

# SURPRISES IN STORE



## FRUIT LOGISTICA TREND REPORT 2019

IN COOPERATION WITH

**FRUITNET**  
MEDIA INTERNATIONAL

PRESENTED AT



## IMPRESSUM

### FRUIT LOGISTICA TREND REPORT 2019 **SURPRISES IN STORE**

A special trend report for the international fresh produce business,  
commissioned by Fruit Logistica and produced by Oliver Wyman.

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Printed in Germany

# PREFACE

***Dear members of the fresh produce trade,***

Welcome to our third annual FRUIT LOGISTICA Trend Report. As we continue to do our best to provide all of our exhibitors and visitors with useful business information, our intention with this year's publication *Surprises in Store* is to paint a detailed picture of the international fresh produce market and in particular two of its leading protagonists, namely shoppers and retailers.

Understanding why people purchase fresh fruit and vegetables in the way they do is not always easy, so with the help of Oliver Wyman we have conducted one of the most in-depth consumer surveys ever undertaken in Europe and North America. The analysis contained in this report goes beyond a summary of consumer behaviour in relation to fresh food, however; what it also does is to explore in detail the various ways in which the world's major grocery retail chains are attempting to keep pace with those consumer trends. In addition, it provides valuable insight into how companies can best approach the opportunities and challenges that such trends and reactions will inevitably create.

The report's findings will be presented at FRUIT LOGISTICA 2019 and then be made available to all as a free download from the event's official website. We hope that the information it contains will be helpful to all of our customers and partners in the fresh produce sector, who together have enabled FRUIT LOGISTICA to remain the leading global platform for the fresh fruit and vegetable sector. As always, we want to keep sharing information with the fresh produce industry and to maintain close ties with all of you. We therefore look forward to hearing your views on this new report and would welcome your suggestions for future studies.

With kind regards as always,  
**Your FRUIT LOGISTICA team**



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# METHODOLOGY

*Surprises in Store*, the Fruit Logistica Trend Report 2019, takes a detailed look at the critical role that fresh fruit and vegetables play in grocery retail. The report is based on an in-depth consumer survey – examining the responses of 6,850 customers in 14 different markets across Europe and North America (see Figure 1) – combined with project experience at Oliver Wyman and a series of 20 expert interviews (see Figure 2).

FIGURE 1.  
SURVEY RESPONDENTS

<b>Europe</b>	
Austria	300
Belgium	500
Czech Republic	300
France	500
Germany	1,000
Italy	500
Netherlands	500
Poland	300
Russia	500
Spain	500
Switzerland	450
UK	500
<b>North America</b>	
Canada	500
US	500
<b>Total</b>	<b>6,850</b>



FIGURE 2.  
EXPERT INTERVIEWEES

<b>Company</b>	<b>Interviewee</b>	<b>Role</b>
Ecole et Académie du Fruit et Légume	Frederic Jaunault	Meilleur Ouvrier de France (Primeurs, 2011)
Auchan France	Philippe Beyaert	Head of Fruit and Vegetables
Colruyt	Annelies Middag	Category Manager, Fruit and Vegetables
Colruyt	Annick Mievis	Chief Buyer, Fresh
Coop CH	Andreas Allenspach	Category Manager, Fruit, Vegetables and Flowers
Die Frischemanufaktur	Dr Jenny Müller	Chief Executive Officer and Founder
Dream Harvest Farming Company	Zain Shauk	Chief Executive Officer and Co-founder
Edeka Nordbayern-Sachsen-Thüringen	Stefan Dittert	Lead Buyer, F&V, Plants, Convenience and Eggs
Globus	Tim Strübing	Assortment Manager, F&V, Flowers and Plants
Migros Ostschweiz	Dominique Lumpert	Head of Supermarkets
PKHA	Dominique Barbet	Partner
PKHA	Benoit Koutny	Partner
PKHA	Gregoire Schellaert	Partner
Selgros Cash & Carry (Transgourmet)	Kerstin Dalchau-Mettner	Head of Sales
Rewe International	Bahar Akca	Lead Category Buyer, Convenience
SanLucar Austria	Alexander Thaller	Managing Director
Selgros Russia	Dr Michael Zipfel	Chief Executive Officer
Selgros Russia	Jens Frerichs	Chief Merchandising Officer
Sonae MC	Tomás Lince Fernandes	Head of Fresh Commercial Department
UNCGFL	Christian Berthe	President



# INTRODUCTION

The suggestion that fresh produce might play a critical role in the retail trade should not surprise anyone in the industry. What might not be so readily apparent, however, is just how quickly the market for fresh produce is changing. Customers now expect good quality fresh produce in every store. As a result, while grocery retail is seeking to use fresh produce to achieve market advantage, doing so is proving ever more challenging.

Within this changing environment, fresh fruit and vegetables are becoming central to the success of any retail store. Welcome news for the sector, but there is a catch: as last year's Fruit Logistica Trend Report *Disruption in Fruit and Vegetable Distribution* highlighted, supply chains are evolving in new directions; and perceptions of what matters in fruit and vegetables are shifting, as are expectations about the range of products on offer.



Consumers are generally becoming much more sophisticated in terms of how they shop. Not only are they more environmentally conscious, but they demand more information about the products they choose to buy. Just where their fresh fruit and vegetables come

from, how they were produced, how fresh they really are: these are of increasing relevance to consumers in many markets.

At the same time, healthy eating and convenience are extremely relevant concerns for many. As trends, they are not as contradictory as they might first appear: customers in certain segments want to eat healthily with the greatest possible convenience. This is providing producers, suppliers and retailers with new opportunities and challenges.

This year's Fruit Logistica Trend Report *Surprises in Store* will explain more about these challenges and opportunities, offering suggestions as to how producers, suppliers and retailers might best react.



1.

**WHAT REALLY  
MAKES FRESH FOOD  
SHOPPERS HAPPY?**





## Consumer attitudes to fresh produce

The quality of a store's fresh food plays a key role in determining where customers choose to shop for their groceries. This is underlined in our consumer survey: 59 per cent of our respondents told us quality in the fresh food department was the most important factor in determining their choice of store (see Figure 3).

Looking a bit deeper, our survey reveals that fresh food quality determines basket size as well as footfall. Customers satisfied with a store's fresh food quality will visit it 7 per cent more frequently than those who are not. Even more significantly, their average basket is 24 per cent larger. Consider also the fact that 47 per cent say they are willing to pay more for higher quality fresh food, and the importance of fresh fruit and vegetables to the profitability of a food retail business becomes crystal clear.

Satisfaction with fresh food appears to have a more profound impact on shoppers with more money to spend, playing an even greater role in determining where they shop in many of Europe's more affluent market segments. In Germany, for example, around 68 per cent of high-income families say that fresh food is the most important reason for choosing a store. Those families not only make 6 per cent more visits than the average, they also spend 53 per cent more. In short, no store should ever neglect quality when it comes to fresh products.

The crucial question, therefore, is what drives customer satisfaction within the fresh food department? The answer turns out to be surprisingly simple: the most important thing for consumers is quality itself. As Figure 3 shows, quality alone accounts for 33 per cent of the total satisfaction (we will come to the second most-important factor, the range of products, later in this report). Although the idea of quality as shoppers' top priority is by no means unexpected, a closer analysis of their attitudes to quality reveals a number of surprises. Behind this apparently simple answer, there have been some notable changes in expectation, shifts in demand that are central to this report's findings. »

FIGURE 3.

### RELATIVE IMPORTANCE OF SATISFACTION CRITERIA FOR FRESH FOOD CORRELATION, FRESH PRODUCE SATISFACTION VS SATISFACTION CRITERIA

Source: Oliver Wyman, Fresh Survey, August-September 2018, average across all 14 geographies

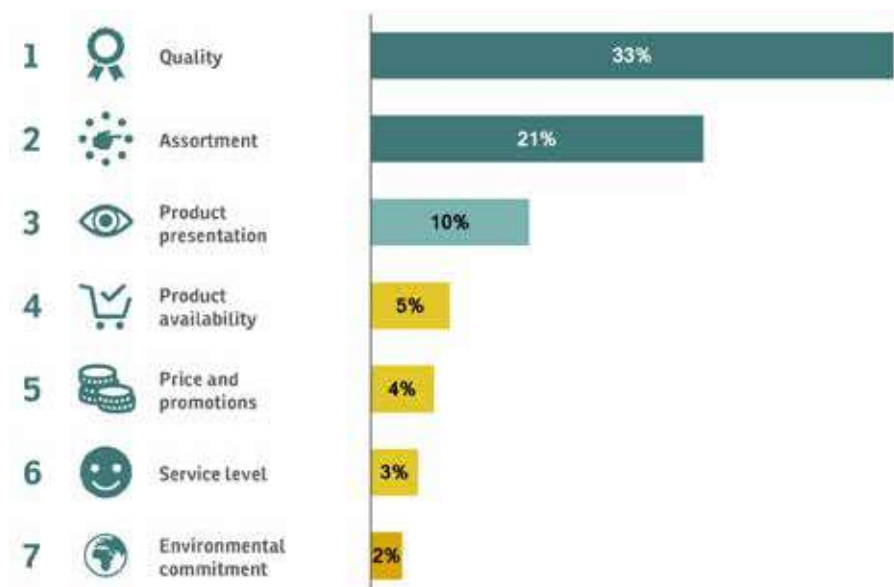
















FIGURE 4.

