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ALSO INSIDE

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1st ANNUAL
PRODUCE BUSINESS
Retail Sustainability Award:
Publix Super Markets



RETAIL
SUSTAINABILITY
AWARD



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Booth Review

CPMA
ACDEL
TORONTO 2009

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Sometimes, simple is best. So, to all those who supported this year's Produce for Better Health Foundation Board of Trustees Meeting and Dinner/Auction, we'd simply like to say . . .

Thank You!

Whether you sponsored materials for the Board Meeting, transportation, meals or receptions, our success is a direct result of your involvement.

QUITE SIMPLY,
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IT WITHOUT YOU. AND FOR
THAT, YOU HAVE OUR
SINCERE THANKS!



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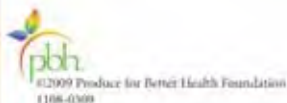
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THIS MONTH'S WINNER:

Robert Mercurio
President
James Desiderio, Inc.
Buffalo, NY

Robert Mercurio depends on PRODUCE BUSINESS for its up-to-date information on the latest shippers, product lines and packaging techniques. "I've been reading it forever, probably more than ten years," says Mercurio. "The pictures are outstanding and the articles are always very informative. When you've been in the business as long as I have — 34 years — produce becomes a real passion, and I love seeing all the displays of fruit and vegetables."



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How To Win

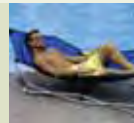
To win the PRODUCE BUSINESS Quiz, the first thing you have to do is enter. The rules are simple: Read through the articles and advertisements in this issue to find the answers. Fill in the blanks corresponding to the questions below, and either cut along the dotted line or photocopy the page, and send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

As president of James Desiderio Inc., a wholesale distributor of fruit and vegetables, based in Buffalo, NY, it's imperative Robert stays at the forefront of the industry. His family business — his son, son-in-law and three of his nephews work with him — boasts more than 120,000 square-feet of refrigerated space.

As the winner of the PRODUCE BUSINESS Quiz, Robert wins a pair of business-class noise-canceling headphones, which will come in handy when he travels for vacation three or four times a year. "I saw them and knew I needed a good set."

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QUESTIONS FOR THE MAY ISSUE

- 1) How many years has Mann's Sunny Shores been in business? _____
- 2) At which booth will you find Blue Book Services during the CPMA show? _____
- 3) What was Nonpareil's first year of business? _____
- 4) In what magazine did Florida Tomatoes share a family photo? _____
- 5) What is the name of Thermal Technologies' banana mascot? _____
- 6) Who is America's Cherry Authority, according to Stemilt? _____

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

Name _____ Position _____
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Photocopies of this form are acceptable. Please send answers to:
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Publix Does It Right

To paraphrase Winston Churchill in a different context, sustainability, for much of the industry, “is a riddle wrapped in a mystery inside an enigma.” Indeed, it is fair to say that many have given up trying to understand it, resigned to simply following the dictates of big buyers or waiting for governmental regulations, such as carbon cap-and-trade or taxes on carbon emissions. This is a shame because following dictates without question is inherently impoverishing to the mind and spirit when, done well, sustainability is enriching to business and to life.

Publix Super Markets, perhaps because it's employee-owned and has such long-standing family management, has realized this. For this reason, as much as any other, we are pleased to honor Publix with the 1st-ever PRODUCE BUSINESS Award for Retail Sustainability.

Regular readers know that both here at PRODUCE BUSINESS and online at our sister publication, *PerishablePundit.com*, we have devoted much thought to issues of sustainability. What has become evident is that all too many efforts to achieve sustainable development fail because they are uninspiring to those who actually do the day-to-day work. A top-down decision is made, a certification is declared to be the goal and, like good soldiers, employees are expected to fall in line and work toward the goal of making everything “less bad” as opposed to making things good.

Not at Publix. It has found a path that encourages individual associates to seek sustainability because it is so compelling to do so. This is crucial because it is associates, doing the daily work, who are really aware of all the problems and opportunities. The decisions of big companies to build “the country's largest rooftop solar panel array” or other such high-profile items, may get a lot of publicity, but often those ventures are done for the sake of publicity. The actual return may make such capital-intense efforts a net loss to the world as resources that could have been employed more productively were spent to generate good PR.

In contrast, Publix has built a culture that empowered an associate in the floral department to imagine and develop a recycling program for floral buckets. It may never make the front page of the newspapers, but it may help make the world a better place.

It certainly makes all Publix associates recognize their own importance. After all, isn't it fantastically inspiring to be able to say, “I'm a Publix associate and I can change the world.”? Done right, this is what sustainability does for an organization, and Publix has gotten it right.

Of course, in getting it right for Publix, it has unleashed a torrent of creativity and commitment that will enrich the industry and the world as a whole.

Many who pursue sustainability have sought to have an industry standard. It is an understandable pursuit considering the difficulties that multiple audits and standards have imposed on growers in the food safety sphere. Yet while uniform metrics make measurements easier and unified audits keep expenses down, in the end sustainability is about choices to reinforce values, and no company can surrender autonomy in this area to an industry consortium.

Sustainability is traditionally thought of as being composed of three responsibilities — environmental, social and economic — and the inclination for those new in the pursuit of sustainability is to find a balance between these responsibilities. Such a vision, though, is a chimera. There is no balance in math or logic between them and therefore, sustainability is, at its core, a matter of mindfulness in pursuit of values.

In fact, when buyers approach vendors on the subject of sustainability, they often don't do it with the proper sensitivity. It should never come across as a dictate; it should come across as a dating query — “These are our values. This is what we believe. Are we compatible?”

In the case of Publix, it has worked with vendors productively because it has not so much dictated procedures as clarified values. It is no small thing in sustainability to say that an organization will put food safety, for example, before environmentalism or that it will put product quality before carbon reduction. Yet such clarity of values is the key to enlisting aid in one's pursuit of a more sustainable future.

So many organizations have elected to align themselves with dubious science — we'll save the polar bears — or questionable social policies — Fair Trade — in pursuit not exactly of sustainability, but of media praise for meeting some pre-determined stereotype of sustainability. It is refreshing, even joyful, to award an organization that didn't apply for the award, that we had to coax into the spotlight.

Yet this too points to the benefit of pursuing sustainable development. Motivated as Publix is by its “Customer First” philosophy in pursuit of a vision of sustainability, the company has acquired new habits of transparency and conscience attention that inevitably reach deep in the company. In this sense, though winning an award such as the one granted today is meaningful, the rewards of sustainability done right are transformational in an organization.

So Publix can be a better company, make the world a better place, provide its associates a more meaningful work experience, align with vendors in a commitment beyond commerce and give consumers a chance to express who they are and wish to be through where they shop. Congratulations to Publix and its associates on the receipt of the 1st Annual PRODUCE BUSINESS Retail Sustainability Award.

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associates
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sustainability.

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WASHINGTON GRAPEVINE

A report on the inside happenings of government.

SUBMITTED BY ROBERT GUENTHER, SENIOR VP, UNITED FRESH PRODUCE ASSOC. • UNITED FRESH PRODUCE ASSOC.



Food Safety Legislation Lays the Foundation for Congressional Debate

In March, several pieces of food safety legislation were introduced in Congress that we believe will provide the foundation for the congressional debate on food safety. In turn, President Obama has announced the formation of a Food Safety Working Group to look at current food safety laws and federal agency structures to determine how we can “upgrade our food safety laws for the 21st Century.” Therefore, it is important to look briefly at the legislative proposals that will dictate the debate over the next year.

The FDA Food Safety Modernization Act (S. 510) Introduced by Senator Dick Durbin (D-IL), this act would provide for: (a) a comprehensive system of prevention based on hazard analysis and preventive controls; (b) specific authority for the Food and Drug Administration (FDA) to regulate fresh produce; (c) a series of import controls, such as a foreign supplier verification program and third-party certification for foreign facilities; and (d) additional enforcement authorities, such as mandatory recall, suspension of facility registration and administrative detention. Additionally, the bill would require the use of an accredited laboratory and the reporting of test results to FDA in specific circumstances. The bill also would establish a comprehensive food defense framework and direct FDA to promulgate regulations to safeguard against intentional contaminants. Finally, S. 510 would authorize a limited system of user fees intended primarily to reimburse FDA for costs associated with food product recalls and facility re-inspections.

The FDA Globalization Act (H.R. 759) This act, introduced by Representative John Dingell (D-MI), is similar to S. 510 in many respects in that it, too, would establish a system of preventive controls; provide express authority over fresh produce; establish a series of import controls; and provide increased enforcement authorities. Howev-

President Obama has announced the formation of a Food Safety Working Group to look at our current food safety laws and federal agency structures

er, H.R. 759 differs significantly from S. 510 in several respects. Representative Dingell’s legislation would require a comprehensive system of third-party certification for all food imports. Also, H.R. 759 would impose a fee on each registered food facility and importer to help pay for the cost of FDA inspections. H.R. 759 also would give FDA subpoena authority and provide for civil money penalties; and would require expanded country of origin labeling (COOL). Finally, H.R. 759 expressly provides that it would not preempt state law.

The Safe FEAST Act of 2009 (H.R. 1332) Introduced by Representative Jim Costa (D-CA) and Representative Adam Putnam (R-FL), this act is very similar to legislation introduced by Senator Durbin, especially concerning provisions governing preventive controls, authority to regulate fresh produce, import controls and increased enforcement authorities. H.R. 1332 contains a few sections with alternative language to the Senate bill. One significant difference is that the Safe FEAST Act would not require FDA to promulgate regulations to protect food against intentional adulteration.

Food Safety Modernization Act of

2009 (H.R. 875) Representative Rosa DeLauro (D-CT) has long supported the creation of a single food agency and has introduced prior legislation that would merge the food safety responsibilities of FDA and the U.S. Department of Agriculture (USDA) into one agency. H.R. 875 would take an interim step toward creating a single food agency by establishing a Food Safety Administration within HHS that would have responsibility for all food safety issues currently administered by FDA. H.R. 875 would require the Administrator of the Food Safety Administration to develop, administer and annually update a national food safety program based on a comprehensive analysis of the hazards associated with different types of food. This analysis would include the identification and evaluation of the sources and specific points of contamination extending from the farm or ranch to the consumer that may render food unsafe; the potential for persistence, multiplication, or concentration of naturally occurring or added contaminants in food; the potential for hazardous contamination to have cumulative toxic effects, multigenerational effects, or effects on specific categories of consumers; and opportunities for intentional contamination.

Recent events have led to the produce industry considering the role the federal government should play in managing produce food safety requirements. This has been driven by Congress, which has paid a significant amount of attention to food safety and the responsibility of the federal government often citing that “the food laws in this country have not been updated for over 70 years.” Some of this has grown by the outbreaks associated with not just produce, but other high-profile outbreak cases including peanut paste, pistachios, ground beef and pet food. While none of these legislative bills will make it through unscathed, key elements of each will most likely make up major parts of the final product.



IN UNCERTAIN TIMES, HOW DO YOU KNOW WHO THE MOST ETHICAL PRODUCE TRADERS ARE?

Companies exhibiting the highest standards of performance earn the badges of honor known as Trading Membership and Transportation Membership. These distinctions are established through reports from the industry on payment and integrity practices, ownership history, and financial status.

Trading Members and Transportation Members do "what is right" and "what is fair" whether the economy is good or bad. They are consistent; they are reliable; they are elite.

*Blue Book Services commends the 1,308 Trading and Transportation Members.
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CONGRATULATIONS TO 2009'S NEW TRADING MEMBERS:

American Produce International, Plant City, FL
Freshko Produce Services, LLC., Fresno, CA
Okray Family Farms, Inc., Plover, WI

*Find the current Trading and Transportation Members on BBOS and in the April 2009 print Blue Book.
www.bluebookprco.com*

Look for the July and October *Blueprints*
to read more about this elite group.



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EARTHBOUND FARM SAN JUAN BAUTISTA, CA

Glenn Daniels was named vice president of sales. In his new role, Daniels will oversee all aspects of Earthbound's sales functions. Since joining the company in 2001, he has served in many roles, including director of national accounts-food service, central regional sales manager and senior director of national sales.



GLOBAL ORGANIC SPECIALTY SOURCE INC. SARASOTA, FL

David Bockner joined as merchandiser and field salesperson. Based on Florida's East Coast, he has over 30 years of produce experience, most of which was acquired by running his family's market. A former customer of Global Organic, he possesses a great passion for produce.



J. DULCICH & SONS INC. DELANO, CA

Madeline Sabovich has joined the sales staff. She most recently worked at Castle Rock Vineyards in Delano, CA, handling domestic grape sales. A graduate of Cal Poly San Luis Obispo with an agribusiness degree, she is the third generation of her family in the table grape industry.



NATURIPE FARMS NAPLES, FL

Robert Verloop was promoted to senior vice president of sales and marketing. The former vice president of marketing will step into the new role with an eye on long-term strategic sales and marketing developments. His responsibilities will continue to include all marketing programs, consumer research, sales promotions communications, advertising and public relations, as well as government relations.



CALIFORNIA STRAWBERRY COMMISSION WATSONVILLE, CA

Chris Christian was promoted to vice president of marketing after successfully serving six years as the head of CSC's trade and nutrition programs. In addition to leading the commission's marketing program, she will also support President Mark Murai in the management of finance and general operations.



Carolyn O'Donnell, formerly CSC's issues and food safety manager, was promoted to communications director. She will oversee all internal and external communications including public relations, issues management and marketing communications.



Jodi Reinman was hired as a member of CSC's communications team. She is a seasoned public relations professional who has worked for top Silicon Valley companies, including Intuit and Hitachi Data Systems. She will play a key role in implementing media relations programs and integrated marketing and public relations activities.



RUSSET POTATO EXCHANGE BANCROFT, WI

Chris Sobczak was hired as account manager. With over 23 years of experience in the produce industry, he possesses sales and retail experience. He most recently worked the sales desk for Spud City Sales and has previous retail experience with Wal-Mart Stores Inc. and Copps Corp.



ANNOUNCEMENTS

MANN PACKING OFFERS IN-PACK PROMOTION AND RECIPES

Mann Packing, Salinas, CA, announced a new promotion with Star Olive Oil that is perfect for spring cooking. Consumers can save \$1 on purchases of Star Olive Oil when they purchase packages of Mann's Broccolini or Simply Singles whole-leaf lettuce leaves. The promotion also includes a recipe book with three recipes featuring Mann products.



Reader Service No. 301

UNIFRUTTI PLEDGES \$5,000 TO PMA'S FOUNDATION FOR INDUSTRY TALENT

Unifrutti of America Inc., Philadelphia, PA, pledged \$5,000 to the PMA Foundation for Industry Talent. The funding will go toward programs created to broaden awareness about the rewards and opportunities of produce careers. Programs will include internships, co-ops, job shadowing, visits with industry professors and event scholarships.



Reader Service No. 303

NMB EXPANDS ONLINE MARKETING EFFORTS

National Mango Board, Orlando, FL, has created several exciting programs this year for consumers, trade, retail and foodservice. By continuing to expand its Web site offerings on Mango.org, engaging in social media and even developing widgets, the NMB strives to make mangos an interactive experience.



Reader Service No. 302

EXPORDATA FULL CARGO LAUNCHES WEB SITE REDESIGN

Expordata Full Cargo, Santiago, Chile, announced a redesign and new image for its user-friendly Web site. This information tool, provided by Decofrut of Santiago, Chile, covers all Chilean fruit statistics for all markets and is now easier and more effective to use under the redesigned format. The new image celebrates Decofrut's 20 years in business.



Reader Service No. 304



CORRECTION

In the March issue of PRODUCE BUSINESS, Jonathan Steffy, (left) sales manager from Four Seasons Produce based in Ephrata, PA, was incorrectly identified in our coverage of the PMA Leadership Symposium.

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



Recognition is hereby granted to

MIKE GIZA

of Big Y Foods

as Winner of the 5th Annual

RETAILER OF THE YEAR AWARD

Presented at the New England Produce Council Expo

April 1, 2009

by PRODUCE BUSINESS and the New England Produce Council

Excerpt from the speech by Ken Whitacre, publisher and editorial director of PRODUCE BUSINESS

Diligence. Integrity. Knowledge of the produce industry inside and out. These are just a few of the qualities recognized by colleagues, co-workers and competitors in this year's 5th Annual New England Produce Retailer of the Year award. This is an honoree that you — the members of the New England Produce Council have chosen — and that PRODUCE BUSINESS is pleased to award today.

Like the first four recipients of this award — Paul Kneeland, Jack Salamon, Domenic D'Antuono, and Will Wedge — this year's honoree began his working career early. He started in retail at the age of 12 in his father's pharmacy. Five years later, and still in high school, he entered the produce industry where, for the same major chain he now works, he climbed the career ladder from produce clerk to produce sales manager — the chain's corporate produce buying position.

As one nominator says, "Produce is in his DNA."

This evolutionary, professional journey is something the director of produce and floral — to whom our honoree reports — applauds and describes this way: "He always showed that he was capable of more and more responsibility. But, along the way, he never forgot his experiences in each position and this has allowed him to effectively develop and facilitate programs in the retail environment. This is an ability some people never attain, and greatly improves the sell-through of products to customers."

Competitors, as well as colleagues, recognize our recipient's job well done. In fact, one competitor who nominated this year's honoree says, "His produce knowledge and merchandising expertise have aided his company in growing market share. You can always count on this chain to punctuate quality and variety in the Massachusetts and Connecticut markets."

The cultivation of excellent relationships with growers,

processors, shippers and others is another trait for which this year's honoree is known. In fact, he gets an A for accessibility. As one major Northeast vendor says, "It's incredible to pick up the phone and immediately talk to a senior representative of a major retail chain and feel at ease. He's always there and always willing to listen."

Outside of work, our honoree currently serves on the board of the New England Produce Council and, as one co-member says, "He is always the first to raise his hand when the Council is having a major event."

Most recently, our honoree led the efforts to work with the Produce Marketing Association on the Education Foundation's hosting of 12 New England Agriculture students at the New England Produce Council's Expo.

Dedication is another of our award-recipient's outstanding qualities. In fact, his wife tells of the time he was hanging a banner in a store, fell off the ladder, broke his wrist and was back at work the next day.

Love of the produce industry often follows this year's award-recipient home and on vacation. For example, family trips throughout the United States and abroad always include a stop to check out the produce departments in local stores.

Beyond produce and family, our honoree does have one other passion. As his supervisor says, "All of us who work with him and the vendor community as well will also attest to his command of a wine menu. He can certainly take one through a flight of wines that makes the meal that much more enjoyable and the bill that much more expensive! But it's all worth the education!"

Ladies and gentlemen, please join me in congratulating the 2009 New England Produce Retailer of the Year — Mike Giza of Big Y Foods.

Making Waves In Foodservice

In today's difficult economy, it's understandable to look out and see a vast, volatile sea tossing about your company's ship. On the other hand, this is also an opportunity to embrace a positive mindset and chart a course for future, better waters. It is in that latter spirit that Produce Marketing Association (PMA) is working to help our members find the upside of this economic downturn. We believe produce offers a unique lifeline in today's economy, for your customers and consumers alike. The foodservice sector offers an excellent example of that lifeline opportunity, contrarian as that might seem at this moment of shrinking restaurant share of market.

The foodservice sector has long been urged by many — PMA included — to consider expanding the traditional “chop mentality” of focusing menus on pricier and less sustainable animal proteins. Now especially, moving produce to the center of the plate is a winning solution for everyone — it reduces plate costs for operators and opens up many different cuisine opportunities, while satisfying guests' demands for freshness and bold flavors. Produce entrees and side dishes satisfy appetites and add colorful eye appeal to the plate. The variety of fresh fruits and vegetables available lends greater versatility and more healthful choices than other food groups. And talk about the positive impact of healthier menus on our nation's medical costs!

It isn't just traditional foodservice either. For retailers, the produce department not only distinguishes the store from competitors, but produce can also help distinguish the growing foodservice offerings available in supermarkets. As tightening budgets cause consumers to forego restaurants for home cooking, many are finding they've lost their kitchen know-how. That helps explain the popularity of TV cooking shows: consumers need to be reintroduced to the delicious possibilities fresh produce offers, including selecting, storing and preparing that bounty to maximize their investment. This presents an opportunity for both the retailer's produce department and its foodservice operation.

Now especially, moving produce to the center of the plate is a winning solution for everyone.

To help everyone in the foodservice sector put more produce on the menu, PMA is partnering with industry leaders, National Restaurant Association and International Foodservice Distributors Association (IFDA) to seek solutions that benefit everyone — consumers, operators and produce suppliers.

Our multi-phase project seeks to identify opportunities to increase fresh produce use in foodservice to promote healthy lifestyles. As often happens with such bold projects, we couldn't have started without the financial support of an enlightened leader — in this case, Markon. Tim York, Markon's president, had the foresight and selflessness to see that the industry needed the best and brightest minds to dig into the most current research and help chart a future course for all.

We began with comprehensive research — led by the restaurant association with assistance from PMA's produce industry leaders — to examine opportunities and barriers for greater produce use in restaurants. We're digging deep and asking them a variety of questions about their use of fresh produce in the past, present and future. Where do they source that produce from — including locally? What influences their purchases? How satisfied do they think their customers are with the produce they serve? What are their attitudes about sourcing seasonally vs. year-round? What level of importance do they give to motivators like food safety, nutritional disclosure or daypart (time of day) in making produce decisions?

That research will be used to start facilitated discussions of a first-ever “Executive Invitational Think Tank” of senior operators, dis-

tributors and produce suppliers. That discussion will help expose opportunities for, and how to overcome barriers to, increasing foodservice produce use. We expect this will be an ongoing, high-level dialogue.

We know that this help is needed now, which is why this is a “shovel-ready” project. The research is already underway; the Think Tank is scheduled in conjunction with PMA's annual Foodservice Conference and Exposition taking place July 24-26 in Monterey, California. Research findings and discussion highlights will be presented by project participants at the conference's opening session. We will provide a summary report to the associations' memberships later this summer.

With the brains involved in this project, it stands to make more waves, which is what one has to do in these turbulent times. That's why I'm looking forward to this conference session.

In fact, the whole conference is designed to stimulate solutions by offering the latest information on the economy and consumer trends, plus the industry's best relationship-building opportunities and the only produce-specific trade show in foodservice. Learn more at www.pma.com/foodservice.

The phrase “tough economic times” stirs a sinking feeling. Fresh produce is a solution to improved nutrition and enhanced profitability that can buoy our industry. Armed with the research and insight needed to make informed decisions and working together across the supply chain, we can — and will — all benefit enormously by learning together.



Issues To Digest

It is exciting news, indeed, that PMA will be partnering with the National Restaurant Association and the International Foodservice Distributors Association to seek ways to support healthy living through the use of more produce. More research, and kicking off an “Executive Invitational Think Tank” at the PMA Foodservice Conference can only help bolster this cause. Certainly Markon, along with its president, Tim York, deserve a hat tip for helping to fund this initiative.

Until the results are in, though, let this columnist take a stab at identifying five of the issues we need to work on.

1) Getting it on the menu.

Most growers produce product and then look to sell it. This is at least plausible at retail where major chains carry a very broad range. At restaurant chains, however, it matters not how sweet the peach or how low the price; if a restaurant chain doesn't have peaches on the menu, it is not buying.

Yet very few produce marketers have the time horizon, the competence or the money to work with a chain for years in the hope of getting its product on the menu. It seems problematic for, say, a cantaloupe producer to invest a lot of money to convince McDonald's to add a half cantaloupe to the breakfast menu. Even if McDonald's does add it, the company may not buy the cantaloupes from our diligent marketer.

The challenge: Can we come up with an institutional mechanism that can assist in getting produce on the menu even in those industry segments where the producers are small and commodity-oriented?

2) Will operators help farmers?

Operators typically think the producers should find ways to accommodate them. But, farmers are an unusual type of producer, subject to many variables that factories are not subject to, and if we want to preserve a vibrant production sector, restaurants may have to do more.

Retailers traditionally receive many calls

from producers who are struggling with a surplus and asking for help moving it. If the relationship is good, very often retailers will go on special, both because they can offer consumers a great value and because they can help their supply base.

Farmers need this kind of flexibility as often 100 percent of their annual profits can come from how these surpluses are handled.

Traditionally, restaurants have used produce as an ingredient, or offered it on the menu at a set price and have had very little ability to swing suddenly to absorb extra crop. Yet producers need this help.

The challenge: Can we get the foodservice community to do something special for the grower because they want to affiliate with fresh produce in the mind of the consumer? Perhaps a snack fruit bowl can be placed at the cash register of every McDonald's with the offering based on what is at peak volumes.

3) Value for excellence

Most top produce marketers look to sell their produce at a price above the market average. When it comes to wooing growers, packer/shippers point to this ability to sell at above average prices as a reason for growers to affiliate.

Yet in foodservice, one consistently hears that most operators are only interested in price. To some degree this is understandable; after all, the consumers won't see the brand on those produce items when they are cooked or served. But, if foodservice is going to be the least profitable market, it is simply not going to be the priority of the trade.

The challenge: Can we make foodservice sales sufficiently profitable that the produce production segment will be interested in pursuing this opportunity?

4) Fresh vs. Frozen/Canned

One hopes that in some combination of a desire to affiliate their foodservice operations with local, healthy and fresh, foodservice operators will decide to focus on fresh. Yet this may be the most difficult challenge of all. Frozen food has been improving, and white-

Five topics for discussion when everyone comes to the table.

table-cloth restaurants are only a tiny portion of the industry. For many chains, canned mushrooms or frozen broccoli are just fine.

The lower shrink, consistent availability, consistent product quality, consistent price, all lead operators to go canned and frozen, even though consumers often indicate a preference for fresh produce.

The challenge: Can we get operators to override their own logistical preferences in order to delight consumers with fresh produce?

5) Getting a sincere commitment to fresh produce

In recent years, many quick-serve operators have featured produce on their menus. Yet it is uncertain how much of this is a sincere commitment to sell fresh produce and how much is window dressing to impress government and consumer advocates.

The McDonald's located near the PRODUCE BUSINESS office offers late-night drive-through service. If you order a salad they'll tell you it's not available on the “night menu.” Once a week, this columnist's children get to go to McDonald's, along with their car pool friends after religious instruction. Though everyone gets an order of McDonald's Apple Dippers, we would say they are out of stock 20 percent of the time. This is a company that is never out of a hamburger bun. We suspect if this franchisee was out of hamburgers or French fries, he would lose his franchise — being out of Apple Dippers is viewed with less concern.

The challenge: Can we get quick-serve restaurants to not view produce as window dressing for regulators, but as a core menu offering that must be available at all times?

Protectionist Stance Could Do Harm To Trade

From Jim Prevor's Perishable Pundit, Mar. 27, 2009



Sometimes timing just doesn't work out. One of the most serious problems facing the industry is an outbreak of protectionism that is threatening to block fresh produce exports.

The United States has never honored its NAFTA commitment to allow Mexican trucks and drivers to make cross-border deliveries to U.S. destinations. The country attempted to appease the Mexicans by running a teeny pilot program of only 103 trucks and 26 Mexican trucking companies with a purported goal of comparing the safety records of Mexican trucks with their U.S. counterparts.

President Obama signed into law, without comment, a bill that blocked all funds from the program. The Mexicans went ballistic, as this made clear the United States never had the intention of honoring its commitments and letting in the Mexican truckers.

Mexico had already won a unanimous ruling from a board set up under NAFTA to resolve disputes, so it was fully authorized to impose retaliatory tariffs against the United States. Having been slapped in the face, it recently imposed \$2.4 billion worth, including tariffs on almonds, apricots, cherries, onions, potatoes and strawberries among others.

According to the *Associated Press*, grapes are being treated even more severely, facing a 45 percent tax. Some 55 other products will be taxed at 20 percent, and the remaining 33 items at 10 to 15 percent. This could be detrimental to the domestic industry as Mexico is a substantial market.

Just a few days before this crisis, we received a letter from the California Kiwifruit Commission calling on the President to run a "Buy American" campaign on California Kiwifruit. A few key excerpts of its press release are below:

Today, in a letter sent to President Obama the California Kiwifruit Commission called on the President to "show his support and exercise strong leadership by asking American consumers and retailers to buy only California-grown kiwifruit."

California kiwifruit farmers are facing tremendous threats due to imports from Italy and other countries. Now, more than ever, we need Americans to choose domestically grown kiwifruit, or we could be forced to lay people off and even go out of business.

When the release was issued, many thought it was a funny and attention-getting PR stunt, but the events of the week made it come across as downright dangerous.

Certainly, we could bring up the Smoot-Hawley Tariff Act, which many economists believe helped deepen the Great Depression and spread it to Europe. Within two years, 25 countries had retaliated

and U.S. foreign trade literally collapsed. In 1929, America had exported \$5.24 billion in goods; the total was just \$1.6 billion in 1932. Although the Gross Domestic Product dropped during this time, both imports and exports dropped far more.

We understand the California kiwifruit growers are having a tough time. Many people are, indeed, having a tough time, but if our policies are "beggar thy neighbor" — if our strategy to enrich ourselves is to impoverish others — we can't possibly turn the economy around.

Even if, somehow, nobody retaliated and just accepted President Obama telling everyone to boycott Italian kiwifruit, are we so callous that we don't care about the Italian kiwifruit growers and U.S. importers? And if Italy has fewer dollars, how are they going to buy Boeing planes and Microsoft software?

Of course, the minute the President decides to tell Americans to "Buy American," leaders of countries all over the world will tell their consumers to do the same — and you can bet they will listen more closely in China than consumers will in the United States.

American exports would collapse and whatever gain the California kiwifruit growers would realize would be paid for 10 times over when U.S. apple, grape and citrus exports collapse.

Blaming Italy seems particularly odd. Typically, these types of complaints are made against developing countries that have enormous advantages on wage rates. However, Italy is a relatively high-cost country in the world economy. Why can't American growers compete effectively?

If the California kiwifruit growers have some specific complaint about dumping or unfair subsidies, they should bring those complaints to the WTO, instead of asking for an international trade war to be started on their behalf.

Besides, all this blaming consumers and retailers is a distraction. Per capita consumption of kiwifruit in the United States lags many international markets. If U.S. consumption was brought up to international levels, the Californians wouldn't have enough kiwifruit.

We wish nothing but good for our American kiwifruit producers, but this approach will hurt the produce industry when everyone retaliates, hurt the country when the trade war grows beyond produce and hurt the prospects for economic recovery all around the world. There has to be a better way.

The letter sent to President Obama is a clever publicity-baiting letter and we hope you will read it in that vein, not as a guide to U.S. trade policy!

www.perishablepundit.com

Many people are indeed having a tough time, but if our policies are "beggar thy neighbor" — if our strategy to enrich ourselves is to impoverish others — we can't possibly turn the economy around.

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1st ANNUAL PRODUCE BUSINESS Retail Sustainability Award

PRODUCE BUSINESS is proud to announce the recognition of Lakeland, FL-based **Publix Super Markets Inc.** this year for its exceptional leadership in development of sustainable strategies resulting in significant value-added benefits and delivering greater operating efficiencies. The following pages provide insights to the subtle approach of corporate social responsibility at this southern chain of 1,002 stores.



PRINTED ON RECYCLED PAPER

PUBLIX SUPER MARKETS:

Subtle Sustainability With Substance

BY MIRA SLOTT

Talk is cheap and for some companies, sustainability is being composted, compacted and recycled into a public relations buzzword polluted by smoke and mirrors.

Publix Super Markets, the private, employee-owned, regional giant, which has shied away from the trade press over the years, prefers subtle sustainability grounded in substance. More comfortable keeping business strategies close to the belt, the supermarket chain has been making a genuine difference with understated determination and purposeful momentum, long before sustainability and corporate social responsibility were hip and fashionable, and often cloaked in synthetic ethical and moral superiority.

Publix deserves this award for three significant reasons:

1) PUBLIX WITH PURPOSE

Top Down, Bottom Up: Exercising corporate social responsibility within the community is a mantra engrained in the firm's culture, a long-term commitment instilled by its CEO, Ed Crenshaw, and encouraged with incentivized employee buy-in.

Crenshaw's grandfather and Publix founder, George Jenkins, had a saying — paraphrased here — that the company can be a little bit better place, or not quite as good, because of the associates of the company. "Years later, that still resonates. It's in all our break rooms and it's something that we very much live by," explains Maria Brous, director of media and community relations. She should know. It's her 19th year with Publix and she describes herself as a "Publix lifer."

Valued voices are indeed resonating throughout. Publix generates a grassroots atmosphere of fresh, innovative ideas and inter-department, cross-functional teamwork at all levels. The process involves brainstorming and debating the merits and costs of different proposals, then testing and re-working platforms before slowly rolling them out to make sustainability a reality chain-wide.

An associate in the floral department came

up with a great idea to recycle floral buckets, conducting a little work study in her store. "We recycle several million of those buckets every year now," says Michael Hewitt, manager, environmental services, noting, "If we had not pushed sustainability all the way down to the associate level, then those kinds of ideas would not be able to bubble back up."

Hewitt, a second-generation Floridian and lifelong Publix customer, joined the company about three years ago to apply his expertise in environmental engineering and years working with various regulatory agencies and other private companies. "When I got to Publix, I was very excited because what I found was a culture already in place. People were passionate about not just the basics of recycling and energy conservation and water conservation, but really interested in doing the right thing and supporting the community."

In talking about sustainability, sometimes the "people element" gets lost, Hewitt emphasizes. "When Publix is looking for new talent — for that next generation that's going to run the company — the message of sustainability is another way for us to reach out to that talent pool," he says. People want to be a part of something, to feel that their input counts. Hewitt continues, "Young people, especially coming out of college, are willing to take a job for less money if it's with a company they believe in, that they admire, that they believe is doing the right thing."

"We all have skin in the game," says Brous. "This is a personal investment and commitment, and you'll hear that throughout our company." Once you're on board, everybody's in the same place with the same intensity and expectations. In an industry haunted by labor issues and employee turnover, the evidence speaks for itself: It is estimated that the firm spends an average of \$6,000 in training of its associates within their first 30 days, and the majority of turnover happens within the first 90 days. Store managers average 25.4 years of service, she says, noting a district manager just received his 55th year service award; it's not uncommon to see associates that are "lifers."

Brous points out that Dave Duncan, vice president for facilities, likes to say Publix was green when it wasn't cool to be green, leading the way in this effort since the 1970's, whether driving early customer acceptance of reusable grocery bags and recycling efforts, or driving the first hybrid cars.

"We have one of the most environmentally friendly fleets, with over 170 light-duty hybrid vehicles," says Hewitt. The benefit is not just fuel savings. It also helps reduce our carbon footprint and sends the right message. "Sustainability is not a destination, it's a journey," prophesizes Hewitt. "Sustainability is really a philosophy that's been with Publix since the beginning, and it's one that will continue for as long as Publix continues."

The commitment to excellence in sustainability extends to its supplier partnerships. Publix demands high standards internally and expects the same of its produce suppliers, which it monitors and grades using vendor score cards. Brous acknowledges Publix is often viewed as a tough retailer. How sustainability fits into a firm's operations in the context of its strategic vision is a decisive factor in the relationship's viability.

Some produce partnerships remain solidly ensconced, after being sealed decades ago on a handshake. Brous explains, "There is definitely a motivator for them to understand our business more. We tell them, 'The better you perform at all of these criteria, the more we're willing to sit at the table because we understand your commitment, and vice versa.'" That commitment means a willingness to invest with Publix in more sustainable alternatives, such as wax-free packaging.

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"Just as Publix cannot be sustainable without the participation of all 146,000 associates, we're also not an island. We cannot be sustainable without partnering with our entire supply chain," says Hewitt. "Sustainability is not proprietary," adds Brous. "We believe it is an industry movement that shares on best practices and we are more powerful together," she says, noting joint efforts with retail competitors and trade organizations. The firm's latest venture involves a "climate leaders' partnership" with the Environmental Protection Agency, and a verification process to certify and reduce its carbon footprint.

"In a company the size of Publix, with retail operations spread out across five states, manufacturing and distribution operations as well as various other support facilities, it is a challenge to capture all of those greenhouse gases, but we are doing it," Hewitt adds.

2) SUSTAINABILITY WITH SUBSTANCE

Actions & Results: Publix takes a comprehensive and multi-faceted approach, under the premise that sustainability is made up of three silos; environmental, social and economic. All three silos must work in tandem. Many environmental aspects get priority because they can often generate cash flow by reducing energy costs, for example. Addressing fuel efficiency of its transportation fleet, the company is weighing the pros and cons of converting its heavy-duty trucks to bio diesel and looking at mechanical and aerodynamic improvements, as well as restructuring delivery routes to reduce number of miles traveled and increase utilization rates of those trucks.

Other worthy projects might be tabled because they can't be justified from a cost standpoint. "At the end of the day, we have stockholders that we answer to, which is each one of us in being able to be a financially viable company," Brous explains. After the GreenWise Market in Palm Beach Gardens became LEED-certified, people wondered whether Publix would do the same for all its new stores. "Well, no. That's unrealistic to look at a grocer with a 1,000 store footprint and ask us that. What's the economic impact? What's the long-term affect? What's our goal and how does that impact the customer? Are we being responsible stewards?"

"The 'Get Into the New Green Routine' program grew out of a philosophy at Publix that is intolerant of waste, and advocating what's right for its customers, the community and the environment. That equates to a reduction of 500,000 tons of greenhouse gases, enough to power over 64,000 homes for a year," explains Hewitt.

Publix recycled 215,00 tons of cardboard last year, and about 3,000 tons of that was wax cardboard. "We also have been trying to

find a home for as much of our organic waste material as possible, working on ways to compost, or otherwise convert that material into a soil amendment or a fertilizer-type product."

Publix utilizes its GreenWise Markets as experimental laboratories, perfecting ideas into workable solutions with its eye on incorporating them into its mainstream portfolio. Go into a new store, and a consumer might not realize the significant savings generated by the decorative, yet highly sustainable bamboo floors and fixtures. It's why Publix uses soy coating on the roof and is aggressively pursuing solar power. Among its forward-thinking reclamation projects, the produce refrigeration ducts are efficiently re-circulating the heat to warm the building's water systems. The misters keep produce fresh without excess water waste. The track lighting may be aesthetically pleasing to some customers, but it's also a more energy-efficient source. Consumers walking down an aisle may be caught off guard at first, as the lighting builds from darkness to brightness in line with their footsteps — a high-tech method of conserving energy.

Even though the fluorescent lights are cool-looking, you can feel that they're putting off a little bit of heat, explains Hewitt. The LEDs are not only more efficient, but generate much less heat, which makes sense when you're installing lights into a refrigerated case. There's an argument against retrofitting refrigerator cases with LEDs because of the immediate investment. It's justified because over the lifespan of the cases and the products, there's definitely a return, adds Brous. In the prepared foods areas, Publix is working on new technology to avoid as much air conditioning or heat loss as possible through the ventilation hoods.

GreenWise Markets provides a controlled area to try new things, but the company is also realistic in how they will translate to a range of store formats. "Our goal is to be able to go into any format or size store and maximize its

potential, but starting from the ground up is definitely easier," says Brous.

As retailers confront a difficult economic climate, Publix is relatively well-positioned to pursue its goals. "In tough economic times, we are a debt-free company. We are making acquisitions. We continue to be strong," says Brous. Priorities change based on consumer needs, and the economy plays a significant part, but the commitment level doesn't change. "We can take more risk in a tough economy, but we've always been very cautious," she adds. "We are a very lean company. There's not a whole lot of fluff and excess."

3) SUBTLE STRATEGY

Classy, Not Showy: Publix steers away from "save the polar bears" hype, or flashy, over-the-top signage. It doesn't want to yield unfair expectations, or veer toward exaggerated or misleading claims. "We don't believe in funny math," says Brous.

Publix chooses to stay out of politics and issues of Fair Trade, says Hewitt. "We don't like anybody coming into our house telling us how to do business. We don't go into other people's either."

In this regard, the concept of developing national standards for sustainability doesn't make sense to Hewitt. "Sustainability really has a lot to do with company philosophy. It's very company-specific. I like to think that our sustainability strategy is unique to Publix, not to say that it's better than anyone else's, but it works well for us."

The company is turned off by the dogma around food miles labeling. Transparency in labeling is important. "We want to be careful not to confuse the customer by providing them with information that might be hard to understand or is contradictory," says Hewitt. "It can be very complex. It can be so complex that if you look at the carbon footprint of a product, one product that might be considered a healthy choice might have a larger car-



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bon footprint than another one that a customer might consider to be not as desirable an option for their child."

Similarly, organic is more of a lifestyle choice for some customers. It doesn't necessarily point to sustainable," says Brous. Publix is not in the business of claiming that eating organic is more beneficial than eating natural, conventional or locally grown. It's about balance. "Just because customers are living healthier lifestyles, doesn't mean they're not going to want to eat the pastries," just preferably in moderation, she says. Especially in a difficult economy, price may be an overriding factor in consumer purchases. For others, it might be whether purchasing the product gives back to a community cause.

Publix wants to provide helpful educational labeling and merchandising without inundating customers with dizzying information overload. It's committed to insure against deceptive or questionable certifications while providing consumers with plenty of product options. For example, depending on who you talk to, one seafood item may be from a sustainable fishery, while someone else may say that it's not, according to Hewitt.

In Publix GreenWise Markets, there is at least a 50 percent organic mix throughout the produce department, and as high as 85 percent in some categories, says Brous. Subtle, color-coded signage along side products, distinguish the variances. Even within the organic category itself, Publix makes a point to note the differences between USDA 100 Percent Organic, products that contain all organically produced ingredients, and USDA Certified

Organic, products that contain 95 percent or more organic ingredients. Then there's the phrase "Made With Organic Ingredients," which consumers are told means it has 70 percent to 95 percent organic ingredients.

For other terminology, All-Natural, Earth-Friendly, Vegetarian and Vegan, consumers are directed to the company's website to learn more. The underplayed strategy is intentional. "These consumers know what they're looking for," says Hewitt. The approach informs without "being in your face." The goal is to create an all-inclusive atmosphere that welcomes a diverse customer base.

While accommodating consumer demand for year-round produce from around the world, Publix does like to capitalize on promoting locally grown produce when it has the chance. Brous points out, however, that the

Perhaps this award will help spread the word and inspire other retailers to follow in Publix's footsteps, while setting new paths for the greater good.

definition of local is different to every person. This year, Publix kicked off a huge media blitz to elevate its three-year-old program, "At Season's Peak," which highlights in-season local produce, playing to the taste, freshness and special availability.

Through its Aprons in-store kiosk and cooking schools, it also inspires customers with cooking demos, guest appearances by celebrity chefs and meal ideas of the week that are merchandised with all the necessary ingredients. Publix also reaches out to the community in other ways, such as partnering with schools to motivate kids towards healthy nutritious eating.

Publix customers are not necessarily looking for a separate segmented storefront, but rather to integrate options into the core supermarket chain, explains Brous. "This is not a situation where, here's our green store over here for this niche." The mission is to incorporate these concepts throughout the Publix store portfolio, to envelop sustainability into the whole.

Publix sees itself as a friendly stalwart foundation in the community that neighborhoods depend on when disaster strikes. Hit with back-to-back hurricanes in 2004 and enduring losses of over \$60 million, Publix started a project that would invest \$100 million in back-up generators for hurricane-prone stores. The project ballooned, and the company now has over 700 stores with these 500-kilowatt generators. According to Hewitt, many of them use bio-fuel, allowing for longer runtime. This is an ideal example of how the three silos of sustainability come together: installing back up generators addresses the conservation effort in a financially sound way, while providing a critical service to the community.

PRIVATE/PUBLIC DILEMMA

In many ways, ultimate philanthropic acts emanate behind the scenes from anonymous donors. The analogy is fitting when speaking about Publix, sustainability and corporate social responsibility.

