

MARKET SNAPSHOT  
**PEARS**



June 30, 2020

**Executive Summary**

**Drivers** for the pear industry include adequate growing conditions, battle for retail shelf space and increased regulation due to COVID-19.

- Early reports indicate an average 2020 crop size.
- Increasing competition at the retail level and lackluster consumer demand continue to challenge the industry.
- Several new mandates on workers are in place to prevent the spread of COVID-19.

**12-Month Profitability Outlook**



Northwest FCS' 12-month profitability index indicates a break-even year for pear growers. Although the 2019 harvest was smaller compared to 2018, inventory levels remain on par with last year. COVID-19 has added costs and pressures to growers. As harvest nears, growers must increase labor management and adapt workers' housing to meet state mandates.

**Supply**

The 2019 crop was 11% smaller than the 5-year average in part due to a light crop in the Wenatchee growing region. Although Oregon experienced a record crop, quality issues resulted in low packouts<sup>1</sup>.

**2020-21 Crop**

Early estimates point to a normalized production year in Washington; the crop is expected to be within 10% of the 5-year average. The Hood River Valley reports an average to slightly below average crop set, with excellent quality expected. However, concentrated weather events some struck growing regions in early June, most notably in the Southern Hood River Valley. Growers impacted by weather will likely have a high cull rate.

**Crop Movement (pounds) as of June 2020**

	19-20	18-19	17-18
<b>Crop</b>	16.4m	18.8m	15.9m
<b>Marketed</b>	15.4m	17.9m	15.4m
<b>Inventory</b>	940,618	942,874	495,991

**Source:** Fresh Pear Committee, Pear Crop Report.

<sup>1</sup> Fruit is sorted based on color, size and quality. If fruit does not meet certain standards it is not packed. Packouts are the amount of fruit that makes it into a box.

Disclaimer: This material is for informational purposes only and cannot be relied on to replace your own judgment or that of the professionals you work with in assessing the accuracy or relevance of the information to your own operations. Nothing in this material shall constitute a commitment by Northwest FCS to lend money or extend credit. This information is provided independent of any lending, other financing or insurance transaction. This material is a compilation of outside sources and the various authors' opinions. Assumptions have been made for modeling purposes. Northwest FCS does not represent that any such assumptions will reflect future events.

The Pear Bureau Northwest is expected to release the official 2020 forecast by Aug. 1.

### Demand

Subdued consumer demand for pears remains worrisome. According to IRI/Freshlook retail scan data, pear prices decreased \$79 million (-16.1%) and volume lost 62 million pounds (-19.2%) at the retail level over the past 5 years. Marketers continue to look for new ways to increase demand through promotions with school lunch systems and delivering naturally ripened pears to consumers.

The pear industry has relied on three primary varieties: Bartlett, Bosc and Anjou. In contrast, the apple industry has continually introduced new club varieties into the market to keep consumers engaged. Other produce items are continually evolving as well, such as the easy-to-peel, kid-friendly mandarin and clementine or niche products such as mini watermelons. The industry continues to be beat out by newer produce products and shelf space is becoming harder to fight for.

### Pricing

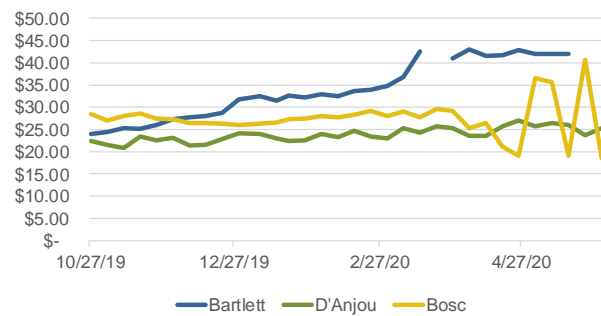
#### Anjou Pricing

Anjous account for about 50% of Northwest pear production and therefore pricing is lower. Over the past 2-3 years, growers' returns have been break-even or well below due to quality issues stemming from disease and pest pressures as well as unfavorable size profiles. Optimal fruit size combined with strong marketing are key factors differentiating profitable growers.

#### Bartlett and Bosc Pricing

These two varieties account for about 35% of production and pricing is more favorable. Lower quantities of these varieties allow the marketplace to absorb the entirety of the crop with room for additional supply.

### 2019-20 Pear Prices



Source: Washington State Tree Fruit Association, Growers Bulletin

### Profitability

Due to low returns, growers have assessed the profitability of their operation on a block-by-block basis. As a result, the Oregon growing regions have torn out 900 to 1,000 acres within the past 12-18 months. Growers have turned to other options such as higher density plantings, organics that still capture a premium or leaving acreage fallow.

The long-term profitability within the pear industry will stem from growers and marketing desks working proactively to assess and meet the ever-changing demands of the consumer.

### Additional Information

Northwest FCS Business Management Center  
[www.northwestfcs.com/Resources/Industry-Insights](http://www.northwestfcs.com/Resources/Industry-Insights)

USA Pears  
[www.usapears.org](http://www.usapears.org)

USDA Agricultural Marketing Service  
[www.ams.usda.gov](http://www.ams.usda.gov)

USDA National Agricultural Statistics Service  
[www.nass.usda.gov](http://www.nass.usda.gov)

Washington State Tree Fruit Association  
[www.wstfa.org](http://www.wstfa.org)

### **Learn More**

For more information or to share your thoughts and opinions, contact the Business Management Center at 866.552.9193 or [bmc@northwestfcs.com](mailto:bmc@northwestfcs.com).

To receive email notifications about Northwest and global agricultural and economic perspectives, trends, programs, events, webinars and articles, visit [www.northwestfcs.com/subscribe](http://www.northwestfcs.com/subscribe) or contact the Business Management Center.