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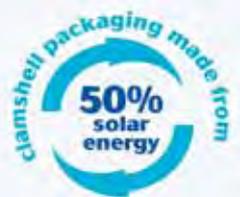
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the most unique and
flavorful varieties."**

Brent Jackson

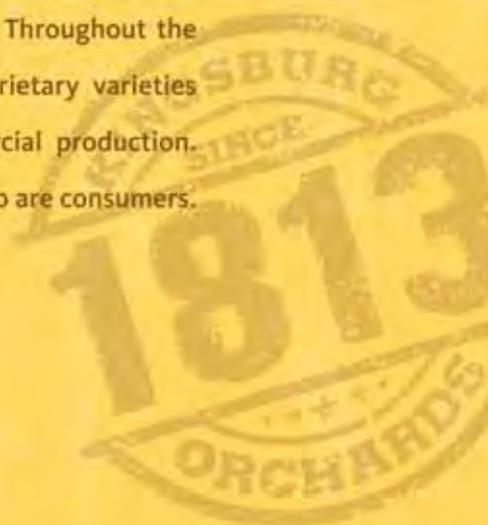


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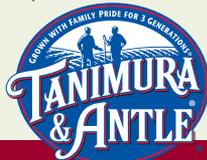


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THIS MONTH'S WINNER:

Mark Luchak
*Vice President, Produce and Floral Operations
 Rice Epicurean Markets
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In 1985, Mark Luchak joined Rice Epicurean Markets, a Houston, TX-based chain with five stores, as a produce manager. He is now the vice president of produce and floral operations. The produce veteran with 18 years experience says his day-to-day responsibilities include writing ads, merchandising and organizing promotions. "It's kind of 100 percent operations," he explains.

Mark enjoys the seasonality of working in the produce and floral business. "It's exciting how it changes every day. I love it when we get into each of the seasons, especially our locally grown produce, such as Texas peaches and homegrown tomatoes."

A PRODUCE BUSINESS reader for 18 years, Mark uses the magazine as a one-stop resource for a plethora of industry information. "You can gain so much insight into the industry while peering into other people's ideas. I actually just like looking through it. I save some of the copies and refer back to them to refresh my memory."

As the winner of the PRODUCE BUSINESS Quiz, Mark wins an integrated GPS receiver.

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WASHINGTON GRAPEVINE

A report on the inside happenings of government.

SUBMITTED BY ROBERT GUENTHER, SENIOR VICE PRESIDENT • UNITED FRESH PRODUCE ASSOCIATION



No One's In Charge

If there's a silver lining in this past summer's *salmonella* outbreak, it's that Congress finally sees some of the fundamental flaws in the way government handles these outbreak investigations. The question now is whether it will act to help improve the system for real or impose on the industry new burdens that don't really fix the problems.

The U.S. House of Representatives Energy and Commerce Committee held a hearing in late July examining the failures surrounding the *salmonella* outbreak, one of the most frustrating and damaging investigations ever for both consumers and the industry. The wrong products were implicated at a cost of hundreds of millions of dollars and confusing and conflicting information buffeted consumers for three months.

In testifying at the hearing, United Fresh took the opportunity to outline a series of lessons and recommendations that would take the guesswork out of who's in charge and drive real authority and accountability into the process to avoid further investigation missteps. With Congress debating multiple pieces of legislation related to food safety, we shouldn't accept as solutions the status quo or knee-jerk reactions.

One of our top suggestions is implementing a National Transportation Safety Board-style command structure that presents a strong clear voice focused on the facts as they become available while restoring confidence in the midst of a tragedy. We need this type of leadership from the Food and Drug Administration (FDA) and Centers for Disease Control and Prevention (CDC). Unfortunately, the current paradigm does not allow for that type of authority. There's no one in charge.

What we experienced was local, state and federal officials jockeying for leadership, with various agencies pursuing different priorities and making unsubstantiated statements. In the end, we were left with well-meaning individuals reacting independently to events rather than as part of a coordinated investigation moving forward in a logical and expeditious direction basing their efforts

on science. And, the investigation process itself did not inspire confidence because many government investigators had never even looked at the produce industry before and had little to no understanding of our distributions systems and operations.

Let us be clear — crisis planning should be done in advance of a crisis, not learned on the job.

Let us be clear — crisis planning should be done in advance of a crisis, not learned on the job. In every crisis, we lean on experts and other stakeholders to help navigate the waters. The government's failure to use industry expertise in outbreak investigations coupled with the lack of adequate crisis planning put the investigation two steps back instead of moving it forward. An abundance of industry knowledge about specific commodities, growing regions, handling practices and specific distribution systems can be used to protect public health in an outbreak. Our association holds crisis communication workshops routinely and our members conduct traceback efforts regularly — we can help.

One of the more interesting developments in this outbreak investigation was the report from Minnesota health officials that they quickly identified jalapeños as the real culprit, not tomatoes, and then quickly traced the peppers back from a small restaurant in Minneapolis to the distributor, wholesaler and farm. Clearly, outside experts can provide value in the time of crisis. Whatever command-and-control structure is put in place for outbreak investigations, plan it, implement it and test it before a crisis.

United Fresh recently held our annual Washington Public Policy Conference and hosted a town-hall meeting with senior officials at the FDA in which 150 of our members shared their experiences. Industry members echoed many of the concerns and recommendations herein outlined. We drove home the message that CDC and FDA are in danger of losing credibility with the public if they cannot admit a mistake.

One need not question the integrity or well meaning of scientists who first suspected tomatoes as the cause of the outbreak. But the preponderance of evidence in hindsight indicates a clear and unequivocal link to jalapeño peppers from one farm, established both by traceback from ill consumers and several positive samples of the identical outbreak strain. Multiple tomato tracebacks proved there was never a common source or even potential common point of cross-contamination, and some 2,000 samples of tomatoes in the supply chain serving ill consumers were never found to carry the *salmonella* bacteria.

If we've learned anything from our politicians, it's that the American people are forgiving. Good science requires FDA and CDC to admit their mistake in judgment at the beginning of this outbreak in order to move forward with credibility in the future.

As we look at the flaws in this investigation, we are left with a bittersweet observation. While our own industry's priority has been almost exclusively on prevention of foodborne disease from the farm up through the distribution chain, we have not spent a commensurate amount of time on how best to investigate and manage an outbreak when it does occur. Progress will require systemic change, not window dressing.

The complex web of local, state and competing federal agencies is not conducive to effective and efficient identification and management of foodborne disease outbreaks and that must change. There are consequences to our actions, and the greatest consequence if these changes are not made, may be lost faith in government's ability to manage our overall food safety system. **pb**

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James F. Prevor

For Industry And Country

It was in October 1985, when *PRODUCE BUSINESS* was launched at the PMA convention in San Francisco. So with this current issue, we celebrate our 23rd birthday. Ever since that first issue, we've set aside one page each year, this page, to update you on our progress and to thank you for your readership.

The relationship between a reader and a magazine is an unusual one. Technically, the reader is a minor customer and not a shareholder at all. But to us, the reader is everything. The very existence of a magazine is meaningless save for dedicated readers who take the content and use it to enrich their businesses and their lives.

Thus it has always struck us as crucial to show a decent respect to you, as a reader, by sharing our thoughts on the current state of things.

The year past has been a challenging one for the industry and the country, and we empathize with those — such as tomato and chili pepper farmers — who have been hurt. We also take some satisfaction that we have played a constructive role in helping our industry and our country make progress on some issues.

PRODUCE BUSINESS and its online sister publication, *PerishablePundit.com*, have become known as sources for thoughtful and insightful analysis of the situations that affect the trade. This reputation has led to an opportunity to access a broader audience and thus present a nuanced understanding of the intersection between the produce industry and issues such as food safety, food-price inflation or deflation and retail format changes.

Through frequent appearances on CNN, Fox Business Channel, PBS, the BBC and many network affiliates across the country, plus timely interviews with newspapers and their associated Web sites, including *The New York Times*, *The Washington Post*, the *Los Angeles Times*, the *Chicago Tribune*, *The Times* of London and many other publications, we help create a more educated citizenry, a community less likely to jump to conclusions and more open to policy propositions that may serve to actually promote progress in resolving policy dilemmas.

We've been honored to be asked to help congressional staffers and officials in executive agencies with public policy issues. Thinking through the development of food-safety guidelines and suggesting presenters for hearings, we are working to ensure informed intelligence and rational approaches that lead to a policy framework within which consumers can find safe food while production agriculture thrives.

We have been blessed with the opportunity to teach. In the year to come, we will be lecturing at Cornell, UC Davis, Michigan State and other universities. We do this work on a *pro bono* basis to help people find more satisfying careers and to help the industry advance as it accesses such talent.

We've consulted with many firms on Wall Street and The City in London,

helping financial institutions to better understand the state of the trade. For Citicorp, we've both presented conference calls and made presentations at its annual retail conference in London.

This doesn't count the tireless efforts we've made to reach out to different sectors of the produce industry. In the last year, we have presented at PMA, United Fresh, the National Potato Council, the board of directors of the National Watermelon Promotion Board, the U.S. Apple Association, the Florida Fruit and Vegetable Association, the Eastern Produce Council, the Society of American Florists and many other groups — all on a *pro bono* basis as part of our effort to help industry members thrive by assisting them to understand the challenges of issues such as sustainability, alternative retail formats and food safety.

Yet whatever we may do in person or online, we never forget that it all began with this magazine you hold in your hands. It is this publication that pays the bills and that allows for our least time-pressured and thus most thoughtful analysis of industry issues.

Our success with *PRODUCE BUSINESS* would not have been possible without the fantastic team of people who work with me to put it all together. My old fraternity brother Ken Whitacre has been with me from the start, and it is inconceivable we could have achieved half of what we have without his vision and dedication. Diana Levine typeset the first issue of *PRODUCE BUSINESS* with her own hands, and her rigorous insistence on the finest in typographical standards still reigns over our design and production today.

Eric Nieman and Ellen Rosenthal are now, themselves, institutions in the produce industry, as is my executive assistant, Fran Gruskin, and our special projects editor on both *PRODUCE BUSINESS* and the *Pundit*, Mira Slott. Not as public but no less important, Jan Fialkow, Amy Shannon, Shaunn Alderman, Jennifer Jordan, Bill Martin, Sandy Lee, Jaclyn LoMonte, Kelly Roskin, Jim DeLeguardia, James Elmer, Matt Winans,

Jackie Tucker, Freddy Pulido and Joanna Armstrong all do the heavy lifting that actually produces this magazine month after month.

With a troubled economy on the horizon, it is worth remembering the pre-eminent role our families play in enabling our success. My wife Debbie manages to keep home and hearth together when I'm off in South Africa or London or the Red River Valley trying to do some good. My children William and Matthew provide a purpose that justifies all this very hard work, and their joyful spirits lift mine when the obstacles to success seem great.

None of what we have accomplished would have been possible without the love and support of my parents, Mike and Roz Prevor, who believed in and supported their eldest son and this venture when there was no real reason to believe in either.

Whatever good we may do stands as testimony to their vision and foresight. Whatever errors we may make, those are mine alone.

pb

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Making Sense Of Sustainability

Some savvy produce industry members will save millions of dollars this year from steps they've taken to be more sustainable. From eco-friendly refrigeration systems to bio-diesel truck fleets to sustainable buildings, energy-saving initiatives and conservation can deliver a big return on investment. And, safe to say, companies gain a competitive advantage when their green practices are part of a sustainable business model — one that meets present demands profitably without compromising future generations' ability to satisfy their own needs.

These leaders also know that consumers play an important role in sustaining their businesses and that shoppers' opinions on how sustainable we are increasingly drive where they choose to spend their food dollars. Sustainability is here to stay as a consumer force and as a business force. Produce Marketing Association (PMA) recently surveyed consumers to learn how they define sustainability and how they grade our industry's sustainability efforts, from farmers to retailers.

Survey results show consumers have a decent understanding of sustainability, with 32 percent citing environmental, green or ecological themes; another 11 percent describe sustainability using terms such as "long-lasting" or "continuous." These shoppers hold our industry accountable for a range of sustainable actions, most notably worker safety and compensation, water and energy conservation programs and reductions in transportation-related pollution. And they want sustainability efforts to be verifiable.

A caveat before I venture into reporting what consumers tell us: Yes, Jim, what consumers tell researchers their value and are willing to pay for is not directly comparable to their purchasing behavior! But I also watch for trends in what they say are priorities, and see signs of directional movement. Take a look at the explosive growth of reusable grocery bags or increased sale of FairTrade coffee as examples.

Respondents say they are serious about the significance of these issues — so much so

that they tell us they're willing to pay 25¢ per pound more for produce to ensure the industry exercises these sustainable activities. Thirty percent of those surveyed are willing to pay at least an extra quarter per pound to guarantee produce workers receive a fair wage, and 26 percent would also pay an extra quarter to ensure lower transportation pollution.

Twenty-five percent of respondents also said they would pay a quarter or more per pound for energy conservation programs, water conservation programs and reduced pesticide usage. We shouldn't expect consumers to practice all of what they say to us, and I don't expect to see all of this impact at the cash register. But asking consumers to vote with their money does give us good information about where their priorities are.

Surveyed shoppers also understand that sustainability extends beyond environmental efforts alone. At PMA, we define sustainability as incorporating three priorities: *planet*, *people* and *prosperity*.

Planet means sustainable practices must focus on crop production, resource conservation, energy efficiency, ecosystem protection, integrated waste management, packaging, and office, warehouse, meeting and event efforts. *People* are an important component of our sustainable business, which means exercising fair labor practices, providing community benefits, supporting social causes and fostering a work environment that supports health, wellness and proper nutrition. *Prosperity* means keeping our businesses thriving through cost savings, revenue generation, customer- and market-enhancing efforts and a positive public image.

PMA is taking a holistic approach to sustainability — engaging with others in discussions about how our industry can best measure sustainability efforts, monitoring other groups' sustainability activities, education and information for members, and internal efforts at the PMA office and at our events.

It's rewarding to see so many creative PMA members supporting sustainability, such as the member who recently built a processing facility that runs on methane gas from a

Respondents ...
tell us they're
willing to pay
25¢ per pound more
for produce to ensure
the industry exercises
these sustainable
activities.

nearby landfill and uses reclaimed and cleaned water from a mining operation, or the many buyers and sellers partnering to source more fruits and vegetables locally or sell produce waste to composters.

If you are reading this article as you attend PMA's Fresh Summit International Convention & Exposition, I invite you to get involved in the dialogue. Sustainability will be a big part of this year's convention, from my annual State of the Industry address to our educational workshop programming, to registrant and exhibitor bags made from recycled material, to the fact that we will be posting workshop presentations online rather than printing them out. See your Fresh Summit directory for more details about our sustainability track — and don't forget to recycle that directory at the end of the event.

PMA is committed to influencing sustainability-related activities to help our members and our association to manage business in a way that creates an overall positive impact on society and delivers a vision of where we want to lead our industry. After all, the produce industry's enduring prosperity has to be part of any sustainability solutions.



Economy May Affect Behavior

It was a year ago this month at the 2007 PMA convention in Houston that this author presented a workshop unveiling important consumer research related to sustainability. In the year since, we have learned a lot, both about how consumers react to sustainability initiatives and about how businesses can deal with sustainability under different circumstances.

As Bryan says, when it comes to consumers, the PMA research is different than a consumer behavior study; it is intriguing but offers the opportunity for more questions rather than giving definitive guides to behavior.

Consumers say they will pay a quarter a pound more for sustainably produced and sold produce, but if given a choice — two stacks of bell peppers, one a quarter more a pound with a sign saying “certified sustainable” — will the consumer buy the more expensive offering? Or does it mean the consumer would like his or her retailer to buy and sell only sustainable product and would accept that this retailer is more expensive?

In the United Kingdom, when it comes to FairTrade — a mechanism by which product is sold with a premium going to producers and their communities in developing countries — it was mostly the latter. FairTrade was commonplace as an option on bananas, but the big boost came when two chains, first the small but very upscale Waitrose and then the much larger but still upscale Sainsbury's, decided to go 100 percent with FairTrade bananas.

It was this decision by retailers to establish FairTrade as a procurement standard on bananas that created the real boom in FairTrade in fresh produce.

Yet even this example leaves more questions than answers. Waitrose and Sainsbury's are both upscale retailers that attempt to differentiate themselves based on their values. But neither Wal-Mart's U.K. subsidiary ASDA — a highly price-oriented retailer — nor the middle-class leader Tesco — the biggest U.K. retailer — went this FairTrade route.

It seems to imply FairTrade is like charity — something we might expect the rich to be more able to afford than those struggling to

get by. Is this the kind of definition we can use for sustainability?

PMA's Planet, People, Prosperity model, echoing countless other models built around the same precepts — The Triple Bottom Line, People/Planet/Profits, etc. — are all useful in reminding us what we are talking about but all problematic in not establishing any clear basis for trade-offs among these concepts.

In other words, if a business is considering putting solar panels on the roof of its facility, we all know it should do so if the return on investment — considering savings on not buying electricity and tax credits — is adequate. But this alone makes sustainability a concept of limited meaning, saying not much more than one should have a sharp accountant. The more serious question is this: Is there something in the intersection between what PMA calls Prosperity and the People and Planet spheres of sustainability that means one should put up the solar panels even if the ROI is inadequate?

Our work in sustainability has led us to define three precepts that help “square the circle” on sustainability and provide a basis for action that is not solely the same thing as saying the ROI is adequate:

First, sustainability involves long-term thinking. If a private equity firm just invested in your company and is intent on selling out in two years — and so won't invest 15¢ if the investment won't pay off within two years — this kind of thinking is inherently unsustainable. A lot of sustainability involves recognizing the true long-term costs of doing things the way they have always been done. So instead of mindlessly replacing a light bulb with the same type just because we always did, we are going to look at where a more expensive but more energy-efficient bulb might pay off over the long term.

Second, sustainability involves considering the value of “reputational capital.” We live in a world in which government, individuals, non-governmental organizations (NGOs) and the media can play an important part in the success or failure of a business. The ability to build a store, expand a warehouse, use a chem-

Can the world find a meaning for sustainability that accords with the difficult economic circumstances we may yet confront?

ical, etc., is often determined not simply as a matter of right but as a consequence of reputation. Sometimes there may be value in doing things that don't obviously pay off because they pay off in reputational ways that will ultimately create financial value for the business.

Third, sustainability is about avoiding inadvertent results. An idea such as “stakeholder engagement” — basically reaching out to all those that may have a stake in whatever actions you might take, even if they have no contractual relationship to you — is partly a belief that input from more sources will produce better decision-making, but stakeholder engagement is also a way of getting an early wake-up call on what troubles may lie down the road.

With the financial crisis at hand and economies around the world going south, we are finding sustainability is rapidly retreating as a corporate concern. Or to be more precise, corporations are morphing their sustainability efforts into cost-saving programs, although with the recent retreat in energy prices, projects that looked sustainable a few months ago now no longer seem feasible.

Will consumers find meaning in programs that become just corporate cost-saving regimens? Will they care about sustainability if the family income gets squeezed? Can the world find a meaning for sustainability that accords with the difficult economic circumstances we may yet confront? This is still very much an open question.



Despair Overstated?

In the late 19th and early 20th century, J.P. Morgan was the most famous banker in the world; after a stock market panic, he was asked what he thought the market would do. He replied: "It will fluctuate."

Today, the primary question is really this: Would wise old J.P. say the same thing today? In other words, are the current gyrations of the market and the stresses and strains of the financial system best seen as another spasm in the natural course of markets in which things ebb and flow, or is this something different?

If all we are going through means a weaker and less dominant America, that would be very sad and not, principally, for Americans. The history of empire is long, and whatever objections people may have to the way that the United States has wielded its power, it would be hard to find in the annals of history a less ambitious power or one with a softer touch.

Are there people who actually believe the world would have been better off if the Nazi regime had emerged victorious from World War II or if Stalin had defeated the United States in the Cold War? Is it possible, even now, that people believe that a U.S. loss in the war against fanatical Islam would make the world a more tolerant and pleasant place?

As it happens, we suspect that the chorus of despair is overstated. We have been so astonishingly lucky to live when we do — and where we do — that even small problems are perceived as catastrophes requiring immediate action and signaling fundamental changes.

For most of history, wars, depressions, panics, famines and other calamities have been the stuff of everyday life. That a life such as we have come to know in affluent parts of the world could exist — that we could fight wars with little public inconvenience, that obesity, not starvation, should be our challenge, that the outcomes of elections could be seen as so inconsequential that large numbers of people couldn't be troubled to vote — this is astounding.

Certainly history goes on and change will come. Yet it strikes us as wrong to see this change as all anti-American in its implications. Richard Nixon famously said, "We are all Keynesians now." And the best way to look at all the changes in the world is to say, "We are all Americans now."

Today there are calls for more regulation and a consciousness that our regulatory structures may have missed the mark in dealing with new and more sophisticated derivatives. The political leadership is faulted, as those on the right see a propensity to have pushed lending to promote social causes — such as ending redlining and increasing home ownership among ethnic minorities — and those on the left see an unwillingness to rein in Wall Street. Yet nobody seems to want to suggest that a "dictatorship of the proletariat," or a non-market economy, would be a better alternative.

Change in the world order is unlikely to be a problem for America; its traditional allies in Europe are changing. As Europeans fail to reproduce, the continent grows not merely increasingly Muslim but, because Europe has failed to integrate these new immigrants into its social and economic systems, the continent also grows detached from traditional European values. America will thus need new allies.

There are always short-term problems. Russia is as much a kleptocracy as a country right now, and China is a long way from liberal democracy. Yet the developing countries, such as Brazil and India, have all embraced, to varying degrees, market economics, and it is in the vibrant yearnings of people in these and similar countries to "pursue happiness" that America will be more likely to find friends of similar outlook in the future.

In the rise of the middle class of countries around the world, it is easy to see competitors for resources. This is, however, far less than half the story. The emerging middle classes in these countries don't just eat, they produce and create. The solutions for our problems — from curing cancer to better organizing our financial system — are as apt to come from the fertile minds of these people as their newfound prosperity brings them in touch with the world conversation on these matters as it is from the traditional "West."

It is a petty kind of ethnocentrism to think our problems are, uniquely, troubling. Life has always had its challenges and ours have been fewer than most. America's flexibility makes it a likely winner in any future scenario. We

absorb great quantities of immigrants from around the globe, we educate the leadership of countries around the world, and we change, adapt and grow.

It is worth remembering that even old J.P. Morgan knew that. Speaking to friends, he told them what he had been taught:

"My father told me," Mr. Morgan was quoted as saying, "to follow my own bent in business, but whatever that business, to work hard. One thing he said I shall always remember. . . not to discount the future of America. 'Remember, my son,' he said, 'that any man who is a bear on the future of this country will go broke. There may be times when things are dark and cloudy in America, when uncertainty will cause some to distrust and others to think there is too much production, too much building of railroads, and too much development in other enterprises. In such times, and at all times, remember that the great growth of that vast country will take care of all!'"

Housing prices may fall as we have a surplus right now, and that may bring down banks and Wall Street institutions. Yet long term, this country will fill with people who yearn to breathe the freedom of America and we will need more houses built yet. In moments when many counsel despair, this is a bet as certain as any the world has to offer.

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**SEALD-SWEET INTERNATIONAL,
VERO BEACH, FL**

Mark Lewis was appointed executive vice president. He will be in charge of new product development. The former director and product leader of Chiquita's deciduous division and CEO of Richard Sales, Co., he is accredited with developing and growing locally several highly successful domestic import programs.



NATURIFE FARMS, LLC, NAPLES, FL

Michael Bentel was hired as director of food safety and quality assurance. He will be responsible for developing, implementing and monitoring the company's protocols and performance in food quality, food safety, food security, labeling and packaging, product standards, palletizing, shipping protocols and good agricultural practices (GAP).



**DRISCOLL STRAWBERRY ASSOCIATES, INC.
WATSONVILLE, CA**

Douglas Ronan was hired as vice president of marketing. He has many years of consumer marketing experience and has held marketing leadership roles for more than three decades. He was previously director of marketing, director of customer marketing and business team leader for The Pillsbury Company.



**CALIFORNIA STRAWBERRY COMMISSION
WATSONVILLE, CA**

Liza Teixeira was hired as a public relations specialist. She will provide support for media relations, industry communications and public outreach. She is a 2008 graduate of California Polytechnic State University with a degree in agricultural science with minors in agricultural communications and agricultural business.



**BOOTH RANCHES, LLC
ORANGE COVE, CA**

Neil Galone was hired as vice president of sales. He began his career 30 years ago in California citrus and brings a wealth of experience that will take Booth's marketing group to the next level. He will work closely with Booth's dynamic sales group.



**CALIFORNIA TABLE GRAPE COMMISSION
FRESNO, CA**

Karen Hearn was promoted to marketing director. A 9-year employee with the commission, she will continue to represent the industry with key retail accounts while directing components of the commission's national program. She is part of a 3-member team of domestic marketing directors.



WEST PACK AVOCADO, INC., TEMECULA, CA

Doug Meyers was hired as vice president, sales and marketing. He will be responsible for managing the daily sales and marketing functions of the company and will be charged with leading the company to a stronger national position. Meyer spent the past 13 years working in various sales management roles for Tanimura & Antle.



**PRIME PRODUCE INTERNATIONAL, LLC
ORANGE, CA**

Harry Berg was hired as a retail account executive. His primary focus will be on increasing the company's retail customer base throughout the United States. An industry veteran with more than 24 years of experience, he has worked for Dole Fresh Fruit, Fuji Natural Foods, Monterey Mushroom, Pacific Fruit and MountainKing Potatoes.



**WEIGHPACK SYSTEMS, INC.
LAS VEGAS, NV**

Alan Benlolo was hired as marketing manager. He will be responsible for spearheading new marketing initiatives. He previously served as marketing manager at a Montréal, Canada-based manufacturer and distributor of plastic processing machinery.



Gary Severen was hired as a sales representative. He has more than 20 years of sales and marketing management experience and worked most recently as director of sales and marketing for Kirin Flexible Packaging. He will work out of Prime Produce's corporate office.



Alex Goyette was promoted to territory manager. He will be responsible for developing sales in the New England area and Atlantic Canada. He has an extensive background in marketing and sales.



**MANN PACKING Co., Inc.
SALINAS, CA**

Greg Kurkjian was promoted to vice president of retail sales. He joined the company in 2006 as director of retail sales for Mann's Eastern U.S. region. His duties will include building retail business and leading a team of regional sales managers dedicated to supporting category growth through promotion and space management.



**SUN WORLD INTERNATIONAL, LLC
BAKERSFIELD, CA**

Mark Bataska was appointed to the newly created position of vice president of logistics and supply-chain management. His responsibilities will include strategic and operational planning with quality control, transportation, packinghouse facilities and material procurement.



Jeff Hutterer was hired as a national accounts manager. His responsibilities will include working with retailers, such as Supervalu, Inc., and Kroger Co., and assisting the vice president of retail with special projects and targeted business-development projects. He previously worked at Hormel Foods, Chiquita, Dole and Ready Pac.



**FRESH PRODUCE ASSOCIATION OF THE AMERICAS
NOGALES, AZ**

Amy Adams is the new marketing director. She served on the FPAA board of directors and the promotion committee during the 2007-08 Mexican produce season. She previously worked as vice president of sales and marketing for SunFed. She also spent 19 years at Sysco Corp., the last five dedicated to marketing produce.



Bixby Ramsey was promoted from sales associate to sales representative. He joined the company in 1999 as assistant refrigeration technician before moving onto shipping operations and then to sales. His background in production and shipping will enable him to successfully service national retailers and other customers.



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Reader Service # 2

SAUCED STEAM PRODUCTS

The Sholl Group II, Minneapolis, MN, introduces Primavera with Alfredo Sauce and Harvest Trio with Chive Butter, two new varieties of its Green Giant Fresh Sauced Steam Line. Each consists of fresh vegetables with chef-created sauces in a unique steaming bag that allows consumers to steam the vegetables in a microwave in about two minutes.

PMA Booth 831



Reader Service No. 300

WHOLE-LEAF LETTUCE LINE

Mann Packing Co., Inc., Salinas, CA, introduced Simply Singles, a whole-leaf lettuce line in a retail clamshell with a tamper-evident strip. Simply Singles are washed and ready-to-use single lettuce leaves available in three varieties: romaine hearts, red-leaf lettuce and green-leaf lettuce. Mann introduced the line to foodservice in 2000.

PMA Booth 1969



Reader Service No. 301

VALUE-ADDED BAGGED VEGETABLES

Walter P. Rawl & Sons, Inc., Pelion, SC, introduces Versatile Veggies. The value-added bagged vegetables include broccoli florets, broccoli slaw, cauliflower, carrots, sugar snaps and snow peas. The line, which is available in 8- to 12-ounce packages, is marketed to retail distribution centers and foodservice markets.

PMA Booth 1707



Reader Service No. 302

NIGHT BLINDS

Miatech, Clackamas, OR, has introduced Aspis Night Blinds with advanced features such as a new style of speed reducer that prevents rapid roll up. Aspis Blinds come with strong magnets that allow for installation to produce cases without screws, and they also incorporate a patented unique woven aluminum fabric.

PMA Booth 3641



Reader Service No. 303

BIODEGRADABLE PACKAGING

PWP Industries, Vernon, CA, expanded its AgroResin molded-fiber composite packaging portfolio to include AgroResin Rainbow, a colorful series of biodegradable packaging. Available in many shapes, sizes and colors, the microwavable series is permeable to air, water and grease. The sustainable and eye-catching packaging series works well with perishable produce.

PMA Booth 2853



Reader Service No. 304

SALAD DRESSINGS AND FRUIT SPRITZERS

Produce Pete's, Bergenfield, NJ, launched Fresh Harvest Salad Spritzers and Fruit Spritzers, a line of premium salad dressings and fruit spritzers. The Fruit Spritzers have one calorie per spray and include Berry Blast, Melon Mist and Citrus Splash. Salad Spritzers include Italian Vinaigrette, Red Wine Vinaigrette and Balsamic Vinaigrette.



Reader Service No. 305

HEIRLOOM-STYLE TOMATO VARIETY

Six Ls Packing Co., Immokalee, FL, has introduced a high-flavor, field-grown, vine-ripened, heirloom-style tomato variety branded under the Vintage Ripe brand. The new SKUs include bulk tomatoes and a 4-pack clamshell. The variety is currently available from the Virginia-growing region, but it will be available year-round beginning in November.

PMA Booth 1741



Reader Service No. 306

TRACEABILITY SOLUTION

PakSense, Inc., Boise, ID, released PakSense Ultra T3, powered by HarvestMark, a farm-to-fork traceability solution with integrated temperature monitoring and country-of-origin labeling (COOL) capabilities. Combining industry-leading technologies from PakSense and YottaMark, Redwood City, CA, Ultra T3 is an industry first that allows shippers to track and trace products through the supply chain and comply with COOL requirements.

PMA Booth 1192



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Reader Service No. 307

PURPLE CARROTS

Babé Farms, Santa Maria, CA, expanded its colorful line of baby carrots to include a purple variety. The line also includes pink, white, yellow and maroon globes along with the familiar baby French orange. Packed in bulk and available year-round, all of Babé's carrot varieties come in single or mixed varieties, 12 or 24 bunches per carton.

PMA Booth 3100a



Reader Service No. 308

JUICE FLAVORS

Noble Juice, Winter Haven, FL, has introduced two new juice flavors: Blood Orange and Tangerine Cranberry. Exotic Sicilian Blood Orange is an Italian citrus specialty celebrated for its tart and tangy flavor. Tangerine Cranberry offers a blend of fresh, sweet Florida tangerines and tart cranberries, a combination that is satisfying and nutritionally sound.

PMA Booth 315



Reader Service No. 309

MICROWAVABLE GREEN BEANS

Coastline, Salinas, CA, launched its premium clipped and washed French Filet green beans in microwavable bags. The value-added product comes in 12-ounce bags packed six or nine bags per carton. Grown year-round in California, the beans offer excellent eating characteristics and since they're microwavable, each package provides extra convenience for consumers.

PMA Booth 745



Reader Service No. 310

CRISPY ONION TOPPINGS

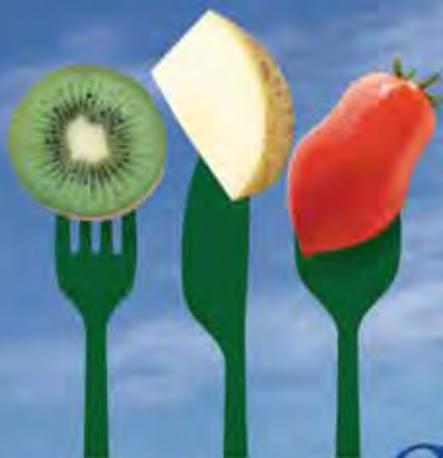
Pasco Onions, Ltd., Flower Mound, TX, has introduced Golden Farms Shaker Cups with organic and all-natural, crispy onion toppings designed for produce departments. The toppings go well with green-bean casserole, salads, hamburgers, steaks, baked and mashed potatoes, omelets, scrambled eggs, soups, and pork and smoked sausage.

PMA Booth 1182



Reader Service No. 311

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PROCACCI BROTHERS CELEBRATES 60TH ANNIVERSARY

Procacci Brothers Sales Corp., Philadelphia, PA, celebrated 60 years of service to the produce industry. Founded in 1948 by Joe and Mike Procacci, the wholesale, retail and food distributor carries a full line of premium produce, including organics, tropicals, Mexican/ethnic specialties and imported Italian chestnuts, and specializes in custom packing and private labeling.

PMA Booth 908



Reader Service No. 312

GROWERS WIN BASF CONTEST

BASF Corp., Florham Park, NJ, announced the winners of its Prowl H2O essay and photo/video contest. Tree fruit, tree nut and grape growers shared their Prowl H2O herbicide success stories. Winners Earl and Lindsay LaMora, left, and David Gilcrest, right, received an Arctic Cat Prowler utility vehicle and trailer.

PMA Booth 675



Reader Service No. 313

CAC OFFERS NUEVO LATINO RECIPES

California Avocado Commission, Irvine, CA, offers tasty and appealing fresh *Hand Grown in California* Avocado Nuevo Latino dishes and menu applications on its Web site. From ceviche and escabeche to tacos and tortas, California-grown avocados add pleasing flavor, tropical color and an authentic spin. CAC's Web site also includes free brochures on California-grown avocados.

PMA Booth 2313



Reader Service No. 314

MDR OFFERS RETAIL DISPLAYS

Multi Dimensional Resources (MDR), Carlstadt, NJ, expanded its capabilities to offer extensive custom marketing retail displays for the produce industry. MDR applies custom techniques at all levels, creating value-added displays for short- or long-term exposure, for fixed, flexible or modular usage. Its full range of services includes market research, field-testing, rapid prototyping and extranet site for monitoring project progress.



Reader Service No. 315

APPLE LEADERS ELECTED TO U.S. APPLE ASSOCIATION

U.S. Apple Association (USApple), Vienna, VA, elected Julia Baehre Rothwell as secretary and Joe Klein Sparta as director. Both leaders are members of the Michigan Apple Committee, DeWitt, MI. Rothwell has served in a director capacity of USApple since 2002 while Klein is new to the board. Both possess considerable experience in the apple industry.



Reader Service No. 316

IPC ANNOUNCES CONTEST WINNERS

Idaho Potato Commission, Eagle, ID, announced the winners of its iTuber Take II Video Contest. Entrants submitted spud-inspired shorts including animated educational videos, horror flicks and documentaries. Scott Winn of Rexburg, ID, won the \$3,000 grand prize for *Punchline*, a video about a student who lives in a world where everyday items are made of Idaho potatoes.

PMA Booth 3119



Reader Service No. 317

STRAWBERRIES EARN TOP NUTRITION RATING

The California Strawberry Commission, Watsonville, CA, announced strawberries earned the highest nutrient-density score based on findings by the Overall Nutrition Quality Index (ONQI), a measurement system developed by the Prevention Research Center, and several leading health and nutrition experts. Strawberries are loaded with vitamins, minerals, fiber and antioxidants.

PMA Booth 1607



Reader Service No. 318

KEY TECHNOLOGY LAUNCHES BLOG

Key Technology, Walla Walla, WA, has created a blog aimed at providing information and insight of interest to fresh-cut produce processors and to encourage industry collaboration. The blog covers news, trends, commentary, first-hand experiences and lessons learned, digging deep to focus on specific operations within fresh-cut production processes.



Reader Service No. 319

MANN TO OFFER COUPONS WITH SWEET POTATOES

Mann Packing, Co., Inc., Salinas, CA, will apply 25,000 on-pack instant-redeemable coupons to save 55¢ off any package of fresh-cut sweet potato cubes or fries. The specially-marked packages will include a grilling recipe. The offer is good through Dec. 31. Sweet potatoes are considered a good carb and are quickly becoming more of a mainstream food item due to their popularity on American menus.

PMA Booth 1969



Reader Service No. 320

NMB LAUNCHES MANGO MARKETING TOOL KIT

National Mango Board (NMB), Orlando, FL, introduces its mango marketing tool kit, which includes high-quality graphics, helpful tips, marketing messages and pre-designed POS materials, to aid the mango supply chain and the media. tool kit images are professional quality and work well with retail displays, media stories, fliers, packaging or presentations.



Reader Service No. 321

DEL MONTE OFFERS ULTIMATE FAN CONTEST

Fresh Del Monte Fresh Produce, N.A., Inc., Coral Gables, FL, teamed with CBS Sports Store this football season for the Ultimate Fan tailgate contest to help retailers drive produce sales. Del Monte fresh-cut items and tomato products feature an on-pack coupon for discounts at the CBS Sports Store. One grand prize winner will receive a flat screen HDTV. Del Monte offers retailers and foodservice operators an array of innovative solutions to address changing tastes and lifestyle needs of today's consumers.

PMA Booth 3031



Reader Service No. 322

MEDITERRANEAN FOOD ALLIANCE CREATES CAMPAIGN

The Mediterranean Foods Alliance, Irvine, CA, launched a consumer education campaign featuring From Your Cart To Your Kitchen, a retailer tool kit that includes a CD with ideas for cooking demonstrations and food-sampling events, templates for newsletters and activities, Mediterranean Diet shopping lists and recipe cards along with a colorful consumer brochure.



Reader Service No. 323

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PRIMA BELLA OFFERS SWEET CORN FOR FOODSERVICE

Prima Bella Produce, Inc., Tracy, CA, expanded its lineup of pack options to include a foodservice-oriented pack for trimmed and cleaned, loose husk corn. Shipped under the GloriAnn label, the new pack of super sweet corn is designed for more convenience and less waste than standard bulk husk packs. The product is available at 48 cobs per case and 40 cases per pallet.

PMA Booth 3631



Reader Service No. 324

EUROFRESH LAUNCHES LOCALLY GROWN MARKETING CAMPAIGN

Eurofresh Farms, Willcox, AZ, has instituted a marketing program designed to educate Arizona consumers about the advantages of buying locally grown Eurofresh tomatoes. The company plans to bring back the familiar *Arizona Grown* logo and will include it on all packages and materials shipped to Arizona supermarkets.

PMA Booth 3331



Reader Service No. 326

DUDA EXPANDS CITRUS OPERATIONS IN MEXICO

Duda Farm Fresh Foods, Inc., Oviedo, FL, expanded its citrus operations in Mexico to include a 33,000-square-foot fresh citrus packinghouse. The facility in Guemez, Tamaulipas, is a partnership between Duda and Mexico Citrus Farms, Inc., and will operate from July through March.

PMA Booth 2759



Reader Service No. 327

EUREKA SPECIALTIES LAUNCHES WEB SITE

Eureka Specialties, Inc., Los Angeles, CA, launched a new Web site, featuring EurekaVision, a secure area of the site where customers can view their product in a live video feed direct from its facility to verify their product's freshness and quality prior to shipping. The Web site supports Eureka's goal of continuous improvement and pursuit of quality and excellence in the produce industry.



Reader Service No. 328

ONEONTA STARR AND DIAMOND FRUIT MERGE

Oneonta Starr Ranch Growers, Wenatchee, WA, has joined forces with Diamond Fruit Growers, Odell, OR, to merge their sales and marketing programs. Oneonta will be the exclusive sales and marketing agent for all products grown by Diamond Fruit and its members. Oneonta will pack fruit under the Diamond label as well as a new label, Diamond Starr Growers, which is set to be introduced this season.

PMA Booth 1871



Reader Service No. 329

CHRISTOPHER RANCH GARLIC BOASTS SUPERIOR QUALITY

Christopher Ranch, LLC, Gilroy, CA, funded research to confirm the value proposition of purchasing top quality Christopher Ranch garlic versus imported Chinese garlic, which costs operators on average 3¢ less than Christopher Ranch garlic. Christopher Ranch garlic delivers consistent flavor, premium quality and top value.

PMA Booth 2512



Reader Service No. 330

CTGC LAUNCHES COOKBOOK PROMOTION

California Table Grapes Commission (CTGC), Fresno, CA, has created a promotion aimed at increasing worldwide demand for fresh California grapes. Consumers who purchase one pound each of green, black and red California grapes can receive a free copy of *Green Black Red: Recipes for Cooking and Enjoying California Grapes* by mailing their receipts to CTGC.

PMA Booth 2501



Reader Service No. 331

STEMILT OPENS NEW PEAR FACILITY

Stemilt Growers, Inc., Wenatchee, WA, opened a state-of-the-art pear facility in Wenatchee. The Miller Street facility features two commit-to-pack lines, a post-harvest pear ripening center and a network of cold-storage rooms. The new pear lines will increase efficiencies and give the company more flexibility when filling orders.

PMA Booth 1041



Reader Service No. 332

VOC EXECUTIVE DIRECTOR EARNS AWARD

Wendy Brannen, executive director, Vidalia Onion Committee (VOC), Vidalia, GA, received an award as a finalist for the 2008 International Association of Culinary Professionals (IACP) Award of Excellence for Consumer Educational and Communication Materials. IACP awards are given annually to honor IACP members who are experts and leaders in their field.

PMA Booth 2100



Reader Service No. 333

SUNKIST LAUNCHES TV ADVERTISING

Sunkist Growers, Inc., Sherman Oaks, CA, is supporting Sunkist Premium Sweet, a line of packaged citrus and other fruit, with television advertising for the first time this fall. The TV commercials will promote the fresh, natural taste, healthful lifestyles and healthful living. The TV spots will run in selected markets in the fall and will carry a retailer tag.

PMA Booth 2131



Reader Service No. 334

HAB ENCOURAGES AVOCADO CONSUMPTION

Hass Avocado Board (HAB), Irvine, CA, is promoting avocados through suggested menu items. The Avocado Salad Flatbread Sandwich is a combination salad-sandwich with chopped hearts of romaine leaves, dried tomato, diced fresh Hass avocados, sweet onion, garlic, olive oil, white vinegar and Romano cheese served on flatbread. For a free copy of *Foodservice Promotion Guide For Fresh Hass Avocados*, visit the HAB Web site.



Reader Service No. 335

GIUMARRA ANNOUNCES CONTEST WINNERS

Giumarra VBM International Berry, LLC, a Los Angeles, CA-based joint venture of The Giumarra Companies and Vital Berry Marketing, announced the winners of its online consumer sweepstakes, These Berries Rock. Consumers visited Nature Partner Web site, answered a brief survey on berry consumption and signed up for a chance to win one of three Apple iPods. Grand-prize winner Deanna Kenyon won an 8-GB iPod Nano while runners-up, Elizabeth Harburg and Roy Larsen, each won a 4-GB iPod Nano.



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POLITICIANS CALL ON PRODUCE INDUSTRY

*Democratic convention's Lean 'N Green initiative
boon to local organic produce growers.*

BY PETER LAVERY

Weeks before this year's Democratic convention, the Denver mayor's office began work on greening initiatives aimed at bringing local and organic produce not only into the spotlight of the convention but also into mainstream distribution channels. The Denver 2008 Convention Host Committee's Lean 'N Green task force met with local produce distributors, farmers and restaurant and foodservice executives to achieve their mutual goals with the intent of anything but politics. This was all about permanently advancing the area's produce business into an emerging area, not only as a marketing buzzword and consumer trend but also as a means of combating skyrocketing logistics costs going forward.

The Host Committee released a set of guidelines for catered events surrounding the convention, which at first set the catering world of Denver spinning. A major part of the commotion stemmed from media mischaracterizations surrounding the Lean 'N Green initiative, according to Parry Burnap, director of greening for the Denver Mayor's Office and the Denver 2008 Convention Host Committee. The program was the focus of an article in a local newspaper, showcasing local caterers criticizing the program's requirements as onerous, if not impossible.

Burnap says the article mischaracterized the program's guidelines as mandates instead of suggestions for participants. "The whole purpose was to be fun. These were simple guidelines based on nutritional knowledge as well as where we buy, what we eat and where it's grown." Despite the initial news coverage, "We have had a really positive response from caterers and restaurants, and the program was [easy] enough that 28 different restaurants with a total of 40 locations participated in the program. The response was positive enough that a peer group of 15 local businesses in Denver established a foodservice peer group or local trade association to share thoughts and ideas on sourcing, according to Burnap.

The Lean 'N Green program guidelines demonstrate the connection between healthful eating and a healthy planet, according to the Denver Mayor's office. The program focused largely on produce



served at convention-related events. Despite the crowd of 60,000 out-of-towners expected to be in attendance, conventional produce and conventional distribution channels would not be as welcome as local, organic produce. Half of each plate would be dedicated to produce, nothing could be fried and three of the colors red, yellow, green, blue, purple and white had to be included. Lastly, no less than 70 percent of ingredients used should be local and/or organically produced and fresh.

Lest the program be misunderstood as misguided idealism, Burnap explained its source. The Lean 'N Green initiative was developed based on the enthusiastic support of four local produce distributors, including Albert's Organics, Inc., based in Bridgeport, NJ; Shamrock Foods, based in Phoenix, AZ; and US Foodservice, based in Rosemont, IL, each of which boasts several hundred organic and local items with biodegradable packaging and service-ware.

The task force also generated *The Denver 2008 Restaurant Resource Guide*, a 16-page document "intended to aid restaurants and caterers in purchasing organic and locally grown food from Colorado by providing contact information for distributors, member organizations and farms in Colorado posted online to advance the availability of organic and local food options in Denver and throughout Colorado long after the convention ends," according to the Denver Mayor's office.

Nick Agro, owner of Whirled Peas Catering, Commerce City, CO, notes that while the official delegate events for the convention were consolidated into one major event at the Colorado Convention Center, there were several unofficial events hosted by corporations and fund-raisers around town during the convention. Whirled Peas created meals for such events that hosted senators, delegates and

other convention heavyweights. Local and organic food is not out of step for the business. "I use a lot of stuff that's local anyway, and we're using real china and glassware at our events," so recyclable and reusable is not troublesome.

As for sourcing local and organic produce, "When they started making these requests, we just got in touch with Sysco [Corp., based in Houston, TX], which publishes a list of local or Colorado Proud produce," Agro explains. "We use local proteins, too.

"Colorado is not a huge produce-growing region because the growing season is not a particularly long one and so going local can be hard at times," he continues. At the time of the convention, Agro was using significant amounts of local Pallisade peaches. To achieve the organic and local desires of clients for small functions, Whirled Peas sourced items at the local markets, or even Whole Foods Market, an Austin, TX-based chain with more than 270 stores.

Mark Zeller, business manager for Albert's, is very positive about the program and notes that while subscription to the Lean 'N Green program was at first slower than expected, "We did have a couple of key hotels in Denver contact us to participate. It went well — I met with the mayor's committee and got a lot of the information out

to the restaurants."

Sales of organics are already up 15 percent over the previous year and local clients have expressed enduring interest in local and organic foods. "We do a price list that is updated every day, explaining where we are getting each item," Zeller notes. "Right now, all the hard squashes are coming in, and we

"Denver is taking the concept of green and running with it. We used the convention to broadcast that fact to the world."

— Mark Zeller
Albert's Organics, Inc.

mark Local Item right next to it on the sheet, sent daily to more than 400 customers. If a new person came on board, I'd send him or her the 12-page list with over 400 items in my inventory. That way everyone knows, and we can pass on good deals daily."

While the Lean 'N Green initiative was aimed at health and nutrition, Zeller stresses that he is a businessman, not a politician. "Another key factor to going local is the cost

of transport," he states. "There's a lot of talk about carbon footprint in this. It's not just a pricing thing, but the green initiative across the country is getting people to look at it more. It's not just local and not just organic, but to have a great regional program brings real value to us and to our customers."

As for immediate impact of the convention, Zeller explains that while the convention has not launched a major piece of business that can currently be identified, he feels this segment is still just "the tip of the iceberg. I would like it from a sales side if the convention were not just a show for the country but something that we really run with. This is my business, after all. I'm hoping there will be more publicity as a result of this or along these lines.

"Denver is taking the concept of green and running with it," he continues. "We used the convention to broadcast that fact to the world. Organics are huge. We work with [King] Soopers [Denver, CO], Safeway [Inc., Pleasanton, CA], Vitamin Cottage [Natural Grocers, Lakewood, CO], and a lot of others. Even the big conventional retailers are focused on organic now. You have to get on board or give that business to someone else. We have 120 organic items in King Soopers, and even the warehouse stores are involved in this now, too."

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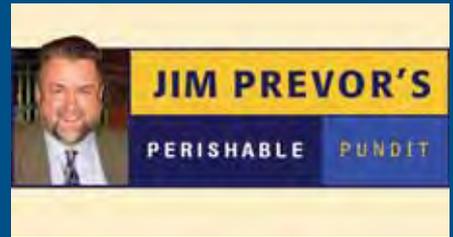
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Reader Service # 232

Though Traceability Initiative Is A Big Win, Weak Links Still Exist



Excerpted from Jim Prevor's *Perishable Pundit*, Sept. 9, 2008

Bruce Peterson was correct when he pointed out the produce industry is unlikely to eliminate all food-safety problems and other industries do a better job of limiting the damage from food-safety problems by having excellent traceability so virtually all food-safety problems are tied to a specific product, brand, factory, etc., simultaneous with the announcement of the problem.

We are not sure the industry's joint initiative on traceability will ever achieve Bruce's vision. Its fulfillment depends on consumers being able to identify what they bought, and that depends on item-level traceability and branding so consumers can instantaneously say they purchased a clamshell of XX brand of an item and still have the clamshell in the refrigerator.

Our take is that if the industry is really serious about traceability for food-safety purposes, it leads to an embrace of a mostly packaged produce department similar to what is common in the U.K. and at Tesco's Fresh & Easy stores here in the US or a requirement that individual items be stickered with GTIN barcodes plus a lot number that embeds a pack/harvest date.

But the joint task force punted on these expensive and controversial ideas and elected to leave item-level traceability for another day and, instead, devoted its efforts to more manageable traceability on the case level.

The Produce Traceability Final Action Plan is being shopped around the industry by senior officers of the trade associations to get endorsements, and the plan is to set up a Web site and publicize the names of these endorsers in much the way the California Leafy Greens Marketing Agreement (CLGMA) was trumpeted as the industry's response to the spinach crisis of 2006.

Many companies told us the pressure to endorse was unbearable — not so much from the associations but because a public announcement will be made. Many of the requirements under the plan, especially for buyers, are not required for several years. Whether money will ever be budgeted to implement the plan is uncertain, even within the best intentioned of organizations.

One executive explained to us: "Companies will want to seem progressive and sign on with no intent to follow through. Where's the integrity in that?"

