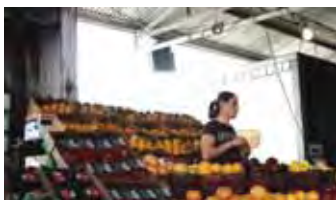


The Dallas Wholesale Terminal Market

There's nothing small about this booming produce hub.

By Kimberly Rinker



A well-known Mecca of culinary developments, Dallas, TX, sits like an oasis within the Lone Star state — 35 miles east of Fort Worth, 245 miles northwest of Houston and 300 miles due north of the Gulf of Mexico.

Many things in Dallas are fresh, exciting and new — and food is no exception. Rich and diverse in terms of its residents, The Dallas/Fort Worth metroplex sports a thriving culinary scene. The area has a population of 5.9 million, according to 2006 U.S. Census figures.

“One aspect of the Dallas market, which I believe makes it unique, is diversity in the demographic,” explains Dallas, TX-based Dave Russell, vice president of Del Monte Fresh Produce, Inc., Coral Gables, FL.

Twenty-five percent of the population is Hispanic/Latino, 13.8 percent African-American and 4.2 percent Asian. As a result of its overall population growth — 18 percent increase from 1990 to 2000 — the Dallas produce market has expanded and continues to be a revolving door of culinary innovations.

“The Dallas/Fort Worth market has a large Hispanic trade and we have seen more produce wholesalers grow and prosper serving this sector of the market,” Russell notes. “At the same time, we are experiencing strong demand and growth from the Hispanic consumer. This market is also experiencing an increase in demand for organic items from other consumers across all of our distribution channels.”

Brett Combs, president of Combs Produce Co., LP, a Dallas, TX-based retail and foodservice produce distributor, says the population boom and the expanding Hispanic segment account for a strong produce market. “Our rapidly growing Hispanic population — plus our overall population — is growing as well. There is a lot more demand for Hispanic items, such as chili peppers, etc., than in past decades.”

One of the fastest growing areas of the country, the Dallas/Ft.

Worth metroplex “appears to be experiencing a very strong economy, which is contributing to considerable growth in both grocery and produce sales to both the foodservice and retail sectors,” notes Russell. “More people eat out in Dallas than any other city in the country, which is also contributing to strong foodservice sales and distribution.”

The challenges Dallas produce wholesalers face vary; many retailers have shifted procurement from wholesalers to shippers. As a result, many wholesalers now focus on foodservice. Restaurants, hotels and other institutions seek consistent, high quality, large volume supplies of fresh produce — and predicting ingredient costs and market trends can help wholesalers accommodate these customers.

“The Dallas produce market has gone through a number of changes over the past few years, as many of the retail and foodservice customers’ procurement practices have changed. This has been exaggerated by either acquisitions and/or outsourcing to third-party vendors,” Russell explains.

“In the Dallas/Fort Worth market, you have two major retailers that go to central procurement, which is managed out of town,” he continues. “One of the other major retailers in the area utilize VMI [vendor managed inventory] with their vendor partners, while two of the other major retailers have recently decided to outsource their produce distribution to a third-party cooperative.

“In addition to these recent changes over the past year, the government, which was once a major customer for most everyone on the market, has gone from a daily-buy program to a prime-vendor bid,” Russell adds. “These recent changes have caused many long-time wholesalers to either go out of business or change their business model to adapt to the changing dynamic and marketplace. I believe the ones that are still in business in this market have been creative and innovative in recognizing the changing dynamic in the

What's New in Dallas?

BY SANDY LINDBLAD LEE

Dallas Farmer's Market — Massive improvements are in progress at the downtown market, which remains a draw to locals and visitors. Janel Leatherman, market administrator, reports, "We are closing in on the final phases of completely redesigning and redoing Shed Two," which was previously called the International Marketplace. System upgrades are being completed in the heating and air conditioning, "and they are completely gutting and fully enclosing" the building to accommodate vendors of "food and food-related products. Plans are that it will open by next summer."

