Tendencias del retail y su impacto en la categoría de arándanos y berries en los EEUU

DR. ROBERTA COOK
Dept. of Ag and Resource Economics
University of California Davis
cook@primal.ucdavis.edu

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Seminario Internacional de Arándanos

Proposito de esta presentación

- Entender a las tendencias de oferta y demanda para los arandanos en USA
- Los cambios en la estructura del sector retail y las implicaciones para los productores y exportadores de arandanos, incluyendo la necesidad de:
  1) evitar la fragmentacion al lado de la oferta
  2) invertir en la promocion - ampliar la demanda
  3) seguir desarollando nuevos canales de comercializacion, incluyendo farmacias y otros formatos retail, foodservice (hoteles, restaurantes, instituciones), y nuevos productos (1400 productos con arandanos introducidos en 2010).

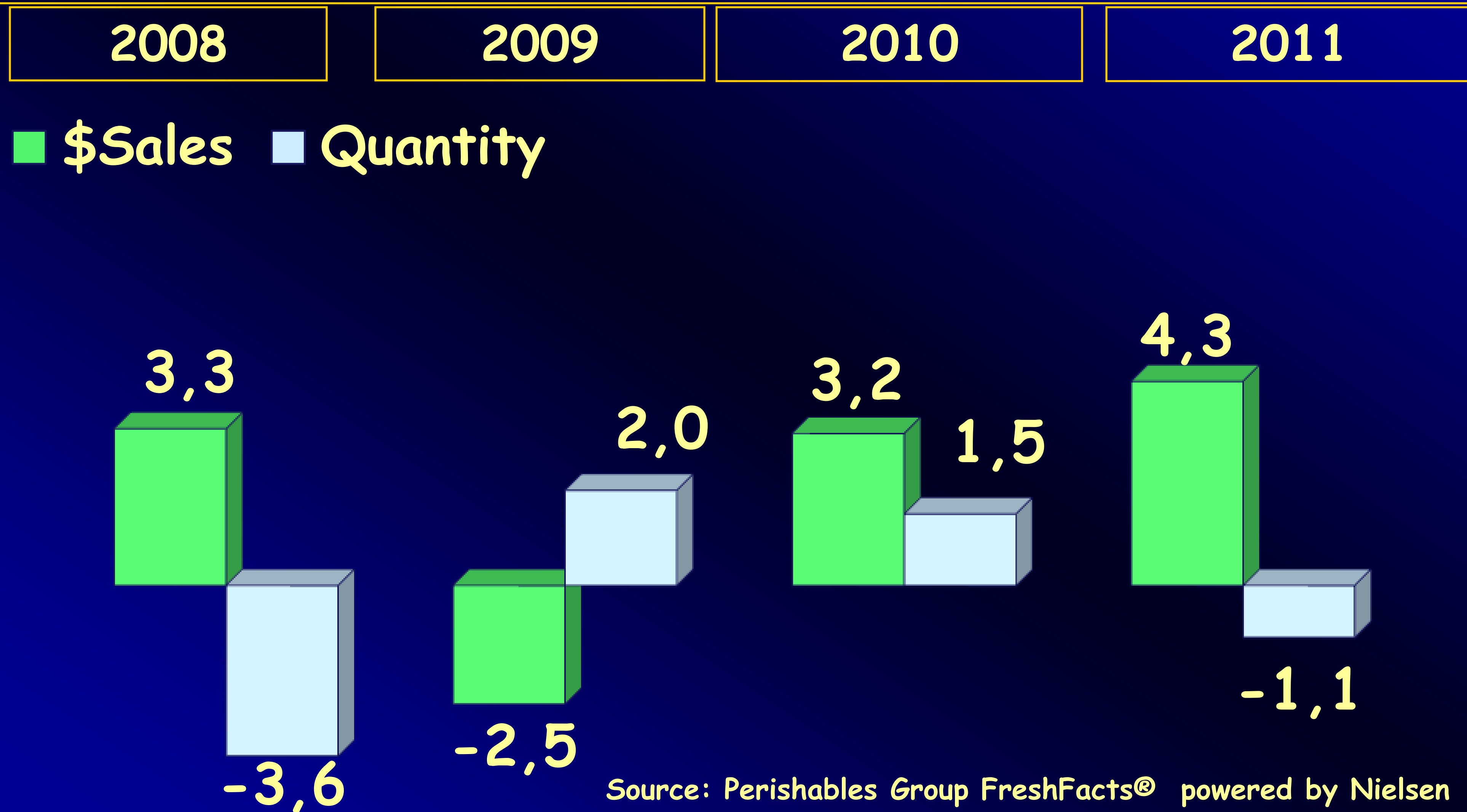
Temas en esta presentación

- La economia impacta la demanda para las frutas y hortalizas e influye en el comportamiento de los retailers
- La competencia se intensifica y los requisitos para los proveedores crecen
- Los arandanos se deben de entender dentro del contexto del mercado/categoria de berries
- La produccion de arandanos en America del Norte (NA)
- Tendencias de consumo
- El papel cambiante de Mexico en los berries
- La promocion generica

La Caida Economica - Impacto Sobre las Ventas de las Frutas y Hortalizas Frescas y el Sector Retail

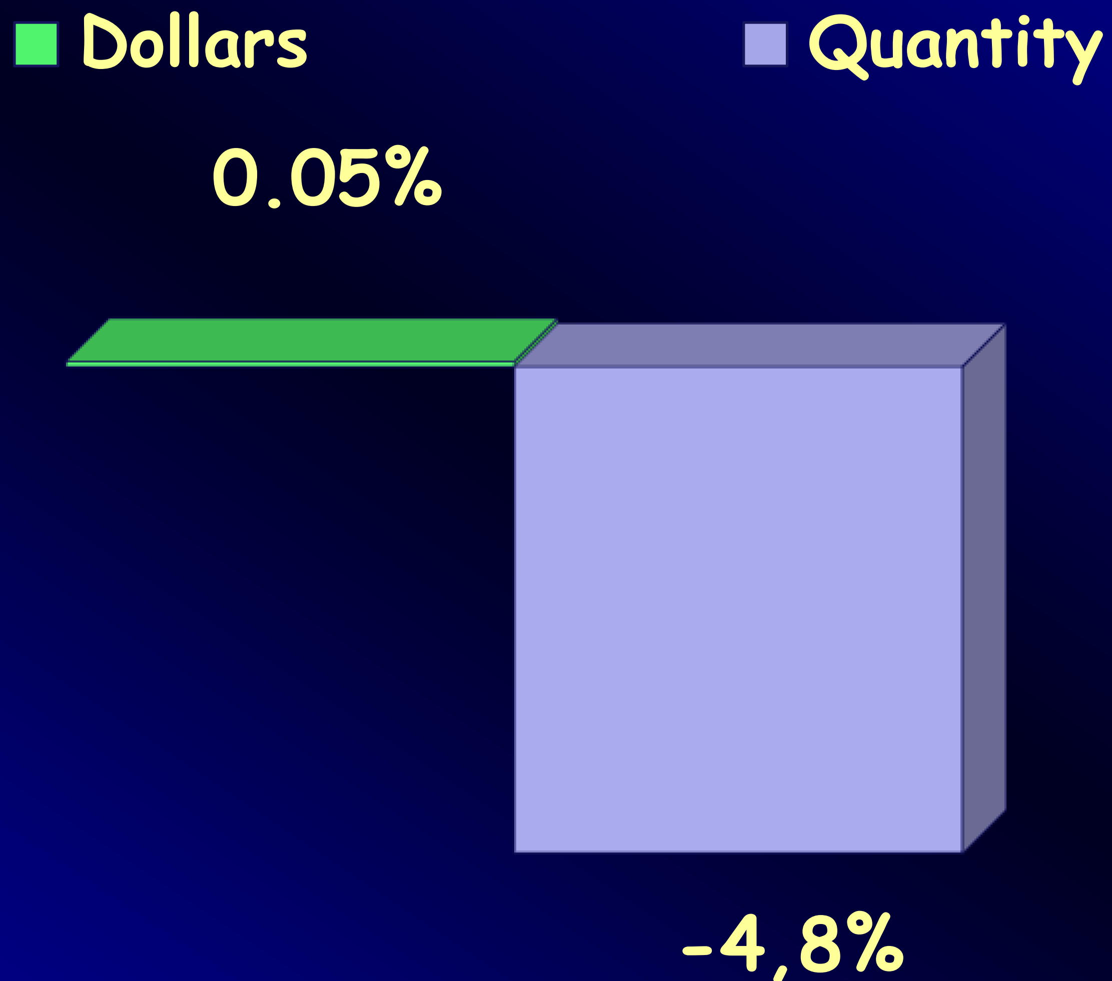
USA Select Supermarket* Fresh Produce Dept. Performance During the Economic Downturn, % Change vs. Prior Year

*Excludes club stores, supercenters, part of conventional grocery and other alternative formats, not same store sales.



Source: Perishables Group FreshFacts® powered by Nielsen

USA Fresh Fruit Sales in Select Supermarkets*: Quantity and Dollars, % Change 2011 vs. 2010

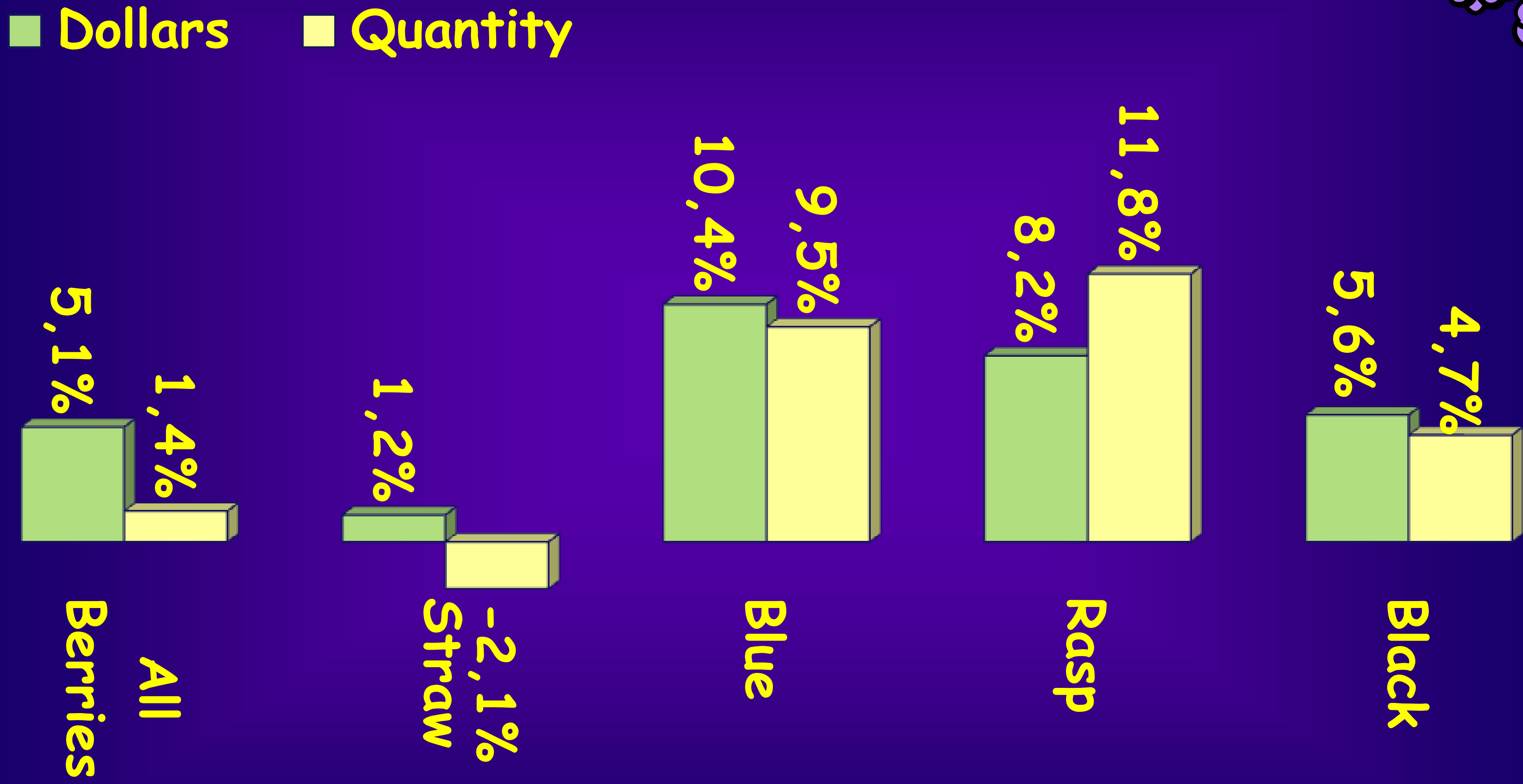


Source: Symphony IRI Group/Fresh Look Marketing.

