

'California Grown' Label Resonates in the Marketplace

By Tim Linden

Avoados grown in California command a premium — so identifying their point of origin with a label on the fruit is an excellent strategy, according to the marketers of California avocados.

"We know the California brand has caché in the marketplace and adds value," said Rob Wedin, vice president of fresh sales and marketing for Calavo Growers Inc., Santa Paula, CA. "We sticker 50 percent of our California fruit with the California label." He noted that the California label is alternated with a Calavo logo sticker as the fruit goes through the packing line; hence the 50 percent stickered fruit number.

Wedin observed that California fruit is typically sold at a premium price and thus he believes the label works. Wedin notes there is no current empirical research data quantifying the value of stickering fruit with the California point of origin, but "it's more of a gut feeling. Instinctively [the label] seems to work and we are comfortable with that."

Several other marketers mirrored those remarks.

Dana Thomas, president of Index Fresh Inc., Bloomington, CA, said, "2015 was the second year that we have placed California labels on our fruit and we will continue to do so in 2016." He noted that the company also puts a second label on the fruit, which can slow the packing line, but it's worth the effort because "the label has been met with approval in the marketplace by our customers looking for the California fruit."

Thomas believes that as avocado consumption grows and California fruit represents a declining market share, it

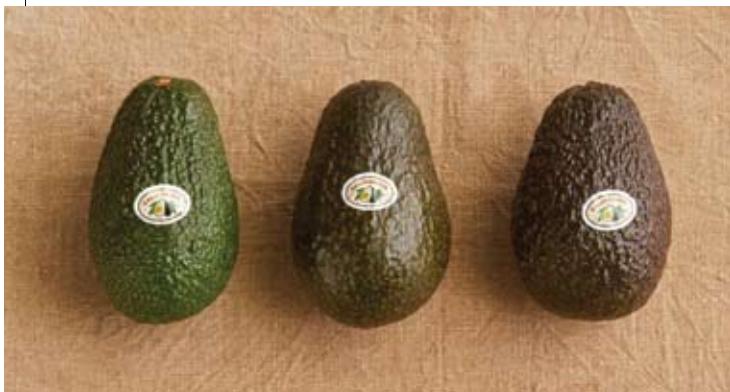


makes even more sense to identify the point of origin. "We (California) used to be the major supplier but today we are a niche marketer. It (the label) adds value and we support it."

Phil Henry, president of Henry Avocado Corp., Escondido, CA, echoed those comments. Henry, through its label supplier, has created a label for the California fruit that includes the PLU code. He said measuring the value of the sticker and comparing it against the cost involved is very difficult to do, but the fruit gets a premium price and it makes sense to identify it for those customers that are looking for California grown product.

The marketers agreed that the California label is effective in both California markets and non-California markets. Henry noted the California origin resonates especially well with California retailers, which is where Henry markets most, if not all, of its California stickered fruit. Thomas of Index Fresh noted his company has customers throughout the country that prefer California fruit and those retailers also receive the California label on their orders. Wedin of Calavo confirmed that this is the same marketing strategy his firm uses. "The California brand does extend beyond the borders," he said. "Certain retailers recognize the value and quality of the fruit and want it at the time of the year when it is at its best."

Wedin does believe that the premium pricing and mar-



keting should be concentrated during the time of year when the fruit is at its best. It is one reason he is a fan of picking California fruit when it has acquired that top quality taste. "We will have some growers picking fruit in late December and January, but the fruit seems to be at its best beginning in March."

In the long run, Wedin feels that as California's market share drops in the U.S., marketing the premium fruit's point of origin will gain even greater significance. "There is definitely a premium for California fruit. It is often nuanced differently as each week of the season is different, but it does command a premium price over the course of the season. There is added value in the California brand, but how you execute on that is the key."

Mission Produce Inc., Oxnard, CA, has not yet begun to use a California label on its California fruit, but it plans to do so with 100 percent of its Golden State output in 2016. "We tried to do it last year but we had some issues switching from the old packing shed to the new shed. We just couldn't get it done until too late in the season, so we decided to wait until 2016," said Robb Bertels, the vice president of marketing for the firm.

Mission has designed a label with the California grown designation, the Mission name and a bar code and/or PLU number.

The company has analyzed the concept and Bertels said there are two reasons driving its participation. "The growers definitely appreciate it when we call out the origin of their fruit," he said. "But we also have had a fair number of conversations with retailers who believe it (the California point of origin) has a certain amount of caché in the marketplace. It depends on the strategy of the retailer — everyone is a little different — but some do market the California name."

Bertels said the advantage does appear to be more of a regional play mirroring the target markets of the California Avocado Commission. "Beyond California, there are retailers in the Pacific Northwest and we have a couple in Colorado and Utah that definitely prefer California fruit."

Whether the fruit is marketed outside of California also is dependent on the size of the crop. Bertels noted that the total volume of last year's crop was off and thus

most of the fruit wasn't marketed beyond the state. This year, Mission expects a much bigger crop so the marketing of it should stretch farther geographically.

Jan DeLyser, vice president of marketing for the California Avocado Commission notes that California brand identification has increased on avocado bag headers as well. Some packers are including the California avocado logo next to their brand logos, and several retailers are now requesting that their custom-designed avocado bags carry California branding in season. 

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