

Smart Promotions Will Move California Fall Grapes

New varieties help enhance appeal.

BY CHUCK GREEN

The notion that summer's twilight also signals the retreat of the California grape season appears to be quickly dispelled by the availability of a cornucopia of tasty new varieties of grapes. Many of these varieties have evolved into fall staples and holiday favorites, which undoubtedly has snared the attention of most savvy retailers, industry experts declare.

California plays an important part of the year-round supply cycle of fresh market grapes, says Tim Dayka, partner and sales director at Dayka & Hackett LLC, in Reedley, CA, who notes the spike in additional types of the grapes over the past 10 years in the United States, including Princess and Autumn King, among greens, and reds, such as Scarlett Royal, Sweet Scarlet and Vintage. Ultimately, Dayka believes that the selection of any piece of fruit is more about quality and condition than where it came from. "Does it look and taste good?"



Bags remain the most popular type of packaging due to their lower cost and convenience in packing and handling.

When the subject is California grapes, the answer is a resounding yes to Bill Kelley, assistant director of produce procurement for Hy-Vee Inc., in West Des Moines, IA. "The new varieties have been great; the growers keep fine-tuning them and they get better and better," notes Kelley. California grapes are a "steady" commodity for Hy-Vee, says Kelley, who adds that between the different varieties, the store advertises grapes nearly every week, with one color or another. Grapes are one of the chain's largest categories year around, he concludes.

There's also a matter of the bottom line. According to Nick Dulcich, one of the family owners of Jacov Dulcich and Sons LLC, in Delano, CA, grapes yield the dollar volume that retailers are looking for during the fall selling season. Nothing else during this period returns the ad and weekly retail dollars a produce department needs to succeed, explains Dulcich.

GENERATE HIGH DOLLARS

It's certainly what retailers like Publix Super Markets, in Lakeland, FL, want. A grape ad can generate high dollars during the late season, though not as much as bananas, which top the list, says Shannon Patten, media and community relations manager. "I'd say that the sales, more so than the actual dollars, help make the department a success."

It doesn't mean there are at least a few sticking points selling the grapes come fall, though Steve Kenfield, vice president of marketing and business development for The HMC Group Marketing Inc., in Kingsburg CA, says grapes are of the same nature as dealing with other type of produce. "For instance, conditions like we have now with the crop running late or those stemming from atypically heavy rains in the middle of last year's grape harvest were no different than those encountered by fruits like strawberries and cherries," he points out.

President of Delano, CA-based Jasmine Vineyard, Jon Zaninovich, believes the majority of retailers price California grapes reasonably in the fall, which further encourages sales of the highly popular item. However, he wishes some would

Consumers Want Options

While effective packaging is an important aspect of product appeal, in light of the current economy, cost considerations also can be a factor, says president of Delano, CA-based Jasmine Vineyard, Jon Zaninovich. For the time being, because of its relatively reasonable cost, bags probably will remain the primary type of packaging by which to move product, he says. He attributes that to their relative inexpensiveness compared to clamshells, which carry a higher price tag.

"I think clamshells are a good way of moving grapes for certain avenues, like club stores, but not for everyone," says Zaninovich. On the other hand, most chains operate on ad pricing and normal spot market conditions, where ups and downs are fairly common, and since most grapes are normally packed in bags, that represents their most consistent supply.

While Gordon Robertson, vice president of sales and marketing for Bakersfield, CA-based Sun World International LLC, agrees that bags are the way to go in difficult economic times, Sun World's clamshell volume virtually has doubled almost every year since it introduced them in 2006, he points out. However, this past year was the first time sales lagged from the previous year, although conditions appear to be recovering this year, he adds. "Sun World uses bags about 80 percent of the time," Robertson reports. Ultimately, due to costs, he doesn't foresee the industry shifting completely to clamshells.

"They're easy to pack and handle," says Dave Parker, director of marketing for Scattaglia Growers & Shippers, in Traver, CA, of bags, which he notes are, by far, dominant in the industry.

