh* program also links up buyers and sellers, provides POS materials, hosts events to bring together produce executives, sponsors the June meeting of the Eastern Produce Council and runs an extensive advertising campaign.

"We put money toward TV advertising primarily in our New Jersey, Philadelphia and New York metro areas," says Murray. "We're doing a little bit of radio advertising and some print ads for consumers as well as trade ads in different trade publications."

This year's theme — *Jersey Fresh, As Fresh As Fresh Gets* — features some humorous ads that give fresh fruit and vegetables personality. Slogans such as *Blueberries, born to jam*, and *Romaine, born to be Caesar* endear the produce to the consumer and garner substantial favorable reviews.

"We work with community farmers mar-

kets, underscoring the importance of locally grown," Murray adds. "Ten years ago we had about 20 farmers markets in New Jersey. Farmers loaded up their pickups and sold out of the back. Today we have over 80 — people really want to connect with the farmer. We

**"If they have enough pride to put that seal on their product, they've got a little more pride in their facility and product."**

**Eli Hudson  
Pate-Dawson Co. Inc.**

bring growers to meet store buyers. We hire interns during the summer to go store to store and distribute POS material. The retailers realize the importance of locally grown. They have farmers come in for *Meet the Farmer*. If a farmer can't make it, they have

pictures of the farmer with a sign, "This is the person who grows your blueberries."

## NEW YORK

Supermarkets in New York state have an expansive array of seasonal, locally grown produce items to choose from. But how do they find them? That's where the *Pride of New York* (PONY) program comes in.

"*Pride of New York* has helped connect people with food sources and make sure people know easily where they can find locally grown products," says Jessica Chittenden, director of communication, New York State Department of Agriculture and Markets (NYSDAM), Albany, NY. "One of the greatest advantages to supermarkets is knowing where to source locally grown products. Many times produce buyers and farmers are extremely busy and sometimes they don't always know how to connect with each other. *Pride of New York* has been very instrumental in bringing them together."

Besides contacting the PONY office by phone, retailers looking for particular commodities can search the PONY Web site and find contact information for farmers in their area. PONY also works with retailers to supply POS materials identifying New York state products and to put together promotions dur-



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ing the growing season.

"We encourage the retail community to come to us with some of their marketing programs because every retailer is unique on what they want to do," says Sue Santamarina, PONY manager at NYSDAM.

The program raises the awareness of all food grown or produced in New York. Its latest billboard campaign features a dinner table serving only New York food products. The same concept is carried into the supermarket with cross-promotional displays.

"Cross-merchandising has been fun," says Chittenden. "The stores do displays of complementary products that are all New York state grown or produced. This is an exciting program and an exciting time to be in the produce industry. There a lot of new varieties of produce being introduced and people are excited about buying locally grown products."

## NORTH CAROLINA

Eli Hudson, produce director for Goldsboro, NC-based Pate-Dawson Co. Inc., a food-service distributor, looks first for the *Goodness Grows in North Carolina* (GGINC) affiliation to qualify produce growers. "I believe North Carolina growers need to be *Goodness Grows in North Carolina* members. If they have enough pride to put that seal on their product, they've got a little more pride in their facility and product. I feel it's a tool that's free to us and that sets us apart."

While GGINC is the umbrella marketing effort for the state, the award-winning *Got To Be NC* marketing program established in 2005 is the front line effort in promoting all North Carolina products. The *Got To Be NC* catch phrase and logo are used in conjunction with commodity names in ads, POS materials and wherever the need arises.

"One of the things that has been successful for us when it comes to working with supermarkets is that we customize our campaigns based on what they say they want to do," says Jeff Jennings, domestic marketing manager, North Carolina Department of Agriculture and Consumer Services (NCDA&CS), Raleigh, NC. "Instead of us coming out with one idea and trying to sell all the chains on it, we work with them individually."

"For example, Wal-Mart in North Carolina has over 80 stores and it launched a month-long campaign promoting all its North Carolina products," he relates. "In produce, it incorporated the *Got To Be NC* program into its own POS materials for the header cards and tagged all its North Carolina items."

Grocery stores use posters and price cards supplied by NCDA&CS to raise their customers' awareness about North Carolina products. Jennings focuses on getting the



Photo courtesy of Texas Department of Agriculture

logo into the stores' ads and cooperatively funding ads to increase awareness and sales of North Carolina products.

"Retailers have seen a greater increase in sales on North Carolina items as a result of these promotions," he adds. "It is well documented that there is an increase in sales and they're all looking forward to participating again this year and doing even better."

## OREGON

"When we're talking about promoting the products a lot of our growers belong to commodity commissions and organizations that do a lot of this on their own," says Bruce Pokarney, director of communications, Oregon Department of Agriculture (ODA), Salem, OR. "They have the ability to do it and our commodity commissions are set up to assess growers for what they produce and use that money largely for promotional purposes. The service we think helps the growers the most is the certification programs that are done on a daily basis — not just for export, but for everything. They're in response to what retailers want based upon what they are hearing from their consumers."

"We're involved on a daily basis inspecting and certifying product to meet exporting, marketing order or USDA requirements," says Jim Cramer, administrator of the commodity inspection division, "but increasingly, and for some time, we've been doing voluntary certifications. Retailers have continued to demand higher product quality and particular sizes, shapes or counts. While they don't have a regulatory need, they do have a market requirement."

ODA's long-time involvement in certification came as the result of good communications with, and among the growers, packers, distributors and retailers, he says. "The ODA is always looking to provide producers and handlers with certifications of their practices or their products that help them create a market or retain a market."

"Oregon is in the top five in terms of diversity as we produce some 220 to 230

major different commodities," says Gary Roth, administrator of the agricultural development and marketing division. "So we will work with supermarkets [to link buyers and sellers]. Sometimes we'll get more in depth as we did with Safeway. We worked with them to identify produce items for their Northwest division stores and then worked with our in-state agribusiness council to put their logos on those products."

## TENNESSEE

"Most of our efforts are focused on the farmer and helping farm products to sell," says Dan Strasser, chief of marketing, Tennessee Department of Agriculture (TDA), Nashville, TN.

Tennessee has many small produce farms so their efforts are mainly aimed at helping the public buy direct from the farmer through a buy local, buy fresh type of program.

The department works with retailers in co-promoting products and supplying end caps for Tennessee products. Retailers and wholesalers can use a *Pick Tennessee Products* logo and campaign. Stickers and POS materials featuring the logo are available for use in-store and in advertising. "It allows participants to tap into our branding so the consumers know they are supporting Tennessee farmers," Strasser says.

TDA promotes the logo and program statewide through magazine, radio and TV ads. It also issues press releases to foster media awareness and highlight things that are happening. All these efforts tie back to a Web site where buyers can find suppliers. The site is also promoted to consumers.

"Tennessee is so diverse," explains Strasser. "It has farmland in West Tennessee with large row crop farms. East Tennessee is mountainous so there are Christmas trees, orchards and little plots of land with mostly small farms. In middle Tennessee there's a mix. We're also on the zone line between seven and eight (USDA hardiness zones) so you can grow things in some parts of Tennessee that you can't grow in others."

Tennessee also uses a unique approach to help fund agricultural development whether it be for agricultural youth programs or education and marketing programs. State residents can purchase license plates called Ag Tags and the purchase cost helps fund these programs. The state legislature also funds TDA so it can do cost shares with producers to help with equipment and other needs to enable them to reach commercial production.

## TEXAS

When Texas produce buyers want to



source locally grown product, they can turn to a specialized directory. The *Go Texan Produce Directory* from the Texas Department of Agriculture (TDA), Austin, TX, is accessible online or CD-ROM. Under the 60 categories of food, there are 38 types of fruit and more than 70 types of vegetables. Users can search for specific growers and within specific areas. The *Go Texan* logo is used on local products to help consumers easily find them among other products.

The state has many efforts aimed at getting the word out on Texas produce. "I don't think there's any silver bullet when it comes to marketing and adding value to Texas products," says Todd Staples, TDA commissioner. "I think it's a combination of innovative ideas and a willingness to work. These ideas and concepts, in and of themselves, won't be anything without hard work and effort behind them."

TDA partners with retailers to develop joint marketing campaigns that help raise consumer awareness of Texas-grown produce, including co-op newspaper ads, radio spots and newsletters. For in-store signage, TDA helps retailers create custom POP signage and shelf tags. TDA employees do seasonal promotions in stores by setting up tables and distributing information about Texas agriculture and products. They also cross-promote Texas produce with other complementary Texas products.

A program called *GOTEPP* (Go Texan Partner Program) matches funds with *Go Texan* members promoting their agricultural products. Specifically for produce, the funds are used for cooking displays and sampling. This year *GOTEPP* is funding a cantaloupe promotion. Past promotion results have shown up to a 48 percent increase in sales for products demonstrated.

## WASHINGTON

The Washington State Department of Agriculture (WSDA), Olympia, WA, focuses first on services such as food safety and produce-grading inspections. Supermarket executives will likely notice the work by WSDA's Small Farm & Direct Marketing Program. The marketing staff raises consumer awareness of Washington's food and agricultural industry through the program's *From the Heart of Washington* campaign. These efforts educate consumers about the variety, quality and abundance of Washington's local food products.

"An obvious way to demonstrate support for our farmers and ranchers is to buy locally grown products," says Eric Hurlburt, chief, domestic marketing and economic development. "Most of our efforts have gone to public relations activities, especially on

radio and TV."

Grocers use signage to identify Washington products. During harvest season, they use the *From the Heart of Washington* logo in their flyers and ads. "Having local products helps supermarket chains differentiate themselves and has created some competition to be viewed as supporting local products," Hurlburt adds.

WSDA partners with a Seattle TV station that produces a weekly 6-minute segment on its afternoon show entitled *Northwest Afternoon*. The show introduces a crop in the field and demonstrates how the Washington-grown produce can be used in easy-to-make

healthful, delicious recipes.

More than 240 grocery retailers, food buyers, value-added producers and farmers recently met at the Farmer Chef Connection Conference in Seattle to network, see focus groups and feast on locally grown and prepared foods.

"This is the biggest small-farm direct marketing opportunity of the year," Hurlburt continues. The event was partially funded through WSDA, which also funds a variety of grant opportunities for specialty crop producers through farmers markets, commodity commissions, and nonprofit organizations. **pb**

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Fresno, CA

Reader Service #33

## PLUM TART

- ½ recipe Hot Water Pastry
- 9 large plums, cut in half and pitted
- ½ cup sugar
- 1 Tbsp. lemon juice
- 1 egg, beaten
- 1 Tbsp. sugar
- ½ cup sliced almonds



Prepare the pastry and roll out into 10 inch circle. Fit into a 9" pie pan with removable bottom and chill while preparing plums. Cut and pit plums. Mix ½ cup sugar with lemon juice and egg and beat well.

Place plums cut side down into pastry. Pour egg mixture over the plums and sprinkle with 1 Tbsp. sugar. Bake at 350 degrees for 50-60 minutes, until crust is light golden brown, plums are tender and filling is set. Store leftovers in refrigerator. 8 servings

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Reader Service #57

# Fruit Ripening — A Proven Sales Booster

*Consumers who purchase tasty and ripe fruit will come back for more.*

BY BARBARA ROBISON

**Today's consumers are looking for fresh fruit and tomatoes with a high flavor profile and ready-to-eat texture.**

Most want their markets to provide items that are ready-to-eat tonight or tomorrow. Retailers, wholesalers and suppliers are responding to this consumer demand by providing pre-conditioned fruit for their customers.

The big challenge is that no one ripening process fits all. There are variations not only among the fruits themselves but also among the varieties within a fruit category. The size of the fruit, the soil it is grown in, weather conditions during the growing period and harvesting procedures are other considerations. That is why cooperation between growers, shippers and receivers is of the utmost importance.

"We handle pre-conditioned fruit and know that if the fruit tastes good, then offering it pre-conditioned is worth stocking and promoting. It still has to be top quality fruit to make it profitable. If the pre-conditioned fruit has poor flavor, you just end up with slow movement and increased shrink," explains Scott Streeper, director of produce and flo-

ral, Scolari's Food & Drug Company, an 18-store chain based in Sparks, NV.

## PEAR RIPENING

According to Dennis James, director of marketing for the Pear Bureau Northwest (PBN) in Milwaukie, OR, "Our shippers have been using a pear ripening program for the past five years in the United States, Canada and Mexico, with positive results. We believe it is building sales for pears just as the banana ripening program did for bananas.

"Our Northwest shippers are dedicated to a program that provides a pre-ripe but firm fruit with a shelf life of a week. The market can finish the ripening process at store level, or the consumer can finish it at home," he continues.

PBN has a full range of POS and consumer information materials. It also provides a backroom chart that describes how to finish the pear ripening process at store level.

Rainier Fruit Company, Selah, WA, is a marketer of ripened fresh pears, primarily Anjou. Suzanne Wolter, marketing director, explains, "We ripen the pears in a central location — Cashmere, WA. We built four Thermal Technologies ripening rooms at the beginning of the 2006 season and, to my knowledge, are the only company in the country using rooms designed especially for pears. The rooms operate like banana ripening rooms, but the temperature is much higher for pears. The pears are then cooled to 32° to 34°, which stops further ripening. Introducing ethylene gas into the process is a key element. When the pear reaches room temperature at store level, it continues to ripen. Depending on the season, it will take two to four days for that pear to be fully ripe."

A big challenge in marketing ripe Anjou pears is that they do not change color significantly when ripe as Bartlett's do. This calls for more education of both store level personnel and consumers. "We have posters and information sheets. We also are testing two-sided ripening stickers, with a ripe pear description on the back," Wolter adds.



Photo courtesy of Pear Bureau Northwest

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# Technology

**A**merican Ripener LLC, Charlotte, NC, uses state-of-the-art technology and components for ripening through improved ethylene generators and concentrate. Manager Karen-Ann Christenbery reports the company's products are used in ripening many fruit varieties, including bananas, avocados, citrus, kiwi and tomatoes. "There is a definite increase in our business because consumers want ripe fruit for tonight," she says.

To assist retailers with their ripened fruit programs Thermal Technologies, Inc., Blythe-wood, SC, has introduced the PalletPro, a single-pallet fruit conditioner built especially for the retail backroom. Modular and self-contained, it comes complete with its own evaporator and temperature control system.

David Byrne, vice president of sales, reports, "The PalletPro is a protective chamber that maintains the fruit quality and appearance with unparalleled efficiency, keeping pulp temperatures uniform while minimizing handling. There's no uncapping, cross-stacking or sorting, and individual boxes can be pulled any time for display. This reduces or eliminates backroom handling damage and provides significant savings in time and labor. It works with bananas, tomatoes and even avocados.

"We've worked closely with many fresh fruit businesses to provide equipment and advice, resulting in top quality, ripened fruit. We know there are still challenges for both the retailer and supplier. To help meet those challenges, our company provides training on the ripening and handling procedures," he adds.

Millennium Cooling, Inc., Delray Beach, FL, builds ripening rooms for fresh fruit. Mike Bianco, president, notes more retailers are putting in their own banana ripening rooms. "The bulk of our business is for banana rooms, but we also work with tropical fruits, such as mangoes and papayas," he adds.

pb



Photo courtesy of Millennium Cooling, Inc.

The California Pear Advisory Board (CPAB), Sacramento, CA, has a two-pronged focus in regard to ripening, according to executive director Chris Zanobini. "Our first focus is the retailer. We have a national ripening advisor who works directly with retail customers at the warehouse level on setting up pear ripening systems. We also work to filter proper handling information on pre-ripened fruit down to the produce employees at store level. Our second focus is the shippers, providing them with specific harvest recommendations for testing the pressure of the fruit and sugar content.

"Pears do not ripen on the tree. When properly harvested, the fruit is put into cold storage or special ripening rooms to kick-start the ripening," he adds. "We recommend the final steps of ripening be done by the retailer because firmer fruit and less handling in transporting result in a better piece of fruit in the marketplace. That's why we work with retailers at their warehouse level. We would recommend the same procedure for wholesalers." CPAB has an extensive *Ripening and Handling Manual* for retailers.

Dennis Kihlstadius, owner, Produce Technical Services, Bemidji, MN, is the CPAB national ripening advisor. He also advises PBN and the Florida Tomato Committee, Maitland, FL, as needed. He has had extensive experience in fruit ripening with such organizations as the California Avocado Commission (CAC), Irvine, CA, and is an instructor at the annual fruit ripening seminar held by the University of California at Davis. Known for giving practical advice to the industry, he says, "We buy with our eyes, but we return with our taste buds."

## STONE FRUIT RIPENING

"You must leave tree fruit on the tree until it is fully mature," states Harold McClarty, owner of McClarty Farms, HMC Marketing Group, Inc., Kingsburg, CA, and chairman of promotions for the California Tree Fruit Agreement (CTFA), Reedley. "Our policy is that it must be done right in the field because if the fruit isn't fully mature, post-harvest ripening doesn't work. You need the right varieties, the right growing practices and above all control of the pick-

ing. We say, 'If you can't eat it, don't put it in a box.'"

According to Justin Bedwell, marketing director for Z & S Fresh, a stone fruit marketer based in Fresno, CA, "We've seen an increased demand for our tree-ripened conditioned fruit in the past four years. We pack our own fruit and also work with co-packers in California, Arizona and New Jersey that meet our standards, assuring retail customers they'll receive a consistent supply of quality fruit."

"Research shows 98 percent of consumers still rank flavor No. 1 when purchasing fresh fruit. To provide fruit at the peak of flavor, we are ripening Anjou pears in a modified atmosphere box. We also allow the stone fruit we market to ripen naturally to provide the best possible flavor," says Mike Pereira, managing director, Delicious Foods, LLC, Fresno, CA. Delicious Foods, which markets conventional stone fruit and pears under the Sunsweet Fresh label and organic fruit under Made in Nature label, conducts seminars for produce managers and communicates with consumers on the importance of purchasing fully mature fruit.

Some California stone fruit shippers combined their marketing efforts and formed an alliance to promote a brand, with special quality standards. Summeripe Worldwide, Inc., Dinuba, CA, is an alliance of nine shippers that markets peaches, plums, nectarines and pluots. President Pat Steider notes, "Summeripe is a joining of leading shippers who share a vision for creating a flavor profile to provide the ultimate eating experience."

The California shipping companies are Crown Jewels Marketing & Distribution, Fresno; Family Tree Farms Marketing, LLC, Reedley; Mountain View Fruit Sales, Inc., Reedley; Giannini Packing Corp., Dinuba; WesPak Sales, Dinuba; Pandol Bros. Inc., Delano; Simonian Fruit Co., Fowler; Sun World International, LLC, Bakersfield; and Visalia Produce Sales, Inc., Kingsburg.

The Summeripe companies each operate individually and ripen their own fruit. The shippers follow set standards to assure retailers of a consistent supply of flavorful, mature fruit. The standards involve a combination of rigorous detail in the orchard, packing care and humidity and temperature control.

"Summeripe brand is not just selling a piece of fruit," explains Steider. "We have a complete comprehensive program from 'tree to table.' Taste and flavor are the driving forces behind the program. We have an extensive branded promotional program, including a tie-in with Nickelodeon and SpongeBob SquarePants, featuring ready-to-

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eat, kid-sized fruit.”

“We use our own facilities and have around-the-clock intensive monitoring of our fruit ripening program,” says Jim Stewart, WesPak president and sales manager. “Each commodity and variety, as well as the size and picking maturity, require different ripening treatments. We work to provide a high level of maturity with optimum flavor for our customers.

“We started conditioning some stone fruit from Chile six years ago. We’ve had excellent results with nectarines and plums, but

peaches have presented more problems, depending on the variety,” he adds.

Jeannine Martin, Simonian sales manager, states, “We control the growing of 80 to 85 percent of the stone fruit we ship and 90 percent of our varieties are pre-ripened. We’ve been members of Summeripe for two complete seasons and believe that’s a reason we’ve been so successful. Pat Steider can represent all of us with one voice and we all receive much more exposure in the marketplace.”

Ripe ‘N Ready brand, which will be represented by a new company — Fresh Sense in Parlier, CA — is another alliance of California stone fruit shippers. Members of the organization include Ballantine Produce Co., Inc., Sanger; Corrin Farming, Reedley; Fowler Packing Co., Inc., Fowler; The HMC Group Marketing, Inc., Kingsburg; Kingsburg Orchards, Kingsburg; and Sunwest Fruit Co., Inc., Parlier.

Blair Richards, Fresh Sense president, states, “Ripening of stone fruit sounds simple, but actually it is a complex technology. Some varieties respond to a ripening pro-

gram more easily, and there are many variations that affect the results of the technical process. Harvesting at the appropriate time is a key component in providing flavorful fruit that meets the retailer’s needs.”

