



OPNTM
Organic Produce Network

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2023 Q2

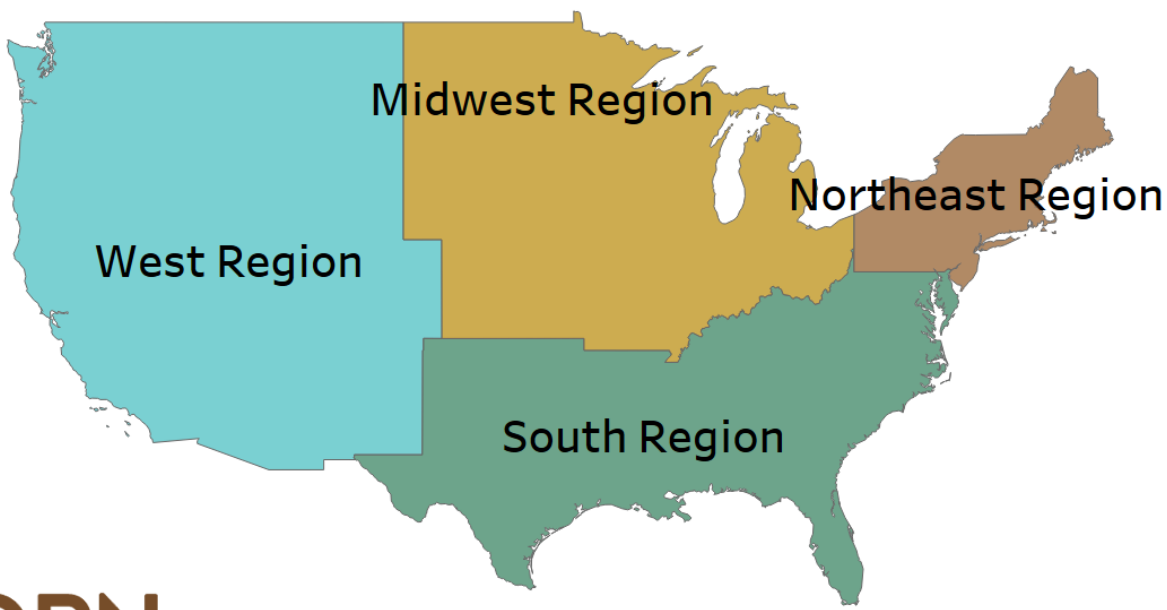
Organic Produce Performance

July 19, 2023

2023 Q2 Organic Produce

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 2023 (04/08/23—07/01/23) 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 excludes some non-fresh products that are often sold in produce.
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Source: Organic Produce Network and Category Partners, powered by NielsenIQ Syndicated, 2023 Q2

Overview

Organic fresh produce in 2023 Q2 grew in dollars and volume by 1.5% and 0.8% respectively, year over year. The Total Produce department gained 2.0% in dollars and declined by 1.2% in volume. Both conventional and organic produce still follow inflationary trends, but the price increase in each segment was less compared to the past two years. In pricing, the conventional produce average price/lb has grown by 3.2% compared to 2022 Q2, while the organic produce average price/lb rose by 0.8%. Overall, the average price/lb has grown by 6¢ for the Total Produce department compared to 2022 Q2.

Organic Citrus Fruits saw the largest changes compared to its conventional counterpart with organic citrus posting a 19.4% dollar and 23.3% volume increase as opposed to a 0.3% dollar and 9.4% volume increase in conventional. Among the top performing organic categories, four saw a decrease in their average price/lb. Avocados led this price drop by posting a 22.4% decline in their average price/lb over the previous year.

Volume performances were different for both organic and conventional produce during this past quarter. Organics in 2023 Q2 saw a rise in volume of 0.8% over last year compared to a 1.3% decline for conventional. While the trend for conventional volume is down since 2020, organics continue to see incremental growth.



Organic sales and volume in 2023 Q2 were positive. Conventional produce dollars rose higher than organic dollars by 0.5pp and declined in volume by a greater degree than organic.

2023 Q2 Highlights

During Q2 2023, organic produce continued to show growth in dollars and volume. Organics in Q2 2023 broke away from the trend of volume loss that 2021 and 2022 witnessed.

Conventional price per lb increased by 3.4% in 2023 Q2



compared to the same period last year. However, organic produce posted a smaller price increase of 3¢ per lb

Organic citrus had an incredible quarter as they had a 23.3% increase in volume and a 19.4% increase in dollars. Berries led the quarter as the top organic produce category in dollars.

