

Industry Meets Pecan Challenges Head-On

When push comes to shove, the pecan industry gets creative to keep sales stable in Produce and give consumers what they want. **BY MICHELE SOTALLARO**



PHOTO COURTESY OF TROPICAL FOODS

Industry experts say that bulk pecan prices can range anywhere from \$4.99 to \$10 a pound.

It's been a bumpy ride for pecans over the past couple of years. In just 18 months (from July 2011 through January 2013), prices for both inshell pecans and meats dropped an average of 50 percent, according to a recent article written by Daniel J. Zedan, president of Nature's Finest Foods, Ltd., a Batavia, IL-based brokerage firm specializing in the marketing of tree nuts. A culmination of price, dry weather conditions and exports to China are the overarching reasons for this perfect storm of unfortunate circumstances for pecans.

Until 2007, pecans were primarily consumed in North America. The supply was plentiful and the exports were limited. During that same year, a short walnut crop resulted in higher walnut prices, and the second largest pecan crop in history shifted the balance of nut exports, according to Nature's Finest Foods. This event sparked interest from China and ignited a new purchasing philosophy whereby China cuts out the middle man (the sheller) and goes directly to the grower to buy product. The pecan industry and its future were immediately changed.

Retail prices for pecan meats increased to over 125 percent along with U.S. pecan exports to China — accounting for almost 30

percent of the U.S. crop. Throw in a severe drought throughout the pecan belt (the southern part of the U.S. that spans from California through Texas through Georgia — where most commercial pecans are grown) in 2011 and 2012, along with the natural affects of supply and demand, and we have a spastic crop with an uncertain future.

Rick Hogan, produce department supervisor/manager for the Grand Forks, ND-based Hugo's Family Market, says that, with the exception of roasted pecans, his store has "gotten away from selling fresh pecans in Produce due to the fact that cost is so high on them right now. So we're giving items to Grocery for them to focus on."

Hogan is researching and considering other options for selling pecans in Produce before committing to one supplier. His ideal scenario is to sell pecans in bulk within Produce because "just like any other produce item, people can relate more to freshness when it's not in a bag." But as it stands right now, Hugo's would have to sell pecans at a minimum of \$4.99 a pound for bulk — especially with higher margins in Produce — and "that, to me, is really high. Last year we were at \$4.68 a pound," explains Hogan.

As the growing season progresses, the pecan

trees in Texas and its neighboring states appear to be weathering the drought fairly well. Even though meat yields are down, overall production is not as detrimental as the industry speculated. Fearing the worst of U.S. pecan production from the drought, China focused its attention on South Africa to meet its demand for pecans. With China now fully stocked for its Chinese New Year, the U.S. pecan crop can benefit from a reprieve.

Prices In Limbo

"A year or two ago, China would take every pecan that the U.S. would export. China put a tremendous demand on all the nuts in the U.S., which is still driving up price," says Larry Griffith, Midwest business manager for Mariani Nut Company, Winters, CA. "Now the market has really softened up on pecans; growers had some good crops for a change, so the industry will start pushing more pecans because prices are down."

Vickie Mabry, executive director of the National Pecan Shellers Association (NPSA), Atlanta, GA, agrees with Griffith. "Prices have fluctuated because of supply and demand issues. Changing weather conditions impacted supply, and demand was impacted by overseas orders — primarily from China."



PHOTO COURTESY OF MARIANI NUT COMPANY

Nut Company out of St. Paul, MN — some of which are raw, so the pecans can be roasted on their own to create healthier roasts (since some varieties come with lots of salt)."

"Most of what we sell is shelled pecans," says Chad Hartman, director of marketing at Tropical Foods, Charlotte, NC. "During the holidays, we do get inshell requests. The majority of what we hear on the

consumer side is requests for pecans for the classic pecan pie. On the foodservice side, we'll hear about chefs flavoring pecans a certain way and using them as a garnish on a protein. Or I've seen examples where they are used for unique desserts. We do sell a little bit of pecan meal."

NPSA's Mabry says that pecans are a great baking alternative for health-minded shoppers. "Consumers are growing increasingly health-conscious, so it's important to market

John Robison, chairman of the Georgia Pecan Commission, Atlanta, GA, is optimistic about the future of pecans and believes that the industry is taking some new precautions. "Pecan trees tend to alternate bare, meaning a large crop is usually followed by a smaller crop the next year," explains Robison. "However, with new varieties being planted along with new cultural practices, alternate bearing may become less of a problem in the future."

Overcoming Adversity

Even though trying times might take sacrificial stabs out of sales, adversity forces the industry to get creative with its defense tactics. Whether the choice is to go from bulk to bagged, or inshell to shelled, or developing new recipes, retailers, marketers, packers, are confronting the challenges and finding ways to give consumers what they want in the way of pecan consumption.

