



# Organic Produce Amid COVID-19

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## Key Highlights

- During the pandemic through the week ending June 14, organic produce increased 16.4% in dollars, outpacing total produce gains, at +16.2%. However, the organic gain is calculated on a much smaller base. In fruit, organic grew at almost twice the rate of growth of total produce during the four-week block ending June 14. In vegetables, organic gains trended below those of total vegetables throughout the pandemic.
- Even though organic produce gains are outpacing total produce in dollars and volume, organic has lost some of its share in both. In the four weeks ending March 22, just as quarantines started, organic produce had a 9.6% share of the total produce dollar. However, in the most recent four weeks ending June 14, the share for organic dropped to 8.7% of total produce.
- The same is true for the volume share. Even though organic produce had an above-average increase in volume growth, at +13.0% versus 10.7% during this most recent time period, its base is so much smaller that in reality its volume share dropped. During the first four week block ending March 22, the volume share for organic produce was 5.8%, and in the most recent four weeks ending June 14 its share was down to 4.7% of the total volume of fresh produce.
- Organic produce has experienced deflationary prices throughout the pandemic. Overall organic fruit saw a -5.6% decrease in the price per pound during the four week period ending June 14 — the highest inflations since the onset of the pandemic. Organic vegetables started off deflationary, but has turned around to a slight 0.3% increase over last year.

“When the pandemic arrived in March, supply chains were disrupted. The demand from the foodservice channel was brought almost to a complete halt, right at a key seasonal production transition period. Demand for the top selling fresh produce items skyrocketed and consumers were not as discernible when it came to buying organic versus conventional.”

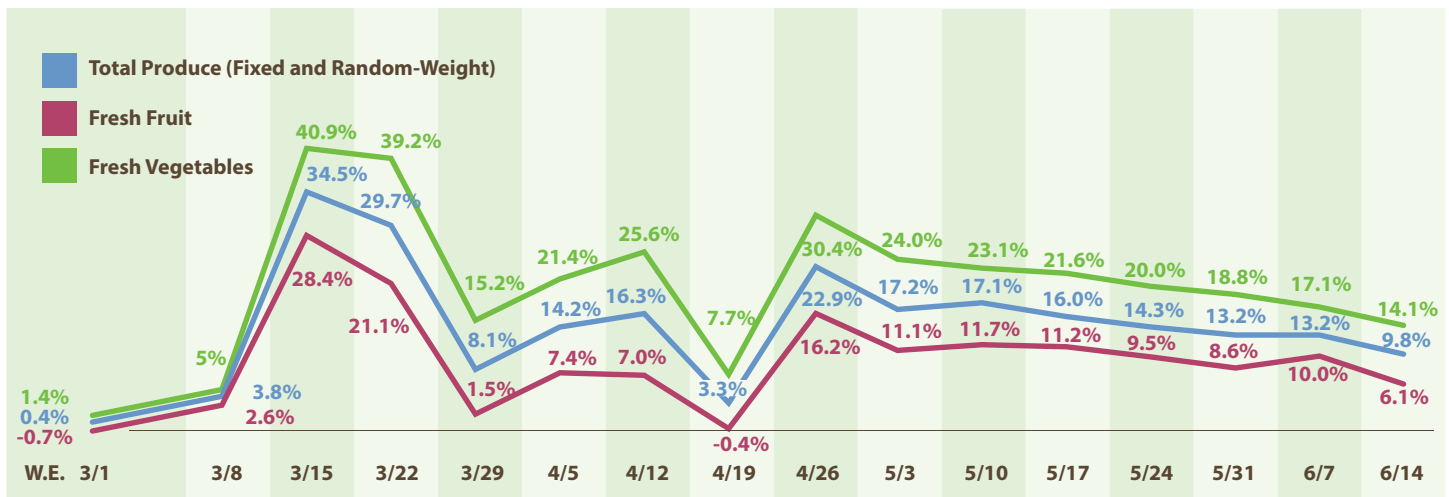
– Joe Watson, VP of Membership and Engagement for the Produce Marketing Association (PMA)

