

THE 20TH ANNUAL MYSTERY SHOPPER REPORT

Secret shoppers go undercover to reveal how retailers are complying with COOL.

BY AMY SHANNON

For the past 20 years, *PRODUCE BUSINESS* has sent a team of “mystery shoppers” into stores across the country. This year’s team had the mission of observing merchandising, marketing and management of country-of-origin labeling (COOL). Here are our findings:

Consumers are interested in the geographic origin of their produce — but perhaps not in the way COOL advocates intended. Shoppers don’t seem particularly concerned whether the fruits and vegetables they buy are foreign or domestic. What they really seem to care about is whether their produce is locally grown.

The produce clerks and managers our mystery shoppers encountered acknowledged they are seldom asked what country a produce item comes from. When consumers do ask about origin, they want to know if it was grown locally.

Right now, COOL compliance — as defined by the 2002 Farm Bill — is voluntary [*Editor’s note: Please see COOL FAQs sidebar on page 25*], but that will change in September 2008 when compliance becomes



How We Conducted The Mystery Shopper Report

To mark the 20th anniversary of the *PRODUCE BUSINESS Mystery Shopper Report*, we asked some of our contributing editors to “go incognito” and visit a variety of retailers from coast to coast to see just how well their produce departments measure up. And they did fairly well overall.

Our seven mystery shoppers covered six geographic locations and visited a total of 23 stores between the end of January and the beginning of February. They each visited a large chain (national or regional), a small chain and an independent retailer. To protect the innocent, we did not identify the stores in our report. We asked our shoppers to pay particular attention to COOL.

During the winter, when domestically grown produce is limited, imported items that will require COOL — grapes, stone fruit, sweet onions, Clementines, avocados, tomatoes, peppers, kiwifruit, asparagus and many other items — are particularly abundant.

Our mystery shoppers also shared their general impressions of the department staff they encountered.

mandatory. “The 2002 law requires retailers to show the product’s country of origin with signs, shelf tags, labels on individual items or other means,” according to the Food Marketing Institute, Arlington, VA.

The specifics that will constitute mandatory compliance come September are not known because the House and Senate have not yet agreed on the final language of the 2007 Farm Bill. And if the 2007 Farm Bill does not pass, the mandatory rules established in the 2002 Farm Bill will become effective, unless some other intervention or postponement comes into play. How this will play out and what compromises will be made are anyone’s guess.

Several of the retailers our shoppers visited relied solely on the stickers and/or packaging supplied by the shippers, which is all that the 2002 provisions delineate as necessary. Other retailers have chosen to supplement that information with signage that is easier for consumers to read than the stickers and packaging because it is larger and because, in some instances, the signage also constitutes an avenue for marketing specific aspects of the item.

NORTHEAST REPORT

Store 1

I visited this large-chain supermarket on a busy Sunday afternoon.

I first saw a display of conventional apples just two rows away from the organic apples. Several signs explained the varieties but didn't indicate country of origin. Instead, each apple was marked with a small PLU sticker. I picked up a Gala, which was labeled as from Washington.

A small display of attractive berries had a sign stating, "California strawberries," but the clamshell packages said the strawberries were from Florida. I didn't see any signs indicating the origin of the blackberries, but the packaging showed they were grown in Chile.

I picked up a clamshell of organic garlic and asked the only employee I saw, "Do you know where this was grown?" He said no and took the clamshell to inspect it. Finally, he turned it over and saw a sticker that read, "Produce of USA." He replied, "Oh, it's from the United States," and handed it back to me.

I didn't see any loose yellow onions. Under a "Yellow Onions" sign, I saw a pile of much more costly sweet onions.

I found a small bunch of Broccolini labeled "Baby Broccoli" but no sign or sticker indicated price. I looked for the same employee. This time, another man was standing next to him and leaning against the shelves. I couldn't tell if he were an employee. They were talking in Spanish. "How much is this?" I asked. The employee was not happy at my interruption. He glanced at the display and stated, "\$3.99."

I asked, "3.99 each?"

He replied, "\$3.99 a pound." The bunch weighed just less than half a pound, so I figured it must cost about \$2.

"Where's the basil?" I asked and he pointed to a jumbled shelf of packaged fresh herbs.

I later returned to the produce department and asked another employee if there were any soy veggie crumbs. He pointed to the natural foods section in another part of the store, and said, "If there are any left, they're over there." When I said I hadn't seen any, he said, "Then we're out."

At the checkout counter, the woman slid my items across the scanner and dumped them into a plastic bag without looking at the bag or me. The Broccolini rang up \$2.99.

Store 2

I visited this enormous suburban shop on a Sunday afternoon and it was nearly full. When I walked in, I saw a sign that read, "Today, we are offering 110 varieties of organic produce."

Just past the front doors were large displays of Clementines and blueberries — neither had signs indicating where they were from — leading to the produce department in the center of the store. The displays were big and beautiful. Everywhere I looked, I saw varieties of every kind of produce

PROPOSED COOL MODIFICATIONS

If the 2007 Farm Bill is passed later this year, country-of-origin labeling (COOL) regulations will have significant compromises that make mandatory rules a little more palatable to produce retailers and suppliers.

