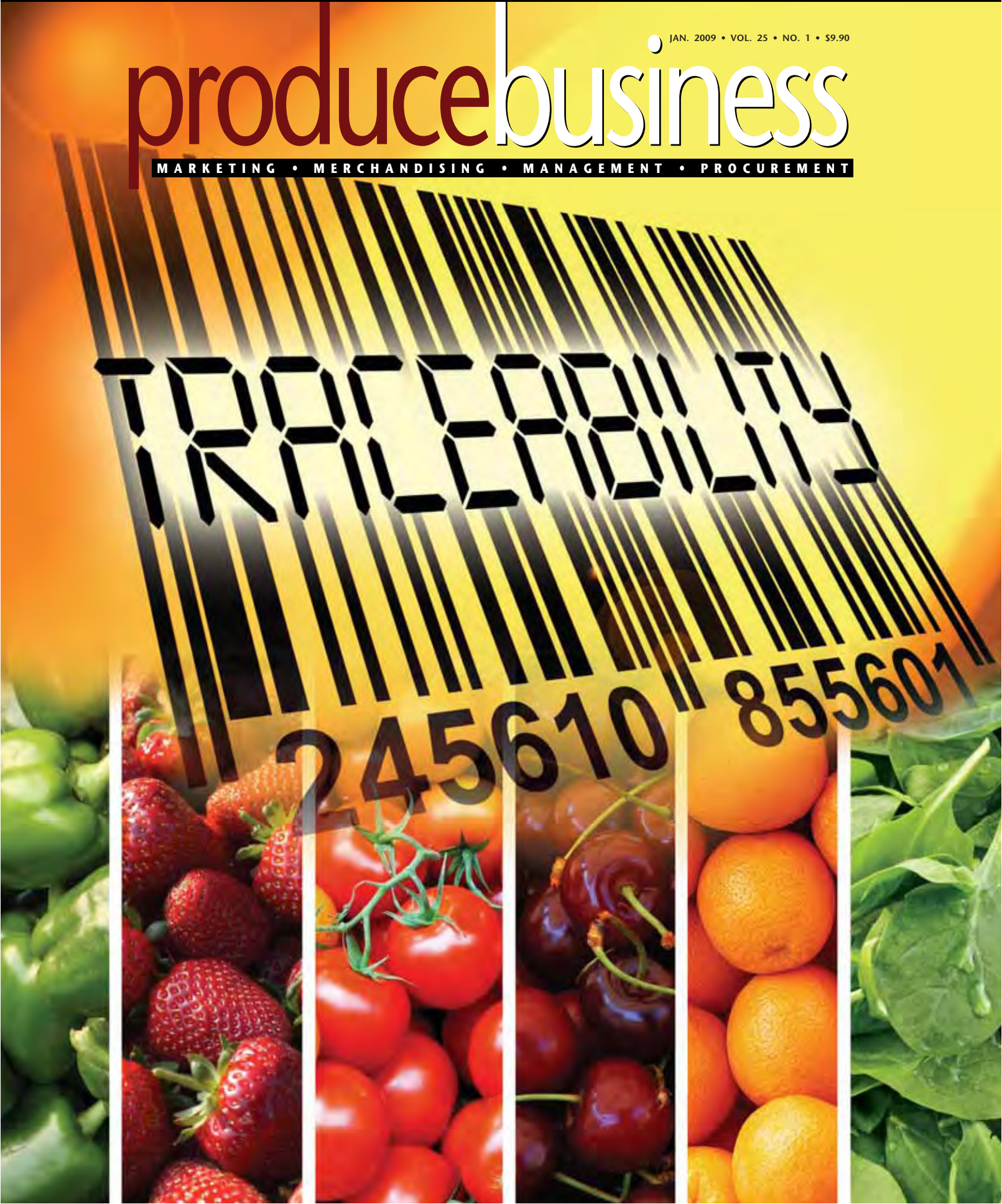


inside... PUNDIT LOOKS AT SMALL-FORMAT STORES • CAUSE MARKETING • CHILEAN STONE FRUIT • MEXICAN PRODUCE • CLAMSHELL PACKAGING MUSHROOMS • TROPICAL FRUITS AND VEGETABLES • FOODSERVICE COPES WITH SLUGGISH ECONOMY • DALLAS REGIONAL PROFILE • PEANUTS • FOLIAGE SALES

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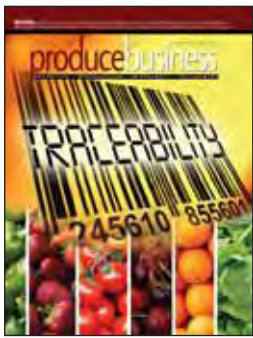


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THIS MONTH'S WINNER:

Mike Klackle
Vice President of Berry Sales
Curry & Co., Inc.
Brooks, OR

Mike Klackle, vice president of berry sales, Curry & Co., Inc., Brooks, OR, got his first taste of the produce industry in 1971 while bagging groceries at a Dominick's Finer Foods in Chicago, IL. He stayed in the industry and joined Curry four years ago to build its blueberry business.

Klackle says the biggest challenge he faces is a lack of knowledge within the industry as a whole. "Positive things can't happen unless people know what's going on." He believes it's critical for industry players to stay ahead of the curve and be able to identify major trends affecting all areas of the industry.

A reader of PRODUCE BUSINESS since its inception in 1985, Klackle enjoys reading the trends showcased in the magazine. "Jim Prevor's comments are always informative," he adds. "I follow him quite closely."

As the winner of the PRODUCE BUSINESS Quiz, Mike wins a telescope field chair.



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

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WASHINGTON GRAPEVINE

A report on the inside happenings of government.

SUBMITTED BY KAM QUARLES, VICE PRESIDENT, GOVERNMENT RELATIONS & LEGISLATIVE AFFAIRS • UNITED FRESH PRODUCE ASSOC.



Immigration Reform

As 2008 drew to a close, the produce industry saw a flurry of activity on immigration-reform issues. Heightened awareness of these issues is a by-product of a process largely set in motion by Congress' inability to move forward on comprehensive immigration reform. Left in the wake of that failure is a host of administrative and judicial actions that will impact produce businesses large and small across the industry.

In late November, the government announced its final rule requiring mandatory e-verification of the immigration status of employees for all federal contractors and their subcontractors. The E-Verify Federal Contractor rule will take effect Jan. 15, 2009.

This ruling completed a process begun in June when the Bush Administration issued a proposed rule requiring government contractors and subcontractors to use the E-Verify system to check the legal immigration status of employees. Currently, enrollment in the government-run electronic system is voluntary. Since then, a number of other agricultural entities raised questions about the rule's scope and its potential impact on federal commodity procurement for civilian and military use. Concerns were also raised about the uneven application of the rule on packaged and bulk commodities, the ambiguity surrounding the definition of subcontractors and their relationship to producer-owned marketing associations, and other technical issues.

The centerpiece of those comments was the produce industry's position that the exemption for commercially available, off-the-shelf items (COTS) in the interim rule should be applied to fresh produce. As a result, the final rule includes the requested COTS exemption for produce. The industry is pleased the federal government ruled in this manner, helping to relieve a significant burden on produce firms that decide to accept or bid on federal government contracts.

In early December 2008, the U.S. District Court for the Northern District of California refused to lift an injunction against the Admin-

istration's revised Social Security No-Match Rule until late February 2009. The initial No-Match rule was to take effect on Sept. 14, 2007, but implementation of the rule was delayed due to litigation led by numerous organizations

It would seem the activity at the end of 2008 effectively broke the stalemate of immigration reform...

representative of the those with a stake in the ruling, including United Fresh, U.S. Chamber of Commerce, National Roofing Contractors Association and American Nursery and Landscape Association. The lawsuit was filed on the basis that certain procedures, including an analysis of the law's economic impact on small businesses, were not followed.

In the *Federal Register* on March 24, 2008, the Department of Homeland Security (DHS) published the Supplemental Proposed Rulemaking for the No-Match Rule, and on Oct. 23, 2008, DHS announced the Supplemental Final Rule, meant to address the procedural issues raised in the lawsuit. With this court ruling, the incoming Obama Administration could seek to further consider the merits of this rule once it takes office.

The plaintiffs view the decision as prudent, since the Supplemental Final Rule appears to have little changed the actual rule published last year. The produce industry believes enforcement and reform must go hand-in-hand, and as such, the procedure identified by the plaintiffs upset that balance. The industry can't help but be pleased the Court is taking a thorough approach to considering the Bush Administration's revisions.

The week following the No-Match ruling, the Bush Administration released two concurrent final rules from the Departments of Labor and Homeland Security revising procedures for the H2A guest worker program. Though these revisions do not address the fundamental comprehensive immigration reform the industry has long advocated, their intent is a step in the right direction.

The Administration attempted to make the H2A program more practical for employers through these two final rules by modifying existing (and unreasonably stringent) timeframes involving the petition process, as well as the interim period a guest worker can be out of work while remaining in the country. A new calculation for determining the appropriate wage rates for the employees is also being implemented, involving specific information from over 500 localities, instead of the 18 regions currently utilized.

The Administration also tightened the H2A program in a variety of areas. Employers must notify authorities immediately when H2A workers fail to meet certain conditions of employment or are terminated, and only workers from certain approved countries can be hired under the program. Employers are also incentivized to use the E-Verify program. For workers who have exhausted their eligible time in the United States, enhanced biographic and biometric information will be required at certain participating ports-of-entry when they depart for their mandatory time out of country.

No matter the personal view, it would seem the activity at the end of 2008 effectively broke the stalemate of immigration reform that dominated the public policy landscape in recent years. While none of these decisions demonstrates a resounding and complete victory for the produce industry, we believe their incremental regulatory and judicial gains can be coupled with legislative reform in the new Congress. With the November elections, we can see new political opportunities appearing to achieve the significant reform that the produce industry so desperately demands.



Thank You!

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New Face Of Retail?

Are retailers integral parts of the produce industry or just customers of the produce industry? It is a question on which practically everything depends, and 2009 may be the year in which a great divide between buyers and sellers becomes evident. The new year may also find established industry institutions unable to cope with the change, and new rules of engagement may have to be written.

The produce industry has long been a unique place in which buyers, especially retail buyers, have been perceived as engaged participants of the industry. This perception was justified by the specialized nature of produce. Because expertise in produce was useless in most areas of retail, people who developed produce expertise either stayed in the produce end of retail or went to work on the production end of the industry. It was rare for retail produce executives to wind up running greeting cards or canned goods at a retail company.

In addition, the fast pace and specialized nature of produce encouraged most senior executives to avoid produce. They didn't understand it very well, certainly couldn't improve it much and so were content to demand a contribution to overhead and let the produce experts figure out how to make it happen.

This exceptional relationship, where buyers are both customers and part of the industry, has long been illustrated neatly by the unusual nature of produce trade associations. Most trade associations are horizontal. The Food Marketing Institute, for example, represents supermarkets; the National Restaurant Association represents restaurants. Although vendors may exhibit at trade shows, sponsor industry events, etc., they have no vote in these associations and are seen as representing a distinct industry.

In contrast, the produce trade associations have always seen themselves as vertical associations, with full voting membership running the full course of the industry from farm to fork. This vertical integration has been of enormous benefit to the industry. Whether the issue is traceability, sustainability, food safety or any other supply-chain issue, the integration of the buying end of the business in consensus building has moved the industry toward solutions for these supply-chain issues.

Yet now, one senses a divide. The obvious spark for a change is the economy. As retailers have repositioned themselves as deliverers of 'value' to consumers, the supply-chain commitments that once were sincere initiatives now seem to be washed away in massive corporate commitments to beat any price.

The overt story is simple... and serious. Many buyers, though sincere in their desire to see supply-chain improvements, are unwilling to constrain their supply chain to only those producers

and vendors that have implemented such improvements. It is not really that the buyers want to purchase from sub-standard producers; it is that they do not want to give up the bargaining leverage fostered by a willingness to buy from anyone.

This creates an untenable situation. The best growers, the best packers — the 'class' end of the industry that invests heart and pocketbook into doing the right thing — are compelled to compete on price with producers that make no such attempt.

This issue is at the heart of the economic problems of production agriculture. The underlying story, however, is more complex.

On a personnel level, the skill sets required by a buyer of, say, fresh-cuts at Wal-Mart would scarcely be recognized by an old-time produce buyer. The spreadsheets and reports are not very different from those used in lingerie or toy sales. So we can expect many retail executives to find opportunities in places other than produce.

The growth of contract buying, the use of UPC-coded clamshells and bags, the plethora of laws and regulations related to nutrition or country-of-origin labeling, the increase in 52-week supply and the growth of larger suppliers capable of year-round supply and a broader line of items — all these make produce less 'exceptional' in a large retailer and thus make top retail executives more willing to get involved.

If you take Wal-Mart, as the largest buyer in the industry, and you think about the loss of experienced industry executives such as Bruce Peterson, Bob DiPiazza, Wayne McKnight and Danie Kieviet, it seems, from a produce industry perspective, an enormous loss. Then you realize that Wal-Mart didn't move quickly to find more produce experts to replace them. One has no sense that top executives at Wal-Mart think having been Chairman of PMA is a meaningful credential for its top produce executives.

In good times there is margin for fluff but in bad times the mettle of men... and of companies... is fully disclosed. Wal-Mart sees this as its time to shine, when its relentless pursuit of value can win customers. If some big producers suffer because Wal-Mart lowers a standard for a cheaper producer to sell to Wal-Mart, well so be it.

The same thought process is true of many retailers. The great heyday for retail involvement in the trade was with VPs of regional chains — Vons, Dominick's, Stop & Shop, Grand Union. There are a few left, including Wegman's, from where PMA's current chairman hails, but they are few and far between.

Today's problem is retailers' willingness to see top producers suffer even when they invest to meet supply-chain needs. This is a consequence, however, of produce leadership perceiving their futures in retail rather than produce. That is a problem with consequences not likely to dissipate when the economy turns around.

pb

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economy
change the
face of retail
relationships
in our industry?**

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A Tale of Two Stories: The Produce Industry And Its Members

A century and a half ago, in 1859, Charles Dickens famously penned, “It was the best of times, it was the worst of times...” Now, at the turn of another new year, his words resonate not only for many in the produce industry but also across business sectors and around the globe, especially if one thinks about the roller coaster of growth and recession we’ve experienced the past 18 months.

Given the economic hardship of 2008, many businesses and individuals alike are facing a grim forecast for the year ahead. However, despite the unavoidable circumstances, I’d like to share with you a silver lining Produce Marketing Association (PMA) has identified in that gray cloud.

Earlier this year, PMA commissioned a nationwide economic impact study to determine the financial impact of the fresh produce and floral industry in the United States. Results of this study, conducted by the renowned Battelle Group, reveal that our industry leaves a large economic and employment footprint on the United States. Together we account for over \$275 billion in direct economic output and 1.9 percent of all U.S. employment — a percentage that mirrors the now dire U.S. automotive industry. The total employment impact, including direct and ripple-effect jobs, is more than 2.7 million; and the total economic impact accounts for more than \$554 billion when further spending within the economy of workers’ and suppliers’ wages are considered.

Our influence touches all 50 states and every congressional district. In other words, we are a *big* deal — even if we haven’t always thought of ourselves as an industry that contributes so much to the foundation of the nation’s economy.

Exactly a year ago in January 2008, PMA leadership began working on a new strategic plan to identify the association’s direction

moving forward. The resulting plan identified three core values that define our members’ story: courage, character and community.

Our new vision — to strengthen and lead the global produce community — embraces and leverages an expansive global collective to connect members to the best this industry has to offer. Our new mission contains the key elements of why PMA is in business: to connect, inform and deliver business solutions that enhance members’ prosperity.

So when I reflect on today’s produce business climate and the learnings of the economic impact study, I’m again struck by our industry’s tremendous story. As I’ve said before, this story *must* be told to the public and our government. In the year ahead, you can be certain PMA and its many partners will use this impact data as a starting point to frame the industry’s story of economic relevance, and in turn requesting that public policy adequately supports our industry’s needs — not for an auto-industry-style bailout but for programs and services to increase our competitiveness, enhance public health and allow us to better harness technology for future growth.

And while our association works to tell the *industry’s* story, members must tell *their* stories — genuine stories of the courage and character needed to provide nutritious fruits and vegetables in today’s volatile marketplace while also serving as long-term stewards of the land, committed watchmen over food safety and sustainable businesses supporting communities of employees and their local neighborhoods. As I said in my State of the Industry presentation in Orlando at Fresh Summit, people are looking for the face behind the food, the story behind the sustenance, the narrative behind the necessity.

Our produce community has faced major challenges this past year and more face us in the year ahead. These challenges oftentimes

The best time to change and innovate is when you’re at the top of your game...

appear to compound themselves in the race for solutions. Still, I firmly believe these market disruptions are in one sense the compost nourishing the next generation of success and innovation. Isn’t this nature’s way? We are in this for the long haul, not the quick fix.

During the coming year, PMA members will hear much more about the results of our economic impact research and the analysis that flows from it — results as an industry overall and as states and segments. This valuable information will help PMA members tell their own stories while we share the industry’s story. Because our industry provides the nutrition necessary for consumer health, the employment needed to rebuild and sustain a healthy economy and the commitment necessary to protect and preserve food safety.

Perhaps the biggest deal about *being* a big deal as an industry is that the best time to change and innovate is when you’re at the top of your game, not when you’re on the way down, fighting for your survival — or as Dickens’ may have called it, our “*best* of times.”

Here’s to a most promising year ahead in produce!

Be Careful What You Wish For

The industry will, indeed, be looking forward to the new PMA-sponsored research, which attempts to quantify the scope of the industry. The results will be scrutinized carefully because in this type of research, as they say, “The devil is in the details,” particularly in terms of the implications of the research for public policy.

What will policy makers look for when presented with such research? Well, one key question is how much, if any, of that “over \$275 billion in direct economic output and 1.9 percent of all U.S. employment” is duplicative with the claims of other industries. In other words, when FMI, the supermarket industry association, or NRA, the restaurant industry association, or associations representing trucking and other industries present their economic impact studies, do we all, in fact, claim the same economic impact and employee count multiple times?

Perhaps the most crucial number is likely to be a subset of the broader number and that is the economic impact of domestically produced fruits and vegetables. More specifically, how that impact would change if these items were imported. In other words, the fact that a lot of people work in produce departments around the country probably has little policy impact because they would likely be doing the same job no matter where the produce was produced.

On the other hand, the economic impact of farm production of fruits and vegetables will be crucial in many policy debates. It looms large as a matter related to immigration and more generally fulfilling the labor needs of agriculture. It also affects environmental policies, including restrictions on carbon outputs and water usage. From local zoning decisions to state policies on taxation of agricultural land to federal transportation spending — all are affected by the economic impact of production agriculture.

Bryan is, of course, quite correct in his explanation that this new economic impact data will be used to buttress the claims made by the industry in pursuit of public policy that the industry would like to see adopted. We

would be wise, however, to be careful what we wish for. After all, we just might get it.

It is somewhat ironic, in this context, to note that the produce industry is now as large as the auto industry. The auto industry has for decades tried to influence federal policy in its favor and very often it got its way; yet, today, the industry teeters on the brink of bankruptcy, saved by a federal bailout.

One reason for this is that the very prominence of the industry led to all kinds of regulation, from state regulations restricting the ability of the auto makers to terminate dealerships to national labor laws that gave unions powerful leverage against auto makers. There were environmental and safety laws that created other burdens.

If we raise the profile of the produce industry, it will both empower the friends of the industry and entice those who will come to see the industry as an excellent channel to enact their own priorities on labor, environmental, health and other issues.

There is another point, which is that as much as the idea of selling produce to schools or to consumers buying with various welfare payments may be appealing, it is also true that it can change the culture of the industry, from one that seeks to serve the consumer to one that seeks to solicit the government to adopt favorable policies. Think of so many supermarkets forgetting the consumer and, instead, focusing on selling shelf space to manufacturers.

We agree there is much to be gained by individual firms telling the many stories they have to tell. Consumers are so distant from the farm today that they need to be taught about the integrity many firms bring to the task of delivering the fruit of the earth to the people of the world.

Yet we are uncertain how useful an association can really be in this regard. For the bottom line is that some producers and marketers are firms of high character and some are not. One of the reasons producer organizations have struggled when they have ventured into marketing is that one can't really say everyone is a high-quality producer or all

Don't worry about being the biggest industry and focus instead on being the best...

of the crop is a high-quality crop. These mandatory-assessment organizations have as their charge to help sell *all* the crop from all the producers, and you start to enter a Lake Woebegone world — “where all the children are above average” — if you start claiming that the whole crop is the finest quality.

Equally, trade associations typically accept all legal operators who pay their dues as members. Many, perhaps most, are people of great courage and character who support their community. Some, however, are almost surely scoundrels and so the leading firms in the industry should be cautious about having their reputation associated with people less conscientious than they are.

In the collapse of the housing bubble, many find themselves reassessing what is really important in life. For a family, it may be that pursuit of a big house was not really the best path to raising children of good character and having a good home life. So, it may well be that we would be wise not to worry about being the biggest industry and focus instead on being the best, on conducting our daily tasks with integrity and gaining sustenance through serving our customers and, in so doing, serving our nation and our creator.

**U.S. POTATO BOARD
DENVER, CO**

Kathleen Triou was named vice president, domestic marketing. She previously worked on USPB's retail program with its domestic marketing committee and most recently served as senior director for Seismicom, where she was responsible for building its client roster and managing campaigns for national telecom and food companies.



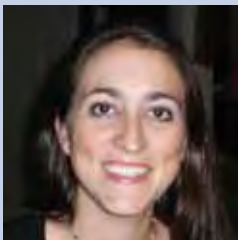
**ALLEN LUND CO.
LA CAÑADA, CA**

Justin Berry was promoted to business development specialist. Hired in 2006 as a transportation broker, he will transfer to the Los Angeles office. He served in the U.S. Air Force and has worked in the transportation industry for 19 years. His duties will include supporting brokerage and sales.



**THE GIUMARRA COMPANIES
LOS ANGELES, CA**

Jennifer Perachhi Harmon joined the food-safety department. Her duties will include data management and supporting growers in their food-safety efforts. She most recently worked as an information specialist for Ballantine Produce Co., where she developed marketing materials and coordinated food-safety efforts.



**SUN WORLD INTERNATIONAL, LLC
COACHELLA, CA**

Gordon Robertson was hired as vice president of sales and marketing. He brings more than 20 years of experience in various sales and trade marketing roles, including vice president of joint business planning for Campbell Soup Co. His duties will include supporting Sun World's North American retail clientele in promoting its products and brands.



**MIXTEC GROUP, LLC
PASADENA, CA**

Kristen Reid has joined the firm as a principal. She previously held positions as a full-time professor at Westmont College and Pepperdine University, where she taught a variety of communication courses such as public speaking and interviewing. She began her career in executive recruiting for Netzel Associates, Inc., and brings three years of executive-search experience.



**FRONTERA PRODUCE LTD.
EDINBURG, TX**

Chris Eddy was hired as director of sales. He brings 19 years of experience in the fresh produce industry, including 17 years on the sales team at Duda Farm Fresh Foods. His responsibilities will include overseeing the marketing and sales of all product lines, increasing the customer base and maximizing profitability.



**IDAHO POTATO COMMISSION
EAGLE, ID**

Armand Lobato was hired as western foodservice promotion director. His duties will include distributing merchandising and educational materials and seeking promotional opportunities with foodservice distributors, full-line produce houses and restaurant chains in the western United States. He previously worked as produce buyer/quality control inspector for U.S. Foodservice, Inc.



**JOHN VENA, INC.
PHILADELPHIA, PA**

Charlie Pigliacelli, partner and director/store operations, has retired after 23 years with John Vena. He began his career at M. Levin & Co. and later Ralph D. Hughes, Inc., before joining John Vena in 1985. He is highly regarded at the Philadelphia Regional Produce Market and has earned a reputation for his superior work ethic and tenacity.



ANNOUNCEMENTS

VALENCIA PRODUCE KICKS OFF IMPORT SEASON

Valencia Produce, Inc., Phoenix, AZ, invited more than 50 produce industry representatives, press members and government officials to kick off the Valencia citrus season by visiting the port in Gloucester City, NJ. Francisco Camps, president of the Valencia Region of Spain, and Maritina Hernandez, secretary of agriculture of the Valencia Region, attended the event to receive the Ice River, a 600-foot-long vessel arriving with about 4,600 tons of Spanish clementines. Leo Holt, president of Holt Logistics in Gloucester City, NJ, hosted the Valencia delegation as well as some prominent importers including Jac. Vanderberg, Inc., LGS Specialty Sales, Ltd., DNE World Fruit Sales, Seven Seas Fruit, The Tom Lange Co., Ibertrade Commercial Corp., Bacchus Fresh International, Inc., Seald-Sweet International and Merex Corp., as well as some distributors, such as Baldor and Dandrea Produce.



Reader Service No. 300

APEAM LAUNCHES AVOCADO CAMPAIGN

Avocado Producers and Exporting Packers Association of Michoacán (APEAM), Uruapan, Michoacán, Mexico, kicked off a new avocado marketing and public relations program to build market demand and sales velocity for Mexican avocados. The fully-integrated campaign will include nationwide PR as well as radio and television advertising in major metropolitan areas.



Reader Service No. 301

**EARTHCYCLE TEAMS WITH
VAN DER WINDT WENTUS**

Earthcycle Packaging, Ltd., Vancouver, BC, Canada, has partnered with Honselersdijk, Holland-based Van der Windt Wentus Packaging Group (VDW), in an effort to increase its distribution reach to continental Europe. Both companies are committed to the environment and compostable packaging.



Reader Service No. 302

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SMURFIT-STONE REVAMPS IMAGE

Smurfit-Stone Container Corp., Chicago, IL, reorganized its North American display and graphics business as Smurfit-Stone Image Pac.

The name change reflects its long-established reputation for the excellence its Image Pac Display group has built in Canada as well as the continued operational excellence and design leadership of Smurfit-Stone's U.S. operations.



Reader Service No. 303

FRESH SOLUTION FARMS OPENS FACILITY

Fresh Solution Farms, LLC, White Pigeon, MI, opened a state-of-the-art packing facility in Mottville Township, MI, in an effort to reduce food miles of its potato and onion supply. Backed by a Michigan Economic Development Corp. grant and six grower/owners, Fresh Solution will produce top-quality, table-stock potatoes that can be distributed across the Midwest.



Reader Service No. 304

FRONTERA PRODUCE EXPANDS LOGISTICS SERVICES

Frontera Produce, Ltd., Edinburg, TX, launched Frontera Fresh Logistics, LLC, created to provide added value and service to Frontera Produce's customer base and allow it to build on its existing carrier relationships. The new company aims to provide perishable full truckload and LTL service throughout the United States.



Reader Service No. 305

BALDOR COMPLETES MEREX ASSET PURCHASE

Baldor Specialty Foods, Inc., New York, NY, completed the asset purchase of Merex Food Corp. Experts within Baldor's International Produce Exchange division (IPEX) now oversee the Bon Campo line. Once exclusive to Merex, the line includes sun-dried tomatoes, porcini mushrooms, potatoes, shallots and pearl onions.



Reader Service No. 306

CSC HIGHLIGHTS NUTRITIONAL VALUE OF STRAWBERRIES

California Strawberry Commission (CSC), Watsonville, CA, reports that strawberries may boost brain power and give kids the help they need to make it through the school day. For healthful snacks and meal ideas, such as Strawberry Pizza, Skinny Strawberry Sandwich and Strawberry Shake, visit CSC's Web site.



Reader Service No. 307

GIUMARRA NOGALES SHIPS TWO NEW MELON VARIETIES

Giumarra de Nogales, a division of The Giumarra Companies, Los Angeles, CA, is now offering Nature's Partner Summer Sweet cantaloupe and Nature's Partner Sweet Pearl personal watermelons. The two new melon varieties come from crops in Hermosillo and Guaymas in Sonora, Mexico.



Reader Service No. 308

CAPITAL CITY COMPLETES SUCCESSION PLAN

Capital City Fruit, Des Moines, IA, announced the successful leadership transition to the third generation of Comitos. Joseph T. Comito opened the family-owned business in 1949. His son, Joseph M. Comito, became president in 1975. His sons, Brendan, Christian and Kieran, recently purchased their father's shares, giving them equal interests in the business.



Reader Service No. 309

PWP INDUSTRIES EARNS PRODUCT INNOVATION AWARDS

PWP Industries, Vernon, CA, received gold and silver awards at the 18th Annual Thermoforming Parts Competition held Sept. 20-23 during the 18th Annual Society of Plastics Engineers (SPE) Thermoforming Conference. PWP won two awards in the roll-fed consumer category for products that address convenience, food safety and the environment.



