

producebusiness

MARKETING • MERCHANDISING • MANAGEMENT • PROCUREMENT



Strategies To Retail Differentiation

EXCLUSIVE



SUPPLEMENT



INSIDE:

THE PUNDIT DISCUSSES DEALING WITH GENERATIONAL EXPECTATIONS
SEASIDE MARKET • WHOLESALERS • REGIONAL PROFILE: LOS ANGELES
SALAD TRENDS • CONSUMER PACKAGING • CALIFORNIA CITRUS • PECANS
IMPORTED BERRIES • FLORIDA FALL PRODUCE • RED RIVER VALLEY POTATOES
SAN LUIS VALLEY POTATOES • WEST MEXICO • APPLES • ORGANICS
MANAGING SPECIALTIES • REGIONAL PROFILE: TWIN CITIES
TIE-INS • FLORAL MERCHANDISING: VALENTINE'S DAY



Dole leads the way in nutritional education, helping consumers to achieve a healthy lifestyle.

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p.84

COVER STORY

- 38 STRATEGIES TO RETAIL DIFFERENTIATION**
 How retailers can survive with a sea of competitors clamoring for produce business.

COMMENTARY

- 26 THE FRUITS OF THOUGHT**
 The Cost Of Change
- 104 VOICE OF THE INDUSTRY**
 Using Packaging As A Marketing Advantage
- 212 RETAIL PERSPECTIVE**
 Why Attend PMA's Fresh Summit Convention
- 213 EUROPEAN MARKET**
 Conversation With Valstar Holland's Edwin Vanlaerhoven
- 214 VOICE OF THE INDUSTRY**
 The Future At 100 MPH

FEATURES

- 68 WHOLESALERS' KEY TO SURVIVAL: RELATIONSHIPS WITH SHIPPERS**
 Long-established ties with grower/shippers place wholesalers in an even weightier role in today's ever-changing produce environment.
- 84 THE PERFECT COMPANION**
 The pros and cons of carrying non-produce "tie-ins" or complementary salad products in the produce department.
- 90 SALAD TRENDS**
 With salads moving to center of the plate, the packaged category offers innovation with unique blends and ingredients.
- 98 PACKAGING AS A SALES TOOL**
 Industry experts discuss latest trends for keeping produce fresh and informing customers as to what they're buying.
- 106 HOW THE STORY PLAYS OUT FOR CALIFORNIA CITRUS CROP**
 Effects of the drought will determine citrus supplies and prices this winter.
- 118 IMPORTS CRITICAL TO CONTINUED BERRY GROWTH**
 Changes at source present new import opportunities for North America to satisfy burgeoning demand across the category.
- 128 FLORIDA SUPPLIES THE COUNTRY WITH WIDE VARIETY OF FALL PRODUCE**
 Despite recent challenges, the Sunshine State continues to forge its signature citrus.
- 136 NORTHERN PLAINS RED POTATOES GAIN GROUND**
 Trade is optimistic as Red potatoes continue a steady rise in popularity.
- 141 EXPECTATIONS HIGH FOR COLORADO POTATOES**
 Exploring San Luis Valley's potato scene.
- 146 WEST MEX DEAL OFFERS ADVANTAGES AMIDST CHANGE**
 Understanding the opportunities and challenges of the impactful West Mexico produce deal can yield unique advantages for buyers.

p.118



p.146





IN THIS ISSUE

- 8 THE QUIZ**
- 10 FORWARD THINKING**
- 12 WASHINGTON GRAPEVINE**
- 14 SPECIAL NOTE**
- 16 LETTERS TO THE EDITOR**
- 20 PRODUCE WATCH**
- 32 RESEARCH PERSPECTIVES**
- 33 COMMENTS AND ANALYSIS**
- 215 POEM**
- 216 INFORMATION SHOWCASE**
- 218 BLAST FROM THE PAST**

p.176



DEPARTMENTS

p.176

MERCHANDISING REVIEWS

163 *Eight Things to Consider When Merchandising Apples*
 This fruit still evolves after centuries of popularity.

180 *Specialty Produce*
 With the produce industry still finding its stride with specialties, experts offer advice on how to manage the category within different facets.

ORGANIC PRODUCE MARKETING

176 *The Latest Trends In Organics*
 With sales on the rise across the country, produce departments are carving out more space for these items.

FOODSERVICE MARKETING

185 *Cook-off!*
 Annual Fresh Summit Sensory Experience contest promises to be a highlight of PMA convention.

DRIED FRUIT AND NUTS

202 *Merchandising Facets Of Pecans*
 Industry experts provide an update on where the category stands and share their merchandising successes.

FLORAL & FOLIAGE MARKETING

206 *Valentine's Day Anticipation*
 With Valentine's Day on a Saturday in 2015, retailers are especially enthusiastic about preparing for an entire weekend of massive floral sales.



p.185

SPECIAL FEATURES

28 **FROM THE PAGES OF THE PERISHABLE PUNDIT**
 Dealing With Generational Expectations — Balancing Social Media In The Workplace And Long-Term Employment Goals

34 **2014 NEW ENGLAND PRODUCE PERSON OF THE YEAR**

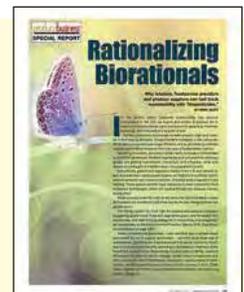
64 **ASCENDENT INDEPENDENTS: SEASIDE MARKET**
 The independent Southern California operation celebrates its 30-year anniversary with a 5,000-square-foot addition that will emphasize the produce department.

76 **REGIONAL MARKET PROFILE: LOS ANGELES**
Los Angeles Produce Market – The Only Constant Is Change
 The 21st Century's Ellis Island has diverse produce needs.

155 **FLORAL MASTERS OF MERCHANDISING**

187 **SPECIAL REPORT: RATIONALIZING BIORATIONALS**
 Why retailers, foodservice providers and produce suppliers can fast track sustainability with "biopesticides."

195 **REGIONAL MARKET PROFILE: TWIN CITIES**
Optimism Prevails Among Minneapolis-St. Paul Produce Wholesalers And Retailers
 Produce distributors continue to develop products, packaging and services that set them apart from the competition.



p.187



p.155

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THIS MONTH'S WINNER



Brad Martin
President
Perimeter Sales and Merchandising
Los Alamitos, CA

Perimeter Sales & Merchandising is a food broker focusing on produce, sales and retail merchandising, as well as other "Perimeter" departments. Brad Martin founded the company back in 1995 with his partner and co-owner, Randy Romero. Martin's position is to lead the sales and merchandising team.

Depending on the needs of the client, the broker does everything from re-setting sections and sweeping floors to "toasting the

town," explains Martin.

Martin has had experience in the produce industry starting at age 16 as a "box boy" at his local Safeway.

"After college I began a career with a traditional grocery, frozen food and deli food Broker," says Martin.

Martin has been reading *PRODUCE BUSINESS* for more than 20 years. His favorite sections are the columns, such as "Blast from the Past," and the industry contributors.

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

WIN A BACKPACK COOLER CHAIR

Perfect for any tailgating, camping or beach-day excursion, this portable chair and cooler is easy to transport. The chair weighs 13 pounds, folds to 10 inches wide, and has two shoulder straps to carry comfortably. The cooler bag has high-density closed-cell foam insulation that keeps up to 24 12-ounce cans or 35 pounds of food. It is also complete with four external pockets and removes for toting. A side table folds out from the right armrest and has an integrated cup holder as well as a two-tiered canvas shelf that provides storage.



QUESTIONS FOR THE OCTOBER ISSUE

- 1) What is the website for Bayer Crop Science? _____
- 2) What type of fruit is showcased on the ad for Copexeu? _____
- 3) What is the phone number for the New Jersey Department of Agriculture? _____
- 4) Cuties are the brand name for what type of citrus? _____
- 5) What are the three commodities shown on the ad for Thermal Technologies? _____
- 6) Which company has three generations of growing garlic? _____

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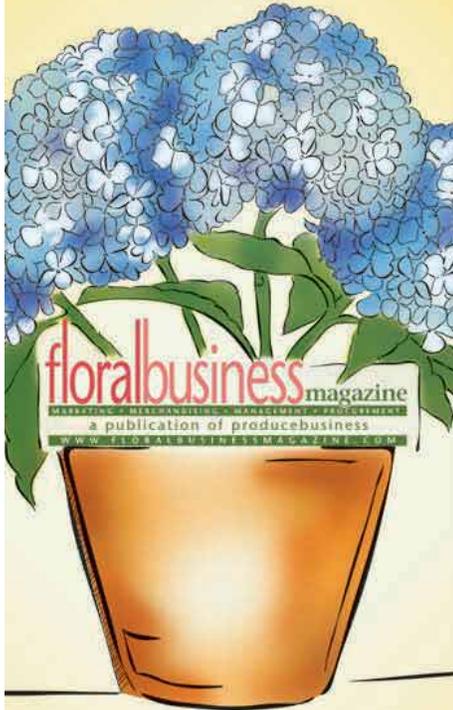
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 Boca Raton, Florida
 www.FloralBusinessMagazine.com

OCTOBER 17 - 19, 2014

PMA FRESH SUMMIT

Conference Venue: Anaheim Convention Center, Anaheim, CA

Conference Management: Produce Marketing Association, Newark, DE

Phone: (302) 738-7100 • Fax: (302) 731-2409

Email: jmickel@pma.com • Website: pma.com

OCTOBER 19 - 23, 2014

SIAL PARIS EXHIBITION

Conference Venue: Paris Nord Villepinte, Paris, France

Conference Management: SIAL Group, Paris, France

Phone: +33 (0)1 76 77 11 11

Email: exhibit@sialparis.com • Website: sialparis.com

OCTOBER 30 - NOVEMBER 1, 2014

NOGALES PRODUCE CONVENTION AND GOLF TOURNAMENT

Conference Venue: Tubac Golf Resort, Tubac, AZ

Conference Management: Fresh Produce Association of the Americas, Nogales, AZ

Phone: (520) 287-2707

Email: aadams@freshfrommexico.com

Website: freshfrommexico.com

NOVEMBER 2 - 5, 2014

WESTERN GROWERS ANNUAL MEETING

Conference Venue: Bellagio Hotel, Las Vegas, NV

Conference Management: Western Growers Association, Newport Beach, CA

Phone: (949) 863-1000 • Fax: (949) 863-9028

Email: jtimmering@wga.com

Website: wganualmeeting.com

NOVEMBER 4 - 6, 2014

INTERNATIONAL PINEAPPLE ORGANIZATION'S GLOBAL CONFERENCE

Conference Venue: Costa Rica Marriott Hotel, San Jose, Costa Rica

Conference Management: International Pineapple Organization, Winter Park, FL

Phone: (760) 643-1153

Email: wcavan@gmail.com • Website: ipineapple.org

DECEMBER 2 - 4, 2014

THE NEW YORK PRODUCE SHOW AND CONFERENCE

Conference Venue: Jacob K. Javits Center

Conference Management: PRODUCE BUSINESS and Eastern Produce Council

Phone: (212) 426-2218

Email: info@nyproduceshow.com

Website: nyproduceshow.com

JANUARY 7 - 9, 2015

POTATO EXPO 2015

Conference Venue: Rosen Shingle Creek, Orlando, FL

Conference Management: National Potato Council, Washington, D.C.

Phone: (202) 682-9456 • Fax: (202) 682-0333

Email: hollee@nationalpotatocouncil.org

Website: potato-expo.com

JANUARY 8 - 11, 2015

SE REGIONAL FRUIT & VEGETABLE CONFERENCE

Conference Venue: Savannah Int'l Trade and Convention Center, Savannah, GA

Conference Management: Georgia Fruit & Vegetable Growers Association, LaGrange, GA

Phone: (877) 994-3842 • Fax: (706) 883-8215

Email: skilgore@asginfo.net

Website: gfvga.org

JANUARY 15 - 16, 2015

UPPER MIDWEST REGIONAL FRUIT & VEGETABLE GROWERS CONFERENCE & TRADE SHOW

Conference Venue: St. Cloud River's Edge Convention Center, St. Cloud, MN

Conference Management: Minnesota Fruit & Vegetable Growers Association, Ham Lake, MN

Phone: (763) 434-0400

Email: mfvga@msn.com • Website: mfvga.org

JANUARY 21 - 23, 2015

PMA FIT LEADERSHIP SYMPOSIUM

Conference Venue: Omni Dallas Hotel at Park West, Dallas, TX

Conference Management: Produce Marketing Association, Newark, DE

Phone: (302) 738-7100 • Fax: (302) 731-2409

Email: lfisher@pma.com • Website: pma.com

JANUARY 21 - 23, 2015

TPIE - TROPICAL PLANT INDUSTRY EXPOSITION

Conference Venue: Broward Convention Center, Fort Lauderdale, FL

Conference Management: Florida Nursery Growers & Landscape Association, Orlando, FL

Phone: (407) 295-7994

Email: shaines@fngla.org • Website: fngla.org

JANUARY 25 - 27, 2015

SWEET POTATO CONVENTION

Conference Venue: Gaylord Opryland Resort, Nashville, TN

Conference Management: Sweet Potato Council, Columbia, SC

Phone: (803) 788-7101 • Fax: (803) 788-7101

Email: USSPCouncil@gmail.com

Website: sweetpotatousa.org

FEBRUARY 4-6, 2015

FRUIT LOGISTICA 2015

Conference Venue: Berlin Exhibition Fairgrounds, Berlin, Germany

Conference Management: Messe Berlin GmbH

Phone: +49 (0) 30-3038-0

Website: fruitlogistica.com

FEBRUARY 11 - 14, 2015

BIOFACH 2015

Conference Venue: Exhibition Centre Nuremberg, Nurnberg, Germany

Conference Management: NurnbergMesse GmbH, Nurnberg

Phone: +49 (0) 9 11.86 06-89 96

Website: biofach.com

FEBRUARY 16 - 19, 2015

NATIONAL WATERMELON CONVENTION 2015

Conference Venue: La Quinta Resort & Spa, LaQuinta, CA

Conference Management: National Watermelon Association, Inc., Lakeland, FL

Phone: (863) 619-7575 • Fax: (863) 619-7577

Email: bobm@nawatermelon.com

Website: nationalwatermelonassociation.com

FEBRUARY 24 - 26, 2015

CONVENIENCE DISTRIBUTOR CONFERENCE & EXPO

Conference Venue: Paris Hotel, Las Vegas, NV

Conference Management: American Wholesale Marketers Association, Fairfax, VA

Phone: (703) 208-3358 • Fax: (703) 573-5738

Email: joelb@awmanet.org • Website: awmashow.com

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FSMA RULES GET SPOTLIGHT AT THE WASHINGTON CONFERENCE



Ray Gilmer
Vice President,
Issues Management & Communication

On September 19, the FDA released its four supplementary proposals for rules under the Food Safety Modernization Act (FSMA). The proposals are for the draft rules for Produce Safety, Preventive Controls for Human Food, Preventive Controls for Animal Feed, and Foreign Supplier Verification. United has already launched working groups to review the proposals, line by line, to provide feedback to FDA within the 75-day comment period.

Speaking one week earlier at The Washington Conference, FDA's Mike Taylor, deputy commissioner for Foods and Veterinary Medicine, said the agency will focus on a culture of cooperation, not simply enforcement, to bring companies into compliance with food safety standards. Describing it as a "sea change," Taylor told United conference attendees that focusing on outcomes, rather than gathering evidence of violations, is part of a new operational mandate for advancing food safety at FDA.

"Historically we've had a tradition of enforcement at facilities, and it's important, but the shift we're undertaking is to understand that the purpose is not enforcement per se, but to get high rates of compliance with the standards," said Taylor. "We're really focusing on outcomes. We're looking at systems and how we can work with the vast majority of operators who want to produce safe food and to get compliance on a voluntary basis, and that's the outcome that matters. That's a fundamental reorientation of our approach to our oversight."

Taylor told United members that FDA is "very committed to the dual purpose of having the right food safety standards and achieving our food safety purpose" and that

the standards should be "workable" and can be implemented successfully across the diversity of the industry.

FDA is under court-ordered deadlines for issuing final rules. The new deadlines are Aug. 30, 2015 for preventive controls for human food and preventive controls for animal food; October 31, 2015 for produce safety, foreign supplier verification program, and third-party accreditation; March 31, 2016 for sanitary transport, and May 31, 2016 for intentional adulteration.

"Don't be expecting an extension of the next comment period," Taylor told the audience. "I don't think it's feasible and we've got to stay on the work to get these things done. My boss is potentially held in contempt if we don't get those rules out, so we're going to get those rules out."

Taylor said FDA is perhaps as much as four years away from actually enforcing any rules, but he said it's not too early to begin planning how FDA and the industry will be implementing the rules. Added Taylor, "We envision some public meetings on this sometime early next year, and we welcome whatever dialogue we can have with United Fresh about how we can implement these rules."

Also at the conference, United Fresh honored Rep. Doc Hastings (R-WA) with its Congressional Leadership award during the Tuesday Breakfast General Session. United presented the award to Rep. Hastings for his work representing produce industry interests, including his service as co-chair of the House Specialty Crop Caucus and his leadership on immigration reform and multiple Farm Bills.

"Doc Hastings has been a steady advocate for the produce industry in Congress," said

United Fresh Senior Vice President of Public Policy Robert Guenther. "With United's Congressional Leadership Award, we recognize Rep. Hastings' many years of work to represent the interests of the produce industry in his state and across the country. We need more like him on Capitol Hill."

Speaking to United's members at the session, Hastings addressed the legislation in the Senate and House of Representatives that aims to address the water crisis confronting California producers. "We are trying to work out the differences between the Senate and House bills. I can say members of my staff at the House Natural Resources Committee and the California delegation have been working with Sen. Diane Feinstein's office to get a resolution," he said.

"I can tell you progress is being made, and I sense there is a will to get something done. But resolution long-term is changing the Endangered Species Act," he added.

Of course, one of the highlights of United's Washington conferences is the close interaction with members of Congress and staffs. Hundreds of produce industry members met with key lawmakers in the House and Senate, focusing on critical issues such as immigration reform, nutrition, California's water crisis and more. In addition to the face-to-face meetings at congressional offices, United hosted hundreds of lawmakers and staff at the Fresh Festival on Capitol Hill, where exhibitors showcased the flavorful innovations of the produce industry.

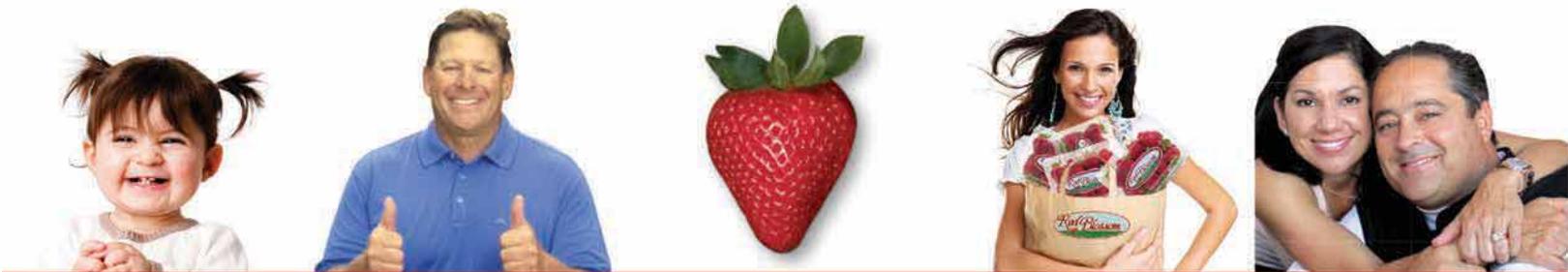
To see pictures from The Washington Conference, visit the United Fresh website, www.UnitedFresh.org, and mark your calendar for next year's event, September 28 – 30, 2015.



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PART OF THE INDUSTRY

PRODUCE BUSINESS is a very special magazine, and the issue you hold in your hands is a special issue. Launched October 19, 1985, at the PMA convention in San Francisco, with this issue we celebrate the 29th birthday of what has become a produce industry institution.

From the beginning, PRODUCE BUSINESS has undertaken a different responsibility than is customary for a publication. Instead of defining its mission in a reactive, purely journalistic sense – “All the News That’s Fit to Print” as *The New York Times* does – we announced we would initiate Industry Improvement.

So we have, in print, online and in person, across the country and across the continents. We’ve quietly counseled in the corridors of government, with captains of industry and the hushed halls of non-profits and associations and we have proudly, and publicly, stood up for what was right – even when the cost of doing so was substantial.

Normally every page of PRODUCE BUSINESS is about business: We focus on Marketing, Merchandising, Management and Procurement, and we use every ounce of ink, every electron on the web and every speech at our events to help industry participants to do business better while effectively guiding the industry to greater prosperity. Each year, though, on our anniversary, we set aside this one page in a gesture of respect for the opinions of the readers who make all we do possible, to provide a report on the progress of the year.

This year has been of special note. This past June we took the concept of The New York Produce Show and Conference, which we present along with the Eastern Produce Council, and launched The London Produce Show and Conference, presented with the Fresh Produce Consortium. In doing so, we helped pivot the attention of the produce world to this great standard-setting market, the United Kingdom, but more, we began a commercial, intellectual and friendship exchange in the two great capitals of the Anglosphere.

We also began a process that will encourage the sharing of ideas and the building of

connections that will pave the path to industry improvement in years to come. Already, we have the first British member of our Executive Share Groups that for decades have been exclusively North American.

This process will continue in the year ahead. The New York Produce Show and Conference this year moves to the new North Pavilion of the Jacob Javits Convention Center, a world-class facility, and many of our British friends are flying in to be part of the ideas and friendship. Looking ahead to June of 2015 and the 2nd iteration of the London event, leading intellectual lights of the global produce ecosystem, people such as Edward McLaughlin, the Robert G. Tobin Professor of Marketing, director of the Charles H. Dyson School of Applied Economics and Management’s undergraduate program, and director of the Food Industry Management Program at Cornell University, and Roberta Cook, cooperative extension specialist and lecturer at U.C. Davis, will be jetting to The London Produce Show and Conference to help build the links of ideas and friendship that make for a stronger industry.

Of course, all this has taken decades of nurturing. PRODUCE BUSINESS gave rise to the Perishable Pundit, which begat the New York Produce Show, which led to the London event. There are other magazines, websites, share groups, etc., with many more exciting things to come. The upcoming winter may be cold, but look forward to the launch of PRODUCE ENTHUSIAST – the first consumer magazine focused solely on the world of produce and a new tool for the trade to directly reach out to consumers.

Skills in nurturing are useful in many areas of life. This year was a milestone for another October 19th baby. William Ian Prevora, also known as Jr. Pundit Primo, was born right after 9/11. We wrote in these pages that in the aftermath of the terrorist attacks we saw his birth as a kind of response, a statement of faith in the future. With terrorists beheading people with regularity, ISIS running free across the Fertile Crescent and the threat of a break-out of Ebola frightening us all, we could use a little renewal of faith right now.

William reaches 13 years of age during the PMA in Anaheim, and we have just celebrated

Sharing word of personal milestones such as a wedding, a birth and now a Bar Mitzvah is part of the joys and struggles of life, and integrating with life is part of the challenge of business.

his Bar Mitzvah. Contrary to popular usage, one can’t really have a Bar Mitzvah, for it is a status, not an event. It translates as “Son of the Commandment” and means that the boy has reached a stage of moral responsibility and will now be held responsible for his actions.

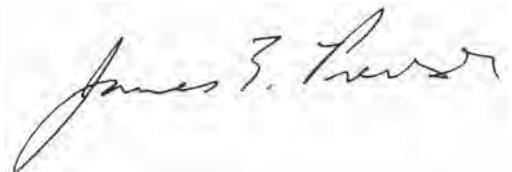
William worked hard, reading his portion direct from the Torah, without benefit of vowels or punctuation, then discoursing in English on his interpretation of his portion. Then we moved onto the party, and William showed his prowess at hip-hop dancing with a grand entrance number.

It was hard work and good fun and so reminded us of the produce trade, where the same person who will compete desperately for the last nickel on a deal will also kill to pick up the check at dinner that night.

One of the reasons for the strength of PRODUCE BUSINESS is we are not only about the industry but we are of the industry. Sharing word of personal milestones such as a wedding, a birth and now a Bar Mitzvah is part of the joys and struggles of life, and integrating with life is part of the challenge of business.

We are appreciative that your attention to what we write and do makes it all possible, and we pledge to redouble our efforts to nurture an industry and to hold out a hand in friendship.

pb



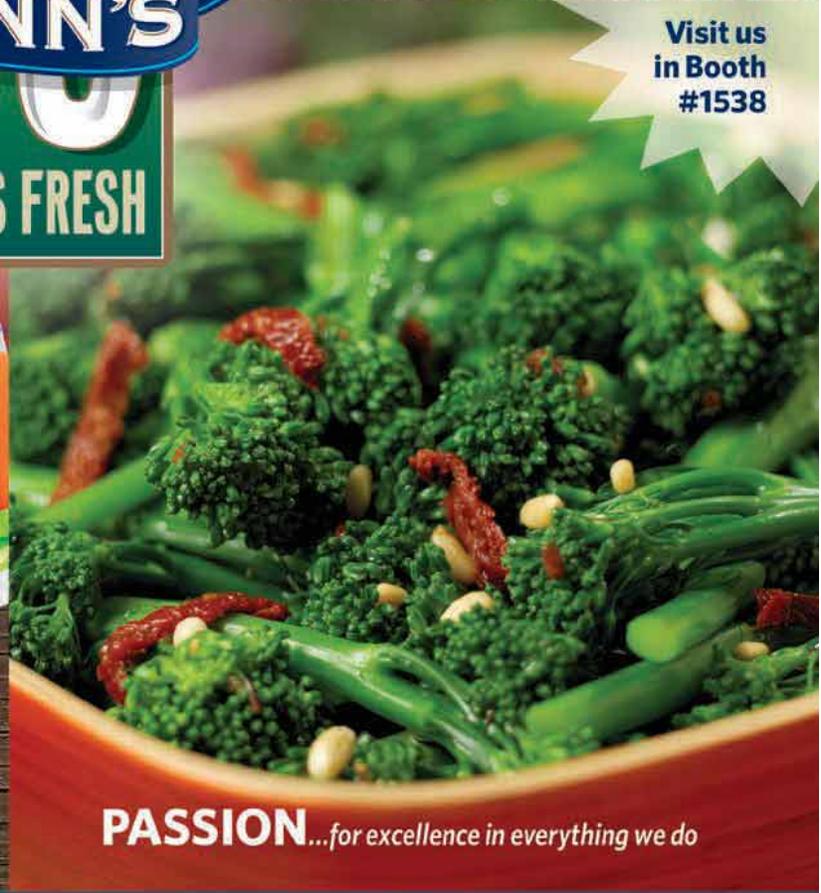
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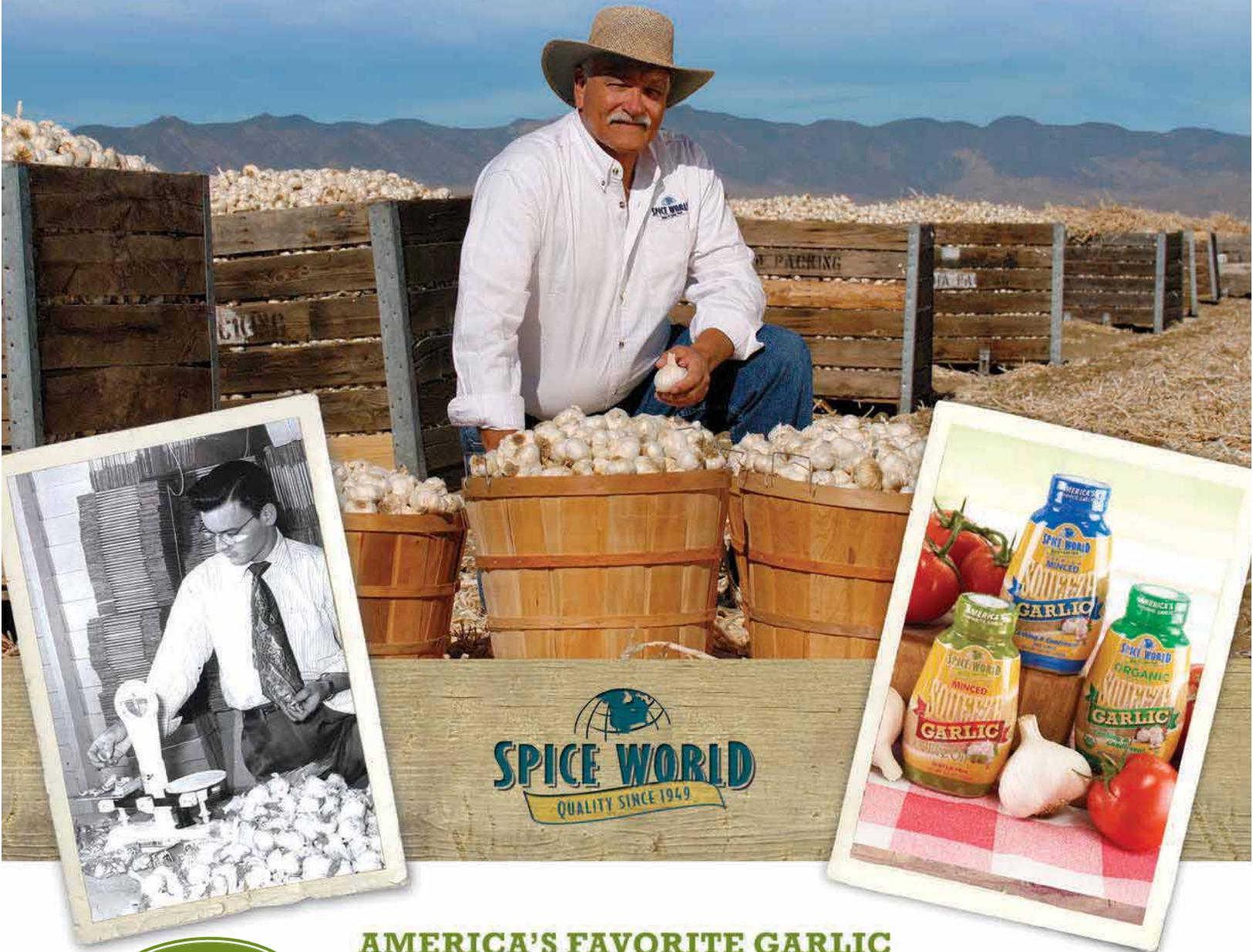
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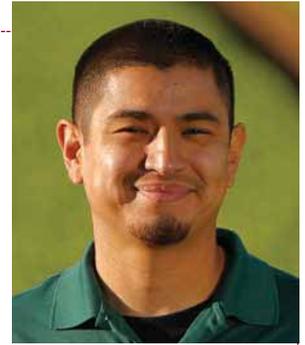
BOLTHOUSE FARMS BAKERSFIELD, CA

Bolthouse Farms, one of the largest producers of baby carrots and premium juice beverages in North America, announces changes to the company's sales leadership team. Bill Levisay, chief customer officer, has retired after four years with Bolthouse Farms. **Mike Illum**, who currently serves as vice president of Grocery, has been named his replacement.



BRAGA FRESH SOLEDAD, CA

Braga Fresh announces the promotion of **Abelardo "Lalo" Pamatz** to production analyst. Pamatz will provide critical trend information and demand forecasts to maximize yields and assure farming operations meet increasing sales volumes across Braga's more than 20 fresh commodities.



MANN PACKING COMPANY SALINAS, CA

Terence Billingsley joins the retail sales team at Mann Packing Company. Billingsley was most recently at Unilever where he was the Safeway customer business manager. His prior experience includes vice president of sales at Promoworks where he worked with the Safeway marketing team to shape the in-store experience for all Safeway stores.



Ashleigh Lombardi was also promoted to sales coordinator. Lombardi has been serving as administrative assistant at Braga Ranch for the past seven months. Recognizing her ambition and abilities, Peter Cling, vice president of sales, promoted Lombardi and transitioned her to the Braga Fresh sales team.



HOUELING'S TOMATOES CAMARILLO, CA

Houweling's Tomatoes announces the addition of **Lindsay Martinez** to its marketing department. In the newly created position of brand manager, she will take on a leadership role within the marketing department, championing Houweling's year-round locally and domestically grown advantage through digital, in-store and experiential marketing campaigns.

CALIFORNIA GIANT WATSONVILLE, CA

Nader Musleh was promoted to executive director — Blueberry Division for California Giant Berry Farms. Musleh will take on full responsibility for the profitability of the company-wide blueberry and non-strawberry division, working with senior management to develop the strategy and vision necessary to grow the business both domestically and internationally.



THE UNITED STATES POTATO BOARD DENVER, CO

The United States Potato Board announces **Kim Breshears** joins its staff as marketing programs director in the Denver office. Breshears will oversee the development and implementation of the marketing programs focused on retail, food-service, ingredient uses and consumers for all potato products in the domestic and international markets.



MAGLIO & COMPANY GLENDALE, WI

Maglio & Company announces the addition of **Robert Wilkinson**, a regional sales manager. For more than 15 years, Wilkinson has been working in the produce industry. His background is across the board covering foodservice, wholesale and retail. Wilkinson will be helping to build customer bases and providing training to strengthen sales team.

ANNOUNCEMENTS

PROCACCI BROTHERS JOINS EAT BRIGHTER! CAMPAIGN

Procacci Brothers, Philadelphia, PA, will be featuring Sesame Street characters on its popular tomato products, namely its Santa Sweets Authentic Grape tomatoes (organic and conventional) and its UglyRipe Heirloom tomatoes. Eat Brighter! is a joint partnership between the PMA and the Sesame Workshop that will bring Sesame Street's lovable characters to the packaging of fresh fruits and veggies. The campaign has set its sights on increasing consumption of fruits and veggies among children, ages 2-5.

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ANNOUNCEMENTS

DEL MONTE LAUNCHES SOCIAL MEDIA PROMOTION

Del Monte Fresh Produce of Coral Gables, FL, will host the "Fresh Fan Fuel," a social media promotion to encourage healthy and fresh choices for fall games and tailgates. The promotion gives Del Monte fans the opportunity to win one of eight tailgating prize packages, just in time for football season.



PINK RIBBON PRODUCE CHALLENGE

This October, the Frisco, TX-based National Breast Cancer Association's Pink Ribbon Produce campaign will continue its partnership with big names in the grocery industry to support the fight against breast cancer during *Breast Cancer Awareness Month*. Harris Teeter, Meijer and Price Chopper have once again joined together to support the National Breast Cancer Foundation (NBCF) by welcoming customers to take the *Fresh Plate Challenge*. Customers are encouraged to fill half of their plate with fruits and vegetables in order to lower their risk of cancer.



SETTON FARMS PISTACHIO CHEWY BITES LAUNCHES NEW WEBSITE

Setton Pistachio, Terra Bella, CA, launches its new Pistachio Chewy Bites' website. PistachioChewyBites.com now offers visitors easy access to the product's many resources, including nutritional information, recipes, news and events, ambassador profiles, company history videos, in-store displays and more.

BALOIAN FARMS INTRODUCES NEW LOCALLY GROWN PARTNERSHIP

Baloian Farms, Fresno, CA, announces a partnership with Michigan growers to offer retailers its Sauté Kits with locally grown squash. This value-added product features yellow and green squash with a seasoning packet included. Baloian Farms Squash Sauté Kits with Seasonings are available in with two flavor options, Parmesan with Herbs and Roasted Red Pepper.



TOZER SEEDS ANNOUNCES KALETTES MARKETING PARTNERS

Tozer Seeds, Santa Maria, CA, announces its exclusive marketing agreements with six companies to grow and market Kalettes, the kale and Brussels sprouts hybrid. The companies that entered into the marketing agreement with Tozer for Kalettes are 4Earth Farms, Classic Salads, Mann Packing, Ocean Mist Farms, Southern Specialties and WP Rawl.

READY PAC SIMPLIFIES BACK TO SCHOOL

Ready Pac, Irwindale, CA, creates Ready Snax, a perfect meal component for parents who want to send their kids to school with something healthier. Ready Snax are an array of on-the-go snack packs that pair fresh fruits and veggies with a delicious dip or treat. Ready Snax are available in six flavor combinations.



SEEDWAY'S BUTTERKIN GROWS

Seedway, LLC, Hall, NY, is the exclusive marketer and seller of Butterkin in the U.S. and Canada. Butterkin is a flavorful new variety of winter squash developed for its distinctive flavor and texture, and grows across the U.S. and Canada have quickly adopted it. Hybrid Seeds in New Zealand developed Butterkin, and the vegetable measures about 6-to-7.5 inches in diameter and weighs between 2-to-4 pounds.

RUBY FRESH JEWELS DAZZLE JUDGES

Attracting 67 entries from 56 companies, Ruby Fresh JEWELS Grab-N-Go Pomegranate Aril cups are one of 20 products selected as a finalist for the 2014 PMA Impact Award: *Excellence in Packaging*. The new Ruby Fresh JEWELS Pomegranate Aril cups come in convenient 4-ounce and 5.3-ounce. Grab-N-Go snack cups are available in packs of two or four.



FRESH ORIGINS RECEIVES INNOVATION AWARD

Fresh Origins, a microgreens and edible flowers company based in San Marcos, CA, was honored at the Western Foodservice & Hospitality Expo, taking second place in the *People's Choice Awards* for Innovative New Products with its Herb Crystals and Flower Crystals. The products are available in 4-ounce, 8-ounce and 16-ounce bottles in flavors including Basil, Cilantro, Mint, Fennel Flower, Rose, Hibiscus, Cranberry, and for the holiday season, Pumpkin Spice.



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

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ANNOUNCEMENTS

STATE GARDEN LAUNCHES SIMPLE BEGINNINGS CELERY HEARTS LINE

State Garden Inc., Chelsea, MA, is expanding its Simple Beginnings conventional produce line with the addition of 10-ounce celery heart bags and 20-ounce celery heart trays. The new products are now available to State Garden customers along the Eastern Seaboard, with expansion into additional markets expected throughout the fall.



KEYSTONE FRUIT MARKETING GROWS PACKING, SHIPPING AND MARKETING

Keystone Fruit Marketing, Greencastle, PA, will be showcasing its year-round Sweet Onions (from Peru, Mexico, and the U.S.), year-round asparagus (from Peru, Mexico, and the U.S.), Eastern apples, Southern and Eastern peaches, Washington watermelons, and imported citrus from Peru at the Produce Marketing Association's Fresh Summit. Visit Keystone at booth 3262.

CORRECTIONS

In the September 2014 issue of PRODUCE BUSINESS, the PMA Aisle by Aisle listing for Fresh Del Monte ran as Del Monte Foods. The listing should have been printed as Fresh Del Monte in Coral Gables, FL. The correct booth number is 2502.



In the August 2014 issue of PRODUCE BUSINESS, the National Watermelon Promotion Board should have been recognized among the winners of the *Cloudy 2 With a Chance of Meatballs: Revenge of the Leftovers* campaign in the Marketing Excellence Awards.

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

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THE COST OF CHANGE

By James Prevor
President & Editor-in-Chief



Retailers are a fiercely competitive group, monitoring competitors' prices and promotions on a daily basis, carefully measuring market share statistics and demanding vendors offer prices that enable the retailer to win in the marketplace. Yet, retail supermarket companies are often very narrow in their perception of the market.

For decades, I would travel around the country and retailers would show me their market share statistics but, more often than not, the market they monitored was just other supermarkets. For many years, Wal-Mart was not counted; even today, I rarely see internal market share numbers with Costco counted, much less Walgreens or any of the other vendors of food. Just this week, one chain showed me their numbers, proud they were inching up in share, but they didn't include a very rapidly growing online service that is competing in the same market.

This is not an exclusively American characteristic. Recent news reports in the UK have detailed that the so-called "big four" supermarket chains, or multiples as they would phrase it, are suffering while upscale retailers such as Waitrose and deep discount retailers such as Aldi have been gaining market share. Interesting enough, it has been common for many years for executives at the Big Four to judge how well they were doing by looking at market share numbers that only included these four competitors.

This mindset has had significant impact on the competitive landscape. In the US, when Wal-Mart rolled out across North America, no major supermarket did the seemingly obvious: note that supercenters were doing well and roll out a competitive format. So the Safeway supercenter remains a figment of the imagination. Even Kroger, which bought Fred Meyer back in 1999, presumably in no small part to acquire expertise with general merchandise, never rolled out supercenters across the country.

In the United Kingdom, one sees a similar pattern. As Aldi and Lidl have rolled across the British Isles, no major supermarket chain has launched a small format discount division, nor have they launched an upscale competitor to Waitrose.

Even when they seem to respond, the effort is often feeble. For example, lots of retailers have online operations, either on their own or with partners, but few of these online entities operate as independent businesses with the goal of driving out of business the brick-and-mortar sister company, although only that sort of freedom is likely to win out as enterprises such as AmazonFresh and FreshDirect spread their wings.

Though there are exceptions — H.E. Butt, for example, launched

its upscale Central Market division and invested heavily in it to help it succeed — many family-owned supermarket chains are stifled by the unwillingness of owners to abandon the "one size fits all" operating strategies of a much more homogeneous country of days gone by. These owners remember how their stores were once hubs of the whole community and don't like the idea of segmenting stores into discount banners or epicurean banners or health-oriented banners.

So the little guys struggle with stores that have the wrong products on ad because the owners refuse to segment, and giants announce to Wall Street or the City in London that they are going to make "price investments" to compete with discounters — a euphemism for having to cut prices. But the business model of the stores doesn't allow for profitable operation of the stores at Aldi prices, so the price "investments" are typically insufficient to compete effectively with the discounters.

Many family-owned supermarket chains are stifled by the unwillingness of owners to abandon the "one size fits all" operating strategies of a much more homogeneous country of days gone by.

What is required is a redefinition and a recognition that self-defining as being in the "supermarket business" means competing for growing share in a shrinking market. Sure one can improvise. Many of Tesco's problems in the UK, for example, are self-inflicted. One reason discounters have boomed is because Tesco, in an effort to enhance margins, has de-empha-

sized the value range that former chairman Sir Terry Leahy introduced long before he dreamt of bringing Fresh & Easy to America.

In the end, though, certain formats have advantages, and retailers that want to be effective need to cannibalize their own operations. A&P failed to build new large and modern stores for decades, Sears refused to embrace fashion trends and never found an upscale alternative as the country became more affluent and fashion-forward. Now Wal-Mart attempts to move a behemoth into some slightly more upscale "sweet spot" in the market while allowing Aldi to snatch its reputation as the low price leader, while Tesco tries to down shift its pricing a bit, but not enough to make itself the low price leader.

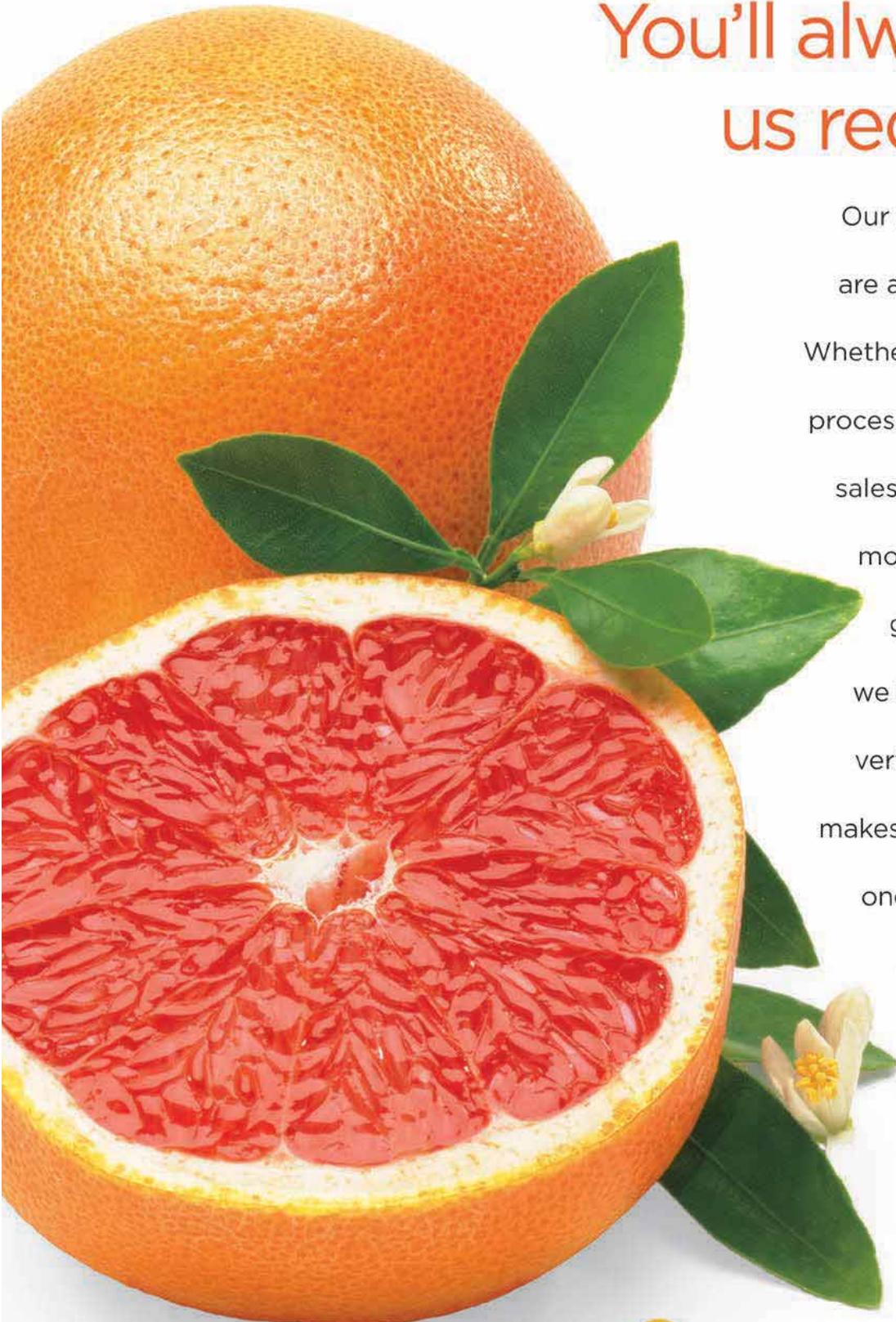
Of the supermarkets, who is doing best? In the US, it is companies such as H.E. Butt, Publix and Wegmans, and in the UK, Wal-Mart's subsidiary ASDA seems to be handling the situation with equanimity. The reason why these chains succeed? They are privately-held or a subsidiary of a public company and thus don't have to announce quarterly earnings, so are able to design and execute a long-term strategy.

The stock market hates to see adoption of new business models, especially those with lower profit margins, but striving to maintain antiquated business models guarantees failure, while those who strategize and execute may suffer margin reductions but wind up with the winning business model. Perhaps the most interesting lesson is that the key to success is a willingness to accept the cost of change. **pb**

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Dealing With Generational Expectations – Balancing Social Media In The Workplace And Long-Term Employment Goals

FROM JIM PREVOR'S PERISHABLE PUNDIT 10.14.2014

Karen Caplan, president and chief executive of Frieda's Inc. in Los Alamitos, CA, maintains a blog. Recently, she wrote about employees — especially younger employees — and their use of social media, texting, and mobile phones, etc.

She called the piece, "Why Texting in the Workplace is Here to Stay." In the blog post, Karen recounted a public speaking engagement where she made comments about the "younger generation" during the question and answer period:

"How do you deal with the different generations of workers in your business?"

At Frieda's, we make a concerted effort to hire and retain all age levels — from the early 20s to older than 50s — because we like our team to be well-rounded so it mirrors our customer and supplier base.

I also shared my thoughts on Millennials about their supposed lack of work ethics or inability to work hard. I am sick and tired of hearing that because it simply is not true. Millennials just have a different perspective from us Baby Boomers.

Instead of growing up expecting to have just one or two careers in their lifetimes, Millennials now know they will have multiple career changes throughout their lives — maybe 10 or more careers — some of which don't even exist yet. They want to be challenged and valued and to be upwardly mobile in a short time.

"What do you do about all the instant messaging and texting in the workplace? How can you control it?"

That question was asked by a fellow Baby Boomer or possibly a Gen X'er (also known as the 'skeptical generation'). I had to confide to the audience it had been an adjustment for me to walk through the office and see people looking at Facebook or texting while at their desks 'working.'

But I came to the conclusion years ago — with some coaching from my HR

manager and many seminars — that instead of worrying about controlling the social media activity and texting, I should ask myself one question: 'Did they make their numbers?' or 'Are they getting their work done?'

You see, the paradigm has shifted in offices today. We can thank the multitasking Millennial generation that grew up being connected 24/7 to friends and family.

We Baby-Boomer bosses cannot judge others solely by how we were raised and trained. We have to condition ourselves that in order to attract and retain the best employees and team members, we need to be flexible and understand what motivates them.

Although many of us grew up separating 'business from personal' (e.g., limiting socializing with the folks you work with), for Millennials, some of their closest friends are those they work with. If we want to keep them, we're going to have to be their friends too.

The last point gave the Pundit a little chuckle. We have known Karen Caplan for 30 years; we were honored to be a guest in her home, and if she ever wanted to separate "business from personal," this is the first time I am hearing about it. She is quite possibly the most socially connected person in the industry, a kind of walking produce industry Facebook, long before Mark Zuckerberg was a sparkle in his mother's eye. And it worked out pretty well for her, which explains why efforts to deny use of social tools are generally counterproductive. A sales executive who is checking Facebook or Twitter is not necessarily wasting time — it is a way of gathering intelligence on who is where and what they are doing.

Rather than banning social media, it should be incorporated into training — how to use it productively. In the old days, we used to have sales training courses and told people how to get past "gatekeepers" by sending flowers to secretaries on their birthday, so now the question is what to do when LinkedIn sends a note that someone

has a work anniversary.

Some people try to maintain a separation between work and personal — they maintain a LinkedIn account for work and a Facebook account for friends — but this strikes us as counterproductive and unsustainable. You work your whole life to build a great relationship with someone, connect on LinkedIn and then that contact sends you a Facebook friend request — are you going to ignore it? Write them a note that you only allow "real" friends to be friends on Facebook? It just doesn't work. Besides one of the lessons of social media — certainly a lesson to teach one's children — is never post anything online you wouldn't want your next employer to know.

Even among non-sales executives, these tools serve unexpected purposes. One retail executive told us he was upset when he saw one of his clerks stop stocking the shelves and start texting from the produce department floor. When the executive chastised the clerk, the young man showed him his phone; he had been texting his co-worker — who was already in back loading a cart of produce to bring to the floor — to include an item they hadn't realized was running low. In other words, he was using technology to be more productive, not less.

The problem, of course, is these tools can enhance business operations, but they also can allow disinterested employees to goof off. The cell phone is a clear example. In the old days, everything went through the receptionist, and a loyal receptionist would whisper to the boss, "Joe's friends call him 20 times a day."

Karen's analysis of the upcoming generation — that they "now know they will have multiple career changes throughout their lives — maybe 10 or more careers" — points to a big problem. Many behaviors that create value do so after significant investments of time and effort. Karen's social network in produce is a perfect example. It gives value both personally and professionally for Karen.

Yet, if one goes into work with the notion you probably won't be doing this for

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very long, it reduces your willingness and incentive to invest in the hard things that will pay off over long periods of time. It also reduces the willingness and incentive of the business to invest in the employee.

In other words, this perception of the future leads to an emphasis on quick fixes and short term pay-offs. This is a great societal problem. Public corporations are often attacked for being too focused on quarterly profit. Think of great societal commitments such as John F. Kennedy's commitment to a decade-long project to put a man on the moon, or Dwight Eisenhower's multi-decade long effort to build the Interstate Highway System. Is it likely we would undertake such commitments today? It is somewhat amazing to think that after World War II, we made commitments so that we still have troops in Japan and Germany after almost 70 years. Compare that example with our rush to get troops out of Afghanistan and Iraq.

For a business, having employees with a short-term focus — as Karen explained, "They want to be challenged and valued, and to be upwardly mobile in a short time," — is also problematic. Wanting to be valued is understandable, but it would be better — for employees and employers — if they wanted to be valuable.

Even the notion of wanting to be challenged is kind of passive. The world is filled with challenges, for those who choose to seize them. The Pundit started work for the Pundit Poppa and was selling produce into export markets. Wanting to sell more, we started coming in on Saturdays, going through the old *International Fruit World* publications, identifying countries we didn't sell to and telexing each company a personal note about our capabilities and services and offering to help.

Nobody ever asked us to do that, and nobody paid us extra, but when the first order came in and the Pundit Poppa asked how we got that — he said, "If you are willing to work Saturdays, we are going to be very successful." And so we were.

The whole notion of looking to be "upwardly mobile in a short time" is probably not the optimal way to think about things. It is college application season, and it probably won't come as a surprise that we are

asked to help the children of friends and family craft their application essays.

Of course, the best essays come about because the students have clear thinking. But it is very common for students to have goals, such as "I want to get a joint MBA/JD," and the same students blubber incomprehensibly when asked why they have that particular goal.

The disconnect is because what the students want is to be successful. They choose these highly credentialed paths because they think that will make them successful. In fact, the key part of writing the essay is coming to understand what the young applicants really, substantively, hope to accomplish. In the course of these discussions, we often actually change the school they

The challenge is to motivate employees so they will care so deeply about achieving success that they won't want to be distracted while they are working.

are applying to and the program they wish to pursue.

Ambition is a powerful motivator, and so a yearning to be "upwardly mobile in a short time" is not a bad thing, but it would be more usefully expressed as a search for something substantive — with confidence that such competency will lead to upward mobility. So you really want a young buyer who says I want to master everything there is to know about procuring specialty produce. I want to be the best buyer of specialty produce on the planet.

After all, this is actually something the employee can work on. Sitting and waiting for the world to make oneself "upwardly mobile" is likely to be frustrating.

Of course, such "short-term-itis" is not only a business problem for the young. In many of the larger corporations in the industry, compensation is heavily built upon profit-and-loss numbers. But such numbers are a very imperfect photograph of business success. Perhaps there is a new competitor in the field, and what you should do is crush him. But dropping prices would mean you don't make your number this year, which results in no bonus, or stock options don't vest, or any number of other consequences. But the decision to not act may actually reduce the total profit over the next five years.

So the challenge when dealing with employees is how to structure the situation so

they do the right thing to obtain optimal business success.

Lots of companies ban things such as cell phones, or give employees proprietary communication devices to use during work hours that strictly work within the company. This may make sense in certain circumstances — say a cashier in a retail store or a waiter in a restaurant where the employee is supposed to be 100 percent "on" for the customer. It may make sense in a processing plant or warehouse where the worker is paid strictly by the hour and is expected to be 100 percent committed and where the worker has no flexibility to work late or come in early.

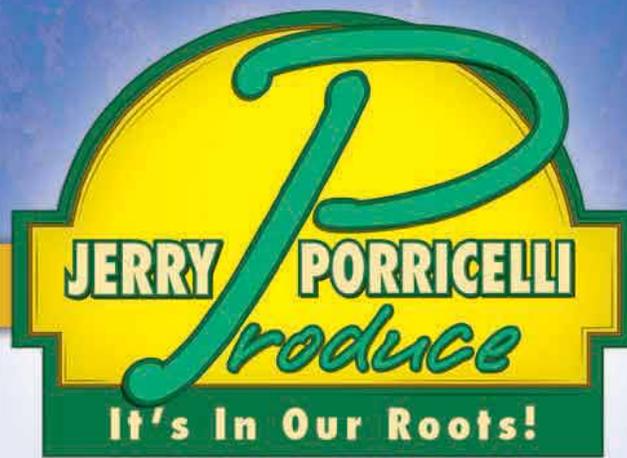
In today's offices, though, shutting people off from the intelligence that flows through social media just doesn't make sense. It is also rather insulting. To tell staff you expect them to act autonomously and creatively to, as Karen says "make their numbers" or "get their work done," and that you don't trust their looking at LinkedIn certainly won't build goodwill.

But there are risks to these things. LinkedIn is a great example. We found a very high correlation between increased LinkedIn activity and people leaving their jobs. In the old days, there were actual court cases over possession of the Rolodex and, in general, that was company property and the departing employee was obligated to leave it behind. Sure people could secretly copy things, but it was generally seen as theft of corporate information.