In a joint statement issued on July 25, 2007, Tom Stenzel, president of United Fresh Produce Association (PMA), Washington, D.C., and Bryan Silbermann, president of Produce Marketing Association, Newark, DE, wrote:

"A number of produce stakeholder organizations reviewed the proposed changes to the law and endorsed an agreement to move forward with mandatory COOL with the following changes that will be included in the Farm Bill:

1. *Significantly reduced penalties for mistakes in labeling at point of purchase, including a 'good faith' standard that reduces the liability for retailers unless shown to be disregarding or willfully violating the law. This helps ease the burden on retailers, so long as they are working to comply with the law. Note that produce suppliers must provide country-of-origin information to retailers, and the truthfulness of that declaration is still subject to PACA law.*

2. *Retailers would not be liable for misinformation provided by suppliers, which should eliminate the need for retailers to audit their suppliers to ensure compliance.*

3. *No new record-keeping. Normal records kept in the regular course of doing business are sufficient to comply with the law. This is an important relief from the original law that threatened an extreme cost burden on the total supply chain.*

4. *A specific provision to allow labeling of a U.S. state, region or locality in which a product is produced to meet label standards as product of U.S. Therefore, a descriptor such as Minnesota Grown or Pride of New York would be sufficient labeling to comply with the law. Produce suppliers and retailers across the industry strongly advocated for this change due to the many marketing programs and state/regional affiliations currently appearing in produce labeling."*

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imaginable. A display of mushrooms included enoki, shiitake, portobello, maitake and oyster.

The sweet onions were labeled "Mayan Sweet Onions." After picking one up, I saw they were from Peru. Over a display of tomatoes, a sign read, "Plum (Roma) Tomatoes. Meaty, great for sauces and canning." I asked an employee stocking tomatoes where they came from. "Let me see," he said, turning a box in his hands. "They were packed in Arizona but grown in Mexico."

I thanked him and moved on to the lemons. "I see bags of lemons, but I only want one," I told a man stocking bananas.

"No problem," he said. "They're right over there," pointing to a display of loose lemons.

I picked up a bulb of elephant garlic and brought it to a man stocking fresh herbs. "Is this the same as regular garlic?" I asked.

"Yes, it's just bigger." He looked at the packaging. "It says it's more mild. Let me ask someone else." He conferred with a co-worker, who told me I could use it in place of regular garlic.

Another employee, who was stocking broccoli, asked me if I needed any help. "What's good today?" I asked.

"Everything is good!" he replied. "What are you making?" I told him I was planning on roast chicken. "The broccoli is really good," he advised. I asked him where it comes from this time of year. "This broccoli is from California," he said. "The broccoli rabe is from Mexico. It's real good, too."

When I asked how to cook it, he told me how to steam it. I decided to buy the broccoli rabe.

Although I doubt elephant garlic would have had the desired effect on my garlic roast chicken, I had a good experience at this store. All of the employees seem genuinely happy to help me.

Store 3

I visited this small, bustling single-store independent operation just after noon on a Sunday. The majority of the aisles were filled with big, bountiful displays of produce. The rest were dedicated to staple items, specialty groceries and a small deli counter. This is a no-frills space, but clean and easy to navigate.

Along with the usual fruits and vegetables, I found a lot of specialty produce such as fresh aloe, cipollini onions, batata and calabaza. I also saw a couple of items I couldn't find at the large chain's store, such as oyster and shiitake mushrooms. I didn't see any organic items. Several handwritten signs gave the name of each item and the price but very few included where it came from. I did see a sign for Holland bell peppers and Dominican eggplant.

Plastic containers of peeled garlic were individually labeled as Chinese, but bulk garlic had no signs or labels. I didn't see any employees in the department, although a few times someone, who may have been an employee, rushed by me.

I saw a sign for Vidalia onions, but I know this was the wrong season for them. I looked closer and saw they were individually labeled with stickers as sweet onions from Peru.

The lines to each of the four registers were

about 10 deep, but with one person working the register and another bagging, they moved fast.

NEW ENGLAND REPORT

Store 1

Although this regional chain store is less than a mile from my house, I rarely shop here because I've always been disappointed in the produce. Its vegetables last no more than one night in my house and, very often, items are wilting right on the shelves. On this occasion, however, it almost looked like a new produce department.

Some things didn't change, however — not many specialty items were on display. The most exotic were avocados and ginger. There was also a serious lack of organic produce. The department is small, as is the store. It did look cleaner than usual, and I did not find any items wilting on the shelves. The produce was fresh and displays full.

I easily found the price that matched the item. Almost all the signage had country of origin. Products without COOL signs were labeled with individual tags, packaging or PLU stickers that included country of origin. The only exceptions were loose green beans and some peppers.

The display of peppers was a bit confusing. Green bell peppers were listed as from Mexico or California, either on the sign or on the sticker. Colored bell peppers simply said "imported." A sign read "Imported Hot Peppers," but it indicated neither the type of hot pepper nor where it came from. The only non-bell peppers were jalapeños, which I don't consider particularly hot, but some people do.

As I pondered peppers, a produce associate asked if I needed assistance. I asked him if the "Imported Hot Peppers" were the jalapeños, and he said yes, and asked me if I wanted him to bring out more hot peppers from the back. When I said yes, he rolled out a cart of about five or six different peppers and proceeded to explain to me the heat and flavor of each.

As he did so, he restocked the display with the different varieties. I asked where they came from. He confessed he didn't know but showed me the packaging [from Melissa's/World Variety Produce, Inc., Los Angeles, CA]. He said Melissa's was based out of California but imports from a number of different locations. He added that Melissa's always has good quality.

I bought several hot peppers and limes to go with them. Everything rang up correctly, though I had to tell the cashier that all the peppers were considered hot. They were different types but all shared the same PLU. I also had to tell her what my cilantro was before she could ring it up.

Store 2

The next store I visited is a unique, independent grocery store that specializes in organic and all-natural foods. I go to this store frequently because I've always had good luck there. Next door, the store also has a delicious restaurant that

uses the same products sold in the store.

The produce section is to the right of the entrance beside the cash registers. While I've run into the produce manager a few times, I know he can be paged if necessary. Overall, I found the produce section clean and well stocked. At this store, good customer service is readily available.

