

# DOMESTIC Market Report



..... Retail news from CTFA's marketing managers in the United States and Canada

May 29, 2007

## CTFA National Accounts Manager

*Joanna Frith*

Welcome to the first 2007 edition of the *Domestic Market Report!* The season is underway, and there is much positive feedback and strong excitement around the category. As usual, this first issue is full of information about retail action as reported by our Marketing Managers and staff.

The programs and materials created for the 2007 season have been well received by retailers. These include the Cal State PPN training website, the Grill'n and Chill'n Sweepstakes, and point of sale material such as the "Fresh off the Grill" brochure as well as "Which Peach is Your Peach" and "Are You a Cruncher, Leaner or In-Between?" signage. Over 55 retailers are participating in the 2007 programs or utilizing materials. More details on each of these items are provided below.

Additionally, Marketing Managers have presented 26 Category Reviews to retailers across the U.S. For 2008 we look forward to expanding the Category Reviews to 28, due to great feedback from both industry and retail.

**Cal State PPN:** Cal State PPN, a new retail training website, was launched April 6<sup>th</sup> and has drawn strong interest from retailers. Over 30 retailers are either using or interested in using the site for spring retail training. Designed to deliver key category information in a fast, flexible format, the training site is already proving to be a popular product. A power point presentation of Cal State PPN and the quiz can also be downloaded from [eatcaliforniafruit.com](http://eatcaliforniafruit.com) website.

**Grill'n and Chill'n:** Nineteen chains, representing more than 4,000 stores, plan to run the Grill'n & Chillin' sweepstakes promotion. The 2007 Grill'n and Chill'n promotion will begin June 1<sup>st</sup> and will run until September 30<sup>th</sup>. This year, consumers from participating retail stores have the potential to win second prizes of California PPN fruit logo-imprinted coolers, first prizes of \$500 gift cards to Barbeques Galore, and one grand prize of \$5,000 to Barbeques Galore to create the backyard kitchen of their choice.

In addition, celebrity chef Adam Perry Lang, owner of Daisy May's BBQ in New York, is acting as spokesperson for PPN grilling throughout the season. He's lent his expertise in the form of great grilling tips for press releases, and will soon appear on Rachel Ray's 60-Minute Meals special, preparing Grilled Lamb Chops with Arugula, Aged Goat Cheese, California Peaches and Toasted Almonds.

**Point of Sale Material:** Over 35 retail chains plan to display "Which Peach is Your Peach?" or "Are you a Cruncher, Leaner or In-Between?" materials. The "Fresh off the Grill" consumer brochure has proved popular as well, with at least 14 retailers planning to distribute more than 110,000 copies through more than 1,400 stores.

We hope the season is off to a great start for you. Please feel free to contact CTFA staff and Marketing Managers if you have any questions about the 2007 programs or if we can be of assistance in any way.

## Southwest

*David Anderson*

**Markets Visited:** Grand Rapids, Lansing MI, Chicago, St. Louis, Des Moines, Kansas City, Wichita KS, Columbus, Cincinnati, Indianapolis – Louisville handled via phone) Dallas – Ft.Worth, Houston, San Antonio, Austin TX, Bentonville AR.

**Accounts:** Wal-Mart, Sam's Clubs, Wal-Mart Corp Marketing, Schnuck's, AWG KC, Ball's Food Stores, Hy-Vee, King Soopers, Minyard's, Albertson's Ft. Worth, Brookshire Grocery Company, Fiesta Mart, Kroger SW, FoodTown, HEB, Central Market, Whole Foods SW, Dierbergs, Dillon's, Kroger Columbus, Kroger Louisville, Super Target

*(Boldface accounts: Visited or contacted this period)*

### Market Observations

Universal optimism sums up the early season attitude among retailers in the Central U.S. With crop looking good, and an earlier start to the season; we are already seeing feature ad activity, and many retailers displaying stone fruit front and center in 5-8 SKU configurations.

**Texas:** H.E.B. and Wal-Mart continue to dominate the ACV game in this market area. In Houston, H.E.B attempts to achieve the kind of market share originally envisioned when entering the market almost 10 years ago. In DFW / North TX Albertson's LLC continues to lose share, albeit in smaller chunks than years past. Tom Thumb is now the number 4 retailer in that market, and also is losing share. A surprising "winner" has been a select group of locally owned, managed independents that have proven to be difficult if not impossible to supplant in the primarily urban, smaller footprint locations. Good examples of these operators would be Fiesta Mart, Foodtown (Houston), Minyard's (Carnival format), Malone's and Elrod's Cost Plus, (DFW). In San Antonio / Austin well over an astounding 80% of the ACV is controlled by H.E.B or Wal-Mart.

