

Inspiring Buying Habits: Lessons from Specialty Health Food Stores

The concept of specialty health food stores has been around for a long time. One might argue that the initial idea was introduced in the 1920's. Fast forward to today, with the explosive growth of next generation specialty store concepts, and it's not hard to see that these customized retail outlets are delivering unique value to an important, high-value segment of consumers.

So what is it that makes these dedicated retail outlets so popular? It comes down to how these stores visually and experientially demonstrate that they truly understand and embrace the lifestyle of their shoppers. This connection is reflected in their product assortment, chic store designs, flexible store formats, user-friendly layouts and edgy product displays. In short, specialty store concepts have built business models that truly live and support the healthy lifestyle mission that is important to their consumer base.



Traditional supermarket formats can gain mind share and market share by taking a deep dive into the consumer attitudes, beliefs, behaviors, and purchase and consumption drivers of this important segment. They can also take note of the many ways that specialty health food stores are driving sales and adopt similar tactics, with their own unique spin. Expanding organic produce offerings, introducing more "natural" and "clean label" products, providing health and nutrition information, creatively positioning produce in high traffic store areas, offering recipes and merchandising key ingredients together, and employing on-site personnel who can offer guidance on food selection, are all ways that supermarkets can reshape and enhance their traditional store models to attract more health conscious consumers.

Today's consumer expects more and more personalization, information, and insight from grocery stores, supermarkets and other food retailers. They look to them for healthy food options and a shopping experience that aligns with their lifestyle, attitudes, and beliefs. Understanding and delivering against these expectations will help create shopper satisfaction and loyalty and drive profitable growth.

Fact
51% of U.S. families are buying more organic than a year ago.
83% of parents sometimes purchase organic products.

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Fact
 The growth of organic food and farming is a response to **consumers** demanding food that is **better for them and for the environment.**

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Sources: Specialty Food Association® 2018; 2018 State of the Specialty Food Industry Report Released; Specialty Food Association 2019; Health Food Stores Aim to Stand Out Against Specialty Chains, Forbes 20 19; Grocery Stores Taking More Active Roles in Health Promotion.

Merchandising Tips



St. Patrick's Day is next Sunday! Did you know that 30% of consumers say they are planning a special St. Patrick's Day dinner? It's no wonder that cabbage sales surge by +70% in the week leading up to the big green day! Make it easy for your shoppers to get everything they need by displaying cabbage, red potatoes, and carrots together within the produce department. Find a way to cross-merchandise with corned beef...both within produce and at the meat case. Try displaying bulk red potatoes in clear tote bags for ease of shopping and to increase

sales. Also offer half heads of cabbage for a splash of color and convenience for your customer. Include recipes for traditional, crock-pot, and contemporary twists on this perennial favorite.



And don't forget Floral! Staging traditional clover plants throughout your Floral and Produce Departments helps to promote the holiday and provides a single source solution for both food and décor for any consumer planning to celebrate the Luck o' the Irish with friends and family.

Irish Central® 2019; This green food has a massive shipment surge around Saint Patrick's Day.

