

Global Fruit & Vegetable Processing

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

Federico Irigoyen | August 2024

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Recent Developments

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.

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 edge in supermarkets and grocery stores.

External Environment

US tariffs apply to most countries, with certain free trade agreements providing exceptions. Asian and Australian tariffs focus on agricultural sector support and free trade policies.

External Environment

The rise of organic has prompted several 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.

Financial Benchmarks

Profit in fruit and vegetable processing varies widely. Companies with efficient operations and robust supply chains achieve better profitability, reducing costs and improving margins, despite rising costs.

Financial Benchmarks

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

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, giving nearby processors more shelf space.

Geographic Breakdown

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

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

Consumer demand for organic products has surged. This shift is driven by increased awareness of health benefits and environmental advantages, leading companies to expand organic product lines and improve supply chain management to maintain quality standards.

Products and Markets

Health consciousness tempers juice sales. Processors respond by producing more natural fruit and vegetable

juices to cater to the increasing demand for healthier beverage options.

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.

This section last updated January 01, 0001

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
- Fresh Del Monte Produce Inc.
- Other Companies

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
- Canned fruits
- Other

Supply Chain

Key External Drivers



SIMILAR INDUSTRIES

Other Global Food Product Manufacturing



Global Wine Manufacturing



Global Soft Drink & Bottled Water Manufacturing



Global Convenience Store Chains



RELATED INTERNATIONAL INDUSTRIES

Frozen Food Production in the US

Canned Fruit & Vegetable Processing in the US

Dried Fruit & Vegetable Snack Production in the US

Pre-Made Salsa Production in the US

Frozen Food Production in Canada

Canned Fruit & Vegetable Processing in Canada

Fruit and Vegetable Processing in Australia

Fruit and Vegetable Processing in New Zealand

Fruit & Vegetable Processing in the UK

Frozen Food Production in China

Canned Food Production in China

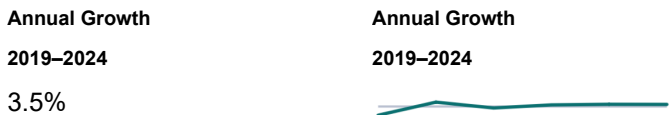
Industry at a Glance

Key Statistics

\$370.2bn
Revenue



\$13.0bn
Profit



3.5%
Profit Margin



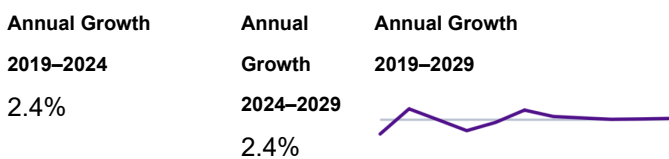
15,776
Businesses



923k
Employment



\$36.3bn
Wages



Key External Drivers

% = 2019–24 Annual Growth

2.1%
Global consumer spending

1.5%
Global per capita income

10.9%
World price of sugar

0.9%
Global population

Industry Structure

POSITIVE IMPACT

Life Cycle Mature	Concentration Low
Technology Change Low	

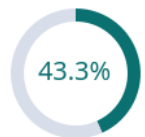
MIXED IMPACT

Revenue Volatility Low	Capital Intensity Medium
Industry Assistance Medium / Increasing	Regulation & Policy Medium / Increasing
Barriers to Entry Medium / Steady	Industry Globalization Medium / Steady
Competition Medium / Increasing	

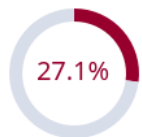
Key Trends

- 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.
- Consumer demand for organic products has surged. This shift is driven by increased awareness of health benefits and environmental advantages, leading companies to expand organic product lines and improve supply chain management to maintain quality standards.
- Rising health consciousness driving demand
- Sustainability and eco-friendly practices becoming essential
- Technological advancements are enhancing efficiency
- 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. However, unlike the case for developed countries, this income growth has fomented demand for processed foods in developing countries like China. The industrialization of the industry in these countries has also improved distribution and production capacity to benefit the global industry. Overall, the industry has been growing at a CAGR of 2.9% over the past five years and is expected to total \$370.2 billion in 2024, when revenue will climb to 3.5%. The industry's performance in developed markets such as Europe and North America has the most significant influence on the industry's global performance. As a result, specific consumer shifts toward different processed foods have positively influenced

Products & Services Segmentation



Frozen fruits and vegetables



Canned vegetables



Canned fruits



Other

Global Fruit & Vegetable Processing
: IBISWorld

Major Players

SWOT



STRENGTHS

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



WEAKNESSES

- Low Profit vs. Sector Average
- High Capital Requirements



OPPORTUNITIES

- High Revenue Growth (2019-2024)
- High Revenue Growth (2024-2029)
- High Performance Drivers
- Global per capita income



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

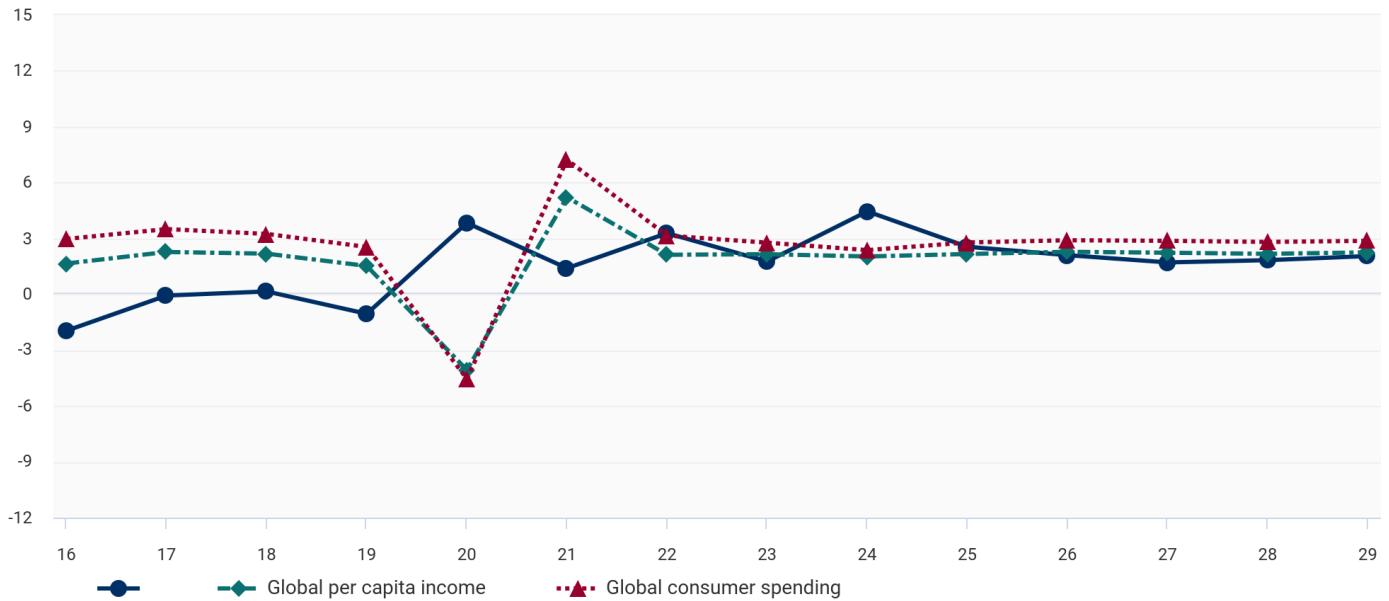
Global fruit and vegetable processors have steadily grown as a result of favorable consumer trends across the world. The growth in global disposable income has driven demand toward healthier and more convenient processed foods in developed countries such as the United States and the United Kingdom, where consumer trends have been slightly shifting. However, unlike the case for developed countries, this income growth has fomented demand for processed foods in developing countries like China. The industrialization of the industry in these countries has also improved distribution and production capacity to benefit the global industry. Overall, the industry has been growing at a CAGR of 2.9% over the past five years and is expected to total \$370.2 billion in 2024, when revenue will climb to 3.5%.