There seem to be four basic problems with this initiative:

1. Even if fully implemented by big players, it won't solve the industry traceability problem. One key player explained the problem this way:

Putting in a system to trace product gets more difficult the further down we go in the distribution chain. Stand on the floor on a busy terminal market and try and imagine where the product goes after it is sold by the wholesaler. A customer known as "Ken, the guy with the red truck" pays cash for a pallet of tomatoes. He takes the tomatoes to his garage where the boxes sit on the floor next to cleaning supplies, motor oil and who knows what else.

He and his kids dump the tomatoes on a dirty tarp to sort them for color. The green ones sit in the garage for a few days to color up during which time one or two rodents snack on tomatoes. When they ripen, Ken delivers the tomatoes to some of the finest restaurants in town.

I don't think Ken or even a legitimate small wholesaler or purveyor is interested in investing in a traceability system. The system is only as good as

its weakest link, and unless Ken is a part of the system, it doesn't work.

During the *salmonella Saintpaul* outbreak, the focus was on small Mexican restaurants. These types of venues probably do not get their produce from Sysco. They probably get it from small purveyors outside the scope of this traceability plan. This fact will not escape notice when the plan is announced.

In this sense, the problem with the plan is it is really focused on improving traceability among the sector of the industry that has the best traceability right now, but it leaves untouched a secondary sector of the trade that may well be the real problem.

2. Foodservice seems to find the plan almost completely unworkable.

Whereas retail moves product mostly by the pallet, in foodservice, product moves often by the case. Between the investment in systems and a big productivity hit, the cost for foodservice distributors will be many millions. Who has the money for this right now?

There also is concern about effectiveness:

A significant part of certain produce items in foodservice distributors' sales are in splits or breaks (packages broken down into smaller units).

Items, such as peppers, cucumbers and squash, are often sold to restaurants in units other than the shipping-point container. Many major distributors use wholesalers to do those splits. These repacked units are typically labeled with lot numbers for traceability purposes.

Other distributors do their own splits and look at their repack area as a profit center. Many repack and color sort their own tomatoes. The vast majority of those that do their own repacking and splits have (or had before the *salmonella Saintpaul* outbreak made traceability a big issue) absolutely no idea what product went into the box or to which customer that box was shipped.

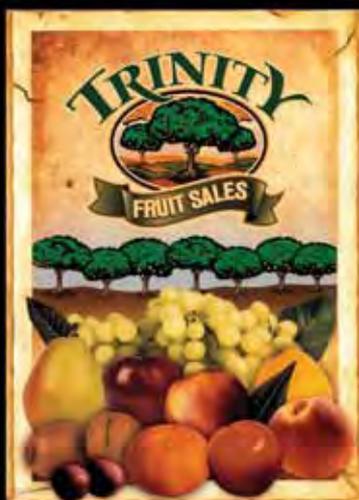
It is important to remember buyers pass the costs of recalls on to the suppliers. Retailers, with the reputational risks inherent in having consumer brand names, are likely to sign up because the downside of being identified as anti-traceability is too great. Foodservice distributors may be able to speak more bluntly — there is no ROI for a buyer because buyers pass on recall costs.

We are told foodservice was the most vocal at the meetings about the plan being problematic; we're also told this was a function of grower/shippers being hesitant to seem to be objecting in front of their big retail customers and big retailers hesitant to identify themselves as hesitant to invest in traceability.

3. Many grower/shippers feel in a ridiculous position. The plan includes different timelines for different classes of trade. One grower/shipper said:

By the third quarter of 2010 we have to "Show human readable information on the case" and "be ready" to "Encode Information on a Barcode on the case" but inbound scanning (by buyers) isn't until 2011 (no quarter mentioned so the deadline is Dec. 31, 2011) and outbound (once again by buyers) in 2012 (once again no quarter mentioned so the deadline is Dec. 31, 2012). True we just have to "be ready" to barcode but, even so, why should we have to spend all that money to "be ready" by third quarter of 2010 and put information on cases for over two years — with all this information not being col-

"Companies will want to seem progressive and sign on with no intent to follow through. Where's the integrity in that?"



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Reader Service # 24

lected or of any use? I say either we do this together, or we don't do it at all.

Because the timelines call for grower/shippers to "go first," many are skeptical buyers will ever actually make the investment to use the data grower/shippers are supposed to invest in producing. Why should shippers incur the cost and make the investment if the information is not captured further down?

Grower/shippers already see retailer one-upmanship to demand even stricter standards. One major retailer has sent around a letter demanding full GTIN (a sort of UPC code for cases) compliance on every carton by the end of 2008 — although the industry traceability plan leaves that requirement until the third quarter of 2010.

Some grower/shippers advised the industry may be wildly underestimating the cost of the initiative. A number told us they utilized facilities near major retail distribution centers. They bring product into these facilities, inspect it, if necessary repack, etc. — the goal is to meet their customers' metrics, which often require virtually zero rejections. This system seems to require them to scan both in and out of these facilities and also requires them to create a new GTIN for repacked items.

Shippers who do a lot of low-volume items felt costs would increase; on mixed pallets, every pallet must be broken down and each case scanned individually at each stop.

More than a few grower/shippers already do a lot of this on the pallet level and they question the sense of going to a case system. Those who sell bulk commodities often point out they sell in pallets and the consumer buys by the item, so tracing the carton doesn't accomplish much although it will be a very expensive change in the system.

4. Are buyers actually going to do this? Foodservice is clearly crying it will be very difficult, and many grower/shippers have severe doubts about retailers. We heard plenty of doubts from plenty of retailers about the certainty their own organizations will make the investments.

The core of the initiative is a 7-point plan. The first three relate to a move to GTIN and were uncontroversial. Points four and five speak to packer/shipper obligations to use the GTIN in a barcode and human readable format and seem widely accepted by the big grower/shippers — if buyers are willing to constrain their supply chains and only purchase from vendors who meet these traceability requirements.

Points six and seven require buyers to spend a lot of money, collectively probably in excess of \$100 million to read the barcodes and electronically store the information on every inbound and outbound case.

There is no direct ROI to doing this, so many, including some retailers, doubt buyers will spend the money unless the government orders it.

Tom Stenzel of United Fresh spoke at the last meeting of the task force. He supported the industry crafting its own solution and getting ahead of the issue but indicated it was possible government would decide to regulate anyway so as to cover those not voluntarily implementing effective traceability systems.

Industry executives enthusiastic about the traceability initiative typically see the prospect of government action as a powerful driver. When asked if he thought retailers would spend the money to make this plan happen, one said:

I think the Action Plan we now have is realistic and doable and gives the industry a very real alternative to a government-directed approach. With that said, there are some very real challenges. Foodservice and split cases are an example. And there will always be those who come late to the party. But I do believe major receivers will get on board. Time frames may not be precise, but moving to GTINs and GS1 bar-coding that has the GTIN plus lot number as the case identification standard makes great sense.

There is flexibility to provide for inventory-control models and other nomenclature between buyers and sellers. But I think the paradigm shift in the industry is recognition that from the perspective of traceability, standards are critical.

Some grower/shippers advised the industry may be wildly underestimating the cost of the initiative.

Our take is the basic design of the industry traceability system is very good. The "paradigm shift" that recognizes traceability is best obtained with industry-wide standards rather than proprietary systems is a breakthrough.

What is the purpose the industry hopes to serve by making a big announcement? It is fair to say the CLGMA was aimed at heading off government regulation. Yet we are not certain this is an appropriate or desirable goal in this case. Two things made the CLGMA a credible alternative to regulation: First, virtually all the production of California leafy greens was covered and second, those who signed up subjected themselves to real and meaningful standards, including a willingness to be audited by government auditors.

Neither condition will exist in this case. Although the industry may be tempted to say endorsers account for 90 percent of produce produced or imported into the country — that would not be exactly correct. Traceability depends on the weakest link; one non-participating wholesaler or purveyor can break the chain — even if that case is "counted" elsewhere in the supply chain.

And even if buyers install all the systems, nothing in the endorsement of the plan requires those buyers to constrain their supply chain and buy only from producers who meet the standards.

By asking for endorsements without any requirement to restrain buyers' supply chain — much less that they agree to be audited for that fact — this traceability initiative looks like another opportunity for a big double standard. Just as many buyers use supposed enthusiasm over locally grown product as an excuse to buy from less expensive sources, many buyers will find reason to waive any traceability requirements and buy from the cheapest source, even if the buyers have scanners and systems to store the data.

In the battle to establish the CLGMA, it was recognized a mere "endorsement" of the agreement by retailers was insufficient. What was required was a commitment by buyers to constrain their supply chain and buy only from signatories to the agreement. In the absence of this commitment, which is not even being requested, buyer "endorsement" of the plan will ring hollow.

If this is presented as an industry solution to traceability, precluding the need for government regulation, the industry will come across as less than wholly truthful.

And if big players are going to invest to make this happen, it is not clear why the industry should even look to head off government regulation. The practical effect of doing so is to prevent sectors of the industry that have refused to make these investments from continuing to operate.

Perhaps the best way to position this is not as an alternative to government regulation but as a test model for what government should legislate.

Many objections are about cost; the fear is not just that there is a substantial out-of-pocket expense but that the standard won't be upheld and it will not be a level playing field. Think about a chain such as Supervalu's Sav-a-Lot. These stores are independently owned. Maybe Supervalu will invest in these traceability systems and maybe it will buy only from shippers who follow the rules — but who says the storeowners won't buy outside the system if product is cheaper?

A government regulation — produce couldn't be sold if it didn't conform to these standards or couldn't be handled by people not capable of conforming — would remove the possibility buyers could subvert the system by buying cheap product from producers who didn't invest in meeting these standards.

Still, the accomplishment of this task force should not be underestimated. It has made the industry wrestle with important issues and the trade has a consensus that industry standards are a better way to go than proprietary models. The industry also has agreed on what those standards should be: GS1 bar-coding that has the GTIN plus lot number. The whole process has caused many in the industry to think and act in a new and more progressive way. That makes it a big win. It doesn't make it a complete solution, and we pretend otherwise at the peril of the industry's credibility.

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Post-Recession Survival Guide

Strategies to take advantage of the changing economic picture.

BY JODEAN ROBBINS

Media reports and endless economic studies loom menacingly over the produce industry, and, indeed, most industries. Spawned by soaring fuel prices, spurred on by the mortgage crisis and fueled by upheaval on Wall Street, the economic downturn has raised more questions than answers, especially in this politically charged year that will end with a new president poised to enter the White House.

According to reports from The Food Institute, Elmwood Park, NJ, the consumer price index (CPI) for food is forecast to increase 4.5 to 5.5 percent in 2008; the CPI for food had already increased 4 percent in 2007, the highest annual increase since 1990. The Food Institute further reports, "Food-at-home prices advanced a sharp 1.2 percent during July and were up 7.1 percent from a year ago, the largest year-over-year increase since March 1990, and food-away-from-home price inflation accelerated, advancing 0.6 percent for the month and up 4.6 percent from 2007."

Escalating food and gas prices lead to questions about how consumers will react and how produce companies, retailers and foodservice operators will be affected. "Historically, there are a number of predictable consumer behaviors and we're seeing all of them now," states Ed McLaughlin, director of the food industry management program and the Robert Tobin professor of marketing at Cornell University, Ithaca, NY. "One is a shift to lower priced products, which sometimes means private-label products, a shift to lower-value commodity-based items, a shift away from restaurant to retail eating, and a shift away from specialty stores and high-end retail to more value-oriented outlets. These are all common consequences of prior recessions and are all in evidence of increasing in this era."

However, the picture may not be as bleak as it first appears. "Food is still relatively inexpensive and a 4.5 percent increase in food prices doesn't cause widespread changes in consumption habits," says Roberta Cook, extension marketing economist for the Department of Agricultural

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and Resource Economics at the University of California, Davis (UCDavis), CA.

"Times of disruption are always a threat of destruction or an opportunity to grow," adds Kathy Means, vice president of government relations and public affairs for the Produce Marketing Association (PMA), Newark, DE. "It's nature's way and it's the nature of a free-market economy, too. The greatest innovations and opportunities follow the greatest disruptions."

"We look at this as time for us to find new opportunities," agrees Raul Gallegos, senior director of produce and floral for Bristol Farms, a 16-store high-end chain based in Carson, CA, and a subsidiary of Eden Prairie, MN-based Supervalu, Inc. "We have decided not to participate in the recession. We are looking to see how we can continue to grow."

Statistics support the ability of some to come out as winners in a recessionary economy. "Sales at supermarkets have been outpacing the rise in food-price inflation by a small percentage, indicating at least some operators are managing to do more than simply pass along price increases," reports Brian Todd, president/CEO of The Food Institute. "Many are promoting

"We have decided not to participate in the recession. We are looking to see how we can continue to grow."

**— Raul Gallegos
Bristol Farms**

sales items more and bringing attention to features such as value aisles."

"Retailers have seen this happen many times in the past," says Cornell's McLaughlin. "Thirty years ago it was much worse than now. They know they have to develop strategies to respond to shoppers in the short-term but I don't think there is any supermarket operator, just like there's no economist, who believes this is going to be permanent. How long it will last is the question."

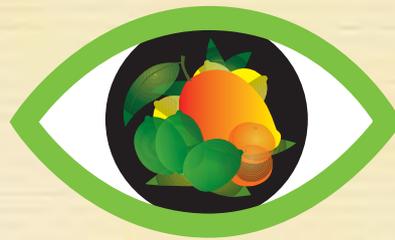
"The big unknown now is how much worse it will get before it gets better," says Dick Stiles, director of produce and floral for Reading, PA-based Redner's Markets, Inc., which operates 39 supermarkets and 12 convenience stores. "We're trying to take it as it comes, go back to basics and do what we do best."

ANALYZING CONDITIONS

The produce industry in general and the supermarket industry in particular are already

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implementing a number of adjustments to try to weather what some are referring to as a perfect storm of economics. "There's not a supermarket operator in the country who isn't aware of the change in consumer behavior," notes Cornell's McLaughlin. "As a result, every retailer is doing something from making private label more prominent to offering more local or regional items to rethinking format and size."

"Whether it's a 1-store operation or a Wal-Mart, all retailers are very dialed in to the numbers," states Karen Caplan, president of Frieda's, Inc., Los Alamitos, CA. "They're very aware of labor, shrink and demographics. Managing your business by the numbers is what businesses have to do right now."

The industry has seen a number of factors converge to create a volatile market. "Often it can be harder for growers to pass on production cost increases because they're price takers," explains Cook of UC Davis. "Now we have several important factors to consider at the same time. The increase of energy costs are affecting all levels so all levels of the system are experiencing higher costs, and this is happening in a food marketing environment where competition is more ferocious than it's ever been. We're in a cost/price squeeze at every level of the system."

"In my years in produce, I've never seen

conditions come together the way they are now to be the perfect storm for business," says Lloyd Ligier, vice president of business development for Pro*Act LLC, a distributor based in Monterey, CA. "This is a horrible environment. We try to get together with our operators and

"There's not a supermarket operator in the country who isn't aware of the change in consumer behavior."

**— Ed McLaughlin
Cornell University**

see what we can do to help each other. Can we analyze produce purchases and see where we can help?"

"The pressure right now is to try to contain costs and not pass them on because competition limits your ability to pass on costs," Cook adds. "So whereas in the past a 10 percent price increase at the production level would have meant a 2 percent increase at the retail

level, the incentive today is to not pass on the increase or to limit the amount you pass on because you can become less competitive than someone else. If you are inefficient at any level in the system, you can be facing great difficulty. Of course, people will be trying to pass on costs but the competitive environment today makes it more difficult and complex."

Discounters such as Wal-Mart, Costco and others have traditionally taken a hard line on accepting price increases from suppliers. Deisha Galberth, spokesperson for Wal-Mart Stores Inc., the Bentonville, AR-based retailer that operates 915 Wal-Mart stores, 2,572 Supercenters and 143 Neighborhood Markets, states, "When our grocery suppliers bring price increases to the table, we don't just accept them, and increases do not necessarily show up in the retail price. We will continue to work closely with our suppliers in every way possible to keep the prices down for our customers and help them manage their grocery budgets. If market conditions, federal, state and local laws or regulations drive costs up, we remain committed to being the price leader in every community we serve. We aim to be, wherever possible, the first to lower prices and the last to raise them."

The intersecting factors make it difficult for all segments of the industry to remain prof-

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Reader Service # 86

itable. "Our industry remains seriously challenged with high costs of goods and lower gross margins," says Paul Kneeland, vice president of produce and floral, Kings Super Markets, a 36-store chain based in Parsippany, NJ. "Additionally, the recalls, warnings and recommendations to remove from sale product possibly linked to *salmonella* cases have not helped sales or customer confidence."

"We're all in the same boat — our suppliers, our customers and us," notes Alan Siger, president and CEO of Consumers Produce Co., Inc., of Pittsburgh, a full-line produce distributor in Pittsburgh, PA. "We're all trying to survive and be successful, be profitable for our shareholders and provide employment. Our business is a partnering thing; in order for us all to survive we all have to be profitable and work together."

LOOKING FOR A BREAK

While some companies feel the pinch and scale back, others find this climate emphasizes the need for upgrading. "People are taking capital investments in equipment and technology that decrease their use of energy very seriously now," reports UC Davis' Cook. "They might not have considered upgrading or building a new, more efficient building in the past, but now they're looking into it. Before, the return on investment [ROI] would have been

looked upon as taking too many years; now the ROI is quicker because of the high energy costs. This trend should continue because there is a limit to what you can do if you stay in your existing facility. Some examples of this are Wal-Mart with its new green stores and Tesco's distribution center in Southern California. It includes all kinds of environmentally friendly measures to reduce its short-term and long-term energy costs."

The industry is also looking for efficiencies and alternatives in transportation. "The biggest thing right now is obviously high fuel costs, which makes the whole transportation component tougher," explains Dick Rissman, produce director for the 12-store Dahl's Food Stores chain based in Des Moines IA. "You may need to have fewer deliveries and make the deliveries more efficient. You have to tighten up where you can."

"We look to limit transportation expenses by filling out trucks and using alternative means of transportation such as rail," states Kings' Kneeland. "Contracting more commodities will help keep pricing stable and give a consistent supply in times of shortages."

Different formats are another area of exploration. "We're seeing a lot of examples of one format being supplemented by adjacent formats," reports Cornell's McLaughlin. "ShopRite



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Photo courtesy of Tesco Fresh & Easy

Retail Survival Tip: Merchandise and promote basic products

has a very strong limited-format addition called PriceRite and Food Lion has its price-oriented format. Retailers will examine the extent to which there might be an opportunity to open some stores with a very strong price orientation."

One success story in this area is Fresh & Easy, which continues to expand despite the downturn. "As a new business, we are continuing our expansion as planned," says Brendan Wonnacott, spokesman. "Our stores offer a wide range of quality food accessible and available to everyone in all types of neighborhoods. We designed a store to deliver what we heard American consumers said they wanted — a market offering fresh, wholesome foods at affordable prices right in the neighborhood."

Tim Hammonds, president and CEO of The Food Marketing Institute (FMI), Washington, D.C., adds, "We're finding many of our operators, if they have multiple formats, are opening the value format — basically smaller footprint stores that don't require as much capital to build. Obviously, this depends on the area and other specifics."

Some retailers are making decisions to hold off building or remodeling or looking at other cutbacks. "We see at least a short-term pullback in remodeling of stores and postponement of heavy technology investments," continues Hammonds.

Austin, TX-based Whole Foods Market, which has 270 stores, recently announced it would scale back its expansion and super-sized stores. The *Sacramento Bee* reports that Sacramento, CA-based Raley's Supermarkets, a 130-store chain, has decided to scale back its advertising budget by cutting TV commercials and will focus on radio and print spots.

However, discount retailers, such as Wal-Mart, Costco and Minneapolis, MN-based

Target, which has 500-plus stores including more than 175 SuperTargets, appear to be reaping the benefits of the economic downturn. Recent industry figures showed a 4.3 percent jump in retail sales last month and indicate Wal-Mart and Costco as beneficiaries. According to investment-industry news reports, sales at Wal-Mart were up 5.8 percent for stores open more than a year.

"At Wal-Mart, we're committed to saving people money so they can live better," says Galberth. "In today's economy, our customers are looking to us to be an advocate and find solutions to save them money on their groceries — and other products their families need."

"Lower prices in recessionary times don't necessarily translate into bad news for everyone," states Cornell's McLaughlin. "If you have a retailing organization targeting a certain segment, you're likely to do fine. If you look at the performance of limited-assortment stores like Save-A-Lot, they do well in recession. If you look at the stock performance of Target and Wal-Mart, they've done well in past quarters. There are some winners for sure. It could even be argued the supermarket sector in general may not be a loser because of the shift away from the foodservice sector. Although overall, the retail sales mix sees a shift, they may experience increased traffic to make up for the shift from higher priced items to lower priced ones."

CONSUMER CONCERN

Consumer habits have begun to change. "We see dramatic impact on shoppers generally," according to FMI's Hammonds. "Beyond just a normal slowdown in the economy, people are making dramatic changes in the way they shop, where they shop and where they eat. They're going to the upper-scale restaura-



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Private Label Focus

One growing economic trend. “The private label trend had already been growing,” reports Roberta Cook, extension marketing economist for the Department of Agricultural and Resource Economics at the University of California, Davis. “It is not necessarily focused on lower costs but is focusing more on differentiated products, similar to the Trader Joe’s model. The sophisticated regional chains were already using private label as a differentiation strategy and not positioning it just on price. Now, private-label products are growing faster because of the economic downturn. There’s a price benefit to private label as well as the differentiation. Retailers recognized they had to have some way to differentiate themselves and to provide enough value to consumers to generate loyalty in their stores. The Safeway O Organics private label is a great example of this.”

“There is increased reliance on private label product,” reports Tim Hammonds, president and CEO of The Food Marketing Institute, Washington, D.C.. “Stores are making their private label

more accessible and visible to shoppers. They may even change or work with suppliers to get a better line of private-label product or to make the product more efficient, such as cutting down on packaging or going to concentrated product. The upgrade of private label has been underway for five to 10 years. Today’s private label has higher-quality packaging and graphics, and the look of the pack is much more competitive. The product goes through much more rigorous standards.”

Safeway’s private-label lines, O Organics and Eating Right, recently received press coverage precisely because of their success and potential expansion. According to a report in *The New York Times*, “Safeway has initiated the Better Living Brands Alliance with the highly unusual goal of selling these two store-brand lines in places other than the chain that created them.”

In August, Publix announced another kickoff of its store brand challenge: Consumers who purchase one of a selected national brand item will receive the same Publix brand counterpart free. The promotion expresses Publix certainty

consumers will enjoy its brand “as much if not more than the national-brand counterpart.”

“As we come out of the economic downturn, there will be more growth in the differentiated private label products,” predicts Cook. “Most of the retailers understand the need for customer loyalty. Even though chains are looking to lower price and provide value, they’re also looking to develop things to differentiate themselves and continue to attract loyal customers.”

El Segundo, CA-based Fresh & Easy’s private label continues to attract consumers. “Customers have responded positively to our own-brand foods,” says Brendan Wonnacott, spokesman. “We know our popular ready meals, such as our mango chicken and beef lasagna, give families a great value alternative to take-out. Following a great customer response and encouraging sales of Fresh & Easy-brand food, the company is expanding the range with 250 additional products, including fresh-prepared ready meals, new juices and brewed teas, soy and goat yogurt, and a range of ready-to-grill meats.” **pb**

and they’re returning to using coupons and looking for particular sales or bargains. They’re buying more private-label product and are conscious of the amount of gas their

trips are taking, so they won’t necessarily drive long distances. They’re concentrating their purchases more by trip.”

“There are two primary impacts on the

supermarket industry from the economic downturn,” explains Bill Bishop, chairman of Willard Bishop, LLC, a consulting firm in Barrington, IL. “Customers trade down to cheaper

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items — national brands to private labels or more expensive cuts to cheaper cuts of meat — and absolute spending is slowing and shifting to price-oriented outlets, resulting in a significant reduction in same-store sales.”

“I just came back from a produce share group with 16 or so other companies across the country and as far as produce goes, we've all seen the effects,” shares Redner's Stiles. “Besides fresh produce, we see it in items such as our refrigerated salad dressings or fresh juices. People are now going to the grocery salad dressings or juices. We're also seeing the hit in fresh vegetables where people are instead buying frozen. We're not getting a lot of the extra impulse sale. People are generally being more cautious.”

Industry members report seeing consumer caution and reduced buying frequency. “People are more selective about what they're buying and they're definitely taking advantage of more promotions and specials,” says Dahl's Rissman.

“It appears customers are shopping less frequently,” reports King's Kneeland. “Retailers like customers to come to their stores multiple times a week. With the cost of fuel, many people are trying to do weekly shopping instead of daily shopping. People are definitely buying more advertised items as a whole across the store.”

“At wholesale, it seems customers are a bit timid — buying a bit short — and reluctant to try new items,” states John Vena, Jr., president, John Vena Inc., a wholesaler on the Philadelphia Terminal Market in Philadelphia, PA. “They seem a little too focused on the value proposition of an item. In other words, they want everything at a lower price.”

Statistics from previous recessions show consumers tending to move toward processed fruits and vegetables during hard economic times. UC Davis' Cook explains, “In the last recession during the early 1990s, we see fresh vegetable per capita consumption peaking in 1989, then declining during the recession until it recovered in 1993, whereas in the processed vegetable category, per capita consumption continued to grow during those recession years. It wasn't until we came out of the recession when the level of processed vegetables stabilized and declined later as fresh started to grow again.

“On the fruit side, the numbers show fresh pretty much peak in 1989 then declined during the recession until it recovered in 1992,” she adds. “Fresh citrus had already been declining and never recovered, which is due to many different factors so it is unclear how the recession affected it but, nevertheless, the recession may have had some impact. We would expect products such as blueberries and strawberries, which may be higher priced during the winter, to see some movement to processed versus fresh.”

Some fresh products may actually see an

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increase in consumption during recession years. "In the last recession, it appears fresh potato consumption benefited from the recession," Cook continues. "Fresh sweet potatoes had been declining in the 1980s and reached a low point in 1989, then went up in 1990 and stabilized. It seems the recession may have actually jump-started the category."

NOT THE SAME EFFECT

Economists point out changing consumer habits may change consumer reaction this time around. "Our attitudes and knowledge of food now are very different than in the early 1990s recession years," explains Cook. "A certain percentage of the population will buy more staples and less luxury. However, many people have come to think of luxury items as something they deserve and will incorporate into their regular purchasing. As a result, there may be less of a change away from luxury items than in past recessions because a lot of consumers who are above the medium income are not making the shift. According to the Hartman Group [Bellevue, WA], 47 percent of consumers use at least some special-occasion brand every day."

Consumer purchasing changes may also vary depending on demographics. "Higher income households account for a disproportionately large share of expenditures on fresh

Survival Tips: Foodservice

- Analyze costs, see if there is any waste
- See if you can change size or grade on products
- Make adjustments with suppliers to reduce transportation
- Keep a long-term focus, despite short-term changes
- Sell the value, not the price
- Offer lower-cost specials
- Offer options for customers
- Make produce a more prominent part of the plate
- Offer smaller portion sizes
- Let customers know what you're doing
- Offer take-out items for home use
- Look at using value-added to cut down on labor costs
- Innovate to excite your customers

For more information on the foodservice industry, see page 52.

produce, relative to their share of the population," explains Cook of UcDavis. "This will help mitigate the effects of the recession on

fresh produce."

Gallegos of Bristol Farms attests to this fact. "We have not seen much change at all in our consumers' purchasing patterns," he says. "Most of our consumers are culinarians and we cater to a high-end market. They don't seem to be making adjustments to their food purchases."

"Keep in mind food still represents only about 10 percent of consumers' disposable income and it's still relatively inexpensive," adds Cook. "Many consumers with higher income are not going to experience a radical change in their shopping practices because they're accustomed to a certain quality level and convenience factor."

In the end, it really comes down to the perceived value a product or even company has. "Those who will succeed are the ones who have a good understanding of the value perception they provide and are communicating it to customers," says Cook. "Companies or products that don't have a good value proposition will have a hard time surviving this. One example is the recent announcements of mid-level full-service restaurant chains going out of business."

"There are two lessons from past recessions," advises Bishop of Willard Bishop. "First don't overreact. It can cost you a tremendous amount of money. Second, those who win are those who follow their customers most enthu-

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PROMOTING AFFORDABLE LUXURY

The expected decline in eating out may, in fact, result in higher-value retail purchases. "Consumers may feel strapped in these times and be reluctant to take the family out to a restaurant but thus will spend the money on a better-quality steak in the supermarket," explains McLaughlin of Cornell. "This is generally true of some segments of shoppers."

"Home sales have slowed down, car sales are down, and people aren't taking expensive vacations," notes Frieda's Caplan. "Stores can promote produce as an 'affordable luxury,' such as showing customers how to make a fresh fruit tart or a wonderful meal with fresh herbs."

Retail outlets may be an increasing choice for meal solutions. "You're still going to have the two-working-parent families who are looking for the convenience foods and cut fruit," explains Redner's Stiles. "Instead of going out to eat more, they'll be looking for those fast, convenient meals at home."

"There will be a demand if we create it," concurs King's Kneeland. "People are still watching the food shows and looking for something different. The retailer that wins is the one that has it in stock at a reasonable retail."

"The Food Network has been the best thing for our industry," notes Frieda's Caplan. "I've heard many produce managers say that when Rachael Ray uses lemongrass, they see a bump in sales of lemongrass. The typical cutting back during recession may be counteracted by the increasing exposure consumers have to higher-end and unique products via the Food Network."

The appeal of some higher-value items should not be discounted, even in recession years. "We see the higher value still has a place with consumers, even in a downturn," says Dahl's Rissman. "We do notice if they're on promotion, they sell more but if consumers perceive something is a value, they'll move toward it. Produce can be a treat for some items, so the consumer still sees the value when compared to the price of other things. For example, having fresh strawberries at home is still less expensive than crème brûlée at a restaurant."

"Retailers should not give up on high-value items as there will likely continue to be demand for such products, albeit a smaller one if prices continue to soar," says Todd of The Food Institute. "Certainly, if there is some sort of benefit from the higher priced items, it should be promoted since these items may bring a higher return."

According to Vena of John Vena, "Many of

the products we handle have a specific ethnic appeal and are going to specific retailers and restaurants in ethnic neighborhoods. Even though many of these items are expensive, they are intrinsic to certain cultures and they continue to move."

Convenience and familiarity may keep consumers buying higher-value produce items even if they're not in the market for a new TV or car. "Changes in product mix can happen but we haven't seen it yet," reports Matthew D'Arrigo, vice president of D'Arrigo Brothers of New York, a wholesaler on the Hunts Point Terminal Market, Bronx, NY. "People may be staying away from higher-ticket items such as TVs or cars or cutting back on the frequency they eat out, but we're not seeing any high-value produce hurting right now."

"People are used to the convenience items so we anticipate most of our customers will still look for those," reports Redner's Stiles. "There will be some demographics, such as the elderly on fixed incomes, that might switch to more bulk. However, many customers will simply price shop on the items they still want."

"It will still be important for us to provide variety to our customers," adds Rissman. "We will still carry a lot of salad mixes because most of our customers like romaine or the mixes compared to iceberg. We don't want to



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overlook the lower-end products or make a judgment about the higher-end stuff not selling due to the economy. You have to live on the edge a bit and follow what's going on with your shoppers."

CONNECT WITH MEAL SOLUTIONS

To benefit from the transitioning foodservice dollar, produce departments should be looking to incorporate promotion with foods in other departments for meal solutions. "The increased focus on prepared foods may be paying off for supermarkets as many con-

sumers have cut back on their away-from-home food expenditures and shifted those dollars to the supermarket," says Todd. "For consumers still time-starved, those prepared foods become an attractive alternative to not frequenting their favorite restaurant and not spending time they don't have preparing a complete dinner."

Providing customers with restaurant-style products may be an opportunity. "Retailers can offer more fresh produce convenience products positioned as restaurant-type items, for example, what Dole is doing with its revamped salads," suggests UC Davis' Cook. "The company

recognized there was a gap in the premium products and is now filling it. People have become accustomed to eating in restaurants and they will still be looking for restaurant-quality food and convenience at home."

Many retailers are conquering prepared foods. "The new trend to much smaller, fresh food stores trumpeted by Tesco is attracting lots of other retail competitors across the country," says PMA's Means. "These retailers are focusing intently on prepared foods and fresh foods — it's not just rotisserie chickens anymore. Consumers certainly have noticed, and PMA research says 59 percent of consumers purchase ready-to-eat meals from supermarkets. According to Morgan Stanley, retail stores started recapturing market share around 18 months ago. Most impacted by the retail encroachment are casual restaurants where dinner typically accounts for 60 to 70 percent of sales."

The industry may have a unique opportunity to provide menu suggestions. "If retailers

"The comparison we should be making is the value of shopping in our stores versus going out to eat at a restaurant."

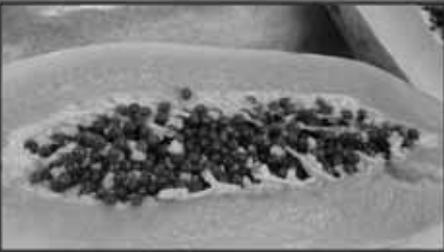
**— Paul Kneeland
Kings Super Markets**

assist shoppers in making their meal experience better, customers will buy more," states Frieda's Caplan. "For example, HEB, through its Meal Deals groups ingredients and provides recipes. It's cooperating throughout the entire store instead of every department being on its own. Publix has a program called Aprons that is a live demonstration at the front of the store where a staffer prepares recipes using about five ingredients. All the ingredients are displayed around the same station and it has samples of what is being prepared."

"The redirected foodservice dollar really helps right away in meat and seafood," relates Redner's Stiles. "In produce, we can make sure we have everything the consumer needs to go with the entrée and provide convenience. Cross-merchandising is going to be very big this year. Whether produce is doing it in the meat department or in the produce department, you're going to see a lot more of it. We'll also put recipes in the paper and tie in produce with the protein item."

For retailers, more convenient, higher quality options will be important. Cook explains,









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"With people eating out less, they're going to want something with a fairly high flavor profile because they're used to that."

"The comparison we should be making is the value of shopping in our stores versus going out to eat at a restaurant," advises Kings' Kneeland.

"A lot of suppliers have come out with different packaging solutions and products to allow the customer to prepare quicker and easier home meals," says Bristol Farms' Gallegos. "Those products will be a benefit to stores looking to fill the meal needs of their customers."

RETHINKING PRICING

As everyone in the industry scrambles to stay competitive yet meet costs, pricing is taking on a new meaning. "Retail pricing has changed in several important respects," Bishop of Willard Bishop explains. "There has definitely been some price discounting in an effort to meet competition and hold on to business. There's also been a broad interest in strengthening retailer pricing strategy and making use of price optimization technology to help make the pricing more profitable. Other changes include greater emphasis on other components of the value equation such as service and quality, more attention to increasing efficiency by reducing assortment, and introducing value packs. This is particularly interesting in some perishable departments."

"We try to hold some short-term retail price increases that harm our gross profits," shares King's Kneeland. "We may not be able to do this in the longer term but it affects your competitive situation. All departments in the company are affected, so it is difficult to lean on them to help make up some lost margin."

A recently released study by PMA reported, "Most American consumers consider food price increases as extremely serious and many would migrate away from fresh produce purchases with increases at a price point of 26¢ to 50¢ extra per pound. . . these data suggest most consumers are alarmed at the rise in food prices and are prepared to take alternative steps should prices on produce rise even more."

The report recommends the produce industry should make an effort "to stress the efforts being undertaken to keep the prices of fresh fruits and vegetables down, and continue to point out the health and other benefits of eating fresh produce."

"Produce prices have not risen as fast as other food items," says PMA's Means. "So when you look at tradeoffs, this is where a retailer could capitalize by advocating produce as a menu stretcher and a dollar stretcher. Not only can retailers do this — and food-service as well — but commodities can also take advantage, advocating how their products can stretch the consumer's food dollar."

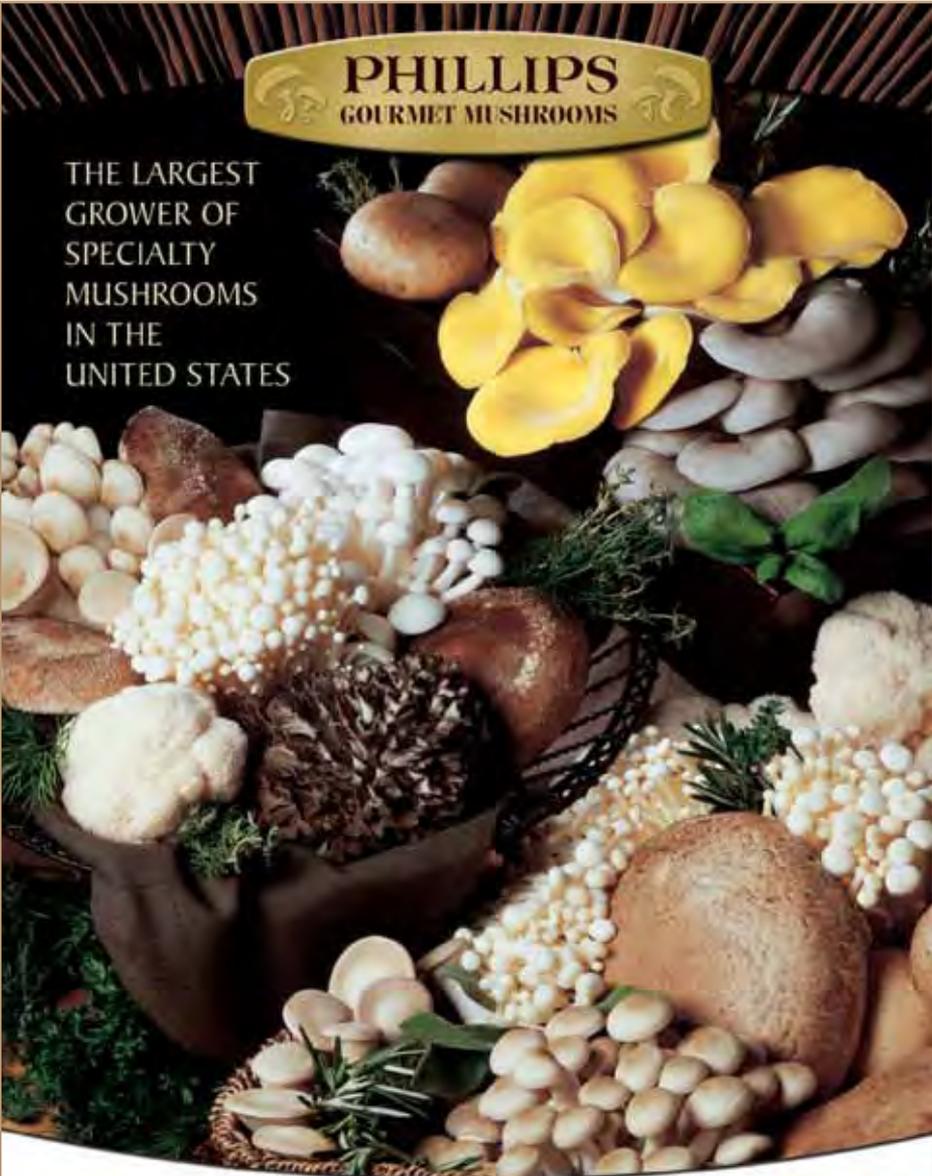
Understanding value is important at all

price positions. "People on the lower-to-medium income scale may be looking to buy more bulk," notes UC Davis' Cook. "Retailers can help consumers understand the value of preparing things with bulk items, but provide suggestions on how to do it conveniently. For example, they might have signage saying 'With iceberg lettuce you can get x servings per dollar or pound.' This will make it easier for consumers."

Means further explains, "When we talk to consumer reporters about the recession, we talk about how produce can be a menu extender at home. For example, instead of having a steak for everyone at the table, serve a steak salad —

it's cheaper per pound and better nutritionally. The same is true of soups or stews. Produce prices are rising but not as fast as other items, and retailers can capitalize on it."

"In this inflationary economic environment, consumers are looking for the best value and ways to still provide their families with better, more nutritious food," says Dionysios Christou, vice president marketing for Del Monte Fresh Produce in Miami, FL. "It's important to highlight the value and convenience of produce. POS and marketing material should reflect the consumers' desire for exceptional value, especially compared to traditional snack items."



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Having multiple pricing so shoppers have options is another way to build sales. "Be sure in every category you have at least two, and ideally three, price-line choices for the customers so they can trade up and down within your business," advises Bishop of Willard Bishop. "Bring alive the notice of good, better, best in each category."

"Emphasize value, value, value," states Redner's Stiles. "It's not so much price as it is value. If people know they can afford it and it's a good value, they'll buy it."

Wonnacott explains the value Fresh & Easy brings to its customers. "We put together a for-

mat to simplify customers' lives — a one-stop shop with low prices and high-quality food. Because people with busy lives shouldn't have to compromise, we offer a range of prepared meals, made fresh and delivered daily in our own kitchen, using the same fresh ingredients sold in the stores. There's no need for product coupons or loyalty cards — our prices are low everyday for everyone."

GOING LOCAL

Volatile transportation costs have forced buyers to look at new sourcing options. "Opening up to more alternatives in sourcing and trans-

Survival Tips: Retail

- Communicate value
- Develop and promote good meal solutions
- Don't give up on higher-value items
- Cross-merchandise with deli, meat and seafood
- Show produce as a dollar stretcher
- Offer two to three price-line choices in each category
- Promote local when available
- Highlight value and quality of private label
- Educate customers on handling, storage and preparation
- Let customers know what you're doing to help them
- Look for other areas of business from your customers
- Give options in size, price points, quality
- Merchandise and promote basic products
- Encourage customers to shop more often
- Expand use of coupons
- Stay true to your core business and strengths

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portation is growing," according to Cook of UC Davis. "Though buyers may not have paid much attention to certain regions in the past, they're now paying attention to alternative sources partly as a strategy for reducing costs."

"We're buying as much as we can locally," reports King's Kneeland. "Being in the Northeast is a blessing and a curse. We have many top-notch growers on the East Coast we can source from. It's cheaper to get a truck from South Jersey than California. We're trying to lean on eastern product to replace western product when we can. It's also a curse being this far east because of the distance to California for the products we do need from there. Truck rates are at their highest levels ever and to bring a truck all the way across the country is quite expensive."

"The local deal is having a more pronounced impact on the industry because of the go-local movement along with the high freight rate incurred on product from farther away," explains D'Arrigo of D'Arrigo Bros. "You do have more emphasis on local product, which means we sell more local product. We reflect the conditions making the market what it is."

Selling local produce offers multiple benefits for buyers in addition to cost. "Retailers are definitely trying to offer good value in local or regional foods and this is especially important in produce," says Cornell's

McLaughlin. "It's one way the supermarket can differentiate itself from mass-merchandisers. They're not only playing to consumers' need for increased value but also to their interest in local foods."

FMI's Hammonds is "seeing shoppers looking more for locally produced product. Consumers feel it's more efficient in use of fuel and there's a 'halo' perception of it being safer if it's produced locally. There's been some shift away from organic to local."

Retailers and foodservice operators reap the additional perceived social-responsibility implications with local products. "Food has become the new social movement for consumers looking to reconnect to those closer to them," explains PMA's Means. "Farmers markets are exploding across the country. Fresh is the No. 1 consumer demand with respect to healthful foods. And increasingly, those consumers are defining fresh as locally grown. We see it in stores, in college cafeterias, in a growing number of restaurants. For the second year in a row, a recent [Washington, D.C.-based] National Restaurant Association poll of chefs put locally grown at the top of the hot list for restaurants."

"With local produce, buyers get the social-marketing benefit as well as cost reduction," states UC Davis' Cook. "Obviously, local sourcing will be limited by climatic and production

factors — buyers won't be able to source everything locally — but there will be some crops where local will have an advantage at certain times. The data is showing local trumps organic. It's amazing to see the chains, such as McCormick & Schmidt [the 80-plus-outlet chain based in Portland, OR] and McDonald's, are looking at what they can do to incorporate more local product into their programs."

COMMUNICATION AND EDUCATION

Customer education, while always important, becomes even more critical in times of uncertainty, and retailers can improve customer satisfaction and build loyalty by providing even more useful information to their shoppers.

"Communication is so important now — I can't stress it enough," says Redner's Stiles. "Our communication with customers and suppliers alike has to be a major priority. Getting the information out about the advantage they have with fresh fruits and vegetables, the actual cost per serving size of produce and how to select and prepare produce items is crucial and will help us see our business grow. It's a way to increase customer loyalty as well. When people feel they're learning something from you or you're helping them, you're going to get loyalty back."

"As many young families decide to eat at restaurants less often and at home more, the retailer is not just welcoming them back to the store but will need to educate them on how to shop and cook since this is new behavior for them," suggests FMI's Hammonds. "The education process is different than it would be for a generation older than our younger families. In the produce department, those same shoppers are going to be looking at different items and asking what they are and how to use them. Having information and people available to help will benefit the store in gaining customers."

Communicating value and quality is also important. "We need to communicate the value of quality to our customers and how buying quality products means less waste and more value for the dollar," relates King's Kneeland.

"Produce buyers and merchandisers should be emphasizing quality right now," agrees Dwight Ferguson, CEO of Eurofresh Farms, Willcox, AZ. "Tougher economic times force consumers to be more value-conscious."

"Consumers need to understand more about the value and convenience of produce items," says UC Davis' Cook. "During a recession it is useful to provide value information to highlight not just nutritional aspects but also the value of some items. Clearly, you can't do it for all items and you have to change it to



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Helping Customers Extend Shelf Life

Helping consumers extend the shelf life of produce at home will lead to greater satisfaction on their part. Retailers can use this quick and easy listing of the ethylene producers and the ethylene-sensitive items to help educate customers on how to better store their produce at home.

Ethylene Producers (keep away from ethylene sensitive):

Apple, apricot, avocado, cantaloupe, kiwifruit, guava, banana, papaya, tomato, watermelon, ripe peach, plum and mango.

Ethylene Sensitive (keep away from ethylene producers):

Arugula, asparagus, Belgian endive, bok choy, broccoli, Brussels sprouts, cabbage, carrot, cauliflower, celery, green onion, herbs, lettuce, snow pea, spinach, cucumber, eggplant, malanga, okra, summer and winter squash, boniato, kiwifruit.

The Produce Marketing Association has both a poster and a pocket guide (right) with a comprehensive list available.

Source: Produce Marketing Association



keep interest up, but it does offer an opportunity. Retailers can take advantage of sending consumers to a store or the PBH [Produce For Better Health Foundation, Wilmington, DE] Web site for more information."

Retailers can utilize supplier Web sites for information as well. "More and more companies on the shipping end are developing consumer-oriented Web sites," reports Cook. "Companies on the growing/shipping end can provide information to consumers on extend-

ing shelf-life of their product or how to make it more convenient to prepare ahead of time as well as highlighting the value."

In tough economic times, consumers are more sensitive to throwing away food. "Some of our members are seeing shoppers increasingly conscious of the amount of waste they have," reports Hammonds. "Because of this, sales of frozen food and some produce items are increasing because they are more portion controlled and there is less waste at the end.

Recipes on how to creatively use leftovers are useful tools for stores to provide customers."

"Information about storage and how to extend shelf life and reduce waste will be well received by consumers," agrees UC Davis' Cook. "There are so many products people can cook and then store and use during the week such as sweet potatoes and artichokes. If the industry can help educate consumers about this, it will lead to greater customer satisfaction."

"Providing information on the difference between ethylene producers and ethylene sensitive products will help consumers better understand how to store their products at home and extend shelf-life," states PMA's Means. "This is valuable information retailers can give to customers thus building good-will and satisfaction." [EDITOR'S NOTE: See *Helping Customers Extend Shelf Life* on page 48.]

THE CREATIVITY BAROMETER

Produce managers, buyers and suppliers may call on their highest creativity level in the coming year in order to survive and thrive. "Stores are doing all kinds of things," says FMI's Hammonds. "They're very conscious of price and featuring specials and bargains and even rethinking the size packaging, promoting a value-pack. They're also working very hard to try to conserve fuel, working with suppliers and even other retailers to pool loads."

"Planning for survival in the short term involves focus in two areas," suggests Bishop of Willard Bishop. "First, establish a clearly differentiated market position — perishables play a key role here, particularly produce. Second, focus on best shoppers and key shopper segments and driving share in both those areas. The key in longer-term strategies is customer focus, and the trick is to figure out how to do it cost effectively. Clearly those with the strongest customer focus are winning."

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Reader Service # 142

A Matter Of Trust

Education and information can lead to the ultimate goal of trust. “A recent survey we did showed people trust the grocer more than USDA [U.S. Department of Agriculture] or FDA [Food and Drug Administration] for food-safety issues,” states Tim Hammonds, president and CEO of The Food Marketing Institute, Washington, D.C.. “Retailers can build on the trust issue by providing more and more helpful information to their customers.”

Building trust means building loyal business. “There is a risk some customers will price-shop in hard times but if you gain people’s trust, they’ll keep coming back,” says Dick Stiles, director of produce and floral for Redner’s Markets, Inc, Reading, PA. “You may see some cherry-picking increase with

certain demographics, such as those on a fixed income, but if your customers feel they’re getting value and they find what they need in your stores, they’ll be loyal.”

“Customers will be loyal to you if you give them what they want every time they walk into your store and at a perceived value,” states Paul Kneeland, vice president of produce and floral, Kings Super Markets, Parsippany, NJ. “People in higher income brackets like a deal just as much as people in lower income levels.”

Making sure customers know what you’re doing for them is critical. “Be flexible where possible and know what the competition is doing,” advises Brian Todd, president/CEO of The Food Institute, Elmwood Park, NJ. “Know your shoppers and make it known you

are doing whatever you can to ease their load in a tough economy.”

“We’ve always been quality driven and in today’s environment it’s been a benefit to us because our customer understands it and knows they get value for their money,” says Raul Gallegos, senior director of produce and floral for Bristol Farms, Carson, CA. “They trust what we put out for them.”

“Most supermarket operators are looking for ways to make sure they’re bringing shoppers the most bang for their buck,” says Todd. “A few changes have been announced by some supermarket chains, including Whole Foods’ Whole Deal program and its Value Gurus offering tours and useful hints for budget shopping at the organic- and natural-foods retailer.”

pb

produce departments gain in any economical tough time — have great product and merchandise it appropriately,” King’s Kneeland explains. “Over 60 percent of produce purchases are impulse, so take advantage of it! We are hammering the cross-merchandising in store. Getting execution at store level helps

to balance and offset the gross margin shortfalls caused by higher cost of goods. We also have an aggressive advertising program.”

Retailers should use all avenues available. “Continue to market produce by using cooperative advertising campaigns, product displays, demo kits, recipe cards and cross-pro-

motions,” says Del Monte’s Christou. “Consumers know the important role produce plays in maintaining healthful lifestyles, something important for retailers to keep in mind when developing their marketing strategies.”

Here are some additional drivers:

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Reader Service # 154

"Health doesn't have a season," says Roger Pepperl, marketing director for Stemilt Growers Inc., Wenatchee, WA. "Retailers can talk about the flavors and varieties then bring in the health aspects. Promoting varieties is also important. Some people have never had Fuji apples. When people get turned onto the flavor, they like them. As people cut back on other things, new produce items are something they can feel good about buying."

"As consumers continue to discover the benefits of including more fresh produce in their diets, even the most exotic fruits and vegetables are increasingly becoming staples

rather than luxuries," adds Del Monte's Christou. "Fruits such as our pineapples, bananas and melons continue to do well even as prices increase because a healthful lifestyle is not something consumers are willing to sacrifice."