“The deflationary position for organic fruit in particular in the end boils down to supply and demand,” said Joe Watson, VP of Membership and Engagement for the Produce Marketing Association (PMA). “For years, organic production was in the luxury position of demand exceeding supply. In the past few years, demand from core organic shopper had been augmented by in-and-out organic shoppers who were drawn to organic category for many reasons, including better availability, perceived safety, quality and price parity to conventional produce. When the pandemic arrived in March, supply chains were disrupted. The demand from the foodservice channel was brought almost to a complete halt, right at a key seasonal production transition period. Demand for the top selling fresh produce items skyrocketed and consumers were not as discernible when it came to buying organic versus conventional. Another consideration is that early in the pandemic, consumers tried to minimize trips and consolidated much of their purchases in their grocery channel, leading to an erosion of market share among specialty retail formats, which overindex for organic. Ultimately, there was a lot of demand for organic produce at retail but the massive volume and dollar gains in conventional fresh produce pushed the organic share down from their early in the year position.”

## Produce and Organic Produce Sales Gains

As the pandemic hold on the country continues, fresh produce sales remain highly elevated compared to 2019. However, in what looks to be a slow march back to normal, gains have been eroding by one to three percentage points each week ever since the week ending April 26. Fresh produce sales gains in June continued to sit in the mid teens versus the 2019 baseline due to the many more at-home meal occasions. Throughout the pandemic, vegetable growth has outpaced gains in fruit sales —often by more than 10 percentage points.

### Dollar Growth versus the Comparable Week in 2019



Organic produce sales gains followed a very similar pattern to those of total produce throughout the pandemic. During the first four-week period ending March 22, total produce sales increased 18.0% versus the same period in 2019 versus +21.5% for organic produce sales. The third period, the four weeks ending May 17, were strong due to a big Mother’s Day performance. The most recent four-week period ending mid June saw gains more similar to the April performance. The difference in growth rates between organic and total of about 1.5 percentage points is fairly steady across periods. The net effect for the pandemic period from March 2 through June 14 is a +16.2% increase in dollar sales for total produce and a +16.4% increase for organic produce.

In fruit, organic sales initially far exceeded those of total fruit, but the gap disappeared over time with equal gains of +13.1% during the May sales period. In the June time period, total sales gains actually exceed those of organic fruit, at +9.1% versus +6.7%, respectively. In vegetables, organic fell behind total vegetable growth from the start and has trailed behind throughout the pandemic.

### Dollar Gains Versus Same Period Year Ago

	4 weeks ending 3/22	4 weeks ending 4/19	4 weeks ending 5/17	4 weeks ending 6/14	Pandemic period
<b>Total produce</b>	+18.0%	+11.5%	+18.8%	+12.8%	+16.2%
<b>Organic produce</b>	+21.5%	+12.9%	+20.3%	+11.4%	+16.4%
<b>Total fruit</b>	+14.2%	+5.4%	+13.1%	+9.1%	+11.2%
<b>Organic fruit</b>	+24.1%	+9.1%	+13.1%	+6.7%	+12.9%
<b>Total vegetables</b>	+22.1%	+18.1%	+25.1%	+17.3%	+21.9%
<b>Organic vegetables</b>	+20.4%	+14.7%	+23.2%	+13.1%	+17.8%

