



Fresh Produce Sales Remain Ahead in First Half of 2021

By: Anne-Marie Roerink, President, 210 Analytics

The first half of 2021 is in the books, and 210 Analytics, IRI and the Produce Marketing Association (PMA) partnered to understand how fresh produce performed relative to 2020 and 2019.

Midyear 2021 Results

The first half of 2021 brings a 1.2% increase over year-ago levels for fresh produce sales, despite a small decline in the second quarter. Produce added an additional \$438 million in sales during the first six months of 2021.

Produce department		Dollar sales	Dollar gains	Absolute dollar gains
	2019 calendar year	\$62B	+1.8%	+\$1.1B
	Q1 2020	\$16B	+6.8%	+\$1.0B
	Q2 2020	\$19B	+15.1%	+\$2.5B
	Q3 2020	\$18B	+12.1%	+\$1.9B
	Q4 2020	\$16B	+11.7%	+\$1.7B
	Q1 2021	\$17B	+4.8%	+\$789M
	Q2 2021	\$19B	-1.9%	-\$350M
	Year-to-date Jan-Jun 2021	\$36B	+1.2%	+\$438M

Source: IRI, Integrated Fresh, Total U.S., MULO, see end for time period definitions

Volume (pound) sales, however, were not able to hold the line and dropped 4.8% versus 2020 levels during the first six months of the year. This is a loss of a little over 1 billion pounds. The difference in the volume versus dollar gains is due to rising inflation for fresh produce thus far in 2021.

Meat department		Volume sales	Volume gains	Absolute lbs. gains
	2019 calendar year	40B	+0.5%	+181M
	Q1 2020	10B	+9.7%	+892M
	Q2 2020	12B	+15.4%	+1.6B
	Q3 2020	12B	+9.7%	+1.0B
	Q4 2020	10B	+10.1%	+935M
	Q1 2021	10B	-0.1%	-6M
	Q2 2021	11B	-8.8%	-1.1B
	Year-to-date Jan-Jun 2021	21B	-4.8%	-1.1B

Source: IRI, Integrated Fresh, Total U.S., MULO, see end for time period definitions

Food Inflation

Food inflation has become a big topic of discussion in recent weeks and, this year, produce prices are not the exception like we saw in 2020. Food prices in both the retail and restaurant settings are seeing significant inflation. In June, food prices overall were up 2.2% year-over-year, according to the Bureau of Labor Statistics. This is on top of the 3.4% increase in 2020. June saw much bigger price increases in the restaurant world (+4.0%) than at retail (+0.7%). BLS is forecasting continued inflation of between 1.5% and 2.5% in 2021.

Consumers are well aware of the inflationary conditions, said Jonna Parker, team lead, Fresh for IRI. "According to the June IRI survey of primary shoppers, a total of 84% being somewhat (56%) or very (28%) concerned about food cost inflation," she said. "Stores' promotional decisions, merchandising and price perceptions are likely to grow more important as a result. And while produce prices today are higher than they were last year or even the year before, prices are also up across total retail and foodservice. High food inflation typically favors retail, and certainly consumers are ever so aware of the favorable cost per meal when cooking at home versus eating out after a year of highly home-centric meal consumption."



A comparison of the average price per pound volume between the first and second quarters of 2021 shows an acceleration of price increases. While first-quarter total produce prices were up 4.9% across items, second-quarter prices were up 7.6% compared with the second quarter of 2020. Fruit prices, which saw deflation in much of 2020, are leading the price increases in the second quarter, at +10.2%.

Sales and % sales change (June 6/6-6/27) versus year ago	Price/volume	Change vs. 2020	Change vs. 2019
Total produce Q1	\$1.71	+4.9%	+2.1%
Total produce Q2	\$1.66	+7.6%	+7.3%
Fresh vegetables Q1	\$1.80	+4.3%	+1.7%
Fresh vegetables Q2	\$1.82	+5.3%	+4.3%
Fresh fruit Q1	\$1.59	+5.6%	+2.5%
Fresh fruit Q2	\$1.51	+10.2%	+10.1%

Source: IRI, Integrated Fresh, Total U.S., MULO, average price per volume and % gain versus YA and 2YA

First-Half 2021 Top 10 Growth Contributors

When comparing the six months' dollar sales to that of 2020, growth engines emerge. "While being the sales growth leader all throughout 2020, berries again took the top honors with an additional \$376 million in sales the first half of 2021 compared with year ago," said Joe Watson, vice president of membership and engagement for PMA. "The story for salad kits is equally remarkable as a top grower in 2020 and yet adding another nearly \$200 million in sales the first half of this year. Many of the items on the list are fruit, with vegetables having the stronger 2020 performance, creating a harder path for growth this year."

