

Filling the Retail Shelves: The U.S. Caneberry Supply

Mike Thomsen

University of Arkansas



Today's test question

Blackberries are to strawberries as:

- A. Mars is to Jupiter
- B. gasoline is to an automobile
- C. Cornflakes are to Cheerios
- D. all of the above

What do we know about the retail shelves?

- There is evidence that retail demand for blackberries and raspberries is driven by unplanned purchases
 - Consumers are very responsive to the retail prices of blackberries and raspberries
 - Blackberries and raspberries are responsive to the prices of strawberries and blueberries

Price responsiveness depends on product purchase behavior

- Planned purchases
- Many of the items purchased on a typical shopping trip can be categorized as unplanned purchases
 - Impulse purchases
 - Planned unplanned purchases
 - Substitution unplanned purchases
 - Reminder unplanned purchases

An illustration

Shopping list (going in)

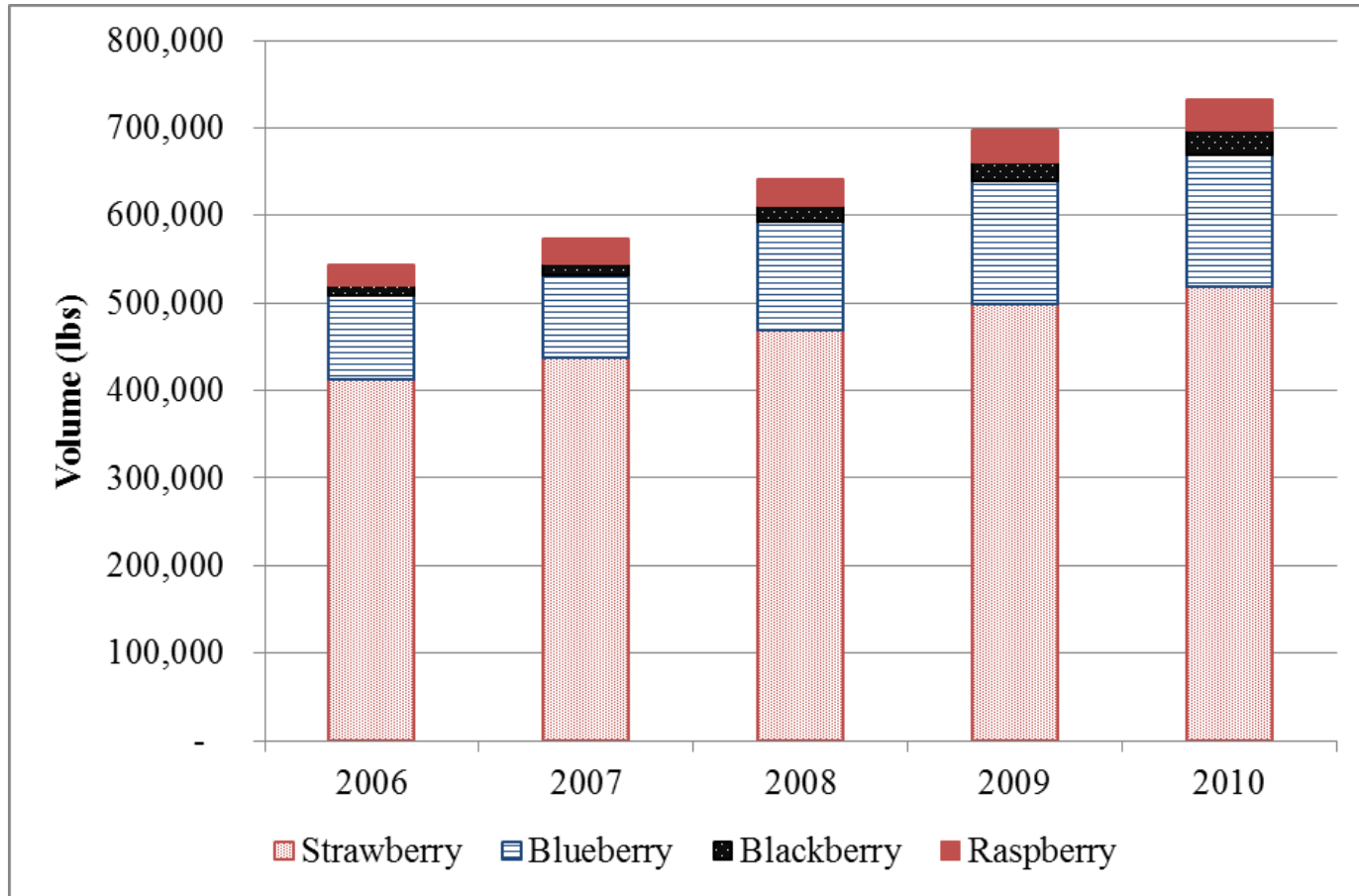
- milk
- eggs
- bread
- bananas
- broccoli
- fruit
- paper towels

