

# How is Fresh Produce Adjusting to the Public Health Crisis?

Kristin Kiesel

Over a third of the country's vegetables and two-thirds of all fruits are grown in California. Lettuce, one of California's top ten commodities, directly added \$1.81 billion and millions of dollars in indirect business activities to the California economy in 2018. Moving towards the peak of the California growing season, the produce industry is one of few sectors of the economy currently hiring. Temporary labor supply is more plentiful than in previous seasons given the collapse of the non-farm economy and easing of restrictions on H2A visas. Yet, industry leaders worry that localized outbreaks could quickly shut down farms and packing facilities.

Responding to social distancing rules meant reducing employment by 18% in processing and 15% in harvesting, and resulted in efficiency losses. Washing and disinfecting stations have also been added and PPE is widely made available. However, a large share of the now essential workers—many of whom are undocumented immigrants—return to financially vulnerable homes without adequate access to health care. The industry repurposed empty California motels and hotels as isolation homes for agricultural workers, committed to offering financial support to their employees during quarantine, and set up charitable funds to augment the general provision of health care services. While these measures have increased production costs, community spread of COVID-19 has largely been avoided so far.

The impact of this public health crisis on the demand for fresh produce can be described in three distinct phases—panic buying, supply chain challenges, and emerging new consumer patterns. Although produce

never quite experienced the kind of surge seen in meat, dairy, dried and canned goods during the first phase of the pandemic, fresh produce sales increased significantly. However, by March 29, fresh produce sold at only slightly elevated levels according to weekly total sales of fresh produce reported by IRI. Grower-shippers impeded from selling their produce through foodservice distributors were trying to pivot into retail. Yet, highly perishable items were pushed to the back of the priority list as retail partners were having a difficult time restocking their shelves. Taylor Farms, the nation's largest producer of leafy greens, confirms that although they were able to ramp up retail operations by 25% during the first weeks of the pandemic; to date, volume is on par with pre-COVID-19 projections. Operating based on 60–90 day planting cycles, rapid volume reductions in foodservice sales and unexpected changes in product mix meant that Taylor Farms had to till under \$11 million in produce.

Foodservice distributors were able to submit first bids to the USDA's Agricultural Marketing Service new Farmers to Families Food Box program. The program puts \$461 million towards the purchase of fresh fruit and vegetable kits delivered to food banks. California committed an additional \$3.64 million in funding to ensure that excess produce will reach the families that need it the most. Still-operating fast food and casual dining restaurants, and schools dedicated to providing food to their communities, further allowed some categories like iceberg to recover to 80% of normal levels. Others, like romaine loose leaves, remain low at around 40% of pre-COVID-19 sales.

In retail, consumers are also moving away from value-added products and towards commodities, although salad kits continue to perform well. As consumers are minimizing shopping trips, shippers have seen an increase in the relative shares of sales through supercenters and national grocery chains. The rapid increase in e-commerce and demand for services like Instacart is one of the emerging consumer trends likely here to stay as well. In general, simplicity and straightforwardness are key to marketing fresh produce in this new environment. Many brands are sharing additional resources like downloadable shopping lists, limited-ingredient recipes, and cooking videos to help families during this public health crisis, and Driscoll's reminds consumers to share a little joy in these challenging times when promoting one of very few new product introductions.

The California fresh produce industry is a tightly connected web of grower-shippers, packers, processors, transporters, and more. Vulnerabilities in our food supply have to be addressed more broadly in the aftermath of this pandemic. Despite facing astonishing disruptions caused by this public health crisis, the industry acted nimbly, moving as much fresh produce as possible and continuing to find ways to reach consumers.

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## Author's Bio

Kristin Kiesel is an assistant professor of teaching in agricultural and resource economics at UC Davis. Special thanks to Mark Borman, president of Taylor Farms California, and Frances Dillard, senior director of brand and product marketing at Driscoll's, for their willingness to share their insights.