RETAIL TRADE ATTITUDES TOWARD TEXAS FRESH CITRUS

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Survey Team

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HIGHLIGHTS

* Forty-three produce merchandisers were interviewed in 15 market areas of importance to the Texas fresh citrus industry. These merchandisers were responsible for produce merchandising decisions in more than 4500 retail stores. The markets included account for 58 percent of Texas fresh citrus shipments.

* The telephone interview was designed to identify major problem areas and concerns of the produce merchandisers regarding the quality of the Texas fresh citrus pack and the industry's generic promotion program.

* Among the problem areas noted by produce merchandisers, the observation was frequently made that Texas grapefruit sizes were smaller than Florida at every size level. Variable sizing of grapefruit within size categories was also mentioned by some respondents.

* While significant improvement in the Texas pack was noted by many respondents, further efforts in improving uniformity of pack and quality of fruit was urged. External appearance continues to be a matter of concern, particularly with oranges.

* A reduction in the size of the large bag of citrus was suggested for pricing reasons and to appeal to a broader segment of households. The appropriate size would likely be 12 or 15 pounds.

* No serious problems were noted with regard to either under or overfilling of cartons.

* Standardization of carton sizes with those of other producing regions continues to be a matter of concern among trade personnel.

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John P. Nichols*

Introduction

One of the key elements in a successful marketing program is a thorough knowledge and understanding of the people and organizations handling the product. This applies equally to individual firms and industry groups operating a joint marketing program.

The Texas citrus industry through its market order operates a program designed to enhance the orderly marketing of fresh grapefruit and oranges. The market order committee as a group, as well as individual growing and packing firms, make marketing decisions based on their knowledge of the product and the market they face. This knowledge should be based on both personal day-to-day experience as well as periodic, more general surveys of the trade. This report presents the results of a recent survey of one important level in the trade, the produce merchandiser.

The produce merchandiser in large retail chains is the individual who makes the decisions regarding which produce items are displayed to the consumer, and how they are presented including pricing, display space and use of in-store advertising materials. This responsibility is usually centralized at the headquarters level, or for national chains at the division or regional office. Store-level produce managers are responsible for carrying out the merchandising program conceived and directed at the chain or division level. Usually the produce merchandiser works as part of a team which meets weekly to set the sales and promotion strategies for all the store departments for the

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Survey Procedures

The sample was designed to be representative of the major markets in which Texas fresh citrus is sold. In addition, a few markets were selected where Texas citrus is not currently a large factor but, geographically, should have the potential to be expanded.

A list of all market areas into which Texas ships fresh citrus was used as a basis for selecting the sample.[1/] Data on volume of Texas citrus shipped into each market was used from citrus committee records and USDA fruit and vegetable unload statistics in sample selection. Sampling criteria included a desire to obtain markets that represent a range of Texas market share positions as well as a regional cross-section.

The 15 markets selected for this survey are shown in Table 1. Market share estimates presented for each of the last three seasons are based on unload records for Texas grapefruit during the Texas shipping season (October-April). In terms of volume shipped, the markets include 10 of the top 12 markets for Texas citrus for the 1975-76 shipping season. Total shipments to these 15 markets accounted for approximately 58 percent of Texas fresh grapefruit and orange shipments during that season.

Three firms were selected to be interviewed in each marketing area. Generally these represented the larger chains in each market and included national as well as regional and local chains. In most markets an attempt was made to interview both pure retail chains as

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[1/] These markets have been identified by the Market Order Committee for recordkeeping purposes and are defined as the 1973 ADI (Area of Dominant Influence) markets for television. ADI markets are defined by Arbitron, American Research Bureau of the Control Data Corporation and represent geographic areas which are dominated by a common set of television stations. These are used as the delineation for market areas as many companies develop advertising and promotion strategies on an ADI basis.

well as firms who operated independent wholesaling activities in addition to their own retail stores. The merchandisers interviewed were responsible for produce merchandising decisions in more than 4500 stores in the 15 markets, averaging more than 100 stores per firm.

The questionnaire was developed after discussion with industry leaders to ascertain major areas of interest.[1/] A preliminary series of personal interviews were held during meetings with firms in Houston and Dallas before the questionnaire was finalized. Interviews were conducted by telephone with the produce merchandiser in the selected firms. Completion time for the interviews varied from 35 minutes to one hour. In order to obtain the desired sample, numerous call-backs were required to make contact with appropriate personnel, schedule and complete the interviews.

[1/] A copy of the questionnaire used may be obtained from the author through the Market Research and Development Center.

