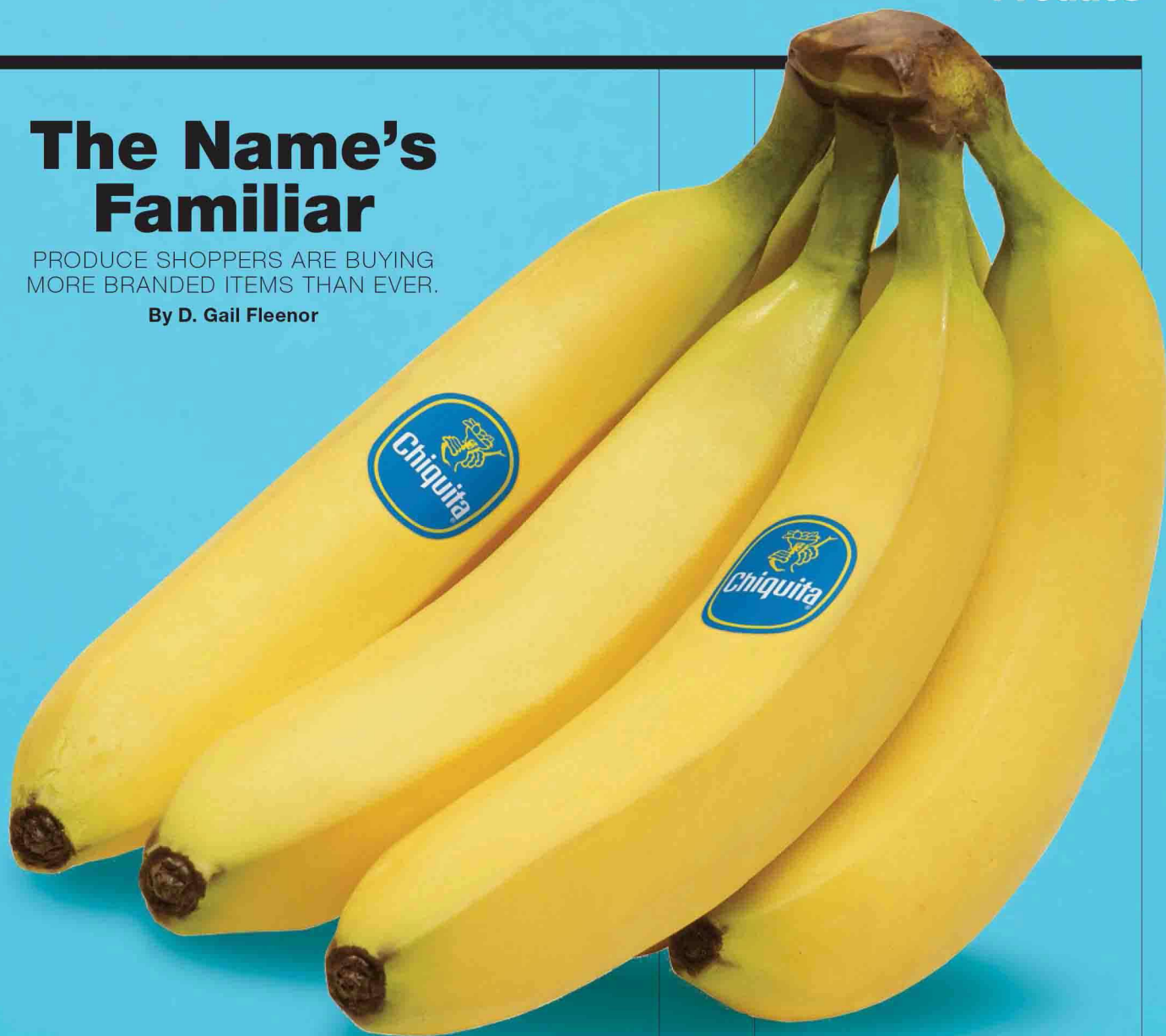


The Name's Familiar

PRODUCE SHOPPERS ARE BUYING MORE BRANDED ITEMS THAN EVER.

By D. Gail Fleenor



Chiquita bananas, along with Del Monte and Dole pineapple and bananas, paved the way for branding in the produce department. Today, Cuties and Halos brand mandarin oranges have met with great success.

Purchase of produce brands is driven by consumers' familiarity with the brand, as well as their belief in safety, freshness and quality products that will last longer.

Brands haven't always played a large role in produce sales, but things have changed.

Produce brands are now appearing in more shoppers' carts and increasing the department's profits.

