



**OPN**<sup>TM</sup>

Organic Produce Network

# **2021 Q3 Organic Produce Performance**

**October 7, 2021**



## Overview — 2021 Q3 Organic Produce Report

### BACKGROUND

- This report covers organic fruit and vegetable performance for the Total U.S. as well as four U.S. regions.
- Reporting period covers 13 weeks of Q3, 2021 vs. the same period last year.
- This report was prepared by Category Partners exclusively for the **Organic Produce Network**.
- Data in this report is provided under contract by Nielsen. Coverage is the database for total food sales in the United States including all outlets, i.e. supermarkets, mass merchandisers, club stores, dollar stores, convenience stores and military commissaries. Nielsen offers the industry's broadest measurement of total retail food inclusive of UPC and fresh non-UPC (random-weight) products across the entire store, for roughly 90,000 stores nationwide.
- Data coverage includes all fresh fruit and vegetable categories sold in produce departments. The data also includes some non-fresh products that are often sold in produce. Examples are refrigerated/non refrigerated salad dressings, nuts and seeds, some bulk food products, some health/nutrition snacks and bars, salad toppings, dried fruits, etc.
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## Q3 2021 Quarterly Report

### OVERVIEW

Organic fresh produce generated and maintained slight sales and volume gains through Q3, 2021. However, the widespread pantry loading purchases of a year ago are in the comparative period of Q3, 2020. As such, sales in Q3 2021 compared to the same quarter last year are (not surprisingly) up only slightly and below the historical long term growth trends we have come to expect for organic produce. Vegetable categories in general benefited during Q3 last year as consumers were forced by restaurant closures to shift meals from foodservice outlets to home consumption. This shift moved out of home food consumption into meal preparation in homes giving larger lifts to many vegetable categories. As the food service sector re-opened, consumers began to shift some meals back to foodservice channels. The net result in Q3, 2021 is many produce categories had minimal growth when matched against Q3, 2020.

The good news is Q3, 2021 still generated year over year growth in organic produce despite a comp period of Q3 2020 when pandemic-driven shopping continued to distort consumer behavior. In fact, Q3 organic produce still generated volume growth while conventional produce volume declined against Q3 last year.

Looking back to earlier this year, Q2, 2021 revealed this same trend with organic produce delivering growth for the period. Organic produce growth was higher than conventional produce which actually showed a substantial volume decline.

It's apparent that consumer supermarket food purchases now increasingly reflect the more traditional buying trends vs. Covid inspired purchasing changes. It is also encouraging that even though consumer purchases of conventional produce were lower than Q3, 2020 organic produce continued to generate growth. This shows that the longer-term trend of consumers moving toward organic produce continues to grow as organic's share of the market rises.

### Q3, 2021 Highlights

- During Q3, organic produce continued to show growth, even when compared to Q3, 2020, a period when foodservice outlets were still trying to regain footing after having physical locations closed or shut down in many cases. Total organic dollars increased by 3.4% over Q3 last year.
- Conventional produce dollars increased by 1.3% in Q3, 2021 compared to the same period last year.
- Organic volume grew a little, showing a change in Q3 of +1.6%. This was significantly stronger than conventional produce which had a volume decline of -2.3% vs. Q3, 2020.
- Berries were the star organic category during Q3, 2021, increasing dollar performance by 11% and volume by 7.3%. Berries maintained their place as #1 category in dollars for the second quarter.
- Three categories (berries, apples, packaged salads) accounted for 85% of all organic fresh produce dollar growth in Q3, 2021 vs the same period last year.



**Organic sales and volume growth in Q3 2021 were positive but below historical trends. However, this was a result of comparing current performance against the spike that was driven by Covid-19 pantry loading last year.**



## Total U.S. Organic Performance — Q3, 2021

Q3 last year saw declines in grocery sales from Q2 which was marked by consumer runs on grocery stores. This was due in large part to the reopening in some places of foodservice and the adaptation of foodservice in almost all sectors of the country to this new “eat at home” COVID-19 driven trend. As we look to compare Q3 2021 against the previous year we start to see growth a bit more consistent with our expectations for steady organic growth. The conventional segment actually increased in dollars by 1.3% though it fell in volume by 2.3%.

