

“Consumer Preferences for Cluster Raisins: A Focus Group Investigation”



By:

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Abstract

The U.S. raisin industry has experienced a decline in acreage and in number of growers in recent years. One firm is trying a novel approach to marketing raisins, namely, by marketing them still attached to the vine. This product is called cluster raisins. In order to explore consumer preferences related to cluster raisins, and to generate new product ideas and preferred marketing methods, two focus group interviews were implemented. Findings included that a young (i.e., 18 – 25 years) market segment would be a recommended target market. Also included are recommendations regarding price, packaging, and methods of increasing consumer awareness. Recommended marketing channels include specialty markets (e.g., Trader Joe’s or Whole Foods) and gift baskets.

Keywords: raisins, marketing, focus groups, packaging.

1.0 Introduction

There were an estimated 5,000 to 6,000 raisin growers in California in 1998 (Mason 1998). Oversupply conditions subsequently led to consolidation and a reduction in acreage. Currently, there are about 4,500 raisin growers in California (Federal Register 2006). The industry spent \$172 million on the Raisin Diversion Program between 1985 and 1992 in an attempt to address the oversupply (Cline 2002). In 2005, about 244,000 acres in California were planted to raisin type grapes, of which about 200,000 acres were in production (Brase 2005). This was down from 2001, when there were 287,000 acres of raisin type grapes in California (USDA NASS 2001).

Compared to the 2005 season, exports of U.S. raisins are down 18% (Raisin Administrative Committee 2006).¹ The U.S. raisin industry has been facing increasing competition from other raisin producing countries. Drukin, et al. (2005) used the Diamond Model of National Competitive Advantage (Porter 1990) to compare the U.S. raisin industry to the Turkish raisin industry. They predicted both countries to maintain their market shares with regard to raisin exports, and that intense competition will continue. Phillips, et al. (2006) implemented an empirical study to determine trends in raisin marketing at the retail level in the U.S. They distributed mail surveys to a population of 200 food retailers from throughout the U.S., and received 16 responses. Respondents indicated that the most popular raisin package for consumers is the resealable canister, followed by multi-packs of snack sized boxes. They also found that other dried fruits are the closest substitute for raisins, and freshness is the most important factor in marketing raisins.

¹ The grand total of exports of U.S. raisins from 8/1/04 to 4/30/05 was 92,729 packed tons. For 8/1/05 to 4/30/06, it was 75,738 packed tons (Raisin Administrative Committee 2006).

One firm, Circle K Ranch (Fowler, California), is taking a different approach to marketing raisins. They produce cluster raisins, which are jumbo raisins that remain attached to the stem, as a byproduct of their table grape operation. Marketing methods for this product deserve attention because producing cluster raisins is one of the few ways to differentiate this commodity for out-of-hand eating,² and the product is relatively unknown. Investigating this opportunity is important because the industry is extremely competitive, requiring participants to stay current by focusing on changing consumer preferences and competitive tactics. This knowledge gives an advantage to those with an awareness and ability to practically integrate it into their existing processes. These circumstances provide the motivation for this study of consumer awareness of and preferences for cluster raisins.

2.0 Objective

As mentioned above, Circle K Ranch (Fowler, California) currently produces and markets cluster raisins. They export a substantial quantity of this product to Japan, where it is purchased as a novelty gift item. They also market a limited amount in the southeastern U.S., primarily to elderly, nostalgic-minded consumers during the Christmas season. This firm would like to expand their market to other segments of U.S. food consumers. This research aims to explore, analyze, and present findings related to the preferences of different types of consumers for cluster raisins. This project is part of a broader program to support the U.S. raisin industry through applied research.

² Regarding raisins, there are two ways to consume them: out-of-hand eating and as an ingredient in some other product (e.g., bread, muffins, or cereal). For out-of-hand eating, one other method to differentiate the product (besides cluster raisins) would be through innovative packaging.

3.0 Methods

The use of focus groups has an extensive history in marketing and social science research. Zepeda and Leviten-Reid (2004), for example, used focus group interviews to gain insight into consumers' views regarding local foods. The emphasis and scope of the present study was to reveal consumers' needs, wants, attitudes and feelings relating to cluster raisins. Another purpose was to generate new ideas about the product and preferred marketing methods. According to Hair, et al. (2003), focus group interviews may be well suited for particular research problems with these characteristics.³ Possible limitations of this research method can result from a lack of an experienced, skilled moderator. Bias can be introduced in the process of sorting out individual versus group views when analyzing focus group interviews, and in the practical aspects of organizing the sessions (Gibbs 1997). In this case, the advantages of using focus group interviews outweighed the disadvantages, so this method of collecting data was selected.

