

*This interview with John Pandol, special projects director of Pandol Brothers, was conducted by Mira Slot. It was originally published in [Jim Prevor's Perishable Pundit](#) as a preview to the New York Produce Show's Global Trade Symposium in December.*

*Q: "Heading out to blueberry visits near Guadalajara," you wrote me, as you scribbled a litany of notes at the Durango airport for your Global Trade Symposium presentation. Now squeezed in between your planned 8-hour layover in Dallas -- part of your regular travel strategy to comb local retail scenes in search of revelations — I've nabbed you early Saturday morning for a sneak preview...*

*A: I'm getting prepared for challenging quick-fire questions from Jim!*

*Q: No surprise, your presentation is covering a lot of ground. I figure if you reel off a few smart insights with your indomitable wit ... we'll be all set to go:*

**A: OK, Number 1 — The Changing Grape Industry-From Genetics to Retail-branding/varieties.**

Grapes are easy to grow on a large scale in a lot of places in the world, so you have major competition on the supply side. Many years ago Produce Business columnist, [Robert Zwartkruis](#), the importer from Sweden, wrote all about storage efforts. In this case, it used to be all about storing grapes.

Today, we pretty much have a constant fresh flow of product. Why store something when there's always something fresh-picked somewhere, almost always? The need to store for the gap has kind of disappeared.

*Q: How does varietal licensing exclusivity play into the picture?*

*A: For most of the world, there are very few public varieties. Most of the new varieties are licensed in one way or another. Not that it has to do with licensing, but our varieties are now like agrochemicals, they are private. The problem and the challenge for the industry will be if retailers want to assemble certain groups of varieties, and the varieties are licensed to different companies and each of those companies wants to leverage that and says, "If you want my varieties, you have to buy all these other things," now there has to be a very tough negotiation.*

I was talking to one of the apple buyers. Apples, you know, have been a tough category, he bemoaned. "I want this variety, this variety and this variety, but then I have to buy a whole program from three different producers, and I can't do that." So, that becomes the

assortment challenge.

*Q: What about unique items like Cotton Candy grapes?*

A: Going into genetics and the retail deal, and the rush to niche specialties, it's kind of a response to Cotton Candy grapes. There have been specialty varieties in the past, but nothing that excited the grape industry like the Cotton Candy. Consequently, a lot of breeders that once stayed clear from this small niche now work on niche varieties like this. Consequently, we're going to have a lot of these varieties.

It will be interesting from a grower perspective and retailer perspective exactly how much market is there, how much appetite is there for grapes that taste like, I don't know, green eggs and ham.

The comparison would be the personal-size melons. When they came out, they were all the rage. All the breeders jumped in and were working on growing small melons. It got to 10 percent volume in the market.

*Q: That's a pretty big percent.*

A: It is, but guess what? They're going back and breeding big watermelons that are green on the outside, red on the inside and taste like watermelon.

Are we going to be a world of Cotton Candies, and Carnivals and those types of grapes?

*Q: What is your prediction?*

A: It will probably be a specialty category and top out at three to five percent. That would be my call. There will be a lot of trial and reduction. Breeders are in fast-follower mode, trying to get things out on the market now, and trying to create unique specialty varieties.

I would note my prediction is for the US/North American market. Other global markets are different. I went to Spain, and that was a big part of their deal, pushing what they call specialty varieties.

I have a graphic, showing grapes being grown in all these different places — Peru, Mexico, California, Chile — all going into a big blender of the market. It used to be progressive — California, then Peru. Now sometimes you have three origins overlapping at the same time. So, that's the graphic of the blender instead of these seasonal windows.

There's not enough room in the market. You can have several different origins simultaneously competing for retail shelf space. That's pressure for the grape suppliers, where there's probably more supply than demand.

The grape guys don't talk about it, but the blueberry guys do. They talk about survival of the fittest, and you'll see exit and abandonment of certain lines. We will see who the winners are. You have to be really good at what you do. But that's agriculture, not something new.

*Q: On to the next topic.*

**A: Let's jump to The Rise of Peru...**

What is really different about Peru is they can scale up fast. They have the varieties, and they will have them in production, up and running, by the next year. They have the climate, the land, the water and the resources available to do it. Whereas, if you go into California and you want to plant a variety, you have to take something else out of the ground.

At least in my lifetime, we've never seen agriculture that can scale up so fast. OK, we say "Peru 1.0" was Red Globes into China, Russia. That's all they seemed to be interested in. Well, Russia went away. Now Peru is a major player in seedless grapes. Their seedless deal has gotten to the size of what Mexico took 30 years to accomplish, where Peru did it in about 10. It's different people, and there is a money commitment to go in, and there is private equity.

*OK, that's a good teaser to get people thinking.*

**A: On GMOs...**

This is absolutely key to get people interested. I came across an inflight magazine, where I saw a promotion for GMO produce.

*Q: That's unusual. What kind of promotion? Where were you traveling?*

A: This was WestJet airline in Canada. The ad was giving away Hawaiian Papayas to promote Hawaiian tourism. And the ad said Proudly GMO. Here's a North American supplier, based in Calgary, proudly promoting GMO papayas. The fact is we wouldn't have a papaya industry if it was not for GM disease-resistance plants that we have.

*Q: As an aside, I know you enjoy the educational sessions. There will be two fascinating [Educational Micro-sessions](#) related to consumer messaging on [GMO's](#) with the*

new [GMO mandatory labels](#) starting January 2020.

A: That's one of my favorite parts of the show. I'll be attending the sessions as always, formulating my questions for the Q&A part.



