



**Coles Myer Ltd.**

**Supermarkets**

**SESSION TWO**

## *Session Two*

# Building Demand – Promotions, Marketing and Customer and Consumer Trends and Expectations

New Zealand and Australia Avocado  
Grower's Conference'05  
20-22 September 2005  
Tauranga, New Zealand



## PROJECT PULSE

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New Zealand Australia Avocado  
Growers' Conference

Tauranga, New Zealand

Bread & Butter Research & Planning

September, 2005



# Project 'Pulse'

A comprehensive qualitative and quantitative study of avocado consumption from a consumer and food service perspective.

Designed to guide the development of marketing strategy for avocados over the next 5 years.



# Methodology

The qualitative component consisted of focus group discussions with consumers – from the regular user to the occasional buyer. Plus depth interviews with leading food service operators, cafes and restaurants, international fast food chains, school canteens etc.

The quantitative component consisted of 1,000 individual online interviews with consumers – again, from the regular user to the occasional buyer

Fieldwork was conducted over several stages between April and August 2005, interspersed with strategic workshops



# This morning

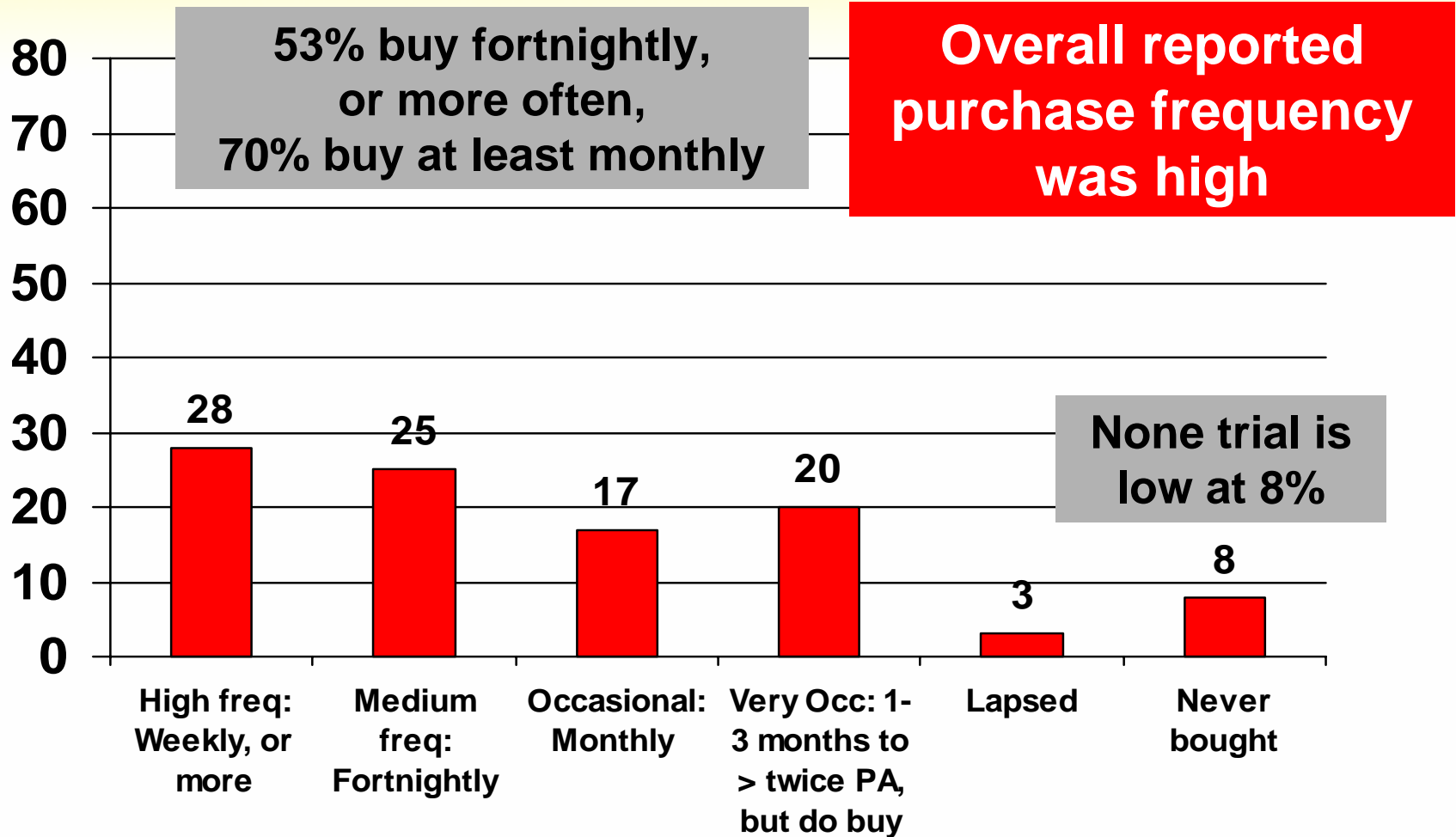
1. Purchase
2. Usage
3. Pricing
4. Attitudes
5. Food Service



