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Getting The Most Benefits From Your Wholesaler Partner

As business costs increase and the supply chain becomes more convoluted, wholesalers step up to play an increasingly more crucial role in problem solving.

BY JODEAN ROBBINS

Wholesale buying and selling has become more complicated due to the increasing complexity and diversity of the supply chain. However, today's modern wholesaler rises to the challenge of supporting a wide variety of retail and food procurement operations.

"Most wholesalers still offer volume and choice of labels, quality and price points," says Tommy Piazza, director of potato procurement and sales with Community Suffolk in Everett, MA. "If you're going to stay in business, you have to be priced-right, have the right kind of quality and have volume and flexibly — and an understanding ear on the other end at shipping point."

Utilization of a wholesaler allows a company to focus on its strengths. "Wholesalers provide economies of scale in procurement and variety, and manage the complexities of food safety, compliance, technology, transportation and logistics, so independent retailers can focus on their shoppers and store

operations," says Jonathan Steffy, vice president and general manager at Four Seasons Produce in Ephrata, PA.

Quality wholesalers are effectively the buying agency for retail customers. "Retailers rely on wholesalers to manage supply and demand, as well as identify trends, monitor weather conditions, coordinate sales and ad plans, and manage logistics," says Dominic Riggio, president of Riggio Distribution Co. (RDC) in Detroit. "Many types of retailers take advantage of the wholesale business model, from large chains to smaller independents."

Wholesalers are a great partner in supply chain strategy because they take care of the "margin of error" that happens regardless of the amount of planning and strategizing, emphasizes Stefanie Katzman, vice president for S. Katzman Produce in Bronx, NY. "On top of being a solution to an unplanned problem, a wholesaler is also a solution to volume constraints," she says. "Whether it's not being able to load a full truck or not being

able to store all the product in your warehouse, a wholesaler is the logistical agent for the solution."

Good wholesalers keep up with the changing retail landscape. "In this age, competition is fierce, and retailers are under more and more pressure to stay relevant," says Butch Hill, general manager at Shasta Produce in South San Francisco, CA. "Wholesalers face the same challenges. We need to keep coming up with solutions for our customers. Suppliers supply products, while wholesalers provide products and services that equal solutions."

Redner's Markets in Reading, PA, with 44 stores, counts on its wholesalers to help fulfill customer satisfaction. "They must proactively meet our customers' needs and be consistent every time," says Mark Coté, produce merchandiser. "Our ability to fulfill customer needs starts with our wholesaler."

How do wholesalers support 97-store Harps Food Stores in Springdale, AR? "In a billion ways," says Mike Roberts, director of produce operations. "They provide quality

product, promotional opportunities, and they're really good at capturing good deals when crops are plentiful. They also provide merchandising help."

Increasingly, retailers make wholesaler choices based on customer service. "It's not just capability aspects such as fill-rate, quality, dependability and cost-effectiveness," says

Steffy. "For retailers trying to set themselves apart in fresh produce, there's also a desire to develop trust and build and nurture relationships with their supply partners for real business benefit."

COST BENEFITS

Contrary to some belief, middleman

is not a dirty word. "Let's face it, the term middleman has a negative connotation, and it should IF the cost added in between doesn't add real value for either end of the supply chain," says Steffy. "However, it would be inaccurate to assume the hundreds of fresh produce SKUs from around the country and around the world could appear at stores

■ TRENDING TECHNOLOGY

Continued evolution in the marketplace has led to an expanding wholesaler niche as companies harness technology. "Complexity, shifting expectations from consumers, and technology improvements all play into wholesalers' favor," says Daniel Corsaro, vice president of sales and marketing at Indianapolis Fruit Company in Indianapolis. "Complexity creates a need for market experts, and wholesalers fill that void. Shifting expectations from consumers creates an opportunity to help larger organizations pivot faster than they could themselves. Technology creates opportunity to increase efficiencies and offer more for less."

Mike Maxwell, president of Procacci Brothers Sales Corp. in Philadelphia, maintains there's a lot more to wholesale technology than one thinks. "Technology is there throughout our business," he says. "We're not just a bunch of folks with pencil and paper. We can talk about GPS, analytics, WMS (warehouse management system), computers and apps. There are all kinds of tools out there, and Procacci is using them. Wholesalers who aren't looking toward this technology have their head in the sand."

