
- Advertisement -

PMA Fresh Summit: Produce sales level off as pandemic continues

By

Tim Linden

October 14, 2020

While produce sales at retail surged during the first month after coronavirus-influenced shelter-in-place orders first appeared, sales did level off, though they continue to remain above the norm.

This was the topic explored at a first-day session during the Produce Marketing Association Fresh Summit, held virtually Oct. 13-15. A panel of four – Jonna Parker of IRI Fresh Center of Excellence, Anne-Marie Roerink of 210 Analytics LLC, Paul Kneeland of Gelsons Markets and Joe Watson of PMA – discussed the performance of produce against other store segments as well as the potential of the category moving forward.

Parker set the stage by reviewing some scan data collected over the past six months. She noted that on a percentage basis, frozen foods, including fruits and vegetables, have outperformed the fresh produce department. But a closer look at the numbers reveals that frozen started from a very low base. Pre-pandemic, 6 percent of produce sales were frozen with 84 percent being fresh. Frozen realized a 2 percent gain in market share but they still only represents 8 percent of the category. Fresh sales of fruits and vegetables still represents more than 80 percent of the category and have increased in both total dollar and volume sales compared with pre-pandemic sales.

The produce items that have registered the most growth include oranges, potatoes, onions, mushrooms, peppers and garlic. Those items each fit into sub-categories that have seen upticks directly related to coronavirus-inspired buying habits. Oranges and garlic have long been touted for their potential health benefits; potatoes and onions are relatively shelf stable items that do well when shoppers are stockpiling at home; garlic, onions, potatoes, peppers and mushrooms play into consumers increasing their in-home eating occasions and cooking more often.

Parker's statistics revealed that shoppers have increased their average basket ring and are buying a greater percentage of their food at traditional grocery stores rather than specialty shops, which were trending up pre-pandemic.

Roerink discussed five trends relating to fresh produce that have surfaced during this time of COVID. The most obvious is that there are many more eating opportunities at home than there were before the pandemic. Consumers are eating more meals and are eating between meals as a sizable percentage of the population is spending the majority of their time at home. This change in lifestyle represents sales opportunities for the produce department.

Trend number two is that consumers tend to purchase products with a longer shelf life, such as frozen food. But it also gives produce merchandisers an opportunity to teach consumers about the shelf life of their products and how they best are consumed. It is surely this trend that has helped the spike in potato sales that has been widely reported.

Probably the trend that offers the most opportunities for fresh produce is the spike in healthful buying by consumers. This is directly in the wheelhouse of fresh produce, which is evident by the items that have registered the greatest gains, such as broccoli, super fruits, leafy greens, nuts and garlic. Each of these items has a great nutrition story to tell and consumers are responding. Roerink suggests merchandisers and brands capitalize on this trend with direct messaging to consumers on their packaging and displays.

Another trend has been the growth in e-commerce. Roerink said the pandemic has vaulted the sector five years ahead on its growth trajectory. She believes a supermarket's e-commerce website needs to mimic the brick-and-mortar experience by putting impulse produce items front-and-center on those websites. In-store consumers are drawn to the beauty of produce, and she believes this can be duplicated on the Internet.

Finally, Roerink said the produce industry needs to closely watch the economic pressure and

uncertainty facing consumers. She added that advertising and produce specials should focus on value and emphasize savings to attract consumers.

As they moved to the panel discussion, Kneeland of Gelsons discussed some of the strategies employed at his supermarket chain, which caters to the upper-end of the economic scale. He noted that early on produce departments were just scrambling to fill the shelves, but now they need to merchandise and promote again to attract the customer to the department.

Kneeland has noticed the rise in frozen food sales and said those customers can be enticed by the beauty of produce to come back into the department and increase their spend. The veteran retailers said produce suppliers and merchandisers can also offer serving suggestions to the consumers – many of whom are experiencing meal fatigue after providing three meals a day for the families for the past six or seven months. He said fresh-cut fruits and vegetables help shoppers create a quick meal at home without too much work. He also noted that fresh-cut flowers have seen an uptick in sales recently as people are spending more time in their houses and are dressing them up a bit.

Though Gelsons is high end, Kneeland said consumers are still interested in value offerings and giving them a deal is an important aspect of merchandising in these tougher economic times.

Watson pointed out that knowing your own customer is the most important thing a retailer can do. “You have to know what you can market to your customer.”

He also sees great opportunities for supermarkets as consumers are not shopping around as much but rather are buying the vast majority of their groceries at one outlet. He endorsed more package call-outs to communicate with those customers and give them ideas as to how specific products can be used for snacking, for example. He said the fresh-cut fruit bowl has re-emerged as parents look for healthy snacks for their kids.

Parker pointed out that while the predicted recession and downturn in the economy will have more shoppers looking for value, she noted that “value is in the eye of the beholder.”

She added everyone does not rush to the bottom. For many, she said value is measured in how many meals a particular product can serve

Photo: Clockwise from upper left are Jonna Parker, principal of IRI Fresh Center of Excellence; Joe Watson, PMA’s vice president of member engagement; Anne-Marie Roerink, principal of 210 Analytics LLC; and Paul Kneeland, vice president of fresh food operations for Gelson’s Markets.

[Print](#)