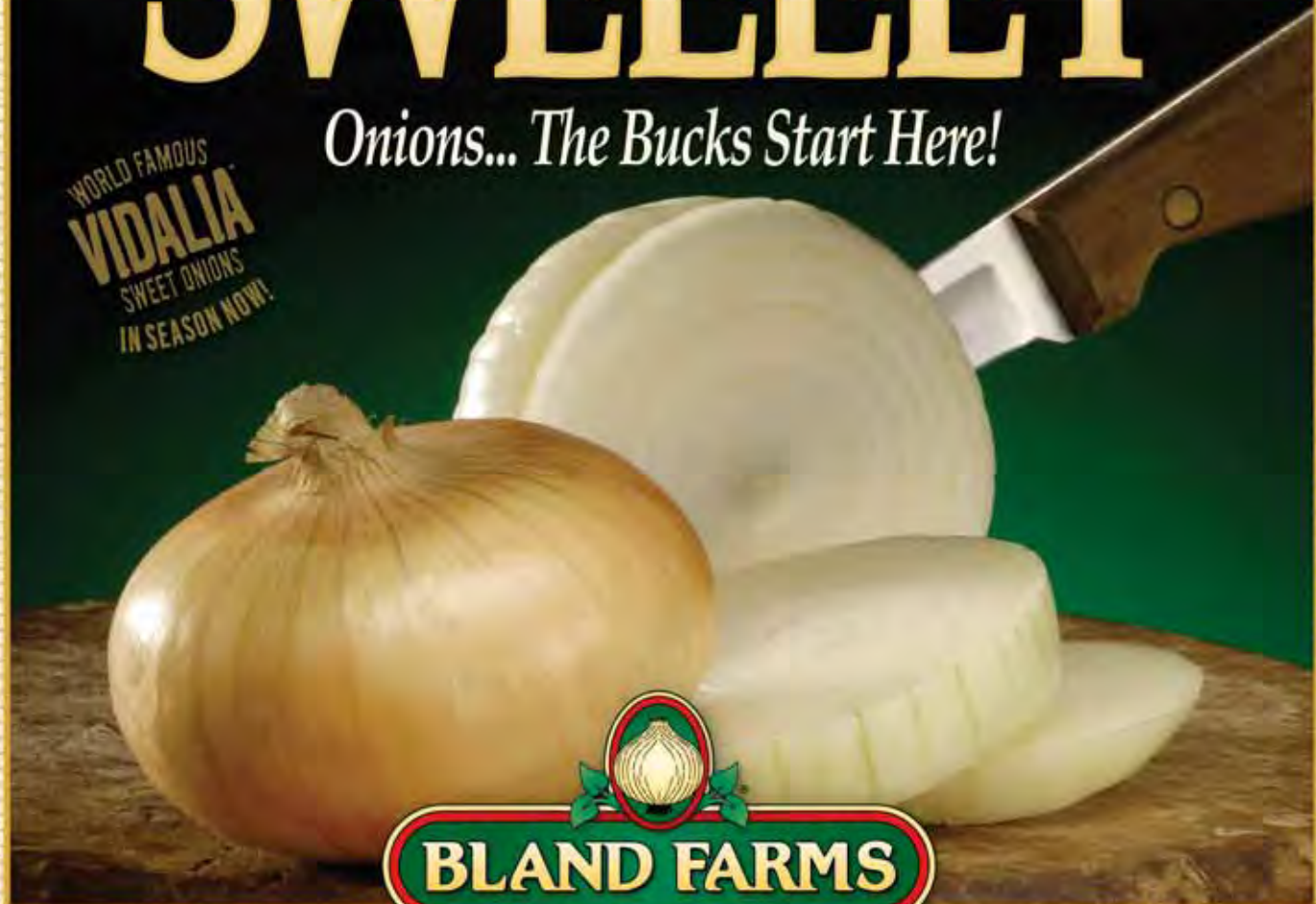
"We never overreach when we talk about our green efforts. We never want to be accused of overstating anything. What you see is what you get," says Hewitt. This very private, 80-year-old company is realizing the virtues of becoming more open. Consumers more and more are making decisions on where to shop based on a store's sustainability and corporate social responsibility directive.

Sustainability isn't cheap, but there's a return on investment — short-term sacrifice for the long-term goal. Perhaps this award will help spread the word and inspire other retailers to follow in Publix' footsteps, while setting new paths for the greater good.

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In a recent meeting at the PRODUCE BUSINESS headquarters in Boca Raton, FL, Publix's Maria Brous, director of media and community relations, and Michael Hewitt, manager of environmental services, sat down with publisher Ken Whitacre and special projects editor Mira Slott.

Mira Slott: *Congratulations on a well-deserved award. I also understand you recently reached a major milestone and now have more than 1,000 stores, so we're excited to hear how you're enveloping sustainability measures into this growing portfolio.*

Publix has been on top of sustainability and corporate social responsibility for many years, long before it became a fashionable trend. Could you share with us how this mantra came about and how you translate this philosophy from corporate throughout the company?

Maria Brous: You must have heard Dave Duncan, our vice president for facilities, talk before because he says that we were green before it was cool to be green.

We started our recycling efforts in the early 1970s, long before other retailers had really taken interest. That began with our recycling that you see in front of our stores where our customers can return their plastic or paper bags back to our facilities. And that's kind of symbolic for the Publix locations.

Back in the 70s, there weren't too many companies that were thinking about long-term impacts of sustainability, but that's where it really began for us.

We thought long and hard about it. We wanted to be a retailer of choice for customers, to provide conveniences and service. And that's our mantra no matter what topic we're talking about: pleasing our customers, making that shopping experience more enjoyable and understanding what's important to customers. So, that began our commitment to serving our communities, and that's grown through the years.

When you look at us today, fast-forwarding to 2009, we are employee-owned and operated — that's the first part that sets us apart from competition — and really is about how we execute. We have skin in the game. This is a personal investment and commitment that we make to our customers and to our associates, and you'll hear that throughout our company. That's what I hope you will note — that we relate to ourselves as associates, because that's what we are.

We all have a part to play, and when it comes specifically to sustainability, Michael is a part of that team. I'm part of that team, but it began with our CEO Ed Crenshaw, who had a commitment to looking at sustainability long-term. It's not only about our profit, but it's about people on our planet and we can combine the three. When you try to sell sustainability to some companies, some will do it for the profit and that's it in the end. But really, what we are about is showing that sustainability is kind of a triangle. It comes back full circle, and we truly do it because it's the right thing to do.

We all have a seat at the table. In every department, we have a cross-functional sustainability team at Publix where every major business unit is represented. We look at issues from the bottom up, as opposed from the top down. We really study the different departments. We study the issues. We study the impact on our customers and our associates. We study the long-term affects of different choices and then each person has an opportunity to represent their point of view.

So while Michael may be the subject-mat-

ter expert for the environmental component, we have to look at how that transcends and translates into the real world. What do the stores face? How do we help them? There has to be buy-in from every level with your associates. You can't dictate sustainability from the top down. You have to really understand the process and relate it to people.

Mira Slott: *Could you provide some specific examples? Do you have any vignettes that could give a flavor for how the process works, maybe in your own experience?*

Maria Brous: Michael will probably defer a lot over this way, but we'll talk about the areas in which we feel comfortable.

The "Green Routine" is probably the most grassroots effort. It may have seemed like it started on a small scale, but has unequivocally been one of the greatest success stories that we have at Publix, and that truly is how to reduce the amount of electricity and energy that we're using at our store locations. And today, at 1,002 stores, that becomes even more important than when we started this in the early 2000s when our store count was not significantly less, but considerably less.

It really became about looking at our footprint, and how we can start to reduce the energy consumption at stores. It started with the simple idea of turning off computers, turning off lights, closing freezers and refrigerator doors, making sure that we're constantly being energy-efficient, and just reminding our associates to do the small things, not only at the store, but they could also use those simple measures at home — to turn off the lights



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when they left a room.

We put stickers on light switches. We made posters letting our associates know what this means, what does this equate to, how much can we reduce our electrical consumption, and really made a competition out of it for our folks. "Okay. What can your store do better over last year? Let's start looking at energy efficiencies and let's start making a difference." And that's how we got buy-in, involving the associates at every level, and they each had a role to play.

Ken Whitacre: *So, do people actually sit around at a table and ask, "What can we do to reduce our energy consumption at each store?" or is it a part of the team process that you disseminate downward?*

Maria Brous: Both. There are ideas. We have a "Change-It" program that Publix has in place where associates are able to submit their ideas for a variety of things; for sustainability efforts, how to improve work processes, looking from all angles. Associates can submit a work-study. There are some cash incentives if we roll out the programs company-wide. Now there is a group in place and a table where we can come and review ideas and initiatives.

Our facilities department is over 600 associates strong and they each are responsible for the things that we spoke about, whether it's the lighting, whether it's the refrigeration, or whether it's the computer — I mean, the whole landscape, and really, what do we do from that point on?

So, we take ideas big and small. We talk about them, how they affect the different business units, what role everybody plays, everything from the environmental to how this is going to look externally. How do we communicate that? Our marketing folks have a seat at the table. How do we engage, not only our associates, but also our customers, and really break it down?

Ken Whitacre: *It sounds like Michael has an easy job then, because everybody's working*

for him!

Michael Hewitt: That's one way to look at it. Really, it's a team effort. Maria mentioned the corporate sustainability team, which is a cross-functional team representing every business unit, operating really at the decision-making level. But we have many other teams that are directly involved in sustainability as well. We have "Green Routine" teams.

We have a team that does nothing but look at ideas that come in and decide which might work, and then elevate those ideas and try to advocate them, implement them and track them, so that we can measure progress. And when things work, we see if we can roll that out across the entire enterprise.

So, it's not the effort of a half-dozen people on one team. It's many teams and it really is every associate that gets involved in the Publix "Green Routine."

And now, more recently, if you go to *Publix.com/sustainability*, you can see how we're trying to take that "Green Routine" that we've spent years developing internally, and we're trying to share that with our customers as well, to help them be more sustainable in their homes.

GREEN ROUTINE

Ken Whitacre: *So initially, the "Green Routine" was essentially an internal program that has now branched out.*

Michael Hewitt: That's true. It started as a program for us to look internally to try to do better, which grew out of a culture at Publix that has been there since Day 1. Publix has always been intolerant of waste, and advocates doing the right thing for the community and for its customers and the environment. The "Green Routine" was just a natural progression of that mantra.

So it really started before the word "sustainability" became fashionable. It wasn't until more recent years that the term "sustainability" has been applied to what we do. But, we've been doing this kind of work for many, many years.

Maria Brous: When we talk about the "Green Routine," it's officially tagged, "Get Into the Green Routine" because we want everyone to take an active role in it. So, we talk about "Get Into the Green Routine," but it was a reduction of more than 500,000 tons of greenhouse gases...

Michael Hewitt: Since 2001.

Maria Brous: Right. That equates to being able to power over 64,000 homes for a year.

Ken Whitacre: *And it also equates to thousands and thousands of gallons of gas that can be consumed.*

Michael Hewitt: It does. I think it's 903 million kilowatt-hours that we're approaching, and that equates to 500,000 tons of greenhouse gases that have been reduced, and that's enough to power all those homes for a whole year. We try to take the savings that we're measuring every day and relate them into terms that people can understand.

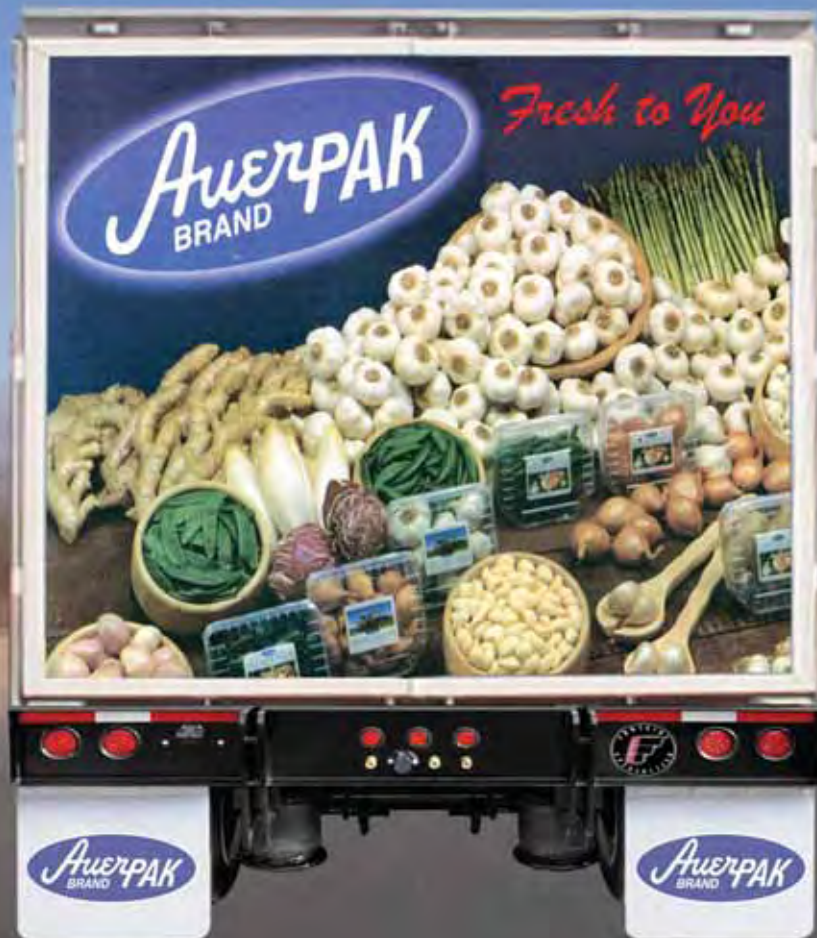
Mira Slott: *Can you talk more specifically about sustainability measures in the company's produce department, and provide some examples that our readers could relate to in the produce industry?*

Michael Hewitt: Well, we're always trying to offer more organic products whenever possible. Also, if you look on our Web site, you'll see information about how we try to make locally grown purchase decisions whenever we can. We try to buy as much as we can locally, keeping in mind that we have customers to service and we work hard to provide them with the produce that they want year-round.

We also have been trying to find a home for as much of our organic waste material as possible. When you run a food retail business, you end up with organic waste. You end up with meat scraps from the meat department, stale bread from the bakery and damaged produce in the produce department. We have for many years sent some of that material for rendering and have tried other outlets for that organic waste.



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But more recently, we worked on finding a way to compost, or otherwise convert that material into a soil amendment or a fertilizer-type product. We're still continuing to work on that. It's challenging. Even though I think Publix does a pretty good job at recycling and reducing waste, we're still trying to find better ways to do it.

Mira Slott: *Can you talk a little bit about the logistics of handling recycling for such a large operation? It seems like it could be a real challenge with 1,002 stores.*

Michael Hewitt: It is. In a company as big as Publix with so many operations spread out across the entire Southeast United States, it's a challenge. We have training that we provide to all of our associates at the store level on how to collect this material and to collect as much of it as possible. It then gets loaded on our trucks. After our trucks are unloaded at the store, the recyclables go back on the trucks and they go to one of our centralized recycling centers. And that's where it all gets collected, sorted if needed, bailed if it needs any bailing — we do some bailing at the stores — and from there, it gets sent off to the recyclers.

Maria Brous: Education is a big component that Michael spoke about. We do a lot to really look at those processes. We need associates to do their part. We need every associate to understand what can be recycled, what can be bailed, how we keep bail integrity to make sure there's not the possibility of contamination, which in turn rejects that bail.

So, really getting them involved, whether it's with posters, because some are much more visual learners, or with continuous training, from the very first day that they start working at Publix, they understand our standards.

We have an orientation for every associate that comes onboard, and part of what we speak about in that orientation is our sustainability, what that means to the company and our vision.

Mira Slott: *How do you work with your suppliers in terms of packaging and different types of products that they need to switch over to in their businesses?*

Maria Brous: I'll let Michael answer a part of that, but to put it into perspective, we're a Southeast retailer, with 1,002 locations in five states: Florida, Georgia, Alabama, South Carolina and Tennessee. We're one of five chains that have a 1,000-store-plus landscape, but we are the only one out of the big five in this tight Southeast area.

We're not spread out through the United States, which is what we see with our counterparts. So, we're really focused in this area, but we're a big powerhouse.

Our standards are very high. Our vendor community understands we expect a large



commitment on their part. We expect them to be sustainable. We expect them to continue looking at their practices and their packaging.

Obviously, we have other retailers that also ask the same thing and look at the sustainability part, but when we look at changing to a wax alternative in produce packaging, for example, how do we do that? We send out letters to our suppliers asking them to really look at their practices.

We have a vendor scorecard that comes in. Based on everything from their operations to how it affects our operations, we kind of look at each vendor in totality and really ask them to take a look at that. Sustainability is on their scorecard as well.

We have that working relationship and the better the suppliers do on their vendor scorecard, the more information we're going to share with them about our business. So, they want to understand it. There is definitely a motivator for them to understand our business more. They want access to figures and different things, so we tell them, "The better you perform at all of these criteria, the more we're willing to sit at the table because we understand your commitment, and vice versa."

Being a Florida-based company, many of our relationships with our suppliers were made on a handshake, from, say, Mr. George [Jenkins] and Duda Farms, and others. You can talk to a lot of these suppliers, especially with produce, and many of those deals went on a handshake and a commitment that we wanted to do business with another Florida-based company. We ask them to look at measures. What are the alternatives? What are the potential savings? There may be an initial investment, but the long-term returns are what we're looking at to be more sustainable.

Ken Whitacre: *Would it be fair to say that*

it is harder to do business as a supplier because of the scorecard and the sustainability efforts?

Maria Brous: No, because we do business with reputable companies that are looking to be sustainable as well. They've heard the message, they've heard the appeal from the public, and I think it's the way. It may be more hip to be looking at those sustainable practices, but we've been working on this for quite some time. It's not something that's come as a big surprise to our suppliers. These are conversations that we've had at the table for many years, and have been working on different programs and pilots.

Michael Hewitt: Just like Publix cannot be sustainable without the participation of all 146,000 associates, we're also not an island. We cannot be sustainable without partnering with our entire supply chain. We've done work with our suppliers, with our buyers, to try to find those alternative packaging options that not only are more sustainable because they increase the recyclability of the cardboard, but also do not degrade or harm the quality of the product that Publix and our customers demand.

Mira Slott: *Are you trying to eliminate product packaging in some instances?*

Michael Hewitt: We're doing more of that all the time, and another way that we're working on that is to partner with various associations. Through participation in these associations, we get connected not only with suppliers and manufacturers, but we also get connected with other retailers.

Maria Brous: Sustainability is not proprietary. We believe that it is an industry movement that shares on best practices and we are more powerful together. When we work with retailers that would typically be referred to as competitors, we get more accomplished for the good of the environment.

Ken Whitacre: *Have you formulated an official share group of retailers that you meet with on sustainability?*

Michael Hewitt: We meet with retailers through several associations on a regular basis, again, not just food retailers, but other retailers as well, because many of us share a common interest. We all use energy, we all need water to operate, and we all want to reduce packing and increase recycling, but there's another element that I want to make sure we don't forget: the customer.

Through various efforts, we are trying to partner with our customers to help them make more green, sustainable decisions in their purchasing practices, to provide them with tips on how to be more sustainable at home. A good example of that is our reusable bags, which we started selling quite a while ago. In fact, we have offered reusable bags for

many, many years. People are hopefully now used to seeing the typical green bag or Publix reusable bag that's being sold for 99 cents. But, for many, many years before that, we were selling canvas bags.

Mira Slott: *You were progressive here.*

Maria Brous: Right. People are talking about using the bags as briefcases and gift bags, and catch-alls because not only are they making a statement, but they're also being more user-friendly. But, we do different things to engage. Most recently, we engaged our school system in our market areas. We do a partnership with newspapers and educators. What we did this year to change up the NIE [Newspapers in Education, Troy, MI] programs a little bit was to really involve kids. We understand that the next generation is becoming so much more important in the sustainability of our earth and our planet, and more kids are becoming green.

We targeted and engaged all sixth graders in our market area. We gave the teachers a whole NIE pullout on sustainability — about eating healthy, eating green, living green, saving energy and being more efficient. It allowed teachers to develop a lesson plan.

We asked the sixth graders to design their own reusable bag and we had a contest. We will reveal the winning bag for Earth Day this

“We are very adamant that we will never compromise food safety or quality, so we look for that balance where we can ensure safety and quality, and also provide more recyclable packaging, or even sometimes, less packaging.”

— Michael Hewitt

year. Each sixth-grade teacher will receive the reusable bag that we've had made based on this child's rendering.

We really tried to get it from the grassroots of working with the local schools, getting our teachers involved, getting the parents, shoppers, associates and suppliers involved, because they want to be part of that. So, it really is affecting every part of our business.

Mira Slott: *Do you bring the children to the stores?*

Maria Brous: We do. We do school tours. We talk about our practices and our efforts. As a matter of fact, the Publix GreenWise Markets have a unique program because they're different, obviously, than any other store that we have. So, they have a whole sustainability packet that they go through. The science teachers usually love to go through and they work on different activities, not only from identifying green products and green efforts, but we talk about some of the engineering — we talk about the roofing. We talk about the paneling. We even talk about the restrooms, what's recyclable, reusable. We do all different types of things to engage the students.

Mira Slott: *Jumping back a little bit to packaging, in the produce industry in particular, food safety has become a big issue and there's a debate going on about packaging. On one hand, there's been a trend toward more packaging for food safety. But then, packaging*

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has an environmental side related to trying to get rid of more of it. How do you balance those issues of food safety and sustainability?

Michael Hewitt: We're very adamant that we will never compromise food safety or quality, so we look for that balance where we can ensure safety and quality, and also provide more recyclable packaging, or even sometimes, less packaging

Going back to the wax-alternative cardboard again. We worked with the cardboard supplier. We worked with the farmer producing the produce, and we worked with the middle company that would buy and sell that produce. We actually followed that produce from the farm, through the distribution system, the warehouse, to the store. We did a complete trial.

When that produce got to the store, we could open up that box and look at that produce and see exactly how well it did. That's one example of our commitment to making sure that when we do make these adjustments, these changes to be more sustainable, we're not going to do anything to compromise our food safety or quality, or the integrity of the product.

Maria Brous: Michael and I definitely agree that's our philosophy. It doesn't come to a balance for us. We will always put the quality and the food safety as the top priority of

concern for us. Customers have grown to expect that. They trust us. We work hard with the Department of Agriculture. We work hard with the FDA. We built all these partnerships so that we're close to the table, and we have a seat at the table when these issues come up.

We have a corporate quality assurance department that is led by one of our directors who has worked in the industry for other competitors as well as outside of the industry, and he brings a wealth of knowledge to the table. We believe in the communication and the establishment of relationships.

Much like what Michael said, we can't do this alone. We need to be informed. We need to be able to understand it from a different perspective. But, we also bring to the table what we know best, which is the food. This is what we do. This is our business, but there's a lot more that goes on before it even reaches our stores.

CUSTOMERS HAVE A VOICE

Mira Slott: How do you feel about these issues of food miles? You had mentioned this goal of yours to try to bring in local produce. There's been a little bit of controversy about food miles and we've written a lot about it. In the U.K., for example, there was an issue where Tesco and Marks & Spencer were putting little airplane stickers on packages to basically denote

"Whenever possible, we do like to work locally. It's advantageous for us as a retailer as well. We can bring the freshest product to customers.

— Maria Brous

that this was coming from Kenya or from abroad, and that it would be more advantageous from a sustainability standpoint to purchase a local product. There have been all kinds of studies questioning the logic — examining all the different issues in relation to carbon footprints and whether it's actually more sustainable to purchase that local product versus the product from Kenya.

Maria Brous: Ironically, local is different to every person we survey. Having said that, I will say that we are always attempting to give customers choice. One of the things we pride ourselves on is that opportunity.

Specifically in our produce department, our produce is well labeled, so customers never have to guess where their produce is coming from. It is product of a specific location and it's clearly denoted in the signage. We also have stickers that denote where the product is from, but signage is very clear.

But when we talk about availability of product, there's no seasonality in produce anymore. As a culture, Americans have become very accustomed to selection of product year-round, and because of that desire, local becomes very difficult to do.

Not everything grows every season locally, so there are times of the year where we have to rotate, depending on if Florida might be too hot certain times of the year, and maybe it's too cold in Georgia. Customers still have the largest voice with us.

Their purchasing power makes our decisions, so we continue to sell produce from different areas year-round. Again, it's about educating them and allowing them to make the decision. We don't get involved in the semantics or the argument of what's local. We let customers make that decision for themselves.

Whenever possible, we do like to work

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locally. It's advantageous for us as a retailer as well. We can bring the freshest product, and there's a lot of citrus and different products that grow locally that we can bring to customers. Plant City strawberries are the best example that I have. It's the closest to home to us being in Lakeland.

But, we have started a campaign for our customers called, "At Season's Peak." Customers would ideally know what is the growing season for that particular item and that would be at the sweetest part, but also, that their chances of being more local to them would resonate.

This is the third year that we've worked on At Seasons Peak. It's the first year that we've put much more media value and we've actually done spots that customers will see on TV. The first one that we did this year was for the strawberries. The next go-around, I believe in June, we're going to be doing the berries that are all in season, the raspberries, blackberries, blueberries-type deal.

We worked on that really hard so that we can tell customers, "You've asked, we've heard. Here At Season's Peak." It doesn't mean that everything is going to be defined as local to all customers — for some customers that are holistic and live the lifestyle, it may be a 20-mile or 30-mile radius that they'll consider local. However, depending on where you live,

that may not be a realistic kind of expectation.

You know, at times Miami is not going to be able to give you that locally grown produce. But, you look at it and customers have that freedom of choice. And we work hard. I mean, whenever possible, we do look local to our growers and develop those relationships.

Mira Slott: *Do you put more emphasis on local versus organic? Do you view organic as more sustainable as a product than local, conventional or other choices?*

Michael Hewitt: Maria gave a couple of great examples about the information we put in front of customers to try to help them make the best decision that they can, the decision that is best for them. We're listening to our customers. We're providing them with the information that's available. We also want to be careful not to confuse the customer by providing them with information that might be hard to understand or contradictory.

Mira Slott: *You're right. It can be complex.*

Michael Hewitt: It can be very complex. It can be so complex that if you look at the carbon footprint of a product, one product that might be considered a healthy choice might have a larger carbon footprint than another one that a customer might consider to be not as desirable an option for their child. A bottle

of soda might have a smaller carbon footprint than a gallon of milk, and we don't want to try to put a message in front of the customer that might say one is better than the other. We just want to be able to provide customers with useful information they can use to make their own buying decisions.

Maria Brous: Right, and organic is more of a lifestyle choice for some customers. It does not necessarily point to sustainable. They may be looking for perceived health benefits, and we're not there to make those claims of whether there is or isn't a health benefit to eating organic over conventional, but, it is being said. When we look at traditional Publix stores, we have GreenWise product available. GreenWise symbolizes a couple of different things to us: Publix GreenWise products are our private label of health, natural and organic products.

GreenWise is also the section of health, natural and organic products; so not just our private label, but just the category itself. The stores are laid out a couple of different ways. In some stores, the product is integrated throughout. When you travel up and down the aisles, usually it will be in GreenWise sections. Actually, organic product will stick out so that it is easy to identify, so customers who are looking to make that organic purchase can see it easily. In other stores that may not have

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a large organic traffic, it will be in certain sections. Organic product is merchandised in an organic Publix GreenWise area, so customers know exactly where to go and can shop within that area.

The majority of what you'll see is in line with the other products, because organic has become a lifestyle. It's not a fad. More customers are looking to find that balance to be able to make those purchases easily, not to have to go to a particular section, but to be able to travel through the store, and it really is about balance.

Just because our customers are living healthier lifestyle, doesn't mean they're not going to want to eat the pastries. It just means that they'll eat the pastries in moderation.

It goes back to the same thing about transfat. We talk about transfat being one of the things that was really high on our customers' satisfaction. But when you do a transfat-free donut, it doesn't really have the same affect. We're always mindful that we listen to customers, but then we also do the research and say, "Here's what you asked for because it may have sounded good. Here's what the end result will be like. Now, tell us, where do we go on this?" It's not that it's impossible to do, but if you're going to eat a donut, you're eating it for the transfat that's in the donut, not because it's transfat-free.

Those are all the things that we keep in context in really understanding that our job, as a grocer of choice, is to provide options for customers and allow them to make the best decisions for their families. For some customers, price point may be the decision factor, so private label is important. For others, it might be a belief in a more holistic, organic lifestyle. For others, it may be the product makes a contribution to the community, so let me go with this product because of the impact that it has from a social economic perspective.

The other part that we can't forget is the tough economy. Decisions change in a tough economy. What some customers may have chosen in a vibrant economy changes, and they're making different decisions today. There's something for everyone. You have to balance the options.

And, we don't take anything and generalize. We don't make assumptions. Our private label organic is less expensive traditionally than an organic product would be. Publix GreenWise tends to be less expensive because we have the buying power of 1,002 stores.

So, there are trade-offs. I may be willing to buy this in a particular brand, but I'm not going to compromise my produce. I may be solely committed to buying organic produce based on what I've read. But, that's really up to each and every customer to make that determination.

Mira Slott: *I'm just following up on your comments about educating consumers and offering choices, and not making too many judgments. I don't know if we're sidetracking, but on your Web site, Publix discusses certification and labeling concerns regarding seafood. I was wondering whether there were some parallels to how you were labeling in produce as well. Could you discuss what's happening in that seafood category, and then apply it in broader terms?*

Michael Hewitt: Well, seafood is a great example where we are partnering with other retailers and suppliers to try to do better in labeling, and to improve those certification programs. Because as we discuss on our Web site, many of those certification programs can be confusing to the customer.

Maria Brous: And conflicting.

Michael Hewitt: Depending on whom you talk to, one item may be from a sustainable fishery. Someone else may say that it's not. So, we're listening to our customers. We know that they're concerned about this issue. We are working hard on this issue all the time, and you'll find some very frank language on

our sustainable Web site about that. And, that again is part of the transparency of our sustainability program.

We're trying to be as open and as transparent as possible with our customers, with our suppliers, and even with our competitors so that together, we can all do better.

CORPORATE CULTURE

Ken Whitacre: *Are there certain benchmarks that you are trying to achieve over the years? I would say this is all a gigantic work in process that probably will never end. But, do you have certain benchmarks that you've established — let's say for example a certain percentage of local or a percentage of organic at certain times, or a percentage of wax-alternative packaging. Is that already 100 percent or do you have numbers that you try to look at and see where your goals are in the future?*

Michael Hewitt: Well sustainability is not a destination; it's a journey. So, it's not something that we're going to be working on this year, and next year decide well, we're done. We're on to the next thing. Sustainability is really a philosophy that's been with Publix



Exposed produce refrigeration ducts efficiently re-circulate the heat, which is then used to warm the building's water systems.

since the beginning, and it's one that will continue for as long as Publix continues.

We certainly have aspirations. We will occasionally set goals for ourselves internally to do better. An example of a goal that we'll make public soon is our "Climate Leaders Partnership" with the EPA.

Mira Slott: *I was reading about that.*

Michael Hewitt: Publix has joined EPA climate leaders.

Maria Brous: Yes, in June of last year.

Michael Hewitt: We've committed to calculating our carbon footprint, which as it turns out is not that easy to do. In a company the size of Publix with retail operations spread out across five states, manufacturing and distribution operations as well as various other support facilities, it is a challenge to capture all of those greenhouse gases, but we are doing it.

We're going through the verification process with EPA right now to certify those carbon footprint calculations, and later this year, we hope to announce a goal for reduction of our greenhouse gas emissions.

Maria Brous: We're always looking for ways to improve and it becomes more difficult the more stores we have. Mr. George [Jenkins] imagined success as 100 stores, and now that's 10 fold. How do we continue to improve our communication when we're so spread out, with so many diverse markets and customers that we serve? That becomes a difficult task and we spend a lot of time focused on that communication. It starts at home. That's where it really begins, breaking it down to its simplest parts and then working from there.

Mira Slott: *You had mentioned earlier in the interview about cash incentives to inspire innovation. I'm having this picture of a family-like culture at Publix, where everyone's a part of the whole process.*

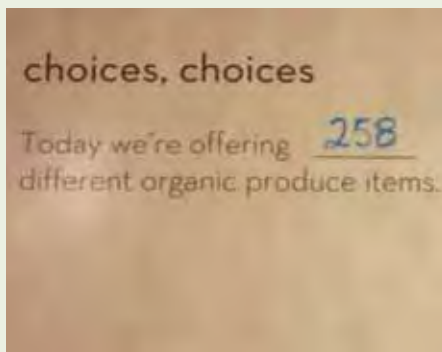
Maria Brous: We followed through with the concept at our conference last year, and people didn't even know there were going to be cash incentives. That was the great part about it. We had already measured year over last and the moves that had significantly saved as part of the 'Get into the Green Routine.' Savings were huge and people were recognized for that at our conference. We rewarded the district manager and that collective for achieving the greatest improvement year over last, and they were really excited.

Mira Slott: *You create a challenge.*

Michael Hewitt: It's competitive.

Maria Brous: But retailers are competitive by nature. It's in the blood.

Michael Hewitt: We're all part of the same family, but each of us...



Maria Brous: Like siblings, we don't miss the opportunity...

Michael Hewitt: ...to compete with each other.

Mira Slott: *That's great.*

Maria Brous: It is, and then being able to submit their ideas. Take the recyclable floral buckets, for example. It was an associate who did the job day in and day out and was thinking, "How could I improve this process? How could I make it more sustainable?" She submitted the idea. She did the little work-study in her store. Turned out, she made a great idea a reality. We did a whole story on her in the Publix newsletter.

Michael Hewitt: We recycle several million of those buckets every year now. It was just an item that we had missed, an opportunity that we had missed. If we had not pushed sustainability all the way down to the associate level, then those kinds of ideas would not be able to bubble back up.

Maria Brous: Just to show you how we're looking at every aspect of our business, there was a time where we used to have photo labs in store. We don't have any in-store photo labs anymore, but the reports that are automatically generated still had the page for that service. We had an associate that said, "We don't need this wasteful blank page." Think about 1,000 stores printing that extra page day in and day out. Part of it was how we could have missed something so obvious, but that just goes to the point that something so small can make a really big difference.

Mira Slott: *And also that you set up an environment where someone felt comfortable and motivated to say something, too.*

Ken Whitacre: *Now, if we could, I would like to talk a little bit about your background. Maria, you're a new mother.*

Maria Brous: I am. I almost hesitate to say "new" because he's already a 30-pound, walking little boy with a mind of his own.

Mira Slott: *I imagine Publix is very family-friendly with childcare.*

Maria Brous: We are, definitely. I think

there was one family that had 18 family members that were working for the company. We have a CareWise club as part of our health benefits program. I joke that the whole reason I joined the club was for the simple fact they were giving away a onesie to a future Publix associate and I was getting it! So he will be working at Publix when he's old enough to push a cart, that's for sure.

Mira Slott: *Will both of you describe your career paths and what led you to your sustainability work?*

Michael Hewitt: Actually, Dave Duncan, our vice president of facilities is the team sponsor. Presently, we don't have any one at Publix with sustainability in their title, but I think that we will in the future.

Maria Brous: That person is looking more and more like Michael.

Ken Whitacre: *We wanted to talk a little bit about you, Michael, and learn about your evolution in the company, how you started, where you came from, what you bring to the table and your vision. We'll also talk to Maria about how she fits into the whole sustainability team at Publix.*

Michael Hewitt: Very briefly, I am a native Floridian and very proud of that. I'm a second generation, actually and a lifelong Publix customer. But I didn't start working for Publix until about three years ago. I have a background in environmental engineering and have spent years working with various regulatory agencies as a consultant and for other private companies. But when I got to Publix, I was very excited because what I found was a substantial culture already in place. People were passionate about not just the basics of recycling, energy and water conservation, but really interested in doing the right thing, in supporting the community.

Whenever we talk about sustainability, sometimes the message of that people element gets lost, but sustainability is really about people, as well. It's not just about environment, and Publix is a company that cares a lot about its associates and its customers.

So, my role as manager of environmental services is first and foremost to make sure that Publix is 100 percent compliant with the myriad of environmental regulations that apply to our daily operations. But then, working at Publix has given me the opportunity to get involved at the ground level with the building of this new sustainability program, which really isn't new anymore. Ed Crenshaw kicked that off in August or September of 2007, I think, when our corporate sustainability team first started meeting.

Maria Brous: That's when we pulled in all the different departments that were doing

individual efforts and brought everybody to one table.

Michael Hewitt: We brought a focus to all these great things that Publix had been doing for decades and we started to pull all of that under the umbrella of sustainability. Ever since, it's been going 100 miles-per-hour.

Ken Whitacre: *Maria, how do you fit into the whole sustainability picture as the communications director?*

Maria Brous: I'm a Publix lifer. It's my 19th year with Publix, so I bring a different perspective to the company. I've been very privileged to be able to work with most areas of our business, and that's how I became the mouth and the face of the company. Being privately owned and operated, we typically speak under one voice, so that is my official capacity, along with community involvements. I take care of media relations and community relations.

My part in the sustainability effort is to look at the steps that we're taking as a company, how that affects our customers and associates, how we get the message out and how we really balance what we're doing.

Because we're in the forefront of sustainability, and innovators in this area, we must determine how much is too much to put out there, and when is the right time. There are many companies doing great things, but we've always been very conservative.

Our customer base challenges us now. Many are choosing where to shop based on what companies do for the greater good. So as a company that was always very conservative and private about what we've done, we've had to take an introspective look and really put it out there. Because we always want it to be right the first time we do it, we're going to enter a lot of pilots. We're going to study, study and study again before we make a commitment. This represents who we are. Our commitment is long-term. We're not fly-by-night, so sometimes the rollout is not as fast as some would like it to be and sometimes, it's not as slow as others, but finding that balance is my expertise.

I play Devil's advocate. When we have all these great things, my job is to look at it from opposing points of view and examine where that leaves us at the end of the day. I ask the hard questions, leave no stone unturned, and then my job is to go out there and market what we do so that there's an awareness.

Ken Whitacre: *Was there any specific area of the sustainability efforts that you had a hard time convincing upper management, "We really need to do this?"*

Maria Brous: That's an interesting question, but the most simplistic and honest



Solar power is an ongoing priority for Publix. The company currently has four different locations that benefit from solar energy.

answer is no, because it started from the top, with the buy-in from our CEO. Ed Crenshaw was very adamant and committed to the things that we had done as a company. That doesn't mean that everybody agrees on all the small projects all of the time.

We spend a lot of time discussing the issues. Whether it's organic recovery, getting into the "Green Routine," looking at suppliers and the wax alternatives, or our bailing system. We will not always agree on everything we do. The table is big and we each have a different piece of the pie that we look at.

What we always put at the forefront is whether or not it's right for our customer, our associates, the environment, and what the long-term will be.

Mira Slott: *How do you prioritize what you're going to emphasize? As you so aptly pointed out, sustainability is broad in scope. It has these different silos; there's the environment, there's the social aspect with people and there's also the business aspect.*

Michael Hewitt: It is very challenging. If we had unlimited resources, you might be amazed at all the things that we'd like to do. But because we have certain constraints we have to deal with, that everyone has to deal with, we try to prioritize what initiatives get worked on and which ones have to wait. It's unfortunate that we can't do everything we'd like to do, but it's a reality.

We have to approach our sustainability efforts in a fiscally responsible manner, as well. If it costs too much money to do, it's not sustainable. We have to maintain the business

while we're working on our sustainability efforts, so we spend a lot of time looking at financially viable opportunities.

We have a team that meets every month to do just that, to look at all of the opportunities that come from individual associates and through other various avenues that must get evaluated. Those that we have the resources to pursue the project and those that have merit get elevated to project status. Then we assign people to work on those projects and we track progress so that if it works, we can implement it across the entire company.

THE GREENWISE LAB

Mira Slott: *Tell us more about how you see GreenWise as an experimental lab.*

Michael Hewitt: A Publix supermarket we build today is much more efficient than one we built just five or six years ago — more energy and water efficient. We build those efficiencies into every new store that we construct and we're constantly looking to do better.

Our GreenWise Markets are an opportunity for us to try out some things that we might not have otherwise had the opportunity to do. Our vice president of facilities who's responsible for all of the design and construction work that goes into building a new Publix likes to call the GreenWise Markets a lab, a working lab, because it provides us the opportunity to try out new ideas and if those ideas work at a Publix GreenWise, you'll most likely see them implemented across the entire company.

Maria Brous: Lab is a good word for our GreenWise Markets because they are the minority of our business. We have 999 other

traditional locations. Publix GreenWise is not the core of who we are, but we also knew that we needed to find an answer for customers who were looking for that healthier lifestyle, who wanted more selection of health, natural and organic.

We have three Publix GreenWise Markets — one in Boca, one in Palm Beach Gardens and one in Tampa. More and more customers want to see what we've done with those markets incorporated into the traditional stores. They don't necessarily want a separate store to be able to be called their Publix GreenWise Market. They are much happier with a hybrid store where they still enjoy the everyday indulgences that we spoke about with different product selection. They just want to see some of the other product mix.

We've really had to do a good job of explaining what some of the features are at the Publix GreenWise Market, because some customers don't even realize it's environmentally friendly. They may have thought the natural lighting, for instance, was just cool. There's an energy-efficient reason why we're doing that. We're using bamboo in the fixtures, which provides a decorative touch to the store, but there is an environmentally friendly part to that, too. It goes far beyond the products just being organic, to some of the actual materials that were used in the store. It's why we use soy coating on the roof. What does that do for us? Why are we using the track lighting and how does that help? Why are we using the misters, and why are we using the LED lighting?

These are all things that customers see in our stores. It's hard sometimes for customers that have been traditional shoppers to understand the changes. Why does it look darker down the aisle until I actually start to walk down it and the lighting starts to get brighter as I progress?

Change is a balancing act. Once we set the priorities, we retrofit the stores. In some stores, we need to wait for the remodel, while in others we're able to implement the changes as they open. It just depends on the magnitude of the project.

Mira Slott: *Can you give some examples of items or procedures that were experimental and being tested that you're now unfolding into the Publix stores?*

Michael Hewitt: At one time, heat recovery on the refrigeration systems was experimental. Now, I think it's pretty routine. Even when it comes to the ventilation hoods in the prepared foods areas, we're working on new technology to avoid as much air conditioning or heat loss as possible through those hoods, and we're making progress there. I think one day that may result in different hoods being

put in all Publix's prepared food areas.

Mira Slott: *You had mentioned misting and different refrigeration techniques in the produce department. Can you elaborate further on that?*

Maria Brous: The misters are done for a couple of different reasons, but the first and foremost is that we can keep produce fresh without using an excess of water.

If you remember previously, there was hosing of the produce with all that water and drainage. Misting is much more efficient. You'll see them not only at our GreenWise

Markets, but also in a lot of our produce departments storewide.

When you look at our lighting — our track lighting in the produce department — some customers may think it's aesthetic. Yes, it may look better aesthetically to some customers, but the lighting efficiencies involved in the track lighting provide not only a savings, but a more energy efficient source of lighting.

The same thing goes for the LED lighting. When we look at our cases in the refrigerator doors, why are we retrofitting? It's because over the lifespan of the cases and the products, there's definitely a return. There's an argument

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against doing this casing because there is an immediate investment. Don't get me wrong; sustainability isn't cheap, but there's a return on investment. Short-term sacrifice for the long-term goal is what we continue to explore.

We even take that methodology when we look at our fleet. We have one of the most environmentally friendly fleets.

Michael Hewitt: We have over 170 hybrid vehicles in our light-duty fleet; that includes cars and sedans.

Maria Brous: We have our Priuses; we have our Camrys, which are company cars that we issue to our associates. It was probably three years ago when we started testing the little Priuses, and now they've become more popular. Before, it used to be if you saw a Prius, you thought of Publix. We were on the cutting edge of doing things like that.

Michael Hewitt: When we look at the benefit of doing that, we're not just looking at the fuel savings. It also helps reduce our carbon footprint and it sends the right message.

Mira Slott: *You're showing that your actions are connecting with your words.*

Maria Brous: We really do question status quo. We look at everything and ask ourselves, "How could it be better?"

Michael Hewitt: That's a challenge for a company that's almost 80 years old. Companies that have been around as long as Publix might be more set in their ways, but we are constantly working on trying to do better and always asking why do we do it this way?

Ken Whitacre: *Are you converting your delivery trucks to bio-diesel or any other efficient means of gas?*

Michael Hewitt: No, but we're looking at that. We have a fleet of the heavy-duty trucks. We're constantly working on increasing the fuel efficiency of those vehicles through various means, either mechanical or improving the aerodynamics. We're also working on and have achieved efficiencies in our delivery routes so that we can reduce the number of miles traveled and increase the utilization rate of those trucks, so there's progress being made there as well.

FUTURE CHALLENGES

Mira Slott: *What do you think the biggest challenges are to your future goals with sustainability?*

Maria Brous: One of the things that I'd list is our size. Being able to find suppliers to meet our ever-growing store count poses a challenge in most cases. Even though we're very regional, it's still a large store count to be regional. When you look at those 1002 stores, 783 are Florida-based.

When you ask about our trucks and our

fleet, we have over 684 tractors on the road at any given day, so that becomes difficult in of itself to say, "Okay, we can convert." We looked at our generators in 2004 after we were hit with back-to-back hurricanes. Being Florida-based, we always knew we had a pretty tight business, but when we looked at 2004 losses of over \$60 million because we couldn't recuperate before we were hit with the next hurricane, we decided that we were going to take matters into our own hands and do generators. It started off as a project that would invest \$100 million in hurricane-prone stores and then turned into a plan to cover the entire state where practical.

Michael Hewitt: We have over 700 stores now with these 500-kilowatt generators. Many of them are bio-fuel, which means they run off of the mixture of diesel and natural gas, making them more efficient and allowing for a longer runtime. That again gets to the people component of sustainability and providing help after the hurricane hits.

Maria Brous: People look at Publix.

Michael Hewitt: ...to help them buy their medicine, to get clean water to drink and food to eat, and ice, which is obviously very important after a hurricane.