Shopping basket (coming out)

- milk (planned)
- eggs (planned)
- half & half (reminder unplanned)
- bread (planned)
- bananas (planned)
- baby carrots (substitution unplanned)
- cherries (planned unplanned)
- peaches (planned unplanned)
- paper towels (planned)
- plastic wrap (reminder unplanned)
- Oreo cookies (impulse)

Test Question: Choice A

- Mars and Jupiter? Congrats if you chose "A"



Relative market volume as reflected in the Nielsen sample used for our retail demand study

Consumers are responsive to blackberry and raspberry prices

- Estimates of how much quantity sold decreases as the result of one percent increase in retail prices:
 - Strawberries -1.26% (consumers are least price sensitive)
 - Blueberries -1.49%
 - Blackberries -1.88% (consumers are most price sensitive)
 - Raspberries -1.66%

Test Question: Choice B

- Gasoline and automobiles are complementary products. One product provides more satisfaction when used with the other.



Photo Credit: Angelo Juan Ramos, Creative Commons Attribution 2.0 license,
http://commons.wikimedia.org/wiki/File:Summer_Fruits.jpg

Test Question: Choice C

- Cornflakes and Cheerios are substitute products. When confronted with a choice, the consumer will generally choose one or the other.



Photo Credit: USDA, Public Domain,
<https://commons.wikimedia.org/wiki/File:Strawberries.jpg>



Photo Credit: Dwight Sipler,
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[http://commons.wikimedia.org/wiki/File:Blackberries_\(3821343779\).jpg](http://commons.wikimedia.org/wiki/File:Blackberries_(3821343779).jpg)

Retail quantity response (%) for a one percent increase in price of a competing berry

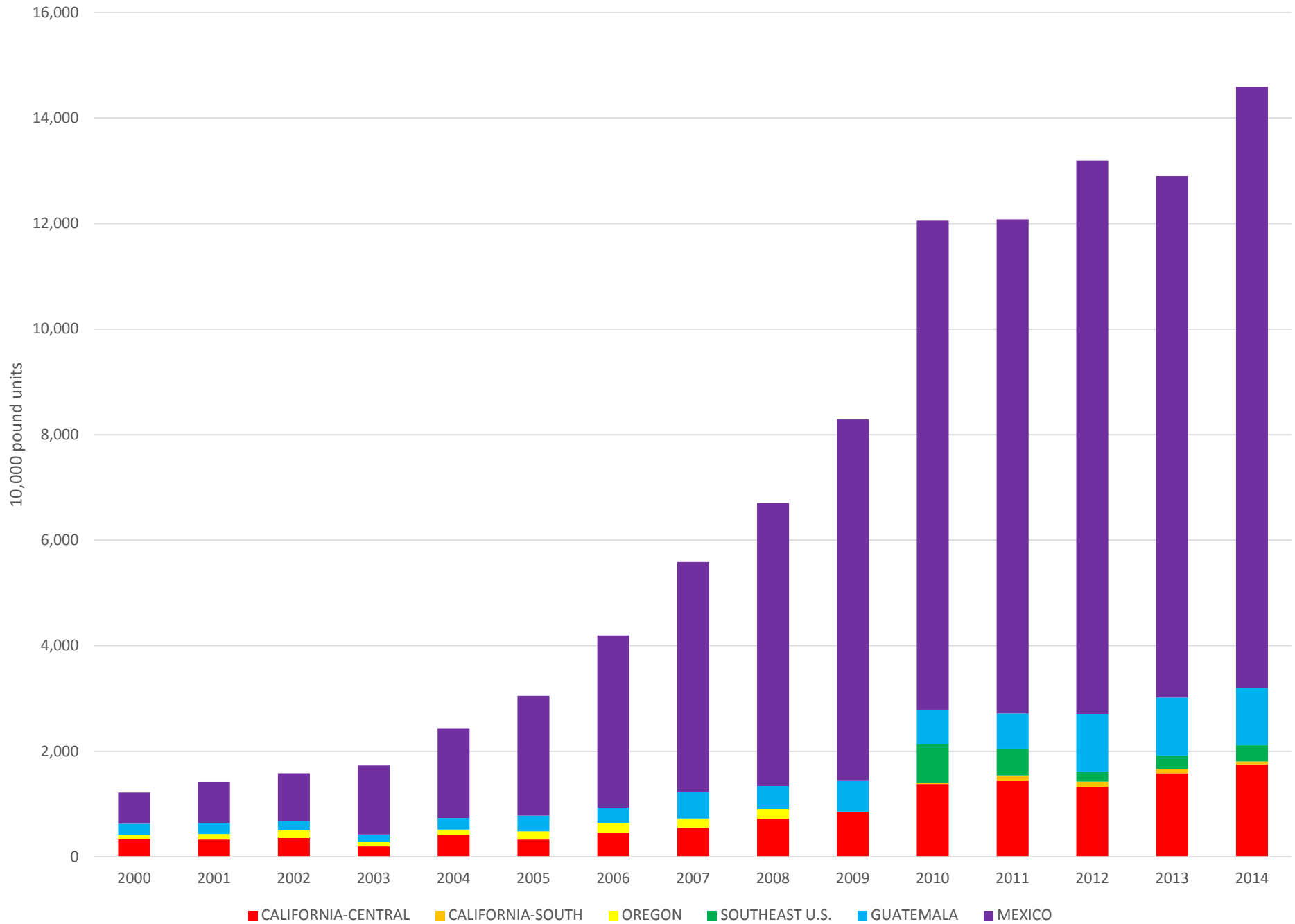
| Demand for | Price of | | | |
|--------------|--------------|--------------|--------------|--------------|
| | Strawberries | Blueberries | Blackberries | Raspberries |
| Strawberries | -1.26 | 0.12 | 0.05 | 0.08 |
| Blueberries | 0.32 | -1.49 | 0.06 | 0.10 |
| Blackberries | 0.52 | 0.24 | -1.88 | 0.13 |
| Raspberries | 0.40 | 0.20 | 0.06 | -1.66 |