*Also excludes club stores and supercenters

USA Berry Sales, by Berry Type, in Select Supermarkets, 2011

Percent Change vs. Year Ago in:



Source: Symphony IRI Group/Fresh Look Marketing.

Top Food Industry Trends

- Shoppers have migrated towards retailers with strong value for money credentials; on-going channel-blurring trend
- Many retailers have lowered prices to close the gap with discount competitors
- Retail strategies include new pricing initiatives, format development, e.g., smaller, price impact, and fresh food formats by non-traditional grocery retailers (Walgreen's, Target P-Fresh)
- Cost-cutting to maintain margins, seeking efficiency gains
- Lowering inventory levels, SKU RAT, painful lessons already
- Retail corporate restructuring to eliminate duplication and generate cost savings
- Store brand/private label growth

USA retail environment challenging but improving

Retailer	Comparable Sales Growth, 2010	Comparable Store Sales Growth, 2009
Costco	7.0%	+3.0%
Kroger	2.8%	+2.1%
Publix	2.3%	-4.7%
Safeway	-1.8%	-2.5%
Supervalu	-5.1%	-6.5%
Target	2.1%	-1.6%
Walmart US	-0.8%	-0.5%
Whole Foods Market	7.1%	-0.9%

Sources: company annual reports and investor relations announcements compiled by Roberta Cook.

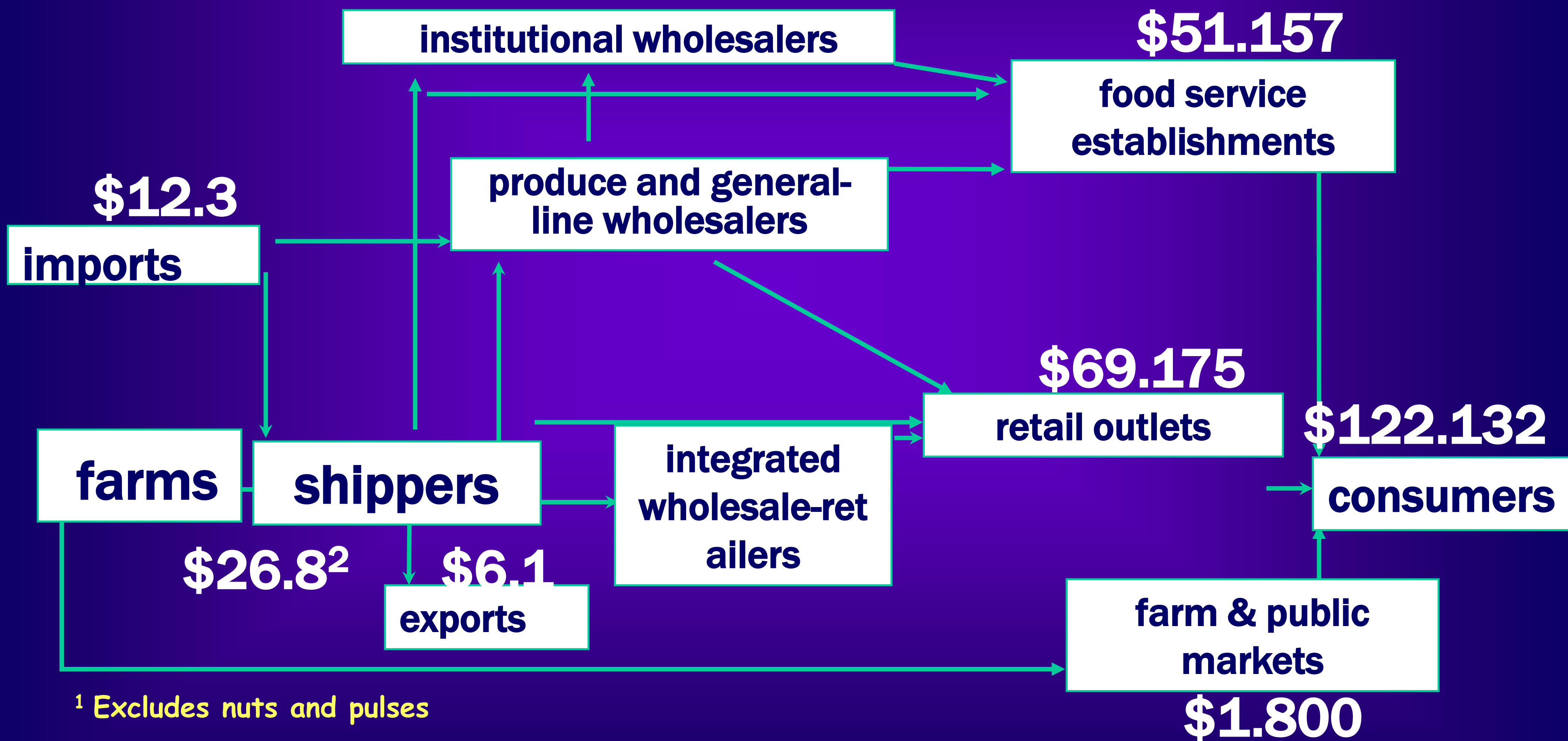
Rethinking Optimal Store Sizes

- Today shoppers seek store formats with more defined value equations to meet specific trip need states – so less need for one-stop shopping formats.
- In a 55,000 s.ft. store nearly all of the sales contribution is achieved with 70% of the SKUs, most of the remainder lose money.
- Optimal store size may be 39,000 s.ft.
- Dominant model of one-stop shopping shifting to include smaller formats–experimention; and new entrants - Tesco's Fresh & Easy model.

Source: Willard Bishop Competitive Edge, October 2010

Market Structure

U.S. Fresh Fruit and Vegetable[1] Value Chain, Estimated Dollar Sales, Billions, 2010

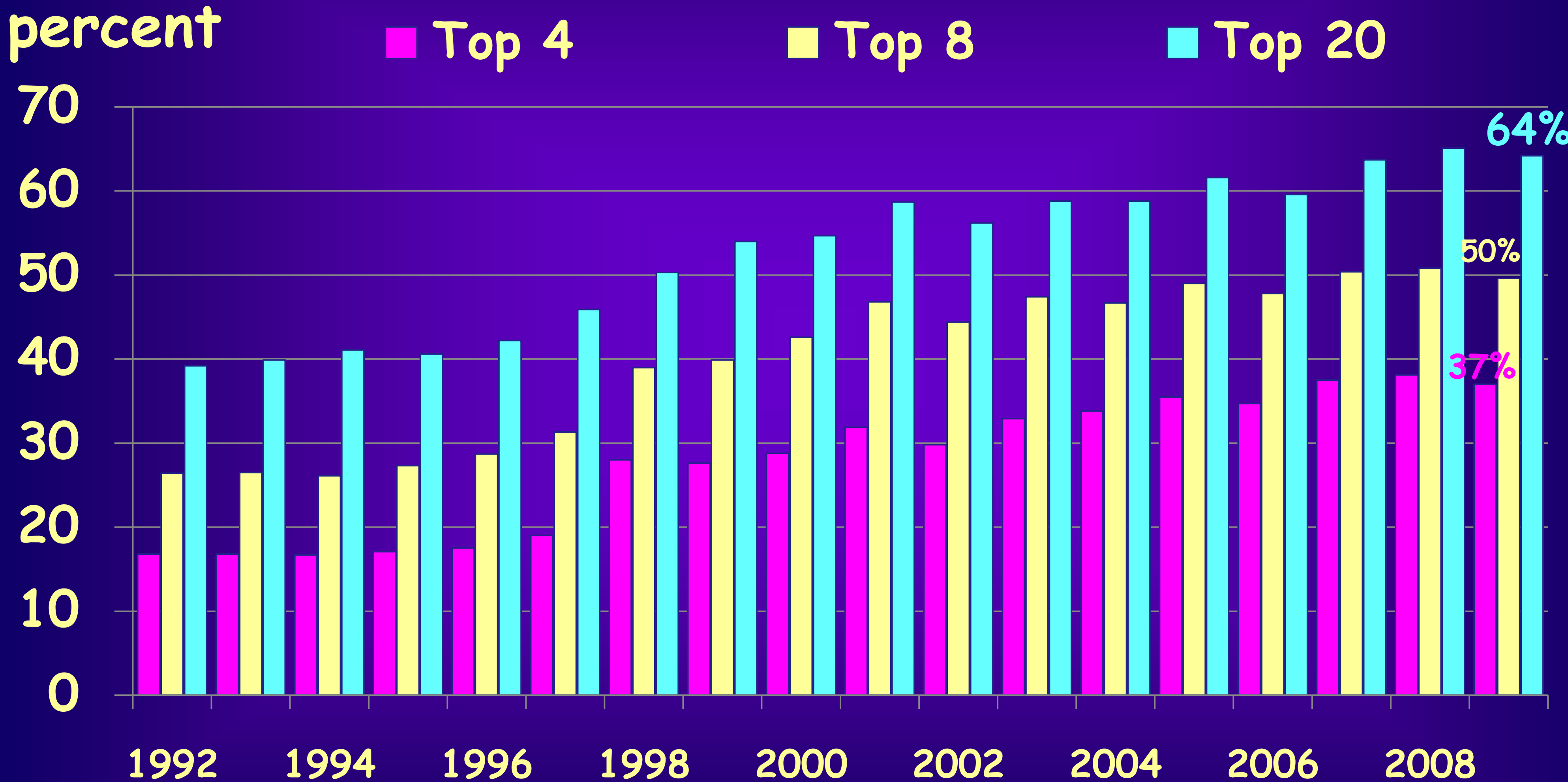


[1] Excludes nuts and pulses

Sources: Compilations by Kristen Park, Roberta Cook, and Edward McLaughlin based on U.S. Retail Census, ERS/USDA, NASS/USDA, U.S. Department of Commerce, and other data.

[2] This value is larger than the value reported in table 1 since it includes an estimated value for production not captured by NASS/USDA.

Market Shares of Top 4, 8 and 20 U.S. Grocery Chains, Share of U.S. Grocery Sales Excluding Club Stores, 1992–2009



Source: Phil Kaufman, USDA/ERS, 2010.

Estimated Number of USA Retail Chains, and Top 4 Share of Fresh Berry Grower-Shippers

Item	
Retail Chains (10 or more stores), 2010	138
Retail Chains/Club Stores/Dollar Stores with 100 or more stores, 2010, actual	40
US Blueberry Grower-shipper top 4 share of sales, 2011	around 40%
US Strawberry Grower-shipper top 4 share of sales, 2011	50%+
US Raspberry Grower-shipper top 4 share of sales, 2011	Almost 100%

Sources: Planet Retail queries by Cook, March 18, 2011.

Consolidation of the Fresh Produce Value Chain

- Higher retail concentration levels have led to shipper consolidation; larger shippers are better equipped to offer services (incl. food safety, traceability, data-based sales and marketing support, consumer insights).
- Scale is increasingly important – investment capabilities and competitive wherewithal.
- Access to the top chains is controlled by large shippers, for berries these are increasingly shippers with the full berry line.
- Fewer, larger buyers have enabled leading shippers to reduce their customer lists and to focus more on understanding the needs of key accounts – becoming account-driven.

US Grocery Sales, Store Numbers and Market Share of Total Grocery Sales, by Store Format, 2010, and Projected Share, 2015

Traditional Grocery Channel

	2010 Sales $Million	2010 No. of Stores	2010 % of Sales	2015 % of Sales
Total Traditional	$480,139	40,333	46.8	43.9
Conven. Supermkt	$412,200	26,583	40.2	34.1
Fresh Format	$9,308	886	0.9	1.6
Ltd Assortment	$27,096	3,567	2.6	4.6
Super Warehouse	$19,694	596	1.9	2.4
Other (small groc.)	$11,841	8,703	1.2	1.2

Source: The Future of Food Retailing, Willard Bishop, June 2011

US Grocery Sales,* Store Numbers and Market Share of Total Grocery Sales, by Store Format, 2010, and Projected Share, 2015

Nontraditional Grocery Channel

	2010 Sales $Million	2010 No. of Stores	2010 % of Sales	2015 % of Sales
Total Nontrad'l	$387,530	54,235	37.8	40.4
Supercenter	$174,457	3,504	17.0	20.3
Wholesale Club	$85,618	1,319	8.3	9.1
Dollar Store	$21,493	23,418	2.1	2.0
Drug	$56,053	22,227	5.5	5.8
Mass	$44,983	3,583	4.4	2.7
Military	$4,925	183	0.5	0.5

*Grocery sales only (includes food and non-food); excludes electronics, prescription drugs, toys, jewelry, sporting goods, gas, clothing, footwear, knickknacks, and hardlines.
Source: The Future of Food Retailing, Willard Bishop, June 2011

Top Factors in U.S. Consumer Selection of Primary Supermarkets 2011

*Was 64% in 2007
**Was 55% in 2007

Source: FMI Grocery Shopper Trends 2011

Top Twenty USA Grocery Firms: Grocery-equivalent Sales Only in US Market (not total firm sales), 2010

		Sales (million $)			Sales (million $)
1	Walmart	137.11	11	HE Butt	11.54
2	Kroger	64.06	12	Seven & I	8.26
3	Costco	32.48	13	Meijer	8.22
4	Safeway	28.46	14	Whole Foods Market	7.44
5	SuperValu	28.20	15	Giant Eagle	7.23
6	Publix	20.84	16	Dollar General	6.98
7	Ahold	19.61	17	Tengelmann	6.88
8	Delhaize Group	15.78	18	BJ's Wholesale Club	6.49
9	Target	14.02	19	Winn-Dixie Stores	6.05
10	Aldi	12.27	20	The Exchange	5.80

Source: Planet Retail, online queries, October 2011.

