

The Time Is Ripe To Expand Banana Merchandising

Bananas, an everyday and popular purchase, have the power to generate traffic — and sales.

BY MIKE DUFF

Bananas face challenges, especially when it comes to growing and shipping costs, but that hasn't diminished their popularity and value to produce departments. Effective merchandising in and beyond the main value-oriented display can build sales, and experimenting can generate incremental dollars. The main Cavendish variety remains under price pressure, but it still can be a draw that boosts a shopping cart ring when cross-merchandised effectively. In addition, the time may be ripe for expanding noncore varieties.

The COVID-19 pandemic warped purchasing patterns over the past 18 months, as consumers stocked up, worried about their personal economies and focused on getting staples. However, the trend prior to the coronavirus crisis — one expected to revive — is for consumers to seek new, healthy food, which could include banana varieties if they are presented as a choice.

As one of the most frequently purchased produce department items, bananas are important for nearly every store selling fresh food, says Bil Goldfield, director, corporate communications, Dole Food Co., Charlotte, NC. Their ability to drive traffic through the produce department makes them among the most important fruits and vegetables a store merchandises.

"The fruit's universal appeal across all shopper demographics means it is one of the few products with the power to generate traffic on its own," he says.

Some banana merchandising considerations are age-old, but that doesn't mean novel solutions can't be found. Take, for example, Seasons, a local New York grocery store chain based in Flushing, NY. There, Zeke Kreitner, chief produce officer, has come up with his own way of dealing with the ripeness issue. In a three-shelf endcap display in Seasons' Lawrence, NY, location,



the top level has bananas at the peak of ripeness with those approaching stocked below to offer consumers a choice and make refreshing the display simple.

"Our bananas are in a rotation," Kreitner says. "The bottom is greenest. This way, you're not losing bananas. This saves a lot of space and helps the rotation."

Sometimes it's the little things that make a difference. An example at Mom's Organic, Rockville, MD — where the produce philosophy of founder CEO Scott Nash is "we always have just enough" — is a relatively limited banana endcap display that is still conspicuous, given the airy, low-profile presentation. During a visit to the store, you might find premium tomatoes tucked in with the bananas. They might not seem a natural fit, but using the banana display, which a high percentage of shoppers check out, to draw attention to premium product can be an effective way of making the endcap more profitable.

BEYOND THE CAVENDISH

Mike Servello, founder and CEO of the nonprofit Compassion Coalition, which operates Bargain Grocery, Utica, NY, says that, although the retailer features recipes and cooking ideas and puts a particular emphasis on good-for-you foods, getting shoppers to try new things in the banana category can be tough, especially if they are seen as items carried for a specific ethnic group. Bargain Grocery does regularly have a plantain offering, but not everyone buys them.

However, that doesn't mean opportunity lacks for noncore banana varieties. To get the sales and, potentially, the more profitable rings, merchandising and supporting promotion may need to be more aggressive.

Organic bananas have significant potential, given concerns about wellness and growing consumer willingness to consider alternatives to traditional production.

Food retailers generally do a good job of merchandising bananas in the eyes of Mayra Velazquez de Leon, president and CEO, Organics Unlimited, San Diego, and carry both conventional and organic consistently and appropriately. Yet she says that delineating is important.

"I would just recommend differentiating conventional from organics using two different labels," she says.

Dennis Christou, director of Coral Gables, FL-based USA Corp., says organic bananas are gaining sales and more space in the shelf, "but since it is a more expensive product, it has its limitations. Some supermarkets have declared that they will only sell a certain product, like, for example, organic or even organic fair trade. This has been a trend in the United Kingdom and other European markets."

Azul Meza, marketing manager, Fyffes Ltd, Dublin, Ireland, agrees that organic bananas are gaining ground.

"In line with organic food in general, organic bananas' demand and supply keeps rising year over year and at a much higher

pace than conventional bananas,” she says.

At a time when consumers are more receptive to new foods, particularly if they are considered healthy, more banana varieties could generate additional purchasing if they are well merchandised. Although, given the strength of the basic commodity, variety purchases could be incremental.

“In respect to noncore varieties, they could be considered as niche, as the absolute king is the Cavendish variety,” Christou says.

Beyond organic, Equifruit, Drummondville, Quebec, established in 2006, claims title to being Canada’s largest banana importer 100% certified by the Fair Trade organization. Although it started out with organic bananas only, Equifruit expanded into conventional fair trade with the Longo’s supermarket chain, Montreal, Quebec. At this time, says Kim Chackal, the company’s director of sales and marketing, Longo’s is the only conventional supermarket chain with a 100% fair trade banana program, she said. And Longo’s uses Equifruit-derived fair trade signage in its merchandising.

