

# HORTICULTURE AUSTRALIA LTD

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CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## Citrus

### Consumer Quantitative Market Research, Purchase, Consumption & Eating Quality

Interim Report: to be updated when the Summer Diary  
and sensory work is completed)

*(Orange, Mandarin, Grapefruit, Lemon/Lime, Tangelo)*

PRESENTATION  
MARCH 22ND, 2004



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# DATA SOURCES

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1. Comprehensive quantitative study on national usage and attitude, comprising door knock direct interviewing (sample 3,089 households), March 2003.
2. Winter household national diary study (sample 400 households), July 2003.

*Note:* Summer diary (not included here) will be available April 2004.



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# PART A

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# Consumer Market Research

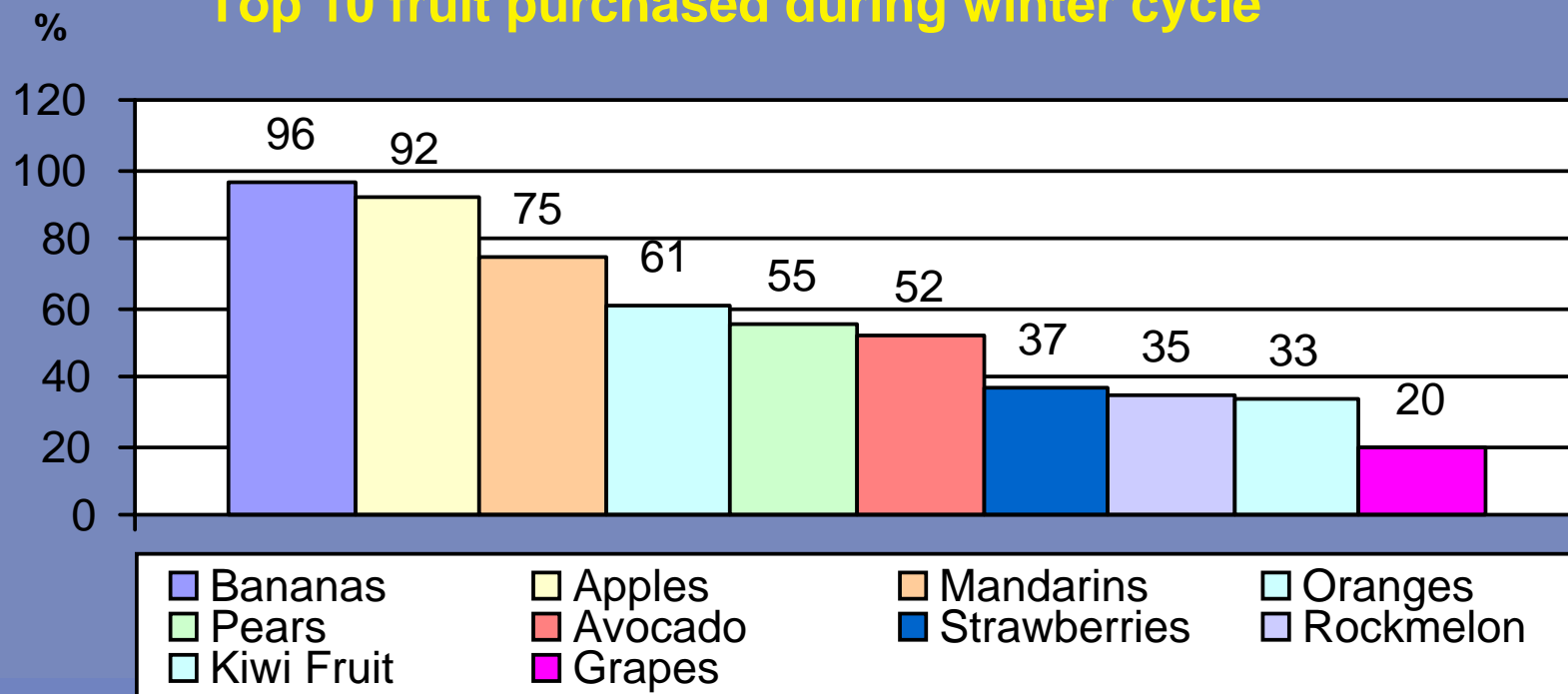


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# PRODUCTS PURCHASED

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## Top 10 fruit purchased during winter cycle



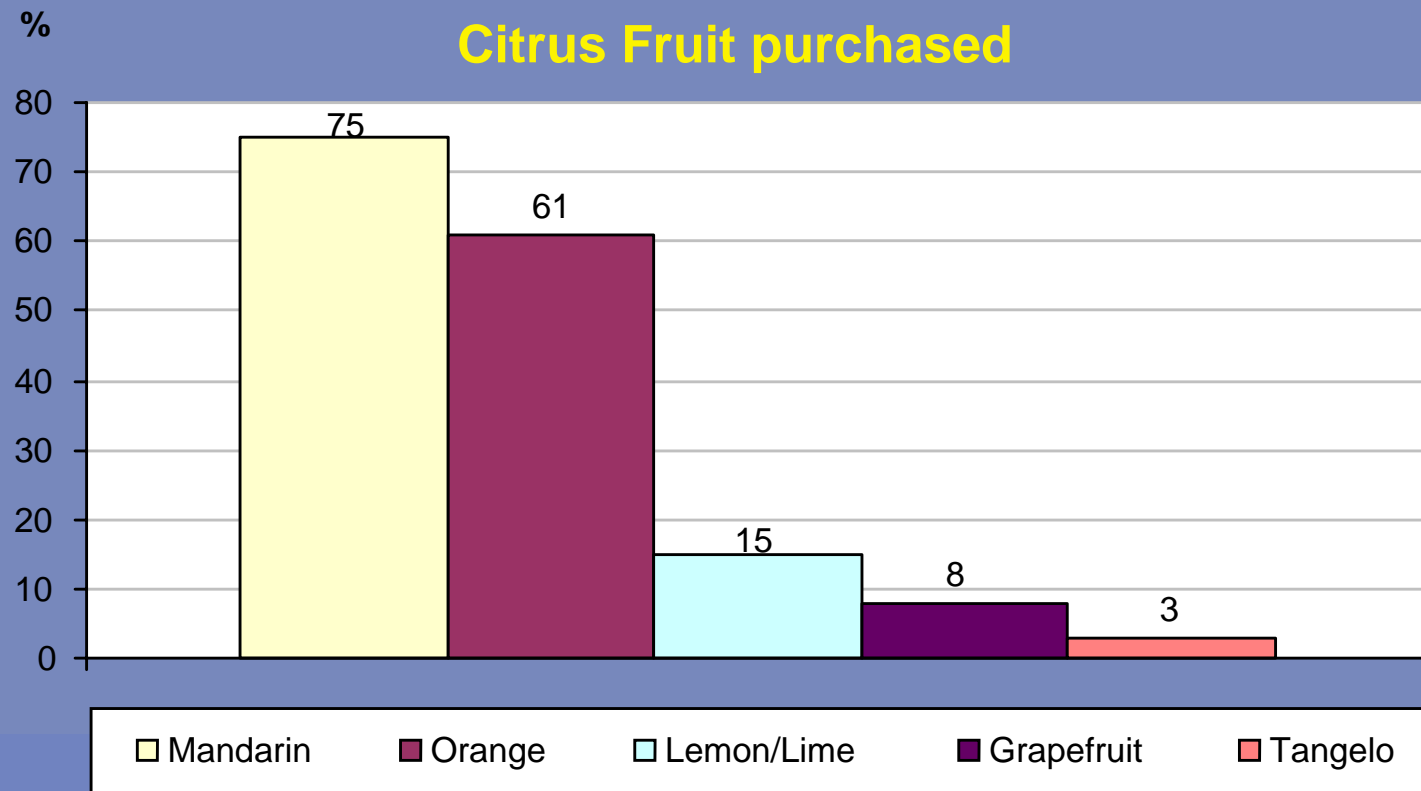
- Mandarins at 75%, followed by Oranges at 61% were the third and fourth highest in terms of household purchase, after Bananas (96%) and Apples (92%).