Information Technology

- Information technology, business intelligence will play a vital role at all levels of the value chain going forward.
- Firms embracing this may gain competitive advantages.
- This includes a better understanding of consumers and the tactics that increase consumption without sacrificing return for the commercial buyer or seller, e.g., promotional efficiency.
- SKU rationalization and store clustering are keys to better coordination of supply and demand, lower shrink and greater value chain efficiency – opportunities to achieve via retailer-vendor partnerships – but must be done leveraging best shopper data.

USA Supermarket* Berry Category

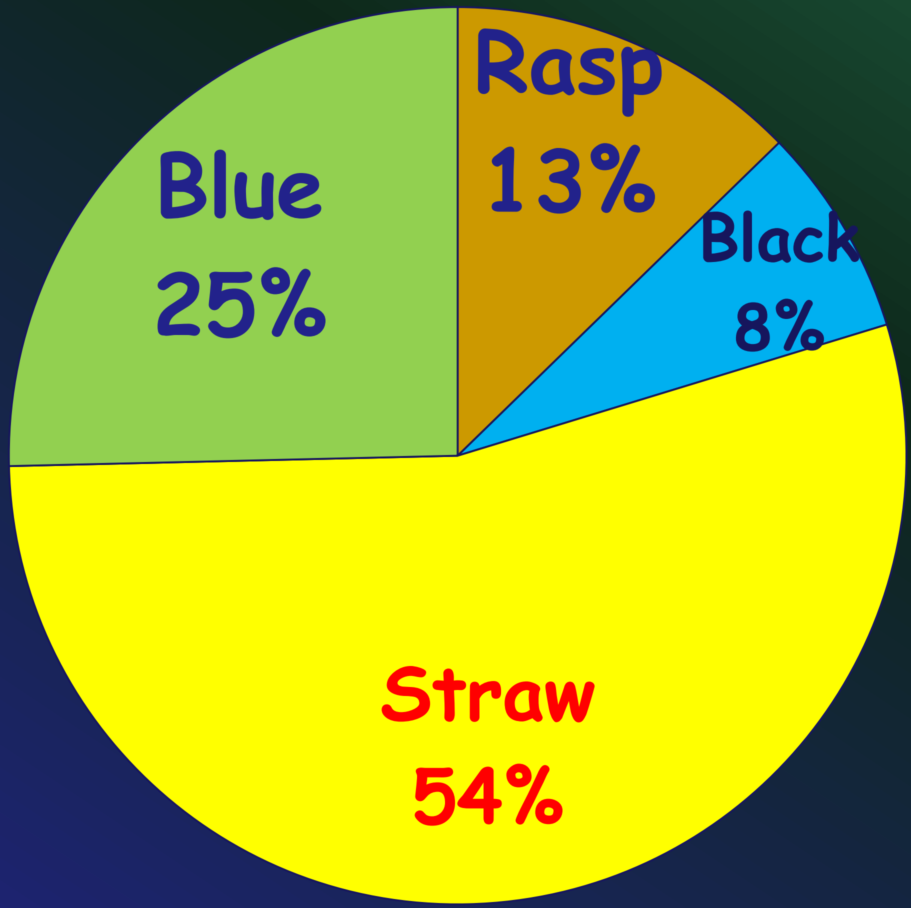
- Berries are now ranked #1 in total fresh fruit dollar sales and #5 in quantity, behind bananas, melons, apples and grapes.

- The berry category accounts for 18.9% of total fresh fruit dollar sales and 7.5% of quantity. (52 weeks ending 3-25-12, FreshLook Marketing).

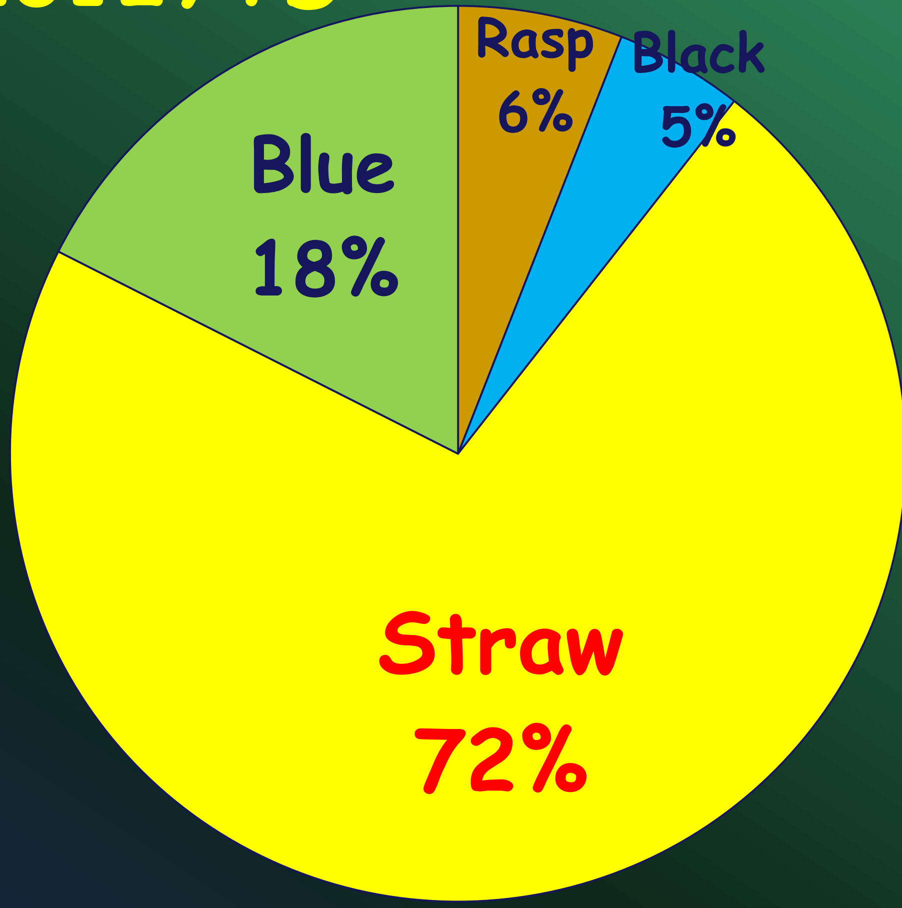
- Strawberries are losing market share to the other berries but still lead the category in quantity sold.

*A sample of supermarket retailers, and excludes club stores and supercenters

Share of Total Berry Sales in Select USA Supermarkets, by Berry Type, Quantity and Dollars, 2012YTD



Dollars



Quantity

Source: Perishables Group, 52 weeks ending April 25, 2012 YTD.

Berry Consumers

- Health/wellness, taste, convenience, and versatility of usage occasions are major drivers of demand.
- 52% of consumers said they purchased blueberries in 2011, up 5 points from 2010 (Fresh Trends 2012).
- Families with kids living in affluent suburban neighborhoods and cosmopolitan areas index extremely high for berries (see Spectra data at end of presentation).
- Older consumers in these same areas also index high.
- Income is positively correlated with berry consumption. As prices decline more consumers can be attracted to the product.
- Younger consumers are paying more attention to health and consuming more berries. This market needs to continue to expand because older consumers will be lost through attrition.

USA Household Likeliness of Blueberry Purchase, 2011

Household Income	Percent
<$25,000	31
$25,000-$49,900	49
$50,000-$99,900	59
$100,000+	64

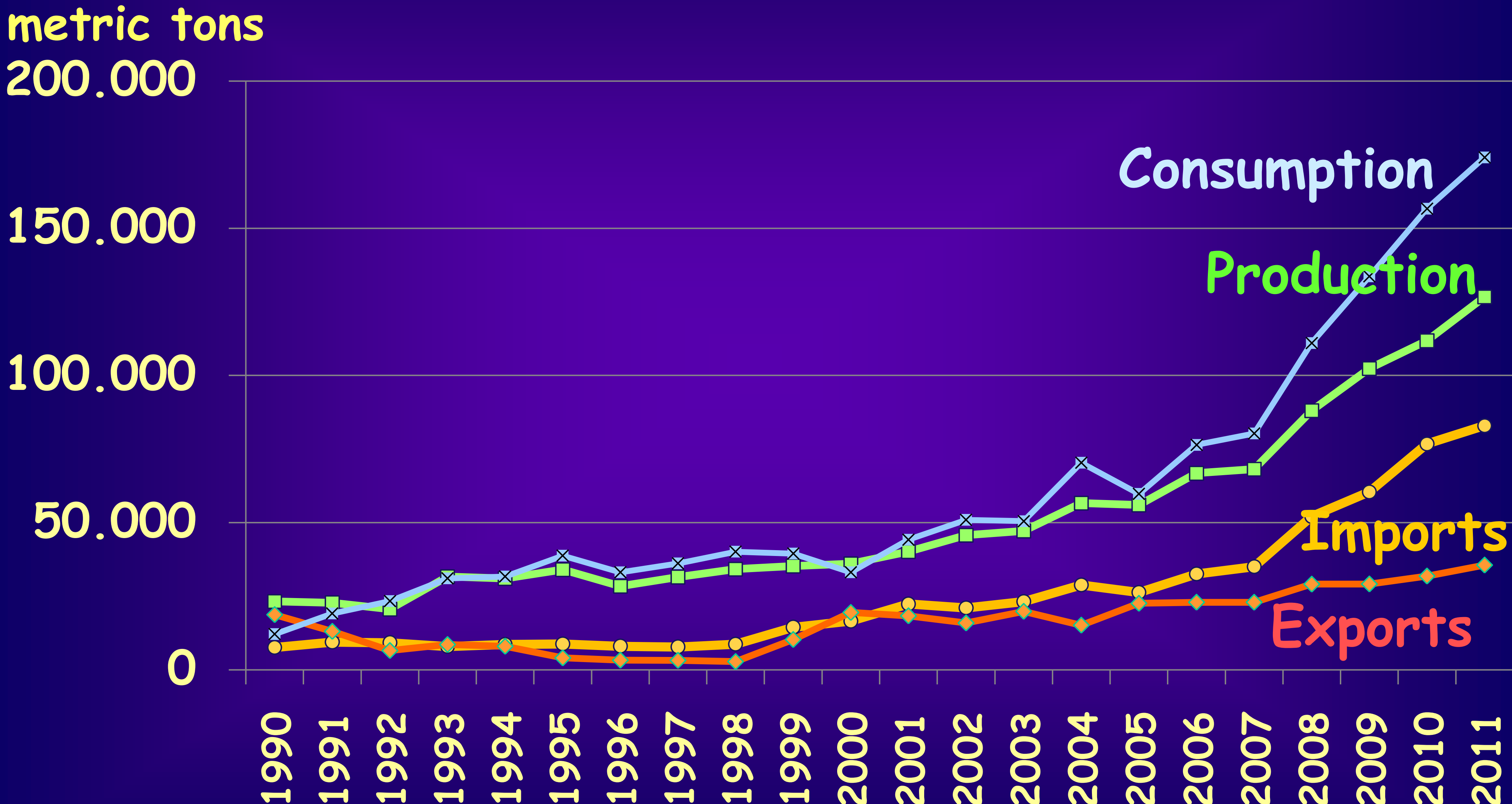
Household Age	Percent
21-39	54
40-49	51
50-58	46
59+	54

El ritmo de crecimiento economico tiene mucha influencia sobre la demanda para los arandanos y es importante atraer a consumidores jovenes. De hecho el % de consumidores entre 21-39 ha estado subiendo.

Source: Fresh Trends 2012.

