



52

Ideas Ripe for the Picking!

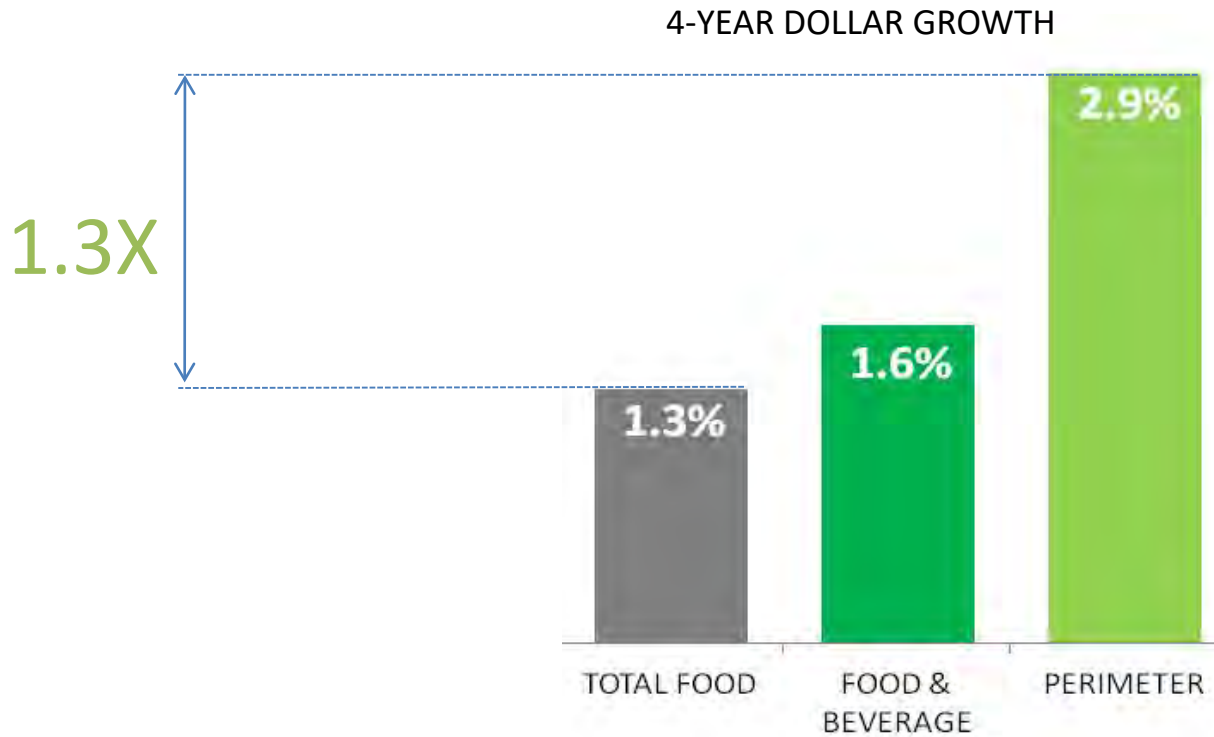
Presented by:

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Mike Kamphaus | Peirone Produce



Fresh growth exceeds center store gains



\$ size



\$59.8B



\$48.6B



\$12.3B



\$6.3B

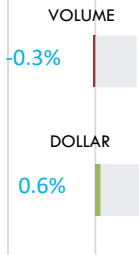


+\$4.4B

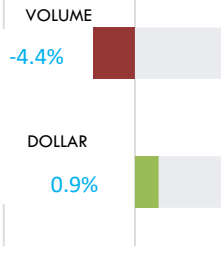
Produce outgrows all other fresh departments



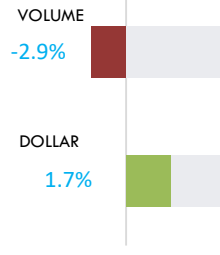
**Meat
flat**



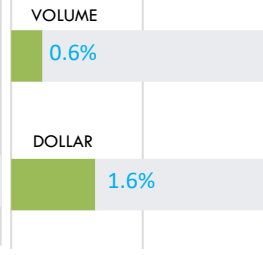
**Seafood
inflation**



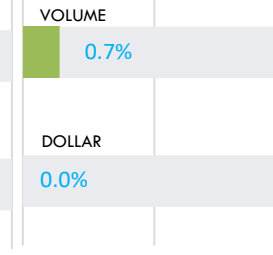
**Deli prep
inflation**



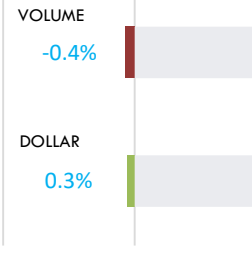
**Produce
growth**



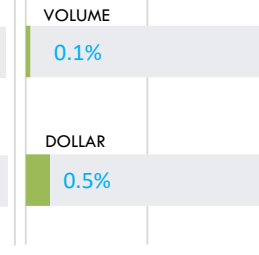
**Bakery
deflation**



**Deli cheese
flat**



**Deli meat
flat**



Continued growth is very possible

While participation is at 99%, room to improve purchase frequency & spend per trip