Results

Several areas of inquiry were of primary importance in this survey. These areas provide the basic organizational framework for discussing the results: (1) buying and merchandising practices, (2) opinions regarding pack and quality and (3) industry promotion programs.

Forty-three usable interviews were obtained from the 15 market areas. Of these, 19 were national retail chains (44 percent) and 24 were local or regional firms. Most firms interviewed were primarily retailers only, although five operated as independent wholesalers in addition to their retailing business.

In the analysis of much of the data no significant regional or firm-type differences were detected. This was due to the limited size of the sample and the variation in responses obtained from merchandisers. In many cases there was general agreement among respondents from all types of retailers in all regions. For these reasons the results reported below do not emphasize regional or firm type except where some significant observation was made.

Buying and Merchandising Practices

It was noted in Table 1 that Texas share of unloads in the survey markets is quite high during the Texas shipping season. For the firms surveyed, the share of grapefruit obtained from Texas throughout the year averaged about 50 percent with slightly higher estimates in the South Central area and lower in the North Central and Western markets (Table 2). Oranges obtained from Texas have a much lower share averaging about 11 percent for all the firms surveyed but three to four times as high in the South Central markets as in other areas. This illustrates the fact that Texas oranges do not compete significantly in markets very far beyond the borders of the state.

among firms become apparent. Each firm has a view regarding the clientele they are marketing to and they select products to merchandise accordingly.

In bulk grapefruit displays many of the firms interviewed presented two or more types of grapefruit at the same time throughout the main part of the season. One of these was a larger "premium" fruit merchandised to the higher income clientele. In addition, a smaller fruit (40-48's) was displayed as a volume item which could be advertised and used as a traffic builder. Responses regarding the sizes of grapefruit used are summarized in Table 3. Size 32 was mentioned most frequently and size 48 was second. This distribution appears to confirm two concentrations in the sizes: larger fruit, 27-32 and smaller, 40-48. Both pink and white grapefruit are offered by some firms in addition to a choice between Texas and Florida grapefruit. This can result in a large number of different choices available to consumers and in some cases can create problems for store personnel in maintaining displays and determining the correct price at the checkout.

Table 3. Respondents indicating use of bulk grapefruit by size, 43 retail chain divisions, 1976.

Size	Percent Using
18	5
23	32
27	63
32	67
36	40
40	51
48	65
56	3

Table 5. Share of grapefruit merchandised in bulk vs. packaged by region, 43 retail chain divisions, 1976.

Region	Bulk	Packaged
	percent	
Western markets	81	19
North central markets	69	31
South central markets	60	40

Table 6. Share of oranges merchandised in bulk vs. packaged by region, 43 retail chain divisions, 1976.

Region	Bulk	Packaged
	percent	
Western markets	69	31
North central markets	56	44
South central markets	63	37

Size 56 grapefruit. One area of specific concern in this survey was the role and importance of size 56 grapefruit in merchandising programs at retail. Only two of the 43 firms interviewed currently merchandised size 56 grapefruit. Among the rest there were many who recalled merchandising this size in the past but none who had any recent experience or plans to handle it. The firms which did use 56's were independent local would otherwise be small. Nine percent indicated that full season shipments of size 56's would be appropriate.

Of those respondents who suggested that 56's not be shipped at all, few indicated that the availability of 56's hurt their business. Most thought that it was just not a good value for consumers and thus contributed to a bad image for the industry. The possibility that some retailers using 56's caused a demoralized market environment for grapefruit did not appear as a major concern among retailers.

Many respondents indicated that if 56's were to be shipped they could be differentiated so that they would not compete directly with larger sizes. The suggestion made by over a third of those interviewed was to permit the 56's to be sold only in a bag which could be uniquely labeled and identified to the customer.

In summary, two key ideas were expressed by the respondents regarding size 56 grapefruit. The first is that most did not use this size and probably would not under any realistic circumstances include it in their merchandising program. In view of this most thought that the industry probably should not permit 56's to be shipped. It is also important to note, however, that there was no strong evidence to indicate that a significant disturbance in retail grapefruit marketing occurred as the direct result of having 56's available. This last point may be tempered somewhat by noting that these observations have been made after a period of limited 56's availability. If this small size were moved into a retail market area in large quantities for a period of time the reaction of produce merchandisers could be different.

Trade Opinions on Pack and Quality

A second major area of inquiry focused on merchandisers' opinions of the Texas fresh citrus product. The survey was designed to cover

Table 9. Merchandisers' reasons for buying and merchandising Texas grapefruit; 43 retail chain divisions, 1976.

