Price Chopper’s first rebranding in 40 years resonates in a modern, fresh store concept. The Golub family-owned, 137-store chain headquartered in Schenectady, NY, introduces Market 32 — where sustainability and corporate social responsibility (CSR) overtly and tacitly ground the foundation.

Embraced by company-wide stakeholders, this foundation rises through the fresh produce department, revitalizes and reinvents the supply chain across a wider sphere — from innovative local farm sourcing networks and smart environmental footprints to ambitious food waste reduction and food recovery partnerships to elevate communities. The $300 million chain-wide conversion plan will span across the company’s six-state territories.

Market 32’s not-so-obvious nomenclature of a retailer is inspired by Price Chopper’s founding in 1932. In fact, of the “32 Reasons to Love Market 32,” which are teasingly promoted in wall signage for consumers to spot throughout the store, reason No. 1 is, “Your Community Partner”; and No. 2 is, “We’re at Home with Local.” Fresh produce indubitably plays a winning hand in that ranking, explains Rick Reed, vice president produce and floral merchandising, and a mastermind in pursuing innovative programs with a dedicated team.

In its enterprise to bolster GAP-certified, locally grown produce offerings, the chain embarked on a groundbreaking system of local farm sourcing hubs, which converge and fan out through its centralized distribution infrastructure.

Until now, the inventive scheme incubated under the industry’s radar, explains Reed. However, the industry implications for food safety and locally grown sourcing integration — if replicated as a model nationally — could be transformative. Reed says he is not concerned about losing the competitive edge in its...
exclusivity: “We are looking at the greater good. The reality is everybody should have the benefits of this hub mechanism, because one of the common threads through the sustainability story, not only for this company, but on an industry level, is a pre-competitiveness and open conversation across the board.” [Editor’s note: We will dive deeper into this sophisticated hub program and related drivers in the June issue of PRODUCE BUSINESS].

PRODUCE DEPARTMENT EMBODIES STORE’S VISION

“Receiving PRODUCE BUSINESS’ Retail Sustainability Award is symbolic in telling a story of what the future holds for us as a company,” says Joe Berman, manager of corporate social responsibility, whose credentials include LEED (Leadership in Energy and Environmental Design), AP (Accredited Professional), and GGP (Green Globes Professional). “Sustainability and its prevailing presence and importance to the produce department conveys an integral part of that story in this new incarnation of what we are becoming.”
During a visit to the headquarters, Berman thought it important to walk our editors through the retailer’s progression: “to tour some traditional Price Choppers representative of where we came from, to set baseline expectations, to see transitional Price Chopper stores making strides in sustainability (iterations in the development process), and then to fully appreciate where we’re headed with Market 32.”

He certainly was right. When we entered Market 32, the contrast was profound, and even more so when we examined the changes closely. For perspective, we also visited the company’s eccentric Market Bistro store — an experimental “design Rubicon, a one-off specialty super store,” used as a testing ground. [Read more under “New Design Equals New Sustainability” on page 40.]

SUSTAINABILITY EPICENTER

Berman describes his role as the company’s sustainability touch point or epicenter for thought leadership, strategic development and connectivity among corporate executives who come to the table and work collaboratively on different areas of reform.

“I’m the catalyst for that integrated product collaboration, exploring alternative methodologies with the experts in...
Encapsulating the firm's new brand identity in Market 32 involves ingenuity and clever tradeoffs, according to Mike Kopchik, director of design. His mission is to amalgamate innovative consumer-centric design space, shopping flow, marketing, and aesthetics with sustainability initiatives. "The guidelines on that brand vision are rigorous and better defined than the organically developed Price Chopper brand as it exists," he explains. "When I came to work for this company seven years ago, we were building our first retail pilots, and the design departure was a day-and-night difference from the traditional Price Chopper stores," says Kopchik. "Over the arc of maybe 10 stores, we recognized we were a totally different company than when we started on this arc, and there was this real brand evolutionary process leading to our decision to launch Market 32. We needed to formalize this new identity and take it to the next level of who we wanted to be as an organization," he says.

From a sustainability standpoint, "we are much more into refrigerated produce than we ever were with our new store design," says Rick Mausert, director of non-resale purchasing. For example: changing from traditional orchard bins to refrigerated, self-contained, linear orchard bins, which are configured in satellite displays on the sales floor.

