

PMA Fresh Summit 2010

Final Report

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Statement of Report Purpose

This report describes a study tour that looked at the innovations and trends in global fresh produce as witnessed at the 2010 PMA Fresh Summit held in Orlando, Florida Oct 14-18 2010. University of Queensland third year Agribusiness students Claire Wookey and Nigel Solomon attended the PMA Fresh Summit as part of the PMA Foundation for Industry Talent (FIT) program which was sponsored by HAL and the PMA Foundation. Associate Professor Kim Bryceson was also sponsored by HAL and the PMA Foundation to attend as the Faculty Mentor to the two students.

This report was requested as part of that study trip with the brief aimed at obtaining the students' perspectives on fresh produce trends from other countries in comparison to domestic, and to identify ways to translate the American PMA FIT program into an Australian format for PMA Australia/New Zealand.

Specifically the students were required to investigate several areas of interest to HAL and PMA Australia/New Zealand. These are as follows:

1. What are the current major trends in fruit and vegetables in regard to sustainability, eating local and supply chain innovations;
2. What are the differences in merchandising fresh fruit and vegetables between Australia and the United States;
3. What are current initiatives being used to drive sales in the USA in comparison to Australia;
4. What are the student perspectives of the PMA Fit Foundation experience and what recommendations could be made for a similar domestic program.



Table of Contents

Introduction.....	4
Project Brief, Expected Outcomes and How they were achieved.....	5
Domestic Interviews.....	6
USA Interviews.....	7
Major Trends in Fruit and Vegetables in Australia and USA.....	8
Merchandising.....	9
Initiatives to Drive Sales.....	11
Recommendations for PMA Australia/New Zealand FIT Program.....	13
Conclusion.....	14
Links of Interest.....	15
Social Networking Sites.....	15
Acknowledgements.....	16
Appendix 1.....	17
Appendix 2 – Contacts.....	18

Introduction

The Produce Marketing Association of America (PMA) (www.pma.com) represents approximately 3000 companies involved with fresh produce and the floral industry.

The annual PMA Fresh Summit (<http://legacy.pma.com/freshsummit/2011/>) is an opportunity for these member companies to meet and showcase their innovative products and gauge the state of the global produce industry. Overall the PMA Fresh Summit was an eye-opening culmination of innovation and experience, which allows for a greater understanding of the elements and influences that shape the fresh produce industry.

A secondary function of PMA is to encourage younger generations into the industry. The PMA Foundation for Industry Talent (PMA FIT Program) has been established to achieve this goal. The multi faceted program involves promoting career opportunities and benefits, potential for growth and development as well as putting graduates in contact with leaders of the produce industry. Each year students from the United States, Chile, South Africa and Australia are sponsored to attend the Fresh Summit. These students are partnered with an industry mentor who introduces them to the Fresh Summit and to various industry contacts. Students also attend multiple workshops involved with entering the industry and on career development. The program has been very successful at introducing and retaining young talent into the industry and it has been suggested that a similar program be established in Australia.

The recommendations made at the end of this Report for an Australian PMA FIT program have been based on the students' experience in Orlando, which focused on networking and skill development as well as identifying domestic employment opportunities.

Project Brief, Expected Outcomes and How they were achieved

As indicated in the Statement of Purpose – the following were the issues of interest on this study trip:

1. What are the current major trends in fruit and vegetables in regard to sustainability, eating local and supply chain innovations;
2. What are the differences in merchandising fresh fruit and vegetables between Australia and the United States;
3. What are current initiatives being used to drive sales in the USA in comparison to Australia;
4. What are the student perspectives of the PMA Fit Foundation experience and what recommendations could be made for a similar domestic program.

The key outcomes for this study were:

- Identification of sales, marketing and merchandising trends in fresh produce in Australia and USA
- Identification of new fresh food products of interest, including packaging and displays
- Experience the PMA FIT Program and formulate recommendations for a similar Australian initiative

These outcomes were achieved using four methods:

- 1) Initial desk-top research was carried out on the Australian and American fresh produce industries to identify popular products, key organisations and influential companies.
- 2) Domestic interviews with fresh produce and marketing managers from the supermarket chains Coles and Woolworths were undertaken to identify trends and merchandising techniques for comparison with USA retailers whilst overseas.
- 3) In the USA unstructured interviews with stall holders at the Fresh Summit exposition and information given at seminars and by key note speakers were used to obtain data for analysis. The keynote sessions were the most beneficial for identifying key market trends where as the unstructured interviews with stall holders were better for gaining an in-depth understanding of their product offering.
- 4) All information was manually recorded and analysed and that analysis formed the basis of this report.

