



Produce Trendspotting

of **PRODUCE** . . . for **PRODUCE** . . . by **PRODUCE**

The four phases of the retail cycle and produce's place in it

"An apple a day keeps the Doctor away". Advice we've heard thousands of times before. But how easy is it to follow that advice and who is taking it? Good questions to ask and **Produce Moneyball** is stepping up to provide some of those answers by analyzing the apple markets stretching back over the last decade. **The Produce Trendsetter** picks up the ball and gives us insights into who is taking the apple advice. By now though, we understand that most of the answers occur in the grocery stores across the country and **What's in Store** comes through again by providing a good chunk of those answers.

Now that we are in the stretch run of an extremely warm summer, it is time to reflect on the next major business phase in the annual retail business cycle. We are exiting the **BBQ/Local** phase of the cycle and moving into the **Back to School/Fall Harvest** phase. Following back to school/Fall harvest is **Holiday Meal Planning** and finally **New Year/Spring Renewal** to round out the four. Each phase brings a unique set of opportunities and challenges, not the least of which is understanding changing consumer buying patterns. The products that people buy in the BBQ/local phase is different than the what they would buy in the back to school/Fall harvest phase. In some cases different departments shine during different phases. Thinking back to my retail days, we used to say back to school was like Christmas time in the deli.

But what does this mean for you? I want to know what you think, answer this week's poll question on how the change from **BBQ/Local** to **Back to School/Fall Harvest** impacts your business. Be sure to check back next month for the results, and don't forget to read to the end for last month's poll findings.

Execulytics Monthly Poll

Click on the image below to answer this month's poll question.

Results will be published in next month's Produce Trendspotting.

As retail focus moves away from **Summer BBQ/Local Produce** and into **Back to School/Fall Harvest**? How does this impact the volume of fruits and vegetables in your business?

SELECT ONE

- ☐ There is no change in the volume of my produce business
- ☐ Volume in my produce business decreases
- ☐ Volume in my produce business increases