Key Takeaways

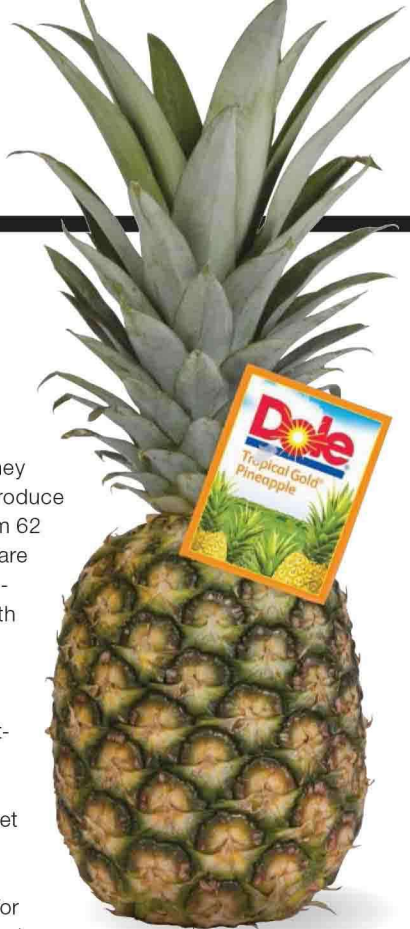
- ▶ Brands are increasingly important to many produce shoppers, trusted for their quality, safety and freshness.
- ▶ Local or regional brands are particularly popular, and signage detailing where produce is grown can attract customers who may feel these brands are fresher.
- ▶ Grocers can use websites and social media to let customers know about new produce brands or varieties, and to inform shoppers when a fresh crop is in.

The Power of Brands

Shoppers are embracing produce brands, according to “The Power of Produce,” a report from the Arlington, Va.-based Food Marketing Institute (FMI). Among consumers who expressed a brand preference for produce, many noted their habit of buying brands that they know. The report finds that while unbranded produce still makes up the majority share, it’s down from 62 percent in 2011 to 51 percent in 2016. Brands are also fueling growth, the report notes, while Chicago-based Nielsen finds five-year dollar growth for national brands up 12 percent (five-year compound annual growth rate 2011-16).

Branded produce, according to Nielsen, has taken charge of the produce snacking category, a \$1.1 billion market. Branded produce snacks account for a 72 percent dollar share of the total produce snack category, the market researcher finds, amounting to \$44 million in growth from the previous year.

“The continued growth in consumer demand for healthier meal solutions and/or snacks makes produce



attractive for branded companies,” affirms David Bishop, managing partner at Balvor LLC and partner at Brick Meets Click, both based in Barrington, Ill. “Brands, whether it’s a store or manufacturer, can create a positive halo effect for the store that’s associated with quality and value. And manufacturer brands help drive consumer demand via advertising and promotional support.”

Industry consultant Ron Pelger, owner of RonProCon, in Reno, Nev., agrees. “Consumers want fresher and safer foods these days, and they identify it with a strong trust in popular branded produce,” he says. “Branded produce represents a premium value to customers who seek the very best in quality and taste. All indications point to more companies starting to build branding into their products. With this in mind, fresh branded produce will continue to increase its future growth.”

Josh Padilla is on the front line in his stores, merchandising produce and witnessing changes in the department and increases in consumer demand for brands, as produce and floral director for grocery distributor Krasdale Foods, which serves the greater New York metropolitan area.

According to Padilla, a large number of the independent grocery stores served by White Plains, N.Y.-based Krasdale have embraced produce brands in ads. “Many customers are familiar with these brands: Dole, Green Giant Potatoes, Pretty Lady Grapes, and brands from growers Andy Boy and Mucci Farms,” he observes. “In addition, many brands spend an enormous amount of R&D on new items and innovation, which helps our stores stay ahead of competition, since they’re more inclined to take on new items than chains will. Our stores are learning that having brands in produce product assortment is a differentiation for us from some of our competitors.”

Local Brands, Local Flavor

Within the general trend toward branded produce, local and area brands are increasing in popularity, possibly because consumers feel that the brands are fresher, due to less distance traveled. In FMI’s report, 30 percent of those who cited a brand preference when purchasing unprocessed (loose, bag-yourself) produce named local or regional brands.

The local/regional produce brand purchaser is a profitable customer. According to the FMI report, 38 percent of local/regional produce brand consumers can be influenced by promotions, 36 percent have incomes of greater than \$100,000, 48 percent are core organic produce shoppers, and 34 percent are mid-high grocery spenders, at \$100-\$125. These are all indicators of a strong growth group that brings profit.