Customers today are driven by a lot of the same core motivators as five or ten years ago, according to John Vena, president of John Vena Inc. Specialty Produce in Philadelphia. "These include quality product, diverse selection, correct ripeness, multiple pack sizes, reliable market insights, on-time delivery, accurate billing and respect."

"However, there is more personalization of those things being demanded — special programs, custom pre-conditioning, dedicated trucks — and technology is changing the way we deliver on those needs," he says. "We've made large investments in software and marketing over the past decade to

ensure we're able to meet the needs of our customers' evolving systems."

Stefanie Katzman, vice president for S. Katzman Produce in Bronx, NY, sees technology playing a big part in many aspects of the business. "Even little things, such as customizable documents so every customer can see exactly what they want to on bills of lading or invoices, have huge impacts on smaller retailers," she says. "Electronic ordering to cut down on order entry time allows salesmen to focus on what customers want rather than the data entry. iPads in the warehouse allow sales and operations to be more mobile, so they are more efficient."

INCREASING INVESTMENT

To keep pace with technology, forward-thinking wholesalers are upping their game. "In the fall of 2020, Castellini Group of Companies (in Wilder, KY) will launch state-of-the-art technology allowing visibility and data across all aspects of the supply chain from ordering to warehousing to delivery to billing," says Brian Kocher, president and chief executive.

Transparent access and insight into the entire supply chain allows Castellini's retail and foodservice customers to track product in real time, manage inventory and demand in real time, and reduce inventory costs. "Our investment in technology, and the access we will give to our customers in retail and in foodservice, allows us to become supply chain partners focused on operational improvements in our customers' supply chain rather than just a third-party supplier," says Kocher.

Riggio Distribution Co. (RDC) in Detroit, implemented custom software to run day-to-day operations. "We built this system to be user friendly on the market, while also providing us with real time data on all of our customers, suppliers,

individual commodities, as well as employees," says Dominic Riggio, president. "It helps us comply with regulations in food safety and traceability, and is directly tied to our accounting department for AP and AR."

Investments revolve around ease of ordering, inventory control and delivery, says Butch Hill, general manager at Shasta Produce in South San Francisco, CA. "This includes consulting along with reporting to identify trends within a store to maximize sales and minimize losses. These are things many of us in the wholesale supply chain never thought we would be doing five or ten years ago."

Corsaro notes investing in technology partnerships enhances the ability to source effectively and provide unique business intelligence to customers on what their partnership has yielded across multiple Key Performance Indicators (KPI). "In tracking and sharing metrics such as on time delivery, fill rate, accuracy, call back time and others, we can prove we're doing the work we pride ourselves on," he says.

Fresh Taste, a wholesaler as well as importer/packer in Toronto, Ontario, Canada, has developed its own highly specialized software servicing all areas of its business effectively. "This has enabled us to provide our customers with high level, detailed information very quickly," says Julian Sarraïno, chief operating officer.

Ryeco in Philadelphia, recently installed a warehouse management system, scanning everything to locations to find product faster, track it faster and get product faster to customers. "Retail must use a wholesaler with the technology to provide traceability for food safety," says Filindo Colace, vice president operations. "The software must accurately track and produce the proper documentation."

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Using wholesalers allows retailers to bring in a wider variety of products more frequently. PHOTO COURTESY OF JOHN VENA INC. (C) TED NGHIEM

directly from producers to fill a produce department without added cost. There are necessary layers of cost added to make distribution and delivery both possible and effective."

Wholesalers are a cost-savings partner, notes Katzman. "When our customers work with us on a regular basis, they are going to be better off overall," she says. "A partnership with a wholesaler can help control shrink; if you are loading direct you can err on the side of caution, and then fill in throughout the

week if you need extra; if you have too much product or product that no longer meets your quality standards, then you can sell it to us, and we will recoup as much value as possible."