**DETAILED SURVEY RESULTS BY COUNTRY**

Source: Oliver Wyman, Fresh Survey, August-September 2018

	<b>Importance of product categories for overall satisfaction with fruit and vegetables (F&amp;V)</b> Correlation, fresh satisfaction vs category satisfaction	<b>Importance of satisfaction criteria for F&amp;V satisfaction</b> Correlation, category satisfaction vs satisfaction criteria	<b>Best place to buy fresh produce</b> Share of loyal customers rating store as best store to buy Fresh products
 <b>Austria</b>	1. F&V <b>28%</b> 2. Meat and cold cuts <b>22%</b> 3. Cheese <b>17%</b>	1. Quality <b>48%</b> 2. Assortment <b>26%</b> 3. Price and promotions <b>11%</b>	1. Interspar <b>61%</b> 2. Merkur <b>61%</b> 3. Billa <b>48%</b>
 <b>Belgium</b>	1. F&V <b>22%</b> 2. Meat and cold cuts <b>22%</b> 3. Cheese <b>13%</b>	1. Quality <b>39%</b> 2. Assortment <b>26%</b> 3. Product presentation <b>10%</b>	1. Delhaize <b>75%</b> 2. Carrefour <b>60%</b> 3. Albert Heijn <b>60%</b>
 <b>Czech Rep</b>	1. Meat and cold cuts <b>33%</b> 2. F&V <b>24%</b> 3. Bread and pastries <b>16%</b>	1. Assortment <b>28%</b> 2. Quality <b>20%</b> 3. Product availability <b>15%</b>	1. Globus <b>74%</b> 2. Kaufland <b>59%</b> 3. Lidl <b>57%</b>
 <b>France</b>	1. F&V <b>41%</b> 2. Meat and cold cuts <b>37%</b> 3. Cheese <b>10%</b>	1. Quality <b>43%</b> 2. Assortment <b>15%</b> 3. Price and promotions <b>10%</b>	1. Grand Frais 2. Auchan 3. Cora/ Match
 <b>Germany</b>	1. F&V <b>31%</b> 2. Meat and cold cuts <b>29%</b> 3. Cheese <b>14%</b>	1. Assortment <b>34%</b> 2. Quality <b>31%</b> 3. Product presentation <b>11%</b>	1. Globus <b>79%</b> 2. Edeka <b>70%</b> 3. Kaufland <b>61%</b>
 <b>Italy</b>	1. Convenience food <b>23%</b> 2. Cheese <b>20%</b> 3. F&V/Meat and cold cuts <b>19%</b>	1. Quality <b>38%</b> 2. Assortment <b>24%</b> 3. Environmental commitment <b>6%</b>	1. Esselunga <b>70%</b> 2. Coop, Ipercoop <b>65%</b> 3. Conad <b>65%</b>
 <b>Netherlands</b>	1. F&V <b>42%</b> 2. Meat and cold cuts <b>17%</b> 3. Convenience food <b>9%</b>	1. Assortment <b>35%</b> 2. Quality <b>33%</b> 3. Product presentation <b>7%</b>	1. Albert Heijn <b>76%</b> 2. Lidl <b>75%</b> 3. Emte <b>61%</b>
 <b>Poland</b>	1. F&V <b>28%</b> 2. Convenience food <b>19%</b> 3. Meat & cold cuts <b>15%</b>	1. Quality <b>36%</b> 2. Assortment <b>18%</b> 3. Product presentation <b>14%</b>	1. Lidl <b>64%</b> 2. Kaufland <b>62%</b> 3. Delikatesy Centrum <b>60%</b>
 <b>Russia</b>	1. Meat and cold cuts <b>20%</b> 2. Cheese/Convenience food <b>18%</b> 3. F&V <b>15%</b>	1. Assortment <b>35%</b> 2. Quality <b>15%</b> 3. Product presentation <b>12%</b>	1. Metro <b>80%</b> 2. Karusel <b>76%</b> 3. Lenta <b>64%</b>
 <b>Spain</b>	1. F&V <b>22%</b> 2. Convenience food <b>18%</b> 3. Meat and cold cuts <b>13%</b>	1. Quality <b>47%</b> 2. Price and promotions <b>10%</b> 3. Assortment <b>9%</b>	1. Bonpreu <b>83%</b> 2. Hipercor <b>80%</b> 3. Carrefour <b>67%</b>
 <b>Switzerland</b>	1. F&V <b>38%</b> 2. Meat and cold cuts <b>22%</b> 3. Cheese <b>11%</b>	1. Quality <b>42%</b> 2. Assortment <b>27%</b> 3. Product presentation <b>10%</b>	1. Migros <b>66%</b> 2. Coop <b>61%</b> 3. Lidl <b>47%</b>
 <b>UK</b>	1. F&V <b>22%</b> 2. Convenience food <b>18%</b> 3. Meat and cold cuts <b>13%</b>	1. Quality <b>47%</b> 2. Price and promotions <b>10%</b> 3. Assortment <b>9%</b>	1. Waitrose <b>76%</b> 2. Morrisons <b>65%</b> 3. Tesco <b>63%</b>
 <b>Canada</b>	1. Cheese <b>24%</b> 2. F&V <b>14%</b> 3. Convenience food <b>16%</b>	1. Quality <b>32%</b> 2. Product presentation <b>23%</b> 3. Assortment <b>22%</b>	1. Save-on-Foods <b>68%</b> 2. Super C <b>67%</b> 3. Loblaws <b>65%</b>
 <b>US</b>	1. F&V <b>32%</b> 2. Meat and cold cuts <b>16%</b> 3. Cheese <b>12%</b>	1. Assortment <b>30%</b> 2. Product presentation <b>22%</b> 3. Quality <b>21%</b>	1. Whole Foods <b>86%</b> 2. Wegmans <b>82%</b> 3. Meijer <b>77%</b>

## The challenge at the heart of fresh produce

Almost universally, fresh produce has come to play a much more central role in retail. The days when space expansion and promotion share could be used to drive sales now seem long gone. Store expansion has largely come to an end in most mature markets, having reached its natural limit. Likewise, promotions are increasingly cannibalising other sales. Consequently, fresh food in general has assumed a new, more central importance.

Driving greater sales in this area is no simple matter, however. On the one hand, discounters are keeping up the pressure in terms of value for money, making further gains from traditional vendors. On the other hand, online fresh food sales are chipping away at the edge of the market, placing additional pressure on bricks-and-mortar retailers.

Quality as a means of differentiating a store's offer is not an easy answer either. Whereas once upon a time a retailer could have expected to distinguish itself solely by the quality of its

fresh produce, across all markets covered by our survey the task seems even more difficult. In Germany, for instance, whereas in 2012 some 68 per cent of customers said they saw major differences in the quality of fresh produce sold by different retailers, today this figure has dropped to only 31 per cent – less than half that seen just a few years' earlier.

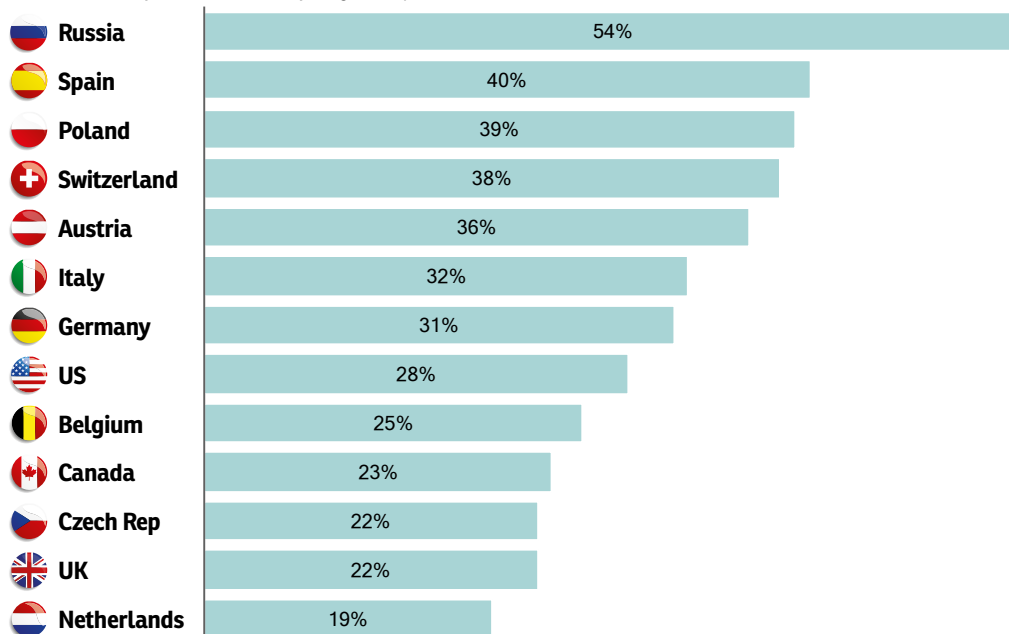
This clearly reflects the market consolidation seen over the last few years. Weaker players have been forced out of the market and those remaining are developing more and more sophisticated operations. While quality differences do continue to score higher in less consolidated grocery markets such as Russia (see Figure 5), for most, quality has dropped below 40 per cent.

As already mentioned, this does not mean fresh food is unimportant; far from it, as it remains the most important differentiator. What it highlights is that the field of fresh is becoming an increasingly competitive one.

FIGURE 5.

### INTERNATIONAL COMPARISON OF PERCEIVED DIFFERENCES IN FRESH FOOD

Source: Oliver Wyman, Fresh Survey, August-September 2018



## Revitalising fresh food

Retailers are faced with something of a quandary. While the fresh food department is more important than ever before as a way of attracting customers, and with quality continuing to be a major driver of sales in that arena, more and more shoppers are coming to expect quality as a matter of course, regarding it as merely something related to hygiene which they take for granted.

