Apple Category: Sales Trends and Consumer Perceptions

Presented by:
Cara Ammon, SVP Research & Market Intel
Category Partners leveraged the following data sources in building this presentation:

**Primary Consumer Survey:**
- Data Source: Category Partners online survey: Apples
- Sample Size: 1,200 U.S. consumers
- Sample Demos: Nationally representative with quotas for region, age, income, and gender
- Time Periods: August 2023

**Primary Consumer Survey:**
- Data Source: Category Partners online survey: Inflation
- Sample Size: 3,000 U.S. consumers
- Sample Demos: Nationally representative with quotas for region, age, income, and gender
- Time Periods: April 2023

**Syndicated Retail Data:**
- Data Source: Nielsen IQ
- Geographies: Total U.S.
- Time Periods: 52 weeks ending 7/22/23

**Consumption Data:**
- Data Source: USDA
- Geographies: Total U.S.
- Time Periods: 1970-2021
Consumer Mindset/Impact of Inflation

Level of Concern
95% of consumers are extremely or somewhat concerned about inflation.

How long will it last?
37% of consumers believe inflation will last one year; 46% expect inflation to last two years or more.

Rising Prices
91% of consumers noticed an increase in produce prices.

Deal Seeking
Consumers are looking for/planning around sales, switching to private label, using coupons...buying less.

Cooking at Home
72% of consumers report cooking at home more often.

Healthy Eating
31% of report eating a healthier diet than they did previously.

Source: Category Partners Consumer Research, Inflation and the Impact on Produce Shopping, May 2023
**Consumer Mindset/Impact of Inflation**

- **63%** of shoppers have a budget when grocery shopping, with half adopting a budget in the last 2 years.

- **13%** of consumers reported buying less produce.

Compared to a year ago, **34%** of consumers reported now buying less or not buying organic produce at all.

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**Source:** Category Partners Consumer Research, Inflation and the Impact on Produce Shopping, May 2023
## Performance at Retail

**Total U.S.**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Produce Dept.</th>
<th>Fresh Fruit</th>
<th>Apple Category</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dollars YoY</strong></td>
<td>+4.8%</td>
<td>+2.7%</td>
<td>+1.9%</td>
</tr>
<tr>
<td><strong>Volume (lbs) YoY</strong></td>
<td>-0.3%</td>
<td>-0.6%</td>
<td>-3.4%</td>
</tr>
<tr>
<td><strong>Price per Lb % Chg YoY</strong></td>
<td>+5.2%</td>
<td>+3.3%</td>
<td>+5.5%</td>
</tr>
</tbody>
</table>

Source: Nielsen Discover: Most Recent 52Wks Ending 7/22/2023
Fruit Categories – gains and losses vs. YAGO

Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023
Apple Volume % of Total Fruit

Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023

<table>
<thead>
<tr>
<th>Period</th>
<th>APPLES</th>
<th>ALL OTHER FRUIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>MR52Wks 4YA</td>
<td>10.4%</td>
<td>89.6%</td>
</tr>
<tr>
<td>MR52Wks 3YA</td>
<td>10.5%</td>
<td>89.5%</td>
</tr>
<tr>
<td>MR52Wks 2YA</td>
<td>10.0%</td>
<td>90.0%</td>
</tr>
<tr>
<td>MR52Wks YA</td>
<td>9.9%</td>
<td>90.1%</td>
</tr>
<tr>
<td>MR52Wks</td>
<td>9.6%</td>
<td>90.4%</td>
</tr>
</tbody>
</table>
Fruit Consumption Increasing

Source: USDA Consumption Data, 1970-2021
Apples versus Other Fruits

Key Fruits--Per capita consumption

Source: USDA Consumption Data, 1970-2021
Apple Consumption Decreasing

Source: USDA Consumption Data, 1970-2021

Per Capita Apple Consumption

Source: USDA Consumption Data, 1970-2021
Apple consumers with children are more likely to also purchase other fruits

- 69% of parents also buy Mandarins

Consumers earning higher incomes also more often reported buying other fruits

What fruits do you purchase and/or eat?

