The Dynamic US Fresh Produce Industry

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for
UC Davis Postharvest Technology Short Course
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Agenda

• Location of production and fresh produce basics

• Select food industry trends

• Fresh produce value chain

• International trade

• Conclusions
Location of production and fresh produce basics
Location of production matters!

- It's all about seasonality - which crop, where, when - whether imported or domestic.
- Imports, usually off-season, play important role for many, but not all crops.
- California biggest producer of most produce crops in the USA.
- For many crops CA is the only US producer, over 200 crops grown.
- CA has Mediterranean climate, long shipping seasons, usually no rainfall during harvest seasons, helps quality. Depend on winter snowpack for irrigation water.
Location of production matters!

- Locations within CA vary by crop and season, desert vs coastal vs central valley. Production starts in south in winter/spring and moves northward. Opposite in S. hemisphere.
- Each commodity has its own story to tell based on seasonal supply and demand!
- Emerging trend of greenhouses may change location of production and length of seasons for some crops.
Top 5 US Fresh Market Vegetable States* in 2015:
Geographic concentration of production (due to climate) limits local sourcing potential, yet it is growing in the summer/fall

<table>
<thead>
<tr>
<th>Area Harvested</th>
<th>Production</th>
<th>Value</th>
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<tbody>
<tr>
<td>State % of Total</td>
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<tr>
<td>CA</td>
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<td>NY</td>
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<td>Other</td>
<td>27</td>
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</tbody>
</table>

*Excludes potatoes

Source: Vegetables 2015 Summary, USDA/NASS, February 2015
## Market Shares of Top 5 USA Fresh Fruit Producing States,* 2009

<table>
<thead>
<tr>
<th>State</th>
<th>Percent USA Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>53%</td>
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<tr>
<td>Washington - leads in apples, pears, cherries</td>
<td>21%</td>
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<tr>
<td>Florida</td>
<td>8%</td>
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<tr>
<td>Oregon</td>
<td>2%</td>
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<tr>
<td>Michigan</td>
<td>2%</td>
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<tr>
<td>Other</td>
<td>10%</td>
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<tr>
<td>All U.S. fresh fruit</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Excludes tree nuts. Source: USDA/ERS, Gary Lucier.
Fresh Produce Marketing Basics

• Most growers do not market their own production, they have agreements with shippers or distributors to be their marketers. (price depends on the market)

• Most shippers are family-owned forward-integrated grower-shippers, supplementing their own production with that of other growers.

• Generally harvested and shipped daily; weather affects both supply and demand. Markets are risky and volatile!

• Shipping patterns are well established based on ideal growing locations in each season.
## Seasonality of Naturipe Farms berry production locations

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Organic also available

Peak of Season
Fresh Produce Marketing Basics

• Growers and shippers are price takers.
• Growers receive the residual of the market price received by the shipper for their produce, less marketing charges, pick, pack and harvest, palletization, in some cases cooling, and other handling charges and mandated-marketing or other institutional fees.
• Shipping point prices may not always cover total costs; when they don’t even cover variable costs (e.g. harvest/packing) product is left in field.
• The shipper has incentives to continue shipping if at least covering variable costs in order to meet commitments with buyers, to maintain labor and potentially earn profit margins on cooling, harvesting and marketing; sometimes there is no return to the grower (production costs are not recouped).
Fresh Produce Marketing Basics

- Shippers have big investments in facilities, technology, seed trials, research to improve efficiency, sustainability, precision farming.
- Growers/shippers require substantial capitalization to withstand low markets.
- About 20 retailers estimated to account for over 70% of US total retail food sales.
- Buyer consolidation has led to shipper consolidation – fewer, bigger firms. But suppliers are still relatively small compared with retailers.
- Retail and foodservice buyers demand yr-round supply.
Fresh Produce Marketing Basics

- Imports increasingly handled by U.S. grower-shippers that import during the off-season.
- Same requirements for foreign and domestic growers.
- Role of forward contracts increasing but challenging to manage across growers in different locations and seasons.
- Foodservice leads in forward contracting.
- As forward contracting grows for retailers as well, the marketing system becomes less focused on transactions (daily spot market) and more on building marketing “programs” designed to increase sales.
Fresh Produce Marketing Trends

• Major food safety requirements, higher cost structure. Large growers have big investments.