"These refrigerated bins provide produce with a little more integrity and longer life. We were always into European-style merchandising, but we moved away from that [style] with perishable product," he says.

Benny Smith, vice president of facilities, is one of the founding members of the EPA GreenChill Partnership, an effort with food retailers to reduce refrigerant emissions and decrease impact on the ozone layer and climate change.

The chain is a multiple gold and silver GreenChill winner, explains Joe Berman, manager of corporate social responsibility, adding, "We were one of the first to build a green, more efficient Co2 cascade refrigeration system in North America."

As Berman puts it, "Consumer demand for that knowledge drastically increased due to the social media and digital revolution, and for us to not provide it as a progressive food retailer would be a real missed opportunity to connect with our customer base. We developed a strong health and wellness program, and we're emphasizing it as part of..."
approaches on how to go to market,” and just as importantly, he emphasizes, “how to balance those efforts that are financially measurable with social benefits that are harder to quantify to realize our overall vision.”

Fortunately, those benefits often overlap: the business case for CSR can be good for the environment, and also reduce costs, he says, speaking of the Golub family’s insight that profitability and CSR are not contradictory concepts, and are actually deeply dependent on each other. This precept has been a mantra of Jerry Golub, former chief executive and now vice chairman of the board, who heads a new board finance committee focused on conversion of Price Chopper stores to the Market 32 banner. Scott Grimmett was named chief executive and president last January to spearhead the company’s Market 32 chain-wide gradual rollout across New York, Vermont, Connecticut, Pennsylvania, Massachusetts and New Hampshire.

In the produce department, strategies that simultaneously improve our shopping experience and brand identity in a conscientious way.”

He points to a prominent, bright Power Greens display in the produce department inviting shoppers to join the superfood trend. “You have to know your community, tailor product offerings based on demographics and psychographics, and directly speak to the needs of that specific market,” says Berman.

“Produce is an extremely featured department, elevated to new heights in the Market 32 platform. It’s full of surprises, and depending on where you shop, you’re guaranteed to see something in there you’ve never seen before,” he says.

“Design is a fluid dynamic, and there are so many inputs to consider as to what makes a space worth being in, worth gravitating toward, what makes it a high-experience environment, and a sophisticated one,” says Mausert. “We weren’t even using this language when we first started this endeavor seven years ago, but the dialogue around the designing of that space and the heightened awareness of its importance in brand identity has really become satisfying. The world changes, it evolves, and you need to respond to it … this is why Market 32 really was created.”

LIGHTING THE WAY

Market 32 accentuates product lighting. It is not really an effort to enhance or change the look of the product; it is actually an effort to show the product in its true light, bringing out its real color and characteristics, explains Kopchik.

“The reality is just two or three years ago, the initial commercially viable LED lighting presented grocery items quite well, but it didn’t do a great job on fruits and vegetables; it was very cold-like, and the color was all wrong. What is so remarkable is in a five-year time period, LEDs went from prohibitively expensive to the most cost effective technology you can embed and to a vast variety of lighting bandwidths and colors,” says Kopchik.

“Now, instead of that 100-foot-candle ambient light uniformity you get across the entirety of the sales space, we are able to target the lighting in a much more conscientious and effective way. Instead of expending all of the energy to create the ambient light throw, we are using only the energy we need to use to direct the light to the product itself,” he explains. You walk into the space and see it immediately because the emphasis in terms of lighting is on the product.”

As far as skylights, Kopchik says he’s personally not a great fan after weighing the pros and cons. “When you bring all the light in from the ceiling, you see everything from way up high supporting the décor or refrigeration piping, and all kinds of other things. When you start throwing light on all that, it draws the eye there instead of down where the product is, and you don’t have as much control over it.”

There is always an aesthetic question you have to ask when designing something, in addition to the science behind it. “Some of the newer supermarkets are looking like a warehouse space. There is probably a sustainability component involved in that decision, but there is also an aesthetic look to it as well,” he adds.
energy efficiencies, food safety, local grower sustenance, and consumer-centric merchandising also tie into various sustainability initiatives.