**Great Lakes:** Meijer is attempting to gain share in Chicago, while Jewel-Osco works thru their latest ownership change. It's clear this market is in flux with Dominick's finally off the selling block, but not off the snide in terms of market direction. Indy, Columbus and Detroit find Meijer and Wal-Mart adversely affecting Kroger's share, while Cincinnati Kroger has managed to eke out a fairly significant same store sales increase while facing the aforementioned industry titans and a reinvigorated Bigg's Hypermarket operation.

In St. Louis, Schnuck's has publicly announced their intent to fight Wal-Mart on center store pricing, while refocusing their perimeter department merchandising towards points of differentiation. This includes a rather unique focus on increasing associate knowledge at retail. Kansas City, Wichita, Oklahoma City, and Tulsa are increasingly becoming Wal-Mart markets, with the locally owned formerly dominant independent co-op members at AWG seeing share declines.

Hy-Vee continues to grow, with their very unique autonomous store operation. Nowhere else in the Central U.S. do you see a "chain" priced by the store, with all decisions made by location.

### Account Recap

#### **Wal-Mart**

The first fruit display shown here was taken May 8, 2007, showing their intent on being better at "first to market". Wal-Mart will be advertising fresh fruit this year, with mid-summer slated as the first of what will become frequent print advertisements. At this point, one would surmise California soft fruit as a likely ad item.



Your merchandiser has been very active working admittedly behind the scenes with Wal-Mart fresh marketing team attempting to place PPN in a more prominent in-store signage / educational role. The number of vehicles being utilized in-store to "sign" is diminishing, not increasing, with a clearly more focused program forthcoming. Everybody in Wal-Mart's marketing department acknowledges the need to better educate Wal-Mart shoppers, and the need to better showcase this

in produce – given the “halo effect” acknowledged as needed and desired by Wal-Mart brass. One would consider any placement or utilization of the PPN Download Center materials, imagery or verbiage a huge victory this season, but more likely – a goal for next season.

### **Sam's**

An industry first at Sam's this year - board approval of an outer package custom/CTFA provided artwork, and agreement allowing Sam's to utilize all season long. Not enough good things could be said about the California stone fruit industry from the contact in Bentonville, who incidentally is departing to Global Procurement position in the next month or so. This effort replaces what had been a generally acknowledged failed demo program, one that was not generating enough new users, nor sales for Sam's Club. Their intent to stay in bags is somewhat surprising, but their success last year in mid-stream by moving to a more value oriented approach appears to be the basis for this decision.

### **Hy-Vee**

Is participating in multiple in-store messaging programs this year with the “Grill'n and Chill'n” promotion and the new CLI version. They also intend to re-focus efforts for the Summerwhite® category, with additional supply/packaging considerations.

### **Fiesta Mart**

The move to Grocer's Supply produce distribution is here, and it's a new day for Fiesta Mart without First Quality GSC will service all stores, all markets and all products. Suppliers can plan on significantly more volume out of this wholesaler in Houston, TX. While sharing the 2006 season review, it was clear their quest to be cheapest front page peach week in and week out has resulted in degradation of the category. They have had to work a lot harder to generate same dollars as result. Contact has agreed to utilize the PPN Network's POS, (first), and also agreed to consider benefits of trading consumers up, instead of down – although hastened to add this is not always going to work if competition forces their hand.

### **Kroger SW**

This KMA continues to amaze. Despite the addition of both a reinvigorated H.E.B (with local warehouse) and over 40 brand new Wal-Mart supercenters over the last 4 years they are still number one in Houston market share. While maybe not forever, this customer has shown how listening to supplier / CTFA family can benefit category performance. A very clear move to higher quality and corresponding upward shift on price did not have a large adverse impact on category volume last year for Kroger. This could / should serve notice for other retailers considering a trade down, sell cheap mentality. This retailer will participate in both Chilling/Grilling and CLI POS package.

### **King Soopers**

King Sooper's is also one of the retailers who received data review, and it was generally well received. They were pleased to see positive category results in plums, given their increased focus last year, as well as generally acknowledging that the local deal, while blustery and certainly fraught with rhetoric, is not that significant when assessing its impact on total PPN category performance. Tremendous overall volume here, with some suggesting their per store produce sales are now the highest in the Kroger family of formats. You will see “iron man” station signs (22x28 inches) in both Grill'n & Chill'n and original CLI artwork here this season.