According to Dean Thonesen, Sunwest vice president, “Picking the fruit at the optimum stage of maturity is critical. The mature fruit is cooled down and then we have the ability to control the slow ripening with temperature and humidity.”

“The ripening program has grown dramatically and we believe being able to provide consistent good eating quality and appearance is the reason. We also have retail training programs on how to receive and handle the fruit,” states Doug Sankey, Sunwest’s marketing manager.

### BANANA RIPENING

Bananas were one of the first fruits to be involved in successful ripening programs. Today, Dole Fresh Fruit Company, Westlake Village, CA, works closely with a large network of banana ripeners throughout North America. “This allows our company to provide ripe, high-quality fruit anywhere in North America. We also have a team of technical representatives who work with the ripeners to evaluate their operations and

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Reader Service # 118





## Put Some Sizzle In Your Summer Fruit Sales.

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provide recommendations for improvements," says Marianne Duong, communications manager.

She believes the advantages of a ripening program for retailers include the ability to control the ripening process, manage product quality and reduce handling stages. Successful ripening program challenges include the cost of maintaining the room, proper staffing, training, preserving the integrity of the rooms and managing the ripening cycles.

### AVOCADO RIPENING

The CAC has been involved in avocado ripening programs for many years. It offers a detailed *Pre-conditioning and Ripening Manual*, as well as back room posters, support materials and technical assistance.

Jan DeLyser, CAC vice president marketing, says, "The Commission also monitors three audits a year of 2,000 stores. It is an excellent way for a retailer to incorporate ripe avocado performance into business decisions. Are sales off? Is shrink way up? What are the percentages of overripe or too firm fruit? These are questions that affect the bottom line. The audits help answer them," .

"It has been shown that ready-to-eat avocados have a positive impact on sales. We

recommend retailers do carry some not quite ripe fruit for customers who want an avocado later in the week. We also are working to educate retailers and consumers that you can refrigerate ripe avocados," she adds.

Calavo Growers, Inc. Santa Paula, CA, is now using equipment from a European company to sort every box of pre-conditioned avocados with acoustic sensors and sound wave technology. Robin Osterhues, director of corporate marketing, explains, "We use Thermal Technologies forced-air ripening rooms exclusively. Even with the latest in technology, due to variables, such as size or location of the seed, it has been shown that up to 30 percent of the pre-conditioned fruit is over- or under-ripe. Our ProRipe technology pinpoints average firmness with scientific precision. The sound measures firmness right down to the seed. Every avocado is measured four times and we have 10 different drop lanes.

"Every order is a custom order. The retailers tell us how they want the fruit, usually 'firm-ripe', with one to two days shelf life," according to Osterhues. She points out that when "ripe" avocado stickers are used, there is less reason to squeeze the fruit, which lessens the shrink.

Mission Produce, Oxnard, CA, has expanded the number of ripening centers to seven by adding one in Seattle, WA, for complete coverage of the United States. Ross Wileman, vice president sales, says, "The acceptance of our Ripe Program has been staggering. The key to success is our service program – understanding the retailer's needs and meeting them. Our regional ripening centers contact retail quality-control people to check on arrivals and to work with them regarding handling and temperature maintenance. We can deliver four or five times a week, which means the retailer needs less inventory, has less shrink and less liability."

### TOMATO RIPENING

The tomato was another of the early fruits with ripening programs. The Florida Tomato Committee in Maitland, FL, works with tomato shippers on ripening specifications, which are an integral part of its marketing programs. Most ripening is done at the shipping point and ripeness is brought to the customer's needs and specifications. "The Committee offers color charts and a video on handling the fruit for retailers," says manager Reggie Brown. **pb**

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Reader Service # 43

# Marketing To Latino Consumers

*The fastest growing segment of the population has a specific set of needs.*

BY JACQUELINE ROSS LIEBERMAN

**“Just by virtue of the number of Latinos, which is growing, stores are catering more toward Latino consumers,” relates Robin Osterhues, director of corporate marketing, Santa Paula, CA-based Calavo Growers, Inc., suppliers of avocados, papayas and other specialty produce.**

“Hispanics had a combined buying power of \$489 billion U.S. in the year 2000, and this is projected to be \$1.086 trillion U.S. in the year 2010,” says Marion Tabard, marketing director, Turbana Corporation, Coral Gables, FL, a grower, shipper and distributor of tropical fruits and vegetables. “They shop in supermarkets 94 percent of the time, make more than twice as many trips per week to supermarkets than other U.S. shoppers, and spend 47 percent more per year on food than non-Hispanics.”

To court these ever-important consumers, there are certain things retailers should keep in mind:

#### **They expect value.**

Latino consumers spend about 40 percent more on fresh produce than their Anglo counterparts, according to research done by Melissa's/World Variety Produce, Inc., Los Angeles, CA, which supplies Latin produce.

“As a rule, they’re terrific fresh fruit and vegetable consumers,” says Steve Lutz, executive vice president, The Perishables Group, W. Dundee, IL.

Lutz was president of the Washington Apple Commission, Wenatchee, WA, during the late 1990s when the Commission launched a campaign to market to Latino consumers.

Because so much of their budget goes toward produce, Latino shoppers want good prices. “We certainly found that price sensitivity tended to be greater with Hispanics,” says Lutz.

“Pricing is key,” agrees Osterhues. However, she says, “Like anybody else, they want good quality and value.”

According to Melissa's, the most important factors for Latino consumers choosing a supermarket are a clean, neat store; fresh, high-quality fruits and vegetables; fresh, high-quality meats and poultry; and courteous employees. Low price, though extremely important, does not outrank these.

“The Hispanic community within the United States is very sophisticated,” says Brian Randall, group vice president for Diversified Business Communications and show director for Expo Comida Latina, a business-to-business trade show that focuses on new products for the Latino community and takes place annually in Los Angeles, New York City and Houston. He estimates 20 to 25 percent of the products at each show are fresh produce. For Latino consumers, he says, the emphasis is on fresh, high-quality produce.

Latino shoppers tend to eschew value-added products. Not only are the prices for these items higher than they are willing to pay, but, “They will rarely admit they didn’t make something from scratch,” notes Veronica Kraushaar, president, Viva Marketing Strategies, Nogales, AZ.

“Bulk displays are the way to go,” says Robert Schueller, Melissa's director of public relations.

Osterhues recommends “abundant, big, full displays running over.” And while high-priced chiles may sell well enough to Anglo shoppers, if Latino shoppers cannot find them at a particular store for a good price, she believes that store could lose those customers forever.

It is also important to know which mainstream



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# Latino Formats

**A**ccording to the Food Marketing Institute (FMI), Arlington, VA, 14.5 percent of the companies it surveyed opened at least one niche-focused store in 2005. Of these, 44 percent were ethnic formats, predominantly Hispanic.

Latino-focused supermarkets are nothing new, but the time may be right to open more. Dick Spezzano, president, Spezzano Consulting Service, Monrovia, CA, was part of the team at Vons during the 1990s when the Los Angeles-based supermarket chain developed its Tianguis stores. "It was launched directly to first- and second-generation Hispanics," says Spezzano.

Eventually, the company opened 11 Tianguis stores. They were profitable, but the last one closed in 1995, due mostly to bad luck and poor timing, according to Spezzano. "That format was the first and probably best of what I've seen."

The stores offered everything a Mexican supermarket would, including a tortillaria where shoppers could get fresh handmade tortillas, a bakery with traditional items for holidays and celebrations, a meat department with traditional ingredients including offal and quick-serve restaurants where customers could dine during long shopping trips. Produce was an integral part of the Tianguis format.

"It was focused on their needs — chile peppers, avocados, green onions, squash, cilantro, two or three kinds of tomatoes, but ripe and at good prices," says Spezzano. He recalls 4-foot displays of cilantro. "It was more bulk. The Hispanics haven't moved to value-added salads and things like that."

Workers at the store were bilingual. "When you're looking to create a Hispanic store, there have to be certain priorities, and employees who are bilingual is one of them," says Spezzano. "We were in the areas

where they just arrived as first-generation. They could speak English fine, but they primarily spoke Spanish."

Vons found stores that offer one-stop shopping are appealing to Latino customers.

Melissa's/World Variety Produce, Inc., Los Angeles, CA, agrees with that concept and recommends expanding customer service to offer services of particular interest to Hispanic shoppers, such as money wire transfer services to family abroad.

Spezzano, who recommends having a passport service in store, offers some additional "ground rules" for operating a store formatted with Latino customers in mind:

"You have to make it very, very comfortable for Hispanics," he says. Use colors that sell well to that group, post signs in Spanish and play popular Spanish music.

◆ "On the weekends, you have to have the front of the store be more of a carnival atmosphere." Appearances by DJs, musicians and local sports stars are a good way to go.

◆ Get involved with the local churches, whether by allowing them to hold bake sales at the front of the store or working with them in the community. The local community is often centered around the church. Also, says Spezzano, "Allow them the religious statues in the back of the store."

According to Melissa's, 84 percent of Latino shoppers surveyed said that seeing that the store is active in the community is important to them.

◆ Have a manager or set of managers dedicated to running the Latino stores exclusively. "They need to go through training so they understand Spanish culture and speak Spanish," says Spezzano. "What I see with chain stores is they mix the management," he says, which often leads to neglect of the Latino stores. **pb**

produce items are popular among Latino consumers. For example, "Not only do Hispanics eat bananas the way mainstream consumers do — as a dessert — but they also eat bananas as a side dish while eating their main plate," explains Turbana's Tabard.

## They want what's familiar.

After value, Latino customers want a store that caters to their specific needs. Ninety-one percent of those in the Melissa's survey said it is important for a store to carry Hispanic products, 88 percent said having bi-lingual employees was important and 84 percent said having bi-lingual sig-

nage was important.

"They shop like their grandparents shopped in Mexico," notes Dick Spezzano, president, Spezzano Consulting Service, Monrovia, CA.

Part of creating a familiar environment may be including items in the produce section that Anglos expect to see in other areas of the store, such as dried beans, corn husks and spices.

First-generation American consumers also feel more comfortable shopping where they see familiar brands. For that reason, some stores will place their international

aisle facing the produce department, so the recognizable brands blend in with the produce-shopping experience, according to Calavo's Osterhues.

When it comes to signage, "Research shows bilingual signs are the best way to go," she adds. "They can feel intimidated if everything is in English and they don't speak English. It's also politically correct, rather than have one language or the other."

But be wary. "If you have Anglos who are shopping in the store, sometimes they are insulted if it's in one language or of it's bilingual," says Spezzano.

In a store where 30 or 40 percent of customers are native English speakers, Spezzano recommends having staff members who, for the large part, speak English as a first language and Spanish as a second language. But if most of the shoppers are Latino, it helps to have employees who speak Spanish as a first language and English as a second language.

David Merjimekyan, director of produce, Jon's Marketplace, a 15-store chain based in Los Angeles, CA, says that of the Jon's stores in areas heavily populated by Latinos, about 75 percent of his employees speak Spanish. He believes this helps first-generation customers feel more at home. "They feel comfortable in the store shopping. If they have any questions, they can feel comfortable asking our employees."

Melissa's also suggests having Spanish-language bulletin boards that promote store specials, have a space for recipe exchanges and allow for advertisements of community events, activities and job opportunities.

## They spend more time shopping.

"The thing that is really amazing is they really like to shop," says Viva's Kraushaar.

"Hispanics have a tendency to shop with multiple generations. They have a tendency to shop twice as long as Anglo shoppers," says Spezzano's Spezzano. He recommends having quick-serve restaurants within the store so families on large shopping trips can get a bite to eat while strolling around.

Because shopping is a family affair, Kraushaar recommends offering activities for children. For example, "We've done a promotion with coloring books for kids."

Because they spend so much time shopping, Latino customers expect trips to the supermarket to be enjoyable. To appeal to Latino customers, "You need to have more color going on, more signage. Balloons. Everything that 'pops.' Just kick it up a notch," she recommends.

In stores with Mexican-American shoppers, "Typically green, white and red are used because those are the colors of the Mexican flag," says Calavo's Osterhues.





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Reader Service # 10

At its Latino-oriented stores, Jon's Marketplace also plays Spanish music.

## KNOW YOUR DEMOGRAPHICS

"Especially in the last seven, eight years, stores are waking up to their ever-changing demographics," says Melissa's Schueller. Because people are moving from place to place and town to town more frequently than even 15 years ago, he says, "What you have is a fusion of cultures that changes more than every 10 years with the census bureau."

Melissa's offers up-to-date demographic information to help stores cater to the population's needs. Many retailers are surprised to find not only that an area has more or fewer Latino customers than before, but also that they may be from different parts of the world. "We've been an eye-opener for a lot of retailers," says Schueller.

"If you're selling to an ethnic consumer, you would not call it a specialty," says Karen Caplan, president, Frieda's, Inc., Los Alamitos, CA. "If stores are truly servicing an ethnic clientele, they're going to integrate it."

Calavo also offers information to its customers about who lives in the area and how best to merchandise to them. "We subscribe to a very intelligent database that carries up-to-date census information," says Osterhues.

Another company that offers customers insight to their local demographics is Frieda's, Inc., a supplier of Latin produce, based in Los Alamitos, CA.

Country of origin can be important and region can be even more so, according to Melissa's. For example, it is important to know that Northern Mexican cuisine is milder than in the south, where more chiles are used.

"Their tastes are different, but there are a lot of similarities in the culture," notes Spezzano of Spezzano Consulting. However, he says, retailers still need to know which demographic their Latino customers belong to. "You might get the culture right, but you'll miss on their food needs." For example, he says, "The Central Americans use more root vegetables than Mexicans."

"A lot of the items carry over, but there may be more emphasis on one item over another," adds Schueller.

"My biggest recommendation is to be mindful of the food culture," says Osterhues. "They do have very different preferences when it comes to fruits and vegetables." This relates not only to the type of produce but also to how each is used. For example, while several groups use plantains, some use ripe plantains, while others use green.

"It is very important for retailers to know about plantains and how Hispanics are used

to preparing them," says Tabard of Turbana. "Plantains can help retailers capture this consumer segment and make their store a destination for Hispanic products." Turbana's Web site has more information on how plantains are used.

When considering demographics, it is also important to know if the customer base was born in the United States or in another country. "Certainly, the tastes are different, and certain shopping patterns are different among different levels of acculturation," says Lutz of The Perishables Group.

"It's not 'one Hispanic fits all.' There are all different levels of assimilation," says Kraushaar of Viva. "Just-off-the-boat people will shop very much the way they did back home. If they've been here two or three years, they will shop the Anglo chains and the American brands."

As for the next generation, "They don't want to lose their culture, but they buy American brands," she adds.

## THE RIGHT WAY TO PROMOTE PRODUCE

According to Melissa's, circular readership is 32 percent higher among Hispanics than non-Hispanics, and advertised specials are an important factor in planning shopping trips. This is especially important because Latino shoppers tend to stick with what is on their lists, despite what may be on sale that day. They are less likely than Anglo consumers to stock up when an item is on sale.

Melissa's research also indicates Hispanic shoppers tend to be averse to giving away personal information, even if it results in greater savings for them. They are less likely to use frequent-shopper cards or mail-in coupons and more likely to pay with cash.

Melissa's also found most Latino shoppers like to know how much they are going to spend before they reach the checkout, so pricing should be kept simple. Individual items will sell better when priced by the piece or — better yet — in multiples, such as two for a dollar, instead of by the pound.

"When trying to appeal to Latino shoppers, multiples are more appealing than pricing by the pound," agrees Osterhues.

Knowing your holidays — and which foods are made for each — is especially important. Again according to Melissa's, 87 percent of Latinos prepare traditional Hispanic foods for holidays like Christmas and Cinco de Mayo.

When considering second- and third-generation Latinos, notes Viva's Kraushaar, "I think they continue to honor their holidays with traditional cooking, but during the rest of the year they eat very American." **pb**



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Reader Service #124

# South African Citrus — A Summertime Treat

*Imported citrus allows U.S. consumers to enjoy the category year-round.*

BY BOB JOHNSON

## **Summer has always meant the arrival of an abundance of delicious fresh fruits.**

Beginning with strawberries and apples, continuing through grapes, and with peaches, nectarines and plums in between, fresh fruits are the summertime stars of the produce department.

But in today's global economy, produce is sourced from virtually every corner of the world. Over the past decade, fresh citrus from below the equator has taken its place next to the more familiar summer favorites. South Africa, in particular, has emerged as a major supplier of summer citrus to U.S. consumers.

Although only a relatively small part of the South African citrus harvest is exported, more than 2.5 million cartons are shipped annually to the United States.

The shippers of South African citrus include some of the largest produce firms in the world. Sunkist Global sells South African Clementines, navel oranges and seedless Midnight Valencia oranges in the United States through an agreement with Goede Hoop Citrus Ltd., Citrusdal, South Africa.

Geest, headquartered in Peterborough, Cambridgeshire, the leading fresh prepared foods and produce company in the United Kingdom, ships

summer citrus to the United States from its South African sites.

"We have all the South African citrus varieties," says David Mixon, senior vice president of Seald Sweet International, Vero Beach, FL.

Clementines are one of the most popular citrus items to come out of South Africa. "Our big item is Clementines," says Luke Sears, owner of LGS Specialty Sales, Bronx, NY. "You'll start seeing boats the first week in June and the season runs for eight weeks to late July."

Some shippers are moving toward smaller-sized Clementine packages in order to better suit summertime consumer desires.

"One of the major trends in Clementines is more 2- or 3-pound bags, as opposed to 5-pound boxes," says Tom Cowan, sales manager South Africa for DNE World Fruit Sales, Fort Pierce, FL. "In the summer, purchases of citrus are less per household, and you get a lower price point by using the bags. You can come out with a \$2.99 price on a bag, and a 5-pound box is a lot for a consumer to buy in the summer."

DNE expects to cut trucking costs this year by opening a new 100,000-square-foot bagging facility next to the point of entry for citrus from South Africa, according to Cowan.

"The two major items for us are Clementines and navels," Cowan notes. The firm also ships Minneolas and Midnight Valencias from South Africa. "The early containers of Clementines begin in late May, and the season will go through until October when the season begins in California."

LGS also ships some South African navels, which begin a little later and run a little longer than the Clementines.

## **A CROWDED GLOBAL MARKET**

A decade ago, very modest experimental shipments from Australia were the only summer citrus available in the United States. But in the increasingly global produce economy, there are numerous sources of citrus from the southern hemisphere



Photo courtesy of DNE World Fruit Sales

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competing to serve U.S. consumers in the warmer season.

The market for South African citrus could be affected by the entry of Chilean citrus into the U.S. market two years ago and by the increasing shipments of Minneolas from Peru. Australia also ships substantial volumes of Minneolas.

Chile is not allowed to ship navels to the United States but is already an important source of Clementines. "The Chilean shipments could affect the volume of Clementines from South Africa," says Andrew Southwood, vice president for business develop-

ment of Fisher Capespan USA, Gloucester City, NJ. "Early Peruvian Satsumas will also affect both Chile and South Africa."

DNE's Cowan says South African industry estimates are that shipments of Clementines to the United States will decrease from 5.2 million boxes last year to 4.5 million boxes this year. "There were too many Clementines on the market from the middle of June to the middle of July last year. They're cutting back during the peak Clementine season in Chile this year."



Shipments of navels and Midnights from South Africa are also expected to be

down slightly this year, while shipments of Minneolas are expected to be up. The navels and Clementines are both expected to be larger fruit this year.

The impact of Peru remains to be seen, both because it is new to the U.S. citrus mar-

**Even with increasing competition, South African citrus looks to have earned a permanent place in the U.S. market.**

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ket and because its Minneolas do not compete directly with South African fruit. "Peru was a newcomer last year but they're going to be very important in Satsumas and Minneolas," notes LGS' Sears. "With the Minneolas you're not really competing directly with the Clementines."

Minneolas are generally sold loose, while Clementines are usually sold in 5-pound boxes.

Suppliers and retailers of summer citrus figure to be in for an adjustment period. "There are going to be adjustments made depending on acceptance by the market and availability of product," according to Seald Sweet's Mixon. "There may be some South African citrus commodities that increase and others that decrease."

#### **SALES INCREASE EACH YEAR**

Even with increasing competition, South African citrus looks to have earned a permanent place in the U.S. market. "South Africa is pretty entrenched in this market," LGS' Sears explains. "They have good fruit — you'll continue to see South African fruit."

Part of the South African edge is that the fruit is of proven quality, while the South American competition is new to the game. "The market will insure a place for South African citrus," Mixon says. "There are too many ifs, ands and buts to know for certain the future place of South American citrus."

