



Coles Myer Ltd.

Supermarkets

SESSION TWO

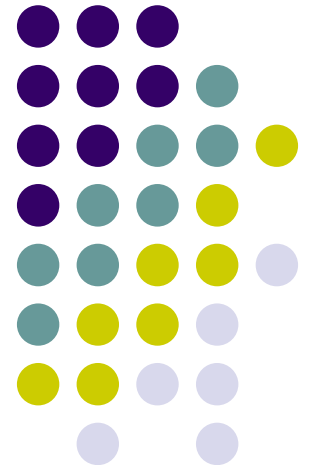
Session Two

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

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

Marie Piccone & Wanita Judge , Fresh Change
Michael Geraghty, Hampton Orchards
Michael Simonetta, Perfection Fresh Australia



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

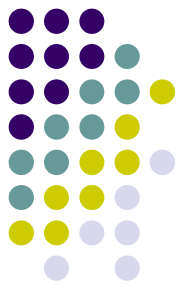


- Product was first trialed in Oct/Nov 2004
- Modifications have since been made to the product's packaging based on stage 1 of the trial
- Value adding retailer sales tools have also been developed based on feedback from stage 1
- Signage for display and promotional material for consumers

A3 Poster for use in Retail prep areas



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

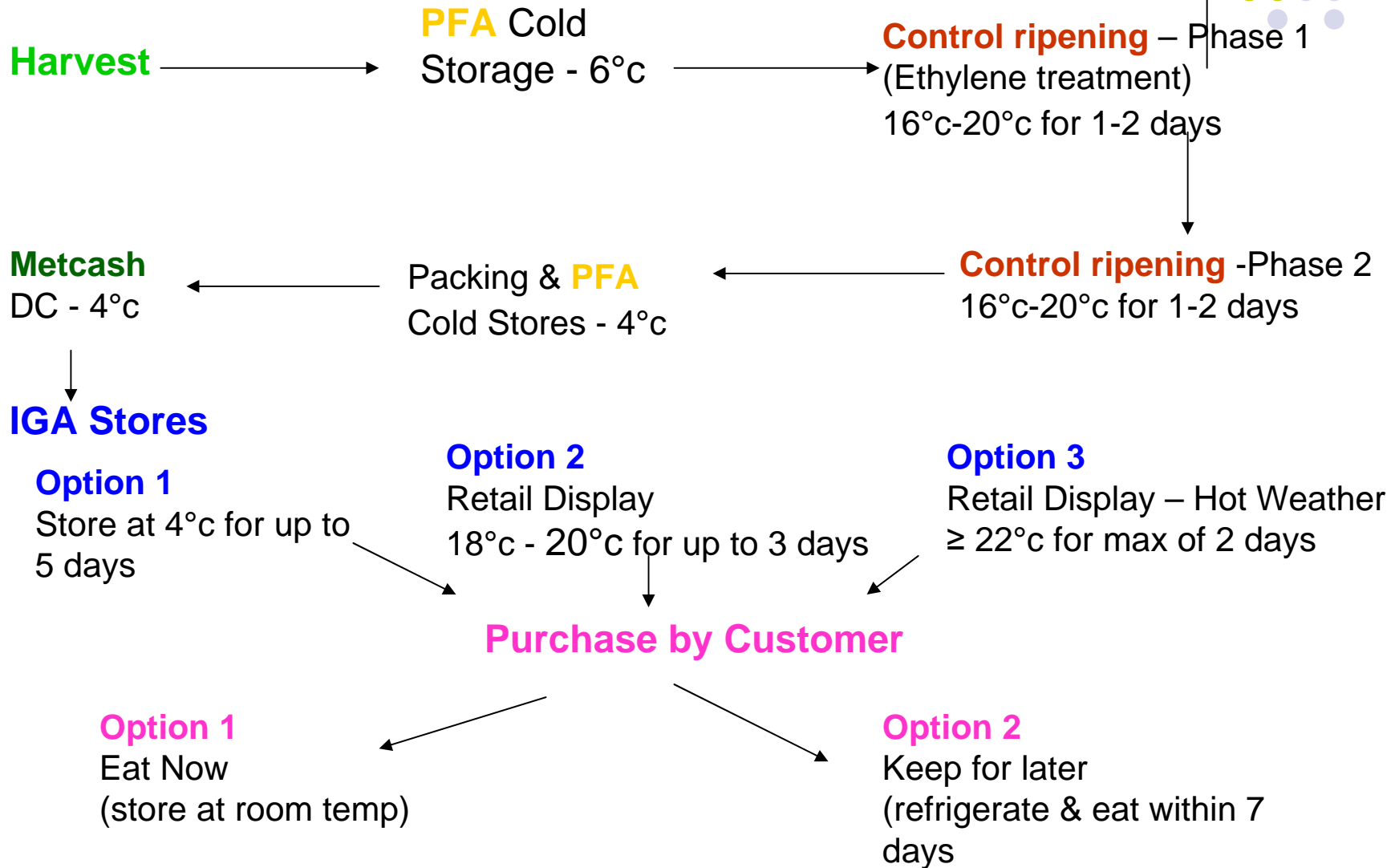
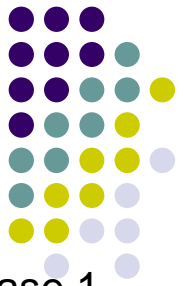
- Set seasonal pricing to take the peaks and troughs out of the market
- Premium price for a premium product
- 72% of customers are prepared to pay a premium for a “perfect” avocado

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

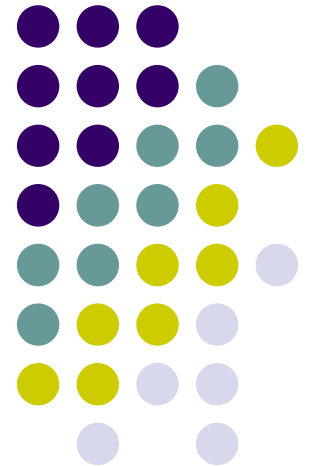
Paddock to plate



AVOCADO PERFECT PACK

Fresh Change Project

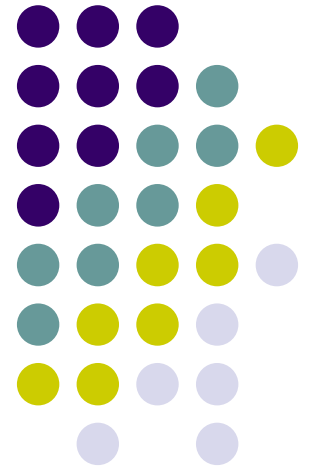
**Interim Results – used to
objectively monitor, research,
evaluate, review, negotiate,
convince and plan**



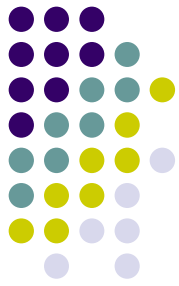
Avocado

Perfect Pack Project

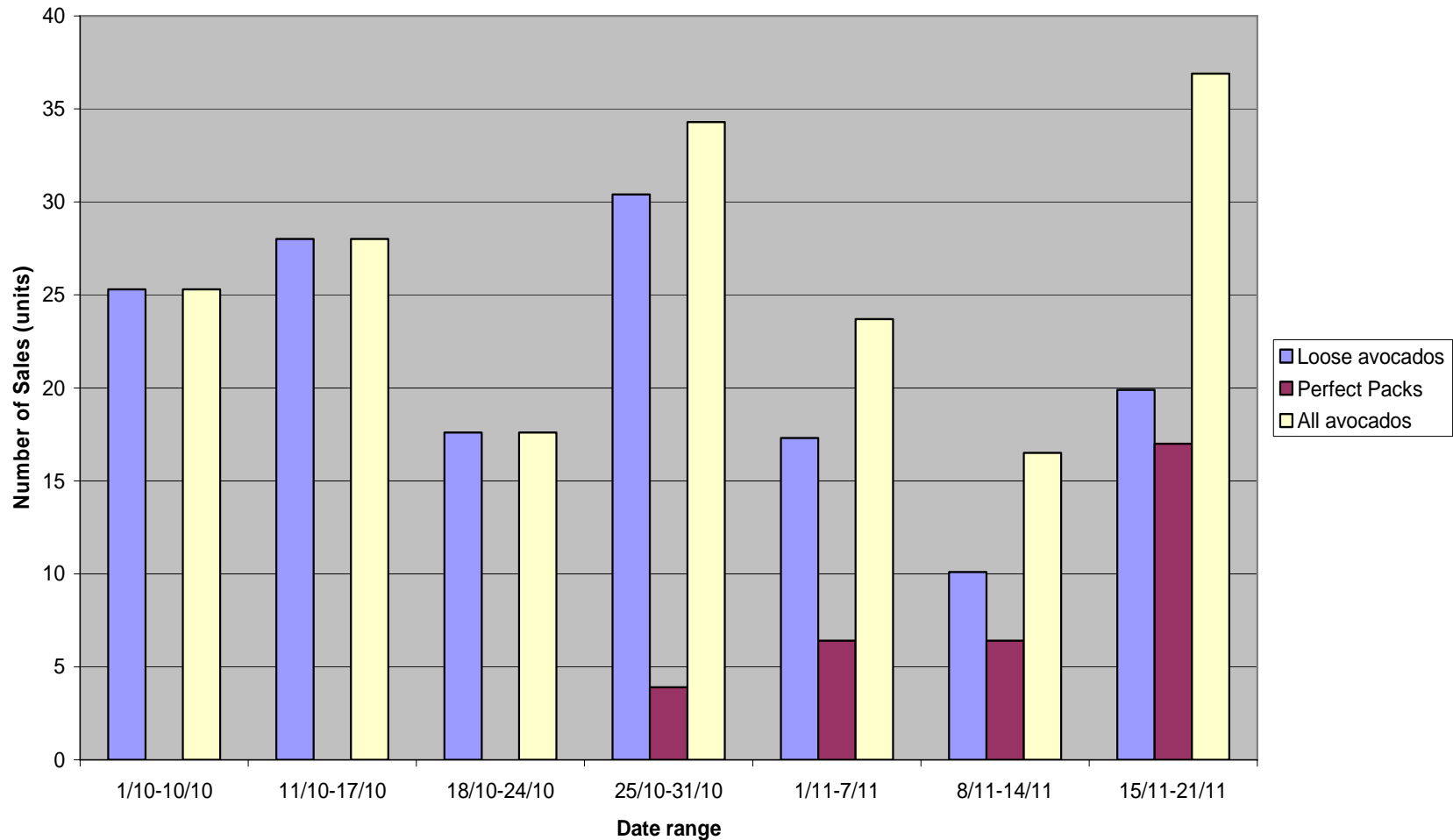
- ❑ Results from monitored stores
- ❑ Scan data
- ❑ Product benchmarking
- ❑ Consumer surveys