Find special sourcing deals. "No matter what the situation, the guys who work smart, efficiently and tirelessly on serving their customers will be the ones who succeed," says Siger of Consumers Produce. "Being able to keep an eye on local terminal markets for product you can buy at an advantage will provide great opportunity for supermarkets or restaurants to get some deals and offer a real

value to their customers."

Look for business, such as parties or lunch crowds, you may have missed in the past. "For example at holiday time, people who have hosted catered parties may do it themselves from the supermarket," suggests Redner's Stiles. "This is an opportunity for the supermarket. It's an area where you can promote 'let us cater your party' to your customers."

Give alternatives. FMI's Hammonds advises, "You don't have to change the image of the entire store — you can give shoppers options and still have an upper tier of product providing some value-alternatives so shoppers can make the choice. The stores that have a high-service, high-price image are certainly looking for ways to do this. They're watching stores like Whole Foods that have been suffering to see what they're doing in response."

"We've been analyzing our produce selections as far as the price point we provide our customers," says Stiles. "For example, we've always carried a large size apple but now we're analyzing if our customers would prefer to have a smaller apple at a lower price point. Some stores will do more promotion on smaller apples such as a 115-count that can sell for under \$1. It makes a good side apple for a lunch, especially for kids. Produce may be able to lure some business away from processed snacks by offering a good price point on a snack item."

Merchandise and promote basic products. "Merchandise stores and departments thinking of basic needs and layer in merchandising plans on top of it," suggests King's Kneeland. "For example with a roast, advertise it to get customers in the building and merchandise a 20-case display of bag potatoes in the meat aisle. Then reverse it, advertise the potatoes and merchandise in the meat aisle to sell roasts."

Encourage customers to shop more often. "Market to the local neighborhood and suggest a shopping list for a few days, encouraging customers to shop more often in order to reduce waste. This works well for people shopping in their local neighborhoods," Caplan explains,

Expand coupons. "Coupons can be a good draw, especially if they're usable on any item in produce," according to Dahl's Rissman. "It may encourage consumers to buy more. We try to run promotions with as few strings attached as possible."

Stay true to your core. "You still have to do what you do best," advises Stiles. "You can't try to be somebody you're not. We're not going to try to be a Wegmans or ShopRite. We're going to continue to provide good quality produce at the best prices to our customers."

"Stick to your strengths and keep moving forward," recommends Bristol Farms' Gallegos. "Make some minor adjustments if you have to, but don't lose the core of your business." **pb**

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Reader Service # 136

FOODSERVICE: Coping With A Changing Economy

With some creative strategies and innovative work, foodservice operators can turn bust into boom.

By JODEAN ROBBINS

Although current economic challenges weigh on foodservice operators, the restaurant industry remains a powerhouse in the nation's economy. According to the National Restaurant Association (NRA), Washington, D.C., restaurant industry sales are projected to reach \$558 billion this year — an increase of 4.4 percent over 2007.

“The industry is expected to have an overall economic impact of \$1.5 trillion,” notes Maureen Ryan, NRA media relations manager. “So while sales growth is slower than in recent years, it is by no means anemic.”

Still, there is no denying the change in consumer spending, at least in some foodservice segments. A recent study by Unilever, Englewood Cliffs, NJ, reported more than 30 percent of consumers are eating at home more and out less.

This comes as operators struggle with rising costs. “Like the supply side, restaurants are struggling with rising costs, which are fueling the strongest menu price growth in the last eight years at a time of declining sales,” says Kathy Means, vice president of government relations and public affairs for the Produce Marketing Association (PMA), Newark, DE. “Increasing food costs have caused menu developers and chefs to retool menu items, leaving off higher-priced proteins in favor of even more innovative uses of produce or looking at downsizing portion sizes.”

Success or failure in tough economic times is a complex issue, but opportunities still exist. “Whether or not a restaurant survives an economic downturn depends on a number of things, including its ability to adapt to changing wants and needs of customers,” Ryan says. “This is often the key to a restaurant's success and depends on the market, the customer base, the segment and other factors. Despite the challenges restaurateurs are dealing with, dining out is still essential to Americans who spend nearly half of their food budget in the restaurant community. Even with pinched wallets, consumers are reluctant to cut back on their restaurant visits because they rely on the convenience, socialization and quality of meals provided.”

Trying to mitigate the rising costs of fuel and ingredients is challenging. “Food and beverage costs are one of the most significant line items for a restaurant, accounting for approximately 33 cents of every dollar in sales,” reports Ryan. “With average margins of roughly 4 to 6 percent,

any increases in food costs can have a dramatic impact on a restaurant's bottom line.”

“Fuel costs have become astronomical,” adds Lloyd Ligier, vice president of business development for Pro*Act, LLC, a foodservice distributor based in Monterey, CA. “Our inbound freight for product coming from the source to our distribution services and our outbound freight has gotten to the point where everything is squeezing profit margins. This is a universal statement for restaurant operators and distributors alike. You can't just pass the costs along at this point, so what do you do?”

Customers are still spending, but purchasing habits are shifting. “The sluggish macro economic conditions in the United States are affecting all restaurant chains and although we enjoyed the economic prosperity a few years ago when guests traded up to a higher end dining experience, as the economy is tightening certain guests are trading down,” explains Mark A. Mears, senior vice president and chief marketing officer for The Cheesecake Factory, Inc., which is based in Calabasas Hills, CA, and has 157 restaurants. “Guests are still going out to eat as they were in previous years but with a more limited pool of money.”

“Pretty much every segment of our industry has felt effects already,” notes Kevin L. Ryan, executive director for the Winter Park, FL-based International Corporate Chefs Association (ICCA), representing the highest ranking culinarians for the top 200 foodservice chains. “We're seeing what looks like a trade down by consumers. It's the first time the mid-scale casual-dining chains have really taken a hit. They're

struggling more than anybody at this time.”

Consumers trying to stretch their dollars are prioritizing when and where they eat out. “Customers are decreasing their visits to restaurants and going where they can get the best deals,” reports Janet Erickson, executive vice president, purchasing and quality assurance for Del Taco, a quick-service restaurant (QSR) chain with 520 restaurants based in Lake Forest, CA. “Discounting is being used very aggressively in QSR, and customers are taking advantage.”

Jon Miller, director of research and development for Costa Mesa, CA-based El Pollo Loco, a QSR with 410 restaurants, adds, “As consumers try to stretch their dollars to cope with soaring gas prices and less disposable income, there is evidence brown-bagging has increased, meaning more and more people are preparing lunch at home and taking it to work rather than going out to lunch.”

ECONOMIZING

Operators are looking at what they can do to cut costs. “We are looking at just about everything we do, including waste and portioning at the stores, negotiating as hard as we can with suppliers and cutting back on travel when possible,” says Erickson. “It's particularly challenging for us because we've always been very diligent at watching costs and controlling margins.”

“While menu price inflation is projected to remain elevated this year due in part to increasing food costs, many operators are not ready to raise their prices unless absolutely necessary,” says NRA's Ryan. “To offset costs in ways not involving

Foodservice Survival Tip:
Make produce a more prominent part of the plate



Photo courtesy of El Pollo Loco

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menu price hikes, restaurateurs are looking at integrating technology in restaurant operations to increase productivity. Multi-purpose equipment and staff cross-training are also effective measures in

battling cost pressures. Another trend we see more is 'going green' to address escalating utility bills, which is also beneficial for many other reasons."

Some economizing may be as simple as assur-

Finding Opportunity

Amid all the challenges, opportunities for restaurateurs to maintain the vitality of their businesses still abound. "Some are substituting ingredients, others are modifying recipes and portion sizes," says Maureen Ryan, media relations manager, National Restaurant Association (NRA), Washington, D.C. "They're maintaining the balance of the cost/value relationship as consumers pay more attention during economic slumps. Some are also ramping up marketing efforts to keep customers coming through the door, such as offering value-specials, customer loyalty promotions and highlighting menu items with relatively high profit margins."

"Our marketing mix will consist of innovative new products, limited time offerings, value-added promotions and some price-focused advertising," notes Mark Hardison, vice president of marketing for El Pollo Loco, Costa Mesa, CA.

Bringing back the blue plate special, even at high-end establishments, can be advantageous. "I've suggested bringing back the old concept of daily specials costing less than the regular menu selections," relates John Vena, Jr., president of John Vena Inc., a wholesaler on the Philadelphia Terminal Market in Philadelphia, PA. "In this way, they can tell their clientele they understand the economic situation and show how their frequent patronage is appreciated."

"We're looking at ways in keeping with the brand to add more value to guests who may be struggling with the economy by adding economic value meals," states Mark A. Mears, senior vice president and chief marketing officer for The Cheesecake Factory, Inc., Calabasas Hills, CA. "For our 30th anniversary, we offered a \$1.50 cheesecake slice — that's the price it was in 1978. The draw of this value helped us reward our existing guests and attract new guests. Plus we offered a special Anniversary Chocolate Cake Cheesecake with 25¢ of every slice going to America's Second Harvest [Chicago, IL]."

Here are some additional ways to create growth opportunities:

Offer customers more choices. "We recently launched a side salad so guests who want a salad and entrée can have both," reports Mears. "It's doing well so far."

"Our Loco Salad is a great value at \$1 in most locations. It's the perfect add-on to a chicken meal or Mexican entrée. It's served with a signature creamy dressing prepared daily with fresh cilantro," says Hardison.

Increase the prominence of produce. "A lot

of our members are looking at the full plate and increasing the side dish or salad," explains Kevin L. Ryan, executive director for the International Corporate Chefs Association (ICCA). Winter Park, FL. "It's perception of what comes to the table, so with protein costs rising, adding more produce will still give the value perception to the customer and help with the bottom line of the restaurant."

Offer smaller portions or special values. "Restaurants can encourage customers to share instead of charging for it," adds Lloyd Ligier, vice president of business development for Pro*Act, LLC, Monterey, CA. "It will help customers come back if they feel comfortable. Operators can look at doing something creative and maybe even sell more items. For example, encourage them to split a rack of ribs but offer economical sides to go with it."

"Offering smaller portions at a smaller price or finding a way to combine things together seems to be popular," says ICCA's Ryan. "Restaurants that have done this have increased the number of people coming in. It's been an effective strategy."

Let customers know what you're doing for them. "Communicate with customers about how changes are being made so they can perceive the benefit," says Ligier. "For example, you can promote the offering of smaller portion sizes so you don't have to raise price and also as being more socially responsible — less food waste."

Offer take-out items for added sales. "We are currently testing a convenient, larger serving fresh salsa offering and encouraging guests to add it on to their purchase for use with subsequent, non-El Pollo Loco meals prepared at home," Hardison describes.

Look at value-added from the supply side. "We're pushing value-added products and plate-ready products, such as pre-cut salads or prepared salads, to help save in labor costs for the operator," adds Tim York, president of Markon Cooperative, Salinas, CA.

Innovate to continue exciting customers. "We're seeing the development of two to three times the number of new items compared to five years ago because operators are looking to see what works," relates ICCA's Ryan. "We're seeing more of the R&D departments really use their creativity. We're also seeing more work with vegetarian entrées. Unique, flavorful vegetarian entrées could be attractive for the consumer and better for the restaurant's bottom line." **pb**

ing customers want all the items served with a meal. “We observed not all guests were using the fresh salsa we were automatically giving out with most products, so we now ask guests if they would like fresh salsa with their order,” reports Mark Hardison, vice president of marketing for El Pollo Loco.

“We’re examining all areas to economize with a focus on those not negatively affecting the guest experience,” says Miller. “Since we have a self-serve salsa bar, we are exploring design and delivery changes to provide our guests exactly what they want while minimizing product waste and unnecessary prep labor.”

“I would expect every concept in every category is closely considering its menu offerings,” adds Hardison. “Menu items, especially sides, which do not contribute to a brand’s signature experience, will likely be targeted for elimination.”

Operators may be able to substitute a grade or size in produce without affecting quality. “We see a subtle shift in purchasing from one grade of produce to another,” reports Tim York, president of Markon Cooperative, a foodservice distributor based in Salinas, CA. “We’re encouraging our distributors to really analyze what they’re purchasing. For example, can they move from a fancy lemon to a choice lemon, or a No. 1 potato to No. 2 potato.”

“We are constantly going to customers to analyze their produce specifications,” concurs Ligier. “In looking at lemons, if they are using it primarily as an ingredient, juice or wedge for ice tea and are getting 115-count lemons, they can change to 165-count and get 50 more lemons to the carton. The different isn’t recognizable to the customer but it can be a huge difference in cost.”

Working even more closely with suppliers may help develop innovative solutions. “We’re working with our suppliers to identify opportunities to reduce food cost and labor,” says Miller.

Hardison adds, “We have put the word out to our supplier partners to help us find innovations leading to reducing the in-restaurant labor or other costs, while maintaining freshness and quality of the ingredients in our products.”

“With our many resources, we give foodservice providers the opportunity to be more efficient and minimize costs,” says Dionysios Christou, vice president marketing for Del Monte Fresh Produce, Miami, FL. “We offer a variety of quality fresh produce cut and packaged to meet each customer’s needs. Our fresh-cut items not only save preparation time but also, as a result of our stringent quality control systems and procedures, minimize food-safety risks.”

Distributors and operators are working together on transportation costs. “Distributors and operators are looking at management of trucks,” reports York. “There has been routing management of trucks to help save on fuel. We work with our customers to cut costs through more efficient management of distribution.”

“The term ‘cost savings’ can’t be considered

anymore,” states Pro*Act’s Ligier. “We need to look at avoiding costs. The distributor needs to park trucks at the dock and look at reducing fuel. We’re looking at how to reduce the number of trucks we have on the road and maybe shutting down operations for one day a week.

“If a foodservice operator can get a delivery on Saturday to last two of its busiest days, then certainly a delivery on Tuesday should last for two days, which would allow us to shut down on Wednesday,” he continues. “If we did this as an industry, we’d be able to pull hundreds of thousands of trucks and make an impact. It will allow us to not keep raising our prices and the customer to avoid fuel surcharges on the delivery.”

Suppliers can provide expertise to support foodservice operators. “Our members strongly feel the suppliers are experts on the items they grow,” notes ICCA’s Ryan. “Helping our members to understand better ways to use and handle the product can really help. Whether it’s reducing shrink or finding new recipes, our members find experts from the field come in very helpful.”

However, companies are warned to make short-term adjustments with a long-term focus in mind. “The dilemma is as businesses focus principally on short-term economizing and cutting costs, they may risk service quality and thus longer-term loyalty,” cautions Ligier. “If a restaurant affects service or quality by making cuts in the short term, it may risk long-term business.”

SELLING VALUE

Certain foodservice segments may actually see their business increase as consumers trade down and savvy operators look to take advantage of promoting their value. “Our dinner business has seen gains as consumers have cut back on their visits to full-service dining establishments,” says Hardison. “Times of economic stress give growing brands like ours a chance to shine. Consumers are more open to try new and less familiar brands in these times. We have a great opportunity to show off the fresh, high quality fare at El Pollo Loco and win the loyalty of new and existing guests. We hope to grow our market share over the next year or two.”

“McDonald’s has had record numbers in the past six months,” reports ICCA’s Ryan. “It’s done a great job on new menu items, and consumers have responded to them.

“In a tough economy, Denny’s is well positioned as we are known for value,” says Debbie Atkins, director of public relations for Spartanburg, SC-based Denny’s, Inc. “We’ve introduced new value items, which are similar to higher-priced appetizers with reduced portions and significantly reduced prices, as part of our All-nighter late-night menu.”

According to ICCA’s Ryan, “Operators are getting creative now and there are success stories like TGI Fridays. It’s offering lower-price items

and looking for things it can offer its customers for less money.”

“Since consumer preferences and needs are changing with the current economic environment, foodservice providers must keep up with these changes and understand what their customers want,” says Christou.

Providing a satisfying guest experience is invaluable in any economy and will build sales. “The question is how you can provide value to your customers,” explains Roberta Cook, extension marketing economist in the Department of Agricultural and Resource Economics at University of California, Davis. “Part of it is to have options on your menu that help restaurants at almost all levels. From a McCormick & Schmidt [the 80-plus-outlet chain based in Portland, OR] all the way down to fast-casual. It’s not about changing the whole menu but providing options.”

“We have strived to build a brand that will weather any economic storm because of its power,” says Mears. “If The Cheesecake Factory delivers absolute guest satisfaction, we will still get our fair share of [guests’] dining experience. So we’re resisting the temptation to discount or in any way alter our value equation.”

“Despite an increasingly competitive QSR environment, El Pollo Loco will continue to provide compelling offers to our guests, delivering a strong price-value ratio and driving frequency and transactions,” Miller adds.

Fresh produce can help restaurants show value to customers and differentiate themselves. “Fresh produce in menu items and the offerings on our salsa bar help reinforce our brand positioning and differentiate our products,” continues Miller. “It would be quite time consuming for customers to try and replicate the El Pollo Loco experience in their own home. Our unique items are not easily recreated at home.”

Operators emphasize focusing on value and not just low price. “We have found promotional price strategies providing guests with true value, not just a low price point, have rewarded us the most,” says El Pollo Loco’s Hardison.

“We have built our business on exceptional value and even though times are rough economically, we stand behind our value,” says Mears of The Cheesecake Factory. “This will help us lay the groundwork for post-recession recovery by exceeding high quality and guest expectations.”

“We are working very hard to increase customer satisfaction and drive traffic into our restaurants,” adds Del Taco’s Erickson.

Denny’s has responded by exceeding customer expectations. “Via extensive consumer research, we found the consumer expected to pay \$6.99, \$7.99, even \$8.99 for our new Sizzlin’ Breakfast Skillet,” explains Atkins. “But we decided to intro the products at only \$5.99, creating consumer value — not just lower prices.” **pb**

GROWERS: Withstanding The Pressure

Innovative growers look beyond the immediate economic threat to long-term ways they can grow their business.

By JODEAN ROBBINS

As transportation and input costs soar and buyers balk at raising prices, growers may wonder what will be the first to break. “Those who farmed in the 1950s received an average of 41¢ for every dollar spent on food,” reports Kathy Means, vice president of government relations and public affairs for the Produce Marketing Association (PMA), Newark, DE. “Today, the average return to produce farmers is less than 17¢. This is just not sustainable in an age of escalating cost inputs for growers. Two generations from the 1950s, we are drowning in the realities of modern day farm economics, trying to deal with costs for some inputs that have tripled in a few years. Look at the cost explosion just in the last year alone. In 2007, the average cost for fertilizer was \$500 a ton. Just one year later, farmers are spending \$1,300 a ton and up, with price hikes of 20 percent being added. Packaging costs for corrugated and plastic are soaring.”

Transportation costs have caused multiple ramifications for growers. “The high oil prices create a high-freight market, which drives costs up and will in a seasonal or yearly scenario decrease acreage of produce grown,” according to Matthew D’Arrigo, vice president of D’Arrigo Brothers of New York, a wholesaler on the Hunts Point Terminal Market, Bronx, NY. “It will hurt growers more than terminal market people. We’ll be taking less product in order to keep our markets high.

Ironically, in these tough economic times, some growers are seeing great prices, due in part to extenuating factors in weather and production.

“We hear customers talking about the recession but in the meantime, apples and pears have had the best market in 15 years,” reports Roger Pepperl, marketing director for Stemilt Growers, Inc., based in Wenatchee, WA. “We have higher retail and f.o.b. pricing than we’ve ever had. I think apples have done some things to insulate themselves from the economy. We’ve increased the quality of our product through technology and through horticultural advances in variety.”

“We tend to have our best years during bad times,” says John Pandol, director of special projects, Pandol Brothers, Inc., Delano, CA. “When the dollar is weak, export plays a bigger role. Construction, landscaping and tourism don’t suck up workers from agriculture or trucking. Since no one is borrowing money, interest rates tend to be cheaper.”

However, certain changes are still on the horizon as growers estimate program-based sales as well as a return to basics will increase. “We’re making more production available for program-based sales,” says Dwight Ferguson, CEO of Eurofresh Farms, Willcox, AZ. “Planning is critically important for retailers, and as a year-round grower/shipper, we can allocate production to make sure customer needs are met.”

“Our biggest move will be back to basics,” states Pandol. “We need to focus on mainline commodities, in our case red and white seedless grapes, and do all the fundamentals right. We’re also seeing the revolt against packaging as a billboard and a return to packaging as a supply-chain functional component. I see many produce departments free of POS or with very minimal POS. At most, the store will use some of our material to make in-house signage.”

Economic conditions have caused re-organization for some. “The current economic conditions have resulted in significant cost increases in fuel, fertilizer and packaging while consumer disposable income has declined,” notes Kevin Fiori, vice president of sales and marketing, Sunkist Growers, Inc.,

Sherman Oaks, CA. “We’ve streamlined our sales organization in an effort to improve service while at the same time reducing costs. The new structure consists of three sales operating centers made up of experienced account managers who will focus on customer service and daily transactions. We also have strategic account managers who will focus on understanding and meeting our key account needs dispersed across North America.

“Our new sales and marketing structure also redirects our marketing efforts from national programs to more customer- and market-specific programs,” continues Fiori. “We feel this is a much more effective use of our marketing dollars and is necessary in a world where customers are focused on differentiating themselves from their competitors.”

Despite the harsh realities facing growers, some have implemented initiatives designed not only to save money but also to improve the environment and their community. “Regardless of economic conditions, we’re always on the lookout for ways to improve productivity at Eurofresh,” states Ferguson. “This year we’re executing several initiatives to improve labor efficiencies. We’re focused on distribution, and increasing load rates to offset rising fuel costs. Natural gas costs have spiked, so we’ve introduced new control technology to help us better manage usage. Every facet of our cost structure is continuously reviewed and challenged.”

Stemilt, which has implemented an award-winning sustainability program since 1989, is now reaping its economic benefits from it. “Sustainability gives us more efficient operations,” explains Pepperl. “It’s saving us money in many ways. We’re composting our waste from our plants and feeding 1,000 acres with the compost operation. We even grind pallets and wood up to contribute to the compost. So we’ve taken refuse disposal cost, which was extremely high, and now we have a waste reduction program and a feeding program. We’ve also gone into recycling programs. Things we use to send to shredders or the dumpster are now being sold and produce income instead of costing us for disposal.”

Pepperl continues, “We’ve worked with our utility company where we can regulate our utility usage and we’ve put a recognition program into place to judge our plant managers on their utility usage reduction. We’re also looking at our packaging — such as strapping and corner board reductions. We can save money in the short term but also see long-term benefits because it becomes



Photo courtesy of Stemilt Growers Inc.

Despite the harsh realities facing growers, some have implemented initiatives designed not only to save money but also to improve the environment and their community.

part of our process change.”

From August 2007 to August 2008, Stemilt recycled approximately 1.69 million pounds of corrugated cardboard boxes. “Rather than just recycling the cardboard, we send it to our nearby fiber tray company, which uses it to make more than 8 million fiber trays for packing apples,” reports Pepperl. “The tray figure represents 35 percent of Stemilt’s annual needs for molded fiber trays and these trays are made from 100 percent recycled materials.”

Investment in variety and food safety continues as well. “In the long-term, we want to expand our business,” says Ferguson. “In order to do this profitably, we’ll need to grow and ship the products providing the most value to customers and consumers alike. We’re always on the lookout for new varieties that enhance flavor and shelf life. We’re also investing in food safety, since this issue will continue to be important for years to come.”

A CRYSTAL BALL

Many growers are looking into the future and beyond the recession as a base for making decisions. “You’re going to see production go down on a lot of row cropping but the tree fruit industry is a little different,” explains Pepperl. “We have longer-term decision-making than row crops. We’re analyzing where the consumers are going on tree fruit and replacing trees with selling varieties. We’re also looking at trees with better production

genetically that will help us reduce our costs.”

“When we plant a grapevine, we’re placing a bet 25 years into the future,” observes Pandol of Pandol Bros. “For example, if I plant a new variety in the spring of 2009, I’m not just worried about the demand in 2013, but in 2023 and 2033. If I build a facility, it will see many boom-and-bust cycles. Our big change will come in mechanization of our industry, which leads to consolidation. These are hugely capital-intensive projects, usually developed in-house, which expand scale of a production company. We need to keep up on and develop labor-saving technologies.”

This long-term investment results in a long-term approach. Sunkist’s Fiori explains, “Growing citrus requires a long-term investment in the crop, and citrus growers take a long-term view of the marketplace. Growers who plant trees today won’t begin to see the fruits of their labor for three to five years and the trees will produce for 15 to 30 years. On the upside, it’s a barrier to entry for short-term year-to-year speculators but on the downside, it doesn’t allow for short-term adjustments to plantings in tough economic times. We take a long-term approach to our relationships with growers and customers.”

BEYOND BORDERS

Economic considerations are affecting growers beyond the U.S. borders. “One of the realities of the weak dollar is the United States is not the

export market of choice for other countries as it has been in the past,” explains PMA’s Means. “Some product that normally comes to the United States is being diverted to other countries where the exporter gets a better return. The weakened U.S. dollar has lost a quarter of its value against the Euro since 2006.

While the decline in the dollar is often blamed as the culprit for the increases we’re experiencing here in the United States, every region around the world is also dealing with food-price inflation,” she continues. “In some countries, riots over rising food prices are a big threat. Exploding middle classes in countries such as China, India and Brazil are great for building market demand for higher-quality foods, but their impact on availability of raw materials is also a cause of rising prices for so many products on which our industry depends.”

Some growers are reacting to the economic downturn and other trends by entering into contracts in new production areas. “Greenhouses are popping up across North America from Maine to Mexico,” according to Means. “In just three Mexican states, California growers are cultivating over 46,000 acres and employing over 11,000 people. Direct U.S. investment in Mexican agriculture has exploded since 2000. Thanks to these investments, state-of-the-art farms, packinghouses and processing plants are appearing all across the Mexican landscape.”

pb

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Connecting To Consumers Through Fitness

Retailers reach out to health-minded consumers by linking fresh produce to physical activities.

BY CAROL M. BAREUTHER, RD

Nutritional attributes, such as cold-fighting vitamin C in citrus and sight-saving vitamin A in carrots, have served as long-time merchandising hooks to sell produce.

During the last few years, innovative produce companies, committees and commissions have employed the other half of the good-health equation – fitness – to boost sales of fruits and vegetables.

According to Denise Yockey, executive director, Michigan Apple Committee (MAC), DeWitt, MI, “Health and fitness is a trend that’s not going away. It’s driven by our national shock at the childhood obesity crisis and our growing baby boomer population that wants to live fit longer.”

The opportunity to connect is certainly there, be it by ad campaigns, sponsorships, contests or other creative means. According to U.S. Phys-

ical Activity Statistics published in March 2008 by Atlanta, GA-based Centers for Disease Control & Prevention (CDC), one in four Americans, or nearly 24 percent, reported no leisure-time physical activity in 2007.

While exercising at local fitness centers, health-conscious consumers in core avocado markets, such as San Francisco and Los Angeles, saw full-color posters of hard-working California avocado growers. These posters were part of *Hand Grown in California*, a nationwide consumer media campaign launched in April by the California Avocado Commission (CAC), Irvine, CA.

The idea “is to focus on the grower and farm and give our target consumers – ages 25 to 54 – a direct link with a face and a place,” reports says Jan DeLyser, CAC vice president of marketing. “Consumers who are dedicated to working out have a strong work ethic and so do our growers. This is what bridges the gap and makes the connection.”

The campaign spotlighted personal stories of the some 6,000 family farmers who grow avocados in California. The craftsmanship that goes into the fruit’s cultivation was the focal point of national and regional television, radio, print, outdoor, online and in-store advertising. When the state’s avocados were in season, the integrated branding message featured a myriad of healthful ways to enjoy them.

“This unprecedented media mix delivered 830 million targeted impressions, achieving deep penetration of the target market for California avocados,” explains DeLyser. “We reached consumers around the clock nearly everywhere they went, including the gym, with a call to action to buy California avocados.”

The Eagle, ID-based Idaho Potato Commission (IPC) has countered its product’s couch potato image for a couple of years by highlighting attributes that make the spud an ideal fitness food. In 2003, IPC hired fitness expert Denise Austin as its spokeswoman. Since then, Austin has educated consumers about the potato-fitness connection in a



Photos courtesy of Idaho Potato Commission



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number of television commercials broadcast in target markets nationwide.

Frank Muir, IPC president and CEO, explains, "Complex carbohydrates, such as those found in potatoes, are an ideal fuel food for muscles. In our newest commercial shot this summer, Austin is shown being physically active with the beautiful mountains of Idaho in the background."

Two media tests have confirmed the effectiveness of IPC's campaign. "Three years ago, we doubled our TV advertising from fall to spring in three markets and measured the difference in potato purchases

compared to markets without the double ads," according to Muir. "Results showed a significant increase in potato sales driven by the advertising, so the ad messaging was clearly believable."

Last year, IPC enlisted Optimization Group, a marketing services company headquartered in Ann Arbor, MI, to analyze data, such as shipment location by city, and advertising and non-advertising by market. The outcome showed double-digit growth in potato sales due to advertising. "There's no question the advertising works," explains Muir. "What's best, it seems we're nowhere

Promotional Contests

In 2007, the Michigan Apple Committee (MAC), DeWitt, MI, health campaign consisted primarily of billboard advertisements showing an apple core with a tape measure wrapped around its midsection and the slogan, *The taste you love... the shape you want.*

Incorporating fitness into the health campaign was the logical next step, according to Denise Yockey, executive director. "Earlier this year, MAC gave away \$20 iTunes gift cards. Not only was there the apple/Apple connection but there was also the idea that we could encourage people to exercise by providing them with music for their iPods. The response for a first-time program was impressive with more than 4,000 entries representing 16 states submitted. Promotions were primarily in-store and consisted of radio, bag closures, signage and tear-off pads."

Last spring, MAC launched its Get Fit With Michigan Apples Essay Contest, which awarded fitness camp scholarships to deserving youth in the Greater Detroit area. To enter, participants between 5 and 24 years old had to write and submit a 500- to 1000-word essay about how he or she has struggled with weight; they had to include proof of purchase from a bag of Michigan apples with the entry. "Combining the healthful message of apples with a program to help overweight young people has been extremely rewarding," Yockey adds. "We can't wait to hear about their successes."

"In 2009, we plan to run a Wii Prize Package Giveaway," she continues. "Each of the 10 prizes awarded will consist of a Wii game console, as well as a Wii Fit. These Nintendo products are in hot demand and have received praise for getting people of all ages off the couch and moving. MAC plans to promote the giveaway with bag closures and in-store radio. It's hard to tie these programs directly to sales, but our growers love them. They like the idea of positioning their product as a solution to the obesity crisis." **pb**

near the saturation point or reaching diminishing returns."

SPONSORSHIPS

In 2006 and 2007, Earthbound Farm, based in San Juan Bautista, CA, made the link between organic produce and fitness by sponsoring Austin's TV show, *Denise Austin's*



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Daily Workout. "We believed her audience would be receptive to our message because people who work out, or at least are considering it, are striving to live more healthful lives and organic produce certainly has an important role to play in that journey," explains Tonya Antle, vice president of organic sales. "Part of our sponsorship involved Austin taping commercials for us, which ran during her show."

In addition, Earthbound Farm sponsors a

**"There's an obvious
[New York City
Marathon] tie-in
with New York City
being known as the
Big Apple and New
York apples."**

**— Jim Allen
New York
Apple Association**

number of fitness-related consumer events such as marathon runs. "We hand out samples and coupons at the events," reports Antle. "It's difficult to directly link direct-to-consumer programs with sales at retail. However, whenever we participate in a consumer event, such as a marathon in a particular region, we see anywhere from 2,500 to 10,000 consumers and direct these people to their local retailer to purchase our products."

New York-grown McIntosh apples have carried the title of Official Apple of the New York City Marathon for 11 years. Held each November, the 26.2-mile marathon, which winds through all five of the city's boroughs, is known as the largest spectator event in the world.

"There's an obvious tie-in with New York City being known as the Big Apple and New York apples," points out Jim Allen, president, New York Apple Association (NYAA), Fishers, NY. "The organizers approached us regarding the sponsorship at a time that a wealth of healthful information was published about apples, so it seemed a win-win for us."

In-store promotions with New York City

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Photo courtesy of California Giant Berry Farms

retailers, television, online, print and an apple in the bags of some 30,000 marathon runners are ways NYAA ties New York-grown apples to the event. "It's hard to measure performance since we track the entire state, not just product going into the city," says Allen, "but, New York City is a good McIntosh market and about 99 percent of McIntosh sold in the city are from New York."

A cycling sponsorship led California Giant Berry Farms (Cal Giant), Oxnard, CA, to integrate fitness with the company's berry merchandising in 2000. Cindy Jewell, director of marketing, explains, "Over time, the cycling team has grown to a national level and competed in races across the country. The team serves as a billboard in cities where strong market share and promotions fall into place with our customers."

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"We have received very positive, direct consumer feedback and increased brand loyalty as a result of these types of programs."

— Cindy Jewell
California Giant
Berry Farms

We offer POS material that promotes cycling and our berries as part of a heart-healthy diet and our customers have served as co-sponsors at races in their communities."

Two years ago, the company teamed up with Nautilus, Inc. a Vancouver, WA-based fitness equipment supplier, on a national sweepstakes campaign promoting health and fitness, and offered home gym equipment as prizes for winners.

This year, the theme expanded beyond cycling to tennis. Playing off Wimbledon's strawberries-and-cream tradition, Cal Giant placed co-branded Tennis Channel messaging on 20 million clamshells of its strawberries for the promotion. The messaging, which promoted the network's coverage of the London, England-based tournament and its accompanying sweepstakes under the tag line *The Sweetest Match*, also appeared on in-store header cards and in retail-trade media advertisements. The winner of the sweepstakes received a trip to the 2009 Wimbledon Championships.

"We have received very positive, direct consumer feedback and increased brand loyalty as a result of these types of programs," according to Jewell. "Our retail customers have also provided positive feedback and continued support."

pb

Reader Service # 196

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Reader Service # 178

WAL-MART PRICING STUDY ROUND XVIII

In Orlando, Wal-Mart Easily Leads The Way On Prices



With Whole Foods thrown into the mix, Wal-Mart's position as the low-price leader is even stronger.

BY JIM PREVOR

With the Produce Marketing Association (PMA) Fresh Summit Convention & Exposition taking place in Orlando, FL, this month, we thought we would bring the 18th iteration of the *PRODUCE BUSINESS Wal-Mart Pricing Study* to the theme-park capital of America and see how com-

petitive a market it is. The answer: not very.

To get our finger on the pulse of produce pricing in Orlando, in addition to Wal-Mart we included a Publix, a Winn-Dixie, a Super-Target and, in a first for the *PRODUCE BUSINESS Wal-Mart Pricing Study*, a Whole Foods store. Because Whole Foods added the complication of significant organic offerings to the mix, we

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Reader Service # 47

Wal-Mart Supercenter vs 4 Chains Price Comparison — Orlando, FL Excluding Organic Produce — August 2008

Produce Item	How Sold	Wal-Mart Supercenter	Publix	% Over Wal-Mart	Super Target	% Over Wal-Mart	Whole Foods	% Over Wal-Mart	Winn Dixie	% Over Wal-Mart
Apples — Granny Smith	Lb	\$1.72	\$2.49	44.77%	\$1.79	4.07%	\$1.99	15.70%	\$1.99	15.70%
Apples — Granny Smith	Lb	\$1.72	\$2.49	44.77%	\$1.79	4.07%	\$1.99	15.70%	\$1.99	15.70%
Apples — Red Delicious	Lb	\$1.58	\$1.99	25.95%	\$1.59	0.63%	\$1.99	25.95%	\$1.79	13.29%
Avocados	Each	\$1.36	\$1.50	10.29%	\$1.69	24.26%	\$2.50	83.82%	\$1.50	10.29%
Cantaloupe — Whole	Each	\$1.36	\$3.48	155.88%	\$3.99	193.38%	\$3.49	156.62%	\$2.50	83.82%
Cauliflower	Each	\$2.66	\$2.99	12.41%	\$2.99	12.41%	\$1.79	-32.71%	\$3.49	31.20%
Celery	Bunch	\$1.28	\$1.99	55.47%	\$1.39	8.59%	\$2.49	94.53%	\$1.59	24.22%
Corn — Yellow	Each	\$0.25	\$0.50	100.00%	\$0.40	60.00%	\$0.69	176.00%	\$0.40	60.00%
Cucumbers — Regular	Each	\$0.82	\$0.75	-9.15%	\$0.89	8.54%	\$0.75	-8.54%	\$0.65	-21.34%
Eggplant	Each	\$1.54	\$1.69	9.74%	\$1.99	29.22%	\$1.99	29.22%	\$1.99	29.22%
Grapefruit — Red	Each	\$1.08	\$1.29	19.44%	\$1.49	37.96%	\$2.49	130.56%	\$1.50	38.89%
Lemons	Each	\$0.38	\$0.50	30.92%	\$0.50	31.58%	\$0.32	-15.79%	\$0.89	134.21%
Nectarines — Yellow	Lb	\$1.18	\$2.49	111.02%	\$1.79	51.69%	\$2.99	153.39%	\$2.99	153.39%
Oranges — Navel Bulk	Each	\$0.78	\$1.25	60.26%	\$0.99	26.92%	\$1.57	101.12%	\$1.25	60.26%
Peppers — Bell Orange Hot House	Lb	\$3.74	\$4.99	33.42%	\$3.99	6.68%	\$3.99	6.68%	\$3.99	6.68%
Peppers — Bell Red Hot House	Lb	\$3.99	\$3.99	0.00%	\$3.99	0.00%	\$3.99	0.00%	\$2.99	-25.06%
Peppers — Bell Green	Each	\$0.82	\$0.89	8.54%	\$0.99	20.73%	\$0.89	8.54%	\$0.99	20.73%
Pineapple	Each	\$3.93	\$3.99	1.53%	\$3.99	1.53%	\$4.99	26.97%	\$3.88	-1.27%
Plums	Lb	\$1.18	\$1.69	43.22%	\$1.79	51.69%	\$2.49	111.02%	\$2.29	94.07%
Tomatoes — On the Vine	Lb	\$3.68	\$2.49	-32.34%	\$2.99	-18.75%	\$1.99	-45.92%	\$2.99	-18.75%
Watermelon — Regular Seedless	Each	\$3.75	\$7.99	113.07%	\$5.99	59.73%	\$7.99	113.07%	\$7.99	113.07%
TOTAL MARKET BASKET		\$37.08	\$48.93	31.96%	\$45.22	21.95%	\$51.38	38.56%	\$47.65	28.49%

Source: U.S. Marketing Services

thought it most fair to do three separate market baskets:

Our main basket includes only conven-

tionally grown produce. [See Table above.] This basket is a bit smaller than we would typically run because we were constrained

by the fact that an item had to be carried in a conventionally grown form in all five featured stores to be included in this basket.

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Our second basket is larger because we decided to include items in which four of the stores had conventional items but one had only organic. [See Table on page 72.] In

Our “conventional only” basket indicates that Wal-Mart is the low-price leader on produce in Orlando — and by a substantial amount.

all but one instance, Whole Foods was the retailer with the one organic item. In a sense, this is “unfair” since the products are not comparable. However, if one takes the position that a particular shopper is “organ-

ic-neutral”, then this basket does accurately reflect what a consumer would pay in each store for his or her market basket.

The third market basket consists of only organic items. [See Table on page 73.] We looked at a basic assortment of six organic items. Because Winn-Dixie and SuperTarget did not offer all these organic items, we narrowed this market basket to include

only Wal-Mart, Publix and Whole Foods.

Our “conventional only” basket indicates that Wal-Mart is the low-price leader on produce in Orlando — and by a substantial amount. SuperTarget, which offers a similar super-center-type format as Wal-Mart, came in a hefty 21.95 percent over Wal-Mart’s prices. This was virtually identical to its performance the last time a SuperTarget appeared in our *PRODUCE BUSINESS Wal-Mart Pricing Study Round III*, back in February 2003. In that report,



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Wal-Mart Supercenter vs 4 Chains Price Comparison — Orlando, FL Including Organic Produce (in red) — August 2008

Source: U.S. Marketing Services

Produce Item	How Sold	Wal-Mart Supercenter	Publix	% Over Wal-Mart	Super Target	% Over Wal-Mart	Whole Foods	% Over Wal-Mart	Winn Dixie	% Over Wal-Mart
Apples — Granny Smith	Lb	\$1.72	\$2.49	44.77%	\$1.79	4.07%	\$1.99	15.70%	\$1.99	15.70%
Apples — Red Delicious	Lb	\$1.58	\$1.99	25.95%	\$1.59	0.63%	\$1.99	25.95%	\$1.79	13.29%
Avocados	Each	\$1.36	\$1.50	10.29%	\$1.69	24.26%	\$2.50	83.82%	\$1.50	10.29%
Blueberries	Pint	\$2.88	\$3.49	21.18%	\$2.99	3.82%	\$5.99	107.99%	\$3.99	38.54%
Cabbage — Green	Lb	\$0.64	\$0.89	39.06%	\$0.79	23.44%	\$1.99	210.94%	\$0.69	7.81%
Cantaloupe — Whole	Each	\$1.36	\$3.48	155.88%	\$3.99	193.38%	\$3.49	156.62%	\$2.50	83.82%
Cauliflower	Each	\$2.66	\$2.99	12.41%	\$2.99	12.41%	\$1.79	-32.71%	\$3.49	31.20%
Celery	Bunch	\$1.28	\$1.99	55.47%	\$1.39	8.59%	\$2.49	94.53%	\$1.59	24.22%
Corn — Yellow	Each	\$0.25	\$0.50	100.00%	\$0.40	60.00%	\$0.69	176.00%	\$0.40	60.00%
Cucumbers — Regular	Each	\$0.82	\$0.75	-9.15%	\$0.89	8.54%	\$0.75	-8.54%	\$0.65	-21.34%
Eggplant	Each	\$1.54	\$1.69	9.74%	\$1.99	29.22%	\$1.99	29.22%	\$1.99	29.22%
Grapefruit — Red	Each	\$1.08	\$1.29	19.44%	\$1.49	37.96%	\$2.49	130.56%	\$1.50	38.89%
Lemons	Each	\$0.38	\$0.50	30.92%	\$0.50	31.58%	\$0.32	-15.79%	\$0.89	134.21%
Lettuce — Green Leaf	Each	\$1.44	\$1.69	17.36%	\$1.99	38.19%	\$2.99	107.64%	\$1.29	-10.42%
Lettuce — Iceberg	Each	\$1.38	\$1.69	22.46%	\$1.49	7.97%	\$2.99	116.67%	\$1.69	22.46%
Limes	Each	\$0.20	\$0.99	395.00%	\$0.33	65.00%	\$0.40	100.00%	\$0.33	65.00%
Nectarines — Yellow	Lb	\$1.18	\$2.49	111.02%	\$1.79	51.69%	\$2.99	153.39%	\$2.99	153.39%
Oranges — Navel Bulk	Each	\$0.78	\$1.25	60.26%	\$0.99	26.92%	\$1.57	101.12%	\$1.25	60.26%
Peaches — Yellow	Lb	\$1.50	\$1.99	32.67%	\$1.79	19.33%	\$3.49	132.67%	\$2.99	99.33%
Peppers — Bell Orange Hot House	Lb	\$3.74	\$4.99	33.42%	\$3.99	6.68%	\$3.99	6.68%	\$3.99	6.68%
Peppers — Bell Red Hot House	Lb	\$3.99	\$3.99	0.00%	\$3.99	0.00%	\$3.99	0.00%	\$2.99	-25.06%
Peppers — Bell Green	Each	\$0.82	\$0.89	8.54%	\$0.99	20.73%	\$0.89	8.54%	\$0.99	20.73%
Pineapple	Each	\$3.93	\$3.99	1.53%	\$3.99	1.53%	\$4.99	26.97%	\$3.88	-1.27%
Plums	Lb	\$1.18	\$1.69	43.22%	\$1.79	51.69%	\$2.49	111.02%	\$2.29	94.07%
Potatoes — Russet 5# Bag	Each	\$4.47	\$3.99	-10.74%	\$4.29	-4.03%	\$4.99	11.63%	\$4.99	11.63%
Tomatoes — On the Vine	Lb	\$3.68	\$2.49	-32.34%	\$2.99	-18.75%	\$1.99	-45.92%	\$2.99	-18.75%
Tomatoes — Plum/Roma	Lb	\$1.48	\$1.99	34.46%	\$1.69	14.19%	\$2.49	68.24%	\$1.99	34.46%
Watermelon — Regular Seedless	Each	\$3.75	\$7.99	113.07%	\$5.99	59.73%	\$7.99	113.07%	\$7.99	113.07%
TOTAL MARKET BASKET		\$51.07	\$65.65	28.55%	\$60.58	18.62%	\$76.71	50.20%	\$65.61	28.46%



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conducted in South Florida, SuperTarget was also about 22 percent over Wal-Mart.

Winn-Dixie came in at 28.49 percent over Wal-Mart, a significant improvement from the 52 percent over Wal-Mart that a

Few will find it surprising that Whole Foods was the high-price leader in the market with a 38.56 percent premium over Wal-Mart...on its conventional produce.

pre-Chapter 11 Winn-Dixie scored in the same South Florida matchup back in 2003. This indicates Winn-Dixie has become much more competitive.

There is no indication of a dramatic change in the pricing philosophy at Publix. It came in at 31.96 percent over Wal-Mart; as with SuperTarget, this was almost precisely the same result vis-à-vis Wal-Mart that it scored in South Florida.

Few will find it surprising that Whole Foods was the high-price leader in the market with a 38.56 percent premium over Wal-Mart. It is worth remembering that Whole Foods is asking this premium on its conventional produce. This is a potentially problematic positioning during tough economic times.

The broader market basket encompassing organic product didn't change the outcome very much. SuperTarget did a little better on the broader market basket, com-



Wal-Mart Supercenter vs 2 Chains Price Comparison — Orlando, FL Organic Produce Only — August 2008

Produce Item	How Sold	Wal-Mart Supercenter	Publix	% Over Wal-Mart	Super Target	% Over Wal-Mart
Organic Broccoli	Each	\$2.48	\$2.49	0.40%	\$4.99	101.21%
Organic Grapes Green	Lb	\$2.00	\$3.99	99.50%	\$2.99	49.50%
Organic Grapes Red	Lb	\$2.00	\$3.99	99.50%	\$2.99	49.50%
Organic Green Onions	Bunch	\$1.50	\$1.99	32.67%	\$0.99	-34.00%
Organic Kiwi	Each	\$0.44	\$0.79	78.53%	\$0.69	55.93%
Organic Tomatoes Grape Pint	Each	\$3.68	\$4.29	16.58%	\$3.99	8.42%
TOTAL MARKET BASKET		\$12.10	\$17.54	44.93%	\$16.64	37.49%

Source: U.S. Marketing Services

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ing in at 18.62 percent over Wal-Mart prices. Publix also did better, coming in at 28.55 percent over Wal-Mart. Winn-Dixie was basically unchanged. However, the addition of organic produce from Whole Foods in comparison to conventional produce from the other markets caused Whole Foods to come in at a whopping 50.20 percent over Wal-Mart's prices.

Interestingly enough, when we turn to our third market basket, the one focused on just organic items, Wal-Mart comes in as the low-price leader on organics as well. What many might not have been expected is that on this admittedly limited organic market basket, Publix came in as more expensive than Whole Foods. Whole Foods was 37.49 percent over Wal-Mart on our organic market basket whereas Publix was 44.93 percent over Wal-Mart on the same organic basket.

DIFFERENT STROKES

Obviously, different retailers have different strategies. And, of course, different consumers will value things differently; some will pay a premium for things they value: quality, service, convenience. It is

also true that fresh produce is just one department, and a store that is pricey on produce could offer fantastic values on, say, meat.

Still and all, we see many causes of concern for these retailers. Although Whole Foods is a different offer and consumers expect to pay more, one could, in fact, argue that higher prices are what persuade consumers that the Whole Foods offer is either better quality or more sustainably produced. But when Wal-Mart sells certified organic produce at a price a third less than the Whole Foods' price, it starts to make consumers question if they are getting something better or just overpaying.

There are certainly services and/or conveniences that might make a consumer pay 5 or even 10 percent more at a local supermarket. But when prices hit around 30 percent higher than Wal-Mart, as with the Winn-Dixie and Publix prices, we have to expect continued market-share growth for Wal-Mart at the expense of these local supermarkets.

The Target numbers show how quickly a business positioning can change from brilliant to troubled. Two years ago Target

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California-Style Sun-Dried Tomato Salsa can't be beat as a dip for chips. Our special blend of sun-dried tomatoes, green chiles, onions, vinegar and spices can also deepen the flavor of sauces, rev up marinades for grilled seafood or chicken, or add zing as an ingredient for a quick California-style omelette.

Sun-Dried Tomato Garlic adds a great, hassle-free, minced and ready-to-go ingredient for shrimp, chicken, pork, beef or vegetable skillet sautéés, garlic bread, salad dressing or with steamed vegetables.



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%	Albertson's	.12%
South Florida: 2/03	Super Target	.22%	Publix	.31%	Winn-Dixie	.52%
Dallas, Texas: 10/03	Albertson's	.23%	Brookshires	.7%	Kroger	.19%
	Neighborhood Market	-.1.2%	Tom Thumb	.27%		
Portland, OR: 3/04	Albertson's	.30%	Fred Meyer	.22%	Haggen	.27%
	Safeway	.37%				
Phoenix, AZ: 8/04	Albetson's	.22%	Bashas'	.25%	Fry's	.15%
	Safeway	.17%				
Palm Springs, CA: 10/04	Albertson's	.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%				
Sacramento, CA: 1/08	FoodMaxx	-.11%	FoodSource	-.16%	Winco	.12%
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%				

was being lauded for its *Tarzhay* “cheap chic” positioning built around name architects and designers who were creating exclusive lines for Target. This positioning seemed both to put a cap on the affluence of the Wal-Mart consumers — let their

**We suspect Publix,
Winn-Dixie, Whole
Foods and SuperTarget
need to carefully
reassess their value
proposition to
consumers — and
decide whether it is an
offer that makes sense
for difficult times.**

income rise a bit and they will switch to Target — and to reserve a “sweet spot” of more affluent consumers willing to allow the company higher profit margins.

Now, with the world financial system in disarray and deep consumer concern over the possibility of a severe recession, that upscale positioning looks a little showy. Does anyone really need a Michael Graves wastepaper basket? Is a super center that costs 20 percent more than the low-price super-center leader actually going to appeal to consumers?

If things get bad, everyone in the market may have trouble ahead. Aldi, the German deep discounter, built a distribution center in the area, opened 10 stores on Sept. 25, 2008, will open 10 more on Oct. 27, 2008, and has five additional stores slated to open on Nov. 10, 2008. Although this poses a challenge for Wal-Mart in the super-large store sector, Wal-Mart Supercenters and the Aldi stores are sort of opposites. We suspect Publix, Winn-Dixie, Whole Foods and SuperTarget need to carefully reassess their value proposition to consumers — and decide whether it is an offer that makes sense for difficult times.

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Wholesaler Brands

Private labels and branded items offered by local wholesalers allow retailers to differentiate themselves while offering consistent quality and value.

BY DUANE CRAIG

Even though produce brand recognition may not be strong, the quality and value of wholesaler branded offerings make them serious contenders for coveted shelf space.

"The key to anything in produce is consistency of quality," explains Pete Carcione, president, Carcione's Fresh Produce Company, South San Francisco, CA. "One private label they did right is Costco's [Wholesale Corp., Issaquah, WA]. You can believe the Kirkland label is top quality. A private label doesn't do any good whatsoever unless there is that consistency in quality."

Ciro Porricelli, vice president, Jerry Porricelli Produce, Bronx, NY, succinctly names the two biggest reasons for retailers to consider wholesale brands — consistency and quality.