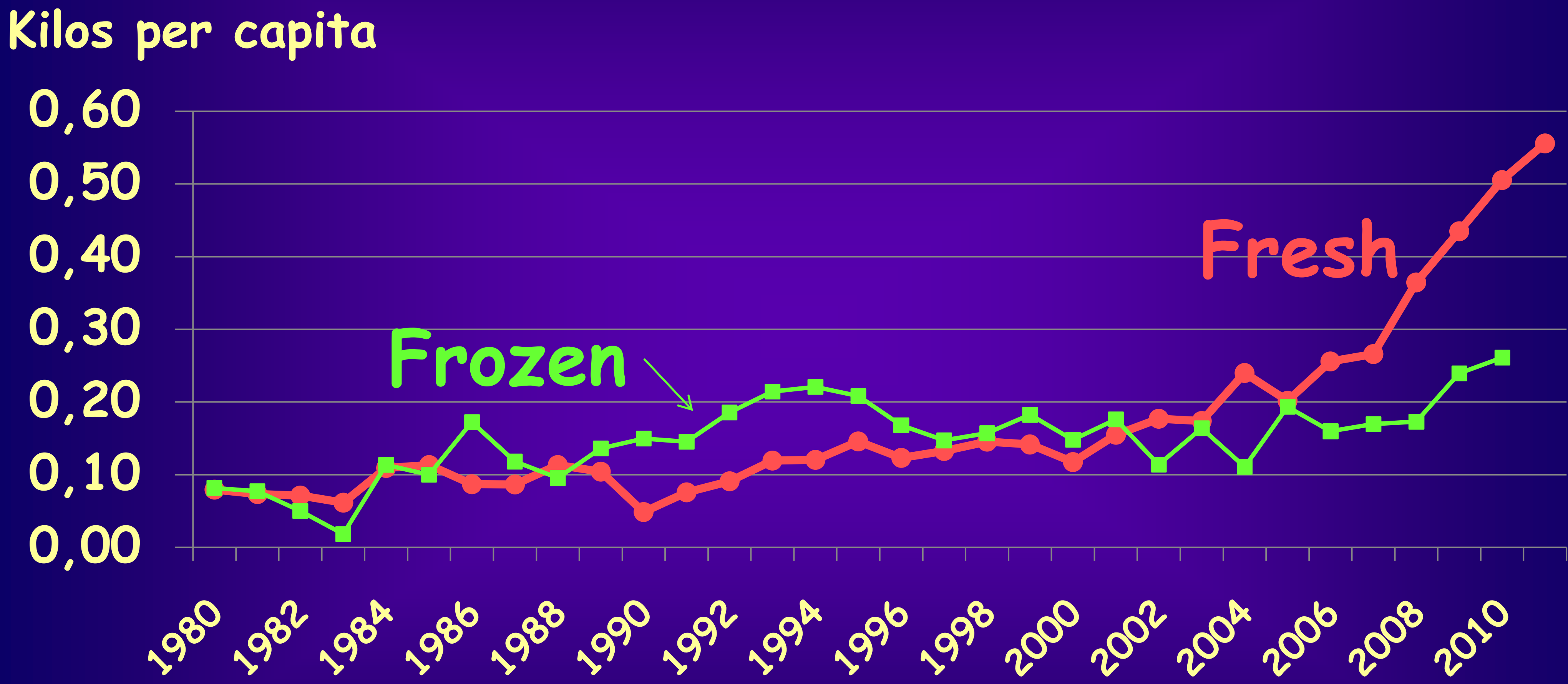
Blueberry Trends

USA Fresh Blueberries: Production, Consumption, Imports, and Exports, 1990-2011



Source: Fruit and Nuts Situation and Outlook Yearbook, October 2011, updated through 2011 by Roberta Cook, UC Davis.

USA Per Capita Consumption of Fresh and Frozen Blueberries, 1980-2010 and Fresh Forecast 2011



Sources: Fruit and Tree Nuts Yearbook, ERS/USDA, Oct. 2011 thru 2010; updated for fresh for 2011 by Roberta Cook, UC Davis.

USA Fresh Blueberry Imports by Key Country of Origin, 1990-2011

Source: GATS/FAS/USDA online data queries.

US Fresh Raspberry Imports by Key Country of Origin,1990-2010 (Mexico displaced Chile)

Source: GATS/FAS/USDA online data queries.

U.S. Fresh Blackberry Imports by Source, 2006-2010

Source: GATS/FAS/USDA online data query.

North American Highbush Blueberry Production by Key Region, 2011, Metric Tons

Region	Fresh	Process	Total	Share of Total Fresh	Share of Total
Midwest	17,191	19,051	36,242	11%	15%
Southern	42,456	17,237	59,693	28%	24%
Western	69,400	52,617	122,016	46%	49%
Northeast	23,133	6,804	29,937	15%	12%
Total US/Canada	152,407	95,708	248,115	100%	100%

61% of the total is fresh.

Source: NABC Estimate. May 2012.

Blueberry Supply Trends

- There is also a lowbush (wild) industry in Maine and northeastern Canada (102,500 metric tons in 2011 with only 680 MT for fresh market). Not a factor for Chile, Florida or California for fresh but is for frozen.
- So, total of 350,500 metric tons N. American (NA) production, highbush and wild, fresh and processed.
- USA harvested acreage was 29,150 hectares (72,000 acres) in 2010 (NASS/USDA, March 2012).
- USA blueberry production grew about 6-fold 1980-2011. Fastest growth in west and southeast.

Blueberry Supply Trends

- Dual usage highbush producers (BC, MI, NJ, OR, WA, GA, NC) are important to industry dynamics. California also becoming a dual usage producer.
- Projected <u>western hemisphere </u>highbush blueberry production could reach 662,354 metric tons by 2016 (fresh and processed) according to John Shelford, incl.:

  northern hemisphere, 436,428 MT (up 76% from 2011), and

  southern hemisphere, 226,380 MT.

US Highbush Blueberry Production, Southern Region, 2011, Metric Tons

Southern Region	Fresh	Process	Total
Alabama	136	-	136
Arkansas	227	-	227
Florida	9,979	454	10,433
Georgia	16,329	10,433	26,762
Louisiana	454	-	454
Mississippi	1,361	2,722	4,082
North Carolina	13,154	3,629	16,783
Texas	680	-	680
Others 3/	136	-	136
Sub-Total	42,456	17,237	59,693

Source: NABC Estimate. May 2012.

USA and Canadian Highbush Blueberry Production, Western and Northeastern Regions, 2011 (NABC Estimate), Metric Tons

	Fresh	Process	Total
Western Region			
British Columbia	24,948	20,412	45,359
Oregon	14,061	4,990	19,051
California	16,329	13,154	29,483
Washington	14,061	14,061	28,123
Sub-Total	69,400	52,617	122,016
Northeast Region			
New Jersey	20,865	6,804	27,669
New York	907	-	907
Ontario	907	-	907
Others 2/	454	-	454
Sub-Total	23,133	6,804	29,937

USA Highbush Blueberry Production, Midwestern Region, 2011, Metric Tons

	Fresh	Process	Total
Midwest Region			
Illinois	680	-	680
Indiana	907	-	907
Michigan	15,422	19,051	34,473
Others 1/	181	-	181
Sub-Total	17,191	19,051	36,242

Source: NABC Estimate. May 2012.

Blueberry Generic Promotion

- The US Highbush Blueberry Council (USHBC) is a national marketing order assessing both domestic production and imports to conduct marketing and research for the benefit of both fresh and processed highbush blueberries.
- The assessment rate is $12/ton; the blueberry industry did not approve a recent initiative to increase the assessment rate to $18/ton but overwhelmingly approved a renewal referendum.
- USHBC is funding important ongoing research demonstrating the health benefits of blueberries. Results to date have generated high consumer awareness of multiple benefits, driving demand.

Blueberry Generic Promotion

- The promotion programs support demand expansion in retail, foodservice, including schools, new product development in the processed industry (1400 new products with blueberries introduced in 2010), and export markets.
- The USHBC is expanding its target markets to include younger females (25-45) while still supporting its core group of females >45 yrs.
- A new brand was rolled out in 2011: Little Blue Dynamos. http://www.blueberrycouncil.com/

Blueberry Generic Promotion

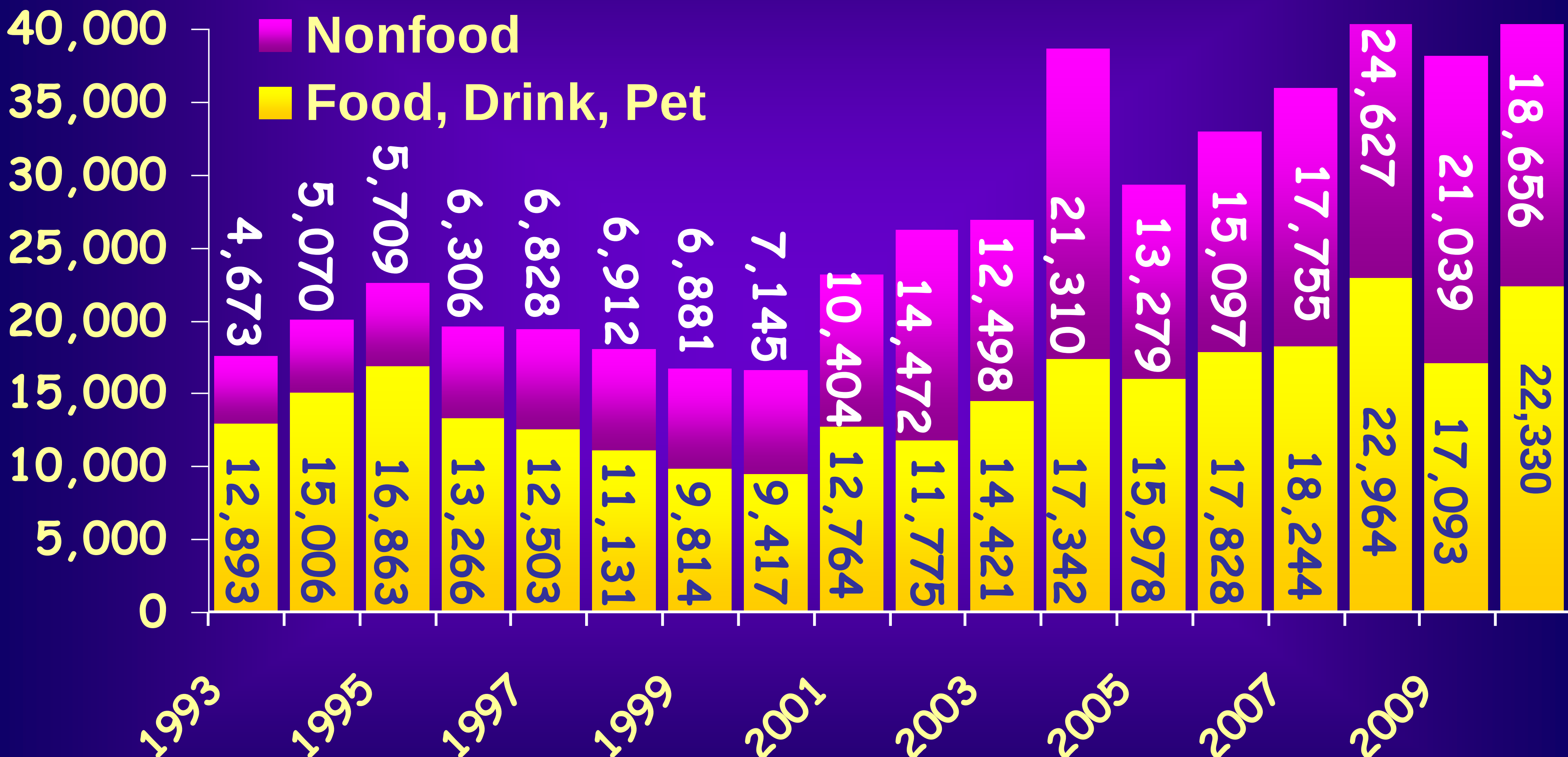
Social media is a tool with over 47,000 followers on Facebook and growing.

Blueberry Generic Promotion

- USHBC spent $2.2 million in 2011 on promotion out of a total budget of $4.5 million. The forecast promotion budget for 2012 is $2.8 million ($4.6 million total budget).
- An evaluation of the promotion program by Harry Kaiser* of Cornell showed:
  - An average benefit-cost ratio of 9.12.
  - The average grower price would have been 3.8 cents/kg (7.2%) lower from 2001-09 than it actually was – without the program.

*An Economic Analysis of Domestic Market Impacts of the U.S. Highbush Blueberry Council, Aug. 4, 2010.