Maria Brous: Everything goes off the shelf at one point or another. It amazes me the amount of produce, meat and dairy that we sell during that pre-hurricane rush. "What are people doing with this?" you wonder, because inevitably, you're going to lose power no matter where you are at some given point.

I still lived in South Florida in 2004 and right after Hurricane Charlie, I remember listening to the radio and one of the morning DJs said, "I knew it was serious when I went to my local Publix and they were closed. They're only closed three days a year." This was the fourth day. This to him was the major topic of conversation because we are that kind of congregation point.

Mira Slott: *You mean the fact that people are depending on you.*

Maria Brous: Yes, and while that is a great honor, it also comes with a heavy load and a heavy responsibility that so many people depend on us as part of that community.

We have many more eyes that look at us from all different directions. Not only do customers expect more from us, but even regulatory agencies and different organizations also expect us to be taking the lead. There's the pride and everything else that we have, but there is also a higher set of standards that we hold ourselves to not only because we believe in that personal accountability.

Michael Hewitt: It's expected, and it's amazing the effort that goes into preparing for a hurricane and to make sure that after the

hurricane, we're up and running as soon as possible. That's not just keeping the supply routes running, but hurricane debris removal and everything else that goes into opening up after a big storm.

Maria Brous: All the things that we have done to become more energy-efficient have also helped us in the recovery processes. They're all linked together.

Ken Whitacre: *Has the economy slowed any of this down? Has it delayed how fast you're able to create a new store?*

Maria Brous: The time doesn't change for us. One of the most important things, which *Fortune* magazine noted for us, too, is in a tough economic time we are a debt-free company. We are making acquisitions. We continue to be strong. We are still purchasing.

Do consumer trends change? Absolutely. Will we delay different projects because our focus is on our retail stores and servicing customers? Do we re-prioritize? Yes. To say no would be inaccurate. The economy plays a significant part, but the commitment level does not change.

Whatever the project is that we're working on, whatever becomes a priority today, we may need to wait on trying to work with a specific vendor or on a pilot that they were doing because it just doesn't make good business sense now. However, that doesn't mean we're going to stop talks about how to find the next great thing in composting, or how to get back to that organic food recovery plan. We keep an open door. We're always seeking information that allows us to do different things being debt-free.

We can take more risk in a tough economy, even though we've always been very cautious. We are a very lean company. There's not a whole lot of fluff and excess. Being stockholders in our company, we've always tried to eliminate waste — that's part of our mission statement — from inside out. So while the economy has changed for America, how we do business hasn't.

Mira Slott: *When the gas prices kept increasing to over \$4.00 a gallon, there was big talk about sustainability and then, there was concern that maybe when the prices of gas started dropping, all of a sudden this big push in sustainability was going to be pushed under the rug again.*

Maria Brous: What kills me is that if there's been flooding or droughts, we'll get calls asking, "How is this going to affect the price of your produce today or tomorrow?" I'm trying to explain you won't see the impact today or tomorrow. It's a longer-term affect. Come talk to me in about three months.

Rising gas prices is a perfect example. Fuel is only one part of the equation, during the prolonged period of time when problems accumulate. When customers saw the gas prices go down again, they assumed that the cost of goods would go down, but there's still the cost of the raw materials and everything else that's factored in.

The other part to that is the grocery business is a penny-for-profit business. There is not a whole lot of room for money to be made. Consumers see prices increasing, and they automatically expect the grocer is profiting on that, when the actuality is we have to work hard for every dollar that you're spending. We're earning pennies on that dollar. We have to sell a lot of groceries in order to make it work and our commitment has to be there.

Ken Whitacre: *Do you see your stores as three separate entities — being GreenWise, your newer Publix formats that you open, and your older Publix stores — and treat them differently in any way?*

Michael Hewitt: No, we really don't. It's all the same to us. We have a few different formats because we're always trying to service the customer better. But when it comes to energy efficiency or efficiencies realized during the construction process, insulation, the myriad things we do to make our retail operations more sustainable; that mantra is the same.

Ken Whitacre: *Let me throw in solar*

"A company with heart is probably the biggest form of praise that you can give us. It is our skin in the game. We have the commitment and pride and ownership all tied into one."

— Maria Brous

power, for example. Does solar power have a different priority for a GreenWise store as it does for the other stores?

Michael Hewitt: No, it's not a different priority. It's a priority for the company. Solar will be increasing in its importance going forward. What we're looking for with solar is to figure out how best to integrate that technology into what we do, and our GreenWise Markets provided us with an opportunity — going back to the laboratory comment earlier — to install some solar on a retail operation, and look at how that works, how efficient it is, what the cost is, what the payback is and what the benefits are. We've also installed solar at our corporate office, so it's not just at retail. We have photovoltaic generating capacity.

Maria Brous: We have another traditional Publix that has solar installed, too.

Michael Hewitt: That's right. We have a total of four solar installations, each one similar, but there are differences with each. We're looking for how to make that work. Maybe



one day you'll see solar at every Publix.

Ken Whitacre: *So, that continues to be a work in progress. It's very much a laboratory-type of an environment.*

Maria Brous: There are more hands over all at all times on the GreenWise Markets just because it is such a laboratory. It gives us a controlled area to work with, so it does help us to try things, but we're also very realistic. Our GreenWise stores are 39,000 square feet. A traditional Publix typically would range up to 61,000 square feet, so there are different things that we need to try in traditional stores, as opposed to a smaller-scale store.

When we acquired some of the Albertson's locations late last year, some of them are as large as 74,000 square feet. It's a whole different prototype. We're very careful to understand the impact.

Some stores are as small as 27,000 square feet. Urban stores tend to be a whole other issue. We have stores with above-ground and underground parking and condominiums on top. There's just an array of different stores that we go into. Our goal is to be able to go into any format or size store and maximize its potential. The ground up is definitely easier for us because we have a lot more say.

Our GreenWise Market in Palm Beach Gardens is LEED-certified and that became the buzz. People ask us all the time, "Will all your stores be LEED-certified?" Well, no, that's unrealistic to look at a grocer with a 1,000-store footprint and ask us that, but we wanted to try things. We wanted to understand. We

hadn't built a LEED-certified store before, so we needed to try to do that. What's the economic impact? What's the long-term affect of that? What's the goal? We're not going to do it simply to say it's LEED-certified. How does that impact the customer? How does that impact us as a company? Are we being responsible stewards?

At the end of the day, we have stockholders we answer to, which is each one of us, in being able to be a financially viable company. But a company with a heart is probably the biggest form of praise that you can give us. It is our skin in the game. We have the commitment, pride and ownership all tied into one.

INDUSTRY RELATIONS

Ken Whitacre: *Does Publix participate in Fair Trade with bananas or coffee or anything like that?*

Maria Brous: We have stayed out of Fair Trade. We believe that those are issues that need to be handled outside of our arena. We are not involved. We encourage the parties to come to the table and have those discussions and our job, at the end of the day, is to be a responsible supplier to our customers, be an outlet. We do not engage in this regard. We are very respectful.

We don't like anybody coming into our house telling us how to do business. We don't go into other people's and do that, but we do establish the relationships for the long-term. It's not uncommon for you to go to our suppliers that we have worked with for 30, 40, some 50 years, and still remember Mr. George.

Ken Whitacre: *There are many items that have to have certain certifications, such as GlobalGAP and ChileGAP, which actually have a sustainability or a corporate social responsibility element to them. I wanted to see what your philosophy is on that, if you look at that, if you are open to that, or if that's something beyond the realm of what you really want to get involved in at this point?*

Michael Hewitt: It is beyond what we are directly involved in right now. We might get into that arena somewhere down the road. As Maria said, we have very specific philosophies about Fair Trade and I don't see that changing.

Mira Slott: *Beyond Fair Trade, there has been this push for development of sustainability metrics for specialty crops and another initiative to create national standards for sustainability. There's a debate about whether it's desirable — or even possible — to have national standards for sustainability, even in terms of defining what sustainability is. Are you participating in those discussions?*

Michael Hewitt: We're not participating in those discussions on a national scale. My phi-

losophy of sustainability is that it is unique to every company. So, there is no one-size-fits-all for sustainability. What makes less sense to me is to try to come up with some national standard of sustainability and then hold everyone to it.

Sustainability really has a lot to do with company philosophy, who's running the company, and how engaged all of the employees are in that company. It's very company-specific and it's also very business-specific.

Sustainability would be implemented much differently for Publix than it would be for a shoe store or an electronics store, simply because our operations are very different. I like to think that our sustainability strategy is unique to Publix, not to say that it's better than anyone else's, but it works well for us.

Mira Slott: *Well, it seems to be all encompassing. You're covering every aspect of sustainability and corporate social responsibility. It's not where you have some narrow environmental initiative, which is what someone might initially think with the attention on your recyclable strategies. After talking to you here for this amount of time, one can get a sense of how sustainability envelops your company in everything you do.*

Michael Hewitt: You have to live it...you really do. For some people, they were living more sustainable at home and that has permeated the workplace. In other cases, we find associates are learning more about sustainability at work and they're taking that home with them. So, it works both ways.

And now, through our Web site and through other opportunities, we're helping our customers apply sustainability at home, and we're trying to provide our customers with buying options in our stores that would help them live a greener lifestyle at home.

Mira Slott: *What advice could you give to produce industry companies that want to work with you and improve sustainability goals within their own companies?*

Michael Hewitt: Well, I'd tell them to be engaged with Publix; we're always talking to our various suppliers looking for opportunities. Another avenue might be through various trade associations where we can band together and make big changes, rather than just a smaller, local change, which might be more Publix-specific.

I would encourage produce growers to think about, if not specifically try to calculate, their carbon footprint. Look at where their greenhouse gas emissions are coming from. Is it through fuel use or fertilizer use? Look for ways to reduce that impact and then look for ways to put that in front of customers. Find ways to present that message via the Internet



or maybe through partnering with a retailer to say, "This produce was grown at a farm that was more sustainable and here's why."

Also, I would encourage people to be very careful about measuring. When you look at impacts, for instance, carbon footprints, you need to be very careful to document, and very careful in how you collect that information so you can be transparent when you talk about it with other people, and when people come to you with questions, as they inevitably do.

Mira Slott: *No math manipulation.*

Maria Brous: We don't believe in funny math. No way.

Michael Hewitt: We never overreach when we talk about our green efforts. If anything, we're conservative when we talk about it because we never want to be accused of overstating anything or perhaps even brainwashing what it is that we're doing.

Maria Brous: What you see is what you get. That's what it comes down to. We are a very transparent company in every aspect. That's the only way we know how to be. But it's worked for 79 years, so we're doing something right.

Ken Whitacre: *Does Publix have any systems where you actually highlight a certain vendor each year for going above and beyond?*

Maria Brous: We are very protective of our supplier relationships. We don't engage in publicizing. We don't do a lot of press releases, unless it's a mutual agreed-upon kind of deal. But, we are respectful of the relationship. We expect a lot, and we give a lot in return.

I think overwhelmingly, what you'll hear from our supplier community is we're a tough company, but when you're in, you're in, and it's good to be that way. We like to set that bar high because at the end of the day, we're there to serve our customers and to exceed their expectations. We do that every day, and we expect no different from our suppliers.

We come in with a service mentality. We are there to serve and we ask that our suppliers come to the table with the same mentality, and understand that our customers always come first. Always.

Mira Slott: *It seems like there's this sense of integrity in what you do. I mean, it's a business obviously, but I think you said something nice about having a heart.*

Michael Hewitt: I think no one takes that for granted at Publix, but for the people who've been there for years and years and years, it becomes just everyday, natural — it's automatic. For those of us who came in more recently, like I did three years ago, I still sometimes just take pause and think about what I hear and see, and think about what a neat

company this is and how unique it is.

Mira Slott: *Well, it's interesting because I hear that same family nature at PRODUCE BUSINESS, and it makes you feel dedicated to want to do your best.*

Michael Hewitt: You touched on something really important, which we didn't talk about earlier, and that is when Publix is looking for new talent, when we're looking for that next generation — the generation that's going to run the company after we're gone — those are the people that we're looking for, the people who feel that connection. Thankfully, there are also people out there who are looking for that connection.

The message of sustainability is yet another way for us to reach out to that talent pool and attract...

Mira Slott: *People want to be a part of something, to feel like their input counts.*

Michael Hewitt: Right. I mean, surveys have shown that people — young people especially — are actually coming out of college willing to take a job for less money if it's with a company that they believe in, that they admire, that they believe is doing the right thing, which is great.

Maria Brous: I think interestingly enough, people always ask — especially during the holidays and summer — "Are you hiring for seasonal?" and our answer is no. We're looking to make careers at Publix. It's not just a job. It's a career. Much like it's a lifestyle, it really is a sense of "This is who we are."

Mira Slott: *It must be very hard to be in an industry with high turnover, especially when you're going to all the effort of training people.*

Maria Brous: I think within the first 30 days, we spend, on average, about \$6,000 training our associates. Most of our them, within the first 90 days, know it's a place for them, that it's something that they can do. So, we figure the majority of our turnover happens within the first 90 days. But, when you talk to them, it's not uncommon to see the lifers come out. We have a district manager who is receiving his 55th Year Service Award coming up in April, and that's not uncommon. The average — our median for store manager of years of service — is 25.4 years.

Ken Whitacre: *That's incredible. So do you find that the people who want to work at GreenWise are more loyal, more dedicated?*

Maria Brous: I don't think so, because it's such a small niche for us. When people come to us, there is expertise at times. Their expertise may be different because we may have more of the lifestyle. It's different.

With only three stores, that was a big issue to come around the table and say the organic

lifestyle is different than a clean-cut, traditional associate should be. But it was important for us to step outside of that norm because we were looking for the expertise in the area, and we can continue to train associates there.

But, once you're on board, once you've drunk the water, we expect you to be a part of this family and kind of sharing, and you don't last if you don't. It's one of those things that people definitely know.

Michael Hewitt: Right. They'll start when they're a teenager stocking shelves, and they may go to college, but they come back. It's not unusual to meet a manager or director, or even a vice president, who was once stocking shelves.

Mira Slott: *It's like your experience when you've seen all different aspects of the operation — it probably helps you and adds to your understanding in how to answer a question.*

Maria Brous: It does. I think I'm very fortunate that way. But I think we each have our story to share and we're all different. I mean, that's the greatest thing and the greatest gift that we have; it's a diversity of thought. We really are a company that welcomes that, and diversity is not black or white, male or female, or an ethnic group.

For us, it really is about diversity of thought and coming to the table with a different train of reference, and really, what you bring to the table. And, Mr. George always had a saying that "Publix will be a little bit of a better place or not quite as good because of you." And that, still today, years later, resonates. It's in all our break rooms and it's something that we very much live by. What is your contribution in making this a little bit better place or not quite as good?

Mira Slott: *Well, thank you so much for devoting all this time. It's just been fascinating.*

[Editor's Note: Special thanks to Oscar Katov at OK Communications Inc., in Hoover, AL, for assisting PRODUCE BUSINESS in creating the Retail Sustainability Award Program.] **pb**



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WAL-MART PRICING REPORT ROUND XIX

Battle Of The Titans In Phoenix, Arizona



Wal-Mart's trifecta — the Supercenter, Neighborhood Market and Marketside — rules the roost in Phoenix.

BY JIM PREVOR

Some believe that the future of American retailing can be glimpsed in Phoenix, AZ. Between its large senior citizen population and large Hispanic population, one can argue that this is what retailing in America will look like in not all that many years.

So we traveled down to Phoenix for the 19th iteration of our Wal-Mart Pricing Study, seeking not just our usual quest — the low price champion in one city — but also seeking enlightenment as to what the future might bring for retailing all across the country.

One thing is certain: Phoenix is, in fact, a place where a battle of the Titans is playing out. It is the only market in America where one has a representation of three separate Wal-Mart concepts — the Wal-Mart Supercenter, the Wal-Mart Neighborhood Market and the new, small-store Wal-Mart concept known as Marketside.

In addition, Safeway has an energetic division and Kroger is

well represented in the marketplace with its Fry's division. Tesco, the behemoth from across the sea, also used Phoenix as a launching grounds for its Fresh & Easy small store concept.

In addition to these national chain concepts, we included in our comparison a strong independent: Basha's Supermarkets.

What can we surmise from the outcome of our produce pricing competition among this array of retailers in Phoenix?

Many things to be sure, but as a first order, this: **If Phoenix is the future of American retailing, and if price for a customer walking in off the street is the key variable, then the future belongs to Wal-Mart.**

Not only was the Wal-Mart Supercenter the low price leader in Phoenix, but the Wal-Mart Neighborhood Market concept came in number two, and Wal-Mart's Marketside concept came in third! A trifecta! It hardly seems possible.

It is true, however. Yet in being true, it also reveals some dynamics that illustrate the way competition is playing out,

Wal-Mart Supercenter vs 6 Chains Price Comparison — Phoenix, AZ Prices Available To The General Public

Produce Item	How Sold*	Wal-Mart Supercenter	Wal-Mart Marketside	% Over Wal-Mart	Neighborhood Market	% Over Wal-Mart	Basha's	% Over Wal-Mart	Fresh & Easy	% Over Wal-Mart
Apples Fuji	Per lb	1.47	1.77	20.41%	1.37	-6.80%	1.69	14.97%	1.33	-9.52%
Apples Gala	Per lb	1.00	1.67	67.00%	1.37	37.00%	1.69	69.00%	1.37	37.00%
Apples Granny Smith	Per lb	1.47	1.77	20.41%	1.37	-6.80%	1.69	14.97%	1.51	2.72%
Apples Red Delicious	Per lb	1.47	1.67	13.61%	1.37	-6.80%	1.69	14.97%	1.49	1.36%
Artichokes	Each	1.50	2.28	52.00%	1.50	0.00%	0.70	-53.33%	1.79	19.33%
Avocado	Each	0.33	0.50	51.52%	0.68	106.06%	1.25	278.79%	0.49	48.48%
Bananas	Per lb	0.67	0.58	-13.43%	0.45	-32.84%	0.69	2.99%	0.38	-43.28%
Berries - Blackberries	6 oz	2.29	5.47	138.86%	2.98	30.13%	3.99	74.24%	2.98	30.13%
Berries - Blueberry	6 oz	2.01	1.79	-10.95%	1.90	-5.47%	3.99	98.51%	2.98	48.26%
Berries - Raspberries	6 oz	2.50	5.47	118.80%	2.50	0.00%	3.99	59.60%	3.88	55.20%
Berries - Strawberries	Per lb	1.25	4.28	242.40%	2.50	100.00%	3.99	219.20%	2.98	138.40%
Cabbage - Green	Per lb	0.68	0.56	-17.65%	0.64	-5.88%	0.69	1.47%	0.52	-23.53%
Cauliflower	Per lb	1.21	0.92	-23.97%	1.16	-4.13%	1.49	23.14%	1.24	2.48%
Carrots - Table	2lb/bag	3.36	2.98	-11.31%	2.88	-14.29%	1.29	-61.61%	1.35	-59.82%
Carrots - Mini Organic	2lb/bag	1.68	2.98	77.38%	1.88	11.90%	1.99	18.45%	1.97	17.26%
Cantaloupes	Each	0.78	1.50	92.31%	2.00	156.41%	0.99	26.92%	1.97	152.56%
Celery	Bunch	1.38	0.98	-28.99%	1.32	-4.35%	0.99	-28.26%	1.22	-11.59%
Cucumbers	Each	0.25	0.88	252.00%	0.38	52.00%	0.99	296.00%	0.98	292.00%
Cucumbers Hothouse	Each	1.50	1.89	26.00%	1.50	0.00%	1.69	12.67%	2.28	52.00%
Garlic - whole	Per lb	2.68	2.77	3.36%	2.48	-7.46%	2.99	11.57%	5.51	105.60%
Grapefruit	Each	0.68	0.50	-26.47%	1.14	67.65%	0.99	45.59%	0.78	14.71%
Grapes - Red Seedless	Bunch	1.78	1.00	-43.82%	1.78	0.00%	2.99	67.98%	2.98	67.42%
Grapes - White Seedless	Bunch	1.78	1.00	-43.82%	1.78	0.00%	2.99	67.98%	2.98	67.42%
Lemons	Each	0.33	0.58	75.76%	0.33	0.00%	0.79	139.39%	0.79	139.39%
Lettuce - Green Leaf	Each	1.58	1.46	-7.59%	1.44	-8.86%	1.49	-5.70%	1.39	-12.03%
Lettuce - Iceberg	Each	1.28	1.18	-7.81%	1.34	4.69%	1.29	0.78%	0.98	-23.44%
Mangos	Each	0.98	1.38	40.82%	1.38	40.82%	1.59	62.24%	0.98	0.00%
Mushrooms - Baby Bella	8 oz	2.48	2.48	0.00%	2.48	0.00%	2.65	6.85%	3.32	33.87%
Mushrooms - White	8 oz	1.44	2.48	72.22%	1.50	4.17%	1.99	38.19%	1.82	26.39%
Onions - Red	Per lb	0.98	1.18	20.41%	0.88	-10.20%	1.29	31.63%	1.16	18.37%
Onions - White	Per lb	0.98	0.98	0.00%	1.28	30.61%	1.29	31.63%	1.13	15.31%
Pears - Anjou	Per lb	1.00	1.58	58.00%	1.00	0.00%	1.69	69.00%	1.55	55.00%
Peppers - Green Bell	Each	0.33	0.88	166.67%	0.38	15.15%	0.99	200.00%	0.69	109.09%
Peppers - Serrano	Per lb	2.68	1.18	-55.97%	2.59	-3.36%	1.99	-25.75%	2.50	-6.72%
Pineapple	Each	3.00	2.00	-33.33%	3.73	24.33%	3.99	33.00%	3.49	16.33%
Potatoes - Red	Per lb	1.18	0.68	-42.37%	0.98	-16.95%	1.29	9.32%	0.66	-44.07%
Potatoes Sweet	Per lb	0.98	1.38	40.82%	0.98	0.00%	1.49	52.04%	1.97	101.02%
Salad - Caesar	10 oz	3.38	3.48	2.96%	2.88	-14.79%	2.99	-11.54%	2.81	-16.86%
Salad - European	10 oz	3.26	2.78	-14.72%	2.68	-17.79%	2.99	-8.28%	4.83	48.16%
Spinach - Organic Baby	5 oz	3.38	3.48	2.96%	3.00	-11.24%	3.99	18.05%	1.98	-41.42%
Squash - Yellow	Per lb	0.98	1.78	81.63%	1.42	44.90%	1.49	52.04%	4.25	333.67%
Squash - Zucchini	Per lb	0.78	1.78	128.21%	1.00	28.21%	1.49	91.03%	1.44	84.62%
Tomatoes - Roma	Per lb	0.50	0.89	78.00%	1.42	184.00%	1.49	198.00%	2.00	300.00%
Tomatoes - Vine	Per lb	1.50	2.98	98.67%	1.50	0.00%	2.99	99.33%	3.16	110.67%
MARKET BASKET		66.72	81.80	22.60%	71.12	6.59%	86.69	29.93%	87.86	31.68%

*Because some stores sell by the pound and some by the "each," adjustments were made to ensure fair comparability.

including strategic changes in the way retailers are coming to market.

Wal-Mart itself has made a major strategic shift. In past iterations of our Wal-Mart Pricing Study when we have done cities that feature a Wal-Mart Supercenter and a Wal-Mart Neighborhood Market, the prices in both concepts have been identical, allowing for the occasional error or manager's discretion at marketing something down.

Although Wal-Mart's Neighborhood Market is still appealingly priced, coming in at only 6.59 percent over pricing at the Wal-Mart Supercenter, it is clearly operating now on its own pricing agenda. This is a significant change.

It may lead to a faster expansion of this concept, which has grown slowly. Wal-Mart executives have been hesitant to pour resources into the Neighborhood Market concept because, though always

profitable, it has traditionally realized a return-on-capital lower than the Wal-Mart Supercenter. With higher prices, it is possible that profit margins will increase, return-on-capital will improve and we will see thousands of Wal-Mart Neighborhood markets roll out all across the country.

Of course, there are risks for Wal-Mart in allowing higher price points in the Neighborhood Market stores. For one, it

	Fry's	% Over Wal-Mart	Safeway	% Over Wal-Mart
	1.49	1.36%	1.69	14.97%
	1.29	29.00%	1.69	69.00%
	1.29	-12.24%	1.49	1.36%
	1.29	-12.24%	1.49	1.36%
	2.49	66.00%	2.99	99.33%
	1.29	290.91%	1.29	290.91%
	0.79	17.91%	0.69	2.99%
	3.99	74.24%	3.99	74.24%
	3.99	98.51%	3.99	98.51%
	3.99	59.60%	3.99	59.60%
	3.99	219.20%	3.99	219.20%
	0.59	-13.24%	0.59	-13.24%
	1.49	23.14%	1.69	39.67%
	1.38	-58.93%	1.49	-55.65%
	1.50	-10.71%	1.99	18.45%
	0.99	26.92%	2.99	283.33%
	1.49	7.97%	1.69	22.46%
	0.89	256.00%	0.99	296.00%
	1.99	32.67%	1.99	32.67%
	2.66	-0.75%	2.29	-14.55%
	1.29	89.71%	1.29	89.71%
	2.49	39.89%	2.99	67.98%
	2.49	39.89%	2.99	67.98%
	0.25	-24.24%	0.79	139.39%
	1.49	-5.70%	1.69	6.96%
	1.29	0.78%	1.29	0.78%
	1.29	31.63%	1.49	52.04%
	3.32	33.87%	2.99	20.56%
	1.75	21.53%	1.75	21.53%
	1.29	31.63%	1.29	31.63%
	1.29	31.63%	1.29	31.63%
	1.49	49.00%	1.69	69.00%
	0.89	169.70%	0.99	200.00%
	2.49	-7.09%	1.99	-25.75%
	3.99	33.00%	4.99	66.33%
	1.29	9.32%	1.29	9.32%
	1.29	31.63%	1.29	31.63%
	3.71	9.76%	3.29	-2.66%
	2.99	-8.28%	2.99	-8.28%
	1.56	-53.85%	1.87	-44.67%
	1.79	82.65%	1.69	72.45%
	1.79	129.49%	1.69	116.67%
	1.49	198.00%	1.49	198.00%
	2.99	99.33%	2.99	99.33%
	84.87	27.20%	91.10	36.54%

kets should drop the Wal-Mart name all together. After all, there is a danger in associating the Wal-Mart name with higher prices, even if they are still cheap in the context of the market.

It is actually unclear the concern of Wal-Mart executives with the lower returns realized by the Neighborhood Market concept was ever the right way to approach the issue. An alternative view was that to dominate a market, Wal-Mart needed both Supercenters and, located

between the widely spaced supercenters, the Neighborhood Market stores.

Although the blended return-on-investment may appear at first glance to be lower than a pure Supercenter ROI, sometimes a few extra points of market-share in a city or region is enough to persuade a competitor not to enter the market, or to persuade a poorly performing competitor to abandon a market. That lessening of competition may allow a blended Supercenter/Neighborhood Mar-

How They Stack Up Against Wal-Mart Supercenter

Region	Store	% over Wal-Mart	Store	% over Wal-Mart	Store	% over Wal-Mart
Connecticut-5/02	Super Stop & Shop	.23%	Shaws	.34%	Big Y	.36%
Salt Lake City-10/02	Harmon's	.2%	Smith's	.6%	Albertsons	.12%
South Florida-2/03	Super Target	.22%	Publix	.31%	Winn-Dixie	.52%
Dallas, Texas-10/03	Albertsons	.23%	Brookshires	.7%	Kroger	.19%
	Neighborhood Market	-1.2%	Tom Thumb	.27%		
Portland, OR-3/04	Albertsons	.30%	Fred Meyer	.22%	Haggen	.27%
	Safeway	.37%				
Phoenix, AZ-8/04	Albertsons	.22%	Basha's	.25%	Fry's	.15%
	Safeway	.17%				
Palm Springs-10/04	Albertsons	.19%	Jensen's	.60%	Ralphs	.16%
	Vons	.20%				
Detroit, MI-1/05	A&P Food Basic	-17%	Farmer Jack	.24%	Kroger	.28%
	Meijer	.3%				
St. Louis, MO-5/05	Dierbergs	.22%	Schnucks	.14%		
Houston, TX-9/05	HEB	.15%	Kroger	.30%	Fiesta Mart	-0.3%
Atlanta, GA-11/05	Harry's	.18%	Ingles	.16%	Kroger	.25%
	Publix	.13%	Target	.3%		
Denver, CO-5/06	Albertsons	.16%	King Sooper	.21%	Safeway	.25%
Portland, OR-10/06	Albertsons	.32%	Fred Meyer	.21%	QFC	.54%
	Safeway	.30%				
Toronto Canada-7/07	A&P	.35%	Brunos	.28%	Loblaws	.13%
	Sobeys	.45%				
Kansas City, KS-10/07	Dillions	.20%	Hen House	.15%	Hy Vee	.18%
	Price Chopper	.13%				
Los Angeles-4/08	Fresh & Easy	.15%	Starters	.8%	Ralphs	.25%
	Vons	.14%				
Orlando, FL-10/08	Publix	.32%	Super Target	.22%	Whole Foods	.38%
	Winn Dixie	.28%				
Phoenix, AZ 4/09	Wal-Mart Marketside	.23%	Neighborhood Market	.7%	Basha's	.30%
	Fresh & Easy	.32%	Fry's	.27%	Safeway	.37%

may turn off consumers, both because the higher prices mean less value and because as the media gets a hold of this information that Wal-Mart Neighborhood Markets sell the same thing as Wal-Mart Supercenters at higher prices, editors will advise budget-strapped consumers to avoid the Neighborhood Markets and wait until they go to a Supercenter.

If they are going to be priced differentially, perhaps the Neighborhood Mar-

ket approach to pay off well beyond a straight Supercenter approach.

Wal-Mart's Marketside concept does not use the Wal-Mart name. Its price positioning in the market is tricky. We were told that on grocery, it would stick to pricing used at its larger brethren in the Wal-Mart family, though we have not tested this claim. On fresh produce, however, it prices significantly higher than a Wal-Mart Supercenter — 22.6 percent higher in fact. Yet this still is less expensive than Fresh & Easy, Basha's, Kroger's Fry's and Safeway — if we are speaking about the price a walk-in customer gets in the stores.

Phoenix is a market, though, where loyalty cards do battle and Basha's, Fry's and Safeway all have such programs, and they have significant effects on price competitiveness.

The mighty Kroger keeps its price levels fairly lofty, coming in fourth in the market, behind all three Wal-Mart concepts, with a price point of 27.2 percent over the Wal-Mart Supercenter. If, however, one is a member of its loyalty card program, it is dramatically more competitive, coming in at only 12.65 percent

over Wal-Mart on items affected.

Less dramatic, but in a similar fashion, Basha's came in sixth in the market at fully 31.68 percent over the Wal-Mart Supercenter. For loyalty card holders, the difference was a more digestible 17.94 percent over the Wal-Mart Supercenter.

Among the big American chains, Safeway pulled up the rear in Phoenix, allowing itself to be 36.54 percent over Wal-Mart's Supercenter pricing, and even after its loyalty card discounts, it came in at 24.04 percent over the Wal-Mart Supercenter in pricing.

Clearly, the big battle is being waged in Phoenix to win over loyal shoppers, which leaves the field free to the three Wal-Mart concepts to pick up consumers who don't want to bother with the hassle of loyalty cards.

FRESH & EASY

Battle Phoenix also provides some insight as to why Tesco's Fresh & Easy has had trouble gaining traction: Put simply, it is too expensive.

Not offering a loyalty card, Fresh & Easy came in fifth in the overall market for walk-in business with a price level

29.93 percent over the Wal-Mart Supercenter, and the small store format was beaten by its small store rival, Wal-Mart's Marketside concept, by 15.02 percent.

Perhaps most important, after loyalty cards are considered, Fresh & Easy came in dead last of the seven retailers we studied in Phoenix.

Now Fresh & Easy has spent a lot of money giving out store coupons, although it will not accept manufacturers' coupons. These store coupons would serve to reduce consumer outlays — if the consumer has a coupon and cares enough to save it, bring it to the store and use it.

We wonder if Fresh & Easy executives shouldn't forget about the couponing altogether and offer prices that are competitive for the market.

One other interesting note is how it comes to be that the Wal-Mart Supercenter was so dominant in pricing. Several items were being purchased locally by store managers utilizing their prerogatives to take advantage of local market surpluses to offer value to consumers. Specials on cucumbers, avocados and other items emphasize the Wal-Mart

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Reader Service # 16

Wal-Mart Supercenter vs 3 Chains Prices Available to Card Holders

Phoenix, Arizona — May 2009

Produce Item	How Sold	Wal-Mart Supercenter	Basha's	% Over Wal-Mart	Fry's	% Over Wal-Mart	Safeway	% Over Wal-Mart
Apples Fuji	Per lb	1.47	0.88	-40.14%	1.49	1.36%	0.99	-32.65%
Apples Gala	Per lb	1.00	0.88	-12.00%	1.29	29.00%	1.69	69.00%
Apples Granny Smith	Per lb	1.47	0.88	-40.14%	1.29	-12.24%	1.49	1.36%
Apples Red Delicious	Per lb	1.47	0.88	-40.14%	1.29	-12.24%	1.49	1.36%
Avocado	Each	0.33	1.00	203.03%	1.00	203.03%	0.99	200.00%
Bananas	Per lb	0.67	0.69	2.99%	0.59	-11.94%	0.69	2.99%
Berries - Blackberries	6 oz	2.29	3.99	74.24%	2.50	9.17%	3.00	31.00%
Berries - Blueberry	6 oz	2.01	3.99	98.51%	2.50	24.38%	3.00	49.25%
Berries - Raspberries	6 oz	2.50	3.99	59.60%	2.99	19.60%	3.99	59.60%
Berries - Strawberries	Per lb	1.25	2.99	139.20%	1.25	0.00%	3.00	140.00%
Cantaloupes	Each	0.78	0.29	-62.82%	0.99	26.92%	2.99	283.33%
Grapes - Red Seedless	Bunch	1.78	1.99	11.80%	1.99	11.80%	2.49	39.89%
Grapes - White Seedless	Bunch	1.78	1.99	11.80%	1.99	11.80%	2.49	39.89%
Lemons	Each	0.33	0.79	139.39%	0.25	-24.24%	0.50	51.52%
Lettuce - Iceberg	Each	1.28	1.29	0.78%	1.29	0.78%	1.00	-21.88%
Mushrooms - Baby Bella	8 oz	2.48	2.65	6.85%	3.32	33.87%	1.50	-39.52%
Onions - Red	Per lb	0.98	1.29	31.63%	0.79	-19.39%	1.29	31.63%
Pears - Anjou	Per lb	1.00	0.88	-12.00%	1.49	49.00%	1.69	69.00%
Pineapple	Each	3.00	3.99	33.00%	3.99	33.00%	3.99	33.00%
Tomatoes - Vine	Per lb	1.50	2.99	99.33%	1.99	32.67%	2.69	79.33%
MARKET BASKET		66.72	78.89	17.94%	75.16	12.65%	82.76	24.04%

value proposition.

So following one visit to Phoenix, here's what we've learned about the

future of retailing:

1) Flexible chains that can take advantage of local opportunities can offer

strong value.

2) Wal-Mart has abandoned uniform pricing for its different divisions.

3) Many chains choose to save their fire to offer bargains to their loyalty card customers and so allow the walk-in to subsidize that effort.

4) Fresh & Easy may be in trouble because without a store coupon, it offers a terrible value proposition.

5) Wal-Mart remains an amazing juggernaut, barely being challenged by other mainstream retailers for the low-price-leader market positioning.

Of course, many questions remain. How are hard discounters, such as Aldi, affecting consumer value perceptions? Do high-end retailers, such as Whole Foods or Basha's upscale sister, AJ's Fine Foods, have to worry about cheap competitors? Will Wal-Mart's decision to sell at two different price points both under the name Wal-Mart have long term implications? How important is assortment, location, cleanliness, etc., as opposed to price?

Still, for a few days in Phoenix, we learned a lot on what is percolating in the city many call the testing ground of future American retailing. **pb**

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Canadian Retailers' Winning Formulas

Retailers across Canada keep consistent sales volume by catering to consumer needs by offering local, organic and value-added products.

BY MIKE DUFF

Canadians are, as always, intent on consuming fresh food, viewing it as important to quality of life and health.

Yet, the differences between their consumption patterns and those of their neighbors in the United States are becoming less pronounced, as similar pressures and concerns affect both populations.

WELCOME TO CANADA, WAL-MART

Some differences still persist. When Wal-Mart Stores Inc., based in Bentonville, AR, first introduced super centers to Canada three years ago, the company had to look at its operation in the United

States and weigh what changes needed to be made in tailoring the food operation for a new market. Wal-Mart recognized that Canadian consumers were intensely focused on freshness, so its Canadian outlets incorporate a larger produce assortment than is found in U.S. stores, including an oversized organic display with plenty of signage. This not only services consumers who prefer natural products, but also underlines the company's commitment to providing fresh food in whatever form its customers prefer.

Kevin Groh, director of corporate affairs for Wal-Mart Canada Corp., based in Mississauga, Ontario, notes produce is critical to assuring Canadian consumers that the company is meeting their preference for freshness as it expands its super center format. In the first three years of super center operations, Wal-Mart Canada has opened about 57 locations and plans to debut 26 more by the end of the current fiscal year. "It's a format that's obviously caught hold, and consumers have made that jump between recognizing Wal-Mart as a great stop for general merchandise to accepting Wal-Mart as a great market for food. The focus on produce has been a big part of that," explains Groh.

Wal-Mart is still tweaking the assortment, sometimes editing it as the company develops a better understanding of what Canadian customers really want. Of course, that changes over time. "If you stop tweaking, you get left behind," remarks Groh. For example, Wal-Mart has had to make many adjustments to serve the range of Canadian communities, many of which are multi-ethnic, particularly in the Toronto and Vancouver areas. "There is a really broad and varied multicultural representation in many of our communities," Groh explains. "We've got a new store in Scarborough at the north-east end of the Toronto metropolitan area where the local customer base is comprised of approximately 75 percent minority groups."

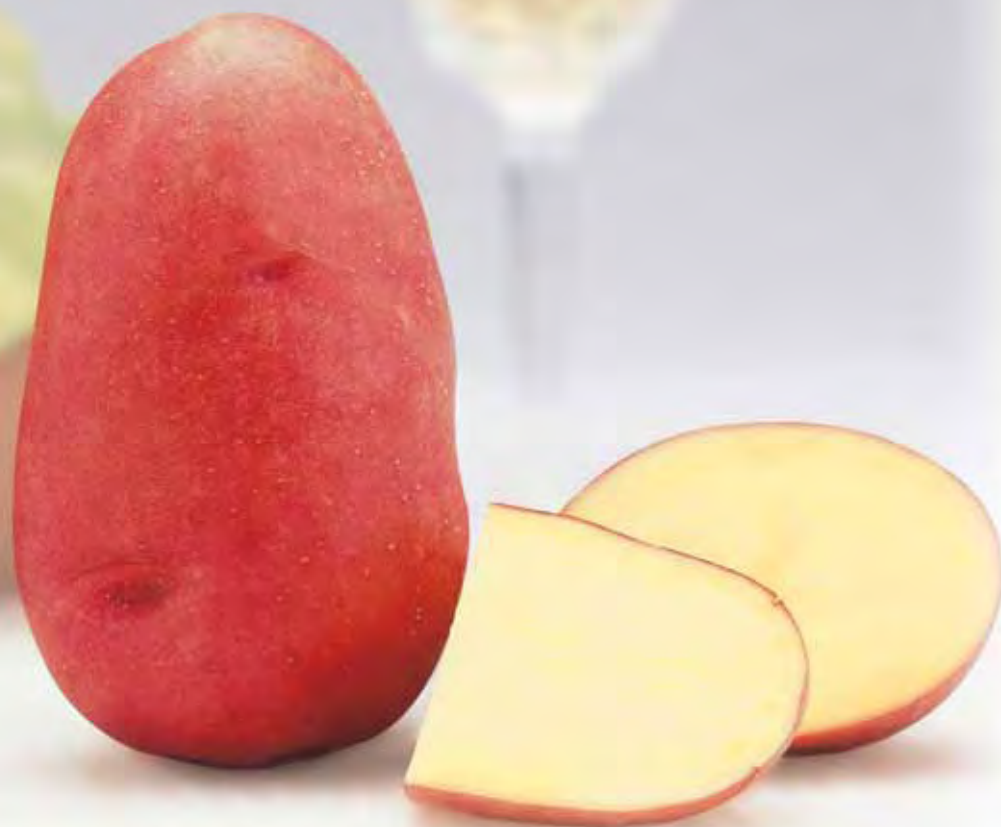
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Photo courtesy of Wal-Mart Stores Inc.

Canadian Wal-Marts incorporate a larger produce assortment than their American counterparts.

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Reader Service # 19

Canada And The United States: Similar, But Different

Health, interest in local and seasonal produce and even wariness in spending during gloomy economic times are factors uniting Canadian and U.S. consumers. So it's hardly surprising that, if asked, many of the people involved in Canadian produce industry say cross-border differences are relatively slight.

"Our members feel the Canadian and U.S. markets are similar and getting even closer," notes CPMA's Richer. "Even going back to TV and media, people in both countries are watching the same things and getting closer, especially with interest in eating healthfully — a large part of which is eating fresh fruits and vegetables."

Some differences remain, and sometimes, those differences are specific, as is the case with salad dressings. "For refrigerated salad dressings in the United States, the big two are ranch and blue cheese," reports Doug Hawkins, president of Litehouse Foods Inc., based in Sandpoint, ID. "They are about 60 percent of U.S. sales. Caesar is big in Canada, and Greek is stronger. In the United States, we have multiple flavors of ranch. In Canada, there are multiple flavors of Caesar, such as Romano and garlic."

It's not that Canadians don't eat blue cheese or ranch dressings. In fact, ranch is relatively strong in Western Canada, and, as that suggests, regional preferences in Canada can be pronounced. Hawkins says Asian

flavors, such as sesame ginger have become more popular in Western Canada, too, as that region gets more involved with the Pacific Rim.

The difference between Canadian and American demand for organic produce is particularly slight, remarks David Van Seters, founder and CEO of Spud, a Vancouver, B.C.-based home delivery retailer of natural foods operating in Canada and the U.S. He recently had his staff compare shopping habits across the international border — Spud serves Vancouver, Vancouver Island, Calgary, Seattle, Portland, San Francisco and Los Angeles — and the results revealed relative affinity. "In both countries, our customers purchase between 33 and 36 percent fruit as total sales, while the remainder is vegetables," notes Van Seters, although he pointed out that U.S. markets lean a little more toward vegetables while Canadian markets prefer fruit.

In terms of growth areas, similarities remain, and consumers in both countries show evidence of their concern for health, novelty and authenticity. "There is a general increase in sales of produce items that are high in antioxidants, for example blueberries, or that are of heirloom or heritage varieties, for example, Newton Pippin apples and heirloom tomatoes," details Van Seters. "Asian greens are also growing in popularity and seem to be replacing chard and kale to some extent."

pb

ments, Wal-Mart has applied a community merchandising strategy throughout its Canadian stores to better serve consumers. Relative to the United States, ethnic consumers in Canada are more likely to be Asian. Wal-Mart has adapted by adding *Halal* food and multi-cultural assortments of fruits and vegetables, details Groh. Still, while it courts Asian consumers with baby Bok Choy in one market, Wal-Mart Canada — in an example of convergence with the operation in the United States — stocks mangos and plantains in locations where Hispanic communities are thriving.

Melanie Richer, marketing and communications senior manager for the Canadian Produce Marketing Association (CPMA), based in Ottawa, Ontario, reports ethnic communities are having a significant impact on eating habits in Canada, both through direct contact as they assimilate into society and through an influence on food culture, including restaurants and increasingly popu-

lar television cooking shows. "TV food shows are increasing the trend," she notes. "Eggplant sales increased for one of our members quite a bit after a mention in a television show. Mango, papayas, lychees — they all relate back to TV food shows that demonstrate how to use them and how to include them in meals. The more exposure consumers have to different cultures in food shows, the more they will go to stores to pick things up."

Virginia Zimm, president of Faye Clack Communications Inc., based in Mississauga, Ontario, also notices the considerable influence Canada's multi-cultural population has on the country's eating habits. "We have a huge ethnic population, especially Asian, with many emigrating from Hong Kong. Canadians love to experiment with food and try new things, and our multi-cultural population has definitely brought their food and flavors into retail stores," she says. "Bok Choy and Chinese green beans are now



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VALUE-ADDED/ORGANICS TAKE CENTER STAGE

A variety of influences is prompting Canadians to consume more fruits and vegetables, and the produce industry is helping them do so by providing value-added product and convenient packaging. "We're seeing a significant amount of growth in fresh-cuts, smaller size snack packs geared toward children and different kinds of produce that's pre-cut, making it easier for consumer to grab-and-go, taking the work out of preparation," Richer reports.

