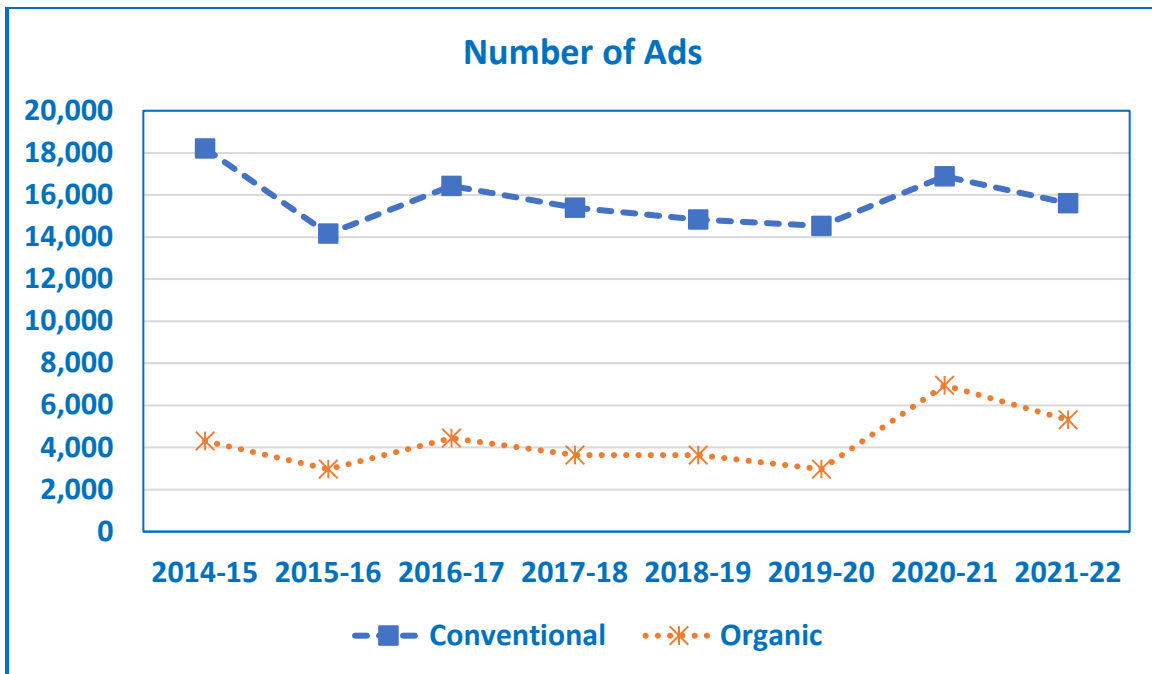


Variety Trends in U.S. Apple Retail Advertising

Introduction: Small businesses, journalists and other casual observers of market trends in apples can rarely afford to purchase proprietary market data. However, one free, public source of information is the “National Retail Report – Specialty Crops” published online by the USDA’s Agricultural Marketing Service. It reports weekly data on advertised prices of many fresh fruits and vegetables that are derived from a continuing survey of over 400 retailers, comprising over 29,200 individual stores. The survey provides indirect evidence of U.S. retail trends in fresh apples. Belrose, Inc. has used these weekly data to generate average results for major apple varieties for annual seasons, September thru August, from the 2010-11 season to the just completed 2021-22 season. Data is presented here for the seasons from 2014-15 to 2021-22.