I took a picture of this Proudly GMO Papaya ad and put it up as a slide for a European business presentation. I explained this is not to discuss the merits or GMOs but to show you just how different GMO reality is in different parts of the world.

The European audience was kind of aghast. But the next day, some of the Italian growers came up to me and had some really interesting reactions to that, saying, thank you for bringing this up because we get these retailers that are part of groupthink, and just follow what the activists tell them to do.

Q: In the US, retailers can face strong backlash from vocal activists on a cause like GMOs...

A: This really gets me bothered. Are we going after big problems, or just reacting to whatever the activist *cause de jour* is? This week we're worried about plastic; last week it was food waste; next week it will be labor; then it will be water; then it's going to be all these e-commerce guys... that will eventually be a fight.

Q: *Well, all those issues are not going away, but I understand your point.*

A: One of the problems of the grocery business is that it doesn't take that many activists to change the behavior of a chain. If an activist has a cause, grocery stores are easy targets. They have a list, and a guy calls one store and that's about all it takes.

We saw it with country-of-origin labeling. There were activists hiring people to call their local stores and say, "You have foreign product. Why don't you have American?" I'm sure you could get some old retired lady in legion hall to do it for free.

Q: *OK, where next?*

**A: Omni-Channel/E-commerce...**

Q: *Last year, we devoted an entire conference in Amsterdam to the retail [omni-channel future](#) in produce.*

A: We used to think there was just going to be a grocery channel, a foodservice channel and an e-commerce channel — three separate channels. What's happening is grocery stores are moving into the omni-channel space and doing it with their own employees. What we're seeing is regular retail stores that have dedicated trained shoppers for their online ordering service, and that is what seems to really be growing in the online space.

Lately I've been seeing this disruption with some on-demand guys and independent contractors — unregulated or less regulated delivery services — with millions of people in "gig economy" delivery jobs, uninsured that may not be paying taxes, or health care, not properly trained, not properly insured... all doing gig work for these apps.

I scratch my head... farmers can't get enough labor and retailers can't get enough labor, yet these delivery apps seem to have an unlimited number of personal shoppers and delivery boys.

Q: *How does this connect back to omni-channel and the produce industry*

A: The e-commerce base will be dominated by supermarkets, but what seems to be winning

in the space is click-and-collect in-store. You would think the grocery industry would have more expertise than anybody. But frankly, the online guys are not doing a good job of merchandising.

I look online and see two grape items with the exact same picture, and neither is the product I'm going to receive. Perhaps they're stock photos or supplier-based photos, some graphic artist putting the site together that doesn't know anything about produce. Looking at that, I thought, "OMG online produce is doomed. The online guys are going to destroy us."

*Q: Sounds like a complex problem to overcome. This is a call for produce suppliers to work with retailers and to take control of how their products are being sold online...*

**A: Let's go to Value Retailing...**

Since I've been in business, if you went to grocery conferences, they were all frightened of some value proposition taking over the market. In the 90s, it was the Walmart Supercenters; in the 2000's it was dollar stores; and the past 10 years, it's been Aldi and to a lesser extent the online guys.

We see it in grapes. Retailers say they want the best and newest varieties and they say they don't care what it costs. They're all coming back and they're now saying that they also need a value-break tier product. We want a premium and a value product.

We're seeing these guys going all in on the best varieties and the biggest sizes, but all looking for a value. In some cases, it's the selection. In Canada, all the retailers have a value-oriented chain banner. Saving money never goes out of fashion.

Guess what, private label is back! In pharmacy, it's generics; in cookies, I don't need the Oreo brand, just the no-name chocolate one with the white filling.

In produce, we need things we can offer economically. Our biggest challenge is the value package.

*Q: How about these convenience items — fresh-cuts, pre-packaged fruits and vegetables that are creating a value-added profit margin?*

A: We've had decades of value-added pre-cut offerings, but a head of lettuce is still a big item — buy it whole and cut it yourself.

If you look at it from a dollar standpoint, it exaggerates the amount of value-added product sold, because the per-pound pricing is so different. You'd have to look at pounds, not dollars, to understand the demand from a quantity perspective.

You can buy a head of lettuce for 89 cents. That's a pound-and-a-half, or you can buy 8 ounces of chopped up lettuce for \$1.

Do you know any store that doesn't carry a head of lettuce? It's the same with Red Delicious apples. As much as they talk about it, most stores carry Red Delicious apples.

*Q: Joining you at the Global Trade Symposium, we have another presenter, [Susan Brown](#), an apple-breeding expert, and that's a pet peeve of hers that some of these old "tired" varieties are still on the market, and that the industry needs to be brave and phase them out in favor of the exciting new varieties.*

A: Obviously, someone is buying them, and the problem is, the logo of Washington State is the Red Delicious. I needle these guys, "You built your business on crappy apples. Your grandfather made garbage apples. It's a crying shame he made so much money on that. Of course, you probably know it's a 13-month apple. Who decided that was a good idea?"

I'll do the counterpoint... when you have a Red Delicious 13-month apple, the starch levels are no good. Why am I eating a 10-month apple in the summer? And then you wonder why people are going over to packaged and frozen food.

*Q: I suspect there will plenty more counterpoints at The New York Produce Show...*

A: The New York event is full of thought, with so many experts looking at the industry from so many angles. For me, there's nothing else close to it. I find the quality of presentations top-notch. That's what I focus on. There are probably more worthwhile seminars at The New York Produce Show than at all other produce shows combined. The Show builds on the content of your publications.

*Q: Hopefully, you'll still have time to make the retail rounds on your travel layover. Next time, if we squeeze in a preview interview, it may be prudent to plan a 9-hour layover!*