

## In Case You Didn't Know

California's produce sales were up more than 7.3 billion dollars in 2017. The growth was fueled by both value-added products and organic fruits and vegetables. Conventional produce and bulk items still generate more revenue – over the last 4 years, fixed weight packages and organic produce have accounted for the majority of growth. Those are 2 big takeaways from an analysis of the past 5 years of the Fresh Produce & Floral Council Market Report, prepared by Fusion Marketing.

Fusion Marketing is a sales solution and marketing firm specializing in the fresh produce industry used by the FPFC. Each quarter, Fusion uses scan data to analyze retail produce dept. sales in 4 of California's top markets as well as the state as a whole. This data is offered to the FPFC members with the main objective for the members to gauge their own sales against the industry at large within their main region.

So, if you were an L.A. based retailer and you posted a 3 percent gain in 2017, thinking you did well, but the L.A. Region posted a 4 percent gain as a whole, then you under indexed.

Fusion showed that California retail produce sales totaled 6.1 billion in 2013. The 2017 number of 7.3 billion represents a 19 percent growth in that 4 year time frame.

Where did that growth come from? It came from increased sale prices of product sold as price per pound increased 16 percent. However, that only tells part of the story. The per unit price increased because consumers bought more organic produce and more value-added items. Both categories almost always have a higher retail ring than their bulk and conventional counterparts.

During those 4 years, the organic produce share of the produce dept. sales rose from 7 to 11 percent. The conventional price per pound was 1.55 average vs. 2.91 per pound for organics.

Of the 1.2 billion in produce sales growth, conventional sales accounted for 846 million while the organic sales accounted for 315 million.

As this trend continues, it may be a good time to expand both your organic and fixed weight item categories and offerings.



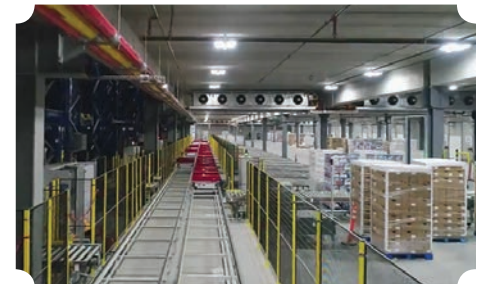
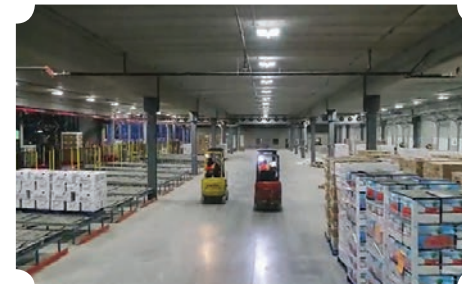
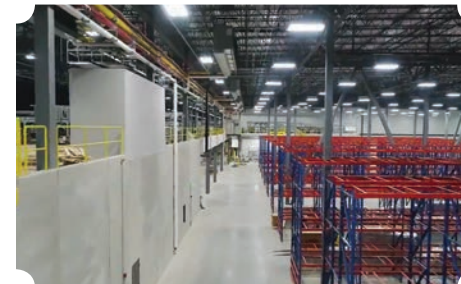
## Fresh Lou's News

A Peirone Produce Co. Newsletter

### On The Horizon

#### Stemilt Set to Open High-Tech DC in Wenatchee, WA

Stemilt Growers is a family-owned company that partners with Peirone to supply apples, pears, cherries and stone fruits to your stores. They are currently putting the final touches on a new, state-of-the-art distribution center called the Fresh Cube. When it opens in early summer, the Fresh Cube will be the one-stop shipping destination for Stemilt apples, pears and cherries. The heart of the Cube is the automated storage retrieval system, or ASRS, where sophisticated technology organizes inventory and maintains optimal fruit condition, while robotic aisle carriers efficiently retrieve pallets to prepare for shipping, as well as turn inventory. With 22 shipping docks, Stemilt expects to get trucks in and out of the Fresh Cube quickly, all while maintaining its commitment to delivering World Famous Fruit to Peirone, and onto your stores.



## Conventional Market Overview

Spring is rapidly approaching, the snow is melting and March Madness is in full swing. Many commodities are in a transitional state regarding growing areas. This will create both opportunity and challenge.



### *Asparagus:*

Supplies out of Mexico have been reduced due to cold weather. Add the Easter pull to the demand equation and we have a demand exceeds supply situation. We'll have grass, but the market is on the rise.



All varieties are showing stronger markets. We expect this trend to continue.

### *Apples:*

Movement remains strong in the apple category. We have had some great success with Stemilt's Lil Snapper 9/3# apples.



### *Berries:*

Blacks & blues are reasonable, raspberries are on the high side. Large packages are hard to come by with sporadic supplies. Straws are tight due to rain, cold and the Easter demand.



### *Grapes:*

Getting near the end of the Chilean deal. Quality remains good. We will see top quality greens begin to rise.



### *Citrus:*

Big navels are still a great value. Eating quality remains top drawer! Still 2-3 weeks left in Halos. Lemons have dropped a bit while limes have shown a spike.



### *Broccoli & Cauliflower:*

Product is transitioning from the desert to the coast. Coastal supplies are stronger than forecasted and prices are dropping.



### *Lettuce:*

Prices will remain high until Salinas gets underway. Expect quality to be just fair.



### *Peppers:*

Expect the market to remain at its current level. Colored bells are up slightly, quality remains good on all varieties.



### *Potatoes:*

No market changes here.

### *Tomatoes:*

Layers are up and we have been fighting color.

## Organic Market Overview

We are all but done in Yuma and have transitioned up to the Salinas Valley. There have been some light rains and cool days and Salinas has slowed production down, however volume is expected to pick up in the next week or so.



Organic broccoli and cauliflower are starting to come down in price and quality remains very good.



Organic celery is moderate to steady with good supplies.

Organic lettuce has seen a slight increase in price as supply is limited until Salinas gets into full production.

Organic cucumbers, squash and peppers remain very tight as Mexico is winding down and California hasn't started yet. Expect supply gaps and higher prices for 2-3 weeks. Look for the same scenario on organic tomatoes as well.

Organic pears have wrapped up the Washington season and organic apples will not be

far behind. Look for new crop organic apples and pears to come in from Argentina. Volume looks to be good this season and varieties will be on schedule for the S. American season.



Organic navels are all but finished and we will move into organic Valencias. Organic Valencias look to have a good season and the early varieties have extremely high sugar for this time of year so look for some good promotional opportunities on organic Valencias this season.



Organic lemons and grapefruit will also start to wind down as the season ends. There will be more organic lemons out of Mexico this season as more growers have also transitioned more trees to organic.

I look for a better than usual year on organic berries as more acreage has been transitioned to organic and new shippers have gotten in the organic berry deal. Look for some awesome promotional deals to come along through the season.

Organic avocados remain steady as supplies remain light. I don't look for the organic avocado market to change much anytime soon.

Organic potatoes and onions are real steady and we should see a seamless move out of Washington into California.