In the long run, there may even be some South African citrus that will be available a few weeks earlier than it is currently. Man-

# The Long Season

**T**he long season for South African citrus shipments to the United States begins in late May and continues until just before the California fruit becomes available in late October, according to Andrew Southwood, vice president for business development of Fisher Capespan USA, Gloucester City, NJ.

Clementines, the first South African citrus fruit of the season, are available in the United States from mid to late May.

Navel orange shipments begin around the second week in June and continue all the way through to the middle of September. "The navels are by far the most important item in terms of volume and value," Southwood says.

The next fruit to come in is South African Minneolas, which become available beginning around the end of July.

And the final fruit to come on board is the Midnight, a seedless orange, which begins to arrive around the first week in September and continues to late October, he adds. **pb**

darins from the northern growing regions of South Africa began shipping to Canada a bit earlier than Mandarin shipments to the United States.

The northern growing regions harvest a bit earlier in South Africa because they are closer to the equator and therefore warmer, according to Fisher Capespan's Southwood. But the U.S. Department of Agriculture (USDA) does not allow this fruit into the United States because the region has been classified as posing phytosanitary risks that could bring pests or disease to U.S. orchards.

There are already some growers in the northern, warmer areas of South Africa who are working to meet standards needed for shipment to the United States.

"At this very moment only the Star Ruby grapefruit is available for export but it can only be exported to North America beginning in 2008," says Santa Spangenberg, owner of South Africa-based Orex Farms. "We are in the USDA accreditation process for the certification of our area, which is the Northern Cape, because we are in a black-spot free area. However we shall not be able to export this upcoming season to the United States because accreditation will not be finished." Orex grows and ships a range of organic citrus including grapefruit, lemons and Midnight oranges.

"We start up in April and finish in July," says Spangenberg. "We produce Eureka Lemons, Star Ruby Grapefruit and Midnight Oranges. We look forward to being accredited in 2008."

There do not figure to be lemon shipments until the problem of sterilization can be solved. "Lemons are also suitable for the United States but we have to go through cold sterilization and the lemons cannot withstand the cold treatment," Spangenberg explains.

But even without new entries from South Africa, the country figures to benefit

from the continuing expansion of the summer citrus category, which is increasing beyond anyone's expectations. "If you look at the trend of summer citrus imports into the United States, it's a thousand times more than it was when Australia made the first shipments 10 years ago," Mixon says.

This trend has been a happy surprise for the shippers who forecasted the demand and positioned themselves to supply summer citrus. "Every year, you hear that with the peaches, plums and nectarines you can't sell citrus in the summer," LGS' Sears says. "Every year we sell more citrus." **pb**

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Reader Service # 50



# Fresh Herbs — The Newest Produce Destination

*Herb volume may not be high, but the category's contribution to department sales is impressive.*

BY BOB JOHNSON

**Consumer interest in gourmet cooking and good nutrition has made fresh herbs a steadily growing produce category.**

And it is a category with that special ability to drive sales throughout the produce department — and even throughout the entire store.

"Herbs are far more important to the produce department than their dollar value," says Chick Goodman, national sales manager for Herb Thyme Farms, based in Compton, CA. "Herbs generate additional sales of other items, especially high-value specialty items."

The 1 to 2 percent of produce sales that go to herbs greatly understates their value to the retailer, according to Goodman. "The lady who's been watching the cable cooking shows and is looking to

try some of the foods that include specialty produce — that's the herb customer. If you don't have good herbs, you don't get that customer."

The goal of a well-run fresh herb program is to become the store that customers count on as a source of quality fresh herbs. "Ideally we'd like to create a destination category with fresh herbs," says Michele Henning, vice president for sales and marketing of Shenandoah Growers, Harrisonburg, VA.

A good fresh herb program begins with always having a full line of herbs available.

"Inventory management is important," notes Steven Hurwitz, owner of South San Francisco, CA-based Bay Area Herbs & Specialties. "You need a full line to create a sense in the consumer that they can rely on you."

Good selection can be so valuable in drawing customers that it can even be worthwhile including some herbs that do not sell very well. "Having a fair variety of herbs helps," suggests Brian Murphy, CEO of Goodness Gardens, New Hampton, NY. "A lot of markets will carry 22 different herbs, even though they don't really sell all of them."

According to Murphy, one successful strategy is to order mixed cases that include small amounts of minor herbs, such as chervil and savory, and much larger amounts of major herbs, such as rosemary and basil. Although the chervil and savory will not produce volume sales, having them in the display will increase the volume of the rosemary and basil. "Wegmans has a 10-foot display of just herbs, and they sell a huge amount," Murphy says.

It is important to find a producer who can reliably supply a full line of high-quality fresh herbs. "First of all, there is the quality of the product," says Moshe Chever, herb department manager for Jamaica, NY-based Agrexco USA Ltd., which supplies a full line of fresh herbs. "Then there is service — delivering a full order that arrives on time. Then there is price."

"I don't know that much about what the retailers should do," admits Yoram Shalev, Agrexco presi-





dent. "I just want to supply good clamshells, good herbs that are as fresh as possible."

Because fresh herb customers tend to be health conscious, they are also likely to be interested in organic product. "We're seeing a trend toward organic herbs as well," Herb Thyme's Goodman says.

Even when offering a full lineup of herbs, it still remains important to remem-

ber the basics. "Don't run out of basil," he urges. "Most people enter the herb category with basil, and 35 to 40 percent of herb sales are basil."

Origin specializes in micro-greens for food-service customers. "Display doesn't matter with foodservice because the consumer doesn't see the product. In foodservice the emphasis is on the quality of the product and the reliability of the supply."

#### FRESHER IS BETTER

An indispensable part of a well-managed

herb program is maintaining herbs that are both easy to find and fresh.

"Rotate the stock to keep it fresher," urges Ciro Porricelli, vice president of Jerry Porricelli Produce, Bronx, NY. "You can go into one of the chains and you see herbs that shouldn't still be there."

The product must look good, according to Charlie Coiner, president of Rock Garden

**"Herbs generate additional sales of other items, especially high-value specialty items."**

**— Chick Goodman  
Herb Thyme Farms**

ber the basics. "Don't run out of basil," he urges. "Most people enter the herb category with basil, and 35 to 40 percent of herb sales are basil."

The combination of reliability, variety and quality are also essential for foodservice herb suppliers. "We grow everything from basil to thyme," says David Sasuga, owner of Fresh Origin Farms, San Marcos, CA. Fresh

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Reader Service # 30

## The School Of Fresh Herbs

The demand for fresh herbs has been linked to the rise of television cooking shows. "Fresh herbs have really taken off since the cable television cooking shows of the early 1990s," according to Brian Murphy, CEO of Goodness Gardens, New Hampton, NY. "In those shows they all use fresh herbs."

The television shows offer a model of how to introduce customers to the joys of herbs. "The people who are doing a great job of educating the consumers are the cooking shows and the nutritionists," notes Michele Henning, vice president for sales and marketing of Shenandoah Growers, Harrisonburg, VA. "Suppliers need to work to develop signage and to educate the produce department." Shenandoah Growers links its retailers' Web sites to its own site in order to provide more information about the fresh herbs.

"Education is the key," advises Chick Goodman, national sales manager for Herb Thyme Farms, Compton, CA. "Eighty percent of the herbs are bought by 10 percent of the customers, so the growth is all ahead of us. We merchandise our herbs in clamshells and the back of every one of our packages has usage suggestions, tips and recipes."

Herb Thyme also supplies educational multi-fold handouts that some stores laminate and display prominently in the produce section.

"Put some recipes out there — that should increase sales," suggests Ciro Porricelli, vice president of Jerry Porricelli Produce, Bronx, NY.

Teaming with suppliers to expand the circle of customers who know about herbs and how to use them is a common retail challenge. Many herb suppliers will cover the cost of in-store cooking demos to help retailers increase fresh herb sales. "We offer demonstrations," Murphy relates. "We'll have a person in the store on a weekend day to show how to do some cooking with fresh herbs."

South, Miami, FL, and not show cosmetic problems like yellowing, black spots or pest damage.

"You have to have a really nice looking display," Goodness Gardens' Murphy says. "I know this is obvious, but a lot of supermarkets still don't do it."

According to Murphy different herbs



Good price alone will not drive fresh herb sales. "The herbs are a product category known in business circles as inelastic," explains Charlie Coiner, president of Rock Garden South, Miami, FL. "If you cut the price of strawberries in half, you'll sell 10 times as much strawberries. If you cut the price of herbs in half, you won't sell any more herbs."

He believes the demand for herbs is driven by the desire to find healthful replacements for salt. "The retailers have to select producers who are telling the truth about food safety, and are willing to show that with regular audits," Coiner says.

It is hard work to initiate a full herbs program, but the results of devoting the necessary time and resources can be impressive. "We are seeing significant increases — dollar sales up 35 percent to 45 percent and shrinkage going down," Henning says. **pb**

have wide-ranging shelf lives. "Basil will last a week if you're lucky. Rosemary and thyme can last three weeks. And bay leaves can stay fresh up to two months."

"Follow the instructions of product care," Bay Area's Hurwitz advises. "Keep it at a reasonable price to improve product movement. This also helps to reduce shrink."

Goodman recommends displaying herbs in high-traffic areas at eye level. Herb Thyme provides retailers with multi-deck racks for herbs. "We color code the front labels of our clamshells for ease of shopping," he explains. "It not only makes it easier for the customer, but it also saves the store on labor when they restock."

Supply management is a major part of keeping good-looking herbs, and suppliers have to cooperate in this. "In order to reduce shrink, we sell just three clamshells in a case," Henning says. Shenandoah provides both 2-



Shenandoah's Henning adds.

### CROSS-PROMOTION BOOSTS THE RING

Progressive retailers are breaking the mold of confining fresh herbs to a specific section within the produce department.

"Historically herbs have been displayed together but some people are having success putting herb items with the foods they go with," Rock Gardens' Coiner suggests. Sage goes with turkey, for example, dill with potatoes and basil with tomatoes. "The more aggressive retailers are telling their produce staff to put some of the herbs next to the foods they go with."

The opportunities to cross-promote herbs are frequently connected with special holiday foods. "Thanksgiving is a big holiday for sage to cook the turkey," Porricelli's Porricelli says. "At Easter, mint and dill go with the lamb."

There are many opportunities to cross-promote fresh herbs with companion items. "It is important to cross-merchandise," Henning says. "The basic one is to put the basil and oregano with the tomatoes. They go together, and none of them should be refrigerated. Another way to cross-merchandise is to go outside the produce department and into the seafood and meats department." Rosemary, sage and thyme, for example, are commonly used with meats and seafood.

"Put the edible flowers in the cake section of the refrigerator because they will probably be used to decorate a cake," she continues.

Retailers need to think outside their traditional herb placement philosophies. "Promote them throughout the store," is the suggestion of Bay Area Herbs' Hurwitz. "These items make great color breaks and lend themselves to cross-promotion, including in the meat department." **pb**



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**"The more aggressive retailers are telling their produce staff to put some of the herbs next to the foods they go with."**

**— Charlie Coiner  
Rock Garden South**

ounce and 4-ounce clamshells of basil, arugula and watercress.

"The price is lower in a bunch, but the product does not get the protection of a clamshell," she notes. "Bunches do have their place if you want a farmers' market kind of image." Clamshells and bunches can be merchandised together in a display, but Henning cautions not to mist the clamshells. When water gets into the clamshell package, the product goes bad.

The time spent maintaining a good-looking fresh herb program will be repaid throughout the produce department. "When people see herbs that are fresh and well merchandised, it says to them that the entire produce department is well run,"

# Organic Fruit Review

*More organic fruit will become available this year, although suppliers believe demand will still outpace supply.*

BY JACQUELINE ROSS LIEBERMAN

**A**s the demand for organic fruit grows, suppliers continue to increase the amount and varieties available. "The supply base is not adequate to meet with demand, overall," says Mike Stevens, director of sales, Earthbound Farm, San Juan Bautista, CA. "It's an exciting time for organics."

Stevens believes more consumers will buy organic fruit as supply comes closer to meeting demand and prices lower to become closer to that of conventional produce. At Earthbound, he says, "Our strategic initiative is to bring the benefits of organic foods to as many people as possible."

In an effort to close in on that goal, he continues, "In general, our fruit program is going to experience some pretty healthy growth in 2007." For instance, there will be a 50 percent increase in the volume of organic blueberries and strawberries, a 40 percent increase in organic cantaloupes and honeydew melons, a 20 percent increase in organic kiwi and a 25 percent increase in organic grapes. And, he says, "We will have more grapes available early in the season." Earthbound's year-round organic orange program will also see some growth.

According to Wes Jones, director of sales



**With so many consumers looking to buy organic fruit, there may be supply-and-demand issues in the future.**

promoting more organics and there is more consumer demand for it. I think the health benefits are the reason for the demand."

Global's full-line offerings include apples, pears and citrus. "We promote our Florida citrus because our customers are interested in supporting local produce," Jones notes, commenting on one of the major issues emerging in the organic world — supporting locally grown product. "We're importing blueberries right now [late March/early April], but we'll be starting Florida blueberries next. And we're just finishing up Florida strawberries.

"We provide our customers with profiles of the farmers who grow the fruit so they can support local Florida growers," he adds.

At Driscoll's Strawberry Associates, Inc., Watsonville, CA, organics are a small but growing part of the berry business. "We are

at Global Organic/Specialty Source, Inc., Sarasota, FL. "The demand for organic fruit is definitely growing. We are seeing big increases in all the chains as they add organic to their produce departments. Everyone is

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continuing to grow our organic program," says Brian McElroy, organic business manager. "We're looking for organic to exceed 7 percent of our total production value and we have a long-range goal to continue growing that."

In addition to making more organic blue-

**"We're looking for organic to exceed 7 percent of our total production value and we have a long-range goal to continue growing that."**

**— Brian McElroy  
Driscoll's Strawberry  
Associates, Inc.**

berries, blackberries, raspberries, and strawberries available, Driscoll's is seeking to make the packaging for these products more environmentally friendly. "We're continuing to try to get our packaging to be a product that's more easily recyclable," says McElroy.

Roger Pepperl, marketing director, Stemilt Growers, Inc., Wenatchee, WA, says the company's trademark Piñata apples — a bi-color, high-flavor, high-sugar variety — are now available as organic, as is a pink apple variety. "We're going to have a lot more organic cherries this year," he adds. In addition, he says, more and more of Stemilt's peaches and nectarines are being grown organically.

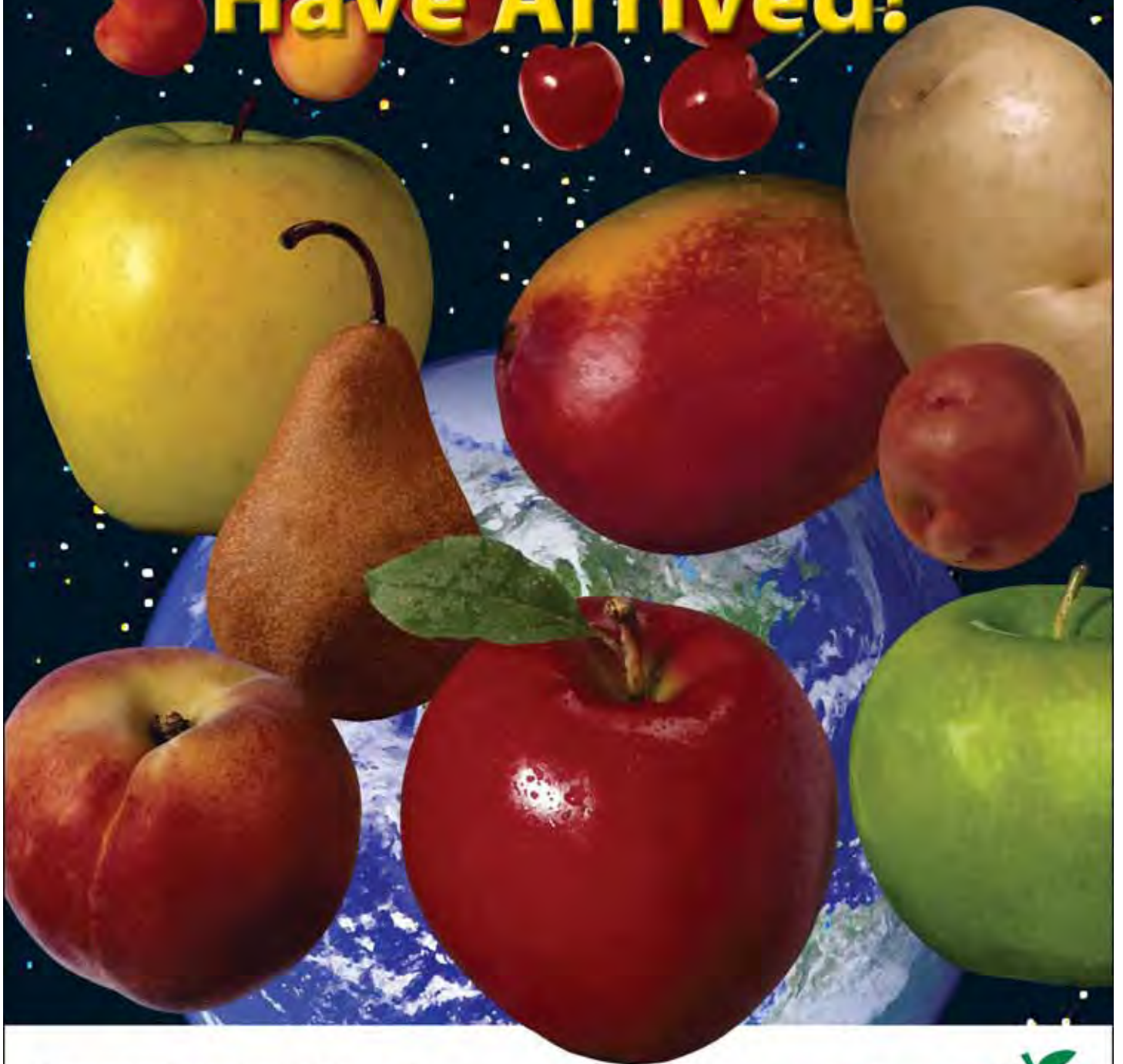
Santa Sweets, Inc., based in Plant City, FL, will continue to increase its supply of organic Can-A-Dew melons (a super-sweet cross between cantaloupe and honeydew melons) and mini watermelons. "We'll probably grow 30 percent more this year," says Chris Grallert, senior vice president.

Pacific Organic Produce, San Francisco, CA, will have more organic U.S.-grown mangos this year. The added benefit of mangos grown in the United States is that they do not have to be treated with hot water,

*Continued on page 115*



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## Making The Transition

**B**ecause of the rising demand for organics, many growers are in the process of transitioning their fields and orchards from conventional to organic. The process takes several years. In the meantime, the resulting harvests cannot be labeled as organic, despite chemical-free growing methods, because chemicals may still exist in the soil. This can be an expensive time for growers, when production costs are often higher than that of conventional fruit, yet the fruit is sold at conventional prices. Some savvy marketers are selling these as "transitional" fruits, which can appeal to natural consumers.

Some shoppers will buy transitional fruit because they want to help growers become organic. Others may buy it when an organic option is unavailable or because it is less expensive than organic, while still grown without chemical sprays.

"The organic market is really picking up. It's creating a huge vacuum for organic product," notes Roger Pepperl, marketing director, Stemilt Growers, Inc., Wenatchee, WA. At Stemilt, "This is the first year when 100 percent of our peaches and nectarines are going to be organically grown," he adds. For the next two years, the peaches and nectarines in transition will be sold under the Artisan Naturals Label.

"They'll sell for a little more than conventional. We're not looking for huge margins," he explains. When the fruit becomes certified organic in the third year, it will be sold under the Artisan Organics label.



Photo courtesy of Stemilt Growers

"We'll be bringing in some transitional fruit to try to help out organic growers," says Frank McCarthy, vice president, Albert's Organics, Bridgeport, NJ. The company will have apples labeled "transitional" available this year.

"We have a number of customers who are very open to it," says Sara Clow, domestic commodity manager, Pacific Organic Produce, San Francisco, CA. "I think the movement definitely took off this year and we'll see more of it next year."

Still, says Clow, transitional fruit is not a mainstream item. "Most of the transitional fruit that's sold is sold as conventional." **pb**



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Sarasota, Florida

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Continued from page 112

according to Greg Holzman, owner and president.

Look for organic cranberries under the Purity.Organic label this fall. "We packaged our first organic cranberries last year, and we'll increase the volume this year," says Sara Clow, domestic commodity manager, Pacific Organic Produce.

