

Hy-Vee, Inc.

- \$6.27 billion revenue (2008)
- 54,000 employees
- 200 supermarkets in 8 states
 - 100 in Iowa
 - IL, KS, MN, MO, NE, SD and WI
- Most are full-service supermarkets, up to 100,000 sq. ft. each
- **Employee Owned** (privately held company)

* from Wikipedia.org 16Nov2009



Mike Orf

- Retail Produce Supervisor
 - Produce, frozen, salad bar
- Oversees 39 stores in MO and KS

- Goal:
Stock as much local food as possible

Products

- Carry the full complement of produce grown in Midwest.
 - Sweet corn, muskmelon, watermelon, tomatoes, cucumbers, peppers, zucchini, yellow squash, beans, hot peppers, cabbage, peaches, apples, etc.
 - Very little processed food – some salsas, ciders

- Local loosely defined
 - ... though due to distribution constraints, usually quite close to stores.

Working with Growers

- Always a conversation – each situation is unique
- Relationships are store by store
- Conversations initiated both by grower and by Hy-Vee, Inc.
 - 3 requests from producers within 5 days of a store opening
 - Buyers have stopped at a farm stand to talk about purchasing
- Favor **larger growers in larger markets**
- Working towards growers **specializing** in particular products to expand our base

Working with Growers (cont'd)

- No contracts...
but within discussions there is talk about
planting decisions
- Some farmers try to pass off seconds ...
Hy-Vee, Inc. strives for quality and consistency

Aggregation and Payment

- Hy-Vee, Inc. has a single distribution center for all 200 stores
 - Makes transport from grower to dc to store economically infeasible in most cases
 - Growers deliver directly to store loading dock
 - So growers must have this capacity

- Generally growers paid through standard invoicing

Food Safety

- Evolving issue
- No formal criteria (e.g. GAPs)
- Just starting to ask the right questions
 - Runoff, best practices, etc.
 - Encourage growers to work with extension service
- Surveys and grower records reviewed and maintained centrally
- Future: We expect uniform regulations from Federal government

Customers & Marketing

- In the Midwest, customers **expect** local product
 - Store liability without it
- Signage: Includes professional photos and individual growers' stories
- Usually stores will have a local sub-department, but also integrate with “standard” product

A Challenge: The Organic Issue

- Organic is **big and growing**, but ...
- Customers price sensitive
 - Won't pay \$6/doz for organic corn when conventional is \$2.50/doz
 - “Conventional” supermarket different from Whole Foods (or the like)
- Important segment but have not seen organic work well with local

Local: Big and Getting Bigger!

- Strive to develop relationships with growers
- Expand local offerings
- “Tell our Story”
- Point of difference