Apple Category: Sales Trends and Consumer Perceptions

Presented by:
Cara Ammon, SVP Research & Market Intel

Methodology

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

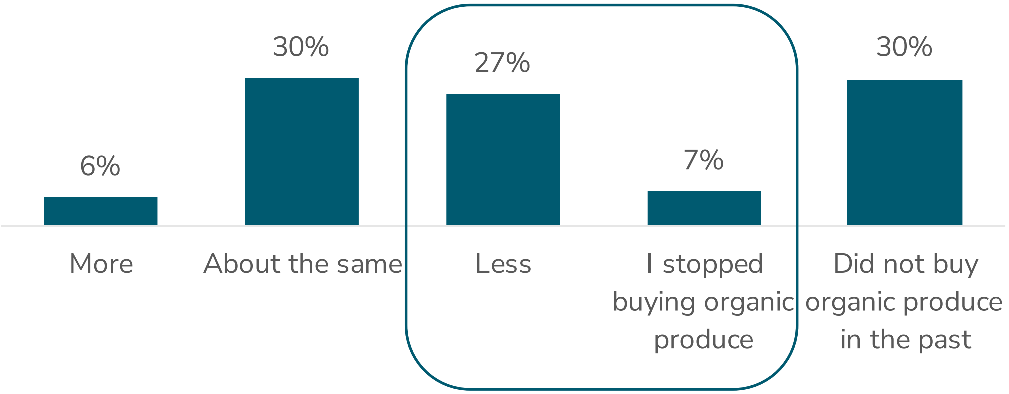
Source: Category Partners Consumer Research, Inflation and the Impact on Produce Shopping, May 2023

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

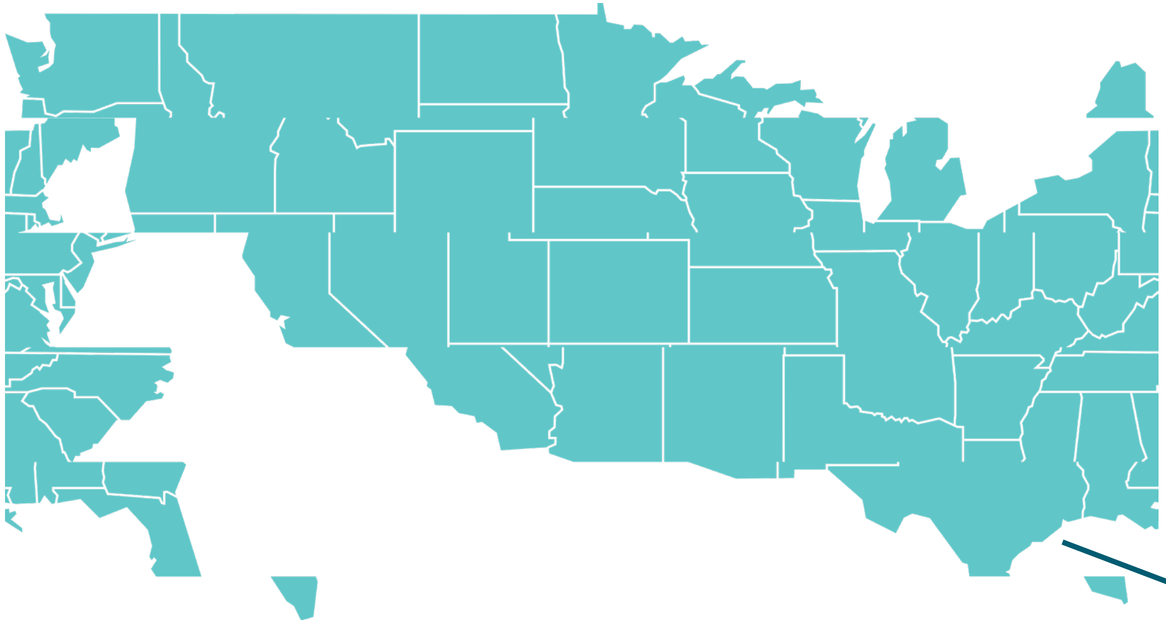


Source: Category Partners Consumer Research, Inflation and the Impact on Produce Shopping, May 2023

Performance at Retail

CATEGORY PARTNERS

Total U.S.



Dollars YoY

- Produce Dept: +4.8%
- Fresh Fruit: +2.7%
- Apple Category: +1.9%

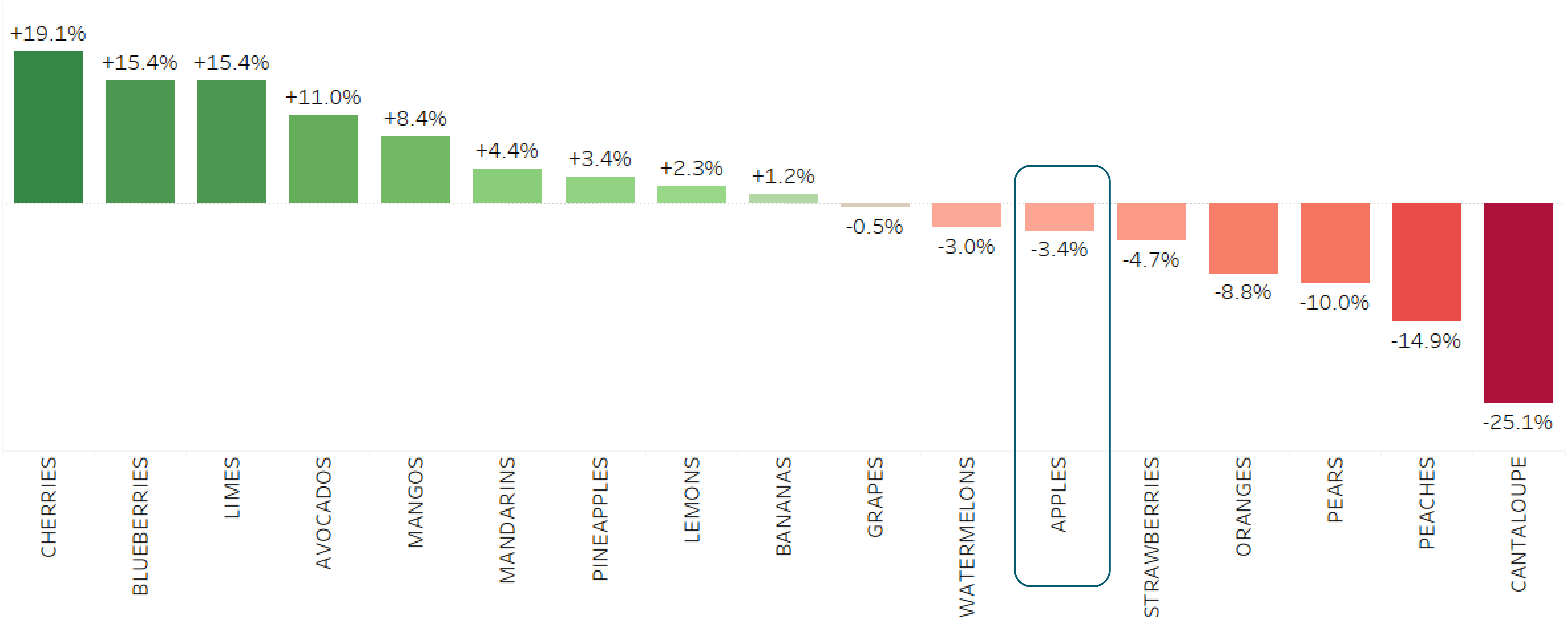
Volume (lbs) YoY

- Produce Dept: -0.3%
- Fresh Fruit: -0.6%
- Apple Category: -3.4%

- Price per Lb % Chg YoY
  - Produce Dept: +5.2%
  - Fresh Fruit: +3.3%
  - Apple Category: +5.5%

