MARKET RESEARCH

DRIED FRUITS FOR THE US MARKET

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EXECUTIVE SUMMARY

The global market for dried fruit in 2019 was valued at $8.94 billion and recorded a Compound Annual Growth Rate between 5.7% and 7%. The North American dry fruit market is projected to grow by 5.8$ in the period from 2020 and 2026. The region represents the fourth largest dry fruit consumption region in the world, accounting for 13% of the total consumption share.

On a global scale, Raisins and Dates were consumed the most, whereas the largest growth was expected in the Berries dry fruit category.

In the US, the most consumed types of dried fruit are Apples and Grapes.

In 2018 the US, Germany, the UK, China, and France were identified as the countries that imported the largest amount of dry fruits. The value of these countries' dry fruit import equated to $215 million, $229 million, $180 million, $171 million, and $113 million respectively.

Supermarkets, hypermarkets, as well as the convenience stores remain the largest points of sale for dried fruit products. However, with the increasing penetration of smartphones, and e-retailers, the online sales channel is bound to grow.

Positively influencing the growth and the demand of dried fruits on the US market, are the increase of disposable income, the growing urbanization, increasing health awareness (adoption of plant-based diets) and weight management, as well as innovations in the dry fruit packaging.

The demographic traits of the US consumer that is bound to purchase dry fruit products the most portrays them as a person that has acquired high education, is aged between 30 and 49, likely to have children, is a full-time employee, and are likely to earn higher incomes.

Oregon was identified as the ideal target market, based on the age of the potential consumers, purchasing power, as well as the consumers' overall interest in online dry fruits.

The competition analysis included 10 unique Amazon competitors, and it was uncovered that 9 competitors were from the US and 1 from Canada. All of the competitors had a wide product portfolio, consisting of various dried fruits. The price range varied from competitors to competitors due to the package sizes of the dry fruit products. One

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competitor sourced their dry fruits locally, while the remainder procured their dried fruits abroad. Children as well as young adults that are health-and-nutrition conscientious are the competitors' main target audiences. The competitors are portrayed as ethical companies, sourcing non-GMO fruits, and oriented towards helping the environment and the communities where they source their products from.

CONTENTS

Executive Summary 2

Introduction 4

Industry and Market Overview 4

Trends, Drivers & Demographics 7

Competition 14

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INTRODUCTION

This document represents market research that showcases information relevant to the industry and market for dried fruit in the US, more specifically Mango, Pineapple, Strawberry, and Passion Fruit. Overview of the US' demand for these products is also performed. A deeper dive into the target demographic is also included. Through analysis of the competitors present on Amazon's online marketplace, the research also unearths the important data points such as the number of competitors, product range, product price point, ratings, and so on.

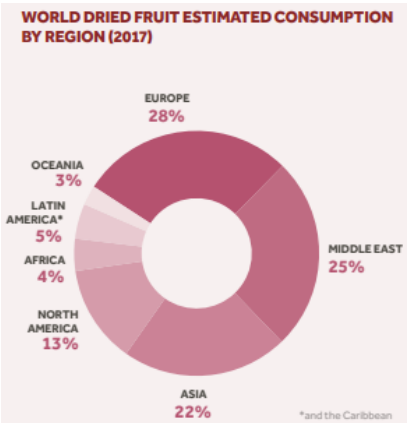
INDUSTRY AND MARKET OVERVIEW

Dried fruits apart from their nutritional benefits, are gaining wider acceptance as a quick healthy snack that has lower perishability than fresh fruit that can be consumed without any prior preparations, and can be directly added into other meals.

The information available in the reports from numerous prominent market research companies, such as Research and Markets, Transparency Market Research, Grand View Research, and Technavio to name a few, is indicative of the overall growth of the Global Dried Fruit market. The reports state that the Compound Annual Growth Rate for the Global dried fruit market (CAGR) is between 5.7% and 7% for the projected period between 2019 and 2027. The market's size was valued at $8.94 billion in 2019 and is anticipated to experience significant growth in the coming years reaching $13.92 billion by 2027.

The largest market share of the global dry fruit market is split between North America and Europe, as they cumulatively account for 43% of the revenue share according to Goldstein Research's report.

The 2018/2019 statistical yearbook published by the International Nut & Dried Fruit Council, showcases Europe as the region with the highest consumption of dried fruit 28%, followed by the Middle East 25%, Asia 22% and North America 13%.



