



Ready to Go: Tedeschi Food Shops has multiple points in its stores, in refrigerated cases and on displays, where customers can find produce.

A Cut of the Action

C-stores work to cultivate customer interest in fresh produce

By Amanda Baltazar

Fresh produce sales jumped 4.8% last year, according to a recent United Fresh Produce Association report.

The association's "FreshFacts on Retail" shows the top 10 fruit and vegetable categories all climbed, with avocados posting the highest growth, 11.7%.

So the good news: Consumers are eating more fresh produce.

The bad news: C-stores aren't selling much of it.

"Freshness perceptions of convenience stores are a problem," says Ed Burcher, president of Burcher Consulting, Oakville, Ontario, and former foodservice specialist for Wawa and Petro-Canada. "They are perceived as overpriced, dirty and not fresh."

There are also issues of trust, says Michelle Barry, president and CEO of Centric Brand Anthropology, a Seattle-based brand and retail consultancy. "C-stores, in general, have not had a halo of freshness or quality when it comes to food," she says.

Despite this, some c-store retailers are having success with produce. Sales of produce at Tedeschi Food Shops, Rockland, Mass., were up 8% in 2013 over 2012, with similar growth reported year to date.

"We are taking produce extremely seriously," says Bob Goodwin, director of fresh foods. "We're trying to grow the fresh side of the business, so the store feels more like a neighborhood fresh store where they can get meat, produce, flowers and fresh bread."

This, he says, is because of the stigma that convenience stores carry, "that we

revolve around cigarettes, gum, newspapers and lottery. These categories are all eroding and the fresh categories need to pick up the slack. If done right, the store will be more profitable for the changes."

Tedeschi typically carries 12 to 14 produce items: apples, oranges, pears, bananas, lemons, limes, potatoes (a 3-pound bag), 2-pound bags of onions, garlic, carrots, romaine lettuce, iceberg, tomatoes, cucumbers and celery. The best sellers are bananas (34% of produce sales), followed by other whole fruit such as apples and oranges (23%) and seasonal produce including berries (17%).

Last year Tedeschi began a major push toward seasonal produce. "Recognizing certain items pop at certain times of year," says Goodwin, "we wanted to do seasonal



Producing Produce: Siblings Alison and Alphonzo Cross run The Boxcar Grocer in Atlanta, which sells a lot of fruits and vegetables to folks in the store's urban area.

items and only do them at peak of season, and peak of flavor, and also at the best cost.”

The stores are starting with strawberries from California this spring, then will move into blueberries, corn, cherries and personal-size watermelons; summer fruit such as peaches, nectarines and plums; and clementines December to January.

“We got tremendous increases last year when we did those items for a limited time,” Goodwin says.

It helps that Tedeschi had a great marketing program along with the fruits it brought in. It got the word out via social media, as well as on its website, when the fruits were available in stores. If the company had enough lead time, it put together signage for the month, including in-store and window signs.

One issue with fresh produce is waste, because fruits and vegetables are so perishable. Waste numbers for Tedeschi run 8% to 12%, though “most of our stores are on a guaranteed-sale basis except bananas,” Goodwin says.

To help move produce, Tedeschi is looking to alter its combo program to include an apple or banana. But it also trains its employees in good judgment. “We always bring it down to the simplicity of: If they would not buy the item and bring it home to their own family, it simply should be removed from the counter for either credit or to be discarded,” says Goodwin.

While the produce is sold whole, much of the fruit is cut up, prepared in Tedeschi's commissary in Rockland. And that's the key, Goodwin says: “Cut-up fruit sells best. Everyone's in a hurry.”

Move It Out

The most effective way to move produce off shelves is to make it as convenient as possible, says David Wright, senior manager of marketing for The Hartman Group, Bellevue, Wash.

“People want products that are less processed and are drawn by real, whole food, and it doesn't get more real than chopped-up vegetables,” he says.

And produce prepared off-site, cared for by professionals independent of the stores, is more convincing for shoppers due to their lack of trust in the stores, says Barry of Centric.

Sales of pre-cut fruits and vegetables are on the rise, says Tim Barry (no relation), corporate director of foodservice and fresh for wholesaler Core-Mark, South San Francisco, Calif. Sales of produce overall are increasing year over year and have been for the past five years, he says.