Although I didn't have any problems finding prices, I did have a hard time finding country-of-origin information. For most of the products, the information was on the products themselves — either on the packaging, the elastic or twist tags or PLU stickers. Stickers were most commonly found on the stone and tree fruit, such as apples, peaches and avocados. All fruit with stickers had the country-of-origin information.

Several items, such as the garlic, tomatoes, potatoes and onions, had no COOL. However, the manager was knowledgeable. He told me the ginger came from China, but he was trying to get it from Hawaii or Florida. He said he prefers buy-

[The manager] told me the ginger came from China, but he was trying to get it from Hawaii or Florida. He said he prefers buying product domestically, even if it costs more.

ing product domestically, even if it costs more. If he is unable to get a product from the United States, he wants to get them from countries with fair-trade policies.

Although the produce department is small, the store makes good use of its space. It looks full without being cluttered, busy or overwhelming. The selection includes many commodity items, such as carrots, lettuces, tomatoes, potatoes, onions, turnips, berries, tree and stone fruits, squashes and leafy greens. There are also many specialty items, such as sprouts, micro greens and locally grown specialty mushrooms. The only exceptions to the department's full stock were several bins of squash and gourds that needed to be refilled. But I was there on one of the two days the store doesn't receive shipments.

I bought carrots, a red onion and shallots. In all cases, the items rang up exactly as marked, and I received an additional 10 percent off for showing my student ID card.

Store 3

This small neighborhood chain is one of my favorite stores, though it's out of the way of my usual travels. This particular store has a smallish produce selection, but I tend to find products I want at a price I like. The atmosphere is also very welcoming.

I stopped to look at the bagged salads first. Some of the organic salad bags were labeled as "Products of the U.S. and Mexico," but the vast majority had no labeling. Since they're packaged

items, I was rather surprised at the lack of COOL. I thought bagged salad would be an easy product to label. Fortunately, someone was filling a display nearby and I approached her saying, "I have a silly question. These bags say they're products of Mexico and the U.S., but the rest don't say where they are from. Where can I find that out?"

She replied, "That's not a silly question at all! That's a very good question. Let me find out for you, immediately." I appreciated the respect and the quick response. She told me if an item is not labeled, it is from the United States. I thanked her and put the greens in my basket. She made sure I didn't need anything else before she returned to stocking her shelf.

I took my time in the department and, aside from prepared entrée salads and meals, only found one other omission of COOL: some of the apples. Most of the apples had stickers that indicated where the items were from.

Everything else at this store is sold pre-pack-

aged, and the packages were labeled. There was also a lot of educational information on signage, such as which apples were best for baking, eating or making salad, pasta or bruschetta.

I bought some Splendido tomatoes (from Mexico) to go with my salad mixes and spinach, and two apples to snack on for the ride home. All items rang up correctly, and the checkout attendant suggested I try the tomatoes with mozzarella and fresh basil in a salad.

NORTHWEST REPORT

Store 1

This large national chain has a large, remodeled produce department. A produce associate asked me if I was finding everything OK after he saw me picking up several items and putting them back. I told him I was interested in where the produce was grown and how much of it was locally grown. Together, we looked at display signage and found no indication of the source.

"I think that information is usually on the sticker," he said. I picked up a tomato and told him I could see the sticker and the PLU code, but unfortunately I couldn't read the tiny print on the small label. He identified the source as Mexico, but he agreed it wasn't easy to see.

I then asked him how many customers were curious about the source of fruits and vegetables, and he replied, "We have a few customers that are extremely interested, but not a lot. Many customers want to know when local supplies start."

This retailer occasionally uses country-of-ori-

gin information in weekly ads. This week's ad noted sweet cherries from Chile, but the remaining ad items did not include a source.

The associate returned to stacking a display of pears while I moved deeper into the department. A second associate asked if I was finding everything OK. I asked about the variety of chiles and fresh specialty peppers. I mentioned I had a recipe that called for ancho chiles.

He looked through the display and said, "I don't see any and don't think we carry them." He offered to check in the backroom and apologized when he couldn't find any. While he tried to be helpful and was very personable, he seemed unaware of the name differences between fresh and dried chiles and was unable to recommend an alternative. Chiles here are displayed in small baskets, but none were labeled with a source, and many were too small for a sticker.

Store 2

Some of the most committed and intensely curious consumers shop at this 8-store chain with a focus on natural foods. At 10:00 AM on a Thursday, the parking lot was about half-filled and the small produce department was busy.

Strolling down each side and around the center displays, I found every product signed with a country of origin. Perhaps a dozen of the displays also gave the name of the supplier — usually a grower — with some concise information about the product.

While the majority of fruits and vegetables sold here are organic, products such as grapes from Chile were signed as conventionally grown. When I asked the produce manager working the floor why the store didn't offer organic grapes, he replied, "Due to the long distance, grapes from Chile are treated with a gas and can't be organic. Maybe sometime in the future, they'll be able to grow organic grapes and get them here to meet organic standards." [Editor's note: Please see *Considering Organic Imports?* on page 161. Any produce item that is fumigated cannot be marketed in the United States as organic.]

When I asked about fresh lychee, he immediately cut a piece off the stem, split its beautiful red shell and encouraged me to taste it. I told him I liked it, but at \$7.99 per pound, I didn't think it was going in my cart. He laughed and agreed it was a special treat — one reason why the display was so small.

I told him I was planning on making a roasted beet salad and was looking for beets with stems. There were some, but I wanted to know if he'd be getting more in soon. He said he'd have more in later (the truck was late), but in his opinion, I'd get better results from another bulk beet from a local farmer. He showed me these beets; they were big, ugly — and lower priced than the ones I had looked at originally. "You have to try them to understand why I recom-

mend them," the clerk said. "They have unbelievable flavor and are so sweet and fresh." The guy clearly knew his product.

