

"THE MISSING LINK OF SUCCESSFUL PRODUCE MERCHANDISING"

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SIMMER

STEAM

SIZZLE

Which of the three types of action fits your produce department? Today's supermarket is made up of several departments but, as you know, the fresh produce department is one of the two most profitable - right? So,

ARE YOU GETTING THE TOPS FROM YOUR PRODUCE DEPARTMENT?

Bob Bull - University of Delaware Food Distribution Specialist - in a recent talk stated that "Produce sales, related to total store sales, should obtain at least 9%. National average 8-1/4%. Many attain 9-10% - some even higher. (How does your produce department compare?)

"Gross margin should approximate 30% - labor cost in relation to sales should be confined to 8-1/2%

A 1961 survey by Harvard Business School of 7300 stores doing a 9 billion dollar volume shows fresh fruits and vegetables accounting for twice the dollar volume as did frozen and carrying the highest rate of mark-up of any class of food products.

In 1961, U. S. consumers spent 8 billion dollars for produce.

Some 5 billion or 60% was spent in grocery stores - this is big Big BUSINESS!

BUT - still this "Sleeping Green Giant" is not fully awake! Today's food business is too fast moving, too competitive and too advanced to let one of the two most profitable departments drag its feet. In fact, John Fox, Executive Vice President, United Fruit Company, and past president of Minute Maid, in an address last October given at the Produce Packaging Association's Annual Convention in St. Louis, said -

"The produce industry is missing opportunities because the rest of the food industry is outdisplaying, outpackaging, outpromoting, outadvertising and out-selling it." Also, he said, "The industry has great products to SELL but they aren't selling them, and they have a flavor advantage and eye appeal edge over canned and frozen products but they aren't exploiting it. Everyone is too preoccupied in wheeling and dealing on the buying end of the business."

In fact, Wall Street Journal - 12/19/61 - shows frozen vegetables' average per capita consumption to be an estimated 10.8 pounds, up from 9.8 pounds in 1960; fresh use is put at 99 pounds - down from 100.6 pounds. However, 15 years ago: fresh - 120 pounds per person; frozen - only 2.9 pounds per person!

It has been a stepchild, but the produce department offers every store operator today's best opportunity to outdo his competition.

The problems of the 50's have been or are being solved. Major improvements, such as in growing methods, harvesting, transportation, refrigeration, packaging, storage and handling, are providing the retailer and the consumer with better quality and a wider variety. Also, we cannot overlook our new potential customers - in fact, a new one is born every 11 seconds.

So let's take a look at some of the key factors to be considered which make for a successful or unsuccessful produce operation in the store:

1. Quality of product - there is no substitute - packaged or bulk. Poor quality only spells failure.
2. Personnel - success depends upon people - all people - store manager to the checkout counter. The appearance of the produce department is generally a direct reflection of the produce manager's personality - does he "love" his work, or is it just another job? Nowhere else can one use his maximum initiative, imagination and ideas as in this department, plus a considerable degree of intestinal fortitude. Stanley Arnold - Sales and Marketing Consultant - in addressing the Boston Conference of Distribution, had this to say... "Alert, aggressive imagination will supply the competitive edge. Don't be adequate in thinking. Think big! The bigger the idea, the bigger the concept, the bigger the reward." Where else but the produce department can this better be exploited?
3. Department layout - U.S.D.A. has done a great deal of work on this, relative to display location, shopping patterns, etc.
4. Packaging - How? When? Where? - not a new concept. You are all acquainted with this phase of the operation in one way or another.
5. Advertising - brings people to the product.
6. Merchandising - moves the product to the people.

The latter brings me to the title of my presentation - "The Missing Link of Successful Produce Merchandising - SALESMANSHIP!"

Let me ask you a question. What is your definition or what does the word - SALESMANSHIP - mean to you?

Salesmanship - the ability to get your prospect and/or customer to buy what you have to sell.

Why do we emphasize buy? People like to buy, not be sold.

Why do we say what? It may be a product, service, or an idea, or getting people to think like you would like them to think - consumer education.

Remember, the produce "EXPERT" is Mrs. Consumer, and we are living in the "AGE OF THE CONSUMER".