Store 4 – Avocado Sales

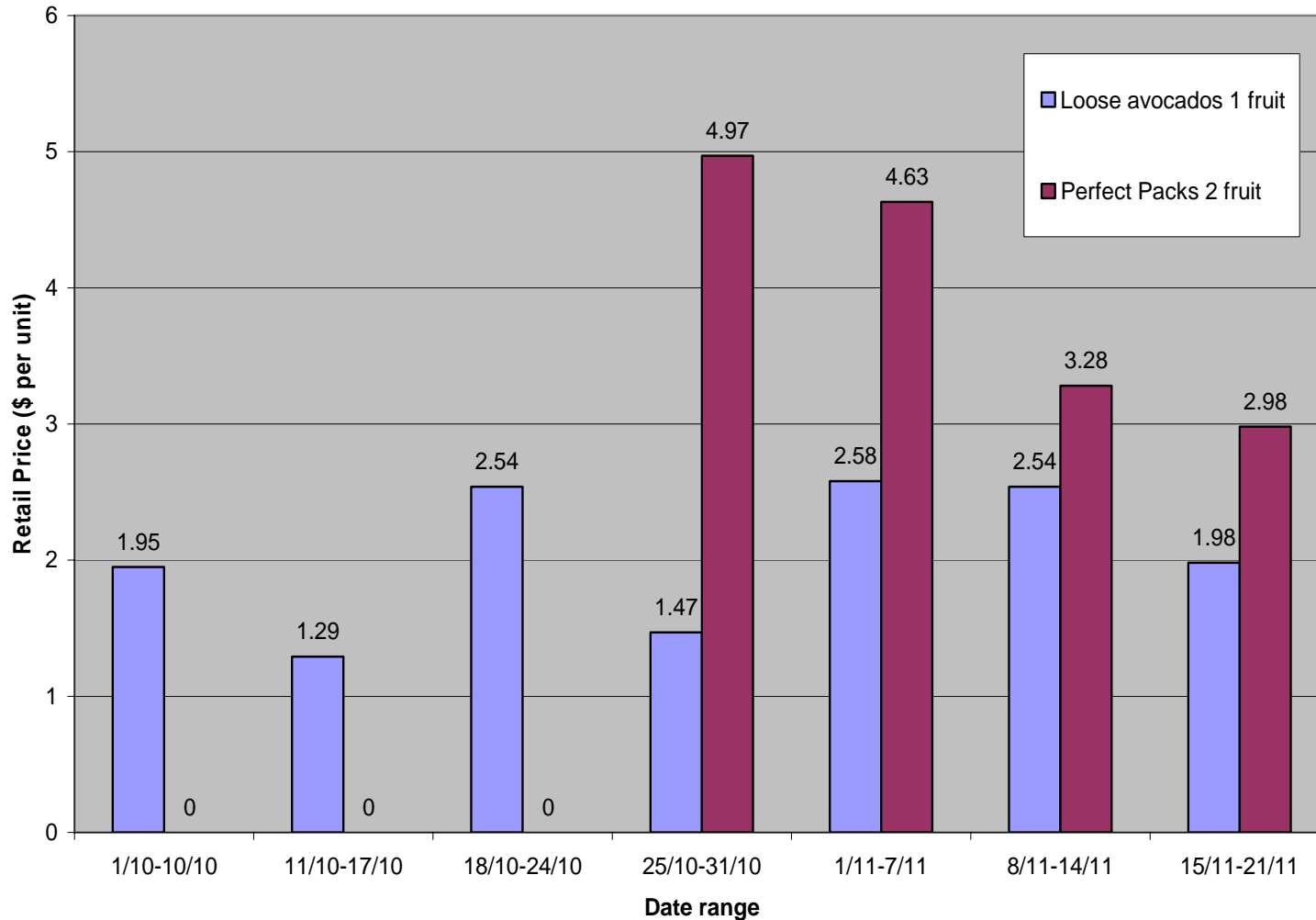
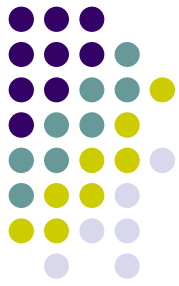


