

**2023**

## **PRODUCE SUPERMARKET BENCHMARKS**

### **FRESH PRODUCE IS CRITICAL TO STORE PROFITABILITY**

#### *Purpose:*

International Fresh Produce Association (IFPA) provides the supermarket produce industry with benchmarks so managers and buyers can compare their business with their competition to identify opportunities to drive stronger results.

#### *Executive Summary:*

According to McKinsey, fresh categories—fruits and vegetables, meat, fish, dairy, and baked goods—typically account for up to 40 percent of grocery chains' revenues. Fresh is a strong driver of store traffic and customer loyalty. However, it is complex to manage - prices are volatile, suppliers are fragmented, the products are perishable, and replenishment and quality-control processes are laborious. Therefore, it is critical to understand industry benchmarks.

In 2023 the fresh produce department struggled with increased dollar sales and decreased volume due to inflationary conditions in the US. Currently, the produce department maintained a gross margin of 38% with a 2.5% sales growth over 2022. Produce is an important department with almost 15% of store sales.

#### **AVERAGE**

	Average produce sales per store	% growth over prior year	Produce sales as % of store sales	Average sq ft.	Sales per sq ft.	Avg produce trans.	Gross margin	Labor % of sales	Shrink	Contribution estimate (% of sales)*
<b>2023</b>	<b>\$3,983,333</b>	<b>2.50%</b>	<b>14.84%</b>	<b>4084</b>	<b>\$975</b>	<b>\$12.14</b>	<b>38%</b>	<b>7.42%</b>	<b>5.46%</b>	<b>25%</b>
2022	\$3,062,500	3%	13%	3757	\$815	\$9.68	38%	7%	6%	24%

\*computed as gross margin minus labor costs minus produce shrink

**BY REGION:**

	Average produce sales per store	% growth over prior year	Produce sales as % of store sales	Average sq ft.	Sales per sq ft.	Avg produce trans.	Gross margin	Labor % of sales	Shrink
<b>OVERALL</b>	<b>\$3,983,333</b>	<b>2.50%</b>	<b>14.84%</b>	<b>4084</b>	<b>\$975</b>	<b>\$12.14</b>	<b>38%</b>	<b>7.42%</b>	<b>5.46%</b>
Midwest	\$3,600,000	-2%	15%	3833	\$939	\$8.13	37%	5%	5%
New England	\$4,500,000	4%	12%	5500	\$818	\$6.65	39%	9%	4%
South Atlantic	\$3,750,000	2%	27%	4250	\$882	\$16.00	37%	6%	4%
South Central	\$3,125,000	3%	12%	4750	\$658	\$19.75	38%	9%	6%

**BY BUSINESS TYPE:**

	Average produce sales per store	% growth over prior year	Produce sales as % of store sales	Average sq ftg.	Sales per sq ft.	Avg produce trans.	Gross margin	Labor % of sales	Shrink
Chain Supermarket	\$4,000,000	2%	11%	4500	\$889	\$7.39	38%	7%	5%
Independent	\$3,892,857	0	18%	4000	\$973	\$15.94	38%	8%	6%

### *Methodology:*

To help you benchmark your supermarket produce department, produce buyers are sent an online questionnaire each year. The results are aggregated and reported to our members to help them determine the health of their supermarket produce department. In 2023, 15 supermarkets, representing over 1000 stores responded to our survey.

### *Glossary*

Average produce transaction – measures the average dollar amount each shopper spends on produce per trip to the supermarket.

Gross margin % - measures the percent of each sales dollar that is required to cover the cost of produce products sold.

Store Labor % - measures the percentage of each sales dollar that is required to cover the cost of store labor.