THE KNOWLEDGE BANK

Delivered by
Scotland Food & Drink Partnership

Soft Fruit Deep Dive Report: GB Retail

Both fresh fruit and fresh veg markets are in decline but sales still remain higher vs 2019 after a strong performance over lockdown

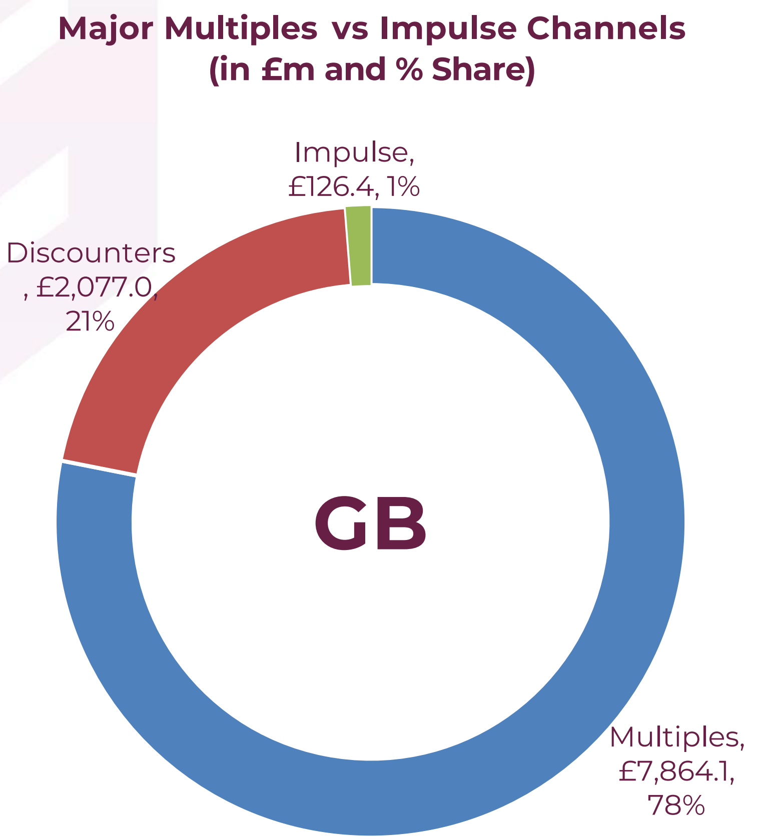
1. **Category Performance**
Overall sales of fresh fruit and fresh veg are down vs last year as people cook less at home due to returning to the workplace and the re-opening of foodservice. There has been growth in veg accompaniments though indicating that convenience has become more of a priority.

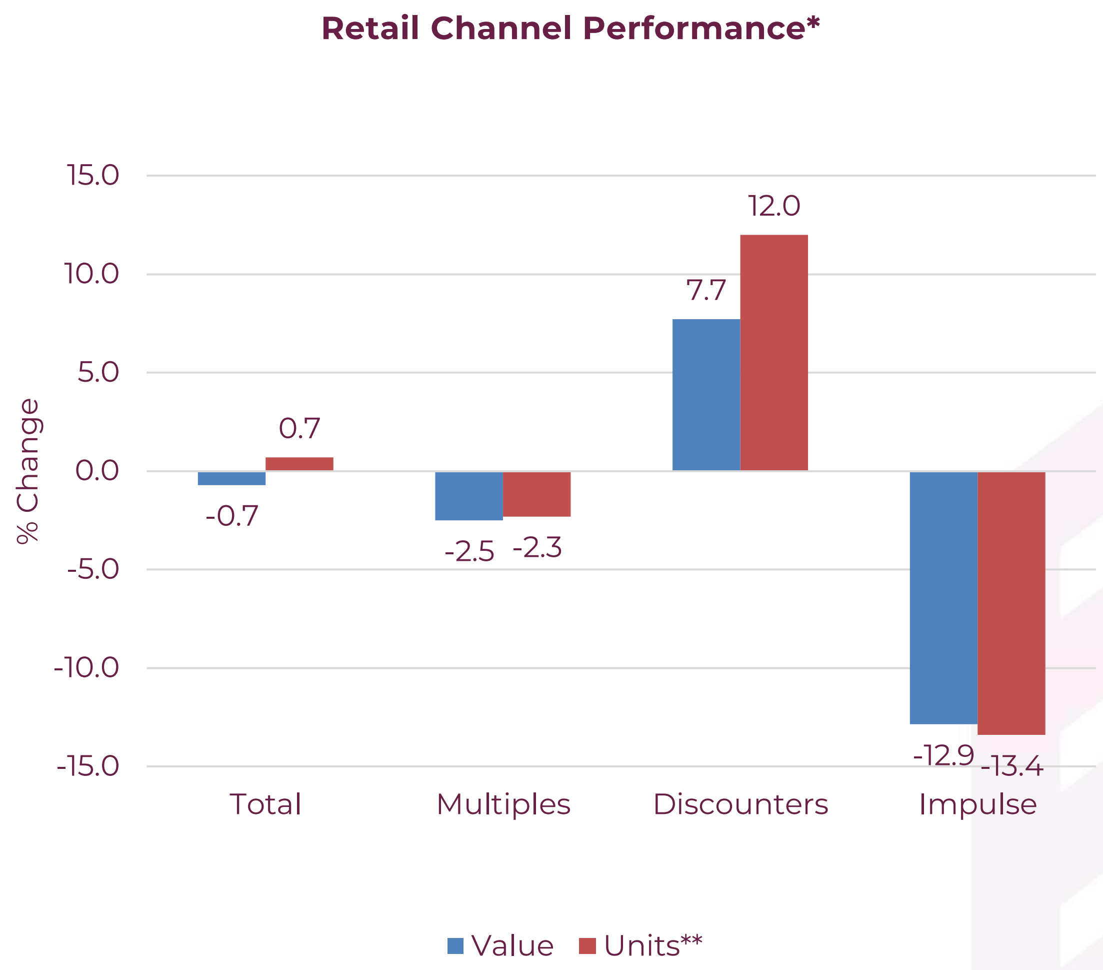
2. **Route to Market**
Grocery multiples account for most sales but are under pressure as discounters gain share of the market. Consumers are looking for better value retailers for fruit and veg as they adjust their spending after various covid lockdowns. There is growing pressure on household finances from rising prices (in food & drink and elsewhere) with inflation peaking at 5.1% (ONS via BBC, December 2021)

3. **Brands vs Private Label**
The fresh market is largely dominated by private label however there is a presence of brands. This is lower in fresh fruit due to a high proportion of imported produce. In fresh veg and veg accompaniments the brand proportion is higher. There are some Scottish brands contributing to the higher brand share in Scottish sales too.

4. **Consumer Attitudes and Behaviour**
Consumers are cooking from scratch less as free time becomes more of a rarity, this has inevitably led to a growing interest in convenient options that are quicker and easier to prepare.
Consumers are also developing an interest in sustainable products, like organic, however shoppers are aware of the higher price tag that comes with better environmental credentials.

The fresh produce category is worth £10.1bn in GB retail. The majority of sales are sold in the multiples however discounters have been gaining share of the market.



