

Global Fruit & Vegetable Processing

Salad days: High disposable incomes have enabled consumers to make healthier food choices, bolstering revenue

Samuel Kanda | July 2023

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Recent Developments

Performance

Higher prices and production spurred growth. Increased input costs, which forced manufacturers to hike prices, combined with rising consumption and production in developing countries fueled revenue growth.

Performance

Economic growth in developing nations will continue to spur growth in consumption and production. As consumption in North America and the EU continue to stagnate or even dip, rising incomes in developing countries will provide manufacturers with an avenue of growth.

External Environment

COVID-19 assistance contributed to inflated sales. Stockpiling and low consumer confidence in 2020 increased revenue and expanded throughout 2023.

External Environment

The rise of organic has prompted a slew of new regulations surrounding labeling and ingredients. For example, the USDA requires food processors to label canned goods according to the number of organic ingredients used and to display all product modifications.

Products and Markets

Health consciousness tempers sales of sugar-loaded juices. Processors are responding by producing more natural fruit and vegetable juices.

Products and Markets

Retailers are increasingly bypassing wholesalers. The trend of wholesaler bypass has crept into emerging markets as these countries have shifted to Western-style food retailing.

Geographic Breakdown

Populous regions provide a steady market for processors. The number of supermarkets and grocery stores tends to be higher in more populated areas, which gives nearby processors access to more shelf space.

Geographic Breakdown

Manufacturers concentrate heavily in Europe. Europe's high per capita processed fruit and vegetable consumption encourage processors to establish in the region.

Competitive Forces

Price competition prevents significant market domination. Since processed products are known for being economical, price is a considerable basis of competition for global fruit and vegetable processors.

Competitive Forces

Familiar brands attract consumers and acquire critical shelf space. Industry frontrunners Campbell Soup Company and Kraft Heinz have a loyal customer base and a diverse product portfolio, giving the companies an in with supermarkets and grocery stores.

Companies

No company has amassed more than 5.0% of the market. The massive global production makes it difficult for one company to accumulate a considerable market share.

Companies

The Campbell Soup Company and Kraft Heinz are the most prominent processors. While these companies operate globally, they still can't amass a substantial share of the market.

Financial Benchmarks

Profit continues to fall despite inflated demand amid COVID-19. Broader trends away from unhealthy processed fruit

and vegetable products are also dragging profit down.

Financial Benchmarks

Wage costs continue to climb. While larger manufacturers have invested heavily in their facilities to automate much of their production, rising wage costs in emerging markets have pushed up wages.

This section last updated February 10, 2024

About IBISWorld

IBISWorld specializes in industry research with coverage on thousands of global industries. Our comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions that benefit you, your company and your clients. We offer research on industries in the US, Canada, Australia, New Zealand, Germany, the UK, Ireland, China and Mexico, as well as industries that are truly global in nature.

About This Industry

Industry Definition Operators in the Global Fruit and Vegetable Processing industry process fresh fruit and vegetables into canned, bottled, preserved, frozen, dried (except sun-dried) or otherwise processed or preserved food products for human consumption. The industry also blends salt, sugar, preservatives and other ingredients with fruits and vegetables to make consumer food products. This industry does not include producers of wine (IBISWorld report C1123-GL) or vegetable cooking oils.

Major Players

- Kraft Heinz Company
- Campbell Soup Company
- McCain Foods Limited
- Fresh Del Monte Produce Inc.

Main Activities

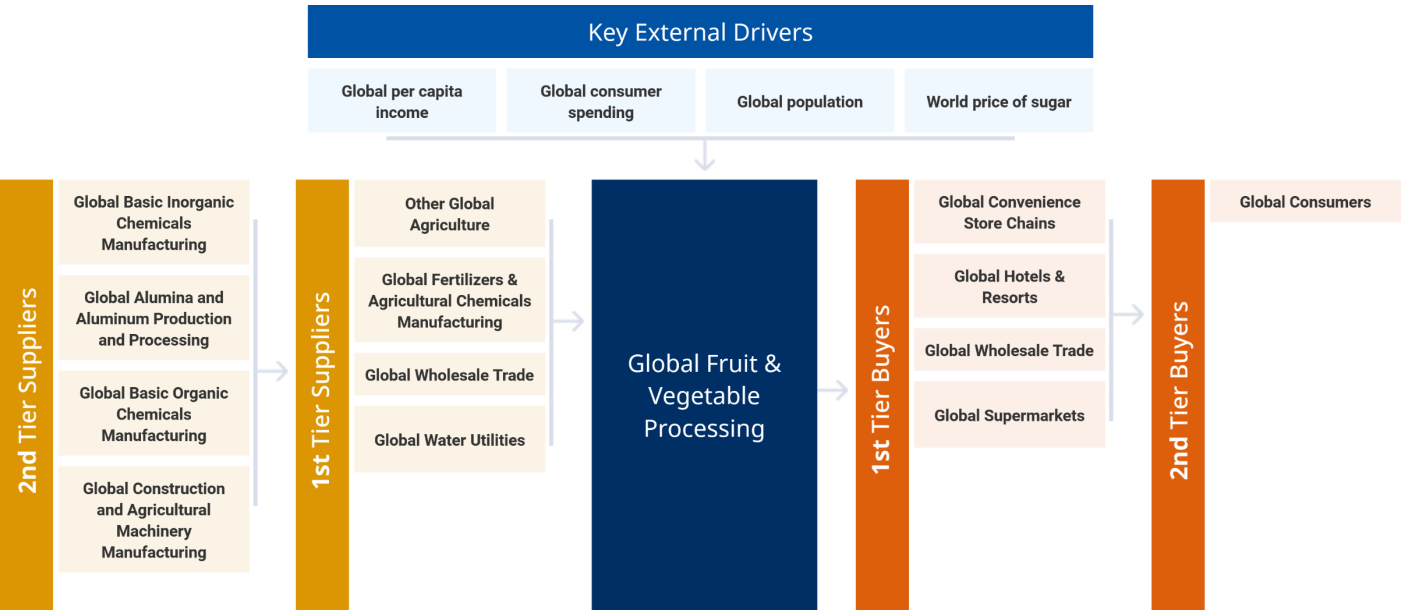
The primary activities of this industry are:

- Canned fruit and vegetables
- Canned dry bean production
- Canned tomato-based sauce production
- Pickle, chutney or relish production
- Fruit pulp, puree, spread and jam production
- Dried soup mix and bouillon production
- Dehydrated or evaporated fruit production (except sun-dried)
- Baby food, canned or bottled, production (except milk based)
- Frozen fruit and vegetable production
- Fruit and vegetable salad production

The major products and services in this industry are:

- Frozen fruits and vegetables
- Canned vegetables
- Other
- Canned fruits

Supply Chain



SIMILAR INDUSTRIES

Other Global Food Product Manufacturing

Competitor

Global Wine Manufacturing

Complementor

Global Soft Drink & Bottled Water Manufacturing

Complementor

Global Convenience Store Chains

Complementor

RELATED INTERNATIONAL INDUSTRIES

Frozen Food Production in the US

Frozen Food Production in Canada

Fruit & Vegetable Processing in the UK

Canned Fruit & Vegetable Processing in the US

Canned Fruit & Vegetable Processing in Canada

Frozen Food Production in China

Dried Fruit & Vegetable Snack Production in the US

Fruit and Vegetable Processing in Australia

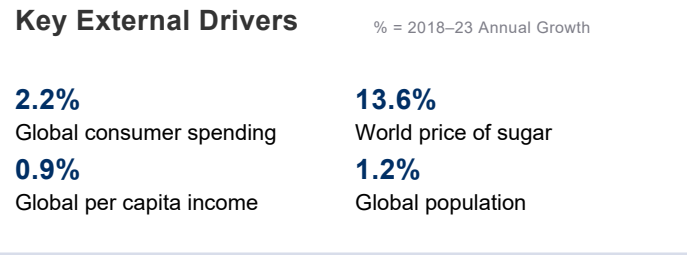
Canned Food Production in China

Pre-Made Salsa Production in the US

Fruit and Vegetable Processing in New Zealand

Industry at a Glance

Key Statistics



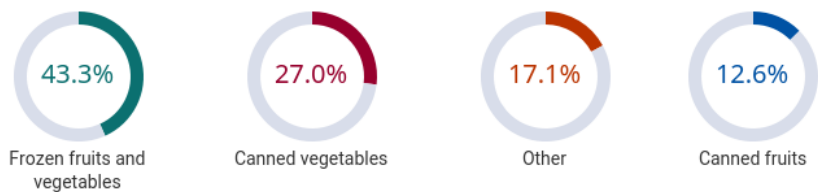
Industry Structure



Key Trends

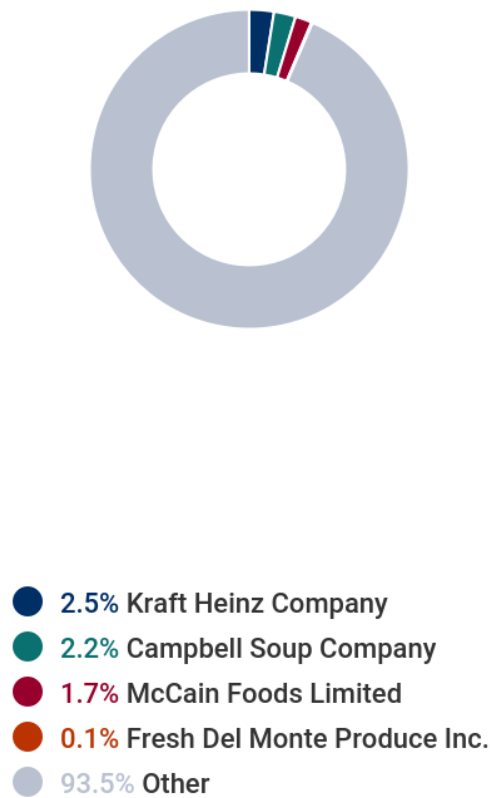
- Higher prices and production spurred growth. Increased input costs, which forced manufacturers to hike prices, combined with rising consumption and production in developing countries fueled revenue growth.
- Economic growth in developing nations will continue to spur growth in consumption and production. As consumption in North America and the EU continue to stagnate or even dip, rising incomes in developing countries will provide manufacturers with an avenue of growth.
- Per capita consumption of processed fruit and vegetable products has been increasing in the developing world, expanding in line with economic growth
- Consumption from developed nations will continue to stagnate and slow growth
- Profit levels will remain stable
- Avenues of growth for manufacturers
- Global fruit and vegetable processors have steadily grown as a result of favorable consumer trends across the world.

