

# Produce Resource Guide

## INTRODUCTION

As many produce managers and other leaders in grocery retail may know, produce quality lives on a spectrum: from the perfect grade-A items, to the slightly misshapen or wind-whipped, to the more significantly bruised. Even as the exterior and texture of the items change along the spectrum, the value of the item does not inherently decrease. The value of the items is dependent on the eyes of the consumer. For example, if a customer is preparing a gazpacho, they will not be seeking out the most picture-perfect tomatoes. There is a market for items that may not have aesthetically perfect characteristics and it is necessary to define those items along the spectrum.

In this resource, you'll learn how to:

- 1 Define the difference between cosmetic marks and evidence of decay,
- 2 Reduce store waste based on which type of produce isn't being fully utilized or sold
- 3 Develop stronger produce skills within your team through the additional resources provided

	COSMETICALLY CHALLENGED PRODUCE	MATURING, OR DAMAGED PRODUCE
Definition	Items have characteristics that are outside of the often hyper-critical specifications by which produce is judged. These characteristics are only alterations of their appearance--quality of taste and texture are in no way diminished.	Any type of produce item that has incurred damage or bruising on the way into or whilst at the store, or items that have developed deeper color and softer texture as they have been slow to sell. These items still provide nutritional content and although they may have a different texture than the same item at another stage of maturity, the items can be used in a variety of recipes.
Examples	Misshapen lemons, oranges with scars across the rinds, apples with minor discoloration (items sold through <a href="#">Imperfect Foods</a> or <a href="#">Misfits Market</a> ).	Bananas with brown speckles and spots, bruised apples, softer peaches.
Next Steps	Do you already have a program that markets this type of produce as equally valuable and delicious in your operation? If not, this guide will help to inform possible opportunities and real-life examples – go to page 3 to learn more about the business benefit.	You have an opportunity to promote damaged goods to the client through discount sales and reframing. If you do not have something like this in your operation, go to page 5 to learn more about how you can get one started. Additionally, you can limit items from becoming more damaged through effective storage and care, more information on this in the Resources section.

## YOUR OPPORTUNITY

With these definitions in mind, you might already be considering how making use of these “imperfect” produce items could benefit your store. Some benefits include:

- Additional sales and revenue on an otherwise net loss if you were to throw these items away
- Increased opportunities for members of your community to save money on fresh produce
- Decreased amount of avoidable food waste and increased savings on waste hauling (dependent on your billing plan)
- Opportunity to show that your store cares about its food waste and environmental footprint

Included in this document are examples of existing programs to determine strengths, weaknesses, and learnings for future implementation. Retailers can use this guide to establish protocol to make the most of their product and marketing opportunities. Use the Appendix as a repository of information on proper handling, culling, and display techniques to maximize waste prevention and reduction.

## BUSINESS CASE

Why is there a need? In the US, out of 430 billion pounds of food that is produced, 133 billion pounds went uneaten in 2010, meaning an economic loss of \$161.6 billion.<sup>1</sup> Fruits and vegetables constitute the largest weight and value of waste with a combined total of 33% and nearly \$50 billion of wasted food and all that went into producing it.<sup>2,3</sup>

In stores, discarded produce means not only a loss in profit but also a net loss on the product. **On average, perishables make up approximately 30% of store sales, but they can be responsible for up to 80% of store shrink.**<sup>4</sup> With profit margins often ranging between 1-3 percent,<sup>5</sup> bridging the gap between wasted produce and an extra sale through marketing and management adjustments can reap positive rewards.

Grocery retailers can influence sustainable initiatives in their stores and in the lives of their customers.<sup>6</sup> Depending on your operation and strategy for implementation, discounts to the customer on imperfect or maturing items can result in additional sales on items that would otherwise have gone to waste. Research shows that consumers, especially younger shoppers or those who shop or cook regularly, have interest in purchasing items that have some imperfections (sub-optimality) as long as the discount is in line with the product and flaw.<sup>7</sup> Other factors to consider within your customer base when implementing a discount program include demographics like age and personal engagement in shopping and cooking related to food waste prevention.<sup>8</sup> This means that in order to find success in a discount produce program, it is necessary to target specific consumers and to create a dynamic pricing program related to factors including size, shape, and color that matches the items you have available.

