



Brand Performance And Produce



What role do brands play in produce performance? Does a produce brand work as a key driver in consumer purchase decisions or is a produce brand merely an overlooked component that is largely irrelevant to the end buyer?

The common denominator among successful brands is product consistency. The buyer must be able to confidently associate the brand with a set of product attributes that are inherent in every purchase. Product variability equals brand death (or at least a brand known for being unreliable). I doubt many people would rank McDonald's high on the food quality scale, but when it comes to consistency, McDonalds' rules the roost. Customers know exactly what to expect and get it on a consistent basis. As a result, the customer can quickly align the food at McDonald's with an individual price/value equation. In short, every consumer knows exactly what to expect and can develop brand tiers based on experience.

For obvious reasons, product consistency remains a significant challenge in the produce department. Despite the best intentions of very talented growers and shippers, seasonal weather patterns often result in fruits and vegetables with lower flavor, less shelf-life and/or inconsistent appearance. Transportation problems, distribution issues or poor shelf management at the retail level can sabotage.

To gain an understanding of how consumers view branding in produce, The Perishables Group recently included questions on produce branding in a national survey. One thousand national consumers were asked to rank the importance or unimportance of various produce purchase factors. Consumers were asked to rate these factors on a 1 to 5 scale, with 1 being not important

at all and 5 being extremely important.

In addition, we asked the consumers to tell us if these factors have changed over the past year. We included this question because we wanted to understand if the recession was altering the consumer purchase hierarchy.

The 2009 national online survey asked 1,000 consumers who were the primary household food shopper. There are several observations that can be made:

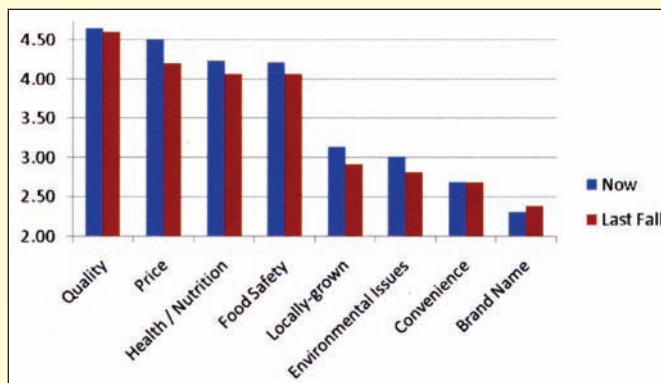
1) **Quality — or at least the perception of quality — remains the No. 1 purchase driver.** Not surprisingly, poor quality produce holds little value for consumers.

2) **Price ranks a close second in importance as a purchase-driver only slightly behind quality in terms of importance to consumers.** Moreover, when you look at how consumers report the importance of price, you can see a significant upward shift since last fall, indicating shoppers are placing more emphasis on price than in the past.

3) **Brand ranked fairly low in importance to consumers.** In fact, brand was the only purchase factor listed that declined in importance. Every purchase factor except brand was scored as having slightly higher importance compared to last fall.

4) **The top four purchase factors (quality, price, health/nutrition, food safety) show significantly stronger influence on consumer decisions than the tier of the next four factors.** These lower four (locally grown, environmental issues, convenience, brand) all ranked around neutral or slightly below.

Here's the challenge: Despite what you see in the graph, it is a mistake to conclude that brands are unimportant to consumers. Rather, the results reflect two realities of produce mar-



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keting. First, for most produce items, distribution is inconsistent. As a result, even if a consumer finds a produce "brand" they feel is superior, that product may or may not be in the store the next time they shop. It will almost certainly not be available at competing stores for comparison-shopping. Inconsistency in distribution reduces important opportunities for building brand impressions.

Second, for most produce items, consumers must generally make variety choices, rather than brand choices. Unlike center-store, the consumer has no purchase alternatives to select from generally similar products from competing brands. There is one banana, one Navel orange, one celery bunch and one 3-lb. bag of Gala apples. As a result, this basic merchandising reality works to undermine brand importance among consumers. Not surprisingly, these factors limit the ability of consumers to utilize branding as the default validation of product quality and value. So consumers instead rely on visual cues and price.

