

# Optimised Retailing of Vegetables: The Broccolini™ Case Study ( VG 03100 )

Funded by  
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# Background

- In late 2004, phase 1 (known as the benchmarking study) was carried out to establish current sales and customer activity for that time of the year and situation.
- Then in early 2005 during phase 2, (Weeks 10 to 14, 28/02/05 to 03/04/05) interventions were made.

**Three independent stores were involved in the programme.**

The data collection tools used in the stores were:

- the image analysis of buyer movements near the Broccolini
- interactions with the shelf
- analysis of transaction data
- quality and product rotation measurements

# Major Project Objectives

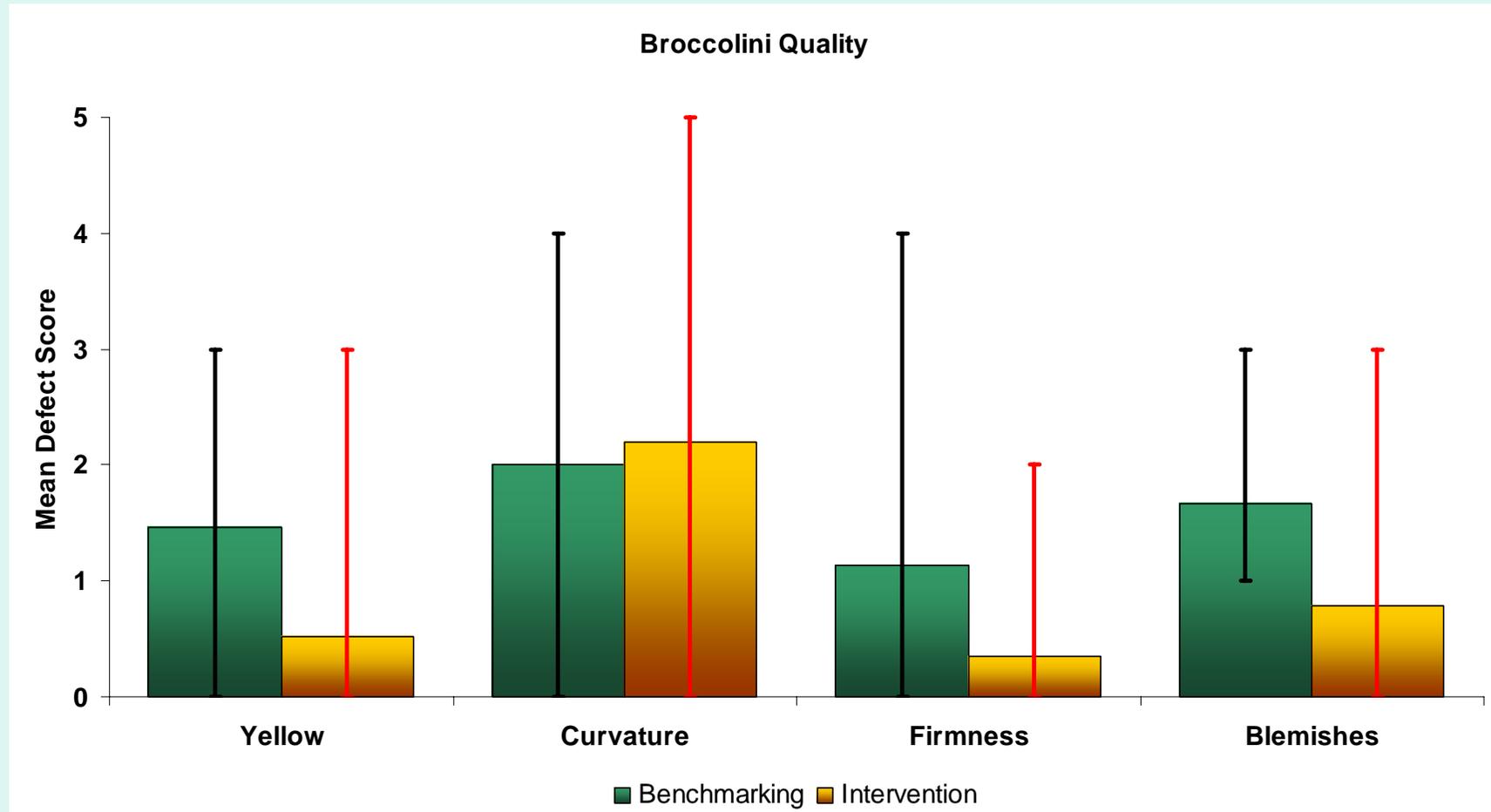
- **Know more about Broccolini™ in relation to consumers and retail merchandising**
- **Increase consumer satisfaction and sales**
- **Increase returns to growers and the supply chain**
- **Demonstrate the value of the *Fresh Change* techniques and strategies using a case study**

