Session Two
Building Demand – Promotions, Marketing and Customer and Consumer Trends and Expectations

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Fresh Change: A Fresh Dimension in Data Analysis and Retail Strategy

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What is Fresh Change about?

- Strategic facilitation of change and competitive advantage in fresh products
- Objective and comprehensive evaluation of retail situations and marketing opportunities
- Monitoring tool and a platform to ‘fine tune’ product alternatives, product positioning and image, variations and reinventions
  - Customer satisfaction
  - Improved returns to all partners including retailers, supply chain managers and growers
Avocado Perfect Pack

A COMMERCIAL CASE STUDY

Joint initiative of Hampton Orchards, Perfection Fresh Australia, IGA Australia, Fresh Change & Piccone PHC

A trial product available exclusively from Perfection Fresh
A New Product Concept

- A **premium** pre-pack of avocados
- Contains 2 x size 18/20’s Hass Avocados
- Product is supplied **sprung**
- Backed by a 100% **quality guarantee**
Why the Perfect Avocado ???

- Consumer want confidence in the product that they buy - “will they be OK inside?”
- Consumers also want ripe & ready to eat avocados
- Significant trend in the UK for “premium” pre-packs rather than just “value” pre-packs
- A premium prepack offering has not been trialed before in Australia
Product Trial

- Product was first trialed in Oct/Nov 2004
- Modifications have since been made to the product’s packaging based on stage 1 of the trial
- Value adding retailer sales tools have also been developed based on feedback from stage 1
- Signage for display and promotional material for consumers
How can avocados be “Perfect”?  

Information to retailers -

- Carefully selected network of growers
- Expert horticultural advice is provided to growers e.g. ideal growing conditions, water volumes and nutrient levels to prevent disease & blemish
- PFA uses the latest technology available in controlled ripening. This process helps to minimise disease & blemish
- Correct product storage & handling must be employed at all stages along the supply chain
- Product is robust but can not tolerate temperature or handling abuse
Promotions

Information to Retailers

- Each store will receive at least one in-store demonstration every 4 weeks for the duration of the 12 week trial
- Demonstration = 4 hours
- Recipe leaflets to be distributed
- Customer surveys conducted in-store
Key to Success
– Correct Storage & Handling

*Information to Retailers*

- Sprung avocados require very different handling procedures to rock hard green avocados
- Perfect Pack avocados will arrive in your store “sprung” (having been controlled ripened)
Product Pricing

Information to Retailers

- Set seasonal pricing to take the peaks and troughs out of the market
- Premium price for a premium product
- 72% of customers are prepared to pay a premium for a “perfect” avocado
Costing Model for Avocado Perfect Packs

- Assumptions/Inputs
- Input Costs
- Pack Costs
- Marketing Costs
- Freight to D/C and Stores
- Other Charges
- Work Back Calculation
- Unit/Pack Cost summary → Cost into store
Paddock to plate .......

Harvest → PFA Cold Storage - 6°C → Control ripening – Phase 1 (Ethylene treatment) 16°C-20°C for 1-2 days

Metcash DC - 4°C → Packing & PFA Cold Stores - 4°C → Control ripening - Phase 2 16°C-20°C for 1-2 days

IGA Stores

Option 1
Store at 4°C for up to 5 days

Option 2
Retail Display 18°C - 20°C for up to 3 days

Option 3
Retail Display – Hot Weather ≥ 22°C for max of 2 days

Purchase by Customer

Option 1
Eat Now (store at room temp)

Option 2
Keep for later (refrigerate & eat within 7 days)
AVOCADO
PERFECT PACK

_Fresh Change_ Project

Interim Results – _used to_
objectively monitor, research,
evaluate, review, negotiate,
convince and plan
Avocado Perfect Pack Project

- Results from monitored stores
- Scan data
- Product benchmarking
- Consumer surveys
Store 4 – Avocado Sales

Daily Average Sales of Avocados - Store 4

Date range

Number of Sales (units)

1/10-10/10 11/10-17/10 18/10-24/10 25/10-31/10 1/11-7/11 8/11-14/11 15/11-21/11

- Loose avocados
- Perfect Packs
- All avocados
**Store 4 – Retail Price of Avocados**

**Retail Price of Avocados - Store 4**

<table>
<thead>
<tr>
<th>Date range</th>
<th>Retail Price (Loose avocados 1 fruit)</th>
<th>Retail Price (Perfect Packs 2 fruit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/10-10/10</td>
<td>1.95</td>
<td>1.29</td>
</tr>
<tr>
<td>11/10-17/10</td>
<td>1.29</td>
<td>0</td>
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<tr>
<td>18/10-24/10</td>
<td>2.54</td>
<td>0</td>
</tr>
<tr>
<td>25/10-31/10</td>
<td>1.47</td>
<td>2.54</td>
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<tr>
<td>11/11-7/11</td>
<td>4.97</td>
<td>4.63</td>
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<td>8/11-14/11</td>
<td>2.58</td>
<td>3.28</td>
</tr>
<tr>
<td>15/11-21/11</td>
<td>1.98</td>
<td>2.98</td>
</tr>
</tbody>
</table>