This is making the battle for differentiation in fresh quality an increasingly intense one, forcing retailers to search for new ways of standing out from an increasingly competitive crowd. Our survey shows that, as far as customers are concerned, all is not equal in the world of fresh. When ranking the fresh categories that are most important to them, it is the fruit and vegetable department that matters most, ahead of all others including meat and bakery (Figure 6).

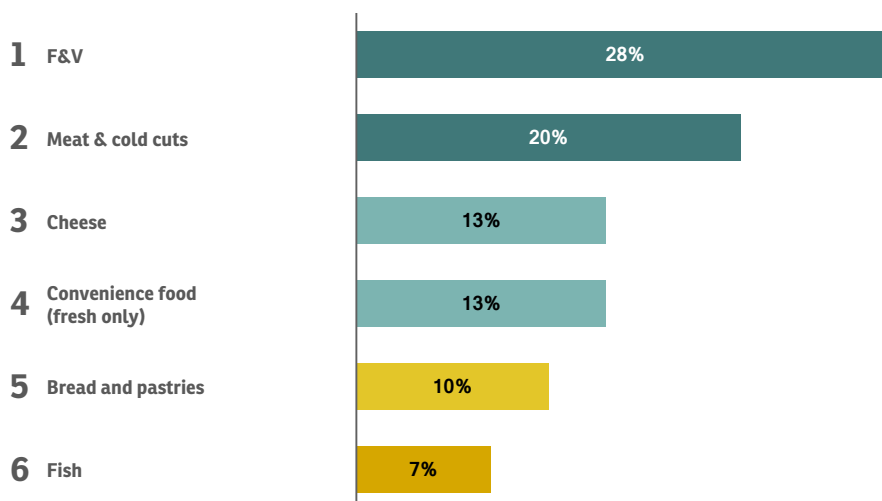


FIGURE 6.

### IMPORTANCE OF PRODUCT CATEGORIES FOR FRESH FOOD SATISFACTION

CORRELATION, CATEGORY SATISFACTION VS. FRESH SATISFACTION

Source: Oliver Wyman, Fresh Survey, August-September 2018, average across all 14 geographies



As all retailers are aware, shoppers tend to treat fresh fruits and vegetables very differently depending on the category, type or variety. Some are regarded very much as shopping list essentials, never missing from a customer's basket. Other varieties may be perceived as harder to come by but are increasingly being sought by lots of customers. Whenever these varieties are absent from a store's fresh produce department, they are the products most missed (see Figure 7). »

FIGURE 7.

**CUSTOMER REFLECTIONS ON DIFFERENT F&V VARIETIES (SIZE = MENTIONS)**

Source: Oliver Wyman, Fresh Survey, August-September 2018, only F&V mentioned five times or more

F&V never missing from the shopping basket

F&V consumers miss in many retail stores



Digging a bit deeper into what it is that determines customer satisfaction with regard to fruit and vegetables quality, our research reveals that the top three drivers are the appearance of the produce, its taste, and its size and shape (see Figure 8). Here customer preferences are also undergoing something of a change. Experts confirm that whereas consumers have long associated produce appearance with quality, taste is now playing an increasingly important role in how they assess quality. These changes are at the heart of dynamics rippling across the entire value chain.

FIGURE 8.

**QUALITY AS A DRIVER OF SATISFACTION WITH FRUIT AND VEGETABLES**

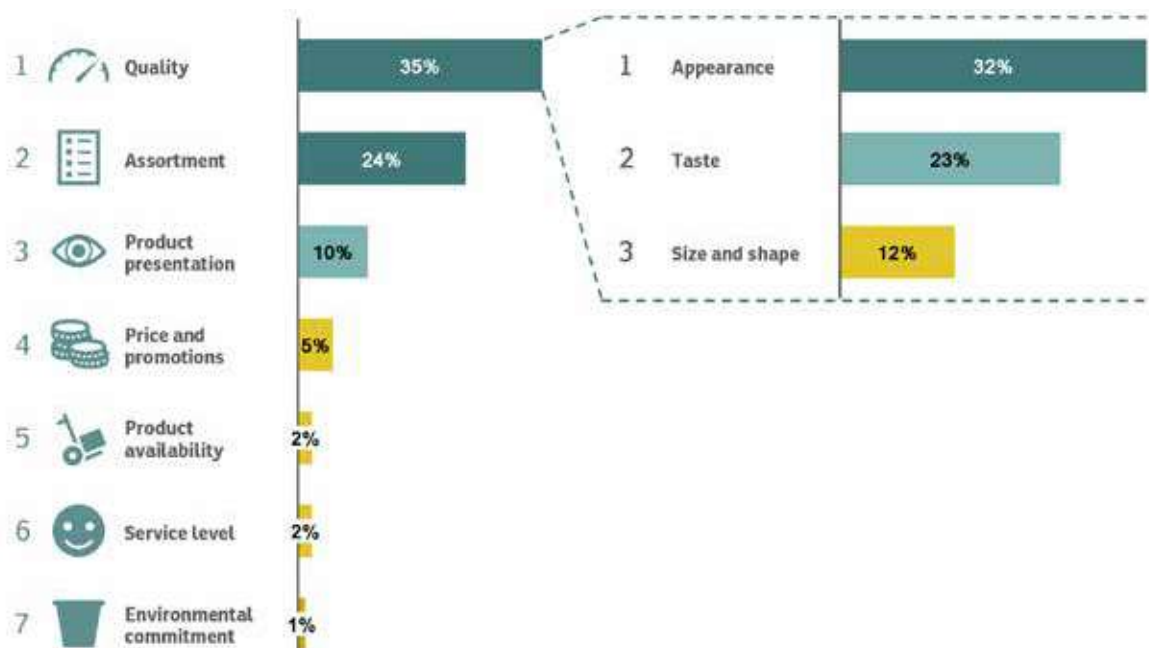
Source: Oliver Wyman, Fresh Survey, August-September 2018, average across all 14 geographies

**Importance of satisfaction criteria for F&V**

Correlation, satisfaction criteria vs F&V satisfaction

**Determining factors in F&V quality satisfaction**

Correlation, satisfaction criteria vs F&V satisfaction



In our consumer survey, the responses we had from higher-income customers might contain an important clue for beleaguered retailers. The data show these customers care more about service, have a stronger commitment to the environment, and demand more specialised ranging than the average consumer. With a little imagination, this has the potential to translate into the core of a strategy for potential differentiation in two distinct areas: first, product range; and second, shopping experience.

Most retailers will of course be aware that both product range and shopping experience can be powerful points of difference: as Figure 6 showed, assortment, in particular, is an established driver of consumer satisfaction with fresh food, and this centres around three new and critical things that shoppers want:

- Fresh produce that is both more convenient and healthier
- Fruit and veg with an emotional connection, to which they can relate like brands
- A clear conscience, with greater origin transparency and less environmental impact






Each of these three consumer demands can be considered in relation to both product range and shopping experience, revealing an array of different potential responses (see Figure 9). While a few retailers and suppliers are beginning to respond to these new requirements, to our knowledge, none has yet done so fully.

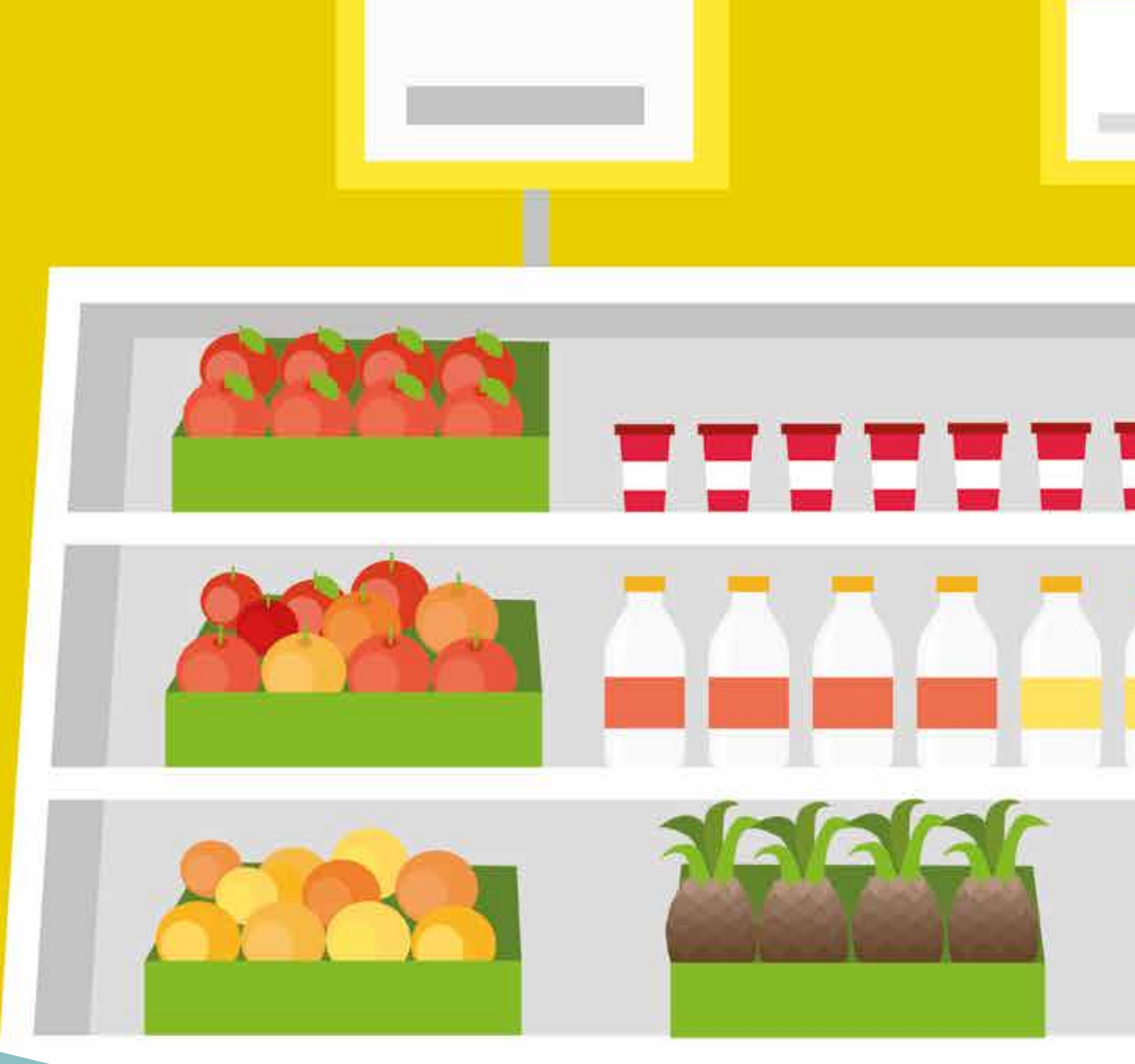
In the remainder of this report, we first explore each of these areas in more detail before examining what they mean in practice for the retailers themselves. ●

FIGURE 9.