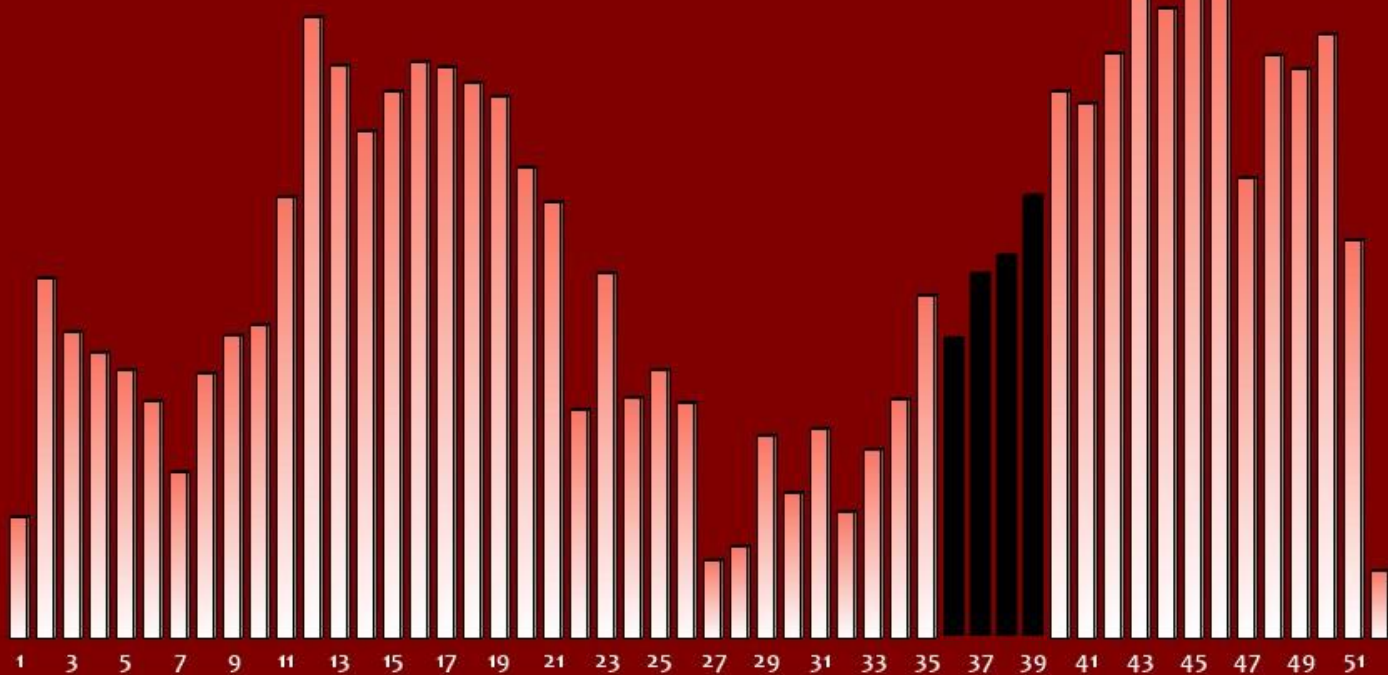


Produce

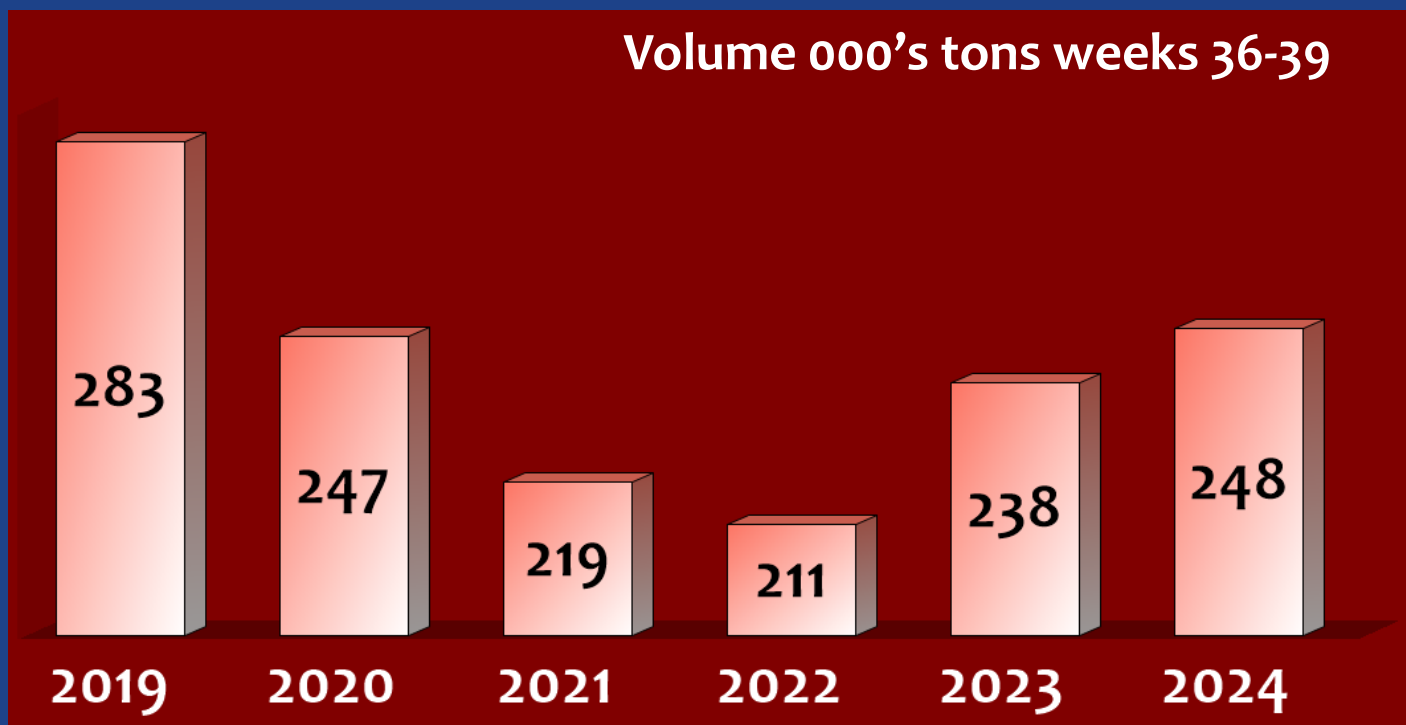
Moneyball

It's August, why talk apples when there are so many other summer fruits to be talking about? Even the chart below indicates our target timeframe (September) doesn't even crack the top five for monthly volumes. So what gives? September represents a time of rapidly expanding apple volumes and the seeds sown in September could reap significant benefits come quarter four when apples become, well the *"apple of our eye"*. You know the drill, it's back to school, kids are looking for something easy in their lunches or when they get home from school. Time to get ready for the harvest of local and imported varieties, time to plan out the produce department to capture the increased demand that comes with the season.

