

Fruit volume down in the wake of increased prices and supply issues

Nielsen IQ

The multi-industry Hort Innovation project Consumer behavioural data program (MT21004) delivers the Harvest to Home dashboard (www.harvesttohome.net.au) and provides periodic insights into trends in fresh produce sales.

Falling rain, rising inflation levels, increased fuel, electricity and fertiliser expenses, and ongoing supply challenges have negatively affected fruit consumption in Australia over the past 12 months.

A review of annual sales performance for total fruit over 2022 (MAT* to 01/01/2023) reveals that while dollar sales held steady for the year (-0.9%), volume sales declined by -5.0%.

Volume sales for melons (-26.5%), berries (-14.5%), stone fruit (-13.1%), avocados (-12.0%) and mangoes (-5.7%) were down considerably, largely driven by another wet La Nina year resulting in rain-damaged crops and strained supply. Except for mangoes, all of these categories were subject to higher retail prices than the previous year.

Over the past two years, Australians have significantly cut back on their fruit spending and consumption. The average household spent \$463.60 on fruit in 2022 (down from \$489.80 in 2020), while the average volume per household dropped to 90.4 kilograms from 96.7 kilograms two years ago.

At a retailer level, sales trends for major supermarkets - which represent three-quarters of all fruit sales - mirrored the national benchmark. Greengrocers/Markets, the second biggest channel, recorded the strongest declines in volume (-7.3%) and dollar sales

(-4.6%) versus last year, resulting in losses in volume share of trade (16.7% in 2022, down from 17.1% in 2021), as well as in dollar terms (13.7% in 2022, down from 14.2% in 2021).

According to statements made by the Treasurer in October 2022, rising fruit and vegetable prices are expected to continue increasing over the December 2022 and March 2023 quarters, and food prices, in general, will be responsible for the inflation peak expected over the next few months.

Top 10 Performance Summary

Berries

Of all the fruit categories, berries were the most susceptible to unpredictable weather, with periods of heavy rain resulting in waterlogged and bruised fruit. Berries recorded significant volume sales losses (-14.5%), with supply issues driving the average price per kilogram up to \$17.60 (versus \$15.30 in 2021). Despite the fall in the number of households purchasing and a decline in purchase frequency and volume purchased, the steep price rise offset overall annual dollar sales declines (-1.7%).

Bananas

The largest fruit category in consumption terms, bananas represented almost a quarter (22.6%) of all fruit volume sold. The average annual volume purchased of bananas per household remained stable versus last year; but lower prices resulted in decreased spending, which translated to a decline in overall dollar sales of -4.2%. Bananas recorded a moderate sales increase in volume versus 2021 (+1.2%).

Apples

In both dollar (+0.3%) and volume (+0.3%) terms, total apple sales remained relatively unchanged in 2022 versus the previous year. All key consumer buyer metrics also remained stable, apart from a slight drop in the number of households (down to 86.8% versus 87.2% in 2021).

Citrus

The citrus fruit category was one of the only fruit categories within the top 10 to post both dollar (+3.0%) and volume (+3.3%) sales growth. The price per kilogram of citrus remained stable in 2022 versus the previous year, resulting in an increase in the average dollar spend per household and the amount of volume purchased.

Grapes

Within the top 10 fruit categories, grapes posted the strongest positive performance in dollar (+17.1%) and volume (+8.2%) sales over the past 12 months. Grapes also gained 1.3 percentage points to represent 8.2% of total fruit dollar sales. Despite higher prices (\$9.30 per kilogram in 2022, up from \$8.80 in 2021), volume per buyer still increased, while the average annual spend per buyer increased by \$6.50 to \$49.50.

Avocados

Following a couple of years of abundant supply and remarkably low prices, sales of avocados have had to adjust in 2022 to more realistic market pricing. Volume sales declined by -12% in the past 12 months, driven by a fall in the number of households (now at 75.9% in 2022, stabilising from a record-high of 77.3% in 2021 versus 71.2% in 2020). Dollar sales also declined (-6.1%), although this was far less dramatic than what was recorded in 2021 (-20.4%). The average annual spend per household was \$42.80 in 2022, down from \$57.80 two years ago.

Stone Fruit

Like berries, stone fruit was also subject to weather-induced supply issues, affecting availability during its usual peak summer season. The result was a decline in volume (-13.1%) and value sales (-8.1%), driven by a significant decrease in the number of stonefruit buyers. In the past year, 73% of households purchased stonefruit, down from 77.1% in 2021.

Melons

Melons were also negatively impacted by unfavourable growing conditions in 2022. Within the top 10 fruit categories, melons recorded the strongest volume declines (-26.5%). Supply challenges have resulted in a significant drop in the number of melon-buying households (59.2% in 2022 versus 66% two years ago), while the annual amount purchased has fallen to an average of 10.5 kilograms, down from 13.4 kilograms in 2021. Overall dollar sales for melons declined by -2.2%, with increased prices cushioning most of the impact.

Mangoes

Mango sales declined in both dollar (-8.4%) and volume terms (-5.7%) versus the previous year. While the number of households who purchased mangoes has held steady over the past two years (58.5%), purchase frequency, the average dollar amount spent and the amount of volume purchased all declined over the past 12 months.

Pears

Volume sales for pears decreased slightly (-1.0%) versus 2021, while dollar sales showed modest growth (+2.9%). All key household buying metrics for pears have remained relatively stable over the past year.

* MAT: Moving Annual Total

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