

# produce **business**

MARKETING • MERCHANDISING • MANAGEMENT • PROCUREMENT

## ‘DISCOUNT’ OPPORTUNITIES A New Day Dawns As Deep Discounters Ramp Up In America



**INSIDE:**

THE PUNDIT LOOKS AT CRIMINAL PROSECUTION IN THE JENSEN FARMS CASE  
MACFRUIT AWARD WINNERS • RAIL SERVICES • WINTER MERCHANDISING  
AVOCADOS FROM MEXICO • SWEET ONIONS • BANANA MERCHANDISING  
CITRUS MARKETING • PERUVIAN ASPARAGUS • SHOP & SAVE  
ATLANTA WHOLESALE MARKET • RISING STAR RECEPTION  
FRESH SUMMIT RETAIL TOUR



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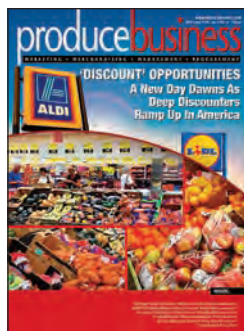
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**THIS MONTH'S WINNER**



**Bruce Baker**  
Buyer, Director of Procurement  
Foster Caviness  
Colfax, NC

Bruce Baker has been working for Foster Caviness, a foodservice distributor based in Colfax, NC, for five years. Baker is the director of procurement and works with over 25 commodity categories.

"I'm in charge of buying all the commodities," says Baker. "East coast, west coast, and imports."

Bruce first got into produce through his father's business.

"My father was the owner of Baker Brother

Produce in Richmond, VA," says Baker. In 2003, Baker Brothers Produce, Saville Produce of Newport News and Quality Produce in Roanoke merged to create Produce Source Partners in Ashland, VA.

"Before I worked with my father, I worked for Loving's Produce Co. in Richmond, VA."

At Loving's Produce, Baker would load and deliver produce for the wholesaler.

Baker says he has been reading **PRODUCE BUSINESS** every month for about 10 years. "I like the articles about the different markets," says Baker.

**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 January issue of **PRODUCE BUSINESS**. The winner must agree to submit a color photo to be published in that issue.

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**QUESTIONS FOR THE NOVEMBER ISSUE**

- 1) What is the office phone number for Nickey Gregory's Forest Park, GA, location? \_\_\_\_\_
- 2) What anniversary is Idaho Potato Commission celebrating this year? \_\_\_\_\_
- 3) What year was Booth Ranches established? \_\_\_\_\_
- 4) What brand of fruit is Brooks Tropicals promoting in its ad? \_\_\_\_\_
- 5) What dried fruit marketer includes the More Matters logo on its ad? \_\_\_\_\_
- 6) How many salad kits/blends are shown on the Dole ad for chopped salads? \_\_\_\_\_

This issue was:  Personally addressed to me  Addressed to someone else

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# PRODUCE WATCH

## TRANSITIONS

### MARKET FRESH PRODUCE NIXA, MO

Market Fresh Produce announces **Tyler Phipps'** promotion to the newly created position of director of field operations. In his new role, Phipps will have more time to be in the fields working directly with the grower. Phipps started with Market Fresh six years ago as a category manager.



### SUNSWEET GROWERS YUBA CITY, CA

Sunsweet Growers Inc., one of the nation's leading marketers of prunes, specialty dried fruit products and fruit juices, announces **Dane Lance** (the company's president) will take on the additional role of chief executive officer. Prior to his position as president, Lance spent the last two decades in progressive leadership roles at Sunsweet.



### PRO\*ACT MONTEREY, CA

PRO\*ACT, one of America's leading distributors of fresh produce, announces that **Dan Bhada** will take over the position of director of client services in the Northeast. In his new role, Bhada will work to establish and maintain strong, mutually beneficial relationships with a growing and diverse multiunit customer base.

### FRESHWAY FOODS SIDNEY, OH

Freshway Foods announces that **Douglas Bond** was named product development manager/chef. In this role, Bond will lead the company's product innovation and development. Prior to joining Freshway Foods, Bond served as executive chef with Papa John's International, and as director of culinary operations for Chili's Grill and Bar.



### CO-SALES PHOENIX, AZ

Co-Sales, a leading independent grocery broker in the southwest, announced its merger with Cashman-Edwards, Inc. In his role as Co-Sales' new director of produce, **Andrew B. Cashman** will combine his 23-year-old produce company with Co-Sales. His expertise and passion for this portion of the industry will enhance the company's presence in the produce/fresh arena.



## ANNOUNCEMENTS

### TURBANA PARTNERS WITH PRICE CHOPPER FOR ANNUAL CAMPAIGN

Turbana Corporation, Coral Gables, FL, is partnering again this fall with its retail partner, Price Chopper, for the beneficial campaign, Pink Ribbon Produce. Happening now through November, the campaign will educate consumers on healthy eating habits and living active lifestyles, while raising funds for breast cancer research and awareness.



### WINTER STRAWBERRY PROMOTION LAUNCHES

Florida Strawberry Growers Association (FSGA), Plant City, FL, approved a targeted marketing program for the upcoming season. The program emphasizes outreach to consumers, foodservice, food bloggers and national and local-market media. The goal is to promote Florida strawberries year-round. Florida's fresh market season begins in late November and ends mid-March.



### RBEST MOVES TO LONG ISLAND

RBest Produce, Inc. out of Port Washington, NY, recently hosted an official grand opening and ribbon cutting ceremony for its executive building and new produce warehouse facility. Long Island will be the new home to both the executive offices of RBest as well as a pristine new warehouse. The facility spans approximately 70,000 square feet and is capable of maintaining multiple climate zones.



### KINGSTON'S ECUADOR MANGO PROGRAM OFF TO AN EARLY START

Kingston Fresh, Idaho Falls, ID, announces that its mango crop from Ecuador is off to an early start — just in time to meet high customer demand. The company also announced earlier in the year that it changed its name to Kingston Fresh as part of a rebranding initiative.





## ANNOUNCEMENTS

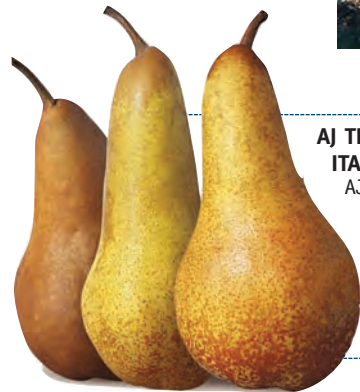
### RIVERIDGE PRODUCE ADOPTS NEW TECHNOLOGY

Riveridge Produce Marketing, Inc., Sparta, MI, developed and implemented a retail-style inventory management system for use on its company-owned and -managed orchards. Riveridge expects the tracking technology to simplify recordkeeping for Michigan's anticipated 30 million bushel crop, including providing better records for workers at harvest.



### SEVEN SEAS BRANDED ASPARAGUS DEBUTS IN THE U.S.

Seven Seas-Miami, a division of the Tom Lange Company, Springfield, IL, announces the arrival of its first shipment of Seven Seas branded asparagus from Peru into the United States. Growers will be able to produce a year round supply of all sizes in both the 11-pound and 28-pound boxes.



### AJ TRUCCO DISTRIBUTES ITALIAN ABATE FETEL PEARS

AJ Trucco Inc., Bronx, NY, announces that it will be distributing abate fetel pears from Italy in a pilot program recently approved by USDA-APHIS and CSO. Tall and slim with a russet-tinged green exterior, these pears boast a sweet and aromatic flavor unlike any other pear and contain a high sugar content.

### PINK RIBBON PRODUCE HONORS RETAILER & PRODUCE PARTNERS

Pink Ribbon Produce, Roseville, CA, honored retail and produce partners for its donations and commitment to the program at the 2013 PMA Fresh Summit. With the help of more than 500 Harris Teeter, Meijer and Price Chopper stores and its produce vendors, Pink Ribbon Produce has been able to raise over \$400,000 for the fight against breast cancer since 2006.



(L - R) Margo Robinson, executive vice president of Business Development & Strategy AugustinIdeas; Nick Dulcich, owner Sunlight International Sales; Rachna Patel, senior brand manager for Naturally Fresh; George Galloway, sales at Sunlight International Sales

### TURBANA LAUNCHES 'GROWING SMILES, SHARING GOODNESS'

Turbana, Coral Gables, FL, announces the launch of "Growing Smiles, Sharing Goodness," a nationwide movement that aims to inspire Americans to live actively, eat healthy, and get involved in their communities. The campaign kicks off with a road tour where a branded Turbana truck will be traveling to different cities, and events with messages that support "Growing Smiles, Sharing Goodness."



### CALIFORNIA GIANT AND CONCORD FOODS PROMOTE WINTER BLUEBERRIES

California Giant Berry Farms, Watsonville, CA, is partnering with Concord Foods, Brockton, MA, to promote usage through the fall and winter months by launching a winter baking promotion that targets consumers throughout November. This promotion focuses on baking, how to keep berries fresh in the grocery cart and on the plate as consumers shift to warming up the kitchen with winter-baking recipes.

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### AMC DIRECT UNVEILS NEW BRAND AND WEBSITE

AMC Direct, Inc., Glassboro, NJ, a U.S. importer of fresh produce — and its sister companies, AMC Fazio and AMC Canada — unveiled the company's new logo and marketing assets at the 2013 PMA Fresh Summit Convention & Expo. All three companies are members of Spain-based, The AMC Group

## ANNOUNCEMENTS



**NAPAR DEVELOPS A PLAN FOR FOOD SAFETY**  
The North American Perishable Agricultural Receivers Association (NAPAR), Arlington, VA, in conjunction with The Acheson Group, prepared a Food Safety Plan Builder and Template to assist its members in complying with the proposed Hazard Analysis and Preventive Controls rule mandated by the Food Safety Modernization Act.



### CALIFORNIA GIANT'S NEW BRAND AMBASSADOR

California Giant Berry Farms, Watsonville, CA, made a strong effort in 2013 to connect with food bloggers to extend its reach with consumers in the kitchen. The company announced that Brandie Kajino, writer of SpoonAndSaucer.com, was named the winner of a recent #freshbloggers Blogger Contest as well as the new brand ambassador for California Giant.

## PMA IMPACT AWARDS

### PACKAGING INNOVATORS EARN ACCOLADES AT PMA

Eighty-six submissions vied for the Top 5 winners of the 2013 PMA Impact Awards: Excellence in Packaging. A panel of judges looked for products that lead as examples in produce and floral packaging, demonstrating originality with emphasis on connecting with consumers, safeguarding the product, sustaining the environment and improving supply chain efficiencies. Judges scored each entry in five areas: marketing, food safety, supply chain efficiency, sustainability excellence and consumer convenience excellence.

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#### FRIEDA'S

##### Frieda's Meyer Lemon & Seedless Lemon Bags

These bags were recognized for their bright yellow, green and purple color palette, attractive graphics, and a large clear panel that showcases the fruit inside. The flat-bottom design keeps the bags upright for easy and eye-catching merchandising on citrus tables. These bags also have convenient handles and feature how-to instructions and recipe recommendations on the label.



#### NATURESWEET TOMATOES

##### NatureSweet Cherriots™

Visually appealing on the shelf, this package has a flat surface allowing optimal storage without damaging the product. Made of recyclable material, each package has a 10-digit code that allows NatureSweet to trace it back to the packing date, pack line, greenhouse, facility and materials used.



#### SUNKIST GROWERS

##### sk® Choice Lemonade Pouch

The 2-pound pouch features fun, animated lemon characters at a homemade lemonade stand. Made in the U.S., these high graphic bags capture attention in the produce aisle, transport easily, re-seal for convenience, and stand up in the fridge.



#### T. MARZETTI COMPANY

##### Marzetti® Simply Dressed® Pourables

These dressings are an extension of the signature Marzetti Simply Dressed line of refrigerated salad dressings. The package is a 12-ounce recyclable, tall plastic bottle with a convenient flip top cap, containing unique flavors such as Lemon Vinaigrette, Cherry Balsamic, Light Balsamic, Light Red Wine Italian, Light Roasted Tomato and Light Veggie, Ranch.



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# THE NEW FRONTIER FOR PRODUCE DISTRIBUTORS IS SCHOOLS

By Dr. Lisa Hightower  
United Fresh Produce Association Communications Manager

In the early days of our country, the quote “Go West, young man” made popular by newspaper writer and founder of the *New York Tribune*, Horace Greeley, heralded entrepreneurial Americans to carve new opportunities out of the fertile territory. Today, the fertile territory for produce distributors is schools. Recent school nutrition policy changes are translating into huge market opportunities for produce distributors across the country.

“In the next three years, I expect the entire school food environment to be transformed, and fresh fruits and vegetables are at the center of that change,” says Dr. Lorelei DiSogra, United Fresh Produce Association vice president of nutrition & health. “Produce industry leaders and school foodservice directors see the transformation taking place every day. Increasing access to more fresh fruits and vegetables will reinforce healthier eating habits for 31 million students across the country.” United Fresh Produce Association is dedicated to playing a leadership role for advocating healthier school meals that include more fresh fruits and vegetables.

Let’s take a closer look at what’s driving demand for fresh produce in schools. The Healthy, Hunger-Free Kids Act of 2010 required the USDA to establish new nutrition standards for school lunch, school breakfast and all foods sold in schools. The new school lunch standards that went into effect school year 2012-13 doubled the amount of fruits and vegetables served to 31 million children each day, and required a colorful variety of produce to be served each week. Schools will now be serving an additional 15.5 million cups of fresh produce in school lunches each day.

Next year, schools will also be required to serve twice the amount of fruit at breakfast to more than 11 million children. The “Smart Snacks in Schools” regulation will increase the healthfulness of snack foods sold in schools and open up sales opportunities for pre-cut

**PRODUCE DISTRIBUTORS WHO BRING MORE PRODUCE TO SCHOOLS WILL ALSO BE INVESTING IN A NEW GENERATION OF CONSUMERS WHO APPRECIATE FRESH FRUITS AND VEGETABLES.**

fruits and vegetables in half-cup (pre-packaged portions that can be sold à la carte) by vending machines and through school stores.

Not only is demand for fresh produce in schools increasing, the federal government is now increasing funds allocated to purchase fresh produce in schools. Schools that meet the new lunch requirements receive an additional 6-cent reimbursement per meal. The USDA also increased its funding allocation for the DoD (Department of Defense) Fresh program to \$132.8 million this school year. Many produce distributors compete to be prime vendors for the DoD Fresh program, which result in multi-year contracts and provide entrance into school business. In addition, \$165.5 million is allocated this school year for the Fresh Fruit and Vegetable Program, which provide low-income elementary students with a free fresh fruit and vegetable mid-morning snack.

What does this mean for the produce industry? It means school nutrition directors are required to buy more fruits and vegetables than ever before. For example, during school year 2009-10, Cincinnati Public Schools (CPS) spent \$425,000 on produce for lunch. Five years later, CPS doubled their purchases of produce for lunch to \$995,000. A major factor contributing to CPS’ increase in fresh produce purchases has been the salad bars in each of its 53 schools. Also, CPS spends an additional \$850,000 on buying produce for its Fresh Fruit

and Vegetable Program.

Produce distributors are taking advantage of this ready market and have seen a massive increase in sales. Muir Copper Canyon Farms (a wholesale and specialty produce distributor out of Salt Lake City, UT) reports an 838 percent increase in their sales to schools over the past eight years. “As the funding increases, the sales increase along with it,” says Phil Muir, president and CEO of Muir Copper Canyon Farms. “It allows us to sell a greater variety of produce to schools.”

School foodservice directors suggest that produce distributors interested in selling to schools should build relationships with school districts. “I would tell all produce distributors and suppliers to come and meet with food service directors in their area,” said Jessica Shelly, Food Service Director of Cincinnati Public Schools. “We’d love to connect with you and work on plans and strategies for future implementation of additional fruits and vegetables at our schools.”

The changing school environment is providing produce distributors a new growth opportunity. School nutrition standards are driving demand for fresh fruits and vegetables, and produce distributors who want to grow their business are taking advantage of this growing demand. Produce distributors who bring more produce to schools will also be investing in a new generation of consumers who appreciate fresh fruits and vegetables.

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# TIME IS RIPE FOR DEEP DISCOUNTERS

By James Prevor  
President & Editor-in-Chief



**T**esco's ill-starred venture into American retailing is now history. Of course, while the British were getting all the press, it was the Germans who were showing all the growth. Aldi now has over 1,200 stores in America, and Trader Joe's has nearly 400 stores.

Between the two concepts, it is Trader Joe's that gets all the attention. Its epicurean nature catches the fancy of the foodie class as well as

of the white collar scribes who write for food magazines, major newspapers and food-oriented websites.

Yet Trader Joe's is so unique it is difficult for others to enter its space or duplicate its concept. So it is Aldi and the broader deep discount category that poses a challenge to the food retailing kings of today. And it is in cracking the code of how to use these value-retail concepts that the production community will find new opportunities. This category is set to become the new center of attention in the food trade.

It is notable that when Super-Valu sold off almost all retail operations, it hung on to its crown jewel — the Save-A-Lot deep discount division. Now, all across Europe, the buzz is that The Schwarz Group, Europe's largest retailer, has decided to open its Lidl deep discount operation in the U.S.

U.S. retailers are very vulnerable to this deep discount competition. These new operations are built around small stores with limited assortments, and one big edge these concepts have is that they are easy to site. Every time Wal-Mart talked about opening stores in New York City, it became World War III with politicians and unions. Meanwhile Aldi quietly slipped in and opened stores at existing sites in Queens, the Bronx and Manhattan without a fuss.

Aldi is just as non-union as Wal-Mart, so that is not the issue. The issue is that large supercenters typically require new construction which depends on variances, zoning modifications, requires hearings, etc. Aldi can slip a store into an existing strip mall; if building a stand-alone store, it is typically building "as of right," and requires no variances, etc.

The other big edge is that the limited assortment model actually is cheaper to operate. We have known this for some time as warehouse clubs play basically the same card: take the 20 percent of supermarket items that account for 80 percent of sales and just sell those.

Warehouse clubs, though, added two big caveats to the deal: first pay a fee and then buy only in large quantities. Yet those who are most focused on price are those least inclined to pay fees. The requirement

for large volume purchases raises the cash outlay necessary to access the bargains and, if the buyer doesn't have a large family, raises the requirement for volume purchases — especially on perishable foods. This may result in so much waste that the bargain becomes lost.

This month's cover story, "Discount Opportunities: A New Day Dawns As Deep Discounters Ramp Up In America" starting on page 24, shows how the deep discount phenomenon is transforming British retailing, and thus lays out a picture for what may be ahead in North America. Those who have a vision of British retailing in which an oligarchical "big four" dominates everything are living in the past. A much more competitive dynamic is at play today and, in no small part, this is because of the German deep discounters.

The key factor that turned this sector from an asterisk to a key mover of category trends is that the deep discounters decided to transform their business models from simply selling cheap to, instead, selling quality goods at a low price. It sounds an awful lot like Costco without the fees and the requirement for bulk purchases.

Some have been inclined to dismiss the rise of the deep discounters as a consequence of tough economic times and, as prosperity returns, they expect the sector to grow more slowly. There are real reasons, though, to

think this vision is off. One is that consumers have changed; this recession has been longer and deeper than any before. Just as the Great Depression produced a mindset of thrift and economic conservatism in a whole generation, this long recession may have changed the way people feel about waste and extravagance for decades to come.

Another point is that the move to quality has made the inexpensive deep discounters very suitable for the lifestyles of more affluent people. Just as it is true that the parking lot at Costco is filled with luxury vehicles because rich people like saving money on their purchases just as poor people do, so many affluent people will find products to their liking at deep discount stores.

In fact, this move to quality is manifested in an expanded emphasis on fresh produce, and here is where the future gets fuzzy. On the vendor side, careful cost analysis is imperative. What is saved by not having to deal with low volume items? What is the real benefit of having a high volume customer who wants quality, but will, perhaps, accept a size other supermarkets won't?

On the retail side, this is a sticky wicket. Deep discounters undercut pricing at Wal-Mart, consequently shifting Wal-Mart into a difficult middle-market position. But all retailers are vulnerable as consumers incorporate deep discounters into their shopping mix. With high fixed expenses, a shift of 5 percentage points to deep discounters will seal the fate of many stores.

pb

**These value-retail concepts are set to become the new center of attention in the food trade.**

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# Industry Representatives From All Sectors Weigh In On Criminal Prosecution In The Jensen Farms Case, But Trade Associations Remain Silent

FROM JIM PREVOR'S PERISHABLE PUNDIT 10.28.2013

**O**ur piece, *It Surely Is A Tragedy, But Should Not Be A Crime: Arrest Of Jensen Farms' Owners Betrays Elemental Principles Of Justice And Sets Stage For Less Investment In Production Of Food*, brought many responses.

One large buyer thought it best to remain confidential:

*How absolutely TERRIFYING! Unfortunately, I have been saying for some time, as our company has been trying to offer assistance to the local farmer in addressing food safety expectations, that since we live in a country with 66 percent of the world's lawyers there will come a day when people will be arrested for foodborne deaths — and that day has arrived!*

*What does this mean — the taco truck that sickened people will now be criminally charged? Restaurants? Ballparks? Meatpacking companies? The Hasbro executive that authorized a toy with pieces that end up choking a child is incarcerated?*

*Shouldn't people be held accountable to their own safety or fears? If I am 79 years old, or on chemo, or have a compromised immune system, shouldn't I only eat foods that have been cooked? If I am a parent and afraid my child will choke, shouldn't I only buy toys that don't have 'pieces'? Where will it end, and where can I oppose this act of insanity on our food supply?*

Many, however, thought it important to speak out on this issue. Some were farmers:

*This will be a tragedy if these farmers have to go to jail.*

*How can anyone hold a farmer criminally responsible for a food safety issue when it is not something within their power to definitively control?*

*The fact that 33 people died was, indeed, a very terrible thing. Still, we have the best food safety regulations of anyone in the world.*

*We as consumers need to take some responsibility. We as farmers will have to look to see if we can afford to deliver food to this country. We would never want to knowingly make anyone sick, so we go above the standard of the food safety regulation.*

*I think if this happens, if these already bankrupt young farmers wind up pleading or being found guilty and, possibly, even going to jail, it will be sad for our food delivery system of the United State of America. This is just my personal opinion not from anyone else, but I have been a farmer for a long time.*

— Bill Brim of Lewis Taylor Farms, Tifton, GA

Some were marketers:

*In most foodborne illness cases, there is never AN INTENT to harm the public. I am sure the Jensens never meant to harm anyone. I believe many cases of foodborne illness that get blamed on a packer or a producer are oftentimes the fault of the consumers for not properly handling the produce post-harvest in their home, or [it is the fault of improper handling in] a commercial environment.*

*However, using an old, dirty potato sorter as your*

*cantaloupe sorting line, allowing pooled un-chlorinated dirty water to remain in the sorting area may be considered depraved indifference. If similar indifference was applied to meat or poultry processing, we all would have a different opinion about indifference.*

*The tragedy is that the melons were grown more than 90 miles from the famous Rocky Ford growing area, but the FDA and CDC warned the public to "throw out" any cantaloupes from the Rocky Ford region, which unnecessarily harmed responsible grower-packer-shippers. Since the incidence, I understand a Rocky Ford growers' association has been formed to assure all cantaloupes carrying the Rocky Ford designation are processed and cooled using the most modern food processing hygiene procedures possible for cantaloupes.*

*No question the whole situation is a tragedy, and there is no basis for 'intent.' However, processing fresh produce 'on the cheap' to save the expense of effectively producing a fresh produce item can have negative consequences. In this case, perhaps 'pennywise and pound foolish' should caution the industry against just 'doing the minimum.' Our responsibility to the public is greater than that.*

— Richard A. Eastes, Marketing Consultant & Grower Relations Adviser at Rixx Intl. Marketing Co. Inc., Visalia, CA

Some were distributors:

*Just read your article about Jensen Farms. You did not state that Jensen Farms had a very favorable third-party audit, they supplied all buyers with hold harmless and indemnity agreements. However, one topic that you should write about is that once Jensen Farms filed for bankruptcy, all claims went back to the retailers and wholesalers that sold the product.*

*Why should a wholesaler who only inspects, receives and then re-delivers the product be held accountable for what a grower did or did not do to the product? This is a serious new wrinkle for our industry.*

— Scott Danner, Chief Operating Officer of Liberty Fruit Co., Inc., Kansas City, KS

And some food safety experts with special expertise in cantaloupes spoke out on the issue:

*I couldn't agree with you more; but, to me, one stunning aspect of this is that I recall a lot of criticism of my statements at the time that adding some antimicrobial, such as chlorine, to the wash line should have been standard practice.*

*Several auditing pundits, and the FDA itself, noted that their food safety guidance specifically states single-pass, non-recirculated wash water from a municipal source does not require further antimicrobial treatment — so how is this a criminal misdemeanor to have failed to 'chlorinate'? Or am I misremembering something?*

— Trevor Suslow, PhD, Extension Research Specialist for Preharvest to Postharvest Produce Safety at University Of California, Davis, Davis, CA

Our anonymous buyer makes a case for *caveat emptor* — the old

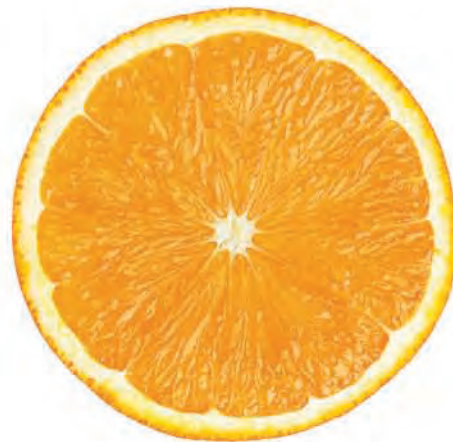




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Latin standard of "Let the buyer beware." There is substantial reason to believe that such a system would, in fact, result in less foodborne illness as consumers, cognizant of the risks and that they alone are responsible for their health and safety, would, in fact, behave differently. Where they would shop and eat would be transformed, and a whole roster of industries would arise to provide certifications meaningful to consumers.

The problem, of course, is that this is not the legal standard that exists and, frankly, it is not the standard that any produce industry organization is pushing. In fact, it is just the opposite — the produce industry organizations — following the idea that people have faith in government as the protector of the safety of the food supply — believe this encourages higher sales.