Products & Services Segmentation



Global Fruit & Vegetable Processing
Source: IBISWorld

Major Players



Global Fruit & Vegetable Processing
Source: IBISWorld

SWOT

S

STRENGTHS

- Low Customer Class Concentration
- Low Product/Service Concentration
- High Revenue per Employee

W

WEAKNESSES

- Low Profit vs. Sector Average
- High Capital Requirements

O

OPPORTUNITIES

- High Revenue Growth (2018-2023)
- High Revenue Growth (2023-2028)
- High Performance Drivers
- Global per capita income

T

THREATS

- Low Outlier Growth
- World price of sugar

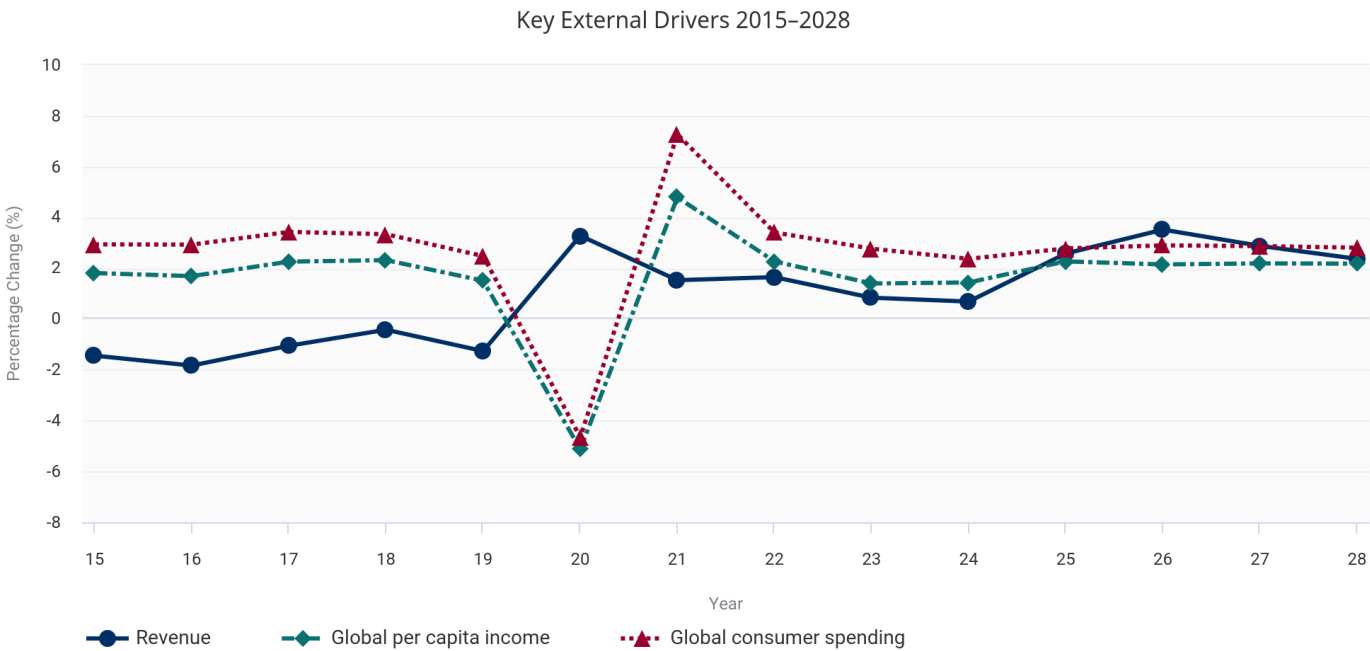
Executive Summary **Salad days: High disposable incomes have enabled consumers to make healthier food choices, bolstering revenue**

Global fruit and vegetable processors have steadily grown as a result of favorable consumer trends across the world. The growth in global disposable income has driven demand toward healthier and more convenient processed foods in developed countries such as the United States and the United Kingdom, where consumer trends have been slightly shifting. But unlike the case for developed countries, this income growth has fomented demand for processed foods in developing countries such as China. The industrialization of the industry in these countries has also improved distribution and production capacity to the benefit of the global industry. Overall, the industry has been growing at a CAGR of 1.2% over the past five years and is expected to total \$339.6 billion in 2023, when revenue will jump by an estimated 0.8%.

The performance of the industry in developed markets such as Europe and North America has the largest influence on the industry's global performance. As a result, certain consumer shifts toward different processed foods have positively affected demand for processed fruits and vegetables. However, unfavorable weather conditions have created volatility in input prices, primarily in Europe, negatively affecting industry profit during the five-year period. But the improved production capacity of the industry in developing countries in combination with growing disposable income has driven skyrocketing growth in Asia and Latin America, which has maintained the industry's growth. Demand for the industry's products has flourished in many emerging economies since these products have become more affordable and consumers have more room to spend on them as their incomes grow.

The industry is expected to continue growing throughout 2028 as industry performance in developing countries increasingly drives revenue growth. Demand for processed fruits and vegetables is projected to continue growing in emerging economies, with China leading the pack, as global disposable income continues to grow. This is expected to be supported by stable demand growth in developed countries such as the United States, where producers are anticipated to start adapting to new consumer preferences and alter their products to improve revenue growth. Overall, the industry is forecast to climb at a CAGR of 2.4% over the five years through 2028 to total \$382.4 billion.

Industry Performance



Global Fruit & Vegetable Processing
Source: IBISWorld

Key External Drivers

Global per capita income

As global per capita income increases, consumers are able to purchase more high-quality foods. For example, consumers with high incomes are able to purchase more expensive processed vegetable and fruit products, such as imported preserved vegetables that are not grown in one's home country. Additionally, since many products in the industry are considered discretionary, a higher per capita income foments consumer spending on the industry's products. As a result, growth in global per capita income tends to increase demand for industry products. Global per capita income is expected to increase in 2023, representing a potential opportunity for the industry.

Global consumer spending

When consumer spending increases, demand for discretionary items such as processed fruit and vegetables increases as well. In addition, processed fruits and vegetables can be processed into various types of products, boosting variety and selection for customers. Global consumer spending is anticipated to rise in 2023.

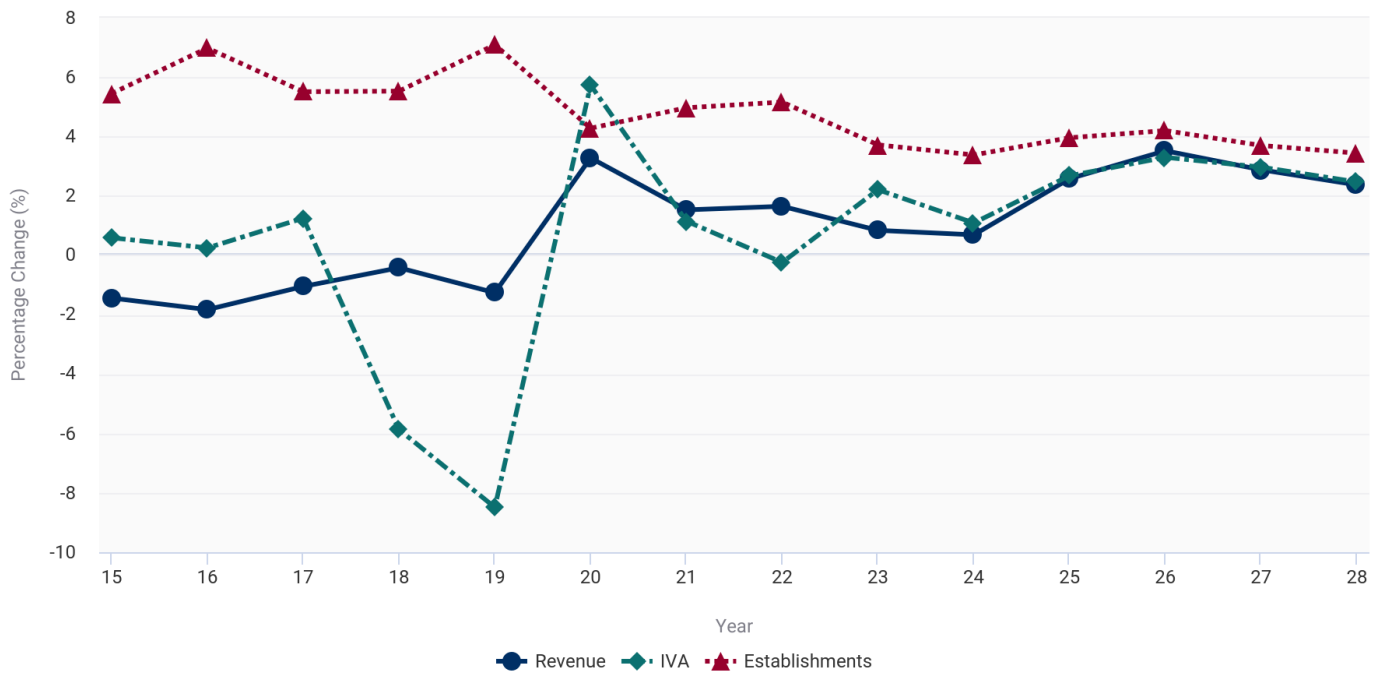
Global population

Processed fruit and vegetable products are staple food products across much of the world, becoming increasingly popular with the increase of the global urban population, which has less access to fresh fruits and vegetables than rural populations. As a result, demand for industry products tends to increase in line with growth in the world population. The global population is expected to grow in 2023.

World price of sugar

Sugar is a primary input for the manufacturing of many processed fruit and vegetable products. The world price of sugar can have major implications on the profit margin for operators that need to keep input costs down. The world price of sugar is expected to rise in 2023, posing a potential threat to the industry.