55%

Trips including
produce



**Households
purchasing**

**Sales per
store**

	Households purchasing	Sales per store
All produce	99.6%	\$49,644
Vegetables	98.2%	\$22,671
Fruit	98.8%	\$21,290
Other produce	73.5%	\$5,683

Finding pockets of future growth

**Healthy
living**



**Ethical
living**



One-size-fits-me



**Shopping
experience**



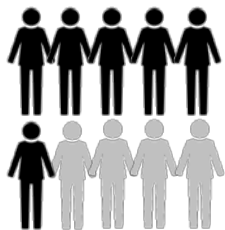
Convenience

Produce consumption is seen as being essential to overall health *and* recognized for managing/preventing specific health conditions. Nutrition-focused produce shoppers de-emphasize price and are driving dollars across the store.

HEALTHY LIVING

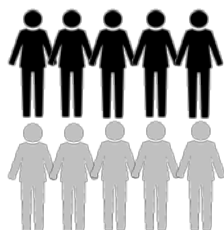


Americans are more focused on health & wellness



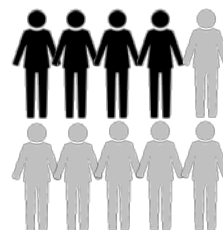
63%

are trying to eat
healthier



49%

are consciously trying
to eat more fruit and
vegetables



35%

followed a diet in 2017

- Vegan
- Low carb
- Vegetarian
- High protein
- Paleo (caveman diet)
- Mediterranean

Whole health equals a big, big opportunity

Using food as medicine:

- 47.8 million households
- \$286 billion in spending



With more growth to come:

- Millennials love fresh
- Aging Boomers
- Increase in chronic diseases
- Rising health care costs
- Desire for information
- Access to information

From health insurance companies to Time magazine



For example, the aging population opportunity

Ingredients:

- Fiber
- Heart healthy
- Vitamins and minerals
- Antioxidants



Innovation:

- Functional foods
- Easier-to-open packaging
- Easier-to-read labels
- Age-specific formulations
- Benefit-specific formulations



Half makes you whole



Reinforce common knowledge

- Support the 360 degree whole health approach with produce playing a central role
 - Only 48% of shoppers eat fresh produce daily
- Reinforce
 - Eating produce variety: ■ ■ ■ system
 - Eating fresh produce often
 - Eating the recommended daily amount



Dietitian's Choice | Enjoy a healthy treat!



Coborn's, MN

Consider all meal occasions

- 56% of shoppers try to consume more produce as a snack
- Vegetable snacking is big
 - 2017 \$ growth: +7.4%
 - 2017 lbs growth: +4.9%

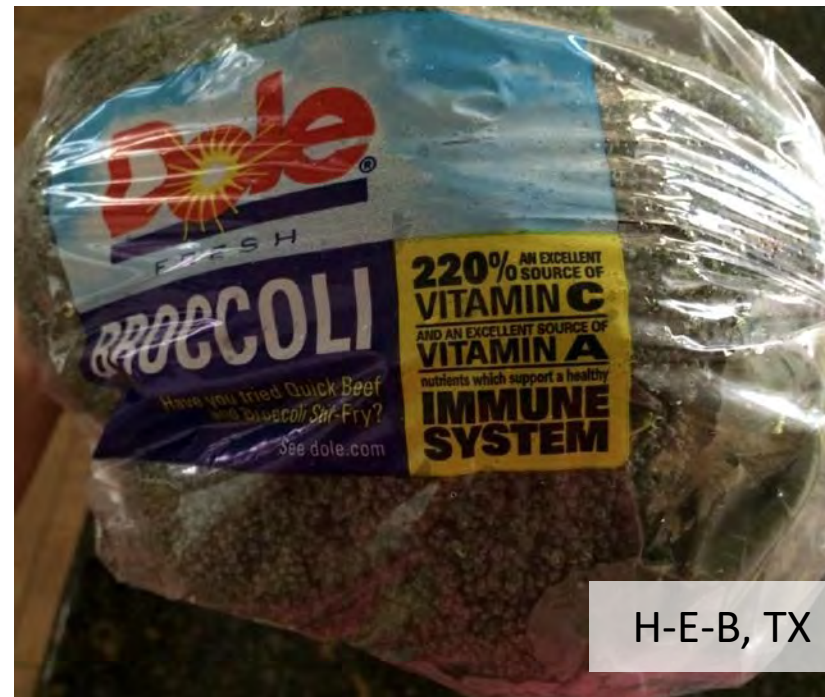
What's all the hullabaloo about berries?



