



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

Period Ending July 15, 2005

CTFA Vice President of Marketing

Sheri Mierau

iTunes has launched and all preliminary reports are positive. Retailer comments range from "Going great guns" to "fruit is flying off the shelves." This is a promotion retailers were excited to run and they put resources behind it. As we develop programs our goal is to focus on projects that excite retailers so they focus on our products with additional ad space, display space and signage in the stores. We are well into our 2006 planning and will be focusing key events throughout the season to maintain momentum. We look forward to sharing these with you at the grower dinner in December.

The PMA Foodservice Conference was held this past week in Monterey. Sunkist was launching new snack size bags of cut apples, pineapple, carrots, and grapes. The packaging was geared towards kids. We are working on a cut fruit test with a large fruit processor to add peaches, plums and nectarines to their product lines. We will keep you updated as we move forward.

Northeast U.S. / Eastern Canada

Ken Berger

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

Accounts:

New England BJs*, Big Y*, Hannaford*, Market Basket*, Shaws*, Stop & Shop*, C&S Wholesale, Roche Bros, Ahold USA, Bozzuto's
NY/NJ/ Great A&P*, The Food Emporium*, Redner's*, Pathmark*, Shoprite*, Price Chopper*,
Western PA Wegmans*, Clemens, Four Seasons Produce, King Kullen, King's Supermarkets, Penn Traffic, Weis, RLB
Ontario A&P Canada*, Loblaw Companies East*, Sobeys Canada*
Québec Métro*, Sobeys Québec*
Atlantic CAN Sobeys Atlantic*, Coop Atlantic
Western CAN Canada Safeway, Federated Coop, Overwaitea, The Produce People, Calgary Coop, Thrifty

*visited this period

Northeast U.S.

- **Stop & Shop**
 - w/o 7/10 featuring the *Orchard Perfect* (Wow! What a claim!) yellow and white flesh peaches and nectarines at \$1.79/lb with the following advertorial copy: *"Picked at the Peak of Perfection! The Sweetest, Juiciest, Tastiest Fruit. Exclusively at Stop & Shop.* Also, just launched this week, S&S has, for our viewing pleasure, its weekly flyer posted on its website at <http://www.stopandshop.com/>
 - W/o 7/17, Orchard Perfect nectarines and white flesh peaches are on the front page of the weekly flyer at \$0.99/lb
- **Shoprite**
 - Hot hand for this reporting period with a w/o 7/17 front-page flyer feature on California Tree Ripe peaches and nectarines at \$0.99/lb. This, on the same week that the NJ peaches began harvest

STORE CHECKS

RETAIL STORE NAME	DATE	VARIETY	PRICE
Sobeys, Toronto	7/11	CA Tree Ripe peach & nectarine	\$1.99/lb
		CA White flesh peach & nectarine	\$1.99/lb
		CA Red & Black plum	\$1.99/lb
Dominion (AP), Toronto	7/11	CA Tree Ripe peach & nectarine	\$1.99/lb ADV
		CA White flesh peach & nectarine	\$2.99/lb
		CA Red & Black plum	\$1.99/lb
Loblaws, Toronto	7/11	CA Tree Ripe peach & nectarine	\$2.99/lb
		CA peach	\$1.69/lb
		CA nectarine	\$1.29/lb ADV
		CA White flesh peach & nectarine	\$2.99/lb
		CA red & black plum	\$1.49/lb ADV
Métro, Montreal	7/12	CA Tree Ripe peach & nectarine	\$2.49/lb ADV
		CA White flesh peach & nectarine	\$2.49/lb ADV
		CA red & black plum	\$2.49/lb ADV
Loblaws, Montreal	7/12	CA peach & nectarine	\$1.49/lb ADV
		CA White flesh peach & nectarine	\$2.49/lb ADV
		CA red & black plum	\$1.79/lb ADV
Provigo (Loblaws), Montreal	7/12	CA peach & nectarine	\$1.69/lb ADV
		CA White flesh peach & nectarine	\$2.99/lb
		CA red plum	\$1.99/lb
		CA black plum	\$2.99/lb
IGA (Sobeys), Montreal	7/12	CA Tree Ripe peach & nectarine	\$2.49/lb
		CA red & black plum	\$1.79/lb ADV

Biggest news to come out of the Canadian retail scene in the last 5 years, announced by Canadian Press on Monday, July 18th:

Metro Inc. in deal to buy A&P Canada for \$1.7B

Metro Inc. is buying the A&P Canada chain of supermarkets for \$1.7 billion in cash and shares, the company said Tuesday. Montreal-based Metro is offering \$1.2 billion plus \$500 million of its class A shares to acquire the Canadian chain from The Great Atlantic & Pacific Tea Co. and its subsidiary A&P Luxembourg.