Product	Absolute dollar gains vs. first six months of 2020	Absolute pound gains vs. first six months of 2020
Berries	+\$376M	+1.1B
Salad kits	+\$198M	+300M
Melons	+\$138M	+1.8B
Mixed fruit	+\$114M	+86M
Mandarins	+\$59M	+724M
Pineapples	+\$45M	+388M
Limes	+\$39M	+222M
Cucumbers	+\$38M	+379M
Pears	+\$32M	+125M
Lettuce	+\$29M	+678M

Source: IRI, Integrated Fresh, Total U.S., MULO, January through June 27, 2021, versus the same period in 2019

Week-by-Week June Sales

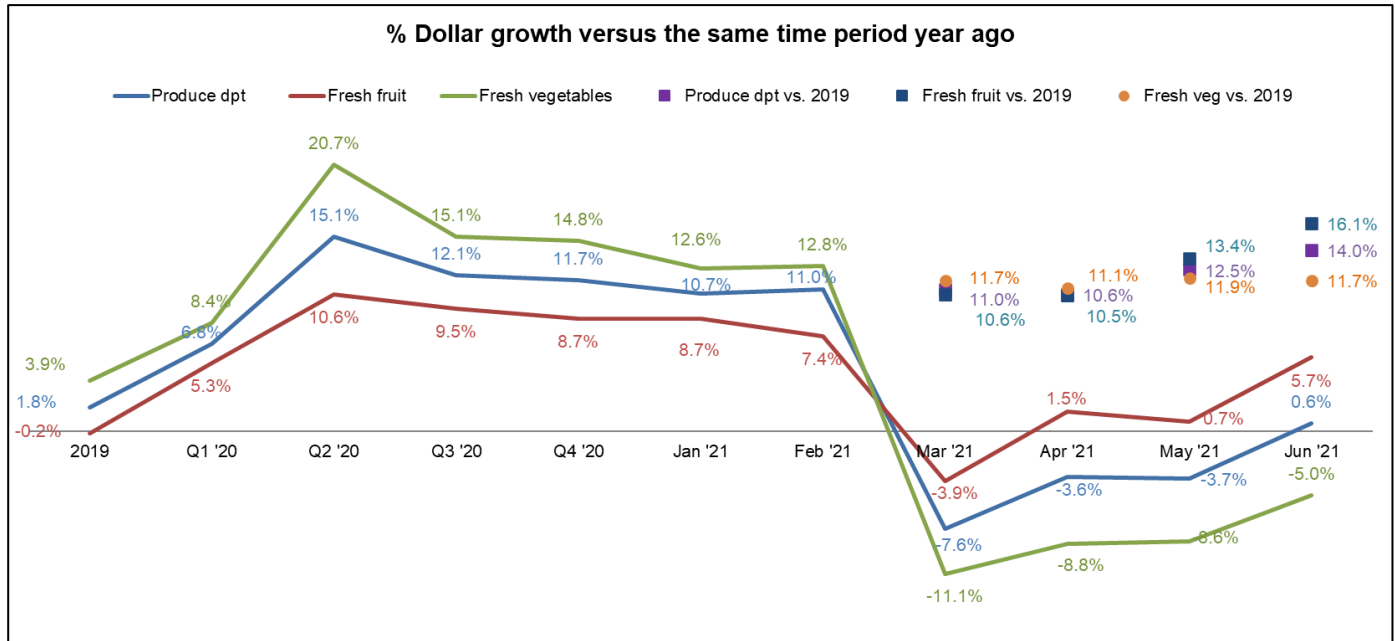
Produce sales stayed ahead of year-ago levels each of the June weeks. Sales averaged about \$1.5 billion each week. The June through September grilling season will be an interesting one to watch, according to Parker. "Produce is likely to see strength in grilling and party staples over the next few months. The 2020 season was heavily impacted by the lack of larger gatherings. This year, our survey of primary grocery shoppers found that 35% celebrated the Fourth of July with a get-together of friends and/or family, which was up from 22% last year. Others took trips (up from 5% to 9%), watched parades or fireworks (up from 6% to 14%), etc. This resulted in those without special holiday plans dropping from 58% last year to 41% this year. Produce has a big opportunity in growing holiday and special occasion sales."