Go beyond the overall health halo

- Highlight specific benefits or attributes
 - 4-6 in 10 people associate produce with:
 - Digestive health
 - Heart health
 - Healthy weight
 - Essential nutrients
 - Avoiding empty calories
 - Providing energy
 - Building immunity
 - Mind health/happiness and more!

Some other examples





Featured item: antioxidant mix



Play into popular diet trends

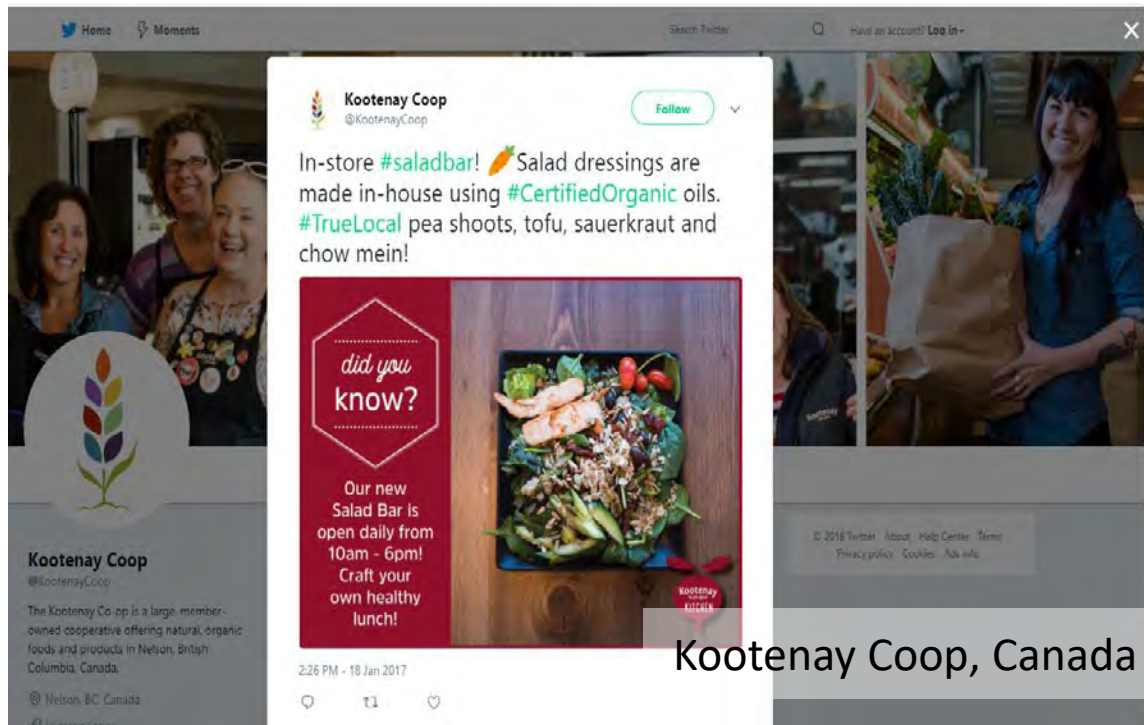
- 2018 poll with 2000 retail dietitians shows 2 biggest diets play into produce's strong suit:
 - Clean eating
 - Plant-based diets
- No. 1 superfood in 2018 are fermented foods
 - Many top 10 superfoods are produce: avocados, seeds, nuts, kale, exotic fruits and coconut products



Some more examples



Cubs, MN



Kootenay Coop, Canada



Fresh cut fruit | 1 spoon | 30 calories



Provide simple, useful tools

- 46% of shoppers don't feel there is enough nutrition information on produce readily available
- Nutrition information is powerful... when it makes sense
 - Few consumers think in ounces, cups or grams
 - Pass the common sense test on signage, recipes and information

Hey Kids, grab a healthy snack on us!