**EMERGING DIFFERENTIATORS OF FRUIT AND VEGETABLE SATISFACTION**

Source: Oliver Wyman, Fresh Survey, August-September 2018

What are consumers asking for?	The response we expect to see in stores...	
	Assortment 	Experience 
<b>Faster, easier, healthier</b> 	<ul style="list-style-type: none"> <li>/ Larger convenience range</li> <li>/ New easier-to-cook varieties</li> <li>/ More ready prepared (cut, peeled, etc.)</li> <li>/ Fortified vegetables</li> <li>/ Re-discovery of Frozen</li> </ul>	<ul style="list-style-type: none"> <li>/ Modular convenience, 'putting your meal together'</li> <li>/ Suggestions about 'what to eat'</li> <li>/ Quick and easy shopping</li> <li>/ More information on health</li> <li>/ Encouragements to live a healthier life</li> </ul>
<b>Emotional connection</b> 	<ul style="list-style-type: none"> <li>/ Better tasting varieties</li> <li>/ Brands that convey trust in their superior quality</li> </ul>	<ul style="list-style-type: none"> <li>/ 'Theatrical' presentations</li> <li>/ Increased interaction: advice, food tastings, cooking classes, etc.</li> <li>/ More in-store gastronomy and production</li> </ul>
<b>Fruit and veg with a good conscience</b> 	<ul style="list-style-type: none"> <li>/ More local products</li> <li>/ More seasonal products</li> <li>/ Environmentally friendly packaging</li> </ul>	<ul style="list-style-type: none"> <li>/ Greater transparency in the supply chain</li> <li>/ Increased centrality of local and seasonal fruit and vegetables</li> <li>/ More information on sustainability of products and efforts to achieve this</li> </ul>



2.

# MAKING SENSE OF NEW CONSUMER DEMANDS





## Easy-healthy: more convenient and healthier

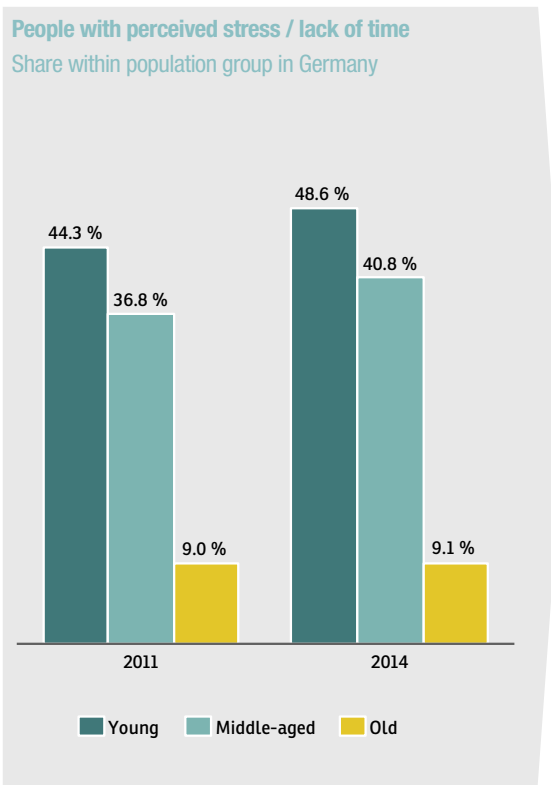
In the past, convenience foods have not necessarily been associated with health awareness. In that sense, convenient fresh fruit and vegetables mentioned here have little or nothing to do with the majority of such products. The demand is for healthy fresh produce that is packaged in a convenient format for people who are short of time and often in a hurry, both when shopping in the store and when cooking at home. Although family mealtimes remain important to many,

fewer people regularly cook for themselves. Those who do generally have less time to spend on cooking than they did in the past (see Figure 10). The same is true of the amount of time spent shopping. Yet simultaneously, the current generation has emerged as more health conscious than ever before, and this is driving consumers to seek out healthy and convenient fresh foods – easy to prepare healthy foods that can be put on the table quickly but which the consumer knows will do their family good.

FIGURE 10.

### EMERGING DIFFERENTIATORS OF FRUIT AND VEGETABLE SATISFACTION

Source: Oliver Wyman, Fresh Survey, August-September 2018



1. Share of respondents agreeing with the statement below, global survey  
Source: GfK ConsumerScan, Bundesagentur für Arbeit, Euromonitor International (2012)

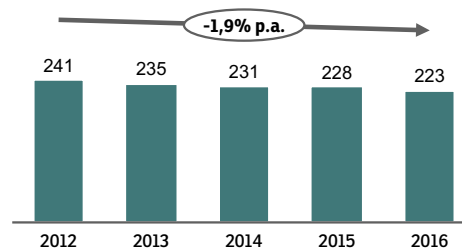
“Why do you purchase ready meals instead of preparing a meal from scratch?”<sup>1</sup>

45%

**“I do not have time to cook”**



**Number of shopping trips per year and person**  
Total number in Germany



The 2018 Fruit Logistica Trend report provided insights into the continued growth of out-of-home consumption. Simultaneously, that same trend will also lead to changes in the way people purchase fresh produce for home cooking, with major implications for retailers. They will need to devote as much effort to reinventing how they sell fresh produce as to what they sell.

These changes begin at the store’s door. To attract busy consumers, it will need to stock product ranges that provide shoppers in a

hurry with as much convenience as possible. This will require a trade-off with displays that encourage traditional store journeys, because many consumers will be looking for immediate access to the produce they need and will resist being led through the store to find it. Increasingly, customers will also be looking for healthy foods that can sustain their health-conscious diets. Retailers and producers will need to respond to this demand, without overloading their stores, finding

# GEOGRAPHICAL DIFFERENCE: THE POWER OF FORTIFIED FOOD

Exactly how producers and retailers respond to demands for easy-healthy foods will depend in part on the specific geography involved. Outside Europe, there is already a growing retail trend involving foods that deliver improved nutritional qualities – for example, broccoli containing an increased number of antioxidant elements, or lettuce with higher vitamin levels). In the US, for instance, Inventure has launched a fortified product made from frozen fruit berries with added vitamins, sold as ‘fruit plus vitamins’.

This type of food is already generating significant revenue in Asia and the first such products are now making their way to Europe. In the UK, for instance, Tesco is selling mushrooms with additional Vitamin D that is said to help

counter the impact of the country’s notoriously cloudy winter days on the number of sunlight hours.

The challenge in Europe is that extensive EU regulation limits the scope of such labelling, making it more difficult to promote health benefits associated with such products. According to a summary provided by The Food Safety Authority of Ireland, “the labelling, presentation and advertising of foods to which vitamins and minerals have been added must not include any mention stating, or implying, that a balanced and varied diet cannot provide appropriate quantities of nutrients.” Furthermore, it says, “the labelling, presentation and advertising of foods to which vitamins and minerals have been added must not mislead



or deceive the consumer as to the nutritional merit of a food that may result from the addition of these nutrients.”

Clearly this does not in itself prohibit the advertising and sale of fortified products. Tesco, for one, has found a way to comply with these regulations, stating boldly in its advertising that “mushrooms enriched with Vitamin D [can] help keep you healthy during the darker winter months”.

seamless ways to keep customers informed about what constitutes a healthy diet. Such advice, necessarily, will have to be tailored to an individual’s needs; this could comprise a mixture of advice from knowledgeable staff and the use of modern communication tools, such as smartphone apps.

Similarly, trustworthiness will be at a premium – it is likely that consumers will look increasingly to the reassurance of trusted brands, branding that can reassure the consumer about the healthy, reliable nature of the fresh produce, while at the same time making it possible for them to quickly identify the exact product they are looking for, and in the quantity they need.

We expect these demands to play out in a broader and more innovative easy-healthy convenience offer in stores. That evolution in terms of product range is likely to mirror the following trends:

- **Easy-to-prepare** fruit and vegetable varieties – such as Bimi / Tenderstem, a convenient form of broccoli
- **Ready-to-cook** fruit and vegetables (pre-prepared, for example cut and peeled)
- **Greater product choice**, centred around local and seasonal demand
- **Modularity**, meaning the sale of readily recognisable fruit and vegetable components for easy-to-assemble meals »

Fresh fruit and vegetable producers and retailers alike will need to stay one step ahead of emerging trends that are being driven by so-called influencers. In the recent past, one such trend has been the highly influential and widespread promotion of superfoods. While the market for such products has been limited largely to specific countries and regions, a number of these superfoods has made the leap and become truly global.