Bill Brim of Lewis Taylor Farms points out the obvious. If the standard is that farmers, packers and shippers — whose food safety standards are good enough to be acceptable to a company such as Frontera (which marketed the produce), or to a company such as Wal-Mart (which purchased the produce), or to a highly reputable auditor such as Primus — can be hauled off to court as criminals because there was a food safety problem, then who could possibly be safe?

If the standard really is that the introduction of an adulterant into the food supply is *ipso facto* a criminal act, who is willing to grow cantaloupes in the dirt where they can be buffeted by winds or reached by animals? And if farmers have to abandon open-field farming for 100 percent controlled environment agriculture, who is going to pay for this? And isn't it likely that whatever we gain in food safety is likely to be outweighed by the ill-health effects as people switch their diet to less healthy foods to avoid such expensive produce?

Rick Eastes is always thoughtful, but we think he is conflating two issues here. From time immemorial, the yeoman farmer made due with less than optimal options. Reworking equipment, finding innovative ways to move things between crops and facilities — this is all part of farming. Indeed American ingenuity at doing precisely this has long been recognized as a substantial advantage.

Still, if the Jensen brothers had been charged with negligence, or as Rick put it "depraved indifference," because they used this piece of equipment or kept it in a sub-standard state of maintenance, that would be one thing. If that were the case, and if the government wanted to charge the brothers with doing something wrong, well, that would be understandable.

In this case, however, the charges are NOT that the Jensens did anything wrong — those allegations are just atmospheric. The charge is that the Jensen Brothers introduced an adulterant into interstate commerce. No defense would acquit them; no evidence of diligence would mean anything at all — which is probably why, combined with being broke, the brothers decided to plead guilty.

This is the issue — and it is one that our associations seem to be strangely silent on.

Rick's second point, that the industry should be wary of doing things "on the cheap," is unarguable. Although even there, it seems to us that the direction of those complaints needs to go to those who buy the produce. Wal-Mart received a copy of the audit. Its response was not to call up Jensen Farms and say: "Listen guys, we see you have been buying some used equipment and jerry-rigging it to work on cantaloupes. We really want you to buy all new stainless steel equipment purpose-manufactured for processing cantaloupes. If you need some extra money to make this work, let us know and we will adjust the cantaloupe price up a bit."

But this is some alternative universe. Jensen Farms was under

pressure to save every dime. In fact, Wal-Mart was supposed to be demanding a Global Food Safety Initiative audit. It waived that requirement, perhaps to push "local" or to get product cheaper.

Wal-Mart is free to demand whatever requirements it wants of its vendors. If Wal-Mart told Primus it wants a special Wal-Mart audit that would certify, among other things, that all equipment was purchased new — not used — that is what Primus would produce. But such a requirement didn't exist at the time and doesn't exist now. Packers on this scale who would try to do something like this would soon find themselves with an inflated cost structure and go out of business.

Scott Danner points to what is not so much a "new wrinkle" as a new experience. In general, in the United States, the "producer" of a product has primary food safety liability. This means that as long as the producer has enough money or insurance, nobody else in the supply chain will have to pay. However, as the law stands, EVERYONE in the supply chain is contingently liable. So if Jensen can't pay the judgments, Frontera may have to, or Wal-Mart, or wholesalers, distributors, truckers, etc.

Because of the large number of deaths in this situation, Jensen Farms exhausted its resources quickly, and now it is a battle as to who should pay. From a public policy perspective, the question is what, really, do we expect of different people in the supply chain? We suspect that most people would say it is reasonable to expect a specifying buyer to exercise due diligence in those from whom it buys, and a marketing agent might be expected to check out those it represents. But a trucker? A distributor that doesn't select the vendor but just handles what a restaurant chain tells it to? It seems like this legal standard needs to be rethought.

Dr. Suslow has a good memory. The idea that not chlorinating this water was some kind of a crime is bizarre. The facts: Chlorine is NOT APPROVED to disinfect food! Chlorine is approved to clean the water. So, when Jensen Farms used to have a dunk tank, it needed, and used, chlorine to keep that water clean.

When it shifted to a different system in which water was "single pass," meaning it didn't recirculate, there obviously was no need to clean the water. It was tap water.

Now, one could argue that it might have provided some extra margin of safety to add chlorine here, and perhaps that would be true, but there are hundreds of things that could be done which would add an extra margin of safety: put buffer zones around plants, make employees shower before entering a facility, have a nurse check the health of everyone each day before they are allowed into the plant, etc. — and we don't put people in jail for failing to do those things.

In fact, lots of cantaloupes are shipped without being washed at all, and some research indicates that is the best way.

Right now the only protection produce growers, packers, shippers and processors have is prosecutorial discretion — meaning prosecutors are not obligated to charge every crime that they see happening. This is, however, a thin reed to lean on. If the associations do not make this a top priority, keep your eyes peeled to your TV, because one day — mark this Pundit's words — some ambitious prosecutor will have TV cameras waiting as some produce industry luminary, maybe one who happens to be chairman of one of the associations, is marched off to a police car in handcuffs.

There seems to be this terrible disinclination to have the produce industry defend the Jensens in any way. This is not, however, about defending the Jensens. This is about respecting oneself and defending one's profession. As Hillel the Elder wrote, "If I am not for myself, who will be for me?"

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PHOTOS BY DEAN BARNES

## Fresh Summit Retail Tour

# New Orleans' Robért Fresh Market

The independent retailer weathers a few storms and surfaces with its spirit and foundation in tact. **BY CAROL M. BAREUTHER, RD**

**T**here's no large glass storefront that provides a peek at the product inside the Robért (Row-BEAR) Fresh Market on Robert E. Lee Blvd — one of the four family-owned New Orleans, LA-supermarkets. In fact, even beyond the sturdy brick facade, inside the narrow entrance hallway and past a small seasonal floral display, there is little clue about what's in-store.

After the intriguing entrance, the market opens up to high ceilings with exposed beams and ironwork invoking the atmosphere of an upscale warehouse. Following a handful of check-out registers is a station in which customers can grind their own coffee beans. A few steps further and immediately to the left is a view that delivers the “wow-factor.” Everything from fresh-cut fruit to vibrant whole heads of leafy greens are merchandized in four deck refrigerated cases that stretch 60-foot-plus. It's a perishable presentation that screams, “buy me!”

Marc Robért II and his wife Darlene founded their first store in Metairie, LA in 1994. Right from the start, the emphasis was on perishables: an expanded full service deli,

ready-to-eat and ready-to-cook foods and locally grown produce such as Louisiana Creole tomatoes (vine-ripened large, thick and meaty fruit with a slightly raised crown-rather than flat-shaped top). Two years later, Marc and Darlene opened their second location at Robert E. Lee Blvd. By 1999, they had a chain of six supermarkets and introduced services such as Internet shopping. Then, Hurricane Katrina hit.

In August 2005 when the levees — four blocks away — broke in the early morning hours after Hurricane Katrina, water flooded the store with 6- to 9-foot of water and devastated the surrounding neighborhood. Yet that didn't squelch the spirit of the enterprising owners.

“Hurricane Katrina severely damaged all six of our stores,” explains Marc Robért III, the chain's perishable director and founder's son. “We had evacuated to Baton Rouge and couldn't get back until two days later. We were able to open this location back up by October 2007. Now we have four stores open and are working on a fifth.”

Lessons learned from the rebuilding process were two-fold. First, storm prepared-

ness. When Hurricane Isaac blew through in August 2012, Robért Fresh Markets were one of the only grocers able to remain open — thanks to a generator. This meant they could keep product good and sell it rather than discard it. However, the shelves were completely bare within two days due to problems transporting product from the warehouse located several miles away.



**(L - R) Marc L. Robért III, perishables director and Drew Le Blanc, director of operations.**



Today, 70 percent of the chain's fresh produce comes from its wholesale grocer, which is Baton Rouge, LA-based Associated Grocers, 20 percent direct store delivery and 10 percent from local wholesalers. The produce is placed into 250-square-foot of cooler space in the back of the 30,000-square-foot store.

Bustling construction within the surrounding area after Katrina, plus a series of elementary and high schools in this upper-middle-class neighborhood boded well for heavy foot traffic at lunchtime. This strengthened Robért Fresh Markets' original commitment to fulfill customers' needs. As a result, special store features include a large prepared-foods kitchen; licensed florists; store-made salad bars; prime and choice meats, and fresh produce sales that exceed those of meat.

"Perishables represent 65 percent of store sales," says Marc III, who adds that six produce personnel man this store. "Produce sales distribution exceeds meat, with fresh produce making up 14 percent of sales and another 3 percent coming from the salad bar. We are the

only Associated Grocers member with such a high percentage of perishable sales." This fact is remarkable considering that the produce department is only 3,000 square feet, or one-tenth of the total store area.

A large sign reading Garden Fresh Produce Market is above the refrigerated cases. Stylish script on chalkboard-like signage calls out what customers can find below. For example, there's Fresh-Cut Fruit, Cut Melon, the Berry Patch, Apples, Juices, Dressings & Dips, Packaged Salads and Certified Organic, plus individual items like celery, parsley and peppers with their respective prices. The volume of each category isn't large; however the variety is extensive.

The salad bar is located at the end of the line of refrigerated cases and adjacent to the deli's extensive olive bar. The 50 to 60 salad bar selections are cut and prepared in house. Selections, which sell for \$5.99 per pound, include six types of lettuce, from iceberg and romaine to spring mix. Cut peppers, onions, tomatoes, shredded carrots and mushrooms are also

displayed as well as prepared salads like coleslaw, carrot and raisin salad, potato salad and macaroni salad, and fresh fruit salads.

Cross-merchandising and shipper displays maximize space throughout the store. For example, five types of tomatoes are merchandised around a display of avocados and bananas. Mangoes and papayas sell side-by-side.

"Shippers are a good way to gain room without cutting into shelf space," explains produce director, Terry Esteve. "We change them up depending on what is available seasonally; we don't just put them out and let them sit there."

The Top 5 selling produce items are bananas, strawberries, lettuce, cut fruit and the salad bar. However, there's a year-round average of 10 to 15 locally grown fruits and vegetables that contribute from 8 to 20 percent of total produce sales. The biggest customer demand is for Louisiana-grown Satsuma citrus followed by strawberries and Creole tomatoes.

Customer service, like perishables, is another hallmark of Robért Fresh Markets. Customers can order groceries online or call in their shopping list to one of the store's personal shoppers. Home delivery is available as well. In addition, three or four times a month, at each store location, the chain's registered dietitian, Julie Fortenberry, RD, LDN, LD, leads two-hour guided shopping tours for customers.

Robért and his family plan to capitalize on the trends that they feel will blossom in the next three to five years. These goals include a swift move to natural and organic, more prepared foods, and produce sales rising ahead of store growth. **pb**



[Editor's Note: The PMA's Fresh Summit convention afforded PRODUCE BUSINESS the opportunity for our editors to tour supermarkets in New Orleans. This is the first of a series of articles highlighting our visits.]

# How Evolutions In Meal Planning Are Changing The Produce Department

**KELLI BECKEL, SENIOR MARKETING MANAGER, NIELSEN PERISHABLES GROUP**

Consumption patterns have changed from planning a week's worth of home-cooked meals to planning only a few hours or minutes in advance. Shoppers are increasingly visiting the grocery store just to get something for dinner that night. The rise of "almost homemade" meals, snacking, prepared meals, and shifts in foodservice offerings have implications across the entire store, and the produce department is no exception.

## Almost Homemade

Although many consumers enjoy cooking at home, they're often too time-strapped to prepare an entire meal. Enter "almost homemade," the concept behind meal solutions that are fast and easy, but still give the consumer a sense of having played a part in meal preparation (however minimal).

The packaged salad category offers evidence of this growing trend in the produce department. During the 52 weeks ending Aug. 31, 2013, the "completes/kits" sub-category accounted for 16 percent of packaged salad sales, which was an increase of 2 percentage points from the previous year. The category had a near 20 percent increase in the number of unique items; dollar and volume sales were up 23 percent, respectively.

Many frozen meal starters are ideal for pairing with a side of fresh vegetables. Merchandising or cross-promoting these items together can drive incremental sales from the time-strapped shopper seeking a convenient almost homemade meal.

## Prepared Meals

While some consumers still like to have a hand in preparing their meals, others are increasingly seeking prepared grab-and-go solutions from grocery stores. While this trend primarily benefits the deli department, certain produce items within deli prepared foods are playing a growing role in this upward movement.

During the past year, deli-prepared foods increased dollar and volume sales 7.7 percent and 5.9 percent respectively. Within deli-prepared entrees, vegetable

entrees increased dollar and volume sales 8.9 percent and 10 percent, respectively. The deli salad bar contributed nearly 20 percent to deli salad sales, and increased dollar and volume sales 6.8 percent and 3.8 percent respectively.

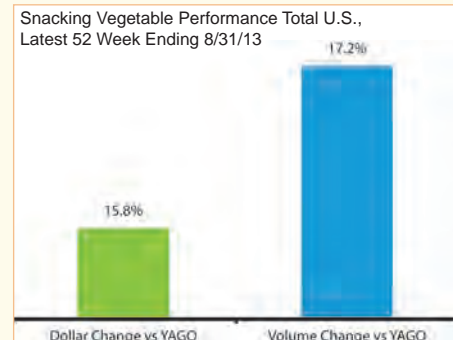
Produce products also drove dollar and volume growth in the deli-prepared sides category. Potato and corn sides drove category sales with dollar increases of more than 10 percent, while broccoli and squash sides each increased dollar and volume sales by more than 20 percent.

While this growth is good news for the deli, it's important for retailers to understand the space and its buyer in order to avoid cannibalizing from other areas of the store. Retailers and suppliers can help build on prepared foods sales and bolster produce sales by pairing prepared items with fresh produce complements to create almost-homemade solutions.

## Snacking

Snacking as a meal supplement, even as a meal replacement, continues to gain traction particularly with the increasingly influential Millennial demographic. Several produce department staples are natural fits for snackers. Products like apples, grapes, berries and bananas satisfy consumer demands for both healthy and grab-and-go options. For example, the smaller Clementine orange variety outpaced overall orange growth, increasing dollar sales 37.6 percent and volume sales 42 percent, while oranges decreased dollar sales 1.2 percent and posted a slight volume increase of 2.6 percent.

However, categories that are tailor-made to meet snacking needs are posting rapid growth. In the produce department, the snacking vegetables sub-category (including items such as snacking carrots with dip, celery, vegetable mixes, vegetables and hummus) increased dollar and volume sales 15.8 percent and 17.2 percent, respectively, during the 52 weeks ending Aug. 31, 2013. The number of unique snacking vegetable items selling on store shelves increased 11.7 percent from the prior year,



proving suppliers are innovating to meet growing demand. Fresh-cut fruit posted similar growth during this time period, up 15.8 percent and 16 percent in dollars and volume as well as 17.1 percent in unique items selling.

Another growing snacking category is produce dips. During the latest 52 weeks, produce dips increased dollar sales 6.5 percent and volume sales by 8 percent. Additionally, the number of unique produce dip items selling on store shelves increased 6.6 percent. Vegetable dips had the highest contribution to produce dip sales, increasing dollar and volume sales 7.6 percent and 10 percent respectively. Vegetable dip sales outpaced fruit dip sales, which remained steady compared to the previous year. Fresh guacamole and onion dip increased dollar and volume sales by more than 15 percent, while fresh salsa increased dollar and volume sales 11 percent respectively. Vegetable dips also drove the increases in unique items selling, increasing 9.2 percent compared to the prior year.

For retailers and suppliers seeking to capitalize on the snacking trend, merchandising that touts the healthy, convenient grab-and-go aspects of produce can help frame the shopper's mindset. Merchandising items like celery and apples with dips and spreads could also spur incremental sales.



Nielsen Perishables Group consults with clients in the fresh food space. Based in Chicago, IL, the company specializes in consumer research, advanced analytics, marketing communications, category development, supply chain management, promotional best practices and shopper insights. For more information, please visit [perishablesgroup.com](http://perishablesgroup.com).

# Five 'Evolving' Challenges For Increasing Produce Consumption

BY JIM PREVOR, EDITOR-IN-CHIEF, PRODUCE BUSINESS

**A** number of years ago, the head of the organization that represented egg producers gave a speech, and he confessed that egg producers had a problem. "The problem is that people want meals," he explained, "And eggs are an ingredient." For many vegetables, the problem is similar.

This research highlights the "four horsemen" of dietary change:

1) A confluence of trends that show people have neither the time nor the competence to cook, so they look for foods that are either ready to eat or easy to prepare.

2) Changes in societal patterns that make the "big three" meal occasions less predictable and that lead to more grazing or frequent eating and snacking, with a concomitant demand for easy-to-snack-on foods.

3) Higher education levels, more travel and a more ethnically diverse population allowing for more experimental eating and more rapid change in eating habits.

4) The latent instinct to prepare meals, to cook for one's family and to be a nurturing contributor to the household through food preparation.

A salad kit is easy to prepare, easy to bring to work or school, and can use interesting ingredients. If one is serving it to family, then one can easily add a personal touch with some tomatoes, cucumbers, steak or Grandma's homemade salad dressing. So there clearly are ways that the produce industry can ride these trends. Yet, the research also points out five fundamental challenges that the produce industry faces:

**First, although we have various items that become hot and trendy, there is little evidence that these trends serve to increase consumption as they mostly replace other produce items.** So a restaurant chain, such as Houston's, rides the kale trend and introduces a kale salad in peanut vinaigrette side dish — but it is simply a replacement for some other vegetable

item. It has zero net effect on overall sales of produce to the restaurant and, since we don't know if more people eat the kale than would have eaten the old produce side dish, we can't know if it has any positive or negative impact on overall consumption.

**Second, the consumer quest for convenient food mostly leaves the vegetable category struggling.** Increasingly, it means that growth in the category will come as a consequence of the creativity of the fresh-cut processing sector. Can they create the items that will turn vegetables from ingredients into foods?

**Third, the rising interest in purchasing ready-to-eat or almost-ready-to-eat meals obviously helps take-out at restaurants, the deli counter, and prepared food bars at retail, but how does the produce department thrive in an age when business is shifting?** Although one might think that for the grower-shipper, it makes no difference if the produce is sold in the produce department or via the deli or a restaurant, it actually makes quite a bit of difference.

The produce department, and the people who run it, actually care about produce and increasing the sales of produce. In contrast, the food buyers at restaurants or deli generally couldn't care less if the consumer eats produce or dairy or meat or pasta — losing someone at retail who actually cares about selling our products is a big loss.

**Fourth, the idea of "almost homemade" is really another take on the "Hamburger Helper" effect, in which consumers feel good about doing something to create the meal, even if it only takes a minute.** The problem is that boosting consumption will probably require more, not less, culinary expertise and intervention, as the key is to use techniques for cooking vegetables that cultures, which did not have access to much protein, used to make produce tasty. Cross-merchandising and marketing with frozen entrees may be successful, but won't be the sea change we need to boost consumption. Plus, although fresh broccoli alongside a frozen entrée might be a little more upscale, very often

**What is certain is that the consumer is changing, and as the consumer changes, so will retailers. If it is to remain vibrant and strong, and a key differentiator for the retailer, the produce department must evolve as well.**

that frozen entrée is thrown in the freezer for use on an unpredictable date in the future. Isn't it likely that the consumer satisfied with a frozen entrée will be just as satisfied with frozen broccoli?

**Fifth, it is great to see growth in categories such as dips, salsa, juices, etc. — as long as produce is tied with these items.** Due to practicalities, happenstance and strategy, it is nice that these products are rung up under produce, but the key is that the consumer must use baby carrots, celery sticks and grape tomatoes with the dips — not chips — and eat a salad — not a cookie — while they sip the juice. If not, regardless of how retail classifies these things, for many growers these ancillary categories are competition.

What is certain is that the consumer is changing, and as the consumer changes, so will retailers. If it is to remain vibrant and strong, and a key differentiator for the retailer, the produce department must evolve as well.

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 Association, Newark, DE  
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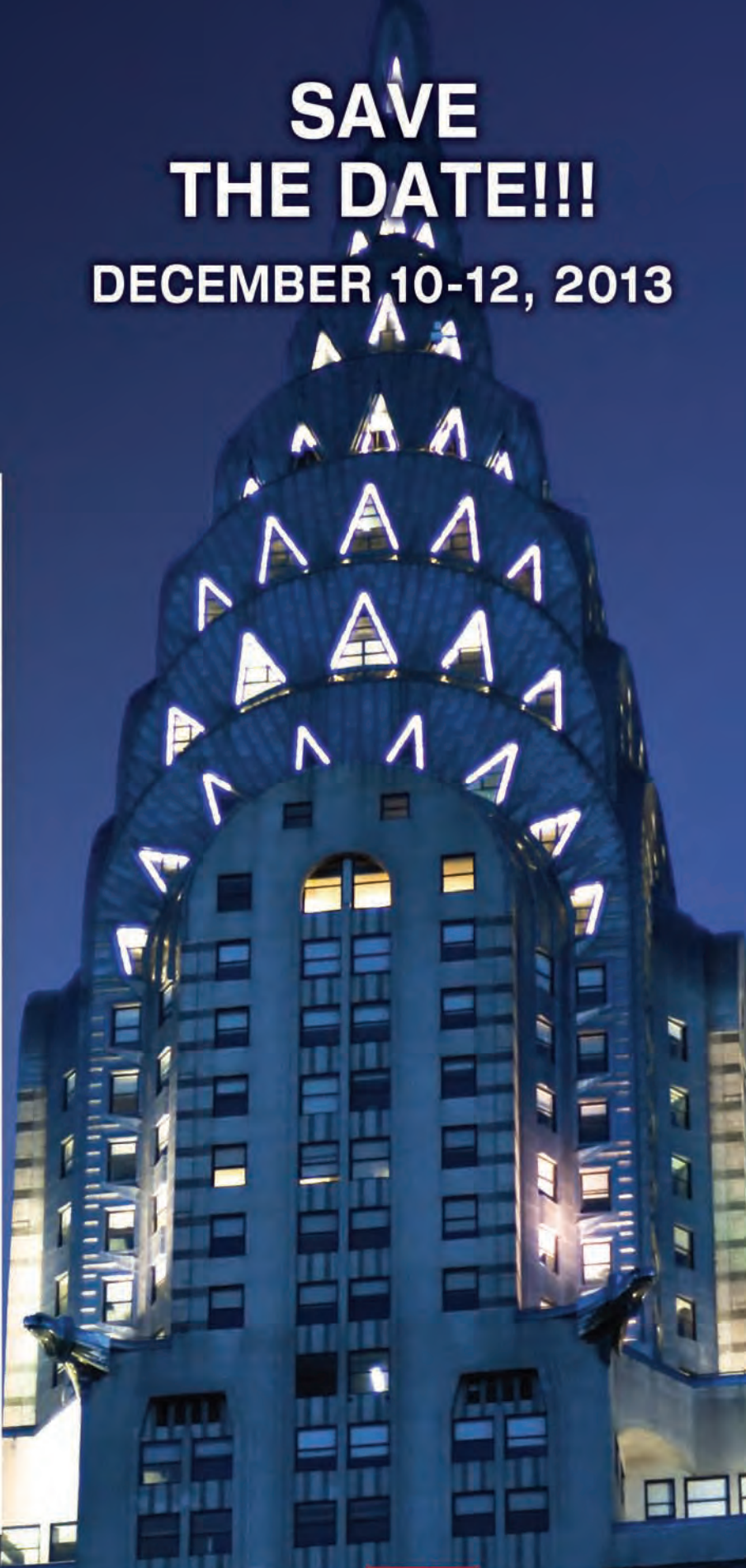






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On Saturday night, October 19, at the PMA Fresh Summit in New Orleans, LA, PRODUCE BUSINESS, in conjunction with sponsors, MIXTEC Group and Ocean Mist Farms, hosted the ninth annual Rising Star Reception to celebrate this year's 40-Under-Forty\* class.

In addition to the members of the Class of 2013, attendees included members of the classes of 2005-2012, as well as many movers and shakers of the produce industry. The students and faculty from U.S. and international colleges, who were participants of the Pack Family/PMA Career Pathways Fund, were also honored guests.

\*40-Under-Forty, an annual feature of PRODUCE BUSINESS, honors the produce leaders of tomorrow, all of whom have been chosen by industry mentors for their industry and community accomplishments. Please see this year's winners by visiting [www.producebusiness.com](http://www.producebusiness.com) and clicking on our June 2013 issue. You can also nominate candidates for next year's class by clicking on the 40-Under-Forty icon.



PRODUCE BUSINESS' Editor-in-Chief, Jim Prevor (top row, center), surrounded by this year's Rising Stars Winners.



Cory Hanscome, Atlantic Potato Distributors Ltd.; Geoff Cutler, Race-West Co.; Freedom Kongvold, Race-West Co.; Marcus Cutler, Race-West Co.; Charlotte Cutler, Race-West Co.; Max Cutler, Race-West Co.



Kristen Reid and Jerry Butt of MIXTEC Group



Bryan Silbermann, president and CEO of the Produce Marketing Association

# THE RISING STAR RECEPTION



Dick Spezzano, Spezzano Consulting Service; Bob DiPiazza, Sun Pacific



Ricardo Crisantes, Wholesum Family Farms; Matt Mandel, SunFed; Chuck Thomas, Thomas Produce Sales



Joseph Magazzu, St. Joseph's University; Adam Koltonowski, Michigan State University; Brian Clements, St. Joseph's University



Wayne Hendrickson and Jon Steffy of Four Seasons Produce



Chelsea Fiss, Network for a Healthy California



John Pandol, Pandol Brothers; Gary Caloroso, The Giumarra Companies; Dave Cruz, California Avocado Commission



Guests enjoying the buffet stations.



