


Packaging convenience; Whether they're looking to save a few steps in meal preparation or grab a quick and healthy snack, consumers are finding the value in value-added produce.(focus on fresh)

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WITH AN INCREASED FOCUS ON HEALTHY EATING, today's consumer knows the importance of eating a variety of fresh fruits and vegetables, ideally prepared as part of a home-cooked meal. But hectic schedules can often make cooking from scratch seem like a chore, which means many shoppers are looking to save a few culinary steps.

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Enter value-added offerings, a familiar entity within grocer's produce sections that are often associated with pre-cut veggie platters and fruit trays. Now expanded to include the popular bagged salad segment as well as microwavable options, value-added produce has the potential to provide convenience to both consumers and retailers alike.

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"We define the category as items that offer added value to both the [retail] customer and the consumer," says Scott Seddon, marketing and advertising specialist for Delray Beach, Fla.-based Pero Vegetable Group. "The category has developed in recent years, but it's not fully developed; I think it's just on the threshold of what it's going to become."

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According to Seddon, value-added produce presents numerous benefits to the retailer, first and foremost being that it eliminates the need for additional handling at the store level. Furthermore, the category also has the potential to increase efficiency at the register by incorporating a UPC code instead of the traditional PLU number, which needs to be manually entered.

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Rachel Leach, marketing director for the Bancroft, Wis.-based Russet Potato Exchange, opts to define value-added offerings that meet a specific consumer need. "You're taking out a step or steps for the consumer," she says. "It means less time, less prep and sometimes it may mean more money, but the consumer is paying for that convenience factor."

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Industry experts note that sales across the category are growing due to a greater variety of products, which consequently means an increased number of SKUs on store shelves. The availability of blended and medley products, as well as the prevalence of single-serve formats and microwavable bags, has enhanced the visibility of the category and is luring shoppers to try the offerings as a result.

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"We're trying to build the category in a similar way to how the salad category was built years ago," says Jason Landry, director of sales for Minneapolis-based The Sholl Group II, marketer of the Green Giant Fresh brand. "It took a lot for the processed salads to really take off and to gain the consumer confidence, and I think we're starting to get that now with the consumer with cut vegetables."

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As with all produce items, issues surrounding food safety have clearly impacted the value-added segment, which means that gaining consumer confidence may be crucial to the industry's continued success. Insiders say that as shoppers become increasingly concerned about the handling and traceability of food, they will place more value on a product that is perceived to be pure.

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"I believe the consumer has developed a perception that because an item is processed it may not be whole or natural," says Greg Kurkjian, director of retail sales for Salinas, Calif.-based Mann Packing. "So we have to show that these products are grown with good practices and are grown in a safe manner."

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DEFINING CONVENIENCE

While food safety concerns are expected to remain top of mind for consumers, observers note that the true appeal of value-added produce remains its convenient nature. How the shopper chooses to define convenience, however, is proving to be an equally important part of the marketing equation.

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"I think providing convenience for the consumer is a bigger challenge than we anticipated," says Bob Meek, CEO of Idaho Falls, Idaho-based Wada Farms Marketing Group. "For a few years, many organizations and groups have been focusing on convenience, but the challenge is to get the consumer to recognize the convenience and for them to figure out how to use that convenience."

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On a primary level, value-added produce offers a convenience by eliminating the need for shoppers to wash, cut and/or peel. Microwavable bags, such as those used in Green Giant's Steam Perfect line, take the value equation a step further by potentially reducing the number of pots or pans used to prepare a meal.

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Some insiders say that the availability of value-added produce has actually caused shoppers to venture into the kitchen more often, but the consumers' concept of cooking has radically changed. "Cooking from scratch is not as prevalent," says Leach. "The consumer may be preparing more meals at home, but those meals are not from scratch."

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Candice Blackmoore, marketing manager for Guadalupe, Calif.-based Apio, Inc, agrees, and says that a resurgence in home-prepared meals coupled with time pressures have created an ideal scenario for value-added produce offerings. "The opportunity for value-added produce has grown, as it meets the need for both people looking to be healthier as well as those who are lacking the time in the kitchen," she says.

Complementing this demand for prep-free items is a desire for smaller, more healthful portion sizes. Not only do portion controlled items have the potential to appeal to those shoppers who may be dieting or curtailing their food intake, but they also are a wise choice for the growing number of single-person or two-person households.

