

The U.S. Blueberry Market - Recent Wholesale Trends & Perspective on the Organic Segment

Produced by Agronometrics for the NABC

Wholesale Conventional Prices and Volumes - Week 20 (May 11 - May 17)

Total U.S. Prices (USD/LB) and Volumes | Non-Organic



Source: USDA Market News, Shipping Point and Movements via [Agronometrics](#)

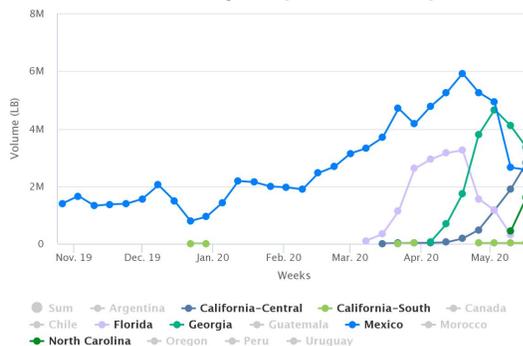
U.S. Prices (USD/LB) by Origin | Non-Organic



Source: USDA Market News, Shipping Point via [Agronometrics](#)

Origin	Price (USD/LB)
Average	\$2.49
California	\$2.63
Georgia	\$2.34
Mexico	\$2.22
North Carolina	\$2.47

U.S. Volumes by Origin | Non-Organic



Source: USDA Market News, Movements via [Agronometrics](#)

Origin	Volume (LB)
Sum	10,100,000
California-Central	2,820,000
California-South	30,000
Georgia	3,340,000
Mexico	2,360,000
North Carolina	1,550,000

Coming out of the turmoil created by the COVID19, it looked like the market was on track to replicate the volumes we saw last year. The last two weeks have proven this observation wrong - with Mexico's production dropping considerably in week 19 (w/e May 10) and Georgia's season peaking a week early - volumes are running below what was measured last year during this time frame. California still looks like it's running about a week ahead of where it was last year, however the volumes have not offset this deficit. The end result has been a 17% and a 13% decrease in production volume reported to USDA over the last two weeks, respectively.

Wholesale pricing on the other hand has remained relatively stable, noting that on week 19, when this report was written, the price was the same as two weeks prior.

Conventional Retail Markets

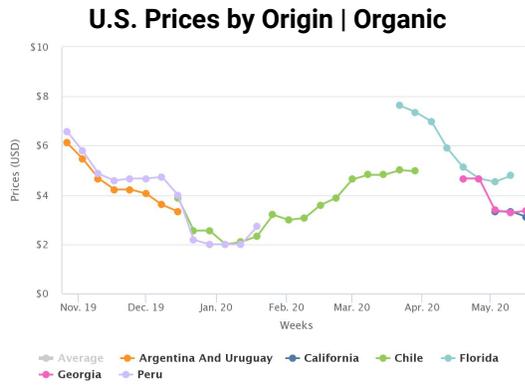
In the latest retail data from Nielsen made available by the USHBC, which spans from week 10 (w/e Mar 7) through week 19 (w/e May 9) we are seeing a lot of conventional blueberries moving with volumes up 10% through this time period compared to the previous year. By comparison the USDA is reporting that during the same period there was a 4.5% decrease in volumes.

This incongruence between wholesale and retail markets suggests fruit that may have been held in the supply chain is clearing out. As had been mentioned in the previous article looking at the effects of COVID19 on Florida's production, it is likely that one of the main contributors to the sudden fall in pricing at wholesale was that fruit wasn't able to move through the supply chain to get on retail shelves. Given the data previously mentioned it is clear that the episode is behind us and as excess volume of conventional blueberries in the supply chain dry up, we should see similar softness in volume sales at retail.