### **Schnuck's**

Contact here took notice of the enhanced PPN Network site. Given their interest in being the “food information source” in St. Louis for all shoppers, the category managers are being charged with providing retail associates as much information as possible. This retailer was one of the first to get username/password during sell-in period and has confirmed intent to use some of the network information in print ads. Will participate in Grill'n & Chill'n and will also display original CLI POS.

**Minyard's**

While now part of the AWG co-op, don't be surprised if Minyard's goes outside for produce procurement. This decision is imminent – which ever way they go. Meanwhile, the Carnival format continues to be the focus here, and this customer also showed interest in the PPN Download Center. Suppliers looking to align themselves with a volume operator capable of moving smaller-sized fruit would be well served to contact Minyard's in DFW.

**Brookshire's**

We are seeing Brookshire's in Tyler moving further and further away from California in terms of season-long support. While some of this was weather driven last year, it's been a trend for a few years, and one that doesn't seem to be abating. Addressing their perceptions (real or otherwise) regarding PPN shelf life, sugar content, and ability to merchandise vs. Washington has proven to be difficult. They can move volume, and they are one of the few retailers capable and interested in actually merchandising four or more plum varieties at the same time.

**Kroger Columbus / Detroit**

As is the case with Schnuck's, King Soopers and Kroger SW, the Great Lakes KMA also will have a dual program in terms of in-store POS signage. Good volume here, although they are operating in a very competitive market area between Central Ohio and Detroit / Toledo. Marketplace stores seem to have been their "go to" format and the locations visited last month were some of the nicer Kroger Format stores your merchandiser has ever seen, regardless of geographic location.

**Kroger Louisville**

A traditional Southern Peach supporter, contact was still not all that interested in really engaging in the CA program this year. Will receive some station signs, but no placement services. This KMA serves as an advertising "hub" and is now online with PPN Network Download Center. Very exciting to see this occur in multiple Kroger KMAs for 2007!

**Kroger Cincinnati and Indianapolis**

Both supporting "Which Peach is your Peach" in-store messaging materials; both indicating they were excited to get going with promotional activity.

**Dillon's / Baker's**

Dillon's is remaking themselves and attempting to better align their efforts with sister formats Fry's and King Soopers. While unfortunately seeing more of the Colorado Peach phenomenon here, the meeting did go well with merchandiser acknowledging they might have gone too far to the price side last year, forsaking some dollars in the process.

**H.E.B.**

While quietly leading the pack in terms of Download Center "hits" last year, HEB found out how much value can be gleaned from its use. This season contact intends on continuing to focus on variety, sensing more "upside" in terms of incremental sales. Their annual "expo" is a traveling event this year, with regional meetings and dedicated breakout sessions with their newly re-formatted upscale, core and value store definitions. Expect to see HEB even more focused this year on segmenting their store/customer base to try to appeal to exact wants and needs. This already results in as many as 20 different ad configurations being printed at one time. (depending on location/demographics, store size, etc.) This may result in 3, 4, or even 5 yellow flesh peach sku's in one warehouse. Suppliers capable of meeting multiple size and quality standards might benefit from an enhanced line of communication with HEB this season.



Their "iron man" station sign as a messaging tool was a big hit in 2006. This effort will continue in 2007 with special deal timing and varietal availability driving participation. A trend one should also note is their alignment with Mexico, both in terms of their own operation as well as the ability to procure more efficiently in Mexico. Image included of Mexican peaches in store 5/17/07. While small and expensive, they were getting prominent end cap display location.

While not the size or scope of operation, Central Market is high profile, and a stop one must make if ever in Austin, San Antonio, DFW or Houston. Already displaying no less than 6 soft fruit items out of California a week ahead of Memorial Day. HEB continues to serve as the cross-dock distribution hub for these locations. Produce buying was moved to DFW corporate office last year from former Austin location.