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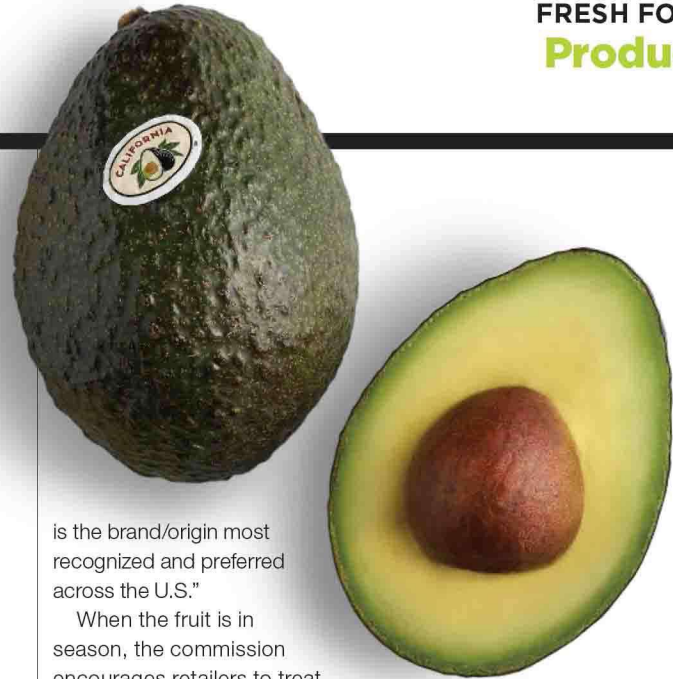
—David Bishop, Brick Meets Click

In some supermarkets, consumers look forward to the time of year when certain locally branded produce will be available. One example is Amaize corn at Tops Markets LLC, based in Williamsville, N.Y. Noted for its taste, crunch and sweetness, Amaize is a rare type of white corn created using traditional hybridization methods and grown in limited supply in the United States. The grocer is the exclusive vendor of Amaize in its marketing area. “Tops prides itself in working with local growers like the Zittel family at Eden Valley Growers, who we’ve had a relationship with for over 55 years,” notes Jeff Cady, director of produce and floral for the retailer, of its successful partnership with one Amaize grower. “New York is an agricultural smorgasbord,” Cady adds. “We have lettuces, squash, cucumbers, peppers, tomatoes, corn, peaches,

cherries, strawberries, blueberries, apricots, plums, apples, cabbage, cooking greens [and] onions, just to name a few.” Tops is also the main seller of New York Bold brand onions, which are popular locally.

Cady uses in-store point-of-sale materials to call attention to such local brand items, noting, “We also use the digital world to get the message across.” Tops teams with more than 200 local growers and has a “Homegrown” page on its website to detail item availability and where different items are grown.

Over a broader geographical area, state branded produce such as Florida oranges have strong selling power. One example of a strong-selling state brand is that of California avocados. “Most avocado consumers do not recognize ‘brands’ of avocados, but they do have some understanding of, and preferences regarding, origins,” explains Jan DeLyser, marketing VP for the California Avocado Commission, in Irvine. “California



is the brand/origin most recognized and preferred across the U.S.”

When the fruit is in season, the commission encourages retailers to treat California avocados as a brand, not just an origin, notes DeLyser. While California avocado marketing has wound down at this time of year, she observes that autumn is a good time for retailers to take advantage of tailgating and nontraditional holidays for avocados, like Halloween and Thanksgiving, to encourage year-round purchase of the fruit.

“Branding helps retailers win on so many levels, and especially in building consumer trust to keep people enjoying fruits or vegetables from stores.”

—Brianna Shales, Stemilt Growers

Why Branded Produce?

A brand label can communicate directly with produce customers who believe that brands offer quality, freshness and safety. “We’ve seen how successful CPG companies have been with brands, and it’s fun to see a rise in branding come to the produce department,” notes Brianna Shales, communications manager for Stemilt Growers, based in Wenatchee, Wash. “Branding helps retailers win on so many levels, and especially in building consumer trust to keep people enjoying fruits or vegetables from stores.”

Adds Shales, “Branding is a big focus at Stemilt because it allows us to achieve our goal of offering shoppers transparency.” Since the company’s beginning, Stemilt has wanted shoppers



to know where their fruit came from and how it was grown.

“Brands also help us market intent to shoppers in order to drive purchases,” notes Shales. For example, Stemilt’s Lil Snappers kid-size apples and pears are available in a 3-pound pouch bag. “The fruits are the right portion size for kids,” she says. “Parents love this pack because there are enough apples to include one in two kid lunches every day for a week.”