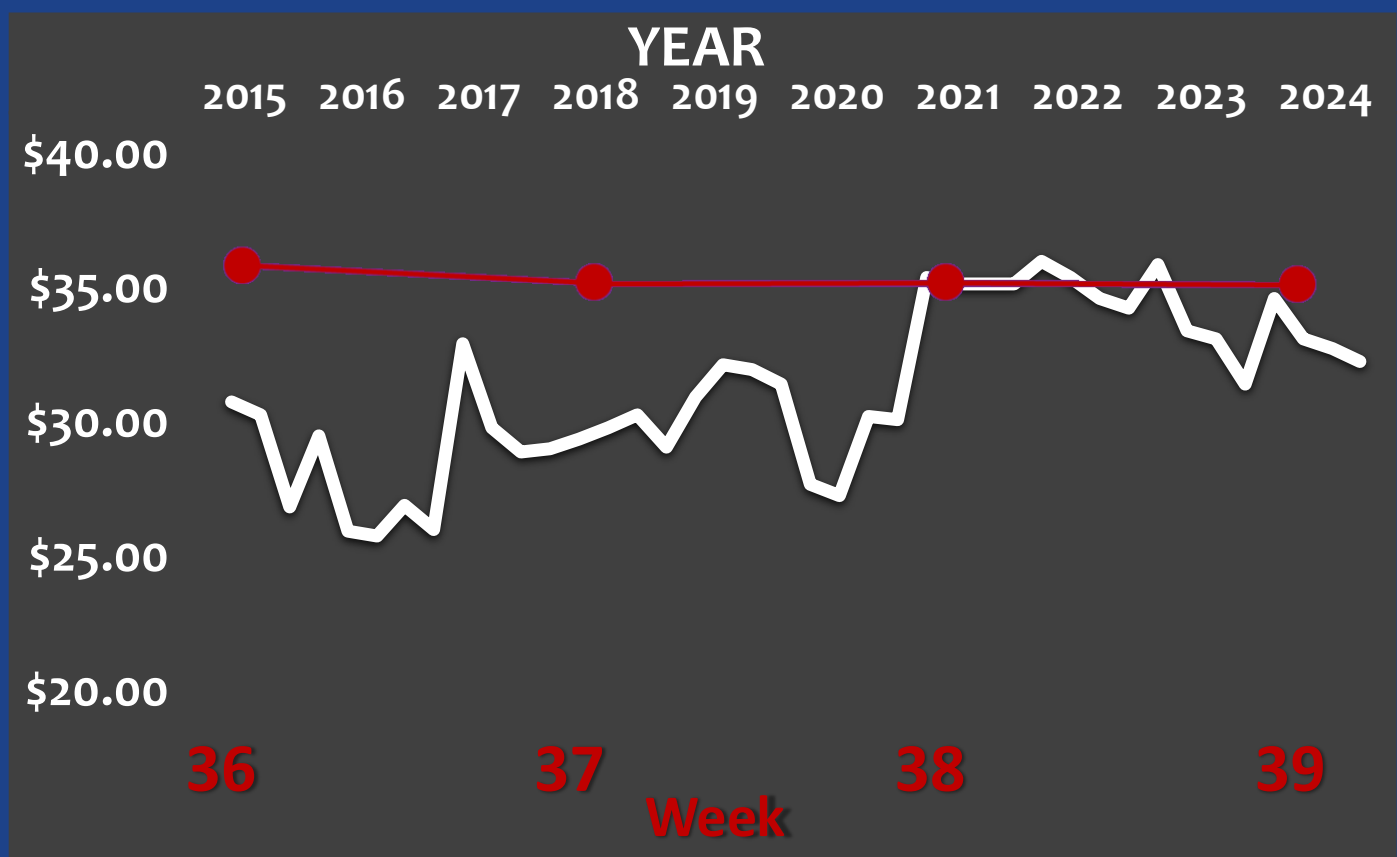
Weekly volume index 2015-2024



If you consult the chart on the next page an interesting pattern emerges. And by interesting, I mean a pattern that has played out with just about every commodity over the last five years. Although, apples present us with a bit of a twist. Ordinarily we see a COVID bump due to all the in-home meal prep we experienced at the start of the pandemic. This did not happen with apples. With kids getting schooled remotely during this strangest of strange periods, it's reasonable to imagine more exotic fruits filling the children's snack space. Apples then pick up the trend of declining volumes as generational inflation set in during 2022, but by 2023 volumes start an upward trend, continuing in 2024. Okay, now what? **Produce Moneyball**, that's what.



The chart below details FOB costs for 40 lb. 80/88 Gala apples. Over the six years before the pandemic, costs fluctuated between the mid-\$20's and low-\$30's, without a clear trend up or down. COVID triggered a sharp cost spike, leading to 22% inflation in one year, with elevated costs holding for a second year. While the last two years have averaged annual deflation rates of 2.7%, the average over the full ten-year period is 2.4% inflation. The cost trend is best understood in three phases: pre-pandemic volatility, post-pandemic inflation, and current deflation. **Produce Moneyball** takes this all in and forecasts and end to the short-lived deflation party, pegging FOB costs in the mid-\$30's for 80/88 Gala apples throughout September.

