

By Vanguard CEO Craig Stauffer

With input costs for ag inputs, labor, packaging materials, ocean, air, and land freight all rising at a rate of 30 to 40% and up, what will this mean for fresh produce consumption? [Vanguard International](#) CEO Craig Stauffer shares his thoughts on what the pricing surge means for the produce industry.

In 2021 we saw fruit and vegetable prices increase across grocery stores globally and we expect these prices to continue to increase in 2022, but hopefully at a slightly slower rate assuming freight costs do not significantly increase further.

Much has been reported on the [rising price of grocery bills](#) by consumers during their weekly grocery store visits. The produce category is not singled out from price frustration; however, we are uniquely impacted versus packaged non-perishable products. What impacts consumers' purchasing decisions on fresh produce is weighted heavily towards flavor and overall eating experience. If supply chain delays mean that freshness suffers, that will have a greater impact on purchases than an increase in price, which is why the supply chain breakdown has been such a debilitating problem for our industry.

Supply and demand ultimately are the primary drivers of fresh produce prices. We will learn much about consumer sentiment as the 2021 retail data rolls in. Anecdotal evidence has shown us no products will be fully price immune, but consumers have a strong ability to withstand price changes for their favorite fruits and vegetables.

When we look at fresh produce trends there still continues to be a focus on taste and flavor. The grape category is a great example of this. The superior eating experience of new grape varieties has and will continue to have a huge impact on the older "common" varieties. This is true in other fresh fruit categories too, including citrus and apples among others. Consumers will be even more particular about what variety they purchase as prices rise.

As climate alarms continue to ring, we continue to see technology advances around more renewably sourced produce packaging. Both in the amount of packaging each fruit SKU is comprised of and the composition of that packaging. I'll be diving into more thoughts on the produce industries evolving relationship with plastics and packaging in my next article. Stay tuned.