

BOOST IMPULSE SALES WITH RIPE AND READY PRODUCE

Knowing customer base and shopping patterns helps determine preference for desired ripeness.

BY HOWARD RIELL

After months of a pandemic lockdown, social distancing and very little restaurant time, consumers are eager to taste an array of flavors. Spurring impulse sales is especially important now, and retailers can make this happen by offering ripened, ready-to-eat produce.

Retailers are “the final point of contact with our consumers, and they have done an amazing job on conveying the needs of their communities,” says Aaron Acosta, corporate relations manager for Villita Avocado in Pharr, TX, and director of the Mexican Hass Avocado Importers Association.

Optics and convenience remain paramount at retail. “Supplying bananas in two color stages on shelves can increase sales, as clients buy for immediate consumption as well as for later in the week,” suggests Ashley Perryman, director of marketing for Dade Service Corp. in DeLand, FL.

The [ripening] process itself can be time-consuming, depending on the season in which harvesting takes place. It can take from one to six days, including the cool-down period, to ensure the fruit has been stabilized for transportation.

EVALUATING BENEFITS

The retail advantages to selling ripened fruit are many, but they aren't always as obvious as more dollars in the cash drawer. Steve Page, vice president of Catalytic Generators, Inc. in Norfolk, VA, says extensive research has shown that by presenting ripe fruit at retail, “more consumers will buy and more will return for repeat sales because of the ability to buy ready-to-eat fruit.” Well-kept displays and point of sale materials “pushing that ready-to-eat mantra are what I see out there,” says Page.

Customer satisfaction and repeat sales are, according to David J. Byrne, vice president of sales for Thermal Technologies Inc., in Blythehood, SC, the “linchpins of store success.”



Retailers can utilize ripening rooms to assist in delivering the needed product at the right colors to store shelves.
PHOTO COURTESY OF CATALYTIC GENERATORS, INC.

When packer/shippers use the right system in their storage areas, “they could pick the fruit when it was more tree-ripened,” says Dave Biswell, president and CEO of 34-year-old Ethylene Control Inc. in Selma, CA. “The longer stone fruit stays on the tree, the more flavor the fruit has, the sweeter [it is]. The stone fruit would be a little softer, so that is why they need our products so it still reaches the retailer in good condition.”

Ethylene Control's units are used to slow down the ripening/decay process. Its EC-3+ Clean Air system, for example, is used to hold bananas and avocados before they are gassed. The units are in use at retail or a separate ripening room facility, depending on the company. Sachets are used with tomatoes and avocados to keep them from decaying, and with bananas to keep them from breaking color. According to Biswell, the sachets stay with the produce or floral from the time it's packed and are not removed until reaching the retail stores.

There is more at play than just psychology, Acosta emphasizes. “This phenomenon is an actual economic condition. It's a time preference of now—how the consumer views the

current relative value placed on receiving a ripe avocado now compared with receiving it at a later date. That avocado toast tastes better this morning than next Tuesday.”

ORDERING WISELY

Emily Kohlhas, director of marketing for John Vena Inc. in Philadelphia, recommends retailers start small, order frequently and look at the numbers. “Understand how many ripe and how many green or hard you sell of an item every day at the single-store level. If you are selling bulk fruit via PLU and don't differentiate between ripe and hard at the register, qualitative data is better than nothing.”

With a keen eye for that kind of information, Kohlhas adds produce managers, “can order smart and avoid the shrink that might accompany ordering fruit with an intentionally shortened shelf life. Otherwise, a ripening program may still boost sales, but could fail to yield any profit.”

SMART MANAGEMENT

Managing a retail ripening program to ensure steady sales is largely a matter of main-

taining consistency. "The key to this consistency is really having control throughout the entire supply chain," says Acosta. He indicates his company maintains complete vertical integration, and with operations across Mexico and Peru, Villita is able to provide fresh avocados year-round to the U.S. and Canada.

Retailers can utilize ripening rooms to assist in delivering the needed product at the right colors to store shelves. This can be achieved through a variety of ripening-room features that ensure quality, ripened product and provide flexibility.

Retailer management goes back to consistency and forecasting, according to Byrne of Thermal Technologies. "You've got to be able to give your customers the same consistency day in and day out." As long as there is a consistent, high-quality ripening program with proper forecasting, retailers should be able to manage deliveries in a way that ensures they have the desired stages of fruit on hand at all times. "Managing that process through accurate forecasting is critical to success," adds Byrnes.