1 [https://www.ers.usda.gov/webdocs/publications/43833/43680\\_eib121.pdf](https://www.ers.usda.gov/webdocs/publications/43833/43680_eib121.pdf)

2 *Ibid.*

3 <https://www.epa.gov/sustainable-management-food/sustainable-management-food-basics>

4 [https://www.oliverwyman.com/content/dam/oliver-wyman/global/en/2014/jul/2014\\_OW\\_aRetailersRecipe\\_4.pdf](https://www.oliverwyman.com/content/dam/oliver-wyman/global/en/2014/jul/2014_OW_aRetailersRecipe_4.pdf)

5 <https://smallbusiness.chron.com/profit-margin-supermarket-22467.html#:~:text=Grocery%20Store%20Profit%20Margins,stores%20make%20money%20on%20volume>

6 <https://www.worldwildlife.org/blogs/sustainability-works/posts/making-the-business-case-for-sustainability>

7 <https://www.sciencedirect.com/science/article/pii/S0950329316302002>

8 *Ibid.*

## COSMETICALLY CHALLENGED PRODUCE & PROGRAMS

Cosmetically challenged produce items are often high quality, tasty, and nutritious. The only difference from grade-A produce is that the exterior (color, shape, complexion) of such items might show some abnormality. These items might be sorted out and discarded in the field or in the store delivery space

before they make it to the sales floor, but they do not have to be discarded. Make the decision to save produce before it is sorted out when already delivered to your store. Be generous in your acceptance of abnormalities. Many of your customers are interested in saving money and reducing waste at the same time.

**ONE CAVEAT:** If you are accepting more cosmetically challenged items from your suppliers, you could be limiting product that would have otherwise gone to food banks or other processing plants. Choose to expand your offerings based on what you receive rather than receiving more.



### PROGRAM EXAMPLES

Multiple brands have implemented variations of an 'imperfect' or 'misfit' produce program across the country. Below is a list of 4 examples including set-up, highlights, and challenges, if applicable. Use this list to compare strategies to determine what style program is right for your store. All cosmetic programs note the challenge of inconsistent consumer interest and the difference between the expected discount and what's feasible for producers and retailers to cover costs.<sup>9</sup>

<sup>9</sup> [https://endhunger.org/docs\\_waste/USDA-Jan2020.pdf](https://endhunger.org/docs_waste/USDA-Jan2020.pdf)

#### WALMART | ASDA MARKETS

**DESCRIPTION** Asda markets in the UK adjusted their product specifications, now accepts size and other cosmetic variations.

**HIGHLIGHTS** As a result, sale of more than one million boxes of cosmetically imperfect produce and the reduction of 1.5 million pounds of waste.

**CHALLENGES** For a change like this, communication is key—communication between stores, across suppliers, and to customers.

#### GIANT EAGLE | PRODUCE WITH PERSONALITY

**DESCRIPTION** Aimed at discount shoppers, the affordable produce has potential to do well with Giant Eagle customers. The pilot program was launched in five Pittsburgh stores with navel oranges, russet potatoes, peppers, and apples. Ugly fruits and vegetables priced at 20-25% below standard produce values.

**HIGHLIGHTS** With produce shrink at 20%, reducing the price and selling these items that normally would not make it to the shelves offers up a financial opportunity for the stores. Used a local firm to sort produce.

**CHALLENGES** Giant Eagle noted that sourcing local produce can be challenging, especially when comparing Pittsburgh production to California's agricultural output. However, by turning their attention to "ugly" produce, retailers can see an abundance to offer their customers.

#### KROGER | PECULIAR PICKS

**DESCRIPTION** A new initiative within their Zero Hunger | Zero Waste program, Peculiar Picks will be bundling blemished items and repackaging the goods with the Kroger brand to increase credibility.

**HIGHLIGHTS** Kroger also has a website—Wilted to Wonderful—which shares stores about how to reuse foods that might be on their way out.

**CHALLENGES** Kroger's goal is to eliminate hunger and waste in its stores by 2025 – a lofty goal, acknowledged by their company leadership as a "moonshot."