Q3 2021 organic volume grew by 1.6% vs the same quarter last year. Organic dollars moved up 3.4% on stronger pricing.

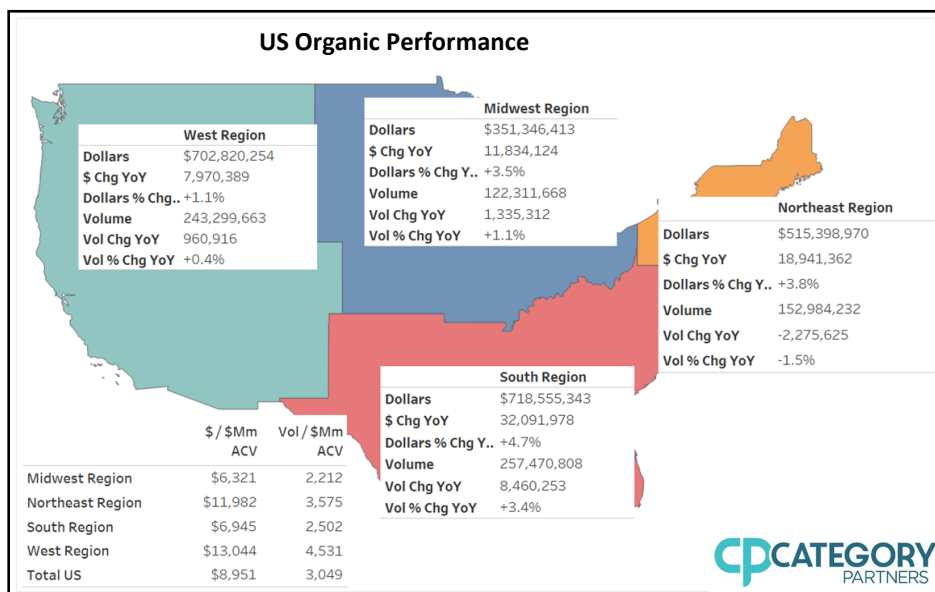
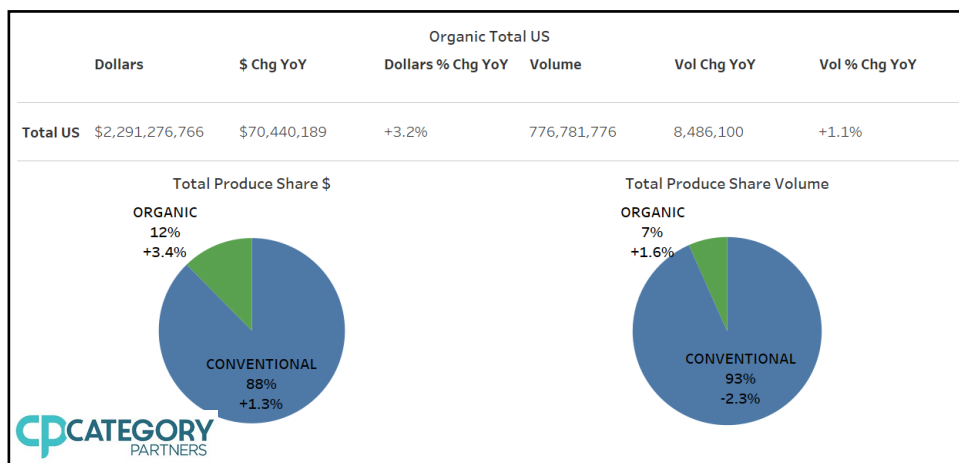
### Regional Performance

Organic performance during Q3, 2021 was weakest in the Northeast region where dollars grew 3.8% on stronger pricing while volume fell by 1.5%. Volume and dollars increased in every other region even while comparing to a previous year which experienced unprecedented growth for all grocery segments.

Organic performance gains were strongest in the South region. During Q3, organic dollars jumped by 4.7% while volume increased by 3.4%. Dollar ACV performance in the South is considerably lower than the West and Northeast regions.