The Ocean Mist Farms Team



Jim Prevor, PRODUCE BUSINESS



Wendy Brannen, U.S. Apple Association; Lori Taylor, The Produce Mom



Bryan Nguyen, University of Florida; Allison Tucker, Arizona State University



Leandro Martelletti, Michela Calabrese, Brandon Rankin and Rafael Goldberg of Interruption Fair Trade



Antonio Palau and Gualberto Rodriguez III of Caribbean Produce Exchange



Jason Hollinger, Four Seasons Produce; Cherie France, Homegrown Organic Farms; Scott Mabs, Homegrown Organic Farms; David Hollinger, Four Seasons Produce



Don Harris, Harris Consulting; Ed McLaughlin, Cornell University; Tom Stenzel, United Fresh Produce Association

# THE RISING STAR RECEPTION



Craig Kelly, CHEP; Kevin Donovan, Phillips Mushroom Farms



Dan Irwin, Scott Dray, Wynn Peterson of Wal-Mart



Jennifer Fancher, Green Giant Fresh; Krystal Thomsen, Driscoll's; Chris Thomsen, Monterey Mushrooms



Jose Covarrubias, Wholesum Family Farms; Francisco Landell, Wholesum Family Farms; Chris Mascari, Indianapolis Fruit Company



Kelly Jacob, Pro\*Act; Nicholas Mascari, Indianapolis Fruit



John Oxford, L&M Companies; Rod Hawkes, Cornell University; Ed McLaughlin, Cornell University; Ellen Allen, New York Apple Association; James Allen, New York Apple Association



George Szczepanski, Produce Marketing Association; Alicia Calhoun, Produce Marketing Association; Tony D'Amico, To-Jo Mushrooms; Joe D'Amico, To-Jo Mushrooms; Michael Lamson, To-Jo Mushrooms



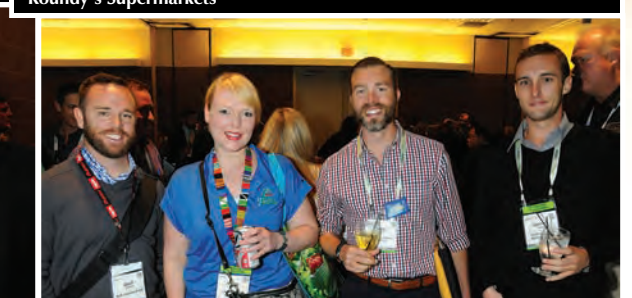
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Ed Bertaud, IFCO; Bret Erickson, Texas International Produce Association; Dante Galeazzi, Crescent Fruit and Vegetable



Dave Rich, Joe Caldwell and Mark Kreiner from Monterey Mushrooms Inc.



Geoff Johnston, MJR Creative Group; Noelle Dennis, Pear Bureau Northwest; Nick Matteis, Buy California Marketing Agreement; Spencer Halsey, California Pear Advisory Board



Dustin Shafae and Charles Shafae of dProduce Man Software



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# 'DISCOUNT' OPPORTUNITIES

## A New Day Dawns As Deep Discounters Ramp Up In America



The German 'deep-discount' retailers are better established in the U.K. than in the U.S., and their aggressive prices and improving quality are shaking up British retailing. With a full-court press coming to the U.S., what lies ahead for American retailers and the supply base?

BY TOMMY LEIGHTON

**G**erman-owned multinational discount retail chains Aldi and Lidl have made huge strides in the U.K. over the past few years. In the four weeks leading up to mid-September 2013, almost 40 percent of U.K. households shopping for groceries visited Aldi or Lidl, to purchase at least some of their requirements — helping the discounters continue their consistent share gains at the expense of the major U.K. supermarkets. Although there are twice as many Aldi stores in the U.S. (around 1,200) as in the U.K. (around 500), the U.S. population is about five times that of the U.K., leaving enormous possibilities for growth. Trade experts all indicate that now Lidl is preparing to move aggressively to “conquer” the U.S. market. It seems an appropriate time to analyze what is behind the recent success of Aldi and Lidl in the U.K. and to evaluate what the British experience might bode for the U.S. market.

Figures to mid-September show Aldi and Lidl had a record share of 5.1 percent of the U.K. retail grocery market. While that might not sound too significant, Aldi doubled its profits in its last full-year report, and the past four years have seen phenomenal growth for both discounters. Most notably, this period also provided the first signs that the

discount sector can seriously eat into the sales of the U.K.'s “Big Four” supermarket chains: No. 1, Tesco; No. 2, Asda; No. 3, Sainsbury's; No. 4, Morrisons, according to recent reports by Kantar Worldpanel, a consumer analytics and market research company.

The “squeezed middle” has become an often-heard term in the U.K., and in this case, the middle ground is the “Big Four.”

“Strong performances by retailers at both ends of the market pose a significant challenge for the ‘Big Four’ supermarkets,” says Ed Garner, communications director at Kantar Worldpanel, out of Hanger Lane, London. “The combined growth of Lidl, Aldi and Waitrose [an upscale chain of British supermarkets out of Bracknell, Berkshire, England, forming the food retail division of Britain's largest employee-owned retailer, the John Lewis Partnership] took three market share points (equivalent to around \$4.8 billion annually) out of the grocery market over the past three years and is forcing the major supermarkets to compete for an ever-smaller middle ground.”

Mike Watkins, head of retailer and business insight at global information company Nielsen, adds that Aldi (+21.1 percent value year-on-year) and Lidl (+7.4 percent) continued to gain market share in

how

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**“Aldi would say that they are competing with the ‘Big Four’ for consumers’ ‘main shop,’ but with a typical selection of 1,200 lines compared with around 34,000 at a large supermarket store...that’s pushing it a bit. They won’t ever change that; it’s not their business model.”**

— Ed Garner, Kantar Worldpanel

the 12-weeks ending September 14 at the expense of the leading players. Sainsbury’s Supermarkets Ltd, the third largest chain of supermarkets in the U.K., was the only one of the top four to increase market share year-on-year.

“Many British shoppers are now using Aldi or Lidl as part of their regular shopping trips, and this is impacting the FMCG [fast moving consumer goods] market share of some of the major supermarkets,” says Watkins.

Kantar Worldpanel’s Garner believes low prices are just one factor behind the growth. “The obvious reason for the rise you’ll get from most people is ‘austerity,’” he says. “Consumers looking for lower prices have been a contributory factor, but it runs a lot deeper than that.”

“The tone of voice has changed; both [discounters] adjusted their rhetoric, and they gradually moved from selling cheap stuff to selling quality stuff cheaply. Customers are still attracted, first and foremost, by the opportunity to save money,” says Garner. “But the reason that the discounters are seeing so much repeat business is that customers are then saying, ‘actually, this stuff is pretty good.’ They aren’t selling rubbish; it just wouldn’t work since British consumers are pretty discerning about what goes on their plates.”

Interestingly, having built their reputations in areas other than fresh, both Aldi and Lidl have been trading very strongly in fruit and vegetables — particularly Aldi. In the past 12 months, Kantar’s figures showed a 48

percent rise in vegetable sales, 33 percent increase in fruit and a 41 percent fresh produce hike overall.

Lidl’s performance is relatively less impressive, but most chains would snap their hand off for 15 percent vegetable sales, 18 percent fruit and 17 percent overall sales increases in the same period.

“Those results pinpoint fruit and vegetables as sales drivers, which is removing the traditional view of their stores as selling packets and tins,” says Garner. “To all intents and purposes, they are proud of the produce quality on their shelves. That attitude is reflected in their wine selections as well. In Aldi, for instance, there is hardly a wine on the shelf that isn’t an award-winner. While they have a small selection and there is a price point element to their offer, they have been keen to disassociate themselves with the ‘value’ ranges of chains such as Tesco [the British multinational grocery and general merchandise retailer headquartered in Cheshunt, Hertfordshire, England] and Asda [the Wal-Mart-owned British supermarket chain that retails food, clothing, general merchandise, toys and financial services headquartered in Leeds, West Yorkshire].”

“The discount boom’s impact was felt



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across the U.K. retail-sphere,” adds Alex Lawson, senior reporter at U.K. publication, *Retail Week*. “The key factors driving growth of the discounters in the U.K. are shoppers looking for bargains, word-of-mouth among the middle classes, rapid expansion of store estates — notably from Aldi — and unique products such as cheese and meat,” says Lawson. “Customers have latched on to shopping at Aldi and Lidl in conjunction with the larger grocers for specific products, and ‘when it’s gone, it’s gone,’ deals — notably on non-food products.

“Moreover, the discounters have moved to expand their offer so shoppers buy a full basket there rather than simply top-up. The average basket size at Aldi is now just below Sainsbury’s and Morrisons. Also, a general trend toward top-up shopping has benefited Aldi and Lidl, which have smaller stores,” says Lawson.

Separate Nielsen data during the summer confirms Lawson’s statement, showing that the

## A SUPPLIER’S PERSPECTIVE

**U**.K. suppliers are notoriously reluctant to talk on-the-record about specific supermarkets. Since many of them are actively attempting to secure business with the discounters at this time, perhaps that’s understandable. We talked to a supplier who has relationships with both Aldi and Lidl to gain some insight into what the U.S. trade can expect as the chains evolve on this side of the Atlantic.

“Both Aldi and Lidl are classic every day low-price operators — they don’t promote significantly up or down. That means sales are fairly predictable, and inventory can be managed efficiently because they are not supporting peaks or troughs,” explains this prominent importer. “The quantities they are buying through their centralized procurement teams may be enormous, but they can set the factory up with minimal changeover, switch the lights off and go home. Even though prices can be low, and they are hard-nosed, predictability of demand makes them a good customer to have.”

Things have changed gradually though. “Particularly with Aldi, the difference between them and the main supermarkets in the U.K. is becoming harder to spot,” says the importer. “Both Aldi and Lidl used to operate through platform buying — where each depot was responsible for its own purchases. You’d get a call on a Wednesday, you’d agree on volumes and a price for a week, the order would come through, and you could forget about it until the next week. But Aldi moved totally to centralized sourcing and adopted a more hard-nosed and conventional U.K. retailer approach to its suppliers.”

“They are very tough on price, and they try to fix on a

four-week basis, which can cause serious issues in produce,” the anonymous supplier says. In most categories, they have also introduced a twice-yearly tendering process for the Northern and Southern hemispheres, and that ultra-competitive process is driving through some ridiculous terms. Aldi also upped its quality specifications to Tesco or Sainsbury’s levels — Lidl is still a little way behind that. The discounters still want the same prices though — even as their specifications get tougher.”

Both Aldi and Lidl are prepared to work to low margins, though it’s often not as simple as comparing their expectations with the 30 percent, plus expectations of the “Big Four” (No. 1, Tesco; No. 2, Asda; No. 3, Sainsbury’s; No. 4, Morrisons, according to recent reports by Kantar Worldpanel — a consumer analytics and market research company). “This is one area where Aldi and Lidl, at least until now, have differed,” adds the supplier. “To my knowledge, neither discounter asks for rebates, whereas most suppliers to the ‘Big Four’ will have rebates, volume incentives, or other kick-back mechanisms written into their contracts. That additional income stream bumps the margins of the ‘Big Four’ far higher than they officially appear.”

The discounters’ supplier stance may be getting tougher, but the supplier admits reluctantly, “It’s hard to argue with the success that Aldi is having. The way they have adapted their approach is obviously working for them. It’s not such great news for their suppliers though. Having said that, as long as you can agree to a suitable price for your product, they can be far less trouble to deal with than the bigger supermarkets.”

average Aldi shopper now spends 9 percent more per visit than a year ago. “This does not, however, represent a huge switch in emphasis by the discount chains,” argues Garner. “Aldi would say that they are competing with the ‘Big Four’ for consumers’ ‘main shop,’ but with a typical selection of 1,200 lines compared with around 34,000 at a large supermarket store, that’s pushing it a bit. They won’t ever change that; it’s not their business model. As one supplier said to me recently, ‘the model is quite simple; as a customer, you’re not being asked to pay for the selection that isn’t there.’”

“One of the engines of growth for both Aldi and Lidl is their ability to steal shoppers with a good alternative to the repertoires of their competitors,” says Kantar’s Garner, pointing first and foremost to the Aldi/Asda dynamic. “This is one of the biggest ‘paired shopping’ traffics, with 28 percent of all Asda shoppers also shopping at Aldi and more consumers moving their expenditures to Aldi.”

### Value Is Here To Stay

Of the two German organizations, Garner reserves most praise for Aldi. “Aldi has perhaps been allowed to be a bit more ‘British’ in the way it approaches the market. It advertised on TV and has gone for the ‘like brands, but cheaper’ message — benchmarking Aldi products against major brands, but also embracing brands such as Cadbury’s (British confectionery company) and Coca-Cola in store. Lidl has largely stuck to its traditional lists of price-based promotions in newspapers.”

“They are, of course, opening shops at an extremely fast pace, and additional square footage brings additional footfall. Another straw in the wind is Aldi’s new format store, in Kilburn, North London, which trials a new concept,” says Garner. “This is the first high street (general term for the focal point for shops and shopkeepers in city centres) store, as opposed to the normal location of edge-of-town car park sites. It is very much moving toward the German model, which positions Aldi as a convenience chain rather than a discounter.”

The “Big Four” have all suffered some pain during the discounter rise and are seeing greatest success through their smaller format high street stores. This development will not be warmly greeted. Sainsbury’s is the only Big-Four grocer to increase its market share over the past year, growing from 16.4 percent to 16.6 percent and recording market-beating growth of 5.1 percent. The other big retailers have all lost market share over the past year, although Asda is ahead of Tesco and Morrisons

in terms of its year-on-year sales growth.

“Price match promotions such as Wal-Mart-owned Asda’s ‘Price Guarantee,’ Sainsbury’s ‘Brand Match’ and Tesco’s ‘Price Promise’ have meant that price is less of a differentiator, and shoppers cannot be convinced to switch outlets based on cost alone. There has been a renewed focus on providing high-quality private label products, and this strategy seems to be paying dividends. The up-market ranges of ‘Tesco’s Finest’ and Sainsbury’s ‘Taste the Difference’ registered double-digit growth as shoppers respond to

the premium offer.”

Retail Week’s Lawson believes there was an attempt by the bigger chains to align their offers with the discount competition. “There has been a huge rise in the quality and depth of all the major grocer’s private label brands since the start of the recession, which has, in part, rivaled the discounters. Earlier this year, Asda specifically lowered the price on key lines, including produce, that it knew its customers went to Aldi for.”

Tesco has been slow to react, even by its own admission. “I think there was an element

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## “Asda specifically lowered the price on key lines, including produce, that it knew its customers went to Aldi for.”

— Alex Lawson, *Retail Week*

of complacency involved,” says Kantar Worldpanel’s Garner. “The problem with being the biggest is that Tesco’s sheer size makes it vulnerable. It is not going to attract new shoppers; currently, nine out of 10 people shop in Tesco at least once every year. But they have tried to improve margins by running the stores a bit hot and drive sales through price reductions. This ‘wall-of-value’ approach has left them selling the same volume, but for less money, which amounts to self-imposed deflation. The Big Price Drop campaign (which was labelled the Big Price Flop by the U.K. media) effectively led to the removal of the chief executive of Tesco’s U.K. operations, Richard Brasher.”

What we are yet to find out is whether this incredible growth spurt of no-frills retail is sustainable and when the U.K. economy will

emerge fully from its downturn.

“I think it is,” says Kantar’s Garner. “This is a permanent change in behavior and we have seen both Aldi and Lidl expanding their store numbers on that basis. If they are going to go for the high street, there is an awful lot of space for them to fill, as so many high street retailers have shut their doors in recent years.”

Nielsen’s Watkins agrees, “This trend may well continue as almost two-thirds of British consumers have changed spending habits to save money, and many shoppers anticipate a need to do so even when the economy finally improves.”

*Retail Week’s* Lawson also feels the trend is here to stay. “There is a prognosis that value is here to stay. The key difference is that it’s become cool to hunt down a bargain and get goods at the lowest price, and it seems unlikely that will change. Clever marketing from Aldi, with its “Live Brand” campaign, also charmed the nation and explained in clear terms that its offer rivals that of up-market brands. The IGD [Institute of Grocery Distribution, a research and education charity as well as leading source of information and best practice on the consumer goods industry worldwide] estimates sales that the discounters will rise from \$15.2 billion in 2012-13 to

\$29.7 billion in 2017-18,” says Lawson.

### From Rags To Riches

Consumers who would have turned their collective nose up at discounters just a few short years ago, have now turned the two chains into national treasures. Aldi and Lidl were voted as two of the three best supermarket chains in the U.K., beaten only by Waitrose in a recent poll of 11,000 consumers by market watchdog, Which?.

Aldi and Lidl won over their larger rivals, while Tesco languished at the bottom of the pile, receiving poor marks for its pricing, store environment, quality of fresh produce and customer service. The discounters scored highly as participants wanted supermarkets to keep special offers simple, with 55 percent preferring straight discounts ahead of other offers such as gas vouchers (16 percent) or buy-one-get-one-free deals (11 percent).

Which? executive director, Richard Lloyd says, “In these tough economic times, it’s understandable that supermarkets scoring well for value are being ranked so highly in our league table. But our survey also found that consumers think supermarkets are not doing enough to help shoppers on tight budgets, with only one in five Which? members saying they

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**“Customers understand that products may not be stocked every week if they can’t be sourced at the right price that week. There is also little attempt to expand the brand into adjacent services — e.g. banking, dry cleaning, pharmacy — or online grocery, where margins are too thin to operate a discount offer.”**

— Alex Lawson, *Retail Week*

trust retailers to charge a fair price for food.”

So consumer trust is burgeoning and the traditional supplier relationships with the discount chains also evolved. “The key difference is an operating model that is lean and flexible allowing them to buy swiftly,” says *Retail Week’s* Lawson. “Customers understand that products may not be stocked every week if they can’t be sourced at the right price that week. There is also little attempt to expand the brand into adjacent services — e.g. banking, dry cleaning, pharmacy — or online grocery, where margins are too thin to operate a discount offer. There is little doubt that suppliers are driven hard in discounting on price; however, the horse meat scandal earlier

this year sped up existing initiatives to source more British meat.” [In January of this year, the Food Safety Authority of Ireland revealed the results of a targeted study that found undeclared horse DNA in frozen beef burgers on sale in Tesco, Iceland, Aldi and Lidl.]

#### **Low Cost, High Quality, Large Volume**

With both Aldi and Lidl looking to expand quickly in the U.S., how should suppliers prepare? “If they are following the model that worked so well in the U.K. and Germany, suppliers in the U.S. have to be prepared to be challenged on price — they want low cost and high quality, but they also want large volume,” Kantar’s Garner says. “You won’t be supplying

the long tail, or into complex ranges; both Aldi and Lidl rely heavily on the efficiency of their supply chains to achieve the low prices on-shelf.”

“My feedback has always been that they are very moral in their dealings,” Garner adds. “But as they are operating to a very tight model, suppliers always need to be on their toes. They have a limited number of suppliers and obviously want low prices to support their low costs in store — so they won’t want to see much fat in your supply chain.”

As for how retailers should prepare. The recent failure of Tesco’s Fresh & Easy adventure may not be instructive as to the impact of this much more proven “deep-discount” concept yet, execution counts for a great deal. “Of course, recent history tells us that there can be significant challenges in simply transferring a retail business model from Europe to the U.S.,” says Garner. “The U.K. example shows us that Aldi’s management showed itself to be more in tune with the nuances of the U.K. market than the management at Lidl; but Lidl is achieving consistent double-digit growth too — I’m certainly not denigrating them.”

Only the future will tell whether the German behemoths have found the U.S. market a tougher nut to crack. **pb**



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Retailers gear up for a multi-faceted approach to increasing sales from November through February.

# Retailers Shape Winning Winter Merchandising Strategies

Nine top produce executives talk about ‘taking their gloves off’ and promoting through the holidays. **BY CAROL M. BAREUTHER, RD**

Not too long ago, winter merchandising in many produce departments across the country focused on a handful of items such as citrus and root vegetables. In fact, dried fruit, nuts and even bulk candies were moving closer to center stage at this time. Now winter merchandising comprises a much different landscape. Southern Hemisphere and Mexican imports, combined with improved controlled-atmosphere storage and newer late season domestic varieties, cultivated a vibrant and varied selection of fresh fruits and vegetables on a year-round basis — even in the dead of winter.

Richard Stiles, director of produce and floral at Redner's Markets, Inc., a Reading, PA-based chain that operates 44 warehouse markets and 14 convenience stores in three states, says, “Winter isn't a slump time any more. There's the holidays, then strawberries and imported blueberries, and then grapes the first of the year. These commodities are now available and generate a lot of sales.”

This doesn't mean winter merchandising is

as easy as “stack ‘em high and watch ‘em fly.” Raul Gallegos, senior director of produce and floral for Bristol Farms, a 13-store upscale chain based in Carson, CA, explains, “Goals are always to maximize sales, and each season brings its own challenges as well as opportunities.”

In order to examine these challenges and opportunities, we asked nine retailers who collectively represent a variety of formats in nearly every region in the nation: how far in advance do retailers plan for winter merchandising, what grower/shippers and associations partner for promotions, and what are some of the most successful merchandising strategies?

## PLANNING STRATEGIES & PROMOTIONAL PARTNERS

The plan for produce merchandising in the months of December, January and February is “double-duty,” explains Scot Olson, director of produce and floral for Grocery Outlet, a 185-store chain of private family-owned discount-oriented supermarkets headquartered in Berkeley, CA. “You're heading toward

the finish line and want to close the year with a strong sales,” says Olson. “You're also preparing promotional plans for the New Year and the year ahead.”

Marc Goldman, produce director at Morton Williams Supermarkets, an 11-store chain based in New York, NY, says his seasonal strategy calls for “the right items at the right time and merchandised in a way that customers see the whole department when they come in to shop, not just the ad items.”

As for timing, “winter merchandising plans for the upcoming year start as soon as the current winter season ends,” explains Maria Brous, director of media and community relations for Publix Super Markets, a 1000-plus-store chain headquartered in Lakeland, FL, that operates in six southeastern states. “We are already planning for the following year taking into account the lessons learned. For produce, we are planning months ahead, then weeks ahead, and then days ahead as we make modifications depending on the climate and growing season.”

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Strategies to optimize produce sales during the cold weather months start right after Labor Day at Rouses Markets, a 37-store chain based in Thibodaux, LA. “We plan by season, by occasion and by commodity,” explains Joe Watson, director of produce. “Then, in the coming months and weeks, we solidify the commodities and put our promotional plans into action. Once the product is in the supply chain, it’s easier to sleep at night.”

Watson adds, “Winter is a safe time of year for aggressive merchandising. Temperatures are moderate, and much of the product is less perishable than in the summer. You can take the gloves off and really promote.”

Grocery Outlet’s Olson’s job in planning

seasonal promotions is as a coach that offers ideas rather than a captain who issues orders. “We buy product and set policy and pricing at the corporate level. We’ll also go to a select store, set up a display, put it on video and share it as a promotional tool,” explains Olson. “We don’t set up programs and have people in the field to make sure it’s executed. The individual stores, since they are privately owned, decide what they want to do. In other words, our operators don’t get in trouble if they don’t do what we recommend or do it a bit differently. They know their customers, and this fact makes for a successful environment.”

At New Seasons Market, a 13-store chain based in Portland, OR, which features

specialty organic as well as conventional produce and grocery items, produce director Jeff Fairchild follows a seasonal template that he’s developed over the past 15 years. “We take advantage of opportunities that come along based on weather. However, our stores generally have a good sense of what we’re doing a couple of months ahead. This is when we put together our programs and partnerships. During the winter, we have a strong Mexican program and work with several of the citrus and apple shippers.”

Paul Kneeland, vice president of produce, floral and seafood for Kings Food Markets, a 25-store chain based in Parsippany, NJ, says, “The potato, avocado, mango and strawberry groups are among those we partner with for winter promotions.”

“The Chilean Fresh Fruit Association and Pear Bureau Northwest are industry organizations that support in-store promotions and print ad activity at Rouses,” reports Watson. “Consistent promotions and maintaining good industry relationships led us to better success in the end game.”

Display shippers provided by grower/shippers is a promotional tool Redner’s Stiles has found profitable. “For example, we’ve used high-graphic shippers with a Super Bowl theme for pistachio promotions. Shippers and bins for apples and pears, for example, draw the customer’s attention to displays or provide a secondary display opportunity for increased impulse sales.”

Grocery Outlet’s Olson finds that commission-sponsored display and sales contests, especially those that come with display bins and point-of-sale materials, are a great way to boost sales of winter fruit such as citrus, apples and avocados. The chain ran a sales contest with Avocados From Mexico last year that drove dollars of winter fruit up 22 percent. Winning produce managers were awarded great prizes such as iPads and iPad Minis.

## DECEMBER: HOME COOKING AND HOLIDAY PARTIES

“The holiday season is fast, frantic and fun in produce,” says Grocery Outlet’s Olson. “In November, the gears switch to all things cooking. We expand our sets of cooking-vegetables like potatoes, onions, yams, greens and Brussels sprouts.”

“We focus on traditional holiday meal ingredients such as mushrooms and celery for stuffing, cranberries, sweet potatoes, potatoes and carrots,” explains Publix Super Markets’ Brous. “We also have many different cultures in the South, so we can’t forget roots such as

## Side Note

### MOTIVATE YOUR PRODUCE EMPLOYEES

Seasonal merchandising is only as effective as the people behind the promotions. Produce executives share how they motivate their employees.

Joe Watson, director of produce for Rouses Markets, a 37-store chain based in Thibodaux, LA, says, “I do it by providing the plans and tools our managers and their staff need to fully execute the promotional programs. There’s no guess work. We also have a store-level team and merchandisers who can help. My strategy is to be proactive rather than reactive.”

Contests are what works at Bristol Farms, a 13-store upscale chain based in Carson, CA, says Raul Gallegos, senior director of produce and floral. “Through partnership with our vendor/suppliers we allow our store-level produce staff to be

creative with display building and sampling.”

At Morton Williams Supermarkets, an 11-store chain based in New York, NY, it’s hands-on management that does the trick. “I’m in each of our stores an average of three times a week,” explains produce director, Marc Goldman.

Finally, end results are what motivate employees at Redner’s Markets, a Reading, PA-based chain that operates 44 warehouse markets and 14 convenience stores in three states. “We are an employee-owned company, so generating more sales and gross profit dollars means success for everyone. We also take pride in delivering what our customers expect of us: good fresh produce, large attractive displays, cross-merchandising for meal ideas and friendly service.”



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PHOTO COURTESY OF ROUSES SUPERMARKETS

yuca, malanga, and other vegetables.”

Grocery Outlet’s Olson adds, “Even though Thanksgiving and Christmas are two separate holidays, customers want many of the same items for both. For example, it used to be that fresh cranberries weren’t available after Thanksgiving. We retailers used to order extra and hold them over in our coolers in order to have them in December. Now, fresh cranberries are available right through Christmas. Yams and sweet potatoes are a huge component of the Thanks-

giving meal that also remains popular with a strong push in December.”

“December is a great month for cross-merchandising between departments,” says Redner’s Stiles. “People are cooking more and preparing large meals. We’ll display baking apples with crusts, pie shells and flour. Potatoes and onions tie in with butter and cheese items. Fresh herbs go over to the meat department next to the turkeys and mushrooms, and carrots are paired with the pot roasts.”

To make cooking even more convenient for its customers, Kings offers pre-peeled onions and shallots.