"The goal of a brand is to establish a consistent impression in the minds of buyers and retailers," adds Matthew D'Arrigo, vice president, D'Arrigo Bros. Co. of NY, Inc., Bronx, NY. "Those brands end up being a premium over other brands or generic produce because of the tangible benefit of delivering consistent quality and flavor over time." Among the branded produce items D'Arrigo offers in metro New York is its own Andy Boy vegetable line, pro-

duced by Salinas, CA-based D'Arrigo Bros. Co. of California, an affiliated company.

Mike Maxwell, president, Procacci Bros. Sales Corp., Philadelphia, PA, agrees, adding, "We believe in our labels [Santa Sweets, Garden Sweet and UglyRipe] and they tend to give consumers a better product because they're done so close to the retailer. There's an added sense of security as well."

The retailer that has to deal with the day-to-day realities of sourcing and presenting the best product possible should have a checklist of concerns that is headed by consistency. "I don't care if it comes in a plain brown box and has a movie on the outside of it," adds Lee Reynolds, produce director, Hagggen's, Inc., the 30-plus-store chain based in Bellingham, WA. "It's what's inside that will make the consumer buy it." From his point of view, consistency tops the list.

"Are suppliers going to give me the same thing tomorrow," he asks, "because I don't even want to have to think about it. I don't want to have to look at it — I just want to know that whatever you're packing is better than just acceptable to the consumer and my stores."

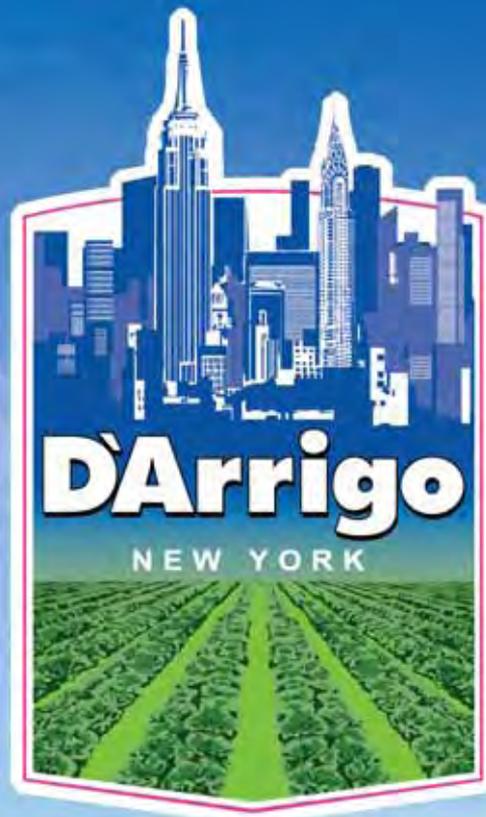
However, in today's economic climate, some people question whether brands really matter at all. "Regardless what brand you put on it, good produce is good produce," states Joel Fierman, president, Joseph Fierman & Son, Inc., Bronx, NY. "I don't think the housewife at this particular stage in time is looking to be taken advantage of by any kind of label as long as the product is good and she gets a good value for her dollar."

Many in the business think brand is important and the value that is added is one reason for that.

THE VALUE-ADDED EQUATION

"There aren't many companies that have brand recognition in the produce business," notes David Watson, president and CEO, Strube Celery and Vegetable Co., Chicago, IL. "That's why you see a lot of retailers go into private label. It's the only way they can differentiate themselves from their competitors." The role of the wholesale brand is to offer





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retailers a value-added product; the brand name could be anything as long as the product has the value-added characteristics consumers seek, he adds.

"Private-label products can fill a niche in the way of special cuts and value-added items," adds Christi Beazley, who recently left her position as sales manager at Kegel's Produce, Inc., Lancaster, PA, to go into the foodservice sector. "Time-saving products are very important to today's consumer and buying fresh-cut, private-label items would save time and money. Private-label items have a certain amount of recognition for their

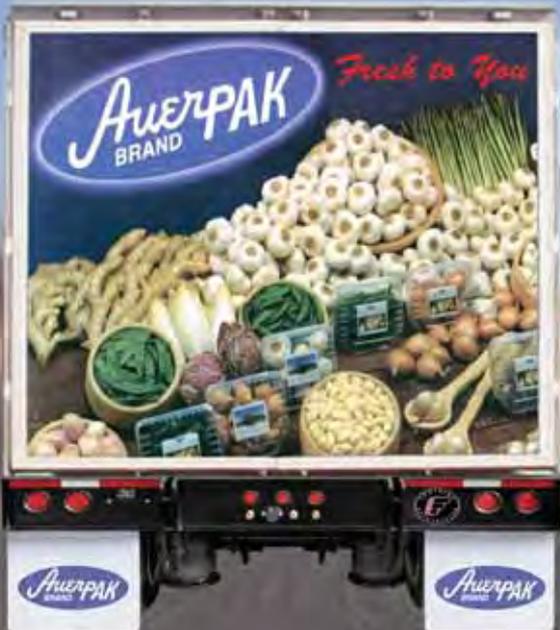
names and the reputation that accompanies those names."

Some wholesalers are creating new products to brand and bringing their value-added services to bear on the marketing effort. "For the first time ever, we are branding a new jalapeño," adds Emily Fragoso, marketing manager for Coast Produce Co., Inc., Los Angeles, CA. "The name is Tremendo. It is very hot yet it keeps its spicy content, which is unusual for large peppers. It is exceptionally large in size — 3.5 to six inches potentially."

The wholesale-branded offering is an

attractive addition to wholesaler-offered services, such as marketing plans and retail support. One such value-added service by Coast matches experienced produce merchandisers with stores to help them with merchandising and category growth efforts.

Efforts by retailers to develop their own private-label produce products have not been missed by the wholesale trade. "Our Horton Fruit Company Peak brand has been around for 60 years," says Jackson Woodward, president and chief operating officer, Horton Fruit Co., Inc., Louisville, KY. "Of course, the trend with retailers obviously



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"Brands like Sunkist, Andy Boy and Driscoll carry that premium successfully by making consumers happy for years and years and years."

— Matthew D'Arrigo, D'Arrigo Bros. Co. of NY, Inc.

has been their own private labels. They go to a higher-end private label for top-notch stuff and offer their regular private label to meet a price point. We are getting some competition from store brands, so what we hope is that they choose us to pack those brands. We do a little bit of both — we do a lot of our own brand and we also pack private label for others."

THE IMPORTANCE OF REPUTATION

Well-known wholesale brands transmit their own value message. "As a service for our customers, we repack certain products into consumer packages," explains Alan Siger, president and CEO, Consumers Produce Co., Inc., Pittsburgh, PA. "We are creating a new product and we've created a brand [Consumers' Best] to use both as an identifying marker and as a marketing tool. Our retailers and the consumers have grown to trust that label."

Along with the product inside the package, a large part of reputation has to do with the label and how it captures consumers' attention. "Brands like Sunkist [Growers,

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Inc., Sherman Oaks, CA), Andy Boy [from D'Arrigo Bros.] and Driscoll [Strawberry Associates, Inc., Watsonville, CA] carry that premium successfully by making consumers happy for years and years and years," according D'Arrigo Brothers' D'Arrigo, "to the point where a brand can actually get through some dips in its quality and seemingly not be affected market wise. They have a little bit of house money so to speak. They have equity."

Nick Pacia, vice president, A.J. Trucco, Inc., on the Hunts Point Terminal Market, Bronx, NY, says Trucco holds products labeled under its brand to an extremely high standard. "All must meet certain criteria and that's the type of quality we want to provide. Branding helps consumers remember the product and when it's of good quality, they're likely to buy it again." Trucco brands include KiwiStar, Fichi and GrapeStar,

"You know the old adage, you don't judge a book by its cover, yet everybody has the tendency to do that," says Jeff Schwartz, vice president, South Hackensack, NJ-based-Maurice A. Auerbach, Inc., whose products are labeled Auerpak Brand. "I can only speak in reference to my company and our private label. The label is attractive and goes on a clamshell package or a net bag so the

product is visible. I think it's important to create brand identity when you have products that are excellent and then let the label create repeat buys." The company differentiates its organic line by using a similar, yet old-time, label that implies wholesomeness.

"When consumers buy our brand, they look for it the next time they shop," accord-



Photo courtesy of A.J. Trucco, Inc.

ing to Procacci's Maxwell. "Once they take it home and like our products, they're likely to pick it up again. It all comes back to consumer loyalty."

Another crucial aspect of reputation involves working within established relationships. "I don't think retailers are buying our brand because they want to have that brand in their store," states Horton's Woodward. "I think they do it because they like doing business with us. People ask us to pack and do

private label for them because they like the job that we have done for them on their own brands." Customers count on the fact that regardless of what brand Horton is packing, the same quality will be there.

"When suppliers treat me right, I treat them right, and I will pay the extra buck to make sure I have the product that is the right product," explains Haggen's Reynolds. "Nobody wants to deal with credits, rejects and returns." One way Haggen's keeps the relationships fresh and the lines of communication open is by visiting the growers and suppliers it deals with.

"We view our brand [Bloom Fresh] to be similar to what other national produce brands are doing as far as quality and value," reports Dorn Wenninger, former vice president of international, S. Katzman Produce, Inc., Bronx, NY. "We are leveraging our direct relationship with growers around the world to provide the supermarkets and ultimately the consumer with access to a brand that is really comparable to what other national brands are producing."

According to Strube's Watson, "The brand obviously sells the image of your company and represents the vision and strategy that your company wants to portray out there in the marketplace. Strube stands for ethics,

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good value, consumer awareness and charitable activities, so there are a lot of characteristics that represent our brand. Those are well-known in the Chicago area so it's a regional play. The reason retailers would get any benefit out of that is because Strube is a local company."

Trucco's brand depicts an image of freshness and quality, notes Pacia. "We believe branding is the way to go. It's important for our customers to recognize our product and identify the quality."

Joel Ippolito, chairman, Ippolito Fruit & Produce Ltd., Burlington, ON, Canada,

believes in the local connection even as his company is becoming more of a North American player than a regional one. "At certain points in time, we make sure to let people know we are supporting regional growing and marketing. We also try to make sure our customers are afforded the year-round offerings that we sell."

Ippolito, whose private label is Queen Victoria brand, expects a wholesale brand to become identified with quality and value. Overtime, he adds, consumers will grow to know the brand for those reasons.

"I definitely see it filling a quality niche

for retailers," reports Shane Towne, marketing and new business development, Indianapolis Fruit Co., Inc., an Indianapolis, IN-based supplier that sells its own Garden Cut label and contracts private label for retailers looking for volumes.

THE FRESHNESS FACTOR

Many wholesalers have a proximity advantage when it comes to delivering fresh, branded produce to their customers. "The product we repack tonight will be in our customers' warehouses tomorrow as opposed to having been repacked at a ship-



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"The product we repack tonight will be in our customers' warehouses tomorrow as opposed to having been repacked at a shipping point in California or Florida where they may be on a truck for three or four days."

**— Alan Siger
Consumers
Produce Co., Inc.**

ping point in California or Florida where they may be on a truck for three or four days," says Consumers Produce's Siger. "We try to distinguish ourselves from the competition by adding value to the service we offer, and if customers ask for a specific pack, we do that, too."

Beazley, formerly of Kegel's, agrees, adding, "The closer a company is to the retailer in terms of proximity, the easier it is to keep the products fresh and turning over every day. The quality and freshness need to shine every day to get people purchasing the product long after the initial introduction."

Dan Carnevale, purchasing director, Veg-Pak Produce Ltd., Toronto, ON, Canada, adds that even if the product already traveled a distance, having the repacking done closer to the customer adds to freshness and affords one last check on the quality of the pieces. "I have graders who are going

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Finding The Right Price

Wholesalers are taking many roads to successful wholesale brands and one such road is to find effective pricing strategies that benefit all parties.

"By going direct to shippers and growers, we are able to take costs out of the system and offer advantages to our customers and our suppliers," explains Dorn Wenninger, former vice president of international, S. Katzman Produce, Inc., Bronx, NY. "[Our brand] Bloom Fresh is becoming popular and is well received even though we aren't spending money on promoting the brand, so unlike others, we're able to have favorable cost benefits because we aren't paying for expensive advertising campaigns."

While higher fuel costs are affecting every aspect of the industry, Dan Carnevale, purchasing director, Veg-Pak Produce Ltd., Toronto, ON, Canada, highlights a slight price advantage to Veg-Pak's brand over the national brands and cites transportation as a contributing factor. "Even though the products are coming in from a distance, we're bringing them in bulk, and because we're packaging here, the freight costs are going to be a little bit less and we have that edge on price."

"Obviously, price is driven by supply and demand," adds Wenninger. "We feel confident we can be price competitive with any of the products we compete with because we're going direct from the farm

to the customers with very little additional overhead. What we always want to do is be the best alternative for our growers. We also know we need to supply good product at good value to our customers."

Ciro Porricelli, vice president, Jerry Porricelli Produce, Bronx, NY, sees the value-added associated with private label as warranting a little more money than non-branded items.

When a quality wholesale brand such as Queen Victoria is recognized over time for quality first, it can move into a premium price point in the market, reports Joel Ippolito, president, Ippolito Fruit & Produce Ltd., Burlington, ON, Canada.

"I've seen a lot of price consciousness this past year," says Joel Fierman, president, Joseph Fierman & Son, Inc., Bronx, NY. "I've seen an increased demand for just good-quality produce at a fair price. It's difficult when transportation costs are \$5,000, \$6,000, \$7,000, or \$8,000 from California and then you want to command an additional 50¢ or 75¢ on top of that for a branded product. Does it really matter if we have a dancing potato on TV? That's a lot of the cost built into the branded product. As money gets a little tighter, some of these convenience items will probably fall by the wayside. The retailers don't seem to be giving up much on their end, and it seems to be coming mostly out of the growers' and the wholesalers' pockets."

pb

through them basically piece by piece and removing ones with yellow leaves or ones that are beginning to break down," he says. Veg-Pak buys mainly from growers in Colorado but moves to Texas and New Jersey as

seasons turn.

"We have always offered a higher-end product," according to Fierman of Fierman & Sons. "We buy locally so that the shelf life is extended."

Horton's Woodward believes high fuel costs have a desirable effect on freshness because it pushes companies to source more local product. Horton's Grow Farms business, a growing operation, is benefiting



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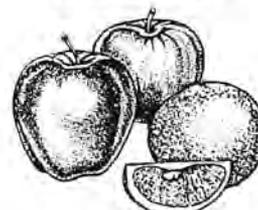


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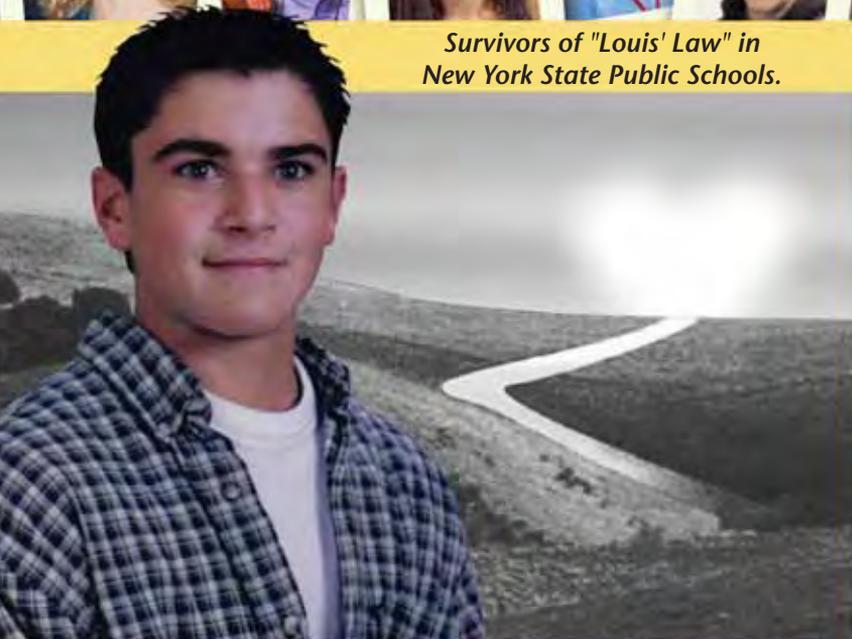
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Nick Balsamo





*Survivors of "Louis' Law" in
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In June of 2002, Governor George Pataki of New York signed Louis' Law, which requires AEDs in all public schools. Both the Senate and the State Assembly unanimously passed this bill.

New York has seen firsthand the importance of Louis' Law. Already 40 lives have been saved in New York State Public School districts because there was an Automated External Defibrillator on sight. School districts across the state, with the assistance of the foundation, have supported the training of staff in the use of these life saving devices.

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because of consumers' desires to eat locally grown produce and help local farmers.

Fuel prices also affect consumers directly so if they're making fewer trips to the store, they will be looking for higher-quality produce that will last longer on their shelves, notes Ippolito Fruit's Ippolito.

When it comes to wholesaler fresh-cuts, whether done as a wholesaler brand or by the wholesaler as a store brand, freshness and food safety are closely linked. "If you specifically look at a fresh-cut model, the issues that come up right off the bat are sanitation and product safety," explains Indianapolis Fruit's Towne. "A lot of retailers

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"A lot of these retailers have their own look and feel to their labels and they don't want to lose that customer connection, so we offer a private label that maintains that look and feel."

**— Shane Towne,
Indianapolis Fruit Co., Inc.**

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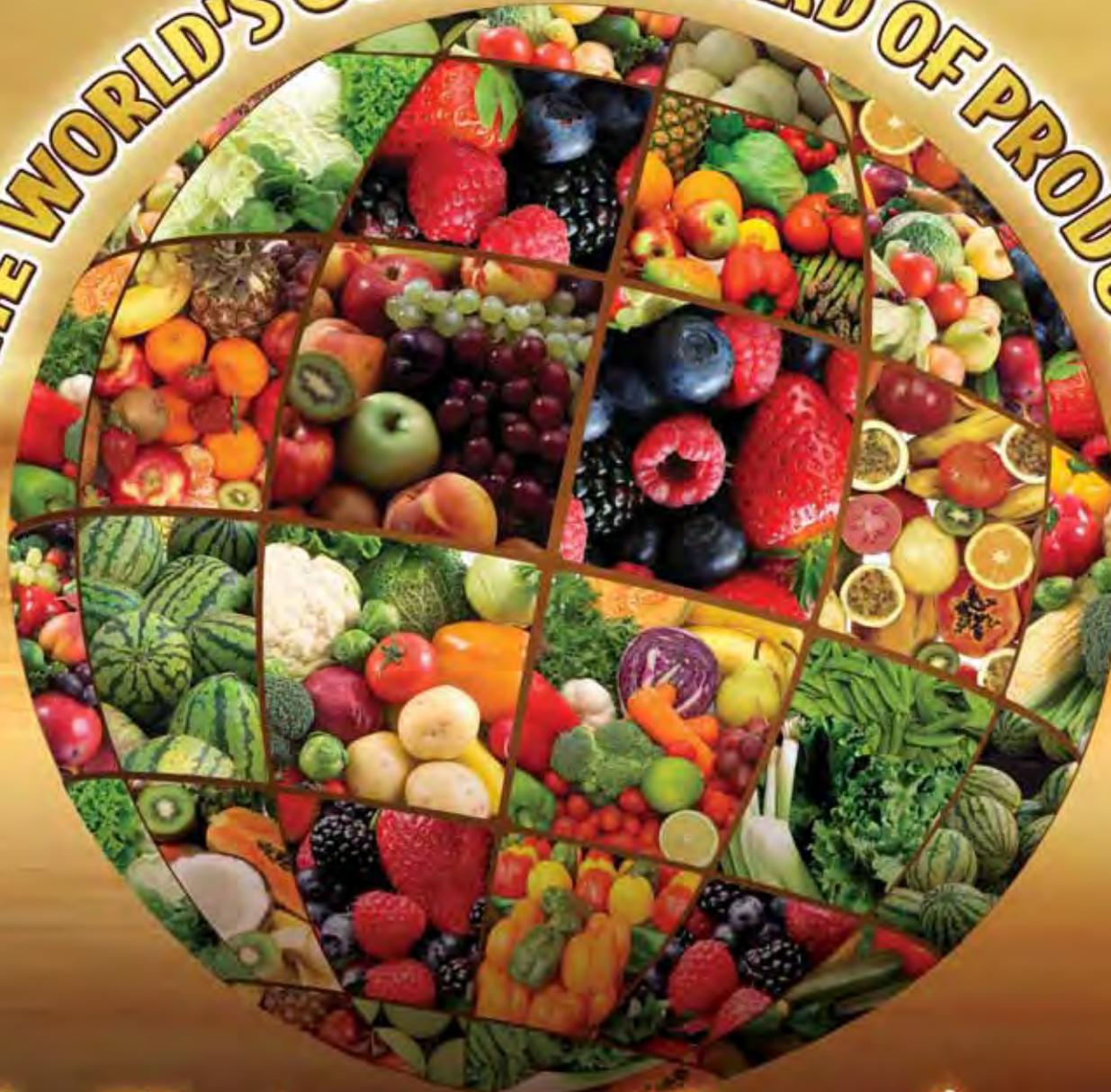
want to take their in-house, fresh-cut programs out of the backrooms and put them into the hands of companies, such as Indianapolis Fruit, that have the food-safety track record and traceability reassurances. A lot of these retailers have their own look and feel to their labels and they don't want to lose that customer connection, so we offer a private label that maintains that look and feel."

SHELF SPACE

As SKUs continue to proliferate in the produce department, places to display product get squeezed. Veg-Pak's Carnevale acknowledges the competition for shelf space and points to large companies as part of the reason smaller players may have trouble getting retail space unless they're serving a niche. "You have the big players basically buying their shelf space, but items like the curly leaf spinach we are doing is

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somewhat of a niche market here.”

“When you think about shelf space for produce brands, there are really only a few brands in the whole produce department that can command loyalty,” according to Wenninger, formerly of Katzman’s. “During the year, in any given individual product, you are going to see lots of different labels out there.” Since Katzman is a consistent, year-round supplier to distribution centers in the New York metro area, its brand has good chances of creating consumer confidence at the store level and is therefore well-positioned to garner shelf space.

“In the produce industry, it comes more down to the retailers and what kind of face they want to put out there to their consumers,” says Indianapolis Fruits’ Towne. “If they hang your hat on a cut-fruit program, they are going to dedicate a lot of space to cut fruit. We have retailers that might want to put more of a face on cut salads or they want to put more of a face on bulk, unpackaged products. It’s just where they hang their hat and that is the point where we offer true value to the retailer.”

Beazley says Kegel works closely with grocers to review demographics and customers’ shopping styles, and then offers tasting demos and supporting materials, such as

recipe cards and menu suggestions.

PROMOTIONAL SUPPORT

Strube supports its brand just as it does any other, including ad support, and is extending the branding concept to include partners that help tell the company’s story, reports Watson. Strube reinforces what it represents by offering product co-branded with the Chicago Food Depository, Chicago, IL, and making a donation to the food bank each time a package sells.

Coast Produce works with retailers on a case-by-case basis when it comes to promoting and tracking the performance and acceptance of its new Tremendo brand of large chili peppers, according to Fragoso.

Horton conducts demos occasionally and ad pricing all the time, explains Woodward.

Indianapolis Fruit takes an individual approach to everything it does with retailers and that includes promotional efforts, notes Towne. “We listen to them and see what



Photo courtesy of Indianapolis Fruit Co., Inc.

kind of programs they want to put together, and we advise them on ways we have been successful within demographics similar to theirs,” he explains. “Then we figure out together what the best program is, and a lot of times it doesn’t have anything to do with marketing and ad programs, but rather it has to do with POP and laminates or sampling and demo programs.”

According to Beazley, Kegel’s provides in-store demonstrations, tastings, recipe and menu ideas, and showcases alternative uses for its products. **pb**

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I N M E M O R I A M PETER A. STICCO

December 31, 1952 – September 1, 2008

I'm blessed to have known Peter Sticco over 30 years and been able to know him as an associate, supplier, partner and most importantly "friends".

The three most important things to Peter were Family, Friends and undying Loyalty. These were the fabric of Peter.

Peter grew up on his family's farm in New Haven with his father Peter and mother, known to all of us as 'Miss Millie.'

Peter started his career at Bozzuto's as a produce inspector. He quickly rose to head the department as produce director and built it from its infancy to one of the most respected wholesale produce programs, built on honesty, fairness and genuinely caring for growers, shippers and retailers.

After thirteen years we gave our blessing to Peter and he ventured out to create Coast-To-Coast produce. Using the same integrity he had with Bozzuto's he became one of the top produce brokers in the country with offices from the east coast to the west coast. Peter instilled in his employees and staff the same business ethics as he had developed over his career, which made his company number one.

To have known Peter is truly a gift. He opened his heart to others and never thought twice about giving of himself.

His belief in God and family and extended family, which most of us are, was never ending. His outlook on life and the courage he had to overcome life's obstacles was truly amazing.

I know when my dad died, someone told me not to mourn him but to celebrate his life. I will not mourn Peter but I will celebrate his life.

I want to leave you with one of Peter's favorite quotes that he got from my father, Adam.....

Cherish your Yesterdays
Dream your Tomorrows
But live for Today

Michael Bozzuto – Bozzuto's

Peter Sticco was an inspiration to all of us at Coast to Coast Produce. He put his employees first when faced with his dire diagnosis from start to finish. Peter's work ethic never strayed to his final moments amongst us. He worked every day like it was his last during the past 3 1/2 years of his illness. We are forever in spirit

with him, and in loving support of his wonderful Mom Miss Millie. We learned from Peter some of life's most valuable lessons—integrity, and loyalty. He will be missed by all of whom he had touched in his life.

**His Boys from Boston
Sean, John, and Dave**

Peter and I were very close. We both loved our jobs and the produce industry in general and we thought that we were the best produce buyers ever born. We both had strong family ties with the same background and we enjoyed the same things, in and out of work. I talked to him everyday and I miss that so much, I want to call his cell phone and listen to the theme from Rocky that played while it rang (but I don't).

Greg Veneziano – Bozzutos

Peter was a Gentleman who worked hard to create his own success. He was a dear friend and will live in my heart forever.

Ellen B. Rosenthal – PRODUCE BUSINESS

Salad Dressing Gives Produce Sales Extra Kick

Retailers are taking advantage of new trends catering to health-conscious consumers and those with exotic taste.

BY LISA SOCARRAS

Salad dressings and dips add extra flavor and interest, increasing Americans' consumption of salads and yielding big profits for retailers.

Promoting the health message can help retailers sell more dressings, dips and produce items.

According to the Association for Dressings & Sauces (ADS), Atlanta, GA, salad consumption is up because of its image as a health food. Retailers can assist consumers and capitalize on sales by promoting nutrients found in salad ingredients, along with the diverse choices in dressings.

The marketing spotlight is on improvement of overall health and disease prevention with adequate diets. "There is a huge focus on health and nutrition," observes Traci Gibson, ADS communications manager. "This includes focus on vitamin E and omega 3 fatty acids," which are included in many salad dressings.

"We are seeing continued growth in our dress-

ings with health benefits," states David Federico, marketing manager, Naturally Fresh, Inc., Midland, TX. "We see increased sales in products that are low in calories and/or fat. Our Lite Ranch dressing has always been our strongest dressing at retail level."

T. Marzetti Company, Columbus, OH, exemplifies this same trend. "In both dips and dressings, we are seeing strong growth in the light segments," says Carla Laylin, senior marketing manager. "In the dressing segment, fruit flavors and balsamic vinegars also continue to gain popularity. In the dressing category, we have introduced Light Citrus Poppy Seed, Light Berry Balsamic, Light Ancho Chipotle Ranch and Thai Peanut."

Litehouse, Inc., Sandpoint, ID, has found success with its lighter products, which now include Lite Bleu Cheese, Lite Ranch, Lite Coleslaw, Lite Honey Dijon Vinaigrette, in addition to its latest — new Lite 1000 Island. "People are becoming very aware and paying close attention to what is in the salad dressings they buy," explains Doug Hawkins, product manager. "People are looking for a clean label. They want real food in their salad dressings, not just chemicals mixed together that taste like food."

According to a 2007 research study conducted by Mintel, a Chicago, IL-based market research company, consumers rated convenience as top priority things they look for in salad dressing purchases, followed by organic, no additives/preservatives and all-natural.

"We're seeing a real focus now on getting great-tasting, healthful meals on the table easily," states Randy Barter, vice president of marketing, Ventura Foods, LLC, the Dallas, TX-based distributor of Marie's salad dressings, dips and glazes. "With consumers so pressed for time and money, they want to be able to whip up quick and affordable meals that their family will love."

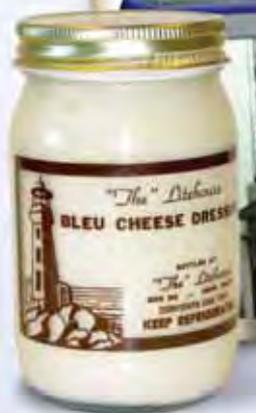
Consumers are also interested in organic dressings. Naturally Fresh launched an organic line this past year and it "continues to gain momentum,"





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notes Frederico.

"Our trends include natural — no artificial preservatives, colorings, additives; no white sugar; no corn syrup; no MSG; and no unpronounceable ingredients," stresses Laurie Raymond, owner, Sisters & Brothers, Inc., Austin, TX. "This past summer, we went entirely gluten-free, which is very important to people with celiac disease and allergies to wheat."

Sisters & Brothers' dressing uses fresh ingredients, such as garlic, ginger, yogurt and lemon juice, according to Raymond.

SALAD FLAVOR TRENDS

Salads trends vary from year to year. This year, the most popular salads are seafood, Asian, Southwestern and Mediterranean, particularly Greek salads, according to ADS. In the top 250 full-service restaurants, use of Cajun blackened meats and buffalo seasoning in salads is decreasing — a trend that spills over into homemade salads. Mexican and Southwestern flavors are popular with spice-seeking consumers.

Asian flavors, such as cucumber/wasabi and peanut dressings, are gaining in popularity, particularly when paired with Asian noodle salads. Ethnic cuisines are a big trend, influenced by consumers' desire for more flavor and variety in their meals. "We continue to see growth in ethnic and full-flavored spicy cuisines," Laylin adds.

"We're seeing tremendous growth toward our vinaigrettes," notes Hawkins. "Our Italian Red Wine is doing well along with our raspberry and pomegranate dressings. We're also seeing an interest in ethnic and Asian dressings."

The sales of the ginger salad dressing made by Makoto, Melbourne, FL, is an example of a new flavorful taste on the market. It was a spin-off of the same product created by owner Tom Cobb, who owned a steakhouse restaurant. "We started the ginger dressing," explains Jim Bates, Makoto regional sales manager. "Tom Cobb saw an opportunity from our Japanese steakhouse in Melbourne."

Makoto started bottling and selling its ginger salad dressing in September of 2001. "Ginger is one of the hottest things out there — take a look at the cooking channel," according to Bates. "Makoto made it a mainstream dressing. People are trying to eat better and our dressing is a healthful alternative to fatty dressings."

According to the 2008 Flavoring Trends Survey conducted by *Prepared Foods* magazine, flavors that will see the most growth during the next two years include açai, natural, Asian, pomegranate, organic, vanilla, chocolate, Hispanic, mango, exotic, fruit,

Tips For Retailers

The health issue will continue to be an important marketing tool for salad dressings and dips in the future. "We will continue to see new and unique items entering the category," predicts David Federico, marketing manager, Naturally Fresh, Inc., Midland, TX. "There are significantly more brands out in the market than ever before. The focus and challenge in product development will be to introduce dressings that differentiate from others."

Cross-merchandising helps retailers increase sales of dressings, dips, and produce items. "This drives new consumers to the dressings in the produce section," he shares. "Almost every customer goes into the produce section on a typical shopping trip. Cross-promoting with other produce items will help to gain trial of fresh dressings and grow the category as a whole."

Doug Hawkins, product manager, Lighthouse, Inc., Sandpoint, ID, agrees, adding, "Only about 15 percent of salad dressing is sold in the produce department, although displaying dressings in the refrigerated section next to the lettuce in produce is one of the best ways for retailers to capture those sales. It's a nice margin for the retailer and could be a great tie in."

Ventura Foods, LLC, the Dallas, TX-based distributor of Marie's salad dressings, dips and glazes, helps retailers cross-merchandise Marie's refrigerated salad dressings through its Make It Perfect in-store merchandising initiative. "Make it Perfect is an integrated marketing campaign aimed at linking Marie's Dressing with the sales of other top-selling produce items," explains Randy Bartter, vice president of marketing. "The program aims to provide consumers with great-tasting recipes and meal ideas that incorporate their favorite produce and Marie's Dressing."

ethnic, Mexican, citrus, blueberry, lime, chili, coffee, curry and mangosteen.

"Consumers are seeking both new, exotic dressing flavors, such as Asian, Mediterranean or Tuscan, as well as twists on old favorites, such as Blue Cheese with Bacon or Chipotle Ranch," notes Marie's Bartter. "To help consumers satisfy their need for something new or different, Marie's has launched several items, including Marie's Sesame Ginger, Marie's Greek Vinaigrette and Marie's Blue Cheese with Bacon."

Some market researchers credit baby boomers with the shift toward stronger,

"Consumers are always looking for fast, easy and healthful meals," explains Laurie Raymond, owner, Sisters & Brothers, Inc., Austin, TX. "Pair dressings with unfamiliar or seasonal produce items to give consumers new ideas. Pick out one flavor and put it on ice near the produce item for which you are giving a cooking idea or even just display recipes nearby."

Sisters & Brothers recently did this by putting recipes for a mixed berry salad using its Creamy Miso Season All Stuff Sauce (SASS) near the berries in select H.E. Butt (HEB) Grocery Co. locations in Austin, TX. HEB is a San Antonio, TX-base chain with 310 stores.

Sisters & Brothers also did a Super Bowl Smash recipe that told consumers to smash avocados with its Sesame Garlic SASS for a unique dip. The company also conducted in-store demos featuring sautéed portobello mushrooms in Sesame Garlic SASS.

Bartter suggest retailers build permanent salad destinations in the produce department to help drive sales of Marie's refrigerated salad dressings as well as produce items. "These destinations provide consumers with recipe cards and all the necessary ingredients, including croutons, almonds, produce and of course Marie's to build the perfect salad. Certainly, these types of permanent, secondary locations not only help consumers to find the products they need to make great meals but they also help boost the sales of items like Marie's Dressing."

Carla Laylin, senior marketing manager, T. Marzetti Company, gives tips on increasing sales with produce department displays. "Put specialty dressings next to vegetable counterparts. Provide recipe ideas for consumers and have components together." **pb**

bolder and more ethnic flavors, thinking that spicy foods are craved by aging sensitivity in taste buds. The large group of Baby Boomers often prefer stronger flavors, according to ADS, citing the high sales of hot salsa, which previously trailed behind mild salsa — now the reverse is true.

Salad dressings enhance the flavor profile of the salad and new research proves the dressing as nutritious, too. "The fat in the dressings help you absorb the nutrients in the salad," notes Gibson.

Another popular item is the dressing spritzer, which makes dressing dispersal

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Source: Produce for Better Health Survey, January 2008 & Produce For Kids (PFK) study, November, 2007

more controllable. "We are noticing low-calorie, salad-dressing sprays, such as Newman's Own and Ken's Light Accents, which are gaining popularity with customers," reports Maria Brous, director of media and community relations, Publix Super Markets, Inc., a Lakeland, FL-based chain with 943 stores.

HEALTHY SNACKING DIPS

People are seeking more healthful snacks than in years past, according to the 2007 Consumer Snacking Study conducted by Information Resources, Inc. (IRI), a Chicago, IL-based provider of enterprise market-information solutions and services. The study predicts an increase in the purchasing of dips and dip mixes this year. Light is in for dips, as it is for salad dressings.

Popular dips on the market include hummus, salsa, guacamole and yogurt-based

creamy dips due to the healthiness of yogurt, which is often substituted for sour cream. Consumers use hummus in wraps and serve it as a dip with pita bread and fresh vegetables. They also use it on baked potatoes, on burgers and sandwiches, and as a spread on bagels.

"We offer a line of hummus veggie dips," according to T. Marzetti's Laylin. "Hummus has shown extraordinary growth and we offer the first line available in the produce department. Hummus, a more healthful alternative to traditional dips, is made with chickpeas or garbanzo beans. It is lower in fat and contains protein and fiber, and it's great with vegetables."

Salsa is also popular, which is extremely versatile. It is used as a condiment and as a cooking ingredient in dishes such as pizza, pastas and chips. Salsa is loaded with phy-

tonutrients and other nutrients.

Guacamole dip is used in salads or as a dip for chips. Made from avocados, guacamole is loaded with vitamins C and E, fiber and monounsaturated fats.

"We really want to encourage the joint promotion of bagged salads and refrigerated dressings through in-ad features."

**— Paul Kusche
Litehouse, Inc.**

	
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Yogurt-based dips replace sour cream with yogurt as their base, resulting in a low-calorie, high-protein and low-fat dip. Yogurt can be used as a substitute for sour cream, altering many traditional recipes to make them more healthful.

Litehouse, Inc., just introduced its Lite Ranch Vegetable Dip, in addition to its other dips which include Organic Ranch Dip, Southwest Ranch Dip and Avocado Dip. "We really want to encourage the joint promotion of bagged salads and refrigerated dressings through in-ad features," reports Paul Kusche, director of marketing. "The two together are a natural combination."

Publix promotes most of its popular dressings by displaying them adjacent to bagged salads. "That's where they're positioned in our line-up," Brous explains. "We also rotate salad dressings in our weekly circular. Our most popular is French onion, which is advertised in the weekly sales ads and special ads that promote the summer grilling season."

Publix advertises its salad dressings several times a year, often promoting buy-one-get-one free sales," says Brous. It also features salad-dressing displays in the produce department near the salads. "We advertise our salad dressing with items that make a logical suggestion and are most visible for our consumers."

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Packaging Brings More Than Surface-Level Quality

Current and future packaging technology promises a spectrum of important benefits to retailers, consumers and the environment.

BY TRISHA J. WOOLDRIDGE

From the plastic bags for bulk items to the specialized bags and clamshells for a growing number of pre-washed, prepared and ready-to-cook items, packaging is a prominent part of produce.

Safety, traceability and sustainability now join the demand for convenience as hot topics. On one hand, new developments sound as if they belong in a science-fiction movie: active or intelligent packaging, nanotechnology and biopolymers. On the other hand, a movement rededicates itself to recycling and differentiating between biodegradable and compostable.

Produce packaging has many roles, but the primary factor consumers see is convenience. Two points central to the discussion are packaging option varieties, particularly smaller portions and single servings, and design innovations to help fit produce into consumer lifestyles.

"There are new sizes and new niches," explains Chip Venable, eastern sales manager for agricultural packaging, Reynolds Packaging Corp., Richmond, VA. "Consumption is moving up and more clamshells are going out to more retailers." He describes

more demand for club sizes, such as 2-pound clamshells for grapes and 2.7-pound clamshells for blueberries as well as more 6-ounce size packages for blueberries. "We're expanding our line with more SKUs for more demands for different sizes."

Many products are making consumers' lives simpler. Cryovac, the food division of Sealed Air Corp., Elmwood Park, NJ, manufactures Simple Steps Lidstock heat-and-serve packaging. Myra Foster, new business development manager, suggests stores should expect to see more of this style of rigid packaging. "It stacks and merchandises nicely, it offers support when you place it in the microwave, it's cool to the touch when removed and it's an acceptable presentation. Flexible packages are hard to take out of the microwave and you have to put them in another holder to serve."

Packaging solutions that allow microwave cooking continue to see sustained growth, according to Dr. W. Scott Whiteside, PhD, associate professor, department of packaging science, Clemson University, Clemson, SC, and associate director, Clemson's Center for Flexible Packaging (CEFPACK). "As many consumers look for more natural and healthful food products, steaming is becoming an extremely popular cooking method for fresh vegetables. There has been considerable expansion of this market in recent years due to new packaging technology."

Whiteside says products like Simple Steps food trays "contain an extremely permeable material that extends the shelf life of perishable products such as broccoli, cauliflower and asparagus. The vegetables can be heated and served directly from the tray, providing greater consumer convenience. There are also several other packaging solutions utilizing similar technology in refrigerated and frozen platforms."

Consumers also want packaging that can go into the oven and that makes it easy to slide product onto the grill. "People in the packaging industry are listening," Foster adds.

"Today's consumer is interested in any package system that lessens the preparation time," explains





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Reader Service # 69

Whiteside. "Portion-packaging designs are another convenience trend, especially for single-person households or families needing convenient meal options for school kids."

THE PROMISE OF FRESH

Consumers expect produce to be fresh. A common misconception is that packaged produce is not as fresh as bulk when, in fact, packaging developments are making packaged produce a potentially fresher product with a longer shelf life than bulk.

Intelligent packaging is an option that conveys information such as freshness to

It's Not Easy

Environmental issues are a hot topic, but bringing more green to packaging industry is not easy.

One point of contention is how to address the consumer demand for specific packaging. "Contrary to sustainability, more consumers are looking for portion control, which creates more packaging, such as mini packages of carrots in a big bag," notes Carol Zweep, manager

of packaging technologies, Guelph Food Technology Centre (GFTC), Guelph, ON, Canada.

"Portion-controlled packaging doesn't [have to] mean more bulk," according to Kurt Zuhlke, Jr., president and CEO, Kurt Zuhlke & Associates, Inc., Bangor, PA, who believes recycling can counteract extra packaging, is cheaper and has less of an environmental footprint than producing virgin packaging.

Many companies see this as an opportunity rather than a problem. "It's a fine line in finding the right balance," explains Myra Foster, new business development manager, Cryovac, the food division of Sealed Air Corp., Elmwood Park, NJ. "Don't take small portions to automatically mean more plastic." Some applications are using less or thinner material for smaller packages and cutting down there. She also points out that overall waste is avoided by providing smaller portions; less food and product is wasted overall.

Another question is whether more effort should be directed toward making current recycling programs work or toward finding more bio-based resins for packaging.

With bio-based resins or plastics, such as polylactic acid (PLA) made from corn, petroleum use is significantly lowered and the material is more sustainable. However, these products are not as durable as polyethylene terephthalate (PET), especially in higher-heat situations. Also, as Zuhlke points out, they are taking away a potential food source, "I don't want to take food out of some child's mouth so I can feel good about packaging. Corn is used to sustain hungry people across the world." He strongly believes that bettering recycling programs and capabilities is the answer.

Many bio-based plastics, particularly compostable ones, cannot be recycled and including them in a recycling program contaminates the recycled material. In the case of produce bags for bulk product, the two materials are almost indistinguishable if consumers don't read the labels.

Even the different bio-based products don't necessarily play well together. One of the biggest problems is terminology. "When people hear bioplastics, they think biodegradable," explains Rose Van Nieuwenhuyzen, president and CEO, Waverly Plastics, Waverly, IA-based manufacturers of Tug & Tote bags. "This is not so."

A bio-based material can sit in a landfill without breaking down. Biodegradable is not the same as compostable; the process for each is entirely different. Unfortunately, the

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Being Green

terms often suffer interchangeable usage. California, for example, uses these two terms as meaning the same in its law requiring bags labeled as biodegradable to also be compostable. While many PET recyclable bags are biodegradable, they are not compostable. California also insists stores offer a bag recycling program, so the recycling points are often contaminated with compostable material.

Recycling as an alternative is not all that much easier to put into practice. While recycling can be more straightforward, the support system is not where it needs to be. According to Aaron Fox, vice-president, Fox Packaging, McAllen, TX, "Recycling is so underutilized in this country. So much of what we throw away is recyclable. It's so simple and we should really push and make an effort to emphasize that in our education system."

Many towns and counties do not provide proper recycling resources. They may take cans and bottles but cannot take produce PET containers due to labeling and adhesives. Fortunately, more packaging companies are addressing labels and adhesives. Pacific Agpak, Inc., Watsonville, CA, is working on a 100 percent recyclable label adhered with cellulose glue, states Dave Baum, president. However, even with more recycling innovations, many places still do not offer any recycling program.

Jim Scattini, director of new business development, Sambraio Packaging, Inc., Watsonville, CA, believes a way to balance out all of these issues does exist. "First, conduct research and make non-political conclusions about the most sustainable packaging options. Next, make realistic assessments about how much each will fit into the current lifestyle of the targeted consumer. The ultimate decision should then be a balance between the best package and the habits of today's consumer. Finally, monitor trends and technological advancements so improvements can be made when necessary."

Many entities are working to decrease the impact packaging makes on the environment, despite the growing demand for more packaging. Innovations are making less out of more, such as a thinner and stronger plastic. Options for lowering pollution and helping the environment do not offer clear sailing quite yet, but progress is clearly being made. The more people in more levels – from packaging companies to retailers to legislators to consumers – willing to support a better world, the easier it will be.

pb

consumers, explains Carol Zweep, manager of packaging technologies, Guelph Food Technology Centre (GFTC), Guelph, ON, Canada. Examples include pear and avocado containers that have ripening meters. This packaging gauges temperature and ethylene within a package and helps the consumer determine peak ripeness.

The next step from intelligent packaging is active packaging, according to Zweep. Active packaging analyzes the contents and then responds. As fruit ripens, the package may release ethylene absorbers or antimicrobials to act against spoilage and extend

shelf life. Medical applications and commercial containers already use this technology. Agion Technologies, a Wakefield, MA-based subsidiary of Ludwigshafen, Germany-based BASF Group, uses silver ions and conducts research to see how similar technology may be used for produce packaging. Some of the tests include using wasabi/horseradish or rosemary particles for their natural antimicrobial property.

Additional innovations include edible film to coat bulk produce and enhance shelf life, Zweep adds. Edible films may even impart desirable flavors to products or deliv-



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SAFETY, TRACEABILITY AND ORIGIN

Recent incidents involving *salmonella* and tomatoes and *E. coli* and spinach have brought food safety to the forefront. Nationwide recalls are bad for consumer faith and increase cost on all levels.

Clemson's Whiteside observes a considerable amount of research being conducted to address food-safety concerns. "Development of antimicrobial packaging materials remains a principal theme in packaging research relating to food safety. Some regulatory concerns can limit the application and acceptance of many of these new antimicrobial packaging materials. Considerable public and private research continues to focus on developing new, more feasible packaging technologies, such as printed circuits and conductive inks that could provide complete traceability for food-safety recalls."

Reynolds' Venable points to difficulties in traceability, especially for delicate field-packed items such as strawberries. A hand- or field-packed item is not sent to a shipping or packing facility that has the machinery and resources to sticker or label each piece of produce. If several small farms in a region drop off their field-packaged products to a warehouse facility, the truck carrying them could contain product from several regions or states.

It is possible to have field workers label each piece of produce or each package, but that would not necessarily be acceptable because of issues involving day-laborers and cost factors. Trucking companies that belong to chains or distribution groups could label merchandise as they pick it up, but that could prove too expensive for independent truckers.

The same issues apply to bulk items, which are often put in bins right off the trees or plants.

"Mechanization can speed up the packaging process in an effort to meet shipping times," explains Roy Ferguson, CEO, Chantler Packaging, Inc., Mississauga, ON, Canada. "Packaging can enhance food safety simply by offering protection from contamination. Traceability requirements can become a reality; the producer can provide the date, field and even row that the produce came from — who picked it, at what time, who manufactured the bag and carton and on what date with relative ease."

Aaron Fox, vice president, Fox Packaging, McAllen, TX, agrees, adding, "Consumer-size packaging instantly gives the end user information as to where that product came from. Whether it's a private label or a coded



Photo courtesy of Sambrailo Packaging

Innovations in the packaging industry offer convenience and food safety.

store/national brand, it provides a shortcut to traceability that is not available to loose produce. Just that much information may cut hours or days off an investigation where food safety is concerned. Packaging also gives people peace of mind that their food has not been touched by hundreds of people who visited that display."

GFTC's Zweep says active packaging on shippers and pallets or individual retail packages can help with traceability through radio frequency identification (RFID), which is already being used by pharmaceutical companies to track drugs. RFID chips register in tolls and border crossings and help track product movement across state and country lines. These chips would record the movement of product from its origin and may even replace traditional barcode scans.

"The industry is starting to apply the tracing technology that has been out there for years in other businesses to the volatile world of produce, where individual SKUs are relatively low priced," explains Jim Scattini, director of new business development, Sambrailo Packaging, Inc., Watsonville, CA. "In some instances, it involves a paradigm shift from the traditional sell unit — an apple with a sticker — to a new value-added one — four apples in a clamshell with a traceable barcode. It also means packaging companies are becoming well educated on the available tracking systems and how they can be adapted to fit our clients' business models."

THE GREEN CONCERN

Consumers continue to demand products that are packaged in material that is good for the environment, according to Herb Knutson, director of marketing, Inline Plastics Corp., Shelton, CT. "We're seeing more requests for sustainable packaging."

"We need to do the right thing for Mother Earth," declares Venable, "and we need to do the right thing for those who live here."

Multiple studies, tests and projects to create a more earth-friendly product have

addressed packaging green issues, but they have resulted in a double-bladed sword. More developments mean more options, but the problem lies where research and developments contradict or hinder one another. Different packaging companies, researchers and even legislators are offering easy solutions, but the water can get very murky when deciding what is the "right thing" to do. To a certain extent, retailers and individuals may need to make that decision for their stores or for themselves — and making that decision means knowing more about the packaging options, opportunities and challenges that deal with environmental issues and trends.

"Both the sustainability and convenience trends can be met in future packaging designs; however these new designs will have to be economically feasible to gain any significant market share," explains Clemson's Whiteside. "Until consumers show a strong preference to spend more of their food budget for sustainable packaging solutions, most of these sustainable packaging materials will be limited to niche market applications."

RECYCLABLE

The most common type of packaging is polyethylene terephthalate (PET). "It's an incredibly great product for recycling," explains Kurt Zuhlke, Jr., president and CEO, Kurt Zuhlke & Associates, Inc., Bangor, PA. "It can be used over and over again, it's pliable, it melts at the right temperature and it maintains its structural integrity."

Inline is in the process of converting its entire line to PET. "It's more environmentally friendly and price stable than polystyrene," states Knutson. "The cost of polystyrene has been going through the roof. PET can do just about anything that OPS [oriented polystyrene] can."

The United States has had recycling programs in place for decades, but much of the population still doesn't recycle. Some municipalities don't offer recycling programs and some people don't know much about the programs that do exist. Zuhlke says education is the key.

BIODEGRADABLE OR COMPOSTABLE?

Rose Van Nieuwenhuyzen, president and CEO, Waverly Plastics, Waverly, IA, cites information about biodegradable and compostable packaging from a PlasticsNews.com article, which says the packages break down in varying environments, leaving no toxic materials or chemicals behind. She adds that assumptions and terminology present major hurdles. Many people assume biodegradable and compostable products are made from natural sources; they also use the terms



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interchangeably and think these products are always recyclable. None of these things, however, is entirely mutually inclusive, which means if something is biodegradable, it may be compostable, but that is not likely because compostable requires a different chemical compound to react.

Biodegradable and compostable substances are not necessarily biopolymers, which are derived from biological sources, according to Nieuwenhuyzen. The two terms are not interchangeable, nor are the items they represent necessarily recyclable.

Furthermore, many people don't realize

even biodegradable and compostable materials are not going to just go away when thrown out, she states. If an item is compostable, it requires a special process to be broken down into non-toxic chemicals. Biodegradable items do not require as much effort as compostable items to degrade. Composting is a process that depends on specific bacteria and heat levels while biodegradable materials depend on commonly occurring microorganisms to break them down.

