

Off To A Good Start

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It seems like only a few months ago that I was speaking to you at the Society's 1985 Annual Meeting. But it's been one full year, now. A very quick and eventful year. As you may recall, the theme of my talk last year was "Let's Grow Together in 1985-86." I felt strongly then that growers, handlers, and other industry organizations needed to join together in an effort to increase communication...and to understand our problems, meet the challenges, and capitalize on the opportunities.

Low dollar returns the past few years had sapped our industry's strength, and many of you were hurting financially. As a result, my message last year focused on "growing together" so we could restore the industry's profitability and build a solid foundation for future years. The industry needed to gain *confidence* and develop a businesslike approach to increasing consumer demand and consumption of California avocados.

Fortunately, as I met with growers and handlers in the field last September, I sensed a feeling of resolve among them...a feeling that these hurdles could be cleared.

So we launched into this year with a commitment to work hard at establishing communication and building a structure that would support us in 1986 and in the future years.

The season began with the establishment of a new crop estimating department to provide an accurate forecast as a basis for all of our planning and programs. We hired Avi Crane to coordinate the crop estimating effort, and he's done an excellent job. He assembled an expert field team of 50 crop estimators consisting of grove managers and some of the top growers in the state. Avi also developed a computer model to analyze

field estimates and historical data.

I am pleased to report that this effort has paid off handsomely with an estimate this year that should come within 9% of our original forecast. Some of you may remember that the estimate was off 40% in 1984/85. Many commodities would love to achieve the results we obtained this year.

This accurate estimate gave us a road map to follow during the season. It provided a predictable volume, on a weekly basis, to help growers and handlers remain confident...and in control.

Knowing what our volume would be throughout the year also helped us in the development of the 1986 marketing plan. We started our planning armed with results from consumer research conducted among 700 households across the country. The research suggested that California avocados should be thought of by consumers as an everyday item that enhances any eating occasion. We wanted to make California avocados less mysterious and special. Instead, make them "user friendly," to borrow a phrase used in the computer industry.

Through the efforts of Brian Starr, his staff, and our ad agency, DMB & B, our "personalities" advertising campaign was born. I hope you have seen the magazine ads featuring our "short order cook," "aspiring artist," and other personalities surrounded by delicious avocado dishes. The ads *did not* tie in with other products, as in previous years, because we wanted the message to be focused entirely on California avocados. The campaign was designed primarily to reach current users in our key western and southwestern markets.

The ads ran in major consumer magazines to deliver the "good tasting" and "variety of uses" messages. The results have been very promising. A research study to evaluate the magazine campaign's impact on consumers revealed that people liked the ads very much and, importantly, *remembered* them.

We also tested 10-second television ads featuring our "personalities." Research is being conducted now to determine the campaign's effectiveness. Results from this research will help determine if television advertising can increase awareness and usage.

Our *promotion* effort in 1986 was scaled down from previous years because of the season's lower volume. In shorter volume years like this year, it's important to concentrate on consumer advertising to build consumer awareness and a value and distinct image for California avocados.

However, we didn't abandon promotion in 1986. In the first quarter, we ran a cooperative newspaper advertising program with the retailers. And, in-store displays and cooperative newspaper advertising were also used in the spring to stimulate movement in our heavy-volume months.

On the consumer side, we ran a major summer promotion themed around the Fourth of July holiday to encourage multiple purchases during this peak consumption period. You may have seen our "Uncle Sam avocados" wearing red, white, and blue striped hats. The promotion was titled "Buy three California avocados and you've got the *Fourth* made."

Another important element in our 1985-86 marketing plan was the ripe fruit program, now in its third year. Merchandising ripe avocados has been proven many times to significantly increase sales. In 1986, we strengthened our program by hiring Kathryn Murphy as our Manager of Technical Services to help retailers merchandise ripe avocados. She travelled across the country working with retailers and wholesalers on the controlled ripening process.

This effort has paid off. Kroger, the nation's second largest retailer, intensified its ripe merchandising program in 1986; and the huge chain achieved significant sales gains. And this is just one of many successes. Many other retailers have joined the ripe team and successfully boosted sales.

Another integral part of our 1986 marketing effort was a "market development" project in St. Louis where we "blitzed" the entire market with a ripe fruit program, magazine and newspaper ads, in-store demonstrations, a display contest, and the summer consumer promotion. As a result, volume increased 65% over last year. Better yet, this increase was achieved despite fruit costs that were significantly higher than a year ago.

I'm excited about this new approach to market development that features an intense marketing effort in an *entire* market. This is somewhat different from previous efforts that were fragmented and not concentrated enough to produce significant results. Other underdeveloped markets are being studied now for similar campaigns in 1987.

We also have our four merchandisers—two in the West, one in the Midwest, and one in the East—who work closely with the retail trade to explain our marketing programs and make them *work* for the retailer.