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

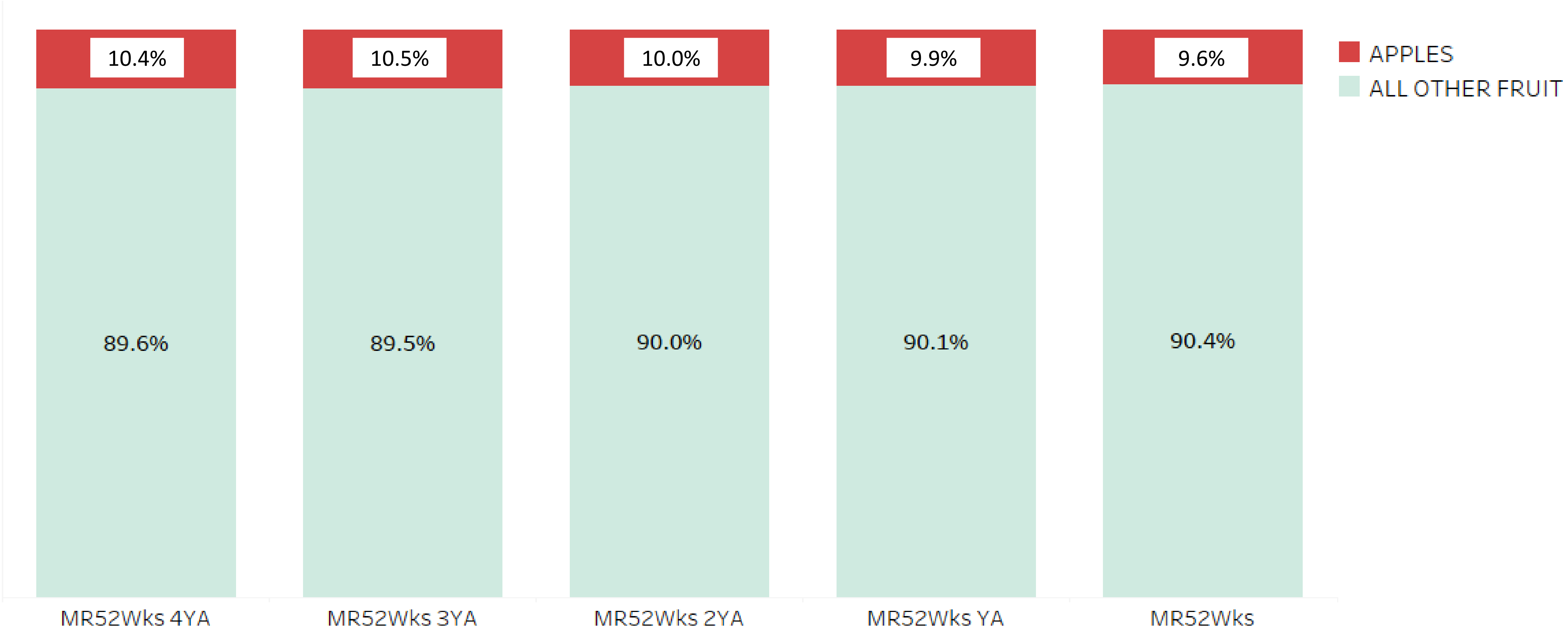
Fruit Categories – gains and losses vs. YAGO