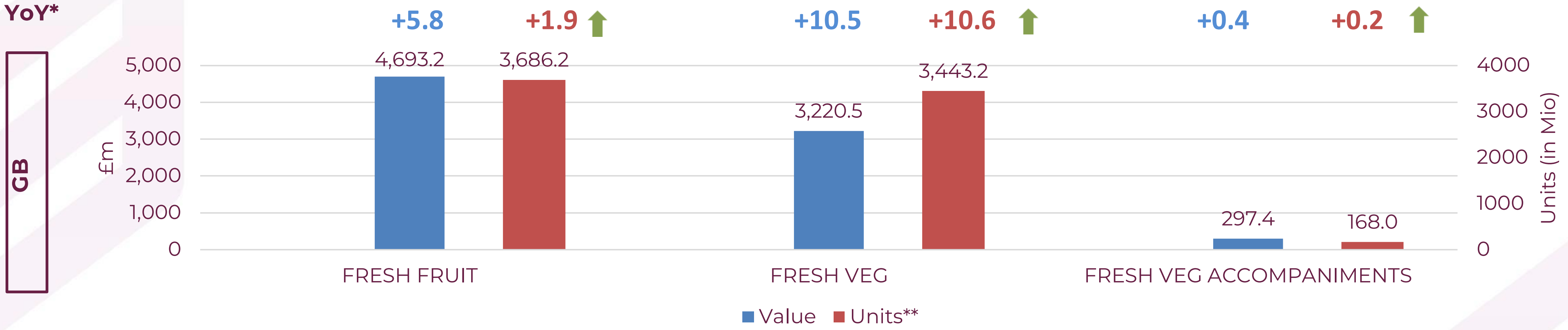


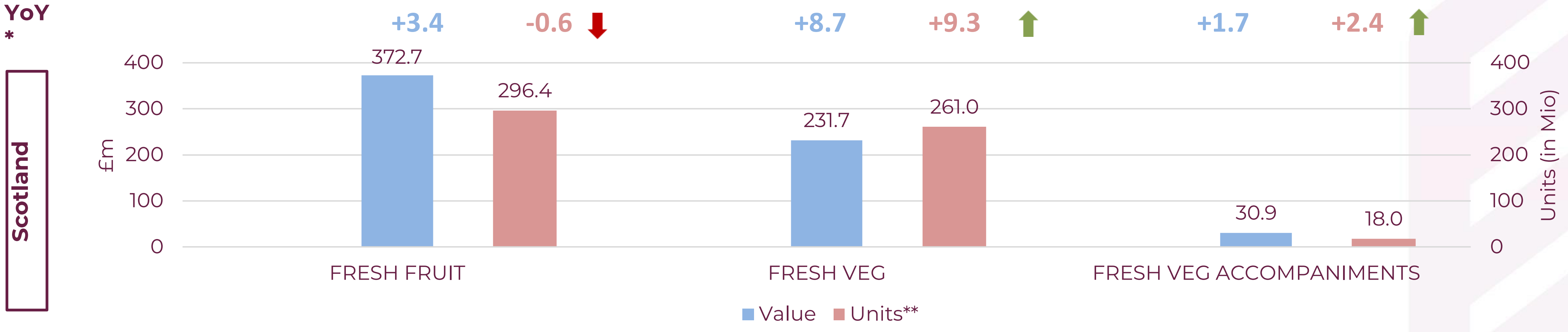
*Year-on-Year %Change, **For Total and Fresh Fruit we have looked at units not volume

Source: Nielsen, Total GB Total Coverage incl. Discounters, 52 weeks – w/e 20 November 2021; Note: Data reproduction or re-use is not permitted

During 2019-2020, fresh veg benefited significantly due to the lockdown as more consumers cooked from scratch with little growth in accompaniments.

Fresh Produce Subcategory: Value and Unit Sales (52 wks w/e 21 November 2020)

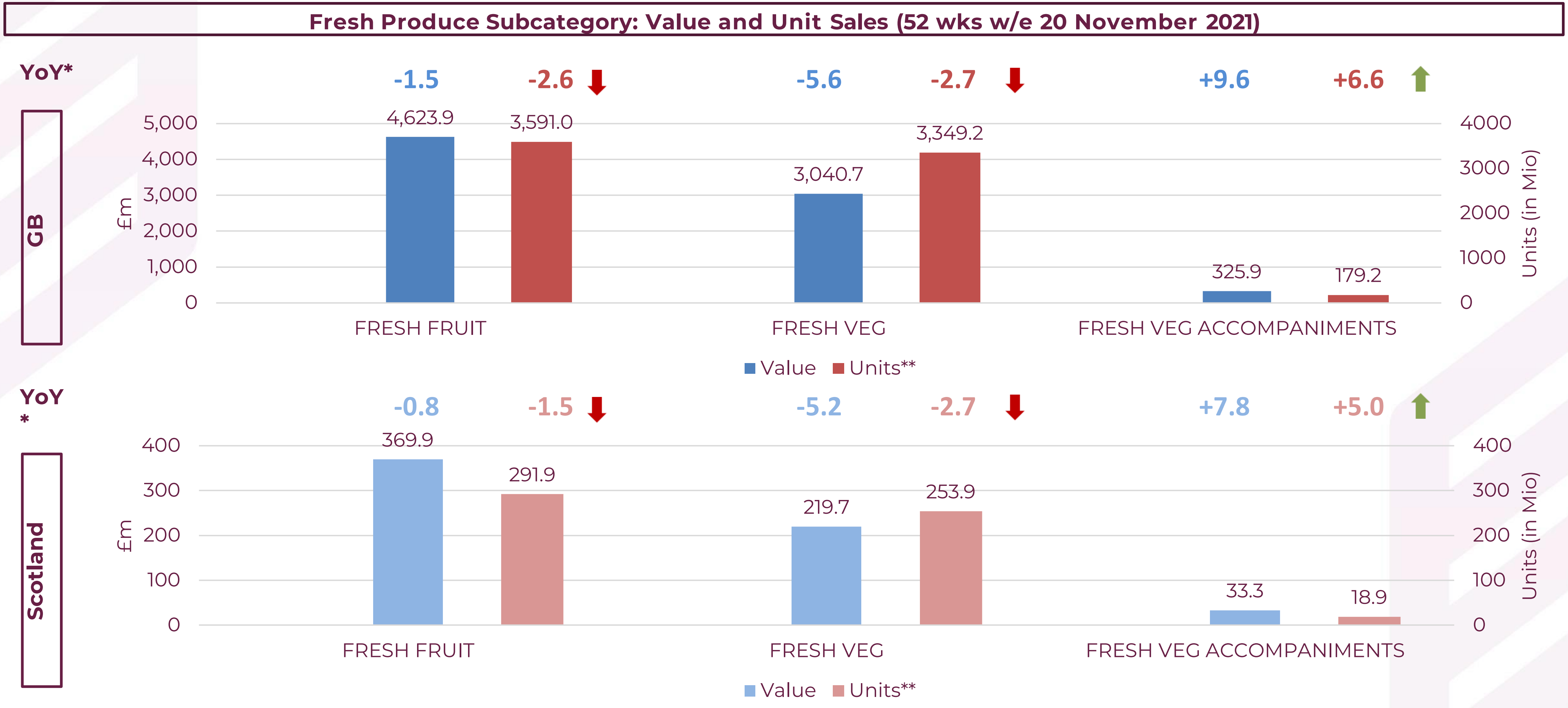




*Year-on-Year %Change, **For Total and Fresh Fruit we have looked at units not volume

Source: Nielsen, Total GB/ Scottish Total Coverage Excl. Discounters, 52 weeks – w/e 21 November 2020; Note: Data reproduction or re-use is not permitted

