

10 Solutions For Selling More Grapes

Produce decision-makers share their tactics for overcoming grape challenges. **BY CAROL M. BAREUTHER, RD**



Varieties, colors, packaging, growing preference, display size and pricing are among the considerations retailers grapple with to increase grape sales.

Grapes have shifted from a summertime favorite to a year-round staple. In doing so, they've become strong profit centers that contributed 5.8 percent to total produce dollar sales during the 52-weeks ending February 23, 2013, according to data provided by the Nielsen Perishables Group, a Chicago, IL-based fresh food consulting firm.

According to Scot Olson, director of produce and floral of Grocery Outlet, a 185-store chain headquartered in Berkeley, CA, "I'd say that during Q3 and Q4, grapes are one of our top 10 produce categories. Customers definitely look for imports too, but the volume and quality are peak during summer and fall when grapes come from right here in California."

Selling more grapes at retail is not without its difficulties, despite this fruit's registering potential. Here are 10 common retail challenges and their money-making solutions:

1. Stock A 52-Week Supply

Grapes have been available and customers have purchased these sweet bite-sized fruit year-round for some two decades. This is clear in the fact that category dollar contribution to produce sales changes little over the quarters. For example, in 2012, grapes represented 5.2 and 5.0 percent of produce dollar sales in Q1

and Q2, respectively, and 6.2 and 6.7 percent in Q3 and Q4, respectively, according to Nielsen Perishables Group data. However, at times, retailers find it nearly impossible to stock a complete assortment of high-quality red, green and black grapes.

Traditionally, a smooth transition occurs between the major domestic and offshore growing regions. Gordon Robertson, vice president of sales and marketing for Sun World International, LLC, in Bakersfield, CA, explains, "The domestic season can go as long as mid-May through January, and supplies from Brazil in October, Peru in November, and Chile in December through May. The transition from Chile to Coachella and Mexico is generally smooth. However, with all of these transitions, challenges arise due to weather conditions and product quality in each growing region."

"Crimsons transition smoothly, therefore there's generally no lack of or interruption in the supply of red grapes," says Tim Dayka, managing partner at Dayka & Hackett, LLC, in Reedley, CA. "However, as the Southern Hemisphere starts to finish with green grapes, there is the potential for a small gap."

This possible interruption is due to a 2010 federal marketing order that establishes April 10 as the cut-off date for importers to bring in anything less than U.S. Number One graded-

seedless grapes. Green grapes blemish more easily than dark-color reds, so this makes their importation after this date a riskier proposition. Some 99 percent of Southern Hemisphere green grapes will typically come in prior to April 10, while offshore Crimsons will continue to ship until mid-May.

"The earliest Northern Hemisphere green grapes, such as Perlettes, don't start shipment out of Mexico until May 15 or 16," says Atomic Torosian, co-owner of Crown Jewels Marketing, in Fresno, CA. "Our Mexican deal seems to be getting later. Only 15 to 20 percent of the crop harvests in May with 80 to 85 percent now compressed into a heavy June program."

Rob Spinelli, in sales at Anthony Vineyards, in Bakersfield, CA, sums up this tricky time frame: "Retailers are watching their inventory of green grapes during the first two weeks of May. After that, time is needed to fill the pipeline, so it's the last week in May before things start to settle down for green grapes."

Similarly, due to lower demand and total availability—as well as quality and perishability issues—there can be a gap in black grape supply in early May.

This isn't the case for green and black grapes on the back end of the domestic deal. Dayka & Hackett's Dayka explains, "Traditionally, Thompsons would finish harvest in late

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September or early October, and we'd put them in storage after that. Now, newer green grape varieties such as Autumn King and Luisco, as well as proprietary varieties, harvest into November. That means we're only pulling for one month out of storage before the imports come in rather than three months."

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"This coming season, Sun World will be the first grape grower to offer proprietary late-season varieties in all three colors," says Sun World's Robertson. "This provides retailers with extended availability, superior quality and more opportunities to promote and grow the category."

While a full assortment year-round grape supply seems to be the industry's Holy Grail, breaks in supply at retail don't necessarily have to be a bad thing. In fact, it can prove advantageous. It's all in how the gaps are positioned.