# Interventions in Phase 2

## Store 1

- The price was lowered from \$2.99 to \$2.49 for five days in Week 10 and then lowered again to \$1.97 for Week 11 and most of Week 12 then rose back to \$2.99 around Easter.
- The store's signage was added to the display to alert customers to the special price.
- In-store promotions were carried out on three occasions.
- The shelf size was increased in Week 11 from 30 x 90cm to 50 x 90cm. This size increase coincided with a price change.

# Broccolini™ Quality Store 1



# Phase 2 Interventions

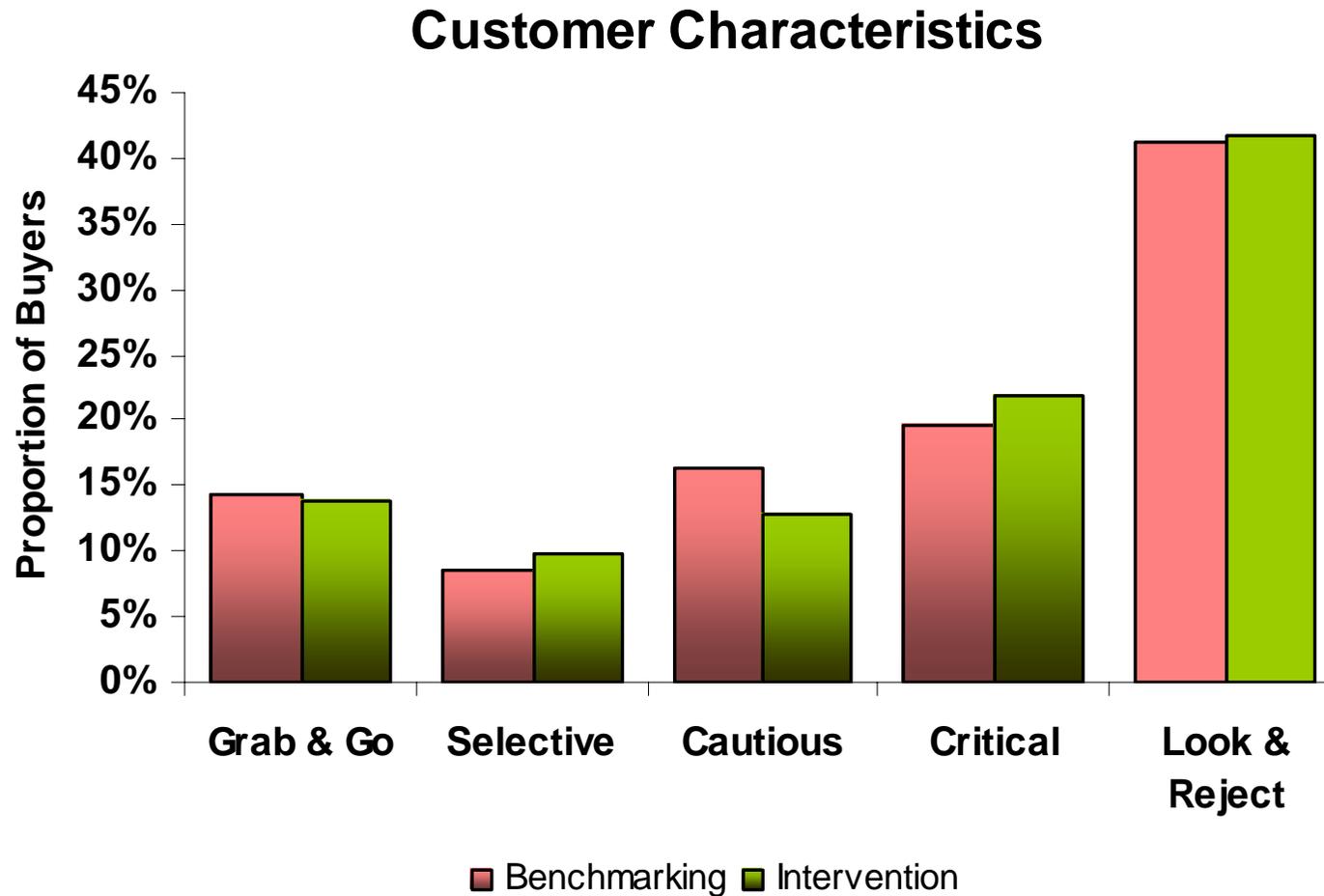
## Store 2

**In early 2005 (Weeks 10 to 14, 28/02/05 to 03/04/05) - during phase 2 – the following interventions were made:**

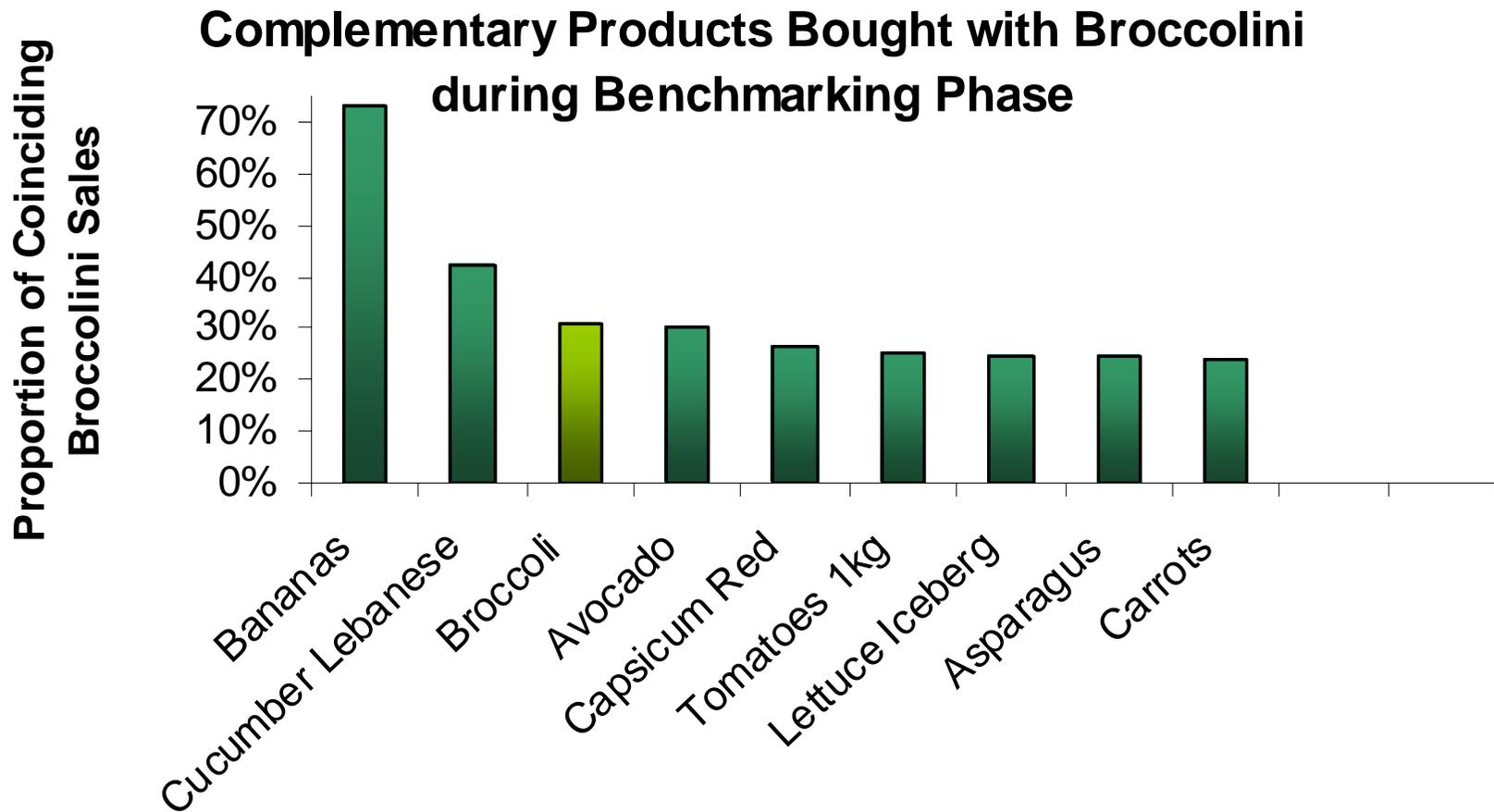
- Broccolini display was relocated from the front of the store to the vegetable section where it had originally been before the start of phase 1.
- The retail price was \$2.99 during week 10 then reduced to \$1.97 for Weeks 11, 12 and part of Week 13 and then increased to \$3.49 after Easter.
- Special store signage was added to the display to alert customers to the special price.
- In-store promotions were carried out on three occasions.
- The size of the display was doubled in Week 11 (increased from 30 x 45 cm to 30 x 90 cm).
- At the onset of phase 2 (intervention phase) broccolini occupied half of a 30 x 90cm display (with asparagus in the other half).
- On Monday 7th March the asparagus was moved and broccolini occupied the 30 x 90 cm area - effectively 16 to 20 bunches, instead of 8 to 10.