“In prioritizing investments, we take many variables into consideration, and there is no one standardized methodological approach. ... You have the umbrella, and you want to do the right thing, but of course labor, shrink and margins are always top of mind,” says Berman. “So if the change either positively impacts those things or doesn’t negatively impact them, we have a good chance of success — making sure store level teammates know the why of what they are doing as opposed to just the what is key to getting that buy-in.”

For instance, Price Chopper is diverting landfills with 85 percent to 90 percent of waste generated in stores through redistribution, reuse, recycling or composting. The chain also recently entered into a partnership for food recovery with Feeding America — the nation’s leading domestic hunger-relief organization, with a network of 200 food banks and 60,000 food pantries and meal programs providing food security and support services to communities spanning the entire country.

“This company is extraordinarily focused on being really engaged stewards within the communities we do business in, and this is an aspect of socially responsible business we wanted to make sure we developed and deployed as effectively as possible,” says Berman, noting very complex and robust conversations on just how to evolve the Feeding America partnership and food donation platform.

Produce is a core component in Price Chopper’s Fresh Food Recovery Program, according to Pam Cerrone, manager of community relations, who recently celebrated her 30th anniversary at the company, and oversees the Feeding America initiative. This collaboration fits
within the broader CSR umbrella, and the vast panoply of philanthropic causes and targeted neighborhood partnerships adopted by the chain’s top leadership and fostered through its 22,000 employee “teammates” living within the communities they serve.

“Produce seems to be the part of the Fresh Food Recovery Program consistent across all the stores in significant volumes being executed without a problem,” says Cerrone. That’s quite a statement, considering the numerous hurdles to overcome: “various operational issues, getting the right people involved and on board … there is risk management, insurance, legal, the community-relations side and logistics partnerships with food banks and food pantries,” she explains.

“The process of taking the food deemed no longer saleable off the shelf is part of the store’s day-in and day-out activities; getting people to understand and embrace doing something differently after it’s in the backroom involves a learning curve,” she acknowledges. “A main obstacle was confronting perceived difficulties and fears people had about what could potentially be a problem when donating food we’re saying is not sale-
able; it is just a mentality … we can still do something with this food and feed and nourish people with it.”

In a broader sense, the industry still grapples with a lack of standardization in how something is selected at the store level to go into the Feeding America system.

“It is difficult in the absence of a normalized set of quality criteria — not just for us, but for any retailer trying to make the same kinds of subjective value judgments,” says Cerrone. “Feeding America is in the process of putting together industry-level guidance on what those decision-making criteria should look like.

At the same time, Reed points to the strong mechanisms in place at the company by which decisions are made around food resource recovery and diversion to food banks due to its standardized quality control infrastructure.

“One of the things I think is really important to emphasize around our local sourcing hub system is you are not going to get the idiosyncrasies of subjective value judgements, where each individual store is making those decisions. There’s consistency in the quality assurance and a core competency that normalizes the process.”

EXTENDING COMMUNITY

The chain relishes its determinative role in the retail sustainability community, where business competitors join forces to advocate mutually beneficial sustainability solutions. Price Chopper is the longest standing founding member of the Arlington, VA-based Food Marketing Institute (FMI), serving on sustainability and energy executive committees since its inception.

“The challenges that 2,000-store retailers have, and the challenges that 137-store retailers have, are not radically dissimilar,” says Berman, “although, they may scale differently, and the solutions at scale may mechanically manifest differently. What we end up seeing at a national level is a really extraordinary information-sharing and best-practice effort between the sustainability practitioners operating across the industry. It helped to drive sustainability through the supermarket industry,” he says.

“A main obstacle was confronting perceived difficulties and fears people had about what could potentially be a problem when donating food we’re saying is not saleable. …”

— Pam Cerrone,
Manager of Community Relations

Price Chopper’s partnership with Feeding America is exemplified in several pickups throughout the week at the back end of each store, where Darren Dyer (pictured above), who is one of the drivers from the local food bank affiliated with Feeding America, receives unsaleable produce and other perishable foods collected in banana boxes in-store.

