



[HOME](#) [ADVERTISE](#) [CONTACT US](#) [SUBSCRIBE](#) [NEWSLETTER](#)

CURRENT ISSUE
NEWS
THE PR BLOG
PAMELA'S KITCHEN
NEWSLETTER
CATEGORY SPOTLIGHT
10-MINUTE MERCHANDISER
ISSUES ARCHIVE
RESEARCH REPORTS
DISPLAY PHOTOS



Avocados

10/28/2010 10:50AM

[+ Bookmark](#)

The avocado category continues to increase its contribution to produce department sales. With growing consumption and year-round availability, avocado sales grew 35% from 2005 to 2009, outpacing total produce department growth.

Although the success of the category is apparent, opportunities exist to gain new consumers and increase usage by existing consumers. By showcasing avocados as an everyday product, providing education on ripeness and usage, and understanding performance trends, the category should continue to grow.

Avocados: Year in Review

Avocados grew across all varieties during the latest 52-week period ending July 31. Comprised of hass, green and other (pinkerton and cocktail) varieties, the category sold an average of \$801 per store per week, up 8.9% from the previous year. Avocados accounted for 1.8% of produce department sales.

Although avocados are available year-round, they reach their highest sales in spring and summer. Peak sales occurred the first week of May, coinciding with Cinco de Mayo, when dollars per store per week reached \$1,059.

Avocado dollar sales per store per week grew year over year for the past five years, with a compounded annual growth rate of 6.25%.

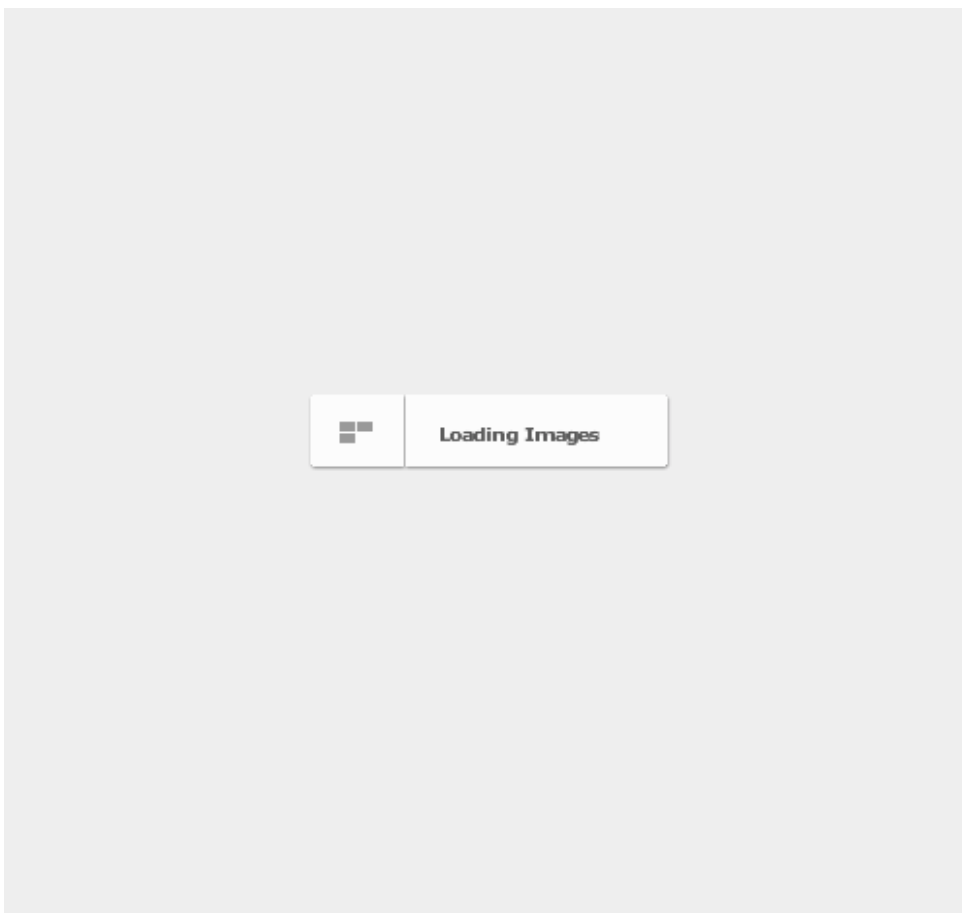
Fresh Ideas in Avocados: Increasing Usage Occasions

"Avocados make good food better every day in every way."

This message is helping drive avocado consumption nationwide – as is the message that avocados add nearly 20 vitamins and minerals to food. Avocados are one of the few top 10 fruits to see strong volume gains in the past five years. Historically, avocado sales have spiked around Cinco de Mayo and the Super Bowl. Increasing avocado purchases through alternative consumption and occasion programs is an important objective of Avocados from Mexico in its public relations and marketing strategies.