This segment is being shaped in particular by influencers across all types of media, especially where the food is highlighted in magazines by celebrity chefs or by other well-followed names on food blogs and social media feeds. On occasion, this has led to impressive sales uptake (as highlighted by the examples in Figure 11). However, as retailers are all too aware, there is a very real risk that such trends can disappear as quickly as they arrived.

Not all the action is among high-end shoppers. A large number have to manage on restricted budgets and are effectively prevented from eating the healthy foods they might otherwise wish to consume. This is particularly true for younger age groups: data from Statista suggest that in Germany, four in ten people below the age of 40 would eat more healthy foods if they could afford to do so (see Figure 12).

The situation in those lower income brackets suggests there is a large untapped market, a problem that could be addressed through innovative and alternative approaches. Frozen fruit and vegetables, for instance, can provide a convenient and healthy alternative to fresh produce. Pricing is key for this segment.

Discounters like Aldi and Lidl are also working to expand their fresh fruit and vegetable convenience ranges. Driven by the price point, their initial targeting is for medium- to high-income customers, with the opportunity regarded as particularly strong in urban stores. Time will tell if retailers can also reach the four in ten younger people with even less to spend.

FIGURE 11. SALES OF SELECTED SUPERFOODS IN GERMANY (€ ,000)

Source: IRI (Superfood)

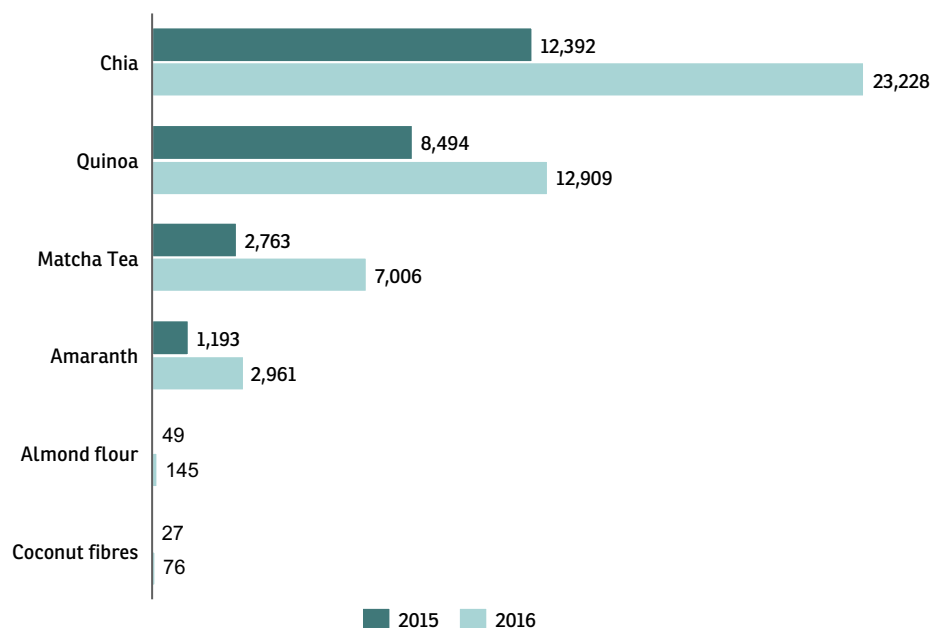
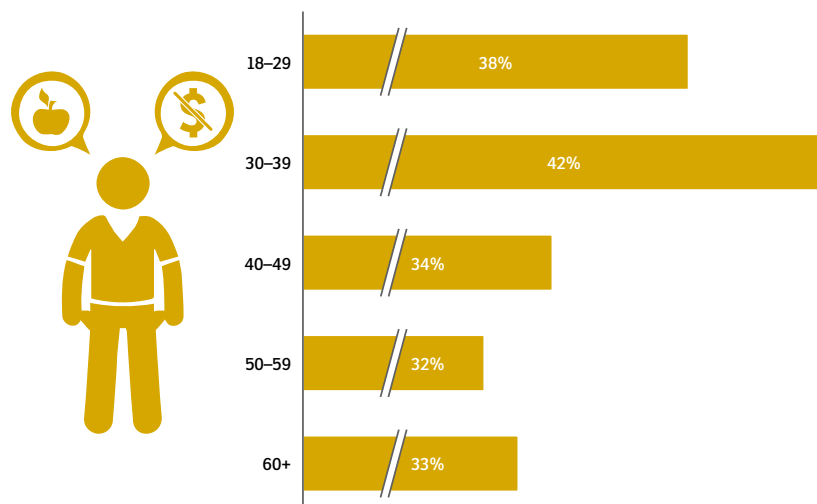


FIGURE 11. SHARE OF RESPONDENTS SHORT OF MONEY TO PURSUE A HEALTHIER DIET GERMANY, PERCENTAGE PER AGE BRACKET

Source: Statista (2016)



# EMOTIONAL CONNECTIONS: LEARNING FROM TOP BRANDS

Beyond their physical and practical attributes, powerful brands go out of their way to build an emotional connection with consumers, one that establishes trust – and consequently customer loyalty, encouraging repeat purchases and creating a brand premium. This can play well for fresh foods, particularly for the many fruit and vegetables that appeal to so many of the senses. Bricks-and-mortar retailers and produce brand owners are increasingly concluding that such sensual appeal is a particularly important avenue, one that could potentially give them a competitive advantage over other channels. If customers wish to see, touch, feel and smell fresh produce before buying, what better place to do that than in the store?

The sensual aspect of fresh produce contains another emerging trend: while consumers still associate the fresh appearance of fruit and vegetables with their quality, taste is becoming a far more important factor in a shopper's purchasing decision. Experts tell us that in response to this trend they expect producers and retailers to focus much of their future innovation on delivering superior taste in fresh produce. The key here is to build consumers' trust in the superior quality of fresh produce. A number of producers and retailers have already succeeded in doing so by consistently delivering



ABOVE—Making fresh produce departments more theatrical could help to underline the value of real stores

superior quality. German supermarket chain Globus, for example, selects fruit and vegetables it believes meet particularly high standards of quality and taste to be sold under its premium label Globus Gold. “We only work with producers who want the best and who we know personally,” the company comments. Its advertising also underlines an aspect that we will look at in further detail later in this report, the products' seasonality. “Globus Gold fruit and vegetable products are only available for a limited time in the season – only when they are perfectly ripe.”

Adopting a slightly different approach, some growers have marketed particular varieties of produce under a universal brand, to ensure that consumers see the produce as distinctive. Pink Lady apples, for instance, include a number of cultivars – the main one Cripps Pink was first produced in 1973 in Western Australia – that are all marketed under the same umbrella brand. Pink Lady apples are grown around the world, but careful marketing means that consumers still get consistent appearance, flavour and quality. As their advertising states: “Only the best of the apples are selected, hand-picked and given the

Pink Lady seal of approval – the pin heart-shaped sticker you find on every one of our apples. It's a symbol of authenticity and guarantees consistent quality.”

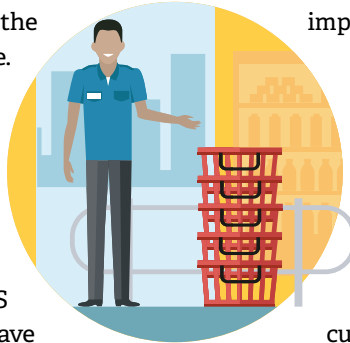
For branded products to work in fruit and vegetables, they have to deliver consistent quality on each purchase occasion and provide visible, additional value for the customer when compared with the alternatives. Some retailers have already achieved success in this area. Germany's largest supermarket chain Edeka has been aware of the need for differentiation as it introduces consumer brands to its fruit and vegetable offer. For instance, unlike others, the limes it markets under the Havana Club brand do not have waxed skins, making them more suitable for use in drinks. They can be sliced and dropped straight into »

a glass without having to be heat-scrubbed first. Elsewhere, Edeka's fresh oranges are sold in supermarkets under the name Valensina, a well-known juice brand. The marketing strapline offers the customer a guarantee that the oranges have a superior taste and juice content, encouraging customers to use the fruit to make their own fresh juice.

Another way of creating a stronger emotional connection with fruit and vegetable consumers is to improve their appearance and presentation. A number of countries – the US and Canada in particular – have a long history of creating elaborate and attractive in-store fresh produce displays. These almost theatrical displays are designed to captivate the consumer and elicit an emotional reaction. A well-established element of North American fruit and vegetable marketing, they are a bright, fun and stylised way of communicating quality.

Elsewhere, presentation has yet to play as an important role in determining overall satisfaction as it does in North America. In most other markets, presentation accounts for around 10 per cent of customer satisfaction, whereas it registers double that figure in the US and Canada (see Figure 14). While it might appear

unlikely that European retail will replicate the exuberance of American displays, the majority of the experts we interviewed said they expected to see more focus on this kind of visual merchandising for fresh fruit and vegetables in Europe. Appearance is of increasing importance.