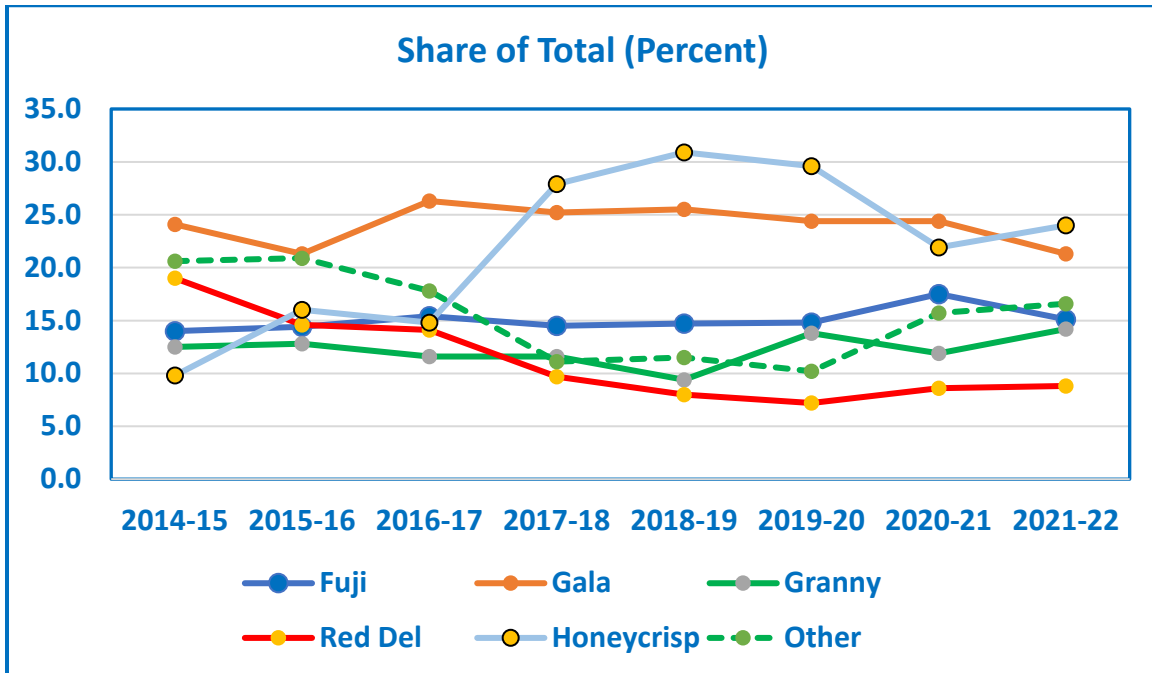
Figure 1. Average Weekly Number of Conventional and Organic Ads for Major Varieties of Apples, sold per pound, 2014-15 to 2021-22 Seasons
[Numbers of Ads (thousands)]



Comments:

1. The average weekly number of conventional ads (blue line) rose rapidly between 2010-11 and 2014-15, but has been relatively flat since.
2. The number of organic ads (orange line) doubled between 2013-14 and 2014-15 and almost doubled again between 2019-20 and the next two seasons.
3. The organic share of all apple ads (not shown) also rose rapidly between 2013-14 and 2014-15, averaged close to 20 percent for the next five seasons, then jumped to 29.4 percent in 2020-21, before falling back to 25.5 percent in 2021-22.

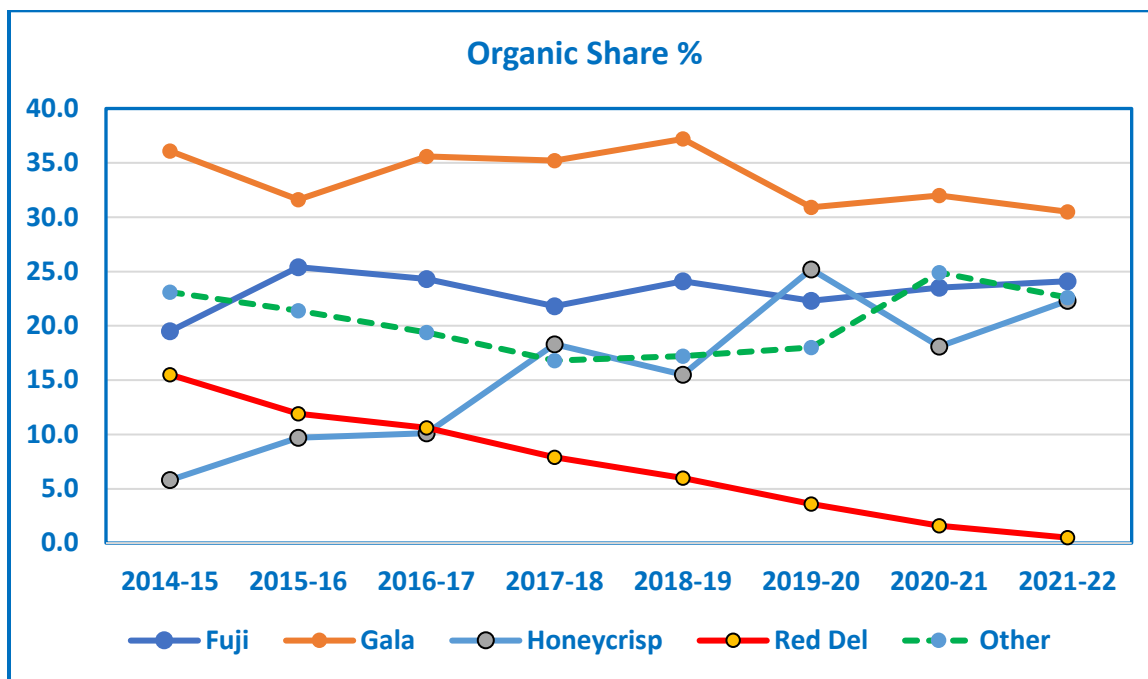
Figure 2. Share of Weekly Conventional Ads, sold per pound, by Major Apple Variety, 2014-15 to 2021-22 Seasons (Percent of Total)