Connect with parents and kids

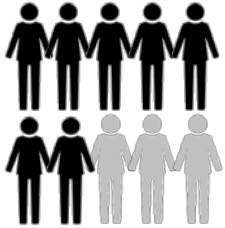
- Young children are one of few major factors altering food shopping and consumption behavior
 - Kids are an important point of entry for organic
 - Engage with kids directly
 - New mom, baby and kid clubs

Transparency is big. Today's consumers want to make better choices, and to do this, they want to be better informed about the what, where, when, why and how of produce items

ETHICAL LIVING

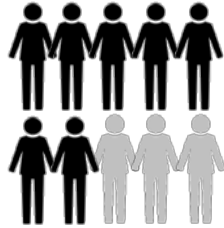


Regardless of the angle asked, transparency is big



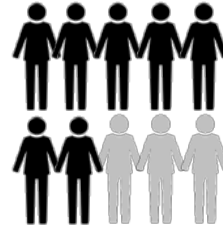
69%

Want to know more about a company's personal, social and environmental practices



73%

Feel positive about companies that are transparent about how and where their products are grown, made or raised



68%

Are willing to pay more for “free-from” food and drinks

And transparency-driven claims are driving sales



+11.1% sales growth
+411 items



+8.3% sales growth
+402 items



+12.5% sales growth
+352 items



+14.8% sales growth
+208 items



+11.2% sales growth
+694 items



+4.8% sales growth
+254 items



We have over 196 varieties of organic produce



Cashwise, MN

Capture growth with organic produce

- 9% of total produce sales
- +8.0% dollar growth
- +9.2% pound growth

- Fruit: +12.9%
- Vegetables: +4.3%



Not only are we local, but we buy local



Add to local image with local sourcing

- 54% want their store to add more locally-grown produce
 - Highest of all special attributes
 - Great overlap with organic shopper
 - High interest among Boomers
 - Ensure vendor compliance with food safety
- Drivers are support of the local economy, freshness and the environment



Some other examples



Wegmans, PA



H-E-B, TX



Publix, FL

Environmentally-friendly, recyclable, reusable



Packaging waste is rising on the shopper radar

- Want their store to carry more produce in the following packaging types:
 - Environmentally-friendly (52%)
 - Resealable (49%)
 - Reduces food waste (47%)
 - Reusable (30%)