Daily Average Sales of Avocados - Store 4

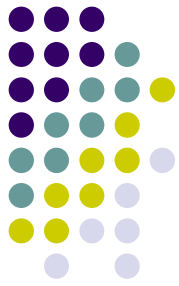


Store 4 – Retail Price of Avocados

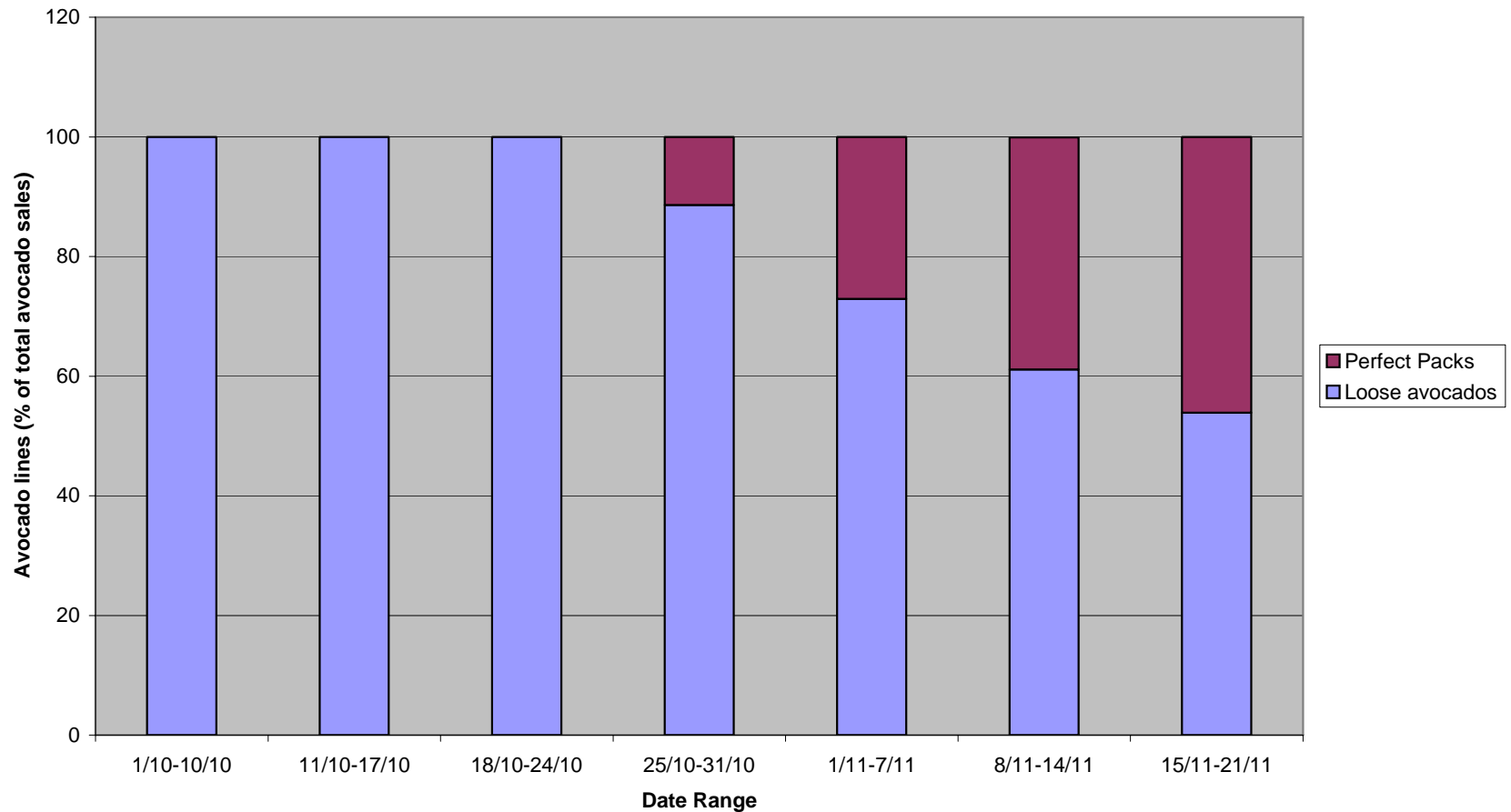
Retail Price of Avocados - Store 4



Store 4 – Breakdown of Avocado Sales



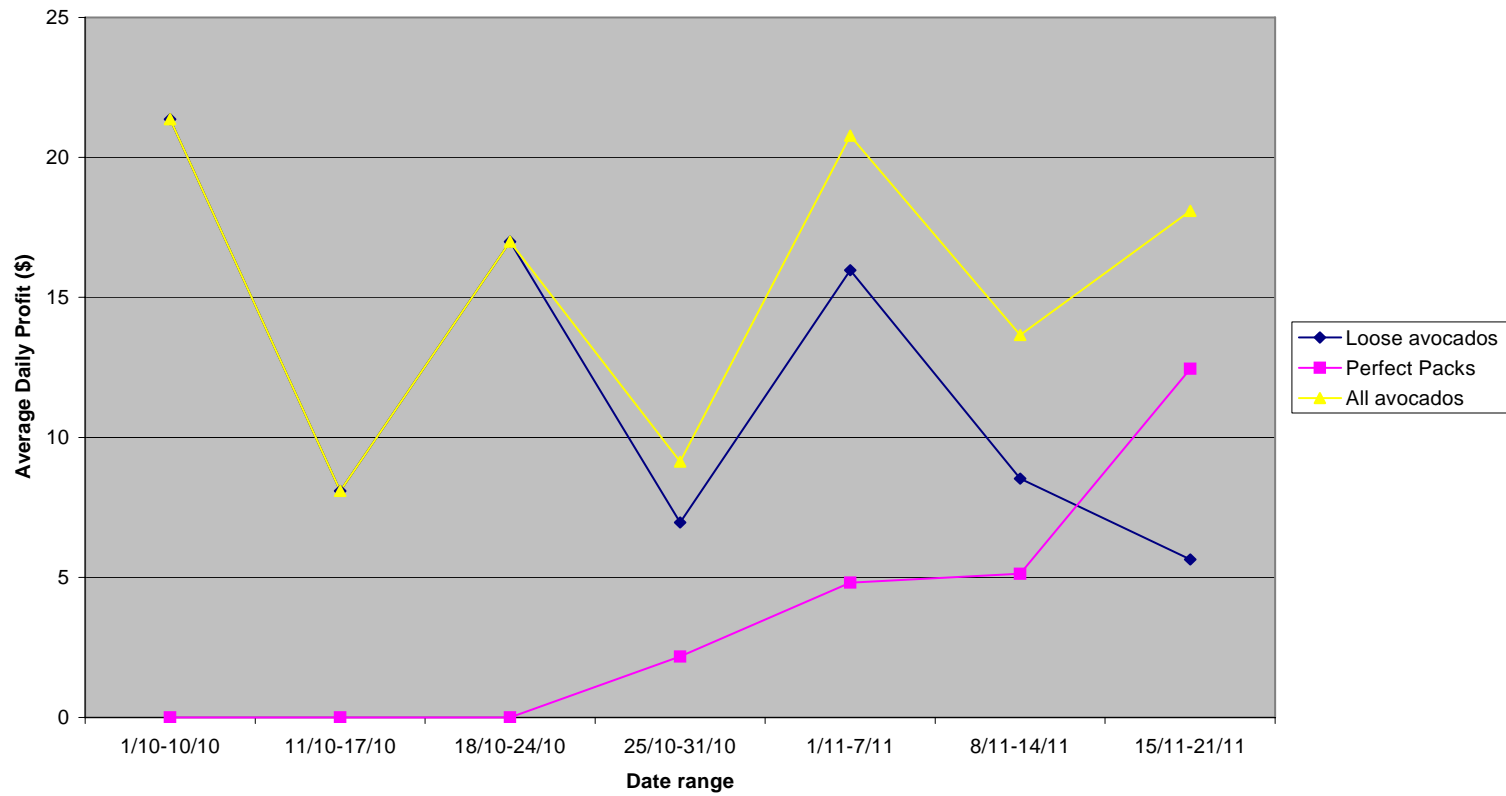
Avocado Lines as a Percentage of Total Avocado Sales (%)



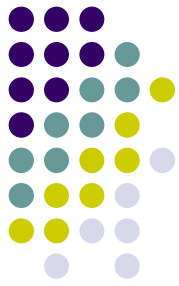
Store 4 – Daily Profit (\$) for Avocados



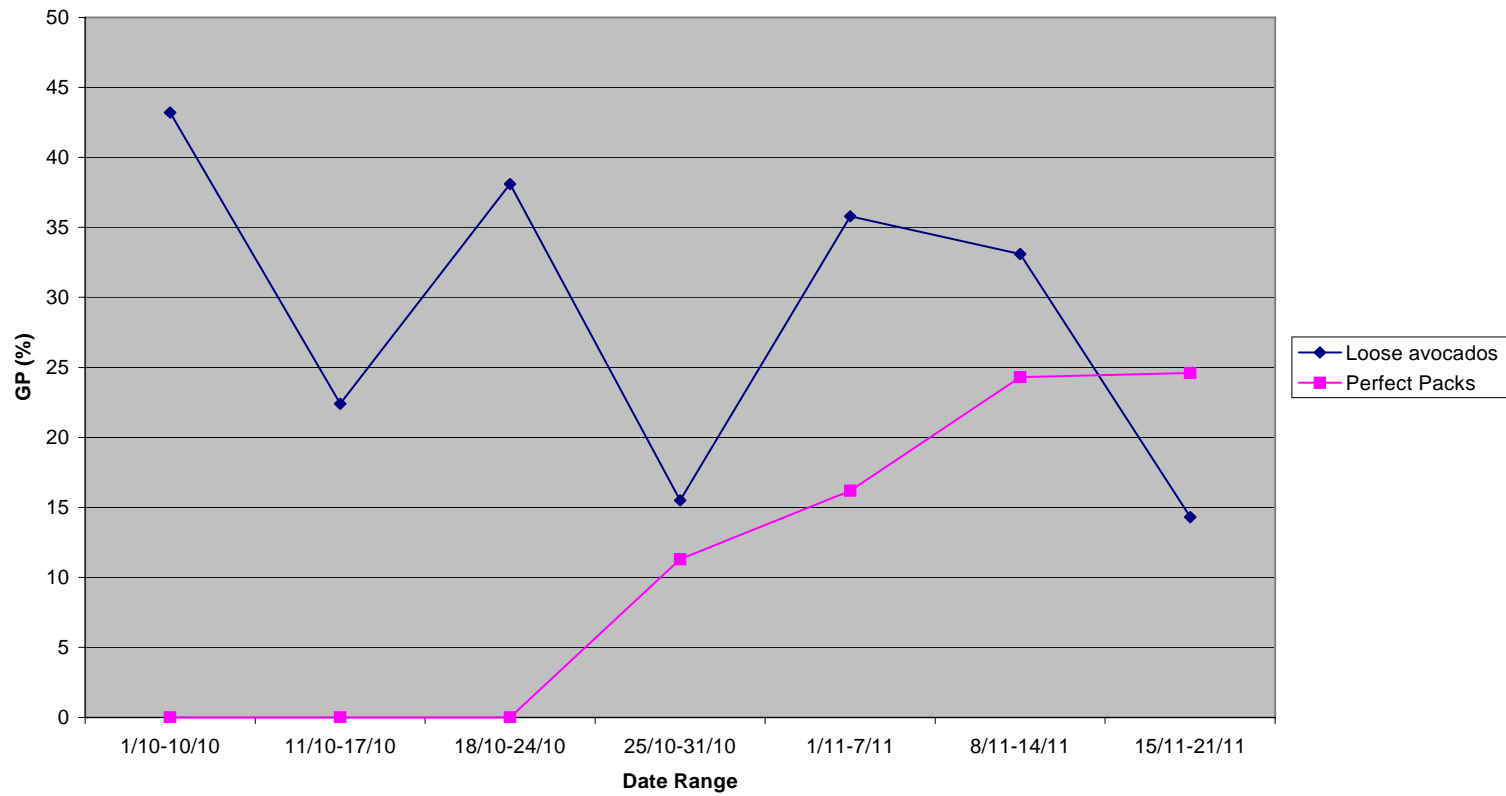
Daily Average Profit for Avocados - Store 4



