

How is the Strawberry Industry Weathering the Pandemic?

Yujing Song, Mark Bolda, Oleg Daugovich, and Rachael Goodhue

In 2017, 38,200 acres of California strawberries generated \$3.1 billion in production value, making it one of the state's top ten crops. Strawberry production ramps up in March and is at its peak in April through June. At press time, much of this period has been impacted by COVID-19-related restrictions that have been in place nationally and internationally, making the potential impacts relatively large in terms of the share of annual production affected.

The shuttering of foodservice businesses has reduced a major marketing channel; foodservice accounts for about 20–25% of sales. Export demand has shrunk. Typically, California strawberries are shipped as cargo on passenger planes to Dubai, Hong Kong, and elsewhere. Now, shippers are using cargo planes, which increases transportation costs.

At press time, strawberry producers have access to three USDA initiatives designed to blunt the economic impact of COVID-19 on agriculture. First, under the Families First Coronavirus Response Act, the USDA is making additional commodity purchases, including \$35 million allocated for strawberries, to distribute to communities nationwide. At slightly over 1% of 2017's production value, the absolute value of this purchase is small. However, to the extent that it can facilitate moving volume at critical times during the coming months, it could have an outsize effect on the industry.

Second, strawberry growers and shippers are eligible to apply to the Farmers to Families Food Box program to supply produce to food banks and other non-profits. Finally, the USDA announced on April 19 that strawberries were one of 22 specialty crops eligible for direct payments to producers

under the Coronavirus Farm Assistance Program.

Market impacts of the pandemic differ for fresh and frozen strawberries. Frozen berries can be stored so when stay-at-home restrictions began, consumers may have increased their purchases as part of the stockpiling strategy many undertook. As a highly perishable food, fresh strawberry availability should not be greatly affected by consumers stocking up and generating shortages, as has been observed for many non-perishables. On the other hand, because fresh strawberries are highly perishable, fresh sales may have declined initially as a result of people limiting their trips to grocery stores.

Recently, demand for fresh strawberries has strengthened, and people appear to be purchasing strawberries at a near-normal pace. The loosening of restrictions on mobility in many regions has likely played a role, as may have other factors. Mother's Day is considered a driver of strawberry demand, as is spring more generally, and this traditional force may have influenced consumers to resume purchases. Additionally, major shippers are investing substantially in advertising and promotion of fresh berries this year.

COVID-19's labor-related challenges are particularly significant for strawberries, which require about 1.5 workers per acre. The industry has instituted costly additional worker and food safety measures. Growers check workers for symptoms and monitor COVID-19 outcomes. The availability of protective face covers, sanitizer, and tissues for workers was an early challenge and continuing these measures increases costs. Social distancing drives up harvest costs because it requires increasing the space between workers, which

slows picking. To some extent, growers can manage this increase by staggering the assignment of rows to create the necessary distance. Additional hand-washing stations are another response that increases costs.

Despite these marketing challenges and cost increases, to date, total farmgate strawberry volume has not shown a sustained reduction relative to previous years based on USDA data. In part, this is because growers have already planted their fields and slowing the harvest of strawberries reduces plant health and future yields. Impacts may appear over time. Higher harvesting costs may induce growers to transition from the fresh market to the processing (frozen) market earlier in the season or skip producing for the processing market entirely. If growers transition to the frozen market earlier, the availability of fresh strawberries will decline, increasing prices for fresh berries.

While the precise impact on prices and returns this year of these off-setting effects is unknown, the increase in costs may change future decisions. Strawberry acreage may decline in future seasons if the costly safety precautions continue, making less labor-intensive crops more attractive.

Authors' Bios

Yujing Song is a Ph.D. student in agricultural and resource economics at UC Davis. Mark Bolda is County Director and Strawberry and Caneberry Crop Advisor in Santa Cruz County UC Cooperative Extension. Oleg Daugovich is Strawberry and Vegetable Crop Advisor in Ventura County UC Cooperative Extension. Rachael Goodhue is professor and chair in the Department of Agricultural and Resource Economics at UC Davis.