Industry Performance 2015–2028



Global Fruit & Vegetable Processing
Source: IBISWorld

Current Performance

Rising world prices and production

- Rising input costs have led to increased prices of processed fruits and vegetables as manufacturers have pushed increased input costs onto consumers, fueling revenue growth.
- Increasing consumption from developing countries, compounded by increased production efficiency by manufacturers in the EU and North America, has strengthened processed fruit and vegetable production.
- Even amid the outbreak of COVID-19 in 2020, production continued to climb despite economic lockdowns.

Growing consumption in the developing world has spurred growth

- Per capita consumption of processed fruit and vegetable products has been increasing in the developing world, expanding in line with economic growth.
- Rising incomes globally have led to a more affluent middle class in many low- and middle-income countries in Asia, Africa and South America, making processed fruit and vegetable products more affordable.
- Increased consumption from massive markets such as India and China has bolstered growth for manufacturers.

Retail demand offsets food service losses during the pandemic

- Processed fruit and vegetable production revenue strengthened in 2020 despite the loss of sales to the hospitality sector.
- A drop in revenue was offset by a surge in sales in supermarkets.
- The pandemic heightened some internal volatility in the market, with producers that primarily supply food to the hospitality sector suffering the most, while producers focused on retail sales performed well.

Intense competition drives revenue upward

- Intense price-based competition in highly saturated markets such as Europe and North America has led global fruit and vegetable processors to adjust prices upward in line with higher input costs.
- With rising global prices, as well as strengthening demand for processed fruits and vegetables, global manufacturers' revenue has swelled through the end of 2023, although profit inched down because of higher input costs.

Historical Performance Data

Year	Revenue (\$m)	IVA (\$m)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (\$m)	Imports (\$m)	Wages (\$m)	Domestic Demand (\$m)
2014	335,664	56,607	38,323	15,573	712,010	92,744	92,744	30,282	335,664
2015	330,836	56,943	40,412	15,343	723,473	91,221	91,221	30,726	330,836
2016	324,767	57,084	43,232	16,119	738,543	95,403	95,403	31,115	324,767
2017	321,357	57,801	45,614	16,362	761,103	121,725	121,725	31,629	321,357
2018	320,011	54,409	48,137	16,424	778,214	107,976	107,976	31,993	320,011
2019	315,976	49,790	51,550	17,580	799,739	111,480	111,480	31,523	315,976
2020	326,335	52,642	53,757	17,718	817,457	37,565	37,565	32,933	326,335
2021	331,321	53,249	56,431	17,562	837,149	37,578	37,578	33,533	331,321
2022	336,783	53,121	59,343	15,597	863,255	47,184	47,184	33,993	336,783
2023	339,597	54,296	61,552	16,125	878,422	66,711	66,711	34,528	339,597

Industry Outlook

Outlook

Consumption from developed nations will continue to stagnate and slow growth

- In North America and Europe, per capita consumption of processed fruit and vegetable products will continue to stagnate and even slightly dip, in line with shifting consumer preferences.
- Consumers in these regions are switching to less sugary options, such as fresh fruits and vegetables because of their perceived health benefits and taste.
- The consumption of some highly processed fruit and vegetable products will continue to decline slowly because of increased global health consciousness.

Profit levels will remain stable

- Easing inflationary pressures will enable input costs to normalize, taking pressure off manufacturers' profit.
- Consistent production growth will moderate potential growth in raw material prices and other key inputs.

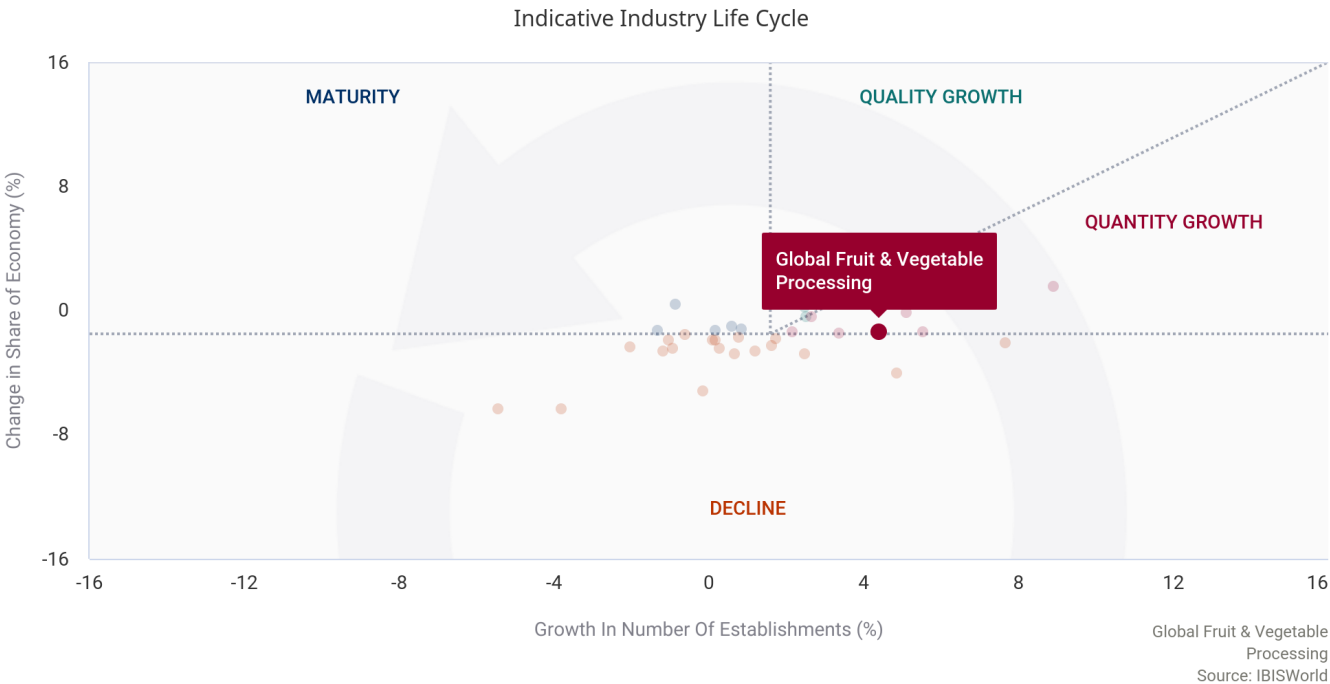
Avenues of growth for manufacturers

- Production growth from Asia, South America and the Oceania region will continue to be robust, with India and China leading the way, as income in developing countries continues to climb.
- Creating products with less added sugar and unhealthy preservatives will increase demand for the industry's products. In addition, creating a more environmentally friendly production process and more sustainable packaging will also drive growth.

Performance Outlook Data									
Year	Revenue (\$m)	IVA (\$m)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (\$m)	Imports (\$m)	Wages (\$m)	Domestic Demand (\$m)
2023	339,597	54,296	61,552	16,125	878,422	66,711	66,711	34,528	339,597
2024	341,938	54,888	63,635	16,619	892,410	65,238	65,238	35,015	341,938
2025	350,758	56,358	66,154	17,217	917,394	62,853	62,853	35,980	350,758
2026	363,091	58,216	68,931	17,882	948,817	59,907	59,907	37,219	363,091
2027	373,566	59,944	71,480	18,484	976,953	55,458	55,458	38,317	373,566
2028	382,418	61,423	73,940	19,070	1,002,610	50,100	50,100	39,303	382,418
2029	391,703	62,985	76,405	19,668	1,029,139	46,667	46,667	40,326	391,703

Industry Life Cycle

The life cycle stage of this industry is ☹ Quantity Growth



Contribution to GDP

- Increased health consciousness in developing nations will continue to slow the consumption of sugary processed fruit and vegetable products, thus growing demand for manufacturers.

Market Saturation

- An influx of new companies shows that the Canned Fruit and Vegetable Processing industry has yet to reach complete market saturation. There is widespread market acceptance in developed nations, while increasing in developing nations.

Innovation

- Fruit and vegetable processors struggle to significantly innovate product offerings beyond using more organic and less processed ingredients. However, more sustainable packaging options will satisfy developed nations.

Consolidation

- Since companies are relatively boxed in, in terms of product innovations, consolidating through mergers and acquisitions can help them expand.

Technology & Systems

- Many larger manufacturers have invested heavily in their facilities to automate much of the production process to reduce wage costs. In addition, producers are using technology to streamline supply chains and inventory management.

Products & Markets

Supply Chain

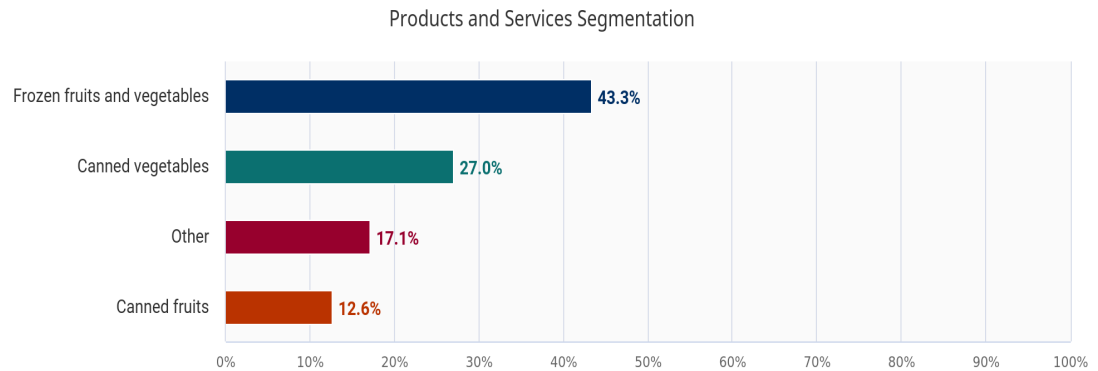
Key Buying Industries

1st Tier	
Global Convenience Store Chains	
Global Hotels & Resorts	
Global Wholesale Trade	
Global Supermarkets	
2nd Tier	
Global Consumers	

Key Selling Industries

1st Tier	
Other Global Agriculture	
Global Fertilizers & Agricultural Chemicals Manufacturing	
Global Wholesale Trade	
Global Water Utilities	
2nd Tier	
Global Basic Inorganic Chemicals Manufacturing	
Global Alumina and Aluminum Production and Processing	
Global Basic Organic Chemicals Manufacturing	
Global Construction and Agricultural Machinery Manufacturing	

Products & Services



2023 INDUSTRY REVENUE

\$339.6bn

Global Fruit & Vegetable Processing
Source: IBISWorld

Frozen fruits and vegetables

- Within this segment, frozen potatoes, the popularity of which is growing across the world, account for the most important specific product type. Other popular frozen vegetables are peas, carrots, beans and vegetable mixes for stir-fries.
- In the developed nations of the OECD, consumers have become more health conscious, which has driven demand for frozen fruit and vegetable products in these countries.
- In the developing world, the expansion of middle-classes has led to increased durable good ownership rates. This includes expanded freezer ownership, which is necessary for storing frozen fruits and vegetables.