Store 4 - % GP for avocados



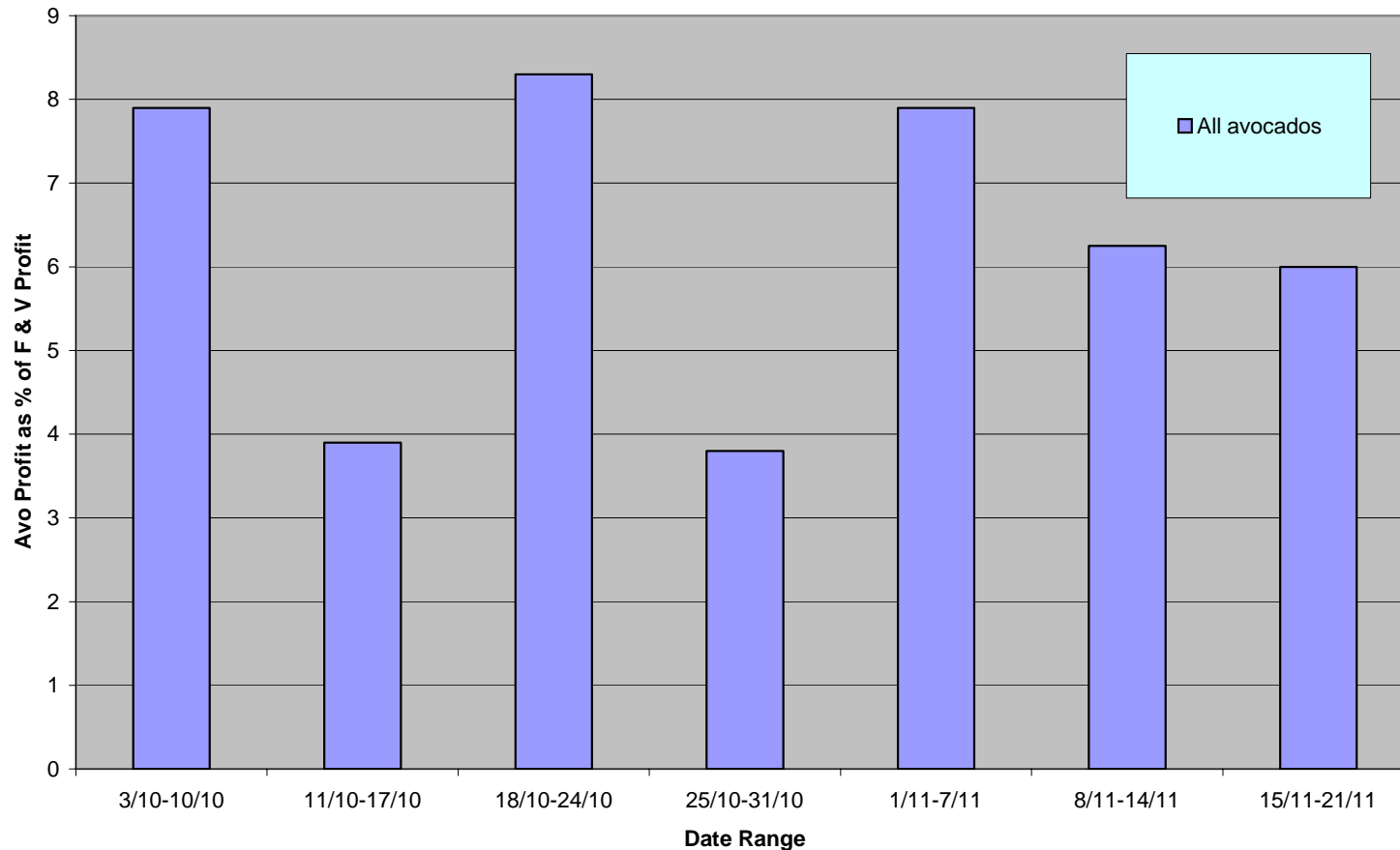
% GP for Avocados - Store 4



Store 4 - Avocado Profit (% of total F & V)



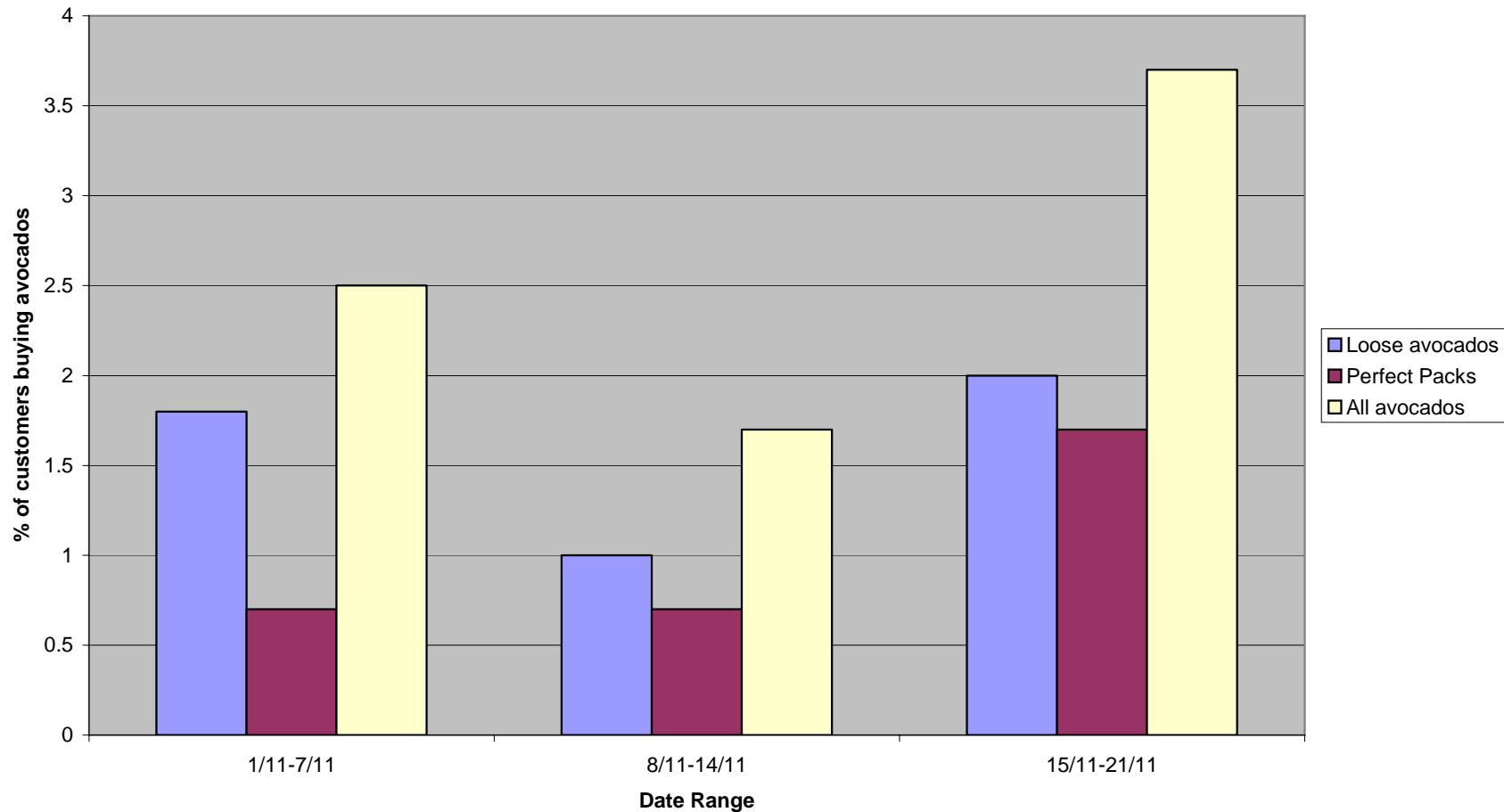
Weekly Avocado Profit as a Percentage of Total F & V Profit (%) - Store 4



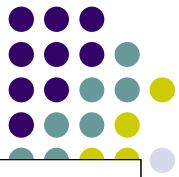
Store 4 – No. of customers buying avocados (%)



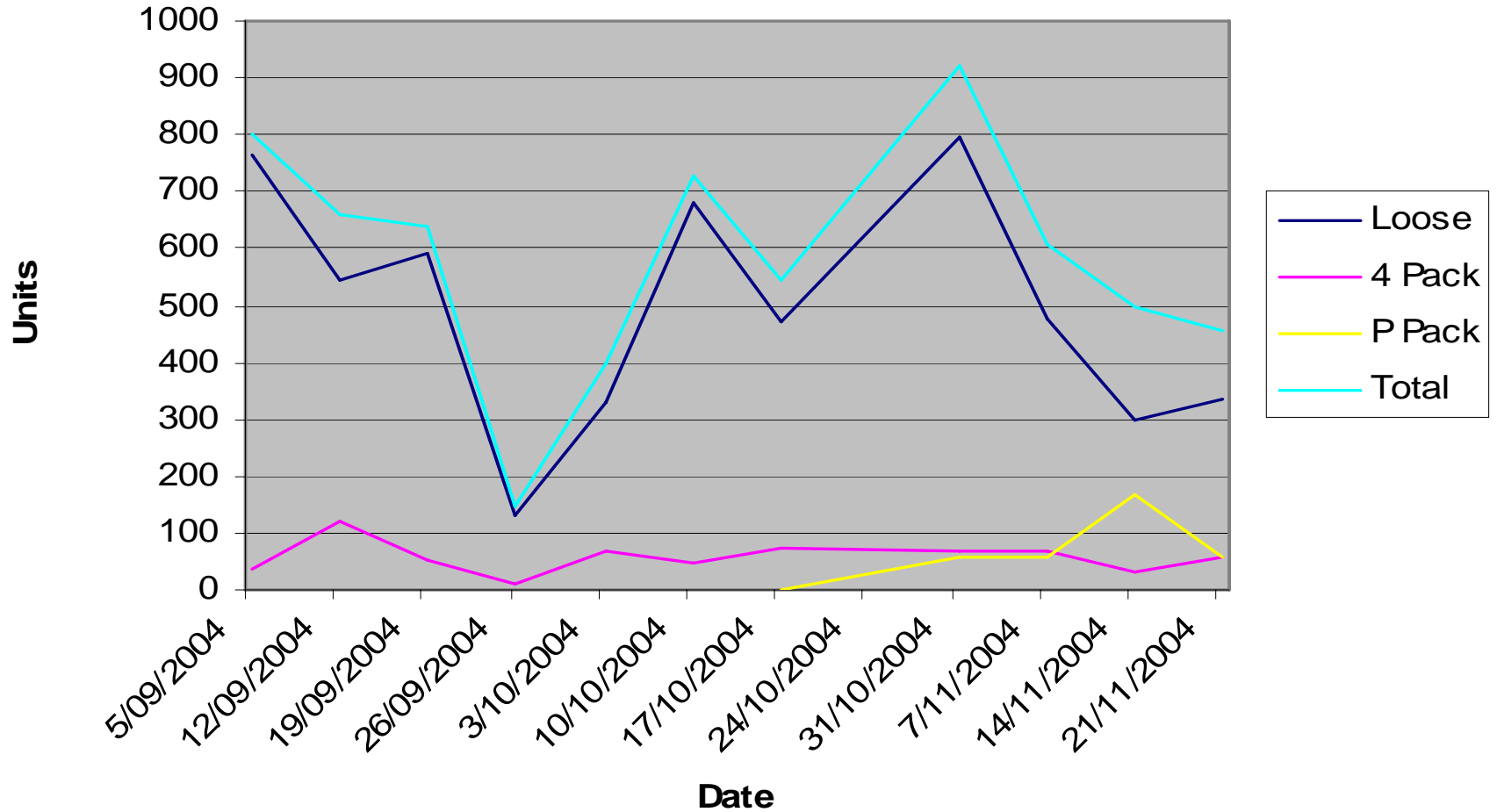
Proportion of customers buying avocados (%) - Store 4



