

Despite A Slow Economy, Melons Retain Value

Smart marketing techniques, new varieties and consistent product keep melons moving.

BY LISA LIEBERMAN

With the way the economy is going, consumers are taking a good, hard look at everything they buy. That means produce — like every other commodity — is going to have to pull its weight. For some produce items, such as melons, which cost less per pound than most fruit, this could turn out to be a good thing.

Steve Martori, owner of Martori Farms, headquartered in Scottsdale, AZ, sees the melon's glass as half full, even during a tough economy. "Everyone is sensitive to the economy and they're going to be looking where they can find the best value," he says. "And when you're looking from the standpoint of feeding a whole family and what a pound of melon is going to cost, it's going to be very attractive to consumers."

Recently, the National Watermelon Board (NWB), in Orlando, FL, commissioned a study to show the value of watermelon. Compared to other fruits, such as strawberries, which are \$2.72 per pound, and clementines, which cost \$1.32 a pound, seedless watermelons ring in at 32 cents per pound, while the seeded variety is only 26 cents per pound — one of the cheapest fruits in the produce department.

Nationwide, watermelon sales are on the rise. Retail sales increased from 1.1 million pounds in 2007 to 1.3 million pounds in 2008. Even sales for mini melons, which average 80 cents per pound, increased from 131 million pounds in 2007 to 134 million pounds in 2008. Rob Everitt, produce manager for Greenlife Grocery, a three-store, full-service, natural grocery chain, based in Asheville, NC, thinks the weather has something to do with it. "Once the temperature gets above 80 degrees, people just crave it,"



Making melons a destination in the produce department will encourage sales.



he says. "It seems like we sell more watermelon every year."

While melon sales overall are on the rise, sales of fresh-cut melons are declining. Cut melon sales dropped from 286,000 pounds in 2007 to 284,000 pounds in 2008. According to Stephanie Simek, marketing and communications manager for the NWB, "For the past several years, fresh-cut sales were increasing because people were willing to pay for convenience," she says. "You were even seeing cut melon in convenience stores like 7-Eleven, but some of that may be changing now."

Even though consumers may not be able to pay as much for fresh-cut melons as in the past, Martori knows consumers still want convenience. "Certainly, there's enough people out there who want fresh-cut and want the convenience, so package sizes may drop to address the need for lower price points," he explains. Rather than eliminating certain fresh-cut package sizes altogether, Martori plans to increase his overall melon offerings in an effort to capture more market share. "I think in fresh-cut, when you have different customers with different

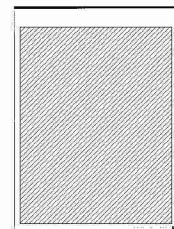
needs, you want to be sure you're not missing any sales," he adds.

Brent Harrison, president of Al Harrison Co. Distributors in Nogales, AZ, agrees that it's important to offer consumers a variety of melons. "Within the watermelon category, we carry seeded and seedless watermelons, as well as yellow flesh and mini melons," he reveals. "Even though seedless melons have gotten more popular, I think it's still important to carry the seeded variety because there are people out there — especially kids — who enjoy spitting the seeds out."

NEWER, LONGER LASTING VARIETIES

In the past few years, cantaloupes and watermelons have become a lot more versatile. There's a plethora of cantaloupe varieties available at retail, including the Harper variety, which has a longer shelf life and higher Brix than many varieties, according to Lou Kertesz, vice president of Fresh Quest Inc., based in Pompano Beach, FL.

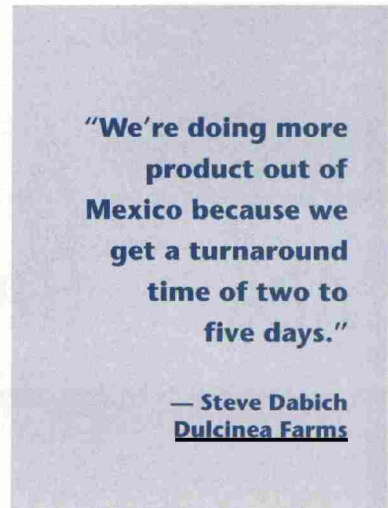
Fresh Quest is in its second year of shipping Harpers from Arizona and California during the domestic season, and importing



them from Honduras and Guatemala during the off-season. Kertesz believes that in many ways, the Harper variety solves one of the traditional problems that cantaloupes have had, which has been lack of consistency. "For some people, the fruit may not be sweet enough, or firm enough, or the color might not be good enough," Kertesz explains. "Or it may be sweet enough, but still not have good flavor. Those are the types of issues that prevent a good sale, but the Harper variety has consistent flavor, Brix levels and a long shelf life."