Retailers use the wholesale network in myriad ways. "Certain retailers leverage wholesalers to manage their entire supply chain, and others use wholesalers to bolster their offerings with specialty and niche products," says Daniel Corsaro, vice president of sales and marketing at Indianapolis Fruit Company in Indianapolis. "Our current customer base partners with us

from a general buy/sell relationship all the way to integrated purchasing, inventory and distribution solutions."

Andrew Scott, vice president of business development and marketing for Nickey Gregory Company (NGC) in Atlanta, notes how some retailers limit their shrink by buying 90% direct from current vendors and leaning on their local wholesale partners for the other 10%. "Wholesalers can also 'work' loads in the case of a rejection," he says. "We grade it and return back to their DC. Small volume SKUs can be sourced from wholesalers, so retail buyers can concentrate on key (volume) items."

MORE TO CHOOSE

Using wholesalers allows retailers to bring in a wider variety of products more frequently. "That benefit is especially valuable in the specialty category," says Dan Vena, director of sales for John Vena Inc. Specialty Produce (JVI) in Philadelphia. "By partnering with a specialty wholesaler, a retailer can order smaller quantities of items that may not turn over as quickly and have those items replenished quickly as needed. This cuts down on shrink, yet it allows them to offer more choices to customers."

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Because of wholesalers, smaller chains and independents can access a complete array of products otherwise not available to them or only available at higher costs, explains Brian Kocher, president and chief executive of Castellini Group of Companies in Wilder, KY. "By carrying significant spec inventory, Castellini provides a safeguard against understocking or overstocking, which retailers can deploy to lower their overall net cost of sales," he says.

Strube Celery & Vegetable Co., based in

Chicago, recently opened an organic department because almost all its customers handle organic at some level, reports TJ Fleming, vice president and director of sales. "We also consolidate, cross-dock and provide opportunity buys and weekly sales for individual customers," he says.

Wholesale nimbleness is key to success. "We have the ability to react quickly," says Rick Feighery, vice president of sales for Procacci Brothers Sales Corp. in Philadelphia. "When our retail partners can be flexible and react

quickly to market changes too, that's when we really do great business. For example, I had a customer ask to switch to a smaller pack size, because they weren't moving the larger pack size. We were able to talk to the supplier and switch things over within 24 hours."

FLEXIBILITY WITH MARKETS

Savvy retailers take advantage of the wholesale ability to manage flush or tight markets. "When volume comes on strong, growers utilize wholesalers to help get that volume to the end user at a discounted rate," says Katzman. "On tight markets, wholesalers help fill-in, so retailers don't have empty shelves in their stores. The information wholesalers pass along from the many growers we speak to on a daily basis is just as valuable as the products we sell... Yes, I am saying we give retailers the ability to see into the future."

Harps' Roberts reports the chain takes full advantage of the flexibility its wholesalers provide. "Being an independent working with a wholesaler allows us to react much quicker than our competition," he says.

As a terminal market wholesaler, Riggio affirms his customers see enormous cost savings. "The competitive nature of the market keeps prices in line and allows customers many options and choices from item to item," he says.

Piazza explains the opportunity on a rising market should see the proficient wholesaler loaded for bear. "An honorable receiver/wholesaler passes it onto the retailer and shipper," he says. "If the market goes up \$4, I don't think twice about giving \$1 to the retailer and giving another \$1 to the shipper. I'm still up \$2, and I've done the right thing by both."

The cost-benefit of a wholesaler includes buying volume, so the wholesaler can bring in and distribute cheaper than a retailer trying to source everything direct, explains Strube's Fleming. "And, because of our relationships with shippers, we are aware of weather or market changes before they happen."

In the end, the true value of a wholesaler may be measured in the opportunity cost of not having access to the services or products. "Fresh produce wholesalers work daily and continue to evolve over time to provide real value in between the grower/shippers and the retailers," says Four Seasons' Steffy. "The lowest possible case cost for a product may not always provide the best value or most total profit to a retailer. Support that solves and prevents problems, ideas that create profit or avoid extra expense — that is often more powerful than lowest case cost."



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Quality control is an important part of the support wholesalers provide. PHOTO COURTESY OF FOUR SEASONS

Stores must also consider the opportunity cost of being out of stock on an item. NGC's Scott asks, "Do you want your customer to go shop at your competitor for an item you are out of that could have been sourced from a local wholesaler?"