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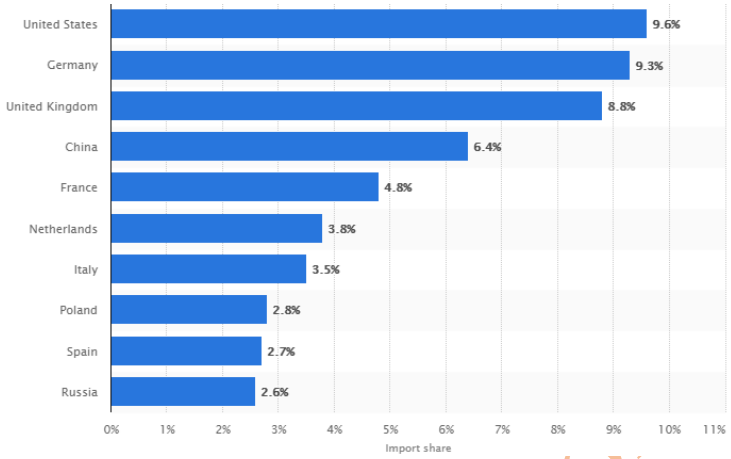
Another indicator pointing towards the countries with the highest consumption/demand for dried fruits are the import value shares of dried fruit. Based on the assumption that the countries in high demand of dry are actively importing dry fruit, then based on Statista's statistics it can be deduced that in 2017 the top 5 countries importing the most dried fruit were the US, Germany, the UK, China, and France.



Since these 5 countries were identified to be the biggest importers of Dried fruit, using data from the world's leading data visualization tool for international trade data – The Observatory of Economic Complexity, more insights regarding Dry Fruit in these countries is provided.

The latest data from OEC's database is from 2018, and in that year **the US** accumulated Dry Fruit imports of $215 million. The largest imports were coming from China (25.2%), Turkey (17%), and Chile (13.6%).

Germany's 2018 import of dry fruit accounted for $229 million. The largest import shares came from Turkey (13.5%), China (11.2%), Austria (9.69%), and Spain (9.42%).

The 2018 **UK** import value of dried fruit totaled $180 million. The major countries whence the UK imported its dried fruits were Germany (19.5%), France (17.6%), Turkey (11.8%), and Italy (11%).

China's import of dried fruit in 2018 was valued at $171 million. Most of the country's dry fruit export came from Thailand (72.5%).

Lastly, **France**'s import value of dry fruits in 2018 was estimated at $113 million, where the major importing countries were Germany (24%), Turkey (22.7%), and Spain (19.2%)

The Global dried fruit market is dominated by dried Raisins (35%) and Dates. Although Berries occupy a vastly smaller market share, they are expected to witness the fastest growth.

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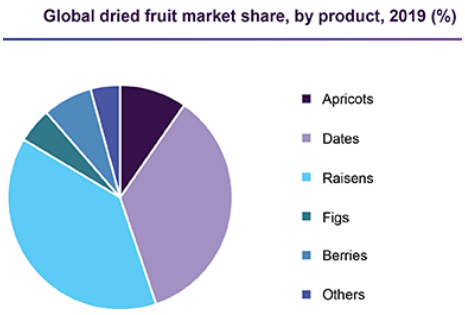
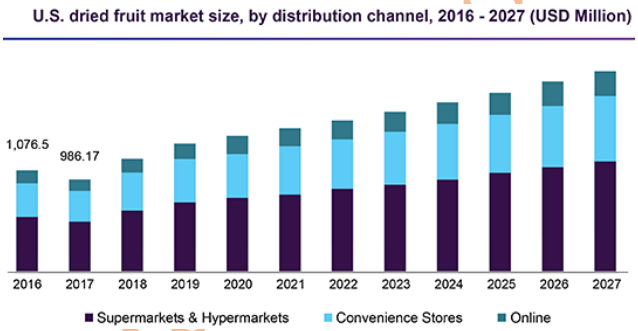
Looking at the distribution channels, the most successful are the super/hypermarkets and online. On a global level, online distribution is expected to achieve the fastest growth at a CAGR of 7.4% between the projected period from 2019 and 2027, as stated in Grand View Research's report. The increasing global penetration of smartphones and e-retailers are the main factors responsible for the channel's growth.

