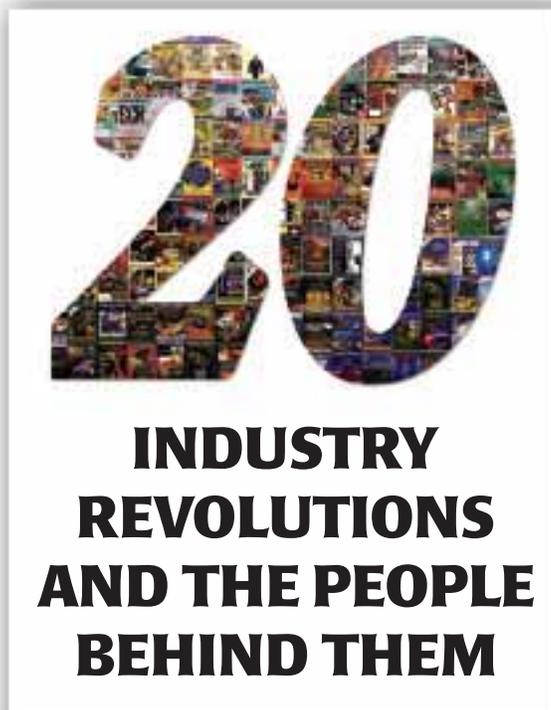


**W**e exist in that imperceptible instant called the present, but our consciousness is always guided by the reality we call the past and the dream we name the future. In the last two decades, the produce industry has been shaped by 20 revolutions.

The people who wrestled with each of these eruptions, who instigated them... or tamed them, who navigated them... or rodeo-rode them... they are the people who have shaped our business as it is today.

Of course, the trick of perspective is to understand that what looks like the past from one point is, from another outpost, merely prologue to the future.

So these issues that have rocked the industry since the founding of *PRODUCE BUSINESS* 20 years ago are the founda-



***Looking back... Looking ahead.***

**By Mira Slott**

month to come for 10 additional consecutive issues.

Call it our 12-issue salute to the people who have made the produce industry what it is today and have started us off in where we are going to take the business tomorrow.

tion on which the future of the business will be constructed.

And the people who made it all happen set the standard for the industry's future leadership.

The story of 20 years cannot be told in a page or an article or even one issue, so we are going to try to compress it into a year. With this issue, we will begin profiling the 20 revolutions that have changed the business and the people who made it happen in the past two decades. We will unveil five revolutions this month, five next issue, and then one each-

## Nutrition Movement

**Q**uantifying and promoting the link between nutrition, health and diet remains a contentious issue, with the role of produce at the heart of it, according to Sue Foerster, chief, cancer prevention and nutrition with the California Department of Health Services, based in Sacramento, CA.

From the beginning, Foerster pounded the pavement for the produce industry as one of the most instrumental players in development and expansion of the California 5-A-Day program, which would prove the cornerstone of future national and international nutritional efforts advocating fresh produce consumption for health and well being.

Going back to the late '70s, attempts to link chronic disease and exorbitant health costs to diet met with opposition from farm states and corporations dumping products like butter, cheese and meat into poverty programs and abroad, notes Foerster.

A turn in awareness crystallized in the 1980s, following a National Academy of Sciences report suggesting a large percentage of cancer was attributable to diet, she explains. Meat, milk, cheese and processed food were getting vilified, and health agencies were feeling the heat.

The National Cancer Institute (NCI), Bethesda, MD, gave grants to nine state health departments to try to change consumer diets for prevention of cancer and other chronic diseases. California led the charge, bringing in Dr. Lorelei DiSogra, from the University of California Berkeley School of Health, as nutrition director. She was intimately involved in creating California 5-A-Day, officially launched in 1988.

### **THE PRODUCE INDUSTRY STEPS UP**

"We quickly discovered with few exceptions that the main agricultural people who were enthusiastic to

participate came from the produce industry," says DiSogra. "We worked with a handful of marketing boards — for iceberg lettuce, tomatoes, carrots, tree fruit and grapes. These people were visionaries simpatico with our goals," she says, pointing to Bruce Obbink, former president of the California Table Grape Commission, Fresno, as one of the "heroes."

Wade Whitfield, then president of the now defunct California Iceberg Lettuce Commission, and Roger Schroeder, who was vice president of produce and floral at Hughes Family Markets, before joining Stater Brothers, Colton, CA, were also among key produce industry leaders to push the nutrition movement forward, says DiSogra.

Her own influence on the nutrition movement would be solidified over the years. She recently joined the United Fresh Fruit and Vegetable Association (UFFVA), Washington D.C., as the new vice president

of nutrition and health. She previously served as director of the 5-A-Day Program for NCI and headed nutrition programs at Dole Food Company.

Obbink, who was named the first chairman of the board for Produce for Better Health (PBH), Wilmington, DE, remembers having to appear before the scientific review committee of NCI to plead the case for marketing fruits and vegetables. "We had real trouble describing marketing promotions to guys used to looking in microscopes, but we got their support," says Obbink. "The Table Grape Commission got sucked in right at the beginning of it, charging ahead with strong backing from the board and industry."

### 5-A-DAY BEGINS

"The simplicity of the 5-A-Day message resonated, and the media jumped on it like a tick on a dog," says Foerster of the California Dept. of Health Services. "Supermarkets wanted to get on the bandwagon, requesting use of the logo, but we had no jurisdiction outside of California." In addition, there were no standards that differentiated vegetables in butter sauce or strawberry syrup, she notes. At the same time, the NCI grant ended and the request for an extension was denied. Funding dried up and another avenue had to be found to take it to a national level. The Produce Marketing Association (PMA), Newark, DE, was the savior.

PMA was setting the groundwork in the early '80s, starting the industry's first nutrition-marketing project, according to Bryan Silbermann, PMA president. At the time, there was no nutritional data to market produce at the consumer level. A nutrition marketing task force headed by Nancy Tucker worked with the Food and Drug Administration (FDA) to develop nutrition data for use in labeling.