Nowadays, LinkedIn becomes a legal way for employees to leave with their entire "Rolodex" intact.

Karen's point is unarguable, employers have to understand and adapt to generational expectations and the ability to get a text from a friend or a call from a relative in the middle of the work day may be part of that. But the real challenge for the employer is to inform and motivate the employees in such a way that they voluntarily cut off non-productive behaviors.

Few of us want to block employees from dealing with a health emergency or a fire burning their house down, but day to day, the challenge is to motivate employees so they will care so deeply about achieving success that they won't want to be distracted while they are working. **pb**



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Americans Are Putting Faith In Superfoods To Control Their Health

BY HALEY HASTINGS, MARKETING ASSISTANT, NIELSEN PERISHABLES GROUP

In recent years, health and wellness has become a top priority for consumers across the U.S. According to a recent Nielsen survey, *Health & Wellness in America*, the desire to achieve an improved quality of life drives consumers to pursue specific health and wellness behaviors, such as consuming healthy foods or reading package labels. And amidst the steady stream of health-focused fads, many consumers are going

recent paper published in the CDC's journal, *Preventing Chronic Disease*, Nielsen studied 41 powerhouse fruits and vegetables that contain at least 10 percent daily value of 17 nutrients per 100 calories. Using these criteria, certain familiar categories including kale, Brussels sprouts, cabbage and spinach all made the list. During the latest 52 weeks ending July 26, 2014, kale posted the strongest dollar and volume growth among these super vegetables, up 65 percent and 55 percent, respectively. The number of unique kale items selling on store shelves (impressions) also increased during this period, up 50 percent compared to the previous year. Brussels sprouts followed similar growth patterns, increasing dollar and volume sales 17 percent and 7 percent, and impressions 15 percent during this time. Cabbage dollar and volume jumped 9 percent and 3 percent.

The list of nutrient-dense products also included some categories that many consumers wouldn't necessarily associate with the term "superfood." Limes, pumpkins, mustard greens and dandelion greens all made the list — smaller, less common categories like dandelion greens even posted significant growth, up 11 percent in dollar sales and 7 percent in volume.

Some of the most nutrient-dense foods on Nielsen's list included watercress, Chinese cabbage, chard, beet greens and spinach. Among these superfoods, spinach topped dollar and volume sales growth during the latest 52 weeks, up nearly 7 percent and 3 percent, respectively. However, chard and beet greens each decreased dollar and volume sales compared to the previous year. Chard posted dips in dollar and volume sales of 1 percent and 3 percent during the latest 52 weeks, while beet greens posted significant declines, down 15 percent and 18 percent from the previous year. While fluctuations in seasonality and retail pricing likely play a part in these declines, lack of consumer education on the benefits of



these foods and how to prepare them might also come into play.

According to the Nielsen survey, 40 percent of consumers surveyed expressed confusion over nutritional labeling, pointing to an opportunity for retailers and manufacturers to further educate consumers with accessible, easy-to-understand and transparent nutritional information. Touting the benefits of lesser-known and surprising superfoods for health-hungry consumers could be a key step on the path to further category growth.

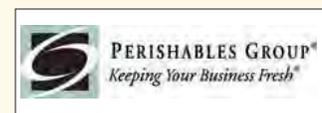
Additionally, half of the 471 participants in the Nielsen survey noted they were not willing to give up taste for health. For retailers and manufacturers, creative merchandising for superfoods via recipe ideas or cross promotions with spices, seasonings and other meal components can go a long way toward providing the added kick for meal solutions that are both healthy and good-tasting.

Touting the benefits of lesser-known and surprising superfoods for health-hungry consumers could be a key step on the path to further category growth.

back to basics and proactively using food to address their health issues. Three-fourths of consumers believe they can manage health through nutrition and nearly one-third believe food can take the place of medicine.

Enter the "superfood." Consumers are seeking these nutrient-rich products in increasing numbers — and we're not just talking kale (although the leafy green shows no signs of waning in popularity, increasing at a compound annual rate of 56.6 percent from 2009 to 2013). A variety of superfoods are finding their way from the produce department into shoppers' carts across the U.S.

But what exactly is a superfood? For a



Nielsen Perishables Group consults with clients in the fresh food space. Based in Chicago, IL, the company specializes in consumer research, advanced analytics, marketing communications, category development, supply chain management, promotional best practices and shopper insights.

Will Superfood Items Grow Overall Produce Consumption?

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

Let us start with the obvious: If you are a producer or a marketing board representing produce that has come to be seen as a “superfood,” and if you market the dickens out of this situation, you will get a boost in sales. The very name, with the word “super” so prominent, tells consumers they should want to buy and eat this product.

If one can pay for research that will allow one to claim superfood status for the product at hand, that is probably a prudent investment.

It is always great to have authors pushing one’s products. But it is important to understand the whole superfood phenomenon is a marketing matter, not a nutritional definition. In fact, nutritionists and dieticians don’t use such terms, mostly because there is just no evidence individual foods have an impact on human health or longevity.

Most of the claims made for so-called Superfoods are not directly related to human health. Research may show a particular item is rich in a vitamin or that it’s rich in an antioxidant, but almost always, there is no widespread nutritional deficiency among humans in that vitamin, and there is no known connection between, say, antioxidants and human longevity.

In other words, when parts of the produce industry harp on Superfoods, they may get a short-term bang for the buck, but they are also playing into the consumer desire for a quick fix. Just as lots of consumers spend fortunes on vitamins without known effect, now some will eat a particular food in expectation of preventing cancer or maintaining virility.

Of course, this quick-fix mentality — though possibly helping individual items — is probably not the way to increase overall produce consumption. For that to happen, we need to see a switch to a mindfulness about nutrition that leads people to seek a “super diet” rather than individual foods. The evidence here is not perfect,

but there is meaningful evidence that diets, such as the Mediterranean Diet, can play a positive role in increasing human health.

Right now, the focus on Superfoods leads to a substitution effect. So if kale is suddenly the “wonderfood,” restaurants may serve it, consumers may buy it at retail, and sales may boom, but spinach sales may decline as chefs and consumers replace one with the other. In order for produce consumption to grow, the chefs and consumers need to reorient their overall focus; instead of having a 32-ounce T-Bone steak with a side of veggies, the meal has to become a bowl of veggies, with a little protein added for flavor, as in a stir fry or salad.

In other words, the challenge for the produce industry — and those sincerely interested in using diet to enhance public health — is not to “gussy up” individual produce items as miracle workers. Instead, raise awareness of the advantages of a healthy diet, and point to ways fresh produce should make up a big part of it.

This is problematic. Just as consumers don’t really want to eat healthy — they really want to eat whatever they want, and then take a Lipitor to solve any resulting problems — so consumers don’t want to be told to stop looking for quick-fix produce items and focus on being conscious eaters throughout their diets.

It is very hard for industry members to restrain from using a marketing tool that will boost the numbers. Indeed, in marketing, one uses what one has. If one is fortunate to represent a product that authors and celebrities tout its super properties — say Goji berries — using that ammunition to sell is par for the course.

But it is worth remembering that on an industry-wide basis, the credibility of our message is very important. If we start standing behind things like Superfoods that are not strongly grounded in good science, our messaging may be ignored when we have something important and

Giving out facts isn’t very meaningful without giving out context — just as the nutritional quality of individual foods is only meaningful in the context of the nutritional quality of the overall diet.

science-based to say.

Consumers are confused about nutrition and nutrition labeling, because giving out facts isn’t very meaningful without giving out context — just as the nutritional quality of individual foods is only meaningful in the context of the nutritional quality of the overall diet.

Superman is fun, flying in to save the day, but he is also fiction. The same can be said of all too many claims about superfoods.

2014 New England Produce Person Of The Year

CECE KRUMRINE

Self-reliant. Self-directed. Personally Engaged. An ability to get the job done, on time, every time, without excuses. These are just a few of the ways colleagues, co-workers and competitors describe this year's New England Produce Person of the Year. This is an honor that you – the members of the New England Produce Council have chosen – and that Produce Business is pleased to award today.

Like the first nine recipients of this award — Paul Kneeland, Jack Salamon, Domenic D'Antuono, Will Wedge, Mike Giza, Mike Maguire, Bob McGowan, Mark DeMichaelis and Sam Strock — this year's honoree was destined to work in the produce industry. In fact, this calling was a done deal sealed in our awardee's DNA.

Our honoree's paternal grandfather sold fresh fruits and vegetables from a push cart in Italy in the early 1900s, and through extended family affiliation with growing produce even in their backyards, our honoree cultivated a love for fresh produce and a strong work ethic.

Sports in high school developed a competitive quality so keen that our award winner qualified for the Olympics in the breaststroke. Diligence, determination and attention to details were traits learned from Dad. This self-made businessman, for example, made no-nonsense flavor decisions on frequent trips to the ice cream parlor: "Which will it be? Chocolate or vanilla?" he asked his children.

It is no surprise that when our honoree went to college — the first generation of the family to do so — that Dad urged our honoree to pick a practical profession. Four years later, a Bachelor of Arts Degree from Pennsylvania State University was at hand.

Something else also grew out of those college years. That is, a romance with a fellow student that continues to this day, now lasting over 40 years.

After college, our awardee landed employment as a food editor for Good Housekeeping magazine, and the family set up house on Long Island, New York. Eight years later, a promotion led the family – now three of them including a daughter – to Chicago, where our honoree worked on food copy for the Chicago Tribune.

A few years later, the family moved back east to Nashua, New Hampshire. It was here, at the opportune point in time, when a colleague told our award winner about merchandising for commodity boards. The tip paid off and a new career in the produce industry began in 1980 as a



(L-R): Chris Rheault (Son-in-law), Nicci Rheault (Daughter), Chase Rheault (Granddaughter), Cece Krumrine (Recipient), Michael Krumrine (Husband)

regional merchandiser for the California Tree Fruit Agreement.

Over the years, the hard work, attention to detail and caring personal relationships with store executives resulted in many other commodity boards asking our honoree to assist them. Avocados, mangos, kiwifruit, watermelon and tomatoes are just a few of the commodities that our honoree has expertly merchandised on behalf of other commodity boards, with bottom-line benefits to various New England retailers.

One commodity board executive shared this about our awardee: "Delivering quality tools in the most efficient manner is something retailers value and respect in this person."

Another commodity professional added this: "The positive attitude, results and strong relationships this person brings are irreplaceable. Even though this person works for me and my board, we are all better off and feel like we learn something each day from our affiliation."

Finally, a supermarket dietitian had these traits to recommend our honoree: "A true industry partner that I know I can count on to help guide me in making the best decisions for my retailer... Always available as a resource and always the best cheerleader to have in your corner to push fruits and vegetables of any kind!"

The most monumental career achievement of our honoree was the co-founding of the New England Produce Council in 1995. Co-founder, Arthur O'Leary, explains how the idea started as a seed of conversation between the two at an Eastern Produce Council meeting, how the notion took root when our honoree succeeded in securing the California Tree Fruit Agreement as a sponsor, and how the plan finally bloomed when mutual connections with retailers at Hannaford, Stop & Shop and Market Basket enabled the first meeting to flourish, with 50 produce professionals in attendance at a dinner meeting in Boston.

Our award recipient is certainly not the "all work and no play" type. With a love of travel, especially mini-vacations up to Maine, as well as long hikes and bird-watching, our honoree is happiest when gardening and cooking side by side with 8-year-old granddaughter, Chase. Produce is indeed a part of our award-winner's personal and professional life, and there is no greater pleasure than to pass it on to the next generation.

Ladies and gentlemen, please join me in congratulating the 2014 New England Produce Person of the Year – Cece Krumrine.

This excerpt is from the speech given by Ken Whitacre, publisher/editorial director of PRODUCE BUSINESS at the NEPC Convention held at Hyatt Regency Hotel in Newport, RI, on September 11, 2014.



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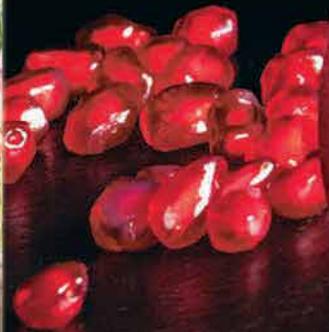


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Strategies To Retail Differentiation

By Keith Loria

It wasn't long ago supermarkets reigned supreme for produce, virtually unchallenged, as the primary vendor for at-home eating. The only competitive worry was a long-term battle for "share of stomach" with restaurants.

Back then, the main fear was the competition of another supermarket chain opening nearby with a bigger, better concept — typically one emphasizing fresh produce and service concepts, which would decimate the traditional supermarket.

Now, that fear still exists, but supermarkets are not generally

getting larger, so even if a new supermarket opens, a good remodel can keep an old property competitive. Today, a supermarket dominating its marketplace is confronted with a whole range of new competitors as produce departments face retail competition from a myriad of outlets. Be it convenience stores, dollar stores, Internet concepts (such as AmazonFresh), dollar stores, drug stores, ethnic grocers, farmers markets, wellness concepts, direct internet sales or even super centers; the options are overwhelming. None of these concepts are a direct

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“Retailing is at an interesting juncture in history — the intersection of the greatest general interest in food ever seen and the greatest competitive intensity, from both traditional and new channels.”

— Joe Jackman, Jackman Reinvents

competitor, but all are selling many of the same products.

“Retailing is at an interesting juncture in history — the intersection of the greatest general interest in food ever seen and the greatest competitive intensity, from both traditional and new channels,” says Joe Jackman, chief executive of Jackman Reinvents, a re-branding company based in Toronto, Ontario, which helps change the external storefront of a retailer, and reinvents the overall business model helping businesses stay relevant and competitive. “I would describe the environment as no longer a competition for grocery share and sales per square foot as much as a competition for ‘share of stomach’ and sales per square mile.”

Even so, Jackman sees a huge opportunity for grocery stores to differentiate as never before and consumer tailwinds to take full advantage.

‘Sea Of Sameness’

“Sadly, the grocery industry, like other sectors, has become a sea of sameness. There is almost a gravitational pull that causes direct competitors to behave similarly — you might call it adhering to category norms,” says Jackman. “This is puzzling since the last time I checked, being interchangeable with your competition is not a winning strategy. It’s useful to remember that within the often-used word ‘differentiation’ is the word ‘different.’

Successful retailers are those that are, or are becoming, the only ones that do what they do. Within this is the discipline to play the game and stay focused.”

Greg Wank, chairman of Food & Beverage Services Group at Anchin, Block & Anchin — a New York City-based firm that provides privately-held businesses and high net worth individuals with a wide range of traditional and non-traditional advisory services — regularly counsels supermarket executives on the changing purchasing environment.

“Today’s grocery stores have more competition than ever before,” he says. “As more delivery services and internet-based providers ramp up offerings, and as the food quality improves from those providers, the retailer needs to redefine itself through high quality and optimizing the customer’s experience.”

It used to be Wal-Mart competing for marketshare with supermarkets, and while the behemoth from Bentonville still sits in the high-ranking position, club stores and smaller version rollouts, including dollar stores, are taking the grocery share in various categories.

Death By A Thousand Cuts

“Retail is a business with very high fixed costs, so a loss of sales disproportionately impacts profitability,” explains Jim Prevor, editor-in-chief of Jim Prevor’s Perishable Pundit. “In other words, a loss of 20 percent

in sales means much more than a 20 percent reduction in profits. This means a store confronted with a dozen new competitors or so may go broke even if, on average, each only takes 1 or 2 percent from the sales of the grocery store.”

Jeff Weidauer, vice president, marketing and strategy for Little Rock, AR-based Vestcom, which provides customized shelf-edge communications and shopper marketing services to the retail industry, says retailers have seen competition go from peer competitors to C-stores to online.

“Just about every store sells some type of food, and more are offering fresh produce as well,” he says. “Even so, recent research seems to point to the traditional supermarket as the standard for food purchases. As they are [sometimes] unable to compete effectively on either price or convenience, the grocery stores now should work to become the experts on food as a way to differentiate.”

Kurt Jetta, chief executive of TABS Group, a consumer analytic consultant company based in Shelton, CT, defines the role of a grocery store today as being a destination for convenient, affordable and high-quality fast-moving consumer goods products, particularly produce items.

He feels that competition for traditional grocers now is much less than it was 10 years ago when super centers and dollar stores were building stores everywhere. Still, there are things that can be done to meet the pressures of those clamoring for business.

“First, they must understand the true meaning of convenience, because that is by far the most important driver of grocery

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*Source: Retail POS Data provided by IRI/FreshLook Marketing for Pear Bureau Northwest comparing Green Anjou and Green Bartlett pear sales Sept. 2013 - Mar. 2014 vs. same period prior year. Participating retailer's test division carrying two green pear varieties during test period outsold control divisions carrying only one green pear variety by 7%.



store preference. Convenience, in-store location, ease of parking, ease of finding what you want, ease of getting all you want on that one trip and not have to go elsewhere, plus an ease of checking out," he says. "The other thing is to embrace price promotion as good, not view it as a necessary evil. Retailers that understand that one-third of shoppers are 'active deal' shoppers who alter their purchase patterns based on deals will thrive."

Fresh Is The Answer

Fresh produce is important to shoppers. By becoming the experts on Fresh, retailers possess the ability to carve out a place for themselves that builds credibility.

John Dunne, senior vice president, client development fresh foods, Acosta Sales & Marketing, based in Jacksonville, FL, says retailers realize the best way to separate themselves from Internet suppliers, mass merchants, club stores, value stores and C-stores is by differentiating the consumer experience in the perimeter.

"Produce is almost always the first perimeter department on the consumers'



shopping experience," he says. "Some retailers use the outside of the store or the first encounter within the store to merchandise produce specials or seasonal tie-ins such as fresh tomatoes, Mozzarella, basil and focaccia bread, or angel food cakes and shortcakes with fresh berries,

whipped cream and chocolates."

Additionally, some retailers strategically merchandise pie glazes, croutons, seasoning blends and mixes to allow consumers to add their personal signature to a fresh salad, dip, fruit or vegetable dish.

Gordon Robertson, senior vice presi-

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dent, sales and marketing, Sun World International, headquartered in Bakersfield, CA, says it is the company's goal to respond to the needs of the marketplace as driven by both retailer and consumer demand.

"The majority of consumers determines where they shop based on the perceived quality of the produce department," he says. "This means retailers have to find a way to differentiate their produce departments and demonstrate that quality— which is where we come in as a

supplier and marketer of fresh produce as well as a collaborative business partner to our retail customers."

Jetta of the TABS Group says a commitment to quality fresh foods with broad assortment is an insurance policy to help a store stay relevant.

"Online can't compete in this area. Target and drug stores have insufficient store traffic to ensure good rotation of fresh foods, and Wal-Mart has always struggled mightily in this area," he says.

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<p>Your Choice! H-E-B Blanched Baby Carrots or Roasted Rosemary Red Potatoes 1.5 lb.</p> <p>\$1.99 for</p>	<p>Your Choice! Limes</p> <p>6 for \$1</p>

Retailers, such as H-E-B, Publix and Wal-Mart are creating and investing in advertisements that cater to specific demographics and their particular produce requests.

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"Failure to safeguard the quality of Fresh is probably one of the quickest ways to lose a loyal shopper."

Wank of Anchin, Block & Anchin says the grocery store's advantage is that it has the customer in the store ready to spend, so it must capitalize on this by offering the highest quality produce at reasonable prices and supplement that with complementary offerings the customer will touch and purchase.

"Customers will associate the freshest, brightest colored produce with a high-quality store," he says. "The owner must leverage this by matching that experience elsewhere in the store with the freshest and best products."

Fresh products are one of the primary areas that a traditional grocer can actually use as differentiation. Randy Evins, senior principal, industry value engineering, food, drug and convenience at SAP Retail, a retail management software company headquartered in Walldorf, Germany, says most of the so-called "new" competitors have either downplayed quality in their fresh departments, outsourced production, or simply commoditized everything to control expenses. That leads to a perception of lower costs, and subsequently, retails.

"However, if real shrink is considered, and it usually is at the likes of Wal-Mart and Target, the noticeable reaction to shrink

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pressures is to cut labor and inventory leading to massive out-of-stocks, poor hygiene in the department and ultimately a severe lack of professionalism," he says.

"Retailers must take care not to expand Fresh at the expense of other important categories — particularly center store," warns Jetta.

"While Fresh is more attractive and sexy, center store has much more volume and traffic, overall. Both can and must thrive," he says. "Too much Fresh could

result in spoilage and shrink problems if the traffic in the store is not high enough to turn the merchandise quickly."

Know Thy Customer

Bruce Peterson, formerly senior vice president food merchandising for Wal-Mart, and president of Peterson Insights, a consulting firm located in Bentonville, AR, says it's crucial to recognize the demographics of who is shopping at the store and stock according to what's relevant to

"Today, it doesn't matter how many [SKUs] you have, but it will matter which ones you have. If a customer comes in and you don't have what he/she needs, it can be brutal if you disappoint him/her."

— Bruce Peterson, Peterson Insights

those people.

"In a second-generation Hispanic neighborhood, produce is going to play a different role than a downtown-oriented place bursting with Millennials," says Peterson. "You also need to understand what sort of role cooking plays in a person's life. You need to have a relevant assortment for what your consumer base wants and needs."

In the past, Peterson saw produce departments stocking 600 or 700 SKUs, but today he sees a trend of much smaller offerings.

"It's more like 500, 400 or even less. Whole Foods Market has a fairly limited amount of SKUs, but it has done exceptionally well," he says. "Today, it doesn't matter how many you have, but it will matter which ones you have. If a customer comes in and you don't have what he/she needs, it can be brutal if you disappoint him/her."

Peter Hsia, a partner in the retail private equity practice at Kurt Salmon, a strategy consultant firm with its North America office based in New York City, says you don't need to have everything in every store, and local assortments provide more opportunities to tailor the produce department correctly.

"Grocery stores already have the No. 1 advantage over all these non-traditional outlets, and that's in geography. They have the best real estate, most people are close, and almost everyone makes lots of trips to the store," he says. "The challenge is in understanding the target customer segment and delivering an experience that is attractive to them. To survive, they have to tailor the store to optimize the fit within the local demographic community."

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Understanding The Competition

Thinking outside the box is one way to survive. H-E-B opened its Central Market, Publix opened both a Latino concept (Publix Sabor) and health-centric banner (Publix GreenWise Market), while Wal-Mart is opening many types of stores in different sizes. Both big and small players in the industry need to keep up with what the competition is doing to stay successful.

Tandy Arrant, convenience business manager at United Supermarkets, head-

quartered in Lubbock, TX, says the store offers a limited, but growing selection of fresh produce items in its larger C-store formats. While Arrant isn't sure C-store formats impact the overall produce industry, they do offer guests something that many other stores are not able to.

"The guest who purchases produce items in our stores is looking for a quick snack or healthy alternative for lunch," says Arrant. "It does not replace the weekly shopping trip to the supermarket."

Locally grown produce is becoming more sought after by consumers and is a great way to drive traffic and provide a unique product in the grocery store environment.

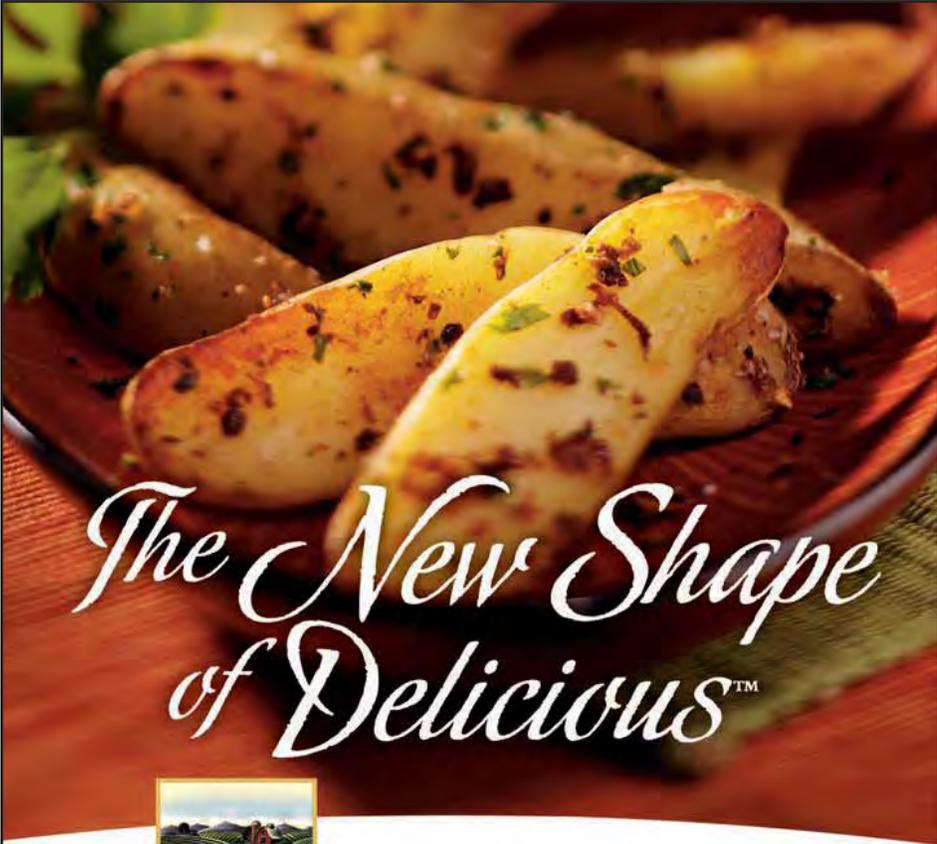
United offers bananas, apples, oranges, lemons and limes, plus a daily selection of fresh-cut items from the main store.

"Currently, all produce items are supplied by our large stores," says Arrant. "We will follow the offerings of the large stores due to their buying power. We are not planning on seeking outside sources at this time, as it would not be cost-effective."

According to SAP Retail's Evins, companies like Sprouts and Fresh Market have been able to compete with the full-service operators, and the new ethnic invasion in the Southeast and West has built on authentic fresh products. "Some supermarkets compare their sales prices to competitors like Wal-Mart on shelf tags throughout the store," says Teri Gault, chief executive of Los Angeles, CA-based *TheGroceryGame.com*, a coupon and grocery-savings website. "In the area of produce, supermarkets should compare to club stores, as club stores don't mark down exponentially with seasonal sales. Most of the public doesn't know when asparagus is on a great sale in March/April in the local supermarket, or that club stores rarely follow suit."

Maeve Webster, senior director of Datassential, headquartered in Chicago, IL, believes the most significant impact on the grocery retailer's role in food is its increased involvement in, and focus on, prepared foods.

"Where the perimeter of the store used to have only basic prepared food options, you now find retailers treating that area more like a restaurant and less like a small extension on the packaged and fresh foods," she says. "As a result, grocery retailers are not only facing stiff competition from new retailers entering the market but also quick service and fast casual restaurants . . . as well as convenience stores ramping up their focus on



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and expertise in prepared and fresh foods. Of course, all of the e-retailers and delivery services complicate the competitive landscape even further."

Look At Restaurants

The perimeter of the store is becoming

increasingly important both as a means of differentiating from the competition as well as driving increased sales. Experts agree it is key for retailers to position both produce and fresh foods along the store's perimeter track and consider current restaurant trends.

"Restaurant trends are what should drive innovation around a store's perimeter," says Datassential's Webster. "Produce, of course, is playing an increasingly important role in both retailers and restaurants. Being able to provide a variety of unique offerings, as well as locally




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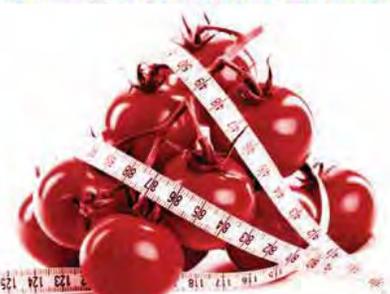


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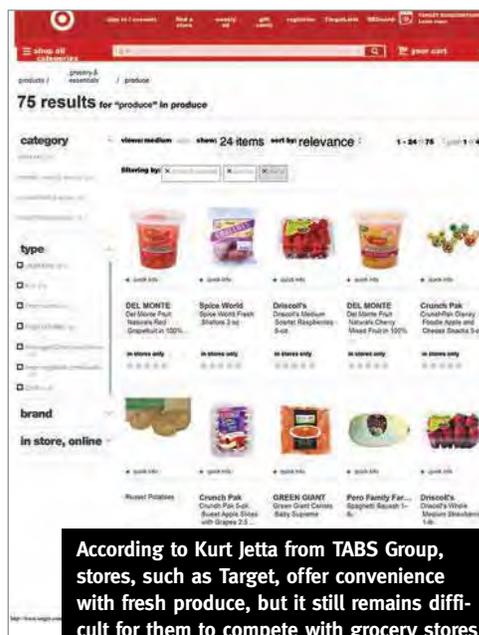
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According to Kurt Jetta from TABS Group, stores, such as Target, offer convenience with fresh produce, but it still remains difficult for them to compete with grocery stores because they have insufficient traffic to ensure good rotation of fresh foods.

sourced, is important. We see this being done by a variety of small and national retailers. Make sure to help consumers understand what the produce is, how it can be used, and highlight it in meal recipes. Tying it all together creates a

compelling story across the store." Peterson of Peterson Insights notes that recent studies show people are spending more money on food outside of the home than ever before. "The biggest phenomenon in terms of food consumption is the

majority of food dollars are spent outside the home," he says. "For the produce industry to remain relevant, stores must make sure the eating experience is as important as the health benefits." Webster says the most important thing

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“Most shoppers want to touch the product and to pick it out themselves. This is the foundation of a differentiated offering for brick-and-mortar stores that online sellers can never duplicate.”

— Jeff Weidauer, Vestcom

is for any retailer to understand both the core customer, as well as the target customer. Webster believes it's great for operators to ramp up their prepared foods offerings or fresh offerings, but if that means prices on center-aisle products are going to price too high for most customers, then the overall affect is probably not going to be positive.

“I think a lot of retailers and restaurants think immediately that following trends is a good idea; but if that doesn't fit with the core or target customer expectations, then it's a lot of work with zero or negative consequences,” she says. “And, unless a retailer is focused on niche products (organic, etc.) or a very high-end group of customers, the important thing to consider is how the service or offerings impact the prices across the store.

Beating The Internet Experience

The option to buy food online is big buzz these days, and a trend most in the industry see continuing.

“AmazonFresh is a new player and concept, but I am still skeptical that they can really pull off fresh produce and make money. Actually, I think until Wall Street holds the company accountable for ROI and black ink on its bottomline, we won't really know if it can pull it off,” says SAP Retail's Evins. “At the end of the day, anyone can be innovative when there's no requirement to actually make money.”

Others are a little more fearful of Amazon and its AmazonFresh division and what it can accomplish. Currently, it offers same-day delivery of produce in parts of California and Seattle, WA, but the plan is to saturate more markets in the year ahead.

“Amazon is going to figure it out sooner or later, so eventually you will press some buttons and produce will come to your home,” says Lee Peterson, executive vice president, brand, strategy and design at WD Partners, a retail expert for global food and retail brands headquartered in Columbus, OH. “It's the Oklahoma land rush of grocery.”

Roger Pepperl, marketing director for Wenatchee, WA-based Stemilt Growers and chairman for the United Fresh

produce marketing and merchandising council, says the two biggest areas of change are non-traditional food stores carrying food and perishables, and the work-in-progress that is online shopping.

“Millennials want online shopping, and food and perishables is the next frontier,” he says. “A real story about products can be told on a consumer transactional website, which gives a huge advantage to marketing over brick-and-mortar stores with signage programs that can be

The advertisement features a central image of a bag of Village Farms 'Heavenly Villagio Marzano' tomatoes. The bag is red and white with a purple label that says 'Village farms Greenhouse Grown' and 'heavenly villagio marzano'. To the left of the bag is a line drawing of a globe with a leaf on top. Above the bag is a line drawing of a farm with several buildings. The background is a soft-focus green field. Text at the top left reads 'Village farms Greenhouse Grown'. Text at the top right reads 'good for the tastebuds & the earth.' with a small bee illustration. Below this, a paragraph reads: 'While we love that exclusive Village Farms varieties like our Heavenly Villagio Marzano® are often described as out of this world, we remain firmly planted in this world and our mission to sustain it for future generations. Village Farms — the best of both worlds.' At the bottom left, contact information is listed: 'PMA Anaheim Booth #3350 www.villagefarms.com sales@villagefarms.com 877.777.7718'. At the bottom right of the bag, it says 'Produce of USA • Product of CA 454 g / 1 lb GMO FREE'.

A photograph of a person wearing a green polo shirt, a grey baseball cap with a logo, and sunglasses, examining a pineapple plant in a field. The person's hand is resting on a leaf of the plant. The background shows a vast field of similar plants under a blue sky with scattered white clouds. The text "we speak fresh." is overlaid in yellow, and "In 36 different countries." is overlaid in white below it.

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THE GROWER'S ROLE

With retailers trying to become more specialized, this goal has had a yin and yang relationship with growers aiming to become more specialized as well, concentrating on growing for specific needs.

Outlets of higher-volume retailers allow growers to improve their yield and cash flow, which allows them to broaden offerings.

Jeff Weidauer, vice president, marketing and strategy for Little Rock, AR-based Vestcom, which provides customized shelf-edge communications and shopper marketing services to the retail industry, says the best-case scenario would include partnerships between retailers and growers to develop unique offerings that both sides can own and profit from.

Gordon Robertson, senior vice president, sales and marketing, Sun World International, headquartered in Bakersfield, CA, says differentiation is at the heart of what the company does as a developer, grower and marketer of proprietary varieties that offer improved quality and flavor.

"In many ways, we already specialize with the unique varieties we offer and how we bring them to market. In a commodity space, we market branded produce," he says. "We communicate our brand difference through our packaging, shopper marketing resources and special promotions, as well as the direct dialogue we have with consumers via social media. We are also utilizing consumer and category insights to guide our brand marketing strategies and demonstrate the effectiveness of branding in the grape category."

Customization based on geographical markets is certainly a trend that could increase as cultural differences in consumers around the world drive taste, size and color preferences. For instance, Sun World's Sable Seedless brand seed-

less black grape is grown primarily for an export market.

"Domestically, custom growing offers potential to retailers who want to establish differentiation through exclusive product offerings," says Robertson. "Custom growing based on retailer, though, requires a very high level of collaboration and commitment between the retailer and grower due to the capital and resource investments involved."

Roger Pepperl, marketing director for Wenatchee, WA-based Stemilt Growers and chairman for the United Fresh produce marketing and merchandising council, says with Millennials taking over as the key population of shoppers in coming years, offering local and healthy options are keys to success.

"This consumer really wants to know the story behind the products and who grew them. Grower brands will have a much bigger position in coming years with this need to know the grower," he says. "Gone are the days that every supermarket offers the same items. Your grower will offer a category of items that will make a retailer unique and successful."

Support From Vendors

A retailer can't do it alone. To keep customers happy and satisfied, retailers need help from growers/shippers. Of course, the optimal support would be exclusive product offerings and favorable pricing.

"The [grower/shipper] community has to be more collaborative and open with production information, as well as willing to adapt to a quicker supply chain. Since the customer demands complete freshness and focus, lagging supply chains and an inability to react quickly will greatly hinder the retailers' ability to be successful," says Randy Evins, senior principal, industry value engineering, food, drug and convenience at SAP

Retail, headquartered in Walldorf, Germany. "Suppliers also need to commit to better products — products that meet local needs and have true flavor profiles and attributes that the consumer is looking for."

"Information is the critical element: Where did the product come from? How fresh is it? What is the best way to prepare/serve it?" says Vestcom's Weidauer. "These are all questions that shoppers have and the retailer needs to be able to answer."

Jennifer Shaw, Ph.D., head of sustainability in North America for Syngenta, headquartered in Greensboro, NC, says while grocery retailers must be able to maintain their customer traffic and sales by stocking and promoting products that satisfy commitments to sustainable sourcing, retailers must not set unreasonable expectations nor put this responsibility onto producers and processors.

"Instead, retailers must all work in harmony by agreeing to a common, reasonable set of verifiable metrics," she says. "These do not exhaust everyone's time, money and effort with redundant data entry; non-integrated data transfer; ineffective performance indicators; etc., thus allowing growers to grow and food processors to process. Additionally, these efforts should also be continuous and not one-time occurrences."

Bruce Peterson, formerly senior vice president food merchandising for Wal-Mart, and president of Peterson Insights, a consulting firm located in Bentonville, AR, says that the growers need to understand the pressure grocers are under from Wal-Mart, Amazon and smaller stores underneath their noses, and need to provide support.

"If retailers are going to order more, they will likely have more distress, and suppliers should be willing to help with that as far as compensating cost," he says. **pb**

dysfunctional."

Still, the major hurdle for online retailers is fresh food — and that should keep many of these options from stealing business away.

"Most shoppers want to touch the

product and to pick it out themselves. This is the foundation of a differentiated offering for brick-and-mortar stores that online sellers can never duplicate," says Vestcom's Weidauer. "Add to that local, organic and other unique products, and the future of

food stores could be very bright."

TABS' Jetta believes online only has the ability to chip away at the fringes; it can't replace the convenience of the traditional grocers.

Meanwhile, Pepperl notes that tradi-

tional retailers have a big advantage in that they have the space to promote fresh, and customers like that.

"Fresh is impulsive, so retailers need to use that tool and have promotional displays that spread out and show the freshness," he says. "Print signage is very effective; don't let clean visual policies control your destiny. A store needs to be signed with authentic messages of who grows the food and where it comes from. A name and a price are not enough for a consumer to continue to try a new product. Tell the story and the taste in the signage."

Merchandising Matters

Shoppers want to feel good about the purchases they make, and they want help in making more healthful decisions. They have nutrition questions, such as which fruit should they choose for vitamin C, or they may want to know how to determine if a melon is ripe.

Produce departments can also bundle complementary products, offer tastings and promote a "loss leader" to draw traffic. Meal ideas, recipes and other in-store

Shop Our Best Produce

Page 1 of 3

AmazonFresh offers same-day deliveries to parts of California and Seattle, and it plans to saturate more markets next year.

communications positioned strategically can also give retailers the leg up.

"Retailers seeking to differentiate by being food experts can use shelf-edge communications to educate shoppers about the nutritional value of produce

and other products," says Vestcom's Weidauer. "For example, POS material can point out food attributes such as being a good source of fiber or iron. Be sure, however, that the information is current and accurate."

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WD Partners' Peterson says produce is the key lynchpin in terms of how the social playground works. "I'm a big fan of power merchandising in Produce. Instead of having a tiny corn section or a small apple section, I think you need to pick something every week and power up the front part of the store, so when customers walk in, you make a statement," he says. "I always look at Whole Foods in terms of emulating — not necessarily what it has, but how the company merchandises."

A good tip from TABS' Jetta is for retailers to get smarter about price promotion. "Understand that there are quick profits to be had if you view it strategically versus just a way to shake down vendors for money. Deal-savvy shoppers account for 30 percent more purchase occasions per household than other shoppers," he says. "No tricks or gimmicks are required. The barriers to success are so much higher for the competition that quality merchandise and reasonable (not necessarily lowest) are all that is needed to succeed for a traditional grocer."

Fresh foods are the one area where quality can trump price, so Stemilt's



PHOTO COURTESY OF ACOSTA

Pepperl urges retailers not to let price be the main strategy. "Many have tried this on Fresh, and most failed miserably. Low-priced fresh goods often are the worst product from the land. They are often inferior because of where and how they grew in relation to the sun, water or pick cycle," he says. "Partner with your produce

grower/shippers. Direct relationships with these growers will create a partnership that will evolve into a great strategy for Fresh."

He adds that fresh-cut suppliers should be offering recipes on the packs. Retailers should work on creating destination locations in the produce department. Stores should also be reaching out to the



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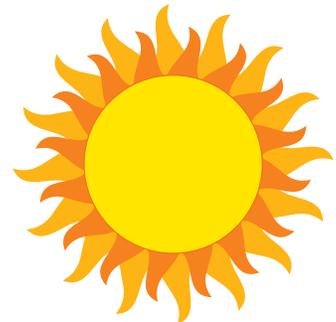
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customers on different avenues.

"Use social media to push your message of what makes you unique," says Pepperl. "Don't sell your customers on the social networks, but talk to them and share your passion. Tell the story on new products; it will instantly make your department different and attractive to new consumers who are coming onboard rapidly."

Rise Of BOPUS

With consumers gravitating toward shopping online, fast and reliable delivery is becoming a key differentiator for retailers with a brick-and-mortar footprint.

"Retailers now have the motivation, technology and labor to make it work, which is why there is an increased focus on this; but of course, Amazon has been a key driver as well," says Daphne Carmeli, chief executive of Deliv, a Menlo Park, CA-based company that offers same-day delivery for many retailers. "Companies are trying to figure out ways to compete with them. The interesting thing is that when it comes to shipments, delivery and getting packages to customers from the moment they press 'buy,' the omnichannel retailers with brick-and-mortar presences actually have an advantage because inventory in their store lies within 5 miles of about 90 percent of their purchasing population. So they actually have the capability to get items to customers faster than Amazon."

It's a model that more grocery stores are considering and many experts believe will be a chief component to the stores-of-the-future.

Peterson of WD Partners recently conducted a study on BOPUS (buy-online-and-pick-up-in-store) and discovered grocers, to be successful, need to become a fulfillment center and a social playground.

"With online shopping for groceries, the burden of fulfillment is off the consumer," he says. "Before, one would

have to make a list, get in the car, drive to the store, find it in the store, check out and drive back. Now, that burden of fulfillment is on the retailer."

Therefore, retailers need to think more like a fulfillment center. The rest of the store, Peterson of WD Partners says, needs to engage with other people, the product itself, which allows consumers to see and touch produce, and it gives the retailer a chance to experiment with new products.

Keep It Fresh

"With Wholesale clubs, super centers and deep discounters all able to offer parity products, such as branded grocery items, cheaper than grocery stores and a slew of small stores and with multiple small store locations challenging the supermarket

"one-stop-food-shop" as convenient options, the key to competitive differentiation now, and in the foreseeable future, remains the fresh arena," says the Perishable Pundit's Prevor. "And produce, with its demand for excellent procurement and merchandising techniques is a premier category in this quest for retail differentiation."

Jackman Reinvents collaborates with leadership teams to answer key strategic questions: Which customers are you focused on and why? How will you differentiate your offering and experience from their other choices? Where will growth come from? On what dimensions will you win, differentiate and compete? What is your brand's purpose that will align everything and everyone? How will you bring your brand to life and manufacture

PROPRIETARY PRODUCE

Bruce Peterson, formerly senior vice president food merchandising for Wal-Mart, and president of Peterson Insights, a consulting firm located in Bentonville, AR, says Kroger made a smart decision when it contracted with Olathe Sweet brand sweet corn growers to become its exclusive grocery store in 2002.

"This is something that I think you will see more of and already are to some extent," he says. "Whole Foods and other organic-centric grocers are already getting into exclusive relationships with suppliers, and this is the wave of the future."

Industry insiders agree that eventually, exclusive contracts with just one retailer could come about more often.

Maevie Webster, senior director of Chicago, IL-based Datassential, says proprietary produce is an interesting idea and certainly could create unique drivers for consumer visitation. However, retailers should be cautious about how "proprietary" these items seem — are they GMO or otherwise created in a laboratory?

"While most consumers have only a vague understanding of the issues surrounding GMOs, they can immediately limit the effectiveness of an item, particularly in the fresh area," she says. "So, being cautious in the messaging around proprietary produce will be critical to avoid any 'laboratory' assumptions about the origination of the varieties."



PHOTO COURTESY OF STEMILT

Roger Pepperl, marketing director for Wenatchee, WA-based Stemilt Growers and chairman for the United Fresh produce marketing and merchandising council, says most new genetics offer better qualities than today's selections.

"Sharing varieties with many growers will not be the new mold. Growers will become unique by limiting production, growing variety, and forcing a more orderly market for superior products," he says. "This work will all be accomplished without GMO's, so that shouldn't be an emotional obstacle. It will be fun, and the consumer will win with flavors and qualities they never dreamed of. The retailer who can tell the story wins."

pb



momentum?

"These are fundamental questions to setting strategy, but I can tell you from experience helping to reinvent many companies, leadership alignment on these questions matters much more than any

particular answer," says Jackman. "The way to alignment is of course collaboration — it's human nature to support that which we help create."

According to Jackman, the evolution of retail models, formats and channels — as

well as general competitive intensity — is putting enormous pressure on simply winning the first battle: the opportunity to sell to a customer.

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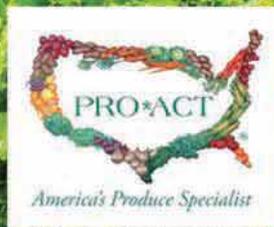
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“Understanding how to best incorporate organics as defined sections or integrated into product groups in the perimeter is also significant to attracting younger, more health-conscious consumers.”

— John Dunne, Acosta Sales & Marketing

zero chance of selling them anything,” he says. “And today it’s a full-on dash for traffic across the omnichannel spectrum, with the winners winning big and the losers withering surprisingly fast.”

In addition to focusing on local, organic and unique, retailers should hire food experts who know their product and have a passion for it, and who can provide education to shoppers.

“Competitors are part of business. Letting the competitor set the rules of competition is what really hurts,” Vestcom’s says Weidauer. “An example of this is when a retailer tries to chase a ‘low price’ competitor rather than look for differentiated attributes that the competitor can’t copy.”

Some retailers are focused on offering products that are convenient, simple to shop and simple to incorporate in the meal preparation. Additionally, cost is always a factor, so the value proposition has to appeal to the shopper for healthy solutions for snacking, lunching and dining.

“Tailoring assortment to the customer is also very important to retailers. Having a proper assortment of exotic and international fruits and vegetables to support the shopper base is another differentiator,” says Acosta’s Dunne. “Understanding how to best incorporate organics as defined sections or integrated into product groups in the perimeter is also significant to attracting younger, more health-conscious consumers.”

Reinvention Required

As online shopping becomes just another choice, brick-and-mortar food stores have the opportunity to hang onto

DIFFERENTIATE THROUGH SUSTAINABLE SOURCING

Jennifer Shaw, Ph.D., head of sustainability in North America for Syngenta, headquartered in Greensboro, NC, says today’s grocery retailer is an integral part of the whole food supply chain, which faces abundant challenges to remain profitable while simultaneously addressing constant pressure from multiple stakeholders, including consumer advocate groups and NGOs.

“Opportunities for improvements in sustainable sourcing connect back to the farm, and a collaborative, cooperative, unified approach to education is needed to ‘quell fear with knowledge,’” she says. “The truth is that growers are currently producing, and retailers are presently selling a safe, reliable and mostly sustainable food supply. However, the essential benchmarks and output metrics have not been established to publish their stewardship stories to counter and dissipate these fears.”

Washington, D.C.-based Field To Market, The Alliance for Sustainable Agriculture, a diverse alliance working to create opportunities across the agricultural supply chain for continuous improvements in productivity, environmental quality, and human well-being, has more than 50 members representing all parties in the food production and supply chain. It created six metrics being adopted by the industry to measure land use, irrigation, water use and quality, soil conservation, soil carbon, energy consumption and greenhouse gas emissions.

“Having these metrics allowed agribusiness, food producers, processors



PHOTO COURTESY OF SYNGENTA

and retailers to unite in a common effort,” says Shaw. “For the past five years, Syngenta and our growers, as well as our supply chain partners, initiated and maintained collaborative sustainability projects. Every year these growers generate verifiable, science-based production output data, that, when aggregated over time, can validate their continuous improvement and productivity through increasing yield while simultaneously conserving more resources.”

Armed with this grower information, grocery retailers can publish sustainable claims to demonstrate their commitment to sustainable sourcing. **pb**

sales by focusing on Fresh and making sure employees know about the products they sell.

“This is likely to be one of the biggest changes in the coming years: moving away from cheap labor and paying more for expertise,” says Vestcom’s Weidauer. “That means costs will have to come down in other places to compensate.”

Great produce merchants consider all the competitive threats. Farmers markets are local, Amazon at some point may be convenient, and club stores offer value in larger sizes. In the future, understanding

the customer base the retailer is serving is critical for success.

“Finding the right product for the correct demographic is the future,” says Acosta’s Dunne. “Having the proper assortment of fresh, convenient, local, traceable and safe products are a pretty difficult formula to compete against.”

The implication of the new reality is that reinvention is no longer an episodic event that happens every 10 years or so; it is a constant requirement, and something companies need to be really good at functionally and culturally. **pb**

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Seaside Market

The independent Southern California operation celebrates its 30-year anniversary with a 5,000-square-foot-addition that will emphasize the produce department. **BY LISA WHITE**

While many independent markets today are struggling to survive, Seaside Market, located in Cardiff-by-the-Sea, CA, is in expansion mode. The 12,500-square-foot, family owned store's single location is currently undergoing a renovation that will add on 5,000 square feet. This revamp is scheduled to be complete by next year.

"We're expanding because we need more space, and produce will be a big part of the renovation," says Adam Zack, Seaside Market's general manager. "We're currently busting out at the seams, with about 15,000 customers a week visiting the store."

Brothers John and Pete Najjar opened the store back in 1985 off of Highway 101 in this laid back beach town located in San Diego County. As Seaside Market celebrates its 30-year anniversary in 2015, it continues to position itself as a community market that focuses on fresh.

"The average age of our customers is probably between 35 and 40, and we serve many families," says Zack. "We're directly across from the ocean, so we only have 180 degrees of customers to draw from, but we're well-supported by the community."

PRODUCE BUSINESS sat down with Zack to discuss the ongoing changes at Seaside Market, its produce-centric operation, and how it is successfully meeting the needs of its customers.

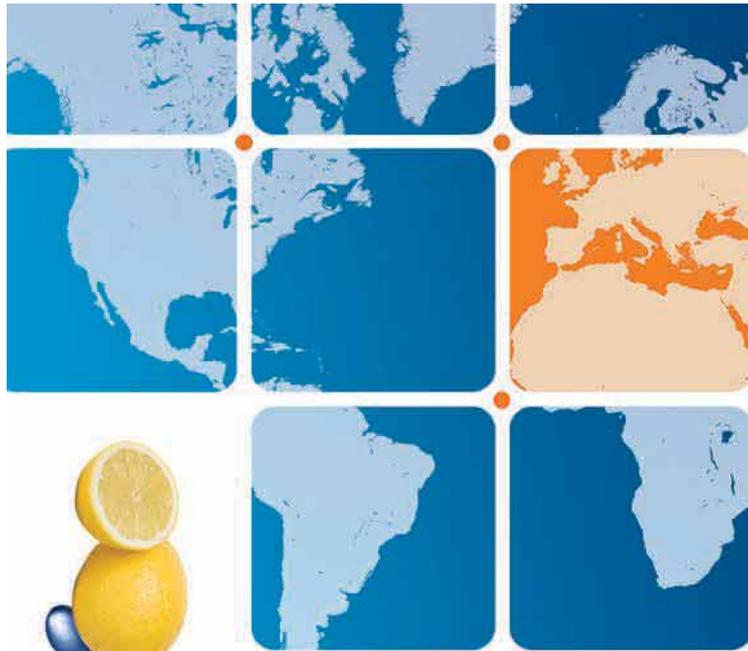
PB: Can you provide more details about the renovation? What are the major changes with this project?

Zack: The goal of this renovation is to provide customers with more

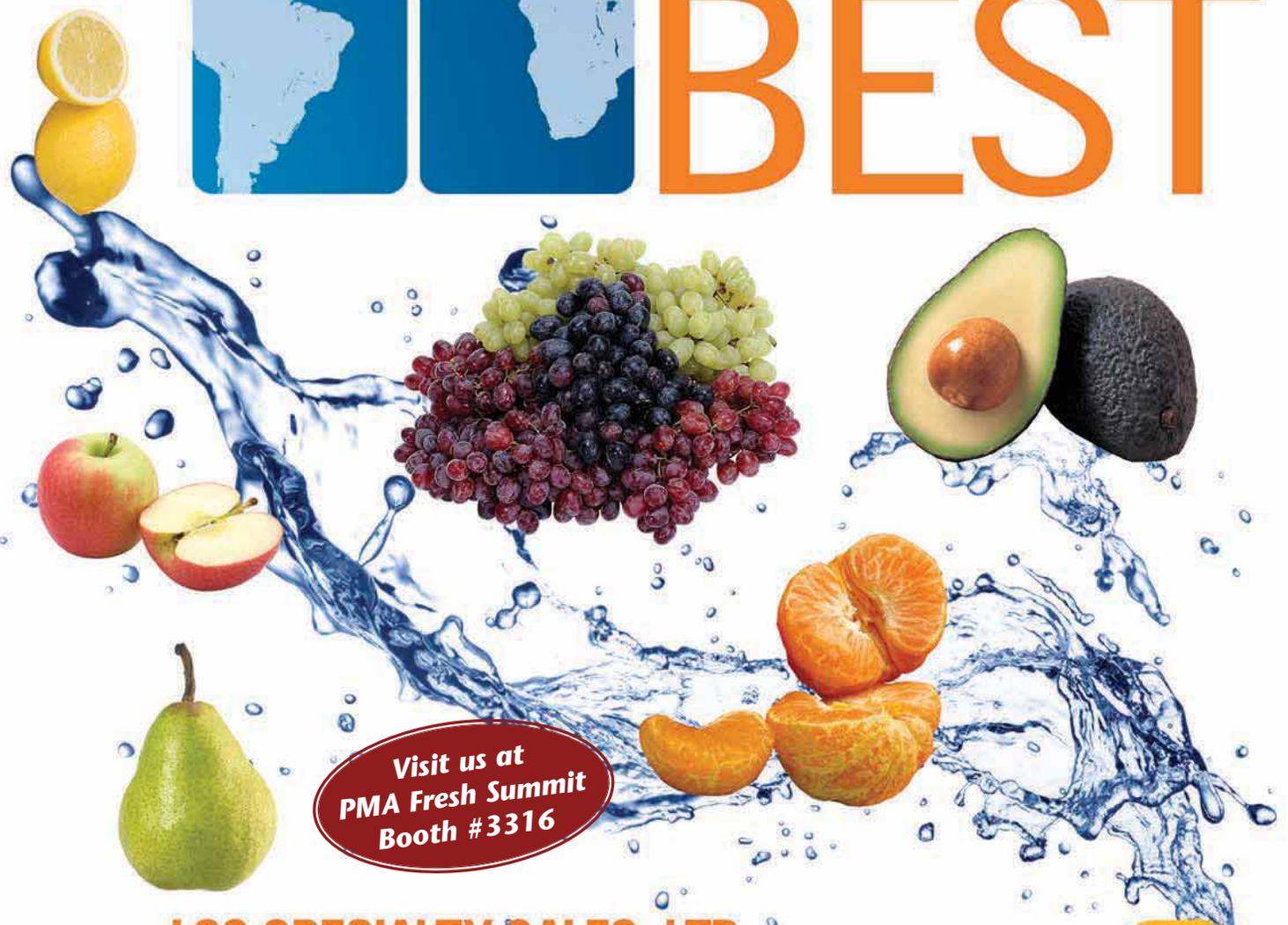
space to shop, along with a wider selection of items they would have otherwise purchased somewhere else in the past. We will be adding about 40 feet of refrigerated case space to the produce department, so we can expand our packaged salad and value-added offerings. We also plan to include a juice bar in this area, which we anticipate will do very well.

Last January, we tested the waters with a self-serve orange juice machine in this department. Since this was introduced, we've run





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“In addition to the produce department features, we’ll be adding a separate bakery. We’ll also be creating a separate prep kitchen, which will be designed for preparing both salad and bakery items.”

— Adam Zack, General Manager

approximately 186,000 oranges through it. There’s no reservoir with this unit, so it squeezes the juice right into the bottle.

In addition to the produce department features, we’ll be adding a separate bakery. Currently, this department is part of our deli. We’ll also be creating a separate prep kitchen, which will be designed for preparing both salad and bakery items. Also, the market will be adding a full-service hot food area in addi-

tion to the self-serve case we currently have. The sushi program will be changed up, with these items prepped in front of customers rather than behind the counter. We also will add a charcuterie area.

PB: Aside from the renovation, are there other new developments at Seaside Market?