After they make their rounds to several stores, drivers take truckloads of food to the Regional Food Bank of Northeastern New York in Latham, where the “dole” is repacked within the food bank’s modern refrigerated warehouse. Joanne Dwyer, director of food industry relations and Kathleen Samaniuk-Hayes, administrative assistant (above right photo), are part of the team that coordinates the delivery to the food bank as well as redistribution of food to various groups in need.
together,” says Berman.

Extending that community further, Price Chopper executives refine sustainability constructs with federal, state and local government agencies, NGOs, private sector companies, university agriculture extension programs, and industry associations.

Composting strategies exemplify that maneuvering, adjusting to fluctuating legislative requirements, vendor relationships, methodologies, and logistics variables state by state, according to Rick Mausert, director of non-resale purchasing, whose tenure with Price Chopper goes back to 1974 as a senior in high school.

“We are trying to get to a point where composting is cost-neutral,” says Mausert, noting successful composting programs in around 45 stores currently, with a dedicated push to expand that number. The comprehensive commitment manifested through its composting program for organic food waste at corporate headquarters by partnering with Empire Zero (a nonprofit providing food waste and compost management to businesses throughout Eastern New York and Western Massachusetts).

“The first state we really got involved in was Vermont, because it was the first state in our trade footprint with regulatory food waste separation, segregating, and composting or alternative landfill diversion. But before that, we did a pretty major test up in Warren County, NY, with six stores,” explains Mausert.

While the trial went well, the vendor would have had to make a huge GAP investment to comply with some arduous state legislation. “That really stymied growth into the business,” he says, noting the business model is still difficult for organizations that exclusively compost.

Mausert adds that trying to monetize compost and moving it into a marketable end product is a relatively challenging task, and there is market development...
work needed for the globalization of post-composted materials.
That's where the infrastructure development piece comes into play. "Vermont had a lot of challenges around implementation of its composting regulations, because it didn’t have the infrastructure to be able to handle the food scrap volume that was coming out of commercial food retailers. That [factor] is something we expressed concerns about in New York and in other markets where we faced this kind of legislation activity," says Mausert. "To that extent, we know we are compliant with state food waste separation and landfill diversion requirements in three states, Vermont, Massachusetts and Connecticut," he says, adding, "we are strongly considering pilots in New York."

The chain recently became a U.S. EPA Food Recovery Challenge (FRC) partici-
pant. The FRC consists of organizations that pledge to improve sustainable food management practices and report results. The FRC is part of EPA’s Sustainable Materials Management Program (SMM), which seeks to reduce the environmental impact of materials through their entire life cycle.

“We formally adopted the EPA’s food waste reduction hierarchy as the core of our program,” says Berman. “The first thing we are working to do is reduce our shrink and our overproduction of product. The second thing is we are far more aggressively donating unsalable, but still edible, food by salvaging whole-food products with produce items increasingly viable to that undertaking.”

MANAGING SHRINK

In that food waste reduction hierarchy, “whatever we have to decide, whether it is to donate, to repurpose, to compost, or to send product to the dump, my first job is ensuring that main number keeps

Ellie Wilson, senior nutritionist, plays a key role in conveying the importance of health components to consumers. She is also an important liaison with all the stakeholders, staying deeply connected to the grower community, government and private health organizations to translate legally allowable claims and cutting-edge health and wellness developments.

To further guide consumers toward smart eating choices, the chain incorporates the NuVal Nutritional Scoring System, which utilizes an algorithm to assign foods a score from 1 to 100 based on its content of more than 30 nutrients. The criteria integrate data from a range of sources including The Institute of Medicine, the FDA, USDA National Nutrient Database, and World Health Organization. Vitamins, minerals, antioxidants, fiber and other food components associated with health add points to the score, while “negative” nutrients, such as sugar, sodium, trans fat, and cholesterol bring down the total.

“Produce is our framer for the NuVal system. We can really enforce with those scores that the produce department is the best place to be when it comes to nutrition in the store,” says Wilson.

“I think it’s very much a selling point,” contends Joe Berman, manager of corporate social responsibility. “It’s the only sort of inclusive nutritional metric I have seen that really facilitates purchasing decisions. It definitely gives a lot of attention to the produce department — one of our primary value propositions that we’re best in fresh — and generates consumer confidence in what they are buying,” he says.
“Shrink administration is a 30-year veteran with the company,” says Pat Iannotti, director of shrink administration and 30-year veteran with the company.

