

» By Warren Beaumont

## Wegmans Food Markets backs fresh and organics

AT THE PMA Fresh Connections conference held in Sydney in May was Dave Corsi, PMA (USA) chairman of the board and vice-president of Wegmans Food Markets, Rochester, New York. Mr Corsi says Wegmans turned over \$5 billion through 72 stores across five states with most stores having 80-120,000 square feet of trading area, and is ranked 30th in the Top 75 US supermarkets by sales. Mr Corsi spoke about the values and goals of the company, such as respect for people, to listen and care, making a difference in the community, and to keep offering their customers with choices which they haven't yet had.

The retailer is a regional chain with 48 stores in New York State and others in adjacent states, and opens 2-3 new outlets each year, with stores employing between 500-1000 employees. Mr Corsi was asked if being "regional" was an advantage. "Being family owned and privately owned we think is a true differentiation versus our competition as we are able to make decisions swiftly - have strategies that are executed faster and with less cost involved than the competition," he says. "More than being 'regional', we think it's being privately owned and family owned, where we have an advantage."

Mr Corsi described the Wegmans strategy as an upscale market, low price strategy that is about 3% lower than Aldi prices. Sales growth is being seen year on year. New stores are 120,000 square feet and contain 50,000 SKUs (stock keeping units) with 2000 in the fresh produce department and 500 different varieties, such as a 3lb and a 5lb Red Delicious apple. "About twelve per cent of the total floor space is taken up with fresh produce and that's about equivalent to its share of sales as well," Mr Corsi says.

Phenomenal organics sales growth at Wegmans stores over the last 4-5 years has slowed, and Mr Corsi believes this has more



Wegman's Food Markets: Organic sales have slowed from 21% in 2008 to 7% in 2009 - but this still represents good, healthy growth. The appeal of organics is now dominated by ages 35-54, with consumers representing more mainstream households with young children and an active lifestyle. Wegmans holds grower events and farmers days at the store, and in-store promotions for individual growers in the produce departments.

impacted fresh produce than dry products and natural supplements. "Regardless of the sales growth decline, it is still good, healthy growth and the decline is more due to the economy," he says.

The appeal of organics has changed from people aged 20-30 and over 50 who live in an urban area; to now dominated by ages 35-54, with consumers representing more mainstream households with young children and an active lifestyle. Organics sales growth figures are: 2005 - 38%, 2006 - 117%, 2007 - 38%, 2008 - 21%, and 2009 - 7%.

Mr Corsi says organic products were once displayed in a dark corner of the store but now are integrated with other fruit and

vegetables. Wegmans has its own 5-acre organic research farm in Western New York. This was started in 2007 as a testing ground to learn about the challenges faced by organic growers and share learnings with growers and partners.

Wegmans' stores have a European style open-air market appeal and Mr Corsi says the lighting is used to accent the produce and the seasonal appeal of products. With the alluring display of seasonal flavours on offer, organic products are often positioned close to the front of the store. A high standard of product merchandising is also critical. Part of Wegmans success is having high standards of specifications for products before they enter the store through quality assurance processes. Dieticians and nutritionists are available online, and, at regional zone stores, to talk to customers personally.

The retailer has a 'locally grown' program and partners with a community of 540 local growers. Wegmans surveyed customers and found local has a strong emotional connection, and that customers want sustainability, fewer food miles and fresher and safer food. Wegmans has grower events and farmers days at the store, and in-store promotions for individual growers in the produce departments.



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