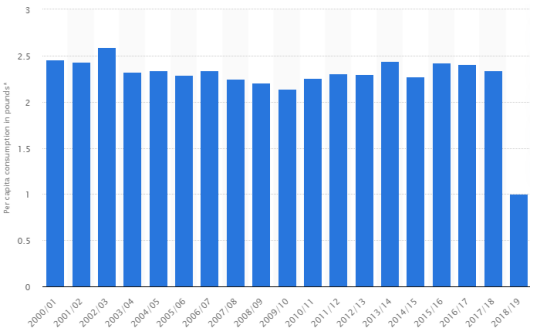


Another Grand View Research report indicates that the dominant distribution channel for dried fruit in the US is the Super and Hyper-market. Convenience stores represent the second largest distribution channel, whereas online is the smallest.



Data published in a report produced by the market research company Knowledge Based Value, states that the North American dried fruit market is expected to grow at a 5.8% CAGR in the period between 2020 and 2026. Apart from the market expectations, information available in a report by the statistics company – Statista deduces that in 2018 in the US, raisins sold the most, whereas dates were considered the most expensive type of dried fruit looming at the 5$ per-unit price point. Raisins were deemed relatively cheaper, at just under 3$ in 2018.

A recent article by Statista showcasing a graph for the US consumption of dried fruit per capita indicates that the dried fruit consumption per capita in the United States has decreased over the past five years, dropping to a per capita rate of one pound per year in 2018/2019.



Insight into the US' preferred dried fruit is available in the 2017 report by the US Department of Agriculture, which indicates that Apples and Grapes were the US' top dried fruit choice.

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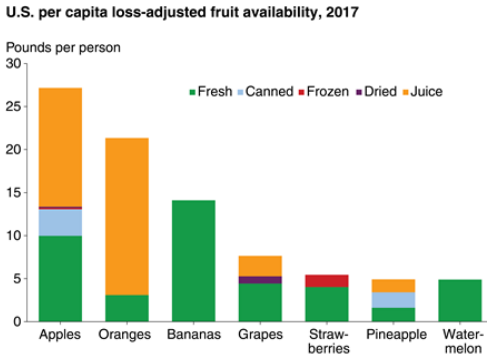


Direct data regarding dry fruit consumption in US cities were not unearthed, however, another parallel can be drawn with the ranking of US cities that consume the most fruit and vegetables daily. The idea behind this thought-process is since the residents of these cities are actively taking care of their health and nutrition, there's a chance that they are willing to purchase other types of healthy food (snacks) such as dry fruits.

According to the 2018 American Fitness Index report (page 18), the cities in the US with the highest daily consumption of fruit and vegetables are showcased below.

Top 10 Fruit & Vegetable Consumers

2+ Fruits/Day	3+ Vegetables/Day
1. Buffalo, NY	1. San Francisco, CA
2. Denver, CO	2. Portland, OR
3. Chicago, IL	3. St. Petersburg, FL
4. Milwaukee, WI	4. **Washington, DC**
5. **Reno, NV**	5. Anchorage, AK
6. Stockton, CA	6. San Jose, CA
7. Oakland, CA	7. San Antonio, TX
8. Freemont, CA	8. Nashville, TN
9. Tampa, FL	9. Austin, TX
10. **Washington, DC**	10. **Reno, NV**

It can be seen that Reno and Washington DC are the two US cities that consume the most fruit and vegetables, and could well be interested in the consumption of other alternative healthy food such as dried fruits.

TRENDS, DRIVERS & DEMOGRAPHICS

This section of the research details the more relevant trends, drivers, and influences that are affecting the demand and growth of the Dry Fruit sector. Moreover, an analysis is presented that identifies the ideal target demographic for Dry Fruit products, while also pointing out their characteristics and location.