BIO-BASED/BIOPOLYMERS

Basically, a bio-based resin, bioplastic or

biopolymer is simply a product made in whole or in part from a renewable resource, such as corn, soy, switch grass or even trees, according to Zuhlke. The most common biopolymer is polylactic acid (PLA), a plastic made from cornstarch. A common misconception of these products is that they are naturally biodegradable or compostable. This is not true; like PET, these products need to be formulated to be biodegradable or compostable in addition to being made

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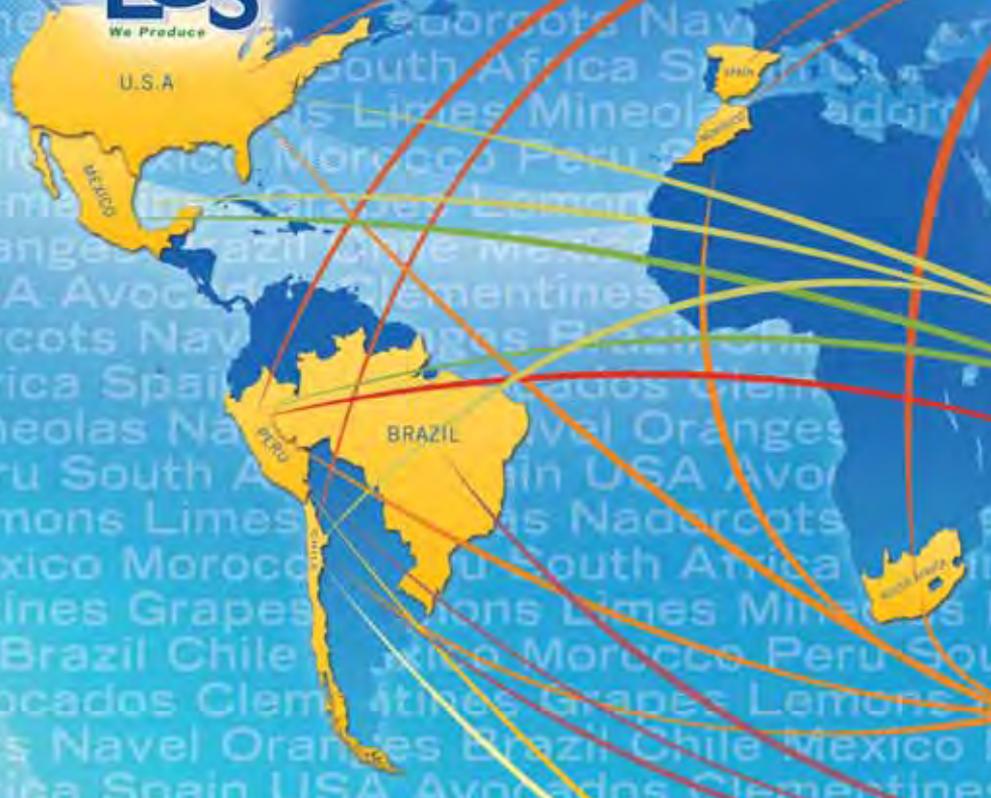
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from renewable resources, he adds.

"PLA is the most discussed green packaging material currently available, however, it does have some limitations," states Clemson's Whiteside. "Much of the research is focused on improving the properties and applications of PLA materials. However, the recent rise in corn prices, the current raw material for most PLA, may render it economically infeasible for use in many markets."

Growing demand for corn-based ethanol fuel could increase the price of corn and PLA, he explains. "Some people are starting to ask if it is a wise, long-term solution to take corn typically produced for human and livestock feed and convert it into packaging materials. Packaging materials that are developed from existing production processes as waste streams have the potential to create some niche markets by producing a green packaging material while reducing waste. Fish gelatin is just one example of a packaging material that originates from the fish processing industry. Researchers are working to improve its barrier, mechanical and functional properties. The application of nanotechnology has allowed several improvements in the overall functionality of fish-gelatin-based packaging materials. The ultimate objective would be to develop a multi-layer, bio-based packaging material for various applications."

Sustainability is the main strength of these products; they come from easily renewable resources rather than petroleum. Their main



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weakness is that they generally don't hold up well to high temperatures and are more fragile than PET or petroleum-based products. Therefore, they cannot easily be made into cook-able containers to cater to the convenience demands of consumers.

Nanotechnology promises help in this area, according to GFTC's Zweep. Already used in the automotive industry to add strength to products, embedding nano-sized particles of clay may enforce bio-based materials to a level where they can compete with petroleum-based products.

The ability to produce nanoparticles has



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driven much packaging innovation in recent years, notes Whiteside. "Increases in barrier, mechanical and functional properties are just a few of the advantages this technology brings," he says. "Nanotechnology can potentially reduce food-safety risks by incorporating antimicrobial compounds into the packaging materials while also extending the shelf life of many products. The efficacy of some previously discovered antimicrobial compounds can be improved by the use of nanotechnology, however, we need to gain a better understanding of the long-term implications of employing this technology. Extending the shelf life of various types of fresh produce is another application where nanotechnology has promise."

Cambridge, MA-based Metabolix, Inc., which specializes in medical plastics is researching another new development in biopolymers. Metabolix is looking at plastic made by bacteria. This is not being tested for food products yet, but it may be in the future.

LOOKING AHEAD

Several companies are working with the size and shape of their packaging to cut freight costs and fuel for transport. AgPak president Dave Baum, president, Pacific Agpak, Inc., Watsonville, CA, notes, "Our 4-pound strawberry and grape clamshells have the highest efficiency in utilizing the maximum space on a truck." Going green is a major focus for the company, he asserts. "We listen to our customers and we look for ways to be more proactive."

Some wonderful innovations are available for produce today and more are on the horizon. These products continue to provide the convenience, freshness and safety consumers demand, and they also address the issues of traceability and lowering their environmental footprint. Retailers will have to select options that best fit their stores' corporate ethos and demographics. The produce department is more than just product — packaging around the product is part of a whole picture.

pb

Reader Service # 48

Nogales Major Player In West Mexican Produce

Nogales serves as an important gatekeeper for fresh West Mexican fruits and vegetables entering the United States.

BY K. O. MORGAN

Produce imports from West Mexico have made Nogales, AZ, a boomtown. It has served as the trading crossroads between the United States and Mexico since 1882.

"A century ago, railroads were the principal mode of transportation for produce, and Nogales was the point where the Southern Pacific Railroad crossed the U.S./Mexico border," explains Nick Rendon, division manager, The Giumarra Companies, based in Los Angeles, CA. "As trucks replaced the railroads in transporting fresh produce, the Nogales Port of Entry evolved to handle today's volume of produce imports, which is in excess of 120,000 loads per year, or 4 million pounds of fresh produce."

Danny Mandel, president, SunFed, a Rio Rico, AZ-based full-service produce company, says, "In the early 20th century, the state of Sinaloa started production of the same wintertime fruits and vegetables — and for the same reasons — that are exported today. The terminus of the Mexican West Coast railroad and its West Coast International Highway, both of which transported these products, was Nogales. Over time, production areas developed

over almost the entire length of these arteries."

Nogales has grown into a thriving community at the center of produce trade between West Mexico and the United States. "Nogales is a strategic location along an important trade corridor that travels up the west coast of Mexico, through the United States and on into Canada," states Allison Moore, communications director, Fresh Produce Association of the Americas (FPAA), a non-profit association of family-run businesses based in Nogales. "Because of our long history of importing produce, the area has developed a wide range of services and infrastructure that are integral in delivering the best produce possible."

"The infrastructure was here and it was a point of entry for Mexico," adds Brent Harrison, president, Al Harrison Co. Distributors, Nogales, AZ. "Proper highways were in place, infrastructure was set up to handle all commodities and there are assembly plants in Mexico that can handle huge volumes of produce."

According to Harrison, Nogales also has a freight advantage over other places, such as Costa Rica or Panama, which ship produce via boat to Los Angeles and Florida. "In Nogales, companies put together loads of various produce, such as tomatoes and peppers, so if they're able to do all of their loading here, they don't have to go to Los Angeles, Florida or other places. They can do it all in Nogales, since this is a main entry point of West Mexican produce."

"Our port of entry is fine-tuned, we're accustomed to receiving volume and we have agencies in place to facilitate it, such as U.S. customs," he continues. "We also have an array of customs brokers from the United States and Mexico, so the port here is able to handle produce and certain other commodities. We'd like to see it grow even more, which is happening because this town is growing thanks to West Mexico's proximity to the United States, which benefits both countries."

Alejandro Canelos, chief operations officer of Melones Internacional, Culiacan, Sinaloa, Mexico, and director of Apache Produce Co., Inc., a Nogales,



Product Promotions

West Mexican produce can fill the void on U.S. shelves, and retailers can enhance their sales by promoting it.

From September through late spring, a team of merchandisers from the Fresh Produce Association of the Americas (FPAA), Nogales, AZ, will visit retailers to advise on West Mexico produce for fall and winter, says Allison Moore, communications director. "Pre-programming ads throughout the season is important, as is some flexibility, to take advantage of changing markets throughout the season."

Juan Cardenas, vice president, Tricar Sales, Inc., a 56-year-old agricultural distribution company, Nogales, AZ, notes, "Retailers always have the power to promote and challenge that the produce from West Mexico is fresh and of an excellent quality. They can also stress the facts that they know the source of the product, it wasn't touched or handled by a third-party broker and it's bought direct from the farm and distributor."

"American consumers should buy produce from West Mexico for a lot of reasons, including quality, availability and freshness," says Nick Rendon, division manager, The Giumarra Companies, based in Los

Angeles, CA, "but retailers can promote the fact that our growers do not harvest their produce until it is fully mature and are then able to get it quickly to market, which results in a terrific eating experience."

Chris Ciruli, chief operating officer, Ciruli Brothers, LLC, Tubac, AZ, advises, "The best way to promote West Mexican produce is to use lots of items at reasonable or promotable prices."

"I think retailers do a good job already in promoting West Mexican produce," states Brent Harrison, president, Al Harrison Co. Distributors, Nogales, AZ. "Besides, a high percentage of winter vegetables sold in the United States and Canada come from Mexico, so retailers have to do it anyway. Quite a bit of winter produce on everyone's table in America is from Mexico."

Alejandro Canelos, chief operations officer, Melones Internacional, Culiacan, Sinaloa, Mexico, and director, Apache Produce Co., Inc., Nogales, AZ, agrees, adding, "During the West Mexico production window, there simply isn't a better option for American consumers wanting a variety of fresh, top-quality produce with an emphasis on food safety and traceability."

pb

AZ-based supplier that ships the Plain Jane brand, agrees. "We have always shipped through Nogales, love Nogales and hope to ship through Nogales indefinitely."

MEXICO'S GROWING ROLE

FPAA, which was founded in 1944, pro-

vides a powerful and unified voice for more than 125 companies involved in growing, harvesting, marketing and importing produce from Mexico. According to FPAA, Mexico is the leading supplier of fresh produce to the United States.

"The climate along the western coast of

Mexico is ideal for growing produce items, such as tomatoes, squash, bell peppers, cucumbers, watermelon, melons, eggplant and other vegetables, consumers demand year-round," states Moore. "During that time, it is too cold to grow these items in most of the United States." The microclimates in the

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western region allow for ample production and consistent supplies regardless of localized weather events in isolated areas.

Chris Ciruli, chief operating officer, Ciruli Brothers, LLC, Tubac, AZ, agrees, adding, "It's so diverse. You have diverse climates, which allow us to plant in many different regions. Plus, we have a good supply of water and labor down there."

"West Mexico is, in reality, a 600-mile-long coastal plain with good infrastructure," SunFed's Mandel adds. "It's blessed with fertile soil, ample water and the ability to produce counter-seasonally during the eight months when U.S. domestic production is

low to non-existent."

According to Melones' Canelos, "The size of West Mexico and the number of varying climates allow for steady production of many produce items for an extended period. For example, the excellent weather and soil conditions in Culiacan, Sinaloa, allow our greenhouses to ship tomatoes, peppers and cucumbers from late November through spring. The large and varied West Mexico region is close to the United States, providing relatively inexpensive, efficient access to the border. This combination of proximity and favorable climate conditions makes West Mexico unique among all areas supplying product to

Nogales By The Numbers

Mexico exports almost 4 billion pieces of fruits and vegetables to the United States each year, and most of it comes through Nogales, AZ, according to the Fresh Produce Association of the Americas (FPAA), Nogales. Located on the border of Arizona and Mexico, the city has been a port of entry for over 100 years.

Nogales is also the headquarters of FPAA, originally the West Mexico Vegetable Distributors Association (WMVDA), a non-profit association founded in 1944 to provide powerful representation to more than 125 member companies involved in growing, harvesting, marketing and importing produce from West Mexico. Its latest campaign, *Fresh from Mexico*, is geared toward helping U.S. retailers promote West Mexican produce to American consumers across the country. **pb**

the United States in the fall and winter."

Veronica Kraushaar, president, Viva Marketing Strategies, LLC, a Nogales, AZ-based marketing group that works closely with FPAA, notes, "During the winter, Mexico supplies a large majority of the produce consumed in the United States, merely because there are no other seasonal options. However, Mexico is shipping year-round now, so the consumption has increased even more. One of the key advantages for West Mexico is its close proximity to the United States."

Mexico is a natural trading partner due to rising freight costs, adds Giumarra's Rendon. "Mexico produces fresh produce when it's out of season in most of the United States. Its proximity to us means fruits and vegetables can be harvested at their peak flavor and do not have to be picked green to be able to survive import times that might be measured in weeks from other areas."

This natural give-and-take between West Mexico and the United States during fall and winter allows retailers to fill the ever-increasing U.S. demand for fruits and vegetables. "The sunny weather and the fertile growing valley along the west coast of Mexico make it an ideal place to cultivate fresh produce when the rest of North America is covered in snow or experiencing cold weather," states FPAA's Moore. "If you eat a salad in the fall or winter, chances are many of your favorite salad items are grown in Mexico, and Americans have been buying fresh, quality produce from West Mexico for over a hundred years."

Juan Cardenas, vice president, Tricar

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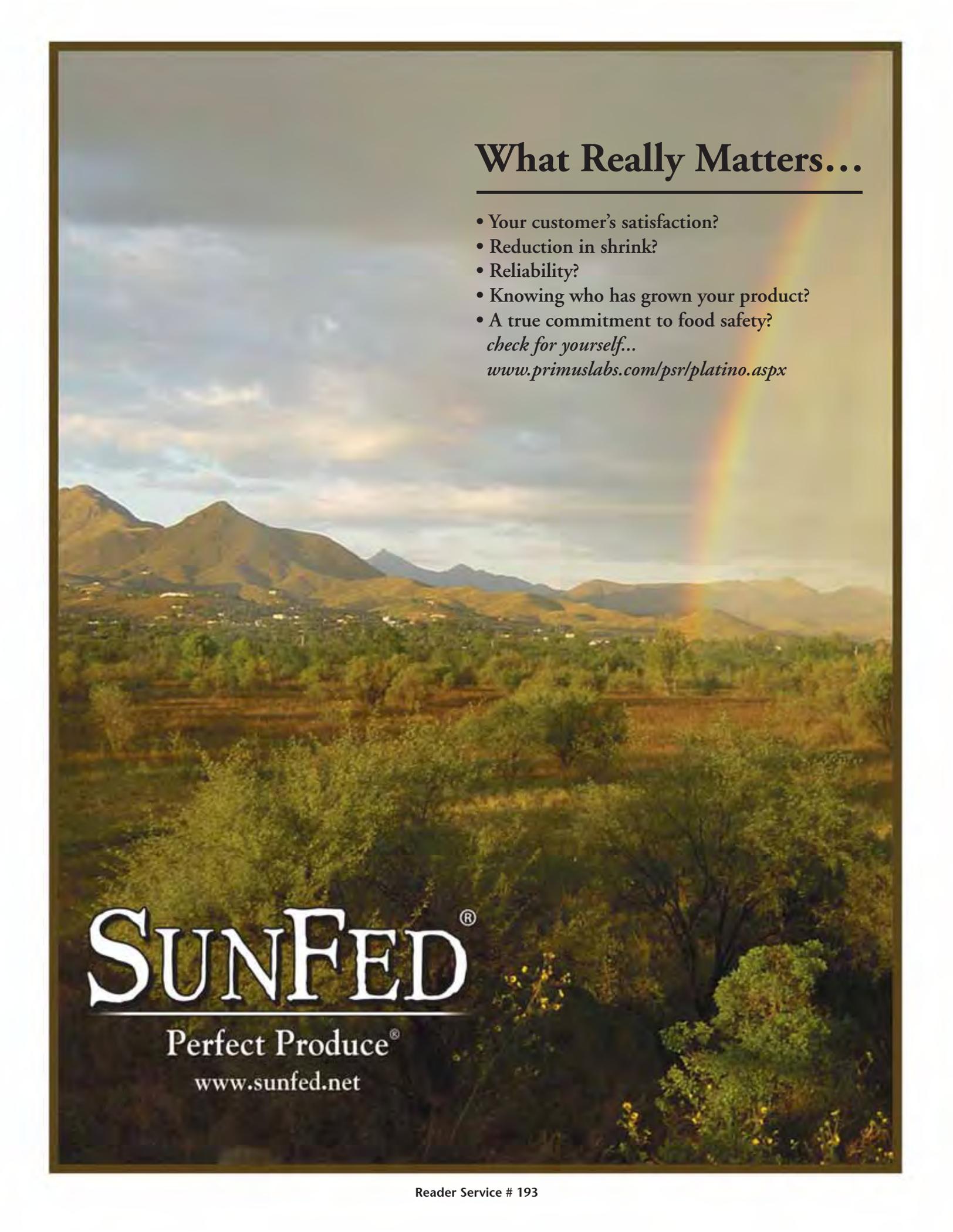


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Sales, Inc., a 56-year-old agricultural distribution company, Nogales, AZ, claims Mexican produce is extremely flavorful and naturally ripe. "We don't ripen tomatoes in gas chambers. We do it naturally and the growing season is all year-round in Mexico. It's often cheaper to buy produce from West Mexico than the United States, except perhaps in those cases when certain produce in the United States is locally grown because it's that time of year for that particular produce."

"Growers in West Mexico are proud of the job they do in growing wholesome, quality fruits and vegetables — the same fruits and vegetables they feed to their own fami-

ly, friends and neighbors," according to FPAA's Moore.

HEALTH CONCERNS

Recent health concerns about Mexican imports put the Mexican produce industry in the spotlight and resulted in a greater emphasis on food safety and improving food traceability standards. "While the coming country-of-origin labeling [COOL] requirements in the United States will pose certain logistical challenges for all of us in the food business, I believe it will be a boon for growers and distributors of West Mexican produce," notes Melones' Canelos. "The more

consumers have an opportunity to know when they're buying high-quality produce from West Mexico, the better. Under COOL, more American consumers will learn what we and our customers already know — for quality, freshness and accountability, there's no better region than West Mexico."

Kraushaar agrees, adding, "Mexican produce is inspected at a rate of around nine times that of U.S.-grown produce, and there are a myriad of safeguards in place for produce from Mexico. In fact, an agency called Mexico Calidad Suprema [(MCS), Mexico City, Mexico] has a program for growers and shippers to ensure and certify that very strict safety, quality and sanitation guidelines are followed."

Some believe Mexico has to enforce an even stricter line of safety procedures than those in the United States. "Mexican production has been subjected to protectionist pressures for decades," reports SunFed's Mandel. "Some of these have been manifested under the guise of food-safety issues, and therefore, Mexico has had no choice but to become and stay serious about its food-safety practices. Today, it sports world-class companies leading the way in this area and the FDA [U.S. Food and Drug Administration] has quintupled its number of physical examinations of imported produce since 2001."

Consumers should take comfort in Mexico's rigorous inspection process, stresses Moore. "Demands from buyers across North America require produce from Mexico meet all food-safety regulations of food grown in the United States and Canada. Imports from Mexico are subject to inspection by a multitude of federal and state agencies before entering the United States. FDA reviews information on every single produce shipment that enters the United States before it ever reaches the border. Sometimes, FDA even takes a higher percentage of samples of the loads to check that items have used approved pesticides at approved levels and to check for microbial contamination."

"Food safety is foremost on everyone's mind, especially in light of recent food concerns," states Al Harrison's Harrison. "We're doing more specialized packaging as well as packing to certain specifications. It's a never-ending change in our industry, and we need to keep up with it. Another area of change is that everyone wants to know where their food comes from, what lot was it grown in, which warehouse was it sent to, what date was it packaged, who handled it and what courier delivered it."

Melones' Canelos concurs. "In addition to certification by both the Mexican government and a third-party U.S. certification company, we also employ a traceability sys-

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tem aimed at being able to trace our products back to their specific growing, packing and handling locales quickly and easily," he explains. "Many other growers all over West Mexico are leading the way in industry food-safety and traceability standards."

Al Harrison's Harrison agrees, adding, "We've been under the microscope, so we've had to be the leaders in food safety in the process of traceability and third-party testing, which is now mandatory from our customers. Many large customers won't purchase from vendors who are not third-party testing and don't have good agricultural practices. All facets of industry hurt when an outbreak happens, so it needs to be taken care of quickly. Consumer safety comes first and foremost, and we need to understand that and make it happen consistently."

All Ciruli Bros. packing facilities and fields are third-party audited and all its U.S. facilities are certified, explains Ciruli. All its produce must meet FDA and USDA standards.

"U.S. importers and their Mexican growers have sophisticated traceability measures in place so they know exactly where their products came from and where they went when they left the importer's warehouse. In addition to being a smart business practice, one-up-one-down traceability is also required under the Bioterrorism Act of 2002," explains

FPAA's Moore.

"Our Mexican growers have security programs in place that are not often seen in produce operations here in the United States," offers Giumarra's Rendon. "These include GlobalGAP, Nature's Choice [developed by Cheshunt, England-based Tesco plc] and third-party audits by firms such as PrimusLabs [Santa Maria, CA] and Scientific Certification Systems [(SCS), Emeryville, CA], in order to comply with export-market requirements."

According to Moore, "It's common practice for growers to use third-party certification companies that are most often based in the United States to audit these practices. This helps growers monitor and refine the systems they have in place on the farm and in the packinghouse. It is also in response to retail and foodservice customers' requirements for increased auditing and inspection."

A BETTER PRODUCT

West Mexico growers continue to search for ways to increase their presence in the U.S. produce market, and this has led to new developments in its agricultural practices. "Protected agriculture in Mexico is growing at an impressive rate," states SunFed's Mandel. "Mexico is far along in its learning curve, and its greenhouses and shadehouses are producing consistently impressive high-quality products."

ity products."

Moore points out, "Mexico is the fastest-growing country for hothouse production. Growers are converting open-field operations to protected-agricultural operations. Unlike greenhouse production in cold climates, the structures in Mexico are designed to provide consistent temperatures, protection from insects, protection from weather and cold temperatures."

"While greenhouse vegetables are not exactly new to West Mexico, their presence in the Nogales market relative to their field-grown counterparts is increasing annually," adds Canelos.

These protected-agricultural operations draw on innovative developments from around the world. "Mexican protected agriculture uses technology from countries such as Israel and Spain, where weather conditions are similar to the hot climate of Mexico," notes Moore. "Mexico is an important innovator in developing improved growing methods for the climatic conditions of the country's growing regions."

Enforcing the COOL requirements is also viewed as a benefit to the industry. "When COOL went into effect in September, consumers began to see and taste how freshness and climate make a difference," according to Rendon. **pb**

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Florida Vegetable Sales Heat Up The Industry

From October through May, the Sunshine State serves as a staple supplier of fresh produce to the nation.

BY CAROL M. BAREUTHER, RD

Fall and early winter promotions are already lining up for Florida's upcoming vegetable harvest.

"Promotional volumes are always plentiful in the springtime," reports Daniel Whittles, director of marketing, Rosemont Farms Corp., Boca Raton, FL, "but because of the Florida season's unique positioning – both strategically and in continuity – we find that there are frequent promotional opportunities in the fall and winter."

In 2007, Florida's "fall retail campaign generated about \$40 million in additional cash receipts for Florida farmers and at retail," notes Dan Sleep, development representative supervisor, division of marketing and development, Florida Department of Agriculture and Consumer Services (FDACS), Tallahassee, FL.

Tropical storms and hurricanes can affect when crops go in the ground, but vegetable planting is typically in high gear in most of the state's central and southern peninsula farmlands by mid-September, with harvests beginning around mid-October. Florida's top

fall vegetable crops include tomatoes, snap beans, peppers, cucumbers, squash, cabbage and corn.

TOMATOES: Florida is a strong player in the domestic tomato market when California's peak production begins to wind down after September. "In the winter, we source 65 to 70 percent of our tomatoes out of Florida," explains Joseph Comito, president, Capital City Fruit Co, Inc., Des Moines, IA.

"Quincy starts harvest as early as late September while Palmetto-Ruskin begins in mid-October and continues into spring," states Samantha Winters, director of education and promotions, Florida Tomato Committee (FTC), Maitland, FL. "Historically, there's been production out of Fort Pierce during this time, but this volume has been declining over the last few years, although it may come back."

Chuck Weisinger, president, Weis-Buy Farms, Inc., Fort Myers, FL, says, "In collaboration with grower partners, we plan to harvest and sell approximately 200,000 boxes of Florida-grown tomatoes this season. We also plan to buy a significant amount of tomatoes from shippers and growers in the Florida area.

"In the past, we specialized in the field-pack tomato and shipped this to the Northeast and Midwest," Weisinger adds, "but we are changing with the times and will ship only washed, chlorinated, brushed and waxed tomatoes with the quality seal of the state of Florida as well as the U.S. Food and Drug Administration [FDA]."

Field, vine-ripe, grape and Roma tomatoes "will be in promotable volumes by the end of October," notes Rob Meade, director of grape tomato sales, East Coast Brokers & Packers, Plant City, FL.

SNAP BEANS: The biggest snap beans competitor to Florida is Georgia; minimum market share also comes out of New Jersey and Virginia into early fall. "While we have a strong mix of items, the core of our Florida business during this time remains focused on shipping the high-quality beans as well as other items, such as bell peppers and cucumbers," reports Whittles. "Our offshore items are a complement to our Florida-produced items."





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Reader Service # 37

BELL PEPPERS AND CUCUMBERS:

East of the Mississippi, Texas is the only other state shipping peppers at this time of year, and small amounts of cucumbers are shipped out of Texas, South Carolina and Virginia. "As of early August, acreage looked to be down somewhat on bell peppers," says Rosemont's Whittles. "Land out there is available, but it is questionable whether the full utilization will be there due to costs and the need for stronger returns to the farm."

Some growers plan to harvest bell peppers and cucumbers during the run-up to Thanksgiving while others plan to harvest afterward. "The week after Thanksgiving is slow, so it's a question of having enough, but not too much, product," explains Adam Lytch, grower development specialist, L&M Companies, Inc., based in Raleigh, NC. "Everyone gets going as of Dec. 1."

Pero Packing and Sales, Inc., Delray Beach, FL, plans to offer chocolate-colored bell peppers this year. "There's a buzz in foodservice over these peppers right now," states Scott Seddon, marketing and advertising specialist. "Chefs like to use them in sautés and in roasted-vegetable mixes because of their color. We'll also have a 2-count-tray pack available for retail. The retail packs will come with a recipe and

Retailers Utilize Fresh From Florida Theme

Sweetbay Supermarket, a 107-store chain based in Tampa, FL, and a subsidiary of Delhaize America, Inc., a division of Delhaize Group, Brussels, Belgium, have successfully stocked and promoted produce using the *Fresh From Florida* logo over the past several years. "It's an important initiative for us and we call it our home-field advantage," explains Steve Williams, director of produce and floral. "For example, product can be picked, packed and shipped to our distribution center within a day."

In late summer, "We'll sit down with a marketing representative from the Florida Department of Agriculture [and Consumer Services (FDACS), Tallahassee, FL] and lay out a schedule of promotions for the year," notes Tom DeBlicq, assistant category manager for produce. "Closer to the fall, we'll work directly with growers on weather, timing, volume and pricing. We promote anything that's available, which could be cucumbers, peppers, squash, eggplant,

beans, corn, tomatoes, radishes and cabbage."

Sweetbay utilizes bin wrap, information and recipe cards at point of display and the *Fresh From Florida* logo in displays and ads. FDACS provides these materials to retailers. "We'll generally advertise an average of two Florida-grown items per week during the 8-month growing season, depending on availability and quality," Williams says. "Oftentimes, more."

Sobeys, Inc., a 1,300-store chain based in Montreal, QC, Canada, and a subsidiary of Stellarton, NS, Canada-based Sobeys Capital, Inc., operate a small produce brokerage business in Boynton Beach, FL. "We'll run our local deal up to Nov. 1, then we look to Florida for such items as snap beans, bell peppers, squash, zucchini, eggplant, tomatoes and radishes," explains Francis Berube, merchandising manager.

Florida produce "is signed with the *Fresh From Florida* logo at POS and in our ad flyers," Berube notes. **pb**

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nutrition information.”

SQUASH: Pero is also introducing new summer squash varieties, including zucchini and yellow squash. “These new varieties are more scar resistant [than traditional varieties], which is advantageous with the winds we can get,” Seddon notes. “Retail consumers buy with their eyes.”

SWEET CORN: Markets east of the Mississippi look to Florida for sweet corn due to freight-cost advantages. “Sweet corn is a year-round item for us, but our Florida season runs from Nov. 15 through May,” says Nichole Towell, marketing development

manager, Duda Farm Fresh Foods, Inc., Oviedo, FL.

Florida’s fall sweet corn production has fluctuated over the years, reports Jason Stemm, spokesman, Fresh Supersweet Corn Council (FSSCC), Maitland, FL, “but typically falls between 1 and 2 million crates from mid- to late-October through December. This time of year, we’ll see more tray-packed product than loose ears since sales volume tends to be less than in the spring and summer. It’s important to keep corn refrigerated to slow the conversion of sugar to starch.”

Florida produces sweet yellow, white and

bi-color corn, with bi-color surpassing sales of yellow, Stemm says. “Red Supersweet corn is also available, although it’s more of a specialty item.”

OTHER VEGETABLES: Florida-grown avocados are marketed from June through January by Brooks Tropicals, LLC, Homestead, FL, under the SlimCado label. Promotional volumes peak from July through September. “If your customers are surprised by the size, remind them that this avocado isn’t grown in a dry climate like California,” advises Mary Ostlund, director of marketing. “The difference in taste between Slim-



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Florida offers a freight savings advantage to East Coast markets over Texas, California to the West and Mexico to the Southwest.

Cados and California avocados may be described as watery versus oily, which are horrible words to describe great-tasting avocados, yet these words do the job.”

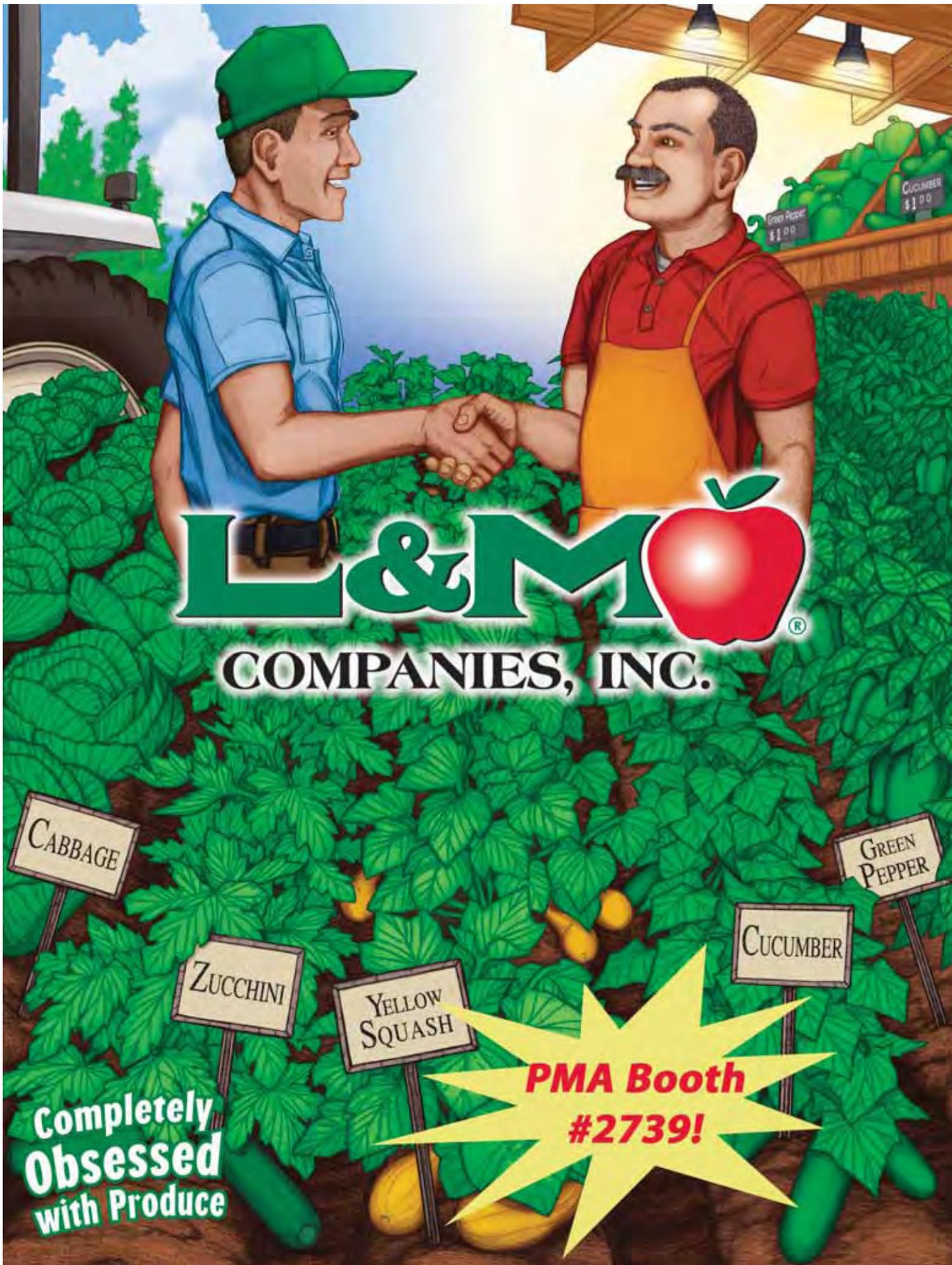
Radishes, okra, eggplant, broccoli, leaf lettuces, hot peppers and winter squash are other fall-grown Florida vegetables.

PROMOTIONAL PROSPECTS

As late as 2001, FDACS didn’t do much promotion in the fall, but that has changed. “When we looked at that time of year, we realized we were vulnerable,” explains Sleep. “In the fall, a lot of product comes into the country from Central America, the Caribbean and Mexico, and we also compete with a handful of states. We realized there was sufficient argument for setting forth a promotional campaign like our winter and spring campaigns that focused on promoting quality products at a competitive price.”

A total of 121,630 stores ran ads between November 2007 and January 2008; 400 store ads ran during the same period between 2002 and 2003. “In August, our staff begins meeting with retailers in Florida and throughout the country and world to plan for the upcoming season and work out what might be feasible for them,” says Sleep.

The promotional program is as beneficial to grower/shippers as it is to retailers. “It’s huge for us,” says I&M’s Lytch. “For the past five years, we’ve grown and marketed broc-



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Photos courtesy of Walt Disney World Resort

The Wave at Walt Disney World Resort, Orlando, FL, takes casual dining into the health-conscious 21st century.

"We source ingredients locally and regionally," states Chef Frank Brough. "The advantage is a shorter shipping time from farm to table and that means freshness and flavor. We have a large number of local guests who like to know we support the local economy and many international guests who like to know the story of where their food comes from."

Cahaba Club Herbal Outpost, Odessa, FL, "supplies our Boston Bibb, Red Oak and baby Lolla Rosa year-round," he says. "We also purchase watercress and arugula from B & W [Quality Growers, Inc., Fellsmere, FL]."

He adds, "The benefit of forming a relationship with a local grower is that you're constantly in touch. Cahaba has a new product, red mustard greens, that we're thinking of using in a sandwich on our new fall menu that starts in October."

Locally grown produce is also a big draw for customers at K Restaurant Wine Bar, Orlando, FL. "We have a vegetable garden in the back where we'll grow herbs year-round and vegetables such

as tomatoes, squash and eggplant in the fall," reports Kevin Fonzo, executive chef and owner. "When we need larger quantities or we're doing a special-themed dinner, we go to our local growers. We've worked with Waterkist Farm, Inc., [Winter Park, FL], and incorporated its hydroponically grown heirloom and beefsteak tomatoes, microgreens, peppers, cucumbers and herbs into our entire menu. Our consumers go crazy for something like this."

The Florida Department of Agriculture and Consumer Services (FDACS), Tallahassee, FL, assists foodservice buyers in sourcing Florida-grown product. "We have a network of grower shippers who provide us voluntarily with information on a regular basis about what's in season," says Justin Timineri, executive chef and FDACS culinary ambassador. "We, in turn, provide this to chefs and foodservice buyers who then set up their own deals with the grower shippers."

Timineri is currently working on a project that will map out where buyers and consumers can learn what's in season, where and when. "Not that many people really know how much produce we grow in Florida," he adds.

pb

coli out of Florida. This is a relatively new item for Florida. We market our broccoli with the *Fresh from Florida* logo and retailers promote it as part of FDACS' promotional program. It's been a terrific way to let retailers know they can source broccoli from Florida." Florida broccoli is available from October through May.

The Florida Fruit And Vegetable Association (FFVA), Maitland, FL, also runs promotional programs. As of August, grant funding was still pending, but Mike Aerts, director of marketing and membership, explains the proposed plans. "In tandem with FDACS, we'd like to promote the locally grown concept in a *Buy Local, Buy Florida* program. Our plans are to start with one commodity and begin the initiative in 2009."

This year's food-safety scare has prompted FTC to run a fall promotional campaign with a purpose "to build back consumer confidence in the quality and safety of fresh Florida tomatoes," reports Winters.

On Nov. 16, the FTC multi-media campaign will launch in 14 key East Coast markets. It will include print advertising in *Parade* magazine and in 59 newspapers in target markets. The campaign is designed to

increase consumer usage occasions of fresh Florida-grown tomatoes at home and at foodservice outlets.

FSSCC doesn't hold fall promotions due to a lesser volume of product available. However, "With funding available from the new Farm Bill, we'll be repeating a survey of consumers and retailers we last conducted in 2001," says Stemm. "The goal will be to access attitudes and awareness for supersweet corn, how this has changed in the past seven years and what implications this has for marketing."

Florida's grower/shippers also offer promotional aids and services. "We offer POS, POP and shelf place cards to identify Florida-grown product for regional retail chains," states Duda's Towell.

OPPORTUNITIES AND CHALLENGES

Buy local is becoming an even greater marketing tool for Florida product both in-state and along the entire East Coast, notes Tom O'Brien, president, C & D Fruit and Vegetable Co., Inc., Bradenton, FL. "We can pick product on a Monday and have it in a warehouse in the Northeast by Wednesday.

There's not much loss of freshness at all with that kind of turnaround."

Florida offers a freight savings advantage to East Coast markets over Texas, California to the West and Mexico to the Southwest. Freight is always a challenge, explains Capital City's Comito, "especially with as fast as it's risen in recent months."

Weis-Buy's Weisinger agrees, adding, "With the increased price of petroleum products, we see our costs go up geometrically instead of arithmetically. In tomatoes alone, we're looking at more than \$10,000 per grown acre of produce as compared to our cost four years ago of a little less than \$4,500."

"Coming into the fall, we're looking at the highest production costs we've seen in the past three years," notes L&M's Lytch. "We've estimated a 30 percent increase in production costs during the past three years and much of this is due to the price of petroleum-based fertilizers."

"The Florida grower is more cognizant of the safety issues inherent in growing and shipping Florida produce, and we are spending more money to keep the American public safe and healthy in an uncertain environment," Weisinger says.

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Deep-red skins, superior quality and delectable taste put Red River Valley potatoes on the map and in the spotlight.

BY JON VANZILE

American consumers and celebrity chefs have made Red potatoes an essential part of the culinary landscape, whether they're boiled new potatoes, garlic-mashed or baked. As a result, Red potatoes have claimed a rising percentage of the overall potato market, mostly by taking market share from the Russet potato, explains Ted Kreis, marketing director, Northern Plains Potato Growers Association (NPPGA), Inc., East Grand Forks, MN.

This is good news for growers in the Red River Valley of

North Dakota and Minnesota. This region is the third-largest potato-producing area in the country and the largest producer of Red potatoes. Red River Valley potatoes are available year-round, except for late summer. Harvest of fresh potatoes begins in early September and ends before the first frosts arrive. After the harvest, truckloads of rich, deep-red skinned potatoes fan out from the Valley to points throughout the Midwest and East Coast.

Red River Valley growers say their potatoes are unique for both their deep-red colored skins and their robust flavor,



The Red River Valley is reporting good color and size for this year's crop.



Potatoes being packed at NoKota Packers, Inc. at the discharge end of the company's hoppers



Five-pound consumer packs being bagged for Hugo's Family Marketplace



A nice bloom on potato plants in the Red River Valley

which the potatoes owe to the area's geography and the no-irrigation farming techniques used throughout the valley.

"We have a superior product," according to David Moquist, owner, O.C. Schulz & Sons, Inc., Crystal, ND. "Our soils create a nice red color, they store well and they have a nice shelf life. The product sells itself."

"The quality, taste and texture of a

Red River Valley potato is unbeatable by many applications," states John Kerian, president, Kerian Machines, Grafton, ND. "It's marvelous how the rest of the country has grown to appreciate them. The quality of the Red River Valley potato is unmistakable."

It's a safe bet that almost anyone east of the Rockies who buys Red potatoes stocks product from the Red River Valley. These Reds are available in a variety of sizes, up to premium baking Reds, and are frequently shipped in private label bags to leading grocery stores.

"One of the reasons we're so successful is our ability to provide a uniform product," according to Kerian. "Part of the quality comes from the potato's uniformity. It's one of the things Red River Valley potatoes are known for."

Red potatoes are a vital part of any produce department potato display. Ideally, retailers should offer a variety of Reds, including new potatoes and larger Reds suitable for mashing, slicing and baking.

"They need to be promoted in a rotation with other potatoes and always

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THE CROP REPORT

The Red River Valley straddles Minnesota and North Dakota. The region's 200-plus growers farm 24,000 acres of fertile black soil. The Valley itself was created by a glacial lake, giving the soil its unique characteristics. Potato farming in the Valley is done without irrigation, which is possible because of the moisture-holding capacity of the Valley's soil.

However, this means the crop is somewhat variable, in terms of overall harvest and the size of the individual potatoes. August is crucial to the overall health of the harvest because it's the month when the potatoes swell to their final size.

This year, growers are predicting a healthy crop that will satisfy market demand throughout the eastern United States. "We'll have enough potatoes to handle the market and handle any promotions," explains Steve Tweten, president and sales manager, NoKota Packers, Inc., Buxton, ND. "Things are looking fantastic this year."

David Moquist, owner, O.C. Schulz & Sons, Inc., Crystal, ND, is expecting nice sized potatoes. "Overall, the quality looks good," he states. "We have a good set and we have moisture. There's a good chance they'll size up."

pb



Photo courtesy of NoKota Packers

offered as a choice," Kreis points out.

Hugo's Family Marketplace, a Grand Forks, ND-based chain with eight stores, is deeply involved in all things connected to Valley potatoes; the store sponsors parades, walks for charity and other events to mark the start of the harvest. "We'll buy strictly local when they're available, and we make sure people

know the potatoes are from the Red River Valley," according to Rick Hogan, produce supervisor. "Potatoes have always been a big part of this community and will always be."

GIVE THEM WHAT THEY WANT

Red potatoes are incredibly versatile

for any cook. They can be mashed, scalloped and baked, although many people don't automatically think of baking Red potatoes. The trick to selling Red potatoes — as with all potatoes — is to cater to shoppers who have specific menus in mind, according to Tim O'Connor, president and CEO, United States Potato Board (USPB), Denver, CO.

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Potatoes in a Red River Valley storage bin



Red potatoes in tote bags and consumer packs

“In our research, we have found that people want potatoes that fit their meal,” O'Connor adds. “Consumers are driven by the meal and they think about which potato is the right potato for which meal.”

This opens opportunities to suggest

“It makes a really easy demo to bake Red potatoes. We’ve been doing it at trade shows for the past few years.”

**— Ted Kreis
Northern Plains Potato
Growers Association**

menus that feature Red potatoes — and that would not be the same if some other potato were substituted. Boiled new potatoes is a perfect examples. Red potatoes are available as baby Reds and are excellent boiled and tossed with simple herbs, salt and butter.

To help sell Red potatoes, Kreis recommends offering samples, especially of baked Reds. “It makes a really easy demo to bake Red potatoes,” he notes.

“We’ve been doing it at trade shows for the past few years. It will sell potatoes.”

Bill Campbell, owner, Tri-Campbell Farms, Grafton, ND, agrees, adding, “Red River Valley potatoes make the best baking potatoes. You can slice ‘em, dice ‘em, boil ‘em and bake ‘em — basically do whatever you like to them.”

This is information retailers should communicate to consumers through in-store samplings, he adds. “A Russet baker is drier and flakier than a Red potato. A Red potato makes a better and moister baked potato.”

Red potatoes can be baked exactly the same way as Russet potatoes, in a conventional oven or microwave oven. It’s also crucial to package Reds in quantities that appeal to the customer base. As households shrink, sales of larger bags of potatoes continue to drop, even as overall potato consumption, and especially Red potatoes, is rising. “This has been going on for 10 years now,” according to Kreis. “We’ve seen a shift from a 10-pound bag to a 5-pound bag and even to 3-pound bags.” It remains to be seen whether the eco-

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Reader Service # 187



Red River Valley potatoes are unique for their deep-red colored skins and robust flavor.

conomic downturn will spark increased consumer interest in the larger bags.

Red potatoes are also effective in bulk displays, and Kreis says one Valley grower is experimenting with individually wrapping Red potatoes, similar to the individual wrapping found on large Russet potatoes.

Store location and consumer demographics govern the best ways to display and sell Reds. Successful category management means closely matching a potato display to shoppers. More 1- and 2-person households in urban centers translates to bulk and individual potatoes as the norm. In rural or suburban areas and in club stores consumers are often looking for larger bags of product.

“Just don’t make displays too big,” stresses Paul Dolan, general manager, Associated Potato Growers Association (APGA), Grand Forks, ND. “For Red River Valley potatoes, smaller displays work best. Keep them out of the light, and refrigeration would be wonderful to help extend their shelf life.”

The trick to healthy margins with potatoes is to make sure the display is small enough that all the product is sold before it begins to spoil, suggests Hugo’s Hogan. “You have to watch the turn.”

Red potatoes are an excellent product for a number of reasons, he adds. They are more stable than other more delicate crops. Potatoes have a shelf life of five to six days, provided they are kept in a cool, dry atmosphere. They can be displayed in bulk bins or in 5- or 10-pound bags.

Hogan visits potato washhouses to

pick premium potatoes, which are bagged in special Hugo’s 10-pound bags.

“We sell a lot of 10s,” Hogan reports. “We also sell a lot of bulk, premium-sized baking potatoes. We choose to private-label our own bags because I pur-

“For Red River Valley potatoes, smaller displays work best. Keep them out of the light, and refrigeration would be wonderful to extend their shelf life.”
— Paul Dolan
Associated Potato Growers Association

chase the potatoes for the company. If I feel one [grower’s] potatoes aren’t where I need them to be, then someone else needs to sell us our potatoes.”

“We pack them to whatever our customers ask,” adds Dolan. “We’re doing a lot of small packs, mostly 5-pounders and some clamshells.”

A RED WORLD

Today’s culture is a foodie culture. Sales of organic ingredients are booming and celebrity chefs regularly change

the culinary landscape with new dishes and exotic ingredients. Garlic mashed potatoes, for example, dramatically raised the sale of White potatoes, says USBP's O'Connor.

This shift toward gourmet ingredients has dramatically changed the way people view home-cooking; they are more likely to try an esoteric dish in a restaurant and then go home and try to re-create it.

In the potato world, this means an

“The nature of our soil is heavy and rich, so it grows nice-quality potatoes. We raise them with irrigation, which also helps.”

**— Randy Boushey
A & L Potato Co., Inc.**

emphasis on unusual varieties, such as Fingerlings and bold, colorful potatoes, explains O'Connor. The Red River Valley potato, with its rich, red skin, is perfect for this kind of cook. Unfortunately, few consumers know when they're buying Red River Valley potatoes.

Unlike Idaho potatoes, which are promoted as Idaho potatoes, Red River Valley potatoes aren't typically distinguished from other Red potatoes and repackers sometimes mix Reds from different regions. To help distinguish true Red River Valley spuds, the NPPGA offers a logo for packages; however, a growing number of grocery stores are opting to private-label their potatoes, according to Kreis.

Private labeling is gaining momentum as more stores move toward a uniform look in the produce department, with identical signage throughout and private labels meant to attract consumers to a particular store's brand rather than commodity shopping.

But growers believe Red River Valley spuds stand out, nonetheless. “The nature of our soil is heavy and rich, so it grows nice quality potatoes,” says Randy Boushey, manager of A & L Potato Co., Inc., East Grand Forks, MN. “We raise them without irrigation, which also helps.” [Editor's note: Please

see *The Crop Report* on page 126.]

PAYING FOR THE LONG HAUL

While this year's crop looks good, there is little doubt costs will rise. With the cost of diesel hovering near historic highs, transportation is adding a premium to everything. “I think the costs will be up significantly,” Boushey predicts. “We fear costs between \$2.50 and \$3 per mile of loaded freight. During the holidays, there could be some \$4 freights leaving the Valley.” In 2007, the loaded-

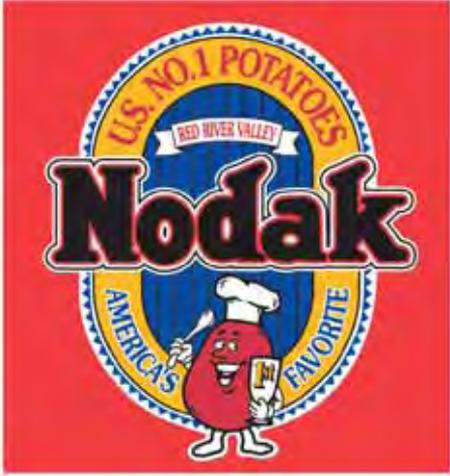
freight-mile cost ranged between \$1.75 and \$2.50.

What effect this will have on the final cost of Red potatoes is unknown, but most growers and shippers expect increased costs to be passed along the supply chain, resulting in more expensive potatoes. “We're at a bit of a disadvantage because we're in North Dakota, so there's not a lot of empties coming back here,” Schulz's Moquist explains. “We are lucky, however, in that Winnipeg is across the border and there's a lot of empties there.”

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WHAT'S NEW?

A & L POTATO CO. INC. EAST GRAND FORKS, MN

A second Lockwood packing machine that will handle about two truckload-equivalents of potatoes a day has been added this season, according to Randy Boushey, president.

ASSOCIATED POTATO GROWERS INC. GRAND FORKS, ND

Manager Paul Dolan says the cooperative added an Odenberg sorter that separates U.S. No. 1 grade and No. 2 grade potatoes as well as culls. He estimates the machine replaces six to eight people, resulting in more efficiency and capacity. At the same time the packing line at the Grand Forks plant has been realigned to produce a better flow of product. APG also has built a 50 x 60-foot cooler with a capacity of eight truckloads. It joins an existing cooler with a 4- to 5-truckload capacity. Next year the co-op will add a racking system to the new cooler, which will double its capacity.