For vegetables, it's mostly the basics that are selling, such as carrots and celery in a snack pack with a dip. And he expects a new product from Bolthouse Farms—Shakedown, which are small packages of carrots and seasoning with 25 calories—

Think Local

Last summer, Tedeschi Food Shops introduced a farmstand initiative in a dozen stores. Working with farms within 2 or 3 miles, each store set up a stand outside and sold seasonal vegetables including corn, green beans, squash and zucchini.

It was a challenging initiative, says Bob Goodwin, director of fresh foods, “because sourcing is difficult.” But, he says, the company challenged its field teams to find stores they felt were right for this with an appropriate covered space out front, as well as a farm nearby.

Half of the farmstand stores did incredibly well, quadrupling their produce business during the months of the farmstand, Goodwin says.

And the key to success: corn. “All you need is one sign. And all you do is put an A-frame sign out on the street or sidewalk and say fresh corn is available,” says Goodwin. “You put a price on it. The key words are ‘Locally grown corn now available.’ ”

to really resonate with consumers.

Millennials are especially hungry for packaged fruits and vegetables. In fact, ReadyPac, producer of salad and fruit packs in Irwindale, Calif., forecasts continued growth for produce as more of this generation enters the workforce.

“The millennial generation has already altered the landscape of product offerings through their demand for healthier foods, [so] convenience chains will be forced to increase their healthy offerings,” says spokesperson Tristan Simpson. “Retailers who adapt to this demand quickly will see their volumes grow with this influential demographic.”

Pre-cut produce certainly leads the category for the 33 corporate-run Nice N Easy Grocery Shoppes. “Fresh-cut fruits and veggies are ... the fastest-growing part

of our business,” says Sam Magari, corporate produce buyer for the Canastota, N.Y.-based chain.

The fruits are sold either alone or with yogurt and granola or a non-dairy whipped topping. Vegetables are sold in bowls and trays with ranch dressing, he says. “A variety of single-pack produce items is a hit with our lunch folks going to work or customers picking up produce on their way home,” he says.

But pre-cut fruits and vegetables aren’t the entire story: Whole produce has a place, too. A few Nice N Easy stores sell heads of cauliflower or broccoli, Magari says, and all produce stores sell 5-pound bags of potatoes and onions, acorn and butternut squash in the fall, and yams at the holidays.

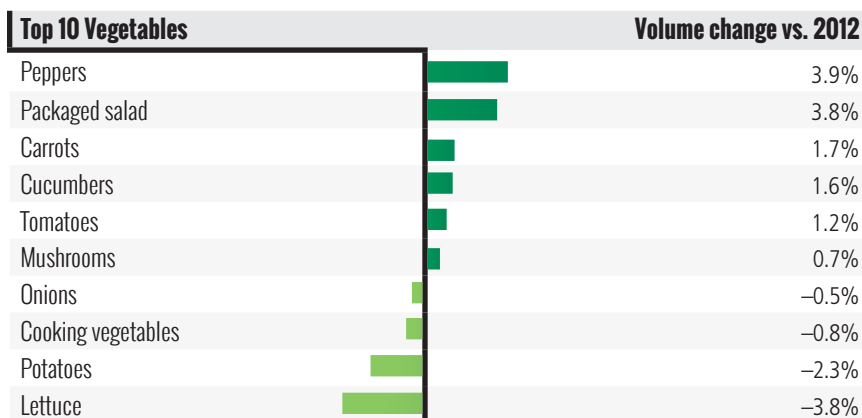
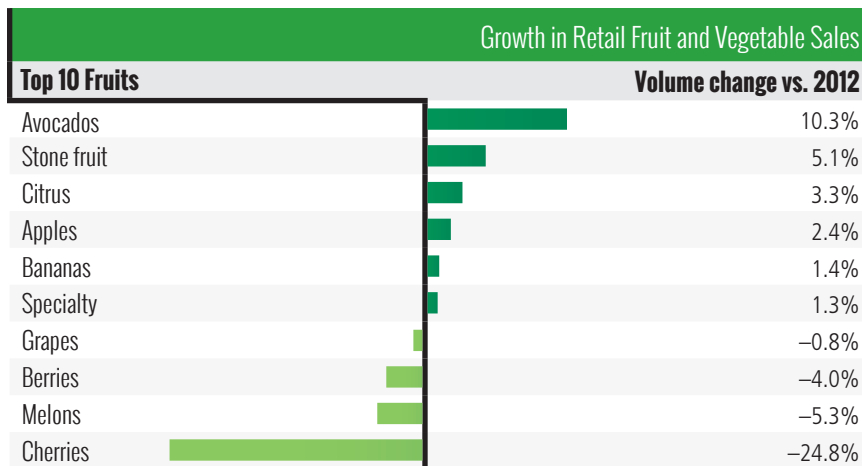
Time and Place