Weekly Unit Sales



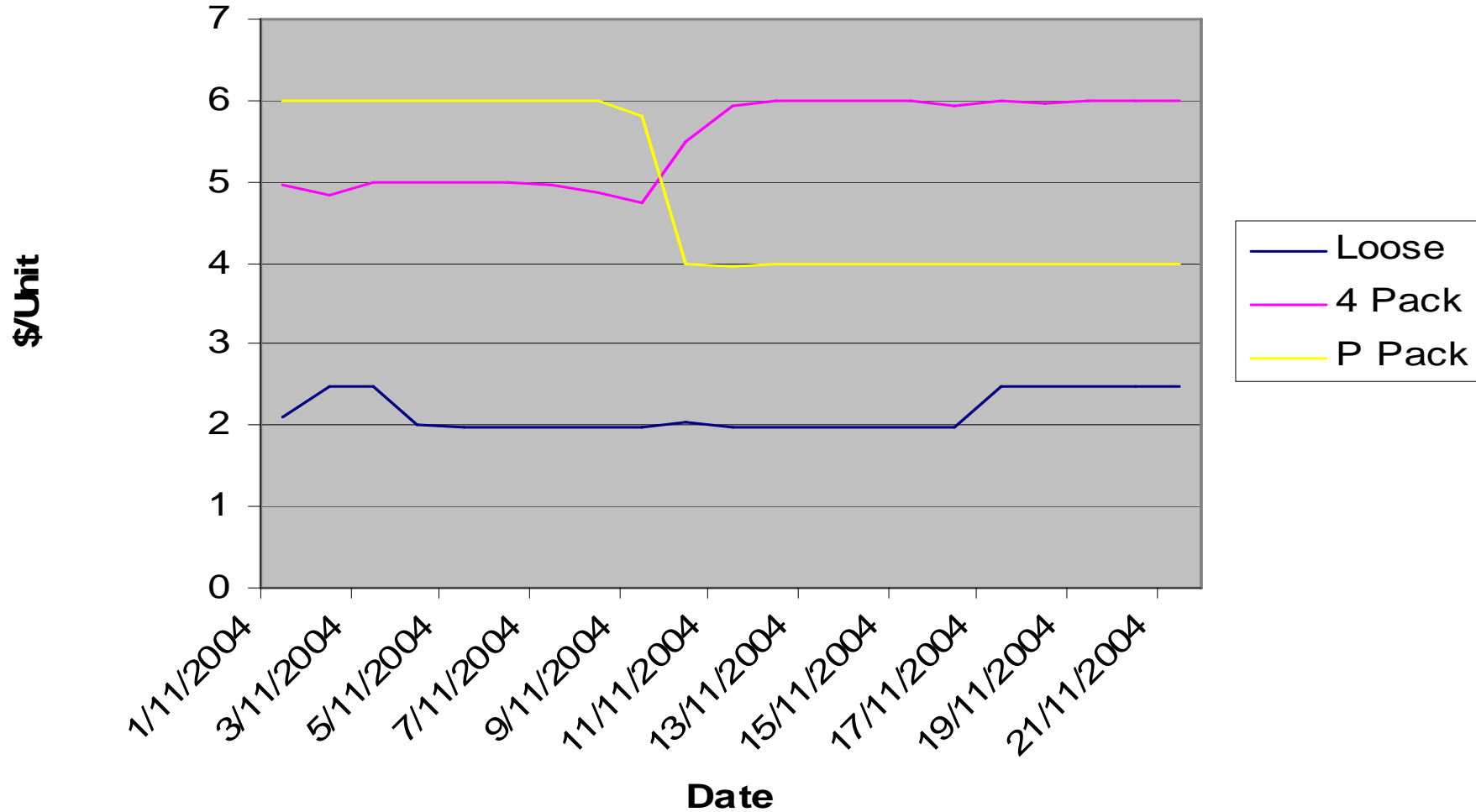
Store 3 - Weekly Sales (Units)



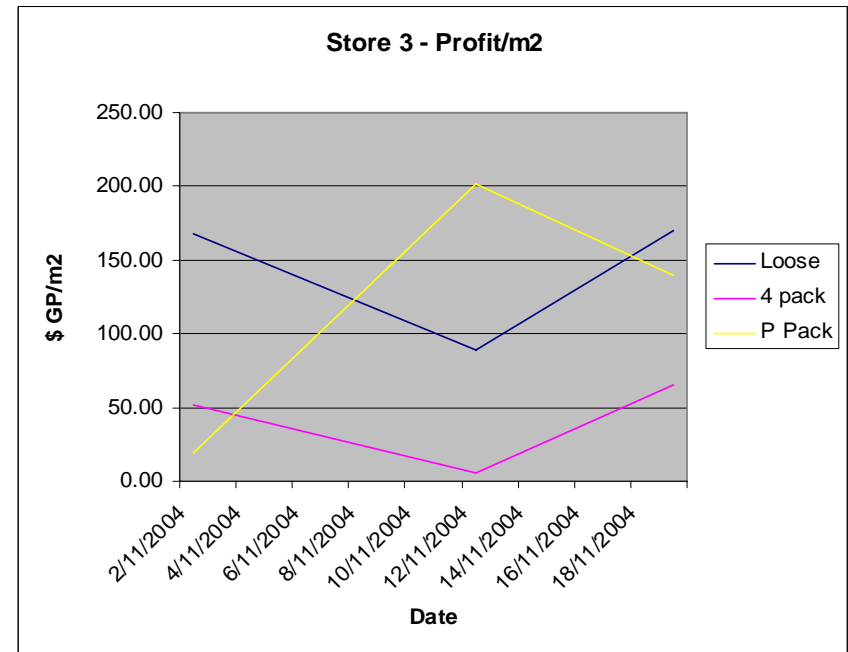
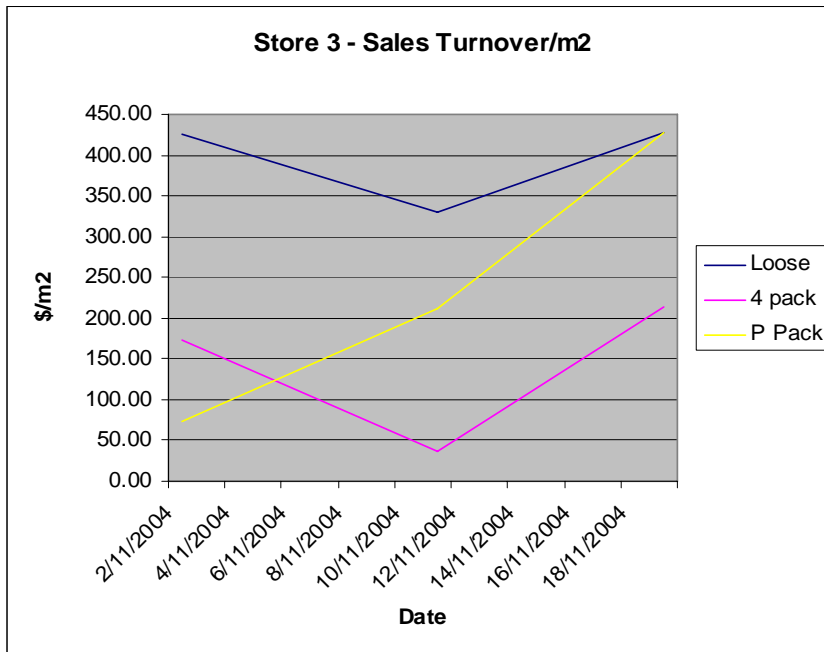
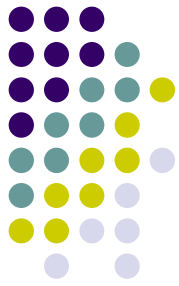
Daily Unit Prices