- We find evidence that berries are substitutes in the retail market. These relationships are statistically significant.
- If you choose “C” on the test question, pat yourself on the back.

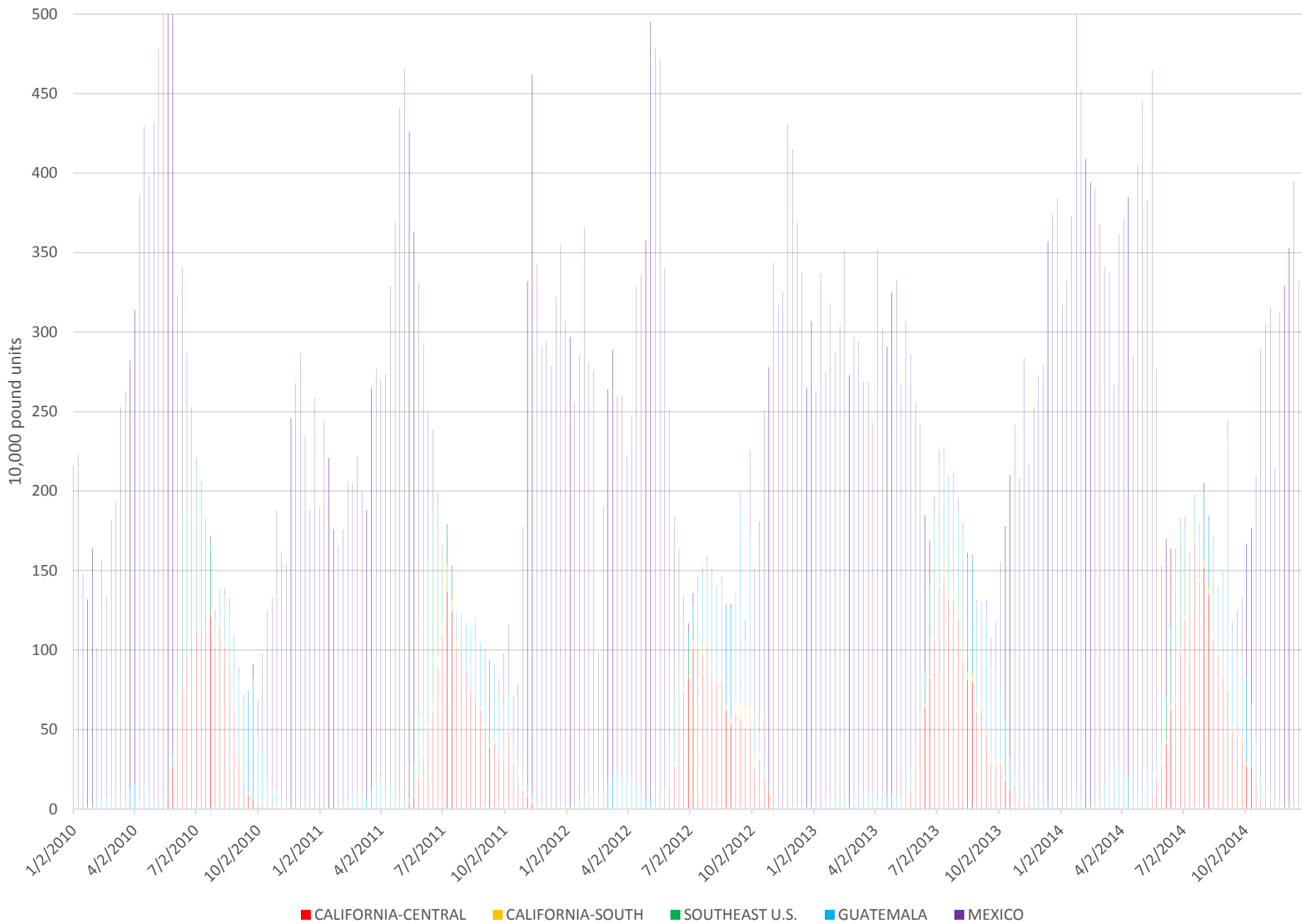
Filling the retail shelves: Getting raspberries and blackberries onto shopping lists