#### RALEY'S | REAL GOOD PRODUCE PROGRAM

**DESCRIPTION** Through a partnership with Imperfect Produce, Raley's is offering scarred or aesthetically challenged produce for a lower cost than unblemished products normally offered in stores. Seasonal based food selections: plums, peppers, and pears for 25-30% reduced cost.

**HIGHLIGHTS** First major grocery chain in the country to reduce food waste and support farmers by selling imperfect produce in 2015.

**CHALLENGES** Discontinued, not for lack of success. Items available for both imperfect and standard options saw an overall increase in sales. The member spearheading the program moved on, which stopped momentum. This exemplifies the need to have a team of people leading sustainability initiatives in order to have a consistent and successful operation.

## MATURING PRODUCE & PROGRAMS

Maturing produce refers to items that are edging past their prime due to damage incurred on the way to the store or the length of time spent on the shelf. The most important note about maturing items is that they have

a shorter timeline. Depending on the commodity and the degree of damage, the item may have only a few hours or days of salvageability. These items still have value and can be profitable if they are managed and marketed effectively.

### PROGRAM EXAMPLES

Maturing produce discount programs tend to be promoted less than other store programs, often an insider secret to frequent shoppers who seek bargains. Sometimes known as a blemish bag or red bag program, discounted items are pre-bagged or set aside to limit further distress to the items. However, there are important benefits to effectively promoting a program as a sustainability initiative within your store, depending on your marketing budget. Preparing to implement this program in your operation requires clear training for your team to become adept at noticing and take swift action when produce items begin to mature. Training for this type of program must be commodity-specific; please see the Appendix for a variety of resources for training purposes.

#### WALMART | NON-PRODUCE DEPT. DISCOUNTS

**DESCRIPTION** In Canada, China, Japan, the U.K. and the U.S., Walmart stores offer discounts on food close to expiration date, including meat, bakery, dry goods and dairy. While this discount program did not include produce, it shows that success is possible and can have positive results.

**HIGHLIGHTS** In 2019, U.S. stores recorded these programs selling more than 320 million units, saving customers money, and helping prevent food waste.

**CHALLENGES** Training and consistent understanding of timing and quality standards are necessary for incorporating such a program into any operation.

#### BERKELEY BOWL | BARGAIN BAG

**DESCRIPTION** Several times a day, bagged distressed produce is stocked onto unrefrigerated shelves in the bargain section. A huge flock of customers await the new arrivals. The key is that this produce is culled quickly from their inventory before decay begins. Pulling slightly soft fruit or even slow-moving inventory to be bagged and pushed out with deep discounts increases ring and cuts dumping charges.

**HIGHLIGHTS** The staff are trained to move distressed produce in inventory and prepare it for the bargain release. It is a hugely successful program due to its frequency, consistency, and the communication of the program to Berkeley Bowl customers.

**CHALLENGES** Due to the frequency, associates must do multiple rounds throughout the day. This works because it is a small store operation, only two locations in Berkeley.

#### KROGER | RED BAG PROGRAM

**DESCRIPTION** Kroger provided red mesh bags with produce items nearing the end of salability. The items were safe to eat, though they had a shorter timeframe consumption. The goal was for customers to buy and consume them as soon as possible.

**HIGHLIGHTS** Kroger customers were made aware of the program, location of items in this category, and the timing needed to consume after purchase. Acknowledging the importance of consumer awareness was one of the major obstacles to tackle.

**CHALLENGES** Sometimes customers were underwhelmed by the variety or texture of the produce items in the red bag program. This is a common challenge as there is often an inconsistency between supply, demand, and preferences.

#### HY-VEE | PARTNERSHIP WITH FLASHFOOD

**DESCRIPTION** Hy-Vee uploads products nearing their "best before" date to the mobile app Flashfood, where customers can browse deals on items like meat, dairy, bread, and snacks. Customers purchase items on the app for discounts up to 50% off, then picked them up in the appropriate section.

**HIGHLIGHTS** VP of Innovation and Business Development: "In 2018 alone, our food waste diversion programs at all our Hy-Vee stores have kept more than 25 million pounds of food waste out of landfills. This partnership with Flashfood is just one more way we can further increase our sustainability efforts."

