

Post Research Report

Consumer Intercepts and Focus Groups with Hispanic Consumers

Prepared for:

Mushroom Council



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Milagro
marketing

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EXECUTIVE OVERVIEW

Introduction

In April 2003, the Mushroom Council commissioned Milagro Marketing to conduct a post-campaign study to assess market response to a regional advertising and promotion campaign while exploring the potential of local Hispanic market for increasing mushroom consumption.

Over the last year and a half, Milagro Marketing has been working with the Mushroom Council and the Western Mushroom Marketing Association to increase its understanding of the Hispanic markets' awareness and use of mushroom products. Initial research conducted in late 2002 assessed Hispanic consumer awareness and usage of mushroom. The results of that study revealed an opportunity to increase awareness and usage through marketing and communications. In order to test marketing and promotions impact on consumer awareness and thus usage, a marketing and promotions strategy was developed and implemented within a limited local area using knowledge acquired through our research.

This report summarizes the findings from a post research study focused on measuring the results of the marketing and promotion strategy in moving the targeted Hispanic demographic (users and non-users) to increased awareness and use of mushroom products.

Background

In order to recap what has been learned thus far a brief summary of each of the project components is provided below.

ASSESSMENT PHASE

Initial Research

In late 2002, Milagro Marketing conducted initial quantitative and qualitative research for the Mushroom Council to assess Hispanic market usage, perception and preferences as related to product awareness and usage. The study included the implementation of seven in-store intercepts and two focus groups.

The study was concluded in January 2003 and determined that:

- Most Hispanics are familiar with mushrooms and have tasted them in the past.
- Familiarity is most common with “white mushrooms” followed by portabella varieties.
- Mushroom use was infrequent among the Hispanic participants surveyed. The majority of participants indicated using them a few times per year.
- Participants had limited knowledge of recipes and how to incorporate mushrooms into their traditional and non-traditional meals. Approximately half of study participants indicated that they did not buy mushrooms because they did not know how to prepare them.
- Knowing how to prepare mushrooms in recipes appeared to be directly correlated to how much individuals used and liked mushrooms.
- There was openness by participants (users and non-users) to tasting mushrooms and learning new ways to incorporate them into common recipes. In essence, many who indicated “not liking” mushrooms changed their mind once they tasted them in some traditional dishes such as “quesadillas”.

Initial research results presented a clear opportunity for the Mushroom Council to increase awareness through marketing and communication. The implications of the study pointed towards a need to increase education, awareness of mushroom products in traditional and non-traditional recipes commonly consumed by Hispanics.

STRATEGY AND IMPLEMENTATION

Advertising and Promotional Campaign

In order to take advantage of the opportunity described in the initial mushroom study above, the Western Mushroom Marketing Association implemented a month-long regional advertising and promotional campaign. The campaign targeted Hispanics ages 18-44 within the San Jose, Oakland and San Francisco PMSA's (Primary Metropolitan Statistical Areas)

Campaign elements included:

- 1) Television: ninety-four 30-second spots over a 3-week time frame. On Air promotion of recipe contest and a cooking segment on popular midday show.
- 2) Radio: Seventy-two 60-second commercial spots to drive traffic to individual stores, included van visits.
- 3) Promotions through in-store sampling and cooking demonstrations.

The goal of the campaign was to test advertising and promotional impact on awareness, consumption and usage for current and non-mushroom consumers in limited local Hispanic markets. ***The marketing and promotion campaign reached 4% (61,543) of the 1,538,590 Hispanics in the San Jose, Oakland and San Francisco PMSA's.***

MEASURE

Post-Research Study – This Report

In order to measure the impact of advertising and promotion on Hispanic consumers, this post-research study was implemented during the months of March through June 2003. The study included seven in-store surveys and one focus group. Research focused on first and second generation Hispanics in high-density neighborhoods within Gilroy, San Jose, and Mountain View, CA. Data gathered explored consumer feedback in three key areas:

- Product usage/perception/consumption: As affected by advertising and promotion campaign
- Consumer Recall of limited advertising and promotion via television and radio in local area.
- Consumer feedback emotional/ behavioral reactions to advertising campaign and new packaging and marketing concepts.

