

Favorable Fruit Pricing Helps Improve February Fresh Produce Performance

By: Anne-Marie Roerink, President, 210 Analytics
February 2023



“This is a prime opportunity for value-added produce. Salad kits, on-the-go fruit and vegetable snacks and oven-ready, pre-washed vegetable items are great solutions to keep the lunch, dinner and snacking dollar at retail.”

– Joe Watson, VP, Retail, Foodservice & Wholesale for IFPA

The February Marketplace

“While inflation is moderating month-over-month, the average price per unit across all food and beverages increased 11.2% year-on-year in February 2023,” shared Jonna Parker, Team Lead, Fresh with IRI. “This adds to a long stretch of months with double digit year-over-year increases. Salaries are not keeping pace, leading to continued concern and a host of money-saving measures among grocery shoppers.” To understand the ongoing balancing act between time, money and nutrition goals, IRI, 210 Analytics and the International Fresh Produce Association will continue to deliver monthly fresh produce performance reports.

- According to the February 2023 IRI primary shopper survey, 29% of Americans work from home one or more days per week, down from 41% in February 2022 and 47% in February 2021. As more workplaces are expecting employees to work onsite one or more days a week, the struggle for time is likely going to intensify. “This is a prime opportunity for value-added produce,” said Joe Watson, IFPA’s VP, Retail, Foodservice and Wholesale. “Salad kits, on-the-go fruit and vegetable snacks and oven-ready, pre-washed vegetable items are great solutions to keep the lunch, dinner and snacking dollar at retail.”



- Restaurant takeout has become a bigger foodservice occasion than eating on premise. Per the February IRI survey, 50% of U.S. households have ordered takeout in the past few weeks versus 45% who ate on premise and 19% who ordered delivery. “Restaurant takeout and delivery present a continued opportunity for a win at retail,” Parker added. “Much like consumers create hybrid meals mixing scratch cooking with semi- and fully-prepared items at home, many also add fresh produce to delivery or takeout – items such as salad kits or fruit to round out restaurant meals.”
- The vast majority of meals continue to be prepared at home, at a consumer-estimated 79.3%. “This is down from December, which is the most home-centric month in terms of meals, but remains well above pre-pandemic levels,” Parker shared. Gen Z and younger Millennials eat out more, averaging a lower 76.4% of meals at home, whereas at-home meal preparation peaks among Boomers at 81.3% of meals.
- In-store shopping remained prevalent, according to the February IRI survey, with 69% of shoppers exclusively buying grocery-type items in-store, whereas 12% buy most or all groceries online. Demographic gaps remain with online shoppers skewing younger and more affluent. “In total, 31% of American households purchased some or all their groceries online in February,” Parker said. “That means optimizing fresh produce performance includes optimizing in-store and online conditions to avoid dollars leaking to frozen, canned or other retailers/categories.”
- Nine in 10 consumers perceive the cost of groceries and everyday household items to be much (70%) or somewhat (21%) higher than last year, per the IRI survey, of whom 95% are somewhat or extremely concerned about it. Eggs continue to lead the list of examples cited by consumers for being more expensive, followed by milk, beef/pork, fresh produce, chicken/turkey and bread. “Price increases for fresh produce have been below average for years, yet, consumers perceive fresh fruits and vegetables as being more expensive,” Watson pointed out.
- Both the share of Americans applying money-saving measures (84%) and the number of measures taken (averaging 3-4 per household) sharpened in January and February of 2023. The most popular ways to save remain buying what’s on sale (54%), cutting back on non-essentials (47%), looking for coupons (35%) and switching to store brand items (29%).
- At the same time, consumers continue to report that they are seeing fewer items on sale (55%) and the items on sale not being discounted as much (47%). When seeing deals, 45% stock up on certain items out of concern that prices may rise further or they might not be available on future trips.

Inflation Insights

The price per unit across all foods and beverages in the IRI-measured multi-outlet stores, including supermarkets, club, mass, supercenter, drug and military, increased 11.2% in February (the four weeks ending 2/26/2023), which was down from 13.2% in January 2023. Compared with February 2020, prices across all foods and beverages were up 30.2%.

