

A FRESH FUTURE for RETAILERS and CONSUMERS

THE HEAD OF THE **FRESH PRODUCE ASSOCIATION** TALKS ABOUT IMPORTANT TRENDS IN THE **STORE PERIMETER**—AND **ELSEWHERE.** > By **Tom Stenzel**

There is a retail revolution taking place. As consumers' interest in developing fresh and healthy diets grows, their shopping carts mirror this shift, and retail needs to adjust to meet their needs.

Fresh produce is the No. 1 reason consumers select their grocery stores, according to Nielsen's store choice drivers research. Quality, selection, and convenience will set

one store apart from the rest. Because of this, retailers are indicating that they will continue to dedicate more space to perimeter departments, with produce and prepared food leading the charge. This unique opportunity opens the door for produce to extend into other perimeter departments such as protein, dairy and bakery in creative ways.

As fresh food challenges are met with innovative solutions, retailers are seeing products with increased shelf lives, that remain visually appealing longer and offer exciting new flavor profiles—cotton candy grapes anyone? Mean-

while, value-added fruits and vegetable solutions continue to see growth this year over last with meal prep item sales showing the greatest growth.

Consumers' desire to know more about the produce they purchase has driven certain broad developments in how fruits and vegetables are sold, but more specific transparency is a newer concept to the produce



◀ A good selection of fresh produce is the No. 1 reason consumers choose grocery stores.



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—TOM STENZEL,
United Fresh Produce Association

industry. Knowing your farmer and where your produce was grown is increasingly accessible for the customer—50 percent of whom say buying local is an important factor in their purchasing decision—but there’s more to the story of the fruits and vegetables we’re selling.

New proposed regulations for GMO labeling, recently signed into law by President Obama, have introduced QR codes to retail as a solution to a non-GMO labeling nightmare that would have created a 50-state challenge following the passage of recent Vermont labeling laws. With the adoption of this new approach, consumers have even more information at their fingertips on which to base their purchasing decisions, and produce companies have a new channel of delivering detailed information to further influence consumers.

But do consumers really need more information and more choices? Produce marketers could make the argument that by differentiating between GMO and non-GMO commodities, we’re adding more and more categories to the already saturated selections in the produce department, and available real estate on the shelf is becoming scarce. More than 500 new organic fruit and vegetable items were introduced in 2015, equating to a 17 percent increase in organic produce items on retail shelves. Add to the mix branded, private label, local, seasonal, and now ugly. With so many choices on the shelves, are we diluting the department and overstimulating the consumer who’s looking for convenience, but also demands options? The addition of new SKUs lends to a rise in shrink in the produce department—a major concern for retailers. We’ll need innovative solutions to further address these retail challenges as the consumer becomes more savvy and more connected while shopping in the produce aisle.

The adoption of technology in retail is growing exponentially. Many retailers now have their own apps, allowing them to reach consumers with push notifications right in the palm of their hands. And this technology continues to get smarter! As coupon apps now saturate our mobile devices, retailers are partnering with produce brands to ping consumers with deals and offers as they walk past produce items using beacon technology. And it’s a two-way stream of data. The consumer opts into the use of the app, and conversely, the

app captures consumers purchasing behaviors and insights at a level of detail never before accessed. We’re a data-driven industry and we are only getting smarter and more informed.

Despite the technology that’s now common place in supermarkets and retail stores across the country, the produce industry is still focused on its people. There’s a reason there’s such a great story behind the life of the grower and why consumers are emotionally inclined to supporting the local farmer. It’s the people in produce that make the sale, and specifically, the informed retail produce manager whose passion and knowledge cannot be replaced by a QR code of information or a recipe app. As retailers grow their perimeter departments, they’re finding that the well-stocked and neatly merchandised departments that are well-staffed with informed employees deliver superior performance. It why United Fresh is committed to spotlighting employees on the front lines of the industry by annually honoring 25 produce managers with the Retail Produce Manager Award. The value the industry places on this role continues to increase and is evident in the growing number and quality of award applications we receive each year.

The bottom line regarding the future of fresh is that shoppers spend more money in the store when produce is included in the transaction, and it takes a collective effort from retailers and those in the produce industry to ensure consumers check out with a basket full of fresh fruits and vegetables. Retailers will continue to juggle the many new developments in growing, merchandising, and selling fresh produce as new options and opportunities are introduced to their store formats, and fresh fruits and vegetables continue to permeate beyond the boundaries of its department.

Selling produce is our business, but there is more to it than that, because we occupy a unique role in society. Think about it. The better we are at our jobs, the more we ensure consumers have access to fresh, affordable, healthy, nutritious and safe produce, the more we are able to impact the health and wellness of a nation. **RL**

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