Keys to the Cart:
Driving Hass Avocado Sales at Retail

How High-Value Shopper Segments are Driving the Avocado Category
Methodology

- Category:
  - Avocados

- Time Periods:
  - **Current Year**: 52 weeks ending 6/14/2015
  - **Two Years Ago**: 52 weeks ending 6/16/2013

- Age Groups:
  - **Total Panel**: Households age 25+
  - **Millennials**: Households age 25-34
  - **Non-millennials**: Households age 35+

- Total, Heavier and Lighter Buyer Groups:
  - **Total**: Households that spend $1 or more on avocados annually
  - **Heavier Buyers**: Households that spend $37 or more on avocados annually. This group is an aggregate of the following HAB-defined segments:*  
    - Super: Purchase 120 or more avocados per year
    - Heavy: Purchase 37-119 avocados per year
  - **Lighter Buyers**: Households that spend $1- $36 on avocados annually. This group is an aggregate of the following HAB-defined segments:*  
    - Medium: Purchase 12-36 avocados per year
    - Light: Purchase 1-11 avocados per year

*Super, Heavy, Medium and Light as defined in the Hass Avocado Board User Segmentation Study, 2015, converted to dollars based on average unit price of avocados during this period (NCP unit data not available for fresh avocados)
Methodology (Cont.)

• **Bulk/Bagged Buyer Groups:**
  – **Bagged Only Buyer:** Households that buy only bagged avocados
  – **Bulk Only Buyer:** Households that buy only bulk avocados
  – **"Both" Buyer:** Households that buy both bagged and bulk avocados (not necessarily at the same time)

• **Geographies:**
  – **Total U.S.**
  – **Developed Regions:** Regions whose share of Total U.S. retail avocado volume exceeds their respective share of Total U.S. population
    • Aggregate of California, West and South Central
  – **Emerging Regions:** Regions whose share of Total U.S. retail avocado volume is less than their respective share of Total U.S. population
    • Aggregate of Midsouth, Great Lakes, Northeast, Plains and Southeast

• **Data source: IRI Consumer Network™ - Consumer Purchase Trends**
  – Household purchase data from the National Consumer Panel (NCP), an operational joint venture between IRI and Nielsen. The panel consists of a representative sample of approximately 120,000 U.S. households who electronically record all purchases
Objective

The objective of this study is to understand how avocado purchases impact the value of the retail market basket, and the shoppers and purchase behaviors that are driving these results.

Executive Summary

The avocado category is experiencing tremendous growth, and is one of the top categories in fresh produce: Over 77,000 U.S. retail outlets sell fresh avocados, with avocados ranking sixth in retail dollar sales among all other fruit categories.<1> While avocados are clearly a stand-out category, the retailer benefits of stocking avocados extend well beyond the category itself. Retail market basket analysis shows that shoppers spend more in-store overall when avocados are in the basket – the average retail market basket with avocados is +65% greater than baskets without avocados.

(Cont. next page)

<1> IRI/Freshlook 52 weeks ending 6-14-2015
However, there is no “average avocado shopper.” Shopper purchase trends reveal that a number of key shopper and geographic segments display above average avocado purchasing habits. These “high-value” segments are particularly influential in driving category growth. For example, they are more likely to buy avocados, more likely to spend more on avocados each year, and are likely to purchase avocados more frequently. This study identifies and examines purchase trends across four high-value segments: (1) Millennial avocado buyers, (2) Heavier usage level avocado buyers, (3) Bagged avocado buyers, and (4) avocado buyers in geographic regions where the avocado category is highly developed.

Insight into these high-value segments is particularly relevant for marketing and merchandising in today’s shopper-centric environment. However, while high-value segments may be key to driving current category growth, identifying high-opportunity areas is equally important. The regional segmentation in this study sheds light on areas that may be poised to deliver the next big wave of category growth.
Total Avocado Buying Households

Over half of U.S. households purchase avocados

52% of all households buy avocados

33 Days

Average number of days between avocado purchases

6

Average number of avocado purchase occasions per year

$3.49

Average avocado spend during each purchase occasion

= $20.76

Average annual avocado dollar spend

$68

The value of the basket with avocados ($41 without avocados)
This report identifies “high-value” shopper segments that have above average avocado purchasing habits, making them particularly influential drivers of avocado category growth. The four segments presented are: Millennial households, Heavier Buyer households, households who purchase both bulk and bagged avocados ("Both" households) and households in regions where the avocado category is well developed (“Developed” regions).