Milas Russell, Jr, president at Sandstone

Marketing Inc., headquartered in Yuma, AZ, is also selling a number of unique cantaloupe varieties, including the Hammi melon, which has a long shelf life and 14 to 16 percent Brix. Russell also has another variety, which is best described as the "Superlope," he says. "We've been offering this melon to fresh-cut processors for years. But now, we're offering the melon to retailers, too because it has a very distinct flavor profile. It also has such a long shelf life that even after sitting on the shelf for four or five days, it doesn't get that sunken discolored look," Russell states.



While these types of melons require more handling than conventional varieties and may cost a bit more at retail, Russell believes that most consumers are willing to pay more for better taste. Another good thing about these melons is that they have thin rinds and small seed cavities with very intense colors and great flavor," continues Russel. "In the end, the consumer has a better eating experience, which translates into more of a perceived value for consumers. After all, who wants to pay \$4 or \$5 for a melon that doesn't have any flavor?"

Another company creating a new variety of watermelon is Deerfield Beach, FL-based Ayco Farms. President Avi Nir began his business six years ago and specializes in the MiniMe — a personal, seedless watermelon growing in popularity that range in size from 3.5 to 6.5 lbs. "People are becoming more familiar with it," remarks Nir. "It has a different flavor profile, a bit crunchier with a higher Brix level, and there's a consistency in flavor."

THE IMPORTANCE OF DEMONSTRATIONS

Martori of Martori Farms also imports cantaloupes with higher Brix levels and a longer shelf life from Central America. One of the challenges in selling these new types of varieties is that they tend to have more of a greenish background on the netting than traditional cantaloupes do, which can be problematic for consumers. "Consumers have been trained over the years to associate that greenish background with fruit that's not as mature, but these new varieties are different," Martori explains. "They're greener on the outside and they look more like a honeydew since we clip the stems and there's no incision. But the color and the fla-

vor on the inside are much more intense than other melons."

Since consumers are often unfamiliar with new cantaloupe varieties, Martori knows the best way to sell new melon varieties is to do in-store demonstrations, or to at least display wrapped, cut melons to show consumers what the fruit looks like inside.

Steve Dabich, director of sales and development at Dulcinea Farms LLC, headquartered in Ladera Ranch, CA, also likes the idea of in-store demonstrations. However, he knows they can be expensive, so Dulcinea is contributing funds to help retailers with their sampling programs. "We feel that the fruit has to be tasted in order to sell well, so we've hired an outside company to do some in-store demos for us," Dabich says.

CONSISTENCY COUNTS

Dabich notes Dulcinea also wants to promote its mini watermelons, since some of the newer melons are such an improvement over the older varieties. "We've made little modifications at the field level so that we have sweeter, more consistent melons," Dabich explains.

In addition to working with newer varieties, Dulcinea also switched its offshore program from shipping product in contain-

ers from Central America to importing it from Mexico. "We're doing more product out of Mexico because we get a turnaround time of two to five days, reveals Dabich. "When we were doing containers, it was more like five to seven days."

Dabich recognizes the importance of getting consistent melons into supermarkets. Now, more than ever, consumers need to feel they're getting what they pay for, he remarks. "The general consensus among consumers is that they want to make sure they are getting a good value. Perceived value, which is quality as well as price, is even more important than it was a year ago because of the economy. If you disappoint the consumer on the quality of a melon for one sale, you've lost a repeat customer," warns Dabich.

COUPONS AND PROMOTIONS

Since consumers are so much more price conscious these days, more people seem to be taking the time out to use coupons. Dulcinea Farms is taking advantage of this fact. "We're putting more coupons out next to our melon displays," reveals Dabich.