Reason	Percent[a/]
Customer demand	25
Good overall quality	20
Flavor	11
Price	11
Other	8
No comment	25

[a/] Total number of responses = 36

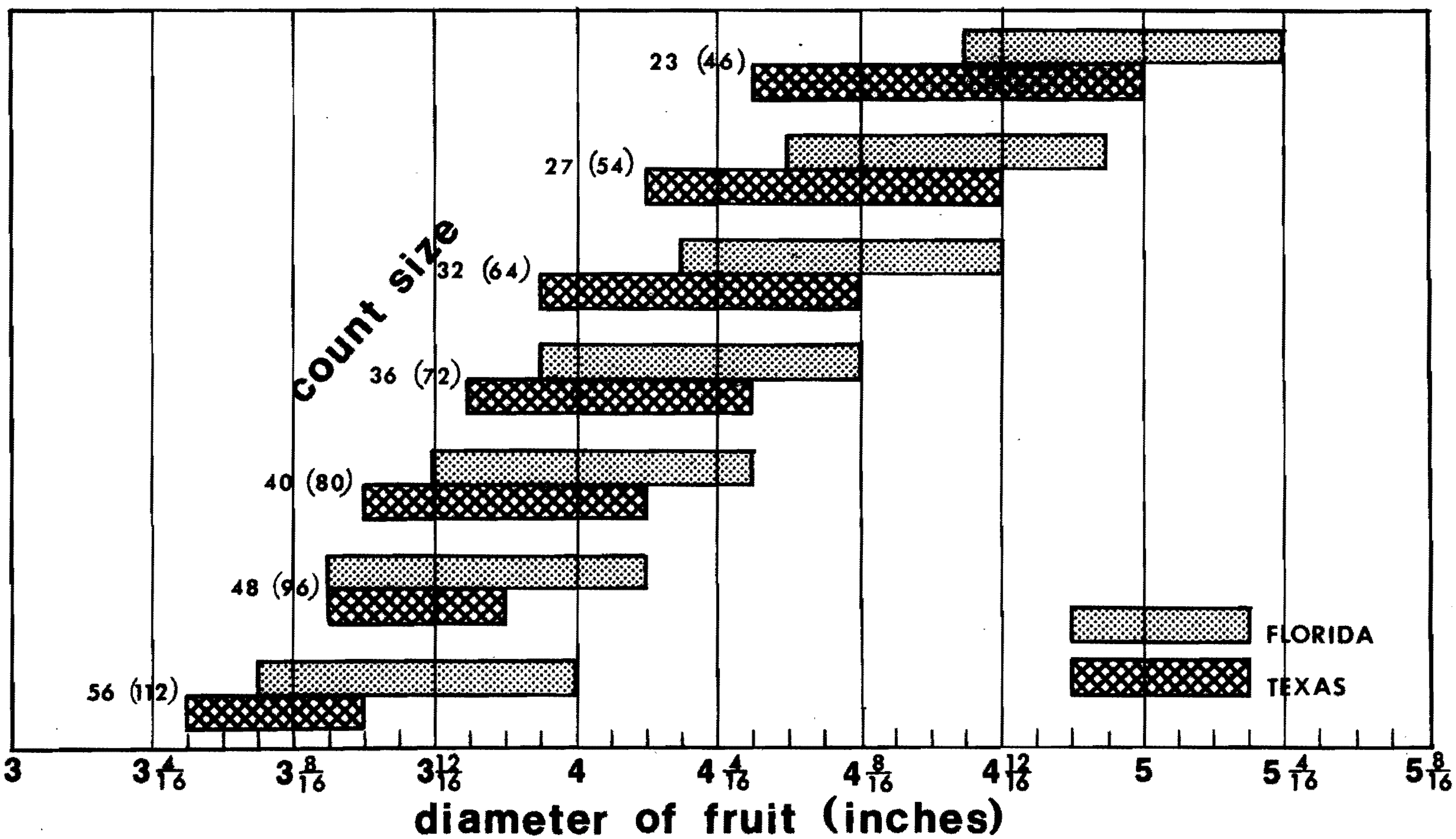
Approximately 50 percent of the merchandisers interviewed indicated no difference in comparing the typical pack from Texas with that from other areas (Table 10). Of those who did perceive a difference the most commonly mentioned was a problem of size (26 percent). Appearance was noted as a problem with Texas citrus by 7 percent of the respondents.

Table 10. Differences noted in Texas citrus pack compared to that of other producing areas, 43 retail chain divisions, 1976.