Comments:

1. The share of weekly conventional ads for Gala (orange line), Fuji (dark blue line) and Granny Smith (solid green line) were fairly stable for the seven seasons covered.
2. The share of all conventional ads for Honeycrisp (light blue) ratched sharply upwards after 2016-17, remained close to 30 percent for the next three seasons before dropping below 25 percent in the next two seasons.
3. The share of all conventional ads has declined over time for Red Delicious and for most other major varieties including Golden Delicious and Braeburn. The McIntosh shared set a new high of 4.1 percent in 2021-22.
4. The share of ads for Cripps Pink/Pink Lady has been erratic from season to season, but set a new high of 9.5 percent in 2021-22.

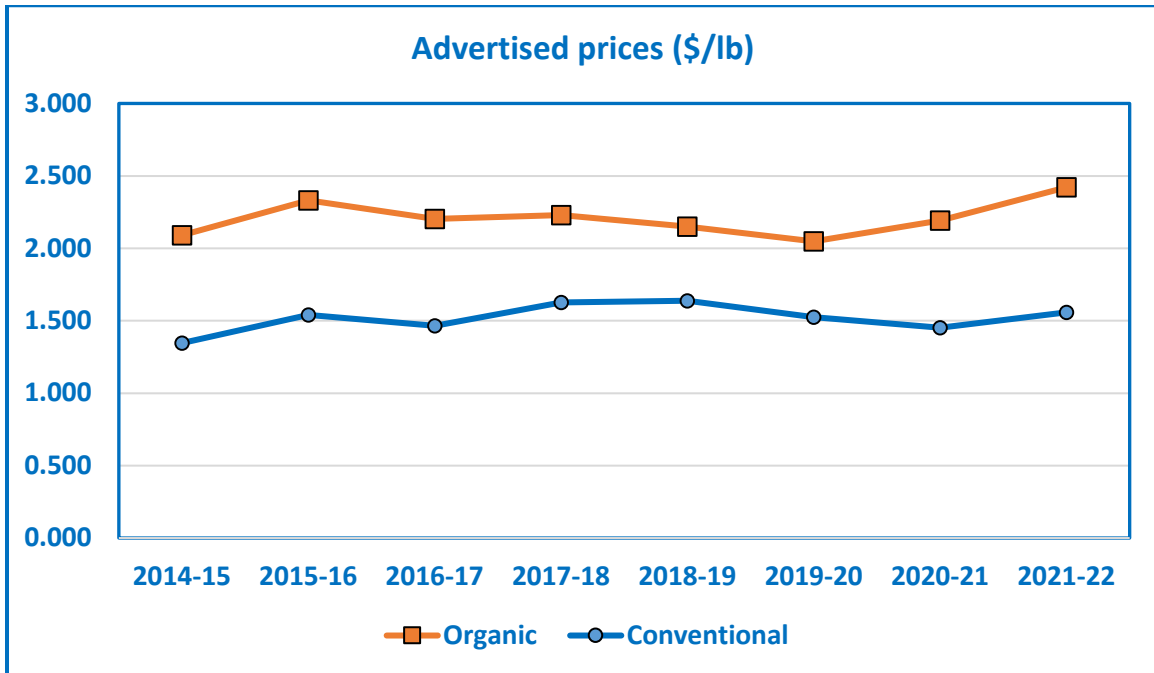
Figure 3. Share of Weekly Organic Ads, sold per pound, by Major Apple Variety, 2014-15 to 2021-22 Seasons (Percent of Total)



Comments:

1. Just three varieties, Gala (orange line), Fuji (dark blue line) and Honeycrisp (light blue line), now dominate organic ads, with a share of over 60 percent in 2021-22.
2. The Honeycrisp variety (light blue line), which grew rapidly thru 2019-20, has fallen back in the two most recent seasons. The increased share for Honeycrisp has come primarily at the expense of Red Delicious (red line).
3. The share of all other major varieties (dashed green line) has hovered around 25 percent in the two most recent seasons. Among these, Granny Smith (14.2 percent) and Cripps Pink (9.5 percent) had record shares in 2021-22.