• Sustainability and social responsibility practices factoring into buyer-seller negotiations but don't trump price, consistent availability and volumes.

• Buyers expect suppliers to be much more data-driven in their selling/marketing approaches, requires IT investments.

• Fewer, larger buyers have enabled shippers to reduce their customer lists and to focus more on understanding the needs of key accounts - becoming account-driven and strategic.
Fresh Produce Marketing Basics

• Firms attempting to differentiate their products to get out of the “commodity trap,” but perishability will always make that challenging.

• Product differentiators: quality, color, shape, flavor, texture, culinary factors, proprietary seeds.

• Service differentiators: marketing, transportation, etc.

• Shippers focus more on understanding and communicating with consumers, attempting to stimulate consumer demand; social media facilitates.

• Branding and private label are growing simultaneously.
Historical role of branding and consumer marketing in fresh produce

- Food marketing dominated by brand-based consumer packaged goods (CPGs). Produce is an exception. Beyond the banana players and Sunkist cooperative, brands were not prevalent.

- Commodity (undifferentiated) marketing the norm.

- Where brands existed, achieving consumer brand loyalty was difficult due to: inconsistent quality and distribution (shelf-presence); seasonality; lack of differentiation.

- Produce often costs more when quality is the worst (weather related). Why should a consumer be loyal?
Historical role of branding and consumer marketing in fresh produce

• Value-added produce (VAP) is marketed like CPGs – consistent weekly volumes, shelf-space, pricing and quality.
• Salads brought more emphasis on branding, marketing & promo support. Dedicated shelf-space.
• ROI on investments in consumer marketing for commodity produce is more challenging due to supply side fragmentation, inconsistent weekly distribution.
• Under-investment in consumer marketing; promotion typically trade-oriented (commercial buyers).
Historical role of branding and consumer marketing in fresh produce

• Growth in social media making it less costly to reach target consumers with marketing messages.
• Larger suppliers investing in their labels in attempt to convert to consumer brands. Size matters.
• Cuties, Halos, Driscoll’s berries are examples of commodity branding and promotion achieving consumer loyalty. Successful differentiation.
• Mandated generic marketing programs benefit all the producers of a commodity, eliminate free riders & have high ROI’s. Programs that include imports (hass avocados, blueberries) are highly successful.
Share of Branded vs Unbranded Fresh Produce Sales in US Retailers, 2010 vs. 2014

Source: Fresh Facts on Retail Q3 2015, United Fresh and Nielsen
Fresh Produce Realities

• Since most fresh produce items are sold without UPC bar codes there has been less-intensive use of data. Growth in packaging and scannable bar codes (even on bulk items) is changing this.

• With PLU codes there is no identification of the individual supplier. The Produce Traceability Initiative (PTI) and the adoption of GTINs is changing this.

• GTINs & bar codes enable retailers to compare the shelf-life and quality of suppliers’ products - to measure sales and shrink.
Fresh Produce Realities

• Without supplier identification it is harder to convince retailers to pay more for supplier investments in quality. Incentives not aligned!
• Retailer focus on gross vs net profit is a barrier to improving quality as it doesn’t take into account shrink.
• Higher quality can increase sales and more shelf-life can reduce shrink and increase net retail profit per item even when the retailer pays a higher price to the supplier (higher COGS).
Importance of Produce Brands to US Consumers, (both value-added and bulk produce)

- Important: 27%
- Neutral: 36%
- Not Important: 37%

Factors Most Associated with Produce Brands, comparing attitudes of consumers who say brand is important with those that don’t

Brand Is Important

- Quality: 77%
- Higher price: 34%
- Better tasting: 60%
- Value: 50%
- Higher level of food safety: 43%
- Less expensive: 13%
- Community: 13%

Brand Is Not Important

- Quality: 45%
- Higher price: 50%
- Better tasting: 26%
- Value: 25%
- Higher level of food safety: 20%
- Less expensive: 9%
- Community: 4%

Select Food Industry Trends
The economic downturn accelerated the pace of change in the food marketing system

• Channel blurring still unfolding; retail competition!
• Retailers must have clear value propositions.
• Shift to “shopper-centrism.”
• Channel blurring increasing in foodservice too.
• Growing food safety, traceability, sustainability, social welfare expectations all increase costs.
• Margin pressure at all levels of the food system!
• Need for major investments in IT systems.
• Mergers and consolidation continue, scale is key.
US Food Retailer Mergers & Acquisitions 2007-2015: Even Fewer, Larger Buyers!