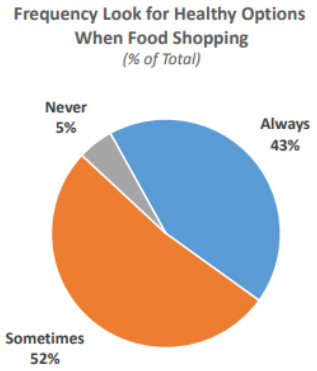
Some of the known drivers positively influencing the demand for dried fruits, as stated in Goldstein Research's report, are:

- Increase in personal disposable income
- Growing urbanization
- Rising health awareness and weight management

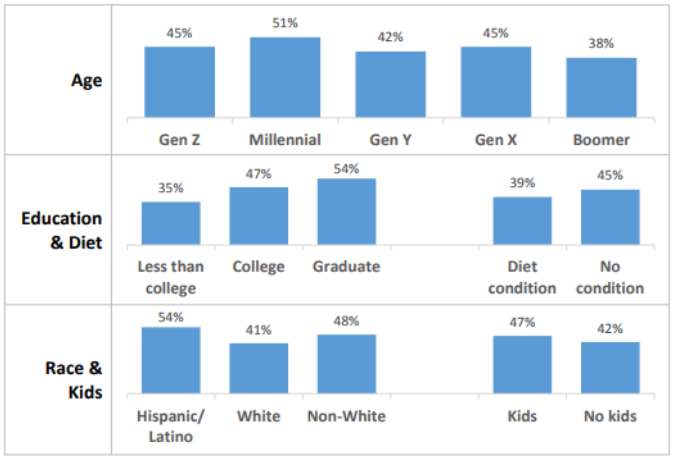
Another source supporting the previous drives, while also adding a couple more, is Market Data Forecast's report. The report underlines the following key drivers affecting the demand for dry fruits:

- Innovation in the packaging of the dry fruit
- Adoption of plant-based eating habits

The more health-conscientious Americans are likely to be more eager to seek healthier food options (such as dried fruit) than those giving less though on their health. A survey conducted on 1,017 US consumers published by the International Food Information Council and the American Heart Foundation, found out that 43% of the surveyed are always on the lookout for healthy options when shopping, while 52% sometimes scout for healthy foods.



The survey's conclusion is that nearly all of the surveyed consumers look for healthy options when shopping – at least some of the time. This pattern of behavior was identified to be more common among younger, highly educated consumers and those that live with children in the household.



A parallel between the online grocery shopping and online purchase of Dry Fruits was established since direct data about online shopping for Dried Fruit could not be uncovered.

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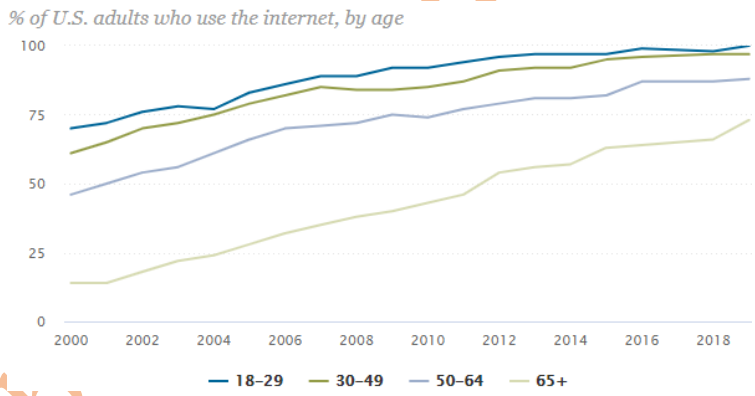
Gallup - a global analytics and advice firm, in their annual (2019) edition of the online grocery shopping survey, points out that online grocery shopping is more common among parents and higher-income adults. 19% of these parents with children under the age of 18, order groceries online at least monthly, as do 18% of those American consumers with annual household incomes of $100,000 or higher.

Furthermore, the survey also deduced that the Americans between the ages of 30 and 49 are most likely to have children, therefore represent the subgroup that's most inclined to get groceries via the Internet.

Adults that are in full-time employment are slightly above the national average for purchasing groceries online.

Another tool aiding the deduction of the ideal target demographic for Dried Fruit purchased online in the US is a chart provided by Pew Research Center that showcases the age groups in the US that use the Internet the most.



The chart showcases that the two main groups of Internet users (based on age) are the people in the 18 to 29, and the 30 to 49 age brackets.

The combined conclusions from the information regarding the health-conscious American consumer, the American consumers that order food products (groceries) online, as well as the US' population stratum that uses the Internet the most, represent the target demographic for Dried Fruits ordered online in the US.