And, we communicated directly with our partners in the retail trade via editorial news releases and advertising in the major trade publications. I call the retailers "partners" for a good reason. We could *not* make our marketing plan work if the retailers didn't get behind us and support the effort.

In fact, a good example of retailer support in 1986 came from Vons Grocery Company. Dick Spezzano, the Vice President of Produce that you're about to hear from next, allowed us to conduct extensive in-store consumer research in some of his San Diego stores this past summer.

I want to personally thank Dick for his help. It is this spirit of cooperation that makes the retailers a special part of our industry.

Another special group in our network is the food editors of major magazines and newspapers across the country. Working closely with these influential communicators highlighted our 1986 public relations effort. We were successful in obtaining editorial coverage in major consumer magazines and newspapers. Our public relations department also published four new brochures...you have a copy of each one in your folder. Among other things, they provide industry facts and figures, avocado recipes, helpful hints, and important nutritional information.

By the way, we have learned from our research that we have an opportunity to leverage the avocado's nutritional attributes in our public relations program...and we plan to do just that in 1987.

On the foodservice front, we again realized steady gains in 1986...*in spite* of limited supply and higher fruit prices. Foodservice demand remained strong and *interest* in our product continued to grow, pointing to a substantial opportunity this next year.

You might be surprised, as I was, that the foodservice sector is responsible for 20-25% of our volume.

In the foreign export area, 1986 shipments will total about 7 million pounds — 3.5 million pounds to Japan and 3.5 million to Europe. Our marketing spending took place exclusively in Japan, where our funds were matched equally by the USDA. However, Europe is an opportunity market for us, and one we take advantage of when other countries such as Israel and South Africa can not supply fruit in sufficient quantities.

That's a quick run down on our consumer programs. I now want to take a few minutes to highlight the commission's non-marketing activities. The Industry Affairs Department concentrated on 4 broad areas in 1986 — communications, crop statistics, government affairs, and industry relations.

I mentioned earlier that communications would be emphasized in 1986, and it was, with excellent results, thanks to Mark Affleck and his staff. We established the commission as the central, official, and accessible source of information on California avocados.

We also published two newsletters to communicate with growers and handlers — the *Growing Times* ... a bi-monthly publication reporting industry news, marketing updates, and crop facts ... and the *Greensheet*, a weekly bulletin now mailed to over 500 growers. These newsletters communicate key crop facts on a timely basis, so growers become participants in the harvest/market process.

Another communication tool used in 1985-86 was "AMRIC" — our computer system which each day provides price, inventory, and shipment information to the industry's handlers.

"AMRIC" gives handlers the ability to watch crop trends on a daily basis and respond quickly to market changes as they occur.

The "AMRIC" information is also made available to growers through our newsletters and on the 800 phone line. Growers can call the 800 number and receive statistics, updated each day at 5:00 p.m., that can help them work out a harvest strategy with their handlers.

Many times during this current year when inventories began to build, growers—responding to information from "AMRIC"—throttled back their harvest to let the market regain its stability.

Well, that's a quick run through our non-marketing activities. By now you're probably asking, "How did we do in 1985-86? What's the bottom line?"

I'm pleased to report that this year we're going to *shatter* 1984-85's \$115 million record crop value. We expect to end 1986 with over \$150 million in grower returns.

And you deserve credit for this success by participating in the process this year and working hard to coordinate your harvest with the industry's requirements.

Our Commission Committees and Board of Directors also deserve a lot of credit for their

systematic and businesslike approach to marketing California avocados. I personally appreciate the support and guidance they have given me and the commission staff this year.

And the Society, under your President Hank Brokaw, has added to our success by pursuing a more active involvement in the industry.

A good example is your Society's new approach to the administration of the industry's Production Research program. With the guidance and dedication of industry pioneer Jack Shepherd, the Society successfully revitalized the entire production research effort. A more businesslike structure, more responsive to the *needs of growers*, was implemented by Jack and the Production Research Advisory Committee.

The industry's success in 1986 has produced that *confidence* I spoke of when I began my remarks today. I'm confident. The commission board is confident. And I sense you're confident, too...as we approach the 1987 crop year with a solid foundation firmly in place and a record value crop year about to conclude.

You know, our planning for next year actually began last May when we held "brainstorming" and strategy sessions to discuss the key issues, challenges, and opportunities for 1987.

As a result, we have prepared a comprehensive first quarter marketing plan centered around advertising rebates for retailers who run feature ads for California avocados in October through January. This program, coupled with 15 million cents-off coupons, should get us started early so that the larger volume expected in November and December can move quickly from the tree to the table.

I don't want to give away all the details now about the first quarter and the upcoming year, so you'll have to attend *our* annual meetings — November 7th in the North, and November 14th in the South—to get the whole story.

In conclusion, we are optimistic and confident that 1987 will be another successful year. Our programs are targeted, efficient, and ready to increase demand and consumption of California avocados.

Thanks very much.