

# Produce Trendspotting



52<sup>nd</sup> Edition: January 2024

## Welcome 2024!

Happy New Year. Out with the old and in with the new. That's how we roll around here. Once the calendar flips to a brand-new year it is our time for renewal.

That's right. At Execulytics we feel there is a whole new world of changing trends to explore. There are new consumers to talk to and new grocery stores to see. There is also a whole slew of new fruits and vegetables to taste.

I sense 2024 is going to be a good year. For one, I feel like this is the first January in a long time when the pandemic wasn't looming large. Sure, sure, COVID is still a thing, but it seems more in the background now. Plus, the inflation that we've endured is subsiding and maybe, just maybe we might be able to sidestep a bad recession. This could be, dare I say, the first concrete steps towards normalcy. One can dream. In the meantime, let us study the markets and try to make sense of the coming year, be it a normal one or one in which the Gods of Fate throw us yet another curve ball.



**Like our Newsletter? Share it, we don't mind, really.**



# This Month's Features



## Produce Moneyball

In 2023 we predicted an increase in Potato demand, **Produce Moneyball** investigates if that was the case.



## The Produce Trendsetter

It's that time again. The **Produce Trendsetter** predicts the hot products for 2024.



## What's In Store?

Following up on last month's **Produce Moneyball**, **What's in Store** looks at blackberries.

## Featured Service

### Produce DNA

At Execulytics, we understand the challenges that come with selling produce in the Canadian market. Whether entering it for the first time or looking to expand your market share, you'll come to learn that Canadian consumers have diverse tastes and preferences, plus the retail landscape can be daunting. Success requires more than just hope and guesswork – it demands strategic insights backed by concrete data. This is what **PRODUCE DNA** is all about.

**PRODUCE DNA** is revolutionizing the path to Canadian market expansion. Our full suite of data services includes consumer and retail research, taste tests, trade data, pricing, costing and volume intelligence combined with fresher, more knowledgeable insights so you can find success in Canada faster.

Click the image above to tap into Execulytics' extensive experience in the Canadian retail grocery sector. And read this recent [Article](#) to understand more about what **PRODUCE DNA** can do for your business. Execulytics brings a wealth of knowledge and industry connections that can significantly benefit your fresh produce brand.