Canadian retailers are responding to the variety of influences in the market, including the growth of Wal-Mart's food operation. Michael Mockler, produce director for Saanichton, British Columbia-based Thrifty Foods, is dealing with the expansion of Wal-Mart Canada's food business by concentrating on higher-end products and more expansive assortments. A 20-store supermarket chain, Thrifty, also operates a produce wholesale operation distributing to its stores and more than 60 independent grocers in British Columbia. Sobeys Quebec, one of

Canada's largest supermarket chains, purchased Thrifty in 2007, although the Montreal, Quebec-based retail outlet continues

A variety of influences is prompting Canadians to consume more fruits and vegetables, and the produce industry is helping them do so by providing value-added produce and convenient packaging.


to operate under its own banner.

Mockler maintains taking a high quality position leaves him plenty of room to operate. The Canadian consumer's eagerness for flavor and variety creates a willingness to

spend money on better quality food. "Consumers want diversification: ethnics, varieties, organics. They want mangosteens out of Jamaica. I'm not going to make money on mangosteens, but I'm going to carry them because those customers are also going to buy triple-layer cakes, and that's where we make money."

Of course, the economy could put a damper on consumers' enthusiasm for exotics and other pricey produce, yet exchange rates have been a bigger issue in Canadian produce retailing. Sales are up in many product areas because import prices have risen as the Canadian dollar has declined in value. Mockler believes the recession, which has only mildly impacted Western Canada thus far, may be helping his business in some ways. Canadian consumers have begun to cut back a bit, but they still want to enjoy fresh food. "The consumer now has no problem paying 68 to 79 cents a pound for bananas, when a year ago, they were only 59 cents a pound. Part of that is because more people are bringing lunch to work, rather than going out."

The slow start to the recession in Canada and its modest effects so far have made it difficult to tell just how the economic slowdown will affect the produce industry. Cur-




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Canadian get excited for locally grown produce because the season is so short.

rently, the issues that have been important for the past few years remain top of mind for many Canadian consumers. Wellness remains an important consideration and organics continue to be in high demand. Mockler discloses the organic business in British Columbia is among the strongest in Canada and remains vital.

"About six percent of produce sold in supermarkets in British Columbia is organic, which is above average in Canada and the United States," he notes. "Consumers are buying smarter. Ninety-five percent of people have a job. They've got money, but they may be a little more wary spending it. Nonetheless, they are still buying healthful foods. They may be buying some consumer packs and maybe a cheaper apple rather than the extra fancy grade, but they don't quibble on lettuce."

Anthony Pitoscia, vice president and owner of Fresh Advancements Inc., a wholesaler and importer that can be found in Toronto, Ontario, and on the Ontario Food Terminal, agrees that organics remain popular among Canadian consumers, but so does convenience. "Our organic food selection drives our business growth. We were the first wholesaler, we believe, that dedicated an entire location on any food terminal to certified organic products. We have a full line of fully organic repackaged products. That's a sector of growth. We've had growth in value-added from our other company, Freshline Foods. People are getting away from 24-count Iceberg because they want to go to a no-hassle product," says Pitoscia.

Freshline produces value-added products ranging from fresh-cuts to home meal

replacement under its own brand name and as a private label provider for retailers ranging from Loblaws to Costco to Sobeys. The company even produces burger kits for barbecues that include cut onions and tomatoes and is preparing to launch products in microwave steam bags that allow consumers to prepare a side dish in three to four minutes.

Although potatoes are a food consumers turn to when times are tight, Roland MacDonald, market development officer for the Charlottetown, PEI-based Prince Edward Island Potato Board, reveals the purchasing

patterns his group has seen don't suggest people are scrimping, even if they are concerned about the future. "The reports we're getting are that even though potato prices are higher, volumes haven't declined. With the sort of recession or decline in the economy we're starting to see, there is more interest in comfort food," he explains.

In fact, Canadian potato growth reflects other trends in the country, particularly for products in the right size and that provide the right eating experience. "Growth seems to be in specialty-type potatoes, and, certainly, we have a wider selection of packs sizes



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Reader Service # 93

and varieties, too," say MacDonald.

PEI Potato Board's general manager Greg Donald, adds, "Suppliers are trying to meet needs of consumers with smaller package sizes and individual potatoes versus larger bag sizes. Some of the value-added prepared products are the industry responding to consumers' changing needs."

PEI potatoes have a particular cachet that has helped the growers and the board establish a gourmet reputation for the crop grown there. Going forward, though, the PEI board wants to address consumers' growing health issues by emphasizing the nutritional

advantage of potatoes in its promotions.

HEALTHFUL, COMFORT FOODS

Fresh food is something Canadians continue to turn to as comfort during trying times. "Despite difficult economic times, I believe that people still need to reward themselves with the occasional indulgence," asserts Elizabeth O'Neil, chairman and director of marketing for mushroom specialist, Highline Produce Ltd., based in Leamington, Ontario. "It's how consumers indulge that will likely change, and I would

"If there is any sort of positive result from this economy, it's that people are realizing they need to take care of themselves."

**— Virginia Zimm
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not be at all surprised if we see fresh produce, possibly even more exotic produce, filling that role. For example, perhaps consumers will choose exotic fruit or berries once in a while instead of apples, exotic mushrooms for a gourmet meal, instead of plain button mushrooms. It is an indulgence that can create a special and shared experience at home, but that people can still feel good about."

Health is becoming more important to many Canadians as the economy wavers. Just about half of Canadians contacted in a survey conducted for supermarket operator Loblaws said that given the uncertain economy, one thing they control is themselves; thus, they need to take better care of their physical health. Still, 45 percent of Canadians haven't initiated a healthful eating and fitness regimen because they worry it will cost too much.

Loblaw has been trying to make it easier for Canadians to eat healthfully on a budget. The company has combined products from its President's Choice Blue Menu — a health-oriented private label offering dinners, entrées and other dishes — with fresh produce in a range of menu plans published online. "By visiting the PC Healthy Eating Challenge online, consumers can view meal plans that encourage including fresh fruits and vegetables to one's daily meal plan," explains Diane Sidik, spokesperson for Loblaws Inc., in Toronto, Ontario. "PC's Healthy Eating Challenge encourages healthful living overall, with suggested Blue Menu and fresh fruit and vegetable items to help Canadians get there."

Faye Clack's Zimm tries to look at the dampening economy with a silver lining. "If there is any sort of positive result from this economy, it's that people are realizing they need to take care of themselves," she prefers. "The berry trend, especially blueber-

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CANADIANS DEMAND LOCALLY GROWN

As the success of PEI as a brand suggests, Canadians are interested in issues around how produce makes its way to market, and that has boosted local and seasonal products, a trend noted by Peter Austin, Canadian sales director of B. C. Tree Fruits Ltd., based in Kelowna, B.C. “People feel the local

products get to them in a fresher state and can give them a better eating experience,” maintains Austin. “They want to promote the local economy. We believe we’re bringing better food to the community and improving its carbon footprint.”

A significant focus of B. C. Tree Fruit’s business has been development and commercialization of new cherry and apple varieties that can extend the Canadian growing season. “On the soft fruit side, we’ve been busy developing a new late season cherry,” reveals Austin. “We’re the most Northern growing area in the world, and we have a

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Reader Service # 66

“Consumers would rather buy a local product versus an import if available at that time.”

**— Mimmo Franzone
Longo Bros.
Fruit Markets Inc.**

federally funded research station in the Okanagan Valley. We are trying to develop new varieties so we can extend the marketing season. The latest one we have come out with is the Staccato cherry. That seems to be going well.”

B. C. Tree Fruit’s Ambrosia apple has caught on and Okanagan growers are following with the Nicola, a Gala/Splendor cross. “We’ve had a lot of interest in that,” notes Austin. “It will come to market this season in limited volume, but in the next five years the volume will increase.”

Mimmo Franzone, category manager of produce and bulk foods at Mississauga, Ontario-based Longo Bros. Fruit Market Inc., a grocery chain with 17 stores in the Toronto area, reveals consumers are expressing a distinct preference for local produce. “Consumers would rather buy a local product versus an import if available at that time,” says Franzone.

The caveat of Canadian locally grown product is that the season is short. “It’s a frenzy,” admits Zimm. “Because of the short growing season — we have peaches for four or five weeks and cherries for only two or three — consumers really look forward to harvest time when they can finally get their hands on Canadian product.”

Freshness is a key element of consumers’ preference for local product. Longo’s addresses this issue by building relationships with growers both inside and outside of Canada’s borders to get product from field to fork faster. While they like local, Canadian consumers demand fresh fruit and vegetables year round and certainly have no problem obtaining it internationally. “Our local season — the heart of it — is only two months,” notes Franzone. “They still want to buy strawberries from California when they are around. They want exotic products, and that doesn’t change. They won’t shy away from buying a mango because it isn’t grown locally.”

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Palm Bay, FL

Specializing in quality, sweet onions from around the world, Sweet Onion Trading Co. is uniquely poised to offer superior sweet onions in annually consistent supplies at fair market prices. Grown from premium Granex seeds, we offer a variety of packaging options, including 2- and 3-pound bags with recipes, 5-pound drawstring bags and 40-pound, bulk cartons with new GS1 databar PLU stickers!



201 L & M COMPANIES INC.
Raleigh, NC

L & M Companies was founded in 1964 as a family business, and has been marketing in Canada for 15 years. We offer an inventory of potatoes and onions, an array of vegetables, along with apples, pears, cherries, melons, limes and mangos. Many of our varieties are available as

certified organic produce.



122 SAN MIGUEL PRODUCE
Oxnard, CA

San Miguel Produce, creator of Cut 'n Clean Greens, specializes in the cooking greens niche and is well known for offering the largest variety of farm fresh, ready-to-cook greens. Cut 'n Clean Greens uses no additives or preservatives. The company is introducing new organic and Asian value-added cooking greens for retail, wholesale and the foodservice industry.



204 SUNLIGHT INTERNATIONAL SALES/J.P. DULCICH AND SONS
Delano, CA

Jakov Dulcich and Sons' 2500 acres of multiple varieties of table grapes are marketed in Pretty Lady and Sunlight Labels by Sunlight International Sales. A number of new, seedless varieties are being grown, including Luisco, Autumn King, Magenta and the up and coming Scarlet Royal.



137 FRESH ORIGINS LLC
San Marcos, CA

We offer microgreens, petitegreens, edible flowers and tiny veggies. Our extensive variety list includes: FireStix, MicroFlowers, Micro Mustard Dijon, Micro Tangerine Lace and many more exclusive items. Often imitated, we produce a steady stream of original innovations. Our products are available year-round from San Diego, CA and we will FedEx to Canada.



210 PRODUCE BUSINESS
Boca Raton, FL

Initiating industry improvement since 1985, PRODUCE BUSINESS is the most widely distributed publication in the industry. Exclusively edited for buyers, it provides a monthly dialogue of marketing, merchandising, management and procurement information that helps buyers accomplish the industry's 9-to-13-A-Day goal.



200 WELL-PICT BERRIES
Watsonville, CA



Well-Pict offers you a complete berry program with premium, proprietary variety strawberries and raspberries available 12 months out of the year. Our latest developments include a re-engineered 2-pound strawberry clamshell to reduce shipping costs, our redesigned website (www.wellpict.com) and new winter strawberries from Florida.



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AISLE by AISLE

Booth



Review

CPMA AISLE-BY-AISLE BOOTH REVIEW

214
GILLS ONIONS
Oxnard, CA

As North America's largest onion grower/processor, we are looking forward to serving your fresh pre-cut onion needs! Stop by and see our retail products in eye-catching, re-sealable, stackable, recyclable packaging that offer the ultimate in convenience to your customers.



216
RAINIER FRUIT CO.
Selah, WA

Rainier Fruit is dedicated to farming using principles of good stewardship. Our primary responsibility is to grow the finest quality apples, pears, cherries and blueberries using the natural resources entrusted to us, without compromising the ability of future generations to do the same. Stop by to discuss our blueberry, cherry and summer apple programs.



217
CAVENDISH PRODUCE
Charlottetown, P.E., Canada

Cavendish Produce is committed to supplying top-quality potatoes to the retail and wholesale trade on a year-round basis. We supply the U.S. East Coast, Canada and the Caribbean with russets, whites, reds, yellows, blues, fingerlings, organics and other specialty pack potatoes with Cavendish Produce and/or other private-label brands.



223
AMERIFRESH INC.
Scottsdale, AZ

Haven't heard about the Amerifresh Advantage? Our friendly team can show you why Amerifresh has been synonymous with availability, consistency and quality for the past century. With Amerifresh, you can rely on consistent levels of freshness, color, size and flavor when you need it, where you need it, regardless of weather or time of year.



236
BARD VALLEY MEDJOOOL DATE GROWERS' ASSOCIATION
Bard, CA

Located on the banks of the Colorado River, we are growers and shippers of the world's finest Medjool dates. We ship bulk and consumer packs.



238
CALIFORNIA LEAFY GREENS MARKETING
Sacramento, CA

The LGMA incorporates science-based food safety practices and mandatory government inspections by USDA-trained auditors. LGMA members provide products that are healthy and safe by reducing potential sources of contamination in California-grown leafy greens. LGMA members handle approximately 99% of the volume of leafy green products grown in California.



242
SETTON PISTACHIO OF TERRA BELLA
Terra Bella, CA

Setton Pistachio is a processor and exporter of California pistachios, offering raw and roasted salted, U.S. extra #1, all-naturally opened California pistachios; raw 80 percent whole kernels; kernel splits; and flavored in-shell pistachios (asian soy, chili-lemon, garlic-onion, hickory and jalapeno).



248
WAUDWARE INC.
Waukegan, Ontario, Canada

Waudware offers computer software designed to improve the profitability and performance of fast-paced produce businesses. With a proven track record in the produce and distribution industries, as evidenced by our flagship product PICS - The Produce Inventory Control System, we understand the complexities of managing inventory, fulfillment and traceability issues.



300
BONIPAK PRODUCE CO.
Santa Maria, CA

Bonipak is a multi-commodity grower, packer, shipper and processor that supplies both the retail and food service industries. Bonipak offers products of the highest quality and freshness with year-round availability. Our Cut-To-Cool Program ensures that freshly harvested products are cooled and ready to ship within 24 hours.



302
MISSION PRODUCE
Oxnard, CA

Mission Produce is a global packer, importer, processor and distributor of avocados and asparagus. Our ripening and distribution centers in California, Denver, Chicago, New Jersey, Atlanta, Dallas and Seattle, enable just-in-time delivery to customers nationwide. New at Mission is our year-round asparagus program.



315
LITEHOUSE INC.
Sandpoint, ID

Stop by our booth to see what's new in the refrigerated dressings, marinades and sauces, fruit and veggie dips, glazes, caramel and more. Come over to sample some delicious food and to see how Litehouse can help grow your produce department sales.



316
MANN PACKING CO. INC.
Salinas, California

Mann Packing Company is celebrating its 70th anniversary in business. The leading developer of innovative packaging for fresh, ready-to-eat vegetable products, Mann introduced the first broccoli florettes, Broccoli Wokly, in 1939 and put broccoli on the map as a health food. Visit our booth to see what's new in fresh-cut sweet potatoes, a super-food driving sales in the fresh-cut category.



323
SEALD SWEET INTERNATIONAL
Vero Beach, FL

Seald Sweet proudly celebrates a century of service to the produce industry, growing and shipping fresh citrus, grapes, pears and more from the finest growing regions around the world. Our brands include Seald Sweet, Seald Sweet International, Disney Garden Seald Fresh, White Tiger, Florigold, Poinsetta, Belle of Piru, Titan, Glider and Ring Leader.



329
SILVER CREEK SOFTWARE
Boise, ID

Visual Produce, an accounting program targeted to the fresh produce industry, offers unique capabilities for produce wholesalers, distributors, packers, brokers and grower settlements, including customer menus, contract pricing, lot control, route accounting, visual Internet and much more.



331
RIVER RANCH FRESH FOODS LLC
Salinas, CA

River Ranch Fresh Foods has introduced a line of Popeye Steamers vegetable bowls and Fraisi! Popeye Fresh! Premium kit bowls. The Steamers' proprietary steaming technology allows perfectly cooked vegetables in five delicious flavors: Alfredo, Blue Cheese, Sharp Cheddar, Butter & Garlic and Monterey Jack.



AISLE 300

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AISLE by AISLE

Booth



Review

CPMA AISLE-BY-AISLE BOOTH REVIEW

336
BEACH STREET FARMS LLC
Watsonville, CA



Beach Street Farms, a premier grower/shipper of conventional and organic berries, is committed to providing the highest quality berries available. Cultivated in the heart of the California strawberry-growing regions of Northern and Southern California, supplies are available almost year-round.

507
THE OPPENHEIMER GROUP
Coquitlam, B.C., Canada

Our vertically-integrated base of growers from over 25 countries makes us a valued supplier to retailers, wholesalers, and foodservice customers. We deliver year-round volumes of preferred items, as well as custom packaging, category management, quality assurance, e-commerce and transportation solutions.



expect the world from us

542
FAMOUS SOFTWARE LLC
Fresno, CA

Famous software provides integrated accounting and management software that is focused on improving productivity, profitability and control. We are providers of traceability, COOL, RFID, EDI, H2-A and B2B solutions and offer world-class training, support, programming and consulting.



642
THE MARCO CO.
Fort Worth, TX

The Marco Company has provided the retail industry innovative and cost-effective merchandising solutions for over two decades and is still family-owned and operated today. Marco currently has over 1,000,000 square feet of manufacturing and warehouse space and proudly serves 24 of the top 25 grocery store chains in the United States.



348
CALAVO GROWERS
Santa Paula, CA

Calavo Growers is the worldwide leader in marketing, packing and shipping fresh avocados. We also distribute frozen and refrigerated ultra high-pressure technology (UHPT) avocado products, such as guacamole and avocado halves to the retail and foodservice industries. Also available: papayas, pineapples, tomatoes, mushrooms and more.



530
P.E.I. POTATO BOARD
Charlottetown, P.E., Canada

The Prince Edward Island Potato Board represents PEI's potato industry. PEI produces russets, whites, red, yellow, organic and specialty potatoes. Our shippers supply all pack sizes to Canadian, U.S. and export markets around the world. Prince Edward Island is known worldwide for its unique, rich, red soil and for its high quality standards.



625
MASTRONARDI PRODUCE LTD./ SUNSET
Kingsville, Ontario, Canada

Mastronardi Produce/SUNSET is a pioneer and industry leader in the gourmet greenhouse industry that grows and markets nationally recognized brands such as Campari Brand Cocktail Tomato, Splendido Grape Tomatoes and Champagne Cocktail Tomatoes under its Sunset label.



715
CALIFORNIA STRAWBERRY COMMISSION
Watsonville, CA

Visit us to learn about the California Strawberry Commission's priorities - food safety, trade relations, research, nutrition, public policy and marketing communications for an industry that provides 96 percent of all strawberries consumed in Canada.



437
COLUMBIA MARKETING INTERNATIONAL
Wenatchee, WA

As one of Washington State's largest apple, pear and cherry shippers, CMI strives to deliver the finest products through improved growing, harvesting and shipping procedures. You can count on CMI for exceptional service and selection of conventional and organic apples, pears and cherries.



536
FLORIDA TOMATO COMMITTEE
Maitland, FL

The experts agree — there's value in going back to basics. Florida Tomato Growers proudly provide our Canadian retail and foodservice partners the highest-quality tomatoes all year long. Since our tomatoes are grown with the most stringent food safety standards, our customers are finding that getting back to basics is actually an upgrade — in both taste and value.



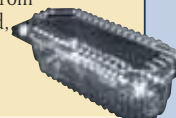
501
B.C. TREE FRUITS LTD.
Kelowna, B.C., Canada



B.C. Tree Fruits supplies central services to our owner packing organizations and provides sales, marketing and promotional functions under the B.C. Leaf brand. Since 1936, we have developed a reputation for providing quality fruit grown in British Columbia's Okanagan Valley, and provide exceptional service to customer base.

537
KURT ZUHLKE & ASSOCIATES INC.
Bangor, PA

Kurt Zuhlke & Associates is an environmental friendly supplier of produce packaging for more than 50 years. Our newest line of packaging, the "Keeping It Green Program" includes the 3JRC and 3LC clamshells, made from 100 percent recycled, post-consumer PETE.



640
CF FRESH
Sedro Wooley, WA

CF Fresh is a dedicated organic sales agency representing multiple growers from Washington, British Columbia, Oregon, California, Argentina and Chile. CF Fresh sells organic apples, pears, onions, potatoes and stone fruit.



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717 PEAR BUREAU NORTHWEST

Milwaukie, OR
USA Pears, grown in Washington and Oregon, represent 84 percent of the U.S. fresh pear crop. With several varieties and near year-long availability, USA Pears are a fresh and profitable choice to carry in produce departments from fall to summer. Learn about varieties, ripening programs, culinary applications and exciting merchandising opportunities.



726 MACKAY & HUGHES
Toronto, Ontario, Canada

EarthFresh Foods, through Mackay and Hughes, grows and distributes potato brands including Klondike Rose, Green Giant Fresh, European Gourmet, Sierra Gold, and EarthFresh Organic. In Canada, Earthfresh exclusively distributes the Green Giant Fresh brand of potatoes and onions.



737 BOLTHOUSE FARMS
Bakersfield, CA

Stop over and taste why our juices, protein drinks and premium dressing business is thriving! We are the leading North American supplier of 100 percent natural beverages and are raising the bar with our dressing innovation. Our category experts are here to help you optimize sales in these critical profit-driving categories.



741 STEINBECK COUNTRY PRODUCE
Spreckels, CA

Steinbeck Country Produce is a family-owned grower/shipper/packer of premium vegetables. Headquartered in the Salinas Valley, we offer a full line of vegetables year-round from California and Arizona. Visit our booth to see our newly designed packaging that will be a great addition to your retail displays!



742 COLORFUL HARVEST
Salinas, CA

Colorful Harvest grows premium, quality, fresh produce including strawberries year-round, blueberries, raspberries, blackberries, melons, sweet red corn, rainbow crunch carrots in orange and purple, green cauliflower, purple broccoli and more.



816 DUDA FARM FRESH FOODS INC.
Salinas, CA

Duda Farm Fresh Foods is a major grower, shipper and marketer of fresh citrus and fresh-cut vegetables with primary locations in Florida, Texas, California, Arizona, Georgia and Michigan. Duda Farm Fresh Foods is a wholly owned subsidiary of DUDA, a family-owned, diversified-land company headquartered in Oviedo, Florida.



818 DEL MONTE FRESH PRODUCE
St. Leonard, Quebec, Canada

Fresh Del Monte offers retailers and foodservice operators an array of innovative solutions to address the changing tastes and lifestyle needs of today's consumers. Our extensive distribution network allows just-in-time deliveries of our premium quality fresh products to your doorstep.



845 ACCU-LABEL INC.
Leamington, Ontario, Canada

From its inception, Accu-Label continues its commitment to providing all types of environmentally friendly, pressure-sensitive labelling solutions to fresh produce packing houses across North America. Our primary products include: ORB-it Vision Labeller, ORB-it Over-Top and STIC-it.



911 TEXASWEET CITRUS MARKETING INC.
Mission, TX

TexaSweat Citrus Marketing Inc., chartered in 1962, is a nonprofit corporation that represents the domestic marketing and promotional interests of growers and shippers of fresh grapefruit and oranges grown and produced in Texas.



948 JEALOUS FRUIT
Lake Country, B.C., Canada

Jealous Fruits is a Canadian firm, specializing in ultra premium cherries, fresh picked from July right through the end of August. We cater to discerning customers who appreciate exquisite fruit.



1001 DOMEX SUPERFRESH GROWERS
Yakima, WA

Domex is an international fruit marketing firm that grows and markets both conventional and organically grown domestic and imported apples, pears, cherries, peaches and apricots. Look to Domex Superfresh Growers for innovative marketing and promotions like RipeSense Pears and our new Apple/Food Pairings POS.



1007 DRC
Ottawa, Ontario, Canada

The Fruit & Vegetable Dispute Resolution Corporation (DRC) is a private, nonprofit organization of produce and transportation companies dedicated to providing fair, efficient, affordable and enforceable dispute resolution services. Membership is open to produce and transportation companies trading within and into North America.



1012 TANIMURA & ANTLE
Salinas, CA

Discover Tanimura & Antle's long standing commitment to quality, service and innovation. Tanimura & Antle produces a full line of vegetables including Artisan Lettuce, Living Lettuce, Artisan Red Onions, iceberg, romaine, broccoli, cauliflower, Broccoli, and bell peppers.



1016 EARTHBOUND FARM
San Juan Bautista, CA

Earthbound Farm began 25 years ago in a backyard garden with a big commitment to organic farming. Today, 150 dedicated organic farmers grow our top-quality organic salads, fruits and vegetables on 33,000 acres, keeping about 10.5 million pounds of conventional agricultural chemicals out of the environment every year.



Debunking Myths Of The Latino Market (Part II of II)

As the U.S. Latino community multiplies, retailers should consider ways to specifically cater to this important and influential demographic.

BY JODEAN ROBBINS

In the April issue of PRODUCE BUSINESS, writer Jodean Robbins began an exploration of the U.S. Latino community and the most effective manner in which retail stores should be reaching out to this consumer group.

By overcoming common misperceptions and avoiding sweeping generalizations, retailers can take full advantage of this growing important and diverse market segment.

MYTH 5: I'M SELLING TO NON-ENGLISH SPEAKERS

While the Spanish language is important to many Latinos, it is mistaken, and in fact risky, to assume all Latinos speak Spanish. Laura Sonderup, managing director for Hispanidad, headquartered in Denver, CO, a company that provides integrated marketing services to reach the Latino market, explains this common misconception, "Previously, many retailers believed a Hispanic marketing initiative had to be exclusively in Spanish. However, in today's retail environment, one must take into consideration the growing middle-class and affluent segments in the Hispanic community— individuals

who possess a more advanced level of acculturation and English proficiency."

The influence of younger generations should be taken into consideration as well. "Latino children will assist in the purchasing of products through reading labels, price differentiation and also with the consumption decisions," says Maggie Bezar, marketing director for the Santiago, Chile-based Chilean Avocado Importers Association (CAIA) and president of Bezar Marketing Communications in Aptos, CA.

"Since many immigrant parents come to this country with little knowledge of American brands, their children interpret marketing messages and counsel them on what to buy," adds Sonderup. "Hispanic youth have a different value system and mindset than their non-Hispanic counterparts and should be considered a separate and distinct segment within the larger U.S. Hispanic market."

However, bilingual staff and signage is an asset. Dick Spezzano, president of Spezzano Consulting Service in Monrovia, CA, reveals, "You want your customer to be comfortable. If you have a mixed demographic, you need to consider having truly bilingual employees."

"Correct bilingual signage and a proficient bilingual staff will allow a store to better service the Latino customer," concurs Mike Potts, vice president of sales for Turbana Corp., in Coral Gables, FL.

Salisbury, NC-based Food Lion LLC has Spanish-speaking associates, as well as signage in both English and Spanish. "Marketing products in Spanish, and providing the kind of customer service relating to this market helps sell various products," says marketing manager Daniel Herrera.

Maria Brous, director of media and community relations for Publix, in Lakeland, FL, notes, "We have stores that encompass bilingual signage, English first. We also have ads driven for the general market and then those driven to our ethnic consumers as well."

Although many Latinos respond to marketing in



Photo courtesy of Frieda's Inc.

Variety is key when marketing to Latino customers.

their own language, companies must be assured the translation is accurate to the group they're targeting. "Literal translations from English often don't work," explains Veronica Kraushaar, president and CEO of Viva Global Marketing LLC, headquartered in Nogales, AZ. "You also must be careful about using words and expressions with negative meanings in Spanish or Portuguese. For example, the Chevy Nova never made it in Mexico because 'No Va' means 'Doesn't Go' in Spanish."

"Although bilingual service meets one of the needs of the relationship, the delivery of the service should be via a knowledgeable and courteous person," cautions Gabriela Alcantara-Diaz, chief strategic officer for Machado/Garcia-Serra Communications (MGS), a national, multicultural, integrated marketing communications agency, in Coral Gables, FL. "Associates must be well-trained employees. Simply possessing the ability to speak Spanish isn't enough."

MYTH 6: FOCUS ONLY ON MANGOS AND TORTILLAS

Stores must have the correct products — this includes both familiar, established brands, as well as new products to the market. "We're no longer talking about a specialty section, but rather looking at the whole product mix," says Karen Caplan, president of Frieda's Inc., in Los Angeles, CA.

"Decisions in product mix should be thought of in a triangular strategy," advises Alcantara-Diaz. "First is understanding incidence of purchase — evaluating where certain groups have a higher incidence than others. Second is the size and selection of purchase and understanding how a particular consumer is using the product. Third is experimentation. Stores should understand the level of willingness of the consumer to experiment with newer products."

Retailers must be careful to understand how different origins may view or use products distinctly or even use the same name for an entirely different thing. Hispanidad's Sonderup explains, "Most people, when they think of tortilla, think of Mexico's flat dough cooked on a hot, metal surface. However, if you hail from Spain, Puerto Rico, Cuba or South America, a tortilla is a round omelet, typically made with layers of eggs and thinly sliced potatoes. Yet in Panama, a tortilla is a small, deep-fried cornmeal disk."

"There's no doubt supermarkets have to tailor their assortment based on what type of Latino they attract," concurs Kraushaar.

"There are different concepts of what foods are appropriate and what these foods are called," agrees Mary Ostlund, marketing director for Brooks Tropicals LLC, based in

Homestead, FL. "Resources, such as the Latino Nutrition Coalition, are great ways for retailers to educate themselves and their customers. Of course, working with a sales representative familiar with Latino tropical produce is another easy resource," she adds.

Food Lion carefully evaluates each market and determines how the Latino population at each store is different. "In North Carolina, there are more first generation Latinos," reports Herrera. "They are characterized by a very price-conscious attitude and they bring with them a lot of brand loyalty for products they can find at home. In Jacksonville, FL, on the other hand, there are more second generation Latinos who are not so concerned with price. Yet in the Washington, D.C. area, there are different nationalities, more Salvadorians, for example, which requires more of a product mix."

"Since many immigrant parents come to this country with little knowledge of American brands, their children interpret marketing messages and counsel them on what to buy."

**— Laura Sonderup
Hispanidad**

"At Publix, we have known it's not enough to have Hispanic products, but to have traditional items that resonate with Hispanics from around the globe," explains Brous. "Our Publix Sabor stores demonstrate our commitment to this."

Retail management and procurement should also become familiar with the ingredients and tools required to recreate popular dishes. Sonderup suggests, "Stores should learn about Hispanic holidays and celebrations and target advertising and promotions to them. Traditional holiday foods are served by 80 percent of Hispanics, and 62 percent would like their supermarkets to offer traditional foods for such occasions."

Advertising the right products at the right time of year is another way to increase sales. Frieda's Caplan explains, "For example, during Lent, cactus pads are a traditional item for Mexican Catholics. If you're missing out on this type of opportunity, you're leaving money on the table."

Retailers can get help promoting for holidays through supplier-provided materials. "We typically get 2,500 stores participating in our annual Cinco de Mayo display event," reveals Robert Schueller, director of public relations for Melissa's World Variety Produce, in Los Angeles, CA. "Our kits include shelf strips, danglers and recipes."

MYTH 7: THERE'S NO MARKET FOR VALUE-ADDED

The evolution of the Latino market has resulted in changing value-added perception. "Latinos are different than past immigrant groups," states Spezzano, of Spezzano Consulting. "They have maintained the language, while becoming acculturated. American-born Hispanics speak Spanish to each other, yet have a lot of Americanized influence. You'll want to be more Americanized in what you promote and carry for this subgroup. One example of this is in value-added, which you'd want to offer to this subgroup, even though it may not be as extensive as in a completely non-Hispanic store."

Latino sub-segments may provide their own interpretation of convenience trends. "Although cooking at home represents the largest share of Latino food expenditures, the highest growth was in eating out," shares MGS' Alcantara-Diaz. "As your customers become acculturated, you'll find more options in pre-marinated food and other convenience items. With many South Americans, convenience factors play a higher role than price."

"Traditional Latino women typically cook from as close to scratch as possible," says Viva's Kraushaar. "Savvy food companies address this with products providing convenience, yet where the consumer can still add a few ingredients and her special touch. This is especially relevant to the new Latino working mother, who may feel guilty she is not home all day cooking."

Stores should not overlook the obvious fact that Latinos don't only buy Hispanic products. "Stores may be surprised at the range of products the Hispanic consumer will buy," says Spezzano. "For example, apples may not be a traditional item for Mexicans, because they don't have inexpensive, quality apples in Mexico, but if they get them at a good value here, they'll buy them."

"On the typical staple produce items such as apples and pears, emphasizing the

A Sampling Of The Players In Latino Supermarkets

Publix Sabor: Lakeland, FL

Serves and meets the needs of Hispanic consumers, while offering a warm and inviting shopping experience. Promotes Publix's traditional strengths of premier customer service, quality, variety, value and freshness. Offers consumers a variety of Hispanic and Caribbean products, and a Cuban-style café.

Time in business: 4 years

Number of stores: 3

Geographic focus: South & Central Florida

Superior Grocers: Santa Fe Springs, CA

One of the largest, independently owned chain of grocery stores in Southern California. Offers the highest quality products at the lowest prices with exceptional customer service.

Time in business: 26 years

Number of stores: 31

Geographic focus: Southern California

Sedanos Supermarkets: Hialeah, FL

This supermarket claims to have "The best variety at the best prices," and offers variety of products and services for the diverse marketplace.

Time in business: 46 years

Number of stores: 30

Geographic focus: South Florida

HEB Mi Tienda: San Antonio, TX

Stores are designed to provide the feeling the shopper is going through different villages in Mexico.

Time in business: 2+ years

Number of stores: 1

Geographic focus: Houston, TX, area

SuperKing Markets: Anaheim, CA

"The finest service, selection and prices customers will find in any supermarket." Guarantees fresh products and lowest prices every day.

Time in business: 10 years

Number of stores: 3

Geographic focus: Southern CA

Cardenas Markets: Anaheim, CA

The customer relationship is a primary goal and the company strives to make a long-lasting impression, which guarantees the customer's return. Promises to deliver the best shopping experience for all the family's needs

Time in business: 27+ years

Number of stores: 12

Geographic focus: Southern California

** Information taken from company releases, brochures and Web sites.*

message on price perception will make a difference to the Latino customer," says Food Lion's Herrera.

MYTH 8: IT'S ALL ABOUT PRICE

Latinos have high expectations for their grocery stores. "According to recent research from Ipsos Loyalty, retailers hoping to court Hispanic customers had better aim to delight," explains Hispanidad's Sonderup. "Hispanics are 50 percent more likely to have stopped shopping at a particular store because of rude treatment by store employees. Also, Hispanics are 79 percent more likely to think small, neighborhood stores offer better treatment to customers than big stores and 130 percent more likely to feel that when they shop at a big store, employees are not as nice as they should be."

"In a Food Marketing Institute survey, 98 percent of Hispanics stated cleanliness of the store as important," reports Schueller. "Additionally, 97 percent rated fresh, high-quality fruits and vegetables as important."

Most Latinos have a good perception of

quality and value. "Many Hispanic shoppers are value-conscious, but they still want quality," says Spezzano. "They will buy high, mature produce and maybe smaller sizes, but they won't buy bruised produce."

"More is not necessarily better," says CAIA's Bezart. Carry the best value mango for the season, but make sure it has flavor. Carry two different sizes of avocados and make sure you have ripe and hard fruit to meet the needs of all your consumers."

Although the average Hispanic household income is lower than the general market, studies show the wealth of affluent Hispanics is growing faster than the general population. "It is predicted the total household financial assets among Hispanics in the United States will grow to \$2.5 billion by 2010," reveals Sonderup. "The wealth of this group is currently growing faster than that of the general population."

MYTH 9: PROMOTION ISN'T AS IMPORTANT

Latino customers want a relationship with their store. "The customer relationship

marketing approach is the key to gaining access to the Hispanic shopper," says Bezart. "This includes advertising via print and television, offering exciting promotions and prizes, doing demonstrations and having end-cap displays."

"Involvement in community events and school programs is important," states Spezzano of Spezzano Consulting. "The more connected a retailer is to the neighboring community, the greater understanding and loyalty it will bring."

Target uses year-round marketing initiatives including their weekly circular ad, Spanish language TV, radio and interactive messages to reach its Latino audience. "Our marketing efforts acknowledge the Latino guest often lives in a Spanish/English environment and are relevant to their lifestyles," reports Jana O'Leary, spokesperson for Target Corp., headquartered in Minneapolis, MN. "Our challenge with these efforts is ensuring our message and Brand Promise remain consistent."

In May 2008, Target was awarded the Hispanic Marketing Corporate Award, during the Hispanic Marketing Midwest Conference held in St. Paul, MN, for its efforts in reaching Hispanic guests through various marketing initiatives.

The CAIA partnered with the popular Los Angeles professional soccer team, Chivas USA, for some promotional events. "Our AYSO/Chivas night was specifically geared to reward our Latino supermarkets for their sales participation with Chilean Avocados," explains Bezart. "Free tickets were given to their employees and shoppers to attend an evening at the stadium. Food stations featured many traditional favorites as well as the Chilean Avodog — a hot dog with fresh Chilean Hass Avocados." In-store demos and visits by the Chivas Players and Chivas Cheerleaders were also held throughout the season. Bezart adds, "We also sampled our product and featured Food Network and Univision star, Ingrid Hoffman, at several local events throughout the Southern California area."

As with other factors, promotion, too must be appropriate within the subgroup you're targeting. "Some Latino customers expect instant gratification and the marketing approach must reflect this," says Food Lion's Herrera. "For example, first generation Latinos will better understand an ad stating '33 cents each,' rather than '3 for \$1.' This second approach does not translate for them. Continuity programs are another example. For instance, a promotion asking a customer to spend so much in groceries and get a free turkey just doesn't mean anything to certain Latino customers."

pb

Inline Plastics Corp.

Good Things Come In Our Packages®

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800-826-5567
www.inlineplastics.com

Founded in 1968, Inline Plastics Corp. is a privately owned plastic thermoforming company that manufactures over three hundred different clamshell and two-piece containers. All of our containers are FDA compliant for direct food contact, and are used in the bakery, produce, and foodservice markets. Inline Plastics has manufacturing and warehousing facilities in Shelton, CT, and Salt Lake City, UT, as well as a dedicated Research and Development facility in Milford, CT. We are, and have always been, dedicated to developing innovative new products directed by the voice of the marketplace,

and committed to providing world class service to our customers.

Supporting Inline Plastics' stock line of containers is a group of packaging automation systems tailored to handle and process the packing of our containers. Proven solutions for production line automation exist, and our experienced engineering staff is happy to assist our customers in the integration of our automation systems into their current processes and facilities. From container filling and locking to top, bottom, or wrap-around labeling, Inline Plastics is proud to be the only company in the industry providing in-house developed automation solutions that will help our customers reduce costs while increasing throughput and operating efficiencies.

In response to customer demand for environmentally friendly, sustainable packaging, Inline Plastics is converting the entire line of containers that were previously made from oriented polystyrene (OPS) to containers produced from polyethylene terephthalate (PET), the same recyclable material used to make water bottles.

One of our recent innovations in packaging design has been the development of containers that are resistant to in-store tampering without the addition of a wrap-around label or a shrink band. Our Safe-T-Fresh® line of clamshell containers features a leak resistant seal, and they are tamper evident and tamper resistant upon closing. The containers incorporate a unique tear strip hinge that we call Safe-T-Gard®, which is easily removed by the consumer to gain access to the contents of the container, but discourages tampering in retail outlets. Safe-T-Fresh® containers are manufactured from crystal clear PET material in various sizes in both round and rectangular shapes, with minimal ribbing to allow an unobstructed view of the contents. Safe-T-Fresh® containers are ideal for cut fruit, salads, olives, salsa, sandwiches and even bakery products.

The latest addition to the Safe-T-Fresh® family is the Hangables™ line. Available in 8-, 12-, and 16-oz. rectangular sizes, these containers feature a molded-in hang-tab that pops up out of the Safe-T-Gard® tear strip when the container is closed. This allows the containers to hang on display racks or end-caps throughout the store, or in coolers around the high traffic store perimeter. They are ideal for fruit, nuts and snacks to go.

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Tony Cadiente
and Jim Scattini

Sambrailo Packaging is a third-generation family-owned company that has served the produce and floral industries since 1923. With locations in California and Mexico, we have built our reputation on innovation, service and quality. Known for “design to distribution” packaging solutions, Sambrailo Packaging has always focused on “whatever is best for the produce.” This motto continues to be the unifying motivation in the continuing success of Sambrailo Packaging.

Sambrailo starts by listening — listening to the needs of the consumer, the retailer and the grower/shipper. By staying very closely tuned in to each of these three segments, we are able to develop innovative packaging solutions that add tremendous value to food packaging.

Sambrailo specializes in improving and designing packaging systems for berries, grapes, tomatoes, leafy greens and value-added produce. We then enhance our products with our superior service — including on-site tray make-up, vendor managed inventory and warehouse-to-field distribution.

For example, Sambrailo was the first to develop a plastic clamshell for berries.

Similarly, we have continued to provide improvements to the industry with a patented freight-saving MIXIM System. This unique packaging matrix of clamshells, trays and pallets dramatically cuts down on cooling time and product bruising while maximizing freight cube. Each feature results in cost savings throughout the distribution chain.

Through years of experience, Sambrailo has accumulated unparalleled knowledge of both our customers and

their products. When this know-how is combined with our ingenuity and ability to stay in front of trends, the result has been a win-win for all. We anticipated the effects the larger strawberry varieties would have on the clamshell capacity needs and have proactively come to the market with a MIXIM LV (large volume) one-pound clamshell.

Sambrailo saw an opportunity to remove steps from the process of shed packing leafy greens and developed and introduced the Snap-Flap clamshell. This one piece design replaces the lid-and-till style container for many retail and foodservice applications. It features a dual-hinged top with a center-snap closure and can be filled, closed and labeled in one efficient process. The label automatically provides a tamper-evident seal for consumer confidence and safety.

Because the Snap Flap was initially developed to answer the needs of the leafy greens market, Sambrailo commissioned the construction of an automatic, custom-built packing line. This machine is currently being used to pack leafy greens into the Snap-Flap for retail sales.

Sambrailo recently rolled out a family of RunRite blueberry clamshells that denest, fill, close, stack and cool with a dependable efficiency and less machine down-time resulting in measurable gains over other clamshells. The RunRites are available in 4.4- and 6-oz and 1-dry pint sizes.

Learn about how Sambrailo Packaging truly does “whatever is best for the produce” by visiting our Web site at www.sambrailo.com.

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State Ag Departments Clear Path For Locally Grown Produce

State agriculture departments highlight good agricultural practices, quality assurance methods and technological advancements to attract consumers to locally grown products.

BY AMY SHANNON

Stocking the produce department with quality produce fresh off the truck from nearby farms is more important than ever before as consumer interest rises in supporting local growers and their efforts to keep food safe.

To help retailers build on this growing demand, state agriculture departments are taking the lead by promoting locally grown produce and ensuring high-quality and safe products are getting to retailers nationwide.

"All too often, we take for granted that the fruits and vegetables we find in our grocery stores will always be there, but it's important to remember that the abundant and affordable food supply we are accustomed to having is a result of the unwavering dedication and hard work of our farmers," explains Julie Andrews, state coordinator for media and advertising for the Texas Department of Agriculture (TDA), based in Austin, TX. "Although we are currently dependent on foreign oil, it is critical we are never dependent on foreign food."

At a remarkable \$34 billion a year, total agribusiness is South Carolina's largest economic industry, according to Martin Eubanks, director of marketing for the South Carolina Department of Agriculture

(SCDA), in Columbia, SC. "Our goal is to make a positive economic impact in our rural communities. It's nice to do promotions, but at the end of the day, if you haven't made a positive impact on the farmer, what have you gained? We want to create opportunities for both mainstream and main street agriculture."

In Florida, locally grown and purchased produce represents about 20 percent of production consumption, so a core of its initial cash sales are generated to local farmers by selling to retailers, tourists, restaurants and at the state's approximate 80 community farmer's markets, reports Dan Sleep, supervisor and senior analyst for the Florida Department of Agriculture and Consumer Services (FDACS), headquartered in Tallahassee, FL. "Many other states, perhaps most, will have a short opportunity to grow local products that would otherwise be imported into the state. In that respect, Florida is quite a bit different since we grow a vast array of fresh products from October to June."

Likewise, agriculture in Colorado continues to be one of the top three industries in the state. Agribusinesses contribute \$16 billion to the state economy annually and employs more than 100,000 people, reports Colorado Department of Agriculture (CDA) marketing specialist, Wendy Lee White, from her Lakewood, CO office. In 2007, \$6 billion worth of Colorado agricultural products was sold, up from \$4.5 billion in 2002. "The interest in buying local products is present at both the national level, as well as within Colorado," adds White, noting nearly 92 percent of Coloradoans would buy more Colorado-grown and produced products if they were available and identified as being from Colorado.