Whether they zip or slide to lock to hold grapes in place, Nick Dulcich, one of the family owners of Jacov Dulcich and Sons LLC, headquartered in Delano, CA, adds that bags are "the norm" for convenience and portability.

Perhaps, but Reedley, CA-based Dayka & Hackett LLC, uses clamshells, which Tim Dayka, partner and sales director says continue to gain a larger market share and percentage of sales than over the past several years. In fact, they represent 35 percent of the company's sales, he says, and points to their upside in terms of merchandising and

convenience. "Any sort of shelf-life issue becomes an advantage for clamshells."

In fact, Jim Llano, sales manager for Castle Rock Vineyards, in Delano, CA, indicates the industry's slowly trending toward greater use of clamshells. The club stores have predominantly featured 4-by-4 unit clams, but this past season there was a greater demand for 10-by-2 unit clams among wholesale and major retailer, he says. Llano adds that the increase in truck freight rates and buyers' focus on cost of goods turned the 10-by-2 into an "attractive" purchase and has facilitated increased truck loading.

Unquestionably, grapes remain fresh longer in a clamshell and are better protected than in a bag, Dayka adds. Some of his company's customers merchandise clamshells alongside the bags, while others merchandise clamshells solely, especially since clamshells show off multi-colored grapes better than bags, Dayka reports. "That's not to mention safety issues that retailers might face using bags instead of clamshells," he emphasizes. For example, it's less likely that grapes will fall out of a clamshell, which helps to reduce possible incidences of slipping and falling among shoppers and insurance related issues.

For its part, Lakeland, FL-based Publix Super Markets uses clamshells for combination grapes, says Shannon Paten, media and community relations manager. Ultimately, the future of packaging will be determined by cost, she notes. "The industry is still trying to understand how much a customer's willing to pay for such a package."

While he says bags are more inexpensive than clamshells, Parker of Scattaglia feels that packing organics in clamshells could generate an opportunity for a "slightly" higher sales price.

Historically, Hy-Vee Inc., in West Des Moines, IA, has used bags. Of late, however, the store also has experimented with clamshells, says Bill Kelley, assistant director of produce procurement. But likely due to cost, being a single-unit price point rather than a per-pound price, "they haven't been a hit with our customers yet," he admits. In addition to the extra packaging expenses of clamshells, "you're forcing them to buy two or three pounds," depending on the size package a retailer carries. Nevertheless, Hy-Vee will continue to use both, he notes. **pb**

reconsider their pricing strategy. While acknowledging that pricing strategies are strictly their call, he simply would like to see more chains focus as much on California grapes as they do other items entering the produce department in the fall. The solution? Keep more grape products stocked during the holidays and promote the fact there's a California product in the fall that they should commit to, along with other products that enjoy high sales.

Nevertheless, Don Goforth, director of marketing for Family Tree Farms Marketing LLC, in Reedley, CA, raises the specter of "grape fatigue" among some consumers following summer-long consumption of the product. Goforth suggests that the presence of later season California grapes could lead to an "oversupply" of the fruit. At the same time, however, he notes that later season California grapes typically are superior to others. "We feel they hold the best and often are the biggest," he says.

To combat possible grape fatigue, Jim Howard, executive director of the Fresno-based California Table Grape Commission, says his organization applies a full court press to ensure consumers are reminded constantly that grapes are freshly harvested in California from May through December. With a harvest in December, grapes from California can be available at retail in January and sometimes February, he adds.

CONSUMER BEHAVIOR CHANGES IN FALL

Even so, retailers must contend with the fact that consumers' behavior changes in the fall, with fewer outdoor activities where items like California grapes often crop up, says Gordon Robertson, vice president of sales and marketing for Bakersfield, CA-based Sun World International LLC. Not only that, grapes are often allocated less space during that time of the year as retailers make way for products like fall vegetables, he adds. However, by following that strategy, retailers are missing an opportunity to capitalize on one of the most profitable fall fruits, he cautions. Instead, they might be better served by carving out about 32 square feet of shelf space in the fall, which can help them generate "significant" increases in sales dollars and volume due to the impulse nature of the category," he suggests.