The industry's performance in developed markets such as Europe and North America has the most significant influence on the industry's global performance. As a result, specific consumer shifts toward different processed foods have positively influenced demand for processed fruits and vegetables. However, unfavorable weather conditions have created volatility in input prices, primarily in Europe, negatively affecting industry profit. Still, 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 they have become more affordable, and consumers have more room to spend on them as their incomes mount.

The industry is expected to strengthen throughout 2029 as industry performance in developing countries increasingly drives revenue growth. Demand for processed fruits and vegetables will continue growing in emerging economies, with China leading the pack as global disposable income swells. This is expected to be supported by stable demand growth in developed countries such as the United States, where producers are anticipated to adapt to new consumer preferences and alter their products to improve revenue growth. Overall, the industry is forecast to climb at a CAGR of 2.0% over the five years through 2029 to total \$409.7 billion.

Industry Performance

2016-2029



Global Fruit & Vegetable Processing
: IBISWorld

Key External Drivers

Global per capita income

As global per capita income rises, consumers can afford higher-quality foods, including expensive processed vegetable and fruit products, like imported preserved vegetables. Many fruits and vegetables are discretionary, so higher incomes boost consumer spending on these items. Consequently, increasing global per capita income elevates demand for fruits and vegetables, presenting a significant opportunity for the industry.

Global consumer spending

When consumer spending increases, demand for discretionary items, such as processed fruit and vegetables, also rises. This surge in demand stimulates the production of diverse product lines, enhancing variety and selection for customers. Therefore, manufacturers innovate and introduce new flavors, packaging and convenient options, catering to the evolving preferences of discerning consumers and driving market growth.

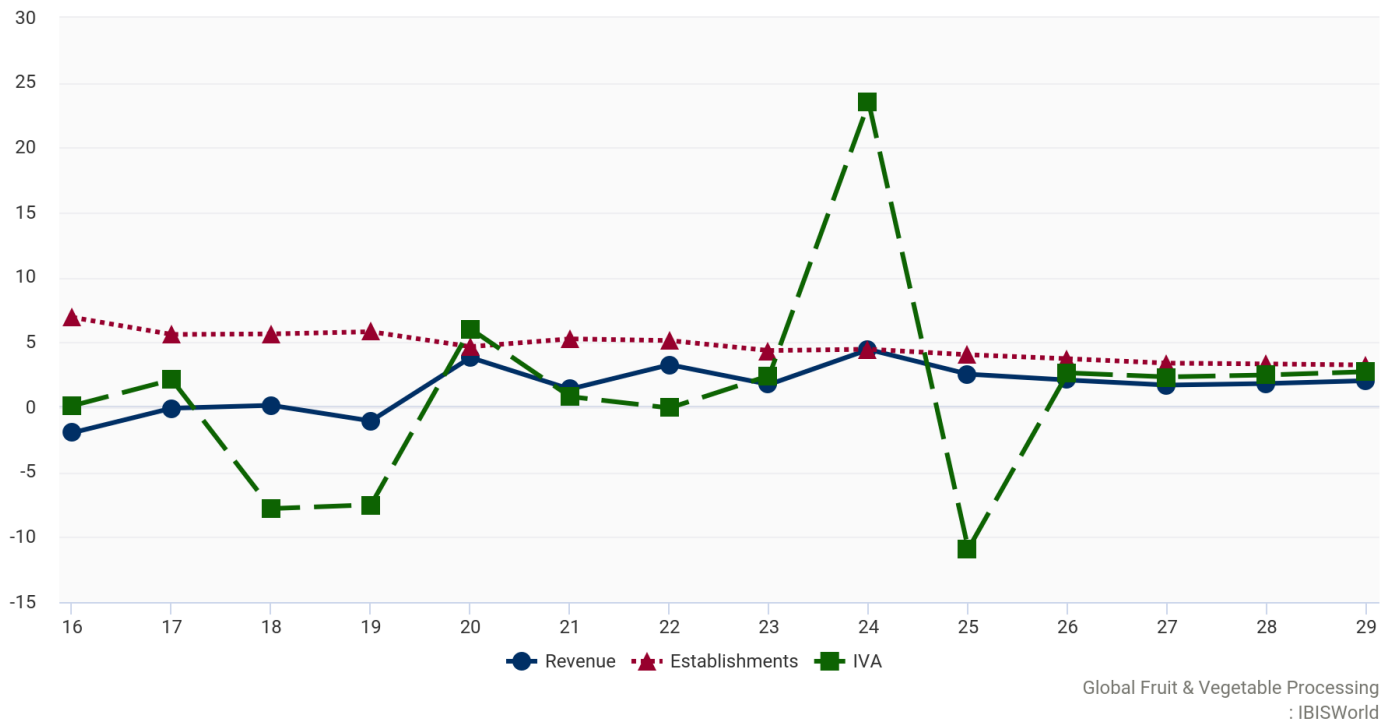
Global population

Processed fruit and vegetable products are staple food products across much of the world. They are 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 the growth in the world population.

World price of sugar

Sugar is a primary input for manufacturing many processed fruit and vegetable products. The world price of sugar can significantly impact profit margins for businesses that must keep input costs down. Increases in the world price of sugar pose a potential threat to the industry. Higher sugar costs can raise production expenses, forcing companies to consider price adjustments or cost-cutting measures.

Industry Performance 2016–2029



Current Performance

Growing demand for organic products

- Over the past five years, there has been a significant gain in consumer demand for organic fruit and vegetable products, reflecting a broader shift towards healthier and cleaner food choices.
- This shift has been primarily driven by greater awareness of the health benefits associated with organic products and the environmental advantages of organic farming practices that avoid synthetic chemicals.
- To meet this growing demand, companies have expanded their organic product lines and sought organic certifications to authenticate their offerings and build consumer trust in their brands.
- The gain in organic consumption has also necessitated more rigorous supply chain management practices to ensure the integrity of organic products from farm to table while maintaining high-quality standards.

Innovation in processing technologies enhance productivity

- Technological advancements have revolutionized fruit and vegetable processing, dramatically improving both efficiency and product quality by leveraging modern techniques and tools.
- Innovations such as high-pressure processing and freeze-drying have enabled fruits and vegetables to have a longer shelf life while retaining their nutrients, making them more appealing to health-conscious consumers.
- Automated and AI-driven processes have significantly reduced labor costs and minimized human error, streamlining production operations and enhancing accuracy and reliability.
- These technological improvements have allowed companies to effectively meet higher consumer demand while maintaining competitive pricing and securing their market positions.