Demographic Profile of Post Research Participants

Survey and focus group participants represented a microcosm of today's Hispanic consumers. Participants were first and second generation Hispanics, mostly of Mexican heritage, included homemakers, blue-collar and white-collar workers in various stages of their lives. Participants were dispersed throughout the San Jose, Gilroy and Mountain View areas with clusters living in qualified high-density Hispanic areas.

A majority (61%) were female, primary caregivers and shoppers for their household. Similar to pre-campaign research, post-research indicates that these consumers fell into the 18-44 age groups and belong to households of 2-8 members.

Advertising Campaign Recall

As summarized above the advertising and promotions campaign included three distinct components: television, radio and in-store promotion (sampling/cooking demonstrations). To assess proven recall we asked broad questions concerning knowledge of any advertising or promotion around mushrooms in television, radio or promotion. Those that answered positively were asked what they remembered. A total of 10% of the participants correctly identified components of advertisement or promotion campaign.

A 10% proven recall was achieved through limited advertising and promotion campaign. Aided recall was slightly higher at 13% percent of total participants.

While the percentage of proven recall was fairly good, considering the limited campaign implemented, the actual number of participants in proven recall group was small (23), thus making it impossible to derive significant statistical significance as it relates to the total Hispanic population.

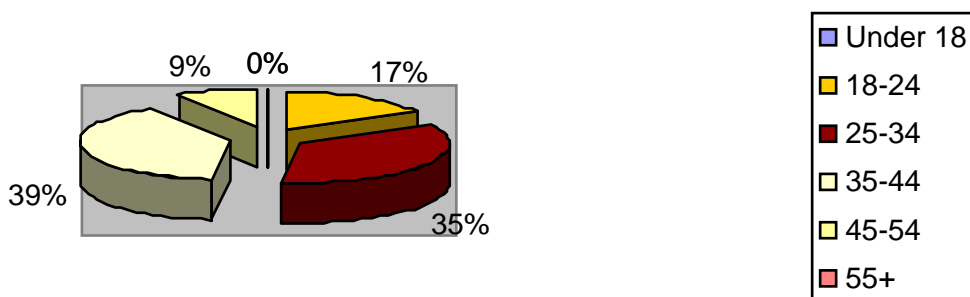
The value of this research however, is in the knowledge acquired through our findings that demonstrate impact on Hispanic consumer usage through advertising and promotion. Even though the budget for this campaign was limited, and our survey was implemented six weeks after the campaign was concluded, the advertising and promotions campaign was able to generate at least a 10% proven recall. Most importantly, participants who saw the ad appeared to be influenced by it, as indicated by their greater likelihood to have purchased mushrooms more recently (*see Highlights: Mushroom Purchase below*).

Highlights of Findings

In order to fully analyze research results we reviewed two distinct data sets: 1) those that recalled the campaign compared to those who did not. The following will reference these two groups as the 1) Proven Recall Group – or those that heard and recalled any component of the advertising and promotions campaign; 2) No Recall Group – those who did not recall any advertising or promotion related to mushrooms. The comparison allows us to identify changes in behaviors of the *proven recall group* through the advertising and promotions campaign.

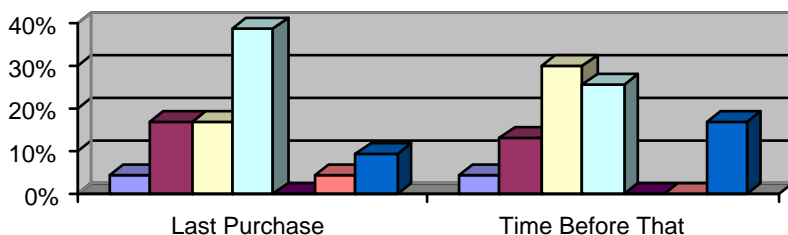
Participants in the proven recall group tended to *skew towards the 18-44 age range*, directly correlating with the targeted demographic in the ad campaign. Total survey participants included two additional age groups: under 18 (17% of participants) and 45-54 (15% of participants).