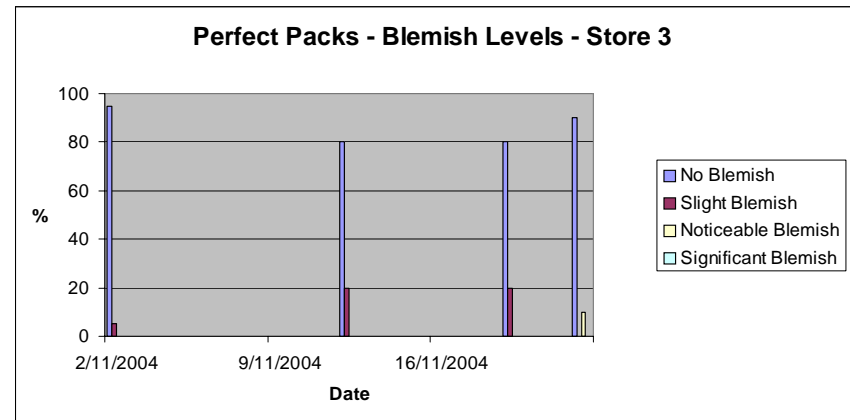
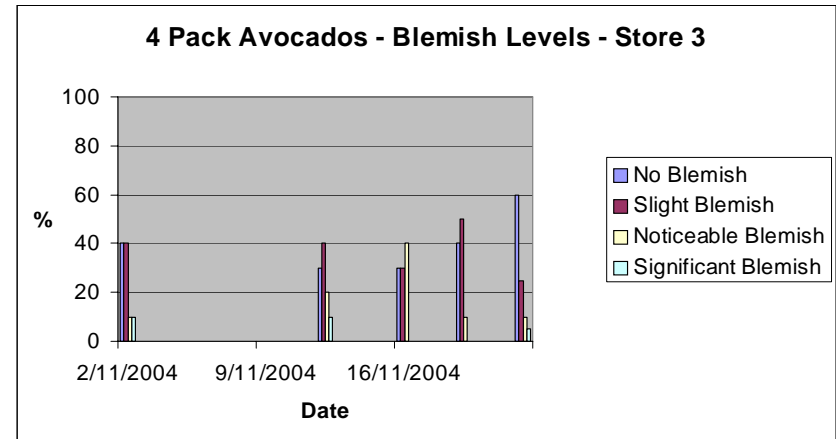
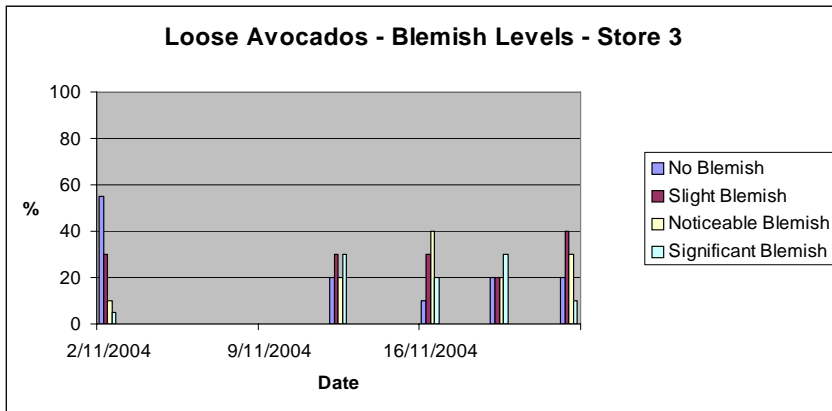
Store 3 - Daily Sale Price/Unit



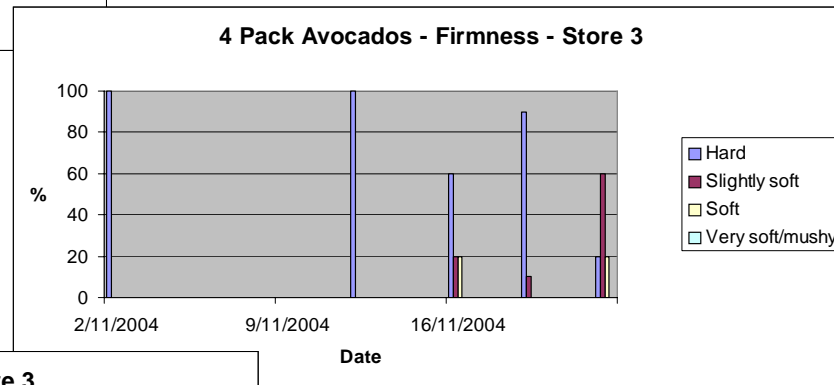
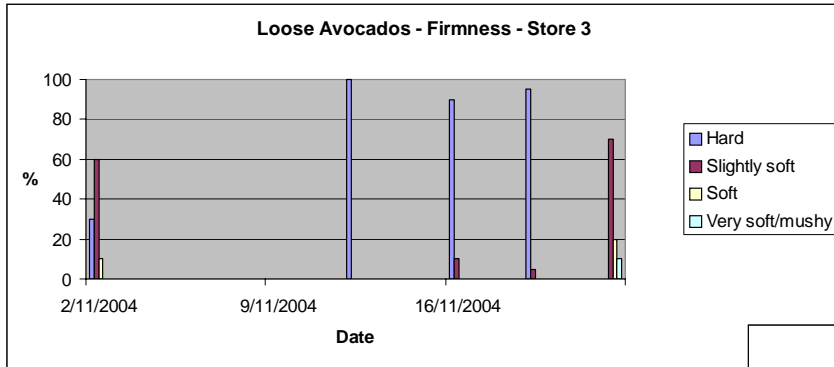
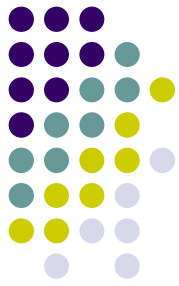
Sales Turnover per square metre & Gross Profit per square metre



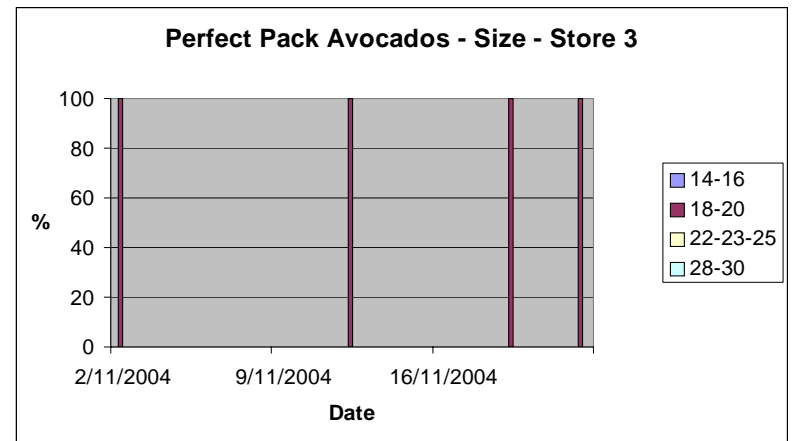
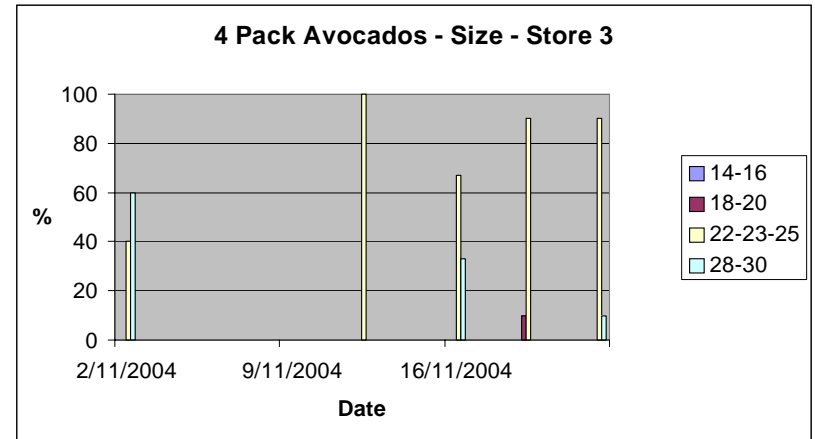
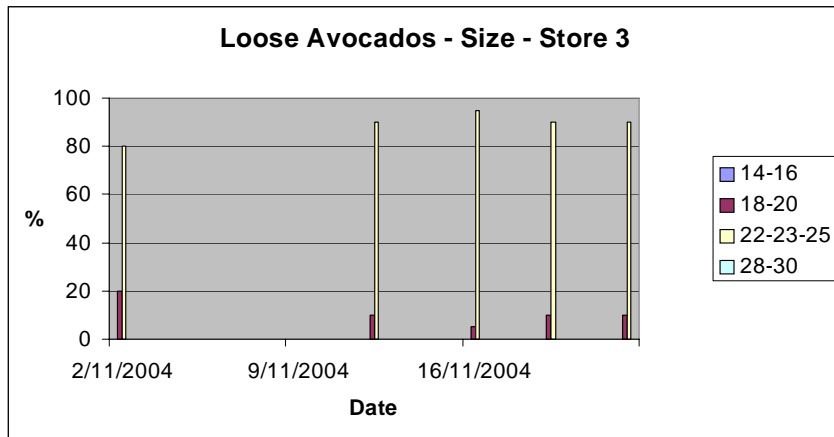
Blemish Levels – Store 3