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

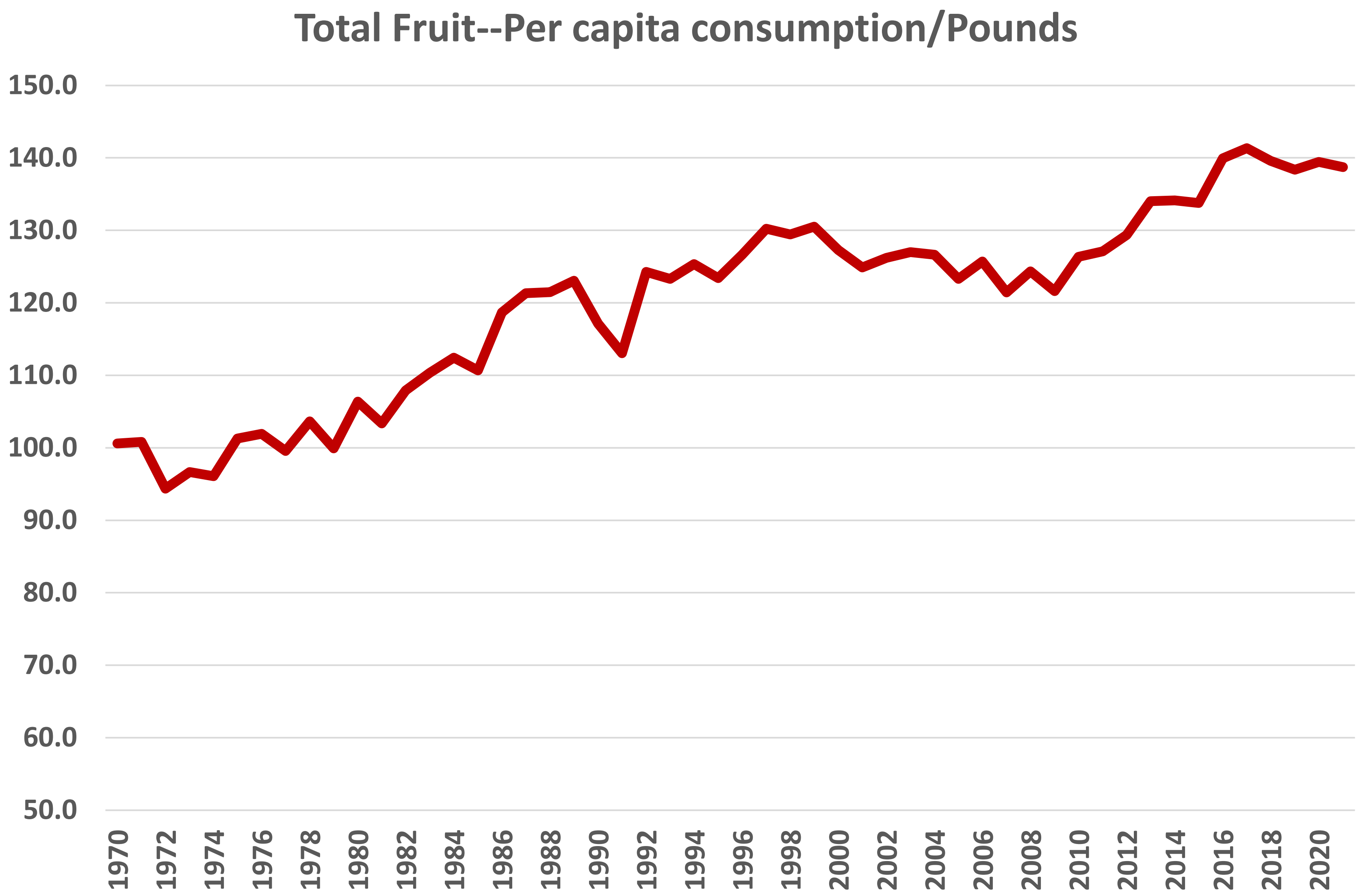
Apple Volume % of Total Fruit

CATEGORY PARTNERS



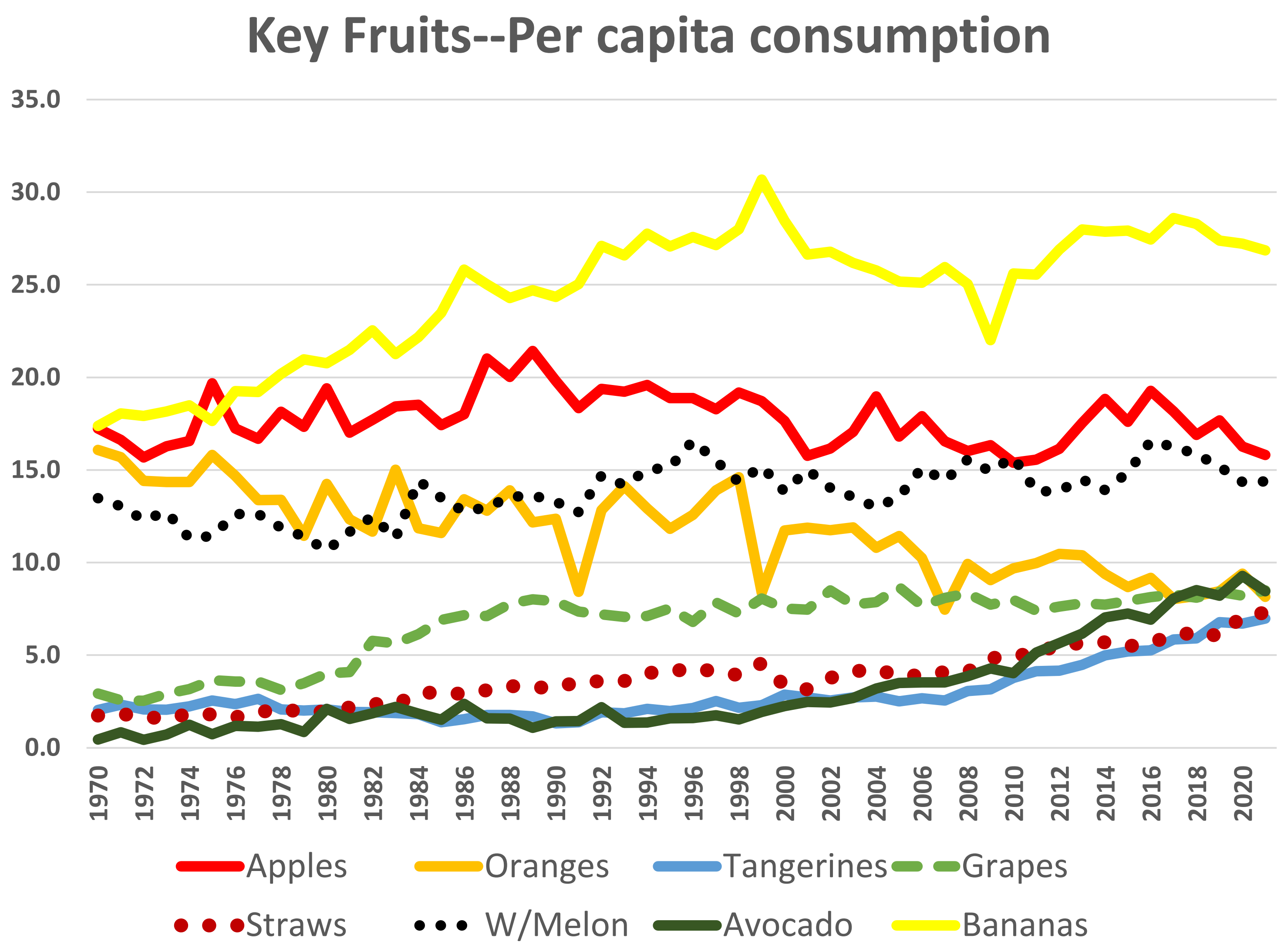
Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023

Fruit Consumption Increasing



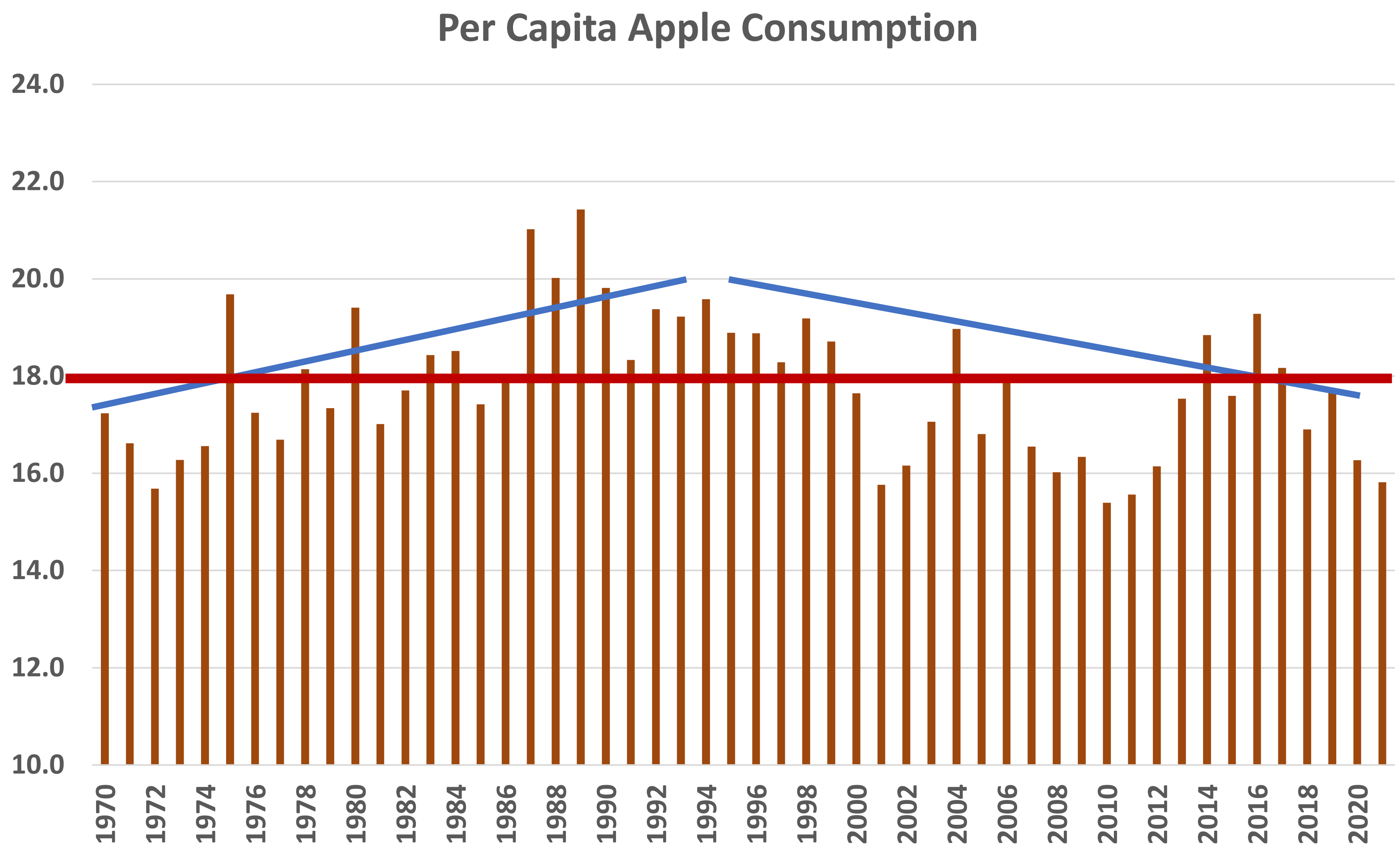
Source: USDA Consumption Data, 1970-2021

Apples versus Other Fruits



Source: USDA Consumption Data, 1970-2021

Apple Consumption Decreasing



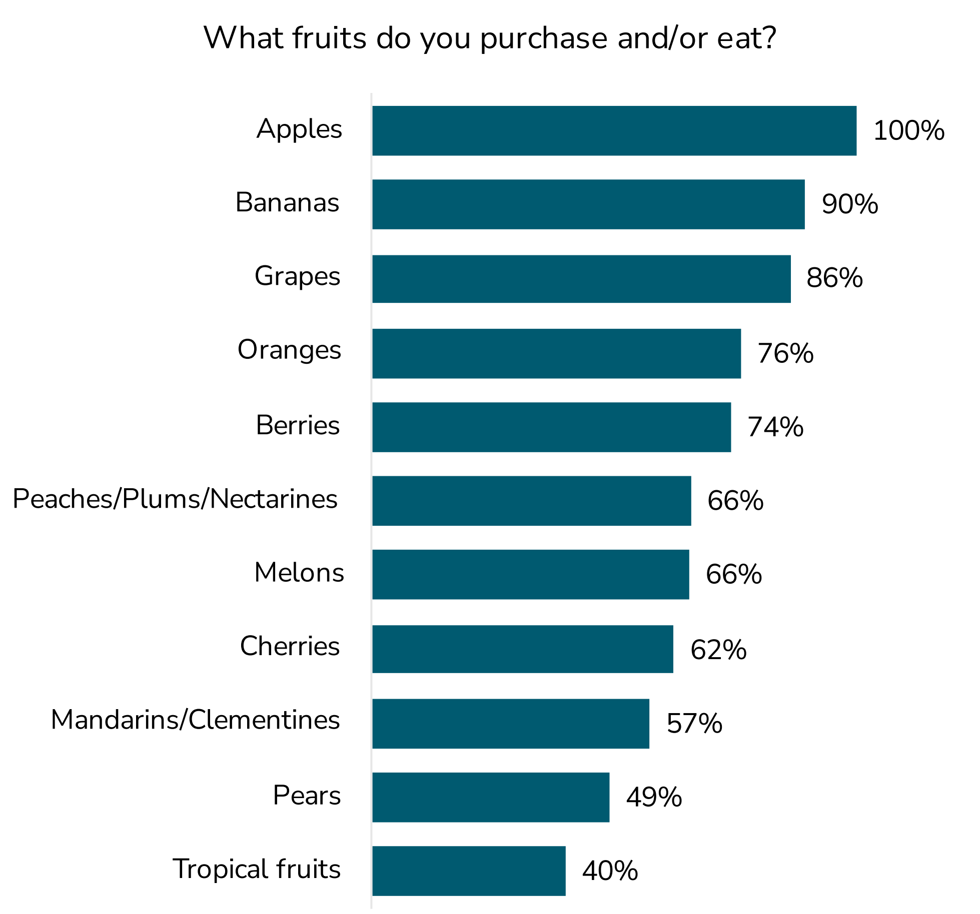
Source: USDA Consumption Data, 1970-2021

