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News

Supermarkets apply 590% mark up on avocados at retail - 27/08/2007

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Australian growers are having their biggest season ever this year, which has meant wholesale prices have been the lowest in the last 10 years.

The Australian industry this year has produced 20% more avocados than ever before.

Growers have been receiving on average just 50 cents per avocado. At 50 cents each, avocado growers are just able to pay the cost of producing their fruit.

"Coles and Woolworths are charging consumers up to \$2.95 per avocado at retail, explained Mr Antony Allen, Chief Executive Officer of Avocados Australia. That equates to a mark up of up to 590% on the average wholesale price".

The two main supermarket chains have been applying "see saw" pricing in their stores. One week the "special" price will be around 80 cents per avocado in one State, the next week the price goes up and depending on the store it can be as much as \$2.95 per avocado. The wholesale price remains unchanged during the retail "see saw" cycle.

"The industry needs to work with the supermarket chains to ensure consumers receive good quality, market priced avocados which will ensure all parts of the avocado supply chain remain viable and sustainable into the future", said Mr Allen.

Market forces are just not working when 50% of avocados are sold through just two large supermarket chains and they control the price setting at both wholesale and retail level.

Consumers will be thinking avocados are expensive due to drought conditions in parts of Australia, when in reality they are in plentiful supply. Australian growers just want consumers to have access to what is the most nutritious fruit in the world at a fair and reasonable price.

"Surely this is a matter for the ACCC?" asks Mr Henry Kwaczynski Chairman of Avocados Australia.

"We can't see any other solution but for the consumer watch dog to look into this matter, as market forces are not working in the way they should".

When the market is not working in a transparent way, the flow on effect is enormous and has long term impacts on both consumers and growers.

Not only does the high retail price mean a huge profit for Coles and Woolworths, but it is having a negative effect on avocado quality in stores. Reduction in quality has come about due to avocados moving through the supply chain more slowly, resulting in more storage issues.

For further comment:

Henry Kwaczynski, Avocados Australia Chair on 0409 261 461 or 07 5442 1767

Antony Allen, Avocados Australia CEO on 0438 132 477 or 07 3391 2344

Avocados Australia Limited is the Peak Industry Body in Australia for Avocados. We are a "not for profit" membership based organisation. Our members are Avocado growers along with associated businesses and industry people.

Avocados Australia seeks to work with all parts of the chain from production through to the consumer. By working together we seek to continually improve the ability of growers to provide a healthy, profitable and safe product for all consumers. As part of this continual improvement we guide a "research & development" and "marketing and promotion" program for the Australian Avocado industry.

The Australian Avocado industry comprises 1200 growers across the country and produces 41,000 tonnes of Avocados each year worth \$AUD100 million at farm gate and \$375 million at retail level. Key growing areas are North, Central and Southeast Queensland, Northern and Central New South Wales, the Sunraysia or Tristate area (South Australia, Victoria and South Western New South Wales) and Western Australia.

For more information Media Resources or contact Avocados Australia at ceo@avocado.org.au

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