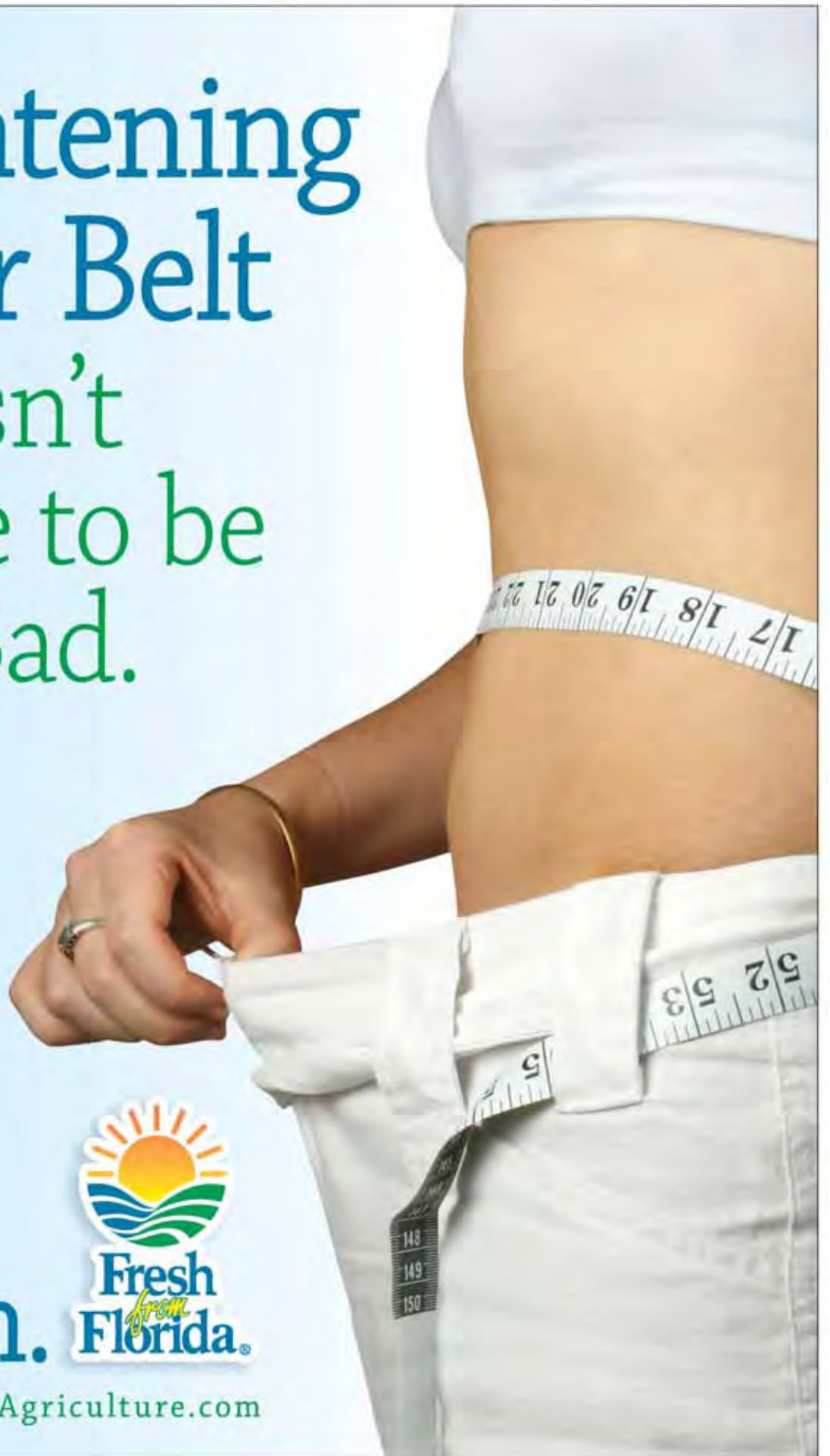
According to Tommy Irvin, commissioner at the Georgia Department of Agriculture, The Center for Agribusiness Studies at the University of Georgia, in Athens shows the "Georgia Grown" logo has an 82 percent recognition level among shoppers at Georgia grocery stores, and 90 percent of shoppers will select Georgia Grown products over others when given the opportunity.



Photo courtesy of S.C. Dept. of Agriculture. Photo above courtesy of CO Dept. of Agriculture

State Ag departments have developed logos and other marketing tools to remind consumers to think "local" when shopping.

Tightening
Your Belt
Doesn't
Have to be
All Bad.



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www.Florida-Agriculture.com

Good Agriculture Practices Initiatives

State agriculture departments are educating producers about good agriculture practices (GAP), good handling practices (GHP) and the various services they offer to help improve growing conditions. For example, the New York State Department of Agriculture And Markets (NYSDAM), headquartered in Albany, NY, is working to obtain a 2009 U.S. Department of Agriculture (USDA) brand program to support a new GAP agriculture assistance program. "With that, we will provide funding to New York growers and producers, reimbursing them up to \$750 for GAP audits," explains Tim Pezzolesi, manager of marketing and promotions. "It's a great incentive."

In Georgia, the state's department of agriculture works extensively with the Georgia Fruit and Vegetable Growers Association in LaGrange, implementing GAP programs. According to Agriculture Commissioner, Tommy Irvin, "Food safety has been a leading initiative of the department for the past 10 years. Third-party certification that the produce is being harvested and handled properly sets the standard for what is now expected of all produce coming out of Georgia."

The Colorado Department of Agriculture (CDA) Fruit and Vegetable Section, based in Lakewood, CO, provides certification and 15 to 20 produce companies in Colorado have completed the GAP/GHP Audit Verification Program. "Food safety is an important issue to both producers and consumers, and although we are not incorporating the GAP message into our advertising, we are actively working with producers on education," states Wendy Lee White, marketing specialist.

According to Julie Andrews, state coordinator for media and advertising, the Texas Department of Agriculture (TDA), in Austin, TX, is currently working with College Station, TX-based Texas A&M University researchers and producers to develop GAP manuals. "With the help of USDA specialty crop funding, the goal is to create 125 GAP manuals tailored to the individual growers' operation. Once these are complete and the producers become GAP certified, we hope we can continue to expand the program."

The Hawaii Department of Agriculture (HDOA), Honolulu, HI, Quality Assurance Division is working with the University of Hawaii's College of Tropical Agriculture and Human Resources (UH-CTAHR) to help farmers become food safety certified. The program was one of the first to begin a pilot program to use Radio Frequency Identification Devices (RFID) to track produce from the farm to the retailer, notes Janelle Saneishi, public information officer. "The program was just cited for a Governor's Innovation award this quarter. We have not yet linked the GAP angle into the Buy Fresh Buy Local (BFBL) program, but the Seals of Quality have several companies that are GAP-certified and that program encourages certification because their products are premium products."

"We offer third-party audits for our smaller commercial guys in South Carolina," notes Martin Eubanks, director of marketing for the South Carolina Department of Agriculture (SCDA), based in Columbia, SC. "We look at food safety from farm to fork. We ensure they've gone through the proper process and have the proper protocols in place."

pb

secured funding for a pilot Pride of New York Buy Local Cooperative Advertising Program that provides Pride of New York participants with up to \$5,000 on a first-come, first-serve basis to advertise and promote specialty crop food and agricultural products grown or processed in New York. In terms of production and sales, New York ranks second in apples and cabbage, third in grapes and strawberries and fifth overall in fruits and vegetables.

This year, the Sacramento, CA-based Buy California Marketing Agreement's (BCMA) California Grown Campaign received a specialty crop block grant to promote California-grown products in grocery retailers throughout the state. BCMA is a joint effort of agricultural industry groups representing the products of California's farms, ranches, forests and fisheries that works as an advisory board to the California Department of Food and Agriculture (CDFA). BCMA oversees the California-Grown program, which is funded through industry members and federal funds that are overseen by CDFA.

Since the beginning of the program in 2001, purchases of California-grown products have increased 7.1 percent, translating to an economic impact of \$897 million to the state, according to Maile Shanahan Geis, BCMA executive director. Also as a result of the campaign, 49 percent of consumers report they are more likely to look for and purchase California-grown products. "We know that Californians want to purchase locally grown products, and when they do, it positively affects our state's economy." Geis continues, "Our new advertising campaign will launch this summer and will include the use of floor graphics, grocery cart advertisements as well as free-standing inserts in area newspapers."

In 2002, Charles Bronson, commissioner of the Florida Department of Agriculture and Consumer Services (FDACS), in Tallahassee, FL, committed resources to emphasize Fresh From Florida (FFF) fruits and vegetables in a number of retail endeavors that included 5,100 stores nationally. "Our retail campaigns continue to prosper and expand over the next several years," reports Sleep. "During the past six years, more than 10,000 retail outlets from 40-plus retailers in 15 countries have participated in the program, generating more than \$100 million dollars in cash receipts in 2008 alone."

The program first began in 2000 with just 298 stores and later evolved through a variety of novel approaches, including display contests, vacations to Florida, POP materials and demos. Today, the department averages more than 30 ads per chain. "To put that in perspective, FFF would have been seen in

INCREASING CONSUMPTION

The SCDA has found several positive, profitable ways to reach retailers most interested in supporting its Certified SC-Grown brand of locally grown products. In May, it rolled out a new logo used in a campaign encouraging South Carolina consumers to eat only foods grown in South Carolina. "We want to remind folks about all the places they can purchase South Carolina products, including their local markets, restaurants, etc.," Eubank says. "It asks them to eat within the Palmetto State."

In the same year, the New York State Department of Agriculture And Markets

(NYSDAM), headquartered in Albany, NY, reorganized support for retailers through its Buy Local. Pride of New York Program developed to promote and support the sale of agricultural products and food products grown and processed within the state of New York. The department worked with 12 retail chains across the state from Buffalo to New York City, creating customized POS, signage and other materials to fit their goals. "This past year, we increased sales 20 to 40 percent," notes Tim Pezzolesi, manager of marketing and promotions for NYSDAM. "We will be working with the same stores this year, as well as some new ones."

This past February, the department



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The Go Texan program has led to increased sales of local produce.

perhaps 4,000 individual store ads in 2000," states Sleep. "During 2008, that count would be closer to 400,000 ISAs. A hundred-fold increase, that's the equivalent of Publix going on ad exclusively with 10 FFF fresh items each week for 40 weeks."

Participating retailers in Florida include Publix, Winn-Dixie, Sweet Bay, Harvey's, Albertsons and Sedano's, notes Sleep.

Jersey Fresh, the flagship program of the Trenton, NJ-based New Jersey Department of Agriculture (NJDA), recently began its 25th year by building brand awareness, particularly for the state's community farmer's markets. "Our key focus is on POS materials," explains Al Murray, assistant secretary of agriculture.

A couple of years ago, NJDA conducted a study commissioned by Rutgers University, based in New Brunswick, NJ, that found for every dollar spent on the Jersey Fresh promotional program through 2000, New Jersey agricultural fruit and vegetable sector revenues increased by \$31.54, along with an additional \$22.95 of sales in agricultural support and other related industries. According to Murray, in total, each dollar spent on Jersey Fresh promotion resulted in \$54.49 of increased economic output in the state.

In 1999, CDA created the Colorado Proud program to identify food and agricultural products that are grown, raised or processed in Colorado. "We will be celebrating our 10th anniversary this August," notes CDA's White. With more than 1,000 members, including farmers, ranchers, processors, restaurants and retailers, the program encourages companies to use the Colorado Proud logo on their packaging. "Each year, we promote the program and logo through a television advertising campaign," she explains. "The ads run July through September and highlight the quality and diversity of Colorado produce and local products."

CDA conducts an annual survey to track

the program's impact on consumers. In July 2008, 77 percent of consumers reported purchasing at least some Colorado products, versus 66 percent the previous year. "This awareness is affecting buying decisions and is translating into increased sales of Colorado products," notes White. "Consumer interest in buying local products is a growing trend within Colorado and across the nation. Colorado Proud is positioned to take advantage of this increased support of local agriculture by educating the public about the state's bounty."

The Hawaii Department of Agriculture

"Consumer interest in buying local products is a growing trend within Colorado and across the nation. This awareness is affecting buying decisions and is translating into increased sales of Colorado products."

**— Wendy Lee White
Colorado Dept. of Ag.**

(HDOA), headquartered in Honolulu, HI, has two marketing campaigns running at this time. Buy Fresh, Buy Local focuses on increasing consumer consumption and creating demand for locally grown produce. "Our goal is to provide a face to agriculture, so consumers make a connection with our farmers," explains Janelle Saneishi, public information officer. Hawaii Seals of Quality is an enforced branding program that agribusinesses pay into for the use of the seal, which designates a product that is wholly grown and produced in Hawaii.

RETAILER SUPPORT

TDA works regularly with retailers and producers to develop POP materials and conduct in-store demonstrations to encourage consumers to purchase locally grown produce. "Retailers supply TDA with sales numbers to show increased sales compared with a comparable date," explains Andrews. Nearly every major retail chain in Texas

works with TDA's Go Texan program to promote local produce. This list includes H-E-B, Wal-mart, United, Central Market, Whole Foods, Randall's, Safeway, Tom Thumb, Brookshires, Brookshire Brothers, Fiesta and Sun Harvest.

TDA is also developing informational sheets that give growers and restaurant owners tips on how to connect with each other. "TDA's regional staff members periodically take local chefs on tours to farms in their region to introduce them to the farmers and see the operations first-hand," Andrews says. "In addition, TDA is working to initiate conversations with major statewide distributors to see how we can partner to promote locally grown produce."

To aid in promoting locally grown produce, BCMA provides retailers in California with access to the California-Grown logo for use in their weekly advertisements and POS materials, explains Shanahan Geis. "We have recently launched an online download center through our Web site, which provides a convenient place for retailers to gain access to our program images so they may be incorporated into their in-store efforts." The new campaign is set to launch this summer in Albertsons, Safeway and Vons stores throughout the state.

Retailers in Hawaii, mainly supermarkets, are highlighting local produce in their advertising and promotions. "We believe that the retailers are recognizing the value of local produce and consumer awareness," says Saneishi. "Part of the BFBL program encourages consumers to ask their retailers about sourcing locally grown produce."

CDA's White says all of the major retailers and smaller specialty food stores in Colorado participate in locally grown efforts. These include Safeway, King Soopers (Kroger), Albertson's, Wal-Mart, Sunflower Farmers Market, Sprouts and Whole Foods. "Safeway participates in our annual television advertising campaign. King Soopers uses the logo and Colorado Proud message extensively on billboards and radio ads, and all of the retailers use the logo in their weekly newspaper advertising inserts or through in-store POS materials."

GETTING INVOLVED WITH FOODSERVICE

Two years ago, the SCDA launched a pilot restaurant program that urged restaurants throughout the state to sign up to use the organization's Fresh on the Menu logo for promotional purposes if they sourced 25 percent or more items on their menu through South Carolina producers and growers. "This includes not only fresh produce items, but also all categories of food,"



Photo courtesy of NJ Dept. of Agriculture

Jersey Fresh is in its 25th year of promoting New Jersey agriculture.

reports SCDA's Eubanks. "It's a very intriguing program, and chefs are clamoring for South Carolina products of all types. It's a win-win for farmers, foodservice distributors and everyone in between."

With 200 participants currently enrolled, the program has found plenty of success highlighting South Carolina-grown products and produce in restaurants, while also showcasing the Palmetto State as a rapidly expanding culinary destination in the United States.

Texas-grown fruits, vegetables and nuts provide an economic impact of approximately \$1.3 billion in Texas, ranking the state as No. 8 in the United States for vegetable production, according to TDA's Andrews. TDA builds on that impact by working directly with restaurants, TDA-certified farmer's markets, pick-your-own farms, schools, retail chain stores and Texas producers to help them promote their products, making it easier for consumers to identify Texas produce. TDA's 10-year-old Go Texan program promotes the products, culture and communities of Texas.

In 2008, TDA initiated the Go Texan Restaurant Program to connect Texas producers with restaurants and increase the amount of locally produced items on menus across the state. "Through this program, TDA encourages local restaurants to purchase Texas produce and in turn, TDA promotes these restaurants to the consumer through a series of marketing initiatives," clarifies Andrews.

TDA also sends out several e-zines to subscribers, including publications devoted to Texas food and the Texas dining scene. "The content often includes items such as a list of what's in season and an interview with a chef praising local ingredients," states Andrews. "We can track open and click-through rates."

In 2006, the North Carolina Department of Agriculture and Consumer Services

(NCDA&CS), based in Raleigh, NC, launched its Best Dish in NC restaurant contest to bring awareness to the numerous restaurants and chefs who feature local cuisine on their menus, explains Matt Tunnell, foodservice marketing specialist and contest administrator. "It catches the attention of consumers, highlights the importance of locally grown produce and encourages our local restaurants to use produce and other food items purchased from local producers."

The annual statewide competition is open to all North Carolina restaurants and groups that feature dishes created with locally grown ingredients. This year's contest runs from May 1 to July 27, and includes a variety of marketing materials, such as a Best Dish In NC logo available for finalists to use on their menus and other signage to display around the restaurant.

"Our goal is to recognize and reward the efforts of restaurants and chefs who source and implement North Carolina products regularly in their menus, along with increasing public awareness of the quality of food, restaurants and chefs in our state," adds Tunnell.

G.W. Stanley, NCDA&CS' retail marketing specialist, says the department works with the retail and foodservice sectors to encourage them to seek out locally grown produce. Stanley points to the department's two major marketing programs geared toward promoting North Carolina-grown produce. Created in 1985, the Goodness Grows in North Carolina program is designed to promote top-quality fresh produce, processed food items, fiber and nursery products that are grown or manufactured in North Carolina.

In the summer of 2005, NCDA&CS' marketing division premiered "It's Got To Be NC," a marketing campaign designed to enhance the Goodness Grows in North Carolina program and remind buyers and consumers that "When you want the Best, it's

Got to Be NC!" The campaign targets grocers, foodservice customers and consumers. Customized materials and promotions have been developed specifically for these segments, as well as television and radio ads.

DIRECT DISTRIBUTION

NYSDAM is working with small to mid-size farms that want to get into direct distribution. "New York is a very large state," says NYSDAM's Pezzolesi, pointing out that New York is home to 34,000 farms. "We've got a lot of smaller farmers scattered around a very large state. It drives buyers crazy, and it's hard to ask an owner to deal with six or seven local farmers. What we're doing is helping those medium commercial growers that aren't doing direct distribution that want to get into the institutional New York market. We're also seeing an explosion of farmer's markets throughout New York," which has provided vehicles for farmers to sell directly to consumers. "We have close to 300 farmer's markets now."

Colorado producers either deliver direct or utilize distributors to get their products to retailers, notes CDA's White. "Our local producers are very good at getting their products to stores, so Colorado Proud focuses on promoting local products to consumers."

FOOD SAFETY INITIATIVES

In 2006, NJDA formed its Produce Safety Task Force after outbreaks of E. coli in California spinach impacted New Jersey growers. The task force helps New Jersey growers enact new food-safety protocols, states NJDA's Murray, who currently leads the team. The emphasis is on making small, family farms effective on food safety issues and ensuring safe produce in the market.

HDOA, University of Hawaii's College of Tropical Agriculture and Human Resources (UH-CTAHR) and the Hawaii Farm Bureau Federation try to encourage farmers to become food-safety certified. "We are fortunate to have received funding from USDA through the Rural Economic Transition Alliance Hawaii for this program," stresses HDOA's Saneishi. "We are seeing much more interest in recent months from farmers around the state to work on GAP, which is a very encouraging to us."

"In our highly competitive environment safe and high quality are not optional," stresses FDACS's Sleep. "Our farmers are numbered amongst the best in the world, competing with literally every nation in the world who each view the United States is a highly profitable business region. Repeat sales only occur when you repeat quality, ensure quantity and deliver on time — our folks are unparalleled in their expertise." **pb**

Southern Vegetables Offer Cornucopia Of Profit

Retailers in the South and Midwest are capitalizing on the plentiful supply of Southern vegetables during the late spring and summer months.

BY AMY SHANNON

Heat and humidity aren't the only things synonymous with summers in the South. Southern vegetables, such as peppers, cucumbers, squash, eggplant, zucchini, green beans, sweet onions, mustard, kale and collard greens, take center stage as the days grow longer and the nights fade.

East Coast and Midwestern retailers are taking advantage of the heightened interest from consumers looking to fill their carts with tasty, farm-fresh vegetables. Production out of Mexico begins to slow this time of year, while production in the South kicks in to high gear.

"Mexican imports are generally finished and California's big season has not yet begun," explains Brian Rayfield, vice president of sales and marketing for Loxahatchee, FL-based J & J Produce Inc. "For Southern retailers, as well as those in the Midwest, Southern produce out of Florida and Georgia is convenient and fresh, and buying it helps support local growers.

"We really have the best quality produce in the nation at this time," Rayfield adds, noting J & J's

core products are peppers, cucumbers and green and yellow squash this time of year. "Florida and Georgia are supplying the entire country. There's also a greater demand when people up North get outside and go to picnics. We see a noticeable increase in demand when the weather is favorable."

Chris Grizzaffe, president and general manager at Produce Exchange of Atlanta Inc., based in Forest Park, GA, notes, "Our customers in the Southeast and Midwest have a tendency to see the value in locally grown produce because it's very fresh."

Lee Anne Oxford, director of marketing for Raleigh, NC-based L & M Companies Inc., agrees, adding, "Freshness is the main reason to buy Southern vegetables. Often, the produce was harvested the same day or the day before it arrives at the customer's distribution center; this equates fresh product with a longer shelf life." L & M markets peppers, cucumbers, cabbage, yellow squash, zucchini, eggplant and corn this time of year.

Retailers looking to offer consumers some of their favorite Southern vegetables can find plenty in South Carolina. The Palmetto State grows squash, cucumbers, cabbage, tomatoes and peppers in the late spring and summer. "We've seen a lot of growth in our ethnic or Hispanic items, such as cilantro or our mixed variety hot peppers," reports Martin Eubanks, director of marketing for the South Carolina Department of Agriculture (SCDA), based in Columbia, SC. "We're seeing growth in our value-added products," he explains. "The South has a lot to offer in terms of Southern vegetables," Eubanks continues. "The eating quality and the flavor are very good. We are certainly diverse in our product availability. Although we're not the biggest state, we do offer a wide variety of produce that is second to none."

[Editor's Note: For more information on state departments of agriculture, please see page 66.]

The Southern vegetable category is made up of core, staple items that provide a quality eating experience, great health benefits and are easy on



Photo courtesy of Georgia Department of Agriculture

The Georgia Department of Agriculture promotes the Georgia Grown brand through a variety of promotional efforts.

Technology May Help Expand Commodities

the family budget. "Even at the highest retail margins, Southern vegetables continue to be a great buy and they are so versatile to cook with that you could have a different preparation every day for a month," asserts Daniel Whittles, director of marketing and new business development for Boca Raton, FL-based Rosemont Farms Corp., the exclusive sales agent for Lewis Taylor Farms Inc., based in Tifton, GA.

The core of Rosemont's business was founded on providing world-class Southern vegetables. This time of year, it works with bell peppers, cucumbers, squash, beans, specialty peppers and eggplant. "The benefits of working with Southern vegetables are a result of the value proposition that occurs when you combine great quality, fresh produce with attractive pricing that supports the farm and provides a win-win for the retailer and consumer," adds Whittles. "Throw in the taste and usage flexibility, along with the obvious health benefits and the ability to regularly promote these items and you have a great formula for achieving category goals and making consumers happy, too."

STAPLE COMMODITIES

Growers throughout the South are reporting slight increases in demand, as well as supply of Southern vegetables harvested in the late spring and summer months. "Collard greens are a big item in the South," notes Andrew Scott, sales and procurement manager for Forest Park, GA-based General Produce Inc., a wholesale produce house located at the Georgia State Farmer's Market. "The Georgia Department of Agriculture [GDA, based in Atlanta, GA] has also conducted various marketing programs to promote Georgia-grown vegetables, and retailers are using the Georgia Grown logo in their ads."

Produce Exchange handles predominately Southern lines of vegetables, particularly the staples, such as green beans, yellow squash, zucchini and eggplant. It delivers primarily to large chain grocery retailers as well as some mom-and-pop stores.

Sweet corn is also on the rise, reports manager of Omega, GA-based Gibbs Patrick Farms Inc., Jaime Patrick. In the spring and summer, the Southern grower also offers greens, turnips, mustard, collard and kale. "The season runs September through the following June," adds Patrick.

Vidalia onions are exclusively Georgia-grown yellow Granex hybrids known for their sweet, mild flavor that consumers ask for by name. "They're very unique due to the low sulfur soil and mild climate found only in a handful of growing areas in South-

Southern vegetable growers are looking for new technologies that will enable them to grow crops, such as broccoli and cauliflower, which are traditionally shipped from the West Coast. These crops will allow retailers east of the Mississippi River to save on transportation and other fuel costs.

"A number of our growers are looking at varieties that would work under the climate conditions we've got," explains Charles Hall, executive director of the Georgia Fruit And Vegetable Growers Association (GFVGA), in Lagrange, GA. "Up until recently, we didn't think we could grow quality broccoli, but some growers are looking into it and seeing that they can do that."

Most of the technological advancement is occurring with the seed varieties themselves. "They have world-class infrastructures in place and they've made huge advancements. It's really exciting," notes Martin Eubanks, director of marketing for the South Carolina Department of Agriculture (SCDA), based in Columbia, SC.

Rosemont Farms Corp., headquartered in Boca Raton, FL, is growing broccoli and cauliflower and trialing multiple lettuces. "There's a learning curve even when growing items that have volumes of historic data in other growing areas," explains Daniel Whittles, director of marketing and new business development.

"Some of the best varieties are limited in performance by their geography." Interest in regionally growing what have been traditionally West Coast items is on the rise, Whittles adds. "The primary challenge comes from adapting and developing seed varieties that yield both quality and cartons in the sometimes-more-challenging Eastern weather patterns and diverse soil types."

L & M Companies Inc., headquartered in Raleigh, NC, is also growing broccoli in four

east Georgia," notes Wendy Brannen, executive director of the Vidalia Onion Committee (VOC), headquartered in Vidalia, GA. "We definitely have a large consumer demand; especially now, the appeal is higher than ever."

General Produce's list of Southern vegetables harvested this time of year includes cucumbers, bell peppers, zucchini, yellow squash, eggplant, cabbage and beans. "Georgia carrots are also a really good crop," adds Scott. "They run Jan. 1 through the end of May. The quality is excellent. Georgia

states along the East Coast, allowing it to produce a true East Coast supply. "More and more seed breeders are now working to refine varieties that will grow well on the East Coast," notes Lee Anne Oxford, director of marketing. "In the past few years, there have been significant advancements in the world of vegetable breeding," she continues. "Breeders have developed methods of tracking different genes responsible for certain attributes that have allowed them to come up with varieties that not only yield better, but also have a better eating experience and taste profile."

Eubanks has seen developments in oriental produce items, such as cabbages and Bok Choy. He says the trend toward bringing new commodities and varieties to the South makes good business sense as growers look for ways to save on transportation and other costs. "Fuel costs are low now, but I expect them to go up again. We're looking for ways to become more efficient."

"We're always looking to diversify our crops," adds Brian Rayfield, vice president of sales and marketing for Loxahatchee, FL-based J & J Produce Inc. "We're looking for items we can grow in Georgia during the winter, which is the off season for our core products. We'll continue to actively research and explore our options." J & J is constantly conducting research and development throughout each of its growing areas, which involves trialing new varieties and trying to improve existing varieties. "Flavor profiles are playing a more active role in our business," Rayfield adds.

According to Andrew Scott, sales and procurement manager at General Produce Inc., in Forest Park, GA, Georgia growers are trying to grow commodities outside of what they're used to, including broccoli, strawberries and nectarines. "It's a way to reduce freight costs."

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wholesalers have baby carrots, Cello and jumbo — just like in California, but you're not paying that California freight to have them shipped from 2,200 miles away. We pick them up on our own trucks. Corn is also doing very well, too."

The Georgia Fruit and Vegetable Growers Association, (GFVGA) headquartered in Lagrange, GA, works with growers that produce Southern favorites, such as tomatoes, peppers, cucumbers, squash and eggplants, all plentiful during the spring and summer. "So far, everything looks good," reports

Charles Hall, executive director for GFVGA. "If we have a good spring, we'll have plenty of quality product."

BUYING LOCAL

The locally or regionally grown factor is a major marketing opportunity for retailers, notes Hall. Highlighting the freshness of Georgia-grown products is a key selling point that can be communicated to consumers through ads, POS and signage at the store level.

"If you're a retailer and you don't have a locally grown program, you're probably missing out on an opportunity," notes SCDA's Eubanks. "Many have seen the value

in selling locally and regionally grown produce and they're partnering with us to enhance their current offerings."

When consumers purchase locally grown produce, they're making a conscious effort to support their local farmers and their local economy. "In our research, over 90 percent of consumers say they prefer local product over product shipped from far away," reveals Eubanks. "Another 83 percent said they would shop at a retailer that supports and showcases locally grown product."

Scott points to General Produce's close proximity to Interstate 75, which allows the company to quickly deliver produce to a large group of retailers. "We can pick up

product on Monday and have it delivered to them the next day. We're big supporters of buying local. Georgia farmers have been here for many generations."

Rosemont's Whittles sees the value in promoting locally grown produce at the retail level. "It plays a much larger role when the buyer is in a 500-mile or 1-day-or-less distribution model from the local source. Quality is always the first concern, along with the safety certification," he continues. "Local still has to meet or exceed the needs of the retailer and the expectations of the consumer. You generally get some sort of value in the closer proximity and the lower freight miles needed to bring the

Vidalia Sweet Onions: Shippers Seek Creative Marketing Opportunities

BY BILL MARTIN

One retailer told John Shuman, president of Shuman Produce Inc., in Reidsville, GA, last fall the food dollars being spent by consumers is still there, it's just moving around. "We are all being challenged to catch the consumer's attention with creative marketing programs. The competition for consumers is incrementally increasing," Shuman observes.

Ronny Collins, owner of Plantation Sweets, based in Cobbtown, GA, adds, while the Vidalia sweet onions are running a little late this year in maturing due to some cold weather, he sees retailers having a "promotable crop."

At Lyons, GA-based L.G. Herndon Jr. Farms Inc., President Bo Herndon has been keeping an eye on the economy ever since his Vidalia plantings got underway last November. On one hand he wonders who will be buying Vidalias when there may be \$8 FOB storage onions on the retail shelves.

Steve Roberson, president of Roberson Onion Corp., headquartered in Hazlehurst, GA, adds, "Even if consumers are buying more basic produce items and purchasing the cheaper onions, it should help the overall onion market."

Herndon concurs, noting, "A lot of people are cooking meals at home right now, instead of eating out, and that could help us with our sweet onions, sweet corn and other items we grow."

"We feel incredibly blessed to be in a business that might fare a little better than some others in the produce departments, because onions are viewed as more of a staple item," notes Shuman.

Michael Hively of Glennville, GA-based

Bland Farms LLC is the chief financial officer and general manager of the 3,200-acre growing and shipping operation. "We are focusing on working a little closer with our retailers in providing a 52-week-a-year program that meets their needs," he says.

Bland Farms is also being proactive with food safety issues. "The company is now GSI compliant, even though the rest of the industry has yet to move completely in that direction. We also have our certification with Primus, Nutra-Clean and now are moving a step further to get EurepGAP approval this year," explains Hively.

WHAT'S NEW IN VIDALIA?

Change is inevitable from year to year in the Vidalia sweet onion deal. What remains consistent is the effort of growers and shippers to make their operation more efficient and competitive in the marketplace, with the ultimate goal of providing customers with better service and profits.

Bland Farms: In addition to his position at Bland Farms, Hively is also the chairman of the Vidalia Onion Committee (VOC), having served the previous two years as vice chairman. "I want to get better participation from the growers," Hively asserts. "I want to have some focus on research pertaining to the quality of our product."

New at Bland Farms is additional drying capacity, which has increased its capacity to dry sweet onions by about 80,000 bushels.

Richard Pazderski has been with Bland Farms for nearly five years and has recently been promoted from sales manager to director of sales. Adam Blocker joined the sales staff last November, bringing with him

extensive sales experience from outside the produce industry.

L.G. Herndon Jr. Farms: Bo Herndon recently completed his fourth one-year term as chairman of the VOC, which he guided through difficult and challenging times. He is no longer serving on the VOC board as he did for nearly 20 years in various capacities. Herndon was named 2008 Grower of the Year at the recent annual banquet of the Vidalia Onion Committee in Vidalia, GA.

Plantation Sweets: Tina Collins, who has been with the growing/shipping operation for the past five years, has been named director of sales and marketing.

While the company may be known for its year around sweet onion deal, Plantation Sweets is looking to expand the brand with sweet potatoes. Collins says, "Plantation Sweets owns the trademark for Vidalia Sweet Potatoes. No one else can market it."

While the operation has had only about 100 acres in sweet potatoes in recent years, "We are increasing the acreage considerably." The crop will be sold primarily for the November and December holidays. "Because these Vidalia sweet potatoes are grown in the same soil as the Vidalia onions, just like the soil here produces sweet onions, it also produces a sweeter sweet potato," she explains.

Shuman Produce: About 40,000 boxes of storage have been added for the summer Vidalia sweet onion deal. This will raise the total storage capacity to 475,000 boxes, according to president John Shuman. The company works primarily with four growers and expects to ship onions from 1,800 acres this season.

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product to market."

J & J's Rayfield agrees, noting that locally grown produce is "becoming more important to the buyers. Our company has a great advantage. We have facilities in West Palm Beach, FL; Adele, GA; White Pine, TN; and Hendersonville, NC." Multiple growing areas allow the company to farm a variety of commodities, while taking into consideration which products are most appropriate in certain geographical locations.

Oxford of L & M says promoting locally grown produce also plays a role in attracting a growing number of consumers who want to know where their produce originated. "Consumers prefer more local product and they want to become more knowledgeable about the sources of their food. They want to keep money in the local economies. Plus, locally grown produce allows for the freshest product and less travel miles."

Two years ago, Gibbs Patrick Farms purchased a supply chain and process monitoring and alerting solution from TraceGains, Inc., the Longmont, CO-based creator of TraceGains, a supply chain and process monitoring and alerting solution that allows growers to reject non-compliant shipments before they arrive for processing. TraceGains is a patented delivery system that specializes in advanced brand protection and promotion solutions. "It helps our customers make more money," explains Marc Simony, TraceGains' director of marketing. "A lot of traceability systems collect the data, but don't do anything with it. TraceGains allows our customers to analyze that data and take corrective steps."

"We wanted to serve as a leader in the Southeast," states Patrick, of Gibbs Patrick Farms. "Our retailers are asking for it and they're pleased that we're able to offer them this assurance. They're doubling sales in some areas."

OVERCOMING CHALLENGES

Extremely warm temperatures and the potential for excessive rain are just a few of the factors Southern growers must take into consideration when timing production. "The weather presents challenges for growers to get product to their retailers," states GFVGA's Hall. "If we end up having a short supply of squash, they may have to source it from somewhere else in the Southeast. If Georgia is down, South Carolina and North Carolina may be up. We try to make adjustments when needed."

For instance, Georgia's Vidalia onion season has been "very nerve-wracking this year," states Brannen. "We've had a few pops of cold that have lasted longer than we like. However, the crop appears to be rebounding

quite nicely."

It's important for retailers to make sure they've got adequate product to meet the demands of their consumers. "It's a matter of making sure you're fulfilling that need, despite poor weather conditions, such as hurricanes," adds Hall.

Scott admits it's tough to time ads with the unpredictable weather conditions. "You can get some late frosts — even hail — in March and April that can really hurt things."

Produce Exchange's Grizzaffe uses the Internet to "watch the areas we know we're buying out of 10 days ahead," he explains. "If the weather looks really bad, we'll look into buying from somewhere else."

J & J uses highest quality refrigeration and cooling techniques to keep produce looking fresh from field to fork. "If it's not properly pre-cooled, you will see a significant reduction of shelf life and an increase of shrink," stresses J & J's Rayfield. "We use post-harvest techniques, clean water in the fields, clean buckets, plus our fields are all third-party compliance for food safety."

Beyond weather, General Produce's Scott says the rising costs connected to additional food safety regulations are difficult to overcome. "Third-party inspections are adding to the cost of product. These additional costs are being passed down to the consumer.

Planting product and fixed costs are higher today than they were five years ago. Finding steady labor has also been a challenge with immigration laws."

Whittles of Rosemont points out challenges related to retail pricing. "Don't get stuck in a merchandising rut," he advises. "Promote the heck out of these items. Don't get the regular retail price too out of whack; provide recipe ideas and cross-promote with an event mentality." Maintaining quality through the different growing areas is also a challenge for many, he adds. "That is why sticking with reliable, consistent shipper-suppliers is one of the best hedges against big shrink and disappointed customers."

The biggest challenge for L & M is overcoming gaps in supplies, explains Oxford. "As we become more regionally correct, there is more dependence on smaller farm production and less trucks delivering from the larger growing areas. It is incumbent on the suppliers to communicate with retailers each and every day on crop updates so that together we can plan well. At L & M we try to source from at least two of our farms at any give time so we can eliminate the gaps in supply."

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relates to the actual planting schedule and not based upon some arbitrary sales plan is key to building profit, notes Whittles. "We can help guide a buyer or buying team into the best times and strategies to maximize category profitability. We are strong at providing metrics and data to buyers, too, in order to substantiate any claims or recommendations we make."

Rosemont typically services retailers, wholesalers and foodservice distributors. "The majority of the business is done east of Texas and from the Midwest back to the East and up into Canada," notes Whittles.

"For our Southeastern vegetables, our main customers include retailers, wholesalers and foodservice distributors," reports Oxford. "We service east of the Mississippi and Texas in one to two day transit times allowing for fresh delivery."

J & J Produce's buyers are primarily in the foodservice sector. However, "Retail is the fastest-growing segment of our business," notes Rayfield, adding that the majority of J & J's buyers are east of Interstate 55. He adds, "We found our customers have the best bottom line when they don't focus on the actual price of the commodity. Those that measure profit at the cash register are much more satisfied than those measuring at the door. Plus, when we have over-sup-

ply, we're very active in trying to give them aggressive prices."

Wal-Mart Stores Inc., based in Bentonville, AR, is a huge buyer of North Carolina-grown produce, especially in the past four years, notes G.W. Stanley of the North Carolina Department of Agriculture & Consumer Services (NCDA&CS). "It's the largest grocery retailer in North Carolina." He notes Food Lion LLC, a Salisbury, NC-based chain, is also a good supporter. "Really, all of our retailers do a good job of recognizing our products. They want to be good stewards of North Carolina agriculture." He suggests retailers develop good relationships with their growers and take steps to continually make use of the local products that are in season. "Signage is important, along with keeping locally grown produce front and center at retail."

General Produce services more than 200 independent retailers and has partnerships with retailers such as Eden Prairie, MN-based Supervalu Inc. and Nash Finch Co., in Edina, MN, with 80 stores, reports Scott. "We work with retailers in the Atlanta area to promote Georgia-grown produce."

GFVGA promotes the Georgia Grown brand through a variety of promotional efforts, such as field tours to show supermarket buyers the high quality, vast volume

and undeniable appeal of Southern vegetables. "We also sponsor retailer tours of our farms that get retailers and growers face to face," explains GFVGA's Hall. "They've been very successful. A lot of retail buyers may be buying squash from one or two Georgia growers and they're looking for another category, such as sweet corn. It's a win-win situation for everyone involved."

"Promote the heck out of these items. Don't get the regular retail price too out of whack."

— Daniel Whittles
Rosemont Farms Corp.

The VOC runs multiple promotions every year to push the sale of Vidalia onions in Georgia stores throughout the South, as well as around the country. Keeping sweet onions fresh on the minds of consumers is key, notes Brannen. "Brand recognition is huge. We work very hard each year to educate employees at the store level. All Vidalias are sweet onions, but not all sweet onions are Vidalias." "One of our goals is to target specific sales regions that could be improved," continues Brannen. We're in the process of setting up an in-store promotion in New York, NY; New Orleans, LA; and Nashville, TN," explains Brannen. "We're working specifically with higher-end chains and independents that go the extra mile for their customers."

Cross-merchandising Southern vegetables with other in-season commodities is an excellent way to build profit and sales. This May, the VOC partnered with the NY Apple Association (NYAA), headquartered in Fishers, NY, to conduct in-store demos that offered consumers new ways to incorporate Vidalia onions and New York apples into their meals.

In June and July, the VOC will pair up with the Orlando, FL-based National Watermelon Promotion Board (NWPB) and A & W Root Beer to put neck danglers with recipe booklets on 2.5 million 2-liter A & W Root Beer bottles. "With watermelons being such a great commodity, we thought it would be a great idea to pair an unlikely match to show consumers how they can think outside the box when preparing summer meals," explains Brannen.

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Established Success With South African Citrus

The flexibility, variety and quality of South African citrus allow retailers to build profits with this now established category.

BY JODEAN ROBBINS

No longer a novelty product, summer citrus is now an integral part of any retailer's summer fruit program.

"Summer citrus is pretty much established with sales upward of \$150 million," says Marc Solomon, president of Fisher Capespan USA LLC, in Gloucester City, NJ. "The category has become pretty significant over the past 10 years."

Piet Smit, CEO of the Western Cape Citrus Producers' Forum (CPF) in Citrusdal, Western Cape, South Africa, agrees. "Summer citrus has become an established and recognized category among all the major retailers and wholesalers and continues to grow. The South African producers continue to grow their volume within the category in a controlled fashion by shipping only the best fruit available to the United States."

Freshly harvested South African citrus is a prof-

itable item for retailers and complementary to other summer fruits. "It's viewed by retailers as being a profitable complement to the local stone fruit industry," reports Smit. "In other words, its growth has been incremental and not at the expense of local stone fruit growers. Summer citrus tastes refreshingly good and is good for the retailer's bottom line."

"Our customers are looking for consistent product throughout the year," says Dick Stiles, director of produce and floral for Redner's Markets Inc., in Reading, PA, with 40 supermarkets and 12 convenience stores. "Summer citrus plays an integral part of having a year-round citrus program."

While many retailers are already taking advantage of South African citrus, there are significant opportunities for increased retail sales dollars and profits. "Many retailers have only scratched the surface with respect to summer citrus category sales," notes Bill Weyland, vice president of imports for Seven Seas Fruit, a dba of Tom Lange Company International, Inc, headquartered in Woodbridge, NJ. "Those retailers who have not yet made a strong commitment to the summer citrus program need to sit down with their suppliers and collectively develop a comprehensive summer citrus marketing program."

"It is profitable and there are sales to gain there," concurs Dick Rissman, produce director for Des Moines, IA-based Dahl's Food Markets, an upscale, independent chain with 12 stores. "It's a nice category with good quality. The opportunity is high to promote it and gain incremental sales with a committed program."

KNOW YOUR CITRUS VARIETIES AND SEASONS

Understanding the varietal seasons will help retailers plan better promotions. "Retailers need to be aware how long the different seasons are and



Photo courtesy of Seven Seas Fruit

South African citrus is advantageous because it is contra-season to U.S.-grown citrus from California, Florida and Texas.



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when the peaks occur so they can make the most of promotions," suggests Rissman. "Our suppliers let us know when the peaks are coming so we can prepare to promote at the right time."

Stiles explains further, "The different seasons in this category come and go so fast it's important to have the information, especially when you're advertising, so you can be sure to have the lead time necessary. Sometimes, by the time you know you can get it, it could be gone already. We rely on our suppliers to keep us informed on availability, varieties and the best time to promote."

Education of consumers and store personnel is a key part of building sales. "It's important to educate retailers, as well as consumers, on the year-round availability of citrus from all regions, especially from South Africa," says Kim Flores, marketing manager for Seald-Sweet International in Vero Beach, FL. "We were involved in a focus group study not too long ago indicating the average consumer could have misconceptions about product from South Africa, mainly because they were not familiar or aware of the South African citrus or produce industry. Through increased marketing efforts, Seald-Sweet and many of the South African growers are working to

South African Citrus Variety Cheat Sheet

Clementines: third week of May through September

Navels: late May/early June until late October

Minneolas: mid-July through end-September

Mandarins: September and October

Midnights: October through mid-November

**Source: Western Cape Citrus Producers Forum*



Photo courtesy of Seald-Sweet

change this perception and educate American consumers on the benefits of South African summer citrus, enabling us to enjoy citrus year-round, especially during the domestic off-season."