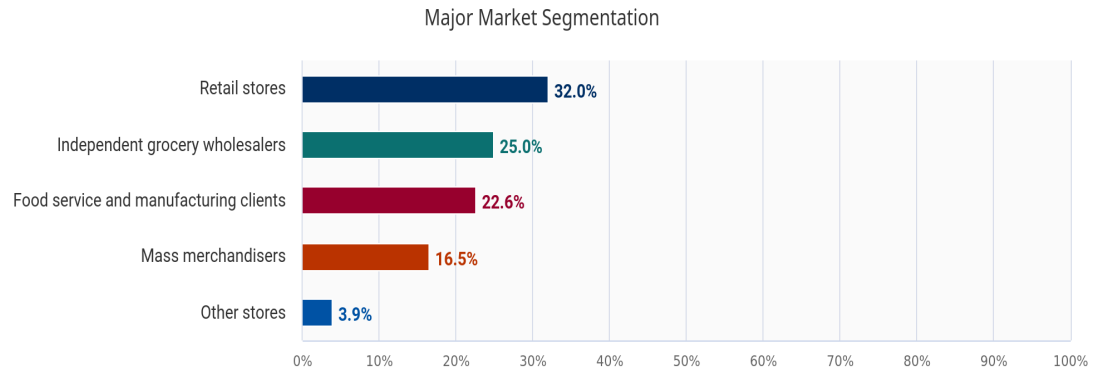
Canned fruits and vegetables

- The industry's second-most produced products are canned vegetables, pickled and brined fruits and vegetables, pickles, relishes and sauerkraut.
- Despite being a significant source of revenue for industry operators, canned fruits are estimated to account for the smallest share of industry revenue.
- This can be attributed to the fact that canned fruits are comparatively much more expensive than their vegetable counterparts.
- As a result, consumers often purchase a greater number of canned vegetables than they do fruit. These segments also include canned tomato-based sauces such as ketchup, salsa, tomato paste and other sauces.

Other

- The remaining production includes jams, jellies, dried fruits and vegetables, fruit preserves and other miscellaneous products.
- Due to their ease and low cost of production, dried fruits and vegetables are produced and sold for relatively low prices across all parts of the world. For example, dried dates, figs and grapes (raisins) are popular over broad geographic areas.
- However, due to their low cost, products within this segment have long been widely accessible to much of the world population.

Major Markets



2023 INDUSTRY REVENUE

\$339.6bn

Global Fruit & Vegetable Processing
Source: IBISWorld

Retail stores

- Grocery stores and fruit and vegetable markets make up the retail channel.
- Nearly one-third of all processed fruit and vegetable products go directly to grocery store shelves.
- Small- and medium-sized companies have a harder time gaining access to shelf space, often selling products in smaller retail channels or to other markets.
- This market is especially prevalent in developing nations, as mass merchandisers are responsible for satisfying a lower proportion of domestic demand.

Food service and manufacturing clients

- Sales of industry products to food service industries, including restaurants, bars, hotels, motels, casinos and catering companies. As well as to other food manufacturers such as frozen food, bakery product and pet food producers.
- Growth in global per capita disposable income enables urban consumers to increase the frequency that they visit food service establishments and the amount of money that they spend each visit.
- In addition, other food manufacturers buy processed vegetable and fruit products from industry operators for use as inputs in their manufacturing processes.

Independent grocery wholesalers

- Independent grocery wholesaling tends to represent the most cost-efficient means of delivering industry products to downstream retailers.
- In many developing economies, rising consumer income and growth in the size of the urban population have led to an expansion in the number of consumers that use supermarkets as their primary source of food products, which has fueled some growth in this segment.
- In addition, due to the rise in home cooking trends that have resulted from increased health consciousness and stay-at-home orders from coronavirus, many consumers are purchasing more groceries in supermarkets.

Mass merchandisers

- Mass merchandisers are large retail locations with the cost efficiencies of wholesalers.
- They seek to provide a comprehensive catalog of products to become consumers' one-stop shop for all goods.
- Due to their ability to compete on the basis of price and convenience, other retail stores are often hard pressed to compete with this market. As mass merchandisers such as Walmart Inc. expand into previously untapped geographic regions, the proportion of demand satisfied by this segment has increased.

Other stores

- Processed and preserved fruit and vegetable products are also sold to other retail outlets, including convenience stores, warehouse club stores and grocery warehouses.
- Discount stores represent an important channel in parts of Western Europe, especially Scandinavia.

International Trade Exports in this industry are ⊖ **Medium and Decreasing**

Imports in this industry are \ominus **Medium** and Decreasing

Industry Trade Balance



Global Fruit & Vegetable
Processing
Source: IBISWorld

Imports

Large manufacturers' expansion into developing countries has weakened import growth

- While changing consumer preferences and disposable income in China have pushed up processed fruit and vegetable consumption, imports have still declined.
- With large manufacturers entering developing nations, the goods produced will inherently become less expensive than domestically produced products, causing imports to decline.

Germany is the largest importer

- Germany is very involved in food processing and uses processed fruits and vegetables as an input in many dishes.
- The country's proximity to other major processed fruit and vegetable producers such as France and Italy has driven demand for imports to Germany.

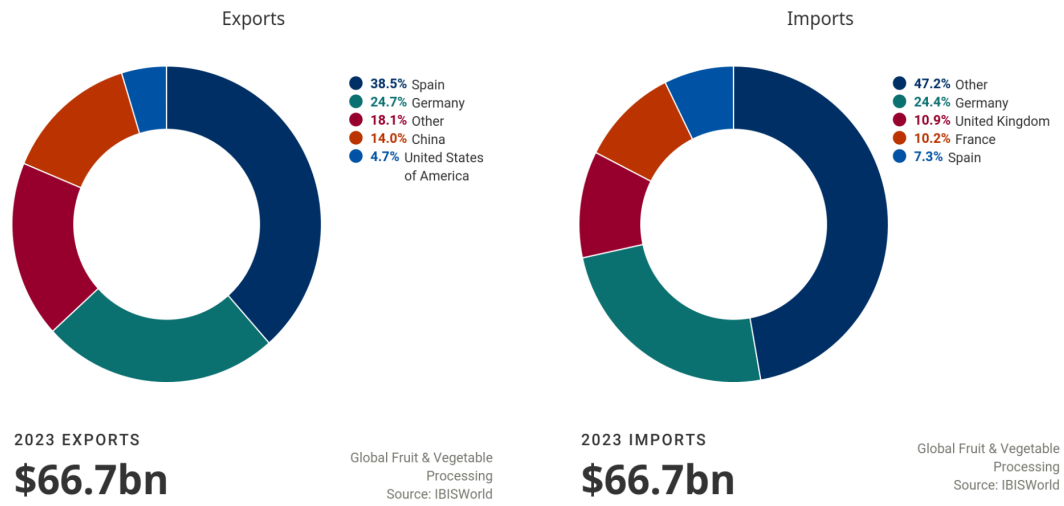
Exports

Exports are dominated by a mere few countries

- Countries in Europe tend to dominate the processed fruit and vegetable sector, as the European Union (EU) accounts for more than three-quarters of global production. International trade is no exception to this rule, and the top exporters are mostly European countries.
- Some of the largest exporters of processed fruits and vegetables are Germany, Spain, China and the United States.
- Nevertheless, since the EU is often considered one market, especially because 18 of the EU's 28 countries use the euro, many industry organizations exclude intra-EU trade.

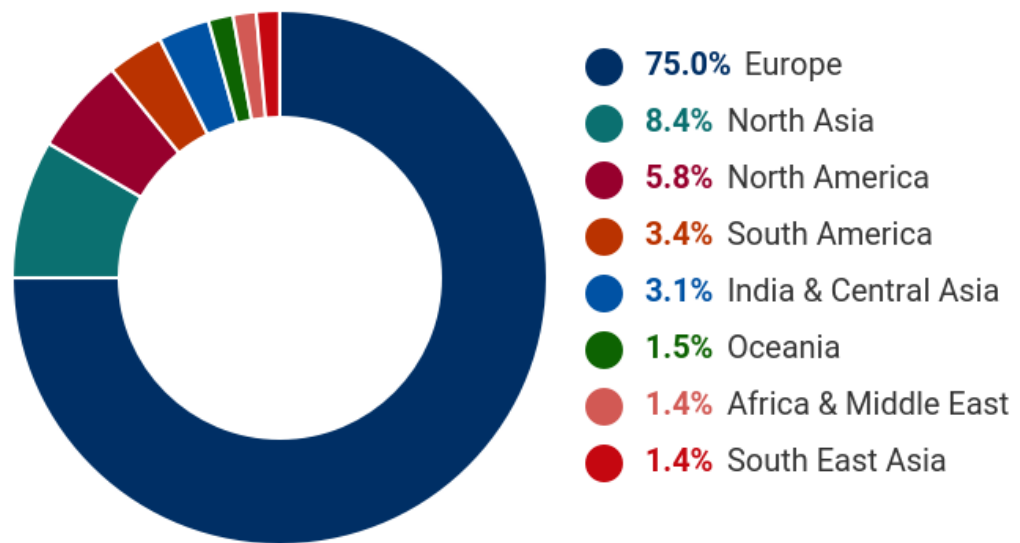
Expanding demand still caused exports to decline

- Despite the industry enduring increased demand for processed fruits and vegetables, the COVID-19 pandemic has caused massive supply chain disruption, forcing many nations to decrease the amount they export.
- Volatile input costs and raw materials have also caused the share of exports to decline throughout 2023.