KERIAN MACHINES INC. GRAFTON, ND

This manufacturer of equipment for numerous produce commodities has introduced a fresh round red tomato sizer that will handle up to 60,000-pounds of product an hour in its largest configuration. The smallest machine of its type handles less than 10,000 pounds of tomatoes an hour, says founder John Kerian. The new product handles four different sizes of tomatoes, depending upon the length of the sizer.

The sizer "can sort green and red tomatoes separately, but simultaneously, sorting tomatoes of each color into four sizes," adds James Kerian. "As with many of the compa-

ny's products, sizers can be customized. The new tomato sizer features polyurethane rollers with a padded conveyor system, similar to what Kerian machines designed for sensitive products such as peaches.

TRI-CAMPBELL FARMS, GRAFTON, ND

Principal Tom Campbell says the growing/shipping operation has added a new Odenberg electronic grader. It was used in its Clovis, NM, farming operation from late June through July and then transported to Grafton for the Red River Valley potato season. The equipment has a camera that takes a photograph and electronically sorts the potatoes. "It's fairly compact and small. It doesn't take up a lot of room. I feel the payback will be within 1½ to two years by running the sizer on the two farms," Campbell states. He estimates the sizer will save on labor by eliminating nine to 10 jobs.

Tri-Campbell installed another automatic bailer for a poly bag machine and now has two bailers allowing the operation to place 5- and 10-pound poly bags in the 50-pound automatic bailers.

Several check weigh scales have been added. This results in every bag and carton being accurately weighed, Campbell says.

An automatic ladder for the company's carton erector has been added. Tri-Campbell has had a machine for folding boxes but now lids can be automatically placed on top for the carton, eliminating the need for a person to do this chore.

Finally, Tri-Campbell has installed GPS tracking systems in about a dozen long-haul tractor trailer rigs, giving it the ability to know where its trucks are at any given time. Tri-Campbell also works with about 80 owner operations that run exclusively for the shipper, Campbell says. **pb**

vice, Grand Forks, ND, is a nationwide trucking and truck brokerage company that hauls agricultural commodities out of the Midwest and returns with general merchandise. "The Red River Valley potato industry is an important part of our business in North Dakota," notes John McDonald, fleet operations manager. "It's a majority of the freight we haul. We ship them out of central Minnesota to all parts of the United States."

He agrees the entire supply chain is feeling the crunch caused by fuel costs. "Everyone pays a certain cost of that fuel."

"Even with the increases in freight and production costs, Red River Valley potatoes are still a good buy," stresses APGA's Dolan. "This year's crop looks very good. Our potatoes look excellent, have nice color and are very bruise-free. We should have a very good supply throughout the season."

Several months ago, many of the growers in the Valley voted to form a U.S. Potatoes Growers Association co-op to manage costs. This gives them access to harvest and pricing information from other Red potato regions, which ensures a more stable supply and uniformity across the market. **pb**

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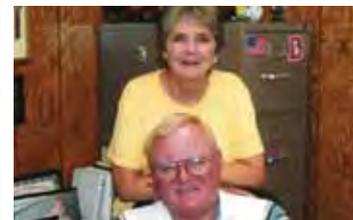
Jim Ehrlich, Xochitl Aguilera and Linda Weyers of the Colorado Potato Administrative Committee



Linda Weyers, Jim Ehrlich and Xochitl Aguilera at the Colorado Potato Administrative Committee offices



Ernie and Virginia Meyers of Mountain Valley Produce



Sandy and Jim Tonso of Canon Potato Co.



David Tonso, Jim Tonso and Matt Glowczewski of Canon Potato Co.



Randy Bache of Skyline Potato Co.



Bob Noffsinger, Tom Perrin, Angela Aguirre (seated) and Randy Bache of Skyline Potato Co.



Dwayne Weyers of Aspen Produce LLC



Jed Ellithorpe and Dwayne Weyers of Aspen Produce LLC



Tom O'Connor of the U.S. Potato Board



San Luis Valley potato field in full bloom



San Luis Valley potatoes at retail

Southwestern Colorado region offers ideal conditions for profitable potato crop.

BY SANDY LINDBLAD LEE

The majestic, snow-dotted peaks of the Rocky Mountains surrounding the fertile San Luis Valley in southwestern Colorado provide a showcase of beautiful scenery and ideal growing conditions for potatoes.

Averaging 7,600 feet in elevation, this is the highest and largest commercial agricultural valley in the world. This ideal combination of location, climate, soil and growing practices yield quality product. With its high elevation and low temperatures, winter freezing helps naturally sterilize the ground, reducing pest and disease pressures. Cool weather also contributes to a smoother-skinned potato, explains Jim Ehrlich, executive director, Colorado Potato Administrative Committee, Monte Vista, CO.

As harvest and distribution gain momentum in early autumn throughout this region, buyers are welcoming the new crop. CPAC offers marketing assistance and boosts the appeal of Colorado potatoes. From the long-popular Russets to increasingly popular specialty varieties, "Potatoes grown in Colorado are known for their superior color,

shape and, in some varieties, nutritional properties," Ehrlich notes.

Adding to the potatoes' allure is the valley's central location, which provides a natural freight advantage that is becoming more appealing as fuel prices continue to skyrocket. "While retailers continue to strive to be greener, Colorado's freight advantage is always in our favor," he stresses.

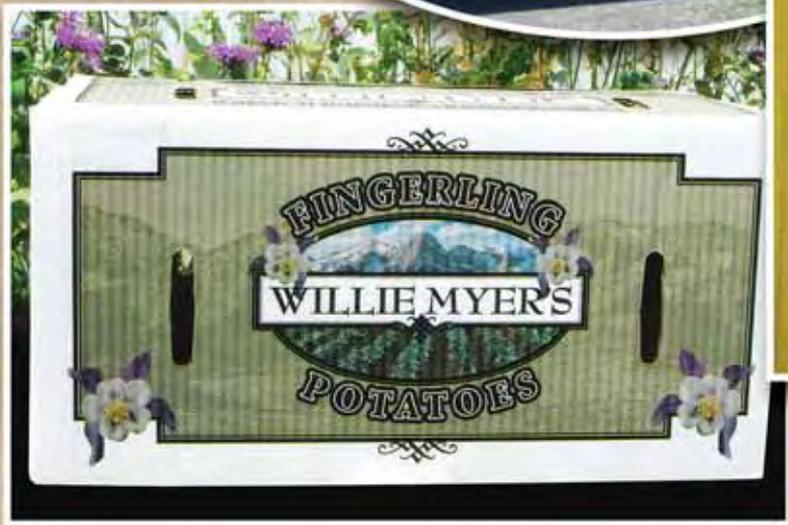
"Potatoes are a good food source during tough economic times," touts Jim Knutzon, CEO, Farm Fresh Direct, LLC, Monte Vista, CO. Historically, "There is a direct correlation of announced recessions and more at-home eating of potatoes. And when food prices are high — and they are predicted to continue to increase — potatoes are perceived as an even better value."

According to Ray Keegan of American Produce Co., LLC, Denver, CO, "Colorado potatoes are fresher, they have more flavor and variety, and they are convenient and economical. They are the best answer for my customers."

"The future is bright for potatoes," adds Ehrlich, "and it's even

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Reader Service # 75

brighter for potatoes from Colorado.”

Colorado ranks as the No. 2 state in potatoes produced for the fresh market. Ehrlich says it is also the No. 2 state in organic fresh potato production. Although the vast majority of the San Luis Valley spud volume is in Russets, “We can grow any kind of potato people want here,” he adds. With more than 60 varieties to choose from, “There is a Colorado potato to meet every specification.”

This year's planted acreage is estimated at 57,000, reflecting about a 4 percent decrease from 2007, according to Ehrlich. Part of the reduction is the result of growers

choosing to plant wheat and barley, which have yielded good returns. A later crop maturity resulted from cooler-than-average temperatures during the growing season, causing a slightly delayed harvest and volume peak.

The San Luis Valley has responded to the growing popularity of specialty varieties by harvesting Purple, Red and yellow-fleshed potatoes, which grow particularly well in Colorado. The elongated, thin shape and colors of an assortment of Fingerlings have captured the attention of professional chefs and those amateur home cooks who seek

ASPEN PRODUCE, LLC, CENTER, CO

Aspen salesman Richard David retired after spending his career in the San Luis Valley produce industry; he spent the past 10 years at Aspen Produce.

Aspen installed two new bagging machines for consumer packs, increasing automation. The company has operated year-round since the early 1980s, according to Dwayne Weyers, salesman and owner. High demand sped up distribution and the company was able to shut down for about a month before the end of the new shipping season in September.

CANON POTATO CO., CENTER, CO

The corporate structure of Canon Potato is undergoing some dramatic changes as Jim Tonso Jr., president and CEO, and wife Sandy Tonso, business manager, announce their retirement. Although they will be stepping down from their official roles, the couple will remain a part of Canon Potato intermittently throughout the 2008-09 potato shipping season.

David Tonso, head of sales and co-owner, says the company “will be going through a corporate restructuring” this winter. Tina Riley will assume Sandy Tonso’s administrative duties, while David Tonso will eventually take over the reigns.

Jim Tonso, Jr. joined Canon in 1971 following a stint in the U.S. Coast Guard after graduating from Colorado State University (CSU), Fort Collins, CO. He recalls that he spent his first year “learning the ropes in the warehouse,” and soon joined the sales desk aside Jim Tonso Sr., his father. Sandy Tonso joined the company in 1976.

Founded in the 1940s near Canon City, CO, Canon Potato is one of the longest operating potato-shipping organizations in Colorado. Jim Tonso Sr. and his brother Joe Tonso were truck farmers. “The company was Canon Vegetable Growers,” according to Jim Tonso, Jr. “They would handle more than two dozen different vegetables and deliver them throughout the area.”

Canon Vegetable Growers built a warehouse and ran seven trucks. “They needed to use the trucks more in the winter, so they started hauling potatoes back and forth from the San Luis Valley. In 1956, they moved everything over here,” he adds. Potatoes eventually became the sole focus and the operation was renamed Canon Potato Co.

Some of the company’s most extensive expansions and upgrades were completed in

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In The Valley?

2007. "With a special focus on food safety and sanitation, we've made key upgrades in our warehouse," reports David Tonso. "We rebuilt and reconfigured our packing line." The German-built stainless-steel line with Dijkstra screen sizer has proven much more efficient.

Two new baggers were installed to answer retail's increased call for 3-, 5- and 10-pound poly mesh bags, and the facility also provides 5-, 10-, 15-, and 20-pound poly bags. Canon also provides 40-pound cartons and bins to buyers. "Now we are perfectly positioned to answer the constantly evolving needs of the potato industry," explains David Tonso.

MOUNTAIN VALLEY PRODUCE, LLC, CENTER, CO

Mountain Valley continues to develop the Fingerling markets for foodservice and retail; varieties include Russian Banana, Purple Peruvian, LaRatte, Australian Crescent and Rose Finn varieties. Mountain Valley supplies these varieties to MountainKing Potatoes, Houston, TX, and is a major producer of Russets and yellow-flesh potatoes. Most are grown from its own seed stock.

Mountain Valley installed four new bagging machines for consumer packs to answer new customer needs at retail and foodservice. "They increase the efficiency of packing, our quality, and they help cut back on labor," notes Ernie Myers, general manager. "Our carton business is also improving."

The facility is Hazard Analysis and Critical Control Points (HACCP) certified and follows good agricultural practices (GAP). The farm and packing shed are both Primus-certified.

SKYLINE POTATO CO., CENTER, CO

Skyline continues to add capacity and upgrade its automation, according to Randy Bache, general manager. It added another bagging machine following this past year's installation of a customized, fully automated palletizing system featuring an auto-baler. "We've not only increased our efficiency but we also made it possible to operate with nine less people," an especially valuable asset because of the shrinking labor pool, he notes.

The company holdings also include Purely Organic, a separate packing facility for its organic volume. Skyline installed two new balers at Purely Organic and added Yellow Banana and Red Crescent Fingerlings to its organic line. "We now have the full assortment of organic potatoes, including, Russets, Reds, Yukons, organic Blues and Fingerlings," Bache reports.

Skyline markets a portion of its organic volume through Food Source, a Monterey, CA-based produce company owned by C.H. Robinson Worldwide, Inc., Inc., Minneapolis, MN, under the Tomorrow's Organic label. "We sell our own Nature Fresh organic label, which are available in the 3-, 5, and 50-pound containers, through Skyline," he adds. "We also pack private labels for organics." **pb**

unique ideas for families and guests.

"Convenience without cutting corners is key," stresses Linda Weyers, CPAC director of marketing. "With Colorado potatoes, we minimize the hassle of potato procurement by helping foodservice and retail buyers identify the best varieties to fit their needs. We take partnering seriously but with just the right pinch of character to make promoting potatoes fun."

In cooperation with its 18 shippers, CPAC offers marketing aides to retail and foodservice. She encourages restaurant menu promotions, and sampling sessions at retail con-

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tinue to produce increased sales. Research is validating the claim that new varieties help revitalize sales of the traditional Russets when featured in retail displays.

MYSTIQUE DRAWS CROWDS

Beautiful outside...beautiful inside is the tag line CPAC uses as part of its marketing push, according to David Tonso, director of sales, Canon Potato Co., Inc., Center, CO, and head of the CPAC marketing committee. "We kicked it off in a big way at the PMA [Produce Marketing Association, Newark, DE] Foodservice Conference [& Expo in

Monterey, CA] in July."

Participation in major trade shows remains a priority for CPAC, and the San Luis Valley potato booth will be a part of the new Colorado Pavilion at the PMA Fresh Summit International Convention & Exposition, Oct. 24-27 in Orlando, FL. Although CPAC has exhibited for many years, "We will have more independent shipper representation this year," reports Ehrlich, "including Mountain Valley Produce [LLC, Center, CO] and Harvest Select [Monte Vista, CO]. Farm Fresh Direct's booth will also be located in the Colorado Pavilion."

The group exhibited for the second year at the *Food & Wine Classic 2008* in Aspen, CO in June. The prestigious show drew high-end foodies, including big-name chefs and buyers from around the globe, explains Weyers. Attendees were served Colorado Fingerlings and Purple Majesty along with Mountain Rose colored varieties featured in three different recipe selections. "Everybody was going crazy about the concept that these potatoes are locally grown."

CPAC attended a recent trade show hosted by the Greater Houston Restaurant Association, Houston, TX. "We had a chef there who served a potato salad featuring Yellow, Purple and Russet potatoes," Weyers says. "Houston is a great market for us, and we made a lot of good, new connections there."

CPAC also joined a cooperative promotion with the Colorado Department of Agriculture, Lakewood, CO, the Colorado Lamb Council, Arvada, CO, and the California Fresh Fig Growers Association, Fresno, CA. *Growing Season is Grilling Season* began with a special event at May Farms, Byers, CO. A press release featuring recipes and preparation ideas for Colorado potatoes ran in newspapers throughout the summer and fall. By mid-July, newspaper coverage reached into 24 different states and earned more than 13 million impressions, Ehrlich reports.

Another foodservice initiative is the annual Colorado Chef's Tour in September at the Fort Collins, CO-based Colorado State University potato research center. CPAC provides tours of Colorado fields to executive chefs from the region and treats them to meals that spotlight Colorado potatoes in several courses.

Locally, the annual Monte Vista Potato Festival takes place in September, offering games such as a mashed potato war, potato peeling and potato-sack races. Activities include a professional-chef cooking competition, a potato recipe-tasting tour by local businesses and cooks, and free field and warehouse tours.

VARIETY AND VALUE

"It's important to educate consumers regarding the superior nutritional attributes of certain Colorado potato varieties, especially those with colored skin or flesh, over others," notes CPAC's Weyers.

One of the newer varieties is the Purple Majesty, says Canon's Tonso. This variety holds its purple skin and purple flesh when cooked, and the high-phytonutrient content is comparable to wild blueberries, he claims.

Results from ongoing research in the San Luis Valley growing region document the long-held belief of added health benefits of produce growing in Colorado. Since the San

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Luis Valley was a lake centuries ago, the resulting mineral soil can add nutrition to its produce, explains Dwayne Weyers, owner, Aspen Produce LLC, Center, CO.

FREIGHT ADVANTAGES

While the push to educate consumers about Colorado potatoes is ongoing, the state's natural freight advantage through its centralized location remains the top reason that attracts buyers.

Sherman LaBarba, fresh potato buyer and an owner of Ideal Sales Inc., Dallas, TX, notes, "Colorado potatoes can be delivered to our customers in one or two days, making them fresher and reduces shrink." He says 1-stop potato shopping available through a single growing region can be another way to save on freight costs.

The 800-mile trip from the San Luis Valley to the Dallas-Fort Worth delivery points "can sometimes even be done overnight," LaBarba notes. Harvest Select is a wholly owned subsidiary of Ideal Sales, which services both retail and foodservice distributors.

"The freight advantage is the primary reason we buy potatoes from Colorado," explains Warren Workman, vice president of produce, Coppell, TX-based Minyard Food Stores, Inc., a 70-store supermarket chain with locations centered in the Dallas-Ft. Worth region. Colorado potatoes "are well-established in this market and because of the location of our stores, prices are very important to our customers."

That aside, Workman adds, San Luis Valley potatoes have good delivery and consistent quality, and they maintain their fresh-

ness because of their close proximity to the Dallas-Ft. Worth market.

Russets are the primary focus of fresh potato sales at Minyard with a variety of packaging offered alongside bulk displays, he notes. Stores generally stock 5-, 10-, and 15-pound Russet packs with the 5-pound consumer pack normally the best seller.

"The industry needs to realize — with freight being what it is — that sales and distribution will become more regional," stresses Aspen's Weyers. "It's a changing world and we have to change with it."

One way to enhance variety in produce departments is to offer organics, and organic potatoes are becoming an increasingly popular offering from San Luis Valley shippers. "Organics are a very specialized market, and we've proven as a shipping organization that

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we can produce a quality product," stresses Skyline's Bache.

ECONOMIC ISSUES

Retailers should give special attention to the current economic trend and anticipate consumers' needs by offering the appropriate packaging, advises Bache. "One of the biggest dangers going into this season is people feeling overconfident about demand because the acreage is down," he notes. "It's sometimes a very fine line when you market a crop. Let's make sure we move it in an orderly fashion.

"During the last bad recession we had in the '80s, people weren't losing their homes to foreclosures as much as they are today," he continues. "Tough economic times call for alternatives to help fit into the over-

squeezed family budget."

Bache plans to encourage retailers to utilize more 8-pound packs and to promote them in advertising, while at the same time putting less emphasis on the more widely-pushed 10-pound size. "That dollar or two less could make the difference on whether buying that bag of potatoes is the best way to stretch the family budget.

"Consumers have been spoiled [because] produce has been cheap," he adds. "All costs are going up. I don't think we've seen what might really happen this winter."

Canon's Tonso says, "Marketing is going to be critical. It's times like this when it's back to the basics so potatoes can get new attention. They're still the best value."

At the same time, "The amount of money it costs to grow and ship this crop is astro-

nomical," Tonso adds. "We've had a 20 percent increase in poly bag prices during the last few days. Fertilizer prices are going through the ceiling."

Ernie Myers, general manager, Mountain Valley Produce LLC, Center, CO, empathizes with all points of the distribution chain, from grower to consumer. "Fresh potato consumption has been slipping continually for several years. We need to get out there now with the right promotions to help level and increase demand.

"We need to look at what is the best avenue for getting people to eat more potatoes in the future," Myers continues. "I like the new campaign of the U.S. Potato Board [Denver, CO]. The theme, *Potatoes — Goodness Unearthed*, shows a definite, good sense of direction."

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Organics Are On The Rise

Retailers are going above and beyond traditional marketing techniques to attract the attention of organic consumers.

BY LISA LIEBERMAN

Ten years ago, organic consumers comprised a small segment of the population; they tended to be liberal-minded, health-conscious and environmentally aware consumers. Today, the number of organic consumers has grown tremendously and now represents a much larger segment of mainstream shoppers.

Economic factors such as rising fuel and food prices will determine what proportion of this demographic is committed to the concept and what proportion returns to conventional produce purchases. If rising costs bring the prices of conventional and organic closer together, these factors may prove to be moot.

Since 1995, consumer demand for organics has risen steadily between 16 and 24 percent each year, according to statistics from the Organic Trade Association (OTA), Greenfield, MA. Research recently published by *Nutrition Business Journal*, Boulder, CO, also shows an increase in organic sales.

In 2007, sales of organic food hit \$18.9 billion, a 17 percent growth increase over the previous year, states Samantha Cabaluna, director of communications, Earthbound Farm/Natural Selection Foods, LLC, San Juan Bautista, CA. Overall, organics represent 3.2 percent of sales at retail. However, in the produce department, organics represents 6.6 percent of sales and in fresh-cut salads 11.9 percent of sales, she adds.

"The demand for all organic commodities seems to be increasing weekly. As people become more concerned over food safety, they want to know the farmer and where their food comes from," explains Mitch Blumenthal, president and CEO, Global Organic/Specialty Source, Inc., Sarasota, FL. Global Organic has experienced the largest amount of growth with fruit. "We have multiple trailer loads of organic watermelon



Retailers are increasingly offering a wide variety of organic produce.

bins and stone fruit coming in, and so far, it's been a wonderful season in terms of price, size and volume."

Not only are people buying more organic produce but they are also buying a wider range of organic produce, explains Cabaluna. "One thing we're seeing in our consumers is that the longer they've been buying, the more adventurous they get and the more they're looking for gourmet or exotic kinds of items, such as mâche or arugula — neither of which have been too common," she notes. "People who are choosing organic food also tend to be really into food and enjoy cooking and creating, so they're looking for those really flavorful, exciting ingredients for their meals."

Robert Schueller, director of public relations, Melissa's/World Variety Produce, Inc., Los Angeles, CA, says organics is one of the fastest growing categories at the company.

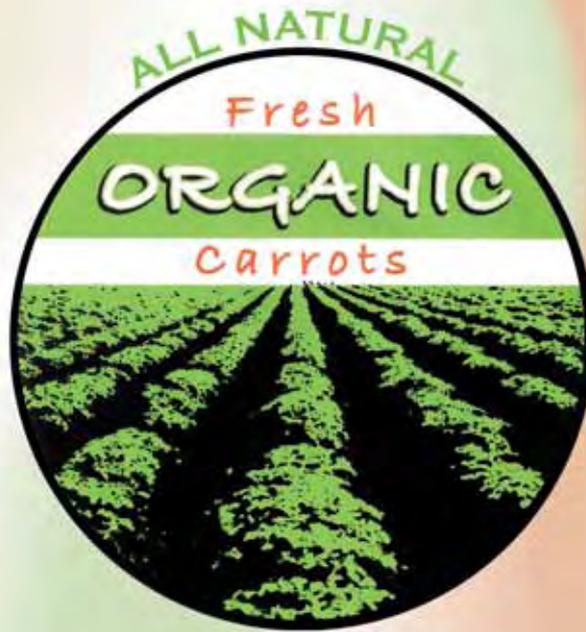
"About 60 percent of all the new products we've been introducing have been organic."

Kern Ridge Growers, LLC, Bakersfield, CA, began doing organics about four years ago. "We've probably grown the organics business by 10 percent since then, although we have seen a bit of a decrease in demand since gas prices started going up," reports Doug Willis, sales representative. "We might end up and try expanding our organic line in the future with smaller single-serving 2- or 3-ounce packs that could get sold in schools or in the military."

NARROWING PRICE GAP

One reason the organic category is growing so fast is because there's more availability of organic product during the off season from other countries than there used to be. As organics have become more available on a year-round basis, prices have dropped

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Reader Service # 202

Olivia's Organics Supports Local Community



In 2006, Olivia's Organics, Chelsea, MA, created Olivia's Charitable Foundation to invest directly in the lives of children in local communities in New England, New York, New Jersey and Pennsylvania, reports Mark DeMichaelis, president.

The company donates a percentage of its organics sales directly to the Italian Home for Children, Jamaica Plain, MA; the Joslin Diabetes Center, Deerfield, IL; Make-A-Wish Foundation of America, Phoenix, AZ; Kids Café, Chicago, IL; and the Cam Neely Foundation For Cancer Care, Boston, MA.

"Mark DeMichaelis really wanted to see the money we donated have a direct impact on kids," according to Hadley Douglas, Olivia's director of marketing and community outreach.

In the past two years, the foundation has provided 6,000 children with winter coats, sponsored 80 kids from the Greater Boston area to learn about farming and sustainable agriculture on an inner-city farm and sent children with diabetes from the Joslin Diabetes Center to summer camp.

The inner-city farm project sent 10 kids to the farm along with 880 pounds of produce to include in children's meals. "In the morning, they attended classes and learned about where food comes from and the fact that there are now strawberries in a McDonald's milk shake."

After class, the kids ate lunch and made their own milk shakes with real strawberries, Douglas says. The children also worked on the farm and learned how to plant food, weed and use compost.

Ultimately, Olivia's goal is to expand children's programs, teach kids how to appreciate good food and increase overall sales at the company. "It's important to remember that we started out as a foundation, not as a marketing tool," Douglas explains. "Yes, we are looking at increasing sales and increasing our products to our customers, but all of that is with an eye toward our charitable giving every year and getting more involved with the community. By increasing the success of the company, we're increasing the success of the foundation." **pb**

since supplies are finally catching up with demand. Ironically, the recent increases in conventional food prices may be boosting organic sales even more, according to Robert Scaman Jr., president, Goodness Greeness, Inc., Chicago, IL. "Commodities are at an all-time high across the board, whether you're talking about organics or conventional, and the gap between organic prices and conventional prices has dramatically closed."

If people have to pay higher prices for produce anyway, they don't always mind paying a little more for organics, Scaman

explains. "It's easier for someone who is paying \$2.49 per pound for a conventional product to decide to pay an extra 15¢ for organic rather than making the decision to go from paying 49¢ a pound for conventional to 64¢ a pound for organic. The price gap is just so much smaller."

That said, organics are still more expensive than conventional, and consumers must still make the decision each week whether they want to spend extra for organics, notes Phillip Nabors, owner, Mustard Seed Market & Café, an Akron, OH-based



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Reader Service # 70



retailer with two supermarkets. Nabors experienced some softness in the market because of rising gas prices, "but we haven't been affected in a significant way. We have tried-and-true customers who have made a commitment to the organic and natural-foods lifestyle. This food's important to

them, so even though their family budget is being pinched — they may not buy a new car or something — they still feel they deserve to eat with dignity."

Simcha Weinstein, director of marketing, Albert's Organics, Inc., Bridgeport, NJ, agrees, adding, "It's a lifestyle change and

when you're committed to a lifestyle, chances are you're not going to completely change because of financial reasons. It takes more than just a pinch in the economy."

According to Phil Gruzka, vice president of marketing, Grimmway Farms, based in Bakersfield, CA, "People view organics as an intelligent lifestyle choice. It's certainly becoming more mainstream. The breadth is steadily widening."

Retailers are finding consumers are also committed to buying local as well as organic. "Locavores are a big deal right now," Scaman of Goodness Greeness points out. "The carbon footprint is a hot-button issue right now, and so, oddly enough, people here in Illinois are willing to pay more for things such as locally grown zucchini than for products that come from further away."

FOOD SAFETY AND FLAVOR

Despite overall higher food and gas prices, Scaman believes consumers are willing to pay more for food safety. "Our over-wrapped items have gone up dramatically in the past few months because they are 'feel good' products consumers are willing to pay more for," he says.

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Reader Service # 157

healthful foods," notes Greg Holzman, founder, Pacific Organic Produce/Purity Organic, San Francisco, CA.

Consumers will also pay more for good flavor, especially for sweet produce items, such as melons, corn and tree-ripened fruit, Mustard Seed's Nabors relates. "People are passionate about sugar. The perfume of our tree-ripened peaches is compelling and it really stirs up people's emotions. We merchandise them in vestibules in front of the store and when people see them, everyone buys them and they have a lasting effect. People remember us as the store where they got those great peaches."

Most consumers tend to be less passionate about the taste of other commodities, such as potatoes and onions, and more concerned about price. Companies, such as CF Fresh, a Sedro-Wooley, WA-supplier of certified organic produce, are making good headway in these commodities. Over the past six years, organic onions, in particular, have become an important part of CF's business, explains Addie Pobst, import coordinator. "The scope of onions has really expanded for us. We've contracted with several new farms that didn't used to grow onions for us and are now doing them. The volumes have become large enough that we were able to acquire the

assets of a competitor who was even bigger in the onion business than we are."

This year the company did a pilot program for Safeway, Inc., a Pleasanton, CA-based chain with 1,743 stores, with organic stone fruit as well as an organic program for Sam's Club, a Bentonville, AR-based chain with 713 stores and a subsidiary of Wal-Mart Stores, Inc., Bentonville, AR.

MERCHANDISING AND ADVERTISING

Merchandising is going to play an increasingly important role as the organics category grows at retail, according to Tom Murray, merchandising director, Roche Bros. Supermarkets, Inc., a Wellesley, MA-based chain with 15 stores. Organic produce sales are up 58 percent from 2007 and overall, organics comprises 7 percent of all of the chain's sales. "We had a big jump in the past two years and a lot of that has to do with advertising, merchandising and signage," Murray notes. "We also don't hide the organics in the produce section. We make sure they have a good presence throughout the whole department."

Every store has its own approach to merchandising organics. Some retailers bunch them together in their own separate sec-

tions while other retailers integrate organic and conventional items by placing them side by side. Murray groups similar organic

"We had a big jump in the past two years and a lot of that has to do with advertising, merchandising and signage."

**— Tom Murray
Roche Bros.
Supermarkets, Inc.**

items together throughout the produce department. "We might have six or eight different types of organic vegetables in one

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section of the store and then six or eight different types of organic apples together in another section," he explains. "Then we might merchandise organic beets and greens in our cases together."

"I think people are taking the handling of organics more seriously and making sure that each commodity gets the proper handling and is at the right temperature."

**— Jimmy Matiasевич
JBJ Distributing, Inc.**

Since Roche Bros. organics are not grouped together in a single section of the store, Murray says it's important to have very clear signage throughout the department and to avoid placing any organic produce items too close to the conventional produce. "You have to be very careful that you don't have the organics touching the conventional items."

Advertising has also helped boost organic sales. "Every week, we have some organic item on ad. Consistency is important. We do it week in and week out," Murray continues.

Albert's works with retailers who may not have the resources to effectively promote its organics line. "We provide huge amounts of marketing and promotional materials, including signage, banners and POS materials," reports Knutson.

Proper promotions help educate consumers about the organics category and its growing practices. "It's all about educating the consumer," Knutson adds. "People need to know what the value is behind organics. Good signage tells consumers the retailer supports organic, sustainable agriculture."

"We're seeing a lot of different merchandising techniques," reports Grimmway's Gruzka. "It's important to use clear identification that states the product is organic. Retailers are continuing to become more aggressive with how they merchandise organics."

GOOD HANDLING PRACTICES

One of the best ways to keep the organic

category profitable is by practicing proper handling techniques, according to Jimmy Matiasевич, sales manager, JBJ Distributing, Inc., Fullerton, CA. "I think people are taking the handling of organics more seriously and making sure that each commodity gets the proper handling and is at the right temperature."

Shelf space for organics has increased considerably in recent years, possibly as the result of better handling practices. "Just within the past year, I've seen big increments in shelf space for organics," he adds. "Some of the shelf space for organics at mainstream retailers has doubled. A lot of stores used to have 4-foot sections of organics. Now you're seeing 8-foot and 12-foot sections."

Retailers are also more conscious these days about grouping dry organic produce items, such as potatoes and onions, in dry sections of the department instead of storing them with all the organic produce in one wet rack, Matiasевич explains.

If you have a good produce manager who believes in organic, you will move a good amount of product, explains Pacific Organic's Holzman. "Some stores choose to mix organics while others keep them separate. The key is doing it well and properly main-

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Reader Service # 99



taining shelves.”

Mustard Seed’s Nabors agrees product placement and handling of organics is crucial, especially in stores such as his that carry a mixture of organic and conventional produce. When he opened a small health-food store in 1982, Nabors sold mostly conventional produce. He quickly switched to mostly organic product when he recognized the rising demand. Now he owns two retail

stores — 56,000 square feet and 31,000 square feet — along with two restaurants and a catering business.

About 80 percent of his produce is organic. “We cover 300 organic items every day and we’re very careful to use good signage and good organic retail practices so we make sure certain things aren’t touching or that the ice from conventional broccoli isn’t dripping down on to the organic broccoli

below it,” he adds.

CONSUMER LOYALTY

Although many consumers shop Mustard Seed for organics, Nabors tries to offer them a choice of conventional product for times when organic produce is too difficult or too expensive to source. “When you have organic asparagus that is \$8 a pound, some people are willing to pay \$3 per pound of conventional asparagus which they think is just as good.”

In addition to offering his consumers as many choices as possible, Nabors also builds consumer loyalty by offering customers deep discounts during store-sponsored events, such as Blueberry Day. “We make blueberry everything and offer samples,” he explains. “We make blueberry beer and blueberry sauce over grilled fish. There are usually at least 30 to 40 different ways to taste blueberries.”

Nabors also hosts a Vegetable Day during which customers are given a 15 percent discount if they dress up in vegetable costumes or wear some type of vegetable hat. “This creates a fun experience and a sense of tribe because if someone has the courage to walk around with a goofy hat on, it’s kind of a bonding experience between the consumers and us,” Nabors adds. **pb**



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Reader Service # 210



10 Ways To Put More Crunch In Apple Sales

Attract consumers to the apple category by highlighting bold tastes, incomparable selection and plentiful usages.

BY CAROL M. BAREUTHER, RD

Driven by consumer demand for tried-and-true varieties, as well as something new and different, apples are a key profit center in the produce department. "Every commodity is important, but something that averages 5 to 6 percent or more of department sales gets a keener eye when it comes to display, merchandising and promotion," explains Mike McGuire, director of produce, DeMoulas Super Markets, Inc., a Tewksbury, MA-based chain with 60 stores.

In 2007, the apple category made up an average year-round 6.5 percent of total produce sales, according to The Perishables Group Inc., West Dundee, IL.

Retailers can keep apples sales strong by employing key merchandising concepts.

1. STOCK MAINSTREAM VARIETIES

For years, Red Delicious reigned as king of the apple category, but this is now changing.

According to the Perishables Group, Gala was the top variety in the fourth quarter of 2007 and represented 19.6 percent of total dollar sales, followed by Red Delicious (15.3 percent) and Granny Smith (13.0 percent).

"Our No. 1 apple is Gala," states McGuire. "It surpassed Red Delicious a few years ago for us."

By volume, the Washington-grown, "Red Delicious is the largest but popularity varies by region," according to Chunk Sinks, president of sales and marketing, Sage Fruit Co., LLC, Yakima, WA.

"Red Delicious has experienced a dip in the market, but it is not going to go away," notes Jim Mertz, owner, Symms Fruit Ranch, Inc., Caldwell, ID. "It's always going to have its place in the category."

Newer varieties, improved handling and



Display a wide assortment of apples to attract consumers to the category.

the use of SmartFresh (1-methylcyclopropene) technology "have improved the flavor, consistency and crunch of today's Red Delicious apples," reports Howard Nager, vice president of marketing, Domex Superfresh Growers, Yakima, WA.

Royal Gala apples, which are grown and sold on the West Coast, are the best seller for BC Tree Fruits, Ltd., Kelowna, BC, Canada, says Adrian Abbott, international sales director. "This variety represents about 40 percent of our apple sales."

"Galas grow well in our area," relates Lee Peters, vice president of sales and marketing, Fowler Brothers, Inc., Wolcott, NY. "When we run out, this is a variety we import from Chile in order to provide a year-round supply to our retail customers."

California continues to produce one of the greenest Granny Smith apples. "We don't get the red blush," reports Dan Spain, marketing director, Kingsburg Orchards, based

in Kingsburg, CA.

The East Coast has its longstanding consumer favorites. According to Jim Allen, president, New York Apple Association (NYAA), Fishers, NY, "Our No. 1 is McIntosh with Empire second."

The Northeast's niche is definitely McIntosh, says Tim Mansfield, director of sales and marketing, Sun Orchard Fruit Company, Burt, NY. "Cortlands also do well."

2. MARKET MANY VARIETALS

Varietals are a focal point for consumers shopping for apples in the produce departments of Bristol Farms, an upscale Carson, CA-based chain with 11 stores. "Honeycrisp is really picking up and Jazz is also doing well," explains Raul Gallegos, director of produce and floral. "Older varietals, such as Gravenstein and Arkansas Black, are hard to find and becoming more in demand. What

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sells best varies by customer, but the general theme is that it's all about flavor."

Domex's Nager agrees, adding, "Club and niche varieties have come a long way toward increasing sales in the category. Smart retailers see consumers' search for different tastes and flavors as an added opportunity for sales."

Honeycrisp apples are a definite up-and-comer at DeMoulas, says McGuire. "They aren't for everybody, but there is that customer who's willing to pay 50¢ to 75¢ more per pound for a unique-tasting apple."

Don Roper, vice president of sales and marketing, Honey Bear Tree Fruit Co., Elgin, MN, agrees, adding, "It's the most popular apple varietal in America today. It's a beautiful apple with great flavor and an exceptional name. These three factors make it a best-in-class apple."

Suzanne Wolter, director of marketing, Rainier Fruit Co., Selah, WA, reports, "Honeycrisp was the hottest variety by far this past fall and early winter, even though it often retailed for \$1 or \$2 per pound above other apples."

According to Andy Tudor, director of sales, L & M Companies, Inc., a Raleigh, NC-based supplier with a division in Selah, WA, "More trees have been planted, but supply is nowhere near filling demand for Honeycrisp. It's estimated there will be only 4 million boxes of this variety worldwide by 2010. Our goal this year is to extend the season to late February or early March."

Honeycrisp may never be available year-round, states Bob Mast, vice president of marketing, Columbia Marketing International, Corp., (CMI), Wenatchee, WA. "The variety isn't that grower friendly. There hasn't



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Reader Service # 10

been enough supply for us to see how well it stores, and I'm not sure if it would be something that would import well — so it may stay a seasonal apple."

Pink Lady apples "are destined to become more popular because they're a late-season apple that holds its crunch," says Symm's Mertz.

In the fourth quarter of 2007, Pink Lady apples represented 1.6 percent of dollar sales in the apple category, according to The Perishables Group.

Alan Taylor, marketing director, Pink Lady America, LLC, Yakima, WA, reports,

"Production out of Washington state is around 2.5 million boxes. Due to the cold spring conditions, most crops are lagging behind normal by as much as two weeks but this could change."

Cameo is another up-and-coming varietal apple, which represented 1 percent of dollar sales in the apple category during the fourth quarter of 2007, according to The Perishables Group.

"We expect 1.3 million boxes this season or on par with the past year," explains Kevin Precht, marketing program director, Cameo Apple Marketing Association (CAMA),

Wenatchee, WA. "Cameo responds well to storage. It's a 12-month apple."

The biggest challenge when introducing the variety at retail is consumer trial, notes Rainier's Wolter. "Apples are generally not an impulse purchase. Therefore, it's important to give a new apple highly visible space allocation with signage and ad attention to encourage this trial."

3. OFFER ORGANIC

Bristol Farms' Gallegos has seen a growing demand for organic apples. "We always have a selection to offer our shoppers."

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"Honeycrisp was the hottest variety by far this past fall and early winter, even though it often retailed for \$1 or \$2 per pound above other apples."

**— Suzanne Wolter
Rainier Fruit Co.**

Yet in some markets, organic apples represent a small niche. They appeal to a "customer who wants to pay 50¢ to 75¢ more per pound," explains DeMoulas' McGuire.

In 2007, conventional apples represented 96.9 percent of volume and 95.9 percent of dollars compared to 3.1 percent volume and 4.1 percent of dollars sold for organic, according to The Perishables Group.

Currently, "Demand exceeds supply," states Simcha Weinstein, promotions director, Albert's Organics, Inc., Bridgeport, NJ. "However, as more acreage is transitioned from conventional to organic, supplies will increase. We are also seeing more of the larger mass-market stores increasing their organic offerings of apples and this certainly will play into the supply/demand issue.

"For us, the Top 3, best-selling organic apples are Fuji, Red Delicious and Granny Smith," he continues. "However, based on our own movement, the Top 2 varieties that increased the most over the past year were Braeburns and Pink Ladies, both increasing



Dave Gleason,
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in sales by more than 35 percent. One of the hottest new varieties is Honeycrisp. Right now, the price point on these is high, but hopefully, over the next several years as volume improves, we will see it come down in price."

4. CALCULATE HOW MANY VARIETIES TO CARRY

Bristol Farms stores carry 10 to 15 varieties at any one time — up to 20 or more in season, according to Gallegos.

How many apple varieties retailers carry varies, says Sage's Sinks. "Some retailers

carry eight to 10 varieties of Washington apples along with regional offerings depending on where they're located. A retailer may have as many as 16 to 20 bulk apple SKUs in the fall because of regional crops. Some of the more popular varieties are generally offered in 3- or 5-pound units and some retailers will use a large size and small size for their bulk apples. In the summer, the availability of offshore apples means many retailers still stock five to seven varieties."

As for organic, Weinstein says, "More retailers are carrying a larger selection of organic apples. Some consumer expectation

is that the more interesting and obscure varieties are in the organic section of the produce aisle."

5. REALIZE SIZE MATTERS

Large and small apples have strategically salable markets. "What we see is that most customers carry a large apple — a 72, 80, or 88 — as their main size and then adjust based on crop sizing," explains Sinks. "Some will also bring in larger fruit for certain occasions while some will carry certain varieties in a 2-size program. By utilizing two sizes for their bulk program, retailers are capturing multiple consumer groups."

Sinks adds, "As the baby-boomer popula-

"Some retailers carry eight to 10 varieties of Washington apples along with regional offerings depending on where they are located."

**— Chuck Sinks
Sage Fruit Co.**

tion begins to age, demand for smaller sizes may increase because it seems both senior citizens and children prefer smaller apples."

Crop sizing out of Washington is expected to be smaller this year, meaning there will be "more volume in 88s, 100s and 113s," says L & M's Tudor.

More moisture on the East Coast translates into larger sized apples. "The crop in Pennsylvania is sizing up nicely — 80s, 88s and 100s," says Sun Orchard's Mansfield.

6. BUILD SALES WITH BULK, BAGS AND TOTES

At DeMoulas, "Large apples are displayed bulk and small apples [are displayed] in poly bags or totes," according to McGuire. "Each of these we sell for a different price point."

In 2007, apples sold in bulk represented 74.4 percent of category volume and 80.7 percent of dollar sales, compared to 25.6 percent volume and 19.3 percent dollars for bagged apples. Bulk apples retailed for an

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average \$1.53 per pound versus \$1.06 per pound for bagged apples, according to The Perishables Group.

"New packaging is playing a significant role," according to Sinks. "For example, demand for mesh bags has increased and many retailers like the appearance of the mesh bag."

Major retailers, such as Kroger Co., a 2,274-store chain based in Cincinnati, OH; Albertsons, Inc., a 520-plus-store chain based in Boise, ID, and a subsidiary of Eden Prairie, MN-based Supervalu; and Safeway, Inc., a 1,734-store chain based in Pleasanton,

CA, have moved to mesh for bagged apples. "The product is perceived to look fresher and shows better than poly under the glare of lights, and color coding allows consumers to see individual varieties better," according to CMI's Mast. "Mesh costs a bit more, but it's more a preference for this type of bag rather than cost that's driven the conversion."

Although bags are often viewed as a bargain buy, themed bags that provide educational information can be an effective sales tool, says Tudor, whose company co-packs several varieties of apples in 3-pound bags under the Disney Garden label. "We con-



ducted a test during the fourth quarter of 2007 with a major retailer. Results indicated that this retailer experienced an over 20 percent category lift with the Disney Garden brand bagged apples and commanded a 20 percent premium price for the product."

Barry Winkel, general manager, Greg Orchards & Produce, Inc., Benton Harbor, MI, adds, "We offer holiday-themed bags of apples for various occasions, such as Halloween and Christmas, and they sell well."

Tote bags are increasingly popular, notes DeMoula's McGuire. "We used to carry totes only in the fall, but now we carry them right up and through the holidays."

Sandy Cohen, president, Cohen Produce Marketing, Aspers, PA, has observed "tremendous growth in 5-pound totes over the last five years."

Tote bags that can be filled at the store level "let consumers fill them with bulk apples of their choice. This encourages larger-volume purchases," explains Sage's Sinks.

This season, Domex will again offer its Flavor Pairings totes. Each opaque plastic tote provides a description of the flavor characteristics of one of five varieties of apples, icons that list the best herbs, spices, wines and nuts to pair with the apple plus simple recipe ideas. The totes are merchandised on a pallet set half- or full-size bin. "Last season, retailers who used these totes saw a double-digit lift in their numbers," reports Nager.

Clamshell packs "have started to increase, but constitute a much higher retail than bulk or bagged apples," adds Sinks.

7. CREATE AN EYE-CATCHING DISPLAY

The 60-foot apple display at Jungle Jim's International Market, a single specialty store in Fairfield, OH, does a good job at attracting

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Reader Service # 160

consumers. The Apple Orchard display is filled throughout the year with local, regional, national and imported apples. "Each of our varieties is displayed separately in bins with a waterfall format 3-feet wide and deep," says Dave Brossart, general manager for produce and floral.

In the fall, the store offers up to 15 varieties priced by the pound. This mix may include Lodi, Ginger Gold, Macoun, Jonamac, Honeycrisp, Empire, Crispin, Jonagold, Jonathan, Northern Spy and Braeburn. "We post a hanging chart that lists the different varieties of apples and what they're good for," Brossart states. "We do a lot of sampling, too."

CMI's Mast suggests creating an apple display "by building it in a high-traffic location within the department. Bulk and bag product should be in close proximity, so consumers can see all of their choices at once. Create color breaks by using Red Delicious, Golden Delicious or Granny Smith apples or by cross-merchandising them with pears or citrus. Totes can also serve as a color break."

"Keep displays full and fresh," adds Sinks. "Apples on refrigeration will have longer shelf life than non-refrigerated fruit."

To do an effective job displaying organic apples, "Signage and information are necessary," advises Albert's Weinstein. "It could be something as simple as an overhanging banner over the organic apple display that reads New Crop Organic Apples."

Many consumers aren't familiar with all the varietal apples. "This year, we've come up with new descriptions for our apples that go beyond sweet, juicy and crisp, and have deeper meanings that tell consumers what the apples taste like and which apples have similar flavor profiles that they may want to try next," reports Roger Pepperl, marketing director for Stemilt Growers, Inc., Wenatchee, WA.

CMI will introduce its farm-stand bin display this season. "The bin ships with 10 cases of apples the retailer can order by mix-and-match," explains Mast. "High-graphic totes are available as is a canopy over-roof that calls attention to the display and gives that farm-fresh look. The display is easy to set up and offers a consistent look for large chains with multiple stores."

8. CROSS-MERCHANDISE CREATIVELY

Apples have long been cross-merchandised with cider, piecrusts, crisp mixes and caramel dip. A caramel apple display contest has attracted sales each fall at Bristol Farms. "It's one thing to build a display," says Gallejos, "but the key is to build a display, make it practical and increase sales. Our caramel

apple tie-in has been a great vehicle, but we're thinking about doing something different this season to keep the idea fresh. Throughout the year, we'll also cross-merchandise apples in the cheese department and the bakery. This type of display gives consumers ready hints of usage ideas."

Honey Bear's Roper suggests cross-merchandising apples with caramel dips, cider and pies.

CAMA offers four annual themed cross-merchandising POS promotions. Both a sign card and tear-off recipe pad for a Fall Cameo Apple Pie, Winter Cameo Apple

Spinach Salad, Mother's Day Cameo Apple Topped French Toast and Father's Day Cameo Apple Crisp are available. "Retailers who have used these materials have seen an average 50 to 100 percent increase in case sales during promotion," says Precht.

9. SELL AN APPLE-A-DAY

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Reader Service # 167

New Apple Varieties

Consumers continually look for new and different taste profiles. The apple industry continues to respond with a number of novel varieties. "Keep in mind this is a long-term investment as it takes three to five years before we have a crop of fruit to market," notes Suzanne Wolter, director of marketing, Rainier Fruit Co., Selah, WA. "However, we'll see quite a few new varieties over the next several years."

Ambrosia: This is a medium- to large-size apple, red in color with patches of yellow on the skin and a creamy, sweet, low-acid flesh. BC Tree Fruits, Ltd., Kelowna, BC, Canada, has marketed the Ambrosia apple for the past five seasons. "We're the largest supplier of this variety and will have over 300,000 cartons this year," reports Adrian Abbott, international sales director. "The Ambrosia is a chance seedling from British Columbia originally cultivated in the 1980s. It's available from the first of October through March. Retailers have best success by introducing it along with its story."

Aurora Golden Gala: A cross between Splendour and Gala made at the Pacific Agri-Food Research Centre, Summerland, BC, Canada, this is a mid-season, yellow dessert apple. "It holds well, has excellent flavor and serves as a great, fresh-eating apple," explains Abbott. The apple harvests in late September and ships throughout October.

Kiku: Native to Italy, ruby red, firm and juicy, the Kiku was discovered growing in a Fuji orchard. "It has 20 percent more sugar than a regular Fuji, so it's intensely sweet," explains Bob Mast, vice president of marketing, Columbia Marketing International, Inc., (CMI), Wenatchee, WA. "We have a small crop this season that we're test marketing to select retailers to set the stage for a formal introduction in 2009."

Lady Alice: This is a firm, crisp, juicy apple with a mild sweet-tart flavor. It's a great all-purpose apple — excellent for cooking, baking, on cheese platters, fruit

trays or for eating out of hand. Rainier has sold Lady Alice apples in limited quantities for the past three seasons, states Wolter. "For the first time this past season, we were able to offer it in several locations across the United States. Volume this year will be up again, allowing for promotable volumes at more retailers."

Nicola: This large, bi-colored apple is harvested in mid-to-late October. It results from a cross between a Splendour and Gala made at the Pacific Agri-Food Research Center. "We plan to market in 2009," explains Abbott.

Piñata: This past year, Stemilt Growers, Inc., Wenatchee, WA, marketed 60,000 cartons of Piñata, a cross between Golden Delicious, Cox's Orange Pippin and Duchess of Oldenburg. "This season, we'll have 175,000 cartons with 750,000 to 800,000 available in the next four years," according to Roger Pepperl, marketing director. "This variety harvests in October, but we don't start shipping it until January. It develops tremendous taste in the controlled-atmosphere rooms and the timing lets the regional apples get out of the market."

Sweetie: A variety developed by HortResearch in New Zealand and marketed by the Associated International Group of Nurseries (AIGN), Inc., through Prevar Co., Hastings, NZ, this is a sweet, sub-acid, crisp and juicy apple. "It's a red apple and it harvests similar to a week earlier than Royal Gala," says Alan Taylor, marketing director for Pink Lady America, LLC, Yakima, WA, and spokesman for EW Brandt & Sons, Inc., Parker, WA.

Unnamed: L & M Companies, Inc., Raleigh, NC, has a new proprietary apple variety it intends to test market this season with an initial 3000 boxes. "It's a yellow apple with high brix and a sweet tang," according to Andy Tudor, director of sales for the company's division based in Selah, WA. "Its originally from the Czech Republic where it's called Opal. Next season, our quantity will jump to 30,000 boxes." **pb**

according to Rainier's Wolter. "Whether or not it is a direct result of current health trends or recently released health study information is difficult to say."