The deal marks a major move for Metro into the Ontario market. A&P Canada operates 236 food stores throughout Ontario under the A&P, Dominion, Food Basics, The Barn and Ultra Food & Drug banners. Metro said the deal is scheduled to close in August 2005.

From Canadian Grocer magazine – July 8, 2005:

To challenge Loblaw, Sobeys is said to be preparing a bid for 236 A&P, Dominion and Food Basics stores in Ontario owned by Great Atlantic & Pacific Tea Co.

Southeast/Mid-Atlantic

Tom Flach

Markets Visited: Atlanta, Ga., Greenville SC., Cordell, GA., Norfolk VI., Richmond VI.

Accounts Contacted: Kroger Memphis, Kroger Atlanta*, Kroger Roanoke, Bi-Lo, Albertson's Florida, Rouses, Food City*, Kash n' Karry, Publix*, Lowe's, Ukrop's*, Giant Carlisle, Farm Fresh*, Acme, Deca, Foodlion, Harris Teeter, Ingles*, Kroger Columbus, Kroger Louisville, K-VA-T, Sav A Center, Weis, and Winn Dixie, Shopper Food Warehouse, Super Valu*

*contacted

Observations:

- **Food Lion, Trader Joe's** and **Wal-Mart** are among the chains considering **Winn Dixie's SaveRite** stores in Metro Atlanta, GA, according to *The Atlanta Journal Constitution*. "Bankruptcy court sources say there's a strong possibility that Food Lion might take over Atlanta [locations], if not all the Georgia stores," said Mike Grant, executive vice president of Mimms Enterprises, which manages shopping centers, including two with **SaveRite** stores.
- Only 5% - 10% of shoppers are non-Hispanic in Miami at the 26 **Sedano's** Supermarkets, a specialty grocer catering to tastes of various Latino groups. Sedano's plans to expand in and outside Florida, but the owner sees great potential in the "crossover" crowd - appealing to non-Hispanics, reported *HispanicBusiness.com*.
- **Ukrop's**, in Richmond, is having a good year with California fruit. California peaches and nectarines were advertised this week at \$1.49. (Probably to match the activity of Kroger). Their own label fruit are \$0.50 per pound higher. Jeff Parker, the merchandiser, indicated that California Peaches are eating every bit as well as the local peaches.
- The consensus to date indicates that the trade is pleased with the way peaches and nectarines are arriving and how they are eating after being on the shelf for a few days. They like the color of the fruit as well as the juiciness once allowed to ripen.
- In the Southeast, summer fruit advertised regularly, but not as many front page features. Cherries, berries and melons seem to be getting more "A" features than normal.

Account Recap:

- Publix, through Albert Gottuso, has reported that this season, though it started later than normal in terms of promotional support, has been one of the best seasons to date. Peaches, nectarines (including white flesh) have been on ad the past four consecutive weeks, while retail price has been reduced each week to a current retail of \$1.49 per pound. (Ad copy below)
- **Giant Eagle** this past week ran an excellent ad on yellow flesh nectarines and peaches @ \$0.99, while the white flesh varieties were featured @ \$1.99.
- **Giant Landover** and **Kroger Roanoke** also had peaches and Nectarines @ \$0.99 per pound.
- **Kroger Roanoke** has demos scheduled on August 12th on white flesh fruit in 25 of their high-end stores. The merchandiser is planning a produce manager's seminar in August, and is providing free space for us to discuss summer fruit with their produce managers.
- **Shoppers Food Warehouse** ran the lowest nectarine feature I've seen, to date, which was at \$0.88 per pound.