**"With the organic trend at an all-time high, we felt expanding the offer to our customers with a pre-packaged line would help them to integrate organics into their current conventional program."**

**— David Prouty  
C&S Wholesale Grocers**

## FRESH-CUT OFFERINGS

Other companies are expanding their organic offerings to include fresh-cut fruit. "With the organic trend at an all-time high, we felt expanding the offer to our customers with a pre-packaged line would help them to integrate organics into their current conventional program," says David Prouty, produce operations manager, specialty packaging division, C&S Wholesale Grocers, Suffield, CT.

In November, the C&S Wholesales Grocers' specialty packaging division became certified to package organic produce by Baystate Organic Certifiers, based in Winchendon, MA. The packaged line is available in compostable trays as well as corn-based biodegradable packaging. "At this time, our plan is to grow. As organics grow, we will be adding items to our mix as they become available to us in promotable quantities," says Prouty.

Goodness Greeness, based in Chicago, IL, also recently added fresh-cut organic fruit to its offerings and will continue to add more this spring, including "things like cored pineapple, cut fruit cups, apple slices, and items along those lines. We think there

will be big demand. These will really follow in the footsteps of processed conventional items," notes Pat Baylor, director of retail sales and merchandising.

Albert's Organics, Bridgeport, NJ, will also offer new fresh-cut organic fruit. "We'll be doing a cut-and-cored melon program this summer under the Grateful Harvest brand, with honeydew and cantaloupe," says Frank McCarthy, vice president. And, he adds, "We're constantly expanding our summer apple program from New Zealand."

Pacific Organic will offer shelf-stable jars of cut pineapple, papaya and a mix of papa-

ya, pineapple, watermelon, and mangos for the produce department, and it will increase by tenfold the amount of organic fruit juice sold under the Purity.Organic label for the produce department.

## YEAR-ROUND SOURCING

Jones notes that Global offers "year-round choices. We move from one area to the next to obtain product. We move with the seasons."

Goodness Greeness is working to make more of its organic produce available 12 months a year. "The opportunity for the



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Photo courtesy of Driscoll's Strawberry Associates, Inc.



Photos courtesy of C&S Wholesale Grocers



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Photos courtesy of Earthbound Farm



Photos courtesy of Earthbound Farm

organic produce category is to narrow the gaps," says Baylor. "We're getting these items closer and closer to year-round availability."

Other companies are also finding overseas suppliers to make organic produce available year-round. Mayra Velazquez de Leon, president, Organics Unlimited, Inc., San Diego, CA, says the company began importing organic bananas from Ecuador about six months ago. "That's going to increase our amount of organic bananas and increase our year-round availability, especially when supply is down and demand is up, like right now," says Velazquez de Leon. Some of these bananas are available under

the company's GROW label, which stands for "Giving Resources and Opportunities to Workers," a program that reflects support for workers and sustainability.

Matt Roberts, marketing and sales coordinator, CF Fresh, Sedro-Woolley, WA, also predicts higher volumes of organic apples this year, as well as pears. "Supply is picking up on some of that stuff," he says. CF Fresh will have a larger supply of specialty varieties of organic apples and pears, including Pink Lady apples and European varieties of pears grown in South America.

"We just started an organic melon program from Chile," adds Pacific Organic's



Growers indicate a definite increase in the quantity of organic berries that will be available in the future.

Clow, And, she says, "Our stone fruit program has been fairly large and diverse since we started."

**ORGANIC DRIED FRUIT**

Organic dried fruit, too, will see some growth in the coming year. "We're introducing a line of organic dried cranberries and

we hope to launch an organic dried blueberry line in June or July," says Darrel Fulmer, managing member, Sun Fresh International LLC, Visalia, CA. The lines will complement the current offerings of organic dried raisins, dates and prunes.

"The category is growing each year," says Fulmer. "Keeping up with demand is a

challenge. We're looking for new sources of supply both here and in other countries." This summer, "We are going to be intro-

**"We're introducing a line of organic dried cranberries and we hope to launch an organic dried blueberry line in June or July."**

**— Darrel Fulmer  
Sun Fresh International LLC**

ducing a line of 30 new packaged dried fruit, trail mixes, confections, and snack products under the Grateful Harvest Brand," says Albert's McCarthy. **pb**

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Reader Service # 42

# Cherries Continue To Captivate Customers

*Proper handling, bountiful displays and strong promotions put wings on this fruit.*

BY DUANE CRAIG

"Cherries are so popular with consumers that a lot of times in their short season they outsell strong year-round products," says Andrew Willis, promotion director, Northwest Cherry Growers, Yakima, WA.

"In retailers studied, of the 'fruit' categories, from May through June, cherries generate the highest dollars per square foot," says George Rossi, marketing director, Farmington Fresh, Stockton, CA. "Cherries had approximately less than half the space of tree fruit but generated 25 percent more dollars per store per week. Cherries had 75 percent less space than cut fruit but generated twice the dollar sales per store per week."

He notes other results of a study commissioned by the California Cherry Advisory Board, Lodi, CA, showing cherries generated 31 percent more dollars per store per week than citrus with 85 percent less space.

Even with the demand, there is still room for growth. "We sell tons of cherries but there are still a lot of people who aren't buying them," says Roger Pepperl, marketing director, Stemilt Growers, Inc., Wenatchee, WA. "Twelve percent of the market rarely buys cherries and only 30 percent buys cherries every week, so there's a lot of potential. Cherries are an impulse buy. The triggers for buying cherries are appearance and quality."

Dark sweet varieties include Bing, Lapin, Chelan and Lambert. The Rainier, a yellow cherry with a red blush, is characteristically five percent sweeter than the dark reds. It is being planted in larger numbers. "It's a thinner skinned cherry and is more delicate," says Willis. "We have to pick them one cherry at a time because they are so delicate. They're turned over into a hydro channel that takes them through the sorting process

so they are cushioned by water."

Calling attention to the varieties of dark cherries has little meaning to consumers so it is best to concentrate on size and quality.

"I'm not sure the consumer knows the difference," explains Rich Sambado, domestic sales manager, Primavera Marketing, Linden, CA. "They are aware of a nice deep mahogany cherry and the Rainier. I don't think there's much awareness beyond that."

"It's not as much about varieties as it is about taste," adds Eric Patrick, marketing director, Grant J. Hunt Company, Yakima, WA. "While many varieties overlap, retailers are looking for the varieties that taste the best. Bing is the most widely planted and the primary variety during the peak of the season. The Rainier continues to gain a foothold with the public."

## PACKAGING TRENDS

While bulk cherries maintain a presence, the trend toward packaging continues.

"More than 80 percent of our cherries are packaged in clamshells or bags now," says Jim Mertz, partner, Symms Fruit Ranch, Caldwell, ID. "We do more and more clamshells every year. But we try to be very customer responsive. If someone calls and wants bulk, that's what we give them."

"I think with the consistency of the lines we have now and our ability to size and grade the cherries, we've got a much more consistent pack now," relates Bob Mast, director of marketing, Columbia Marketing International (CMI), Wenatchee, WA. "In packages you've got less shrink, you reduce liability from slips and falls, and I think you make it a more pleasant shopping experience."

"I think packages are an ideal merchandising tool for the retailer," adds Neil Galone, vice president of marketing, Diamond Fruit



**Short selling seasons may be part of the reason that cherries sell so well.**

Growers, Inc., Hood River, OR. "Cherries are priced by the pound and if you have a bulk display, a consumer will pick up a handful, put them in the bag and even weigh them to see how it's coming out. If you put them in a 2-pound bag, it encourages a larger purchase and generates a larger ring at the register."

## PROFIT BOOSTERS

There are typical price points for ads and everyday selling, but cherries seem to sell well at any reasonable price. "For ads, \$1.99 to \$2.49 a pound," says Sambado, "and everyday retail of \$3.49 to \$3.99."

"For many years California cherry growers thought that unless they could get a 99¢ price point at retail nobody was going to pay for cherries," notes Tom Tjerandsen, San Francisco, CA-based managing director for North America, Chilean Fresh Fruit Association (CFTA). "The fruit started coming in



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from Chile and the retailers — to get the margin — had to sell at \$3.99 or \$4.99 a pound. They discovered there was no price resistance at all. Consumers were willing to pay that, and now we see features at up to \$9.99 a pound. It's an item that has finally been confirmed as virtually price elastic."

"The days of the 99¢-a-pound ad are basically done. It got to the point where the only cherries a retailer could afford at 99¢-a-pound were 12-row cherries. Twelve-row cherries, in my estimation, are going to be gone within probably two years," adds CMI's Mast. "Most retailers today are looking for 11-row and larg-

er cherries. As long as we're putting a good, firm, sweet product on the shelves, the consumers are willing to pay for it."

Well-planned advertising can start the season off strong and help maintain sales throughout all seasons of cherry availability.

"You want to have a good ad for the California crop in early June," says Stemilt's Pepperl. "For the Washington crop, you want a 4th of July ad and an ad for Rainiers the week after the 4th. After that, another Bing, then another Rainier. Then run two more dark sweet ads with higher-priced cherries. That advertising plan is really important. It's

huge in developing your consumers."

For the winter import crops, Mast recommends a 2-week ad during the Christmas and New Year's holidays and then possibly a Valentine's week ad.

## SHRINK ISSUES

The casual sampling that may be encouraged by open bags and bulk cherries can be looked at as a promotional opportunity — or a shrink challenge. "Some look at sampling as shrink, others as a sales tool," says Diamond's Galone. "We know it works because when we do sampling at retail, we find a big upsurge [in sales], but sampling doesn't have to be planned — it can be opportunistic."

Since cherries are so delicate, wise handling can minimize non-sampling shrink.

"They are one of the most perishable fruits, so it's kind of like handling dynamite — and you have to make them move," counsels Joe Hardimen, produce merchandiser, PCC Natural Markets, an 8-store co-op in Seattle, WA. "They're the most exciting item we sell all year but they're also one of the products with the highest risk."

"How you store cherries is very important," adds Northwest's Willis. "If you store a cherry at 32° F, it lasts 10 days in display. If you're storing it at 86° F, you're going to have a shelf life of one or two days. Cherries lose more quality in one hour at 68° F than in 24 hours at 32° F. Another thing that's important is to avoid sprinkling them with water."

## MOVING VOLUME MINIMIZES REFRIGERATION

"Cherry handling is important but you either manage shrink or you manage sales," says Stemilt's Pepperl. "You want to turn your displays about four times a day. If you're doing that, it doesn't really matter where the cherries go. If you're low volume, say doing under \$15,000 a week in produce sales, you're going to want to consider refrigeration. However, if you can't see the cherries, refrigeration just keeps them healthier until you throw them away. If people see them, they're going to buy them."

"Cherries are sexy. They still generate tremendous interest at retail, because they're one of the few seasonal items that are left," continues Diamond's Galone. "As you increase the size of the display, or decrease the price, or both, you can move them from the refrigerated area into the dry area. Secondary displays should be smaller and they should be in the refrigerated section because the volume will be less."

"They account for a lot of sales," adds Ray Gamache, director of produce and floral for Northwest Grocers LLC in Seattle, WA, a marketing firm for more than 50 Red Apple,

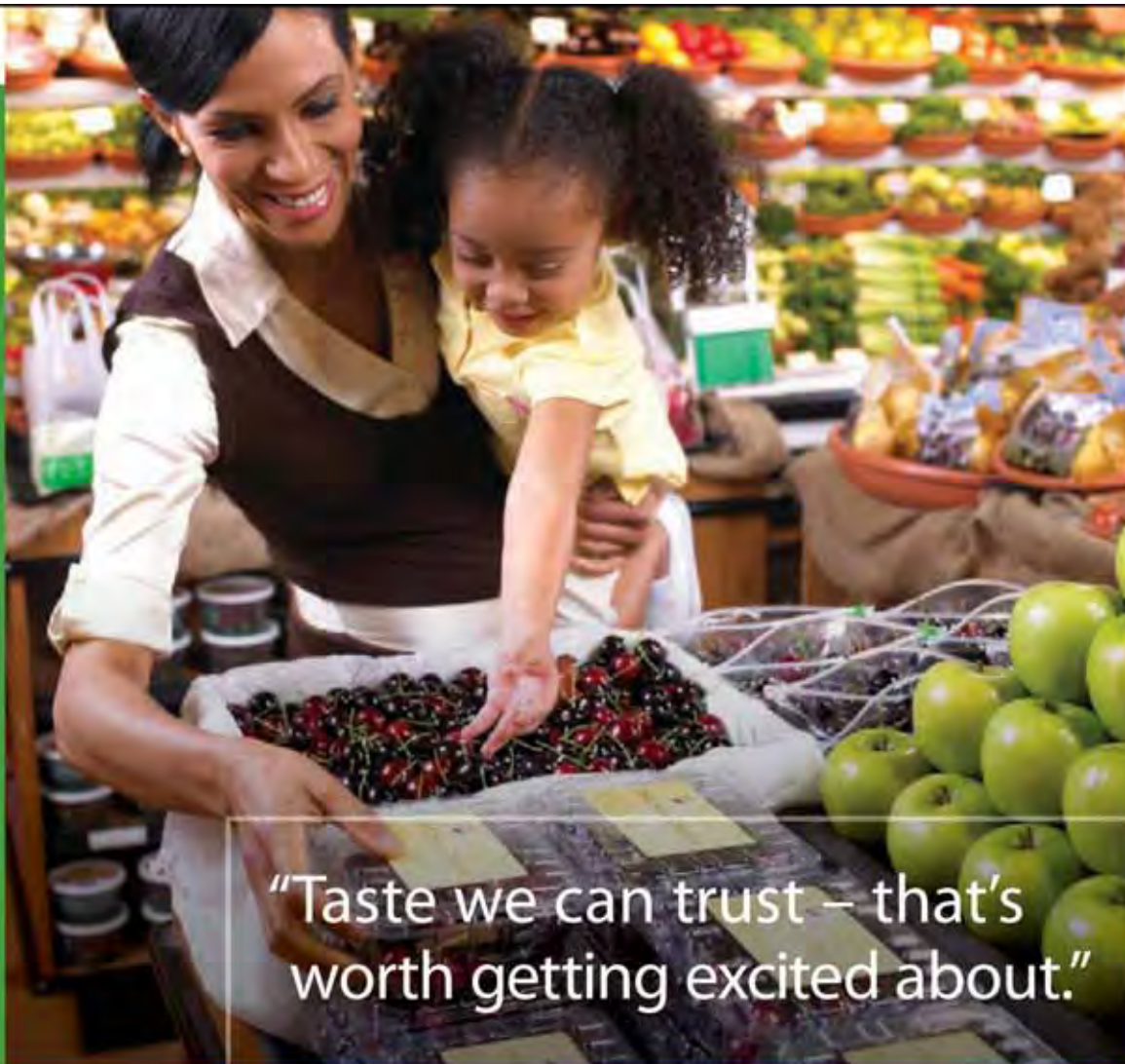
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Reader Service # 116

## Seasonality Is A Bonus

"One of the really nice things about cherries is they are still seasonal," says Roger Pepperl, marketing director, Stemilt Growers, Inc., Wenatchee, WA. "So they're exciting, they're fun to see, and people look forward to them."

"Cherries can be used to provide a vibrant, bright red color break in the produce department and that is important to bring some attention and excitement to the section," notes Tom Tjerandsen, San Francisco, CA-based managing director for North America, Chilean Fresh Fruit Association. "The same is true during December and January when Chile is shipping."

"We've seen huge growth in our import program over the past three years," says Bob Mast, director of marketing, Columbia Marketing International, Wenatchee, WA. "Retailers have seen the additional sales that can be generated during the winter through an imported cherry program. We've also seen ad activity and display size increased then."

"Imported cherries are great," adds George Rossi, marketing director, Farmington Fresh, Stockton, CA. "They allow for more consumer awareness of cherries in general."

"Cherries are still a nice high-margin, very seasonal item, and as long as you have the quality right, they're a gem as far as category lift goes," adds Loren Queen, marketing and communications manager, Domex Superfresh Growers, Yakima, WA. **pb**

Thriftway and non-aligned grocery stores. "We'll be doing some good displays. It's definitely one of the things we push when we get into the local season."

There is no magic number for how much space to allocate to cherries, but there are indications large displays are profitable.

"We've found that every time you grow your display by two feet, the sales grow dra-

matically," says Stemilt's Pepperl. "As you go from a 12- or 14-foot-long display to 20-foot long display, sales skyrocket. Of course we don't have a lot of 20-foot displays out there, but they actually skyrocket when you get into that range. The display size is going to set the stage for how many you sell. We know of stores selling between 4 and 12 percent of their produce dollars in cherries." **pb**



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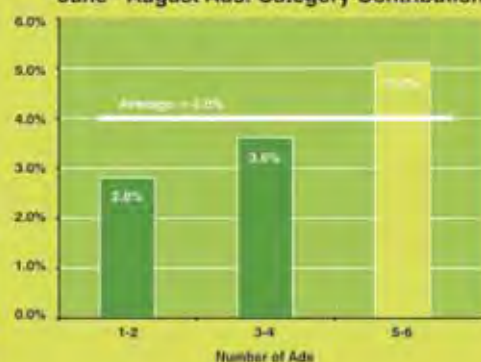
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### 1 Promote Northwest Cherries five or more times throughout the season

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JUNE			JULY	
Rank	Category	Dollars per Square Foot: \$/sq. ft.	Category	Dollars per Square Foot: \$/sq. ft.
1.	Cherries	\$223.14	Cherries	\$153.80
2.	Bananas	\$79.05	Grapes	\$78.30
3.	Avocados	\$78.84	Avocados	\$75.34
4.	Grapes	\$72.90	Bananas	\$68.49
5.	Berries	\$65.99	Tree Fruit	\$65.44
6.	Tree Fruit	\$59.51	Berries	\$57.17
7.	Tomatoes	\$47.73	Tomatoes	\$40.81
8.	Melons	\$27.45	Melons	\$29.14
9.	Citrus	\$22.09	Citrus	\$24.87
10.	Apples	\$19.81	Apples	\$20.05

June - August Ads: Category Contribution



### 2 Increase Cherry Display Size

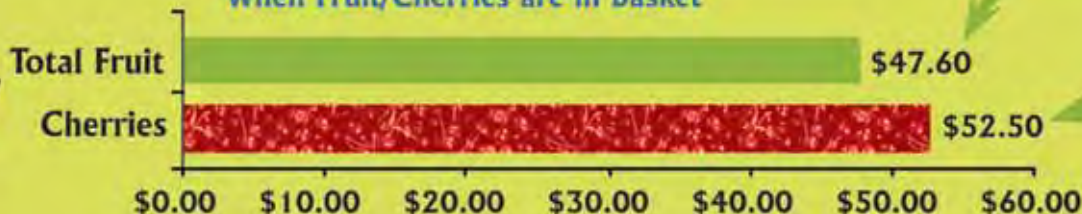
Cherries are the #1 dollar per square foot item in the produce department. Use your limited space more efficiently by allocating more real estate to Northwest Cherries

### 3 Attracting Cherry consumers can increase store sales

On average, cherry consumers spend 10.3 percent more dollars at checkout than the average fruit buyer. These are the customers every retailer is looking for.



#### MARKET BASKET SIZE When Fruit/Cherries are in Basket



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# Eight Ways To Move Mangos

*Mainstream U.S. consumers are discovering what the rest of the world already knows — mangos are delicious.*

BY CAROL M. BAREUTHER, RD

**M**angos may be the most popular fruit in the world, but mainstream consumers in America are just discovering them.

According to Marvin Lyons, produce director at Bigg's, an 11-store chain based in Milford, OH, and a subsidiary of Supervalu, Inc., based in Eden Prairie, MN, "Mangos are mainstream for us. They have a real following and growth in sales continues."

According to the U.S. Department of Agriculture's (USDA) National Agricultural Statistics Service, per capita consumption of mangos has risen from 1.1 pounds per person in 1995 to 2.1 pounds in 2006 — nearly 100 percent growth in the last 11 years.

Data from the National Mango Board (NMB), Orlando, FL, indicates that household penetration of mangos has been increasing 7 to 10 percent annually since 2002. Wendy McManus, NMB director of marketing, says, "Most of this growth is coming from the occasional user, reflecting a clear opportunity to convert non or light users."

Who is today's mango consumer?

The NMB sought to answer this question during its 2006 Consumer Survey, a telephone inquiry conducted by The Ridgefield Group, Steubenville, OH. Results indicate the highest rate of purchasing is among Hispanics, double the rate of Anglos and African Americans, those who have attended college, and have an income of over \$50,000 annually. Age was not a big factor, but usage was lowest among shoppers 65-years and older. In addition, purchase rates for mangos is highest in the West, lowest in the Midwest, with most non-users located in the Southern Atlantic states. Consumers living in urban areas generally purchased more mangos than those in rural areas.