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# CITRUS FRUIT PURCHASED

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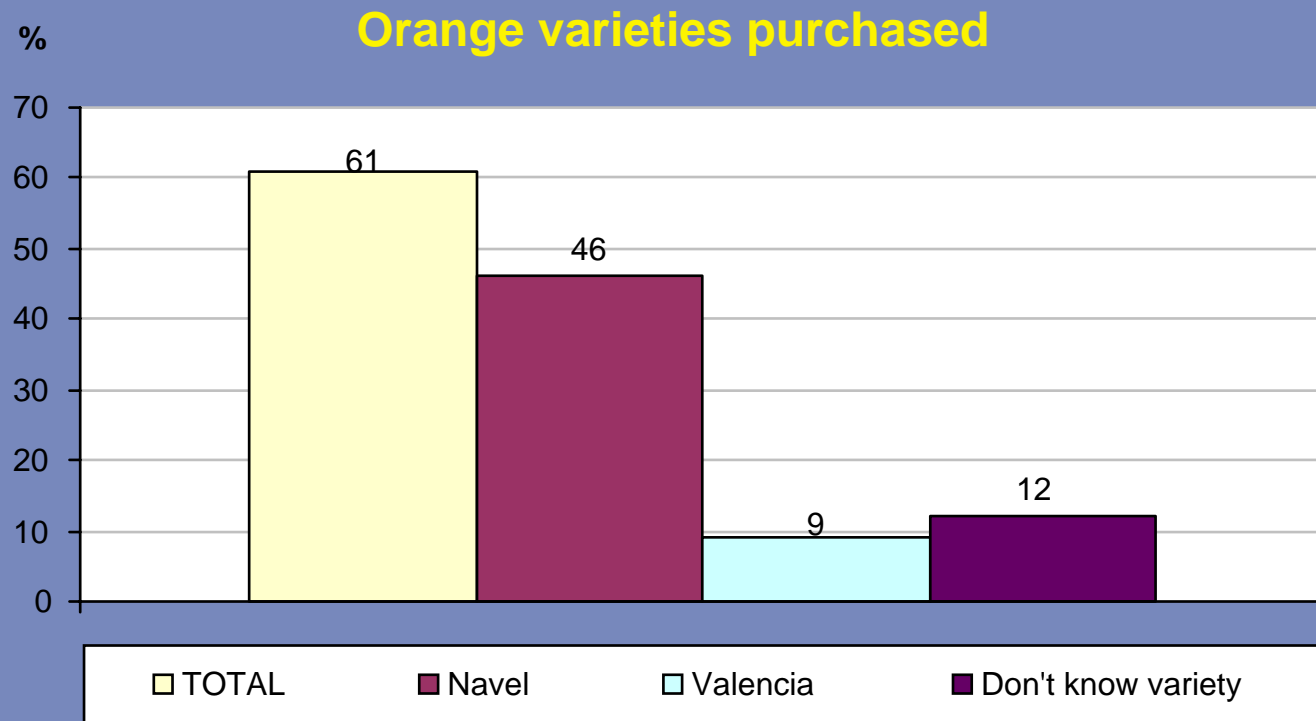
- Within all citrus fruit purchased in the 14 day cycle, Mandarins and Oranges were the highest volume.
- Tangelos were the least purchased citrus fruit.



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# VARIETIES PURCHASED - ORANGE

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- The Navel variety was the most frequently purchased orange at 46%.
- 90% of households purchasing oranges, purchased only a single variety.
- 12% did not know the variety they were purchasing.

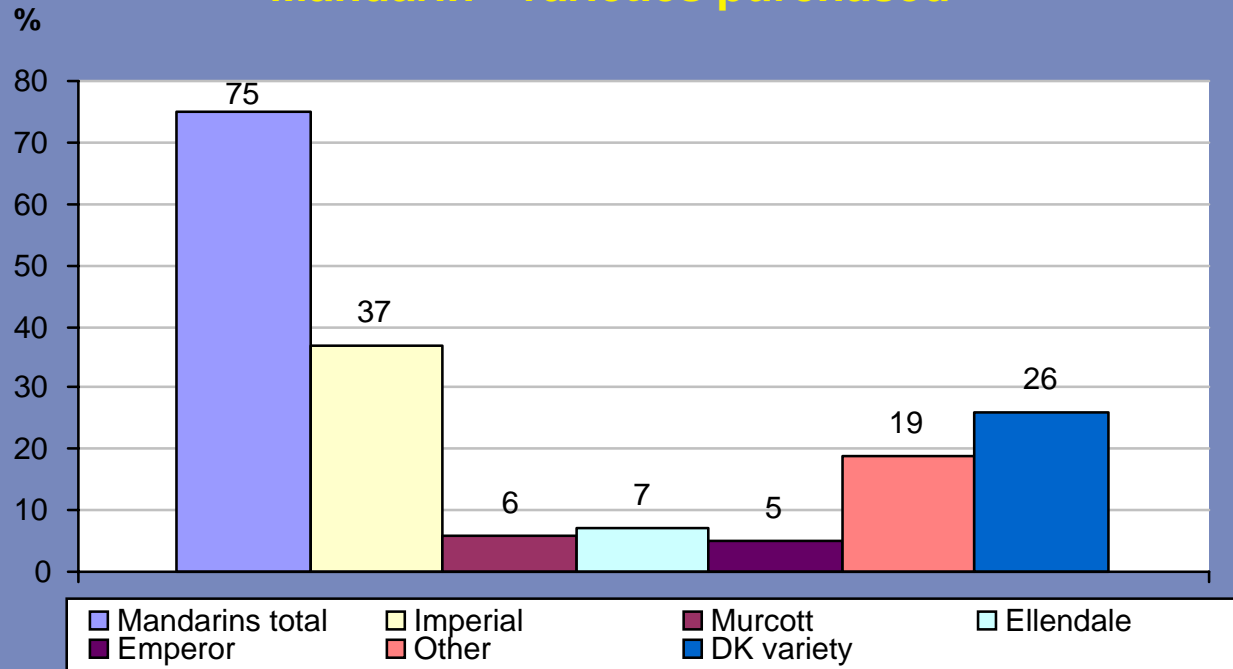


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# VARIETIES PURCHASED - MANDARIN

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## Mandarin - varieties purchased



- The Imperial variety was the most frequently purchased mandarin at 37%.
- 75% of households purchasing mandarins bought only a single variety.
- 26% did not know the variety they were purchasing.

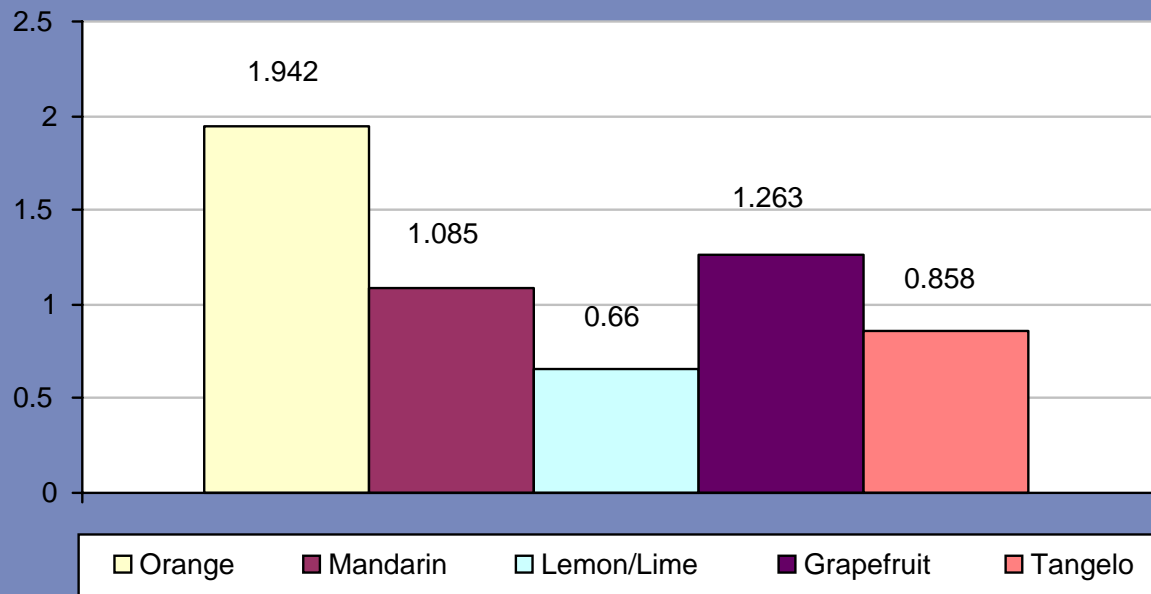


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# QUANTITIES PURCHASED

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## Average Purchase Grams



- The average quantity of oranges purchased was almost 2kgs at a time, making it the citrus fruit with the highest quantity purchase per occasion.
- Although mandarins were purchased by a greater percentage of households, the amount was around half that of oranges each time.