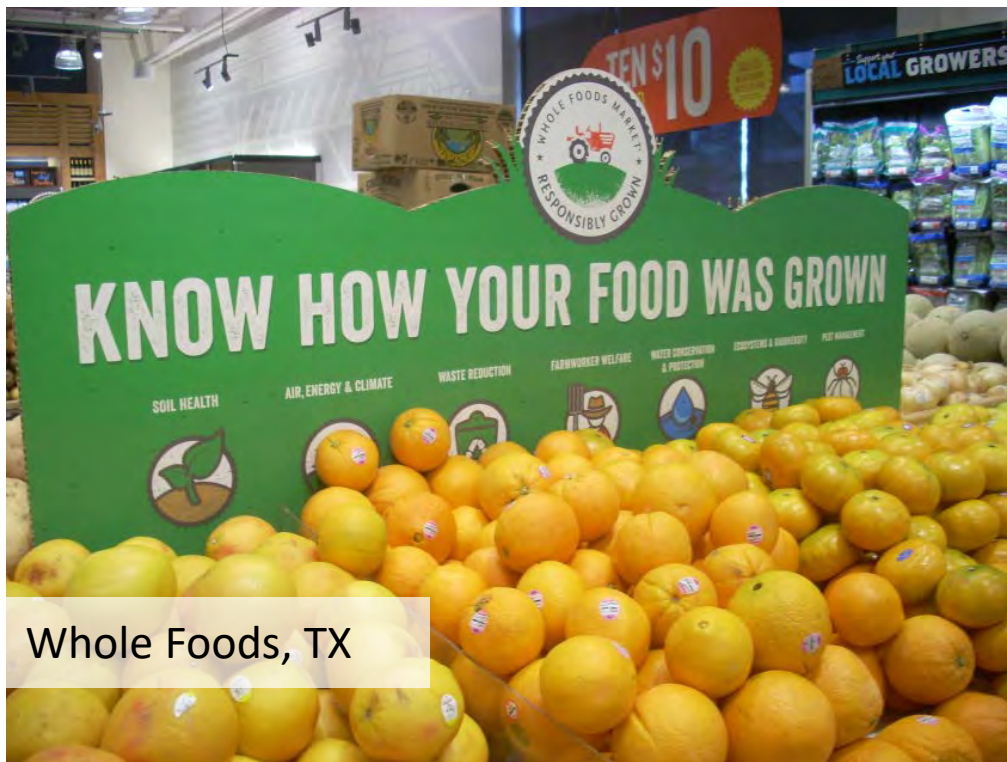
Better for farmers, better for you



Sustainable farming is driving dollars at retail

- +11.4% dollar growth
Collective organic, GMO-free, sustainably grown, etc claims
- +10.8% dollar growth
Business practices, such as fair trade, ethical, etc claims

Some more examples



Whole Foods, TX



City Acres, NY

Many channels want a bite out of the produce dollar. Finding a way to draw shoppers to your store by offering unique experiences is a key way to leverage the power of produce to drive traffic, basket size and profits

SHOPPING EXPERIENCE





Leverage emotional connections

Emotional connections drive loyalty

Emotionally engaged customers are:

- 3x more likely to recommend
- 3x more likely to re-purchase
- Less likely to shop around
- Less price sensitive





Dwelling is selling

+30%

Dwell time can increase sales

+5.4%

Improving the in-store sensory engagement drives lift

Creating buzz and points of interruption along the path of purchase inspires trips & purchases



Sampling

11



Bristol Farms, CA

Sampling is one of the few things online can't do

- Let shoppers experience the food
 - Dwelling is selling
 - Sensory experiences drive emotional connections
- While sampling can be an operational challenge, don't forget the power of yum!
 - And go for the upsell, caramel-dipped apple slices!

Clip your own herbs | 99c per bag



Grown in-store and clip-your-own drive engagement

- 57% of consumers believe growing some produce in-store is a great idea
- Clip your own herbs 50% margin!!!

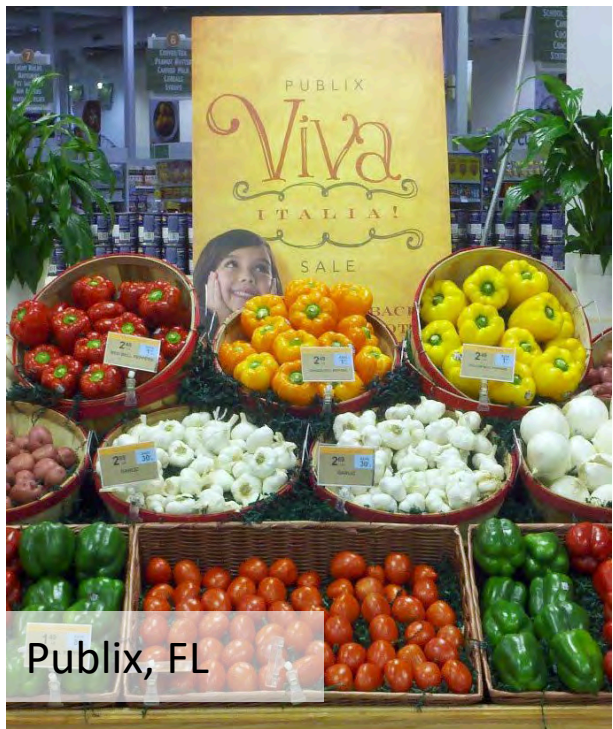
Eye-catching displays have universal appeal



Center-store wisdom

- **End caps**
 - 23% more dollars
 - 34% more unit movement
- **Doubling of facings**
 - More noting: +28%
 - Re-examination: +35%
 - Choice: +10%
- **Eye/top shelf positioning**
 - Noting: +17%
 - Re-examination: +36%
 - Choice: +20%

Viva Italia store-wide event



Events drive sales: base and incremental, for the category and total store

- Holidays are proven way to drive trial that can pay off in repeat purchases at full revenue throughout the year
- Self-invented holidays when no one else is chasing the same occasion... even better!

We know a thing or two about events too!




Some more examples

HARPS Harps Food Stores is in Jonesboro, Arkansas.
Published by Meghan Rachelle Anderson (7) · October 19 at 7:18pm · 🌟

Pineapple Sale 🍍🍍🍍 Starts Tomorrow!
Check out these great displays!