Produce department	Dollar sales	Dollar gains vs. 2020	Dollar gains vs. 2019
June 2021	\$5.9B	+0.6%	+14.0%
w.e. 6/6/2021	\$1.5B	+0.3%	+15.3%
w.e. 6/13/2021	\$1.5B	+1.1%	+12.7%
w.e. 6/20/2021	\$1.5B	+0.8%	+19.0%
w.e. 6/27/2021	\$1.4B	+0.3%	+9.1%

Source: IRI, Integrated Fresh, Total U.S., MULO, \$ sales June



Fresh produce generated \$5.9 billion in sales during the four June 2021 weeks. This is up \$37 million from June 2020 and \$720 million from the 2019 pre-pandemic normal. Fresh fruit drove all of the gain, with year-over year gains of 5.7% versus -5.0% for vegetables. "Fruit sales are strong this year," said Watson, "but we also have to keep in mind that vegetables had a massive 2020, which means a tougher road to growth this year. Additionally, fruit dollar sales are boosted by the increase in price per volume for many items."



Source: IRI Integrated Fresh, Total U.S., MULO, % change vs. YA

Fresh Share

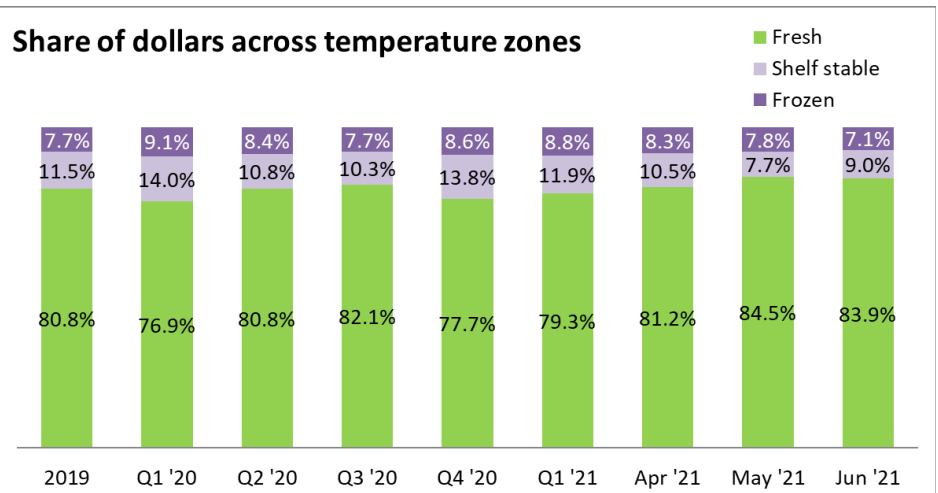
In addition to growth in fresh fruit, shelf-stable fruit also gained versus year ago, at +0.7%. Frozen fruits and vegetables remained up about 15% over 2019 but could not match their 2020 performance.

June 2021 (4 weeks ending 6/6 through 6/27/2021)	Dollar sales	Dollar sales gains vs. 2020	Dollar sales gains vs. 2019
Frozen fruits and vegetables	\$494M	-7.9%	+14.9%
Shelf-stable fruits	\$285M	+0.7%	+14.4%
Shelf-stable vegetables	\$344M	-9.1%	+6.8%
Fresh produce department	\$5.9B	+0.6%	+14.0%

Source: IRI Integrated Fresh, Total U.S., MULO, % dollar growth vs. year ago and two years ago

"The fresh share of total fruit and vegetable dollars across the store remained well over 80% during June 2021," said Watson. "Frozen fruit and vegetable sales represented the smallest share since 2019, at 7.1%. However, inflation has been much lower in frozen foods than in fresh."

