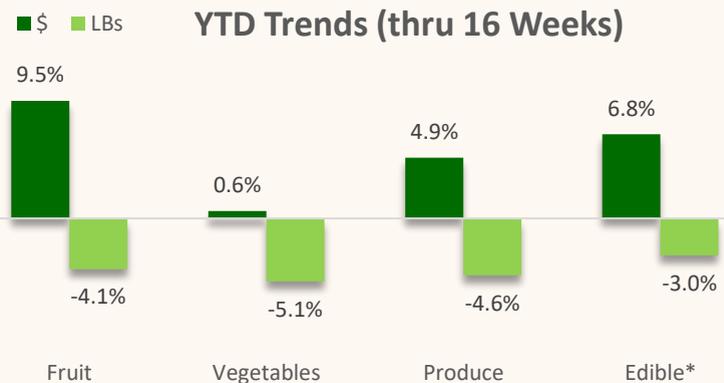
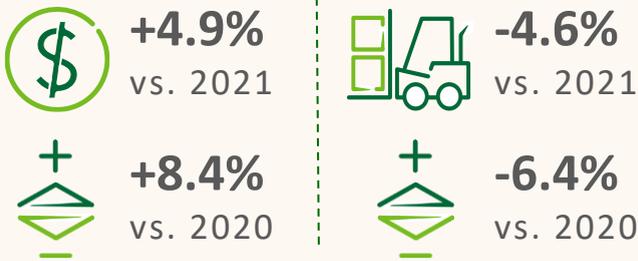




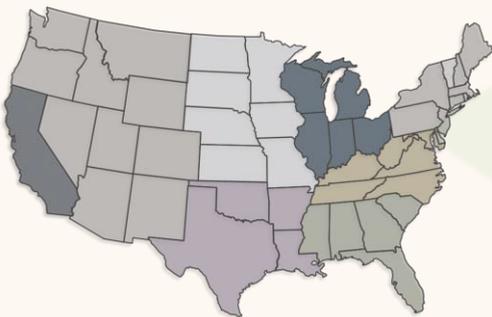
## Inflation Pressures Continue

The first sixteen weeks of the year continue to trend as expected with inflation causing consumers to pay more for less. Produce dollars have grown 4.9% to \$22.5B; however, the volume trade off continues to be significant. Volume remains below last year and has now fallen below 2020 actuals. Fruit dollars continue to grow at 9.5%, despite volume declines, while Vegetable dollars rebounded from Q1 2021 lags, but volume stays weak vs. prior year.<sup>1</sup>

### Produce – US Multi-Outlet



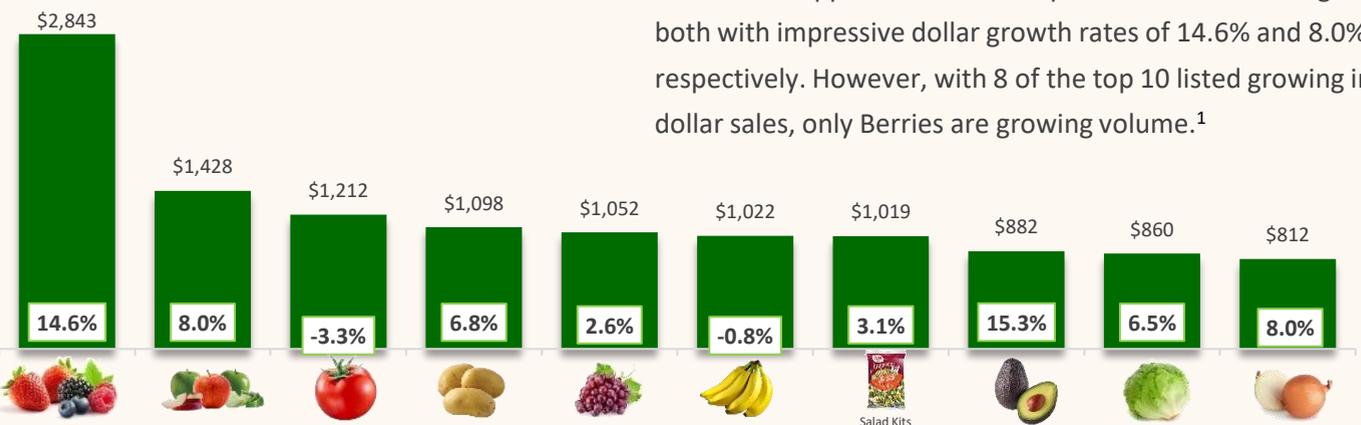
### Regional Performance (YTD thru 16 Weeks)