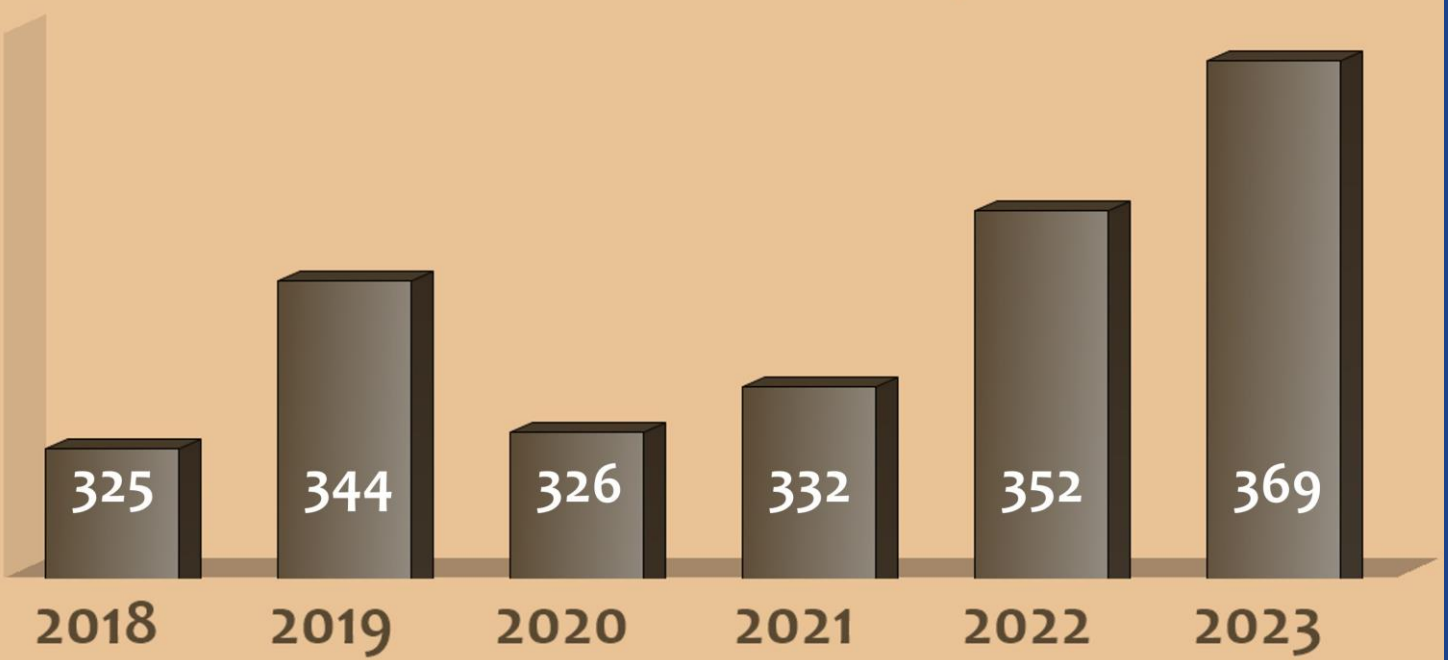
# Produce Moneyball

**Produce Moneyball** is our method of taking a deep look at product histories. The thing about produce commodities is they are inherently cyclical. While costs are almost entirely determined by the interplay of supply and demand, consistent annual weather patterns ensure at least half of that equation remains stable. The result is a deep analysis of the past, can enable predictions into the future. Each month we uncover future trends by looking at the analytics of the past.

## Predicting Potato Tonnage Growth wasn't a Joke?

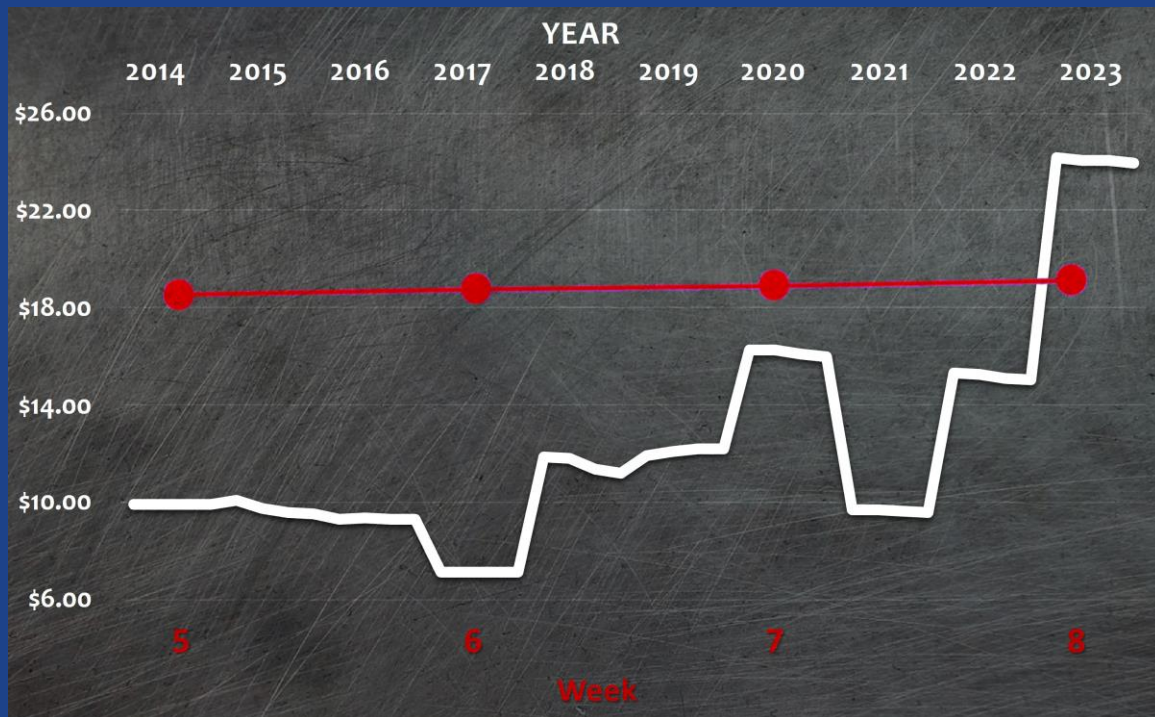
As you continue reading this month's edition, you will get to the section where we make our 2024 product predictions. When we made our predictions last year, one of the items we said would find its way into more homes more often was potatoes. We predicted people would try to lower their calories per dollar spent and with potatoes being high calorie and low cost, it was the ideal product to accomplish that goal. But be honest, did you actually think the number one tonnage item in the produce department had more upward potential? If you are the type to think house prices can't possibly get higher and professional sports salaries can only come crashing down, then probably not.