The Midwest region also has fairly low ACV, about half of the ACV seen in the West and Northeast regions. The Midwest saw growth of 3.5% in dollars while volume rose by just over 1%.

Source: Organic Produce Network and Category Partners, powered by Nielsen Total US Scan, July-Sep., 2021.





## Q3 Top 10 Produce Categories — Organic Performance

Performance in the top 10 categories is critical to overall organic category performance. However, sales concentration in the top 10 organic categories is not as high as Q1 since availability of regionally-produced organic begins to expand. Nonetheless, organic performance is concentrated in the top 10 categories. As such, it is critical that retailers maximize performance in these top 10 organic categories.

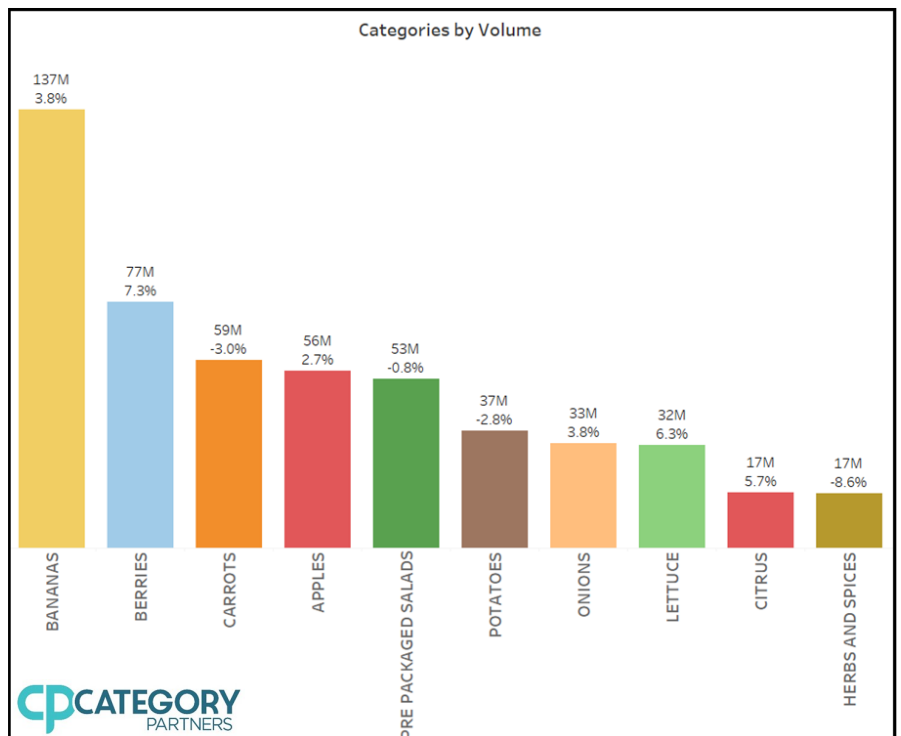
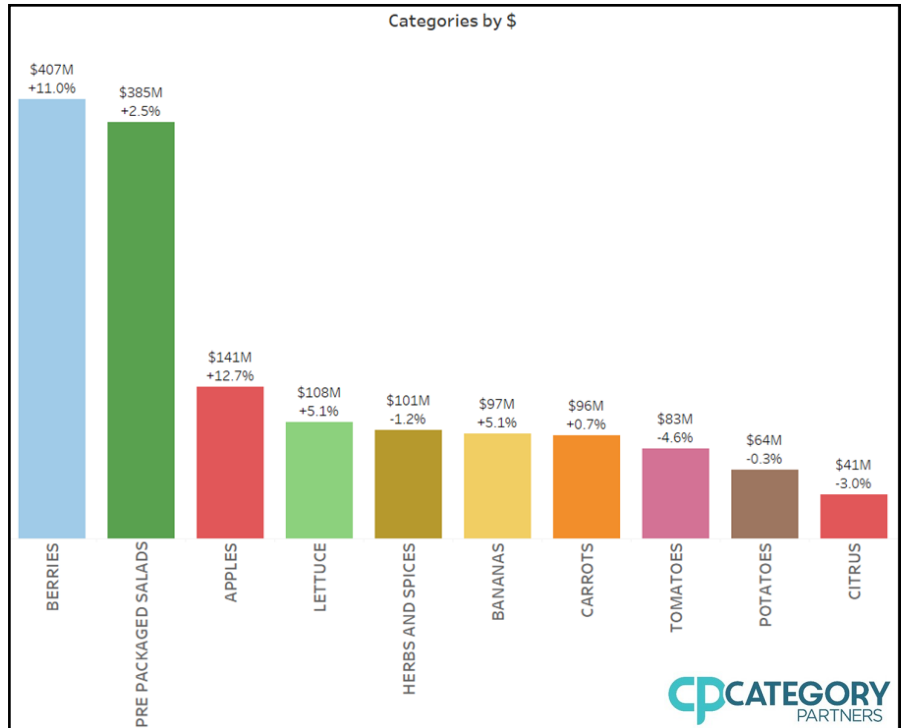
### Dollar Performance

