Florida Fresh Citrus Fruit: Prospects for the 2020-21 Season

2020 Packinghouse Day

Presented by
Marisa L. Zansler, PhD
Florida Department of Citrus - Economic and Market Research Department

August 20, 2020

EMRD Team
https://www.floridacitrus.org/grower/economic-market-resources/
Overview

• Florida fresh citrus movement increased during the 2019-20 season, largely due to increased production.

• As COVID-19 concerns forced consumers around the globe to drastically change their purchasing behaviors, the demand for fresh produce intensified beginning in mid-March.
  • Fresh oranges and tangerines were among the top ten fresh fruit produce items in highest demand in the U.S., according to IRI data.
  • Short-term demand for fresh citrus may improve grower returns with Florida production in short supply for market demand.

2020 Pandemic Timeline:
Consumer Shopping Behavior at Retail
Consumer fresh fruit purchases during pandemic

- Increase in fresh citrus sales were originally associated with
  - Pantry Preparation/pandemic shopping.
  - Bagged produce popular at onset.
  - Increased consumer traffic to traditional groceries and large-scale stores.
  - Increased consumer online purchases and use of grocery delivery services.
  - Awareness of health/wellness nutritional benefits of fresh produce.

- Challenges included distribution, increase in price, economic downturn/uncertainty.

March 2020 - Unprecedented sudden shift in consumer behavior – Growth In Store and Online

TOTAL CPG DOLLAR % CHANGE VS. PRIOR YEAR

TOTAL OUTLETS - % CHANGE VS. 2019

Source: Nielsen Total US xAOC; Nielsen Ecommerce measurement powered by Rakuten Intelligence

Source: Nielsen Homescan Panel
### July 2020 - Grocery and Club remain the channels of choice for consumers

<table>
<thead>
<tr>
<th>Department</th>
<th>Total Combined</th>
<th>In-store</th>
<th>Online</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery</td>
<td>15%</td>
<td>11%</td>
<td>68%</td>
</tr>
<tr>
<td>Meat</td>
<td>11%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Dairy</td>
<td>14%</td>
<td>13%</td>
<td>86%</td>
</tr>
<tr>
<td>Health &amp; Beauty Care</td>
<td>7%</td>
<td>3%</td>
<td>19%</td>
</tr>
<tr>
<td>Frozen</td>
<td>16%</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Household Care</td>
<td>13%</td>
<td>12%</td>
<td>28%</td>
</tr>
<tr>
<td>Alcohol</td>
<td>12%</td>
<td>8%</td>
<td>307%</td>
</tr>
<tr>
<td>General Merchandise</td>
<td>-2%</td>
<td>-2%</td>
<td></td>
</tr>
<tr>
<td>Pet Care</td>
<td>7%</td>
<td>3%</td>
<td>20%</td>
</tr>
<tr>
<td>Baby Care</td>
<td>-2%</td>
<td>-3%</td>
<td>11%</td>
</tr>
<tr>
<td>Bakery</td>
<td>-4%</td>
<td>-4%</td>
<td></td>
</tr>
<tr>
<td>Produce</td>
<td>13%</td>
<td>13%</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Nielsen RMS xAOC, WE 7/4/20 vs. YAGO week

### July 2020 - Grocery and Club remain the channels of choice for consumers

**TOP AND BOTTOM RANKED CATEGORIES, U.S.**

<table>
<thead>
<tr>
<th>WE 8/1/2020</th>
<th>Top Growth Categories</th>
<th>Top Declining Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SEAFOOD</td>
<td>41%   TOBACCO ALTERNATIVES</td>
</tr>
<tr>
<td>2</td>
<td>FRUIT</td>
<td>38%   FULLY COOKED MEAT</td>
</tr>
<tr>
<td>3</td>
<td>EXTRACTS, HERBS, SPICES AND SEASONINGS</td>
<td>35%  COSMETICS AND NAIL GROOMING</td>
</tr>
<tr>
<td>4</td>
<td>COATING MIXES AND CRUMBS</td>
<td>33%</td>
</tr>
<tr>
<td>5</td>
<td>ALCOHOLIC BEVERAGE MIXERS</td>
<td>33%</td>
</tr>
</tbody>
</table>

*Source: Nielsen RMS xAOC, WE 7/4/20 vs. YAGO week
Fresh Oranges and Tangerines among top fruit purchases