Bob Carey, who headed PMA from 1958 until his retirement 38 years later, remembers the complex process and the effort to iron out long-standing conflicts on nutritional values for produce with the FDA.

PMA's produce sampling scheme involved examining variable nutritional properties of commodities at different times of the year from supermarket shelves, delivering them in waterproof packaging to laboratories for analysis. FDA accepted the data, Carey explains, which became the base for the industry's nutrition marketing efforts.

"The California 5-A-Day program ran out of funds and was going to die," says Carey. Dick Spezzano, former vice president of produce and floral at Vons, as well as former Safeway produce vice presidents Bob Backovich and Ray Klocke, were among the most influential board members taking action to help advance the nutrition movement, says Carey.

PMA sat down with NCI to hammer out a strategy for PBH, explains Silbermann. A whirlwind of meetings with government lawyers followed to license the program to NCI, and discussions were held with key brand name marketers like Dole, Sun World, Sunkist and Tanimura & Antle, all of which agreed to support it.

"Without that six-month effort in 1991, I don't know if there'd be a national 5-A-Day program

today," says Silbermann, calling the effort "truly revolutionary." For the next six or so years, PMA housed and sponsored the 5-A-Day organization, which was licensed as a separate group, until it outgrew its location and moved operations to Wilmington, DE.

### PBH EMERGES

"PMA donated me to the [PBH] foundation in 1991, says Elizabeth Pivonka, who has been president of PBH since 1997.

Funding has always been a challenge. "What wasn't understood," says Foerster of California Dept. of Health Services, "is the need to have people on the ground. NCI licensed all 50 states as the 5-A Day

**“Without that six-month effort in 1991, I don't know if there'd be a national 5-A-Day program today.”**

Bryan Silbermann  
Produce Marketing Association

authority, but that was all — no money behind it, not a penny. When NCI agreed to take the program in 1991, it made a \$21 million commitment over five years for 5-A-Day, but that money went to nine research programs and maybe around \$2 million to \$3 million for ads over that time," she says. "Jerianne Heimendinger, who started as director of NCI, went to other parts of the organization to find leftover monies, crumbs off other people's tables."

PBH, partnering with NCI, was the go-between for the industry and government. In 2000, PBH broadened its partnership to other entities including the American Heart Association, American Diabetes Association, U.S. Department of Agriculture (USDA) and the Centers for Disease Control (CDC). Through the U.S. Department of Health, an official 5-A-Day council of state coordinators was formed about a year ago, to solidify more fragmented state coordinator efforts underway since 1993, says Pivonka.

Recently, the oversight for 5-A-Day has been realigned from NCI to CDC, opening up broader opportunities as well as new political challenges, say industry executives. This fall saw the launch of the International Fruit and Vegetable Alliance (IFAVA), which will interface between the World Health Organization and all countries that have fruit and vegetable promotional programs to streamline and avoid duplication of efforts.

Further, PBH is working on a new program identity, explains Pivonka, to better align the produce consumption message with the continually changing dietary guidelines. "5-A-Day isn't the target for most of the adult population, yet it's become a brand," she explains, noting the dilemma of separating the message from the brand.

### FUNDING ISSUES

States are required to have wellness policies, but there are only small amounts of money for schools. "There is a lot of damage to undo and these policies aren't magically going to be get created," says Foerster. There are other bureaucratic and legal snags with disconnects regarding funding streams. For example, she says, "In my child nutrition school lunch program, we are working with 300 school districts [out of 1,000] in California, but we are not given the money to do this work. We're not allowed to use funding provided for food stamps, although 70 percent of people in that program are children."

In the 2002 Farm Bill, the USDA requirement to develop fresh fruit and vegetable snack programs only designates \$1 million per state, yet for perspective, there are 10,000 schools in California, Foerster explains. Opposition does come from parts of the agricultural community that do not want to give up money to fruits and vegetables. Further, the packaged food industry sees its business eroded.

Earlier this year, the Institute of Medicine, Washington, D.C., evaluated the Women, Infants and Children (WIC) food package, determining it needed modernizing. In an unprecedented, politically charged report, the Institute recommended that \$10 of the typical \$40 package per month should be allotted for fruits and vegetables, dropping foods such as too much milk or cheese, and calling the program imbalanced. Before this time, the package only included juice and carrots if a mother were nursing, says Foerster.

Pivonka has pointed to a gap in where the USDA is putting its money versus what it says needs to be done, in relation to funding for each of the food groups in the food pyramid.

Four years ago, David Murdoch created Dole Nutrition Institute, Westlake Village, CA. Since becoming chairman/CEO of Dole in 1985, his mission has been to create wellness programs advocating consumption of fruits and vegetables to alleviate disease and promote longevity, while participating in the advancement of government nutrition initiatives. Dole, for example, has played a large part in dispersal of 5-A-Day programs in the public schools.

With childhood overweight and obesity rates becoming increasingly dire, the Institute will be unveiling its own pilot program of 50 salad bars in California elementary schools, supplemented by teacher resources to educate students on nutrition, says Jennifer Grossman, Dole Nutrition Institute director.

In July 2003, the NCI Advisory Committee released a report claiming diets rich in fruits and vegetables may reduce the risk of some types of cancer and other diseases, says Grossman. "We got a call from NCI asking if we'd promote the link," she says.

# Canada's Nutrition Movement

Canadian health laws, which are more restrictive than those in the United States, have challenged the Canadian Produce Marketing Association (CPMA), Ottawa, ON, in its mission of disseminating nutrition and health messages related to eating fresh produce.

Without the reams of scientific evidence needed to back up nutrition and health claims, CPMA throughout the 1970s and early 1980s found itself in a quandary, says Dan Dempster, CPMA president. CPMA shied away from making any nutrition or health links in its marketing campaigns, leaving the non-profit Fresh for Flavour Foundation, created by grower and trade organizations that partnered with various federal and provincial departments, to promote produce commodities.

