

RETAIL NEWS FROM CTFA'S MARKETING CATALYSTS IN THE UNITED STATES AND CANADA

Period Ending August 6, 2004

CTFA Vice President of Marketing

Sheri Mierau

- Retail excitement and effort in the end of our season continue to be very positive. All comments continue around the flavor and quality of the fruit this year.
- Many retailers are choosing to stay in CA this year, rather than moving to WA due to the great tasting fruit.
- As we begin our planning for next year we will be focusing on such a great ending and work with the retailers to support us much earlier in the season. We are definitely leaving a great taste in everyone's mouth.

CTFA Director, Domestic Market Development

Dovey Plain

- Back-to-School POS kits have arrived at most retailers who ordered. As with our regular POS this year, many retailers who normally don't use POS have requested it.
- **Ralph's** is pulling out of the Fresno market. The Fresno Bee reports that Ralph's is closing its two Fresno locations because the stores have been unprofitable since opening. Ralph's closed five stores money-losing store throughout the state.
- Most retailers are being realistic about the cancellation of late season promotions. As one Produce Director put it, "there's no point in doing demos when there's no follow-up sales to be gained." There are a few however, who fail to understand, and want to demand "their promotion funds." We diplomatically explain that the funds, which have been reduced because of the short crop, belong to the growers and are used to promote the crop. We can't promote a late season crop that simply will not materialize this year.
- Final round of CIMPA-funded demos will be taking place this month with Canadian retailers. It was great to have this money to utilize on top of our regular promotions in Canada.

Northeast / Eastern Canada

Cece Krumrine

MARKETS VISITED: New England

ACCOUNTS: A&P, Food Emporium, ShopRite, Pathmark, Stop & Shop, Market Basket*, Hannaford, Bozzutos, Shaw's, Roche Bros., Giant Eagle, Price Chopper, Wegmans, Penn Traffic, Metro, Montreal, Sobey's Montreal, Sobey's Atlantic.

*visited this period

MARKET OBSERVATIONS:

- Canadian retailers are thrilled to have the CIMPA grant-funded demos again this year. It provides extensive demo coverage in stores – enough to really have an impact. **Sobey's** Atlantic is making sure to either have the item on ad or as an in-store special for each demo.
- New Jersey peaches are making their presence known in stores – and in ads. Some current ad observations:
 - A&P – NJ peaches .99 lb. CA peaches, plums and nectarines, all 1.99 lb.
 - Food Emporium – NJ peaches .99 lb. CA peaches, plums and nectarines, all 1.49 lb.
 - Wegmans – only CA peaches on ad at .99
- Much of this past two weeks has been spent making sure accounts are aware of the late season situation and altering promotion timing if applicable.

Mid-Atlantic

Sheila Carden

MARKETS VISITED: Richmond

ACCOUNTS: Acme; DeCA; Giant-Landover, Giant-Carlisle, Harris-Teeter; Ingles; Kroger-Columbus, Kroger-Louisville, Kroger-Roanoke, Kroger-Cincinnati, Weis

*visited this period

MARKET OBSERVATIONS:

- Contacted all accounts to tie up Hot Ad promotions. Not as much participation as last year. Top two reasons for lack of response: (1) lack of time to implement and send in documentation and (2) dollar amount not large enough. It's not that they don't want the money, they just don't have the time.
- Organic fruit displays vary greatly within the same chain. Not all stores in a chain get organic soft fruit.
- **Ukrop's** store manager discussed with me how the rainy weather has affected sales this year. We are in the midst of a rare 4-day dry spell. Temperatures this weekend range from high 50s to low 80s. The ground has not been able to try out all summer.
- Reviewing promotions with accounts and moving the timing of late season promotions from Sept. to Aug.
- Two produce food shows scheduled for September. Still good to give out info that late fruit is available in a normal year.
- Customers still amaze me on two fronts (1) don't know how to pick out a ripe peach, plum or nectarine; and (2) don't know how to ripen our fruits. I asked a friend of mine who was complaining the peaches she purchased were unripe, "What do you do with unripe peaches when you get them home?" She said, "I eat them."

