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FEATURE

A Culture of Fresh Is Needed to Be 'First in Food' in Your Market

by Harry Blazer

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There are six primary ways for the food retailer to distinguish itself: through its location; proprietary offerings in fresh; its private/controlled brands; pricing; use of data; and overall shopping experience (which includes service).

The primary way to build customer advocacy, in my opinion, is by delivering Everyday Best Value in Fresh (EDBV), where value is the nexus of price, quality and experience. This means you must have the ability, intention and commitment to deliver consistently high-quality products and experiences to your customers through your fresh offerings that exceed expectations, at a price that is below what was expected.

"Fresh First" is the foundation for "Food First." Without a strong fresh competency in your business and a strong fresh offering in your stores, you cannot be first in food in your marketplace. What is the alternative to being fresh? There isn't one.

But the question remains: What do we mean when we use the word fresh?

Here are some examples of how the word "fresh" is used:

- not frozen or not previously frozen
- a protocol for freezing (e.g., fresh frozen)
- is ready and fit for consumption
- just harvested or produced
- not old, out-of-date or past its prime
- not aged (e.g., aged vs. fresh cheese)
- perishability
- a level of purity and wholesomeness
- new or arrived recently
- sassy, insulting or intrusive

The word fresh is pervasive in the food industry; natural and sustainable are close behind. Often, these words, in particular, are being used opportunistically as "slogans" vs. as authentic reflections of a principle-based fresh culture. They are intentionally being used to shape customer perception.

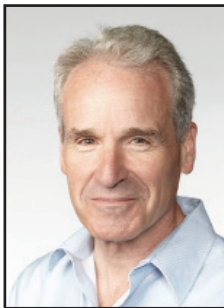
But when it comes to fresh, we are dealing with products that will perish. Manipulating perceptions alone cannot change that reality or the need to deal with what it takes to make fresh a reality. In turn, fresh cannot survive without a principle-based "culture of fresh," which requires the appropriate understanding, intentionality, competency and behaviors—companywide.

I define fresh as peak eating experience or, basically, when nutrition, flavor, ripeness, condition, vitality, texture, smell, touch—the entire eating experience—is at its optimum. So this means that under some circumstances, eating something that has been frozen is the "freshest" alternative. Would you rather eat seafood that was processed at sea and flash frozen to -20 degrees one hour after it was caught or so-called "fresh" seafood that is 12 days old and that suffered temperature abuse as it made its journey from multiple days of storage on a fishing vessel, to processor, distributor, warehouse, store, the store seafood case and to your car for the ride home in August?

For much of human history, peak eating experience equated to "picked when mature then consumed as soon as possible." (Of course, this applies to items that were not intended to be stored or aged then eaten.) In today's world, there exists a constant tension between harvesting at peak freshness vs. sufficient freshness, i.e. that which is required to survive the rigors of the supply chain and still deliver a high-quality eating experience. The further fresh food travels, the bigger the challenge. Thus, the appeal of "local."

The bottom line is that the just-picked produce coming from the local farm 50 miles away has a head start on freshness compared to the stuff coming from a shipper 1,000 miles away. Should be cheaper, too. Herein lies a key opportunity for differentiation. But "going local" requires modifications to the supply chain, including procurement strategy, operational processes and procedures, and logistics. In fact, going local requires a different mindset, culture and relationship with your vendors.

Some thoughts on that:



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1) Have you outsourced your procurement as part of your procurement strategy? You need to look at procurement as a core competency. You wouldn't outsource your store operations to a third party, would you? Then why the entire buy-side? Why do you want another company to mediate your relationships with the guys who are your lifeblood—your vendors who are supplying what you sell—especially since that company looks at both you and your vendors as profit centers?

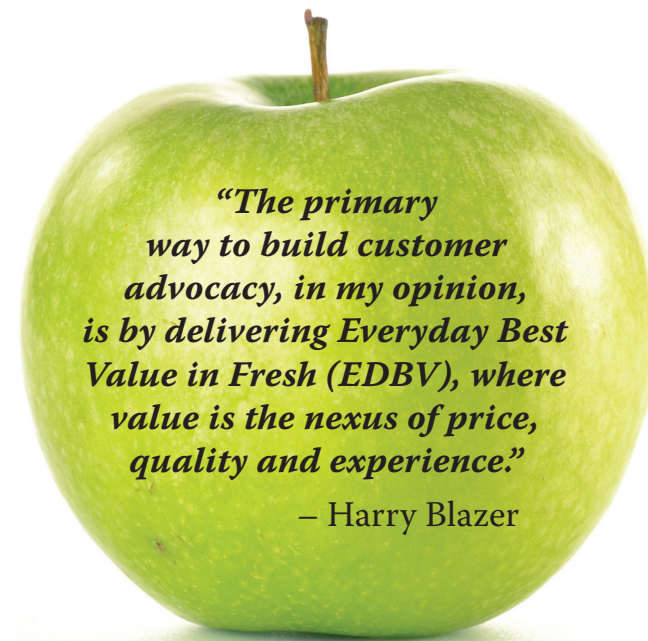
2) Here are some common constraints to dealing with local suppliers:

- Strict delivery windows
- Unloading fees
- Slotting fees
- One-size-fits-all loading docks
- Long unloading times with priority given to others
- Penalties as a revenue source
- Slow pay and inflexible terms
- A lot of red tape for listing new vendors
- Indecisiveness
- Lack of urgency
- Incompetent buyers who don't have sufficient product knowledge or buying skill
- Incompetent reorder teams who create shortages or overages that compromise freshness
- Organizational structures that add complexity, lead-time, inefficiencies and, in turn, frustration
- Externalizing blame and deflecting responsibility when things go wrong
- A mindset that defines your company as the center of the universe and regards vendors as "subservients" ripe for "milking"
- Inflexibility on standards (like sizing and sometimes condition) that do not take into consideration growing and market conditions
- Specs that give priority to appearance over taste
- Lack of integrity in your business dealings (you don't keep your promises and you don't tell the truth)
- You cancel or make last-minute changes to orders that inflict losses
- Unreasonable margin expectations
- Pricing that does not take into consideration excellence or is slow to respond to market conditions
- Infrastructure, processes and systems that can't deal with products that are diverse and unusually time-sensitive
- Inadequate storage infrastructure and operational disciplines at warehouse and stores
- Inability to help vendors when they get in a jam (to act like true partners)

3) Do you really have a culture and the intention and competency that can support fresh with integrity? Is being the best at fresh—meaning the best at providing EDBV in fresh—a slogan or a way of life? Who are the champions in your company for fresh, and do they have the power to make being best at fresh a top priority, from the board level to the store?

On my website, blazerconsulting.net, I have posted the following under the tab at the top labeled "Messages to Large Supermarket Chains," which provides some overall strategic guidance that I believe is foundational to creating a fresh culture in your company and the differentiation you will need to invent and navigate the new world of retailing.

- The most important commodity you sell is trust. As your customer, I need to trust that you will:
 - Not waste my time and money
 - Not damage my health
 - Anticipate my needs
 - Do as you promise
 As your vendor, I need to trust that you will:
 - Not waste my time and money
 - Be fair
 - Partner
 - Honor your agreements
- Threats:
 - Major competitive threat: anyone who can do "1" better than you can
 - Major existential threat: how not to become irrelevant
- Primary differentiation occurs in these domains:
 - Fresh
 - Experience
 - Private/Controlled Brands
 - Price
 - Location
 - Data
- Major trends:
 - The unconventional is becoming conventional
 - As always, the "Primacy of Value" (the nexus of quality, price, experience)
 - Disintermediation, i.e., getting rid of supply chain layers (the major trend in retailing since the '50s that continues in force today)
 - A genuine culture of integrity, honesty, transparency, authenticity as a foundation for trustworthiness, not as a gimmick
- It has been said that a retailer's primary strategic advantage is its location and its customer data. In a world where Amazon, as "The Everything Store," can deliver within an hour to a day (depending where you are) and has better data about your customer than you have, what's the plan?
- For me, what is emerging as perhaps the key strategic factor is supply. It is also the most overlooked factor. The supermarket industry has taken for granted that it will always be able to find what its customers need and want to buy, whenever it needs to at a price it can make a profit reselling. This assumption is no longer valid. Increasingly, your ability to have what you want when your customers want it will depend on the quality of your strategic partnerships with growers and producers. This will require a new level of investment of time and money and of commitment to developing the in-house competencies, culture and ethic to support and nurture those relationships.



To summarize:

- There is a lot of noise around the use of the word fresh. You need to have an understanding, intentionality, capability and ethic underpinning your commitment to being best at fresh, which is genuine, consistent and unassailable. The associated promises and claims you make about that commitment must be unambiguous, authentic, expressed with clarity and delivered with integrity. Fresh is not a slogan—it is a way of life. You need a culture and the competency, organizational structure and infrastructure that can support fresh.
- Providing everyday best value in fresh, where value is the nexus of price, quality and experience, is a key differentiator.
- Supply of goods of sufficient quality and quantity to satisfy your customers will be one of the major ongoing strategic challenges.
- You need a supply chain and culture that can support one of the major trends in retailing—going local. By the way, that supply chain and culture to go local effectively, is also a prerequisite for being best at fresh.

Harry Blazer is a highly regarded expert and consultant in the food industry, having helped major supermarket chains around the world get better at all aspects of fresh and specialty merchandising, marketing and supply chain. He can be reached at harry@blazerconsulting.net.