The turning point came in 1985. CPMA decided for the first time to focus on allocating more resources to strengthen the nutrition and health message by gathering sound information to promote to the public. "CPMA worked with Susan Sutherland, a nutrition and dietitian expert and former director of the Fresh for Flavour Foundation with executive background at Canadian Department of Agriculture," Dempster explains.

Momentum slowed in 1989, when Meryl Streep's robust campaign warning consumers of the potential dangers of pesticides on produce items occupied much of CPMA's time. "It was already a challenge promoting nutrition, but then we had to deal with the food safety message to counter consumer concerns, as well as those from health professionals, and a persistent media out for a controversial news story. We now had to combine a positive food safety and nutrition message at once," he says,

Scientific reports touting the health benefits of eating fruits and vegetables began circulating in the early 1990s. For example, Health Canada, the Ottawa-based federal department responsible for helping Canadians maintain and improve their health, urged people to eat five to 10 servings of fruits and vegetables, he continues.

In a move to simplify the mission, CPMA incorporated the Fresh for Flavor Foundation into CPMA in 1994, which would lead to greater efficiency and a stronger commitment to the key component — health — according to Dempster. "We have always been struggling with what types of claims we can make with health issues. We had a challenge in Canada, because under our health laws, we weren't allowed to say, 'Eat more vegetables for better health,' because of how regulations were enacted. Such claims were allowed in the United States but not in Canada," Dempster notes.

The goal was to produce responsible messages that would get consumers to actually take action. Reach For It, launched in 1996, for example, linked produce and health with the Canadian Olympics Association, "probably the only time Canadians got together and everyone agreed on the action plan from media to retail," jokes Dempster.

Ron Lemaire, executive vice president, director of marketing, joined CPMA in 1998 to bolster the promotional efforts. The following year, The Heart and Stroke Foundation and Cancer Society

allowed CPMA to use their logos, but it had to put the health message in context, to look at promoting fresh fruit and vegetable consumption holistically.

"We had permission to say, 'Eat 5 to 10 servings of fruits and vegetables to improve health,' but the message couldn't be limited to fresh produce," explains Dempster. For example, it could include frozen vegetables or juice, and in combination with grains, exercise, etc. "The partnerships allowed us to get the message out by using public service announcements on radio and television," he emphasizes.

A sequel campaign in 1999, which showed consumers how much to reach for, used a logo containing the slogan, "You Getting Enough? 5 to 10". In 2000, believing it was too provocative, CPMA reversed the order to "5 to 10 — Are You Getting Enough?"

In 2003 there was some flack regarding a U.S. trade issue with Canada. U.S. companies had exported packaged products with 5-A-Day for Better Health labeling into the Canadian market, and someone complained to a Canadian government regulator that the United States shouldn't be allowed to promote that way, explains Dempster. U.S. companies, flush with inventories, did not want to produce different packaging to ship to Canada, and Produce for Better Health, Wilmington, DE, and other industry groups were concerned that some might eliminate the 5-A-Day label on future packaging altogether. The United States asked the Canadian government for a waiver, and it was granted, allowing U.S. companies to sell products with the 5-A-Day For Better Health message for two years, until it straightened out the packaging dilemma.

"The result was a quick save for better health," says Dempster. "It gave us our opportunity to fight successfully for use of the 5 To 10-A-Day For Better Health message."

The program had been running with the 5 to 10 logo since 1999, but now CPMA was allowed to add the health message. Increased awareness of the 5 to 10 message is proof the campaign is working. Public awareness has skyrocketed to 41 percent, compared to less than 4 percent before the launch in 1999, according to Dempster.

Still, CPMA is working on a shoestring budget of around \$300,000 Canadian. The sparse funding encourages partnering efficiencies that continue to grow based on the integrated social marketing program.

CPMA's goal is to create a message that is easily understood by the public, says Lemaire. To alleviate portion distortion, this year's campaign focuses on demonstrating that a serving fits in your hand. The next component in the 2006 campaign will show a handful of color, paralleling the 5-A-Day The Color Way campaign, he explains. In another development, Lemaire has been selected as the first chairman of the newly formed International Fruit and Vegetable Alliance (IFAVA) to promote fresh produce consumption for better health around the world.

"While we want consumers to know produce is good for you, we don't want the health message to be overpowering. That is only one of three components. Getting the word out about taste and convenience is equally important," says Dempster. **pb**

"We collaborated with the FDA and NCI, first to put the message out on all our products, and to make use of millions of banana billboards to promote this message, now a part of our Super Foods campaign."

## LEGAL ISSUES

Many industry executives point to the difficult legal issues surrounding health claims on specific commodities.

A front-page article in *The New York Times* science section as recently as September 2005, for example,

put into question years of scientific studies and empirical data building the case that eating fresh fruits and vegetables could help prevent certain cancers. Perhaps most controversial was the large photograph of a stalk of broccoli with the caption: "It's not that broccoli is bad for you. But evidence is lacking that eating your vegetables can prevent cancer." Ironically, the momentum for California 5-A-Day was generated by grants from the NCI, based on the link between diet and cancer rates, leading to the NCI partnership with PBH on a national level.

"Given the prevalence of information on the link between cancer prevention and diet, it is always tempting to take a contrary position and write the 'man bites dog story,'" says Grossman.

Other factors have helped drive the nutrition movement. From the aging population to baby boomers trying not to grow old to the research CDC has shared on childhood obesity, consumers increasingly seek more healthful lifestyles, and nutrition is on the radar screen more than ever before, according to PBH's Pivonka. **pb**

# Proprietary Produce

In less than 20 years, progressive suppliers broke the commodity-selling paradigm with proprietary produce and redefined fruits and vegetables through distinctive appearance, taste, extended shelf life and even new product characteristics to address consumer convenience needs, guaranteeing a plethora of unique produce varieties.