At a time when pricing is a significant issue, Longo’s succeeded in raising prices. In a recent check online, the company charged C\$1.99, or US\$1.61 for a four- to six-piece bunch for conventional bananas, and C\$2.29, or US\$1.85 for organics.

“Equifruit has had a 100% commitment to fair trade sourcing since day one,” Chackal says. “People want to know where products are coming from and that farmers are being treated fairly. When educated about it, consumers will pay more for fair trade-certified products.”

Up until this year, Equifruit sold only organic fair trade. It is looking to expand into the United States.

Organics Unlimited’s Velazquez de Leon says that noncore banana varieties continue to get separate placement from the Cavendish variety, with limited volume and higher prices driving separation from the lower cost traffic driver.

Still, Dole’s Goldfield says interest in noncore banana varieties shouldn’t be ignored at a time when consumers are reconsidering how they eat.

“The traditional Cavendish banana continues its strong year-round appeal with seasonal spikes during the early year and back-to-school periods,” he says. “New recipes and serving suggestions for our Cavendish bananas plus a growing public interest in noncore varieties, such as baby, red and plantains, is resulting in a slight increase in sales overall.”

Plantains are members of the banana family and have been a staple of Latin, African

and Caribbean cuisine for centuries, Goldfield explains. Starchier and lower in sugar than the Cavendish, plantains are one of the most versatile fruits in the produce section and can be used at every stage of ripeness.

Based on her experience, Meza says noncore varieties have had a rough time of it lately, in most of the country.

“Specialty bananas sales in the U.S. represent about 0.5% of the entire banana category, \$16 million versus \$3.2 billion between June 2020 and June 2021,” she says. “Specialty banana sales have seen growth in the West region only. Sales have been declining steadily in all other regions.”

Still, she notes, “Plantains have also seen an increase in demand, usually in the double-digits, particularly in the South and West regions.”

PANDEMIC INFLUENCE

Topsy-turvy U.S. market conditions over the past 18 months may have played into the sales trends. With consumers, particularly younger consumers, more focused on healthy eating and exploring new options, merchandising of noncore varieties needs careful consideration.

Goldfield contends some association with the Cavendish display is beneficial.

“Dole recommends retailers add other banana varieties near their traditional Cavendish displays to keep up with growing customer interest in exotic fruits and vegetables,” he says. “To encourage that impulse to try something new, it’s important that the product be shown well with usage suggestions and education information available.”

Simple divisions can help shape displays, adds Christou. “Some supermarkets over the world are separating bananas per size to match specific ranges of consumers — kids, elderly people, middle-aged people. Favorita has special packaging according to customer specifications.”

Retailers should look for demographic patterns, including age and ethnicity of shoppers, that may suggest ways to calibrate merchandising.

Although bananas are a universally appealing fruit, without conspicuous generational differences, retailers can still find ways to connect with the specific consumer concerns and interests in their merchandising, Christou says.

Goldfield says Dole has a core target group that forms a basis for target marketing.

“Our most effective Dole marketing effort typically starts with parents of young kids, in all ethnic groups, and then radiates out from there,” he says. “The numerous healthy-living campaigns we’ve implemented as part of our

multiyear nutritional collaboration with The Walt Disney Co. has helped us reach many groups of banana lovers. And, not surprisingly, all of these programs have prominently featured Dole bananas. This year, we launched A Recipe for Courage and Kindness to commemorate Disney’s Ultimate Princess Celebration, with original recipes and activities inspired by each princess and Dole’s ongoing promotion of healthy living. The initiative included 47 unique collectible Dole banana stickers featuring Disney princesses and some of their famous sidekicks, our largest set of stickers ever.”

Christou adds during the pandemic the consumer, in general, preferred bagged fruit. “However, the concerns about plastic usage continues to increase and loose bananas are again gaining popularity among consumers,” he says. “Bananas in bags started to be offered as a way to avoid waste on the shelves, but supermarkets are looking for alternatives to match that objective and still reduce the use of plastic by using alternatives such as clusters bound with banderoles. Still, there are certain banana packs, such as mini bananas, that are exclusively packed in bags.”

SATELLITE DISPLAYS

Retailers should consider ways secondary banana displays could boost sales.