Reader Service No. 310

IPC DESIGNS SUPERSPUD BOBBLEHEAD

Idaho Potato Commission (IPC), Eagle, ID, designed a signature "Superspud" bobblehead modeled after one of its comic-book capers in celebration of its returning Comic Book Ad Campaign. IPC hopes the colorful figurine serves as a constant reminder of the selling power of Idaho potatoes as well as a fun business card holder.



Reader Service No. 311

USPB CONVENES FOURTH INNOVATION SEMINAR

U.S. Potato Board (USPB), Denver, CO, hosted its fourth innovation seminar at the Culinary Institute of America (CIA) in St. Helena, CA. Twelve chefs participated in the seminar aimed at increasing the frequency of potatoes and potato dishes on restaurant menus. To date, 52 chefs, representing 45 multi-unit restaurant operations, have attended the event.



Reader Service No. 312

VEGGIELAND ACQUIRES FRANKLIN FARMS

J. P. Veggies, Inc., a Parsippany, NJ-based manufacturer that does business as VeggieLand, announced the acquisition of the Franklin Farms brand of vegetarian products. The addition will diversify VeggieLand's sales distribution and product offerings. The Franklin Farms line includes mushroom and soy-based meat alternative products.



Reader Service No. 313

KROGER EXECUTIVE EARNS RPA LEADERSHIP AWARD

Phil Davis, senior perishables supply chain manager, The Kroger Co., Cincinnati, OH, received the Reusable Packaging Association (RPA) 2008 Leadership Award for his relentless advocacy for the growth, education and use of reusables. Davis also supports RPA's mission and demonstrates direct involvement in the organization's activities.



Reader Service No. 314

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NPSA PROMOTIONAL BROCHURE

National Pecan Shellers Association (NPSA), Atlanta, GA, created a new promotional brochure to help health-conscious consumers incorporate pecans into their diets as a means to improve their health. *Pecans. So Good. So Good For You.* spotlights an array of health-benefits of a pecan-rich diet and includes recipes, tips for buying and storing pecans and suggestions for incorporating pecans into the diet.



Reader Service No. 315

NMB TEACHES LESSON IN PRODUCE

National Mango Board (NMB), Orlando, FL, launched Jango Geography, an interactive game aimed at educating children about mangos and where they come from. The project's goal is to increase mango consumption and teach kids about geography and the health and flavor benefits of mangos. Jango Mango, NMB's global ambassador, serves as a guide to walk children through the game available on NMB's Web site.



Reader Service No. 316

OCEAN MIST SERVES ARTICHOKE AT KOWALSKI'S MARKET

Ocean Mist Farms, Castroville, CA, provided 1,800 servings of grilled, fresh, long-stem artichokes with artichoke hummus as part of the grand opening of Kowalski's Market in Eagan, MN. Ocean Mist educated consumers on how to prepare and cook long-stem artichokes and distributed artichoke recipes.



Reader Service No. 317

MANN PACKING TEAMS WITH PARAMOUNT FARMS

Mann Packing Co., Salinas, CA, partnered with Paramount Farms to offer a cross-promotion designed to drive incremental sales of its fresh-cut vegetable product line. The promotion will run Jan. 5-26 and features a coupon good for 55¢ off a 3.75-ounce bag of Almond Accents with the purchase of select Mann's vegetable products.



Reader Service No. 318

AWE SUM ORGANICS OFFERS ARGENTINEAN PEARS

Awe Sum Organics, Inc., Santa Cruz, CA, is offering all varieties of fresh organic pears from Argentina during the import pear shipping season from Manfredi Cold Storage in Kennett Square, PA, and Karo's Cold Storage in Long Beach, CA. Bartlett pears will arrive beginning in late January and will be followed by D'Anjou, Bosc, Abate Fetel, Hosui Asian Pears and finally Packham, which will go through mid July.



Reader Service No. 319

MONTEREY MUSHROOMS AWARDS STUDENTS SCHOLARSHIPS

Monterey Mushrooms, Inc., Watsonville, CA, awarded 108 students new or renewed scholarship awards totaling more than \$137,000. Initiated in 1992, the scholarship program has awarded more than \$1.2 million to more than 770 children of its employees throughout the country. Monterey evaluates applicants based on academic achievement, financial need and future potential.



Reader Service No. 320

SUNNYRIDGE EXPANDS INTO FLORIDA STRAWBERRY MARKET

SunnyRidge Farm, Inc., Winter Haven, FL, expanded into the Florida strawberry market with the addition of its new product line. The most desirable Florida strawberry varieties will be grown at its farms on Plant City, FL, for the 2008 winter season. SunnyRidge will focus on broadening the taste aspect of the berry and delivering the highest quality berries to market.



Reader Service No. 321

A.M.S. EXOTIC TEAMS WITH GEORGE FOODS

A.M.S. Exotic, Los Angeles, CA, teamed with George Foods, Pembroke, NC. The new agreement allows A.M.S. to provide its high-quality Earth Exotic's premium vegetables to retail supermarket chains on the East Coast with greater shelf life, shorter lead times, fresher product and lower transportation costs.



Reader Service No. 322

PFK RECOGNIZES RETAIL SUPPORTERS

Produce For Kids (PFK), Orlando, FL, celebrated a record-setting fund-raising year. Since 2002, PFK has raised more than \$1.6 million for children's charities through two annual, national campaigns. PFK held an event at the PMA Fresh Summit 2008 to recognize the funds raised by participating retailers to benefits local Children's Miracle Network hospitals.



Reader Service No. 323

MAC PROMOTES RECIPES

Michigan Apple Committee (MAC), DeWitt, MI, teamed up with several prominent chefs from across the state to raise awareness about the locally grown movement. The chefs shared their favorite Michigan apple recipes in honor of the arrival of the fall apple season. The highly anticipated tradition featured a plethora of recipes available on MAC's Web site.



Reader Service No. 324

STOP & SHOP WINS APPLE MERCHANDISER AWARD

Stop & Shop Supermarket Co., Quincy, MA, won the Apple Merchandiser of the Year award from National Apple Month based on its level of merchandising support and promotional efforts of apples and apple products. Stop & Shop offers its consumers excellent produce displays that are attractive and informative.



Reader Service No. 325

PROGRESO FORMS PARTNERSHIP

Progreso Produce, Boerne, TX, announced a partnership with Growers Alliance Corp., in an effort to market a variety of fresh produce such as mangos and onions from Central and South America. The new relationship expands Progreso's current year-round mango and onion programs.



Reader Service No. 326

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**SAFEWAY FOUNDATION
DONATES NUTRITION PACKETS**

Safeway Foundation, Inc., Pleasanton, CA, sponsored the placement of 81 *Fruits & Veggies – More Matters* Creative Pockets Adopt-A-School kits in classrooms in Maryland, Virginia and Washington, D.C. Produce For Better Health Foundation will send the kits directly to sponsored classrooms to be used as nutrition curriculum.



Reader Service No. 327

SUN WORLD LAUNCHES NEW WEB SITE

Sun World International, LLC, Bakersfield, CA, unveiled a revamped Web site featuring a new look and easy-to-navigate features. The redesigned site is colorful and highlights Sun World's role as a leading supplier of seedless grapes, stone fruit, citrus, peppers and seedless watermelon.



Reader Service No. 328

JEM-D PARTNERS WITH EL ROSAL

Jem-D International, Leamington, ON, Canada, formed a partnership with El Rosal, Numaran, Michoacan, Mexico. The partnership involved a purchase agreement between the two firms that share a mutual goal to better service customers on a year-round basis with consistently high-quality hydroponic produce.



Reader Service No. 329

EUROFRESH FARMS UNVEILS NEW WEB SITE

Eurofresh Farms, Willcox, AZ, launched a new Web site to showcase its complete produce line of greenhouse-grown tomatoes and cucumbers for trade customers and consumers. Created by DMA Solutions, Inc., the redesigned Web site provides expanded information on Eurofresh's history, sustainability programs and recipes.



Reader Service No. 330

CLAMSHELL CONTAINERS

Inline Plastics Corp., Shelton, CT, introduced Hangables, a line of clamshell containers and the newest version of its breakthrough Safe-T-Fresh line of products. Hangables have a molded-in hang-tab to enable merchandising on racks and pegboard displays throughout the stores. They are manufactured in 100 percent recyclable PET.



Reader Service No. 331

DRIED MANGOS

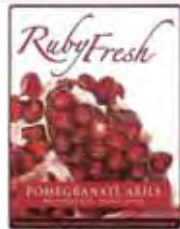
Earthbound Farm, San Juan Bautista, CA, has expanded its dried fruit line by adding dried mangos. Available in a 12-pack of 3-ounce reclosable bags, the new product keeps the line fresh and exciting by offering new and interesting flavor profiles for consumers who are already buying Earthbound's other dried fruit products.



Reader Service No. 332

POMEGRANATE ARILS

JMB Produce (Jacobs, Malcolm & Burt), San Francisco, CA, unveiled Ruby Fresh pomegranate arils available in 12-punnet display-ready boxes. These juicy treats are full of flavor and nutrition without rind to remove. They're easy to use in salads or recipes or eat right out of the pack. Ruby Fresh pomegranate arils are available from mid-November until March.



Reader Service No. 333

CALIFORNIA-GROWN MANDARIN ORANGES

Paramount Citrus, Los Angeles, CA, is now offering Cuties California mandarin oranges, a new variety of citrus – a cross between a sweet orange and a Chinese mandarin also known as a clementine. Rich in vitamin C and potassium, Cuties are a healthful snack kids love and moms can feel good about.



Reader Service No. 334

ROMAINE SALAD BLEND

River Ranch Fresh Foods, LLC, Salinas, CA, added Romaine Garden to the River Ranch Fresh! line of salad blends. Romaine Garden's blend of romaine lettuce, shredded carrots and red cabbage is becoming a staple for packaged-salad consumers. The addition includes a new packaging design featuring a brighter, crisper look and feel.



Reader Service No. 335

SHIPPING SOLUTION

Layer Saver, LLC, Hinsdale, IL, has produced the Layer Saver shipping solution that incorporates a 2-tier vessel (comprised of a plastic case pallet with supporting steel and plastic frames) that can hold two plastic insert pallets. The product eliminates crushing and waste associated with shipping packaging.



Reader Service No. 336

FLORIDA-GROWN TOMATOES

Southern Specialties, Inc., Pompano, FL, added Florida-grown grape and teardrop tomatoes to its Southern Selects specialty tomato lineup. The new additions include Southern Selects conventional red and yellow grape tomatoes along with organic red and yellow teardrop tomatoes.



Reader Service No. 337

CORRECTION

In the Boston Market Profile, *Boston Carries On*, in the December issue of *PRODUCE BUSINESS*, we incorrectly identified Steven Piazza of Community-Suffolk as Tom Piazza of Community-Suffolk. Steven's picture appears to the right. We apologize for the error.



Reader Service No. 338

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Small-Format Stores And The Ever-Changing Retail Environment

From Jim Prevor's Perishable Pundit, Dec. 9, 2008



We have spent loads of electrons writing extensively about Tesco's Fresh & Easy. We have profiled Safeway's small-format store, and we reflected on Wal-Mart's Marketside concept in many places... all this analysis has left open one question: Do American consumers want to shop in small-format stores?

We know that specialized small-format stores can succeed. Aldi, with its economy-focus, attracts shoppers and so does Trader Joe's, with its foodie riff. It is quite an unproven concept whether consumers who today are shopping at Safeway, Kroger or Supervalu banners, or regional powerhouses, such as Publix and HEB, want to switch to much smaller stores.

Of course, it is always possible that supermarkets will simply deliver consumers into the hands of these waiting rivals.

The basic argument against small stores is that they are inherently not convenient. They may seem convenient in that consumers can shop them quickly but their limited assortments leave consumers wanting products available at the supermarket. This transforms a visit to the limited-assortment stores into an extra trip and makes it inconvenient. It is too easy for consumers to decide to skip the small-format store and just go to the supermarket where the consumers can get all the products they want to buy.

Now we have argued Fresh & Easy needlessly compounded this problem by devoting its precious shelf space to private label items, and so we thought Wal-Mart did a better job with its Marketside concept by focusing on well-known brands. Still, a smaller format almost inevitably means fewer items, fewer brands, fewer sizes and, in general, fewer choices. As a result, although we can see these "general interest" small-format stores succeeding in urban areas where the competition doesn't have 60,000 square feet and people don't drive, we have trouble seeing Americans abandoning their large stores in suburbia to shop in these venues.

Unless, of course, the supermarkets voluntarily give up their assortment advantage — and we are starting to get a sense that this is precisely what is happening in this economic climate.

Ahold has been going down this road for some time, calling the strategy its Value Improvement Program — and it has been successful:

The most significant area of focus for our value repositioning

strategy is in the Stop & Shop and Giant-Landover banners. Previously announced as the Value Improvement Program (VIP), this program has the most impact on the company's overall financial results in the near-term.

VIP contains all the elements of repositioning, as Ahold needed to improve identical sales growth at both Stop & Shop and Giant-Landover. These elements are being applied to both businesses in the following manner:

• **Improving product and service offering:** We are enhancing our offering across all categories. In terms of product improvement, we have already simplified our produce offering. This has allowed us to enhance freshness by reducing transit and warehousing time in our supply chain. We will continue to make similar improvements on a category-by-category basis during the coming months. In terms of service improvement, we are also working on modifications to our store layout and check-out areas to simplify the customer shopping experience and place a greater emphasis on convenience.

Photo courtesy of Fresh & Easy



Photo courtesy of Fresh & Easy

• **Improving price positioning:** We are rolling out a program to lower prices across a wide range of items. Promotional activity will continue, but will focus on a more targeted group of products. Prices are already being lowered as part of a major repositioning of our produce prices that began in September, and further price reductions will continue

throughout 2007. In addition, we are simplifying our pricing architecture to manage this element more effectively.

• **Reducing costs:** We are implementing a comprehensive program to reduce costs across Stop & Shop and Giant-Landover over the next 24 months.

There are many elements to this strategy but two of the key elements are these:

• **Providing the best choice.** Ahold operating companies plan to excel in fresh foods by improving quality, selection and presentation. They are significantly increasing their selection of innovative private label products at a variety of price and quality levels. We will also improve and expand the existing general merchandise assortment.

You're not selling produce...

**...you're selling
peace of mind.**

And in today's tough marketplace, assurance of top quality and safety adds real value to both your and your customers' bottom lines. In fact, over 75% of shoppers said they'd even pay more for certified safe products (Cornell University Research).

By selecting produce growers certified by Mexico Calidad Suprema (Mexico Supreme Quality), you not only receive top assurance of safety and sanitation, but you simplify your sourcing so you can focus on building profits.



Contact your U.S.-based Mexico distributor for a list of certified growers; visit us at mexicocalidadsuprema.com, or contact our U.S. Merchandisers at **877-281-9305**

Make it Simple



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• **Making shopping easy.** Each operating company is simplifying their overall assortment with the goal of making shopping easier. They are also providing more convenience-focused products and services and enhancing the overall customer experience to make shopping more convenient. Format development is an important tool in achieving this. The operating companies are improving existing store formats and developing new format concepts using different layouts, assortments, sizes and service models.

Put another way, the plan involves first “rationalizing” SKUs by reducing assortment; in produce this has been carried out and is explained this way:

In terms of product improvement, we have already simplified our produce offering. This has allowed us to enhance freshness by reducing transit and warehousing time in our supply chain.

In other words, carry fewer produce items, focus marketing and merchandising capacity on the remainders and increase velocity of sales...which establishes a virtuous circle in which faster sales result in fresher product, which leads to more sales, ad infinitum.

The other half of the plan is to expand its private-label offering:

“Throughout the store, you’ll see that the presence of private label has grown,” says Michael Sherman, senior director of sourcing for Ahold USA. “That’s a big part of our strategy — to make our private label presence shine even greater than it already does.”

Though this doesn’t seem to have had much implication in produce, it certainly affects the overall assortment of the store.

Now it is very hard to argue with success. When last month Ahold announced its 3rd quarter earnings, there was notable improvement in same-store sales for Giant-Landover, Giant-Carlisle and Stop & Shop. In fact, it was Ahold’s American results that excited the market, as results in Europe for Albert Heijn and the Central Europe stores were growing weaker while U.S. results were growing stronger.

The Citi Investment Research Retail Food Retail Team, working out of London, put its assessment this way:

Retail margin of 4.7% better than our 4.3% forecast, tipping point reached — *Clean retail EBIT of \$276m w as above consensus, driven by a very robust performance from both the US divisions. This is the first time in a very long time in which the Stop & Shop / Giant-Landover margins have improved year-on-year, which suggests that the Value Improvement Program has now reached an inflexion point from both a sales and margin perspective.*

FY08 retail margin guidance unchanged at 4.8 – 5.3% — *We had thought Ahold might narrow the range of its guidance, and possibly lower the bottom end. A reiteration is extremely encouraging, especially considering that the company could legitimately have lowered guidance on the back of currency and that consensus before today was for 4.7%, i.e., for Ahold to miss.*

Implications for 4Q08 — *Achieving the top end of guidance looks implausible, but to hit the bottom end of the range, Ahold will have to deliver a flat margin year-on-year in 4Q. This is slightly more stretching than it sounds given Ahold is unlikely to repeat the blowout Dutch margin from 4Q07. This strongly suggests that Ahold is confident on its US margin development in 4Q08.*

Injection of confidence, shares should react very positively — *Today’s numbers suggest the US business has reached a crucial turning point in margins as well as sales. We would expect earnings upgrades — amplified by the stronger US\$ — given that consensus was below guidance before today. As food inflation declines in 2009 we expect Ahold to be one of the better placed companies in the sector, given that it is now taking market share in the US.*

With an assessment like that — “now reached an inflexion point from both a sales and margin perspective” — Ahold has obviously achieved a lot.

To some extent, Ahold got a bit lucky — luck is perhaps the most useful business tool out there — in that it had already decided to focus on value and then the country fell into a recession.

And, indeed, with its northeast strength, which means it is a region with relatively few Walmart Supercenters, Ahold may have hit upon a winning formula if it can provide better value than competitors in its region.

Still this leaves two related questions for Ahold to address:

Is this positioning something that will hurt Ahold when the recession starts to end? For the sake of short-term prosperity, is Ahold putting itself in a long-term strategic box?

Wal-Mart is sure to build more Supercenters in Ahold country, and one doubts that the Value Improvement Program will position Ahold to really compete on price.

The reduction in assortment and increased emphasis on private label reduces costs and boosts margins today. The value proposition also appeals to today’s consumer, but isn’t that broader assortment precisely what is necessary to differentiate from Wal-Mart and, of course, compete effectively against limited assortment small-format stores?

Is Ahold setting itself up for a pincer movement where Wal-Mart rolls out both Supercenters and Marketside stores and Ahold finds itself without the value proposition to beat the super center and without the variety to defeat Marketside?

At least Ahold operates in many real-estate-restrained markets, where expansion by competitors is quite difficult. These concerns apply nationally, except even more so.

A reputation for bounty and variety may not be the winning card in a year when the focus may be on value. But reputations are easier to lose than to win back, and retailers that decide to reposition themselves as value-based retailers may find that positioning turns on them quickly as new competitors enter the market or the economy starts to turn.

www.perishablepundit.com

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10 Questions Regarding TRACEABILITY

Sparked by multiple food-safety incidents over past years and fueled by this past summer's fiasco, traceback in produce has become an urgent yet complex issue for many.

BY JODEAN ROBBINS

To trace or not to trace is no longer the question. "You'd have to be living under a rock to not understand the increasing importance of the whole issue of the ability to trace product," remarks Jane Proctor, vice president, policy and issue management for the Canadian Produce Marketing Association (CPMA), Ottawa, ON, Canada.

"The exposure to liability and customer relationships is too risky for any forward-moving businesses not to institute traceability plans," adds David McNally, director agricultural technology for Sensor Wireless Inc., Charlottetown, PEI, Canada.

The issue of traceability has now morphed into a variety of questions and opinions, some at odds with each other, as system vendors spar to gain their share of the developing business and shippers seek to differentiate themselves through their own initiatives. "This will be an evolution, not a revolution in the industry," says Mike Nicometo, director of special projects for Franwell, Lakeland, FL. "It's great if everybody has their own internal operating system, whatever it may be, but the key for traceability really comes down to having one place where all the existing systems can interface and the whole supply chain can see where the product is."

"Improved traceability is expected to support a more focused understanding of products that may impact the consumer," states Jim Lemke, senior vice president of C.H. Robinson, Eden Prairie, MN. "It will also improve proactive retrieval of products posing potential risk in the supply chain. The urgency associated with traceability is tied to the potential risk of another food-safety incident. We know what has occurred, we have experienced the impacts, but there has not been a full set of common tools established to properly contain and remedy the next incident."

In an effort to standardize traceability in the industry, the Newark, DE-based Produce Marketing Association (PMA), CPMA and Washing-



ton, DC-based United Fresh Produce Association presented the Produce Traceability Initiative (PTI) this past October.

"The PTI was launched to build better transparency and a common framework for identifying produce cases and to streamline connectivity across the supply chain," says Dr. David Gombas, senior vice president, food safety and technology, United Fresh. "As stated in the plan, it is designed to help the industry maximize the effectiveness of current traceback procedures, while developing a standardized industry approach to enhance the speed and efficiency of traceability systems for the future."

Cathy Green, chair of the PTI steering committee and COO of Salisbury, NC-based Food Lion LLC, which operates more than 1,300 supermarkets, explains, "Members of the industry are using multiple standards, which makes data gather-

ing difficult and tedious, and the information being captured is inconsistent, which leaves gaps in the traceability path. The PTI committee recognized the industry cannot currently track or trace product quickly and effectively."

As companies pursue the answers to key questions around traceability, they may discover it offers benefits far outweighing its seemingly daunting implementation. "Traceability within the produce industry is a critical component to containing public risks from contaminated products while at the same time significantly reducing the financial impact imposed by mass recalls as this year's experience with the tomato/pepper incident has shown," says Mark Brown, vice president of marketing, Lowry Computer Products, Brighton, MI.

Richard Ross, director of industry relations for TraceGains, Longmont, CO, adds, "Traceability, when implemented correctly, is a key component of a total quality management solution. It can ultimately assist in keeping the brand healthy and profitable, which is the ultimate long-term brand protection."

According to Michael McCartney, vice president of operations for Naturipe Farms LLC, Naples, FL, "Traceability is really about knowing

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where things are, where they came from and where they're going, which is really a short definition of supply-chain management."

1. What Does Government Require?

The U.S. government already mandates some form of traceability. "Traceability is already the law," notes Walter Ram, director of food safety for The Giumarra Companies, based in Los Angeles, CA. "The Bioterrorism Act of 2002 stipulates all handlers track their products a minimum of one step forward and one step back."

Gombas adds, "The only food-handling

operations expressly exempted in the Bioterrorism regulation are farms and restaurants, but handlers who receive produce from farms, distributors who deliver produce to restaurants, and everyone in between are required to keep those records. As such, virtually all of the produce supply chain is currently required by law to have some form of traceability."

However, the provisions of the Act fall short. "The federal government tried with the Bioterrorism Act to create a handoff system to require each person to maintain records but the system has been broken or was never truly implemented," explains Ross. "The pressure is com-

ing from all directions now. It's a health concern, it's a business concern, it's a responsibility concern. There is a point in time where produce people need to defend themselves."

"You're required under the Bioterrorism Act as well as other FDA [Food and Drug Administration] mandates to demonstrate you can trace back one step in the process," states Naturipe's McCartney. "But beyond the contact information and the day of harvest or lot number to identify the source, information requirements are not more detailed. However, many customers require a phonebook's worth of information beyond what the law mandates."

As the issue continues to gain momentum in Washington, D.C., the produce industry is in a heated race to keep regulators from mandating what must be done. Steve Grinstead, president and CEO of Pro*Act, Monterey, CA, says, "When Congress reconvenes in 2009, we fully expect to see legislation introduced regarding produce traceability. We need to move forward quickly to show our lawmakers we are serious about implementing an effective traceability program ourselves. It may help us end up with less government regulation than we would otherwise."

"One of the missions of the PTI is to send a clear message to government on how industry is taking care of this issue and the great strides we've made," adds McCartney.

"A coordinated traceability solution enhancing our ability to quickly trace product through the entire supply chain is a must-have today, in terms of governmental and consumer confidence," agrees Tom Casas, vice president of information technology and mechanization at Tanimura & Antle, Salinas, CA.


2. What Is Produce Traceability?

The overriding issue contrasting internal and external traceability gets to the very core of defining what a traceability system is. "Internal traceability deals with what happens within the company," explains Gary Fleming, PMA vice president industry technology and standards. "Every company needs this and it's germane to its place in the supply chain. A grower has different information needs versus a retailer. The vendor community can handle these needs very well. Most of them incorporate the GTIN [global trade identification number] and lot number, which are the two key fields required for linkage in a standardized system."


"Internal traceability is the confidential processes followed and data collected enabling businesses to trace products," adds David Silva, vice president of information systems for Balantine Produce Co., Inc., Reedley, CA. "Most companies have some sort of internal traceability systems in place. However, not all companies maintain the same level of granularity, creating potential gaps in traceability system."

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THE VIEW FROM THE OTHER SIDE: CANADA

Reaction to the Produce Traceability Initiative (PTI) and traceability in general is different on the Canadian side of the border. "In Canada, a lot of business operators may not feel they need to change or, if they are changing, they're slow with it," says Brian Sterling, CEO of OnTrace Agrifood Traceability Inc., an industry-led not-for-profit corporation in Guelph, ON, Canada. "However, we're going to reach a tipping point within a very short period of time when the consumer market is going to demand more information and then traceability will be more urgent."

Jane Proctor, vice president, policy and issue management for the Canadian Produce Marketing Association (CPMA), Ottawa, ON, Canada, adds, "Since the Canadian industry has already implemented a tremendous amount of individual traceability, the buying community feels the traceability measures they have in place are sufficient to meet the needs at this time as opposed to coming out to actively support and implement the PTI. In the United States, the steps of the Action Plan are being committed to by the retailers."

"Canadian retailers understand the need for food safety, but it's not clear if they're all really biting on the business benefits of the traceability initiatives," says Sterling. "Their traceability systems work well where they link outside their four walls, but those links are very tenuous and tend to be vendor-based. I've had great conversations with retailers but we aren't seeing it in their actions yet."

OnTrace is working in Canada to provide a single registry for traceabil-

ity. "Our vision is from farm gate to dinner plate but the first step is to break it down," explains Sterling. "You need to know what it is, where it is and when it moved. What we're focusing on initially is the where. The Ontario Agrifood Premises Registry is a system uniquely identifying all the locations that touch food in Ontario now. We started with the farmers and now are moving up the value chain. It means you can identify all locations that touch food in Ontario through our registry, and this will provide the foundation for everything else."

"OnTrace looks at traceability from an external perspective, which is how we make the information available all along the supply-chain level," continues Sterling. "We're figuring out how we get the information at the farm level to link with the retailer or foodservice operator. We provide a single view of reality to make it faster to find where a problem might be."

The biggest challenge in standardizing traceability in Canada may come down to people's opinions. "The difference is in the approach to implementation not the commitment," according to Proctor. "Our industry fully supports traceability and is fully supportive of the work being done in the United States."

"The technology side of traceability is pretty much solved," Sterling believes. "The next real issue is the people. There is a need for three things: trusting others, a conviction traceability will provide benefits along the chain in addition to food safety, and a realization of living on borrowed time causing a greater sense of urgency."

pb

External traceability is the bigger issue currently. "External traceability deals with the information available once the produce leaves your company," continues Fleming. "Real traceability of any value must include who handled the product all the way through the chain, not just who grew it."

"External traceability refers to supply chain transactions between trading partners," adds Silva. "These transactions could include purchase orders, invoices, bills of lading and advanced ship notices. While many of these transactions occur today, most of them occur manually and few standards enable suppliers and retailers to exchange key pieces of data timely and effectively. The real need right now is for the adoption of standards to be utilized across the supply chain. This will enhance external traceability by allowing the quick and efficient exchange of key information between trading partners improving product visibility."

"The industry cannot use individual systems for whole-chain traceability, as these systems tell the buyer or consumer only where [a product] originally came from but do not reveal all of the steps between harvest and the consumer," states Food Lion's Green. "These vital steps between harvest and the point at which the consumer purchased the item are critical pieces of the traceability process currently missing."

Discussion continues on how far down or up the chain is feasible for traceability. "You'll hear the term 'farm to fork,'" reports Fleming. "However, this is an extremely difficult reality for produce. Technically, it means you can

track it to the individual consumer but the reality is once the consumer throws the package away, there is no tracking anymore. Also, in produce, many things, such as loose mushrooms, green beans, etc., can't be stickered or labeled. 'Farm to store' is a better term to use. However, there are many technologies going in this direction and helping to improve the situation for items that can be stickered."