Retailers would have a compelling slate of new, branded products to merchandise creatively, gain an edge over the competition and tantalize consumers

to frequent the produce department.

In recent years, our industry has witnessed the introduction of seedless watermelon; better tasting, more attractive varieties of strawberries, pineapples, apples and pears; yellow kiwifruit; white-fleshed, sub- and low-acid peaches and nectarines; sweeter tasting red fleshed plums; and more flavorful vine-ripened and cluster tomatoes. Many of these products have been released in limited quantities and managed by private companies, protected under plant variety or

patent rights and marketed as truly differentiated products.

The development and introduction of new fruit varieties have great implications for how fresh produce will be grown, marketed, procured and promoted by producers, shipper/distributors, supermarkets, wholesalers and foodservice companies.

## THE TRAILBLAZERS

Driscoll's, headquartered in Watsonville, CA, was developing proprietary strawberry varieties with superior appearance and flavor components to help differentiate the Driscoll brand since its inception in 1944, according to Mike Hollister, vice president of Driscoll's market group. Its evolving structure stayed true to this model of developing better flavor and texture through the following decades, until in the '80s and '90s other companies jumped into the fold.

In the early '80s, Driscoll's focus evolved to identify those select customers who wanted to differentiate themselves to compete and grow the business. Driscoll's strategy centered mainly on the concept of the berry patch as a destination category, Hollister explains, noting that the clamshell as a quality protector, branding mechanism and data collector was a major catalyst in driving the concept home.

Sun World International, a pioneer and dynamic leader in bringing new proprietary produce to market, first identified the need to work with proprietary, branded produce in the mid-'80s, after nearly a decade as a full-line produce supplier to many of the country's leading supermarkets, explains David Marguleas, senior vice president. Founded in 1976, Sun World's operations in research, farming, packing, and marketing reside in Coachella and Bakersfield, CA.

Sun World's initial inspiration to explore proprietary seeds stemmed from its introduction of the now ubiquitous Red Flame Seedless table grape. Sun World embraced the product with aggressive plantings and promotional activity in the late produce '70s and early '80s. Within five or six years, many California growers had planted thousands of acres of the variety.

Sun World's experience with this public and easily accessible variety, along with an extensive list of routine commodities, guided the company's strategic focus toward development of new proprietary fruits and vegetables with distinctive and promotable traits. Its first proprietary product was the field grown sweet red pepper, and in addition to securing rights to the new Israeli-bred variety, the company worked to ensure continuous supply from California and Mexico. Soon, Le Rouge Royale became a produce department staple, according to Marguleas. Also in the mid-'80s, Sun World introduced branded red, yellow and orange peppers, Sun World Seedless watermelon and Divine Ripe, its fully vine-ripened tomato.

Some of the retailers who recognized early on the potential these products would have in the market-



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Mark is an amateur chef who is always on the lookout for great tasting recipe ingredients.

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place, says Marguleas, include: Dick Spezzano, former vice president of produce and floral for Vons (Los Angeles, CA), Harold Alston, former vice president of produce for Stop & Shop (Boston, MA) and Bob DiPiazza, former vice president of produce for Dominick's Finer Foods (Chicago, IL), and now senior vice president of Sam's Club (Bentonville, AK).

In 1989, Sun World transformed itself to a thoroughly proprietary focus when it acquired the Superior Farming Company, Bakersfield, CA, which was heavily committed to producing thousands of acres of proprietary stone fruit and table grapes and to developing new varieties at its fruit research and development facility. This program, fully-integrated into Sun World in 1990, has released hundreds of new fruit varieties and authored more than 100 plant patents worldwide. In the last 20 years, Sun World has garnered 142 patents.

#### THE SEARCH CONTINUES

Dulcinea Farms, headquartered in Ladera Ranch, CA, made waves when it launched its Pureheart miniature seedless watermelon, about the size of a large cantaloupe. The firm began in 2003 with the joining of two powerhouse produce companies: Syngenta, a \$7 billion Swiss seed company, and Tanimura & Antle, a leading family-owned produce company in Salinas, CA, notes Norma Standerford, strategic account manager at Syngenta.

While Pureheart's personal size addressed a bona fide consumer issue — difficult and inconvenient

buying, transporting, carrying, cutting, storing and disposing of conventional larger melons — the sensory benefits (deep red color, beautiful appearance, sweetness, flavor, juiciness, crispness, aroma and seedlessness) are the keys to consumer satisfaction, according to the company. In addition, consumers have reacted positively to the very thin rind, which adds to its value. In the end, Dulcinea's mission is to provide con-

**The development and introduction of new fruit varieties have great implications for how fresh produce will be grown, marketed, procured and promoted by producers, shipper/distributors, supermarkets, wholesalers and foodservice companies.**

sumers with the “ultimate produce eating experience,” says Standerford.

Similarly, Sun World's research emphasis is on developing new, better-tasting varieties, explains Mar-

guleas. “We and other fruit breeders accomplish this by using recurrent selection, whereby different parents possessing desirable characteristics — such as high brix or sugar levels, minimal seed traces and large berry size in the case of seedless grapes — are conventionally bred or crossed, and their offspring are grown out and evaluated. The best seedlings from each generation are then crossed with others to produce new generations or fruit selections.”

Typically, it can take 10-12 years or longer to develop and release promising new fruit varieties. Flavor remains the primary filter through which Sun World annually screens out tens of thousands of crosses, and each promising variety typically undergoes at least three years of evaluation and trials.

“We solicit input from consumers through periodic focus groups, from retail supermarket customers through regular sampling and surveys, and from local and international growers and marketers through routine evaluations of our experimental varieties,” says Marguleas. “It is the variety's flavor — usually measured by a careful combination of its brix, sugar-acid ratio, texture, juice content and other features — that guides us to release and commercialize a new variety,” he explains.