Southeast

Terry Vorhees

MARKETS VISITED: Tampa,

ACCOUNTS: Albertson's – Maitland; BiLo; Bruno's; Dillons, Food Lion; Kash N Karry; Kroger – Atlanta; *Publix; Winn-Dixie, Lowe's, Schnucks, AWG Kansas City, Save-a-Lot.

*visited this period

MARKET OBSERVATIONS

- CA stone fruit ads have been plentiful over past two weeks. Low price leader is **Wal*Mart** at .74-.77 lb. **Ingles, Bilo, Publix** and **Food Lion** have all had fruit on ad. Store visits at several Publix stores revealed supplemental lobby displays. All fruit, including Summerwhite varieties, were at 1.29.
- Some store checks also showed that the southern peaches had more size than earlier in the season but lacked color. One store had what I would consider very poor quality southern peaches. Some were misshapen and had some black spots on them. They were next to CA peaches and if the customer were buying on appearance alone, they would definitely be buying CA peaches. And fortunately, the taste of CA fruit remains unbeatable.
- Back to school POS has been a hit! My allocation has been sent to **Publix** and **Lowe's Foods**. I cannot

remember the last time Publix has agreed to display any POS material.

- Garry Bergstrom at **Publix** said that this is one of the best years ever for eating quality of CA stone fruit. Garry decided to pass on the in-store demos we had scheduled for the late season. This is a huge help in reducing my promotional budget. We discussed Publix staying with our peaches in September and Garry said he felt they would not be moving to Washington or Idaho since the eating quality of our fruit has been so good. He said he knows it causes a dilemma for our grower/shippers when they do not buy our fruit in the late season.
- I have "pulled the plug" on any promotions that were not signed by mid July. In-store demos will be finished by mid-August at **Bilo, Lowe's** and **Kroger**, Atlanta.

Western U.S. / Western Canada

Matt Ellison

MARKETS VISITED: Washington, N California

ACCOUNTS: Overwaitea, Federated Co-op, Fred Meyer, *Associated Grocers, Albertson's-Portland, Winco, Raley's, Albertson's-NCal, Costco, Safeway-All divisions, Gelson's, Food-4-Less, Savemart, Ralph's, Albertson's-SCal, Stater Bros., Albertson's-Salt Lake City, Smith's, Fry's, Albertson's-AZ, Basha's

*visited this period

MARKET OBSERVATIONS:

- **Winco** still going strong with California product in Washington State. The Federal Way store in WA sold 80 cases of nectarines and peaches from Friday through Saturday afternoon. Product was not on ad or in-store special - it was just business as usual. Rich Charrier, Produce Director, reports great success with their two-tiered program. 32-34s are the premium product and 56s are the value item. "The 56's have been a big mover," stated Rich.
- In return for two incremental Summerwhite ads above the 2003 season, **Ralph's** will be awarded demos. The Summerwhite nectarine demos are planned for Sept 4th.
- John Mason, **Safeway's** National Category Manager, liked the back-to-school POS and ordered it for all divisions except WA, OR and Texas. We reviewed Safeway's ad count to date and determined they were slightly behind from last year and needed to promote harder for a strong finish.
- Results from the July 6th Summerwhite Nectarine demos at 160 Canadian **Safeway** stores are in. Case movement increased by 51.5% during the demo. Demonstrators report: Consumers were excited and eager to try, wanted

to know how to pick ripest fruit, liked the sweet taste but not the price. No final report back yet from the July 28th Summerwhite peach demos.