"A lot of vendors claim to have a traceability system from 'farm to fork' but this misleading," concurs Green. "No matter what information is on an individual item, unless a consumer keeps the packaging or sticker containing the information after the item has been consumed, the CDC [Centers for Disease Control] will have little to work with other than the memory of the consumer."

Item-level traceability continues to be a goal. Elliott Grant, chief marketing officer and founder of YottaMark, Redwood City, CA, explains, "Nine out of 10 produce shoppers report at least some concern about the safety of fresh produce and are looking for much more information about the produce they buy including traceability. When consumers show a preference for traceable produce, it quickly becomes a must-have in certain categories."

"I think we will see more companies move towards tracing product to the unit level where practical," says Casas. Tanimura and Antle now sells lettuce in packages closed with a product called KWIKTrak'r. It is similar to the plastic closure on a loaf of bread and can be coded with information that allows traceability.

Growers are also pursuing a level of traceability far back into the fields. "We're accomplishing tracing the package back to a picker, which gives us another level of detail and accountability," says J.C. Clinard, CFO, Wishnatzki Farms, Plant City, FL. "It can be used for recognition or for investigation in the event of a problem."

Del Campo Supreme, Nogales, AZ, is deploying the HarvestMark system from YottaMark for instant traceback and trace-forward of its tomatoes and peppers. Its Web interface even allows the consumer to actually trace via the Web back to the field and farmer who grew the product. The Del Campo system has turned traceability into an additional marketing tool. "HarvestMark will enable us to quickly comply with the PTI and allow us to extend our rigorous food-safety practices to our distributors and buyers," says Martin Ley, vice president. "In addition, we will be able to build new connections with our consumers to receive feedback from the network that will ultimately help us enhance the products we offer."

3. What Are Some Challenges?

The complicated and dynamic nature of the produce business presents challenges to traceability. "The boundaries can be unclear in produce as pertains to the one-up/one-down," says Tim D. Vivian, director of technology for Total Control Systems in Hartlebury, Worscetershire, England. "For example, a banana could be picked in the tropics, packed into branded cartons on behalf of the brand owner,

shipped by a third party to Europe, discharged into another third-party warehouse at a port in Europe, distributed to a ripening center by yet another third-party hauler, then packed for retail and distributed to a supermarket. We have several customers who have concluded if it is their name on the box, they want to be responsible for traceability from field to shelf. They use our software to track and trace their product regardless of the current 'owner' or 'service provider.'"

True visibility of the information remains an important issue. "The concepts we are working with expand the focus of traceability and move it to a concept of total supply-chain visibility (TSCV)," says Don Walborn, sales strategy, Franwell. "In our global markets, the product may have gone through multiple hands and every one of these touch-points is a possible contributor to the integrity of the product. We must eventually get to the point where the product and its handling, including cool-chain monitoring, can be visible at a moment's notice. This process mandates a layer of shared information contributed to, and accessed by, any and all parties in this supply-chain process."

Commitment to the system and management buy-in are crucial. "The most important solution is one that can be adopted quickly without major impact on workforce requirements," notes Mike Cirocco, vice president

development, Matrix Systems, Sanborn, NY. "The technology is available. The challenge is industry-wide acceptance. Any standard must combine financially feasible technology that is easy to implement and strictly enforces work flow and business practices."

"You cannot achieve the benefits possible

"You cannot achieve the benefits possible if you trace 75 percent of your goods. You must aim for 100 percent, or the system is worthless."

**— Tim D. Vivian
Total Control Systems**

if you trace 75 percent of your goods," says Vivian. "You must aim for 100 percent, or the system is worthless. In addition to this, the correct disciplines within a warehouse and manufacturing facilities are essential, and the

system should help to impose those disciplines or drive the process."

Most retailers are long-experienced and committed to traceback and recall issues in other departments. "We get recall notices every day on grocery items, so we're used to handling recalls as a retailer," relates Dick Rissman, produce director, Dahl's Food Stores, a 12-store chain based Des Moines, IA. "This experience helps us translate what is going on to produce."

4. What Solutions Are Out There?

Not surprisingly, the increasing focus on traceability has seen the development of numerous solutions from various technology and software vendors. "The difficulty lies in the multitude and lack of compatibility of systems being used by different companies," states Gombas of United Fresh. "Consequently, traceability from the consumer point-of-purchase back to the farm has to be sequential, which takes time and is vulnerable to missing records."

Some vendor focus is on software and application development, providing a system not only for traceability but also for inventory management and other processes. Companies are adapting software and Web applications to include traceability components within other components such as shrink management, profitability analysis and optimization, and even



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Other vendors are taking traditional tools and adding traceability components. Individual PLU stickers and product labels are adding barcodes for traceability, and temperature monitors and sensors are adding tracking capabilities. Even cell phones are being equipped for traceback application. [Editor's note: Please see Individual System Vendor Solutions on page 26.]

Desert Glory, San Antonio, TX, has had a complete product traceability system for more than 10 years. "We are a vertically integrated company, so the discipline of tracing product back from the consumer to the specific greenhouse where a tomato was grown can be done in a very short period of time, typically under three hours," according to Bryant Ambelang, CEO and president.

The future holds additional solutions we have yet to imagine. According to Giumarra's Ram, "New technology to apply traceback information on our packaging will greatly help the industry. Hopefully this will make it easier and cheaper to put tracking information on products. RFID [radio-frequency identification] could change the way we record our tracking information. In the short term, however, the task is to get the entire industry involved in a consolidated effort to effectively track our products."

"At some point in the future, RFID may become one of the methods of identifying this information through gateways in the supply chain," agrees C.H. Robinson's Lemke. "When the technology matures and certainty of accuracy exists, this will help automate and improve the flow of information. The infrastructure and process adoption for the current traceability initiative will make RFID an incremental step for adoption."

"Leading producers have experienced enhanced traceability by combining automated data collection [RFID] in combination with wide-area wireless and GPS technologies," says Lowry's Brown. "These investments have yielded favorable paybacks while significantly enhancing traceability and process improvements. As the technology moves forward, temperature sensing/tracking technology integration into the container labeling will have a significant and positive financial impact on logistics planning and distribution within the produce supply chain."

Future technology will also help with visibility of the information. "The Internet will play a more substantial role in traceability and data distribution to its users," suggests Moshe Dalman, vice president sales North America for ImageID, Los Angeles, CA. "Traceability portals will be set up as service for suppliers/retailers not large enough to own and implement their own system. Also with

DEFINITIONS

GS1 — Global standards organization:

GS1 is a leading global organization dedicated to the design and implementation of global standards and solutions to improve efficiency and visibility in supply and demand chains globally and across sectors. Barcodes originate from them.

GTIN — Global Trade Identification Number:

A 14-digit barcode; the first seven are the company information, the next six are product description, and the last is the check digit that adds up the previous 13 to make sure they're correct.

SSCC — Serial Shipping Container Code:

Barcode for a pallet.

GLN — Global Location Number:

tells where it came from.

GRAI — Global Returnable Asset Identifier:

code used for returnable assets, like returnable containers.

the Internet, the traceability data will become available in real-time to all the traceability data users in the supply chain."

"As the concept of full supply-chain visibility is understood and applied, it will dramatically change the way the industry does business as a whole," relates Anthony J. Totta, produce consultant, Grow My Profits, Lee's Summit, MO. "The inefficiencies in the supply chain will be addressed, the consumer will win and the industry will realize better bottom-line profits and stability from fewer liability risks."

Putting the individual internal systems together under an external platform is the current challenge. Franwell's Walborn states, "There's no one system on the market today to solve the problems as is, so everything we do is putting another building block in it. We've got to choose our building blocks carefully and make sure they're sound, fundamental and flexible enough to take into consideration other initiatives down the road."

"It will be critical for all participants within the supply chain to adopt the traceability practices identified," says C.H. Robinson's Lemke. "Failures or gaps with information management will cause a risk of breakage of knowledge in the case of a recall. Non-participants could impact the effectiveness of others who have adopted the traceability requirements."

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"You can have a proprietary solution but the solution needs to work seamlessly with a global standard," states Naturipe's McCartney. "The GS1 standard will enable the stakeholders in the supply chain to have visibility of the product as it moves from point-of-origin to final destination. However, if you're moving from a 10-digit barcode to a 14-digit, you need to change your product catalogue. Naturipe has spent months now developing our new product catalogue. This is where the real work still needs to be done for many companies."

5. What exactly Is The PTI?

The PTI goal is to move the supply chain to a common standard for electronic produce traceability and involves adopting a standardized system of case barcoding for all produce sold in the United States to allow product to be tracked throughout the distribution chain. Adoption of GTINs makes the standard applicable worldwide.

YottaMark's Grant explains, "The PTI lays out a timeline for adoption of industry-wide case-level traceability, which requires the labeling of all the estimated 6 billion cases of produce, by the third quarter of 2010. Although the Initiative is currently a guideline, not a requirement, it is already widely endorsed by the retail and foodservice industry and would likely form the basis of any federal regulation."

The PTI uses a lot code and GTIN to achieve external traceability. "The GTIN is a specific 14-digit number based on the combination of a brand owner's unique GS1-issued company prefix and a company-assigned item reference number based on the various attributes of the case and of the produce inside," says Gombas of United Fresh. "The unique GS1-issued company prefix allows for unique identification of products, and the product reference number allows companies to incorporate their internal numbering systems. All cases shipped will be labeled with GTIN and lot codes, which, when read and stored for incoming and outgoing shipments, give us the most efficient whole-chain traceability."

"The PTI solution does not require everyone to use the same traceability system," relates Food Lion's Green. "It allows companies to augment their existing systems with industry standards serving as the linkage between companies."

PMA, CPMA and United Fresh chose to build the PTI guidelines on the globally accepted GS1 standard framework. "They chose to not require the printing of sensitive data, such as pick or pack date, on the case, instead allowing the case identifier to become a pointer to more information at the discretion of the grower/packer/shipper," says Grant. "The PTI also selected a barcode, rather than an RFID tag, as the data carrier of choice. This

is pragmatic given the current cost and reliability of RFID — although it likely kept the door open to future adoption."

The most innovative element of the PTI is providing a common language for the entire supply chain. "Most of the industry has one step forward and one step back, but we have no connectivity of the information," relates Pro*Act's Grinstead. "The common language provides the backbone for various individual initiatives. Some companies will outsource the data management and some will internalize it."

"PTI gives the industry a guideline for traceability and its standardization using the GS1 format and is important because it will allow every handler in the supply chain to be able to read traceability information in a common tracking language," says Giumarra's Ram.

The PTI Action Plan addresses what to do but doesn't necessarily address how to do it. "We have subgroups working currently to identify the resources available to implement the strategies," says PMA's Fleming.

6. What is The PTI action plan?

Seven milestones make up the PTI's action plan. "First is obtaining your company prefix from GS1 with the purpose of uniquely identifying your company from any other company in the world," explains Fleming. Companies can obtain a company prefix by applying online to Lawrenceville, NJ-based GS1 US, Inc., which provides a GS1 company prefix through its Partner Connections membership.

"Secondly, there is the internal exercise for companies to assign GTIN numbers to all their case configurations," Fleming continues. "Both of these have a timeline of the first quarter of 2009. Third, they need to communicate those numbers and the associated information behind those numbers to their trading partners so when those numbers are used in commerce, everyone will know what they mean. The timeline for this milestone is the third quarter of 2009."

Milestones four and five relate to making the information readable. Fleming continues, "Fourth, they must put the necessary information — which would be the GTIN number and the lot number — in human readable form on all cases of produce. Coupled with it is milestone five, which is putting the information into a barcode/machine readable form. The timeline for these is the third quarter of 2010."

Milestone six covers how every subsequent handler of the product must be able to read and store information on in-bound cases. "In this case, the subgroup has identified two best practices and both would actually speed up receiving over how it's done today," adds Fleming. "So we're actually improving practices as well as getting the information needed for the traceback."

The abundance of traceability measures and programs both simplify and complicate a company's decision. The commitment of various system vendors to providing workable tools specifically for produce application allows the industry a great deal of flexibility in implementing the Produce Traceability Initiative (PTI) recommendations.

Franwell, Lakeland, FL, implemented an interesting project with Lakeland, FL-based Publix supermarkets, Oviedo, FL-based Duda, Salinas, CA-based Tanimura & Antle and Miami, FL-based Del Monte about two years ago. Steve Dean, Franwell's director of business development, explains, "The purpose was to show the value of the information the RFID tag could give. We showed how posting information and gathering data at receiving, processing, storing or shipping points can be transmitted to this visibility layer and allow tracking of where the product goes at any point in the supply chain. It was a very successful project and we're building on it."

Grow My Profits, Lee's Summit, MO, works with a full supply-chain visibility (FSCV) initiative. "FSCV has immediate ROI [return on investment] and traceability is a by-product," says Anthony J. Totta, produce consultant. "I am working with clients whose products range from temperature monitoring to RFID, smart tags with barcodes, GPS tracking and vibration monitoring."

Hurst International, Chatsworth, CA, has the Versaprint Labeling System, which attempts to resolve the issue of traceability all the way to the fork. "The solutions being discussed at this time offer limited solutions to items sold in bulk," says Ari Lichtenberg, president and CEO. "All methods being discussed up to this point address the produce up to the box level. But what happens when the items are emptied onto the shelves and the traceability goes with the box?"

"Our technology is capable of providing finite traceability on single items all the way to the consumer," answers Lichtenberg. "Since the label contains enough information to trace the item to a specific growing field, the exposure to the rest of the items in the category is eliminated. The key here is to educate the consumer to keep the labels as they do for all kinds of items bought in retail. Companies like Albertsons [Boise, ID] and Wal-Mart [Bentonville, AR] have already turned to Hurst to demonstrate their commitment to food safety and provide their customers a new standard for produce

"All buyers, receivers and subsequent handlers of cases will need to have systems in place to read barcodes and electronically store the GTIN and lot number from each case of produce received," states Gombas of United

SYSTEM VENDOR SOLUTIONS

identification and traceability.”

Visidot system from **ImagelD, Los Angeles, CA**, has been implemented by Dongen, Holland-based Polymer Logistics Ltd. at El Segundo, CA-based Fresh & Easy Neighborhood Markets providing tracking and traceability for each returnable plastic container containing produce within the Fresh & Easy supply-chain system. Visidot is fully compatible with the European traceability regulations already in place and implemented by multiple European fresh-food suppliers.

Moshe Dalman, ImagelD vice president sales North America, explains the system this way. “Once implemented, Visidot provides full traceability in an automatic and cost effective way, enabling tracing of each product/item throughout the manufacturing and the supply chain, thus providing real-time data on each product and linking it to a manufacturing batch, ingredients, etc. In case of recall, a safe, selective recall can be implemented, preventing the adverse effect of a ‘panic’ recall.”

Lowry Computer Products, Brighton, MI, designs and implements a progressive traceability solution based on GS1 standards. “Our complete project and development staff is GS1 barcode and RFID system certified,” says Mark Brown, vice president of marketing. “Our system, Secure Visibility Track and Trace, will provide users with a complete record of the chain of custody of the fresh produce as it moves through the supply chain. Frequent and disciplined scanning of standardized GS1 labeling, as defined by the PTI, will serve to pinpoint issues and narrow the financial impact of potential future recalls.”

Other companies are turning standard items like labels and temperature recorders into traceability tools.

Matrix Systems, Sanborn, NY, provides software solutions in product marking, data collection, RFID, inventory control and warehouse management for the food industry. “We work with various traceability measures from food manufacturing to pharmaceutical, from barcoding to RFID,” says Mike Cirocco, vice president development. “The keys are common terminology, controlled product marking, validation of the data and easy access to the real-time data.”

PakSense, Boise, ID, has partnered with YottaMark to offer PakSense Ultra T3 powered by HarvestMark, a labeling system that marries traceability, environmental monitoring and

county-of-origin labeling (COOL) information, explains Amy Childress, marketing programs director. “We combined HarvestMark’s traceability with our temperature monitoring. The reception has been beyond our expectations.”

Case and product items are labeled with county-of-origin information and unique HarvestMark codes. Each code is associated with information such as harvest date, field of harvest, crew, processing/packing data and general bill-of-lading details. PakSense temperature monitoring labels are then applied at the pallet or container level and automatically linked to the case and/or item labels.

According to Brett James, PakSense traceability specialist, “Once the PakSense temperature monitor is read, it is automatically linked to the HarvestMark information. There is no additional work for the shipper or receiver — and the system is COOL and PTI compliant.”

As a provider of technology with traceability aspects, **Sensor Wireless Inc., Charlottetown, PEI, Canada**, is actively involved in projects around the world assisting companies with quality improvement initiatives. “One of the most recent projects we are involved in with the United Kingdom will provide traceability and quality improving technology for the apple, potato and egg industry from the farm through packing and into the retail sector,” explains David McNally, director agricultural technology. “The development of in-transit sensors for distribution is a key area of concern our technology will provide assistance with.”

Total Control Systems Ltd., Hartlebury, Worcestershire, England, has developed the Wizdom and SourceID software used worldwide by produce companies both as a complete enterprise resource planning (ERP) solution and as a stand-alone traceability system respectively. “Produce companies in Europe have been working with a minimum level of traceability defined by European Law since 2002,” explains Tim D. Vivian, director of technology. “This regulation operates with broadly similar requirements to the U.S. Bioterrorism Act, i.e., one-up, one-down. However, forward-thinking companies are regarding traceability as a vital requirement for many other reasons as well.”

TraceGains, Longmont, CO, provides unit-level and ingredient/raw-material-level traceability as well as supply-chain compliance monitoring, and attribute and event collection. Richard Ross, director of industry relations,

explains, “We build a rich pedigree and genealogy model used for recall management, recall minimizing, exception-based compliance alerting, profitability analysis and optimization, proactive brand protection, and substantiation of brand and marketing claims. Our system is standards agnostic and can therefore very easily work with all the GS1-128 data and data models. [GS1-128 is an application standard of the GS1 implementation using the Code 128 barcode specification.]

“Retailers work with very slim margins and experience a lot of inventory loss, especially with perishable goods,” continues Ross. “We work with retailers in two critical areas: reducing perishable shrink — and gaining true FIFO [first-in, first-out] inventory usage — via TraceGains TempTrace service, and enhancing brand-protection for their private label brands.”

The Web site of **TraceProduce.com, Nyssa, OR**, has been set up to work with the GS1, GTIN and GS1-128 barcode assignment strategy being introduced by the PTI. “Our system also works with the USDA PLI [positive lot identification] program,” says Joe Farmer, owner. “TraceProduce.com works off one standard — a facility identification number. The rest of the lot code is an open coding process allowing shippers to utilize existing code standards they are already using, thus complementing their in-house software tracking systems.”

YottaMark, Redwood City, CA, is doing a variety of things in traceability building on the PTI foundation. “We have item-level traceability for watermelon,” reports Elliott Grant, chief marketing officer and founder. “By giving each melon a unique identity, we can resolve problems commingling causes for traceability, as well as providing a new channel to communicate with consumers. We’re using low-cost pre-printed labels to avoid the need for packing sheds to deploy expensive printers. We have an on-demand solution for the restaurant industry to help it comply with the guidelines and a downloadable application to trace produce on a cell phone, using the camera.”

To date, half a dozen or so companies across the United States and Mexico in a wide range of commodities and workflows are adopting YottaMark’s HarvestMark system. Grant says, “We’ve been working diligently to equip the produce packaging ecosystem to supply HarvestMark ready labels, clamshells and cases, as well as value-added solutions.” **pb**

Fresh. “This will provide readily accessible information on all produce received into each handler’s inventory throughout the supply chain, allowing companies to quickly track product within their own control by GTINs and

lot numbers.”

Milestone seven deals with the storing of outbound information. “This is different from in-bound and the best practices identified for inbound don’t necessarily apply to outbound,”

states Fleming. “We have another subgroup working on this and we’re hoping some identified technologies will be mature by then. The timeline for this very last milestone is 2012.”

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still being addressed through PTI subgroups focused on developing best practices for other areas. "These groups are looking at commingling and repacking of product as well as focusing on miscellaneous supplier issues such as procuring product from another grower to meet demand when product is short," explains PMA's Fleming.

According to Joe Farmer, owner of TraceProduce.com, Nyssa, OR, "The requirement of the reference number as part of the GTIN may require capital investments as many shippers try to establish 'smart packing lines' that can read barcode identification on product and then label the product based on the size/brand of the container. Also, since packinghouses will have to label product with a brand owner's GTIN rather than their own GTIN, this could cause some complication for houses packing more than one brand. These may not be issues for lines that package standardized boxes but non-uniform produce containers make it very difficult to label product."

Thirty-four companies from throughout the produce supply chain, including many retailers, have endorsed the new plan. "Most of the large retailers, foodservice providers and grower/shippers have endorsed the initiative," says Casas of Tanimura & Antle. "It's critical, in terms of cost, for the solution to be consistent across the entire industry. As a grower/shipper, it would cost us

significantly more money to support many different buyer initiatives. One standard solution will help all of us control cost."

"PTI's initial steps and their related suggested timelines are real, meaningful and achievable for the majority of the industry when you think of the necessary capabilities and the associated investment they will have to make," says Lemke of C.H. Robinson.

7. Is It Principally A Grower/Shipper Issue?

While grower/shippers have taken the lead in implementing their own traceback systems and retailers have long had procedures in place to deal with recalls store-wide, a truly working produce traceability system means everyone in the chain must do their part. "Everyone in the supply chain has an important role in traceability," says YottaMark's Grant. "The PTI guidelines specify retailers and foodservice operators will need to scan every case arriving at their facilities. Research shows 59 percent of consumers think the store is responsible for ensuring food safety — only slightly behind the grower/shipper. Retailers obviously also hold tremendous influence over adoption of traceability by packer/shippers."

"We are all responsible for enhancing our systems to meet the requirements of the initiative," says Casas. "As a supplier, Tanimura and

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Antle must apply labels and transmit the accompanying data to our buyers. It's also critical for buyers to hold all suppliers to the same traceability standards. Many of our customers have required verification of our ability to trace product for many years. In most cases, we demonstrate our ability to do so by performing mock recalls meeting their criteria."

As the U.S. buying community focuses on the benefits of traceability, it will force the issue. "Increased risk is not acceptable to the buying community, so this will become self-regulated as buyers set up best practices and ensure their suppliers do the same," notes PMA's Fleming. "Some very large buyers have publicly voiced how they want to ensure their customers know they have the freshest and safest produce in addition to having a supply chain that can identify and remove any suspect product as quickly as possible. Traceability becomes a point of differentiation between them and the retail store that can't assure the customers it can do the same."

"Large retailers are already beginning to realize requiring traceability measures can streamline their operations by shortening lead time, minimizing inventories and eventually reducing costs, as well as facilitating recalls," explains ImageID's Dalman. "Tesco in the United Kingdom has placed new traceability requirements on its suppliers. Such requirements forced Tesco suppliers to automate their logistics processes."

More and more retailers large and small are requiring traceback measures. "We require traceability of our suppliers," reports Dahl's Rissman. "The country-of-origin labeling [COOL] made it more formal and easier to get everyone to fall in line. It's a great step for everyone in the industry. It makes the warehouse more knowledgeable now to know where the product is from and makes many of our systems more efficient."

"Many retailers have endorsed the PTI and thus are on the path toward a global traceability standard," reports Food Lion's Green. "As retailers begin setting up processes inside their distribution centers to begin scanning inbound cases for traceability information, those suppliers who are not participating in the initiative will quickly be identified by not having the necessary information shown on their cases. At that time, they will be notified accordingly, as they pose a risk to us by not giving us the ability to track one step up the supply chain."

Farmer of TraceProduce.com adds, "Some retailers have previously required packer/han-

dlers to have tracing software systems in place. In the past year, retailers have started requiring packer/handlers have a lot code on their produce packages. In the near future, with the quarterly milestones of the PTI, some retailers



Close-up of an internal traceability label.

will be requiring GS1-128 barcodes on case level items." GS1-128 is an application standard of the GS1 implementation using the Code 128 barcode specification. It was formerly known as UCC/EAN-128, UCC-128 and EAN-128.

In fact, traceability may present a particular opportunity for smaller retailers. "The medium to small retailers may have a better opportunity to define some systems really making a lot of sense," says Franwell's Nicometo. "In the past, large retailers have set mandates for key vendors to follow but often it hasn't really been a symbiotic relationship to the suppliers. There have been some successes but not as many as everyone hoped for as suppliers considered it more an added cost than added value. Savvy retailers can take advantage of the window of opportunity to control their own destiny. They can sit down and meet with their suppliers and talk about true issues affecting return on investment [ROI], shifting the conversation away from added cost and instead turning it to added value."

"The difficulty is in properly designing the system to fit your business and laying out a plan including every aspect," says Matrix's Cirocco. "If you fail to include everyone in the design phase, including partners and suppliers, the system will likely fail."

8. What Are The Benefits Of PTI?

The PTI recommendations are sufficiently flexible to enable market forces to drive innovation. Grant says, "We have created on-demand solutions to help growers and packer/shippers comply with the standard without having to install databases and servers on site or put technology in the field. We have associated case identities to time-temperature tags to enable

enhanced cold-chain management. We are developing business intelligence tools creating real enterprise value from traceability."

"The implementation via standards means it's not a question of having to understand what format you're going to receive the information in," explains CPMA's Proctor. "When it's a standardized approach, you start at a point so much further forward than where we are now. This is so critically important. In the absence of this, you're looking at records where information might be written one place or another and all those inconsistencies affect the ability to timely track the product through the supply chain."

Expected outcomes include efficiencies and increased confidence. "Such a system will enhance the overall supply chain speed and efficiency, improve the industry's ability to reduce the impact of potential recalls or similar problems and actually save the industry money in the long run," agrees Green. "This is a huge but necessary undertaking for our industry and is a must-have in order to continue to enhance consumer confidence and trust."

"The PTI sets a clear road map for all the stakeholders, enabling more efficient and timely recalls and therefore improving overall consumer confidence in our products," adds Ballantine's Silva. "By adopting standards clearly defining products and locations, data can be shared more easily, improving overall supply chain efficiencies, including traceability."

The overall expectation of the PTI is to allow industry and federal agencies access to information in real time. "This alone will help identify what product is out in transit, in inventory and on the shelves," relates C.H. Robinson's Lemke. "Knowing this information will allow everyone to minimize the amount of product needing quarantine. Forward recalls will be greatly improved. The ability to communicate to the receiving entities with this specificity will improve the capture and control of targeted cases/lots in question. It will help reduce cross-commodity collateral impacts."

"The long-term goal is to limit the product involved in a future recall," according to Pro*Act's Grinstead. "Specific lots from specific growers will be able to be recalled without the government agencies feeling they have to recommend the general public not eat any of the product in question."

Once the industry's initiative is fully implemented, there will be increased supply-chain visibility at the case level. "The industry will have electronic systems in place to track cases from field to store level," explains Casas.

Courtesy of Naturipe Farms, LLC

"Today at Tanimura and Antle, we can electronically trace our products from the field to our buyer's distribution center. Generally speaking, we don't have 'electronic' visibility by lot after that. So in the event of a recall, all product going through a buyer's distribution center would be pulled from its associated stores regardless of lot. In the future, we will be able to narrow the impact by pulling specific lots all the way to the store level."

"Comprehensive initiatives reduce the incidence of recall by aiding in the assurance of a quality product going to the shelf," says Sensor's McNally. "Better temperature and humidity controls to reduce potential contamination at storage, in field and in distribution — newly developed ethylene and CO₂ sensors — will aid in the logistical timing coming from storage and improve shelf life."

Ross of TraceGains adds, "If you can prove your items are not part of the potential food-safety concern during a scare, then you can stay in commerce when others can't and if you can stay in when others can't, it makes you a top player. It allows you to really create a brand with your product and get out of the commodity business."

9. What Will It Cost?

Weighing the benefits against the cost of implementation is key to understanding the true ROI of traceability. "It is important to regard traceability systems as an integrated part of your ERP [enterprise resource planning] software and not as an extra cost of doing business," states Vivian of Total Control. "Once you do this, then any number of benefits start appearing. As is always the case, companies that have not already invested have to decide where they want to be in two years' time. Can they afford not to?"

"We're looking at not just how to do these things but how to do them in the most efficient and effective manner," notes PMA's Fleming. "By accommodating the need for traceability, companies will be able to make other processes more efficient and cost-effective. The initial investment may be high, but ROI should be high as well. Chain-wide electronic traceability will help minimize the market disruption."