- **Food City** has started the iTunes program and do have materials installed in their stores. The merchandiser indicated that he has not had any problems or concerns, and is pleased with the movement of our fruit.
- I questioned **Winn-Dixie** and **Food Lion** (two of the three largest accounts in the Southeast) about their summer fruit plans and each indicated that they probably would continue to advertise at prices that were appealing to their customers. In the case of **W/D** they ran P/N @ \$0.99 this past week. Each account is buying what they consider premium mid-sized fruit.
- Ingles ran both Southern and California Fruit at the same retail of \$0.98 per pound, while plums were 2#'s for \$3.00. (Ad copy right)



Western U.S. / Western Canada

Matt Ellison

Markets Visited: Portland, Seattle

Accounts: *Federated Co-op, *Fred Meyer, Albertson's-Portland, *Winco, *Albertson's-NCal, *Costco, *Safeway-Corporate, *Savemart, *Ralph's, *Albertson's-SCal, *Stater Bros., Albertson's-Salt Lake City, *Fry's, Albertson's-AZ, *Basha's, *Safeway Buying Office
*Contacted this period

Observations:

- California Retailers are reporting good peach, plum and nectarine sales. Retailers have been promoting hard with multiple-item promotions. California peach, plum and nectarine quality have been very good. Napkins required!
- Washington State Peaches have arrived in select Seattle stores this week in limited quantities. At this time, California is still the better choice when comparing appearance and taste.
- Pat Burlingette, Costco's Buyer, reported their recent CTFA demos as a "huge success." Sales increased 14% during the demos and they're still feeling the impact with strong sales this week.
- Safeway was impressed with the smooth launch of the iTunes promotion. Don Ochoa, Safeway's Produce Director, was surprised at the number of downloads in just the first couple of days.
- The 90-Day Challenge was publicized during two remote radio broadcasts at Albertson's stores in Las Vegas and Irvine. Fruit samples and cooking instructions were also supplied during these parking lot BBQ events.

Account Recap:

- Safeway Corporate – iTunes promotion with Fresh Express running 7/11 – 8/9.
- Ralph's - iTunes promotion with Fresh Express running 7/11 – 8/9.
- Albertson's-SCal - Category Management Study. Sampling event at Las Vegas and Irvine Stores during remote radio broadcast and BBQ.
- Stater Brothers - Pre-printed inserts promotion. This Post-it Note program features a 3" x 4" 2 color Post-It note attached to the front page of the San Bernardino Sun on the Best Food Day (Wednesday). Post-it Note will alert readers about our product and Stater Brothers ad flyer inside. We will be targeting 125,000 households at the end of July.

Southwest

David Anderson

Markets Visited: San Antonio, Austin, Houston, Kansas City, Des Moines

Accounts: Wal-Mart*, Sam's Clubs*, Schnuck's, Save A lot*, AWG KC*, Ball's Food Stores*, Hy-Vee*, King Soopers*, Minyard's*, Albertson's Ft. Worth*, Brookshire Grocery Company*, Fiesta Mart*, First Quality*, Kroger SW*, FoodTown, HEB*, Shop N' Save*, Central Market, Whole Foods SW, Albertsons Aurora, Dierbergs*, Dillon's, Kroger Houston, Kroger Memphis, United Supermarkets, and Wild Oats
*contacted

Observations:

- We continue to see competitive "Non CA" product in Texas, with pricing and concern about image vs. Wal-Mart cited as reasoning.
- Stores are almost universally merchandising stone fruit front and center, not seeing the Pluots I have seen in past seasons, focus seems to be on yellow flesh peaches and nectarines at this point.
- Advertising is getting very competitive, seeing below 1.00 feature retails on further conditioned products, and below .80 per lb. on CA Well Mat.