"The window for South African summer citrus is advantageous because it is counter-season to U.S.-grown citrus from California, Florida and Texas," says Tom Cowan, South African sales manager for DNE World Fruit Sales in Ft. Pierce, FL. "The window starts

when California navels finish in late May or early June and it closes when the new California navel season starts in late October or early November. South African citrus gives retailers the opportunity to sell fresh citrus during the summer months and provide year-round citrus to consumers. Retailers can now merchandise and grow their citrus profits year-round due to the wide variety of imported citrus."

Principal varieties include Clementines, Navels, Minneolas, Midnights, Cara Caras and late Mandarins. "The season starts in early May with Clementines until early July. Then, in mid-June we start with Navel oranges through September," explains Solomon. "In October, we have the Mid-knight orange, which is a seedless Valencia, then in August and September we have a variety called the ClemenGold – a seedless, late mandarin."

CHECK OUT NEWCOMERS

An emerging trend is the development of two- or three-pound bags for Clementines instead of the five-pound box. "This past year we have seen increasing success of the two- or three-pound bags," explains Cowan. "Part of this is due to the weaker economy in the United States and part of it is retailers trying to target more attractive price points with consumers."

Weyland agrees, adding, "Bagged Clementines are now becoming the preferred package for sales during the summer months. The Clementine bag program provides a great deal of flexibility. Distributors can now vary the packaging weights in order to meet retailer-specific requirements to achieve targeted retail price point levels."

Fisher Capespan's Solomon knows the three-pound bag is an advantage for consumers as well. "Given the diversity of summer fruit available, it makes more sense for

Reader Service # 39

Display Big And Bold



Photo courtesy of Seald Sweet

South African citrus promises profits if adequately displayed both in size and variety. "The profitability of the fruit represents is significant, and space should be allocated accordingly," states Piet Smit, CEO of the Western Cape Citrus Producers' Forum (CPF) in Citrusdal, Western Cape, South Africa.

"A profitable display sells," says Dick Rissman, produce director for Des Moines, IA-based Dahl's Food Markets, an upscale, independent chain with 12 stores. "Sometimes, one item is more profitable than another, but in general, the size of the display, the variety and the price points all help sell a product. You are competing against the entire lot of summer fruits so you want to be decently priced with a nice display of good quality product."

There is a direct correlation between the size and visibility of the display and the success of sales. "The bigger and more attractive the retail displays are the higher the sales' volume will be," notes Tom Cowan, South African sales manager for DNE World Fruit Sales in Ft. Pierce, FL. "Consumers purchase much of their produce items based on what looks attractive to the eye, and they tend to believe that bigger displays of items mean a better price."

Location is important, too. "You want to make sure it's visible," advises Dick Stiles, director of produce and floral for Redner's Markets Inc., in Reading, PA. "If it's out in front, it will affect your sales. We give citrus a bigger presentation than apples during the summertime."

"Give the category adequate shelf

space," concurs Marc Solomon, president of Fisher Capespan USA LLC, headquartered in Gloucester City, NJ. "Since summer citrus is an established category, it is an opportunity for retailers to gain incremental sales. Consumers buy what they see."

Solomon advises it's also important to display a variety of items. "Consumers may be looking for Clementines for the kids and Navels for themselves," he continues. "You must have a summer citrus category that meets the needs of a variety of consumers."

A sufficient display must also include a mix of bagged and bulk. "A minimum of 11 feet will allow the retailers to promote a variety of items in both bulk and bag form," suggests Bill Weyland, vice president of imports for Seven Seas Fruit, a dba of Tom Lange Company International, Inc, headquartered in Woodbridge, NJ. "Ideally, if the space permits, take advantage of sales opportunities by building waterfall displays and using freestanding tables or end caps to merchandise featured items."

Cowan clarifies the allure of a varied display. "Some consumers like to pick their own fruit and feel they are getting value by doing so, while convenience-oriented shoppers find bagged produce more appealing. With the weak economy, we think the smaller Clementine packaging allows the retailer to target more attractive price points. Retailers can feature two-pound Clementine bags at a suggested retail of \$3.99 per bag and still make a very good gross margin of approximately 50 percent."

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consumers to want a three-pound bag versus a five-pound box, since they may be buying other summer fruit."

Several newcomers are continuing to edge their way into the season. "New South African varieties are the PMG mandarins starting in mid-August and running through mid-October," remarks Cowan. "The PMG varieties have excellent color and are easy to peel and segment. The exterior skin has a deep orange color and the fruit has a delicious, sweet taste. DNE will bring in some new, late Navel oranges, such as the Autumn Gold this season. These late Navel varieties will start in mid-September and run through mid-October. The Brix in these new varieties is very high."

South Africa is anxiously awaiting the U.S. Department of Agriculture's (USDA) approval for a new shipping area in the Northern Cape. "When it's cleared, they'll be able to ship Star Ruby grapefruit in June and July," reports Solomon. "This will be tremendous because it's challenging to get grapefruit at that time of year. We are cautiously optimistic this will happen in time for this season."

"South African Star Ruby grapefruit could potentially be admissible into the United States by June or July of this year, but more likely next year," says Flores of Seald-Sweet. "The season would run early to mid-summer. However, there are logistical and protocol details still being considered at this time that are a challenge."

Fair Trade products are also starting to come out of South African citrus groves. "Right now, we are working primarily with Fair Trade Navels as well as Clementines and Midnights," discloses Solomon of Fisher Capespan. "We're the only source of Fair Trade citrus during the summer."

"Our South African products and growers have been Fair Trade accredited for many years and have developed the Emgrow movement, which creates partnerships between growers and workers," explains Flores. "On these farms, people are not only sharing ownership in the agricultural enterprises, but their communities share in the social structures that have prospered around the farms. Through these programs, previously disadvantaged communities have been transformed and are now thriving. We are proud to have played a part and feel it's our social responsibility to support the development of these programs. We are also in the process of accreditation for all of our other products."

PROMOTE VALUE

Given the state of the economy, right now is a perfect time for retailers to pro-

mote the excellent value of summer citrus products. “Consumers are looking for value for their money,” asserts CPF’s Smit. “We envision a return to basic foodstuffs, which are easy to prepare, and believe summer citrus will give the consumer a healthy option throughout the season.”

“It seems people are eating at home more and cutting back on discretionary items,” adds Solomon. “Carrying value lines, which is what you get out of the bagged items, is an excellent strategy. Retailers can cater to the whole market by offering bulk and bagged. Consumers may be looking for things to liven up the dinner table as they eat more at home, and summer citrus products are a great item to promote to this end.”

“Our citrus sales have increased so far this year,” reports Redner’s Stiles. “It’s the value of the product combined with the health benefits. Citrus is good for you and good to eat, both of which are very promotable messages.”

The summer citrus category offers value and profitability to any produce department. Smit explains why. “Summer citrus traditionally has delivered strong profitability to retailers based on affordable pricing that reflects the superior quality of the fruit, and we expect this to continue. Production costs are up, margins are down and it is still too early to tell what effect the U.S. economy will have on demand. Nonetheless, we believe we can still make it profitable for everybody involved, and still provide better value on a pound-for-pound basis than most other fresh fruit.”

“When retailers merchandise both bulk and packaged product they have the ability to hit different price point levels and appeal to the vast majority of their customers.”

**— Bill Weyland
Seven Seas Fruit**



Photo courtesy of Seald + Sweet

Two or 3-lb. bags of Clementines are an emerging trend in summer citrus.

Pricing and margins will vary depending on a retailer’s orientation and promotion strategy. “Retailers tend to work on gross margins for summer citrus items of normally 50 percent or higher, but on smaller margins if they are promoting the item,” explains DNE’s Cowan. “For example, Clementine features occur the week before the Fourth of July for two- or three-pound bags and then again later in July, which helps drive sales. Loose Navels featured in multiple units, such as 3-for-\$1.99 during the July/August period, will increase produce dollars for retailers.”

“We recommend selling by the pound, but it depends on the retailer’s preference,” says Fisher Capespan’s Solomon. “We’ve found consumers are comfortable buying produce by the pound, and retailers have reported to us they get better sales when they price this way.”

Seven Sea’s Weyland adds, “You can’t make a universal statement with regard to price point levels, but when retailers merchandise both bulk and packaged product they have the ability to hit different price point levels and appeal to the vast majority of their customers.”

PROMOTE AGGRESSIVELY

Promotion is crucial to stimulating sales. “In-store promotion is very important, and obviously, we would like to do as much as possible,” says Smit. “This is, however, a function of volume, availability, pricing, etc., which the importers and retailers work together to address.”

“Promote, promote, promote during the summer months,” advises Seven Sea’s Weyland. “There is a lot of competition for shelf and ad space. To maximize summer citrus sales, retailers working closely with their suppliers must develop a merchandising-promotional program and then stick to it.

Also, don’t be afraid to promote the Minneolas or Cara Caras. Many retailers view these as exotic varieties in the summer months, but these fantastic eating fruits can add incremental sales to the citrus category.”

Citrus can be a great summer add-on for your customers. “Traditionally, summertime for American consumers means less time in the kitchen and more time to enjoy outdoor dining and family outings,” says Seald-Sweet’s Flores. “The summer citrus programs bring a wide variety of fresh produce offerings, such as Clementines — a perfect, convenient and healthful snack for active summertime lifestyles. As consumers become more educated and familiar with the summer citrus program, the demand continues to increase.”

“The biggest thing is to get the managers behind promoting the items at a different time than they’re accustomed to because of the variety,” says Dahl’s Rissman. “The more we make the public aware of these products being available at their particular time, the more we sell.”

Most importers and suppliers would like to see a comprehensive and consistent promotion throughout the season. “When an item is featured, we typically get larger display space. Then, we can capture more of the impulse purchase opportunities,” says Weyland. “Along with print ads and in-store features, a solid and consistent promotional program will include the utilization of proper signage and demos.”

“Stores should promote citrus regularly and create themed ads promoting the variety in season,” suggests Cowan. “For example, this includes Back to School ads in September. They should also educate consumers on these imported varieties by using effective POS material and conduct in-store sampling for each citrus variety during its peak flavor.”

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Increase Fruit Sales With Ripening Programs

Economic worries haven't dropped demand for pre-conditioned fruit, so don't drop the ball on taking advantage of ripening programs in retail.

BY TRISHA J. WOOLDRIDGE

In a recession, consumers want to make every dollar count.

Properly maintaining a ripening — also known as pre-conditioned — program in your produce department ensures more consistent quality and immediate satisfaction, guaranteeing consumers their guarded dollars will provide a dependable return. While it only takes a little extra care to let consumers know that ripe product is available, the rewards are great. Ready-to-eat fruit sells at an even higher premium than conventionally treated fruit.

“Ripening programs continue to gain traction in both core and new-demand avocado markets,” explains Jan DeLyser, vice president of marketing for the Irvine, CA-based California Avocado Commission (CAC). “In fact, CAC research shows that on a nationwide average retailers can increase their annual sales up to 11 percent by implementing a ripening program. Retailers in regions of the country that have implemented these programs have experienced increases in sales, in some cases by as much as 30 percent per year.”

Justin Bedwell, director of marketing for Z & S

Fresh Inc., based in Fresno, CA, recognizes that some retailers are hesitant to begin a pre-conditioned fruit program, as it requires more investment up front. Agreeing with DeLyser, he notes, “When retailers who don't participate in a ripened fruit program see the numbers of stores that have integrated our Just Ripe program 100 percent, they are amazed. The numbers are great, and you can't argue with numbers.”

Greg Akins, president and CEO of Catalytic Generators, a company that manufactures ripening technology, in Norfolk, VA, says, “I believe that more retailers understand the need to provide their customers with ripe fruit and have taken their abilities in ripening traditional fruit, such as bananas, and invested in programs to ripen non-traditional fruit, such as pears and avocados.”

“Consumers are still showing a preference for riper fruit at retail,” points out Kevin Moffitt, president and CEO of the Milwaukie, OR-based Pear Bureau Northwest (PBN). “However, many retailers are not taking advantage of the popularity and potential for increased pear sales due to their tightening inventory controls and concerns about overall shrink in the produce department. Consumer research conducted by PBN in recent months showed that over 90 percent of consumers prefer ethylene-ripened pears by a large margin over pears that were not put through an ethylene ripening regimen. Furthermore, respondents reported that they would pay more for the ripened fruit, which possessed better flavor attributes.”

RIPE BENEFITS IN A TOUGH ECONOMY

People incorrectly assume the current economy may negatively affect pre-conditioned fruit programs because they cost more than conventional fruit. However, Dr. Carlos Cristoso, one of the pioneers of pre-conditioning technology from the University of California at Davis, believes this isn't the case. “On the contrary, delivery of tasty, sound fruit will make the sale.”



Photo courtesy of Z & S Fresh Inc

Retailers can increase sales by implementing a ripening program.



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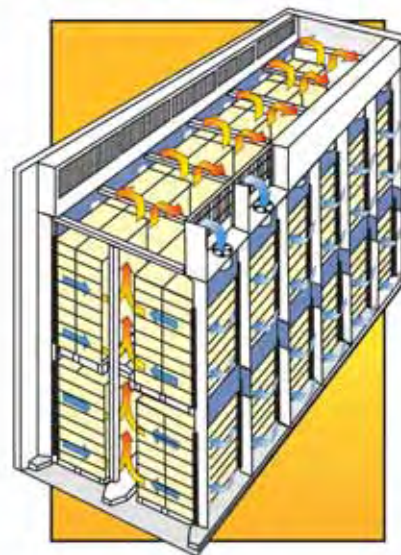
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A Better "Ripe" Program Through Science

What has changed over the years in the ripening process and technology? What does the future hold in store for ripened products? In what way does this effect retailers? Here's a glimpse at some of the behind-the-scenes work that continues to affect pre-conditioned fruits.

Ethylene is the key gas that causes fruit to ripen; but it also causes it to go bad. While fruit needs ethylene to become juicy and supple, the riper it gets, the more the fruit produces as it breathes, so ripe fruit will spoil sooner and cause other fruit around it to spoil. Making the most of ripe programs means controlling ethylene.

Greg Akins, president and CEO of Norfolk, VA-based Catalytic Generators, which manufactures ripening machinery, says, "We are developing ways to allow ripeners to better stay on top of the ethylene application process. For example, we are creating a system called the Smart-Ripe, which incorporates an ethylene detector and allows the ripener to establish an ethylene setpoint. The generator will then modulate its production of ethylene to maintain the desired ethylene target, ensuring that ethylene levels are maintained in the proper range for effective fruit ripening.

Akins explains the product further, "In addition to tracking the ethylene levels, the system will monitor temperature and then log these readings for record-keeping and compliance reports. The system works via a network and allows for centralized control of all generators."

Controlling ethylene during shipping and storing is also important to fruit longevity. Maintaining the cold chain is a priority because it significantly slows the ripening process and production of ethylene, but doesn't stop it entirely.

Ethylene Control, headquartered in Selma, CA, creates filters and packets that absorb ethylene from the air. The small packets can be placed in boxes for shipping and the large-scale scrubbers filter the air in warehouses and storage units. Demand for these products has increased because there has been a move toward extending shelf life due to the economy, explains general manager Dave Biswell. "Costs have risen, even though sales are up," so there is more of a focus on conserving product.

Being able to get the fruit to the shelf sooner is another advancement. Mission Pro-

duce Inc., based in Oxnard, CA, has expanded to seven ripening centers across the United States, says vice president of sales and marketing Ross Wileman. The ripening program is set for a "just-in-time" delay. All centers can ship to stores within a day, and send avocados four to five times a week for most retailers.

Better ripening rooms and the ability to measure ripeness has also helped ensure consistent product with a longer shelf life. Shalynne Van Worth, quality coordinator of FreshSense, headquartered based in Parlier, CA, explains, "In previous years, the highest advancement was adapting banana rooms for stone fruit. It's highly controlled in small amounts. This way, we can control humidity and temperature, and we do it for two pallets at a time. When fruit hits the right pressure, it cools immediately and we're not forcing air through so many levels of pallets."

Santa Paula, CA-based Calavo Growers Inc. is using new, acoustic sensors to get a better measurement of ripeness for its Verified Internal Pressure (VIP) avocados, according to Rob Wedin, vice president of fresh sales. "Sound waves are sent through the fruit and they bounce off the seed to read the pressure without causing any damage to the fruit." Additionally, the rooms themselves are now fitted with remote access monitors that allow for better humidity and heat control.

The Pear Bureau Northwest (PBN), based in Milwaukie, OR, tracks advances on all angles of ripening. While guidelines have been around for 50 years, the most rapid advancement has been in the past six or eight years.

President and CEO Kevin Moffitt, states, "Not only has research investment been increased, leading to a better understanding of the ripening process, but investment by shippers has also led to breakthroughs. For example, a packinghouse in the Northwest invested in the country's first dedicated pear ripening rooms."

Moffitt continues, "Other advancements in the field include labels that change color to indicate to consumers when a pear is ripe and ethylene-release capsules that allow for pallet-level ripening or in-transit ripening. Recent research has also allowed for a better understanding of the process and fine-tuning of the ripening regimens for different varieties at different times of the year."

Bedwell has seen the reaction of consumers when they eat a piece of juicy fruit. "They didn't know it could be that way — sweet and juicy. They assume that all peaches must be hard and crunchy like the ones they might have come across in the past. That's how you lose consumers. Anytime you can give consumers a ripe, ready-to-eat piece of fruit at store level, that will help sales."

"There's not much cost difference between pre-ripened fruit and conventional."

**— Gurdeep Billan
Save Mart Supermarkets**

Akins reports no decrease in the sale of his ripening equipment. Moffitt explains why. "There doesn't generally seem to be any difference in the price retailers charge for fruit that has been pre-conditioned from their supplier or at their warehouse. The economy hasn't had a negative effect from that standpoint."

Gurdeep S. Billan, category manager and merchandiser for Modesto, CA-based Save Mart Supermarkets, which boasts more than 200 stores, agrees. "There's not much cost difference between pre-ripened fruit and conventional." Moreover, he relies on Dinuba, CA's Summeripe Worldwide Inc.'s pre-ripened, ready-to-eat tree fruit. "We hang our hats on Summeripe, and on our ripened fruit program."

In fact, thanks to the difficult economy, ripened fruit may even offer more appeal to consumers this year. In many cases, sales for ripened fruit have continued to climb. On the retail level, this continued growth is often attributed to more people cooking at home. "As more consumers trade out-of-home dining experiences for home-cooked meals, avocado category sales at retail have continued to be positive," notes DeLyser, citing an IRI/Freshlook study that covered a 13-week period ending on January 25, 2009. "In fact, avocados are one of the top three growth categories of fresh fruit with volume increasing 14.43 percent and sales increasing 10.55 percent."

Ross Wileman, vice president of sales and marketing for Mission Produce Inc.,

headquartered in Oxnard, CA, remarks the most significant change is the demand for food at retail. There is still plenty of demand, and "the demand is attributed to people staying home and cooking. They want something new, fast and healthy."

"Offering ripened pears at retail is actually a smart move in today's economic environment, as it can set a store's produce apart from the competition," says Moffitt. "Better tasting and juicier fruit can add the value that consumers are looking for today. Furthermore, the produce department remains the top attraction for consumers, so offering tasty, ripened fruit not only increases customers, but keeps them loyal to a store."

LESS SHRINK, MORE SALES: A CONSISTENT EXPERIENCE

Ripened fruit is more delicate than unripened fruit, and as Cristoso says, "If the market is slow, the cull percentage due to soft fruit can increase." A piece of ripe fruit may not last as long as a piece of unripe fruit if you're simply comparing the two by sitting them on a shelf and waiting. However, ripe fruit sells more quickly than unripe product. If the fruit is clearly marked as ripe and ready-to-eat, there are fewer consumers squeezing the fruit, which bruises and damages the fruit before it ripens. The frequency of purchase and less damaging handling drop the overall shrink percentage.

"It's really about generating demand and driving sales. A dedicated ripening program can be a key driver of sales."

**— Rob Wedin
Calavo Growers Inc.**

Z & S's Bedwell also points out that the pre-conditioning process eliminates the possibility of the fruit being exposed to kill-zone temperatures. "When you bring the fruit up to its preferred ripening temperature, and then cool it down once ripe and continue that cold chain management, it is always within the optimal temperature range. By not being exposed to kill-zone temperatures, the fruit will last much longer," he explains

PBN's Moffitt reveals, "Retailers are

reporting 25 to 50 percent increases in pear sales when instituting a ripened pear program. The concerns about shrink are often unfounded. Offering ripened fruit will increase sales and off-take turning the inventory more often. In addition, if consumers realize that a store displays ripe fruit consistently, they don't have to pick through a display squeezing and handling all the fruit before selecting. Consumer handling of fruit can be a significant cause of the shrink in the produce department."

Part of balancing out shrink comes from more sales overall. If the fruit is ripe, people

are more likely to pick it up on impulse. Additionally, if consumers have a positive experience with the fruit they purchased on impulse, they are more likely to come back for more. "When managed properly, research demonstrates that sales increase, while shrink drops," says CAC's DeLyser. "Impulse sales increase and shrink drops because consumers purchase with confidence. Retailers can motivate sales with signage that specifies their avocados are ripe, reducing excessive handling by consumers."

Rob Wedin, vice president of fresh sales for Calavo Growers Inc., based out of Santa

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Reader Service # 14

Paula, CA, gives this example. "In one store, I saw a display of ripe avocados for 99 cents, and people were buying them. At another store, they were hard and green, but only 61 cents — and they weren't selling. People are in the store to buy for that day or the next day, so they want them ripe."

What gives a store steady sales and less shrink is having consistent quality in ripened fruit. If a customer has a good experience, then returns and has a bad eating experience, future sales are lost because the customer doesn't see consistent quality. Wileman underlines the importance of product consistency even before it arrives at the store. "While much of the business is not conducted with consumers, it affects the relationship with them." Mission has a high level of quality control to ensure the fruit is in the right condition. The company also educates retailers on ripening based on the length of time the avocados are at the distribution center, and how that affects ripeness levels in the store. "A lot more goes into a ripening program than one normally imagines," adds Wileman.

Ripe 'N Ready products from FreshSense even have a promotion based on their "Great Taste Guarantee," explains Shalyne Van Worth, quality coordinator for the Parlier, CA-based company. Consumers simply need to call the company if they are not happy, and the company will refund their money. "Ripened fruit always has a more consistent, ready-to-eat product with a longer shelf life."

DISTINCT DIFFERENCES

There are a number of fruits that go through a pre-conditioning process before arriving on the store shelf. Bananas were one of the earliest and the most commonly treated products. However, current attention is focused on fruits such as avocados, pears and stone fruit. Though people talk about overall fruit ripening programs, these specific fruits undergo a distinctly different

"When managed properly, research demonstrates that sales increase while shrink drops. Retailers can motivate sales with signage that specifies their avocados are ripe, reducing excessive handling by consumers.

**— Jan DeLyser
California Avocado
Commission**

ripening process. Not only does the actual ripening process vary, but so does in-store handling, as well as how to best merchandise these different fruits.

When it comes to avocados, the important consideration is temperature treatment. Wedin clarifies, "A banana room doesn't have enough cooling capability. Avocados naturally want to warm up while ripening, so we need a good way to evacuate the carbon-dioxide." Additionally, ripe avocados can be held at lower temperatures than hard avocados. "When you buy ripe avocados, before they go to the shelf, they should be stored at 40°F," Wedin advises. "They are fully ripe in about 36 hours at ambient temperature, or 70°F, but you don't want them exposed to ambient temperature until they are on the shelf."

When merchandising avocados, there should be a balance between grabbing the attention of impulse customers and catering to the regular purchasers. "It's really about generating demand and driving sales. A dedicated ripening program can be a key driver of sales," continues Wedin. Carrying a secondary display of avocados enables retailers to offer a smaller avocado at an attractive price point and a larger avocado for aficionados. In developed markets, adding a bagged avocado to the offering allows retailers to have something for everyone."

Pears, on the other hand, provide some difficulty when determining ripeness, since many varieties do not change skin color upon maturity. Thus, they need to be clearly labeled for both retail employees and consumers. Pre-conditioned pears need to be stacked very shallow and handled gently to prevent bruising and damage.

While some shippers have made progress with stickers and packaging that inform consumers about ripeness, it is important stores continue to encourage consumers to properly check bulk pears with educational "Check the Neck" signage that PBN provides on its Web site.

When it comes to ripening programs for stone fruits, Gordon Smith, director of marketing for Reedley, CA-based California Tree Fruit Agreement says, "California peaches, plums and nectarines don't quite fit into the same profile as pears and avocados, in terms of ripening programs. Each individual company has their own protocol for pre-conditioning, and many also offer both conventional and tree-ripe."

The University of California's research created the "preconditioning process as a way to increase the fruit's market life and reduce its susceptibility to chilling injury, including mealiness and flesh browning, when stored at warehouse cooler temperatures," continues Smith. "However, it was the individual shippers that have taken it to the next level, developing their own pre-conditioning protocols."

Additionally, unlike pears and avocados, there are hundreds of varieties of stone fruit, especially peaches. Each variety needs to be treated individually for optimum taste and experience for the customer, explains Steve Kenfield, vice president of sales and marketing for HMC Marketing Group, headquartered in Kingsburg, CA. "Even among the different tree fruits and the different varieties of stone fruit, there is not a single way to treat them all. We have moved away from a processed-based approach to business." Put simply, if the fruit doesn't benefit from being conditioned, it won't be conditioned.

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Ready-to-eat fruit sells at a higher premium than conventionally treated fruit.

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Reader Service #12

Maximizing Herb Sales And Profits

Consumers continue to rely on fresh herbs to liven up their meals, especially when they are cross-merchandised in unique packaging.

BY BARBARA ROBISON

Retailers and suppliers of fresh herbs are optimistic.

The fresh herb business is either growing or holding its own during a time when many businesses are faltering due to the economic downturn. There are several reasons for the increased interest in fresh herbs.

"We believe there is a great opportunity for retailers to provide their customers with more flavorful meals on a 'cook-at-home budget.' Today's consumers want to provide more home-cooked meals flavored like those offered in the restaurants they used to frequent. Fresh herbs can be 'basket builders' when retailers offer them to add taste and eye appeal to the simplest of meals," states Chick Goodman, national sales manager for Compton, CA-based Herb Thyme Farms Inc., an organic herb grower and marketer.

Another reason for increased herb sales is that they are enjoying a media bonanza. Consumer exposure to fresh herb usage is high, notes Charlie Coiner, president and founder of Rock Garden South, a supplier and distributor of fresh herbs, baby greens and specialty produce, based in Miami, FL. "Magazines, newspapers, TV and the Internet all provide herb recipes, tips and general consumer information"

Mike Maguire, director of produce operations at Market Basket Produce, a 60-store chain headquartered in Tewksbury, MA, reports, "Our produce sales are fantastic and fresh herbs have been an important part of that. Sales are up, and while the economy is one reason, TV cook-

ing shows have really given the category a boost."

"The benefits of cooking with fresh herbs are too great to ignore," says Ryan Cherry, executive vice president at International Herbs Ltd., marketers of fresh herbs and specialty produce in Surrey, B.C., Canada. "Average consumers have taken to cooking with fresh herbs rather than dried, and using fresh herbs in daily cooking is no longer reserved for executive chefs."

Handling fresh herbs from Israel under the Carmel label, Moshe Chaver, herb manager at Agrexco (USA) Inc., headquartered in Jamaica, NY, reports their sales have not increased, due primarily to new U.S. Department of Agriculture (USDA) regulations. However, although herb sales are less in New York, they are growing in other regions of the country. "We're now flying our herbs to places like Seattle and Texas," he comments.

The economy doesn't appear to be the major factor for increases in fresh herb purchases, according to Ciro Porricelli, owner and vice president of Jerry Porricelli Produce, a wholesale distributor headquartered in the Bronx, NY. "We're experiencing big fresh herb sales increases because people just like the flavors they provide. Restaurants are using more and ethnic groups use many herbs in their cooking as well."

EXOTIC AND HEALTHFUL RECIPES ARE HERB-FRIENDLY

Interest in fresh herbs has increased with exposure through a wide variety of ethnic restaurants. "In South Florida, the rising populations from Cuba, Central and South America use many fresh herbs in their special dishes," explains Ronald Zamora, vice president and general manager for Coosemans Miami Inc., a Miami, FL-based grower and marketer of herbs and other specialty produce. "Fresh basil is important for Italian customers, and now, with the popularity of the Mojito — a mint-based alcoholic beverage, fresh mint sales have really



Photo courtesy of Shenandoah Growers

Live, potted herbs are one of the new and creative packaging techniques being used in the herb world.

Merchandising Fresh Herbs

When it comes to merchandising their products, fresh herb suppliers have a few suggestions to help build retail sales. Marina Pace, marketing spokesperson for Jacobs Farm/Del Cabo Inc., a marketer of certified organic culinary herbs and edible flowers, in Pescadero, CA, advises, "Basil should not be stored below 45°F. This makes its placement near the typical meal companion of tomatoes a good choice. All other herbs should be kept around 36°F and should be placed high in the display case to avoid misting that might be applied to other products."

"Basil, especially, should never be misted because the leaves will turn black with the moisture," adds Robert Schueller, director of public relations for Melissa's/World Variety Produce Inc., a distributor of specialty produce headquartered in Los Angeles, CA,

"The biggest issue with retailing fresh herbs is they tend to be displayed in a small, obscure area and often go unnoticed," explains Simcha Weinstein, director of marketing at Bridgeport, NJ-based Albert's Organics Inc. "Particularly in these poor economic times, I would recommend retailers focus on their four top-selling herbs. Then merchandise them with products that they complement, such as basil with tomatoes, or rosemary and red potatoes. Including a few signs and tying the products together are excellent reminders to the customer."

Chick Goodman, national sales manager for Compton, CA-based Herb Thyme Farms Inc., suggests displaying fresh herbs with other specialty items, such as mushrooms and colored peppers. Ukrop's Super Markets displays basil with tomatoes and mozzarella cheese to

suggest a popular and easy salad. "We also display herbs over the mushrooms and cut vegetables in our designated cooking area," says Wade Carmichael, senior category manager of produce at Richmond, VA-based Ukrop's Super Markets Inc.

"Retailers should not focus cross-merchandising ideas and concepts solely within the produce department. Displaying rosemary and beef during BBQ promotions, tarragon with chicken, dill and fish, and, of course, sage and thyme for the holiday turkey can be effective sales builders," offers Ryan Cherry, executive vice president at International Herbs Ltd., marketers of fresh herbs in Surrey, B.C., Canada.

When it comes to the pricing of fresh herbs, Michele Henning, vice president of sales and marketing for Shenandoah Growers Inc., based in Harrisonburg, VA, believes retailers don't need to discount them. For example, if strawberries are a hot item, a tip or sauce recipe for using fresh mint with them can move both items and provide a more flavorful eating combination for the consumer.

Other herb items are appearing in retail produce departments. The Spice Hunter Inc., in San Luis Obispo, CA, is offering all-natural, gourmet herbs that have been flash-frozen and vacuum-dried. "The Fresh at Hand products are excellent to display in a stand-alone rack in produce departments, providing complementary flavors for many produce items," says Tania Biswas, senior brand manager.

Some market produce departments are also offering a selection of herb pastes in tubes, produced in Australia. Goodman discloses Herb Thyme Farms is launching its own line of tube herbs, made with conventional fresh herbs. **pb**

increased," he adds.

Ethnic cuisines have created a market for things like Thai basil for Asian cooking and *Epazote* for Latino foods. Jim Krouse, owner and president of Los Angeles, CA-based Eureka Specialties Inc., a distributor of culinary herbs and specialty produce, expects demand for these and other ethnic fresh herbs to continue to increase. "Our business is primarily foodservice, and fresh herbs are a creative tool for every chef, just as paint is for the artist," he declares. "Like restaurant chefs, consumers want to create new dishes with an array of fresh herb flavors. Therefore, retail sales should experience the foodservice trend."

Some of the newer herbs that have gained popularity in Canada are Thai basil, lemon thyme, lemon balm and lavender, according to Boncheff Greenhouses Inc., a Toronto, Ontario, Canada supplier of fresh herbs year around.

There are constantly new fresh herbs being introduced. One place to seek information about them is the Silver Springs, PA-based Herb Growing and Marketing Network, a large trade association for the fresh herb industry. "We help in marketing herbs and provide information about them

through a bi-weekly trade journal, says director Maureen Rogers. "There has been increased interest in Hispanic, Asian and especially Vietnamese herbs. We profile one culinary herb a month. Recently it was the *Lo lot*, a Vietnamese herb used primarily in Asian satays."

The growth of special diets has contributed to greater interest in fresh herbs as well. According to an Ohio State University Extension Fact Sheet, cooking with herbs has taken on new importance with greater awareness of reducing salt and fat in the diet. The herbs add fresh and interesting flavors to foods made from recipes with reduced salt and fat. The fact sheet offers many tips for using fresh herbs, although it says there are actually no rules when cooking with them. One good tip to remember is that two teaspoons of fresh herbs are equal to 1/4 teaspoon of powdered herbs or 3/4 to one teaspoon of crumbled, dried herbs.

A Food Reflections bulletin, *Healthy Cooking with Fresh Herbs*, published by the University of Nebraska Cooperative Extension, based in Lincoln, NE, reports, "Besides helping flavor foods when cutting back on salt, fat and sugar, herbs may offer additional benefits of their own. Researchers are

finding many culinary herbs (both fresh and dried) have antioxidants that may help protect against diseases, such as cancer and heart disease."

"Healthy eating is definitely at the forefront with our produce shoppers," says Maguire of Market Basket.

FRESH HERB VARIETIES EXPAND

Fresh basil is the No. 1 fresh herb according to most in the fresh herb industry. "The bulk of our sales is focused around basil. It will represent approximately 60 percent of any one order," states Cherry of International Herbs.

Richard Stiles, produce director for Reading, PA-based Redner's Markets Inc., a grocery chain with 39 warehouse markets and 12 convenience stores, agrees basil is the most popular herb. "Fresh oregano and chives are also popular. Fresh mint does especially well in the spring for Kentucky Derby Mint Juleps and the Easter holiday," he adds.

Robert Schueller, director of public relations for Melissa's/World Variety Produce Inc., a distributor of specialty produce headquartered in Los Angeles, CA, adds, "Fresh



Herb packaging options are expanding as quickly as herb varieties themselves.

basil sales are consistent throughout the year, and when locally grown tomatoes are in season, basil sales increase. Mint is the No. 2 seller, followed by thyme, rosemary, chives, dill and sage. It's interesting that 60 percent of the sage sales are in the fourth quarter. It's a must for Thanksgiving and

the holiday period."

"Food service is the major part of our business and we believe chefs have a strong influence when it comes to learning about new fresh herbs. Latino-flavored herbs, such as cilantro, are increasingly popular, and interest in lemon verbena has grown,"

reports Kelly Orange, manager of community affairs for San Diego Specialty Produce, in San Diego, CA.

NEW LOOKS FOR FRESH HERB PRESENTATIONS

Just as the volume and variety of fresh herbs are expanding, so too are new packaging and presentation options. Schueller believes the most popular container has become the clamshell. "Bulk herbs are certainly sold a lot, but it is not the most popular presentation. One reason is the higher retail labor costs. Bags are also used, but product shelf life does not seem to be as great as herbs in clamshells," he says.

Rock Garden South is developing new packaging that tries to address two major concerns. "The first is to drive down the packaging cost and the other is to have the lowest amount of impact on landfills," explains Coiner.

Maguire reports, "We sell herbs in bunches, in clamshells and recently, we've been experimenting with herbs in small pots. We put the potted herbs on ad and they've been extremely popular with customers."

Shenandoah Growers Inc., based in Harrisonburg, VA, a provider of fresh herbs, has recently built a new, state-of-the-art green-

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Reader Service # 17



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Reader Service # 7

Organic Herbs

How organics fit into the fresh herb category is frequently a question. Organic fresh herb sales are steadily increasing, according to suppliers.

"We encourage retailers to carry our organic herbs because we've found conventional herb buyers will purchase organic herbs, but organic buyers will not usually purchase conventional herbs," says Chick Goodman, national sales manager for Compton, CA-based Herb Thyme Farms Inc.

Jacobs Farm/Del Cabo Inc., in Pescadero, CA, a marketer of certified organic culinary herbs and edible flowers, has seen increased sales in geographic areas that historically have lagged behind both the West and Northeast markets. The company has also had increased sales in existing organic private labeling programs and development of new programs.

"Organics are very popular in our communities and we are looking into carrying organic produce," states Stephen Ho, category produce manager for T & T Supermarket Inc., headquartered in Richmond, B.C., Canada, a 14-store chain marketing largely to the Chinese population. "However, our customers are price-conscious and a major consideration for them is the higher price points of organics."

Infinite Herbs & Specialties LLC, headquartered in Miami, FL, a marketer of culinary herbs, has found a certain level of stores in the urban areas of the country offer organic herbs more often. "If a market does offer organics most customers appreciate it, but the larger segment of the population won't stop buying fresh herbs if organic ones are not offered," says company partner Camilo Peñalosa. **pb**

house, based on European technology. It can provide fresh herbs year-round. "With this new technology, we are introducing Organic Living Culinary Herbs, which are available in small pots," says Michele Henning, vice president of sales and marketing. "They are grown to be consumed upon purchase. There are seven flavors and we may add three or four more. Shenandoah Growers owns the proprietary right to sell or lease the technology, which we believe is a wave of the future. We are growing in 80,000 square feet what would ordinarily take 100 acres to grow, with a tremendous impact on our environment."

Organic Living Culinary Herbs are not to be refrigerated, but displayed on a company-provided rack. The oils develop intense flavors in the leaves, and consumers can use what they need immediately, and then keep the small pot in the kitchen to use as needed. The product is not designed for long-term use, such as the larger pots are when planting herbs.

Only six pots are in a case, to help prevent shrink. "The display racks without refrigeration offer retailers more opportunities for cross-merchandising, both within and outside the produce department," continues Henning.

Richmond, VA-based Ukrop's Super Markets Inc., a 27-store chain, is experimenting with different herb presentations as well. "We are excited about offering the small herb pots marketed by Shenandoah Growers. We think they are especially effective

promoted as fresh, locally grown herbs, because our customers like that," reports Wade Carmichael, senior category manager of produce. "We also are trying a new line of smaller packaged herbs that we think will be successful."

Boncheff Greenhouses is offering new, single-serving herbs in bags, one-third the size of clamshells. Vice president Tom Boncheff explains, "It's a way to offer herbs at lower price points, encouraging adventurous consumers to try more than one type of herb. We have seen sales numbers increase," he points out. Shenandoah Growers is also experimenting with a single serve clamshell, according to Henning.

Another unique presentation of fresh herbs is a line of Living Herbs, packaged with the roots intact, marketed by North Shore Greenhouses Inc., a marketer of greenhouse-grown fresh vegetables, headquartered in Thermal, CA. "We believe Living Herbs will appeal especially to the new, younger cooks who are using herbs for the first time. The product denotes freshness and the packaging is 100 percent recyclable," say sales manager Donald Souther.

"Our markets carry a full selection of fresh herbs, including Living Herbs — with the roots attached — and the small, organic, potted herbs. Many of our customers like the idea that they can purchase a fresh herb today and it will continue to grow in their home for use a few days later," says Redner's Stiles. **pb**

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Reader Service # 77

Take Advantage of Transitional Produce

As the demand for organic produce grows, more retail space is becoming available for transitional produce.

BY MEREDITH AUERBACH

Thinking in terms of black and white, the rules and regulations regarding organic produce items are unmistakable. Fresh produce is either certified organic or not, and it must be labeled accordingly by including identification information on the accompanying sign or box. While there is a clear distinction between the end result of those produce items that are grown organically and those that aren't, the nature of the produce industry often demands a good share of time and effort spent operating in nuanced shades of gray. This is especially true in the case of transitional produce, a term that refers to product grown organically during the 3-year period before the land can be certified as organic.

Just a few years ago, consumers seeking organic produce sometimes came up short. Supply was neither universal nor consistent, but ever-inventive retailers began to educate shoppers about the idea of transition-to-organic produce, which offers a viable way to bridge the gap of the occasional lackluster organic selection, and even offset some of the growers' higher costs.

THE RETAIL POSITION

Roger Pepperl, director of marketing for Wenatchee, WA-based Stemilt Growers Inc., recognizes the advantages of establishing a transitional produce line. "Developing our Artisan Naturals label was a 1-year program to help us move a substantial volume of stone fruit as the crop transitioned to certified organic," he explains. "We completed that transition this past year and now use our Artisan Organics label on more than a million cartons of Washington-grown peaches, nectarines, apricots and pluots."

Another company that has quietly side-



Photo courtesy of Stemilt Growers Inc.

Stemilt created its Artisan Naturals brand to move large crops of stone fruit as it transitioned to a certified organic product.

lined a label used for transitional product is CF Fresh, based in Sedro Woolley, WA. Maureen Royal, director of sales, describes its decision to switch labels. "We used Nature Conserve as the label for transitional product through the 2007 crop. Our label for certified organic product is Viva Tierra, and it is now our primary label because of increased organic supply."

Joe Hardiman, produce merchandise manager for PCC Natural Markets, a 9-store natural foods chain in Seattle, WA, made his company's policy very explicit. "In our view, the USDA [U.S. Department of Agriculture] National Organic Standards law in 2002 eliminated transitional produce as a marketing strategy. "Because we are an organic retailer, we are compelled to follow the letter of the law and do not market produce grown from land in the transitional 3-year period as anything but conventional."

New Seasons Market, with seven stores in the Portland, OR, metropolitan area, focuses on organic produce, but much like PCC, also offers conventionally grown product as circumstances of supply or quality dictate. Jeff Fairchild, director of produce, confirms, "We can typically get sufficient organic supply for all produce products. It's maybe less than 10 times a year where we can't. We will still abide by a certified organic or conventionally grown label."

SHIPPERS QUESTION TRANSITIONAL PRODUCE

According to Scott Owens, vice president of sales and marketing for Paramount Citrus Association, in Delano, CA, "There's no real market for transitional. Most of the reason is supply, but we also think it confuses the shopper. It's a gray area for which many major retailers don't have time."

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Rainier Fruit Co., in Selah, WA, has a clear approach. Suzanne Wolter, director of marketing, notes, "We market all product as conventional until there is sufficient certified organic product to meet demand. Since the 2006 crop, we have used a certified organic label on boxes."

Major suppliers of certified organic produce, such as Earthbound Farm, in San Juan Bautista, CA, and Albert's Organics Inc., in Bridgeport, NJ, have moved beyond transitional produce. Tonya Antle, vice president of organic sales for Earthbound Farm, says, "The company does not market anything as transitional because it focuses exclusively on certified organic products."

Simcha Weinstein, director of marketing for Albert's Organics, concurs. "Albert's does not have a specific transitional program. We find it difficult as our customers sell and promote certified organic food. There's little demand for transitional, primarily because it is a transition and the market for certified organic is strong."

So, is that the end of the story? Not real-



Photo courtesy of Ellwood Thompson's Local Market



Photo courtesy of Albert's Organic

Ellwood Thompson's Local Market uses a grading system of Good, Better, Best. Albert's Organics promotes some transitional items that are also Fair Trade.

What is Transition?

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CF Fresh used Nature Conserve as its label for transitional produce through the 2007 crop.

ly. Many growers still have land in transition, some of whom may have trouble affording the process of obtaining certified organic status. Additionally, interest is increasing in product that falls into an as yet undefined category of locally grown. With an ever growing list of factors of differentiation to consider, some questions remain: How should these groups approach the market and how do consumers make decisions about their products?

THE BACKSTORY

Stemilt's Pepperl says the real solution has to focus on flavor. "When we used the Artisan Naturals labels, the box also promoted 'Naturally Grown for Ultimate Flavor,' he points out. "That same phrase is on our box for Artisan Organics. It is our contention that organic is not fully understood by most consumers. Through our research, we found that people who are better connected with the idea of natural want naturally farmed fruit bursting with outstanding flavor. An organic designation may be only one step."

Ellwood Thompson's Local Market, a single-store retailer located in Richmond, VA, has found its niche in the local movement. For the store, local supersedes organic. Recently, the company replaced the word natural with local in the store's name. The 12,500 square-foot store, with 900 square feet devoted to produce, brings in revenue of \$20 million a year.

Cyndi Watkins, local forager (i.e., local produce buyer), discloses, "We have developed our own grading system on behalf of customers. 'Good, Better, Best' gives us definition and space to allow consumers to understand what our produce products offer. For example, we would give a high-quality,

certified organic product grown within a hundred miles our designation of 'Best.' If that same product was grown organically, but wasn't certified organic it would be 'Better,' while a product grown on a low- or no-spray family farm may rate 'Good.'"

"We believe in the promise of truth in

"Through our research, we found that people who are better connected with the idea of natural want naturally farmed fruit bursting with outstanding flavor. An organic designation may be only one step."

**— Roger Pepperl
Stemilt Growers Inc.**

growing, and certify produce items as naturally grown," Watkins continues. "During peak growing season, more than 90 percent of our produce is organic and a third of it is locally grown. We also believe in providing incentives for our local farmers to improve. As suppliers move up the grading scale, we reduce our profit margin so more goes to the vendor. It's a way we can offer consumers

“Our core customers generally understand the language of natural foods — conventional, transitional, local — and trust us to find the best buy for them.”