"Enlightened companies realized some time ago how collecting information about their produce at every stage of the process could be relatively cost-free if fully integrated into their ERP software," adds Vivian. "The information could then be used to benefit the company to actually profit from traceability. For example reduction in waste, reduction in stock losses, improvements in quality, ensuring the correct product and quality is shipped to the correct customer, reduced claims, easier resolution of supply and distribution issues, and increased customer satis-

faction and improved relationships."

Retailers will benefit from the same traceability and audit capacity with greater detail of what has happened to the product. "It will enable them to move to a first-expiry, first-out instead of a first-in, first-out system," says Ross. "They can use this information to increase their salables and decrease their unsalables and it will create the biggest bang for their buck."

"Many businesses will realize they're mitigating loss," explains CPMA's Proctor. "It is fiscally more responsible to try to alleviate more serious implications to your business by implementing something to mitigate a recall or food safety incident. The fundamentals of GS1 standards will drive the ability for all kinds of other efficiencies throughout the supply chain. Companies are going to realize, as they start imple-



Close-up of an external traceability label.

menting this, how their bottom line can be positively affected in ways they haven't even thought about."

These systems will hopefully avert widespread loss across commodities as has been seen in the past. "It will drastically reduce the financial losses which come from product implicated for a food borne illness," says Grow My Profits' Totta. "It will save entire commodity groups from disasters such as just took place within the tomato industry."

"A traceability system keeps businesses from shipping problems to their customers, minimizes the cost and brand damage of a recall, analyzes all data for additional profit opportunities, helps turn out a higher-quality product and lets marketing departments prove true competitive differentiation," adds Ross.

Many liken traceability to an insurance policy. "Having a good traceback system is like buying insurance," says Wishnatzki's Clinard. "A grower has insurance saying it didn't come

from his field. Beyond this application, it can be used to build quality control and accountability as well if you have the detail."

"If there is a problem on one field, then a supplier may have to shut down production on all fields if it can't traceback to just one," adds Guimarra's Ram. "Being able to trace back to one ranch will save economically as well as the reputation."

10. Where Can I Get Help?

Education and assistance on the complex issues of traceability and PTI implementation are crucial to success. "As an industry we need to educate and help move the remaining portion of the industry where they need to be because the chain is only as strong as its weakest link," says Lemke of C.H. Robinson. "It is therefore imperative to bring this remaining portion along. When you think of the alternative of government implementing something that doesn't work for our industry, it may leave those who don't have traceability measures with no option but to comply or partner up their supply with those who can comply."

PMA has developed a guidance document that helps companies walk through how to develop the GTIN assignment. Additionally, PMA has an outreach plan including webinars, educational sessions at trade association and regional events, and audio briefings on its Web site. "We want to reassure everyone they have the help they need," states Fleming. "We're using a lot of Web-based tools so the information is available 24/7. But we're also doing some the old-fashioned way, such as seminars and taking the message to individual commodity groups."

"This is very crucial for our shipper membership as they will be shipping to markets where this will be fully implemented," says CPMA's Proctor. "We will be fully engaged in providing our membership support to implement this new initiative. As a tri-lateral partnership between the associations, we've taken a lot of steps toward education for the industry."

United Fresh is holding PTI workshops at its annual show and convention in Las Vegas in April. "Companies interested in learning how to get started can contact any of our three associations," says Gombas. "Additionally, the PTI subgroups will identify options companies can use to overcome the issues, and we also expect the private sector solution-providers of traceability programs will be a tremendous resource for implementation."

In early 2009, a comprehensive Produce Traceability Site will be launched. "It will be a one-stop shopping site for information," says Fleming. "The three associations are very interested in making sure they do everything they can to make sure every member of the industry can implement this initiative per the timeline." **pb**

Courtesy of YottaMark

Marketing For A Good Cause (Even In Bad Times) Part 2

As cause marketing becomes increasingly popular, suppliers and retailers can use it as an additional marketing tool as well as an opportunity to do something good.

BY JODEAN ROBBINS

This is the second part of a 2-part article. Part 1 appeared in our December 2008 issue and covered Produce For Kids, the American Diabetes Association and the American Heart Association.

Cause marketing, also known as cause branding or cause-related marketing, is a business strategy that helps an organization stand for a social issue to gain significant bottom-line and social impacts while making an emotional and relevant connection to stakeholders.

"It is not a company's overall corporate responsibility efforts or even its philanthropy," says Sarah Kerkian, senior insights associate for Cone, a strategy and communications agency, in Boston, MA. "Rather it's one strategy where companies can bring their commitment to social issues to life by tapping marketing resources and channels."

Retailers and suppliers can capitalize on cause marketing as consumers become more selective about where they spend their money. "It's about leveraging your dollars," explains Frank W. Muir, president/CEO, Idaho Potato Commission (IPC), Eagle, ID. "You have to spend money to make money. In hard economic times, you can't cut back your advertising or promotion because consumers need to be reminded to buy the products. They will be selective in how they spend their money, so what better way to leverage it than with other causes already sharing a positive outlook with consumers. If anything, there may be more reason to tie into cause marketing as the economy tightens."

"We believe efforts like this might actually give consumers a greater reason to purchase a product," notes Jay Alley, vice president of sales, Fresherized Foods/ Wholly Guacamole, Fort Worth, TX. "As personal

funds tighten, it is harder to make large donations, yet people still have to eat. When consumers can purchase a product knowing a portion of the proceeds will go to an organization they support, they feel good because they are still helping the cause."

Retailers should still remember the cardinal rule — consumers must want the product. "Value must be a part of the equation to get them to purchase," notes Brian Coates, senior buyer produce for in Lansing, MI-based Meijer, which operates 185 super centers. "Produce is still a luxury for many consumers, and we need to offer a value for them to spend money on food items that have a higher risk of spoilage versus frozen or canned alternatives. As long as the items we include in the [program] are priced at a value to the consumer in conjunction with the cause, then we see good success with the items. We do not feel customers will purchase just because we have signage about a cause on the item."

PINK RIBBONS

One of the most familiar cause-marketing campaigns involves the pink ribbons that signify breast cancer. The Pink Ribbon Produce program, managed by Rocklin, CA-based Consumer Effects International, a premier consumer marketing agency, was developed in an attempt to provide a comprehensive produce fund-raising campaign for breast cancer at the retail level with the proceeds principally going to the Susan G. Komen Foundation in Dallas, TX. The campaign works directly with non-competing retailers who then identify potential vendors they would like to work with in the campaign. "We approach the vendors to see if and how they want to participate," says Stacey Larson, president of Consumer Effects. "We produce the POS for the retailer, which includes a freestanding sign and a pocket for a takeaway brochure with educational information that can be customized for each retailer."

Shoppers were able to support the Pink Ribbon Produce promotion by purchasing participating



Photo courtesy of Dulcinea Farms



Photo courtesy of Fresherized Foods/Wholly Guacamole

partner products in Meijers, based in Lansing, MI; Harris Teeter, based in Matthews, NC; Price Chopper, based in Schenectady, NY, and other retailers' produce departments. In the Meijers program, over 50,000 brochures, each featuring partner logos, were distributed at store level and POS was professionally merchandised at 181 Meijer locations. Participating suppliers showed a combined lift of 157 percent at Meijer when compared to the prior year.

"The program brings awareness to healthful benefits of eating fresh produce in an effort to help prevent cancer and also helps us tie into to corporate programs for Breast Cancer Awareness Month [October]," says Brian Coates, senior buyer produce for Meijer, which has 185 super centers. "This was our second year with the Pink Ribbon Produce program and we have done a couple of other programs with them resulting in good success with sales."

This year Pink Ribbon raised upwards of \$60,000 to \$80,000 in total. "The money is donated to the local chapter of the Komen Foundation designated by each retailer," reports Larson.

Dulcinea Farms, Ladera Ranch, CA, participated with Consumer Effects in the Pink Ribbon Produce program. "This program provides positive exposure helping to drive sales and providing an opportunity to make a donation toward the fight against breast cancer," says Monique McLaws, marketing manager. "Over \$18,000 were raised during the program with Meijers Supermarkets through the participating produce brands."

Other vendors and retailers are contributing to the cause of breast cancer through their own efforts. C.H. Robinson Worldwide, Inc., Eden Prairie, MN, created its own campaign, *A Sweet Way to Stay Healthy — Pink Ribbon Watermelon*, which focuses on consumer education as well as donation. "We have high graphic bins and PLU stickers with the pink ribbon, both of which attract the consumer," says Bud Floyd, vice president. "We also provide brochures and a brochure holder. The brochure has information on self-examination as well as recipes. We created a consumer site with more information and when the retailer agrees to handle this product, we make a donation to the cause of their choice."

Kings Super Markets, a 25-store chain based in Parsippany, NJ, ran an ad linked to produce suppliers for breast cancer awareness during October. "Our produce, floral and grocery did ads with products contributing to breast-cancer awareness," reports Paul Kneeland, vice president of produce and floral.

During this past Breast Cancer Awareness Month, Fresh Express, Inc., Salinas, CA, cre-

ated bags featuring 'Pink Sunray' artwork on four Fresh Express Salad Blends as well as themed shelf-talkers, stanchion signs and hi-lo channel enhancers. Its Web site showcased the different ways consumers could support the cause including offering pink-inspired prizes and donation support through the company's new Fresh Funds program. Additional fund-raising for the Komen Foundation was achieved through a 6-month point donation program, in which consumers collected Fresh Fund logos on bags of Chiquita and Fresh Express healthy snacks and salads; the points were redeemable for merchandise, prizes or charitable contributions. Total contributions from Chiquita Brands North America, Cincinnati, OH, and Fresh Express to both Komen and Dallas, TX-based American Heart Association organizations was expected to surpass the \$1,000,000 mark with October/November returns.

The Cameo Apple Marketing Association (CAMA), Wenatchee, WA, offers a POS-based promotion in which 10 percent of Cameo apple retail sales are donated to the Komen Cancer Foundation. "The promotion aids in breast-cancer awareness and taps into our key demographic, women 35 to 54 years of age," says Kevin Precht, CAMA marketing program director. "It will run through the end of April. American Cameo apples are marketed with POS materials designed with the Komen Foundation and explaining the

program to consumers."

This year, Fresherized Foods/Wholly Guacamole, created a pink box with a portion of proceeds from sales going to the Komen Foundation. Alley explains, "This cause was chosen because it is an association in our own backyard, for the potential reach it has personally with employees within our own organization and customers, and also the good association given the super-food potential of the avocado including proven cancer-fighting power.

"The feedback we got from consumers via our Web site was tremendous," he reports. "Several customers commented they picked up extra boxes due to the pink box. In markets where traditional box and the pink boxes were both on the shelf, the pink boxes sold before the regular packaging. The 30 percent increase in October sales from a year ago speaks for itself."

SOCIALLY RESPONSIBLE

Other programs look for a fit between their products and a socially responsible cause. "We look for a connection making sense to potatoes," reports IPC's Muir. "Our Recipes for Relief program is a good example. The United Nations announced 2008 would be the international year of the potato and it is encouraging countries to grow more potatoes since they provide a bigger nutritional bang than rice, wheat or many

The Programs

The Fisher House Foundation, Rockville, MD: The Fisher House program is a not-for-profit organization established to meet the needs of wounded and fallen veterans and their families beyond that is normally provided by the Department of Defense and the Department of Veterans Affairs.

Special Olympics, Washington, DC: Special Olympics is an international nonprofit organization dedicated to empowering individuals with intellectual disabilities to become physically fit, productive and respected members of society through sports training and competition. Special Olympics offers children and adults with intellectual disabilities year-round training and competition in 30 Olympic-type summer and winter sports.

Susan G. Komen Breast Cancer Foundation, Dallas, TX: The Foundation is the global leader of the breast-cancer movement, having invested more than \$1 billion since inception in 1982. As the world's largest grassroots network of breast-cancer

survivors and activists, it is working to save lives, empower people, ensure quality care for all and energize science to find the cures. Thanks to events such as the Susan G. Komen Race for the Cure and generous contributions from partners, sponsors and fellow supporters, it has become the largest source of nonprofit funds dedicated to the fight against breast cancer in the world.

UNICEF, New York, NY: For more than 60 years, UNICEF has been the world's leading international children's organization, working in over 150 countries to address the ongoing issues that affect why kids are dying. UNICEF provides lifesaving nutrition, clean water, education, protection and emergency response, saving more young lives than any other humanitarian organization in the world. While millions of children die every year of preventable causes such as dehydration, upper respiratory infections and measles, UNICEF, with the support of partnering organizations and donors alike, has the global experience, resources and reach to give children the best hope of survival. **pb**



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other products. We proactively contacted UNICEF to ask if they wanted to participate in a program. We've now partnered with 11 well-known chefs across the country who have donated their favorite Idaho potato recipe. Every time a consumer clicks on the recipe, we donate 10¢ per click up to \$50,000 to UNICEF."

Another cause this year for potatoes is the International Special Olympics, which is coming to Boise, ID, in February. "We have Special Olympics permission to create a cobalt blue jacket for 7,000 Spuddy Buddies,



Photo courtesy of Idaho Potato Commission

The back of IPC's Special Olympics Spuddy Buddy

our mascot, which we will give to every one of the athletes who participate," explains Muir. "We hope to bring Denise Austin [an IPC spokesperson] to the event and do a media tour during it as well."

Seald Sweet International in Vero Beach, FL, contributes proceeds from fresh citrus commodities in special promotional packaging to help wounded and fallen service members and their families through the

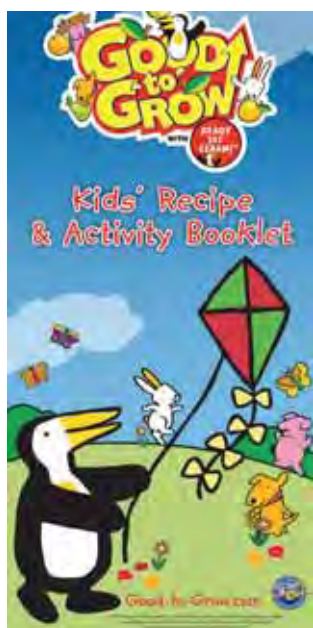


Photo courtesy of Consumer Effects International

Good to Grow teaches pre-schoolers to eat more fruit and vegetables



Photo courtesy of Seald Sweet International

Special packaging promotes help for wounded and fallen veterans and their families

Fisher House Foundation, which provides help for wounded veterans and their families. The program commences in conjunction with Seald Sweet's summer citrus program with plans to run throughout the year.

Identification with the cause may help sway some purchases. "We have received correspondence from consumers who have purchased our citrus based on the packaging," says Kim Flores, from Seald Sweet. "Some, in fact, had not even tried our products until they saw the information on the packaging and bought it for the cause — then found out they like it.

In 2006, the DeMichaelis family started Olivia's Organics, Chelsea, MA, as a way to fund the work of the Olivia's Organics Charitable Foundation. "We felt passionately the Olivia's Organics Charitable Foundation should invest in small non-profit organizations in the communities where our products are sold," explains Hadley Douglas, marketing manager for Olivia's Organics and managing director of Olivia's Organics Charitable Foundation.

"In focus groups, it became clear our target consumers — organic shoppers who also support sustainable agriculture and local businesses — responded well to our pledge to support smaller non-profit organizations. Because Olivia's Organics is a kid-friendly brand, it also made sense for us to invest in children, and they have been our main focus for the past three years. Consumers have definitely shown a positive reaction to our foundation," states Douglas. "Time and again, it is cited as a reason shoppers pick Olivia's Organics over another brand."

Consumer Effects also has worked with a pre-school educational cause-marketing program in addition to its involvement in Pink Ribbon Produce. "We worked with partners to provide teaching materials and information for families of pre-school children to help them learn how to eat more fruits and vegetables," explains Larson. "Our first campaign was called the *Wacky Days of Summer* and we partnered with the Cartoon Network, after we changed it to *Good to Grow* and partnered with the Discovery Channel. We did this for five years with Albertsons [Boise,

Suggestions For Success

Frank W. Muir, Idaho Potato Commission: For very little expense, retailers can tie into and support an ongoing program like Special Olympics, for example. They can become a sponsor, put up some cobalt blue signage near the potatoes, and cross-merchandise potatoes with other Olympian products.

Jay Alley, Fresherized Foods/Wholly Guacamole: Run a display contest — it can get very creative with increased signage and secondary displays really selling the product.

Stacey Larson, Consumer Effects: Don't do a cause-marketing program just because everyone is doing it. It will show up if you're not truly committed.

Brian Coates, Meijer: Build displays that create excitement and help with impulse sales on items involved with the promotion.

ID]/Supervalu [Eden Prairie, MN] and various produce industry vendors as sponsors."

TIGHT ECONOMY

"Cause marketing could persuade consumers to feel more confident purchasing products," notes Seald Sweet's Flores. "Consumers will be more aware of the tight economy and these products may make a consumer feel more confident their choices are good choices. As the economy tightens, consumers tend to put a lot more thought into their selection."

"We fully expect our customers will stay with us through this economic downturn," Olivia's Douglas continues. "In fact, the Olivia's Organics Charitable Foundation has never been more relevant than in this time of neighbor helping neighbor. Buying our salad is good for our customers, good for their families and good for their communities."

However, defining real success may still be difficult for retailers and suppliers. "Quantification of results is still difficult because this is so new to produce," says Larson of Pink Ribbon. "It's hard to know if raising \$30,000 is good or not because some retailers have never raised anything before. The main thing is to define attainable goals and expectations before you go in and then make sure you know how they measured up. Define what you can do and not what everyone else is going or even grocery versus produce."

pb

Selling More Chilean Stone Fruit

Brighten up winter produce selection with Chilean peaches, plums and nectarines.

BY DUANE CRAIG

Industry insiders predict Chilean stone fruit will deliver excellent quality and acceptable volumes this season.

"Based on continued cooperation from Mother Nature, we are expecting to be in full volume on peaches, nectarines and plums and peak production on cherries and apricots early in January," notes Tom Tjerandsen, managing director of North America for the Chilean Fresh Fruit Association (CFFA), Sacramento, CA.

"We are looking at apricots, peaches, nectarines and plums — in that order — to start on a very normal base," confirms Craig Uchizono, vice president, southern hemisphere, Giumarra Brothers Fruit Co., Inc., Los Angeles, CA. "We are optimistic it's going to be a very nice season with excellent quality."

"The crop looks favorable," says Peter Kopke, president, William H. Kopke, Jr., Inc., Lake Success, NY. "There don't appear to be any shortages so there will be normal volumes of all varieties."

Craig Padover, category manager for stone fruit, Jac. Vandenberg, Inc., Yonkers, NY, expects a very big apricot program that will need retailer support to move the large volume.

More Chilean fruit should find its way to the United States this year because the currency exchange rates

are more favorable than they were this past year, explains Steve Pasch, president and owner, Pro-Fruit Marketing, Inc., Paramus, NJ. But because this year's marketing order requires U.S. No.1 about 10 days earlier, less fruit will be shipped from the southern part of Chile in April 2009. "I think they are going to send less up from the South and try to get better quality and size because they have been losing so much money lately," he adds. "This past year, the fruit was about two weeks late. This year, it will be about normal."

In some instances, the size and quality of the Chilean fruit does limit sales volume at retail venues where consumers are used to larger pieces that don't travel as far. "You are definitely not going to move as much fruit from Chile as you are going to move fruit from California or Georgia since there is a big size difference," explains Scott Streeper, director of produce and floral for Scolari's Food and Drug Co., a Sparks, NV-based chain with 13 stores. "We are very close to California and we get some beautiful-looking peaches. They have the right color, the right size and they have great flavor. But that is fruit that travels on a truck from Fresno to Reno in about six hours," he continues. "You don't have that flexibility with the Chilean fruit because you don't know exactly what is being loaded at

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Reader Service # 40

the time it is being put on the vessel. It takes five or six days to get it up here and then it goes into Long Beach and you have to wait another day. By the time all is said and done, you have at least seven days on that fruit. In order for that fruit to arrive in decent condition, it can't be ripe whatsoever when it leaves Chile."

The amount of time the fruit is in transit is due to the transport method. "Boat is going to be the bulk of the volume coming into the U.S. market," explains Giumarra's Uchizono. "There are some special programs that require air freight and that is somewhat challenging to acquire the space, especially during the holiday season. I just think that as a whole for Chile, we are going to have a very exciting season this year compared to the difficult timing and start up of this past year."

Some growers are now using methods, such as preconditioning, that aid the effort to deliver increasingly better fruit over long dis-

tances. If protocols are strictly followed, preconditioning delivers exceptional fruit at a premium price, says Pro-Fruit's Pasch. Some of the chains his company serves source only preconditioned fruit. One limitation is that the process works with only certain varieties. If the protocols are not followed very ardently, consumers will not have a good experience, which could negatively affect future preconditioned sales, he adds.

INNOVATION AND VARIETY

"Chile is probably the most innovative country because it supplies the world and it is always up on all the standards to export good fruit for everybody," according to Uchizono. "Chile is one of the most advanced countries when it comes to following strict food-safety protocols."

Justin Bedwell, director of marketing, Z&S Fresh of Fresno, CA, agrees, adding, "Chilean fruit gets better each and every

Pricing Strategies

Justin Bedwell, director of marketing, Z&S Fresh of Fresno, CA, supports pricing in multiples, such as three for \$3 or 10 for \$10, stressing that consumers can more easily conceptualize that pricing than weight-based pricing.

"Everyone I have spoken to says the same thing, which means very little — 99¢ a pound," says Steve Pasch, president and owner, Pro-Fruit Marketing, Inc., Paramus, NJ. "That is what the supermarkets want to do, but 99¢ a pound is a big loser for the growers because it is way below cost."

According to Scott Streeper, director of produce and floral for Scolari's Food and Drug Co., Sparks, NV, "Consumers are going more for by-the-pound pricing, but when you get too much over \$1.99 a pound, people get very discerning from the quality standpoint. You can put it out there at \$5.99 a pound all you want, but it better be absolute diamonds. A lot of people have tried to do the value-added with the fruit and it just doesn't work. Fruit is just one of those things that people like to touch. They like to feel it, smell it and taste it. Lettuce is lettuce — it tastes pretty much the same today versus the one that you are going to buy in a couple of weeks — while fruit can change a lot because of the varieties."

The Chilean Fresh Fruit Association (CFFA), Sacramento, CA, is putting the finishing touches on a category management tool

that will reveal best practices for managing Chilean fruit. The tool arose from studies done in concert with retail partners. In addition this year, CFFA will continue its television tag program in which retailers add their ads to the end of a Chilean fresh fruit ad, explains Tom Tjerandsen, managing director of North America.

"I don't think there is a reason not to promote Chilean fruit," states Bedwell. "I think consumers are a little bit more educated — I think they know the fruit is coming from elsewhere — and Chile has one of the better stone fruit programs in South America."

"Depending on the year and the district where the product is coming from, Chilean stone fruit is a nice addition to have in your department during the winter months when there isn't a lot of fruit available domestically," explains Streeper. "Each year, obviously, is a little bit different than the next with regards to the quality and the flavor and that type of thing. Chile runs into the same dilemmas that California does with the heat, the rain and whatever the case may be. Typically, Chile does an excellent job on grapes. Nectarines are generally pretty good. With peaches, it depends on the year, and plums are OK. That is the same thing with Californian fruit. It is nice to have that product when it is dull and nasty outside, and people do like it, but it has to have decent flavor in order to get repeat business."

pb

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year and it is not one of those items that should be in the back — it should be put right in the front and rotated like all the other items.”

The varieties Chilean producers are growing tend to stand up well during transportation, so even though the fruit is not picked tree-ripe, it still eats very well and has some firmness to it by the time it gets to the store. “Chile continues to search the world for varieties that will prosper in the Chilean climate and to develop variations on its own,” reports CFFA’s Tjerandsen. “The intention of the growers in Chile is to

continue to work to optimize the taste and shipability of the fruit that is heading north from the southern hemisphere.”

“My impression of the growers down there is they are very receptive to ideas and suggestions from the retailer,” adds Scolari’s Streeper. “They know that we will support them provided they support us.”

According to Tjerandsen, “We provide a wide range of POS material to help explain to consumers how they can be getting fresh stone fruit right in the middle of winter. It is a little bit hard for us — certainly here in California — to recognize how bleak the weath-



er may be outside the store in other parts of the country, but when consumers view the sea of brilliant colors used in conjunction



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Right now, and on through June 5, 2009, we're taking entries for the **21st Annual Marketing Excellence Awards Program**, presented by **PRODUCE BUSINESS**. The awards recognize excellence in marketing in each of five categories: retailers, restaurants, wholesalers, shippers and commodity organizations. Print, broadcast and other media are eligible to win.

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“My impression of the growers down there is they are very receptive to ideas and suggestions from the retailer. They know that we will support them provided they support us.”

— **Scott Streeper**
Scolari’s Food and Drug Co.

with the POS materials we offer retailers, it can brighten their days considerably.”

“Use of POS brings attention to the fact that stone fruit is available during the winter months,” explains Patty Boman, director of category management for Giumarra. She says the best time to promote Chilean fruit is from January through early March. “Anytime you put up some kind of POS materials



that bring attention to the product, you can generate sales — up to a 22 percent increase in sales, based on some studies that have been done. Putting up signage is important from a sales perspective, but it also satisfies COOL [county-of-origin labeling] requirements. We have seen a lot of success with retailers doing Chilean fruit promotions. For instance, they might have stone fruit and grapes on ad and they'll bring over Chilean wine and use that as in-house merchandising along with other Chilean products. It builds up the excitement that you have stone fruit in the winter time."

Vandenberg's Padover emphasizes the importance of telling the Chilean stone fruit story. "We need to communicate what is involved with trying to create really excellent stone fruit and the amount of work that goes into it," he says.

"We all, collectively as an industry, need to make sure we communicate what is

involved with trying to create really excellent stone fruit and the amount of work that goes into that with protocols like preconditioning and orchard management," he says. He uses the example of the pride Chilean growers have in their product as evidenced by their willingness to put their names and images on the boxes. He believes taking advantage of those display opportunities and highlighting the Chilean product will go a long way toward telling the story of the fruit. He adds that it is also important to help consumers to identify the various varieties and to understand the characteristics they offer.

Z&S offers ad rebates and incentive programs to retailers that cross-promote Chilean fruit with the company's Old El Paso-label vegetables, notes Bedwell. For Super Bowl Sunday and other special events, Z&S supplies a salsa kit with vegetables that cross-promotes very well with Chilean peaches using a peach salsa recipe. **pb**



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Reader Service #26

Quest For Comprehensive Quality Assurance In Mexico

Mexico Calidad Suprema supports growers and promises quality to retailers.

BY JODEAN ROBBINS

On the heels of this summer's food-safety scare, Mexico, rightly or wrongly, is in the public eye more than ever.

In response, the Mexican produce industry and government are focusing even greater attention and resources toward quality and food-safety assur-

ance. Mexico Calidad Suprema (MCS) — in English, Mexico Supreme Quality — seeks to provide a quality and food safety certification program in cooperation with private industry and government.

"MCS is a non-profit, private/public organization dedicated to optimizing exports from certified growers in Mexico," states Juan Alberto Laborin, chairman of MCS and director of the Sonora Grape Growers Association of Hermosillo (AALPUM) in Sonora, Mexico.

The Mexican government currently has various programs in place to certify food exports, which are run under its department of agriculture's Servicio Nacional de Sanidad Inocuidad y Calidad Agroalimentaria (SENASICA) — in English, National Service for Food Safety, Inspection and Quality. According to SENASICA, its programs are oriented toward preventing contamination in the areas of production, transportation, warehousing and processing. These programs are closely related to MCS and work together in many instances, allowing MCS to create a private sector/government link.

"We are a private, non-profit organization operating under a Mexican federal government program," explains Lizeth Quintero Posadas, director general of MCS in Mexico City, Mexico. "It was formed by the principal associations of our country for the purpose of collaborating with the federal government on actions promoting certification and branding of Mexican food products."

While many third-party certifiers and auditors are well established with the Mexican industry, MCS's goal is to provide an export-industry-wide certification program. Quintero explains an additional benefit, "Private certifiers cannot dialogue in most cases on a government to government basis, but MCS can."

The program has four principal components: training, technical assistance, certification and promotion. "Our training focuses on providing courses and specialized seminars to growers on HACCP



A scenic landscape featuring a range of mountains in the background, a valley filled with lush green trees in the middle ground, and a vibrant rainbow arching across the sky. The sky is filled with soft, white clouds, and the overall lighting suggests a bright, sunny day.

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Mexican Pavilion Showcases Diversity Of Products

More than 110 Mexican growers and exporters participated in the 2008 Fresh Summit International Convention & Exposition sponsored by the Produce Marketing Association (PMA). Newark, DE, with the majority the MexBest Pavilion.