3 Day Pineapple Sale! 🍍🍍🍍
Golden Ripe Pineapples for \$1 ... [See More](#)



5,698 people reached

Boost Post

Like Comment Share

👍 Teddi Dunson, Breezy Marie and 59 others

28 Shares

HARPS Harps Food Stores
Published by Meghan Rachelle Anderson (7) · October 20 at 8:08am · 🌟

Today is the Day!
3 Day Pineapple Sale! 🍍🍍🍍
Golden Ripe Pineapples for \$1
Oct. 20 - 22
While Supplies Last!

3 DAY SALE
OCTOBER 20•21•22
Pineapples
\$1



3,873 people reached

Boost Post

\$ SALES INCREASE DURING SALE

879%

Pineapples sold Oct. 20-22, 2017:

10,542 = \$10,779

Pineapples sold Oct. 21-23, 2016:

368 = \$1,100.64

INCREASE DURING SALE

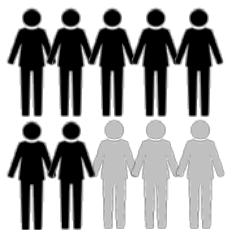
2765%

Shoppers strive to optimize their free time, as time pressures are mounting. Shoppers are eating out more and spending less time on preparing meals — willing to pay more to “buy time”

CONVENIENCE

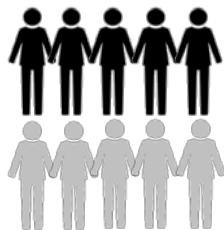


Solutions to maximize free time/doing things that matter



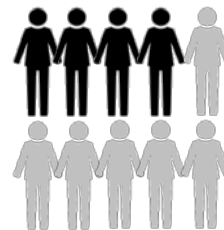
70%

Don't have the time to do all the things they need to do



50%

believe lack of time is a bigger problem than lack of money



44%

it's difficult to manage daily obligations while finding time to relax

What's driving the convenience megatrend?

Convenience megatrend

Household
changes

Added time
pressures

Lack of
knowledge

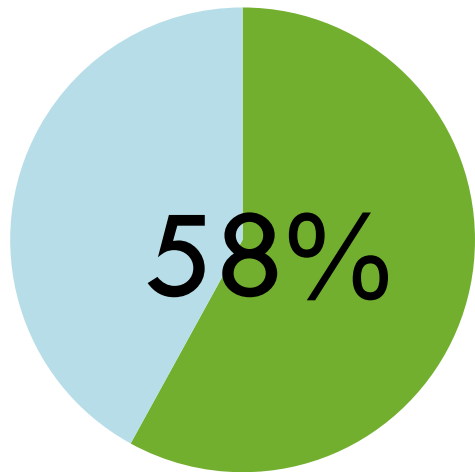
Available
solutions

“Buying time”

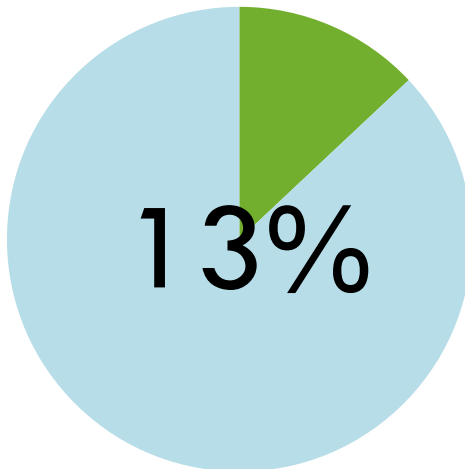
Rising preference for quick, efficiency-driven products;
even if at a price premium



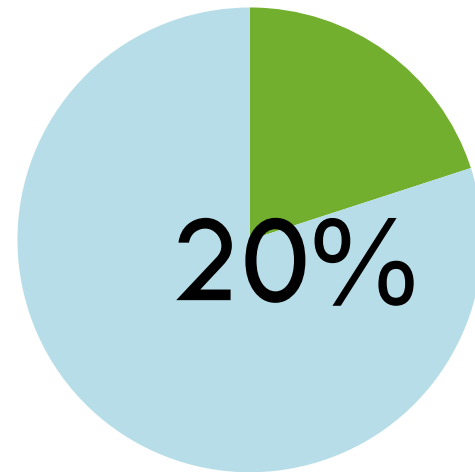
Causing different eating habits: food-on-the-go and eating out



Eat their evening meal away from home 1-2 times/week

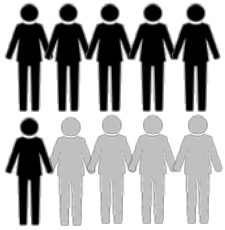


Eat their evening meal away from home 3-4 times/week



of Millennials eat out 3-4 times/week

And simplified meal preparation



58%

Max 30 minutes on
dinner, incl. preparation,
cooking and cleanup

4.9

Weekly home-cooked dinners



37% Mostly from scratch

55% Mix of scratch &
semi/fully-prepared items

8% Mostly semi/fully-prepared
items



Short cuts — Fresh cut. For you.