Initiating and sticking to a fully integrated process of forecasting, ordering, ripening and shipping is the only way to achieve the quality and consistency that guarantees retail results, Byrne notes. Poor forecasting or ordering habits lead to empty shelves or overripe fruit, "which leads to demands to adjust the ripening times, which initiates a tsunami of inconsistency that can permanently damage a store's reputation." Developing and adhering to a quality program with good communication through each step in the supply chain is, he feels, the best way to ensure long-term success.

AVOIDING PITFALLS

An example of avoiding common mistakes is to manage proper inventory rotation. "The produce industry has changed over the past decade," Acosta explains. "Data has driven how retailers manage their inventory and ordering processes. The implementation of these data-driven procedures has mitigated many of the pitfalls retailers encountered prior to data collection."

The communication between suppliers and retailers has benefited greatly from these innovations, Acosta believes. "We have solid numerical data that can track how successful these ripening programs have become." From increases in sales to decreases in shrink, ripening partnerships "have provided solid data that they are working [with], and the consumer sentiment is proof that we're on the right track."



Villita Avocado emphasizes the maintenance of consistency throughout the supply chain by having vertical integration all the way through ripening its own avocados.

A primary concern for retailers is not to ripen more fruit than they can sell. The buyers, logistics coordinators, marketing departments and produce managers all have to work together, says Page of Catalytic Generators, to make sure they maintain the best quality fruit and displays, and sell the ripened fruit before it starts to decay.

INHOUSE EFFORTS?

Some retailers are large enough to have ripening facilities, while others rely on a third party. Gauging the best option is purely a business decision, according to Page. "Some retailers want complete control of the ripening programs and choose to build ripening facilities, while others prefer to rely on the expertise of the produce wholesalers."

Acosta believes it's all about volume. "The installation of ripening rooms is a serious capital investment, not only in monetary means, but in human capital, as well." For retailers it's also necessary to invest in training.

Though ripening adds to the cost and ultimately the retail price of the produce item, Acosta maintains, "It's not really a dollar-and-cents thing when we talk about the added cost of ripening avocados." Other factors, such as transit or transportation, have a much larger impact on the ultimate cost. "When we ripen an avocado, the consumer has an added value benefit that really outweighs the minuscule added cost of the ripening process."

"The benefit of working with a third party is that this is what they do all the time," suggests Dan Vena, director of sales and buying for Philadelphia's John Vena Inc. "That's especially true when it comes to high

value items like avocados." Better to trust a specialist, he feels, than lose 10 pallets to a small error or seasonal fluctuations in the fruit's ripening patterns. "For us as a third party, we're equipped to take on that risk because we have outlets in foodservice and other segments to move fruit that might have overshot the right stage. A retailer doing ripening in-house may not have that luxury."

In-house or third-party ripening is "really just a matter of control, cost and preference," suggests Byrne. "If the volume is there—generally, at least three truckloads per week—many retailers choose in-house ripening rooms because it provides total control over their own produce quality along with improved operational efficiency and flexibility."

Since the ripening rooms pay for themselves in two years or less, Byrne continues, having one's own will also lower costs and increase long-term profit. "Some retailers lack the space for ripening rooms, while others are fine paying for third-party ripening as long as they are getting the quality they need. Again, it really comes down to control, cost and preference."

Installing ripening rooms decreases product costs by enabling a retailer to purchase truckloads directly from the grower, Byrne points out, but the cost of the rooms needs to be factored in. He indicates wholesalers or third-party ripeners usually charge in the range of \$1 to \$1.50 per box for ripening, plus their mark-up on the product. "Either way, the cost is passed on to the consumer. The difference with having your own ripening rooms is that, after the rooms pay for themselves in a year or two, the per-box cost of ripening drops to just pennies, the rest being profit," explains Byrne.

COMMUNITY PREFERENCES

Industry players must realize at the end of the day, every retailer is a part of an individual community. "Community satisfaction will always be the primary goal of Villita Avocados and our retail partners," Acosta promises. "We tailor our ripening programs to each individual community we serve." He says when it comes to ripeness, consumer preferences tend to move across ethnic groups and more into shopping habits. Rural customers who make fewer trips to a store would prefer fruit that has a longer shelf life than someone who regularly makes multiple trips during the week. "These preferences, I would say, mirror that of the individual community in which the retailer is located." There is no reason, according to Acosta, why a national retailer cannot provide a tailor-made ripening program for each community it serves.