Shifting Grocery Formats: Growth in nontraditional channels has transformed the US grocery industry.

**Dollar Share by Channel**

- **Traditional**
  - 1988: 90%
  - 2006: 50%
  - 2009: 48%
  - 2015: 46%

- **Convenience**
  - 1988: 2%
  - 2006: 16%
  - 2009: 15%
  - 2015: 15%

- **Nontraditional**
  - 1988: 8%
  - 2006: 34%
  - 2009: 37%
  - 2015: 39%

**Dollar Share of Food Sales in Nontraditional Formats**

- Supercenter: 46%
- Wholesale Club: 23%
- Drug: 13%
- Mass: 11%
- $Store: 7%
- Military: 1%

Sources: Willard Bishop, various The Future of Food Retailing reports

Traditional = conventional supermarket, fresh format, ltd. assortment, super warehouse, other
Forecast of Compound Annual Sales Growth Rate vs. Inflation for US Grocery Formats, 2016-2020

E-Commerce: 23.1%
Fresh Format: 8.6%
Ltd Assortm.: 7.0%
Dollar: 4.8%
Super Whse: 3.3%
Club: 3.0%
Supercenter: 2.9%
Other Sm Groc: 2.6%
Conv. wo/gas: 1.9%
Conv. w/gas: 1.4%
Military: 0.9%
Drug: 0.4%
Conv'l Supermkt: 0.4%
-1.4% Mass

Food Inflation Compound Annual Rate: 1.5%

Source: The Future of Food Retailing, Willard Bishop, June 2016
### Total US Grocery Sales,* Store Numbers, and Market Share by Channel, 2015

<table>
<thead>
<tr>
<th>Channel</th>
<th>Sales $Million</th>
<th>No. of Stores</th>
<th>% of Sales</th>
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</thead>
<tbody>
<tr>
<td>Traditional</td>
<td>$556,365</td>
<td>40,768</td>
<td>45.8</td>
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<tr>
<td>Nontraditional</td>
<td>$469,822</td>
<td>61,339</td>
<td>38.7</td>
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<tr>
<td>Total C-Stores**</td>
<td>$188,029</td>
<td>160,698</td>
<td>15.5</td>
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<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>$1,214,216</td>
<td>262,806</td>
<td>100.0</td>
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*Grocery sales only (food and nonfood); excludes electronics, prescription drugs, toys, jewelry, sporting goods, gas, clothing, footwear, knickknacks, and hardlines. **Sales exclude gas. Source: The Future of Food Retailing, Willard Bishop, June 2016
# US Grocery Sales, Store Numbers and Market Share of Total Grocery Sales, by Store Format, 2015, and Projected Share, 2020

## Traditional Grocery Channel

<table>
<thead>
<tr>
<th>Store Format</th>
<th>2015 Sales $Million</th>
<th>2015 No. of Stores</th>
<th>2015 % of Sales</th>
<th>2020 % of Sales</th>
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<td>Total Traditional</td>
<td>$556,365</td>
<td>40,768</td>
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<td>44.7%</td>
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<td>Conven. Supermkt</td>
<td>$467,766</td>
<td>26,223</td>
<td>38.5%</td>
<td>35.5%</td>
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<td>Fresh Format</td>
<td>$17,477</td>
<td>1,293</td>
<td>1.4%</td>
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<td>Ltd Assortment</td>
<td>$35,244</td>
<td>3,938</td>
<td>2.9%</td>
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<td>Super Warehouse</td>
<td>$22,463</td>
<td>593</td>
<td>1.8%</td>
<td>2.0%</td>
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<td>Other (small groc.)</td>
<td>$13,415</td>
<td>8,722</td>
<td>1.1%</td>
<td>1.2%</td>
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Source: The Future of Food Retailing, Willard Bishop, June 2016
US Grocery Sales,* Store Numbers & Market Share of Total Grocery Sales, by Store Format, 2015, &Projected Share, 2020