Morton Williams Supermarkets highlights fresh-cut fruits and vegetables in a big way come fall and winter. “We offer cut, ready-to-cook vegetables such as peppers and squash for stir-fries, as well as hubbard squash, carrots, onions and even shredded cabbage for coleslaw in grab and go containers,” says Goldman. “We offer about 15 to 20 different vegetable combinations. Our stores are small. Customers wouldn’t have room to walk if I set a pallet of sweet potatoes on the floor. Also, in Manhattan, people don’t have large refrigerators, so many customers shop our stores daily.”

“Even in larger stores, December is all about getting product out in front of customers,” adds Bristol Farms’ Gallegos. “All departments are jockeying for prime floor space.”

Produce as a gift is a major sales opportunity at this time. Some retailers, such as New Seasons Market, offer customers boxes of Satsuma mandarins and other citrus. Others, such as Tadych’s Econofoods, do a big business in gift baskets. Jim Weber, produce supervisor at the six-store chain based in Brillion, WI, says, “Immediately after Thanksgiving, we’ll

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put milk crates together and build a huge gift center right in the front of each store. Here we'll have fresh fruit baskets that range from \$15.99 to \$19.99. There's also baskets that feature products from almost every department. There are 'girlfriend baskets' with chocolates; baskets with wine, cheese and sausage from the deli; baskets with wine coolers that have two gift glasses tied on the neck with a bow; and poinsettias from floral."

Don't forget floral! Grocery Outlet's Olson says, "We bring in poinsettias before Thanksgiving and put a big push on them that springboards right into the run up to Christmas."

#### JANUARY: HEALTHY AND LOCAL

Parties come to an end in most areas of the country right after New Year's. However, not in New Orleans, says Rouses' Watson. "We go straight into Mardi Gras on January 6. This is a six- to eight-week celebration that takes us right into February. Our bakery departments feature King Cakes, while in produce we offer pistachio displays and platters of fresh-cut fruits and vegetables."

Bristol Farms' Gallegos says, "It's 'pedal to the floor' for us in produce beginning at Halloween. We take a deep breath and go, go, go . . . The next thing you know, it's January. January lends its own opportunities with customers switching gears away from all the indulging to watching what they eat and counting calories. So, our offering totally changes as well. We focus on a more salad-based and healthy nutritional offering."

Last winter, Kings Food Markets partnered with Fresh Express in a packaged salad sales contest in January. "We let the stores know what we wanted to do. For example, we wanted them to cross-merchandise organic cheese crumbles with the organic salads and conventional crumbles with conventional bagged salads. Then take a picture of the display and send it in. The contest was timely and the results exceeded our goals."

A "Salad of the Month" promotion kicked off last January at Grocery Outlet. "An advertiser called out an in-store advertising announcement, for example, a Caesar Salad Kit on special for \$1.99."

Weber at Tadych's Econofoods takes this concept one step further. "We feature a different salad dressing on sale every week in our ad paired with a particular salad and run this promotion into February. The salad dressing is advertised at its regular price while the salad is listed as 'free' rather than discounting both products. For example: buy a

## WHAT FRUITS & VEGETABLES SELL BEST IN THE WINTER?

### Top Produce Categories by Dollar Sales\*

1. Citrus
2. Berries
3. Apples
4. Packaged Salad
5. Bananas
6. Tomatoes
7. Potatoes
8. Grapes
9. Cooking Vegetables
10. Value-Added Fruit

\*Source for U.S. Totals: Nielsen Perishables Group, December 2, 2012 - March 2, 2013

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bottle of Marie's salad dressing and get a Dole salad free. Customers like the idea of 'free.' The salads and dressings on sale are displayed in an 8-foot refrigerated case in the first position. Use signage ties-in with New Year's resolutions and, let shoppers know salads are a good alternative to fast food."

"Fruit is just as popular as vegetables for customers interested in eating healthfully," explains Morton Williams' Goldman. "Our mixed fruit cup is our biggest seller. We also do a yogurt parfait with granola and fresh fruit."

Domestic citrus and other locally grown products, mainly grown in the South, are at peak availability in January. "This is when New Seasons Markets runs its Citrus Fest," says Fairchild. "We have a 12-foot table and over 30 different types of citrus for customers to sample. There's nothing like putting product in customer's mouths. Citrus is in the ad that week. We'll also cross-merchandise citrus in the meat, seafood and deli departments along with recipes."

Rouses partners with a California grower for a Washington-variety navel promotion from January through mid-March. "This is a time when our Louisiana navels are finished," explains Watson. "The Washington Navels we buy grow on 80 to 100 year-old trees from original Washington rootstock, and we have an exclusive on them in our market. We build big displays and have 'Meet the Grower' days in-store, which caters to our customers' desires to know where their food comes from. It's a promotion that has paid dividends."

"Locally grown is a potent citrus promotional theme at Bristol Farms in January," says Gallegos. "Being situated in California really benefits us with our locally grown program. Mandarins, Navel oranges and grapefruit have

done extremely well for us in the past."

Louisiana-grown citrus as well as berries star in winter promotions at Rouses. "Local citrus includes mandarins, tangerines, Navels, kumquats, grapefruit and Meyer lemons. There's also a large local strawberry crop this time of year that provides good supplies when other growing areas of the country are struggling," Watson says. "We really get behind local. Because of our moderate climate here south of Lake Pontchartrain, farmers will also have row crops such as white, yellow and purple cauliflower, broccoli, greens, cabbage and scallions available during the winter months."

Similarly, Publix is able to promote Florida-grown fruits and vegetables year-round and especially in the winter. "We developed our 'At Season's Peak' program more than six years ago to remind customers of the seasonality of our fruits and vegetables," Brous explains. "In January, we focus on Florida citrus; February through March, Florida vegetables; and in March, Florida strawberries."

Publix customers can visit the program's site online to get additional information about the seasonal availability of fruits and vegetables, recipe ideas, nutrition facts, selection tips and can sign-up for e-mail alerts. "At Season's Peak" is also supported through in-store signage, advertised specials, as well as radio and billboard ads.

## FEBRUARY: FOOTBALL AND LOVE

The Super Bowl (which will be played on February 2, 2014, at MetLife Stadium in New Jersey) has become one of the biggest eating holidays of the year. Millions tailgate with friends and "homegate" with family in their living rooms where snack foods score a touchdown.

“The nibbling theme plays out at Redner’s where produce items such as peanuts, baby carrots, cut fruit and vegetable party trays, pre-made guacamole and salsa as well as the ingredients for these dips are spotlighted,” says Stiles. “Our Super Bowl displays are a team effort by the entire store. Deli, grocery, general merchandise and produce combine items in a huge center store destination display with a football theme. We start two to four weeks out from the playoffs and put items in the weekly ad circular on display. When a hometown team is involved, sales are even more unbelievable.”

Rouses starred as its market’s exclusive retail partner with Los Angeles, CA-headquartered Paramount Farms for a big push on Wonderful-brand pistachios for the 2013 Super Bowl in New Orleans. The multi-faceted promotion was part of Wonderful Pistachios’ iconic “Get Crackin” ad campaign that featured the “Gangnam Style” rapper PSY in a game-time U.S. television commercial.

Watson explains, “Paramount provided the inventory and POS. We built big displays right after the first of January. Then, in the three to four days leading up to the game we had in-store activities where Paramount and our store staff teamed up for demos and handing out samples to customers. Total



PHOTO COURTESY OF ROUSES SUPERMARKETS

Rouses showcased this display for Paramount Farms and the Wonderful brand’s “Get Crackin” campaign during the 2013 Super Bowl in New Orleans.

produce sales were way up due to all the effort behind this promotion.”

“Customers love to buy chocolate-dipped fresh strawberries at Redner’s Markets for Valentine’s Day,” says Stiles. “We sell pre-dipped strawberries in 3-, 6- and 9-count and display the strawberries with dip separately for customers who want to make their own.”

Grocery Outlet stores provide cupid-

playing customers with all the components for a special Valentine’s Day meal at home. “Bacon-wrapped filet mignon, fresh asparagus, beautiful full-color strawberries, chocolates and cut roses are merchandized together in a front end display and grouped together in the weekly ad. We make sure shoppers know we’re a one-stop shop for their Valentine’s Day dinners. It’s a popular promotion.” **pb**

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# Shop & Save

A taste of Poland is the essence of where Shop & Save's concept began; now it's a flourishing hometown shopping experience. **BY OSCAR KATOV**

In their late years, some elders still remember a time in school when new children that spoke strange languages started attending classes. These children, along with their parents and grandparents, were arrivals from Eastern Europe. These families joyfully responded to a welcoming into "The Golden Land" and faced the challenge of starting a new life in America. By the millions, entire families from Poland, Ukraine, Lithuania, Macedonia and Romania, streamed into Chicago, New York and other cities in the east. Polish immigrants heavily favored Chicago.

The powerful pull of Chicago to start a new life is evident today in the wide swath of city neighborhoods and nearby suburbs that collectively are identified locally as "Chicago Polonia" — with Poles (people of Polish descent) eventually becoming the largest European-American ethnic group in the city.

There are many similar stories, but at the heart of this narrative is the story of a 10-year-old boy and an 8-year-old girl who came to Chicago with their respective parents 40 years ago. Cesar and Eva Jakubowski, now husband and wife, are proud owners of six Shop & Save markets in northern Illinois.

"A few years after arrival in Chicago, the children met each other through their parents, and the friendship flourished into their marriage," recounts Brian Holtzkop, the stores' general manager. "They started a wholesale supply business, selling plastic bags and plastic trays to grocery stores, and this experience led to a growing



**Cesar and Eva Jakubowski, husband and wife, are proud owners of six Shop & Save markets in northern Illinois.**



interest in owning a store. The first store was in Niles, IL. They decided that the store should reflect eastern European foods, because we sat squarely in the midst of Polish families. Both are very involved in the stores' operation. Eva devotes her energy to the prepared foods and store styling, and Ceasar is involved in day-to-day management. They both show the same drive and determination that their respective parents exhibited in coming to America."

"We are a unique organization," says Maurizio Ferrazzuolo, manager of the Downers Grove store (newest of the six). "We place ourselves in markets where we have roots and focus on freshness. We go back to basics by doing everything in-house," says Ferrazzuolo.

**"Fresh produce in the Downers Grove store makes its own strong impact, with 4,500 square feet devoted to about 700 SKUs."**

— Brian Holtzkop, General Manager

From the bakery to manufacturing their own sausages and hams, each store functions off resources that are created by Shop & Save. "We have our own smokehouse and kitchens where we make 30 different soups in large kettles — including traditional

chicken noodle soup to Polish-style soups, and more than 30 different salads," explains Ferrazzuolo. "Our bakery is far more different than most bakeries. We produce our own Polish-style bread and artisan breads every day at every location. We provide hot bread every day — sometimes after 7 p.m. to oblige customers who require that service."

In a further definition of "unique," Ferrazzuolo describes a custom-built rotisserie where they roast fresh pig and lamb for the holidays. "We'll do goats soon. Customers come in to actually wait for the roasted pig or lamb to be done, and we sell it by the pound. That's one thing I never saw in any other store — a fresh-roasted pig on a spit. Another thing not to be seen else-



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where is our 16-foot sausage bar and our 64-foot section of fresh seafood.”

“Fresh produce in the Downers Grove store makes its own strong impact, with 4,500 square feet devoted to about 700 SKUs,” explains Holtzkop. “When you come through the front door of the store, you think it’s all produce. We still have customers coming in with relatives visiting from Poland, who stand in the middle of the store looking around somewhat in amazement, particularly at the produce displays, taking pictures to show their families back home.”

“We have two buyers who walk the Chicago International Produce Market daily,

checking for both best quality and price. Our head buyer, Pat Morales, makes decisions about individual store needs. Each of the six stores has its own specialties, and we act accordingly. We find that staples for eastern Europeans are cabbage, beets, carrots, apples and all the berries,” explains Holtzkop about the operation.

“Local farmers also contribute to the mix,” says Holtzkop. “Right now, during season, I’m using 10 to 12 local farmers for different products. I actually go to the farms to see what’s happening first hand and to develop good relationships. Just yesterday, we got another full load of beautiful pump-







Indoor-farmed produce from FarmedHere in Bedford Park and hand-dipped apples are exclusive features of Shop & Save.



kins from a farmer about an hour away. The season starts early with asparagus then follows with other vegetables, tomatoes, summer corn, and hardy squash in the Fall. I think there's lots of opportunity through the Illinois Department of Agriculture, particularly with programs such as "Where Fresh Is" [a program available to producers to use as a tool to help sell Illinois-grown produce and horticulture commodities].

"We also arrange to send trucks into Michigan every week for items of special interest with farms we have known for years," Holtzkop says. "Not too long ago, we started something that's really exclusive. We learned about indoor farming in Bedford Park, and while visiting the company, FarmedHere, I saw my first aquaponic demonstration [a combination of fish and plant production using aquaculture and hydroponics systems]. We started getting fresh basil from them. It's grown in half the time it would be in a basil field. We're also getting little Juliet tomatoes and Drake tomatoes — all grown in a controlled environment. All of this produce is 100 percent organic."

In addition to the partnerships with farmers, elaborate meat division, and organic produce, Shop & Save continues to differentiate itself from competitors. "We don't isolate anybody, although our stores have an eastern European flavor," adds Holtzkop. "We try to make everybody feel welcome in our circle with every store we build. We're in the stores every day so we gain more insight into our customers' experience at the store. We teach our employees good customer service. We create a hometown atmosphere in each store we open. That's really our niche." **pb**



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As the Hass avocado supply leader in the U.S., Mexico is on target to deliver over 1 billion pounds of fresh avocados to the U.S. in 2013.

# Avocados From Mexico's All-Star Marketing Campaign

The latest marketing activities for Mexican avocados. **BY KEITH LORIA**

**M**exican avocados are experiencing a record-breaking year, according to The Hass Avocado Board. As the Hass avocado supply leader in the U.S., Mexico is on target to deliver over 1 billion pounds of fresh avocados to the U.S. in 2013. That's more than a 20 percent increase over the previous season, which accounted for over 65 percent of the total U.S. market.

Numbers are also strong in Canada, where Mexican Hass avocado production is forecast to reach 1.3 million metric tons, according to projections in the latest USDA *Foreign Agricultural Service Gain Report*.

Driven by the unprecedented collaboration between the Avocado Producers and Exporting Packers Association of Mexico (APEAM) and Mexican Hass Avocado Importers Association (MHAIA), Avocados From Mexico went into 2013 with a new vision: to reposition fresh Mexican avocados as an every day essential instead of an occasional treat.

Maggie Bezart, vice president of trade and promotion for Costa Mesa, CA-based Avocados From Mexico, says that as a promotion board and category leader, it is their responsibility to continue to drive consumption.

"That's why 80 percent of our budget is geared toward consumer consumption. When you get more people buying avocados, it helps everyone down the line," Bezart says. "People will say, 'you're also helping the other origins,' but when we are on an average over 65 percent of the supply every day, we are the category leader and understand its importance."

## The Sporting News

From 2009 to 2012, Avocados From Mexico found great success with its "The Big Hit" marketing program that focused around the Major League Baseball playoff season. For 2013, the company decided to approach the campaign from a different angle and created its "Avocado All Stars," which highlighted the produce and the products that Avocados From

Mexico work best with.

"Our campaign included national television commercials during the playoffs, as well as print media, both were part of our 'Major League All Stars' theme," Bezart says. "All Stars are not only avocados, which are the star of any meal, but any other product that can be used with them: kidney beans, pasta, tomatoes, and a group of ingredients that incorporate guacamole into every day use."

For print, the board concentrated on *People Magazine* and *Entertainment Weekly*, which were chosen because of their wide demographics.

"We are really trying to reach the new consumers, who are medium to heavy users, driving them to become extra-heavy. Both these publications have excellent circulation and we got incredible insertion dates — 'Best and Worst Dressed' issue for *People* and the 'Fall Preview' issue of *Entertainment Weekly*," Bezart says. She adds that the whole design of the campaign has changed. It's a campaign



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surrounding a fun and whimsy spirit to create more interest, more entertainment and to drive more consumers to the brand of Avocados From Mexico — cultivating memorable experiences.

### Three Is A Magic Number

A large part of Avocado From Mexico's promotion with retail involves a sweepstakes during their consumer campaigns. Currently, it's running a promotion around entertaining for the holidays, which is tied in to a cross promotion with Modelo Beer and includes in-store display bins.

"This promotion will be focused on Hispanic stores but also on some of the general market stores," Bezart says. "There will be an in-store coupon for buying three Avocados From Mexico and getting \$3 off a 12-pack of Modelo Beer. For certain states that do not allow coupon use for alcohol, then we provide a the coupon that contains \$2 off pork, which is a very heavy Latino item during the holidays."

Come January, the marketing focus turns to the "Ultimate Game Day Spread," which runs through the Super Bowl and capitalizes on Avocados From Mexico's partnerships with very large CPG companies, such as Mission Foods (tortilla and chip marketer) and Cholula hot sauce. Coupons attached to bags of Mission Tortilla Chips will offer a free bag with a purchase of three Avocados From Mexico and a bottle of Cholula hot sauce.

"The consumption per capita right now is 2.2 avocados, so we need to get consumers to buy another avocado. That's why our coupons are 'buy three,' to bring them from a medium user to heavy user," Bezart says. "By tying in with large CPG companies that have strong

brands, we're assisting our importers to ensure the product is moving through retailers and helping retailers move the product."

Vic Savanello, director of produce and floral for the Iselin, NJ-based Allegiance Retail Services, which supplies Foodtown Stores in the Northeast, says his distributors ask for Avocados From Mexico as their avocado of choice.

"In our New York market, the 48-size Hass is popular, which is the predominant size, and we sell a smaller size in mesh bags, so we generally display two different size varieties in different merchandising units — one in a bag and one loose," Savanello says. "The great thing about the Avocados From Mexico is that they supply these great little bins that allow you to put two cases of product in and have a secondary location."

Avocados From Mexico is also launching an in-store radio ad to over 10,000 stores in the country. Additionally, the board is holding a national display contest for its retail partners. Retailers submit photos of the in-store avocado display and receive a \$25 gift card simply for submitting photos. The winner with the best display utilizing the the "All Star" partners receives a \$250 prize.



"We will be giving away over \$140,000 worth of retail prize money for displaying Avocados From Mexico," Bezart says. "All of our point of sale drives traffic to our Avocado All Stars webpage, which correlates with our social medium platform. Consumers can enter to win a \$5,000 gift card on that webpage as well."

Once consumers visit the website, they have the chance to enter to win prizes, collect coupons, receive notifications about future promotions and save recipes.

Avocados is a category that has seen a sharp increase in sales over the past few years, and Savanello credits the assistance that Avocados From Mexico provides for the rise in numbers.

"You might be surprised to know — and I know some people in my stores are surprised by this — avocados is the second-biggest selling produce item in our stores behind bananas," Savanello says.

### Character Development

Whether it's the Gecko from Geico or the Travelocity Gnome, recognizable brand characters are instrumental in helping consumers relate to a product. In 2013, Avocados From Mexico created its Avocado mascot, "The Avocado," which will be featured in all of its upcoming promotions on television, on radio or in print.

"The media agency we are working with is very good at brand development and when they conducted consumer studies, they discovered that people need to be engaged to understand the versatility of avocados," Bezart says. "With this character, it allows us to utilize him in a lot of ways and not have an actual person tied to our product, but the product itself. When you have something more fun and engaging, it pulls consumers in and also creates a lasting impression in their memories."

### Holiday Happiness

Last May, an impactful campaign between Avocados From Mexico and Corona featured cross-promotional displays in major retail stores across the U.S. and Canada for Cinco De Mayo. Avocados From Mexico provided digital support on its website as well as through its social media channels.

"Cinco De Mayo is a theme more than anything else, but additionally, Halloween and the Super Bowl are big times to market avocados in the store," Savanello says. The main messages that Avocados From Mexico wants to convey to retailers is that it offers a healthy product that tastes great, and it's a fun product that creates great sales and margins.

pb

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Suppliers say the average sweet onion consumer has a basket size roughly 40 percent larger than an average produce consumer.

# Imports Make Sweet Onions A Year-Round Offering

Industry experts discuss how taste, shape and origin play roles in consistently successful imported onion sales. **BY BOB JOHNSON**

**F**ew produce items are as closely identified with a locality as Vidalia sweet onions, which both state and federal law define as coming only from a 20-county area in Georgia.

But winter imports from below the border make sweet onions an important year-round category. The imports can create challenges for merchandising sweet onions without the Vidalia name, but the payoff for meeting these challenges is substantial because sweet onion consumers are heavy produce buyers and users.

“The average sweet onion consumer has a basket size roughly 40 percent larger than an average produce consumer. Maintaining a year-round supply of an instantly recognizable sweet onion — similar in shape and color to a Vidalia onion — in the produce department is a proven winner in increasing overall ring at the register,” says John Shuman, president and director of sales at Shuman Produce, Reidsville, GA.

A constant presence of quality sweet onions can drive the onion category, and can help drive the entire produce category.

“Sweet onions should be merchandised

consistently all year long to take advantage of their inherent quality to consumers as a value-added kitchen staple,” says Shuman. “We suggest utilizing signage to call attention to seasonality, flavor profile, shape and color of sweet onions. They are the onion category driver with around 30 percent of total onion sales coming from the sweet onion segment.”

Effective merchandising of sweet onions in the winter takes a prominent display of good looking onions, both loose and bagged, as well as a strategic plan of promotion and cross merchandising. But it all begins with sweet onions that consistently taste good.

“The key to a good sweet onion program is consistency. You need to steadily promote sweet onions in order to grow the category in your store. Sweet onions demand a higher ring at the register and consumers expect a sweet experience to keep them coming back and purchasing again,” says Matt Curry, president of Curry & Company, Inc., Brooks, OR.

## The Truth Is In The Taste

Many consumers believe the most important sign of quality in sweet onions is the

distinctive flattened shape that marks sweet onions from regions where Granex varieties are grown.

Another way to tell quality is to cut the onion — if you cry it is not sweet. But if you really want to know the quality of a sweet onion, it’s in its taste.

“You can identify good sweet onions by tasting them. You can’t just look at them and say they’re good,” says Tony Smith, merchandising manager at J.H. Harvey’s, Nashville, GA. He explains that the same concept does not apply for Peruvian onions; the better they look better the better they taste.

U.S. suppliers are constantly working with foreign growers to develop new sources of supply of sweet onions that pass the taste test.

A few growing regions are just beginning to develop their own reputations for quality sweet onions, most notably Peru.

“Imports from Peru run through mid-February. Mayan Sweet onions from Mexico start in mid-February and run through early May,” explains Marty Kamer, vice president of Keystone Fruit Marketing, Greencastle, PA. “We have ongoing R&D projects in a variety of

other countries throughout South and Central America, even Europe and others. Future availability of authentic sweet onions from these emerging markets is yet to be determined.”

While the search for new growing regions continues, sweet onion shipments follow a familiar pattern. After Vidalias are gone from stores, sweet onions come into the country from Peru; then when the shipments from Peru end (usually around the end of the year), the search for imported sweet onions shifts to Mexico and Chile.

“Our major winter sources are Peru from October to December, Chile from January to March, and Mexico from February to April. There are always new players,” says Barry Rogers, president of Sweet Onion Trading Company, Grant, FL. “We like to establish relationships with growers before the seed is ever planted. That way, we can manage planting better as well as culture and harvest to maximize yields and quality.”

### Year-Round Promotions

Supermarkets in every corner of the country are finding that the international supply lets them display sweet onions in promotable quantities all year.

Tadych’s Econofoods is an independent retail chain with six supermarkets in the upper Midwest, far removed from both the coasts and from the geographic center of sweet onions in the South. But this chain serves consumers in small Midwestern towns and maintains its display of sweet onions even in the winter.

“We don’t cut down the size of the display after the Vidalia onions are gone,” says Jim Weber, produce director for Tadych’s Econofoods, Iron Mountain, MI. “We promote sweet onions 12 months of the year. After we can’t get onions from Vidalia, we go to Walla Walla. We do the Washington onions, and then when if we can’t get Mexican 1015s or Texas 1015s, we go to Peru. We have sweet onions 12 months of the year.”

Even in the heart of Vidalia sweet onion country, supermarkets only make slight adjustments to their sweet onion displays when the supply shifts to Latin America.

J.H. Harveys is a regional supermarket chain with nearly 70 stores spanning Georgia, South Carolina and Florida. The chain continues to promote sweet onions in the off season, when the Vidalias are not available, with only modest reduction in the variety of sweet onions offered, and in the amount of space devoted to the category.

“With the Vidalias, we carry a 10-pound bag, a 5-pound bag, a three-pound bag and



loose onions, but with the imports, we just carry loose onions, 3-pound bags and 5-pound bags,” Smith says. “We don’t carry 10-pound bags of the imports.”

It is not enough to have an abundant supply of high quality sweet onions in the winter — they must still be merchandised effectively.

“Old school still works: attractive pricing, good quality and large displays,” says Derrell Kelso, CEO and owner of Onions, Etc., Stockton, CA. “One thing we recently did differently is promote sweet onions in stores and raised money for City of Hope.”

One effective place to display sweet onions is on a root-vegetable table, with crops of

many colors.

“Displaying sweet onions on the root-vegetable table among color blocks of other onions makes a very appetizing display,” says Sweet Onion Trading Company’s Rogers.

Another effective location is an end cap, or other stand-alone location. “End caps, stand-alones, value-added product offerings, multi-size strategies and consumer bagged displays offer consumers multiple buying options and ensure sales lift,” says Keystone’s Kamer. “Due to increased demand of sweet onions, many retailers find it advantageous to carry bulk or loose jumbo sweet onions as well as a consumer bag of medium sweet onions.”

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Because sweet onions are so versatile, they can be cross-merchandised with a long list of other produce items, especially including avocados and tomatoes.

“Sweet onion usage is very diverse, and cross-merchandising opportunities are limitless. The sweet mild flavors of onions make them fantastic on a hamburger or in a fresh salad — simply slice and enjoy,” Kamer says. “As an ingredient they are guaranteed to enhance favorite recipes; sweet onions will take any menu offering to a whole new level!”

Recipes can be an effective way to increase sales by encouraging purchase of sweet onions and the other ingredients.

“Today’s innovative packaging includes usage tips, recipes, and nutrition details,” Kamer says. “Sweet onions present an opportunity for incremental produce sales if merchandised correctly. The health and flavor benefits are an easy sell for consumers looking to cook tasteful food without salt and cholesterol. Sweet onions also offer ample opportunity for promotion and cross-merchandising with a variety of products in and out of the department.”