Zack: Last March, we partnered with the

San Diego Padres baseball team, along with Delaware North Companies Sportservice, to open a Petco Park location for the 2014 baseball season. The market is located on the main concourse near section 105. The team wanted to provide fans with a greater selection of fresh, healthy and gluten-free food options. This ballpark location offers a hot bar, flat-breads, a sandwich bar, cold salads and fruit, as well as fresh juice, organic sodas and craft

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“We buy local as much as possible, including our heirloom tomatoes, strawberries, mushrooms, herbs, avocados and anything else we can get our hands on.”

—Adam Zack, General Manager

beers. It also highlights our burgundy-pepper-infused tri-tip [the large, tender, triangular muscle cut from the bottom sirloin of a steer]. We’ve branded it as Cardiff Crack, which came from our customers that are addicted to it.

For the third year, we were also named the No. 1 “Best Gourmet Grocery” in San Diego by ABC’s local news affiliate.

PB: How has Seaside Market kept pace with the changing trends in retail?

Zack: We’ve been fortunate to be able to continue to build on our momentum. We haven’t had a year where we haven’t built sales in customer accounts. Even during the recession we saw sales increase, although they were more modest. We’re up to 115 employees now.

In produce, we’ve seen an evolution of people seeking more value-added fruits and vegetables. We recently began doing our own juicing and processing of produce, adding to our cut fruits and vegetables program. We added two full-time produce department staff members in the last year to help accomplish this.

We shoot for offering the highest quality products. The department carries as much organic produce as possible — as long as the price isn’t outrageous. As the organic segment has evolved and these items are more in demand, we expanded this division of produce. Five years ago, organic produce encompassed a quarter of the items offered, and now it’s closer to 65 percent. This week, I counted 171 different organic items. When apples come into season, this will increase to approximately 195 products.

We also provide full-service meat and seafood departments, an extensive deli food area that includes a catering business and hot and cold meals. Our to-go program has become very popular.

As the marketplace has shifted, we expanded our prepared-food offerings as well as our kitchen area and tools to accommo-



date this production. This update included adding areas outdoors for our weekend barbecue program that features the tri-tip and Tuesday taco bar. We expanded into catering, as well, which has really taken off.

PB: In its 30 years in business, Seaside Market has set its produce department apart. What makes this part of the business unique?

Zack: In many stores, the produce department is ripped apart by the evenings and weekends. Our philosophy is that we want our produce department to look perfect in the evening, so we shift labor to those hours. Instead of putting our efforts in sprucing up the department first thing in the morning, we have two people making it perfect in the evening and one person handling setup in the morning. The appearance is a top priority, as well as making sure the department is stocked all of the time.

PB: Have you instituted any new produce programs? What do these entail?

Zack: We recently expanded our juicing capabilities by incorporating another juicer that provides carrot juice and blends. This has been very successful. We also included blends of cut fruit in salads, yogurt with fresh fruit and granola and things like shredded beets and carrots to our snack offerings, which have been very well received.

We buy local as much as possible, including our heirloom tomatoes, strawberries, mushrooms, herbs, avocados and anything else we can get our hands on.

PB: The produce environment is constantly shifting and evolving. What trends in this segment is Seaside Market addressing?

Zack: The biggest one we’ve seen is people want convenience, whether this is melon sliced and cubed; strawberries cleaned and sliced; or blueberries and strawberries mixed



together. Customers are more than willing to pay extra for value-added produce. Not only is this due to the lack of prep time in today’s society, but also because these items are very visual. A shopper is more apt to purchase a pre-cut Tuscan melon to try for the first time than purchase a whole one.

Also, along with fresh juice, kombucha [a fermented tea drink used as an elixir for health benefits] has become a big part of our produce operations. We sell cases of it, keeping the price competitive. The majority of our customers are very health-driven and appreciate the nutritional benefits of this beverage.

PB: Seaside Market has had a pretty busy year. What changes are planned for the future?

Zack: We plan to expand more into off-site catering, since we see a demand for that. We will also continue focusing on our tri-tip business to take the brand further. We recently hired a social media and graphic artist staff member. We promote through social media and our email list, as well as weekly in-store ads.

pb



(L-R) PHOTOS COURTESY OF TMK PRODUCE AND NICKEY GREGORY



There will always be a need for the wholesaler in the produce industry.

Wholesalers' Key To Survival: Relationships With Shippers

Long-established ties with grower/shippers place wholesalers in an even weightier role in today's ever-changing produce environment. **BY JODEAN ROBBINS**

More than just surviving in today's competitive marketplace, wholesalers are thriving due to their unique placement in the produce supply chain. "The wholesaler still plays a key role in the produce industry," says Mike Maxwell, president of Procacci Brothers in Philadelphia, PA. "You can never guess what your production or demand will be. There are too many variables in between. Opportunities abound in our business; you just have to look in the right place."

And Maxwell isn't alone. "We're on fire here," reports Nate Stone, chief operating officer of Ben B. Schwartz & Sons Inc. in Detroit, MI. "The fourth generation of young owners is choosing to come into the business with the motivation to continue the family legacy and to grow. It's a vibrant and exciting time to be here. They're really looking to do big things in the future."

Many look to competition as the catalyst that has spurred the value a wholesaler provides. "The role of the wholesaler is enhanced by fierce competition," says Ron

Carkoski, president and chief executive of Four Seasons Family of Companies in Ephrata, PA. "Our role is to add value to a transaction via not only the product, but also services."

For wholesalers, the more variety provided, the better the returns. "The produce wholesaler's role in today's world is varied," says Tom Kovacevich, general manager of T.M. Kovacevich Inc. in Philadelphia, PA. "There are full-line, full-service wholesalers at one end of the spectrum and terminal market commission merchants at the other end."

What wholesalers at either end of the spectrum share is the ability to make a difference. "Never discount what a wholesaler is capable of doing," says Joe Mercurio, owner of Mercurio Produce LLC in Columbus, OH. "There will always be a purpose for us. Somewhere, somehow."

The trends toward healthier eating are a boom for wholesalers as the demand for fresh produce grows. Experts say they must ensure they have supply to meet the increasing demand or risk losing customers due to out of stock conditions.

According to Roger Pepperl, marketing director for Wenatchee, WA-based Stemilt Growers and chairman for the United Fresh produce marketing and merchandising council, says wholesalers have a great opportunity as new formats are opening every year. "Many new independents are growing rapidly, and now the one store has become five to 10 in many cities," he says. "These formats focus on ethnic selections, organic, grower centric, local, high quality and many more attributes. Get to know these owners better and the future will be bright."

Among the many reasons for success is the special relationship wholesale produce companies have established with the shipping community. "Our relationships with suppliers are a key component to our overall success," asserts Mike Wise, president of The Horton Fruit Co. in Louisville, KY. "When you do business with good people with good product for a long time, everyone realizes mutual benefits."

"The better our wholesalers' relationships with their suppliers, the more it assures the product we need," says Rick Rutte,



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produce/floral director for North State Grocery Inc. in Cottonwood, CA, with 19 stores. “The grower knows what the wholesaler is looking for and the wholesaler knows what we are looking for. This helps us keep the consistency and quality we need for our customers.”

And working together is a way to lift all boats. “We have a very good relationship with our shippers and it absolutely creates an advantage for everyone involved,” says Stefanie Katzman, executive manager for S. Katzman Produce in Bronx, NY. “Our shippers, our customers... we are really one giant partnership. None of us can get rich and retire on one truckload of produce, so we all understand we need to ‘eat a little each day’ to survive.”

Long-standing Relationships

Most wholesalers have maintained long-standing relationships with shippers for many decades and generations. “A lot of our relationships with our shippers have a great deal of history behind them,” says Carkoski. “Developing relationships with shippers results in them having a high level of trust with us and it allows us to get favors from them, do business with them on a consistent basis and add value.”

John Vena, president of John Vena, Inc. in Philadelphia, PA, concurs. “We have many long-standing relationships with our shippers,” he says. “The best of those relationships allows us to develop our customer base and continue to serve those customers as their demand for a product or product line grows.”

Julian Sarraino, vice president of sales and marketing for Fresh Taste in Toronto, Canada, sees it the same way. “Our relationships have very deep roots,” he says. “For four generations, we have worked in tandem with generational

“Some of our relationships go back more than 40 years. Without a strong relationship and the resulting trust, we could not do business. Think about it . . . our shippers send us their product with target prices and then tell us to pay them after we sell it. Without relationships and trust we wouldn’t exist.”

— Stefanie Katzman, Katzman Produce

family growers from around the world who share similar beliefs and goals. Together, we strive to provide our customers with the best eating experience possible.”

Relationships dating back almost half a century are not uncommon. “The fun thing about this business is how some relationships go back generations,” says Ben B. Schwartz & Sons’ Stone. “We’ve got relationships where we have done business with the grandfathers, fathers and now the sons.”

Procacci has had relationships with some shippers for 40-plus years. “We started with grandfathers and now we’re dealing with their grandsons,” says Maxwell.

“We have relationships spanning 50 years or more and three or more generations,” reports Cary Rubin, vice president of Rubin Bros. Produce Corp. in Bronx, NY. “Longevity creates the necessary trust.”

“Some of our relationships go back more than 40 years,” says Katzman Produce’s Katzman. “Without a strong relationship and the resulting trust, we could not do business. Think about it . . . our shippers send us their product with target prices and then tell us to pay them after we sell it. Without relationships

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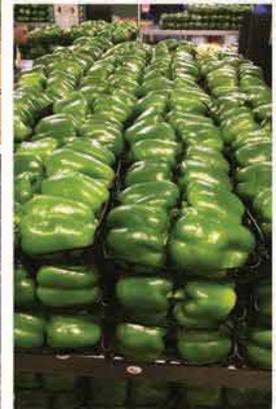
Set Apart

Shipper relationships often set successful wholesalers apart from the others. “Our direct relationships with high-quality shippers developed over generations definitely give us an advantage,” says Rubin. “It allows for a constant supply of goods on both long and short markets, enabling our customers to know they are going to get the same high-quality product year-round without gaps in supply from week to week.”

“When you talk to someone every day for many years you get to know them and their business,” says Procacci’s Maxwell. “And, they get to know us, too. I know when their field reports come in and I know what pressures they’re facing. It helps make doing business more effective.”

A long-term relationship eases tough situations. “Our long-term relationships with many of our shippers are crucial,” says Horton’s Wise. “When things get tight and markets get unstable, our suppliers will consider our loyalty and do their best to take care of us.”

“Longevity in shipping relationships defi-



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nitely helps us with supplies when markets get tight,” concurs Mercurio of Mercurio Produce.

However, longevity does not mean staying stagnant. “Longevity works if both parties are willing to adapt to changing times,” advises Paul Kneeland, vice president of produce, floral, seafood and meat for Kings Food Markets in Parsippany, NJ, with 25 Kings and six Balducci’s stores. “If one party grows in the relationship and the other stays stagnant, long term it will not work out if one is not willing to change.”

For many the long-term relationships are key, but building new bonds is equally important. “Our company is 38 years old this year and we’ve had relationships for almost that long,” says Four Season’s Carkoski. “However, we’re always exploring new relationships. Longevity creates a strong bond of trust, but at the same time it doesn’t take the place of constantly checking to ensure we have the best mix of suppliers and products to continue to grow and satisfy our customers’ needs.”

“You value your long-term relationships,

but making new ones is also important,” concurs Stone of Ben B. Schwartz. “It’s healthy to continue to expand your relationships. All our relationships are important.”

Assuring Quality

Reliability of product quality is a key reason customers turn to wholesalers who work to assure quality through their grower relationships. “Working with shippers year in and year out takes the guess work out of quality and service expectations,” explains Horton Fruit’s Wise. “We realize things can change quickly in our business and we work closely with our vendors to juggle challenges and maintain high quality and service levels.”

A good relationship means mutual understanding. “Quality is one of those words where the definition varies,” says Four Seasons’ Carkoski. “The only way to really understand what quality specifically means to someone is through a consistent level of business. Time and experience gives you a better understanding of the quality level you’re looking for and expecting.”

The wholesaler’s continued investment in understanding growing conditions is another plus. “The better wholesalers effectively switch growing areas throughout the season,” says North State’s Rutte. “If one is winding down, a good wholesaler will start moving ahead of time to the new growing area to avoid quality issues.”

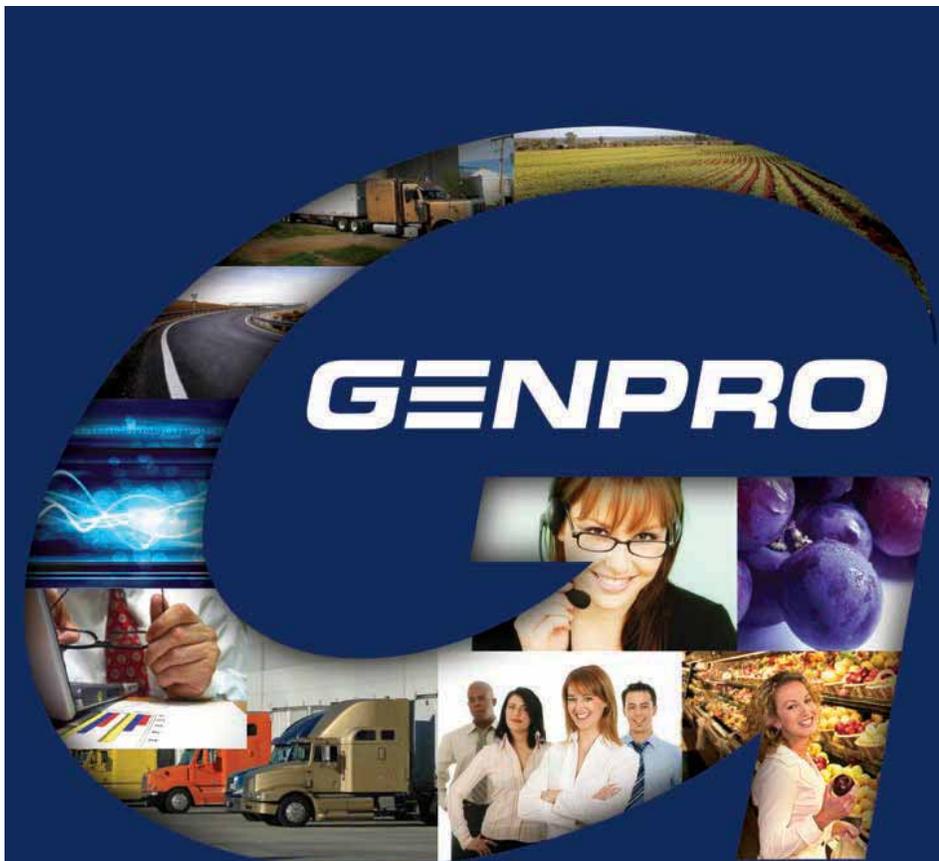
“I have berry shippers in Oxnard and Santa Maria,” reports Procacci Brothers’ Maxwell. “By knowing who they are and when they start, I know when to leave one growing area and go to another. We’re always seeking the best quality for our customers, so knowing the shippers and having these relationships helps us know what’s going on and source the best quality.”

Information and Communication

Good relationships result in good information. “Our relationships with our shippers means we actually know what’s going on,” says Maxwell. “If there are weather issues or loading issues, we know it. This helps us become a better supplier to our customers because all the information we gather from our shippers we pass on to our customer.”

“Most of the time our shippers give us a good idea of what’s coming,” says Stone. “Everybody’s product can’t be perfect every time, but as long as shippers share accurate information, we can line-up the right customer for the product.”

“We consider our grower/shippers our part-



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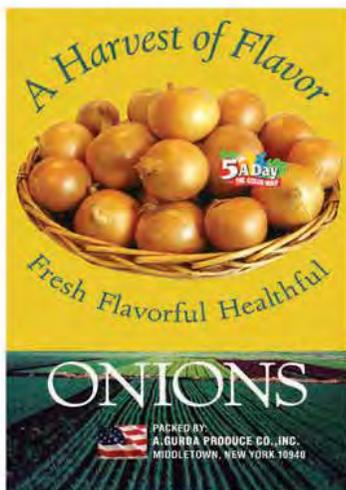
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“We can allocate product to ensure everyone gets something in a tight market, and we can usually find a price and a customer to move oversupply.”

— John Vena, John Vena Inc.

ners,” says Andrew Scott, director of marketing and business development for Nickey Gregory Company in Forest Park, GA.

Good communication and trust set the foundation for success. “The atmosphere of trust, communication, consistency and dependability reinforced over the years is one of the key intangibles in the produce business,” says Bob Corey, chief executive of Corey Brothers, Inc. in Charleston, WV.

“It has been and will always be about trust and relationships with people that can make you money,” says Mercurio of Mercurio Produce.

A Stabilizing Role

Wholesalers play a vital role in helping stabilize market situations. “We smooth out the highs and lows of supply,” says Vena of John Vena. “We can allocate product to ensure everyone gets something in a tight market, and we can usually find a price and a customer to move oversupply.”

Scott of Nickey Gregory says, “Our customer base relies on us to fill holes created in the temperature controlled supply chain — from late inbound trucks to rejected product to providing logistics in a tight truck market.”

Wholesalers provide an invaluable helping hand to shippers needing to even out volume. “On short markets, shippers have contracts to fill at lower prices,” explains Rubin. “They in turn can bill the large wholesaler a much higher FOB to help make their average on a short market. On a long market, they sell at very low FOB’s, so we can sell for less and move more volume, allowing them to basically catch up and hopefully create a higher FOB down the road.”

“If a grower suddenly has an abundance of lettuce, as a shipper you can’t call all your customers to move the lettuce because it backfires on you,” explains Procacci’s Maxwell. “So, you call a wholesaler who takes the extra lettuce and the stability of the marketing stays the same.”

“When you have an apple tree, some buyers want just the top of the tree, some just

want the outside apples facing north, others only want the big apples,” Kings’ Kneeland points out. “There has to be a place to sell the rest of the tree. Wholesalers find a match and complete the circle.”

A wholesaler’s flexibility is a great asset. “We are not corralled by having to send only what the stores are ordering,” explains Four Seasons’ Carkoski. “We can bring in extra loads moved by our sales staff — we’re an extension of our growers’ sales staff.

“We can also put product into places it wouldn’t normally go in high-volume situations. We help the shipper move the product without it getting old and without having to dump it. We develop second- and third-tier markets to take advantage of opportunities when they exist.”

The wholesale willingness to cooperate with each other adds another layer of stability and consistency to the business. “One great attribute of wholesalers is how, despite our competitive nature, when we need something we can go to our competitors and get it,” says Carkoski. “We have good relationships with them. It’s a competitive environment but we work together.”

“Our customers can combine T.M. Kovacevich purchases with offerings from all the other Philly market vendors,” agrees Kovacevich.

Key For Shippers

Using a wholesaler is to a shipper’s advantage. “Shippers should strive to develop all avenues for sales and distribution,” suggests Corey of Corey Brothers. “There are numerous times throughout each month and during the year when sales are slow, and having more wholesalers buying product when chain movement has slackened is to a shipper’s advantage.”

Diversification is very important when it comes to moving product. “Shippers too retail oriented will ultimately put themselves in bad situations,” says Rubin. “If that retailer suddenly decides to buy elsewhere, the shipper is left with all its eggs in one basket. Being diversified allows you to be set up for all

market conditions and have more sources to lean on to buy your product year-round.”

Wholesalers value their shippers and the role they play for them. “The benefits we receive from our shippers are too numerous to list,” says Stone of Ben B. Schwartz. “As poet Elizabeth Barrett Browning said, ‘Let me count the ways.’ We value each and every one of them, and feel fortunate to have the shipper base we do.”

Wholesalers strive to accommodate shippers’ changing needs. “By serving multiple markets and different types of customers, we can work with shippers to accommodate fluctuations in their volume and quality,” says Horton’s Wise. “Providing solutions and outlets for shippers strengthens our relationship, which pays long-term dividends.”

“We help shippers control the market with changes in volume,” says Katzman of S. Katzman. “Most shippers have contracts with their major retailers and cannot adjust volume or price for spot markets, which is a big part of our business. We have the outlet and price control to sell several extra truckloads of produce at a moment’s notice. We also help raise averages in short supply markets because our market will support higher returns. They’ll get back more money from us.”

Crucial Support

Good pay and marketing support are other advantages offered by top wholesalers. “The best way to benefit a shipper is to pay them in a consistent and timely manner,” reports Corey. “When business is slow, helping the shipper move more product through special ad quotes, in-stores, incentives for new distribution and contest offerings is also important.

“Other support includes working with the shipper in creating special marketing and spot market radio and/or TV ads, as well as sampling budgets or co-ops to stimulate sales and move product.”

Wholesalers benefit all different sizes of suppliers, including small local growers. “We work with our local growers to help them become GAP-certified and to understand new food safety regulations,” says Carkoski. “This allows them to successfully sell products through companies such as us. Some of these small local shippers don’t necessarily have packing sheds or other logistical facilities. We work first to ensure we’re buying product safely grown, but then we handle it the rest of the way through the supply chain for them. This gives them an advantage and broader outlet for their product.”

“We provide cross-docking and re-distrib-

ution, as well as quality control and inventory control when needed to our shippers,” asserts Scott of Nickey Gregory.

Shippers who lose sight of the role the wholesaler plays may find themselves at a disadvantage.

“In some cases shippers choose to allow new members of their sales teams free access to any ‘potential’ customer without determining first if that effort will create new business or just muddy the pond we are already fishing,” says Vena. “Or customers will

demand to deal ‘directly’ with a shipper and our place at the table disappears. Unfortunately, those things can then create unrealistic expectations of our ability to move volume for a shipper who loses sight of our role.”

“There will always be a need for the wholesaler, and I think most farmers see it,” says Katzman. “Some have tried to cut us out and have not been able to do so. Shippers will always need us because the majority of retailers cannot handle varying quality and unplanned increases and decreases in volume.” **pb**



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Los Angeles Produce Market – The Only Constant Is Change



The 21st Century's Ellis Island has diverse produce needs.

BY BOB JOHNSON

Frieda's Specialty Produce ships everything from cactus pear to lychee, passion fruit to mangosteen, and cherimoya to Buddha's hand as part of the promotion it labels alternately "Eat One Fruit a Day that Scares You" or "Fear No Fruit."

When Frieda Rapaport Caplan started the company 50 years ago, she was the only woman doing business in the downtown Los Angeles Wholesale Produce Market.

Today, her two daughters, Karen and Jackie, operate from the Orange County suburb of Los Alamitos, uniquely positioned to source banana chile, yucca root and mangos from below the Mexican border barely more than an hour to the south, and dragon fruit, snow peas and Asian pears entering the nation's largest port by volume less than an hour to the north.

"Conventional supermarkets have really begun to diversify their offerings in produce and grocery to appeal to diverse shoppers," says Karen Caplan, president and chief executive of the company's umbrella, Frieda's. "The number and success of ethnic-owned supermarkets has also continued to grow in Southern California."

Los Angeles has become this century's Ellis Island, as more than a third of the county's 10 million residents are foreign born. Nearly half the residents are Hispanic or Latino, barely more than a quarter in the Anglo minority, and, with the largest Thai population anywhere outside of Thailand, nearly 15 percent are Asian.

Just since the turn of the century, Los Angeles County has added the

equivalent of another city with nearly 1 million residents, two-thirds Hispanic and one-third Asian.

"Most of our sales are to Hispanic, Chinese, Korean and Anglo markets," says Chuck Annunciation, Los Angeles division manager for Giumarra Bros. Fruit Co.

Giumarra Brothers grows, ships and wholesales a full line of fruits and vegetables from fields and orchards extending from the state of Washington to Southern California and, since the Nogales division was opened in the early 1970s, the winter production areas in Mexico.

With millions of residents who recently arrived to stake their claim in the land of hope and opportunity, the median household income in the county is well below the state average, and the poverty rate is the same as Kentucky.

But there are also coastal enclaves of considerable wealth teeming with consumers looking for the best in produce, and willing to pay a little extra for it — Whole Foods sells almost as much produce as Wal-Mart countywide, and Trader Joe's sells half as much as either of them.

"I would characterize the Los Angeles market by the extreme variety of produce available to the buyers, and ultimately to the public," says Annunciation. "It has to do with a lot of years of establishing the market, and the extent of what we grow in California and Mexico. Giumarra has 11 divisions, and I'm only talking about Los Angeles."

This young urban area is all about change. At the turn of the last century, six-and-a-half acres of row crops were purchased for \$8,000 for

It Takes Many Markets To Serve This Market

The ethnic flavor of the community stands out with Numero Uno Market, Vallarta Supermarket and El Super combining for more sales in 60 stores than either Whole Foods or Walmart superstores.

“The biggest change in the past 10 years is how many independent markets there are in retail,” says Bill Brooks, partner in Westlake Produce Co., Los Angeles, CA. “You have the major chains, but there are independents that started with just a few stores and have grown to 10, 15, 30 or even 40 stores. They’re giving a lot of competition to the major retailers.”

Westlake Produce grows, packs, imports and distributes a wide range of fruits and vegetables.

“The independents have the ability to react quicker to special buys,” says Brooks. “They can change displays in two days, and put an ad out in less than seven days. They don’t have the same costs, so they are able to work on smaller margins.”

Super Irvine, just down the road from Los Angeles in the Orange County city of Irvine, is a high-quality produce supermarket that offers Middle Eastern foods such as halal meats, grilled eggplant, baba ganoush, Armenian string cheeses, Feta cheeses, hummus and grape leaves.

“H Mart, which is headquartered in New Jersey, focuses primarily in Asian neighborhoods,” says Alan Pollack, general manager at Coosemans LA Shipping in Los Angeles.

The Lyndhurst, NJ-based chain H Mart has more than 40 supermarkets nationwide, including six in the greater Los Angeles area serving primarily Korean, Chinese and other Asian customers.

Coosemans sources and ships specialty fruits and vegetables from various farms in California and from growers shipping to the nearby airport and the massive Port of Los Angeles.

The century-old Port of Los Angeles is the nation’s busiest container port with 8.5 million 25-foot equivalent units of cargo each year. The port was annexed to Los Angeles in 1909 and is just a half-hour from the downtown Los Angeles Wholesale Produce Market.

“In addition to the customers we had 10 years ago, the Los Angeles area has had quite an influx of Korean and other Asian

people, along with Persian and other Middle Eastern people,” says Pollack. “They are not only buying at the new restaurants and small mom and pop stores, there are also new chains like H Mart and Super Irvine.”

These growing independent chains, which have captured much of the ethnic produce market, fill a void left by their corporate competition.

“They started small and moved into the different ethnic areas,” says Brooks. “There was a need for it; they’re not just small anymore.”

The importance of neighborhood stores and ethnic supermarket chains serving immigrant communities has left some of the big players in produce less important in Los Angeles County than elsewhere.

According to the 2014 report on *Supermarket, Grocery and Convenience Store Chains*, published by Chain Store Guide, Wal-Mart has less than four percent of retail produce sales at 25 superstores in the metropolitan area, which is dwarfed by the sales at Costco stores; and Target does not even make the Top 10 list.

Cincinnati-based Kroger, with more than 220 Ralph’s and Food 4 Less stores, is easily the market leader with nearly a quarter of all supermarket sales, according to the 2014 Chain Store Guide.

When Boise, ID-based Albertson’s purchased Pleasanton, CA-based Safeway, which owns the Vons/Pavilions stores in Southern California, they joined Kroger as a consolidated top two with more than 40 percent of the market. Add Costco, and the top three controls a slight majority of area supermarket sales.

But after those three, the next largest produce retailer in the greater metropolitan area is Trader Joe’s, as the flip side of consolidation is the proliferation of independents and smaller chains catering to ethnic and/or upscale demographics.

There is a strong presence of upscale supermarkets in the greater Los Angeles area, especially near the affluent coast, with Gelson’s enjoying nearly \$400 million in sales, Bristol Farms more than \$100 million, Trader Joe’s nearly \$2 billion and Whole Foods rivaling Walmart superstores in area sales. **pb**



PHOTO COURTESY OF GIUMARRA



PHOTO COURTESY OF SEASHORE FRUIT & PRODUCE

the construction of Hollywood High. Half-way through the century, Los Angeles still had enough citrus orchards and wheat fields to lead Fresno as the most productive agricultural county in the nation. And today the greater Los Angeles area is the entry point for immigrants from Latin America and Asia arriving at the last stop heading west in the land of hope.

Diverse Ways Of Eating Out

The immigrant population has given birth to supermarkets rich with Latin, Asian and Middle Eastern produce favorites; it has also led to growing diversity in restaurants and other foodservice outlets.

“Half the restaurants in Los Angeles are minority-owned, and more than 14,000 serve an ‘ethnic’ menu,” says Angelica Pappas, director of communications at the California Restaurant Association, Sacramento, CA. “The Los Angeles metropolitan statistical area has more than 32,600 restaurants. Of these, 22,100 are independents with one to nine locations.”

Wholesalers find that restaurants, like many

supermarkets, are looking for an ethnic mix of produce.

“The foodservice operations and hotels that serve those populations want those items, too, and we’re going to be seeing new restaurants,” says Alan Pollack, general manager at Coosemans LA Shipping, Los Angeles, CA.

Foodservice provides a growing and complex market for produce in the greater Los Angeles area.

“I think there are more restaurants than there used to be. A lot of new restaurants have

been built,” says Richard Gardner, market manager at the Los Angeles Wholesale Produce Market.

Around 1 million people a year come down to look over the wares of nearly two dozen wholesalers who maintain a presence at this market on east Olympic Boulevard near the heart of town, and many local restaurants source their produce from this 29-acre institution.

“A lot of the restaurants are buying from the Market, but I don’t know if they are phys-

ically coming down,” says Gardner.

Relatively small independent restaurant operations are largely served by produce wholesalers with the logistical ability to make the deliveries, while the larger consolidator-shippers generally stay away from this business.

“Most of the foodservice is done by the wholesalers. Wholesalers are able to make deliveries to the smaller foodservice outlets,” says Broc Bengard, vice president of Bengard Marketing in Dominguez Hills, CA.

Bengard Marketing imports from the Southern Hemisphere and then ships grapes, peaches, plums, cherries, nectarines and apples.

After a brief period of stagnation, the restaurant trade statewide has recovered quite well.

“Though sales in restaurants in California plateaued during the recession, the industry is projected to see a 3.9 percent gain in sales over 2013 – ringing up more than \$69 billion in sales statewide,” says Pappas. “Compare that to 2007, when California restaurants were ringing up \$54.2 billion in sales.”

But wholesalers are finding that, in addition to growing more diverse, foodservice customers also became more demanding since the start of the recession.

“We sell to WorldWide, which is foodservice,” says Valerie Hire, office manager at Fruit Distributing Corp. of Los Angeles, CA. “The foodservice sector is getting pickier. They’re looking for specific labels, colors and quality. This has happened at least in the last six years. With the recession, people who go out to eat are picky about what they get for their money.”

Fruit Distributing sources and ships a full line of fruit and vegetable varieties out of its Los Angeles facility.

The area restaurant industry currently has many independent establishments, but wholesalers still keep a wary eye out for consolidation among these buyers.

“Retail consolidation hurt us years ago, and the consolidation in foodservice could still hurt us,” says George Harris, vice president of G & K Distributing, City of Industry, CA.

The Evolving Challenge Of Produce Wholesaling

Produce wholesalers serving the greater Los Angeles market must meet the challenge of supplying the diverse and changing menu of fruits and vegetables desired by a changing population.

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items substantially. Our Latin items are most of our increase," says Harris. "Chili peppers have been very big; the ethnic items have been important."

The demand for produce items favored by Latin consumers is off the charts in Los Angeles.

"Mango demand in the United States is among the highest in the Los Angeles area because we have such a great diversity with the Latin and Asian populations," says Robert Schueller, director of public relations for specialty produce distributor, Melissa's of Los Angeles, CA. "The mango is the number one fruit in the world, outside of this country."

The Latin population is approaching a majority, but the county also has other large and growing ethnic communities of interest to produce wholesalers.

"Los Angeles has the largest Thai population outside of Thailand," says Freida's Caplan. "Los Angeles has the largest concentration of many ethnic groups outside their home countries, and we have neighborhoods to reflect that like Little Armenia, Thai Town and Korea Town."

There is diverse crossover demand in relatively affluent neighborhoods for produce items that were first introduced by immigrants to the area.

"In the last few years there's been a huge demand increase for sweet young coconuts, or the water coconut," says Schueller. "It is from Thailand and is extremely popular in the Asian cuisine. That variety has crossed over into the Latin market, but the greatest increase in the last few years has been the Anglo market."

The water from this Asian favorite coconut can be found in upscale sports and fitness clubs.

Wholesalers are also likely to receive calls for Middle Eastern fruits and vegetables.

"We're seeing a lot of the specialty tomatoes, the Persian cucumbers, and a lot of the subtropical fruits such as lychees and longans," says Pollack. "You take Ralph's, Whole Foods and even Gelson's serving these neighborhoods, the buyers for those stores understand the needs of their customers."

Part of the challenge of serving changing ethnic communities is anticipating the evolving preferences of the children of the immigrants who brought with them old country tastes.

"There's a lot more produce items because the older people stick to their traditions. I don't know about the younger generation," says Jim Alvarez, president of Olympic Fruit & Vegetable, Los Angeles. "We sell everything.

We're growers, shippers and wholesalers."

Many different demographics in the metropolitan area are looking for greater variety in their produce.

"There's a lot more imported produce items. People want more variety; they want more color on their plate," says Bill Brooks, partner in Westlake Produce Co., Los Angeles, CA.

The interest in variety has even reached some fully mature mainstream fruits and vegetables.

"With as simple a commodity as potatoes, all of a sudden you have 12 to 15 varieties. Same thing with all the different colors of peppers," says Brooks.

Situated as a major hub of produce from the fields of California, Mexico, South America

and Asia, Los Angeles-area shippers feel the full force of the challenges of modern produce distribution.

"The biggest difference is with the computer age. We get a lot of people who don't know produce. Some buyers don't understand we're dealing with a perishable commodity that doesn't always arrive like a gold brick," says Jim Ptaszenski, owner of Seashore Fruit and Produce, Los Angeles. "It takes a little time on our end to educate people who weren't trained in produce."

Seashore Fruit and Produce consolidates and ships produce from California, the Northwest and overseas.

"As the guard changes we're seeing it more and more. This is mostly throughout



the United States; the foreign buyers generally know what they're doing," says Ptaszenski. "They don't talk on the phone, they text and email. There has been tremendous benefits from computers, but it has also hindered operations."

Some shippers feel the electronic age threatens the personal relationships that have been at the heart of the produce business for a long time.

"People are doing more of their relationships through email, faxing or texting," says Fruit Distributing Corp.'s Hire. "I like the person to person contact. I do accounts payable and I will not do accounts payable via email."

Another shift wholesalers here, as else-

where, must navigate is the trend among major retailers to source more of their produce from large grower-shippers.

"With all the larger companies going direct and only using the market if they have a shortage, it has changed who we sell to," says Annunciation. "We sell to the day-to-day walk-up trade and advertising business. I don't think a lot of people in the market are selling to large retailers, except for bananas."

This challenge grew more daunting during the recent recession.

"The whole economic downturn starts a cycle. If the retailers are selling less, so are we," says Annunciation. "We are holding our own. We are cutting back on labor, and improving the efficiency of our trucking."

Survival in this market involves identifying and establishing relations with the large number of new produce outlets.

"My number of customers has not declined, because as you have consolidation you have another group coming in," says Pollack.

Many of the new customers have to be found, because they do not come to the downtown wholesale produce market.

"There's a lot of business out there, but you can't just wait for it to come to you. It's changed a lot; we probably have fewer customers at the City Market of Los Angeles," says Olympic's Alvarez. "There's a lot more competition, and people are buying direct. We do more business out of the warehouse from 8 a.m. to 1 p.m. than we do at the market."



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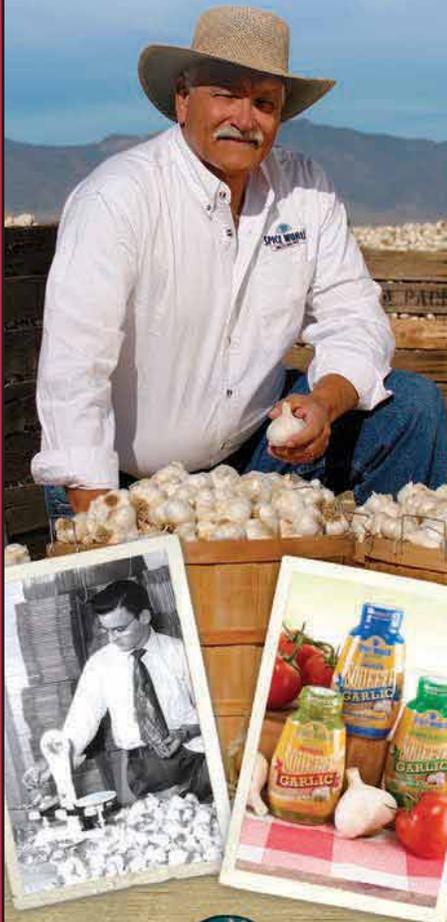
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The markets are more varied, complex and competitive, but energetic wholesalers are increasing their operation.

"We've increased the size of our facility, and increased our sales staff. All the pieces came together," says Harris from G & K Distributing. "We're doing more outlets."

Even with consolidation of major retailers there are more produce outlets in the greater Los Angeles area.

"The retail community has continued to expand, and there are more and more outlets to sell produce," says Caplan.

Some suppliers are finding the way to get by is to find their customers closer to the end-user.

"In the last 15 years we've moved more toward selling to retailers and less to wholesalers and shippers. It was a necessary change to get the returns our growers are looking for," says Bengard of Bengard Marketing.

Some of the pieces of this diverse patchwork quilt of produce outlets are not markets in the traditional sense of the term.

"We're serving a lot more smaller retailers, including juice bars, health food stores and other places that promote healthy living," says Charlie Kay, chief financial officer at Heath & Lejeune, Los Angeles. "The organic market is getting stronger; the recession has not hurt the organic."

Heath & Lejeune is a three decade-old organic wholesaler operating out of its 43,000-square-foot facility with 18 loading docks and 9,000-feet of cooler space in what was originally a Sears & Roebuck distribution center.

Most of the organic produce is going to relatively affluent, disproportionately Anglo neighborhoods, but that could change.

"We're wholesalers so I don't know for sure, but my instincts say yes, organic is making inroads in the ethnic communities," says Kay.

Another major player in organic produce also senses growth opportunities in the ethnic neighborhoods.

"The ethnic markets for organic have been smaller, but they have the potential to increase," says Melissa's Schueller.

Melissa's carries a long line of specialty fruits and vegetables, including six varieties of Asian vegetables in one-pound clamshells, Armenian cucumbers, Australian black truffles and baby candy cane beets. The company has a particularly long list of organic fruits and vegetables. The company also has a large menu, maybe the largest in the country, of organic fruit and vegetables. "We have the most varieties of organic produce of anyone in the U.S. Most organic distributors have fewer

They're Celebrating In The Aisles At Gelson's

Despite unemployment levels persistently higher than the state average, Los Angeles County still has a large and apparently growing population able and willing to pay for the best in produce and service.

"We've opened a couple stores within the past year, and we plan to open a couple more," says Mark Carroll, director of produce and floral at Gelson's in Los Angeles. "I don't think the recession hurt us more than anybody else. Business has started to pick up again in the last couple of years."

At the tail end of the recession, with poverty rates stubbornly higher than the national average, Gelson's was actually expanding its number of supermarkets.

Gelson's approached \$400 million in sales in its Los Angeles-area stores last year, and even more in other coastal communities in the neighborhood, according to the 2014 Chain Store Guide. The company continues to expand.

"We're a high-end retailer. We're all over the Los Angeles area, primarily in the coastal parts of West L.A. and the San Fernando Valley," says Carroll. "We go as far north as Santa Barbara and as far south as Dana Point, which is almost to San Diego."

The company's two recent additions brings the total number of stores to 18, almost entirely in relatively affluent neighborhoods in a narrow band of territory hugging the coast.

The Gelson's business model is straightforward and unchanging: Offer the best produce and unsurpassed service and there will be enough customers willing to pay a little more.

"We offer just the best quality and the best service, so our customers are people who want that," says Carroll. "We haven't changed our business model since the company was started 60 years ago. Whole Foods' business model is to source organic product. Our model is to source top-quality produce. Sometimes it's organic, and sometimes it isn't."

The execution of the model draws praise, even from the competition for the high-end produce market.

"I was the buyer for Whole Foods in Los Angeles for 20 years, and Gelson's is a great upscale, high-end chain," says Carroll.



PHOTO COURTESY OF GELSON'S

"We sell to them."

Gelson's has organic produce, even more than most mainstream markets, but it is not primarily an organic retailer.

"Organic is a significant portion of our business; we have a good share of customers looking for organic. The shift has been toward healthier products, like organic," says Carroll. "But we have even more customers who want California produce."

There is mixed crossover of the area's rich menu of ethnic fruits and vegetables into the produce department of this higher-end market.

"We do well with mangos, especially the ones that are grown in California and are high quality," says Carroll. But he adds, "We don't see significant demand for Asian specialty vegetables."

What has not crossed over into Gelson's is the price cutting driven by consolidation among the major retailers.

"No matter the price pressure from the competition, we still have top quality," says Carroll.

The store has developed a reputation as a retailer that rivals the best in the country.

"We serve supermarkets all across the country and Gelson's Markets in Los Angeles and Orange County has more varietal and unique items," says Robert Schueller, director of public relations for specialty produce distributor, Melissa's of Los Angeles, CA. "They offer a unique shopping experience."

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than 100 SKUs, but we have more than 350 SKUs," says Schueller. "About 10 percent of our business is organic; it's had a strong growth rate for 10 to 15 years. You can go into any supermarket and see organic."

In addition to its organic portfolio, Melissa's serves as an outlet for specialty produce items from nearby abundant California fields.

"There is heavy emphasis on the variety grapes right now, including the black, red and green muscato, and the little purple petite champagne," says Schueller. "We distribute the variety grapes to the higher-end supermarkets. You're more likely to find them in Bristol Farms or Gelson's. The cotton candy grape season started around Aug. 10. The cotton candy is one of the most anticipated varieties. They came out last year and were gone before many people had a chance to try them."

The menu is filled out with specialty items trucked in from nearby fields in Mexico.

"There are certain varieties that are hardly grown in California, for example mangos," says Schueller. "There is a brief window for a California mango, but 99 percent of them are imported. Papaya is also 99 percent imported, as well as star fruit and lychee."

More and more customers are looking for the good stuff, even in the markets for commodity fruits like apples and grapes.

"Everyone wants great value and a better product. Quality is probably more important than it was 10 years ago," says fruit importer-shipper Bengard.

The closeness of varied produce from California, the nearby winter production in Mexico, and the port opening to Asia, make year-round supply of fruits and vegetables a way of life in Los Angeles.

"Things are not as seasonal as they used to be. The produce items are available more months of the year," says G & K Distributing's Harris.

For wholesalers, proximity to the source is not entirely a good thing.

"It's a pretty tough market because it's so close to the source, it's not very profitable," says Barney Evans, vice president for sales at Sun Pacific Marketing, Pasadena, CA. "We're growers and we sell from an office in Pasadena. We do so little in Los Angeles, it's hard to say how the market is changing."

The complexity and difficulty are a way of life for firms still doing business as wholesalers in the Los Angeles area.

"It's a very competitive market; a very diverse market," says one wholesaler who chose to remain anonymous.

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PHOTO ON RIGHT IS COURTESY OF SAHALE SNACKS



The average consumer spends 2.5 minutes in the produce department, so experts advise it's important to capture their attention.

The Perfect Companion

The pros and cons of carrying non-produce “tie-ins” or complementary salad products in the produce department. **BY KEITH LORIA**

With fresh-cut produce clamoring for more space in the produce department, figuring out the amount of space allocated to tie-ins and salad companion products is a tricky proposition for any retailer.

Maria Brous, director of community relations at Publix Super Markets, says fresh-cut produce is increasing in popularity and demand, which is why the store has a section within its produce departments that is devoted to its cut fruit program.

“We are always thinking about the customer experience and items that would complement customer purchases,” she says. “The tie-ins complement products already offered within our produce departments. Likewise, we may also have secondary product displays throughout the store of produce items that would complement center store items and/or perishable items.”

Publix offers the following tie-ins: dessert shells, crepes, fruit dips and glaze, apple crisp mix, spices, minced/chopped garlic, sundried tomatoes, broccoli soup mix, hollandaise sauce, potato toppers, smoothie mixes and salad toppers.

According to Brous, there is an opportunity for incremental sales based on the assortment and variety of tie-ins offered.

Jay Schneider, produce director of Acme

Markets, headquartered in Philadelphia, says come fall, caramel dips are one of the most successful companion pieces, and apples always see a rise in sales.

“Other great items as tie-ins are croutons, which are a natural fit, and short cakes,” he says. “It will generate incremental sales, and at times, encourage more produce purchases.”

Samantha McCaul, marketing manager for Concord Foods, headquartered in Brockton, MA, agrees cross-merchandising fresh produce with complementary products will earn additional revenue for stores.

“Non-perishable items that have a very strong ‘tie-in’ with fresh produce work best,” she says. “We recommend stores focus on high-volume items, such as avocados and bananas, and build displays using these items. Guacamole Mix and Chiquita Banana Bread Mix displays are always successful.”

Lee Peterson, executive vice president of brand, strategy and design at WD Partners, a Dublin, OH-based customer experience expert solutions company for global and retail brands, believes a 4:1 ratio (four parts salad, one part tie-in) is the best route to success.

“It’s a convenience issue because the customer is probably looking for those goods anyway,” he says. “Croutons, dressing, raisins, nuts are all good for this — it’s thinking like a smart merchant.”

Bruce Peterson, former senior vice president

food merchandising for Wal-Mart, and now an industry consultant, says the value proposition all goes back to convenience and impulse, mixed in with the customer’s desire for variety.

“How do you take a very basic thing and present it in a new way? Consumers are always looking for a new twist or a self-discovery,” he says. “These give the customers the ability in a very simple way to provide variety to consumption without having to go figure out a whole complex recipe.”

Peterson of WD Partners says since the average consumer spends 2.5 minutes in the produce department, it’s important to capture their attention as quickly as you can and as conveniently as you can.

“I think close proximity is helpful because studies do show about 80 percent of all produce sales are based on impulse,” he says. “People make the decision to buy XYZ during the shopping trip and so those items, if close, can be recognized easily. The likelihood of increasing sales and increasing gross margin are enhanced tremendously.”

“I think what’s lacking is the consumer not knowing or understanding how to use these tie-in items with their meal preparations,” says Maria Emmer-Aanes, vice president of marketing and communications at Sandpoint, ID-based Litehouse.

“A lot of the people shopping the perimeter are women, and we respond to things like

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Cosmopolitan magazine's Top 3 fill-in-the-blank headlines. So something like the "three-ingredient meal" might be the route to go when selling Litehouse tie-in products in Produce. Or a pick three [items in produce] under \$10, and you have a meal for your family. It's all about moms, convenience and trying to figure out how to translate these messages."

Tie-Ins Work

Robert Schueller, director of public relations for Melissa's/World Variety Produce based in Los Angeles, CA, says generally speaking, tie-ins encourage more produce consumption, and he lists as examples crepes displayed by the berries and strawberries; dried chili with the fresh chili; tofu in the refrigerator case; dried cranberries and pine nuts by the bagged salad; and crystalized ginger by fresh ginger.

"It's all about 'meal-solution bundling.' It works if the retailer has the space allocation for these grocery type items tied into the produce items," he says. "Retailers wouldn't be offering them in this way if it didn't work. Retailers have told me they see an increase ring of 10 to 25 percent on incremental sales just on the crepe items we do."

Litehouse provides herb shippers for retailers that are themed around a recipe, which pair produce items with the company's tie-in items and includes a recipe tear pad for the consumer.

"We are also looking at ways to make our dips more versatile by giving different recipe suggestions," says Stacey Miller, senior brand manager for Litehouse.

Many companies found that same concept can achieve success in the produce department. By having companion products in the produce department, both retailers and manufacturers can reap the rewards.

"You can influence buyer behavior by merchandising fresh produce and non-perishable items," says McCaul. "For example,

research shows 68 percent of shoppers who buy Concord Foods' Guacamole Mix also purchase avocados — three avocados on average per shopper."

Erika Cottrell, vice president of marketing for Sahale Snacks, based in Seattle, WA, says the company has data showing that when Sahale Snacks, like its Valdosta Pecan Nut Blend or Almond, Cherries, Apple + Maple Sahale Crunchers, are placed next to complementary items such as bagged salad, they drive incremental purchases that lead to a

higher basket ring.

"The total sales will vary, but overall, tie-ins are valuable to grocery retailers for introducing first-time buyers to Sahale Snacks," she says. "Sahale Snacks and fresh produce are often found on the same shopping lists of consumers looking for exciting ways to maintain a wholesome diet. As more consumers "shop the perimeter" and seek out healthy eating options, we've seen great success with our products in produce end-cap displays and areas adjacent to bagged salads and produce."

SPACE ALLOCATION IS KEY

Some stores will keep the companion products near the salad ingredients, while some will simply offer it elsewhere in the produce department.

"Within reach is optimal," says Bruce Peterson of WD Partners, a customer experience expert solutions company for global food and retail brands. "You're trying to tell the customer, 'I get why you're buying this,' and at the same time, saving them the trouble of walking across the store."

Samantha McCaul, marketing manager for Concord Foods in Brockton, MA, believes tie-ins should be displayed in prime locations, with the best placement always being on the shelf adjacent to relevant produce items.

"In the smallest spaces you can find room for placement," she says. "At Concord Foods, we provide a variety of display options for small spaces, such as wire racks and clip strips. We also provide shipper displays that should be displayed on the floor, next to the companion item."

According to McCaul, there are several major benefits to displaying these items in the produce department. First, stores will generate additional sales dollars. Second, displays add interest and variety to the produce department, so shoppers will spend more time in the produce department, and as a result, more time and money is spent in the store. Third, you are offering great convenience to the customer.

"It is best to display on the shelf, adjacent to the companion item. Secondary placement is next to the relevant item at key times," she says. "You

can connect the items using merchandising fixtures, such as wire shelf racks, baskets or shipper displays."

Maria Brous, director of community relations at Publix Super Markets, says space allocation is key, and the amount of space devoted to tie-ins is determined by the amount of space and layout of the store.

"In some respects, having the tie-in merchandised near the product works well, such as dessert shells with the berries," she says. "In other cases, having salad toppers incorporated into a display cap works well as a reminder for whichever salad ingredients a customer is looking for."

The philosophy at Acme Markets in Philadelphia, PA, is to be tasteful with tie-ins and not let them overpower the produce display.

"We are taking them off the floor and putting them overhead with the packaged salad sets to give more of a clean look with a better tie-in look," says Jay Schnieder, produce director. "We in Produce will delegate the amount of space, as we need to keep in mind it is a fresh shop."

Robert Schueller, director of public relations for Melissa's/World Variety Produce based in Los Angeles, CA, recommends displaying recipe cards or special signage by the products to show how the items best go together.

"Our Litehouse cheese is a natural salad topper, and it comes in a great package, so retailers can stand them up on a shelf; the package provides a great billboard that way," explains Stacey Miller, senior brand manager for Litehouse.

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Litehouse's Emmer-Aanes suggests "perimeter pairing," since much of current research indicates women are shopping heavily in the perimeter of stores. "I highly suggest retailers feature tie-in items with as much produce as possible."

Getting Retailers On Board

Despite the success many retailers have with selling these items and increasing produce sales, there still is some resistance in the industry about carrying these items and cross-merchan-

dising tie-ins. Mostly, it comes down to space.

"Some retailers are looking to become more efficient by streamlining the number of SKU's they carry. Changing their minds is not easy, but it's important to remember that there are great benefits to displaying non-perishable tie-in items in produce," says McCaul. "Tie-in items increase incremental sales which improves the bottomline. In addition, tie-in items can actually grow the category of certain items — we see this with the Chiquita Banana Bread Mix. Overall, the banana bread category has grown



PHOTO COURTESY OF LITEHOUSE

Litehouse provides herb shippers for retailers that are themed around a recipe, which pair produce items with the company's tie-in items and includes a recipe tear pad for the consumer.

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since this product was introduced in 2009."

It's the opinion of Roger Pepperl, marketing director for the Wenatchee, WA-based Stemilt Growers and chairman for the United Fresh Produce Marketing & Merchandising Council, that produce directors need to be careful not to put too much tie-in "non-perishable or non-fresh" items in the department.

"Departments lose their freshness quickly with too much noise outside of produce," he says. "Still, some items just get lost in the store if they are not tied-in. Items that are used to create the finished recipe like sauces, dips and dressings have some place in the department if they are unique and not a center store item."

In these cases, Pepperl says it should be placed right next to the item it is a companion with, and if it doesn't have enough sales to warrant the position, you should be questioning why you are carrying it in the first place.

"People are in the produce department looking for healthy options," says Litehouse's Miller. "Our dressings contain more natural ingredients — no preservatives, no MSG, most of them are gluten free and always made fresh. Those aspects alone make our dressings a great tie-in to encourage consumption of fruits and vegetables.

"The herbs are not only a great healthy option, but they have a convenience factor," adds Miller. "The herbs are activated once they

are rehydrated. They completely come back to life giving a fresh taste and aroma. So instead of buying fresh herbs that might spoil too quickly, or dried herbs that don't have as much flavor, Litehouse herbs are a great alternative because of their long shelf life and high quality."

John Dunne, senior vice president, client development fresh foods, Acosta Sales & Marketing, based in Jacksonville, FL, says he is seeing somewhat of a divide in the industry over the tie-in debate.

"I know of a major retailer who is moving all of those high-end tie-in items out, wanting to be perceived as completely fresh, so they're removing the croutons, bacon bits, toppings and those things," he says. "There is another major retailer in the Southeast that actually did that several years ago and experienced a major decline in overall department sales, re-instituted it, and it's been a wonderful success."

He also hears from some retailers that if there's a brand in the center aisle of the store, they don't want it over in the produce department, feeling it denigrates the image of freshness and having something special for their consumers.

"Every now and then we'll get some push back on trying to take something that has been very successful center-store and trying to put it there [in the produce department]," says Dunne. "As someone who feels like he has merchandising in his DNA, I would try to put more interesting things around those core offerings, because it creates opportunities to up-sell the consumer and increase basket rates on the transaction."

Promotion Is Key

Concord Foods offers promotions on its key products throughout the year, which adds to the success rate of selling produce.

"This fall/winter, we are doing a tie-in promotion with Sun-Maid Raisins on the Chiquita Banana Bread Mix," says McCaul. "The banana bread mix requires the purchase of two bananas. On pack, instantly redeemable coupons will be available on the purchase of the banana bread mix and Sun-Maid Raisins."

Sahale Snacks offers flexible display options that utilize cases as stackable, small-footprint off-shelf displays, and provide shoppers with easy meal inspiration.

"We designed case-stack displays that allow retailers to feature a selection of Sahale Snacks products in various areas of the store, with eye-catching designs and coupon tear-pads to drive trial," says Cottrell. "We continue to work with retailers to build promotional programs that meet our mutual goals. In-store sampling has

always been our most effective means to introduce our products to customers."

"Retailers should focus on providing a total experience for the consumer," says Litehouse's Emmer-Aanes. "When doing in-store demos, the key is to focus on versatility. For example, if you are sampling a dip, then have a protein item (such as chicken) along with a vegetable. Retailers should always provide options that are really thoughtful to consumers' diets. We know once they try, they buy."

Dunne is a believer that there's a fair

amount of impulse purchasing by any shopper, which is why retailers should probably be going the tie-in route.

"To add something different or interesting where people are going to make a core purchase, I think is fundamentally part of a successful merchandising department," he says. "I think we're all creatures of habits, and an experience with something different is looked forward to. People are more inclined to be adventurous and try new things if you make it easy for them." **pb**



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Salads Still Thriving At Retail

With salads moving to center of the plate, the packaged category offers innovation with unique blends and ingredients. **BY LISA WHITE**

The popularity of greens is giving the packaged salad category a big boost. In a recent study, San Juan Bautista, CA-based Earthbound Farms found 34 percent of greens were being used for something other than salad, including juicing. Many contend the current juicing and smoothie craze has had a positive impact on this segment.