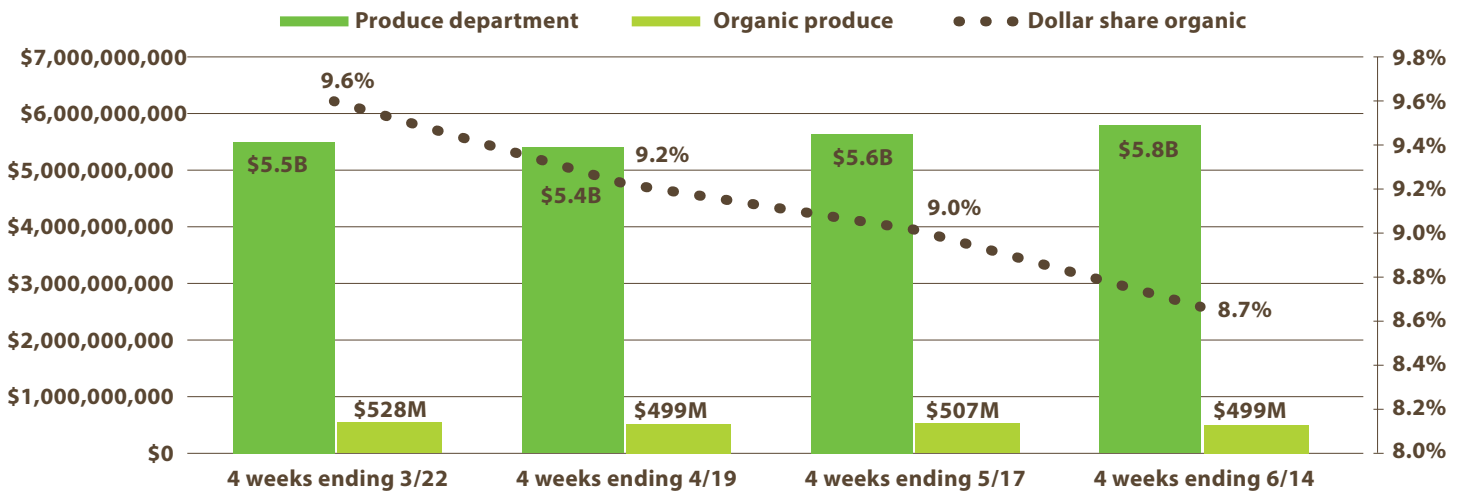
Source: IRI, 4 weeks \$ sales growth vs. same weeks year ago

As organic sales make up less than 10% of total produce sales, the percentage increases for organic fruit and vegetables are somewhat higher. While the percentages tell one story, absolute dollar gains tell another. Year-to-date through June 14, the produce department has sold an additional \$3.0 billion in fresh produce versus the same period in 2019. Organic produce has sold an additional \$269.3 million during this same time period.

### Organic Produce Dollar Sales Share

During the first four-week period ending March 22, organic produce sales were just shy of \$528 million. Total produce department sales were just over \$5.5 billion. This translates into a 9.6% share for organic produce during that first four-week period. As conventional benefitted from robust sales gains off the \$5.5 billion base throughout the pandemic, the share of organic produce versus the total department has actually dropped somewhat despite higher-than-average growth percentages during three out of the four periods. During the most recent four week period ending June 14, the dollar share for organic produce is down to 8.7%.

## Dollar Sales Produce Department Versus Organic Produce



Source: IRI, 4 weeks \$ sales growth vs. same weeks year ago

## Organic Produce Volume Gains and Share

Given its higher price per pound, organic produce makes up a smaller percentage of total produce volume than its dollar share. In volume, organic represents between 5% and 6% of pounds. Throughout the pandemic, organic has tracked ahead of the total in pound growth percentages. However, this is completely driven by fruit where gains are roughly double for organic versus the total in the March, April and June time periods. The gap was much smaller in the May time period. For vegetables, organic produce gains trailed conventional in each.