Fruit Firmness – Store 3



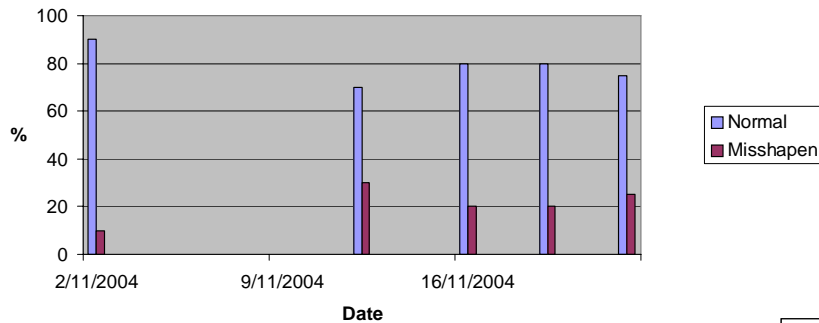
Fruit Size – Store 3



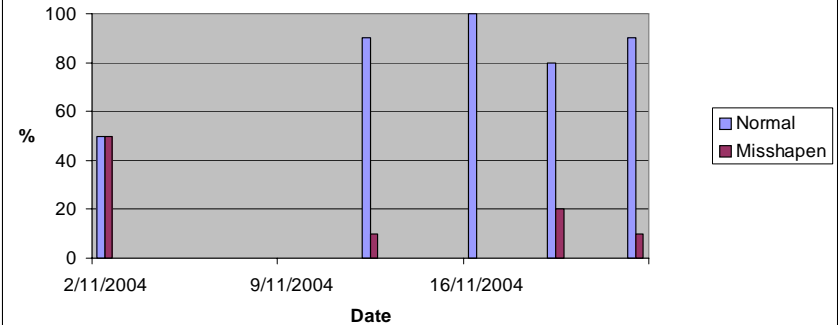
Fruit Shape – Store 3



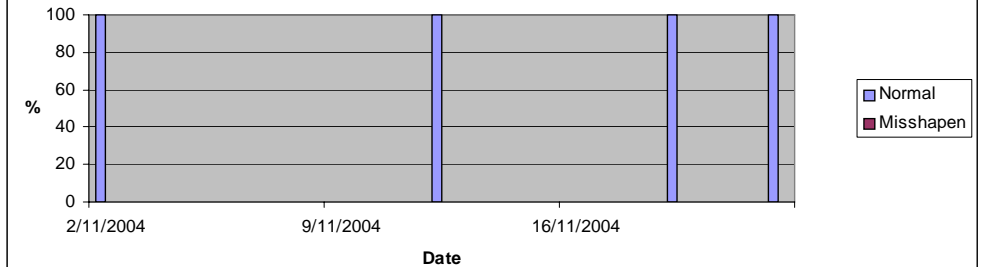
Loose Avocados - Shape - Store 3



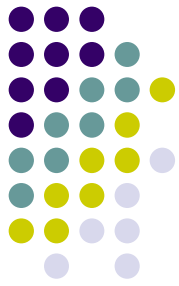
4 Pack Avocados - Shape - Store 3



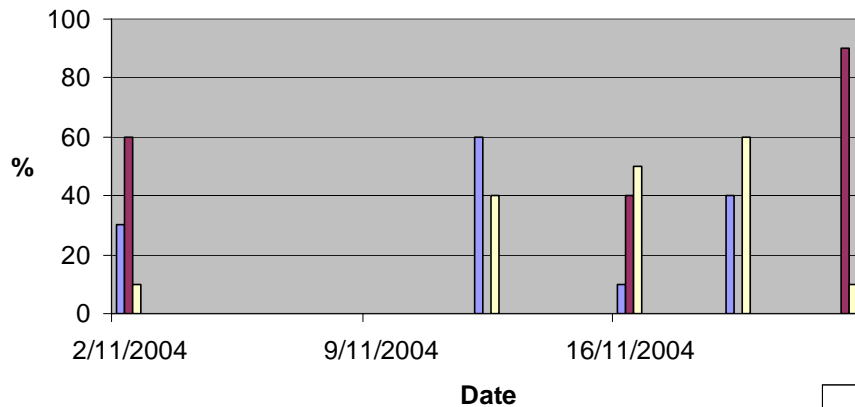
Perfect Pack Avocados - Shape - Store 3



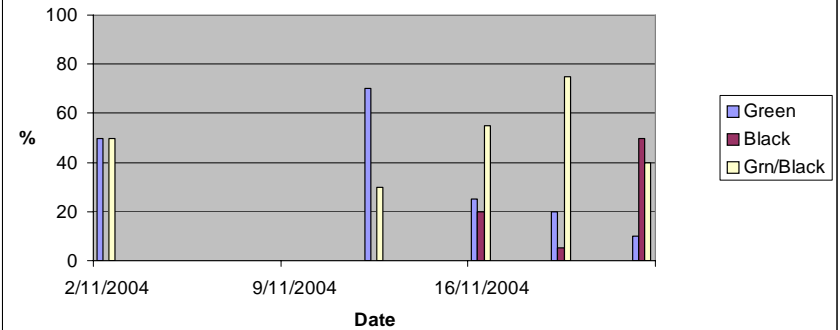
Skin Colour – Store 3



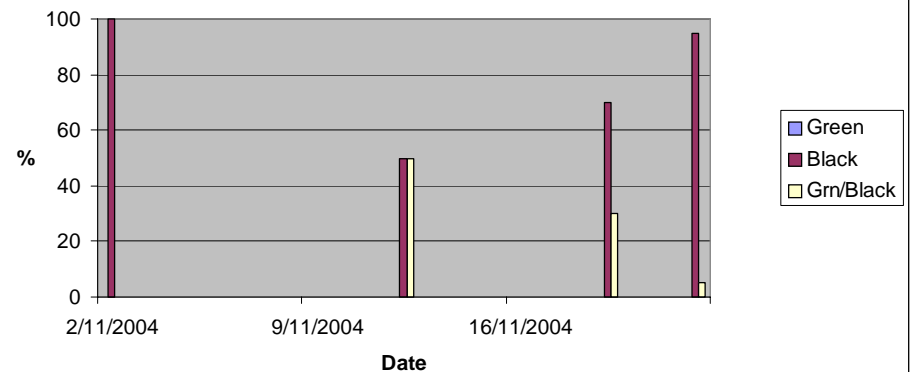
Loose Avocados - Colour - Store 3



4 Pack Avocados - Colour - Store 3



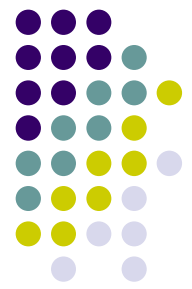
Perfect Pack Avocados - Colour - Store 3