**Northeast U.S. / Eastern Canada**

*Ken Berger*

**Markets Visited:** NY/NJ/ PA, New England, Ontario, Québec, Atlantic Canada

**Accounts:**

**New England:** BJ's, Big Y, Hannaford, Market Basket, Shaws, Stop & Shop, PPO  
**NY/NJ/Western PA:** A&P Atlantic, Pathmark, Shoprite, Food Town, Price Chopper, Wegmans, Acme, Giant  
**Ontario:** A&P Canada, Loblaw Companies East, Sobeys Canada  
**Québec:** Métro, Sobeys Québec, Provigo  
**Atlantic Canada:** Sobeys Atlantic, AWL  
*(Boldface accounts: Visited or contacted this period)*

**Market Observations**

**NORTHEAST U.S.**

All retailers audited this week are handling at the very least, a large yellow peach (**Acme** is showing small). Several are handling white flesh peaches and yellow nectarines. Only **Acme** is carrying a white nectarine and plums are all still from Chile. Pricing on yellow flesh is in the \$1.99 - \$2.99/lb range and up to \$3.99 on white flesh. **Market Basket** is showing the most aggressive pricing out there this week with a \$0.99/lb small yellow peach featured in its flyer and sold, overwrapped, in produce trays.

**Pathmark** provides its shoppers this week with its commitment to buying local - a trend that appears to be gaining strength across the region and a potential red flag for California. Included are images from the front page and produce page. (Note that the peaches featured are "California New Crop." The pineapple must come from South Jersey somewhere)...



In the **Stop & Shop** flyer this week at [www.stopandshop.com](http://www.stopandshop.com) they address the freshness issue with the headline "FAST DELIVERY MEANS FRESHER PRODUCE" and follow up with points about speed from pick to ship, efficient distribution and continuous refrigeration focusing on strawberries from California.

**CANADA**

**Wal-Mart Canada** leads the way in pricing with \$0.97/lb yellow and white flesh peaches. Of course, they're in heavy business-building competition mode with just 7 Supercentres currently in the Ontario market and many more to come.

A rare occurrence: **Mexican** peaches on flyer ad in Canada: where else but at #1-ranked retailer Loblaw's conventional Québec banner, Provigo. A front-page blast at **\$0.99/lb**...

In the early going, the Québec & Ontario retailers haven't differentiated product offerings yet in their conventional vs. EDLP banner stores.



Both Loblaws and Maxi are carrying large, tree-ripe peaches and nectarines while both Métro and Super C are handling large conventional peaches and nectarines. And in Ontario, both Sobeys and Price Chopper are handling small peaches and nectarines.

### Account Recap

#### **NORTHEAST U.S.**

**A&P Atlantic:** This will be first complete season for new Category Manager for Tree Fruit at A&P. The Category Review I presented will help him get up-to-speed on last couple of years where, he acknowledged, sales opportunities have been missed. Although A&P will not use POS, nor will it participate in the Sweepstakes, contact liked the idea of offering extended use ideas and so ordered 400 kits of Grill'n & Chill'n recipes. Biggest hits here were via the Download Center, Backroom Poster, Cal State PPN and the educational Power Point presentation. 400 backroom posters will be handed out at a meeting with his merchandisers May 23. Contact congratulated CTFA on developing much-needed educational items and is currently considering ways to best utilize the information, including a managers' seminar and in weekly bulletins to the store level. As an aside, contact said that there have been no changes yet to his merchandising functions since the A&P acquisition of Pathmark but that the integration is sure imminent.

**Acme:** Although there are clearly changes in the works on the procurement side of the SuperValu/Albertsons acquisition, it remains status quo on the merchandising side with no changes yet to Acme's personnel or operational strategies. SuperValu has recently merged three of its regional DCs into Acme's large Lancaster, PA DC but CM contact does not feel this will impact on Acme in any way. Loved the Chillin' and Grillin' piece as well as all of the POS that was presented. In store, will use 130 of Backroom Poster, and on sales floor, will start with whimsical CLIB POS then follow with Grill'n & Chill'n running June 29 - July 20, to end just as the local deal kicks in.

**Big Y:** Quick in and out here but productive as always. Big Y merchandises the California deal bulk per pound while it works the smaller southern/eastern fruit packaged. The only exception is during the peak of the Jersey deal when it merchandises the large peaches by the piece. I expressed my disappointment in the almost invisible mention CTFA received in Big Y's popular "Living Well, Eating Right" nutrition newsletter for the money it paid and contact contended that it's still a great vehicle for communicating to his shoppers and that I should sit down with Carrie Taylor and hammer out what we can mutually determine to be a fair and equitable arrangement. We will look into this for next season. Contact wants 60 backroom posters, 200 7X11 and 200 3-1/2 X 11 in the "Which Peach" POS and 2 of the Grill'n & Chill'n tear-off pads per store for a July-timed promo.