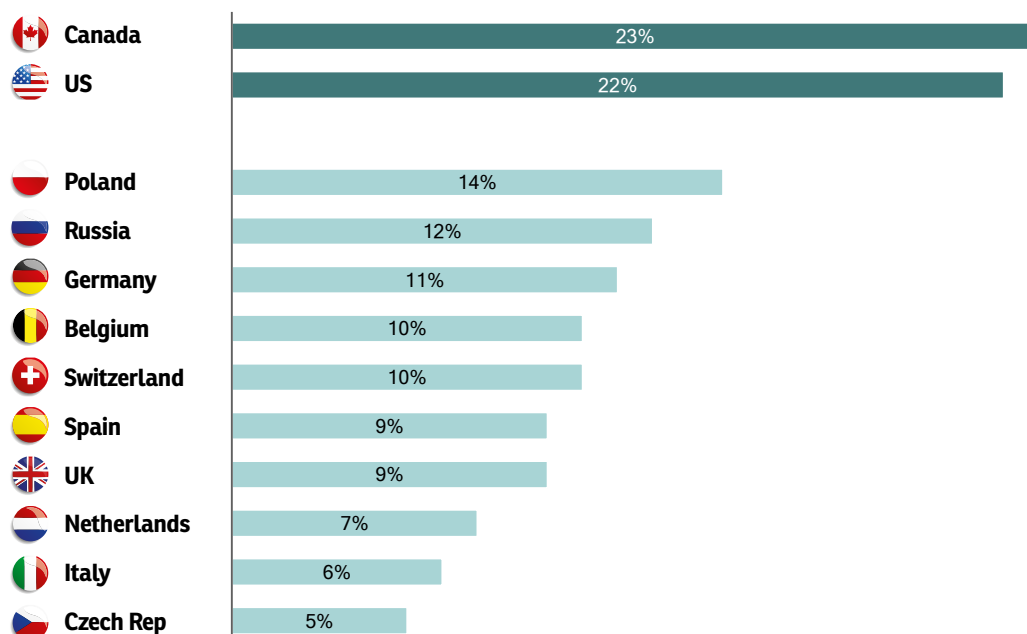
As the major brands know, the secret to strong emotional connection with consumers lies in the last of three elements addressed here: the store's staff. Interaction with a store employee can make a vital difference to how the customer perceives the produce itself.

By personally introducing consumers to products, offering advice or suggesting appropriate recipes, members of staff can trigger positive emotions. A strong relationship established with the store can create trust that then transmits to the produce itself.

Bricks-and-mortar retailers have a final card up their sleeve: they can show people how great fresh food is. A customer's experiences in the store – being shown how conveniently an easy-healthy food fits with their busy lifestyle, or getting involved in a gastronomic tasting or cooking class to learn how to make use of a new product – will strengthen their emotional connection with the fresh produce itself and the retailer. »

FIGURE 14. IMPORTANCE OF FRESH FRUIT AND VEGETABLE PRESENTATION IN STORE

Source: Oliver Wyman, Fresh Survey, August-September 2018



# PASSION FOR PRODUCTION ON A SMALLER SCALE

Cooperatives form a well-established alternative to the more conventional food industry business model. According to PK Halstead Associates, a Brussels-based food industry consultancy that specialises in design and identity, the present environment opens up new opportunities for such ventures: “The cooperative model gives an alternative response to both new expectations of the consumer and the wishes of the producers to enhance their profession as custodians of the earth.” This approach is exemplified in Belgium’s Paysans-Artisans. The cooperative focuses on marketing artisanal and local food products, but defines itself as a citizen movement that brings together farmers, artisan-processors and consumers around a shared vision of agriculture and food. This echoes PK Halstead’s own vision; by “rejecting gigantism and focusing on the diversity and quality of the produce,” cooperatives can reinvigorate farming and restore passion to small producers, farmers and craftsmen, at the same time providing customers with healthy and sustainable food, and ensuring they are better informed about what they eat.

The heart of this approach is the localism that supports close ties between the producer and the consumer. The French cooperative O’Tera du Sart,

for example, regularly arranges for customers to meet its artisan partners in its stores in Hauts-de-France and Ile-de-France, enabling them to better understand how they produce their food, or simply to get more information about what they are eating. Concerned about ensuring transparency with their customers, the cooperative posts extensive information about its partners on a dedicated website, including the prices the cooperative pays producers for each of their products.

A number of small-scale groups take this intimate relationship one step further. To shop in Parisian cooperative La Louve’s store, for example, a customer must first become a member. And it’s not just in Europe that this kind of membership model is gaining currency. The same approach is taken by the Park Slope Food Coop in the US, which aims to maximise the provision of foods that are grown organically, regionally or both, as well as ethical sourced and otherwise environmentally friendly. To this end, it avoids products that involve the use of toxic substances such as chlorine bleach and petroleum, minimises the use of disposable products, and seeks out those suppliers which use recycled containers and environmentally sound packaging.

## Consumption with a clear conscience

Consumers are changing. Slow food, farmers' markets and street food are all trends that point towards a different attitude to consumption, one which means that we expect whatever we eat to give us great enjoyment but at the same time to leave us with a clear conscience, secure in the knowledge that we have not harmed the environment. This is consumption very much as virtue, eating as identity.

Environmental commitment, in particular, is becoming an important criterion in store selection in Europe. In the UK, for example, 43 per cent of consumers say their choice is shaped by how environmentally sustainable they believe the store to be. That figure is even higher for high-income families. As a result, all of the retailers we interviewed now see an emphasis on sustainability as a high priority for their company.

Sustainability plays into yet another aspect of food consumption, namely its seasonality and locality. As food becomes increasingly associated with both identity and environmental sustainability, the specific questions of when and where food has been produced take on a new resonance. Consumers are turning to foods with lower environmental impact from sustainable sources; locally produced, grown in season. However, these demands are clearly not equally important to all consumers in all markets. Customers in certain countries such as the Netherlands, Belgium and Italy place a premium on the seasonality of their fresh fruit and vegetables. For others, particularly those in countries like Germany and Switzerland that have strong regional identities around food, locality plays a far more critical role.

Connected to this is a further emotional aspect of fresh fruit and vegetable consumption: customers want to know not only that their produce is fresh, but also that it is ephemeral and unique, located in a specific time and place and inherently linked to the experience of producing it and consuming it. For high-end consumers, particularly the young, food's identity and the purity of its supply are becoming increasingly intertwined with a sense of personal identity.

Greater awareness of the modern food industry's environmental impact is affecting fresh fruit and vegetable retailing in other ways too. The avoidance of waste, both in terms of reducing the volume of

fresh produce thrown away and in terms of how ecologically sound its packaging might be, is an increasing concern. By happy coincidence, this is as much a priority for retailers as it is for consumers. Significantly, a survey carried out in April 2018 by Splendid Research found that consumers were willing to take action to back up these concerns. Around 90 per cent said they would be willing to buy aesthetically imperfect fruit and vegetables (so-called wonky or ugly produce). What's more, 78 per cent of women and 72 per cent of men would consider buying loose fresh food, especially when it came to fruit and vegetables. Plastic packaging is seen as a major issue: 87 per cent of respondents said they were concerned about its impact on the environment – particularly so with regard to the plastics used in everyday products – and 73 per cent said they hoped to minimise the amount of packaging they used. However, when it comes to paying for this, the response was less assured: only half said they would be willing to pay more for biodegradable packaging (see Figure 15).

### Consumers want advice too

While reducing the amount of plastic packaging remains a priority for most, this can also be at odds with the primary aim of sustainability. Cheap and effective, plastic packaging has done much to increase the longevity of fresh produce, often substantially prolonging product shelf-life and protecting it against contamination and damage during transportation and display. Additionally, it creates convenience in terms of handling and purchasing, producing standard units of purchase that customers readily recognise. For all these reasons, eliminating plastic packaging could potentially lead to an increase in food waste.

Those caveats aside, the amount of produce being sold without packaging is increasing steadily, even if there are likely to be limits on how far this can be extended. While it is a fairly simple matter to reduce the amount of plastic packaging used for certain varieties of fresh fruit and vegetables, instead selling much of it loose, any major reduction for others like soft fruit and salad vegetables might well result in higher amounts of waste and increased cost. In addition, easy-healthy foods demand convenience and prepared produced requires reliable packaging. This is one major reason why we expect that, for the short term at least, the amount of plastic in use is likely to continue rising.

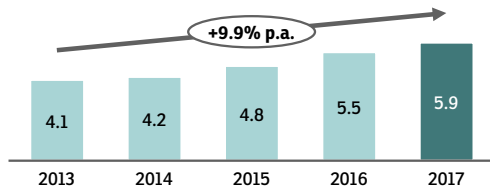


FIGURE 15.

### INCREASING CONSUMER AWARENESS OF FOOD'S IMPACT ON THE ENVIRONMENT

Source: Agrarmarkt Informations – Arbeitskreis Biomarkt, European Commission (2017), Statista Survey (2016), Splendid Research (2018)

#### Retail sales of organic-certified food Germany, € bn



#### Survey results

Conducted by Splendid Research

**>70%** Would consider buying unpackaged food

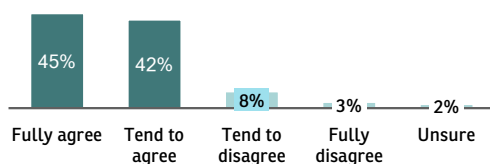
**75%** Would consider bringing their own containers to fill with food in the supermarket

**73%** Hope to minimize the usage of packing

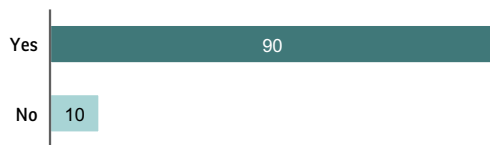
**72%** Would like to protect the environment

**50%** Are willing to pay more for biodegradable packed products

#### "I am concerned about the impact of plastics in everyday products on the environment" EU, percentage share



#### Willingness to buy deformed vegetables or fruit EU, percentage share



The goal of reducing plastic waste has set many retailers and producers on the hunt for viable alternatives. While some are looking to biodegradable plastics as an alternative source of packaging material, others are using more traditional materials such as paper and cardboard carton in order to avoid transforming food sources such as corn and rapeseed into packaging. These choices can lead to a complex matrix of outcomes, all of which are produce-specific. How each retailer resolves these challenges will be determined by what they perceive the balance to be between each competing objective. In Switzerland, Coop has investigated the impact of packaging on shelf-life and identified that it can eliminate packaging for root vegetables without any negative consequences. In contrast, the way it packages broccoli has not changed. The retailer says it took the decision not to change its packaging in this case because it believed that such a change would have an unduly negative impact on the product's quality and increase food waste.