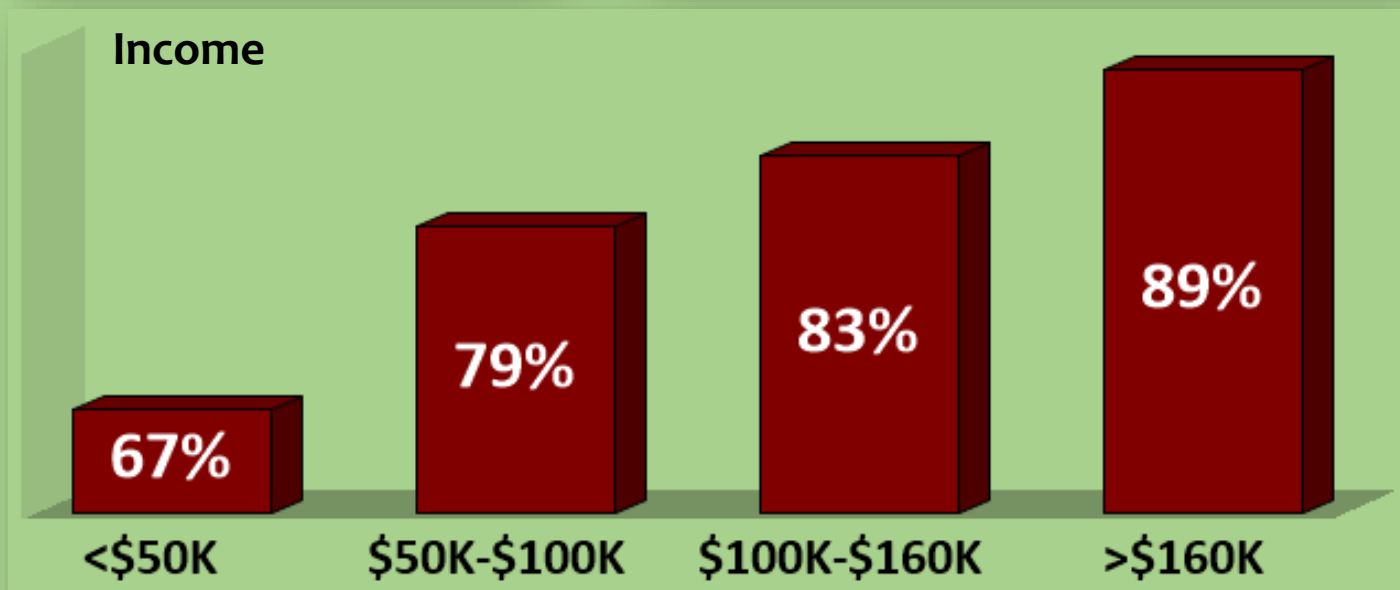
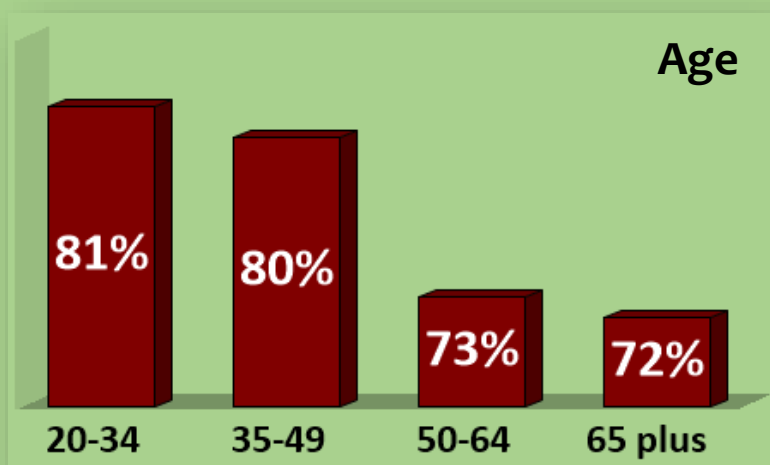
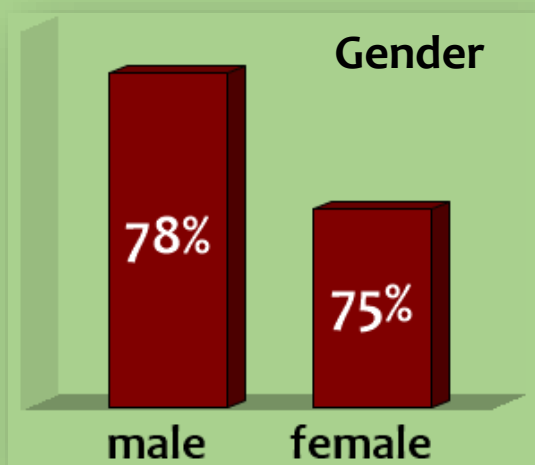


The Produce Trendsetter



I still remember when the phrase *“an apple a day keeps the doctor away”* wasn’t just something your grandmother said, it was a nutritional North Star. But in today’s world of balanced eating and kale smoothies, the old saying has lost a bit of its punch. Still, I can’t help but wonder, does that age-old wisdom still shape what people toss into their grocery carts?