Potato Volume in 000's of Tons - Weeks 5-8





Well, judging by the chart above, it seems our crystal ball wasn't that far off. February potato tonnage went on a tear once generational inflation took hold in the late stages of 2021, following a few years of up and down volumes. **Not so fast!** Just because tonnage is up doesn't necessarily mean people were increasingly looking at potatoes to satisfy their caloric needs. There are two sides to this ledger, supply and demand. In order to be certain, and to declare our crystal prediction ball to be clear, we need to have **Produce Moneyball** take a closer look.



Okay, the graphic above, with the white line detailing the FOB cost of 50-pound Russet Potatoes 60-80 count is telling. First off, there is a lot of inflation, 10.5% annually to be precise. After years of stability, cost volatility enters the market in 2017. Cross referencing with the first chart, we see there is an inverse relationship between volume and cost. No surprise, the market behaved as expected. Suddenly, in 2022, costs shoot up and then do so again in 2023. The inverse relationship would predict volume declines, instead it rises, quite significantly. This generally can only mean one thing. Market demand has risen, requiring additional volumes and cost has compensating by increasing, a lot. Indeed, it does look like consumers were looking to satisfy their calorie requirements with potatoes. Unfortunately, the market didn't exactly cooperate as the cost per calorie for russet potatoes rose to compensate for the increased demand. Where do we go from here? The red line demonstrates the **Produce Moneyball** FOB cost prediction for February 2024. Expect costs to pull back from the highs of 2023 but still be far above historical averages hovering around \$18 all month.



If you like Produce Moneyball, you'll love the **Produce Almanac Custom Analysis**. Whatever costing or volume questions you have, whether **HISTORIC** or **PREDICTIVE**, **CONVENTIONAL** or **ORGANIC**, the Produce Almanac has the answers. Click the picture to learn how a Produce Almanac Custom Analysis could give you the necessary insights to drive your business forward.

# The Produce Trendsetter



An innovation with fleeting customer support is called a fad. But once a fad's customer support becomes sustainable over a longer period, it becomes a trend. And while anyone can develop an innovative new product or selling method, only the customer can determine a trend. In our feature called **The Produce Trendsetter**, we analyze hundreds of questions answered by tens of thousands of customers in our attempt to uncover the next produce trend.

## Time for our Annual Predictions

Here at the **Produce Trendsetter**, we make our predictions a little differently. We don't try to predict societal or public opinion changes and then awkwardly fit them into a set of product ideas. We find that is fraught with danger. Instead, we attempt to learn the fruit and vegetable tendencies of consumers, segmenting them by the types of products they intend to purchase (like consumers of organics, value added, GMO, etc.). The fruits and vegetables that are gaining space inside their fridges and fruit bowls faster than those not inclined to purchase those products represent a trend and make the basis for our 2024 prediction.

Well, here goes nothing, For the balance of this year, be on the lookout for and be comfortable pushing: **Organic Broccoli & Green Onions, Sustainably Sourced Blueberries & Peppers, GMO Potatoes & Avocados** and **Value Added Tomatoes & Bananas**. Let me explain a little further.

A certain percentage of the Canadian grocery shopping public told us they intend to purchase organic produce from time to time. Some of them for all their produce purchases, some only occasionally and others still fit somewhere in between. What distinguishes this group, we'll call them **organic supporters**, is they have no hang-ups with buying organic produce.