### Promoting Origin

The law requires posting the country of origin, but there is considerable discretion in how to merchandise the country of origin of imported sweet onions.

“Retail produce distributors must display the origins of the produce they offer for sale,” Rogers says. “Being quiet about origins is not an option. We would love to see more produce managers actively promoting sweet onions by their origins; however, most shoppers are just looking for a sweet onion and don’t really care where it was grown.”

“Vidalia would be the only locality that we can successfully promote,” says Tadych’s Weber. “I put Walla Walla in the ads, but people are still averse to buying from Mexico, and probably from Peru too.”

Georgia-based J.H. Harveys leans most heavily for imported sweet onions from Peru, but does not promote them by their country of origin. “We import them from Peru when the Vidalia onions are no longer available. I identify them as ‘imported’ when I put them out, and I never hear any complaints about them,” Smith says.

Part of the merchandising appeal of imported sweet onions can be their role in keeping local people employed.

“Our Peruvian sweet onion season allows us to maintain a local workforce all year long. Expanding into the import market in 1998

actually created a necessity at Shuman Produce to hire additional local employees to handle our Peruvian program,” says Shuman. “We employ every job in the fall and winter months that domestic growers employ with the exception of migrant field labor. Shuman Produce’s import program is also a part of the 350,000 jobs generated by the state of Georgia’s ports and the \$32 billion of the state’s GDP created by products moving through the state’s ports.”

### How Onions Shape Up

The most marketable sweet onions from outside the United States are probably those from Peru, because they are the sweet onions that resemble Vidalia onions the most.

“Peruvian onions are grown with Granex sweet onion varieties and look like the ‘flat’ onions that are grown in many domestic regions,” says Curry. “One way to market these are as ‘The best sweet onion from Peru.’ The most important difference in marketing either sweet onion is to distinguish it as something different from your standard yellow onion — that is the differentiation you need to achieve to improve your sales.”

Some suppliers emphasize that their sweet onions are grown from certain types of seeds.

“For the best quality, we mostly use a Granex strain of sweet onion seed, much like the seed used to grow Vidalia sweet onions,” says Sweet Onion Trading Company’s Rogers.

Granex onions have a distinctive flat shape, while Walla Walla, Texas and Mexico 1015s (named after the optimal planting date, October 15), Hermiston and Sweetie Sweets, among others, have a globe shape.

There is a strong body of opinion that an onion without the distinctive flat shape of a Granex does not look sweet, and therefore cannot maximize sales.

“Research shows that the flatter shape and bright yellow skin color is instantly recognizable as sweet, and RealSweet sweet onions from Peru are the consumer-preferred sweet onion during the fall and winter months,” says Shuman. “The Granex onion varieties — the flatter, yellow-skinned sweet onions instantly recognizable by consumers — can only be grown in South America during this time of the year.”

However, a considerable amount of opinions believe that a flat shape is not essential to a good sweet onion.

“We know that some growers continue to push the idea that consumers only recognize a flat-shape onion as a sweet onion, but in our opinion, that is no longer true,” says Teri Gibson director of marketing & customer rela-



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tions at Peri & Sons Farms, Yerington, NV. “We find that when consumers call us directly, and it’s amazing how many do, they are recognizing that it’s the look and feel of the skin, rather than the shape. Flat or globe, the most important thing the industry can do is to be diligent about labeling truly sweet onions as sweet.”

According to Gibson, Peri & Sons grows a western sweet onion, called Sweetie Sweet, that does not look like the Vidalias, but can pass muster at the laboratory.

“We are committed to working with National Onion Labs to test and certify our Sweetie Sweet onions. After conducting the pungency tests, they test for compounds that cause eye tearing and make the onion taste sweet. But most importantly, they examine each lot for flavor — including bitterness and other negative flavors. This year our Sweetie Sweets tested and Certified Extra Sweet,” Gibson says. This western variety can fill some of the winter slot, partly because they store relatively well.

“Our Sweetie Sweets are available from a harvest at our Firebaugh, CA farm from July through August and then from our Yerington, NV crop from September until supplies run out, which is typically by mid-January,”

**“As a root crop, the flavor and quality of sweet onions is dependent on many factors: seed, soil, water, wind, humidity and grower practices such as planting, culture and harvest. That is why sweet onion flavor-profiling is so important.”**

— Barry Rogers, Sweet Onion Trading Company

Gibson says.

The shape of the onion comes from the seed, but numerous other complex soil, climate and day-length factors also go into the produc-

tion of a quality sweet onion.

“These onions are different in the soluble solids and have more water in them, which dilutes the sulfur, and for the most part, they are sweeter,” says Onions, Etc.’s Kelso.

As the origin of the onions shift, even relatively slight differences in local conditions can make for significant differences in the quality of sweet onions.

“As a root crop, the flavor and quality of sweet onions is dependent on many factors: seed, soil, water, wind, humidity and grower practices such as planting, culture and harvest. Therefore, the quality and flavor of sweet onions will differ not only from region to region, but also from lot to lot. That is why sweet onion flavor-profiling is so important,” says Sweet Onion Trading Company’s Rogers.

“One of the biggest challenges for the industry, growers, marketers, and retailers is to meet consumer expectations year-round. Even if the year-round sweet onions have become a mainstay in the department, there continues to be lots of imposters (or onions that are labeled sweet) failing to meet consumer expectations — destroying consumer confidence and ultimately slowing the sales and profits for everyone,” Kamer says. **pb**

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# Bananas: The Dominant Staple To Any Produce Department

Industry experts discuss variety and key merchandising factors to increase banana sales.

BY BOB JOHNSON



**U.S. banana consumption has steadily increased from barely over 1.5 million tons a year four decades ago to well over 3.5 million tons today.**

**T**alk about apples and oranges all you want, but Americans eat more bananas than both of those standards combined, and the gap is widening.

According to the U.S. Department of Agriculture, per capita consumption of apples and oranges dropped slightly since 1970, while per capita consumption of bananas has gone up nearly 50 percent.

As consumers take to the health message of eating more fresh fruit, U.S. banana consumption has steadily increased from barely over 1.5 million tons a year four decades ago to well over 3.5 million tons today. Since 2007, U.S. banana imports increased from 8.8 billion pounds to 9.6 billion pounds.

Even though the enormous banana category might appear to be fully mature, numerous small changes in consumer preferences are adding up to a significant change in the look of an effective banana presentation.

As banana consumption increases, much of the new demand will be in specialty items such as plantains (popular among the growing

Hispanic market) or organic bananas.

More important than the size of a contemporary banana display is the presentation of the many colors, sizes and shapes that are coming to the forefront in bananas.

“The ability to deliver a variety of colors is more important than the size of the display,” says Brian Gadwah, category manager for Delhaize America, a Belgian firm that operates Food Lion, Sweetbay Supermarket, Harveys Supermarkets, Hannaford Supermarkets and Bottom Dollar Food.

Also, more important than the size of this display is its location in an eye-catching spot within the produce department.

“There is no rule on how much space to devote to bananas. There is more consideration to where the display is going,” Gadwah says.

## New Twists On An Old Standard

Because today’s consumer expects to find variety in the banana section, an effective display includes red bananas, plantains, baby bananas, organic bananas, and bananas at different stages of ripeness. This variety gives

the impression that the banana program is well managed.

“A big part of conveying the sense of a robust, well-managed banana program is in the breadth of offerings,” says Bil Goldfield, director of corporate communications at Dole Food Company, Westlake Village, CA. “Organics continue to be a growing category and almost an expected part of any banana assortment. Displays including specialty varieties — reds, manzanos, babies — as well as plantains or a green banana program for more cooking usages is beginning to see more acceptance.”

Consumer interest in this wider range of bananas has reached even relatively small cities in areas of the country far removed from either coast.

Grafton, ND, population 4,284 — according to the city’s website — is the state’s 13th largest city. But the Hugo’s Family Marketplace in Grafton regularly carries a wide range of banana products that include organic, plantains, red and baby bananas.

“They are 99 cents for plantains, reds, and baby bananas. The baby bananas are the most



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popular, and then the reds,” says Bert Galarza, produce manager at the Hugo’s in Grafton, ND.

Hugo’s Family Marketplace is a family-owned chain of 10 stores in relatively small cities within Minnesota and North Dakota.

TOPS Markets has more than 150 stores in New York and northern Pennsylvania. Customers at TOPS find a similar range of products in the banana sections of this Buffalo, NY-based chain.

“We have plantains, an adjacent section of organic, baby bananas and red bananas. Those are the fresh banana options, and we might include coconuts, pineapples, mangos and anything else that maintains the tropical theme,” says Jeff Cady, produce category manager for TOPS.

Bananas that look a little different can be particularly attractive to kids. “The colors, the unique taste and the interesting sizes of specialty bananas (red, manzano and baby) are appealing to kids. They offer tremendous opportunities to increase consumption among younger consumers and adults who seek variety,” says Dionysios Christou, vice president for marketing at Del Monte Fresh Produce, Coral Gables, FL. “Adults and seniors are more interested in nutritional information, convenience and pricing, so it is important to include this information when communicating with these groups.”

You will find organic bananas included in the produce departments of markets in every section of the country. In 2010, researchers at the Florida Cooperative Extension Service at the University of Florida reported the retail value of organic bananas was more than \$160 million and rising.

“Demand for organics has been growing, and we look for this trend to continue. The supply for Del Monte organic bananas is excellent, and the demand increased substantially,” Christou says.

In many markets, organic bananas are an expected part of the display.

“The traditional variety is the key element,” says Teresa Velazquez, executive vice president for sales and marketing at Banacol Marketing Corporation, Coral Gables, FL. “You can also have pre-packs of the same variety, but smaller. It is attractive for the consumer. In some niche markets, organic bananas make sense.”

According to the University of Florida study, the demand for conventional bananas remained relatively flat over the first decade of the 21st century while the demand for organic bananas increased exponentially. The study cites a fourfold increase in organic banana imports within the first decade of the century.

“The volume of organic bananas has steadily increased for the past few years,” says Marion Tabard, director of marketing at Turbana Corporation, Coral Gables, FL. “Consumers can expect to pay anywhere between an additional 10- and 40-cents per pound for organic bananas, with the average around 20-cents more. That price increase may be worth the peace of mind to some consumers who choose to incorporate organic foods into their lifestyle.”

Organic bananas can be displayed either with the other bananas or in a separate organic section, depending on the customer base.

“Many retailers want to give their shoppers the option between conventional and organic, so they will offer both at display. The best way

to merchandise them are as a complement to the existing conventional display, or as a separate organic display offering all organic produce,” Tabard says.

Consumers in the Northeast also expect to find bagged bananas in the produce section.

“The Northeast region of the U.S. — New York, New Jersey, and New England — is very bag-friendly markets,” Tabard adds. “Bagged bananas were first offered in these areas years ago because vendors felt the need to differentiate and to keep clusters as a single unit at the point of sale, to reduce shrink.”

To a certain extent, bagged bananas have expanded beyond their geographic origin. “Bagged bananas originated in the Northeast to protect the fruit due to cold weather, to retain freshness, and to prevent consumers from breaking the banana clusters at the display,” explains Del Monte’s Christou.

There is also an expectation among many consumers that they will be able to buy bananas that are ready to eat that day.

“Generally retailers ripen all of the bananas, but there are a few niche ethnic markets that want unripe bananas,” says David Byrne, vice president of sales at Thermal Technologies Incorporated, Bythewood, SC. “There are some cities with small markets for green bananas.”

Many retailers consider ripening so important that they either operate their own ripening facilities, or hire a third party to ripen in facilities the retailer owns (see sidebar: “Retailers Take Control of Ripening”).

“Ripening is crucial to banana merchandising,” says Karen-Ann Christenbery, general manager at American Ripener, LLC in Charlotte, NC. “Bananas are the No. 1 selling item in



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# Retailers Take Control Of Ripening

**R**ipening is so vital for banana merchandising that many retailers are taking a more direct, active role in the process of ripening bananas before they are put on display.

“Bananas are susceptible to changes in temperature even after they are ripe; there are a lot of changes that can happen after they have ripened,” explains Brian Gadwah, category manager for Delhaize America, a Belgian firm that operates Food Lion, Sweetbay Supermarket, Harveys Supermarkets, Hannaford Supermarkets and Bottom Dollar Food.

Delhaize largely ripens the familiar Cavendish banana variety, but the firm also has facilities to ripen plantains.

Some stores operate their own ripening facilities, while other stores find it more efficient to invest in ripening equipment that is used for them by a third party.

“We are seeing more and more retail chains putting in their own ripening rooms. They want to cut out the middleman and be able to control their own ripening process,” says Karen-Ann Christenbery, general manager at American Ripener, LLC in Charlotte, NC.

The whole point of the ripening process is to display bananas that are ready to eat and have a color that lets the consumer see they are ready to eat.

Because some consumers want bananas at different stages of readiness to eat, it can make sense to display product that is clearly at different stages of ripeness.

“It is best to have a larger color variety at retail, as nothing can hurt a retailer’s sales more than not having the banana color demanded by their consumer,” says Dionysios Christou, vice president for marketing at Del Monte Fresh Produce, Coral Gables, FL. “Two-color programs are very popular. Displaying two color stages will provide consumers with the choice to purchase

bananas that are ready to eat immediately or to have some ready for the next days. For display purposes, the product should be separated by ripeness stage to facilitate different consumer choices. This also allows for optimal product rotation at store level, therefore reducing shrink.”

Retailers who take on the ripening process themselves have one more area in which they must develop expertise, and a training program.

“The post harvest handling of fruits is critical to the final quality and retail display,” says Greg Akins, CEO at Catalytic Generators, LLC in Norfolk, VA. “Several factors (ethylene, temperature, humidity and carbon dioxide) in the ripening process must be properly managed in order to achieve the greatest sales, as these will all affect color and shelf life. Therefore retailers need to train their ripening personnel in the latest post-harvest techniques and equip them with the best tools to perform their work.”

Ethylene control, in particular, is essential in a good banana-ripening program. “The recommended level of ethylene is 100 parts per million,” advises Akins. “While more ethylene will not harm the fruit, lower than 100 parts per million will cause erratic ripening, resulting in improper color. Many times we see distribution centers using too little or too much ethylene, and we can provide assistance in obtaining proper levels.”

Ethylene applications can be precisely monitored and automatically adjusted to the preferred specifications. “We provide meters that measure the parts per million level in ripening rooms and, with these readings in hand, the ripener can adjust our ethylene generator to produce 100 parts per million. Also, we can automate the ethylene application with our SmartRipe system, which networks an ethylene sensor with our generators

grocery stores, and proper ripening ensures attractive and ripe displays of bananas ready for purchase.”

Some retailers find they get an edge by offering bananas at various stages of ripeness.

“Proper banana color drives sales. Many stores are offering different stages of bananas — some are ready to eat and others will be ready in a few days,” Christenbery says.

The one important emerging banana product that appeals to a particular segment of the population is plantains.

“Plantains don’t do that well in our area. It could be because of the customer base we have. I suppose the plantains do better with Hispanic customers, because they are more used to them,” Hugo’s Galarza says.

## Bananas And Hispanics

A produce retailer serving an area with a significant Hispanic population would be wise to include plantains prominently and consistently in the banana display.

“While consumers have shown growing interest in experimenting with new and exciting products, plantains have remained a great tool to attract ethnic consumers to stores,” Turbana’s Tabard says.

The familiar Cavendish variety accounts for only 60 percent of the bananas grown in Latin America, and an even smaller share of the bananas grown in the Caribbean, according to the Food and Agriculture Organization of the United Nations. Plantains are, by far, the No. 2 variety produced by our neighbors to the South.

This is particularly important because the Hispanic market will continue to grow in size, and Hispanics tend to spend more on produce.

“Catering to the Hispanic consumer is a great opportunity for retailers because they tend to spend more on groceries and other products than non-Hispanic consumers. This includes premium items such as produce and fresh fruit. As Latinos form an ever larger part of the American population, they will repre-

sent an increasingly large part of grocers’ profits,” Tabard says. “It is predicted that by 2020, Hispanics will account for 40 percent of the U.S. population.”

The jury is still out on the success of efforts to find a broader mainstream market for plantains.

“Exotic banana varieties require some specific merchandising tactics at retail. These are items that are prepared and enjoyed differently, depending on the demographic, culture, or sub-culture of the consumer,” says Tabard. “We are making efforts to market these items so that they appeal to a broader consumer base. We would like to make them more mainstream so they can consistently match conventional banana purchases.”

There are already promising signs about the potential for plantains. Over the past two decades, plantain consumption increased 90 percent, according to Turbana’s Tabard. In just the past five years, plantain imports climbed from 560 million pounds to 620



and maintains a set ethylene level,” Akins says.

This process can be intimidating but many retailers want the control of the ripening process that comes with owning the ripening facility, even if the store does not operate the process.

“The retailers want control; control of the process rather than get ripened product where they don’t know the history,” says David Byrne, vice president of sales at Thermal Technologies Incorporated, Bythewood, SC. “More of the retailers are starting to ripen them, or to invest in the infrastructure and let another party operate it for them.”

Banana ripening in particular, and fruit ripening in general, is becoming increasingly in demand.

“We build ripening rooms, and my perception is the demand for ripening rooms remains strong,” Byrne says.

If direct control of the ripening process is too much trouble, the major banana suppliers all have their own ripening facilities they use to meet their retail customers’ specifications.

“All of big banana suppliers like, Dole, Del Monte and Chiquita provide ripening services for their customers,” Christenbery says.

million pounds.

“Plantains are becoming more popular. They are getting attention through cooking shows, and they get better every year,” TOPS’ Cady says.

In TOPS stores that serve neighborhoods with a significant Hispanic population, plantains frequently exceed regular bananas in sales.

“In stores with large Hispanic populations, they are as popular, or more popular, than Cavendish or regular bananas,” Cady says.

The adventurous attitude of a growing number of consumers could help drive sales of plantains, and also encourage more varied uses of bananas.

“Overall, consumers are increasingly engaged with more experimental cooking in their home menu cooking — both for family and guests. So we are seeing an increased desire for new usage ideas, and willingness to try new ingredients. The opportunity to introduce new preparation suggestions in unconventional ways are through salads, or as a savory chutney,

a salsa ingredient, or as a replacement to added sugar in some dessert recipes. These suggestions resonate strongly with consumers,” Dole’s Goldfield says.

“Today’s culinary trends are also making plantains more and more popular and more mainstream,” says Ed Loyd, director of corporate communications and corporate responsibility at Chiquita Brands International Inc. in Charlotte, NC. “We’re both excited and ready to leverage this trend with our retailers.”

Chiquita includes a sticker on its plantains that says, “If I’m yellow, grill me” to prompt

consumers’ purchases. “We always look for opportunities to educate consumers about ways to increase their consumption of fresh produce,” says Loyd. “We have found that consumers really like getting quick facts and information that’s delivered with a spark of creativity and good humor.”

### The Effective Display

To be effective, “The display has to be attractive and well handled with constant change in the product so it is not half empty,” suggests Banacol’s Velazquez. “The size of the



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display depends on the size of the store, but it should have a prominent place in the produce department.”

The appearance of the banana display can go a long way toward influencing customer perception of the entire store.

“To a large extent, consumers’ mindset of overall store quality is based on the impression of the produce department — cleanliness, freshness, robustness. And perception of the produce department is often influenced by the banana display. The display needs to be full, with bright yellow clustered fruit that’s properly merchandised,” Dole’s Goldfield says.

Hugo’s finds it is effective in the far northern reaches of the country to combine a number of tropical fruits, including bananas, into a special tropical fruit display.

“We have tied bananas together with a variety of tropical fruits — papayas, mangos and coconuts. We use 8-feet of shelf space with all the Tropicals on top above the turning bananas, green bananas, plantains, red bananas, baby bananas and organic,” Galarza says.

“The display depends on the square footage of the produce department,” says TOPS’ Cady. “We will either have a 4-foot display that has 20 linear feet of shelves, or an 8-foot display that has 40 linear feet.”

But regular attention to the banana display lets many stores get away with devoting a relatively small space.

“More and more, retailers are realizing that it’s successful to merchandise bananas and

plantains in multiple areas throughout the store in displays and in locations that take advantage of cross-merchandising opportunities and increase the potential for impulse sales,” says Chiquita’s Loyd.

“Syndicated data shows that banana sales typically make up approximately 6 percent of total produce dollar sales and much higher in terms of pounds,” says Del Monte’s Christou. “However, bananas are rarely given their fair share of space. Stores refill displays so the actual space is less of an issue — though this practice often leads to out-of-stocks. One study showed that most stores typically have less than one day’s supply of bananas on the shelves.”

Bananas are valued as a bargain in most produce departments, and pricing largely reflects the pricing at the chain’s major competitors.

“We’ve been 59-cents a pound for the past three or four years. Our primary competitors are 49- to 69-cents a pound, and we want to stay at or below our primary competitors,” Cady says.

“Retail pricing of bananas is driven by the retailer,” Christou says. “While production costs continue to increase, along with the high level of investments in farms and logistics, bananas remain one of the lowest-priced products in the produce department on a year-round basis. Despite all this, the retail price of bananas has little correlation to the value consumers place on one of the most popular fresh fruits.”

There are possibilities for cross-promo-

tional combinations of bananas with breakfast cereal.

“It is traditional to cross-merchandise bananas with cereals, and some companies have been successful with that,” Banacol’s Velazquez says.

The sales bonus from cross-merchandising bananas can be significant.

“Cross-merchandising bananas can definitely be effective,” says Turbana’s Tabard. “When retailers use secondary displays in the dairy or cereal aisles, some stores see up to a 15 percent increase in volume.”

Other ingredients for smoothies can be used in combination with bananas for refreshing cross promotions.

“Different ideas for cross-merchandising include pairing bananas with strawberries, other tropical fruit, cereal, salads, chocolate dips and peanut butter. Smoothies are becoming a big part of healthy lifestyles, and bananas make a delicious ingredient for energy packed smoothies. We also encourage retailers to develop secondary displays at check out,” Del Monte’s Christou says.

Strategic cross-merchandising promotions can impact banana sales.

“In addition, cross-merchandising bananas with complementary categories outside of the produce section is also an effective way to reach consumers,” Dole’s Goldfield says. “When the store engages a secondary display in the front of the store or at check out, sales for quick trip and impulse purchases can increase weekly 6 to 12 percent.

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# TEN WAYS TO SUNNY-UP CITRUS SALES

Explore and revisit these suggestions to promote the citrus category. **BY CAROL M. BAREUTHER, RD**



PHOTO COURTESY OF SEALD SWEET INTERNATIONAL

A recent poll states that oranges, 'easy peelers' such as Clementines, grapefruit, lemons and limes contributed 5.6 percent of total produce dollar sales.

Consumer demand for flavor, quality and convenience, as well as new taste experiences and nutrient-rich choices, is driving sales in the citrus category. This family of fruit that includes oranges, 'easy peelers' such as Clementines, grapefruit, lemons and limes contributed 5.6 percent of total produce dollar sales in the 52-weeks ending July 27, 2013, according to data provided by the Nielsen Perishables Group, a Chicago, IL-based fresh food consulting firm. What's more, during the first quarter of 2013, this dollar contribution climbed to an annual high of 7.9 percent.

The citrus category provides a significant slice of produce department sales at Grocery Outlet, a 186-store chain headquartered in Berkeley, CA. Scot Olson, director of produce and floral, literally goes out in the field to prepare for the California season. "Anytime you can get out and in front of a grower/shipper or tour the orchards and packing houses, it's beneficial. We get a good idea of fruit size, grade and volume this way. It helps us to plan and manage our ad expectations in order to maximize sales."

Retailers who don't have this hands-on opportunity can work closely with their domestic shippers during the winter months

and importer suppliers in the summer to assure a steady supply of citrus. Once this is accomplished, the real skill comes in squeezing maximum profit out of the category through savvy merchandising.

## 1. Build The Category On Oranges

The largest contributor to citrus category sales is oranges. Oranges supplied 36.2 percent of dollars in the 52-weeks ending July 27, 2013, according to Nielsen Perishables Group data, which is down 7.6 percent from the year prior.

Navels represent the most popular orange variety. "California Navels are available from October to June," explains Bob DiPiazza, president of Sun Pacific Marketing, in Pasadena, CA. "Imports of Navel oranges from Australia, South Africa, Chile and Peru are growing at an impressive rate during the summer months."

Neil Galone, vice president of marketing for Orange Grove, CA-based Booth Ranches LLC, says, "California Navels are increasingly coming into promotional volume between Thanksgiving and Christmas, but the peak season is January through March. Any week during this time is good to promote. Two to three week promotions are best to drive initial and repeat sales. Good quantities usually last into May."

Olson reports that California Navels

declined in sales three years in a row at Grocery Outlet. "Last year was the first time in four years that sales rebounded."

This recovery may be due to new maturity standards for the state's Navels, spearheaded by California Citrus Mutual in 2011. The Exeter, CA-based trade group pushed for an end to a minimum sugar-acid ratio criterion that had been in place for nearly a century. Instead, the new standard is designed to assure sweeter fruit and stem the tide of lost sales due to poor taste in early maturing fruit.

Booth Ranches' Galone says, "We've seen this as a real positive against putting marginal eating fruit in the market early in the game."

Some growers are differentiating their Navels based on fruit characteristics and quality. For example, Booth Ranches markets its Spring Navel, which has a deep orange color on the outside and more bite (or higher acid) than traditional fruit, from late January to March. The vertically integrated grower expects to sell some 1 million cartons of Spring Navels. Similarly, Suntreat Packing & Shipping Co., in Lindsay, CA, markets what it calls its "Reserve Navel," a high-quality piece of fruit with a flavor guarantee, from January to April.

In addition, Suntreat sells a late harvesting fruit it retails as a "Summer Navel" from April to mid-June. This, plus a greater industry-wide



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volume of late season domestic Navel varieties could be why second-quarter orange sales in 2013 grew 11 percent over the prior year, while other quarters remained flat or showed only a minimum increase.

Navels are imported from Southern Hemisphere countries during a 3.5- to 4-month window from the end of July to October. South African fruit arrives to the East Coast on the front end and Chile, which delivers to the East or West Coast, on the back end. "More Chilean fruit is starting to move up through ports in Texas in order to broaden distribution," explains Paul Marier, senior vice president of sales and marketing for Capespan North America, in Montreal, Quebec, Canada. "Marketing this fruit requires a fast in-and-out mentality."