John Pandol, director of special projects at Pandol Bros., in Delano, CA, says, "We've had this foreign concept from the can-stacker category management world invade the produce department dictating that the grape display should be the same 52-weeks a year. That's not what Mother Nature says. At certain times of year, from certain places, and in certain years, the grapes are just better. One retailer uses a 'good, better, best' designation at retail to indicate peak of season."

2. Sell By Color, Variety Or Flavor

"Customers at Grocery Outlet purchase grapes by flavor and freshness," says Grocery Outlet's Olson. "They aren't overly concerned with variety name. But when you talk to the buyers, they know each and every variety and purposely seek out specific ones that will create the best eating experience for the customers."

Red grapes represented 55.3 percent of category dollar sales during the 52-weeks ending February 23, 2013, with green at 38 percent, according to Nielsen Perishables Group data.

"Some retailers have started to carry two to three varieties of the same color of grape," says Dayka & Hackett's Dayka.

Nick Dulcich, owner of Sunlight Interna-

tional Sales, Inc., in Delano, CA, agrees. "Retailers carry numerous varieties of apples, pears, or plums, many the same color or appearance; why not two varieties of green or red grapes?"

"There are great differences between colors and varieties of grapes, both in flavor and texture," explains Karen Brux, North American managing director of the Chilean Fresh Fruit Association (CFFA), in Fresno, CA. "Retailers can benefit by educating their customers on the attributes of the various varieties on display."

Pandol Bros.' Pandol offers a creative solution to this debate, "It's kind of funny that we sell grapes by color. Why don't we sell a 'tart' grape with a tannin taste characteristic like a Flame and a 'sweet' grape with a low acid finish like a Crimson? In the new variety samplings we do at retail, it becomes very clear that flavor and texture are what light up consumers."

3. Bump Up Black Grape Sales

Black grapes are a tough sell. Only 5.7 percent of category dollar sales were of the black/blue variety for the 52-weeks ending February 23, 2013, according to Nielsen Perishables Group data.

Grocery Outlet's Olson says, "Some consumers still think the black varieties have seeds. Also, the higher sugar levels in some black varieties cause them to break down faster. These two points have caused consumers to shy away. It's a shame, because there are some newer great-tasting black grape varieties out there like Fantasy Seedless and Sun World's Midnight Beauty."

"The right promotion can drive trial, which is an opportunity to introduce shoppers to a color they haven't tried before," says Sun World's Robertson. "We've experienced this with our Midnight Beauty black grape, where promotional pricing drove a major increase in the black seedless category and also spurred repeat purchases after the promotional period. The black seedless promotion also drove total category growth as shoppers decided to trial the new variety and also buy their staple grape."

Megan Schulz, West Coast business development manager for Giumarra Companies, in Los Angeles, CA, adds, "We see that consumers are more willing to purchase black seedless

grapes when the grapes are merchandised alongside red and green grapes."

4. Offer Seeds In A Seedless Market

Americans love seedless grapes. In fact, 84.9 percent of grape category dollar sales during the 52-weeks ending February 23, 2013, were seedless, according to Nielsen Perishables Group data. Seeded represented only 15.1 percent of grape sales. Red Globes represent a lion's share of the seeded grapes sold in the U.S.

"It's the large size, pleasant crunch and beautiful red color that makes Globes attractive to customers," explains Grocery Outlet's Olson.

In addition, Gina Garven, manager of sourcing business analytics and vendor managed inventory for C.H. Robinson Worldwide, Inc., in Eden Prairie, MN, says, "Globes are still mainly driven by ethnic consumers. However, the popularity of Globes is growing outside of ethnic consumers due to the increase in recipes—including this specific variety. Most families are still reluctant to deal with seeded grapes since this item is mainly eaten as a snack. Nonetheless, when a recipe is calling for this particular variety, retailers see purchases increase and add to overall category sales."

5. Address Organic Availability Issue

Organic grapes accounted for only 2.1 percent of total category sales for the 52 weeks ending February 23, 2013, according to Nielsen Perishables Group data. One reason for such a low annual percentage is a lack of year-round availability. The CFFA's Brux says, "There are no Chilean organic grapes in North America."