Specifically, it was felt that with proper care and discipline in organizing and analyzing the focus group sessions, the potential limitations and biases could be sufficiently minimized. And with the noted strengths of the method in addressing this type of a marketing research problem, using focus group interviews was preferred over other methods, e.g., phone surveys, mail surveys, and individual interviews.

The questions for the focus group interviews were developed through collaboration among the authors. Input and suggestions were solicited from the producer involved. No previous research on marketing cluster raisins was identified to provide insights or guidance in the development of questions. Two separate focus group

³ By "these characteristics," we mean having the following objectives: revealing consumers' needs, wants, attitudes, and feelings related to the product; generating new ideas about the product; and determining preferred marketing methods.

interviews were implemented for this project. The groups were recruited and formed so that each group was relatively consistent internally, with regard to the demographic characteristics of its members. This is consistent with the methods employed by Zepeda and Leviten-Reid (2004). Focus groups were convened in California. The first reason for this location is that California's population is quite large, making it a promising potential market. The second reason for this location is that because the raisins are produced in California, this also brings up the issue of consuming locally-produced foods.

The first group (Focus Group #1) consisted of students from California State Polytechnic University, Pomona. There were eight males and three females in this group, ranging in age from 18 – 25. Members of the second group (Focus Group #2) were staff members of California State Polytechnic University, Pomona, and each one was over 35 years old. In this group, there were two males and eight females. The groups were formed in this way to gain insights from two different demographic (and income) groups, to determine which would be a better target market.

The members of the focus groups were provided with a box lunch, and then given a package of cluster raisins. Subjects were asked to evaluate both the package and the raisins. They were also provided with traditional raisins for comparison.⁴ The sessions lasted approximately one hour each. To assure that perceptions and preferences were properly accounted for, sessions were audio taped and the tapes were transcribed. This facilitated the analysis of the focus group responses.

4.0 Results of the Cluster Raisin Focus Groups

Focus Group #1 (consisting of college students) had generally a more positive opinion of the product, and was more predisposed toward purchasing it. Cluster raisins

⁴ Packages of cluster raisins and traditional raisins were provided by Circle K Ranch, Fowler, CA.

are intended for out-of-hand eating, rather than for use in cooking (e.g., baking). Focus Group #2 (made up of consumers older than 35 years) was more interested in using raisins in cooking, rather than for out-of-hand eating.⁵ Despite attempts by the moderator to explain the intended use of cluster raisins, many members of Focus Group #2 commented on the product from the perspective of someone who would use them for baking.

Four factors were prevalent within the two focus group interviews that were conducted. Price, packaging, awareness, and marketing channels were emphasized as important topics to address when considering the marketing of cluster raisins. The remainder of this section is divided into subparts covering price, packaging, awareness, and marketing channels. During the focus group sessions, it became evident that several of the factors are dependent upon one another (when considering purchase). Note that in the following analysis, when we write “Focus Group #1 believed X” we mean “the consensus of Focus Group #1 was that they believed X.”

4.1 Price

Focus Group #1 would pay slightly more for cluster raisins than for traditional raisins. However, Focus Group # 1 believed that in order for them to pay more for cluster raisins, the product would have to offer more value than traditional raisins such as being higher in anti-oxidants or vitamin K, or having been organically grown. Focus Group #2 said they would pay up to \$2.00 more for cluster raisins (compared to an equivalent amount of traditional raisins) based on an appealing package, their perception that cluster raisins are more of a gourmet item, and if they were sold at specialty food retail markets.

⁵ There was one notable exception to this. One (male) member of Focus Group #2 said he eats dried fruit daily. He expressed a strong, favorable opinion of the cluster raisins. This preference was more for the raisins themselves, however, rather than for their being attached to the stems.

4.2 Packaging

The focus groups were given cluster raisins in a clamshell package designed to look like a treasure chest.⁶ Focus Group #1 was not satisfied with the packaging of the cluster raisins they received. They would like to see a visual of the product on the package. They also stated they would like to see colors that traditional raisin boxes use such as the yellow and red used on boxes of SunMaid® Raisins. Focus Group #1 also said they would like to be able to see the product with perhaps a clear package and a colorful sticker. They would like the package to be easy to open, re-sealable, and able to maintain freshness.

Focus Group #2 felt that the package needed to be modified, for instance, opening the package was difficult. Certain group members acknowledged they would be more inclined to buy cluster raisins if the package label contained language such as natural, extraordinary, no additives, or that the product provides various other health benefits. Focus Group #2 was more inclined to buy California and U.S. grown produce, mentioning that the origin of production should be on the package.