<table>
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<tr>
<th>Nontraditional Grocery Channel</th>
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<td>Wholesale Club</td>
<td>$106,825</td>
<td>1,446</td>
<td>8.8%</td>
<td>9.4</td>
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<tr>
<td>Supercenter</td>
<td>$216,283</td>
<td>4,020</td>
<td>17.8%</td>
<td>18.9</td>
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<tr>
<td>Dollar Store</td>
<td>$32,401</td>
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<td>Drug</td>
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<td>23,490</td>
<td>5.0%</td>
<td>4.6</td>
</tr>
<tr>
<td>Mass</td>
<td>$48,587</td>
<td>3,013</td>
<td>4.0%</td>
<td>3.5</td>
</tr>
<tr>
<td>Military</td>
<td>$4,647</td>
<td>181</td>
<td>0.4%</td>
<td>0.4</td>
</tr>
</tbody>
</table>

*Grocery sales only (includes food and non-food); excludes electronics, prescription drugs, toys, jewelry, sporting goods, gas, clothing, footwear, knickknacks, and hardlines.

Source: The Future of Food Retailing, Willard Bishop, June 2016
Most Important Factors in Store Selection for US Consumers, 2015: Produce is a Star!

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low prices</td>
<td>97%</td>
</tr>
<tr>
<td>High-quality fruit/veg</td>
<td>96%</td>
</tr>
<tr>
<td>Great product selection</td>
<td>95%</td>
</tr>
<tr>
<td>Clean, neat store</td>
<td>95%</td>
</tr>
<tr>
<td>Convenient location</td>
<td>93%</td>
</tr>
<tr>
<td>Sales, specials</td>
<td>93%</td>
</tr>
<tr>
<td>Fast checkout</td>
<td>92%</td>
</tr>
<tr>
<td>Accurate shelf tags</td>
<td>92%</td>
</tr>
<tr>
<td>High-quality meat</td>
<td>92%</td>
</tr>
<tr>
<td>Courteous employees</td>
<td>90%</td>
</tr>
<tr>
<td>Store layout</td>
<td>89%</td>
</tr>
<tr>
<td>Use-before/sell-by dates</td>
<td>88%</td>
</tr>
<tr>
<td>Private Label</td>
<td>69%</td>
</tr>
<tr>
<td>Locally grown</td>
<td>66%</td>
</tr>
<tr>
<td>Nutrition/health info</td>
<td>62%</td>
</tr>
<tr>
<td>Organics</td>
<td>39%</td>
</tr>
</tbody>
</table>

Fresh Produce Value Chain
Freshcut, Organic and Total Fresh Fruit/Veg Sales in Key US Food Retailers, % Change 2015 vs 2014

- **Weekly $ sales/store**
- **Weekly quantity sold/store**

**Organic Fruit**
- Change 2015 vs 2014: 22.0%

**Organic Veg**
- Change 2015 vs 2014: 14.0%

**Freshcut Fruit**
- Change 2015 vs 2014: 8.9%

**Freshcut Veg**
- Change 2015 vs 2014: 8.7%

**Freshcut Salads**
- Change 2015 vs 2014: 9.2%

**Freshcut* Fruits**
- Change 2015 vs 2014: 5.9%

**Freshcut* Veggies**
- Change 2015 vs 2014: 5.6%

All Produce
- Change 2015 vs 2014: 3.4%

*Excludes overwrap.

Source: FreshFacts® on Retail, Whole and Fresh Cut Produce Trends: 2015, United Fresh Produce Association and Nielsen, March 2016. Fresh Coverage Area (FCA) including key retailers from food, mass/supercenter and club chains, or more than 18,000 stores. It includes UPC, random weight and retailer assigned codes.
Select Food Retail Trends: Fresh Is Well-Positioned, 2015

- Perimeter share of grocery store sales = 37%.
- Produce = 11.4% of total grocery store sales.
- Total # of household trips to purchase all groceries has been trending down for some time; down by 1.3% in 2015.
- Whereas the total # of household trips to purchase fresh (not only produce) has been trending upward; increased by 1% in 2015.
- Recent growth in fresh produce sales due to gains in household penetration and trip frequency.