I left the department without lychees but with a bag of ugly beets. On my way out, I checked out a display of squash and apples outside the front door. These all had PLU stickers that included a country of origin source.

Store 2½

Even though I was asked to visit only one regional chain, I had to write about another small high-end chain in the area. Every regular display was well signed with country of origin. Promotion products — this week basil, melons, asparagus and tomatoes — were displayed in carts in the aisle. These products had price signs only.

I asked the produce associate where the asparagus was from. He said, "I think it's from

questions other than on local products, but we still think it is important. If there's a recall, people ask about safety, but most of the time, the sign program answers most of the questions."

I asked him about quality, saying I love fresh apricots but a recent experience with fruit from Chile wasn't very good. He replied, "If you stick with grapes or cherries, you'll do well. The berries and avocados are great. I'm less confident about the apricots."

I started to ask him about a recipe, but he admitted he wasn't much of a cook and directed me to the nearby cooking kiosk where a chef was setting up for a demonstration. The two of us walked over and he asked the chef my question about cooking squash in a slow cooker. The clerk thanked me for coming in and went back to his work. The chef answered my question and I happily left with a full basket.

"You have to try them to understand why I recommend [these beets]," the clerk said. "They have unbelievable flavor and are so sweet and fresh." The guy clearly knew his product.

Chile. A lot of products are from there at this time of year." I looked down and saw the source was printed on a rubber band — it said Peru. I showed it to him and he said, "Wow, I better check on the rest of these. I was sure I knew." He immediately went to the back and wrote down a list of all the promotional products with their sources. Great service and response.

Store 3

This local independent has the largest produce department in the area. There are seldom less than three staff members working the displays. At 9:00 AM on a Saturday, the department was ready for business. The department includes about six aisles and a large cold-case, showcasing products from around the world. Located in an area with significant Asian and immigrant populations, this store appeals to all income levels.

Promotion items are typically displayed at the front of the department near the doors in high bins or on tables. These displays, along with every display in the department, were meticulously labeled with a country of origin. I couldn't find a single mistake or missing sign.

An associate asked me if I needed help with anything. I told him I was concerned about where my produce comes from and I found the signs very helpful. He replied, "Every day, we have someone check every sign. Accurate signs on produce sources are important to us." When I asked if many people ask where their produce comes from, he replied, "We don't get many

Another Extra Visit

When I visited a club store, I found reliance for country-of-origin information is on the individual package, case or carton the fruit or vegetable comes in. Small items such as green beans come only in packages. There are no bulk items. Some items, such as apples, also had PLU stickers. Signs were used for pricing only.

The pace is fast and there is little opportunity to talk with a staff member. Questions about the location of something are answered but any level of dialogue appears to be discouraged.

WEST COAST REPORT

Store 1

Late on a Monday morning, the produce department of this major chain in an affluent area was fully stocked with a wide selection of items. The department was neat and clean and the produce looked fresh and inviting. Two clerks were working on displays. Shoppers were greeted with a sign indicating large Hass avocados are imported. Each avocado bore a sticker saying it was from Chile, but the sign had no specific exporting source.

Another printed sign, hanging above a large, attractive display of cherries in bags and clamshells, announced they were from Chile. It also said, "I just arrived from Chile with intensely sweet and vibrant flavors." A blueberry display bore a large price sign saying, "Blueberries imported," but without a specific country of origin.

Chilean apricots, black plums, nectarines, and grapes as well as Italian kiwis had a small price card with a brief description of the item, its price and the word, "imported." All the fruit had stickers to identify where they came from. Some domestically produced items, such as bags of cauliflower and Jazz apples, were identified as "Product of USA" or "domestic" on the price cards.

Other imported items, such as asparagus from Peru, squash from Mexico, papaya from Brazil and melons from Guatemala had individual stickers. No signage indicated country of origin.

I asked a produce associate if the store received many inquires — or complaints, for that matter — about imported produce. He said some consumers sometimes comment that imported tree fruits aren't as good as California fruit. On the other hand, he added, people really seem to like imported berries. He was friendly and knowledgeable and offered me a sample of the blueberries. They were sweet and juicy, so I bought some. As I walked away, he offered another customer a sample of a different item, which she also purchased. I often buy items at this store when someone in the produce department lets me taste them.

The produce department has a separate organic section with long banners hanging from the ceiling. Large stickers marked "Organic" were on most of the individual items on display.

In another area of the department, a framed recipe from a salad dressing company was placed

above a display of the main ingredients. Oranges, avocados, cashews and bottles of the salad dressing were all grouped together; the recipe was simple to remember and looked quick and delicious — so I added all the ingredients to my cart.

Store 2

On a Friday afternoon, the produce department of this small, upscale, regional chain was filled with beautiful, colorful displays. Many of them contained prominent signs, stating "Grown in California," "Northwest" or "Locally Grown." Apple pears carried a sign that read "Grown in Korea." The signs for peaches, nectarines, cherries and grapes announced, "Grown in Chile."

Another sign read, "The following items are coated with food grade vegetable, petroleum, beeswax, lac-resin based wax and/or resins to maintain their freshness." A sign near some refrigerated items in clamshells said the containers were made of corn-based plastics. I asked the clerk if many people had commented on the sign, and he said, "No, there hasn't been much reaction because consumers don't really notice a difference from the previous ones." He then told me the containers were biodegradable and explained why that was beneficial.

The market also uses signs to call attention to locally grown produce. Large signs displayed the flavor benefits of locally grown produce and spotlighted a local supplier the market partners with.

I chose a melon and asked the clerk if it was ripe enough to eat that evening. He felt it, said it was a bit hard and felt several others. He went into the backroom and returned with a melon that was just right — sweet, juicy and delicious.