Apples are a major contributor to produce department sales during the fall, but,

"We as an industry need to do a better job communicating the characteristics and nutritional benefits of apples to keep customers buying," advises Gallegos.

This season, CAMA will offer a POS-based promotion in which a percentage of

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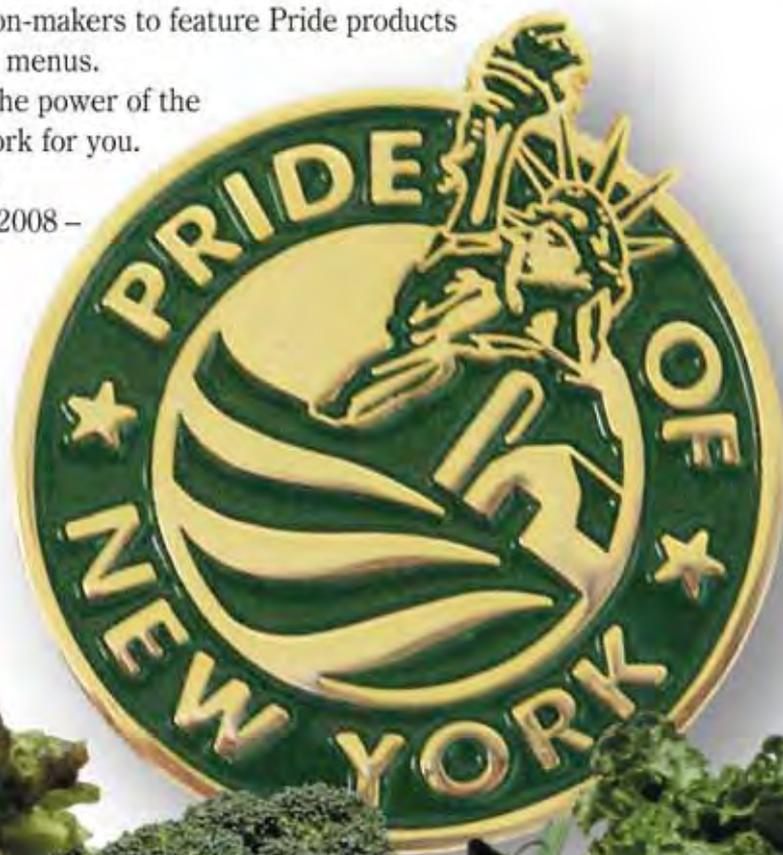
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Cameo apple sales will be donated to the Susan G. Komen Breast Cancer Foundation, based in Dallas, TX. "This promotion aids in breast-cancer awareness and taps into our key demographic, women 35 to 54 years of age," Precht says. The promotion will run in November and December. "If we get a positive response from retailers, we'll extend it into January, February and March."

10. ADVERTISE AND PROMOTE YEAR-ROUND

Apples are available year-round, but category contribution to produce department sales ranged from a high of 8 percent in the fourth quarter of 2007 to 5.1 percent in the third quarter, according to The Perishables Group data.

"Apples are advertised nearly every week by our customers in the fall and winter," explains Sage's Sinks. "This slows to every other week or every three weeks in the spring. We see minimal ads in the summer as more seasonal items are the focus."

In the fall, "We line-price everything at 99¢ per pound, except for Honeycrisp," notes DeMoulas' McGuire. "This encourages trial, especially at a time we'll typically carry 10 to 15 varieties of apples."

According to Honey Bear's Roper, Septem-

ber through December is an opportune time to run major promotions and advertisements for all apple varieties. "This is when all of the production is coming in. Plus, people are conditioned to know it's time for fall apples."

Stemilt's Pepperl suggests an Apple of the Month promotion. "Start with Gala in September, Red or Golden Delicious in October, Fuji in November, Granny Smith in December, Pink Lady in January and Cameo in February. This type of promotion will lift the apple featured along with the entire category. The key is to have a signage and print feature about the apple and its attributes and to tie it into an ad with three to five varieties. This also plays into the fact that the store has a wonderful menu of items to choose from in the apple section."

Nearly 1,000 retail supermarkets across the nation participated in the 2007 National Apple Month (NAM) display contest, held Sept. 1 through Nov. 30, organized by the U.S. Apple Association, Vienna, VA. "Apple marketers use the promotion to kick off the harvest season and boost early-season shipments," explains Kay Swartz-Rentzel, NAM coordinator. "Retailers use it to increase consumer sales and awareness, yield additional profits for the produce department and creatively merchandise throughout the store."

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Apple Industry Goes Green

Marketing locally grown, shortening transport miles, recycling initiatives and food-safety programs with an environmental component are some of the measures apple growers, packers and shippers are employing to green up their operations.

Local is the new organic, states Sandy Cohen, president, Cohen Produce Marketing, Aspers, PA. "Consumers perceive it as fresher and positive for the environment. There are also fuel savings in selling fruit in your own backyard."

While the locally grown hook has always been strong for apples, East Coast retailers are increasingly seeking out East Coast apples these days, reports Tim Mansfield, director of sales and marketing, Sun Orchard Fruit Co., Burt, NY. "Consider the freight difference is \$8 to \$9 per box for the West Coast to ship apples east versus \$1 to \$1.50 per box for us to ship to East Coast markets."

One green move Albert's Organics, Inc., Bridgeport, NJ, has made is in the transportation area. "We now ship a lot of our apples across country using Railex [Corp., Riverhead, NY]," according to Simcha Weinstein, promotions director. "Railex is a 55-car refrigerated-unit train with the capacity to transport 220 truckloads of refrigerated product. We conserve fuel by essentially hitching a ride with other product heading to the same destination on the East Coast. The fuel conservation alone has been dramatic."

Rainier Fruit Co., Selah, WA, opened a 90,000-square-foot shipping bay and distribution facility in April to facilitate the consolidation of apple loads out of the Northwest. "Many of our customers ask us to consolidate product to reduce the amount of pickups their trucks need to make," explains Susan Wolter, marketing

director. "This new facility will allow us to do that more efficiently."

Stemilt Growers, Inc., Wenatchee, WA, has adopted recycling as a major green initiative. "We have more than 20 acres dedicated to composting where leaves, culled fruit, wood chips and other green waste is turned into nutrient-rich orchard fertilizer instead of filling up landfills," explains Roger Pepperl, marketing director. "We feed 1000 acres of orchard off of our compost. This recycling effort is part of Stemilt's Responsible Choice program, started in 1989 and designed to reduce orchard pesticides and conserve water and soil.

Stemilt was one of the first food suppliers in the world to be certified by the Safe Quality Food (SQF) Initiative in production, handling and packaging.

Broetje Orchards, Prescott, WA, was similarly recognized for its ability to SQF-certify its packing and growing operation. The SQF Initiative, developed in Australia and now owned by the Food Marketing Institute (FMI), Arlington, VA, is based on hazard analysis critical control point (HACCP) principles intended to prevent food-borne illnesses. A number of voluntary modules are a part of SQF and aimed at worker welfare, animal care, food security and the environment.

Andy Tudor, director of sales, L & M Companies, Inc., Raleigh, NC, which buys apples from Broetje Orchards, says "Retailers are interested in what growers are doing on the sustainability front. Part of Broetje's operation, for example, encompasses providing year-round jobs, affordable housing, child-care facilities and schools for its workers."

On a more general front, apple growers in Washington and across the nation are going green. "If you're not moving towards sustainability, you won't be in business long," according to Tudor. **pb**

Pink Lady apple ads typically hit after the first of the year, reports Pink Lady's Taylor. "Their name makes a great tie-in for Valentine's Day promotions. Down the road, we're looking at creating a heart-shaped carton that would contain three apples. They do this in Europe already."

A new study by CAMA revealed an opportunity for retailers to lift apple sales and increase annual performance during June and July. In the study, Chain A, a progressive mid-size East Coast chain, was compared to Composite B, the rest of the market.

Chain A brought in Cameo in late spring and summer and promoted it along with imported small Royal Galas. Composite B went the traditional route with Royal Galas only. Results showed Chain A's promotion of Cameo in June and July resulted in a significant spike in activity throughout the period as compared to Composite B, which was flat. "By featuring Cameo with Royal Gala, Chain A not only created excitement in the category but also picked up incremental sales and extended them beyond where Composite B declined," according to Precht. **pb**

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Reader Service #189

Take A Fresh Look At Broccoli

Turn up the excitement for this underestimated veggie by using innovative marketing and merchandising techniques.

BY MEREDITH AUERBACH

Although it's a very reliable staple in the produce department, broccoli doesn't seem very exciting these days. Consumer consumption of broccoli is generally flat with category contribution trending down. Broccoli is typically viewed as a commodity, but with the right marketing and merchandising techniques, it has the ability to take a new growth position in the produce department.

With today's high fuel costs, tight credit, rising inflation and slow consumer spending, the biggest concern for broccoli producers is survival, and they are cautious about taking on additional risk.

For retailers facing the same kinds of pressures, the important task is trying to stay ahead of changes in consumer behavior. They need to determine if convenience is still a top driving force and if consumers are still willing to pay the extra dollars for packaged, ready-to-cook product. Is broccoli a cooking or a salad vegetable — or both — and what does that mean as retailers merchandise the department?

According to industry figures released by Freshlook Marketing, Hoffman Estates, IL, broccoli sales decreased 6 percent from 359.2 million pounds to 337.2 million pounds between 2005 and 2007. Retail category contribution fell from 1.8 percent to 1.7 percent during the same period.

"There is a shift from the traditional 2-to-3-stalk, rubber-banded bunch to a prefer-



Photo courtesy of County Fair Foods



Broccoli presents both a challenge and an opportunity for retailers looking to increase sales of this produce staple.

consumers for stir-fry and to foodservice."

Jesse Pérez, sales manager, Pismo-Oceano Vegetable Exchange, Oceano, CA, agrees, adding, "Our whole business is bulk, including shipping to major markets with large Asian populations. There are big families that still sit down together to a family meal and broccoli is used almost daily."

MEETING CONSUMER NEEDS

Many companies are working hard to make broccoli and other vegetables convenient and easy to use for a new generation that is less knowledgeable about cooking and less interested in doing it from scratch on a daily basis.

According to Bruce Knobloch, vice president of marketing for River Ranch Fresh

ence for crown cuts," explains Jason Wong, sales and marketing manager for Fresh Kist Produce, LLC, a Salinas, CA-based supplier that sells under the Birds Eye Fresh label. "Crowns are about 80 percent of our retail business. In some markets, a further refinement is Asian crown cuts, which have an even shorter stem and are targeted to Asian

Foods, LLC, Salinas, CA, "More consumers see broccoli as a salad, snacking and cooking vegetable. It has taken a backseat to bagged salads but we believe it can be a growth category. It makes sense to pack broccoli as florets and part of mixed vegetable medleys to appeal to consumers who want to eat fresh. They are the same consumers, but different occasions."

Mann Packing, Co., Inc., Salinas, CA, is firmly committed to its extensive value-added line of ready-to-eat and ready-to-cook

"We stock both bulk bunches and crowns and try to suggest salad uses and accompaniments, such as cheese, to increase sales. It is not clear yet which will dominate."

**— Bill Baffles
County Fair Foods**

vegetables that include a large amount of broccoli, explains Lorri Koster, vice president of marketing. "Recently, we have seen some slowing of consumption and velocity in broccoli but we think it will turn around. We're heavily invested in bag technology to make it faster for consumers to serve fresh vegetables; they can microwave broccoli and other vegetables right in the bag.

"There's plenty of room for more variety and, for us, vegetable trays and party platters are increasing," she continues. "We're working hard on the snacking category — vegetables with items such as ranch dressing or raisins included in a single pack — to make sure we don't lose the space next to packaged salads to juices and dressings."

Mann works with retailers to define the value and placement of the category. "We

Rethinking The Approach To Broccoli

Building profits from broccoli sales is easy when retailers go the extra mile to help consumers make the connection to the category.

John Landau, vegetable product manager, Tanimura & Antle, Inc., Salinas CA, suggests using recipe cards to show consumers how to create healthful, interesting and fast meals.

Mitch Ardantz, vice president of sales and marketing, Bonipak Produce Co., Santa Maria, CA, calls for greater creativity and more education about broccoli for consumers and retailers.

Encouraging retailers to visit the farm and become more knowledgeable about the broccoli they are selling is also important, notes Jason Wong, sales and marketing manager, Fresh Kist Produce, LLC, Salinas, CA.

Many producers look to co-promotions to suggest new ideas with the help of coupons. Mann Packing Co., Inc., Salinas, CA, River Ranch Fresh Foods, LLC, Salinas, CA, and labels, such as Birds Eye Fresh and Green Giant Fresh, count on

strong brand identity to encourage consumers to use both the basic commodity and value-added products. These larger companies also have the resources to develop new ideas and invest in the technology to make them happen.

"The popularity of cooking shows helps with new ideas, and the dominance of broccoli in foodservice is another way to disseminate new ways of using the vegetable," explains James Corrado, owner, Corrado's Family Affair, a single-store independent supermarket in Clifton, NJ. "Most of our broccoli business is in bunches and crown cuts. We carry a small amount of ready-to-eat or cook-bagged product with packaged salads, but it doesn't seem to catch consumers' attention."

In uncertain economic times, success is in large part about the ability to define value. If the produce industry is able to sufficiently communicate the value of broccoli in all its forms in a way that convinces consumers, retailers can expect a growth spurt. **pb**

break the category down into core or side dish items or packs five ounces or larger, cooking, snacking and specialty," explains Koster. "Relationships with buyers are important. Each buyer has his or her own audience. A large driver market for us is colleges and university foodservice, which introduce these products. Retail take-up is slower, but it will improve because of the foodservice movement."

River Ranch's Knobloch adds, "Properly displaying packaged fresh vegetables, snack packs and medleys means large investments for the retailer. Not every store has the equipment to do it right. Changes in equipment simply don't happen overnight, but it is ongoing and will be put in place."

Resistance to packaged vegetables can take place at retail. Consumers at Jungle Jim's International Market, Inc., a single-store operation in Fairfield, OH, "just aren't yet ready to move into a lot of value-added product," reports Dave Brossart, produce general manager. "We carry it, but sales are slow. The first question they ask on virtually everything in the department is 'When did this come in?' They want it fresh that day."

"Greater convenience means higher

costs" states Bill Baffles, CEO of County Fair Foods, a single-store operation in Chicago, IL. "We stock both bulk bunches and crowns and try to suggest salad uses and accompaniments, such as cheese, to increase sales. It is not clear yet which will dominate."

Revving up consumer interest and excitement is clearly going to take a focused effort; retailers need to develop new ideas and find better ways to communicate them to consumers and their families.

BACK-OF-THE-HOUSE TECHNOLOGY CHANGE

Technology is impacting how broccoli gets produced from seed development to packing, and the pace of change is increasingly driven by external factors such as fuel costs and labor.

John Nelson, director of sales for Sakata Seed America, Inc., Morgan Hill, CA, studies the trade and consumers equally diligently. "Our job is to develop and produce the right seed to grow well in the right place," he notes. "We're working on new varieties to meet the needs of value-added product — biggest crowns, longest shelf life, ability to

Continued on page 170



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Reader Service #13

Continued from page 167

grow in new places.

"One goal is to move acres closer to the buying source," Nelson continues. "Reasons include the interest in buying local and the need to cut transportation costs. For example, production in southeast Georgia and north Florida has increased from about 50 acres to more than 2,000. Maine is now a major producer for the East Coast, but we also have to say that change comes slowly — nothing happens overnight."

ICED TO ICELESS

Measuring shelf life is an important met-

ric as the industry moves slowly but surely from iced broccoli to iceless. Variety characteristics can directly influence shelf life beyond the required care and caution on the part of producers and retailers.

Some retailers are yet to be convinced that iceless broccoli quality is as high as iced broccoli. "I want only iced broccoli," notes Jungle Jim's Brossart. "I believe the quality is better."

According to Rick Antle, CEO, Tanimura & Antle, Inc., Salinas CA, "The industry is gradually moving to an iceless pack, but the iced carton is still the mainstay. Broccoli generates its own heat that must be man-

aged. Many customers still want an iced pack to maintain freshness."

John Landau, Tanimura & Antle vegetable product manager, adds, "There's no doubt an iceless pack creates less mess and there can be food-safety issues with ice as it melts. We developed a line of films and overwraps that helps with quality and safety and allows us to communicate with consumers."

Growers Express, LLC, Salinas, CA, developed an exclusive deep-chill process to remove field heat in about one minute, explains Mishlain Modena, marketing manager. "Pallets of field-packed, waxed cartons are submerged in an icy slurry to take them down to 33° F before heading to the cooler.

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Iceless cartons make less mess and allow for more cartons per pallet and per truck than iced cartons — 64 iceless cartons compared to 48 iced cartons per pallet, which translates into more efficient use of freight."

One of the goals of technology change is to mitigate the impact of mishandling instances that can sometimes happen in such a labor-intensive process, notes Mitch Ardantz, vice president of sales and marketing, Bonipak Produce Co., Santa Maria, CA. "We can effectively do iceless broccoli by using a bag liner. The savings in freight is substantial although it does take more labor to do this pack right. We must continue to innovate to be successful and continuously become better at pushing quality product through the supply chain. The pressure is that there is a correction in the market and production is down."

pb

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Five Ways To Drive Sweet Potato Sales

Retailers have a wide variety of options for boosting year-round consumption of sweet potatoes.

BY JULIE COOK RAMIREZ

Sweet potatoes have been a long-time holiday favorite. What would Thanksgiving be without sweet potato pie or candied sweet potatoes served up alongside the turkey and cranberry sauce? Unfortunately, sweet potato sales typically fall off by approximately 50 percent during the rest of the year, leaving suppliers with an abundance of crop, wondering why consumers don't favor their product on a year-round basis.

In recent years, that trend has begun turning around, as the healthful nature of sweet potatoes — combined with their reasonable price — has consumers reconsidering the vegetable. “Sweet potatoes are one of the better values for the food dollar that consumers have these days,” explains Benny Graves, executive secretary, Mississippi Sweet Potato Council (MSPC), Mississippi State, MS.

“The sweet potato has become an integral part of consumers' year-round diet,” reports Wayne Garber, president of Garber Farms, Iota, LA. “People are eating them 12 months of the year. It's certainly not like it used to be when people would think about sweet potatoes only from Thanksgiving to Easter.”

As demand has grown, many farmers have increased the number of acres dedicated to growing sweet potatoes. In North Carolina, for example, farmers are now shipping approximately 150 loads of sweet potatoes each week during the summer, compared to 100 loads just a few years ago, according to George Wooten, owner and CEO, Wayne E. Bailey Produce Company, Inc., Chadbourn, NC.

Still, sweet potatoes remain a sales challenge in the eyes of Roy Hansen, sales manager, Dawson Farms, LLC, Delhi, LA, who describes them as “not a glamour item, not



Large sweet potato displays attract consumers and encourage consumption.

fancy or attractive in color like bananas.”

“Unless a customer is looking for them specifically, sweet potatoes are not a real thriller item,” explains Debbie Miner, produce manager, Highland Park Market, a Coventry, CT-based chain with six stores. Therefore, it's incumbent upon retailers to keep sweet potatoes top of mind regardless of season. Whether a chain promotes them as sweet potatoes or yams, here are some ways to increase sales.

1. FOCUS ON HEALTH

Sweet potatoes are inherently healthful, yet many people view them as laden with calories because typical holiday preparations are so often indulged. It makes sense, therefore, to make today's health-conscious consumers aware of the benefits of eating sweet potatoes. “They are super foods and they are very on target with the whole health and wellness movement,” explains Lorri Koster, vice president of marketing,

Mann Packing Co., Inc., Salinas, CA.

As part of its award-winning entry into the Smithfield, NC-based North Carolina Sweet Potato Commission (NCSPC) February 2008 retail display, Seitter's Market, an single, independently owned supermarket in New Haven, MO, took a visual approach to teaching consumers about the healthfulness of sweet potatoes.

“We put a big mound of broccoli up to one sweet potato, so they could see the difference between what they're getting from a sweet potato versus broccoli,” explains Lisa Kisse, co-manager. “We weren't trying to downplay broccoli; We were just saying, ‘Look what sweet potatoes can do for you!’”

2. TARGET YOUNGER SET

By all accounts, the love of sweet potatoes seems to have skipped a generation — if not two or three. Sue Johnson-Langdon, NCSPC executive director, says building consumption among people in their 50s and 60s



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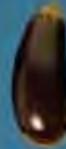
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Standard	1 Ticket	\$1,000



Thinking Outside The Spud

When most consumers think of sweet potatoes, their minds immediately jump to sweet potato pie, candied sweet potatoes and other holiday favorites. Such beloved favorites are just the tip of the iceberg when it comes to sweet potato-based dishes, however. "There are probably 20 or 30 well-known sweet potato recipes, but that's just scratching the surface of what is actually going on out there," explains Frank Mesa, sales manager, Garcia Farms Produce Co., Livingston, CA.

Providing consumers with recipes can help expose them to the multitude of ways in which they can incorporate sweet potatoes into their diet. In conjunction

with its retail display contest held earlier this year, the North Carolina Sweet Potato Commission (NCSPC), Smithfield, NC, sponsored a consumer recipe contest. One of the winning retailers, Klein's Family Markets, based in Forest Hill, MD, set up a table to promote the recipe contest and handed out recipe pamphlets.

Likewise, Seitter's Market in New Haven, MO, handed out recipe sheets as part of its award-winning entry into the contest. "When we would hand people a sheet of recipes, they would stand there looking at it, and you could almost see the wheels turning in their heads," says Paula Pruessner, floral manager. "Then they would pick up a bag of sweet potatoes." **pb**

is not a problem.

Concerns over childhood obesity present a key opportunity for the industry to pitch sweet potatoes as a healthful option for parents to feed their kids, adds Rene Simon, assistant commissioner, Louisiana Sweet Potato Commission (LSPC), Baton Rouge, LA.

MSPC worked with school-lunch programs to get sweet potatoes on the menu from coast to coast. "We're openly targeting young people and trying to get them used to eating sweet potatoes at an early age," reports Graves.

3. MAKE CONSUMPTION CONVENIENT

Unlike previous generations, today's consumers often don't have time to prepare sweet potatoes from scratch. To make their lives easier, a number of suppliers, such as Mann Packing, have begun marketing fresh-cut sweet potato products such as fries and cubes. It's all a matter of convenience, according to Koster. "I can't think of anything more inconvenient than a bulk sweet potato — it's a big barrier to consumption."

4. ENCOURAGE TRIAL

Convincing consumers they like sweet potatoes along with the multitude of dishes that can be made from them is key to building consumption. "There are many people out there who have never eaten a sweet potato," according to Dawson's Hansen. "They have no clue what it is. Once you get them to try it, most people really like it."

In February, Seitter's Market incorporated a vigorous sampling program into its award-winning display. With the assistance

of the store's deli, Seitter's served up mashed sweet potatoes, sweet-potato fries and a wide variety of other tasty dishes.

5. DO IT UP BIG

Since sweet potatoes aren't the most glamorous of vegetables, it may take a little extra effort to get consumers to notice them. "People are getting so used to eating sweet potatoes at steakhouses, so they think about them when they are grilling steak or chicken at home," explains Jimmy Burch, partner, Burch Farms, Faison, NC. Jerry Norton, produce manager, Priceville Foodland, a Decatur, AL-based chain with two stores, assembles a large display each fall, featuring all the harvest of the season and sweet potatoes as the centerpiece.

Above all else, a display that communicates freshness and a straight-from-the-farm feel is sure to attract consumers. Klein's Family Markets, a Forest Hill, MD-based chain with eight stores, achieved a roadside-stand effect when produce manager Donna Sage brought in a tractor and wagon from home as part of her store's entry into the NCSPC retail display contest.

"Sweet potatoes aren't just a baked item on the table at Thanksgiving anymore — they are an important part of the mainstream consumer food industry," according to Dr. Tara Smith, extension specialist, Louisiana State University (LSU) Agricultural Center, based in Chase, LA. "Most of that increase in utilization came as the result of producers working together with their respective commissions, advertising firms and retailers to get the word out about a good high-quality product." **pb**



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Reader Service #67

Packaged Salads Expand Offerings

Give consumers fresh, nutritious and convenient options for creating an array of appealing salads.

BY BARBARA ROBISON

The packaged salad business is maturing. From offering bags of torn lettuce and a few other greens, the business has evolved into one with a myriad of new, top-quality products.

"The category is still ripe with opportunities as consumers look for convenience, value-added properties and product satisfaction," explains Lou Cooperhouse, director of Rutgers Food Innovation Center, a Bridgeton, NJ-based business and economic development program that is part of the New Jersey Agricultural Experiment Station at Rutgers University (NJAES), New Brunswick, NJ. "It's all about innovation and creativity to meet consumers' salad needs. Despite the downturn in the economy, consumers still want quality salads that are fresh, nutritious and convenient."

New categories have a tendency to grow substantially and eventually hit a plateau, according to Bill Bishop, chairman, Willard



Many experts feel the category is positioned to withstand the economic downturn.

Bishop, Inc., a Barrington, IL-based retail and foodservice industry consultant. "If no new innovations are introduced to the prod-

uct, packaging or perceived values, the category volume tends to shrink. Today, consumers want the novelty of adding more unusual foods to menus. For instance, I'm seeing more packaged specialty produce items, often fresh-cut. This has transferred into the packaged-salad category, where more unusual salad greens and salad ingredients are being offered."

ACNielsen, the Schaumburg, IL-based provider of marketing information services, defines a precut fresh salad mix as one that "includes non-deli products labeled as salads, salad mixes and salad kits with a base of lettuce or like greens," according to Mary Ellen Ryan, analyst. "Salad mixes or salad kits must be labeled as such. [This] includes all types of slaw [and salads that] may contain components of salad dressings, croutons, etc."

For the 52 weeks ending July 12, 2008, data show the total dollar value of the precut





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Reader Service # 116

New Salad Packaging

While bagged salads still lead the sales of packaged salads, many salad suppliers are offering new and innovative packaging. "We are seeing growth in the use of rigid containers in organic and conventional lettuces," reports Ali Leon, director, fruit, vegetable and complete meals, Ready Pac Produce, Inc., Irwindale, CA. "This is due to the protection the packages provide to the lettuces, by helping keep them fresh."

"There appears to be a move from bags to more rigid packaging, such as the clamshells we are using," states Lorri Koster, vice president of marketing, Mann Packing Co., Inc., Salinas, CA. "Our consumer research indicates consumers are looking for cleaner, safer products that provide tamper evidence. They indicate they would buy more leafy-green items more frequently due to ease of use, which will grow category sales. We have more space on the package to communicate benefits and usage ideas, two things consumers want."

Some larger packaging sizes are also being examined. "We have expanded our line of 11-ounce value packs and 1-pound club packs to satisfy shoppers consuming more salad and for people concerned about packaging, since the larger sizes provide a better value and product-to-packaging ratio," explains Tonya Antle, vice president, organic sales, Earthbound Farm, San Juan Bautista, CA. "As shoppers watch fuel consumption and make fewer shopping trips, there is some movement in traditional store formats to larger pack sizes."

Randy Bohaty, produce director, B & R Stores, Inc., based in Lincoln, NE, is not convinced of a trend toward salads in rigid packaging. "The majority of our sales are still bags," he notes. "The rigid packages are more expensive and we currently display them in a special area."

pb

percent over the previous year. Caesar is the most popular of the fresh-cut salads in the complete salad-kit segment, representing two-thirds of the industry's dollar volume."

"With more people eating at home, we believe the newer salads provide customers with restaurant-salad quality at supermarket prices. It also helps them save gas."

**— Randy Bohaty
B & R Stores, Inc.**



fresh salad mix for U.S. food/drug/mass merchandisers (excluding Wal-Mart Stores, Inc., Bentonville, AR) increased by 4.4 percent over a similar period ending July 14, 2007. Of the 2008 figure, bagged salads showed an increase of 1.8 percent from the 2007 data.

Garden salads were down 3 percent in 2007, but there are no segments of the packaged salad business with significant declines, reports Ali Leon, director, fruit, vegetable and complete meals, Ready Pac Produce, Inc., headquartered in Irwindale, CA. "Salad blends continue to be the most popular, but the fastest-growing segments are organics and complete meals. Dollar volume for the complete salad kit segment is down slightly from a year ago. However, much of the volume Ready Pac and our competitors sell goes through the club stores channel, which is not measured in syndicated data. Also a number of new items are being introduced by suppliers to reinvigorate the category segment.

"Spring mix, hearts of romaine and baby spinach remain best-selling blends," she continues. "Sales of many new items with various combinations of baby lettuces, arugula and mâche continue to build. The fastest growing new blends include items with butter lettuce, showing increased sales of 12

From February 2007 to February 2008, salad blends in the United States accounted for 57 percent of packaged salad dollars, according to The Perishables Group, W. Dundee, IL. During that same timeframe, complete salad kits, spinach, romaine and baby lettuce salads grew in category dollar share, while blends decreased.

Kelli Beckel, Perishables Group associate marketing manager, recommends promoting products' health benefits and increasing cross-promotions with complementary ingredients.

"It's true, the regular salad blend business is somewhat flat, but we're making a conscious effort to get our customers to trade up to the more exotic blends," explains Randy Bohaty, produce director, B & R Stores, Inc., a Lincoln, NE-based chain with 20 stores. "We feature those blends in ads, telling customers that the value is there. With more people eating at home, we believe the newer salads provide customers with restaurant-salad quality at supermarket prices. It also helps them save gas. Fresh Express has done quite a bit to offer consumers more salad choices."

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sumers, although at a much smaller rate than salad blends, according to Brian Josephs, vice president, produce and floral, Topco Associates, LLC, a Skokie, IL-based cooperative owned by 65 supermarket stores and chains. "The kits provide quality salads that are convenient and flavorful. While some contain protein sources, we've found that if consumers want protein, they add their own at home. For newer flavors, the Asian influence seems to be No. 1, followed by Hispanic."

Industry figures show all other types of salad kits besides Caesar represent only 10 percent of the category segment, but the largest of those is Asian-style at 10 percent, followed by Southwestern-style at 8 percent.

"The new Distinctively Dole premium salad kits are extremely popular in the mar-

"The kits provide quality salads that are convenient and flavorful. While some contain protein, we've found that if consumers want protein, they add their own at home."

**— Brian Josephs
Topco Associates, LLC**

ket due to their convenience and gourmet taste," reports Robert Hall, associate brand manager of base business, Dole Fresh Vegetables, Inc., Monterey, CA. "Among the new salads, the Southwest salad, Asian Island Crunch and Hearty Italian have especially struck a chord with consumers. Earlier this year, we introduced two Dole Fresh Discoveries salad blends, seven lettuces and Tender Garden, which have been well received. Consumers are purchasing fewer iceberg lettuce-based salads due to lower nutrition values than other blends."

"Our packaged salad business remains about the same, with classic, coleslaw and classic romaine the most popular, notes Fey Davis, produce supervisor, Geissler's Supermarkets, Inc., an East Windsor, CT-based chain with six stores. "We carry Dole brand

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salads and believe our consumers will enjoy the new premium salad kits."

According to industry data, the single-serve segment of the packaged salad category has grown by 14 percent compared to a year ago.

Introduced in 2003, Ready Pac Bistro Bowls single-serve, fresh-cut salad kits continue to be popular with consumers.

Salads with arugula, radicchio and red oak lettuce, a salad green with a sharp, soft and buttery flavor, are also gaining fans, according to Ande Manos, sales and marketing, Babé Farms, Inc., based in Santa Maria, CA. "I believe food-safety concerns and the fact that the greens are carefully washed, packed and untouched have led to consumers' increased interest in packaged salads." The package is resealable and



reusable, "which helps keep costs down."

Mann Packing Co., Inc., headquartered in Salinas, CA, recently introduced Simply Singles, a whole-leaf-lettuce line that includes three varieties in a clamshell with a tamper-evident strip. The washed and ready-to-use single leaves are available in romaine hearts and red and green leaf lettuce. "Simply Singles were well received by the foodservice industry, and with facility enhancements we can not only accommodate foodservice growth but we can also launch the products at retail," reports Lorri Koster, vice president of marketing.

SPINACH SALADS RETURN

"Spinach salads are all the way back and growing," explains Cary Rubin, vice president, Rubin Brothers Produce Corporation, a

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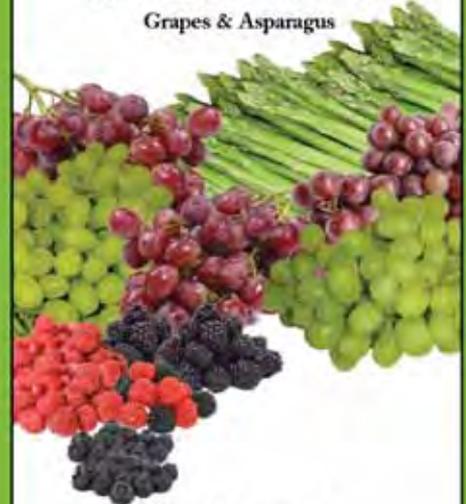
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Bronx, NY-based distributor of Dole salads. "Regular lettuce-based and coleslaw salads are still the most popular. However, we have 40 SKUs of salads and some are growing faster than the more traditional ones.

"Dole has some salad kits that have done well and we're looking forward to offering the new ones they are introducing," Rubin of Rubin Bros. adds.

New York, NY-based ACNielson data agree the spinach/spinach blends, mixes and kits business is returning. Dollar sales for the total U.S. food/drug/ mass merchandiser (excluding Wal-Mart) segment

increased 15.2 percent for the 52-week period ending July 12, 2008, compared to a similar period ending July 14, 2007.

ORGANIC BUSINESS GROWS

ACNielson data for total U.S. food/drug/ mass merchandiser (excluding Wal-Mart) report organic pre-cut fresh salad mix is growing. The data show a 24.7 percent increase in the 52-week period ending July 12, 2008, over the similar period ending July 14, 2007.

"The current economy doesn't seem to have had much of an effect on sales of our

organic packaged salads," states Tonya Antle, vice president, organic sales, Earthbound Farm, San Juan Bautista, CA.

To emphasize the organic aspect of the salad products as well as the convenience over price in the current economy, Earthbound offers promotions on all its salads and value-added products in 4- to 6-week rotations, depending on the ad format of the retailer. "This allows for current consumers to be rewarded and crossover shoppers to engage in the category," Antle comments. Earthbound's Web site provides opportuni-

"The current economy doesn't seem to have had much of an effect on sales of our organic packaged salads."

**— Tonya Antle
Earthbound Farm**

ties for consumers to learn more about organic products and how to use them in recipes. Traffic on the site is reported to be at an all-time high.

"I think consumer interest in stronger-flavored greens is growing and the special heirloom, Bibb and butter lettuces are satisfying that desire for tradition and authenticity with superior flavor. We continue to add new items to our organic line as consumers who purchase organic salads go deeper into the category," she adds.

"For us, organic salads have been in a growth stage for the past few years and the business keeps improving. Earthbound Farm is now our No. 1 seller," reports David Merjimekyan, director of produce, Jon's Marketplace Corp., a Los Angeles, CA-based chain with 14-stores. "We also find the salad packages containing more colorful greens are attracting customers."

"The organic segment continues to show growth due to many new products being introduced to the market," adds Dole's Hall. "As of now, Dole has not experienced drop-off of any of our lines due to the economic situation. We will have to wait and see how consumers respond in the long term." **pb**

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Theme Parks Serving Up Fresh Produce

Fresh fruits and vegetables are scoring big points with theme park visitors looking for healthful alternatives to french fries and soda.

BY JACQUELINE ROSS LIEBERMAN

Theme parks of yesteryear evoke memories of corn dogs, cotton candy and funnel cakes, but today's park-goers are likely to enjoy fresh fruits and vegetables during their visit.

In October 2006, Walt Disney Parks & Resorts, a division of the Orlando, FL-based Walt Disney Company, was a pioneer when it began its healthful initiative in the United States, and the company continues to spread its effort to Disney parks worldwide. Today, children's meals served at Walt Disney World in Orlando, FL, and Disneyland in Anaheim, CA, come with a fruit or vegetable side dish, such as sliced apples, grapes, unsweetened applesauce or mini peeled carrots, along with water, milk or juice. French fries and sodas are available upon request.

Adults are also enjoying more fresh produce at Disney parks and resorts with menus that include at least one low-fat and one vegetarian entrée at all table-service restaurants as well as plenty of side options, such as salads — including a very popular marinated vegetable salad — and fresh-fruit desserts.

At Disney's world-famous fine dining restaurants, produce is considered an important part of the experience. Cecil Kennedy, sourcing specialist for Walt Disney World, estimates Disney's Florida parks use 800 to 900 varieties of specialty produce alone each year, mostly in its many white-tablecloth restaurants.

Fresh-fruit carts have been scattered around the parks, as well. "There's a fresh-fruit cart in every land" at Disneyland, reports Michele Gendreau, director of food concept and product development, Disneyland Resort Food & Beverage. "We have a



Photo courtesy of Walt Disney Company

Today's visitors to theme parks have the opportunity to indulge in flavorful — and healthful — snacks.

very talented chef team and we've incorporated more produce into our menus." This and other "stealth-health" efforts, such as lowering the fat in hamburgers while adding whole grains to the buns, are popular with guests, but the company also realized, "It's the right thing to do," adds Gendreau.

"It's really about corporate responsibility," explains Ed Wronski, director of product development, Walt Disney World Food & Beverage, Orlando, FL.

At the same time, however, Disney recognizes vacationers are likely to want to indulge in special treats. "We have indulgent to well-balanced options — lots of choice," adds Gendreau.

"If our guests are here for a week, they may let their children indulge one day and they may want a more healthful option on

another day," notes Wronski. Reactions from guests have been encouraging. "It's been very positive," he adds. "They like the ideas of choices and options."

CREATING HEALTHFUL CHOICES

Disney is not the only company to ramp up its fresh produce offerings in the past few years. At Busch Gardens Africa, owned by Tampa, FL-based Busch Entertainment Corp., a subsidiary of St. Louis, MO-based Anheuser-Busch, guests enjoy a number of fresh produce items, such as "apples, grapes, oranges, strawberries, watermelon, bananas, pineapples, a variety of berries, lettuce, onions and mushrooms," according to Fred Zielinski, director of culinary operations.

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Busch Gardens, but the park increased its emphasis on healthful options about a year and a half ago. "We got really serious about it in the last six months," notes Zielinski. "It's what guests have been asking for. For 20 years, we've put vegetables and fruit carts [at our parks] and we were never really successful. In the past year, we have seen a real turnaround in American dining habits. People were talking the talk, but now they're doing it."

At the same time, new technology has made it easier for parks to offer fresh produce to guests. For example, Disneyland's

two most popular kids produce choices are apples and grapes. "Grapes come in bunches now," explains Gendreau. "Apple slices were such a huge win."

CONVENIENCE AND FOOD SAFETY ARE KEY

Packaged sliced apples — and now packaged grapes — are not only easier for food-service operators to handle but also easier for guests to carry around. "Whole apples and bananas do well, but packaged items are conducive to snacking for guests who want to eat while they walk around the

A Shift In Attendance

Despite a slumping economy, theme parks are not reporting fewer visitors, but they are seeing a shift as more international visitors taking advantage of the weak American dollar. On the other hand, Americans are opting for "staycations," taking time off for vacation but avoiding high-travel costs by staying at or close to home.

Walt Disney World, Orlando, FL, reports a growing number of European guests while Anaheim, CA-based Disneyland reports an increase in visitors from Asia. Both locations have seen an increase in Hispanic/Latino guests from abroad, reports Cecil Kennedy, sourcing specialist, Walt Disney World.

At smaller parks throughout the country, local visitors make up much of the crowds. "We have actually had a shift in attendance from about 50-50 local versus outer markets to more visitors from our a local market," reports Brandon Stanley, public relations manager, Worlds of Fun and Oceans of Fun theme parks based in Kansas City, MO. "Our affordable season pass is a great way for families to stay close to home and have something to do together."

The economy does not appear to affect guests' food choices, according to Stanley. "We haven't experienced any real changes in buying trends at this point," he notes.

However, at Busch Gardens Africa, Tampa, FL, "In general, in-park spending is down on food items and that's definitely a result of the economy," explains Fred Zielinski, director of culinary operations.

Still, as far as attendance is concerned, "We're having a really phenomenal year," reports Jill Revelle, a Busch Gardens spokeswoman. **pb**

park," explains Wronski. "They can have a few slices of apples and put the rest away and carry them around in a backpack."

Lettuce that has been pre-cut and packaged so that it's easy to add to sandwiches has also made a difference, Gendreau says. The technology "has enabled us to do many of these things efficiently and with such

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good quality."

"There are a myriad of advantages" to using processed produce, notes Walt Disney World's Kennedy. "Labor is one, along with occupational safety and food safety."

Food safety is an especially important aspect. "With a lot of the outbreaks we're seeing nowadays, it's something that guests are thinking of," says Kennedy. But he believes this is a concern in the back of visitors' minds, not at the front. "It's expected to be safe," he explains.

Ease of handling is also important when it comes to profit margins. "Our fresh produce items are profitable but take more time to prep and are more difficult to store obviously [because they're perishables]," explains Brandon Stanley, public relations manager, Worlds of Fun and Oceans of Fun

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theme parks based in Kansas City, MO, and owned by Sandusky, OH-based Cedar Fair Entertainment Co. "However, guests love having things such as crisp salads and fresh bananas with a banana split."

Fruits and vegetables at Busch Gardens easily have the potential to be as profitable as french fries. "Of course, it's seasonal," points out Zielinski. "It varies a little bit, but really, [the profitability is] about the same. When produce is local, it's a great deal. It's a wonderful value for folks."

SERVING THE RIGHT MIX

How far theme parks should go to push healthful options is a question many operators are asking. At Disney parks, the default side items in children's meals are produce items. As a result, more than three-quarters

"Guests love having things such as crisp salads and fresh bananas with a banana split."

**— Brandon Stanley
Worlds of Fun and
Oceans of Fun**

of parents opt for the fresh produce item. Many other parks, such as Busch Gardens, still offer french fries as the default side item in all of their quick-serve combo meals. "We offer apples, oranges and bananas a la carte," notes Zielinski. "If you want, you can trade carrot sticks or grapes for french fries." On average, 15 percent of Busch Gardens' combo meals are sold with a produce item instead of fries.

Busch Gardens has increased its produce options elsewhere in the park. At its sit-down restaurants, four specialty salads, including one fruit salad, and vegetarian vegetable sandwiches are especially popular, as are treats containing fresh bananas and berries at the park's ice cream parlors. "We've always been successful selling grapes and watermelon," adds Zielinski. Strawber-



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ries grown in Florida are also a big seller. "They look great, they're big, they're red and they're juicy."

Busch Gardens bought 18,000 watermelons in the past year, and its sister park, Sea World Orlando in Orlando, FL, purchased more than 30,000 watermelons in the past year, Zielinski notes. These figures do not include the produce — often bought from the same vendors — fed to the parks' animals, which consume at least as much as do

its visitors.

Some say that offering fresh produce at parks is nothing new. "We have always offered fresh-food items to help guests maintain healthful-eating habits even while playing at a park," reports Stanley of Worlds of Fun and Oceans of Fun. "We offer a large selection of produce items to visiting guests, particularly at our catered events. Park guests are able to enjoy healthful alternatives at nearly all of our restaurants, includ-

ing salads, potato salads, fruit salads, fruit cups and more. Smoothies, where we cut up bananas, strawberries and other fruits, are also very popular."

Salads have always been a big seller as well, Stanley states. "Our most popular items are a variety of fresh salads served in our sports-themed grill location. Many guests add chicken or other toppings to the salad, but the total dish is very light and perfect for a nice summer day." **pb**

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Pecans Rise To The Occasion

Consumers are finding creative usages for these healthful and tasty nuts.

BY FRITZ ESKER

With studies proclaiming pecans to be a healthful food item, the future appears bright for the pecan industry.

Like most nuts, pecans are enjoying a surge in popularity because a 2001 study from Loma Linda University (LLU), Loma Linda, CA, unearthed a number of health benefits in pecans. By showing pecans to be heart-healthy, the study has been the impetus for increased marketing and promotions that have given the pecan industry a huge boost.

"Pecans have more antioxidants than any other nut," explains Charles "Buddy" Leger, a member of the Georgia Pecan Commission (GPC), Atlanta, GA, and secretary/treasurer of Leger & Son, Inc., Cordele, GA. Pecans are full of fiber and also have vitamin A, vitamin E, zinc, magnesium, potassium and protein, he adds. The fats contained in pecans are of the good variety and 90 percent of the fat in pecans is unsaturated. Pecans are also known to raise good cholesterol (HDL or high density lipoprotein) levels and lower bad cholesterol (LDL or low density lipoprotein) levels.

The pecan industry has made efforts to conquer an out-of-date and negative view of pecans in the Northern part of the United States that resulted from pecans typically being grown in the South. "By the time they got to me, they were old and nasty-tasting," explains Tischler, who grew up in Oregon,

Richard Merritt, owner, Merritt Pecan Company, based in Weston, GA, agrees, adding, "A lot of people up north have never tasted a good pecan."

Changes in the way pecans are stored are beneficial to changing this negative perception. Merritt says many stores used to keep pecans boxed and on the shelf for too long. If pecans are stored at room temperature, they will go bad quickly. They should be kept refrigerated when not on display. All nuts contain oils that can turn rancid



Because they are now considered a healthful snack, pecans are experiencing a growth in sales potential.

over time if the nuts are left at room temperature for prolonged periods of time.

DISPLAY OPTIONS

Displaying pecans in the produce section is important because, "Typically, the first place a consumer goes in the grocery store is the produce section," according to Clint Welch, a member of the purchasing department at Durham-Ellis Pecan Company, based in Comanche, TX.

Bruce Caris, vice president of sales and marketing, Green Valley Pecan Company, based in Sahuarita, AZ, disagrees somewhat with this assessment. He believes the produce section isn't the first place people gravitate to upon entering a grocery store, but he does believe it's one of the sections where people spend the most time overall. As a result, he thinks the odds of a consumer buying pecans as an impulse purchase increase if pecans are displayed prominently.

SEASONALITY AND NON-TRADITIONAL USES

Pecan sales peak during the fall and winter holiday months. According to Green Valley's Caris, 40 percent of the pecan indus-

try's yearly sales typically occur during October, November and December when Americans tend to go to the store with the specific goal of buying pecans. In non-holiday months, pecans tend to be more of an impulse purchase.

However, things are looking up for the non-holiday months. "[Pecans are] receiving more business year-round," says Merritt Pecan's Merritt. "People are using them in different recipes."

Consumers are getting away from the traditional use of pecans as a snack nut. Another traditional use — one that was harmful to pecans' reputation as a healthful food — was in desserts. "Historically, in the States, pecans were used in ice cream, candy and baking," explains Caris. "Now they're used as a supplement to a meal as opposed to a supplement to a dessert."

Consumers are using pecans in more creative ways. Pecans can serve as a garnish to salads or proteins. According to San Saba's Tischler, pecan oil is similar to olive oil and can be used to fry foods. Pecan meal can also be used to coat chicken and fish.

And in the realm of creative uses, Welch recently received a call from a woman who

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wanted to use pecans in a beer.

LOOKING AHEAD

Experts predict this will be a short year for pecans. "Pecans are an on-year-off-year crop," notes Durham-Ellis' Welch. However, this isn't necessarily a negative. "Any time you have a short year, you have better quality" because when the tree has fewer nuts, it's able to focus more energy on each individual pecan. During large crop years, farmers often shake the trees to knock down some of the nuts because they won't all fill out due to the high volume on the tree.

This is a short-crop year, so there are con-

cerns about supply, especially since pecans are becoming more popular, reports Merritt's Merritt. "Demand might exceed supply."

However, the high demand is a good thing for the future of the industry. "All nut industries are doing well and pecans are following suit," adds Welch.

Another sign members of the pecan industry are optimistic about the future is the planting of new trees. According to GPC's Leger, pecan trees take five years under irrigation and good conditions before the benefits can be reaped. With that timetable, if people are still planting trees, it means they believe the future will be bright. **pb**

Export Ramifications

While, in the past, pecans were grown and sold predominantly to North American markets, the export market has grown rapidly in recent years. Specifically, pecan exports to China have seen a sharp increase. According to Bruce Caris, vice president of sales and marketing, Green Valley Pecan Company, Sahuarita, AZ, 10 percent of the entire 2007 U.S. pecan crop was shipped to China while 15 to 20 percent was shipped to countries in the European Union.

"This rapid increase in demand pushed the farm price of pecans up and also caused more speculation of pecans," Caris explains. "This caused several large growers and traders to put their pecans into cold storage to sell at a later date and hopefully a better price which worked out well this year for those speculators. Supply is relatively flat as bearing acres of pecan groves has also been relatively flat during the last 10 to 20 years."

Experts offer several factors as contributing to the increase in pecans exported to China. In general, the value of the American dollar has steadily decreased, making it cheaper for international countries to import American products. In China, add a rapidly growing economy and a rapidly growing middle class.

Awareness has also added to the increase. "They finally found out how good pecans are and how good they are for you," notes Sherry Tischler, San Saba Pecan, LP, a Las Cruces, NM-based pecan supplier owned by San Saba Pecan, Inc., San Saba, TX.

This discovery by China, and to a lesser extent, countries of the European Union, has been aided by aggressive marketing from the pecan industry. Hilton Segler, president of the Georgia Pecan Growers Association (GPGA), Tifton, GA, says advertising, distributing samples at trade shows in other countries and entertaining guests from other countries are some of the best tactics to extracting export business.

Although pecan exports are increasing, the majority of pecan sales are still in North America. Caris says 95 percent of the worldwide pecan production occurs in the United States and Mexico, with roughly a third of it exported. **pb**

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TRANSITIONS

DELAWARE VALLEY FLORAL GROUP SEWELL, NJ

John J. "Jack" Chidester was appointed CEO. He began his career in 1980 at MCI, where he rose to vice president of sales and marketing. His most recent positions include having served as chief operating officer and president at companies ranging in size from \$100 million to more than \$1 billion in sales revenue.



CALIFORNIA ASSOCIATION OF FLOWER GROWERS AND SHIPPERS CAPITOLA, CA

Chris Johnson was named director of transportation. His responsibilities will include developing new programs and managing and promoting transportation programs to members and potential members.



ORANGE FLOWER CONNECT, INC. PRINCETON, NJ

Jos Randsdorp was hired as national sales director. He previously worked for Holland Greenhouses and has spent more than 40 years in the potted and cut-flower bulb industry. His responsibilities will include working as a grower liaison to improve variety selection and bulb cultivation best practices at the grower level.



CALIFORNIA CUT FLOWER COMMISSION SACRAMENTO, CA

Lane DeVries was named commissioner for District 1. He is currently the president and CEO of The Sun Valley Group, Arcata, CA, and will join commissioners from throughout the state in helping set goals, strategies and deliverables for the CCFC as they relate to governmental affairs, marketing and promotions, economic development and transportation.



NEW PRODUCTS

DESIGN-YOUR-OWN KITS

Flowerbudi, Inc., Minooka, IL, has introduced the Flowerbudi Flower Design System, a tool created to simplify the art of floral design. The color-coded, numbered and lettered pattern kit contains a design bowl, floral foam, instructions and recipes to create beautiful floral arrangements.



Reader Service No. 334

BIODEGRADABLE POTS

Element Imports, Payson, UT, a sister company of Temkin International, Payson, UT, unveiled its Eco line of 100 percent biodegradable decorative pots. The award-winning pots are made from a mixture of vegetable fiber, sugar pulp, stone powder and bamboo. While capable of lasting for several years at home, Eco pots are designed to biodegrade in as little as a few months when properly composted.