RECALL GROUP AGE DEMOGRAPHICS

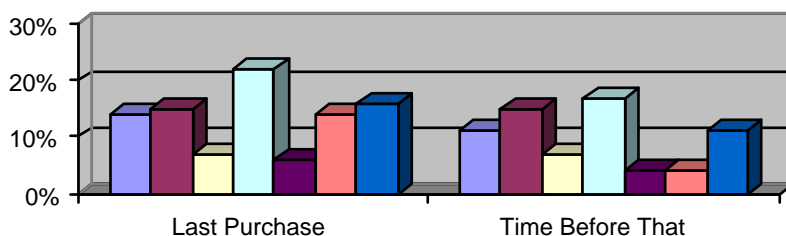


Participants in the proven recall group were *more likely to have purchased mushrooms more recently*. As you can see below the most common last purchase of mushrooms from the proven recall group was one month or less. *No recall group* numbers varied and included a solid group of individuals who had not purchased mushrooms for over 2 and 6 months.

Recall Group: Mushroom Purchase



No Recall Group: Mushroom Purchase



Participants in the Proven Recall group had a **tendency to buy mushrooms frequently and in smaller quantities than total participants**. During their last mushroom purchase 82% of our proven recall group had purchased a pound or less of mushrooms.

HOW MUCH DID YOU PURCHASE

	NO RECALL GROUP (%)	PROVEN RECALL GROUP (%)
Under a pound	24%	30%
1 Pound	49%	52%
2 Pounds	16%	4%
Over 2 Pounds	7%	9%
Other	2%	0%

Proven recall group participants were more **likely to eat mushrooms with meat, poultry or seafood and omelets**. Pizza, salad and “with tomato” were also top choices. Several of these correlated with the dishes featured in the commercial (e.g., poultry, meat, salad).

Consumer Usage

The following are results of a comparative analysis of the two studies, initial study concluded in January 2003 and this study as it relates to general consumer usage. You will note that study findings support overall usage tendencies of the Hispanic consumer. This analysis reviewed total participant data, not the subsets described above (no recall and proven recall groups).

Post-research data results on demographic and usage characteristics by Hispanics in San Jose, Mountain View and Gilroy were consistent with results of pre-campaign study. The following summarized findings were evident in survey results:

- Participants typically shop once a week, with smaller percentages shopping more and less frequently.
- They buy household staples (bread, milk, tortillas, meat, onions) frequently, as we learned in pre-campaign research.
- *Mushroom usage seemed more common among our group of post campaign research participants. As mentioned earlier, pre-campaign study found mushroom use was infrequent, post-research determined that mushrooms were a common monthly purchase item for half (56%) of our participants with smaller numbers indicating that, in fact, they bought them last week or "a few weeks ago".*
- Participants tend to purchase quantities of a pound or less and strongly (71%) prefer fresh, non-packaged mushrooms that they can select themselves.
- Spoilage is a factor affecting more frequent purchase of mushrooms for ten percent of our users. Others indicated family members not liking mushrooms as one of the key reasons they don't buy more.
- They tend to use mushrooms in salads, omelets, with meat and chicken.

Focus group mirrored much of data that was gathered around usage. Participants commonly purchase fresh unpackaged white mushrooms preparing them with meat, vegetables, in salads and soups. A couple mentioned mushrooms being "dirty" or not attractive in appearance, but most agreed that they were easy to prepare and use them in limited ways regularly.

Focus Group

Advertising

The focus group sought to get more depth to participant reactions regarding the advertisement than whether participants saw commercial or not.