Moving from commodities to unique products and bringing exclusivity to the market is an expensive and often challenging proposition, explains Joe Procacci, owner of Procacci Brothers, Philadelphia, PA, but now more than ever, taste will be the driving factor. (See *Taste Movement* on page 28.) **pb**

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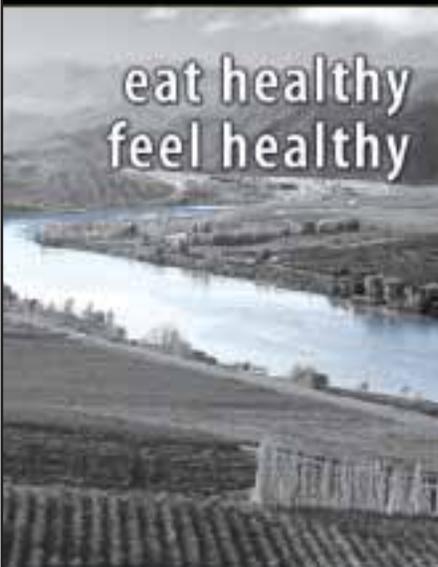
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# The Taste Movement

**P**roliferation of fruit and vegetable SKUs in produce departments in many ways is predicated on the taste movement. “The taste drum has been beating hard in the last couple of years, but it really goes back to the early 1990s,” says Bryan Silbermann, president of the Produce Marketing Association (PMA), Newark, DE. “I remember 15 years ago, Tony Misasi, vice president produce at Grand Union Supermarkets and a pioneer behind

PMA, said in a meeting that the produce industry must have more focus on taste. He argued that the produce industry had its priorities all wrong, concentrating on appearance and yields. Tony believed in this passionately.” Only in the last few years, has the consumer demand on taste truly been born out, Silbermann contends.

People have been breeding produce for 50 years to look good and ship well, often sacrificing taste in

the process. The apple industry is the perfect example of the transformation, industry executives note.

While there is overlap with proprietary products, the taste movement is a separate phenomenon, explains Steve Lutz, executive vice president, Perishables Group, West Dundee, IL. For example, not all the new varietal apples are proprietary, but the industry is doing a better, more consistent job of meeting taste demands. For the more discerning consumer, the broader side of proprietary products is taste. “It’s the Starbuck’s effect,” he suggests. “Once consumers are adjusted to a flavor profile, they never want Folgers again. It applies to the apple category. Once consumers experienced Galas and Empires, Red Delicious fell by the wayside.”

## CONSUMERS WANT MORE THAN GOOD LOOKS

According to Norma Stanford, strategic account manager at Syngenta, Salinas, CA, “The focus in the past was principally agronomic traits — how produce came out of the field and into the box. We as a breeding company were mainly advancing grower/shipper needs for better yield and shipability,” she says. “With the onslaught of greenhouse products coming in, consumers understood they could get better tasting tomatoes in riper stages, and the industry realized we couldn’t do business like in the past. Consumers started voicing that they wanted flavor as well as good looks.”

Joe Procacci, owner of Procacci Brothers, Philadelphia, PA, maintains, “Taste is becoming the big thing. Corn has progressed tremendously in the past 15 years, since the Shrunken Two variety. That corn is much sweeter than most corn. People don’t realize the big advancement in the corn business,” he says, noting that Procacci Brothers began producing that variety about 12 years ago. Plant breeders started it, calling it Super Sweet corn. Much sweeter than average corn, the variety has increased consumption of corn significantly, he explains, noting that it has really improved since its introduction.

Procacci is credited with launching the grape tomato coast to coast. “There was one little grower in Florida with a few acres of grape tomatoes,” Procacci explains. “We tasted them and were astonished. I’d been looking for a taste like that for 50 years. When we decided to produce the product in 1998, it was well accepted. We’ve been growing the category ever since,” he explains.

The company’s newest products put the focus on taste. “Canadew, a combination of honeydew and cantaloupe, is the sweetest, most consistent tasting melon you’ve ever had in your life,” contends Procacci, noting the firm should have continuous supply in November. It is also bringing a mini watermelon to market that he claims will have the highest brix of any on the market. Procacci is still trying to get the permit

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to ship a high brix cantaloupe out of Mexico.

In 1996, Del Monte Fresh Produce launched Del Monte Gold Extra Sweet Pineapples. This new variety took about a decade to develop, but the end result was a sweeter pineapple, with higher vitamin C content and a more golden shell color than the traditional pineapples, explains John Loughridge, vice president marketing at Del Monte, based in Coral Gables, FL.

Del Monte Gold was developed through traditional plant breeding techniques and improved cultivation and harvesting practices. Since the launch of Del Monte Gold, consumer consumption of pineapple has grown three-fold, he says. Del Monte is looking to launch a new variety of pineapple, Del Monte Honey Gold, in late 2006.

#### TECHNOLOGY PLAYS A ROLE

Post-harvest handling remains integral to delivering good tasting product. And growers have long known that if they identify and commit to producing

fruit and vegetable varieties with more flavorful profiles — enhanced sugar, better sugar-acid balance, optimal flesh and/or skin texture — their customers will end up with a better eating experience, explains David Marguleas, senior vice president of Sun World International, Inc, Bakersfield, CA. The real drivers in the taste movement, however, are those companies that unrelentingly focus on both post-harvest handling and proper varietal selection or development, he notes.

During the past two decades, there have been impressive advances in produce handling techniques and practices. “Ripening protocols for tomatoes and peaches, two commodities that begged for improvement, have undoubtedly lifted consumer perceptions of these produce items,” Marguleas says. And varietal development with pineapples, seedless grapes and apples are examples of products whose sales have benefited greatly from the introduction of varieties with improved flavor.

“I’ve been in the business 57 years,” says Procacci, “and some tomatoes in the produce departments still taste little better than cardboard. In our research and development we are always trying to bring to market a tastier tomato.”