Organic Berries generated considerable dollar growth during Q3. Dollar performance increased by 11.0%, second in growth of the top ten organic categories to Apples which saw 12.7% dollar growth. In addition, this growth helped organic berries to maintain their spot at the top of the organic segment after pushing past Packaged Salads in Q2. Several other top 10 organic categories (Herbs, Citrus, Tomatoes, Potatoes) all had small dollar declines compared to Q3, 2020.

### Volume Performance

In terms of Q3 volume, the Berry category was the star category, generating a volume gain of 7.3% vs. Q3, 2020, maintaining the spot of #2 organic category in terms of volume. Lettuce (+6.3%) Citrus (+5.7%) and Bananas (+3.8%) also delivered volume gains for the quarter.

Packaged Salads volume was down slightly (-0.8%) despite its #2 spot in terms of dollars and its 2.5% growth in terms of dollars over Q3 2020. For the quarter, organic bananas delivered 137 million pounds of volume. Packaged Salads and carrots are both historically strong organic categories. However, both of these key categories lost volume as neither could match the year ago Q3 sales levels set during Covid.

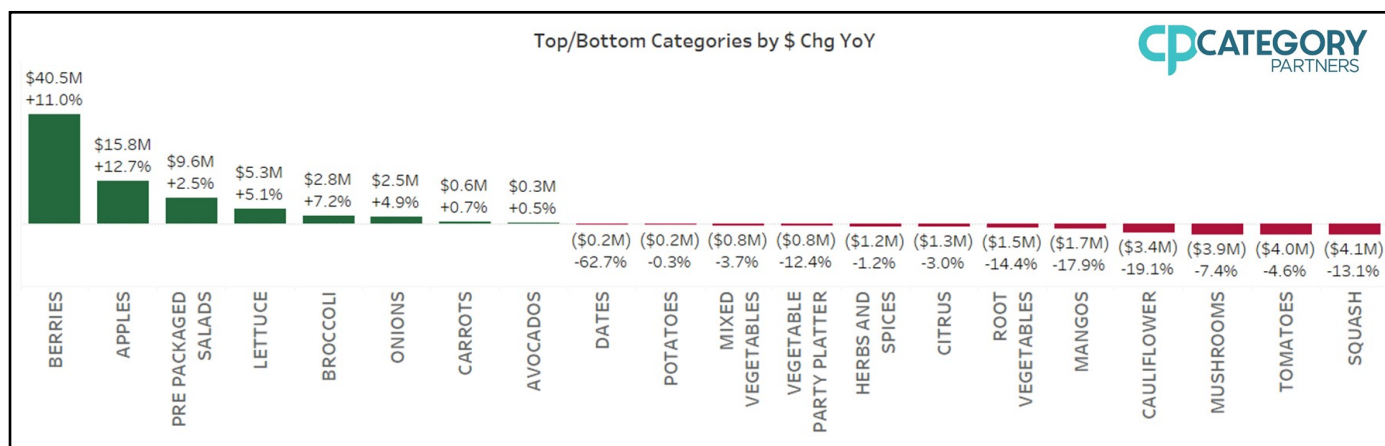


## Q3, 2021 —Top and Bottom Growth Categories

### Dollar Performance

As noted, sales last year were still high after the initial COVID peak, though moving back toward the norm. At that time, organic sales rode a wave of dollar and volume increases. The net result is on a comparative basis, many organic produce categories gave back some of these sales gain this year in Q3 as consumers have returned to more normal consumption patterns.