"We're trying to serve a couple of different masters," explains Kurkjian. "One is the 'foodie' who likes to cook and prepare their own meals in-house, and the other is those smaller, two-person households that may be more convenience focused."

In addition to making meal preparation easier, snacking is also starting to shape the value-added category. These items may also contain an additional feature such as a container of yogurt or dressing for dipping.

"Value-added fruit is its own category, value-added vegetables is its own category, and then of course you have packaged salads, which is a big part of value-added produce," says Kurkjian. "But they all tend to come together into snacking. You're seeing a lot of single-serve salads with protein added. You're also seeing snacking vegetable trays."

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Of course, regardless of whether a value-added product is purchased with the intent to complete a meal or to replace a bag of chips, these types of products are going to demand a price premium that may cause some shoppers to debate their worth. To this end, industry experts stress that value-added offerings must successfully marry the elements of good taste, high quality and convenience in order to be deemed valuable in the eyes of the consumer.

"Back when packaged salads started, consumers didn't see the benefit of paying \$1.99 to \$2.99 for a bag of lettuce when they could purchase a head of lettuce that may have cost 99 cents," says Landry. "It's going to take awhile for them to realize the convenience of value-added produce, but I think after they use it a few times and see how much time it saves them, they will see the value in it."

Furthermore, some insiders say that despite the higher price points of value-added produce, current economic pressures just might create the perfect storm for the offerings. Says Blackmoore: "I think the economy will play an even more important role in tipping the scale in favor of value-added as people are spending less money eating out and more on home-prepared meals."

With a variety of products and potential usage occasions under its belt, value-added produce typically requires some extra effort when it comes to effectively merchandising the enhanced offerings. Observers stress that it has been proven that the more visibility the category receives, the more inclined customers will be to buy the products on a regular basis.

"We have seen success with grocers that have both a cut-vegetable category schematic with all aspects of the category, as well as a grab-and-go section for items such as single-serve salads and small trays," says Blackmoore. "Our experience has shown that consumers looking to purchase fresh cut vegetables don't look in the same area where bagged salads are kept. The best place to merchandise pre-packaged cut vegetables is alongside the same commodities sold in bulk."

Insiders also believe that value-added produce offerings can potentially help retailers present consumers with in-store meal solution centers where they can purchase multiple ingredients needed to form a particular meal. This approach is considered to be an evolution from traditional cross merchandising that while effective, still requires shoppers to visit multiple areas of the store.

IN-STORE MESSAGING

Proper signage and point-of-sale materials can also be effective tools for merchandising the category, although strategic placement among seasonal items is key. "Retailers do not need to have a sign up there all the time," says Leach. "You can have a featured product or a seasonal product. It does not have to be up there everyday. That actually doesn't help the category in terms of putting a new light on it and refreshing it."

Leach goes on to note that for value-added potato products, such as those that may be individually wrapped for quick grilling or baking, traditional bins or baskets can be used to efficiently segment and merchandise the offerings. "Even if the bin that you're using is a more generic bin, you can still put a false bottom in it and take a whole line of potato products and put them in there," she says.

Grocers are also encouraged to work directly with suppliers to create customized, targeted solutions for

their value-added offerings. Wada Farms Marketing Group has recently created its own company called Category Partners to specifically cater to retailers' needs.

"We've gone in with Farm Fresh Direct out of Colorado, and we've partnered with them to make the transition from the distribution center to the consumer, to help retailers better manage the products, and to speak a louder and clearer message to the consumer about what our products are," says Meek. "We want to help them with their category management and marketing."

For retailers curious about what the future of the category may hold, insiders say that overall the growth is expected to continue. Suppliers predict that innovation will remain a driving force behind the industry, although it remains to be seen which types of products will prove to be winners in the long run.

"Innovation, like anything, doesn't come cheap," says Meek. "It's something that has to evolve. There has to be a need for it. Just like with all new products, a certain number of products are going to fail, a certain number of efforts are going to fail, and that's natural and to be expected."

According to Kurkjian, innovation within value-added produce comes with an inherent ease due to the low cost of entry associated with the category. "The product development process within value-added produce requires a low investment and there's low risk involved," he says. "You've got a facility, you have products and you can slice and dice them a hundred ways, and put them in a package and throw them out there."

"The challenge we have is that there are so many new products coming into this industry, and they tend to be blurring together," he continues. "I think as an industry we need to do a better job of determining what the consumer needs are first and then work our product development from there."