Consumer Purchases

Apple consumers *with* children are more likely to also purchase other fruits

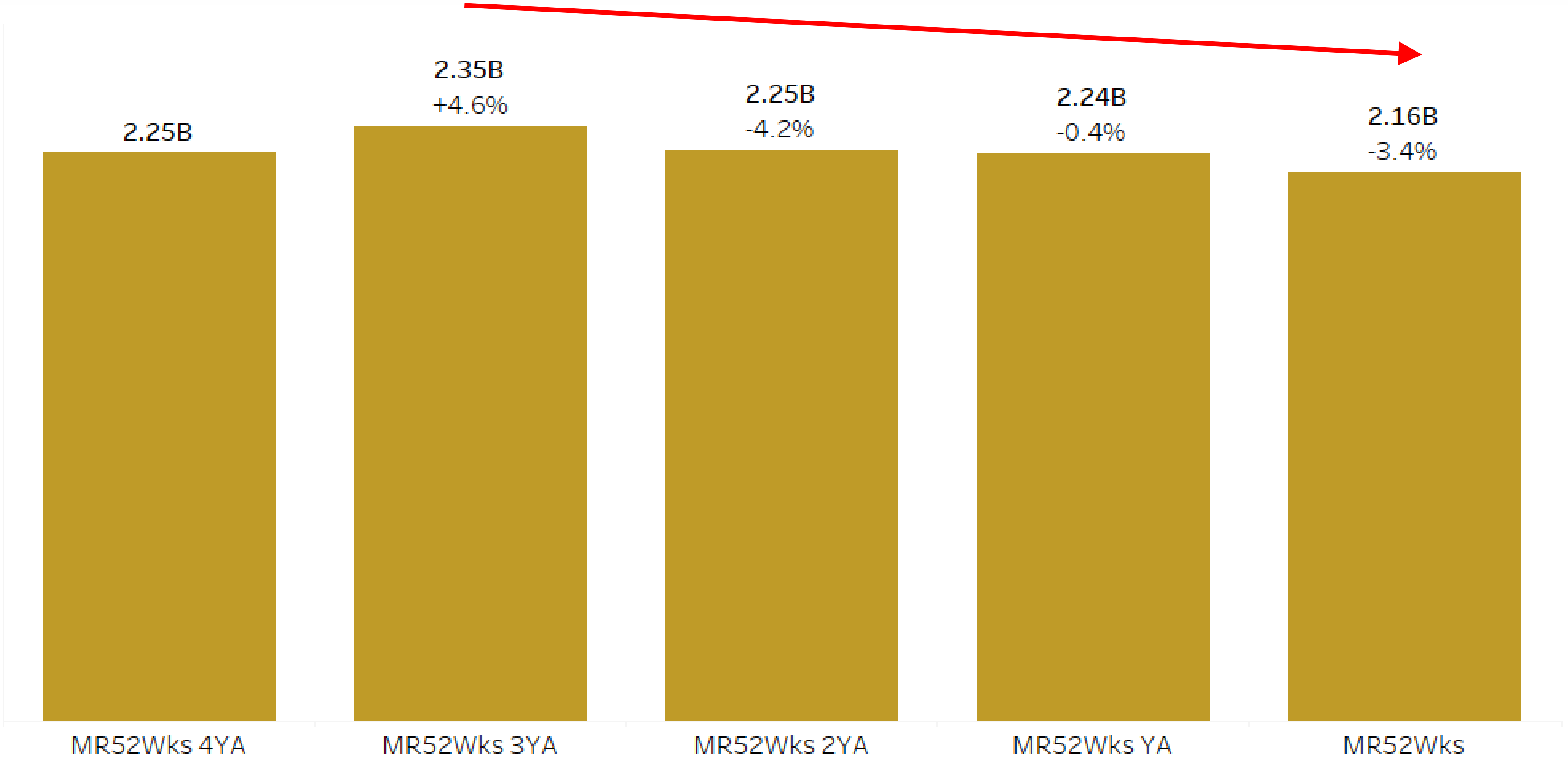
- **69%** of parents also buy Mandarins

Consumers earning higher incomes also more often reported buying other fruits



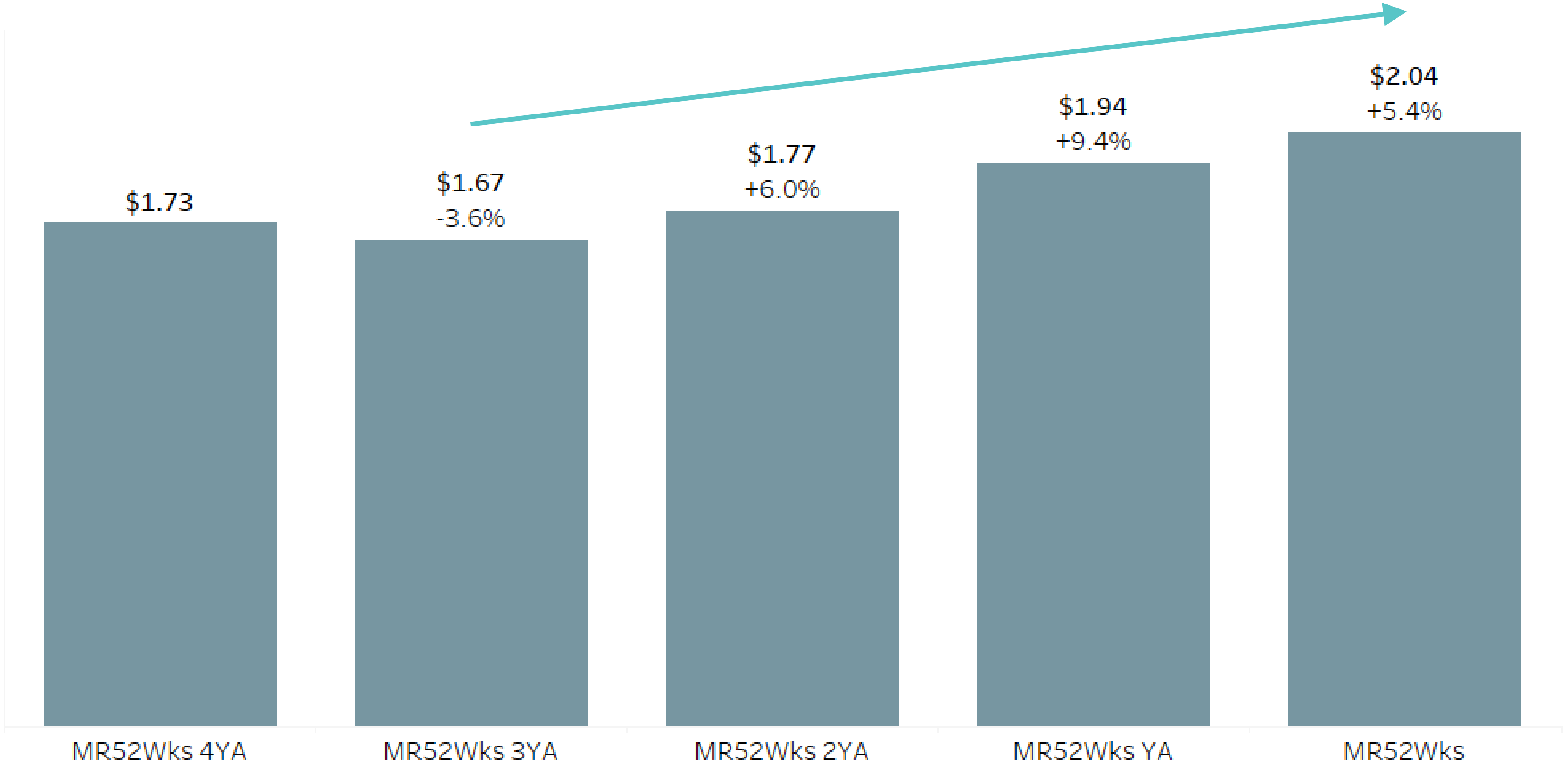
Source: Category Partners Consumer Survey, Purchases & Preferences, Aug. 2023

