

The Mid-Atlantic Bounty of

MARYLAND



A look at this unique market's challenges and rewards

BY HEATHER LARSON

Maryland's busy trade encompasses the entire supply chain with all its ups and downs. In this highly populated area, trading is brisk and provides a setting for opportunities and business lessons learned no matter how your company functions.

WHAT'S MOVING

As a prime shipper to metropolitan markets along the East Coast, including northerly neighbor Canada, Maryland growers and wholesalers move millions of pounds of fresh produce. For commodities that don't grow in the mid-Atlantic locale, they are readily available given Maryland's proximity to local ports of entry.

Tony Vitrano, president and CEO of the Tony Vitrano Company in Washington, DC, says broccoli and onions have been selling well, along with grapes, soft fruit, and citrus—though the latter was pricey due to weather-related shortages.

www.producebluebook.com

"As far as vegetables, people are still eating healthfully," Vitrano notes. "We sell more kale than we did five years ago, but standard vegetables like broccoli and romaine are better sellers."

Fresh-cut is holding its own, he says, but is not as big a mover, though his 3- to 5-pound bags of spring mix are popular with both restaurants and stores.

This is backed up by Eddie Salcedo, president of E Foods Distributing, based in Nogales, AZ. Salcedo says watermelon, honeydew, tomatoes, bell peppers, squash, pickles, and eggplant are among his highest demand shipments to the East Coast. And when there are weather events, as Vitrano mentioned, imports from Mexico via Arizona or Texas rise accordingly.

Holly Mozal, a Market News reporter for the U.S. Department of Agriculture (USDA), at the Maryland Wholesale Produce Market in Jessup, cites another example of shifting or rising demand—the highly sought after bitter melon.

This particular trend, she notes, is tied to nearby Washington, DC's significant Middle Eastern population. "Many produce items that have an association with ethnic pockets throughout the area have increased in demand."

Another part of the equation is income. Because of Maryland's high median income, which is upwards of \$75,000 a year, Stone Slade, agricultural marketing specialist for the Maryland Department of Agriculture (MDA) in Annapolis, says shoppers don't hesitate and "can buy

whatever they want." In turn, this creates opportunity for everyone along the fresh produce supply chain.

Despite demand, however, there is one factor dampening spirits—higher shipping rates and delivery delays. Most blame new freight regulation, specifically the implementation of electronic logging devices as the culprit. Salcedo says rates have increased by more than 40 percent, and foresees no relief anytime soon.

"We used to have 20 trucks going to Maryland, now we only have 10 or 12,"

Salcedo points out. Worse yet, competitors from Florida that often ship the same products, have a shorter distance to Maryland and can ship for as much as \$1,500 less per load.

REVAMPING THE JESSUP MARKET

Forward thinking, well-managed terminal markets can be a bonus to produce vendors and their customers, and the Maryland Wholesale Produce Market, aka the Jessup Market, is one of them.

Operated by the Maryland Food Center Authority, its 400-acre site offers ample space for its more than two-dozen merchants. Recent improvements discussed by the Food Center included new dock canopies, enclosed docks, a farmers' market and commercial kitchen, conquering food waste, and adding more space.

Some progress has been made, with other items still on the drawing board. The project to replace the front dock canopy was completed and went so well the Market actually won an award (second place to be exact, for excellence in market renovations from the World Union of

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FRESH FORUM

What three words or term would best

Mike Royster

Loving's Produce Company, Inc.

Longevity because our company was started prior to World War II by a local farmer, Harry Loving (who passed earlier this year) and lives on today with two of his sons, Gary and John in control. We sell whatever anyone wants and that's how we provide **excellent customer service**. And we sell quality **local** produce.

Angela Hopkins

Maryland Wholesale Produce Market

We control costs for our tenants, making us **efficient**. Because our market is always open and offers a quality product, we're considered **reliable**. We're able to service our surrounding community because of our **diverse** tenant mix.

Wholesale Markets). The Market managed to complete the project in just 60 days, without disruption to trading.

And although one idea, enclosing the docks, was scrapped for having what some termed as a negative impact on tenant business, Angela Hopkins, director of finance and leasing at MFCA, says the Market staff is still enthusiastically investigating other items, like the farmers' market concept. "With a farmers' market and commercial kitchen, we'd have more of a retail section," explains Hopkins, noting that the Market is already open to the public.

"We're most excited about what's happening a half mile away," shares Hopkins. "At the Maryland Market Center, which used to be a seafood market, we plan to erect a wall to separate the seafood and the nonseafood side, and give the vacant units a modern, fresh look. We already have two produce tenants signed on." When all the vacant units are filled, the building will be expanded by 130,000 square feet.

"Another exciting project in the works is an anaerobic digester being built on

land we own, so we can take our waste to a place just five miles from us," enthuses Hopkins. "Landfill is one of our biggest costs, so with this digester tenants will pay less and we'll get energy out of it.