"Clearly the growing Hispanic demographic is a major driver for increased mango sales," says McManus. "Yet, Americans in general have more exotic tastes now



**Stepped up promotional efforts are exposing more mainstream consumers to the sweet taste and juicy texture of fresh mangos.**

than they did in the past. Because of this, expect to see these consumers search out items that were previously unfamiliar to them. This means it's important for retailers to place these items, like mangos, in a more prominent display position and promote them more."

Chris Ciruli, COO, Ciruli Bros., Nogales, AZ, explains, "We've seen two things happen over the last five years. First, five years ago, the Mexican government paid several million dollars to advertise mangos in the United States. The first year's program was exceptional. The program continued for the next few years but results weren't as effective as the first. Secondly, the National Mango Board was formed two years ago and provided a nearly \$3 million budget funded by a 1/2¢-per-pound assessment on fresh mangos produced in and imported into the United States.

"Last year, marketing and promotions involved celebrity chefs, food editors, food-service personnel and retailers nationwide. The result is that we've gone from 20 per-

cent of the population having tasted a mango five years ago to 30 percent last year and, as a result, moved mangos more into the mainstream," he continues.

The NMB's marketing objective, says Rod Diaz, vice president of marketing at Diazteca, Rio Rico, AZ, and an NMB member, "is to double consumption in the next five years to five pounds per capita in 2011."

## 1. PRESENT MULTIPLE VARIETIES AND SIZES

"The Tommy Atkins is the best mango variety accepted by consumers", note Lyons. "They like the blush. When we have green-skinned varieties, sales slow down because consumers don't think they're ripe, although we have seen continued nice growth in the Ataulfo or yellow-skin mango."

According to Mark Luchak, director of produce and floral at Rice Epicurean Markets, an 8-store upscale chain based in Houston, TX, "Typically we carry one variety. However, when more than one variety is available, we'll carry a red-skinned and yel-

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low-skinned type.”

There are some 500 mango varieties grown worldwide, however, the most popular at retail, says Diazteca's Diaz, “are the red or early varieties, Tommy Atkins and Hadens; green or late varieties, Kents and Keitts; and yellow or Ataulfos.”

“Commercially, Tommy Atkins is No.1,” relates Ciruli of Ciruli Bros. “Consumers like its red blush. No. 2 used to be Haden, but this variety is now being surpassed by Kents and Keitts.”

Retailers are getting away from stocking solely Tommy Atkins, says Jerry Wagner, director of sales and marketing, Farmer's Best

International LLC in Nogales, AZ. “They're starting to add more Kents and Keitts because of the eating qualities of these varieties.”

The volume of Ataulfos has not equaled that of Tommy Atkins, Hadens, Kents or Keitts, says Ken Nabal, sales manager at the Boca Raton, FL office of Edinburg, TX-based Frontera Produce LLC, “but they are growing in production and popularity.”

According to Diaz, “Other mango varieties are occasionally seen in the U.S. market, like the Van Dyke from Ecuador and Francine from Haiti.

“Up until about three years ago, retail chains carried one size and one variety of mango. Now we're starting to see them include two, even three varieties at a time. Usually it's a red, green and yellow, depending on availability,” he adds.

“More and more retailers are beginning to carry a 2-size program, large and small, with different retail price points,” notes Nabal.

“Retailers typically like to carry 10-count or 12-count sizes, because price per piece ranges from 25¢ to 75¢. However, a larger mango, such as a size 4, 5 or 6, sells well to families who want to cut it up to share during dinner or lunch,” explains Diaz. “Retailers usually like to sell larger size mangos by the case. Size preferences also vary by ethnicity and region. For example, Hispanic and

Asian customers want small sizes. Texas customers like small, too, but those in the Northeast and New York area want large, 8 or 9 size mangos.”

The big trend for the future, says Ciruli, “is fresh-cut mangos. There's great interest in this area.”

“We're seeing fresh-cut mango slices being incorporated into fruit platters and fruit medleys and merchandised in the produce department,” adds Nabal.

## 2. CONSIDER ORGANIC

More acres are devoted to organic production each year, sales of organic produce increase annually, and large conventional supermarket chains now routinely stock organic fruits and vegetables.

“We're hearing more questions from retailers about the availability of organic mangos. I think we'll see more and more producers get into this area,” relates NMB's McManus.

Ciruli agrees, saying producers are just getting into organic mangos.

Likewise, Farmer's Best's Wagner says, “This is our first year to have certified organic mangos. They're 100 percent out of Mexico — Tommys, Kents and Ataulfos. We're looking at about 200,000 to 300,000 10-pound cartons this season.”

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Produce, San Francisco, CA, says more organic U.S.-grown mangos will be available this year. This is significant since U.S.-grown mangos do not have to be treated with hot water as imported mangos do.

### 3. OFFER MANGOS YEAR-ROUND

Think seamless supplies, is the advice from NMB's McManus. "Mangos are now available year-round from many different countries, and each new crop comes with promotable volume opportunities. Don't miss out by limiting your 'mango season' to just spring and summer."

Tommy Atkins are available all year from Mexico, Brazil, Ecuador, Peru and Guatemala. Hadens come to market mid-February through the end of July and again mid-October through the end of December. Kents are available from January through March and again from the end of May to the beginning of September, while Keitts have a shorter May through September window. Finally, the Ataulfo comes to market mid-February and runs through mid-August and again from the end of November through mid-January.

Looking at the most recent three-year average, peak supply months for mangos in the U.S. market are from April to July.

"The vast majority of mangos sold in the U.S. market are imported. There are a few niche growers in Florida and a small amount of Keitts grown around Coachella. But 64 percent of mangos are imported from Mexico from March to September. Brazil comes into the market in early September. Ecuador starts in November and Peru from the first of December into March," says McManus. "Volume of supplies is growing faster in non-peak times than during the peak, so this helps to assure seamless supplies."

Diazteca's Diaz agrees. "We're seeing an average 5½ percent growth every year on mangos out of South America."

Mexican mangos, says Ciruli's Ciruli, "come through Texas to supply the East and Southeast and through Nogales to supply the West Coast."

### 4. PRESENT RIPE FRUIT

"There's a huge sales opportunity when you educate consumers how to choose a ripe mango," Bigg's Lyons believes.

According to NMB's 2006 Consumer Survey, 51 percent of consumers prefer to buy mangos already ripe, 25 percent have no preference, 20 percent prefer to let them ripen and 5 percent are not sure what stage of ripeness they prefer.

"It's important to offer ready-to-eat fruit and present mangos at various stages of ripeness. Consumers should be able to pur-

## The Future Of Mangos

Looking into his crystal ball, Chris Ciruli, COO at Ciruli Bros., Nogales, AZ, foresees the mango category at retail developing along the lines of apples. "As mangos grow more popular, you'll see more demand for variety."

Wendy McManus, director of marketing, Orlando, FL-based National Mango Board (NMB), agrees. "There's a quest afoot to bring in new varieties of mangos and find the perfect ones in terms of taste, texture, eat ability, growing, packing and shipping."

This, in fact, is the mission of Dr. Richard Campbell, senior curator of tropical fruit for Fairchild Tropical Botanic Garden, Coral Gables, FL. Each year, he orchestrates an International Mango Festival where over 300 varieties are available for taste sampling by over 10,000 members of the public.

"The truth is, we can't produce all 300 varieties commercially," Campbell says, "but the day will come when the category will explode with many more varieties than it has now."

Current breeding programs are

focused on taste, he says. "We want to switch from propagating for appearance to choosing varieties that deliver on flavor and thus improve quality. This will become increasingly important for the fresh-cut market."

Which varieties taste really good?

"There are great mangos in India, like the Alphonse and Kesar. Currently, mangos from India can't be shipped into the United States, but this could change as a result of proposed trade talks. The importing of Indian mangos could have a great impact on us," Campbell explains.

"Southeast Asia is dominated by yellow mangos," he continues. "Nam Doc Mai is a great dessert mango from Thailand. The Carabao from the Philippines is another good mango."

"Marketing pulls production and that's where we are, thanks to the National Mango Board. There's a growing consumer audience for mangos."

To take the fruit to the next frontier, Campbell adds, "We have to find which varieties taste good and can be grown profitably."

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chase mangos to eat today, tomorrow and several days from now. And, some shoppers will even be looking for 'green' fruit to use in certain recipes calling for a crisp mango texture," NMB's McManus says.

There's a push in the industry for more mature fruit at harvest, says Frontera's Nabal. "That's harder to achieve when you're bringing fruit in from someplace like Brazil where there's a 10- to 14-day lag on the seas. There is some work looking at pre-conditioning mangos or triggering their ripening during transit."

## 5. PRACTICE "WARM-CHAIN" MANAGEMENT

At the distribution center level, Wagner of Farmer's Best recommends, "Don't accept rock hard fruit without any perfume or fragrance." When storing prior to display, "Maintain mangos above 50° to 55° Fahrenheit, or warmer if you want them to continue to ripen."

A temperature of 40° or lower, adds Ciruli of Ciruli Bros., "will damage the fruit and not allow it to fully ripen."

"Most retailers display mangos at room temperature, which is fine. Let customers know that they can store ripe mangos in their refrigerators for several days to slow down ripening, but only after they have reached the desired state of ripeness," advises McManus.

## 6. CREATE PROMINENT DISPLAYS

At Bigg's, "We display mangos by the soft fruit in the summer and by the other tropicals in the winter. Whenever we get a good price and supply, like either out of Mexico or Brazil, we'll build big end-cap displays," Lyons says

Similarly, says Rice's Luchak, "Mangos will be displayed near the berries and soft fruit in the summer and near the pineapple and bananas in the winter. Either way, they're in a prominent location."

Mangos have traditionally been merchandised back in the corner with other tropical fruits, and with rather small display space, says McManus. "However, with mangos becoming a more mainstream item, they deserve mainstream positioning within the produce department. They can add color, excitement and profitability when they're brought of the dark corner and featured on end caps and in the front of the produce department."

Frontera's Nabal says, "End-cap displays during peak promotional periods are not uncommon particularly in heavy Hispanic shopped stores."

Last November, a prominent Southeast

retailer promoted mangos on special at five for \$5 and enlarged its mango displays, McManus relates. "They experienced a significant boost in product movement." In the central region of the country, a major warehouse club chain ran a special end-cap promotion featuring mangos at the end of specific aisles of the store. Product demos coincided with the promotion, which took place during the week following Thanksgiving. Both chains worked with the NMB in planning and implementing their promotions.

An ideal mango display, says Diazteca's Diaz, "is 3-foot by 3-foot or 5-foot by 5-foot — the bigger the better."

## 7. PUT OUT PACKAGED PRODUCT

The lion's share of mangos is sold bulk, says Wagner, but "We are seeing more display-ready packaging."

Packaging, says Nabal, "allows for less handling of the mangos at both distribution and store level and keeps displays full during peak shopping hours of the day."

**"Mangos will be displayed near the berries and soft fruit in the summer and near the pineapple and bananas in the winter. Either way, they're in a prominent location."**

**— Mark Luchak  
Rice Epicurean Markets**

Diazteca's Diaz notes, "Big chain stores want the standard European footprint to prevail, meaning the RPC or reusable plastic container or full or half display-ready cartons. The industry has been using the 9- to 10-pound carton box for many years."

"We see demand for smaller consumer packs of five to 10 pounds," adds Wagner.

There may be a move to more convenience-oriented packaging of mangos in the future, says Ciruli. "I've seen mangos in mesh bags and clamshells, especially the latter at club-type stores."

"We've tried packing in clamshells, but it

didn't work," according to Diaz. "The shrink was too high. The mangos ripened too fast and shriveled."

## 8. EDUCATE CONSUMERS

The NMB has identified cutting a mango and choosing a ripe mango as two of the largest gaps in consumers' mango knowledge. "These are our best opportunities to educate consumers for a meaningful and lasting impact on sales and consumption," says McManus. "We learned last year through focus group research that consumers didn't know how to pick a ripe mango. Like other produce, they thought skin color was a good indicator, but this isn't true with mangos."

"We hold promotions where we'll show customers how to cut a mango," explains Lyons. "We've even thought about ordering some of those mango splitters and cross-merchandising them in the display." Mango splitters are available from OXO International, New York, NY.

Larry Nienkerk, owner of Splendid Products, Burlingame, CA, says, "We like to see sampling. That's the ideal way to educate a customer about when a mango is ripe."

Someone with experience must be available when mangos are sampled, says Diaz. "They need to be able to explain that mangos need to give and be soft to the touch and give off a light aroma when ripe. Green color doesn't mean the fruit is unripe."

A number of NMB-spearheaded retail promotions last year proved the effectiveness of sampling demos to educate customers and increase sales. A Southern California gourmet grocery chain saw 76 percent higher movement of mangos during a program that included cooking events and interactive product demos designed to create an exciting and customer-friendly shopping experience.

Another California retailer saw substantial increases in mango sales as a result of a pilot program involving 15 test locations and 15 control stores. The control stores received no support from fresh mango ads or product demos. Test stores conducted product demos and placed mangos on ad. Movement increased 43 percent with the demos and an additional 125 percent when mangos were on ad and demoed.

For 2007, says McManus, "We have developed a takeaway piece that can be displayed on the demo table. It features 'mango 101' information, such as how to choose a mango and how to cut a mango."

In-store signage, says Mary Ostlund, director of marketing for Brooks Tropicals Inc., Homestead, FL, "and tear-off recipe pads are another way to educate consumers about how to prepare and usage ideas for mangos."

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# Six Ways To Sell More Melons

*Sweet, juicy and luscious melons draw shoppers year-round.*

BY CAROL M. BAREUTHER, RD

**M**ark Twain once said, "When one has tasted watermelon, he knows what the angels eat." It would appear many modern consumers agree melons are very special.

"Melons are refreshing. They elicit thoughts in customers' minds of the outside, warm weather, enjoyment — they're feel-good foods. For that reason, they're an important year-round category for produce sales," relates Mark Luchak, director of produce and floral at Rice Epicurean Markets, an upscale 8-store chain based in Houston, TX.

## 1. START WITH WATERMELON

Watermelon is king of the melon category at retail. Marvin Lyons, produce director at Bigg's, an 11-store chain based in Milford, OH, and a subsidiary of Supervalu, Inc., headquartered in Eden Prairie, MN, notes, "This is especially true in the summer. Watermelon is top of mind to consumers this time of year."

The myriad of varieties — such as red seeded, red, yellow, orange and mini seedless and icebox — has driven this steady rise in consumption.

"Seedless watermelon is the overwhelming favorite, but we still have customers who want seeded," adds Lyons. "It's a limited market, maybe 20 percent of our sales."

The preference for seeded watermelon is based on geography, explains Steven Fore, national brand manager for produce, Sundia Corporation, San Francisco, CA. "The Southeast and Midwest tend to be areas where there are customers who still want seeded watermelon. I don't think we'll ever see a completely seedless market. After all, seedless watermelon can't be grown without seeded as a pollinator," he says.

Joe Comito, chairman of the board of Capital City Fruit, Norwalk, IA, believes consumers look for seeded melons when the price of seedless gets too high.

"It's important individual store produce

managers be given latitude to stock for their demographic," says Bobby Creel, director of business development and retail sales, L&M Companies in Raleigh, NC. "Providing customers with what they want, including a locally or regionally grown melon as well as their preference for seeded versus seedless, assures the store distinguishes itself."

It is also important is to determine how much whole, cut and mini melons to offer.

Gordon Hunt, director of marketing for the National Watermelon Promotion Board (NWPB), Orlando, FL, says, "Whole watermelon is credited for being a better value and fresher, while sections/slices and cubes are singled out for 'It's the right amount for me/my family', 'It's easier to see the quality' and convenience. On the other hand, whole watermelon is criticized for being 'too big/not convenient' and 'My family can't finish it all/wasteful', while sections/slices and cubes generate negatives due to the perception that they are expensive and concern about their freshness."

A decade ago, whole watermelons typically weighed up to 45 pounds, says Brent Harrison, president, Al Harrison Company, Nogales, AZ. "Today, we strive to harvest 13- to 18-pounders and ship them at this weight. Although certain markets, like Canada, prefer an 11- to 15-pound whole watermelon."

In addition, adds Hunt, "Although mini watermelon is considered to be 'the right size/amount for the family', 'easier to fit into the refrigerator' and 'more convenient', it is also thought to be 'expensive' and to some consumers, 'too small', with other respondents unfamiliar with it."



**A myriad of watermelon varieties draws in consumers.**

Lyons sees seasonality as determining what form sells best. "In summer, consumers want whole 14- to 15-pound melons they can take to picnics, parties and carve into watermelon baskets. In fall and winter, they look at watermelon as just another type of fruit to snack on or eat in one meal, so personal or mini watermelons or cut melons sell best this time of year."

The personal or mini watermelon is one of the most popular additions to the melon market, says Sundia's Fore. "They weigh an average of six pounds, so they're convenient and perfect for individuals or couples or those who have smaller refrigerators."

Red-fleshed watermelon is by far the most popular, says Hunt, "However there are supermarkets that look to set themselves apart by carrying something different, and that means yellow-fleshed, and to a lot smaller extent, orange-fleshed watermelon."

Fore believes, "The trend is toward varieties that are sweeter, redder in color. The redder the melon, the sweeter the customer perception."

There is interest in yellow-fleshed watermelon, Al Harrison's Harrison adds. "We've increased our production of yellow-fleshed

watermelon by 5 percent.”

“Yellow and orange fleshed watermelon are harder to sell and have a more limited supply, therefore they tend to be higher in price,” explains Lloyd Rosen, vice president of merchandising and marketing director, William Manis Company, Plant City, FL.

To effectively merchandise yellow- and orange-fleshed watermelon, notes Andy Lozano, owner of Sandia Depot, Edinburg, TX, “You have to let customers know about the different color inside because you can’t tell by the outside of the melon. That means either signage or cutting a piece in half and placing it on top of the display.”

## 2. OFFER SWEETER CANTALOUPE

Cantaloupe is the best-selling melon year-round at Bigg’s, says Lyons. “Especially now with some of the newer varieties, like the Tuscan, that have higher quality and better brix.”

Rice’s Luchak agrees. “There seems to be a higher awareness on the part of both growers and shippers to produce a better tasting melon, one that guarantees ripeness and a certain sugar content.”

Beyond the Western shipper-type cantaloupe, says Avi Nir, president of Ayco Farms, Pompano, FL, “Newer varieties have

come on the market and given consumers more options.”

Eastern cantaloupes are one of these choices. Athena melons — large, sweet and sutured on the outside — account for 80 to 90 percent of all cantaloupes grown in the eastern United States.

“In addition to the eating quality, Athenas have become popular in the Southeast, Northeast and into the Midwest since their shipping offers a substantial freight saving over western cantaloupes,” adds Rosen. “They can retail, in season, for as low as 2/\$4 or 2/\$3 for a 4- to 6-pound melon. This season, we’ll be shipping them into Canada.”

L&M has been developing new Eastern shipper cantaloupe varieties, says Creel. “We’re looking at a few with deep magenta color flesh and a high brix level.”

Tuscan cantaloupes are similar to Athenas and significantly different from Western shippers, says Steve Wiley, national accounts manager, Seminis Inc., Oxnard, CA. Seminis has worked with Dulcinea Farms LLC, Ladera, CA, to bring this melon to market.

According to Mark Del Rosario, Dulcinea director of sales west, “Our Tuscan cantaloupe is distinguished by its deep-grooved outer appearance and juicy, super-sweet and full-flavored fruit inside. The color of the exterior grooves indicates the degree of

ripeness, with dark green indicating a sweet, firm fruit inside. Since production is still limited, it’s marketed as a premium melon.”

## 3. ADD HONEYDEW

Honeydew round out the trio of top-selling melons at retail, but their sales volume “is flat,” says Bigg’s Lyons. “They’re a steady year-round seller, though. There may be a bump now and again, but the younger generation just isn’t eating them. It’s the older generation that buys them.”

Beyond the basic green-fleshed honeydew, some companies are experimenting with varieties with different interior colors. “Orange-flesh honeydew has a flavor, aroma, color and texture similar to cantaloupe,” says Nick Rendon, sales manager at Giumarra Companies, Nogales, AZ. “It shows a bit of creamy color in the rind and has a slightly waxy feel. When ripe, the fruit turns from white to light pink. Golden honeydew has a texture and shape similar to traditional honeydew. However, its thin rind and striking gold color make it stand apart from other melon varieties. The golden honeydew has creamy white flesh and is very sweet.”