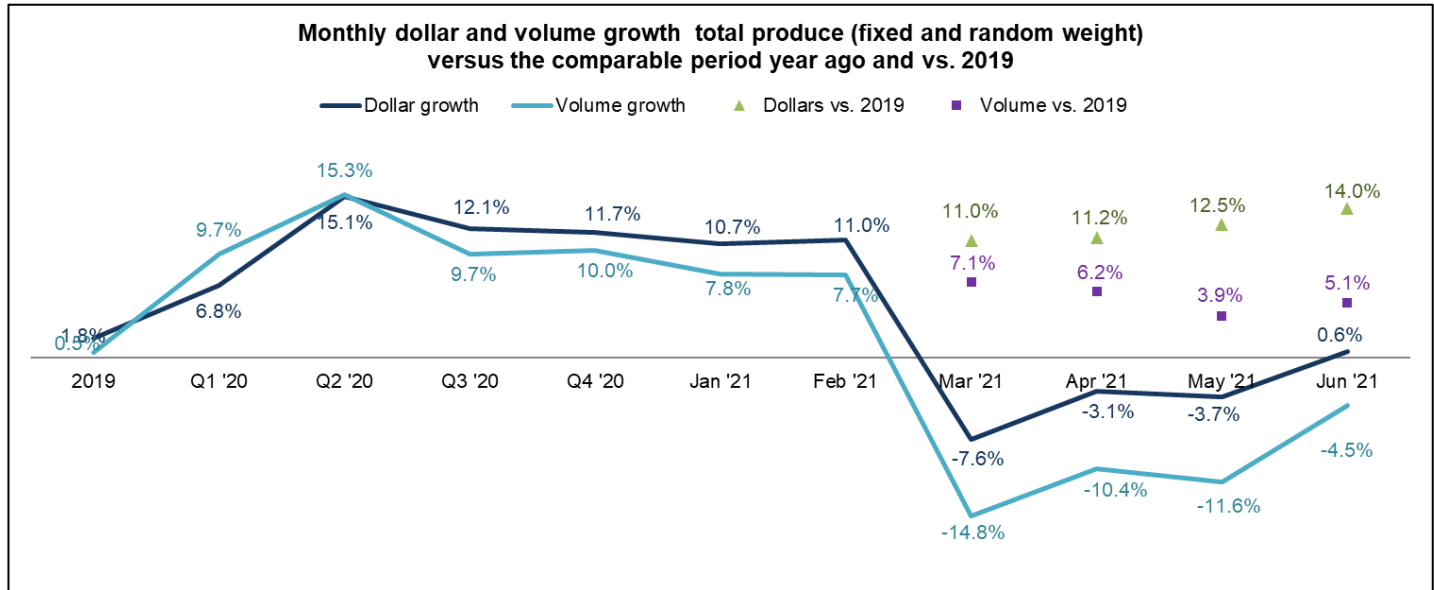
Source: IRI Integrated Fresh, Total U.S., MULO, % change vs. YA





Fresh Produce Dollars Versus Volume

Early on in the pandemic, fresh produce experienced deflation with volume outpacing dollar growth, though both experienced record highs. Deflation switched to inflation starting in the third quarter of 2020, and dollar gains have tracked above-volume gains ever since. The gap between dollars and volume has widened in recent months. However, both dollars and pound sales are tracking well ahead of 2019's rates — meaning more fresh produce is being sold now than pre-pandemic.



Source: IRI Integrated Fresh, Total U.S., MULO, 1 month % change vs. YA and vs. 2019 for March and April

“While year-on-year comparisons for June makes it look like dollar sales have dropped drastically for vegetables, reality is that demand for fruit and vegetables remains robust,” said Watson. “The easiest way to look at true demand is to compare June 2021 pounds to those sold in June 2019 — showing solid increases for both fruit and vegetables.”

		Growth over comparable period						Jun '21 vs. 2020	Jun '21 vs. 2019	
		2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21		
Fruit										
Dollars		-0.2%	+5.3%	+10.6%	+9.5%	+8.7%	+5.0%	+3.4%	+5.7%	+16.1%
Volume		-0.5%	+8.4%	+10.7%	+7.6%	+8.8%	-0.6%	-6.2%	-2.9%	+4.6%
Vegetables										
Dollars		+3.9%	+8.4%	+20.7%	+15.1%	+14.8%	+4.6%	-7.4%	-5.0%	+11.7%
Volume		+1.7%	+11.1%	+21.9%	+12.8%	+11.2%	+0.3%	-12.0%	-6.7%	+5.9%

Source: IRI Integrated Fresh, Total U.S., MULO, % change vs. YA

Fresh Fruit Sales in June

“The strength in fruit is driven by year-over-year gains for eight out of the 10 biggest sellers,” said Parker. “Five fruits managed double-digit growth, led by mandarins, up 42.5% over year ago. The return of celebrations and backyard barbecues is evident as well, with mixed fruit sales exploding ever since the second quarter of 2021.”