Average price/unit vs. YA	2018	2019	2020	2021	2022	Q4 2022	Jan 2023	Feb 2023
Total food & beverages	+1.5%	+2.0%	+5.1%	+5.4%	+12.5%	+13.5%	+13.2%	+11.2%

Source: IRI, Integrated Fresh, Total US, MULO, average price per unit and % gain versus YA

Fresh produce prices were also up over 2022, but a relatively low +2.4% on a per-pound basis. Fresh fruit prices decreased 3.0% in comparison to February 2022. Vegetable inflation averaged 7.3% in February, which is also down from the 52-week levels.



Price per volume (lbs)	Price/volume	Change vs. YA	Change vs. 3YA
Total fresh produce February 2023	\$2.64	+2.4%	+15.8%
Total fresh produce latest 52 weeks thru 2/26/23	\$1.84	+7.8%	+17.1%
Fresh fruit February 2023	\$2.92	-3.0%	+15.4%
Fresh fruit latest 52 weeks thru 2/26/23	\$1.70	+7.3%	+19.5%
Fresh vegetables February 2023	\$2.39	+7.3%	+15.5%
Fresh vegetables latest 52 weeks thru 2/26/23	\$1.97	+8.4%	+14.9%

Source: IRI, Integrated Fresh, Total US, MULO, average price per volume and % gain versus YA and 3YA

February 2023 Sales

The four February 2023 weeks brought \$60.4 billion in total food and beverage sales, which was up from \$58.1 billion in the four January weeks. Dollars were up 7.9% versus February 2022, but unit sales dropped 3.0% behind and trailed February 2020. Perishables, including produce, seafood, meat, bakery and deli, had a slightly below-average dollar performance (+6.3%) but had the better unit performance (-2.5%). Center store sales increased 10.7%, but this was fully inflation-boosted with units down 3.4%.

	February 2023 % change					Latest 52 weeks % change			
	Dollar size	Dollars vs. YA	Dollars vs. 3YA	Units vs. YA	Units vs. 3YA	Dollars vs. YA	Dollars vs. 3YA	Units vs. YA	Units vs. 3YA
Total food and beverages	\$60.4B	+7.9%	+28.8%	-3.0%	-1.1%	+9.0%	+27.4%	-3.4%	+0.7%
Total perishables	\$26.4B	+6.3%	+26.4%	-2.5%	+0.0%	+8.3%	+25.7%	-3.0%	+1.2%
Total grocery (center store)	\$30.1B	+10.7%	+33.0%	-3.4%	-1.9%	+11.0%	+31.0%	-3.7%	+0.4%

Source: IRI, Integrated Fresh, Total US, MULO

February 2023 fresh produce sales reached 5.7\$ billion, up \$18 million from January and an increase of 1.6% over February 2022 levels. “Consumers are starting to respond to the more favorable pricing in fresh fruit,” Parker said. “In fact, in the comparison to pre-pandemic sales levels, both fresh fruit and vegetables look quite favorable in unit sales, unlike other categories.”

	February 2023 % change					Latest 52 weeks % change			
	Dollar size	Dollars vs. YA	Dollars vs. 3YA	Units vs. YA	Units vs. 3YA	Dollars vs. YA	Dollars vs. 3YA	Units vs. YA	Units vs. 3YA
Total fresh produce	\$5.7B	+1.6%	+19.2%	-0.8%	+3.0%	+4.3%	+20.2%	-3.1%	+4.6%
Fresh fruit	\$2.8B	-1.0%	+11.3%	+2.0%	+5.5%	+3.8%	+22.2%	-2.0%	+6.6%
Fresh vegetables	\$2.9B	+4.2%	+16.8%	-2.9%	+1.1%	+4.8%	+18.5%	-4.0%	+3.1%

Source: IRI, Integrated Fresh, Total US, MULO, % change vs. year ago.

Weekly sales were fairly consistent in February, averaging around \$1.4-1.5 billion each. Pound sales trailed February 2022 by 1.2%, with the best year-on-year performance during the final week of the month when pounds sales were virtually on par with the levels seen in February 2022.