AgroVeracruz Produce of Veracruz showed a wide variety of vegetables, herbs and tomatoes. Producer-owned and -operated, it began selling locally in 1993 and started exporting to the United States in 2003. This year was their first year exhibiting at Fresh Summit.

Agrocosco of Veracruz exhibited chayote, habanero peppers and banana leaves. It is currently moving product through McAllen, TX, and looking for distributors in other areas of the United States.

Los Rancheros of Aguascalientes and Zacatecas exhibited garlic, backed by three generations of dedication to agricultural production. It produces for the domestic Mexican market as well as for export under various labels. It also offers chili peppers, tomatoes, tomatillos and prickly pears.

FrutaMex of Veracruz displayed beautiful, large papayas along with limes and pineapples. It has been exporting five to six years and exhibiting for four years at Fresh Summit. It has a warehouse in McAllen and is currently working with several distributors.

Agroproductos del Moral of Veracruz exhibited its principal commodity, chayote, along with its newest product, Malanga Coco, also known as Big Taro or taro root. It has been exporting chayote to the United States for six years and has exhibited at Fresh Summit for two years. This is its first year with Malanga Coco, which it has been shipping to New York for about eight months.

Grupo HerEs of Michoacan exhibited blackberries and has been exporting for two years to the United States through importers. This was its first time exhibiting at Fresh Summit.

Several exhibitors offered high-quality certified organic products.

Rhomimex S.A. de C.V. of Michoacan has been producing organic avocados since 1994. Branding under the name Don Aguacato, the company is a member of the Association of Bio-Growers, a group of organic farmers working together to facilitate education on organic farming practices as well as the commercialization of their products.

Fresh Kampo of Michoacan offered a variety of organic products including mango, grapefruit, avocado and blackberries. It has been exporting to the United States for four years and exhibiting at Fresh Summit for five. It also offers conventionally grown product.

PEGUAM, an association dedicated to integrating production and export of guava from Mexico, represented expected future exports of fresh Mexican guava. While fresh guava was not admissible during Fresh Summit, PEGUAM expected U.S. Department of Agriculture [USDA] approval by the end of 2008.

Ule-has of Veracruz showcased banana leaves along with banana flowers. It is trying to educate more buyers on the benefits and marketability of the banana flower, which is popular with the Asian community. High in potassium, it can be used in salads and sushi. Ule-has also markets limes and chayote.

Grupo Quintero of Mexico City and **Quintero Fruit Company** of McAllen, TX, exhibited baby bananas, including Red, Dominico and Manzano, grown in the Puebla region. The McAllen location allows sales from a U.S. warehouse. Grupo Quintero has been exporting for eight years.

A unique product at the show was red prickly pear exhibited by several companies. **La Flor de Villanueva** of Puebla exhibited the red and white prickly pear as well as cactus leaves. According to representatives at its stand, the prickly pear is high in vitamin C and the red is very popular with the Italian community that will purchase a box instead of just one fruit. The company has been exporting to Canada for three years and has developed a new shipping presentation for the prickly pear using molded trays to protect the fruit to ensure quality.

AgroLatin of Veracruz began exporting bananas and banana accessories – flowers and leaves – but soon joined efforts with growers from the Puebla area to expand its offering. It also offers prickly pear (traditional

and red), cactus leaves, banana bud, coconut, tomatillo, jicama, chayote and chiles.

Rancho de las Palmeras of Mexicali showcased its fresh Medjool dates as well as a date-chili paste used in a variety of applications. It has been exporting to the United States and Australia for eight years and has attended Fresh Summit three times.

pb



[Hazard Analysis and Critical Control Point] basics, quality basics, GAP [good agricultural practices] and other issues in order to help them become certified under our program," adds Laborin. "We then offer technical assis-

tance through a network of more than 170 consultants all around the country. These consultants provide one-on-one help in implementing the MCS protocol."

Ample resources are available through

the training component. "At this point, we have trained more than 4,200 producers or consultants and have offered more than 122 seminars," states Quintero. "We have developed more than 44 different manuals, each

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Reader Service # 49

applying to a specific product or commodity, including fruits, vegetables, fish and corn, among others."

MCS assists and coordinates certification with third-party certifiers. Quintero reports,

"We have equity with GlobalGAP. We have been acknowledged by Wal-Mart [Bentonville, AR] and Loblaw's [Brampton, ON, Canada] as a food-safety standard. We have an alliance with SQF [Safe Quality Food],

SunnyRidge Farm Increases Mexican Production

SunnyRidge Farm, Inc., a grower, packer and shipper based in Winter Haven, FL, recently held a grand opening to celebrate the completion of its distribution facility in Tuxpan, Jalisco, Mexico. The family-owned and -operated business works with blueberries, raspberries, blackberries and strawberries.

"We are excited to have the opportunity to showcase the great work we are doing in Mexico to our friends, colleagues and the industry," states Keith Mixon, president and CEO. "Having operations in Mexico has been such a pleasure with the great support and friendship that the Mexican government has provided. We look forward to many more years of business in this great country."

More than 200 people attended the event, including Alberto Cardenas Jimenez, Mexico's secretary of agriculture; Emilio González Márquez, governor of the state of Jalisco; and members of SunnyRidge's board of directors.

The event included farm tours of SunnyRidge's 150 hectares of blueberries, blackberries and raspberries as well as its 3.5 hectares of nursery space. A formal dinner, featuring SunnyRidge berries, along with speeches and mariachi music concluded the event.

SunnyRidge entered the Mexico berry market in 2002 and now has two operations growing blueberries, blackberries and raspberries. The Los Reyes, Mexico, site is run by Francisco Cardenas and totals 500 hectares of contracted farms, including a 2,000-square-meter distribution facility.

Event attendees touring SunnyRidge Farm's blueberry fields in Tuxpan, Jalisco, Mexico.



Left to right: Jerry Mixon, vice president and farm manager SunnyRidge; Greg Mixon, vice president and sales manager SunnyRidge; Keith Mixon, president and CEO SunnyRidge



The site in Tuxpan, Mexico, is run by Cesar Alvarez and features 150 hectares of farming, a 900-square-meter distribution center, a 3.5-hectare nursery and four hectares of research and development.

SunnyRidge ships product from Mexico from October through May — a crucial window for needed berry supply.

"We are very proud of our varieties and believe they are proving to be some of the strongest in the area," comments Mixon. "As part of our corporate commitment to innovation, we continue to test new varieties and farming techniques to help further develop and strengthen the Mexican berry market."

pb

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Hass Avocado Market Share
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and we work with ISO [International Organization for Standardization].

The program also promotes the benefits, both nationally and internationally, that an MCS certification offers. "Through different activities, we work to make sure buyers and consumers alike are more and more aware of the quality of MCS products," continues Quintero. "As we embark on a brand new third season of MCS outreach in North America, we can't help but boast about our key achievements over the past two seasons. We are happy to report a 15 percent increase in the number of contacts with retailers our United States-based merchandisers have made since our first season [2006] and the implementation of some unique programs with them."

FEASIBLE PROGRAM

The financial incentive provided by the MCS program brings a realistic expectation for growers to work with the standardized program. "We help with 50 percent of the cost of certification for our growers," notes Quintero. "Currently, growers may have to pay three or four different certifications. We're trying to harmonize this to reduce the

number of certifications needed as well as the cost."

The cost of certification under MCS is

around \$8,000 over a 2-year period so with its 50 percent contribution, a grower is looking at \$4,000 for certification.

MCS currently has more than 280 certified companies in Mexico, including over 100 that deal in fresh fruits and vegetables. "Our goal is to have all the exporters certified," Quintero adds. "The buyers are really the ones with the last word. If they require it, then companies will comply if they want to be in the market."

"Companies that at first told us they didn't need MCS have now become advocates," Quintero continues. "The market is becoming much more competitive and this is one way that exporters can not only differentiate themselves but also provide assurance to buyers."

DIRECT TO CONSUMERS

For the first time this past year, retailers directly promoted MCS to consumers. "Retailers promoted the MCS message to their consumers with our support, and the results proved MCS is all about solutions," explains Quintero. "For example, a major chain in the Midwest with approximately 200 stores has had a problem communicat-

MCS is currently developing more consumer-education tools in response to retail requests.



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ing the quality of Mexico produce to its customers, although it does source from MCS

members. We helped produce a consumer brochure, customized with its logo. Chain executives are pleased with the results so far and note that MCS product sourcing has increased by at least 5 percent."

A second example occurred at wholesale level. "A leading national wholesaler wanted to increase its volume of MCS product and receive a cash incentive," explains Quintero. "It provided us with procurement data for tomatoes, avocados, zucchini and eggplant from MCS-certified growers. Through weekly ads and in-store signage it did to support this, sales of these commodities increased by at least 6 percent."

According to MCS, major retail chains are very pleased with the program. "I've had a senior buyer of a top U.S. chain inquire as to why all Mexican growers don't participate in this program," she reports. "He expressed how the trade, in general, would prefer to purchase MCS-certified products."

MCS is currently developing more consumer-education tools in response to retail requests. "We are developing the first-ever MCS cookbook to be launched this season," she relates. "This unique piece will be devoted

to highlighting the top export produce items certified through MCS and the grower operations behind them."

The authentic-recipe cookbook will be developed specifically in relation to MCS producers and their products. "This piece will be the result of interest by our partner chains' customers in authentic regional cuisine from Mexico," Quintero explains. "The recipes will be either directly from the grower member family or especially selected to best showcase their items. The book will be available to selected retail partners as a premium or giveaway during special store events."

More than 20 major chains are piloting another tool, a bi-lingual poster for the backroom. "The poster will appear in selected stores around the country," says Quintero. "This season, we will be following up with produce managers to ask how the MCS poster helped them better communicate with their customers."

"If you are still sitting on the fence regarding promoting MCS with your customers, don't wait any longer," urges Laborin. "Contact our office to set up a custom program for your company."

pb

**"I've had a senior buyer
of a top U.S. chain
inquire as to why all
Mexican growers
don't participate in
this program,"**

**— Lizeth Quintero Posadas,
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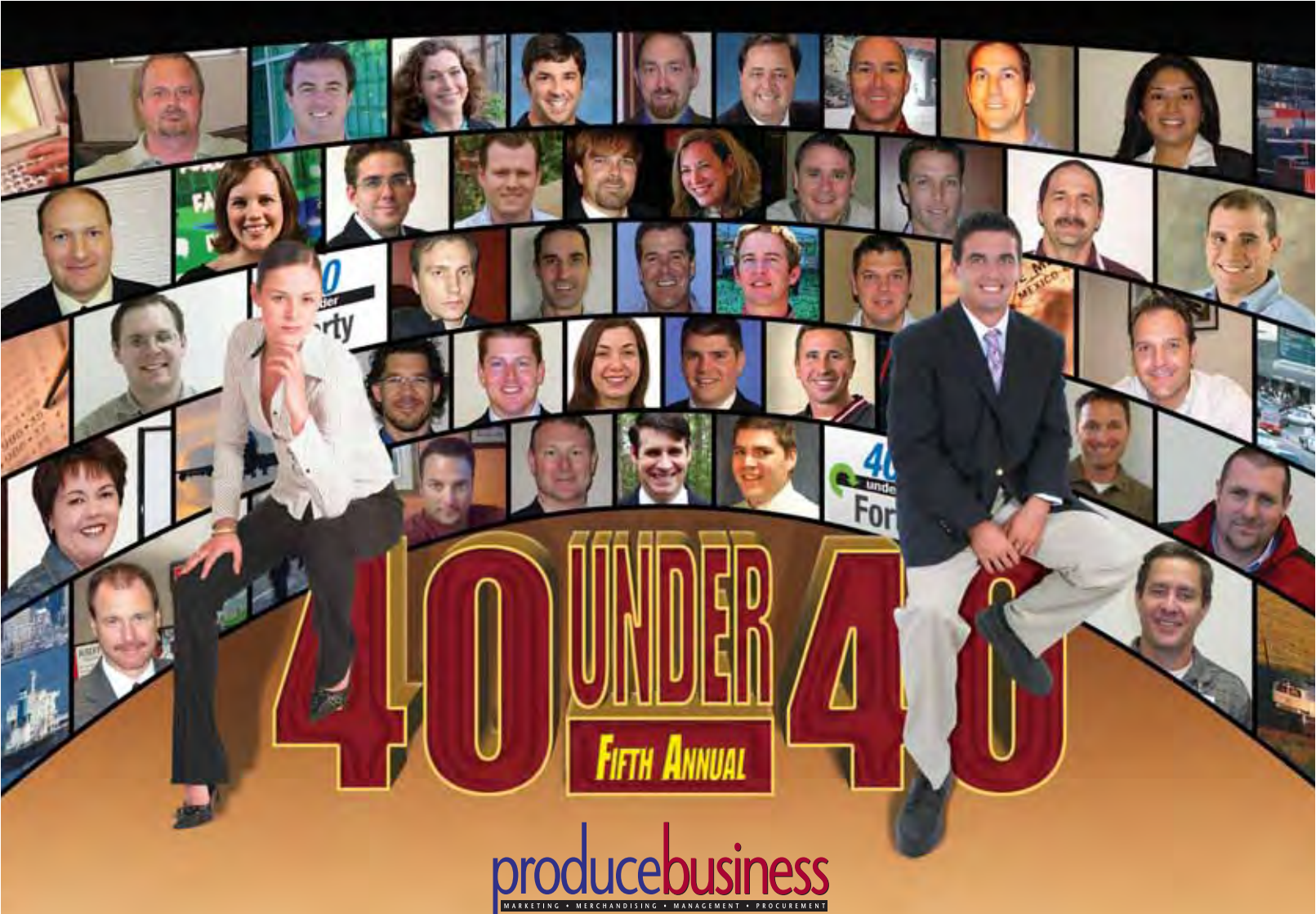
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Honorees will be selected based on their professional accomplishments, demonstrated leadership and industry/community contributions. To be eligible, nominees must be under the age of 40 as of January 1 (People born after January 1, 1969).

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Expanding Clamshell Usage

Clamshell packaging continues to grow and offer more options in the produce department.

BY TRISHA J. WOOLDRIDGE

While simple in appearance, the clamshell is experiencing complex growth — and as more companies use it, more companies realize it's not so simple after all.

"Clamshells are all over the place," explains Alberto Lostaunau, general manager, Camarillo, CA-based ALM Express, which designs labeling machinery for clamshell packaging.

"I think the use of clamshells is going to grow on a 10 percent basis for at least the next five to seven years on the packaging end," estimates Kurt Zuhlke, Jr., president and CEO of Kurt Zuhlke & Associates, Inc., Bangor, PA.

Clamshells are popular at retail for many reasons. "First, clamshell packaging reduces direct handling throughout the distribution chain," notes Jim Scattini, vice president of sales and marketing, Sambrailo Packaging, Watsonville, CA. "This addresses heightened food-safety concerns, increases shelf life and reduces shrink and customer pil-

fering. A clamshell is a single SKU and, therefore, more convenient to label and trace than bulk product. Second, the ability to label clamshells gives marketers the opportunity to create brand awareness, disseminate product/company information and provide important dates, such as best-if-used-by. Third, many consumers and retailers believe clamshells look cleaner on the retail shelf, and fourth, there appears to be greater availability of recyclable plastic clamshells for the marketplace."

"People perceive clamshell items as premium product," reports Carol Zweep, manager of packaging services, Guelph Food Technology Centre (GFTC), Guelph, ON, Canada. The American ready-to-eat cultural phenomenon is also driving clamshell demand. Clamshells often enclose fresh-cut fruit, prepared salads or other produce snacks for the grab-and-go shopper.

Clamshells are also popular because they protect product from the field to the shelf. Rob Stamberger, national accounts manager, Reynolds Food Packaging, Laguna Niguel, CA, notes, "Clamshells offer more protection, better appearance and ship better."

He also stresses the ability to label clamshells. "Clamshells allow nice graphic labels with growers' names, barcodes for retailers, country-of-origin labeling [COOL], nutritional information, net weight — some are even printed on both sides with recipes on the back. Labels for some commodities, such as strawberries, raspberries and blackberries, can be done even before packing, which saves time and money for the growers."

"Eventually, produce will move toward almost all clamshells because it's more healthful," predicts Richie Kleeman, produce manager, Isabella's Supermarket, a Lake Isabella, CA-based chain with two stores. "[Right now,] lots of people touch the food."

Clamshells have fewer pieces than other types of produce packaging. Ideally, a clamshell is one piece with a top and bottom hinged together and a closure, according to Herb Knutson, director of marketing, Inline Plastics Corp., Shelton, CT. "You don't need to stock a separate lid or a separate base."

MAKING CLAMSHELLS

Clamshells "are cheap and easy to make," says



Guelph's Zweep. A sheet of plastic, such as petroleum-based polyethylene terephthalate (PET), corn-based polylactic acid (PLA) or oriented polystyrene (OPS), is heated and then pressed or punched into a mold for the hinged bottom and top. These molds are then cooled and hardened. This type of production makes it easy to customize the containers.

In most cases, growers or packers request the shapes, materials and other details for clamshell packaging. However, retailers also purchase clamshells for in-store use. Even when the packaging is decided outside retail level, stores often provide input. "There's a

good synergy between growers and processors and supermarkets," says Inline's Knutson. "They communicate to each other what they want and what they don't."

When it comes to making the clamshells, "Flexibility is critical," according to ALM's Lostaunau. His labeling machines allow for changing sizes very easily. "Sometimes you can run different sizes without any change at all. For strawberries, there are many styles for the same volume, and they can run on the same system with no adjustments."

David Stanton, head of North American retail, growers and packers, NatureWorks,

Other Issues

While clamshells are a simple construction, they are not a simple product. Retailers, growers and packers have many considerations.

When choosing a system for labeling clamshells, "People are used to their own style and habits, so some want only a half system — just the conveyor and labeling mechanism," reports Alberto Lostaunau, general manager, ALM Express, Camarillo, CA. "It takes more time and more people. A fully automated system requires less handling, so you do not have even a fingerprint. You don't even touch the clamshells 95 percent of the time."

Jim Scattini, vice president of sales and marketing, Sambrailo Packaging, Watsonville, CA, advises retailers to ask, "Can this type of packaging drive or increase sales while allowing you to reduce labor handling at the store level? Always look forward to how a new type of packaging can increase sales, address a need or correct a problem. Consult with a reputable packaging provider to develop a product that fits your specifications. Avoid buying strictly on price because a more expensive clamshell can help to take other costs out of your systems."

"The best advice I can give to anyone is to consider what is best for them," relates Rob Stamberger, national accounts manager, Reynolds Food Packaging, Laguna Niguel, CA. In no particular order, he lists price, service, a supportive company, a consistent supply and a representative that is comfortable to work with. "All those factors should be considered. Don't just put out to bid and say 'The lowest price wins.'"

According to Mary Rosenthal, global communications leader, NatureWorks, LLC, Minnetonka, MN, the company has put together the award-winning Smart Care program to help educate retailers and consumers about how to care for Ingeo, (NatureWorks' brand name PLA). It includes how to store and properly dispose of it to maintain environmental integrity. Part of the program is easy-to-follow labels with iconic instructions. **pb**

LLC, Minnetonka, MN, usually approaches retailers first to educate them about Ingeo, the company brand name for the PLA-based resin, and its advantages. Then he works with the retailers' partners on the growing and packing side. He also has growers and

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processors approach him about the biopolymer “because it is the right thing to do.”

STANDARDIZATION OR FLEXIBILITY?

A unique clamshell trait is the ability to be both standard and customized, and depending whom you ask, the value lies in either or both of these traits. “You have options,” reports Lostaunau. “You can do anything you want with the clamshell shape. I’ve seen clamshell in the shape of a mango. It’s all related to cost. When you start a line of product, you have to consider the cost of thermoforming. If you don’t want to [customize], you can use one of the many standard sizes and shapes.”

Customizability has made clamshell packing a good fit for the conveyors sold by Karl Prazak, general manager, Tacoma, WA-based Easy Conveyors USA, Inc., who worked with ALM Express to develop a better labeling system for many growers and packagers. “It was great to help and be part of a business so customizable.”

That being said, Knutson sees a trend toward standardization. “Clamshells started out as customizable many years ago, but the industry is moving toward more regular sizes. About a dozen sizes cover a lot of what’s available in supermarkets. Most have one compartment, but some have three — for salads or prepared foods.”

“You see more and more standard sizing based on ounce weight,” adds Zuhlke of Kurt Zuhlke. “A pint is a pint. Standardization helps in mechanical filling, so the industry is moving toward more consistency.”

Scattini finds a balance between customizing and standardizing as he describes how Sambrailo “developed and patented the MIXIM System of berry clamshells, which broke from the industry-standard 6-down tray into a 9-down tray.” The extra three packages this could fit per layer on a pallet meant each cube could fit up to 25 more packages. Making the best use of volume and fitting more packages per pallet create better transportation efficiency, which is important with the volatile fuel costs. However, some customers did not want this change, so Sambrailo still makes the 6-down tray for them.

“There are fairly standard sizes, such as 1-, 2-, 3- and 4-pound containers [for strawberries],” states Reynolds’ Stamberger. “While there are standard sizes, we are always striving for an advantage in those sizes: something to keep [the produce] cooler, keep it longer.”

THE DEVIL IN THE DETAILS

A number of details making a full clamshell package need to be considered. These

include pads at the bottom to absorb juice, labels, and tamper-resistance.

For many berries and cut fruit, purge or leaked liquid is a problem that causes faster spoilage, shorter shelf life and a less appealing product, explains Tom Gautreaux, national sales director, Maxwell-Chase Technologies, Atlanta, GA. “As more fruit is exposed to purge, more cells rupture and the fruit loses even more juice and moisture. The pad absorbs the extra purge and exposes the fruit to less juice, which extends the shelf life.” The pad material should be food grade and passive absorbent so it

doesn’t suck moisture out of the food, he adds. Because the pads reduce spoilage and contact with pathogens, “Not only do they make the product look more appealing, but they also make it more healthful.”

Labels are also important. A label can be a silent salesperson, educator and tracker. Branding, tracking and quality control from field to shelf rely on a good label. “It would be good for a volume user to get a good custom-designed label,” suggests Tony Monte, general manager, Monte Packaging, Riverside, MI. A good label identifies the product and the packer and includes pertinent infor-

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mation such as country of origin, nutritional information, recipes and anything appealing to consumers. "It should be unique to the product, the farm and the operators."

ALM's Lostaunau notes, "In the past eight months, farmers are starting to realize that if they do their own labels, they have more control over inventory."

Tamper-resistant packaging is also garnering much attention. According to Sambrailo's Scattini, interest in tamper-proof packaging is very strong and growing. Stores need to know if there has been an attempt to access the product. "The answer is a tamper-evident seal."

Retailers, growers and packers "must be above the curve" when it comes to using tamper-resistant packaging, stresses Zuhlke Of Kurt Zuhlke. He cites availability of shrinkable ribbons and labels that will show evidence of tampering.

NatureWorks' Stanton has received requests for biopolymer tamper bands and films that are easily fulfilled because the plant-based fibers can be manipulated for that use.

Inline's Safe-T-Fresh is marketed as an answer to leak problems. "It's especially good for cut fruit because it's often displayed at an angle on ice," explains Knutson.

CHALLENGES

Clamshells are not always the perfect container, however, so retailers, growers and packers should be aware of a number of problems. Some are rooted in environmental issues and sustainability. Others include matching the right packaging to the product. For example, some products require more respiration while others do well with more airtight containers.

"Retailers should be asking, 'Does a

cheaply made clamshell have a lid that can sometimes pop open? Are you confident a clamshell produced in another country meets food-grade standards?'" advises Sambrailo's Scattini.

Isabella's Kleeman says some produce in current clamshells does not have as much shelf life as bulk produce because there isn't as much air circulation. "It might last longer if it were loose and could get more air."

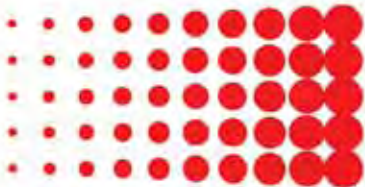
Rob White, produce manager, The Living Earth, a single-store operation in Worcester, MA, prefers not to use clamshells if possible. The store specializes in organic, environmentally friendly foods, so he uses as little plastic as possible. "I prefer to have the produce as nature intended, and a lot of our consumers don't want clamshell plastic." For his store, putting produce in clamshells is "labor intensive, pricey and not good for the environment."

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Winter Mushroom Marketing Made Simple

Heat up mushroom sales through consumer education, innovative cross-merchandising and intriguing recipe ideas.

BY CAROL M. BAREUTHER, RD

What are soups, stews, steaks and sautéés without the addition of mushrooms?

Many consumers recognize just how much flavor the tasty vegetable can bring to just about any meal. "Research shows consumers who buy mushrooms have a considerably larger basket size," reports Gregory Sagan, senior vice president of sales and marketing, Modern Mushroom Farms, Avondale, PA. "This makes sense, as mushrooms are rarely a stand-alone item. They are almost always bought in conjunction with other ingredients."

Winter is an especially prime time for mushroom sales. According to W. Dundee, IL-based Perishables Group FreshFacts data powered by ACNielsen, fresh mushrooms accounted for 2 percent of produce department dollar sales in the first quarter of 2008.

Mushrooms work well with almost any food, explains Bill Litvin, national account manager for Giorgio Foods, Inc., Temple, PA. "They impart a meaty texture and a hearty, earthy taste to many dishes. The flavor is the result of umami, the term used to describe the fifth taste, which is beyond salty, sweet, bitter or sour. It gives rise to that satisfying flavor in dishes."

"Mushrooms contain natural glutamates, which give rise to the taste of umami," explains Paul Frederic, senior vice president of sales and marketing, To-Jo Fresh Mushrooms, Inc., Avondale, PA.

Harvey Mitchler, sales and marketing manager, Champ's Mushrooms, Inc., Abbotsford, BC, Canada, agrees, adding, "They blend or go with just about anything by acting to sponge up the flavor of other ingredients in a

dish."

The mushroom category is full of choices for consumers. Savvy retailers capitalize on this by presenting different varieties and forms. Jungle Jim's International Market, a single specialty supermarket in Fairfield, OH, displays mushrooms on four shelves. "The bottom is all loose display — whites, portobellos, shiitakes, oysters, cremini, for example — for those customers who want only a few for a specific recipe or just to try," notes Teagan Donovan, produce manager and buyer. "The middle two cases hold 8-ounce packaged white and brown mushrooms, whole and sliced, while the top shelf is for the wild mushrooms, jumbo stuffing mushrooms, stuffed portobello caps and packaged specialty mushrooms such as maitake, beach, enoki, pom pom and wild chanterelles in season."

CONSUMER FAVORITES

White button mushrooms dominate the category. For the 52 weeks ending July 27, 2008, white mushrooms represented 76.9 percent of total category pounds and 71.6 percent of total category dollars, according to data from Fresh Look Marketing Group (FLM), Hoffman Estates, IL, and Information Resources, Inc. (IRI), Chicago, IL.

The biggest story for the mushroom business "is the growth in the brown category," adds Bart Minor, president, Mushroom Council, San Jose, CA.

Brown mushrooms, such as portobellos and baby bellas (also called cremini), represented 23.5 percent of total category pounds and 19.8 percent of total category dollars for the 52-week period ending Sept. 28, 2008, according to FLM/IRI.

"We're seeing an evolution in the consumer palate to the denser, heartier flavor of brown mushrooms," says Elizabeth O'Neil, chair and director of marketing, Highline Produce Ltd., based in Leamington, ON, Canada.

Whole mushrooms are one of the most popular offerings in both whites and browns, however, "Sliced mushrooms are the No. 1 item with many



retailers due to the convenience factor," states Giorgio's Litvin.

According to FLM/IRI, sliced white and brown mushrooms represented 31.2 percent and 11.7 percent of dollar sales during the 52-week period ending July 27, 2008. While dollar sales of white sliced mushrooms grew only 1.5 percent compared to the year prior, sliced brown mushrooms grew 14.8 percent.

Specialty mushrooms, such as shiitakes, oysters and enokis, "have shown stronger growth at some retailers," explains Modern Mushroom's Sagan. "The key is educating the consumer on the flavor and uses for these varieties."

For the 52-week period ending Sept. 28, 2008, specialty mushrooms represented 1 percent of total category pounds and 2.9 percent of total category dollars, reports FLM/IRI. Sliced specialty mushrooms, though less than 1 percent of both pound and dollar sales, grew 16 percent in pounds and 18.5 percent in dollar sales between July 2007 and July 2008.

Value-added products that make preparing mushrooms or incorporating them into favorite dishes even easier are now coming to the market. In fall 2008, Giorgio Foods introduced an 8-ounce sliced white mushroom product with its own seasoning packet. Other new items include a 3.5-ounce

sliced shiitake with rosemary and garlic sauce packet and an 8-ounce tri-pack mushroom medley of whole shiitake, whole oyster and whole baby bellas.

