

2021

The year that passed...

2022

And the year to come...

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Sales of fresh produce in Israel

The sales of plant based fresh produce, fruit and vegetables, in the local market are estimated by about 13 Billion NIS in annual monetary values at consumer prices. The majority of the sales take place in 2 main sales channels – the retail market and the wholesale market, next to which there are sales platforms for the institutional and industrial markets, as well as the growing channel of direct sales, the online sales which increased by about 10% this year (a direct continuation in growth of about 20% in 2020 with the outbreak of the pandemic, lockdown policies and the travel ban on leaving the country). "Negev Produce", by virtue of being a market leader in a significant share of its product mix, and by the fact that its products are an essential and a basic part of the consumer's consumption basket, operates and sells its products in all channels and to most clients regularly and frequently. The year 2021, in direct continuation to 2020, was conducted entirely under the extensive impact of the global Corona pandemic on the consumption and buying habits of the Israeli consumer, whereas in 2020, starting from the second quarter, going into the first lockdown, the industry of consumer products in general, including fresh produce, has increased significantly in sales. 2021 represents a moderation in growth rates, and from the second quarter even shows a decrease when compared to 2020 – The decrease is both in quantity as well as financially.

There are many reasons for the deceleration and the relative decrease in sales, the main parts of which: 1. A realistic price increase in the consumption basket of consumer products, some of which due to limiting the level of sales under promotion; 2. The end of unpaid leave policy; 3. Awareness of smart consumerism issues and avoiding throwing away surplus/expired food in households.

Both retail and wholesale markets which experience a very dynamic environment, managed to adapt to the changed environment, and some of the channels are even experiencing expansion and accelerated growth as a result of these trends, next to those which did not survive the past two years. "Negev Produce" is concluding the year 2021 with excellent business results in the local market, while maintaining its relative share in leading categories, an increase of about 2% compared to 2020 in quantitative sales of potatoes, carrots, citrus and radishes, and a double digit increase in the premium category, next to entering the avocado market. This year, the company continued to reinforce the leading brand of the company – "Uncle Moses" through the expansion of the product basket, marketing support, and even added an additional brand to the family – "The Taste of the Negev" which consolidates under it many of the Western Negev products sold before under various brand names.



74% AWARENESS

of the "Uncle Moses" brand according to a representative survey of the "Shiluv" survey company from October 2021

10% ESAERCNI

in sales of "Uncle Moses" gourmet in 2021 compared to 2020

2% GROWTH

in sales of "Negev Produce" in 2021 compared to 2020





Global sales of fresh produce – Export

The annual agricultural export of fresh produce from Israel, fruit and vegetables, is estimated at about 575,000 tons, out of which 125,000 tons of fruit, and about 450,000 tons of vegetables, in an about 3 Billion NIS in financial value, divided into approximately 1.1 Billion NIS for vegetable export, 1.3 Billion NIS grove export, and 600 Million NIS citrus export. 2021, in direct continuation to 2020, was a challenging year, and was characterized by a significant increase in costs and instability in the chain of supply, sea freight, logistics costs, and the continued strengthening of the Shekel against the Dollar, Euro and Sterling currencies, which meant a significant erosion in business results and reinforcing the trend of preferring local produce in many overseas countries, in light of the changes which took place in the consumption habits in the various markets and its impact on local agriculture in the various countries. "Negev Produce" – a leading

exporter of fruit, vegetables, potatoes, carrots and radishes, began this year to export avocado to Europe and Russia as well (parallel to the start of sales in the local market). The company's sales spread over more than 20 countries. The company works with several shipping companies and sea freight lines, and reaches 10 major ports around the world with the finest produce of the Western Negev Kibbutzim. Despite the unstable global business environment, this year the company succeeded in growing by about 17% in the total quantitative sales of all the produce overseas, 30% growth in the potato market, and a 1% increase in the carrot market, out of which a growth of about 30% in carrot sales in Western Europe. "Negev Produce" sells its products to many leading retail and wholesale customers in the various destination countries around the world.