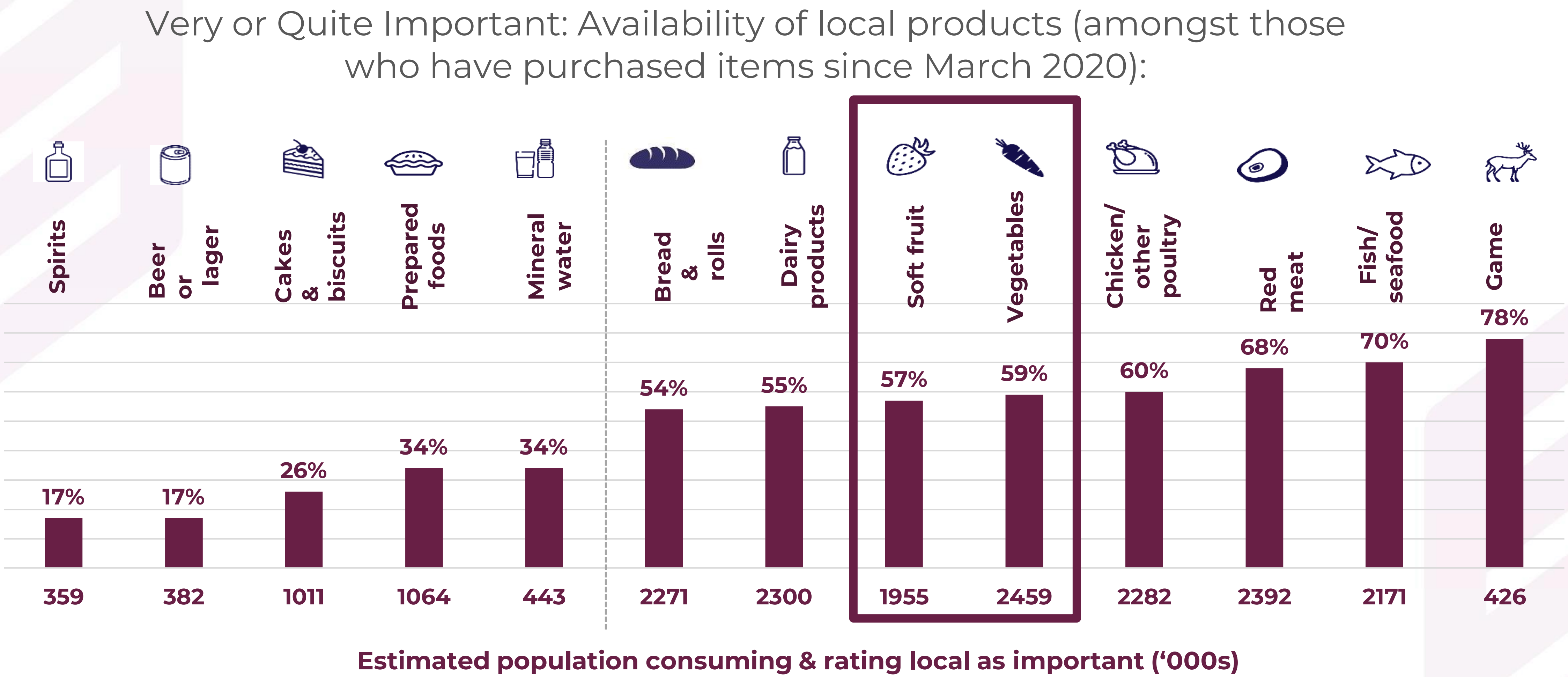
Leading into 2021, sales have declined in fresh fruit and veg as consumer behaviour has changed, this has benefited sales of more convenient fresh veg accompaniments.



*Year-on-Year %Change, **For Total and Fresh Fruit we have looked at units not volume

Source: Nielsen, Total GB/ Scottish Total Coverage Excl. Discounters, 52 weeks – w/e 20 November 2021; Note: Data reproduction or re-use is not permitted

Consumers consider provenance important within fresh produce categories.



Q17. When you are grocery shopping for any of the following types of food and drink, how important is being able to buy products which are grown, reared or produced locally?

Source: The Knowledge Bank, Buying Local in Lockdown March 2021; Note: Data reproduction or re-use is not permitted

This is driven by desire for better quality and to support the local economy.

"I believe Scottish produce is of a ***high quality****. I like to think I'm* ***helping local farmers/producers****."*

"I generally prefer Scottish produce as I think it's ***better quality and hadn't travelled as much****. I also think it's better to* ***support my own country****."*

"Supporting local food producers is important to me, it ***helps reduce food's carbon footprint, encourages diversity of production, encourages more ecologically friendly use of land and tastes better****."*

Q18a) You stated that it is important to you that the following types of food and drink are local. Why is that?

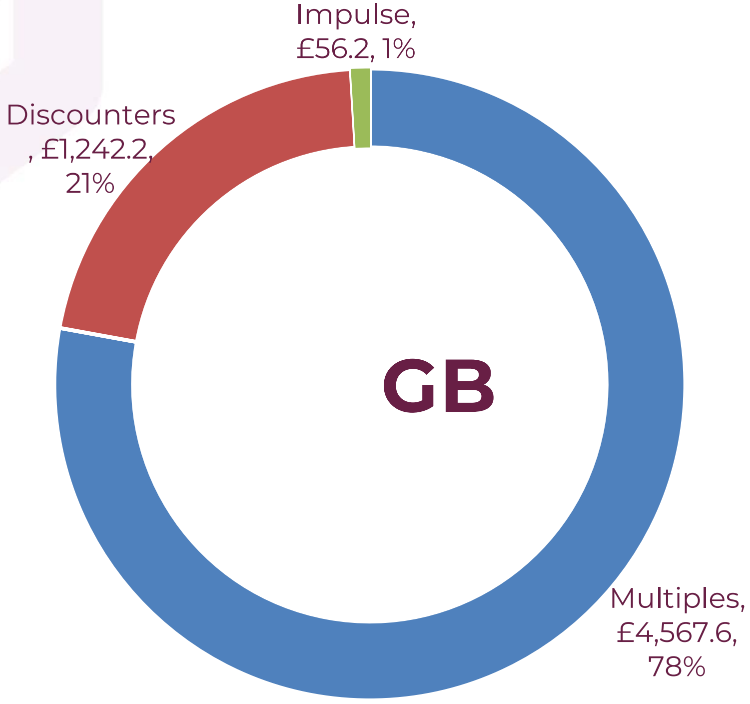
THE KNOWLEDGE BANK

Delivered by
Scotland Food & Drink Partnership

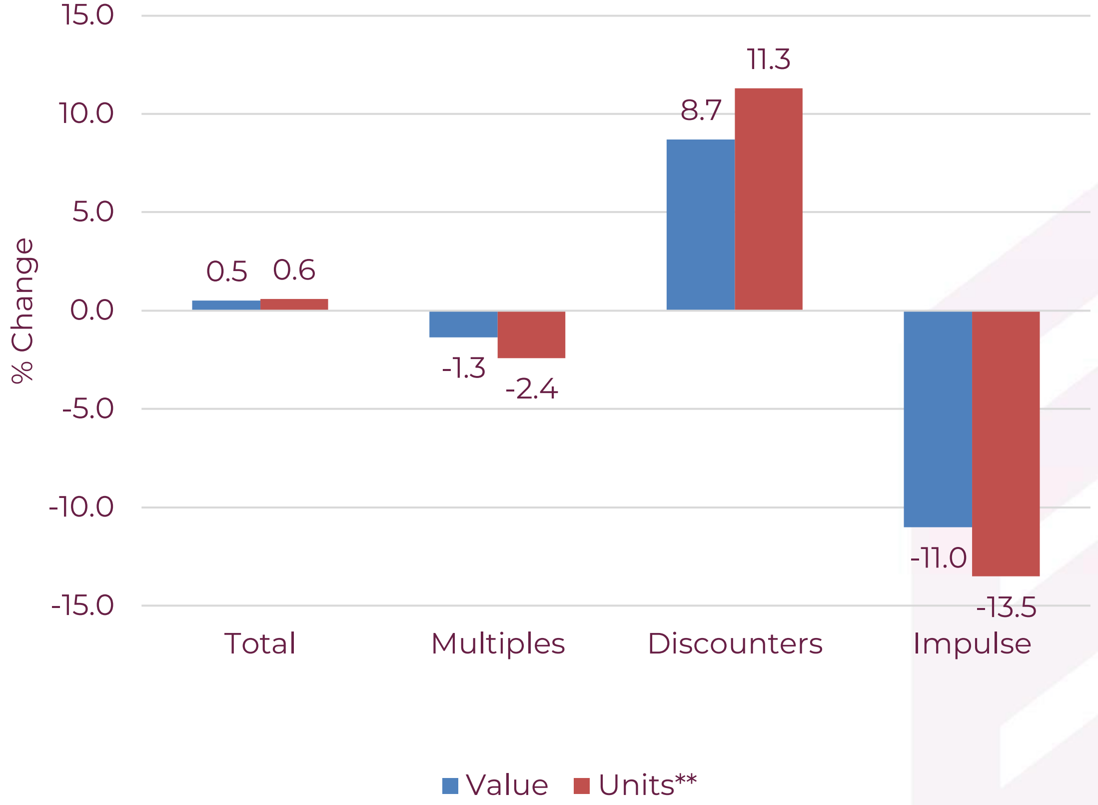
Fresh Fruit

The fresh fruit subcategory is worth £5.8bn in GB retail. Including discounter sales, fresh fruit is in value and unit growth. Similarly to total category, the majority of sales are sold in the multiples but discounters are gaining share.