Increased focus on environmental sustainability

- Sustainability has become a key focus for companies, leading them to adopt eco-friendly practices to reduce their environmental footprint and contribute to a more sustainable future.
- Efforts include using renewable energy sources, reducing water usage and minimizing waste through recycling and upcycling initiatives, all of which contribute to more sustainable operations.
- Sustainable packaging solutions, such as biodegradable and compostable materials, have gained popularity as companies respond to consumer expectations for environmentally responsible products.
- Consumers increasingly support brands committed to environmental stewardship, driving industry stakeholders to adopt and implement more sustainable practices.

Managing raw material price fluctuations

- The past five years have seen significant volatility in the prices of raw materials due to various factors, including climate change, supply chain disruptions and geopolitical tensions.
- These price fluctuations have impacted profit margins, forcing companies to adjust their pricing strategies to manage costs and remain financially viable in a challenging market environment.
- In response, some companies have invested in vertical integration to gain more control over their supply chains and mitigate the impact of raw material price volatility on their operations.

Historical Performance Data

Year	Revenue (\$m)	Enterprises (Units)	Establishments (Units)	Employment (Units)	Wages (\$m)	IVA (\$m)	Imports (\$m)	Exports (\$m)
2015	329,959	15,186	40,971	720,851	31,190	49,453	73,736	73,736
2016	323,504	15,916	43,811	738,918	31,707	49,510	73,781	73,781
2017	323,276	16,301	46,270	761,409	32,232	50,559	75,701	75,701
2018	323,754	16,438	48,882	777,961	32,736	46,614	63,026	63,026
2019	320,345	17,253	51,727	799,597	32,300	43,112	51,195	51,195
2020	332,599	17,476	54,142	818,343	33,801	45,716	45,921	45,921
2021	337,262	18,064	56,997	838,737	34,499	46,091	47,871	47,871
2022	348,337	17,543	59,928	867,793	34,314	46,067	51,752	51,752
2023	354,466	17,244	62,545	893,272	34,806	47,189	49,293	49,293
2024	370,222	15,776	65,338	923,263	36,325	58,260	51,848	51,209

Industry Outlook

Outlook

Rising health consciousness driving demand

- Consumers are increasingly prioritizing health and wellness, causing a notable surge in demand for organic and natural fruit and vegetable products that are perceived as healthier and free from harmful chemicals.
- This growing trend is prompting manufacturers to innovate and develop healthier, additive-free options that cater to health-conscious consumers' specific needs and preferences, seeking cleaner, less processed foods.
- To capture the interest of these health-conscious consumers, companies are heavily investing in clean-label products that transparently disclose all ingredients and avoid using synthetic additives and preservatives.
- As more individuals adopt healthier diets, this shift in consumer behavior is expected to continue influencing product offerings and marketing strategies within the food industry, making it a long-term trend to watch.

Sustainability and eco-friendly practices becoming essential

- Growing environmental awareness among consumers is compelling companies to adopt sustainable and eco-friendly processing methods, which includes reducing their carbon footprint and minimizing environmental impact during production.
- The use of innovative packaging solutions, such as biodegradable and recyclable materials, is becoming more widespread as companies strive to reduce waste and offer more eco-friendly product options.
- The adoption of energy-efficient technologies and waste-reduction practices is gaining traction as companies seek to lower operational costs while simultaneously addressing environmental concerns and meeting regulatory requirements.
- Brands that demonstrate a solid commitment to sustainability are increasingly favored by consumers, influencing industry standards and encouraging other companies to adopt similar practices to remain competitive.

Technological advancements are enhancing efficiency

- Advances in processing technology, including automation and artificial intelligence, significantly improve efficiency and reduce costs, allowing companies to produce higher volumes with greater precision and less human intervention.
- Enhanced preservation techniques, such as advanced refrigeration and innovative packaging, are extending the shelf life of products while maintaining their quality and nutritional value, reducing spoilage and waste.
- Technology enables better supply chain management and improved traceability, ensuring food safety by allowing companies to monitor and control each stage of production and distribution with greater accuracy.
- These technological advancements are helping companies meet increasing demand while upholding high standards of quality and safety, thus bolstering their ability to compete effectively in a dynamic market.

Expanding global markets increasing competition

- The growing middle class in emerging markets is creating new opportunities for processed fruit and vegetable products, as rising incomes lead to increased consumption of pre-packaged and convenient food options.
- Companies are expanding their reach through international trade agreements and e-commerce platforms, enabling them to tap into new markets and boost their global presence and revenue streams.
- The heightened global competition is driving companies to innovate and enhance efficiency within the industry, pushing them to differentiate their products and improve operational processes.
- Adapting to the diverse consumer preferences and regulatory requirements across different regions is crucial for sustained growth, as companies must navigate varying tastes, standards and legal frameworks to succeed internationally.

Performance Outlook Data

Year	Revenue (\$m)	Enterprises (Units)	Establishments (Units)	Employment (Units)	Wages (\$m)	IVA (\$m)	Imports (\$m)	Exports (\$m)
2024	370,222	15,776	65,338	923,263	36,325	58,260	51,848	51,209
2025	379,646	16,345	67,985	950,000	37,351	51,905	52,668	52,886
2026	387,619	16,895	70,525	974,572	38,281	53,280	52,796	54,742
2027	394,234	17,409	72,923	996,769	39,109	54,525	53,227	56,046
2028	401,442	17,933	75,358	1,020,060	39,983	55,885	53,714	57,458
2029	409,672	18,459	77,817	1,045,053	40,931	57,416	54,313	59,043
2030	417,605	18,982	80,196	1,069,207	41,846	58,961	55,192	60,328

Industry Life Cycle The life cycle stage of this industry is ✔ **Mature**

Contribution to GDP

- Rising health awareness in developing nations is expected to gradually reduce the consumption of sugary processed fruit and vegetable products, thereby boosting demand for healthier alternatives from 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 countries.

Innovation

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

Consolidation

- Given that companies encounter significant constraints in product innovation, consolidation through mergers and acquisitions can offer strategic avenues for expansion and growth in the competitive marketplace.

Technology & Systems

- Many prominent manufacturers have invested heavily in their facilities to automate 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

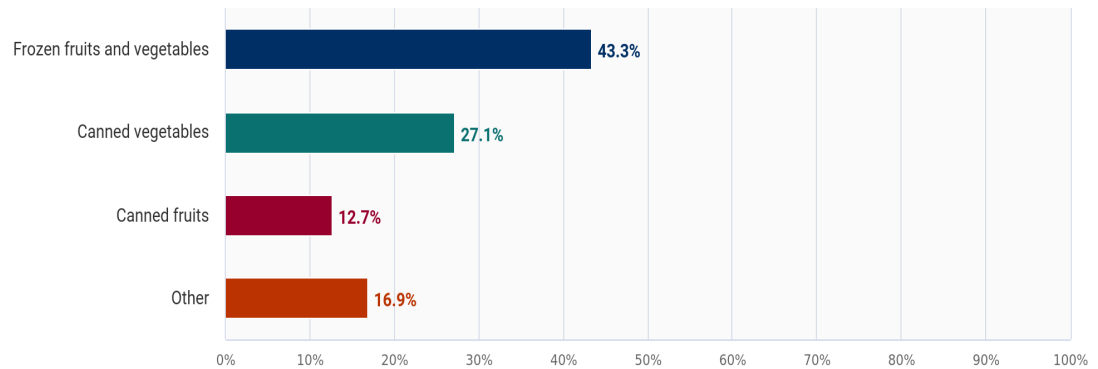
Global Basic Inorganic Chemicals Manufacturing

Global Alumina and Aluminum Production and Processing

Global Basic Organic Chemicals Manufacturing

Global Construction and Agricultural Machinery Manufacturing

Products & Services



2024 INDUSTRY REVENUE

\$370.2bn

Global Fruit & Vegetable Processing
: IBISWorld

Growing middle class driving frozen fruits and vegetables growth

- Within this segment, frozen potatoes, whose popularity is growing worldwide, are the most critical 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, driving demand for frozen fruit and vegetable products.
- In the developing world, the expansion of the middle classes has led to increased durable, reasonable ownership rates. This includes expanded freezer ownership, necessary for storing frozen fruits and vegetables.

