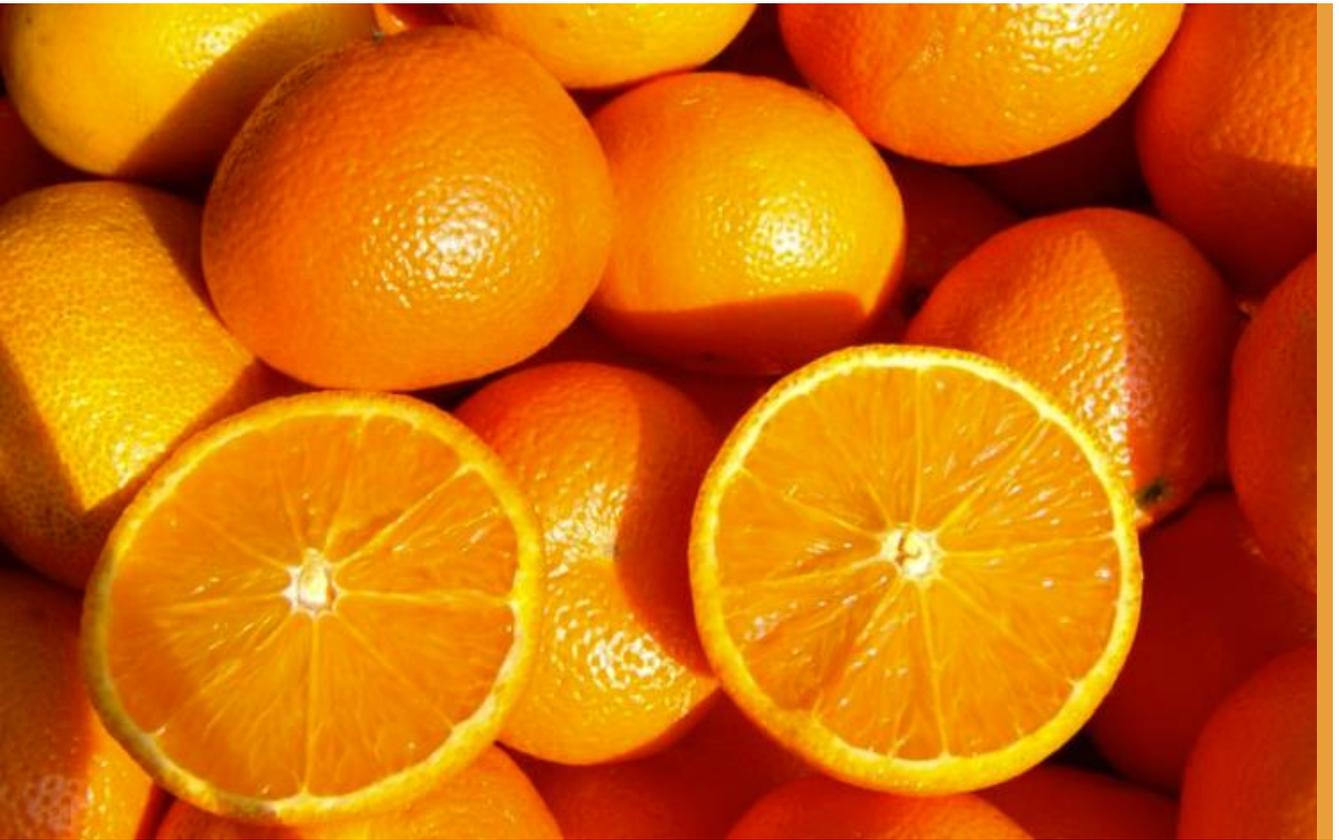


IFPA's U.S. Produce Retail Point of Sales Results

December 2023 | The Five weeks ending 12/31/2023



Produce Sales Hold Steady in a Challenging 2023

With unit and volume pressure for departments around the store, the fresh produce performance stands out. Bringing in \$76.5 billion, fresh produce increased dollar sales by 1.5% with flat unit and volume sales.