**BJ's:** V.P. Produce wasn't sold on his Clubs' performance with CTFA's hardware and POS kits last year expressing disappointment that he saw very few installations during the season. Backroom posters are a go and contact wants them kitted with Club # and "Attention Produce Specialist" on the tube and he will distribute internally. On April 18<sup>th</sup>, I delivered a Webcast to some 150 of BJ's Clubs across the Eastern U.S. conducted via PowerPoint Presentation and microphone from laptop in VP's office. CTFA was allocated 8 slides and I chose to focus on in-store ripening and handling guidelines. Well-received and I closed with a plug for store personnel to visit Cal State PPN for a more complete and fun training course.

**Giant Carlisle:** Met with merchandising contact who filled in for absent Category Manager, and confirmed that Giant will not avail itself of any of CTFA's materials, including the Grill'n & Chill'n Sweepstakes due to its commitment to the Orchard Perfect brand and the corresponding signage it intends to use. Requested promotional/advertising funding, although this subject has now been covered in two previous years of visits here. With respect to the Tops banner, everything is still status quo in that the chain continues to be up for sale with no legitimate takers yet. Since the sale of the OH units, Tops is now down to about 80 stores while Giant has climbed to 145 with the fairly recent acquisition of a dozen Clemens stores. (C&S bought the rest of the Clemens chain - 7 stores.)

**Hannaford:** Sweeping changes in personnel at Hannaford in the last couple of years, from V.P. Produce to Category Manager to Buyer to Merchandising Specialist. Hannaford Bros will be running a summer grilling promotion in July, where they will utilize "Fresh off the Grill" brochures. Hannaford is now operating 159 stores under that banner and is also servicing another 30 independent banners in New England. They also own the 110 formerly Kash 'n Karry stores - soon-to-be Sweet Bay in the southeast but although procurement is handled out of Portland, merchandising is done regionally. Contact liked the Cal State PPN course and will check it out as season approaches.

**Krasdale Foods:** NEW ACCOUNT - Krasdale Foods services some 200+ independent markets, mostly in the 5 boroughs of NY, but also with stores in CT, NJ, PA and RI. Director contact serves 80 of these stores with full-line produce, does the operations and flyer ads and has a team of 8 counselors merchandising the stores - CTown being the largest banner with 55 stores handling produce. Works with a couple of Hunt's Point wholesalers for procurement and distribution. Too late to get a POS order in but I instructed contact to look over the Download Center to print off his own.

**Market Basket:** Fully committed to a two-size program in most species of fruits, Market Basket does a huge job at in-store shrink-wrapping smaller fruit into produce trays. For the tree fruit deal, they'll handle large, conditioned California PPN along with large Southern/Eastern peaches for sale in bulk, and they'll package smaller California plums and nectarines along with smaller southern/eastern peaches for tray-pack sales. Compared to other regions of the U.S., there's not a lot of ethnic diversity in New England but Market Basket does have its pockets of Hispanic and especially Asian demographics. Buyer contact says he loves to work with vendor POS and chose the upscale version of CLIB - 7 X 11 for their end-caps and 3-1/2 X 11 for regular table displays.

**Pathmark:** Only retailer to feature white-flesh peaches and nectarines along with yellow-flesh w/o 5/21...



**Price Chopper:** Follow-up meeting with Buyer contact who, after some recent internal restructuring, is now responsible for the entire fruit category. We went right to the discussion of the new Download Center and contact said that he would not use any of CTFA's POS this season, nor will he go with the Sweepstakes; all signage will be provided by his tree fruit vendor. He did, however, order 115 of the backroom posters and indicated that he would peruse the website at a later date. Very quick in and out for this meeting; unusual for this ordinarily hospitable and enthusiastic Commodity Board program participant.

**Redner's:** Met with new Produce Director who had placed a POS order via the CTFA website. Discussed the Grill'n & Chill'n Sweepstakes and contact added those pieces to his order, requesting that the contest be run July 15 to Aug. 11. Will also use 40 Backroom Posters.

**Roche Bros:** NEW ACCOUNT. Will participate in the Grill'n & Chill'n sweepstakes. Also ordered CLI POS kits and backroom posters for its 17 stores.

