Top Findings of the Power of Produce 2016

1. **Trip trends and the growing popularity of alternative channels emphasize the importance of produce to total store success.**
   Produce is a supermarket stronghold. Nearly one-quarter of shoppers switch outlets when purchasing fresh produce versus the bulk of groceries and supermarkets are the primary destination among switchers, followed by farmers' markets/produce stands and specialty organic stores. Younger generations are drawn to alternative channels — a red flag for traditional retailers.
2. **For online produce shopping, a trusted relationship with the fulfillment company can be game-changing**
   Online purchases of fresh produce remain a fraction of the total business. Consumers cite concerns over product freshness and quality, but also want control over selecting the produce they purchase. However, concerns vastly diminish and purchase interest rises when the online shopping platform is supported by their primary brick-and-mortar produce department.
3. **Promotions are key to solidifying sales among primary shoppers and attracting patrons of other channels.**
   Despite a significant drop in usage, the paper circular is easily still the top promotional research vehicle — driven by the older generations. At the same time, digital and in-store research are reaching critical mass, due to the Millennials. This emphasizes the importance of an omnichannel promotional strategy and leveraging segmentation rather than a one-size-fits-all approach.
4. **Value drives the purchasing decision more than price.**
   While price and promotions influence the purchase during pre-trip planning, ultimately, shoppers seek the ideal combination of the best produce for the best price by emphasizing appearance over cost. Shoppers are susceptible to impulse as well and point to eye-catching displays, recipe/serving ideas, nutrition callouts and sampling as drivers of unplanned produce purchases.
5. **Purchase interest for locally-grown becomes even stronger; definition tightens.**
   The popularity of locally-grown continues to soar, with 61 percent of shoppers wanting their produce department to stock more local items. However, shoppers' definition of local is tightening and increasingly shifting towards a mile radius and state lines. Support for the local farmers/economy overtook perceived freshness as the top reason for buying locally-grown.
6. **A growing consumer desire for transparency in the product and the production process is driving sales gains.**
   Shoppers' growing desire for "free-from" products is driving double-digit sales gains for organic fresh produce through increased household penetration along with bigger baskets. However, organic remains a niche segment to date, reflecting 8 percent of total produce sales, with usage skewing to the more affluent shoppers and families with children.
7. **Convenience solutions see growth but still require careful targeting based on the store audience.**
   Value-added produce has been consistently growing, albeit dollars faster than volume. Although household penetration grew, most shoppers only opt in for select items. Usage continues to skew toward the higher incomes and most current buyers expect to keep spending the same — signaling any price increases should be proportional with the level of convenience offered.
8. **Fresh produce is in demand as shoppers recognize current consumption is falling short.**
   Fresh produce is a mature category and driving growth requires innovative strategies aimed at moving shoppers into new usage occasions, new categories and to higher consumption frequencies. Fresh produce is in demand with 75 percent trying to eat more fruits and vegetables. For fruit, growth is driven by organic and convenience options for both snacking and juicing. For vegetables, dinner leads all meal occasions with organic and convenience making big inroads here as well.
9. **Health halo continues to be a strong merchandising proposition for fresh produce.**
   Shoppers strongly believe in the benefits of fresh produce, perceiving it as more nutritious than frozen and canned. One negative perception to overcome is that of cost, with shoppers believing fresh is the more expensive option.
10. **Suggestions for improving the produce department can be key to optimizing sales.**
    Greater variety is the number one area for improvement, according to shoppers. The second is lower prices, in particular everyday prices. Operational areas, including better quality/freshness, improved in-stock conditions, better cleanliness and having clearly-marked pricing is a third area. Lastly, shoppers recommend improved shopper outreach and customer service, including sampling, a variety of recipes, available and knowledgeable produce associates, and cooking demonstrations.

Links and resources

- To download your free copy of the report, visit: www.fmi.org/store/ and enter promo code Produce2016.
  For the presentation deck, see FMI Connect app.
- For questions on the report or presentation, email Anne-Marie Roerink at aroerink@210analytics.com
- For inquiries about the FMI Fresh Council, email Rick Stein at rstein@fmi.org
- For regulatory or legislative questions, please contact Stephanie Barnes at sbarnes@fmi.org

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