Region	\$ Share of Produce	\$ % Chg. vs. 2021	Vol % Chg. vs. 2021
Southeast	16.2	8.1%	0.6%
Mid-South	12.8	5.3%	(3.7%)
West	12.7	5.3%	(4.6%)
California	11.5	4.8%	(2.3%)
South Central	9.5	4.6%	(8.6%)
Great Lakes	13.0	4.6%	(5.2%)
Plains	6.3	3.2%	(7.0%)
Northeast	18.1	2.6%	(7.1%)

Southeast and Mid-South continue to see the greatest dollar growth YTD as Northeast has lagged. The gap between dollar vs. volume performance remains across all regions.<sup>1</sup>

### Top 10 Fruit and Vegetables \$ (Millions)



Berries and Apples are still the top sellers in the Fruit segment, both with impressive dollar growth rates of 14.6% and 8.0%, respectively. However, with 8 of the top 10 listed growing in dollar sales, only Berries are growing volume.<sup>1</sup>

## The Average Produce Shopper is Paying More for Less

L26 Weeks



### Units per Trip

**4.1**

(4.6%)



### \$ per Trip

**\$8.49**

+3.2%



### \$/Buyer

**\$321.03**

+4.2%



### Trips/Buyer

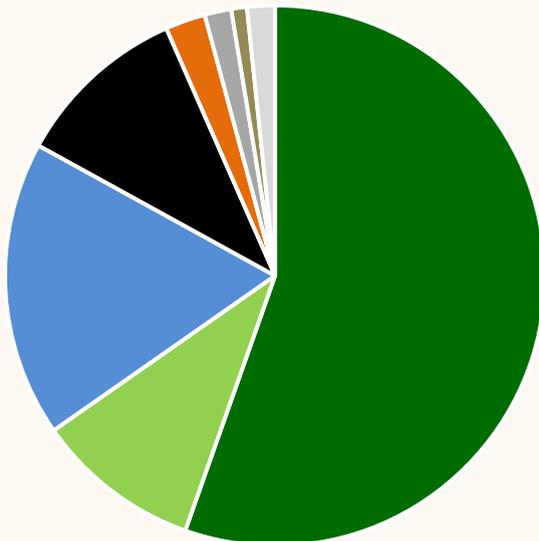
**37.8**

+1.0%



- On average, Produce buyers are making more trips to the department and spending more dollars per trip, yet they are walking away with less units than they were a year ago.<sup>2</sup>
- With shoppers frequenting the Produce department more often and pricings remaining elevated, now is the time for retailers to engage and entice shoppers with increased promotions and marketing strategies to secure shopper loyalty.**

## Dollars Continue to Shift Away From Traditional Grocery



### \$ Share of Market

L26 Weeks

Channel	\$ Share of Produce	\$ Share vs. YA
Traditional Grocery	55.4	(1.2)
Discount Grocery	9.9	0.2
Walmart	17.7	0.8
Club	10.4	0.1
eCommerce	2.4	0.1
Specialty	1.6	(0.1)
MassX	0.9	0.0
All Others	1.7	0.2

- Although still the largest channel of Produce, Traditional Grocery continues to lose share of market to more “price focused” retailers such as Discount Grocery, Walmart, and Club as consumers are feeling inflationary pressure.<sup>2</sup>
- eCommerce has established itself at a 2.4pt \$ share, which is 4x larger than its 2019 presence. Growth in this channel should continue, but at a reduced rate as it cycles record growth years.<sup>2</sup>
- When pricing is difficult to use as a traffic-driving lever, retailers can highlight convenience, quality, digital, and loyalty/rewards programs to differentiate themselves from the competition.**