Reader Service No. 335

PMA BOOTH 1101

BIO-FRIENDLY BUG TRAPS

Aptiv, Inc., Portland, OR, has released Earth-Safe, a retail line of bio-friendly bug traps for green-minded consumers. Aptiv plans to launch a series of earth-friendly insect traps for home gardeners. The line features traps for fruit flies, pantry moths and creepy crawlers. All products are designed and created using sustainable business practices in the United States.



Reader Service No. 336

REPLANTABLE CHRISTMAS WREATH

Driftwood Gardens, Inc., Apopka, FL, has introduced a metal, replantable Christmas wreath displaying a bright red, blooming Neoregelia bromeliad and Tillandsias in a bright-metallic, red-finished ceramic pot. The holiday wreath is an ideal door decoration. For dazzling holiday-hanging displays, wreaths can be attached back-to-back and suspended on a wire to attract and intrigue holiday shoppers. Wreaths are packed two per case.



Reader Service No. 337

ANNOUNCEMENTS

KENT'S OPENS SALES OFFICE

Kent's Bromeliad Nursery, Inc., Vista, CA, announced the opening of a new national sales office in Vista, where all sales and shipping functions are now performed. Kent's is one of the largest bromeliad growers in the United States.



Reader Service No. 338

FANTASY FARMS PARTNERS WITH USAID

Fantasy Farms, Doral, FL, has partnered with the United States Agency for International Development (USAID), Washington, D.C., to produce the company's miniature bouquet called Love Bunch. Featuring 24 stems of Serena micro roses, the arrangements are presented in a collection of hand-painted, small ceramic vases and placed in a biodegradable gift bag. Demobilized, displaced and disabled persons in Colombia participate in the production of this product.



Reader Service No. 339

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



Recession-Proof Your Floral Business

The supermarket industry is often viewed as a winner in recessionary times because more people eat at home more often. However, flowers are still a discretionary purchase — so floral departments could suffer more than other departments within the same store.

On the supply side, the floral industry is dealing with the same inflationary costs as everyone else — soaring transportation, utilities and production costs. The floral industry's ultimate quest is to find an answer beyond raising prices. Our challenge is to manage our costs better from the supply and procurement end while still ensuring our flowers are fresh, lucrative and offered at a fair price.

Floral is an emotional purchase, so we must understand and respond to consumers' mindsets at the time of the potential purchase — after they've paid for gas, food, utilities and other staples. These guidelines can help make the most of your floral business, even in the economic downturn:

1. Never sacrifice quality or product standards just to offer a cheaper price. As an industry, we must avoid the temptation to be the cheapest instead of the best. We're not doing consumers any favors by selling a substandard product cheap. It's important for the supply side not to cut corners on pre- and post-harvest processes in order to maintain a retailer's business. The retail side can reduce costs without sacrificing quality by conducting analysis of ship-to-scan data daily and SKU rationalization frequently, being strategic about what is brought in and when, and diligently reviewing customer comment data to make sure consumers are responding positively to the offering.

2. Stay positive as a leader. Take steps so that store teams don't lose confidence in the bigger goal. Retailers should continue to energize all team members to perform at their highest level. If the team loses focus, the customer ultimately notices and sales suffer.

3. Communicate frequently. This helps your store and field teams have a clear understanding of how to maintain the quality of product in the store. It's also important to offer excellent service, maintain great visual in the department and make sure consumers understand how to care for the product at home. Good communication will ensure you and your employees don't lose focus of these key components.

4. Diversify your business and product offerings. Have multiple price points and diverse offerings for every demographic. Upscale or affluent consumers are still shopping in our stores. The question isn't always "How cheap can it be?" More often, it's "How

diverse a lineup can I offer to make sure I'm spreading my offerings among vast demographics?" If consumers with a six-figure household income see only \$5 products, they will be turned off permanently. Diversify according to the demographic of each store.

5. Remember flowers are a celebratory purchase. Flowers are still one of the most economical gifts. Advertising flowers as gifts for birthdays, anniversaries, get-well, new baby and retirements will remind consumers how economical flowers can be. People don't stop celebrating or buying gifts even in a recession. We must put practices into place to reach them.

6. Don't stray from business fundamentals. Be more diligent in managing product costs, retail margins, shrink, staffing and all other financial details. Review order frequency, procurement methods and ways to pick up and/or deliver product more efficiently. Analyze what is needed every day, every week and only once a month. Some commodities may be better suited for consolidation. One size doesn't have to fit all.

7. Maintain the visual. Visual attracts consumers. Assess the visual component of the floral department to see if it's attractive to the customer. If only three plants are on display because of the economy, the potential sale has been lost because of the display — not the economy. If the visual appeal isn't there, consumers don't approach the display — and the product doesn't sell.

8. Encourage add-on sales or incremental purchases. Ask if consumers want to add a basket, vase, bow or balloon. Consumers want their gifts to be recognized by the recipient, so suggesting an add-on will help achieve the impression. Consumers often don't know what to ask for, so it's important for floral associates to make the initial suggestion.

9. Don't assume a customer can't afford it. Understand and teach the unique demographics of each store. Floral managers often carry what they can afford rather than what the demographics can support. Train associates to order products best suited to their store's specific demographics. Ensure buyers and store-level associates understand each store's demographics and their potential when ordering and merchandising the department.

10. Stay true to your core. If your floral business entered a recessionary economy with a good foundation, good fundamentals and great products, keep it intact for the duration. You'll gain when the recession's over. If you start offering less service, less quality, less product maintenance and lower grade products, the damage will be perpetuated even further once the economy recovers. **pb**

These guidelines can help make the most of your floral business, even in the economic downturn.

Cindy Hanauer is director of floral operations for Winn-Dixie Stores, Inc., based in Jacksonville, FL. She is vice chairman of the Produce Marketing Association Floral Council and serves on PMA's Retail Board of Directors.

Fuel Costs Hit The Floral Business

The foliage and cut-flower industry copes with rising fuel costs through packaging innovations and short-term strategies.

BY JON VANZILE

The high cost of fuel and shipping is rippling throughout the entire floral and foliage supply chain, from the fields and greenhouses of South America to community grocers in small towns. As a result, all parties from growers to trucking companies to floral executives are looking for ways to wring efficiencies from their systems. Unfortunately, with fuel as a fixed cost, only so much can be done.

As of August 2008, the average national cost of a gallon of diesel fuel was up more than \$1.60 from 2007, according to the U.S. Energy Information Administration, (EIA), Washington, D.C. This represents an increase of about 35 percent — a sharp upward spike that is likely to appear on floral invoices as an energy charge or fuel surcharge.

“I’m paying huge surcharges on trucking,” reports Teal Lewis, floral manager, Econo Foods, an Iron Mountain, MI-based chain with five stores. “Some companies have a flat delivery fee and others have a fuel surcharge based on how much product you buy.”

By the time an energy charge shows up on an invoice in the floral department, the added expense has been passed along at every step of the process — and at each stage, growers, shippers and wholesalers are trying to deal with it.

The most common short-term strategies are asking for price reductions, absorbing



Photo courtesy of Hampshire Farms



Photo courtesy of Peninsula Trucking, Inc.

Astronomical transportation costs are causing retailers to rethink some basic floral strategies.

the elevated cost or waiting longer between deliveries. Fewer and larger floral shipments translate to reduced expenses. “The cost of bringing flowers to the

United States has increased 61 percent in the past three years,” according to Joey Azout, president, Flower Transfer, Inc., a Miami, FL-based importer of 2,500 boxes of fresh-cut flowers weekly from Colombia and Ecuador. “Besides the cost of fuel, the Colombian peso has gained strength, so every dollar is worth less. Where the peso was 3,000 per dollar, now it’s 1,750.”

Flower Transfer originally tried packing more flowers per box to combat the increase until the air shipper switched the payment

system from per-box to kilos. After that, the company began inventory work, such as labeling, in South America to hold down costs. It also started consolidating air waybills with other importers to reduce the cost of fixed fees such as custom clearance and U.S. Department of Agriculture (USDA) fees. “If you can consolidate lots of shippers on one air waybill, that’s a savings,” Azout notes. “We’ve had some huge air waybills.”

Memphis, TN-based FedEx, one of the leading shippers for the floral industry, has also taken steps to tighten the supply chain on both continents, according to Salil Chari, managing director, marketing, FedEx Express Latin American and Caribbean Division. The company has begun offering pre-cooling in Miami for cut-flower transport and streamlined repacking after USDA inspection. By combining its air- and freight-delivery services into one product called FedEx

Transportation Solutions, FedEx offers “day-definite, cost-effective solutions for less urgent shipments” to the United States.

“These... options leverage FedEx air and ground infrastructure to help exporting companies reduce their costs by sending products to one or more destinations in the United States for a single price, regardless of final destination,” Chari adds. “Customers benefit from lower costs resulting in the elimination of the need for distribution centers... and the reduction of handling requirements.”

Floral and foliage buyers use these same strategies — streamlining, consolidation and tighter packing — at the retail level. Cathy Arvanitakis, plant-area coordinator, Hampshire Farms, a Hampshire, IL-based wholesale greenhouse, was contracted to operate the flower and foliage departments at Vinings, GA-based Home Depot, Inc. stores throughout the Midwest. Arvanitakis regularly orders shipments of plants from greenhouses and wholesalers in Florida in an effort to reduce the cost-per-plant price. “I have to make sure the trucks are totally full to capacity,” she explains. “Sometimes, I wait to get something until I have a full truck.” This might mean putting off deliveries a week or two or waiting until a particular product is sold through before ordering.

Retailers report increased costs, depending on the product and the shipper, ranging from little change up to 20 or 30 percent. Neither Arvanitakis nor Lewis has raised retail prices, but they still consider it an option. “We’re trying not to pass that along,

Retailers report increased costs, depending on the product and the shipper, ranging from little change up to 20 or 30 percent.

but it's getting to the point where we might have to,” notes Lewis. “We’re trying not to scare the customers off while trying not destroying the bottom line.”

Hampshire Farms grows summer annu-

als in greenhouses. During the off-season, it grows foliage plants, hoping to reduce the number of plants that have to be shipped in. “This will keep people employed and keep costs down,” Arvanitakis explains.

CREATIVE PACKING

In the short term, individual floral managers can do little to defray high shipping costs. In the long term, however, the industry appears to be pushing for new measures that might bring costs down. Among the most promising of these changes is the migration away from plant boxes toward racks or trays.

Razbuton Ferns, Winter Garden, FL, ships more than 500,000 ferns annually. Its standard product is an 8- or 10-inch hanging basket. Traditionally, the ferns are sleeved and individually boxed, adding significant cost to each shipment. “The cost of boxes is killing us,” reports Marv Erickson, vice president and chief financial officer. “They keep going up.”

Razbuton is experimenting with a new rolling rack system that reduces the cost of shipping by about 10 percent. According to Erickson, a single rolling rack holds about the same number of plants as 12 paper cartons. Racks are rented from the shipper for \$32

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each; boxes cost \$2.97 each. This represents a savings of \$3.64 on every packed rack.

Arvanitakis also prefers racked plants because more room is available in each truck when plants aren't boxed up individually. She'll often work closely with her shipper to see "how many cubic feet I have" left

Some customers have shifted their ordering patterns from weekly deliveries to bi-weekly deliveries, others have given their business to cheaper but less dependable companies and still others have dropped foliage shipments whenever possible.

before closing out an order. "You can fit a whole lot more on trucks if you don't have a box. The greenhouses in Florida are good about not boxing, but the stuff from Canada is still boxed."

Peninsula Trucking, Inc., Sorrento, FL, has developed a box-less tray system to defray the cost of shipping. Peninsula is a less-than-load (LTL) shipper that moves plants from greenhouses throughout Florida to the rest of the country. Its tray system eliminates boxes and allows the company to offer efficient shipping costs. "A lot of people are going with the rack system, especially with the chains," according to Richard Martins, vice president of sales. "It cuts down a lot of time and it's easy to maneuver."

Fuel surcharges, however, have increased by almost 100 percent in the last 18 months, with a 36 percent increase on LTL loads, notes Martins. Part of this increase is due to cost of refrigerating the trucks themselves, an essential step in the delivery of cut flowers. "In 1990, fuel was 13 percent of receipts. In 2007, fuel was 30 percent of gross receipts. Everybody is up in arms. Nobody is thrilled with an increase that large."

As a result, some customers have shifted their ordering patterns from weekly deliver-

Ongoing Concerns

Most analysts predict fuel costs will continue to weigh heavily on the U.S. economy through the 2008 holiday season and beyond. Many of the problems with fuel costs are structural and long-term. The United States is competing with thirsty, growing economies in India and China, and the U.S. dollar has been deeply devalued. While it's not impossible to return to the days of cheap gas and a strong dollar, a transition will be necessary no matter what happens.

The foliage and cut-flower industry will simply have to adjust with the rest of the U.S. economy. "Everything else has gone up, too," remarks Teal Lewis, floral manager, Econo Foods, based in Iron Mountain, MI. "We'll just have to get used to more expensive floral all around."

Using figures provided by the U.S. Department of Agriculture (USDA), Joey Azout, president, Flower Transfer, Inc., Miami, FL, recently performed a comprehensive study of floral imports into the United States. With a few exceptions, such as Mexican roses, which reported an 83 percent increase, he found imports were down in almost every segment of the foliage and cut-flower industry. Overall, he reported a 5 percent decline in imports, with a double-digit drop in mixed bouquets.

Azout's data showed Mexican floral imports, along with South African flowers, continued to grow. He also found a large increase in miscellaneous greens, espe-

cially from Colombia, Israel and Italy, which all posted increases of 20 percent or more.

These bright spots, however, don't change the overall picture: It's a difficult business environment. One trucking company terminal manager who wishes to remain anonymous reported the company's overall floral shipments were down between 7 and 8 percent, year over year.

Along with decreases in shipments, ordering habits are also changing. Fewer customers are speculating, according to Azout, so more flowers shipped into the United States are pre-sold. While this limits flexibility on the wholesale end and reduces product availability to floral departments, it reduces overhead costs by preventing some spoilage. "I think we're all going to have to adapt to a smaller industry with less players who bring in larger shipments," he suggests.

Memphis, TN-based FedEx is looking at long-term changes in its business practices. Salil Chari, managing director, marketing, FedEx Express Latin American and Caribbean Division, says the company is introducing a new fleet of fuel-efficient 757 jets into service beginning this fall. Additionally, FedEx is slowly introducing hybrid vehicles into its global fleet.

"But the cost of fuel is what it is," notes Cathy Arvanitakis, plant-area coordinator, Hampshire Farms, Hampshire, IL. "Hopefully, it will come down." **pb**

ies to bi-weekly deliveries, others have given their business to cheaper but less dependable companies and still others have dropped foliage shipments whenever possible. "Everybody is down in terms of product they ship and sell," states Martins. "We've tightened up in our logistics, too. If we're sending a truck someplace and it's light, we might ask the customer if it can put off the shipment until the truck is full. We're not going to leave a customer without product, but you want those trucks to be packed. It's just not profitable to run a half-full truck."

While racks might be part of the solution, there is still plenty of room for improved efficiency throughout the cold-management supply chain. Because of its size and reach, FedEx is able to provide detailed information on the movement of shipments, regulatory information and tax and duty information. The result is faster deliveries, which leads to less product loss, allowing cus-

tomers to track express deliveries closely.

One trucking company terminal manager who wished to remain anonymous says there were also unrealized savings in the ground supply chain. Currently, most LTL truckers pick up lots from greenhouses or warehouses, consolidate them at re-packing facilities and run trucks to their customers. In theory, this should work just fine.

Life, however, is rarely theory, and the system is easily confounded when people change orders or add on new products, when trucks are packed wrong or when suppliers are late delivering. The result is a logistics nightmare in a business in which a few days can result in dead product. Some believe if communication among growers, shippers and retail buyers were enhanced — if an integrated system of ordering could be imposed on the industry — it would necessarily result in more efficient shipping and better bottom lines for everyone involved. **pb**



Passing The Baton

It was my very first convention,
And a man with white hair came to visit.
He asked if I were the son of...
The grandson of...
The great-grandson of...
And when I replied, yes,
He said:

“I knew them all a long time ago.”

In the Depression, he told me, my great-grandfather had given him
Credit
When nobody else would.
And *that* had made all the difference.

I never saw the white hair again.
Always looked, convention after convention,
Thinking I caught a glimpse every now and then.
But he was gone.

The words, though, stay with me,
Like a baton passed.
From a great-grandfather I never knew.

- Jim Prevor





Trusting Locally Grown

Recent media reports, including an August article in *The New York Times*, have helped propel locally grown produce to the top of hot items. For as long as I remember, locally grown has typified producer independence and the right of consumer choice.

During the Great Depression, my mother kept a small roadside stand filled with vegetables from our large farm garden. Passersby recognized freshness and taste were the best when purchased close to harvest. During the following decades, farm stands and farmers markets quietly provided an important distribution system for consumers. Knowing from whom and where product originates — rightly or wrongly — became an implied solution to questions regarding food safety.

Tuttle's Red Barn, a family farm in Dover, NH, is my favorite farm market. The original Tuttle family settled there in 1632, and now, 11 generations later, the current family members continue to grow seasonal vegetables on 44 acres and blooming plants in a greenhouse attached to the expanded market barn. Supplementing these items, the Boston Produce Terminal Market provides product from around the world. A list of homegrown products with anticipated harvest dates helps avoid confusion, but consumer confidence extends to all products.

A half century ago, in the heart of the produce growing area of southeast Michigan and northwest Ohio, the Kroger Co. Toledo Division had growers, each of whom delivered to a dozen or more stores at least three days a week. Even then, farm-fresh and cheaper-by-the-basket marketing promotion programs that offered consumers an opportunity to buy local with confidence contributed to the division being among the highest in produce percent-to-total and profit in the company.

Gradually, as farms grew in size, delivery costs increased and procurement became concentrated, the pendulum shifted. With SKUs accelerating, centralized procurement simplified not only distribution center operations but also reduced retail complexity.

Marketers, such as Stop and Shop's Harold Alston, observed the success of farm stands in their New England marketing area and set about to develop an outstanding group of growers to supply produce during the local growing season and backed it up with promotional advertising identifying the growers and their product. It wasn't long before consumers developed a close connection to the store and their suppliers with complete confidence in the product.

Two years ago, Will Wedge, produce director for Hannaford Bros., said the locally grown program, combined with several other pro-

grams, created an emotional connection for many people. This includes not only valuing freshness and taste but also knowing where the items originated as a means to reduce food-safety concerns. Implementation and marketing such an important program required meetings with the nearly 200 growers, farm-extension agents and area store managers to outline the details and expectations.

In early August, Wegmans' consumer marketing e-mail contained a link to the locally grown program spelling out its philosophy, "We've been buying direct from area growers for over 20 years straight to our stores. It's one way we buy you the 'best from the earth' all season long." The marketing e-mail also contained links to photos of its grower partners along with products, location and years as a supplier.

In *The New York Times* article, Dave Corsi stated, "In order to buy from local farms, the chain had to stop acting like a chain. We don't control these relationships. Actually, the produce manager in each store does this directly. We only guide the stores. There's a real emotional connection with local."

Knowing the quality of store training and guidelines of these companies, there is little reason to believe anything suffers with decentralization. As a result of their customers' emotional relationship with and confidence in these products, Hannaford and Wegmans had locally grown sales increases of approximately 20 percent in 2007.

Food safety is always a risk and tougher standards, such as good agricultural practices (GAP) certification and audits, may be required. However, the closer consumers are located to producers, the greater the opportunity to develop and maintain reputations for trust. When a true local supplier has its name associated with the marketing of its product, it is unlikely to fol-

low practices jeopardizing its integrity. Those fortunate enough to grow up and do business in small towns or agricultural communities understand life in a culture revolving around these principals.

However, cultures change. PMA president Bryan Silbermann states, "Our industry faces a turning point in our global citizenship. Simply put, it is time for our industry to do more to safeguard our food and to protect the consumers who put their trust in us to provide safe, wholesome, delicious food — every bite, every time. Food safety is not just a plan on a shelf or passing an audit; it must become an intrinsic part of our culture."

I would add that everyone must be involved 24/7. The small local grower's requirements may be modified but with similar responsibilities. Then the program must be marketed. **pb**

The closer consumers are located to producers, the greater the opportunity to develop and maintain reputations for trust.

IN MEMORY OF



Terrence "Tip" Murphy
1960-2008

**"LIKE AS THE WAVES MAKE TOWARDS THE PEBBLED SHORE,
SO DO OUR MINUTES HASTEN TO THEIR END;
EACH CHANGING PLACE WITH THAT WHICH GOES BEFORE,
IN SEQUENT TOIL ALL FORWARDS DO CONTEND."**

WILLIAM SHAKESPEARE
SONNET 60

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Wrestling With Food Safety's Legal Solutions

The current law regarding food safety does not really address consumer and commercial reality. Legally, the U.S. Food And Drug Administration (FDA) is pretty much immune from liability when it acts. The FDA and Congress will always fall back on the canard that they are protecting consumers from contaminated products and if they must err, it should be on the side of protecting consumers.

When product is questioned but cannot be shown to be contaminated, the law states you must actually show a defect in the product to shift risk of loss back to the first seller. The mere fact that the market has disappeared due to the issuance of a government press release does not shift risk of loss on a lot of product that is not shown to be contaminated. The chains will try to contract around that with clauses in vendor agreements allowing the chains to return all product at any time, with or without reason. Distributors will attempt to do the same thing. Those parties most aware of their rights, those who read their contracts or, in the end, those who have more economic power will shift the risk of loss to others.

Recently, I am seeing major retailers will tell their supplier to tender a defense whenever a consumer sues over allegedly contaminated produce and the retailer will invoke the clause in the supplier agreement requiring that not only a defense be tendered but also the retailer be named as an additional named insured on the distributor's products-liability policy. Then an interesting issue arises.

In this era of opportunity buys, what is to prevent a manager of a retailer's distribution center from insisting potentially contaminated product was obtained from the contract supplier instead of the much-cheaper, and less-likely-to-be-products-liability-insured, opportunity supplier? What manager is going to risk his job by admitting a cheaper source was used when that cheaper, possibly non-insured source could be the source of the contaminated product?

Regardless of the content of the supplier agreement, the insurance carrier, with bargaining power at least equal to the chain, is not about to accept the chain's mere say-so that the carrier's distributor insured was the source of the contaminated product. The carrier is going to demand proof its insured was in fact the sole source of the product sold during the window of time the consumer allegedly purchased the product. If the distributor's carrier denies coverage because it is not satisfied with the sourcing information provided by the retailer, is the chain going to play hardball with the distributor?

Related to this issue is something I have seen so far these past months. Given multiple sourcing, many retailers cannot know for

certain the source of product on the shelves in a given time frame. At times, they can identify only two or more potential sources. While mandatory packaging requirements could reduce the uncertainty (the law can require packaging to identify product source at time of sale), will consumers purchase produce if the packaging prevents them from touching and smelling the product prior to purchase? Cantaloupes are a particular problem because stickers fall off during transit and handling; the only way stickers will stick is if the product is wrapped. Consumers who handle produce on store shelves represent yet another potential source of contamination and another potential reason to require packaging on produce.

Law and economics are at play. Are suppliers willing to establish minimum legal sanitary standards and certification for produce suppliers, foreign and domestic? The present legal hodgepodge creates situations where suppliers with high standards suffer losses of sales while FDA and/or state authorities attempt to do tracebacks. Food-safety audits are voluntary and required only by contract. The Bioterrorism Act of 2002 requires only registration of facilities.

How long will suppliers be willing to suffer the losses such as those suffered by the tomato suppliers before they demand minimum legally enforceable requirements of produce suppliers? Canneries that can low-acid products cannot ship into the United States without FDA-cannery certification because of the risk of botulism in an

improperly canned product. As much as produce people seem to want to be libertarian and in favor of little governmental regulation of their commercial relations, do they really want to continue to allow anyone who wants to ship produce to potentially ruin their markets for a period when a food-safety scare comes out? Are less-expensive suppliers at times also the suppliers who cut corners on sanitary practices and do not obtain products-liability coverage?

All suppliers at least temporarily bear the economic pain when one bad actor places contaminated product in the system, but will distribution-chain intermediaries want to be forced to verify all suppliers — including the competitors who help them out when they are short on product — are compliant with any new legal requirements?

States require all drivers to be licensed and most states require all drivers possess liability insurance. Should the industry require produce suppliers to carry minimum products-liability coverage, or is such a requirement repugnant to the DNA of the industry?

The present law does not really address the problems, but potential legal solutions represent their own conundrum. Are the legal solutions worse than the problem?

pb

All suppliers bear the economic pain when one bad actor places contaminated product in the system.

Craig A. Stokes is a founding partner at Stokes Law Office, LLP, a law firm specializing in commercial litigation, international business, corporate, agricultural trade, technology and telecommunications law, headquartered in Miami, FL.

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Economic Pressures Affect CSR

This time last year I wrote a piece for *PRODUCE BUSINESS* that focused on the fast-paced evolution that had hit every British business — corporate social responsibility (CSR). One year on and much has changed in the operating environment. These changes have provided a very true test of CSR. Just how far have the U.K.'s retailers and produce supply chain integrated CSR as an enduring part of their businesses, and just how many have discarded its principles as a luxury in a more cost-pressured world?

To the British market, CSR covers a very broad manifesto. Environmental concerns feature highly — there's a relentless drive to measure and reduce carbon, and the new challenge is water footprinting with water becoming an ever-scarcer commodity. Social issues are also key — a business is now acknowledged to have unwritten obligations toward charitable concerns and to promoting the health and welfare of its staff and customers. CSR has been taken into the heart of some of the U.K.'s most prominent retailers and has become a key differential used not only to embrace a better way of doing business but also as an important tool in the complex struggle for customers.

Two of the U.K.'s most prominent retailers had developed mature, integrated CSR agendas by this time last year. Marks & Spencer (M&S) engaged with suppliers to encourage better practices through its supply chain, right back to the grower, all branded with the name Plan A. The company communicated its aims with customers and encouraged 'greener' behavior in them, too. Sainsbury's followed a similar route, although with a larger and more diverse supply base the challenge of delivery is even greater.

The most notable change for the U.K.'s retailers over the previous year has been what's been titled the credit crunch. As with the United States, the U.K. economy is in uncertain times. Interest rates and energy prices have risen, placing pressure on homeowners as monthly outgoings increase. Inflation is running at a 10-year high with the average shopping trolley now costing around 13.7 percent more than it did a year ago, according to the Consumer Prices Index, U.K., Sept, 11, 2008. The short- to medium-term prospects are widely expected not to show any significant improvement, and retailers have to face the reality that their average shopper has less available cash to spend. So the challenge begins — how does one offer value, retain share and compete effectively? And can — and should — CSR play any part in this?

The latest financial results are showing clearly that shoppers are

becoming much more cost-conscious. They're decamping from the high-end retailers and seeking bargains at the value and discount end of the market. People are now prepared to compromise quality for price, it would appear. So how do high-end retailers ensure they ride out the current storm?

Well, whilst you can list the standard business review tools and there will inevitably be some restructuring measures seen, CSR has actually become an economic lever. The fact is that taking environmental concerns seriously will ultimately save you money. Thinking creatively about where you buy your power and how you then use that power can generate big savings. Changing the culture of the company to really value recycling, reduce wastage and encourage your people to find innovative solutions to costly problems brings benefits on a number of levels.

M&S recently introduced a charge for plastic carrier bags — the first major retailer in England to do so. The 5p charge means customers think twice about needing and using a bag, the number of bags used decreases significantly thereby bringing environmental benefits, and the retailer generates income that is now being invested in local communities. The move also generated significant positive media coverage at a time when high-end retailers such as M&S are under many more negative pressures resulting from the economic environment.

The product focus at high-end retailers in the United Kingdom is also under review. Part of a CSR agenda includes a reduction in food miles, thereby saving on energy costs and supporting local food producers. Just two years ago, the big focus was on providing U.K.-grown produce. Media were encouraging shoppers to 'buy British' and people were starting to care about food provenance. It's indicative of an increase in sophistication in this area where rather than the simple British message, we now care about regional and local food, too. Retailers are having to adjust their supply systems to cater for demand for local food. In a Kent supermarket, shoppers want Kent strawberries, potatoes, apples, etc., in season, and the retailers have to deliver.

This is symptomatic of a greater divide in retailers caused largely by the credit crunch. At the lower end of the market, we see little emphasis and appetite for CSR. Provenance is compromised for price and value in produce. The premium end continues to use CSR as a battleground in the customer war — but it's a battleground with fertile financial soil for those who use its potential wisely. Whilst premium retailers need to ride out the storm, those with strong CSR policies look best placed to come through it intact. **pb**

The premium end continues to use CSR as a battleground in the customer war.

Andrew Sharp serves as business development director for Mack Multiples, Kent, United Kingdom. He was formerly senior manager quality control and assurance for Marks & Spencer. He serves on the board of directors of the Produce Marketing Association.

A Message from United Fresh Chairman Tom Lovelace

Dear Friends,

As our association wrapped up our largest Washington Public Policy Conference last week, I made a decision to write this personal letter to you. Most often you only hear the PR spin from associations, including ours, but I decided it was time for some straight talk about the value our industry receives from United's government relations programs.

Our dues-paying members have built the strongest, most capable team of experts ever assembled to represent the produce industry in Washington, DC. With a dozen staff experts, lawyers and lobbyists on the team everyday in DC, we have some 200 years of staff experience in shaping government policies on a bipartisan basis. Your Board deploys those resources strategically where it counts the most, and cooperatively with allies throughout the industry. And let me tell you, leaders of Congress and the Administration made it clear at this year's conference that we have major influence on the most important issues facing our businesses.

Like many other companies, seeing this impact firsthand in recent years has helped me understand and appreciate just how much my own business is affected directly by the strong and successful work our staff and members do together in advancing our industry. From both sides of the aisle, Republican Senator Saxby Chambliss of Georgia and Democratic Senator Debbie Stabenow of Michigan stood before more than 300 produce leaders and thanked United for our leadership in helping advance more than \$3 billion in new Farm Bill investment for our industry. They said it couldn't have been done without us. From the Senate to the House, leaders of both parties stood during the Farm Bill debate to promote the inclusion of over \$1 billion in fresh fruits and vegetables in schools, tens of millions of dollars in new research for food safety, and hundreds of millions in new competitiveness grants in all 50 states to help our companies invest in a profitable future. These are real new dollars that will drive consumption of fresh fruits and vegetables and help develop a new generation of young people eating our products.

When I total these victories, not to mention the more than \$500 million in new fruit and vegetable purchases we've driven through the Women, Infants and Children program (WIC), I see a return on my dues that is substantial to our industry and directly beneficial to not only my company but yours. When it comes to your business, this is one of the investments that will provide your best ROI.

But it's not all a rosy picture out there, between the lagging economy, crazy fuel costs, and mishandled foodborne disease investigations that defame entire commodity groups unfairly. As a tomato repacker and fresh-cut processor, my company knows that pain well. But I've also seen first-hand this summer how United is fighting for us to change the way FDA does business so this never happens again to your company or mine. We have a lot of heavy lifting to do, but with your help, we will reshape food safety laws, regulations, and policies that have cost our industry dearly without delivering either increased safety or confidence to the public. Today, our Food Safety & Technology Council is writing what may well be the future regulatory road map for the produce industry in updating basic Good Agricultural Practices (GAPs).

At our conference we also hosted the first meetings of our new Market Segment Boards, giving voice to every sector of our industry, so that we can drive a united voice for all. These Boards will serve each sector of our industry to ensure that no individual sector's challenges are less important than another, and no issues are pushed aside. Today's challenges require total supply chain solutions, and our members have elected strong Boards headed by strong leaders to meet those demands. If you're already a member of United, thank you. You're part of a fast-growing team of committed companies that has grown by more than 100 new member companies every year for the past seven years. Attendance at this year's Washington Conference was up 17%, and attendance at our annual convention in Las Vegas in May was up 36%. There's something special going on here, and I want you to be involved personally. I ask you to join in our Chairman's Roundtable program, providing a small extra commitment to support our government advocacy, nutrition policy and food safety programs beyond what dues can provide. Just visit www.unitedfresh.org to learn about the Chairman's Roundtable and join your peers who already stand tall in this commitment.

And, if you're not a member, isn't it time that you joined us? We need your help! United offers all the business-to-business networking, education and training, new product expos and other programs our companies want from a trade association. But we also offer something more you won't find anywhere else. With millions of dollars invested annually in the expertise needed to shape the policies that govern our business, combined with 24-7 "boots on the ground" in Washington, DC, United provides an ROI on your dues investment that's simply unmatched.

Please contact me personally with any questions, or any of our leaders shown here. We believe in the power of a united industry, and invite you to join us in this great cause.




Tom Lovelace
Chairman of the Board
Executive Vice President,
McEntire Produce



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A&A Organic Marketing, Inc.	144	150	831-768-0300	831-685-0302
Abbott & Cobb	182	226	800-345-7333	215-245-9043
Louis J. Acompra Foundation	87	122	800-223-8070	718-991-1599
Agrexco USA, Ltd.	38	211	718-481-8700	718-481-8710
Agricola el rosal	112	215	519-733-3663	519-326-1348
Albert's Organics	145	157	800-996-0004	610-444-0316
Alpine Fresh	168	6	305-594-9117	305-594-8506
Allstar Produce LLC	168	25	760-357-6762	760-357-1525
Apache Produce / Melones	109	173	520-281-2292	520-761-1829
Apio, Inc.	32	50	800-454-1355	805-343-6295
E. Armata, Inc.	83	58	800-223-8070	718-991-1599
Aspen Produce LLC	136	233	719-754-3464	719-754-2342
Associated Potato Growers, Inc.	120	71	800-437-4685	701-746-5767
Maurice A. Auerbach, Inc.	80	127	888-AUERPAK	201-807-9596
Maurice A. Auerbach, Inc.	188	148	201-807-9292	201-807-9596
Ayco Farms, Inc.	168	16	954-788-6800	954-788-5600
Babe Farms, Inc.	179	145	800-648-6772	805-922-3950
Philip Balsamo Company	86	194	630-575-8000	630-575-8004
Basicani Foods, Inc.	137	63	610-268-3044	610-268-2194
Benguard Ranch, Inc.	179	33	831-422-7782	831-422-7782
Blue Book Services	193	195	630-668-5000	630-668-0300
Bonita Banana	63	188	718-816-9330	718-556-8457
Both Ranches, LLC	66	196	559-626-7653	559-626-4818
Boskovich Farms, Inc.	177	116	805-487-2299	805-487-5189
California Leafy Greens Marketing	69	47	916-441-1240	
California Sun Dry Foods	75	62	800-995-7753	925-743-9936
Califresh of California	36	86	559-875-1602	559-875-1608
Canada Garlic	189	111	905-362-1888	905-362-1889
Canadian Produce Marketing Association	146	143	613-226-8187	613-226-2984
Canon Potato Company, Inc.	134	54	719-754-3445	719-754-2227
Capital City Fruit Co., Inc.	118	11	515-981-5111	515-981-4564
Carb-Americas, Inc.	168	14	354-788-0775	354-788-0775
Casta Rock Vineyards	165	220	661-721-8717	661-721-0419
CF Fresh	152	164	360-855-3192	360-855-2430
Champ's Mushrooms	137	72	866-Champs	604-607-0787
Chantler Packaging Inc.	102	174	800-565-5245	805-274-9522
Chestnut Hill Farms	168	12	305-592-6969	305-436-8969
Chilean Avocado Importers Association	21	129	202-626-0560	
Christopher Ranch	188	147	408-847-1100	408-847-0581
Ciruli Brothers	113	197	520-281-9696	520-281-1473
Classic Yam	174	175	209-394-8656	209-394-8714
Coast To Coast Produce Co.	91	126	877-836-6295	617-381-0067
Coastline Produce	179	66	831-755-1430	831-755-1429
Cohen Marketing International	162	212	800-633-6173	717-677-6120
Columbia Marketing International	157	15	509-663-1955	509-663-2231
Community Suffolk, Inc.	82	177	617-389-5200	617-389-6680
Copexco	67	178	54-11-4866-1135	54-11-4866-1135
Country Fresh Mushroom Co.	138	134	610-268-3043	610-268-0479
Crowley Maritime Corp.	31	152	800-CROWLEY	
Crystal Valley Foods	168	161	800-359-5631	305-592-9803
Curry & Company	187	198	503-393-0303	503-393-6085
Customized Brokers	168	18	305-471-8989	305-471-8988
CY Farms	190	172	585-757-6847	585-757-9293
D'Arzo Bros. Co. of New York	79	128	800-223-8080	718-960-0544
Date Pac LLC Bard Valley				
Medjool Date Growers	54	179	928-726-9191	928-726-9413
Dawson Farms	175	79	318-878-5806	318-878-2826
Deardorff - Jackson Co.	179	87	805-487-7801	805-483-1286
Del Monte Fresh Produce	212	141	800-950-3683	305-520-8495
Diamond Fruit Growers	34	125	541-354-1492	541-354-2123
DLF International	96	229	772-778-2550	772-778-2493
Dole Fresh Vegetable Co.	2	126	800-333-5454	831-754-5243
Domex Superfresh Growers	155	135	509-966-1814	509-966-3608
iProduce Farm Software	180	138	868-PRODUMM	650-712-9973
Driscoll Strawberry Associates, Inc.	168	190	831-763-5000	831-763-5000
Driscoll Strawberry Associates, Inc.	181	81	831-763-5000	831-761-5888
Duda Farm Fresh Foods, Inc.	117	37	866-792-DUDA	651-978-5705
East Coast Brokers & Packers, Inc.	119	113	800-557-7711	863-889-9850
Eastern Propek, LLC	96	218	856-881-3553	856-243-0154
Edinburg Citrus Association	36	82	956-383-6619	956-383-2435
Ezy Coastal Seed	149	210	831-754-2300	831-754-2975
Ethylene Control, Inc.	108	29	800-200-1909	559-896-3232
Eureka Specialties, Inc.	54	182	213-488-6470	213-488-6480
Eurofresh Farms, Ltd.	40	94	520-384-4621	520-384-4187
European Flavors/GSO	19	21	39-0532-904511	39-0532-904520
Joseph Firmian & Son, Inc.	85	51	718-328-3738	718-328-3738
Flexstar	99	69	800-663-1177	
Florida Department of Agriculture	123	199	850-488-4033	850-922-0374
Florida Nursery, Growers & Landscape Assoc	198	42	800-375-3642	407-295-1619
Fowler Farms	156	46	315-594-8060	315-594-8060
Fox Packaging	100	59	956-682-6176	956-682-5768
Fresh Partners AB	90	208	46-8-742-1215	46-8-742-6201
Fresh Produce Association of The Americas	INSERT		520-287-2707	520-287-2948
Fresh Produce Association of The Americas	173	35	520-287-2707	520-287-2948
Friedman & Broussard Produce, Inc.	174	61	985-646-2302	
Garber Farms	174	56	337-624-6328	337-624-2676
Garcia Farms Produce	175	213	209-394-8356	209-394-5413
Genpro Transportation Services, Inc.	84	105	800-243-6770	937-589-1877
Giorgio Fresh Co.	51	154	800-330-5711	610-429-3810
Giorgio Fresh Co.	137	155	800-330-5711	610-429-3810
The Giomarra Companies	158	109	520-281-1981	213-628-4878
Global Organic Specialty Source, Inc.	74	200	877-952-1198	941-358-6551
Global Pest Management, Inc.	168	30	562-997-9270	562-997-9280
Gourmet Specialty Imports LLC	189	68	610-345-1113	610-345-1116
Greenhouse Produce Company, LLC	51	149	888-492-1492	772-492-1592
Garda Gardens, Ltd.	170	201	800-374-5711	845-374-7204
A. Garda Produce Farms	34	183	845-258-4422	845-258-4832
Habelman Bros.	168	51	715-422-0410	608-23-4332
Harvest Sensations	168	17	305-591-8173	305-591-8175
Herb Thyme Farms	142	202	831-476-9733	831-476-3710
Hess Brothers Fruit Co.	165	95	717-656-2631	717-656-4526
Highline Mushrooms	138	153	866-454-7896	519-326-7222
Hollandia Produce	23	140	805-684-4146	805-684-9363
Henry Bear Tree Fruit Co.	160	214	952-746-1315	952-746-1316
Idaho Potato Commission	65	81	208-334-2350	208-334-2274
Idaho-Eastern Oregon Union Promotion Committee	39	111	208-722-5111	208-722-6582
Inline Plastics Corp.	101	19	800-626-5567	203-924-0370
International Hort & Retail	114	160	800-272-SHOW	
Jenab Marketing, Inc.	112	215	519-733-3663	519-326-1348
Jacobs, Malcolm & Burtel, Inc.	169	215	415-285-0400	415-824-4844
S.M. Jones & Co., Inc.	190	209	561-996-6662	561-996-1289
S. Katzman Produce	89	60	718-991-4700	718-589-3655
Kerian Machines, Inc.	126	102	701-352-0480	701-352-3776
Kern Ridge Growers, LLC	141	139	661-854-3156	661-854-2832
Keys Packaging Group	103	221	800-786-8517	509-663-1023
Keystone Fruit Marketing, Inc.	169	28	772-316-0364	717-597-4096
Kingsburg Orchards	5	119	559-897-2986	559-897-4532
Kirkey Products Group, LLC	160	167	407-331-5158	407-331-5158
KPG	160	167	407-331-5151	407-331-5158
L&M Companies, Inc.	121	169	508-698-3821	508-698-3822
Lakeside Organic Gardens	148	76	831-761-8797	831-728-1104

COMPANY	PAGE #	RS#	PHONE	FAX
Lambeth Groves	42	44	843-235-2081	843-235-2082
Tom Lange Co.	110	184	217-786-3300	217-786-2570
LGS Specialty Sales, Ltd.	105	219	800-796-2349	718-542-2354
Lighthouse Foods, Inc.	93	53	800-669-3169	208-263-7821
Lucky Strike Farms, Inc.	180	203	650-877-8333	650-877-0727
Allen Lund Company, Inc.	44	45	800-404-5863	818-883-5863
M&M Farms, Inc.	46	26	800-634-7898	305-233-0813
Maine Potato Board	45	74	207-769-5061	207-764-4148
Malena Produce, Inc.	108	222	520-281-1533	520-281-2156
Mann Packing Company, Inc.	11	166	800-894-6266	831-422-5171
J. Marchini & Son / LeGrand	180	183	559-665-9710	559-665-9714
Marie's Salad Dressings	97	77	972-569-6813	214-351-4443
The Marketsol Group, LLC	25	232	956-782-9933	956-782-9937
T. Marzetti Company	95	49	614-846-2232	614-842-4186
T. Marzetti Company	61	55	614-846-2232	614-842-4186
Mastronardi Produce, Ltd.	191	104	519-326-1491	519-326-8799
Melissa's World Variety Produce, Inc.	147	4	800-468-7111	323-588-7841
Mexican Department of Agriculture/ASERCA	115	204	202-728-1723	202-728-1728
Mitech	52	136	800-339-5234	503-659-2204
Misionero Vegetables	146	120	800-EAT-SALAD	831-424-0740
Mission Produce, Inc.	169	163	888-549-3421	805-391-3860
MIXTEC Group	118	205	626-440-7077	626-440-1557
MJB Sales, Inc.	18	65	610-268-0444	610-268-0837
Monterey Mushrooms	139	64	573-374-1826	831-763-2300
Mooney Farms	62	118	530-899-2661	530-899-7746
Mountain Valley Produce, LLC	133	75	800-360-2139	719-754-3190
N&W Farms	175	101	662-682-7961	662-682-7998
National Raisin Company	186	117	800-874-3726	559-834-1055
Naturipe Farms	15	8	239-598-1664	831-722-0231
Naturipe Farms	102	831-722-3505	831-722-0231	
New Jersey Department of Agriculture	77	20	609-292-8853	609-292-2508
New York Apple Association, Inc.	153	10	585-824-2171	585-824-1629
P.E.I. Potato Board	74	9	902-862-6551	800-661-6501
Niagara Fresh Fruit Co.	165	96	716-778-7631	716-778-8768
Nobles Collier, Inc.	118	223	239-657-4401	239-657-4407
Nokota Packers, Inc.	225	186	701-847-2200	701-847-2109
North Bay Produce	169	22	231-946-1941	231-946-1902
North Shore Greenhouses, Inc.	43	216	706-397-0400	760-397-5807
Northern Plains Potato Growers Assn.	127	39	218-773-3633	218-773-6227
Northern Valley Growers	128	187	701-894-6464	701-894-6464
Nunhems USA	183	217	800-733-9505	208-674-4005
Olivia's Organics	147	99	617-884-1816	617-884-4919
Ozonator, LLC	45	134	877-678-FRESH	760-862-2873
Pacific Fruit, Inc.	74	188	718-816-9330	718-556-8457
Pacific Organic Produce	144	162	415-673-5555	415-673-5585
Pandol Brothers, Inc.	211	146	661-725-3145	661-725-4741
Pasco Onions Limited	131	171	817-491-9949	817-490-0019
Pear Bureau Northwest	185	41	503-652-9720	503-652-9721
Pert & Sons Farms	50	142	775-463-4444	775-463-4028
The Perishable Specialist, Inc.	169	7	305-477-9906	305-477-9975
Phillips Mushroom Farms	130	700-722-8818	610-444-4751	
Phillips Mushroom Farms, LP	47	133	610-444-4492	610-444-4751
Pismo-Oceano Vegetable Exchange	179	137	805-489-5770	805-489-7058
Plain Jane	109	173	520-711-2282	520-711-1829
Jerry Pomicini Produce	81	57	718-893-6000	718-893-0158
Primavera Marketing, Inc.	165	189	209-931-9420	209-931-9424
Prime Produce International, LLC	73	221	888-323-0966	714-772-0728
Pro-Fruit Marketing, Inc.	57	222	201-599-0200	201-599-9840
Produce Exchange Co. of Atlanta, Inc.	86	165	800-480-4463	404-608-0401
Produce for Better Health Foundation	163	115	302-235-2329	302-235-5555
The Produce Marketing Association	58-59	106	302-738-7100	302-731-2409
The Produce Marketing Association	205	107	302-738-7100	302-731-2409
The Produce Marketing Association	199	108	302-738-7100	302-731-2409
Produce Plus	88	123	800-333-5730	815-293-3701
Produce Plus	82	132	610-588-6245	610-588-6245
Producepackaging.com	106	46	800-644-8729	610-588-6245
Progressive Marketing Group	169	27	323-8	

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Blast from the Past

During its prime, the old Washington Street Market, stretching from Vesey Street north to N. Moore Street in Lower Manhattan, was a mecca for fresh produce. With more than 800 vendors, the market was for many years the largest wholesale produce market in the United States. In October 1967, the city of New York closed the market to make room for other city buildings.

In this 1967 photo, Tom Cochran (right), retired owner of Robert T. Cochran & Co., a New York, NY-based wholesaler, is seen with Mark Yeckes (center) of Yeckes & Eichenbaum, and Al Nagleberg (left) at the Washington Street Market. In its final years, the market, built in 1812, conveyed an aura of old New York through its sights, sounds and the hustle and bustle of day-to-day business.

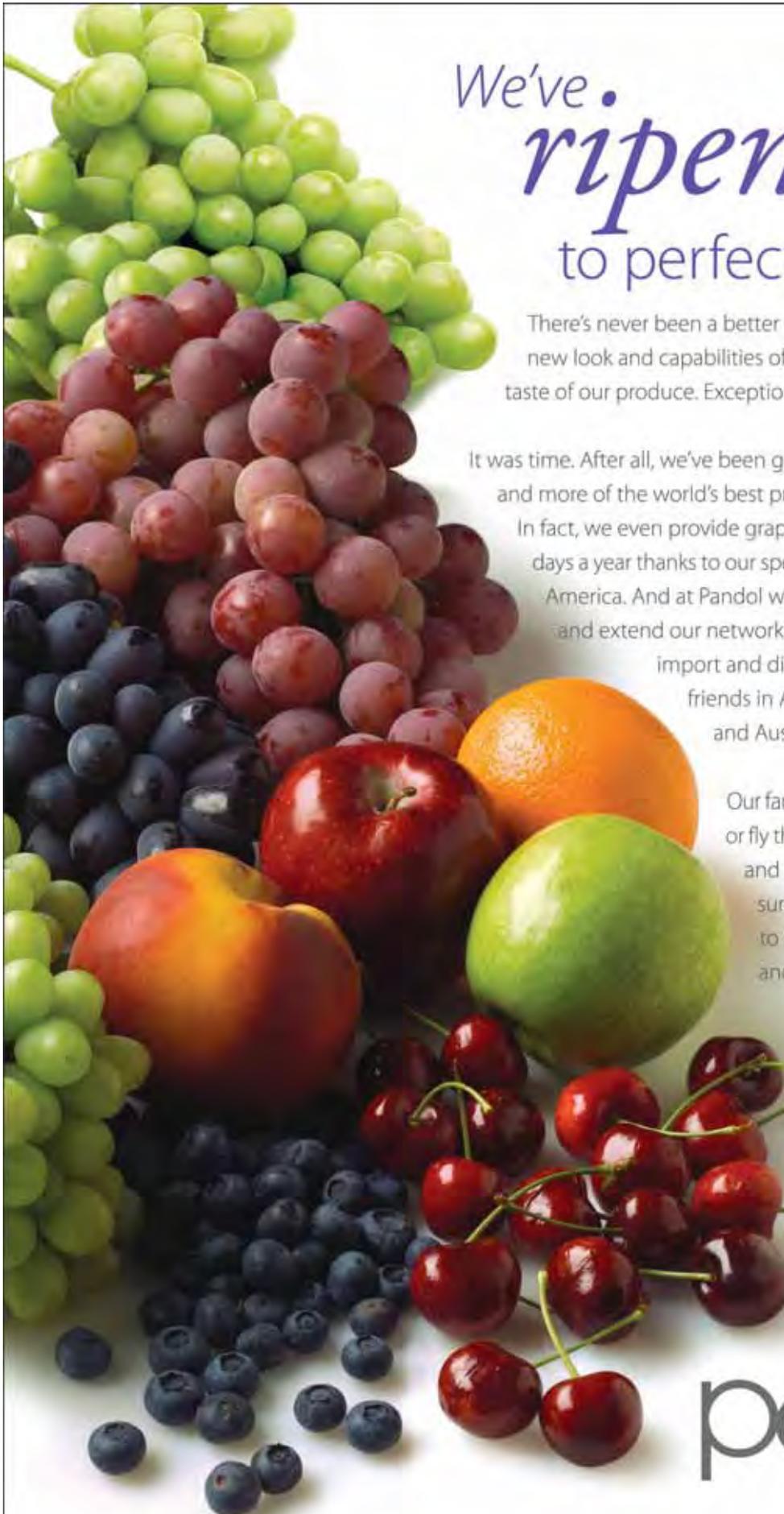
"This photo was taken the day it closed," says Richard Cochran, current president of Robert T. Cochran. "Back then, our business was all street-level business, particularly fresh beans and we imported produce from Cuba."

Like many produce houses, Robert T. Cochran moved its business to the Hunts Point Terminal Market when it opened in the Bronx that same year. Since then, the company has doubled its size, sales and offerings, according to Cochran. "Today, we carry a full product line," he notes.

Robert T. Cochran handles a full line of fruits and vegetables, particularly potatoes, onions and tropical fruits. It specializes in peppers, tomatoes, lettuce, cucumbers, celery, broccoli, eggplant, beans, squash, carrots, apples, melons and citrus.



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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