

PROPER METHODS OF MARKETING THE AVOCADO

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The marketing of the California avocado is a problem of such great importance and magnitude that I hesitated very much before agreeing to speak on this subject.

At the May meeting of the Avocado Association last year a very able paper on this subject was presented by Mr. A. F. Yaggy. He handled the subject so thoroughly and in such an able manner that there is very little I can say at this time that was not brought out very forcibly by him and about the best I can do is to verify some of the important points which he brought out.

The past year has demonstrated very conclusively that a marketing organization for avocado fruits is absolutely necessary to the success of the industry, and had the association adopted some form of marketing before the present season started, the growers would have been much benefited in returns for this year's crop. Up to about the middle of February the large bulk of the crop was bringing the growers from 60 to 80 cents a pound, the average around 70 cents. About the middle of February fruit commenced coming on the market in great quantities and at much lower prices—around 40c per lb. The reason for this was twofold:

First, the large crop of fruit in sight to be marketed.

Second, lack of a guiding hand to direct the marketing.

Every grower seemed to be trying to get his fruit on the market ahead of his neighbor for fear that by the time he had a chance to market his fruit without making an extra effort to do so he would be able to get very little for it. I believe I am right when I say that over 50 per cent of the fruit which has been put on the Los Angeles market within the past 60 days could have been left on the trees to the advantage of the grower and the consumer. The grower would have received more for what fruits were marketed and the consumer would have received a better quality of fruits if the fruit had remained longer on the tree. Had there been an organization for marketing the fruit, it would have developed a market for this product in other parts of the country, thus taking a good deal of fruit from the local market, allowing it to bring the grower a much better price.

A year ago last April, having been closely associated with a dealer in avocados, we set about to find out what kind of a market there was for avocados in the middle western and eastern cities. The replies we received were not very encouraging, for they contained the information that the market at that time was taken care of by imported fruits at a considerably lower price than the California fruits were bringing in the local market, and that this condition would probably remain throughout the summer and early fall, so the matter was given no further attention by us. In the early part of January of this year we received inquiries from some of these markets for California avocados, but

were given to understand that nothing but strictly first class fruits would be acceptable. We at once sent forward some Fuerte avocados, the only first class California fruit I obtainable at that time, and we were unable to obtain more than a small quantity I of them as the sizes they requested—from 14 to 18 ounces—were very scarce.

The first shipment proved to be very satisfactory to the eastern dealer and they urged us to ship a much larger quantity. In February we were able to get Lyons, Colorados and Spinks fruit. During the first part of March Dickey's were sent. The latter part of March more Spinks, some Challenge and Verde avocados were shipped. Fruit was secured from districts which are known to be in an advanced state of maturity and we were sure that they would give perfect satisfaction.

Up to the present time we have received nothing but praise for all the fruits that we have sent. The only objection was to the small amount shipped. This was the result of lack of time to devote to the shipping.

I have been asked to state what success was had with the different varieties as to shipping qualities. The Fuerte was good until the first of March. The Lyon, Challenge, Spinks, Colorado, Dickey have been continuously good. The Verde proved to be a poor shipper.

The container found to be the most satisfactory was the lug box holding two layers of fruit packed with excelsior below, between layers and on top; although some of the fruit which was packed in orange boxes arrived in good condition, others did not carry as well. None of the fruits were wrapped.

At this point I would like to read some of the comments that were received from eastern buyers. January 24, after receiving the first shipment of Fuerte fruit, they wrote as follows:

"This variety of fruit is an exceptionally good one and we can tell that the fruit is in its early stages and shall expect an improvement in size as the season goes on. It will be very important to receive only fruit whose cutting quality is first-class."

February 18 they state, "there is a ready sale here for your California avocados and they have given the best of satisfaction. Continue to ship fruit that will ripen promptly."

A letter received a few days ago states as follows: "Our experience with California avocados this season has been much more satisfactory than we had anticipated. It proved itself much finer than anything we had expected to see. In fact, this last shipment was a most agreeable surprise and makes our belief firm that California avocados will be sold on this market whenever prices will warrant bringing them here. We are at present receiving avocados from foreign ports, but your product is by far the best and commands a much better price. Apparently all varieties which you have shipped us have given perfect satisfaction. Still, the Fuerte, in our opinion, is the best early fruit and should be followed by Lyon, Challenge and Spinks as you have done this season. Our advice to the grower is simply to ask them to look upon avocados as a commercial proposition which must be brought to the attention of the public at popular prices in order to increase the consumption. The trouble with this business from what we have been made to understand has been that most growers when looking over their groves can see nothing but dollar bills hanging on the trees instead of fruit, and just as

soon as they get this idea out of their minds and agree upon the fact that people have stopped squandering, many of them will find that this can be made a very profitable business for everyone concerned."