Account Recap:

- Wal-Mart
 - White flesh varieties will be sampled, sold in conjunction with early season Bartlett pears in select locations. 250 stores are final, list is over to demo company, and they are filling demo kits for distribution to stores to cover 8/7 promo date. 90-Day Challenge tear-off pads will be distributed at this event. All pear and stone fruit buyers at W-M have approved this activity.
- Sam's
 - ½ day's worth of demo activity is budgeted, and Sam's has approved distribution of 90-Day Challenge materials at demo tables. We are working on getting materials sent to Sam's office and redistributed internally to minimize cost.
 - Club audit conducted yesterday was much improved, with all items out on the tables, and one whole table devoted to CA soft fruit. Nectarines, peaches in trays and plums in clamshells. This account will be featuring peaches and nectarines on a demo event separate from shipper sponsored timing, 8/20/05, with approximately 225 clubs participating.
- HEB
 - Houston locations being audited this week on special one-week only CTFA-sponsored support program, assessing space, pricing and quality levels of product including storage and merchandising temperatures. HEB is on new protocol for handling, and we're attempting to improve sales and potentially shrink by grading stores.
 - Clear focus is being given to the need to improve sales on items that improve sales, i.e. quality fruit. Potentially NOT Non-CA product that seems to be showing up at prices too low to not drive some business.
 - Audit recap as provided to category manager indicates 65% compliance with HEB's new storage and handling protocol. Contact indicated this information was much appreciated and wished it could be expanded to include other specific parameters of their internal business plan for stone fruit.
- Hy-Vee
 - 50 demos to be performed on 8/3, contest dollars will be used towards sampling / selling / growing white flesh business. Store audits conducted at call this week show incredible support with slant backs merchandising upwards of 50 boxes in some stores, primarily yellow peaches and nectarines.
 - Front page ad / item this week Peaches and Nectarines at .99 per lb.
- Fiesta Mart
 - 20 stores participating in 2-day event, PEACHES AND CREMA MEXICANA. Store list going for approval today.
- Kroger SW
 - Did not break iTunes ad this week, breaking in 2 weeks but stores are supporting promo right now with in-store elements. Pictures will be provided in next report.
 - Meanwhile running Necs on front page this week .88 per lb. SEE



RIGHT

- King Soopers
 - King's is excited to get going on iTunes, see attached for their advertisement of offer. SEE RIGHT
- Albertson's Ft. Worth
 - Featuring non-stop, with their somewhat proprietary label / brand. (see attached) have not however shown much interest in doing sampling program as per early pre-season call. Awaiting reply this week, SEE RIGHT
- Minyard's
 - This contact is excited to get going on demo offerings, and will confirm our intended date of 7/30/05 as of week ending 7/22. Reports mixed here on success of further conditioned product (new) some confusion at front end, and a long climb to go.
 - Announced that approximately 20 of their Minyard's and Sack N Save stores will be reformatted to Carnival banner.
- AWG KC
 - Move back into further conditioned product featured this week on front page of KC circular. Contact had inquired on ripening bag availability. SEE RIGHT



Midwest

Jim Hager

Markets Visited: Minneapolis

Accounts: Coborn's; Cub East and West; Jewel; Kroger (Indianapolis and Blue Ash) ; Marsh; Meijer; Nash-Finch; Roundy's; Super Target

*visited this period

Market Observations:

- In the Midwest, it's survival mode after nine straight days of 90's with high humidity. Very unusual.
- Merchandiser vacations have made recent meetings impossible but starting the week of July 17, travel resumes to Grand Rapids; to Chicago and Indianapolis the week after.
- Chicago meetings are timed to be in the middle of **Cub's** iTunes promotion, when I will check out as many stores as possible.
- Fruit quality in Minneapolis has been very good. **Rainbow** continues to give us either front page or dominant ad coverage along with front and large secondary displays. All fruit, including white and branded, is priced at \$1.99 this week. The new California logo is in all ad features.
- **SuperTarget** is also pricing its fruit at \$1.99, including white flesh and 2lb. bags.
- **Cub West** has used front or even lobby displays (about 50 sq. ft. or more) to feature our fruit. Tree Ripe peaches or nectarines are \$1.48 this week; plums at \$1.79; and White flesh at \$1.99.

Account Recap:

- **Cub East:** iTunes download promotion set for the week of July 24. Peaches, nectarines and especially plums will be featured in special ad.
- **Marsh:** August white flesh demos.
- **Super Target:** White flesh demo in all stores on July 24.

CTFA Domestic Market Report is available online at www.caltreefruit.com

Please send any suggestions or comments to : jwaite@caltreefruit.com

To receive this report via email rather than U.S. mail, please send a request to : jwaite@caltreefruit.com