Pricey canned fruits keeps revenue at bay

- 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 companies, 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 fruit. These segments also include canned tomato-based sauces such as ketchup, salsa, tomato paste and others.

Low-cost of production fuels dried fruit production

- 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 worldwide. For example, dried dates, figs and grapes (raisins) are popular across broad geographic areas.
- However, due to their low cost, products within this segment have long been widely accessible to much of the world population.

Growing demand for jams and dehydrated fruits and vegetables

- Jams and dehydrated fruits and vegetables are preserved food products created by reducing moisture content or cooking with sugar to extend shelf life and enhance flavor.
- The rising consumer preference for healthy, natural snacks boosts demand for dehydrated fruits and vegetables, positively impacting production.
- Busy lifestyles drive demand for ready-to-eat, long-lasting products like jams and dehydrated fruits, benefiting the processing industry.
- Dehydration and preservation help maintain the year-round availability of seasonal produce, thereby increasing demand and supporting steady industry growth.

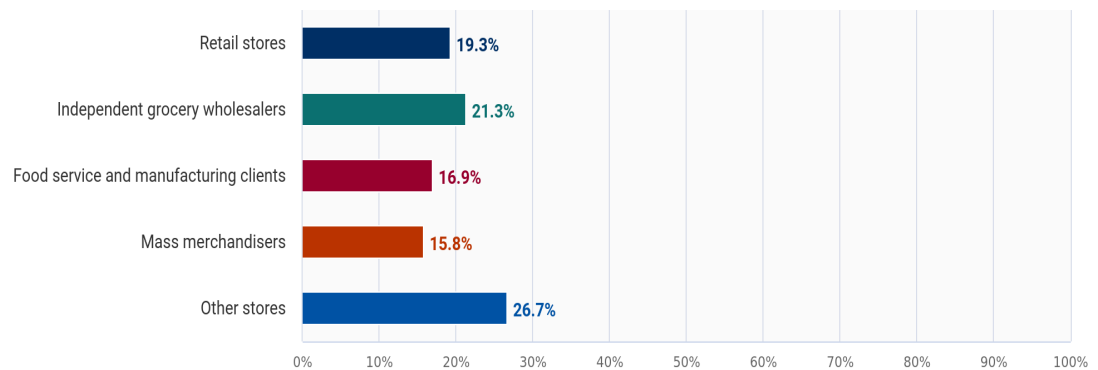
Demand Determinants

As global per capita income rises, consumers can afford higher-quality foods, including expensive processed vegetable and fruit products, like

imported preserved vegetables.

ny fruits and vegetables are discretionary, so higher incomes boost consumer spending on these items. Consequently, increasing global per capita income elevates demand for fruits and vegetables, presenting a significant opportunity for the industry.

Major Markets



2024 INDUSTRY REVENUE

\$370.2bn

Global Fruit & Vegetable Processing
: IBISWorld

Developed nations prefer purchasing fruit and vegetable products at 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 more difficulty gaining access to shelf space, often selling products in smaller retail channels or other markets.
- This market is especially prevalent in developing nations, as mass merchandisers are responsible for satisfying a lower proportion of domestic demand.

Food services clients provide growth opportunities

- Sales of fruits and vegetables 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 products and pet food producers.
- Growth in global per capita disposable income enables urban consumers to increase the frequency with which 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 companies for use as inputs in their manufacturing processes.

Independent grocery wholesalers are popular among developing nations

- Independent grocery wholesaling represents the most cost-efficient means of delivering fruits and vegetables 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 purchase more groceries in supermarkets.

Mass merchandisers provide an affordable option for consumers

- Mass merchandisers are prominent 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 based on 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.

Convenience and discount stores are dwarfed by other markets

- Processed and preserved fruit and vegetable products are also sold at other retail outlets, including convenience stores, warehouse club stores and grocery warehouses.
- Discount stores represent an essential channel in Western Europe, especially Scandinavia. They serve as

key distribution points for these products, significantly boosting their accessibility and sales in the region.

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

Imports in this industry are ⊖ **Medium and Steady**

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

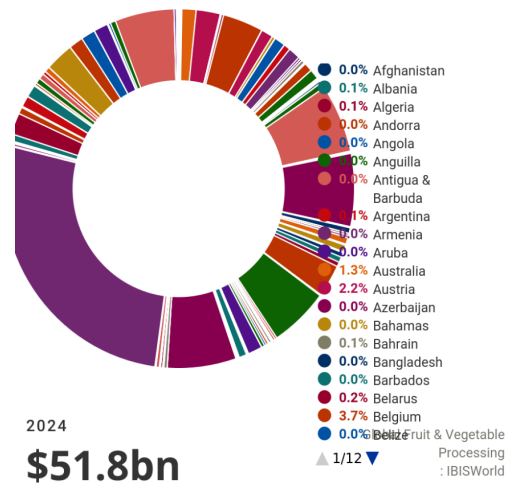
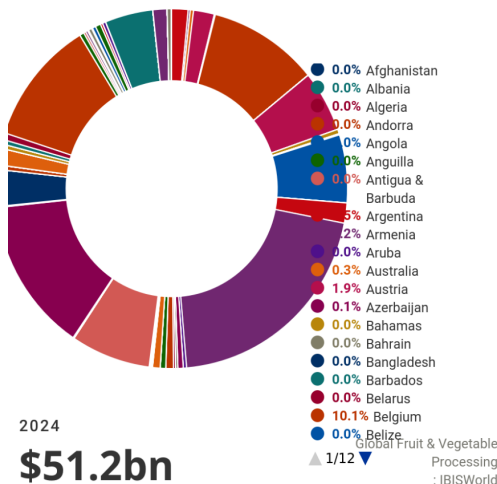
- Germany is very involved in food processing and uses processed fruits and vegetables as an input in many dishes.
- The country's proximity to other major processed fruit and vegetable producers such as France and Italy has driven demand for imports to Germany.