To-Go introduced its On the Spot Gourmet line of ready-to-eat fresh mushrooms in fall 2008. Packaged in a 12-ounce washable, biodegradable container, the four flavors include garlic mushroom sauté, caramelized skillet, marinated button mushrooms and kettle cooked portabello. "These products are simple to heat and use as a topping, for example, for baked potatoes, string beans and steaks," reports Frederic.

Retailers that promote a full line of mushrooms "tend to see greater results in overall category profitability versus retailers that just focus on whites," notes Sagan.

MERCHANDISE AS AN INGREDIENT

Dining out is on the decline while eating at home is rising. At the same time, a 2008 survey by Rose Research, LLC, Boca Raton, FL, indicated consumers are learning more uses for mushrooms. Specifically, 27 percent of respondents eat mushrooms most often as part of a salad, up 8 percent in the last three years, while 16 percent of consumers most often sauté mushrooms, up from 4 percent in 2005.

Other popular mushroom uses include pairings with beef, stir-fry, Chinese, pizza and side dishes. Pasta and omelets were the only two mushroom dishes that declined in popularity from 2005 to 2008.

"In the winter, stuffed mushrooms, mushroom soup, and casseroles and stews using mushrooms increase in popularity," states Giorgio's Litvin.

John Manfredi, owner, Manfredi Mushroom Co., Kennett Square, PA, agrees, adding, "Portobellos are big in the summer for grilling, but white mushrooms are in demand for winter dishes."

RECIPES, SIGNAGE AND PREPARATION TIPS

During the 2007 holiday season, Kings Super Markets, Inc., a 25-store chain based in Parsippany, NJ, offered consumers some unusual mushrooms. "Our goal was to bring in some really strange mushroom varieties at a time when customers were more apt to cook as well as entertain," reports Paul Kneeland, vice president of produce and floral.

Kings displayed lobster, maitakes, royal trumpets and white and brown beech mushrooms in 6-foot-long refrigerated cases. It tagged each variety with a label identifying its name and usage tips. "The displays drew a lot of attention," he adds. "We wanted to make consumers aware of what was available, to intrigue them, to engage them and to encourage them to experiment at home."

"Consumers need frequent reminders with delicious, simple usage ideas and recipes," stresses Mushroom Council's Minor. "We teach the Sauté 1-2-3 method because it's easy to remember and teaches consumers that sautéing mushrooms of all varieties is simple and fool-proof. The Sauté 1-2-3 method can be used for all varieties of mushrooms. The key is to only turn your mushrooms once; you don't need to constantly stir them while they're cooking."

Modern Mushroom offers retailers recipes, ad slicks and a multitude of shelf-signing options. "Our color-coded packaging coordinates well with our signage and communication system," advises Sagan. "It makes it easier for the consumers to know how to prepare and create exciting mushroom dishes. Offering recipes in retailer ads along with recipe takeaways at POP have also proven to be effective. Education is the key to increase usage and consumption."

INNOVATIVE DEMOS

In-store cooking and taste demos can be highly effective. "They show people the possibility, especially if you have all the ingredients there to make a recipe," according to Highline's O'Neil.



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B&R Stores, Inc., a Lincoln, NE-based chain with 18 stores operating under the Super Saver and Russ's Market banners, held 13 mushroom demonstrations this past fall. From 11 AM to 6 PM on Saturdays and Sundays, produce associates or demo personnel showed how to make a variety of mushroom recipes. Consumers received handouts for recipes incorporating several types of mushrooms.

"Many people don't know how to prepare mushrooms outside of one or two ways or how to prepare unfamiliar mushrooms at all," notes Randy Bohaty, produce director. "That's why we conducted these demos in select stores."

CROSS-MERCHANDISING

Regularly cross-merchandising mushrooms can result in a sales boon for both mushrooms and associated ingredients. "Steak-cut mushrooms and baby button mushrooms go extremely well with steaks," reports Giorgio's Litvin.

In 2006, Willard Bishop Consulting, Barrington, IL, conducted a test in a large traditional grocery chain in New Jersey to determine the sales impact of a secondary placement of 8-ounce packages of sliced white mushrooms in the steak display as a means to stimulate impulse sales. During the test period, the retailer placed 8-ounce packages

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ENOKI	\$422,906	40,222	\$10.51	11.6%
MOREL	\$352,501	93,135	\$3.78	1.9%
OTHER	\$3,613,938	332,272	\$10.88	19.8%
OYSTER	\$1,981,628	231,143	\$8.57	31.0%
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REGULAR	\$508,388,383	139,809,024	\$3.64	99.8%
SHIITAKE	\$13,306,327	1,158,295	\$11.49	62.0%
WOOD EAR	\$191,116	27,096	\$7.05	5.1%
MUSHROOMS	\$691,879,719	176,712,795	\$3.92	99.8%

This data is for 52 weeks ending Sept. 28, 2008. Courtesy of Fresh Look Marketing Group.

of sliced white mushrooms next to the sirloin tips/London broil steaks. The mushroom package included a recipe sticker for Grilled Sirloin and Mushroom Marinade. Test stores experienced a 29 percent overall lift over control stores in dollar sales of 8-ounce packages of sliced white mushrooms compared to the previous year.

"Go beyond produce to promote tie-ins with items from meat, deli, dairy and grocery sections," suggests Litvin. "Combina-

tions include pasta, spaghetti sauce, mushrooms and sausage or hamburger meat; roasts, onions, baby button mushrooms, carrots and potatoes; olive oil, garlic and portabellas; refrigerated dressings/marinades for use with mushrooms as a marinade before sautéing; or for use on a Philly cheese steak sandwich with deli meat, cheese, onions, peppers and mushrooms.

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Vitamin D-Enriched Mushrooms

Mushrooms are a great ingredient and they now provide a great source of vitamin D. "For years, we've focused on what mushrooms don't have," explains Joe Caldwell, vice president, Monterey Mushrooms, Inc., Watsonville, CA. "They're low in calories, fat and sodium. Today, consumers are looking for more nutrition in their foods. Mushrooms are [one of the few] items in the produce department that contain vitamin D."

Scientists discovered the ultraviolet light found in sunlight can boost levels of vitamin D in mushrooms. The natural process of enriching mushrooms by briefly exposing mushrooms grown in the dark to light for five minutes can boost existing vitamin D levels in a 3-ounce serving to 100 percent of the Daily Value of 400 IU.

Monterey Mushrooms developed its Sun Bella brand of vitamin D-enriched mushrooms through a collaborative research program with the U.S. Department of Agriculture (USDA) and launched the line, which includes sliced white and sliced baby bellas in 10-ounce bags,

in fall 2008.

Oakshire Mushroom Sales, LLC, Kennett Square, PA, offers vitamin D-enriched portobello products in 6-ounce caps and 6-ounce sliced portobellos. "We have a bright red and yellow label on these vitamin D-enriched products with a sunburst in the corner to make it easier for consumers to find them," reports president Gary Schroeder.

Consumers can cook vitamin D-enriched mushrooms the same way as traditional mushrooms. Oakshire provides recipes, such as Portobello Caps with Shrimp Filling, Broccoli-Bacon Portobello Stuffers and Sliced Portobello Steaks with Spicy Tomato Sauce, for its products.

The main natural source of vitamin D comes from sun exposure, which is a challenge for folks in colder winter climates. Research suggests vitamin D can reduce the risk of chronic diseases, such as heart disease, osteoporosis and diabetes. It may also help promote a healthy immune system, which can reduce the risk for colorectal, prostate, breast and lung cancers. **pb**

Giorgio's Litvin adds. "This can be done by shelf placement, ad planning or simply by including recipes in ads or in the display."

MEAL IDEAS

Retailers should encourage consumers to include mushrooms as often as possible. "Some of our consumers use our mush-

rooms to put together kabobs and stir fry kits that are then sold to various retail and wholesale distributors," explains Litvin.

Several retailers promote meal deals and solutions as a means to integrate mushrooms, according to Monterey's Caldwell. "We had a meal-solution pod concept on display at the Produce Marketing Association [(PMA)

Newark, DE, 2008 Fresh Summit] convention [in Orlando, FL]. For breakfast, we displayed sliced white mushrooms with eggs, cheese and onions to make an omelet. The lunch pod had a bagged salad, mushrooms and dressing. For dinner, we displayed spaghetti sauce, mushrooms and salad. Mushrooms fit in any meal of the day." **pb**

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Six Ways To Heat Up Sales Of Tropical Fruits And Veggies

Build profits by identifying consumer demographics, offering the right mix and producing bountiful displays.

BY CAROL M. BAREUTHER, RD

Tropical fruits and roots can warm up produce sales by evoking images of sunshine. They offer retailers an ideal way to gain a point of distinction over competitors in the wintertime and year-round.

"We've added more tropicals over the past two years," reports Paul Kneeland, vice president of produce and floral for Kings Super Markets, Inc., a 25-store chain based in Parsippany, NJ. "Some, such as carambola or star fruit, mango and Caribbean red papaya, have become mainstream for us. Others we've added over the past year or so include dragon fruit, rambutan and mangosteen. Our consumers expect of us to have something different."

What's exotic to some is a staple to others. Many tropicals "fulfill a demographic need for those items by new Americans," explains Robert Schueller, director of public relations, Melissa's/World Variety Produce, Inc., Los Angeles, CA.

1. DEFINE CATEGORY AND CUSTOMER

Products from warm tropical climates "are considered tropical fruit," states Dionysios Christou, vice president of marketing, Del Monte Fresh Produce, Coral Gables, FL.

Karen Caplan, president of Frieda's, Inc., Los Alamitos, CA, adds, "Some consider roots [to be tropical], too, but they aren't merchandised the same as tropical fruits."

"We find many retailers display mangos alongside other tropical fruits such as kiwi, papaya, pomegranate, tomatillo, dates, figs, coconut, persimmons, cactus pear, star fruit, guava and others," according to Wendy McManus, director of marketing, National Mango Board (NMB), Orlando, FL.

The Perishables Group, W. Dundee, IL,



Tropical fruits and veggies are plentiful in winter when domestic product is not.

defines bananas as its own category. Although the data isn't as specific regarding whether pineapple should be merchandised with tropicals or not, most retailers tend to view pineapple as its own category, as well.

According to William Goldfield, communications manager, Dole Fresh Fruit Co., Westlake Village, CA, "Although bananas are considered tropical, they are generally not displayed as part of the tropical group. They often command a larger display area [than other tropical fruits] because of the draw bananas have in the produce department."

Although some consider tropicals ethnic foods, Caplan describes the tropicals consumer quite broadly — "someone looking for new flavor experiences and who has disposable income."

Changing U.S. demographics have also played a part in the growth of the category. "Hispanic and Asian influences have had a great effect on the increasing demand for tropicals," states Christou.

Mary Ostlund, director of marketing for

Brooks Tropicals, Inc., Homestead, FL, adds, "In today's world of TV food shows and with tropical destinations being the vacation of choice, tropicals have gained appeal to the overall mass market."

McManus agrees. "Caucasians attract the highest percentage of mango dollars because they represent the largest segment of our population. However, non-Caucasian groups are the heavier users. Asians and Hispanics buy the most mangos when compared across racial groups."

"Many retailers think they need to create a tropicals market," states Doria Potts-Blonder, sales and marketing director, New Limeco, LLC, Princeton, FL. "In reality, the demographics of customers who want these products are likely already there."

2. STOCK A MIX

Mangos and papayas are mainstream tropicals at Jungle Jim's International Market, a single-store operation in Fairfield, OH. "People have become familiar with these dur-



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ing vacations to the Caribbean," reports Teagan Donovan, produce manager and buyer. "They're also common ingredients on many restaurant menus here in the United States."

Randy Bohaty, produce director, B&R Stores, a Lincoln, NE-based chain with 15 stores operating under the Super Saver and Russ's Market banners, agrees, adding, "Mangos are always a big seller for us. Ten years ago, we really had to introduce them. They've always sold well in our stores with Hispanic consumers."

"While the tropicals category was flat from 2005 to 2007, mango sales were up 1.4 percent," notes NMB's McManus. "Pomegranates were up 2 percent, but they make up a smaller piece of the overall pie. Mangos have driven growth in the tropicals category. Today, we're seeing mango varieties, such as the Ataulfo and more green-skinned Kent and Keitt, gaining traction as consumers become more knowledgeable about them."

Papayas have gained consumers' interest in recent years "due to their sweet taste and attractive health benefits," notes Art Bruno, COO and CFO, Calavo Growers, Inc., Santa Paula, CA. In May 2008, Calavo acquired Hawaiian Sweet, Inc. and Hawaiian Pride, LLC, both papaya and tropical product packaging and processing operations in Hawaii.

Though widely known as a global marketer of avocados, Calavo has sold and marketed Hawaiian papaya since 1949. Today, it ships some 200,000 pounds of fresh papaya from Hawaii to the U.S. mainland weekly with plans to expand this volume. Papayas, as well as other tropicals imported from Hawaii, are irradiated or heat-treated to prevent spread of fruit fly.

The best-known varieties of papaya in the U.S. market are the Golden, Sunrise Solo, Maradol and Formosa, explains Melissa Hartmann de Barros, communications manager, HLB Tropical Food USA, Inc., Plantation, FL. "We sell the Golden, mostly imported from Brazil. Smaller than the Formosa, it has a personal size that one person can consume without having to store it. We sell this variety throughout the United States but sales are stronger on the West Coast."

Jungle Jim's carries tropical fruits such as dragon fruit and fresh mangosteen. "We had several requests for fresh mangosteen before it was available," says Donovan. "Those requests have slowed now that we have it. I think it's due to the high price."

Southern Specialties, Pompano Beach, FL, carries passion fruit and star fruit along with papayas, mangos and limes. "These are more specialized items," reports Charlie Eagle, vice

president of business development.

Last August, Brooks introduced clamshell-packed StarPac star fruit. "The pack contains two whole fruit placed in their own channels," Ostlund explains. "Holes in the clamshell enhance the fruit's ripening and even coloring."

3. OFFER TROPICAL VEGETABLES

Tropical roots such as yuca (cassava), boniato (Cuban sweet potato) and malanga (yautia or cocoyam) "still have their base in sales among Hispanic consumers," according to Donovan.

Kings regularly carries taro root, also called dasheen, says Kneeland. "Consumers see taro chips and make the connection."

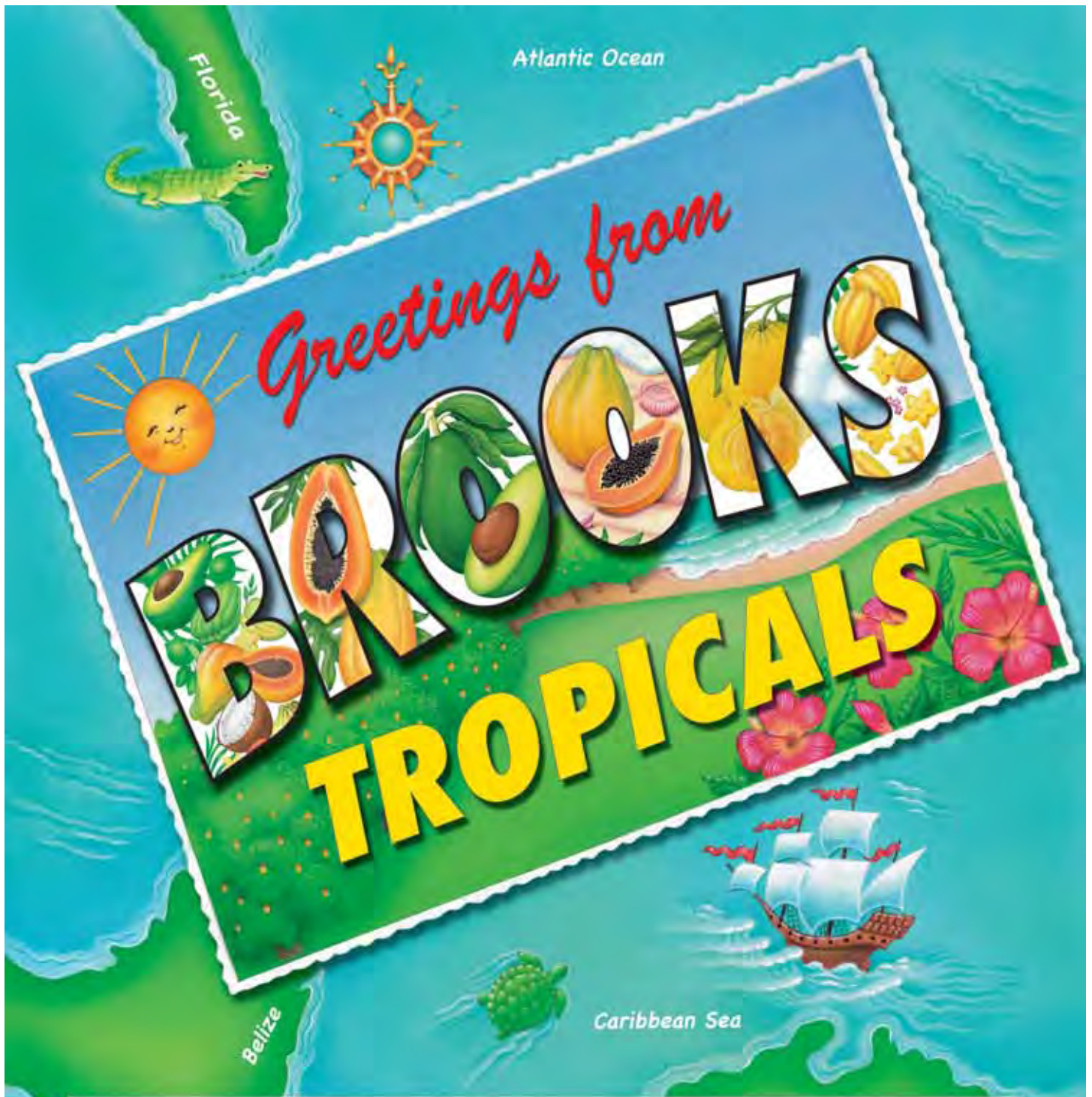
Mark Vertrees, marketing director, M&M Farm, Inc., Miami, FL, notes, "Tropical roots are basically what Americans call potatoes. Other up-and-coming, mainstay tropical vegetables include chayote squash [mirliton] and calabaza or West Indian pumpkin. All are available year-round from Florida, Central and South America and the Caribbean."

Jessie Capote, vice president of operations and co-owner, J&C Tropicals, Miami, FL, has observed "a spurt in big chains, such as Wal-Mart [Stores, Inc., Bentonville, AR],

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H-E-B [H.E. Butt Grocery Co., San Antonio, TX], Publix [Super Markets, Inc., Lakeland, FL], Supervalu [Inc., Eden Prairie, MN], Save Mart [Supermarkets, Modesto, CA] and Loblaws [Brampton, ON, Canada] to carry more tropical roots and vegetables.”

The key to successful tropical merchandising is knowing a store’s demographics, adds M&M’s Vertrees. “Most progressive retailers have Hispanic consumers on their radar screen. With more than 45 million Hispanics in the United States representing 15 percent of the population, this market continues to grow. Many believe Hispanic consumers will be the marketing bridge that will make many new tropical items more popular with Americans. A few years ago, salsa replaced ketchup as the most popular condiment sold in the United States. Could yuca someday be the most popular potato sold in America as it is in Latin America?”

4. DISPLAY LOGICALLY

Tropical fruits and vegetables are displayed in the forefront of a huge and signature boat at Jungle Jim’s. “We have a big mango and papaya display in front of the boat,” describes Donovan, “and off from this is the ethnic produce aisle with tropical roots at the end.”

Some retailers “use tropicals as color breaks throughout the department, but it is much more successful to group these items together,” says Tom Tjerandsen, spokesperson for the Hawaii Papaya Industry Association, Hilo, HI.

It is most common “to find retailers merchandising tropical fruits and vegetables together,” explains Del Monte’s Christou. “Products are presented either in two separate displays or side-by-side. Retail locations with large ethnic influences, especially Hispanic, are seen to be more expansive when merchandising their tropical products this way.”

Brooks’ Ostlund advises, “Make the produce aisle a tropical paradise by playing up colors, sizes and textures. Bright colors and visions of the tropics make a great tonic for the winter blues. If kiwi and guava make an area too brown, separate them, letting the colors of the mangoes and papayas break up their monotone. If the display is looking a little lopsided with star fruit and kiwis on one side and smooth-skinned mangos and papayas on the other, mix them up.”

Good handling practices and maintaining a full display are important to a profitable tropical produce display. “Showcase blemish-free fruit that is firm when touched,” suggests Del Monte’s Christou. “Remove all damaged and over-ripe fruit. Don’t stack product in tropical displays more than one level high.

“When creating any display, retailers



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Tropical Fruit Update

During the past year, the number of countries able to ship tropical fruits to the U.S. has grown.

Abiu: This lemon-sized, yellow-skinned fruit with white butterscotch-caramel flavored flesh started shipping in irradiated form out of Hawaii in fall 2008, reports Eric Weinert, vice president of marketing, Hawaii Pride, LLC, Keaau, HI.

Dragon fruit: The first shipments of irradiated dragon fruit from Vietnam arrived at the port of Long Beach, CA, on Oct. 20, 2008, following earlier importation approval by the U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS). "Vietnam is known for its dragon fruit, so we've been looking to see how or if it significantly differs from fruit grown in California," explains Robert Schueller, director of public relations, Melissa's/World Variety Produce, Inc., Los Angeles, CA. "California dragon fruit is available from July through December, while fruit from Vietnam is obtainable virtually year-round with only minor gaps." On May 6, 2008, APHIS approved irradiated dragon fruit from Hawaii for exportation to the U.S. mainland.

Guava: On Oct. 14, 2008, USDA cleared irradiated guavas from Mexico for importation into the United States, says Schueller. But, he adds, "Our focus is premium- or large-size guavas grown in southern California. These are available from October through March, whereas Mexican guavas have year-round availability."

Longan: Longan from Taiwan is awaiting a final USDA *Federal Register* comment period and approval. Industry insiders

hope these approvals will take place in early January. "The Taiwan season is roughly similar to the Hawaiian season of October through March with some occasional gaps," states Schueller. Longan, a small, brown, smooth-skinned relative of lychee and rambutan, was imported from Thailand into the United States in April 2008, but logistical problems existed. "The fruit wasn't of good quality and the industry didn't embrace it," he adds.

Mango: On April 26, 2007, APHIS approved irradiated mangos from India to ship into the United States. The first shipments arrived by air in New York City the following day. "The Indian mangos, primarily Kesar and Alphonso varieties, are unique in their flavor. We sold out in the 2007 and 2008 seasons," reports Schueller. "May and June are tough times to promote Indian mangos because of plentiful supplies out of Mexico. Also, the Indian fruit is selling for \$4 to \$5 per fruit in a 50¢ market."

Mangosteen: Dubbed a super fruit and previously available only in processed form, fresh mangosteen became admissible to the United States from Thailand on July 23, 2007. "At that time, there was no crop available, so the first shipments didn't arrive until April 14, 2008," explains Schueller. "Everything went wonderfully and quality was good. Availability from Thailand runs from April to August, and there's a short window of product out of Puerto Rico until the end of August." On May 6, 2008, USDA approved irradiated mangosteen to be shipped from Hawaii into the U.S. mainland. The first shipments from Hawaii arrived at the end of October. **pb**

should know their consumer demographics to showcase the products effectively. Often, retailers overlook this important step and are unaware of the changing ethnic demographics. When regular practices have been established and space becomes minimal, stores become resistant to change — even if it is necessary. Finally, improper product allocation might cause retailers not to display their tropicals effectively," he adds.

Space allocation is indeed key, notes NMB's McManus. "For example, coconuts make up a small contribution to category sales, but they often get more than their share of space due to their size. Mangos, on the other hand, make up 36 percent of the category's sales volume, so it makes sense to allocate at least one-third of the display space or anchor the tropicals section with mangos."

Merchandising tropicals to Hispanics "is usually best done with large bulk displays," says M&M's Vertrees. "Quality can be shown by cutting them open to show the interior quality on the retail display. Pricing is best kept simple. Multi-unit pricing, such as 2 for \$3 or 3 for \$5 is often more effective than pricing by the pound. Large, brightly colored, bilingual signs help sell product as do knowledgeable, bilingual employees."

5. EDUCATE CUSTOMERS

When new tropicals are introduced at Kings, Kneeland tells their story. "We tell what it is, how to select it and how to use it, and we tell it in our ad, on in-store signage and in interactions between our produce staff and customers."

Education is critical for both produce

personnel and consumers. "You need an open-minded buyer who is knowledgeable or open to new items," notes Zevy Mashav, president, Caribbean Gold, Inc., Miami, FL.

It's important to have a buyer educate the floor manager and staff, adds J&C's Capote. "We published a laminated spiral-bound survival guide for tropicals for 1,200 produce managers at H-E-B and will work with other chains to provide this resource as well."

"It's important to have an educational display [for consumers], especially for new imports," advises Del Monte's Christou. "Consumers want to try new flavors and it helps when they know the how-tos for handling and consuming. Recipe cards can also serve as great tools to encourage consumers to try new fruits. Not only will cross-merchandising products motivate regular uses, but it will also inspire some creativity among adventurous consumers who want to try something new."

6. PROMOTE CREATIVELY

Kings highlights one item from the tropicals category each week. "We work the item into a mass display to make it easy for consumers to find," explains Kneeland. "For example, we'll put a large basket of dragon fruit into a contrasting color grape or navel oranges display."

B&R Stores features a tropical or exotic item each month. "We'll give it a promotional price and sample it," reports Bohaty.

Dole's Goldfield says lower retail prices have increased movement. "Consumers see the lower cost as a tremendous value, especially in these tight economic conditions. This reinforces the standard that large, fresh-looking displays showcase the fruits in a more appealing way. The higher price points prevent faster sell-through and product rotation that keep the display looking fresh."

On the other hand, "Price doesn't have to be part of a successful promotion," stresses Frieda's Caplan. "If you lower your price, you'll give up some of your margin dollars. Instead, advertise to let consumers know the items are available. They'll come to look for the item because they saw the ad."

Get creative with ads, suggests New Limeco's Potts-Blonder. "Promote chayote, for example, along with onion, celery and butter, and print a recipe for Stuffed Chayote Squash in the ad."

Take a cue from Hispanic supermarkets, suggests Brooks' Ostlund. "Many have a batidas bar. Batidas are tropical-fruit smoothies. Retailers can take overripe fruit off the display and use it to make drinks. Set up a small display of fresh fruit alongside the bar and rotate the fruits. It's a great way to sample tropical fruits and make multiple sales at the same time." **pb**

Foodservice Copes With Sluggish Economy

When margins are slim, produce can make the difference between profit and bust.

BY JACQUELINE ROSS LIEBERMAN

The current economic crisis has hit foodservice hard. Costs are up, sales are down and there seems to be no end in sight.

"In my 43 years in the business, it's the worst I've ever seen it," says Lloyd Ligier, vice president of business development, Pro*Act, LLC, Monterey, CA. "It's a rule of thumb that the first things people cut out during a recession are dining out and clothing purchases."

Matthew D'Arrigo, vice president and co-owner, D'Arrigo Bros. of New York, Inc., Bronx, NY, agrees, adding, "Restaurant business, without a doubt, is down compared to what it was doing this time a year ago."

"Sales are definitely off for a lot of restaurants," notes Marcus Agresta, director of sales and marketing, Piazza Produce, Inc., Indianapolis, IN. "When you're paying more for gas and at the grocery store, you've got fewer dollars left to go out and eat. You can't cut back on some of these other things, but you can stop going out."

No restaurant is completely safe. "In the past quarter, we've certainly felt the strain and struggle of our foodservice base in independent restaurants as well as the casual chains," relates David McNaughton, sales manager/business development, Kegel's Produce, Lancaster, PA. "Times are tough."

"Many foodservice accounts are feeling the affects of the economic downturn directly in their revenue streams," reports Ron Carkoski, president and CEO, Four Seasons Produce, Inc., Ephrata, PA. "Reduced customer counts in certain categories have created financial hardships for some customers. These are manifested in different ways. Some of these ways are seen in a slowing of payments for product and services rendered. In some cases, terms are



Photos courtesy of Four Seasons Produce, Inc.

Adding produce to existing menu items — or offering new produce-based dishes — can help offset the rising costs of proteins.

being stretched beyond agreements requiring some accounts to be changed to COD. In other instances, negotiations are taking place to reduce service frequency in return for a reduction in costs. In other cases, the mix of product is being changed to reduce costs either seasonally or for generally less expensive produce."

According to Peter Testa, president, Testa Produce, Inc., Chicago, IL, "They're dialing down — maybe buying more staples and fewer fancier items."