Major Multiples vs Impulse Channels (in £m and % Share)



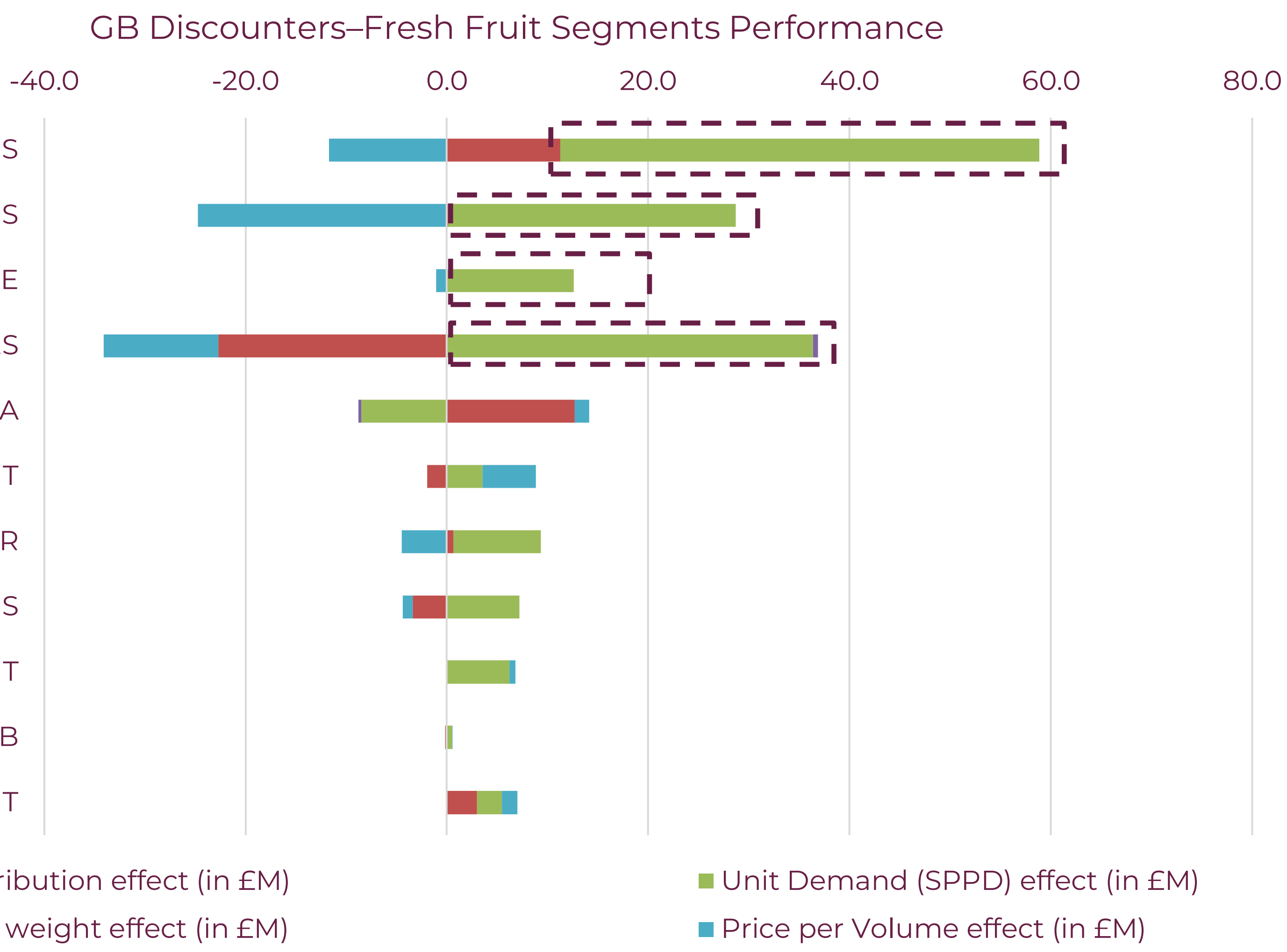
Retail Channel Performance*



*Year-on-Year %Change, **For Total and Fresh Fruit we have looked at units not volume

Source: Nielsen, Total GB Total Coverage incl.Discounters, 52 weeks – w/e 20 November 2021; Note: Data reproduction or re-use is not permitted

Within the discounters, unit demand is the key driver of growth for the 4 biggest fresh fruit segments partly driven by price reductions.



	£m	Chg. Value vs. Year Ago (in £m)
BERRIES	337.9	+47.1
CITRUS	193.4	+4.0
APPLE	182.4	+11.5
GRAPES	168.2	+2.8
BANANA	135.2	+5.4
STONE FRUIT	52.3	+6.9
PEAR	44.3	+4.9
MELONS	44.2	+2.8
EXOTIC FRUIT	36.7	+6.7
RHUBARB	1.5	+0.4
ALL OTHER FRESH FRUIT	46.1	+7.0

Source: Nielsen, Total GB Discounters, 52 weeks – w/e 20 November 2021; Note: Data reproduction or re-use is not permitted

Price and affordability is a key concern amongst consumers

Consumers are concerned about the perceived expense of eating healthily. Discounters are performing well as they offer better value for money to consumers.

53%
agree 'It's expensive to eat healthily'

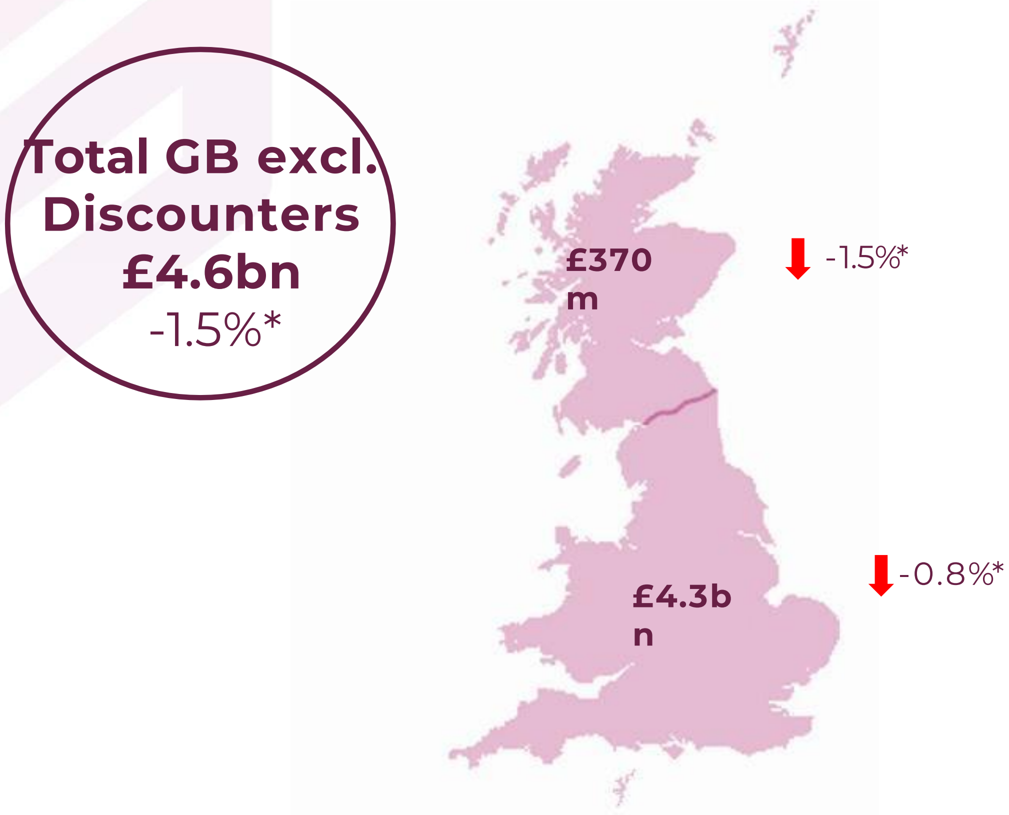
32%
say 'Money concerns cause them to eat less healthily'