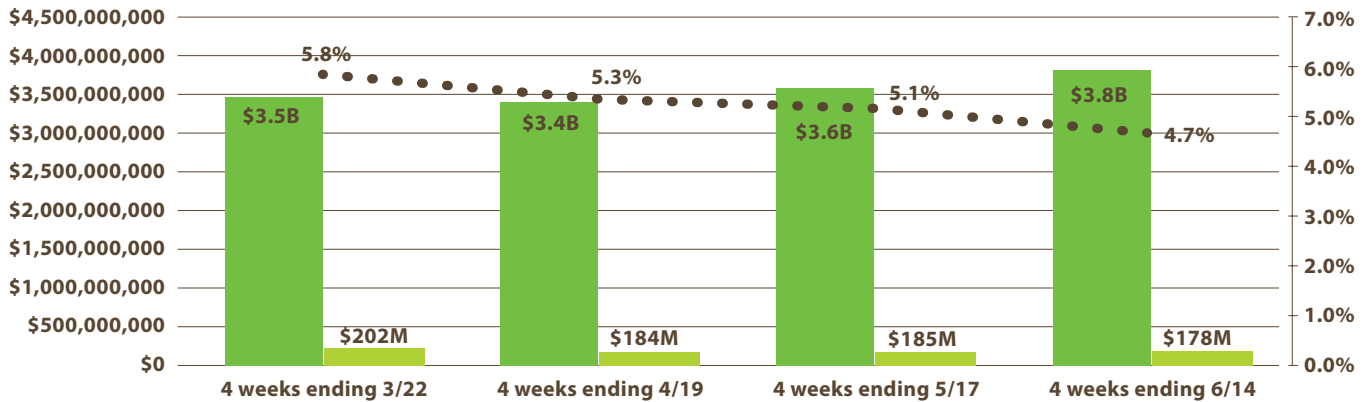
### Volume Gains Versus Same Period Year Ago

	4 weeks ending 3/22	4 weeks ending 4/19	4 weeks ending 5/17	4 weeks ending 6/14	Pandemic period
<b>Total produce</b>	+21.6%	+15.8%	+21.4%	+10.7%	+18.1%
<b>Organic produce</b>	+27.9%	+16.8%	+23.6%	+13.0%	+20.0%
<b>Total fruit</b>	+14.2%	+5.4%	+13.1%	+7.3%	+11.9%
<b>Organic fruit</b>	+27.7%	+12.2%	+19.3%	+13.0%	+17.8%
<b>Total vegetables</b>	+28.3%	+26.2%	+27.8%	+15.8%	+26.1%
<b>Organic vegetables</b>	+28.1%	+20.8%	+27.5%	+12.7%	+21.9%

Source: IRI, YTD and 4 weeks lbs sales growth vs. same weeks year ago

While percentage gains for organic volume paced ahead of the total, the difference was not enough to maintain share. During the first four-week block, share stood at 5.8%, but this dropped to 4.7% during the June period. Year-to-date through June 14, total produce sold an additional 2.2 billion pounds of fruits and vegetables versus the same period in 2019. In contrast, organic sold an additional 139.6 million pounds during this same timeframe.

## Volume Sales Produce Department Versus Organic Produce



Source: IRI, 4 weeks lbs sales growth vs. same weeks year ago

## Organic Fruit

Organic fruit experienced stronger volume than dollar gains throughout the pandemic, which signals deflationary pressure. Moreover, the volume/dollar gap is growing wider, at 6.3 percentage points during the June time period.

Organic fruit	4 weeks ending 3/22	4 weeks ending 4/19	4 weeks ending 5/17	4 weeks ending 6/14	Pandemic period
Dollar gains	+24.1%	+9.1%	+13.1%	+6.7%	+12.9%
Volume gains	+27.7%	+12.2%	+19.3%	+13.0%	+17.8%

Source: IRI, YTD and 4 weeks \$ and lbs sales growth vs. same weeks year ago

## Top Organic Sellers During the Pandemic

Berries were easily the top organic fruit seller during the pandemic, generating \$85 million in sales during the four weeks ending June 14 versus the same period year ago. However, they also had the highest volume/dollar gap with an increase of +11.9% in dollars and 32.5% in pounds. Apples and bananas close out the top three.