“And we see the key to expanding sales in the category is capitalizing on the consumer’s inclination to use greens in places other than salads, especially smoothies, which are shifting from sweet treats to nutritional powerhouses with the greens and other nutritious add-ins,” says Samantha Cabaluna, Earthbound Farms’ vice president, marketing and communications.

In the 52 weeks ending July 14, 2013, total fresh cut salad sales totaled more than \$3.2 billion, an 8 percent increase from a year prior, according to IRI, a Chicago, IL-based market research firm. Unit volume increased almost 6 percent during this period.

For Malvern, PA-based Acme Markets, which operates 110 stores in Pennsylvania, New Jersey, Delaware and Maryland, packaged salad sales comprise a double-digit percentage of total produce sales.

“It’s our highest category, dollar for dollar,” says Jay Schneider, Acme Markets’ produce director. “This segment plays in big with our business plan.”

Packaged Facts, a Rockville, MD-based market research firm, estimates sales of branded packaged produce through all retail channels increased by a compound annual growth rate (CAGR) of 4.7 percent between 2009 and 2013 to reach \$5.6 billion.

What’s New

Acme Markets isn’t the only retailer banking on the popularity of packaged salads.

In October 2013, Publix Super Markets, a 1,078-store chain based in Lakeland, FL, introduced four additional Publix Private Label Salads, including Bacon Ranch, Kale, Apple Walnut Cheese and a Barbeque kit.

“Our customers enjoy the convenience, and the kits sell well,” says Maria Brous, the



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TOP SELLERS

There are a number of top sellers in the packaged salad segment, many spurred by recent restaurant and healthy eating trends.

“We’re seeing more mixes of greens, such as baby kale mix,” says Susan Easley, director of innovation at Fresh Express, headquartered in Salinas, CA. “We’re also starting to see more innovation with vegetable salads and salad kits.”

This includes more non-meat proteins, including nuts, seeds and beans.

Fresh Express recently introduced six new Gourmet Café offerings, including Spinach, Baby Spinach, Hearts of Romaine, American, Italian, Iceberg Garden and Shredded Iceberg.

Ready Pac also recently released two new salad mixes — the Baby Kale European Salad Blend and the Apple Bleu Cheese Complete Salad Kit.

“We’ve released the Baby Kale European Salad Blend because we saw a consumer need,” says Tristan Simpson, Ready Pac’s vice president, corporate communications. “There is a growing kale trend, but not everyone has the time it takes to prep. We developed this line because it provides consumers with a quick and easy way to enjoy kale.”

The organic salad segment continues to grow, outpacing the rest of the value-added salad category.

“We see an increase in organic sales, due to consumers prioritizing their spending habits on organic foods — specifically with fresh fruits and vegetables,” says Carrieann Arias, director of marketing at Dole Fresh Vegetables, located in Monterey, CA. “Because salad is inherently viewed as healthy, keeping all ingredients — including salad components and dressings — all natural is essential.”

Dole’s lettuces are non-GMO and kit ingredients contain no artificial flavors, colors or preservatives. The company took it to the next level last year, launching a line of organic salad blends.

Its offerings include an arugula blend; a 50/50 blend of baby spinach and spring mix; a baby spinach blend; and a spring mix blend. The arugula is offered in 5-ounce resealable clamshells, while

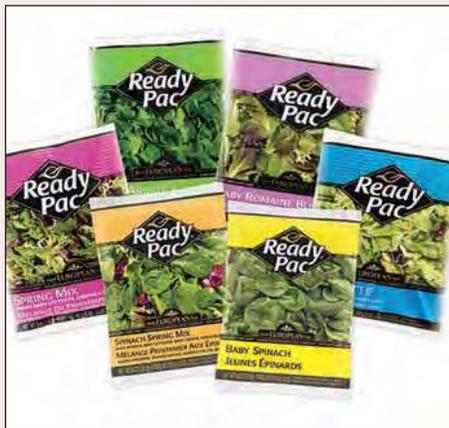


PHOTO COURTESY OF READY PAC

the other three blends come in 5-, 10- and 16-ounce clamshells.

“Thirty years ago, no one believed that organic could be more than a tiny niche market,” says Samantha Cabaluna, Earthbound Farms’ vice president, marketing and communications.

A lot has changed in three decades. Now organics make up more than 4 percent of the overall food supply, and 11 percent of fruit and vegetable sales, according to the Organic Trade Association’s 2014 Organic Survey.

In the 52 weeks ending June 21, 2014, organic packaged salads made up almost 24 percent of total packaged salad sales, according to West Dundee, IL-based Nielsen Perishables Group. Recently, the organic packaged salad segment showed a 19 percent increase in dollar sales.

Organic blends own the majority share within organic segments, but strong growth is also being driven by organic single serve salads, which Nielsen notes is up 193 percent, and organics salad kits, which experienced a 44 percent increase.

“This shows tremendous evolution of the general acceptance of, and desire for, organic food over the years,” says Cabaluna.

In addition to clean labels, consumers are seeking convenience. This helps sell comprehensive salad kits, which includes ingredients, dressing and utensils, and continue to grow in sales.

With increasing consumer demand for

both healthy and convenient food, salad kits have experienced exponential growth. According to Nielsen, salad kit dollar sales have grown by 41% since last year (52 Weeks ending 9/4/14). This incremental growth is being fueled by a rising consumer demand for healthy, minimally processed foods.

“With the increasing consumer demand for both healthy and convenient food, salad kits have experienced exponential growth,” says Ready Pac’s Simpson.

Unique ingredients like chia seeds, quinoa and soba noodles are being incorporated in greens and salad mixes, salad kits and salad bowls, which are driving brand trial, commanding higher price points and boosting overall sales in this market, according to Packaged Facts.

Ready Pac’s Apple Bleu Cheese Complete Salad kit was inspired by gourmet restaurant menu trends that appeal to consumers looking for summer flavors. The line features a blend of green leaf lettuce, apples, Bleu cheese, sweet candied pecans and savory cherry balsamic vinaigrette.

Spinach also continues to thrive. In the 26 weeks ending July 12, 2014, the mature spinach segment of total U.S. food was up 2.7 percent in dollar sales, according to Nielsen.

Protein also has become a major component in today’s bagged salads, as consumers seek to increase their consumption of these foods as part of healthier diets.

Nielsen data reveals there are approximately 69 percent more SKUs in total U.S. food distribution that feature bacon as a kit component, compared to a year ago.

Also, despite the strong branding efforts of today’s salad manufacturers, private label packaged salads have grown more than 5 percent in recent months, reports Nielsen.

While the Fresh Express and Dole brands together make up about 40 percent of IRI-tracked sales of refrigerated fresh-cut salads, Packaged Facts reports private label is a formidable presence, with store brands accounting for nearly 40 percent of sales. **pb**

chain's director of media and community relations.

Since the 1990s, Publix has offered specialty salads made fresh daily in its produce departments. Varieties include a strawberry spring mix salad, spinach salad, spring salad and tossed salad. These salads include combinations of walnuts, mandarin segments, sliced strawberries and nuts.

As more consumers seek added nutrients, new greens-based salads with kale, chard and spinach have been big in the past year.

According to IRI, dollar growth in spinach was 7 percent in both 2013 and 2014.

"Salad kits, both in family-sized bags and single-serve bowls, continue to grow as consumers are pressed for time, but want to eat healthier options," says Susan Easley, director of innovation at Fresh Express, headquartered in Salinas, CA.

In response to the increasing number of consumers jumping on the juicing bandwagon, the company is introducing Juicing Greens, a blend of baby kale and baby spinach intended for use in juices and smoothies. It also recently launched Shredded Broccoli & Cauliflower, a salad base of red butter lettuce and baby spinach with shredded broccoli, cauliflower, carrots and red cabbage.

Dole Fresh Vegetables, located in Monterey, CA, has expanded its offerings based on the fact vegetables and salads continue to move to the center of the plate.

"As flexitarianism – the idea that you don't have to eliminate meat completely to reap the health benefits associated with vegetarianism — grows, we're seeing vegetables, salads and plant-based proteins increasingly taking their place at the center of the plate," says Dole's Carrieann Arias, director of marketing. "As an extension of this trend, dark leafy greens continue to grow in popularity as a primary salad and meal ingredient."

The great majority of Dole's new products in 2014 capitalize on the popularity of super greens, which include dark leafy lettuces highest in vitamins, nutrients and antioxidant benefits. Examples include spinach, chard and kale.

The company's Power-Up Greens line includes baby kale; a blend of baby kale, baby spinach, baby green chard and baby red chard; and a spring mix and greens line that combines spring mix, baby green chard and baby green kale.

This past spring, Dole also introduced its new Kale Caesar Salad Kit, which includes baby kale, baby spinach and shredded broccoli with shaved Parmesan and Romano cheeses, roasted garlic croutons and Caesar dressing.

As salad has transcended from an appetizer and side dish to center of the plate, there has been an influx of packaged chopped salad varieties. These include a wider mix of ingredients, such as nuts, seeds, gourmet cheese, protein and higher-end dressings.

The popularity of these products has prompted Dole to expand its All Natural Chopped Salad line, adding both Sesame Asian and Sunflower Crunch Salad Kits.

Also recognizing chopped salads are a hot

item this year, Irwindale, CA-based Ready Pac Foods Inc. unveiled its Bistro Chopped Salad single-serve bowl recipes, including Chopped Italian, Chopped-Kickin' BBQ and Chopped Kale Apple.

"In addition, we plan to stimulate interest and broaden our reach to new consumers with a clever new twist to our Bistro Bowl Salads," says Tristan Simpson, Ready Pac's vice president, corporate communications. "We've introduced six fresh and customizable Bistro



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“Value-added salad is still strong, and we advertise bagged salads every week as most retailers do. We haven’t seen any drop-off in terms of consumption, as these products are still strong sellers.”

— Jay Schneider, Acme Markets

Bowl Wrap Kits, featuring fresh produce, protein and a tangy sauce ready to be wrapped inside an artisan pita.”

Another of the company’s latest releases is the Caprese Bistro Bowl Salad, a single-serve meal consisting of 60/40 arugula and spring mix, fresh Mozzarella pearls, grape tomatoes and a balsamic vinaigrette dressing.

Marketing Value-added

In addition to the nutritious benefits and the expanding flavor options, today’s consumers are seeking foods that offer value for their dollar, and the packaged salad segment is no exception.

“Value-added salad is still strong, and we advertise bagged salads every week as most retailers do,” says Acme’s Schneider. “We haven’t seen any drop-off in terms of consumption, as these products are still strong sellers.”

As healthier eating becomes mainstream, the demographic for packaged salads continues to evolve to transcend typical genders and age groups.

“Marketing messages still primarily target women, however that is slowing shifting,” says Fresh Express’ Easley.

Ready Pac markets its kits and Bistro Bowl offerings to consumers with busy schedules that want healthy, fast and convenient food.

“Our goal is to deliver innovative complete meal solutions that are changing the way people eat, and broadening the horizon of what constitutes a conveniently quick, healthy meal,” says Simpson.

Although the clear packaging, colorful contents and various ingredients help to market packaged salads, produce departments can help spur impulse and incremental sales by placing these products in visible, high-traffic areas within the produce department.

For example, retailers recently used



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“Consumers are often looking for quick meal solutions to take with them to work or to assemble a quick dinner, so it’s smart for retailers to make it easy for shoppers to find what they’re looking for.”

— *Tristan Simpson, Ready Pac Foods Inc.*



secondary coolers to support the launch of Ready Pac’s Bistro Bowl Wrap Kits.

“Building a prominent, fresh on-the-go destination near the front of stores is also an emerging marketing and merchandising platform within food retailers,” says Simpson. “Consumers are often looking for quick meal solutions to take with them to work or to

assemble a quick dinner, so it’s smart for retailers to make it easy for shoppers to find what they’re looking for.”

Publix displays its packaged salad offerings in its specialty case alongside fresh-cut fruit selections.

“Some people still like to pick up fresh salad, but demand and growth are still there and sales

continue to be strong,” says Schneider.

Packaged Facts conservatively forecasts a CAGR for the packaged produce and salads category of 4.6 percent through 2018, when sales are expected to approach \$7 billion. An increase in sales, volume, prices and consumer demand will drive this category in the years ahead. **pb**

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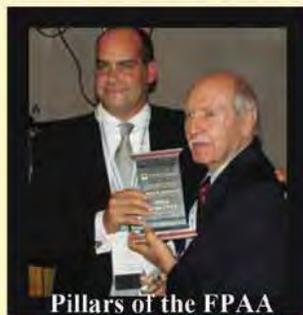
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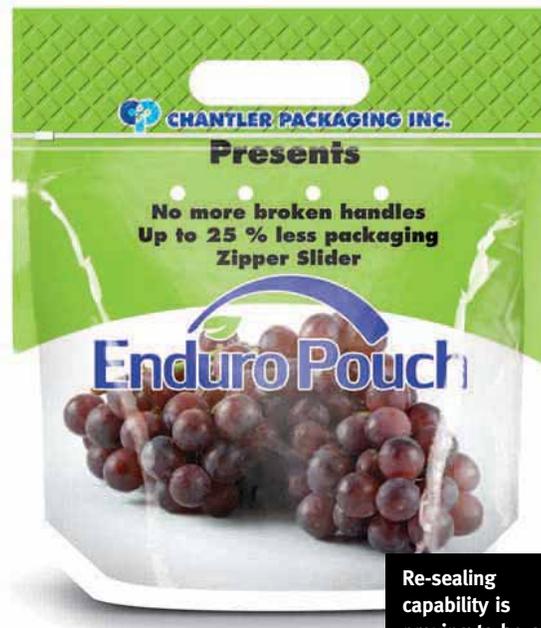
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Re-sealing capability is proving to be a big hit with consumers.

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Packaging As A Sales Tool

Industry experts discuss latest trends for keeping produce fresh and informing customers as to what they're buying. **BY ANTHONY STOECKERT**

Preparing vegetables for dinner has never been easier thanks to packages that allow veggies to be steamed or microwaved while they're still in the package.

"The steam-in-bag packaging is huge," says Donald Bishop, manager for Riteway Fresh, a division of food broker, Riteway Sales & Marketing, in Lakeland, FL. "It is convenient, the quality is generally excellent and you can't beat the ease of preparation."

It's also an indication of what a game-changer packaging innovations can be. If customers shop with their eyes first, then packaging is vital. It not only lets people know what a product is, but design can catch shoppers' eyes and make an item more or, in the case of poor packaging, less appealing.

"Sales data I saw shows the companies that committed to the packaging are getting larger shares of the market," says Bishop. "Consumers are looking for foods that are healthy, high quality and convenient."

The Latest Trends

According to Kim St. George, director of marketing and innovation for Mann Packing Co. in Salinas, CA, convenience remains important because people are looking for

quality, healthy meals that fit busy lifestyles.

"Often, they're looking for produce packaged in single-serve options or in a complete side dish format with sauce/dressing and components," says St. George. "Consumers are time-crunched, and providing an easy meal solution not only helps the consumer but encourages trial of new, exciting flavors and varieties. Making the product easy to enjoy is not only important to consumers, but also to the produce industry to increase consumption of fruits and vegetables."

Other trends she notes are packaging with re-sealing ability so that larger family size products can be purchased and stay fresh.

Grant Ferguson, vice president of sales and marketing for Mississauga, Ontario-based Chantler Packaging, says the company's EnduroPouch is a consumer-friendly stand-up pouch with an easy-to-use slide zipper.

"Its unique construction and manufacturing means it is stronger at lower gauges, reducing packaging material required," he says. "Additionally, because it's nearly indestructible, it minimizes food waste." He says this is because it decreases the amount of damaged produce, which customers are likely to leave on the shelf.

Ferguson adds the family owned Toronto-

based supermarket chain Longo Brothers Fruit Markets is using EnduroPouch for such items as cherries, mini peppers and grapes.

"It gives retailers a chance to promote their value proposition," says Ferguson. "Additionally, the bag explains to the consumer just how much packaging waste the customer saved by purchasing [produce] in the EnduroPouch when compared to traditional stand-up pouches for produce."

Being environmentally friendly is another important trend. "Companies are also using less packaging materials and/or smarter packaging materials that not only demonstrate a company's commitment to sustainability, but also appeal to consumers' interest in less waste," says St. George.

Bishop adds the latest trends are packaging with a controlled atmosphere, and sizes that are convenient for on-the-go snacking, such as Naturipe's ready-to-eat blueberries.

"The blueberries are pre-washed and come in a highly portable package with an extended shelf life that is great for travel, school lunches, or anytime a quick nutritious convenient snack is desired," he says.

New Innovations

Victor Savanello, director of produce and

floral for Iselin, NJ-based Allegiance Retail Services, says the most popular and successful package change in recent years is the increased use of gusseted bags.

“For commodities such as grapes, apples, stone fruit and cherries, they offer the retailer a great alternative to packaging at the store level,” Savanello says. “The bags and the graphics bring a great-looking and efficient packaging for some commodities, which previously may have had their challenges in this area.”

He adds they are visually appealing and easy to handle. “They’re great,” he says.

In June of this year, Sealed Air, based in Elmwood Park, NJ, released a thin-gauge Cryovac CT-311 shrink film. According to a press release issued by Sealed Air, the film allows for better-performing and more sustainable, fresh produce packaging. Used mainly to package cold chain produce goods such as mushrooms, corn and peppers, the film prevents water droplets from forming inside of the film and clouding the view of the contents.

“With the release of our new CT-311 shrink film, Sealed Air further demonstrates our commitment to continuous innovation,”



PHOTO COURTESY OF INLINE PLASTICS CORP.

Reid Kennedy, marketing director for Sealed Air’s Product Care Division, says in the press release.

“CT-311’s combination of excellent optics, increased performance and microwave compatibility deliver the most complete shrink material available for fresh produce, all while enabling packagers to reduce their materials usage.”

What Shoppers Want

As the trend for healthier eating continues,

it’s important that packaging shares information about the foods people are buying.

“Consumers want to know the food they are buying is unadulterated and completely safe, and that manufacturers go to great lengths to ensure the perception of food quality their brands have garnered is maintained in the eyes of the consumer,” says Riteway Fresh’s Bishop. “Food safety goes hand-in-hand with quality and convenience to make a winning formula for fresh produce.”

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Learn more about the life cycle assessment results and corrugated packaging at www.corrugated.org.



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Taste and convenience are obviously important, and according to Bishop, shoppers equate taste and nutrition with fresh. “The trend toward more nutritious foods has been going on for several decades,” he says. “More space in supermarkets is being given to fresh products that deliver the taste associated with fresh.”

Chantler Packaging’s Ferguson notes consumers influences packaging formats. For example, he says packaging should offer convenience by offering different sizes of the same products.

Ferguson notes shoppers are more educated and brand-savvy than ever before. As a result, they have high expectations for produce, which offers opportunities for innovations in packaging.

“Convenience, quality, ease of use, retail experience, communication and social responsibility are the new table stakes for brands and retailers,” he says. That, he says, is reflected in the relationship between Longos and the EnduroPouch.

“The consumer gets an easy-to-use pack, which reinforces their quality standard with a freshness guarantee,” he says. “It also gives the customer information on how Longos is reducing packaging materials by incorporating EnduroPouch over traditional produce pouches.”

It’s All In The Details

Shoppers also want packaging to provide information on what they’re buying. According to Mann Packing’s St. George, this includes specific recipes, multiple cooking instructions, such as how to cook something in a microwave or an oven, and unique usage ideas.

“On the Mann’s Family Favorites new packaging, we provide usage ideas on the back of our vegetable packaging, such as ‘add to scrambled eggs, pastas, quiches, or simple cooking instructions such as ‘steam using chicken broth’ or ‘sauté using fresh herbs and olive oil.’” says St. George. She adds consumers like those ideas because they provide new ways to prepare common vegetables without having to search for recipes online.

At the same time, Mann integrates its website into its packaging. “We also included a QR [quick response] code on our packaging that takes consumers directly to our redesigned website, which gives them hundreds of recipes via their smartphone within seconds,” she says. “Each of our newly designed packages also contains a full-color

“Convenience, quality, ease of use, retail experience, communication and social responsibility are the new table stakes for brands and retailers.”

— Grant Ferguson,
Chantler Packaging

recipe photograph using the product with the associated recipe listed on our website, which inspires additional usage ideas.

Education is key when it comes to produce packaging. Tell the consumer as much as you can on the packaging about variety, nutrition, usage or recipes.”

As with anything, Riteway Fresh’s Bishop says educated consumers are vital. “You can have the greatest product ever created, but if you do not educate the consumer as to why your product is so special, you will not have a successful product.”



PHOTO COURTESY OF INLINE PLASTICS CORP.

Visual Aspects

One important element to design is themes. Bishop says while bright colors are attention grabbing, the most important factor is being able to see the product through the packaging. “Clear space in the packaging is essential for consumers to see the actual

product, and in their mind they will associate the raw product with a memory of a deliciously prepared meal and that memory and the visual appearance of the product will seal the buying decision,” he says. “I remember reading an article that said the average shopping trip was under 30 minutes; if you divide

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WRAPPING UP WITH RPCS

BY LISA WHITE

Produce departments are banking on RPC wraps as the next trend in effective fruit and vegetable merchandising. This small piece of vinyl with Velcro attached fits around individual or groupings of produce or displays. Once the season or promotion is over, RPC wraps can be easily removed and stored.

Not only is this merchandising method being used to heighten awareness of produce and educate shoppers, but it is also being combined with efficient supply chain logistics and impactful retail merchandising support to help retailers sell more while reducing operational costs.

“We know this area is critical to success at retail, driving differentiation and profits,” says Hillary Femal, vice president, global marketing, at IFCO Systems, based in Tampa, FL. “It sets the tone for how shoppers view the quality of the rest of the store.”

IFCO launched its suite of RPC Fresh Market Advantage solutions late in 2012 and has been expanding this offering ever since. These merchandising solutions were developed in concert with retailers and growers aiming for the goal of increasing fresh produce sales for RPC users.

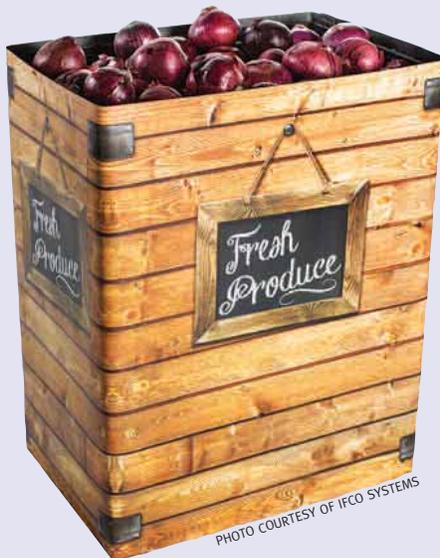
“The response by retailers has exceeded our expectations,” says Femal. “The success we see with RPC wraps is based on collaboration between the retailer, grower/shipper and IFCO.”

This merchandising tool also provides an effective way to communicate with consumers. Wraps can provide serving ideas and nutritional information, as well as highlight price or promotions.

RPC wraps’ popularity is due to the fact it is relatively inexpensive to purchase and easy to apply, clean and store.

“It’s easy to wrap an RPC stack,” says Dan Acevedo, director of business development at West Pak Avocado, based in Murrieta, CA. “These also roll up and store conveniently in a minimal amount of space.”

An increasing number of retailers, including Wal-Mart, Kroger and Fresh & Easy, are incorporating this merchan-



dising tool in the produce department. This is because RPCs can say whatever is needed, such as promoting avocados for football season or including a retailer’s logo.

Last year, the Washington, D.C.-based Chilean Avocado Importers Association took its bin design and transferred it to RPC wraps. “Everything we communicated on the bin was transferred to the wrap, including how to select avocados and easy recipe ideas,” says Karen Brux, the association’s managing director.

These RPC wraps were first introduced last year in Wal-Mart stores to help increase avocado sales.

“RPC wraps are really the same as point-of-sale materials and crucial to communicating with customers,” says Brux.

The association is also working with small regional retailers on the West Coast to incorporate RPC wraps into their avocado offerings.

“Raley’s has its own RPC wrap design specific to the store that fits into the chain’s produce department,” Brux says.

There are also wraps that highlight cross-marketing opportunities with other products, such as strawberries, whipped cream and pound cake.

“We see more developments like these in the near-term future, as well as new opportunities to communicate with shoppers, especially in the area of connecting with mobile technology,” Femal says. **pb**

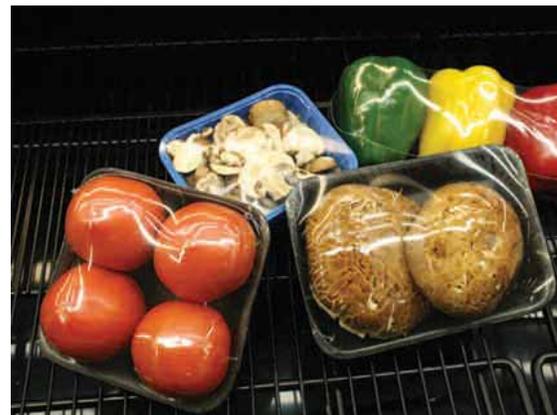


PHOTO COURTESY OF SEALED AIR

that time in the store by the number of items in a store you will realize that, on average, the consumer is only giving each item in the store a fraction of a second of their attention — so the whole concept of packaging design and product visibility is extremely critical.”

He adds space is limited in stores and packaging should take that into account. “There are a number of new and innovative products, so packaging with a lot of clear space will serve as your billboard,” he says. “You want consumers to see the product, and in their minds’ eye, to see the produce as it will be when it is prepared. The packaging and product visibility will ultimately sell the product.”

Chantler Packaging’s Ferguson says shoppers judge the quality of a product on look, feel, smell, as well as taste, and that packaging needs to present those attributes to consumers. “Simple color blocking and ultra-clear substrate — in the case of Longos’ EnduroPouch — reinforces their quality statement and showcases their product at the same time,” he says.

“Many times the best way to help sell the product is to showcase the food inside the package,” says Jack Tilley, market research manager for Shelton, CT-based Inline Plastics. “Inline’s crystal-clear containers promote attractive merchandising displays that highlight the quality of its food contents. Especially in fresh produce applications, customers want to see the top, bottom and sides of the fruit or vegetable to make sure it is fresh. The natural colors of fresh, healthy produce are their own sales tool.”

The Retailers’ Role

St. George says it’s important for produce companies to work with retailers to provide ideas for merchandising new value-added packaging options. “This may include at shelf signage, publicity through the retailer’s loyalty card programs or specific in-store promo-

“Consumers are anxious to try new products, especially when it comes to packaging that is significantly better or different than what they are used to purchasing.”

— Kim St. George, Mann Packing Company

tions,” she says. “Consumers are anxious to try new products, especially when it comes to packaging that is significantly better or different than what they are used to purchasing. Retailers can also allocate a specific space on the retail shelf for ‘New Items’ or ‘New Packaging’ or ‘New Flavors’ — this will encourage trial and excitement for consumers. Creating this type of special section will encourage consumer loyalty with that retailer, as they know new items will consistently be showcased.

Ferguson says retailers can ensure value-added packaging options translate into increased sales through communications. “Expressing these benefits directly on the packaging gives a clear message to consumers of what benefits they are receiving,” he says.

Standing Out

Sometimes the packaging itself enhances the overall impression of the product inside. “Because Inline’s packages are clear, the best way to increase salability of the product is to improve appearance and functionality of our containers,” says Inline’s Tilley. “To that end, we have developed product lines such as our Visibly Fresh and our Crystal Fresh lines that feature reduced ribbing, which offers a clearer, sleeker look to the container. These lines also feature perimeter sealing when closed, which results in longer shelf life of the contents and reduced shrink for retailers.”

Stewart Devlin, chief creative for Red Peak Branding, a New York City-based branding and design agency, says customers want good-looking packaging that allows produce to stand out from other items in the store. “I believe that, in general, 90 percent of packaging follows a ‘paint-by-numbers’ approach that comes from responding to research,” he says. “The result: everything begins to look the same. The issue is how can brands be built

and gain recognition if you aren’t willing to go against the norm?”

Devlin says consumers want to be surprised, but packaging companies don’t take that into account. “Some may argue cost is an issue, but making something look bad takes almost exactly the same investment as it does to make it look good,” he says. “Honestly, both clients and packaging companies often create mediocre designs because they don’t want to do something that looks different or behaves in a different manner from what the

competition is doing. Anyone who dares to do something different, as long as the packaging works, has a massive opportunity.”

He adds while produce has restraints in terms of packaging because it’s disposable, innovation is possible. “I was buying avocados in our supermarket recently, and I couldn’t figure out which ones were ripe,” he says. “Why doesn’t the grower think of a way to demonstrate ripeness in packaging or display?”

Perhaps that question could lead to the next packaging innovation. **pb**



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USING PACKAGING AS A MARKETING ADVANTAGE



A shopper goes to the supermarket and buys a package of salad mix or maybe slaw or chopped kale or any number of other fresh-cut products. Did the shopper buy because of loyalty to a particular brand or was the purchase motivated by the freshest-looking product, or the best price? As a marketing tool, what role did the package play in facilitating that

purchase? Before going there, let's put a bit of framework around the term "marketing tool" because, by itself, it leaves a lot of room for interpretation. Ask five people what it means and you are likely to get five answers. It really is a matter of the perspective from where you sit in the supply chain. A veteran food industry marketer with more than thirty years experience says that packaging as a marketing tool "... is something that identifies consumers with a brand and not a specific product. Ask yourself, do you visit the supermarket to buy bagged salad or a particular brand of salad?"

So what can a packer do to bridge that gap between product and brand, and be the marketing tool that helps packers relish benefits like stronger prices, increased loyalty, added demand, and a receptive audience to new products? According to that same marketer, "Packaging can be a lever. It's the first point of reference for shoppers and becomes the voice of the brand once it leaves its distribution point. It speaks from the retail display case, through checkout, in the kitchen at home, and if it's re-sealable or reusable, it speaks from the refrigerator." He summed up his thinking, "Produce is what shoppers buy. They don't buy packaging, but if in some way packaging adds to the perception of quality, then it has made the product better. But, they must remember the brand, and packaging can help."

Admit it or not, all of us are information junkies. Packaging conveys useful and actionable information vital to any brand experience, and produce is no exception. If packaging can help to inform and make buying easier or more interesting, then shoppers' brand preferences are reinforced. A senior source with a large produce packer suggests a ton of ways he sees packaging reinforcing brands, "Packaging promotes the label as something special and different from competitors. It delivers the packer's message, communicates a

premium image through graphics, informs shoppers about calorie counts, promotes recipes, displays QR codes to enhance engagement through the website, and, generally, merchandises with billboard impact." He also named some essential retail benefits like package data that helps ensure the correct ring at checkout, which helps lower shrink, and data that aids traceability.

But, has the industry done enough to understand the market's needs and proactively develop packaging to solve problems? One manufacturer alluded that produce packaging has become more of a commodity. The inference being that package innovation may not be worth the effort any more. Perhaps he is referring to the seemingly endless line of rivals today willing to do it cheaper — maybe not better — but good enough to get their share of business after others

have invested their resources and broken the trail.

The packer executive strongly disagrees, "Just walk through any retail produce department. There are so many opportunities for fresh-cut packaging today. I don't understand that thinking." He believes manufacturers have to get into the customers' shoes and understand their needs. Create solutions for them. He sees advances in packaging technology as supplements to his marketing, "We need breathable

materials for extended shelf life and they're worth it. Biodegradable materials are important to many shoppers."

With innovation, some will argue, comes a tradeoff that the higher cost of packaging can create a cascade of rising product costs resulting in push-back from retailers and, perhaps, shoppers alike. This packer does not see the cost of packaging as an issue. It is an asset into which he is investing and expecting a return, "If you're running a half-million packages a week, most of it is done by machines and the cost is built-in. Volume cures all evils in packaging. As product volume increases, packaging costs go down."

With a final thought, he surmises, "Today nobody wants to pay for benefits. But if you deliver value daily and communicate that clearly, you'll see growth in the brand. Packers have to be the solution to their customers. If packaging gives value to products, shoppers recognize it and respond well." Can produce packaging be a marketing tool? It can be an exceptionally strong one, but it must be seen as an asset, not as an expense and used just as a container. It is what successful brand builders do.

Packaging conveys useful and actionable information vital to any brand experience, and produce is no exception.

By Chip Bolton

Chip Bolton has been intimately involved in the food packaging industry for more than 25 years. He was director of marketing communications in North America for Sealed Air's multi-billion dollar Cryovac brand. There he helped develop brand and product strategies that influenced best practices in disciplines like online marketing, consumer research, and reaching multi-million dollar markets through integrated marketing communications that targeted the food processing, supermarket, and foodservice industries. He is the founder and principal of J.H. Bolton Communications, LLC, a marketing communications company that helps small companies define and leverage their unique value. In this role, he also serves as a force multiplier for companies that need an experienced marketing hand to devise or execute specific programs.

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In the winter, the United States depends on California citrus. The California drought will determine what will be available this year.

How The Story Plays Out For California Citrus Crop

Effects of the drought will determine citrus supplies and prices this winter. **BY BOB JOHNSON**

The California story of drought and water management issues will determine how much citrus is available throughout the nation this year and at what price.

“Most of the fresh market oranges come out of California,” says Jim Marderosian, president of Bee Sweet Citrus, Fowler, CA. “There are some in Texas and Arizona, but the fresh price is pretty much based on what we do.”

Bee Sweet has grown over the past quarter century to become a major packer/shipper of Navel and Valencia oranges, lemons, grapefruit, Mandarins, and exotic specialties like Minneolas and Pummelos.

During the winter months, California citrus anchors the relatively sparse fresh fruit section.

“Apples, oranges and pears are what carry us through the winter,” says Keith Vieselin, produce manager at Rice Epicurean Markets, Houston, TX. Rice Epicurean is an independent chain in the Houston area offering high-quality produce and groceries. “California citrus is extremely important. All of the citrus varieties are important.”

Early in most years is the ideal time to promote California citrus, but this may not be like most years.

“The peak of the Navel orange season will be January through April. This is a great time to promote bulk Navels and bagged Navels,” says Tracy Jones, vice president of domestic sales at Booth Ranches, Orange Cove, CA. But, she added, “The long-term effects of the drought are yet to be determined. We will all have a clearer picture on how this season will unfold when the official numbers are published.”

There is still a trend toward the easy peelers, rather than just oranges. And there are a few packaging innovations of note that may help in merchandising.

“The season for California oranges and easy peelers is November to June, while California lemons and grapefruit movement peaks from April to October,” says Kevin Fiori, vice president of sales and marketing at Sunkist Growers, Valencia, CA.

The Power Of Water

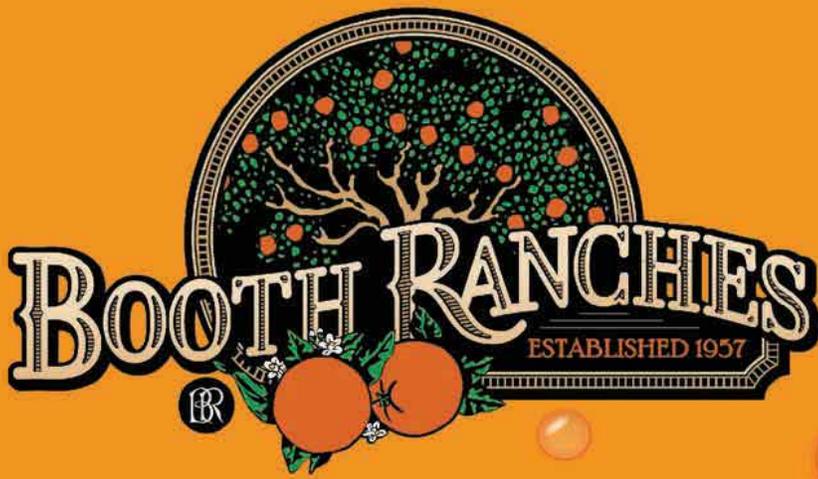
The immediate impact of the drought

varies among localities, varieties and shippers because California citrus growers get their water from a patchwork combination of state and federal water projects, local water district projects and wells.

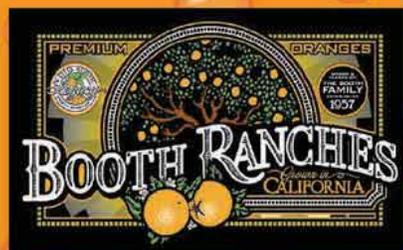
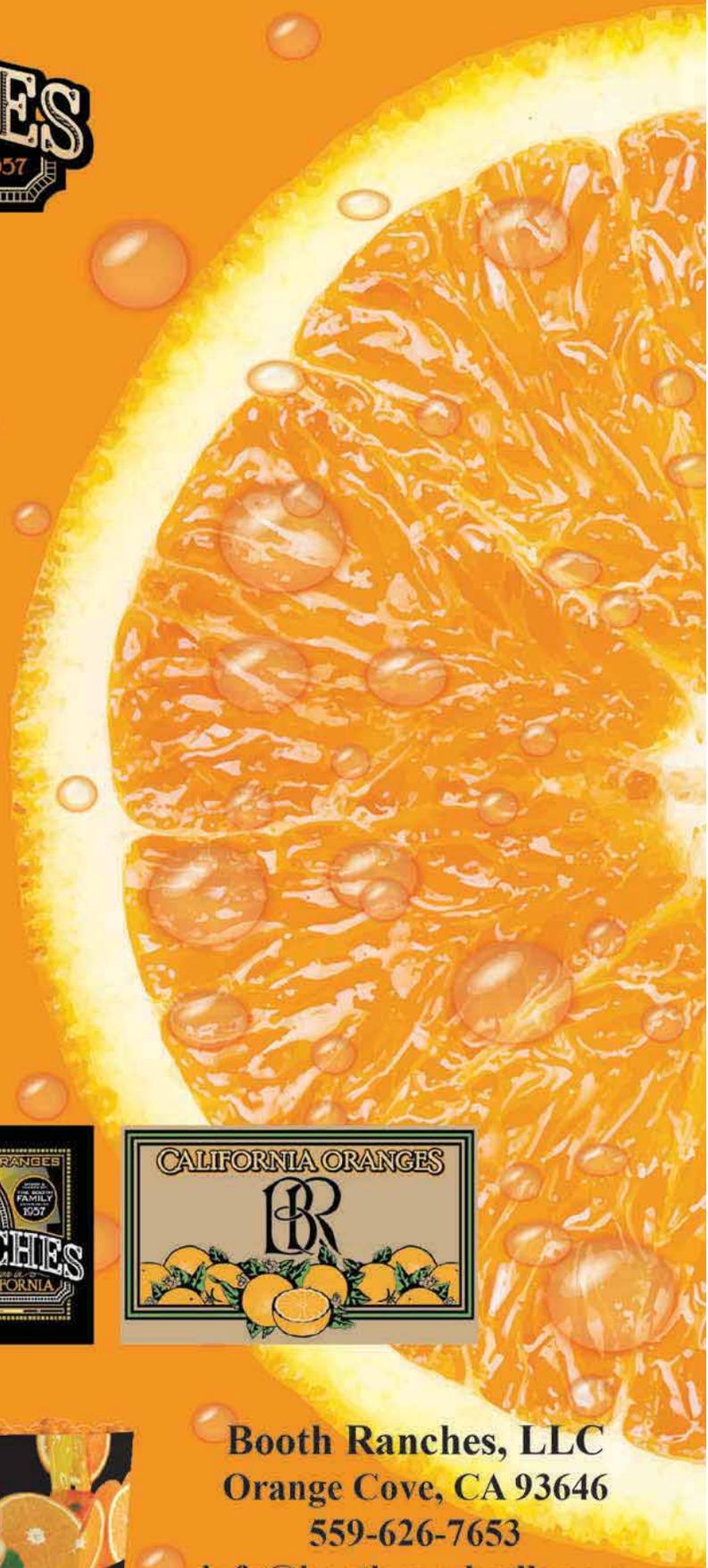
Impacts vary by locality, but when you add it up, the nation’s orange supply this winter will take a double-digit hit from the drought and water management policies.

“We’re looking at as much as a 12 to 15 percent decrease in Navel oranges as a result of the drought,” says David Roth, president of Cecelia Packing, Orange Cove, CA, and a board member of the state’s Citrus Mutual. Cecelia Packing is a grower-packer-shipper-marketer for 4,500 acres of California citrus, most of it farmed by the company. “The retailers are going to end up with a little higher prices to the consumers, unfortunately. The big problem with California citrus is the drought. The shortage is most dramatic in northern Kern County, and east of Friant in Fresno County.”

The situation is generally bleakest below the federal Friant reservoir at the border of Fresno and Merced County, and grew even more dismal after the U.S. Bureau of Reclamation



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Because supermarkets generally were still selling oranges from the Southern Hemisphere into the late summer and early fall, the impact of the drought has not been felt until now.

decided all of the water from the state's heavy March rains would be held in reserve for fish, and none of it would be released to farmers in the southern half of the San Joaquin Valley.

One Kern County grower even decided to bulldoze a 60-acre orchard of young, productive seedless Valencia orange trees because he could not get enough water to keep the trees alive to produce in future years.

California Citrus Mutual, a grower cooperative based in Exeter, CA, estimated as much as 50,000 acres of trees are at risk this year because of water shortages.

The result will be higher orange prices this winter for consumers everywhere in the country.

Because supermarkets generally were still selling oranges from the Southern Hemisphere into the late summer and early fall, the impact of the drought has not been felt until now.

"We're just now going to get into the Chilean, Australian and South African citrus," said Vieselin from Rice Epicurean Markets.

When the last piece of counter seasonal fruit is sold, California will be the key player in determining availability and price of many citrus varieties.

"We rely on California heavily in January and February," says Ed Osowski, produce manager for Martin's Supermarkets, South Bend, IN. Martin's is an independent chain with more than 20 supermarkets throughout Indiana and Michigan.

California orange growers have, so far, been able to avoid any significant impact from the *Huanglongbing* virus (HLB) that devastated Florida citrus orchards over the past decade.

A majority of orange orchards in Florida are afflicted to varying degrees by this virus, also known as citrus greening.

Orange growers in the Golden State financed a comprehensive program to monitor and manage Asian citrus psyllid, the insect that



PHOTOS COURTESY OF LIMONEIRA

carries this deadly virus. The program worked well enough that, so far, there has only been a single confirmed case of *Huanglongbing* virus in a backyard tree in Southern California.

Quarantine restrictions are in effect for eight counties and portions of four additional counties to prevent the insect from catching a ride on citrus plants or fruit.

"We're pretty aggressive on Asian citrus psyllid. Citrus research is coming up with ways to combat it," says Bee Sweet's Marderosian. "As long as the psyllid doesn't have the HLB, we'll be all right."

But orange growers are not all right when it comes to getting enough water to produce a

full crop. Nearly all California agriculture is irrigated with some combination of allocated state and federal water, local district water and private wells. There are also water transfers from one local district to another, at a steep price, that makes for a patchwork of supply that defies simple description. Only your shippers know if they have enough water to deliver a full harvest this year.

Because the impact of the drought will be localized, the extent of the shortages will depend on the variety and even the grower.

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Water shortages will greatly affect citrus prices and size.

we conscientiously monitor our water use and we continue to increase our water efficiency," says John Chamberlain, director of marketing at Limoneira, Santa Paula, CA. "The drought is a very challenging situation, and, as you can expect, we are monitoring the situation closely."

Limoneira is a major player in California lemons, and also produces other citrus varieties, including blood oranges, Cara Cara oranges, Minneola tangelos and Star Ruby grapefruit.

"We sell our lemons year-round and have supply in the San Joaquin Valley, the Central Coast and the desert. Our varieties consist of Eureka's, Lisbon's, Meyer's and Pink Variegated. Our oranges and specialties are also supplied throughout the year," says Chamberlain.

Because they are grown in numerous regions nationwide, the supply of lemons, and grapefruits too, should not be drastically affected by the California drought.

"We primarily do grapefruit out of the Coachella Valley; we don't carry a lot of the varieties," says Natalie Erlendson, program marketing manager at Sun World, located in Bakersfield, CA.

California grapefruits are available from March to September, according to Erlendson, and Florida and Texas provide the fall and winter supply. Sun World is a grower/shipper of grapes, peppers, plums and apricots from California's Central Valley and also produces a full lineup of citrus varieties.

Because California is just one player among many in grapefruit and lemons, there should not be a dramatic impact on the price of those

varieties. That's the good news. The bad news is that water shortages will be dire enough in some areas of California to reduce yields and drive up the cost of major citrus varieties nationwide.

"It's too early to say. When we start harvesting, we'll have a better idea. A lot of people got water late. For people with no wells, it's going to have an impact," says Bee Sweet's Marderosian. "You're probably going to have growers who didn't put water on. It will definitely reduce the size of the fruit."

Bee Sweet is prepared to move water around and produce a crop for at least one more year.

"We're getting by this year," says Marderosian. "We're pretty large, and we traded water from ranches that have wells to other ranches that don't. If we have a well on one ranch, we can transfer water to a ranch with no well."

But even growers who harvest a full, or nearly full, load of oranges probably have extra expenses for water that will be passed on to consumers.

"The state released water in June; if it's a wet year, they might release it in April or May," says Marderosian. "Districts buy water from other districts. It was expensive, but you still had water. Water is going to add a lot to the cost, more than \$1,000 an acre."

Unless the rains come this winter, the citrus situation will grow even more desperate the next season.

"If we continue to experience little to no rainfall into the fall and winter months, the 2015-2016 crop will be negatively affected," says Jones from Booth Ranches. "For the 2014-



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Sunkist is teaming up with Sesame Workshop and the Produce Marketing Association (PMA) to encourage families to eat more fruits and vegetables! This season, Sunkist, premium fresh citrus will be offered in fun, Sesame Street-themed packaging that leverages the brand that parents trust and kids love.

For more information, contact Sunkist sales: sales@sunkistgrowers.com

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“For the 2014-2015 season, the fruit on the trees are already set. The drought will affect the timing we pick, the size structure, and possibly the quality of the fruit to a small degree.”

— Tracy Jones, Booth Ranches

2015 season, the fruit on the trees are already set. The drought will affect the timing we pick, the size structure, and possibly the quality of the fruit to a small degree.”

Experts suggest contacting your suppliers early. Major retailers were already working in the summer to line up adequate supplies of citrus for the winter.

“Like all retailers, Pittsburgh, PA-based Giant Eagle experienced increased costs on its citrus products due to ongoing industry factors. The company is working closely with its supply partners to ensure adequate product availability for customers via its traditional sources,” says Molly Zubrow, Giant Eagle’s corporate communications representative.

A Familiar Mix Of Varieties

The mix of winter citrus varieties is shifting, and some retailers find that Clementines have already outpaced Navel oranges.

“In the past couple of years we sold more Clementines than Navels,” says Osowski from Martin’s Supermarkets. “They’re convenient, the kids love them and they did some amazing advertising on them. Citrus is a big volume driver, and the Clementines, particularly, are the biggest volume driver. We do Spanish Clementines first and then the Californian.”

As consumers’ tastes changed and grew more diverse, California production of Mandarins, Tangelos, tangerines and Tangos nearly quadrupled over the last decade from just more than 5 million cartons to more than 20 million cartons, according to California Department of Food and Agriculture statistics, and the Golden State produces half the national harvest of these popular varieties.

“I think the retailers like a mix of citrus — your Mandarins, Cara Caras and Navels,” says Marderosian.

But despite the rising popularity of the easy peelers, the traditional Navel orange remains the king of fresh market citrus.



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“Citrus is one of the healthiest things you can eat, and there are countless ways that chefs and mixologists creatively use our products. The public definitely responds.”

— John Chamberlain, Limoneira

California growers are the major player in fresh market citrus, generally shipping more than 3.5 billion pounds of the popular Navel variety every year.

Those are the basics, and there is little new under the sun in California citrus. “We haven’t come up with anything really different in terms of varieties,” says Roth. “We’re doing well with Cara Caras, and Blood oranges picked up steam in the past few years.”

There are only minor modifications in the citrus varieties of interest to consumers. “Emerging varieties that continue to expand in popularity are the Cara Cara, Navels, Gold Nugget Mandarins, Blood oranges, Ojai Pixie tangerines, Meyer lemon and Zebra (pink variegated) lemons. We are also seeing

increased demand for organic citrus and seedless lemons,” says Sunkist Growers’ Fiori. “The most popular varieties based on volume shipments are Navel oranges, lemons, Clementines, W. Murcott Mandarins and Minneola Tangelos.”

Although only a small percentage of total citrus volume, some of these varieties are growing in popularity.

“We’re doing more of the varieties, the Cara Cara and Blood oranges,” says Osowski.

Tried And True Packaging

Although the variety mix is generally familiar, there may be packaging options that help deliver a message to consumers.

“We believe consumer packaging, bags and

consumer cartons provide an excellent opportunity to educate consumers,” says Fiori. “Packaging allows us to introduce new varieties and offers usage tips and recipes to help consumers get the most out of their citrus purchases. We attribute much of our success with some of our newer varieties to our packaging, which allows us to differentiate the variety and highlight the benefits.”

Signage and displays can catch the eye and draw attention to the citrus varieties.

“We offer colorful, creative displays in a couple of sizes to help draw attention to the product. In-store signage that promotes the five uses of lemons from our ‘Unleash the Natural Power of Lemons’ campaign is also fun,” says Limoneira’s Chamberlain.

Packaging and displays emphasizing the health benefits of citrus can have impact. “There is no question that America’s interest in healthy, good tasting food continues to grow,” says Chamberlain. “Citrus is one of the healthiest things you can eat, and there are countless ways that chefs and mixologists creatively use our products. The public definitely responds.” **pb**

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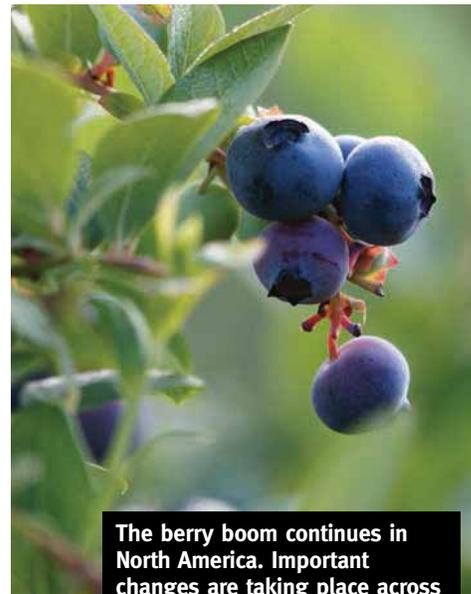
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(L-R) PHOTOS COURTESY OF ARGENTINEAN BLUEBERRY COMMITTEE AND CHILEAN BLUEBERRY COMMITTEE



The berry boom continues in North America. Important changes are taking place across Latin America, with more country suppliers looking to tap into the demand for berries.

Imports Critical To Continued Berry Growth

Changes at source present new import opportunities for North America to satisfy burgeoning demand across the category. **BY GILL MCSHANE**

Imported fresh berries play a hugely significant role on the North American retail market; keeping shelves fully stocked with the entire range during the winter to meet the growing demand for the popular and healthy fruits throughout the year is key.

“Imports continue to be a very important component to the year-round availability of fresh berries at retail,” explains Matt Curry, owner of Brooks, OR-based produce specialist Curry & Company. “Growers and packers in certain countries have done such a great job, so consumers and retailers alike now enjoy a daily supply of berries. Consumers love the healthy choice and retailers rely on year-round sales.”

Continuity in supply helps to keep consumers engaged in regular purchases, according to Curry. As such, whereas it was once a challenge to buy back shelf space for seasonal berries, he says retailers now expect year-round availability since they consider berries to be a staple item, similar to apples, bananas and table grapes.

“Blueberries, in particular, have grown into such a popular item for U.S. consumers,” notes

Karen Brux, managing director of the Chilean Fresh Fruit Association (CFFA) in North America, based in Santa Rosa, CA. “Blueberries are no longer a summer fruit as consumers are eating them on a more regular basis.”

Although strawberries rank as the biggest-selling berry on the market, blueberries represent the largest imported berry, followed by imported raspberries and blackberries. “Tonnage of blueberries continues to dominate imports,” asserts Curry. “Raspberries are the second largest and blackberries are increasing the fastest. Although production will continue to increase for all three types, the rankings are not likely to change.”

During North America’s counter-season Latin America remains the biggest berry supplier by far. Historically, blueberries are supplied largely by Chile and to a lesser extent by Argentina and Uruguay. Mexico dominates imports of strawberries, blackberries and raspberries, while Guatemala traditionally fills a niche for blackberries.

But as the berry boom continues in North America, important changes are taking place across Latin America, with more country

suppliers looking to tap into the demand for berries and the opportunities to supply greater volumes of quality blueberries.

“We believe the potential is huge to increase winter blueberry consumption in North America,” says José Antonio Gómez, chief commercial officer at Camposol, Peru’s largest fresh produce supplier.

“Consumption is much lower during the winter, but a steadier and more abundant supply of quality blueberries will be instrumental in helping to boost the blueberry as a product of choice for consumers during these months.”

To that end, Peru, Mexico and Guatemala are starting to develop new avenues. Already, Peru — a complete newcomer to berries — and Mexico have emerged as interesting and viable sources for blueberries, while Guatemala is exploring the potential to diversify its blackberry offer with both raspberries and blueberries.

Emerging Blueberry Sources

Curry believes Mexico and Peru’s expansion in blueberries is very significant for the



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North American market. In fact, with extensive planting taking place to supply the market during September to November and March to April, he claims the two nations could drastically change the landscape for Argentina and may force Chile to make some adaptations.

“Chile is the largest blueberry supplier [to the U.S.] by far, and Argentina is the second biggest but increased plantings in Mexico and exciting new projects in Peru could change that within the next five to seven years,” explains Curry.

“Both Mexico and Peru are targeting Argentina’s window and the early and late windows of Chile’s season. Mexico still struggles with yield issues and although Peru is exciting with a huge amount of investment in the past three years, yields are unproven. However, the labor and freight savings are significant. Both Mexico and Peru enjoy cheaper transportation into the U.S. and neither requires fumigation,” says Curry.

Despite the potential threat, the Argentinian Blueberry Committee (ABC) remains

“Both Mexico and Peru are targeting Argentina’s window and the early and late windows of Chile’s season. Mexico still struggles with yield issues and although Peru is exciting with a huge amount of investment in the past three years, yields are unproven.”

— Matt Curry, Curry & Company

unconcerned. “Peru is still doing trials on blueberry production to see what varieties are best suited to its climate and soils,” points out ABC’s manager Inés Peláez.

“It’s also very important to remember Argentina has the natural conditions that allow for the optimum growth and development of blueberries — an environment which isn’t found in many other parts of the world,” she adds. “In some countries the flowering process has to be prompted artificially so the plant bears fruit at specific times. In Argentina, this occurs naturally.”

By targeting the September to December supply window, Camposol’s Gómez admits the aggressive growth of Peru’s blueberry production will create “competitive pressure” for certain other South American-producing regions.

However, he claims this is simply a natural evolution of the marketplace. “We think good responsible leadership by companies like ours will pave the way for more growth and overall category success, which will ultimately benefit consumers and producers alike,” explains Gómez.

Furthermore, Gómez points out the market is unlikely to be flooded — given blueberry supplies from around the world are at their shortest from September to December. “From our perspective, we [Peru] will fill a window when the market desperately needs more supply,” he says.

“Secondly, by significantly boosting supply during this window, we will ultimately have a positive effect on blueberry consumption throughout the year. In the end, both

Side Note

SALES BUOYANT ACROSS BERRY CATEGORY

The entire berry category continues to grow at retail level in the U.S. every year, driven by convenience, nutritional benefits, flavor and year-round availability. “We don’t see any berries declining in sales over the next decade and beyond,” predicts Matt Curry, owner of Brooks, OR-based produce specialist Curry & Company.

Strawberries represent the largest total sales value annually for North American retailers and although they have the lowest year-over-year increases. Curry says the base volume is “staggering.”

“Strawberries have been a recognized retail staple item for much longer than the other berries, and strawberry volume continues to grow in lesser percentage increases, but over a huge base,” he notes. “We expect strawberries to continue this performance.”