She has many traits, but basically we point to five major ones:

1. She is IMPULSIVE
2. She is CURIOUS
3. She is VALUE CONSCIOUS
4. She is SANITATION CONSCIOUS
5. She LIKES THINGS DRESSED UP - GLAMOUR

Also you, the RETAILER, have many problems, but I call to your attention three major ones in addition to competing for traffic:

1. You want your customer to buy with ease and confidence so that she will return to your store and bring her friends.
2. You want to increase your turnover with EXTRA sales.
3. You want to reduce your overhead.

Therefore, you must do everything possible to satisfy Mrs. Consumer's desires and, at the same time, solve your problems in this most profitable department.

Let me show you some interesting and perhaps startling percentages, as found in Du Pont's Sixth Consumer Buying Survey:

	Gross <u>Margin</u>	Store Decision <u>Purchases</u>
Frozen Produce	16-20%	83.4%
Fresh Produce	30%	55.8%

Here we see a department with a 10 to 14% lower gross margin realizing 27.6% more store decision purchases - WHY? Because frozen is unitized, packaged, convenient, easy to store, informative as to number of servings, recipes, etc. Now, why not apply these same techniques to the fresh? Mrs. Consumer wants to know! She must be informed - you must be informed. For instance:

1. Artichoke - example.
2. Jerusalem artichoke - example.
3. A selling sign for radishes; also carrots, turnips, parsnips, beets, etc.
4. Bakery selling sign - example.
5. Tied-in related items - the list is as long as your imagination and initiative will let it be!

Remember you are handling some 6000+ items in your store, and they are all bidding for a share of Mrs. Consumer's shopping dollar; and, as she spends only an average of 3-1/2 minutes in the fresh produce department, are you getting your share of this dollar?

I wish I were in a position to give you a sure-fire or magic formula to insure success, but unfortunately this isn't possible. However, I can suggest a simple four-step "Selling Plan" which, if applied in its logical sequence, will result in increased sales. It's been around for a long time and perhaps some of you are familiar with it - let's see...

Do your layout, display, commodities in the cases answer these questions?

Attract Attention?
Arouse Interest?
Create Desire?
Result in Action?

Let's take a look at these four steps in action. The first thing we must do is attract Mrs. Shopper's attention! How could you do it?

Perhaps by the layout of items of the produce department itself (U.S.D.A. slide), and in the layout you display attractive and appetizing fresh produce. For instance, take avocados and put them between bananas and lemons - perhaps as a special!

What about arousing her interest? Tell her what this means to her with a selling sign.

What about creating her desire? Another selling sign can do this.

Action - I'm sure you'll have a new avocado customer.

I'll bet some of you are saying, "Aw, come on, I'll never get rich selling avocados!" Well, you're right - but - this principle can be applied to a volume item as well.

For instance, let's look at apples.

(First apple slide) - Which do you recommend for baking? Freezing? Sauce? Etc.

(Second apple slide - followed by chart showing 22 varieties of apples and rated as to desirability for different uses.)

(Peach slide - followed by similar chart.)

This, then, can be done with any commodity that has a variety of types or a variety of uses.

Now, what can this mean to you in dollars and cents?

If you do this, it can mean...(show slide which indicates that only two more sales per week of each of six items for 50 weeks At the price as noted on 2/1/62 would amount to \$216.00!)

When everybody sells - goods, services and ideas move faster, and prosperity is achieved.

Selling is not limited to people called salesmen, for we all have something to sell, and that includes you!

Wilfred A. Peterson - a widely read columnist - on the subject of "Everybody Sell"* offers these suggestions which represent the art of selling at its best:

Courteous words - instead of sharp retorts
Smiles instead of blank looks
Enthusiasm instead of dullness
Response instead of indifference
Warmth instead of coldness
Understanding instead of the closed mind
Attention instead of neglect
Patience instead of irritation
Sincerity instead of sham
Consideration instead of annoyance
Remembering people instead of forgetting them
Facts instead of arguments
Creative ideas instead of the humdrum
Helpfulness instead of hindrance
Giving instead of getting
Action instead of delay
Appreciation instead of apathy

Let's earn more business by deserving the business we have.

So, let's roll out the red carpet for the most important persons in the world to you - your customers in your fresh produce department - one that really sizzles!

*This Week Magazine, 485 Lexington Avenue, New York 17, N. Y.