## A Price to Pay



Price per Volume	Price/Volume	% Chg. vs. 2021	% Chg. vs. 2020
<b>Total Fresh Produce YTD</b>	<b>\$1.89</b>	<b>+9.9%</b>	<b>+15.8%</b>
Total Fresh Produce Apr 17 <sup>th</sup> , 2022	\$1.90	+10.0%	+19.4%
<b>Fresh Vegetables YTD</b>	<b>\$1.93</b>	<b>+6.0%</b>	<b>+11.1%</b>
Fresh Vegetables April 17 <sup>th</sup> , 2022	\$1.97	+7.2%	+17.3%
<b>Fresh Fruit YTD</b>	<b>\$1.81</b>	<b>+14.2%</b>	<b>+21.1%</b>
Fresh Fruit April 17 <sup>th</sup> , 2022	\$1.80	+12.9%	+21.8%

- Through sixteen weeks, Produce price per pound has increased by 9.9%, with trends getting slightly worse with last 4 weeks coming in at +10.0%. Vegetable inflation YTD is still lower at +6%, but Fruit prices have increased 14.2%.<sup>1</sup>
- Consumers are looking to stretch their dollars as they seek out the best pricing online and in-store. Elasticity studies can help retailers quantify the impact of making changes to base and promotional pricing (see page 4 for detail).**

## Consumers are Cutting Back in Key Areas Due to Inflation

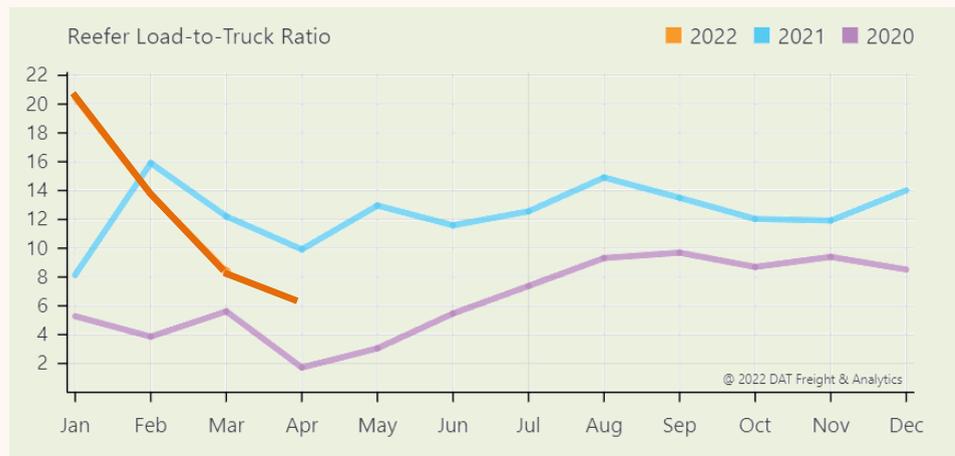


Top categories in which consumers will reduce spending to cope with rising prices<sup>4</sup>

- 42% Dining Out**
- 33% Entertainment**
- 30% Organic or Premium Groceries**
- 30% Vacations and Travel**

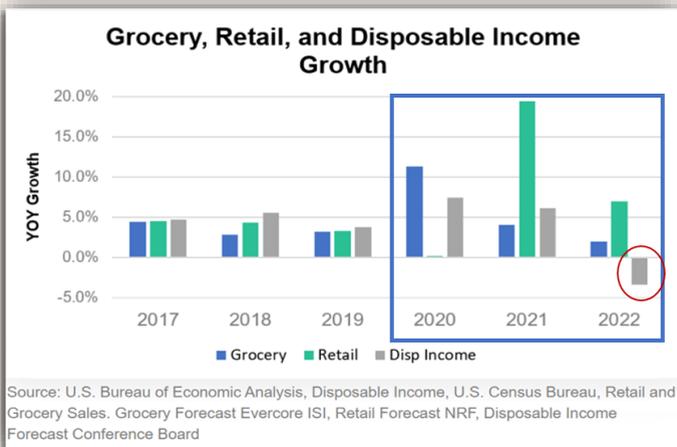
- Price conscious consumers are keeping the demand for Fresh Produce high as they opt for meals made at home vs. dining out. Approx. 80% of meals were prepared at home in Q1 2022, which is still elevated compared to pre-pandemic times when only 53% were prepared at home.<sup>6</sup>