Exports are dominated by a mere few countries

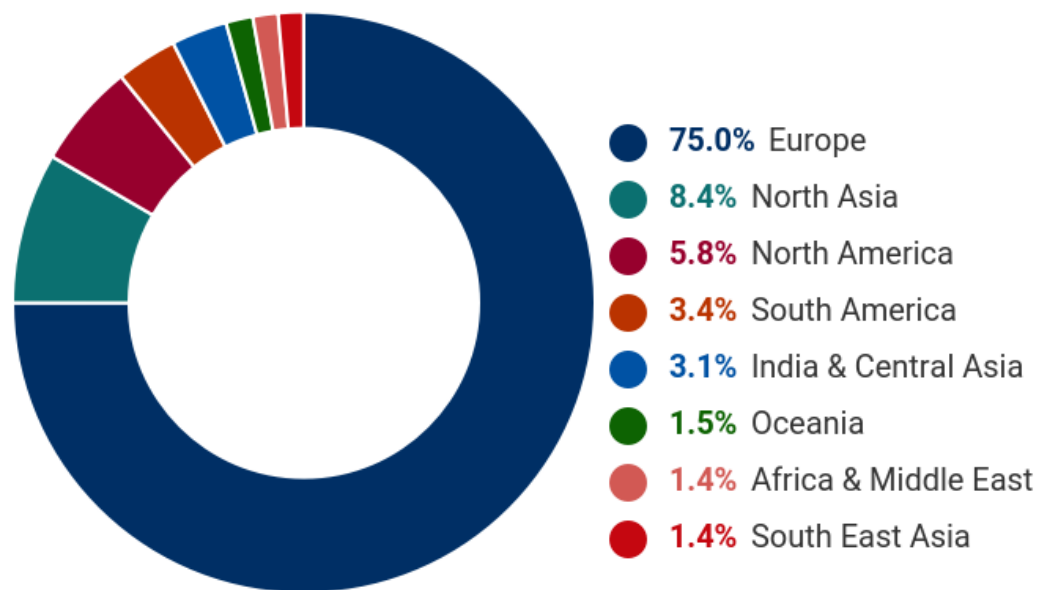
- Countries in Europe tend to dominate the processed fruit and vegetable sector, as the European Union (EU) accounts for more than three-quarters of global production. International trade is no exception to this rule, and the top exporters are mostly European countries.
- Some of the largest exporters 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



Global Fruit & Vegetable Processing
: IBISWorld

Europe houses some of the world's largest manufacturers

- Europe produces the largest share of processed fruits and vegetables. It is home to several medium-sized establishments, including France's Bonduelle Group.
- Fruit and vegetable processing is done in high quantities across the continent. Still, a relatively higher concentration of industry operations occurs in the continent's largest economies, including Germany, Russia, Italy, France and the UK.
- Europe's global production share declines as Asia rises, affected by stagnant demand for fruits and vegetables, weakening EU Common Agricultural Policy and agricultural subsidies providing processors with cheap inputs.

The United States dominates in North America

- The United States is the largest processor of fruits and vegetables, as more than half of fresh fruits and vegetables are processed.
- The primary fruit and vegetable processing region is in the far west, with many 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. 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 fruit.
- Given its large consumer base and substantial production of fresh fruits and vegetables, South America is the fourth-largest manufacturer of processed fruits and vegetables.
- Increasing disposable income in North Asia and South America positively impacts production industries,

fostering economic growth and allowing businesses in both regions to thrive.

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 the market, numerous small-scale manufacturers operate within local markets and focus on producing high-quality products. These small-scale manufacturers often emphasize craftsmanship and personalized service, offering an alternative to the mass-produced items of giant corporations.
- In lower-income countries, many small-scale manufacturers cater to local markets. These companies often adapt to local needs and conditions, providing tailored solutions that more extensive, international companies might overlook. Their presence can boost local economies by creating jobs and fostering community development.

Massive production volumes and the nature of products keep concentration low

- Massive global manufacturers like Campbell Soup Company and Kraft Heinz struggle to gain a considerable market share due to high global production volumes and intense competition from numerous other brands.
- The wide variety of available products makes it challenging for companies to accumulate a significant market share, as consumer choices are spread across many brands.

Key Success Factors

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

Operate in a location that is close to key markets:

Locating operations near key markets lowers transportation expenses, guarantees fresher products and boosts supply chain efficiency. This proximity enables rapid response to consumer demands and increases overall industry competitiveness.

Operate in a location that is close to key suppliers:

Operating near key suppliers minimizes transportation costs, ensures a steady supply of fresh produce and reduces the risk of supply chain disruptions. This proximity enhances operational efficiency and product quality.

Access to high quality inputs:

Consumers are sensitive to the quality and taste of fruits and vegetables 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.

Ability to pass on cost increases:

The industry's most successful companies must establish well-known brands. By doing so, they are more likely to pass on cost increases when input prices rise due to brand loyalty.

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. Long-term fixed-price supply contracts with farmers and distributors are crucial to negate this.

Attractive product presentation:

Given the relative homogeneity of fruits and vegetables within each industry product segment, successful advertising and product presentation can positively distinguish a company's product from others, strengthening company sales.

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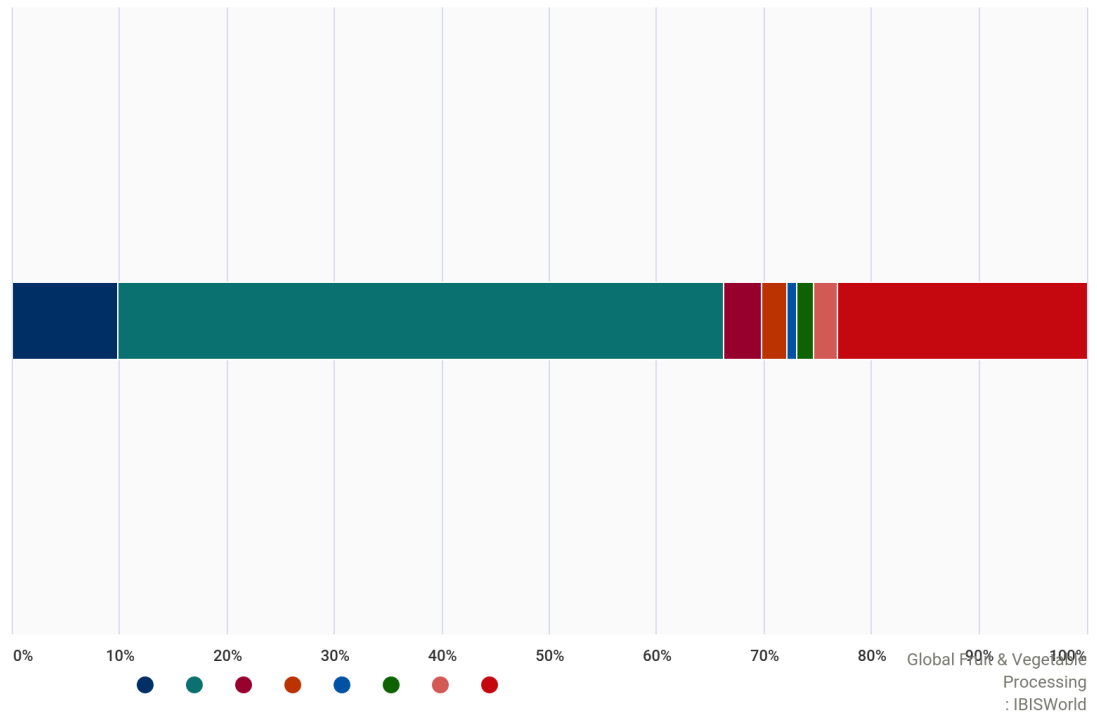
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Attractive product presentation:

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Cost Structure Benchmarks

2024

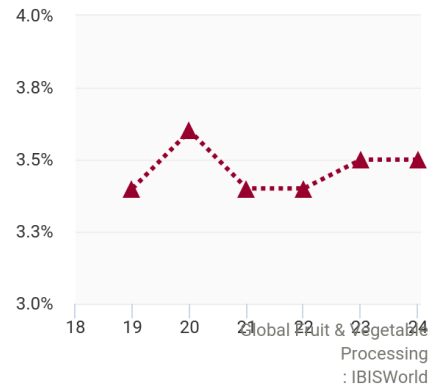


Profit

Profit is squeezed by rising costs

- Profit margins in the global fruit and vegetable processing industry can vary significantly depending on the type of product and prevailing market conditions. This variability can make predicting financial outcomes challenging for businesses in the sector.
- High-value products, such as organic or specialty processed items, often yield higher profits than conventional products. These premium items attract consumers who pay more for perceived quality and uniqueness, enhancing overall revenue.
- Companies with efficient operations and robust supply chain management achieve better profitability. Streamlined processes and well-coordinated logistics help reduce costs, minimize waste, and improve margins, thus providing a competitive edge in the market.