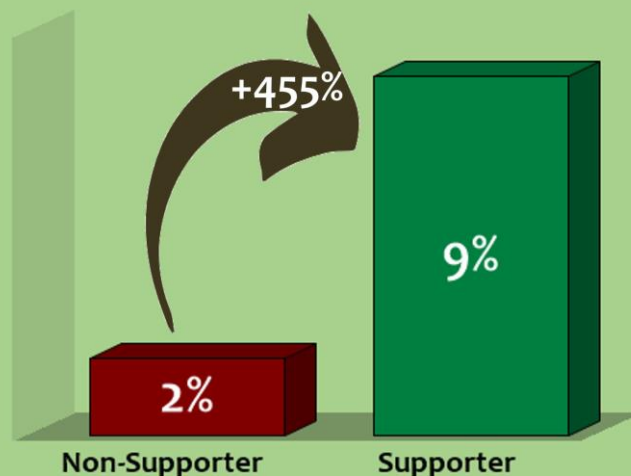
For this group, household penetration of broccoli increased 9% in 2023 from the year prior. Their **Organic non-Supporting** counterparts experienced a mere 2% increase in household penetration of broccoli. Simply put household penetration of broccoli increased 455% more for **Organic Supporters** than for **Organic non-Supporters**.

If organic people are buying more broccoli, be it organic or conventional, it stands to reason that organic broccoli could experience a boost.

Likewise, the household penetration of Green Onions amongst **Organic Supporters** is up 15%