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



CLAUDIO S
4 for \$5.00 or \$1



SPECIAL

ORANGES
NAVEL
3KG
\$ **2.99**

IGR Independent Grocers of Australia

FRESH SAVINGS

AVOCADO
EACH
\$ **2.58**

IGR Independent Grocers of Australia

FRESH SAVINGS

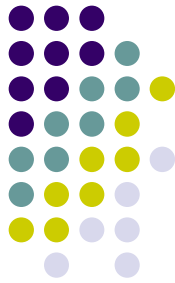
PERFECT
AVOCADOS
TWIN PACK
\$ **4.99**

IGR Independent Grocers of Australia

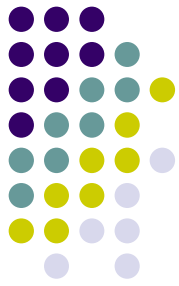
FI SAV

BANA
/A
\$ **2.**

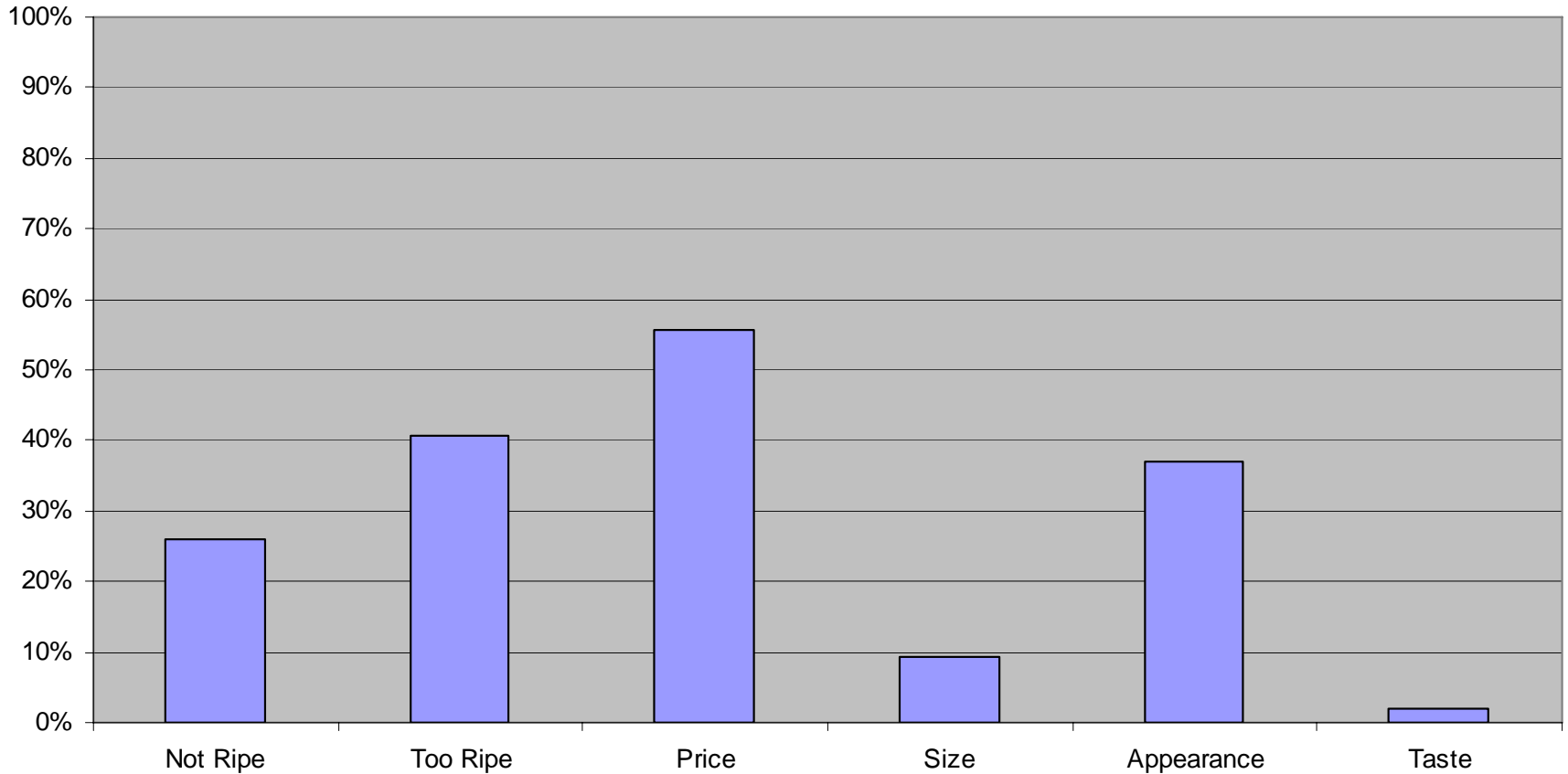
IGR Independent Grocers



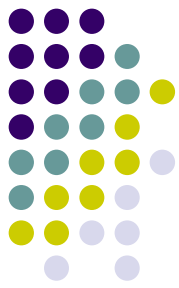
What influences your decision to purchase avocados?



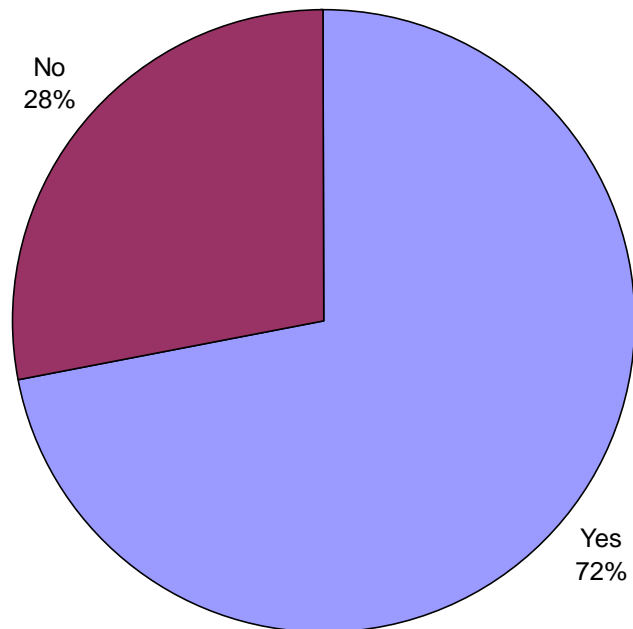
Purchase Decision Factors



72 % of those surveyed said they would pay a premium for 'perfect' avocados



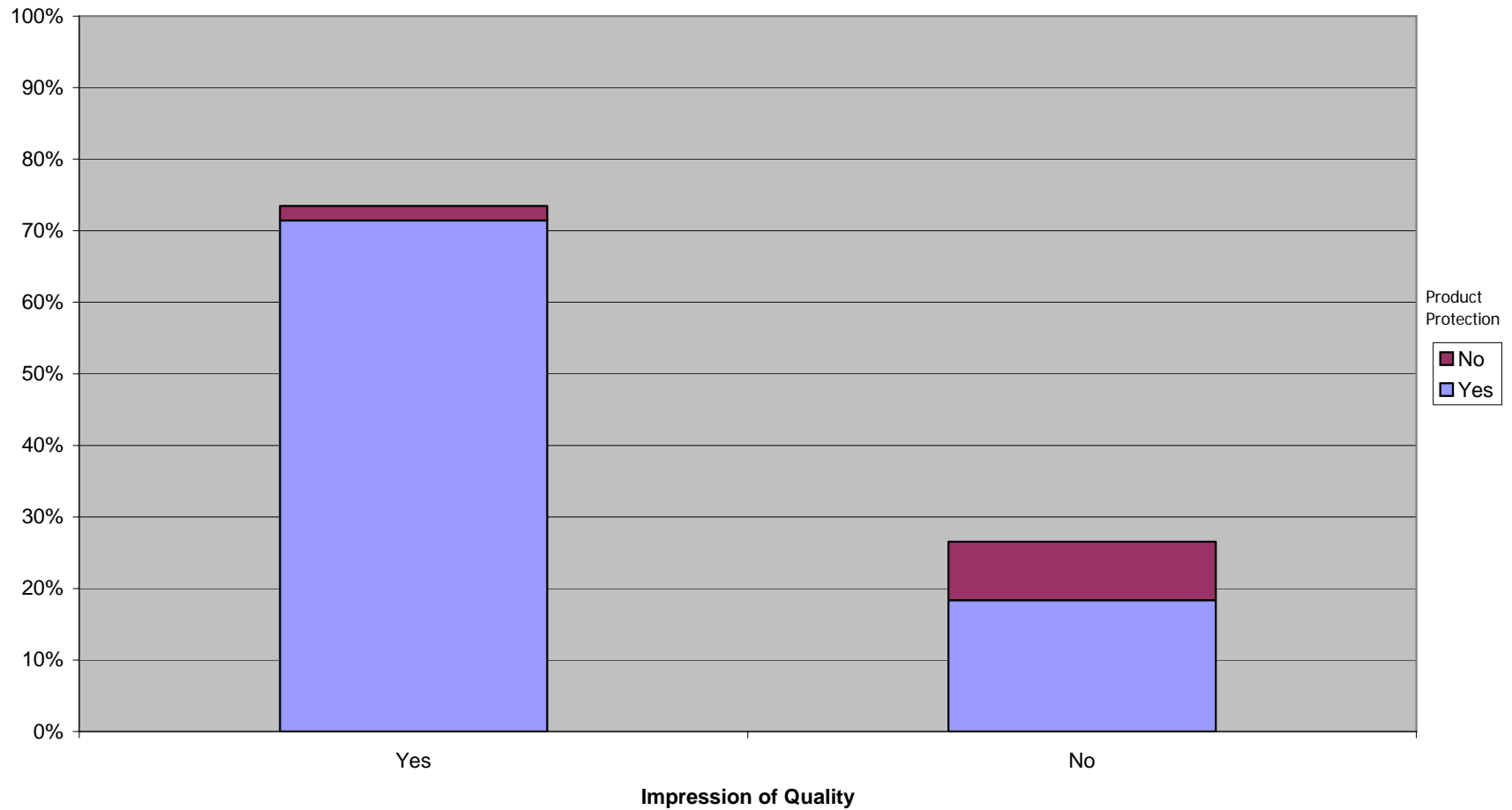
Would you pay a premium price knowing that
you were getting 2 "perfect" avocados every time?



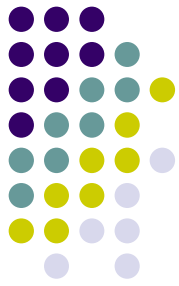
Consumer perception of 'pack'



Perfect Avocado Packaging



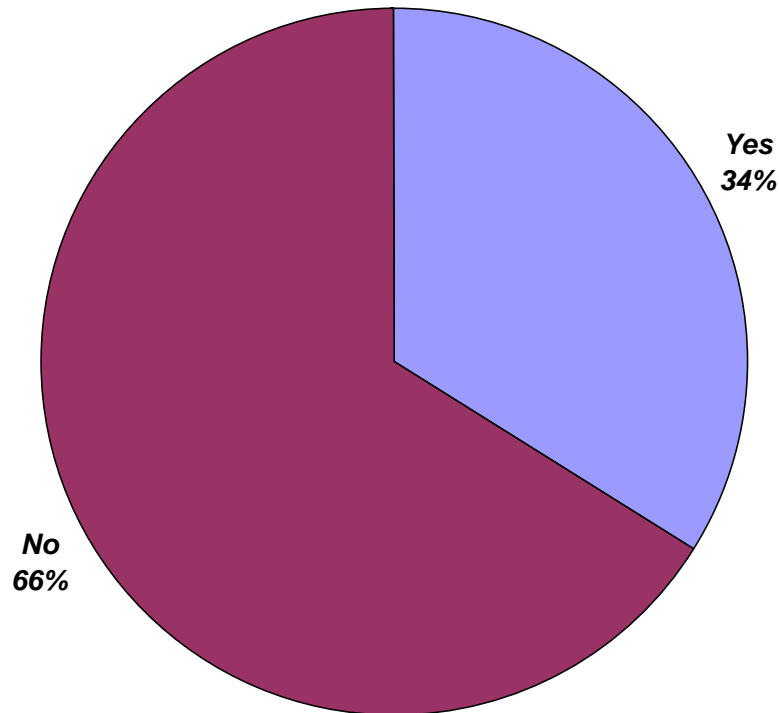
Customer Loyalty



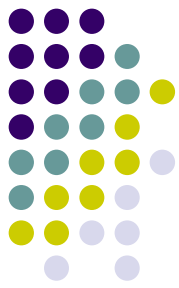
Do you purchase your avocados from the one place each week?

Yes- 34%

No- 66%

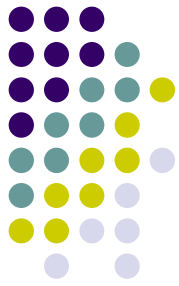


Outcomes of the Project



- ☑ 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**