WHAT'S NEW

CAUTIOUS
OPTIMISM**Consumer spending and confidence remains subdued**

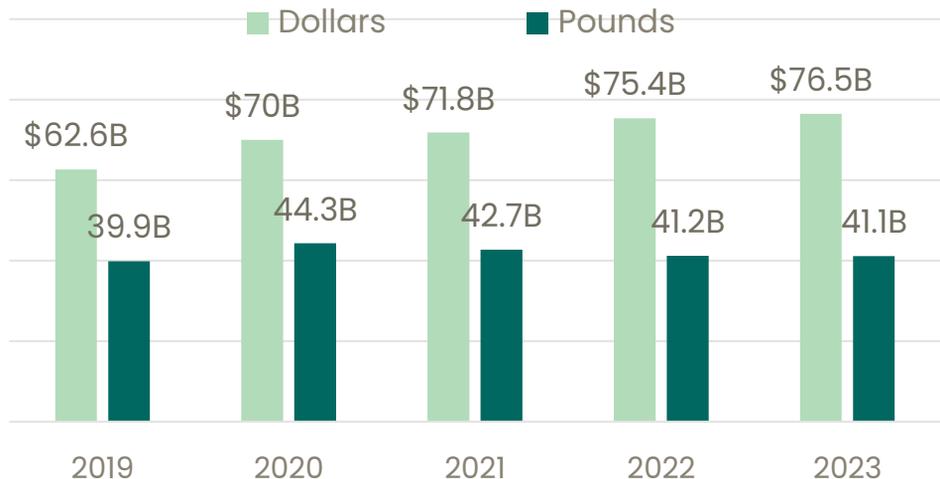
Inflation continued to take the headlines in most of 2023, with consumer concern driven by the cumulative impact of several years of rising prices in many areas of life. This put sales promotions in the spotlight. Other frequently-applied measures according to the December shopper survey by Circana include cutting back on non-essentials, exploring store brands, clipping coupons and a number of store-related moves.

As inflation is slowing, consumers are becoming slightly more optimistic.

- The December survey found that 58% of consumers perceive grocery prices to be "much higher," down 4 points versus November and down 16 points from last December.
- 19% of consumers reported that their financial situation is better than last year versus 13% in December 2022. Shoppers' financial outlook has also shown some improvement since 2022. While the number expecting their financial situation to be better a year from now has been steady, there are fewer who expect it to be worse, at 24% versus 31% in December 2022.

MARKET
IMPACT**2023 Fresh produce sales held the line on units and volume, after declining in 2021 and 2022.**

The third quarter was the strongest, with a somewhat disappointing fourth quarter

HOUSEHOLD
ENGAGEMENT**Strength for produce household metrics.**

The why behind stable performance in produce department sales throughout the 2023 calendar year are illustrated by Circana's household panel metrics. Household penetration is steady, consumers purchase fresh produce 76.4 times a year, up 0.2% and they are spending \$8.90 per trip, up 0.5% versus year ago. This is in contrast to fresh meat and seafood that are experiencing fewer trips.

POWER FACTS

STATE OF PRODUCE

December 2023	Price/Lb.	\$ Sales	\$ vs. YA	Lbs. vs. YA
Fresh Fruits	\$1.88 +4.2%	\$3.2B	+2.5%	-1.7%
Fresh Vegetables	\$1.95 -2.4%	\$3.5B	-4.3%	-2.0%

Share of Dollars



TOP GROWTH COMMODITIES (NEW \$)

\$ Absolute \$ gain vs. YA

Berries	+\$50.6M
Grapes	+\$37.9M
Limes	+\$7.3M
Pineapples	+\$6.6M
Carrots	+\$5.7M
Plums	+\$4.5M
Avocados	+\$4.5M
Tangerines	+\$4.0M
Specialty fruit	+\$4.0M
Garlic	+\$3.9M

SEASONAL COMMODITIES — December 2023

Product	Dollars	\$ vs. YA	Lbs vs. YA
Potatoes	\$395M	-4.9%	-1.5%
Oranges	\$124M	-4.4%	-8.0%
Mushrooms	\$123M	-5.2%	-5.4%
Celery	\$94M	-4.6%	-0.5%
Pineapples	\$90M	+8.0%	+4.7%
Fresh beans	\$58M	-2.1%	-2.0%
Squash	\$71M	-5.8%	-4.5%



SEASONAL COMMODITY SPOTLIGHT

Fresh squash generated \$72 million in the past year. Zucchini, butternut and spaghetti squash are the three biggest sellers, accounting for two-thirds of squash sales.

Types with year-over-year dollar gains include chayote, calabaza, buttercup and kabocha.