29%
of UK adults are actively concerned about rising food prices

Source: Mintel – Attitudes towards healthy eating – UK – February 2021, Levercliff Tracking Survey October 2021 ; Note: Data reproduction or re-use is not permitted

Excl. discounters, fresh fruit sales are in decline – competition for the discounters has reduced demand in grocery multiples. Private label dominates in this subcategory.

Total GB Fresh Fruit performance excl. Discounters (Value Sales)

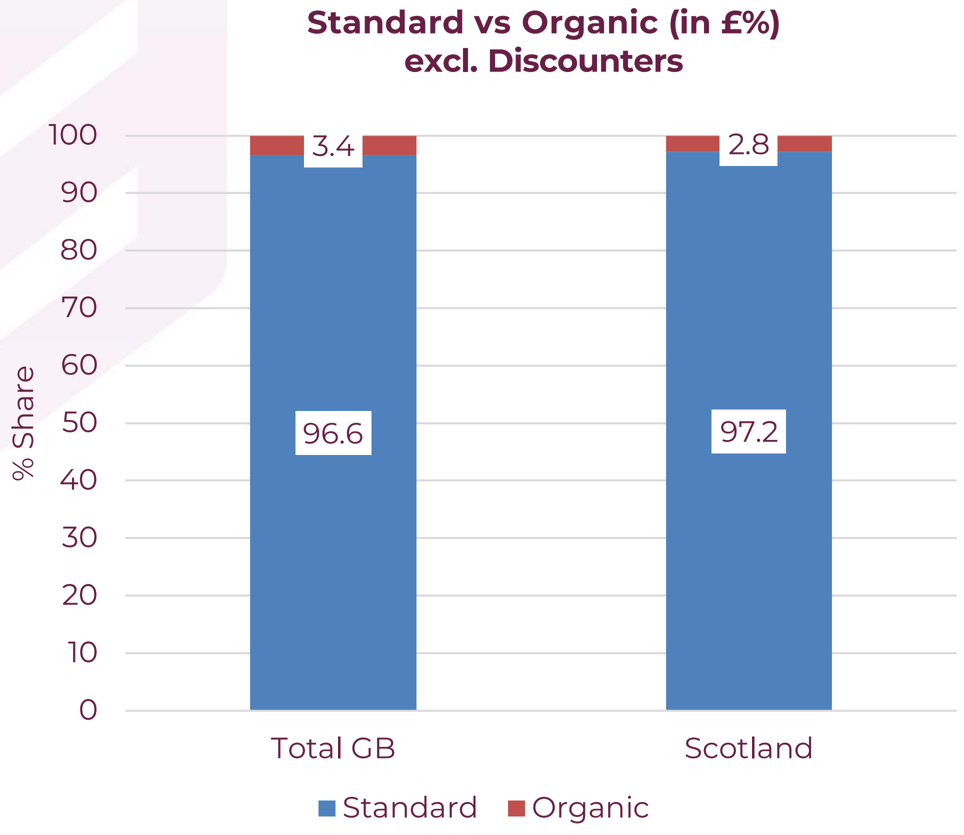


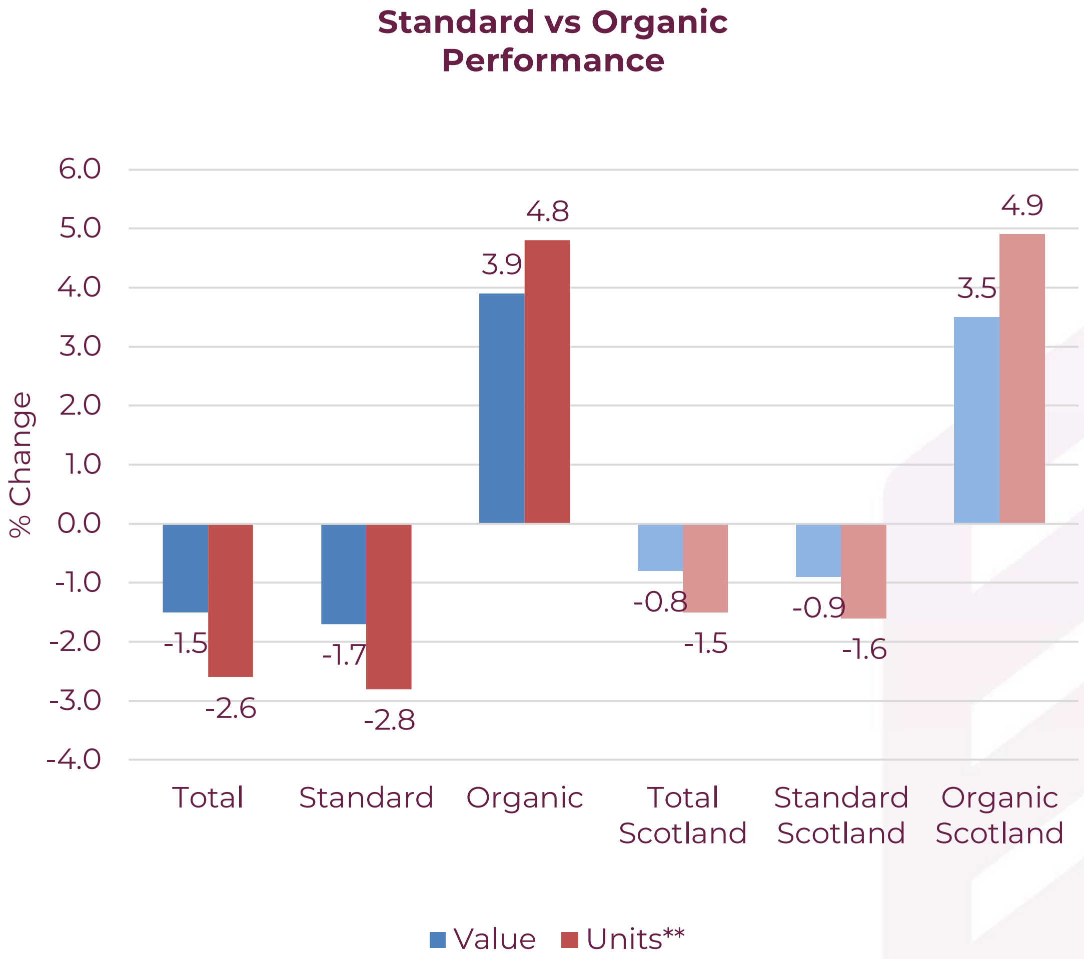
Brands vs Private Label (in £%) excl. Discounters

*Year-on-Year %Change

Source: Nielsen, Total GB/ Scottish Total Coverage, 52 weeks – w/e 20 November 2021; Note: Data reproduction or re-use is not permitted

Organic accounts for a small proportion of sales (c.3%) however it is in growth overall and in Scotland.