- Increasing planned purchases
 - Product availability
 - Reliable supply
 - Consistent quality
 - Front of mind
 - Nutrition
 - Health benefits
 - Versatility
 - Convenience
 - Sensory attributes
- What has been happening with supply?

Blackberry Shipments Reported to USDA Agricultural Marketing Service 2000-2014

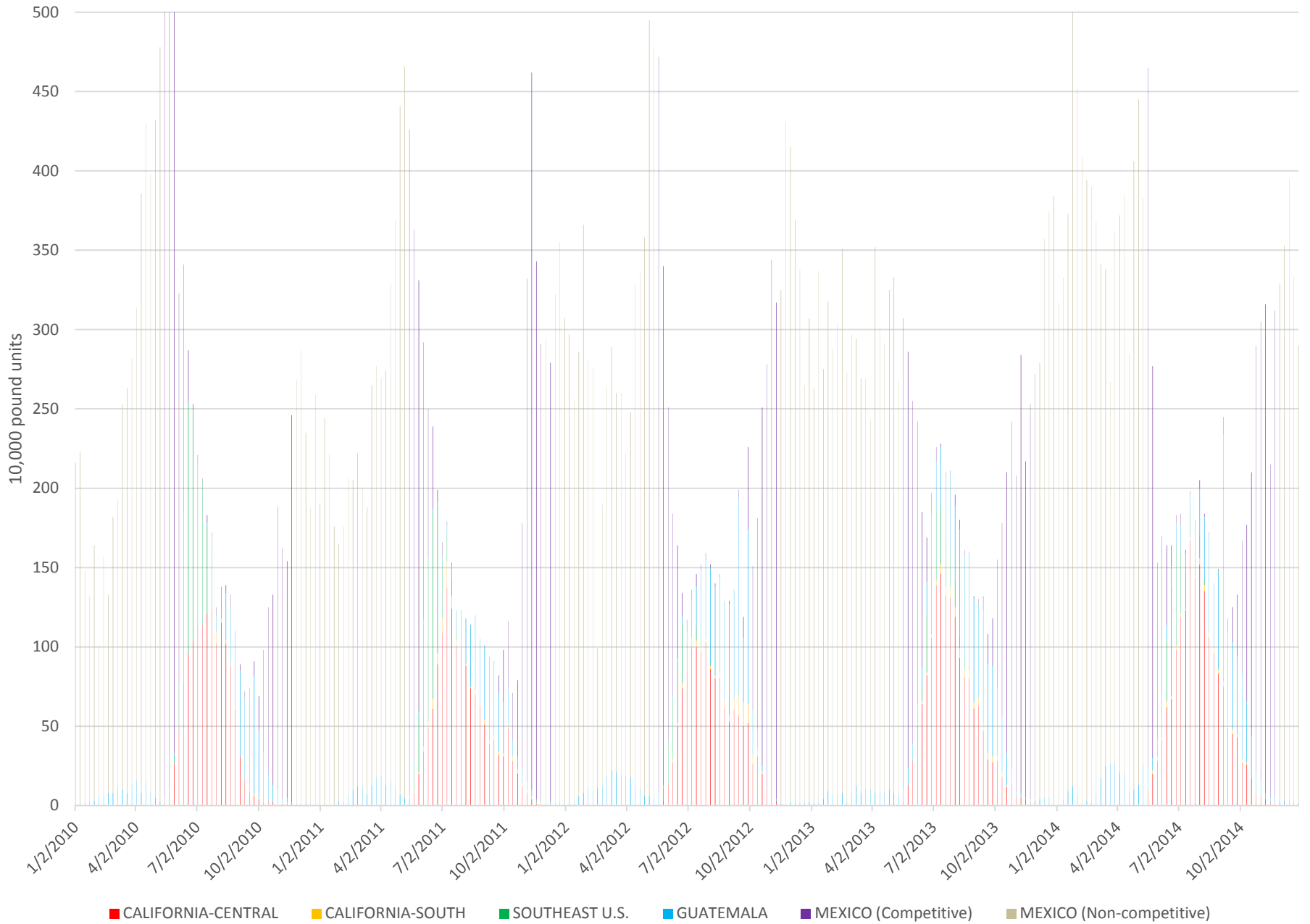


Weekly Blackberry Shipments Reported to USDA Agricultural Marketing Service