Date range:
- 1/10-10/10
- 11/10-17/10
- 18/10-24/10
- 25/10-31/10
- 1/11-7/11
- 8/11-14/11
- 15/11-21/11
Store 4 – Breakdown of Avocado Sales

Avocado Lines as a Percentage of Total Avocado Sales (%)

1/10-10/10
11/10-17/10
18/10-24/10
25/10-31/10
1/11-7/11
8/11-14/11
15/11-21/11

Date Range

Avocado lines (% of total avocado sales)

100
80
60
40
20
0

Perfect Packs
Loose avocados
Store 4 – Daily Profit ($) for Avocados

Daily Average Profit for Avocados - Store 4

Date range

Average Daily Profit ($)

Loose avocados
Perfect Packs
All avocados
Store 4 - % GP for avocados

% GP for Avocados - Store 4

- Loose avocados
- Perfect Packs

Date Range:
- 1/10-10/10
- 11/10-17/10
- 18/10-24/10
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- 1/11-7/11
- 8/11-14/11
- 15/11-21/11
Store 4 - Avocado Profit (% of total F & V)

Weekly Avocado Profit as a Percentage of Total F & V Profit (%) - Store 4

Date Range

Avo Profit as % of F & V Profit

3/10-10/10 11/10-17/10 18/10-24/10 25/10-31/10 1/11-7/11 8/11-14/11 15/11-21/11
Store 4 – No. of customers buying avocados (%)

Proportion of customers buying avocados (%) - Store 4

Date Range

% of customers buying avocados

1/11-7/11
8/11-14/11
15/11-21/11

Loose avocados
Perfect Packs
All avocados
Weekly Unit Sales

Store 3 - Weekly Sales (Units)

Date

Units

Loose
4 Pack
P Pack
Total

5/09/2004
12/09/2004
19/09/2004
26/09/2004
3/10/2004
10/10/2004
17/10/2004
24/10/2004
31/10/2004
7/11/2004
14/11/2004
21/11/2004
Daily Unit Prices

Store 3 - Daily Sale Price/Unit

Date

1/11/2004
3/11/2004
5/11/2004
7/11/2004
9/11/2004
11/11/2004
13/11/2004
15/11/2004
17/11/2004
19/11/2004
21/11/2004

$/Unit

Loose
4 Pack
P Pack

Packing Options:
- Loose
- 4 Pack
- P Pack

Graph showing changes in daily sale prices per unit for Store 3 from 1/11/2004 to 21/11/2004.
Sales Turnover per square metre
& Gross Profit per square metre

![Graph of Store 3 Sales Turnover per square metre]

![Graph of Store 3 Profit per square metre]
Blemish Levels – Store 3

Loose Avocados - Blemish Levels - Store 3

4 Pack Avocados - Blemish Levels - Store 3

Perfect Packs - Blemish Levels - Store 3
Fruit Firmness – Store 3

Loose Avocados - Firmness - Store 3

Date

% Hard Slightly soft Soft Very soft/mushy


4 Pack Avocados - Firmness - Store 3

Date

% Hard Slightly soft Soft Very soft/mushy


Perfect Packs - Firmness - Store 3

Date

% Hard Slightly soft Soft Very soft/mushy

Fruit Size – Store 3

Loose Avocados - Size - Store 3

4 Pack Avocados - Size - Store 3

Perfect Pack Avocados - Size - Store 3
Fruit Shape – Store 3

Loose Avocados - Shape - Store 3

4 Pack Avocados - Shape - Store 3

Perfect Pack Avocados - Shape - Store 3
Skin Colour – Store 3

Loose Avocados - Colour - Store 3

4 Pack Avocados - Colour - Store 3

Perfect Pack Avocados - Colour - Store 3
In-store Monitoring

- Position in store and location in relation to other products
- Signage and other information
- Size of display
- Overall presentation
- Product rotation
- Specific store characteristics
- Handling practices
What influences your decision to purchase avocados?

Purchase Decision Factors

- Not Ripe
- Too Ripe
- Price
- Size
- Appearance
- Taste
72% of those surveyed said they would pay a premium for ‘perfect’ avocados.

Would you pay a premium price knowing that you were getting 2 “perfect” avocados every time?

- Yes: 72%
- No: 28%
Consumer perception of ‘pack’

Perfect Avocado Packaging

Impression of Quality

Yes

No

Product Protection

<table>
<thead>
<tr>
<th></th>
<th>No</th>
<th>Yes</th>
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[Bar chart showing the percentage of consumers' perception of quality, with 'Yes' having a higher percentage than 'No'.]
Customer Loyalty

Do you purchase your avocados from the one place each week?

Yes- 34%
No- 66%
Outcomes of the Project

☑ Provided objective detailed analysis of scan data, product display data, retail environment and consumer reaction

☑ Identified the drivers which influenced consumer purchase behaviour

☑ Clearer picture to enhance category management and strategic planning
Outcomes of the Project

- Identify, trial and capture opportunities for improvement and innovation in retail performance and supply chain processes

- Useful and convincing tool to build relationships and enhance retail performance, consumer satisfaction and profitability of all stakeholders in the supply chain