## Top 10 Organic Fruit Categories In Sales | 12 Weeks Ending 6/14

	Dollar sales	Dollar gains	Lbs, volume sales	Volume gains	Volume/dollar gap
<b>Organic fruit</b>	<b>\$187.4M</b>	<b>+6.7%</b>	<b>90.1M</b>	<b>+13.0%</b>	<b>+6.3</b>
Berries	\$84.7M	+11.9%	18.0M	+32.5%	+20.5
Apples	\$39.0M	+10.1%	19.7M	+20.7%	+10.5
Bananas	\$27.7M	+9.4%	39.3M	+10.3%	+1.0
Avocados	\$10.5M	+12.0%	2.7M	+15.2%	+3.1
Grapes	\$6.1M	-33.7%	1.9M	-30.1%	+3.6
Oranges	\$3.6M	-2.9%	1.9M	-7.8%	-4.9
Lemons	\$3.1M	-4.1%	1.0M	-11.6%	-7.6
Nectarines	\$1.8M	-18.5%	0.6M	-18.8%	-0.4
Peaches	\$1.8M	-28.8%	0.6M	-25.4%	+3.4
Pears	\$1.8M	-2.8%	0.9M	+9.0%	+11.8

Source: IRI, 12 weeks \$ and lbs sales growth vs. same weeks year ago

## Deflationary Conditions in Organic Fruit

Most top 10 selling fruits saw volume increasing more quickly than dollars, pointing to deflation. The volume/dollar gap was in the double digits for berries and pears, in addition to high single digits for apples. Oranges, that have been a pandemic powerhouse had higher prices than last year by 5.4% and lemon prices were up 8.5% versus the same four week period in 2019.

Overall organic fruit saw a -5.6% decrease in the price per pound during the four week period ending June 14. Deflationary conditions worsened as the pandemic developed. During the first four-week block ending March 22, the price per pound for organic fruit was down -2.9%. During the May block, organic fruit prices were down -5.2%.

## Top 10 organic fruits | 4 weeks ending 6/14

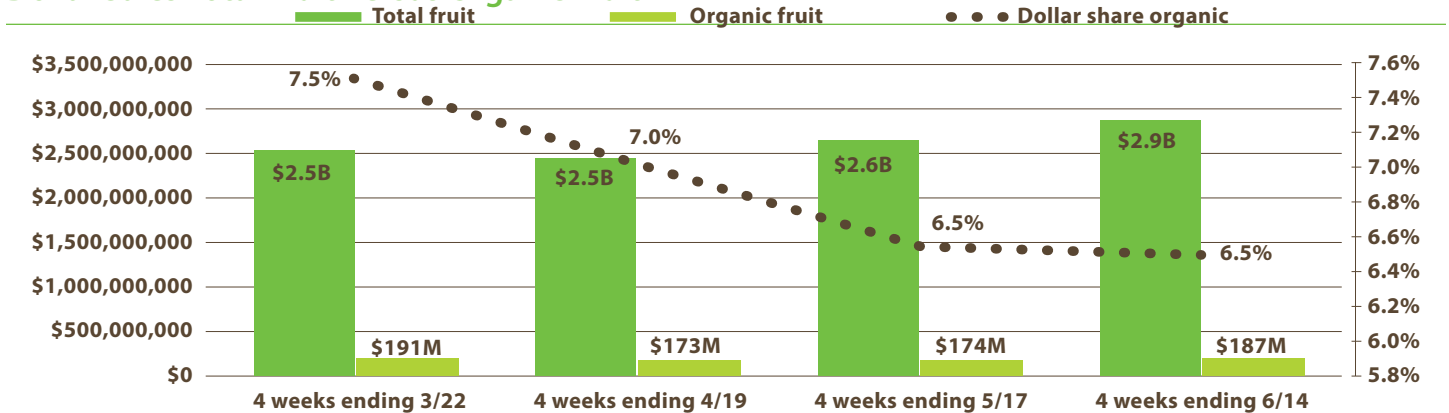
	Price per volume	Change versus YA
<b>Organic fruit</b>	<b>\$2.08</b>	<b>-5.6%</b>
Berries	\$4.70	-15.5%
Apples	\$1.98	-8.7%
Bananas	\$0.70	-0.9%
Avocados	\$3.82	-2.7%
Grapes	\$3.27	-5.2%
Oranges	\$1.85	+5.4%
Lemons	\$3.19	+8.5%
Nectarines	\$2.95	+0.4%
Peaches	\$3.12	-4.6%
Pears	\$2.05	-10.9%