Dulcinea markets its yellow-fleshed honeydew under the SunnyGold trademark. “It’s a distinct melon variety that grows from natural, non-genetically modified seeds,” adds

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## Specialty Melons On The Horizon

If current breeding developments are successful, melons will have higher sugar levels, enhanced health benefits, deeper color flesh, unique flavors and a firmer texture ideal for the fresh-cut market, just to name a few attributes. Breeders are also developing melons that will give retailers the shelf life, price point and availability to successfully introduce these newer varieties.

The Catch-22, says Dean Liere, production business manager for melons, Syngenta Seeds, Boise, ID, "is to cultivate a melon that consumers will want to buy and that offers the appeal of something different, while at the same time not looking or tasting so different they're afraid to pick it up."

One of these new varieties is the Piel de Sapo, explains Bobby Creel, director of business development and retail sales, L&M Companies, Raleigh, NC. "This melon is popular in Spain. The name translates into frog or toad skin because the rind is green and yellow blotched with little raised exterior bumps. The interior is yellow and sweet tasting. It's akin to a cantaloupe."

"We've started to grow it in Panama and shipped our first pallets in March," he notes. "A benefit is it has a long shelf life."

The Yellow Star Korean Melon is a new variety being produced by Sandstone Marketing, Yuma, AZ, this spring. It has a bright gold exterior, mild cream-colored interior and is extremely sweet. Steve Wiley, national accounts manager, Seminis Inc., Oxnard, CA, says, "We've worked with Sandstone to develop this variety. This season, it's being grown on 10 acres in order to trial it on a semi-commercial basis. We hope to expand production to other areas for 2008."

Two new melon cultivars released by Texas A&M Agricultural Research and Extension Center, Weslaco, TX, are as yet unnamed. However, says melon and pepper breeder, Dr. Kevin Crosby, "One is a high sugar, beta-carotene, large, Western shipper with excellent flavor and appearance and adapted to south Texas and similar climates. The other is an orange-fleshed casaba with extremely high sugars and long shelf life."

In the future, says Dr. James D. McCreight, research horticulturalist for the U.S. Department of Agriculture's Agricultural Research Station, Salinas, CA, "Vegetable-type melons typical in India, the Middle East and the 'Carosello' melon from Italy could become part of the U.S. melon picture in specific local markets." **pb**

Del Rosario. "Since consumers are conditioned to think of honeydew melon as green fleshed, education is an essential part of marketing this melon."

#### 4. STOCK VARIETY MELONS

Variety melons — crenshaw, casaba, Juan

canary and Santa Claus — are part of the offering at Rice. "We try to offer customers a variety," says Luchak, "and information cards, recipes, descriptive signage and occasionally demos to go along when these lesser known varieties are available."

As the country's ethnic make-up changes

and there are more Indian, Hispanic and Asian consumers, variety melons will move more mainstream, more front and center, predicts Chris Elsie, vice president of sales, Martori Farms, Scottsdale, AZ.

"Merchandising these melons takes a targeted marketing approach," Elsie says. "You

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need to offer seven or eight different varieties throughout the peak season from June to August. Create a melon destination in-store that incorporates these varieties along with more familiar melons. Create excitement by featuring one or two varieties each week or a melon of the week feature."

Dedicated shelf space and promotion can lead to even greater variety melon sales, he says. "Being able to count on a steady sales volume allows us to go back to the grower so they can plant the right amount and harvest at the right ripeness. This in turn leads to better quality and pricing."

"A few years ago, Safeway made a dedicated decision to bring in and promote mini watermelons and as a result they took off. We need a retailer, or retailers, to make the same kind of commitment with variety melons. In anticipation of this, we've increased our variety melon acreage from 300 last season to 400 this season," he concludes.

## 5. DISPLAY WITH FLAIR

Melon displays at Bigg's range from two 4x8-foot tables in winter to six in summer. "We'll add display space right before Memorial Day, although sometimes the watermelon volume isn't available, and run it through Labor Day. We'll add freestanding bins of whole watermelon during summer. Then,

it's back to cases during the colder times of year. Also during winter we'll sell more mini watermelon and cuts than whole."

Rice also displays melons year-round. "We'll have anywhere from 50 to 150 square feet of display and promote melons on end caps and tables," says Luchak. "We try to group all the melons together. If we have a particular variety on ad, we may also have it on secondary display up in the lobby."

"Let customers know when melons are ripe. Most shoppers ignore melons because they're unsure when they are ripe. Use signs to educate customers about determining ripe melons. Use 'ripe' stickers to familiarize shoppers with ripe melons. This will not only help increase customer satisfaction but will also help repeat sales," he adds.

Larger displays have been shown to increase sales volume, says Sundia's Fore. "Create large in-store displays in high-traffic areas. In addition, placing whole and cut watermelon close together creates great eye-appeal and has proven to increase sales of both an average of 67 percent."

NWPB's Hunt adds, "Our studies have shown that by using 2- or 4-color bins, you can increase watermelon sales on average 68 percent over generic bins and 149 percent over displaying watermelon on the floor."

Watermelon bins outside, at the entrance

and near the checkout lines can also increase sales, says Giumarra's Rendon.

## 6. PROMOTE IN SUMMER AND WINTER

Jungle Jim's International Market, a single specialty store in Fairfield, OH, promotes melons in summer, says Craig Steiner, general manager for produce and floral. "When the weather is hot, nothing is more refreshing. Last August, we promoted jumbo King of the West brand honeydew melons, grown by Turlock Fruit Company [Turlock, CA], at 2/\$5. These are huge melons we've had good success with because they're extremely sweet and shipped ready to eat."

The Fourth of July, says Manis' Rosen, "is peak time for watermelon sales, and promotional pricing is a magnet for consumers. Many retailers run watermelons as a loss leader or in truckload sales at this time."

Seasonal excitement, adds Capital City's Comito, "is lost now with year-round supplies, but the seasonal aspect is still important to moving volumes of watermelon."

Dulcinea's Del Rosario notes, "Three years ago, sales of watermelon tapered off by Labor Day. Now we're seeing increased usage into the fall. We've tried to encourage this by promoting watermelon at sporting events, such as tailgating." **pb**

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# Stone Fruit On The Menu

*Foodservice operators can delight diners by promoting the seasonality, taste and versatility of stone fruit.*

BY KIMBERLY RINKER

**W**hile stone fruit has never had a huge presence on middle and upscale chain restaurant menus, industry insiders are hopeful a new trend is on the horizon.

Historically, this category of fruit includes the soft-flesh stone fruit known as nectarines, peaches and plums. The genus *Prunus* also includes cherries, almonds and apricots, however they do not have the soft-flesh consistency shared by other members of this group. Stone fruits are so named because their seed is a large and centrally located hard pit. Most of these succulent fruits mature from May through September and grow best in warmer climates.

Wendy Brown, marketing director, Lane Packing Company, Fort Valley, GA, believes the peach is the best ambassador to promote more stone fruit use in restaurants. "Peaches are the best, because they're the most versatile of all the stone fruit. They're delicious fresh, and you can use them for cooking in a very upscale sense because they can be included in a wide variety of dishes. You can also freeze peaches for use at a later time, and they're great as preserves, salsas, sorbets and smoothies.

"We have 30 varieties of peaches that are grown at Lane from May through August. We're able to make our season last longer because we do have so many varieties," Brown adds. "Overall, the best peaches are grown here in central Georgia," she claims.

California commands most of the U.S. stone fruit production, with 90 percent of the industry concentrated in Fresno, Tulare and Kern counties. Thirty U.S. states produce peaches, with the majority of production outside California concentrated in South Carolina, Georgia, Michigan, New Jersey and Pennsylvania.

Nectarine and plum production is highest in California, with minor expansions found in a few other southwestern venues.

Mike Pereira, managing director of Delicious Foods, LLC, Fresno, CA, believes educating consumers is paramount for success in chain restaurants. "Using fresh peaches on salads is a great way to showcase the product. It adds flavor as well as color. You need to get stone fruit into the minds of consumers on a regular basis and show them how well stone fruits can blend into traditional and non-traditional dishes."

Chefs are the best way to inform consumers, he says, adding that once consumers are familiar with a product and enjoy it, they will start asking for it. "Chefs are great because they are food trendsetters. We run a program with our retail partners where we bring to their stores chefs who show patrons how easy it is to include various stone fruit into all types of dishes — from appetizers to salads to entrées such as grilled meat and chicken dishes, as well as desserts."

Pereira utilizes the talents of chef Steven Shipley, director of culinary relations for the College of Culinary Arts at Johnson & Wales University, Providence, RI. "We always try to get a local TV spot to run in conjunction with our retail presentations," Pereira says. "Steve will try to incorporate other items that are alongside the produce department in the store to encourage consumers to try dishes using stone fruit. One example is using sliced pears to complement ice creams."

John Hein, marketing director, Crown Jewels Marketing & Distribution, Fresno, CA, stresses the importance of restaurant chefs having sweet and fresh stone fruit at their fingertips. "I think first the product should be in its natural state for optimum use. Varieties that are high in flavor as well as color are going to enhance any plate. Right now our society is asking for fresh and healthful alternatives to traditional plates for health benefits and weight management. Stone fruits are both healthful and in most cases very colorful, making them very appealing to a consumer.



Photo courtesy of California Tree Fruit Agreement

**Versatile stone fruit can be adapted to both sweet and savory applications.**

"One chain that I think does a great job of promoting stone fruits is Claim Jumpers [a 43-outlet chain mostly on the West Coast and based in Irvine, CA,] which feature a great Asian Pear Salad that incorporates a variety of fruits," Hein notes.

## FOCUS ON FLAVOR

Bill Haskell, spokesman for Fowler Packing, Fresno, CA, says the focus should always be on the flavor first. "It's more about flavor than color ultimately. The use of stone fruit and their flavors should be driven by what the restaurant is looking to accomplish with its offerings. Of course, that means starting with a good-tasting fruit.

"We used to pack and ship our products in 1,000-pound bins and now we use a 2-layered tote," Haskell explains. "This allows for a riper, better piece of fruit going from the field to the restaurant chefs and [ultimately] the consumer. Restaurants are not in the fruit storage business and so it becomes imperative for them to have a daily supply of fresh items for use in their kitchens.

## Types Of Stone Fruit

According to Web site for the California Tree Fruit Agreement, Reedley, CA, these are the basic stone fruit types available from California.

### "FREESTONE" VS. "CLINGSTONE"

Most peach varieties are freestone and available May to October. Clingstone varieties are available as early as late April. The majority of nectarine varieties are clingstone and available in a similar time-frame as peaches; some freestone varieties are available in June and July. Most plum varieties are clingstone.

### SUMMERWHITE PEACHES AND NECTARINES

About 25 percent of California peaches and nectarines are Summerwhite varieties. They have a pale white-yellow skin with splashes of pink and pale white-yellow to pink flesh. They have the same sweet flavor when firm as when soft, so they are great for those who like a crisper piece of fruit.

### FRESH PRUNE PLUMS

Fresh prune plums are also known as SugarPlums! They tend to be elongated and have a mottled appearance with purple and greenish skin tones. SugarPlums! are known for their sweetness and are available beginning in mid-June and running through the end of August.

Specific stone fruit varieties, according to College of Agricultural Sciences, Pennsylvania State University, College Park, PA, include the following:

#### PEACH VARIETIES

**Harrow Diamond:** A medium to medium-large fruit with an attractive scarlet-red skin over a greenish-yellow ground color.

**Garnet Beauty:** A good early peach.

**Glenglo:** A yellow-fleshed peach that is attractive, medium large in size, moderately firm and semi-freestone.

**Redhaven:** The standard and most popular peach variety in the industry. The fruit quality is good, although fruit size may be small if it is not properly thinned. The fruit has above-average quality for freezing but below-average quality for canning.

**Harbrite:** Released from Agriculture Canada at the Harrow Station, this is a productive freestone with medium to large, round fruit.

**Redkist:** A medium to medium-large fruit with a crimson-red skin.

**Beekman:** A red sport of Sunhigh found in an orchard in Boyertown, PA. The fruit is very firm and of high quality.

**Harmony:** This is a productive, winter-hardy variety, with medium to large and freezes well.

**Madison:** This firm-fleshed, high-quality peach is good for freezing.

#### NECTARINE VARIETIES

**Harflame:** A medium, dark red-skinned fruit with a yellow ground color. The flavor is somewhat acidic but very good.

**Harblaze:** A medium to large fruit with bright-red skin with an orange-yellow ground color.

**Crimson Snow:** This new white-fleshed nectarine has a pinkish overcolor with a slight greenish ground color.

**Fantasia:** A large, yellow-fleshed fruit that is firm, highly colored and of good quality.

**Redgold:** A good late-maturing freestone with red over yellow skin color. The flesh is yellow with red around the pit.

#### PLUM VARIETIES

**Methley:** Early-ripening with good quality and appearance. It has round, sweet, very juicy purple fruit with a red blush.

**Shiro:** Round, yellow with an occasional pink blush, and very juicy.

**Ozark Premier:** Large, bright red fruit with a tough skin. The flesh is yellow and juicy and of a fair quality. The flavor tends to be on the tart side.

**Seneca:** A recent release from Cornell University. The fruit are large, reddish blue and have excellent dessert quality.

**Stanley:** A medium, dark blue freestone that is very well suited for processing and drying. The flesh is greenish yellow, juicy, and fine grained.

#### APRICOT VARIETIES

**Veecot:** The fruit is medium to large, round and very firm with a deep-orange color. The flesh is smooth textured, slightly juicy and cans well.

**Hargrand:** These glossy fruits average a 50 percent orange-red surface blush. The fruit is somewhat flattened but has a mild good flavor.

**Harogem:** A medium-sized fruit that has a bright-red, glossy blush over an orange background.

**Harlayne:** Bright-red, blushed fruit, small in size, best suited for fresh eating. **pb**

"These days, everyone's looking for an edge — from the restaurant chefs to the consumer," Haskell continues. "Stone fruit gives chefs an edge in terms of flavor and health benefits. They are low in carbohydrates and great for weight management — and, they produce extremely tasty meals."

Angela Eastham, Pacific Trellis Fruit, Reedley, CA, says chain restaurants can capitalize on the seasonality of stone fruit to gather a strong consumer following. "With spring and summer quickly approaching, it's a great time of year for restaurant chefs to take advantage of stone fruit offerings. Adding nectarines, for instance, to a traditional green salad gives it a more intense flavor and is great for color enhancement. Nectarines are also great for sorbets, cheesecakes, ice creams and smoothies.

"We participate in the Produce For Kids [PFK, based in Orlando, FL] program," she adds. "We've found that if kids like a product, they'll influence their parents to purchase it. Parents are always looking for a healthful snacking alternative, and stone fruit is it."

"I think if you can educate and bring tasty recipes to the public's attention, then you can trigger people to purchase more of these items for at-home use," she continues. "Restaurants such as Applebee's [based in Overland Park, KS] have a great salad with cranberries, oranges, nectarines and berries. Claim Jumpers offers a seasonal fruit melody that is outstanding, too."

## USE STONE FRUIT TO SPARK CREATIVITY

Food operators and chefs can use stone fruits in a variety of ways, both classic and trendy, says Elizabeth Wallace, spokesperson for the Georgia Peach Commission, Fort Valley, GA.

"The paying customer always has an appetite for seasonal fresh-fruit desserts, whether a rustic cobbler in a family-style restaurant or a delicate handmade tart served in a white-tablecloth establishment," she notes. "Beyond that, some of today's most popular food trends highlight the use of fruit — including salads that pair mixed greens with peaches and nuts, meat dishes with spicy sweet-tart fruit accompaniments or sauces and the growing popularity of cheese boards that are ideal for serving fruit."

"Moreover, American consumers are more aware of the pleasures of seasonality with fruits and vegetables," Wallace adds. "The arrival of the season's first bushel of peaches can be cause for a special promotion. So it's not just the eating of fruits that Americans appreciate — it's also the celebration of them. Consider all the food festivals in this country."



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"High-end restaurants tend to do the best job of using stone fruits in creative, well-executed dishes," Wallace continues. "But as competition in mid-range casual restaurants heats up, there's more need for these operations to distinguish themselves from each other. Using stone fruit in a recipe in clever ways and promoting a commitment to fresh, seasonal ingredients — like Georgia peaches — is a very effective way to do that."

Mark Givens, foodservice director for Ripe N Ready, Parlier, CA, says restaurants are missing out by not promoting stone fruit more aggressively on their menus. "Right now, I don't think there are any explosive promotional programs that focus directly on stone fruit in middle- to high-end chain restaurants. We still need a lot of work in this area. In restaurants — especially chains — I see a small growing phase of stone fruit use, but I don't think there's really one chain that utilizes the product like they could."

Phil Neary of the Jersey Fruit Cooperative Association, Inc., Glassboro, NJ, agrees with Givens' assessment. "The restaurant chef who doesn't use a stone fruit of some variety is really missing out. There are so many kinds of peaches and nectarines available nowadays. This category has diversified well beyond the traditional 'dripping down your chin' ripe peach. We have all types — such as white and yellow varieties — that produce a myriad of fleshes.

"Consumer surveys have shown that peaches are used a lot in breakfasts and desserts prepared in the home. If consumers are using stone fruit at home, then there's certainly the appeal that transfers over to restaurant offerings. I think the use of these items in restaurants can be as creative as the chef is willing to be," Neary adds.

Peggy Adams, a consultant with the New Jersey Peach Promotion Council, Montclair, NJ, hopes to expand on a program she started last year that included a month-long peach festival. "We featured a media day where we invited members of the press to come and see what peaches are all about at the Frog & Peach restaurant in New Brunswick.

"We worked with the New Jersey Restaurant Association and featured a peach tasting day for chefs. I was hoping to get a handful of chefs and 14 showed up! This year we're hoping to include consumers, and we're asking the governor to declare August as New Jersey Peach month," she adds. "We're also going to try to get New Jersey restaurants to feature peaches on their menus that month and list the farms where those particular peaches were grown."

Jeanine Martin, sales manager, Simonian Fruit Company, Fowler, CA, thinks restaurant chefs should first offer stone fruit

in its most basic form. "I think stone fruit should always be offered fresh on the table. It's a healthful choice. If you travel overseas, many restaurant tables there will offer a plate of fresh fruit instead of rolls or bread. I've always been impressed when I've witnessed this.

"There are so many ways to prepare stone fruit and to me, when a plate of these items are offered, it makes the restaurant the hero," she explains. "I don't have to think about the butter that I'm going to be putting on my roll — I've been provided with a healthful alternative from the get-go. The restaurant has already made the choice for me. I think, given the choice, many people here in the States would prefer having a plate of fruit over a basket of rolls.

"I don't really see many chain restaurants doing a good job with stone fruit," Martin continues. "I might find a piece of stone fruit on my plate as garnish, but I consider this just a token. I think foodservice personnel really need to get serious. They need to do more — like promoting stone fruit on a seasonal level if nothing more. If people are given a chance to try stone fruit, they might figure out what they're missing and start asking for them on more occasions — prompting chefs to respond with more creative dishes utilizing these great products."

Jim Pandol, of Pandol Brothers, Delano, CA, agrees not enough restaurants are doing a good job with stone fruit and says the best way to promote stone fruit is through more traditional advertising venues. "Stone fruit is a tricky dimension. I don't see any restaurants that really focus on this product consistently. I think if you give consumers the mindset that eating stone fruit is an experience — if you make the fruit sexy — then you can hook them into consistency.

"What we've seen over time is that you play the 'healthy' card too often and it can backfire," Pandol adds. "With stone fruit, I think the approach to take is to say, 'Hey, when you eat this, you feel good, you feel sexy and you have a good time.' You want to create the desire within the consumer to want these products. Make stone fruit the 'in' thing to eat. After all, food is a fashion, like most anything else, and a lot of people go to restaurants for the overall experience, not just for a meal."

"If, as a restaurant, you can encourage your chef to look at his meals as 'art on a plate' that complements the overall aura of your restaurant, then you're going to achieve this mindset within the consumer," he concludes. "Stone fruit is the perfect addition within any restaurant because of flavor, color and texture — there's something there for everyone to enjoy."

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Reader Service #134

# Portability, Longevity And Taste Pack Profits In Produce

*The great taste and convenience of dried fruit, nuts and trail mixes spur both impulse and repeat sales.*

BY TRISHA J. WOOLDRIDGE

Consumers are increasingly focusing on eating healthfully and staying fit while they try to balance work, family, school and other responsibilities. They need convenient food, but much of the available food-to-go is unhealthful. Dried fruit and nuts, combined in trail mixes or on their own, appeal to the busy consumer who does not want to sacrifice taste, health or convenience.