Top 10 in weekly sales		Dollar sales increase over comparable period in 2019 and 2020								Jun vs. '20	Jun vs. '19
		2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Jun '21		
Fresh fruit		-0.2%	+5.3%	+10.6%	+9.5%	+8.7%	+5.0%	+3.4%	\$3.1B	+5.7%	+16.1%
Berries		+4.4%	+11.0%	+15.3%	+14.3%	+16.2%	+10.9%	+8.5%	\$686M	+10.4%	+25.1%
Melons		+1.0%	+4.0%	+2.6%	+14.4%	+18.7%	+10.2%	+11.8%	\$409M	+12.1%	+13.0%



Apples	+0.0%	+2.2%	+3.1%	-0.1%	+1.9%	-0.7%	+3.2%	\$275M	+5.8%	+9.0%
Cherries	-8.0%	+5.1%	+41.9%	+26.7%	---	---	-3.5%	\$270M	+11.4%	+49.3%
Bananas	-0.9%	+5.6%	+6.2%	+0.5%	+1.9%	-0.6%	-1.8%	\$256M	+1.3%	+4.3%
Grapes	-3.1%	+1.9%	-1.1%	-0.3%	-0.1%	+2.7%	-1.2%	\$230M	-8.8%	-9.3%
Avocados	+6.8%	+6.6%	+14.6%	+2.2%	+6.1%	-0.9%	-9.8%	\$204M	-8.3%	+1.4%
Mandarins	-5.8%	+7.2%	+7.5%	+13.5%	+15.7%	-1.0%	+14.2%	\$128M	+42.5%	+59.4%
Mixed fruit	-1.0%	-1.4%	-26.4%	-1.8%	-9.0%	+8.3%	+57.9%	\$85M	+30.8%	+25.8%
Peaches	-8.3%	-2.4%	-4.5%	-5.3%	-0.8%	+6.5%	+3.2%	\$83M	+7.4%	+3.6%

Source: IRI Integrated Fresh, Total U.S., MULO, % change vs. YA

Fresh Vegetables Sales in June

“Vegetable sales have to compete against the enormous spikes of 2020,” said Watson. “Yet we see year-on-year June growth for packaged salads, cucumbers and corn alongside robust gains when compared to the pre-pandemic 2019 baseline. People are continuing to eat, snack and cook with fresh vegetables more than pre-COVID.”

Top 10 in weekly sales	Dollar sales increase over comparable period in 2019 and 2020									
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Jun '21	Jun vs. '20	Jun vs. '19
Fresh vegetables	+3.9%	+8.4%	+20.7%	+15.1%	+14.8%	+4.6%	-7.4%	\$2.7B	-5.0%	+11.7%
Tomatoes	+0.3%	+12.7%	+24.7%	+17.8%	+17.6%	+3.6%	-8.7%	\$333M	-7.9%	+14.6%
Packaged salad	+12.2%	+13.0%	+11.6%	+14.0%	+21.7%	+13.0%	+14.8%	\$255M	+9.8%	+28.8%
Potatoes	+1.5%	+19.4%	+36.8%	+16.6%	+12.1%	-4.1%	-19.9%	\$224M	-11.4%	+8.2%
Lettuce	+6.3%	+3.5%	+14.2%	+8.0%	+23.2%	+8.9%	-3.5%	\$207M	-0.7%	+10.1%
Peppers	+4.2%	+5.5%	+28.0%	+22.1%	+21.7%	+11.5%	-7.1%	\$196M	-5.6%	+19.8%
Onions	+6.0%	+11.5%	+23.4%	+11.9%	+11.2%	+0.8%	-14.8%	\$171M	-7.3%	+6.4%
Cucumbers	+3.1%	+10.2%	+21.4%	+18.9%	+21.8%	+9.9%	+2.5%	\$111M	+2.3%	+24.9%
Corn	+6.1%	+16.9%	+19.4%	+31.7%	+37.3%	+10.9%	-2.5%	\$97M	+7.8%	+14.5%
Mushrooms	+0.6%	+8.1%	+31.2%	+23.0%	+17.5%	+8.2%	-13.0%	\$95M	-12.0%	+12.9%
Carrots	-1.6%	+6.4%	+12.1%	+6.5%	+4.6%	-5.1%	-7.6%	\$89M	-1.9%	+4.9%

Source: IRI Integrated Fresh, Total U.S., MULO, % change vs. YA

Absolute Dollar Gains

“June’s growth leaders are a wide mix of fruits and vegetables,” said Watson. “Corn is a newcomer to the top 10 this year, underscoring grilling season has arrived along with strength in melons and mixed fruit.”