This points to another lesson from the top brands: suppliers and retailers need to respond to such challenges by building deeper relationships with their customers. The objective should be to use communications to build trust and loyalty, two key facets of brand strength. The simple place to start is by interacting more with consumers to ensure that they are not only better informed but more actively involved. This can take many forms, ranging from point-of-sale communication to interaction with knowledgeable staff and mobile, interactive links online. The key here is for the retailer to see its communications as being about building a relationship, all the while remembering that this rests as much on its emotive content as the information it conveys. ●



3.

**WHAT THIS ALL  
MEANS FOR THE  
RETAILERS**



## Rethinking fresh produce retailing

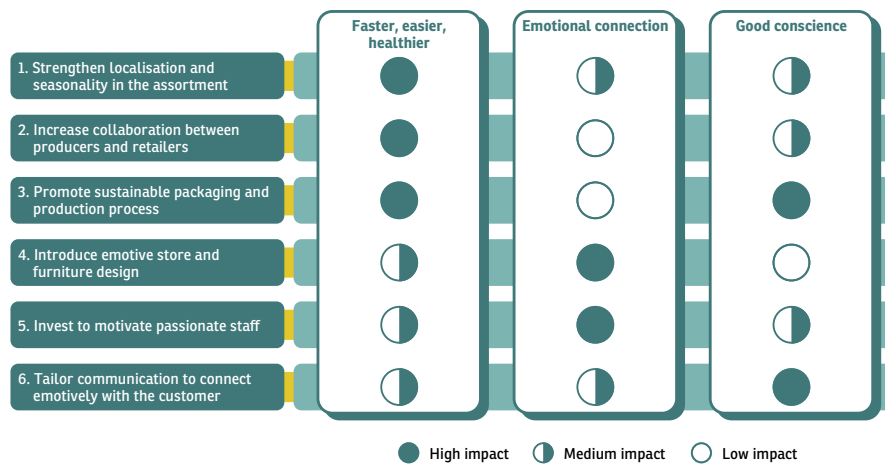
At first sight, the ideas around improved assortment and greater emotional connection that we have discussed in this report might appear to mean relatively little in terms of how a store actually functions. However, we could not disagree more. To challenge such misconceptions, in this section we examine what it takes for a store to meet customer demand for easy-healthy produce, for fresh fruit and vegetables that make an emotional connection, and for produce that leaves the consumer with a clear conscience.

We believe that any retail chain that responds fully to these demands will not only need to change the way they think about fresh fruit and vegetables, but will also find that this leads to their stores being redesigned from front to back (see Figure 16). In doing so, they will have to address six specific areas of store function: product range, collaboration with producers, packaging, store design, staff and store communications. Over the next few pages, we will examine each of these areas in turn.

FIGURE 16.

### LIKELY IMPACT OF INITIATIVES IN RESPONSE TO EMERGING DEMAND

Source: Oliver Wyman



## Building local and seasonal ranges

It would be misleading to give the impression that the entire population of Europe is suddenly going to start consuming easy-healthy fresh produce, or indeed that they will consume this and this alone. Instead, what we see is an emerging trend, a trend we believe will make greater and greater inroads into the fresh fruit and vegetable market in years to come. Even as it does so, we are likely to see uneven progress across different countries and segments.

We expect some parts of the population to continue to demand and consume the traditional fresh fruit and vegetable offer for the foreseeable future. The majority of consumers will continue to buy bananas, apples and pears. In other words, even in the target segments, it is likely that for some time we will see the same customer consuming traditional fruit and vegetables and the new produce from the emerging paradigm. Similarly,

some segments of the population will be looking for an emotive connection, alongside with others who are not. Some will require consumption with a clear conscience, others will not give such concerns much thought.

So, who will consume according to the new paradigm? Who will want the new easy-healthy varieties and look for greater convenience, emotional connection and sustainability? Our study suggests that all these trends are likely to manifest most strongly in similar segments: the metropolitan and urban, high-income, younger generations. These consumers will be looking for ready-to-cook fresh foods – think particularly of busy parents with young families to care for – and likewise, the ready-to-eat segment is more likely to involve single, young, urban professionals – those with a higher disposable income and busy lifestyles but without family responsibilities.

There is no simple answer as to how retailers should tackle this emerging demand. Because of the segmentation discussed above, offer the same range in every store is not an option, and even if space restrictions did not preclude this, the demand in several stores would be insufficient, leading to increased waste. Any solution, therefore, requires the retailer to respond to variations in demand at a local level, tailoring its assortment accordingly in order to meet the needs of a local customer base.

There are two potentially complementary ways to achieve this. First, the retailer might give greater independence to its local store management, trusting local partners to know their own customers and adapt their product range accordingly. This could potentially be guided by central recommendations based on experience from stores in similar situations and locations. The alternative would be for the retailer to adopt a fully automated solution based on statistical analysis and point-of-sale tools. This would enable the retailer to create a local assortment planogram for each store, following well-defined rules that are based on consistent analytics.

### Boosting producer-retailer collaboration

We expect the level of collaboration with producers and growers to increase during the next few years because of the need for faster innovation and the retailer's desire to secure differentiated quality over the longer term. Retailers and producers make a good partnership when it comes to achieving faster-paced and more significant innovation. Typically, retailers are best placed to have an in-depth understanding of the pattern of consumer demand and how this is changing, while producers are the experts in product development. The challenge, however, is that it can currently take up to nine months to introduce new products into a store. This lengthy lead time is largely the result of the fact that the development process is highly iterative. First, the retailer studies the customer figures and feedback as well as the competitive landscape in depth and develops suggestions within the category management team. These ideas are then communicated to the producers, who might or might not accept the challenge at this stage. Alternatively, they might turn down the proposition due to, for example, potential technical issues, or suggest modifications or alternatives. This process is then repeated through a number »

# SUSTAINABLE SUPER-FRESH



Located in Houston, Texas, Dream Harvest is involved in indoor, vertical hydroponic farming, an emerging industry in which layers of growing racks are stacked one above each other within an artificially lit growing chamber. The industry is on the way to being profitable as the cost of lighting systems comes down. For Dream Harvest, the innovative technology enables it to produce very sustainable green produce such as lettuce and kale using just 1 per cent of the water used on a normal farm. Its growing chambers are powered solely by renewable, wind-generated energy and its farms use zero pesticides.

Chief executive Zain Shaik claims local has now surpassed organic as a relevant consumer trend. "It has better freshness, better taste, better quality. Every chef in the world uses local ingredients. People are looking past the brand name, looking at what is important, the ingredients. More scrutiny is going into what the brand represents. Quality has to underline the brand." With vertically farmed produce comes the promise of longer shelf-life, superior quality and greater nutritional value. Seven days from harvest, salad greens have apparently lost all their Vitamin C, while other nutrients are degrading at a steady, albeit slower, rate. Once harvested, Dream Harvest greens are triple-washed and delivered to stores within hours of harvesting.

Shaik believes the challenge for Dream Harvest will be to reach people at a moment when they are willing to change. In-store demos have proved successful. "When people taste it, they immediately see the difference," he says. But such breakthroughs are only possible in store, so the company is using social media and messaging to reach its target group.

# THE RIGHT RESPONSE



One start-up that is already responding to emerging trends in the fresh fruit and vegetable business is Germany group Die Frischemanufaktur. The company is seeking to deepen its relationships with customers by responding to their concerns about the environmental impact of plastic packaging. In particular, it is looking to make its fruit and vegetables more convenient, treating the produce to extend its shelf-life and using 100 per cent recycled plastic in its packaging.

The company has combined two technologies in its production process, namely Vitamin C coating and modified atmosphere packaging. For the coating, potassium carbonate is used as an acid buffer, so that the vitamin itself is constantly distributed to ensure longer shelf-life of up to one week. This reduces shrinkage and food waste.

Die Frischemanufaktur believes its customers also need greater transparency when it comes to fresh produce supply. The company wants its customers to be able to trace the source of its products all the way back to producers and growers. What's more, customers keen to purchase seasonal fruit and vegetables are looking for information about exactly what produce is in season at the time they are shopping.

of iterations. Even once development is underway, there is no guarantee that the project will lead to the desired product, as there can be many further challenges along the way.

The advantage of developing new products as a collaborative team is that much of this time delay can be eliminated by reducing the length of the feedback loops. By having customer understanding and production expertise under the same roof, especially when this is paired with agile development methods – which make intensive efforts over short sprints – the development process can be reduced to just three months. This can produce significant advantages. Increased speed to market can prove crucial in the fast-moving easy-healthy, convenience and health segments as these often feature short-term trends.

The second aspect driving increased collaboration between retailers and suppliers is the desire to secure differentiated quality over the long term. Doing so offers the opportunity for retailers and suppliers to secure competitive advantage. The basis for such differentiation is to be found in developing desirable qualities in the new easy-healthy produce, such as superior taste and improved appearance.