Working with a wholesaler ensures a store it's not going to be out of product, asserts Filindo Colace, vice president operations for Ryeco in Philadelphia. "If you have issues with late trucks or bad product, you have two choices: replenish locally, or short your

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■ TOP TIPS TO GET THE MOST

PRODUCE BUSINESS asked leading wholesalers for their best advice and here's what they said:

Stay Loyal. "Loyal retail customers are the best customers," says Dominic Riggio, president of Riggio Distribution Co. (RDC) in Detroit. "Wholesalers are buying on speculation. So, the more consistent the customer is, the better they can be serviced. Typically, that loyalty pays off. Loyalty will get you product on a tight market."

Improve Supply Chain Efficiencies. "Retailers can improve their supply chain efficiencies by creating long-term partnerships with wholesalers and allowing wholesalers to provide creative solutions reaching far beyond the traditional product sourcing expertise," says Brian Kocher, president and chief executive of Castellini Group of Companies, Wilder, KY.

Use Our Knowledge As Much As Possible. "There is nobody more posted than a wholesaler," says Mike Maxwell, president of Procacci Brothers Sales Corp., Philadelphia. "Retailers should lean on their wholesalers for information and take advantage of opportunity buys to present value to their customers."

Be Fortright. "Be honest about your challenges as a retailer, and ask for solutions," says Butch Hill, general manager at Shasta Produce in South San Francisco, CA. "Take advantage of services the wholesaler might offer to help improve your business."

Share Sales Insights. "Share insights from sales data with your partner wholesaler," says Emily Kohlhas, director of marketing at John Vena Inc., Philadelphia. "Mango sales slumping? We would hope a retailer would let us know, so we could help them build a dual-merchandising program for hard and ready-to-cut mangos." **pb**

customer. This decision happens even with other wholesalers. We get a ton of calls from big wholesalers in the region to deliver on some of those shorts.”

LOGISTICS SOLUTIONS

Supply chain complexity and transportation costs are higher than ever. Steffy explains wholesalers invest quite a lot of time, effort and money into addressing the transportation, logistics, technology and compliance issues of the day. “This means retailers can focus on retailing, and grower/shippers can focus on producing,” he says.

Four Seasons’ sister company, Sunrise Logistics, reports incredible growth in recent years. “We are leveraging the assets of the produce company and providing fresh-expert supply chain services for grower/shippers seeking to get their products to market more effectively via third party logistics, full-load and less-than-load freight brokerage, cross-docking and managed transportation programs,” says Steffy.

Trending inclement weather compounds the role of wholesalers. “A wholesaler allows retailers to be adaptable to weather, transportation or other issues arising in the supply chain,” says Piazza of Community Suffolk. “Inevitably, when Highway 84 is closed and chain warehouses have trucks stuck in Wyoming, we are here for them.”

As transportation becomes more expensive and increasingly complex to manage, the value of working with a wholesaler on smaller volume items is becoming more pronounced, according to Emily Kohlhas, director of marketing at JVI. “As markets become more volatile, working with a wholesaler can smooth gaps in the supply chain,” she says. “To do that same work in-house, a retailer must make big investments in labor.”

The ability to direct-deliver to smaller stores, repack and breakup full loads positions wholesalers as valuable partners, asserts Kocher. “Interestingly, these services are equally applicable to grower/shippers who have needs or pain points in their supply chains,” he says. “For instance, Castellini currently cross-docks, quality inspects, repacks and ultimately delivers products on behalf of several growers/shippers and/or processors. Our most valuable skill is solving a pain point in the supply chain.”

Wholesalers are also adding services to meet convenience trends. NGC started its own processing division, Family Fresh Foods. “We offer a large variety of fresh-cut fruits and vegetables to the foodservice trade and look

to expand into retail fresh-cut items in the near future,” says Scott. “Regional processors continue to bring value and variety of items to retailers, and at times, packing into that retailer’s private label.”

MERCHANDISING SUPPORT

Wholesalers also provide highly valued merchandising and marketing services. “Support from full-service produce wholesalers to independents, many of which are small to mid-sized family businesses without

extensive infrastructures, often includes ad writing, promotion coordination and merchandising consultation,” says Steffy.