— Jeff Fairchild
New Seasons Market

great products — transitional and organic — and reward the farms with which we work.”

If Ellwood Thompson’s, CF Fresh and Stemilt are examples of companies reaching out to promote transitional produce, other companies are finding additional, creative and acceptable ways to market it. Weinstein of Albert’s Organics has a way to support

What’s The Future

Produce suppliers and retailers alike feel confident predicting organic demand will grow, albeit a bit more slowly over the next year. Sustained, organic growth offers the best niche opportunity for effective marketing of transitional produce. More retail space devoted to organic produce may well mean some supply gaps, the key situation that opens the door for transitional items.

Roger Pepperl, director of marketing for Wenatchee, WA-based Stemilt Growers Inc., considers the future of transitional produce to be fluid, based on supply and demand. “As a large grower, we can use different kinds of products to help differentiate ourselves. We can fulfill a wide range of retail needs and in the end, the reward may not be a premium in price, but an enhanced ability to protect what we have and maintain our market share.” **pb**

transitional growers. “We buy transitional produce that is also grown under the Fair Trade label and we sell it as Fair Trade product,” he explains. “It supports the transitional movement as well as Fair Trade.”

PCC Natural Markets are well known in the Seattle area for supporting its growers. Hardiman reveals, “We’re strict about organic labeling at retail, but we also frequently have familiar organic growers who are selling their transitional product to us and we will use the name of the farm as additional information on the POS sign. The product is always labeled as conventional, but it does

support the sale. Our produce managers also help sell these products to customers.”

New Season’s Fairchild adds, “Our core customers generally understand the language of natural foods — conventional, transitional, local — and trust us to find the best buy for them. If there’s a huge price difference for organic and a high-quality, conventional product is available, we’ll go for it and let customers choose what’s right for them. It’s a case-by-case review. We do see some hard decision-making going on in the minds of customers in today’s economy and we work to respond to those needs.” **pb**

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Reader Service # 9

Cheering For Cherries

Making the most of the short, much-anticipated cherry season with highly visible, properly maintained, creative displays is a surefire way to amp up sales.

BY JON VANZILE

Fresh cherries are one of the most profitable and exciting fresh fruits on the market today and there are some proven techniques to wringing the most from this seasonal crop. Available only twice a year — in the height of summer, and in the dead of winter — cherries are one of the few seasonal crops left. “Seasonality creates excitement,” says Jim Culbertson, executive manager of the California Cherry Advisory Board (CCAB), based in Lodi, CA. “When people see cherries, they want them because they know they won’t be there for long. Plus, they’re very popular. Go out and find the person who doesn’t like cherries. It’s a hard person to find.”

Summer cherries in the United States are mostly grown in California and Washington, while winter cherries are air-shipped from Chile for a short season during December and January.

This is a delicate fruit — cherries can’t be roughly handled or stacked too deeply — and cold chain management is essential to avoid catastrophic shrink. But ultimately, they’re well worth the extra effort.

Those in the industry agree that this is going to be a banner year for cherries, as far as quantity and quality, despite what will most likely be a late start to the season. “The weather in Washington hasn’t been cooperating,” says Chuck Sink, president of sales and marketing for Sage Fruit Co., in Yakima, WA. “As a result, we may not make the July 4th holiday, but the crop should be plentiful and high-quality.”

Vice president of marketing for Wenatchee, WA-based Columbia Marketing International Corp. (CMI), Bob Mast, concurs, “Due to the cooler weather we experienced in March, the crop will be later than usual this year, perhaps missing the Fourth of July promo altogether,” he notes. “However, we are looking at the potential of harvest-



Rainier cherries sell best when merchandised in a mixed display with red cherries.

ing the largest crop in the history of Northwest cherries.

THE CHERRY SEASONS

Domestic cherries are generally available from early April until late July or August. The harvest starts in Southern California and moves north into Washington as the fruit ripens and the weather warms. Chilean cherries are generally available from early December to early February.

In recent years, domestic growers have found ways to stretch the growing season on both ends. In California, new trees are being planted further south, which gives growers an early season boost. Still, other growers hoping to extend the season are planting trees at higher elevations so they’re still picking fruit well into the late summer. “The higher the elevation, the later your cherries will develop,” clarifies Loren Queen, marketing and communications manager at Domex Superfresh Growers, in Yakima, WA. “It’s a bit harder because you have more frost control, but it’s worth it because you have great product on the shelf longer.”

Sage Fruit is another such grower that has begun planting at higher elevations in an effort to extend the cherry season later into the summer. “With this new acreage, we should have cherries into August,” reveals Sink. “Each year, we are able to elongate the season more and more. When we first began our efforts, we were reaching the middle of July and then we were into the third or fourth week of the month. Now, we are hitting August, so there’s been great progress on the back end of the season.”

The majority of fresh cherries sold in the United States are dark red, sweet cherries, usually of the Bing variety. Other red varieties are available, but consumers generally don’t discriminate between the varieties of red cherries. The pale white and yellow Rainier cherry, from Washington, comprises a much smaller percentage of the harvest.

When buying cherries, it’s a good idea to get the largest and best produce possible, with intact stems. Cherries are sorted by size, and growers will often custom-pack orders for a certain size. “You need to buy quality,” asserts Michael Jameson, director

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of marketing for Morada Produce Co. LP, based in Linden, CA. "Most retailers with successful cherry programs are those that focus on bigger sizes and the right package style. The ones I see fall off are the ones focused on smaller fruit."

The seasonality of cherries is both a blessing and a challenge for retailers. Because they're only briefly available, consumers are generally excited to see bags of cherries in the produce department. Mast knows, "There's a certain excitement from the consumer standpoint. They are aware it's a short-lived season, and once they see

them in the store they know they only have two or three months to make that purchase." Thus, they are a strong impulse purchase.

On the other hand, cherries don't have a permanent home in the produce section, so it's easier to make a mistake with their location. Ideally, cherries should be centrally located, in a high-visibility, high-traffic area, with adequate signage to grab shoppers' attention. Multiple displays at either end of the produce section are even better — anyone who enters the produce section will have to pass a display. "You only have about a fifth of a second to catch their eye,"

reveals Tom Tjerandson, North American managing director of the Chilean Fresh Fruit Association (CFFA), based in Sonoma, CA. "Cherries are clearly a high impulse-buy item."

Sage Fruit's Sink agrees, stating, "The season is so short that it's important produce departments aggressively merchandise cherries. They should be front-and-center with plenty of room to build attention-grabbing displays that consumers just can't pass up."

EXTENDING SHELF LIFE

Compared to many items in the produce section, cherries don't have an especially long shelf life. A week is the longest they'll survive under the best conditions, and two or three days is to be expected. Shelf life depends on many factors — the weather at harvest, the variety and the strength of the tree, but most important is temperature. "Cold-chain management is essential," declares Jameson.

Cherries are so sensitive to warmth that growers even use refrigerated carts to transport cherries in the field in an effort to remove field heat as quickly as possible. Warm cherries quickly become mushy cherries, and they can be successfully stored at near-freezing temperatures without affecting the quality of the fruit. "You can't really overstate the importance of refrigeration to reduce shrink," states CCAB's Culbertson. "You can improve the shelf-life by two or three times. On display, you can get two or three days. If they're cold, you go for six days."

For larger, non-refrigerated displays, it even makes sense to break down the display every night and move the cherries back into cold storage. CMI's Mast has seen "some retailers reduce the size of their display overnight, or take them back to the cooler altogether." It is more labor intensive, but cherries are a premium fruit that can justify the added expense. In addition to avoiding heat, cherries should never be exposed to excess moisture. They should not be displayed near produce exposed to overhead misters or they will quickly begin to rot.

Some retailers, such as Sam's Club and Wal-Mart, have also experimented with repackaging bagged and clam-shell cherries, reports Tjerandson. "It helps to extend the shelf-life and the margins are sufficient."

Part of extending shelf life is educating consumers, since they need to continue cold chain management at home. Sink points out modified atmosphere (MA) bags are key to extending shelf life. "These bags go all the way to the retailer and home with consumers and can greatly extend the lifespan of cherries. With the MA bags, consumers

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The Bagged Cherries

Cherries aren't so profitable just because of their seasonality and pricing — packaging plays an important role. Traditionally, cherries were sold in bulk displays so consumers could select the fruit and quantity they wanted. However, there were two problems with this. Many consumers only wanted a few cherries, and the fruit is easily bruised. As shoppers picked through the bins, cherries would be damaged and shrink would rise.

Enter the 2-pound bag of red cherries. Today, most cherries are sold packaged in 2-pound clear bags as the only option. There was some concern at first that consumers wouldn't like being forced to buy such a large quantity. However, it turned out that the 2-pound bags yielded much higher turnover. Once again, people were willing to pay for a fruit that's perceived as a luxury.

"We recently completed some research to find out what's the best way to package

different fruits," says Tom Tjerandson, North American managing director of the Chilean Fresh Fruit Association (CFFA), based in Sonoma, CA. "One of the things we found with cherries is you're better off selling them in bags or clams. A lot of retailers were concerned about forcing consumers to buy a minimum weight, but we found that retailers get a higher ring and less shrink."

Cherries are also available in clamshells, and some growers pack premium fruit into special clams that display fruit individually. Both packages are superior to bulk fruit in reducing shrink and increasing the ring at the register.

"Cherries have the most potential for growth in the Northeast," reveals Suzanne Wolter, director of marketing for the Rainier Fruit Co., headquartered in Selah, WA. "The strongest markets are in the West, in Seattle, San Francisco, Denver, Phoenix and Sacramento." **pb**

should pay less attention to the pack date and more attention to the quality of the fruit," explains Sink. Consumers who aren't aware of the important purpose of this bag might rinse their cherries at home, place them in Tupperware and discard the bag.

"The level of education and the facilities that we have to work with right now are better than ever," says Mast happily. "Everyone hydrocools the fruit. Retailers have become incredibly adept at handling the fruit in the backroom. The cherry lines we have now are the most sophisticated we've ever had, and from a grower/shipper standpoint, we are sending them out in the best shape they've ever been."

PRICING AND PROMOTING CHERRIES

Not too long ago, cherry insiders remember the great price pressure on their product. At trade meetings, growers were exhorted to drive prices down as far as possible. Things have changed a lot since then. Today, cherries are considered a premium product — they're even slightly inelastic when it comes to pricing. "Cherries are such an impulse buy, they don't need to be on the super low-end," remarks Eric Patrick, marketing director for the Grant J. Hunt Co., headquartered in Oakland, CA. "Cherry sales are largely driven by the quality of the fruit. If you have thick stems, nice color and large fruit, it'll bring the customers."

Advertised retail prices vary across the

country, but for most of the season in 2008, the price per pound of fresh, sweet reds ranged from about \$2.50 to \$4 per pound. Prices generally rise throughout the short season as the capacity dwindles. In 2007, the average advertised price for red cherries for the whole season was \$2.78 per pound. In 2008, it was \$3.56 per pound.

Chilean cherries are at least partly responsible for the recognition that consumers will pay a premium for cherries. In 2008, Chile shipped about 9 million boxes of cherries into the United States, according to Tjerandson. "It used to be conventional wisdom that the price point was at 99 cents," he says. "But Chile burst on the scene within the last five to seven years, selling cherries at \$3.99 a pound. Chile showed the domestic producers they don't need that 99-cent product to sell cherries."

When California growers realized that people were still buying the more expensive fruit, the emphasis on cost abated somewhat. Conversely, however, today's economic climate represents an extraordinary challenge for any premium product. Suzanne Wolter, director of marketing for the Rainier Fruit Co., headquartered in Selah, WA, cautions retailers against assuming the normal rules will apply this year. "Cherries are a luxury item," she notes. "In today's climate, we should recognize people might pass on cherries. We have to get past the idea people will pay anything."

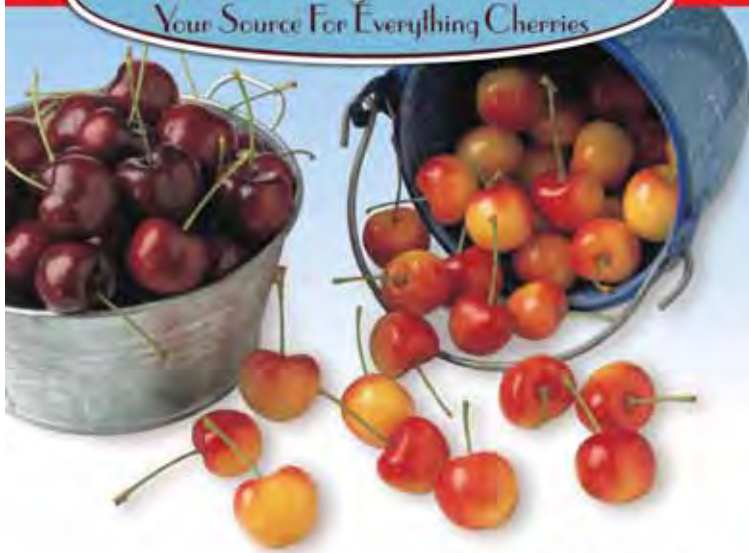
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Rainier Cherries

Although they represent a relatively small portion of overall cherry sales, Rainier cherries are nonetheless an important part of a successful cherry program. "A lot of people haven't tried Rainiers," says Roger Pepperl, marketing director for Stemilt Growers Inc., in Wenatchee, WA. "Once people try them, they'll come back. It's one of the sweetest pieces of fruit in the whole produce department."

Rainier cherries are mostly white, with a red blush. The Rainier cherry season begins in mid-June and extends through July and luckily, Rainiers are distributed nationally.

Rainiers do particularly well when they are merchandised in a mixed display with red cherries. It's an attention-grabbing display that will bring people into the produce section. However, Rainier cherries are considerably more fragile than their red counterparts and are therefore more expensive.

Everything about picking, processing,

packing and shipping Rainiers is different, from the size tote in the field to the size of the display bag at retail. Whereas dark sweets are offered in 2-pound bags, a typical Rainier bag is 1 1/4 pounds. They are also offered in clamshells. Stemilt sells a wrapped package that breathes and looks "farm fresh."

"When you display Rainiers, you don't want to stack them," Suzanne Wolter, director of marketing for the Rainier Fruit Co., headquartered in Selah, WA. "You can crush the fruit. And you'll build up heat in there. Heat is the cherry's enemy." As with red cherries, there is still room for growth in the Rainier market, according to The difficult economy might affect consumers' decisions to spend the extra money on Rainiers.

Chuck Sink, president of sales and marketing for Sage Fruit Co., in Yakima, WA, notes, "Customers will look at this variety harder and longer to make sure the quality is there before spending the extra money." **pb**

any successful cherry program, whether it's price-based or not. The actual price of cherries this season will depend on the harvest and other factors, but most retailers like to advertise fresh cherries when they have them. "You want to make sure you capture the best window for promotion," advises Roger Pepperl, marketing director for Stemilt Growers Inc., in Wenatchee, WA. "Right after the Fourth of July is a big window of opportunity. That's the biggest spike in availability, so that's when you can do your best promotion."

However, growers are concerned the cherry harvest won't be complete in time for a Fourth of July promotion. "If that's the case, we need retailers to be ready to do back-to-back promotions," notes CMI's Mast. "Typically, a retailer will take the high-low approach. We need retailers to get a good price out there immediately and maintain it, or close to it, for the next four weeks, especially to allow us to sell through the enormous amount of crop we'll have. Retailers that have taken this approach have had a very successful cherry season. They will experience some lower FOBs that will allow them to be more aggressive with pricing."

Non-price promotions and in-store signage increasingly focus on the health benefits of cherries. Recent research has shown that cherries are loaded with flavonoids,

which are powerful antioxidants that have numerous health benefits. Currently, cherry extracts are even being marketed as dietary supplements to combat gout, arthritis and cancer. "We have a new pop-up cherry display unit that holds a full case of cherries," says Pepperl. "It informs consumers about the health benefits and has pictures of dark and Rainier cherries." is one area where educating consumers can impact sales.

Cherry recipes are also effective promotions, although most cherries are still eaten out of hand. In recent years, the CCAB has published recipes for cherry salads and desserts. Along the same lines, Stemilt is launching a Web site, which will be the first of its kind, with cherry information and recipes aimed at consumers.

There is considerable room for cherries to grow as a category overall. Consumption is strongest on the West Coast, followed by the East Coast. "Domestically, research continues to show opportunities in the Southeast," notes Patrick. "A few chains do really well, but there's still opportunity. It's the farthest shipping point from us."

U.S.-per-capita cherry consumption is still rising in all markets. "From the standpoint of sales and acreage, we're producing double the amount of cherries we were ten years ago," CCAB's Culbertson reports. "But all markets have potential to grow." **pb**



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The Challenges And Opportunities Of Mango Merchandising

Consumer education, along with big, bright displays are the key to improving mango sales.

BY CAROL M. BAREUTHER, RD

Color. Ripeness. Education. These are the main challenges facing retailers when it comes to selling more mangos. Raul Gallegos, director of produce and floral for Bristol Farms, a 12-store chain based in Carson, CA, says, "Mangos are more mainstream today, but they still have a long way to go in terms of sales potential as a category."

Indeed, there is great potential. According to Perishables Group FreshFacts data as provided by the Orlando, FL-based National Mango Board (NMB), mangos contributed 0.4 percent to total produce sales in 2008. Yet, "Mangos are the growth driver in the tropical fruit category," asserts Wendy McManus, NMB's director of marketing. Savvy packaging, display and pricing strategies can turn these challenges into lucrative sales opportunities.

DON'T JUDGE A MANGO BY ITS COLOR

Many consumers equate a red blush on the mango's outer skin with the fruit being ripe and ready to eat, adds Isabel Freeland, vice president of Coast Citrus Distributors Inc., headquartered in San Diego, CA, which markets mangos under the Coast Tropical label. "In reality, color has nothing to do with ripeness. Yellow or green-skinned mangos can still be ripe."

What skin color does depend on, however, is how the sun hits the fruit more so than fruit variety, reports Larry Nienkerk, general manager and partner at Splendid Products LLC, based in Burlingame, CA. "Fruit



The mango industry is trying to get consumers and retailers beyond their desire solely for red blush mangos.

from the outside of the tree will have more of a blush. Growers today are pruning to get a larger percentage of fruit with blush because it's what consumers, especially Anglo consumers, look for when purchasing mangos," he explains.

Wade Shiba, president of GM Produce Sales LLC., in Hidalgo, TX, agrees. "Eye appeal is buy appeal. This is why the Tommy/Atkins is the best selling variety."

Ken Nabal, vice president of sales for Frontera Produce Ltd., in Edinburg, TX, adds, "Totally green-skinned mangos tend to not sell well."

The challenge "is getting consumers to

try green-skinned varieties," admits Rick Burkett, sales manager at Farmer's Best International LLC, based in Nogales, AZ. "The Kent variety is outstanding in taste, but it stays green even when it's ripe."

Unfortunately, "color often plays too large of a role today in mango merchandising in terms of retailers' specs," reveals McManus. "We have to get consumers and retailers past their desire for a red blush. If we can do that, then we open the door for some amazing mango varieties that consumers will really love. We are attacking this by using the tag line, 'Don't Judge A Mango By Its Color,' on POS materials and by teach-

ing consumers to judge ripeness by gently squeezing the fruit. We hope that in the future, there will be less emphasis on skin color and more emphasis on eating quality."

Beyond color, the hot water treatment required to kill fruit flies can make the natural scratches, blemishes and nicks in the fruit, especially green-skinned fruit, show up prominently. Freeland admits, "This can affect the eye appeal and impulse purchases of mangos. Other methods of killing the fruit fly, such as irradiation, have been looked at, but this alternative presents its own challenges."

RIPE FRUIT SELLS

Ripeness and flavor is number one, says Paul Kneeland, vice president of produce and floral for Kings Super Markets Inc., a 25-store chain based in Parsippany, NJ. "This is the biggest challenge when it comes to selling mangos. We try to solve this by using signage to point consumers to ripe fruit and

sampling to let them experience the flavor, whether it's a yellow-skinned Ataulfo, a green-skinned Keitt, or a Tommy/Atkins that's somewhere in the middle."

Similarly, at Bristol Farms, Gallegos states, "We like to offer fruit at optimal phases of ripeness and we do this with a 'ripe' sticker on the fruit."

Chris Ciruli, chief operating officer for Ciruli Bros. LLC, headquartered in Nogales, AZ, points out a major challenge. "As an industry, we are not putting enough mature or ripe fruit on the market. This is especially a challenge with the offshore deal. The easiest time of year is in June and July when the summer heat matures the fruit. We need to get to where avocados are in terms of ripe fruit consistently available 52-weeks-a-year, but this is easier said than done. The number one feedback we get from consumers is that they don't know how to pick a ripe mango."

At the same time, "Many produce buyers

want delivery of hard, red balls to prevent shrink at store level," discloses Barry London, president of Pharr, TX-based London Fruit Inc.

Splendid's Nienkerk agrees, and adds, "As a result, the public isn't getting the best eating fruit."

Pre-conditioning or pre-ripening hasn't come to the mango industry yet in a big way in terms of fresh product, says Frontera's Nabal. "But, it is being done with fruit destined for the processed market."

Concurrent with this, Rod Diaz, vice president of sales and marketing for Diazteca Co., headquartered in Rio Rico, AZ, notes, "Most chains do not have a ripeness standard for mangos."

Beyond buying specs, another shrink prevention technique is storing mangos in a frigid backroom, with temperatures below 50°F. However, this practice seriously damages the fruit. According to Ciruli, "Fruit kept in the 40s will die from the inside out. It won't come back after a hard chill and customers will get a bad eating experience."

Don't refrigerate mangos, advises Nabal. "They are like stone fruit in this respect. Give them a chance to respire and ripen."

At store level, "We encourage retailers to group the fruit first by variety and then by ripeness level," explains NMB's McManus. "This process can be managed through rotation of the fruit and ongoing maintenance of the display. We believe it will help consumers understand mango ripening if they can find mangos ready to eat today in one grouping and mangos ready to eat later this week in another grouping."

Bill Vogel, president of Tavilla Sales Co. of Los Angeles, in Los Angeles, CA, says, "Produce clerks who manage ripe fruit properly could see double the consumption."

Build Big Displays

At Econo Foods, a 6-store Iron Mountain, MI-based chain, produce supervisor, Jim Weber, says, "When mangos are in promotable volume and the price is low, we park full pallets with 50 to 100 cases right in the front of the produce department and sell the fruit for 59 to 69 cents each or 2-for-\$1. It flies out the door."

Wade Shiba, president of GM Produce Sales LLC., headquartered in Hidalgo, TX, explains, "If you just want to say you carry mangos, rather than sell them, then a small display of high-priced fruit is the way to go. If you really want to sell mangos, then build a big display of fruit at various stages of ripeness and offer a lower retail price."

Big displays "are the most successful," notes Isabel Freeland, vice president of Coast Citrus Distributors Inc., in San Diego, CA. "Part of the appeal is the aroma that emanates from a large display of ripe mangos."

Mango displays are still too often found in a dark corner of the produce department, with only a handful of mangos making up a sad little display, reveals Wendy McManus, director of marketing for the National Mango Board, (NMB) in Orlando, FL. "So many retailers have just never paid much attention to how they could improve their mango sales. Once they commit to building a mango display that will

attract shoppers' attention and support it with education and promotion, their mango sales will gain traction and grow."

Displaying a greater variety and offering more than one size of mangos can effectively enlarge a display and increase sales. "We did a test with a retailer who started carrying both the Ataulfo and Tommy/Atkins varieties at the same time," details Rod Diaz, vice president of sales and marketing for Diazteca Co, in Rio Rico, AZ. "It worked. It increased their overall mango category sales."

At Carson, CA-based Bristol Farms, director of produce and floral, Raul Gallegos, says, "We carry Ataulfos and Tommy/Atkins, as well as Kents and Hadens. The Keitts do well for us in the off-season."

Likewise, Paul Kneeland, vice president of produce and floral at Kings Super Markets, headquartered in Parsippany, NJ, reveals, "Two varieties is usually what we'll carry, Ataulfos and either Tommy/Atkins or Kents. We'll add the Keitt when the large sizes are available. We typically display mangos with other tropical fruit," he adds. "However, when we put citrus on sale, such as oranges or grapefruit, we'll build a big display and put a basket of mangos in the middle. The color contrast offers great eye and buy appeal." **pb**

THE VALUE OF A GOOD EDUCATION

Mangos are a mainstream item for about 85 percent of customers who shop at Kings Super Markets, says Kneeland. "The other 15 percent don't yet know about mangos — how to pick them, how to prepare them or how to eat them."

The challenge "lies in getting consumers unfamiliar with mangos to change their buying patterns and see mangos as everyday fruit, rather than something exotic," says GM's Shiba.

McManus concurs. "Consumers need basic information to help them become familiar and comfortable with purchasing mangos. This includes how to choose, how to ripen, how to cut and how to use the fruit. We offer POS materials and we provide retailers all the tools they need to include



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these messages in their ads, Web sites, newsletters, etc. We also use media opportunities, such as TV, newspapers, magazines and the Web, to constantly educate consumers and help keep mangos at the top of their lists."

As for the education of produce buyers, category managers and store-level associates, "The level of knowledge varies widely, so we start with the basics," admits McManus. "We teach about varieties and growing regions, best handling and merchandising practices, sales trends and consumer insights."

This past March, the NMB sponsored a Mango Handling Best Practices Webinar hosted by the University of California at Davis. The online version of the Webinar is available on the NMB website for use as associate training. In addition, the NMB offers retailers a weekly Mango Crop Forecast, which is accessible on the organization's Web site or via e-mail.

MOVE MORE VOLUME

One of the biggest challenges, "is to figure out how to get consumers to buy more mangos," says Ciruli Bros' Ciruli. "One way we've found is via packaging. We had a good response to our 6-pack clamshell. It includes

Mango Selection Tips To Share With Customers

- Color is not the best indicator of ripeness in all varieties, and the red blush on some varieties has nothing to do with quality, maturity or ripeness.
- Squeeze gently to judge ripeness.
- A ripe mango will "give" slightly and is a good choice to eat today.
- A firmer mango is a good choice to be eaten in several days.
- Ripen firm mangos on the counter at room temperature.
- Move ripe mangos into the refrigerator to slow down ripening.

Courtesy of the National Mango Board

recipes, and every sixth box offers a new recipe, which include everything from appetizers to entrées and beverages. If you want to get people to buy more, you have to give them a reason."

Similarly, Farmer's Best has "introduced a 4-pack clamshell of the Ataulfo mango," reports Burkett. "In addition, we're in talks about a small or 1/2-carton box for Kents when volume peaks in July and August."

More retailers today are asking for boxes with brighter colors and higher finish, notes Diazteca's Diaz. "The appealing packaging helps sell and market mangos."

According to Coast's Freeland, bagged mangos "are something we've done in 3- and 5-pound sizes for certain retailers."

Likewise, GM's Shiba says, "We've done some bagged mangos for the 99-cent stores and they've run 2-for-99-cent promotions. It hasn't been a huge part of the business."

Bulk remains the preferred way to sell mangos, and even though packaging can help move volume and protect fruit on both a food safety front and from being bruised or damaged in transit, it adds to the cost, explains Splendid's Nienkerk.

"Packaged mangos may not be something we'll see more of, especially in this economy," Nienkerk adds.

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OFFER MORE THAN ONE VARIETY

McManus explains the advantages of carrying multiple varieties of mangos. "When a retailer chooses to carry a yellow or green mango variety alongside the red mango display, the bright, sunny color combination is just a treat for the eyes. Consumers will be drawn to this colorful display. Also, we find that many retailers display mangos as part of a tropical fruit set, which might include items such as coconuts and pineapple. Since these items are large and rather dull in color, the bright colors of the mangos really help the tropical fruit display pop."

Tavilla's Vogel recognizes other benefits, as well. "Most ethnic customers like mangos, but not the same variety, size or color."

Diazteca's Diaz agrees, "Asians, Indians and Filipinos tend to like large, firm mangos. They also prefer the green-skinned Kent variety; they know this kind offers more taste. Latin customers, on the other hand, prefer smaller-sized ripe mangos."

As for size, "Higher-end stores in the East and West look for big fruit, such as Ataulfos in the 12 to 16 range and Tommy/Atkins that are between 7 and 9," explains Carlos Zaragoza, sales manager at Rio Rico, AZ-based RCF Produce Inc.

Jim Burnette, director of sales for J&C Enterprises Inc., headquartered in Miami, FL, reports, "Some retailers do a two-size program. For example, they may carry a Tommy/Atkins in a 12 and then also in an 8 or 9. Some chains will carry both sizes within the same store, while others will offer different sizes in different stores based on consumer demand."

While big displays are best, the sagging economy poses difficulties, notes Diaz. "Our biggest challenge this year is getting shelf space. Instead of moving volume, some retailers are willing to sell less, but at a higher price and margin and not run the risk of losing product to shrink. The result is less shelf space."

THE PRICE IS RIGHT

In this economy, Splendid's Nienkerk's knows "the biggest challenge is competing with everything else for the family's precious food dollars. To do that, we need to provide quality fruit and let consumers know about that quality."

Jim Weber, produce supervisor for the 6-store, Iron Mountain, MI-based chain Econo Food, admits, "High prices can be a challenge. When that happens, and mangos are 99 cents each or more, you have to demo them so customers know what they're buying."

Multiples and tropical promotions work

**"High prices can
be a challenge.
When that happens,
and mangos are
99 cents each or
more, you have to
demo them so cus-
tomers know what
they're buying."**

**— Jim Weber
Econo Foods**

well at Bristol Farms. "We'll sell mangos at 2-fors or 3-fors," says Gallegos. "We'll also marry them with other tropicals and include a number of items in an ad."

At Kings Super Markets, Kneeland promotes several mango products at the same time. "We'll bundle fresh mangos with fresh-cut and juices as a tie-in," he explains. "It's interesting; the No. 1 flavor in our two best-selling premium juices is mango. By putting these items together we hope that customers who buy the processed products may want to try whole, fresh mangos and vice versa. This increases the total ring."

In general, "Most buyers are concerned with variety, size and price to plan their promotion or retail price," notes Vogel. "There are times when freight can be sold by the pound, rather than by the 'each.' Also, retailers can offer a smaller-size mango with one price point along with a larger-size fruit with a different price — one aimed at the gourmet buyer — if they are willing to be a little adventurous."

Summertime presents both challenges and opportunities on the pricing front. RCF's Zaragoza says, "Mangos peak in volume out of Mexico during the summer when all the domestic summer fruit is in the market. If you don't get aggressive with pricing and promote with many ads, sales will slow down."

On the other hand, Farmer's Best's Burkett states, "In July and August, Kents are at their peak and can easily be sold for 2- or 3-for-\$1. When the price is right, you move more mangos."

Manny Hevia, president and chief executive officer at M & M Farms Inc., in Miami, FL, advises, "Retail buyers need to work with grower/shippers to keep the fruit moving when heavy volumes are available. If not, quality suffers from low pricing." **pb**

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Reader Service #75

Ten Top Ways To Sell Stone Fruit Year-Round

High-quality, fresh stone fruit with proper signage and big, bright display continues to move fast, especially when it's locally grown.

BY CAROL M. BAREUTHER, RD

New flavorful varieties. Enhanced selection. Seamless year-round supply. These are among the top-selling qualities of the stone fruit category.

Paul Kneeland, vice president of produce and floral for Kings Super Markets Inc., a 25-store chain based in Parsippany, NJ, knows, "Stone fruit is a significant category for us and we try to promote it often."

Peaches, plums and nectarines collectively contribute 2.8 percent of total produce sales, according to 52-week data ending December 28, 2008, supplied by the Sonoma, CA-based Chilean Fresh Fruit Association (CFFA) as provided by Encore Associates, in San Ramon, CA.

Stone fruit sales nearly double their contribution to produce department revenues during the domestic summer season. According to statistics provided by the California Tree Fruit Agreement (CTFA), based in Reedley, CA, for the period from May 5, 2008 through October 26, 2008 and including Eastern fruit, peaches, plums and nectarines represented 4.9 percent of total produce dollars.

Here's how to harvest even more profits from this category.

1. BUILD SALES AROUND PEACHES AND NECTARINES

Yellow- and white-fleshed peaches and nectarines are staples at Econo Foods, a 6-store chain based in Iron Mountain, MI. "The white-fleshed fruit sells well, especially when we sample it out on the floor and let customers taste it," says produce supervisor, Jim Weber.

Peaches and nectarines make up 78 percent of stone fruit category sales on a year-

round basis, according to data provided by the CFFA, and 82 percent during the summer months according to statistics supplied by the CTFA. Yellow flesh represents the bulk of the peach crop grown domestically and imported.

Martin Eubanks, director of marketing for the South Carolina Department of Agriculture (SCDA), in Columbia, SC, notes, "When you think 'Southern Peach' you think yellow flesh and freestone. There are a few white-fleshed varieties grown, but these are mostly sold at roadside stands."

Sunny Valley International Inc., in Glassboro, NJ, expanded its operations five years ago to market fruit grown in South Carolina, as well as New Jersey. Phil Neary, director of operations and grower relations, reveals, "This has enabled us to market an 'Eastern Peach' from mid- to late-May to the end of September and more effectively compete with California." New Jersey grows some white-fleshed peaches and nectarines, Neary adds. "It's a small quantity, but I wouldn't call it a niche. California's crept up to 20 to 25 percent of its crop as white flesh and it's weakened our market here on the East coast."

2. PROFFER PLUMS, PLUOTS AND MORE

Pluots, especially different varieties of pluots, are something Raul Gallegos, director of produce and floral at Bristol Farms, a 12-store chain based in Carson, CA, seeks out. "Our customers are always looking for that 'something different'," he says.

Likewise, at Econo Foods, Weber carries "four to five varieties of pluots at a time. It helps to offer variety, but sales in general have been slow to take off. Pluots can be



Peaches and nectarines make up 78 percent of stone fruit category sales on a year-round basis.

twice as expensive as regular plums."

As for plums, Steve Kenfield, vice president of sales and marketing for Kingsburg, CA-based The HMC Marketing Group, Inc, says, "In the past five to six years there's been a move to develop newer varieties of plums — better external color, better internal color, and better eating experience — and phasing out the old. This has re-invented the plum category."

According to Rick Eastes, vice president of sales and marketing for Fruit Patch Sales LLC, headquartered in Dinuba, CA, "With the exception of mottled color varieties of

pluots, the red, black and green varieties of pluots are increasingly being sold as pluums simply because there is insufficient retail shelf space to display or distinguish pluums from pluots."

Dan Spain, vice president of sales and marketing for Kingsburg Orchards, in Kingsburg, CA, hopes this will soon change and his company is actively working toward this through creative advertising and display techniques. "With the addition of three more PLU's for pluots, four total now – one for red, black, green and mottled – we suggest retailers run ads with all four colors and line price to encourage trial."

Reedley, CA-based Family Tree Farms Marketing LLC will introduce its plumogranate this year. "This is a really sweet piece of fruit that has a Brix level in the upper 20s. We have a small volume that will start in early June, and plan to have greater volume in 2010," notes director of marketing, Don Goforth.

Like pluums, new varieties of apricots are replacing older varieties, remarks Tom Tjerandsen, manager for the California Fresh Apricot Council, based in San Francisco, CA, and North American managing director of the CFFA. In addition, "Chile had a big increase in volume this past season and California will nearly double its volume. Instead of being a perfect bell-shaped curve in supply with a peak mid-June out of California, we're now looking at more steady supplies starting the last week of April right through the end of June."

3. REACH ORGANIC AND SUSTAINABLE SHOPPERS

Organic production makes up approximately 3 percent of California's fresh production, reports Gordon Smith, director of marketing for the CTFA. "Production has been stable over the past few seasons as supply has caught up to demand. The consensus is that organic production of peaches, pluums, and nectarines will remain stable to match this niche market, despite changing consumption patterns during this economic downturn."

Jason Chavez, sales manager for Los Angeles, CA-based Giumarra Bros Fruit Co. Inc., says, "In general, this category has experienced incremental growth, but in terms of real volume, it is still in many ways a specialty category."

Fruit Patch's Eastes adds, "Virtually all the growth in organic 'is with a few vertically integrated grower/packer/ shippers who can achieve the economies of scale to have a packing line and cold storage facilities that can be separated from traditionally grown and packed fruit. Programmed sales are crit-

Plums: "The Next SuperFood"

Pluums may soon be bestowed 'super food' status. According to research funded by the Vegetable and Fruit Improvement Center at Texas A&M University, based in College Station, TX and Reedley, CA-based California Tree Fruit Agreement, one plum contains as much or more disease-preventing antioxidants and phytonutrients as a handful of blueberries. Taking these findings into the lab, the researchers also discovered that the phytonutrients in pluums stopped the growth of breast cancer cells without adversely affecting the growth of normal cells.

On the heels of this ground-breaking research, Sabrina Mak, director of trade marketing for the Ballantine Produce Co., based in Sanger, CA, notes, "We are supporting retailers to promote the health benefits of pluums and other stone fruit via health messaging."

The plumogranate may be next in line for super-food status. Don Goforth, director of marketing for Family Tree Farms Marketing LLC, headquartered in Reedley, CA, says, "Preliminary research on the plumogranate shows it has four times the antioxidant levels of pomegranates." **pb**

ical because organic fruit typically has significantly less shelf life."

The retailers that have merchandised aggressively with a pro-active and informative signing program have seen the best growth, says Pat Steider, president of Summeripe Worldwide Inc, headquartered in Dinuba, CA. "Organic commodities must portray a value, while being prominently displayed and well maintained."

Sustainably grown fruit is a key goal for the Ballantine Produce Co. Inc, in Sanger, CA. "Our sustainable stone fruit is certified by Protected Harvest, a third-party organization that audits and monitors all aspects of our growing practices that impact the environment," says Sabrina Mak, director of trade marketing. "Our Zeal program answers the consumers' calling for environmentally friendly stone fruit without pinching their wallets, and provides retailers a supply option that addresses all the environmental issues that organic produce targets and more."

4. SELL BY TYPE AND COLOR, NOT NECESSARILY VARIETAL NAMES

There are unique peaches, pluums and nectarines, "but it's slow to get the variety names in consumers' minds," admits Kings Super Market's Kneeland.

The stone fruit category hasn't evolved to where the apple category is today, explains Justin Bedwell, director of marketing at Z & S Fresh Inc., headquartered in Fresno, CA. "Consumers see a peach as just a peach."

However, Family Tree Farm's Goforth believes, "Some consumers are getting to know the difference between a white-fleshed peach or nectarine and the yellow-

fleshed variety."

Eastes concurs, adding, "Typically, highly-blushed peaches and nectarines with a strong yellow or white background color are preferred. The same color attraction goes for pluums and pluots, regardless if they are red, black, green or mottled in color. With pluums and pluots, there does seem to be an increasing preference for red and orange flesh varieties, so displaying cut fruit, or taste-testing these varieties, is a major plus to increasing consumption."

Educating consumers about individual variety names could help boost sales, especially in the future, suggest Goforth. "The Gen X and Millennial generations want to discover something new, so using varietal names could be a very powerful sales tool."

However, trying to get consumers to identify and seek out specific varieties could be difficult, claims CFTA's Smith. "Over 600 varieties of tree fruit are grown in California, and each variety is harvested for approximately 10 days."

Jeff Simonian, sales and marketing director at Simonian Fruit Company, in Fowler, CA, agrees. "We are trying to move retailers away from buying by variety and trying to sell them 'peaches', 'pluums' and 'nectarines'. Of course, some varieties are better than others, but it is to our benefit if they can leave the growing up to us and that we will grow the best varieties possible."

5. GET THE RIGHT MIX AND NUMBER OF VARIETIES

At Bristol Farms, "We carry everything from peaches, pluums and nectarines to pluots and apriums," says Gallegos. Customers really look forward to seeing what's new in the category."

At its most basic, Family Tree's Goforth

explains, “Retailers tend to carry either a large yellow flesh peach and nectarine or both a large and small. The white flesh category is growing, so it’s advantageous to carry at least one or both peaches and nectarines. Also, a black and a red plum. Many retailers also add a pluot of the week.”

Beyond this, Summeripe’s Steider notes, “Retailers that provide an extended variety of fruit have experienced increased sales. Consumers will select multiple commodities and varieties based on different and/or unique characteristics. If the retailer has a well merchandised display that includes multiple varieties that are properly rotated and signed, the opportunity for increased sales is very good.”

Consumer demographics are crucial to determining the appropriate mix of stone fruit to carry. Ballantine’s Mak says, “For instance, peaches and plums are favorites for the seniors, while nectarines cross all age groups. White-fleshed fruit are popular among the Asian and African-American communities.”

Retailers should also cater to individual taste preferences, advises CTFA’s Smith. “Consumer research indicates that for tree fruit, what tastes good to one consumer does not necessarily hold true for another consumer. Some like their fruit soft and juicy,

while others even in the same family like it firm and crunchy. White flesh appeals to those consumers who want an extra sweet piece of fruit. Plums, while slightly smaller than peaches and nectarines, are often well suited to children’s smaller hands. One size certainly does not fit all, which is why it’s critical for retailers to offer the full portfolio of stone fruit.”

6. STOCK FLAVORFUL FRUIT

Flavor is everything, says Kings Super Market’s Kneeland. “If the fruit won’t sell twice, customers don’t come back.”

‘Elbow fruit’ is the big seller at Econo Foods, report Weber. “We carry big, beautifully ripe peaches, the kind that when you bite into them the juice runs all the way to your elbow. Consumers would rather pay \$1.69 to \$1.99 per pound for this, rather than 99-cents per pound for something small and rock hard that may never ripen that they’ll have to eventually throw out.”

The ripeness factor is huge, says Bristol Farm’s Gallegos. “During the summer, when the harvest is right in our backyard, the window of time from when the fruit is picked to when it’s on display in our stores is quick, but the offshore deal is still challenging.”

Fruit Patch’s Eastes professes ‘ripeness’ is a complex term to define. “Often times, fully

ripe fruit with high Brix levels may have firm pressures at the time of shipment or even upon arrival. Ideally, the fruit should be ready to eat and enjoyable within two to three days, at most, of arrival to the consumer. Allowing fruit to ripen at room temperature first, then refrigerating is best. Typical refrigerator temperatures can be debilitating to the ripening process until it is complete. Then, refrigeration is acceptable to hold the fruit with good flavor for additional shelf life.”

Eastes points out that for many retailers, knowing the Brix level of each shipment is mandatory. This is because “Brix measures one aspect of flavor for tree fruit, but it’s the sugar-to-acid ratio that is more critical,” Smith explains. As an example, the key difference between yellow- and white-fleshed fruit is the amount of acidity present. White flesh has less acid, which makes the fruit taste sweeter. In general, both pieces of fruit will have a similar brix level at harvest, but the white flesh will still taste sweeter to the consumer.”

7. HANDLE WITH CARE

For best fruit quality, properly managing maturity and temperature are critical, says George Nikolich, vice president of technical operations for Gerawan Farming Inc., based

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in Sanger, CA. "If the distribution center (DC) receives a consistent product from the producer and the store receives a consistent product from the DC, managing maturity is made much easier. Store-level produce staff should evaluate condition and flavor as tree fruit is received and monitor it frequently enough to know how long it should remain on the shelf. Fruit that is too soft should be removed and that which is too green and will never ripen properly should not be offered at all. Fruit should be rotated in a way that places the most mature fruit in the easiest to access position so that consumers will select that fruit naturally."

It is important to handle tree fruit very gently, recommends Summeripe's Steider. "Any dropping and/or rough handling of the box of fruit will result in bruising of the product, thus reflecting on a shorter shelf life with increased shrink. At times, the fruit that has been bruised by improper handling may be sold to a consumer prior to the bruise actually showing up. This damage can become apparent to the consumer later that day or the next day. This will frustrate the consumer which could result in a lost customer and future sales potential."

Eastes reveals many retailers are moving to single layer trays "that can be put straight out on display with no extra labor required to stack fruit displays," thus eliminating excessive and sometimes, rough handling.

Nikolich advises, "Produce departments should not try to extend the life of tree fruit by storing it at 'killing zone' temperatures between 36° and 50° F. Either store fruit at 32° F to hold it or above 50° F to ripen it. Fruit that has completed most of the ripening process will tolerate killing zone temperatures better than immature fruit. This is why the proper pre-conditioning of mature fruit can extend shelf life and preserve eating quality, but it is best to avoid those killing zone temperatures to the greatest degree possible."

8. BUILD LARGE AND SMART DISPLAYS

Stone fruit receives prominent positioning at Econo Foods. "We display 16 feet of yellow flesh peaches on one side and 16-feet of yellow flesh nectarines on the other on three to four Euro tables. White-fleshed nectarines and peaches are on one end cap, another end cap holds plums and a third display is dedicated to pluots and apricots. Everything is on unrefrigerated shelving. So, when you walk into the department, you see the big colorful display and smell the aroma of the fruit."