# Customer Product Interactions

## Store 2



# Complementary Product Buying Store 2



# Interventions

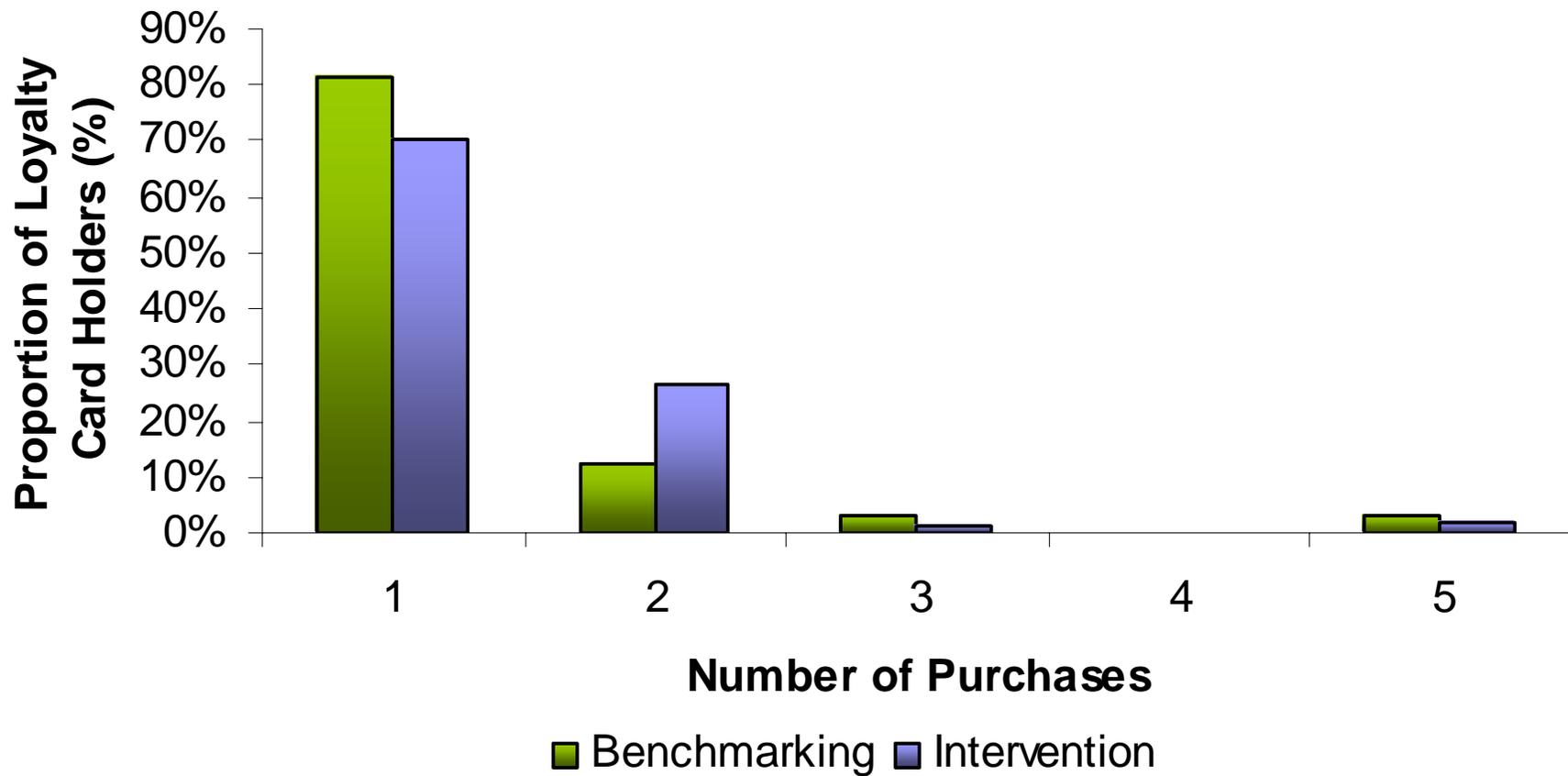
## Store 3

**In early 2005 during phase 2, (Weeks 10 to 13, 28/02/05 to 27/03/05) the following interventions were made:**

- The price was lowered from over \$2.50 to \$2.29 for nine days starting in Week 11 and then rose back to \$2.99 by Week 13.**
- The store's signage was added to the display to alert customers to the special price.**
- In-store promotions were carried out on three occasions.**
- Display size was doubled for Week 11 (50 x 90 cm) and then reduced back to its original size from Week 12 (30 x 90 cm) onwards. This size increase was done in conjunction with a price change.**