My experience for the past four months has firmly convinced me that there is a good market for California avocados in the middle and eastern cities at the rate of 700 to 1,000 fruits a week. Up to the present time the methods of marketing California fruits have been as follows:

First, selling by grower direct to the consumer, such as large hotels, cafes and clubs in Los Angeles.

Second, selling to a jobber, broker or retailer.

Third, shipping direct by grower to San Francisco and other outside points.

Fourth, selling fruit on the tree to a speculator or buyer.

These methods have served their purpose very well and the avocado grower has no reason to complain on the returns he has received for his product, but the time is fast approaching and in fact is already here, when these methods are insufficient to market the quantity of fruit produced and still bring the grower all that his fruit is worth.

The reason for the success of these methods in the past has been the demand keeping ahead of the supply, thus making it very easy for any grower to select one of these methods and obtain good results without interfering materially with the other methods.. In analyzing the methods, I wish to call your attention to some of the defects.

First, selling by grower to consumer, while it brings the grower the highest price he can obtain for his fruit, as it allows him to get the middleman's profit as well as his own, you must admit is not a fair proposition, for if you are to depend upon the middlemen to distribute your products, it is not right to be his competitor. If these methods continue, the jobber must have more of a chance to distribute the product if he is to remain in the business.

Second, selling to the jobber, or retailer, has as little against it as any of the methods, as long as the growers delivered their fruit in an even amount and did not crowd the market, allowing it to remain in a healthy condition, but this year's results verify the idea that there is still a much better way of disposing of the fruit. The same argument might be applied to shipping to any outside market. The grower is always in the dark as to how much fruit is going through that market and takes considerable risk by using these methods.

Selling the fruit on the trees, while it relieves the grower of considerable work and worry, allows the chance for big profits to be made by the speculator which should go into the pockets of the growers. Of course, there is more risk to the buyer in buying fruit in this way. Past experience has proven that it is far from being an ideal form of marketing.

After studying these methods from all angles and comparing them with results obtained by growers of other products who have used other methods, it is evident that there is a much better way of disposing of avocados. It is absolutely necessary to place the industry on a stable basis. It is time that the obsolete phrase in the by-laws of the association which state that one of its objects is the marketing of avocados should be

brought out and made a living issue and I believe that this subject is the most important that can occupy the minds of the growers at this time.

The method which I would recommend to you is the co-operative form of marketing, because it is undoubtedly the method which will be adopted in the end if at first you do not do so. Again, it is a method which has been thoroughly tried and found most successful, especially by California growers of the citrus products. This organization has blazed the trail to success in the co-operative methods of marketing and is looked upon by everyone as being as nearly an ideal as any organization can be in that respect.

In collecting facts for this paper I obtained the views of sixteen of the largest growers of avocado fruits as to their idea of a marketing organization. Their replies, with one exception, were in favor of a marketing organization. Eleven were in favor of the co-operative plan, four did not commit themselves and one was against it. The argument advanced by the one who was not in favor of a marketing organization was that the condition of the industry at this time did not require it as was the case when the California Fruit Growers' Exchange was organized. The growers of citrus products were producing large quantities of citrus fruits and were getting nothing for it and the situation demanded a radical change.

Let us admit for argument that the situation at present is not to be compared with the situation facing the citrus growers, at the time their organization was formed, but their situation was the result of an evolution from the conditions which are similar to the avocado growers' now; that is, the demand was equal to the supply in the start but had gradually fallen behind. Also the methods of distribution had become inefficient. That is just the situation which the avocado growers should not allow to take place before they form an organization which they know will be of benefit to them for all future time. It will take at least one or two seasons of actual experience before the organization is in smooth running order. By that time it looks as if the situation will be such that the growers would rise en masse and demand that this method be adopted, if it is not started now.

It is unreasonable to expect all growers to look after the marketing of the product as well as the production of it. In fact, it is impossible for them to do so. Past experience has proven that.