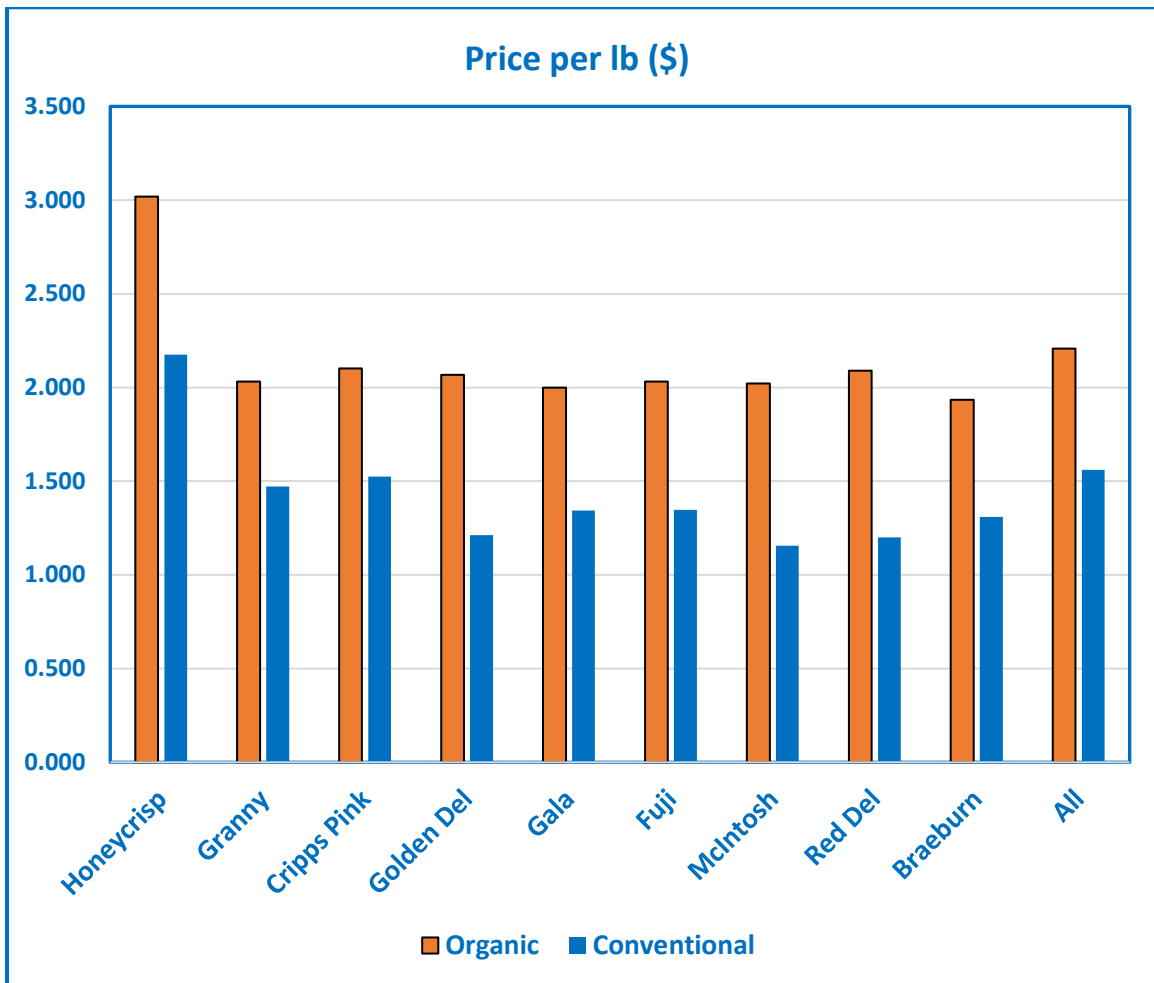
Figure 4. Average Weekly Advertised Prices of Organic and Conventional Apples, sold per pound, 2014-15 to 2021-22 Seasons
(\$ per lb)



Comments:

1. On average in the five most recent seasons, advertised organic prices have been 41.5 percent above advertised conventional prices.
2. After rising steadily between 2010-11 and 2015-16, advertised organic prices were relatively flat until a smaller crop led to an uptick in 2021-22.
3. Advertised conventional prices fell slightly in 2019-20 and again in 2020-21 before a modest recovery in 2021-22.
4. The price premium for advertised organic apples has fluctuated over time. It was 79.2 cents per lb in 2015-16 at 79.2 cents per lb, 74.0 cents per lb in 2020-21 and a new record of 86.3 cents per lb in 2021-22..
5. The advertised premium for organic apples also fluctuated widely in percentage terms. Its high point was 55.3 percent in 2014-15, its recent low was 31.3 percent in 2018-19, it bounced back to 51.0 percent in 2020-21 and 55.4 percent in 2021-22.

