



More Avo

The avocado has become very popular food in recent years. Smashed avo on toast is a popular breakfast item in many Australian cafes. Australians' love of avocados has grown rapidly over the past 10 years. We now consume just over 3.5kg per person per year.

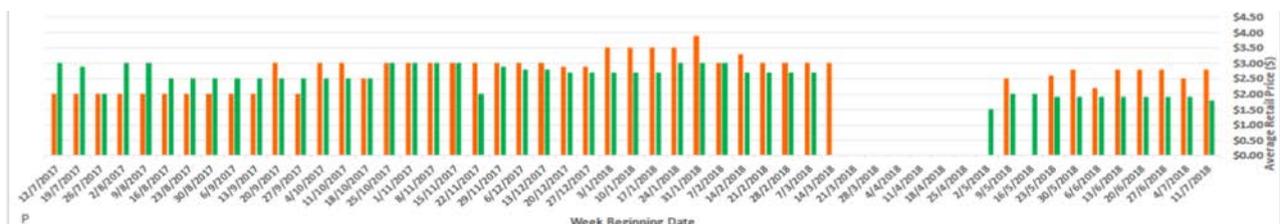
About 80% of the avocados are produced locally - mainly in Queensland, WA and New South Wales. The rest are imported - mainly from New Zealand during their harvest season (Spring and Summer).

As a result, the price of avocados has become a frequent topic in the news. The price reflects the amount of competition and can be affected by:

- the buyers (consumers buying avocados at the supermarket or when at a café)
- the sellers (the growers of avocados who are businesses).



The graph below shows the price in Perth of a single Haas avocado from Coles (orange) and Woolworths (green) supermarkets online each week for a year.



(from www.avocado.org.au)

- Read this [ABC News](#) article about avocados.
- Look at this [Avocado Fact Sheet](#).
- Listen to the avocado story on the RN Economics program called [The Money](#).





Finding out

- Write down **three** things from your reading that you find interesting about avocados and their prices.
- The price of a product results from the interaction between the demand of consumers and the supply from businesses. Demand and supply can both increase or decrease over a time period.
- Determine whether each of the following changes would affect **demand** for avocados **OR** the **supply** of avocados:
 - Growers plant more avocado trees
 - Avocados are used more by celebrity chefs on TV cooking programs
 - A disease spreads through avocado trees reducing the amount of fruit produced
 - Breakfast orders at cafes start to move from smashed avocado to black rice with quinoa
- Determine whether each of the changes in the previous question would put **upward pressure** on the price of avocados **OR downward pressure** on the price.
- Look at the graph of avocado prices and then answer these questions:
 - What was the highest average weekly price for a single avocado during this time period?
 - What was the lowest?
 - Estimate the average price over this time period?
 - Write a sentence to describe the trend in the price of avocado?
 - What other data would you need to determine whether avocado prices are always higher in summer?
- How do you think fruit and vegetable growers have responded to consumers increasing desire for avocados?





Teacher notes

Purpose

This 'bite' aims to show students a real life example of Economics in a context with which they are familiar.

Prior knowledge

Students need to have been exposed to the following syllabus content before undertaking this 'bite':

- how businesses respond to the demands of consumers

They also need to be familiar with reading a column graph.

Note: You can update the graph to maintain recency. The latest avocado prices can be downloaded at <http://www.avocado.org.au/our-programs/supply-chain-data/retail-pricing/>

Answers

- There are a huge range of things that students this age may come up with. For example:
 - **economic ideas**, such as, how much the prices change, how changes in what we buy influence what businesses produce
 - **non-economic ideas**, such as, how our eating habits have changed over time

Hint: Get a few volunteers to share their ideas with the class.

- The effect of each of the given changes on the demand, supply and prices of avocados is:
 - planting more avocado trees = supply = decrease price
 - more use by celebrity chefs on TV cooking programs = demand = increase price
 - the spread of a disease through avocado trees = supply = increase price
 - café orders moving from smashed avocado to black rice with quinoa = demand = increase price





Note: In the real world more than one change can happen at the same time. These changes can cancel each other out (if one is exerting upward pressure on prices and the other exerting downward pressure) OR can amplify each other (if both are exerting pressure in the same direction)

- From the graph of avocado prices provided:
 - the highest average weekly price for a single avocado during this time period was approx. \$4.00 in the week ending 31 January 2018 at Coles
 - the lowest average price was approx. \$1.50 in the week ending 2 May 2018 at Woolworths
 - the average price over this time period is difficult to estimate from this graph but an estimate somewhere between \$2 and \$2.75 shows an understanding of finding a number that reflects the centre of the distribution
 - the price of avocados over this 12 month period depends on the supermarket - for Coles the prices increased from July 2017 in three steps peaking in January 2018 and then falling slightly - for Woolworths the prices started high in July and August 2017 and then fell and remained fairly consistent through until March 2018 but for the last three months (May to July) they have been consistently low at \$2 to \$2.50
 - to determine whether avocado prices are always higher in summer you need data for several years
- Growers have responded to consumers increasing desire for avocados by increasing production. Some existing growers have planted more trees, new growers have planted trees and some growers of other fruit or vegetables have moved into production of avocados by planting trees (and in some case pulling out other fruit trees such as apples and pears).

Follow-up

The learning about the changing market for avocados and how growers have responded to the demands of consumers could be a good thing to share with another class or with the parents or school community. This shows that HASS learning 'lives'.