Domestic Interviews

In order to recognise different trends and products the researchers needed to have a sound understanding of the Australian fresh produce industry. In addition to their pre existing knowledge gained during their degree and industry work experience, two research visits were organised to the supermarket chains Coles and Woolworths.

Woolworths

An interview and tour around the Woolworths Indooroopilly store in Brisbane was conducted with Richard Cheeson (Senior Fresh Produce buyer for Qld) and Gary O'Donnell (Store Manager). As a result, key shopping habits of Australians using supermarkets were identified.

Convenience is a key driver of sales, followed by price, brand loyalty and perception of quality. Moreover, Woolworths have implemented a number of strategies to target these demographics, particularly those affected by brand loyalty and quality perception as these products attract a higher premium.

Woolworths are phasing out their 'one touch' black packing crates in favour of a more visually appealing fresh produce display. The black crates minimised additional handling but had an increased prevalence of damaged produce. The new stacking format favours product pairing and high turn over, which is again more labour intensive but reduces the amount of stock on the floor and quickens turn over. This is particularly beneficial for products such as berries that have a shorter shelf life but attract a premium and are always in high demand.

This method also promotes product seasonality through pairing - while in store centralised displays of mushrooms and asparagus and broccolini were observed. These products are not traditionally displayed in the main aisles and were specifically put there for a point of interest.

Additional domestic trends include an increasing awareness of the seasonality of fresh produce. A focus of most promotions including Woolworths Fresh Food Updates, in store promotions and buy now, eat later stands are all targeted at the seasonality of produce and encourage consumers to understand the supply chain of their fresh produce.

Other methods include promoting the growers story to create variety and brand recognition. This method relieves the pressure for consistent produce across a season and it accounts for changes in flavour and variety of certain fruits and vegetables as they are sourced from different geographical areas.

Coles

The presentation of fresh produce is an area in both supermarket chains undergoing substantial redevelopment. The Coles Renewal stores are perhaps the largest scale change. These stores are either completely new venues or old stores that have been refurbished and reformatted to create a centralised, fresh food market style atmosphere. Stainless steel ice beds and white display cabinets as part of the product presentation has given a new 'look' which has increased the appeal of the produce and thus product turnover (as well as increasing the need for more floor staff).

Ready to eat products, and self-service salad bars have also been included and have given the customer more interaction with product and created a format in which new products can be introduced and trialled, for example, introducing new salad dressings and yoghurts in the salad bar as a way to encourage sampling.

USA Interviews

These were undertaken during the PMA Fresh Summit (see Appendix 1 for Itinerary)

These interviews indicated that while the American and Australian produce industries are quite different, many of the trends and products on display are relevant to an Australian market.

Many of the market trends, particularly consumer emphasis on sustainability and environmental consideration are already changing the industry and impacting the supply chain. There is also a greater focus on traceability and knowledge of the product consumers are eating.



The changing consumer perceptions and increased product knowledge has enabled a new form of information sharing and viral marketing to become a key component of marketing strategies. The use of social networking sites has become key to reaching

younger generations who have incorporated this technology into their daily lives. There have been several highly successful campaigns that incorporate this medium. In tune with changing consumer demands a number of dynamic, innovative products have been developed to suit these needs. These include new product combinations, packaging and display methods as well as new merchandising techniques.

Major Trends in Fruit and Vegetables in Australia and USA

The most notable comparison between the Australian and United States fresh produce industries is that companies in the United States seem to have a significantly larger focus on the needs and wants of the final consumer. This has been driven by an increasing pressure from consumers to be more sustainable in their methods of production. Whether it is bio-degradable adhesive labels or chemical free processes, consumers in the USA are becoming increasingly conscious about their health and the impact on the environment. The industry as a whole, in all areas of the supply chain is focused on improving their processes to become more efficient and effective and therefore sustainable to grow the market presence of fresh produce.



The issue of eating local was portrayed in two ways. The first was similar to Australia with the idea that local is within the United States. The second was a smaller, yet more demanding demographic where locally grown is considered to be within a state or town. Consumers demanding this level are purchasing from farmers markets and community gardens. While it was noted that some consumers preferred the close proximity of supply for fresh produce, in order to meet the needs for taste and quality supply has to be sourced from a larger geographic area.