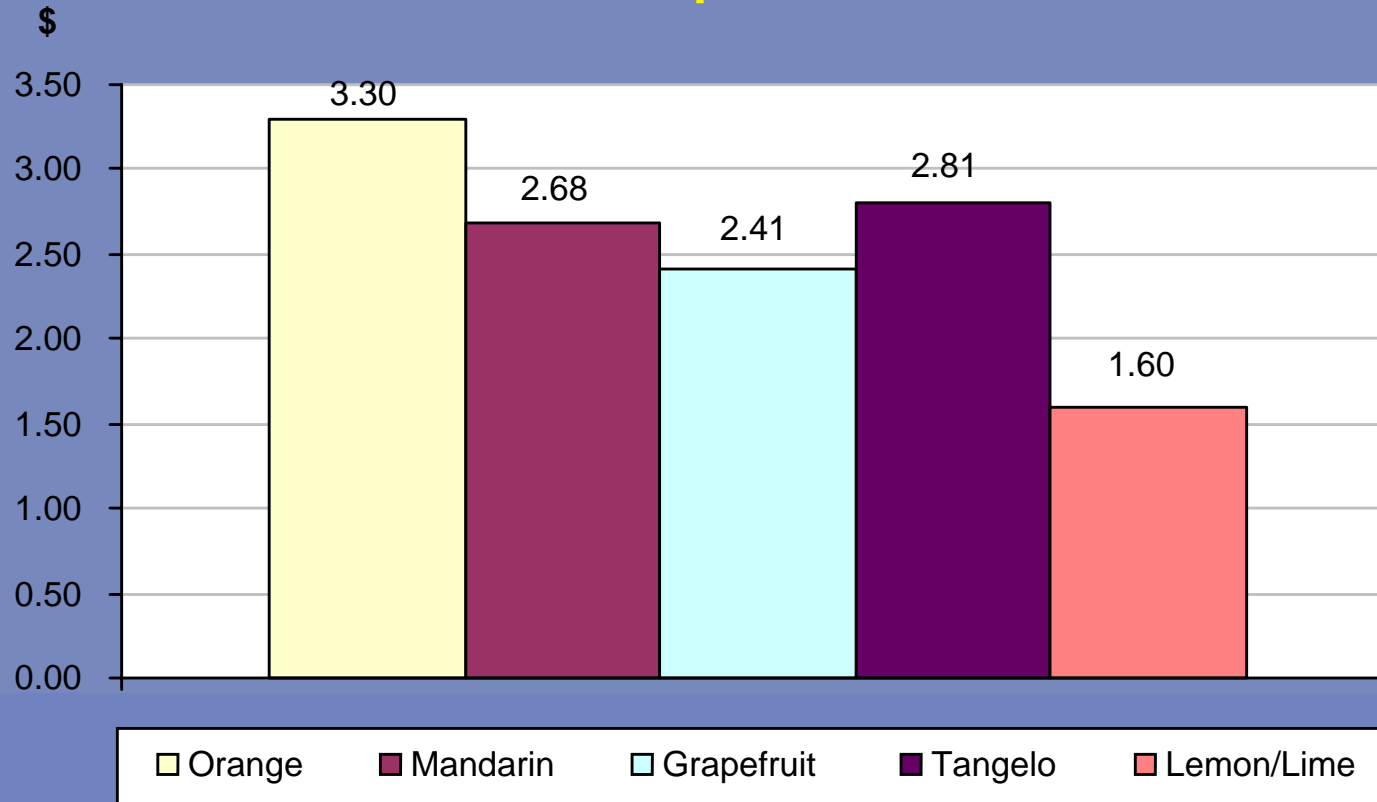


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# DOLLAR VALUE PURCHASED

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## Dollar value purchased



- Households spent more on Oranges on each purchase occasion than Apples, Bananas and Mandarins. The average Orange purchase was \$3.30.



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# HOUSEHOLD PURCHASE PROFILE

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Citrus Fruit	Household size %				Age of MGB %				Lifestage %				
	1	2	3	4+	<34	35-44	45-54	55+	Pre Fmly	Pre Schl	Schl	Adlt	Oldr Sngle
Oranges	52	63	61	61	46	63	62	66	51	41	67	63	63
Mandarins	67	76	62	84	77	79	68	76	70	76	82	72	74
Grapefruit	17	8	4	6	7	3	7	12	7	3	4	9	10
Lemon/ Lime	17	9	20	18	12	13	17	15	15	14	16	21	12
Tangelo	2	2	6	1	1	3	2	3	-	3	1	5	3



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# HOUSEHOLD PURCHASE PROFILE

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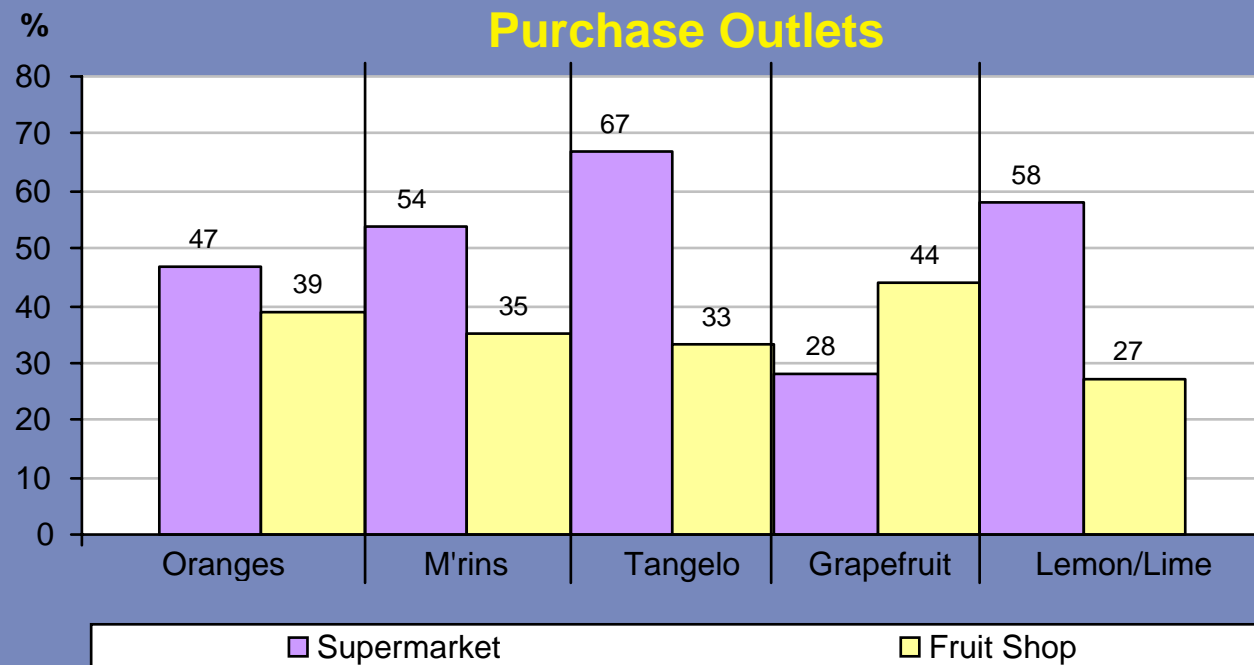
- Orange purchasing is skewed towards households with school aged children, with the family size of 2+ and a second peak with households where the age of the grocery buyer is 55+.
- Mandarin purchasing is skewed towards larger households of 4+, with the main grocery buyer being in the slightly younger age group of 35-44.
- Grapefruit purchasing is skewed towards single households, where 55+ is the age of the main grocery buyer.
- Both lemon/lime and tangelo purchases are highest in 3 person adult households.



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# PURCHASE OUTLETS

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- Supermarkets accounted for 51% of total citrus purchases, on average. Woolworths was the highest outlet accounting for 34% of all citrus purchased on average, followed by Coles at 13%.
- Fruit shops were the next highest place of purchase, followed by markets, which was a minor category for all fruits except grapefruit.



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# PURCHASE CRITERIA ORANGE

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<i>Criteria</i>	<i>%</i>
Price	43
Colour	41
Size	36
Ripeness	35

- 89% of purchases are planned - the same as apple purchases.
- 74% of purchases are for eating fresh and 20% are for juicing.
- 64% of oranges are purchased in loose form and 36% are purchased pre-packed (the highest of all citrus fruit).



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# PURCHASE CRITERIA MANDARIN

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CONSUMPTION &  
EATING QUALITY

<i>Criteria</i>	<i>%</i>
Price	44
Size	40
Colour	36
Ripeness	33
Taste	33

- 87% of purchases are planned.
- 95% of purchases are to eat as individual fruit.
- 87% of purchases are loose fruit.



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# PURCHASE CRITERIA LEMON/LIME

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CONSUMPTION &  
EATING QUALITY

<i>Criteria</i>	<i>%</i>
Colour	57
Size	37
Ripeness	32
Price	29

- 91% of purchases are planned (the highest of all citrus fruit).
- 45% of purchases are for cooking, 20% for eating fresh and 16% for juicing.
- 90% of purchases are loose fruit (the second highest of all citrus fruit).



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# PURCHASE CRITERIA GRAPEFRUIT

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CONSUMPTION &  
EATING QUALITY

<i>Criteria</i>	<i>%</i>
Colour	39
Size	35
Price	31
Taste	31

- 67% of purchases are planned and 33% are impulse purchases.
- 82% are for eating fresh with 15% bought for juicing.



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# PURCHASE CRITERIA TANGELO

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EATING QUALITY

<i>Criteria</i>	<i>%</i>
Colour	50
Ripeness	50
Size	33
Aroma	33

- Purchases were split equally between planned and impulse (this was the highest recorded for impulse purchases of all citrus fruit).
- The only reason for purchase was to eat as individual fresh fruit.
- All tangelos were purchased as loose fruit (the highest of all citrus fruit).

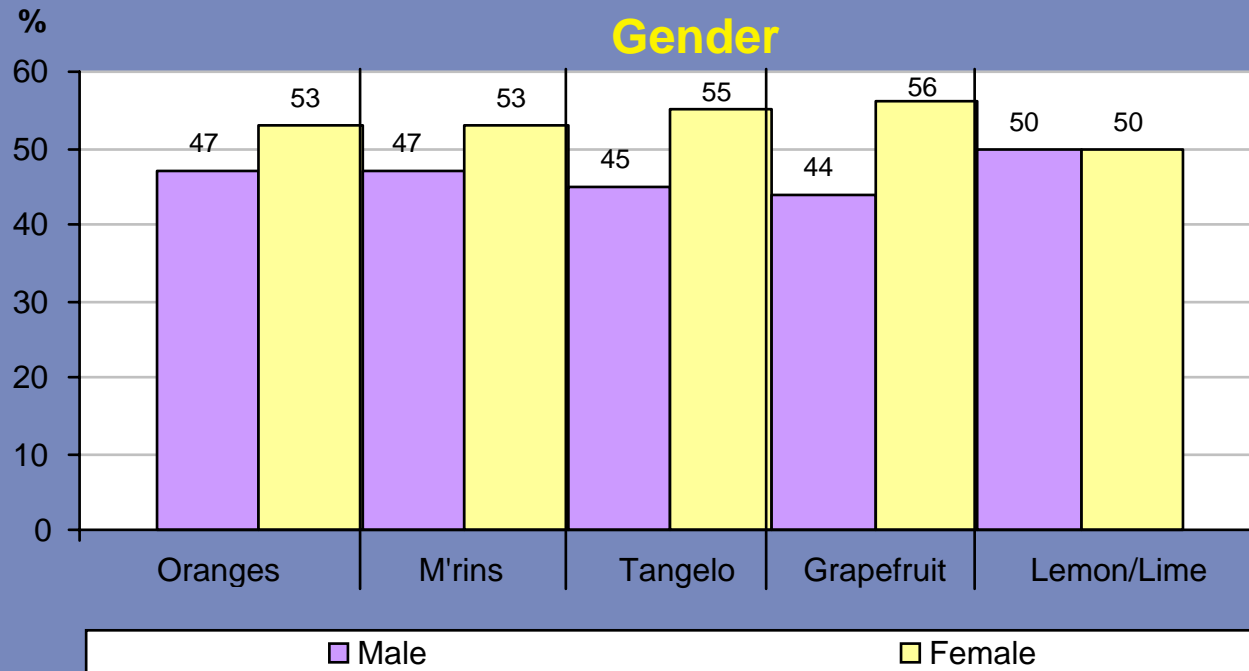
*The small frequency of purchase occasions for tangelo makes more detailed breakdown unreliable.*