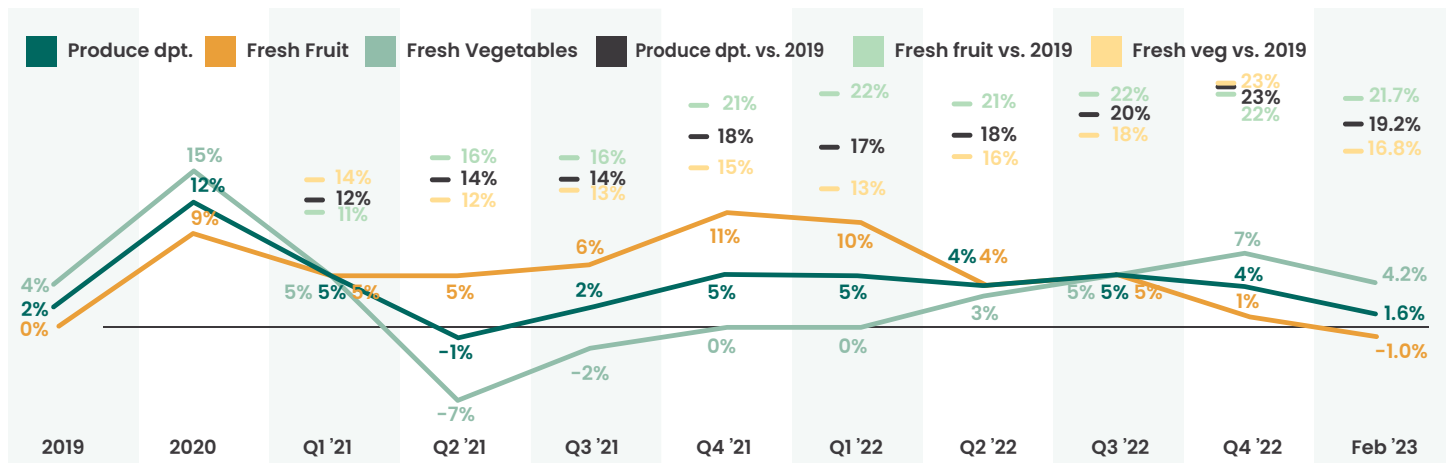


Produce department	Dollar sales	\$ vs. YA	Lbs vs. YA
February 2023	\$5.7B	+1.6%	-1.2%
w.e. 2/5/2023	\$1.4B	+1.7%	-2.3%
w.e. 2/12/2023	\$1.5B	+1.7%	-1.2%
w.e. 2/19/2023	\$1.4B	+1.8%	-1.2%
w.e. 2/26/2023	\$1.4B	+1.2%	-0.2%

Source: IRI, Integrated Fresh, Total US, MULO

“Dollar growth for fruit had been slowing in the past few months due to moderating levels of inflation,” said Watson. “In January, dollars dipped below year ago levels but growth recovered in February to +1.6% overall. Fruit remains below year ago levels as deflation was not offset by a boost in demand but rather stable levels when compared to February 2022.”

% Dollar growth versus YA and 2019



Source: IRI Integrated Fresh, Total U.S., MULO

Fresh Produce Share of Total Fruits and Vegetables

“The difference in inflationary levels between fresh, frozen and canned is staggering,” Parker commented. “The averages for the price per unit for frozen and canned fruits and vegetables are up 22.9% and 17.7%, respectively, compared to just 2.4% for fresh. And yet, the survey shows that high price perception for fresh produce among consumers.”

