



The Fresh Perspective

August 2009

Fresh departments benefiting from consumer desire for healthier lifestyles

On the heels of an announcement from Whole Foods that the retailer will return to their original focus on healthy eating, health is beginning to steal the supermarket spotlight from the widely discussed economic woes.

A survey by the Robert Wood Johnson Foundation and the Trust for America's Health reported 31.7% of U.S. adults are obese. Meanwhile, survey data from the National Health and Nutrition Survey shows 2.7 million children in the U.S. are obese, tripling in the last 25 years. In reaction to these staggering statistics, consumers are starting to make significant changes to their diets. In a March 2009 Perishables Group consumer survey of 1,500 respondents, 72% of consumers said they are buying more fresh fruits and vegetables than they were a year ago, because they are trying to eat a healthier diet.

Both retailers and vendors are using creative methods to appeal to the new desire for healthy meal and snack options. While a number of retailers have implemented shelf label systems to identify more nutritious options (including Guiding Stars, Nutrition IQ and NuVal labeling, among others), suppliers are now getting into the mix. The Smart Choices program, developed by scientists, nutritionists and consumer organizations, is the first front-of-package nutrition labeling program and is set to appear on approximately 500 products in the coming months (*Progressive Grocer*).

The perishables departments - with fresh, nutritious options and minimal preservatives compared to center-store foods - are staged to benefit from consumers' growing preference for healthy products. Some categories are already showing evidence of the shift.

Though the in-store bakery houses carb- and sugar-loaded (yet delicious) options, retailers are offering and selling more healthy alternatives. Healthy options such as no trans fat and items with flax grew, fueled by expanded distribution.

In the produce department, superfoods are conquering space in shopping carts. Blackberries and blueberries grew 22.6% and 16.3% in dollar sales in the past year, compared to just 0.8% growth for fruits overall. Spinach increased in volume and dollar sales, despite declines in distribution points selling and a decrease in volume for the vegetables super-category overall. Within refrigerated juices sold in the produce department, premium items (specifically those including superfruits) became more prevalent over the past year. Of the 220 refrigerated juice items introduced in the latest 52-week period, 23.6% included pomegranates, blueberries, açai, cranberries, or some combination of the preceding.

Ideal for healthy brown-bag lunches, low sodium service deli meat grew 15.8% in sales and 13.8% in distribution compared to a year ago. This category was led by low-sodium ham with more than \$52 million in sales and an 11.8% increase from the prior year.

As consumers continue to shift to healthier diets, salmon has become a popular meal option within the seafood department. Despite its higher price point than many proteins in the meat department, salmon increased 3.7% in dollar sales, outpacing the total seafood department dollar growth of 1.9%.

Continued on page 2

What is your opinion about the longevity of the health focus in the food industry?

It's a fad; it will fade quickly
4%

It will continue to grow in the near future, but will level off like most trends
35%

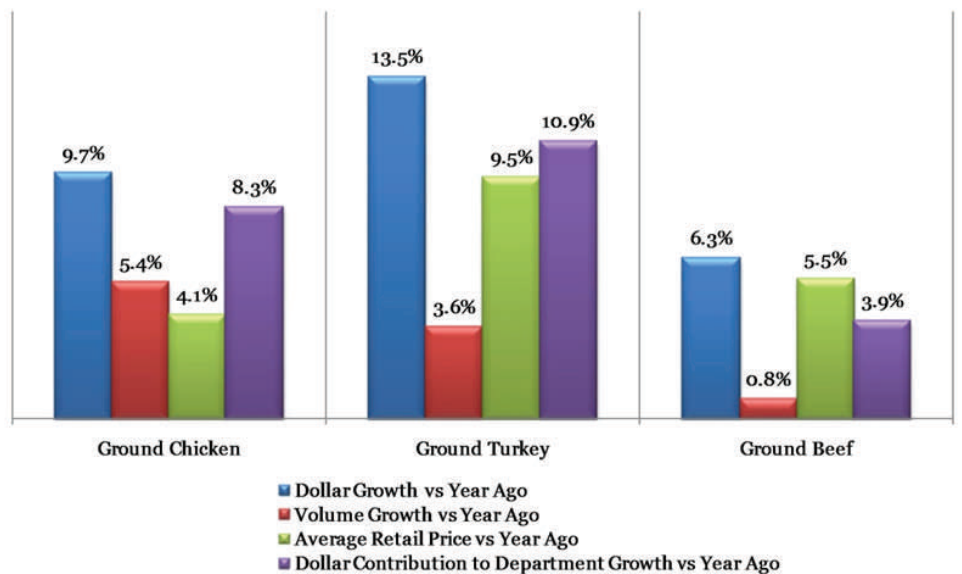
People are changing their habits; the healthier purchase choices will continue in the long run
62%



The Fresh Perspective

Fresh Ground Chicken, Turkey and Beef Trends

Total U.S., 52 Weeks Ending 5/30/09



Dollar Contribution to Department	Ground Chicken	Ground Turkey	Ground Beef
	0.3%	1.4%	13.7%

Shoppers in the meat department are turning to leaner protein options. While ground beef accounts for a larger contribution to the meat department, ground chicken and ground turkey both experienced larger growth in dollar sales in the past year, up 9.7% and 13.5% respectively. Ground turkey experienced the greatest volume growth of the three categories despite its 9.5% increase in average retail price.