MAIN COUNTRIES OF NEGEV PRODUCE EXPORT



netherlands england spain russia usa



17% GROWTH
in the export of "Negev Produce" in 2021

30% GROWTH
growth in potato export

30% GROWTH
in carrot sales in Western Europe



The importance of a marketing brand in the world of fresh produce



The world of fresh produce is mostly characterized by unbranded sales, sometimes in bulk, and the majority of which is unaffiliated with a marketable and branded world. The branding challenge lies in the potential of differentiation and uniqueness of the produce, and the ability to distinguish and attribute it to a unique world of content – a world of quality, freshness, a world of choice products, the premium world. "Negev Produce" which owns the brand "Uncle Moses" operates within the entire value chain of agricultural – starting with studying and selecting the strains of crops and products and adapting them to an agricultural environment on the one hand and the tastes of the consumers on the other, the type of crop, sorting and packing, and up to the selection of the sale channels and means of reaching the consumers

out of learning and understanding the ways of consuming the products and manner of inclusion in the consumers nutritional basket. The brand "Uncle Moses" is a leading agricultural brand in Israel, with very high levels of awareness, buying and preference among consumers, that enjoys an impressive growth year after year – both in the quantitative as well as in financial terms. The brand is first and foremost a very strict mark of quality, which begins in selecting the crop varieties, continues with the sorting and packing process and ends with the customers on the way to the consumers' consumption points. The "Uncle Moses" brand began its journey over a decade ago in the world of the potatoes, and currently, a wide selection of fresh produce is sold under it – carrots, citrus, avocado, radishes and soon more crops.

74% AWARENESS

of the "Uncle Moses" brand

MARKETING CONTENT ACTIVITY

in the reality T.V show "Chef Games" 

REGULAR MONTHLY ACTIVITY

in the digital arena through collaboration with the leading culinary portal

(and through it in YouTube, Facebook and Instagram) 





A look at 2022



The past two years have been a dynamic rollercoaster of life in the shadow of a raging global pandemic, which changed nearly every aspect in the lives of the world's population, be it personal, family or business. In the global world of fresh produce too, many changes have and still take place during this challenging and special time. The Corona pandemic is still raging in the world and it is too soon to know when and how it will die out and what the long term implications on the activity of the various fields will be. Looking at 2022, we can see several major trends which will impact the manner in which we operate during this period in the local market and in the wide-scale export.

Local market

- Continued increase in agricultural inputs, erosion of agricultural profitability, next to the need to update product pricing.
- Deceleration in consumption as a result of the socio-economic impact of the Corona pandemic, awareness of effective food consumption (avoiding throwing away surplus), next to a lateral price increase in the cost of living and the beginning of a global inflationary trend.
- Retail and commercial environment – Continued development of the convenience format and increasing competition in light of the declining consumption trend.
- Pressure to raise prices on the part of manufacturers and marketers due to the global price increase in raw materials, chain of supply and labor costs.
- Continued strengthening of the direct online marketing channel – although in lower rates than those of the first year of the pandemic, yet the continued growth and entry of additional players into this channel.

- Hospitality and catering channel – Due to the lack of clarity in policy, guidelines and the lack of stability in the waves of morbidity, this channel will still remain at a high level of risk and uncertainty.
- Shmita year – This year is a Shmita year. This characteristic impacts the change in buying and consumption habits among the ultra-Orthodox sector, and its impact here is in the quantitative decrease of about 15% in leading categories next to the import of produce for those who observe Shmita.
- Law of Arrangements – Taxes and quota in the import of fresh produce and the implications on local produce.

Export

- Currency rate – The Shekel currency still maintains a high level of strength globally, a fact which has an effect on the low foreign exchange rates which significantly impair the business performance of all sectors of the Israeli export industries.
- Global chain of supply – the cost of sea freight and logistics expenses are expected to continue at a higher rate than the rates prior to the outbreak of the pandemic, although the sharp increase trend is expected to cease, as the operational stabilization of the shipping lines is foreseen.
- Preference of local produce – a trend that is gaining momentum in most of the countries in which Israel operates as an exporter of fresh produce – fruit and vegetables.
- The hospitality and catering market – similar to what is happening in the local market, in 2022, instability is to be expected in this channel as well.



This is going to be another challenging year

"Negev Produce" is operating to continue its establishment in the local market and export as a leading player, **will continue to develop the categories in which it operates, develop markets, expand the product selection, support the brands and provide the consumers of its products in Israel and around the world all the delicious reasons**

TO ENJOY THE FRESH TOP QUALITY PRODUCE OF THE WESTERN NEGEV KIBBUTZIM, EACH DAY ANEW.