*Year-on-Year %Change, **For Total and Fresh Fruit we have looked at units not volume

Source: Nielsen, Total GB/ Scottish Total Coverage, 52 weeks – w/e 20 November 2021; Note: Data reproduction or re-use is not permitted

Health & Sustainability are driving sales of Organic

In a Waitrose survey, consumers said the **environment and climate change were the biggest reasons they were buying more organic products** post Covid, however health also remains a big purchase driver.

52.7%
of organic products were chosen for health reasons

43%
of organic fruit shoppers were new to the category last year

39% say
sustainable products cost more

Source: The Grocer- Focus on Organic- 17th July 2021, Waitrose survey April 2021, TFP – Fruit and Vegetables 2021. Levercliff Tracking Survey October 2021 ; Note: Data reproduction or re-use is not permitted

Organic has continued to benefit from the pandemic

Organic does well online

According to The Grocer, the move to online compliments organic, as ranges tend to be larger and the ability to search makes it easier for shoppers to find specific organic products.

36%

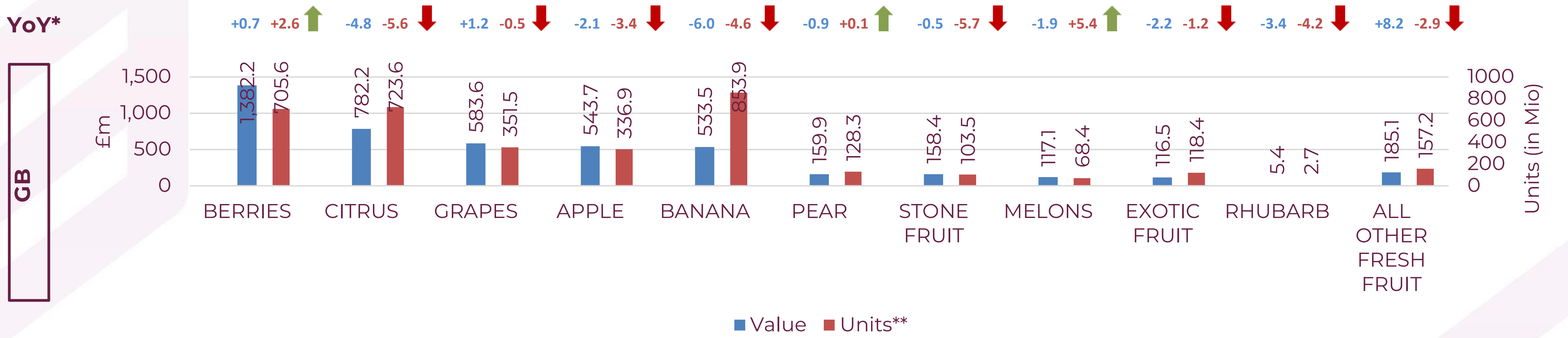
said their renewed interest in cooking was the reason they were buying more organic products

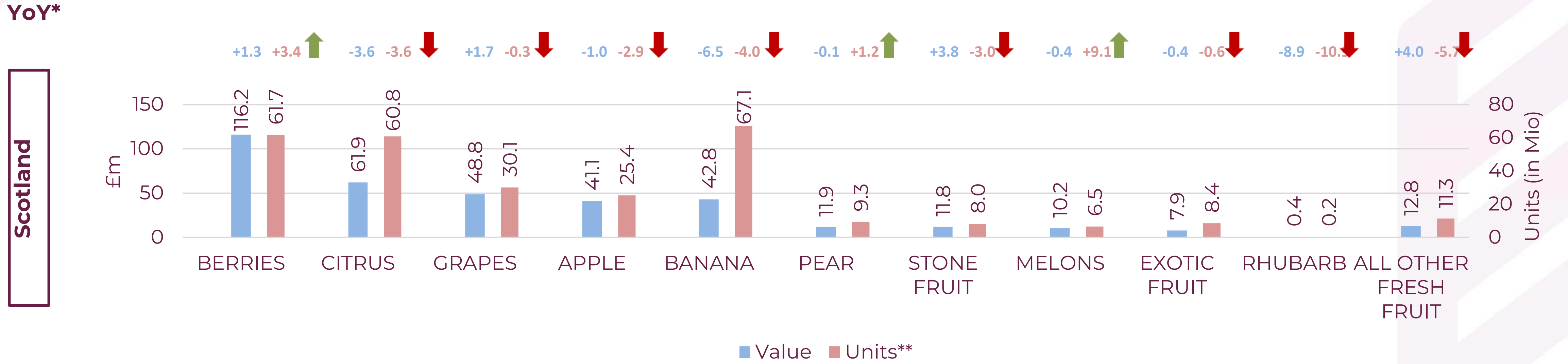
A Waitrose survey showed that over 1/3 of respondents said their renewed interest in cooking was the reason they were buying more organic products.

Source: The Grocer- Focus on Organic- 17th July 2021, Waitrose survey April 2021 ; Note: Data reproduction or re-use is not permitted

Berries are the only segment in value and unit growth across GB and Scotland in grocery multiples.

Fresh Fruit Segments: Value and Unit Sales (52 wks w/e 20 November 2021)