“Obviously our shrink control is in two components: fresh and center store. Just our fresh exposure is about $85 million, and our center store is about $18 million. You add them together, and we have more than $100 million of exposure in shrink. As an organization, we recognize we need to pay attention to shrink,” he says, noting, his position didn’t exist two years ago. “We really didn’t focus on shrink, we focused on margin. We said, ‘Well, if you hit your budgeted margin, then your shrink is probably in line, and you’re doing a good job.’

“I think about the creation of the shrink position from a lean management perspective; it is one thing to go chasing incremental sales — and every organization does go and chase them — but if there is a hole in the bottom of the bucket, you are basically pouring your incremental sales into a capital investment structure that is leaking out the bottom through an uncontrolled shrink,” says Iannotti. “The best way to address that issue is to plug the hole in the bottom of the bucket, so your incremental sales actually are additive as opposed to something that just sort of normalizes things to balance out the losses.”

From a fresh produce perspective, minimizing shrink is challenging and complex, explains Iannotti. In transitioning to Market 32, parameters change — from the way it is structured and merchandised...
to many other variables including product shelf-life impacts. For instance, “we have to learn how to manage those displays to maximize sales and reduce shrink … the spectacular monument of peppers may look great, but if you have too much product on display, then it may not be good for business,” says Iannotti.

“Our produce folks here in the office do a fantastic job of helping us minimize shrink,” continues Iannotti. “They are very hands-on, and very much involved in the education of the team, even though it is merchandising and operations. In some chains, I am sure those are two silos. Here, we try to bring them together and work as closely as possible.”

According to Iannotti, the chain developed a comprehensive shrink audit system
Reinventing the chain’s identity is personified in a uniform, recognizable brand imagery and a cohesive, contemporary aesthetic, explains Berman. “The Farm Just got Closer’ campaign is intrinsically Market 32,” says David Schmitz, director of transportation. Trailers carry award-winning banner graphics starring the different produce items on their routes. The message optimizes the fresh, local, and environmentally friendly sustainability platform, according to Schmitz.

That platform intersects with the chain’s main warehouse/distribution center, explains Schmitz. The chain is committed to cradle-to-cradle reclamation, recycling, and repurposing programs. This macro-level material management for the food industry incorporates many produce-related elements — ranging from corrugated items, to the thin films and stretch wrap packaging, to plastic produce bags, floral buckets, and wooden watermelon bins.

“We are kind of unusual in that we have a centralized facility to handle resource recovery, so we’re not exclusively dependent on the waste community to manage the waste load,” says Schmitz. “We have a way of connecting with the recyclable materials waste flow, and that puts us in a better position to control how those materials are remobilized into the market.”

Market development for post-consumer recycled content material has been very much at the core of our resource recovery efforts since the beginning of the 1990s, says Berman, noting the chain’s pioneering efforts in that regard.

“There is definitely an awareness at the industry level that packaging is going to need to move toward more cradle-to-cradle, sustainable, closed loop system-oriented packaging designs and materials,” says Joe Berman, manager of corporate social responsibility.

“What every food retailer is seeing is in the market is this sort of low-level percolation of movement toward legislation around plastic bag bans, for both environmental and commercial reasons,” he says. “The stores have a robust program teaching our customers they have an outlet to participate in sustainable practices that are not a ton of work for them,” says Berman. “Ultimately, you can’t legislate behavior. That being said, we are starting to see a shift in mentality, which also connects with our Market 32 concept.”

Shaun Gonzolez, vice president of advertising, is another company legacy employee with a 27-year tenure and is also part of the team on the ground floor of the Market 32 concept. “Watching it come to life in front of our eyes; we have come a long way in a fairly short period of time, and now we need to just accelerate this transformation,” he says.

“This new direction actually represents some evolutionary and revolutionary steps forward in sustainability and corporate social responsibility, tying into the reality of how the food industry is dramatically changing for a whole list of reasons,” says Berman. “What’s remarkable about this journey for the company is it really has in some way fundamentally touched every aspect of the business.

“The paradigm is shifting and there’s an intrinsic process of self-discovery we’re going through as an organization, which is really exciting,” says Berman. pb