Raspberries, meanwhile, have grown considerably in volume, especially during the past decade, while blackberry consumption has enjoyed the fastest-growing percentage increase over the same period, albeit starting from a much lower base.

Blueberry consumption has also increased every year in North America since the industry began to track it. “Blueberry consumption doubled in the five-year period between 2007 and 2012,” says Curry. “We’ve had a few marketplace hiccups where supply has temporarily exceeded demand, but these have been seasonal overlap issues more than anything else.”

In the near future, José Antonio Gómez, chief commercial officer at Camposol, Peru’s largest fresh produce supplier, does

not see any reason why the growth in blueberries would slow. “Blueberry supply and demand have been growing significantly every year,” he says. “The combination of great flavor, eating experience and the awareness of the health benefits of blueberries will ultimately drive further growth.”

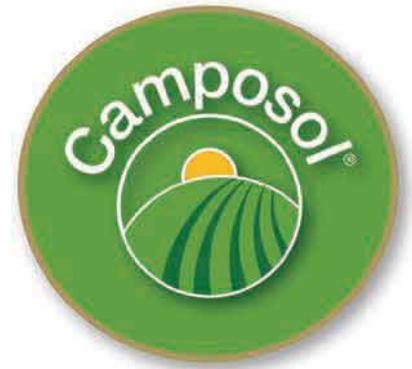
Gómez adds individual companies and organizations such as the U.S. Highbush Blueberry Council (USHBC) are allocating increased resources for improved consumer visibility of the blueberry category in order to ensure demand continues to grow in step with the increase in production.

“As of this year, USHBC received approval for its marketing order to be increased from \$12 per ton to \$18/ton on all U.S. blueberry production and imports, and most of the budget is focused on getting the word out on the benefits of blueberry consumption,” asserts Gómez.

Karen Brux, managing director of the Chilean Fresh Fruit Association (CFFA) in North America, based in Santa Rosa, CA, claims the U.S. market “cannot get enough of blueberries” but points out there are still untapped opportunities to explore in North America. “Many produce marketers are not taking advantage of markets within markets,” she explains.

“For example, CFFA is actively working with regional and ethnic [Hispanic and Asian] retail chains who have more flexibility to get creative with their marketing in terms of sharing information, photos and videos on their websites, blogs and social media. There are huge opportunities in cities like San Francisco, New York, Atlanta, Vancouver and Toronto.” **pb**

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BERRY EXPORTS FROM LATIN AMERICA TO THE U.S. (IN TONS)

COUNTRY	BERRY	2009/10	2010/11	2011/12	2012/13	2013/14
Chile	Blueberries	41,125	59,925	56,171	67,839	50,661
Argentina	Blueberries	6,932	9,921	9,624	9,475	7,733
Uruguay	Blueberries	641	672	864	845	480
Guatemala**	Blackberries	2,500	3,000	3,500	4,000	5,000

* Total exports to the U.S. and Canada

** Total exports to the U.S. and Europe

Source: CFFA, ABC, Agexport, Upefruy

consumers and producers – Peruvian and non-Peruvian – will emerge as winners,” he says.

Peru To Triple Production

By the end of 2016, there are likely to be 3,200-4,000 hectares planted with blueberries across Peru following extensive trials, according to Gómez. “Several companies are in the process of planting on a significant scale, and we may see dozens of smaller companies planting less significant amounts, although still on a commercial scale,” he explains.

Broadly speaking, Camposol estimates Peru’s total blueberry production will triple over the next three years; rising from 3,600-4,000 tons (8-9 million pounds) in the upcoming 2014/15 season to 10,800-12,200 tons (24-27 million pounds) by 2016/17.

“Similar exponential growth will continue beyond this timeframe for several more years due to the combined effect of new planted areas and recently planted areas starting to reach maturity,” says Gómez. “Then it will presumably start to level off.”

Camposol is already the biggest blueberry player in Peru and aims to own half of the country’s total production in two years’ time. Currently, the firm has around 200 hectares for 2014/15 and that area will expand significantly in the near future.

“The plan for Camposol is to have roughly 1,375 hectares planted by the end of 2015 and then to reach more than 2,000 hectares by the end of 2016,” says Gómez. “We assume North America will receive up to 60 percent or 70 percent of our total production. However, Europe and Asia are also key destinations and we intend to supply those regions as well.”

This season Camposol will produce 2,268 tons (5 million pounds) of blueberries and in five years’ time the ambitious group expects to offer in excess of 22,000-27,000 tons (50-60

“By the end of 2016, there are likely to be 3,200-4,000 hectares planted with blueberries across Peru following extensive trials.”

— José Antonio Gómez,
Camposol

million pounds).

Already, Gómez says Peru’s initial and small-scale entry into the blueberry market over the last couple of years has been received well by both retailers and consumers. Camposol now intends to build on that success with broader distribution as its volume grows. “Our goal as a company is to build our brand in the retail, foodservice and wholesale spaces, and ultimately make the presence of Peruvian blueberries more widely known,” he says.

Looking further into the future, Gómez does not rule out the chance of Peru exporting other berries already under production in the country, but only if genetics and packaging can be improved.

“The biggest challenges relate primarily to distance and transportation, because these berries do not travel as well as blueberries by ocean,” he says. “This creates a competitive disadvantage for Peru insofar as other producers with closer proximity can supply these markets by truck and rail. But perhaps developments on the genetics front, coupled with new shelf life packaging technologies, will provide an eventual boost to Peru’s ability to become an important player in this arena.”

More Growth From Chile

Chile, meanwhile, will remain essential to the North American blueberry market. As such, the market should be aware of growing competition for Chilean blueberries, warns Brux at CFFA. “If there was no Chile, there would be no blueberries on the North American market in winter,” she says.

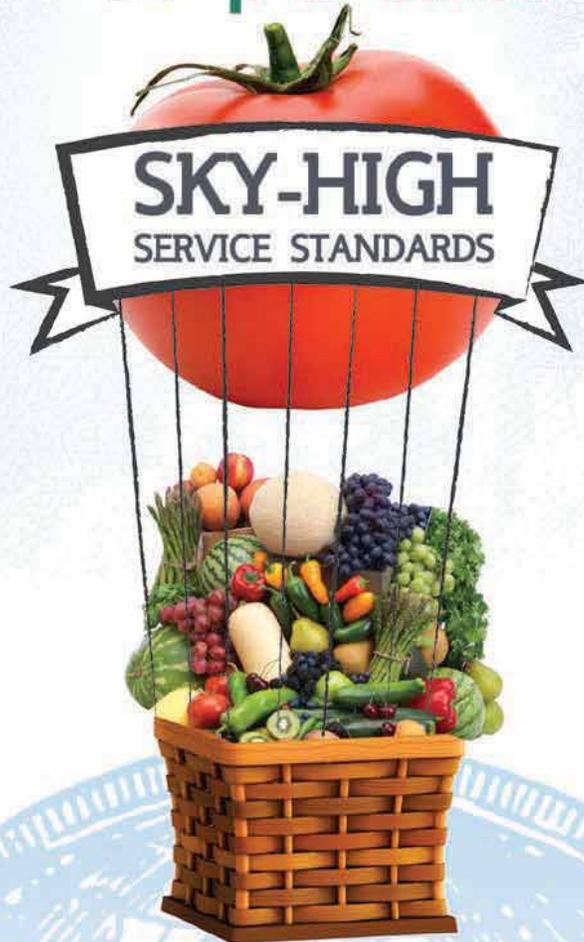
“Argentina starts a little bit before Chile and then the market belongs to Chile,” adds Brux. “But more and more destinations are opening up to Chilean blueberries, so North America is competing with more markets. Likewise, North America is by far the biggest market for Chilean blueberries, so we still have to be very proactive in developing the market too.”

Chile is the world’s largest fresh blueberry exporter and the second-biggest grower with more than 13,000 hectares planted. In the last decade production has risen by two digits, but half of the current plantings still have not reached full capacity.

“Chile has continued to expand with earlier and later fruit, and better-tasting varieties all season,” notes Curry of Curry & Company. “Chile’s plantings have leveled off in the past two years, but young plantings will continue to increase tonnage for the next three to five years, so we can expect increases to continue a while longer.”

Within the next five years Chile’s blueberry production is on track to increase 42 percent. However, that outlook is in the process of being re-evaluated following the discovery of European grape vine moth (EGVM or *Lobesia botrana*), which caused a slowdown and decrease in exports last season.

Indeed, the Chilean Blueberry Committee says events during 2013/14, including EGVM, adverse weather and a lengthy port strike, could continue to affect Chile’s production potential and exports in the future.



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“Argentina’s availability plays a hugely important role in offering blueberries to the U.S. all year round. U.S. importers know they can count on high-quality product, reliable exporters and an offer which is absolutely stable.”

— Inés Peláez,
Argentinian Blueberry Committee

“Variations in rainfall and temperature levels in Chile and across the world have increased the probability of adverse events, and thus strengthening crop protection measures are necessary to minimize losses,” suggests committee manager Andrés Armstrong.

“However, the challenges presented by controlling EGVM and the port strike last season also require a major effort from everyone in the industry. Procedures and negotiations involving many players are needed in order to export Chilean blueberries more fluidly,” says Armstrong.

The committee expects to release its 2014/15 volume estimates by late September, following a 15 percent fall in exports last season to 74,010 tons. “This decrease was caused by three factors,” explains Armstrong.

“The first one was the weather (frost, rain and high temperatures), mainly because of the frost in September. The second factor was the restrictions on the entry of fruit from the VI, VII and VIII regions to the U.S. market because of EGVM and the third was the San Antonio port strike.”

Since then, Brux says measures have been put in place to deal with EGVM, which means for the upcoming season at least the pest will be part of Chile’s new export reality. “Fruit will be fumigated on arrival into the U.S.,” she says. “It will have an impact on the volume of organic fruit.”

New Varieties For Argentina

Argentina’s blueberry supply to the U.S. is

currently fairly stable, with data from ABC pegging global exports at approximately 15,000 tons per season. In 2014/15, however, exports could reach 16,000 tons, provided the weather is favorable.

Of that total, around half will be exported to the U.S. by air from September, as soon as local production from Oregon begins to wane. “Argentina’s availability plays a hugely important role in offering blueberries to the U.S. all year round,” notes ABC’s Peláez. “U.S. importers know they can count on high-quality product, reliable exporters and an offer which is absolutely stable.”

Argentina’s blueberry production has always been destined exclusively for the export market, since the fruit has never been part of the local diet. On the other hand, the country also produces other berries, including strawberries and raspberries, which have always been well received by the domestic market.

For blueberries, the industry is undergoing a period of consolidation with a particular focus on developing new varieties. “Since 2011, there has been a shift toward very early varieties like Snowchaser, and varieties with high production and excellent fruit quality like Emerald,” says Peláez.

With its varietal conversion plan well underway, Peláez claims Argentina enjoys an advantage over those competitors who are still testing varieties to find the best suited blueberries to their soils and climates, as well as consumer preference in terms of flavor, firmness and texture.

Uruguay Consolidates

For Uruguay, the North American market has played an important role in its blueberry trade ever since the start, but exports have declined in recent years, according to the Uruguayan Union of Fruit Producers and Exporters (Upefruy).

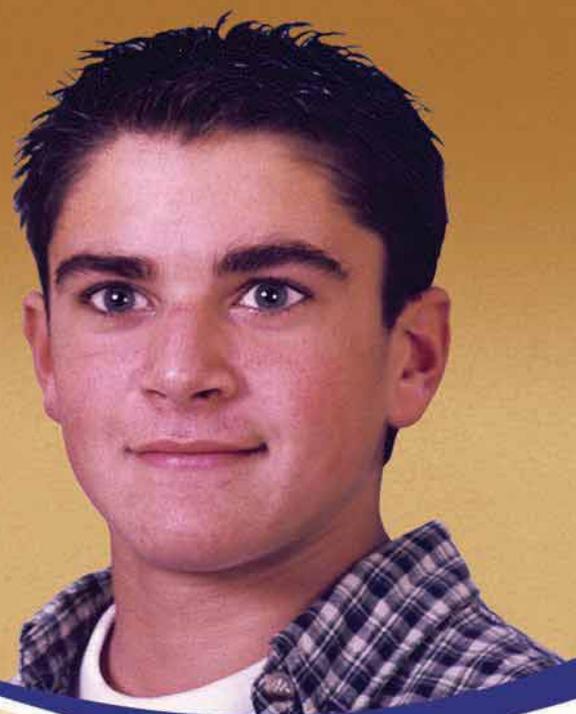
“The cost of quarantine treatment with methyl bromide, inspection costs by APHIS and the Uruguayan Ministry of Agriculture, and logistics in general have caused some volume to be redirected to Europe,” explains Marta Bentancur, who heads up Upefruy.

“Although North America continues to be a priority market, Europe now accounts for 58 percent of our total blueberry exports, while the U.S. absorbs 36 percent. Asia and other markets (including Canada) account for 2 percent and 4 percent, respectively.”

Uruguay exported 1,734 tons of blueberries in 2013/14, down from 2,138 tons during the previous season, when heavy rainfall and wind cut volume by 20 percent. But in 2014/15 production is anticipated to recover and total exports should grow accordingly to 2,300 tonnes.

Curry of Curry & Company agrees the “huge promise” for Uruguay has not materialized as expected. “Difficult weather conditions during the season and fumigation protocols have both made it difficult for Uruguay to make a major impact in the U.S.,” he suggests.

Adverse weather conditions and the exit of some small companies from the industry have certainly led to a fall in production the last



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Product	Dollar Contribution to Department	Dollars per Store/Week	Dollars per Store/Week % Change vs YAGO	Volume per Store/Week % Change vs YAGO	Average Retail % Change vs YAGO	Dollar Contribution to Berries
Berries	8.3%	\$3,986	5.6%	1.6%	3.9%	
Strawberries	4.2%	\$2,025	3.3%	-3.1%	6.6%	50.8%
Blueberries	2.1%	\$1,018	4.2%	2.6%	1.5%	25.5%
Raspberries	1.2%	\$589	19.6%	21.9%	-1.9%	14.8%
Blackberries	0.7%	\$316	2.5%	1.4%	1.1%	7.9%
Other Berries	0.1%	\$38	1.5%	-0.2%	1.7%	1.0%
Currants	0.0%	\$0	-19.7%	-29.8%	14.5%	0.0%

Source: Nielsen Perishables Group

couple of years. From a high of 800 hectares, a survey carried out by Upefruy at the beginning of 2014 suggests just 493 hectares remain for export.

“The biggest single factors inhibiting production are costs and labor availability,” explains Bentancur. “Because of this, there is no interest within the industry to develop the production of other berries in Uruguay.”

Upefruy estimates production costs in Uruguay have risen by 8 percent in the last year. As such, the main priorities for growers are to adjust costs of production, picking, packaging and logistics, as well as address the issue of labor availability and look at market access to diversify export opportunities.

“Today our industry is in a stage of consolidation — we are making great efforts to adapt varieties and technology to supply the international market with high-quality fruit,” says Bentancur. “There remains great potential during our production window from September to December.”

With North American demand peaking for Uruguay at the start of the Southern Hemisphere season, Bentancur says producers are focusing on planting early varieties or replacing old varieties with early ones.

“Primary varieties such as O’Neal have been removed almost completely in northern Uruguay, although some plantings remain in the southern area of the country,” says Bentancur. “The principal varieties are now Emerald, Misty, Jewel, Millenia, Star, Spring High, Snowchaser, Primadonna, Sapphire, Blue Crisp and Georgia Gem.”

“Today our industry is in a stage of consolidation — we are making great efforts to adapt varieties and technology to supply the international market with high-quality fruit. There remains great potential during our production window from September to December.”

— Marta Bentancur, Upefruy

Guatemala To Diversify

Guatemala is keen to not only increase its berry exports to the U.S., Canada and Europe but also to diversify its 100 percent blackberry production.

“If you take into account the experience Guatemala has in the berry trade, and in particular the advantages that our country benefits from such as our climate, infrastructure and proximity to markets, there is huge potential for Guatemala to produce and export other berries like strawberries, raspberries and some blueberry varieties,” says Marta Castañon, who heads up the Guatemalan Berry Committee.

Although importer Curry & Company expects to see more raspberries from Guatemala in the future, the firm is less optimistic for Guatemala’s blueberry potential. Mexico is likely to gain the upper hand.

“There are some plantings of blueberries in Guatemala, but varieties tend to be evergreen and lower yields, so the market needs to be pretty high for this to work,” points out Curry.

“When Mexico gets it right, the window will likely close on Guatemala for any significant blueberry plantings.”

In addition to diversifying its berry offer, Guatemala is continuing to raise the quality, availability and volume of its blackberries, according to Castañon. “Production and export volume is growing each year,” she explains. “Guatemala has experienced stable growth in its blackberry exports, with volume to the U.S. and Europe rising from 2,500 tons in 2009 to 5,000 tons in 2013.”

Guatemala is continuing to plant blackberries, according to Curry, with most plantations having converted to the popular Mexican variety, Tupi. “However, because all fruit from Guatemala must fly or go by ocean container to Miami, the logistics costs will prevent Guatemala from displacing Mexico during high-volume periods,” he notes. “When supplies tighten from Mexico, Guatemala enjoys success, but FOBs need to be \$18 and higher to pencil out.”

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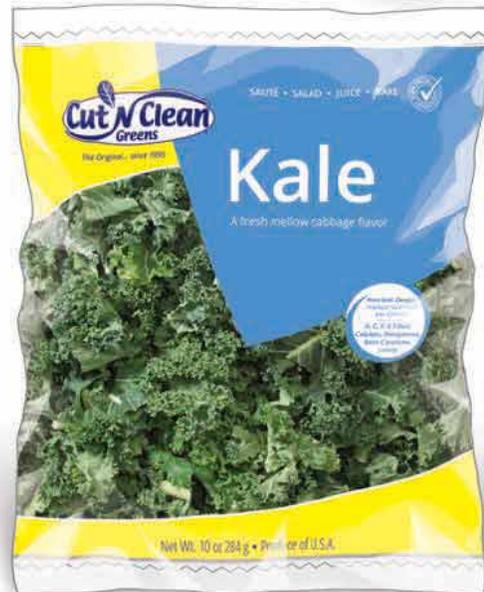
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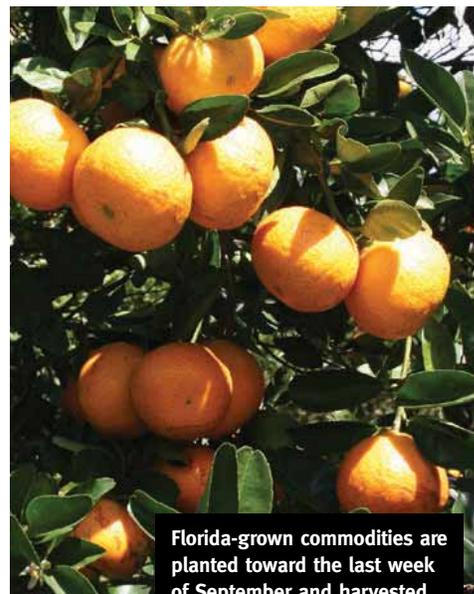
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Florida-grown commodities are planted toward the last week of September and harvested around mid-November.

Florida Supplies The Country With Wide Variety Of Fall Produce

Despite recent challenges, the Sunshine State continues to forge its signature citrus. **BY LINDA BROCKMAN**

When most of the country is watching the leaves change color, produce retailers and restaurants look to the Sunshine State for its fresh produce. In the fall and winter, warm weather conditions in Florida make it one of the most important states for supplying fruit and vegetables to the northeastern United States and the rest of the world.

“Florida growers stay competitive in markets from Toronto to Tokyo because of the quality and consistency of the produce,” says Dan Sleep, senior analyst for the Division of Marketing and Development for the Florida Department of Agriculture and Consumer Services (FDACS).

The state harvests more than 300 agricultural commodities in total (including meat and seafood). Top produce during the fall and winter months are tomatoes, peppers, snap beans, strawberries, sweet corn, potatoes, avocados, cabbage, cucumbers, celery, lettuce, radish, eggplant, Chinese cabbage, arugula, watercress, floriculture and citrus.

“Florida strawberries, one of the biggest Florida-grown commodities, are planted toward the last week of September and

harvested around November 20,” says Tom O’Brien, president of C&D Fruit & Vegetables in Bradenton, FL, who ships most of the company’s produce out of state. In the fall, C&D grows, packs and ships strawberries, as well as the vegetables Americans want in their salads, such as green and yellow squash, bell peppers, cucumbers, green snap beans and assorted hot peppers.

Most large grocery chains in the Northeast carry Florida strawberries, says Kenneth Parker, executive director of the Dover, FL-based Florida Strawberry Growers Association, an organization that represents 100 growers. “Florida has the most locally grown strawberries for this region of the country, so ours are fresher. Strawberry season is in full swing in December, January and February and into March. The market and weather dictate how much longer the season can go.”

“From the fall into early spring, Florida produce is shipped throughout the Eastern United States, east of the Mississippi River, all the way up the Eastern Seaboard,” says Christopher Denmark, development representative for the Florida Department of Agriculture’s marketing division.

According to the Florida Fruit & Vegetable

Association, Florida ranks second to California in the total value of fresh market vegetable production. The southernmost (mainland) state is the largest producer of orange juice and grapefruit, and the nation’s largest grower of field-grown tomatoes. Florida is the only state that can offer tomatoes in the winter. From Central to South Florida, tomatoes are grown in different regions of the state, allowing for a peak season that lasts from mid-November to March.

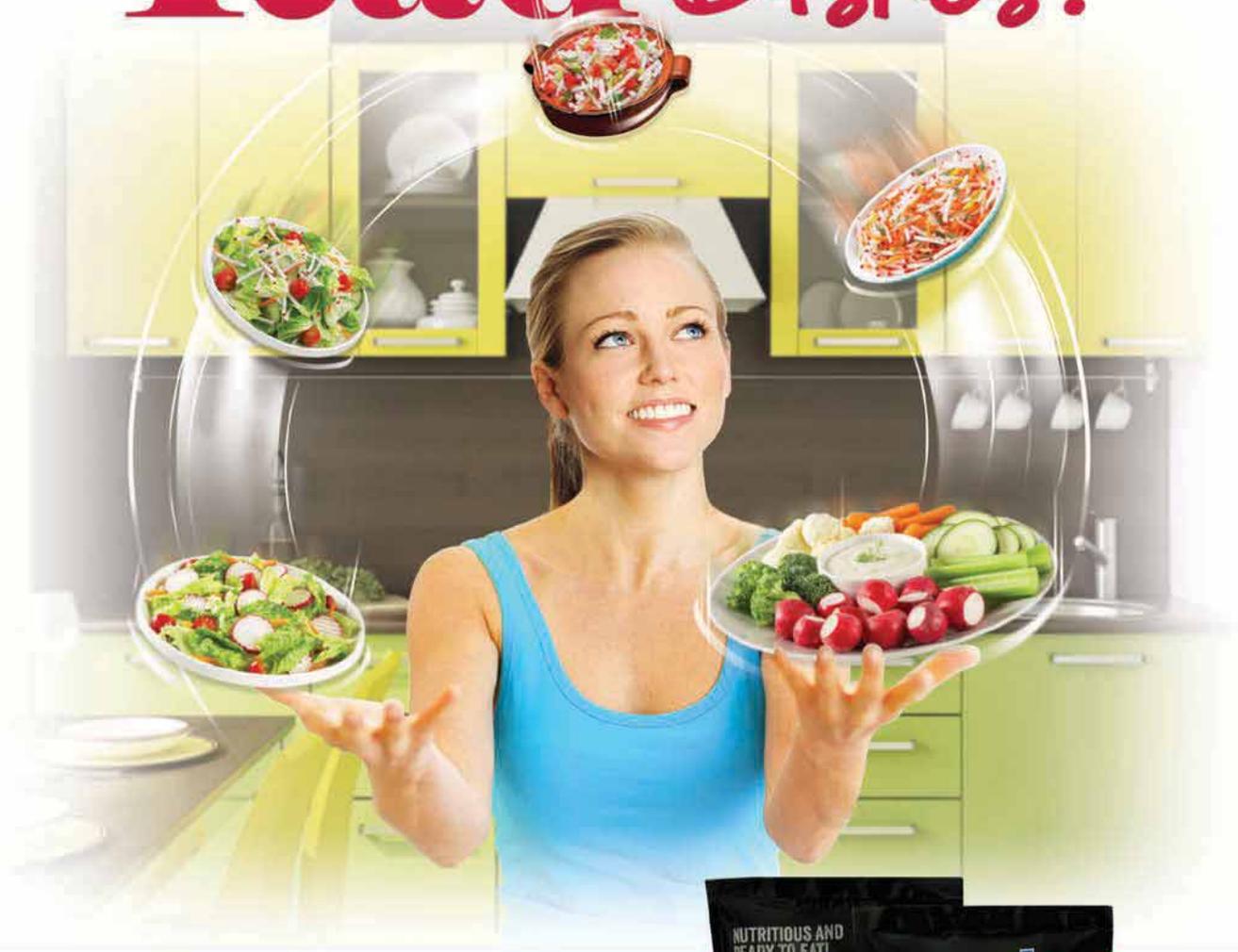
Getting The Word Out

One challenge for many growers and their marketing associations is informing supermarket retailers and restaurant buyers about the availability of Florida produce. “The message I try to get across to our buyers is that Florida farmers grow a wide variety of commodities and do so for a longer time than many buyers and consumers may think,” Denmark says. “Florida is a very long state from north to south and has a varied climate range. For example, sweet corn can be planted in Homestead on the heels of the last harvest near the Georgia line. This gives Florida sweet corn a nearly nine-month window of availability. Avocados enjoy an eight-month availability, squash has seven months, while



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cabbage and bell peppers are plentiful for six months during the fall and winter.”

For a Florida-based grocery retailer like Lakeland, FL-based Publix Super Markets, the challenge is letting consumers know which fruit is in season.

“Publix is a huge advocate/supporter of Florida produce,” says Maria Brous, director of media and community relations for Publix, with 1,078 stores in six southeastern states. In

2008, Publix created a program called “At Seasons Peak” to remind customers of the true seasonality of fruits and vegetables,” says Brous. “As a society, we are accustomed to having fruits and vegetables available year-round. We forget when the produce is truly in season, at its sweetest and juiciest.”

The Florida Department of Agriculture’s “Fresh From Florida” campaign, which began in the early 1990s, proved to be a very successful

partnership for the FDAC and supermarket chains. The department’s Global Grid program offers incentives to retailers using the Fresh From Florida logo and products in its advertising.

Winn-Dixie has an annual produce campaign highlighting its growers. “As part of the campaign, we interview local growers and visit their farms to take photos and become better acquainted with the owners, their products and the impact of their business in the community,” says Bob Denomme, vice president of produce for Jacksonville, FL-based Bi-Lo Holdings, the parent company of Bi-Lo, Harveys Supermarket and Winn-Dixie grocery stores and operates in eight Southeastern states. “We then feature this local produce in a circular ad, through in-store signage and on our Bi-Lo, Harveys and Winn-Dixie websites and social media pages. Through this campaign, we aim to communicate to customers that the produce from these local farms is grown close to home and sold in our stores to provide freshness, seasonal variety and a way to support the community.”

Side Note

SEXY FLORIDA TOMATOES

Who says a tomato isn’t sexy? A series of promotional ads created by the Florida Tomato Committee show a Florida tomato sitting humbly, while a sultry female voice announces its nutritional benefits — along with suggestive tidbits such as “the tomato was once thought to be an aphrodisiac.” In another cheeky ad, the voice playfully declares: “No wonder Florida is so popular in the winter.”

The Florida Department of Agriculture and Consumer Services (FDACS) of Tallahassee, FL, the state’s organization for produce growers and growers, is gearing up to promote their products to the rest of the country this fall and winter.

“Some of the best foods in the world are grown and harvested right here in Florida,” says Adam Putnam, the Florida Commissioner of Agriculture. “Our innovative ‘Fresh From Florida’ campaign gives consumers information and ideas about wholesome and healthy fruits, vegetables, seafood and more.”

“Fresh From Florida is managed by FDACS and was developed in the early 1990s to identify and promote Florida’s 300 commodities, including produce,” says Dan Sleep, senior analyst with FDACS’ Division of Marketing and Development. The campaign runs from November to May.

The Maitland, FL-based Florida Tomato Committee recently joined Fresh From Florida to help promote its favorite fruit to consumers and retailers in and outside of Florida. “We joined as an industry to provide a common identity for the fresh tomato producers represented by the Florida Tomato Committee,” says Reggie Brown, committee manager.

“Around 40 percent of Florida’s promotional advertising occurs in international markets, predominantly in Canada, our No.



1 agricultural trading partner with nearly a billion dollars of agricultural imports from Florida,” says Sleep.

“Fresh From Florida is actively negotiating with retailers representing stores in 27 countries this year: Canada, Costa Rica, Denmark, England, Ireland, South Korea and Singapore, to name a few,” says Christopher Denmark, development representative for the FDACS’ marketing division.

Denmark says Florida is the only state with a full-time chef promoting and educating consumers about its commodities. Billed as “Florida’s Culinary Ambassador,” Chef Justin Timineri (a certified executive chef, author, award winner, teacher and television personality) finds innovative and fun ways to serve Florida produce. His recipes are on the Fresh From Florida website. He also travels to events worldwide and makes TV appearances.

On floridatomatoes.org, there are entire sections geared to restaurants and retailers, including videos and tips such as “A Recipe for Success: 10 Key Steps to Increase Tomato Category sales.” **pb**

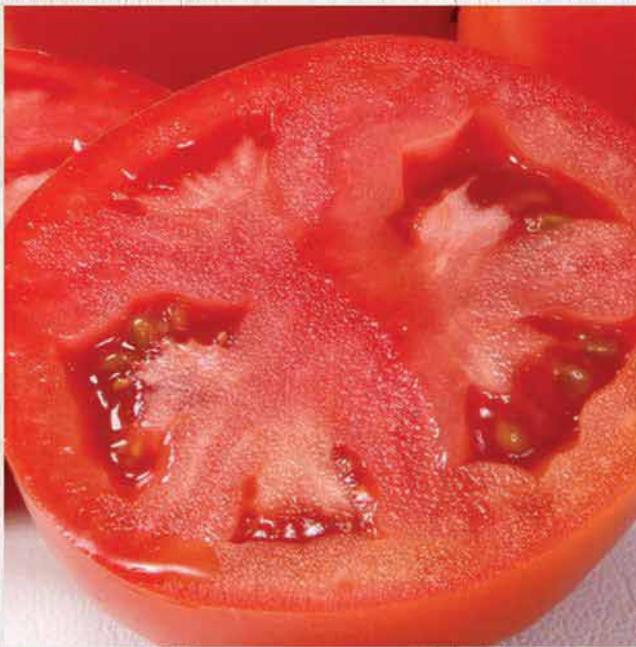
Incentives For Retailers

“Florida produce can bring profits to retailers who do a good job promoting it,” says Denmark. Global Grid, the state’s largest promotional campaign, is a retail-oriented program to promote Fresh From Florida (FFF) throughout the fall, winter and spring months. “Retailers earn incentives for promoting Fresh From Florida products in weekly ads and other promotions,” says Denmark. “Simply put, the more a store advertises Florida produce, the more they are able to earn.”

In 2013, FDACS partnered with 27 retail grocers representing 2,451 stores in the United States and Canada. These stores generated 26,640 individual advertisements for Florida commodities, says Denmark. “Internationally, we have relationships with 39 chains in 25 countries, which represent nearly 4,500 stores.”

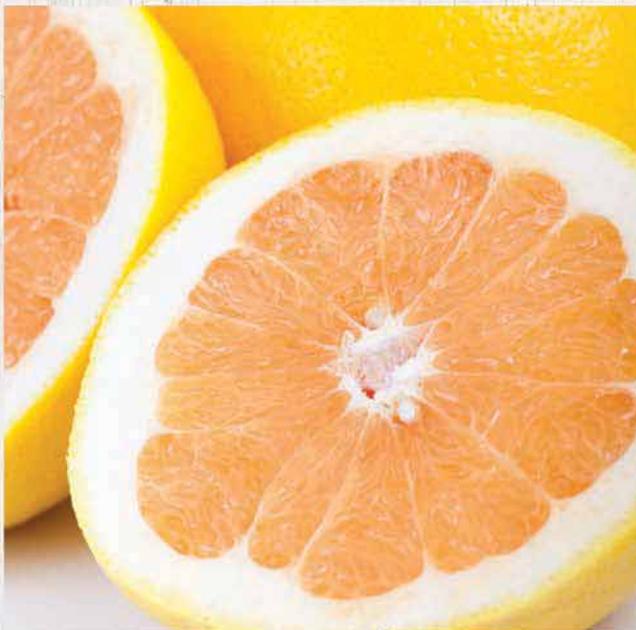
Each year FDACS sends team members to discuss the program with retailers, says Denmark. “It is during this time we receive feedback and often times return better educated about the challenges faced by our retailers. We take this opportunity to resolve any issues and offer guidance regarding the produce and direct them to growers in Florida.”

Sleep from FDACS says Florida Commissioner of Agriculture, Adam Putnam, “committed additional funding to the FFF program again this year and strengthened our retail program considerably since coming into office in 2010. We have had two historic highs



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in advertising under his administration during the past two years.”

“The program paid off for Florida producers and retailers,” says Sleep. “Florida sweet corn growers and their marketing associations partnered to augment our Fresh From Florida promotions with TV spots as well. They found that the number of Florida Sweet Corn cash receipts increased along with the number of individual store ads the campaign generated each year. They witnessed a quantum shift in sales since the program was launched.”

In The Tropics

Brooks Tropicals of Homestead, FL, a nursery that also works with the state’s Fresh From Florida program, is home to exotic fruit crops that in many cases cannot be grown commercially elsewhere in the United States. “In South Florida’s tropical climate, Brooks is able to grow the “Slimcado” or Florida avocado, papaya, passion fruit, starfruit, boniato (white sweet potato), winter kumquats and chayote (which is shipped to Louisiana and sold by another name, mirliton),” explains Mary Ostlund, marketing director at Brooks.

“I think North Americans are becoming adventuresome in what they will try and more

interested in finding out about fruit that is exotic to them” say Ostlund. “As people were introduced to star fruit and papaya, and were adventurous enough to try it, they found that they liked it. They used them in recipes and asked for them in restaurants. The public is becoming more diverse and the produce section has gotten a lot bigger. That’s good news for tropicals. People are curious. Also, that the saturation point has increased for tropical fruits and that is driving sales.”

Ostlund credits the Internet and cooking shows for helping to create the higher demand. In the past, a produce customer might walk by an unfamiliar fruit because they did not know what to do with it. Now, a consumer can research the exotic fruit online to learn its origin, when it’s ripe, how to peel and prepare it, and what nutrients it holds.

“The computer also changed the way growers, supermarket buyers and supermarket managers communicate,” says O’Brien of C&D. “But the most successful buyers keep in touch with the grower and the retailer.”

“If I go to the produce department, and I am dying to put a cucumber on my salad, but they are not there — as a customer I will be upset,” says O’Brien. “But if the produce manager says

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‘Florida had 2 to 3 inches of rain in field, so the supply was cut in half,’ the customer will understand why and come back the next week. With perishables, there are a lot of good buyers — that make companies a lot of money — who want to know what is affecting supply and demand. Then those buyers pass that information on to the managers, who pass it on to the customers.’

‘Resilient’ Despite Greening

The most iconic symbol of the Sunshine

State is the Florida orange, but the crop’s future is cloudy. Since 2005, the \$9 billion citrus industry has been threatened by citrus greening, also called *Huanglongbing* (HLB), a disease that is spread by insects and causes entire groves to become infected.

“Citrus greening and citrus canker are two devastating bacterial diseases,” says Swadeshmukul Santra, Ph.D., associate professor of NanoScience Technology Center at the University of Central Florida. “While citrus canker can be controlled . . . to date, there is no cure avail-

able for HLB.”

The disease has been around for a century, Santra says, and affected every kind of citrus grove throughout the state. “Its growth is slow, which may give researchers a chance to find a solution — but not much time. Only three to five years,” says Santra. “It progresses slowly, but ultimately kills trees.”

In response, the 2014 federal *Farm Bill* included \$125 million for greening research. Around the state, researchers are investigating potential solutions for HLB, ranging from chemical materials to control the insect, the Asian citrus psyllid (ACP), to thermography to kill the bacterium that causes the disease — with the least possible damage to the host.

“More than half of Florida’s groves are infected with citrus greening, and citrus production is at a 30-year low,” said Florida Commissioner of Agriculture Adam H. Putnam. “We must use every tool in our toolbox to fight this invasive disease and save Florida’s unique and iconic citrus industry, which supports 75,000 jobs and has a \$9 billion economic impact.”

Dr. Santra believes the number of infected groves could be closer to 95 percent. “Citrus production significantly dropped from 260 million boxes in the 2005-2006 season to 103 million boxes in 2013-2014. We are in terrible need of a robust therapeutic solution for treating HLB, and time is running out. We might lose the battle against HLB if we don’t find a therapy within the next few years.”

The industry has spent millions on greening research. Growers raised “more than \$80 million over the past few years to fund research and develop strategies for managing the disease,” says Larry Black, general manager of the Peace River Packing Co. in Fort Meade, FL, and the president of the Florida Citrus Mutual board of directors for the 2014-15 season. “Citrus growers are a resilient group, and I am confident we will continue to find ways to overcome the disease.”

Resilient is the word also used by David Steele, director of public relations for the Florida Department of Citrus (FDOC), when describing the citrus industry. “Not only has greening caused a decline in production, but it also translated into a decrease in orange juice sales. However, this is not the first time the citrus industry faced a crisis. The industry endured droughts, hurricanes, freezes and more in the past. Thankfully, Florida citrus is a fundamentally resilient industry. Demonstrating both perseverance and innovation, growers are responding to the threat by implementing new growing techniques.”

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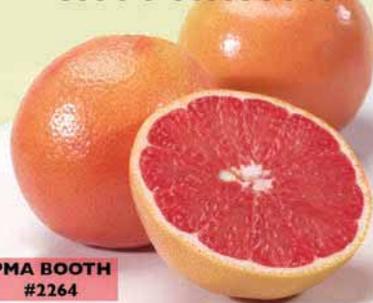
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Northern Plains Red Potatoes Gain Ground

Trade is optimistic as Red potatoes continue a steady rise in popularity. **BY BILL MARTIN**

The Red River Valley is widely recognized by industry experts as the largest producer of red potatoes in the country. With more than 250 growers producing more than 40 million hundredweight (or CWT) of potatoes a year, the region is home to the famous Red River Valley Red Potato.

Although small compared to Russets, which accounts for nearly half the retail dollars spent in the potato category, recent research shows the Red variety is gaining ground. A Nielson Scantrack study reveals Red potatoes gained a 3.3 percent market share during the past three-and-a-half years ending June 30, 2014. During the same period, Russet market share declined 3.4 percent. At the same time, more retail promotions of Reds are occurring in supermarkets, while many in the foodservice sector discovered a fondness for the colored spud.

“Red potatoes are a year-round mainstay within our produce departments,” says Anthony Curtis, a partner in Papa Joe’s

Gourmet Market & Catering, a two-store operation headquartered in Rochester Hills, MI.

“Our produce departments carry Red potatoes in various sizes and packages,” he says. “Everything from 5-pound A-size and 3-pound Bs. We have bulk displays of both As and Cs, with the most popular being the 3-pound packaged B size.

“I like to promote Red potatoes soon after the new crop is shipped and after the initial demand has subsided and prices have loosened up a bit. I will advertise them several times within the year, however. Even when not featured, they seem to be a staple on many of our guest’s shopping list,” says Curtis.

At NoKota Packers Inc. in Buxton, ND, president Steve Tweten had his first promotion run with a retailer in early September. In response, Tweten says with the quality of Red River Valley Red potatoes being washed and packed, he sees promotions occurring throughout the season.

“It’s a nice, average tonnage crop. We’ll be

able to promote them, whether it’s now, Thanksgiving, Christmas, St. Patrick’s Day or for Super Bowl Sunday or whenever retailers want,” says Tweten.

For Tweten, the only downside to the season is the Idaho Russet crop. “It’s our Achilles heel this year. Idaho Russets are selling for as low as \$3 per bale. You probably can buy 50 truckloads of them today, without a problem,” he says.

Paul Dolan, manager of Associated Potato Growers Inc., in Grand Forks, ND, agrees the Valley should have a fairly normal sized crop. But he doesn’t agree retail promotions for Red potatoes will be strong this season.

“I say this because the Russet market is so cheap. Idaho has increased its acreage, and that certainly doesn’t help,” says Dolan.

Dolan wasn’t encouraged when told some Wal-Mart stores in the Midwest were selling 5-pound bags of Russets for \$2.47, next to 10-pound bags of Russets selling for only three cents more.



Top Row (L-R): Greg Hall of J.G. Hall & Sons; James Kerian of Kerian Machines; Lonnie Spokely of Spokely Farms; Steve Tweten of NoKota Packers, Inc.; Andy and Dave Moquist of O.C. Schulz & Sons, Inc.
Bottom Row (L-R): Chuck and Randy Boushey of A&L Potato Co.; Ted Kreis of Northern Plains Potato Growers Association; Greg Holtman, Jeff Lazur, Paul Dolan and Matt Kugler of Associated Potato Growers Inc.

RED POTATOES' HIKE IN MARKETSHARE PROMPTS OPTIMISM FROM NPPGA EXECUTIVE BY BILL MARTIN

Northern Plains Potato Growers Association's (NPPGA) marketing and communications director Ted Kreis is very excited and optimistic about the recent growth of Red potatoes and its potential.

The Red River Valley is the largest producer of Red potatoes in the country. A study by Nielson Scantrack shows marketshare of Red potatoes increased from 15.2 percent in 2011 to 18.5 percent through the first half of 2014. At the same time, the marketshare for Russets was 70.5 percent in 2011 and dropped to 67.1 percent in Quarters 1 and 2 of 2014. While the Yellow potato marketshare has had its ups and downs since 2011, its overall long-term marketshare remains steady while White potatoes are losing marketshare to the Reds and Yellows.

"The biggest factor is we are getting strong promotions from retailers," says

Kreis. "I also think some of the growth for Reds is due to some very large organizations. We (the Red River Valley) supply red potatoes to some of these organizations, such as Potandon and Ore-Ida. Those companies are Idaho-based, but by no means do they source all of their Red potatoes out of Idaho."

Kreis also attributes the increase in consumption to consumer advertising programs developed by the U.S. Potato Board. "They (USPB) have gotten more exposure on the cooking shows. Most of the advertising is in women's magazines. They have always promoted varieties and colors of potatoes. I think it has opened people's eyes to look outside the box for something besides Russets," says Kreis.

Kreis also notes more growing areas across the country are now producing Red potatoes. While this may be viewed by some as more competition to the Red

River Valley, Kreis sees it as contributing to the growing popularity.

"Some of the traditional Russet areas now have reds in their local markets," he notes. "The competition from other parts of the country has been good for us because it has helped to grow the market."

Kreis also has seen Red River Valley shippers achieving more success working with retailers on promotions the past several years.

"It has kind of had a snowball effect," says Kreis.

Though NPPGA's marketing budget isn't large, Kreis says the association will continue to have a presence at trade shows, and an advertising program directed toward retailers "letting them know they need to be catering to the demand for Red potatoes more often than they have in the past. Consumer preferences have changed," he says. **pb**

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Side Note

**VALLEY POTATO EXECUTIVES
SHARE WHO MADE A DIFFERENCE
SHAPING THEIR CAREERS** BY BILL MARTIN

Steve Tweten, NoKota Packers: Harlan Lindroth, who was with Big O Foods in Oslo, ND. This was 35 years ago and the shipper/packer was running a wash plant. We had just started NoKota Packers and were wet behind the ears. He taught me all kinds of things relating to customers, employees and how to fit everything together.

Harlan was a great gentleman, who shared a lot of knowledge about the potato industry. During our first year (1979) he sold our first crop. We were a grower and this was our first adventure into a wash plant. Big O Foods finished their crop and then sold our crop for us. Harlan would bring bags down to us, sit down and spend hours telling me things about the potato industry, customers, transportation, contacts, etc.

Dave Moquist, O.C Schulz & Sons: My father, Cliff Moquist. In the early days when I was a kid, he was instrumental in the National Potato Council and the U.S. Potato Board being formed, as well as the Northern Plains Potato Growers Association. It was always important to my father not to cut corners, and to grow and sell a quality product. He taught me to always honor your commitments, and your word is your word. If you commit to a price for potatoes and you later realize you made a mistake, you stick to it. This whole business is built on trust. It is not a face-

to-face business; it's mostly done over the phone or by email.

Andy Moquist, O.C. Schulz & Sons: My greatest influences were my grandfather, Cliff Moquist, and my father Dave. My love for the potato business comes from both of them. In my youth, I rode around the potato fields; I learned how to grade potatoes and how to do things right. I'd come into the shed on my Christmas break, and throw potato bags. I have a lot of fond memories.

James Kerian, Kerian Machines: My father, John Kerian, is the obvious one. My grandfather Louis Kerian founded the company in 1967 and my father carried it on. My father taught me that customers come first, because they come to you with a problem that needs to be solved, not because they want to spend money or want to buy something. You maintain and grow your business by solving your customer's problems.

Ted Kreis, Northern Plains Potato Growers Association: My father, because he owned a grocery store in Finley, ND. I discovered I liked marketing—making signs for the store and building creative displays. I didn't know what I wanted to major in when it was time to go to college, but I knew I enjoyed communications. After college I got back into the retail grocery business for many years. I used the experience from my dad's grocery store, and working with potatoes

"The only way is if you get the Red potato prices down enough to compete with Russets; but I hope that doesn't happen," says Dolan. "While the Russet market may drag down the market on Reds, that doesn't always happen at retail."

Lonnie Spokely, owner of Spokely Farms in Nielsville, MN, believes the Valley will have a below-average crop.

"The Red River Valley probably won't have a real big crop, but the quality is excellent," says Spokely.

Sonny Randazzo, co-owner of Randazzo Fresh Market, a three-store upscale retail operation based in Sterling Heights, MI, says his profit on Red potatoes is similar to those of Russets — his customers favor the B size in

3-pound bags. Randazzo buys most of his fresh produce on a daily basis at the Detroit Produce Terminal. When buying red potatoes, he looks for a good deep red color, no scarring, and product with "no eyes."

"Of course, a Russet market that is stronger helps the Red market, too," he says.

"It should be a good affordable (Red potato) crop for retailers to run ads throughout the season. The tonnage, pricing and quality will be there," says Tweten.

Packaging

A trend that has been ongoing for several years in the Valley relates to packaging. Ted Kreis, marketing and communications director for Northern Plains Potato Growers,

was part of it.

Greg Hall, J.G. Hall and Sons: My uncle, Bill Hall. He was the overall manager of the farm and he had four brothers. He was the primary seller of our potatoes and his brothers each had a different role. They started our wash plant in 1950 and he stayed involved until he passed away in 1997. Uncle Bill taught me to be honest with the customers and treat them with respect. He also taught me to deal with the daily operations in a responsible manner.

Paul Dolan, Associated Potato Growers: The growers at Associated Potato are my mentors. I joined APG 21 years ago and have been its manager the past 20 years. Our growers are very individual people, as well as growers, and have helped this company to grow into the largest Red potato shipper in the Red River Valley. They are very open-minded individuals acting for the benefit of each other. They have made me strive to be a better manager of the company and to bring a better return for them.

Randy Boushey, A & L Potato Co.: I learned the general fundamentals of the business from my dad, Tom Boushey, who retired 20 years ago. He was a farmer and I learned how to do that, plus how to properly wash potatoes, etc. The business is constantly changing, so at some point the mentoring ends and the learning begins. My dad sold primarily to repackers. Our focus now is more with consumer packs for retailers. **pb**

East Grand Forks, MN, home of the Red River Valley Red potato, says, "The shift to smaller packages continues. I don't think it's going back the other way. The highest percentage of sales is with packaging 5 pounds and under."

Andy Moquist, plant manager and sales of O.C. Schulz & Sons, Inc. in Chrystal, ND, says the growing and shipping operation is looking to update its 5 pound packaging.

"The U.S. Potato Board has been recommending having cooked products on the bags, so consumers can see the end use of potatoes, which helps sales," says Moquist. Last year, O.C. Schulz added the Ruby brand to its premium box. He describes the package as all black in color, which makes the Red and Yellow potatoes look sharp. The 50-pound

carton is used for all sizes of potatoes and designed primarily for foodservice customers and wholesalers.

Associated Potato Growers' Dolan says the cooperative has handled 4- and 8-pound consumer packs in the past, but demand for these packages has increased.

Two years ago NoKota Packers entered a partnership with Loveland, OH-based Fresh Solutions Network LLC, a marketing services and solutions company committed to driving profitable potato and onion category growth,

to provide the freshest product and to have it travel minimal distance.

What Makes Red River Valley Unique

Growing high-quality Red potatoes certainly is no accident in the Red River Valley. At Associated Potato Growers, Dolan notes being dry land growers is a key to producing a tastier product.

"There are a lot of irrigated Red potatoes, but we're probably one of the few areas that doesn't irrigate. The Reds coming out of

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“There are a lot of irrigated Red potatoes, but we’re probably one of the few areas that doesn’t irrigate. The Reds coming out of Minnesota (Big Lake and Long Prairie) and the south are all irrigated.”

— Paul Dolan, Associated Potato Growers, Inc.

Minnesota (Big Lake and Long Prairie) and the south are all irrigated,” says Dolan.

While the Valley has rich, black soil, it is not conducive to irrigating potatoes. Yet, because of the dry land growing practices, the Red Valley potatoes yield a product with much better flavor.

Tweten says another unique advantage for

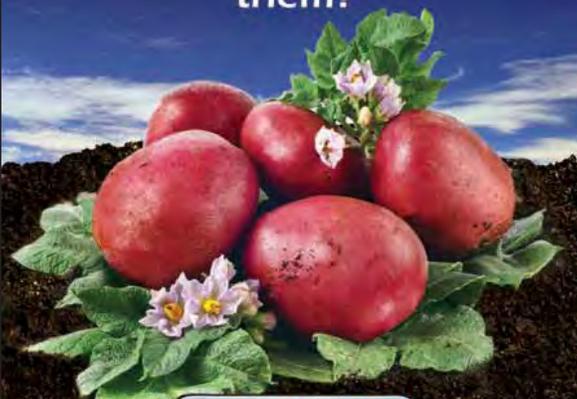


With more than 250 growers producing more than 40 million hundredweight of potatoes a year, the Northern Plains of North Dakota and Minnesota is home to the famous Red River Valley Red Potato.

the Valley is its central location in the upper Midwest. This provides a freight advantage to Northeastern and Southeastern markets in the United States, compared to Western U.S. production areas.

“There has been a transportation shortage during the past summer and I think it is going to continue,” observes Tweten. “Every year it seems the truck drivers are getting older (and retiring) and are not being replaced.” **pb**

Consumers are turning more and more to red potatoes. How often do you promote them?




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A field of potatoes in full bloom is watered through pivot irrigation. San Luis Valley is the highest agricultural valley used for potato production in the United States, consisting of 55,000 acres.

Expectations High For Colorado Potatoes

Exploring San Luis Valley's potato scene. **BY ANTHONY STOECKERT**

With its warm sunny days and cool evenings, Colorado's San Luis Valley is known as an ideal location to grow potatoes. According to the Colorado Certified Potato Growers Association's website, it's the highest agricultural valley used for potato production in the United States, consisting of 55,000 acres.

That factor results in desirable spuds sold throughout the country, according to Dave Yeager, vice president of Farm Fresh Direct, based in Monte Vista, CO.

And big things are happening in the valley. Expectations were high for this year's crop, and while Russets remain the most popular potato, lesser-known varieties are making their mark. Some new varieties are expected to hit the market this year.

On the Valley's Horizon

John Pope, vice president of sales and marketing for MountainKing Potato, based in Houston, TX, with offices in Monte Vista, CO, says this year's crop is looking good.

Pope notes MountainKing's Butter Gold potatoes are growing in popularity. He describes them as a yellow potato with a rich, creamy buttery flavor. MountainKing offers the potatoes in 5-pound packages in three varieties: a butter Russet, a butter Red and a butter Gold.

"The common denominator is they all have yellow flesh to them," he says.

Racheal Werner of the Colorado Potato

Administrative Committee in Monte Vista, CO, says customer shopping habits are leading to new packaging trends.

"Consumers are becoming more segmented in groups, but the general trend is an increase in smaller package sizes, more shopping trips to the store, and buying new items for the experience of eating," she says. "There are many varieties of potatoes for consumers to experience in a myriad of ways."

The big news for Farm Fresh Direct is that it's putting five new varieties on the market this year. "This is our third year of growing them, so we're pretty confident they work well," says Yeager, adding Farm Fresh Direct has done trials on these varieties, but they are being

introduced widely for the first time this year.

The first variety is a golden Russet. "It's yellow-skinned and cream-fleshed, with a thinner skin so you don't have a thick hide like the traditional Russet. It bakes and mashes really well; it's a good utilitarian potato," says Yeager.

The second new variety is the Petite Merlot, which Yeager describes as a creamier-sized Red potato. "It's the No. 1 selling variety in France," he says. "We're going to offer it in a 14-ounce microwavable and oven-ready tray."

The third new variety is a Petite Chardonnay, which Yeager says has similar shape and cooking options to the Merlot with the same packaging options, except the Chardonnay has yellow skin. According to Farm Fresh Direct's website, it's a versatile potato that can be broiled, boiled, grilled, steamed or roasted.

The next variety is what Farm Fresh Direct calls a Natural Blush. "It's a round, yellow potato with pink eyes," says Yeager. Originally bred in Scotland, the Natural Blush is ideal for mashed potatoes because of its "dry matter content," and because its white flesh has an appetizing appearance.

The last new variety is the Crimson Sunset, a new Red that is oval in shape and has smooth, red skin, shallow eyes and a pale yellow flesh. Because of its high dry matter content, the Crimson Sunset has a firm texture after cooking, making it ideal for broiling, grilling, steaming or baking.



(L-R) LES ALDERETE, GLENN STEWART, ANGELA DIERA, AND T.J. VANBIBBEL OF SKYLINE POTATO CO.

Marketing Opportunities

MountainKing's Pope says there are three major marketing opportunities retailers can take advantage of to sell more San Luis Valley potatoes.

"One would be large bags of value-grade Russet potatoes," he says. "For example, 10-pound bags, 15-pound bags and 20-pound bags because those seem to do well in many parts of the country where price impression is

important."

The second comes with supplying higher-value varieties, specifically Yellow and Gold potatoes. "We think that category is a real up-and-comer. We see a lot of growth opportunities with Gold potatoes and Red potatoes," he says.

The third opportunity he points to is aggressively entering restaurant-style packs. Yeager says Farm Fresh's line of "Steakhouse"

packaging — including Steakhouse Gold Potato, Steakhouse Roadsters and Steakhouse Bakers — features smaller packs targeted to people 35 and under.

"We think there are a lot of dollars that can be had with those groups," he says. "The Millennials shop more frequently, they shop more recipe-based, and they want healthier, more wholesome alternatives. They're not going to buy big bags of potatoes; they want to make a

CPAC LAUNCHES NEW MARKETING TACTICS TO GAIN EXPOSURE

BY SANDY LINDBLAD LEE

While its Mexican marketing campaign plan remains on hold until the border fully reopens for potato exports from the San Luis Valley, the Monte Vista, CO-based Colorado Potato Administrative Committee (CPAC) will focus its efforts on domestic marketing through its social media links.

According to CPAC assistant director Linda Weyers, the committee was awarded a specialty crop block grant earlier this year to research consumer-directed marketing programs for its potential Mexican customers. Weyers explains Mexican consumers are accustomed to white flesh, thin-skinned potatoes, which are different from our Russet varieties with their darker outer skins. The goal is to educate consumers and buyers in this neighboring country about the Russet, Red and Yellow varieties grown in Colorado.

Prior to action this past spring, exports to Mexico had a 26-kilometer restriction beyond which U.S. potatoes could not be shipped. On May 1, the Mexican border was opened for U.S. exports throughout the country, after more than a decade of negotiations. Then, in mid-May, because of political actions by a Mexican grower group, the borders were shut to all U.S. potato exports. Eventually, the border was reopened — but only back to the 26-kilometer restriction.