This is the first phase of a comprehensive upgrade. "The next phase will involve remodeling the three remaining open-air sheds," she explains. "This is all a part of a huge resurgence of downtown development, which also involves the addition of a park and an urban market that will include a grocery store, eateries and other retail space."

Ideal Sales, Inc. — Ryan Hall and Chris Bailey have joined the sales force, notes partner Sherman LaBarba. "They are being trained in all areas and may be especially useful in our transportation work," he notes.

Ideal also hired Mike Gentry, based in Knoxville, TN, who will be doing eastern sales.

Ideal took a major step when it acquired Harvest Select, Monte Vista, CO, about a year ago. It purchased the remaining half of the Harvest Select assets from Del Monte Fresh Produce, Inc., Coral Gables, FL. Harvest Select is a potato repacking and shipping operation based in Colorado's San Luis Valley growing region.

Tom Lange Co., Inc. — Two new associates have joined the Dallas office team. Jordan Lane is training in all facets of buying, selling and transportation. "He may fit well into Lange Logistics," a transportation-focused division of Tom Lange, says Darrell Wolven, vice president.

Bruce Benz, a specialist in procurement and distribution of apples, pears, soft fruit and oranges, was with Roundy's Supermarkets, Inc., Milwaukee, WI, for several years. He later joined the Atlanta office of Golman-Hayden, Co, Inc., before being transferred to its Dallas division in 2000.

Nogales Produce, Inc. — The distributor has made improvements to its inventory system to "help us maintain better control over shelf life and get the appropriate product to the appropriate customers," reports John Salazar, director of operations.

Nogales is offering an increasingly diverse

list of produce selections for a wide variety of ethnic groups. "Every single month, we try to introduce new products to our customers," notes Monica Trevino, marketing coordinator, citing Chinese and Indian specialty items among those with the highest demand.

Hardie's Fruit & Vegetable Co., Inc. — "One of our main initiatives this year is local, sustainable agricultural support," says Dave Allen, vice president of sales. "This has involved not only identifying local growers but also supporting them. It involves more support of organic produce and the farmers who are growing organics. And we're doing promotions in cooperation with the *Go Texan* program."

Hardie's has added Bill Neely to its staff. "Bill is a chef by trade, so he's well-suited for this specialized position," explains Mark Austin, vice president. "Bill is promoting and working with foodservice distributors in these areas, including coordinating special events."

"Food safety is always at the top of our priorities," he emphasizes. "Traceability is also a key. I cannot emphasize enough our attention to detail with every box of product that comes through our facilities."

The company also opened a new distribution facility in San Antonio. **pb**

marketplace and have been able to either reinvent themselves or discover a niche in the market to survive and prosper."

Food safety is also presents challenges, Russell explains. "Today, a strong food-safety program is fundamental to any enterprise involved in the produce business. We are all challenged by our mutual customer — the consumers — to maintain their confidence in the produce supply chain."

Combs agrees, saying, "There's too much liability in the food industry not to adhere to the issue of food safety. For instance, we had the big spinach outbreak in California last season, and in a case like that, it's imperative to protect yourself — the company — with a strong food safety program."

Transportation is another major issue. "All of us are confronted with transportation and

logistics challenges with many looking to alternative transportation options such as rail," Russell notes. "Unfortunately, once the car arrives in the Dallas/Fort Worth area, the current method for transferring cars to other lines, etc., can be a very long and frustrating process. The car takes longer to get from Fort Worth than it does from the West Coast."

Retail consolidation is another issue wholesalers had to face in the past decade. "Obviously, consolidation has changed the 'go to' market strategy for many wholesalers in this market, but I also believe consolidation can provide other opportunities for market wholesalers to bring value depending on the customers' needs and business requirements," according to Russell.

Independent Dallas retailers are also less likely to visit wholesale markets on a daily

basis, Russell adds. "The Dallas/Fort Worth metroplex market is still heavily dominated by the national chains, and it appears to me there are less independents visiting the market today as opposed to in the past. With that said, I do see an opportunity for the independent retailers to find a niche in this market and begin to make a comeback. It is all cyclical and you are seeing the independents begin to expand again in other markets across the country."