THE RETAIL VIEW

Like most everywhere else, there are grocery wars in Maryland with retailers all fighting for their share of the market. "I think the influx of grocery stores here has to do with the highly populated area," contributes MDA's Slade. "Even though we're a small state, we have a large population with a high median income."

A spate of recent supermarket activity and announcements included the debut of Sprouts Farmers Market in recently flood-ravaged Ellicott City, while German chain Lidl set its sights on a new \$100 million headquarters and distribution center in Cecil County.

Not to be outdone, Weis Markets tripled its Baltimore locations, Seasons opened a kosher supermarket in Pikesville, and Food Lion decided to remodel

stores, slash prices, and hire more associates for its stores in nearby Virginia.

This last bit of news is music to the ears of Mike Royster, in sales for Loving's Produce Company, also in Richmond. Royster cites the Richmond area's competition, which is ramped up by "Baltimore companies coming down here to sell, even though its two-and-a-half hours away. In Richmond alone, there are 10 to 15 different produce companies."

Loving's offers a full line of fruits, vegetables, and herbs, with as much as possible coming from local farms. Royster says the most popular crops mirror Maryland's, with tomatoes, apples, watermelon, cantaloupe, potatoes, and lettuce.

Royster says fresh-cut cycles in and out of vogue. When the economy was booming, everyone bought pre-cut produce, but when the market went south, customers returned to buying whole fruits and vegetables. Loving's does sell a salad mix to schools and Royster says a few customers are willing to pay more for organics, but mostly it's bulk or conventional products.

characterize your approach to business?

Tony Vitrano

Tony Vitrano Company

Our *integrity, honor, and reputation* keep our customers returning.

Sonny Hopkins

Choptank Transport, Inc.

Choptank prides itself on transparent *communication* with our customers and knowing where their product is all of the time. We push hard to add employees, and I've seen an increase of 200 in the past six years, making our *growth* a key approach to our business. The positive attitude with our sales force leads to great service and *integrity*.


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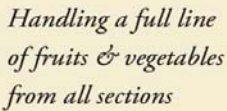
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TRENDS & OUTLOOK

Among the state's more desirable deliverables are greens, tomatoes, sweet corn, watermelon, and apples, according to the MDA's Slade.

And while supply and demand affect price and availability, the other conundrum for many wholesalers remains taste versus price.

Vitrano still struggles with the ongoing challenge. "You lose a customer if the taste isn't there, but we sell to grocery stores where price is more important," he concedes. "It's a dilemma for us."

That's a debate that can't be settled, at least for now. According to the MDA and state growers, a sure way to get the best tasting produce is to look for the Maryland's Best logo.

Introduced in 2001, food items sporting the colorful logo give consumers a visual reference for a wide range of locally-grown or locally-made products.

Sponsored by the MDA, the branding initiative continues to expand its reach through mixed media channels, with a renewed emphasis on social media venues. The MDA's Facebook page (@MDsBestAg) and Twitter feed (@MDsBest) offer news, recipes, events, contests, and more.

The state agency also has a prominent presence on YouTube, with videos from

farmers telling their unique stories, all of which benefit sellers and buyers of fresh produce.

Progress in marketing fresh fruit and vegetables is also taking other educational forms, such as Choptank Transport, Inc.'s expanding partnership with Salisbury University in Maryland.

Three years ago, Choptank, a transportation broker headquartered in Preston, joined forces with Salisbury University to develop a new academic program. Students enrolled in the Mid-Atlantic Sales & Marketing Institute at the Perdue School of Business were offered a series of courses designed to give them tools for a successful sales career, with a background in transporting perishables.

This year Choptank renewed its commitment to the program, for an additional three years. "Students spend a day here at Choptank as part of the intern-for-a-day component of the program, where they get an introduction, observe sales people, are taught the ins and outs of our business, and then have to write a report," explains Sonny Hopkins, associate director of sales at Choptank. "Later, they participate in a phone call with me or Geoff Turner (our CEO) and a Salisbury grad, and try to sell our product to us."

Many of the students who entered the program come back to Choptank after graduation. In an era of scarce talent in the produce industry, it's a win-win for Choptank, Salisbury University, and the students.

Maryland Wholesale Produce Market

Address:

7460 Conowingo Avenue,
Jessup, MD 20794

Phone: (410) 379-5760

Website: www.mfca.info

Hours: Open 24 hours

Contact: Gary Decker,
market manager –
gdecker@mfca.info

Directory: www.mfca.info/

END NOTES

Produce demand in Maryland, Washington DC, and nearby Virginia continues to climb as the nation turns its collective focus to healthful eating.


Fortunately, Maryland's growers and wholesalers are more than happy to provide a wide range of fruits, vegetables, and value-added products to retailers, restaurants, institutions, and ultimately consumers. 

Image: Alexander Rath/Shutterstock.com

Heather Larson, a writer in Tacoma, WA, frequently delves into business issues affecting food-related companies.