

RETROSPECTIVE

JIM RICHTER TOUTS TRACKING STUDIES, VALUE-ADDED AND GLOBAL SUPPLY AS GAME CHANGERS

BY CAROL BAREUTHER

Global supply, category management and value-added products were produce science fiction when a teen-age Jim Richter started bagging groceries at Gerland's Food Fair in Houston. After earning a bachelor's degree in business administration at the University of Texas in Austin, Richter embarked on a retail produce career working at H-E-B, Indiana-based Marsh Supermarkets, Randall's Food Markets and 7-Eleven in a series of progressive executive positions. He moved to the supply side in 2006, where he is now chief executive at Rexburg, ID-based potato grower and marketer, Wilcox Fresh. Richter currently serves on the Produce Marketing Association (PMA) Foundation board of directors.



Jim Richter

Where were you in 1985?

I had just been promoted to produce buyer at H-E-B after working as store director at the chain's Victoria and Port Lavaca locations in Texas.

What was the produce department like in 1985?

We (H-E-B) had 150 stores back then and carried 300 to 350 items in produce. PLU stickers weren't on the scene yet. There weren't many organics. The global marketplace hadn't developed to year-round. We had to manage seasonal gaps and work through them. It was too soon for fresh-cuts. The first generation of fresh-cuts didn't come until about 1990 with bagged salads. I remember in March of that year we put bagged salads in first position in the traffic flow and moved the iceberg, which we wrapped in house at the time, further down. We felt bagged salads were the future back then. It was also in the 1990s that I was on PMA's Category Management Task Force.

How would you characterize the overall retail environment back then?

The retail environment was very competitive. There was no shortage of good companies. However, there were more regional players, and national chains weren't as dominant in all Texas markets, such as where HEB operated. We always looked to differentiate. It was as true then as it is now. There was a move away from a 'one size fits all' philosophy in favor of being sensitive to and catering to the demographics of customers who shopped at a particular store. This meant more than picking slots in the warehouse and moving items. To be on top of the game, you had to carry items customers wanted. You also have to do this with a different number of SKUs in small, medium and large stores.

When did things start to change and what were the drivers of change?

In 1992, and data drove the change. I was director of produce at Marsh Supermarkets and that was the year the Marsh Super Study was published. This was a sequel to the Dillion Study from 1960. The Marsh Study tracked sales, space and profits throughout the entire store for over a year. There were three take-home messages that have since stuck in my

mind. First, not every customer shops every department on every trip. Second, the highest prevalence of purchase is in produce. Third, once in produce, 85 percent make a purchase, the highest of any other department.

What are some of the biggest innovations you've seen in the produce industry over the past 30 years?

Value-added and global supply.

We used to prep produce in the back room. That took a lot of labor. Now, regional processors do it for you. The result is an increase in quality and consistency and near elimination of food safety problems.

There's no longer gaps in supply thanks to the global market. Everything is in season all the time, and quality continues to develop favorably. Produce departments exploded in size as a result. I remember the first Marsh store in the early 1990s to have 10,000 square feet for produce. It was positioned front and center, not to the right or left or in the back. SKUs increased exponentially too. I remember we were the first to carry a Holland bell pepper when no one had seen one of these in Indiana before.

How would you describe the produce department today?

Produce is the number one reason why customers shop a store. Seven hundred items is the norm rather than the exception. Value-added and pre-cut produce abounds in answer to customers' craving for convenience. It's the place that first helps shoppers answer the daily question, 'What's for dinner?'

What led you to the supply side of the industry?

Working for Lynn Wilcox is a good fit for me. We have mutual goals and objectives. I