Source: IRI, Total U.S., MILO, 1 week% change vs. YA

Florida Fresh Shipments
Florida Certified Fresh Citrus Shipments

19/20 - % Chg  SYTD
Oranges        +27%
Grapefruit     +14%
Specialty      +17%
Total          +22%

Source: FDACS; DDOC Economic and Market Research Fresh Fruit Database
Florida Certified Fresh Citrus Revenue

19/20 - % Chg SYTD
- Oranges +19.5%
- Grapefruit +9.5%
- Specialty +8.7%
- Total +13.7%

Data Sources: FDACS; FDOC Economic and Market Research Fresh Fruit Database; FOB prices estimated by CAC.

Florida Fresh Certified Shipments – Oranges

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>7,482.2</td>
<td>7,128.0</td>
<td>5,385.5</td>
<td>3,958.6</td>
<td>4,301.9</td>
<td>4,322.2</td>
<td>5,694.8</td>
</tr>
<tr>
<td>Canada</td>
<td>532.9</td>
<td>647.3</td>
<td>504.0</td>
<td>388.5</td>
<td>340.7</td>
<td>270.9</td>
<td>238.8</td>
</tr>
<tr>
<td>Taiwan</td>
<td>105.1</td>
<td>52.8</td>
<td>126.8</td>
<td>28.2</td>
<td>13.0</td>
<td>2.2</td>
<td>-</td>
</tr>
<tr>
<td>Japan</td>
<td>3.2</td>
<td>0.0</td>
<td>-</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Market Ranking | State/Province | % Total Domestic & Canadian Shipments |
---------------|----------------|-------------------------------------|
1              | Florida        | 24.84                               |
2              | New York       | 16.13                               |
3              | Illinois       | 9.25                                |
4              | New Jersey     | 6.70                                |
5              | Georgia        | 5.65                                |
6              | Wisconsin      | 4.57                                |
7              | North Carolina | 3.82                                |
8              | Pennsylvania   | 3.70                                |
9              | Ontario        | 3.53                                |
10             | Massachusetts  | 2.81                                |

Source: FDACS; FDOC Economic and Market Research Fresh Fruit Database
### Florida Fresh Certified Shipments – Tangerines

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>4,012.4</td>
<td>3,451.3</td>
<td>2,301.1</td>
<td>1,664.2</td>
<td>845.8</td>
<td>943.9</td>
<td>1,103.5</td>
</tr>
<tr>
<td>Canada</td>
<td>159.5</td>
<td>127.4</td>
<td>58.4</td>
<td>42.4</td>
<td>14.7</td>
<td>26.6</td>
<td>29.5</td>
</tr>
<tr>
<td>Exports</td>
<td>29.8</td>
<td>30.6</td>
<td>12.6</td>
<td>16.4</td>
<td>4.6</td>
<td>7.6</td>
<td>7.2</td>
</tr>
</tbody>
</table>

Includes Royal tangerines (formerly known as Temples) and tangelos.

*2017-18 – Hurricane Irma season with higher drop rates.

Source: FDACS; FDOC Economic and Market Research Fresh Fruit Database

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### Florida Fresh Certified Shipments – Tangerines

<table>
<thead>
<tr>
<th>Honey Tangerines</th>
<th>Other Tangerines</th>
<th>Tangelos</th>
<th>Royal Tangerines/Temples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Ranking</td>
<td>State/Province</td>
<td>State/Province</td>
<td>1,000 4/5-Bushel Cartons</td>
</tr>
<tr>
<td>1 Florida</td>
<td>42</td>
<td>28.62</td>
<td>Florida</td>
</tr>
<tr>
<td>2 California</td>
<td>28</td>
<td>18.58</td>
<td>New York</td>
</tr>
<tr>
<td>3 New York</td>
<td>18</td>
<td>11.97</td>
<td>Georgia</td>
</tr>
<tr>
<td>4 Illinois</td>
<td>9</td>
<td>6.33</td>
<td>New Jersey</td>
</tr>
<tr>
<td>5 Texas</td>
<td>7</td>
<td>4.80</td>
<td>Pennsylvania</td>
</tr>
<tr>
<td>6 Georgia</td>
<td>7</td>
<td>4.75</td>
<td>Kentucky</td>
</tr>
<tr>
<td>7 New Jersey</td>
<td>6</td>
<td>4.27</td>
<td>Texas</td>
</tr>
<tr>
<td>8 Pennsylvania</td>
<td>5</td>
<td>3.06</td>
<td>Illinois</td>
</tr>
<tr>
<td>9 Puerto Rico</td>
<td>4</td>
<td>2.88</td>
<td>North Carolina</td>
</tr>
<tr>
<td>10 Virginia</td>
<td>3</td>
<td>2.12</td>
<td>Ontario</td>
</tr>
</tbody>
</table>