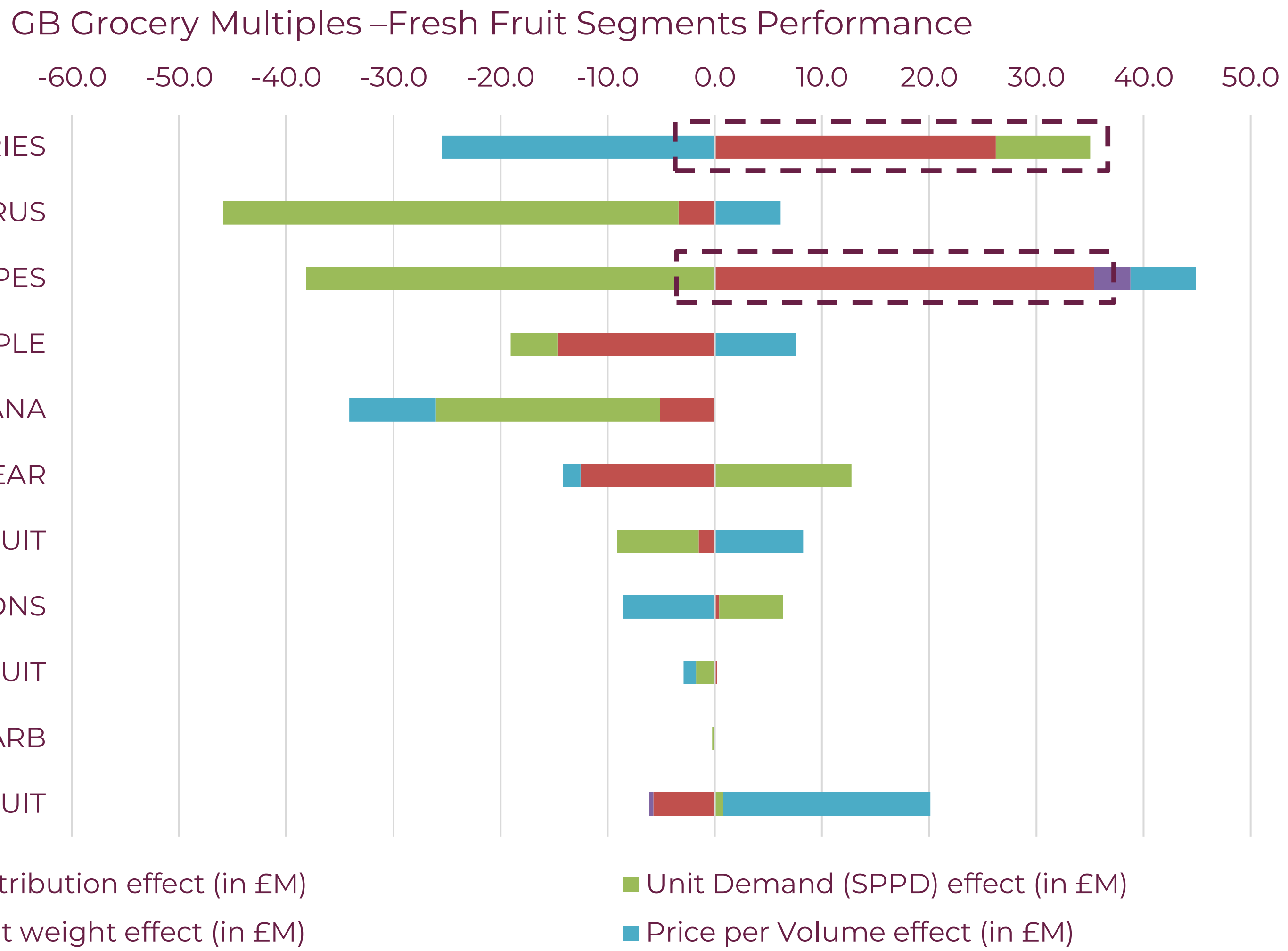


*Year-on-Year %Change, **For Total and Fresh Fruit we have looked at units not volume

Source: Nielsen, Total GB/ Scottish Grocery Multiples, 52 weeks – w/e 20 November 2021; Note: Data reproduction or re-use is not permitted

Berry growth is being driven by increased distribution and demand. Growth in grapes is mostly being driven by increased distribution.

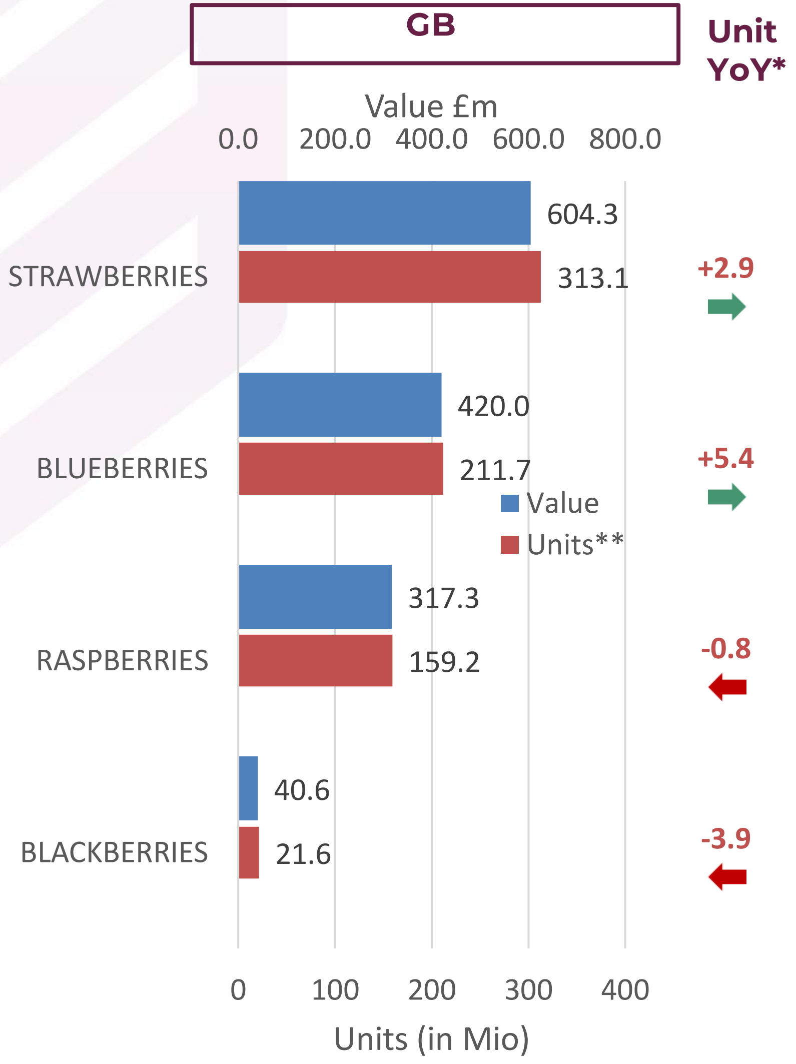
Segment	£m	Chg. Value vs. Year Ago (in £m)
BERRIES	1382.2	+9.5
CITRUS	782.2	-39.8
GRAPES	583.6	+6.7
APPLE	543.7	-11.5
BANANA	533.5	-34.1
PEAR	159.9	-1.4
STONE FRUIT	158.4	-0.9
MELONS	117.1	-2.2
EXOTIC FRUIT	116.5	-2.6
RHUBARB	5.4	-0.2
ALL OTHER FRESH FRUIT	185.1	+14.0

