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## Wal-Mart fights Tesco threat with small store openings

WAL-MART is set to open its first small-scale grocery stores in Arizona in a move to fend off competition from Tesco's Fresh & Easy format. According to city planning officials, Wal-Mart is refining plans it submitted to launch convenience store-sized markets – some close to recently-opened Tesco stores – in four cities southeast of Phoenix.

It is not known when exactly the stores will open and no name for them has been submitted on the application plans. The outlets will occupy approximately 1,400m<sup>2</sup>, which is less than half the average size of Tesco's stores and a fraction of the size of Wal-Mart's Supercenters. Officials said they have been told the new stores will offer similar merchandise to Fresh & Easy Neighborhood Markets.

"What they want to do is market tenant improvements so they can put in this new, smaller version of their grocery store," said Lisa Collins, planning director for Tempe, Arizona.

Tesco entered the US retail market last year, opening 37 Fresh & Easy outlets selling ready-to-eat meals and fresh produce in California, Arizona and Nevada.

This week, Wal-Mart became the first nationwide retailer in the US to require suppliers of private label and other food products to have their factories certified against Global Food Safety Initiative (GFSI) standards. These require food suppliers to achieve factory audit certification against one of its recognized standards, which include Safe Quality Food (SQF), British Retail Consortium (BRC), International Food Standard (IFS), or an equivalent such as Global-GAP. Companies have until July 2009 to become fully certified.

"Our customers expect high quality at every day low prices when they purchase any of our private label foods, and we're committed to meeting – and exceeding – their expectations," said Andrea Thomas, Wal-Mart's SVP, private brands.

Meanwhile Wal-Mart's Mexican arm, Walmex, has reportedly agreed to a strategic alliance with the country's Economy Ministry to promote more products from small and medium-sized businesses at its stores. The retailer said the deal will boost the ability of such businesses to compete for sales volume by means of marketing campaigns at Walmex stores. ★

### FRUIT LOGISTICA 2008

## Fruit Logistica set to draw record crowd

THIS year's Fruit Logistica trade fair in Berlin, Germany, is expected to attract more than 45,000 top decision makers from over 120 countries to meet an estimated 2,000 exhibitors, drawn from 70 countries.

The event, whose revised format will be served by main entrances to the north and south of the Berlin Exhibition Grounds, will boast 12 per cent more exhibition space than last year, covering some 81,000m<sup>2</sup> of space over 25 halls.

According to organizers Messe Berlin, the conference – now in its 16th year – is continuing to deliver double-digit growth, with this year's event set to see a 10 per cent rise in the number of first-time exhibitors, while 85 per cent of exhibitors are from outside Germany, including debutants from Madagascar, Latvia and Lithuania.

This year will also mark the arrival of two important new events. Freshconex, a brand new three-day trade exhibition designed specifically for the fresh-cut convenience sector, makes its debut alongside Fruit Logistica during the 7-9 February in Halls 7.2a and 7.2b of the Berlin Exhibition Grounds. ★

### CROPS

★ Brazil's 2007/08 Sao Paulo **orange** crop has been revised up to 366m 40.8kg boxes, compared with the 351.1m boxes seen in November, according to the Agricultural Economy Institute. The rise was attributed to favourable weather conditions.

★ According to the Farmers Confederation of Uruguay, domestic **apple** growers are facing a crisis following a fall in production of up to 20 per cent (15m kg). The losses have been attributed to changes in climate and plant health conditions.

★ **Avocado** exports from the state of Michoacán in Mexico have reportedly risen fivefold in the last four years. The region exported some 200,000 tonnes of avocados to the US last year, according to the *Seattle Times*.

★ Leading Brazilian **melon** producer and exporter Nolem is reportedly on course to export 8m cartons of melons by the end of this season, a 25 per cent increase on 2006/07, Nolem export manager Diego Medes told *Fresh Plaza*.