Apple Volume 5 Year Trend



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

Apple Price per Pound 5 Year Trend



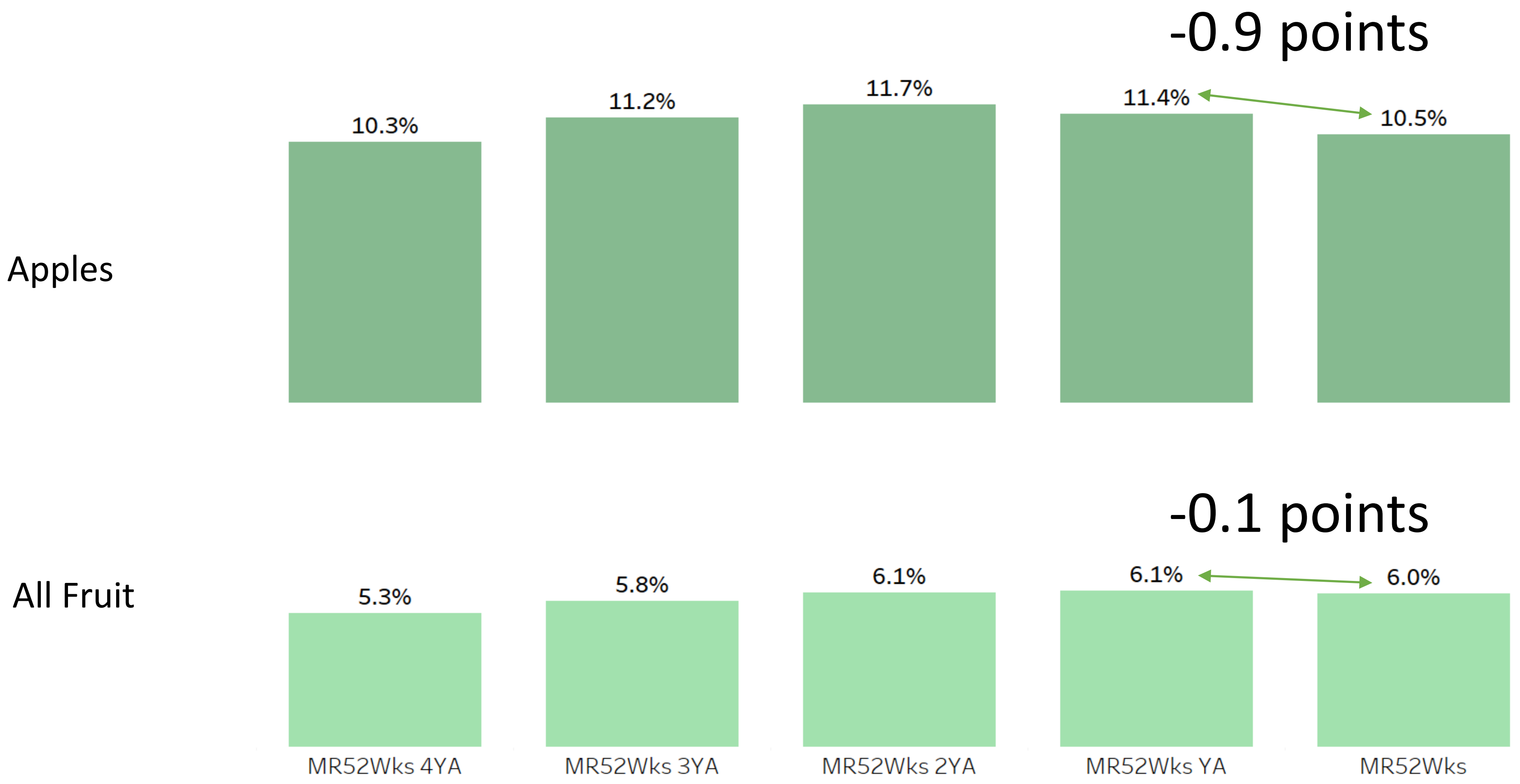
Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023

Apples and Top Ten Fruit Categories

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

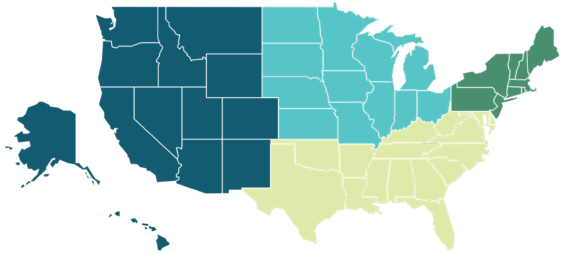
Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023

% of Organic 5yr Trend (Volume)