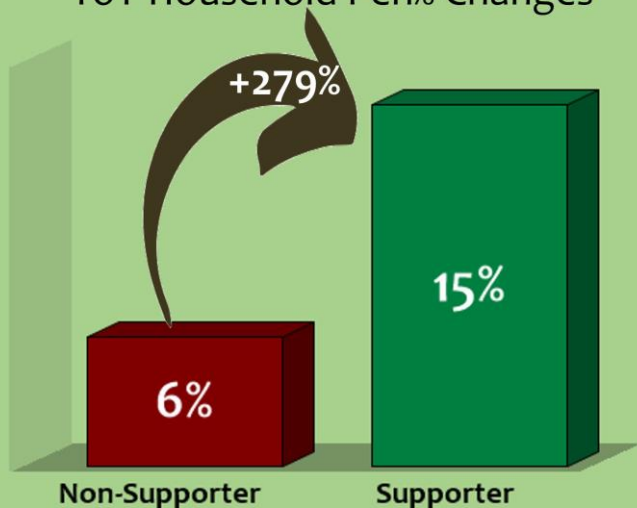
## Broccoli

### YoY Household Pen% Changes



## Green Onion

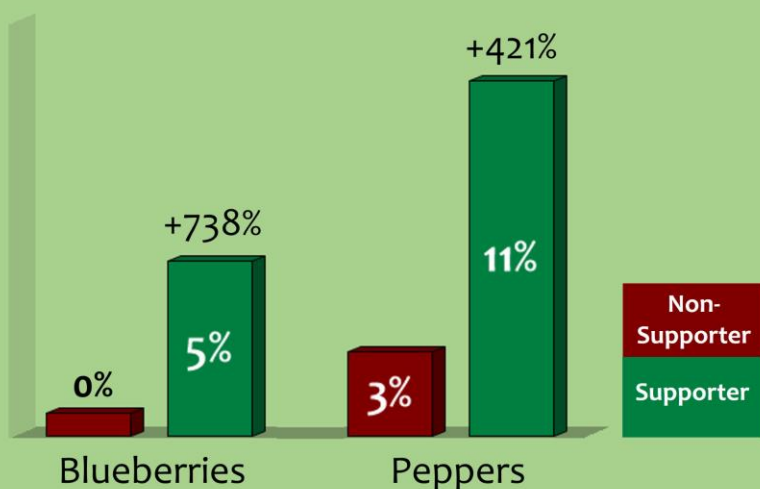
### YoY Household Pen% Changes



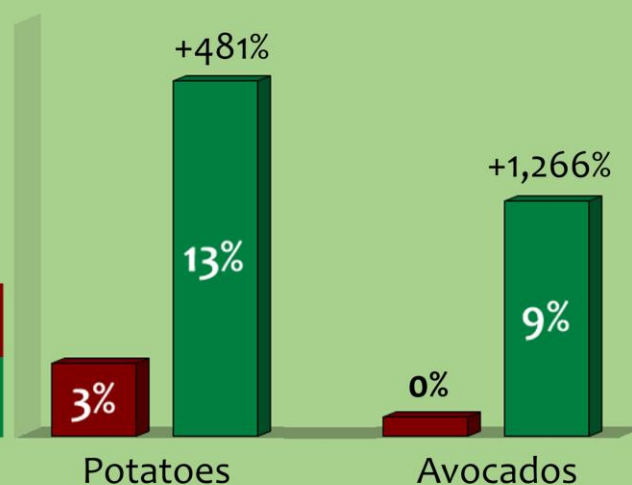
compared to only 6% amongst the non-supporting group. A 279% advantage to the supporters. The result? expect a rise in organic broccoli and green onion demand in 2024.

Aside from being on the lookout for some new organic veggies, there is also sustainably sourced and GMO predictions. Using the same methodology, we used for the **Organic Supporters**, we see that **Sustainably Sourced Supporters** are hitching their carts to blueberries, growing penetration 738% faster than non-supporters and are making up for lost time on peppers growing penetration 421% faster. Meanwhile potatoes and avocados have the attention of **GMO Supporters** growing household penetration 481% and amazingly 1,266% faster respectively than those who shun GMO.

### Support Sustainably Sourced or Not YoY Household Pen% Changes



### Support GMO or Not YoY Household Pen% Changes

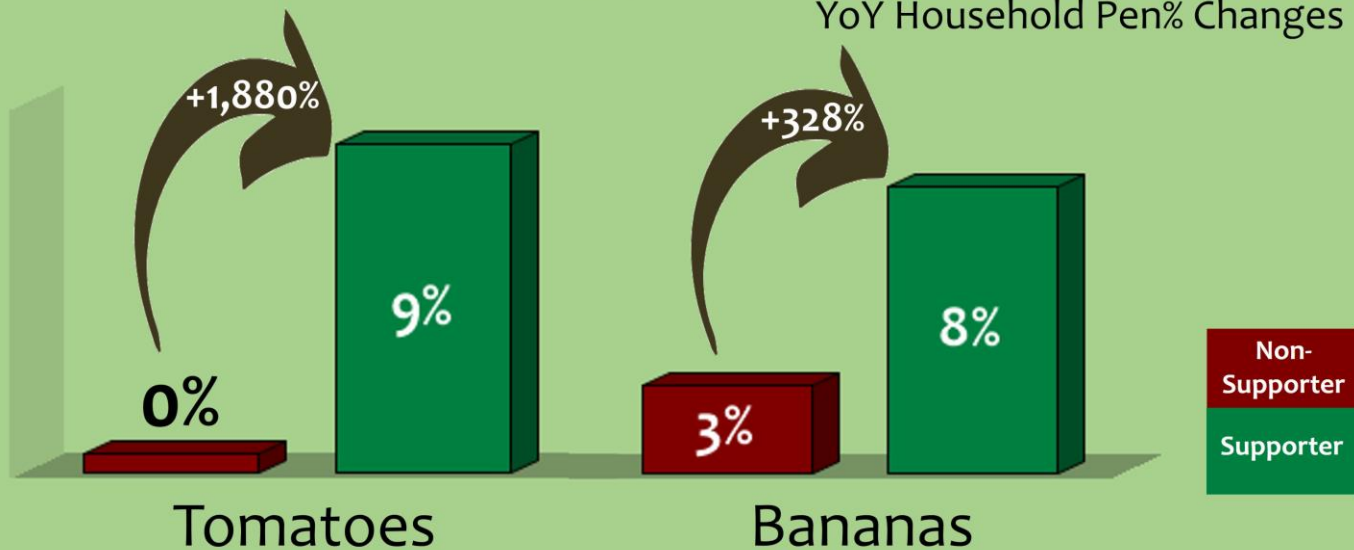




Finally, making a splash in the value added segment are tomatoes and bananas. With a growth rate nearly 20 times higher, **Value Added Supporters** are putting tomatoes in their baskets much more so than the non-supporters, Could be an opportunity for ultra-fresh salsa or a burger condiment kit. Meanwhile banana household penetration growth rates are three times higher with the supportive group. Sounds like a tricky product to add value to, but I am sure someone can figure it out. Maybe a [Banana Split](#) or [Bananas Foster](#) kit could be a hit.

