



Retail orange juice sales were up in March, April and May.

Recent trends in the U.S. orange juice market

By Thomas H. Spreen

Recently, if you pick up a newspaper or turn on the evening news, you are inundated with news about the novel coronavirus and its impact on the United States. Along with Black Lives Matter, the coronavirus has been the overarching news event.

The agricultural sector has also been affected by coronavirus. There has been terrible news regarding meat-packing plants, dairy farmers dumping milk because of lack of markets, and vegetable farmers leaving produce in the field. The story as it relates to orange juice has been quite different. That story is the topic of this column.

ORANGE JUICE FORMS AND OUTLETS

In the United States, orange juice is sold in two forms:

1) Not-from-concentrate (NFC, e.g. Tropicana Pure Premium, Florida's Natural or Simply Orange)

2) From concentrate (also known as recon), which is frozen concentrated orange juice (FCOJ) reconstituted back to single-strength form

Orange juice moves through two major outlets:

1) Retail supermarkets and stores
2) Institutional outlets, including restaurants, hotels, hospitals the military and more.

NFC accounts for about 60 percent

of retail movement. Although the exact figures are unknown, the vast majority of institutional movement is recon.

INSTITUTIONAL VS. RETAIL

In order to create an environment of social distancing, governments have restricted access to restaurants, including fast food outlets such as McDonald's and Burger King. There is no published data on orange juice movement that occurs through restaurants, but a likely effect of restrictions imposed on restaurants is that movement of all products, including orange juice, has declined dramatically. Nearly all juice sold in restaurants is from-concentrate juice, so the demand for recon orange juice has been adversely affected.

Other institutional outlets, such as hospitals, have likely not been affected. Although the story there is mixed, as some states have restricted elective surgery to ensure that those infected with the coronavirus have access to hospital care.

The story at retail, however, is very different. The Economics and Marketing Research Department (ERMD) of the Florida Department of Citrus

reported that retail sales of orange juice in May were up over 30 percent compared to last year. This was the third straight month of comparable increased movement at retail. Both sales of NFC and recon are up, with NFC showing a larger percentage increase.

As shown in the graph, orange juice sales were up substantially from March through May. Monthly movement has reached levels not seen since 2015.

The explanation for increased consumption of orange juice appears to center on the perception that consumers are attempting to increase their intake of Vitamin C, much like what occurs during an outbreak of the common flu virus.

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Taken together, the negative effect on institutional movement has been more than offset by increased movement at retail. The ERMD reports that NFC movement from Florida for the season that began October 1, 2019 through April 25 is up 5.5 percent, while FCOJ movement is down 3 percent. Since most of Florida's crop is allocated to NFC (about 80 percent), the collective effect on Florida growers is positive.

The hope is that the coronavirus pandemic will soon wane as vaccines are being developed to fight the disease. As the pandemic winds down, it is not known if increased consumption of orange juice will persist or if new customers have been drawn (or old customers have returned) into regular consumption of orange juice. Stay tuned. 🍊

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