Business Locations

Business Concentration



Global Fruit & Vegetable Processing
Source: IBISWorld

Europe houses some of the world's largest manufacturers

- Europe represents the region that produces the largest share of processed fruits and vegetables. The region is home to several medium-sized establishments, including France's Bonduelle Group.
- Fruit and vegetable processing is done in high quantities across the continent, but a relatively higher concentration of industry operations occurs in the continent's largest economies, including Germany, Russia, Italy, France and the United Kingdom.
- Europe's share of global production has been slowly declining as other regions, notably Asia, increase their share of global production. This is partially due to stagnant continent demand for industry products and the gradual weakening of the Common Agricultural Policy of the European Union, subsidization of the bloc's agricultural sector that helps provide fruit and vegetable processors with inexpensive inputs.

The United States dominates in North America

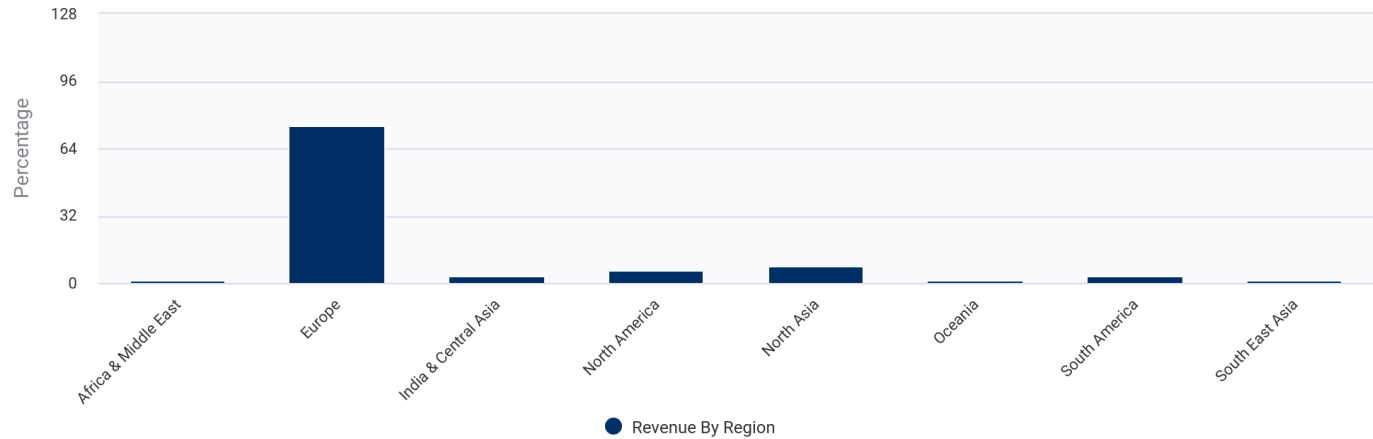
- The United States is by far the largest processor of fruits and vegetables, as more than half of fresh fruits and vegetables are processed.
- The major fruit and vegetable processing region is in the far west, with a large portion of industry establishments, followed by the Great Lakes.
- North America also houses the headquarters of some of the largest processed and preserved fruit and vegetable companies in the world such as the Kraft Heinz Company (United States), the Campbell Soup Company (United States) and McCain Foods Limited (Canada).

Production in North Asia and South America is climbing

- North Asia has endured the most growth throughout 2023. The majority of this growth has come from China, which, according to the Food and Agriculture Organization of the United Nations, produces about half the world's fresh vegetables and fresh fruit.
- South America is the fourth-largest manufacturer of processed fruits and vegetables, given its large consumer base and substantial production of fresh fruits and vegetables.

- Rising disposable income levels in North Asia and South America have increased production in both regions throughout 2023.

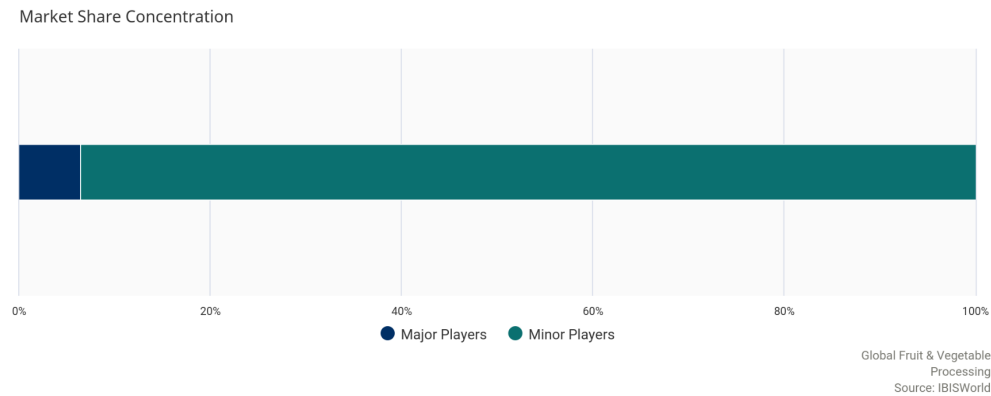
Distribution of Revenue By Region



Global Fruit & Vegetable Processing
Source: IBISWorld

Competitive Landscape

Market Share Concentration



Concentration in this industry is **Low**

Most manufacturers are small scale

- While larger companies in higher-income countries typically dominate, many small-scale manufacturers operate in local markets and produce high-quality products.
- In lower-income countries, there is a high number of small-scale manufacturers operating in local markets.

Massive production volumes and the nature of products keep concentration low

- Massive global manufacturers such as Campbell Soup Company and Kraft Heinz still can't accumulate a considerable market share because of high global production.
- The wide variety of products also makes accumulating a considerable market share challenging.

Key Success Factors

IBISWorld identifies over 200 Key Success Factors for a business. The most important for this industry are:

Ability to pass on cost increases:
The industry's most successful companies must be able to establish well-known brands. In doing so, these companies are more able to pass on cost increases when input prices rise due to brand loyalty.

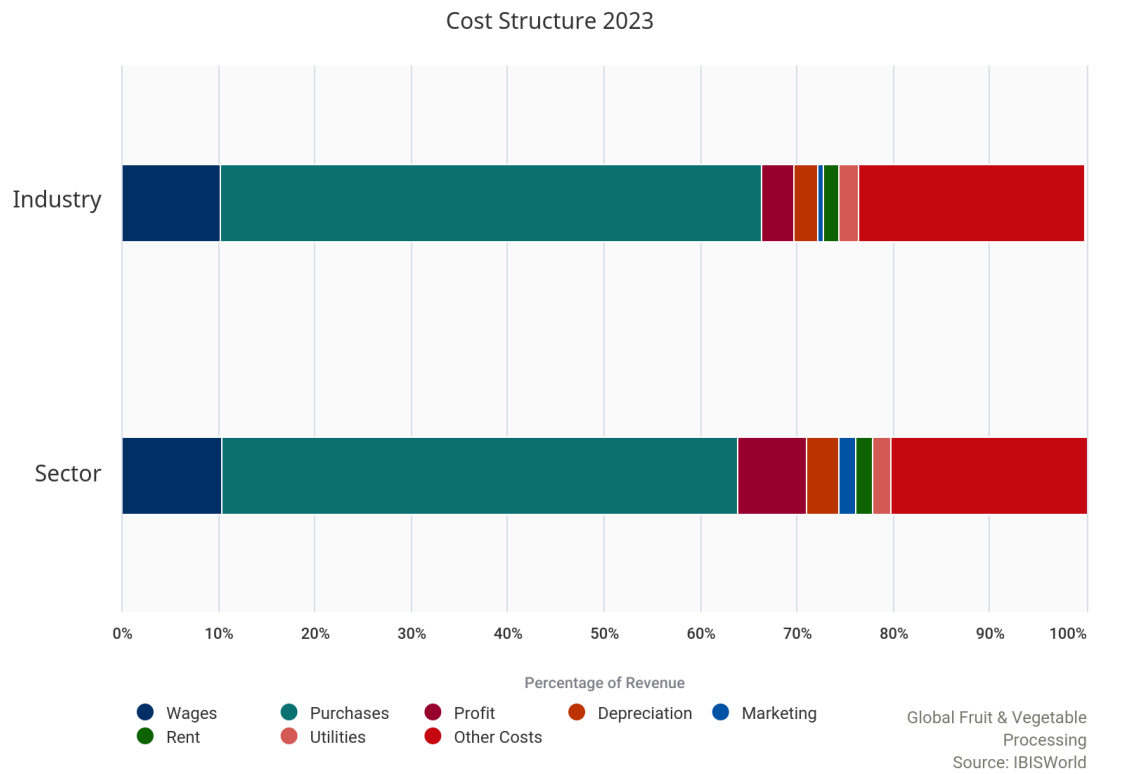
Attractive product presentation:
Given the relative homogeneity of industry products within each industry product segment, successful advertising and product presentation can positively distinguish a company's product from others, which can increase company sales.

Supply contracts in place for key inputs:
The prices of fruit and vegetable inputs are incredibly volatile due to factors such as adverse weather conditions and insect infestations. To negate this, long-term fixed-price supply contracts with farmers and distributors are crucial.

Access to high quality inputs:
Consumers are sensitive to the quality and taste of the industry products they purchase. Therefore, purchasing agricultural inputs from healthy yields is crucial to ensure maximized end product quality, increasing demand for a company's products.

Economies of scale:
Companies that produce a high volume of output benefit from lower operating costs due to economies of scale. This grants these companies a competitive advantage by enabling them to sell their products at lower prices.

Cost Structure Benchmarks



Profit

Profit is squeezed by rising costs

- Processed fruit and vegetable product sales surged amid COVID-19, leading consumers to stockpile shelf-stable items. However, the pandemic also increased operating costs, neutralizing any potential benefits.
- Commodity prices skyrocketed after the pandemic as demand eclipsed supply, which inflated purchase costs and squeezed profit.
- As health consciousness rises, domestic consumers are shifting away from certain unhealthy processed fruit and vegetable products. This slight shift in demand is also hurting profit for goods that already have a low margin.
- In 2023, profit is anticipated to account for 3.4% of revenue.