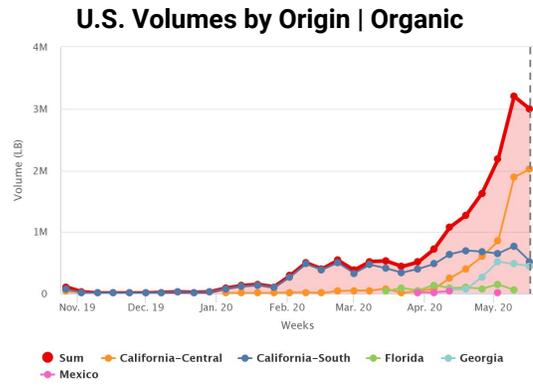
At the same time, the dollar sales figures at retail have been 13% higher than last year through the period previously mentioned. Although retail data has shown a lot of variability, if these trends hold, prices at retail could drift higher than they were last year, which could also be reflected in the wholesale markets.

Wholesale Organics Overview - Week 20 (May 11 - May 17)

With this week's focus on organics we will make a quick summary of USDA's most recent organic blueberry volume and pricing data. The biggest player in this segment is California, with this week's Central California production coming in about four times greater than Southern California. This is no small feat, especially considering that Southern California out produces every other organic blueberry origin reporting. In pricing, Georgia and California are holding steady, reporting \$3.36 USD/LB and \$3.11 USD/LB, respectively.



Source: USDA Market News, Shipping Point via [Agronometrics](#)

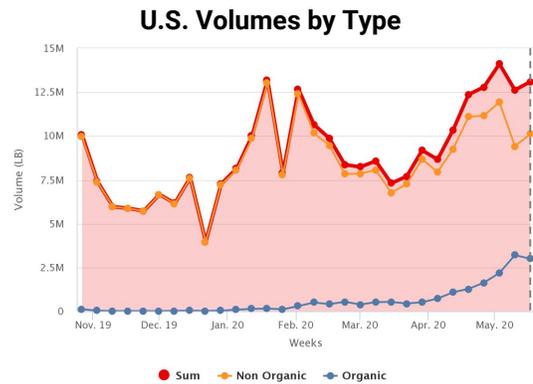


Source: USDA Market News, Movements via [Agronometrics](#)

Comparing organic to conventional pricing we get a better idea of how these two categories interact. At the moment organic pricing is running at a \$0.79 USD/LB premium over conventional. As organic volume and share of the blueberry market have increased, the premium for the fruit has decreased, noting a steady downward trend since week 15 (w/e Apr 12)

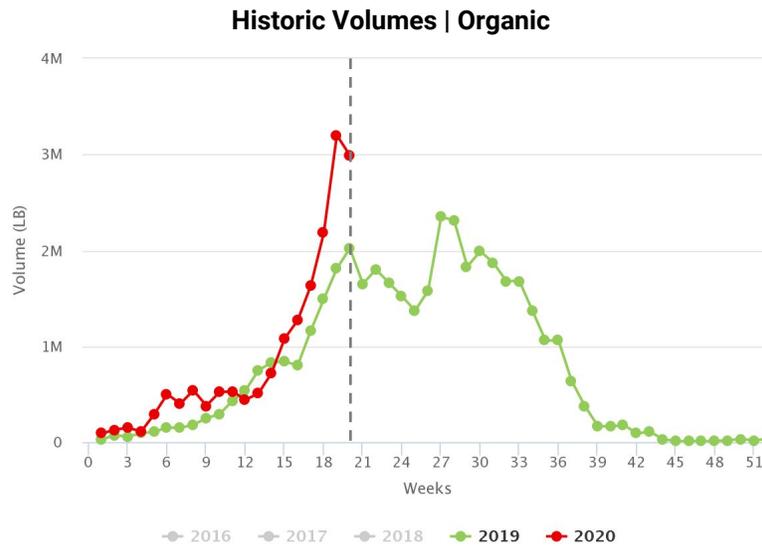


Source: USDA Market News, Shipping Point via [Agronometrics](#)



Source: USDA Market News, Movements via [Agronometrics](#)

Growth in the organic category over the last couple of years, through increased volume from every origin reporting, has pushed a 30% increase in the volume of fruit available over the last two weeks.



Source: USDA Market News, Movements via [Agronometrics](#)

Organic Retail Markets

At retail, organic blueberries have generally reflected a similar trend to what we have seen with conventional blueberries with volumes up by 12% on last year for the previous 10 weeks ending May 9. Wholesale also reported an increase, but only 3.5%. This variance in growth rates suggests that, like conventional, any excess volumes in the supply chain are clearing.