	\$	Units	Lbs
Dec.	-4.7%	-4.5%	-4.8%
2023	-3.4%	-4.3%	-2.6%

WHAT THIS MEANS

2023 Performance

Fresh fruits and vegetables have experienced a strong year despite the many headwinds that 2023 brought. While frozen fruits and vegetables had above-average dollar growth, this was due to high inflation. Units and volume were down for both shelf-stable and frozen.

Fourth quarter performance

Fresh produce sales had their best performance during the third quarter with a 1.4% gain in pounds, but sales backed off a bit in the fourth quarter. Pound sales were down 0.5% year-on-year during the last three months of the year on a weaker vegetable performance. Fruit pounds did remain ahead of last year during the fourth quarter.

December performance

The holiday performance was a bit disappointing, with pound sales down each of the December weeks. This was in contrast to a strong holiday showing for meat and deli.

“It was a year of ups and downs but fresh produce came out on top. Consumers are starting to feel a bit more optimistic and that often translates into an upswing in demand. I’m hopefully for a strong start of the year, especially as Easter falls early this year, which means dollars and pounds will move from the second to the first quarter.”

– Joe Watson, IFPA’s VP of Retail, Foodservice and Wholesale

FUTURE OUTLOOK

Expected Consumer Behavior

Fresh produce sales have been shifting from supermarkets toward value channels over the past few years. The survey found that nearly three in 10 shoppers include more value-focused retailers into their store rotation, 18% shop more grocery stores to get the best deals and another 18% have switched stores altogether.

This has led to substantial channel shifting when comparing the share of produce department dollars in 2023 versus the channel share distribution in 2019. According to Circana, supermarkets have lost 2 percentage points over the past three years. The shift resulted in gains for mass/supercenters, clubs and online.

Produce dept \$ sales	2019	2023
Traditional grocery	42.6%	40.6%
Mass/supercenter	18.1%	19.8%
Club	10.1%	12.0%
Discount grocery	10.5%	9.8%
Online	0.7%	2.5%
Specialty stores	1.9%	1.7%
Health & specialty stores	5.3%	3.6%
All other	10.9%	10.0%

For any questions, please reach out to Joe Watson, IFPA’s VP of Retail, Foodservice, and Wholesale at jwatson@freshproduce.com

METRICS

December sales	\$ Sales	\$ vs. YA	Lbs. vs. YA
Fresh Fruits and Vegetables	\$6.7B	-1.2%	-1.9%
Fresh fruit	\$3.2B	+2.5%	-1.7%
Berries	\$802M	+6.7%	-4.3%
Apples	\$405M	-5.4%	+3.8%
Grapes	\$387M	+10.8%	-6.0%
Bananas	\$299M	-0.7%	-3.8%
Avocados	\$205M	+2.2%	+1.2%
Mandarins	\$203M	+1.9%	+0.3%
Melons	\$157M	+1.5%	+7.1%
Oranges	\$124M	-4.4%	-8.0%
Mixed Fruit	\$96M	+1.2%	+1.5%
Pineapples	\$90M	+8.0%	+4.7%
Fresh vegetables	\$3.5B	-4.3%	-2.0%
Potatoes	\$395M	-4.9%	-1.5%
Tomatoes	\$363M	-6.4%	+0.1%
Onions	\$277M	-2.1%	-2.3%
Lettuce	\$271M	-13.7%	-7.7%
Salad kits	\$250M	-4.6%	-2.3%
Peppers	\$236M	-1.8%	-0.9%
Carrots	\$145M	+4.1%	-0.3%
Cucumbers	\$132M	+1.8%	+2.8%
Mushrooms	\$124M	-5.2%	-5.4%
Broccoli	\$122M	-5.2%	+3.1%
December sales	\$ Sales	\$ vs. YA	Units vs. YA
Frozen Fruits and Vegetables	\$829M	+4.2%	-4.7%
Shelf Stable Fruits	\$470M	-2.0%	-11.0%
Shelf Stable Vegetables	\$757M	-0.8%	-5.4%
Meat department	\$8.8B	-0.3%	-3.1%
Produce department	\$6.7B	-1.2%	-2.0%
Dairy aisle	\$7.4B	-6.6%	-0.8%
Deli department	\$4.5B	+0.4%	+0.2%
Bakery department	\$4.2B	-0.2%	-2.9%

For more information, please reference IFPA's full consumption data at <https://www.freshproduce.com/resources/Commodities/>