South Central

Jeannetta Davis

MARKETS VISITED: Houston, Memphis

ACCOUNTS: Albertson's – Denver, Ft. Worth, Brookshire Grocery; Fiesta; Gerland's; Grocer's Supply; HEB; King Soopers; Kroger – Houston/Dallas, Memphis; Minyard's; Sam's Club; United Supermarkets; Wal*Mart; Whole Foods; Wild Oats

*visited this period

MARKET OBSERVATIONS

- Contact with retailers during this period has been via phone and email.
- Working with Premier Concepts, Wal*Mart and Wal*Mart shippers to evaluate the store audit program started in June. Will plan to attend the September Premier Concepts (PC) meeting to have the opportunity to talk with PC's territory managers to ask their suggestions on how to make the program better. The purpose of the audits is to correct stone fruit modulars when PC's territory managers are in the Supercenters.
- Continuing to work to source and coordinate the different components needed for the Houston Kroger event planned to start August 13-15. Kroger will include bagged stone fruit during the event to target the back-to-school crowd.
- Also working with HEB to conduct a consumer intercept study.
- A major retailer in Texas has asked the following question. "Do you have any technical information on Modified Atmosphere bags and soft fruit? With the season ending early, I am interested in trying some." Found some research on the internet but nothing specifically about stone fruit. Told him we weren't aware of anyone using this packaging.
- **Wal*Mart Supercenters** in the Newport News, VA area have Washington nectarines. Hopefully the only reason for that is that CA supplies were too tight.
- According to recent trade publications, **Albertsons'** new chain of limited assortment, price impact supermarkets is scheduled to begin rolling out beginning next month, with five stores in the Dallas market and two in the Baton Rouge area. The stores, which will run under the Super Saver banner, all are in former Albertsons locations. "We

are committed to the strategic development of a totally new type of price impact store, and through the acquisition of seven ideal locations we are able to get this exciting retail concept off to a fast start," said Mike Clawson, president of the new price impact company. "Consumers in the seven initial Super Saver neighborhoods have told us they want a supermarket that offers them limited assortment, high quality products, low prices, minimal services, and a bright, clean and uncluttered retail shopping environment." Albertsons created a new company, Extreme Inc., to run the stores independently of the parent corporation.

Midwest / Toronto

Jim Hager

MARKETS VISITED: Toronto

ACCOUNTS: A&P Canada*; Central Grocers; Coborn's; Cub East & West; Dahl's; Fareway; Hy-Vee; Jewel; Kroger, Indianapolis; Loblaw*; Marsh; Nash-Finch; Meijer; Roundy's; Sobey's*; Super Target.

*visited this period

MARKET OBSERVATIONS:

- Ontario Peaches started this past week (small in 3L baskets) but **A&P, Loblaw and Sobey's** stores all kept a strong display presence for California tree fruit. **Zehr**, for example, advertised both in its two-week ad thru Aug.13. (3L Ont. Basket at 2.99 and Cal. tree ripe peaches or nectarines at 1.49 lb). Ontario is getting the lobby displays but we have dominant, up-front placement.
- Michael Borscsok, category manager at Loblaws, has this information for the rest of the Ontario deal: Good supplies of peaches to Sept. 15; overall plum crop is just 40% of the 2003 crop; and the best varieties of nectarines will start Sept. 5.
- In one of the newer **Loblaws'** suburban stores, 4 lb. California nectarine cartons (10 count) were retailing for 6.99 Can.
- A&P's **Food Basics** chain advertised our peaches or nectarines at .57 lb. (Can.) from July 1-15 and nectarines outsold peaches by 2 to 1. **Dominion** focused on tree ripe the last two weeks of July at 1.99 and 1.79 lb. In these stores, nectarines also outsold peaches (by about 20%).
- The big 3 in Toronto all report an outstanding quality season for California. **Loblaw** says plums have been the biggest gainer for the banners this season.
- Some of the retailers that had scheduled California Tree Fruit ads in September have replaced them with earlier incremental promotions. One account for example, had

an ad scheduled for every week in August except the 18th.
We worked in the addition of a “Manager Special” pricing
promotion for that week.

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