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# CONSUMER PROFILE

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EATING QUALITY



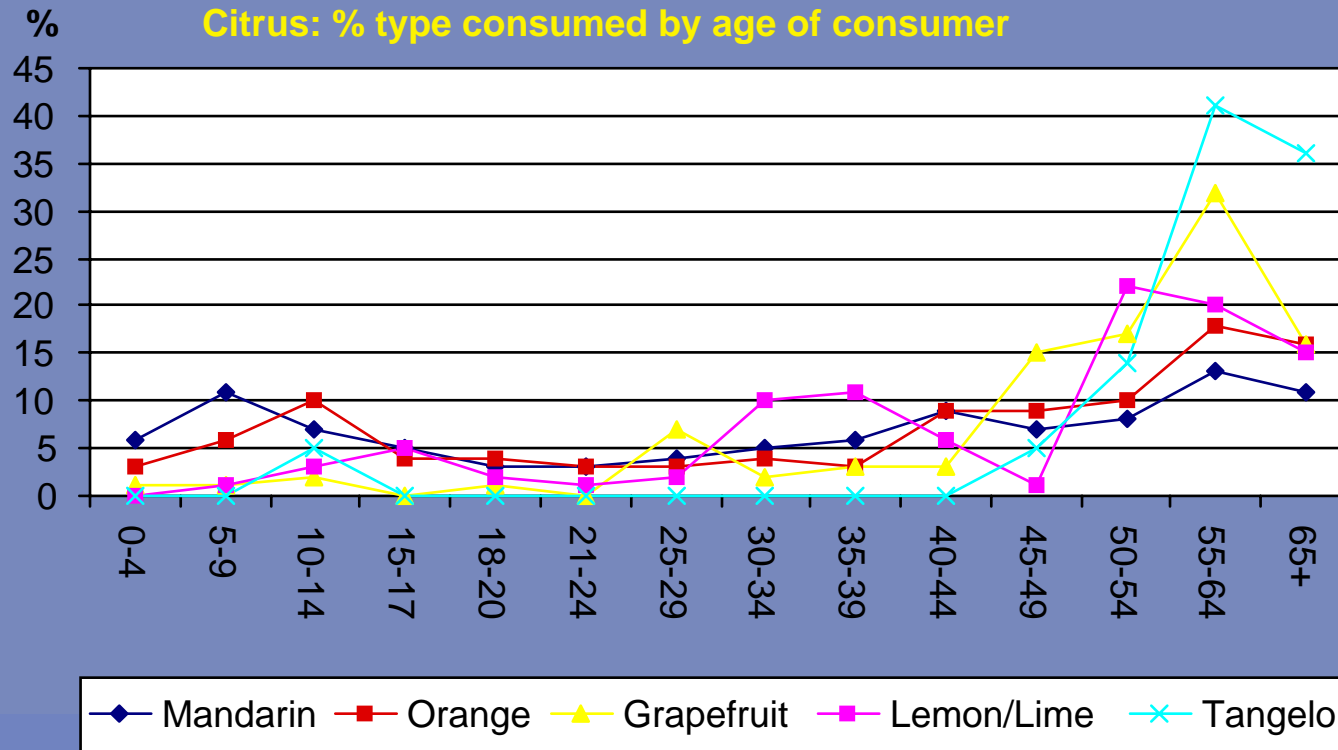
- Consumption of citrus fruit was skewed towards females, however, in the case of lemon/lime it was evenly split.



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# CONSUMER PROFILE

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- The age profile of consumers indicates that for all citrus fruit, consumption was skewed towards the older age groups, especially 45+.
- With mandarins and oranges there was a significant crossover in consumption with younger age groups.



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# CONSUMER PROFILE *cont:*

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EATING QUALITY

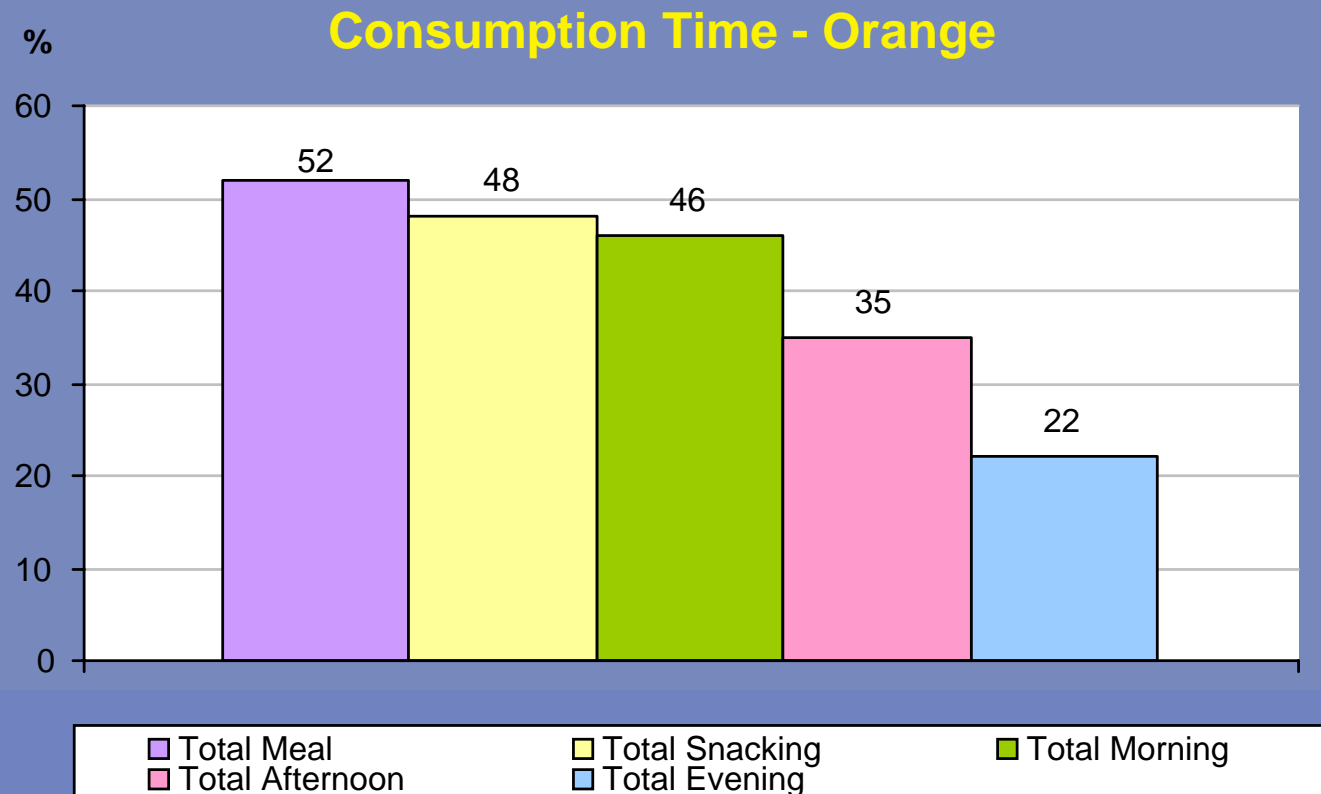
- There is also a lesser consumption spike for oranges in the 10-14 age range, where as for mandarins the spike is in the younger 5-9 age range.



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# CONSUMPTION TIMES

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- Morning is the main time for orange consumption. Breakfast is the most frequent meal occasion accounting for 28% of orange consumption.