2019-2024

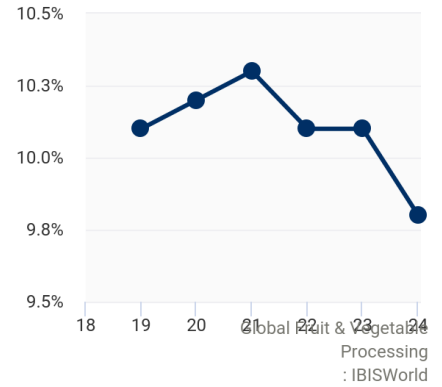


Wages

Navigating the high costs and skilled labor needs in the industry

- Labor costs constitute a significant portion of the cost structure, especially in regions with high minimum wage standards. This expense is a substantial factor that directly influences the pricing and profitability of products in the industry.
- Skilled labor is paramount for operating advanced processing machinery and maintaining quality standards. This requirement often results in higher wage expenditures, as skilled workers command better pay for their expertise and reliability.
- Wage inflation and labor shortages can severely impact production's overall cost and efficiency. Rising wages and a limited supply of qualified workers can lead to increased operational expenses and potential disruptions in manufacturing processes.

2019-2024

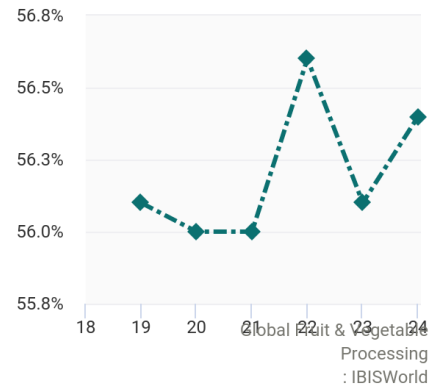


Purchases

Long-term contracts with suppliers keep purchase costs steady

- Raw material costs, particularly those related to fruits and vegetables, make up the largest portion of expenses within this industry. This significant cost factor is crucial in determining pricing and overall financial health.
- Seasonal variations and supply chain disruptions can cause significant fluctuations in the purchase costs of raw materials. These inconsistencies directly impact companies' overall profitability, making financial planning more challenging.
- Companies frequently establish long-term contracts with suppliers to mitigate the impact of fluctuating raw material costs. These agreements help stabilize prices and ensure a consistent supply of high-quality raw materials, thereby enhancing operational stability.

2019-2024



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 edge in supermarkets and grocery stores.

Barriers to Entry

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

Legal

- Navigating regulatory compliance poses a significant challenge for entering the global fruit and vegetable processing industry. The stringent food safety standards and labeling requirements necessitate considerable legal expertise and resources, which can deter new entrants.

Start-up Costs

- The high initial investment required for specialized machinery, processing facilities and supply chain infrastructure constitutes a significant barrier to entry. These substantial start-up costs make it difficult for new businesses to compete with established companies.

Differentiation

- Gaining market differentiation is tough in a saturated market. Established brands with loyal customer followings and clearly defined product lines set a high bar, making it challenging for new entrants to attract and retain consumers.

Labor Expenses

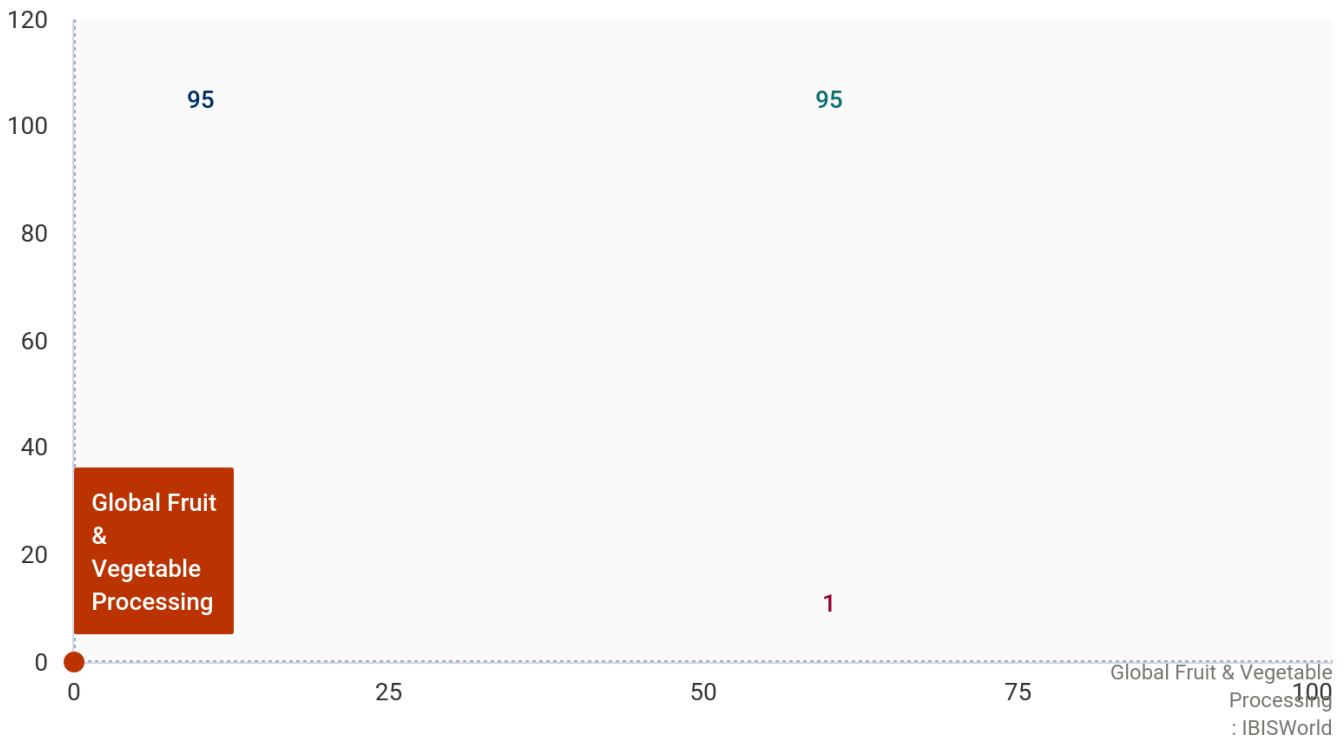
- Smaller, financially strapped operators are more dependent on labor to perform processing tasks, while larger companies can rely more on equipment and machinery.