**Shaws:** Despite the more-or-less recent Albertsons/SuperValu sale, Category Manager reports all is status quo in West Bridgewater and expects it to be throughout the upcoming CTFA marketing year. Shared the Fusion Industry Trends and contact very much appreciated the data provided. Said that he was very proud of what he thought was a top-drawer commitment on the part of Shaws to the conditioned fruit only out of California with terrific in-store execution of the CTFA/R&R customized POS, iTunes promo, aggressive pricing and front table display mandate. Feels that last year's crop quality played a role in sales decline and indicated that he intends to take a very close look at the entire process this season. Strong interest here in the educational program, including use of Backroom Posters and offering the Cal State PPN course during the 8 - 10 spring/summer "Road Show" training seminars. Contact also expressed some interest in POS but on follow-up provided no reply.

**Shoprite:** Category Manager contact wants lots of in-store coverage for the upcoming season, so ordered the full set of "Which Peach" POS - all sizes. Was interested in Grill'n & Chill'n Sweepstakes but stymied by NY state laws - contest cannot run in the state of NY where Shoprite has some 80 stores.

**PPO:** Buyer sat in on Stop & Shop presentation. See notes below...

**Stop & Shop:** New pricing/merchandising strategy being rolled out at St & Sh/Giant Landover only this year: only 1 flyer cover item/wk. All other advertised SKUs on produce page of flyer are at EDLP. Status quo for Giant Carlisle/Tops although it's no secret that Ahold is slowly divesting itself of the Tops banner stores. While Buyer strongly encourages use of POS, it's the CM's call and CM was not keen on its use last year. Will likely use Orchard Perfect materials.

**Wal-Mart:** NEW ACCOUNT. Courtesy call to Buying Team Leader contact based out of Johnstown, NY responsible for the following DCs: Bedford PA, Garrett IN, Johnstown NY, London KY, Washington Courthouse OH, Lewiston ME, Gordonsville VA, Wintersville OH, Pottsville PA, Olney IL, Sterling IL. Will not use CTFA POS but was impressed with

website, especially Cal State PPN educational component. Sees opportunities to use info in onto weekly "Comax," Wal-Mart's communication and action memo to its stores. May also use it at next Market Grocery Managers' meeting, Mid-West, next month. Wants to consider using our backroom poster and had me send him a pdf version.

**Wegmans:** NEW CATEGORY MANAGER CONTACT. The Cal State PPN concept really caught his eye. He also loved the backroom poster - in his words: "This is too perfect." We met as he was facilitating training for store personal on the fruit category in two separate meetings with Wegmans produce managers on March 21 and April 11 and had me present a 30 - 45-minute Power Point version of the Cal State PPN several times over to groups of 6 - 8 at a time. Each of its 65 stores was represented by the Store Manager, Produce Manager and Produce Lead at one of two sessions - the first of which was held in its Princeton, NJ store on March 21st and the second on April 11th at its conference center in Rochester, NY. A total of 50 slides was presented, about two-thirds of which came out of requests from the CM and/or adapted from the CalState PPN. As this will be the CM's first summer handling the tree fruit deal, this exercise was as much an education for him as it was for his store personnel. Wegmans key team members will be out in California w/o June 18th for visits with their vendors and orchard tours.

**Weis Markets:** Sizeable printing order from this central PA retailer: 160 kits each to contain 3-1/2" X 11" and 7" X 11" of the upscale CLIB, and Weis becomes the first retailer in my region to order the "Summer Passionates" as well. Weis will also run the Grill'n & Chill'n Sweepstakes June 30 through July 28. Finally, ordered 160 of the backroom posters, too. I also presented the Category Review but CM contact confessed that it was "*too much info*" for this small, rural chain.

## CANADA

**A&P Canada:** CM contact was very happy with CTFA's funding of the "Fresh Start" signage and recipe leaflet promotion last season, and for the cost for season-long coverage in all stores, it was a very good spend, enabling CTFA to utilize its own artwork and messaging. Suggested that we run it again and also asked about the in-store, point-of-sale video monitor program he saw run at his competitor's for another category last year. I told him that unfortunately it was not a consideration for this year but that we would re-visit for next year. Placed order for 250 backroom posters.

**Colemans:** Contact ordered enough backroom posters for 15 stores, as well as 30 of the CLI POS kits, including the posters. I also delivered a Manager's Seminar using the Power Point presentation and Quiz from the Cal State PPN course on May 23<sup>rd</sup> in Corner Brook, NF. Already advertising week of May 21 with California identity included.