Right here I would like to quote one of the arguments used by a grower who is in favor of the co-operative method. He says:

"No member can logically object, but should loyally support it, for one of the constitutional purposes of the California Avocado Association is the marketing of the avocado. Second, the grower of the fruit, especially the expensive avocado, cannot conveniently attend to the distribution any more than can the chef act as salesman in the dining room or engage in tray service. He must entrust even his finest creations into the hands of others for distribution, even though the usually nimble waiter should some time accidentally empty it down the front of some diaphanous gown or saturate a swallowtail. So any organization we can form may make mistakes, but in the main the service will be a boon to the comprehensive avocado grower."

The replies received from a number of the growers indicate they are under the

impression that the facilities of the California Fruit Growers' Exchange could be used by the avocado growers for the distribution of their fruit, when eastern shipments become a necessity. I am unable to state how this opinion became so universal in the minds of the growers, but presume it was because so many citrus growers are also avocado growers and that their influence could be brought to bear to secure such an outlet for the avocado.

It is questionable whether the Exchange's facilities are best for the handling of avocados as their selling force has been trained to handle citrus fruits inclusive and are not familiar with the avocado. I understand the Avocado Association has made some effort along the line of affiliation with the California Fruit Growers' Exchange, but I believe there have been no results secured. The men who are prominent in the California Fruit Growers' Exchange are very willing to be of service to the avocado growers in formation and operation of a sales organization for avocados. If the Avocado Association should put the proposition before the California Fruit Growers' Exchange in a concrete form and should be unable to secure an affiliation with that organization, I am sure it would be wise for the avocado growers to form a co-operative organization of their own, and even if the avocado growers should secure such an affiliation, there would still be a necessity for them to have some organization of their own to work with the citrus organization.

The formation of a co-operative marketing organization for avocados should follow closely along the lines established by the California Fruit Growers' Exchange. Its members should be all growers who agree to market their fruit through the organization. They should elect a Board of Directors who in turn would select a manager and his assistants. Headquarters should be established at a suitable location in the terminal markets of Los Angeles where offices, sales rooms and packing rooms could be located.

The manager of this organization should call in what amounts and varieties of fruit he decides necessary for marketing from time to time pro rata from the different growers according to the amount of fruit they hold. He should distribute this fruit to the different markets throughout the country, collect moneys for the sale of the fruits, and turn such moneys over to the growers, deducting the necessary amount for the expenses of operating the organization. Some of this fruit could be ordered direct to buyers from the groves instead of being brought to Los Angeles, which a good many growers might wish to do. At the beginning of, and at intervals during each season a careful estimate should be made of the number of avocados of each variety available; the Association should adopt a label which should be placed on all boxes; a sticker showing the variety of fruit should be placed on all fruits so that people in using them would become acquainted with the different varieties and thus recognize the superiority of one variety over another after they had learned the difference; establish different grades of fruit; agree upon a container; decide whether selling fruit by weight or by dozen should prevail; establish selling arrangements in all the large cities with such reliable jobbers as are making the avocado a specialty, thus being able to keep in close touch with all the markets of the country and distribute the crop in a uniform and equitable manner, preventing certain markets being over-crowded and others under-supplied; conduct campaigns of advertising through the newspapers of the different cities; operate demonstration booths to better acquaint the people with the avocado as a food product, and many other

details which it is not necessary to mention.

The cost of conducting such an organization is hard to determine. The highest cost would probably be the first two or three years and would gradually grow less as the amount of fruit marketed would develop. I believe an assessment of ten cents a pound upon all fruit handled by this organization in the beginning and which would grow less from year to year would fully cover the cost of this organization.

Whether you adopt this form of marketing or not, I strongly urge upon you to adopt at once some method by which you can prevent the glutting of the markets with fruit—especially immature fruit—and make it possible for one grower to obtain about the same returns for his fruit as his neighbor, as there have been a number of complaints made that there was too much difference between the returns to the different growers of fruit. The adoption of any form of marketing, I am sure, will be helpful to the growers.

In summing it up, the following benefits would be derived by a co-operative marketing organization:

Place the industry on an equal basis for all growers.

Control the output to conform with the demand.

Increase the demand to absorb the output.

Protect the grower and consumer by stabilizing the product.

Create confidence 'in financial circles as to the stability of the avocado industry.

Make every grower a helper to his fellow grower instead of a competitor.

Secure economy in buying supplies in large amounts for the growers.

Give the country at large a valuable food product at a fair return to the grower.

The avocado industry is prosperous. Keep it so. In time of prosperity prepare for adversity. Don't wait until it gets down then try to help it up. Keep it from going down. An ounce of prevention is worth a pound of cure.