“Secondary displays outside the produce department remain one of the most effective merchandising tools to motivate impulse purchases,” Christou says. “By placing the display in areas where products that pair well with bananas, cereals, peanut butter, baking, etc., are sold, the consumer is reminded of the versatility of this amazing fruit and the many ways they can enjoy it beyond traditional snacking on the go or in between meals.”

Velazquez de Leon agrees. “Outside produce department displays are so useful to remind consumers they might have forgotten something to go with their milk, cereal or dessert. It’s a pairing experience.”

Secondary displays of bananas at checkout or adjacent to complementary products such as cereal, yogurt, milk or peanut butter, or positioned as brown-bag staples during back-to-school months work effectively with conventional and organic bananas, Goldfield says. “Secondary displays at nonproduce sections can also promote bananas as a single-serve snack option and have been proven to capture impulse buyers, and we suggest mixing it up with both seasonal and meal- and recipe-based displays to keep it fresh and interesting,” he says.

Positioning bananas for cooking or as a post-workout snack has potential, as do more creative merchandising options.

"We have found that a dedicated tropicals section featuring bananas is also an effective way for drawing shoppers, both during the summer and even the winter months," Goldman says. "With the year-round availability of many core tropical products, waiting until summer is not necessary to get consumers excited for tropical fruit."

Dole has seen a number of successful display scenarios that include bananas, pineapples and other tropicals, Goldfield says. Produce executives should consider working with suppliers to introduce shoppers to new tropical fruits, and retailers and suppliers can collaborate on recipes, applications, serving suggestions, educational materials and other collateral material that explain the extraordinary health benefits of the broad range of tropical fruits available.

In the pandemic, consumers stuck at home became, by preference or necessity, more capable cooks, and, in some cases, bartenders as the cocktail craze grew. In general, retailers may want to use interest in food prep as a way to promote noncore banana varieties, potentially using cross-merchandising that introduces new cooking styles.

"Since early 2020, when we saw the natural increase in cooking, this cross-merchandising is working even better," says Velazquez de Leon. "The great thing about bananas is that they give you the flexibility to cross-merchandise based on ripeness. You can capitalize on the lower sugar content and healthier aspect. Have some ripe, spotty bananas? Great, these are the perfect bananas for baking."

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■ SUPPLY AND DEMAND: AMID THE SUPPLY CHAIN TURBULENCE, ARE BANANAS PRICED TOO LOW?

The banana market supply faces "huge challenges" in field-to-store costs, including those related to material and fertilizers, and logistics, says Dennis Christou of Favorita USA Corp.

"Different from other years, these changes have happened all at the same time," he says, adding the supply in different countries may vary.

Pricing is a factor that requires reconsideration.

"At the market level, the banana sector sees the need for an improvement in prices, given the increases in production costs," Christou says. "Likewise, it is important for the consumer to recognize the efforts that suppliers make in terms of certifications and sustainable production."

Earlier this fall, Fresh Del Monte Produce announced it was raising prices on bananas, including organics and plantains, as well as pineapples and fresh-cut fruit in response to unprecedented market conditions and general inflationary pressures.

Announcing the pricing change, Mohammad Abu-Ghazaleh, Fresh Del Monte chairman and chief executive, said, "Despite our efforts to mitigate these increasing costs within our supply chain, they are simply too great to absorb. The unparalleled costs have been persistent and show no signs of regulating. After thoughtful consideration, it is necessary to implement inflation-justified price increases in an effort to maintain our continuous supply and service levels."

The issue of pricing, given the posi-

tioning of bananas as a low-priced commodity, should be reassessed in a broader context that takes the entire development of the marketplace, says Mayra Velazquez de Leon, of Organics Unlimited.

"This is a key topic, given banana's notoriety as a low-priced commodity," she says. "I've had a number of conversations with people who talk to me about the 'banana enigma,' that bananas are not commercially grown locally in the States and yet are available for a fraction of the price of locally grown apples.

"Several retailers tout that the price of bananas hasn't increased in a decade, yet how does this reflect on the impact on growers and the people out there growing our food?" she adds. "These days, talking about pricing really comes down to breaking the notion that bananas cannot sell at retail for over \$1. We know consumers are more interested than ever in a product that was sustainably grown — they want to know that their dollar is ultimately doing good for the people growing their food. This is not a realistic proposition at a sub-\$1 retail price, and we know today's consumer is willing to pay the difference."

The past three years, price pressure has increased, and yet, Velazquez de Leon says, "costs have been rising alarmingly," which could trigger a supply problem in the long run. "Noncore varieties are not a big mover, consumers are not familiar with all the varieties and pricing is a big factor when buying."

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