Recent research from MHAIA's Quantitative Messaging Study by Marketlink Research indicates light users will purchase more avocados when usage suggestions are provided, such as toppings for salads, sandwiches and cookout food. These consumers are also very motivated by food visuals suggesting alternate uses (e.g. salads, sandwiches, burgers, etc.), according to a 2009 study by the Perishables Group, "Innovation in the Fresh Space."

"Avocados from Mexico have integrated these findings into our marketing programs for the year," says Emiliano Escobedo, marketing director of APEAM. "Any retailer can reap the advantages of these programs, whether it is alternate-usage marketing or merchandising solutions."



Avocado on Top, for example, is a new campaign that will be released in November via FSI. The campaign talks about adding avocados to products that may not have occurred to shoppers.

Many success stories, similar to that of avocados, have come out of the produce department in recent years as associations and suppliers have introduced new uses for products. This strategy can be executed through education, new variety introductions, packaging innovations and product pairings.

In the Perishables Group's 2009 innovation study, Dulcinea's PureHeart mini-seedless watermelon was lauded by retailers for its innovative shift from a food for large gatherings to a product for snacking and individual consumption. This innovation was a key driver in the brand's strong sales gains from 2005 to 2009.

Category Management Toolbox: Price Elasticity

In the spring, MHAIA partnered with the Perishables Group on a customized price elasticity study to provide the avocado industry with the knowledge and tools to optimally price and promote the category.

Price elasticity modeling shows the precise price sensitivity of a product and the predicted demand changes across the spectrum of price points. The statistical model takes into account seasonality, store variations, competitive products and promotional pricing effects. A price elasticity study investigates the following pricing issues:

- What retail price point maximizes retailer dollars and volume?
- How sensitive are consumers to price changes?
- What is the expected effect on sales dollars and volume if prices are higher/lower?

"The Perishables Group price elasticity study, commissioned by MHAIA, gives retailers two key opportunities to sell more avocados," says the MHAIA's Jackie Bohmer, marketing director for the Mexican Hass Avocado Importers Association (MHAIA) says.

MHAIA's members, producers and importers that supply the U.S. with year-round quantities of Mexican avocados can provide quantifiable market-specific pricing recommendations to retailers to maximize retailer sales. Using the Perishables Group's Excel-based tool, "what-if" scenarios can be run by market to see the effect of price changes on consumer demand.

Additionally, study insights can influence MHAIA's marketing strategies and priorities, integrating findings on pricing and promotions into program activities.

The study, conducted for specific markets, allowed MHAIA to evaluate market differences and the association of price elasticity to market maturity. More than 600,000 records at the store, week and item levels across a two-year time frame were used for the markets and avocado items. The study results help retailers determine the most profitable pricing in a given market, as well as the optimum number of promotion weeks needed during the course of a year.

Although some categories, such as bananas, are seen to be relatively inelastic across the U.S., avocado elasticity varies considerably by geography. In many categories, more developed markets are usually more price elastic (demand changes with price changes) than less developed markets. This was the case with avocados. In less developed markets, where avocados are seen more as an impulse or seasonal purchase, consumers are less likely to have a price point in mind because they do not make regular purchases.

"Many retailers will be surprised by the number of promotion weeks recommended to maximize volume and sales in a given market," Bohmer says.

For example, twice as many promotion weeks are recommended in Baltimore versus Washington, D.C., because the category is more mature in Baltimore, and the consumer is more responsive to price promotion there. Likewise, the optimum avocado pricing in Chicago, a more mature market, will be significantly lower than the optimum pricing in Charlotte, N.C., a less mature market.

This pricing model is available to retailers through any MHAIA importer member.

Consumer Insights

In 2009, in the midst of the recession, avocado growth outpaced the produce department. This pattern continued through 2010. For year-to-date ending in July 2010, avocado volume velocity growth (volume per \$MM ACV % change) is outpacing produce by nearly 20%. It is clear avocados have been less affected by the recession than many other categories.

Avocados continue to provide strong dollars and margin to the produce department, but the market baskets of avocado shoppers also benefit the entire store, according to the 2009 study, MHAIA Avocado Market Basket Study, conducted by the Perishables Group.

Basket sizes when Hass avocados are in the basket are nearly double the size of an average basket. Hass avocado consumers are valuable to retailers because of their large spending. Consequently, it's important to ensure the category is merchandised, priced and promoted effectively to draw in consumers that are more likely to have larger basket rings.



PERISHABLES GROUP
Keeping Your Business Fresh™

Produce Retailer partnered with The Perishables Group, Chicago, to bring you a monthly Category Spotlight, which features insights and analysis of consumer trends, purchasing habits with supporting data, operational best practices and news of product innovations.

[About Us](#) | [Contact Us](#) | [Terms of Use](#) | [Privacy Policy](#)

The Packer, Produce Merchandising, Produce Availability & Merchandising Guide and Fresh Trends are registered trademarks with the United States Patent and Trademark Office.

Copyright 2010 Vance Publishing Corp. All rights reserved.

Vance Marketing Solutions | List Rental



PGT: 0.16 sec