## Support Value Added or Not

YoY Household Pen% Changes



**THE BOTTOM LINE:** Consumer tastes are changing, so too is the comfort level with certain produce concepts like organics, sustainably sourced, GMO and value added. By looking at both consumers who are comfortable with these concepts and the fruits and vegetables they are putting in their grocery baskets, we can predict new product trends for the coming year. Keep your eyes peeled for **Organic Broccoli & Green Onions, Sustainably Sourced Blueberries & Peppers, GMO Potatoes & Avocados** and **Value Added Tomatoes & Bananas**.



## The Freshest Consumer Intelligence in Canada

Learn the nuances of the Canadian consumer and obtain the freshest data-driven insights with custom Execulytics consumer research. Click on the picture to get started.



# What's In Store?

Planning, strategizing and determining near term tactics is all fine and good in the office. But it's in the grocery store where the rubber hits the road. How are new trends shopped? How are pricing strategies being executed across the country? How is product being presented to customers? If you want to understand the heartbeat of the industry, you must ask **'What's In Store?'**

## Ontario is getting the Blackberry Band(wagon) Back Together



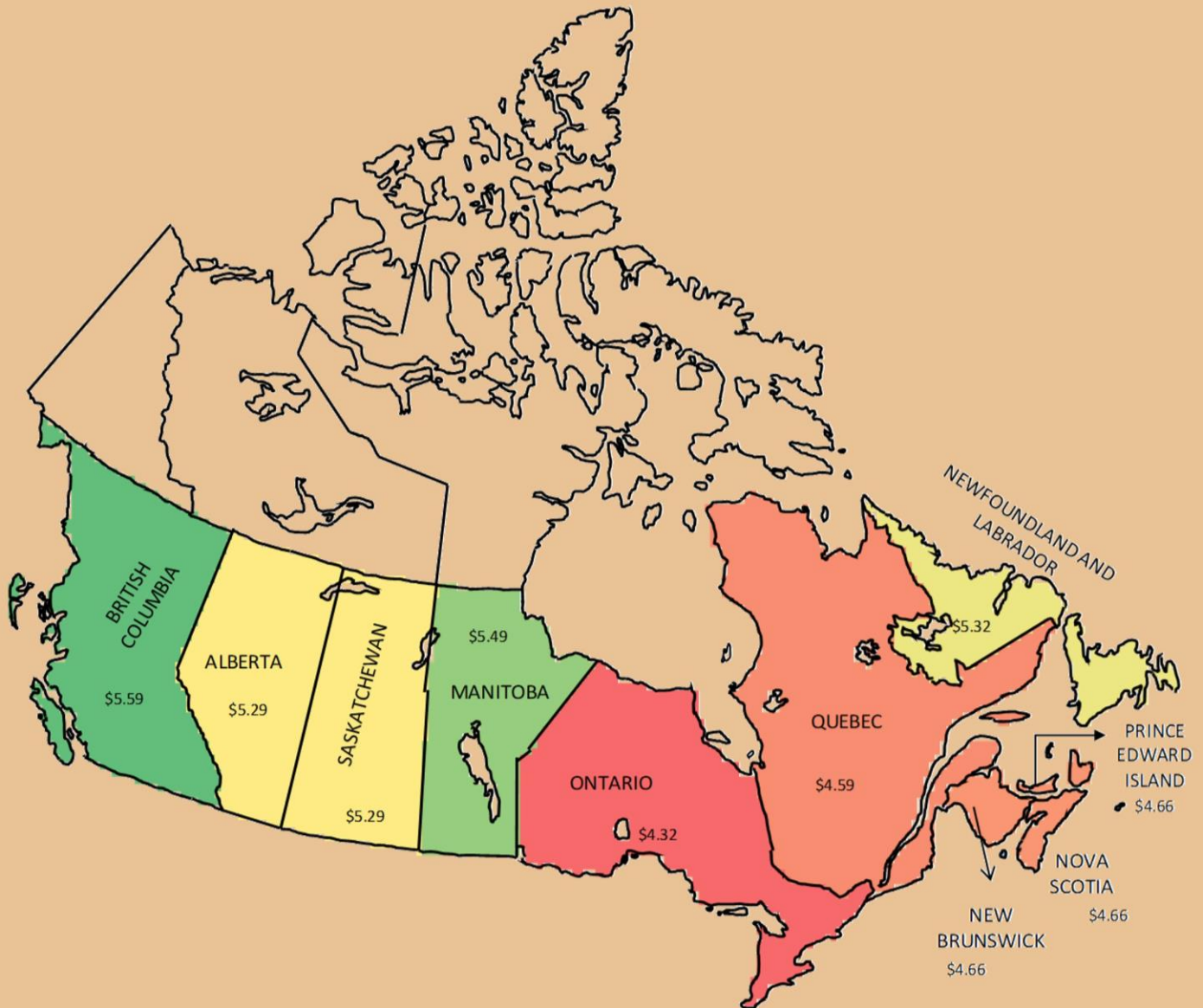
Last month we speculated about what fruit or vegetable product would be a good headliner for a New Year's healthy eating regimen. Grapefruit, which had long been top dog in January, is waning in popularity. The bottom line was this roadshow was in need of a star and our analysis showed that blackberries was as good a candidate as any, given