Restaurants are not the only foodservice venues feeling the effects of the poor economy. Schools are switching to canned or frozen fruits and vegetables, and they're buying fewer fresh produce items, notes Agresta. The cost cuts are not so much because produce is more expensive — though that is part of it — but because costs are up everywhere within their operations, including pro-

tein and dairy. "You're not going to cut out the protein," he explains. "You cannot give them milk."

While costs are up, consumers are looking for deals that will save them money. "We think you have to provide value today more than ever," according to Gene Harris, senior purchasing manager, Denny's, a Spartanburg, SC-based chain with more than 2,500 restaurants. "The economic climate we are dealing with as a restaurant today is very different than what it was two years ago. The prices of gas, mortgages and repossession were game-changers, and now we have to deal with the financial crisis. In the restaurant industry, we always talk about value as the entire experience, but today, I can tell you, the consumer is saying it's price. The other things are important — but price is first and foremost."

Subway, a Milford, CT-based chain with

more than 29,546 franchised units, is reaping the benefit of that consumer shift to thriftiness. "During a typical economic downturn, consumers tend to cut back on higher-cost buying habits, such as dining out, and gravitate toward places with an eye on providing value for the dollar," explains Les Winograd, public relations coordinator. "Subway tends to do very well during these

"During a typical economic downturn, consumers tend to cut back on higher-cost buying habits, such as dining out, and gravitate toward places with an eye on providing value for the dollar."

**— Les Winograd
Subway**

times, and this year, we rolled out a value promotion in the spring, so business has been very strong. In fact, customer counts are up."

Subway's \$5 foot-long promotion (\$5 for any foot-long sandwich on the menu) was a huge success, according to Tina Fitzgerald, director of produce, Independent Purchasing Cooperative (IPC), a Miami, FL-based, franchisee-owned and -operated purchasing cooperative for the owners of Subway. "It's an incredible value. You can feed a family of four for \$10. We're going to do it again in February. It had such a good sales impact."

Not everyone is optimistic that quick-serve restaurants will beat out the competition in the long run. While Del Taco, LLC, a Lake Forest, CA-based chain with more than 500 restaurants, is holding its own, according to Janet Erickson, executive vice president of purchasing and quality assurance, the company must do everything in its power to keep customers coming through the door. While some people are opting for less expensive restaurants than they patronized before, "We're seeing people trade completely out and brown bag it now," she adds.

Today's consumers want more assurance that they will enjoy the experience, advises Harris. "Although Denny's customers aren't

Processed Vs. Do-It-Yourself

Foodservice outlets continue to turn to fresh-cut for the convenience. "Processed produce most definitely can save a restaurant dollars, but the restaurateur must compare it properly," reports Charles Gilbert, president, Hearn-Kirkwood, Hanover, MD. "The pound price of bulk produce will be lower than the pound price of its processed counterpart, so the restaurateur has to take into consideration the labor to process an item. Other factors include the cost to dispose of any unusable portion, stems, etc., the insurance liability every time employees put a knife in their hand and what an accident would cost in hospital fees and loss of time. Does every employee yield the same when cutting a particular item? All these points and more need to be taken into consideration before just stating it's cheaper to do it myself."

Denny's, Spartanburg, SC, relies heavily on processed produce. "It is actually better for us for several reasons — less labor, better yields, improved food safety, more stable pricing, requires less cooler space and produces less garbage," states Gene Harris, senior purchasing manager.

Not all processed produce is right for everyone, though. "When you look at the

value-added produce, it depends on the product," explains Tina Fitzgerald, director of produce, Independent Purchasing Cooperative (IPC), Inc., Miami, FL. "It usually costs more, but if the quality is there, it justifies the cost."

"From a cost perspective, you've got to look at the volume," notes Marcus Agresta, director of sales and marketing, Piazza Produce, Inc., Indianapolis, IN.

"If you use only small amounts, processed is not the way to go," adds Peter Testa, president, Testa Produce, Inc., Chicago, IL.

Some processed items lend themselves to use more than others. While Del Taco, LLC, based in Lake Forest, CA, still cuts tomatoes in-house, "We went to shredded lettuce eons ago and I'm sure it saved us labor," reports Janet Erickson, executive vice president of purchasing and quality assurance.

Whether it is best to use processed produce and how much will vary. "The kind of restaurant — white tablecloth, national chain or diner — and the philosophy of the executive chef will often dictate the answer to that question," notes Ron Carkoski, president and CEO, Four Seasons Produce, Inc., Ephrata, PA. **pb**

typically on Wall Street or directly affected with what's going on there, it's pretty obvious that this has shaken them up and they're staying at home more frequently instead of going to a restaurant. If they do go out, they're being very careful, as they want to be certain that they're getting something they can count on."

Testa of Testa Produce agrees, adding, "People like comfort. If you've been to a restaurant 10 times and enjoyed the food, you'll go back." Consumers holding on to their cash are less likely to try a new restaurant. "They want consistency," he notes. As a result, bringing new customers through the door is harder to do than ever.

CUTTING COSTS WITHOUT SACRIFICING QUALITY

Historically, the price of produce has remained relatively resistant to increases. "Thirty years ago, we sold Andy Boy broccoli for \$12, and we sell it for \$18 today," notes D'Arrigo of D'Arrigo Bros.

But nothing is completely immune to

price increases. "Produce, like every category, has increased in price during the past 18 months or so," notes Charles Gilbert, president, Hearn-Kirkwood, Hanover, MD. "The price of gas and transportation costs are a large portion of the increase. Less product being grown by fewer growers is a cause and one that will continue."

While produce prices are up, "Overall produce costs have not increased as much as other commodity items such as eggs, grains and oils," notes Denny's Harris.

Produce prices, especially for tomatoes, are on the rise. "For us, we saw steady increases in produce costs due to freight and fuel surcharges, but we weren't seeing those huge increases with items, such as wheat, meat and soybeans, which made mayonnaise more expensive," reports Fitzgerald. "Tuna has gone up incredibly, too."

Produce looks like a bargain compared to other items on the plate. "Certainly, I think when you look at protein as a menu item, it's expensive," states Kegel's McNaughton. "Vegetables, obviously, in comparison are a



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little more cost-effective."

"A veggie sandwich has a lower food cost than a roast beef, chicken or a tuna sandwich," adds IPC's Fitzgerald.

Cutting portion sizes of more expensive items and filling out the plate with produce is one way foodservice operations can cut costs without leaving consumers disappointed. Another is to use less of an expensive produce item and more of an inexpensive one, advises Hearn-Kirkwood's Gilbert. "Staple produce items mixed or served along side other items can help defuse cost and offer additional variety."

Produce is more flexible because, for some foodservice operations, one item can be switched out for a similar item to save costs without sacrificing quality. "Produce is one of the bright spots," explains Testa of Testa Produce. "Things don't have to be expensive. We can be more flexible. We can play around a little bit. We can change items for them. The smarter operators talk to their vendors and come up with different ways of doing things."

Gilbert agrees, noting, "In many cases [foodservice customers] have changed their menus to reflect more inexpensive items and items less susceptible to market fluctuations. Many of our customers have also set cut-off points. When an item hits a certain price, it is replaced with a comparable item of a lesser price, if one exists, or cut from the menu all together."

"A good wholesaler is talking to existing customers every week," adds McNaughton.

Not every operation has the same options, especially when it comes to chain restaurants. Del Taco has had virtually the same menu for 40 years and customers depend on that, notes Erickson. "We're starting to think of where you can value engineer," but menu changes are not currently on the horizon.

How, and indeed whether, to start changing a menu relies upon the type of foodservice operation. "Restaurant managers are very smart and know their model well," stresses McNaughton.

Independent restaurants and small chains have more flexibility to change their menus, but when bigger chains change too much of their menus at once, "You get into a situation where you're kind of changing the brand," says Piazza's Agresta.

Many ways to save dollars exist. One option is to switch to a similar but less expensive produce item, advises Testa. For example, a chef can trade more expensive delicata squash for acorn squash and still make a flavorful, high-quality dish. Grape tomatoes can be substituted for mature tomatoes when the price is better. A small



Photo courtesy of Hearn-Kirkwood

pepper can replace a large pepper, especially if the item is going to be chopped. The more flexible a chef is willing to be, the greater the likelihood for an efficient operation. As a result, "Chefs are going back to being chefs and coming up with new and different ways of creating food," he adds.

"Locally produced fresh fruits and vegetables available seasonally are generally the most cost-effective and freshest produce for restaurants to use," states Carkoski of Four Seasons. "It can require menu flexibility to successfully use these. Some chain restaurants do not have that flexibility with their national menus."

Testa recommends listing "seasonal vegetables" as a side dish on the menu, rather than any specific vegetable, to give the operation some flexibility to work with the items that are the best value at the moment.

While independently run operations have the most flexibility when it comes to offering specials, adding seasonal specials is one option for chains, according to Testa. "They can put out a seasonal restaurant card," he recommends.

"Working with your supplier on in-season items with good availability can help," suggests Gilbert. "Also taking fewer deliveries and expanding the delivery window will help your supplier keep his or her cost in line and consequently he or she should be willing to pass some of the savings back to the restaurant."

"People just need to hang onto their hats because I think we're going to be seeing this for the next 18 to 24 months," explains Pro*Act's Ligier. Until then, everyone in the industry is hurting, not just foodservice operations, he points out. "I honestly think that this is the time where all segments of this industry don't act in conflict, but they don't exactly act in concert. I think there should be some type of roundtable coalition. We need to ask, what can we do to help each other? What can the industry do to help everybody through this time?"

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Distribution Reach Digs Deep

Central location, diverse demographics and an array of offerings keep this Southern produce mecca beaming with success.

By Howard Riell



Distribution and diversity describe the unique role Dallas plays in the produce industry. As a major nexus of international and domestic distribution as well as a model of the nation's growing ethnic diversity, Dallas inhabits a vibrant place in the American produce landscape.

"What makes Dallas different?" asks Jose Martinez, manager, Cal-Tex Produce, LP, Dallas. "That's a good question. I'll tell you what makes Dallas different. Dallas is the center point for all of the United States for produce coming from all over the world. Anything that comes out of Brazil, Costa Rica, Guatemala — this includes cherries, bananas, even some oranges — they have to land on the Gulf of Mexico. Most of the stuff [comes] into Corpus Christi and is shipped to Dallas. If you're in Dallas, you can go north, east or

west, so it's a good way of coming in [to the country] and from there distributing your produce to all the different areas of the United States.

Dallas pops as a test market "because we have a lot of different races — whites, Mexicans and blacks," adds Martinez. "Dallas is real diverse, and so that's a good way to test the product. If you have so many different groups and it works, your successful product will work anywhere."

Because of that diversity, Dallas customers insist on many things. "Some customers want to pay for quality, some customers want service and others don't care," reports Martinez. "They would rather pay cheap and get some second-hand produce. That's what makes Dallas so good — different people, different markets."

"The Dallas retail market may or may not be unique, but it is our market and we are



(Left to right) Darrell Wolven, Barbara Hodges, Jeff Kraft, Tim Rice, Bill Benz, Mike Kidd and Jordan Lane of The Tom Lange Co.



Janel Leatherman of Dallas Farmers Market



Jason LaBarba of Ideal Sales, Inc.



Pam Dunning of Ideal Sales, Inc.



Geoff Noone of Combs Produce, LP



Sherman LaBarba of Ideal Sales, Inc.



Brett Combs of Combs Produce, LP

proud of the sophistication of our city and the changing of eating habits," explains Curtis Gilmore, partner, Gilmore Produce, Ltd., Dallas. "We have many restaurants that cater to healthful eating and that is sophistication. Produce is a big part of eating healthfully. Our schools are now showing a definite movement toward being more health-conscious and pro-

viding fruits and vegetables instead of pizza and vending machines."

Dallas boasts "a large Hispanic population, which in time will change our economy," notes Gilmore of Gilmore Produce. "We feel we will grow together as a community with diverse cultures. By merging all the cultures, we will have a large market with many differ-

ent foods. This will make our market, at this point, more unique."

DISTRIBUTION HUB

As one of the nation's premier distribution hubs, Dallas "plays a huge role in the freshness and the availability of the product," according to Elis Droubi, senior manager,

What's New In Dallas By Sandy Lindblad Lee

Ideal Sales, Inc. hired several new staff members and changed office locations. Sherman LaBarba was appointed president following the death of his brother James. James' son Jason stepped into the role of vice president.

After 25 years at Dallas Food Distribution Center, Ideal relocated to its current office in north Dallas. "Our larger office space allows for better communication among the sales staff," explains Sherman LaBarba.

Pam Dunning joined the potato sales and transportation division. She brings more than 30 years of experience in the produce industry. She is a key liaison with Ideal's sister company, Harvest Select, a Monte Vista, CO-based shipping organization.

Richard David was hired for the Harvest Select staff in Monte Vista. He previously worked for Aspen Produce, LLC, Center, CO. "Richard is working on procurement, bird-dogging and quality control," notes LaBarba.

Richard Hall was hired as controller for Ideal's Dallas office.

Combs Produce LP has retained industry veteran Jay Pack on a consulting basis "helping us with every aspect of our business," reports Brett Combs, president.

The company has retained DMA Solutions, Inc., Dallas, as its marketing firm. "It is redesigning our packaging, label and mailers, and they are customizing our other printed materials as a part of its full-scale marketing program for our company," adds Combs. "Our foodservice client base has grown dramatically, but we're really pushing the retail side, too. "We're working on our retail marketing strategy, and we will be adding a retail marketing director to our staff."

New hire Geoff Noone brings more than 20 years of produce experience from his time spent working for Market Distributing Co., Dallas, which recently closed its doors. Noone's expertise involves all berry varieties, asparagus and overall sales.

The company has been designated as Primus Platinum by Santa Maria, CA-based Primus Labs. The designation "allows cus-

tomers to log on to the food-safety auditor's Web site and get all the information they need related to our company," Combs explains.

Nogales Produce Inc. is improving its inventory system for more accuracy, efficiency and convenience for its customers, reports John Salazar, director of operations. "We have so much variety and volume, and this will help us maintain better control over shelf life and help us get the appropriate product for the appropriate customers."

While its expertise in Hispanic produce is a major factor contributing to the company's explosive growth, the company offers an increasingly diverse list of produce from a wide variety of ethnicities. "Every single month we try to introduce new products to our customers," notes Monica Trevino, marketing coordinator. She cites specialty items with Chinese and Indian origins among those with the highest demand.

While fresh produce offerings comprise the bulk of its business, Nogales Produce also features a wide selection of dried chili peppers, herbs, spices, canned beans and peppers, packaged beverages and other grocery and restaurant supplies. In addition to Texas, the 20-year-old company's distribution area covers a 4-state region.

Hardie's Fruit & Vegetable Co., Inc. continues to focus on local, sustainable agricultural support, reports Dave Allen, vice president of sales. "This has involved not only identifying local growers but also supporting them," he notes. "It involves more support of organic produce and supporting local farmers who are growing organics. We're doing promotions in cooperation with the *Go Texan* program."

Bill Neely, coordinator of this area, "is a chef by trade, so he's well-suited for this specialized position," explains Mark Austin, vice president. "Bill is promoting and working with foodservice distributors in these areas, including coordinating special events."

In general, "We've had a phenomenal response from foodservice directors and other institutional suppliers who believe in

supporting the local team," Allen adds. "As the wholesale model continues to evolve and change with the grower/shipper community we've aligned ourselves with, we are able to provide substantially increasing value to both our suppliers and our customers."

"Food safety is always at the top of our priorities," Austin emphasizes, as he points out the consistent, exceptional ratings awarded to Hardie's by various independent food-safety auditors and customer-affiliated inspectors. "Traceability is also key. I cannot emphasize enough our attention to detail with every box of product that comes through our facilities."

Dallas Farmers Market continues to attract locals and visitors while undergoing major improvements. Janel Leatherman, market administrator, says heating and air conditioning are undergoing system upgrades and explains the market is completely gutting and fully enclosing buildings to accommodate vendors of food and food-related products. "This is all a part of a huge resurgence of downtown development, which includes the addition of a park and an urban market that will include a grocery store, eateries and other retail space," she adds. "The new townhouses [in the area] are filling up and the resurgence is working."

The Dallas Farmers Market is open seven days a week, 362 days a year. Shed One space is mostly delegated to true produce farmers. Shed Two will soon feature eateries, specialty food and food-related products. Shed Three is designated for produce dealers who buy and resell produce while Shed Four houses produce wholesalers.

Dallas Direct Distributing Co. is new to Dallas and procures produce and coordinates its transportation for the Dallas-Fort Worth Metroplex and the surrounding area. Dallas Direct handles a full line of produce for the region, servicing retail and wholesale customers in all of the continental 48 states, notes Steve Ford, founder and president. Its staff includes Ford, Lex Miles and Scott Ford, Steve Ford's son.

pb

eatZi's Market and Bakery, a single-store take-out market and restaurant in Dallas. "It's huge, especially when you're talking about something like produce, which is so seasonal and about which people can be so picky. That's the biggest thing I think you'll find. It is fresh, it is right here and there's so much of it readily available in terms of quality. I think that's the biggest piece."

Dallas has long been considered one of America's premier distribution hubs, serving as a critical and profitable location for the distribution of goods and international trade traffic. The geographic and economic benefits that come from the city's distribution efforts have served to attract members of the international business community.

The city is a major interstate hub with four interstate highways — I-20, I-30, the I-35 NAFTA Superhighway and I-45 — converging within the city limits, as well as two major loop roads and 19 federal and state highways. Forty-eight lanes on the seven expressways radiate from Downtown Dallas and the future Trans-Texas Corridor will run adjacent to Dallas.

Dallas remains one of the largest inland global distribution centers in the nation, featuring the International Inland Port of Dallas (IIPD), which is anchored by the Union Pacific Intermodal facility. The city is serviced by a trio of class-one railroads: Burlington Northern Santa Fe (BNSF), Southern Pacific and Union Pacific. Beyond that, the freight and trucking industry provides a home base for literally hundreds of trucking carriers and freight forwarders. With five interstate highways, Dallas's transportation infrastructure has been praised far and wide, most notably outside the United States.

HEIGHTENED COMPETITION

Cal-Tex's sales split roughly down the middle between restaurants and supermarkets. "We sell to some Wal-Mart [Stores, Inc., Bentonville, AR] stores and some Brookshire's [Grocery Co., Tyler, TX] stores," Martinez notes. Having restaurants as customers carries with it at least one strong advantage, he adds. "I think it's ideal for a company to have restaurants and retail because if a tomato, say,

is going bad, it's not going to work for a store. But a restaurant can chop it up [and use the good part] to make salsa or use it in a sauce, so having the restaurant aspect means that we end up with fewer losses."

The produce business has undergone some change over the years, recounts Martinez. "Even 10 years ago, it was like the mafia and people had respect. One company would carry only certain items, the next company would carry only certain items and each one made money. In fact, they would often buy from each other the items they didn't carry, and that way they would secure their losses."

Today, however, competition has heated up "to the point where the business has become cutthroat," Martinez reports. "Everybody carries everything. It's all about competition and who has the best price. It's kind of like Wall Street — prices go up and down and it's survival of the fittest. The smartest one wins."

The ability to survive in such an environment "only comes with experience," Martinez contends. "If you know when one season ends and another starts, you learn to buy volume before the price jumps up, then sell high."

Created by renowned restaurateur Philip Romano, eatZi's offers a wide range of specialty breads, cakes and home-meal replacements along with various wines and cheeses. No matter what region of the country, people simply "like eating fresh produce, whether it's cooked or whatever," notes Droubi. "I always tell people I don't care how good a chef you are — you are never going to duplicate the flavors Mother Nature creates.

"When you get that perfect honeydew, you remember it," Droubi continues. "It's toward the end of watermelon season right now, but we've had some really good watermelon, and the honeydew is absolutely amazing. I don't care how talented you are, you cannot duplicate that flavor. There is nothing like it. People get that, and they want it again and again. Fortunately, here in Dallas, it is so fresh and so readily available that I think people keep coming back to it. I think people here are more willing to try new stuff because so many are so cosmopolitan."

According to Droubi, eatZi's doesn't use a



Monica Trevino and John Salazar of Nogales Produce Inc.



Mark Austin, Dave Allen and Bill Neely of Hardie's Fruit & Vegetable Co.

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(Standing) Scott Ford, Steve Ford
 and (seated) Lex Miles of
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lot of unusual or unique produce unless it has some special requests. “For instance, we’ll do some private dinners and things like that,” he reports. “If someone wants to ‘chef-up’ a menu, we’ll do some different things, but for the most part, we stay pretty standard. You simply have to make sure you have the good quality and that it’s fresh.”

Convenience is a major factor in consumers’ minds. “Most people don’t know how to really clean a melon correctly,” Droubi adds. “We cut it, core it and slice it, and it’s ready to go, and so that’s a huge piece of what we do. It’s ready to eat, it’s clean and people don’t have to mess with the seeds and skin. They can just take it and go.”

DALLAS FARMERS MARKET

Few things typify Dallas’ produce persona as much as the Dallas Farmers Market, an important local resource at which farmers still sell seasonal crops directly to their customers. Housed in the southeastern corner of the central business district in Downtown Dallas, where it is accessible to residents and retail buyers alike, the market features fresh fruits, vegetables, flowers and specialty and international products.

The Farmers Market’s roots date back to the 19th century, when local farmers were drawn to the new city. Dallas officially recognized the market in 1941. New building took place in 1946, 1954 and 1982. Its appeal has been broadened with the addition of cooking classes, merchants from around the world, sellers of flowers and gardening products, and a variety of events.

The market is comprised of four areas or sheds: one designated for local farmers, one for eateries, specialty foods and food-related products, one for produce dealers and one for wholesale produce. In season, the market is open from 8:00 AM to 6:00 PM and wholesale operates from midnight to 7:00 AM or until goods are sold out.

pb

Merchandise

Peanuts With Ease

Maximize retail space and promotional opportunities to boost year-round peanut sales.

BY K.O. MORGAN

Consumers love peanuts because they're affordable, fun to eat and good for you. But they can sometimes get lost in the shuffle, so placement is important.

"Peanuts are an impulse buy and should be placed where there are high traffic and high visibility," advises Terry Williams, national sales manager, Sachs Peanut Co., a division of Clarkton, NC-based E.J. Cox Co., and president of T. Williams Marketing Group, Plymouth, NC.

Betsy Owens, executive director, Virginia-Carolina Peanut Promotions, Nashville, NC, notes "Place them in a permanent spot. If they're out of sight, they don't get on the list. Peanuts need to be placed where they'll be seen."

According to Carl Deese, produce manager, Reid's Fine Foods, a single-store in Charlotte, NC, peanuts should be placed in the dry section near the bananas, tomatoes and potatoes. "This way, they're visible to consumers."

"There should be at least five feet with five shelves — about 20 feet of shelving," advises Dennis Slattery, president, Slattery's Peanuts, Spring Hill, FL. "During holidays and the Super Bowl, however, peanuts should have their own display, and should include roasted, salted and unsalted Virginia peanuts."

Deese adds, "Produce departments should have a couple of racks for peanuts, provide a 4- to 5-foot space and build it high. You want it to look high and full."

"We'd love to see peanuts have their own section in the produce department," states Peter Jessup, director of retail sales, Hampton Farms, Severn, NC. "From a sales standpoint, peanuts are No. 1 in snacks, so we'd like the retail space to reflect that."

Produce departments can increase peanut sales by offering consumers a choice



Sports and sporting events are natural tie-ins for peanuts.

between bulk shelled and unshelled in addition to a variety of sizes of packaged peanuts.

"It's really retailer- and consumer-driven, so we feel a combination of bulk and packaged works the best and gives consumers plenty of options," explains Jessup.

Still, no set formula exists, counters Williams. "The positive aspect of prepackaged peanuts is that they protect against any possibility of allergy that some consumers may have. However, bulk shelled and unshelled peanuts are best at certain times of the year, such as Super Bowl Sunday or the World Series, because that's when consumers have a tendency to buy product in bulk."

While most produce managers provide adequate space for bulk peanuts, promoting shelled peanuts can be a challenge. "It can be more difficult to provide shelled peanuts in the produce department, but sometimes consumers want them for peanut brittle, roasting or other recipes," reports Don Koehler, execu-

tive director, Georgia Peanut Commission (GPC), Tifton, GA. "We tell produce managers they need to provide a bin of raw, shelled peanuts so folks can just scoop up the amount they desire. It works better than trying to sell, say, 1-pound bags of peanuts in the shell because after the consumer shells them, they end up with only $\frac{2}{3}$ pound of peanuts. The consumer won't buy them that way. Prepackaged peanuts are more convenient, but it's cheaper if folks can buy them already shelled in the amount they desire."

"Bulk peanuts don't sell as much as they used to," notes a produce manager, who asked to remain anonymous. "It's because people today like to buy grab-and-go [products]. Bulk peanuts are not as fresh and can get stale more quickly, but prepackaged is more convenient for today's busy consumers."

According to Owens, "In-shell peanuts have historically been a profitable item for produce departments, delivering as much as

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Reader Service # 3

a 40 percent profit margin. They're popular with consumers because everyone likes peanuts, and then there's the ease of handling since there's no special care requirements for peanuts and no product loss through shrinkage. Peanuts also have a shelf life of several months, which has made inshell peanuts an inviting item for produce managers to promote."

PUSH YEAR-ROUND PROFITS

Since consumers tend to purchase peanuts on impulse, it's important to catch their attention with attractive displays and good deals. "Produce managers should take advantage of peanuts being an impulse buy and put peanut displays at the front of the store and by the registers," suggests Slattery of Slattery's Peanuts.

Virginia-Carolina's Owens notes, "Price cuts, retail ads and special displays are some keys to successful peanut sales. Each technique used alone is effective, but you can greatly increase profits by combining promotion tools."

"Peanuts are a once-a-year harvest, so pricing is determined by the market, but you have to give good value for the buck," advises Sachs' Williams. "You have to offer a deal to the consumer. For example, offer 10 pounds for \$10, 10 small peanut packs for \$10 or two large packs for \$3."

Owens says Super Bowl Sunday and baseball season are ideal times to promote peanuts. "Retailers can use local or national team colors for peanut displays during this time. People like to see their teams get recognition, so colors are one way to bring consumers' eyes and hearts to the display."

Hampton's Jessup notes, "Cross-merchandising always does well for us, particularly when you're talking about Major League Baseball and tying peanuts in with beverages, hot dogs, sunflower seeds — you name it. We have a packing license to all the baseball teams, so if a team does well, that helps us sell peanuts. Produce managers can capitalize on those teams that are winning that year by tying that in with their peanut displays."

According to Reid's Deese, "Include nice signage, especially when you sell local peanuts that may not do as well as the name brands. Football is a big time for selling peanuts. Peanut gift baskets are also another great way to promote peanuts during the holidays — when mixed nuts do better than peanuts."

Tailgating displays or set-ups that tie peanuts to chips or beer can boost sales, suggests the anonymous produce manager.

"Themed displays are a terrific way to catch the consumers' attention," adds Owens. "Super Bowl Sunday is great, but so is Valen-

tine's Day because peanuts are a heart-healthy snack."

Football and baseball are natural Americana tie-ins, points out Jessup. "We do well during opening day, playoff games, all-star games and the World Series. The great thing for produce departments is that baseball is eight months long, so peanut season and baseball season never end. Produce managers should capitalize on that."

STIMULATE SALES

It's important to tap into peanuts' popularity as an easy-to-eat, healthy snack. "Selling peanuts takes more than just putting them out on the shelf. Use suggestive selling or signage and stress the health benefits of peanuts, that they're a high-protein, heart-healthy item that's low in fat and cholesterol," notes Sach's Williams.

"We combine peanuts with tropical fruits displays in summer," offers Deese. "In fall and winter, I expand and get local shelled peanuts in 3- and 5-pound bags. Salted peanuts and Cajun peanuts sell well year-round. What's important is not whether or not peanuts will sell at various times of the year; it's making sure you don't have too much product on hand, since peanuts, like anything else, have an expiration date."

Owens adds, "Cross-merchandising is an excellent way to promote peanuts sales. Cross-merchandise peanuts with beer, soft drinks and water, since all peanuts are consumed with beverages. Also, have multiple displays of peanuts throughout the store, reminding consumers to buy. Produce managers need to be aware that selling more peanuts increases both the produce department's and the store's profits."

Retailers should give consumers ideas on the many uses for peanuts. "Consumers need recipes," notes GPC's Koehler. "Put a recipe for peanut brittle on the back of peanut packages. You can also talk about roasting peanuts or have displays that offer ideas on what to do with peanuts and display different recipes there. Chef demonstrations are also good ways for produce departments to push peanut sales to consumers."