Well, with apples landing in over **75% of Canadian households**, second only to bananas, I’d say yes. That kind of reach doesn’t happen by accident. Apples are particularly popular with men, younger Canadians, and those in higher income brackets. So, are higher income young men dodging doctor visits thanks to apples? Let’s hope not, though the stats may say otherwise.



The description above is your **core apple consumer**. Next time you meet someone who fits the bill, whether in a checkout line or a waiting room, ask them if they like apples. Odds are **nine to one** they do, in greater numbers than even bananas.

What else is there to know about apple consumers? Are you curious where they live? Across Canada, but especially in Quebec and Ontario. How about where they shop? They gravitate to club stores, followed by mass merchants. Want to know what's in their carts aside from apples? Expect other high-flavour fruits like watermelon, pears, and pineapples. They also show stronger intent to buy organic and sustainably sourced produce.

And if you really want to impress them, toss out the original 1866 Welsh version of the saying. ***"Eat an apple on going to bed, and you'll keep the doctor from earning his bread."***

Still true, still tasty.

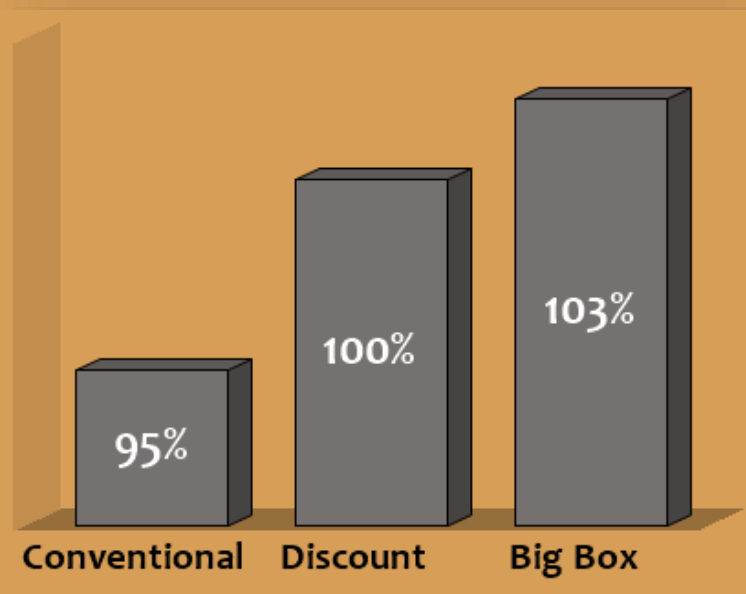
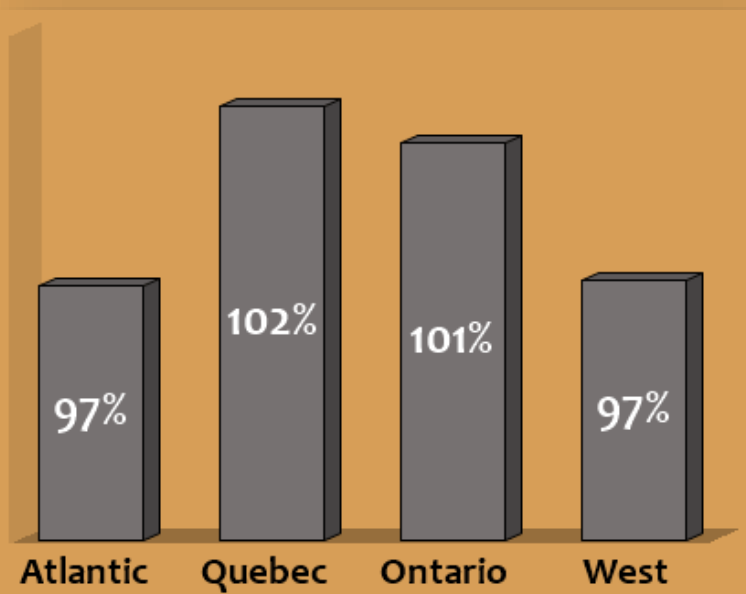


BOTTOM LINE: Three quarters of Canadians are consuming apples. The core consumer can best be described as a younger male coming from a higher income household. They reside in all corners of Canada but favour club stores. They have a fondness for organics and are more likely to buy sustainably sourced produce. In addition to apples; watermelons, pears and pineapples line their fruit bowls and grocery carts.