Wages

The emergence of small-scale processors drives up wage costs

- A boom in specialty and organic food has precipitated a wave of new fruit and vegetable pro
- Wages are slightly growing among established companies as rising demand expands their a
- Wage expenses account for 10.2% of revenue in 2023, up from 10.0% in 2018.

Purchases

Long-term contracts with suppliers keep purchase costs steady

- Key input prices are subject to fluctuations based on demand for raw materials, changes in crop size, weather conditions and energy costs.
- Even as fruit and vegetable prices rose, purchase costs remained relatively stable since most processors developed long-term contracts with upstream suppliers. Purchase costs account for 56.1% of revenue in 2023.

Basis of Competition

Competition in this industry is  **Medium** and the trend is Increasing

- Price competition prevents significant market domination.







Since processed products are known for being economical, price is a considerable basis of competition for global fruit and vegetable processors.

Familiar brands attract consumers and acquire critical shelf space. Industry frontrunners Campbell Soup Company and Kraft Heinz have a loyal customer base and a diverse product portfolio, giving the companies an in with supermarkets and grocery stores.

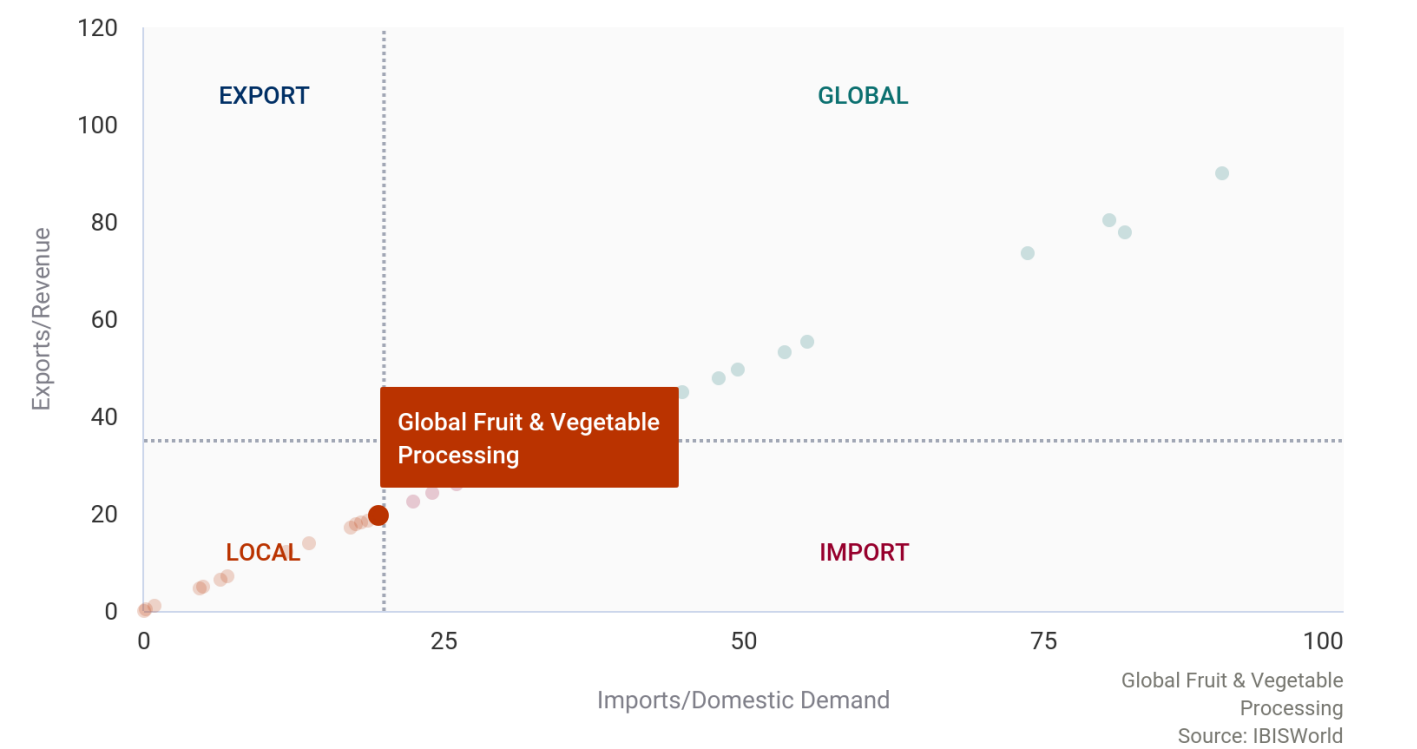
Barriers to Entry

Barriers to Entry in this industry are  **Medium** and the trend is Steady

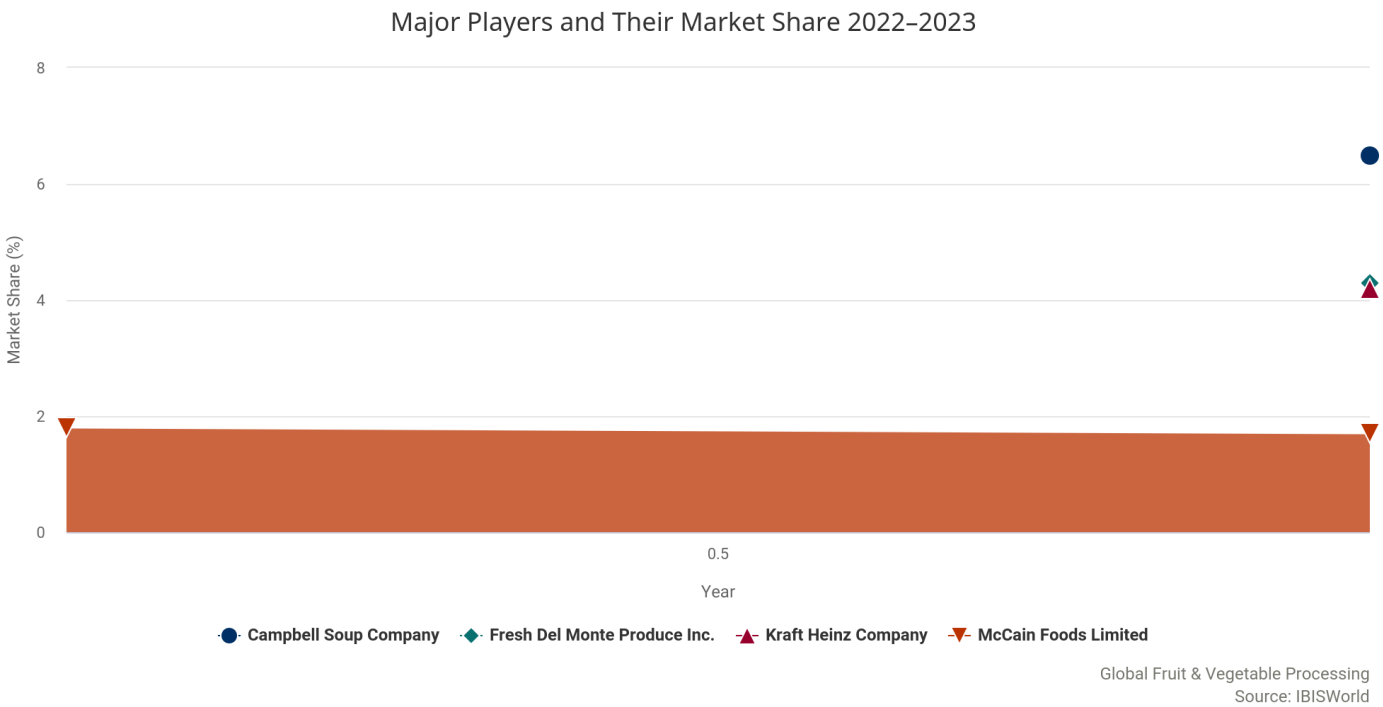
Smaller, financially strapped operators are more dependent on labor to perform processing tasks, while larger companies can rely more on equipment and machinery.

Barriers to Entry Checklist	
Competition	Medium 
Concentration	Low 
Life Cycle Stage	Quantity Growth 
Technology Change	Low 
Regulation & Policy	Medium 
Industry Assistance	Medium 

Trade Globalization 2023



Major Companies



Major Players

Kraft Heinz Company

Market Share: 2.5%

ESG efforts are crucial for the company's image

Kraft Heinz is committed to ESG issues. The company plans to focus on areas with the greatest impact on society. The company includes three key pillars; healthy living and community support, environmental stewardship and responsible sourcing.

Kraft Heinz Company (industry-specific segment) - financial performance				
Year	Revenue (\$m)	Growth (% change)	Operating Profit (\$m)	Growth (% change)
2012	12,698.1	N/C	1,860.1	N/C
2013	7,840.4	-38.3	1,128.8	-39.3
2014	8,191.5	4.5	1,176.0	4.2
2015	12,103.1	47.8	1,741.7	48.1
2016	16,686.8	37.9	3,869.5	122.2
2017*	17,845.9	6.9	4,722.4	22.0

Source: Annual Report and IBISWorld
Note: *Estimates

Campbell Soup Company

Market Share: 2.2%

Notable brand names accelerate growth

The company operates within the industry through several brand names, which include Campbell's, Prego, Pace, Stockpot, V8 and V8 Splash, Erasco, Heisse Tasse, Lesieur and Royco. These popular brand names attract a loyal customer base, which enables consistent demand for those products.