The South region of the U.S. saw the highest dollar and volume growth compared to last year for organic produce. With a fairly low ACV, it suggests that the potential for growth in the South will continue.

Total U.S. Organic Trend

Conventional volume posted a drop compared to 2022 Q2 where organics posted an increase in volume. This rise in volume contrasted the past two years of volume change since Q2 2020. Conventional produce outperformed organic produce in dollar growth, suggesting price increases in conventional have been more easily absorbed by consumers than the higher prices in organics.

Current trends indicate that organic produce is experiencing higher growth in both dollars and volume compared to its conventional counterparts.

To compliment that, organic dollar's rate of growth, while still positive, slowed compared to past years giving volume a chance to match that growth. This shift suggests that inflation, while still evident, was not as apparent in organic produce as it was in conventional produce during this past quarter.

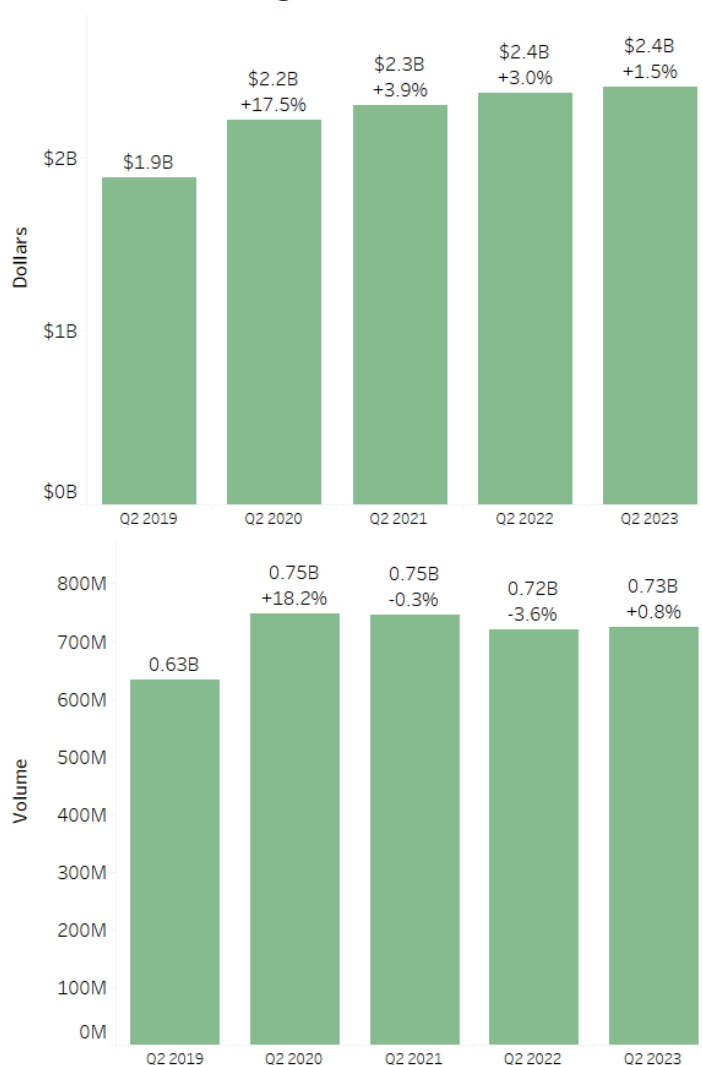
Four Year Performance



Conventional Produce



Organic Produce



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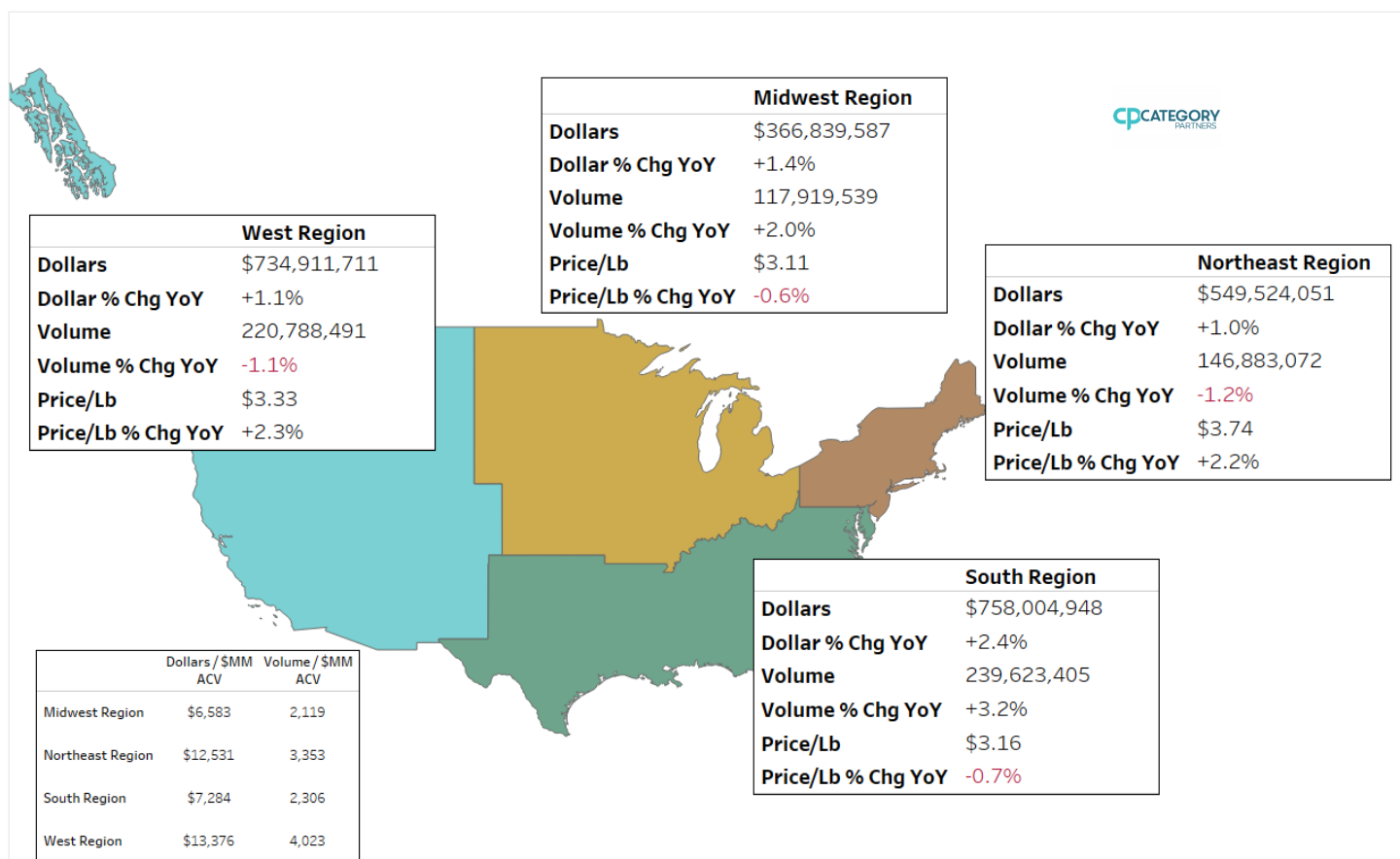
Organic Produce Network

Source: Organic Produce Network and Category Partners, powered by NielsenIQ Syndicated, 2023 Q2

Regional Performance

Organic performance posted consistent dollar increases and but mixed results in volume change. The West region and the Northeast region saw increases in dollars while volume fell. The same regions had comparably high price/lb increases.

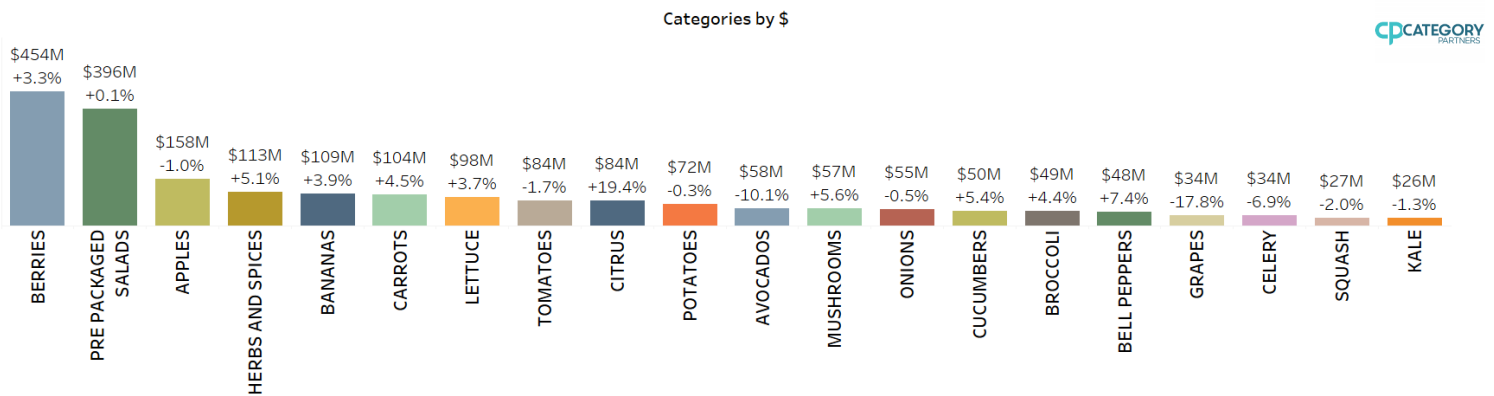
The South Region continues to show the most improvement year over year, which is consistent with previous reports. The South has a fairly low ACV compared to the Northeast and West, suggesting that the potential for growth in the South will continue.