Only one participant had seen the commercial, another recalled it after being shown the commercial. All participants were shown the commercial. Feedback was very consistent with in-store surveys. In general, they liked the tag line and the commercial. Many referred to it as "funny" and entertaining. They appreciated the characters that reflected the many faces of Mexican culture and agreed that it was promoting mushrooms to mushroom users, encouraging them to buy more mushrooms and share recipes. *Many indicated feeling an impulse to purchase more mushrooms after watching the commercial.*

The radio spots received positive feedback as well. Participants liked the fact that it presented mushrooms as nutritious alternative to meat and appreciated the quick recipe included in the spots.

Packaging Concepts

In addition to allowing further analysis of the advertising campaign, the focus group's was used as an avenue to present a series of potential packaging concepts for feedback by this targeted group (*See Focus Group Guidelines for a list of packaging concepts presented*). The following summarizes some of the feedback in three categories: Hot – strongly accepted idea; Lukewarm – somewhat interesting, not fully accepted; Cold – Idea was generally not liked by participants:

Hot Concepts

- *Salad with mushrooms ready to eat*: Felt it sounded “good” and made it easy to include mushrooms.
- *Fresh Mushrooms with Special Storage Bag*: Beyond some slight concern about price increase due to bag, most liked the idea.
- *Mushrooms with Dips*: Most indicated they would try them, if available.
- *Marinated Portabella Ready to Grill*: They liked the simplicity in preparation.
- *Recipe Card Presentation*: All liked the idea and would like more recipes for mushrooms. Providing recipes on preparation was very popular.

Lukewarm Concepts

- *Mushroom Side Dishes with Seasoning Packets*: Participants felt this sounded good and would be appropriate for consumers who did not know how to prepare mushrooms. The choice in seasoning was essential, so you could select only what you like.

Cold Concepts

- *Mushroom Flavor in a Tube*: Too processed and would include preservatives. Not appealing.
- *Cleaning Brush included in Package*: This gives the indication that mushrooms are very dirty and require a brush to clean. Felt it was unsanitary and created more garbage.
- *Mushrooms, Chile and Meat in a Package*: Most did not like this concept. They wanted ability to select items separately to ensure freshness.

New Concepts Presented by Participants

- *Mushrooms in tray with holes for easy rinsing prior to use*
- *All mushrooms should come washed and ready to eat.*

AD CAMPAIGN IMPACT ON VOLUME

One of the focal points of this research was to assess if advertising and promotion, in fact, can increase usage of mushroom products. Our assessment determined by comparative analysis of the *proven recall* and the *no recall group* as related to questions around volume, found a 2.3 % volume increase was achieved.

Sales data was requested from all stores where promotions were implemented. Results were presented in varied format, making analysis impossible. However, anecdotal information from store managers of actual sales data was obtained. Here is what we heard:

- Produce sales manager indicated that during the in-store promotions mushroom had to be restocked twice with five cases each refill. On average the store refills once a day.
- During the in-store promotion the average Sunday sales are 18thousands dollars in sales worth of produce, on the date we were in the store with promotions 20 thousand dollars worth of sales were recorded.
- Store manager indicated that during the sales promotion a considerable buzz was created as many of his customers asked if he had seen the Hongos commercial.

While other factors could have influenced this movement, we feel confident in reporting an increase.

Market Potential

In evaluating market potential, we used proven recall data from post-research results and applied that percentage to a potential for capturing a similar range of Hispanic consumers throughout the local Primary Metropolitan Statistical Area.