Valencias, primarily a juicing orange rather than out-of-hand fruit, dominated the summer orange scene prior to the import of Navels. Availability out of Texas and Florida runs to May or June, while California Valencias are in the market until August or September.

Dee DePorter, owner of C&D Enterprizes, in La Quinta, CA, explains, "Valencias are on the decline."

However, Molly Tabron, a category insights analyst for C.H. Robinson Worldwide Inc.,

headquartered in Eden Prairie, MN, says, "There has also been a positive growth trend toward varieties; for example, blood oranges and red and pink Navels."

Blood or Moro oranges, named for their deep maroon interior, are available domestically out of California from December to mid-April. Cara Cara Navel oranges, which have a pink pulp and provide more vitamin C and A than regular Navel oranges, are available from December to mid-May. A limited volume of Cara Cara and Blood oranges are imported during the summer.

### 2. Gain Incremental Profits From 'Easy Peelers'

"Mandarins are now the king of citrus," says Grocery Outlet's Olson. "There's a feeding frenzy on this small fruit because of its sweet flavor and ease in peeling. They've really created a 'wow' with customers."

Kim Flores, marketing manager for Vero Beach, FL-headquartered Seald Sweet International, says, "Easy-to-peel, juicy and sweet Clementines as well as other mandarins have the strongest growth potential in the category, and in some cases, are competing with other strong citrus commodities such as Navel oranges and grapefruit."

"Sales growth of mandarins isn't a 100 percent steal factor from other types of citrus," adds Scott Owens, vice president of sales and marketing for Paramount Citrus, in Delano, CA. "There haven't been any new developments in the citrus category for a while. Clementines and other mandarins are something new that make the citrus category more relevant and brought consumers back to the category."

Mandarins are the second largest contributor to citrus category sales, supplying 31.7 percent of dollars during the 52-weeks ending July 27, 2013, according to Nielsen Perishables Group data. This percentage is up 22.9 percent over the year prior.

Sun Pacific's DiPiazza says, "Consumer demand for our Cuties-brand and other mandarins seem insatiable at this point with year after year of double-digit growth in supply and consumption."

To keep this sales momentum growing, Sun Pacific took on new grower partners to add to its supply, and it will be rolling out a marketing plan in November that includes new promotions and opportunities for retail-specific collaboration.

Meanwhile, Paramount Citrus partnership with Fresno, CA-based Fowler Packing, will

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start shipping its mandarins under the Wonderful Halos-brand this November. “We will invest \$100 million over the next five years in a fully integrated national consumer advertising campaign,” says Paramount’s Owens. “We look forward to building a new brand.”

Joan Wickham, advertising and public relations manager for Sunkist Growers, Inc., based in Sherman Oaks, CA, says, “The California Clementine season runs from mid-November through January. However, there are many other sweet, seedless, and easy-peel varieties that allow consumers to enjoy the fruit for a broader portion of the year. Satsuma mandarins begin in mid-October. Later season varieties, such as the Gold Nugget mandarin (available mid-March to June), extend the season into the early summer months.”

“Imports of mandarins from Australia, South Africa, Chile and Peru are growing at an impressive rate during the summer months,” adds Sun Pacific Marketing’s DiPiazza.

“There are some gaps in easy-peel supply following the domestic season and going into the summer, and then again during the summer between early and late varieties,” explains Seald-Sweet’s Flores. “As other regions gain admissibility into the U.S., like Uruguay for example, these gaps may begin to shrink as volumes grow.”

Some growers are differentiating themselves from the ever-increasing commodity mandarin market by focusing on something different. For Suntreat Packing, this means a nearly orange-size new citrus varietal that is a large mandarin, with some orange parentage, the company markets at a premium under its Sumo Citrus brand.

Al Imbimbo, Suntreat’s vice president of sales, says, “Currently, the Sumos are available during a six-week window starting in February. Our goal is to increase the volume this season by 30 to 40 percent and extend to a two-month window.”

New varietal development on the mandarin and tangerine front is flourishing. W. G. Roe & Sons, a Winter Haven, FL-based grower/packer that goes to market through Noble Worldwide Florida Citrus Sales, is currently planting some of its own proprietary varieties and expects to have 500,000 5-pound cartons or more of its proprietary selections available for the 2015 season. “The salient characteristics of the new Noble varieties will be its clean and easy peeling characters,” explains Bill Roe, vice president of operations who manages the company’s breeding program.

Darrell Genthner, director of marketing



PHOTO COURTESY OF BOOTH RANCHES

and business development for Noble Worldwide, adds, “We will systemically roll out these new varieties to our retail business partners. The merchandising will be a collaborative effort between Noble and our partners.”

“One of the goals is to ensure that the new varieties garner a prominent position within the produce department,” says Genthner. “In other words, develop the new varieties as a signature segment within the marketplace. This will include shipper displays and packaging that communicates to the customer the attributes for the new citrus. Needless to say, this includes sampling the fruit through in-store demo programs. We have been able to supply a few retailers with samples, and the reaction is always, ‘Wow!’”

Five new varieties of mandarins and tangerines took the first step toward commercialization in August as part of the Maitland, FL-based New Varieties Development & Management Corporation’s (NVDMC) Fast Track citrus evaluation program.

Peter Chaires, the NVDMC’s executive director and executive vice president of Lakeland, FL-based Florida Citrus Packers, explains, “In the past, Florida introduced a new citrus variety about once every 25 years. This innovative program enables growers to register to plant five to 30 trees of experimental fresh citrus selections and participate in the trial process. Growers will also provide feedback that will assist in release and commercialization decisions. In other words, we want to accelerate the good things and prevent the bad things.”

Four additional new varieties in the NVDMC’s Fast Track program are grapefruit hybrids. Two are traditional red-fleshed grapefruit and another is a grapefruit-sized pummelo that is easier to run in existing packinghouse facilities than the customary cantaloupe or larger-sized pummelos.

### 3. Capitalize On Grapefruit’s Resurgence

Grapefruit experienced tough times in the past 15 years due to hurricanes, disease pressure and potentially harmful drug nutrient interactions. For the latest 52 weeks ending July 27, 2013, grapefruit contributed only 6.6 percent of category sales, down 13.1 percent over the prior year, according to data supplied by the Nielsen Perishables Group. However, a resurgence in sales of this citrus fruit is on the horizon.

Sunkist, which has partnerships with grower/shippers in Florida and Texas, will launch its new ‘Not Your Mother’s Grapefruit’ campaign this fall. The promotional program is aimed at reigniting this fruit’s popularity with younger consumers by educating them about modern uses as well as weight loss benefits of grapefruit.

“Despite grapefruits’ declining sales, red-fleshed varieties grown in Texas have seen good sales,” says Jeffrey Arnold, general manager of the Edinburg, TX-based Edinburg Citrus Association. “Our two trademark red categories, Rio Star and Ruby Sweet, are available mid-October to April, but the biggest promotional time is November and then right through the holidays.”

Suntreat’s Imbimbo also foresees increasing consumer demand for the grapefruit-like pummelo and oro blanco (the latter of which is a cross between a white grapefruit and acidless pummelo). “If growers manage the crop correctly, and wait until oro blancos fully ripen, the eating experience is at its best and consumption should grow,” says Imbimbo.

### 4. Sweeten Sales With A Variety Of Lemons And Limes

Sun Pacific’s DiPiazza says lemons and limes will be added to the company’s product lineup this year. These two citrus fruits are available year-round and collectively repre-

sented 22.4 percent of citrus category sales during the 52-weeks ending July 27, 2013, according to Nielsen Perishables Group data.

Mark Bassetti, senior vice president of customer development for Duda Farm Fresh Foods, Inc., in Oviedo, FL, says, “Meyer Lemons are very popular with a ‘cult-like’ following.”

Meyer lemons are a cross between a regular lemon and a mandarin orange; they are also sweeter tasting than a traditional lemon.

On the other hand, “seedless lemons are still a novelty,” says Suntreat Packing’s Imbimbo. “There are not a lot planted.”

C&D’s DePorter adds, “Seedless is good for marketing to push this fruit to consumers.”

Variiegated Pink Lemons are pink on the inside and yellow and green-striped on the outside. They are available from August to December and are “slightly less acidic than conventional lemons and make an attractive alternative to conventional lemons,” explains Sunkist’s Wickham.

“An enlarging Hispanic demographic plus changing taste dynamics of the U.S. population in general has kept limes dollar sales increasing by 5 to 7 percent per year,” says Paramount Farm’s Owens. “Persian limes are where the growth is. Key limes are more of a niche specialty.”

### 5. Offer A Slice Of Organics

Demand for organic citrus is increasing as part of the broader organic consumer-purchasing trend. In fact, organic citrus accounted for 3.5 percent of total citrus dollar sales for the 52-weeks ending July 27, 2013 (up 9.4 percent from the previous year) according to Nielsen Perishables Group data.

Sunkist’s Wickham says, “We currently offer the following varieties in organic: Navel oranges, Cara Cara Navel oranges, Valencia oranges, Eureka lemons, Lisbon lemons, Star Ruby grapefruit and W. Murcott mandarins.”

“Most organic sales can be attributed to oranges and lemons,” says C.H. Robinson’s Tabron. “Although limes and Clementines are not far behind and experience sales growth in this category.”

### 6. Embrace Packaged Products

“Some consumers like to pick their own fruit,” explains Kathy Hearl, marketing promotions manager for Fort Pierce, FL-based DNE World Fruit Sales. “Those who are convenience-oriented shoppers find bagged produce appealing. Retailers should offer both bulk and bagged citrus to give consumers that choice.”

Maria Brous, director of media and community relations for Publix Super

Markets, a 1,000-plus-store chain headquartered in Lakeland, FL, says, “We offer loose varieties of citrus, however we sell the most citrus in bags.”

Packaged citrus accounted for 62.6 percent of citrus dollar sales during the 52-weeks ending July 27, 2013, a nearly 5 percent increase over the year prior, according to data provided by the Nielsen Perishables Group.

“The advantages to merchandising citrus in packs versus bulk depends on the variety,” explains C.H. Robinson’s Tabron. “For example, lemons, limes and tangelos are driven primarily by bulk sales. Orange and grapefruit sales are split almost evenly between bulk and bags, and nearly all Clementines are sold in 3-pound bags or 5-pound boxes — with a positive trend toward the 3-pound bags.”

Luke Sears, president of New Rochelle, NY-headquartered LGS Specialty Sales, Ltd., adds, “We are seeing a higher percentage of requests for 2- and 3-pound bags of Clementines because retailers can get a better price point. This is especially true in the summer when there are margin constraints on the imports in 5-pounders.”

“Customer perception on bags is that they are a better value than bulk,” adds Duda Farm’s Bassetti. “Suppliers can be more aggressive in bag pricing since there is more flexibility in fruit size and grade.”

Packaging also enables retailers to potentially move more product. Booth Ranches’ Galone explains, “From a retailer standpoint, selling a box of 72 oranges in bulk means 72 individual sales. But, if that box has 10 4-pound bags or five 8-pound bags, that’s only 10 or just five sales. In addition, the larger the volume, the bigger the ring.”

Packaging sizes that are growing at a high rate include the 12-ounce and 1-pound sizes,” says C.H. Robinson’s Tabron.

LGS Sales offers 1-pound bags of Chilean lemons during the summer.

“Identification is another plus for packaging,” says Suntreat Packing’s Imbimbo. “It’s hard to tell by looking at the outside that a Cara Cara is different from a regular Navel. Information on pack identifies the fruit.”

Some grower/shippers provide limited time holiday and promotional themed packaging. Sunkist offers retailers decorative holiday and Lunar New Year 10-pound cartons for Navel oranges. C&D Enterprizes packs stem- and leaf-topped tangerines in a 10-pound box with a dragon imprinted on it for Chinese New Year. Suntreat Packing offers one-

third and one-half size cartons of Navels in December for retailers that use these for gift merchandising. Similarly, Edinburg Citrus has high-graphic half-carton gift boxes of grapefruit designed to capitalize on seasonal consumer excitement.

Packaging can be an effective tool in cause marketing. In January, C.H. Robinson offered specially designed 3-pound bags and 5-pound cartons of its Tropicana-branded Clementines to promote the company’s collaboration with AARP and the AARP Foundation as part of the “Drive to End Hunger” initiative. The packaging included imagery of the campaign’s spokesperson, four-time NASCAR Cup Series champion, Jeff Gordon and the No. 24 Drive to End Hunger Chevrolet racecar. To date, C.H. Robinson has donated over \$35,000 to the AARP Foundation’s initiative.

Most citrus packaging is a combination poly-mesh bag or corrugated or wood box. However, some marketers are moving to high-graphic pouch bags.

Julie DeWolf, director of retail marketing for Sunkist Growers, explains, “Consumers are looking for packaging that is eye-catching, convenient and able to convey educational information such as nutritional information, usage ideas or recipes. Pouch bags are becoming increasingly popular because they meet all of these criteria. Sunkist and Stemilt Growers are offering a mixed bag of Lil Snap-pers, the kid-sized fruit brand, which contains Navel oranges and gala apples.”

### 7. Display Enough Variety And Enough Space

There are typically five main citrus SKUs: oranges, grapefruit, tangerines/mandarins (Clementines or other easy-peel varieties), lemons and limes. “Seasonality determines which varieties of these items are available,” explains Seald Sweet’s Flores. “In Florida we have a number of orange and tangerine varieties with each maturing at different times. As one variety finishes, we begin harvesting and







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shipping another based on maturity. The same applies to our imported easy-peel varieties during the summer citrus season.”

“In addition to seasonality, the number of SKU’s varies on the format of the store and available space,” adds C.H. Robinson’s Tabron. “In general, retailers look to sales rates to determine what should be carried and when, given the space available. Minimum expectations are at least one variety of orange, grapefruit, lemon and lime year-round. There is little addition to these items required in the summer. However, beginning in late October, citrus sales spike — particularly in the tangerine space, due to acceleration in domestic and regional supply.”

Sun Pacific’s DiPiazza adds, “Stores in or near citrus-producing areas would support locally grown products such as oranges, grapefruit, lemons, limes and tangerines in addition to, or as part of, the core SKU’s. Based on store demographics, the appropriate level of specialty citrus such as pummelo, Cara-Cara or Moro oranges should be offered.”

“Build a colorful citrus destination display in the produce department,” recommends DNE’s Hearl. “Create an inviting shopping environment while attracting the customer’s attention with such displays as waterfall cascades and graphic bins.”

Duda’s Bassetti adds, “Citrus sells best in large and small bin displays as well as display shippers that are ‘Off Shelf’ displays. These help support ads and in-store promotions, as well as end-cap displays or shelf-spillovers.”

This season, Sun Pacific will provide impactful display pieces like Cuties Risers and Cuties Pallet module displays.

“Big displays sell more fruit than cheap prices,” says Booth Ranches’ Galone.

“While some retailers are restricted in display size, either due to space constraints or store policies, stores that have creative freedom to merchandise built some incredible displays and saw increased sales due to these promotions,” explains Seald Sweet’s Flores. “One example of this is the creative display at Patrick Air Force Base Commissary to promote summer citrus and a fundraising program to benefit veterans through the Fisher House Foundation.”

“Education should be a primary objective of citrus displays,” says Sunkist Grower’s DeWolf. “We offer interchangeable header cards for point of purchase displays, which include QR codes that allow smartphones to access recipes.”

The Florida Department of Citrus, in Bartow, FL, can provide retailers with display cards, grapefruit brochures with nutrition

information and recipes, bin wrap, and banners.

## 8. Lift Impulse Sales By Cross-Merchandising

“Cross-merchandising is a great tool to increase sales, but it needs to be executed properly to be successful,” explains DNE’s Hearl. “For example, cross promote multiple products from a recipe together and distribute the recipe with the products.”

“Merchandise citrus in the pharmacy during cold and flu season,” recommends Duda’s Bassetti. “Build secondary displays of lemons and Meyer lemons in the seafood department. Deli and the front-of-the-store are great options for grab-n-go Mandarins as impulse-buys.”

**“Big displays sell more fruit than cheap prices.”**

— Neil Galone, Booth Ranches

“Items that are not price-sensitive are great to cross-merchandise,” explains C.H. Robinson’s Tabron. “A consumer buying lemons and limes is not going to purchase more regardless of how low the price. However, there is an enormous opportunity to gain incremental sales. Consumers are looking for ways to bring excitement to their meals, and these items are easily overlooked.”

## 9. Explore Pricing Strategies: Per Pound Versus Per Piece

“Customers are more familiar with pricing by the pound,” says Publix’s Brous. However, “from a perception standpoint, if a retailer prices produce by the piece, it may appear more expensive. If the sizing of the produce is consistent, then pricing by the piece may be an alternative.”

C.H. Robinson’s Consumer Insights Panel examined the pros and cons of each type of pricing strategy — per piece or per pound — from the consumer perspective. “Findings showed that consumers who say they generally prefer pricing by the piece liked this method because they know exactly what the produce will cost, and there are no surprises at checkout,” says Tabron. “On the other hand, consumers who preferred pricing by the pound said that they preferred this method due to the

citrus fruit’s size variance. For example, when priced individually, consumers often feel the need to purchase a larger fruit as a way to get more for their money when they may actually prefer a smaller size.”

Another advantage to pricing per piece is that “consumers know exactly what they pay before they get to the check stand,” adds Duda’s Bassetti.

Additionally, “pricing per piece allows retailers to offer multiple values during promotions such as ‘4 for \$1,’” says Bassetti. “In contrast, pricing per pound can be a little confusing to some shoppers. The exception is that some consumers believe in the hot price points, such as 99 cents a pound.”

## 10. Dabble With Price Promotions

“Price promotion is a great way to boost citrus sales, but impact varies by item,” explains C.H. Robinson’s Tabron. “For example, utilize coupons for staple items that consumers already plan to purchase, such as grapefruit or oranges — then they have more incentive to buy. Varietal citrus like blood oranges and pink Navels should be merchandised up front and center in the store, as they are typically impulse buys associated with the shopper’s current mood or desires.”

Savvy retailers use more than just price to promote citrus. Last January, Grocery Outlet promoted 8-pound bagged Navels and 3- and 5-pound bags of mandarins via in-store display contests.

“Proper positioning or a large prominent display can drive sales as much as a price discount,” says LGS’s Sears.

Store level produce staffers at Publix Super Markets provide taste demos of fruit to customers in addition to weekly ads.

“Paramount Farms is big into demos,” says Owens. “Once a customer tastes how good a piece of fruit is, you don’t have to drop the price.”

The Edinburg Citrus Association provides price discounts to its retail customers. “This discount can be passed to the customer in an advertised price or used to fund taste demos,” Arnold explains. “We let the retailer decide what is best for them.”

“Citrus events such as a ‘Citrus Extravaganza,’ ‘Taste of Florida’ or ‘Taste of Texas’ are effective promotional tools, so are truckload sales,” adds Duda’s Bassetti.

Finally, “a great eating experience is the most viable selling tool we have for retailers, and it ensures customers will repurchase based on eating quality versus price,” says Noble Worldwide’s Genthner.



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# Ten Tips For Increasing Peruvian Winter Asparagus Sales

Though now a solid category, Peruvian asparagus still offers significant opportunity for increased winter sales if handled and promoted well. **BY JODEAN ROBBINS**



**In 2012, the U.S. imported more than 413 million pounds of fresh-market asparagus of which Peruvian asparagus represented over 41 percent.**

**W**inter asparagus represents an important profit center for retail produce departments and foodservice operations. “Asparagus is now a mainstay on dinner plates in homes and restaurants,” says Charlie Eagle, vice president business development for Southern Specialties in Pompano Beach, FL. “Customers do more entertaining in winter months, and asparagus plays a role in upgrading the menu for guests.”

“Asparagus ends up being the No. 1 item in the cooking vegetable category for the winter,” reports Paul Kneeland, vice president of produce, floral, seafood and meat for Kings Food Markets in Parsippany, NJ, with 25 Kings and six Balducci’s stores. “It’s a profitable item because it sells other things with it.”

Peru is the most significant contributor of fresh asparagus to the U.S. market in the winter season. “In 2012, the U.S. imported more than 413 million pounds of fresh-market asparagus of which Peruvian asparagus represented over 41 percent,” explains Priscilla Lleras, coordinator of the Peruvian Asparagus Importers Association (PAIA) in Miami, FL. “For decades Peru has been an increasingly important and consistent supplier of fresh asparagus to the U.S. In 2012, Peruvian asparagus represented 49 percent of the total U.S. import dollar value

in asparagus.”

The volume and quality available from Peru make winter an opportune time to build even greater demand. “The winter season offers excellent supply and very good quality,” advises Bruce Klein, director of marketing for Maurice A. Auerbach, Inc. in Secaucus, NJ. “It is a very good time to promote asparagus.”

“Asparagus is important for produce sales during the holidays,” says Chloé Varennes, marketing manager at Gourmet Trading Company in Los Angeles, CA. “There is opportunity to lift asparagus sales during this time through promotions and the introduction of seasonal items such as our Gourmet Trading Company tri-color bagged asparagus.”

A well-managed asparagus program fits profitably into current consumer habits. “U.S. eating habits and the search for easy-to-prepare healthy food bodes well for the asparagus category,” states Peter Warren, asparagus category manager for Ayco Farms in Pompano Beach, FL. “More and more people are seeing the versatility of this product. It’s an item that offers great potential for retailers who handle and promote it well.”

## 1. Begin With Quality

Any successful program begins with quality product. “Great-looking product is what sells

the customer,” says Klein.

“Purchase your asparagus from a trusted source,” states Southern Specialties’ Eagle. “Companies that specialize in asparagus have the expertise to receive, store and ship asparagus under optimal conditions. For example, we have made significant investments in coolers and equipment dedicated to offering the best product possible.”

Supply decisions may also be based on specific distribution requirements. “Purchase asparagus from an importer/distributor who meets your specific distribution needs and location,” advises Klein. “This ensures you load the freshest product or deliver quickly if necessary.”

## 2. Be Flexible On Pricing

Comprehending the volatility of the Peru asparagus deal will assist sourcing. “Buyers need to understand the dynamic of the deal,” states Ayco’s Warren. “Pricing on the deal can be a rollercoaster. The most successful buyers understand it and have the flexibility to go with the flow. If you can be on ad every time the price goes low, you’ll be able to offer good product at reasonable pricing.”

Even quality asparagus has value constraints. “We work closely with our buyers to encourage them not to price asparagus over \$3.99 per pound to customers,” explains



Warren. “We found that figure to be a limiting price for driving sales.”

“Pricing at or over \$3.99 per pound slows movement down dramatically,” agrees Dick Rissman, produce director with Dahl’s Food Stores in Des Moines, IA, an upscale independent chain with 13 stores. “Anything under \$2.99 sees good movement for the wintertime.”

### 3. Maintain The Cold Chain

Asparagus is extremely affected by poor cold-chain management. “In our experience, temperature control is the most important factor in maintaining product quality from harvest to consumption,” reports Janet Ramos, director of national accounts for Customized Brokers in Miami, FL. “Asparagus has a five-day shelf life when handled at 20°C (68°F), compared to almost one month when handled at 3°C (37°F).”

Proper storage and rotation in the back-room directly affect the quality of product on the shelf. “Store it properly!” warns Southern Specialties’ Eagle. “Asparagus should be held in a cold, humid area.”

“Distribution centers and stores must maintain the cold chain and rotate the product,” agrees Auerbach’s Klein.

“It’s critical that asparagus maintain its required temperature and required humidity once received,” adds Ramos. “Throughout handling, high relative humidity is essential to prevent dehydration and loss of glossiness.”

The commitment to fresh-looking product must continue throughout the display life. “The most important thing when merchandising asparagus is freshness,” says Gourmet Trading’s Varennes. “We suggest retailers preserve the quality of asparagus by not misting and by keeping the butt end of the asparagus moist in a container of shallow clean water.”

“Temperature, humidity, rotation, and

water are all important,” says Eagle. “Personnel on the floor should monitor the product. If it is shriveled or the tops are damaged, remove it.”

### 4. Give It Prominence

Bigger, visible displays will prompt purchases. “Asparagus purchases are not always planned, so a prominent display will catch a consumer’s eye and spur an impulse purchase,” says Klein.

“A more visible display moves product,” concurs Dahl’s Rissman. “You want it to stand out and catch the customers’ attention.

Building a display in any area with high traffic means you’ll see sales.”

Location, contrast and size of a display can all be used to draw customer attention. “We recommend a large display as long as there is good movement,” says Eagle. “We suggest merchandising asparagus near eye level. Break the green with contrasting white and purple colors to create eye appeal and draw consumers toward the display.”

“We put it up-front and center,” reports Kings’ Kneeland. “If it’s not at the front door, it’s the first thing our customers see when they come in the department. We use unique items for contrast. Recently we had a nice display of asparagus and navel oranges — the green and orange really got customer attention.”

### 5. Cross Merchandise To Increase Ring

Implementing traditional and unique cross-merchandising promotions will increase total store ring of asparagus and complementary items. “Successful retailers and operators give their customers ideas,” says Ayco’s Warren. “Utilize a grilling theme in summer, or during the winter, put out recipes on how to use asparagus with winter items.”

Retailers can take advantage of unique supplier-offered programs. “As consumption of asparagus increases, retailers are looking for

## CONFIDENCE IN LOGISTICS: Import logistics of fresh asparagus plays a crucial role in final quality

**T**he logistics of importing into the U.S. is an important step in the sale of the product. Patricia Compres, managing member of Advance Customs Brokers & Consulting LLC in Miami, FL, explains, “If the product is not expedited at the airport/ports, and we as an industry do not try to protect the product from breaks in the cold chain, then the quality of the Peruvian asparagus is compromised.”

“Because asparagus is water-based, it must be shipped at strictly controlled temperatures of between 32°F and 34°F,” adds Janet Ramos, director of national accounts for Customized Brokers in Miami, FL. “Given that it takes nine days to ship it from Peru to the U.S., every logistic step counts. The importation of a perishable commodity such as fresh asparagus requires the expertise of a knowledgeable customs broker firm to coordinate among customs and USDA officials, fumigators, shippers and ultimate consignees.”

Peruvian asparagus counts on experienced logistical players. “The Peruvian industry is very sophisticated in the logistics process,” reports Compres. “You have people like us, with 25 years of experience, handling the logistics of asparagus who are very proactive in finding ways to expedite the process, protect the product, and ensure the quickest turn-around time.”