# 1. Purchase



# All Avocado Purchase Frequency: All respondents

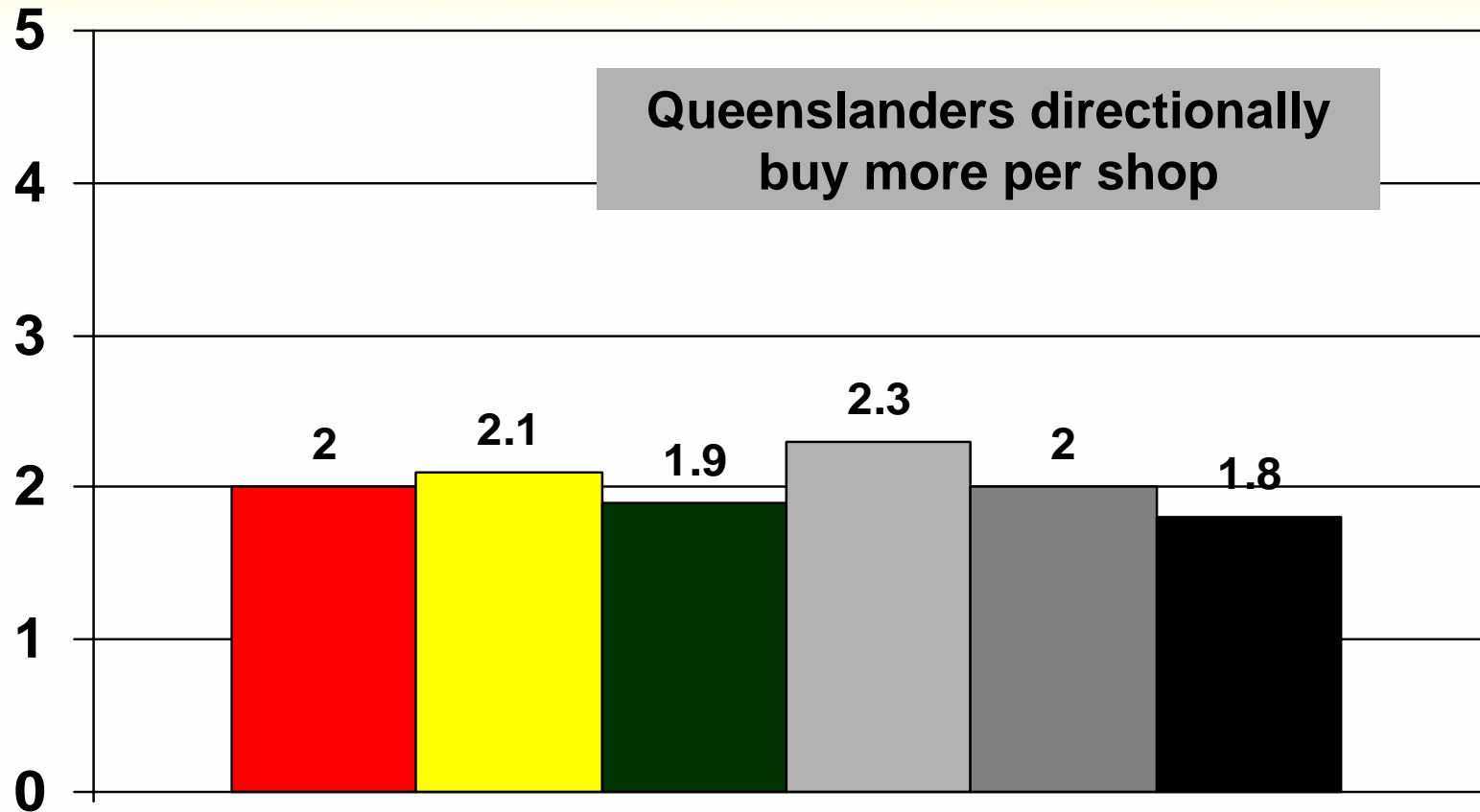


Base: 1,000





# Average number of Fruit Purchased per shopping trip: All buyers in the last month - on recontact

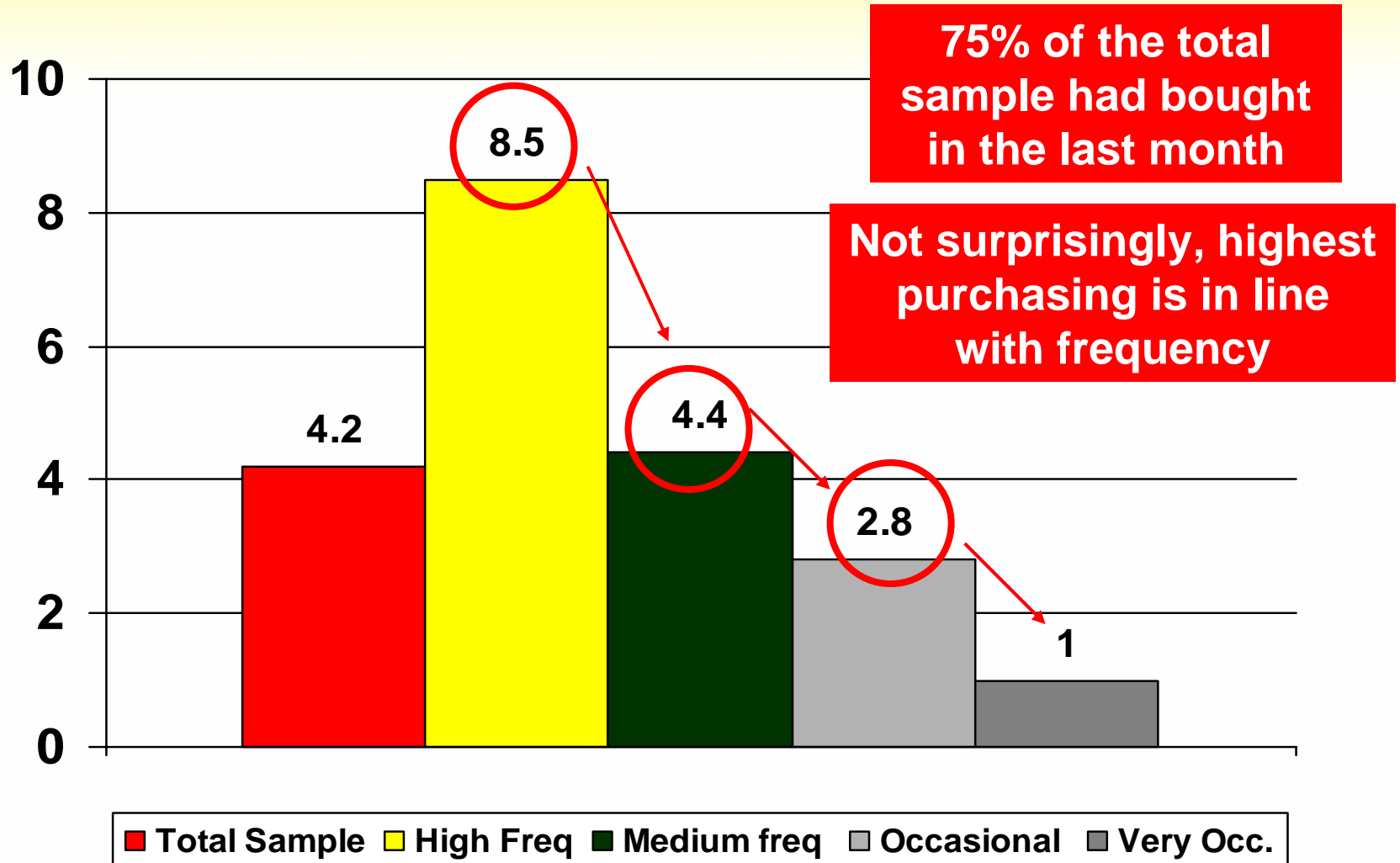


■ All buyers in last month ■ Metro ■ Regional ■ Queensland ■ NSW ■ Victoria

Base: 649



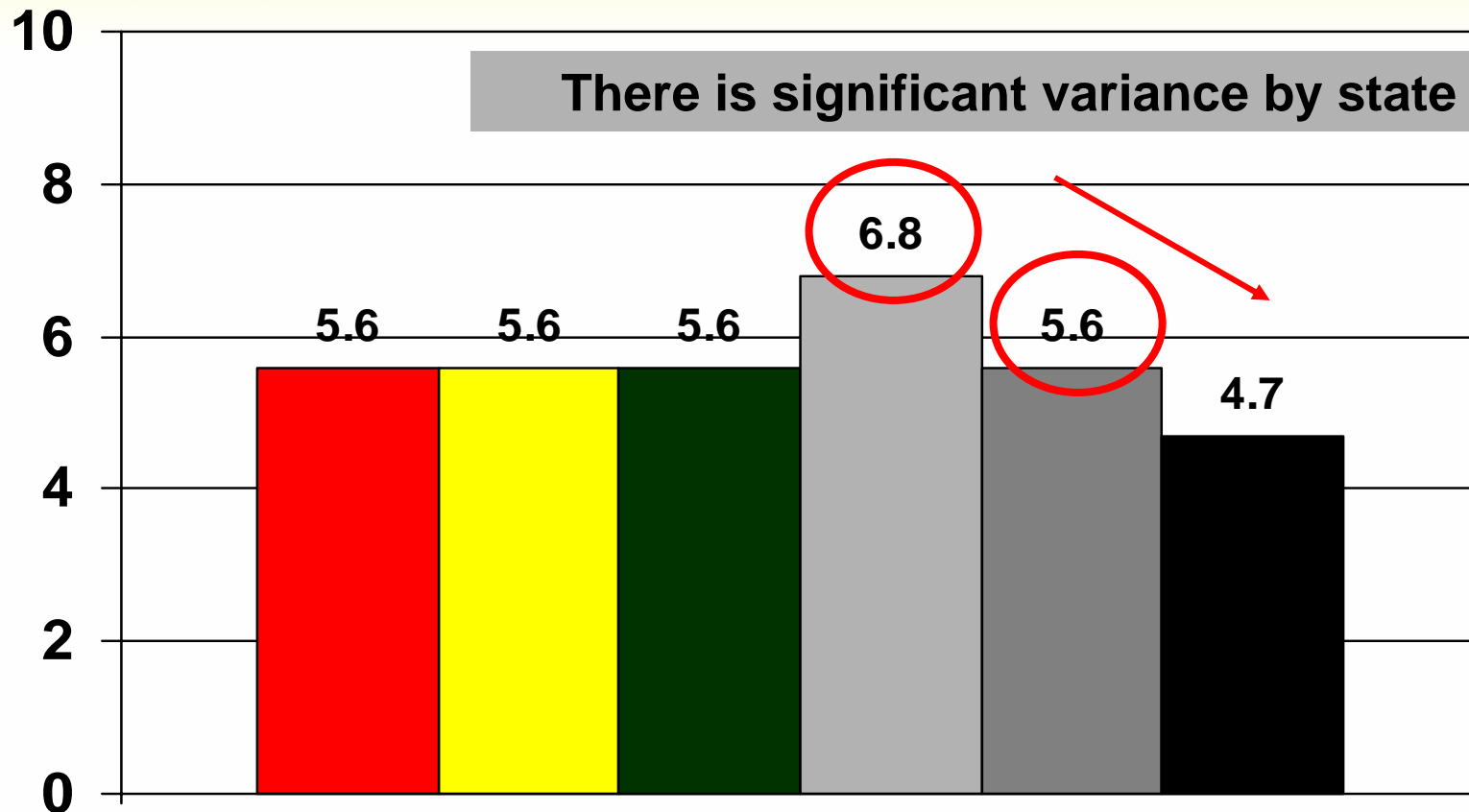
# Average number of Fruit Purchased in last month by Frequency of purchase: All respondents - on recontact