Market Update

Organic Produce

- **Lettuces** – Primarily receiving product from Florida (Lady Moon). Quality is amazing and supply is great! Supply out west has been greatly affected by cooler temperatures and periods of rain. To ensure the best quality we are staying in Florida product.
- **Celery** – Product is starting to tighten up yet again. The constant periods of rain have limited supply. We will see intermittent supply shortages and heavy prorates.
- **Broccoli** – Like celery, we are seeing supply tighten up due to weather. We are working to stay ahead to ensure the bunch product stays in stock; we may have to substitute bulk crowns to fill orders.
- **Cauliflower** – Supply is going the same way as Broccoli and Celery and will get tight. Some suppliers are already citing insect issues in the heads.
- **Cabbage** – Supply is coming out of Florida from Lady Moon and the quality has been perfect! Cost this year has remained high as the OG Mexican crop we normally see is almost non-existent.
- **Kales** – Great supplies of kale currently, plenty of regional product from all over the Midwest available. We are currently sourcing from Georgia, Florida and North Carolina.
- **Beets** – Both red and gold beets have bounced back with supply. We may still see issues in the tops but will be working through the product here at the warehouse.
- **Radishes** – Supplies are back in good shape. We may see issues in the tops, but will work through them.
- **Bunch Carrots** – Good supply available and good quality.
- **Green Peppers** – Early season Mexican crop has been affected by cooler temperatures and periods of rain, but we are starting to see supply come back in a good way. Pricing will remain firm over the next several weeks, but supply will be there.
- **Cucumbers** – Sizing will remain smaller, with most suppliers shipping 42ct product.
- **Zucchini & Yellow Squash** – Supply has turned around from non-existent markets a couple weeks ago and we are seeing more product available. We are still fighting heavy scarring on both Zuke and yellow, but we are working to clean that up in our Value-added department.
- **Asparagus**: OG Asparagus steady, with some new crop from California regions now harvesting, markets are in a wide range.
- **Limes** – With colder temps freezing the blooms in all growing regions out of Mexico we will see the cost on limes jump significantly over the next several weeks. Supply will be on the smaller side, but we will try and stay ahead to ensure orders are filled.

Market Update

Conventional Fruit

- **Apples**
 - **West Coast:** Supply and quality of apples coming from Washington/California remain good.
 - **Midwest:** Supply has slowed down. Quality of apples coming from Michigan / Pennsylvania remain good.
- **Blackberries:** Supply currently exceeds demand as Central Mexico experienced a strong warming trend and production spiked leading to oversupply. OG Blackberries experiencing similar conditions and will have good promotional spot deals for next few weeks. Quality is solid, but some red cell is present in packs.
- **Blueberries:** Blueberry volumes continue strong with product arriving in ports, despite harvest wrapping up in southern most regions of Chile. Finish date is still uncertain but supplies definitely will end by mid-March and markets will begin to increase. Keep promoting on both CV and OG Blueberries during this time period. Cost strong but by end of month will level out to more reasonable levels.
- **Cantaloupe & Honeydew:** Cantaloupe levels continued steady through normal seasonal levels with good size (6ct jumbos available). Quality overall has been steady with high color, sugar and flavor levels. Honeydews continue to improve and market is slowly easing downward.
- **Cherries:** Imported cherries have finished for the import season. There will be a gap until the first California Cherries are available in April.
- **Grapes:** Imported grapes showing signs of good stable supplies for the balance of March as Chilean grapes arrive. Volume has picked up with warmer weather in southern Chilean regions favoring harvest and getting levels back to normal production. March will provide some good opportunities to promote grapes, particularly Crimson Red Seedless.
- **Pineapple:** Steady supplies and market pricing, however, we recently saw a small decrease in supply. Demand remains moderate so little effect on market.
- **Raspberries:** In flux as supplies have started to tighten out of Mexico and California production is light.
- **Strawberries:** New storms hit Florida; quality will become weaker on what can be harvested. Mexico will offer some alternatives, but quality is only fair as they move into latter stages of their season and warmer temperatures are causing soft fruit with bruising present. California weather downturned with periods of rain, making harvesting a challenge and keeping supplies limited. Baja Mexico remains the best option, but with heavy demand for quality fruit due to other regions' limitations, market has climbed daily.
- **Kiwi:** Steady supply, but cost has increased slightly on New Zealand fruit as latter stage of season is nearing. Other options available at lower cost, but New Zealand offers best quality.
- **Limes:** Prices have firmed up and increased on some sizes with better demand this week. Size 200 and larger remained limited. Overall quality is very nice.

Market Update

Conventional Fruit (Continued)

- **Mangoes:** Conventional mangoes out of Peru becoming limited, costs have increased and could move further upward until Mexico gets into full harvest. Larger sizes peaking. Quality has slipped as we move further into end part of Peru season. Mexico has started, but volume is very low and will not pick up for a few more weeks
- **Maradol Papayas / Gold Papayas:** Maradol / Caribbean Reds cost increasing, some supply delays causing some shortages
- **Star Fruit:** Supply continues to taper off.
- **Peaches:** Volume remains strong with excellent sizing and color; pricing at bottom.
- **Nectarines:** Steady supply; markets have declined due to push promotions.
- **Plums:** Great eating fruit with best sizing available. Red varieties have been limited over last few weeks due to small sizes, but back in for upcoming week. Blacks probably best stone fruit variety coming out of Chile.