Hampton's Jessup doesn't believe produce departments have to worry about slow times of the year to sell peanuts. "Our sales over the years have leveled off and we're seeing less seasonal times. The bigger problem is not getting lost in key events. Everyone is fighting for space during the Super Bowl, for example, so it's important to promote peanuts as a healthy alternative to chips and other snacks. Baseball is eight months long and carries us through to Super Bowl season, so there's no longer a slow time for peanuts."

pb

ORGANIC BOUQUET, INC. SAN RAFAEL, CA

Claudio Miranda was appointed president. He joined the company six years ago and previously held the position of chief marketing officer. He has been instrumental in the development of Organic Bouquet's e-commerce strategy and growth.



Robert McLaughlin was promoted to chief operations officer. In his previous position as vice president of wholesale operations, he was responsible for building EcoFlowers, Organic Bouquet's wholesale operation, and expanding its U.S. and international supply and customer base. He will continue to lead the expansion of EcoFlowers.



NEW PRODUCTS

PURPLE PASSION BOUQUETS

Sunshine Bouquet Co., Dayton, NJ, and Miami, FL, introduced a chic line of Purple Passion Bouquets. Purple provides that pop of vibrant color representing optimism for the coming spring season despite unpredictable economic times. The Pantone Fashion Color Report predicts purple and deep blue will lead the Top 10 hues for spring 2009.



Reader Service No. 340

NEW SEED VARIETIES

Botanical Interests, Inc., Boulder, CO, introduced 48 new seed varieties for 2009. To enhance the existing seed line of more than 400 varieties, the 2009 seed varieties include 17 flowers, three herbs and 24 vegetables. Twenty-six varieties are organic and 18 are heirlooms.



Reader Service No. 341

ANNOUNCEMENTS

TROPICAL TREASURES AT TPIE

Florida Nursery, Growers and Landscape Association, Orlando, FL, will host the 2009 Tropical Plant Industry Exhibition (TPIE), Jan. 15-17 at the Broward County Convention Center, Fort Lauderdale, FL. Featuring approximately 500 exhibitors and an extensive schedule of educational seminars, TPIE is one of the top national tropical plant events.



Reader Service No. 342

2009 WFE SET FOR MARCH

HPP Worldwide, Amsterdam, The Netherlands, will host the 2009 World Floral Expo, March 10-12 at the Miami Mart Airport Hotel & Convention Center, Miami, FL. Exhibitors from around the world will display cut flowers, plants, floristry supplies and gardening equipment. The show attracts buyers from supermarket, mass market and club store floral departments as well as garden centers and event planners.



Reader Service No. 343

PARTNERSHIP AGAINST TERRORISM

The USA Bouquet Company, Miami, FL, recently became a certified and validated member of the U.S. Customs and Border Protection (CBP) program Customs-Trade Partnership against Terrorism (C-TPAT). C-TPAT is a voluntary government-business initiative to build cooperative relationships that strengthen and improve overall international supply chain and U.S. border security.



Reader Service No. 344

MAJOR FLORAL PURCHASE

Syngenta, Basel, Switzerland, acquired the pot and garden chrysanthemum and aster business of flower producer Yoder Brothers, Inc., Barberton, OH. The acquisition includes all rights to Yoder's chrysanthemum and aster genetics and breeding programs, as well as the Yoder brand name.



Reader Service No. 345

VERIFLORA CERTIFIED

Valleflor (Puembo), Sande Ecuador (Quito) SunRite Farms (Cayambe) and Flower Village (Quito) — all cut-flower growers in Ecuador — recently received the VeriFlora Certified Sustainably Grown certification. The VeriFlora program is the sustainability benchmark for cut flowers and potted plants sold in the North American market. Scientific Certification Systems, Emeryville, CA, administers the program.



Reader Service No. 346

VERIFLORA CERTIFIED

Farmer's West Flowers & Bouquets, Carpinteria, CA, has been independently certified under the VeriFlora Certified Sustainably Grown Program. The certification, conducted by Scientific Certification Systems, Emeryville, CA, confirms Farmers' West meets VeriFlora's high standards for environmental sustainability, social responsibility and product quality.



Reader Service No. 347

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

Increase Foliage Sales

Make cost-saving efforts to boost foliage sales during today's tight economy.

BY JON VANZILE

Despite a slow summer, sales of foliage plants have picked up and are holding their own against blooming pots, according to growers and retailers. Retailers can keep this momentum going by pushing promotional efforts, drawing attention to the sense of home and hearth evoked by having house plants and promoting their health benefits.

"We've seen a downturn, but in certain foliage items, I've seen an uptick recently," according to Kathy Hession, director of floral operations, Roundy's Supermarkets, Inc., a Milwaukee, WI-based chain with more than 150 stores. "The consumer sees the value of longevity."

Expect to see a focus on the health benefits of houseplants. A number of growers are rolling out marketing campaigns — including wraparound labels and tags — promoting houseplants' ability to cleanse air of toxins.

Florida Nursery, Growers and Landscape Association (FNGLA), Orlando, FL, recently launched *Think Green, Live Green*, a series of promotions based on research conducted in the 1970s by the National Aeronautics and Space Administration (NASA) and built on by Dr. B. C. Wolverton, author of *How to Grow Fresh Air*. In studies on indoor air pollution, the study identified a number of plants that removed toxins from the air. NASA scientists subsequently recommended one 6-inch houseplant for every 100 square feet of house space.

Today, the industry hopes to translate this research into higher sales to health-conscious, earth-friendly consumers. "We recognized a need to connect growers with end consumers," notes Jennifer Nelis, FNGLA director of public relations and marketing, "so we designed a marketing piece for growers to use



Foliage plants can be promoted as beneficial to the home environment.

and for use in consumer areas. It's right in line with the sustainability movement."

Available to everyone, the FNGLA marketing piece features information on the health benefits of plants and allows retailers to customize products with their logo. FNGLA printed its first 30,000 pieces in late 2008 and ran out within six weeks. For more information on the promotion, visit FNGLA's Web site.

Some growers are moving ahead with their own related promotions. Costa Farms, Goulds, FL, launched *O₂ For You*, a marketing program that includes a stand-alone display rack with *O₂ For You* branding and pot wraps with information on the health benefits of houseplants. "Our tagline is that NASA scientists recommend houseplants for clean air," reports Marta Maria Garcia, Costa marketing manager. "Spathiphyllum is the flagship plant because it's the top-rated plant for clean air."

Roundy's has considered promoting plants based on their health value, but the

company hasn't signed on with any promotion yet. "I want to focus on things that make you feel good," Hession explains. "How can we deliver that? The growers are doing their homework, and if they have a label that helps us, that's great."

PROMOTION POWER

The goal of promotions is to trigger the purchase impulse in people who weren't planning on buying a houseplant. Most plant purchases are impulse buys or add-on gifts with cards and candy. This means sales are sensitive to in-store promotions that draw attention to the floral department and turn a sudden desire into a purchase.

Each year, Roundy's Hession runs three promotions on 10-inch plants that aren't tied to large holidays but are designed explicitly to push foliage plants. The first happens right around back-to-school time, when the weather is getting colder, college students are moving into dormitories, and people are turning their attention from outdoor garden-



Photo courtesy of Hermann Engelmann Greenhouses, Inc.

ing to indoor gardening. The second promotion occurs in March, just as spring begins and people start getting the itch to garden again. The third major push is in June, when people are adorning their decks with potted plants.

The key to successful promotions is putting together an attractive and inviting display, advises Jeff Hatch, operations manager, The Plant Stand, Costa Mesa, CA. "You've got to have the best product in front. It's always best to have color out front and you want to put your large plants in back. Use a waterfall display."

Brand recognition also helps, notes Bisser Georgiev, vice president of sales and marketing, Hermann Engelmann Greenhouses, Inc., Apopka, FL. Hermann Engelmann sells the popular Exotic Angel Plants brand and conducts extensive market research to predict consumer behavior for the year. "We research trends in consumer graphics and come up with pots and marketing material that fits design, consumer and pricing trends, and even popular colors," Georgiev adds. "In the first six months of 2009, we expect to see bright colors, such as lemon yellow. In the second half of the year, it's going to be purple."

MUST-HAVE PLANTS

Trends are an important part of foliage sales, particularly as consumers are influenced by magazines and home-decor shows. In 2008, succulents and cacti were all the rage while orchids grew steadily in potted plant sales. In 2009, orchids and succulents are expected to stay strong, but growers anticipate a movement back to "comfort plants" or safe, hardy plants that can withstand abuse.

Roundy's Hession predicts spathiphyllum will continue to sell quickly, along with

Price Pressure

Price pressure is nothing new to foliage sales, but some insiders expect this year to be uniquely challenging. With retail sales at their lowest ebb in years, consumers have been holding onto discretionary income.

"It's going to be a tough year for all of us, but you need to look at plants as design elements," states Bisser Georgiev, vice president of sales and marketing, Hermann Engelmann Greenhouses, Inc., based in Apopka, FL. "If you make the design awesome and compelling, price won't matter so much."

Kathy Hession, director of floral operations, Roundy's Supermarkets, Inc., based in Milwaukee, WI, predicts the first quarter of 2009 will be especially difficult as waves of post-Christmas layoffs ripple through the economy.

Nevertheless, the continued strength of foliage sales in late 2008 — even as the stock market cratered — offered some reason to hope. In past recessions, consumers have shown a nesting impulse during downturns. Sales of big-ticket items might

plummet, but smaller, feel-good items, such as potted plants, have fared better than the market at large.

"I think people want something right now," notes Hession. "They might be reaching for something that lasts longer [than cut flowers], but I still think it's all downside right now."

One potential bright spot, however, is the drop in fuel costs. With fuel reaching an all-time high in 2008, retailers paid double-digit surcharges and trucking companies passed along the costs to their customers. Today, the price of fuel is dropping and Hession is hopeful the surcharges will also drop.

So far, however, she has been disappointed. "We know that fuel costs have dropped, but I think [trucking companies] are afraid to drop the surcharges because they know they can go back up. In the old days, we used to pick up a case of this or a case of that, and now we're buying by the truckload. We've got to be proactive in watching our costs and being efficient in getting product to market." **pb**

pothos vines, because, "You can't kill them." More difficult plants, such as ming aralia, ficus and philodendron, haven't sold as well.

Costa Growers is also banking on spathiphyllum, in part because it was identified in the NASA studies as one of the "cleanest" plants available.

Ivies, too, are expected to have a strong year, with the most popular product being a 6-inch standard pot with trailing ivy. According to The Plant Stand's Hatch, these regularly outsell hanging pots.

While plants make great gifts, consumers buy them for a variety of reasons. "The No. 1 reason is for a special spot in the house," Georgiev explains. "When they see a plant that matches a special spot, they buy it. The No. 2 reason is for their green lifestyle. People want to be environmentally friendly and they want their homes to reflect that."

Georgiev predicts architectural plants, such as sansevieria species, will be popular this year. "Anything architectural, such as hoyas and lipsticks, with special shapes and interesting textures will do well."

CREATING SELLING OPPORTUNITIES

Roundy's back-to-school foliage promotion creates a slew of selling opportunities. The retailer runs promotions attached to all the major holidays — Valentine's Day,

Mother's Day, Christmas — but Hession says some of the more obscure holidays are surprising. For instance, Roundy's sells many 6-inch dish gardens for Secretary's Day. In addition, many consumers purchase foliage plants in decorative pots as sympathy gifts.

The retailer holds down costs by offering a year-round supply of attractive dish-gardens that Hession helps design herself. She also relies on suppliers to produce the dish gardens, which cuts labor costs. "We work with vendors to design the product and purchase containers. They make them and we promote them. I actually go down and pick the containers. It takes the labor out of the stores," she notes.

According to Jim Mislant, owner, RJT Foliage, Apopka, FL, "Some holidays are better than others. Seasons, such as fall, are better than single-day holidays, such as Halloween, because they last longer. Christmas is great because it lasts five weeks."

RJT allows its customers to custom-design their pots and marketing material to match the overall branding of the store, handles manufacturing and assembly and ships ready-to-sell product to retailers. "We try to provide exclusivity so you won't see the same thing at a competitor for a cheaper price. Plus, most companies prefer having some input into the design and color palette." **pb**



Rethinking Price Strategy

Julie Krivanek, long-time consultant and strategic planning consultant, conducted an outstanding workshop on operating in today's uncertain economy at the 2008 PMA Fresh Summit in Orlando, FL. According to Krivanek, faulty strategies will alter the way a quarter of today's companies operate 10 years from now.

The challenge for these companies is creating a sustainable competitive advantage. All too frequently, organizations achieve dramatic growth only to reach a peak and rapidly plummet without reinvention. Starbucks' recent turnaround amid tough economic conditions is a good case in point.

It is necessary for companies to continually differentiate themselves from their competitors in order to maintain a competitive advantage. Harvard Business School professor Michael Porter says that low-price strategy does not require differentiation of other characteristics, but with higher prices, a company must have differentiation among other values, such as quality, service, selection and convenience. Even when a company excels in these areas, the questions still exist: In today's economy how great a pricing difference can be maintained and what interplay of strategies is necessary to remain successful?

Recently, Wal-Mart — with the largest stock-price appreciation for the past year of any company in the Dow Jones Industrial Average — announced its new 3-year plan. Identified as Project Impact, the plan intends to focus on price separation to improve its grocery market share by widening its already large price gap over conventional U.S. supermarkets. Wal-Mart plans to re-launch its lagging Great Value private-label line with improved value and quality. It also plans to increase its competitive impact by adding more than 125 Walmart Supercenter stores that are smaller than its current prototype, 15 to 20 Sam's Clubs and 17 Neighborhood Markets in 2009.

Jack Sinclair, executive vice president of grocery merchandise, says Wal-Mart will reinforce its price image by using "bold displays of single products with single price points that clearly showcase value to the consumer" and improve its fresh offerings "by creating more space for produce and bakery."

The potential interplay and execution of these strategies portend great challenges for produce operations in conventional supermarkets. In recent years, researchers have conducted produce price checks in large metropolitan markets that have shown Wal-Mart

averaging nearly 20 percent lower than most of its competitors. Although these checks have not been adjusted for relative movement of individual items or special offerings, such as buy-one-get-one-free deals, variety and varying quality attributes, it is clear Wal-Mart offers significant savings.

With its emphasis on large-size items, Sam's Club offers even more dramatic savings, and its ability to sell greater tonnage of numerous produce items helps producers and consumers.

In early winter, apples dominated the list of fruits on consumers' shopping lists. In the Savannah area, the price for a 3-pound bag of eastern apples ranged from \$3.99 to \$4.98 at conventional supermarkets, while Wal-Mart sold 3-pound bags of eastern apples for \$4.12 and Sam's Club sold 5-pound bags for \$5.98 and 8-pound bags for \$7.88. Conventional supermarkets have an advantage because of the large number of apple varieties they carry. This is often cited as the reason why some consumers choose to do only some of their shopping at Wal-Mart.

Although discrepancies in produce pricing prevail, reported comparable same-store sales gains for Kroger and other leading supermarket chains have been similar to Walmart's gains. The retail giant, however, has indicated grocery sales increases for all chains listed in the previous paragraph are outpacing total-store sale gains as all these organizations embrace strong foundations of operational excellence.

For most consumers, it's the total shopping experience that determines where they shop and what they buy. In this economy, where price is increasingly important, the low-price leader is in the best position to dominate, but adherence to targeting selling price exclusively places particular pressure on the procurement process and the supplier community.

Does low-cost purchasing sustain the development of higher-quality, better-tasting produce? Does it sustain marketing of larger sizes, additional variety or improved and safer production methods?

Companies operating without defined values, a specific mission, a vision for the future and strategies for implementation will be joining the 25 percent failing group during the next decade.

When evaluating retail produce operations, it's important to consider the sum of the factors involving a consumer's decision for produce and the total store. Price alone is one possible consistent strategy; otherwise continuous strategic differentiation is paramount. **pb**

The questions in today's economy are how great can a pricing difference be maintained and what interplay of strategies is necessary to remain successful.



Q&A With Frederic Rosseneu

Frederic Rosseneu is the secretariat for Freshfel Europe, the European association of fresh produce importers, exporters, wholesalers, distributors and retailers, based in Brussels, Belgium.

As of Nov. 15, 2008, the Russian Federal Service for Veterinary and Phytosanitary Surveillance will require safety certificates for the following products and origins: Greece – grapes, peaches, nectarines, oranges and mandarins; Spain – peaches, nectarines, mandarins, grapefruits, pears and oranges; Latvia – all products; The Netherlands – tomatoes, apples, carrots, beet roots and cabbages; Hungary – apples, celery, cabbages and plums; and Italy – grapes.

Q. Are Russia's actions purely political and/or what is the context? Are other food products facing similar restrictions?

A. The whole thing seems quite political if you look at all the decisions they're based on good science and the lack of science supporting this decision. Having said that, we're not the only sector that had to deal with these problems. Plant products – flowers and live plants – have been subjected, and certainly on meat there were very big problems one to two years ago, which were finally settled.

Q. What are the requirements and how did they escalate?

A. A signed memorandum in March 2008 between the European Union and Russian Federation agreed that as of July 1, all consignments of plant products to Russia must be accompanied by pesticide documents. The memorandum is only on pesticides and nitrates. If exporting tomatoes to Russia, for example, documentation would need to show which plant protection products were used and the time of last application. It has some problems for re-exports but this is manageable. Russia threatened in August to implement a requirement of safety certificates for different products originating in the E.U. supposedly based on continued infractions with Russian laws. Now Russia has declared it is following through with its threat.

Q. Doesn't E.U. law already require strict pesticide regulatory measures, more stringent than in the United States?

A. In Europe, maximum residue limits (MRLs) are by far among the lowest in the world. The range of pesticides is also quite small compared to other countries. This is the first time the E.U. is dealing with exports to a third-world country, where pesticide requirements are stricter than in the E.U. This is not a problem because any country has the right to impose its own restrictions, but Russia is going much further than other countries. Residue limits are far below what we know in the E.U. A lot of cases are not detectable by laboratories.

Q. What do you mean? If testing can't determine whether companies are actually meeting the Russian Federation's requirements, how can authorities measure compliance?

A. If in testing you looked for only that one particular product, you might detect it, but most laboratories test 300 pesticides at a time, with accuracy of 0.01 milligrams per kilogram.

This program is problematic to almost all countries exporting to Russia. We respect a country's own legislation but it also must be in

accordance with rules set with WTO [World Trade Organization]. From a general perspective, we were working on solutions with the European Commission – solutions acceptable to both us and the Russians. But all of a sudden Russia decided to make its threat a reality and require safety certificates for E.U. products.

Q. What happens now?

A. Certain countries Russia says are main offenders will be subjected to the new regulations for listed vegetables. [Editor's note: see list above.] Any consignment containing the products will require a pesticide certificate, safety certificate, residue tests from a lab showing results and a declaration it complies with Russian legislation.

Q. Will certain countries feel the heat more than others?

A. For now, a lot of exporters have put product at minimum or on hold because they don't know what will happen if consignments will actually pass the Russian border.

A lab test for a product on average costs nearly \$350 or \$400 for each consignment, so the bill becomes quite considerable. There is great uncertainty because we don't know which residue limits we need to comply with. We are not able to know if it will comply with Russian legislation or not. The degree of uncertainty is palpable.

Russia seems to be targeting all products exported from a country, whether produced there or not. All the exports will have to be accompanied by safety certificates. This makes no scientific or public-health sense since the exact same product if sent via country A will not require a safety certificate, but if sent via Country B will require a certificate.

Q. How important is Russia as an export market to Europe?

A. Russia is the biggest export market outside of the European Union, and it is also one of the few growing export markets.

Q. Has the produce industry ever faced a situation like this with Russia in the past?

A. This is the first time with produce. There was a little history with Polish produce, and that was purely for political reasons, nothing to do with the safety of produce.

Q. What products face the biggest challenges?

A. Apples, pears and citrus are the large volumes, and in each of these cases there is at least one substance where there is a real problem and which we can't do without. We are currently establishing lists of solutions. These are the three most important crops.

We hope the Russians will continue bilateral negotiations. At least by finishing these negotiations, we can have transparency on which residue limits we need to comply with. That is not clear.

From an interview by Mira Slott in Jim Prevor's Perishable Pundit, Nov. 18, 2008.

Blast from the Past

In business for a just over a century, Pero Vegetable Co., LLC, a fifth-generation, family-owned grower/shipper based in Delray Beach, FL, has experienced tremendous growth since its inception in 1908. Founded by Sicilian immigrant Peter Pero in Brant, NY, the company moved to Delray Beach in 1981 to provide year-round produce at retail.

While Pero has grown from working exclusively with berries, tomatoes and green beans to growing and shipping more than 30 commodities year-round, some things have stayed the same. "Peter Pero Jr. is in here every day looking at our product and overseeing operations," notes Scott Seddon, brand manager. "He is still very much involved."

In the top photo from the early 1950s, Peter Pero Jr. is driving a tractor while his father Peter Pero II looks on. In the bottom photo from the late 1950s/early 1960s photo, David Pero Sr. is riding on a truck in a field of green beans.

The *Blast from the Past* is a regular feature of PRODUCE BUSINESS. We welcome submissions of your old photos, labels or advertisements along with suggested captions. Please send materials to: Editor, PRODUCE BUSINESS, P.O. Box 810425, Boca Raton, FL 33481-0425, or e-mail info@producebusiness.com



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JANUARY 2009

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of Mexican Avocados	45	56	516-873-1877	516-873-0781
Awe Sum Organics, Inc.	39	14	831-462-2244	831-462-2552
Basciani Foods, Inc.	57	16	610-268-3044	610-268-2194
BelleHarvest Sales, Inc.	54	57	800-452-7753	616-794-3961
Blue Book Services	47	47	630-668-3500	630-668-0303
Brooks Tropicals	63	18	800-327-4833	305-246-5827
Canadian Produce Marketing Assn	28	36	613-226-4187	613-226-2984
Capital City Fruit Co., Inc.	58	32	515-981-5111	515-981-4564
Chilean Avocado Importers Assn	37	42	202-626-0560	
Chilean Fresh Fruit Assoc.	INSERT		916-927-1217	916-927-1297
Combs Produce Company	73	12	214-747-1130	214-747-1070
Coordinadora de Logistica Agritrade	24	54	502-2422-3469	
Corona Marketing Co.	65	61	805-346-2114	805-346-8138
D'Arrigo Bros. Co. of New York	69	41	800-223-8080	718-960-0544
Dole Fresh Vegetable Co.	2	15	800-333-5454	831-754-5243
dProduce Man Software	70	29	888-PRODMAN	650-712-9973
East Coast Brokers & Packers, Inc.	83	35	800-557-7751	863-869-9850
Edinburg Citrus Association	28	37	956-383-6619	956-383-2435
Fisher Capesapn	39	7	800-388-3074	514-737-3676
Florida Department of Agriculture	62	2	850-488-4303	850-922-0374
Fresh Partners AB	70	48	46-8-742-1215	46-8-742-6201
Giorgio Fresh Co.	56	27	800-330-5711	610-429-3810
Grower Alliance, LLC	49	55	520-761-1921	520-377-9189
Al Harrison Co. Dist	49	30	520-281-1222	520-281-1104
Hess Brothers Fruit Co.	54	21	717-656-2631	717-656-4526
Ideal Sales, Inc.	74	11	800-999-7783	214-421-0277
Inline Plastics Corp.	53	58	800-826-5567	203-924-0370
International Herbs, Ltd.	36	40	604-576-2345	604-574-3689
LGS Specialty Sales, Ltd.	84	4	800-796-2349	718-542-2354
Lisa Inc.	49	8	520-281-1863	520-281-2848
Mann Packing Company, Inc.	9	39	800-884-6266	831-422-5171
The Marketsol Group, LLC	48	43	956-782-9933	956-782-9937

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Melones International /				
Apache Produce	46	44	520-281-2282	520-761-1829
Mexico Quality Supreme	17	65	877-281-9305	
Miatech	57	62	800-339-5234	503-659-2204
Michigan Apple Committee	25	59	800-456-2753	517-669-9506
MIXTEC Group	76	3	626-440-7077	626-440-1557
Muller Trading Co., Inc.	74	45	847-549-9511	847-540-7758
Naturipe Berry Growers	21	46	831-722-3505	831-722-0231
Niagara Fresh Fruit Co.	54	25	716-778-7631	716-778-8768
Northern Plains Potato Growers Assn.	22	34	218-773-3633	218-773-6227
Omega Produce Company, Inc.	44	49	520-281-0410	520-281-1010
OSO Sweet Onions	36	5	231-946-9696	231-946-1420
Pack-Right LLC	43	60	888-706-2400	520-377-2874
Plain Jane	46	44	520-281-2282	520-761-1829
Premium Produce Distributors, Inc.	49	19	520-281-4224	520-281-0910
Produce for Better Health Foundation	7	50	302-235-2329	302-235-5555
The Produce Marketing Association	19	51	302-738-7100	302-731-2409
Rene Produce Distributors, Inc.	49	10	520-281-9206	520-281-2933
Righetti Farms, LLC	44	9	520-377-9765	520-377-9769
Riveridge Produce Marketing, Inc.	54	20	800-968-8833	616-887-6874
Sambraillo Packaging	52	24	831-724-7581	831-724-1403
Saven/OSO Sweet	36	5	231-946-9696	231-946-1420
Southeast Produce Council	59	13	813-633-5556	866-653-4479
Sunfed	41	1	866-4-SUNFED	529-761-1446
Tanimura & Antle, Inc.	5	33	800-772-4542	831-455-3915
Tepeyac Produce, Inc.	49	52	520-281-9081	520-281-9732
To-Jo Fresh Mushrooms, Inc.	58	63	610-268-8082	610-268-8644
Trinity Fruit Sales	31	26	559-433-3777	559-433-3790
Turbana Banana Corp	61	38	888-BANANAS	305-443-8908
Virginia-Carolina Peanut Promotions	76	53	252-459-9977	252-459-7396
Well-Pict Berries	64	17	831-722-3871	831-722-6340
West Lake Fresh	64	28	831-724-0644	831-724-0117
Wishnatzki Farms	64	64	813-752-5111	813-752-9472

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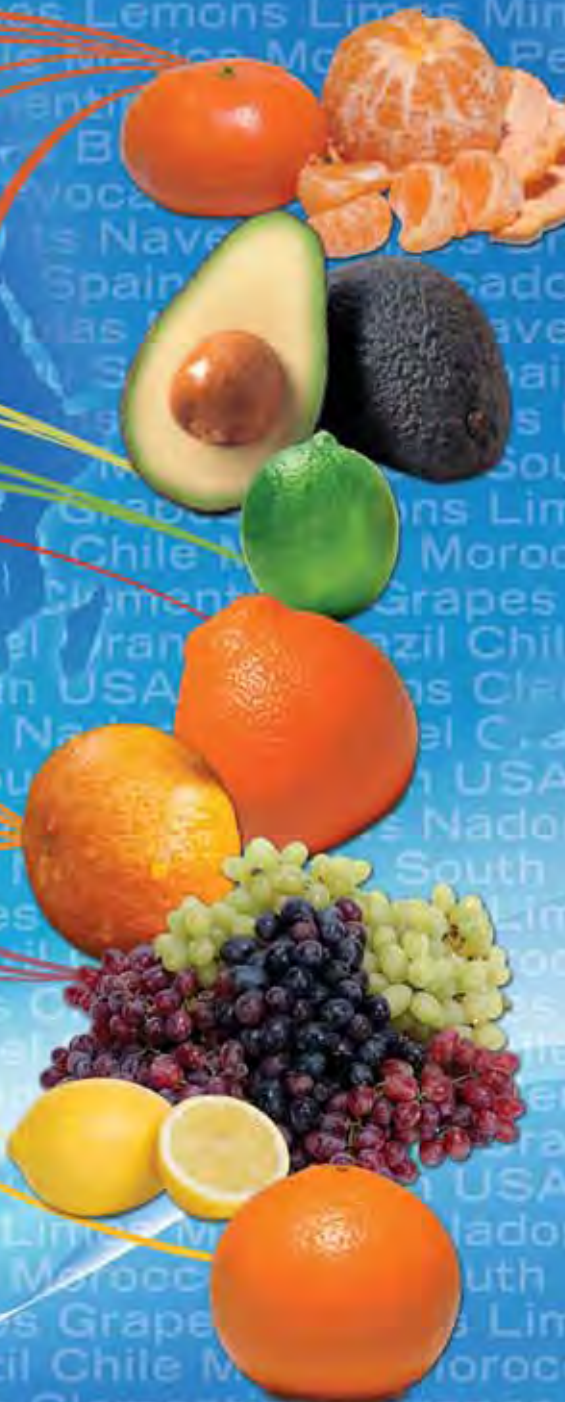
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