The produce personnel seem knowledgeable and are very helpful. I really appreciate being able to ask for help — and to get it in such a pleasant manner. The market has many informative signs, but the personal touch is wonderful.

Store 3

On a weekday morning, I visited a popular independent market with an affluent clientele and nearby Asian and Latino populations. The produce department was beautiful, though much smaller than the other markets I visited. Much smaller displays offered a wide array of products carefully arranged in rows with a minimum of layers. The selection included 14 apple varieties, six hard squash varieties and six types of onions, including a sweet onion labeled from Peru.

There were no signs anywhere in the department indicating if the produce was imported or not. I asked a produce clerk if people questioned him about where produce came from at this time of year. He replied, "Yes, a few, but there are identification stickers on each item so you can tell. For instance, the Asian pears are from Japan." The peaches and nectarines had stickers indicating they were from Chile, and the limes were in pack-

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aging that showed they were from Mexico. However, the packaged grapes and most of the vegetable items had no form of identification.

I asked the clerk to help me select a good cantaloupe for the next day. He sorted through the melons and handed me one. He said they were from Central America and the quality right now was not the best. The melons were all marked with stickers, indicating Costa Rica or Honduras as the source for the cantaloupe and honeydew, and Mexico for the watermelon.

The department was neat and clean and the produce looked washed and polished. There were traditional items, but also more unusual ones. Cocktail grapefruit [a cross between a pomelo and a Frua mandarin] were in a small carton, and kale, dandelion and collard greens, daikon, fennel, celery root, red and green chard, fresh horseradish and shelled green peas were available. Fresh-cut fruits were arranged on a bed of crushed ice along with containers of salsa and guacamole — all bearing the market's name.

Organic produce was integrated throughout the department. A shelf above the potato and onion display held a wide selection of packaged nuts, seeds, dried fruits and other snack items. The department offered many top quality choices in a limited but well-organized space. Prices tended to be higher than the major chain I visited and more in line with the upscale regional chain.

A clerk was working the displays the entire

time I was in the department and two people were filling orders for delivery. I overheard the clerks talking about a particular order, which included fresh beans; evidently, the person who placed the order was specific about where in the department the beans were displayed and what size she wanted.

SOUTHWEST REPORT

Store 1

I visited this large regional chain store at 9:08 AM on a Monday. The interior could use some remodeling to bring it up-to-date, but things were tidy and orderly. The produce department was laid out in a classic U-shape with refrigerated cases on the perimeter and back-to-back angled racks in the center. It was well stocked and clean.

I asked a clerk stocking a refrigerator case with some bell peppers about an item that appeared to be a very small papaya, but it had no signage or label. He confirmed it was a papaya but couldn't comment on the flavor — he had never tried one because they were "too expensive."

None of the signs listed a country of origin. The country was discernable on most bagged items and many bulk items had stickers that included country of origin. When I asked the same clerk how I could tell where an item came from if it didn't have a sticker, he said he wasn't sure. He then chuckled and said, "Sooner or later, we'll probably have to put bigger signs up here,"

gesturing to the header, "but I hope it's later."

Of the 46 items surveyed, 12 did not have COOL. All items in packages were labeled except for iceberg lettuce. Of the items that were labeled with COOL, Mexico accounted for 15.6 percent, Chile 18.7 percent, and Ecuador, Costa Rica, Honduras and Guatemala each had one item. U.S. produce accounted for 25 percent. There didn't seem to be any rhyme or reason to the items that weren't labeled. Bulk lemons were labeled, but bulk limes were not. Acorn squash was labeled, but spaghetti squash was not.

Store 2

I visited this small independent grocer at 9:53 AM on a Monday. With only eight aisles, this community store features a butcher shop catering to consumers who buy large amounts of meat. The store's owner operates the only checkout register.

The store is clean and neat with well-stocked out-of-date shelves. The produce section consisted of one refrigerated case about 12 feet long with several bushel baskets on the floor adjacent to a case containing potatoes, onions and squash. About half of the produce was less than fresh — and not very appealing.

There was COOL labeling was on some of the produce itself but no signage. At this store, if a shopper wants to know where an item is from, it better have a label.

Of the 18 items I checked, eight didn't have

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COOL FAQs

At the time this issue went to press, the U.S. Senate and House of Representatives had not agreed on the final wording of the 2007 Farm Bill, and that lack of agreement impacts country-of-origin labeling (COOL) requirements. Right now, there are no mandatory federal regulations that apply to the produce industry, but this is likely to change with the Sept. 30, 2008, deadline for implementing the mandates set out in the 2002 Farm Bill, which may or may not survive intact in the 2007 bill.

Until the 2007 Farm Bill is passed and signed into law by the president, the industry may be faced with stiff mandatory regulations beginning Sept. 30, 2008. If the Farm Bill is passed, the U.S. Department of Agriculture (USDA), which will be responsible for the nuts-and-bolts decisions that will regulate compliance, will begin to set rules, standards and penalties.

Since nothing is "writ in stone," it is impossible to delineate COOL compliance specifics, but *PRODUCE BUSINESS* has put together some of the best research-based guesstimates from industry associations, including the Food Marketing Institute (FMI), Washington, D.C.

Q. Is signage OK or must everything be labeled?

A. Retailers will have a choice between using signage and direct labeling as a means to comply.

Q. If my signage is wrong, what would be my liability? Is there a "Good Faith" safe harbor?

A. USDA will seek to enter into partnerships with states that have existing enforcement infrastructure to assist in the administration of this law. USDA will determine the scheduling and procedures for compliance reviews. Only USDA will be able to initiate enforcement actions against an organization found to be in violation. USDA may also conduct investigations of complaints made by any person alleging violations of these regulations when the secretary identifies reasonable grounds for an investigation. It is unknown whether Congress will create a "Good Faith" safe harbor.