The marketing campaigns developed by growers and packers reflect this local issue. The main focus of these campaigns is to tell the story of specific products adding perceived quality through consumer understanding of the process of getting the specific produce to their supermarket. It was identified that consumers had a limited understanding of the origin of their fresh produce. Promoting the growers story is commonly used to educate consumers about quality and seasonality, a flow on

effect of this technique is that it often establishes a loyalty-based customer demographic.

Improving innovation within the United States fresh produce industry was an issue being pushed by the PMA to all companies in the supply chain. Innovation was particularly evident in the packaging and handling processes which were a primary focus of this year's Fresh Summit.

Convenience for the consumer was also emphasised as being very important for maintaining a high level of sales; the large number of PMA keynote speakers and seminars who referred to this issue demonstrated this. A prominent example of this trend was the prevalence of compartmentalised, modified atmosphere packaging at this year's Fresh Summit. This style of packaging allows for a greater variety of mixed fruit and vegetable combinations. In comparison to Australian packaging products these are more advanced in product variety, which offered greater flexibility in targeting a range of demographics.

Merchandising

The 2010 PMA expo had an enormous variety of new, innovative products on display. These included new product combinations, merchandising ideas, advertising campaigns and new forms of packaging and display.



Contact information for each of the products mentioned below can be found in the Links of Interest at the end of this document.

The Little Potato Company - have developed a 'Terrific Trio' of ready to eat potatoes. This premix includes two yellow and one blue potato variety and has been developed to introduce more blue potato varieties into American diets. The 'Terrific Trio' will become available in January 2011, it is a very simple yet effective method of introducing a new product that consumers may not purchase individually.

Frontera - introduced their fresh guacamole premix at PMA 2010. This product has three main selling points, the first being that it is made from fresh ingredients whereas other premix's have more preservatives. The second was that it was created by celebrity chef Rick Bayless. The third selling point is that the product is available in individual serves. This style of product is not readily available in the

Australian market but has identifiable potential. This product combines the attractiveness of homemade food and convenience products. It can be placed in Australian supermarkets in a similar way that chocolate dips are placed beside strawberries.

JSI Store Fixtures - many products on display had great application for cross merchandising methods. Of particular interest was the hanging banana rack developed by JSI Store Fixtures. The portable rack is designed to be placed in the cereal aisle of the supermarket and beside convenience items at the check out. In Australian supermarkets this product could be utilised for greater cross merchandising between product categories. JSI Store Fixtures also had a number of unique produce stands that incorporate their specially developed display foam that is non-absorbent that has improved hygiene benefits of reducing mildew and mould growth. The company are also developing an anti microbial version of the product.

Exhibited at this year's expo were two extensive marketing campaigns, the likes of which have not yet been seen in Australia. The advertising techniques used are not new to the food industry but are rarely associated with produce.

The Visalia Onion Committee have a successful advertising campaign centred around popular DreamWorks character Shrek timed with the release of 'Shrek Forever After'. The campaign involves promotional onion bins in stores, recipe cards for popular kids foods such as 'Happily Ever Onion Chocolate Cake' and an interactive website. All accounts have reported this campaign as very successful in boosting sales and targeting children. While movie characters from popular children's programs have been used to promote cereal, confectionary, toys and other pre-packaged food products it is a technique that is not commonly associated with fresh produce.

Scarrots - a marketing campaign for Baby Carrots established by Bolthouse farms and 'A Bunch of Carrot Farmers' has been particularly successful and interesting. The campaign, entitled 'Eat 'Em Like Junk Food' uses a variety of advertising techniques to target youths. A comical take on junk food advertising, this campaign incorporates social and interactive media such as Twitter, Facebook and Youtube. It also has an iPhone application along with games and songs that can be downloaded from the webpage for free. In conjunction with the technology based advertising new packaging has been developed to increase the appeal of the product to the target demographic. As part of this campaign a product called 'Scarrots' was introduced over the Halloween period. This smaller packet of baby carrots comes with temporary Halloween themed tattoos, designed to be given out instead of candy to children. Again this advertising strategy is commonly seen in the cereal or junk food categories but has only just been introduced into the fresh produce sector, where so far it has been very successful and widely publicised. A similar promotion in Australia would be highly successful based on its success in the United States and its divergence from other more common marketing strategies for fresh produce.