In order to secure that longer-term differentiation, retailers will need to enter into much more intensive collaboration with their producers than is usual at present. Establishing secure and deep relationships requires robust contracts and longer-term commitment underpinned by investment. Longer-term contracts that guarantee quantities and entail exclusivity agreements can provide the basis for securing such a relationship.

## Promoting sustainable processes

Packaging is currently in the news. Increased awareness about the environmental impact of plastic packaging has placed it under the scrutiny from environmental pressure groups, and the reality is that fresh food retailers are already responding to this challenge. Some even say this growing concern should be welcomed, as it adds increased impetus to resolving the challenges of the present generation of packaging. There are plenty of challenges that need to be overcome. Current packaging for easy-healthy, fresh convenience products breaks easily; the produce can then leak into a customer's bag, inconveniencing the customer. The packaging



ABOVE—Muji's flagship store in Yurakucho, Tokyo, offered traditional supermarkets plenty of fresh ideas about how to display fresh fruit and vegetables

also often fails to reduce quality deterioration adequately. The current nature of supply chains adds to the problem, with lengthy times spent in transit leading to loss of product quality and nutritional value. All of these factors result in short shelf-life and high levels of waste. These issues become critical in the easy-healthy convenience range, where freshness is directly related to premium.

In response, we expect to see significant innovation in three areas. Firstly, while minimising the overall use of plastic, we expect to see increased use of recycled plastics in the packaging of easy-healthy convenience products. Secondly, we expect the introduction of modified production processes in combination with new forms of stable packaging, including packaging within a protective atmosphere. Thirdly, we expect innovative forms of supply, such as the increased use of urban (vertical) farming. These new sources of supply will not only reduce transportation distances and supply times but will also fulfill emerging expectations of proximate locality. In combination, these innovations will improve quality and greatly increase shelf-life.

### Introducing emotive store design

Store layout and furniture design will play a critical role in how retailers respond to the emerging trends in fresh, both in terms

of increasing convenience and in furthering emotional connection. The time has passed when retailers could reasonably expect customers to take a journey through the entire store, winding their way past tempting promotions before finally reaching their basket basics. The easy-healthy consumer wants to quickly find what he or she is looking for. Displays need to be conveniently positioned and readily intelligible. The new consumer will also want assistance in speeding up their purchases, possibly even guiding them in how to put together the elements of a meal (for example, by choosing from a modular menu), or maybe by pairing a ready meal with a hot beverage. And then they want to be able to leave the store as quickly as they arrived. Queues are as unacceptable as long, winding store journeys to the easy-healthy consumer. Faced with such a prospect, they will go elsewhere.

The second role of store and furniture design is in furthering emotive connection. Customers who choose to dwell a little longer might wish to taste the products and feel inspired. They will want to have their feelings of ethical purchase affirmed. They want the locality and seasonality of their purchase underlined. Opportunities for degustation or cooking classes can add another dimension.

As we have already highlighted, not every store will have the same furniture and layout. Geographic and demographic considerations will define exactly how the store should seek to meet the expectations of its customer »

# TECH-SAVVY RETAILING



Chinese grocery retailer JD's advanced technologies played a key role in the recent roll-out of its 7Fresh brand. Identifying patterns from customer profiles, it determines optimum locations and layouts for its stores, while analysis of other data helps it improve inventory management by selecting the most appropriate amounts and types of SKU according to each store's needs. JD's logistics capabilities, meanwhile, enable it to offer 30-minute delivery for online shoppers. In the stores, meanwhile, 'magic mirror' screens sense when a customer picks up an item of fresh produce and automatically provide that customer with product information. Visible light communication technology supports in-store navigation, next-generation Scan2Go personal shopper systems and convertible self-checkout systems.

Elsewhere, a dedicated experiential corner showcases new retail technology to provide an interactive and immersive shopping experience. This plots a route for customers through the store according to its product inventory, so they can collect their shopping easily. This is made possible by integrating navigation technology and visible light communication (VLC) technology, which communicates with the mobile app via the customer's smartphone camera. The app also allows customers to browse the store's products remotely, check stock availability, and create customised shopping lists.

segmentation. For some, a longer customer journey will be acceptable. Opportunities for tasting products can further emotional connection. Others will be catering to those who wish to dash in and out in as short a time as possible. In certain locations, stores will need to cater to both. How the emotional connection is made and how the customer flow is steered will be determined by the segment profile but in either case, the furniture will need to be modular in form. This will offer flexibility for one-off events such as cooking classes, as well as aiding the store's natural evolution and ensuring it sustains each shopper's interest.

## Investing to motivate passionate staff

The retail experts we interviewed all highlighted that one of the major challenges facing retailers is to create a team of passionate people to staff their stores, people who actively sell to customers as well as take care of the shelves throughout the day. This passion can make all the difference, especially when seeking to forge an emotional connection with customers. All the retailers we talked to say they are making investments in education programs to address the changing nature of store jobs. Many are also seeking to make such jobs more attractive to their staff. The role description itself is changing: it used to be largely about filling shelves whereas it now also entails having an understanding of the products on offer and being in a position to advise customers on their purchases. Even filling the shelves is increasingly about ensuring attractive presentation. This requires teaching new skills.

The real desire of the stores we talked to is to have passionate staff who will actively encourage customers to try something new, people who leave the customer with a positive experience of their shop. There is a huge stretch here: how do you get store staff to respond in an appropriate way to customer needs while at the same ensuring they keep the shelves stocked?

This is a particular challenge for many retailers due to the lack of match between staff availability and demand. Given the present resource pressures, combined with poor allocation of hours, urban stores often find that while they have a good number of people ramping up their stock in the morning, they have few people available when the bulk of customers come during evening hours.





ABOVE—Bringing together teams of passionate, knowledgeable staff in stores represents a major challenge for today's retail chains

A second aspect to this challenge is that shrinkage targets can create perverse incentives. The object of such targets is to reduce waste. However, if too rigorously enforced the targets can lead to products being left on the shelves until they sell at a point well past their prime, while good quality Fresh produce deteriorates in the stock room. Though this ensures the shrink targets are being met, a just as significant impact is to create dissatisfied customers who have been sold sub-standard fresh produce. This provides no longer-term benefit to the store. It is clear that many retailers require a complete rethink of both staffing and incentives.

### Creating an emotional connection

We live in an age saturated with advertising. Experts estimate that the average person is exposed to between 5,000 and 10,000 adverts each day. The result is we have all become experts at filtering out unwanted information; in short, we ignore the ads. This leaves room for information that is actually wanted, however. So the challenge for retailers is to ensure the information they communicate to customers is information they want.

If the store is going to avoid a situation where its customers simply reject the point-of-sale communication coming their way, then those messages will need to be targeted with extreme precision. The goal is to tailor the communication to the specific needs of a specific customer segment, or even to an individual customer, and to do this in the store just as it is done online. Depending on geography, this could include highlighting seasonal produce, for example, or promoting the products of a (very) local producer.

Overall, the key to solving this riddle is to match communication push with communication pull. If the customer sees something that attracts their eye in the store, they could then, for instance, be given the opportunity to access further information in real time, for example by scanning a QR code on their smartphone. The problem of communication overload can be resolved by ensuring that the additional information is actually something that the customer wants and actively seeks out. This not only communicates what the retailer wants that specific customer to know, but it also provides an opportunity for the retailer to build trust and create a real emotional rapport with the customer. ●

# THE OPPORTUNITY IN FRUIT AND VEG



In conclusion, it is clear that customers are asking for distinctive products that are authentic in terms of their origin, as well as complete reliability from repeat purchases. They want to have their conscience appeased and yet demand increasing convenience. This Fruit Logistica Trend Report shows how these apparent contradictions can all be met, and indeed how they are already being met by innovative producers and retailers.

Those at the leading edge have understood that success is not just about improved product ranges but also about developing relationships with those customers. Being completely reliable on quality is no longer enough to set retailers apart and enable them to win market share. Repeat custom comes from drawing people back into store for the experience of shopping for food, especially fruit and vegetables, and increasingly to enjoy the theatre of retail. These are lessons the industry is learning from the top brands.

Though root vegetables and bananas will continue to play a prominent and vital role in the fresh produce basket, there are going to be many surprises in store beyond the basket basics. The emergence of those first easy-healthy convenience products is a sign of things to come. With all this in mind, these are certainly exciting times for the fresh fruit and vegetable business. ●

### **Fruit Logistica**

Fruit Logistica is the world's leading trade fair for the fresh fruit and vegetable business. The event covers every single sector of that business and provides a complete picture of the latest innovations, products and services at every link in the international supply chain; it also offers superb networking and contact opportunities to the key decision-makers in every area of the industry.

**[www.fruitlogistica.com](http://www.fruitlogistica.com)**

### **Oliver Wyman**

Oliver Wyman is a global leader in management consulting that combines deep industry knowledge with specialised expertise in strategy, operations, risk management, and organisation transformation. In the Retail & Consumer Goods Practice, we draw on unrivalled customer and strategic insight and state-of-the-art analytical techniques to deliver better results for our clients. We understand what it takes to win in retail: an obsession with serving the customer, constant dedication to better execution, and a relentless drive to improve capabilities. We believe our hands-on approach to making change happen is truly unique – and over the last 20 years, we've built our business by helping retailers build theirs.

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### **Fruitnet**

Fruitnet Media International is the world's leading publisher and congress organiser for the international fresh fruit and vegetable business. As the only media provider that can deliver informed and high-profile coverage of the entire industry, its aim is to help the fresh produce business to grow worldwide by providing useful information, insight and ideas via a broad and varied range of media channels. Fruitnet is also the official cooperation partner of Fruit Logistica, Asia Fruit Logistica and China Fruit Logistica.

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## PUBLISHED BY



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