CPAC's executive director Jim Ehrlich remains optimistic, ultimately, the restrictions will be lifted. Until then, CPAC will have a limited marketing program that includes grocery chains just inside Mexico and will be assisted by the Denver-based U.S. Potato Board resources, according to Weyers.

Meanwhile, with its overall theme centering on the nutritional value of potatoes, the committee's primary focus will be on enlarging its social media presence.

The committee's social media links to Facebook, Twitter, Pinterest and LinkedIn are being utilized to reach consumers and can be accessed on the committee's website (coloradopotato.org). The committee is also revamping its web page with more links and enhanced graphics.

U.S. Potato Board research shows Facebook remains the leading online destination for consumers. Uppermost in promotional efforts is reaching "Linda," which the U.S. Potato Board has defined as a composite consumer who represents the target audience: a female, age 25-54 years old with children younger than 18 at home. Linda and her family account for 40 percent of all fresh potato consumption, according to the research.

"We know our target market is using Pinterest, and we feel this is one of the best ways to reach 'Linda,'" says Weyers.

In addition to accentuating the nutritional value of potatoes, CPAC will emphasize the potato's wide versatility, since more than 100 varieties are grown in Colorado. Outside of the choices in Russets, Reds and Yellows, the San Luis Valley produces the nutritional standout Purple Majesty variety and a wide assortment of Fingerlings and other specialties.

"Potatoes are not fattening," asserts Weyers. "It's what you choose to put on them, like mounds of sour cream or butter, that are fattening."

Recently, the spotlight on Colorado potatoes was especially bright, when CPAC coordinated its annual *Potato Festival* in Monte Vista. One of the more



(L-R) LINDA WEYERS, JIM EHRLICH, RACHEAL WERNER OF THE COLORADO POTATO ADMINISTRATIVE COMMITTEE

popular highlights was the free baked potatoes from the San Luis Valley. A free Potato Field Bus Tour offered festival-goers the opportunity to learn how potatoes are harvested, packed and shipped. The annual *Chefs Competition* and judging brought together several professional and student chefs from the American Culinary Federation Colorado Chapter, who created an array of tantalizing potato dishes.

The committee is also involved in a K-12 curriculum program that is available to teachers throughout Colorado with a curriculum developer adapting the studies for each level. The study encompasses reading, writing, communications, science and history. Older students study nutrition and economics, and all ages engage in field trips to learn about potato farming, storage, shipping and marketing. **pb**

recipe they found on a blog or a website, and they want solutions. They don't want to waste anything, that's why they're looking for those smaller bags."

He says the packaging also includes directions. "They're small pack sizes, 2- and 3-pound bags, and they have restaurant graphics to conjure up that restaurant experience," he says.

And while the low-carb movement may have led to potatoes getting a bad rap on its health benefits, according to MountainKing's website, potatoes offer vitamin C, potassium and fiber, and average 100 calories each. The website also notes potatoes are fat-free and cholesterol-free, and yellow-fleshed potatoes are "packed" with beta-carotene.

Werner says the potato's health benefits are being rediscovered and offer another marketing opportunity. "The outlook for the future is bright because of the nutritional value of potatoes," she says. "Their nutrition sells them as a staple in anyone's diet."

Increased Variety

According to Yeager, about 70 percent of the potatoes grown in the San Luis Valley are Russets, with 15 percent Reds and 10 percent Yellows, and then some specialties. He adds some of those specialties, such as Fingerlings, are growing in popularity.

Pope says he's seeing an increased interest in Gold and Red varieties.

"I think what's happened is people are savvier, and they're looking for flavor, assortment, and variety," says Pope. "When you look at apples, for example, customers are getting their information and learning about new apple varieties in different ways — people like choice."

The trend toward healthier, better-tasting food is another opportunity, according to Yeager. "I think the U.S. consumer is becoming much more demanding when it comes to taste," he says. "I think retailers should focus on better-tasting varieties than just value and price. I think the consumer demonstrated in other categories they're willing to pay a premium for taste."

Display Ideas

Pope says MountainKing is taking steps to help retailers sell more potatoes.

"One is we use an in-store merchandising staff, realizing the stores are short on labor," he says. "We have a team of people who help build displays and educate the associates on price, recipes, and signage. Secondly, we came up with a full line of display-ready boxes and bins to attract attention."

The third thing MountainKing is doing is using social media.

"We're doing a lot of work with Twitter and Facebook, and certainly Pinterest to try to create some demand from the consumers to go in the stores and ask for these products," says Pope. Promotions through those channels include informing customers of sales, recipes and giveaways.

Werner says variety offers another marketing opportunity.

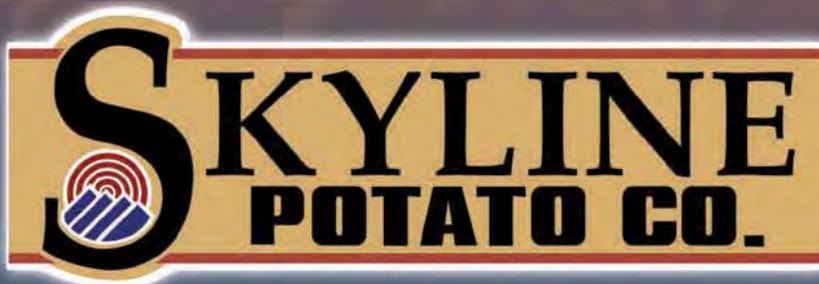
"Retailers need to display all types of potatoes together with information on the different

uses and qualities of each type so consumers learn the value of the different potato types," she says. "Recipe suggestions are great to include with any display."

Marketing for the Fall

As the selling season approaches, Yeager says retailers should consider more potato advertising. "I think we're looking at a deflationary year in the price of potatoes, so I think it's going to be very important for retailers to advertise more than what they have done the past couple of years in order to make up that

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WHAT'S NEW IN THE SAN LUIS VALLEY?

BY SANDY LINDBLAD LEE

Maverick Potato Co., Center, CO

Building on the success of its first season in business, Maverick Potato Co., Center, CO, made numerous upgrades in its packing facility for increased efficiencies and enhanced product quality.

A revamped sorting area, an automatic baler and an upgraded sizing machine are all a part of the improvements in the packing facility. "We also upgraded our bagger to a Volm and can now run 3-, 5-, 10- and 20-pound bags," reports co-owner Roger Christensen. "Everything we do to improve the packing house is with food safety in mind. That is our No. 1 concern."

Both the growing operations and the packing shed are USDA Harmonized Global GAP-certified.

Skyline Potato Co., Center, CO

"We're looking at our options of

adding new equipment and more ways to automate," reports Les Alderete, general manager. "Labor continues to be a big issue, with wages going up and labor shortages increasing."

Skyline Potato Co. offers conventional and organic product lines and operates three packing sheds in the Center, CO, area. Potatoes are primarily marketed under the "Skyline" and "Green Giant" labels, but the company also does private labeling. "We cater to our customers and pack to their individual specifications," stresses Alderete. "And our growers are some of the best in the Valley."

Aspen Produce LLC, Center, CO

The company also reports it has implemented a new load system that has made the packing house more efficient. "We can now unload semis in 12 to 15

minutes, a process that used to take an hour," explains Weyers. More wash tanks were also added. "That gives us greater flexibility in being able to pack for customer demand."

RPE, Inc., Monte Vista, CO

This leading potato onion grower/shipper based in Bancroft, WI, welcomed several new sales staff members based in its Colorado facility near Monte Vista.

Trish Floriani joined RPE in August and is a transportation facilitator, along with Neal Valdez, who began employment about a year ago. Ryan Haynie came to RPC in April. He and Darrin White focus on exports and domestic sales, while David Tonso, Matt Glowczewski and Cameron Oliver handle domestic accounts. Customer service representatives Christi Martinez and

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Rebecca Goers round out the staff.

Tonso says he expects RPE to move 3 million cwt. out of the Valley this season, and much of that business could be to Mexico. The office is bilingual to assist with customers' needs.

Farm Fresh Direct of America, Monte Vista, CO

The grower-owned sales and marketing organization is expanding. It recently

loss," says Yeager. "I would highly suggest a strong ad schedule."

He also notes that while potatoes practically sell themselves during the holiday season, there are opportunities to increase sales in the

announced its partnership with Albert Bartlett, one of the largest fresh potato shippers in the United Kingdom, and the company is also offering several new pack options, according to Lee Jackson, operations manager.

The partnership with Albert Bartlett allows Farm Fresh Direct to offer the famed Albert Bartlett "Rooster," which originated in Scotland. The "Rooster" expands consumer choices beyond what are the

fall and in new year.

"The two biggest seasons for potatoes are Thanksgiving and Christmas," he says. "I think the focus should be outside of those [holidays]."

perceived conventional varieties. "It's not a Red. It's not a Russet. It's a Rooster, and we have it as conventional and organic," notes Dave Yeager, vice president of business development for Farm Fresh.

In addition to the "Rooster," Farm Fresh is rolling out five other potato varieties that are now grown commercially in the San Luis Valley and may help revolutionize what consumers perceive about the traditional, table-stock fresh potato. **pb**

One idea for the post-holiday months is to promote potatoes as part of the menu at football parties since potato skins are a classic food for these type of events. And then it could be game on for San Luis Valley potatoes. **pb**

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Produce from Mexico is a \$4 billion plus industry that continues to grow annually. It is a critical category to the U.S. produce supply and represents 60 to 75 percent of total produce consumed.

West Mex Deal Offers Advantages Amidst Change

Understanding the opportunities and challenges of the impactful West Mexico produce deal can yield unique advantages for buyers. **BY JODEAN ROBBINS**

Mexican produce, especially through West Mexico ports of entry, continues to play a significant role in the North American produce supply. “Produce from Mexico is a \$4 billion plus industry that continues to grow annually,” says Bob Bennen, president of Ta-De Distributing Co. in Nogales, AZ. “It is of critical importance to the U.S. produce supply, especially in winter, and represents 60 to 75 percent of total produce consumed.”

“Mexico is a strong supplier in the winter,” says Christopher Ciruli, chief operating officer for Ciruli Brothers in Rio Rico, AZ. “And, Nogales is the biggest port of entry in terms of crossings of fresh fruits and vegetables.”

Mexican winter produce plays an important role at Lubbock, TX-based United Supermarket, says Darvel Kirby, director of produce. “Other options are limited this time of the year, and the quality is generally very good from this area.”

According to the Fresh Produce Association of the Americas (FPAA) in Nogales, AZ, Nogales crosses more than 37 percent of all



produce exported from Mexico. “Nogales continues a strong history of being one of the largest single ports of entry for fresh produce in the entire United States,” says Allison Moore, director of legislative and regulatory affairs for the FPAA.

Jaime Chamberlain, president of Chamberlain Distributing in Nogales, AZ, says the impact of Mexican produce extends beyond the winter months. “The \$4 billion-worth

coming in from Mexico continues even throughout the spring and into June — almost nine months out of the year.”

The port of Nogales has geographic and logistical advantages over the other land-based ports, says Guillermo Martinez, general manager of Del Campo Supreme in Nogales, AZ. “In 2013, Nogales imported 2.6 million tons of produce. It is the natural access for Sinaloa and Central Mexico product into the

United States and Canadian West Coast.”

Proximity, availability and experience all play a role in West Mexico’s success. “During the winter months, we import most of our vegetable items through the Nogales port,” reports Ed Gonzalez, produce buyer for Bashas’ family of stores headquartered in Chandler, AZ. Bashas’ operates 120 stores in five formats: Bashas’, Food City, AJ’s Fine Foods, Bashas’ Diné (on the Navajo Nation) and Eddie’s Country Store. “Though Florida is a major winter player, weather can sometimes have a negative impact, and Mexico fills in the gaps. Bashas’ can import 60 to 70 percent of the vegetable items we carry from Mexico during winter months.”

“Mexico is an established supply base,” says Ciruli. “Mexico has been supplying the

U.S. with great-tasting, quality fruits and vegetables for more than 100 years. There is a lot of infrastructure and a wide range of products available.”

John McDaniel, sales and operations manager for L&M Companies, headquartered in Raleigh, NC, says, “Growers in Mexico recognized the importance of the U.S. market and made tremendous investments in their farms to deliver the best quality and safest produce.”

Widening Variety

The wide variety offered by the West Mexico industry through Nogales supports retail sales. “Due to factors such as access to global innovation and knowledge of competitive trends, coupled with proximity to the U.S., Mexico suppliers have a clear advantage

in helping chains achieve the consistent 52-week supply, so important to today’s consumer,” explains Ta-De’s Bennen. “No other port or growing area has the variety of high-quality produce in such a close proximity.”

“There is much availability and variety within a 5-mile radius,” says Ciruli. “You won’t find this in any other part of the country.”

According to USDA statistics, the top produce items from Mexico through Nogales are tomatoes, watermelons, cucumber, squash, bell peppers, grapes, chili peppers, mangos, honeydew and eggplant (see “Seasonality” chart on page 154). “The wide variety of fruits and vegetables produced in Mexico complement products sold in the U.S.,” says Ciruli. “This helps U.S. retailers provide consistent supplies and availability year-round.”

Moore says, “Because of the weather and supply chain in Mexico leading right to our border in Nogales, our industry ensures consumers enjoy fresh tomatoes, squash, eggplant, bell peppers, cucumbers and more throughout the year.”

In addition to the traditional Top 10, other commodities are increasing in movement. USDA statistics show crossings in oranges, green beans, Asian vegetables, avocados, cantaloupes, tropical, limes and carrots. “The increase in different commodities is an important development,” says Chamberlain of Chamberlain Distributing. “We are starting to see more papayas, avocados and other items historically moved through Texas.”

To widen produce scope, Chamberlain Distributing is introducing an organic line. “We will have a small deal on Italian squash and American slicer cucumbers,” reports Chamberlain. “We’re really excited about the organic deal — it’s here to stay. We’re in it with both feet now, and our goal is to expand the program.”

One-Stop Shopping

Choice is coupled with convenience in this deal. Ciruli explains, “In Nogales, shippers are clustered, making it very easy for retailers to conduct one-stop shopping.”

“The proximity of many distributors and suppliers in Nogales makes it very attractive for companies looking to buy different commodities from multiple suppliers for one truck,” says Moore. “The logistics to purchase from multiple suppliers in other border crossing regions becomes prohibitive because companies are spaced so far apart. In Nogales,

Side Note

CONTINUING CHALLENGES PRESENT OPPORTUNITY FOR NOGALES

BY JODEAN ROBBINS

The West Mexico/Nogales industry is not content to rest on its past success and strives to meet challenges to further advance the deal. The ever-present challenge of improved products is front-and-center. “One main challenge is finding innovative, better-tasting products to meet consumer demand,” says Christopher Ciruli, chief operating officer for Ciruli Brothers in Rio Rico, AZ. “We’re working on development and testing with different types of seeds. Growers are investing in alternative growing methods to increase quality for retailers.”

Industry leaders also mention the U.S. economy as a continuing challenge. “As I travel around the U.S. and see what’s going on, I don’t think we’re out of the woods yet as far as our economic condition,” reports Jaime Chamberlain, president of Chamberlain Distributing in Nogales, AZ. “Unfortunately, at times, retail pricing is too high to be affordable for many people in the U.S. There is a huge portion of the U.S. population not eating as much produce as they should, and part of that reason is affordability. We must all be conscious of that. Though it’s a challenge, it’s also an opportunity for us to go out, get the price point they need and better promote.”

Evolving government regulations can

present additional difficulties. “New regulations regarding the transportation of product out of Nogales could become a challenge to delivering produce in the U.S.,” says John McDaniel, sales and operations manager for L&M Companies, headquartered in Raleigh, NC. “As we see more regulations being applied to the transportation of products, it creates concern that it will take longer to get product to an area or require newer equipment — both reasons can translate into higher prices. We are lobbying through our industry organizations to our government leaders on how changes in laws, rules and regulations affect our industry.”

West Mexico is well positioned to turn these challenges into opportunity through its representative association. “The West Mexico industry is represented by the Fresh Produce Association of the Americas (FPAA) to help navigate increasingly complex food safety, quality and trade control legislation, and to best serve U.S. customers,” says Bob Bennen, president of Ta-De Distributing Co. in Nogales, AZ. “I’ve served on the board of the FPAA for many years. I am constantly amazed by the quality and expertise of our staff. They are truly one of the main factors leading to the growth of our port as well as the industry as a whole.” **pb**



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several hundred produce companies are all located within 10 to 15 minutes of each other.”

“Availability of products for retail, wholesale and food service in one location is a great benefit to purchasing,” says L&M’s McDaniel. “Products normally in short supply during the winter are available in Nogales. Buyers can purchase multiple commodities and load on the same truck. The density of shippers in Nogales allows customers to not only obtain a great selection on a variety of products but to also maximize the freight savings by filling up the truck.”

Proximity to Southwestern retailers is an advantage. “Loading product in Nogales is closer to us than other options,” says United’s Kirby. “It enables us to load our trucks and deliver to our DC quickly.”

“We deal with perishables every day, but the most perishable thing is time,” says Alfonso Cano, produce director for Anaheim, CA-based Northgate Markets, which currently operates 39 stores in Southern California. “There is no substitute, and you cannot save or buy more. Therefore, dealing with the most direct route through Nogales is important to save days and/or hours on deliveries.”

The experience of the West Mexico and Nogales communities adds to productivity and profitability. “The relationship with our suppliers is very important,” says Bashas’ Gonzalez. “Nogales’ markets can shift overnight, and having an honest, reliable vendor on the ground can make a huge difference in how Bashas maintains retail pricing, quality control and out-of-stock issues.”

“Having an experienced array of shippers in Nogales creates a great marketplace for

customers,” says Del Campo’s Martinez. “They also have all the support services such as warehousing, customhouse brokers and logistics with specific expertise in fresh produce from Mexico.”

The West Mexico industry is known for its leadership. “Personally, I’ve seen a real commitment by Mexican farmers to be industry leaders both in food safety and in

technological advances in the field or greenhouse,” says Ta-De’s Bennen. “It’s almost commonplace for Mexican farmers to utilize the technical expertise of experts from Europe, Israel and other parts of the world to remain on the cutting edge of both the farming and the packaging of produce that makes it to our dinner tables.”

“Mexican growers and packing houses

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TOP REASONS TO COUNT ON GROWER ALLIANCE

For eight years, Grower Alliance has been serving customers by providing quality, reliable products throughout various seasons. Since its inception in September of 2007, the company has grown to ship over 4 million packages. The foundation of Grower Alliance's success is built on its partnerships with a variety of outstanding Mexican fruit and vegetable growers. This allows the company to import and distribute a wide range of top-notch products for retailers, foodservice, wholesalers, distributors, and brokers in the U.S. and Canada.

AMPLE AVAILABILITY OF PRODUCTS

Grower Alliance handles a wide array of products during the year making it a one-stop shopping experience for its customers. The company focuses on having a constant supply through the seasons on core items to be able to extend its commitment with customers to season-long contracts. It has also allowed the company to develop deeper relationships with retail stores and get products to the consumers quicker.

YEAR-ROUND

Tomatoes, cucumbers and greenhouse bell peppers from Nogales and McAllen.

SPRINGTIME

(late March through the Fourth of July)

watermelons, mini watermelons, honeydews, cucumbers, Italian/grey/yellow straightneck squash, green bell peppers, cucumbers and hot peppers.

SUMMER

greenhouse-grown beefsteak tomatoes, Roma tomatoes and bell peppers (through McAllen)

FALL

watermelons, mini watermelons, honeydews,

cucumbers, Italian/grey/yellow straightneck squash, and hot peppers (starting late September through Nogales)

WINTER

(mid-November)

watermelons, mini watermelons, honeydews, cucumbers, Italian/grey/yellow straightneck squash, green beans, euro cucumbers, eggplant, and green bell peppers.

DEDICATED TO FOOD

SAFETY AND INTEGRITY

Grower Alliance is dedicated to quality and food safety standards. The company has made every effort to stay on top of food safety programs and ensure delivery of a product virtually free of food safety issues since day one. All Grower Alliance growers are both GAP and GMP certified, and all fields have been certified for pesticide residue with either Primus Labs or Scientific Certification Systems. We also have been certified by Lighthouse food safety audits.

Grower Alliance currently uses a traceability program through its produce software, Optima Produce. Each of its growing areas and in turn each of its growers has a specific code for identification. The software can provide a report showing when the product was received at warehouse and when it was shipped out to the customer. The Grower Alliance website contains a page where customers can enter the code from the box and receive the pertinent information.

The company puts great emphasis on honesty and integrity in business. Grower Alliance takes seriously its role to ally top-notch growers with successful customers to benefit all parties and provide the end consumer with excellent product. "I believe Grower

Alliance has grown and been successful due to our honesty and our approach to getting the job done with excellence," says Jorge Quintero Jr., a co-founder of Grower Alliance. "Our customers know us for our integrity and are comfortable working with us."

RESPONSIBLE TO THE GROWERS

Grower Alliance's success is founded in the support it provides its growers, helping them grow and prosper and promoting loyalty. By helping growers expand operations and investing in the growing communities, the company ensures high quality, consistent product and good working conditions among its producers.

A major area of support given by Grower Alliance is in expansion of infrastructure. Grower Alliance has been able to purchase and install several cold rooms at growers' packing sheds. The company has also assisted its growers in the acquisition of more land. It also supplies growers with drip irrigation systems and cover for their plants and assists them with the purchase of shadehouse systems.

Another crucial area of producer support for Grower Alliance is in the area of food safety programs and audits. Grower Alliance has two employees who facilitate the audits for its growers. Additionally the personnel help growers set up their sheds and fields on par with current standards.

AN EYE TO THE FUTURE

To better serve customers and meet future growth, Grower Alliance has added various services in addition to product sales. With the acquisition of its Nogales building in July of 2011, it began offering in-and-out services to other companies as well as rent office space to them. The company also offers consolidation services for companies outside of Nogales that want to load in one location as



opposed to picking up in different warehouses.

Three years ago, Grower Alliance began shipping through McAllen, TX to better serve customers and keep a fluid working relationship with them. "Utilizing McAllen as a shipping point has allowed us to continue servicing our customers through both the McAllen and Nogales seasons," says Quintero.

The company continues to look for opportunities to expand and serve its customers and growers. "We are flexible and open to creating unique packs specified by customers," says Quintero. "We're doing more RPC packs and other specialty packs for retail or wholesale. Our relationships with customers con-

tinue to grow and allow us to work together to develop special options."

EXPERIENCED PEOPLE

The group was formed by Jorge Quintero, Jr. (sales), Luis Caballero (head of Mexican Operations), and two growers in Mexico. Jorge Quintero, Sr. (sales manager) joined the company the second year of its existence. "Our customers have given us positive feedback over the years," reports Quintero. "They like the way we do business, and are comfortable when they purchase product from us. We have heard that we do a great job in giving our customers

exactly what they need."

"We strive to be upfront and transparent with our customers about everything - so we stay on the same page and work together," states Quintero. "The owners of the company are close-knit and have a clear idea as a whole where we want our company to go. We have also extended our reach into our communities, where we play a part in assisting many non-profit organizations. We understand that there is a time and place for everything, just like there is a market for everything. I truly feel blessed by God in our business and pray and praise Him every morning for it.

KEY PEOPLE INVOLVED WITH GROWER ALLIANCE INCLUDE:



Jorge Quintero, Jr.
Sales, Managing Member



Jorge Quintero, Sr.
Sales Manager, Managing Member



Luis Caballero
Mexican Operations, Managing Member
(contracting growers, planning production schedule, grower relations)



Jaime Martinez
Head Accountant & Grower Relations



Frank Hernandez II
Sales



Luis Alcantara
Sales Assistant



Maritza Guevara
Accounts Payable/Accounts Receivable



Armando Robles
Warehouse Foreman



Cesar Yanez
Quality Control

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NEW PORT, NEW TECHNOLOGIES ADD TO APPEAL

Perhaps the most touted new development of the West Mex/Nogales deal is the \$220 million Mariposa Port expansion in Nogales. “The expanded port in Nogales promises to double or triple the number of crossings to the U.S., reducing transit time and miles to customers’ DCs and stores,” says Bennen. “In the produce game, we all know freshness is king. Faster crossings will make us even more efficient and extend the shelf life.”

Moore further explains, “The new port of entry was designed not only to expand capacity by adding commercial screening lanes for trucks and additional dock spaces to speed up inspections, but also with an eye toward making the entire process more efficient and effective — from the type of X-ray equipment to the placement of screening areas and the flow of traffic. The Mariposa Port is the flagship

port for the United States and incorporates the best technology and configuration possible.”

“Nogales’ brand new port of entry is a phenomenal facility,” says Chamberlain. “It is the most efficient, modern facility the government owns, and the level of service from U.S. Customs is fantastic.”

Increasing protected ag production and the expansion of growing areas add to new opportunities. “There is more shade-house production, which means more extended seasons,” says Ciruli. “Growers are also expanding to fields in areas further south in Mexico — not only to increase the commodities offered, but their time shipping those items.”

“Growers in Mexico are also diversifying into other logistical solutions and other regions in Mexico to have a more steady year-round program,” reports Martinez.

“Mexican growers evolved to meet customer and consumer needs in developing new fresh products with unique packaging done at point-of-origin — thus eliminating the need for an intermediary or re-packer.”

Bennen says, “The increased sophistication, especially in protected ag practices, and the expanding variety and quality levels of their produce enhanced the region’s appeal for buyers. I can’t think of any other area that has the variety, quality and freshness day in and day out other than the West Mex/Nogales deal.”

Logistics advances in Nogales are also underway. “Currently, there is a project to send product via train to the Mid-West and East Coast,” reports Martinez. “This could potentially shorten the travel time substantially from Nogales to those areas and diminish the carbon footprint.” **pb**

have been making great strides in USDA certification standards,” says Gonzalez. “My produce director and I visit many growing areas and packing houses from Hermosillo to

Colima, and we are always impressed by the food safety guidelines in place.”

Bennen says, “Because imported produce is inspected at rates sometimes higher than

10 times that of domestic produce, Mexican exporters invest in the very best practices to help ensure zero rejections. They have also readily learned and adopted innovation from



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“Because imported produce is inspected at rates sometimes higher than 10 times that of domestic produce, Mexican exporters invest in the very best practices to help ensure zero rejections.”

— Bob Bennen, Ta-De Distributing Co.

advanced practices of global agricultural leaders such as Chile, Israel, Spain, Canada and others, in many cases co-partnering in operations. The result is especially evident in the increasingly popular protected agriculture segment.”

Communication And Cooperation

Players in the West Mexico deal put great emphasis on communication and cooperation. “Communication is one of the best tools we share with our buyers across the U.S. and Canada,” says Chamberlain. “Clear and not convoluted conversations about weather, volumes, pricing, quality are the most important thing we can give our buyers. A lot of misconceptions and irregularities in pricing happen when people are not well informed.”

“What we need, as always, is clear and accurate information,” says Northgate’s Cano. “We, as retailers, need the truth on product specifications and estimated times of deliveries. The players we deal with are pretty good about this. The key is setting up strong relationships with the dependable players.”

“It’s a matter of building trust between everyone involved, from the farm to the distribution center,” says Bashas’ Gonzalez. “People will put more effort in the deal as long as they feel they are being treated fairly. During the season, the Nogales market can be an intense roller coaster ride. If you partner with good people (and there are many), you can take advantage of the opportunities and build the trust and confidence with your customers that will keep your company strong.”

Cooperation on both the buying and selling side is crucial. “Chain buyers can benefit by partnering with innovative Mexico suppliers that are much more than just sellers,” suggests Bennen. “They are consultants who can help enhance assortment,

Top Commodities Imported Through The Nogales Port

		%
Total Nogales	5,428,020,000	35%
Total Progreso and Pharr TX	4,621,220,000	30%
Total Mexico	15,336,140,000	
<hr/>		
20 Main Items		
Tomatoes	1,142,540,000	21%
Watermelons	988,580,000	18%
Cucumbers	742,480,000	14%
Squash	601,940,000	11%
Bell Peppers	509,220,000	9%
Grapes	295,560,000	5%
Chili Peppers	198,190,000	4%
Mangos	176,900,000	3%
Honeydews	174,000,000	3%
Eggplant	105,680,000	2%
Sweet Corn	82,430,000	2%
Oranges	68,250,000	1%
Green Beans	50,520,000	1%
Misc Asian Vegetables	49,710,000	1%
Avocados	48,550,000	1%
Cantaloupes	48,070,000	1%
Misc Tropical	29,080,000	1%
Limes	20,920,000	0%
Carrots	17,870,000	0%
Bananas	16,610,000	0%
Total	5,428,020,222	

Source: USDA/AMS

Units are in pounds.

The season is from September 2013 to July 2014.

CHART FROM FPAA

category management and other practices to help them stay competitive. A few suppliers, such as us, have been handling West Mexican produce for more than 80 years. It’s a knowledge set that’s ready to be utilized and drawn upon by our selling partners to increase sales and consumption. That’s not only good for us, but for our consumers and our industry as a whole.”

“At L&M, we work with our growers to maximize the availability of our products throughout the Nogales season,” says McDaniel. “We are investing with our growers in a variety of crops, so we can provide all the products our customers purchase at our warehouse. Since L&M has control, we work with our customers to provide the flexibility in packing at the farm in a pack style best suited for their business. This flexibility allows

them to offer the customer more value and fresher product.”

Buyers are encouraged to open even closer channels of communication. “Retail buyers in general need to learn more about the farm and know a bit more about farming technology,” says Chamberlain. “As a representative of Mexican and domestic growers, we have an uncanny feeling for what happens at the farm. It behooves buyers to look at the farm level and see how the decisions they make reflect positively or negatively at the farm level.”

“Important information for buyers to know includes how much emphasis is placed on food safety,” says McDaniel. “Mexican farmers are very serious about food safety, and they work hard to provide safe products for consumers and good value.”

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MASTERFUL MERCHANDISING MAKES A DIFFERENCE



In the challenging world of perishables, Floral can be a tough nut. Pretty, but tough. Floral executives making buying decisions appreciate a little assistance when it comes to merchandising fresh flowers, plants and floral department products. With this fourth edition of the FLORAL BUSINESS Floral Masters of Merchandising, the idea is to encourage floral teams – from top leadership all the way to store level merchandisers – to

present remarkable floral options in an inviting environment that creates curiosity, stirs the senses and brings pleasure to customers.

Savvy retailers are taking more notice of Floral and recognizing how a well-merchandised floral department can help the store immediately deliver the freshness message that aligns with the corporate goals. Presenting this Floral Masters of Merchandising supplement is on target with our mission to “INITIATE INDUSTRY IMPROVEMENT.”

In this smart-phone-in-every-hand world, so many consumers gain inspiration by viewing photos of flowers and plants on Pinterest and various other social media platforms. It's revealing to see what consumers Tweet about, and what kind of floral-related pins and posts they share. Now more than ever there is so much information and visual stimulation to motivate consumers to enjoy flowers and plants. Retailers rejoice! The environment is ripe and the time is now to better serve these customers by enlightening them and inspiring them with fabulous floral department treasures – merchandised with motivation. Through this photo-filled advertorial approach, the sponsors of this supplement have combined promotion and education to help retailers sell more floral items.

MASTER OF TABLE TOP GARDENS

Known for its Lucky Bamboo, creative foliage décor products and innovative containers, **Penang Nursery** offers tips and suggestions on how to display table top gardens. The company also reminds retailers to showcase plants as living gift items and promote indoor gardens during cold winter months.

MASTER OF CUSTOMIZED FLORAL SOLUTIONS

Incorporating foliage and floral products with its long-standing business of partnering with retailers for produce distribution, **Procacci Brothers** has a lot to offer. The company works with top growers and floral importers and offers bouquets and bonsai as well as full scale seasonal and holiday floral programs.

MASTER OF FRESH CUT FLOWER BOUQUETS AND ARRANGEMENTS

With a focus on simplifying the merchandising process, retailers are reminded by **The USA Bouquet Company** of the many benefits of using ready-to-display flower shippers. The newest addition of its Essential Living Program, complete with recipe cards, is introduced to encourage cross merchandising throughout the store.

Retailers, take advantage of our offer to send you a PDF of this supplement or printed copies of this guide (while supplies last) to share with store managers. If you are a floral vendor and would like to see your category in the next FLORAL BUSINESS Masters of Merchandising supplement, please contact me, E. Shaunn Alderman, Floral Department Marketing Strategist, FLORAL BUSINESS, 561-703-4010, SAlderman@phoenixmedianet.com.

E. Shaunn Alderman
FLORAL BUSINESS

COVER PHOTO OF ROSES AND CALLA LILIES IN VASE COURTESY OF THE USA BOUQUET CO.

FLORAL BUSINESS Masters of Merchandising is an advertising supplement in **PRODUCE BUSINESS**. In addition, FLORAL BUSINESS — a magazine providing important how-to information on topics such as pricing, labor, space-to-sales, seasonal promotions, care and handling, value-added services, etc. — is published and inserted into **PRODUCE BUSINESS** in the March, June, September and December issues.

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TABLE TOP GARDENS

For more than 30 years, Penang Nursery Inc. has been a grower and distributor of foliage and home décor gardens across North America. We are located in Apopka, Florida, the Indoor Foliage Capital of the World. We continue to develop trend setting and creative foliage décor products at an exceptional value. Penang offers products ranging from Lucky Bamboo, Bonsai, and Table Gardens to Terrariums and Air Plants.

PROMOTIONAL/ADVERTISING IDEAS

It's not always about what is the latest and greatest. Often, it's as simple as getting potential customers to pause at your product display because they want to see something that catches their eye. To draw customers'

attention, highlight key items with color themes and use interesting shelving fixtures. Enticing everyday shoppers to take a step closer will persuade them to give your product a second look.

DISPLAY CARE AND HANDLING

No one knows a product better than the supplier who spends weeks or months preparing an order and nurturing his/her plants. Ask your supplier to put an instruction sheet in the box that will be seen immediately when the box is opened at its destination for any products with special handling or care requirements. Be sure to instruct store personnel who receive the product to keep

an eye out for any special instructions. Pass that information onto customers who purchase the product.

CROSS-MERCHANDISING OPPORTUNITIES

When merchandisers construct a themed or holiday display from multiple categories, it inspires customers to decorate their homes with related products. This not only generates increased sales in the floral department but can increase sales of related items from other categories.



QUICK TIPS:

- Showcase Lucky Bamboo or Bonsai plants as an ideal "living" gift item.
- Promote indoor gardens such as Table Gardens or Terrariums for cold winter months.
- Price points are key — make sure you are catering for customer demographics.
- Match your products to seasons, focusing around holidays.



INITIATING INDUSTRY IMPROVEMENT OUR COMMITMENT IS YEAR-ROUND

Dear Supermarket Retailers,

As we launch the 30-year anniversary celebration of PRODUCE BUSINESS, we would like to thank you for your support and offer assurance we will continue to provide you with information needed to effectively market, merchandise, procure and manage the dynamics of your floral departments. Because of our relation to the produce department and all the intricacies that side of the business entails, witnessing and documenting industry changes through the years enables us to view the floral side of the supermarket industry from a matchless position.

Our quarterly issues of FLORAL BUSINESS, distributed in the March, June, September and December issues of PRODUCE BUSINESS, offer you and your teams continued support with articles about sustainability, consumer buying trends and inventory management. We will continue the popular Retail Profiles where we photograph your floral department and publish a Q & A interview – giving readers insight to the challenges and triumphs your store experiences every day. Go to www.FloralBusinessMagazine.com to see past profiles and let us know if you are interested in having us visit your floral department.

Because of your full days and demanding schedules many supermarket floral executives have requested posts and news from the Floral channel of our www.PerishableNews.com. With a free subscription, you can select the delivery frequency – daily, weekly, etc., and also click on the Archives to view news stories, announcements and other posts from the past. And if you have announcements, we are happy to help spread your news by posting your press release on the Floral channel of our [PerishableNews.com](http://www.PerishableNews.com).

This FLORAL BUSINESS Masters of Merchandising is one of our many efforts to present you and your floral teams with valuable information to help you merchandise floral products to greater success. We hope you turn to the sponsors for product information and additional merchandising support.

We know our role is to help you build, improve and make your floral operation profitable. Thank you for your readership, feedback, participation and continued interest in our floral coverage.

Sincerely,

Ken Whitacre
Publisher/Editorial Director

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CUSTOMIZED FLORAL SOLUTIONS

It only seemed natural that after 65 years as a national leader in produce distribution, Procacci Brothers has expanded its full-service distribution and one-stop shop to include a wide-ranging selection of floral items for our retail partners. We work with top quality growers to ensure everything is captivating, fresh and profitable for floral and produce departments. In addition to offering large scale seasonal and holiday programs, Procacci offers beautiful bouquets, elegant bonsai, bamboo planters and even floral supplies. We make it convenient for retailers to create excitement and value for their floral customers.

CYMBIDIUM ORCHIDS

Orchids are a continual best-seller in floral departments. Retailers can find great value in promoting these as a specialty cut orchid for several reasons.

Cymbidiums have:

- a distinguished, modern appearance from other arrangements and stem flowers in the department, sure to attract more inquiries.
- naturally long shelf-life allowing for minimal shrink and great value passed to end users.
- a higher perceived value than comparably priced flowers and arrangements.

These pre-arranged glass containers minimize in-store labor. Versatility of the stem length, color scheme, and container makes this cut Cymbidium suitable for many different uses by the consumer. These are grown in a variety of colors, strategically grown for ability to match seasonal themes and displays.

PALM CROSSES

Palm Crosses are a staple in many Catholic and Christian households during the Lenten and Easter season. They also are purchased as adornments for use at cemeteries to show respect and honor to loved ones. Retailers can begin merchandising these around Ash Wednesday and promote them through the Easter holiday.

- Crosses are individually bagged with UPC sticker on bag/contents should remain in the bag to maintain humidity and not dry out palms or flowers.
- Can be laid out and displayed on tables, often bunched and displayed in wicker baskets
- Great opportunity to capitalize on popu-



larity of symbolic palms at that time of year, boost incremental sales during Easter season

- Growing popularity with more intricately and decoratively designed palm crosses

BONSAI

This traditional Japanese style plant is extremely versatile in its usage and great to promote for gifts.

- Long shelf-life/easy to maintain/excellent water retention/needs humidity/should be stored under moderate lighting at steady room temperature
- Year-round availability
- Widely used for end table/office decorations and offer a high-end appearance with a great value to the consumer
- Smaller size allows for creative and elegant displays without using excessive amount of space
- Available in modern or traditional style pots: ceramic or clay in various colors



TOMATO PLANTS

A consumer favorite! Upon expansion into floral, it was a natural fit to offer the proprietary plants that accounted for much of Procacci's success: our proprietary Uglyripe® Heirloom Tomato and exclusive Santa Sweets® F1 Authentic Grape Tomato plants. With these products having an outstanding reputation and success in the retail marketplace, the plants offer several benefits to floral sections:

- Plants arrive in display-ready racks complete with shelf-talkers
- Individual plant-sized pots have high-resolution graphic sleeves conveying the brand logos and UPC
- Provides cross-merchandising opportunities with Santa Sweets® and Uglyripe® branded items in your produce section



- Position these plant racks in the lawn and garden section of the floral department as a pre-made merchandising tactic.

FRESH CUT FLOWER BOUQUETS AND ARRANGEMENTS

The USA Bouquet Company is a leading national distributor of fresh-cut flower bouquets and arrangements. We partner with the best growers worldwide to assure delivery of variety, quality and competitive pricing while at the same time mitigating supply risk encountered by single origin suppliers.

We help our retailer partners drive bouquet sales in the produce department and throughout the store by focusing on a few merchandising areas.

START WITH EASY-TO-USE DISPLAYS

Ready-to-Display disposable flower shippers have been proven to increase sales and reduce shrink, based on the ease of execution at store level as well as the integrated signage/POP. These displays allow for a consistent presentation at store level. They also make it easy to combine and merchandise several items — for example the shippers can be configured with bouquets and plants, bouquets and arrangements or a multitude of different combinations.

PRESENT AN ATTRACTIVE, APPEALING DISPLAY

The Ready-to-Display shippers provide a cohesive merchandised look throughout the store. Cleaner merchandised departments make it more inviting and easier for customers to make buying decisions. Simplifying the ability for stores to merchandise and display product while incorporating the ever-challenging POP material results in more profitable sales, more attractive displays and less labor.

DISPLAY IN MULTIPLE AREAS

Utilizing Ready-to-Display shippers makes it easy to merchandise throughout the produce



USA Bouquet's Ready-to-Use shippers make it easy to display and drive sales throughout the store.

department and store to spur potential impulse sales. Placing bouquets or other easy to grab floral products at check-out, grab-n-go areas or by greeting cards will increase sales opportunities

THINK OUTSIDE THE BOX WITH CROSS-MERCHANDISING

Reach floral customers beyond the floral department with USA Bouquet's many market-driven promotion programs. Our cross-merchandising ideas help supermarkets drive sales not only in floral but other departments. Our Essential Living Program joins seasonal fruit and produce with floral bouquets that promote recipe ideas. USA Bouquet's options for cross-merchandising include Cool Quenchers, Sweet Treats and The Bake Shoppe Collection to name just a few. Cool Quenchers tie in fruit and other supermarket items to make a refreshing drink. Sweet Treats and The Bake Shoppe Collection are a creative way to sell baked goods from the bakery department or encourage home baking. Some of the bouquet lines include recipe cards — a hit with consumers! Marketing our category outside the traditional box will lead to long-term floral customers. For additional cross-merchandising ideas please visit: www.usabq.com

TIE-IN TO GOOD CAUSES

Consider cause marketing as a successful step to generate sales and connect with customers. National, regional or local causes give customers the opportunity to give back. A shopper who doesn't normally buy flowers may do so for a greater cause such as the American Cancer Society, Autism Speaks, American Forestry and American Heart Association. The USA Bouquet Company is involved in several

cause marketing programs and have found them to drive sales as well as provide for a greater good.

PROMOTE SOCIAL AND ECOLOGICAL RESPONSIBILITY

Customers are increasingly aware of and concerned about the wider implications of their purchases. Assure your customers the flowers you offer are grown in an environmentally friendly and socially responsible manner. The USA Bouquet Company has certifications in place to ensure all flowers grown and harvested meet specific social and environmental standards. We promote participation in the Rainforest Alliance Certification Program and we partner with Fair Trade Certified farms. The farm workers are given the opportunity to invest in the development of their communities, have better schooling for their children and work in an environment using sustainable farming methods.

ENSURE YOU'RE BACKED BY GREAT EXPERTISE

The USA Bouquet Company sources more than 200 million stems annually with a vast choice by variety. Product is procured from several source countries and a large percentage is purchased from U.S. domestic growers. Our market-driven model allows us to offer a global variety of products and offer our customers the security of consistent supply. Our national manufacturing and distribution footprint enables our team of more than 500 employees to expertly serve our customers. The USA Bouquet Company is the only major floral distributor with full-service locations in six of the country's main ports of entry — Miami, FL, Atlanta, GA, Cresskill, NJ, Chicago, IL, Dallas, TX, and San Diego, CA.



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Eight Things to Consider When Merchandising Apples

This fruit still evolves after centuries of popularity. **BY BOB JOHNSON**



PHOTO COURTESY OF HONEYBEAR MARKETING

Experts say growers have undertaken an ambitious replanting program, changing their variety mix and going to higher densities.

U.S. apple farmers routinely harvest from orchards stretching from Washington to New York —10 billion pounds of apples, give or take a few 42-pound cases. Two-thirds of this remarkable bounty is sold as fresh fruit.

As familiar and mature as this fruit may be, apples are changing as growers try to satisfy the desires of a more discriminating public, and breeders are working to come up with the “next big thing.”

“The change in varieties is one of the big stories of the past few years,” says Julia Stewart, spokesperson for the New York Apple Association, Fishers, NY. “Our growers have undertaken an ambitious replanting program, changing their variety mix and going to higher densities. We’re now specializing more in varieties consumers say they want, like Honeycrisp and Gala, as well as New York favorites McIntosh, Empire and Cortland. We’re producing a

broader mix of varieties than five years ago.”

Washington shippers have also seen a substantial shift in the varieties their growers are harvesting.

“Exciting changes are taking place in the apple category, and retailers should examine their space allocation and advertising plans to feature the varieties that drive dollars and volume through the department,” says Suzanne Wolter, director of marketing at Rainier Fruit Company, Selah, WA. “The mainline varieties representing 50 percent of the apple category are Gala, Fuji and Granny Smith, nationally. Advertising plans should reflect this shift.”

As the category evolves, here are eight tips experienced apple shippers advise keeping in mind in order to make the most of it.

1. Display Apples Before Their Eyes

If you plant the seed in the consumer’s mind, good apples sell themselves, and it begins

at the front of the store because even a relatively small display up front, creatively stocked, can serve as an inviting entrée.

“I’ve always thought if you have a display up front with the price on a sign three feet wide by one-and-a-half feet tall, people would buy them. When people see prices in a really big size, they figure the price must be good or the store wouldn’t put it on a sign that big,” says Mac Riggan, director of marketing at Chelan Fresh, Chelan, WA. “Building big displays near the front of the store is important. You can have a display up front, four feet by eight feet, featuring one or two varieties. Maybe a Honeycrisp and a Granny, or maybe a Honeycrisp and a pear.”

This is a familiar category, but it is a mistake to pass on opportunities to use space and signage to draw attention to the fruit.

“Apples are great contributors to the produce department. If you are going to take the time to carry a variety, especially a new one,

give it a lot of attention,” says Brianna Shales, communications manager at Stemilt Growers, Wenatchee, WA. “Give them display space.

Apples should be front and center and have big displays built around them during the fall and winter months.”

Nutritious Any Way You Slice Them

Sliced apples in a package are growing, and they figure to keep growing as a convenient and healthy snack.

“We believe the fresh-cut category will continue to grow in the next few years. Because consumers perceive more value with fresh-cut, there is more growth opportunity for the category, particularly in the snack segment,” says Tony Freytag, senior vice president of sales and marketing at Crunch Pak, Cashmere, WA.

The increase in fresh-cut apple sales since the U.S. Department of Agriculture began tracking those numbers in 2004 has been impressive.

Sales of fresh sliced apples have soared from 54 million pounds in 2004 to 238 million pounds in 2011, according to statistics provided by USDA agricultural economist Agnes Perez, and have increased since.

“Each year fresh-cut apples have increased,” says Brenda Briggs, vice president for marketing at Rice Fruit Co., Gardners, PA. Rice Fruit does not slice apples, but the company does sell to other companies that produce sliced apple products. “There has been recent news about other sliced fruits being used in McDonald’s Happy Meals, so I’m guessing demand may level out.”

The realization that the future of fresh-cut apples lies with single-serve, rather than larger packages, came from consumer feedback.

“The genesis for our snack size was shopper feedback. Shoppers were telling us they were purchasing our family-size bags and then dividing up the apple slices into baggies for their kids’ lunches,” says Freytag.

Products that feature slices of particular varieties will be the next step in growing the category.

“At PMA we will unveil the first-ever variety-specific peel and reseal bag featuring limited quantities of fresh sliced Honeycrisp, Gala and Piñata apples – all very popular varieties. We created the

peel and reseal bag based on shopper feedback; consumers tell us they want to use one bag multiple times,” says Freytag.

Previously, the specifications of the slicing machines have largely determined which varieties are used for sliced apples.

“The variety has a lot to do with the shape and the flavor of the apple,” says Briggs. “Empires and Galas are two of the more popular varieties for slicing. It has a lot to do with the machinery, and which varieties give you a better volume sliced.”

Catching the customers’ eye is the key to merchandising this category, because fresh-cut apples already fit with important mega trends in produce.

“It’s an easy, convenient healthy snacking product. People want grab-and-go. It’s all about the packaging. We’re partnering with Marvel and the NBA to use exciting packaging. You want packaging that grabs attention, and is convenient,” says Krista Jones, director of marketing and product development for Crunch Pak. “Sliced apples are increasing like any fresh fruit or vegetable product.”

It is advisable to let consumers know that the fresh-cut apples are not genetically modified, because there is some controversy with a Canadian variety, called the Arctic Apple, that has been engineered to not brown.

Though the jury is still out on GMO’s, many producer groups, including the U.S. Apple Association, have come out against allowing commercial release of this variety out of concern it will undermine the image of apples as a natural, healthy product that will keep the doctor away.

“Crunch Pak sliced apples are rinsed in a combination of calcium, ascorbate and vitamin C to maintain freshness,” says Freytag. “I worked with the late Craig Carson and John Graden, manager and general manager of Dovex, an apple grower/shipper in Wenatchee, WA, and with NatureSeal to develop the technology to treat the apples and maintain freshness after slicing.” **pb**

Sampling is so effective, it is worth seizing the slightest excuse to give customers a bite of an apple. “You can get a lot of excitement by doing an apple of the month or apple of the week. Keep them in the mind of the customers,” says Riggan. “Demos are good. Any time you can get people to try the apples, 80 percent of them usually buy them. It’s an incredible product.”

Some shippers offer help with signage that helps the apples make a splash.

“The most important key in apple marketing success is to team up with a good shipper partner that will support the retailer with various programs that helps put the product out in front of the buying public,” says Chuck Sinks, president for sales and marketing at Sage Fruit Company, Yakima, WA. “The average shopper probably already has apples on his list, but if retailers can add a program like Sage currently has with films such as *Spiderman* or *Frozen* to their apple sales line up, moms and kids will take notice and buy. These programs help get the shoppers excited about apples.”

Opportunities for promotion should be even greater than usual this year, with what could be a record setting harvest on the way.

“This season holds great potential for retailers across the country to promote apples and pears in abundance from harvest start until deep into the summer,” says Sinks. “We look forward to great success with our new *Marvel/Spiderman* and *Disney/Frozen* programs in multiple packaging formats and point-of-sale bins.”

2. Promote Local Origin

The growing demand for local produce is an undeniable mega trend, and the arrival of favored local apple varieties is particularly evocative for many people.

“My ad this week is a 3-pound bag of local Macintoshes, and next week I’ll probably do 5-pound totes,” says Jim Reed, produce manager for Harry’s Supermarket, Pittsfield, MA. “We offer as many local products as we can. People want to buy what’s in season.”

Reed finds the residents of this middle and working class town of 45,000 generally feel better about buying fruits and vegetables grown by local farmers.

“A lot of people want to buy local produce,” says Reed. “They feel it’s safer if it’s from 20 miles away.”

Many regions have featured varieties or climate that make for unique apples, almost like appellations make for unique wines.

“We’ve done blind taste tests, and the Michigan apple is usually the winner,” says

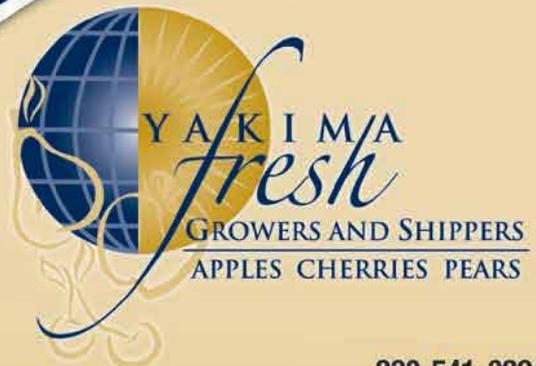
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Diane Smith, executive director of the Michigan Apple Commission, Lansing, MI. “We sell in 26 states and 18 countries, and the Michigan name travels anywhere they sell Michigan apples.”

Every apple growing area outside Washington makes a special effort to promote in the local market.

“We’re pushing the ‘buy local’ message heavily,” says New York Apples’ Stewart. “We’re the No. 2 apple-producing state and we have a large population. There’s no reason for anyone to go outside New York for their apples.”

The parade of regional harvests starts with the other state out west — the one a little farther down the map.

“We’re the first to market and the first out,” says Alex Ott, executive director of the California Apple Commission, Fresno, CA. “We’re known for freshness because we don’t store our apples.”

The freshness theme fits with the California brand developed for many crops over a long period of time. “The brand California is associated with freshness and good quality,” says Ott. “Because we grow 350 commodities, we have developed good selling points.”

Some customers buy local apples because

“Identifying the apple variety, its key attributes such as taste, texture, usage, and where it is grown is the key to success in marketing apples.”

— Molly Golden, New York Apple Association

they have developed a long affinity to the local varieties.

“There will always be the shoppers who are looking for that apple they used to pick when they were young, or that their mom or grandmother used to bake with,” says Molly Golden, director of marketing at the New York Apple Association.

Other shippers second the emotional attachment consumers still have to the apples of their youth.

“Most of us at one point had an apple tree in the backyard, or our neighbors did. The fall apple harvest is a rite of passage — just like

apple pie — where we all want that local fresh apple that we have been patiently waiting for,” says Don Roper, vice president at Honeybear Marketing, Eden Prairie, MN. “The retailers know this, Mom knows this, we as consumers know this. So, ‘when is it coming?’ is the question; when consumers walk into a retail location and see their local apples, they tend to reward that retailer with their business if the retailer touched their sentimental spot.”

Telling the story of why varieties grow particularly well in a certain locale can be an important part of a “Buy Local” campaign.

“Identifying the apple variety, its key attributes such as taste, texture, usage, and where it is grown is the key to success in marketing apples,” says Golden. “The produce section, especially the apple display in the fall, can look like a sea of confusion for consumers who are not savvy on apple varieties and know little more than the difference between a red and green apple. In-store demos and point-of-sale materials offer the consumer a way to make a decision on what variety they prefer or which satisfies their needs.”

Roper is particularly attached to the climate and soil that made Minnesota the birthplace of the Honeycrisp variety.

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The locals in the Northeast are every bit as enamored with the regional apples of their youth. “‘Local’ is largely determined by the retailer’s standards. We’ve redesigned our Eastern Apples logo and messaging to emphasize our apples are ‘Family Grown and Orchard Fresh’ and from the USA,” says Pennsylvania Apple Marketing’s Bancroft. “This helps retailers better position the apples for regional distribution in neighboring states. This season, Eastern Apples’ wholesalers have two high-graphic retail display bins available for retailers interested in highlighting Eastern Apples during the fall season.”

Washington is such a dominant player in apple supply that one strategy is to maintain a

“Your apple product mix and the timing of this mix are very important Make sure to carry the right mix of local fruit and Washington fruit.”

— Don Roper, Honeybear Marketing

combination of recently harvested local fruit and Washington apples.

“Your apple product mix and the timing of this mix are very important. When do your local apples start? Make sure to carry the right mix of local fruit and Washington fruit,” says Roper. “In the fall, provide a strong mix of all apples to provide the variety of flavors, textures and uses that we have all come to expect and enjoy during the fall harvest.”

The mix matters, but the allure of familiar local apple varieties cannot be overestimated.

“There is a love affair with local apples,” says Roper. “As consumers, we have been condi-

tioned for our fall apple harvest. It is a time when we get to experience all of the apples we have grown up with as kids, and some new ones to boot.”

3. Align The Supply Chain

Displays and samplings may entice the first purchase, but the long-term success of a retail apple program is built on the foundation of offering consumers reliably good fruit.

“With anything in produce, you need to put a quality piece of fruit on the retail deck. There are a couple of really important things we have to do as growers and retailers,” says Roper. “As growers, we need to grow and pack an excellent box of fruit every day. This means you are packing and shipping the right fruit at the right time. Make sure the fruit is ready – right brix, right starch, good acids, strong appearance.”

For the retailer, the important first step in building the apple program is finding shippers who consistently provide good quality fruit.

“Our business is still based on relationships, so we’re only as good as our last sale. Our business is to grow a great product, and pack and ship it properly,” says James Mertz, vice chairman of Symms Fruit Ranch, Caldwell, ID. “We don’t tell the retailers what to do, and we

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don't expect them to tell us how to grow them.”

In this relationship the shippers are counting on their retailer partners to effectively move their harvest.

“Our retail partners are the direct conduit to the customers, they are master merchandisers; they understand what price points drive sales, what locations in their department provide optimum exposure for product trial or use,” says Roper. “This, coupled with quality fruit, leads to exceeding customers’ expectations and repeat purchases.”

4. Lead With The Rising Stars

No apple variety ever increased in popularity as quickly as the Honeycrisp; and growers from every region are still scrambling to increase the supply of this star born in Midwestern orchards.

