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
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