Jerry Johnson, national brand manager for Sundia Corporation, based in Oakland,

Steve Martori of Martori Farms suggests retailers that want to increase melon sales should have at least 50 melons or more on display.

CA, is taking it one step further. Instead of putting coupons only on melon displays, Sundia is affixing coupons directly on the watermelons themselves. "The watermelon is the Nascar of auto racing," Johnson remarks. "Out of the entire fruit and vegetable category, there is so much room to put stickers on watermelons."

Last year, Sundia embarked on a joint promotion with SC Johnson's Ziploc. "We put stickers on watermelons with coupons for Ziploc, and the consumers were able to purchase the melons and receive discounts on any Ziploc purchases. The promotion also worked the other way, too, where if you purchased two Ziploc products, you'd get a discount on a watermelon. We got a great response to that because either way, the consumer was saving," explains Johnson.

Johnson believes the idea of doing joint promotions with watermelons and other products is beginning to catch on with retailers throughout the country. "You see retailers out there who will do whole picnic or beach displays in the melon section where they might set up teak outdoor furniture with an umbrella and display products you'd naturally pick up for a picnic in addition to watermelon, such as paper cups, napkins and disposable plates," says Johnson.

Martori of Martori Farms suggests retailers that want to increase melon sales should have at least 50 melons or more on display. "The more the better," Martori says. "If you have watermelon, you should at least have a full bin of seedless and a full bin of seeded. With cantaloupes, you want to have half a dozen cartons on display, and if you have variety melons, it's better to have two varieties with 10 or 15 melons of each variety than to have a bunch of different varieties

with only one or two melons each."

Ultimately, one of the best ways to sell melons is to make them a destination point in the produce section. "When you have cantaloupes, honeydew and watermelon in different locations of the produce aisle, you don't do as well as when you have them in one location. You want to have them all in one place – the same way you have citrus in one place," suggests Martori.

SIZE MATTERS

In order to maximize melon merchandizing effort, produce departments need to create as large a display as possible without giving up too much linear shelf space. Often, retailers hesitate to create a large display because they are concerned about shrink. "Understandably, melons are fairly large, but retailers make the mistake of not putting enough fruit on display because they're afraid of shrink," expresses Martori. "However, they must keep in mind that sales velocity of melons significantly increase with larger displays."

Since melons aren't like kiwis or oranges that can be stacked up high on top of one another, Paul Bristle, produce buyer for Grand Rapids, MI-based Meijer Inc., suggests retailers create waterfall displays by using slanted European tables and then stacking single layer cartons in front of the displays. "With watermelons, we'll have anywhere from six to eight bins all in one display area," Bristle notes. "That mass eye appeal really seems to increase sales."

The size of watermelons has been decreasing over the past several years. According to Bristle, "Ten years ago, the average watermelon was a 20 or 22-pounder. Now, the largest moving size watermelon we have is 15 pounds. They're easier to handle and they're also a lot easier for the consumer to deal with. They want to be able to buy watermelons that they know they'll be

able to finish, instead of having to throw part of it away."

Another easy-on-the-arms melon is Ayco Farm's MiniMe. At a maximum of 6.5 lbs, "they're easy for the consumer to handle," notes Nir. "What's more, with the economy the way it is, consumers don't have to give up purchasing produce altogether. Instead, they have the option to buy a smaller and less expensive watermelon that has less waste and more flavor. It also gives our distributors a break because they are cheaper to transport per unit."

With cantaloupes, shippers are reporting

different trends when it comes to sizing. "We have three optimal sizes with melons – the 6-, 8- and 9-counts. Due to economic times, the eights gaining popularity because people want to see more melons in a case," says Dulcinea's Dabich.

Martori says that in recent years, more buyers want to purchase larger-sized melons. "But there might be a reversal of that trend in light of the economy," he says. "Then again, there are other retailers out there looking to gain more market share, so there are some who are upgrading. We've been hearing a lot about both strategies." **pb**



Displaying wrapped, cut melons educates consumers on what the fruit should look like inside.