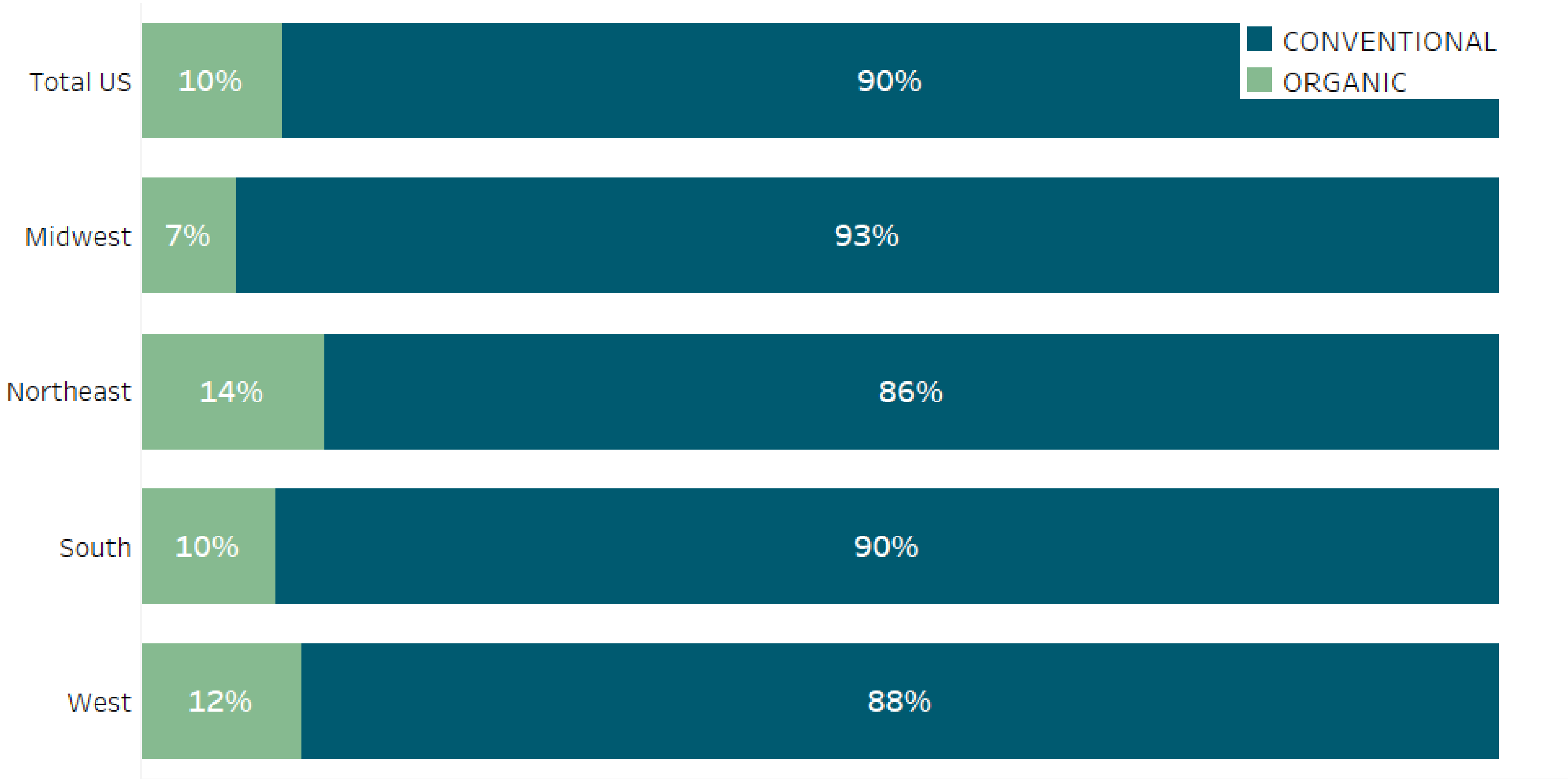


Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023

Apple Category % Volume – Organic by Region

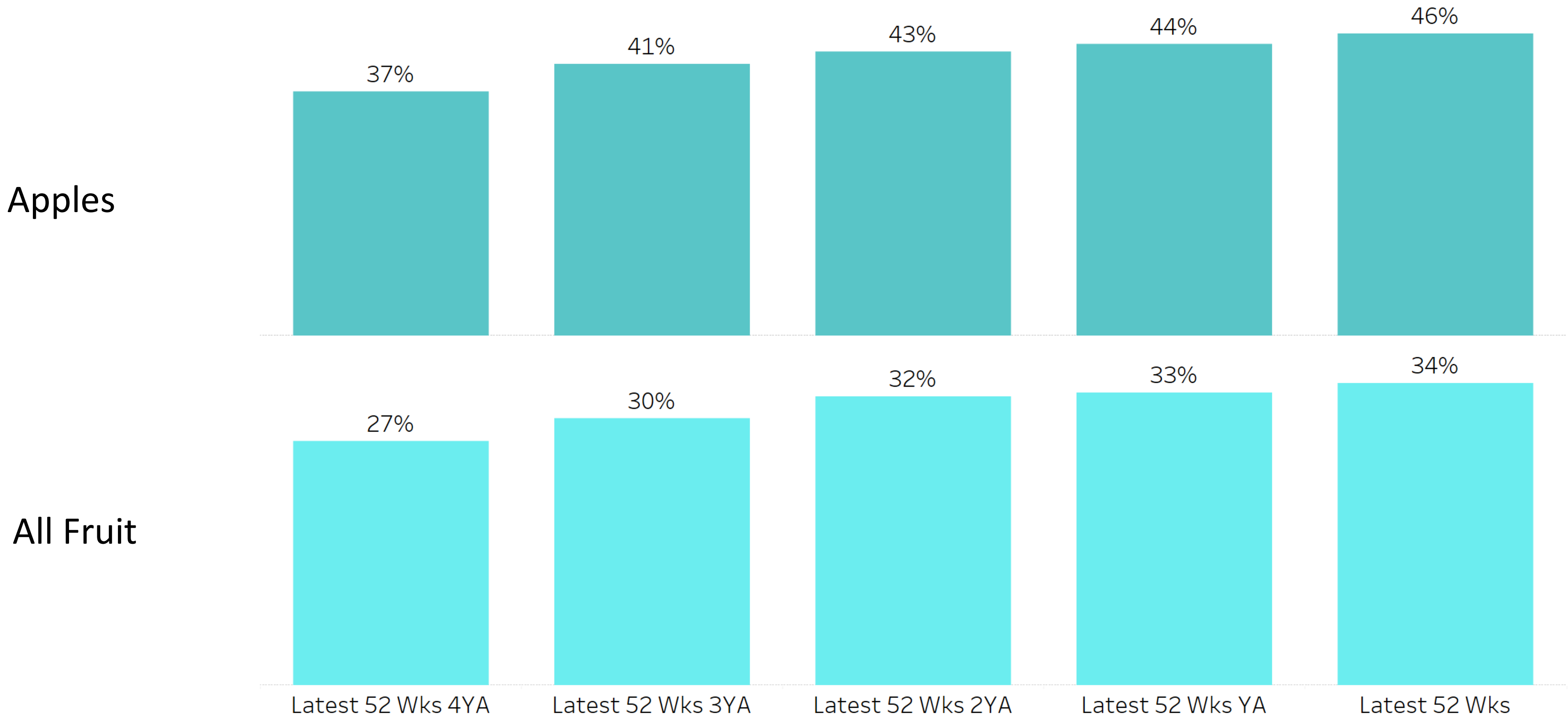


23% of consumers in the West ranked organic as one of the three most important factors when buying apples, compared to **9%** in the Midwest.



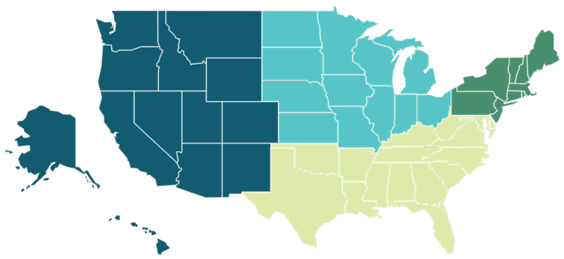
Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023
Category Partners Consumer Survey, Purchases & Preferences, Aug. 2023

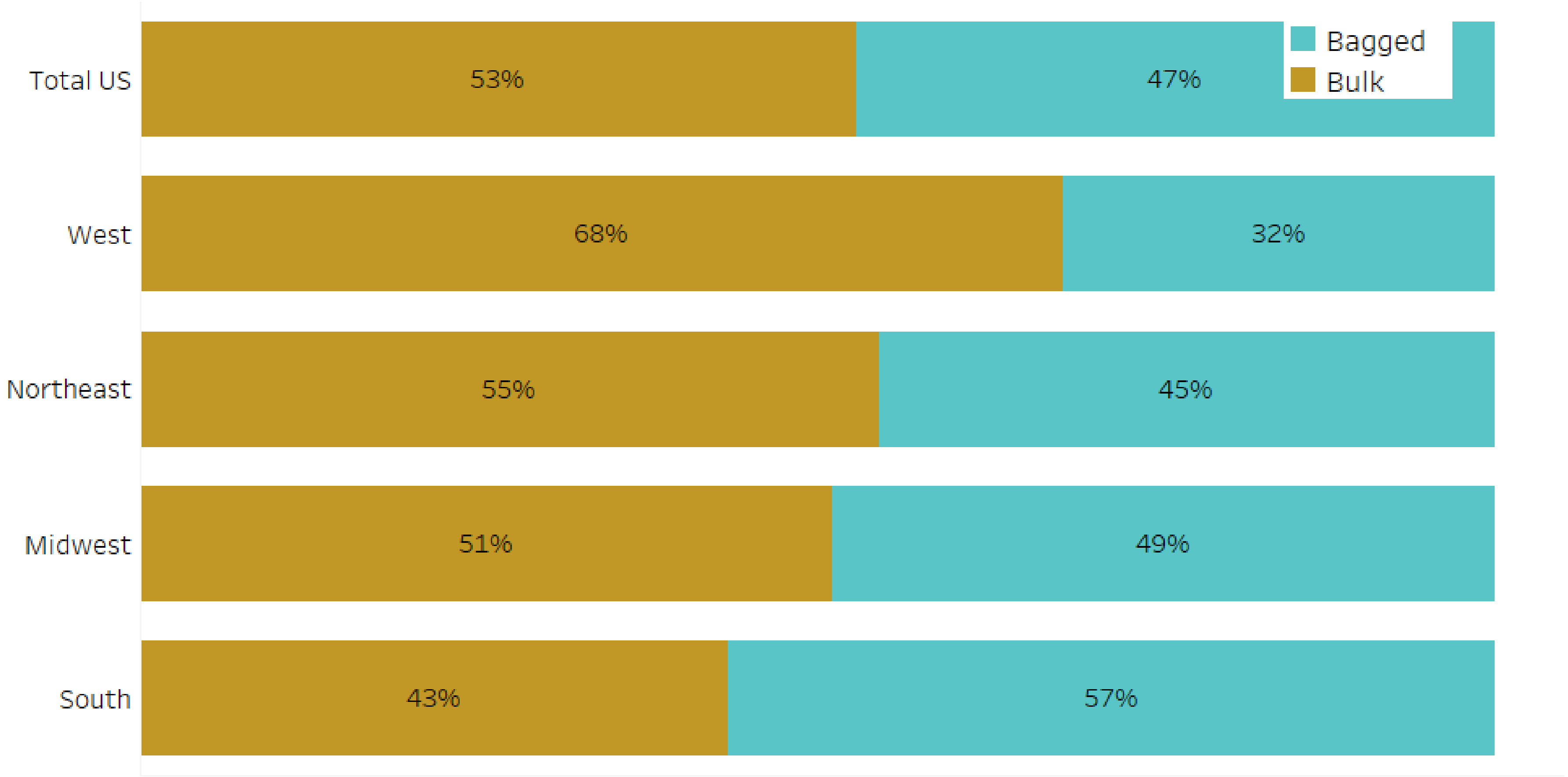
% of Packaged Product 5yr Trend (Volume)