Source: FreshFacts® on Retail, Whole and Fresh Cut Produce Trends: 2015, United Fresh Produce Association and Nielsen, March 2016.
Contribution to Retail Produce Department Sales by Key Type of Produce, 2015

- **Vegetables**:
  - Dollars: 43%
  - Quantity: 47%

- **Fruits**:
  - Dollars: 47%
  - Quantity: 52%

- **Other**:
  - Dollars: 10%
  - Quantity: 5%

Source: FreshFacts® on Retail, Whole and Fresh Cut Produce Trends: 2015, United Fresh Produce Association and Nielsen, March 2016.
U.S. Fresh Fruit and Vegetable Value Chain, Estimated Dollar Sales, Billions, 2010

- **Farms**: $26.8
- **Imports**: $12.3
- **Exports**: $6.1
- **Shippers**: 
  - to Retailer Distribution Centers: $26.8
  - to Produce and General-line Wholesalers: $6.1
- **Produce and General-line Wholesalers**: 
  - to Institutional Wholesalers: $12.3
  - to Food Service Establishments: $69.175
  - to Supermarkets and Other Retail Outlets: $122.132
- **Retailer Distribution Centers**: 
  - to Institutional Wholesalers: $12.3
  - to Produce and General-line Wholesalers: $6.1
  - to Food Service Establishments: $69.175
  - to Supermarkets and Other Retail Outlets: $122.132
- **Institutional Wholesalers**: 
  - to Food Service Establishments: $51.157
- **Food Service Establishments**: 
  - to Retailer Distribution Centers: $51.157
  - to Supermarkets and Other Retail Outlets: $122.132
  - to Consumers: $122.132
- **Supermarkets and Other Retail Outlets**: 
  - to Retailer Distribution Centers: $69.175
  - to Food Service Establishments: $122.132
  - to Consumers: $122.132
- **Consumers**: 
  - to Retailer Distribution Centers: $122.132
  - to Food Service Establishments: $122.132
  - to Supermarkets and Other Retail Outlets: $122.132
  - to Farms: $1.800

1 Excludes nuts and pulses

Sources: Compilations by Kristen Park, Roberta Cook, and Edward McLaughlin based on U.S. Retail Census, ERS/USDA, NASS/USDA, U.S. Department of Commerce, and other data.
Foodservice no longer expanding at past rates but fresh produce usage is growing

- All segments trying to add produce to menus, “chasing deliciousness.”
- Changing shares within foodservice by segment.
- Fast-casual segment growing; emphasizes fresh.
- In 2015, the fast-casual chain restaurant count rose by 5% to 19,043 total units; whereas total foodservice units were down 6% to 629,488 units.
- In 2015, fast-casual customer visits were up 6% whereas total foodservice traffic up by only 1%.
- QSR’s add produce, incl McDonald’s: Cuties, dark green salad blends, apples, Happy Meal defaults.

NPD's Fall 2015 ReCount restaurant census, which includes restaurants open as of Sept. 30, 2015.
Obstacles to Fresh Produce in Foodservice

- Cost
- Seasonality
- Perishability
- Price volatility
- Seasonal shoulders especially risky
- Labor for prep; VAP helps but costs more
- Even the largest fresh produce suppliers are small relative to food manufacturers
- Sourcing often not as direct as for retail
- Variations in quality, flavor
Away-From-Home Sources of Fruit and Vegetables of US Consumers, 2014

- Fast Food: 64% consumption, 22% visit
- Family/Coffee Shop: 49% consumption, 27% visit
- Higher Priced Restaurant: 21% consumption, 14% visit
- Supermarket: 13% consumption, 3% visit
- School: 12% consumption, 9% visit
- Convenience Store: 9% consumption, 1% visit

Source: Produce for Better Health Foundation, State of the Plate - 2015 Study on America's Consumption of Fruits and Vegetables.
### Estimated Ranges of Losses in the U.S. Fresh Produce Distribution System

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percent Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution</td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>2.80 – 5.00</td>
</tr>
<tr>
<td>Wholesaling</td>
<td>2.50 – 5.03</td>
</tr>
<tr>
<td>Retailing</td>
<td>2.74 – 6.58</td>
</tr>
<tr>
<td>System losses</td>
<td>7.04 – 16.61</td>
</tr>
</tbody>
</table>

Percentage losses are based on dollar values of losses in each phase of distribution as a % of the wholesale value of products entering the distribution system.