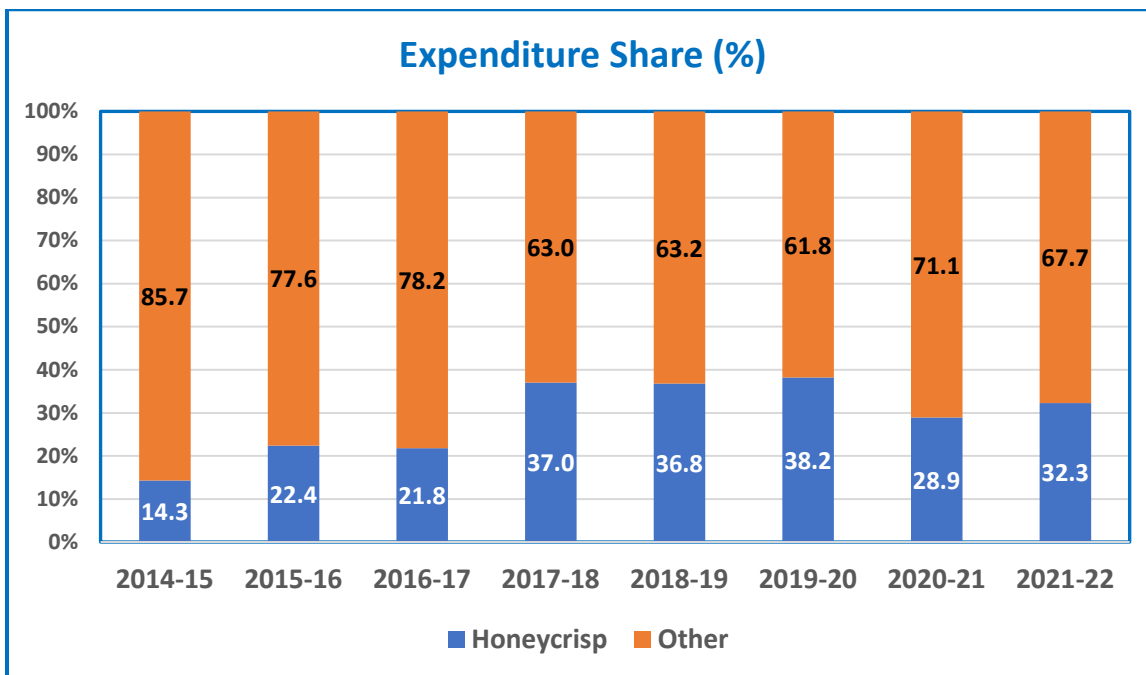
Figure 5. Average Advertised Prices, Organic and Conventional Apples, sold per pound, Five-year Average, 2017-18 to 2021-22 (\$ per lb)



Comment:

1. In the latest five seasons, both organic and conventional Honeycrisp apples sold at an average price substantially above those of all other varieties.
2. Among other major varieties, Cripps Pink had the highest conventional advertised price. However, that price averaged 70 cents per lb (about 30 percent) lower than the average for conventional Honeycrisp.
3. The advertised organic prices for all other varieties clustered close to \$2.00 per lb. regardless of the level of the conventional advertised prices, with Granny Smith and Cripps Pink having a slight advantage.
4. The number of stores advertising organic Braeburn and McIntosh was very low.

Figure 6. Weighted Average Weekly Expenditure on Honeycrisp and All Other Varieties, both conventional and organic, sold per pound, 2014-15 to 2021-22 (Share, percent)



Comment:

1. The Honeycrisp variety accounted for more than one third of weighted average weekly advertising expenditure for the most recent five seasons but fell below 30 percent in 2020-21. Weighted average expenditure equals number of ads times average advertised price. It is an indicator of the importance to retailers of each individual variety.
2. The growth in the Honeycrisp share was an indicator of the growing importance of Honeycrisp to retail apple sales. Retailers succeeded in moving more consumers towards buying the more expensive Honeycrisp variety.
3. Only Gala (21.9%) and Fuji (16.1%) accounted for more than 15% of weighted average weekly ad expenditures in 2021-22.
4. Red Delicious share had fallen from almost 20 percent in 2010-11 to about 5% in the five most recent seasons, another reflection of the shifting importance of different apple varieties to U.S. retailers.