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Getting past the squeeze in the produce department

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Someone once told me, "Don't try to be all things to all people."

Well, that never went over too well with me, especially when it came to produce variety. I always wanted to handle every item, every size and every pack that was available in the industry. Some called me a "produce variety freak." Every new item a sales representative introduced to me was welcomed with open arms into the system.

As new produce items continued to enter the scene and warehouse slots became snug, this drew phone calls from buyers waving a white flag at me. One buyer told me they had reached a saturation point for space and begged for my mercy.



While an increased number of

SKUs in the produce department has the potential to increase sales, produce directors need to analyze the data when choosing which items to carry and how much space to devote to them.

I always felt that we should offer a number of choices and options to our customers. Many produce directors feel that same way today. However, the warehouse and department space is beginning to burst at the seams. As more and more new items and packs are introduced, display territory is getting lean. What's more, it gets costly to manage all the product choices.

According to the Food Marketing Institute, between 1975 and 2008 the number of items in a supermarket grew from an average of 8,948 to 47,000. A portion of that growth was experienced in the produce department. That created the need for much larger supermarkets.

The size of produce departments was a large part of that expansion and it became necessary to monitor the variety expansion. Most retailers feel that an increased number of items leads to more sales. That may be true in a way, but not always. Some of the best-selling items can feel the squeeze, too.

Jay Schneider, director of produce for Acme Markets in Malvern, PA, said, "We have to play the percentages. There is a lot of item innovation with the risk of taking away territory from proven items that sell in existing space. Take packaged salads for example. The top five SKUs in terms of dollar contribution have not changed much over the past five years. Maybe some have gone from number two to number four, but the main blends still hold the biggest percentage of sales. New items continue to come and go. Companies want to get more new items in, but we are faced with sacrificing space on established items of high-velocity sales to accommodate those new items. It all comes down to the basic items that are the real drivers of the business."

Jeff Tomassetti, produce/floral director for Buehler's, Wooster, OH, added, "We are getting bombarded with new items. The world is changing along with consumer buying. If we don't change, we will lose market share. As we bring in new items to test and they perform positively, we have to decide what items are trending down and cut that space to make room for those items that trend more favorable."

New items do increase growth and offer customers more choice. But there are also growing pain complications that go along with constantly adding more new items to the overall mix. The difficulty lies in “shelf strain” for the produce department. Lots of neat variety piled on top of an already neat variety.

The produce shelves are becoming quite cramped with produce SKUs averaging approximately 1,000 items. We already rectified tight space relief by the inclusion of side wings, waterfall extensions and free-standing aisle displays. It’s like the old saying of trying to put 10 pounds in a five-pound bag.

Trying to slip in a new item or two becomes a huge force upon produce directors. It’s all about shelf management and shelf discipline.

Here are some tips to help manage the crunch:

- **True profitability:** Don’t just consider the item, consider the profitability of it. Allocate space based on the item’s profit.
- **Apply shelf management:** Make use of data. Check item sales dollars sorted from best to least productive. Then make a decision to stock or not.
- **Examine your sizes:** If you handle 140-size lemons, do you need a 75-size too? Manage it. Downsizing is part of controlling item saturation.
- **Just say, no:** Never be shy to make that decision when it calls for it. But before saying it, take into account every detail and information first to support that decision.

It still all comes down to managing the business, and properly utilizing data is vital. Knowing what sells and what sits is the reality. Get yourself into the real world by recognizing the true profitability of each item in the produce department. Then take a closer look at your gross profit commitment. That is really the bottom line demand of upper management.

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