## Dial-A-Truck Reefer Load to Truck Ratio<sup>3</sup>



- Demand continues to exceed supply. January marked the highest average Load to Truck ratio of any month in the last two years, but February through April is showing these trends softening.
- Fuel rates were \$5.10 per gallon in March, which is 27% higher than February and 62% higher than March 2021.<sup>3</sup>

## Elasticity Studies Will Help Maximize Price and Promotion Effectiveness

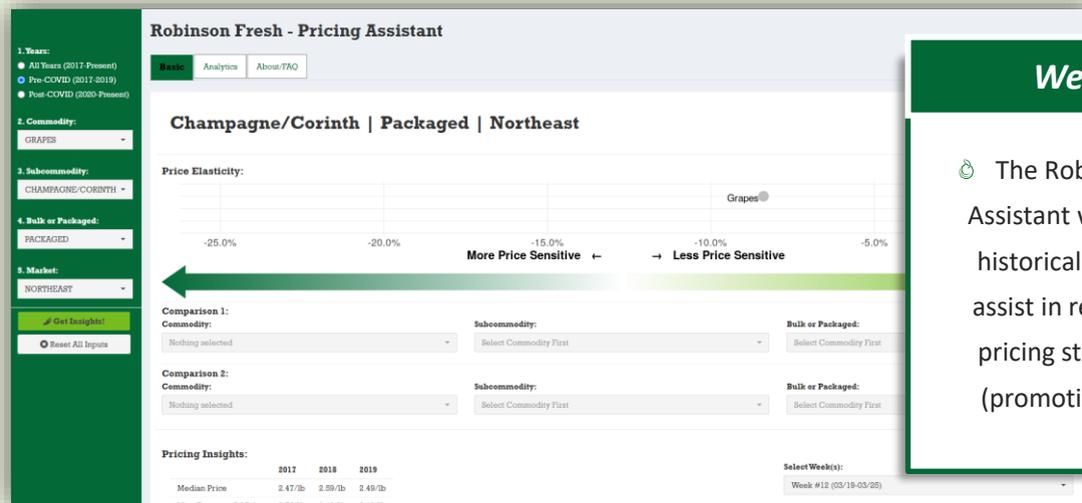


Increased disposable income from government HH stimulus drove growth to grocery in 2020 and 2021, to a lesser extent, while retail benefited in 2021. Given the increased disposable income, retailers were able to pass on higher costs to shoppers, but that will not be sustainable in 2022 as disposable income diminishes.<sup>7</sup>

**Price is once again the primary buying factor**<sup>5</sup>

45% of shoppers are looking for sales/promotions

Shoppers are migrating to retailers with a perceived cost advantage



### We Can Help

The Robinson Fresh Pricing Assistant will utilize current and historical pricing elasticities to assist in recommending proper pricing strategies for accounts (promotional and base price).

## Price elasticity quantifies the impact from price changes that can be leveraged to manage sales volume opportunity & risk

- When setting a base price, a higher elasticity is a caution sign... raise price & lose significant volume.
  - However, inelastic categories will help identify areas for price migration with less volume impact.
- With promotional planning, a higher elasticity is used to identify items that are most responsive to price reductions.
  - However, inelastic categories are less responsive areas and should be used less often in most instances.



1 IRI Integrated Fresh, Total US, MULO, Building Calendar Year 2022 Ending 04.17.22.  
 2 IRI Integrated Fresh Panel, Total US, All Outlets, Last 26 Weeks Ending 04.17.22.  
 3 DAT Trucking Industry Trends: Reefer, Data Trendlines 2022.  
 4 Produce Blue Book, Inflation Impact on US Discretionary Spending, April 2022.  
 5 Progressive Grocer: "Price on Par With Appearance and Ripeness When Buying Produce", 3/3/2022.  
 6 IRI Shopper Survey March 2022.  
 7 U.S. Bureau of Economic Analysis, Disposable Income