There are successful produce brands. Our internal data tracking shows there are select produce brands in specific markets with considerable purchase power over consumers resulting in very strong category performance. But the survey results reflect that brand success requires atypical retail execution that most produce organizations, and perhaps most retailers are unprepared or unwilling to implement.

The Perishables Group is an independent consulting firm focused on innovation and creating value for clients in the fresh food industry. Find them online at www.perishablesgroup.com

Branding Incorporates Many Traits



When confronted with a graph such as the one presented on page 10, one is confronted with valuable information, but the question is what retailers can make of this information. That an attribute such as quality should rank high “when deciding what produce items to purchase” is not surprising, yet it is not clear what action should be taken as a result of learning this information.

In the first place, because quality is so widely recognized as an important motivator of consumer actions, all successful retailers almost by definition provide at least “adequate” quality. How could it be otherwise? If a chain consistently provided terrible quality, the chain would go out of business. So in this sense, quality may be the ante necessary to play in the game, leaving lesser-ranked items as the key differentiating factors for retailers to consider.

Second, quality is a relative characteristic. The question posed was related to deciding “what item to purchase,” not where to shop. So the vision is that the shoppers ensconced in Wal-Mart or Whole Foods look to the quality of the item — not necessarily that the shopper would switch stores because a different store had higher quality.

Third, quality is not an independent variable. Typically, as quality goes up, so does price, the No. 2 item in the graph. The graph does not assess how consumers would value a trade-off between quality and price.

Fourth, what is quality anyway? A nice firm tomato is perfect for slicing for sandwiches, but a softer one would be better for making salsa.

Fifth, although consumers might say these things in response to a survey, it is hard to know how they would actually act on such concerns. For example “food safety” ranks in the top four criteria consumers say they use in selecting which items to purchase. Well, perhaps during an outbreak, consumers

might avoid an item, but how, precisely, would consumers decide whether to buy a pear or a peach based on food safety concerns? A radish or a rutabaga?

We remember when PRODUCE BUSINESS ran a series of focus groups and some consumers claimed they avoided pesticides on their purchases. When asked how they did so, one woman explained that the Surgeon General says what pesticides are on each item! It seems highly likely that consumers may claim to use food safety as a criterion but, in actuality, have no way to do so.

Sixth, the claim that health and nutrition influence consumer purchases is certainly true. All produce, however, has some redeeming health or nutrition characteristic, and shoppers buying for a diverse diet really have no reason to exclude one item or another. This author once did some demos on artichokes in retail stores and heard from some consumers that they were hesitant to buy artichokes because they loved to eat them with butter and they knew the butter was high in fat and calories. So, perhaps, this might indicate that artichoke producers should focus on teaching consumers about alternative ways to enjoy artichokes. By and large, though, there is no known correlation between the healthful attributes of produce and its rank in sales popularity.

Equally, when one looks at an issue such as branding, Steve Lutz concisely lays out the major issues. Yet in research, the answer you get depends almost entirely on the question you ask and, perhaps, thinking about a brand name as an attribute that one would use in “deciding what produce item to purchase” is not quite the same thing as asking if consumers prefer branded to unbranded produce.

When you go down the graph you notice the attributes divide into three segments. There are attributes that consumers can easily discern: Price; where it is grown (with today’s COOL law); convenience; and the name on the item. There are also attributes consumers can’t really determine by simply observing the item: Food safety and environmental issues. Then there is quality and health/nutrition,

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which can be partially observed or known in advance and partially can’t be seen or known in advance.

Branding, in and of itself, may be a tool that builds confidence in some of these attributes that are difficult or impossible for consumers to ascertain for themselves. In other words, a consumer may not be able to tell that an item is grown to high food safety standards, but the consumer may feel that a branded producer has a lot to lose, and so, takes better care.

Sometimes, a brand can come to mean something specific, so consumers concerned with environmental issues may seek out, for example, an organic brand.

Steve’s analysis is astute when he identifies the Achilles heel of produce branding as being inconsistent quality, and the Achilles heel of branded produce promotion as far from universal availability. Yet, branded produce endures with great names consumers all know and, much to the chagrin of all consumer researchers, these names influence consumers on an emotional level that consumers themselves can’t always articulate.