Noting that Lil Snappers offers convenient items for parents to make their busy lives easier, Shales continues: “We’ve had great success with this brand, which also includes a full line of Artisan Organics apples and pears. Using a brand like Lil Snappers has given retailers a new drive behind promoting smaller fruit, and most importantly, it’s led to category increases.”

Stemilt has been growing organics for nearly 30 years, Shales notes, and the fall 2018 organic apple crop will see another increase in volume in Artisan Organics. About 30 percent of the company’s apples are grown and certified organic. Because of this increase, Stemilt has expanded its 5-pound Artisan Organics pouch bag line to include additional consumer-favorite varieties, including Gala and Fuji. “This bag allows retailers to promote organics and

FRESH FOOD

Produce

ring more volume through the register,” asserts Shales.

Meanwhile, the category leader in grapes, Sun World International, of Bakersfield, Calif., will offer a record number of proprietary grape brands this coming fall, including its “late-season trio”: Scarlotta Seedless, Autumncrisp and Adora Seedless brand grapes.

“We have seen tremendous growth in the last three years,” affirms Sun World VP of Domestic Sales Jason Fuller. “This year, we are marketing the largest crop in our history. Because of this, we will have a record amount of promotable product to help our retailers grow.” Grocers can plan on aggressive brand promotions from mid-September through mid-November.

Sun World’s grape brands have differing flavor profiles. Adora Seedless brand grapes are crisp and sweet with a 1-inch diameter, according to the grower, observing that Adora is sometimes called a two-bite grape. Autumncrisp brand grapes are said to be sweet, with a hint of Muscat wine and a crunch, while Scarlotta Seedless brand grapes are red, with an aromatic flavor, the grower notes.

Another brand grower, Savor Fresh Farms, based in Yuma, Ariz., offers Kiss Melons, a popular brand with its customers. The company grows hundreds of melons in test trials each year to deliver flavors that will appeal to those customers. Savor Fresh is growing more Sugar Kiss melons and organic melons this year, in response to customer request.

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—Josh Padilla, Krasdale Foods

Snow Kiss Melons, with a white exterior and flesh, are being added to the Kiss melon line this year. According to Savor Fresh Farms President Milas Russell III, the new melon’s flavor is sweet but not overpowering. The Kiss melon harvest begins the first week of May and lasts through October in the United States, transitioning to Australia over the winter.

Branded Promotion: Free and Effective

Who knew that the day would come when produce would be advertised by brand? Since people are connected online more than ever, produce brands have the chance to talk directly to consumers. According to a 2017 Nielsen report, "When it Comes to Branding, the Produce Department is Ripe With Opportunity," even though branded produce generates a significant dollar share across the total fresh department and has driven department growth over the past five years, media spend on fresh produce is highly disproportionate.

Produce growers and retailers have several ways to capitalize on the growth of brands, Nielsen points out. Produce brands can leverage the reach and loyalty of customers who are in stores shopping for fast-moving consumer goods (FMCG) brands, while these brands can take advantage of the growth and frequency of produce shoppers. Developing branded produce items can help expand consumer education regarding label claims, which fulfills one reason that customers often choose branded produce: information. Krasdale's Padilla notes that this familiarity with brands has helped his retail customers increase sales, because they're tapping into brand marketing that includes television, print ads, coupons and online. **PG**

Apple Names are Apple Brands

Customers know the names of apples as well as they know the crunch. Some choose Honeycrisp, while others want Gala. To shoppers, these are apple brands. Consumers associate certain varieties with uses such as salads, baking, preserves, grilling and more. Industry experts think that as apple brands continue to expand, so will shopper purchases. Apples currently claim three times more display space than other produce.

Americans consume, on average, 28 pounds of fresh, canned, dried, frozen and juiced apples annually, according to the U.S. Department of Agriculture. Hands down, apples are the country's most popular fruit: The United States grows nearly 200 varieties of apples, according to the U.S. Apple Association, in Falls Church, Va., and more than 100 varieties are available at retail. The top 10 varieties sold in the United States are Gala, Red Delicious, Fuji, Granny Smith, Honeycrisp, Golden Delicious, McIntosh, Cripp's Pink/Pink Lady, Braeburn and Jazz. New varieties are introduced on a regular basis, such as Stemilt's new Rave, Piñata and SweetTango.

Give your customers recipes to use apples in more ways, to increase sales. For meal ideas, try the U.S. Apple Association, at www.usapple.org.