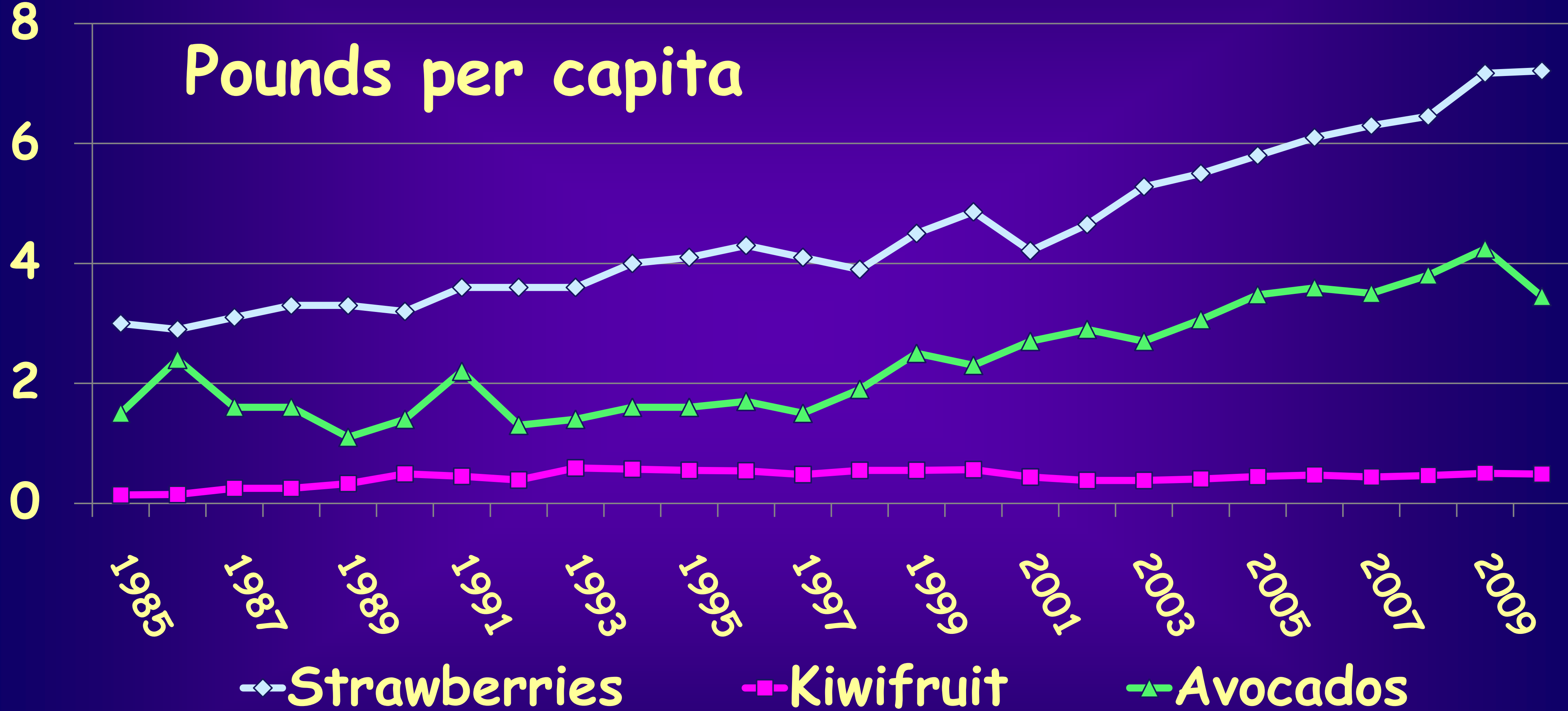
U.S. Grocery Industry New Product Introductions, 1993-2010 (and over 80% fail!)



Sources: Mintel's Global New Product Development Database for 2008-2010; earlier years various Food Institute Reports.

U.S. Per Capita Consumption of Selected Fresh Fruit 1985-2010

(all have positive health messages, and all but kiwis have generic promotion*)



Source: Fruit and Tree Nuts Yearbook, ERS/USDA, 10-28-2011

*But kiwis slashed generic promotion in the late 90's and were unable to sustain growth and capitalize on a positive health message.

McDonald's Introduces Oatmeal with RTE Fresh Blueberries: blueberry banana nut oatmeal (May 2012)

Some Important Berry Trends

- Major changes in fresh berry trade patterns include:

1) the emergence of Mexico as a replacement for Canada, Chile and Guatemala for raspberries

2) Mexico's powerhouse role in blackberries

3) Chile's emergence as a replacement for Canada for blueberries.

- Central Mexico offers proximity to the US market and temperate conditions year-round; the development of the black and rasp industry there is creating an important economic cluster led by key USA and Chilean shippers, generating interest in strawberries and blueberries.
- Mexico is just entering the blueberry industry, and some estimate that area planted is over 2500 hectares with half less than 3 yrs in the ground.

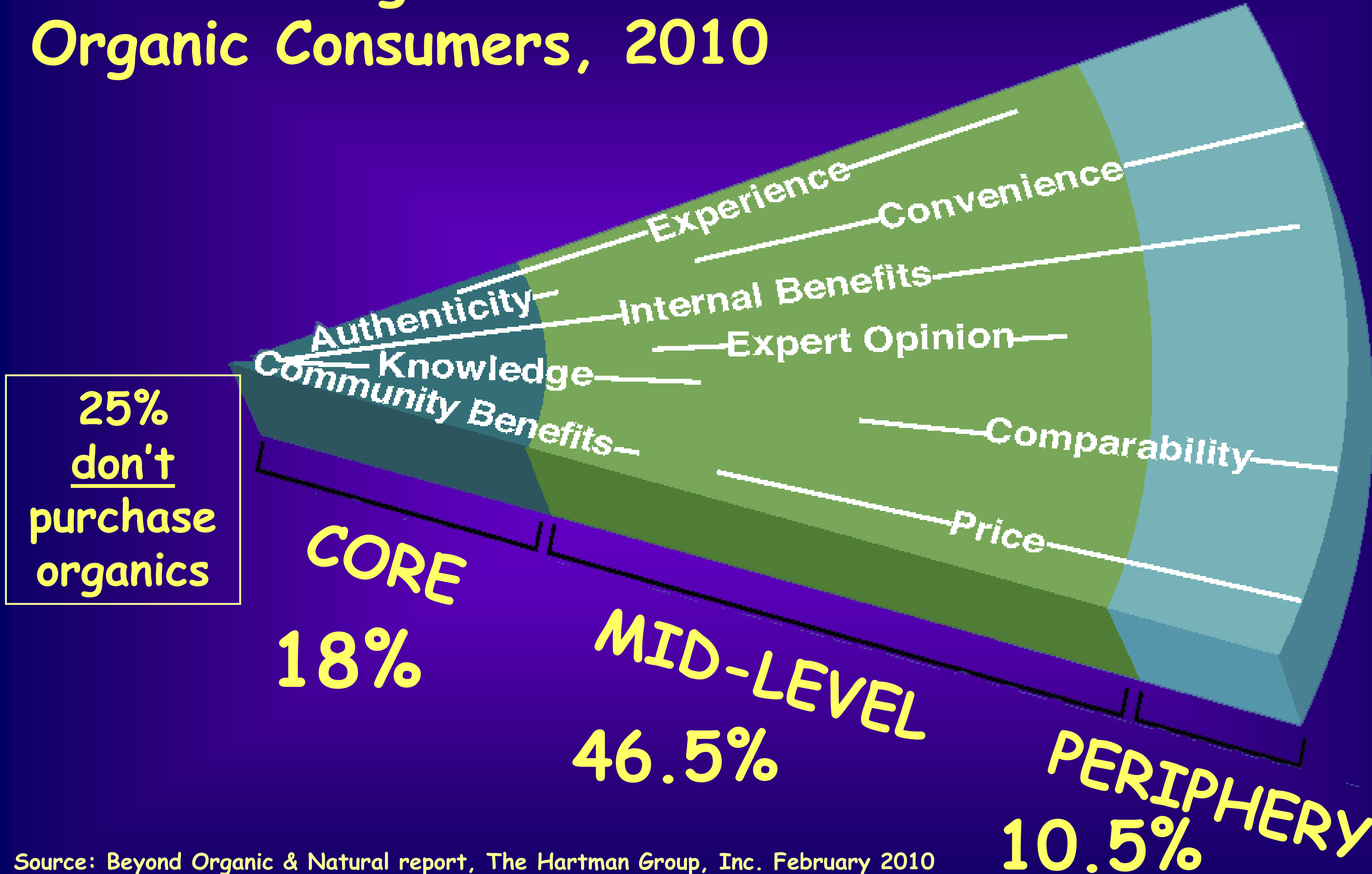
Understanding Consumers

Over the past decade, consumers have been redefining quality across virtually every food and beverage category

Yesterday	Today	Emerging
Scientific	Organic, natural	
Processed	Fresh / less processed	
Industrial	Local, personal	
Engineered		Real, authentic
For personal health		For personal wellness For community health

Source: The Hartman Group and PMA, Identifying Consumer Trends in the Produce Category, 2010.

Hartman Organizes the World of US Organic Consumers, 2010



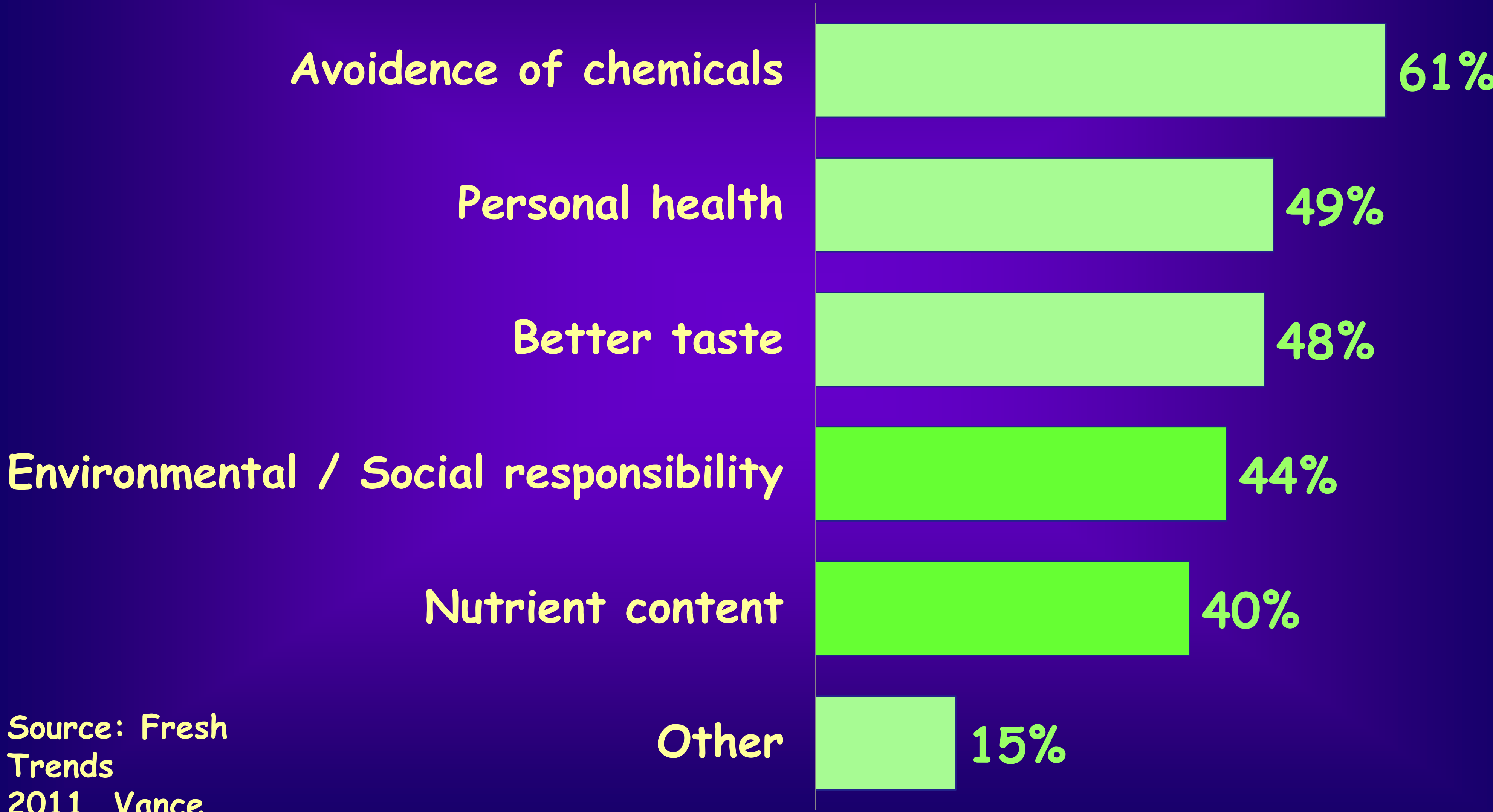
Source: Beyond Organic & Natural report, The Hartman Group, Inc. February 2010

US Organic Fresh Produce Sales, 2011

- The organic fresh produce category accounts for about 4.5 percent of supermarket fresh produce sales according to the Perishables Group.
- Organic berries account for 6% of total berry dollar sales and 4% of quantity.*
- Organic blueberry sales are 6% of total blueberry dollar sales and 3% of quantity in a sample of select supermarkets.*

*Source: Symphony IRI Group/Fresh Look Marketing.