Such a philosophy is behind development of The UglyRipe Tomato. “We found an improved heirloom variety to resist pests and disease, and we were able to grow this variety with special handling. Everything must be done by hand, 50,000 pounds an hour, a very slow, expensive process, but we found a way of doing it,” he says.

The UglyRipe Tomato, with its offbeat appearance — hence the name — perhaps stands as the greatest example of a pioneer’s commitment to pursue products for taste above all else. With the explosion of SKUs comes a lot more choices, varieties and flavor profiles, as well as increasingly discerning consumers. Expect taste to play an ever-increasing role in development of produce items down the pipeline. **pb**

## Fresh-cut Revolution

**W**hile staggering to comprehend, the commercialized retail fresh-cut salad category exploded in 15 or so years from practically zero dollars to an estimated \$2.8 billion annu-

ally. Value-added fresh-cut products evolved rapidly, with mass-marketed, fresh-cut fruit just recently breaking out to grab its share of the expanding market.

Consumers in 2005 gravitate to a convenience

extravaganza of packaged fresh-cut produce choices filling retail shelves. Technological advances and consumer lifestyle changes would be the stepping-stones to phenomenal possibilities, but it has been the

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resolve of innovative industry leaders that has taken the category to where it is today.

In some ways, the commercialized fresh-cut produce category has come full circle, say industry executives, having gotten its first large scale push from fast-food companies like McDonald's, which demanded vast quantities of shredded lettuce to cut labor and production costs for its Big Mac. Now, all these years later, McDonald's is on trend and arguably trying to reinvent its image by promoting a broader array of fresh-cut produce items. It expects to procure 55 million pounds of apples by year-end for its Fruit & Walnut Salad, likely making it the largest procurer of apples, according to Mark Lepine, McDonald's director of menu innovation and development.

#### IN THE BEGINNING...

Fresh-cut operators around the country were chopping cabbage for cole slaw and Asian mixes as early as the '40s, but they did not make much progress, says Dennis Gertmanian, founder and chairman of Ready Pac Produce, Inc., Irwindale, CA, a progressive leader in raising the category bar to help transform the basic packaged, fresh-cut iceberg lettuce category through upscale options for mass market consumption. Gertmanian's initiation into fresh-cut salads, however, had humble beginnings.

Gertmanian founded Ready Pac in 1969, after his father received a request from a foodservice client for ready-to-eat salads. Not wanting to lose the business,

he remembers buying cutting boards, French knives and a bathtub in which to wash the produce. Generally, the more progressive distributors started up back-room operations with slicing machines and cutting boards to accommodate the restaurant trade. "In our southern California market, for example, we had Glendale Produce and A to Z Salads," he explains. Labor issues were an impetus in the '60s, but processors did not hit the national scene until the early '70s when the fast food business put them on the map.

Jumping to the '80s, several factors were converging to buoy the fresh-cut produce industry. The food-service business was doing quite a large volume, and development of highly automated equipment and sophisticated packaging technology to preserve product quality and shelf life would open the door to opportunity, according to Dr. Jim Gorny, vice president of quality assurance and technology at the United Fresh Fruit and Vegetable Association (UFFVA), Washington, D.C. Meanwhile, greater consumer interest for more convenient products abounded. Companies would also have to adopt different growing and harvesting methods to accommodate the fresh-cut category as it gained momentum at retail.

Bruce Church Company, an iceberg lettuce grower in the California's Salinas Valley since 1926, was the forerunner to Fresh Express, which, under the direction of Steve and Bruce Taylor, third generation brothers in the family business, launched the original retail fresh-cut iceberg garden salad in its revolutionary

patented breathable bag in 1989. Their father Ted Taylor had laid the groundwork as a fairly big player at that time in foodservice fresh-cut salads and broccoli florets. Fresh Express became the first, large-scale, automated processor of retail prepackaged fresh-cut iceberg lettuce packaged blends, setting the stage for dramatic national growth in the whole category.

Bob Backovich, corporate vice president of produce (now retired) for Safeway, at that time headquartered in Oakland, CA, and now in Pleasanton, was one of the first believers, says John Burge, who served as vice president of sales at Fresh Express from 1989 to 1994. "Even before we had automated all the chopped iceberg lettuce, we brought samples and he put them in the stores to see what price points would work and how it would sell.

"Another pioneer was Frank Siciliani, vice president of produce at a little chain of stores in California called Save Mart," Burge relates. "He was one of the first people to put product samples in the store and took a chance on us when Fresh Express didn't have much automation going."

#### THE BANDWAGON BEGINS

Dole, a big iceberg commodity grower, also in Salinas, capitalized on the wild success of Fresh Express and jumped into the category soon after, explains Burge who joined Dole Fresh Vegetables in 1994. He moved on to Earthbound Farm in 1997, where he is helping to grow the organic packaged

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fresh-cut side of the business. "We couldn't make it fast enough," he remembers.

Commodity lettuces fluctuated in price, and companies viewed value-added packaged salads as a way to stabilize the business by branding product at a fixed price, Burge adds.

Produce managers and clerks had mixed feelings about prepackaged salads early on because there was no art to putting bags on the shelf. It did not require the expertise of building creative displays and other skill sets, explains Gertmanian.

While merchandising did not appear very complicated at the time, retailers needed to make major readjustments. Head lettuce was always a big draw on ad, but two bags of salads would give consumers a lot more value. Today almost every retailer will put packaged salads on ad, explains Burge, noting that probably half the iceberg lettuce grown now is devoted to value-added salads.

#### NICHES APPEAR

Ready Pac's strategy to get into the marketplace, and not go head-to-head with two big competitors, Fresh Express and Dole, was to explore a new niche, says Gertmanian. Gourmet spring mixes, and baby greens were not well known until the late '80s, early '90s. They were more delicate to handle, required different washing and drying techniques, and had higher respiration rates, leading to varying packaging needs.