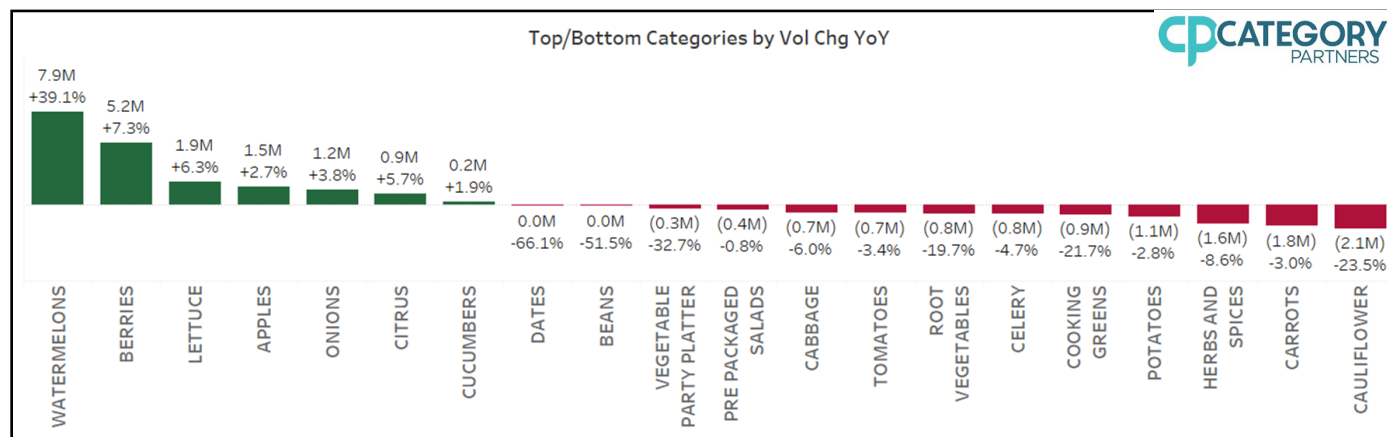
Increasing prices in many organic categories helped mitigate dollar declines. Nonetheless, dollar growth was below historical norms for the quarter. As noted on the previous page, Berries was the stand out category adding over \$40 million in incremental dollars. Apples and Packaged Salads also generated substantial dollar growth.



### Volume Performance

Total organic volume was largely driven by three categories: Watermelon, berries, and lettuce. Multiple strong organic categories had volume declines including powerhouse organic contributors like Packaged Salads, potatoes, herbs and carrots.

The good news is that setting aside the performance surge that continued into Q3, 2020, the overall trendline for organic produce volume remained positive.





## Background

This report on organic produce performance was compiled and developed under the direction of Matt Seeley of the Organic Produce Network by Steve Lutz and Jashon Newlun of Category Partners.

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Source: *Organic Produce Network and Category Partners, powered by Nielsen Total US Scan, July-Sep., 2021.*

Category Partners is a strategic insights company focusing exclusively on the fresh industries in the retail grocery channel. The company works exclusively with growers, marketers and retailers of conventional and organic fresh foods by providing data solutions, analysis, and insights on product performance, consumer preferences and industry trends.



**Steve Lutz** is senior vice president for insights and innovation at Category Partners. He is a 40-year industry veteran and has spent nearly his entire career working in marketing, consumer research and data analytics in the fresh foods industry.



**Jashon Newlun** is a senior data analyst for Category Partners. His work in fresh foods focuses on utilizing performance data to identify opportunities for dollar and volume growth in retail channels, provide analytical insights, and develop executive level presentations.