The Boxcar Grocer opened in Atlanta in January 2012 and sells not only whole fruits but also vegetables, though significantly less of the latter. The store calls itself “a convenient market” on its website.

“Produce is doing well,” says Alison Cross, who co-owns the store with her brother Alphonzo Cross. “There’s more demand for the fruits than the vegetables, and I think that points to our urban demographic because a lot of people don’t cook.”

Boxcar sells the standard fruits plus onions, garlic, tomatoes and salad mixes during the winter months. But produce sales blossom in the summer, when local farmers provide more than half of Boxcar’s supply. That includes kale, squash, mangos, watermelon and pineapple, the latter two cut up because customers perceive them as too labor-intensive. It’s mostly sold from the coolers, though Cross keeps apples, bananas and pears in small baskets on the counter “so they’re easy snack alternatives.”

Tedeschi merchandises its produce in different places. Bananas, potatoes,



Sources: United Fresh Produce Association and Nielsen Perishables Group

onions and garlic are displayed on a free-standing rack at room temperature; the hand fruit (apples, oranges, pears) and summer fruit goes into the grab-and-go case with the sandwiches; and the remainder is displayed under the bottom shelf of dairy and processed meats. All in all it’s 4 to 6 linear feet, though more in Tedeschi’s smaller fresh stores.

At Nice N Easy, fresh-cut fruits and vegetables are merchandised on refrigerated Euro tables, island-type refrigerated tables, small refrigerated cases or in the open-face coolers, while bulk produce is merchandised on stand-alone tables, displays or, occasionally, orchard bins.

“Sometimes we are able to cross-merchandise with the grocery department,” says Magari. “[We have] strawberries with whipped cream and dessert shells; and for St. Patrick’s Day, potatoes, carrots

and cabbage are displayed with corned beef—if space is available.”

Clean and Abundant

Stores have to be careful about where they merchandise, says Barry of Centric.

“Some stores put produce outside, but consumers don’t want their food near gas,” she says. “Stores are trying to communicate that they have it, but putting it on a makeshift produce stand outside the front door is not a good freshness or quality cue for the consumer. They want to see produce in a clean environment and with other food.”

When merchandising produce, the notion of abundance is important, Barry explains, because partially filled produce displays do not look appealing. She advises using smaller displays if stores are not selling or sourcing sufficient produce,

or filling displays with other relevant items, such as nuts, “to give [customers] more complete solutions,” she says.

Abundance certainly helps sales, Goodwin says: “People want choice and selection, not the last package of strawberries. We do our best to have abundant displays, but it’s very challenging in a c-store environment.”

Full displays, says Burcher, help consumers feel confident the food is fresh, vs. one or two items on a 2-foot shelf. “Retailers need to make the commitment to the display minimums necessary to look full,” he says. “It creates the visual billboard for the produce section in the store.”

But it’s not enough to simply fill shelves with healthy fruits and vegetables, cut up or not.

Selling fresh products is just one element of the retail experience for shoppers, says Wright of The Hartman Group. “Ambience, decor, narratives about food and beverage origins, and product selection contribute to [customers’] sense of higher-quality experiences,” he says.

“Foods with a health halo (including nuts, dried fruit and artisan baked goods) all can elevate the retail proposition.”

“Produce connects the dots,” says Tedes-

chi’s Goodwin. “You can’t be in the produce business unless your coffee is fresh. You can’t just go after produce in a vacuum. It’s got to be a total fresh-foods initiative.” ■



Shake It Up: Designed for customers on the go, Bolthouse Shakedown include carrots and seasonings—and only 25 calories per package.