

Philadelphia



For a video tour of the Philadelphia Wholesale Produce Market, visit bit.ly/PhillyKYM.

Amy Sowder

Philly leaders focus on success

By Amy Sowder

THE SAYING “you can’t be everything to all people” holds true in business, but then again, in some ways, not so much.

Diversity in product and operations is helping to sustain Philadelphia businesses that either need to stay afloat or are growing more than ever.

To succeed, these companies are doing more in two ways.

VARIETY

Most of the businesses at the Philadelphia market serve smaller, independent retailers like health-oriented grocers and stores that cater to tastes from a particular part of the world.

The diversity of the Northeastern population helps Philadelphia’s companies meet its consumer needs at smaller, independent retailers, which are plentiful in the region.

“I think there is a lot more diversity of supermarkets on the East Coast than the Midwest because of the diversity of people. You’re not going to have near the same number of independent markets in rural areas than you are at inner cities,” said Fil Colace, vice president of operations at Philadelphia-based Ryeco.

John Vena Inc. has carved out a pretty large niche for specialty produce.

The company’s largest volume items are avocados, mangoes, limes, baby aru-

gula, watercress, radicchio, Belgian endive, greenhouse bell peppers and plantains, said Dan Vena, sales director. Some of the fastest growing items include pineapples and tropical roots.

Emily Kohlhas, John Vena Inc. marketing director, said coraline endive, purple ninja radishes and yellow dragon fruit are trendy items worth the hype.

“Consumer demand for ethnic foods and flavors keeps on growing — and we can definitely feel it in wholesale distribution,” Kohlhas said.

“We have a core market for a lot of these items from within the Mid-Atlantic’s vibrant ethnic communities. The Latino population on the Eastern seaboard, in particular, has been growing and diversifying.”

In 2019, John Vena Inc. discovered a stronger market for some of the more niche products from Mexico and the Caribbean, specific to particular ethnic groups, such as huazontle, tejocote, chayote espina, sour oranges and mamey, she said.

VERTICAL INTEGRATION

Large retail chains are contracting directly with farms and bypassing the wholesaler, so that means most of the customers at the terminal market are independent grocers and smaller regional retailers with one or 10 store locations.

Procacci Bros. is an example of a company that has ad-

justed to this trend, becoming more and more vertically integrated so that it plays the roles of the farm, the wholesaler, the marketer and the distributor, all in one.

“Utilization of a third-base home from wholesaler to retailer has been diminishing, unless you’re distributing items specifically from a grower, like we are with our tomatoes we grow primarily in New Jersey, the main area, then also Florida and Mexico and California and Puerto Rico,” said Rick Feighery, Procacci’s vice president of sales.

The company has reached even further back with its seed research and development programs, creating hardy varieties that taste great.

“We control the development of product from seed to distribution,” Feighery said. “You can’t bypass us because we are the grower. We wear multiple hats.”

Besides its distribution services, wholesaler Ryeco added an import division in 2018, taking in \$20 million in sales from 400 permits from five countries, Colace said.

“We used to buy a lot of this second-hand from other companies. In order to be more competitive as we increase our product line, this helps,” Colace said.

John Vena Inc. is also doing more direct importing of niche items.

“We just wrapped up our first season bringing in citrus direct from Israel — largely orri mandarins and sunrise grapefruits,” John Vena said.

But the most growth is in the extra services the company is undertaking, from custom ripening of avocados, mangoes, and plantains to repacking value-added products for foodservice and retail customers — plus organizations with unconventional needs, such as the meal kit sector, said Dan Vena.

Regardless of tariff wars, new food safety rules, added freight regulations, trade disagreements and tomato dumping, it’s a good time to be part of the fresh produce industry, these Philadelphia business leaders said.

“We’re blessed to be in the industry we’re in. We’re providing a healthy product in a time when everybody is trying to have a healthy diet,” Procacci’s Feighery said.

“We’re selling the original plant-based diet.” **P**

Business Updates

John Vena celebrates 100th anniversary

Founded in 1919, John Vena is celebrating a century in business this year with a staff party in the fall plus several innovations.

One hundred years ago, the first John Vena burst onto the Philadelphia scene as a young, entrepreneurial Sicilian immigrant who decided to buy wine grapes from wholesalers at the Port of Philadelphia and resell them at the Dock Street produce market to support his family.

Today, the Philadelphia-based wholesaler is still family-owned-and operated, with the founder’s grandson, John Vena III, at the helm and the fourth generation, Dan Vena, leading the sales team.

The company re-tooled its mission statement to make the business of food more interesting, exciting and fun, said John Vena, president. And in the next few months, the company will roll out a new logo. There’s a new website in the works too. In 2020, customers can expect a new line of John Vena Inc.-brand specialty items.

Ryeco updates website, adds more trucks

In late winter and early spring, Ryeco created a new website that features a video of the market with shots from a drone.

Ryeco keeps adding delivery trucks to service customers 24 hours a day, seven days a week. By August, the company had 16 tractor-trailers, 10 with advertising splashed across the sides.

“They’re basically moving billboards,” said Fil Colace, Ryeco’s vice president of operations.

Also, the company is overhauling its warehouse management practices to increase order fulfillment speeds by 25% in October by using digital bar code scanning, he said.

Philly market welcomes new manager

The biggest change in the past year at the Philadelphia Wholesale Produce Market is the hiring of Mark Smith as general manager, said Christine Hoffman, the marketing director of the market.

Prior to starting at the market November 2018, Smith had served in various roles as part of the senior staff for Pennsylvania Gov. Tom Wolf since 2015.

— By Amy Sowder



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Market

From A28

State Farms to cater to that stream of business. We wanted the terminal market business to be a more distinct entity,” Feighery said.

When Ryeco joined the market, there were at least 27 vendors. When he was a child, there were around 40 vendors.

“When you cut it down that much, the competition is getting that much tougher. People are doing more and more what they can to protect their market share, like adding trucks,” Colace said.

“Customers that are here and walk around have choices from 20 stores. Now, customers who we deliver to, that protects us from that.”

The pace of consolidation is certainly a challenge, said John Vena, president of John Vena Inc.

“Maintaining relationships as buying responsibilities shift and procurement strategies focus on short-term efficiencies has been a rocky road — but we keep learning and adapting. That’s a must in this day and age,” Vena said.

QUALITY EDGES OVER PRICE

The focus was on low prices in the years after the financial collapse a decade ago.

“But now it’s shifting. Flavor and shelf stability are higher priorities. There’s a customer willingness to pay more for better quality, which there wasn’t five years ago,” Feighery said.

“We care about cost, but it’s secondary to quality. That’s something we’re aware of in our breeding and research program for varieties that can cost more.”

T. M. Kovacevich-Philadelphia Inc., based at the market, has 240 pallet positions to serve its 700 customers, predominantly smaller retailers, from Virginia to New York.

“Our niche in this produce world is paying really close attention to the produce and giving retailers exactly what they want,” said Tom Kovacevich, the company’s president and COO.

In late February, Kovacevich gave a tour of his chilly warehouse behind his colorful shop out front, a rainbow swath of items both familiar and exotic. He held up a plump, deep purple-red plum speckled with orange.

“Maybe to a super huge retail chain store, a red plum is a red plum ... most people don’t really know what a larry ann plum is, but our buyers do. It’s hard, I think, when you’re gigantic, tailoring varieties and sizes, all kinds of little things that our buyers do, those who come down and look at it and taste what they’re looking for.” **P**

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