

The Opportunity for Brands in Produce

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“I look for freshness, good colour and local.”

“I've got to admit that I really don't think about brands when I buy produce.”

Canadians buy over \$8 billion of Fresh Fruits and vegetables annually (CPMA.ca). They have specific requirements and standards when deciding where and what to buy. A large, highly involved category is usually fertile ground for brands. So why is brand development in the category so low? And is there an opportunity for a company to build a brand that resonates with the consumer?

To answer that question we must examine consumer trends, retailer needs and the challenges of the supply chain.

Consumer trends in fresh produce are driven largely by our changing demographics and societal values.

Demographically, we have an aging population, an increasing mix of ethnicity, more urbanization and smaller household sizes. Socially, we are more health conscious than ever and more interested in environmental and social responsibility.

There are well established attributes that most consumers look for when buying produce: Freshness, Taste, Quality/Consistency, Appearance and Price. The growing and emerging trends are the result of our changing demographics and society values.

Growing trends include;

- An increased desire for variety driven not only by the ethnic communities but by mainstream consumers exposed to the rich diversity of menus that come with living in a multicultural society.
- Our pursuit of a healthier lifestyle in conjunction with hectic schedules has led to a greater value being placed on convenience (washed, chopped, mixed, microwavable packaging, salad dressing, sauces and spices included). Convenience items are commanding significant price premiums ranging from 25%- 200% vs. a comparable bulk items. At the far end of the scale, we found organic carrots with dipping sauce in snack packs that were selling at 10 times the price per weight of a bag of mini carrots.
- Our desire for convenience is at odds with our growing environmental values. While packaged produce (required for washed, chopped etc.) is increasing its share of shelf, consumers are looking for reassurances like “made from recycled water bottles” or “biodegradable package” to ease their conscience.
- Smaller households are looking for smaller portions and packages.
- The established need for freshness coupled with a growing sense of social responsibility has combined to drive the “local” concept. Foodland Ontario is a best in class example of this type of geographic identifier. Research conducted by Foodland Ontario shows a significant increase in the interest of buying local, with 87% of principal grocery shoppers intending to buy local Ontario food when available.

- “Better for you” is the number one driver behind the sustained growth of Organic Foods. This is closely followed by environmental responsibility and sustainability. Organic foods have been growing by 20% annually for the past several years and now represent over \$2 billion in sales (all channels). Fresh organic produce at retail is over \$300 million annually. www.organicbiologique.ca

Emerging trends include environmental and social responsibility. Consumers are increasingly expressing their values through their purchase behaviours. This will drive requirements like Fair Trade and Sustainable Farming practices in the produce sector.

Consumers’ interaction with the produce category is both functional and emotional, and the purchase decision is highly involved. The opportunity exists to build a strong brand with the consumer by addressing and communicating how your brand uniquely meets these needs.

Retailers require their produce vendors to meet the needs of their shoppers. Over and above their consumers’ needs, retailers have a set of evolving requirements.

Fresh produce is one of the biggest categories in the traditional grocery store and often a point of differentiation for the retailer. Sobeys Inc has recently rebranded eight of its discount chain stores (Price Chopper) to “FreshCo” emphasizing the quality and value of its fresh foods with an emphasis on produce (Marketing Magazine).

Other requirements include:

- Waste reduction is an on-going objective. Growers, brokers and packers are continually investing to improve quality and consistency in a perishable category.
- Food Safety and Traceability are very important. A significant investment in technology has taken place throughout the supply chain to ensure that product issues can be avoided and /or quickly contained.
- Despite the differences between fresh produce and consumer packaged goods, retailers are asking their produce vendors to conform to the same protocols, like category management. Yet, consumer and shopper information appears to be extremely light. This could represent an opportunity for the large grower, packer or association to take a leadership role in working with their retail partners.
- Social responsibility and community involvement are also on the retailers’ radar. “Customers are asking us about our corporate social responsibility goals - they want to know how a company operates, not just what they sell,” says Joel Ippolito, President The Ippolito Group.
- The retailer requires produce vendors to deliver on consumer needs while investing in the supply chain, consumer information and operating in a socially responsible manner. In delivering against these requirements on a consistent basis, vendors are building their brand with the retailer. The next challenge is to build the same meaningful brand with the consumer.

Currently, in the produce section, just about every sticker, elastic band and bag is marked with a brand name. For the most part, those names mean little to consumers.

There are of course some notable exceptions. Brands like Dole and Foodland Ontario resonate with produce shoppers.

In a recent survey, over half of consumers named Dole as a Fresh Produce Brand on an unaided basis. To consumers, Dole meant more than pineapples. Consumers noted the salad kits and information on taste, texture and crispness on the package.

Ninety-six percent of Ontario Principle Grocery Shoppers recognized the Foodland Ontario symbol and 81% associated it with Fresh Ontario Food, according to a 2008 Foodland Ontario Tracking Report.

“The Foodland brand has been key to helping consumers choose these fresh Ontario foods that support our hard-working farmers, strengthen our communities, and protect our environment.”
Carol Mitchell, Minister of Agriculture, Food and Rural Affairs.

What are these brands doing to get in the minds of consumers? They are giving something to the consumer that they value and see as unique. These brands communicate their value proposition to the consumer through every point of contact and they do it over time.

A more recent example is the Earthbound Organics brand which is gaining momentum based on an organic platform, coupled with convenience (washed, chopped and seasonings included) and environmentally friendly packaging. Communication about the brand’s value proposition is very clear on the packaging and their presence in some retail locations is growing through a category management approach to the salad section championed by their regional distributor.

As in all categories, building a brand is challenging. There is no silver bullet; it is a multifaceted, disciplined activity. In Fresh Produce, however, the challenges are even greater. The successful delivery of a brand’s promise relies on a just in time, complex supply chain that starts with a seed and ends up fresh on the consumer’s plate. Any initiatives or attempts to strengthen branding need to include and benefit all partners in the supply chain (growers, packers, brokers, retailers) or the initiative will not gain traction.

In Canada, because of our short growing season, importing often becomes part of the model. Ensuring specifications that meet your brands requirements is an additional management challenge.

Fresh produce is a large, highly emotive category. The shopper is very involved in each purchase decision. While this is fertile ground to develop strong brands, only a few have really capitalized on the potential. The opportunity exists for Canadian growers and packers to take a leadership position in creating strong brands for the consumer. Brands that truly meet consumers’ functional and emotional needs command a premium which should translate to higher profitability throughout the supply chain.

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