High-value shopper segments have above average avocado purchasing habits

- **Millennials**: Ages 25-34
- **Heavier Buyers**: Spend $37+ per year on avocados
- **“Both” Buyers**: Buy Bulk and Bagged Avocados
- **Developed Regions**: High Category Development
Millennial households are more likely to buy avocados and spend more on avocados than Non-millennials

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<thead>
<tr>
<th>Category</th>
<th>Millennials</th>
<th>Non-millennials</th>
<th>Difference</th>
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<tr>
<td>% Households Buying</td>
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<td>51%</td>
<td>5%</td>
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<td>$ per Buyer</td>
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<td>Purchase Occasions</td>
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<td>$ Sales Per Occasion</td>
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<td>Basket Value w/Avos</td>
<td>$76.36</td>
<td>$65.56</td>
<td>$10.80</td>
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</tbody>
</table>
56% of Millennial households buy avocados, +5 points greater than the percentage of Non-millennial households buying avocados (51%)
Millennial households spend $22.66 per year on avocados, +12% more than the Non-millennial annual spend of $20.23.

The annual avocado spend is increasing at a faster rate for Millennials than for Non-millennials (+34% vs. +25%, respectively).
Millennial households buy avocados less often (5.6 occasions a year), but spend +22% more per occasion than Non-millennials.
At $67.62, the average retail market basket is +65% greater with avocados. Millennial baskets with avocados are even higher at $76.36

- Millennial baskets with avocados are $76.36, which is +$8.74 above the average basket with avocados and +$10.08 greater than Non-millennial baskets with avocados
- Non-millennial baskets with avocados are less than the average avocado basket
HEAVIER BUYERS VS. LIGHTER BUYERS
Heavier Buyers purchase avocados four times more often and spend twice as much per occasion as Lighter Buyers

- **$ per Buyer**
  - Heavier Buyers: $86.56
  - Lighter Buyers: $9.91

- **Purchase Occasions**
  - Heavier Buyers: 16.3
  - Lighter Buyers: 4.3

- **$ Sales Per Occasion**
  - Heavier Buyers: $5.30
  - Lighter Buyers: $2.33

- **Basket Value w/ Avos**
  - Heavier Buyers: $70.58
  - Lighter Buyers: $65.60
Dollar Sales per Buying Household

Heavier Buyers spend significantly more on avocados than Lighter Buyers

- Heavier Buyers spend an average of $86.56 per year on avocados, +$76.65 more than the Lighter Buyer annual spend of $9.91
- The annual avocado spend is increasing at a faster rate for Heavier Buyers than for Lighter Buyers (+16% vs. +9%, respectively)
Heavier Buyers buy avocados 16.3 times per year, nearly 4 times more often than Lighter Buyers.

Heavier Buyers spend over twice as much as Lighter Buyers per avocado purchase occasion ($5.30 vs. $2.33, respectively).
Heavier Buyers drive higher than average market baskets

- Heavier Buyer baskets with avocados are $70.58, which is +$2.96 above the average basket with avocados, and +$4.98 greater than Lighter Buyer baskets with avocados
- Lighter Buyer baskets with avocados are less than the average avocado basket
BULK ONLY, BAGGED ONLY & "BOTH" BUYER GROUPS
Buyers who purchase both Bulk and Bagged avocados spend more each year and purchase more frequently than Bulk Only and Bagged Only Buyers.