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

Apple Category % Volume – Pack Type by Region





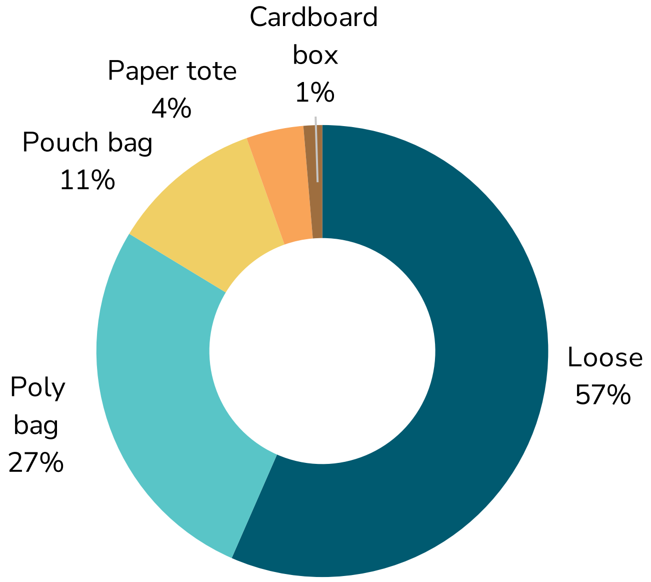
66% of consumers in the West said they prefer to buy loose apples
46% of consumers in the South said they prefer to buy packaged apples

Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023
Category Partners Consumer Survey, Purchases & Preferences, Aug. 2023

Package Preference

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%)**

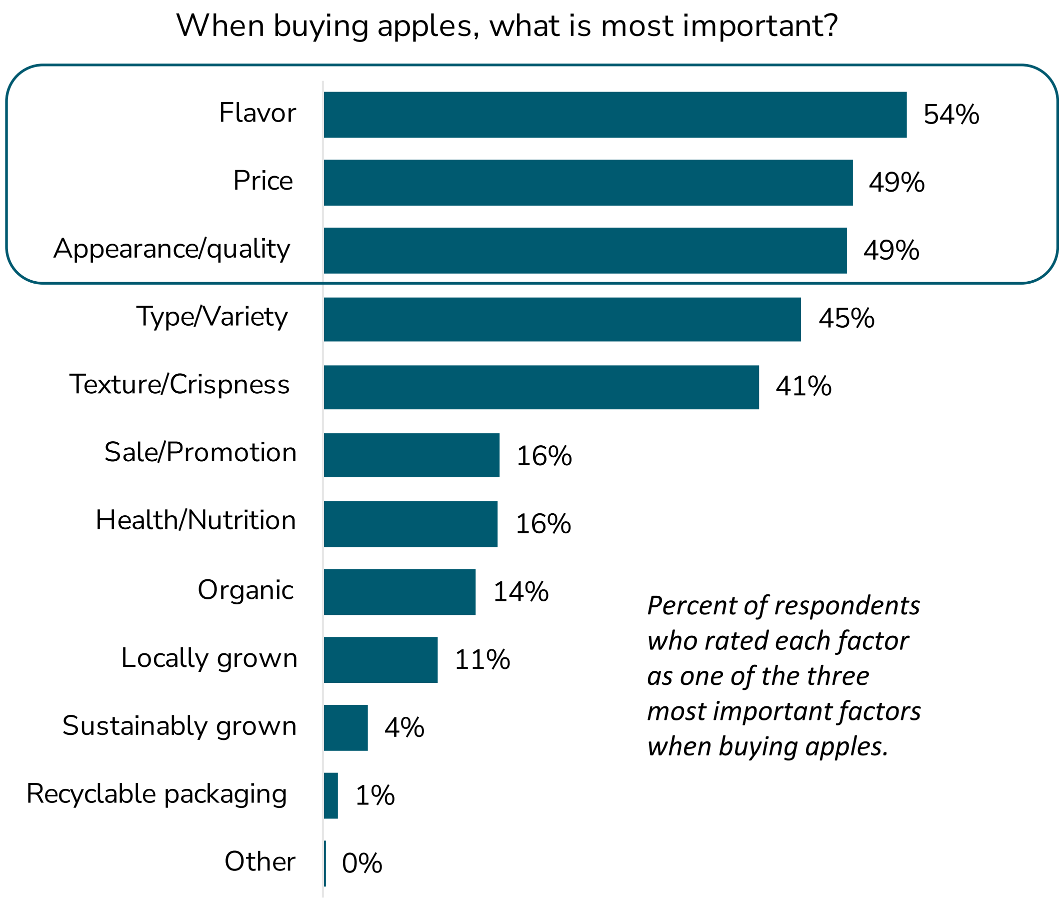


Source: Category Partners Consumer Survey, Purchases & Preferences, Aug. 2023

Important Factors when Purchasing Apples

Consumers rank flavor, price and appearance as most important when buying apples

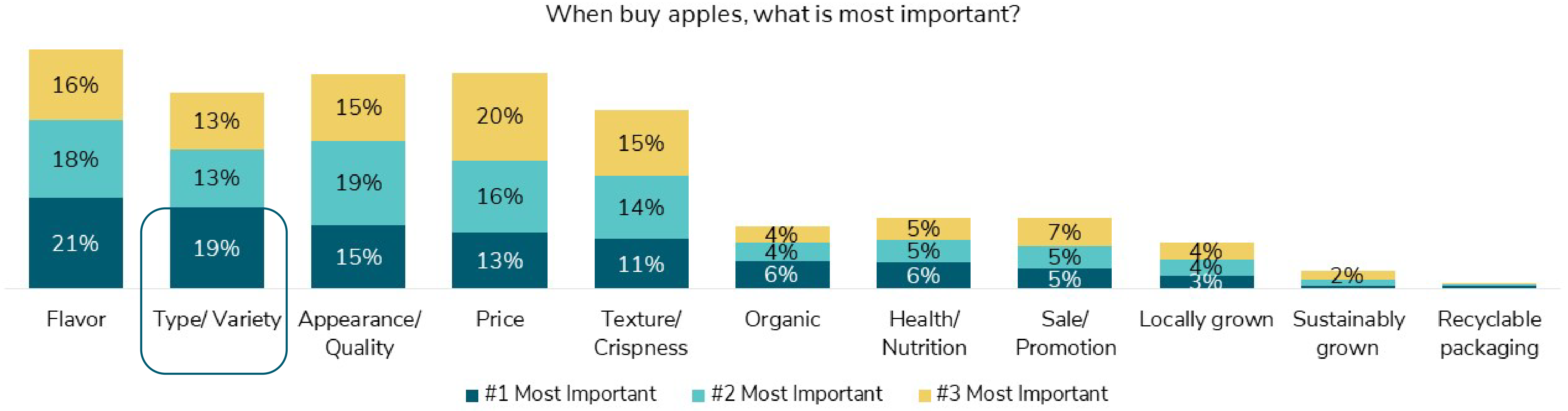
- **23%** of consumers living in the West ranked organic as one of the top three purchase factors
- **16%** of consumers living in the Northeast said locally grown is one of their top purchase factors
- Consumers younger than 34 more often place importance on price (**54%**) and health/nutrition (**26%**)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