However, due mainly to quality issues, Hy-Vee's Kelley believes there's merit to pulling California grapes from shelves into the fall. "If California still has a good looking grape and it still eats well, there's no reason not to stay in California as late as possible, especially since sales will drop as the availability of the grapes do," he explains. Typi-

cally, though, at the end of the season, the condition of California grapes aren't particularly optimal and other varieties become preferable, like those from Chile.

Says Dayka of Dayka & Hackett: "There's no question; quality sells." If a supermarket elects to represent a certain type of quality, whether it's flavor, color or berry size, they have to determine what they believe to be the best value and the best product for their customer, he adds.

Space aside, one thing that discourages customers is when retailers randomly add any new variety to their shelves and expect

consumers to blindly embrace it, warns John O'Rourke, president of RJO Produce Marketing, in Fresno, CA. Instead, he encourages growers to meet with produce managers and inspectors on the retail side and brief them on the latest information regarding a new item that they can pass along to shoppers.

According to Dave Parker, director of marketing for Scattaglia Growers & Shippers in Traver, CA, "If we're going to develop a plethora of varieties, they all have to be introduced to the shopper. We can't take for granted that they'll simply buy them and understand what they are."

"Industry research finds that three promotions per month — compared to two or four — is ideal for category sales."

— Dave Parker
Scattaglia Growers & Shippers

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A MATTER OF EDUCATION

Kelley notes that anytime he introduces a new variety, Hy-Vee immediately educates its produce managers and personnel through email correspondence and point-of-purchase materials from suppliers. Then, as the product is brought to market, the chain supports it with advertising as well as samplings. "It seems to be the best way for us to get people to try a new item, especially in the grape category," he remarks. It pays dividends, too. For instance, despite their longevity and flavor, consumers still aren't all that familiar with black grapes, explains Kelley. "They've been around forever and are some of the best, sweetest tasting grapes out there, but sometimes it takes getting them into people's mouths before they'll buy them."

According to industry data, primary grape shoppers are women aged 25-64, and 71 percent of their shopping takes place Friday through Sunday. Consequently, the best time to expand grape displays would be during these peak shopping times, points out Parker. Peak hours and holidays are ideal times to stage taste tests, he adds.

Through its advertising, Sun World invests considerable time building its brands for fall, including Scarlotta Seedless and Midnight Beauty, Robertson details. Retailers also communicate to customers information about the characteristics of various grapes, their heritage and their distinguishing characteristics. "It gives them a chance to differentiate themselves and offer their consumers something they can't find elsewhere."

CORRECT MIX

To address all customer preferences

Fall, Winter Forecast

At the moment, expectations are for manageable, evenly dispersed volumes of all varieties in the mid and late table grape-producing districts, adds Jim Llano, sales manager for Castle Rock Vineyards, in Delano, CA. While Red Seedless varieties generally were in short supply last year, this year, he says the company expects increases in those grape types, particularly Crimson and Flame. He reports that the mid- and late-table grape season usually continues through the end of the year and that most of California's table grape production now is geared toward "the late deal," with 60 percent of the volume currently produced in the fall.

Shannon Patten, media and community relations manager for Lakeland, FL-based Publix Super Markets, calls the outlook for late season grapes in 2010 favorable, despite the fact that California experienced only fair weather this year and the season was 10 days behind schedule. Under "normal circumstances," even with a later season than normal, the industry remains committed to late-season grapes and therefore must closely monitor the varieties, she adds.

While those at Delano, CA-based Sun World International LLC are confident

that the company's farms and ranches are producing adequate volumes, Gordon Robertson, vice president of sales and marketing, admits there was pricing pressure as production — starting in Chile and spreading into areas like Mexico — backed up, and the industry as a whole has fought a later start to the domestic season. While he says there were some challenges getting into and out of those different regions, Sun World, from a volume perspective, expects to be roughly caught up by approximately the end of August and views fall as another key season to solidify its position with its customers and consumers.