Hy-Vee, IA

At 13.5% of total produce sales, value-added continues to drive dollars

- +4.4% dollar growth
 - Fruit: +0.4%
 - Vegetables: +7.4%
- +2.6% pound growth
 - Fruit: -2.6%
 - Vegetables: +5.3%



BLT time! Bacon Lettuce Tomato



Giant Eagle, PA

Meal stations drive extra dollars

- 60% of Americans don't know what's for dinner at 4 p.m.
- 38% of Americans like the idea of meal stations
 - 61% of value-added buyers do
- Produce, meat, bakery, center store... inspire and everyone wins, including the consumer



Prep+Pared | Ingredients 100% measured & prepped

17

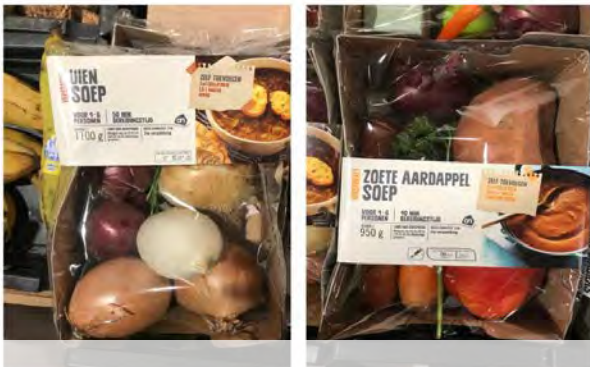


Meal kits are carving out a unique niche moving from subscription delivery to in-store

- 23% of shoppers have used a meal kit
- 9% have purchased one
- Meal kits at retail
 - \$154.6 million in sales
 - +26%
 - Popular among “gourmet foodies”



Make-it-yourself soup kits



Albert Heijn, the Netherlands



Pinterest calls “souping” the new “juicing”

- ½ of shoppers find restaurant soup more exciting than retail packaged soup
- Traditional soup sales are flat, but growth in:
 - Bisques
 - Ethnic varieties
 - Soup similar dishes, such as Pho and Ramen



Zucchini as alternative for spaghetti



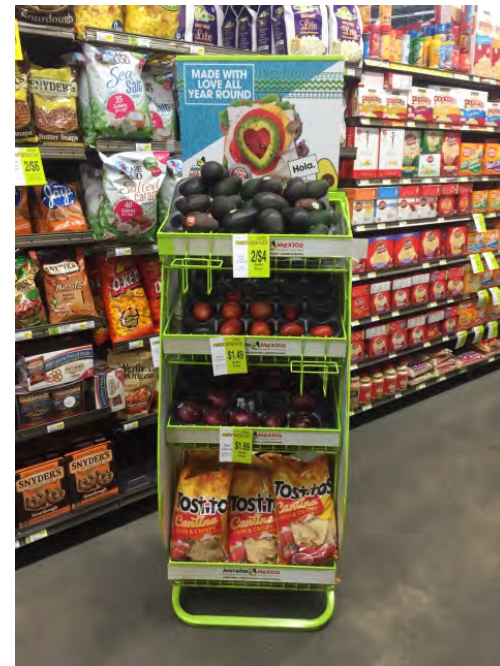
Spiralized and riced vegetables are two fast growing innovations

- Tracking on social media sites, such as Pinterest and Instagram
- Sales
 - \$47 million total
 - Veggie noodles: \$30 million with growth of +409%
 - Cauliflower rice: \$17 million with growth of +113%
 - Moving into other vegetables, such as beets, carrots and sweet potatoes

Cross-merchandising



Bringing other fresh items into produce



or Bringing produce into the store

Pre-order your carved pumpkins today

And sometimes, convenience is just purely taking advantage of a market opportunity!

We sell pre-made Easter baskets, we can pay someone to hang Christmas lights, why not carve their pumpkins!