Temkin International Film Packaging have developed a new multi compartment packaging for fruits and vegetables. Each chamber in the package can be filled with a different atmosphere allowing a combination of a greater variety of products side by side. As this style of packaging is unfamiliar to the Australian consumer it has the advantage of appearing fresh and different, drawing attention to the product. While there were a wide variety of new products on display the ones mentioned above were the most innovative of the expo. After discussing the product with the stall holders they were identified as having the most significance to the objectives set by PMA Australia-New Zealand.

Initiatives to Drive Sales

The introduction of web based social networks as a marketing tool is begging to change the way companies promote their products. These sites enable companies to reach a greater audience for a significantly lower cost and increase the opportunity for third party endorsement.

Facebook, Twitter and YouTube are the top three social media sites being used by firms for promoting their produce. Recent research done by the PMA indicated that 18-25 year olds spend on average 7.2 hours per day on the internet either at home, at work or on smart phones. Video sharing site YouTube is most commonly used by growers to tell the story of their products so that consumers can access these sites and see who and where the product has come from.

An extension of using social media for advertising is to incorporate product information into third party blogs, posts and tweets. Once established on a networking site a company can be 'tagged' in a post where the reader can be hyperlinked to the company's website or profile. This method has been adopted by **Paramount Citrus** who target sporting professionals to endorse their products in this manner. **Stemilt Cherries** also utilise YouTube, Facebook and Twitter to provide consumers with all the information they require about their cherries and their availability. By targeting demographics in this way companies have access to a broader range of consumers who would not ordinarily seek product information.

One new venture being explored is the use of text messaging to provide consumers with product information while they are in store. This is achieved through the use of a number on the barcode of the fruit which consumers can message and get an instant reply outlining recipe ideas and storage information. By developing such close relationships with end consumers companies have been able to develop brand loyalty from season to season. Although Coles and Woolworths have started to go down this track with MasterChef and Fresh Market updates, there is great potential for social media tools to be incorporated into everyday marketing strategies.

Recommendations for PMA Australia/New Zealand FIT Program

As part of the research we were asked to provide recommendations for the development of a PMA Australia/New Zealand FIT program. (The Agenda for the PMA FIT Program can be found in Appendix 1). The following have been developed from the students' experiences in Orlando:

- **Timing**

Every year the American PMA Fresh Summit falls during the final university semester. This is very difficult to manage as participants need to take time off when they have a heavy course load and final year assignments and examinations. A more suitable time for the program would be in the months of February or July when Australian University students do not have classes. This timing would allow a greater number of students to attend, therefore increasing exposure.
- **Student Mentors**

Each student was assigned a mentor, a volunteer from the industry. The mentor guided the student around the exposition floor and helped them network and make valuable contacts. This element of the program worked very well and could be very successful in Australia as students could network with Australian companies and experience the Australian produce industry (in the United States the students were exposed to predominantly American or Mexican companies).
- **Supply Chain Tours**

The PMA FIT program targets horticulture, business, marketing and agricultural based degrees. Students from these programs come from a diverse background, many of which do not come from properties or have had limited experience with fresh produce. It is suggested that a supply chain tour be developed for Australian PMA FIT students, highlighting the growing and processing stages of the industry to increase the understanding of the industry. This tour would be greatly beneficial for anyone who has had little or no exposure to fresh produce and may spark his or her interest in the process. This would be easy to achieve in Brisbane, Sydney or Melbourne as a visit could be to a farming area and then to the markets and retailers
- **Career Fair**

The career fair at this years' PMA Fresh Summit was very successful. The fair, which was available for all expo attendees included a free personalised resume review, free professional head shot, interview tips and a PI profile which indicated an individuals strengths and weaknesses in the workplace. For domestic students the Career Fair was also a place for companies to hold interviews and promote employment opportunities. This part of the program was very well organised and was highly valuable for all students that attended.

Conclusion

The PMA Fresh Summit provides an accurate picture of the American produce industry and highlights trends and issues that will influence the greater produce industry.

The growing need for sustainable production and pressure to become environmentally conscious is creating innovation along all sectors of the supply chain both as a result of consumer demand and an emphasis on corporate responsibility.

An increase in the awareness of health benefits associated with fresh produce has seen sales increase, particularly in the younger generation. This has led to a shift in the way produce is marketed, incorporating more information about the history and origin of the product and the use of viral marketing as a key advertising strategy. These industry developments have resulted from a recognition of the importance of consumer demand.