Source: IRI, average price per pound 12 weeks ending 6/14 versus year ago

### Dollar Share of Organic Fruit

Despite double-digit growth throughout the pandemic, organic fruit lost share. During the March time block, organic sales as a percentage of total fruit sales stood at 7.5%. During the third four-week period, this share had dropped to 6.5%. However, this was unchanged from May, so the market appears to be stabilizing.

### Dollar Sales Total Fruit Versus Organic Fruit



Source: IRI, 12 weeks \$ sales growth vs. same weeks year ago

### Organic Vegetables

Like its fruit counterpart, organic vegetables experienced stronger volume than dollar gains throughout the pandemic, until June. Dollar gains exceeded volume for the four week period ending June 14 by 3 percentage points. Year-to-date through June 14, volume gains outpaced dollar gains by 4.1 percentage points.

Organic vegetables	4 weeks ending 3/22	4 weeks ending 4/19	4 weeks ending 5/17	4 weeks ending 6/14	Pandemic period
Dollar gains	+20.4%	+14.7%	+23.2%	+15.7%	+17.8%
Volume gains	+28.1%	+20.8%	+27.5%	+12.7%	+21.9%

Source: IRI, YTD and 4 weeks \$ and lbs sales growth vs. same weeks year ago

### Top Organic Sellers During the Pandemic

Lettuce and salad is the top organic seller and more than five times bigger than the number two, carrots. Dollar gains are up for all top 10 sellers and volume gains are up for eight out of the 10, with peppers and potatoes being the exceptions. For celery, volume significantly outpaced dollar gains. In other areas, dollars paced ahead of volume gains, including peppers and potatoes.

## Top 10 organic vegetable categories in sales | 4 weeks ending 6/14

	Dollar sales	Dollar gains	Lbs, volume sales	Volume gains	Volume/dollar gap
<b>Organic vegetables</b>	<b>\$293.1M</b>	<b>+13.1%</b>	<b>87.4M</b>	<b>+12.7%</b>	<b>-0.4</b>
Lettuce and salad	\$125.8M	+10.5%	20.0M	+10.3%	-0.2
Carrots	\$24.3M	+5.9%	16.0M	+6.0%	+0.1
Tomatoes	\$24.0M	+15.0%	6.4M	+12.0%	-3.0
Mushrooms	\$12.3M	+36.9%	2.3M	+41.3%	+4.4
Peppers	\$10.5M	+7.6%	2.9M	-4.1%	-11.7
Potato	\$9.6M	+8.1%	6.0M	-3.6%	-11.7
Onions	\$9.5M	+30.8%	5.4M	+32.9%	+2.1
Celery	\$9.2M	+6.0%	3.4M	+22.3%	+16.3
Cucumbers	\$9.1M	+25.5%	2.9M	+26.5%	+1.0
Broccoli	\$7.4M	+10.6%	2.2M	+13.4%	+2.9

Source: IRI, 12 weeks \$ and lbs sales growth vs. same weeks year ago

## Pricing Conditions in Organic Vegetables

Overall organic vegetables saw a -4.8% decrease in the price per pound during the 12 week period ending May 17 versus the same time period in 2019. Deflationary conditions improved as the pandemic continued and prices fully recovered in the June time block — virtually stable at +0.3%. During the first four-week block ending March 22, the price per pound for organic vegetables was down -6.0%.