"You can credit the Taylor brothers, Bruce and

Steve, for putting the one-pound salad mix on the map. They were first with the big automated equipment needed to get it to the mass market," notes Dick Spezzano, owner of Spezzano Consulting Service in Monrovia, CA, and a Vons executive at the time.

European-style salads are another story. Back in the '80s, Spezzano went with a team of seven Vons executives to Europe, scoping out the beautifully packaged, value-added, pristine gourmet salad cases. He worked with Gertmanian, who was developing a partnership with the French fresh-cut equipment company Scalime France. "Dennis came to me ready to make an investment, but needed to know I would put the product out. Ready Pac probably wasn't doing \$10 million sales at that time," says Spezzano.

"Dennis took the chance, got the exclusive on that equipment. When everyone else was using packaging that fogged up with refrigeration, his crinkly packaging was clear as a bell," Spezzano says. "Dennis showed me five European-style packaged salad varieties and gave me the pricing. It was beautiful stuff, but really expensive. We were buying 1-pound salad mix for 50¢ a pound and selling it for 99¢. Dennis wanted \$1.25 a pound, two and a half times what we were paying for iceberg.

"We decided to let the consumer make the decision. Conceptually the idea was wonderful, but no one knew if it would work to transfer French taste buds to Americans. There was a risk that Americans wouldn't embrace the bitter tastes of lettuces like

escarole. "It was a huge hit the day we introduced it, and we were first on the block," says Spezzano.

Ron Anderson, vice president at Safeway, notes "Dennis has been a leader in the largest growth category over the last 15 years and continues to push the envelope with new approaches to the business."

Earthbound Farm can be credited with introducing specialty upscale spring mix salads with organic whole leaf, baby lettuces, sold commercially in supermarkets before anyone else in 1986, notes Burge.

The big difference was that Earthbound's operation initially ran on a relatively smaller scale and without the need for major automated equipment capital, says Myra Goodman, co-founder of the company.

She and her husband Drew were organic gurus with tremendous ideas, but they were not farmers, and they did not own a lot of acres, says Burge. They realized they had a hit on their hands and were smart in partnering with very large grower entities, including Tanimura & Antle and Mission Ranches, both owners in Earthbound Farm, he notes.

Another area that experienced tremendous growth in the past two decades is fresh-cut carrots and certain other vegetables that begged for added convenience. "From the mid-'80s to the early '90s, we started seeing individual items, such as fresh-cut, baby whole peeled carrots, becoming a billion dollar category," says Gertmanian. Much of the success of that niche is attributed to Grimmway Farms, based in Bak-ersfield, CA, say industry executives.

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Mann Packing, Salinas, CA, is recognized as an innovator in the fresh-cut vegetable section, which, excluding baby carrot products, now accounts for an estimated \$300 million in annual sales, says Lorri Koster, president of Koster Communications, Salinas, CA, who worked for Mann earlier in her career.

Joe Nucci, who at only 40 years of age died suddenly earlier this year, was widely recognized as one of the most innovative forces in the fresh-cut industry. At the time of his passing, he was president and CEO of Mann Packing but had been an innovator in the fresh-cut business all his adult life.

Credited with creating broccoli cole slaw, Nucci was also instrumental in developing Mann's entire line of fresh-cut vegetables. His products were not always

hits, but he had the gumption to take risks. "It's one thing to accomplish great things with endless resources at your fingertips, but when you are the underdog, or not the biggest player on the block, you need to be a bit of a maverick," says Koster.

In 1994, when the extended Taylor family had differences about the future of Fresh Express, Bruce Taylor left to start Taylor Farms, becoming the leading producer of fresh-cut vegetables and salads for large foodservice customers, including McDonald's and Subway. In June 2005, Chiquita Brands International completed its acquisition of Fresh Express, calling it the retail market leader of value-added packaged salads in the United States with an estimated 41 percent share, and reporting that it expects Fresh Express to

increase Chiquita's consolidated annual revenues by about \$1 billion.

There is no equal in the food industry of a category created so quickly and growing so grandly in such a short time period, says Burge. From the supplier side, not everyone can jump into this business. It can take \$50 million dollars to build a salad processing plant, with the necessary technology and food safety requirements today. Sophisticated growing, harvesting and processing methods impact the quality and shelf life of fresh-cut products. It has taken years of investment and expertise and tremendous risk takers to drive the unparalleled growth and get us where we are today. **pb**

## Rise of Organics

**M**ainstream organics was an oxymoron until a few passionate, forward thinkers and risk takers transformed the category. In 1985, organic produce was still isolated to hardcore organic diehards and consumers stereotyped on the fringe with alternative lifestyles, who had to go out of their way to get organic produce from vitamin and natural food stores, community food co-ops, farmers markets or small restaurants with local chefs committed to the cause, according to Tonya Antle, vice president sales at San Juan Bautista, CA-based Earthbound Farm, a pioneer in transitioning organic produce to the conventional supermarket industry.

### THE PIONEERS

Antle's grassroots efforts go back to Pavich Family Farms, Delano, CA, an alternative farming advocate credited for spearheading the Santa Cruz-based California Certified Organic Farmers (CCOF) watchdog group 20 years ago. Pavich was one of the first farms displaying comparable yields and reduced costs to promote the efficacy of organic farming, says Bu Nygrens, co-owner of San Francisco, CA-based Veritable Vegetable, a certified organic distributors in operation since 1974. It later moved to the forefront in dealing with mass-market supermarkets.

The only way to access organics early on was through progressive, niche regional distributors. Other pioneers included Organically Grown, an organic farming cooperative formed in Oregon in 1974, says Nygrens.

Grimmway Farms' organic division, Cal Organic in Lamont, CA, grew from a quarter acre plot in 1983 to 2,000 acres by 1995, and now produces 60 different year-round organic vegetable items grown on over 18,000 acres of certified organic farmland.

