Concurrent Session B: Horticultural Outlook

201 Stocking Hall, 1:45 to 3:30 PM

Moderator: Bobbie Severson, Dyson School
• Brad Rickard, Associate Professor, Dyson School
  *Fruit and Vegetable Situation and Outlook* (1:50 to 2:10 PM)

• Jie Li, Research Associate, Dyson School
  *Wine and Grape Situation and Outlook* (2:10 to 2:30 PM)

• John Bovay, Assistant Professor, UCONN
  *Implications of the Food Safety Modernization Act Product Safety Rule* (2:30 to 3 PM)

• Giovanni Sogari, Visiting Scholar, Dyson School
  *An Overview of Geographical Indications in the Wine and Food Sector* (3 to 3:30 PM)
Situation and Outlook for Fruits and Vegetables

Brad Rickard, Associate Professor
Dyson School of Applied Economics and Management
January 22, 2018
Overview of Fruit Crop Trends in Recent Years

- Between 2013 and 2017, U.S. fruit producers experienced relatively high prices for many crops.
- Over this time period we saw little variability in consumer prices for fruit crops, but we did observe some increase in consumer prices for fruits in 2017 relative to recent years.
Index of fruits and tree nuts price received by growers
CPI – Fresh fruits and vegetables in U.S. city average
US pears, fresh market, 2007-2016
US peaches, fresh market, 2007-2016
US apples, fresh market, 2007-2016

Thoughts?
Situation Report for Apples in NYS and Elsewhere

- In 2017 we saw a slight drop (~7%) in apple production in the United States due to decreases in production in WA and notably in the Central U.S.
- Production in NY was up in 2017 but down in MI
- For WA: While ‘Red Delicious’ remains the most abundant variety with 24% of production, ‘Gala’ is close behind at 22.5%, followed by ‘Fuji’ at 14% and ‘Granny Smith’ at 13%, ‘Honeyscrisp’ at 8%, and ‘Cripps Pink’ at 5%.
- Coming soon to WA…
Outlook for Fruit markets in 2018?

• Cosmic Crisp!

• This is the largest introduction of a new apple variety ever in the United States.
There have been approximately 600,000 Cosmic Crisp trees ordered in 2017, 5.8 million projected in 2018 and another 5.5 million trees in 2019 — which is about 40% of all new trees being ordered.

WSU is limiting Cosmic Crisp tree sales to in-state growers for 10 years, and then it will expand to other U.S. and international regions.

Cosmic Crisp apples should begin to appear in West Coast retail markets in 2019, and expand nationally in 2020.
In the Northeast region, vegetable crops (not including potatoes) have been planted on approximately 90,000 acres with an annual total farm value of between $450 and $500 million. This translates to an average revenue of approximately $5,200 per acre across the states, with the highest per acre revenues of nearly $6,900 in New Jersey. Potatoes are typically grown on an additional 72,000 acres in the Northeast with a total value of nearly $200 million.
## Production and Acres in Fresh Vegetables in the Northeast

<table>
<thead>
<tr>
<th>State</th>
<th>Value of Fresh Vegetable Production</th>
<th>Acres of Fresh Vegetable Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>CT</td>
<td>9126</td>
<td>9620</td>
</tr>
<tr>
<td>ME</td>
<td>4233</td>
<td>5040</td>
</tr>
<tr>
<td>MA</td>
<td>15132</td>
<td>14200</td>
</tr>
<tr>
<td>NH</td>
<td>5723</td>
<td>5005</td>
</tr>
<tr>
<td>NJ</td>
<td>124187</td>
<td>132080</td>
</tr>
<tr>
<td>NY</td>
<td>344310</td>
<td>289250</td>
</tr>
<tr>
<td>RI</td>
<td>2160</td>
<td>2438</td>
</tr>
<tr>
<td>VT</td>
<td>2760</td>
<td>3128</td>
</tr>
<tr>
<td>NE Total</td>
<td>507631</td>
<td>460761</td>
</tr>
<tr>
<td>USA</td>
<td>11488248</td>
<td>10729140</td>
</tr>
<tr>
<td>non-NE</td>
<td>96%</td>
<td>96%</td>
</tr>
</tbody>
</table>
Vegetable Crop Values in the Northeast (Average 2015-17)

- Tomatoes
- Squash
- Sweet Potatoes
- Spinach
- Pumpkins
- Potatoes
- Bell peppers
- Onions
- Cucumbers
- Sweet corn
- Cabbage
- Snap beans

Total Revenue (million $)
Outlook for Vegetable markets in 2018 and Beyond?

• Experts predict that U.S. per capita demand for fresh vegetables will continue to grow by between 1 and 2% per year over the next decade.

• However, the shift that is occurring towards on-line grocery shopping has the capacity to increase fresh vegetable consumption as data show that consumers make healthier purchases when buying on-line.

• The recent purchase of Whole Foods by Amazon in June 2017 for $13.7 billion provides some indication that on-line shopping for groceries could be a paramount change for the food industry.
By 2025, the share of online grocery spending could reach **20%**, representing **$100 Billion** in annual consumer sales.

That is the equivalent of approximately **3900** grocery stores.
Outlook for Vegetable markets in 2018 and Beyond?

• The expansion in the share of food sales at discount stores.
• In 2017 there were 1000 new stores opened by Dollar General and another 650 stores opened by Dollar Tree, and both chains sell food including fresh produce.
• Also, there was also a significant redesign in many U.S. Aldi stores, and Aldi is planning to open 900 new stores in the United States by 2022 which would make it the third largest food retailer in the country.
• Lastly, another German discount food store, Lidl, has begun to open stores in the United States, and they plan to have 100 stores in the Eastern and Southern United States by mid-2018.
• Perhaps somewhat surprisingly, in these discount food retailers—and especially in Aldi’s newer stores and in Lidl—there is a renewed focus on fresh produce including organic vegetables.
1/3 of all new stores in 2017
ALDI truth #57: We offer a crop of fresh, crisp and delicious low prices.

Savings begin Sunday, July 20

Check out our freshly selected organic produce.

1.99 per pack
Organic Grape Tomatoes

USDA ORGANIC

3.89 each
Sunflowers

1.49 per pack
Sweet Corn

1.29 per pack
Green Peppers

99¢ per pack
Sweet Onions

99¢ per pack
Mushrooms

129¢ per pack
Zucchinis


Sales (USD bn)

It will be 3rd largest market in US
Thank you!

Questions or Comments?

Brad Rickard
607.255.7417
bjr83@cornell.edu