Base: 869



# Average number of Fruit Purchased in last month by State: All buyers in the last month - on recontact



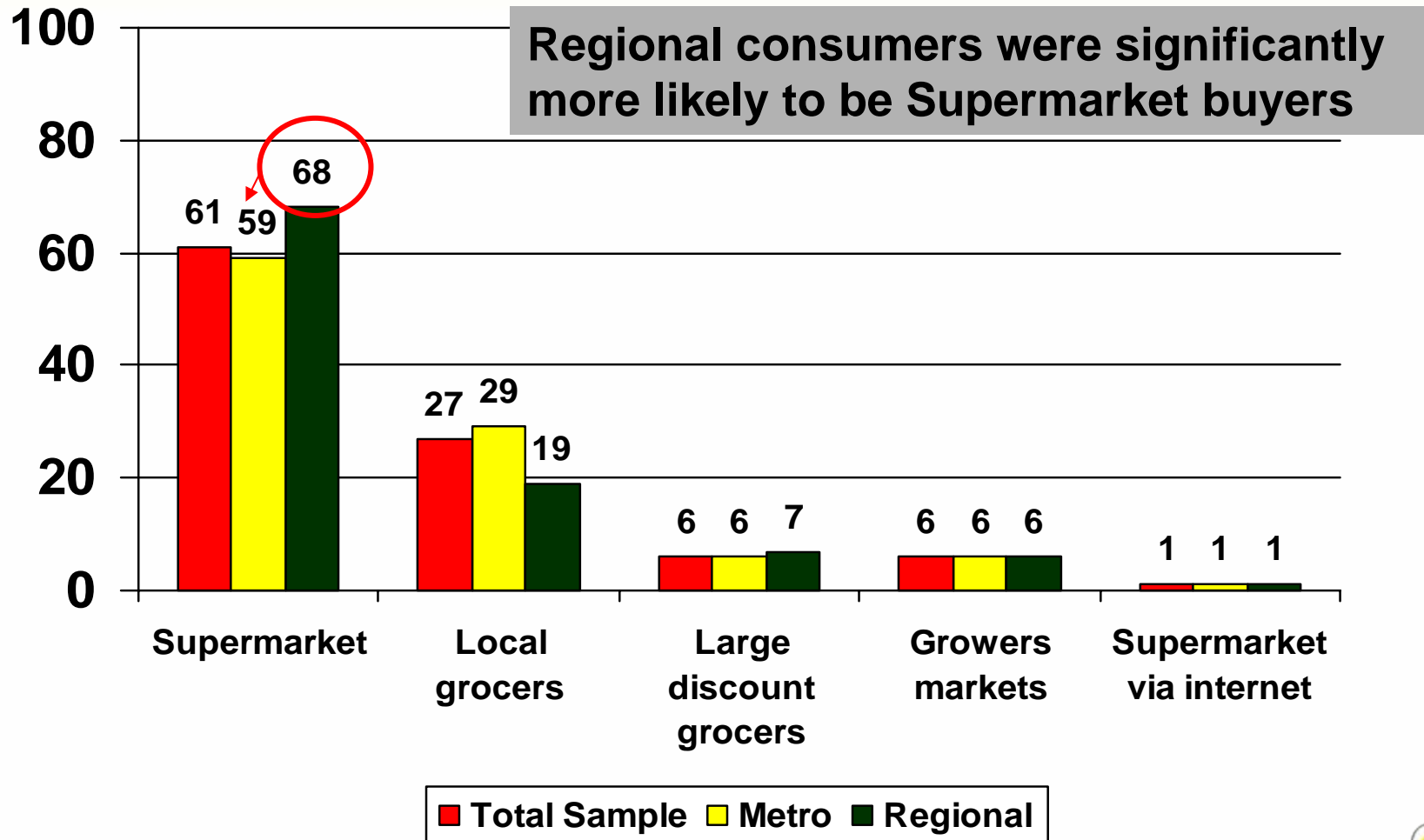
■ All buyers in last month ■ Metro ■ Regional ■ Queensland ■ NSW ■ Victoria

Base: 649



# Location of purchase in the last month:

All buyers in the last month



Base: 753



# All Avocado Purchasing Summary

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- **Overall purchasing appeared very frequent, over half (53%) buy fortnightly or more often, and over 2/3rds (70%) buy at least monthly**
- Highest frequency of purchasing exists amongst:
  - Those over 35 years
  - With highest incomes
  - Living in Metro areas
  - Living in NSW
- **Greatest opportunity lies with:**
  - Those under 35 yrs, with lower income, and in terms of the bigger states eg. Victoria



# Buying Avocados can be something of a minefield



- Choosing and buying Avocados with confidence was seen as hit and miss to consumers
- Difficulties in the purchase process were a key factor in limiting the purchase frequency for many users
- The main areas of difficulty were perceived to be :
  1. Quality of the fruit
  2. Ripeness and knowing when they will be ready to use
  3. Wildly fluctuating prices

...and each of these issues were equally applicable whether consumers shopped in the supermarket or their local greengrocers



# 1. Quality does vary



- Consumers had difficulty knowing whether the Avocado was going to be good once they got it home
  - Difficult to tell if they have been badly bruised from looking at the outside
  - Unsure if they are likely to be ‘stringy / woody’
- All had experienced some occasions when they had thrown an Avocado away when they came to use it, because of bruising or a stringy texture

An issue for all, but more against occasional users than regular purchasers

## 2. Ripeness is difficult to pick and predict

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- This was a big issue for many
- Choosing ripe fruit was generally easier
  - Particularly if the fruit shop labelled the Avocados as *'ripe now'*
- The major problems were in buying fruit which were not yet ripe
  - None knew how long it would take to ripen - and many underestimated it
  - Many, often less frequent buyers, bought Avocados with particular meals/dishes in mind only to find the Avocado wasn't ripe in time
  - And some waited too long so that the fruit ended up being over-ripe
  - In all cases, consumers felt that this meant they were throwing Avocados out in up to 3/4 times out of 10 purchases
  - And this did put many off buying Avocados more often