Q. What if a supplier mislabels product — what is my liability?

A. Although the 2002 Farm Bill contains wording about fines to retailers who willingly mislabel product and to suppliers who willingly or unwillingly mislabel products, final guidelines have not been established.

Q. Do products I prepare in-store — for example, cut melons — need COOL?

A. According to the Federal Register/Vol. 68, No. 210, Oct. 30, 2002, Proposed Rules: "In cases where a retail item is derived from a perishable agricultural commodity that has been combined with another covered commodity or other substantive food components resulting in a distinct retail item that is not marketed as a covered commodity, such an item is considered a processed food item and would be excluded from these regulations. Examples include a frozen prepared pie that includes frozen sliced apples, a fruit cup containing cantaloupe, honeydew, and watermelon, or a vegetable tray con-

taining both carrots and celery."

Q. What are the rules for blends? Say a salad mix with 10 items? Can I list five countries — "May contain product of..." — or must it specifically relate to that batch? What order must countries be listed in?

A. The proposed mandate states all "blended or commingled items," such as bagged lettuce, must contain labels alphabetically listing the countries of origin for all raw materials contained in them. The current rule would also require facilities to document that the origin of a product was separately tracked and the labeling to specify precisely the countries of origin represented within each individually packaged retail product.

Q. If no law is passed, is COOL mandatory Sept. 1, 2008?

A. Technically, yes, but Congress is considering changes to that law right now. There is no real clear standard right now.

Q. What has been the experience of the seafood industry with COOL?

A. FMI surveyed its members on their experiences with the implementation of COOL as it relates to seafood. Several told FMI they ended commercial relationships with small seafood suppliers that could not provide the records required by the law. FMI predicts the implementation of COOL for produce and other covered commodities to have similar impacts, particularly on smaller entities throughout the supply chain.

Q. How can retailers prepare for upcoming COOL regulations?

A. • Pull together a team, including IT people, that will be in charge of implementing COOL.

• Look at how your seafood department has implemented COOL.

• Work with suppliers to compile a list of things

that will be needed to comply with the law.

• Look at products already being sold with COOL, and figure out what other steps to take.

Q. Is COOL mandatory for produce anywhere in the United States now by state law?

A. Florida and Maine currently have mandatory origin labeling requirements for fresh produce.

Q. What does voluntary compliance really mean?

A. According to the Federal Register/Vol. 67, No. 198, Oct. 11, 2002, Notices: "A distinction was made by Congress when constructing the legislation authorizing this program between the voluntary labeling program and the mandatory labeling program. During the voluntary labeling timeframe covered by these guidelines, the Agency has no authority to pursue enforcement action against entities participating in this voluntary program. However, it is important to note that when retailers and their suppliers choose to adopt the guidelines that all of the provisions contained within must be followed. Any reference by retailers and their suppliers to the use of these guidelines when certain provisions are not being met could be considered a labeling claim that is not truthful and therefore may be a violation of the PACA and other applicable labeling laws and subject to enforcement under these laws."

Q. What is the role of identification by state, province, region — for example, Idaho potatoes, Vidalia onions, Maui onions, Prince Edward Island potatoes, Florida Citrus? Do these names all meet COOL standards?

A. If the original COOL law is enacted in September 2008, every product will have to be labeled with country of origin. However, the issue of local/state identification is addressed in the proposed COOL modifications in the 2007 Farm Bill. [Editors note: Please see Proposed COOL Modifications sidebar on page 16.]

COOL. Of the items that had labels, U.S. products accounted for 39 percent; two items were labeled as grown in Mexico and one item was marked as coming from Chile.

Store 3

I visited this large national chain at 10:29 AM

on a Monday. Small compared to its sister stores, it feels like a throwback to the late '70s. The produce section has an L-shaped refrigerator case section with three freestanding angled racks in the open area of the L. The produce is high quality and fresh looking. The entire department is clean, particularly its bins.

I asked a clerk stocking apples how I could tell where stuff came from. He said I wasn't the only customer who wanted to know, adding, "All of that *E. coli* was from the United States, but we still have a lot of customers that ask us where things come from."

He told me he tries to pay attention to the

cases when he is stocking, so if the items aren't labeled, he can still tell customers where they come from. "For most of the bulk stuff, I have to go back to the case," he added. I asked if the store ever thought about putting up signs to help customers and he said he thought that would be difficult to do because at several times of the year, the same product comes in from different places. He also thought it would be tough to correlate what's on the cases with what's in the bins.

It appeared COOL depended solely on labels being applied by the grower/shipper or other suppliers. Of the 48 items surveyed, 14 items had no labels. Of the labeled items, 31 percent were labeled USA. Mexico accounted for 21 percent, Guatemala 3.25 percent, Chile 10.4 percent, and Costa Rica and Honduras each had for one item.

MIDWEST REPORT

Store 1

One immediately walks into this national chain store's produce department, which features six freestanding aisle displays filled with items. Produce also lines each wall on either side.

This store has lots of helpful signage; imported and domestic produce items are side by side. Laminated cards — with bold, easy-to-read type — are placed below each product. It was easy to spot pineapples from Costa Rica, mangos from Peru, organic basil from Illinois and organic kiwi from New Zealand. I also noticed a neat, colorful section devoted to rutabaga, burdock root, black radishes, turnips, parsnips and beets.

A large kiosk displayed bananas and plantains of all types, sizes and origins. They were grouped together with signage saying they were grown in South America, Ecuador and Costa Rica.

There were individual signs on every product display and in most instances, labels on the product themselves. The store also had signs offering guides to various produce categories, such as citrus, potatoes and tomatoes.

I struck up a conversation with another customer, who said, "It's important for me to know where the produce is coming from and to know it's free of pesticides and diseases. You can find everything right away here, you know where it came from, and it's organic. I like that — and I like that [this retailer] gives you so much more information than other stores."