Response	Percent
No difference	51
Difference	
Size	26
Appearance	7
Other	11
Texas has better sizes and appearance	5

FIGURE 1

COMPARISON OF STANDARD SIZES PERMITTED FOR TEXAS GRAPEFRUIT AND FLORIDA SIZES AS DEFINED IN U.S. STANDARDS



size from 23's to 56's. It is clear from this that Texas regulations permit smaller fruit to be shipped for every size except 48's and even there the maximum permitted is smaller (Appendix Table 1 and 2).

In this discussion many of the respondents commented on the fact that the Texas carton was of a slightly smaller dimension, thus the containers were still full even though slightly smaller fruit may be used. The 7/10 bushel telescopic carton used for much of Texas shipments is smaller in length, height and in most instances width, than the generally comparable Florida containers (Table 11).

The problem of under and overfilling of containers was included specifically in the survey as it was anticipated that this was a concern of produce buyers and merchandisers. More than 75 percent of the respondents indicated that they had encountered no problems of this nature (Table 12). Some respondents (16 percent) did note a problem of underfilling but most of these indicated that it was not of a regular nature or of major importance.

Table 12. Respondents noting problems with either under or overfilled cartons, 43 retail chain divisions, 1976.

Response	Percent
No problem	77
Underfilled	16
Overfilled	5
No response	2

When asked if they had encountered problems in obtaining supplies of citrus from Texas, 25 percent indicated that they had encountered some problem in obtaining adequate supplies of the larger sizes. This was not limited just to the early season but included the holiday period and into January. There appears to be some feeling, particularly

Additional comments include a concern for standardizing carton sizes with other producing areas and a need for coordinating the carton sizes with pallet sizes and working with the trade on developing the coordinated system. In shipping fruit from warehouse to retail store, several cartons each of different types of fruit are mixed on a pallet and improved efficiencies could be gained through having more standard sizes.

Also noted is the growing interest in receiving fruit in bulk bins for direct delivery to retail stores. Additional consideration of optimum containers and handling systems for this was encouraged. A desire was also indicated by two merchandisers for a one-layer gift pack with 8 to 12 grapefruit similar to those being shipped by the apple industry.

Comments were made regarding improvements in the quality of the pack. Appearance of fruit was mentioned by several particularly regarding oranges. Most of these recognized that this may be beyond the control of the industry; however, a few thought that tighter standards might help improve the appearance of the pack.

In summary the major problem with the pack, if any exist, is in the area of sizing. The major competitive supply source was considered to produce a more uniformly sized pack. This was the most prevalent comment; however, the general consensus among those interviewed is that the industry is providing an improved product compared to that of several years ago.

Trade Opinions of Industry Promotion Program

Several specific issues were addressed in this section of the survey. The importance and frequency of personal visits of industry representatives to produce merchandisers; opinions on substitute merchandisers. Of those interviewed 37 percent indicated that such information was useful when provided through such visits. There were many, however, who were not interested in this source of information regarding crop conditions since these respondents felt that the industry representative is not up-to-date on crop conditions and more current sources are available.

Those who were interested in obtaining crop information in this manner generally represented firms which bought through brokers or were too small to have their own company buying organization. For larger firms, current and seasonal crop information is most efficiently obtained through their own buyers who work in the major producing regions. For this reason, many prefer that the communications from various industry promotion organizations focus primarily on merchandising and advertising assistance.

The cost of personal visits by industry representatives is of concern particularly to smaller industry promotion organizations with limited budgets. Reducing the frequency of visits is one method for holding down the cost of conducting this activity. When asked about the ideal frequency of personal visits 47 percent of the produce merchandisers indicated either one or two per season (Table 14). Twenty-three percent suggested three or four per season while 14 percent indicated a desire for more frequent visits. Twelve percent indicated the personal visits could be cut out entirely.

Substitutions for personal visits include telephone and mail contacts. About 30 percent of those interviewed felt that these alternatives would not be a good substitute for direct personal visits (Table 15). The remaining 70 percent were about evenly split between preference for telephone or mail contact. A few indicated that either method would be acceptable.

Several reasons were offered in support of preferences. Those who preferred telephone contact, if a substitute for personal visits was necessary, indicated they liked the discussion and interchange that this method afforded. Personal contact is important to them and they indicated mailings tend to get overlooked or thrown away.

Those who prefer a mail contact, when a substitute is necessary, indicated that this method gave them something they could file and refer to in the future by reading them at their own convenience. Telephone calls were considered to often interrupt other work and thus be more of a hindrance than a help.