Source: FDACS; FDOC Economic and Market Research Fresh Fruit Database
Florida Fresh Certified Shipments - Grapefruit

Prospects for 2020-21 Season and Long-term

- Demand for Fresh Citrus depends on – economy, health and job security are concerns likely to increase in significance, significant price growth of fresh citrus in recent years.
- Supply for Fresh Citrus – Early projections indicate decline in Florida orange production
- Long-term Florida fresh citrus availability is dependent on
  - Replanting efforts; and
  - Citrus varieties consumer want
- Other U.S. production and imports poised to capture most of the gains in short-run.

*Source: The Conference Board® Global Consumer Confidence Survey conducted in collaboration with Nielsen Q4 2019–Global Total. HH Expenses Base: Cutting back 68%
Florida Round-orange tree replacement rate*

* Calculated as difference between loss rate and replanting rates

Florida grapefruit tree replacement rate*

* Calculated as difference between loss rate and replanting rates
Fresh orange imports

Fresh tangerine imports
U.S. Monthly Imports by Country of Origin

Fresh grapefruit imports

2019
2020

Israel
Mexico
Rest of World
South Africa

Equivalent 45-bushel cartons

10,000
30,000
60,000
90,000

1 2 3 4 5 6 1 2 3 4 5 6 1 2 3 4 5 6

123456123456123456123456

Israel Mexico Rest of World South Africa

2019
2020

Fresh grapefruit imports

U.S. Monthly Imports by Country of Origin

2018/19 ECONOMIC CONTRIBUTIONS REPORT

FLORIDA CITRUS

Contributing $6.53 billion in industry output to Florida’s economy

71.4 MILLION BOXES

Packed Citrus 9,181,000

12,000

CARTONS

CITRUS WOULD CREAT a BASKETBALL COURT 2,000 TIMES longer!

7.9 MILLION GALLONS

Citrus Juice

1,315 TIMES

1,300

INDUSTY ROCKETS

4,5 MILLION BOXES

530,000

THOUSAND BOXES

Oranges

Grapefruit

Tangerines and Tangostis

UF/IFAS

ECONOMIC IMPACT RESEARCH CENTER

PROVIDED FOR

CITRUS


Florida State & Local Tax Contributions
$293 million dollars

Citrus Industry TOTAL CONTRIBUTIONS

Industry Output

58%

$6.53 billion

Employment

52%

35,845 jobs

Service Providers

54%

35,845 jobs

LARGEST JOBS

44%

30,773 jobs

VOLUME

$1.66 billion

43%

29,256 jobs

TOURISM

42%

29,256 jobs

Florida State & Local Tax Contributions

123 million dollars
There will be a new baseline for fresh produce sales stemming from increased consumer traffic to traditional and brick and mortar.

Fresh citrus sales would benefit in the future from marketing efforts today.

Moving forward demand will depend on the long-term changes in consumer behavior
- Where/how are they shopping?
- What are their perceptions about essential purchases?

Long-term Florida production and infrastructure utilization is key
- Replanting, reduced costs of production, and improved yields to meet market demand.

Investing in consumer awareness today has a lag effect that strengthens and maintains consumer demand in the future.

Florida Grower and Fresh Citrus sales going forward...
Thank You

Contact Information

Dr. Marisa Zansler
Director of Economic and Market Research

mzansler@ufl.edu
(352) 294-7693
2125 McCarty Hall – University of Florida
Gainesville, Florida 32611-0249

U.S. Orange Production, Supply, and Distribution

Source: USDA FAS PSD Database
2019/20 data incomplete
U.S. Tangerine/Mandarin Production, Supply, and Distribution

Source: USDA FAS PSD Database
2019/20 data incomplete

U.S. Grapefruit Production, Supply, and Distribution

Source: USDA FAS PSD Database