

**SOURCE:** Packer Online (Lenexa,KS)

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**HEADLINE:** Demand heating up for microwave produce items

Source Website

By David Mitchell

The Russet Potato Exchange, Bancroft, Wis., offers individually wrapped microwavable potatoes, including potatoes in the Disney Garden brand and for private-label business. The company is one of several in the produce industry that has seen a recent growth trend in sales of produce products for the microwave.

Courtesy The Russet Potato Exchange

(Oct. 28, 12:07 p.m.) Mann Packing Co. Inc. has the nation's three top selling microwavable vegetable kits, and the subcategory grew more than 200% in the first half of the year.

Despite those facts, the Salinas, Calif.-based company isn't planning to expand its Steam & Serve line. In fact, Mann co-chairwoman Lorri Koster is concerned that the industry has too many stock-keeping units for microwave vegetable kits.

"Shrink tends to be really high on all items," she said. "We're doing category management with our customers and recommending they reduce their number of SKUs and spacings because consumers are getting overwhelmed."

Mann introduced Ready, Set, Steam last year. The fresh-cut vegetables with sauce packs were renamed and reformulated this fall. Mann reduced the servings per container from four to two or three to make the product more suitable for smaller households, Koster said, and added a microwave graphic on the package to make its purpose more obvious to consumers.

Broccoli now comes with white cheese instead of yellow, and teriyaki has replaced soy sauce to reduce sodium in the vegetable stir-fry. The company also offers a garden vegetable medley with herb sauce.

Those three products account for 39.4% of U.S. vegetable kit sales, according to the Perishables Group, West Dundee, Ill.. However, Koster said Mann is sticking with its less-is-more philosophy.

"It's like what happened with salad kits a few years ago," she said. "There's a lot of confusion. Sales don't justify the space."

From new to mainstream

Steve Lutz, executive vice president of the Perishables Group, said that though the category might be experiencing drastic growth, it's important to remember that the base is relatively small.

Lutz said that as kits transition from new concepts to mainstream items and attract higher consumer penetration, producers are deciding what stores they want their products to be in while retailers must sort out what assortment they should carry.

"These are normal questions that arise as categories expand," he said. "They get sorted out over time."

He said growth is driven not only by the consumer demand for convenience but by increased distribution and the fact that there are more items being introduced.

"More stores are stocking these items and devoting more space to them," he said.

There also are more players entering the deal. For example, Eden Prairie, Minn.-based C.H. Robinson Worldwide Inc. recently expanded its Fresh 'n Easy line of packaged vegetables with QuickSteam bags and bowls.

**Green Giant Fresh** accounts for 56.2% of vegetable kit sales.

"There's definitely high demand," marketing manager Sarah Wangler said. "That's something retailers continue to ask for, added solutions in that area. It's an area of growth for us."

Wangler said the company recently dropped the **Freshables** brand. Those nine vegetable kits and the company's fresh-cut vegetables and stir-fry items now have similar packaging under the **Green Giant Fresh** brand, which got a new logo and look in September.

Kits outpace vegetable sales

While steamable vegetable kits showed triple-digit growth in the 26-week period ending Aug. 23, the Perishables Group reported that overall steamable vegetable products grew 7.8% for the 52-week period ending June 28.

While that figure seems minute in comparison, all fresh vegetable sales grew by less than 1% in the same 52-week period while overall fresh produce sales increased 3.2%.

The Perishables Group reported that green beans, vegetable medley and broccoli are the three biggest sellers in the steamable vegetable category, ahead of potatoes. The report said potato sales have increased in part because of the introduction of multiple-potato steam bags and in spite of limited promotional efforts.

Value-added potatoes

Wada Farms Marketing Group, Idaho Falls, Idaho, introduced 1 1/2-pound steamer bags with potatoes a year ago and is testing a similar product with sweet potatoes.

"Once consumers try them they receive very high ratings," said senior vice president of sales and marketing Kevin Stanger. "The biggest issue is that if they're not merchandised correctly the consumer doesn't know what they are."

Wada is offering point-of-sale materials to retailers to eliminate any confusion.

"If a retailer just throws them out there with their bulk potatoes and three-pound bags a consumer might buy a small bag of reds or yellows," he said, "but they buy them because they want a few reds or yellows. It doesn't serve the intended purpose."

Marketing manager Rachel Leach said the Russet Potato Exchange, Bancroft, Wis., has been offering individually wrapped microwavable potatoes for more than five years, but most of the company's growth with that product has occurred in the past two years.

"It's just like everything else," she said. "It took a while to catch on. It took people a while to understand that the ventilated wrap serves a purpose. It acts like a steam cooker. It gives you a good, consistent potato."

Leach said the company's wrapped product is growing at about 10% a year. She said sales of the company's Biggins line of individually-wrapped, 70-count potatoes are growing at 25%.

Russet Potato Exchange also wraps potatoes in the Disney Garden brand and for private-label business.

Wada also offers individually wrapped reds, whites and yellows. He said demand is growing. Like Koster, however, he expressed some concern about the market becoming saturated.

"If half the potato suppliers start doing it," Stanger said, "we might as well sell our machines now."

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***Highlights: Green Giant Fresh, Freshtables***