February 2023	Dollar sales	Dollar sales gains vs. YA	Unit gains vs. YA	Average price per unit	Increase price vs. YA
Fresh produce department	\$5.7B	+1.6%	-0.8%	\$2.64	+2.4%
Frozen fruits and vegetables	\$672M	+15.7%	-5.8%	\$3.30	+22.9%
Shelf stable fruits	\$366M	+6.0%	-9.9%	\$3.46	+17.7%
Shelf stable vegetables	\$530M	+8.3%	-8.0%	\$1.51	+17.7%

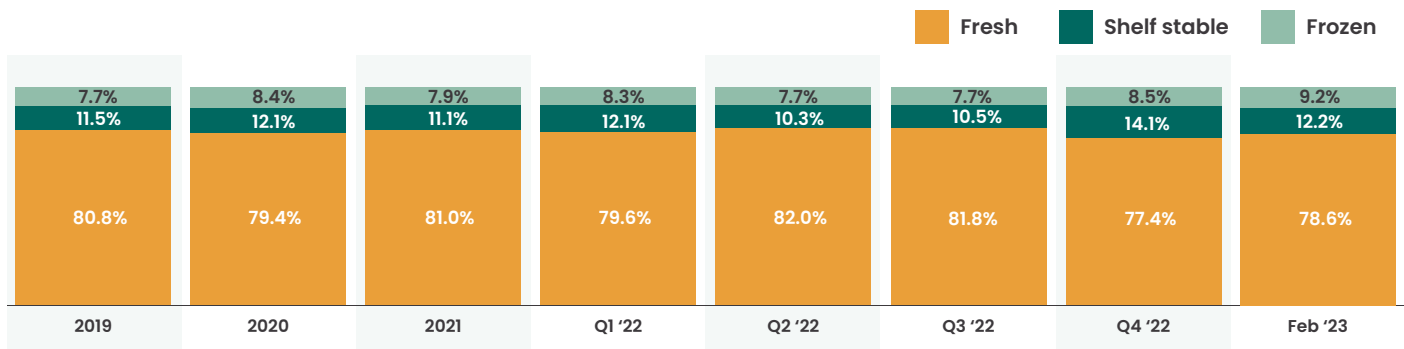
Source: IRI Integrated Fresh, Total US, MULO



In February 2023, the share of fresh fruit and vegetables stood at 78.6% of dollar sales and 78.4% of pound sales of combined fresh, frozen and shelf-stable fruit and vegetable sales at retail.

The share of frozen increased to 9.2% of dollars due to above-average inflation.

Share of dollars across temperature zones

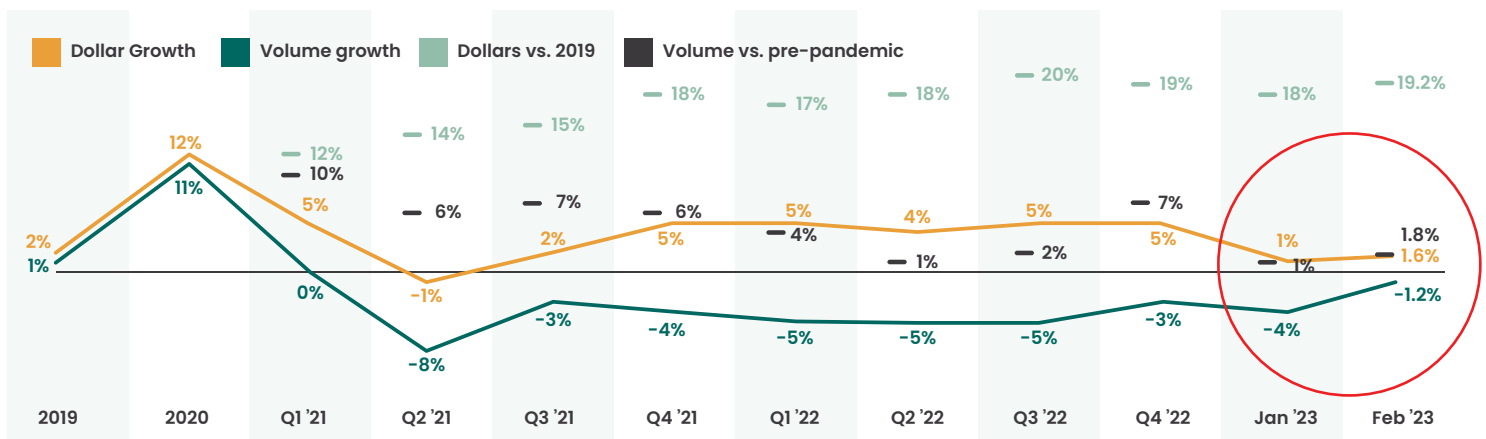


Source: IRI Integrated Fresh, Total U.S., MULO

Fresh Produce Dollars versus Volume

Fresh produce pound sales have trailed behind year ago levels since March 2021, but got to within 1.2% of year-ago levels in February 2023. Additionally, more pounds are being sold today than in February 2020, which was still unaffected by the pandemic shopping patterns.