Even ordinary items, such as apples and oranges, had signs or labels. Asian roots and other Asian items were well marked and, in some cases, displayed alongside seafood products, such as sushi, at the back of the produce department near the seafood area.

I love shopping this store when I want organic produce. The only downside to this particular store was there was no one in the produce department to answer any questions or offer any help.

In regards to COOL and consumer-friendly signage, I think this retailer's eye-catching displays and abundant information are terrific.

Store 2

At this regional grocery store with a very large produce department, most of the items sold in containers, such as blueberries, red seedless grapes and blackberries, feature COOL on the packaging. Another freestanding colorful display features signage reading "Chilean peaches, plums and nectarines."

I found small, COOL stickers on individual pieces of produce, such as organic avocados, greenhouse bell peppers and tomatoes from Mexico and onions from Peru. The store has an area devoted to Mexican papayas, mangos and star fruit, Brazilian sunrise papayas, Florida light avocados, Hawaiian coconuts and New Zealand kiwis. The country of origin was in very small type underneath the large, bold price.

I didn't see any signage or labeling for a display of lemons, limes and oranges. I checked out a huge display of onions in all colors — red, yel-

A few exceptions included avocados from Mexico and a small display of mangos from Peru. There was a nice selection of kumquats, star fruit, heirloom tomatoes, Clementines and pomegranates but no information that was helpful if you didn't know what they were or how to use them.

I asked an employee stocking produce if there was any information — besides price, of course — that was available and he responded, "We rarely put any signage out about the products."

Even a small amount of signage would spruce up this dull produce department — and make it easier to choose items. I'm surprised shoppers in this upscale neighborhood have not demanded a better level of produce service from this retailer.

SOUTHEAST REPORT

Store 1

Four locations of this fast-growing Southeastern chain are within two miles from my house. I

I asked [the clerk] if the store ever thought about putting up signs to help customers and he said he thought that would be difficult to do because at several times of the year, the same product comes in from different places.

low, and white — but didn't see any signs or labels. Nearby was an attractive presentation of cantaloupe from Honduras with small COOL stickers but no additional signage.

Large, colorful, easy-to-read banners above the produce items in the aisle cases touted the benefits of products from local growers in Wisconsin, Illinois, Indiana and Michigan.

I told a produce clerk I was glad to see local produce in the middle of winter. "We do a lot in conjunction with the seasons," she replied. "A lot depends on the seasons here. We let our customers know if something is locally grown. If it's from another country, we try to promote that country whenever possible. We also try to tie it in with holidays or special promotions."

This chain provides great customer service. The staff was numerous, friendly and helpful.

Store 3

This family-owned business with six stores is known for its abundance of international items. I visited a store in a trendy downtown section. Its produce department was a disappointment.

The department is sequestered in the back corner of the store, requiring a bit of diligence to find it. The store itself is quite large, but the produce department commands only a tiny section and appears to be an afterthought in this otherwise unique local chain.

I found several varieties of onions, roots and mushrooms neatly arranged in small containers, but very little was labeled with country of origin.

wasn't surprised to find the parking lot quite packed by 10:30 AM the day before Super Bowl Sunday. As I approached the produce department, I didn't see any employees, so I stopped in the deli department. I figured this would buy me some time to discreetly make observations and jot down some notes while I waited in line.

The produce department was neat and heavily decorated with Valentine's Day balloons and several large signs advertising fresh-cut fruit. An associate, who appeared to be a manager, walked out to the floor from the back, stopped, glanced around the department and walked to the front.

When I left the deli, I walked over to produce. The fresh-cut fruit section was bright and inviting. However, some of the fresh-cut products were a little disheveled and could have used a quick straightening up.

As I moved toward the peppers and greens, another employee rolled a large cart of bagged potatoes out from the back. He politely acknowledged several customers as he walked past them to the potato section, which included a nice display of potatoes labeled as grown in Texas. I watched as the clerk culled the old bags by plopping them down on the floor. I thought this was a little odd; why didn't he drop them into a bin or place them at the bottom of his cart?

The produce was clearly marked with COOL, either with a sticker, a display sign or both. An attractive display of oranges had a sign stating, "Grown in California." COOL stickers were either on the items themselves or attached to the

AN INSIDER'S SEARCH FOR COOL

BY JOHN PANDOL



For the occasional individuals who want to know the origin of their produce, they can find out, even during the night shift at a lower service format.

Usually I don't read no stinkin' labels. I felt real funny going into stores asking about the country of origin of products because 1) I know more than the clerks do, 2) I don't care where the produce comes from, and 3) I think most people don't care where the produce comes from. I hit three stores between 7:00 and 8:00 PM on a weeknight so I would not see the varsity produce clerk. I wanted to test for bench strength.

METHODOLOGY: I checked the ad flyer, signage and product for clues to the origin. I don't know if the average consumer would check a box on a display. I hope not because many times this method is unreliable. I looked at a core group of items. The fruits were bananas, grapes, apples, peaches and citrus. The vegetables were lettuce, tomatoes, potatoes, carrots and bagged salads. I then looked around the department for anything goofy. Finally, I mentioned to the duty clerk that I had read something in the paper about stores being required to post signage and asked if many people ask about origin.

Store 1: Extreme price format, 50,000 square feet, three of eight registers going with customers two deep, some private label produce.

There was no country-of-origin information in either the ad flyer or the signage. All five fruit products were labeled. About half of the vegetable items were. Bagged potatoes yes, bulk potatoes no. All tomatoes except the Romas. The Maui Sweet pineapples come not from the country of the United States, not from the state of Hawaii, but from Maui. It didn't say whether it was the island of Maui or the county of Maui (four islands) but we'll let that slide.