- Apples 100%
- Bananas 90%
- Grapes 86%
- Oranges 76%
- Berries 74%
- Peaches/Plums/Nectarines 66%
- Melons 66%
- Cherries 62%
- Mandarins/Clementines 57%
- Pears 49%
- Tropical fruits 40%

Source: Category Partners Consumer Survey, Purchases & Preferences, Aug. 2023
Apple Volume 5 Year Trend

- MR52Wks 4YA: 2.25B (+4.6%)
- MR52Wks 3YA: 2.35B (+4.2%)
- MR52Wks 2YA: 2.25B (-0.4%)
- MR52Wks YA: 2.24B (-3.4%)
- MR52Wks: 2.16B

Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023
Apple Price per Pound 5 Year Trend

- **MR52Wks 4YA**: $1.73
- **MR52Wks 3YA**: $1.67, -3.6%
- **MR52Wks 2YA**: $1.77, +6.0%
- **MR52Wks YA**: $1.94, +9.4%
- **MR52Wks**: $2.04, +5.4%

Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023
# Apples and Top Ten Fruit Categories

<table>
<thead>
<tr>
<th>Fruit</th>
<th>$% of Total</th>
<th>Dollars % Chg YoY</th>
<th>Volume % of Total</th>
<th>Volume % Chg YoY</th>
<th>Price/Pound</th>
<th>Price/Pound % Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>APPLES</td>
<td>11%</td>
<td>+1.9%</td>
<td>10%</td>
<td>-3.4%</td>
<td>$2.04</td>
<td>+5.4%</td>
</tr>
<tr>
<td>STRAWBERRIES</td>
<td>10%</td>
<td>+2.2%</td>
<td>5%</td>
<td>-4.7%</td>
<td>$3.35</td>
<td>+7.3%</td>
</tr>
<tr>
<td>GRAPES</td>
<td>10%</td>
<td>+3.5%</td>
<td>7%</td>
<td>-0.5%</td>
<td>$2.36</td>
<td>+4.0%</td>
</tr>
<tr>
<td>BANANAS</td>
<td>9%</td>
<td>+5.5%</td>
<td>26%</td>
<td>+1.2%</td>
<td>$0.62</td>
<td>+4.3%</td>
</tr>
<tr>
<td>AVOCADOS</td>
<td>7%</td>
<td>-9.5%</td>
<td>5%</td>
<td>+11.0%</td>
<td>$2.34</td>
<td>-18.5%</td>
</tr>
<tr>
<td>BLUEBERRIES</td>
<td>7%</td>
<td>+9.6%</td>
<td>2%</td>
<td>+15.4%</td>
<td>$4.97</td>
<td>-5.1%</td>
</tr>
<tr>
<td>WATERMELONS</td>
<td>6%</td>
<td>+7.8%</td>
<td>14%</td>
<td>-3.0%</td>
<td>$0.79</td>
<td>+11.1%</td>
</tr>
<tr>
<td>MANDARINS</td>
<td>5%</td>
<td>+2.9%</td>
<td>5%</td>
<td>+4.4%</td>
<td>$1.63</td>
<td>-1.5%</td>
</tr>
<tr>
<td>RASPBERRIES</td>
<td>3%</td>
<td>+1.3%</td>
<td>1%</td>
<td>+0.0%</td>
<td>$8.41</td>
<td>+1.3%</td>
</tr>
<tr>
<td>ORANGES</td>
<td>3%</td>
<td>-4.5%</td>
<td>3%</td>
<td>-8.8%</td>
<td>$1.61</td>
<td>+4.6%</td>
</tr>
<tr>
<td>CHERRIES</td>
<td>3%</td>
<td>+11.7%</td>
<td>1%</td>
<td>+19.1%</td>
<td>$4.14</td>
<td>-6.3%</td>
</tr>
</tbody>
</table>

Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023
% of Organic 5yr Trend (Volume)

Apples

- 10.3%  
- 11.2%  
- 11.7%  
- 11.4%  
- 10.5%

-0.9 points

All Fruit

- 5.3%  
- 5.8%  
- 6.1%  
- 6.1%  
- 6.0%

-0.1 points

Source: Nielsen Discover: Most Recent 52 Wks Ending 7/22/2023
Apple Category % Volume – Organic by Region

23% of consumers in the West ranked organic as one of the three most important factors when buying apples, compared to 9% in the Midwest.

Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023
Category Partners Consumer Survey, Purchases & Preferences, Aug. 2023
% of Packaged Product 5yr Trend (Volume)

Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023
66% of consumers in the West said they prefer to buy loose apples
46% of consumers in the South said they prefer to buy packaged apples
More than half of consumers prefer to buy apples loose

- **66%** of consumers in the West prefer to buy apples loose
- **62%** of consumers aged 55+ prefer loose apples, compared to **47%** of consumers <35
- **54%** of consumers with 2+ children prefer packaged apples, most often poly bags (34%)

Source: Category Partners Consumer Survey, Purchases & Preferences, Aug. 2023
Consumers rank flavor, price and appearance as most important when buying apples

- **23%** of consumers living in the West ranked organic as one of the top three purchase factors
- **16%** of consumers living in the Northeast said locally grown is one of their top purchase factors
- Consumers younger than 34 more often place importance on price (**54%**) and health/nutrition (**26%**)
- Consumers aged 55+ more often place importance on variety (**51%**)
Important Factors when Purchasing Apples

Apple shoppers say flavor and variety are most important

- 12% of consumers in the West said organic is their #1 purchase factor
Eating Occasion

Opportunities exist to promote eating occasions beyond snacking

• **38%** of consumers younger than 35 report eating apples for breakfast

• Consumers with children more often report eating apples for breakfast (**32%**) and lunch (**45%**)

• **45%** of men report eating apples for lunch, compared to **34%** of women

Source: Category Partners Consumer Survey, Purchases & Preferences, Aug. 2023
Variety Purchase Behavior

Thinking about buying apples, which statement would you say best describes you?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I generally buy the same type/variety of apple</td>
<td>48%</td>
</tr>
<tr>
<td>I like to try new types/varieties of apples</td>
<td>38%</td>
</tr>
<tr>
<td>I generally buy the type/variety of apple with the lowest price</td>
<td>15%</td>
</tr>
</tbody>
</table>

More likely to buy the same variety:
- Consumers in the Midwest: **55%**
- Consumers aged 55+: **54%**

More likely to try new varieties:
- Consumers aged 35-54: **44%**
- Consumers with children: **46%**

Source: Category Partners Consumer Survey, Purchases & Preferences, Aug. 2023
Varieties by Volume % Growth in MR52Wks

Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023
Varieties by Volume % Decline in MR52Wks

Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023
More than half would buy more apples if they price were lower.

Better appearance (39%) and better flavor (33%) would also encourage consumers to buy more apples.

- Among consumers younger than 35:
  - 45% said better appearance would get them to buy more apples.
  - 41% said better flavor would get them to buy more apples.

- Among parents:
  - 45% said better appearance would get them to buy more apples.
  - 38% said better flavor would get them to buy more apples.

What would get you to buy apples more frequently?

- Lower price/More sales: 59%
- Better quality/appearance: 39%
- Better flavor: 33%
- Preferred type/variety available: 30%
- If family/children requested apples: 19%
- More organic apples available: 16%
- Recipe/usage ideas: 15%
- Information about the flavor/texture: 14%
- Other: 1%
- Nothing would get me to buy more: 7%

Source: Category Partners Consumer Survey, Purchases & Preferences, Aug. 2023
Outside factors are creating challenges for the apple category.

• Be aware of the impacts of inflation and the pressures from other categories.

Apple category dollars are up, but that is due to rising prices. Volume is down and per capita consumption is down.

• Can the industry reverse the decline in per capita consumption? More needs to be done to get consumers to buy and eat more apples.

Nearly 40% of consumers said they would buy more apples if the quality were better and 33% would buy more if the flavor were better.

• The industry needs to better understand what those quality issues are, and they need to better communicate the flavor profile to consumers.

Percentage of packaged apples continues to grow; however, the majority of consumers still prefer to buy loose apples.

• Provide both packaged and loose.

Except afternoon snacking, fewer than half of consumers eat apples for any occasion.

• There is opportunity to promote apples for other eating occasions; a healthy breakfast, a healthy side for a meal.
Questions

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