Relative to what we are seeing in conventional fruit, there is a logical argument to be made for finding a smaller difference in volume growth between the wholesale and retail markets in organics. This is brought on by the end of Chile’s season combined with Florida and Mexico production, origins which produce limited volumes of organic fruit, leaving the majority of the supply chain issues to be felt by the conventional segment. The pricing for organic blueberries at wholesale also reflects this reality as they continued to climb for two weeks after the bottom started to fall out from the conventional markets and came down at a much slower rate thereafter.

The USHBC retail report also mentions aggressive price points for organics at Costco. This retailer is not included in the Nielsen dataset, but is no doubt moving significant volumes of organic blueberries. Considering the wholesale volumes registered by the USDA, this is not surprising. The industry is in the midst of moving more organic fruit than they ever have before.

Fortunately though, the 10 weeks of retail data made available in the report sees dollars for organic blueberries were up 17%. Although the organic retail data also shows a considerable amount of variability, hopefully this trend will be maintained and neither wholesale nor retail prices will be hit too hard by these aggressive pricing promotions.

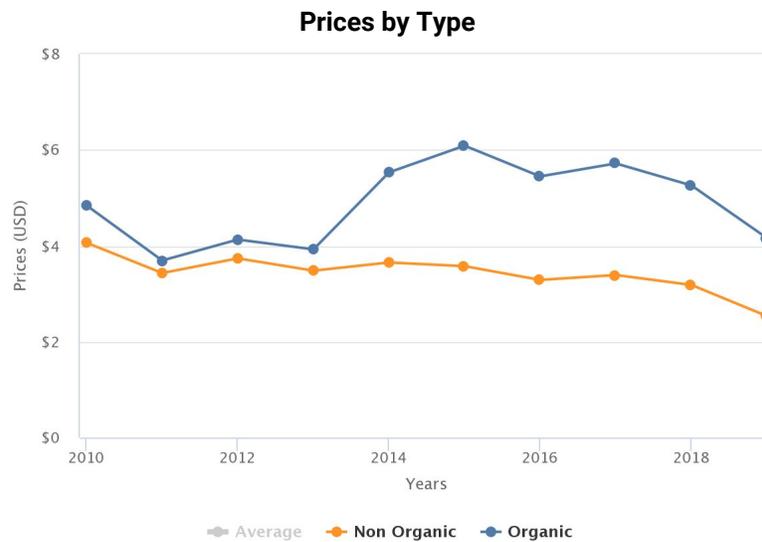
Opportunities for Organics in the US Market

In the last ten years organics as a category has seen an incredible level of growth. As measured by the USDA the category has increased by more than six fold. All this while maintaining relatively stable pricing. There is undoubtedly a growing hunger for organic blueberries that the market is successfully satisfying



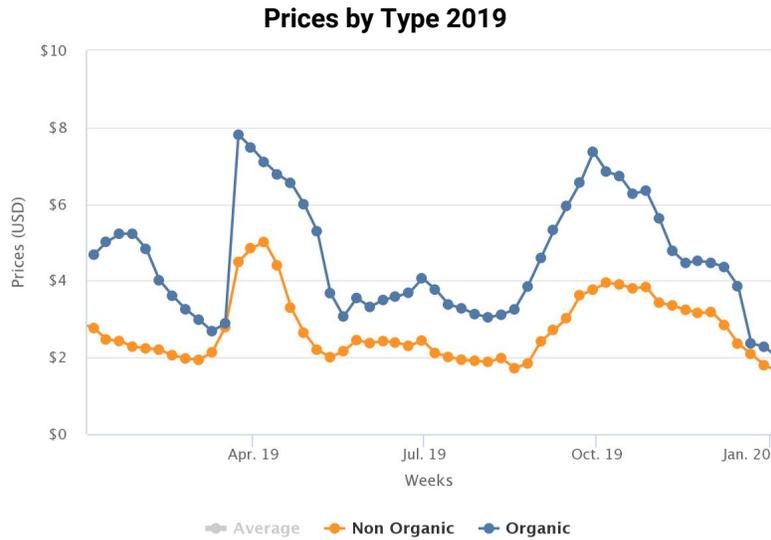
Source: USDA Market News Shipping Point and Movementst via [Agronometrics](#)

For producers, organic fruit premiums have been a strong incentive to get into this segment of the category. From 2014 to 2019, where USDA’s records are more complete, the average difference between the two categories is \$2.09 USD/LB.