**Coop (FCL):** Ordered 22 of the CLIB (original) in assorted sizes along with 22 backroom posters.

**Loblaws Companies East:** All merchandising functions are in the process of being integrated into the Ontario office. This will place the merchandising for all regions across Canada into the hands of the existing CMs and their support staff in the Cambridge, ON office only. Loblaws' regional offices throughout the rest of Canada are expected to operate in the future on skeleton staff only. In addition, strong rumours that Loblaws is moving to the Wal-Mart style of vendor-managed procurement although nothing firm has yet been announced. Coming off several years where little to no impact has been achieved here, CTFA may finally be making progress thanks to its online informational and training materials as CM contact asked me for info for summer tree fruit presentation he has to make to all banners nationally at CPMA in May. I had CTFA send him a handbook and I sent him a copy of the PowerPoint Presentation.

**Loeb Canada:** Probably the last call I'll be making to this retailer and regrettably so, as Director contact has been a most willing and enthusiastic supporter of all commodity board programs over the dozen or so years I've called on him. Since the Métro, QC buyout of A&P Canada last year, integration has moved the responsibility for merchandising the Ontario stores to A&P's Toronto office, effectively eliminating the need for this Ottawa office for the 28 Loeb stores. That said, contact ordered the complete CLIB POS (new version) package, Grill'n & Chill'n posters which he intends to run during the month of July, and the backroom posters. Will advise his ad department to look for Grill'n & Chill'n recipes in the Download Center when running the promo for possible inclusion in weekly flyer.



**Longo's Brothers:** NEW ACCOUNT: Met with new contact responsible for all dealings with Commodity Boards and he said that they have a trip planned to the California growing regions for all 15 produce managers and head office buyers/merchandisers. They leave on June 10th for a week, starting in L.A. then moving across to Bakersfield, up to Fresno, across to Salinas and Watsonville, finishing in S.F. They have two of their tree fruit vendors on the list to visit. Although this will be as good a learning experience as they can get, I pointed out that we have some additional online training materials and contact said that he'll consider having his team review it all before leaving.

**Métro:** NEW CONTACTS. So far no changes since Metro's acquisition of A&P Canada to either procurement or merchandising functions but they will come. I met with a new merchandising trifecta of Metro personnel comprised of managers and a coordinator responsible for both the Metro and EDLP Super C banners. French translation of POS were well-received here, and contacts were pleased that the copy is generic in nature in that it doesn't address the conditioned vs. conventional fruit characteristics because regular banner Metro stores use conditioned fruit while EDLP banner Super C stores use conventional and so they need a one-size-fits-all piece for their shoppers. All types of POS pieces have a place in their stores including the ironman size. Unfortunately, internal restructuring recently resulted in total lack of response to my repeated requests for version and quantity of POS so it will have to wait until next year.

**Sobeys Ontario:** The only banner among Eastern Canada's three major retail players to be featuring any California tree fruit so far this season. Their week of May 21 ad at right.



**Sobeys Atlantic:** Attended Sobeys Atlantic's 2nd annual Produce Trade Show in Halifax in February where I had an opportunity to discuss CTFA's commitment again this year to the *TasteUS!* program launched last year. Contacts said that they were very pleased with the results obtained, and based on the following data shared, so should CTFA for the C\$10K spent: Sobeys conducted a 7-hour demo in all 83 stores w/e July 8th. On the day of sampling 21,839 customers were approached by its demonstrators about California Peaches, Plums & Nectarines. Of those consumers intercepted 17,843 actually "Tasted US" peaches, plums & nectarines. Average total kgs sold (non featured) per week in these stores for the 4 weeks prior the demo was 5,411 kgs (11,929 lbs), and during demo week rose to 41,888 kgs (92,346 lbs), for a lift of 674%. Confirmed again for this season as per the following message received last month: "I've booked the California Tree Fruit demo for July 14." Sobeys Atlantic will use CTFA's POS materials and its vendor has already placed the order.

**Sobeys Québec:** Met with CM who was most pleased that CTFA has gone to the trouble of translating a great deal of both the consumer and trade sections of the website. However, did not order any of the translated POS for this season, although stores will use the French *TasteUS!* materials for the MAP-funded demos that will run later in July. Contact shared that he was very pleased with the fruit quality last season and plans to continue with same suppliers, but expressed concern that sales were off at a higher percentage than most of his other summer and fall fruit deals. I explained that it was our very late harvest combined with the Ontario deal coming in two weeks earlier than normal that were likely responsible.