In summation, the target audience for Dried Fruits that are ordered online in the US displays the following characteristics:

- They have most likely obtained a higher education
- The target audience is most likely full-time employees
- They are most likely parents

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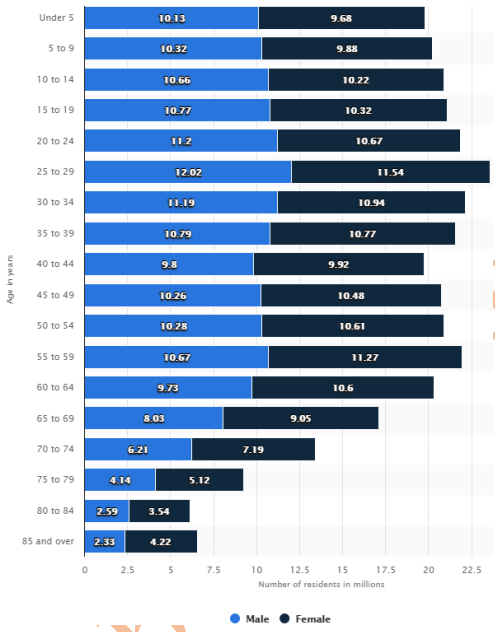
- They are most likely aged between 30 and 49
- And are most likely earning higher incomes

Based on the statistics provided by Statista, surrounding the 2018 resident population of the US, the number of people (men and women) belonging in the age bracket between 30 and 49 years, amounts to a total of 63,410,000 persons or nearly 20% of the US population. This inherently represents the actual scope of the target market.



In order to select the top states for the online Dried Fruit product, a comparative analysis is conducted between the US states with the median age of 39.5 [(30 + 49)/2] and the states with the highest Internet usage – with the assumption that the states with the highest Internet usage are the ones that are most likely to purchase food products online.

With the help from Business Insider's map displaying the median age in each US state, and Statista's chart of the Internet penetration in each US state, the top 5 states where the approximate median age of the population is 39.5 and have high Internet penetration, are:

1) Oregon, 2) Wisconsin, 3) Hawaii, 4) Rhode Island, and 5) New Jersey.

Purchasing power is the value of a currency expressed in terms of the number of goods or services that one unit of money can buy. When looking at the purchasing power of the shortlisted states (showcased above), the Tax Foundation's map presenting the real value of $100 in all American states, is of great value.

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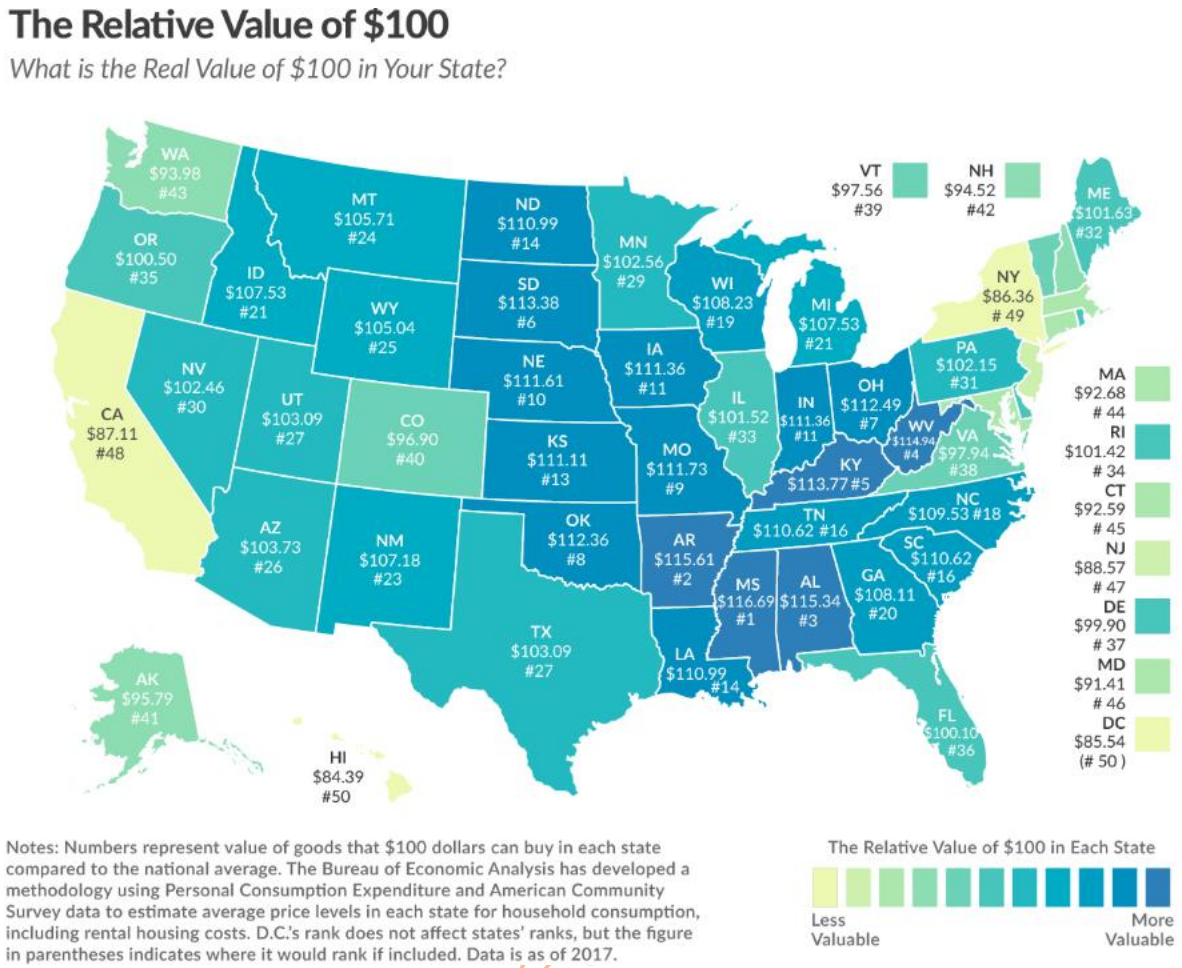