Dollar Performance

For 2023 Q2, 11 of the top 20 categories posted increases in dollars. Organic citrus generated the largest percent increase in dollars, gaining 19.4%, followed by bell peppers, mushrooms, and cucumbers.

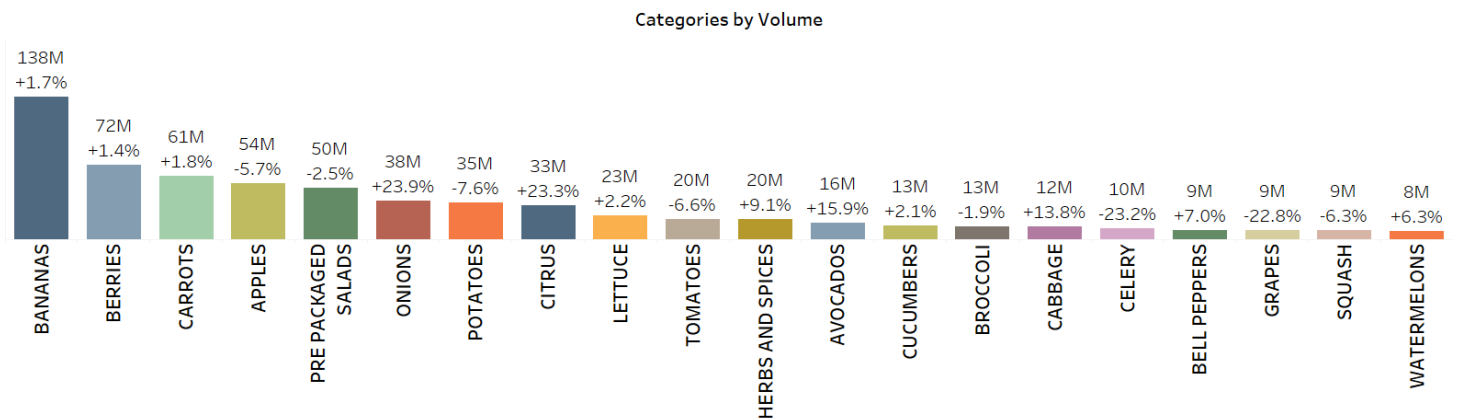
Inversely, grapes posted the largest decline in dollars, while avocados also posted noticeable declines. While Pre Packaged Salads lead the department in organic retail dollars in Q1, Berries surpassed in Q2 this year.



Volume Performance

For 2023 Q2, 12 of the top 20 categories posted increases in volume. Some categories that experienced noticeable jumps in volume were onions, citrus, avocados, herbs, and bell peppers.

Organic celery posted the largest decline in volume out of top categories, followed by grapes and potatoes.