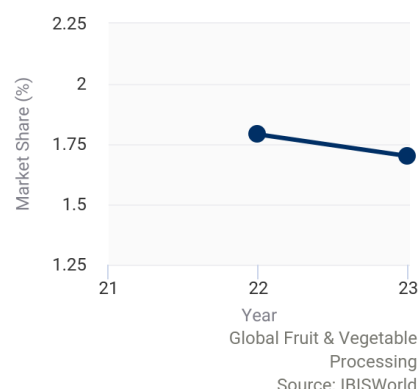
Year	Revenue (\$m)	Growth (% change)	EBIT (\$m)	Growth (% change)
2006	6,894	3.6	1,097	1.4
2007	7,385	7.1	1,243	13.3
2008	7,998	8.3	1,098	-11.7
2009	7,586	-5.2	1,185	7.9
2010	7,676	1.2	1,348	13.8
2011	7,719	0.6	1,284	-4.7

Source: Annual Report

McCain Foods Limited

Market Share: 1.7%

McCain Foods Limited



A wide array of products keeps the company afloat

While the company is primarily engaged in the production of frozen potato products, McCain also makes green vegetables, desserts, pizzas, juices and beverages, oven meals and entrees. Over the past decade, McCain's global food operations have continued to expand in the United States, Canada, Taiwan, China, Mexico and South America.

Fresh Del Monte Produce Inc.

Market Share: 0.1%

Vertical integration is crucial to the company's success

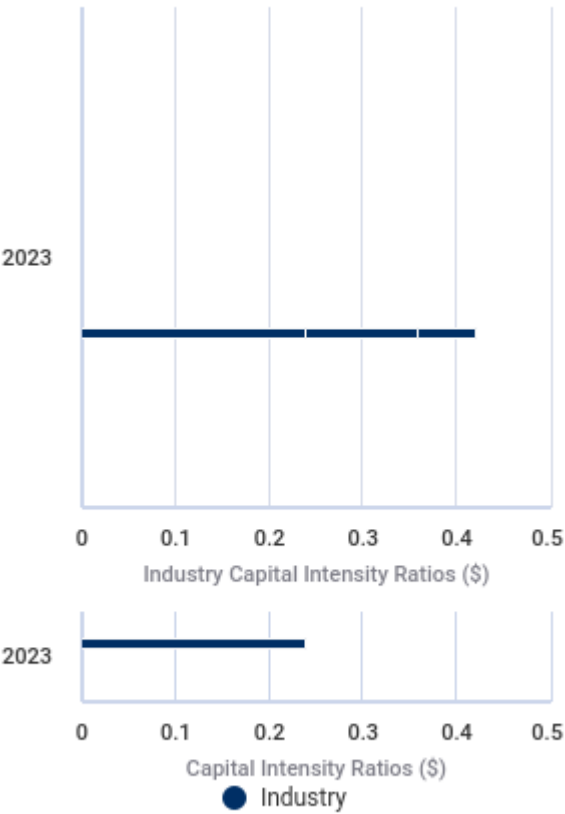
The company's vertical integration enables products to be sourced from company-owned operations, through joint venture arrangements and through supply contracts with independent producers.

Operating Conditions

Capital Intensity The level of capital intensity is ☹ **Medium**

Smaller, financially strapped operators are more dependent on labor to perform processing tasks, while larger companies can rely more on equipment and machinery.

Capital Intensity Ratios



Global Fruit & Vegetable Processing
Source: IBISWorld

Technology & Systems

Potential Disruptive Innovation: Factors Driving Threat of Change

Level	Factor	Disruptive Effect	Description
✓ Low	Rate of Innovation	Unlikely	A ranked measure for the number of patents assigned to an industry. A faster rate of new patent additions to the industry increases the likelihood of a disruptive innovation occurring.
✓ Low	Innovation Concentration	Unlikely	A measure for the mix of patent classes assigned to the industry. A greater concentration of patents in one area increases the likelihood of technological disruption of incumbent operators.
⊖ Medium	Ease of Entry	Potential	A qualitative measure of barriers to entry. Fewer barriers to entry increases the likelihood that new entrants can disrupt incumbents by putting new technologies to use.
⚠ Unknown	Rate of Entry	Unknown	Annualized growth in the number of enterprises in the industry, ranked against all other industries. A greater intensity of companies entering an industry increases the pool of potential disruptors.
✓ Low	Market Concentration	Unlikely	A ranked measure of the largest core market for the industry. Concentrated core markets present a low-end market or new market entry point for disruptive technologies to capture market share.

The industry is experiencing a low level of both the rate of new patents and the concentration of patents in the industry. This creates an environment where the threat of new technologies driving disruption is low.

Major market segments for industry operators are relatively diversified. The spread of market segments suggests that there are limited entry points other than those already served by incumbent operators.

The level of technology change is ✓ **Low**

Frozen fruits and vegetables

- Within this segment, frozen potatoes, the popularity of which is growing across the world, account for the most important specific product type.

Other popular frozen vegetables are peas, carrots, beans and vegetable mixes for stir-fries.

In the developed nations of the OECD, consumers have become more health conscious, which has driven demand for frozen fruit and vegetable products in these countries.

In the developing world, the expansion of middle-classes has led to increased durable good ownership rates. This includes expanded freezer ownership, which is necessary for storing frozen fruits and vegetables.

Canned fruits and vegetables

- The industry's second-most produced products are canned vegetables, pickled and brined fruits and vegetables, pickles, relishes and sauerkraut.
- Despite being a significant source of revenue for industry operators, canned fruits are estimated to account for the smallest share of industry revenue.

- This can be attributed to the fact that canned fruits are comparatively much more expensive than their vegetable counterparts.
- As a result, consumers often purchase a greater number of canned vegetables than they do fruit. These segments also include canned tomato-based sauces such as ketchup, salsa, tomato paste and other sauces.

Other

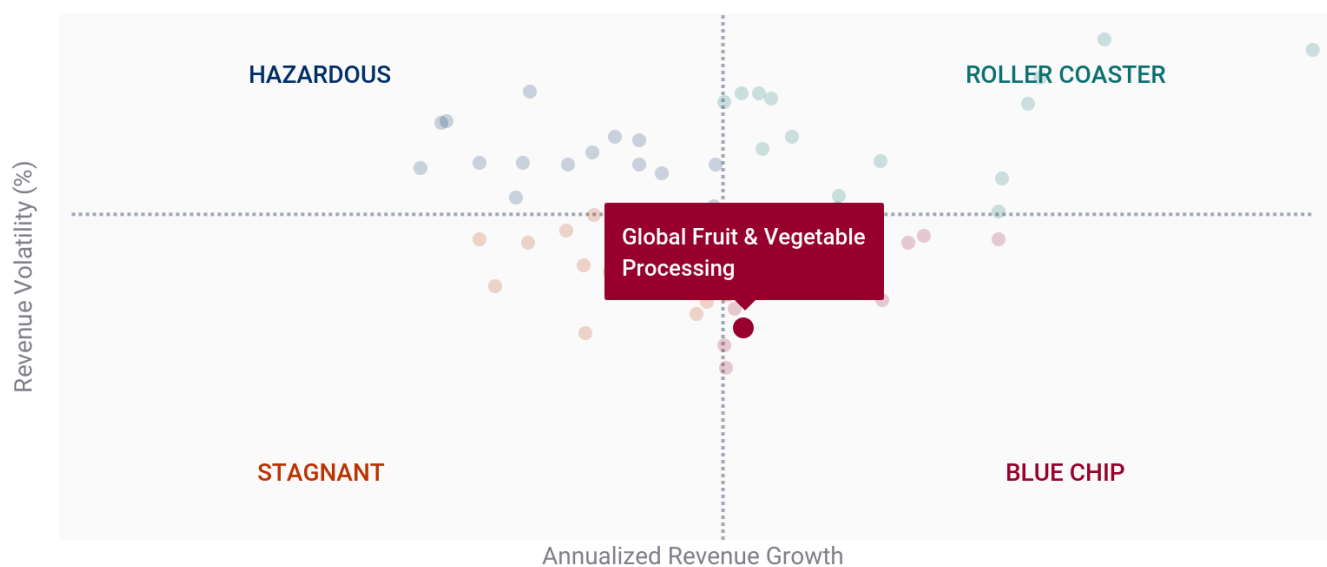
- The remaining production includes jams, jellies, dried fruits and vegetables, fruit preserves and other miscellaneous products.
- Due to their ease and low cost of production, dried fruits and vegetables are produced and sold for relatively low prices across all parts of the world.

For example, dried dates, figs and grapes (raisins) are popular over broad geographic areas.

However, due to their low cost, products within this segment have long been widely accessible to much of the world population.

Revenue Volatility The level of volatility is ⊖ Low

Volatility vs. Growth



Global Fruit & Vegetable Processing
Source: IBISWorld

Canned produce loses out to fresh produce

- Canned fruit and vegetable processors have struggled with consistent declines as positive economic conditions discourage the purchase of budget-friendly canned produce while rising health consciousness drives consumer preferences for fresh produce.
- Consumers often perceive canned produce to be less healthy than fresh since it is processed, which has fueled the narrative that canned produce contains less nutrients. These claims have been debunked by health experts, but remain an impediment to the industry's expansion.

Consumers stockpile amid COVID-19 uncertainty

- Canned fruit and vegetable processors struggled to keep up with the abnormal demand for canned produce in 2020.
- Plummeting consumer confidence sent droves of people to the grocery store to stockpile nonperishable items to endure the indefinite stay-at-home orders.

Inconsistent harvests spur volatility in commodity prices

- Canned fruit and vegetable processors are subject to upstream volatility in the prices of fruits and

vegetables. Inconsistent harvests can squeeze supplies and drive up prices, or lead to an excess of product and send prices tumbling.

- Other fluctuations in energy and oil prices, weather conditions or downstream demand also can influence fluctuations in these primary drivers.

Regulation & Policy **The level of regulation is Medium and the trend is Increasing**

European safety regulations

One of the key bodies for food safety is the European Food Safety Authority (EFSA), which was established in 2002 after the outbreak of several food crises during the prior decade. The EFSA works to uphold consumer protection and the integrity of the EU food supply through objective scientific advice and risk assessment for EU legislation, EU authorities and member states. Topics covered by the EFSA include food and feed safety, nutrition, animal welfare and health, plant protection and health.

Oceania regulations

The Australia New Zealand Joint Food Standards Code places labeling requirements on industry players. Under the code, manufacturers are required to provide information on the percentage share of ingredients used and the nutritional value of the food product. These requirements have been widely criticized for placing significant costs on the industry. Over the past few years, consumer groups have intensified their calls for more detailed nutritional information on a wider range of food labels. Opponents of this move claim that it is not the role of food regulators to educate consumers about food nutrition. They argue that health departments better address issues of nutrition and diet through public information initiatives. The legislation also requires processors to declare the country where produce has been sourced correctly. In the past, processors have experienced difficulty in complying with these Country of Origin Labeling requirements. In November 1998, the Australian Competition and Consumer Commission found that Golden Circle Limited had misled consumers by incorrectly labeling a product as Australian grown.