Capital Expenses

Barriers to Entry Checklist

Competition	Medium ⊖
Concentration	Low ✔
Life Cycle Stage	Mature ✔
Technology Change	Low ✔
Regulation & Policy	Medium ⊖
Industry Assistance	Medium ⊖

2024



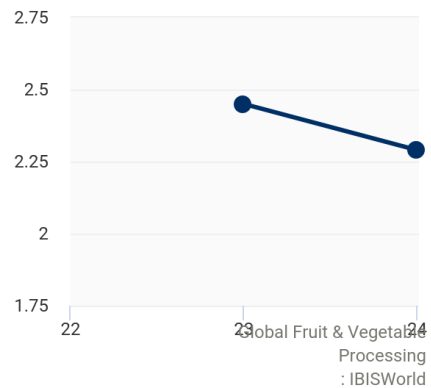
Major Companies

Major Players

Kraft Heinz Company

Market Share: 2.3%

Kraft Heinz Company



The company is committed to protecting the environment

The company has recognized and addressed issues related to climate change in an effort to protect the environment. For example, the company continuously works toward its net zero pledge. Kraft Heinz has been working toward developing solutions to tackle plastic pollution. In that regard, the company aims to lower its use of virgin plastic globally 20% by 2030 compared with use in 2021.

Kraft Heinz vows to improve the nutritional value of its products

By 2025, the company aims to enhance its products' health and nutrition profile by lowering the saturated fat, caloric, sodium and sugar content. Kraft Heinz also strives to improve ingredient use and transparency in the coming years and incorporating more simple ingredients.

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.

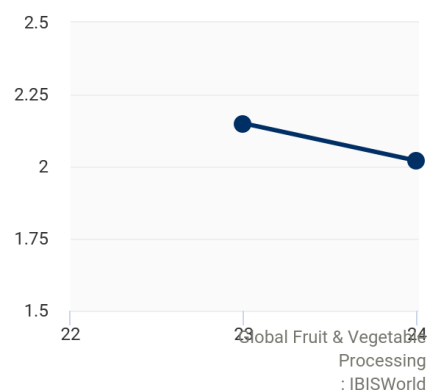
Year	Revenue (\$m)	Profit (\$m)	Profit Margin (%)	Company Employees (Units)	Industry-Specific Revenue (\$m)	Industry-Specific Profit (\$m)	Market Share (%)	Industry-Specific Profit Margin (%)	Flexi (Units)	Industry Revenue (\$m)
2023					8,489.9	0.0	2.44625	0.0		347,057.3
2024					8,489.9	0.0	2.29319	0.0		370,222.2

Source: IBISWorld
 Note: * Estimates

Campbell Soup Company

Market Share: 2.0%

Campbell Soup Company



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.

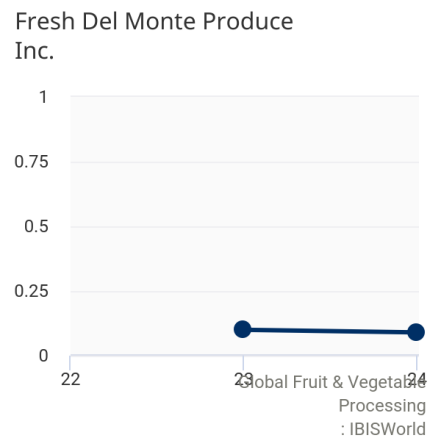
Campbell Soup Company - financial performance *

Year	Revenue (\$m)	Profit (\$m)	Profit Margin (%)	Company Employees (Units)	Industry-Specific Revenue (\$m)	Industry-Specific Profit (\$m)	Market Share (%)	Industry-Specific Profit Margin (%)	Flexi (Units)	Industry Revenue (\$m)
2023					7,471.1	0.0	2.1527	0.0		347,057.3
2024					7,471.1	0.0	2.018	0.0		370,222.2

Source: IBISWorld
 Note: * Estimates

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.

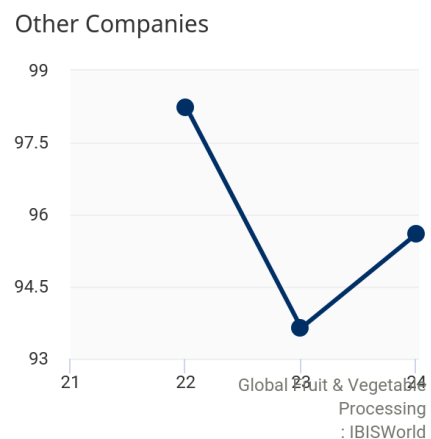
Fresh Del Monte Produce Inc. - financial performance *

Year	Revenue (\$m)	Profit (\$m)	Profit Margin (%)	Company Employees (Units)	Industry-Specific Revenue (\$m)	Industry-Specific Profit (\$m)	Market Share (%)	Industry-Specific Profit Margin (%)	Flexi (Units)	Industry Revenue (\$m)
2023					339.6	0.0	0.09785	0.0		347,057.3
2024					339.6	0.0	0.09173	0.0		370,222.2

Source: IBISWorld
 Note: * Estimates

Other Companies

Market Share: 95.6%



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.

Other Companies - financial performance *										
Year	Revenue (\$m)	Profit (\$m)	Profit Margin (%)	Company Employees (Units)	Industry-Specific Revenue (\$m)	Industry-Specific Profit (\$m)	Market Share (%)	Industry-Specific Profit Margin (%)	Flexi (Units)	Industry Revenue (\$m)

Source: IBISWorld

Note: * Estimates

Operating Conditions

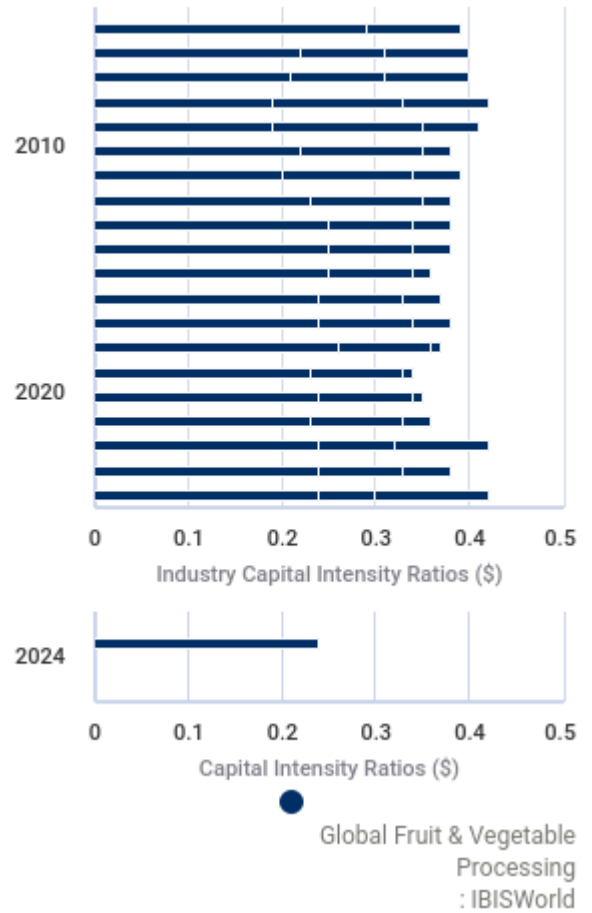
Capital Intensity The level of capital intensity is ☹ **Medium**

Labor Expenses

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

Capital Expenses

Capital Intensity Ratios



Technology & Systems

Potential Disruptive Innovation: Factors Driving Threat of Change

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

Fruit and vegetable processors offset stigmas by going organic

- The growing awareness of health has increased the market for organic products.

Processors are responding by creating organic product lines to meet demand of health-conscious consumers, which is expanding daily.

Also, the belief that processed foods are less nutritious than fresh has temporarily decreased demand for processed fruit and vegetable products, leading many new processors to target organic consumers with innovative offerings.