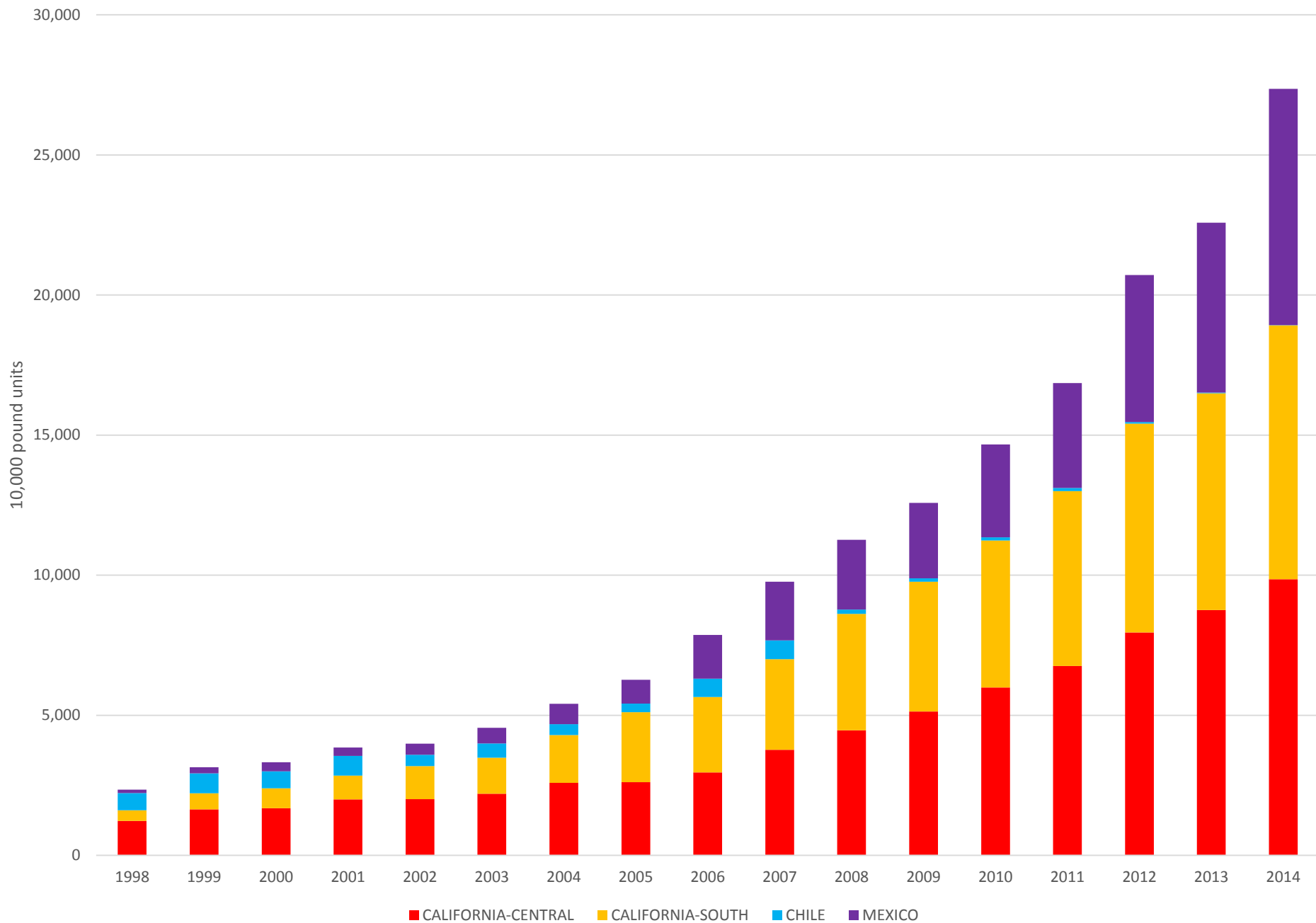


CALIFORNIA-CENTRAL CALIFORNIA-SOUTH SOUTHEAST U.S. GUATEMALA MEXICO

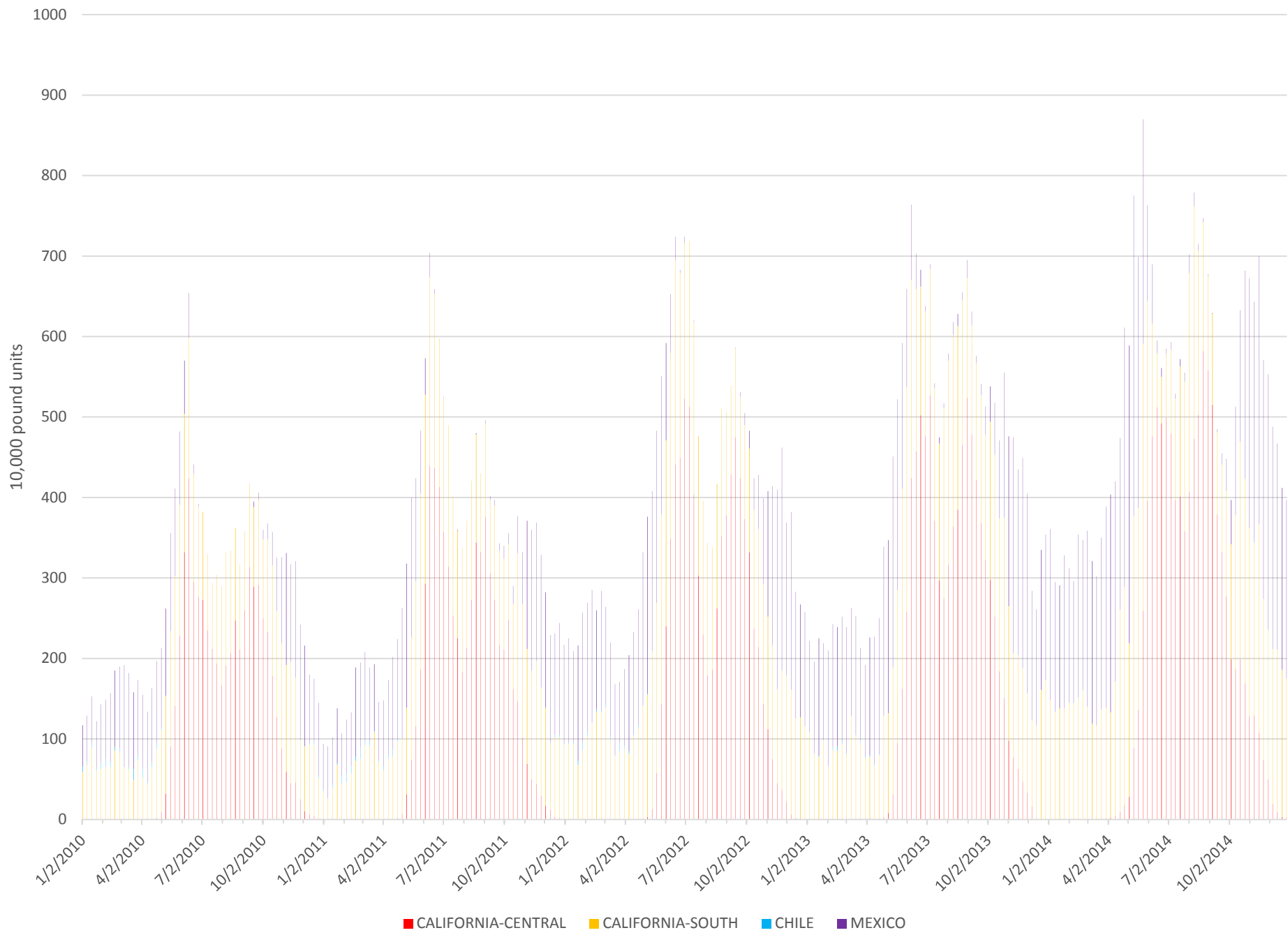
Weekly Blackberry Shipments Reported to USDA Agricultural Marketing Service