It appears evident from these responses that some opportunity exists for conducting a good industry program with limited personal visits. Both telephone and mail contacts can be used as a tool in contacting trade personnel. However, one method cannot be used to the exclusion of all others. As with any good sales program, nothing replaces knowledge of each individual customer and tailoring a program of contacts which best meets his preferences. A program which uses limited personal visits accompanied by mail contact and followed up with sufficient telephone contacts should be successful and efficiently utilize the limited available resources.

The produce merchandisers interviewed were asked to indicate what type of material would be most useful in a newsletter from the Texas citrus industry. Forty-seven percent indicated that general crop information and industry trends should be included (Table 16). Most recognized that through a mail communication the day to day situation could not be adequately reflected but they felt that general outlook and situation was still important even if weather conditions resulted in an outcome different from that projected early in the season.

Table 17. Type of contests preferred by produce merchandisers, 43 retail chain divisions, 1976.

Contest type	Percent of respondents
Display	63
Advertising	16
Other	14
None (don't participate)	7

There was considerable difference of opinion regarding the best method to judge display contests. Many preferred using photographs as a basis for awarding prizes since this method is the easiest and least time consuming. Others felt that a sales improvement basis should be used to judge the winners as this is the fairest method. However, the record keeping problems of this method limit the actual usage of this system.

One important observation which can be drawn from the comments of the respondents is the strong interest in localized contests. Many merchandisers prefer to have the contest run within their own chain or division so that they can generate more interest among the store level personnel. National contests with only limited numbers of prizes limit motivation among produce managers in the store as much as within-chain contests even when the prizes are smaller. There seems to be a trend among the produce merchandisers of the larger chains toward this type of contest.

Since tailor-made contests would not reach all retail firms, some form of national contest will continue to be appropriate. However, to

Summary and Conclusions

The purpose of this study was to survey produce merchandisers in major Texas fresh citrus markets to determine their opinions regarding quality, pack and the promotion program of the Texas citrus industry. Major problem areas and concerns were identified as they affect the handling and merchandising of citrus at the wholesale-retail level. A detailed analysis of each of these problem areas was not the purpose intended for this report.

Following is a summary of comments and conclusions relating to the quality of the fruit and general citrus pack.

1. Among the problem areas noted by produce merchandisers, a concern for the fact that Texas grapefruit was smaller than Florida grapefruit at each size level was most frequently noted. Variability of size within a size category was mentioned by some respondents as a problem with Texas grapefruit.

2. While significant improvement in the Texas pack was noted by many respondents, further efforts in improving uniformity of pack and quality of fruit was urged. External appearance continues to be a matter of concern, particularly with oranges.

3. A reduction in the size of the large bag of citrus (18 pound) was suggested for pricing reasons and to appeal to a broader segment of households. The appropriate size would likely be 12 or 15 pounds.

4. No serious problems were noted with regard to either under or overfilling of cartons.

5. Standardization of carton sizes with those of other producing regions continues to be a matter of concern among trade personnel.

information plus general crop information particularly regarding season and longer term outlook.

6. Industry sponsored contests directed toward the trade continue to be an important part of the total marketing mix. The major emphasis of these in the future, however, needs to be the development of division or chain level contests, tailor-made to the needs of each firm and merchandiser's philosophy.

In summary, trade attitudes toward Texas citrus appear to be more positive than ever before, particularly for grapefruit. Interest in Texas grapefruit in some large market areas where Texas' share has recently become significant, indicates the potential for further market expansion if well planned marketing programs are pursued. The change in opinions of merchandisers in recent years is related to improvements in quality and uniformity of pack and strengthening of promotion programs. Continued emphasis on these policies and resolution of the problems outlined in this report will lead to further improvement in the competitive position of Texas citrus in the marketplace.

APPENDIX

Appendix Table 1. Maximum and minimum diameters for Florida grapefruit by size as specified in United States Standards for Grades of Florida Grapefruit.

Fruit Size	Diameter in Inches		Range in Inches Diameter
	Minimum	Maximum	
18 (36)	5	5 9/16	9/16
23 (46)	4 11/16	5 4/16	9/16
27 (54)	4 6/16	4 15/16	9/16
32 (64)	4 3/16	4 12/16	9/16
36 (72)	3 15/16	4 8/16	9/16
40 (80)	3 12/16	4 5/16	9/16
48 (96)	3 9/16	4 2/16	9/16
56 (112)	3 7/16	4	9/16

Source: United States Standards for Grades of Florida Grapefruit: Effective October 15, 1967 as amended through January 31, 1973. USDA, Agricultural Marketing Service.