Catering to more health-conscious consumers

- Candy and chocolate manufacturers have increasingly produced nutrient-enhanced products to cater to more health-conscious consumers.
- Mars recently announced plans to acquire Tru Fru, a company that produces dried, chocolate-covered fruits and has enjoyed massive growth in recent years for its healthier products.

Revenue Volatility **The level of volatility is ⊖ Low**

Canned produce loses out to fresh produce

- Canned fruit and vegetable processors have struggled with consistent declines as favorable 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.

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 excess products and tumbling prices.
- 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), established in 2002 after the outbreak of several food crises during the prior decade. The EFSA upholds 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. The EFSA covers food and feed safety, nutrition, animal welfare and health, plant protection and health.

Oceania regulations

- The Australia New Zealand Joint Food Standards Code mandates labeling requirements, including the percentage of ingredients and nutritional value. Critics argue these impose significant costs. Consumer groups demand more detailed labels, but opponents believe health departments should handle nutrition education. The legislation also requires correct Country of Origin declarations, highlighted by Golden Circle Limited's misleading labels in 1998.

United States regulations

- The EPA and state governments handle environmental regulations, while the USDA governs health issues, which significantly impact industry operations. The FDA oversees food safety, affecting fruit and vegetable processors. The Food Safety Modernization Act aims to reduce foodborne illnesses and equalize scrutiny of imported and local foods. The Nutrition Labeling and Education Act mandates nutrition labeling and compliance with specific requirements, monitored by the FDA's Food Ingredient Safety Program.

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 benefit from the industry's expansion.

Key Statistics

Industry Data

Year	Revenue (\$m)	Enterprises (Units)	Establishments (Units)	Employment (Units)	Wages (\$m)	IVA (\$m)	Imports (\$m)	Exports (\$m)
2015	329,959	15,186	40,971	720,851	31,190	49,453	73,736	73,736
2016	323,504	15,916	43,811	738,918	31,707	49,510	73,781	73,781
2017	323,276	16,301	46,270	761,409	32,232	50,559	75,701	75,701
2018	323,754	16,438	48,882	777,961	32,736	46,614	63,026	63,026
2019	320,345	17,253	51,727	799,597	32,300	43,112	51,195	51,195
2020	332,599	17,476	54,142	818,343	33,801	45,716	45,921	45,921
2021	337,262	18,064	56,997	838,737	34,499	46,091	47,871	47,871
2022	348,337	17,543	59,928	867,793	34,314	46,067	51,752	51,752
2023	354,466	17,244	62,545	893,272	34,806	47,189	49,293	49,293
2024	370,222	15,776	65,338	923,263	36,325	58,260	51,848	51,209
2025	379,646	16,345	67,985	950,000	37,351	51,905	52,668	52,886
2026	387,619	16,895	70,525	974,572	38,281	53,280	52,796	54,742
2027	394,234	17,409	72,923	996,769	39,109	54,525	53,227	56,046
2028	401,442	17,933	75,358	1,020,060	39,983	55,885	53,714	57,458
2029	409,672	18,459	77,817	1,045,053	40,931	57,416	54,313	59,043

Annual Change

Year	Revenue (%)	Enterprises (%)	Establishments (%)	Employment (%)	Wages (%)	IVA (%)	Imports (%)	Exports (%)
2015	-1.48	-1.47	5.54	0.96	1.57	0.63	120	120
2016	-1.96	4.81	6.93	2.51	1.66	0.12	0.06	0.06
2017	-0.07	2.42	5.61	3.04	1.66	2.12	2.60	2.60
2018	0.15	0.84	5.65	2.17	1.56	-7.80	-16.7	-16.7
2019	-1.05	4.96	5.82	2.78	-1.33	-7.51	-18.8	-18.8
2020	3.83	1.29	4.67	2.34	4.65	6.04	-10.3	-10.3
2021	1.40	3.36	5.27	2.49	2.07	0.82	4.25	4.25
2022	3.28	-2.88	5.14	3.46	-0.54	-0.05	8.11	8.11
2023	1.76	-1.70	4.37	2.94	1.43	2.44	-4.75	-4.75
2024	4.45	-8.51	4.47	3.36	4.36	23.5	5.18	3.89
2025	2.55	3.61	4.05	2.90	2.83	-10.9	1.58	3.28
2026	2.10	3.36	3.74	2.59	2.49	2.65	0.24	3.51
2027	1.71	3.04	3.40	2.28	2.16	2.34	0.82	2.38
2028	1.83	3.01	3.34	2.34	2.24	2.49	0.92	2.52
2029	2.05	2.93	3.26	2.45	2.37	2.74	1.11	2.76

Key Ratios

Year	Revenue per Employee (\$)	Revenue per Enterprise (\$m)	Employees per Establishment (Units)	Employees per Enterprise (Units)	Average Wage (\$)	Wages/Revenue (%)	Establishments per Enterprise (Units)	IVA/Revenue (%)	Imports/Domestic Demand (%)	Exports/Revenue (%)
2015	15.0	22.3	22.3	457,735	9.45	17.6	43,268	21.7	47.5	2.70
2016	15.3	22.8	22.8	437,808	9.80	16.9	42,911	20.3	46.4	2.75
2017	15.6	23.4	23.4	424,576	9.97	16.5	42,332	19.8	46.7	2.84
2018	14.4	19.5	19.5	416,157	10.1	15.9	42,080	19.7	47.3	2.97
2019	13.5	16.0	16.0	400,633	10.1	15.5	40,395	18.6	46.3	3.00
2020	13.7	13.8	13.8	406,430	10.2	15.1	41,304	19.0	46.8	3.10
2021	13.7	14.2	14.2	402,107	10.2	14.7	41,132	18.7	46.4	3.16
2022	13.2	14.9	14.9	401,405	9.85	14.5	39,542	19.9	49.5	3.42
2023	13.3	13.9	13.9	396,817	9.82	14.3	38,964	20.6	51.8	3.63
2024	15.7	14.0	13.8	400,993	9.81	14.1	39,344	23.5	58.5	4.14
2025	13.7	13.9	13.9	399,627	9.84	14.0	39,317	23.2	58.1	4.16
2026	13.7	13.7	14.1	397,732	9.88	13.8	39,280	22.9	57.7	4.17
2027	13.8	13.6	14.2	395,512	9.92	13.7	39,236	22.6	57.3	4.19
2028	13.9	13.5	14.3	393,547	9.96	13.5	39,197	22.4	56.9	4.20
2029	14.0	13.4	14.4	392,011	9.99	13.4	39,166	22.2	56.6	4.22

Figures are inflation adjusted to 2024

Additional Resources

Additional Resources

UN Comtrade Database
<http://comtrade.un.org>

Food and Agriculture Organization of the United Nations
<http://www.fao.org>

European Commission Eurostat
<http://www.ec.europa.eu/eurostat>

Industry Jargon

SUBSISTENCE AGRICULTURE

A form of farming in which people produce food and fibers for their own consumption rather than on a commercial basis.

VALUE ADDED

Total value added comprises the labor cost, and any other processing and packaging functions adding value to the fruit of vegetable product.

COMMON AGRICULTURAL POLICY (CAP)

The European Union's controversial system of agricultural subsidies. It has undergone numerous alterations since its implementation in 1962.

The logo for IBISWorld, featuring the company name in a white serif font inside a black rounded rectangle.

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