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The map enables drawing the following conclusions:

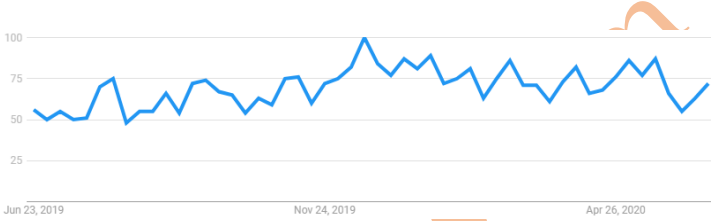
1. Oregon is a high-price state, where $100 will purchase goods that would otherwise cost $100.50 in a state at the national average price level. This suggests that in terms of day-to-day living, Oregonians are 0.5% richer than their incomes suggest.
2. Wisconsin is a lower-price state, where $100 will purchase goods that would otherwise cost $108.23 in a state at the national average price level. This suggests that in terms of day-to-day living, Wisconsinites are 8.23% richer than their incomes suggest.
3. Hawaii is a very high-price state, where $100 will purchase goods that would otherwise cost $84.39 in a state at the national average price level.
4. Rhode Island is a high-price state, where $100 will purchase goods that would otherwise cost $101.42 in a state at the national average price level. This suggests

that in terms of day-to-day living, Rhode Islanders are 1.42% richer than their incomes suggest.

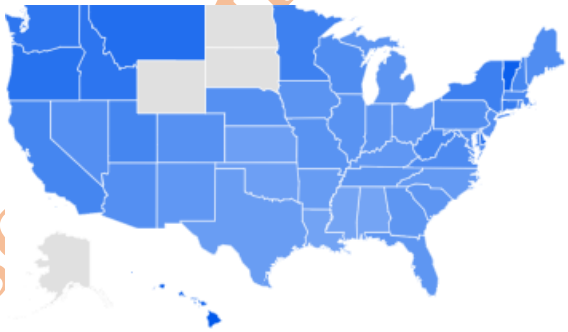
5. New Jersey is a fairly high-price state, where $100 will purchase goods that would otherwise cost $88.57 in a state at the national average price level.

This means that Wisconsin, Rhode Island, and Oregon are the states with the highest purchasing power.

Looking at Google Trends' data regarding the keywords 'dried fruit" in the US, it is clear that the online interest in on the rise.



When inspecting dried fruits interest by sub-regions, Hawaii, Vermont, Delaware, Montana, and Oregon are the states expressing the highest interest.



Based on the ideal customer target's age, their purchasing power, as well as the overall interest in online dried fruits, **Oregon** can be singled out as the most relevant state, having the highest market potential.