Conventional Vegetables

- **Western**
 - **Lettuce:** Supply will continue at moderate levels. Experiencing below-average cooling temperatures for the rest of the month.
 - **Romaine/Romaine Hearts/Mixed Leaf:** Supplies at moderate levels. Cold weather from the last few days could impact quality.
 - **Celery Stalks:** Supplies will be lighter than normal next week due to weather conditions.
 - **Broccoli:** Supplies will be lighter next week due to cold weather, returning to normal with weather permitting the following week. Overall quality looks good.
 - **Cauliflower:** Supplies will improve next week with warmer weather in the forecast; this will bring all cauliflower back to normal volumes.
- **Asparagus:** Weather conditions in Mexico growing sector improved and asparagus is back in full production. Markets have leveled and quality looks outstanding. Mexican asparagus will be prime promotional vegetable for next 4 weeks leading to the Easter holiday.
- **Baby French Beans:** Heavy volume, markets continue at low end.
- **Sugar Snap Peas/Snow Peas:** Snow peas remain plentiful and market is at bottom. Sugar Snaps are in the same situation and should hold at these levels for next few weeks.

Crosset New Item & Deletion Sheet

W/B: 03/10/19

Item #	New Items	Size
74605	Organic Beefsteak Tomatoes	15#
10505	Organic Romanesco	12ct
97660	POM Arils	12/8oz
78035	Driscoll Stem Strawberries	4/16oz
64050	Champagne Honey Mangoes	14ct
16530	OG Asparagus	11#
27050	Pre Conditioned Avocados	60ct
18615	Shishito Peppers -Bag	8/8oz
78045	Strawberries 2#	4/2#
11605	OG Yellow Spring Onion	24ct
11610	OG Red Spring Onion	24ct
93035	OG Micro Baker Potato	22ct/15#
38715	OG Bosc Pear	12/3#
69140	Red Muscato Grapes	20/1.1#

Crosset New Item & Deletion Sheet
W/B: 03/10/19

Item #	DELETIONS	Size
500231	Lychee Clamshells	12/6oz
500244	Dragon Fruit	10#
500116	Brussel Sprout Stalks	9ct
68015	Imported FM Cherries	11#
232	Cantaloupes	12ct
27002	OG Avocados	48ct
69225	OG Clam Wht Grapes	10/1#
55060	Mandarin Stem and Leaf	18#
97250	Mandarin Page	25#
55078	Mandarin Nova	25#
31040	Apple Opal	12/2#
34165	Apple Cortland Tote	8/5#
34850	Apple Lil Honey Tote	18/2#
38370	OG Concorde Pear	22#
33435	Apple Gold Del	38#
31075	Apple Pinova	40#
27540	Peanut Jumbo Roasted 16oz	24/16oz
27545	Peanut Jumbo Salted 16oz	24/16oz
104400	Dressing Blue Cheese Aunt Dottie's	12/9.5oz
42709	Juice Black Hibiscus 10oz	12/10oz
42711	Juice Blackberry Energy 10oz	12/10oz
96654	Juice Blood Orange 8.45oz OG	12/8.45oz
42705	Juice Cherry Lime 10oz	12/10oz
42706	Juice Coconut Mango 10oz	12/10oz
42704	Juice Cranberry Lemonade 10oz	12/10oz
42703	Juice Guava Mama 10oz	12/10oz
42708	Juice Raspberry Passion 10oz	12/10oz
42702	Juice Strawberry Lemonade 10oz	12/10oz
42710	Juice Raspberry Energy	12/10oz
35325	Apple Chip Golden	12/2.5oz
35345	Apple Chip Granny	12/2.5oz