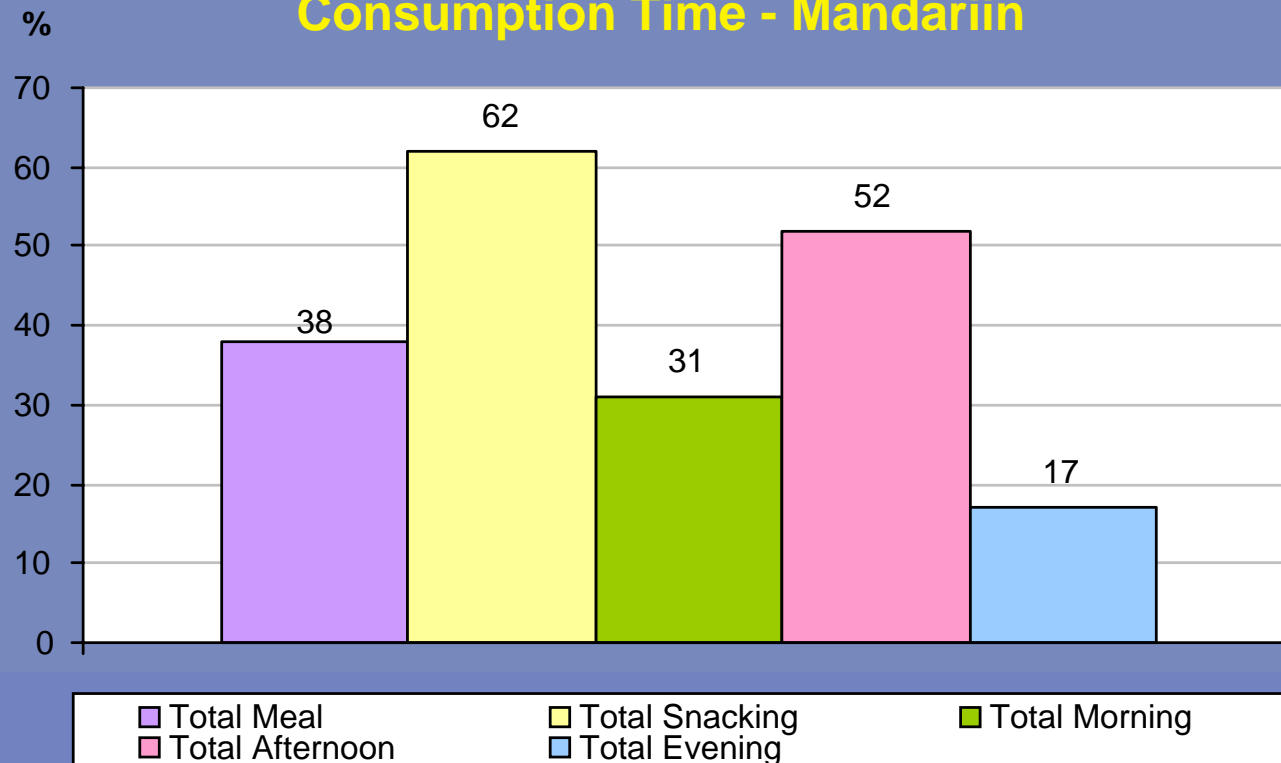


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# CONSUMPTION TIMES

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EATING QUALITY

## Consumption Time - Mandariin



- Mandarins are mainly consumed as a snack fruit. Overall the highest time for consumption is in the afternoon, with lunch accounting for 28% of total consumption.

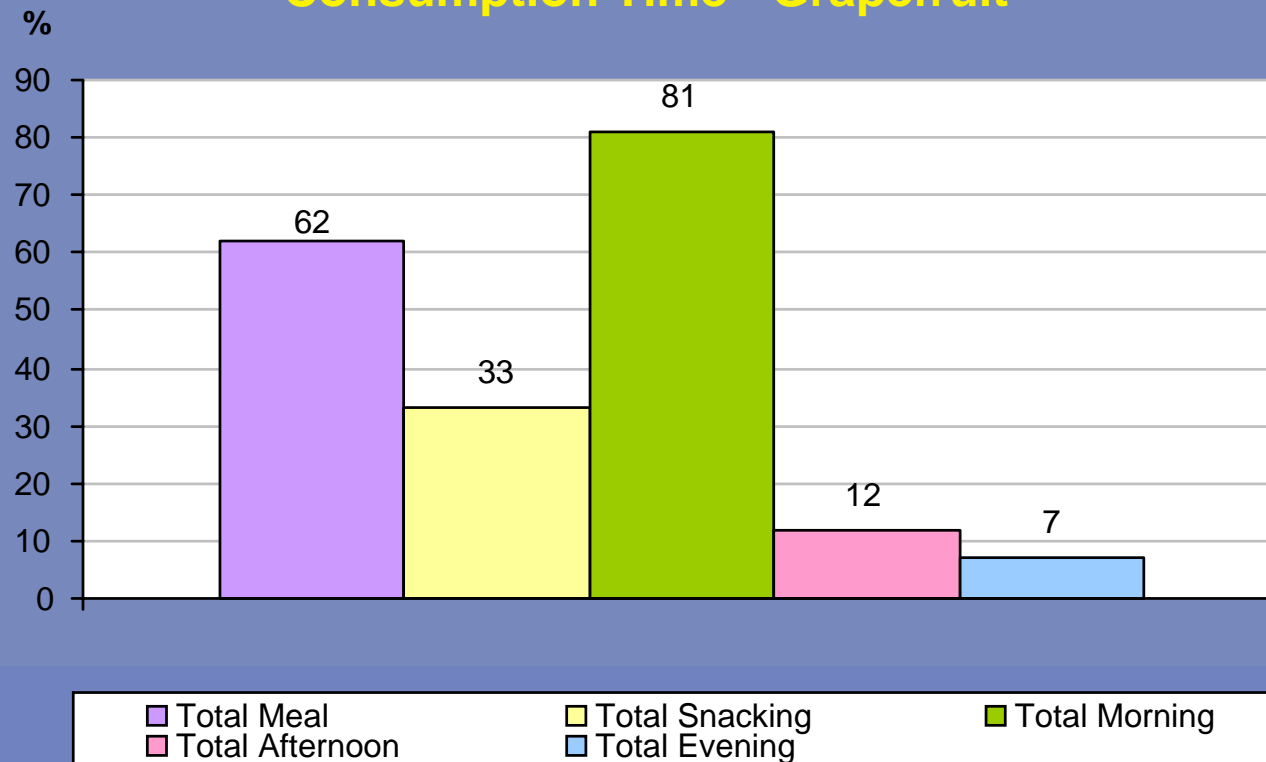


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# CONSUMPTION TIMES

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EATING QUALITY

## Consumption Time - Grapefruit



- Grapefruit are mainly consumed as a meal time fruit. 81% of grapefruit are consumed in the morning, and mostly at breakfast time, 54%.

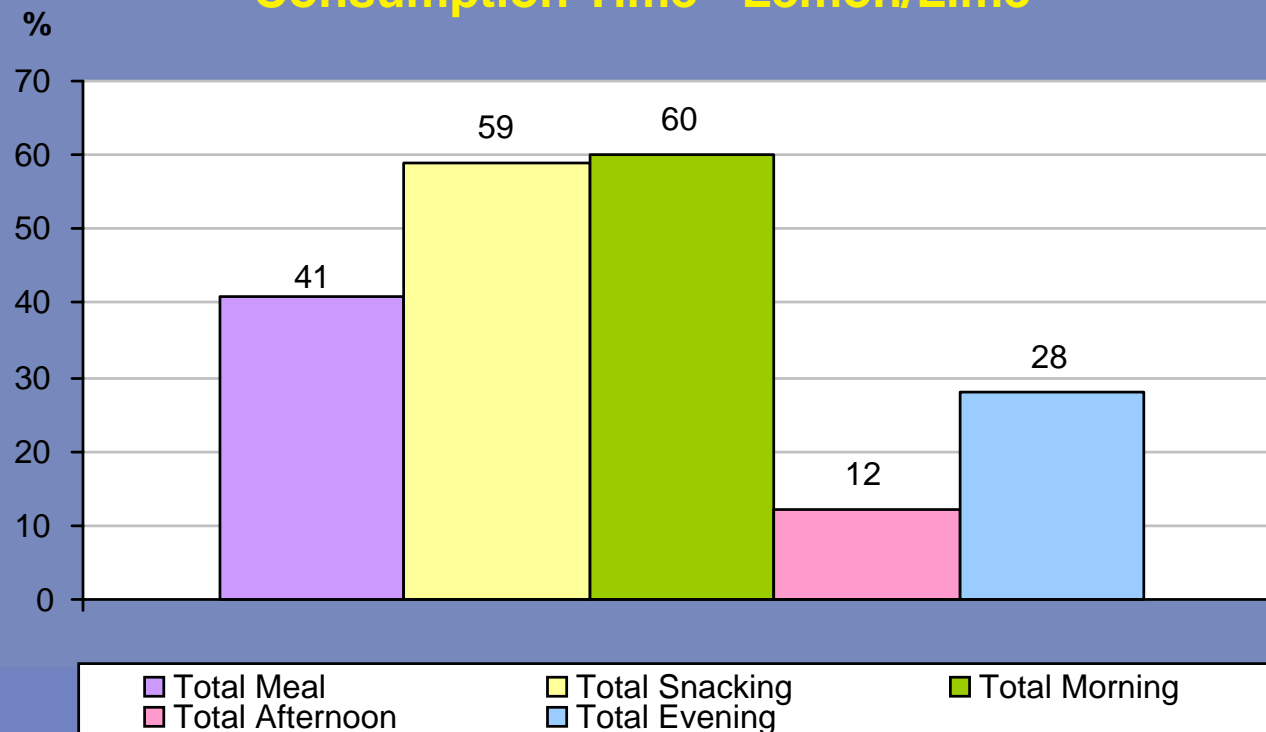


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# CONSUMPTION TIMES

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EATING QUALITY

## Consumption Time - Lemon/Lime



- 60% of consumption is in the morning, before breakfast (42%), therefore snacking occasions are higher than meal time consumption.