Table 1.1 – Analysis of Potential Sales Increase in San Jose/ San Francisco/ Oakland

BAY AREA MARKETS	Total Pop. (rounded)	Total Hispanic Pop.	%	Market Reach (4%)	Potential Volume Increase (lbs) (Based on average increase of .10 lbs)	Potential Sales Increase
San Jose	1,740,000	504,600	29%	20,000	2,000 lbs	\$2,500
San Francisco	1,751,000	350,200	20%	14,000	1,400 lbs	\$1,750
Oakland	2,468,000	493,600	20%	20,000	2,000 lbs	\$2,500
TOTAL	5,959,000	1,348,400	22%	54,000	5,400 lbs	\$6,750

Source: U.S. Census

In order to understand the market potential for increased Hispanic mushroom consumption as affected by marketing and promotion, we analyzed the three markets targeted in our marketing campaign: San Jose, San Francisco and Oakland. The table above shows the total population for these markets, approximately 6 million. Hispanics represent 22% of the Bay Area population or approximately 1.4 million individuals. The limited marketing campaign promoting mushrooms to Hispanic consumers had a 4% market reach into the Hispanic market, totaling 54,000 residents. So what does this mean for the Mushroom Council?

According to the USDA the average consumption (per capita) of mushrooms is 3 lbs. Thus while Hispanics use mushrooms infrequently when compared to an average consumer, our research demonstrates an opportunity to move the bar with this growing population. Research revealed a 10% market recall and a potential volume increase of 2.3%. If we apply this to our market reach totals, we have a hypothetical volume increase of 5,400 lbs yielding a sales increase of \$6,750. While potentially insignificant in terms of total revenue, the implication that a very limited campaign can achieve such an increase represents incredible potential for future Hispanic market growth.

Imagine, applying these conservative estimates to the total population figures for the state of California and for that matter the U.S. Hispanic population. Again recognizing the limited scope of this marketing campaign. What then could be achieved?

Table 1.2 – Analysis of Potential Sales Increase California/ U.S

	Total Pop. (Rounded)	Total Hispan Pop.	%	Market Reach (4%)	Potential Volume Increase (lbs) (Based on average increase of .10 lbs)	Potential Sales Increase
California	34,500,000	11,040,000	32%	441,600	44,160 lbs	\$55,200
U.S. Population	285,000,000	37,000,000	13%	1,480,000	148,000 lbs	\$185,000

Source: U.S. Census

Again we see with a limited budget, we can achieve significant potential sales increase in sales for California in this scenario, \$55,000 and \$185,000 for the U.S.

There is a staggering growth among the Hispanic population in terms of size and buying power. Now the largest minority group in the U.S, Hispanics represent an overwhelming opportunity for marketing products and services. Specifically, the market potential for increased mushroom use exists, the question is how much investment and effort can be dedicated to nurturing this markets' increased use through over time through education, marketing and promotion. If our data using extremely conservative numbers can demonstrate increase sales volume, then a full-scale marketing effort can exponentially achieve significantly greater results.

RECOMMENDATIONS

Milagro Marketing has expounded the many opportunities and possibilities available to the Mushroom Council with varied investments. In this section, we developed a series of recommendations that link directly to the results achieved through our pre and post research.

Expand research to include other markets, and Hispanic consumer segments. Our research thus far has focused primarily on first generation Hispanics. Consider expanding research to include second generation Hispanics in additional markets (e.g., Los Angeles, San Antonio, Phoenix) with varied income and education levels. Ensure investment is sufficient to reach representative sample size (e.g. 1% of the PMSA population).

Initiate a branding campaign in three phases.

Phase One

Expand Advertising and promotion campaign to cover San Jose and San Francisco PMSA completely and saturate using integrated marketing strategies that include television, radio, print, promotions, public relations and community building tactics. Measure effectiveness of strategies and adjust prior to embarking on second phase.

Phase Two

Expand Campaign to high-density Hispanic Areas within California (e.g., Los Angeles). Use similar strategies and learn from results of phase one.

Phase Three

Expand Campaign Nationally to target markets with high percentage of Hispanics. Make adjustments to strategy based on varying Latino ethnicities represented (e.g. Puerto Ricans, Cubans, etc.). Use experience and knowledge of varying local factors within targeted markets to implement most effective tactics and expand campaign. Measure results.