Update: 2010 Guestimate by Roberta Cook, Preliminary: 9-12% or $11-15 billion.
The Produce Industry Challenge

• Getting the right product to the right consumer at the right place and price, with reasonable remaining days of shelf-life.
• Requires collaboration between suppliers and retailers, including sharing loyalty card data, and promotional efficiency analysis.
• Most shippers not assisting with individual store shelf-set recommendations, great opportunity.
• We can increase efficiency and reduce shrink through better coordination of supply and demand. This will make produce more affordable to more consumers, expand demand.
International Trade in Fresh Produce
Global Exports of Fresh Fruits and Vegetables, Million Metric Tons, 2001-2013\textsuperscript{E} (excludes potatoes)

Source: Compiled by Jan Kees Boon of Fruit & Vegetable Facts utilizing data from Eurostat and UN Comtrade (HS codes fruit: 0803-0810; vegetables: 0702-0709)
US Fresh Produce International Trade: Imports and Exports, by Key Category, Million US$, 1994-2015

- Exports: Fresh Fruit
- Exports: Fresh Veg
- Imports: Bananas/plantains
- Imports: Other Fresh Fruit
- Imports: Fresh Veg

Source: US GATS online queries, BICO-10, February 8, 2016.
Fresh fruit and vegetable imports as a share of US fresh utilization/consumption, 2014/15* (despite rising imports most of US consumption is still produced here)

<table>
<thead>
<tr>
<th>Item</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vegetables, excl. melons and potatoes</td>
<td>29</td>
</tr>
<tr>
<td>Melons</td>
<td>33</td>
</tr>
<tr>
<td>Potatoes</td>
<td>8</td>
</tr>
<tr>
<td><strong>Fruit, all</strong></td>
<td>50</td>
</tr>
<tr>
<td>Excluding Bananas</td>
<td>34</td>
</tr>
</tbody>
</table>

*Vegetable shares are for 2015 and fruit for 2014 (most recent data).
Source: Economic Research Service, USDA.
US Fresh Produce Industry Relative Competitiveness

• The relatively strong competitiveness of the US industry is because more than being labor-intensive, fruit/veg are knowledge, technology, capital, and marketing-intensive. LOCATION!

• However, protected culture (greenhouses, shadehouses), which is technology and capital-intensive is emerging at least as rapidly elsewhere.

• US growers face an ever more complex regulatory environment.

• Labor availability is increasingly problematic, everywhere.
NAFTA Fresh Produce Trade, 2015

- N. American fresh veg trade mainly intra-NAFTA!
- 78% of US fresh vegetable exports go to Canada; 5% to Mexico; 4% to Japan.
- 68% of US fresh veg imports come from Mexico; 17% from Canada; Peru 1%.
- The US is Mexico’s predominant export market for both fresh fruit and veg.
- US fresh fruit trade is diverse – beyond NAFTA.
- Mexico’s role in fresh fruit trade is growing.

Source: US GATS online queries, BICO-10, February 8, 2016.
US Imports of Fresh Fruit and Vegetables from Mexico, 1993-2015 (excludes canned, frozen, juice and dried)

$9.2 total

Source: USDA/FAS GATS online query February 8, 2016.
Value Shares of Total U.S. Fresh Fruit Imports, by Region: Mexico Wins!

<table>
<thead>
<tr>
<th>Region</th>
<th>1990-92</th>
<th>2010-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equatorial countries*</td>
<td>56</td>
<td>34</td>
</tr>
<tr>
<td>Southern Hemisphere countries**</td>
<td>23</td>
<td>26</td>
</tr>
<tr>
<td>Mexico</td>
<td>13</td>
<td>33</td>
</tr>
<tr>
<td>Canada</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Others</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

* Equatorial countries include Costa Rica, Guatemala, Ecuador, Colombia, and Honduras
** Southern Hemisphere countries include Chile, Argentina, Peru, New Zealand, Brazil, South Africa, and Australia

Source: Imports Contribute to Year-Round Fresh Fruit Availability, FTS-356-01, Dec. 2013, ERS/USDA
Conclusions

• Competitive pressure on retailers and foodservice operators means on-going margin pressure for suppliers as well.

• Firms at all levels of the fresh produce supply chain must take management practices to a higher level to improve efficiency and survive on lower margins.

• Information technology will play a growing role.

• Shopper-centrism and targeted marketing to specific segments will grow; social media will help.

• Strategic alignment between suppliers and commercial buyers.

• Fresh produce demand improving along with the economy.