"The rapidly growing foodservice business and the growing population is to our advantage," Combs' Combs notes. "The fact that people are eating out more and buying less prepared meals in the grocery stores doesn't hurt either."

"A large portion of the consumers who make up this market tend to consume a lot



Chris Bailey
Ideal Sales, Inc.



Jordan Lane
The Tom Lange Co.



Janel Leatherman
Dallas Farmers Market



Sherman LaBarba
Ideal Sales, Inc.



Ryan Hall
Ideal Sales, Inc.

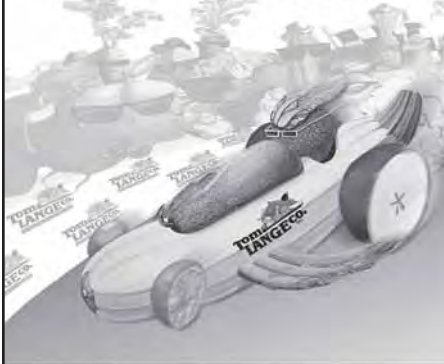


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Monica Trevino and John Salazar
Nogales Produce, Inc.



Mark Austin, Dave Allen, and Bill Neely
Hardie's Fruit & Vegetable Co., Inc.



(Standing) Darrell Wolven, Jeff Kraft, Tim Rice, Bill Benz,
Mike Kidd, Jordan Lane, (seated) Barbara Hodges, The Tom Lange Co.

of produce with changing tastes and preferences," Del Monte's Russell adds. "It is incumbent upon us to understand what is driving these trends and provide goods and services to meet those preferences."

Being successful in the highly competitive Dallas produce industry requires wholesalers to watch the pulse of the market and then implement changes to evolve and grow.

"I'm one of the few wholesalers still left here," Combs notes. "We're doing the best we've ever done, because we were willing to change with the times. For instance, 10 years ago, we were one of the first wholesalers to address the food-safety issues. Competitors who didn't get phased out. And because of that, we've prospered when others have failed. It wasn't that difficult, but we had to get a food-safety plan in place first, and then we had to allow for a third-party audit from different sources. A lot of wholesalers didn't do that and they didn't survive."

RETAIL SECTOR

The Dallas marketplace is dominated by the chains that hold 96 percent of the market, according to figures provided by *Chain Store Guide's MarketScope*, Tampa, FL, and ACNielsen, New York, NY.

"There's a ton of competition. We don't have any independent retailers anymore. We have all of the major players, from Wal-Mart to Kroger to Albertsons," says Combs. "It's unreal the number of high-end retailers in Dallas and the competition is tremendous. There's no room for the mom-and-pop stores anymore — hasn't been for a long time. The independents are just gone."

"I tell potential growers and shippers

office, otherwise you wouldn't make it here."

FOODSERVICE SECTOR

Dallas is home to more than 10,000 restaurants — more per capita than New York City. Produce items have come to the forefront of Dallas plates in order to satisfy the city's diverse consumer base.

"Food and wine are the mountains and oceans of the Dallas metroplex," according to Lucian LaBarba, president of American Foodservice, Dallas, TX, which distributes a full line of fresh domestic and imported produce items to restaurants and hotels. "Dallas is all about big steaks, big food and big wine. We have a robust dining and wine community full of people who fully support high-end, great food venues. The basis of everything here is great food."

This diverse, evolving cultural landscape is reflected in the food at Dallas restaurants, including Southwestern Tex-Mex, Asian fusion, Italian and French, to name just a few. "We don't have the Italian or Polish influence that you'd find in a city like Chicago or New York," explains Combs. "We have a lot of Tex-Mex, sushi restaurants and national chains. We have so much more space here, our downtown is extremely spread out and the city area is just huge. We have a lot of room to build and the demand for a lot of restaurants is there and growing."