US Consumer Reasons for Buying Organic Fresh Produce, 2011



Source: Fresh Trends 2011, Vance Publishing

Positioning for Success: Understanding Consumers and Retail-Supplier Strategic Partnerships

For suppliers: How are you positioned?

- ***<u>Customer Rationalization</u>***
- **Who are the most profitable?**
- **Who have significant growth potential?**
- **Who don't we sell? Why?**
- **Can we get to customer specific P&L's?**
- **How are we investing time and resources?**
- **Positioned for emerging independents, ethnic markets and price impact stores?**

Becoming Marketing-Driven

- Becoming customer-centric.
- Understanding that you will get there faster if you work together.
- Next level is to become consumer-centric.
- Consumer-centrism will increasingly be achieved via supplier-customer partnerships.
- Suppliers and customers must choose <u>strategic</u> partners – align with those who will succeed in the marketplace.
- Growers should receive higher returns over time if they market through the wide-line berry shippers that have the key accounts and are leaders in the marketplace.
- Selling through brokers and wholesalers contributes to market fragmentation, disorderly markets and downward pressure on prices.

Conclusions

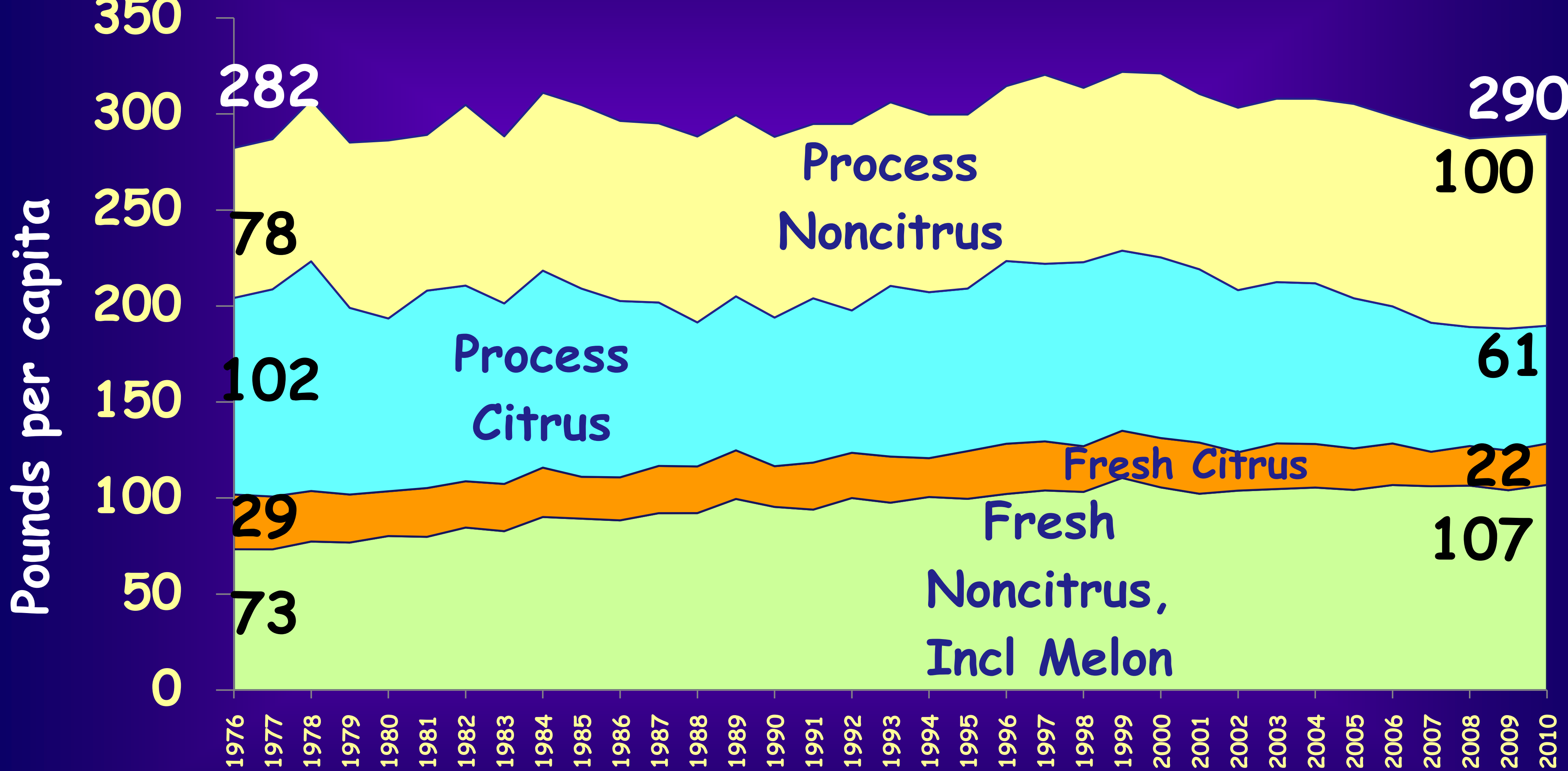
- Suppliers and buyers (retail or foodservice) who partner together to identify mutually beneficial actions may gain a competitive advantage in their respective markets
- Successful partnerships are likely to be based on achieving logistical or operational efficiencies and/or consumer insights that get THE RIGHT PRODUCT TO THE RIGHT CONSUMER AT THE RIGHT TIME
- Getting a handle on "meaningful" consumer segments that can be effectively targeted is challenging but today smaller segments may be reached more cost-effectively with "new media" – *how* to achieve this is a challenge

Conclusions

- Investments in information technology are critical to both streamlining the supply chain and firm level efficiency
- Costs of meeting certification requirements of various types will grow along with public expectations about ways of doing business
- Vertical coordination can better match supply and demand (meaning a profitable market-clearing price for efficient growers)
- Effective positioning requires understanding the fundamentals of the rapidly evolving food and fresh produce distribution system!

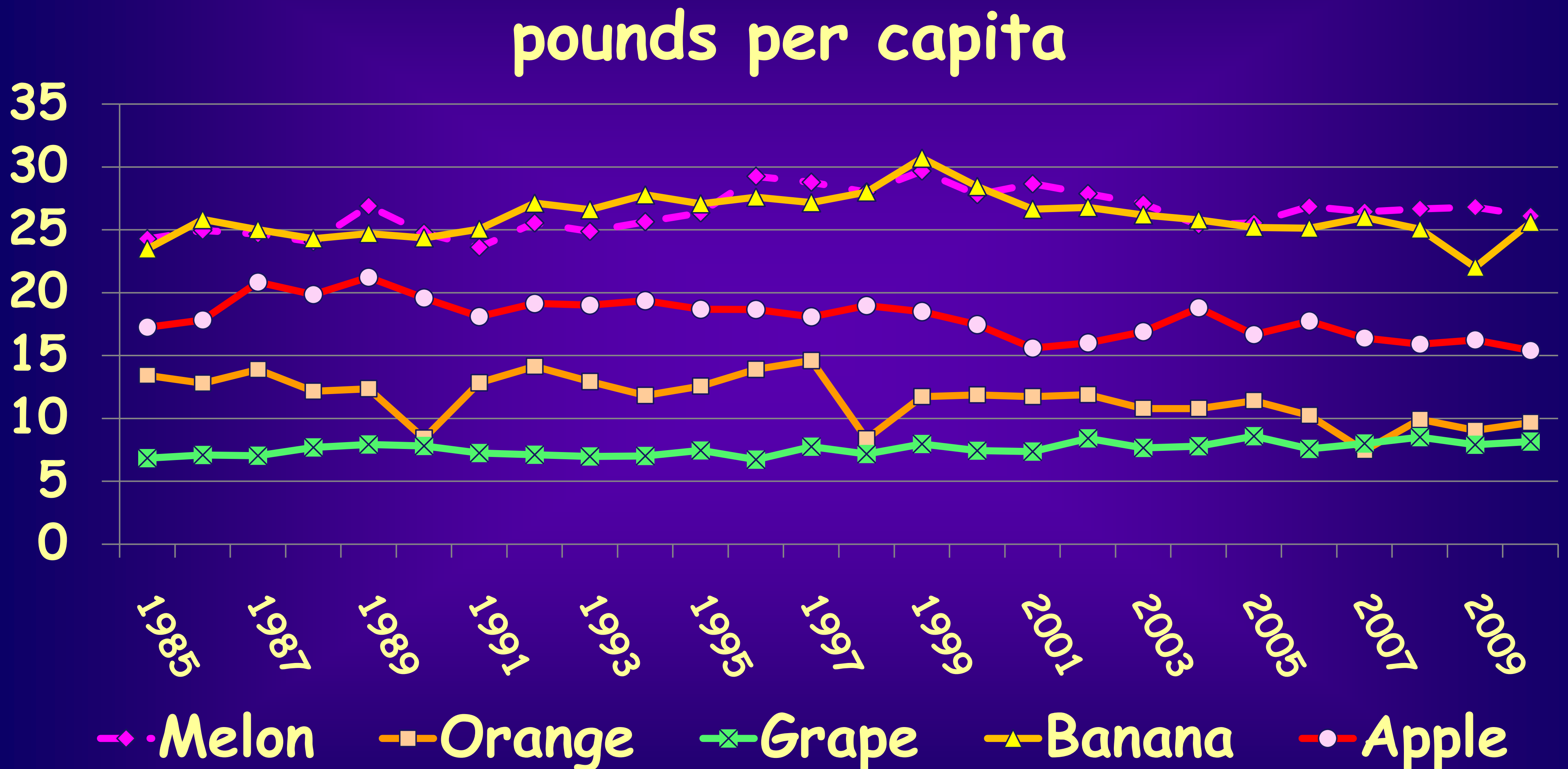
Supplemental Information

US Per Capita Fruit Disappearance/Consumption, Including Melons, Pounds 1976-2010



Source: Fruit and Tree Nuts Yearbook, ERS/USDA, 10-28-11, adjusted to include melons from Vegetables and Melons Situation and Outlook Yearbook, ERS/USDA, May 2011.