their increasing popularity in the month of January. Once again, now that we have zeroed in on a potential superstar, it is incumbent upon us to understand the best spots in Canada to focus our energy. Our starting position, as in the past, is whichever province generates the most merchandising activity, estimated entirely by the average provincial retail price. The lowest retail price is where the energy should be strongest.

Judging by the heat map on the next page, retail prices for 170-gram blackberries are lowest in Ontario. Generally speaking, all of the East is less expensive on blackberries than the West. If you plan to make your mark this January by using blackberries as an anchor product, you'll probably have more volume opportunities East of Manitoba. But then again, you adventurous types might find the competition for blackberry supremacy is a little lighter in Western Canada. Whichever direction you decide to go, East or West, happy blackberry selling. It's always good to get in early on a trend.



## 170-gram Blackberry prices per unit



More Expensive Less



### Your Brand's Ultimate Canadian Tour Guide

Success in the Canadian market requires more than hope and guesswork - you need specialized expertise and data. Click on the picture to discover how **Produce DNA** will help you to avoid costly go-to-market mistakes and gain the confidence you need to excel in the Canadian market.

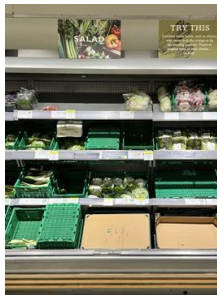
# Heard around the watercooler

Some of the articles we read last month that we couldn't wait to share with you



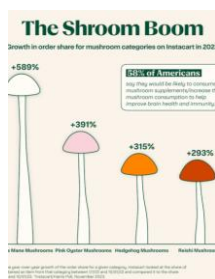
## Flock of the Phoenix

Flames of change across Sobeys' FreshCo, catching and spreading through the team like wildfire.



## Further change predicted in the produce industry

Promar predicts changes due to digitalization, inflation, trade friction and climate change.



## Instacart expecting mushroom boom in 2024

Instacart's purchase data and survey insights predict a mushroom boom for 2024.



## Providing Fresh Produce in Bermuda

Bermuda is home to The MarketPlace, an 8-store chain, the largest on the island.

If there are elements of this newsletter that you think could become a custom service for your organization, drop me a line, I am available to discuss your business needs. Feel free to forward this email to your colleagues and encourage them to subscribe by sending their name and email address to [info@execulytics.ca](mailto:info@execulytics.ca) or by signing up at our website [execulytics.ca](https://execulytics.ca)

Wishing you and your families a wonderful Holiday Season,

Managing Partner

**Mike Mauti**



**Execulytics Consulting**

Toronto, Ontario, Canada

[info@execulytics.ca](mailto:info@execulytics.ca)