**CHALLENGES** The purchases are made through the app, requiring partnership with the program, use of mobile phone by the consumer, and reminders of the service throughout the retail location.

## RESOURCES | CULLING

*"Cull your displays so well that customers gain enough confidence to pick up the first item and put it into their shopping cart."*

— The Packer, *Make Culling a Priority*

### St. Mary's Food Bank – Produce Storage and Sorting

Useful guide for general storage and handling information

Images detailing acceptable and unacceptable attributes for the following items:

<i>Apples</i>	<i>Onions</i>
<i>Bananas</i>	<i>Oranges</i>
<i>Cabbage</i>	<i>Potatoes</i>
<i>Cantaloupe</i>	<i>Tomatoes</i>
<i>Carrots</i>	<i>Watermelon</i>
<i>Lettuce</i>	

### Veritable Vegetable – Culling Demonstrates Freshness and Quality

*"If you would not buy it, pull it."*

Guidelines:

- Have a work surface, such as a table or top of a cart, available.
- Use produce boxes rather than trash cans while on the sales floor (take all unsalable items to the compost)
- Be systematic — start at the front of an aisle and work your way back.
- Pull off any unsalable product.
- Check date-coded items carefully and remove any expired items.
- Understand the ripening stages for each produce item, to reduce risk of culling product that is still saleable. For example, a soft avocado is great for guacamole and a wrinkled passion fruit is ripe.
- Record how much product is culled on the system you use for tracking product loss / shrink.

## RESOURCES | HANDLING

### Dole – Foodservice Produce Handling Guide

Sections defined by the controllable variables in produce handling and storage: Temperature, Product Rotation, Storage Conditions (with suggested layout), and Proper Handling

- Specified information on lettuce and banana handling

Others sections include fresh fruit ripening, fresh-cut vegetables, food service yields, and nutritional information

- Dole product list

### Feeding America – Produce Handling Toolkit

Feeding America food safety and reduce handling guidelines

- Table with proper temperature specifications, ethylene sensitivity and/or production, odor sensitivity and/or production, and freezing susceptibility

### Institute for Agriculture and Trade Policy – Handling Guide

*“Proper storage means better quality.”*

General information on Rotation, Stocking, Product Conditions, Signage, Ethylene-sensitivity, Icing, and Storage Temperatures

### US Fresh Fruit – Basic Training: General Fruit Handling for Produce Managers

Interactive and comprehensive one-stop-shop for produce receiving, handling, storage, display

- Highlights specific commodities
- Pre- and post-training assessment
- Easy to read and sharable

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## RESOURCES | MARKETING

### Champions for Change – Retail Fruit and Vegetable Marketing Guide

Comprehensive and interactive tool for enhancing a produce department

- Marketing insights and Display advice
- Storage temp / suggested layout in cooler

### Fruit Profits – Seven Produce Marketing Techniques

Limited investment required, operate within existing production processes, easy to implement

### Hitchcock Farms – Eight Produce Display Ideas that Boost Traffic and Sales

Strategic changes to produce arrangement that increase interest and draw in more customers

- Included: Produce Department Power Tips – Marketing strategies and Operation suggestions

## RESOURCES | STORAGE

### FMI – Produce Safety Best Practices Guide for Retailers

Comprehensive guide on best practices for a variety of topics

- General info on Food Safety, Allergens, and commodity risk
- Detailed support on in-store producing handling including employee training, receiving, storage, processing, donations, and displays

Glossary of key terms

### Food Alert – Stock Rotation

General information on First In, First Out (FIFO)

Stock loss mitigation

### Virginia Cooperative Extension – Safe Handling and Storing of Raw Fruits and Vegetables

Distinct shelf life information for 50+ fruits, vegetables, and herbs

Useful safety information for consumer awareness - good training material

### FDA – Food Storage, Handling, and Safety

Guidance for:

*Personnel*

*Production and Process Controls*

*Building and Equipment*

*Documentation and Records*

*Sanitation Operations*

*Traceback and Recall information—for training purposes*

And links to other resources