Dollar and volume growth total produce (fixed and random weight) versus the comparable period YA and pre-pandemic



Source: IRI Integrated Fresh, Total U.S., MULO

The more favorable retail prices for fruit resulted in steady volume sales when compared to February 2022. Volume demand for vegetables continued to trend below year ago levels.



Growth over comparable period										
	2019	2020	2021	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Feb '23	vs. YA	vs. 3YA
Fruit										
Dollars	+0%	+9%	+6.5%	+10%	+4%	+4.6%	+1.3%	\$2.8B	-1.0%	+21.7%
Volume	-1%	+9%	-1.9%	-4%	-5%	-5.0%	-1.8%	1.5B	+0.0%	+1.3%
Vegetables										
Dollars	+4%	+15%	-1.2%	+0%	+3%	+4.8%	+6.8%	\$2.9B	+4.2%	+16.8%
Volume	+2%	+14%	-5.3%	-6%	-5%	-4.7%	-1.4%	1.4B	-2.6%	+2.4%

Source: IRI Integrated Fresh, Total U.S., MULO

Fresh Fruit Sales

“February brings some good news on the fresh fruit side of things,” said Parker. “For many months we had been reported on inflation-driven gains in the top 10 sellers. This month proves that more favorable pricing can indeed drive demand with year-over-year pound gains for berries, grapes, bananas, avocados, mandarins, melons, mixed fruit and pineapples.”

However, while eight out of the top 10 fruit sellers in February grew pound sales, this did not automatically equate in an equal boost in dollars. Only five out of 10 top sellers increased dollar sales, with avocado sales down double-digits.

Fresh Vegetables Sales

“Vegetable sales did not benefit from deflation and this can be seen in a more mixed volume performance compared to fresh fruit,” said Watson. “A few items got close to or exceeded year-ago levels in terms of pound sales, being lettuce, onions and cucumbers.”

The alternating power of value versus convenience can be seen in strong sales for both lettuce and salad kits, the number three and four sellers. However, whereas lettuce grew pounds, salad kits sales decreased by 6.2% though pound sales remained ahead of the February 2020 (pre-pandemic) levels.

Top 10 in sales	February 2023		
	\$ sales	\$ vs. YA	Lbs vs. YA
Fresh fruit	\$2.8B	-1.0%	+0.0%
Berries	\$774M	+1.9%	+1.4%
Apples	\$350M	-2.5%	-5.4%
Grapes	\$281M	-0.6%	+3.5%
Bananas	\$264M	+3.3%	+0.4%
Avocados	\$187M	-18.5%	+3.1%
Mandarins	\$173M	-4.0%	+1.8%
Melons	\$151M	+6.5%	+0.9%
Oranges	\$111M	-13.4%	-13.8%
Mixed fruit	\$76M	+4.3%	+0.9%
Pineapples	\$72M	+5.9%	+6.3%
Fresh vegetables	\$2.9B	+4.2%	-2.6%
Tomatoes	\$316M	+5.4%	-1.4%
Potatoes	\$304M	+15.5%	-5.3%
Lettuce	\$238M	+11.4%	+0.5%
Salad kits	\$234M	-1.3%	-6.2%
Onions	\$217M	+9.1%	+4.7%
Peppers	\$202M	+1.6%	-1.2%
Cucumbers	\$116M	+13.4%	+4.1%
Carrots	\$113M	+3.7%	-4.3%
Broccoli	\$107M	+4.0%	-2.2%
Mushrooms	\$97M	-6.9%	-13.2%

Source: IRI Integrated Fresh, Total U.S., MULO



Fresh Produce Absolute Dollar Gains

In February 2023, fresh vegetables added \$2.9 billion in additional dollars versus February 2022 whereas total fruit lost some ground. While a few fruits made it into the top 10 items that gained the most in dollars, the top three placements go to vegetables. “Super Bowl made a mark with strong celery sales,” said Watson. “But otherwise, we are seeing the impact of a market under economic pressure with many consumers retreating into staples, such as potatoes, lettuce and onions.”