Refrigerated facilities in Peru, like Frio Aereo and Talma, which specialize in handling perishables, were established to ensure product quality from shipping point. “These facilities do an excellent job of maintaining the cold chain and making sure the pallets are well stacked and delivered to the aircrafts,” says Compres.

new and innovative ways to promote,” says Gourmet Trading’s Varennes. “Gourmet Trading Company is currently partnering with movie studios to provide on-pack promotions with a value proposition like an instant redeemable coupon supported via social media. This season we will be partnering with Warner Bros. Entertainment for the 75th Anniversary of *The Wizard of Oz*.”

Produce can work with other departments to cross promote. “We suggest stores work with their foodservice departments to offer a mixed green/white asparagus salad,” suggests Eagle. “Through tasting these great salads, consumers are exposed to the flavor of white asparagus.”

Meat and seafood are easy partners. “We’ve cross-merchandised with seafood and the meat department,” says Dahl’s Rissman. “Pairing it with proteins helps increase sales of both.”

“Cross-promoting asparagus is part of our inspired merchandising,” adds Kneeland. “We put an ice bin in front of the seafood department. We also put it in the meat department quite frequently. We find it spurs additional sales.”

**6. Provide Information**

Inform customers about the benefits and versatility of asparagus. “Promoting the health

value of asparagus is always a factor for greater sales,” says Ramos of Customized Brokers. “One cup of asparagus spears supplies 115 percent of your daily value for Vitamin K, vital for bone health, and 65 percent of your daily value for folate, a B vitamin promoting healthy blood

**“Challenge your customers’ culinary mindsets. Tempt them to bake asparagus, to use it in omelets or chop it and add to pasta.”**

— Peter Warren, Ayco Farms

cells and possibly helping prevent birth defects.”

Social media and the web are easy platforms for information. “With increased web presence, we are able to directly provide consumers with information,” says Varennes of Gourmet Trading. “Our website contains cooking instructions for all three colors of asparagus along with an interactive recipe section.”

The company also uses social media to share recipes and serving suggestions through new social media platforms such as Pinterest and Instagram. “To support produce managers, we provide POS materials such as recipe cards, information on how to display asparagus, and basics about white asparagus,” explains Varennes.

“Social media and consumer education is valuable,” states Kneeland. “We’ve been implementing information sharing via social media and websites more. We also do an e-mail blast when it’s the first of the season, peak of the season, or if it’s a holiday and we really want to push asparagus.”

Stores can help customers think out-of-the-box and explore new ways to use asparagus. “Challenge your customers’ culinary mindsets,” suggests Ayco’s Warren. “Tempt them to bake asparagus, to use it in omelets or chop it and add to pasta.”

**7. Offer Variety**

Customers look for variety and specificity. “Variety equals sales,” says Eagle. “Today’s consumer enjoys the convenience of value added packaging. In addition to the traditional bulk asparagus, retailers should have asparagus tips in microwavable packaging. Many

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**“Our relationships are of paramount importance — especially in the winter, because the winter deal can fluctuate much more than spring or summer. Especially in planning promotions, we need good communication with our suppliers.”**

— Dick Rissman, Dahl's Food Stores

consumers like the full-length product in packaging as well.”

“Creating options for the consumer usually increases sales,” agrees Ramos of Customized Brokers. “Asparagus marketers offer retailers a variety of sizes, colors, bulk and packaged items. The availability of different sizes and colors encourages creative cooking options.”

Gourmet Trading's Varennes adds, “We suggest retailers expand their asparagus category based on their customers' preferences. We've noticed more retailers are offering bagged asparagus which lowers shrink and extends shelf life. We offer various sizes of fresh green, white and purple asparagus in bunches, bags and trays.”

Meeting consumers' specific needs results in increased sales. “Consumers use different sizes for specific uses and retailers can help drive that,” explains Warren. “Stores can really capitalize on selling many different sizes. For grilling, customers will buy larger spears. If they are chopping as an ingredient, they'll use medium spears. If sautéing, they want the delicate small spears.”

“We have a wide variety of customers, so we carry a wide variety to accommodate our customers' needs,” says Auerbach's Klein. “We handle five sizes of asparagus: jumbo, extra-large, large, standard, and smalls. We also distribute white asparagus.”

Retailers may be surprised at the unique customer needs met through offering variety. “We've found our white asparagus appeals to customers with medical issues,” reports Dahl's Rissman. “Some people on certain types of medication can't have green vegetables, so the



white asparagus is a great option. We actually had a customer in this situation thank us for carrying it!”

## 8. Promote A Grower Connection

With increasing consumer interest in social responsibility and farming, providing information on the grower (if available) adds interest to the product. “We featured our growers on informational signs,” says Southern Specialties' Eagle.

“We do this with other items, so having the opportunity to do this with asparagus is valuable,” says Rissman. “Anytime we can provide greater connection for the customer and help them put a face to the product, they feel better about what they're buying.”

Fair Trade provides a growing niche. “I see value in Fair Trade with our customers,” says Kneeland. “We have already handled Fair Trade asparagus.”

“There is a social value to Fair Trade farming especially in promoting and encouraging sustainability of the farmers in Peru,” says Customized Brokers' Ramos. “Working closely with Fair Trade programs in supermarkets helps promote social responsibility.”

## 9. Rely On Relationships

Successful buyers count on their suppliers to glean information and provide crucial education in many areas. “Category expertise, food safety, year-round supplies, vertical integration and dedication to the product are all qualities Southern Specialties offers in its brand,” says Eagle. “These are important messages for buyers and their customer base.”

“During the peak of the season, we need to know what's coming in and how it's coming in,” states Kneeland. “The best suppliers reach out to us. Communication both ways results in

a successful program.”

The winter deal can be rocky, and a solid relationship with a trusted supplier is crucial. “It's not an easy deal,” relates Ayco's Warren. “Buyers often get frustrated at the lack of forward-pricing. Their best bet is to fasten their seatbelts, form good reliable relationships with large suppliers, and work together for the best quality and value possible at any given time.”

“Our relationships are of paramount importance — especially in the winter, because the winter deal can fluctuate much more than spring or summer,” states Dahl's Rissman. “Especially in planning promotions, we need good communication with our suppliers.”

## 10. Use An Industry-Offered Tool

To support the retail relationship, PAIA offers a *Category Management Plan Outline* for Peruvian Asparagus. “This tool's pertinent consumer statistics and background information may help retailers in targeting specific audiences and promotions,” reports PAIA's Lleras. “A store can compare its demographics with the information in the outline to develop new promotion and marketing angles.”

The Outline has been offered yearly for over eight years now and is available to any retail or foodservice buyer through a PAIA affiliated supplier. The Outline includes asparagus market summary statistics, allowable nutrition information, key demographic and consumer positioning statistics and merchandising ideas.

“The Peruvian asparagus industry takes very seriously its commitment to supply the market with the highest quality asparagus,” continues Lleras. “Our importers and distributors continue to look for ways in which we can improve the market and work closer with our valued buyers to increase demand for this product.”

pb



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# Metropolitan Area Population Growth Has Wholesale Market Looking For Additional Space



With a sharp increase in business, wholesalers and distributors in Atlanta are adjusting to serve clientele as the wobbly economy gets back on its feet.

BY BILL MARTIN



Urban farmers markets, such as Sweet Auburn Curb Market, in Atlanta unite Georgians through food and activities that celebrate local agriculture.

**M**etropolitan Atlanta is growing faster than any area in the United States, and over the past six years averaged 458,568 people newcomers annually, according to the Atlanta Regional Commission. At this rate of population growth, the area's population will total 6.4 million people in the surrounding 20 counties by the year 2020.

It is little wonder that the Atlanta State Farmers Market in Forest Park, GA, is bursting at the seams in its existing facilities. Located on 150 acres of land adjacent to Interstate 75, just a few miles south of downtown Atlanta, market manager Paul Thompson says the facility has 132 vendors, although about 25 to 30 of these operate on a seasonal basis. Additionally, during the 2012 calendar year there were 35,840 trucks, mostly over-the-road big rigs delivering product to the wholesale facility.

"The wholesale capacity is full on the market, and the demand for more space is there, but the business model is good," Thompson observes.

Charlie Grizzaffe, president of The Produce Exchange

Co. Inc., agrees. While he is based on the Tampa Wholesale Produce Market, he saw the advantages of opening a sister company, The Produce Exchange of Atlanta Inc., about 12 years ago. While the Atlanta operation initially saw moderate success, he notes that about three years ago it began experiencing significant growth.

"We actually need more space now," Grizzaffe says, "but there doesn't seem to be much room for expansion."

Nickey Gregory Co. LLC celebrates its 14th anniversary on January 1. The business experienced impressive growth in a relatively short period of time. That expansion started with a new 50,000-square-foot warehouse distribution facility four years ago, and then a year later opened a 25,000-square-foot operation in Miami. This year, located just off the Atlanta market, the company launched a repacking operation from an existing warehouse.

Company president Nickey Gregory says, "We started the tomato (repacking) operation with the Cheryl's Best label, which has been very successful."

Additionally, Gregory operates a truck brokerage under the banner of C&NG Express Atlanta, plus a trucking



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company, Gregory Family Express. “Our trucking company hauls a lot of frozen food and then it backhauls produce out of various shipping areas,” Gregory notes.

According to the website of General Produce Inc., it is the largest wholesale produce house in the Southeast, servicing retail, foodservice and wholesale customers in 11 states, with its own fleet of trucks. It experienced 120 percent growth in revenue over the past 10 years. Genpro Trucking was established in 1986 by General Produce to ship its products throughout the Southeast. Its website describes General Produce as the largest full line wholesale produce house in the Southeast.

The company’s executive vice president, Randy Lineberger states, “With Atlanta being the center of a wealth of activity, it only stands to reason that being located on the Atlanta State Farmers Market presents many opportunities. Logistically, what better place is there to be in the South?”

Gregory at Nickey Gregory credits much of his company’s success to

simply “being on time for the customer.” Expanding this thought, he observes if you’re pulling product out of Florida for a next-morning delivery to a customer, this is one thing. However, if the fruits or vegetables are coming from the West Coast, and the receiver is out of product, it’s a different story.

“We are the fill-in guy who is there the next morning with the product. We are the supplier for a lot of small businesses. It is service,” Gregory surmises.

At Produce Exchange, Grizzaffe says Atlanta’s distribution hub is very important. For example, he can have produce expedited from Michigan and Ohio for delivery to the Atlanta facility in 12 hours, then forwarded to Tampa, if necessary. The same holds true for Florida product, which can be shipped to Atlanta, and through the Tampa facility.

“We have trucks going back and forth [between the two Produce Exchange facilities]. In the winter we’ll send product from Florida to Atlanta just about every day. We cover each



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## ATLANTA ECONOMY STATUS

In the eyes of many in the produce industry, the nation’s economy is still lackluster at best. The battle between the Republicans, Democrats and the White House is making business decisions more difficult without a long-term budget plan in place. It is also hurting the economy. The food-service business is a prime example as restaurants scramble to try new programs to attract customers.

McDonald’s recently announced it will offer value menu customers a side of salad, fruit or vegetables as an alternative to French fries in the fast food giant’s Top 20 markets, including the United States.

Additionally, McDonald’s says it will promote and market only water, milk and juice as the beverage for children’s Happy Meals as well as increase efforts to heighten kids’ interest in produce options.

In a similar plan for healthier meals, Burger King recently announced it launched a low-fat, crinkle-cut French

fry called Satisfries. The chain said the fries have 40 percent less fat and 30 percent fewer calories than the fries at rival McDonald’s.

Charlie Grizzaffe, president of The Produce Exchange Co. Inc. in Atlanta describes Congressional battles over debt and budget as “very frightening.”

At General Produce, executive vice president Randy Lineberger notes, “The state of the economy is a concern in our business as with others. All we can do is adjust as we see fit.”

Nickey Gregory, of Nickey Gregory Co. LLC, believes that because of the lack in progress on a long-term budget solution in Washington, “foodservice is not as active and retail is more active. You can’t blame everybody after 2007 [recession]. People are scared and don’t eat out. They are cooking meals at home and trying to save a little extra money.”

Gregory describes the foodservice business as “softer” and believes the state of the economy has a lot to do with it.



Nickey Gregory of Nickey Gregory Co.



Randy Lineberger of General Produce Inc.



Driver from the Atlanta Produce Exchange

other's backs," Grizzaffe says.

Gregory points out an estimated 80 percent of the fresh fruits and vegetables his Atlanta sales staff sells is delivered by truck to customers, while it is more of a 50/50 split at the Miami distribution warehouse, which also imports produce.

"There are still a lot of small vendors in Miami that need a place to purchase product, and we cater to them," Gregory says.

At General Produce, which was founded in 1960 by the Folds and Springfield families; it is now in its third generation of owning and operating the company.

General's Lineberger states, "Our customers are taking advantage of direct buying. It is that much more important for GPI to strengthen its relationships with retail business and overnight just-in-time produce deliveries to locations throughout the Southeast."

While Grizzaffe at Produce Exchange acknowledges direct buying, he feels the biggest competitors of wholesale distributors are the buying and selling brokers.

"These brokers will work twice as hard to get two, three, four pallets on your truck to go to your customer," he states.

But Grizzaffe still sees the wholesale distributor having an advantage. When a customer runs out of product, and the truck will not arrive for two more days, the terminal market operator is needed. For this reason, he notes the importance of customers relying on wholesalers on a regular basis. "You don't build a relationship if you only buy [from a wholesaler] when you have to," Grizzaffe says. **pb**

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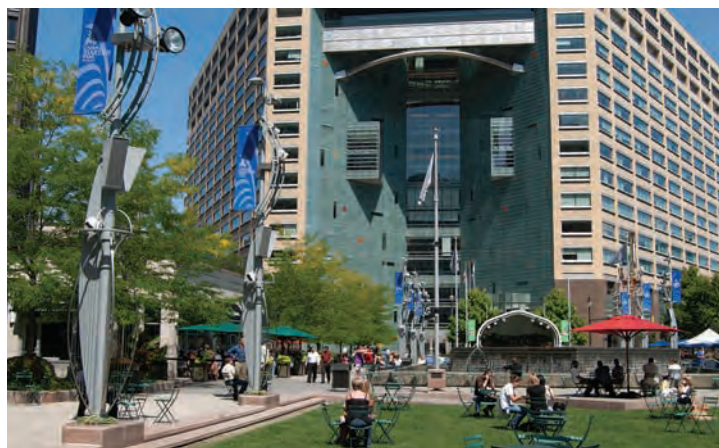


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# Detroit Produce Defies Economic Circumstance



PHOTO COURTESY OF DETROIT METRO CONVENTION & VISITORS BUREAU



**With its centralized location in an agricultural state and abundance of independent retailers, Detroit's produce industry powers through tough economic times.** BY LISA WHITE

Some cities have not weathered the challenging economy as well as others. Although Detroit has been in the news lately after declaring Chapter 9 bankruptcy in July, there have been positive developments in this city of about 4.5 million residents in the Detroit metropolitan area.

Among the most notable was the opening of the "Motor City's" first Meijer's store, also in July. The \$20 million, 190,000-square-foot facility is the first major chain store that opened in town since the late 1960s.

This new store came on the heels of the city's first Whole Foods Market location, which opened its doors in June. So far, the 26,000-square-foot high-end retailer's sales are exceeding expectations, according to industry reports.

Despite its economic woes, the Detroit metropolitan region has lots going for it. In 2010, its retail sales (including foodservice) totaled close to \$3 billion, according to retail sales statistics polled by the real estate search engine, CLRsearch.com, which is not too shabby for a 6,657 square mile area that consists of 11 counties.

It's the produce industry, in particular, that benefitted from the state's central location and close proximity to Canada.

This locale has been advantageous for the city's two whole-

sale produce sites, which include the Detroit Produce Terminal and the Detroit Eastern Market, located a little over 6 miles further northeast.

## Detroit's Produce Climate

The produce terminal is a critical point of supply for the Detroit area's myriad of independent retailers, many of which focus on fresh produce.

"We're seeing business is good in general, due to the great network of independent retailers we're working with," says Jeff Abrash, owner and president of Andrews Brothers, Inc., a Detroit-based wholesaler. "We're seeing stores aggressively building their market share, scrutinizing produce and trying to buy at the most competitive prices so they can pass on the savings to consumers."

In the past year, Andrews Brothers continued building on the items and products it offers, which includes a full line of fruits and vegetables.

Riggio Distribution Co., formerly Aunt Mid Produce, turned its attention to its value-added offerings this past year, launching a new fresh sliced-apple line in multiple pack sizes, weights and combinations that include caramel and red grapes.

"What separates our program from others is that we are only



PHOTO COURTESY OF DAWN GIBLIN

using Michigan apples in partnership with the Michigan Apple Commission,” says Dominic Riggio, president of the company. “Apples are a very big part of Michigan’s agriculture and mean a lot to the people who live here.”

Because Riggio Distribution is involved in other pre-sliced lines, the new program was a natural evolution. Also, due to the trend in super foods that contain large amounts of nutrients, the company expanded to offer baby kale.



PHOTO COURTESY OF BEN B. SCHWARTZ &amp; SONS, INC.

Detroit’s central geography allows its produce to serve markets in Chicago, Pittsburgh, Columbus, southern Wisconsin and southern Ontario.

“The media have been our best sales-people in terms of selling produce and foods that are healthier,” Riggio says.

Detroit’s wholesalers have had many opportunities to supply local produce and fill in the gaps when supplies run low.

“Although we’ve battled rain issues early in the season, and during the summer, this fall has been ideal,” says Dominic Russo, who is in charge of buying and sales at Detroit wholesaler Rocky Produce. “With the weather discrepancies, some farmers

got hurt, while others capitalized on it and did really well.”

The focus on healthier eating and the proliferation of produce at fast food chains such as McDonald’s and the nation’s schools is proving beneficial to the industry as a whole.

“Whether directly or indirectly, this has helped keep businesses afloat and going strong,” Russo says.

Updated packaging also helped market fruit and vegetables more effectively from

## RETAIL FEEDBACK IN DETROIT

**P**rior to the arrival of Meijer’s and Whole Foods Market this past summer, Detroit’s food business was dependent on its strong network of independent retailers. In fact, the metro area has more of these stores than many major cities.

“We have the luxury of very fine operators here that run huge, upscale produce markets,” says Nate Stone, general manager and COO of Ben B. Schwartz & Sons, Inc., a Detroit wholesaler.

With two locations, one each in Clinton and Shelby Townships, Vince & Joe’s Gourmet Market is well-known in the area for its extensive line of produce, including organic, exotic, conventional and local fruits and vegetables.

“We’re an agricultural state, so there’s lots of items available,” says Vince Sciarrino, general manager. Its offerings include a wide selection of value-added items like pre-cut salads and salad blends, in addition to pre-cooked vegetables in its gourmet island, such as steamed green beans, almonds, grilled asparagus and mushrooms.

Although the stores focus on local product, its customers expect produce availability year-round. “It used to be that certain items were seasonal, but now people are looking for a little bit of everything all year,” Sciarrino says. “The specialty products that are more ethnic are now appealing to mainstream customers than in the past.” For this reason, Vince & Joe’s deals with an abundance of produce shipped from around the world.

The company’s trucks are at the Detroit Produce Terminal every day at 2 a.m. to help stock its stores. Vince & Joe’s also sources its fruit and vegetables from local farmers. “We have contacts with local growers and distributors, which creates a one-on-one relationship,” Sciarrino says.

The benefit of being an independent market means stores can immediately react to trends. “We can provide what customers are looking for almost instantaneously and change displays immediately,” Sciarrino says. “Unlike big chains, we don’t have to contend with ad dates that are created weeks ahead of time.”

With so many independent retailers vying for clientele against behemoths such as the new Whole Foods Market and Meijer, competition in Detroit’s retail arena is fierce.

“Although competition is extensive, it sharpens everyone,” Sciarrino says.

Joe’s Produce Gourmet Market is a single-store operator in Livonia that caters to a high-end clientele. About six years ago, the store expanded 12,000 square feet and diversified into foodservice and bakery items. Last year, it added a meat and seafood market, in addition to a bread store, in the strip mall it occupies.

“We have an extensive produce department, but sell at an aggressive price to move the items,” says owner Joe Maiorana.

Although the wet spring and cool summer challenged the local segment, especially with vine crops like cucumbers, peppers and tomatoes, the restrained demand for Michigan apples (which experienced a frost last year) has been beneficial for the store.

“Organics also have gained a lot of steam and are trending nicely for us,” Maiorana says.

Like Vince & Joe’s, Joe’s Produce sources much of its inventory from the Detroit Produce Terminal as well as from local farmers.

“The market is very viable and the industry is strong,” Maiorana says. “Produce is the biggest department in our store, and we plan on continuing in that direction as the economy continues to recover.”

a retail standpoint.

"In particular, handle bags helped set off the fruit, particularly grapes," Russo says. "The quality of fruit in boxes has been better than ever. Growers, who had a record year in 2012, are on par to beat last year's sales."

Wholesalers say the demand for fresh produce remains strong in the Detroit region due to the increased focus on healthier eating, availability of salads and fruit on restaurant menus as well as the convenience of these portable, shelf

stable foods.

"In general, the U.S. population wants to be healthier, and fresh produce is one of the easiest things to incorporate into a diet," says Nate Stone, general manager and COO of Ben B. Schwartz & Sons, Inc., a Detroit wholesaler. "It's a great time to be in the produce business."

Ben B. Schwartz experienced growth in the past year with its full line of produce, including exotics and tropical items.

"The increased availability of unique items that are becoming more mainstream

resulted in an expanded customer base," Stone says.

This is perpetuated more so by people of different cultures moving into the city and seeking fruits and vegetables from their homelands.

### A Unique Environment

In addition to the high number of independent food stores, there are other factors that set Detroit apart from other cities.

"The customer base is diverse and spread across a number of different operators who function independent of one another," Andrews Brothers' Abrash says. "Because each one has a slightly different niche in terms of marketing, it gives us a broad base of stores to sell to."

In addition to the eclectic demographic and retail environment, the region's geography further expands the opportunities for selling fresh produce.

"Due to our geography, we can service multiple markets, including Chicago, Pittsburgh, Columbus, southern Wisconsin and southern Ontario, which brings a whole new dimension to our business," Riggio says. "This is a definite benefit."

The abundance of local agriculture also gives the region an edge in terms of providing local produce.

"People feel good about buying local products, and we have a lot of these items to offer," Riggio says. "Consumers perceive these foods to be better for them."

Being centralized also is advantageous to the area's produce wholesalers.

"We're simply in a good spot, whether conducting business in Canada, Ohio or the west side of the state," Stone says. "This is an easy place to distribute product."

### Overcoming Challenges

The produce industry in Detroit is not without its challenges, most notably doing business in a less than perfect economic climate.

"There are challenges with the local economy, and the population is facing struggles, but we also sell outside of the city limits in northern Ohio, western Michigan and Ontario," Andrews Brothers' Abrash says.

Wholesalers in the region face many of the issues businesses in other cities face, such as limited transportation.

"Transportation is always a challenge when selling perishables," Riggio says. "It's important to get product in as soon as

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Todd Stadwick, Coastal Produce Distributors; Matthew Lombardi, Buyer/Salesman for Ben B. Schwartz



Nate Stone, general manager and COO of Ben B. Schwartz & Sons

**“We made it through the worst of the worst and can only go up from here.”**

— Dominic Russo, Rocky Produce

possible, but in this business we can never operate on cruise control.”

The same issues that make selling perishables difficult are what make it the most rewarding.

“This is not just a job, but a lifestyle,” Riggio says. “We eat, drink and breathe this business, since we are facing old and new challenges every day. It has taught us to be resilient and adapt.”

Competition in a relatively small Terminal helped these businesses diversify.

“Competition is always a challenge in the Terminal,” Rocky’s Russo says. “We appreciate that, and don’t take our business for granted.”

A booming business can generate issues that result in difficulties.

For example, at Ben B. Schwartz, a thriving business has led to both expansion and space shortages.

“We have expanded, but we still have to utilize every nook and cranny,” Stone says. “Pallet racking has made a huge difference.”

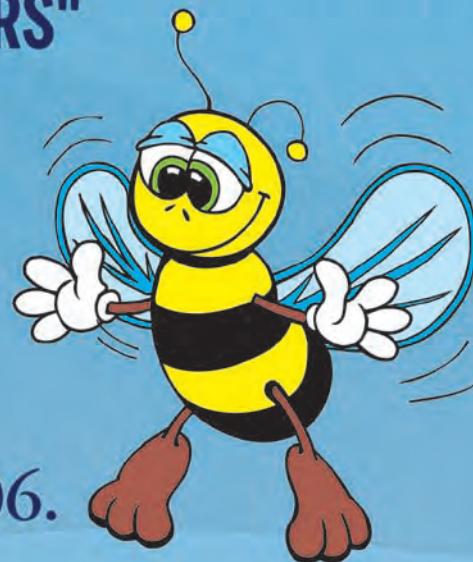
Wholesalers report that the local economy in Detroit and Michigan is strong and continues to show signs of strength.

This bodes well for the future of produce in the region.

“The bankruptcy was a positive in the long run, since it gives the city an opportunity to get back on the right track,” Russo says. “I believe that Detroit will come back stronger, and that will be good for us and our produce industry. We made it through the worst of the worst and can only go up from here.”

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# 'Tis The Season

How to increase dried fruit and nut sales and profits during the winter holidays.

BY KEITH LORIA



**Experts agree that cross merchandising and variety offerings during the holidays spark consumer purchases from the dried fruit and nut category.**

Once Halloween is over, thoughts almost immediately go toward the winter holidays of Thanksgiving, Christmas, Hanukkah and New Year's. People start envisioning what their dining room tables will look like for each seasonal celebration.

Old recipes are dug up and new ones exchanged, and consumers begin heading to the stores in masses to buy the ingredients they need — many times from the nuts and dried fruit categories.

Nick Pacia, vice president of A.J. Trucco, Inc., Bronx, NY, which specializes in dried dates, apricots, figs, mixed fruit and all kinds of nuts — including winter favorite, chestnuts — says these items are important during the holidays because of tradition.

"These items have been traditionally consumed during the holidays for decades, especially during Thanksgiving and Christmas," he says. "We do 60 to 70 percent of our dried fruit and nut business during the holidays."

The trade can really benefit from maximizing sales on these items as they are capable of being sold out of refrigeration, have long shelf life, and are typically sold with ample margins.

"We believe that during the holidays, many consumers are looking to create and recreate

long-standing family recipes and traditions in their meals — especially in their baking," says Erin Hanagan, marketing manager at Yuma, AZ-based Datepac LLC, the largest Medjool date packing and marketing facility in the United States for various companies including Bard Valley Natural Delights. "Dates are an ingredient that have been around for many years and used for many generations in preparing baked goods, especially near the holiday time. Consumers remember these from their childhood and enjoy using them to create memories with their own families."