United States regulations

The United States Environmental Protection Agency (EPA) and state governments enforce environmental issues pertaining to the industry, where the US Department of Agriculture (USDA) enforces health issues, which has a greater effect than environmental regulations on the way business is done in the industry. The US Food and Drug Administration (FDA) presides over food safety regulations that are likely to affect fruit and vegetable processors.

The Food Safety Modernization Act aims to minimize the high percentage of the population prone to foodborne illnesses each year and subjects imported food to the same level of scrutiny as locally produced food.

The Nutrition Labeling and Education Act, which amended the Federal Food, Drug and Cosmetic Act (FD&C), requires most foods to bear nutrition labeling and requires labels that bear nutrient content claims and certain health messages to comply with specific requirements. It is the responsibility of the manufacturers to remain current with the legal requirements for food labeling. The FDA has also instituted the Food Ingredient Safety Program that governs and evaluates claims about ingredients, nutritional content and other such claims made by food producers.

Environmental regulations in the United States

Various federal environmental regulations and statutes, such as the Federal Water Pollution Control Act or the Clean Water Act (CWA), Clean Air Act (CAA), Pollution Prevention Act (PPA) and Resource Conservation and Recovery Act (RCRA), have changed the way processing facilities handle their products and dispose of their waste. The CWA's increasingly stringent regulations for discharging wastewater are becoming important regulatory drivers for the industry. RCRA regulations typically apply only to solid waste disposal issues.

Industry Assistance **The level of industry assistance is Medium and the trend is Increasing**

Producer associations

The Food and Agriculture Organization (FAO), The International Fresh Produce Association (IFPA), The International Federation for Produce Standards (IFPS) and The Global Alliance for Improved Nutrition (GAIN) are all responsible for assisting fruit and vegetable processors. Whether the aid leads international efforts to defeat hunger, improve supply chain efficiencies of fresh produce or advocate for industry-wide legislation, these organizations all benefit from the industry's expansion.

Key Statistics

Industry Data

Year	Revenue (\$m)	IVA (\$m)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (\$m)	Imports (\$m)	Wages (\$m)	Domestic Demand (\$m)
2014	335,664	56,607	38,323	15,573	712,010	92,744	92,744	30,282	335,664
2015	330,836	56,943	40,412	15,343	723,473	91,221	91,221	30,726	330,836
2016	324,767	57,084	43,232	16,119	738,543	95,403	95,403	31,115	324,767
2017	321,357	57,801	45,614	16,362	761,103	121,725	121,725	31,629	321,357
2018	320,011	54,409	48,137	16,424	778,214	107,976	107,976	31,993	320,011
2019	315,976	49,790	51,550	17,580	799,739	111,480	111,480	31,523	315,976
2020	326,335	52,642	53,757	17,718	817,457	37,565	37,565	32,933	326,335
2021	331,321	53,249	56,431	17,562	837,149	37,578	37,578	33,533	331,321
2022	336,783	53,121	59,343	15,597	863,255	47,184	47,184	33,993	336,783
2023	339,597	54,296	61,552	16,125	878,422	66,711	66,711	34,528	339,597
2024	341,938	54,888	63,635	16,619	892,410	65,238	65,238	35,015	341,938
2025	350,758	56,358	66,154	17,217	917,394	62,853	62,853	35,980	350,758
2026	363,091	58,216	68,931	17,882	948,817	59,907	59,907	37,219	363,091
2027	373,566	59,944	71,480	18,484	976,953	55,458	55,458	38,317	373,566
2028	382,418	61,423	73,940	19,070	1,002,610	50,100	50,100	39,303	382,418

Annual Change

Year	Revenue (%)	IVA (%)	Establishments (%)	Enterprises (%)	Employment (%)	Exports (%)	Imports (%)	Wages (%)	Domestic Demand (%)
2014	-0.11	-2.69	6.61	9.29	3.20	36.3	36.3	-0.12	-0.11
2015	-1.44	0.59	5.45	-1.48	1.61	-1.64	-1.64	1.47	-1.44
2016	-1.83	0.25	6.98	5.06	2.08	4.58	4.58	1.27	-1.83
2017	-1.05	1.25	5.51	1.51	3.05	27.6	27.6	1.65	-1.05
2018	-0.42	-5.87	5.53	0.38	2.25	-11.3	-11.3	1.15	-0.42
2019	-1.26	-8.49	7.09	7.04	2.77	3.25	3.25	-1.47	-1.26
2020	3.28	5.73	4.28	0.78	2.22	-66.3	-66.3	4.48	3.28
2021	1.53	1.15	4.97	-0.88	2.41	0.04	0.04	1.82	1.53
2022	1.65	-0.24	5.16	-11.2	3.12	25.6	25.6	1.37	1.65
2023	0.84	2.21	3.72	3.39	1.76	41.4	41.4	1.57	0.84
2024	0.69	1.09	3.38	3.06	1.59	-2.21	-2.21	1.41	0.69
2025	2.58	2.68	3.96	3.60	2.80	-3.66	-3.66	2.76	2.58
2026	3.52	3.30	4.20	3.86	3.43	-4.69	-4.69	3.44	3.52
2027	2.88	2.97	3.70	3.37	2.97	-7.43	-7.43	2.95	2.88
2028	2.37	2.47	3.44	3.17	2.63	-9.66	-9.66	2.57	2.37

Key Ratios

Year	IVA/Revenue (%)	Imports/ Demand (%)	Exports/ Revenue (%)	Revenue per Employee (\$'000)	Wages/ Revenue (%)	Employees per estab. (Units)	Average Wage (\$)
2014	16.9	27.6	27.6	471	9.02	18.6	42,530
2015	17.2	27.6	27.6	457	9.29	17.9	42,470
2016	17.6	29.4	29.4	440	9.58	17.1	42,130
2017	18.0	37.9	37.9	422	9.84	16.7	41,557
2018	17.0	33.7	33.7	411	10.00	16.2	41,111
2019	15.8	35.3	35.3	395	9.98	15.5	39,416
2020	16.1	11.5	11.5	399	10.1	15.2	40,288
2021	16.1	11.3	11.3	396	10.1	14.8	40,056
2022	15.8	14.0	14.0	390	10.1	14.5	39,378
2023	16.0	19.6	19.6	387	10.2	14.3	39,307
2024	16.1	19.1	19.1	383	10.2	14.0	39,237
2025	16.1	17.9	17.9	382	10.3	13.9	39,220
2026	16.0	16.5	16.5	383	10.3	13.8	39,227
2027	16.0	14.8	14.8	382	10.3	13.7	39,221
2028	16.1	13.1	13.1	381	10.3	13.6	39,201

Figures are inflation adjusted to 2023

Additional Resources

Glossary

BARRIERS TO ENTRY

High barriers to entry mean that new companies struggle to enter an industry, while low barriers mean it is easy for new companies to enter an industry.

CAPITAL INTENSITY

Compares the amount of money spent on capital (plant, machinery and equipment) with that spent on labor. IBISWorld uses the ratio of depreciation to wages as a proxy for capital intensity. High capital intensity is more than \$0.333 of capital to \$1 of labor; medium is \$0.125 to \$0.333 of capital to \$1 of labor; low is less than \$0.125 of capital for every \$1 of labor.

CONSTANT PRICES

The dollar figures in the Key Statistics table, including forecasts, are adjusted for inflation using the current year (i.e. year published) as the base year. This removes the impact of changes in the purchasing power of the dollar, leaving only the "real" growth or decline in industry metrics. The inflation adjustments in IBISWorld's reports are made using the US Bureau of Economic Analysis' implicit GDP price deflator.

EMPLOYMENT

The number of permanent, part-time, temporary and seasonal employees, working proprietors, partners, managers and executives within the industry.

ENTERPRISE

A division that is separately managed and keeps management accounts. Each enterprise consists of one or more establishments that are under common ownership or control.

ESTABLISHMENT

The smallest type of accounting unit within an enterprise, an establishment is a single physical location where business is conducted or where services or industrial operations are performed. Multiple establishments under common control make up an enterprise.

EXPORTS

Total value of industry goods and services sold to customers outside the country of origin.

IMPORTS

Total value of industry goods and services brought into a buyer's country from another country.

INDUSTRY CONCENTRATION

An indicator of the dominance of the top four players in an industry.

INDUSTRY REVENUE

The total sales of industry goods and services (exclusive of excise and sales tax); subsidies on production; all other operating income from outside the firm (such as commission income, repair and service income, and rent, leasing and hiring income); and capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded.

INDUSTRY VALUE ADDED (IVA)

The market value of goods and services produced by the industry minus the cost of goods and services used in production. IVA is also described as the industry's contribution to GDP, or profit plus wages and depreciation.

LIFE CYCLE

All industries go through periods of growth, maturity and decline. IBISWorld determines an industry's life cycle by considering its growth rate (measured by IVA) compared with GDP; the growth rate of the number of establishments; the amount of change the industry's products are undergoing; the rate of technological change; and the level of customer acceptance of industry products and services.

NONEMPLOYING ESTABLISHMENT

Businesses with no paid employment or payroll, also known as nonemployers. These are mostly set up by self-employed individuals.

PROFIT

IBISWorld uses earnings before interest and tax (EBIT) as an indicator of a company's profitability. It is calculated as revenue minus expenses, excluding interest and tax.

VOLATILITY

The level of volatility is determined by averaging the absolute change in revenue in each of the past five years. Volatility levels: very high is more than $\pm 20\%$; high volatility is $\pm 10\%$ to $\pm 20\%$; moderate volatility is $\pm 3\%$ to $\pm 10\%$; and low volatility is less than $\pm 3\%$.

WAGES

The gross total wages and salaries of all employees in the industry. The cost of benefits is also included in this figure.



WHERE KNOWLEDGE IS POWER

IBISWorld helps you find the industry information you need – fast.

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