Four Seasons publishes Produce Merchandising and Seasonality Calendars, weekly Market News reports, daily buys, new item flyers and sales reporting. “When produce wholesalers collaborate with retailers on ad-writing, pricing strategies, spot-buy opportunities and developing fun, special events, it really can accelerate the retailer’s bottom line and consumer image,” according to Steffy.

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Procacci works hand-in-hand with more than 350 independents weekly to write and support ads. "We act as a knowledge base, because the typical chain store buyer is pulled in a lot of different directions," says Mike Maxwell, president. "We write advertisements, we are their administration side, we provide merchandising staff and procure their product."

Execution of services has enhanced value for retailers. "We focus on driving our retailers' business operation forward through a consultative approach centered on planogram creation and execution, consistent joint review of offerings, building procedures for department staff to follow and much more," says Corsaro of Indianapolis Fruit. "This approach focuses on increasing retail performance on the top line, bottom line and in key metrics such as customer count and basket size."

GETTING MORE

Retailers can take more advantage of wholesalers in areas such as co-procurement, consolidation and other expanded logistics areas. "Co-procurement is working with other wholesale customers to coordinate volume purchases and promotional schedules," says Corsaro. "As freight and transportation costs increase, finding centralized points of distribution with market leaders can create a competitive advantage. Break Case/Repack programs are another prime area, and working with wholesalers to create programs where adding variety doesn't burden your in-store inventory position."

Offsetting shrink and inventory management via wholesaler delivery is a win. "Our size and the frequency of our deliveries allow us to efficiently deliver products on almost a daily basis so retailers can control their cost, shrink and inventory balances," says Castellini's Kocher. "With our spectrum of value-added services, we quality-inspect, ripen, re-size, re-pack, rotate and clean product to guarantee consistent quality and freshness on the shelf."

Ryeco continues to invest in trucking equipment to create a one-stop shop for supermarket chains. "Buyers don't want to find the product but then have a delivery issue," says Colace.

Four Seasons utilizes its cold chain and sourcing expertise to offer other perishables on its refrigerated trucks. "Curated selections of natural and organic lines of meats, dairy, deli, soups, plant-based foods and prepared foods have been huge growth areas," notes Steffy. "Floral programs, nuts and healthy snacks, fresh convenience products, juices and kombu-

chas are also meeting the evolving needs of retailers."

Retailers can also seek more support from wholesalers to address the needs the tight labor market has created. "Turnover at the produce clerk and produce manager positions is high," says Steffy. "There is a huge need for training support for all the new produce department staff flowing in, especially in independent retailers and natural food stores without extensive corporate structures or formal in-house produce training programs."

In response to this escalating need for training at store level, Four Seasons' merchandising professionals in the field train produce staff on the produce basics, then they build on that with sales-building display techniques and ideas, organics education, ordering and inventory management best practices, merchandising and department layout strategy, shrink avoidance, variety selection, seasonality focus and more. "This is an impactful, hands-on training experience that empowers the produce staff to implement what they've learned across the shifts and stores for that retailer," says Steffy.

DEVELOPING RELATIONSHIPS

The best way to develop a win-win with a wholesaler is to actually create a relationship. "A wholesaler should not be a last resort or a just-use-them-when-you-need-them kind of relationship, because that's not a relationship," says Katzman. "If you want to get the most value from wholesalers, you need to treat them just like you would any other grower or customer: consistent business, open communication and a team/partnership approach."

Corsaro advises the benefits to using a wholesaler lie in establishing clear expectations when starting a partnership. "Quality wholesalers pride themselves on being able to serve and execute for many masters," he says. "This is accomplished through clearly understanding what each party expects of the other while working together."

A good retailer works hand-in-hand with the wholesaler, agrees Procacci's Maxwell. "We have a whole team and are on the ground floor with our shippers," he says. "The more we provide to our retail customers, the more they feel like we're a team. We're not adversaries — we're partners. I don't care about today's sale, I'm looking at 52-weeks' sales."

Redner's Coté notes there's a lot involved in a steady wholesale relationship. "It can't be a one-way street," he says. "You need a balanced relationship. The good wholesalers do this, and it leads to a win-win."

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