The Dallas public supports traditional, high-end dining establishments, as well as chains and trendy eateries, adds LaBarba "We have some of the top chefs in the United States, and they're all very progressive and competitive. They compete daily for a public. In Dallas, eating out is a sport. We're very blessed to have a community of people who eat out a lot. White tablecloths, steak houses

Business Closings Shock Region

BY SANDY LINDBLAD LEE

Those involved in Dallas-Fort Worth produce distribution are collectively scratching their heads, pondering reasons for the profound changes that have dominated the industry recently.

Three well-known Dallas produce houses went out of business. Roger's Produce, Inc., Market Distributing Co., Inc., and Golman-Hayden Co., Inc., shut down this fall.

Blue Book reports indicate Roger's averaged a total of volume movement of 8,000 truckloads of produce a year. Market Distributing was shown to sell 2,000 truckloads a year. Golman-Hayden distributed 7,000 truckloads a year, according to the Blue Book.

Brett Combs, president of Combs Produce Co., LP, says the closings are unfortunate, but "We're benefiting somewhat

directly by those who have had the problems. We're getting a lot more street business." This includes not only Dallas Farmer's Market vendors but also walk-up business from catering companies and other foodservice distributors.

Darrell Wolven, vice president of Tom Lange Co, Inc., speculates that what happened with each entity happened for different reasons. Retailer Minyard Food Stores, Inc., Coppell, TX, recently experienced a buyout and that may have hurt companies that supplied it, he believes.

"Some of this is tied to Minyard's being served by a new distributor, so companies lost business," Combs notes. The Golman-Hayden closing was probably tied in to the Roger's closing, he adds, "so there was a snowball from Minyard." **pb**

and high-quality restaurants are very much supported in Dallas. We have a lot of restaurants that have been around for a long time with a huge customer base."

LaBarba cites Dean Fearing (Fearing's in the Ritz-Carlton), John Tesar (The Mansion on Turtle Creek) and Stephan Pyles (Stephan Pyles Restaurant) as examples of top Dallas chefs. "We have a great mix of chefs on the national and international level. Fearing, Tesar, and Pyles in particular have reinvented specialized cuisine for their restaurants."

"We have a tremendous amount of young, successful people in Dallas who live to go out to eat," he explains. "And we also have the successful older crowd, who conducts business in conjunction with a fine-dining experience. It's a way of business here. It's a way of life."

Health and nutrition concerns are also important, according to Combs. "People are more health-conscious than ever before and incorporating more produce into their diets. That's reflected in the types of dishes being served in many of the upscale venues.

"What's great about Dallas is that the restaurant community has taken on new restaurants in a positive fashion, without any of the older, established restaurants suffering as a result," LaBarba adds. "The Mercury Grill — the home of Chef Chris Ward — gets a tremendous amount of support and is a place to be seen. He does great business there. The French Room at the Adolphus Hotel uses its vegetables in a way that makes them stand side-by-side with its entrées. The veggies are just as important as the main dish. Chef

Jason Weaver does an excellent job.

"You have to get up every day and meet the demand of this market to be successful," he stresses. "Our chefs want the newest produce and want to be informed on new, fresh products. It's our job to put ideas in front of these chefs. We do this on a weekly basis within our community of chefs, and it works. It's one thing to have the items in stock — it's another thing to sell them. Our customers trust us to provide them with solid information on fresh products that they can in turn present to their customers."

LaBarba cites raspberries as an example. "At a certain time of the year, raspberries are not as good of a value as they are at other times of the year," he explains. "It's our job to guide our customers — in this case the chefs — in those directions. We do this based on quality and value of the product. Everybody wants value, from the high-end chefs to the chain chefs, so they can pass that value onto their customers.

"Our responsibility to our customers is to consistently stimulate them with fresh ideas," he adds. "We're lucky because we deal with great people. Our motto is 'We never sell anything — we help our customers and assist them in their success.' Because of the competitive nature of the restaurants, having fresh produce is key — it's the king for success. It's one of the most important aspects of the restaurant business in Dallas. Let's face it — the produce completes the plate. What we try to do is to bring the produce to the front of chefs' minds by giving them a lot more options and choices of product." **pb**

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