**Consumers need guidance!**





### 3. And price fluctuates wildly

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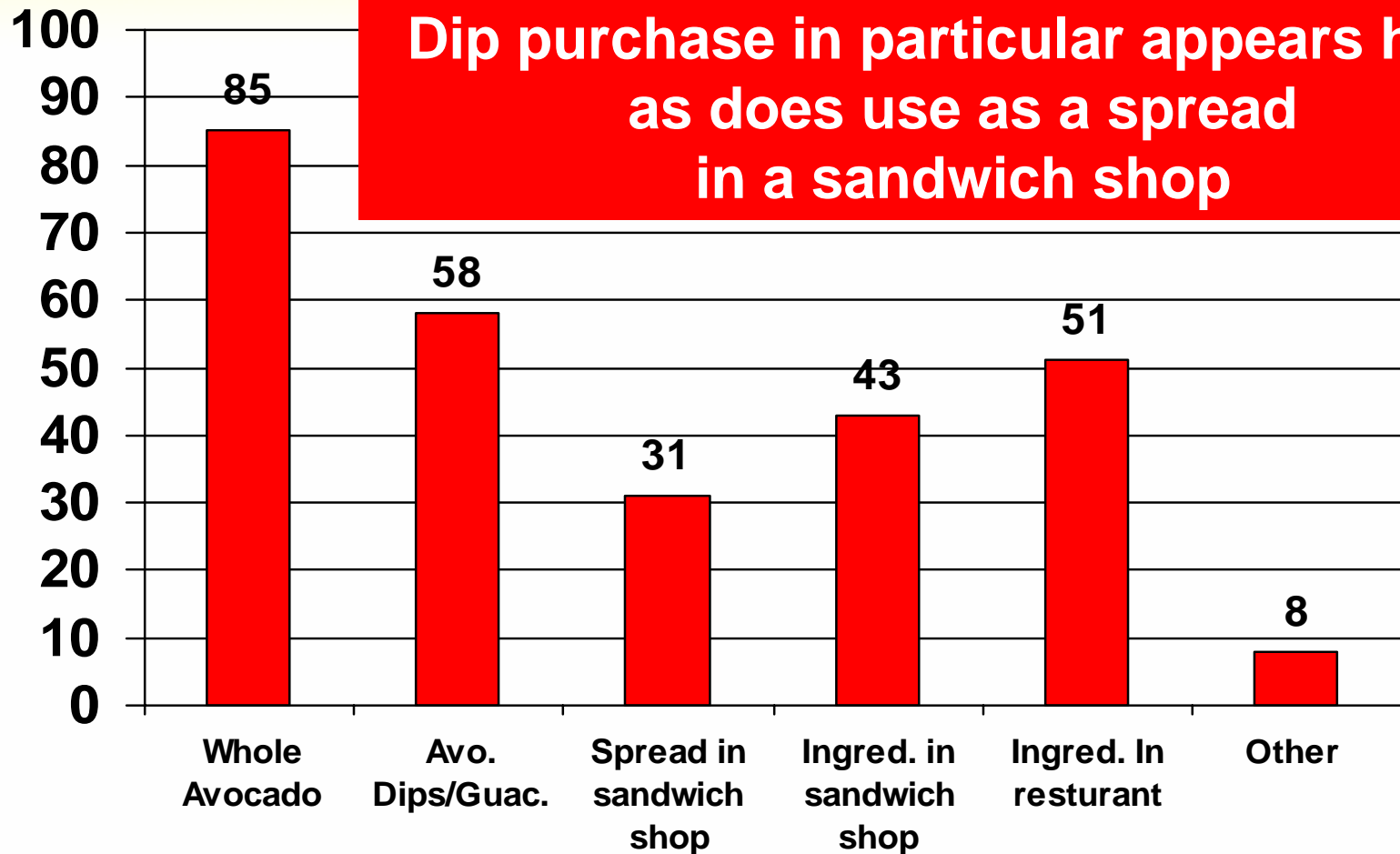
- The previous two issues would be less problematic if Avocados were considered to be a cheap, affordable purchase
- But instead they are considered to be expensive
  - And hence more special because of this
- Where frequent buyers sometimes knew places where they were able to buy for under \$1 per Avocado on some occasions
- Most felt they were paying anything from \$1.20 to \$3 per fruit
  - Depending on where bought and when
- Price was felt to be very unpredictable - especially since consumers had no idea of seasonality and hence when they might be less expensive



# 2. Usage



# Purchase format: All respondents

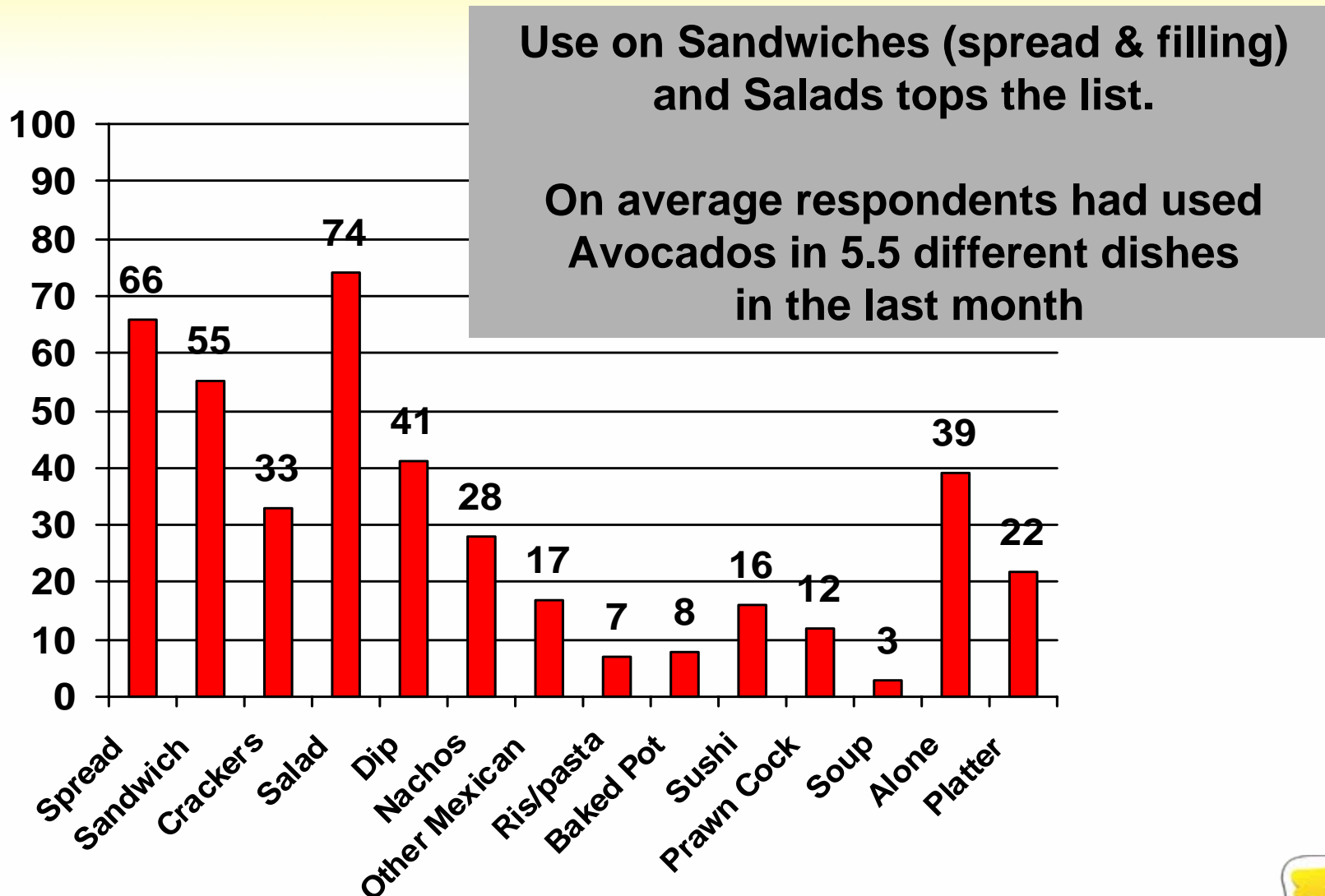


Base: 1,000



# Avocado use in the last month:

All buyers in the last month (excluding others)