“Honeycrisp has been a new favorite for a number of domestic consumers, and Washington State nearly doubled the harvest volume this year,” says Keith Mathews, chief executive of First Fruits Marketing, Yakima, WA. “Yet, retail pricing on this apple bars some consumers from enjoying it.”

Apple growers in most areas are working as fast as they can to increase their supply of

“Varietal or club apples are an important part of every shippers manifest, as it allows the retailer the opportunity to carry a variety that their competition may not currently have.”

— Chuck Sinks, Sage Fruit Company

Honeycrisp, in particular, but also of other newly favorite varieties.

“The varietal mix is changing quickly, with more emphasis on consumer favorite varieties like Honeycrisp, Piñata, Fuji, Gala and Pink Lady,” says Stemlit Growers’ Shales. “These are the items consumers want, and so are the obvious ones for us to grow and market. This trend is only going to strengthen in the future as new varieties are released.”

The Honeycrisp price is expected to come down and marketshare to increase in the next few years as growers’ supplies catch up with

consumer demand.

“Today, Honeycrisp is by far the most popular apple in the United States,” says Roper. “While it ranks fifth in total volume in the U.S., that is strictly due to the base production in the ground. Shortly, in a few years, it will be the number two or three apple in the U.S.”

Other varieties may take center stage later in the season, however, because Honeycrisp’s Achilles’ Heel is an inability to maintain in storage.

“For the fall season, Honeycrisp by far is certainly the star variety among all apples,” says Wolter from Rainier Fruit. “As the season progresses, other rising stars include Jazz, Pink Lady, Junami, Lady Alice, Ambrosia and Opal to name just a few.”

5. Help Discover The Next Star

Consumers are ready for new and interesting apple varieties, and that means retailers would do well to include in their portfolio some of the promising experimental apples that growers and breeders are fervently producing — in addition to the six or seven dominant varieties.

“The biggest change in Washington apples of the past 10 years is the move to niche new



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varieties. The onslaught of new has segmented the category and left us with fewer consumers for Granny Smith, Fuji and other mainline varieties we produce in high volume and have relied on to pay the orchard bills over many years,” says Mathews. “The key now is whether or not enough consumers can be found to support the individual apple variety volume. How long can you maintain enough shelf space to sell through the crop you have or will another ‘new’ or ‘newer’ variety take away that real estate display space?”

Mathews believes one of his clients has come up with one interesting variety that will keep gaining favor.

“We think, based on three prior years of sales, that the Opal apple, exclusively owned by Ralph and Cheryl Broetje of Prescott, WA, has enjoyed astounding growth and success,” says Mathews. “Consumers seem to enjoy a broad number of newer variety offerings to include Ambrosia, Sonya, Jazz, and many others.”

Other shippers are also having promising early results with new apple varieties that are not yet universally available.

“Sage has enjoyed great success with several new varieties including the Sonya apple and the Rosa Lynn apple,” says Sinks. “Varietal or club

“Apple growers should be commended as outstanding entrepreneurs. They invest about \$30,000 per acre to grow a new orchard, wait five years with no income, and then just hope they have chosen the right apple.”

— Keith Mathews, *First Fruits Marketing*

apples are an important part of every shippers manifest, as it allows the retailer the opportunity to carry a variety that their competition may not currently have.”

While many growers and breeders are hoping to catch lightning in a bottle with the next Honeycrisp, the developers of that rising variety are working hard on the new improved version.

“At Honeybear/Wescott we have devoted the last 10 years to varietal development and have recently commercialized two new varieties, RiverBelle and Pazazz,” says Roper. “The Pazazz is a later harvest apple that also is an open pollinated Honeycrisp cross. The Pazazz flavor really kicks in about mid December and is at that point one of the best eating apples on the retail deck. It has the Honeycrisp texture but the blending of high brix and the perfect mix of acid — the name really describes the eating experience. Pazazz is being grown in multiple production zones including Minnesota, Washington, New York and Nova Scotia.”

New and popular apple varieties beckon, but an even greater number of false starts and failures are also on the horizon.

“There are many new varieties that are being introduced and there will be many of these new varieties that fail,” says Honeybear Marketing’s Roper. “There is so much room for growth of new varieties at retail — we have stayed on the main line varieties too long, and if we want to continue to grow apple consumption, as an industry we have to continue to develop varieties that appeal to consumers.”

Retailers would do well to do their part in working cooperatively with growers as they



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invest heavily in developing new varieties that may or may not capture the public's fancy.

"Apple growers should be commended as outstanding entrepreneurs," says First Fruits Marketing's Mathews. "They invest about \$30,000 per acre to grow a new orchard, wait five years with no income, and then just hope they have chosen the right apple."

6. Organic In The Mainstream

Organic apples have steadily increased in market penetration to the point a significant number of consumers expect to see them in the produce department.

"Shoppers around the country are starting to look for more organic offerings in the apple market and it is becoming more of a staple on produce racks nationwide," says Sage Fruits' Sinks. "While sales will probably never reach those of conventional fruit, organic volume continues to increase and should be a part of every store's apple lineup."

The number of consumers willing to pay a little more for organic may even be increasing, despite the nervous economic times.

"People are shifting their thinking, telling themselves it's OK to spend a little more on food because it's critical what they put into their

body. The cost difference between conventional and organic is shrinking, too," says Chelan Fresh's Riggan. "If your demographic calls for organic, it is critical to have them."

Some shippers believe organic has become an essential SKU in the apple category.

"Organic is certainly a star category in and of itself as demand continues to skyrocket. By not including an organic offering, retailers are missing out on those sales as the organic consumer shops multiple formats," says Rainier Fruit's Wolter.

There is an abundant supply of many organic varieties coming out of Washington, and the only question is how many million more boxes do consumers want?

"While organic sales are growing, they still comprise a relatively small percentage of fresh apple sales within the United States, to the point sales potential is limiting the production somewhat," says Mathews. "This year, Washington State, the only volume organic producer in the nation, will grow about 9 million bushels of organic out of a 140 million bushel total fresh crop. First Fruits Marketing holds nearly 20 percent of Washington State's volume in organics and is rightfully focused on organic Gala, Fuji, Honeycrisp, Opal and Braeburn

varieties, and less on Red and Golden Delicious."

In many neighborhoods organic apples are a must-have item for supermarkets.

"Organics are a very hot category, and with apples being among the main fruits for the fall, winter and spring, carrying SKUs organically and promoting them often is a must," says Stemilt Growers' Shales.

7. Be Prepared For Abundant Supply

This year's harvest should produce an abundant, possibly even record-setting supply of apples.

"If weather cooperates and we can retain our key harvest crews, we stand to harvest the largest Washington crop ever, which can drive us to the largest USA fresh crop ever," says Mathews.

When you put pencil to paper, the difference in the harvest between this year and last year in the largest producing state is nothing short of staggering.

"There's a good crop out there this year. There should be promotable volumes all the way from now until August," says Riggan. "Last year we had 115 million boxes out of Washington; this year the number is estimateed at or



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above 140 million.”

That increase is almost like adding another Michigan or New York to the supply, and the second- and third-largest apple producing states also report abundant harvests this year.

“Our crop looks great,” says Michigan Apple Commission’s Smith. “We’re expecting a little more than 28 million bushels. We have a great crop, and we’re hearing from growers that it will be a clean crop without any problems. The quality is great.”

New York, too, should end up with a large crop of high-quality apples.

“It’s looking like more than 30 million cartons this year. Mother Nature has smiled on us two years in a row,” says Stewart. “Our historical average crops were around 29 million cartons; now we’re at 30 million-plus. Over time, you’ll see that curve steadily arching upward.”

A few areas report harvest numbers down just a bit from last year.

“Volumes of the regional varieties will be down a little bit this year versus last year. However, last year’s crop was one of the largest ever, so we expect this year’s crop to be more in line with our five-year average,” says Honeybear Marketing’s Roper.

But other local or regional harvest numbers should be slightly up from 2013, or at least as large as that good year.

“We’re anticipating a large crop — excellent in both color and size. The Pennsylvania crop will be slightly larger than last year, but only between 2 and 5 percent above our typical production,” says Pennsylvania Apples Marketing Program’s Bancroft.

The bumper crop means there should be both greater supply of newer apples like Honeycrisp, and promotable volumes of many varieties.

This year’s apple crop should also yield great quality. “Growers are reporting this is an especially clean crop with excellent internal qualities. Consumers have bountiful options from which to choose,” says Rainier’s Wolter.

8. Fading Stars

Because it takes five years or so for an orchard to produce a significant harvest of a new variety — and far longer for the industry to achieve volume — there is a considerable gap between the time consumers expect new varieties and the time those varieties are available.

That means retailers may have no choice but to sell the apples they have, which may not be the apples consumers want.

“Many people continue to look for and buy what they are used to,” says Fruit Marketing’s

Mathews. “Gala, I think, is the most popular apple, eclipsing Red Delicious. Some consumers enjoy a more tart eating experience and buy Granny Smith, or a very crisp apple like Braeburn.”

Consumers are looking for new choices, but these apples are not yet available in the quantities consumers want.

“Honeycrisp, Fuji, Gala, Pink Lady and Pinata will be great consumer items for 2014. However, traditional apples like Granny and Golden are also important to promote, espe-

cially during big apple fest-type promotions,” says Stemlit Growers’ Shales.

Other states are also working to shift their production more toward varieties favored by today’s consumers.

“We’ve been moving more toward Gala, Fuji, Jonagold and Honeycrisp, and I think that trend will continue,” says Michigan Apple Commission’s Smith. But retailers will have to work patiently with their grower/shippers as they both explore changing consumer tastes, and work to satisfy those tastes. **pb**

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The Latest Trends In Organics

With sales on the rise across the country, produce departments are carving out more space for these items. **BY LISA WHITE**



Consumer demand for organically produced goods continues to show double-digit growth, according to the USDA. Organic products are now available in nearly three out of four conventional grocery stores.

Bristol Farms, a 16-store California chain based in Carson, CA, has substantially increased its organic produce offerings due to growing customer demand.

“We had 90 percent transition from conventional to organic in the wet rack category,” says Raul Gallegos, Bristol Farms’ senior director of produce. “Now we started to migrate other commodities to organic when possible.”

This may seem like a good problem to have, but an ongoing challenge has been to stay in stock with as many organic items as possible and find the right local organic growers that fit the chain’s guidelines.

“We’ve been a little more lenient on organic suppliers, because we understand the challenges in growing organically as compared with conventionally,” says Gallegos.

Markets for organic vegetables, fruits and herbs have been developing for decades in the United States, and fresh produce is still the top-selling organic category in retail sales. Although, the annual growth rate for organic food sales fell from the double-digit range in 2008 as the U.S. economy slowed, its 7.4 percent growth rate in 2012 was more than double the annual growth rate forecast for all food sales in 2012, according to the USDA.

Consumer demand for organically produced goods continues to show double-

digit growth, according to the USDA. Organic products are now available in nearly three out of four conventional grocery stores. Organic sales reportedly account for more than 4 percent of total U.S. food sales.

In addition, “The \$11.6 billion organic fruits and vegetable market, with \$10.5 billion in fresh produce sales, remains by far the biggest segment of the organic food market,” says Maggie McNeil, director of media relations for the Brattleboro, VT-based Organic Trade Association, regarding the Association’s *2014 Organic Industry Survey*. “Organic produce alone accounts for 33 percent of the \$32 billion organic food market and accounts for 11 percent of total produce sales.”

Growth In Organics

While in the past, only retailers in major markets would embrace organic produce, this segment has become more widespread.

“Many retailers start with a few core items they know will sell and are good conventionally, and then can give consumers an option to buy organic or conventional,” says Henry Dill, sales manager at Salinas, CA-based Dynasty Farms.

Santa Cruz, CA-based New Leaf Community Markets’ six stores also focus heavily on organics. “We see more customers familiar with organics or interested in buying these

products,” says Maroka Kawamura, produce director of the chain. “It’s an industry that evolved from a small market segment to all types of customers buying organics for many different reasons.”

As the demographic for these products continues expanding, more large chains are adding to their organic produce offerings.

For example, JBJ Distributing in Fullerton, CA, provides organic produce to Kroger, which is expanding its selections in this segment.

“This is not only due to the overall growth in the category, but also to consumers who are eating healthier,” says Jimmy Matiasovich, Jr., who handles JBJ Distributing’s sales. “Grocery store chains have put effort into giving everyone more variety with organic produce.”

For example, Kroger’s Ralph’s stores have expanded offerings and revamped departments to portray a farm-fresh appearance.

Many Canadian provinces are following the United States in terms of expanding organic sections in supermarket produce departments.

“Growth is strong in Vancouver, but the largest increases seem to be in the prairies, including Alberta, Saskatchewan and Manitoba,” says Simcha Weinstein, director of marketing at Albert’s Organics, based in Swedesboro, NJ.

Farmer’s markets are playing a very large part in sales, particularly in the populous

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Packaging Dilemmas

Organics have always been associated with keeping the environment safer, and yet there's more organic packaging than ever.

The National Organic Program, instituted in October 2002, caused retailers to either segregate organics or put them in bags to keep conventional produce away from organic.

The packaging issue is "a bit of a conundrum, although there are alternatives to plastic packaging, and much of it in the organic industry is made from biodegradable materials," says Simcha Weinstein, director of marketing at Swedesboro, NJ-based Albert's

Organics.

For many consumers, the issue comes down to food safety; there is a comfort level with buying packaged products.

It comes down to an increase in packaging for all produce items due to freshness, shelf-life benefits and a desire for accurate rings with a scannable UPC.

"I think the old-school thought was organics cannot touch conventional produce on the shelf without becoming contaminated; however, many retailers are switching to bulk organics with segregated wet racks," says Mitch Blumenthal, founder of Sarasota, FL-based Global Organic Specialty Source, Inc.

With today's technology, such as data-bar PLU stickers and larger farms growing organically, hanging tags and other labels are more readily available.

Yet, there is still a place for packaged organics in produce departments.

"If organic celery is priced close to conventional, I wouldn't want to segregate it, but rather place both items next to each other," says Blumenthal.

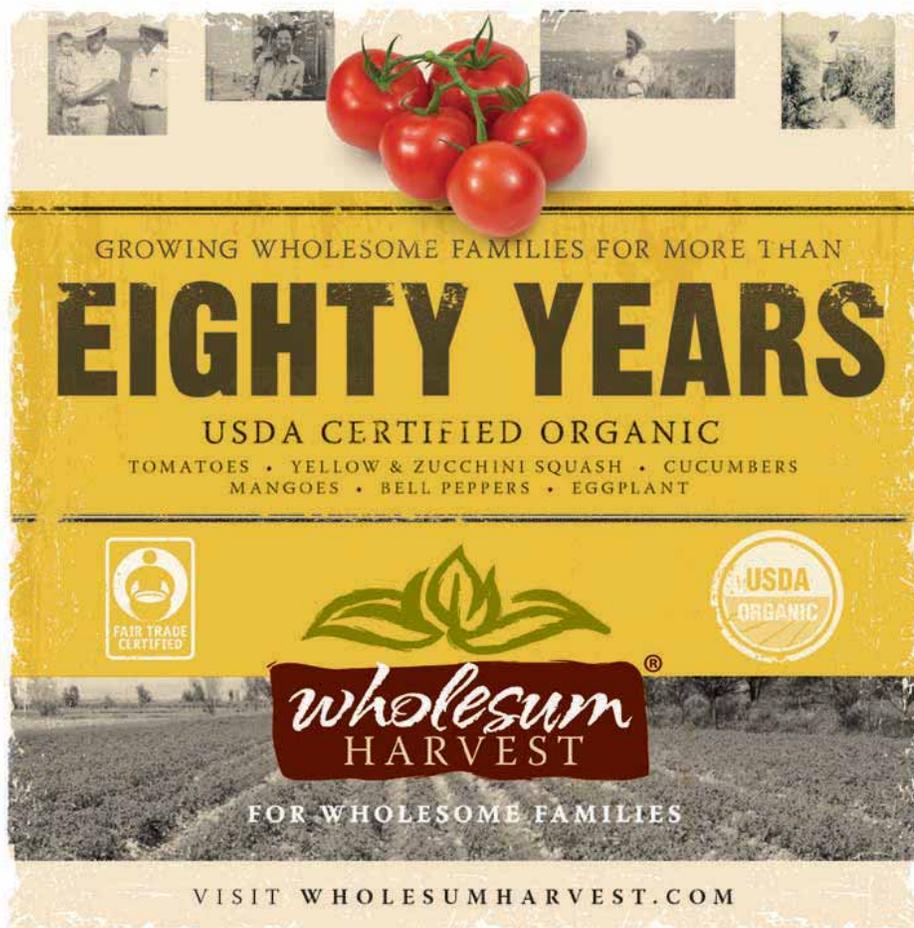
While consumers who live and buy 100 percent organic are used to buying items in bulk form, new organic customers and retailers don't want to make concessions when it comes to packaging convenience. **pb**

centers of British Columbia. The province's populous rates local origin as more important than price when buying fruit, vegetables, meat and dairy, according to about 85 percent of respondents to a survey conducted last fall and funded by Vancouver-based NRG Research Group and Peak Communicators.

"The growth in farmer's markets is a piece of what many call the 'good food revolution,'" says Samantha Cabaluna, vice president marketing and communications at Earthbound Farm, located in San Juan Bautista, CA. "Interest in farmer's markets just drives more interest in organic and other aspects of

the good food revolution overall."

Much of this interest is more recent and unprecedented. "I received a call from one of the largest Canadian/East Coast produce wholesalers, who was interested in organics from Florida," says Mitch Blumenthal, founder of Sarasota, FL-based Global Organic Specialty



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“I think the old-school thought was organics cannot touch conventional produce on the shelf without becoming contaminated; however, many retailers are switching to bulk organics with segregated wet racks.”

— Mitch Blumenthal, *Global Organic Specialty Source*

Source, Inc. “He said two years ago he wouldn’t have called us, but now the demand is real, and he needs to be a player.”

Product Varieties

Due to this growth, more production is being devoted to organic produce of all types. In the past, carrots and other hardware items were all that was marketed. Now, almost every item in the produce department has an organic version.

“With organic produce, it tends to be that as popularity increases with certain items, the organic displays become larger and the conventional displays become smaller,” says Weinstein. “If it looks like a retailer is merely responding to demand, they won’t be as successful as an operator who has led the charge.”

Because space is limited, retailers must figure out how to use and allocate it as profitably as possible.

Fortunately, there’s a compelling argument to increase space for organics, since sales of these products are growing quickly, outpacing the growth in conventional counterparts.

“For example, in fresh-cut salads, conventional is growing at just 3.5 percent where organic is growing at 21.5 percent,” says Cabaluna. “Produce is the biggest category in organic, with rings 16 percent greater than those who purchase conventional salad and more than double the basket of people who don’t buy salad at all. In addition, those who purchase organic salads purchase about twice as much produce items per trip.”

It can be difficult for organic suppliers when retailers get frustrated with the lack of supply. “Corn is available from Florida in the fall and spring, then from the rest of the country in the summer, yet it is a very spot market item organically, with many gaps,” says Blumenthal. “The same is true with asparagus, with organic fresh asparagus only available from Mexico from late November until the beginning of July from Canada.”

Another challenge is the frustration of larger retailers who seek to promote certain organic commodities, but are limited due to supply

issues. “We’ve attempted to get retailer feedback in terms of the specific items they’d like so we can plant for that need,” says Dill of Dynasty Farms. “But we can’t guarantee the extra volume will be available when their ad comes out. They may want to feature organic celery and broccoli in week 26, but it may be at its peak during week 24.”

Despite these issues, many retailers are reducing — or even eliminating — conventional versions of some vegetables due to lack of space and growth of organics.

Price Fluctuations

The question remains whether economies of scale will bring retail prices down when more volume is pumped from organic fields.

“If you look at fresh-cut salads, the price is already very close to conventional — within 10 to 20 percent,” says Earthbound’s Cabaluna.

Overall in the category, 23.8 percent of sales are organic, and in the tenderleaf part of the category — where organic plays the largest role — 57 percent of category sales are organic, according to a recent report from West Dundee, IL-based Nielsen Perishables Group.

Although suppliers admit that prices of organic produce can match, or even be cheaper than conventional produce prices, eventually greater volume will drive down prices.

“However, those going into organic farming will not have the same yields as conventional farmers,” says Dill. “Also, many retailers want to keep organic prices higher so as not to cannibalize this segment.”

There is no escaping the fact higher demand and less availability will drive up the price of organic produce.

“There are so many factors involved, such as the current drought in California right now,” says Gallegos of Bristol Farms.

Still, with the increase in organic acreage, the price gap continues to narrow between organic and conventional produce. This is good news for the category as a whole. **pb**

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The growth in volume and variety of specialty produce represented 1.2 percent of total produce dollar sales for the 52 weeks ending June 28, 2014.

Category Management For Specialty Produce

With the produce industry still finding its stride with specialties, experts offer advice on how to manage the category within different facets. **BY CAROL M. BAREUTHER, RD**

Gone are the days when retailers would stock a couple of unfamiliar ethnic or foodie-centric fruits and vegetables and expect to chalk more up to shrink than sales. After all, the real benefit was the one-upmanship over competitors by carrying items that brought premium-paying customers' into stores. Today, specialty fruits and vegetables — everything from arugula to zucchini blossoms — are no longer optional, but expected offerings by an ever-broader base of shoppers. Likewise, forward-thinking retailers are actively planning how to sell rather than shrink their specialties.

“Specialties are new, unique, exotic, regional or highly seasonal items that customers are looking for today, either from travels, dining out or on food television,” says Mark Munger, vice president of sales and marketing for 4Earth Farms, in Los Angeles, CA. “At the same time, it’s getting much easier to source specialties. Worldwide logistics are such that we can land a specialty here in California, for example, in less than 36 hours after it was picked thousands of miles away in Vietnam.”

The growth in volume and variety of specialty produce, which represented 1.2 percent of total produce dollar sales for the 52 weeks ending June 28, 2014, according to data supplied by the West Dundee, IL-based Nielsen Perishables Group, combined with the bottomline need to maximize profits per square foot, has led retailers to take these once “orphan” items and place them into categories they can manage as closely as they do for commodities.

“Category management analysis is important, because in most cases, specialty produce usually offers a lower number of turns at the check-out counter, i.e. lower volume items, and this can make them easily overlooked or under-utilized,” says Robert Schueller, director of public relations for Melissa’s/World Variety Produce, in Los Angeles, CA. “However, if the produce managers look closely, they will be pleased to see higher margins.”

If The Shoe Fits...

“Specialties have always been the stepchild of the produce department,” says Karen

Caplan, chief executive and president of Frieda’s Inc., in Los Alamitos, CA. “They are usually assigned to the newest buyer and not a lot of attention is given to them. In the past few years, though, I’ve noticed a shift — everything in the produce department is being segmented out and measured.”

There is no one-size-fits-all as to how retailers or suppliers segment out specialties. “There’s no one consistent category called specialties,” explains 4Earth Farm’s Munger. “Instead, for example, passion fruit, chirimoya and rambutan might get put in a retailer’s tropicals category. Similarly, Chinese long beans, Japanese eggplant and bok choy may all go under the Asian vegetable category. It all depends on the retailer.”

Category lines can get blurred when it comes to specialties. “There are so many people of different nationalities and cultures living in the U.S. today, that a specialty to one shopper may be a staple commodity to another,” says Maurice Crafts, sales representative for Coosemans Boston, Inc., in Chelsea, MA. “This means that how specialties are categorized, displayed and merchandised may



(L-R) PHOTOS COURTESY OF B&W AND MELISSA'S

not only differ from retailer to retailer but from [individual] store to store within a particular retail chain.”

A good example is epazote, a green herb used to season black beans in Latin cuisine. “Some retailers put it in the fresh herb category, while others put it in the Latin category,” says James Krouse, president of Eureka Specialties Inc., in Los Angeles, CA.

Suppliers have their own way of grouping specialties. “We categorize the produce we sell down at least five hierarchies,” says TJ Murphy, chief executive of Baldor Specialty Foods, Inc., Bronx, NY. “Initially, we separate everything into fruits and vegetables. Then under fruits, there will be categories like stone fruit, melons and tropicals. Then under stone fruit will be peaches, plums and nectarines. Then under peaches will be yellow flesh and white flesh, and under white flesh will be donut peaches. Then, we have our own specialties under this like Red Jacket Orchard donut peaches and Red Jacket Orchard golden donut peaches.”

Experts agree they have to get creative when an item does not fit into a specific category. “We make a new category and enter it into our system,” says John Savidan, director of produce merchandising for Bristol Farms, a 13-store chain headquartered in Carson, CA. “There needs to be an ability to track, measure the success, order and gauge customers’ reactions to everything in the produce department today.”

Some retailers do have a designated specialty produce category. “This is where they put seasonal, difficult to categorize fruits and vegetables that consumers request such as finger limes, ramps, edible flowers and microgreens.”

“There needs to be an ability to track, measure the success, order and gauge customers’ reactions to everything in the produce department today.”

— John Savidan, Bristol Farms

Measure Success

Consumers’ growing interest in specialty fruits and vegetables makes it even more important to measure their performance at retail.

“Specialties are frustrating because there’s not a lot of data. If you can’t measure, you have no way of knowing the importance and contribution of these items to the produce department, and today their volume can be significant. In other words, they don’t count until they are counted,” says Frieda’s Caplan.

This can be a challenge, because some items aren’t tracked by national data suppliers. “Nielsen doesn’t track products like purple asparagus or bulk French green beans,” says Charlie Eagle, vice president of business development for Southern Specialties, Inc., headquartered in Pompano Beach, FL. “We use sales tracking. Produce managers understand that.”

Scan data is a good resource to track specialty sales. “We handle our specialties a little differently than most,” explains Paul Kneeland, vice president of produce, floral and seafood at Kings Food Markets, a 24-store

chain based in Parsippany, NJ. “A lot of people make a section called specialties or tropicals. We like to highlight these items individually. For example, we’ll put a basket of dragon fruit in the middle of a display of Navel oranges or star fruit in with the melons. This draws the customer’s attention. Even though these specialties are integrated in with commodity displays, we can still track sales by the PLU or UPC codes. We use this to see not only how well a specialty sells, but how it sells in different locations. For example, we can drill down and measure the success of putting Buddha’s hand citrus for two weeks next to the asparagus.”

Making sure to get the right ring on a specialty item is critical to its tracking. “At Eatly [an international food emporium that specializes in fusing fresh groceries with gourmet foodservice experiences], we employ the European method of having an employee in the produce department weighing and stickering a customer’s purchases,” says Baldor’s Murphy. “This way, the employee can correctly identify the item and give it the correct PLU or internal code. This assures we get the right ring at the register and track the sales of all of the produce we sell. Conversely, we do some direct store delivery for a large national retailer, and they want all their specialty produce in some type of packaging — a clamshell, bag or something with a UPC, so they can get the right ring and track it.”

The price of packaging isn’t necessarily a deterrent to sales on specialties that already command a premium. “Specialties aren’t as price sensitive as commodities. If a peach is \$4.99 per pound, the added cost of packaging will either be absorbed by the retailer or the percentage increase will be so small that the

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type of customer who buys it won't care," explains Murphy.

Watercress sold to retail by B&W Quality Growers, Inc., in Fellsmere, FL, comes in a bag with a UPC code. "Packaging identifies the product, plus it lets us call out ways to use watercress in meals and its nutritional status," says Andy Brown, vice president of marketing. "Watercress was just named the No. 1 powerhouse vegetable based on its content of 17 key nutrients in a study

published by the Centers for Disease Control and Prevention's journal, *Preventing Chronic Disease*."

Market basket analysis is also a way to tell the profitable importance of specialties. "Items like watercress trigger additional purchases, because it's not consumed in isolation," says Brown. "There are two ends of this spectrum. One is the ethnic consumers, for example, and the other are foodies who are open to trying something different like a sweet tomato and

"We partner with a specialty produce supplier who sources for us and lets us know what is new and maybe of interest to our customers."

— Paul Kneeland, Kings Food Markets

watercress salad, or watercress on their hamburgers, or watercress in sushi."

Grow Sales

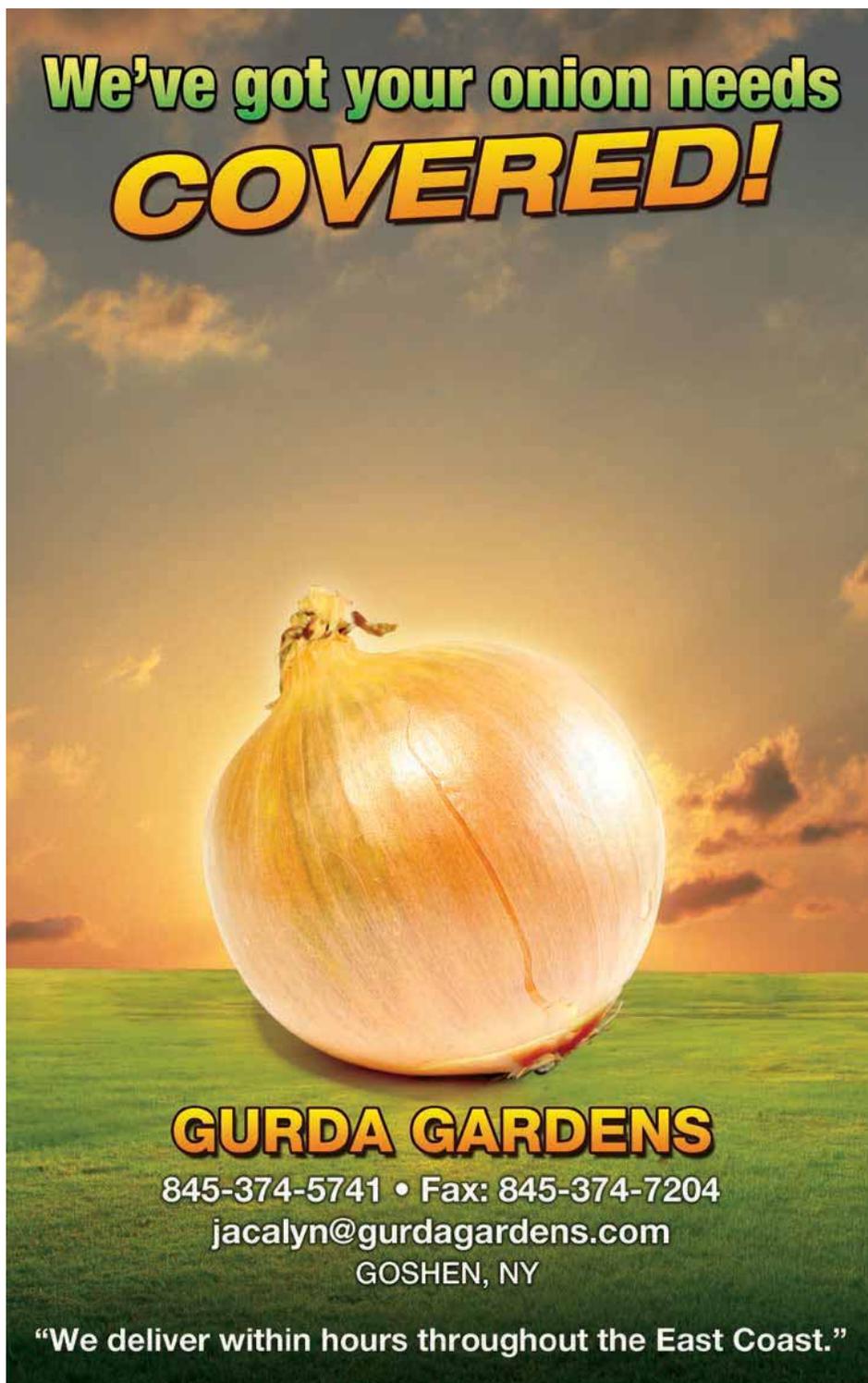
The sheer nature and number of specialties means it can be a challenge for retailers to know how to source, stock and sell them. This is where the expertise of suppliers comes into play.

"We partner with a specialty produce supplier who sources for us and lets us know what is new and maybe of interest to our customers," says Kings' Kneeland. "We added fruits like rambutan and lychees. This season, we are going one step further by working with them to add the marketing by initiating a specialty peak of the season program. In-store signage will explain the products' stories and what makes these products unique."

Specialty suppliers often have a team of buyers who walk markets and talk with growers to discover what's new. "We put this information in a newsletter we send out from one to three times a week to our retail partners. In addition to listing the unique or seasonal specialties, we also provide usage information, fun facts and links to recipes. This has proven to be a quick way to provide educational information to our busy retailers. Then, when we have new items such as Kalettes (a cross between kale and Brussels sprouts) that we'll have available this fall, we also get the product into their hands along with sell sheets," says 4Earth Farms' Munger.

Some suppliers sell to both foodservice and retail, and this provides them with a valuable perspective. "If a major restaurant chain adds French green beans to its menu, we expect an elevated interest of this product at retail. That's something we let our retail customers know," says Southern Specialties Eagle.

The consequence of not only carrying specialty fruits and vegetables, but also quantifying and calculating their success on the retail shelf will become even more crucial in the future. "Specialty produce isn't going away any time soon," says Baldor's Murphy. **pb**



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ANNUAL FRESH SUMMIT SENSORY EXPERIENCE CONTEST PROMISES TO BE A HIGHLIGHT OF PMA CONVENTION.

A highlight of PMA's Fresh Summit Convention & Expo, held on October 17 to 19 in Anaheim, CA, is the 4th Annual PMA Fresh Summit Sensory Experience Contest.

More than 55 produce-centric, kid-friendly recipes were submitted in September. Sponsored by Bolthouse Farms and Disney, the contest will feature the Top 10 finalists selected by a panel of buyer judges from the industry. The recipes will be showcased during the Sensory Experience Contest, where the judges, buyers and students from Walker Junior High School in La Palma, CA, will place their votes for the Buyers' Choice Award and Kids' Choice Award.

Attendees of the convention will have the opportunity to sample the recipes on Friday, October 17, at the Fresh Ideas in Action Reception at the Anaheim Convention Center. Winners will be highlighted during the reception and in the Innovation at Work area located in Lobby B/C of the convention center.

The judging panel includes executives from Delhaize America, Supervalu, Wal-Mart China, Coosemans LA Shipping, Disney Consumer Products, Grocery Outlet Inc., Kings Food Markets, Kitchen Witch LLC, Libby Platus, Mollie Stone's Market, Northgate Gonzalez Markets, PRO*Act, LLC, Save Mart Supermarkets, Sysco and The Produce Mom.

This year's competition required the recipes to be produce-centric, with produce being the primary ingredient. The recipes needed to be kid-friendly, visually appealing, and innovative as well as creative, with the end-goal of selling the product to a chef, operator and/or consumer. In addition to the criteria used in advance to determine the finalists, judges will evaluate the Top 10 recipes on taste, aroma and presentation.

The finalists include the following (listed alphabetically):

Alsum Farms & Produce, Rainbow Potato Pancakes

A savory stack of Wisconsin Russet shredded potatoes and decorated with carrots, zucchini, red bell peppers, and green onions



Church Brothers LLC, Rainbow Kale Tostada

Ortega Fiesta Flats act as a platter for Church Brothers' Rainbow Kale combined with black beans, avocado, jalapenos and Cotija Cheese crumbles.



Ball Design, Fresh Fruit Nachos with Honey Yogurt Drizzle

Build a base with Buñuelos, a classic Mexican dessert — fried tortillas, sprinkled with cinnamon and sugar. Pile on diced fresh fruit and chopped pistachios. Top it off with healthy, honey yogurt to complete this fresh take on a fun finger food.



Giorgio Fresh Co., Mushroom Sauce Pizza with Mozzarella & Cheddar Cheese

Giorgio Fresh White and Portabella mushrooms are sliced thick as toppings on this pizza topped with onions, garlic, Mozzarella and Cheddar cheeses.



Green Giant Fresh, Cauliflower & Avocado Croquettes with Honey Dijon & Avocado Aioli

This recipe includes instructions for the croquettes and a honey Dijon aioli as well as an avocado aioli. The croquettes consist of cauliflower, flat leaf parsley, cheeses, Russet potatoes, avocados, and panko bread crumbs.



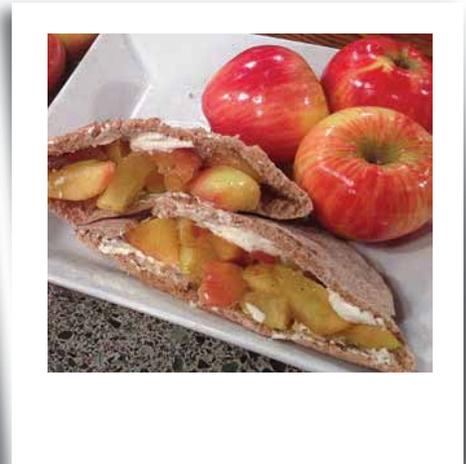
Mucci Farms, Cool Summer Treats Made with Cucumbers

Kids can enjoy Mucci Farms Cool Summer Treats, cucumber-watermelon popsicles with avocado, Greek yogurt and watermelon juice.



Sage Fruit Company, Skinny Breakfast Apple Turnovers

Whole-wheat pita bread stuffed with apples drizzled with maple syrup, sprinkled with ground cinnamon and dolloped with cream cheese.



Sunkist, Orange Asian Chicken Lettuce Wraps

This Asian-inspired dish incorporates sweet orange with spicy ginger to create a flavorful balance for the wraps filled with Romaine lettuce, Sunkist oranges, red cabbage, carrots and chicken.



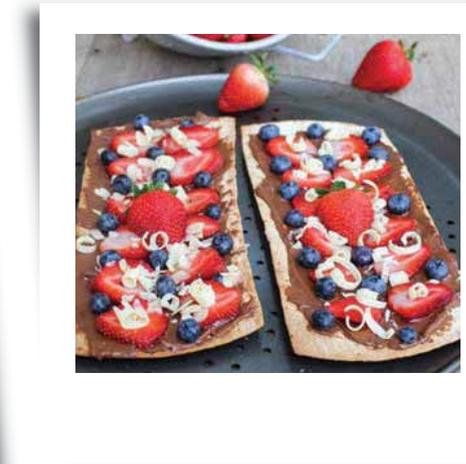
Wholesum Family Farms, Wholesum Harvest Eggplant Vegetable Balls with Roma Tomato Sauce

A twist on a classic meatball, these veggie balls are comprised of eggplant, onion, Parmesan, oregano, parsley and panko breadcrumbs.



Wish Farms, Wish Farms Strawberry Blueberry Hazelnut Chocolate Flatbread

This sweet treat plays with hazelnut chocolate spread, strawberries, blueberries and almonds.



The winners will receive a digital ad in Fresh Magazine, an award and recognition on PMA's website.

Rationalizing Biorationals

Why retailers, foodservice providers and produce suppliers can fast track sustainability with “biopesticides.”

BY MIRA SLOTT



It's the perfect storm. Corporate sustainability has become omnipresent in the U.S., as buyers and sellers of produce vie to balance the environmental, social and economic aspects to maximum advantage, both internally and at point of sale.

Further, consumers increasingly consider product origin and make-up in their buying decisions. A supermarket's strategies in this arena can win or lose a consumer's patronage. Retailers, in turn, are building preferred supplier partnerships based on their own sets of sustainability metrics.

Muddying the waters, persuasive social media campaigns orchestrated by anti-GMO (genetically modified organisms) and anti-pesticide advocacy groups are gaining mainstream momentum and influence, amid and despite an onslaught of misinformation and unscientific claims.

Concurrently, government regulatory bodies in the U.S. and abroad, as well as private food industry power players, are implementing stricter restrictions on pesticide use in food production, including variant regulations and labeling. These actions parallel rapid advances in more sustainable food production technologies, which are rippling through the produce industry supply chain.

While currently under the radar at the consumer and retail levels, a wave of innovative non-traditional pesticides may be the sea change to brave this perfect storm.

The timing couldn't be more right for industry executives to harness a burgeoning global trend: fruits and vegetables grown and harvested with biorationals, also referred to as biologicals or biocontrols, and categorized as biopesticides by the Environmental Protection Agency (EPA). [See Biorationals sidebar on page 188.]

These non-traditional pesticides — also non-GMO and in certain cases permissible for use in organic certification — correlate to all three legs of sustainability, typified as low-impact products that deliver economic, health and/or environmental benefits, according to Rick Melnick, chairman of the board and director of the Biopesticide Industry Alliance (BPIA), based in McFarland, WI. Melnick also is manager, global brand management and communications, Valent BioSciences Corporation, headquartered in Libertyville, IL, which supplies biorational products to 95 countries. In June, 2014, Valent opened the world's largest dedicated biorational manufacturing facility in Osage, IA.

Biorationals In A Global Economy

Year-round supply of produce has become the norm. Since companies grow for consumers all around the world, they have to be aware of pesticide-level tolerances in every country. More recently, food companies and retailers are creating standards for MPL's (Maximum Pesticide Levels) that are more stringent than government levels.

Big food buyers in Europe are demanding higher MPL standards for both their domestic and international produce suppliers, while banning use of numerous chemicals in the production process, says Dr. Willem Ravensberg, president of the International Biocontrol Manufacturers Association (IBMA), and science and policy manager, Business Unit Microbials at Koppert Biological Systems, based in the Netherlands.

GlobalGAP rules endorse Integrated Pest Management (IPM) systems that recommend less and less chemicals whenever possible, he continues. "When Greenpeace was doing exposés on pesticide use violations by farmers scrambling to combat resistant pests in the late 1990s and early 2000s, it shocked consumers. Retailers were getting caught in the cross-fire and trying to repair the damage," says Dr. Ravensberg.

It triggered a rise in alternative pesticide products for conventionally grown produce as retailers tightened supplier requirements. "Retailers don't want any finding of residues because they will get the blame in the media," he says.

Complicating matters, unlike the EPA's specialized Biopesticide Division, which was established in 1994, European legislation and registration for biopesticides runs the gamut and is not categorized clearly like in the U.S. "We need to set low risk boundaries between biocontrols, conventional pesticides and sustainable pesticide use directives that prioritize non-chemical solutions," he emphasizes.

"In Europe, you find heightened consumer concern about pesticide use and residues on produce," says Melnick. "You see the pull-through in demand for produce grown and harvested with lower levels of pesticides, and this demand is invariably linked to purchase decisions throughout the supply chain."

This translates to what produce is offered and merchandised on supermarket shelves. "If you talk to someone in the retail industry in Europe, pesticide residue levels are leveraged as marketing tools at the retail level, where here in the U.S. we haven't really gotten to that point yet," says Melnick.

However, "large U.S. retailers and food-service providers, looking to get ahead of the game, are very much in tune with European chain initiatives," says Melnick. "Big and powerful buyers have sustainability campaigns in place to demonstrate they are proactive with sustainability, and one aspect is an integrated approach to pest management."

European Retailers Lead The Way

Pesticide issues play an integral role in European retail sustainability programs, such as Tesco's Nature's Choice, Marks & Spencer's Field to Fork, and Sainsbury's eco-friendly brand platform in the U.K., according to David Cary, executive director, International Biocontrol Manufacturers' Association (IBMA), based in Guildford, U.K. For instance, as part of its mission to combat declining biodiversity, Sainsbury's partnered with farmers to dramatically increase bee population habitats. Taking it to the retail floor, Sainsbury's worked with a bee specialist to establish 100 Bee Hotel nesting sites in its stores, engaging and educating consumers.

Retailer Albert Heijn in the Netherlands has been producing an IPM (Integrated Pest Management) sticker on fruit and vegetable products, with small cards on display showing tools that are used, and how biopesticides work, but educating consumers on the alternatives remains a challenge.

"As far as consumer awareness of pesticide residues, that's pretty much a given; they don't want to be consuming pesticide residues," says Cary. "Unfortunately, there is not as much information passed down to consumers on what the alternatives are." There has been a reluctance to do that at the risk of pitting one technology against another, and implying that some products in the department are good and some are bad.

"We do have to spread the word of what's happening, but we have to be a bit more artful, not creating a scare. We are advancing the way we produce our food, using less conventional pesticides as we find out the impact on the environment; and biopesticides are a tool of tomorrow. We have to do this education together. We have our part to play and so do the supermarket groups. It's a huge responsibility to manage this sea change and to convey it to consumers without a great deal of alarm," says Cary.

"Consumers in Europe wouldn't be aware of biocontrols. They may say green pesticides, but when asked, 'What do you mean by that?' they don't know. We want to promote low risk

products, but to a consumer, that's difficult to explain," adds Dr. Ravensberg.

"Some of the supermarket groups are very active in working with their suppliers to change what products they're using, relying more on biopesticides and other methods to control pests," says Cary. "Supermarket chains in Europe and in the U.K. have pilot demonstration farms, where farmers use biocontrols and train other farmers on how it's done," he says.

"I'm aware of some grocery chains in Europe that only allow extremely limited amounts of residues on the produce they buy, and even if it's at the legal level, the

WHAT ARE BIORATIONALS?

Biorationals are typically derived from natural or biological origins, and include biological pesticides, as well as products used for crop stress management, enhanced plant physiology benefits, root growth management and post-harvest benefits. It could be bacteria with no human toxicity but toxic to a harmful caterpillar, or mimic a chemical in nature, explains Rick Melnick, chairman of the board and director of the Biopesticide Industry Alliance (BPIA), based in McFarland, WI. "Some products are like pheromones, a mating disrupter. There's a biochemical that an insect gives off in mating season. You could go out and spray in an orchard and confuse insects not to mate."

"We use the term biologicals; Valent Biosciences calls them biorationals," says Ashish Malik, vice president of marketing for West Sacramento-based Bayer CropScience. "We don't like to refer to them as biopesticides. Biological products produce an enhancement to the crop, and in some cases could provide pest protection, but not necessarily. All biologicals are non-GMO, and in certain cases can be used for organic certification, depending on how the product is formulated," he explains.

Biopesticides are one of the fastest emerging segments of agrochemicals used in crop production. Growth of the biopesticide segment now outpaces growth in the conventional segment as pressure mounts for an integrated approach to pest management.

In 1994, EPA established the Biopesticides and Pollution Prevention Division to facilitate the registration of biopesticides as a means to safer pesticide use, and to encourage their development as part of its integrated pest management programs.

pb



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chains will reject the product,” says Tim Damico, vice president, NAFTA sales and marketing, Certis USA, headquartered in Columbia, MD. “We see this trend emerging in the U.S. Retailers are not necessarily saying they want residue-free produce, but are taking steps to move toward more sustainable products that are produced with less chemicals,” says Damico.

Sustainability is by extension use of biorationals, and can be an important selling point in the produce buyer/seller relationship. “We have a customer in Mexico using a large volume of our biorational products, and each year the customer meets with Wal-Mart to communicate the proactive steps being made in sustainability. The use of biorationals figures heavily in that presentation,” says Melnick.

Anti-Residue Sentiment Grows In The U.S.

In the U.S., consumer concerns with pesticide use levels have generally been relegated to a niche following, but this may alter, as claims — albeit often unscientifically based and/or misleading, by organizations such as the Environmental Working Group (EWG) — ramp up and are given weight by media outlets and popular television shows like *The Dr. Oz Show*.

EWG is infamous for its annual “Dirty Dozen” report, a scientifically flawed referendum on residue levels on a changing list of 12 produce items, recommending that consumers switch to “healthier” organic alternatives. Regardless of the veracity of such claims, demand for more sustainable products is likely to intensify down the pipeline, giving U.S. retailers cause to employ strategies that address it.

Other initiatives for new EPA labeling options coming down the pike could also incentivize sustainable merchandising opportunities for products produced with biorationals.

“There’s been a call for labeling that would indicate a product has positive benefits. It’s easy to make an exclusionary list or put warnings on something,” says Melnick. “And endorsing products is outside of government’s purview, so it has to be very careful on how it proceeds with labeling initiatives.”

Some 300 organizations opposing genetically modified organisms have been highly effective communicators in spreading misinformation and fear across the Internet, pushing for mandatory GMO labeling rules with a symbolic skull and crossbones logo

OVERCOMING MISCONCEPTIONS

In the evolution and advancement of technology, the industry has had to thwart many misconceptions in the marketplace about biorational products: that biorationals don’t work; are expensive; are complicated and difficult to use; are intended to replace traditional chemicals; are only for use in organic growing systems; are all created equal; and are not reliable.

“We’ve come a long way in the past 15 years, and the evidence of their value is clear,” says Rick Melnick, chairman of the board and director of the Biopesticide Industry Alliance (BPIA). “When these large companies invest in biorationals, they’re reacting to what they see as business opportunities.”

Extension specialists are used to evaluating products in a certain way. Biopesticides or biorationals are unique. Each is a little bit different — the precision of the application timing, how long until the effects are visible, and all these things vary from product to product. As a result, it doesn’t make sense to evaluate these kinds of products in the same way one evaluates conventional chemicals. Biopesticide companies provide protocols on how they are used, but researchers don’t always follow them. Therefore, research assessments on biopesticides were not always accurate, says Melnick.

“One misconception — which we have largely overcome — is that biorationals don’t

work. In the early days, companies could fly under the radar and call a product natural, and then bring something to the market that didn’t do anything. That created a perception that natural products or biorationals don’t work,” he continues. “Over time, the market has sorted itself out. The products that didn’t work went away and the ones that did work over time have become proven and trusted.”

Another issue is related to organic. “Our products are hugely important for the organic industry, where choices are extremely limited,” Melnick explains. A lot of biorational products are certified organic, but the misconception is they are only used for organic when 95 percent of our sales are for conventional production, he emphasizes.

“There have been great advances made in the science in the last 5 to 10 years with products seen as contemporaries to their conventionals in ways of meeting performance expectations,” says Tim Damico, vice president of Columbia, MD-based Certis USA. “As companies scale up and become more efficient and enhance their fermentation capabilities, biologicals will benefit from economies of scale. As an organization, we’re working to bring costs down and transfer those savings to our customers,” he continues. “Years ago, biopesticides were thought not that effective and too high priced. This has changed, and some are just as competitive as conventional alternatives.” **pb**

and undermining consumer confidence, according to Cathleen Enright, executive vice president, food & agriculture, Biotechnology Industry Association (BIO), based in Washington, D.C.

There are three states with GMO labeling laws already, and there are bills being debated in 30 states and Puerto Rico, says Enright. These anti-GMO groups are moving their arguments to include negative associations with pesticide use and erroneous claims of dangerous residues on produce, she says. In January this year, General Mills and Post reformulated their cereals with “No GMO’s” on the label, a telling sign of the sway these groups have on private industry. “Whether produce is grown organically, or with biopesticides or GMO technology, we have to stick together as an industry,” says Enright. Communicating how food is grown to generate more balanced and accurate articles is critical, she explains.

Walking A Fine Line

“All the consternation in the organic movement was the fear-mongering of conventional produce, which was one of the tactics used in the industry,” says Melnick. “It rubbed a lot of people the wrong way. The same dynamic applies here, pointing to low pesticide residue or no residue in particular produce. Are you saying the rest of the produce aisle is laden with pesticides?”

Melnick explains the marketing dilemma. “This is the challenge we face. The last thing retailers want to talk about at point of sale is less pesticides because then they are implying something else about their entire inventory. On the other hand, sustainability is a broader concept because biorationals have a position impact on product quality, including more marketable fruit, longer shelf life and low environmental impact. These are attributes that are important to the entire chain.”

“The last thing we want to do is say other

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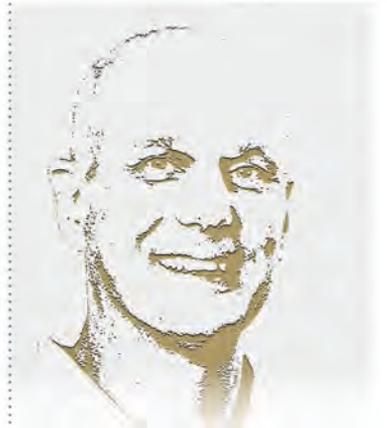
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“Biopesticides represent flexibility to our markets. MRL issues are unlikely.”

TIM DAMICO
Executive V.P. NAFTA

CERTIS USA

chemicals are bad; biorationals work in an integrated partnership with conventionals. There are times where biorationals make sense and vice versa,” emphasizes Melnick. “We are not saying synthetic pesticides are bad; what we are saying is the best program is an integrated program, and growers are learning and demanding it more and more.”

“We are strictly dedicated to stay as a biopesticide business,” says Certis USA’s Damico.

“The point we want to get across, not only

MERGERS, INTEGRATED PEST MANAGEMENT

In the crop protection industry, there have been a number of mergers and acquisitions in the past couple years of major conventional crop protection corporations buying biopesticide companies. Mega companies, such as Bayer, Monsanto, BASF and Syngenta, see a need for an integrated offering by using biorationals with conventional crop protection in a synchronous way.

“We currently live in an environment conducive for biopesticide products. The same drivers exist in other regions around the world and are stronger in Europe than the U.S.,” says Ashish Malik, vice president of global marketing Biologics for West Sacramento, CA-based Bayer Crop Science, and also on the board of directors of BPIA.

“The way we define the industry and the food chain is what happens to produce after the farmer harvests products. Some are big companies that care about a global image and global brand, and oftentimes are driven by consumer pressure and consumer perceptions,” says Malik.

“In the context of the food chain player, sustainability and profitability, it’s very clear there are societal pressures, and resources on the environmental side of the equation are more expensive,” he says. However, Malik argues, “if the food chain just put those sets of requirements on their suppliers, what would happen is the cost of the product would increase, thus impacting profitability down the supply chain.”

To be sustainable, one has to be profitable. “The new biological products are extremely effective in an integrated solution. Cost to the farmer doesn’t change, and therefore cost savings are passed down the supply chain,” he says. **pb**

for our business but for the biopesticide industry as a whole, is that biological products are not just for organic growers. They are a key component for an integrated approach for conventional growers,” he says, noting, “probably 95 percent of biopesticide sales that occur are on conventional produce to conform to sustainability goals.”

Melnick points to challenges in building awareness and dispelling misconceptions of biorationals and in compelling U.S. retailers to get on board. The vast majority of retailers and foodservice providers are not aware of biorationals. “We hope more aggressive sustainable companies take the lead in buying food produced with systems that include these products,” says Melnick.

“This type of production does appeal to a certain percentage of the consumer base. If people realize these products are available, they will buy them. Retailers want the highest quality products to bring to their customers, and quality comes in lots of forms, whether the crispness or shape of apple, firmness of a banana, or the pesticide residue levels or impact on the environment.”

Getting The Word Out

“We sell our biological products to farmers, but so much of the value is to the whole food chain,” says Ashish Malik, vice president of marketing for West Sacramento, CA-based Bayer CropScience. “It is a part of the answer to the sustainability initiatives of the food chain. An executive of the food chain needs to get educated, not about the individual products, but about the whole space and how they can say to their stakeholders how biopesticides are contributing to their sustainability initiatives,” says Malik.

“Biological offerings traditionally are exempt from residue tolerances and are deemed to be very safe to humans and the environment. The EPA will look at these products and say there is no need to establish a residue tolerance,” says Certis USA’s Damico.

“Biorationals more or less prevent residues from building up on crop. The value proposition we can offer merchandisers of different foods is to provide low residue or residue-free produce,” says Damico.

“Creating awareness of biorationals at the retail level is a little tough,” says Melnick. “That’s what we are trying to achieve. The produce industry is driven by quality and price, no blemishes and long shelf life. A component of that quality can be achieved with biorational products.”

By the time produce is made available to

SETTING THE RECORD STRAIGHT: NOT ALL BT’S ARE THE SAME

While misunderstandings abound, “biorational products are non-GMO,” says Rick Melnick, chairman of the board and director of the Biopesticide Industry Alliance (BPIA). Among the most prevalent GMOs are Bt corn, Bt cotton, and Bt soybeans. Ironically, GMO technology had its genesis in Bts (*Bacillus thuringiensis*), but with simpler forms of the organism’s inherent toxicity. It is completely different than the original organism of Bt.

“Metabolites within the Bt organism are toxic to a caterpillar, but there is no toxicity to humans. The same is true with GMOs, but GMO technology imbeds this Bt gene in the plant so the plant expresses it, the caterpillar takes a bite, stops eating and starves and dies.

“Foliar-applied, biorational Bt’s contain multiple toxins and are far more complex than what is expressed in a GMO,” says Melnick. “There’s nothing genetically modified in a biorational. Bt is a ubiquitous soil-borne organism that we grow through fermentation. Because it’s called Bt corn and Bt cotton, there is a misconception that this is the Bt that we sell.