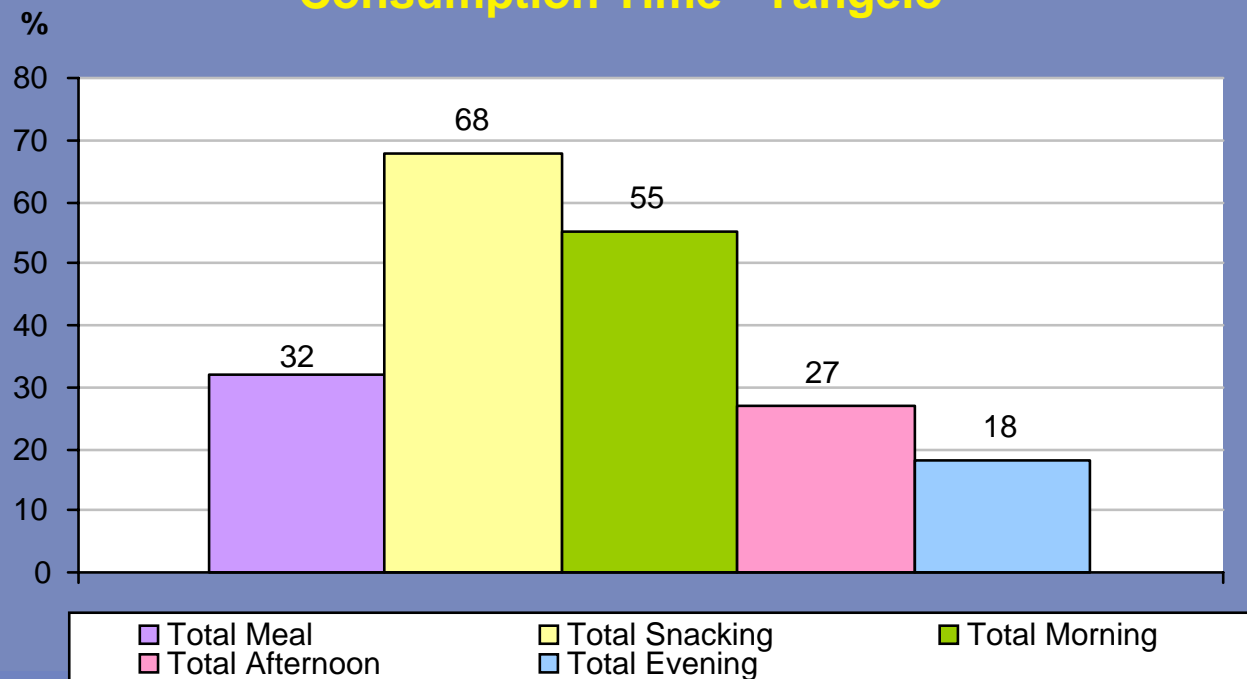


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# CONSUMPTION TIMES

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## Consumption Time - Tangelo



- Tangelos are consumed mainly as a snack fruit at 68%.
- Tangelos are mostly consumed in the morning. Most consumption occurs at breakfast 27% and between breakfast and lunch 23%.



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# CONSUMPTION LOCATION

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<i>Citrus Fruit consumed at home</i>	<i>%</i>
Orange	77
Mandarin	58
Tangelo	82
Grapefruit	82
Lemon/Lime	95

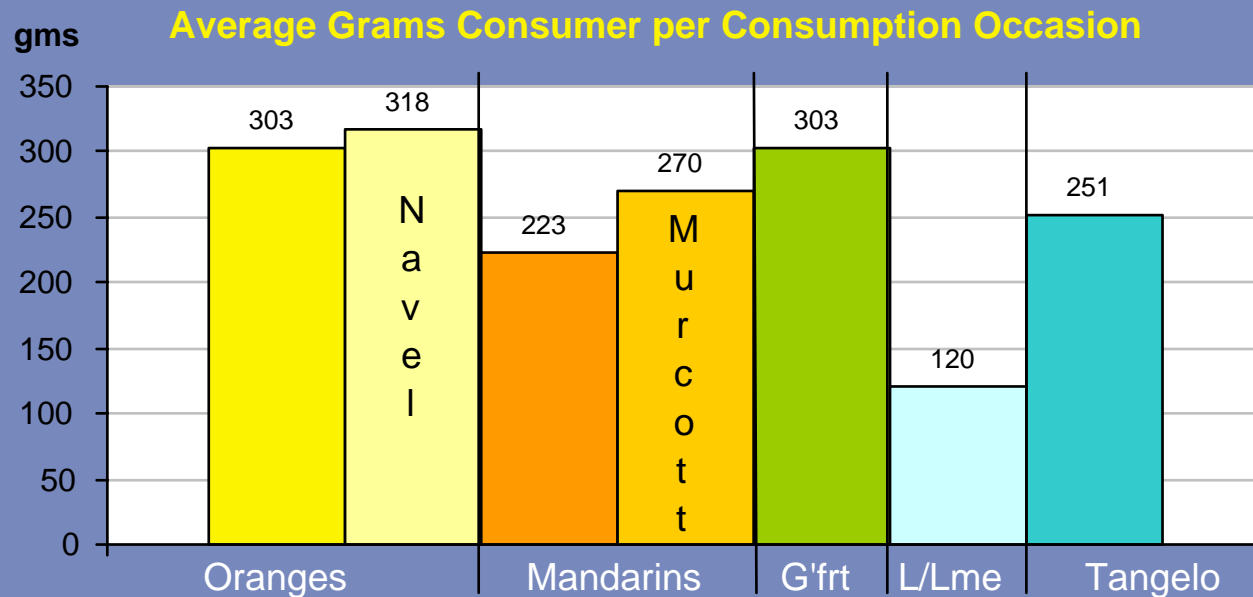
- Most citrus fruit was consumed at home, with lemon/lime being the highest at home consumption at 95%.
- Both Mandarin (34%) and Orange (18%) were most significantly consumed at work/school or university.



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# CONSUMPTION QUANTITY

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- The average grams consumed indicated that oranges and grapefruit are the highest at 303 grams (equivalent to 1 piece of fruit).
- The Navel was consumed in the most quantity at 318g, compared to other orange varieties.
- Interestingly, the Murcott variety was consumed in the most quantity at 270g, compared to other mandarin varieties (Imperial only at 177g).



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# CONSUMPTION FORM

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	<i>Peeled/ segmente d/ sliced</i>	<i>Freshly squeeze d juice</i>	<i>Fruit Platter/ Salad</i>	<i>Cooking</i>	<i>Mixed in cereal/ yoghurt</i>	<i>Other drink/ cordial</i>
Oranges	58%	28%	4%	-	-	-
Mandarins	77%	-	2%	-	-	-
Grapefruit	63%	18%	-	-	4%	-
Lmn/Lime	4%	44%	2%	13%	-	24%
Tangelo	41%	27%	-	-	-	-

- The majority of citrus fruit was peeled and/or segmented/sliced before consumption, with the exception of Lemon/Lime.
- The next highest form of consumption was freshly squeezed juice, with the exception of mandarins
- Other uses were fruit platters or salads for a number of citrus fruits, cooking and other drinks for lemon/lime and mixed cereal/yoghurt for grapefruit.



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# MAIN DRIVERS

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## Orange

Nutrition/health reasons 29%  
Refreshment 21%  
Integral part of meal 18%

## Mandarin

Convenient snack 27%  
Satisfy hunger 24%

## Grapefruit

Nutrition/health reasons 36%  
Satisfy hunger 24%

## Lemon/Lime

Nutrition/health reasons 55%  
Integral part of meal 24%

## Tangelo

Nutrition/health reasons 41%  
Satisfy hunger 27%



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# COMPETITORS

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EATING QUALITY

## Orange

Nothing 38%  
Beverages 18%  
Another fruit 48%

## Mandarin

Nothing 33%  
Another Fruit 18%  
Snack 14%

## Grapefruit

Nothing 31%  
Another fruit 31% (oranges  
14%)  
Dry biscuits 18%

## Lemon/Lime

Nothing 63%  
Beverage 22% (fruit juice  
19%)

## Tangelo

Another fruit 41%  
Fruit juice 18%



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# SATISFACTION LEVELS

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EATING QUALITY

## Orange

- Flavour 72%
- Juiciness 57%
- No flavour/not sweet enough 4%
- Not juicy/too dry 3%

## Mandarin

- Flavour/nice and sweet 67%
- Juiciness 52%
- Too many pips 7%
- Not juicy/too dry 5%

## Grapefruit

- Flavour 44%
- Too many pips 4%

## Lemon/Lime

- Juiciness 56%
- Flavour 33%
- Too sour/tangy 18%
- Too many pips 10%

## Tangelo

- Juiciness 73%
- Flavour 32%
- Too chalky/texture/pips/  
no flavour/too dry 5%



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# KEY FEATURES/NEGATIVES

## ORANGE

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### FEATURES

- High in vitamin C
- High in fibre
- An everyday fruit
- Good value for money
- Good for slimmers
- High in energy
- Very versatile

### NEGATIVES

- High in sugar
- Sometimes tastes sour
- Looks good on the outside but bad on the inside
- Messy to eat
- Often lacks flavour



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# KEY FEATURES/NEGATIVES MANDARIN

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EATING QUALITY

## FEATURES

- High in vitamin C
- High in fibre
- Good value for money
- Kids prefer over oranges

## NEGATIVES

- Sometimes dry and woody
- Season too short
- Sometimes has too many annoying pips



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# KEY FEATURES/NEGATIVES GRAPEFRUIT

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EATING QUALITY

## FEATURES

- Nutritional and health benefits
- Flavour
- Ease of eating

## NEGATIVES

- Rated poorly in top of mind awareness
- Relatively high unit price
- An 'acquired' taste



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# KEY FEATURES/NEGATIVES LEMON/LIME

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## FEATURES

- Versatile usage
- Nutrition and health benefits

## NEGATIVES

- Rated poorly in top of mind awareness
- Less frequent purchase (monthly)
- Rated as sometimes sour/tangy and too many pips



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# KEY FEATURES/NEGATIVES

## TANGELO

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### FEATURES

- Flavour/juiciness
- Tasty treat/convenient snack
- Nutrition and health benefits

### NEGATIVES

- Poor top of mind awareness
- Perceived as only a seasonal fruit
- Flavour variability



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# PART B

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## Citrus Strategic Situation Analysis & Indicative Strategies



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# INTRODUCTION

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*The purpose of this report is to draw on the key findings from the consumer research, to identify high level strategic issues and put forward indicative market strategies to address the issues identified.*



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# *Market Positioning*



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# MARKET POSITIONING - ORANGE

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EATING QUALITY

## **PURCHASE**

Planned - low impulse component.  
Supermarkets dominate.