Base: 739



# Avocados are difficult to introduce to kids



- Many of the mums struggled in trying to get their families to try Avocados
- While some of the younger mums had tried Avocados with their kids when they were babies, most were introducing them only when the kids were past the toddler stage
- And in fact, we had numerous instances of kids who refused to try or who simply didn't like Avocados
- But the bigger issue was that mum often struggled to find ways to introduce Avocados so that they weren't seen as a challenge

Mums wanted simple, fun ideas to encourage kids to try



# Avocados are heavily portion controlled

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- Often only half is used at any one time
- Unless you are serving a significant dish for guests



## Why only use half?

- For some it is because of the residual fattening connotations preventing over-indulgence
- But also because of the perceived expense, and hence, more special nature
- And because in some households it is only one person eating it

The end result - most need to store and keep, cut Avocados



# Avocados are only replacing butter for specific sandwiches



- Even heavy Avocado buyers only used Avocado as a replacement for butter occasionally
- Because on these occasions Avocado was adopting a dual role :
  - Primarily it was a complementary ingredient in the sandwich
  - In addition, making butter unnecessary by default
- But none had stopped using Avocado as a permanent butter replacement
  - Because Avocados were too expensive
  - And Avocado was not perceived to fit well with very many flavours

As with salads, Avocado is mainly there to make the sandwich more special / interesting