What's In Store?

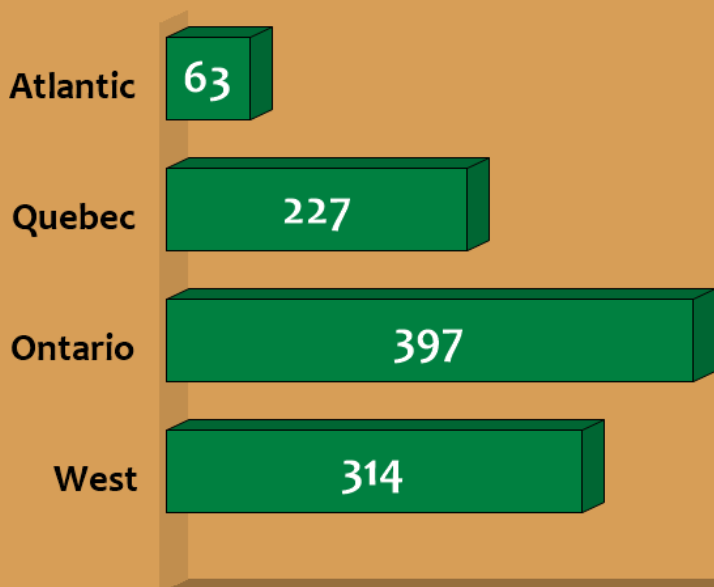
"Eat an apple on going to bed, and you'll keep the doctor from earning his bread." Not a bad piece of advice. But if apples act as a roadblock for doctors to earn their bread, who is filling that gap? I mean who is making bread with apples? **Produce Moneyball** showed us that we are just exiting a slow period for apples, so we get an indication of when. **The Produce Trendsetter** clued us in that three-quarters of us are consuming apples, most notably, younger men. But that still only tells us who is eating the fruit, not who's making bread with it. That answer can only be found here at **What's In Store**. This section is where we finally get to know the key commercial apple tidbits. We learn about the group on the other side of the mid \$30's FOB. The ones procuring the apples and who eventually make it available to the three-quarters of us. That's right, we are going to look at **What's In Store** to determine who's making bread...with apples.



Who sells apples? You sell apples, you sell apples, you sell apples. Right now I'm pointing to you Quebec. And you Ontario and the West. And yes, you too Atlantic. And no, I'm not giving you a new car, I'm simply saying you all sell apples. Sure, sure, the middle of the country indexes slightly higher and the east and west slightly lower but these are barely rounding errors. The point is, apples are popular all over this vast land and if you want to make bread where you currently stand, you're positioned well. Things get a little dicier when retail formats enter the equation. Big box retailers including clubs and mass merchants are the most likely place to buy an apple, while the conventional stores lag the rest.

One thing worth remembering. Total apple household penetration is somewhere in the 75% range. An under-indexing format like conventional stores or region like the West or Atlantic provinces, that all fall in the 95% - 97% index range, still sell an awful lot of apples. How much do you ask?