Source: USDA Market News, Shipping Point via [Agronometrics](#)

The chart and the numbers presented above, however, are an average of the entire year. With a highly seasonal product like blueberries, heavy fluctuations in price throughout the year are the norm. Looking back on 2019 we can see that the premium varies greatly throughout the year, ranging from \$0.10 USD/LB to \$3.59 USD/LB... sometimes with only one week between the smaller and larger premiums.



Source: USDA Market News, Shipping Point via [Agronometrics](#)

The seasonal variation in pricing also means that different origins receive different premiums. What may be a great opportunity for one producer may offer smaller returns for growers operating in a different region and selling their fruit at a different point in the year. By comparing the percentage difference between the weekly organic and conventional prices weighed by the volume of organic fruit (where available), the table below offers an average premium for each growing region over the last four years.

Average Weekly Organic Premium over Conventional Blueberries, by Origin

Origin	2016	2017	2018	2019
Argentina/Uruguay*		217%	191%	136%
California	190%	149%	122%	134%
Chile*	204%	178%	175%	131%
Florida		182%	124%	186%
Georgia		187%		193%
New Jersey			239%	204%
Peru*		191%	207%	170%
Washington/Oregon	167%	148%	167%	173%

Source: USDA Market News, Shipping Point and Movements. calculated by [Agronometrics](#)

*The seasons for southern hemisphere production are calculated from week 26 of the year listed to week 25 of the following year. Because volumes of organics are not reported for imported fruit, the total volume imported is used to weigh the weekly values as a part of the yearly average.

There are many insights to be gained from this interpretation of market data. An individual study of each origin is possible, but that gets away from the intent of this report which is meant to summarize the category as a whole. That said, Washington/Oregon stand out as an origin which has seen consistent growth for the category over the last three years. New Jersey and Georgia also stand out for the high premiums they receive from organic fruit over conventional during their seasons.

One of the biggest takeaways from this table is that increasing volumes of organic blueberries relative to conventional are putting downward pressure on premiums. We can see the effects of this in most origins where the percentage premium is steadily decreasing year after year. Although some premiums show an increase in 2019 compared to 2018, it is important to keep in mind that these figures are calculated in relation to conventional fruit, which have seen a general decrease in recent years that has been also echoed in organics.

Conclusions

The historical growth of the organic blueberry segment is undeniable and the category's relative stability in prices is impressive. New volume opportunities exist for organic blueberries in the US retail, foodservice and ingredient markets, and in export channels, but as the market matures extracting this growth will require new tools and skills.

Agriculture is a continually evolving, complex and risky game of balancing production costs with retailer and consumer demand, and price-point sensitivities. As with other specialty crops, growers of conventional and organic blueberries are currently struggling with the realities of increased input costs and ever tighter margins in a competitive global landscape.

Understanding available production windows and the timing of harvests play a critical role in earning sufficient premiums for any type or variety of fruit. This is particularly true for organic crops which can have higher production costs.

As the complexity of global market production and demand variables increase, it becomes more difficult to effectively manage production levels and distribution logistics on conventional and organic specialty crops. Effectively growing to meet retail and foodservice channel demands, at a fair and profitable price point, will require smart business planning that is informed by accurate market data.

In a mature market, increased access to, and utilization of datasets that provide a more integrated and comprehensive view to the entire value chain is a powerful and effective way to manage the complexity of a global specialty crop that serves multiple channels - grocery retail, foodservice, manufacturing and export.

There is still considerable volume and dollar growth to be mined from domestic and global, conventional and organic blueberry markets. However, growers and their partners will struggle to effectively extract this next era of growth without access to the right data, and application of the right analytics that provide the necessary insights into the marketplace dynamics affecting production, pricing and demand.

Note on the Data:

Please reference the following document for notes on how prices are calculated and where the data from this report is being sourced from.

https://www.agronometrics.com/static/sources_for_agronometrics_reports.pdf