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FRESH-CUTSALAD

You've Lost That Lovin' Feelin'

It's a theme known all too well — the love song written to woo back that special someone who's been cheated or hurt. Yet in this case, it's the fresh-cut salad and produce industry that's trying to win back consumers.

It's no secret that consumer confidence (and sales) plummeted last fall with news of several deaths and illnesses tied to the consumption of fresh spinach contaminated with *E. coli*. And the news is still bad. In a *Los Angeles Times* interview this March, Dole Food Co.'s Marty Ordman noted that industrywide fresh spinach sales — previously pegged at about \$240 million annually — have dropped about 40 percent.

The larger fresh-cut salad category also is suffering, according to data from Chicago-based Information Resources Inc., for the 52 weeks ending March 25, 2007. Excluding Wal-Mart, figures show fresh-cut dollar salad sales down by 2.4 percent to \$1.1 billion, with unit sales also falling by 4.8 percent.

Although it wasn't directly involved in the spinach crisis, fresh-cut salad and produce leader Fresh Express Corp., Salinas, Calif., went on the food safety offensive. The company said in April that it is giving a total of \$2 million to nine research teams working to improve produce industry food safety.

Fresh-Cut Salads — Top 5 Vendors				
Brand	Dollar Sales (millions \$)	Dollar Sales % Change*	Unit Sales (millions)	Unit Sales % Change*
1. Fresh Express	1,119.1	8.2	456.8	4.9
2. Dole	807.7	-8.5	370.1	-8.9
3. Private Label	297.1	-7.4	111.9	-10.3
4. Ready Pac	197.4	-18.9	65.6	-23.2
5. Natural Selection	148.7	6.6	39.9	-0.3
Total Category	2,637.0	-2.4	1,067.4	-4.8

*From previous 52-week period. Source: Information Resources Inc., total sales for U.S. supermarkets, drug stores and mass merchandisers, excluding Wal-Mart, 52-week period ending March 25, 2007.

In a first quarter earnings conference call this May, officials at Fresh Express' parent company, Chiquita Brands International, shared the latest retail segment results.

"In the aftermath of industrywide concerns late last year about the safety of fresh spinach and packaged salads, we experienced a 2 percent decline in net revenue per case," said Jeff Zalla, Chiquita's chief financial officer.

Chairman and CEO Fernando Aguirre then told analysts that Chiquita would develop more "innovative, higher-margin products." As an example, Aguirre then talked about Fresh Express' new restaurant-style complete salad kits: Mediterranean Supreme and Pacifica Veggie Supreme.

"In addition," he noted, "We are currently piloting Café Gourmet, a single-serve salad-in-a bowl, in two U.S. markets. This innovative product is a perfect fit for consumers who want a healthy, portable meal."

Fresh Express isn't alone. Among the competitors in both categories is Ready Pac, an Irwindale, Calif., company. Ready Pac introduced its latest complete salad kits — emphasizing Parisian and Asian flavors — last fall. Each kit includes a lettuce blend, specialty dressing and mix-in toppings. Ready Pac also bolstered its Bistro grab-and-go salad line with two new varieties: Asian Style Chicken and Santa Fe Style Caesar.

Still more companies are targeting the value-added fresh products segment. Among them is Scholl Group II Inc., Eden Prairie, Minn., and Fresh 'N Healthy Farms, Hollister, Calif.

Scholl Group recently purchased licensing rights to General Mills' Green Giant brand for most premium, packaged fresh produce. Working with





contract suppliers, Scholl introduced a broad Green Giant Fresh line of premium and/or microwavable vegetables and fruit. Scholl also used the recent United Fresh Marketplace exhibition in Chicago to launch its Freshstables SteamPerfect microwave steam products. Varieties include Butternut Squash & Cinnamon, Red Apples & Raisins with Cinnamon Sauce, Sugar Snap Peas & Baby Slim Carrots with Southwest Sauce and more.

When it comes to specialty greens, Fresh 'N Healthy used the Chicago convention to debut a Wild Arugula blend. Elsewhere, Earthbound Farm, San Juan Bautista, Calif., introduced three organic blends: Baby Spinach, Baby Arugula and Mâche. — B.G.



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