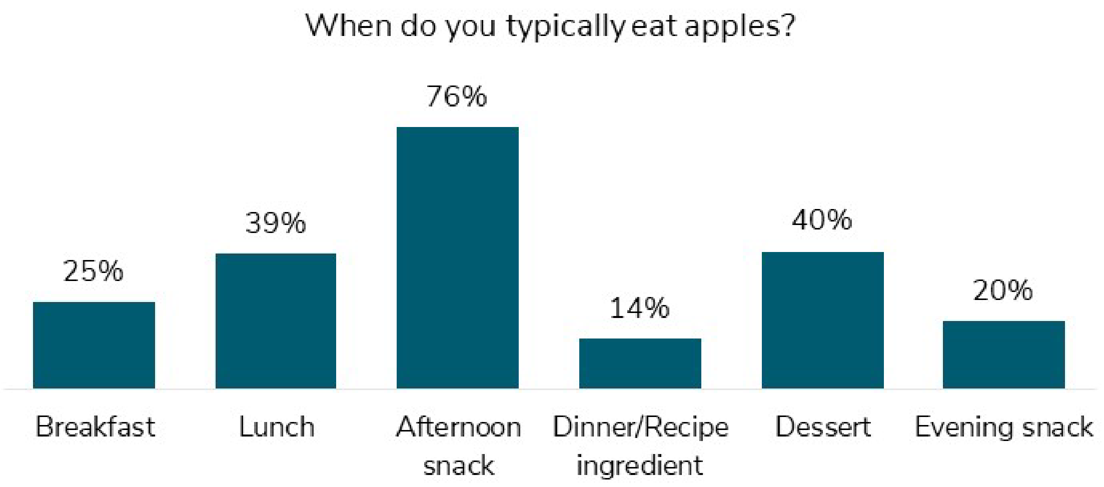


Source: Category Partners Consumer Survey, Purchases & Preferences, Aug. 2023

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?	
I generally buy the same type/variety of apple	48%
I like to try new types/varieties of apples	38%
I generally buy the type/variety of apple with the lowest price	15%

More likely to buy the same variety:

- Consumers in the Midwest: **55%**
- Consumers aged 55+: **54%**

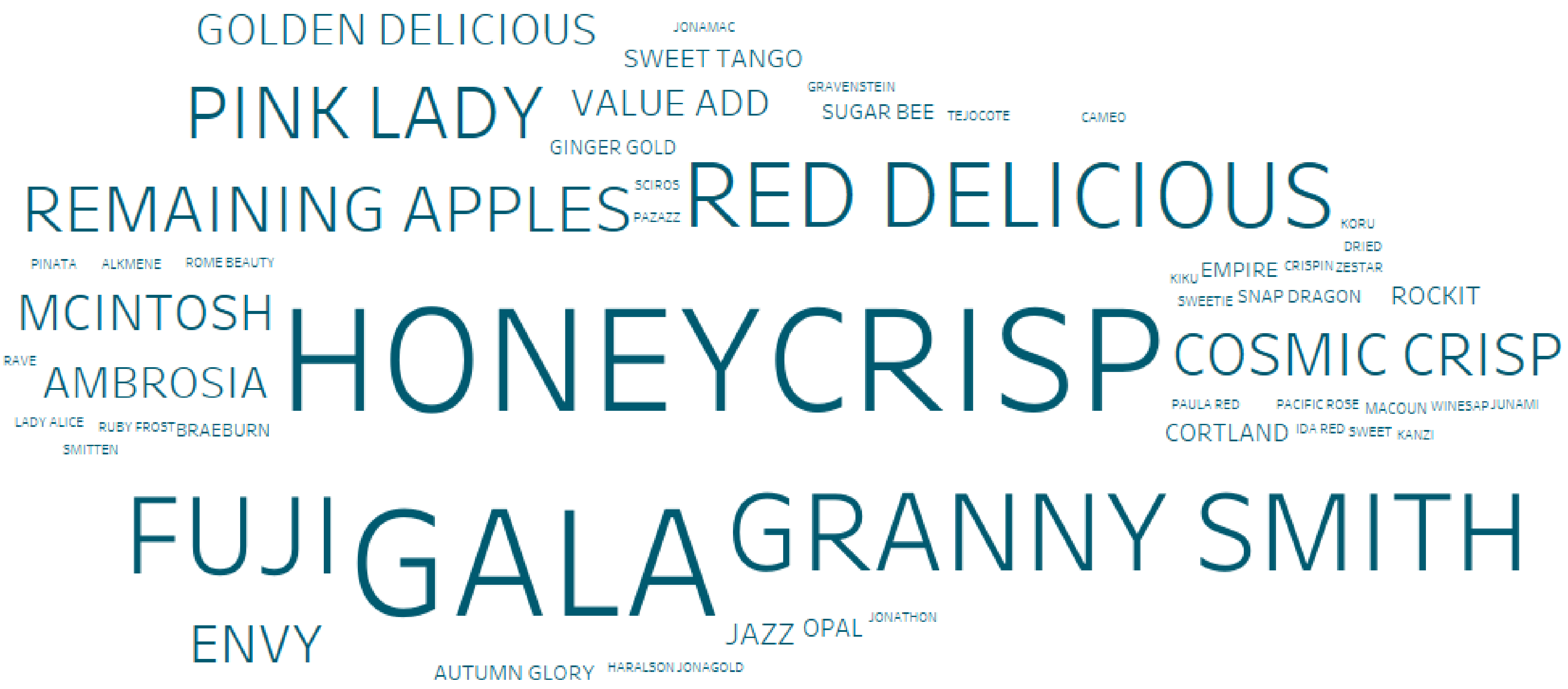
More likely to try new varieties:

- Consumers aged 35-54: **44%**
- Consumers with children: **46%**

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

Varieties by Volume

CATEGORY PARTNERS



Varieties by Volume % Growth in MR52Wks

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

Varieties by Volume % Decline in MR52Wks

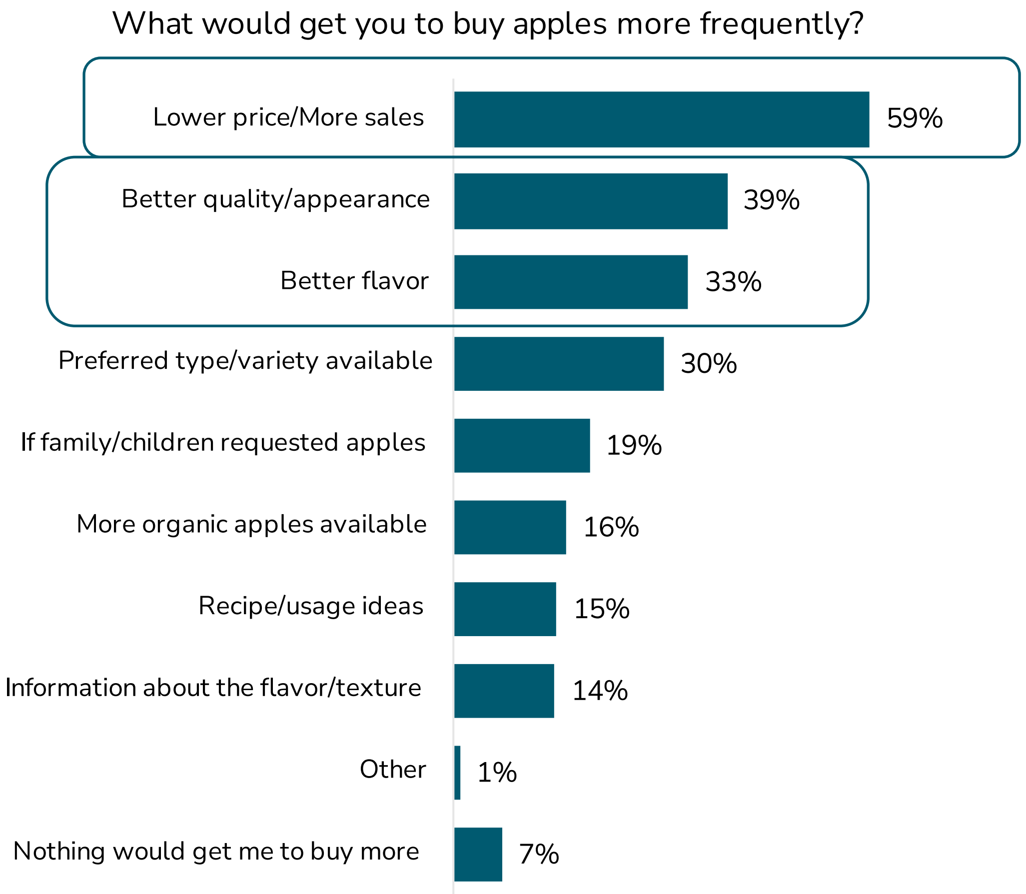
Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023

Purchase Motivators

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



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

Key Insights

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.

Source: NIQ Discover: Most Recent 52Wks Ending 7/22/2023
Category Partners Consumer Survey, Purchases & Preferences, Aug. 2023

Questions

For more info contact:

Cara Ammon
SVP, Research & Market Intel

cara.ammon@categorypartners.com

Visit our website

categorypartners.com