



Market Fresh Produce  
Partner Network Benefit - White Paper

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## INTRODUCTION

In the produce industry today, many growers, shippers, repackers, processors, and wholesalers are limited in their expertise and ability to connect and leverage volume through collaborative efforts with others in the same space especially as it relates to supply chain logistics. Most operators are experts at the products they handle and know what their local and regional customers want and need to satisfy customer demand; quality, pack size, organics, healthy, specialty, and the corresponding price sensitivity by customer and item. However, in many cases, the provider in the network is limited in their ability to see beyond their specific product niche(s) and expand their offering to other markets, products, and most importantly expand their distribution network to new customers.



## PRODUCT/SERVICE/METHODOLOGY

Our research has shown that there is a need for a platform that offers small to medium sized companies in the produce industry a source for complex supply chain solutions, product marketing and sales support, and expertise in connecting the dots between other produce businesses to create opportunities to streamline and drive efficiency in the supply chain. Our research has also shown that there is a trend toward more organic, healthy, produce based food items and specialty items that are driving proliferation of SKU's in the retail and foodservice distribution networks. These new items are a challenge to procure and transport efficiently in smaller, less dense quantities while at the same time driving faster turns and fresher product to meet growing consumer demands. Our research has also identified changes occurring within the sourcing of product as Mexico growing regions develop, overseas sourcing expands, and vertical and/or indoor farming expands placing growing areas closer to their destination distribution centers.

# KEY FINDINGS

## Key Findings #1



Third-party facility providers benefit from the ability to enable distribution into surrounding markets that would otherwise not be penetrated due to distribution weakness given partners independent product and service offerings. Combining the partners unique offerings and products along with other providers offerings and products enable those partners to have the density needed to support entrance into new customers and markets. Leveraging a platform approach across multiple growers and distribution providers allows the operator the ability to penetrate new customers and markets in a cost-efficient manner and support business growth that is fragmented and unrealized in today’s network.

## Key Findings #2



Growers and shippers have varying degrees of sophistication regarding their sales, marketing, and supply chain logistics expertise and capabilities. Generally, smaller and medium-sized grower/shippers that are working to penetrate markets with new and specialty items are not able to leverage other providers volume and product movements to drive efficiency and create a competitive environment for their product offerings. Further, their expertise is not conducive to development and management of sales, marketing, and supply chain functions within their career background and within their company scope and structure. To hire people with the ability to solve for complex supply chain situations, most businesses cannot afford and sustain the infrastructure (people, processes, technology) to drive this level of sophistication. Leveraging a platform approach creates the density and volume to support an initiative that will provide benefit to the partners. Further, grower/shippers are reluctant to collaborate broadly across other businesses in the industry whereas it may be viewed as a violation of space that each may be competing for. With a platform approach, the competitive environment is erased inasmuch as volume is treated based on operational merit and not on preference to one provider versus another.

## Key Findings #3



Transportation capacity and service are critical to the success of produce distribution. Produce tends to move a considerable distance from growing areas to their final destination. Produce is highly perishable and sensitive to temperature requiring additional monitoring and handling to maintain the cold chain and keep product safe. Consumers are demanding fresher product, healthy food items, and unique product that are trending to more fruit and vegetable base. Moving a highly sensitive product a long distance in a fast and flexible manner while driving to improve freight and handling related costs can be extremely difficult. As the trucking industry swings back toward a tighter capacity market and transportation costs continue to increase, having the optimal logistics solution in place is paramount. The platform approach provides density of volume and frequency of movement to satisfy multiple customer objectives. Leveraging the platform to lock-in on dedicated transportation resources and leverage the logistics partner expertise and technology creates a solution that is not otherwise available to produce businesses in today's environment.

## Visual Data

Our research has indicated that initial target redistribution hub locations best suited for our platform are those markets considered "Food Deserts" regarding current distribution capacity and proximity to populations that find accessibility to unique and specialized products more limited. Some of those key market areas are Memphis, TN, N Florida, Upper Midwest, Mountain region (Denver), W PA/NY & NE Ohio.

Further, our research has confirmed the need for central redistribution for handling products coming from Mexico and SW and West origins and ports of entry heading to destinations in the Midwest and East. The same has been found to be true with products coming from Florida and Eastern origins and ports of entry heading to destinations in the Midwest, SW and West.

U.S. Retail Grocery Distribution network based on weighted average of warehouse square foot capacity. Based on the top 75 retail grocery companies operating out of over 530 facilities.



U.S. Food Distribution Center network map resembling the U.S. population density map as food distribution centers are generally located close (avg 250-mile servicing area) to the most populous customer locations.





## CONCLUSION

The new platform developed by Market Fresh Produce satisfies the key findings in the research paving a new path in the industry to support the anticipated growth and consumer demand.

### Key Takeaways

- Third-party facility providers can expand their reach into new markets and customers.
- Growers and shippers can enhance their network and penetrate new markets and customers in a cost-efficient manner.
- Transportation and logistics sophistication can be realized by small to medium-sized businesses that would otherwise struggle to meet customer expectations for fast, flexible, and cost-efficient product distribution.