Jen Driscoll, product manager dried fruit, Sunsweet Growers Inc., Yuba City, CA, says because consumers use dried fruit and nuts in their favorite recipes over the holidays, it is important to promote these items during that timeframe.

"Holidays are a time when people tend to be in the kitchen more around their families, and people want to cook. These ingredients are key staples in favorite holiday breads, cookies, cakes, side dishes, entrees and more," she says. "Consumers already know what they are going to make, as everyone has a favorite recipe, but if marketers can incorporate specific items into consumers' favorite recipes, then that's wonderful."

Sunsweet's core products are prunes, prune juice, and dates. Holiday sales represent 32

percent of its sales of dried fruit annually.

Sunsweet consumers often purchase the PlumAmaz!ns (diced dried plums) and its prune juice for stuffing, which keeps it moist, fresh, and brings out all the flavors of one's favorite recipe.

Maria Brous, director of media and community relations for Publix Supermarkets, Lakeland, FL, says dates, raisins, nuts and other similar items are not only ideal for the holiday season, but year-round, as they are healthy snacking options in portion control.

"Holidays are important for dried fruits and nuts, however, because of the customer's baking needs and recipe needs, many traditional family favorites include these items," Brous says.

Linda Cain, vice president of marketing and retail sales for Fresno, CA-based Valley Fig Growers, which exclusively produces California Dried Figs, and handles approximately 40 percent of all figs in the state, says that although figs represent a pretty small component of the dried fruit category, the numbers are increasing every year.

"Figs are very much a traditionally consumed item around the holidays, and if you look at an index, we see a huge increase of usually 200 percent around November and December," Cain says. "In stores or retailers who carry us, we see a pretty consistent take-

# Secrets For Success

One of the biggest issues facing the U.S. consumer is obesity and health concerns. This is an issue that people think about as they approach the holidays and begin thinking about the next year.

“Dried fruit and nuts are a really good way to provide healthy snacks in your household, so tying in the educational message about their nutritional importance can be done during the seasonal displays, when more people are likely to see them,” says Joe Tamble, vice president of sales for Sun-Maid Growers of California, Kingsburg, CA. “A lot of people still make their own trail mix, so if they see variety as they buy peanuts or raisins it jogs people’s memories for healthier alternatives.”

The secrets for being successful come holiday time lies in three key areas: securing incremental product displays with holiday POS merchandising speaking specifically to consumers

about ingredient’s used in holiday preparations, working with retail partners to participate in feature ads and promotions leading up to key holiday purchase times, and aligning consumer advertising campaigns around holiday time to feature the use of your items in holiday preparations, thereby driving consumers to the retailers with a specific reason to purchase.

“We find that at this time of year, making the consumer aware that you have the items for them, with the quality and variety they are looking for, is important,” says Victor Savanello, director of produce and floral for Allegiance Retail Services, LLC, Iselin, NJ. “Mention them in your ad to kick off the season, establish a destination in the produce department where the consumer can find these items quickly and easily, and cross merchandise all the typical cookie/baking/snacking ingredients to get every possible sale from that baking customer.”

away of figs, with a blip around the holidays.”

Joe Tamble, vice president of sales for Sun-Maid Growers of California, Kingsburg, CA, says dried fruit and nuts serve a dual purpose during the holidays: traditional baking and snacking.

“The dried fruit category continues to grow with seasonal spikes throughout the year; obviously, November and December are when people are baking old family recipes that have

been handed down” Tamble says. “It’s also a time of year when people put out dried fruits and nuts for snacking when family and friends come by.”

## On Display

Sun-Maid normally sees a 13 to 15 percent increase in sales around this time, which Tamble credits to the retail partners taking great strides in merchandising the products for

the season.

Tamble compares his company’s efforts to the *Field of Dreams*’ mantra, ‘If you build it, he will come,’ explaining that when retailers go the extra yard for dried fruit and nut displays in the produce department during high consumption periods, consumers are most likely to stack their carts with almonds, walnuts, raisins, cranberries, peanuts and pecans.

“Retailers that continue to build the large



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displays continue to see increases year after year after year,” he says.

In a season known for decorating and being festive, a lot of prominent displays in-store is best for this time of year. You want to keep people in the holiday spirit while shopping, so showing photos of holiday meals highlighting the products can go far.

“Displays are extremely important. Most shippers and producers have some very high-end graphic displays and palate modulars,” says Steven Wright, director of produce for TOPS Markets, LLC, Buffalo, NY. “Our team does extremely well getting behind large-packed peanuts — especially those with the sports teams on them. Getting them in front of the consumer is important since they aren’t always on people’s shopping lists. You can’t be afraid to merchandise and promote.”

Sunsweet provides in-store shippers that can be showcased in various places throughout the produce department around the holidays, and some retailers create “baking centers” during the holiday timeframe.

“This makes it easy for consumers to find what they are looking for in their favorite holiday recipes, and it drives dried fruit and non-dried fruit users to potentially purchasing your item,” SunSweet’s Driscoll says.

Some recipes featured in SunSweet’s holiday brochure remind consumers that a number of items in the company’s product line can be used interchangeably. “We also have tearpads or brochures on our displays that call out specific recipes that speak to how our products fit into family recipes for the holidays,” says Driscoll.

According to industry experts, visibility is key to sales, so displaying the dried fruits and nuts in a central location at the store level has been successful.

“Consumer demand dictates promotions,” says TOPS’ Wright. “Not only are you seeing

increased usage in baking, but entertaining, so the strategy works hand-in-hand at this time of year. We are aware that dried fruit and nuts are minimal shrink items, so anytime we can choose to grow those sales as a retailer, it is beneficial for us from an economic standpoint.”

Valley Fig Growers’ Cain says that figs start to show up in secondary displays in produce departments usually around Halloween.

“We have the retailers create a side stack of figs, which is a good method for doing marketing,” she says. “Figs in the deli cases with cheeses are growing in popularity. They are such a natural item to include as a companion item.”

### Sales Promotions

Retailers do a good job in generating enthusiasm around holiday entertaining, and of course meal preparation and baking is a big part of that. The majority, if not all retail partners, have significant holiday campaigns and promotions that the companies participate in.

Around October, you will start seeing larger in-store displays, advertising in-store circulars, and scan down coupons.

Cain says that Valley Fig Growers does offer allowances this time of year so retailers can promote more and put signage on the product, letting consumers know the product is available.

“We find that when retailers use the nutritional information on the shelf it is a huge push for figs, because they are fantastic — no cholesterol, no sodium, no fat — plus there’s more potassium than bananas, more calcium than milk and more fiber than prunes,” Cain says. “Figs are an all-around great tasting and nutritional powerhouse, and what better time to think about that than the holidays.”

During the early winter months, Publix will also set up secondary displays for these products, combining them with baking items to

## “Lots of incremental growth in the category comes from creativity.”

— Steven Wright, TOPS Markets

remind people that the holidays are right around the corner.

Bard Valley Natural Delights offers holiday promotional pricing, encouraging value pricing during key consumption periods, and also has about 50 recipes on its website, many of which are decidedly holiday oriented.

A total price reduction with displays has been Sunsweet's best vehicle to move product during the holiday time frame.

Sunsweet's Driscoll believes that a store should increase in-store advertising during this time period because there are other types of ingredient items competing during the holidays that you may not have during the year.

“Also if you do not advertise, you are missing out on a key opportunity to get your product in the consumers' hands so they can use them for their favorite recipes,” Driscoll says. “With increased advertising by manufacturers as well as sales promotions and allowances, these strategies provide customers with a conducive shopping environment and it's still profitable for the retailers.”

### Cross Merchandising

One of the most utilized cross-marketing approaches is to combine a dried fruit or nut display with baking. Some companies even create recipe cards that can sit on the display so consumers can easily find a way to incorporate products into holiday dishes.

“As part of our holiday display shippers, we include tear off recipe pads that consumers can take and then be inspired to purchase other ingredients necessary to create the recipe we are featuring,” says Dave Anderson, director of marketing for Bard Valley Medjool Date Growers Association. “Bacon-wrapped dates, dates in salads, dates as part of appetizers are all very popular items around the holiday time.”

Victor Savanello, director of produce and floral for Allegiance Retail Services, LLC, Iselin, NJ, says the holidays represent the largest baking period on the U.S. calendar (running from November through December, covering the Thanksgiving, Christmas and Hanukkah holidays), and many of the recipes representative of these holidays remind people to look for certain ingredients.

“We find that mass displays where we cross merchandise the typical ingredients for baking

are the most successful. We also cross merchandise pre-packaged items with similar bulk items,” Savanello says. “We like to display bagged nuts around the bulk nut bins in our stores, as well as place dates and figs in the same display. It's the same consumer that is looking for all these items.”

In regards to nuts, TOPS' Wright says getting them in the right spots in the stores and adding new exposure opportunities helped the segment grow.

“Lots of incremental growth in the cate-

gory comes from creativity. People are seeing them on TV, eating them in restaurants, or using them on their salads, so they become a great tie-in,” he says. “We do a nice job of tying almonds and pistachios in with the produce department.”

A.J. Trucco's Pacia believes that placing the nuts and dried fruits near salad items helps to cross-merchandise, as many of these products are used as salad toppings, so if they are displayed next to lettuce or salad vegetables, they sell well.

pb

The advertisement is framed with a red border and a decorative top border of pine branches and red berries. The main headline reads "Think Holidays. Think Figs." in a large, red, serif font. Below the headline, a collection of products is displayed: two bags of Orchard Choice figs (one labeled "BITE SIZE MEDJOOLES" and the other "MISSION FIGS"), two tubs of Orchard Choice figs, two bags of Sun-Maid figs (one labeled "CALIFORNIA MISSION FIGS" and the other "CALIFORNIA CALIMYRNA FIGS"), and several boxes of figs. A small sprig of holly is placed in front of the products. Below the product display, the text "Natural Additions to the Festivities." is written in a red, serif font. Underneath this, a paragraph reads: "Take seasonal favorites from good to great with California Figs. Look for Valley Fig Growers on Facebook, Twitter and YouTube." To the right of this text are icons for Facebook, Twitter, and YouTube. At the bottom left is the Orchard Choice logo, which includes a "Blue Ribbon" award ribbon. At the bottom right is the Sun-Maid logo, featuring a woman in a red hat and the text "SINCE 1912". In the center, the website "www.valleyfig.com" and phone number "559.237.3893" are listed, along with "Product of USA" below.

## Think Holidays. Think Figs.

**Natural Additions to the Festivities.**

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# 'RULES OF RETAIL'

## (PART II)



Last month, we discussed the first three major rules of retail success. This month we are discussing the next three and its influence on the success of retail operations as they relate to the produce department. As with the first three rules, the majority of present retail management seems to be moving away from these proven principles.

**Rule #4:** When you get a deal, pass it on:

This particular rule seems to be ignored by most retailers. Instead of passing on the deal to the consumer — to create more sales volume — they tend to keep these “special deals” or price reductions for themselves to help increase their profitability. This is again another trap that retailers fall into that has two consequences. Firstly, they don’t get the benefit of increasing sales (which we all know is the lifeblood of retail) to the consumer, and they also don’t get the benefit of enhancing their reputation as a “value” merchant. Secondly, by not passing along these reductions, the retailers receive less of the deals from the suppliers who recognize that they are not passing the values along to the customer in order to generate sales. Successful retailers who honor growth in sales, as well as an improved perception with the consumers, utilize this rule as an advantage against the other retailers who were simply putting the money in their pockets. Consumers also recognize those retailers that offer the special deals to them as being the better place for their dollar. This perception can be a very powerful motivator for consumers when deciding where to shop.

**Rule #5:** Always remember who the customer is: Many retailers often overlook this rule. In an effort to provide the best possible presentation (in their eyes), retailers overlook that the presentation should be focused on the consumers and their perceptions. A good retailer asks the question, “Are we trying to make ourselves happy, or are we trying to make the consumer happy”? Many merchandising efforts are influenced by what the retailer thinks looks good or enticing to the customer. Not enough attention is paid to what the consumer actually wants or needs. Do the customers want an aesthetically beautiful presentation,

or do they desire a bountiful supply of a wide range of items to select from? Do they want displays that present the product and allow for ease of maintenance without excessive labor, or would they prefer large displays constantly replenished by personnel available in the department? The answers to these questions are second nature to a good retailer and are reflected in the in-store presentation. Too often, other retailers present the produce department in the way that they feel is best, not for the consumer, but for the store’s interests and costs. This provides a perception to the consumer that this particular store does not appeal to their needs.

**Rule #6:** Never rest on your laurels: This is an old adage that has a strong application for retail — especially for the produce department. If you have a successful format, and your sales are growing rapidly, human nature tells you not to mess with a good thing. “If it’s not

broken, don’t fix it” is a law that many retailers observe once they hit on a winning formula. This is a dangerous assumption as there are only two ways for your operation to go — continue growing or decline. Successful retailers are constantly innovating with new ideas and adding them to successful formats. Sometimes these new ideas don’t work, but with the implementation and learning of these new ideas, more ideas are generated. Continuing innovation and incorporation of new ideas and concepts into a successful operation maintains and drives the continued sales

growth, which ultimately drives all the other good measures of a produce operation. Retailers who want to be successful should overcome the paralysis that sets in with the thought that “you don’t mess with success.” The retailers must continue to incorporate new and contemporary ideas into the operation if they desire long-term growth and ultimately continued survival.

These additional “Rules of Retail” build upon the first three and are as essential to the success of a retail operation and its various departments — especially Produce. The first six rules can focus the direction of any retail operation and set them on the road to long-term growth. There are more “Rules of Retail” and they will be discussed in a later column. When completed, the “Rules of Retail” will provide a complete roadmap to not only the success of the retailer in Produce but the success of all those who are involved in the enterprise.

pb

This month, we discuss the next three rules and its influence on the success of retail operations as they relate to the produce department. As with the first three rules, the majority of present retail management seems to be moving away from these proven principles.

By Don Harris

Don Harris is a veteran of the produce industry for nearly 40 years, with most of that time spent in retail. He has worked in every aspect of the industry, from “field-to-fork” in both the conventional and organic arenas. Harris is presently consulting on all subjects of retail, category development and sales strategies, among others. Comments can be directed to [editor@producebusiness.com](mailto:editor@producebusiness.com)

# MACFRUT 2013: CELEBRATES INNOVATION WITHIN THE INTERNATIONAL COMMUNITY

Compiled by Michele Sotallaro



Each year at the MACFRUT convention, international guests and exhibitors discuss and share the latest innovations in the produce industry. This year's exhibition was held in Cesena, Italy, on September 25 – 27. The focus of the show was on internationalization and attended by a record number of participants. The 30th edition of the international exhibition dedicated to the fruit and vegetable supply chain achieved a new record number of exhibitors. This year, 819 exhibitors attended, compared to 800 exhibitors at the previous edition.

At the show, companies entered to win the MACFRUT Oscar Awards for innovation — a contest judged by a panel of experts and authorities in the agri-food sector. The initiative aims to encourage companies to achieve process and product innovation as well as highlight the groundbreaking products of the fruit and vegetable sector that were launched on the market after January 1, 2012. Winners are then honored at a ceremony on the final day of the conference.

Visitors and exhibitors were asked to vote during each day of the show for their favorite products to win the general prize as well.

The following five companies were the winners of this year's MACFRUT Oscar awards:

## Category 1 — Machines And Technologies For Sorting And Packaging

Ishida's Rv Series is the latest development of Ishida's multi-head weigher that achieves 15 percent faster speeds than previous models



while still delivering the highest levels of accuracy of any multi-head weigher with close-to-zero giveaway. Ishida is based in Birmingham, England.

## Category 2 — Packaging And Packing Materials



Carton Pack's CPFresh® technology enables product respiration to be self-controlled, thus retaining quality unaltered until the time of consumption.

A scientific approach together with elevated technical experience in the packaging industry for fresh products helped the growth of a product that efficiently increases the shelf life.

Thanks to controlled permeability, the CPFresh film is able to maintain whole, washed, partially transformed or ready-to-eat fruits and vegetables at an elevated level of quality. Carton Pack is based in Rutigliano, Bari, Italy.

## Category 3 — Seeds, Fresh Fruit And Vegetable Products

OrtoRomi's Topolina, in collaboration with Parmareggio (an Italian cheese brand) created a new lunch-time bowl with eye-catching packaging for ready-to-eat salad. OrtoRomi is located in Borgoricco, Padua, Italy.



## Category 4 — Logistics And Services

Polymer Logistics' Rattan Active Lock RPC is designed to look like a box made from rattan or cane. This product is targeted to

enhance shopper marketing, giving a "country fresh feel" in the aisles. The improved look of the RPC's can be used in-store for a wide variety of categories, including produce and bakery. They offer all the advantages of a regular RPC including an 'Active Lock' system, which secures the containers when erected. The system also allows panels to fold easily and quietly when the lock is released. It is foldable and stackable to maximize truck and store space, and is lightweight for easy handling. Polymer Logistics is located in San Antonio, TX.



## General Category

The general prize (based on visitors' votes) was given to the Alma Mater Studiorum of Bologna, which presented the Sweet Series Cherries with features such as: sweetness, large size, attractive appearance, firm flesh and fragrance.

Bologna University (located in Bologna, Italy) researchers have long been breeding new plant cultivars that perform to standards of excellence for the traits growers and consumers are always looking for. Starting from basic popular varieties, they are breeding for better fruit size, quality, flavor, shelf-life and for picking dates that fully cover the marketing calendar with fruit of the finest caliber. This is why all new cultivars are patent-protected and then commercially released to supply the market and consumers' tables.



pb

# RAIL SERVICE MOVES OUT OF THE FRINGE



**A**fter being in the produce industry for the past 30 years, I am never surprised that there's more to learn. Recently, while attending the 2013 PMA Fresh Summit conference, I heard best-selling author Peter Sheahan, a keynote speaker, talk about innovation. One of the takeaways from his lecture was the importance of companies staying ahead of the curve, and how

today's "fringe ideas" will become tomorrow's standards.

As I do every year, I left PMA reinvigorated after being in touch with and seeing old friends from the produce world. I also started thinking about how I can stay on my game by looking at ideas that are moving out of the fringe and into mainstream. One such idea that seems to be gathering momentum, but still not readily accepted by all, is the re-emergence of rail service.

Less than 3 percent of all produce coming out of California travels via rail. With intermodal transportation having many years of operation and fine-tuning, shippers gained confidence in the model. But there are only a handful of products shipping via intermodal — they are, as one would expect, the more durable

products such as citrus, potatoes, onions, and the like. Transit times competitive with trucks make it a very viable solution.

As intermodal continues to grow every year, there are new rail options coming to the market. From 2000 to 2006, Express Trak offered a boxcar service that tagged along behind Amtrak. Just seven short years ago, Railex — riding on the Union Pacific line — began its refrigerated boxcar unit train offering. Railex was a true innovator by bringing boxcars back to the unit train. This was a revitalized version of a service that's only remembered by those fitting into the over-40-years-of-experience category. The challenge for Railex was that boxcar service, once the standard, was left behind because of the efficiencies of trucking and the not-so-dependability of rail service providers. Reintroducing the service would prove challenging. However, forward-thinking companies came on board, opening the door for other services such as CSX's "Tropicana Train" in the East and Rail Logistics' "Cold Train" from Pacific Northwest to Chicago.

There are now several more boxcar services in the works. Of these services, most notable is McKay TransCold's "TransCold Express," another dedicated refrigerated boxcar unit train with bi-directional service between Selma, CA and Wilmington, IL, slated to begin in the spring of 2014. McKay TransCold is planning to evolve the boxcar model by adding in-car racks and software to barcode boxcars with commodity and temperature information to match incoming pallets — essentially turning boxcars into rolling warehouses and offering

forward distribution centers at both destinations.

BNSF Railway, providing the rail service for the TransCold Express, along with other railroad companies, understands the importance of changing the way railroads do business. Traditionally rail provided a one-way service focusing on one commodity at a time. If rail wants to really fill some of the void of truck capacity, they need to continue thinking about balanced two-way services that offer multi-commodity solutions.

Obviously, rail can't completely replace trucking and the flexibility of trucking, but it can definitely help in long haul moves and bring savings to shippers. The average intermodal dray is about 200 miles because of the need to deadhead the equipment back to the hub.

Boxcar services have a range depending on specifics of lanes of up to 450 to 500 miles to and from rail hubs. One of the ways that rail works with the trucking industry is that it moves some trucking capacity to the regional level. In a time of many new trucking regulations and driver shortages, the ability to focus drivers in regional markets is a win-win scenario.

Trucking companies are under great pressure to hold pricing. Many of the bigger companies may be able to hold the line in the short term by increasing efficiency, but a majority will not be able to hold costs down because of the simple fact that it takes more time to accomplish the long-haul move. Over the next couple years, as the economy grows, trucking costs will need to rise for trucking companies to operate at new standards. Nonetheless, we don't need to beat the drum about the issues in trucking to understand and recognize when innovation is occurring and making sense. The increase in rail would be happening even if truck transportation was not rife with new regulations.

When I'm working with my peers and hearing that some in the business of growing leafy greens products, such as lettuce and other short shelf life produce, are seriously exploring rail options, I have to assume something is really changing. I'm proud to be in an industry that continues to evolve, albeit the challenges of dealing with commodities, those changes may come slowly.

To once again reference author Peter Sheahan from the PMA Fresh Summit show, he made the statement that "change occurs slowly, until it doesn't." It was a simple statement that caught my attention. I want to encourage and challenge all of my colleagues in produce to remain open to those ideas that appear to be on the fringe right now, keeping in mind that the fringe eventually becomes part of the standard. By not adapting and reinventing, you run the risk of becoming part of another fringe — the bad kind of fringe. The one lagging behind. **pb**

**Rail can't completely replace trucking and the flexibility of trucking, but it can definitely help in long haul moves and bring savings to shippers.**

By Craig Carlson

Craig Carlson is a 30-year veteran of both the retail and foodservice industries. Carlson is presently consulting in all matters of produce supply chain strategy and business development. For questions and more information, visit [carlsonproduceconsulting.com](http://carlsonproduceconsulting.com)



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United Fresh Produce Assoc.	58	202-303-3400	www.unitedfresh.org
The USA Bouquet Co.	24	786-437-6502	www.usabq.com
Valley Fig Growers	93	559-237-3893	www.valleyfig.com
Village Farms	49	888-377-3213	www.villagefarms.com
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## How To Make Things Grow

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## 24 YEARS OF GRASSROOTS JUICE

**M**arygrace Sexton is the visionary pioneer behind Natalie's Orchid Island Juice Company. She holds the prominent role as CEO with her company in a male-dominant industry. It was her passion and family support for the company that helped it grow from four employees to 85 to 100 (depending on the time of year), from using two extractors to eight extractors, and expanding from local markets to international accounts.

"We don't have millions of dollars of marketing money, so we strive to be grassroots," says Marygrace. "We want to reach America by tasting. We stand out because of our taste, because all our employees put their heart into the product. We're not just pumping out juice. With every batch we make, we want it to be consistent for the consumer, but we want it as fresh as it can be."

Marygrace emphasizes that the company "squeezes the fruit you want to feed your family" daily and that product ships within 24 hours. "If there is citrus to buy in Florida, we buy it. We believe in the Florida grower," adds Marygrace.

Family is how Natalie's Orchid Island Juice Company spawned about 24 years ago in 1989. In a small office at Oslo Citrus Growers in Vero Beach, FL, Marygrace, her brothers Bil (standing to the right of Marygrace) and John Martinelli (seated to the left of Marygrace), and her husband, Bob Sexton (seated to the right of Marygrace), took this picture and began discussing how to move forward with a juice company.

"We were relentless with our business plan," says Marygrace. "We did everything from grading fruit to financial statements."

When it came down to who would play each role in the business,

Marygrace says, "God gave us the perfect puzzle." She has talented family members and each contributed their strengths to get the operation off the ground. Her brother, John, was the businessperson. "He has an intuitive sense and contributes lots to the company but is gifted in sales," says Marygrace. "Bil was blessed with engineering ability. Bob at the time was handling procurement and finance, but is currently a silent partner."

Her husband, Bob, is a fifth-generation citrus man and grandson of citrus pioneer and developer, Waldo Sexton. At the time of the photo, Bob was working for Oslo Citrus Growers (and still does to this day). Oslo was instrumental with giving Natalie's its legs, and Marygrace pushed the team to take off running. "Bob introduced us to growers, and once we grew past our fruit allowance, we began working with more growers. We've been working with those same growers for the past 24 years," says Marygrace.

Marygrace and her team rented a 2,000 square foot space across the street from Oslo and renovated it for production. It housed a bottling line, a tank, and two extractors. The company started using only Florida oranges, grapefruits and lemons to make its juice. "As we expanded, the market demand increased for other juices so we would add them to our juice products," says Marygrace.

Today, family tradition continues with the upcoming generation. Natalie, Marygrace's 25-year-old daughter (whom the company is named after), is the company's director of marketing. "Natalie is a real worker bee," says Marygrace. "She doesn't take anything for granted. She's doing a wonderful job, because she understands our mission. We want to make sure that we have a sustainable team that grows with her into the future."

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**Produce**

**Natural Delights Introduces Country's First Pitted Medjool Dates**  
by Bard Valley Natural Delights™ Medjool Dates  
Posted: Friday, July 27, 2012 at 8:38AM EDT

BARD VALLEY, CA— Bard Valley Natural Delights, the nation's top Medjool date brand, offers consumers a convenient new way to enjoy the lusciousness and all-around snackability of Medjools with the introduction of Natural Delights Pitted Medjool Dates, the country's first pitted Medjool date product. Launching this fall, the 12-ounce package will sell for the Suggested Retail Price (SRP) of \$6.99.

"The introduction of Natural Delights Pitted Medjool Dates makes it easier than ever for Americans to indulge in the sweetness of one of the world's most mysterious fruits," said David Anderson, head of marketing for the Bard Valley Medjool Date Growers Association (BVMGGA).

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**The Time Is Ripe For Fresh BC Blueberries This Season**  
by British Columbia Blueberry Council  
Posted: Friday, July 27, 2012 at 8:58AM EDT

Beginning with a trickle and turning into a torrent, consumers can now find the first of the 2012 season's fresh BC blueberries at their local supercenter's produce department, farmers' markets and farm gates. More than 800 British Columbian blueberry farmers are now out in the fields picking what looks like a very strong crop of the antioxidant-rich, sweet

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