

CAC Annual Meetings

Premium Positioning Remains Focus of Avocado Marketing Plan

By Tim Linden

With an oversupply of imported fruit in the marketplace when the California Avocado Commission (CAC) held its April annual growers meetings in three locations throughout the state, the effort to create a premium position for California avocados took center stage.

Commission President Tom Bellamore reminded the growers in attendance that creating this position is a long-term goal and requires buy-in from the growers and the packers. "This cannot just be the Commission's strategy," he said. "This has to be backed up by the growers and the packers. This has to be an industry strategy."

Growers up and down the state were understandably disappointed by the marketing conditions on the front end of the California deal. An inordinate amount of fruit from Mexico in January created a supply-exceeds-demand marketing situation as California fruit was coming on line. Inventories backed up and prices were dismally weak. However, volume did continue to move and there was light at the end of the tunnel as Mexico's volume was expected to decline as the spring wore on.

Acknowledging that the general market price was far too low, Bellamore insisted that the best way to fight that in the future is to produce a superior product and allow the Commission to exploit the natural advantages of a locally-grown avocado. "Premium positioning has to be supported by consistently providing a high-quality product delivered to the consumer as soon as possible following harvest. We have the best shot at doing that, particularly if we continue to sell more and more fruit in California," he said.

He said if the industry can do this virtually 100 percent of the time, it should be able to command a return to the California grower substantially above the industry average.



He added that one way to emphasize that premium fruit is by becoming a GAP-certified grower. Bellamore noted that more and more of the off-shore producers are GAP-certified and that designation is quickly becoming a must for all California producers.

With California producing only about 15-20 percent of annual U.S. consumption, Bellamore said the Commission's effort and that of the marketers is focused on western markets where California more consistently enjoys a natural marketing advantage. He revealed that in 2015 more than half of California's avocado production was sold within the state. With a per capita consumption of 16 pounds per person, simple math shows that the entire crop could be consumed within the borders at some not-so-distant time in the future.

While it is a difficult case to make when the market is low, Bellamore said California's fruit did sell at a premium in 2015 and it also is returning a premium this year, though

still below the cost of production at the time of the meetings. Besides natural advantages, Bellamore said it is a fact that retailers get a higher ring and return a higher margin from the avocado category when California is in the marketplace. Avocados are simply priced higher at retail during the California season. "Retailers do well when California is in the market. Retailers make more money and the imports do better as well."

He said it is in everyone's best interest to support California's premium position and both the avocado importers and retailers know that.

Bellamore said several different factors combined to create the poor marketing conditions in early 2016. Mexico imported more fruit; some California windfall fruit, which is of lower quality, found its way to the market; and, maybe most importantly, many new importers/sellers have entered the avocado marketing arena in the last several years. These people are inexperienced "and are learning on the job," he said. That lack of knowledge, Bellamore said, led to "supply mismanagement" especially around size allocation.

This led some California growers and packers to keep the state's fruit off the market, which worked against the desires of some retailers to transition to California fruit. "Only now, in mid-April, are we seeing promotable volume from California."

Many retailers are reluctant to make the transition from imports to the domestic crop until the volume is sufficient to fill their needs. Bellamore said CAC's tiered account approach, which aligns Commission dollars spent with distribution of California avocados, does work to reward those retailers that do shine the premium light on California avocados. He reminded the crowd that one size doesn't fit all. Some retailers, for example, position themselves as low-price leaders in their market and are not looking to feature a premium product. "We analyze each account in each market to determine our participation," he said. "We spend our time and money with the best performers."

Jan DeLyser, vice president of marketing for CAC, also spoke during the annual meetings giving the growers a snapshot of this year's marketing plan. She noted that the current campaign is building on the hand-grown concept that has

been touted for the past eight years. The new tag line is "California By Nature" which accentuates the positive attributes that differentiate California from the rest of the nation and associates these traits to the consumption of California avocados.

DeLyser explained that the hand-grown message was designed to give consumers a "rational reason" to purchase California avocados, such as they are domestically grown by your neighborhood farmer. "In the new campaign, we are now trying to tap into emotional reasons to consume California avocados."

California has many iconic images from the beaches to the mountains to the farmlands. These images are being utilized to correlate avocados with other quintessential California images that appeal to consumer's emotions.

DeLyser went over the various media being used to market the fruit including radio advertising, in store promotions, trade advertising, outdoor billboards, murals in the state's top cities and through the use of social media. She briefly outlined some of the more modern digital efforts of the Commission and its advertising agency and said the power of mobile marketing should not be minimized. Through modern technology, promotional messages can be sent to shoppers even as they are roaming the aisles looking for an avocado to buy. 🥑

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