U.S. Per Capita Consumption/Utilization of Selected Fresh Fruit 1985-2010

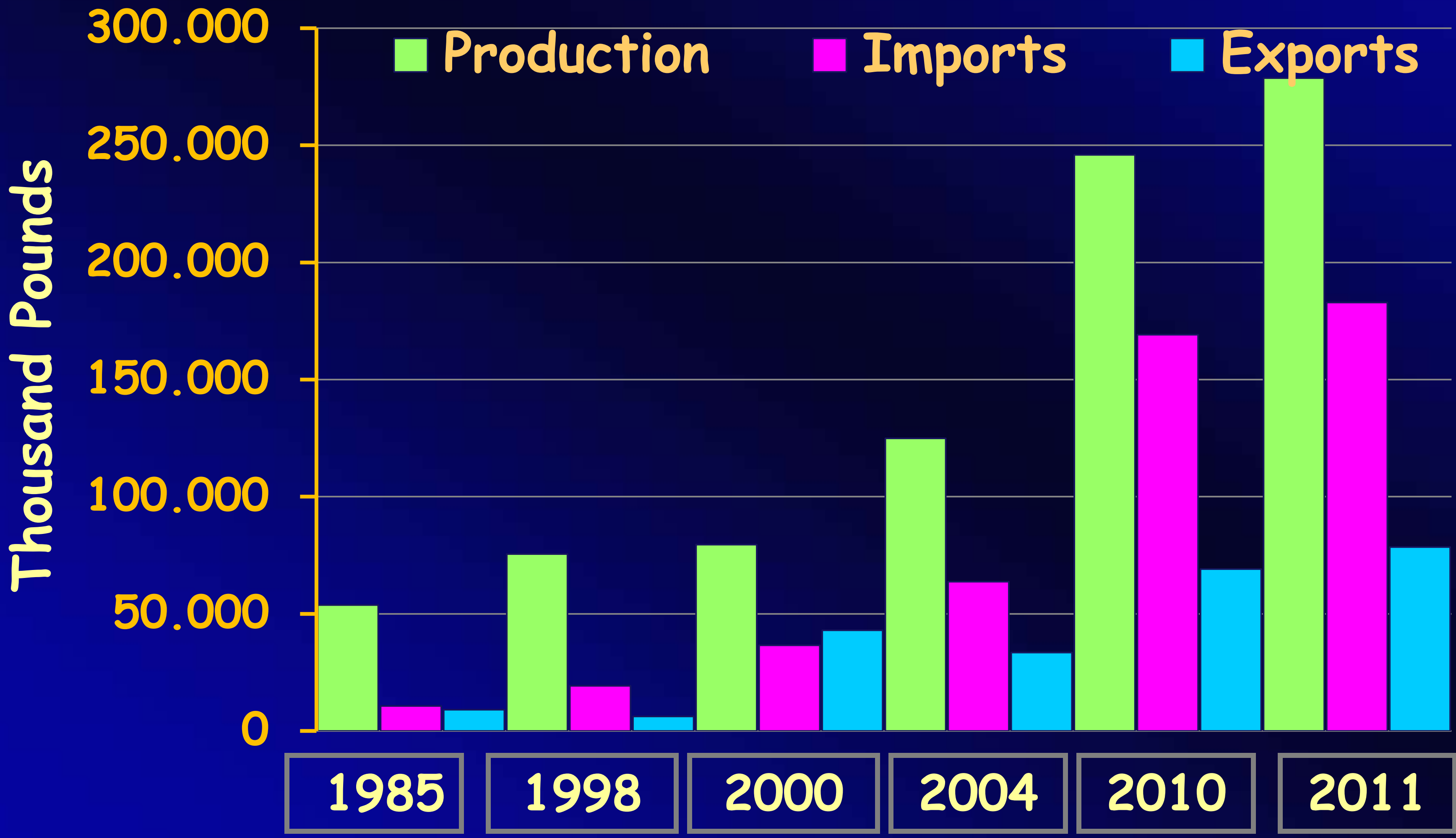


Source: Fruit and Tree Nuts Yearbook, ERS/USDA, 10-28-11

Key Berry Trends

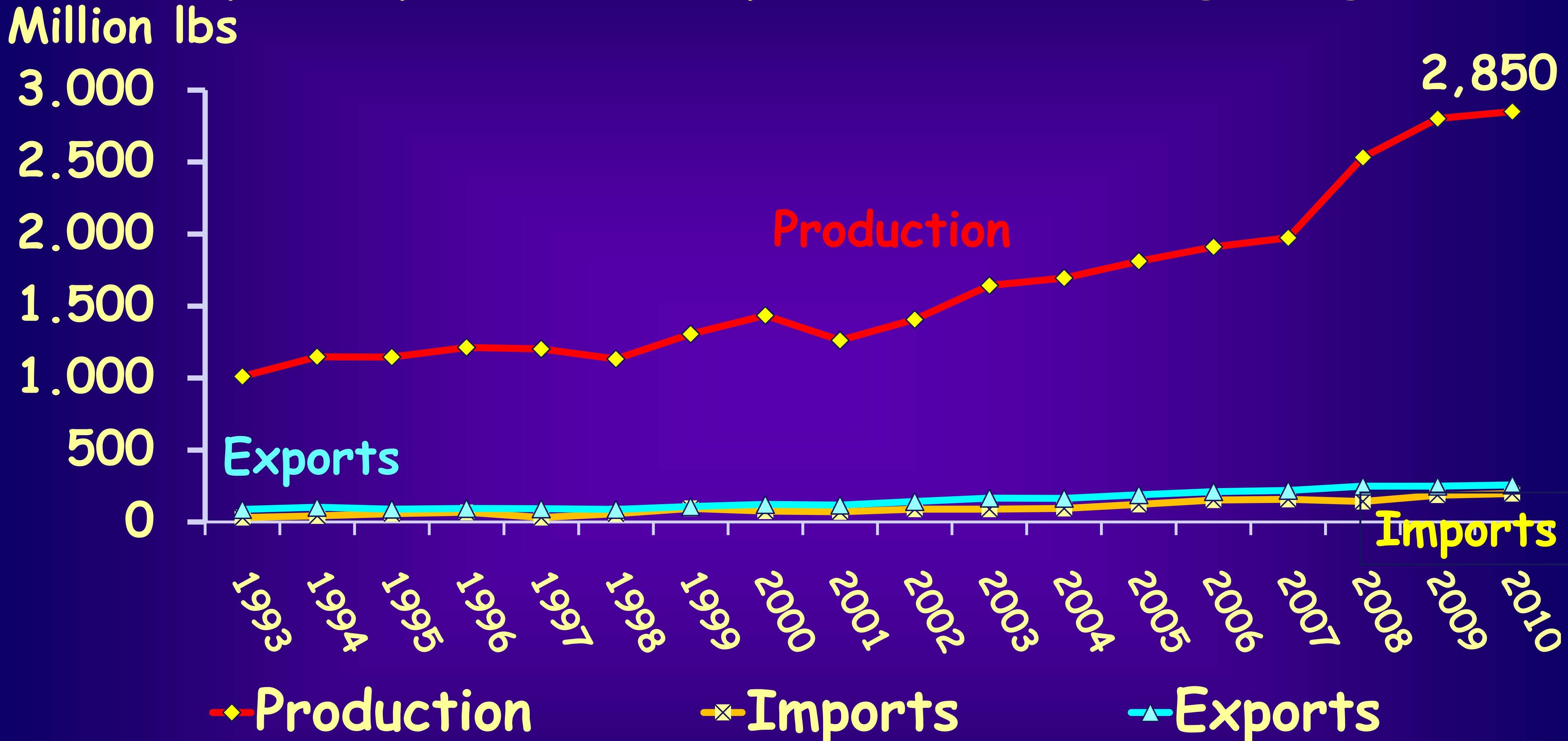
262,000 acres of berries planted in the US, 2007 Ag Census

U.S. Fresh Blueberries (Highbush): Production, Imports & Exports, 1,000 Pounds, Selected Years



Sources: USDA/ERS, October Fruit Yearbooks thru 2004; GATS/FAS/ USDA online queries for 2010-11 trade and NASS prelim for 2011 production.

US Fresh Strawberry Production and Trade, 1993-2010[1]: Not import dependent but imports from Mexico growing



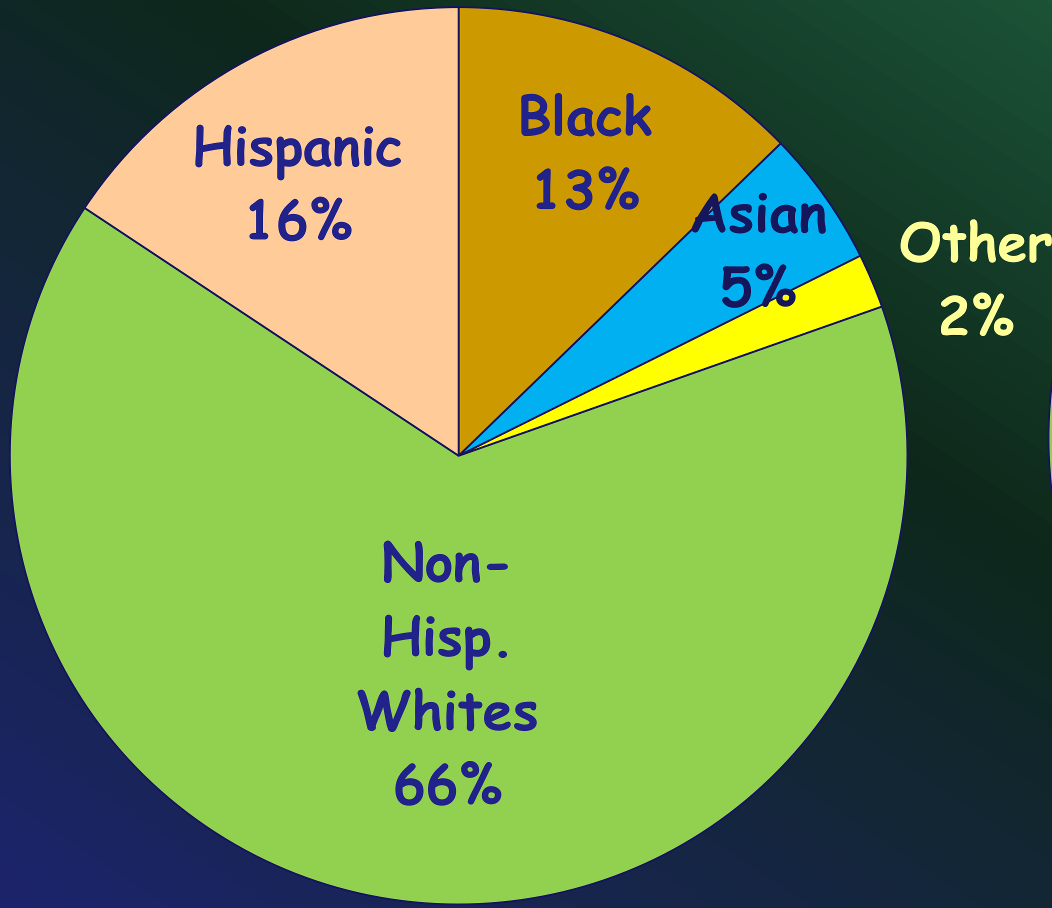
Sources: ERS/USDA Fruit and Tree Nut Situation and Outlook Yearbook, Oct. 2010 for production through 2007; NASS/USDA Noncitrus Fruits and Nuts 2010 Summary, July 2011 for production 2009-2010; GATS/FAS online queries for trade data. [1] Includes processed.

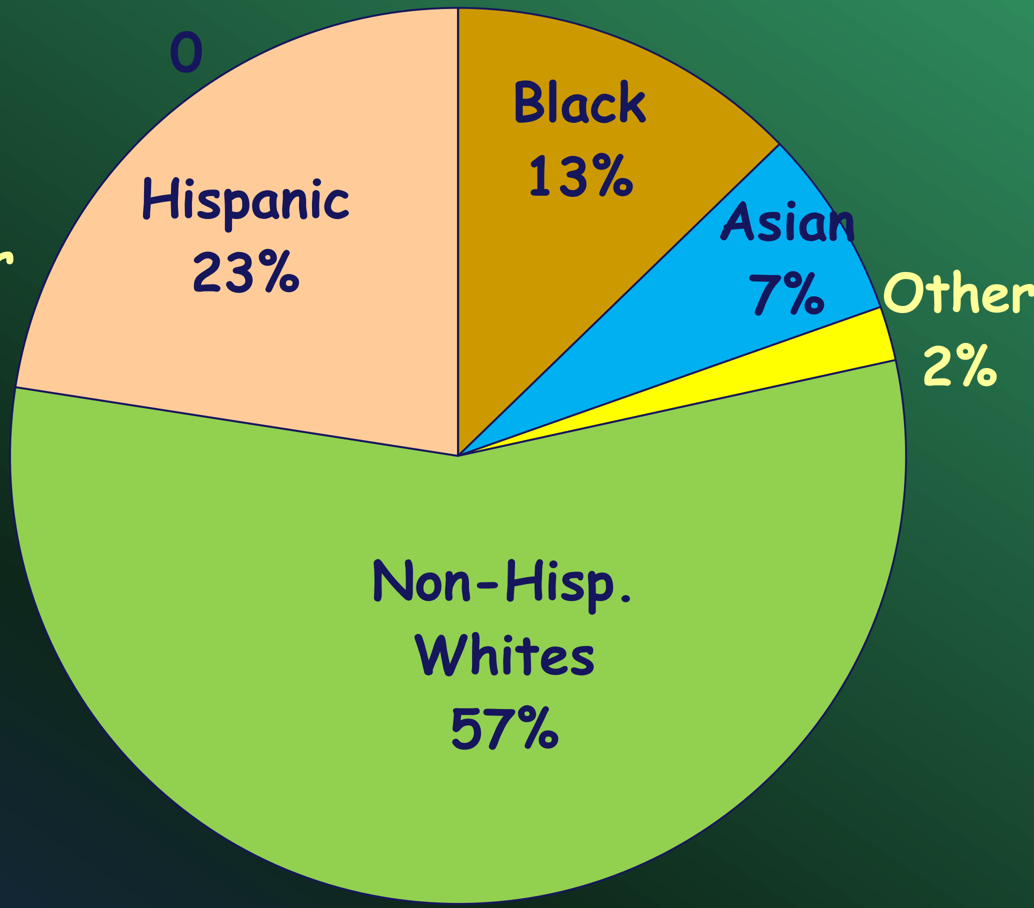
US Strawberry Production, by Key State, 2009

State	Acreage	Production Million Pounds	Share of Production, %
California	39,800	2,485.6	88.7%
Florida	8,800	237.6	8.5%
Oregon	1,700	21.1	0.8%
Washington	1,500	14.3	0.5%
Other	6,280	42.7	1.5%
Total USA	58,080	2,801.3	100%

Source: USDA/ERS online dataset.