Started in 1982 in Los Angeles, CA, Albert's Organics also made strong inroads in the early days, merging with United Natural Foods in 1999, says Katherine DiMatteo, executive director of the Organic Trade Association (OTA), Greenfield, MA. OTA was

formed in 1985 to protect organic farmers and sellers and to develop standards to boost consumer confidence in organic integrity, says DiMatteo, who will complete her tenure at OTA in spring 2006.

"Organics used to have a well-deserved reputation for high prices, poor selection, inconsistent quality, and insufficient post harvest handling to extend shelf life," according to Myra Goodman, who founded Earthbound Farm with her husband Drew on a

2.5-acre plot in 1984. At that time, "believers in organics were snickered at," she remembers. Earthbound Farm now represents 300 organic growers, and the company brand is flourishing in more than three quarters of all U.S. supermarkets.

### THE FIRST LARGE MARKETS

"Whole Foods Markets [Austin, TX], as well as Wild Oats [Boulder, CO], without a doubt influenced



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what happened in mainstream retail," says DiMatteo. "Whole Foods more so by penetrating very competitive markets sooner and with more locations."

Whole Foods Markets, a small regional player in the '80s, became the leading natural and organic food chain primarily through mergers and acquisitions of regional natural food stores, stirring conventional retailers, which were losing high-dollar customers, to try organic programs, explains Goodman.

Bread & Circus, for example, which opened in 1975 in Brookline, MA, was the largest natural food retailer in the Northeast when it was acquired by Whole Foods Market in 1992. In 1993, Whole Foods acquired Mrs. Gooch's in Los Angeles, CA, also part of the original movement in the '80s. Whole Foods currently operates more than 175 stores in North America and the United Kingdom.

Wild Oats, founded in 1987, did not open its first supermarket-sized store until 1991 in Santa Fe, NM. A period of rapid growth through acquisitions and new store development peaked in 1999 with the addition of 47 stores in a single year. It now operates more than 110 stores in 25 states and Canada.

#### MAINSTREAM MARKETS ENTER THE ARENA

In 1989, the Alar Report from the Natural Resources Defense Council, a non-profit organization, received heavy media attention, claiming dangers of pesticides on fresh fruit items, notably apples. Mainstream stores, wanting to appease concerned consumers, desperately tried to find organic sources. "It was a huge overreaction," claims OTA's DiMatteo. "Products were sold as organic when they weren't. Retailers not familiar with organic produce didn't realize it had to be handled differently, and a boon and bust happened."

Most mainstream retailers did not do organic well, and even when they came back into the market later in the '90s, they made a lot of mistakes. They did not have enough customers; handling and quality suffered; employees were not knowledgeable about the product; it was not priced and promoted properly; it was not labeled properly and often it would ring up at conventional prices, says DiMatteo.

How to market organic produce in the non-organic world also triggered issues. Conventional retailers in the mid- to late '80s were not very receptive to Pavich Farm's organic grape stem tags that highlighted the natural fertilizer growing methods. Several major supermarket chains expressed concern that conventionally grown produce would appear tainted to consumers, says Antle.

"My hero was Harold Alston, who was vice president produce procurement at Stop & Shop [Quincy, MA], and Bill Brophy, running the Connecticut division of Stop & Shop, who was on the front line executing Harold's plan," says Antle. "In 1989, my role shifted from selling a single commodity to helping [Alston], and other retail visionaries, such as Dick Spezzano, who was vice president produce and floral at Vons [Los Angeles, CA], and Dan Hamilton at HEB Grocery Company [San Antonio, TX] fill pipelines with various brands and get organic produce to the

masses," says Antle. "Hugh Topper, director of produce at HEB, was there with Dan at the time. It was their foresight to let us access the mainstream market that made organics work."

Costco put organics into the big box format. "Frank Padilla [now assistant vice president and general merchandise manager of fresh foods at Costco] was one of the original forward thinkers who introduced organic salads by offering great quality spring mix for the masses," explains Antle. "The strategy was very successful."

"We started our specialty pre-washed, whole leaf packaged salads at the end of 1986," says Earthbound's Goodman, some three years before Fresh Express launched its retail fresh-cut iceberg lettuce products with highly automated processing methods and nitrogen flush technology packaging. Earthbound Farm's delicate baby greens did not require such large scale, sophisticated equipment, and they were initially packaged in ziplock bags, she notes. (See *Fresh Cut Revolution* on page 30.)

"From our perspective," says Goodman, "consumers originally purchased our pre-washed baby green mixed salad because it was a specialty, and the fact it was organic was incidental. It wasn't until the mid to later half of the 1990s that organic was a point of differentiation and the category started taking hold and escalating."

By 1997, the first proposed rule for the National Organic Program was out, notes DiMatteo. Between then and 2002 when it was fully implemented and enforceable, consumer demand continued to grow, putting pressure on mainstream supermarkets to carry organics.

Whole Foods and Wild Oats were succeeding, while conventional supermarkets were confronting financial challenges, facing mounting difficulty competing against Wal-Mart, continues DiMatteo. Organic produce was one more way to differentiate.

#### PACKAGING OPENS DOORS

Large conventional produce suppliers also wanted to get in on the action. The advent of packaging allowed for easier handling — the ability to merchandise organic side-by-side conventional while maintaining product integrity — and it allowed for clear labeling for marketing and accurate rings.

Ironically, the diehards who purchase organic produce are packaging-averse because of environmental issues, notes Goodman. Wild Oats took the lead a couple of years ago in replacing petroleum-based plastic packaging with a natural, corn-based alternative called Nature Works PLA from Cargill Dow.

Economies of scale and technological advances have led to more competitive pricing with non-organic, to expanded variety and to ample supply of high quality organic products. These dynamics have opened the door for future growth as the childhood obesity epidemic and consumer health and nutrition issues have become paramount. (See *Nutrition Movement* on page 19.)

"The uphill battle has shifted to people banging on our doors, but it has only been about five years where