**Wal-Mart Canada:** NEW ACCOUNT. Wal-Mart currently has 7 Supercentres in Canada, all in the province of Ontario. There are plans on the books to open some 25 - 35/yr over the next five years, all across the country. Produce Buyer contact, himself, is new, coming to Wal-Mart less than seven months ago from National Grocers. Procurement and distribution, for now, is handled through Gambles Produce on the Ontario Food Terminal, although contact did indicate that he is looking to his Global Procurement team for synergies where he can, and that will include tree fruit for this season. Eager to learn as much as he can about our industry and requested a crop update as early as possible. Ordered 22 X 28 and channel cards in the original CLI version and asked me to send him the links to the training pieces.

**Other Retailers:** Retailers not visited personally were sent the following email message and Presentation Kit mailing: "With all of this cold and snow behind us now, hopefully, we can turn our attention to springtime and the start of California Tree Fruit harvest. I may not get in to see you before our printing orders have to be placed in early March so I've mailed you our new Presentation Kit for the 2007 season. There's lots of great material there, including a pamphlet describing our new Download Centre – [www.eatcaliforniafruit.com](http://www.eatcaliforniafruit.com) as well as a host of in-store and backroom materials from which you can choose. When you receive the package, the first three pages will have sticky notes pointing to the materials that I will follow-up on for ordering. These include several versions and sizing of point-of-sale materials, a backroom educational poster and tear-off pads for our new Grill'n & Chill'n Consumer Sweepstakes. I will follow-up with you in a week or so to

determine your interest level in the new materials and to solicit orders. (Other materials contained in the package included a couple of 2007 calendars, consumer research info, store-level online educational program – Cal State PPN, a state-of-the-retail food industry executive summary and a state-of-the-California Tree Fruit industry executive summary.)

## OTHER

**LOBLAWS COMPANIES VENDOR LETTER:** In late January, Loblaw Companies put out a press release pertaining to their “Project Simplify,” focused on “simplifying interaction with vendor partners, driving faster and more consistent execution at retail, focus on total product profitability and improving business practices, including forecasting and information sharing.” Full details available [here](#) (PDF file).

**CANADA’S NEW FOOD GUIDE TO HEALTHY EATING** was released by Health Canada on February 5<sup>th</sup> with fresh vegetables and fruit leading the way for the first time. See the website [here](#) or download the guide [here](#) (PDF file).

### Western U.S. / Western Canada

*Matt Ellison*

**Markets Visited:** Portland, Seattle, N California, S California, Phoenix, Boise, Salt Lake City

**Accounts:** Fred Meyer, Winco, Albertson’s Corporate, Costco, Safeway Corporate, Food-4-Less, Ralph’s, Stater Brothers, Fry’s, Basha’s, Safeway Buying Office, Raley’s  
(*Boldface accounts: Visited or contacted this period*)

## Market Observations

- Retailers are anticipating a very good season and have commented on plans to promote aggressively.
- It has been “hit or miss” for NW retailers carrying early season varieties. Some retailers have large front row displays featuring peaches, nectarines and white flesh varieties. A few stores have promoted with secondary displays and ads. While other retailers have opted to hold off entirely and wait for volume and size to increase.
- Overall, the fruit has looked good. The nectarines are especially colorful for this time of year. Very early peaches have been showing signs of dehydration as they start to ripen.

## Account Recap

- CTFA’s new online training course, CA State PPN, has received a very favorable response from retailers. All but one warehouse format retailer thought they should implement the information into their current training curriculum.
- Fred Meyer utilized CTFA’s consumer research and targeted the “Summer Passionates” market with a recent peach ad suggesting shoppers to try them grilled.
- Dennis Lynch replaces Robert Hoefs as Safeway’s National Category Manager. Dennis will be starting May 29<sup>th</sup>.
- Fred Meyer – Which Peach is Your Peach POS
- Food-4-Less – Grill’n & Chill’n, Are You a Cruncher...POS
- Ralph’s - Are You a Cruncher...POS
- Fry’s – CA State PPN
- Basha’s – Grill’n & Chill’n, Are You a Cruncher...POS
- Smith’s Food & Drug – Are You a Cruncher...POS
- Costco – Box design research
- Stater Brothers – Custom POS from CTFA download center
- Albertson’s Inc. Intermountain - CA State PPN
- Albertson’s Inc. Southern CA - CA State PPN
- Albertsons LLC Arizona – Grill’n & Chill’n, Are You a Cruncher...POS

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If you experience a problem with this communication, please contact Jocelyn Waite at [jwaite@caltreefruit.com](mailto:jwaite@caltreefruit.com)