Finally, in an ageing industry, the need for the involvement of younger generations has also been identified and acted upon. The PMA FIT Program, designed to attract and retain industry talent was formed in response to this need. It has been highly successful to date and continues to grow, demonstrated by the increasing number of participants and the proposed establishment of a similar Australian initiative.

In conclusion, the 2010 PMA Fresh Summit was a valuable learning experience which provided a number of interesting trends to be considered and applied to the Australian fresh produce industry.

Links of Interest

PMA www.pma.com

Scarrots (Baby Carrots)
<http://www.babycarrots.com/>

Frontera Guacamole Mix
<http://www.fronterakitchens.com/cooking/recipes/guacamole.html>

JSI Store Fixtures
<http://www.jsistorefixtures.com/>

Paramount Citrus
<http://www.paramountcitrus.com/>

Stemilt Cherries
<http://www.stemilt.com/StemiltHome/>

Vidalia Onion Committee
<http://vidaliaonion.org/>

Social Networking Sites

Bebo
www.bebo.com

edopter
<http://www.edopter.com/>

Facebook
www.facebook.com

Myspace
www.myspace.com

Twitter
www.twitter.com

Youtube
www.youtube.com

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Contact Details for the above can be found in Appendix 2

Appendix 1

Pack Family/PMA FIT Career Pathways Agenda October 14-18, 2010, Orlando, FL USA

Wednesday 13th October

Thursday, October 14

4:00 p.m. – 6:00 p.m.

6:30 p.m. – 8:00 p.m.

Friday, October 15

6:00 a.m. – 9:00 a.m.

9:30 a.m. – 11:30 a.m.

11:45 a.m. - 12:45 p.m.

1:00 p.m. – 2:30 p.m.

2:45 p.m. – 4:45 p.m.

6:00 p.m. – 8:00 p.m.

Saturday, October 16

7:30 a.m. – 9:20 a.m.

9:30 a.m. – 10:00 a.m.

9:35 a.m. – 10:50 a.m.

10:00 a.m. – 12:30 p.m.

12:30 p.m. – 1:30 p.m.

1:30 p.m. – 5:30 p.m.

5:30 p.m. – 7:00 p.m.

Sunday, October 17

8:00 a.m. – 4:00 p.m.

7:30 a.m. – 9:00 a.m.

9:15 a.m. – 10:45 a.m.

11:00 a.m. – 12:00 p.m.

12:00 p.m. – 3:45 p.m.

4:00 p.m. – 5:30 p.m.

5:30 p.m. – 7:30 p.m.

Monday, October 18

8:00 a.m. – 9:45 a.m.

10:00 a.m. – 2:00 p.m.

Flight BNE-LA- Phoenix-Orlando

Orientation and Reception, The Peabody Hotel, Grand Ballroom Q
Informal Dinner and Networking
The Peabody Hotel, Coconuts Room

Live FIT 5K Walk and Run
Orange Country Convention Centre
Fresh Perspective: Women's Leadership Event
Orange Country Convention Centre, 230
Industry Overview
Orange Country Convention Centre, 312C
Lunch General Session and Goal Setting (with advisor)
Orange Country Conv. Centre, Valencia Ballroom
Career Path Panel Discussion
Orange Country Convention Centre, 312C
Welcoming Reception
Hilton Orlando, Orlando Ballroom

Breakfast General Session
Orange Country Conv. Centre, Valencia Ballroom
Additional Goal Setting (if needed)

Conference Workshop: Cream of the Crop: Recruiting and
Retaining Top Talent (if not interviewing/C HDQRS)
Orange Country Convention Centre, 311AB
Career Headquarters
Orange Country Convention Centre, 222
Tips of the Trade: Landing a Job in Produce
Orange Country Convention Centre, 312C
Exposition
Orange Country Convention Centre, Halls B2-E2
40 Under 40 Reception
Orange Country Convention Centre, 209

Career Headquarters/Interviews
Orange Country Convention Centre, 222
Breakfast General Session
Orange Country Conv. Centre, Valencia Ballroom
Conference Workshops (if not interviewing/C HDQRS)
Orange Country Convention Centre
Young Professionals: A Glimpse from the Inside
Orange Country Convention Centre, 312C
Exposition
Orange Country Convention Centre, Halls B2-E2
Recap Meeting
Orange Country Convention Centre, 312C
International Partners Reception, The Peabody Hotel

Breakfast General Session Orange Country Conv. Centre
Exposition, Orange Country Convention Centre

Appendix 2 – Contacts

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