# Repeat Buying Store 3

## Purchase Frequency for Broccolini



# Product Rotation

## Store 3

- **The broccolini display consisted mainly of one and two day old bunches, with approximately 15% being three days or older.**
- **However, on the Tuesday of both monitored weeks (2/11/2004 and 16/11/2004) there were no fresh bunches added to the display.**
- **The Broccolini display appeared to be restocked with fresh produce on Monday and during both weeks some of this produce is retained on the shelf until the following Friday.**
- **A major restock (80%) of the display with broccolini occurred on Wednesday and then another lesser restock on Thursday (33-44%).**
- **During Week I there was one further restock of 56% on Friday.**

## Fullness of the Broccolini™ Display Store 3

- The number of bunches on the shelf also varied over the two weeks monitored, varying from less than five to 27 bunches.
- For both weeks the Broccolini™ shelf was ‘under-stocked’ on Tuesday.
- This may be in part associated with lower sales on these days.

# Consumer Survey

- 172 people approached, 20% of the people had previously seen Broccolini™ and also chose to fill in the survey
- A range of questions were asked about demographics, Broccolini™ quality, purchasing and intended use
- This survey included presenting participants with three sets of photographs relating to Broccolini™ flowering, stem straightness and stem damage and they were questioned on their willingness to buy the Broccolini™ in the photographs.

**The following summarises the results.**

# Demographics

- **The demographic profile of the participants is summarised below. These statistics are likely to be biased due to the location of the survey inside a mall close to specialist stores.**
- **88% of survey participants were shopping for a couple or a family and a quarter of these participants were male.**
- **The average age of surveyed shoppers was between 35-50 years.**
- **91% of those surveyed bought fruit and vegetables from a specialist fruit and vegetable store at least once a week.**
- **56% bought fruit and vegetables from a supermarket.**

# Broccolini™ Buying Habits

- **Over 50% bought Broccolini™ once a month or not at all.**
- **22% came to the store with the intention of buying Broccolini™.**
- **The participants indicated that their in-store decision to buy Broccolini™ was predominantly influenced by the quality available (94%), quality of the display (59%) and the price (44%) while the price of other vegetables only had an effect on the buying decision of 9% of those surveyed.**

# Key Outcomes

- **Profit per square metre and potential GP % was linked to various retail prices and volumes sold**
- **Larger displays impacted negatively on sales and profit**
- **Display size affected freshness, product rotation and fullness of display**
- **Broccolini is an everyday and special occasion vegetable**

# Key Outcomes

- **Pricing at retail higher than \$2.99 per bunch dramatically reduced sales and profit**
- **The Store with the highest sales of Broccolini™ displayed Broccolini™ directly beside broccoli**
- **30% of consumers purchased Broccolini™ and broccoli at the same time**

# Commercial Benefits

- The results convinced a major retailer to increase the retail price of Broccolini™ by 20 cents per bunch
- This has resulted in a higher payback price per bunch to Broccolini™ growers and enhanced retail sales

# Commercial Benefits

- Precise information is now available and used in retailer merchandising recommendations and education kits
- Pilot study is clear evidence to retailers of the commercial impact of effective merchandising

# Commercial Outcomes

- Growers are now provided with specific information on what consumers want
- Communication of findings with growers emphasises the importance of the growers as key PFA's supply chain partners

# Commercial Benefits

- PFA Campaigns conducted to emphasize the superior profile of Broccolini™ compared to inferior competing products eg broccoli bunches
- Educational and promotional material on Broccolini™ done emphasizing that it is NOT Genetically Modified

# “The Big Picture”

- The project has successfully demonstrated using the techniques outlined to:
  - **Increase consumer satisfaction and sales**
  - **Increase returns to producers, marketers and retailers**
  - **Strengthen relationships and the level of understanding between key supply chain partners**

# Acknowledgements

- ***Perfection Fresh Australia – especially Michael Simonetta and Mary Jane Bottom***
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