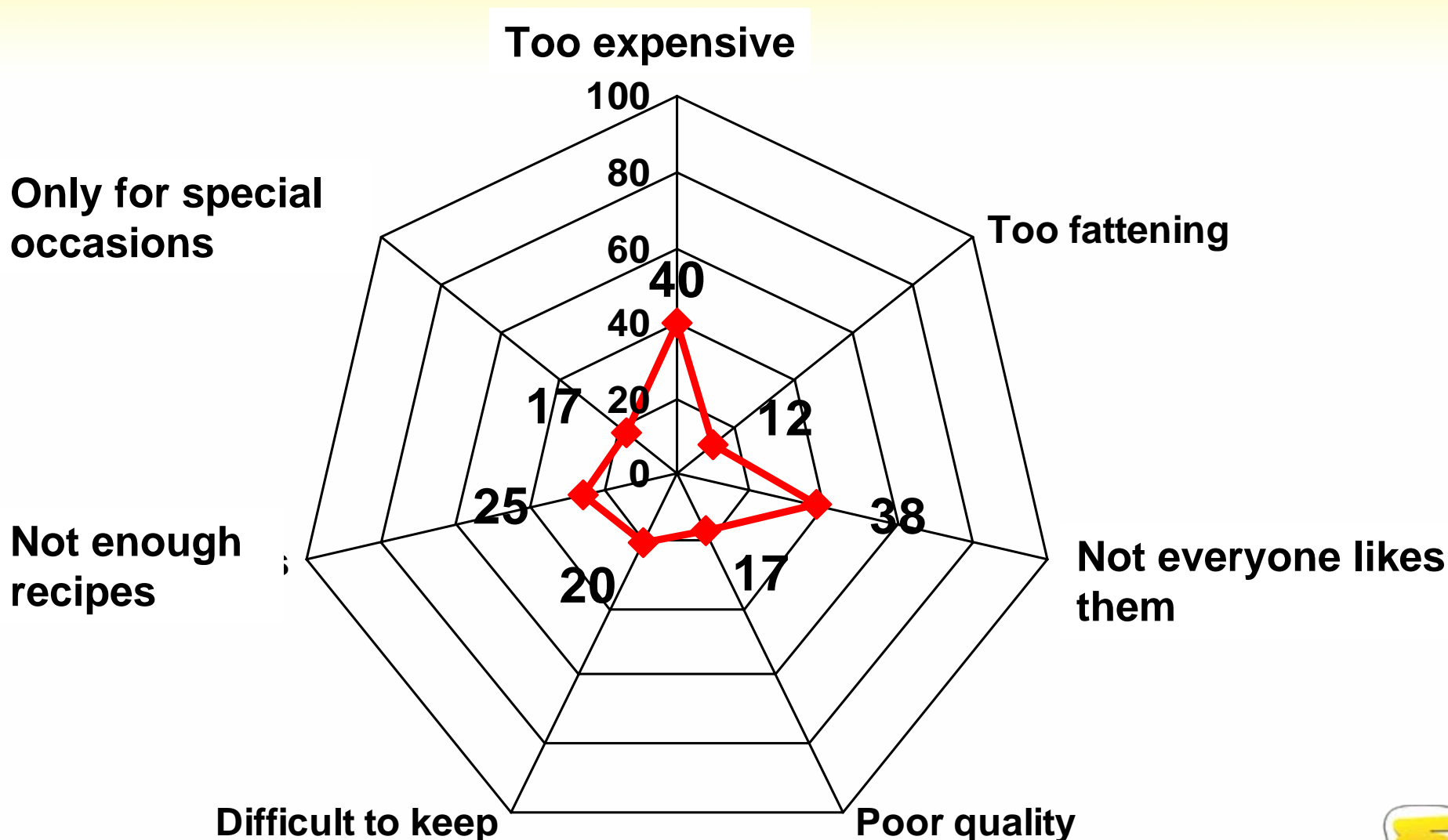
# 3. Pricing





# Reasons for not buying more often:

All respondents

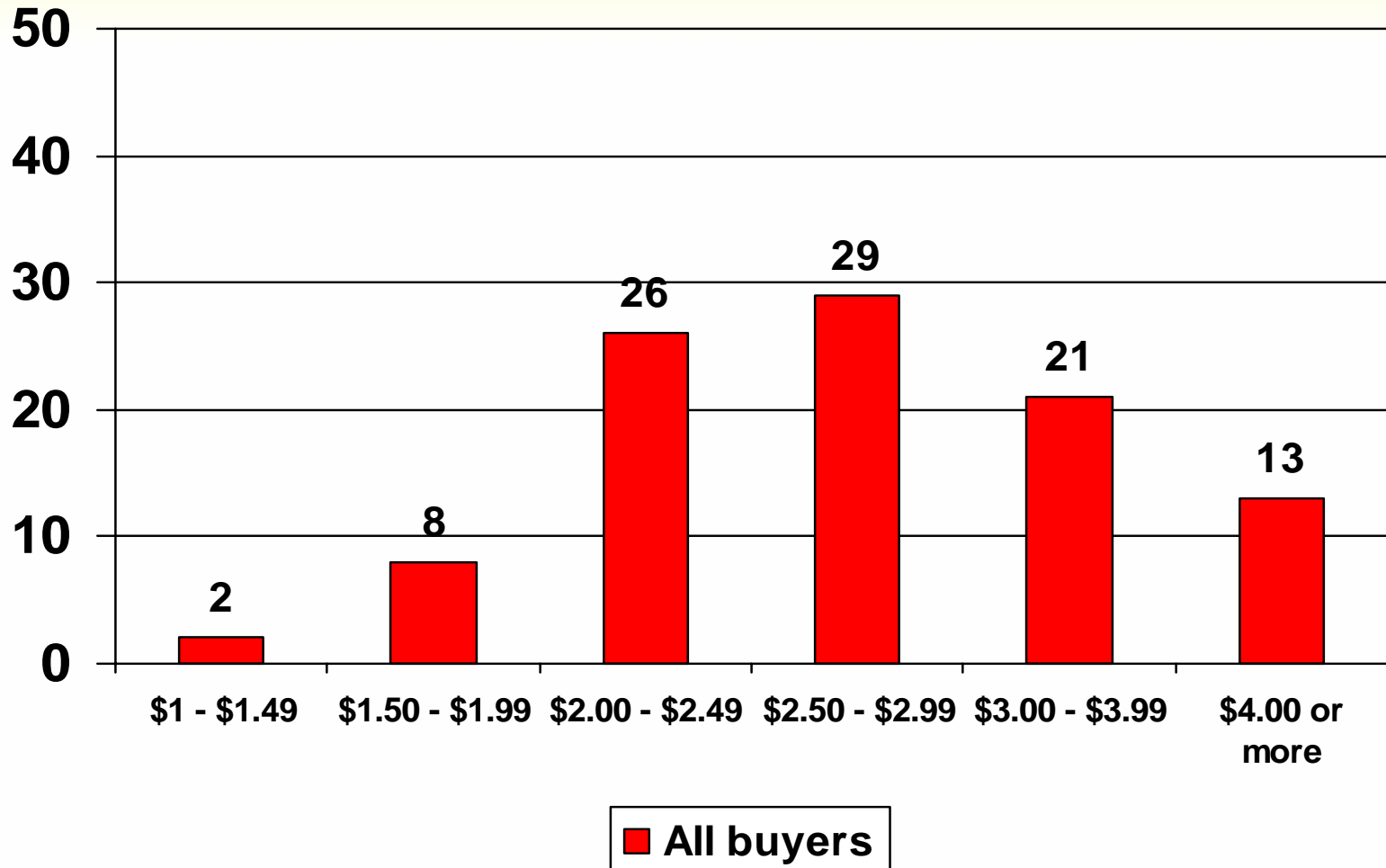


Base: 1,000



# Point at which price is seen as expensive:

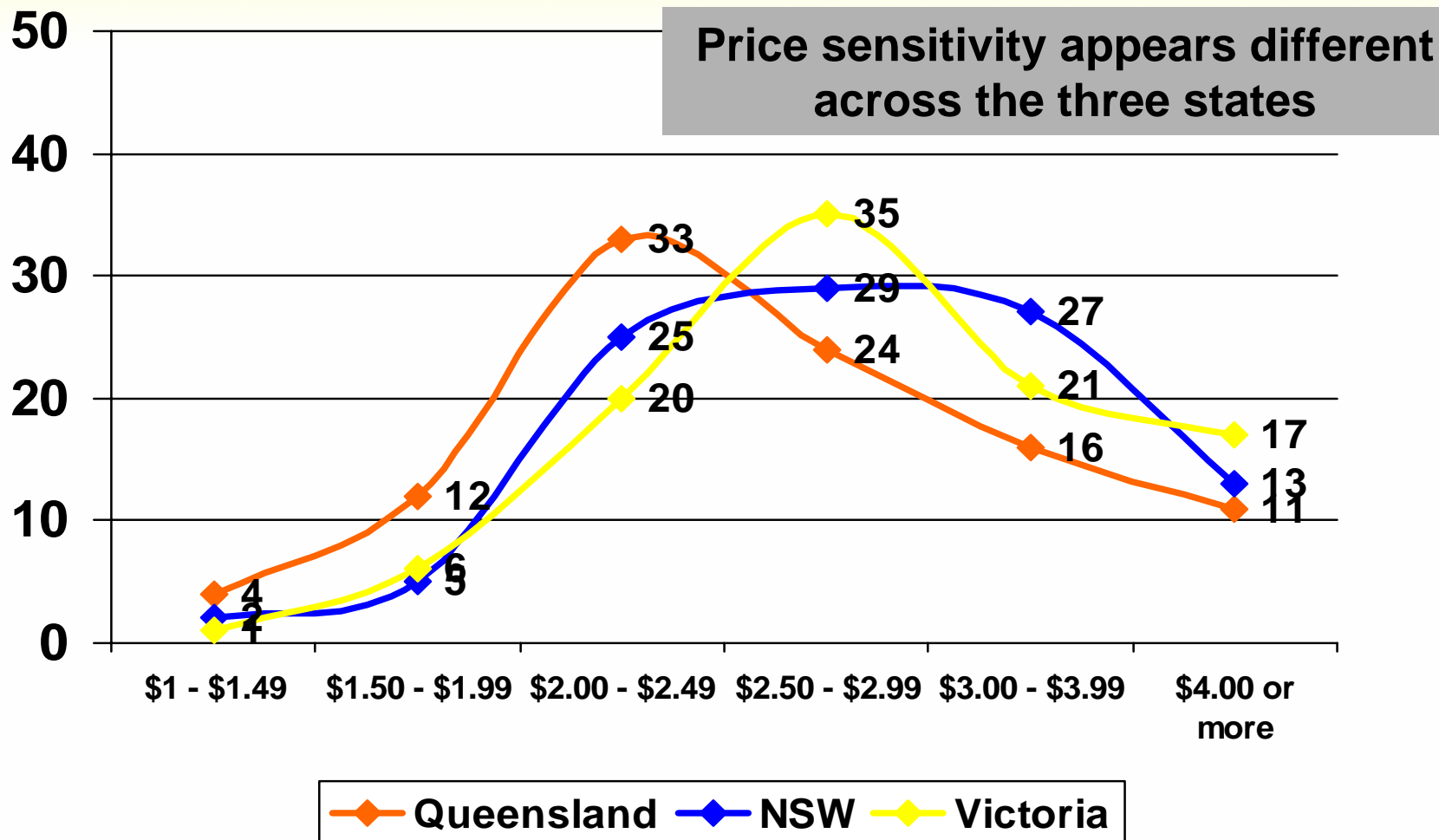
All who ever buy



Base: 899



# Point at which price is seen as expensive by key States: All who ever buy (in three key states)



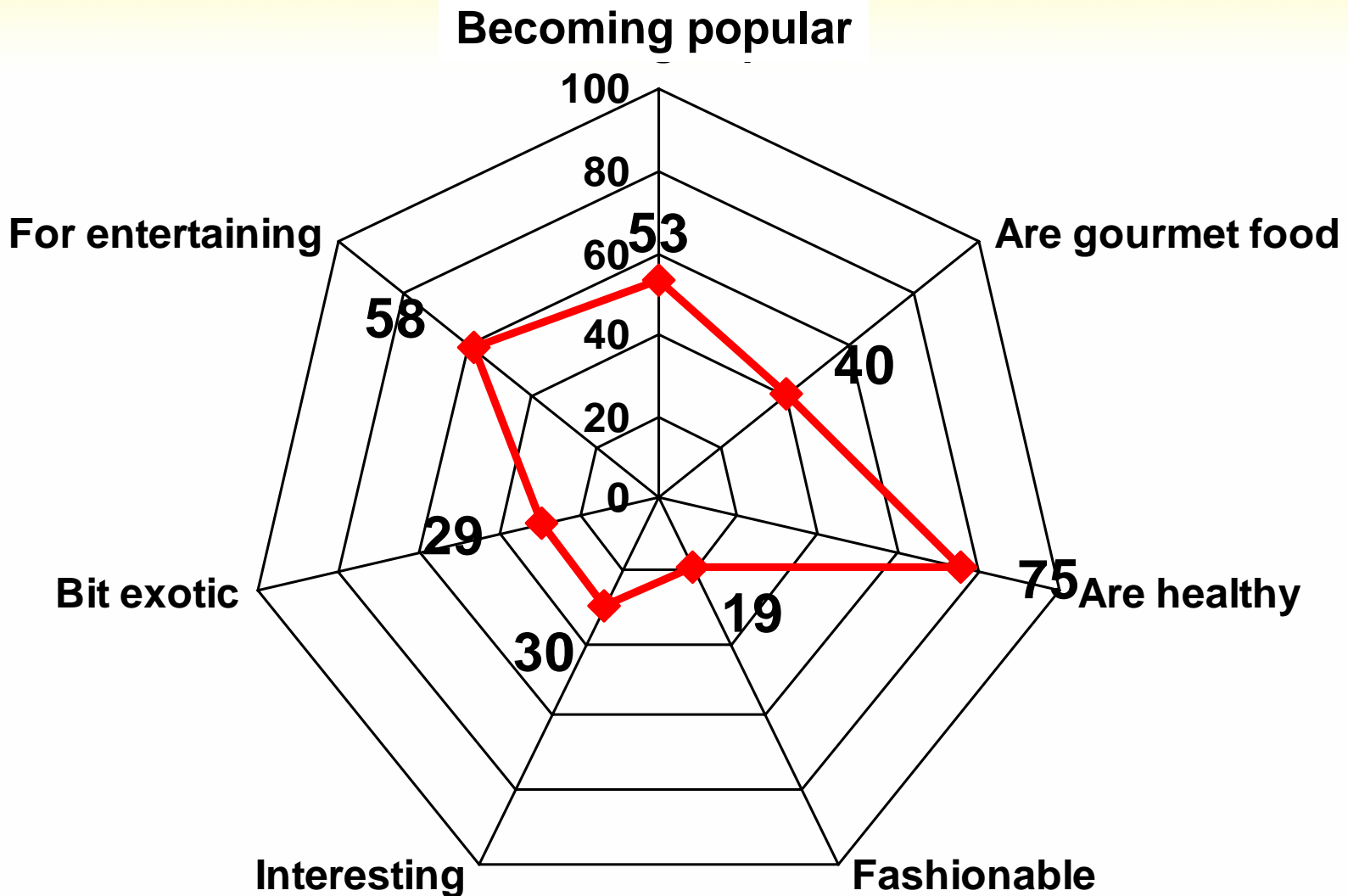
Base: 899



# 4. Attitudes



# Attitude to Avocados: All respondents

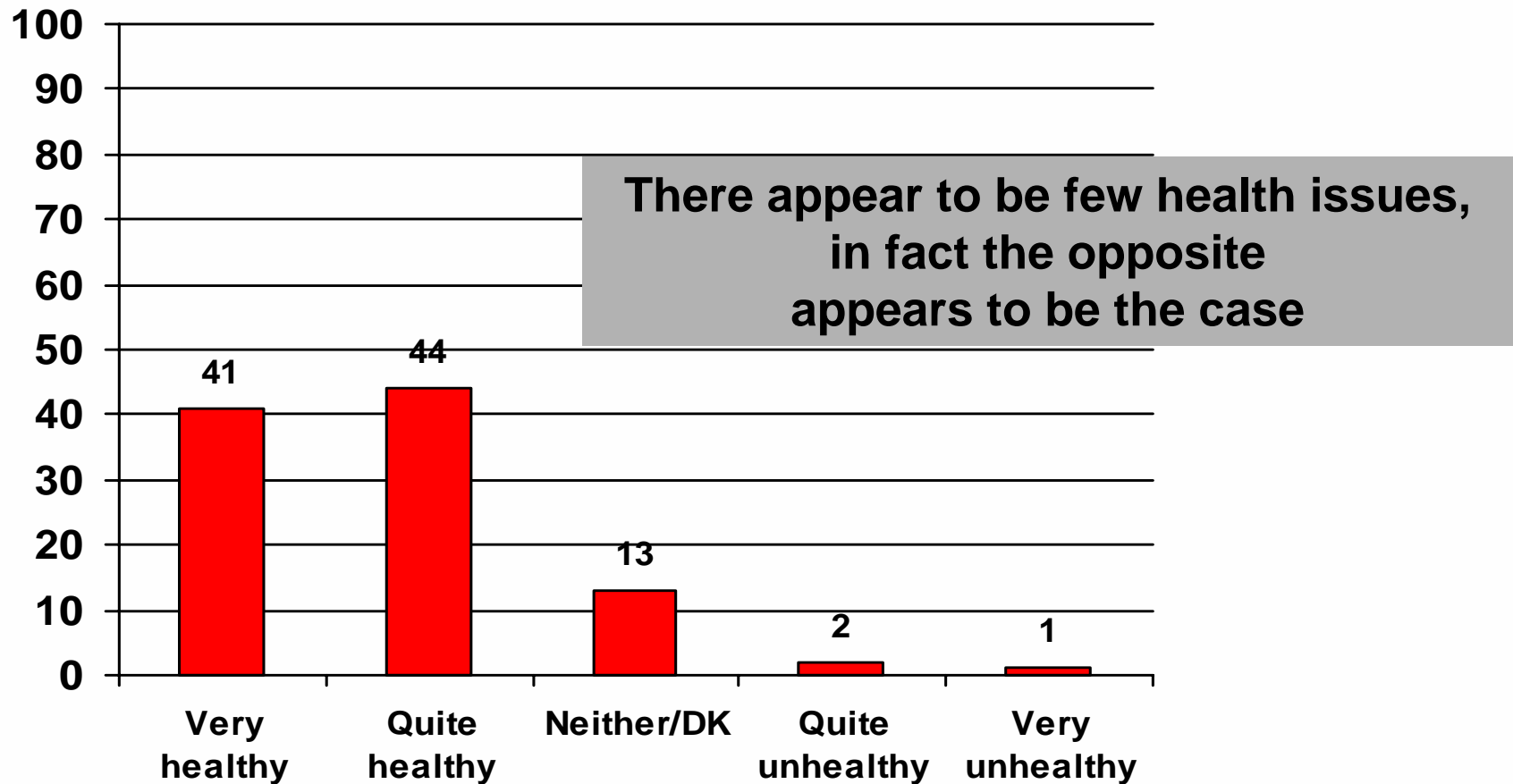


Base: 1,000



# Attitude to Avocados in terms of health:

All respondents

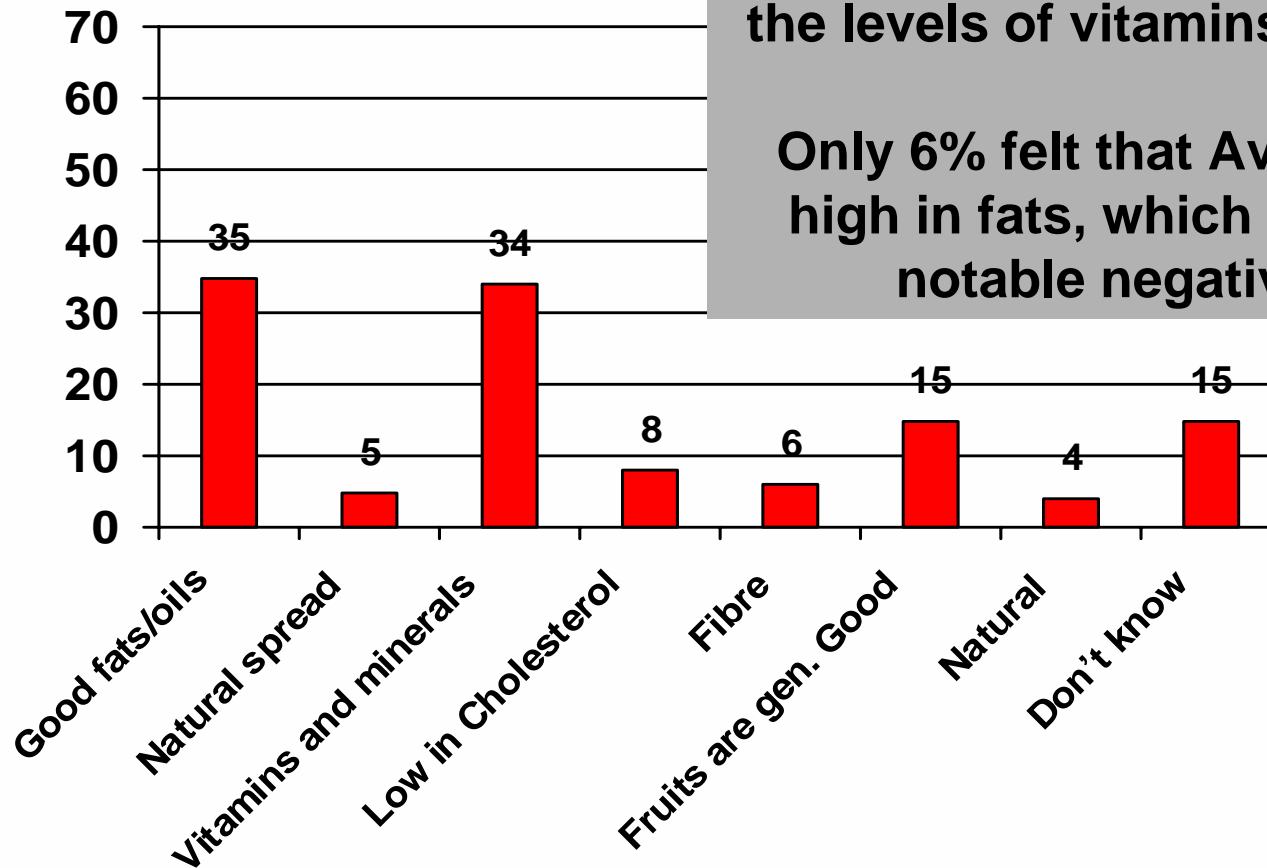


Base: 1,000



# Health benefits of Avocados:

All who thought Avocados were healthy



Along with the “good fats’ story there also appears to be a belief in the levels of vitamins and minerals

Only 6% felt that Avocados were high in fats, which was the only notable negative found

Base: 982



# And user imagery often reflects this slightly more upmarket feel



- The sort of person who...
  - Is a bit cultured
  - Has a bit more money in their pocket
  - Probably in their 30s
  - Drives a Peugeot or a little hatchback, a nicer car but nothing too flashy
- Also buying...
  - Fresh produce (not into frozen meals)
  - More gourmet salad ingredients (e.g. rocket, sundried tomatoes)
  - Good quality meat / seafood
  - Smoked salmon, bocconcini, focaccia
- But still accessible

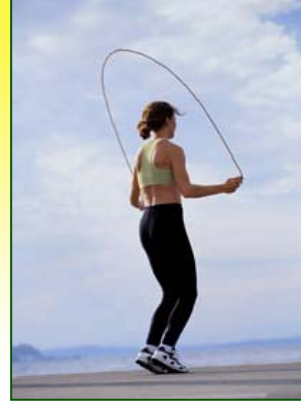
*“A few years back that person might have been driving a BMW, but not now”*





# Avocados have good health messages attached

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- Consumers were able to spontaneously talk about Avocados as known for their ‘good fats’
- Which to them meant that although they were fattening, they contained the sort of fats that didn’t clog your arteries
  - Good fats that you need to be healthy
  - Not cholesterol raising
- And consumers know that Avocados also contain ‘other good stuff’
  - After all, what fruit or vegetable doesn’t?
- But are unable to articulate what this ‘good stuff’ could be



# Past negative messages are dying out among users

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- Some were able to tell us that Avocados have suffered in the past from negative associations, mainly that :
  - They are very fattening
  - They are believed to be high in cholesterol
- However, the long focus on Avocados as a source of good fats, appears to have dispelled these associations so that they are no longer of any real concern to current users



# A glaring gap

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- None could tell us what vitamins/minerals Avocados might contain
