

Covid-19 will have a significant influence on the U.S. produce market for the foreseeable future, according to a PMA representative.

Year-over-year produce sales at retail in the week ended July 19 continued to rise from the previous week, reaching 12.2%.

Joe Watson, VP of Membership and Engagement for the PMA said: "It is becoming increasingly evident that the virus controls much of how market forces will develop in the coming weeks and months.

"The rise in COVID-19 cases is prompting renewed spending at retail, with everyday demand generating double-digit increases over a year ago.

"But the devastating part is that this is at the detriment of foodservice produce sales. Everyone in the produce supply chain benefits from balanced retail and foodservice demand and this second hit is devastating."

After weeks of growing transactions and spending in the foodservice channel, the rising number of Covid-19 cases around the country prompted many states to reinstate in-restaurant dining restrictions and limit capacity once more.

Hand-in-hand with rising consumer concern, limited restaurant engagement caused dollars to shift back to the retail channel across food categories, including fresh produce.

Retail food sales increased 13.7% versus year ago during the week ending July 19 — its highest gain during a non-holiday week since mid-May.

## **Fresh fruit**

In fruit, berries are an "incredible powerhouse", dominating sales week after week with very little help from inflation, said Jonna Parker, Team Lead, Fresh for IRI.

"We continue to see a mix of summer fruits and items with longer shelf life, such as apples, oranges and tangerines. Melons and cherries had a strong week once more, but we have to keep in mind that prices drove much of the dollar gains with increases of 16.6% and 22.7% in price per pound versus year ago for melons and cherries, respectively.

"Demand for avocados is strong, but dollar gains were pulled down by prices being down 32.1% versus year ago. The bottom line: fresh fruit cannot rely on impulse alone and will need to drive planned purchases through favorable features and social media outreach."

During the week of July 19, double-digit gains were reserved for melons, cherries, oranges and tangerines, with the highest percentage growth yet again going to oranges, at +50.2%. Sales of grapes continued to track in negative territory versus year ago, in part due to deflationary conditions.

## **Fresh vegetables**

In contrast to fruit, all top 10 vegetables increased in dollar sales versus year ago and eight in 10 did so with double-digit gains.

"Whereas the order and items in the top 10 for fruit are very different each week, vegetables has virtually the same line up each week with just a few items shuffling up or down," said Watson.

"Lettuce is the dominant seller, more than twice the size of number two, tomatoes, yet up 8.5% versus the same week year ago. The highest weekly gain percentage goes to corn, at +37.1%. Much of this increase was fueled by price increases, with volume up 10.7%."

Dollar gains for fresh cut salad jumped back into double digits, at +10.1%. Volume sales increased 5.9%.

"Consumers have a long history of mixing and matching semi- and fully-prepared items with items they cook from scratch," said Watson.

"Fresh-cut lettuce is ideally positioned to address the cooking fatigue many consumers are experiencing and can be leveraged for cross-merchandising with items like rotisserie chicken or ready-made sides for an easy dinner or lunch."