"Grapes are considered somewhat of an impulse buy, but it would be wonderful for the industry if retailers would offer them in the rage of \$1.29 to \$1.69," says president of Delano, CA-based Jasmine Vineyard, Jon Zaninovich. "Again, those are decisions for individual retailers, but I really do think they'd be met with results that might surprise and satisfy their objectives." Robertson echoes that sentiment, stressing that retailers must put the right value on a product and that value is a combination of price and quality, especially as the fall season beckons. **pb**

aggressively promote California grapes. "Even if you were to have large displays with fewer items, the fact you've got large displays will give the impression of a complete range," he explains.

Dulcich adds, "Large displays of eye-catching color mix and large berry size make up successful displays, and retailers can also take advantage of marketing vendor packaging and POP materials."

At the same time, the California Table Grape Commission advises advertising grapes only about three weeks out of every month to avoid overkill and possibly dilute the message. "Industry research finds that three promotions per month — compared to two or four — is ideal for category sales. While shoppers seem to respond to frequent grape promotions, it becomes routine unless there's a periodic break," notes Parker.

Castle Rock's Llano notes that promoting different varieties helps educate consumers in terms of their flavors and characteristics. As the varieties change over the course of a month, promotions can be made to stimulate sale and educate the consumer, he comments.

As with any commodity, Goforth of Family Farms believes as promotions go, "the bigger the display, the more confidence a consumer is going to feel in that item." If the retailer is confident enough in a product to build a "great" display, the thought process is "it must be good," he says. On the other hand, small displays suggest lack of confidence in an item and the belief that a retailer doesn't think it will sell, Goforth continues.

Late season displays, especially, need to be large to accommodate a plethora of interesting colors and color separation options, Goforth adds. "It's a beautiful way to build a display," he says. Additionally, secondary displays in the meat department also can be effective, especially in the fall, he continues. "Retailers must understand the mindset of consumers and why a purchase is being made, then seek opportunities to grab those dollars as well."

Since the number of varieties also is key, it is important to continue to grow them in multiples, which will help drive a retailer's list of items. "When you use two varieties in an ad, you're going to see roughly a 36 percent category volume lift; when you have four varieties on ad, you can get up to 59 percent lift," notes Robertson. Therefore, if retailers generate additional varieties, they can drive more consumption, he says. "If you want to maximize the volume associated with it, but can't do it every week, those front pages can generate significant volume and traffic." **pb**

when considering the correct mix, Sun World stocks all three colors, says Robertson. That means carrying reds, like Scarlotta Seedless and Crimsons; greens, including Autumn Kings and Thompsons; and blacks such as Midnight Beauty and Autumn Royal. Doing so allows retailers to hold all three colors through the fall to fully leverage consumer demand, Robertson adds. Dulcich details that a "typical" display consists of 50 percent red grapes, 40 percent green and 10 percent black.

Hy-Vee tries to carry as many varieties as possible of whatever's available, says Kelley. While the store doesn't necessarily carry all varieties, it does stock a red, green and black, including the Princess, Scarlotta, and Holiday grapes, a late season proprietary variety, which it sells alongside its Red Seedless, he points out.

Invariably, there's no such thing as an "absolute" correct mix of fall varieties, indicates Jim Llano, sales manager for Castle Rock Vineyards, in Delano, CA. While varieties have changed over the past generation,

niche markets remain for some of the older seeded fall varieties, though they are no longer grown in volume, he says. For example, Calmeria's a strong, large, seeded, late green grape which still has some export appeal to Central America and a few niche markets domestically, explains Llano. While there was a "phenomenal" demand for Red Globes a decade ago, the markets have changed and growers have looked to many of the newer Red Seedless varieties such as Scarlet Royal, he continues.

Since tastes obviously vary among individuals, HMC's Kenfield adds that retailers will stock Red Seedless and Black Seedless grapes until they give way to Southern Hemispheres, and will extend new varieties longer, giving consumers added choices.

COLORFUL PROMOTIONS

One strategy that has caught on is the use of colorful promotions to help abet sales, suggests HMC's Kenfield, who emphasizes that with the use of multiple colors in the fall and large displays, retailers can