- This is very disappointing when you consider the wealth of incredible information that one short search on the internet revealed :
  - They are high in vitamins, minerals, protein, fibre and anti-oxidants.
  - Avocados have more beta carotene than any other fruit and more potassium than bananas. They contain more protein, magnesium, folic acid, thiamine, riboflavin, niacin, biotin, pantothenic acid and vitamins E and K per mouthful than any other fruit.

**Boasting such phenomenal properties, surely there is an opportunity for consumer education**



# 5. Food Service



# Cafés / restaurants

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- Irrespective of the amount of avocado currently used, all felt they were using as much as they could
- We were also surprised at the lack of imagination when it came to ways to use avocado, or in menu planning in general
- It would appear to be extremely difficult for anyone to introduce new recipes to these businesses that would result in increases in avocado use, without significant long term investment

# Cafés / restaurants (cont.)

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- The greater opportunity lies in the use of avocado as a spread or topping in a range of applications from sandwiches to burgers, salads or warm dishes, when offered as an **option**.
- Those businesses that had adopted this method of using avocado were selling significant amounts of avocado
- The emphasis is therefore not those recipes and meals which use avocado as a primary or secondary ingredient, but the opportunities to add taste, health, and ultimately value perceptions, by positioning avocado as *a contemporary addition to a wide range of items*

# Commercial



- Clearly a technology or process which is more appropriate for avocado use in commercial quantities, is required
- The real question is ... *'will the investment required to deliver this solution pay off in the long run?'*
- We were surprised at the level of interest in including avocados on the menu - there is a significant opportunity
- Particularly against the fast food chain if the issue of providing pre-prepared avocado that can keep in store and meet the shelf life criteria is overcome
- Preferred form would be diced, to allow use as both a mashed spread for sandwiches and burgers, and whole cubes into salads



# School canteen



- School canteens
  - The opportunity is similar to the café scenario – just in the unique framework of the school canteen ‘industry’
  - The volume lies in the use of avocado as a spread or topping in a range of applications
  - But in this case, it will *also* be wise to look for specific items that can ‘piggyback’ avocados onto the menu. There are lots of examples of menu innovation creating completely new opportunities