- **$ per Buyer**
  - "Both" Buyers: $41.84
  - Bulk Only Buyers: $17.08
  - Bagged Only Buyers: $12.71

- **Purchase Occasions**
  - "Both" Buyers: 9.7
  - Bulk Only Buyers: 5.4
  - Bagged Only: 2.3

- **$ Sales Per Occasion**
  - "Both" Buyers: $4.31
  - Bulk Only Buyers: $3.17
  - Bagged Only Buyers: $5.44

- **Basket Value w/Avos**
  - "Both" Buyers: $81.22
  - Bulk Only Buyers: $61.57
  - Bagged Only Buyers: $137.93
"Both" buyers make up 15% of all buying households and spend $41.84 per year on avocados – more than twice that of Bulk Only Buyers and more than three times that of Bagged Only Buyers.

Bulk Only Buyers make up 82% of all buying households, and spend $17.08 per year.

Bagged Only Buyers make up 3% of all buying households and spend $12.71 per year.
"Both" buyers purchase avocados more often than Bagged Only and Bulk Only Buyers

- "Both" Buyers purchase avocados 9.7 times per year, nearly double the purchase frequency of Bulk Only Buyers and over four times that of Bagged Only Buyers.
- Bagged Only Buyers spend the most per occasion ($5.44), but purchase only 2.3 times per year.
- Bulk Only Buyers spend the least per occasion ($3.17), and purchase 5.4 times per year.
Bagged Only Buyers and “Both” Buyers drive higher than average avocado market baskets

- Bagged Only buyers have the highest avocado market basket at $137.93
- “Both” Buyers also drive a higher-than-average avocado basket at $81.22
- The avocado market basket for Bulk Only buyers is below average at $61.57
DEVELOPED VS. EMERGING REGIONS
Households in Developed Regions are more likely to buy avocados, purchase avocados more often, and spend more per occasion than in Emerging Regions.

- **% Households Buying**: Developed Regions 66%, Emerging Regions 45%
- **$ per Buyer**: Developed Regions $25.85, Emerging Regions $17.02
- **Purchase Occasions**: Developed Regions 7.2, Emerging Regions 5.1
- **$ Sales Per Occasion**: Developed Regions $3.61, Emerging Regions $3.37
- **Basket Value w/Avos**: Developed Regions $66.19, Emerging Regions $69.11
Two-thirds (66%) of households in Developed Regions buy avocados, +21 points greater than the percentage in Emerging Regions (45%).
Dollar Sales per Buying Household

Households in Developed Regions spend more on avocados than households in Emerging Regions

- Households in Developed Regions spend $25.85 per year on avocados, +$8.83 more than households in Emerging Regions.
- However, the annual avocado spend is increasing at a faster rate in the Emerging Regions than in the Developed Regions (+32% vs. +25%, respectively).
Households in Developed Regions buy avocados more often (7.2 occasions a year), and spend +7% more per occasion than Households in Emerging Regions.

- Developed Regions: 6.9 occasions, +3.4% change vs. two years ago, $3.61 per occasion.
- Emerging Regions: 4.6 occasions, +10.2% change vs. two years ago, $3.00 per occasion, but $3.37 at 19% higher.
The retail market basket with avocados in Emerging Regions is higher than in Developed Regions*

- Emerging Region baskets with avocados are $69.11, which is +$1.49 above the average for baskets with avocados and +$2.92 greater than Developed Regions
- Developed Region baskets with avocados are less than the average avocado basket

- This may be partially due to differences in avocado prices. In Emerging Regions, avocados averaged $1.19/each, compared to $0.97/each in Developed Regions

<1> IRI/Freshlook 52 weeks ending 6-14-2015
• **% Households Buying:** The percent of households purchasing avocados at least once during the period

• **Purchase Occasions:** The total number of avocado purchase occasions during the period

• **Dollar Sales per Occasion:** Average dollars spent on avocados per purchase occasion

• **Dollar Sales per Buyer:** Average number of dollars spent on avocados per buying household (Dollar Sales per Occasion x Number of Occasions = Dollar Sales per Buyer)

• **Purchase Cycle:** Average number of days between avocado purchases

• **Market Basket with Avocados:** Average dollar value of the retail market basket when avocados are purchased

• **Market Basket without Avocados:** Average dollar value of the retail market basket when avocados are not purchased