Reaching the target audience represents quite the challenge in itself, however, there are a variety of ways the customer target can be reached on online marketplaces such as Amazon and Shopify. Here are a few of them:

Strategies related to the online marketplace

1. **Social media**
    - Instead of ads or direct links to the Dry Fruit listings on Amazon and/or Shopify, a promotion link that can be shared through social media in order to receive a discount could be provided. The incentive is saving the customers' money.

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- Posting informative blog posts or videos with proper branding and write-ups about the benefits of dry fruits to health that include a link to Amazon and/or Shopify's listing.
- Hosting a contest or giveaway. Announced via social media, the users that will post your Amazon/Shopify listing in their bio will gain access to a chance to win a prize or a free package of Dried Fruits. The reward incentive is what will motivate consumers to share the listing and go around spreading the news about the Dried Fruit products available on Amazon/Shopify.

2. **Influencers and Sponsorships**

   Having already established Internet personalities endorse the Dry Fruit products on their social media platforms YouTube, Twitter, Instagram, etc. is a superb way to reach and spark interest among wider audiences. For example, healthy food YouTube channels such as SweetPotatoSoul, Fit Men Cook, and High Carb Hannah could be considered as potential influencers.

3. **Offering Lightning Deals**

   Time-based marked down products that draw the attention of Amazon shoppers. The incentive is to motivate customers to save money in a limited time frame by making a purchase.

4. **Recipes**

   Provide free recipes that utilize dried fruits, in order to incentivize the purchase of dry fruits.

Strategies related outside the online marketplace

1. Create a unique package (mix) of Dried Fruits that are combating a specific health ailment, or provide a certain benefit if consumed together.
2. Offering gift cards as well as prestige to customers – providing platinum type credit cards with the customer's first and last name. This way their customer loyalty to your brand of Dry Fruits is emphasized.

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3. Use innovative branded, recyclable, and sustainable packaging that can spread out among the customer base and create a stir among the market.
4. Organizing contests – for example, the most innovative selfie with your Dried Fruit product, wins a prize.
5. Consider branded merchandise, refer-a-friend offers/coupons/discounts
6. Displaying credibility – any showcasing noteworthy accreditations and certificates, offering support to local charities or schools, as well as any eco and environmental efforts such as recycling, volunteering, community services, etc.

COMPETITION

In this section of the market research, a closer look into the Dried Fruit competition present on Amazon's online marketplace is provided. The analysis of the competition is inclusive of data points on the competitors' offering, pricing, suppliers, and branding style, suppliers, SEO keywords, etc.

The approach to the competition analysis included selecting the top 3 competitors on Amazon's online marketplace in each Dry Fruit category, based on the most ratings and the highest ratings. This means that the top 3 competitors for each dried fruit product - dried, mango, dried strawberry, dried pineapple, passion fruit, and goji berries were included. To this end, a competitor table containing information on the data points mentioned above was created.

The competitor table can be browsed by following this Google Spreadsheet link.

The competitor table resulted in a total of 10 unique competitors. Three of the competitors (Gerbs, Natierra, and Made in Nature) also had the highest and the most ratings in multiple dry fruit categories on Amazon.

Competitor analysis conclusion: 9 of the competitors are from the US, while 1 was from Canada. The competitors always offered numerous types of dry fruit products. The price points vary among all of the analyzed competitors, as they price their dried fruit products based on the size of the dried fruit product packages. Only two competitors (Gerbs and Navitas Organics) source their dried fruit locally, while the remainder uses international suppliers. The most recurring countries that source the competitions' dried fruit are the US, Canada, and Mexico.

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Half of the competitors brand/market their dried fruits to young-adults, whereas the other half, aside from targeting adults they also have the children's customer segment in mind.

The reoccurring themes in the competition's branding are that the companies are ethical and environmentally friendly, they source only the most healthy, organic and non-GMO dried fruits (superfoods), they have obtained renown certifications, and that they are helping out the farmers and the local communities whence they source the dried fruits from.

Gerbs was identified to be the competitor present in four out of the five dried fruit categories, as well as having the widest dried fruit product portfolio.

Suggestions: Based on the competition analysis a few suggestions can be made.

- Enrichment of the product portfolio (seeds, nuts, powders) and offering fruit packs with mixed dried fruits.
- Having an option for customers to make a basket with dried fruits they personally select.
- Providing a membership/subscription service where each month consumers could receive pack(s) of product, special offers and/or discounts, etc.

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