Projected US Population



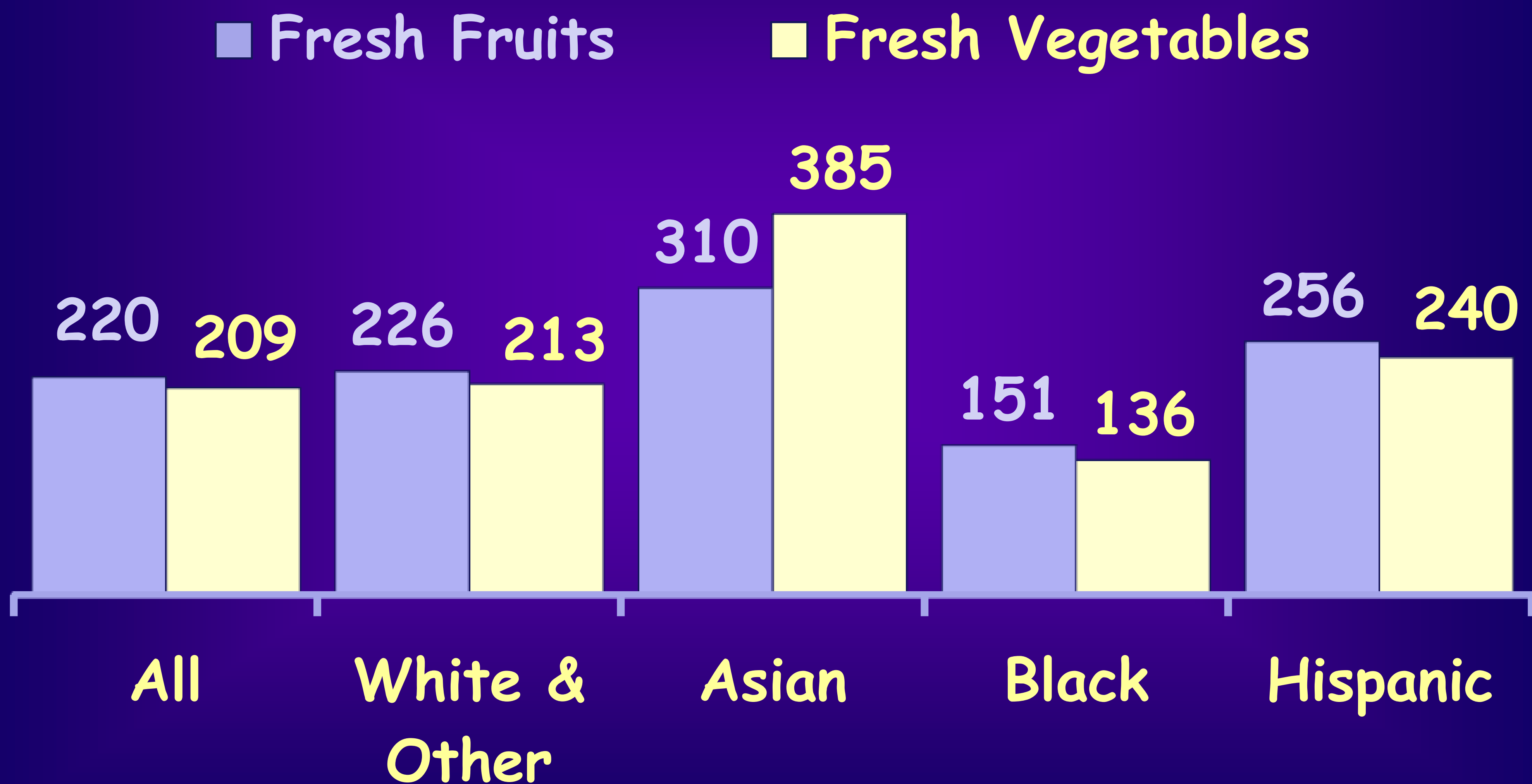


2010 310.233 million

2030 373.504 million

Source: www.census.gov

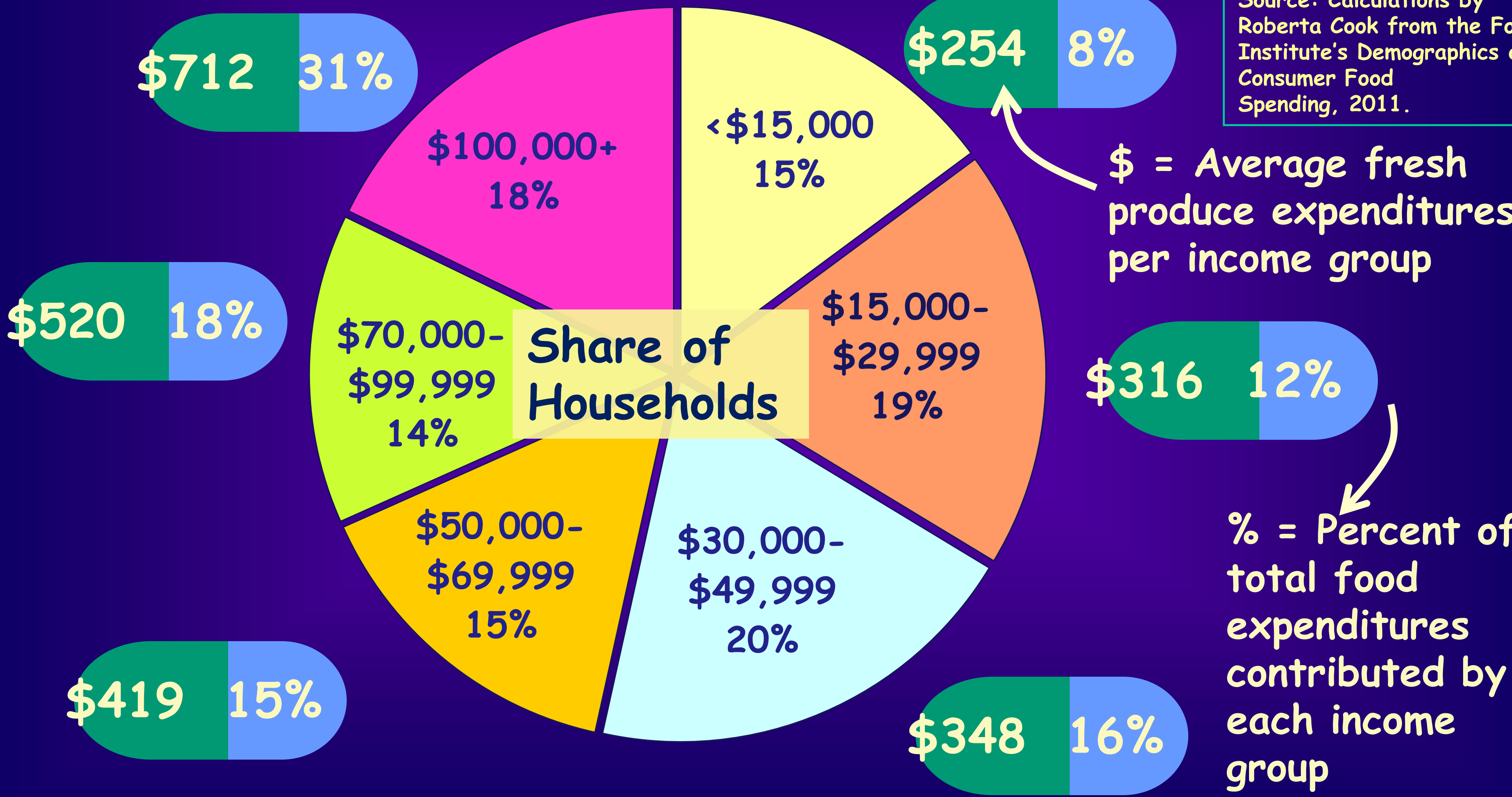
Average Annual Household Expenditures (dollars): Fresh Produce Expenditures by Race, 2009



Source: Food Institute's Demographics of Consumer Food Spending, 2011.

2009 Distribution of U.S. Households by Income Level, Share of Total Food Expenditures/Income Level & Ave. Fresh Produce Expenditures/Income Level

Source: Calculations by Roberta Cook from the Food Institute's Demographics of Consumer Food Spending, 2011.



Why Retailers Love Berry Consumers? They Spend Money

Very High 150+ | High 120-149 | Low 1-50

Behavior / Stage	Cosmopolitan Centers	Affluent Suburban Spreads	Comfortable Country	Struggling Urban Cores	Modest Working Towns	Plain Rural Living	Total	% HHs Top Stores
	LIFESTYLE							
Start-up Families HHs with young children only <6	143	219	101	29	41	11	108	9.3%
Small Scale Families Small HHs with older children 6+	130	205	90	26	37	9	97	8.9%
Younger Bustling Families Large HHs w/ children (6+), HOH <40	120	199	82	27	36	8	86	5.9%
Older Bustling Families Larger HHs w/ children (6+), HOH 40+	147	223	106	33	46	10	127	13.9%
Young Transitionals Any size HHs, no children, <35	147	207	100	33	41	12	90	9.6%
Independent Singles 1 person HHs, no children, 35-64	143	203	100	30	41	11	93	11.6%
Senior Singles 1 person HHs, no children, 65+	131	196	91	31	42	10	82	7.4%
Established Couples 2+ person HHs, no children, 35-54	139	204	96	29	39	9	102	11.2%
Empty Nest Couples 2+ person HHs, no children, 55-64	139	210	99	28	39	8	112	11.5%
Senior Couples 2+ person HHs, no children, 65+	132	202	91	28	38	8	97	10.8%
Total	139	208	96	30	40	9	100	
Percent Households Top Stores	20.8%	49.6%	17.2%	3.1%	8.0%	1.2%		

Source: Perishables Group FreshFacts® Powered by Nielsen.

Reasons for purchasing locally grown produce, 2011

Freshness	83%
Support the local economy	68%
Taste	56%
Like knowing source of product	40%
Price	35%
Nutritional value	30%
Environmental impact of transporting food across great distances	27%
Appearance	27%
Long-term health effects	15%

Source: US Grocery Shopper Trends 2011, FMI

Supply Chain Imperatives

- Streamlining the supply chain, improving vertical coordination, involves identifying mutually beneficial strategies and tactics, e.g., promotions, packaging, logistics
- Identifying which activities add more value than cost
- Eliminating non-value-adding activities
- Decreasing internal operational inefficiencies – due to lack of ERP's and underutilization of BI they are often hidden or not considered important enough to attract attention in more favorable markets – but with margin squeeze they count
- Sustainability/social responsibility goals, metrics and verification will become more important and firms will seek competitive advantages
- The same goes for traceability and food safety expectations and requirements; foodservice has led in food safety; and there is a growing and more active government role

Estimated Ranges of Losses in the U.S. Fresh Produce Distribution System

Distribution Activity	Percent Losses
Transportation	2.80 - 5.00
Wholesaling	2.50 - 5.03
Retailing	2.74 - 6.58
System losses	9.04 - 16.61

Update: 2010 Guestimate by Roberta Cook, Preliminary: 9-12% or $11-15 billion.

Source: Pierson, Thomas R., Allen, John R. and McLaughlin, Edward W., "Produce Losses in the U.S. Food Distribution System," *MSU Agricultural Economics Report*, 1983.

Percentage losses are based on dollar values of losses in each phase of distribution as a % of the wholesale value of products entering the distribution system.

Walmart Grocery and Fruit and Vegetable U.S. Sales, by Format, 2010 (million $)

Banner	Fruit & Veg.	Groceries	Fruit & Veg. Share
Supercenter	$9,666.4	102,652.1	9.4%
Sam's Club	2,418.9	24,406.2	9.9%
Walmart	0.0	7,991.5	0%
Walmart Market	264.8	1,999.0	13.2%
Supermercado	4.4	34.8	12.7%
Marketside	4.7	24.5	19.3%
Total All Formats	12,359.2	137,108.1	9.0%

Source: www.planetretail.net, online queries September 2011.

Walmart Global Sustainability and Social Responsibility

- Aims to cut food waste by 15% in its emerging market stores and clubs and by 10% in the U.S. and other developed markets.
- Walmart Market (previously trading as Neighborhood Market) will range in size from 30,000 to 60,000 square feet and provide a wider assortment of fresh grocery, as well as a bakery and delicatessen.
- Walmart Express stores are less than 30,000 square feet and will focus on a broad assortment of brands at everyday low prices, selling grocery, pharmacy and limited general merchandise.
- These store formats target "food deserts" and underserved areas in urban areas, bringing more affordable grocery prices and fresh food to urban consumers in more convenient locations. Multi-channel strategy allows Walmart to continue to grow as it approaches maturity of the supercenter format, with a bonus of gaining political points.
- Attempting to expand local sourcing of fresh produce to $1B in the US, reaching 10% of purchases.