“It’s important to realize that there are thousands of *Bacillus* species naturally occurring in the environment, but only a few of these having these pesticidal properties, and people in science understand this.” **pb**

the buyers, they can be assured it is tested for residue levels enforced by whatever regulatory bodies are in place. That being said, there are crop protection and production products inherently more sustainable, and if consumers are aware that such products exist, demand can be created, Melnick adds.

The main piece of advice Melnick gives to produce industry executives is to get educated. “If you learn about the technologies and what they can do, it will generate reasons for how you can generate value for your company. If you have a customer base keen on sustainability issues, there is an opportunity to market the fact that you are providing high quality produce utilizing these important sustainable technologies. The value of biopesticides is there, and it’s already being realized, and being transferred right down the chain.” **pb**



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Optimism Prevails Among Minneapolis-St. Paul Produce Wholesalers And Retailers



Produce distributors continue to develop products, packaging and services that set them apart from the competition. BY SANDY LINDBLAD LEE

With several of the Twin Cities' suburbs regularly ranked among the best places to live in America, the region earned the right to boast about its attributes. With rankings based on factors including economic downturn recoveries, restaurant variety and year-round outdoor activities, the region reflects an optimistic outlook. Dovetailing on that optimism, produce wholesalers and distributors in the Twin Cities are providing a wider scope of services and expanding their product lines for retail and foodservice while adapting to the evolving trends at the buyer and consumer levels of the distribution chain.

While keeping their focus on food safety, produce distributors are continuing to develop products, packaging and services that make them stand apart from the competition. These wholesalers also concur that their centralized location in the Upper Midwest provides the added benefits of transportation cost savings for customers.

Twin Cities Retail: Buyouts And Closings Alter Profile

The Twin Cities are home bases for some key national chains, including SuperValu Inc. and Target Corp., which maintain the market's retail strength. However, Roundy's Inc., based in Milwaukee, caused the greatest changeover in the Twin Cities retail profile in recent months. In May, Roundy's began the process of selling its 18 Rainbow stores in the Minneapolis-St. Paul market to Eden Prairie, MN-based SuperValu

Inc., the owner of Cub Foods, along with four Twin Cities-based independent grocery retailers. Jerry's Enterprises, Haug Enterprises, Lund Food Holdings and Radermacher Enterprises have joined SuperValu in executing these agreements.

Once completed, the acquired stores will operate under SuperValu as 10 new Cub Foods locations, two new Byerly's locations and six locations under the Rainbow banner. Some stores were closed during the transition. "For nearly five decades, Cub Foods has been a trusted grocer and innovator in the Twin Cities," says Mike Stigers, Cub Foods president. "This community has always been important to us, and it is our continued desire to deliver great products, excellent service and an incredible overall value for grocery stores. With more stores under the Cub Foods brand, and being serviced out of our distribution center in Hopkins, MN, we will be better positioned to improve our efficiencies and explore ways to bring even stronger value and price-competitiveness to our shoppers," he says.

SuperValu reportedly still holds the largest retail market share in the composite region of Minneapolis-St. Paul and Duluth with 41 percent of the total, according to the *Shelby Report* of the Midwest. Wal-Mart Stores has taken over second place, with a reported 21 percent of the market share. Super Target retains 10 percent of the market share.

The region also has well-established independent retailers who design stores to fit the demographic and ambience of the surrounding

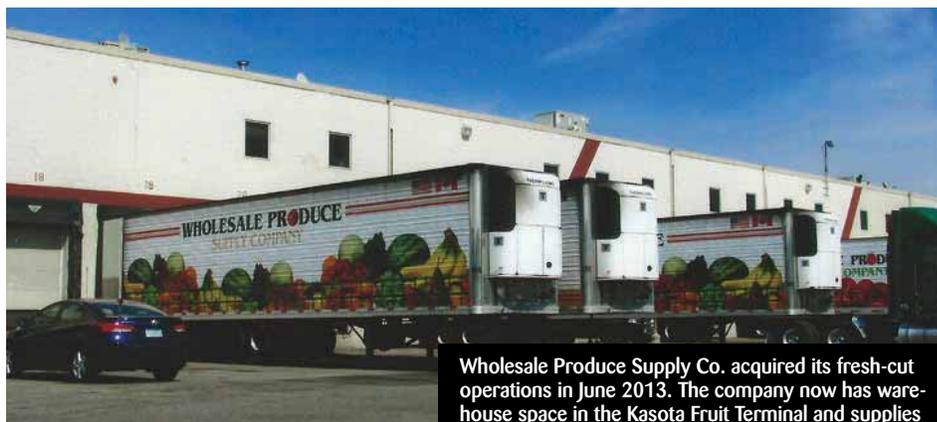
Diverse Population Segments

While the Twin Cities' strong Scandinavian influence remains, the region's diverse demographic profile provides a unique blend of cultures and ethnicity. According to a demographic overview of Minnesota in the Minnesota Compass (a social indicators project, led by Saint Paul, MN-based Amherst H. Wilder Foundation, that measures progress in the state), Minnesota is still not nearly as racially diverse as the nation, but its profile continues to change. More than 18 percent of the state's residents are now people of color, compared to about 1 percent in 1960. Age trends are also transforming the state. By 2030, the number of Minnesotans older than 65 is expected to almost double, and older adults will comprise one-fifth of the population.

According to the U.S. Census Bureau, between 2000 and 2010, the state's ethnic profile grew by 55 percent. Immigrants from 160 countries came to Minnesota during the past decade, according to a report from the University of Minnesota College of Education & Human Development. Immigrants born in Somalia outnumbered all others, followed by those from India, Ethiopia and Mexico.

The U.S. Census Bureau also reports that more than half of Minnesota's residents live in the seven-county Twin Cities region, with an estimated total population of 2.92 million. It is one of the fastest-growing regions in the Midwest and is predicted to continue its rapid growth, adding a half-million residents by 2030.

Like much of the country, Minnesota is experiencing mixed results as it seeks to emerge from the economic downturn. The Minnesota Compass reports in 2010, Minnesota's economy grew by 3.2 percent, outpacing the nation and 39 other states. However, Minnesota's growth rate ranks 28th among states, and the average household income declined more than \$6,000 during the past decade. In 2011 (the most recent figures available), half of Minnesota households made under \$55,000 annually, according to the Census Bureau's estimates. **pb**



Wholesale Produce Supply Co. acquired its fresh-cut operations in June 2013. The company now has warehouse space in the Kasota Fruit Terminal and supplies 570 different SKUs. The higher-volume items include processed tomatoes and grab-and-go kits.

neighborhoods. Produce wholesalers concur that the combination of large and small retail customers keeps the market vibrant.

Locally Grown Holds Strong

As the economy inches toward recovery, several in the produce distribution business report increasing demand for locally grown produce, organics and fresh-cut, value-added produce selections.

Although their in-season availability in the Upper Midwest is short (six to nine weeks), locally grown fruits and vegetables from Minnesota and nearby Wisconsin and Michigan remain among the hottest categories on the shelves of produce departments in the Minneapolis-St. Paul region. Various independent retailers and larger chains are capitalizing on that trend by displaying signage in produce departments featuring photos and stories about local growers.

Minneapolis-based Wholesale Produce Supply Co. took several steps this year to increase its locally grown supply availability and assure a steady flow of product for its customers. "We are huge in the home-grown category," says Brian Hauge, president of Wholesale Produce. "The company contracted with two different local growers to produce tomatoes exclusively for Wholesale Produce Supply Co. "Both have USDA harmonized audits and are food-safe."

"We only buy from growers that pass the third-party audits from Primus Lab, USDA, and Silliker," says Art Quiggle, vice president of Wholesale Produce Supply Co.

This year Wholesale Produce signed an exclusive Midwestern distribution contract with Oceano, CA-based Bejo Seed Co. for its Tasti-Lee brand tomatoes. "We will ship 3,000 to 4,000 locally grown cartons per week during the peak season. We expect to sell more than 1 million pounds this year of our own, exclu-

sive product," says Quiggle.

Added to that distribution will be the local potatoes the company ships from the Midwest. "[Combined] it's actually a lot more than that. We will pack and ship more than 5 million pounds of local produce," he adds.

"Americans are buying locally grown like never before," says Philip Brooks, chief executive of H. Brooks & Co., New Brighton, MN. "Consumers want to know where their food was grown, who grew it, and how." He notes his company has "a long history of close relationships with farmers who harvest the most delicious and best produce. These farmers, many who are second- and third-generation, know their land and their craft." Sweet corn, peppers, zucchini, and eggplant are some of the more prevalent homegrown choices.

Jerry's Foods, an independent retail outlet headquartered in Edina, MN, takes advantage of the steady demand for locally grown and often offers free samples of the produce grown nearby, when in season. During its grand reopening in August, Jerry's offered free ears of roasted corn to shoppers. "People love it," says store manager Randy Drescher.

Vadnais Heights, MN-based Festival Foods, which operates nine outlets dispersed throughout the Twin Cities region, understands the appeal of locally grown. Offering a vast array of locally grown produce, while innovatively maintaining its small neighborhood atmosphere, Festival Foods earned a following through its unique store design. Rod Borden, director of produce for Festival Foods, emphasizes the gravitation toward produce that's been grown close to home makes locally grown a critical component of the retail operation. Adding even more personal attention to detail, the company assures its customers their locally grown fruits and vegetables are as safe as the produce that is sourced from giant, corporate farms. This is due in part to the diligence of

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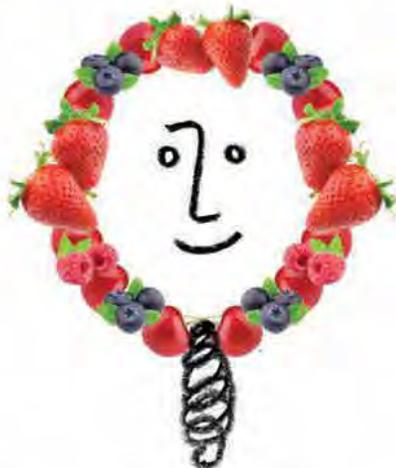


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Festival's produce wholesaler, H. Brooks & Co.

H. Brooks is helping many of its farmers get third-party certification through the Food Alliance Midwest of Minneapolis, which is a regional division of Portland, OR-based National Food Alliance.

Long-operating Minneapolis-based cooperative, The Wedge Co-op, has been known for featuring its locally grown product since its founding in 1974. "We have many local growers that we work with to supply us for many years on an in-season basis," says Dean Schladweiler, head of produce. Consistency is key, he emphasizes. "At least two times a year, we sit down with our growers and talk with each other. The feedback we get from each other works to improve the end-product for our customers."

Organics Here To Stay

Remaining a hot trend in today's food industry, organics play a prominent role, and Twin Cities wholesalers continue to offer a variety of products for the ever-expanding produce departments.

Maintaining a certified-organic facility, Brooks kept focus on the organic segment for years. "Organics continue to be a growth area for us," notes Brooks. "Whatever the niches might be for our retail customers, we want to help them simplify their supply chain and also focus on how they can use their produce department to differentiate from the competition," says Brooks.

Wholesale Produce Supply Co. also offers a full line for its customers and is organic-certified, with an area within its massive facilities dedicated to organic packing and distribution. Tomato varieties are among the highest-volume items, including round, cherry and grape tomatoes in the organic line. "In recent years, we have grown from shipping about 50 cases of organics per week, to more than 1,000 cases a week," says Quiggle.

"We have some of the best organic buyers, hands down," says Jim Hannigan, president of J & J Distributing Co., St. Paul, MN. "We are highly respected in that arena."

"We always had organics, but we had to expand the section in our store and put in more display tables," reports Dave Blenkush, produce manager at Jerry's Foods.

Value-Added Plus Food Safety

"The latest food industry research shows fresh-cut is the fastest-growing produce category in the United States," reports Nina Brooks Haag, director of marketing for H. Brooks & Co. "Already a \$12 billion market,

fast, fresh and convenient platters, packaged salads and more continue to generate record-breaking sales."

To capitalize on this trend, with a messaging strategy that focuses on freshness, good health, taste, convenience and locally prepared, H. Brooks launched "TasteBuds" this past summer. Fresh salsas and a salad line are among the products that are packaged under the new label. "Since the launch of TasteBuds, we're getting rave reviews from our customers," says Brooks. They love the product line, packaging and brand — and their customers are responding even more enthusiastically than we anticipated."

"We are working closely with a chef to bring salads to life in a way that is unique in the fresh-cut category," says Haag. "Infused with fresh ideas, flavor combinations and textures, these salads are making a dramatic impact."

With the current distribution mostly to retail, TasteBuds will soon expand to foodservice, commercial and other markets.

More Twin Cities wholesalers also made upgrades to their facilities and expanded their offerings.

Minneapolis, MN-based G.O. Fresh, a premiere processor of fresh pre-cut fruits and vegetables, creates proprietary and customized blends of specialty salads, salsas, vegetable medleys and fruit combinations. "We recently added a state-of-the-art fruit processing line for added volume capabilities," reports Marylou Owen, chief operating officer. "We also completed an addition for large-scale onion processing."

A growing target market for G.O. Fresh is school foodservice operations. The firm is developing smaller packaging — such as a 2-ounce individual serving pack — to help schools provide fresh produce for its students. G.O. Fresh individual serving packs are also sold at universities and convenience stores.

In general, fresh-cut produce demand and a variety of options among fresh-cut distributors are increasing. This demand extends to both foodservice and retail.

Wholesale Produce Supply Co. has seen an explosion of new orders from customers since it acquired its fresh-cut operations in June 2013. With the recent move to its new facility (adjacent to its corporate office), the company expects even greater demand. With more than 570 different SKUs among its offerings, the higher-volume items include processed tomatoes and "grab-and-go" kits like cut-up pineapple. Wholesale Produce Supply's Hauge says transportation is more of an issue in the

growth of the company's value-added items. "We're five days away from any processing facility on the West Coast, but our distribution system gives customers the fresh product every day to areas throughout the Midwest. Some of the more remote regions now get daily delivery of value-added, processed produce and popular convenience items.

"Our truck and transportation systems are only going to continue to be more important to us. They have been a huge portion of what helped us grow our business so consistently," says Hauge.

Whatever the product, food safety remains a priority. "It starts with our own buyers purchasing good product and continuing to be monitored every step as it passes through our operation. We also make sure our employees go through good food-safety training. We have a quality assurance manager and three Q.A. technicians who report directly to me. We also have our own sanitation department, which works directly for us. Some [distributors] use outside sources for this, which can result in less control of the product," says Hauge.

Among its range of foodservice customers, G.O. Fresh services both low- and high-end restaurants. She says the demand for these value-added produce options is on the upswing, and patrons appear to be returning to restaurants. "The restaurants I go to always seem to be full," she notes. "Business has come back up and appears to be continuing to go in the right direction."

H. Brooks & Co.'s Brooks agrees food safety is a paramount concern. Special attention to detail regarding food safety measures are always critical in the process, whether whole produce or fresh-cut. "We put every fresh fruit and vegetable we receive through a stringent visual inspection for appearance and color. Fruits are further analyzed for texture and sweetness," says Brooks.

G.O. Fresh's Owen also emphasizes added measures to ensure customers are aware the company adheres to the highest food safety standards. Tamper-evident packaging that carries a best-by date, third-party auditing completions and production equipment made of stainless steel to allow for effective cleaning and sanitation, are examples of the company's commitment.

Wholesale Produce Supply Co. follows "the strictest protocol relating to optimum food safety measures," says Wholesale Produce's Hauge. "That applies to all of our divisions. We have policies in place for social responsibility at our facility and are making sure the people we deal with are doing the same. Our lot trace-

ability system was developed five years before the government mandate was issued. We also send our food safety employees to special audit courses, and we remain active on industry committees relating to food safety.

"We have outside audits done by USDA, Silliker, Primus Lab, ASI, DRS and MCIA for organics. Not only do we have these audits, we welcome them. With this outside information, we believe we can learn and offer a better, safer product," says Hauge.

Brooks also stresses the importance of food safety. "We had our HACCP plan in place for years, which we constantly update. We had top ratings from ASI and all the other major food safety and security auditors. We also have additional measures in place that far exceed any governmental mandates."

Foodservice Sector

The majority of the produce wholesalers agree the foodservice segment of the industry is strengthening. Although the "white tablecloth" restaurants seem to be holding steady, the mid-priced family-oriented restaurants seem to be gaining market share. A wide array of ethnic restaurants are reflected throughout many neighborhoods. One example is the

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"It seems on-the-go consumers are still eating away from home as much as ever," surmises H. Brooks & Co.'s Brooks.

"Brooks has become a great logistics expert for foodservice, and we provide assistance as expeditors in packing and distribution," notes Brooks. "Ultimately, whether they are foodservice or retail customers, people that sell through us get better bottomline results," asserts Brooks.

"The Twin Cities' consumers are becoming more educated and are looking for different varieties of produce. The first place they may see something new is at a restaurant which features unique types and cuts of produce through an artistic presentation on the plate," says Wholesale Produce's Quiggle.

"Although our customers are mostly retail, we are diversifying as we look toward the future, and we are moving more into foodservice," says J & J Distributing's Hannigan.

Standing Apart From The Competition

Whatever the customer base, providing services that make the companies stand apart from the competition is critical.

"Our 'secret sauce' here is that we help people grow their sales — and their bottomline — while delivering the healthiest, freshest and safest produce possible," stresses Brooks. "We partner with our vendors and with our customers to make us all better. We have a group of expert companies all working together to help grow everyone's business."

Quiggle notes while the company has vastly increased its sales through the addition of several divisions and packaging services in recent years, it maintains its stronghold through the added dimension of long-held leadership in the tomato category. "Because of our vast supply base, we have the ability to react quicker to procure and deliver the freshest — and the widest — selection of tomato varieties available from local, national and international sources."

"Quality control is so imperative," emphasizes G.O. Fresh's Owen. "When it comes in the door, it is inspected by our receivers. If it doesn't meet our quality standards, we have to refuse it."

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Merchandising Facets Of Pecans

Industry experts provide an update on where the category stands and share their merchandising successes. **BY CAROL M. BAREUTHER, RD**



PHOTO COURTESY OF DURHAM-ELLIS PECAN CO.

At retail, nuts represented 2.4 percent of total produce dollar sales during the 52 weeks ending June 28, 2014, according to data by Nielsen Perishables Group. Of this, pecans were the fifth best-selling nut in produce, garnering 6.6 percent of nut category dollar sales, or \$71.3 million.

Say the word “pecans” and the mind’s eye immediately invokes savory images of pralines and pies. Yet, this native North American tree nut, which through history has nourished everyone from Native Americans to early colonists and the founding fathers, is fast taking on a new healthful reputation. In fact, the Atlanta, GA-based Georgia Pecan Commission has dubbed its state-grown pecans as the “antioxiNUT” since research shows pecans are higher than all other nuts in disease-preventing antioxidants.

“Ten years ago, pecans were geared around holiday sales,” says Paul Rich, vice president of sales for the Durham-Ellis Pecan Co., in Comanche, TX. “Today, October through December remains the biggest months, when pecan sales double and triple more than the rest of the year. Now, with year-round supply, most retailers carry pecans as a year-round program and promote them more often for healthy snacking.”

Products And Pricing

The initial forecast for the U.S.’s 2014 pecan crop is between 256 million to 264 million

pounds, based on estimates by the Tri-State Growers Association and Texas Pecan Growers Association, respectively. This is slightly down



“One-pound cello bags of pecan halves and/or pieces are probably the most popular sold at retail in the produce department.”

—Sean Hays, Green Valley Pecan Co.

from the 266.3 million 2013 crop.

In addition, “We are anticipating roughly 150 million pounds to come in from Mexico, and this will be on top of the estimated 160 to 180 million pounds expected to carry over from the 2013 crop,” explains Sean Hays, vice president of sales and marketing for Green Valley Pecan Co., in Sahuarita, AZ, and on behalf of the National Pecan Shellers Association, headquartered in Atlanta, GA.

At retail, nuts represented 2.4 percent of total produce dollar sales during the 52 weeks ending June 28, 2014, according to data supplied by the West Dundee, IL-based Nielsen Perishables Group. Of this, pecans were the fifth best-selling nut in produce, garnering 6.6 percent of nut category dollar sales, or \$71.3 million, and were following pistachios (37.8 percent), almonds (18.1 percent), walnuts (16.6 percent) and peanuts (8.9 percent).

“One-pound cello bags of pecan halves

and/or pieces are probably the most popular sold at retail in the produce department,” says Green Valley’s Hays.

Demand for pecans in Asian markets has soared in the past few years. This has been driven by news of the nut’s health benefits, as well as its culinary-prized status for China’s New Year’s celebration in January or February. In 2012, Hong Kong was the No. 1 export destination, taking some 25 percent of the U.S.-grown in-shell pecan crop, up 69 percent from the year prior; Vietnam was second at a

whopping 115 percent increase in imports of U.S. pecans.

“There is more demand for pecan halves in Asia. This means that instead of the usual 20-cent to 30-cent difference between the prices of halves and pieces, now we are seeing pieces priced about \$1.50 less per pound. Pecan pieces are now selling for even less than walnuts. This means there is a greater opportunity to sell bags of pecan pieces throughout the produce department,” explains Green Valley’s Hays.

PHOTO COURTESY OF GREEN VALLEY PECAN CO.



DRIED FRUITS AND NUTS

The drive toward health is what can differentiate pecans sold in the grocery aisle versus the produce department. For example, Paul Kneeland, vice president of produce, floral and seafood at Kings Food Markets, a 25-store chain based in Parsippany, NJ, will carry raw, roasted, unsalted and organic pecans in produce.

“We have seen growth in flavored pecans in both the snack aisle and the produce section of the store,” says Howard Brandeisky, senior vice president of John B. Sanfilippo & Son, in

Elgin, IL, and a former board member of the National Pecan Shellers Association.

Sweet flavors of pecans are particularly popular for the holidays. “Customers will look for milk chocolate, white chocolate, cinnamon sugar, honey roasted and praline-flavored pecans to give as gifts,” says Richard Merritt, president and owner of the Merritt Pecan Co., in Weston, GA.

The Durham-Ellis Pecan Co. sees success with Pina Colada, amaretto and bourbon pecan flavors.



PHOTOGRAPH BY DEAN BARNES

“The average store carries two to three SKUs. However, a retailer might want to try four to five SKUs at first, and then narrow down based on sales. This might end up as halves, pieces and a third SKU of maybe roasted pieces based on customer demographics and demand,” recommends Green Valley’s Hays.

Bulk And Bags

Many retailers sell pecans in both bulk and bag in the produce department. “Our stores have bulk sections for nuts with either gravity feed dispensers or full-blown bulk with scoops,” explains John Savidan, director of merchandising at Bristol Farms, a 13-store chain headquartered in Carson, CA. “We’ll also package pecans and other nuts under our own brand in our central kitchen.”

Retailers who first merchandised nuts in Produce by selling them on overwrapped foam trays still request the fresh “portioned-in-the-back-of-the-house” look of pecans packed in clear plastic bags or plastic tubs, say industry sources. In addition, suppliers are offering a range of pack sizes such as 6 ounce, 8 ounce, 12 ounce and 16 ounce to enable retailers to find a size whose price point best fits their customer demographics.

One of the biggest changes in the nut category, including pecans, has been the introduction of a stand-up resealable bag.

“The nut category has been dominated by

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“We always expand the display of nuts in the winter and group all the nuts together for customer convenience. This makes nuts a focal point and encourages impulse buys.”

— Randy Bohaty, B&R Stores

laydown plastic bags for as long as anyone can remember. The bags created a shelf set that was hard for consumers to shop and not ideal for retailer merchandising,” explains Sanfilippo’s Brandeisky. “Once home, consumers had difficulty resealing the bag if they didn’t use everything at once. The Fisher brand’s stand-up resealable bag solved these problems. It merchandises better on the shelf, as well as on the store perimeter, creating a better shopping experience for consumers. At home, consumers can easily reseal the bag to keep any unused nuts fresh.”

Sweets And Snacking

Pecans are a big part of the annual holiday baking display of nuts in the produce departments at B&R Stores, an 18-unit chain headquartered in Lincoln, NE, and operating under the Super Saver and Russ’s Market banners.

“We always expand the display of nuts in the winter and group all the nuts together for customer convenience,” says produce director, Randy Bohaty. “This makes nuts a focal point and encourages impulse buys.”

Because of the ease of adding to recipes, most consumers prefer shelled, rather than in-shell nuts.

“Pecans are a very seasonal nut type with stronger sales skewing to the Thanksgiving and Christmas holiday time period,” says Sanfilippo’s Brandeisky. “Nearly 50 percent of pecan sales in grocery stores occur in the fourth quarter.

“Retailers can capitalize on this strong consumer interest by display merchandising, appropriate recipe suggestions and tie-in offers. For example, our Fisher brand offers retailers a quarter pallet display module with a ‘Free Karo corn syrup’ tear pad tie-in offer. Karo corn syrup is a key ingredient in pecan pie.”

Throughout the year, pecans are merchandised as a salad ingredient at Kings. “We have a separate shelf above the lettuce and bagged salads where we display topping ingredients such as crumbled cheese, dried cranberries, walnuts and pecans,” says Kneeland.

Grower/shippers such as Durham-Ellis make it easy for retailers to find space to

merchandise pecans year-round. “This year, we are offering three types of in-and-out shippers retailers can use to boost pecan sales.

One holds three of our candied pecan products that are best suited to the months of October to December. The second is stocked with organic pecans and the third contains three types of raw nuts — including pecans. These last two shippers can be used during the entire year.”

Going forward, with pecans now in 52-week supply, John Robison Jr., chairman of the Georgia Pecan Commission, says, “The goal is to get away from seasonal sales and push the year-round consumption.” **pb**

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Valentine's Day Anticipation

With Valentine's Day on a Saturday in 2015, retailers are especially enthusiastic about preparing for an entire weekend of massive floral sales. **BY KAREN LEGGETT**



The Valentine's Day merchandising at this Price Chopper store tackles all the holiday check-list items for successful sales.



Karen Leggett is a floral industry professional who has more than 30 years of industry experience in various roles such as: wholesale grower, retail florist and garden center manager, landscaper, super-market category manager, senior category manager e-commerce, as well as sales and marketing.

A well-followed checklist is nearly the golden ticket for floral retailers preparing to capitalize on the sales surge Valentine's Day brings. Though it's fall and the floral department is filled with autumn colors and Thanksgiving products, wise retailers make the time now to prepare, inform and organize in order to execute a smooth Valentine's sales weekend. Valentine's Day is still the single largest floral holiday, and timing is everything.

Here is a checklist to get started:

- ✓ Review last year's sales numbers and evaluate sell-through data on all key commodity items. Focus on the major tonnage items first — they will be the foundation of the holiday program.

- ✓ Evaluate if there were any major changes in the business YTD that require adjustments. (Changes would include new stores, new competitors, closed stores, acquisitions, etc.)

- ✓ Review the corporate marketing strategy, and request space in the flyer for this major floral holiday (Again, note any changes from prior year.)

Valentine's Day is on a Saturday in 2015; the day of the week has an impact on planning. Historically, both Fridays and Saturdays are the strong sales generators since they fall on a weekend.

- ✓ Evaluate product costs and determine where you need to be to achieve 2015 sales and margin targets. Develop your product plan from there.

- ✓ Solicit availabilities and costs from your core suppliers to get a sense of the upcoming market.

- ✓ Arrange a business meeting or conference call with each of your key supplier partners. Ask for samples of all pre-made

bouquets, vase arrangements, potted plants and balloons. While this is primarily a fresh flower, arrangement and rose holiday (roughly 75 to 80 percent), be sure to have an assortment of blooming and decorated foliage plants as well (around 20 to 25 percent of the mix).

- ✓ Communicate openly: share your strategy and your company's volume needs. Your suppliers will be better equipped to help you achieve these targets if they have a vested stake in the process from the beginning.

Meet now with your wholesaler and hard goods suppliers to evaluate needs. (Think sleeves, packaging, boxes, water tubes, tape, ribbon, etc.) Getting these orders in early will allow them to give you the best service and the best price.

- ✓ Start to build your store communication or survey packets. Solicit supplier support in providing materials and sell sheets. While you will continue to get more detailed information closer to the New Year, it is great to get this information started early. Store surveys are

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a great way to capture sales history immediately after the prior year's holiday results. The holiday is still fresh in the minds of the store associates and they can make determinations of specific successes and shortfalls. If they are required to do projections for the following

year's orders, then the numbers will be much more accurate for suppliers.

Partnership And Communication

Retailers will want to leverage their suppliers' knowledge, expertise and quality by

working with them year-round. With this strategy in place, retailers can build the kind of relationship that will get them through holidays. By having each party voice their concerns and plan early, many issues can be resolved well in advance of actual shipping

Create A One-Stop Gift Shop

Prepared retailers will fill their floral departments with varying price-point gifts for recipients of all ages.

E. SHAUNN ALDERMAN WWW.FLORALBUSINESSMAGAZINE.COM

All hands on deck! Valentine's Day is going to be a full weekend event in 2015. Retail floral teams are checking their lists and reviewing their strategies on bundling and cross merchandising opportunities, signage implementation and promotions via store flyers and various social media platforms.

The amount the average consumer spent on Valentine's Day in 2014 was \$116.21 according to the Retail Advertising and Marketing Association in Washington, D.C. Retailers know busy consumers will linger longer if gifts are merchandised abundantly so shopping in one place is enticing and convenient. Here, industry members share their suggestions for retailers to consider when creating an alluring floral department gift shop for Valentine's Day weekend.

Foliage Makes Fun Gifts

When it's not all about romance, make sure your stores offer gift options appealing for school kids to give to their teachers and classmates. Kevin Kraft, president of Kraft Gardens in Fort Pierce, FL, has seen and grown all kinds of foliage plants for Valentine's Day gifts during his many years of involvement in the 67-year-old family nursery business. With pre-bookings in place and a pumped up production schedule on target, Kraft is ready for the V Day buy-out. "By September we're often sold out of some of our plants grown for Valentine's Day," reveals Kraft. For 2015, he recommends retailers promote gifts that are easily giftable and will last. "That's a great quality about foliage plants as gifts – they last and the sentiment lingers." Kraft says its Alive with Love Hoya Hearts are popular because for retailers they are easy to merchandise in their counter display box anywhere in the store. For busy moms, retailers could take advance orders if the parents want the child to give the little planters away at school during classroom celebrations.



Known for its exotic foliage table gardens and innovative containers, Penang Nursery based in Apopka, FL, has traditionally offered an appealing line of floral department gifts for Valentine's Day. "Our Lucky Bamboo is always popular and for 2015, our heart shaped lucky bamboo will be a must-have item for retailers to offer their male and female customers," says Ryan Hamrick, director of marketing. He says customers looking for unique items that are also designed as grab-and-go gifts will appreciate the attached To/From hang tag, making the bamboo heart especially convenient.



in our line of foil Valentine balloons to include more blacks and darker reds that give some of the balloons a more masculine look."

Display Balloons Boldly

When merchandising, Rose believes more is better. "A single foil balloon floating alone on the end of a ribbon doesn't have nearly the impact of a bouquet of foil balloons with red and pink, or red and white latex balloons mixed in. Customers will pay more for this upgraded look." Rose adds, "Our collection of oversized shaped balloons offers options for any age or gender. From animal shapes and dinosaurs, to cupcake shaped balloons and kissing lips, we've got the variety to satisfy almost any shopper."

Remember the Guys

When creating a massive Val Day display, floral retailers will want to consider merchandising gifts for women to buy for men. "We offer several great Valentine options targeted at males. Our new Mossy Oak licensed Valentine's balloons are ideal for the outdoorsman, and the entire Mossy Oak line was named as "Best New Product" at this year's IFE show in New Orleans. This line includes a matching photo frame, mugs, and other items that can be used to build a nice merchandising display," says Steve Rose, media and communications manager for burton + BURTON based in Bogart, GA. Rose adds, "In recent years, we've also expanded the color palette

Convenience Counts

With floral labor hours nearly maxed and so many buckets of bouquets taking up crowded floor space, retailers will want to consider offering floral gifts in ready-to-display boxes. Kraft Gardens offers a line of "You Rock!" Easy Care Plants in an attention-getting display box. Presented in sets of 12, the "You Rock!" succulent plants are fun and make great low maintenance gifts for guys or gals of all ages.

Listening to retail customers and hearing how they value grab-and-go items during busy holidays enables Penang Nursery to create convenient and attractive display boxes

February 8 through the 11th. Most retailers want to have all flowers in store by the 12th. This allows store associates to concentrate on sales and customer service.

Suppliers have different challenges to manage. Roses have certain cultural growing limitations. It is the supplier's job to manage the timing of the pinch on rose crops in order for them to produce the additional volume



throughout the year. How else would supermarkets merchandise hanging heart air plants for Valentine's Day? Penang created a display box complete with easy care instructions for the little Tillandsia that sits in a ceramic heart featuring an attached string for hanging. Ideal for cross-merchandising in Bakery or with bottle beverages, the convenience of floral products presented in their own display boxes relieves retailers and excites customers.

Valentine's Day Weekend Survival Tips

Rose of burton + BURTON offers these suggestions for retailers to help Val Day business run a little more smoothly (and to increase sales): "Have balloons pre-inflated with ribbons and weights attached. This time-saving step makes it easy for customers to grab balloons and go." He also reminds retailers that ribbon bows, which can be used on everything from floral vases to plush, can be made months in advance.

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needed. The sheer volume increase over a normal week's business is staggering. This pinch happens on the farms at the end of October and first week of November. While they maintain annual pre-planning records for each company's demand, if planning discussions take place early in the fall, things will go much smoother for everyone.

Plan For All Weather

Given how many flowers arrive in the United States from different global locations to meet the February 14 demand, weather headaches always exist. Communication is the key. Logistics can be arranged to flex around unexpected weather challenges, if there is open communication with your supplier partners. They must commit to transportation well in advance, so it can be costly if changes are made at the last minute. Work together and talk through the plan completely, anticipating potential pitfalls, and have a backup ready to implement.



Rose Color Preferences

A recent study conducted by Alicia Rihn, Ph.D., at the University of Florida for the American Floral Endowment (AFE) explored consumer color preferences for cut flower purchasing patterns and behaviors by occasion.

Whether people are trying to convey adoration, respect, friendship, or love to someone close, roses speak volumes. The favorite color

rose for men to buy women is still red! For men, it is a safe bet that traditional red roses still represent true love, an easy choice for Valentine's Day. And yet, the favorite colors preferred by women are all colors other than red. It is the hope that the growers and breeders, many of whom are male, will align their choice of selected varieties, colors and fragrance to better meet the choices preferred by women consumers.

Currently the color scheme is off balance. As this information becomes more readily available by AFE, breeding strategy can be redirected at the farm level to help deliver different choices at the consumer point of sale.

The results of the study showed that of the male shoppers surveyed, they shop for a female recipient 72 percent of the time and shop to express love 20 percent of the time. For these special gifts, they selected red as the primary go-to color. This was true for anniversaries, birthday, sympathy, and love. Women as the core floral consumers, and recipients of these gifts, have much more diverse palettes. They primarily shop for others 34 percent of the time, for themselves 44 percent of the time and only 6 percent for Valentine's Day. They always seek different, vibrant colors in their selections.

Valentine marketing and merchandising should reflect the female consumer's passion for bright bold colors. Many of the most popular Valentine's mixed bouquets have non-traditional color palettes; bright orange and purple, blues and yellow, hot pink, red and orange. It also provides retailers a distinct cost advantage, because the grower can use those everyday flowers that would not normally make the Valentine's Day production run.

Make no mistake, fall is the absolute best time to take stock and organize your Valentine plans. It can make life easier as well as netting great benefits. Costs can be lowered, stress can be alleviated, and sales can be glorious once there is transparency to the grand plan with true collaboration.

pb

Care And Handling For Cut Flowers And Roses

Fresh Cut Flowers:

- Open the shipping boxes and remove the dry pack flowers or wet pack buckets.
- Inspect all product for damage or problems.
- Wet pack flowers have been prepared and shipped with exactly the proper amount of preservative in the buckets. The major task for display is to thin the number of bunches in the shipping bucket into display buckets so the flowers can continue to hydrate. It will also allow the consumer to easily shop the bucket and create less shrink. Change the water, refresh preservative and recut in three days from arrival.

Dry Pack flowers:

- Prepare clean buckets with room temperature water and proper proportion of floral preservative.
- Take bunches of flowers of similar varieties and cut 1 inch off with a commercial cutter or knife.
- Remove any foliage that will sit below the water line.
- Place immediately in the buckets. Allow to hydrate two to four hours, and then place in optimal refrigerated storage 36 to 38 degrees F.

Roses:

- Upon receipt, open all packaging and inspect roses for damage.
- Process the roses immediately. They need a tremendous amount of water to hydrate properly, and if they arrive dry pack, it will take two to four hours.
- Fill clean buckets with floral preservative and room temperature water.
- Clean and remove all the thorns and foliage below the water line.
- Use a commercial rose cutter or knife to remove at least 1 inch of stem at the base of the rose bunches.
- Place bunches immediately into the display buckets. Allow room for the roses to hydrate and expand. Remove any of the protective packaging around the heads, but not the sleeve.
- Once the roses have started to drink, place them into cold storage refrigeration ranging between 36 to 38 degrees F.
- Be sure to share proper care and handling information with your customers at the point of sale, so they have the best possible experience at home. Advise them to change water, refresh preservative and recut the stems every three days. Remind them to keep the roses out of heat and direct sunlight.



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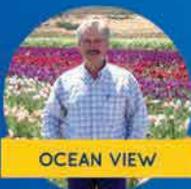
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* Note: From "Dole Consumer Research Yields Shocking Insight," by J. Robbins, August 20, 2012, Produce Business

WHY ATTEND PMA'S FRESH SUMMIT CONVENTION



In the past few weeks there have been many discussions during retailer's Monday morning meetings about the upcoming PMA Fresh Summit Convention and Expo scheduled to be held in Anaheim, CA, Oct. 17-19. The discussions center on the reason for attending the convention.

Management does not understand the need (and expense) to attend, nor do they get how important this conference is to the

produce industry. But management is not totally to blame. After all, they have witnessed the declining relevance of FMI's annual convention, their most important show, these past few years. At one time, the FMI convention was the ultimate event for the grocery industry here and abroad. But over the years, the impact and importance of this tradeshow has declined. No wonder management is having a hard time understanding why it should send its produce personnel to PMA. While it is true PMA has changed in the last several years, it still remains the premiere gathering spot of key decision makers in the produce and floral industries. Some may say it has also changed in negative ways, losing some of its influence and impact over the years. PMA has evolved from a more educational and supportive organization to one promoting globalization and innovation within the industry.

Nonetheless, the key fact remains that the most important aspect of the PMA convention is the opportunity to network with peers from around the world. It's where leaders can share ideas, breakthroughs and inspiration, and create global connections, cultivate industry talent and find practical solutions to complex science and technology issues.

These personal encounters dictate the progress and innovation that drives the industry and true value of the convention. Despite the growth of technology and electronic communication, the most effective way of moving one's operation forward still involves personal interaction — on and off the show floor.

The tradeshow itself has grown to epic proportions, but it still is the best place to see what is new in the industry and what each of the players has to offer. It is truly a daunting task to try to see everything at the expo. Many retailers often bring a team of produce personnel to cover the floor to discover new opportunities and engage in conversation with suppliers' key personnel. Both retailers and suppliers take advantage of this large gathering to schedule meetings and plan marketing and promotional strategies for the next year.

The demand for the retailer's time is intense and often monopolized by the larger growers and shippers. For the smaller produce companies, the best strategy is to engage these large retailers in conversation during chance encounters — at the booths, in the lobby

and at the general sessions. Everywhere you turn is an opportunity to engage in conversation and self-promotion. This is not only the appeal and benefit of the PMA convention, but the major driver of its growth.

Some believe that PMA has grown too large and lost touch with many of its members. Some think the emphasis has shifted from helping and supporting the domestic industry to the pursuance of opportunity in the global community. PMA has a tough job to convince executives and managers it is doing the best it can to represent all interests in the industry and provide oppor-

tunities for sales, wherever they may be.

There have been attempts in the last several years for consolidation of organizations within the industry. Perhaps such a consolidation will occur. However, the fact remains that in order for the produce industry to continue to move forward and prosper, there needs to be a major gathering of the industry to present the state of business around the world.

Despite all of its drawbacks of size, focus and expense, the PMA convention remains the single best place to make contacts and further the success of every business. The successful retailer recognizes this and uses the contacts made to formulate the strategy for growth. If approached properly and organized to yield results, attending PMA is well worth the investment in time and money.

pb

The most important aspect of the PMA convention is the opportunity to network with peers from around the world. It's where leaders can share ideas, breakthroughs and inspiration, and create global connections, cultivate industry talent and find practical solutions to complex science and technology issues.

By Don Harris

Don Harris is a 40-year veteran of the produce industry, with most of that time spent in retail. He has worked in every aspect of the industry, from "field-to-fork" in both the conventional and organic arenas. Harris is presently consulting on all subjects of retail, category development and sales strategies, among others. Comments can be directed to editor@producebusiness.com.

CONVERSATION WITH VALSTAR HOLLAND'S EDWIN VANLAERHOVEN

By Steven Maxwell



Long-established in the Netherlands as a major importer-exporter, Valstar Holland has grown in its 86 years of business to become both the basis for and an integral part of the country's Best Fresh Group, a leading presence in Holland's horticultural sector.

Valstar Holland's commercial director, 39-year-old Edwin Vanlaerhoven, heads up the company's team of 25 experienced

traders who oversee an annual turnover estimated at €100m.

The company specializes in providing a wide range of products and services to retail, foodservice and wholesale customers in Europe, Russia, the Middle East, North America and Asia.

Valstar Holland's sister company, Year-Round-Exotics (YEX), imports sweet potatoes on a weekly basis from the U.S. on a programmed basis with retailers in Western Europe. The company also imports U.S. cranberries when in season.

Could you outline how Best Fresh/Valstar Holland's business is set up and its connection with the U.S.?

We're a group of companies that are all invested in the trade of fruits and vegetables, and we each have our own specialty. For example, Fruit World Breda does all the soft fruit. Valstar Holland has a special place in the group because everything started here. We take care of glasshouse salads, vegetables and mixed loads, so we're a one-stop shop within the Best Fresh Group.

Overseas markets are also something we take care of within the group, and we look after exports to the U.S. and Canada. Ninety percent of exports are done through Valstar. We don't work directly with grocery retailers, but rather work through packers for supermarkets and food-service companies in the U.S.

What are your principal exports to the U.S., and what other products does Best Fresh import from the U.S.?

In the past, we did a lot of tomatoes when we were still allowed to do that. Over recent years, we have been building up our business again in the U.S., and it's becoming an important part of our business.

We mainly export specialty products, such as leeks, Belgian endives and some pine berries. We also do a lot of chilies — we are the market leader in Western Europe for chilies and harvest some of the hottest varieties in the world, such as Naga and Scorpion, which we even ship over to Los Angeles. But bell peppers are our biggest export product.

We are not allowed to export tomatoes to the U.S. anymore. In the

past, we used to export a lot of tomatoes to the U.S. by container, but due to changes in government regulations, we are not able to do that now.

What kinds of volumes do you import/export when it comes to the U.S.?

It can vary from one crate to 300 crates. We fill in gaps between Mexican and Canadian production when there's a shortage. Our well-developed logistics can deliver faster to the U.S. than the Mexicans or the Canadians. The U.S. is such a big country, there's always a gap to fill. For the big products, we are troubleshooters, and for the specialty products, we are a regular supplier.

What opportunities do you believe exist for European fresh produce exporters to the U.S. and vice versa for U.S. exporters that are interested in Europe?

The U.S. is a very special market, but it's still a niche market for Europe. Exporting fresh produce to the other side of the world is not easy, and margins are not that big. If you want to enter the market as a new company, it's really difficult.

It's an interesting market, but you need to have a lot of knowledge, because it's very easy to lose a lot of money. You have to understand all of the rules and regulations. Sometimes there's huge demand and a week later almost none. The customs rules and regulations make it difficult and the logistics are also difficult.

Regarding U.S. companies looking to export to Europe, a lot of the possibilities here are very similar to the U.S. market. When there are shortages on the European market, there could be big opportunities for U.S. exporters. I've seen some very nice apples coming from the U.S., and at Best Fresh, we already import U.S. sweet potatoes.

How do you see Best Fresh/Valstar Holland's relationship with the U.S. developing over the coming years?

For us, the U.S. will definitely become a more important market. We have already been there for a number of years. Over the past two to three years, we haven't invested that much. But, we believe our marketshare there will grow because we have a very interesting assortment and a lot of experience in getting the products as quickly as possible to the customers.

Most of the products are sent by air, including bell peppers, although we also ship onions, beet root and endives to the U.S. by container.

We are close to Amsterdam Schiphol Airport here, and a lot of planes go daily to the U.S. We can get products to the airfield in the afternoon, and the next morning they are on sale in New York, so the world is getting smaller.

Edwin Vanlaerhoven

Vanlaerhoven, who previously held several managerial positions with the flower export sector, began his career in fresh produce two years ago when he joined Valstar Holland as commercial director. The father of one, who enjoys running and gardening in his spare time, lives in the south of Holland in an old farmyard with his partner and a lot of animals.

THE FUTURE AT 100 MPH



Let's have an honest conversation about the future — and whether it might surprise you. The produce industry is guilty of holding onto the past and resisting change, despite being pulled along to the future by governmental mandates and societal expectations. If you don't realize this fact or embrace new ways to do business, you will not only be shocked by what lies

ahead, but you could be left in the dust.

We must change our behavior and start taking the initiative. So if your well-oiled leaders are not looking ahead at change and thinking of ways to partner, leverage and innovate so that you can be the disruptor versus being disrupted, they will be left behind still doing what they did 20 years ago, and you will be stuck standing with them as the future speeds by.

Luckily for the produce world, we are living in a time where fresh products are in high demand, but it isn't enough to just offer something that is unprocessed. It has to be extremely fresh, high quality, say where it is from, who grew it, absolutely safe and healthy . . . oh yeah, it also has to address every individual and be Facebooked, Tweeted, Instagrammed, Pinned, Blogged, and personally recommended as well.

What prevents supermarkets from overcoming these challenges and moving ahead to fresh success comes down to available space and logistics. You can offer the best products on the planet, but if there are not enough slots to warehouse it and you can't get all of the specific items from Point A to Point B in the condition expected by the consumer, you will lose.

In my opinion, two companies that are tackling the future of the demand for products and logistics are Amazon and Tesla. They are examples of mindsets that have and will continue to disrupt the norm. Amazon is working on drone deliveries, and the patents from Tesla were shared with the world to create a new future of electric vehicle commerce. These are examples of the new disruptors and how they will operate with technology, innovation and utilize a social network so they don't have to do everything on their own.

We need to start thinking about how to be the disruptors ourselves. I entered the produce world in 1996 to help build a foundation for the packaged salad category at Fresh Express. What was so unique and ingenious at the time was the fact they were only hiring people with Consumer Packaged Goods backgrounds, not produce. What that meant was a team of people with CPG experience, like mine from

M&M/Mars, had to sell a bag of salad next to a head of lettuce to secure what would be the future of value-added. We had no preconceived notions about "how it has always been done in the produce department," and yet, we succeeded in revolutionizing the packaged salad category and many of the related value-added categories that followed.

The point here is don't let the future surprise you. Instead, take an active role in creating something unique or better that hasn't been done yet. Look for service providers that can offer you something that either isn't your strength or allows you to focus on other areas that could be. Today's environment calls for highlighting new ways to distribute fresh products, not based on how things have been done, but looking ahead to determine how it could be approached differently. Big business is now expected to act "local," and in order to achieve that concept, they must look for ways to distribute high-impact, fresh items in new formats.

Big retailers cannot do this alone. Warehouses and distribution centers are only so big, and the demand for local variety has to be sourced in new ways that capitalize on what is already entering every market through farmers' markets, CSR's, innovative wholesale distributors, etc. We have to meet these increasing fresh consumer demands by getting products from Point A to B with even greater speed.

Today's environment calls for highlighting new ways to distribute fresh products, not based on how things have been done, but looking ahead to determine how it could be approached differently.

By utilizing local distribution networks and programs that are already offered to progressive retailers and restaurants in every city, big retailers can also provide the same level of quality and control. Instead of viewing these middlemen as an added expense, retailers should look to distributors as valuable partners in reducing shrink, vetting local suppliers, promoting unique and specialty items, etc. Ultimately, retailers will have to decide whether they want to simply be a source for high-volume products moving relatively slowly through distribution centers or be a resource for higher impact items to move us into the future.

As we hear about the current disruptors looking at drones, electric cars and robotics driving innovation, the future is going to be pretty darn exciting. So here are three things you must ask yourself:

- What have you and your company done recently to truly innovate?
- What partners have you explored to help you operate better?

Where are you leveraging your business, products and visions for the future?

The secret for the future isn't about having all the answers, but if you explore ways to disrupt the norm and create new solutions, the future could be your greatest asset and success story.

By Kelly Jacob

With more than 25 years' experience in the retail industry with a focus on business development and sales, Jacob has managed existing or created new business at both national and regional retailers across the United States. As vice president of retail and alternate channels for PRO*ACT, Jacob leads the company's focus in the retail sector, including food safety-focused local grower programs and forward availability services utilizing PRO*ACT's extensive U.S. and Canadian distribution network.

*He has grown,
he is ready,
we rejoice in
pride.*



Celebration!
Odd, though, for it is about
Taking on a burden.
Responsibility.
Doing what is right.
The party obscures, but the undertaking
Is somber.
Sobering.
Yet one celebrates.

Kristofferson wrote/Joplin sung:
"Freedom is just another word for nothin' left to lose."
On Broadway, Charlemagne's son comes to see the world differently:
"And if I'm never tied to anything, I'll never be free."
Here is a secret:
Doing things because one must is a higher value
Than doing the same thing out of desire.
It is easy to do
What one wants,
Harder to fulfill an obligation.

He has grown, he is ready, we rejoice in pride.
Rabbi Elazar ben Simeon said:
*"A man must see to the needs of his
Son until he is 13. From there onward, he must say: 'Blessed is
He who released me from the responsibility for this one.'"*
Yet we will never feel released.
We will never feel separate.
We are bound together.

We once dreamed he would do great things and perhaps he shall.
With age comes wisdom,
And we care less now about great things.
We care about goodness.
So it is written:
*May your heart conceive with understanding,
May your mouth speak wisdom and your tongue be
Stirred with sounds of joy.
May your gaze be straight and sure, your eyes be
Lit with Torah's lamp, your face aglow with
Heaven's radiance, your lips expressing words
Of knowledge, and your inner self alive
With righteousness.*

And as you struggle to find the right path
May you always remember wherever you go,
No matter how distant or how near,
The path is illuminated with love.
L'Chaim

By Jim Prevor

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Freska Produce International, LLC	42	805-650-1040	www.freskaproduce.com
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LOVE AT FIRST SIGHT

This is a fairy tale fit for storybooks, and probably one of the most romantic stories in the produce business. Pietro (Peter) Montalbano, founder of Long Island-based Peter's Fruit Co., was 18 years old when he moved with his mother and his younger brother from Sicily to New York City. His father passed away when he was only 9 years old, so he quickly became the man of the house and a man with conviction.

After about seven years of working odd jobs, such as a contracted painter, a foreman at a pasta factory and an elevator operator at the United Nations, Peter became best friends with another Pietro who was also from Sicily. The two friends gathered at Pietro's house one afternoon where Peter saw a photo of a young girl. He asked who the beautiful girl was, and it turned out to be Pietro's niece in Sicily, Laura. Peter immediately declared that he had to meet her and wanted her to be his wife.

Pietro knew his good friend was serious and reached out to the girl's father to explain the situation. He vouched for his friend, his character and his family. It was decided that Peter and Laura would meet and soon enough be married.

Peter flew back to Sicily to meet his future bride and proclaim his love. On July 23, 1960, the 25-year-old Peter Montalbano married his wife, 16-year-old Laura Finocchiaro. They have been together ever since.

In the photo standing to the left of Laura is her father, Gaetano Finocchiaro, and to the immediate right of Peter is his uncle Francesco Cesare (from his mother's side), and to the far right is Laura's mother, Louisa Finocchiaro.

After they married, Peter moved with his wife to Brooklyn, NY, where he and his uncle Francesco opened a retail store together. Eventually, the newlyweds had three boys and lived in a rough part of Brook-

lyn. Eager to raise her children in a better environment, Laura told Peter she wanted to move the family to Shirley, Long Island.

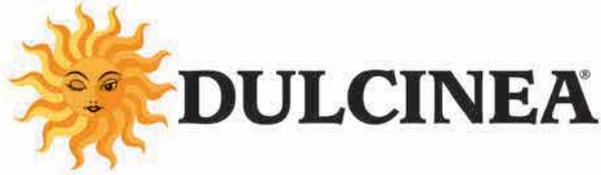
For about 10 years, Peter worked with his uncle Francesco and commuted from Long Island to Bushwick to run the store off Knickerbocker Avenue. Eventually, the commute became too taxing, and Peter had to leave the partnership.

He turned to his extended family members and asked for money to open his own retail store on Long Island where he could sell produce and Italian specialty items. The store (Pete and Sons Fruit Market) did quite well and became an investment for Peter's entire family. The boys would work at the store after school and on the weekends. As they matured, they began establishing and building a wholesale side of the family business.

Peter is now 75 years old, and he retired around 20 years ago, making his four sons equal partners in Peter's Fruit Co. "My father was never fond of the wholesale business," says Lenny Montalbano, Peter's third son. "He's more traditional. He likes the money in the drawer at the end of the day. Now-a-days everything is on credit, and we went from being this small retailer to one of the largest wholesalers on Long Island."

Today, Uncle Francesco's two sons, Lenny and Izzy Cesare, run Cesare Fruit Co. in Floral Park, NY, and Peter's Fruit Co. is made up of about 80 percent family. The two families still conduct business together. It's a formula that worked well — especially for the Montalbano's. "I get to see my kids everyday, my nieces and my nephews," says Lenny of Peter's Fruit Co. "My sister, Maria, keeps us all in line and manages the office. I get to see my father every day, too. He comes in and eats lunch with us. Being in business with family has its ups and downs, but mostly ups. I wouldn't change it for anything in the world."

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 email info@producebusiness.com

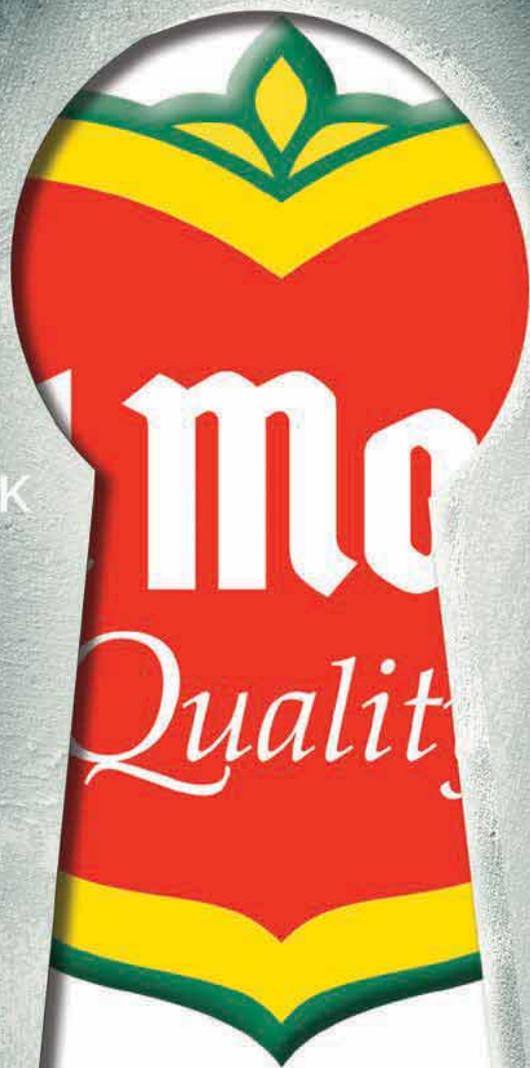


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