## **HOUSEHOLD PENETRATION**

Very high - fourth highest purchased  
fruit.

## **AWARENESS**

Very high - but knowledge poor.

## **USAGE**

Versatile - split between snacking and  
mealtime fruit. Thirst quencher/  
refreshment. Strong in home and whole  
fruit consumption bias.

## **USAGE PROFILE**

however

Oranges are eaten by all groups  
2 key markets are older households 55+  
and school aged children.

Female bias.

## **ASPIRATION**

Everyday commodity.

## **KEY DRIVERS OF PURCHASE**

Nutrition/health, refreshment, vitamin C  
content.

## **SEASONALITY**

Year round fruit, but most consumers  
believe oranges are at their best in  
winter.

## **KEY COMPETITION**

Another fruit 48%: Beverage 18%



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# CONSUMPTION DRIVERS/BLOCKERS - ORANGE

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EATING QUALITY

## DRIVERS

1. Nutrition - high in Vitamin C and dietary fibre.
2. Very versatile.
3. Value for money.
4. Availability - year round and widely available.
5. Good for slimmers/dieters.
6. Refreshment.

## BLOCKERS

1. Competition mostly from other fruits and juices that deliver on taste/enjoyment and are strongly marketed.
2. Narrow usage repertoire.
3. Quality varies over the year.
4. Oranges are messy to eat. Restricts away from home consumption.
5. Lack of consumer knowledge about varieties/seasons.



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# MARKET POSITIONING - MANDARIN

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EATING QUALITY

## **PURCHASE**

Planned.

## **HOUSEHOLD PENETRATION**

75% of households purchased.

## **AWARENESS**

Very high - ranked third after  
bananas and apples.

## **USAGE**

Mainly snacking, around or at  
lunchtime. Primarily eaten as an  
individual fruit.

## **USAGE PROFILE**

Skewed towards snack source for  
children.

## **ASPIRATION**

Great taste, treat for kids.

## **KEY DRIVERS OF PURCHASE**

Price was the key driver, with health,  
size and colour being important.

## **SEASONALITY**

consumers  
during

The highest percentage of  
see mandarins at their best  
winter.

## **KEY C OMPETITION**

Another fruit 18%; Snack food 10%.



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# CONSUMPTION DRIVERS/BLOCKERS - MANDARIN

CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## DRIVERS

1. Convenient snack.
2. Satisfies hunger.
3. Healthy.
4. Value for money.
5. Easy to peel.
6. Kids like the flavour.

## BLOCKERS

1. Shortness of season perceived by consumers.
2. Too many pips.
3. Too dry in taste.
4. Strong competition mostly from other snack foods
5. Lack of knowledge of varieties.



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# MARKET POSITIONING - GRAPEFRUIT

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CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## **PURCHASE**

Planned - predominantly.

## **HOUSEHOLD PENETRATION**

Low - 8% of household purchased.

## **AWARENESS**

Low - purchased by a small proportion of households.

## **USAGE**

Mainly consumed as a meal time fruit, at breakfast.

## **USAGE PROFILE**

Skewed towards females, in the older age group 55+.

## **ASPIRATION**

Acquired taste.

**KEY DRIVERS OF PURCHASE** The main purpose is to eat as an individual fruit. Some juicing.

## **SEASONALITY**

Winter.

## **KEY COMPETITION**

Another fruit 31%; Dry biscuits 18%.



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# CONSUMPTION DRIVERS/BLOCKERS - GRAPEFRUIT

CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## DRIVERS

1. Nutrition/Health.
2. Satisfy hunger.
3. Seen to be good for slimmers.

## BLOCKERS

1. Relatively high unit price.
2. Acquired taste.



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# MARKET POSITIONING - LEMON/LIME

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CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## **PURCHASE**

High - planned purchase.

## **HOUSEHOLD PENETRATION**

Low - 15% of households purchased.

## **AWARENESS**

Low.

## **USAGE**

Mainly consumed freshly squeezed,  
added to drinks or in cooking.

## **USAGE PROFILE**

Skewed towards older adults 50+.

## **ASPIRATION**

Special purpose.

## **KEY DRIVERS OF PURCHASE**

Health/nutrition.

## **SEASONALITY**

Year round.



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# CONSUMPTION DRIVERS/BLOCKERS - LEMON/LIME

CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## DRIVERS

1. Nutrition/health.
2. Integral part of a meal.
3. Refreshment.
4. Juiciness.

## BLOCKERS

1. Too sour/tangy.
2. Too many pips.
3. Limited usage repertoire.



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# MARKET POSITIONING - TANGELO

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CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## **PURCHASE**

Split evenly as a planned or impulse purchase.

## **HOUSEHOLD PENETRATION**

Very low - 3% of households purchased.

## **AWARENESS**

Very low in usage and awareness - below 1% (0.2%).

## **USAGE**

Mainly consumed as a snack, predominantly at home in the morning.

## **USAGE PROFILE**

55+.

Slightly skewed toward older females

## **ASPIRATION**

Exotic.

**KEY DRIVERS OF PURCHASE** Main purpose of purchase is to eat as an individual fruit.

## **SEASONALITY**

Largely seen as a seasonal fruit, with those who purchase, doing so on a seasonal basis.



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# CONSUMPTION DRIVERS/BLOCKERS - TANGELO

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CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## DRIVERS

1. Nutrition/health.
2. Satisfy hunger.
3. Tasty treat.
4. Convenient snack.
5. Flavour/juiciness.

## BLOCKERS

1. Availability.
2. Low awareness.
3. Fruit juice.
4. Too chalky/poor texture/too many pips.
5. No flavour/not juicy/too dry.
6. Seasonal fruit perception.



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# STRATEGIC PERFORMANCE ISSUES

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CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## 1. *CONSUMER COMPLACENCY*

Oranges being a routine, planned, almost automatic purchase makes them highly vulnerable to consumer complacency.

The fresh food choices are forever increasing and the market is highly dynamic with much marketing and promotional activity from competition.

The citrus industry needs to continually keep it's product on the agenda through promotional activity.

It needs to promote the unique selling feature/benefit of the fruit, creating interest and a reason to purchase.

It must also inspire with new ways of using existing products to keep interest alive.



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# STRATEGIC PERFORMANCE ISSUES

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CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## 2. *INDUSTRY COMPLACENCY*

An imminent danger exists if the industry does not invest in advertising and promotion.

The industry is maturing and it has only limited growth potential unless the market can be invigorated by addressing the purchase blockers and inspiring increased purchase of existing, as well as new citrus products.

It is imperative that this issue is addressed.



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# STRATEGIC PERFORMANCE ISSUES

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CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## 3. *IGNORANCE ABOUT VARIETIES*

The research again confirms that consumers are extremely ignorant about varieties.

Whilst there is a reasonable level of awareness of the main varieties such as Navel, Valencia, Imperial etc, there is a very low level of knowledge of the specific performance attributes of the various varieties.

As a result, consumers are often dissatisfied with the purchase eg. early Valencia is disappointing when the characteristics of a Navel were what was expected.

More importantly, the distinct differences in the eating characteristics between Navel and Valencia provide an opportunity to present the consumer with two distinctly different products for specific usage situations.



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# STRATEGIC PERFORMANCE ISSUES

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CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## 4. *PRODUCT QUALITY & CONSISTENCY*

This research indicates that the single biggest blocker to incremental consumption of citrus is disappointment in eating quality.

This effects the level of confidence in being able to consistently purchase fruit that performs to expectations.

Given the rapid expansion of choice in fresh food this can only harm consumer consumption levels of citrus.



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# STRATEGIC PERFORMANCE ISSUES

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CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## 5. *OPPORTUNITIES TO EXPAND EXOTIC VARIETIES*

There is an obvious opportunity for the citrus industry to develop new, exotic and better performing varieties with distinct eating characteristics.

Given the consumer interest in new and interesting products, there is potential to gain broader acceptance of unusual fruit such as tangelos, tangerines, native limes, blood oranges, pomelos etc. These varieties will require market promotion and will respond well to development initiatives.

The opportunity also exists to tell a 'new' story with mainstream products such as oranges, mandarins and lemons through developing new varieties. The citrus industry could easily replicate the success of the apple industry where the development of new varieties has led to increased consumption and higher value per unit sales.



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# STRATEGIC PERFORMANCE ISSUES

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CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## 6. *IMPORTED FRUIT*

Whilst imported oranges do not directly compete with Australian produce because they are predominantly counter seasonal, they do pose a longer term threat in terms of damaging consumer confidence.

In the main, consumers are not aware that they are purchasing imported fruit.

The issue is that much of the imported fruit is of inferior quality, and often at a higher price.