From the grower/shipper viewpoint, Eastes likes to see "prominent entry end dis-

"Store-level produce staff should evaluate condition and flavor as tree fruit is received and monitor it frequently enough to know how long it should remain on the shelf.

**— George Nikolich
Gerawan Farming Inc.**

plays, perhaps in the original single layer box, with strong graphics with the shipper's brand on the fruit. I like to see the fruit 'rainbowed' with the featured commodities, and the boxes tilted toward the consumer to promote the feeling of abundance and shows off the most fruit using the least amount of horizontal space."

The reality of today's retail environment is that going to a larger display is not always possible, so it's imperative to get smarter, explains CTFA's Gordon. "Our 2007 Best Practices study revealed that while a bigger display size did increase sales of tree fruit, placement of tree fruit next to three complementary fruits, such as melons, berries and grapes, had the greatest sales increase, in particular for peaches and nectarines. Plums exhibited the largest sales increase when the retailer used optimal POS, which provided selection tips for plums, as surveyed consumers indicated that they are the least comfortable when selecting this item."

9. OFFER A PACKAGED OPTION

Packaging of peaches, plums, nectarines and pluots, "has decreased over the last several years," reports Steider. Consumers enjoy seeing, touching, smelling and selecting each piece of fruit. This is a bit different in regard to apricots, in which we have seen a trend to increased packaging, generally due to increased merchandising options centered on this delicate commodity."

Simonian of Simonain Fruit Co. knows the decision to merchandise packaged fruit is left to the retailer. "Some are asking for

more packaging and some don't seem to care about it. Those who do want packaging seem to be moving toward clamshells."

Fruit Patch's Eastes says, "Clamshells tend to add an additional layer of cost, but they can be effective if the price point is well calculated."

Eubanks of the SCDA divulges, "Some South Carolina shippers are packing a 4- or 6-pack clamshell of large, high-color, ripe, ready-to-eat fruit and selling it for a premium. The clamshell sets the premium fruit apart in a display."

"Warehouse or club store formats have moved to selling 8-to 10-count single layer consumer-friendly boxes that allow stores to move volume while holding down the per pound markup," explains Eastes.

In a unique move, "conventional retailers have started to ask for something different, such as totes and 4-pound consumer boxes," reveals Neary of Sunny Valley International.

10. TAKE ADVANTAGE OF LOCALLY GROWN

States that grow their own stone fruit should use the locally grown angle as an effective promotional theme. Ballantine's Mak discloses, "California produces 93 percent of the U.S. nectarines and plums and 76 percent of the U.S. peaches during the summer season. Since the majority of U.S. stone fruit is grown in the heart of California's Central San Joaquin Valley, we feel retailers and consumers would appreciate knowing this fact."

South Carolina- and New Jersey-grown stone fruit is promoted seasonally at Kings Super Markets. "Eastern peaches have a different flavor profile that customers look for," says Kneeland.

Eubanks notes the SCDA "works with retailers on in-store promotions, as well as chain-wide display contests. We back this up with a full media campaign - TV, radio and billboards. This summer will be the third year of our Certified South Carolina-Grown program that encompasses peaches and other state-grown fruits and vegetables."

Beyond locally grown promotions, Smith of CTFA recommends, "Promote early and late in the season. Category volume and dollar lift can be as much as five times greater than the season average when a retailer does this."

This same strategy works for the Chilean fruit season, according to 2008 research by Encore Associates, sponsored by the CFFA. Another profitable tactic is promoting multiple items, adds Smith. "For example, running a plum promotion along with a peach ad can quadruple sales dollars when compared to the peach ad alone."

pb

Dried Fruit & Nuts To-Go: Tips For Healthy Sales

Dried fruit and nuts keep up with today's busy lifestyle and health-consciousness consumers.

BY TRISHA J. WOOLDRIDGE

With summer just around the corner, more and more people are on the go and want healthy energy to support their busy lifestyle. Dried fruit and nuts are a low-maintenance way for produce departments to drive sales by catering to consumers' needs.

Despite a troubled economy, Stephanie Blackwell, owner of Stratford, CT-based Aurora Products, notes, "I continue to see an increase in demand for nuts and dried fruits, due to consumers' awareness of healthy snacks."

GRAB & GO

Many dried fruits and nuts are packaged ready-to-go upon purchase. Easy-open packaging, such as zippered tops, allow consumers to open a bag of dried fruit or nuts easily and eat them en route to their next stop of the day, providing instant gratification and satisfaction.

Frank Phelan, store manager for Living Earth based in Worcester, MA, a single-store, family owned and operated natural foods' store, reports, "We have seen a dramatic increase in the sales of our pre-packaged dried fruit and nuts in 8-ounce plastic containers — perhaps because they are easy grab-and-go items."

Packaging helps create the portability factor for dried fruit and nuts, agrees Brent Tackett, national sales manager for Traverse City, MI-based Cherry Central Cooperative Inc. The cooperative offers a wide array of packaging, including 3-ounce zip-lock bags or deli cups. Additionally, larger packages may not be immediately portable — but provide value to families who want to create

their own portable snacks at home.

Betsy Owens, executive-director for Virginia-Carolina Peanut Promotions, headquartered in Nashville, NC, points out how even bulk, in-shell peanuts are ready to travel. "You don't need a special container. They can fit right into your pocket or backpack."

QUICK AND HEALTHY

Today's consumers not only want their food to move with them, they also want it to support their healthy and active lifestyles. Joe Tamble, vice president of sales for Kingsburg, CA-based Sun-Maid Growers of California, states, "More families want more nutritional snacks, and dried fruit is nutritional." Furthermore, the portable packaging is built-in portion control. Sun-Maid's small six-packs measure out a healthy dose of the dried fruit per box.

"It is important to convey the fact that these are nutrient-dense foods that provide a lot of nutrition for the money," explains Phelan. These items are also a great addition to school lunches, instead of the ubiquitous chocolate-chip cookie. Dried fruit can assuage a sugar craving, and nuts provide a feeling of fullness, which can mitigate the urge to snack on junk food."

Tackett concurs, adding, "Consumers are buying these items for their health benefits. Cherries, especially, are being hailed as a super-fruit: high in vitamins and antioxidants, which help with heart problems, diabetes, arthritis, cancer and even sleep problems. "Tart Montmorency cherries are the only fruit with melatonin, a chemical that aids in sleep regulation."

VERSATILITY COUNTS

The versatility of dried fruits and nuts



Photo courtesy of Virginia-Carolina Peanut Promotions
Photo below courtesy of Cherry Central Cooperative



Packaging is key to the portability of dried fruit and nuts.

easily lends itself to cross-merchandising. Trail mix is a great on-the-go snack. While there are plenty of already-packaged trail mixes to merchandise, grouping different packages of fruit and nuts in displays for homemade trail mix is another profitable option. Including bottled water or sports drinks completes the picture for a healthy,

Family-Friendly

With the buzz of a bad economy, people are choosing what they spend their money on carefully. Both the portability and health aspects give value to the handfuls of dried fruits and nuts — especially when consumers are eating more from home and organizing less expensive family fun, such as picnics, hiking and other outdoor activities.

"Now is the time to think strategically," suggests Stephanie Blackwell, owner of Stratford, CT-based Aurora Products. "Have large plan-o-grams of diverse offerings of nuts and dried fruits. Consumers want that."

Frank Phelan, store manager for the Living Earth in Worcester, MA, a single-

store, family owned and operated natural foods' store, agrees, "People are spending more time eating and entertaining at home and bringing more lunches to work. This provides more opportunities to promote healthy, easily portable snacks."

Joe Tamble, vice president of sales for Kingsburg, CA-based Sun-Maid Growers of California, adds, "During the summer, people are participating in activities away from home, such as camping and road trips. While going on these activities, people tend to graze and snack. People often make their own trail mixes with various nuts and dried fruit. It's a fun way to make something the whole family can enjoy." **pb**

outdoor workout. These items can also be cross-merchandised with children's drink boxes for school lunches, or in a display with party snacks. Phelan offers, "Placing dried fruit and nuts near the pre-made grab-and-go sandwiches and salads might be another way of merchandising them."

Owens of Virginia-Carolina Peanut Promotions adds, "Sometimes stores repack in-shell peanuts into cute bags or package them like a fruit basket. If you use a package, place roasted, salted and several other kinds of nuts into a basket with a beverage."

EDUCATE CONSUMERS

Sometimes consumers need a little push to realize how certain products can be easily integrated into their life. Educating them on the health benefits or usages of various dried fruits and nuts can go a long way to inspire sales, especially with the more exotic offerings. "For a specialty item like black walnuts, I found it helpful to merchandise them with a cook book dedicated to black walnuts that I ordered from the supplier," details Phelan.

"Letting consumers know when dried fruits and nuts are domestically grown can make a big difference. Cherry Central's Tackett suggests stores demo the product or have a special feature demonstrating how the product can be used, such as in a salad."

TAKE ADVANTAGE OF INVENTORY

In many cases, stores don't need to do much to bring attention to the dried fruit and nut category. Produce employees can often work with what they already have in

the store or what they have received from their shippers. Sun-Maid's Tamble believes, "Dried fruit is an impulse category. When it's displayed, sales are off the charts."

Tackett agrees, "Consumers really need to see the product." More than just a front-and-center display, shoppers should be able to literally see the dried fruit. For example, all of the cherry packages Tackett works with have windows so consumers can see inside. This way, they know exactly what they are getting.

Additionally, Tamble points out there are certain times of the year where dried fruit sales naturally increase, so plan merchandising to make the most of these distinct times. A lesser known time where there is increased demand, for example, is in January, for the second "back-to-school" push after winter break. This time also happens to coincide with a renewed focus on diet and healthier lifestyles that come along with New Year's resolutions.

Many groups or companies even provide stores with promotional shippers or other merchandising material. Aurora's Blackwell advises, "Retailers should push the products with shippers and Display-Ready Cases, which we offer."

Even mass-marketing can be handled in an efficient manner. Tamble reveals Sun-Maid has created a full range of advertising for years, down to a tie-in with PBS and Curious George. "Dried fruit is an important category when merchandised and displayed, especially when it's an iconic, recognized brand. Brand loyalty and quality are cornerstones in how consumers purchase; the decision is made in a nanosecond." **pb**

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Booth 408

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Land O' Lakes, FL

Eve's Garden Inc., established in 1979, is a family-owned, Bonsai Tree and Lucky Bamboo Nursery located just north of Tampa, FL. We offer unique products designed, produced and sold by us directly to you. Our mission is to provide our customers with the best quality, pricing and customer service possible.



Booth 335

Arko Associates Inc.
Spring, TX

Live Green with our Green Expressions line of living home decor: ceramics, baskets, metal and wood containers, empty or potted with fresh foliage. Styles range from classic to contemporary, seasonal to year-round, and are shipped nationwide. From the newest fashion trends to classic decor styles, we have something for every customer!



Booth 435

Avery Imports
Batavia, NY

Whether you are a garden center, florist, greenhouse, nursery, designer or gift store, Avery Imports offers a variety of over 1,000 different items to choose from, with over 400 being new items for 2009.



Booth 525

Chrysal USA
Miami, FL

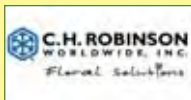
Chrysal Americas is an international company offering a multitude of products for the complete nutrition and care of fresh cut flowers for growers, wholesalers, florists and supermarkets in the United States, Canada and Latin America.



Booth 540

C.H. Robinson
Tampa, FL

With over 100 years experience in perishable products, C.H. Robinson understands that every day is a logistical race against time in the retail floral world. That's why we offer a comprehensive suite of services designed to optimize the efficiency of your floral supply chain.



Booth 629

MEI Refrigeration and Specialty & Fixtures
La Grange Park, IL

MEI's new 5n1 is the portable, flexible display fixture that always looks full and lush. Bucket shelves slide out-of sight when empty. Needs only 17" x 17" closed, 48" x 48" fully opened. A four-sided quadrant allows for an additional four buckets on the floor for a total of nine bucket displays.



Booth 635

FTD
Downers Grove, IL

FTD provides floral products and services to quality member florists and supermarkets in the United States and Canada. From marketing tools to technology to new FTD branded bouquets, FTD offers supermarkets everything they need to build a successful floral and gift business.



Booth 644

Teufel Holly Farms
Portland, OR

In business since 1890, we are a wholesale grower of English holly and producer of the most diverse line of fresh wreaths, garlands, swags, centerpieces, bouquets and specialty products made from Evergreens harvested in the Pacific Northwest.



Booth 803

Scientific Certification Systems
Emeryville, CA

The "VeriFlora Certified Sustainably Grown" label is your guarantee that flowers and potted plants have been produced in an environmentally and socially responsible manner and meet the highest standards for freshness and quality. Scientific Certification Systems (SCS), a leading third-party certifier, administers the program.



Booth 837

World Class Flowers
Egg Harbor City, NJ

If you agree that spotting and utilizing trends are vital to sales, then visit our booth! This year, we are focusing on what's new, what's marketable and what's going to sizzle for the next year. Our booth has everything your customers need.



Booth 849

Harster Greenhouses Inc.
Dundas, Ontario, Canada

Harster Greenhouses Inc. is your earth friendly choice for flowering plants. All of our products are 100 percent pesticide-free. We produce high quality African violets, Stephanotis, mini orchids and various specialty crops.



Booth 1037

Micky's Minis Flora Express
Millstadt, IL

Micky's Minis grows fun, profitable, miniature plants for all occasions. We blend our unique size plants with simple, yet tasteful, accessories. We are constantly creating new items, such as the "All Dressed Up" minis, the recent winner of PMA's prestigious Impact award for packaging excellence.



Booth 1107

Nurserymen's Exchange Inc.
Half Moon Bay, CA

With over 65 years of experience, Nurserymen's Exchange is one of the largest wholesalers of indoor plants, tropical foliage and decorative accessories in the nation. Offering a broad range of innovative products year round to retailers nationwide, we pride ourselves on our horticultural excellence and inspired design.



Booth 1209

burton + BURTON
Bogart, GA

Visit burton + BURTON to see what's new for Spring 2010. For over 25 years, burton + BURTON has been a leading supplier of balloons, coordinating gift accessories, containers and florists' supplies to floral professionals worldwide. Low minimum orders. Shipping within 24 hours on most items.



Booth 1225

Structural Concepts Corp.
Muskegon, MI

We are a manufacturer of floral display cases offering refrigerated and non-refrigerated units. Our newest floral series, Wave, offers enticing curves with mix and match modular shapes and styles. When shoppers look at our cases, they see what you want them to see — fresh flowers.



Booth 1252

White's Nursery & Greenhouses Inc.
Chesapeake, VA

White's has been growing quality potted plants and outdoor annuals, delivering throughout the United States for over 52 years. Customers include supermarkets, wholesalers, other growers and mass marketers. Contact us to find out what's new and exciting.



Booth 1403

Kerry's Nursery Inc.
Homestead, FL

We create demand with the most fashion-forward products featuring the highest quality orchids, Bromeliads and eye catching pottery from around the world. Visit our booth and discover how our compelling, value minded living arrangements can be the solution you have been looking for to grow your floral department.



Booth 1435

Potter Inc.
Bryan, OH

Spruce up your floral department with upgrades from Potter Inc. From our hand-tied bows made in the United States to our seasonal enhancement kits to our time-saving, trendy corsage backings, Potter Inc. is your one-stop shop for everything floral and more.



Booth 1450

Alpha Botanical Inc.
Homestead, FL

You won't find a finer mix of Grade A interior foliage! With spacing guidelines 1 1/2 times the industry standard, our finished product is exceptional. Add together the mix of quality plants we offer and outstanding customer service to see why we are capable of satisfying any discerning promotional buyer.



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

AISLE-BY-AISLE BOOTH REVIEW

Booth 1613 B and H Flowers Inc. Carpinteria, CA



B and H Flowers produces a variety of commercial, VeriFlora-certified and organic flower crops for both mass market retail and wholesale distribution, providing customers nationwide with sustainably grown, vibrant and long-lasting beautiful California flowers.

Booth 1634 A-ROO Company LLC Strongsville, OH

For more than 40 years A-ROO has created marketing, merchandising and packaging solutions for the floral industry. We have containers, decorative packaging, display fixtures and accessories, films, sleeves and wraps, pot covers, ribbons, bows and picks.



Booth 1707 The Sun Valley Group Arcata, CA

We create the best floral experience through quality, consistency and reliability. Visit our exciting booth where you'll find a wide array of farm-fresh cut-flowers from California.



Booth 1722 Bougainvillea Growers International (BGI)

Boydton Beach, FL
Bougainvillea Growers International (BGI) offers tropical bougainvilleas in a variety of colors and products that can be shipped across the country without dropping its color or foliage. Vibrant bush, trellis, braided standards, hanging baskets and bonsai arrive retail-ready for immediate sale.



Booth 1729 Galleria Farms Miami, FL



Galleria Farms is a solution and service provider of premium floral products to mass retailers and supermarkets nationwide. We are one of the largest growers of chrysanthemums and specialty flowers in the world, with over 100 hectares in production.

Booth 1807 TransFair USA Oakland, CA

TransFair USA is the third-party certifier of Fair Trade products in the United States. The Fair Trade Certified label on flowers guarantees growers meet strict social and environmental standards and that workers receive a premium to invest in community development.



Booth 1821 SuperMoss Products Santa Barbara, CA

We offer outstanding selection of soil dressings, orchid potting mixes, bark and mossweave planters. Our moss comes beautifully retail packaged in seasonal hues. Top-selling retail and wholesale products. SuperMoss — serving supermarkets, craft ad party, garden centers, orchid growers and floral supply industries nationwide for 20 years.



Booth 1915 Floral Sense LLC Miami, FL



Our core business has been distributing lilies since inception directly from Costa Rica. Our company has grown from a small distributing company to one of the largest lily producers and distributors in the Western Hemisphere. We are also distributors of Gerbera daisies, tropicals and hydrangeas.

Booth 2017 DecoWraps Miami, FL



Since 1999, Decowraps has become a leading supplier of distinctive packaging options for all levels of fresh flowers and potted plants. We offer prompt service, simplified logistics, and competitive pricing. Our custom-made orders are attended to with the highest level of integrity.

Booth 2038 Hawaiian Sunshine Nursery Hilo, HI



Entice your customers with tropical and specialty plants from the islands of Hawaii. You will appreciate the easy care and high appeal of our full line of plants. Home of the Hawaiian Volcano Plant and Small Business Association Region IX Exporter of the Year for 2008.

Booth 2421 Driftwood Gardens Inc. Apopka, FL

Driftwood Gardens blends a unique style of natural wood pieces with beautiful nursery-grown Tillandsia and Bromeliads. Our creative display of Bromeliad wreaths and dish gardens, as well as driftwood and novelty planters, will inspire you to offer your customers thoughtful and often whimsical treasures of nature they will want to collect.



Booth 1335 Temkin International Inc. Temkin Style Solutions Payson, UT



Live up your floral sales with Temkin's fresh designs for sleeves, sheets and more. New merchandising kits and the addition of Temkin Style Solutions make it easier than ever to create eye-catching, coordinated displays. For enhanced branding, custom wraps can be printed in up to eight colors.

Booth 2960 ASB Greenworld Valdosta, GA



For more than 30 years, ASB Greenworld has been a supplier to the floral industry. We are producers of peat and related mixes, including potting soils, mulch and bark items. Our own peat bog is situated in New Brunswick, Canada, with locations in Mt. Elgin, Ontario, Valdosta, Georgia; and Virginia.

Booth 1049 Sunshine Growers Inc. Lakeland, FL



Passionately in business since August 1986, Sunshine Growers is a wholesale contract grower of unique, high-quality, blooming potted plants, foliage and outdoor landscape material. See us for bedding plants, dish gardens, hanging baskets, herbs and vegetables, perennials and poinsettias.

Booth 1627 Sherwood Farms Groveland, FL

Now offering customers a new "Fresh Direct" orchid program requiring no minimum purchase and convenient delivery to your door. One case per order, no more trucking minimums and no ethylene problems! Let us show you how we can help increase your orchid sales and profits.



Booth 509 Aldershot Greenhouses Ltd. Burlington, Ontario Canada



One of North America's premier potted blooming producers — Aldershot Greenhouses Ltd.'s unsurpassed commitment to quality has made us a top producer of potted, blooming plants in North America. Long lasting blooms for home and office, Aldershot Greenhouses Ltd. potted plants continue to perform with excellence.

Booth 2035 Bottomley Evergreens & Farms Ennice, NC



Bottomley Evergreens will help you meet all your live Christmas decor needs, including garland, wreaths, bouquets and centerpieces. We pride ourselves in providing the highest quality and service available to our valuable customers.

Booth 1003 Sunshine Bouquet Company Miami, FL

Our quality, hand-crafted bouquets are always thoughtfully designed with your customers in mind.



Booth 1607 The Elite Bouquet Miami, FL

Located in the heart of Miami, Elite also has four other U.S. locations covering the surrounding regions of New Jersey, Chicago, Denver and Los Angeles. Elite's primary imports are roses, spray roses, Gerberas and Alstromeria. See Elite for bouquets, consumer bunches, cut greens, fresh arrangements, grower bunches, fresh-cut and specialty cut flowers.



Booth 409 Wald Imports Kirkland, WA



Wald Imports has served the floral industry for over 35 years with trend-setting decorative containers and accessories. We offer a full range of classy, every-day containers, seasonal containers, bio pots and flexible programs to meet your needs. We also offer a robust custom production program for customers seeking proprietary designs.



SFS The Super
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Floral and Foliage Products for the Volume Buyer
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Super Floral Show
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Atlanta, Georgia

Knowing Your Floral Customers

Getting to know your consumer base, whether by a simple conversation or a more involved and detailed research method, can help retailers fulfill consumers' needs and maintain sales volume.

BY JON VANZILE

Chains such as Wal-Mart and Winn-Dixie are increasingly designing stores that cater to specific demographics. In Wal-Mart's case, the retailing giant is opening three supermarkets in the Southwest that specifically target Hispanic customers, while Winn-Dixie is opening stores aimed at Spanish-speaking populations residing in South Florida.

Focusing on demographics has been central to success since the era of the corner-store grocer, but the idea of studying your customer base has taken dramatic steps forward in our information-driven world. Today's retailers can drill deeply down into their customer base and truly understand their needs in order to better serve them. In the floral department, this practice often begins at the front desk.

DISCOVERING YOUR DEMOGRAPHIC

There are many ways to determine your demographic, ranging from expensive data-capture services that target individual households to simply surveying your customers. In the end, Ali Moezzi, director of produce at Northgate Markets, in Anaheim, CA, believes the best way is probably the old-fashioned way.

In Moezzi's stores, which feature a mix of full- and self-service floral departments, he figures out who his customers are and what they want by asking them. "We have customer-response surveys and we ask them what we can do and what they'd like to see," Moezzi says. "We assess their responses weekly and take it to management."

The results of Northgate's surveys help guide the product mix at 30 individual stores. In Northgate's case, even though the stores are predominantly Hispanic since they are frequently located within Spanish-speaking neighborhoods, they can be further divided along income lines. Some of the stores are located in more affluent areas, while others are in more basic markets. "We'll try different arrangements," notes Moezzi. "The more affluent stores can sell more arrangements at \$29.99 than the less affluent areas."

Bill Bishop, chairman of Willard Bishop Consulting, a customer analytics firm in

Barrington, IL, agrees that sometimes simply asking your existing customer base is the best way to see who is shopping in your store and what they want. "There are certainly more sophisticated ways, but many retailers just use keen observation and ask their customers," he remarks.

Consumer investigation isn't limited to talking to people only in the floral department. Other departments can be a wealth of information on the local population as well, especially the produce and meat departments, where ethnic specialties can provide valuable information. For example, Mexican-Americans buy more skirt steak than Ang-



Winn-Dixie is designing stores that cater to specific demographics.

los, and according to Moezzi, his customers frequently buy roses. Thus, if your meat department moves an above-average amount of skirt steak, it might be worth stocking some roses to see if you can increase sales in the category.

Communicating with other departments also opens up the opportunity for cross-merchandising. On St. Patrick's Day, for instance, while the meat department is offering corned beef and the produce department is selling cabbage, floral departments can sell green carnations. A simple cross-promotion featuring corned beef, cabbage and green carnations might bring meat shoppers into floral, thus raising your department's revenue.

ONE STEP FURTHER

Among larger chains with budgets big enough to accommodate in-depth demographic research, there are many more sophisticated options that aid retailers in customer research.

At Northgate, Moezzi's team also hires a company that specializes in mystery shopping. This group sends disguised shoppers into Northgate stores on a regular basis to walk the floors, observe customers and casually talk to people in the aisles. The idea is to collect their unvarnished, spontaneous opinions. The results of these visits are then analyzed and sent to senior management for recommendations.

Other services can drill down into neighborhoods or ZIP codes to find out exactly who lives there, residents' income levels, ethnicities and much more information. These services are more expensive, but they can yield a breathtaking level of information. "There are organizations that use geographic-specific databases to characterize demographics and generate a list of names," Bishop reveals, citing Buxton Co., a Fort Worth, TX-based company that specializes in customer demographics.

"They have models to define a store's trading area, then they populate the trading area with a rich set of data from the census

"With targeting, you can make sure your offer is relevant. Imagine the power of knowing your 1,000 best potential customers and getting half of them."

**— Bill Bishop
Willard Bishop LLC**

and elsewhere," Bishop continues. In practical application, this means a supermarket can very specifically target — on a household level — likely customers, then market precisely to those customers through direct advertising and promotions such as frequent-buyer clubs.

Bishop knows targeted marketing makes sense, because of the 80/20 rule in retail. According to this rule, about 80 percent of sales in any given department come from the most motivated 20 percent of shoppers. In floral, Bishop maintains this might actually be closer to 10 percent of clients yielding 80 percent of sales. "With targeting, you can make sure your offer is relevant," Bishop continues. "Imagine the power of knowing your 1,000 best potential customers and getting half of them."

WORKING WITH SUPPLIERS

Once a retailer has identified its potential demographics, the next step is to offer products that are specifically of interest to them. If those products aren't available, see if you can work with your suppliers to design them.

Many floral suppliers will work with custom orders to the extent it's possible, including designing specific product mixes at specific price points. For example, if you have a demographic that is heavily interested in Hanukkah flowers or Kwanzaa-themed bouquets, you can help design the product at the price point that will work best.

Amy Mather, assistant sales manager at Fresca Farms, in Miami, FL, remembers one such highly targeted promotion that worked well. In this case, the retailer was located near a large college campus and home-team

enthusiasm ran high. "They were looking for things to bring in the school colors," she explains. "We can tint or paint a lot of our products. So we did hydrangeas or roses that were tinted in various school colors. It's a great way to increase sales, because you'll get repeat business and the students, parents and relatives will come in."

Such custom-applications are more expensive than off-the-rack arrangements, but if volume justifies the added expense, it will add to your bottom line. With such targeted applications — just like the management report at Northgate — the key is to get permission for local flexibility. It's no secret in most retail settings, including floral departments, that the front-line employee knows the local market better than distant management. But as stores consolidate orders to save money, it can be more difficult to get exactly what you need.

"If you're running a floral department and you know your customers have a \$6 price point and like bright colors, but you're part of a large chain and you have \$6 colors, but you also have a lot of other stuff, how do you get permission to change the mix?" Bishop of Willard Bishop remarks. "You can rebuild arrangements so they're a better fit for your store."

If possible, employees at the local level should fight for control over their product mix so they can stay attuned to their customer mix. "The people on the ground are often the ones who know what's needed," Bishop states. "But too often, we don't listen to them."

Interestingly, some products can break out of their demographics. Lucky bamboo is exactly such a product. When it was first introduced, lucky bamboo was marketed as a key element in Feng Shui. It was said to bring good fortune and positive energy, and designers featured it in many home and décor magazine articles. However, people who are interested in Feng Shui are a fairly specific demographic: they are interested in design and New Age concepts.

It soon became apparent that lucky bamboo had another great characteristic, according to Manson Johnson, co-owner of Eve's Garden Inc., in Land O'Lakes, FL. "Lucky bamboo is very easy to maintain," asserts Johnson. "All it wants is water and gravel, and it doesn't like to be in direct sunlight. It prefers to be in a darker space. We don't push the Feng Shui aspect. Some people have the idea that Feng Shui is a religion, and you don't want to push religion on anyone." Today, the plant is rarely marketed as a component in Feng Shui and instead, sold simply as a great gift plant and one of the easiest houseplants in the world. **pb**



Photo courtesy of Eve's Garden Inc.



Competitive Or Contentious?

Next to a root canal, the most unpopular activity is buying a car, when the salesperson does everything he or she knows how to in order to achieve the highest possible price, while the buyer does the opposite. To say the process is contentious is putting it mildly.

Some believe the relationships between grower/shippers and buyers are equally as contentious and have been for as long as one can remember, regardless of the economy. Product perishability, the range of product quality characteristics, unexpected production levels and the fragmentation within each group enhance these differences.

Analyze the last half-century and there is little overall change in the mindset of how produce buyers and sellers approach their responsibilities. Each has the objective of being competitive within their industry, achieving satisfactory financial returns for their organization and themselves.

Currently, a primary industry challenge is developing a framework for traceability and sustainability. These will find solutions just as palletization and cooling, PLU labeling and Country of Origin Labeling (COOL) issues, among others, were previously resolved.

There has always been bargaining leverage from being able to buy from anyone, along with the leverage to sell to anyone. There is always the possibility of being undercut by a competitor's retail price just like there is the possibility one grower/shipper will to undercut another.

Buyers do not force grower/shippers to compete on an uneven playing field. It is the grower/shippers themselves who tolerate the uneven playing field. Too often shipping organizations will finance so-called marginal producers so they can benefit from the income derived from additional tonnage, which often contributes to downward pricing pressure. This is no different than mortgage lenders only interested in income instead of the quality of the generated financial instrument.

It is this product sold to a strictly retail, low-price buyer that creates the question from upper management of a quality retail chain, "Why can the competitor sell so cheaply?" If the produce director truly has the knowledge and managerial expertise one expects, he will easily be able to explain the dilemma to intelligent upper management. While the recipients may be unaware of some of the produce technical details, they will understand how any significant differences fit within their own overall marketing strategy.

Rather than producers and retailers each trying to one-up the other, they must recognize the order of priorities to keep consumers willing to purchase the product. Grower/shippers must implement standards for all in the particular group before politicians decide to do it for them. The problem is not so much a buyer trying to get a better deal as it is a grower/shipper offering a better opportunity to gain market share.

Likewise, the retail industry needs to decide what its priorities are regarding traceability and overall food safety. In the process, both the Food Marketing Institute (FMI) and the National Restaurant Association (NRA) must set strong standards for their respective industry members. Any long-term success will depend on grower/shippers and retail produce management having an active voice in their discussions.

One could question if the pressure retail buyers force on producers has been a result of the astounding growth of Wal-Mart. Take a closer look at the retail produce price differences during recent years between Wal-Mart and conventional chains. During this time, most observations might conclude the overall quality composite at Wal-Mart often reflected a substantial portion of the difference. Arguably, the effect of this supercenter on other retailers has been both positive and negative. Certainly, Wal-Mart sells a lot of product and has helped improve some grower/shipper operating efficiencies. But the question will always be: "How much did they help on balance?" Or was Wal-Mart the catalyst for competitors to improve their offering to consumers?

Much of the ongoing contentious differences may be reduced to the broad term of ethics. Cornell University's undergraduate business program, Applied Economics and Management, includes an optional ethics course in the curriculum. When is the last time an applied ethics seminar was presented at an industry convention?

Consultant Don Seidman writes a firm is "sustainable when its employees are propelled by values and principles to do the right things, no matter how difficult the mission.... It's not what you do, it's how you engage your customers, collaborate with partners."

Regardless, the problem is not about retailers making grower/shippers suffer. Rather, it is about reacting to the overall business environment in a competitive manner. This understanding will reduce the contentiousness, facilitate solutions and encourage consumers in the retail marketplace.

Rather than producers and retailers each trying to one-up the other, each must recognize the order of priorities to keep consumers willing to purchase the product.

Wish you'd taken your talent for a test drive?



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Beware Of Bribery Beyond Our Borders

Although the U.S. Foreign Corrupt Practices Act (FCPA), an anti-bribery statute, has been law since 1977, it has only been vigorously enforced in recent years. The Department of Justice (DOJ) and the Securities and Exchange Commission (SEC) have stepped up their investigations and prosecutions of domestic companies' activities overseas and have signaled that they have no intention of slowing down. Settlement amounts have skyrocketed as high as hundreds of millions of dollars.

The FCPA makes it unlawful to give anything of value to foreign officials, including foreign political parties — party officials or candidates — to obtain or retain business. The FCPA applies to any firm, individual, officer, director, employee or agent of the firm, including consultants. U.S. parent companies have even been held liable for the acts of their foreign subsidiaries. In addition, the FCPA requires U.S. public companies to satisfy certain recordkeeping and accounting provisions.

Produce and other food companies are not immune from the risks associated with anti-bribery enforcement. In fact, Chiquita International Brands is currently defending against shareholder derivative lawsuits stemming from illegal protection payments the company made to a Colombian terrorist organization. Chiquita pled guilty to making these payments and has already paid a \$25 million fine to the DOJ. In addition, in 2001, the company paid a \$100,000 civil penalty to the SEC and agreed to an SEC cease-and-desist order alleging that it violated the FCPA by paying bribes through a Chiquita subsidiary to Colombian customs officials.

Last year, the Fifth Circuit Court of Appeals upheld the convictions of two executives of American Rice Inc. for violating the FCPA through a Haitian subsidiary by making payments to reduce certain taxes and duties.

Enforcement Actions And Settlement Amounts On The Rise

The DOJ and SEC have increased their FCPA investigations and prosecutions. In a 2009 report highlighting the DOJ's accomplishments, the agency noted that from 2001-07, it brought more FCPA prosecutions than it had in the previous 24 years combined. Similarly, the SEC brought more FCPA cases from January 2006 to October 2008 than it had in the previous 29 years combined.

"FCPA violations have been and will continue to be dealt with severely by the SEC and other law enforcement agencies," SEC chairman, Mary L. Schapiro, said in an SEC press release. "Any company that seeks to put greed ahead of the law by making illegal

payments to win business should beware that we are working vigorously across borders to detect and punish such illicit conduct."

As the number and scope of enforcement actions have grown, so have the costs associated with settling an action. Last month, Halliburton and KBR Inc. agreed to pay \$177 million in disgorgement to settle the SEC's charges that KBR subsidiary Kellogg Brown & Root bribed Nigerian government officials over a decade-long period in violation of the FCPA. Kellogg Brown & Root also agreed to pay a \$402 million fine to settle parallel criminal charges brought by the DOJ.

In December, Siemens AG and three of its subsidiaries pled guilty to violating the FCPA and agreed to pay at least \$800 million in fines and disgorgement to settle the charges brought by the DOJ and SEC.

More Cross-border Enforcement Actions Expected

Beyond stepping up their enforcement efforts, the SEC and the DOJ are collaborating with various international authorities to prosecute FCPA violations. For example, the SEC and the DOJ last year announced that they had partnered with authorities in the United Kingdom, Germany, and Hong Kong to secure a \$1.6 billion settlement from Siemens — the largest amount any company has ever paid to resolve corruption-related charges — for bribing government officials around the world to obtain business.

If you do business with growers, shippers, wholesalers or retailers overseas, here are some steps to minimize your company's risk

Here are
some steps to
minimize your
company's
risk of FCPA
violations.

of FCPA violations:

- Develop a compliance program. Make sure the program gives clear guidance to employees and that every employee in the organization is educated on the FCPA.
- Try to identify potential risk areas.
- Ask your employees for help. Create an FCPA hotline so that employees in the field can report suspected FCPA violations.
- Don't sit back and wait for problems. If you have a compliance program in place, conduct regular FCPA audits with the help of outside counsel experienced in FCPA issues.
- Don't assume that certain industries are safe. There is an erroneous assumption that corruption issues are more pervasive in the defense and energy industries.
- Cooperation is often the best policy. Consider prompt, voluntary disclosure of FCPA violations to the DOJ and SEC, and an internal investigation of the underlying facts lead by an appropriate board committee and experienced outside counsel. **pb**

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Columbia Marketing International	101	20	509-663-1955	509-663-2231
Connecticut Currant LLC	38	81	860-889-3766	860-887-3087
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Curry & Company	107	36	800-929-1073	503-393-6085
DeBruyn Produce Co.	107	70	800-733-9177	616-772-4242
Del Monte Fresh Produce	132	35	800-950-3683	305-520-8495
Dole Fresh Fruit Company	2	53	818-879-6600	818-879-6628
dProduce Man Software	104	54	888-PRODMAN	650-712-9973
Duda Farm Fresh Foods, Inc.	107	41	800-936-9363	561-978-5705
Duda Farm Fresh Foods, Inc.	18	100	561-978-5714	561-978-5705
East Coast Brokers & Packers, Inc.	131	27	800-557-7751	863-869-9850
Embassy of Mexico Agricultural				
Office of Mexico	55	97	613-563-0733	613-563-0933
Family Tree Farms	91	12	866-FLAVOR-1	559-595-7795
Fisher Capespan	78	39	856-742-5446	856-742-5778
Florida Department of Agriculture	67	42	850-488-4303	850-922-0374
The Florida Tomato Committee	51	71	407-894-3071	407-898-4296
Four Corners Farm	107	72	912-852-5098	912-852-5097
Fresh Partners AB	121	48	46-8-742-1215	46-8-742-6201
Fresh Sense	37	73	866-747-3673	559-646-3662
General Produce, Inc.	76	6	800-782-5833	404-361-1841
The Giumarra Companies	118	8	559-897-5060	559-897-8363
Global Organic Specialty Source, Inc.	32	74	877-952-1198	941-358-6551
Gourmet Specialty Imports LLC	115	31	610-345-1113	610-345-1116
David E. Grimes Co.	115	75	831-637-1499	831-636-4660
Hendrix Produce, Inc.	108	76	800-752-1551	912-685-4420
Herb Thyme Farms	95	77	831-476-9733	831-476-3710
Grant J. Hunt Co.	104	78	509-575-8770	509-452-1769
Inline Plastics Corp.	64	4	800-826-5567	203-924-0370
Interex Corp.	112	62	888-441-8676	
Ippolito Produce	17	33	416-252-8809	416-252-0710

COMPANY	PAGE #	RS#	PHONE	FAX
JBJ Distributing, Inc.	42	98	714-992-4920	714-992-0433
Jersey Fresh	69	30	609-292-8853	609-292-2508
Just Ripe	87	14	559-432-1777	559-432-2888
Keystone Fruit Marketing, Inc.	107	79	717-597-2112	717-597-4096
L&M Companies, Inc.	99	9	509-698-3881	509-698-3922
LGS Specialty Sales, Ltd.	79	44	800-796-2349	718-542-2354
M&M Farms, Inc.	114	18	800-634-7898	305-233-0813
Mackay & Hughes (1973), Ltd.	49	80	416-251-2271	416-251-2497
Mann Packing Company, Inc.	9	61	800-884-6266	831-422-5171
J. Marchini & Son / LeGrand	90	82	559-665-9710	559-665-9714
Miatech	46	16	800-339-5234	503-659-2204
MIXTEC Group	114	43	626-440-7077	626-440-1557
National Mango Board	113	83	877-MANGOS-1	407-629-7593
New Jersey Department of Agriculture	69	30	609-292-8853	609-292-2508
Nonpareil Corp.	21	22	800-522-2223	208-785-3656
P.E.I. Potato Board	50	19	902-892-6551	902-566-4914
Plain Jane Produce	47	28	520-281-2282	520-281-4626
PMA Foundation for Industry Talent	127	11	302-738-7100	302-731-2409
Produce Business	52		561-994-1118	561-994-1610
Produce Exchange Co. of Atlanta, Inc.	75	60	800-480-4463	404-608-0401
Produce for Better Health Foundation	5	49	302-235-2329	302-235-5555
The Produce Marketing Association	77	37	302-738-7100	302-731-2409
The Produce Marketing Association	83	38	302-738-7100	302-731-2409
Red Blossom Farms, Inc.	90	32	805-981-1839	805-693-0032
Roberson Onion Co.	108	84	912-375-5760	912-375-3610
Sage Fruit Company	102	2	913-239-0060	913-239-0055
Sambrailo Packaging	65	10	831-724-7581	831-724-1403
Shuman Produce, Inc.	108	99	912-557-4477	912-557-4478
Silver Creek Software	52	85	208-388-4555	208-322-3510
Spice World, Inc.	115	59	800-433-4979	407-857-7171
Stemilt Growers, Inc.	105	86	509-662-9667	509-663-2914
Sun World International	91	87	760-398-9430	760-398-9613
Sweet Onion Trading Company	108	88	800-699-3727	321-674-2003
Sweet Onion Trading Company	33	47	800-699-3727	321-674-2003
Tanimura & Antle, Inc.	7	56	800-772-4542	831-455-3915
Thermal Technologies, Incorporated	85	13	803-691-8000	803-691-8010
Trinity Fruit Sales	23	89	559-433-3777	559-433-3790
Uncle Matt's Organic	38	91	352-304-8737	352-394-1003
Van Solkema Farms	108	92	912-852-5800	912-852-5858
Veg-Pak Produce, Ltd.	53	93	416-259-4686	416-259-4677
Virginia-Carolina Peanut Promotions	121	46	252-459-9977	252-459-7396
Walla Walla Gardeners' Association, Inc.	108	94	509-525-7071	509-529-4170
Walla Walla Sweet Onion Commission	108	95	509-525-1031	509-522-2038
Well-Pict Berries	90	5	831-722-3871	831-722-6340
West Coast Tomato, Inc.	46	15	941-722-4537	941-729-6778
West Lake Fresh	90	34	831-724-0644	831-724-0117
Yakima Fresh LLC	103	45	800-541-0394	847-685-0474
Z & S Fresh	87	14	559-432-1777	559-432-2888
Kurt Zuhke & Association	54	96	800-644-8729	610-588-6245

Blast from the Past



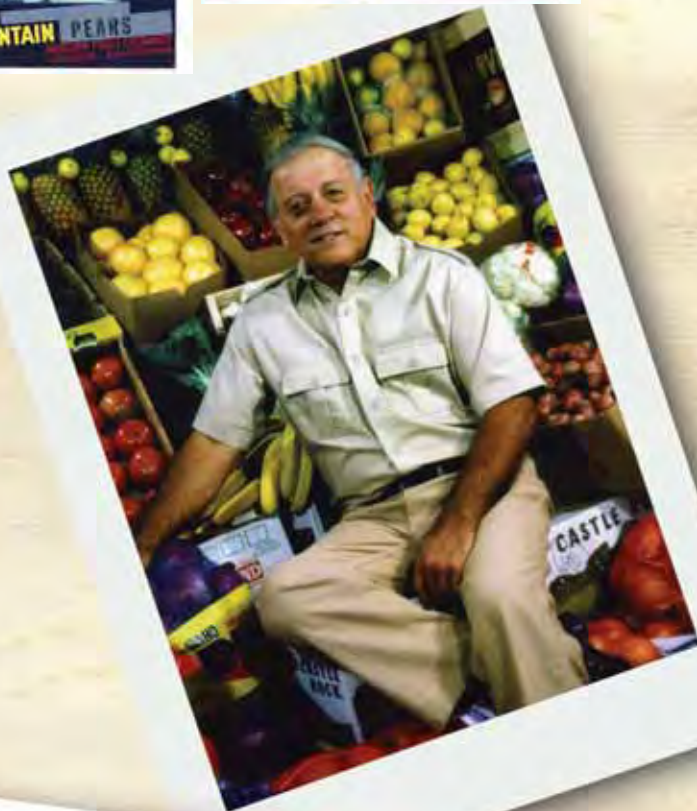
While Albert B. Delmasso's passion for produce dates back to his teenage years working as a box boy at the Old Sixth Street Market, in Oakland, CA, these days, he's fallen for collecting old produce labels — some more than 100 years old.

Today, Delmasso is president of Bay Cities Produce Co. Inc., a San Leandro, CA-based restaurant purveyor that has been in business for more than 60 years, servicing restaurants and institutions by carrying a full line of fresh, frozen and prepared fruits and vegetables. In 1960, the company moved into a building that repaired old wooden boxes. There, he acquired thousands of original artwork labels, some seen here, from all across the United States.

With the advent of the waxed paper produce cartons in the late '50s and '60s, the labels became obsolete and fell out of use. For years, Delmasso has given the beautiful labels to his customers, friends and even strangers. "We, at Bay Cities, have the fondest memories from these original artwork labels and we wish to share them exclusively with our friends and customers."

Delmasso is pictured, above and in the middle of the photo at lower right, taken about 18 years ago, with his son, Steve Delmasso, vice president of Bay Cities, on the left, and Joe Saso, owner of Saso Co., based in San Leandro, CA, on the right.

pb



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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