"On the domestic front, we can keep our customers supplied with organic grapes from July to January; no problem," says Jon Zaninovich, vice president of Jasmine Vineyards, Inc., in Delano, CA.

"Anthony Vineyards is working to expand its availability of organic grapes through adding new acreage," says Spinelli. "We now have red and green organic grapes from May to November without any gaps and are working to extend this availability to December. We're also working on offering all three colors from May to October. Demand is increasing from the natural food stores, and conventional stores are starting to give a bigger focus to organic."

There seems to remain a catch-22 to future growth in organic grape availability. "Organic grape growing takes a commitment and many growers are not in a position to make this commitment," explains Sunlight's Dulcich. "Organic grape sales are a very small part of the total. FOB's have drawn much closer to conven-

tional grapes and a loss of incentive to the grower has occurred.”

At the same time, “research in 2012 by the St. Louis, MO-based research division of Fleishman-Hillard International Communications shows that while consumers are willing to purchase organic grapes, they don’t want to pay over 10 to 20 percent more for organic grapes than conventional grapes,” adds Cindy Plummer, vice president of domestic marketing for the Fresno, CA-based California Table Grape Commission (CTGC).

6. Consider Packing & Merchandising

Few retailers sell grapes without some form of packaging. Today, pack types range from clear plastic clamshells to conventional plastic slider bags—which tend to dominate sales due to their low cost.

“Clamshells are king at Grocery Outlet,” says Olson. “We don’t have scales in our stores, therefore we sell 2-pound fixed weight clamshells. They make it easy for customers to pick up and inspect the quality of the fruit. Clamshells also protect the fruit, reduce shrink, are easier to stack on display, and prevent slips and falls due to the fruit falling on the floor.”

Clamshells also make it easier for retailers to sell two or three colors in one pack.

As for bags, Sun World raised the bar with its new clear pouch bag, which is designed for better product visibility. “Bag clarity is one of the top five influencers of grape purchasing,” says Robertson. Sun World uses a new high clarity cast polypropylene. “The industry standard is currently polyethylene, and it tends to amplify bag cloudiness, which is one of the top five negative influencers at the point of purchase. In addition, this pouch bag is designed with a gusseted bottom that allows for stand-up merchandising and a slider zip function for easy and convenient resealing,” explains Robertson.

One step further, some growers and shippers have introduced a high graphic grab-and-go bag with handles. This new-style bag provides a canvas for graphics and marketing messages. It can also be sold as a variable weight package, which improves the retail price point.

Paul Kneeland, vice president of produce, floral and seafood at Kings Food Markets, a 25-store chain based in Parsippany, NJ, finds this bag-style attractive. “It shows the grapes

well and is easy for customers to pick up because of the handles. It’s a good mover.”

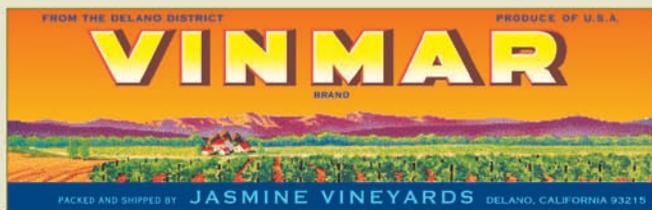
The retailer challenge is to compare added cost to improved merchandising and impulse purchases in selecting the optimal packaging.

Anthony Vineyard’s Spinelli offers the numbers: “A clamshell costs about 20 cents, a gusseted high-graphic bag costs 9 cents, and a slider bag costs 3 cents. That means the extra 6 cents of going from a slider to gusseted bag can add up to an extra \$1.2 million a year on 20 million bags.”

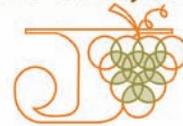
7. Create Display Space

Grapes are offered on an average four-foot refrigerated destination display at Grocery Outlet. “The cool temperature not only reduces shrink, but increases impulse sales,” says Olson. “Customers love to buy and eat cold grapes.”

Research by the CTCG shows that space allocation of more than 25 feet can generate up to 63 percent more dollars per store per year than sets under 18 feet. In addition, studies demonstrate that during grape season in California, a maximum sales lift is obtained with displays measuring at least 25 to 30 square feet.



Jasmine Vineyards, Inc.