This is where we turn to our trusted source for quantity, the **Volume Whisperer**. It is in this feature where we learn of the vast quantities of apples required to make all the bread. But we

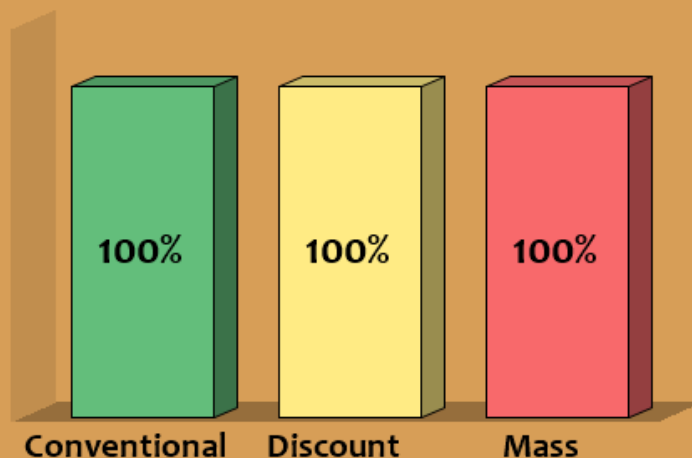


don't just get a quick snapshot of the required quantity to satisfy Canadian needs for September, although that number alone would be an impressive find, if you could find it. Here we break the requirements down by region. Not only to size the prize, but to position the prize in the correct geography as well.

Next month, according to the **Volume Whisperer**:

- Ontario requires 397 truckloads
- Western Canada follows with 314 truckloads
- Quebec is next at 227 truckloads
- Atlantic Canada finishes us off with 63 truckloads

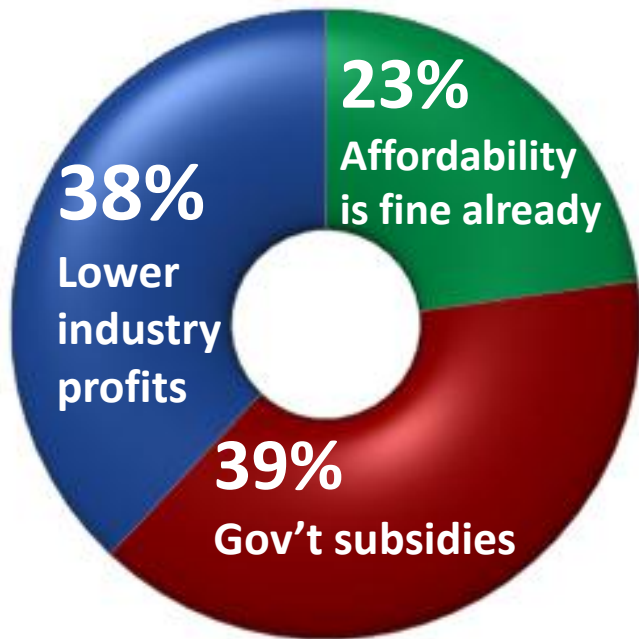
If you are following along with a calculator that is 1,001 loads. Coincidentally, the exact number of ways I have provided for you to make bread with apples.



← **More Expensive Less** →

I know what you are thinking. ***"They screwed up. They forgot to change the retail format chart and just plopped in a generic one."*** While I admit, it must seem that way and I did a double take myself when I saw it, but it is what our price audit found for bulk gala apples. All I can say is discount stores in Canada need to sharpen their pencils a bit. To make matters worse it's likely their apples are also smaller than the rest. They should be cheaper. Geographically speaking, the colours paint a bit of a skewed picture. It's true Ontario is the least expensive but get past Ontario and the rest of the regions differ by only a penny or two on the average per pound price for gala apples.

Last Month's Poll Question



Time and time again consumers say they'd eat more produce if fruits and vegetable were more affordable. What is the best way to improve fruit and vegetable affordability?

NOTE: Readers of Produce Trendspotting were unanimous in their view that produce affordability is already in the right spot. The results listed are based on the Canadian grocery shopping public.

Check back to this spot every month to see the results of last month's Produce Trendspotting survey. Be sure to answer this month's question, if you haven't already, follow this link:

[PRODUCE TRENDSPOTTING POLL](#)

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Sincerely,

Execulytics Managing Partner

Mike Mauti

