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CV-19, other factors lead to strong produce sales

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There is no doubt the country is in disarray with the new coronavirus, with business closings and social distancing leading to economic uncertainty for most Americans. But it's undeniable that several business segments are seeing an uptick in sales, including supermarkets, meal delivery companies, paper product manufacturers and producers of food, including the produce industry.

Experts say Americans are inexplicably running to their supermarkets and loading up on items that are not in short supply, such as bottled water and toilet paper. As serious as Covid-19 is, there is no evidence that it affects the nation's water supply or results in a condition calling for the use of an inordinate amount of toilet paper. Yet photos of empty shelves in supermarkets are prevalent all over the country.

In the San Francisco Bay Area, Safeway announced that it was looking to hire 2000 new workers for its 168 area stores for stocking and delivery. Costco is also hiring. A produce buyer for an East Coast chain told a produce industry representative that the amount of business it did on Friday, March 13, was greater than an average week of business. A produce buyer for a meal kit delivery service told *The Produce News* that business was going like "gangbusters."

While one might make a rational case for stocking up on non-perishable or frozen items during this time when trips to the supermarket are supposed to be reduced, it is difficult to explain why there has been a run on fresh produce, which has to be consumed in short order. But produce sales have been very brisk.

"If you walk into our coolers, the most obvious sight is the empty walls," David Weinstein, a veteran wholesale producer buyer and seller for Heath & Lejeune Inc. in Los Angeles, said on Tuesday,

March 17. “We can’t keep anything in stock. At the stores, people are buying everything in sight. I don’t know what they are doing once they fill their refrigerators, but they are still buying.”

In the face of this, Weinstein gave a huge shout-out to their entire produce industry supply chain from field workers to produce clerks and all the companies that run this industry.

“The produce industry has proven it has a nimble and flexible, redundant supply chain. Even when there are crazy people out there testing our supply chain, we are keeping the stores stocked and at least the produce department still has product. And we are doing this without gouging. The prices are where they should be. There are seasonally appropriate increases. At least in the United States, our supply chain is working.”

Mark McBride, a salesman for Coastline Family Farms in Salinas, CA, reported that most vegetables are in a supply-exceeds-demand situation and that brisk sales in supermarkets is a major factor. “Obviously, the last five or six days there has been total disruption around the country,” he said.

But the longtime observer and participant in the western vegetable industry pointed to several other production factors that have had a big impact on the supply-and-demand equation.

“We had significant rainfall in the desert last week,” he said of the week ending March 14. “I cannot remember when we had this much rain this late in the [winter] season.”

This is the time of year when grower-shippers are starting the spring transition from desert production to California’s coast and Central Valley.

“We are hoping that it dries out over the next couple of days and we can finish up our desert harvest,” McBride said, noting that broccoli and cauliflower harvesting had already begun in the Salinas Valley with the leaf items slated to begin as the calendar turns to April.

He said that regardless of the coronavirus-driven demand by consumers, the rain and the calendar were going to bring somewhat of a supply gap anyway. On the other hand, he said growing conditions in Coastal California have been pretty good so at least supplies should return to normal in April.

McBride couldn’t predict what demand would do, but he opined that in this time of health insecurity, an increase in the consumption of nutritious fruits and vegetables can only be a good thing.

Down the coast in Santa Maria, CA, Denny Donovan, sales manager at Fresh Kist Produce LLC, said it appears California has received its “Miracle March” rainfall. February was bone dry and observers had said only an abnormal March could stave off the “D” word (drought). “Last week, we got six to seven inches of rain,” he said on March 17. “We needed that.”

Donovan said that Santa Maria’s mild year-round temperature does allow for production throughout the year of hearty items like celery, broccoli and cauliflower. But he said that there is a transition for many other crops, including leafy greens and lettuce.

“We are going to be transitioning over the next couple of weeks,” he said, adding that in early April, the Santa Maria Valley should be in full production.

Donovan said that Fresh Kist has both foodservice and retail customers. Because of all the

restaurant and school closings around the country, the foodservice orders have stopped but retail buyers have filled the gap.

Making the same point was Robert Lichtenberg, director of purchasing for Earl's Organic Produce on the San Francisco Wholesale Produce Market. "We mostly sell to retail," he said, "though we do sell to other wholesalers who service the foodservice industry. That business is virtually non-existent."

Despite that decline in sales, Lichtenberg said Earl's is currently "doing twice the normal sales on a daily basis. I do not know if and when it's going to slow down. I've been saying it's like Thanksgiving every day," he said referring to the huge bump in produce sales that typically occurring leading up to that national food-focused holiday.

This increase in sales is happening despite the fact that it is a normal transition period for many crops, especially on the organic side, and organic supplies are typically limited. Lichtenberg said the vegetable transition from desert to coast is well known, but the storage supplies of organic onions and potatoes are nearing their end, as is the organic citrus production. Typically, at this time of year the market prices would be rising and now they are climbing even faster.

Michael Janis, general manager of the San Francisco Wholesale Produce Market, said these difficult times have led to an extraordinary effort by market merchants. San Francisco is one of the early CV-19 "hot spots," with a shelter-in-place edict coming down from city government for most citizens on March 16. As an essential business, the produce market has remained opened and is distributing even more product. Janis said market merchants have altered their businesses to follow the social distancing recommendations.

"We've added portable sanitation stations throughout the market and asked merchants to restrict access to their warehouses and offices to team members only," said Janis.

He noted that while the market is doing brisk business overall, there are merchants specializing in serving tech company cafeterias, restaurants and events that have obviously experienced a big drop in orders. In fact, one foodservice-focused merchant decided to close its doors for a couple of weeks.

But overall, in the market as well as throughout the rest of the produce industry, these difficult times have created increased demand. People do have to eat.

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