Raspberry Shipments Reported to USDA Agricultural Marketing Service 1998-2014



Weekly Raspberry Shipments Reported to USDA Agricultural Marketing Service

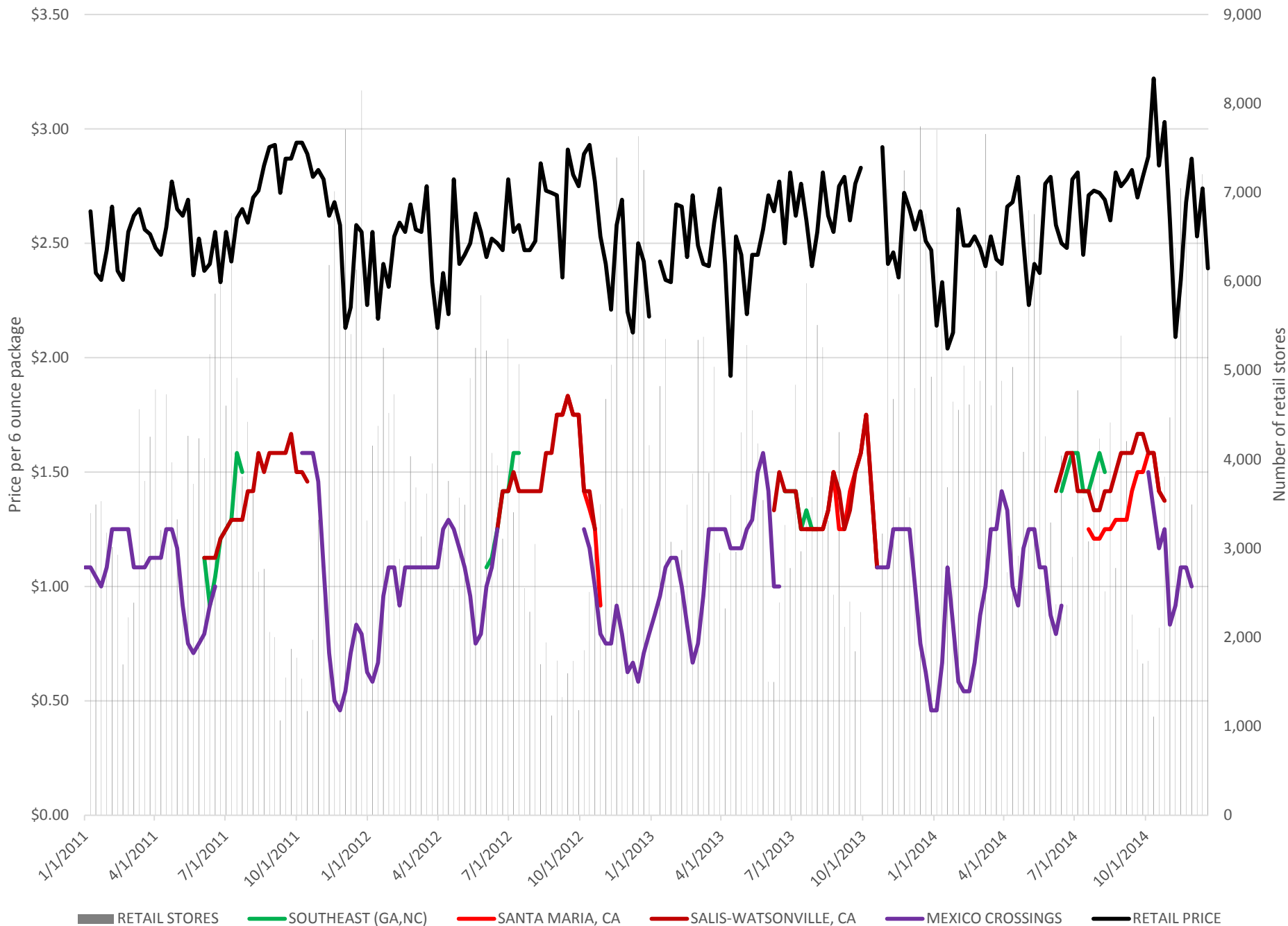


Now to the retail shelves



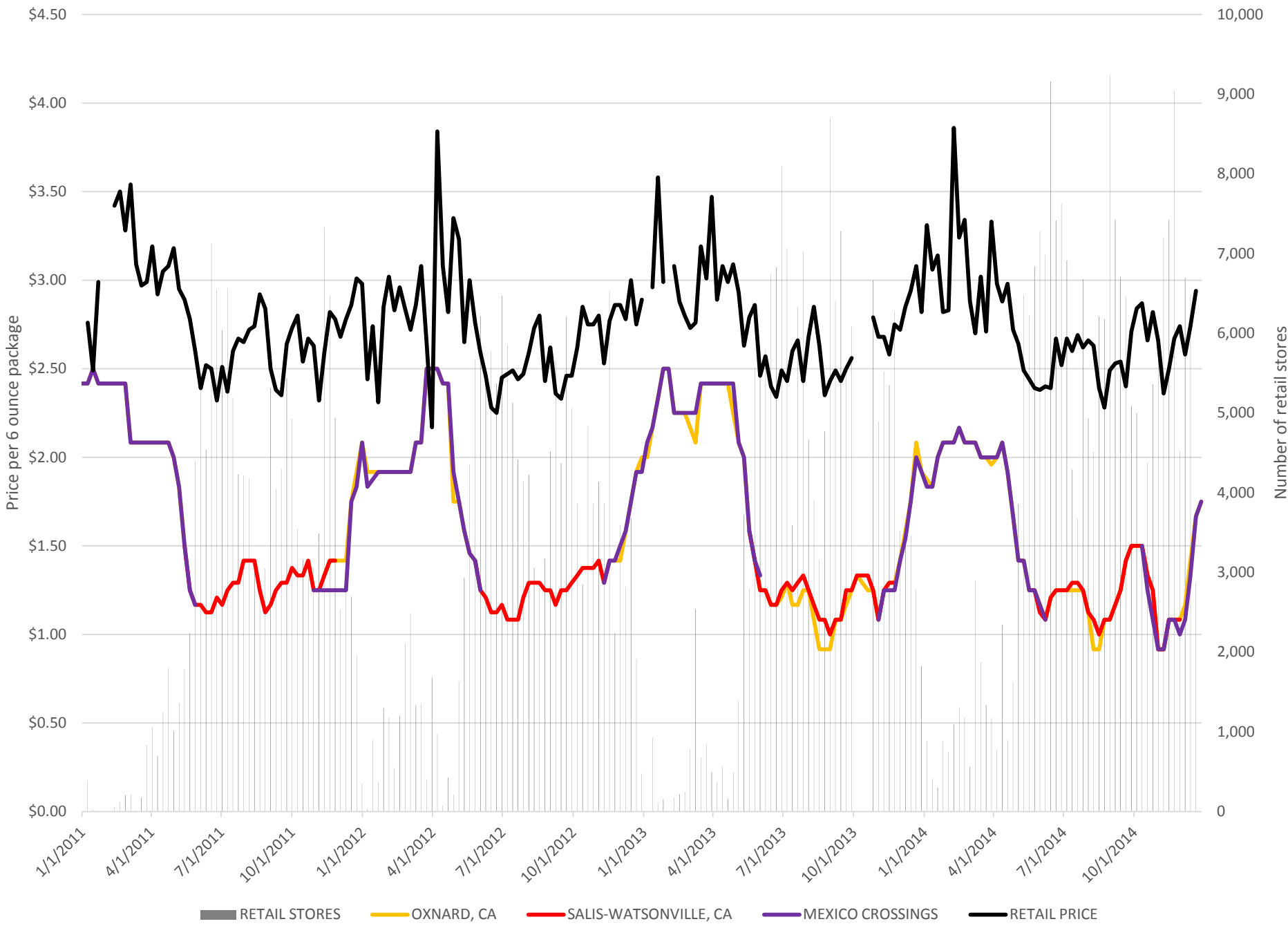
Photo Credit: USDA

Blackberry Shipping Point Prices, Retail Prices, and Number of Retail Stores (Source: USDA-AMS)



█ RETAIL STORES
 █ SOUTHEAST (GA, NC)
 █ SANTA MARIA, CA
 █ SALIS-WATSONVILLE, CA
 █ MEXICO CROSSINGS
 █ RETAIL PRICE

Raspberry Shipping Point Prices, Retail Prices, and Number of Retail Stores (Source: USDA-AMS)



Summing it up

- Dramatic growth over the past 15 years. The retail shelves are filling up.
 - Raspberries: Mexican imports supplement the domestic off-season
 - Blackberries: Domestic supplies fill in the Mexican off season
 - In both cases imports are important to filling the retail shelves
- But there are gaps...
 - Blackberries and raspberries still have a ways to go to become front-of-mind items in the supermarket produce department

Implications for direct marketing formats

- Increased availability through mainstream retail channels is probably a positive for direct marketers:
 - Better enables the direct market grower to emphasize quality attributes of local berries
 - Helps to position blackberries or raspberries as an impulse purchase item at a roadside stand or farm market stall
 - Blackberries and raspberries can be a destination items that drive customer traffic to direct marketing venues
 - Benefits of promotional and research efforts that support retail channels will spill-over to direct market growers