"For about six to eight years, the bulk of pecan shipments in Produce were done in the last quarter of each year," says Mariani's Griffith. "Now shipments are fairly regular because of salad-topper usage in addition to baking."

"Though inshell has a presence in the produce section, the majority of the pecans we sell are shelled," says NPSA's Mabry. "Merchandising the products, especially with displays, helps increase sales."

"Retailers want shelled pecans because they are ready to use and convenient," says Georgia Pecan's Robison. "We find that bagged pecans in a 12-ounce size are popular, as well as the 16-ounce size."

"We offer bagged varieties, but no bulk options," says Maria Brous, director, media and community relations at Publix Super Markets, Inc., based in Lakeland, FL. "We do offer halves and pieces as well. All of our stores offer the [Valdosta, GA-based] South Georgia Pecan Company halves and pieces in Produce."

"We do sell a fair amount of roasted pecans in our bulk section," says Hugo's Hogan. "We have a bulk set of pecans from Bergin Fruit and

WE'RE CLEARLY NUTS.



Now all our almond products come in either foil bags or clear bags. Same great nuts, two different bags. You decide what's best for your customers. At Mariani Nut Company, the options are clear.



Product of California

To find out more, please contact Matt Mariani at 530-795-3311 ext. 135 or www.marianinut.com.

Visit us at PMA, Booth 235

DRIED FRUITS AND NUTS

this idea and the many ways pecans can be incorporated into the daily diet. For instance, pecans can be made into pecan flour, which is a great flour alternative for those who have celiac disease or those who wish to decrease their gluten consumption.”

Pecan Marketing Advantages

Like many nuts, pecans are recognized for their health and wellness support — especially heart-health benefits.

“The Georgia Pecan Commission has been promoting the health benefits of Georgia pecans for several years,” says Robison. “Georgia pecans have been certified by the American Heart Association as a heart-healthy food. Pecans also contain the highest level of antioxidants of any tree nut; plus they are rich in vitamin E, zinc, fiber, and heart-healthy monounsaturated fats.”

The Heart Check-Mark from the American Heart Association “designates pecans as heart-

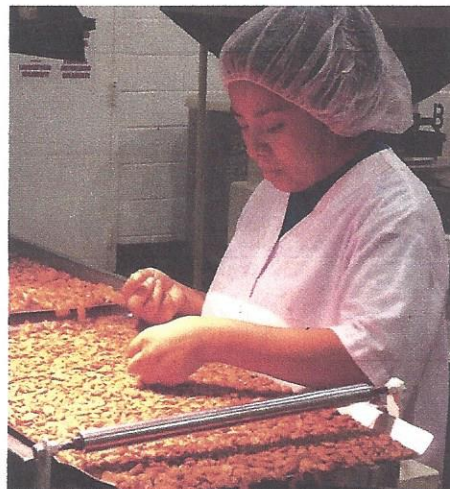


PHOTO COURTESY OF NATURE'S FINEST FOODS

healthy when consumed as part of a healthy eating pattern,” says NPSA’s Mabry.

The healthy messages also open a gateway for display and promotional opportunities in-store.

“I think attractive signage, and perhaps some sampling, would help increase retail sales,” suggests Georgia Pecan’s Robison. “Also, having health information on hand describing the many health benefits of pecans would be beneficial in increasing sales.”

“We incorporate the ingredients in our recipes through secondary displays and inline,” says Publix’s Brous. “Some of our recipes (for example: sweet potato hash, pecan crusted tilapia, spiced nuts, and praline chicken) may call for the use of pecans or suggest a nut variety of the customer’s preference.”

“We add recipes and product knowledge to our displays to accompany sales,” says Tropical Foods’ Hartman. “We like to give retailers a promotion — especially during the holidays. If the ‘red tag’ or store card is attached to that product, then that’s always a plus.”

“We offer recipes and do recipe cards with the displays,” says Mariani’s Griffith. “We try to participate in tie-ins with events that the retailer may have going on. We have half a pallet that retailers can bring in and cross-dock to stores. It’s shrink-wrapped, and all the retailer has to do is pull the shrink wrap off.”

“The goal of ours is not only to offer attractive packaging, but also easy-to-handle and easy-to-display merchandisers,” adds Griffith. “The simpler we make things for the retailers, the more likely they are to put product out.”

Hugo’s Hogan suggests cross-merchandising to boost pecan sales. “Bring in a value-added shelled program. Even if the bags and shelled merchandise are from a different department, bring pecans in and display them proudly — giving the product exposure, so you can gain the extra item in the cart.”

pb

Think Holidays. Think Figs.

Natural Additions to the Festivities.

Take seasonal favorites from good to great with California Figs. Look for Valley Fig Growers on Facebook, Twitter and YouTube.

Visit us at PMA
Sun-Maid Booth #2149
www.valleyfig.com
559.237.3893

Product of USA