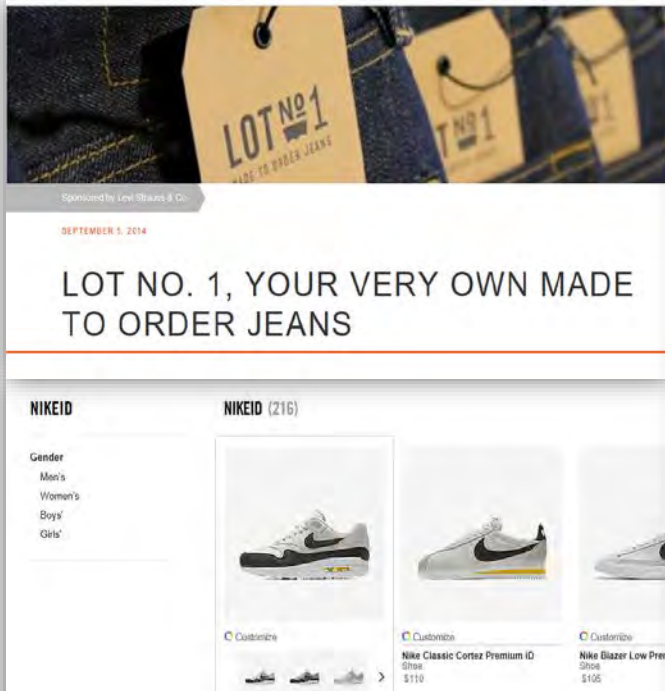


Harmons, UT

ONE-SIZE-FITS-ALL ~~ME~~



What do all these have in common?



PERSONALIZATION

Personalization is everywhere

Enabled by technology and driven by demographic changes, one-size-fits-me is the new way Americans plan, shop and consume



- Continued rise of specialty items
- Emphasis on claims
- Customized services with made-for-me drinks and foods
- Build-a-flavor innovation
- Targeted emails and outreach
- Specialty stores



And... changing households

55%

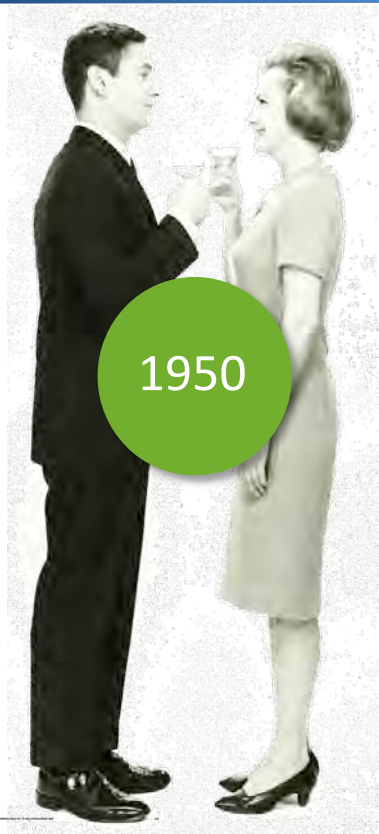
Married Couples
w/Kids

23%

Married Couples
w/o Kids

9%

Singles Living
Alone



1950



2017

20%

Married Couples
w/Kids

29%

Married Couples
w/o Kids

28%

Singles Living
Alone

Chop Shoppe | You pick it. We prep it.



69%

interested in their store offering a
“produce butcher”

18% Very interested

51% Somewhat interested

31% Wouldn't use it

Fresh juice, which one will be your main squeeze?



Smoothies and juicing are a niche but growth segment

- 23% of shoppers try to consumer more produce through smoothies and juicing
 - Popular among Millennials
 - And parents, particularly with young children



We gladly break packages, just ask us



Customer service already is and will be an even greater differentiator in food retail

- Providing service with growing fixed-weight packaging in produce
- How many shoppers would actually take you up on your offer? All the same, get the credit from every single one of your shoppers



Something for everyone pineapple display



Variety wins the game

- Value-added is loved by some, avoided by others
- Whole, halved, rings or chunks
 - Convenience comes at different levels of preparation


Green/red cabbage quarters



Adapt portion size to household size

- Smaller households are growing
 - Singles: 27%
 - Two-person HHs: 34%
 - Three-person HHs: 15%
- Meal makeup is changing
 - More frequent snacking and small meals versus 3 main meals
 - Side dish culture

Start picking your ideas today!

- Download the ~~52~~  ideas for inspiration!
 - www.peirone.com
 - And stay tuned for more
- For questions or additional information
 - Mike: mkamphaus@peirone.com
 - Anne-Marie: aroerink@210analytics.com

Thank you!