So where does a Mayan Sweet onion come from? Mayans come from southern Mexico and Guatemala, and the sticker says... nothing. The carton left on the clerk's pushcart says *Product of Peru*. Maybe they grow Inca Sweets in Guatemala.

A cello-overwrapped tray of six green bell peppers bearing the label of a regional repacker states *Product of USA and Mexico*. Could have fooled me. They look like they came from the same field. Why do I not believe the label?

The clerk was piling up 10-pound cellos of Russets (U.S.) when I asked if people ask about COOL. Clerk Ray, who obviously spends a lot of time in weight rooms and tattoo parlors, pointed to the bananas and informed me that very rarely do people ask, but that most of the stuff was labeled and if asked, the clerks would go in the back room to look at a box.

Store 2: Extreme price format, 90,000 square feet, four of

14 registers going two deep with customers. No private labels.

Store does not use ad flyers and there is no country-of-origin signage. The percent of products labeled was the same as Store 1 but this store displays many products in their original cartons on racks. Between labels and cartons, it is possible to determine 90-plus percent of the country of origin of the produce.

I asked the two clerks cleaning up the department about the interest in country of origin. The 300-pound broom-pusher told me that people didn't ask very much, that all the stuff was labeled (truth — most stuff is labeled), that a lot of stuff came from Mexico and Chile, and some people seemed to get upset about that, but, "Hey, man, it's a choice."

Store 3: Traditional supermarket, 60,000 square feet, three of seven registers going with two customers total and some private label in produce.

Flyer identified one item with the *CA GROWN* license plate logo, although it was not the only California product on ad. It also announced Texas grapefruit. Product labeling was consistent with Stores 1 and 2. I was in the department for more than five but less than 10 minutes and no produce clerk appeared. Odd, because usually I can't get through this store without two or three clerks asking if I need help.

CONCLUSION: The two clerks' responses that very few people ask is consistent with consumers' attitudes toward other products and research I have seen concerning produce and meat. While stores are not required to provide country-of-origin signage, they are not prohibited from doing so. For the occasional individuals who want to know the origin of their produce, they can find out, even during the night shift at a lower service format.

P.S. It has been nearly a year since the formal roll out of *Fruits and Veggies — More Matters*. I regret to report *5-A-Day the Color Way* or *5-to-9 a Day* messaging on packaging in all three stores, on the private labeled items in one store and used in the ad flyer in one store. After all the work that was put into designing the new campaign, I saw no *More Matters* messaging. Shame! Drop and give me 20.

John Pandol is vice president of special projects at Pandol Brothers.

shelves or bins. I picked up a bunch of green scallions from Guatemala for 69¢, a red bell pepper from Honduras for \$2.99 per pound and a sweet onion labeled as grown in Peru.

A few minutes later, the employee looked up and asked if I was looking for something. I asked where the bagged sun-dried tomato bits were and he stopped what he was doing and walked over to the display to show me where they were.

I was impressed with how easy it was to identify where various products were from. While the amount of exotic produce was limited, the store offered a sizable selection of organic produce, including spinach, lettuce, apples and carrots.

Store 2

This independent single store, popular among kitchen enthusiasts, boasts a large assortment of freshly prepared foods and full-service meat, seafood, produce, deli, bakery, floral wine and cheese departments. But the tiny store can be difficult to shop on Friday evening or Saturday morning.

I visited the store at 9:15 AM on a Monday, just after it opened. It was pretty empty as I made my way through the produce department. There's a clear focus on organic and natural foods at this store, but there were several items that did not include COOL. I found mangos and bananas without any labels or signs. I did, however, find blueberries marked as grown in Chile and strawberries as coming from Mexico.

The store was in good shape for the morning after the Super Bowl. COOL was evident in most of the vegetable area, although I did see green onions and yellow squash without any identification. On the flip side, I found iceberg lettuce, romaine lettuce and celery marked as grown in the USA. All the veggies were fresh and enticing.

One of the things I enjoy most about this store is the variety of exotic fruit products, such as kiwi-flavored vinegar and star fruit. The apple section is tremendous and some of the displays had items, such as nuts and some meat products, that went well with the produce. Still, with space limited, there was no room for recipes or product information. Organic produce was abundant, but if an item was available in conventional, it was not available in organic. It was mostly a choice of either/or.

Overall, the store offers a unique and upscale take on traditional produce items. Although limited in terms of offerings, the products this store does provide are high in quality and for the most part, properly identified with COOL. Unfortunately, that level of quality comes with a price higher than that at a conventional large chain.

Store 3

The produce department is the first thing customers see when they walk into this large, national chain. I visited the store at 9:45 AM on a Monday and the parking lot was already full. When I

walked inside, I saw eye-catching displays and a colorful array of conventional fruit, such as apples and citrus, attractively displayed with more unusual products, such as fresh aloe. The store is inviting and lively.

The department uses bins and stackable boxes plus traditional product cases and shelving along the walls in the fresh-cut case. Several sampling stations were in the department. There is a clean, enticing salad bar with all the fixings.

COOL was evident throughout the department. Many of the displays contained bright cards showcasing where various products were grown, such as mangos from Peru, coconuts from Mexico and organic kiwi from New Zealand.

An employee working in the lettuce section greeted me but didn't ask if he could help me with anything. My past experience with employees at this store has been more positive. Last summer, when I asked if there were any zucchini left, the associate went to the backroom and returned with the last one in the store. He told me it was bruised a bit, but it would taste good anyway. Without me asking, he adjusted the price to reflect 50 percent off.

Prices tend to be higher here than many chains. You can't purchase items such as run-of-the mill cake mixes or soda here so it's difficult when I want to do 1-stop shopping. On the flip side, this is a good place for out-of-the-ordinary produce items, such as dragon fruit. **pb**

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