Price Over the Years

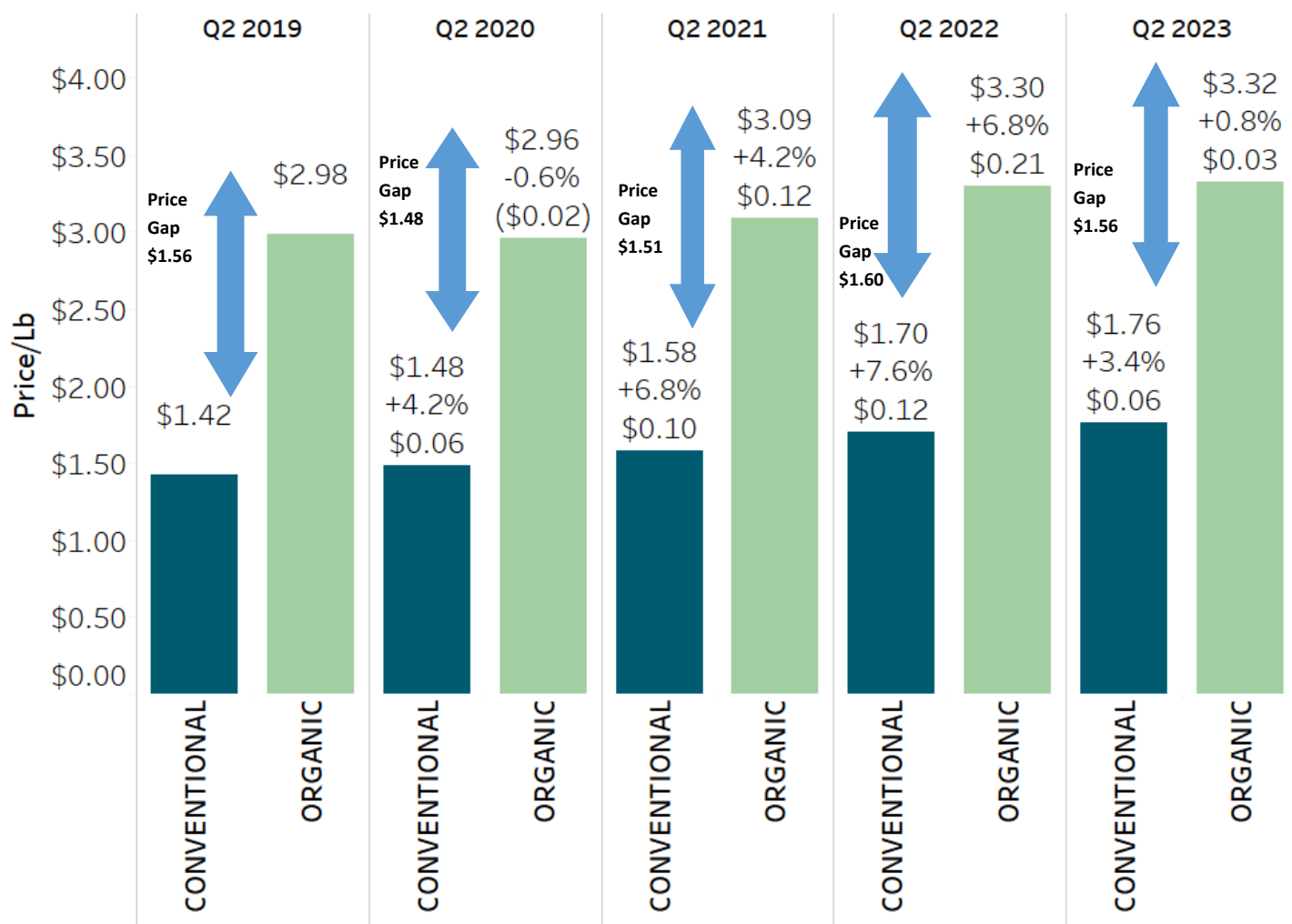
The organic vs conventional price gap continues to rise when comparing Q2 2023 to the same period over the past 4 years. However, that increase has slowed in the past year.

In 2023 Q2 the average price of organic produce rose 0.8% compared to a 3.4% increase in conventional pricing. These price changes are consistent with previous trends noted in this report where organic inflation is slowing and conventional inflation continues to progress.

In 2023 Q2, the average price gap between conventional and organics decreased compared to the jump from 2021 to 2022. As both conventional and organic produce experienced a reduction in year-over-year price increases, the price gap narrowed by \$0.04 compared to 2022 Q2. This downward trend in price changes continued from 2023 Q1, with each quarter showing less increase than the previous year.



Organic vs Conventional Price Last 4Yrs





Background

This report on organic produce performance was compiled and developed under the direction of Matt Seeley of the Organic Produce Network by Tom Barnes and Kaelan McGurk of Category Partners. Data and charts in this report may be reproduced by recipients provided source attribution is used as follows: Source: Organic Produce Network and Category Partners, powered by Nielsen Total US Scan, 2023 Q2. 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.



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Chief executive officer at Category Partners. He is a 20-year industry veteran and has spent nearly his entire career working in marketing, consumer research, and data analytics in the fresh produce industry.



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