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## RETAIL

★ In the US, **Kroger** has sold four Dillons grocery stores in Missouri to the Associated Wholesale Grocers (AWG), which in turn will be sold on to independent retailers. Additionally, the retailer has confirmed the appointment of Jeff Parker to the position of president of the **Kwik Shop** convenience store division, where he will oversee 131 Kwik Shop stores in Kansas, Nebraska and Iowa.

★ **SuperValu** has announced that it is going ahead with plans to close its five Sunflower Market organic stores this month. A statement said: "A strategic decision has been made to close all five sunflower market stores during the week of 18 February."

★ **Carrefour's** Brazilian division has established a new partnership with Ceva Logistics, to begin in April, with the company set to carry out activities at a 12,500m<sup>2</sup> warehouse in Maunaus, northern Brazil. Ceva will oversee the reception, storage, sorting, and inventory management of thousands of items including food.

★ German discount grocer **Aldi** has broken ground on its first headquarters and distribution centre in Florida, which will collectively support 25 new stores opening in central Florida this year. The US\$40m, 46,500m<sup>2</sup> distribution centre will service stores in the Tampa, St. Petersburg, and Orlando markets, which Aldi plans to begin opening in September 2008.

★ In Chile, the anti-trust court has ruled against the proposed merger between **Falabella** and **D&S**, calling it "incompatible with free competition". The tribunal said: "It would produce enormous changes in market structure, creating a company that would be the dominant factor in the retail market in practically all its segments."

## MEXICO

### Industry information boosts produce sales

A SURVEY conducted by the Fresh Produce Association of the Americas has found that educating consumers on the Mexican fresh produce industry can help improve sales. The study of over 1,000 consumers aimed to measure the perception of Mexican produce both before and after information was provided to customers, with 14 per cent of people who initially had misgivings about the produce revealing a more positive outlook following the test. Association chairwoman Alicia Bon Martin said: "We can now track perception and behaviour modification from year to year and better evaluate the success of our marketing outreach." Elsewhere, a report by the USDA has revealed that Mexican apple production for the 2007/08 season is set to fall by 3.6 per cent to 580,000 tonnes, with pear production increasing by 2 per cent. ★

## PERU

### FTA will see Peru-Canada exports rise

EXPORTS of fresh produce from Peru to Canada, including mandarin oranges, mangoes and avocados, could see rapid growth if the pending Free Trade Agreement (FTA) is accepted by the two countries, according to Peru's chamber of exporters. The group's head of exporting companies, Jose Luis Silva Martinot, said: "The free-trade deal with Canada will permit us to diversify our exports by having an alliance with one of the world's most important markets." Elsewhere, Peruvian mango growers are anticipating a good crop this year following favourable weather. Larry Nienkirk, GM of Splendid Products, said that fruit quality is good, although market prices are not as high as last year. ★

## CITRUS

### South Africa fears for US market share

SOUTH African citrus exporters are increasingly concerned that their share of the navel and late mandarin market in the US could be under threat from an expected increase in South American clementines this year. Despite South African citrus performing strongly in the US, industry sources told *Newsline* that there was some anxiety among producers over what will happen to their market share when the extra volumes of South American citrus reach the US. South Africa's growers are also concerned that rising levels of power cuts in the country could affect harvesting and packing. ★

## GRAPES

### Coliman expands export offering

MEXICO'S Grupo Coliman is moving into table grape production for the first time this year. The company, which is on course to ship 600,000 cartons of avocados to the US this season, is also launching an organics range focusing on its core products – avocados, bananas and lemons – as well as a range of prepared fruits and vegetables. ★

## PEOPLE

### PMA names new chief scientific officer

THE Produce Marketing Association (PMA) has revealed that Dr Robert Whitaker, vice-president of product development and innovation at NewStar Fresh Foods, has been named as the group's first chief scientific officer. Dr Whitaker will direct the creation of the PMA's new science-based programmes and services. ★

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