## Top 10 organic vegetables | 4 weeks ending 6/14

	Price per volume	Change versus YA
<b>Organic vegetables</b>	<b>\$3.36</b>	<b>+0.3%</b>
Lettuce and salad	\$6.29	+0.2%
Carrots	\$1.51	-0.1%
Tomatoes	\$3.76	+2.7%
Mushrooms	\$5.25	-3.1%
Peppers	\$3.57	+12.2%
Potato	\$1.60	+12.1%
Onions	\$1.74	-1.6%
Celery	\$2.71	-13.3%
Cucumbers	\$3.18	-0.8%
Broccoli	\$3.39	-2.5%

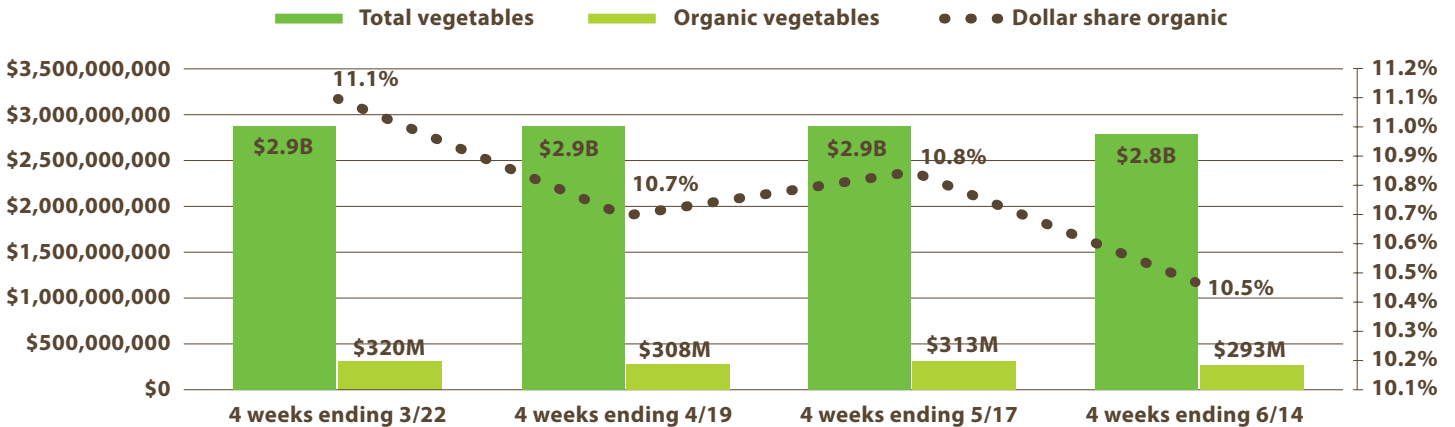
Source: IRI, average price per pound 12 weeks ending 6/14 versus year ago



## Dollar Share of Organic Vegetables

With dollar gains for organic vegetables tracking behind total vegetables throughout the pandemic, the share dropped from 11.1% during the first four weeks to 10.5% in the June time block.

## Dollar Sales Total Vegetables Versus Organic Vegetables



Source: IRI, 12 weeks \$ sales growth vs. same weeks year ago

## What's Next?

Total produce had a big Father's Day week, the week ending June 21. However, dollar sales were up just 5.8% over last year's levels the week of June 28, mostly due to fruit sales flattening out. The total produce category continued to see inflation in late June and early July. Once organic produce numbers will be available for the July time block, PMA will provide an update on the organic fresh produce performance.

Please recognize the continued dedication of the entire grocery and produce supply chains, from farm to retailer, on keeping the produce supply flowing during these unprecedented times. #produce #joyoffresh #SupermarketSuperHeroes. We encourage you to contact Joe Watson, PMA's Vice President of Membership and Engagement, at [jwatson@pma.com](mailto:jwatson@pma.com) with any questions or concerns.