While individual stores may be seeing only moderate sales, the category is steadily growing, notes Andy Stillman, president of Amport Foods, based in Minneapolis, MN. "The whole country is buying more."

Mark Bagley, senior vice-president of sales and marketing for Sun-Maid Growers in Pleasanton, CA, notes, "Dried fruit has low shrink, low labor and a long shelf life. There is enough flavor availability to produce profit without shrink."

The growing popularity of outdoor sports and activities as well as the desire for foods that can be tossed into a lunch bag, pocketbook or briefcase has brought healthful, portable snacking to the mainstream consumer. Terms like GORP — Good Old Raisins and Peanuts — have moved beyond the pages of hiking and backpacking magazines and onto the shopping lists of consumers who want to benefit from high-energy snacks that taste good and satisfy throughout the day.

"The No. 1 selling dried fruit is raisins," says Bagley, and the No. 1 size sold is the 1.5-ounce or 42-gram box. "Each box is one full



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Photo courtesy of National Peanut Board

Consumers want healthful grab-and-go snacks.

fruit serving," he says, adding that the packaging not only makes the snack portable but also makes it easier to follow the suggested serving size.

"If you want to give consumers a healthful punch

that is great tasting," advises Raffaella Marie Fenn, president managing director of the National Peanut Board in Atlanta, GA, "put peanuts in the mix. There's very little that doesn't match well with peanuts."

Peanuts and raisins are a popular combination because the mix provides a high level of nutrients, natural sugars for immediate energy and protein to maintain energy levels. On top of all that, they are highly portable, will not go bad and taste good.

"Raisins are fat- and cholesterol-free, naturally low in sodium, packed with antioxidants and proven to help heart and colon health," explains Michele Meisch, marketing manager for California Raisin Marketing Board (CRMB) in Fresno, CA.

"Peanuts bring in high vegetable protein. They contain a tremendous amount of energy and contain no cholesterol and no trans fats. They also contain more than 30 essential vitamins and nutrients, including magnesium, folic acid and niacin. The nutritional profile for peanuts is awesome, the taste is resonating, and the satiety is high — they hold off cravings longer," Fenn elaborates.

Good old raisins and peanuts are joined by a number of other excellent portable snacks in the dried fruit and nut section. Dates, for example, are also a source of healthful convenience.

"Dates are nature's candy," says Lorrie Cooper, manager of the California Date

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Commission, Sacramento, CA. "Among dried fruits, dates have the highest antioxidant level. With the current health craze, antioxidants are big." Dates are also easy to eat and

**"In terms of selling more stuff, nothing beats the '4 Ps.' Place your Product in a high traffic area. Price it attractively and Promote it to your audience."**

**— Jane Asmar  
National Raisin Company**

transport. "You can put them in little snack baggies and take them jogging and hiking. It works for whole and chopped dates."

A variety of dried fruit makes it easy for consumers to eat nutritional snacks. These "nouveau health foods," according to Amport's Stillman, "include berries, cherries, trail mix and more exotic nuts."

Dates have been part of the trail mix used in school lunch programs for at least five years, according to Cooper. While dried fruit and nuts offer wholesome alternatives for an on-the-go lifestyle, trail mixes combine the goodness in one portable pouch. There are a lot of choices out there, but the explosion of variety in this category can make trail mix selection overwhelming.

"Whenever a category is extremely popular, it will be saturated," explains Stillman. "There's a science to trail mix — not everything works." He suggests a limit to how many trail mixes a produce department should have. "There are too many choices that only have one different nut and are too similar. You don't need 30 varieties. You should have six to eight types that vary enough to give the broadest appeal."

Stillman recommends one spicy flavor, one candy variety, one raisin and nut combination, one fancy option, one exotic choice and one granola-based mix.

#### MERCHANDISING GOOD HEALTH TO-GO

One of the most important keys to selling dried fruit, nuts and trail mixes is visibility. Since about half of the sales are still impulse, consumers need to see the items before they think to buy them. On the other

## Signature Trail Mix

Some retailers have embraced the health trends driving sales in dried fruit and nuts and now offer their own signature trail mixes to consumers. This can lead to another avenue of sales — or it could create shrink problems.

Andy Stillman, president of Amport Foods, headquartered in Minneapolis, MN, explains one of the biggest mistakes stores make. "They use rigid containers, plastic tub quarts, cups, platters, etc." These containers are less portable because of their bulkiness. Even more importantly, they do not keep out air. "The No. 1 enemy if trail mix is oxygen," he says. "A rigid container can't keep out oxygen."

Stillman suggests a resealable, gusseted bag because, "as the product gets used, it gets smaller and more convenient."

Stores with bulk bins may be tempted to mix nuts and dried fruit. As with packaging, controlling oxygen helps maintain freshness. Another option would be to post recipes to make and use trail mix near the bulk nuts and dried fruit or bulk packages of dried fruit and nuts.

Stillman says chains can also order signature trail mixes from distributors. This option allows them to create their own brand in airtight packaging with a nitrogen flush to ensure the longest shelf life and maximum freshness. **pb**

hand, even loyal customers do not want to have to search out their favorite snacks.

"If customers don't find what they want, they will change stores," says Stillman. He believes customers perceive the produce department as the most healthful section of the store, so that is where they would expect to find healthful choices, such as the dried fruit, nuts and trail mixes.

"As a consumer myself, I see apples, oranges, etc., all displayed nicely. They don't display dates openly like other fruit. Dates don't get respect. I'd like to see a little better exposure," comments Cooper of the California Date Commission.

"In terms of selling more stuff, nothing beats the '4 Ps,'" notes Jane Asmar, National

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Raisin Company, Fowler, CA. "Place your Product in a high traffic area. Price it attractively and Promote it to your audience."

One way to increase visibility is to group all of the dried fruit, nuts and trail mixes together. Cross-merchandising also increases visibility. Raisins and dried fruit complement oatmeal and other cereals, for example. Peanut butter with dried fruit is another excellent snack match that is also portable. Bagged salads paired with dried fruit and nuts make a convenient lunch or dinner.

Asmar suggests, "Dried fruit's non-refrigeration advantage lends itself to tie-in displays with non-produce categories, such as cereal, juice, dipping sauces and baking. In addition to cross-category merchandising, we would recommend secondary dried fruit displays during kid-oriented events, including, but not limited to, fourth quarter holidays and family gatherings, Easter, Passover and spring promotions, summertime and back-to-school."

Last year Disney contacted National Raisin to create a portable, portion-controlled snack that would adhere to the Disney nutritional guidelines. The packaging features new and old Disney favorite characters, and according to Asmar, "The kids love it. Moms can feel good about giving these snacks to their children."

Education can also help increase sales in the category. Most consumers know these items are healthful, but they may not realize the extent of the nutrition these products offer. Offering information on serving sizes and showing consumers what they can do with these items will also boost sales.

"There needs to be more point-of-sale education in the produce section," relates CRMB's Meisch. "Most people in the produce department are computer savvy, so have a computer kiosk with a printer so they can look up the health benefits, recipes and what to do with different items." For a simpler educational promotion, she sug-

gests posting general health guidelines with the product.

"We offer services and chef consulting services to stores for portable snacks. We hope retailers would use our help. We can be a proprietary source for them," relates Bob Coyle, marketing team

leader for the National Peanut Board, Atlanta, GA.

Bagley of Sun-Maid also suggests contacting the Produce For Better Health Foundation, Wilmington, DE, and its *Fruit and Veggies – More Matters* campaign, which is dedicated to getting American consumers to increase their intake of fruits and vegetables, for more educational information how to market health benefits.

"Today there is a movement in health food," states Amport's Stillman. "These are an impulse and a loyalty item. People buy them to eat on a regular basis." **pb**

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<b>Todd Amidon</b> Tops Iroquois, NY	<b>Paul Cettel</b> Publix Sarasota, FL	<b>Drew Frandy</b> Publix Longwood, FL	<b>Dennis Hite</b> Shaw's Supermarkets Plainville, CT	<b>Jack Pitcher</b> Martini's Super Market Granger, IN	<b>Darryl W. Smith</b> Publix Acworth, GA
<b>Martin Baker</b> Community Markets Marion, OH	<b>Barbara Czecezy</b> Ship-N-Save Canonsburg, PA	<b>Alice Fryar</b> Harps Food Store Fayetteville, AR	<b>Bob Martindale</b> Ingles Murrytown, TN	<b>Benedick Roddy</b> Hy-Vee Sioux Center, IA	<b>William Strain</b> Publix Valrico, FL
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Reader Service # 109

# Exotic Plants And Flowers

*Consumers looking for cutting-edge exotics are turning to the supermarket floral department.*

BY HEATHER CROW

Supermarkets that carry floral products are outpacing traditional florists when it comes to sheer numbers. According to the Society of American Florists (SAF), Alexandria, VA, 23,000 supermarkets now sell flowers, while traditional retail florists account for 22,753 shops. With the growing number of floral outlets, consumer trends and tastes have become more sophisticated, dictating that a wide variety of inventory of plants and flowers be made available.

The SAF also reports that plants, rather than cut flowers, account for 67 percent of all floral purchases, with two-thirds of purchases for one's self and the other third for gifts. With these trends in mind, it becomes increasingly important for floral departments to carry the types of products that today's consumer wants to buy.

Exotic foliage plants work well for produce departments because they have a long shelf life. Exotic blooms tend to last longer than the more common blooming plants such as mums, begonias and roses. "Most exotic plants will do well in the low lighting environment of a supermarket, and require only weekly watering," explains Bob Reidmuller, resident horticulturalist at Altman Plants in Vista, CA

The term "exotic" has almost as many meanings as there are people trying to define it.

Tom Lavagetto, owner of Floral Consulting Group (FCG) in Spokane, WA, divides exotics into two groups: "Flowering — which can be difficult to identify but generally includes orchids, bromeliads and anthuriums — and foliage."

"The number of truly exotic plants is vast and can be a bit alien and too exotic in a number of ways," says Reidmuller. He



**Flowering exotics include, among others, bromeliads and orchids.**

includes dwarf banana, cacti, succulents, ponytail plants and carnivorous plants such as the Venus fly trap, lumping them together as "what I think could be considered 'what the average non-plant person' would entertain as an exotic plant purchase."

Louise Strutner, company representative for Nurserymen's Exchange, based in Half Moon Bay, CA, adds lucky bamboo, protea and "art form" bonsai to the list.


Lavagetto calls exotic foliage plants the forgotten category that too many supermarkets neglect. "Not only are there many species of orchids and bromeliads but there also is so much innovation in the foliage industry today." He recommends floral managers ask their foliage vendors about the extensive variety available. When it comes to exotic foliage sales, he notes, "There is definite opportunity there."

Customer demands have changed over time, notes Margaret Harris, floral specialist

in the floral department at the Odessa, TX, outlet of San Antonio, TX-based H-E-B Grocery Company. "Customers are different in different towns. Our Midland [TX] store used to sell more expensive flowers and plants than here, but now the Odessa store is beginning to sell bromeliads and more. Many customers request upgrades, especially if it is a gift or even for a funeral. They like bows and upgraded pots and containers."

When choosing which plants to stock in the floral department, "The most exotic and often slow-growing plants require pre-booking through your suppliers — sometimes six months to a year in advance — and are more difficult to get. Work with your growers to get a good variety," advises Lavagetto.

Still, carrying such a variety is worth it, he believes, because "The consumer is always looking for something new and different. When the 'look' of the floral department is constantly changing, your buyers



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become more consistent. While a customer may only buy a mum two or three times per year, a changing variety offers more potential for regular purchases. By always keeping the department fresh looking, customers buy more often, translating into more dollars."

**MERCHANDISING MATTERS**

Michael Kent, co-owner of Kent's Bromeliads, headquartered in Vista, CA, recommends retailers "make a splash when merchandising exotics. Just as floral departments display large numbers of poinsettias at Christmas, a big splash of exotics of the same color makes a difference and works best with many plants of the same color and same variety."

He also recommends matching the color groupings to holidays. "Use orange and yellow in the fall, pink, yellow and white at Easter and Mother's Day, and red at Christmas and Valentine's Day."

FCG's Lavagetto agrees that large same-color exotic displays spur purchasing. "While decorative collage type displays may look pretty, they don't draw the consumer in to buy like large groupings do." In a vignette display, it can be difficult for consumers to choose which aspect of the display they like, resulting in no sale. He believes large groupings of the same item make it easy for them to purchase.

Strutner of Nurserymen's Exchange takes the grouping idea a step further, recommending grouping like-themed plants, such

as Asian, together. A display might include "river rock, art-themed bonsai, koi, lucky bamboo, etc."

"No one knows how to best display by color like the produce department in a supermarket. Merchandising by color and using contrasting colors makes a huge difference," says Lavagetto. He illustrates the point by describing the apple display.

"Apples are grouped together in large color blocks, often with contrasting colors displayed next to each other — red apples next to green. This can be translated to orchids, for example, by grouping a mass of whites near a mass of purple blooms."

And just as with "customers who come into the produce department with only one or two items on their grocery list and leave with several, they are drawn in by the large displays of contrasting and blocked color. It works for plants as well."

In addition to block merchandising by color and variety, Altman's Reidmuller recommends taking old-fashioned cross-merchandising up a notch. "Some varieties that may do well in the produce department and merchandised with tropical fruits are those that are usually associated with tropical islands, such as orchids, anthuriums and dwarf bananas."

Another example he suggests is utilizing seasonal items such as summer patio furniture and coolers. "Bring some of these items — typically located 15 feet up in the air on top of a freezer case — up front intermingled with palms, orchids, figs and maybe even some special cases of beer to invoke that 'lazy days of summer on the patio' feel." The bonus, he says, is that customers who do not want to bother finding someone to pull these items down would be more likely to purchase both when they are displayed together.

He has other suggestions as well, such as "a display of tortilla chips and salsa, some crates of avocados and a side display of cactus plants — just the right accent for someone's Southwest theme buffet table."

Strutner also has merchandising pointers along these lines, advising floral departments to "Merchandise exotics with care information, decorative pots and backup material — such as *Sunset Magazine*, *Architectural Digest* and *Better Homes & Gardens* — to show they are trendy and how to use



Photos courtesy of Nurserymen's Exchange



them in the home. Exotics should be unusual enough to draw a customer's interest without appearing to be difficult to care for."

In addition to creative cross-merchandising, there are also a few practical pointers. Reidmuller reminds retailers to "place displays near checkout lanes for customers to make a last minute convenient impulse buy after shopping."

Kent, of Kent's Bromeliads, believes it is important to use decorative pots "above and beyond the traditional. Use Euro-styled pots or clay pots. The old plastic slip-on cover doesn't work anymore."

H-E-B's Harris has an even more practical idea. "We place more expensive plants, such as orchids, up high — otherwise children grab them and destroy the blooms." Placing exotic plants at eye-level or higher has the added benefit of allowing them to be seen from a greater distance, particularly when they are blocked by color.

For supermarket floral departments competing with traditional retail floral shops, offering a sophisticated, ever-changing display of plants and flowers can mean the difference between customers who occasionally pick up a small plant and those who make the floral department a destination. By offering upgraded choices and a wide variety of unusual offerings, supermarket floral departments have taken the lead in the retail floral industry.

Although the average ring of a supermarket floral purchase is about one-third the ring at a traditional retail florist, the trend is changing. Carrying more upscale and interesting varieties of plants can help further that trend — and translate to bigger profits. **pb**

**Exotic Plants Suitable For Floral Departments**

**Blooming**

- |            |              |
|------------|--------------|
| Anthurium  | Oncidium     |
| Bromeliads | Orchids      |
| Cattleya   | Phalaenopsis |
| Cymbidium  | Protea       |
| Dendrobium | Vanda        |

**Foliage**

- |                        |                |
|------------------------|----------------|
| Alocasia               | Pitcher Plants |
| Art Form Bonsai        | Pony Tail Palm |
| Cacti/other succulents | Rheo           |
| Carnivorous plants     | Sago Palms     |
| Dwarf Banana Trees     | Venus Fly Trap |
| Jade/Money plants      | Weeping Fig    |
| Lucky Bamboo           |                |



# Seven Ways to Attract High-Spending Boomers

**Y**ou've heard the buzz about Boomers. They number some 78 million strong, represent roughly 25 percent of the population and control 67 percent of the country's wealth. So how can produce marketers tap into this rich vein of high-spending consumers? That's a good news/bad news story. The good news? Affluent Boomer shoppers are drawn to stores with strong fresh departments and spend 45 percent more per trip on produce than low-income households. The bad news? Their quality and variety standards are very high.

According to Todd Hale, senior vice president, consumer and shopper insights for Nielsen Homescan & Spectra [based in Schaumburg, IL], "Strong fresh food sections act like a magnet for affluent shoppers who make 56 percent more trips than the average household to purchase fresh produce. But the quality and selection better meet expectations, or they'll change formats."

Here are seven practical suggestions for reeling in Boomers at retail.

**1. Focus on value-added products.** First came bagged spinach, quickly followed by peeled baby carrots, entrée salad bowls and dipping cut vegetables. Redefine value in terms of the aging Boomer cohort and anticipate changes in schedules, household size, metabolism and general health. Then consider the implications for package sizes, blends with specific benefits such as active body or healthy heart, add-ins like nuts, berries or more exotic items to add crunch and visual contrast while boosting nutrient values or enhancing the ability to absorb vitamins.

**2. Emphasize vitality and wellness over health.** Aging bodies need their vitamins and minerals, and educated Boomers recognize that fresh fruits and vegetables are the best source for both. Perhaps that's why 57 percent of Boomers now eat more fruits and vegetables. Emphasize the benefits of looking good and staying active over the medical aspects when shaping messaging for this "adult adolescent" market segment.

**3. Stage with an eye on the affluent.** Generate some in-store theatrics using the intrinsic sensory appeal of fresh produce. Colors. Shapes. Sizes. Scents. Textures. Fire up the barbie and entice customers to the in-store grilling station. Properly displayed, merchandised and offered as samples, produce can become a destination area within the store. Extend the produce footprint by cross-merchandising in other departments, positioning grapes near the wine or the cheese, herbs near meat cases, or consider taking your farm stand curbside.

**4. Leverage new items, flavor profiles.** What drives Boomers?

Experiences. They're into collecting memories, not material things. Rotate exotic fruits and vegetables throughout the year, making sampling and shopping your product line an adventure in discovery. Don't be afraid to go bold with flavors, either — taste buds begin to lose sensitivity at age 40 in women and 50 in men. Spices are the hot new "essence" of health and vitality, boosting flavor while reducing the need for sugar, salt and fat. Invite a local celebrity chef to create original recipes using the unusual ingredients.

**5. Modify package designs.** Aging eyes demand more than larger type and higher contrast — they literally need more light to see. The number and size of muscles decreases with time, making package weight a consideration. Grip strength diminishes with age as well, calling for smaller profile packages and less-slippery surface materials.

**6. Adopt responsible sustainability policies.** Go green or go home. A responsible corporate sustainability policy has become a table stake in the consumer marketing game. From waste management to energy conservation, organic offerings to fair-trade sourcing, consumers expect companies to do well by doing good. Remember that Boomers are the original environmentalists, lobbying for clean air, recycling and saving the whales back in the day.

**7. Demonstrate extended use ideas.** Fruits and vegetables are all the rage among chic floral designers — even showing up tabletop at weddings. Melons, gourds and peppers can serve as bowls or display bases for hors d'oeuvres. An assortment of exotic produce makes a novel thank-you present. Prepare and serve non-alcoholic versions of popular fruit-based drinks to generate some in-store buzz. Alternative uses can boost consumption, trip count and basket size by getting consumers

thinking about produce in a whole new way.

As the sandwich generation, Boomers influence buying decisions beyond the threshold of their own home, making recommendations to aging parents, adult children, friends and acquaintances, sharing their new learnings and experiences. Boomers intend to age into life instead of aging out, reaching out to explore new ideas, seeking new experiences and living life to the fullest. **pb**

*Laurel Kennedy is president of Age Lessons, a Boomer think tank and consulting firm.*

*Melissa McDill is president of McDill Associates, a graphics and package design firm whose innovations, like the footed salad bowl, have earned global patents and changed the produce industry.*

**Boomers influence buying decisions beyond the threshold of their own home, making recommendations to aging parents, adult children, friends and acquaintances.**



# A Long-Term Outlook

**D**uring the last several years I recall reading in both my *Cornell Alumni Magazine* and the Cornell Johnson School of Business periodical about a member of the Cornell Board of Trustees, Irene B. Rosenfeld, who has a PhD from Cornell focused on marketing and statistics.