Build and Develop Key Relationships with Grocery Outlets intimately tied to Hispanic Communities in targeted locations.

In order to appropriately reach and increase consumption of mushroom products, the Mushroom Council must begin to research and develop relationships with those grocery outlets that are an intimate part of the communities we are targeting. For example, in the Los Angeles market Gigante (a Mexican supermarket recently opening outlets in the U.S.) is a well-known brand name to Hispanics and boasts an enormous following in the markets where it settles. Building relationships with this key supermarket to promote new packaging concepts, such as the “hot” ones mentioned in the Executive Summary above, would prove a fruitful endeavor.

The possibilities are endless as every Hispanic community has a supermarket or smaller markets of choice that carry their typical and traditional ingredients. This is where we can truly make an impact and build relationships with consumers encouraging their increased use of mushrooms.

Consider partnering with Beef, Poultry and Egg Industries to include a Mushroom Label on Package

Our research indicates that Hispanics commonly prepare mushrooms with meat, poultry and eggs. What better way to encourage mushroom use than to include a traditional and non-traditional recipe that includes mushrooms on the package. This might also be an opportunity to promote a branding theme that would be developed in the integrated marketing strategy above.

If this proves too challenging, consider partnering with food brands like El Mexicano, Cacique or Don Francisco.

METHODOLOGY

The Proposal/Estimate and approved by the Mushroom Council in April 2003 identified the project scope as follows:

- Implement localized post primary research via in-store intercepts and focus groups to assess market response to regional advertising campaign and determine the Hispanic market potential.
- Use secondary research, as necessary, to add depth to the understanding of the Hispanic Market.

The research goals were to:

- Increase understanding of local Hispanic market's potential, awareness, and ability to impact purchasing patterns as related to mushroom consumption.
- Measure impact of limited advertising campaign on consumer awareness and usage of mushrooms.
- Determine consumer receptiveness to a variety of packaging and marketing concepts (*mostly through focus group sessions*)

Target Audience

The primary audience targeted in the study was identified as Hispanic adults ages 18-49. Hispanic women ages 25-54, or primary caregivers in charge of food preparation in households.

Target area for research project was identified as San Jose and Gilroy, CA.

In-Store Intercepts

Milagro Marketing conducted seven in-store intercepts in targeted Hispanic high-density supermarkets within San Jose, Mountain View and Gilroy, CA (see [Appendix A](#)).

The thirty seven-question survey instrument was developed to elicit responses that would provide information on participant usage, consumption and perceptions of mushroom products. In addition the survey sought to determine local Hispanic consumer recall of recent, regional television and radio advertising campaign. The survey was developed in consultation with food marketing expert, Professor John Stanton from St. Josephs University and with advice from Mushroom Council members and Mushroom Council President, Bart Minor reviewed and verified tool.

Methodology *(Continued)*

Bilingual facilitators were recruited and trained to conduct in-store intercepts during the months of March and April 2003. Intercept consisted of a booth, a facilitator, and a thirty-seven-question survey, which participants completed on a voluntary basis. A total of 215 surveys were administered during in-store intercepts. An average of 30 surveys were gathered at each of the four stores selected.

Focus Groups

One focus group was held in San Jose, CA with a total of eight participants. Participants were equally distributed as first and second generation Hispanics. Thirty-seven percent were fully bi-lingual and acculturated. Almost equal percentages were homemakers and blue-collar workers, with only one participant in a professional, white-collar position. Most were married and only two participants did not have children. All participants spoke primarily Spanish at home.

Focus group participants were probed using a series of questions regarding their perception of mushrooms. Specific feedback and reactions were solicited on advertising (radio spot and commercial), along with a series of potential packaging concepts developed by the Mushroom Council. .

APPENDICES

**TOTAL TALLY OF ALL PARTICIPANTS
TALLY FOR PROVEN RECALL GROUP
TALLY FOR NO RECALL GROUP**