Top 10 absolute dollar growth	February 2023		
	\$ gain	\$ sales	Lbs vs. YA
Potatoes	+\$40.7M	\$3.4M	-5.3%
Lettuce	+\$24.3M	\$238M	+0.5%
Onions	+\$18.1M	\$217M	+4.7%
Tomatoes	+\$16.3M	\$316M	-1.4%
Berries	+\$14.5M	\$774M	+1.4%
Cucumbers	+\$13.7M	\$116M	+4.1%
Cherries	+\$10.4M	\$29M	+79.1%
Melons	+\$9.3M	\$152M	+0.9%
Celery	+\$8.4M	\$79M	-6.7%
Bananas	+\$8.4M	\$264M	+0.4%

Source: IRI Integrated Fresh, Total U.S., MULO

Perishables Performance

With heavy inflation in eggs and other dairy items, the total refrigerated department generated a 15.6% increase in sales to reach \$6.9 billion in February. However, unit sales were down 3.4%. Fresh produce had the strongest unit performance, even if it was down as well. Seafood experienced dollar and unit growth for the first time in more than 18 months, though unit sales trended below the February 2020 pre-pandemic levels by 2.6%.

Perimeter departments	February 2023		
	\$ sales	\$ vs. YA	Units vs. YA
Meat	\$6.4B	-0.3%	-3.8%
Refrigerated (mostly dairy)	\$6.9B	+15.6%	-3.4%
Produce	\$5.7B	+1.6%	-0.8%
Deli	\$3.5B	+6.7%	-2.8%
Bakery	\$3.3B	+11.2%	-3.2%
Seafood	\$544M	+3.5%	+3.0%

Source: IRI Integrated Fresh, Total U.S., MULO, fixed and random weight items combined into department views



What's Next?

The first quarter of 2023 looks to be little different from 2022 with inflation taking the spotlight in virtually all food-related decisions. While consumers see home-prepared meals as more cost effective and healthier, restaurants win two out of three occasions when consumers lack for time or are not in the mood to prepare dinner (source: 210 Analytics, Nov. 2022).

The wide variety of money-saving measures continues to put a lot of pressure on unit and volume sales, that has now fallen below pre-pandemic levels for several departments across the store. Labor cost and availability, ingredient inputs, weather and transportation conditions remain areas of concern as prices are lapping the double-digit increases of 2022.

Special occasions remain a big opportunity for food retail in 2023, according to the latest IRI consumer surveys. Among consumers who have thought ahead to Easter/Passover, 51% plan a special meal for their households (22%), extended group of friends or family (21%) or other activities such as out-of-state travel. The average party size is leveling out at seven to eight people, following several years of smaller group sizes related to Covid-19.

The February IRI survey found that 17% say their financial situation is a little or a lot better than last year, but 42% say they are a little or a lot worse off now than last year. Looking ahead to a year from now, 26% believe their financial situation will be better versus 32% believing it will be worse. This likely means continued cautious and planned spending, but not a race to the bottom.

The next report, covering March, will be released in mid-April. In addition to the data provided here, the IFPA also provides a look at the floral performance and consumer sentiment. We also encourage you to contact Joe Watson, IFPA's VP, Retail, Foodservice and Wholesale, at jwatson@freshproduce.com with any questions or concerns. Please recognize the continued dedication of the entire grocery and produce supply chains, from farm to retailer. #produce #joyoffresh #SupermarketSuperHeroes.

Date ranges:

2019: 52 weeks ending 12/28/2019

2020: 52 weeks ending 12/27/2020

2021: 52 weeks ending 12/26/2021

2022: 52 weeks ending 1/1/2023

Q4 2022: 13 weeks ending 1/1/2023

January 2023: 4 weeks ending 1/29/2023

February 2023: 4 weeks ending 2/26/2023