June 2021 Top 10 produce items in absolute dollar growth	Versus comparable period in 2020		
	Absolute dollar gain	Dollar % growth	Total dollar sales
Berries	+\$65M	+10.4%	\$686M
Melons	+\$44M	+12.1%	\$409M
Mandarins	+\$38M	+42.5%	\$128M
Cherries	+\$28M	+11.4%	\$270M
Packaged salads	+\$23M	+9.8%	\$255M
Mixed fruit	+\$20M	+30.8%	\$85M
Apples	+\$15M	+5.8%	\$275M
Limes	+\$8M	+14.8%	\$66M
Fruit party trays	+\$7M	+53.8%	\$21M
Corn	+\$7M	+7.8%	\$97M

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



Perishables Performance

A look across fresh foods departments for the four June weeks shows mixed year-over-year performance. Departments with strong 2020 sales results have a much tougher road map to stay ahead of prior-year sales. This is the case for meat, seafood and refrigerated (including dairy). On the other hand, departments that struggled during the early pandemic months, including fresh bakery and deli prepared, are now tracking ahead.

June 2021 (4 weeks ending 6/6 through 6/27/2021)	\$ sales	Dollar sales gains vs. 2020	Dollar sales gains vs. 2019
Total perishables	\$24.0B	+0.4%	+14.2%
Meat	\$6.3B	-2.9%	+16.9%
Produce	\$5.9B	+0.6%	+14.0%
Refrigerated (including dairy)	\$5.2B	-2.2%	+12.2%
Deli (meat, cheese and deli prepared)	\$3.2B	+11.1%	+12.6%
Bakery	\$2.8B	+4.1%	+11.3%
Seafood	\$575M	-9.3%	+32.2%

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

Floral

Floral ended calendar year 2020 up 3.9%, but sales have been very strong ever since the third quarter of 2020. The first and second quarter of 2021 have brought gains upward of 25%, for a year-to-date increase of 27.6%.

	Dollar sales increase over comparable period in 2019 and 2020							
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Building Q2 '21	YTD 2021
Department floral	+3.2%	-0.3%	-3.4%	+15.8%	+14.5%	+26.9%	+28.1%	+27.6%

Source: IRI Integrated Fresh, Total U.S., MULO, % change vs. YA

What's Next?

June brought continued normalization of grocery shopping patterns, according to Parker. "The share of the consumers who are 'extremely' concerned about the COVID-19 pandemic dropped to 22% of the population. That is the lowest level since IRI started to track consumer concern among primary grocery shoppers as of mid-March 2020. The share spiked as high as 67% of the population by the end of March 2020." This lesser concern has resulted in consumers feeling more relaxed while shopping for groceries in-store, spending a little more time and being more open to search for new items and meal ideas. Patterns are, however, not all the way back to normal. Parker adds, "Americans are still cooking more at home, at 80% of all meals on average, which explains the continued high demand for foods and beverages when compared to the pre-pandemic normal of 2019. Likewise, people are spending more time in-store than they did in most of 2020, but the average is still down by four minutes versus pre-pandemic."

Consumers are re-engaging more and more with restaurants. As of June, 81% of Americans have purchased restaurant food, often a combination of in-restaurant dining (46%), outdoor restaurant dining (17%), takeout (50%) or delivery (20%). At least some of the increases in on-premise dining are replacing food delivery or pickup, which became very popular in 2020.

Consumers are expecting back-to-school spending to be big this year, with 43% expecting they will spend more this year than they did last year and 47% believing they will spend about the same. Of parents shopping for back-to-school items, 43% believe they will do most or all in-store and 42% expect they will spend equally in-store and online. That provides grocery retailers with an important opportunity to draw people to the store as they prepare for the upcoming school year.

The number of in-store grocery trips as a share of total trips continued to hold steady in June, at 85%. The 15% of trips that happened online include 9% for in-store or curbside pickup and 6% for home delivery. The produce department has continued opportunity to close the gap between center-store and perimeter items in months to come.



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The next report, covering July, will be released in mid-August. We encourage you to contact Joe Watson, PMA's vice president of membership and engagement, at jwatson@pma.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
Q1 2020: 13 weeks ending 3/29/2020
Q2 2020: 13 weeks ending 6/28/2020
Q3 2020: 13 weeks ending 9/27/2020
Q4 2020: 13 weeks ending 12/27/2020
Q1 2021: 13 weeks ending 3/28/2021
Q2 2021: 13 weeks ending 6/27/2021
June: 4 weeks ending 6/27/2021