This educational background served her well as she started a 20-year career at General Foods, beginning in consumer research before moving into product marketing. While climbing the ladder at Kraft, she held key management positions in Canada and Mexico as well as the United States before being appointed president of Kraft North America.

Among her leadership accomplishments was overseeing the integration of Nabisco into the corporate organization. With the management expertise gained at Kraft, Pepsi Co. Inc. choose Ms. Rosenfeld to become CEO of Frito Lay in 2004. In mid-2006, she returned to Kraft as CEO.

One might speculate what such successful experience marketing processed product has to do with perishable product. According to an interview reported in the *Wall Street Journal* in early 2007, her marketing approach speaks volumes to the retail industry, to product development and to the distribution system.

For generations Kraft has been an exceptional marketer of meal components such as cheese, crackers, meats, coffees and cookies. The future direction is taking these assets and, instead of looking at them from a manufacturing perspective, viewing them as the consumer sees them. The perspective is not on product per se, but rather on its uses.

All of this leads to the concept of developing and selling more complete meals, including ready-made sandwiches and pre-packaged salads. An example is Kraft's launch this past January of a product line of hot sandwiches called Deli Creations. The sandwiches are cool to the touch, but after 60 seconds in a microwave they taste freshly baked. It replaces sandwich components manufactured and then sold individually for consumer preparation. Kraft also has a line of South Beach Diet salad kits for display in the lunch meat section.

Now Kraft has started test marketing four kinds of Fresh Creation salads that come in single-serve bowls in the produce section. The objective is to attempt to replicate restaurant-quality salads.

In other words, Kraft is offering favorite foods in a more convenient form to meet a new definition of cooking for today's consumers who use microwaves in contrast to their mother's use of a

stove, oven and all of the associated activity. Now the focus has changed to assembly of the meal rather than preparing and cooking the meal. We see the future as accelerating the continuation of the trend.

As part of this trend, Ms. Rosenfeld's projects and evolution are organized. What once was called retail individual item tie-in selling should become large groups of related items displayed according to consumer usage rather than the commodity selling as it is primarily done today in most mainline supermarkets. For this to be successful, retailers are going to have to start thinking outside the box,

forgetting everything they ever knew about conventional food retailing. Organizational structure will be open to change. A strategy matching supplier initiatives with consumer desires will need to continually evolve.

Ms. Rosenfeld — with her focus on the consumer and looking for long-term solutions — is attempting to align Kraft's production and marketing with consumer trends and expectations. In this day of emphasis on next quarter's financial returns rather than longer-term growth of profitability, the challenge is only for the brave and confident. Managers are continually faced with choosing between profit and growth, short- and long-term objectives, success of individual departments and the whole. All are daunting. Perhaps the most effective strategy becomes the focus on customer benefit.

Just the mention of pre-packaged salads by the CEO of Kraft should turn on a few light bulbs. One of Ms. Rosenfeld's tips for growth is "test and learn. Most big ideas didn't start that way." In fact, experience teaches that most new concepts have flaws at the time of initial implementation. Fortunately, progressive innovators see the glass half full instead of half

empty. They are willing to make concepts viable over extended time. Just think sugar-free Jell-O with fruit — it provides healthful, tasteful eating and another step toward expanding future fruit consumption. "More Matters."

The change of baking from scratch to using a prepared cake mix was just an early step in food product evolution. Now with globalization, varietal development, fast-moving technology changes and structural business changes, those involved with the fresh fruit and vegetable industry need to be observing what major packaged food processors and marketers are doing to develop programs for both today's and tomorrow's consumer. The wave has started. Are you prepared for the adjustment?

**Managers are continually faced with choosing between profit and growth, short- and long-term objectives, success of individual departments and the whole.**



# Turn Your Marketing Into An **Awarding** Experience

Right now, and on through July 7, 2007, we're taking entries for the **19th Annual Marketing Excellence Awards Program**, presented by **PRODUCE BUSINESS**. The awards recognize excellence in marketing in each of five categories: retailers, restaurants, wholesalers, shippers, and commodity organizations. Print, broadcast and other media are eligible to win.

## To participate, send us the following:

1. Your name, company, address and phone.
2. Type of business.
3. Names and dates of promotion (must have taken place between June 1, 2006 and May 31, 2007).
4. Promotion objectives.
5. Description of promotion.
6. Promotion results (sales or traffic increases, media attention).
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Desert Glory, Ltd — Naturesweet Tomatoes  
Diamond Foods • Family Tree Farms  
FL Tomato Committee • The Giumarra Companies  
Grimmway Farms • Idaho Potato Commission  
J. Kings Food Service Professionals  
Litehouse Foods and Rainier Fruit Company • Litehouse Foods  
Mann Packing Company, Inc. • Mastronardi Produce Ltd.  
Melissa's/World Variety Produce., Inc.  
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NC Department of Ag. • Sammy Fruits S.A.  
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# E.U. Expansion And Residue Reduction

**T**his month I am happy to substitute for our long time friend and columnist, Robert Zwartkruis. We wish him a speedy recovery and hope he'll be back to you soon with his unique reporting of the European market.

First, I'd like to give you a rundown of what's been happening in Europe day to day and then focus a little on a new development that, in our opinion, will have significant impact on how we do business in the fresh produce industry.

Europe has just come off one of its warmest winters, yet consumption of fresh produce has been down year-to-date compared to 2006, which was one of the colder winters! Explanation? We really have none! Normally, Northern Europeans start eating more citrus the colder it gets. This year consumption is near last year's.

Consumers usually consume more grapes the warmer it gets. This year consumption is down even on last year. Even weekly consumption data only tells us what happened after the fact. That is the charm of our industry. There is only so much we can predict. Yes, certain products can be moved through price elasticity, others react to more emotional aspects and with yet others, it does not matter what you do.

Overall the European market this winter has not seen any shortages like 2006, behaving more in line with 2005. Southern hemisphere markets are shipping ample supplies to the European Union. A strong Euro is an added benefit and should not be underestimated in the decision-making process of growers/exporters. Fortunately, the European Union has been expanding and, with 27 member states, the

amount of consumers has grown in absolute numbers. This is necessary as the "legacy" markets, such as Germany, France and the United Kingdom, are full and, for all intents and purposes, saturated.

Then there is the specific issue of Maximum Residue Limits (MRL), which Greenpeace has made top-of-mind for every operator in Europe. Greenpeace regularly takes samples off the shelves and them for residue levels. It has communicated the results aggressively and directly to the consumers, putting the German retailers on the bench of the accused. This in turn has had a major effect: German retailers — in particular German discounters (Aldi, Lidl) — have taken drastic actions to avoid future criticism. What until recently was perceived the "dumping ground" of Europe now has arguably the strictest food safety standards worldwide!

Non-produce crises, such as mad cow's disease, swine fever, dioxin chicken and so on, led the European Union during the '90s to implement strict, mandatory food safety and hygiene codes. This was complemented by stricter codes from the retailers. Effectively, all fresh produce inside the European Union — imported or locally

grown — is now by law fully traceable upward and downward and no retailers will take any fruit that is not EurepGAP certified nor will they use service providers that are not BRC (widely covered recently by the Perishable Pundit) or IFS certified.

We are all perfectly accredited, but there is no guarantee of 100 percent safe food. All you need is a grower using other pesticides than he records in his spray diary (or climate simply forces him to save the crop and thus residue levels upon arrival exceed MRLs), contamination of an adjacent field with a different crop on it and so on.

Produce is as safe as it has ever been, but Greenpeace has highlighted that E.U. regulations are far from harmonized. Residue limits vary from one member state to another, and as long as the European Union has not harmonized the MRL, each member state must

enforce its own laws: So if you want to market produce inside the European Union, you'd have to have it tested for every single market.

Furthermore, there is still room to discuss MRLs. The European Union believes an excess MRL poses no health risk. Greenpeace says a cocktail of various pesticides can pose a risk even if all individual pesticides are within limits. The only known fact today is no one has died due to pesticides residue.

The argument can be made either way and with all the "spin," near hysteria and fearmongering, we are still far from a levelheaded debate. For now, there is only one party speaking out, and it is not the fresh produce industry!

German discounters are arbitrarily enforcing their own MRLs, which are set anywhere between 33 and 50 percent of the MRL. We

must have each lot tested for 500 active ingredients — at a cost of €200 per test — and only then does a discounter decide whether to buy or not. Remember the days we just fought over price?

This has changed the buying dynamics tremendously, and the effects will be strategically interesting at the very least. Does an operator now pursue a fully integrated supply chain? Is a discounter willing to hand over its strength of flexible spot buying? The answers will likely differ for each operator and retailer. What will happen is that no longer just U.K. buyers, but now all E.U. buyers, will enforce stricter codes in the global quest for fresh produce.

For all of you readers who wonder whether one-third of the MRL is at all possible, the answer is simple: YES. Growers from around the world have proven this for months. The problem only arises when, prior or during harvest, products need to be sprayed due to rain — then one can forget about meeting the target.

As a result, a discounter in Germany will switch into a different origin, a different variety or de-list the product altogether. The rules of the game have again changed: This is EU-27 in '07. Welcome! **pb**

**Now all E.U. buyers will enforce much stricter codes in the global quest for fresh produce.**



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A&A Organic Marketing, Inc.	114	55	831-685-0303	831-685-0302
Albert's Organics	111	31	800-899-5944	610-388-8418
Alpine Fresh	99	108	305-594-9117	305-594-8506
American Ripener, LLC	90	78	800-338-2836	704-527-6705
APEAM, Assoc. for Exportation				
of Mexico Avocados	104-105	50	516-873-1877	516-873-0781
Apio, Inc.	22	35	800-454-1355	805-343-6295
Arkansas Tomato Shippers, LLC	15	9	888-706-2400	520-377-2874
Maurice A. Auerbach, Inc.	29	21	888-AUERPAK	201-807-9596
Maurice A. Auerbach, Inc.	141	23	201-807-9292	201-807-9596
Ayco Farms, Inc.	134	123	954-788-6800	954-788-5600
Ayco Farms, Inc.	99	124	954-788-6800	954-788-5600
Babe Farms, Inc.	131	107	800-648-6772	805-922-3950
Wayne E. Bailey Produce Co.	108	30	800-845-6149	910-654-4734
Philip Balsamo Company	60	66	630-575-8000	630-575-8004
Basciani Foods, Inc.	26	71	610-268-3044	610-268-2194
Blue Book Services	74	8	630-668-3500	630-668-0303
Blue Lake Citrus	56	111	877-662-5372	863-595-1006
Brooks Tropicals	97	10	800-327-4833	305-246-5827
California Avocado Commission	85	18	800-344-4333	714-641-7024
California Tree Fruit Agreement	89	15	559-638-8260	559-638-8842
Cameo Apple Marketing Association	71	112	509-665-3280	773-298-5984
Canada Garlic	141	19	905-362-1888	905-362-1889
Capital City Fruit Co., Inc.	134	46	515-981-5111	515-981-4564
CF Fresh	112	70	360-855-0566	360-855-2430
Chelan Fresh Marketing	156	16	509-682-3854	509-682-5766
Christopher Ranch	141	41	408-847-1100	408-847-0581
Ciruli Brothers	127	5	520-281-9696	520-281-1473
Classic Vidalia	136	99	800-984-3254	252-291-6791
Coastline Produce	131	68	831-755-1430	831-755-1429
Columbia Marketing International	120	28	509-663-1955	509-663-2231
Cool Runnings, Ltd.	68	80	800-522-5623	262-657-8018
Crossett Company LLC	115	113	877-464-5008	859-817-7634
Cryovac Division (W.R. Grace & Co. - Conn.)	36-37	125	800-845-3456	
Crystal Valley Foods	98	135	800-359-5631	305-592-9803
DeBruyn Produce Co.	136	101	800-733-9177	616-772-4242
Diazteca Company	129	52	520-281-4281	520-281-1024
Dietz & Kolodenko	68	82	312-666-6320	312-666-7866
DNE World Fruit Sales	102	120	800-327-6676	772-465-1181
Dole Fresh Fruit Company	2	13	818-879-6600	818-879-6628
Dole Watermelons	133	94	217-786-3300	217-786-2570
Domex Superfresh Growers	121	114	509-966-1814	509-966-3608
dProduce Man Software	140	89	888-PRODMAN	650-712-9973
East Coast Brokers & Packers, Inc.	155	24	800-557-7751	813-869-9850
Eclipse Dist., Inc.	62	73	866-90-ECLIPSE	815-744-2522
Ethylene Control, Inc.	90	100	800-200-1909	559-896-3232
Family Tree Farms	83	57	866-FLAVOR	559-595-7795
Fisher Capesapn	103	26	800-388-3074	514-737-3676
Florida Dept. of Agriculture and Consumer Services	76	110	850-488-9948	850-488-7127
Flavour Pict Produce Inc.	45	29	888-FLVRPKT	519-326-0851
The Florida Tomato Committee	43	97	407-894-3071	407-898-4296
Fowler Farms	31	126	315-594-8068	315-594-8060
Fresh Partners AB	140	48	46-8-742-1215	46-8-742-6201
Fresh Taste Produce Limited Canada	46	90	416-255-2361	416-255-9079
Fruition	156	16	509-682-3854	509-682-5766
FTD	147	27	800-788-9000	630-724-6022
Georgia Department of Agriculture	81	137	404-656-3685	404-656-9380
The Giumarra Companies	19	115	213-627-3158	213-628-4878
Global Juices & Fruits	56	98	208-898-4004	208-286-0058
Global Organic Specialty Source, Inc.	114	102	877-952-1198	941-358-6551
Growers Marketing Co.	82	69	559-229-4622	559-229-4669
Hampton Farms	143	103	800-642-4064	252-585-1242
Heartland Produce	63	79	262-653-1000	262-653-1001
Hendrix Produce, Inc.	136	40	800-752-1551	912-685-4420
Herb Thyme Farms	109	127	831-476-9733	831-476-3710
Hollandia Produce	13	14	805-684-4146	805-684-9363
Grant J. Hunt Co.	122	116	509-575-8770	509-452-1769
Inline Plastics Corp.	53	128	800-826-5567	203-924-0370
J&S Produce Corp.	70	129	312-243-1876	312-243-2428
JAB Produce	70	93	312-226-7805	312-226-5154
JBJ Distributing, Inc.	114	54	714-992-4920	714-992-0433

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Kern Ridge Growers, LLC	117	42	661-854-3156	661-854-2832
Keystone Fruit Marketing, Inc.	136	85	717-597-2112	717-597-4096
Keystone Fruit Marketing, Inc. / Walla Walla	136	34	717-597-2112	717-597-4096
Kingsburg Orchards	21	64	559-897-2986	559-897-4532
Kirkey Products Group, LLC	14	61	407-331-5151	407-331-5158
L&M Companies, Inc.	113	81	509-698-3881	509-698-3922
La Hacienda Brands, Inc.	64	138	773-254-4298	773-254-4419
Lakeside Organic Gardens	117	130	831-761-8797	831-728-1104
Tom Lange Co.	133	94	217-786-3300	217-786-2570
Tom Lange Co.	14	38	217-786-3300	217-786-2570
LGS Specialty Sales, Ltd.	101	32	800-796-2349	718-542-2354
Litehouse Foods, Inc.	51	6	800-669-3169	208-263-7821
Mandolini Co.	70	77	312-226-1690	312-226-1833
Mann Packing Company, Inc.	9	2	800-884-6266	831-422-5171
J. Marchini & Son / LeGrand	131	56	559-665-9710	559-665-9714
Mariani Packing Co.	144	7	707-452-2800	707-453-8334
Melissa's/World Variety Produce, Inc.	116	104	800-468-7111	323-588-7841
MexBest	49	140	613-563-0733	
Mills Family Farms	27	3	831-757-3061	831-424-9475
Mills Family Farms	131	4	831-757-3061	831-424-9475
Muller Trading Co., Inc.	65	87	847-549-9511	847-540-7758
National Mango Board	25	11	877-MANGOS-1	407-897-2262
National Watermelon Promotion Board	135	45	407-657-0261	407-657-2213
New England Produce Council	38	20	781-273-0444	781-273-4154
New Jersey Department of Agriculture	77	96	609-292-8853	609-292-2508
New York Department of Ag	79	106	800-554-4501	
Noble Juices	56	111	877-662-5372	863-595-1006
Northwest Cherry Growers	123	131	509-453-4837	509-453-4880
P.E.I. Potato Board	46	53	902-892-6551	902-566-4914
Pacific Organic Produce	116	105	415-673-5555	415-673-5585
Pacific Tomato Growers/Pacific Triple E	131	132	941-722-0778	941-729-5849
Pandol Brothers, Inc.	82	63	661-725-3145	661-725-4741
Pride of New York	79	106	800-554-4501	
Produce for Better Health Foundation	55	47	302-235-2329	302-235-5555
The Produce Marketing Association	92-93	43	302-738-7100	302-731-2409
The Produce Marketing Association	124-125	44	302-738-7100	302-731-2409
Produce Plus	66-67	74	800-323-3730	815-293-3701
Produce Pro, Inc.	60	17	630-395-0535	630-572-0390
Rainier Fruit Company	122	88	509-697-6131	509-697-3800
Roberson Onion Co.	136	91	912-375-5760	912-375-3610
Ruby Robinson Co., Inc.	69	95	800-323-9331	847-808-3246
Rosemont Farms Corporation	99	117	877-877-8017	561-999-0241
Rosemont Farms Corporation	5	49	877-877-8017	561-999-0241
C. Ruffolo & Sons	68	83	773-927-8862	773-927-8865
Salyer American	131	65	800-872-5937	831-455-2187
The Sample Dome	14	51	800-596-3676	403-936-5868
Shenandoah Growers	107	58	888-390-6466	540-896-6615
Southern Specialties	99	37	954-784-6500	954-784-5800
Spice World, Inc.	141	62	800-433-4979	407-857-7171
State Garden, Inc.	7	92	617-884-1816	617-884-4919
Strube Celery & Vegetable Company	61	75	773-446-4000	312-226-7644
Summeripe Worldwide	88	118	559-351-5321	559-591-0296
Sun Orchard Fruit Co.	26	121	716-778-8544	716-778-8545
Sun World International	87	59	760-398-9430	760-398-9613
Sun World International	82	60	760-398-9430	760-398-9613
Tanimura & Antle, Inc.	23	122	800-772-4542	831-455-3915
Tavilla Sales Co. of Los Angeles	128	12	213-622-4435	213-622-0004
Team Produce International, Inc.	99	133	800-505-0665	305-592-5562
Tennessee Dept. of Agriculture	78	84	615-837-5517	615-837-5194
Testa Produce, Inc.	60	76	312-226-3237	312-226-3410
Thermal Technologies, Incorporated	91	25	888-4-MRPEEL	610-353-8663
Torrey Farms, Inc.	108	139	585-757-9941	585-757-2528
Trinity Fruit Sales	83	33	559-433-3777	559-433-3790
Twinlode Corp.	24	119	630-681-7700	630-681-7703
Veg-Pak Produce, Ltd.	46	136	416-259-4686	416-259-4677
Vessey & Company, Inc.	146	134	888-505-7798	760-356-0137
Virginia-Carolina Peanut Promotions	145	109	252-459-9977	252-459-7396
Walla Walla Gardeners' Association, Inc.	136	86	509-525-7071	509-529-4170
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# Blast from the Past

The April 6, 1967 edition of the *Salem Standard & Jerseyman* featured this photo of officials of the New Jersey Asparagus Industry Council testing a new asparagus buncher. The buncher was designed to accommodate a pound and a half of asparagus, and according to Al Murray, today's assistant secretary of agriculture at the New Jersey Department of Ag, the department still gets requests for the buncher.

At one point, New Jersey produced over 50,000 acres of asparagus, says Murray. In a report published in 1962, New Jersey produced 27 percent of the asparagus crop in the country (second only to California). According to Murray, the crop waned down to as little as 700 acres, but today there is a resurgence of growers who are marketing around 12,000 acres of fresh asparagus.

In the photo, from left to right, are Rene Gossiaux, Jr., Lee Womack (general manager of the Swedesboro Auction), Frank Masumeci, Harold Girth (marketing specialist for the New Jersey Ag Department), and Frank Centurione.

Our thanks to Al Murray for providing this clipping.



The *Blast from the Past* is a regular feature of *PRODUCE BUSINESS*. We welcome submissions of your old photos, labels or advertisements along with suggested captions. Please send materials to: Editor, *PRODUCE BUSINESS*, P.O. Box 810425, Boca Raton, FL 33481-0425, or e-mail [ProduceBusiness@PhoenixMediaNet.com](mailto:ProduceBusiness@PhoenixMediaNet.com)

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