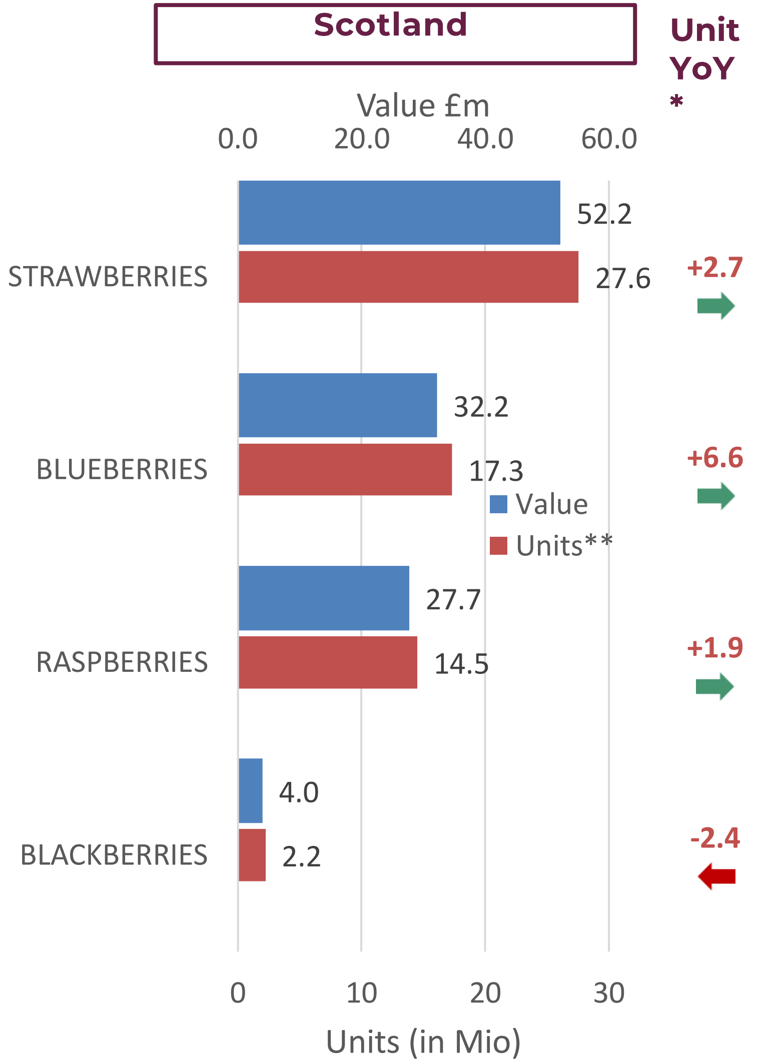


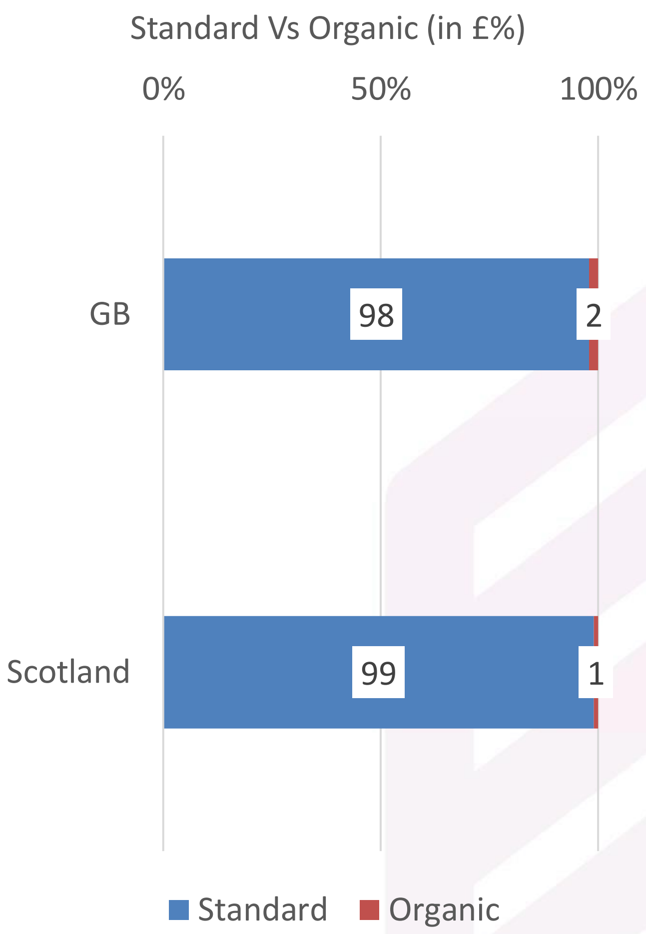
Source: Nielsen, Total GB Grocery Multiples, 52 weeks – w/e 20 November 2021; Note: Data reproduction or re-use is not permitted

The growth in berries is being driven by increased distribution of blueberries and strawberries.

Berries Subsegment: Value and Unit Sales (52 wks w/e 20 November 2021)







*Year-on-Year %Change, **For Total and Fresh Fruit we have looked at units not volume

Source: Nielsen, Total GB/Scottish Grocery Multiples, 52 weeks – w/e 20 November 2021; Note: Data reproduction or re-use is not permitted

Fresh Fruit Summary

GB Fruit market sales still remain higher vs pre pandemic levels

Sales growth have slowed over the past year

Inflation has had an impact on the market as produce has become more expensive

Discounters have been a key growth area in the market as consumers search for better value

Berries have been a key growth area in fresh fruit partially driven by increased demand

Both Blueberries and Strawberries have performed well

As consumers look to these products to top up their intake of key nutrients and fibre

A combination of value for money and health is likely to remain a key driver of future consumption

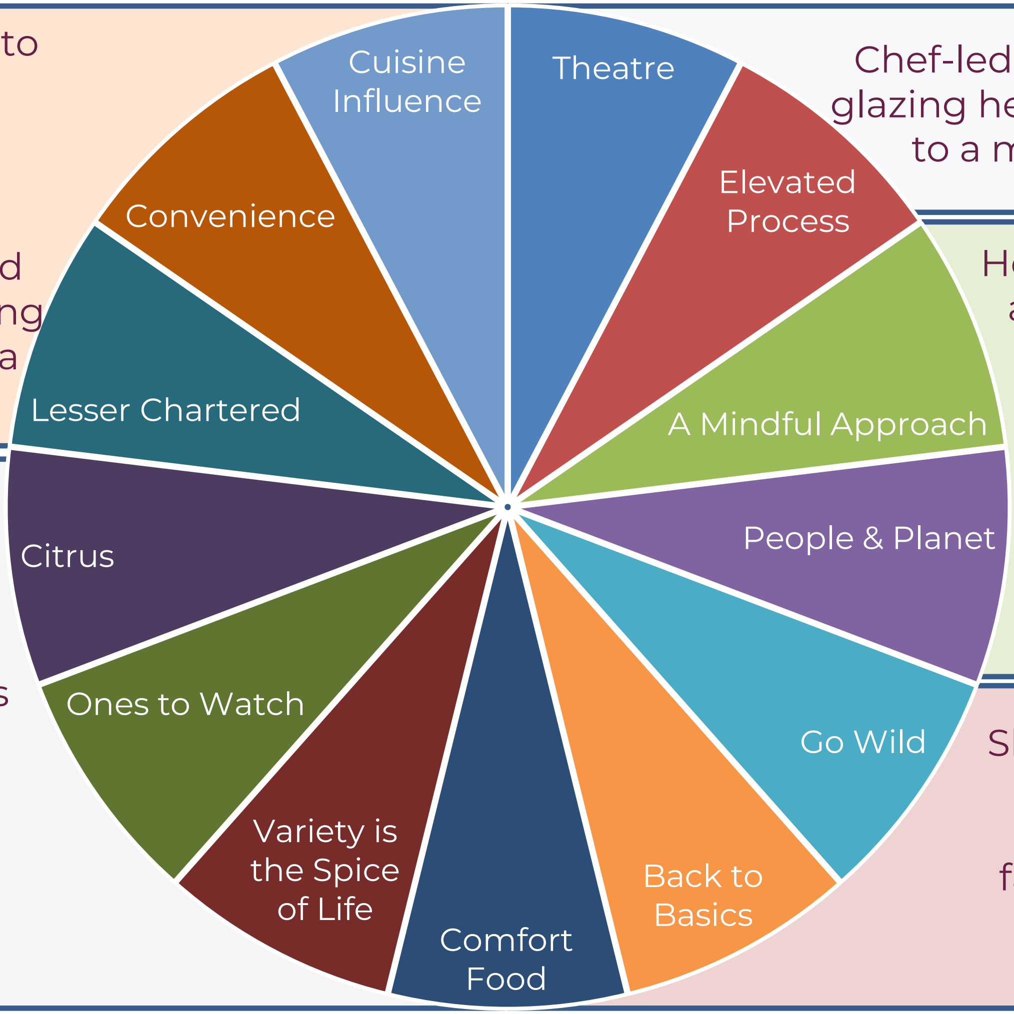
The opportunity is to continue to add value to fruit and veg tapping into demand for convenience, health, sustainability, variety, provenance and quality

Fruit and Vegetables

Working from home and a return to busy lives open ups innovation opportunities for producers.

Tapping into different eating occasions, making vegetables and fruit easier to consume, plus tapping into different cuisines that place a strong emphasis on vegetables

There are consumers that have become increasingly adventurous in terms of their tastes.
This has led to demand for different varieties, tastes and textures.



Chef-led processes such as smoking and glazing help to elevate fruit and vegetables to a meal centre rather than a side

Health is important in the category as consumers focus on nutrition and immunity boosting claims

Likely to see more anti-waste initiatives as reducing waste and restoring balance rises up consumers agenda
e.g. imperfect/ wonky/ root to shoot

Shopping locally and seasonally is desired so we could see more direct routes opening up from farm to consumer e.g. veg boxes and collabs between small businesses trending

Source: The Food People, Fruit and Vegetables, 2021 ; Note: Data reproduction or re-use is not permitted

THE KNOWLEDGE BANK

Delivered by
Scotland Food & Drink Partnership

Thank you

If you have any queries about this presentation, please contact: info@theknowledgebank.scot