

THE PACKER

Value-added stokes sales growth

By Jim Offner
 Special to The Packer

The produce category has generally ridden a wave of positive press against a backdrop of obesity across the U.S. As a result, produce sales grew 3.3% in 2007, according to research firm the Perishables Group.

Throw in some added value, such as consumer convenience, an expanding array of products and portability and note even higher sales gains in the fresh-cut sector.

According to numbers recently released by the West Dundee, Ill.-based the Perishables Group, fresh-cut dollars had increased 4.6% year to year, reaching \$2.1 billion in sales.

"One of the other big theses is the products we're seeing a lot of growth on is vegetables that allow for easier preparation," said Jonna Parker, senior account manager for the Perishables Group. "Blends are a great way for folks to try fruits and vegetables that they might not have consumed before."

Fresh-cut fruit sales grew by 5.7%, while the more-established fresh-cut vegetable category jumped 3.7%, according to the research firm's numbers.

"I think there's still plenty of room for growth, but there's plenty of room for growth for all produce consumption," said John Toner, director of convention sales and services for the Washington, D.C.-based United Fresh Produce Association.

But convenience, portability and other factors will carry the category only so far, Toner said.

"I think that's really where the industry has to be focused on is driving consumption: taste in every bite," he said. "The consumer bites into something, whether it's a fresh-cut product or whole, and they enjoy it. If they do, they come back for more. If they don't have a pleasurable experience, we've lost that customer for life."

Toner is putting together the fresh-cut portion of United Fresh's upcoming convention May 4-7 in Las Vegas.

There were about 250 companies signed up to attend the show, as of the mid-March.

"The (United Fresh) show keeps getting bigger, and the fresh-cut side keeps growing right along with it," Toner said.

The fresh-cut agenda will feature FreshTech, which showcases the latest tools and technologies in the category, and Fresh Marketplace, which is a showcase for the latest products, Toner said.

"You will see some packaging in Fresh Marketplace, because they feel they have their feet in both places," he said.

Fresh-cut shippers say the sales trends in the category are astounding.

"It's a concept that I firmly believed in when I came to this company," said Jason Landry, Yarmouth, Maine-based director of sales for the value-added line for Eden Prairie, Minn.-based Green Giant Fresh marketer Sholl Group II.

"I saw the category as an opportunity to go into the produce department and create a section with the Green Giant vegetables. We have more than 450 (stock-keeping units) in the fresh-cut section, and

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Joe Caldwell
 Monterey Mushrooms Inc.

most are microwaveable."

If an item can be cut and packaged, there's a market for it, said Joe Caldwell, vice president of Monterey Mushrooms Inc., Watsonville, Calif.

"It continues to be growing category," he said. "As most retailers have seen in last year with success in sliced product, they've put multiple pack sizes out there. You're seeing 8-ounce and 16-ounce packs."

Consumer acceptance of fresh-cut items remains uneven, from region to region, but the category is posting gains everywhere, Caldwell said.

"The West Coast has become dominant — in the Midwest and East, a little less so," he said. "Some customers are a little cautious about putting different packaging in, but we've been pleased with it. About a half dozen retailers have called us in the last six months."

Confidence in safety

Convenience and a perception of safety are key attributes to fresh-cut product, said Merle Axelrod, president of Mahwah, N.J.-based fresh-cut vegetable shipper Supreme Cuts LLC.

"I think with consumers it's the time savings, but it's also a confidence level on the safety of the products," Axelrod said. "There are a lot of products that are prepared, but you also want the safety. Consumers are becoming more astute. We're right there."

"Convenience is important, no doubt, but even from the foodservice point of view you're always looking for the next new and exciting idea."

Supreme Cuts was founded five years ago as a fresh-cut supplier, Axelrod noted.

"We started with green beans and a medley and expanded from that," she said. "We branched out from bean line and baby veg tray program as well as a French bean product to trimmed brussels sprouts and fresh-cut corn."

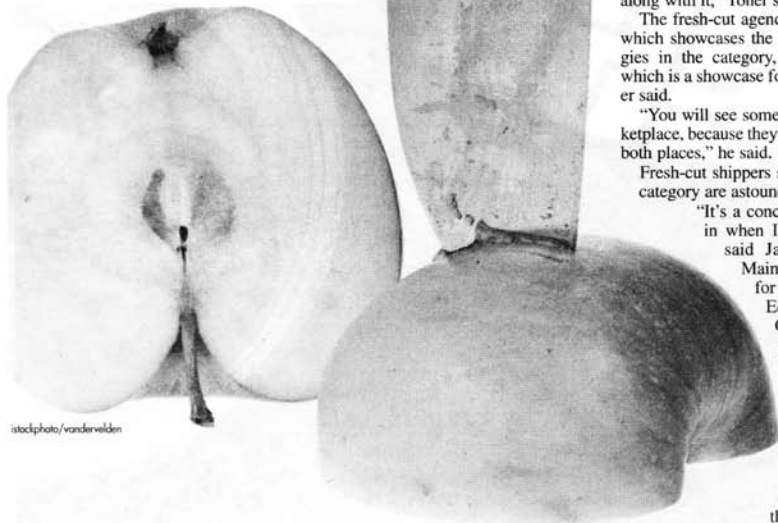
The company has potatoes and numerous other items, as well, Axelrod noted.

Parker said there is no telling how far the fresh-cut category can go.

"I think it's improved quality, improved variety that are driving it," Parker said. "From our consumers survey, those were the two loud and clear themes that folks were looking for in fruits and vegetables."

The portability of the product also is a big factor in the category's growth, Parker said.

"Obviously, single serves are continuing to be key," she said. "Portion control takes on more importance as households are getting smaller. You're also seeing fresh-cut fruits and vegetables becoming part of kids' school lunches and workers' lunches."



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