To the extent that this occurs, it tarnishes consumer perceptions of the citrus category which in the longer term reduces sales.



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# THE INDUSTRY CHALLENGES

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PURCHASE,  
CONSUMPTION &  
EATING QUALITY

1. Improving the level and consistency of the eating quality experience to deliver consumer satisfaction and increased consumption.
2. Creating on-going interest and contemporary relevance in citrus and take it off the passive, routine low involvement purchase, and positioning and promoting individual fruit based on unique selling properties and where it fits into, as an essential part of wellness and lifestyle.
3. Getting males to eat more citrus.
4. Further growing consumption by children.
5. Tapping into the lapsed youth and young adult market.
6. Making the product more user friendly in away from home eating situations.
7. Educating consumers about the eating characteristics, selection, storage and seasons of the various citrus varieties.
8. Build consumer loyalty toward Australian produce over imports.



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# THE OPPORTUNITIES

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QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

1. Develop a unique market positioning for each citrus category, demonstrating how each fits into contemporary lifestyle, wellness and healthy eating.
2. More tightly positioning each fruit into specific markets, lifestyle, value and usage segments, and away from the generic 'feel good' category.
3. Creating consumer connectivity in the category by empowering consumers through knowledge on varieties, seasons, eating characteristics, nutritional and functional values.
4. Increasing the repertoire of usage ideas through recipe ideas - serving suggestions.
5. Increasing the repertoire of use.



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# THREATS

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CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

*Decline in consumption, particularly  
Oranges, but potentially also Mandarins.*

- Oranges are increasingly seen as a low involvement commodity food category.
- Strong competition from:
  - Exotic fruit and vegetables
  - Exotic and packaged juices
  - Heavily marketed snack food.
- Pressure for retail shelf space as retailers favour higher margin products with greater shopper appeal.
- Inconsistency in extra quality of citrus, relative to other products.



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# THREATS *(cont)*

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MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## *Prospect of declining export market*

- Strengthening Australian dollar.
- Strong competition from low cost producing countries.
- The emergence of global brands with strong marketing support eg. Sunkist and Cape.
- Australia's freight cost disadvantage.
- Fragmented marketing by the Australian industry.



*A declining export market will make the domestic market even more important.*



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# INDICATIVE MARKETING STRATEGIES

CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

*The research suggests that if the Australian Citrus Industry is to manage the threats and opportunities confronting it in the next five years it must pursue the following strategies.*

*Strategy 1 - Generate renewed consumer interest in citrus, through promotion*

*Strategy 2 - Promote new usage situations*

*Strategy 3 - Pursue category management programs with key retailers*

*Strategy 4 - Educate consumers about different varieties and their eating and usage characteristics*

*Strategy 5 - Improve the level and consistency of eating quality, and consumer satisfaction*

*Strategy 6 - Pursue product differentiation activities*

*Strategy 7 - Make citrus more consumer friendly in away from home eating situations*



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# *Strategy 1 - Generate renewed consumer interest in citrus, through promotion*

CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## OBJECTIVE

To increase per capita consumption among prime prospects consumer segments.

## RATIONALE

- Consumers have become complacent about citrus.
- Has become a low involvement commodity purchase.
- This, plus inconsistency in eating quality makes the category vulnerable to declining consumption.



*Consumers can easily be attracted to a competitive product.*



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# *Strategy 1 - Generate renewed consumer interest in citrus, through promotion (cont)*

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QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## STRATEGIC ELEMENTS

1. Promote the features/benefits/selling features citrus.

### Oranges

- Refreshing snack
- Healthy, high in vitamin C
- Satisfying between meal snack

### Mandarins

- Great taste
- Kids enjoyment
- Easy to eat



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# Strategy 1 - Generate renewed consumer interest in citrus, through promotion (cont)

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PURCHASE,  
CONSUMPTION &  
EATING QUALITY

## STRATEGIC ELEMENTS

2. Target best prospect segments, in terms of increasing usage - one at a time.

### Oranges

- Teenager 12-19.
- Females 25-45 - weight and health conscious, who are attracted to competitive products.
- Males 25-45 who are below average consumers.
- Baby boomers concerned about health, cholesterol, diabetes, etc.
- Need hard hitting, creative advertising with messages appropriate to the target audience.

### Mandarins

Children 5-15



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## Strategy 2 - Promote new usage situations

CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

### OBJECTIVE

Increase the repertoire of in home usage.

### RATIONALE

- The vast majority of citrus consumed as a whole piece of fruit. - Limits usage.
- Best opportunity to increase consumption is at home usage: - *messy to eat away from home.*



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## Strategy 2 - Promote new usage situations

(cont)

### STRATEGIC ELEMENTS

- Best prospect is to tap into the current trend towards functional juice based products.
- Citrus is a perfect base for functional ingredients, such as carrot, celery, ginger, guarana, etc.
- Recipe ideas, blends and usage suggestions.
- Cross promote with juice blender companies, eg. Breville.
- Expand into other usage applications:-
  - As a base for a cooking sauces.
  - Cooking ingredient
  - Desserts
  - Salads



## *Strategy 3 - Pursue category management programs with key retailers*

CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

### OBJECTIVE

To promote citrus' shelf presence in retail outlets and improve in store presence.

### RATIONALE

- Citrus, particularly Oranges are under threat in supermarkets because:
  - Citrus is a low interest shopper category
  - Rapid expansion in number of fruit and vegetable SKUs
  - Increasing penetration of exotic fruit
  - Expansion of varieties in all categories, eg. apples.
- Margins not as attractive to retailers because:
  - Bulky
  - Low value
  - High percentage sold as loss leader.



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## *Strategy 3 - Pursue category management programs with key retailers (cont)*

CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

### STRATEGIC ELEMENTS

1. Consumer research and development study in collaboration with major retailers aimed at understanding shopper behaviour, selection, etc, and develop appropriate merchandising programs aimed at maximising in-store performance.
2. Develop planogram and merchandising strategy with retailers.
3. Develop a seasonal calendar of in-store and retail promotional strategies.



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## *Strategy 4 - Educate consumers about different varieties and their eating and usage characteristics*

CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

### OBJECTIVE

To improve consumer satisfaction through giving the category knowledge and interest.

### RATIONALE

- Whilst awareness of the key varieties, Navel and Valencia, and Murcott and Imperial, is relatively high, consumer level of knowledge is poor ie. many can't tell the difference between a Navel and a Valencia.
- This leads to consumer dissatisfaction/confusion.
- Opportunity to position various varieties in the market as quite different products with unique eating and usage characteristics.

### STRATEGIC ELEMENTS

Seasonal PR

POS material

Advertisements in food/supermarket magazines.



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## *Strategy 5 - Improve the level and consistency of eating quality, and consumer satisfaction*

CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

### OBJECTIVE

To improve consumer satisfaction as a precursor to increased consumption.

### RATIONALE

- Research has consistently proven that the single best way to increase consumption frequency and volume is delivering a consistently good eating experience. *“Just like off Grandma’s tree”*.
- Consumers have come to passively accept the inconsistency and eating quality of citrus. This makes them indifferent to buying incremental quantities and easily tempted to purchase alternatives.



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## *Strategy 5 - Improve the level and consistency of eating quality, and consumer satisfaction (cont)*

CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

### STRATEGIC ELEMENTS

Embark on a comprehensive 3-5 year eating quality program.

- Sensory analysis to interpret consumer preferences and range of acceptability.
- Benchmark test study and evaluate fruit against consumer preference and retailing key performance issues.
- HACCP analysis to identify causal factors and critical control points throughout the supply chain.
- Implement specific programs to address casual factors.



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## Strategy 6 - Pursue product differentiation activities

CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

### OBJECTIVE

To generate consumer and retailer enthusiasm through product differentiation.

### RATIONALE

- A proven marketing tool in FMCG's is product differentiation, targeting different products to suit the differing need/preference of specific market segments.
- Citrus has to a large extent pursued a *"one size fits all"* commodity strategy, which is increasingly putting it at risk from variety based competing products.
- The variety based product differentiation strategy for apples has been a great success.



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## *Strategy 6 - Pursue product differentiation activities (cont)*

CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

### STRATEGIC ELEMENTS

- Initiate a series of specific R&D projects on product differentiation based on the suite of tools available.
  - New species eg. Blood oranges, native lime, etc.
  - New varieties targeting specific use/markets
  - Size, grading and labelling
  - Packaging
  - Branding
- Logically the industry should encourage and financially support individual or regional growing areas to pursue these types of initiatives in their own right through the voluntary contribution funding option.



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## *Strategy 7 - Make citrus more consumer friendly in away from home eating situations*

CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

### OBJECTIVE

To increase away from home consumption usage.

### RATIONALE

- The vast majority of citrus is consumed at home as a whole piece of fruit; greatly restricts consumption.
- Citrus is potentially a very good away from home snack.
- The greatest limiting factor is that citrus is messy and difficult to eat.



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## *Strategy 7 - Make citrus more consumer friendly in away from home eating situations*

*(cont)*

CITRUS CONSUMER  
QUANTITATIVE  
MARKET RESEARCH,  
PURCHASE,  
CONSUMPTION &  
EATING QUALITY

### STRATEGIC ELEMENTS

Commission R&D projects with food product development specialists to develop new product concepts, to better suit citrus in away from home situations.

- Opportunities include:
  - Prepacked, ready to eat, value added product.
  - New packaging of the above.
  - Inclusion of peeling utensil.
  - Inclusion of wet wipe cloth.
- The above need to be supported by a marketing program targeting snack bars, sandwich shops, school tuckshops, etc.



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