    - (example – the bread stick importer who has sold the idea of 3 small bread sticks and a container of dip – a simple and fun idea which now sells well)
  - The canteen associations in each state provide the mechanism (at a price) to talk to the decision makers at school level
  - Young consumers are obviously an important mid-long term audience – we suggest participation in the canteen program in one state, as a trial.





# Summary



# Strengths

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- Penetration is high, little lapsing, little non-trail
- More than just a salad ingredient, has real strength as a gourmet food, with all the incumbent values
  - a distinctive fruit, somewhat exotic
- Is a mainstream food, bit still retaining an aspirational up market user imagery
- We do extremely well as a cold ingredient
- Are about the only “good fats” that are recognised



# Weaknesses

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- There are purchasing issues
- Whilst the view that avocados were fattening and high in calories and oil is dieing out. There are still views that it is possible to have “too much of a good thing”
- Waste is a weakness
  - exacerbated by portion control (half at a time)
- Price does appear to inhibit purchase
  - requires assessment by state
- Polarising (accept)
- The lower we go down the socio-economic scale the more difficulty mum has in introducing avocados to other family members - especially Kids
- Usage in hot food a weaknesses (bar Mexican)
- Difficult to deliver pre prepared format to the food industry



# Opportunities

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- Broaden the instances of spread use
  - Widen the demographic that are using as a spread
- Is it possible to increase the frequency of purchase amongst the 37% that are occasional purchasers
- Is it possible to increase the frequency in Victoria
- To further educate as to the vitamin and mineral content - not just good fat
  - phenomenal properties not being exploited
- Spread usage established for many in the café, can this be transferred into the home
- There appears to be opportunity in the food service industry as a costed optional extra
- School canteen program



# Threats

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- Avocados have found a natural fit with cold items (sandwiches & salads) - attempts to extent usage with specific receipts will be a problematic



# The final stage

Based on these learning's, a series of marketing and communication initiatives were developed.

These were evaluated in a final stage of consumer research in late August

Final recommendations will be made to Avocados Australia later this month.





2005

PROFIT TOGETHER