The members were shown the packaging currently used to market cluster raisins in the U.S., which contains a paragraph on the back stating how the product was produced. Focus Group #2 said they would believe the paragraph more than a one line or one word advertisement. Nine out of ten members in Focus Group #2 agreed that they would prefer the actual packaging (i.e., cardboard box) compared to either sample package (treasure chest-shaped or flat clamshell packaging) because it was easier to

⁶ The dimensions of the package provided to focus group members were approximately 2" x 2" x 4." They were shrink wrapped with cellophane, and had a gold-colored label. Members were also shown an alternative package, which was shorter, i.e., similar to clamshell packaging commonly used for raspberries and blueberries.

handle, store, and re-seal. Note, however, that Focus Group #2 was generally less motivated to purchase cluster raisins than the other group.

4.3 Awareness

Both focus groups preferred cluster raisins compared to traditional raisins. They preferred the taste, size, aroma, and overall experience of cluster raisins. They also liked that cluster raisins were not as sticky as traditional raisins. Certain group members identified cluster raisins more with grapes than with raisins, but several members of both groups felt the stems were very inconvenient.

The consensus in both focus groups was that consumers buy what they know. Members of both focus groups would be more inclined to buy cluster raisins after they have become aware of the product and familiar with it. Both groups said it was very unlikely they would buy cluster raisins at all if they had not been given the opportunity to try them first. Both groups also said they would not pay money for something they may not like; consequently, being able to try them is essential.

4.4 Marketing Channels

Focus Groups #1 and #2 believed that cluster raisins seemed to be a specialty item. Both groups felt they would be more likely to buy cluster raisins at specialty markets (e.g., Trader Joe's and Whole Foods) and at farmers' markets rather than at traditional supermarkets (e.g., Albertson's, Vons, Ralph's etc). This conclusion is partly due to the packaging and partly due to the lack of familiarity with the product. Members of both groups stated they liked the idea of having cluster raisins included in a gift basket for both themselves and others. (It should be noted that raisins, other dried fruits, and nuts are very popular components of traditional holiday gift baskets.)

5.0 Implications

Because Focus Group #1 expressed a more favorable opinion toward cluster raisins, marketing to a younger (i.e., 18 – 25 years) target market would likely provide more positive results. Within the older (35 years +), however, there is a heavy user of dried fruit segment that may also be targeted. (See Footnote 3.) If such a segment can be effectively identified and reached through promotional tactics, it would also potentially be profitable. Producers of cluster raisins should consider marketing them through retail stores in a package with a colored label. The preferred label in the focus groups had a graphic of a farm scene, with red and green elements. A package with a gold label would probably be more effective for cluster raisins that are included in gift baskets. Producers should also consider marketing jumbo raisins off the vine, in a 6 – 8 oz. re-sealable bag and/or a family sized container (e.g., canister).

Both Focus Groups identified cluster raisins as more of a gourmet/novelty food item compared to traditional raisins. For this reason, they concluded they would pay slightly higher prices for the cluster raisins if they were familiar with the product and if the packaging appealed to them. However, the current packaging needs improvement. This finding has implications for the pricing of cluster raisins. It also highlights the importance of developing more appealing packaging.

Focus group members would expect to see cluster raisins sold at specialty markets (e.g., Trader Joe's and Whole Foods) or at farmers' markets, due to the fact that they are new and unique. They also indicated that this product would work well in gift baskets. This has implications for the selection of marketing channels. An emphasis on specialty food stores, farmers' markets, and inclusion in gift baskets is recommended. Consumer

awareness of and familiarity with the product must be increased dramatically, preferably by sampling. If the producer selects appropriate distribution channels, increases public awareness of the product, and establishes an appropriate price, focus group members indicated they would not only purchase cluster raisins, but they would substitute them for traditional raisins.

Proper marketing mix development with regard to the four highlighted factors is critical to the success of cluster raisins. As mentioned, product awareness and packaging are the most significant factors affecting consumer acceptance of this product. To date, cluster raisins are not widely known among consumers. Thus, the packaging needs to draw the attention of the consumer, and product awareness needs to draw the consumer to look for the product. Advertising⁷ can help to achieve product awareness. Then, if the price is appropriate, the consumer will purchase the product. It seems with current consumer knowledge of this product, cluster raisins would achieve higher sales if marketed at specialty food retailers. With the right amount of awareness (achieved through sampling and other marketing elements⁸), however, they could eventually be marketed in supermarkets.

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⁷ One possibility is to use creative, colorful, and exciting ads on TV, in newspapers, and in magazines. Another, less expensive alternative is to use point-of-purchase advertising in retail outlets.

⁸ For example, inclusion of cluster raisins in gift baskets could increase consumer awareness of this product.

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