11239 Famoso-Porterville Hwy.

Delano, CA 93215

Ph (661) 792-2141

Fx (661) 792-6365

email: jvine@jasminevineyards.com

The CTGC's Plummer explains how retailers make room for grapes in stores. "In addition to a prominent primary display of grapes, don't forget secondary displays. Secondary displays can raise the visibility of grapes and ensure that they get noticed. They're also a great way of highlighting unique or new varieties."

This is just the tactic utilized at Grocery Outlet. From June to October, Olson and his staff place 3x3-foot field bins of grapes at the front of the store. Plus, they utilize slant, metal-rack mobile merchandizers filled with four to five cases of grapes as end cap displays alongside of tree fruit or at the check-out registers.

Sun World is introducing bins this summer to spotlight its proprietary brands and highlight grapes as a healthy snack. The bins include beauty shots of the product, a nutrition label, as well as a 'Sweet & Healthy' call out, and a QR code leading to a mobile-friendly web site with more information and recipes.

Secondary display ideas within produce include merchandising grapes next to lettuce or salad kits. Displays outside the department work well in Deli or Wine and Cheese.

8. Recipes Boost Grape Sales

"Eaten fresh out of hand is the main focus for grapes," says Nick Bozick, president of Richard Bagdasarian, Inc., in Mecca, CA. "Never discount the recipe factor; however, offering recipes doesn't hurt."

Consumers in focus group testing say they want to know more ways to use grapes and that this knowledge will spur them to purchase more, according to 2012 Fleishman-Hillard International research conducted on behalf of the CTGC.

"Because of this feedback," says CTGC's Plummer, "we are now featuring usage images in our advertising campaign. QR codes are included in the print advertising campaign and take shoppers to a mobile site that includes recipes for the usage images. We have recipes and photos available for retailers to incorporate in their customer communications including social media pages."

9. Give The Best Promotional Price

"Grapes are price-promoted once per month year-round at Kings Super Markets," says Kneeland. "In peak season, we'll drop as low as \$1.49 per pound."

The days of 99 cent-per-pound ads are, or

should be, gone. Pandol Bros.' Pandol explains: "Pushing for really low FOBs/retails when the grapes are at peak freshness encourages growers to store grapes. Then retailers/consumers pay the highest prices for the oldest grapes. With regard to 99-cent ads, the industry went through a long period where grape ads drove traffic but stores didn't make much money on grapes. The quality and condition of 99 cent-per-pound grapes were so bad it didn't drive traffic. Now ad prices are in the \$1.25 to \$1.50 range, and all of a sudden, retailers are seeing the category dollar increase in grapes—similar to what they've seen in berries the past few years."

According to 2012 Fleishman-Hillard International research conducted on behalf of the CTGC, consumers think grapes are a bargain at \$1.20 a pound, reasonable at \$1.70 per pound, and begin to seem expensive when the price per pound reaches \$2.80.

Price isn't the only way to promote grapes. "Giumarra offered Fair Trade Certified red, green and black seedless grapes this spring grown in Sonora, Mexico, by the Salazar family [in Hermosillo]," Schulz says. "Grapes sold under the program were packed under the Nature's Partner label and had a Fair Trade Certified sticker. The fruit was sold at a premium, and the resulting funds were returned to a worker council of Salazar farm employees."

10. Plan A Merchandising Strategy

"Grapes are popular in winter and summer," says Kings' Kneeland. "We encourage customers to try freezing grapes for a refreshing warm-weather snack."

Dayka & Hackett's Dayka agrees. "Like bananas, you could make the argument that consumers' purchases of grapes aren't that seasonal anymore."

Research conducted in 2010 by the Perishables Group on behalf of the CTGC shows that five promotions per month in spring/summer generate five times the volume lift of one promotion, while four promotions per month in fall/winter generated 85 percent more volume lift than one promotion.

"While consumers might not differ in their grape purchasing habits by season, retail handling of grapes should," says Pandol Bros.' Pandol. "Southern Hemisphere grapes are generally a month old when they hit the shelf. Springtime and summertime grapes are fresher. Adopting a supply chain that minimizes dwell time is the best strategy spring and summer. In the winter, inspection and cullage is key."

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