

**FUTURE TRENDS FOR THE SALES, MARKETING, PACKAGING AND
CONSUMPTION OF AVOCADOS**

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1. Introduction

I want to thank Rod Dalton and John White for inviting me to speak at this import gathering of the Australian Avocado Growers' Federation and the New Zealand Avocado Growers' Association- Vision 2020. My wife and I are honored to be here and have been enjoying our stay in this beautiful country.

My talk this morning is really a collaborative effort of the following individuals:

From Calavo:

- Rob Wedin, Vice President of Fresh Sales
- Robin Osterhues, Director of Corporate Marketing
- Ayumi Yamagata, Calavo Japan
- Mike Fitzsimmons, Canadian Sales Representative
- Michelle Ricard, International Sales Coordinator

From the California Avocado Commission

- Jan Delyser, Vice President of Merchandising
- Betty Bohrk, Industry Affairs Coordinator
- Gwen Peterson, Computer Consultant

From Integrated Marketing Works

- Kari Brestchinger

From Palmco Corporation

- Jedd Bennett



Figure A.

2. Overview of World Avocado Production

The Food and Agriculture Organization (FAO) tracks avocado production in 50, yes 50, countries. Obviously, many of these industries are very small and most do not grow the Hass Variety. The major Hass producing industries are listed below:

Year 2000 Yield (MT)- All Varieties:

▪ Mexico	939,118
▪ United States	164,500
▪ Chile	100,000
▪ Spain	68,000
▪ South Africa	64,000
▪ Israel	53,400
▪ Australia	20,200
▪ New Zealand	14,000

Industries with Hass acreage increases:

- Australia
- New Zealand
- Chile
- Mexico (Currently 38,453 hectares)
- Dominican Republic

Industries with stable or declining acreage:

- United States (California)
- Spain
- Israel

Potential Emerging Industries:

- Peru
- Portugal

Potential Yield in 2020

This is only a guess; and I will be 66 when it will be confirmed, well into the 2nd year of my next career.

- 90% of world avocado commerce will be in the Hass (or Hass-like) variety. I believe our research community will discover improved growing techniques that will produce higher yields, keeping the Hass #1. My apologies to growers of other varieties. However, these varieties will always have a niche market.
- Total world Hass production will be 1,818,181 MT (4,000,000,000 pounds).
- Mexico will export 25% of its crop, or around 181,818 MT (400,000,000 pounds).



Figure B.

3. Overview of World Avocado Consumption

Most of avocado producing countries have a very high per capita consumption. For example, Mexico, the largest producer exports less than 5% of its crop due to its strong domestic demand. In the United States, almost none of the California Avocado crop is exported due to the high demand for the product. Indeed, over 30% of the avocados sold in the USA this year will be imported avocados. This figure is expected to rise as consumption increases and California production stabilizes at current levels.

The key world markets that consume either 1) domestic or 2) domestic and imported avocados are as follows:

- USA
- France
- Canada
- UK
- Germany
- Scandinavian Countries
- Japan
- Hong Kong

Future Markets for Avocados

It is hard to predict future growth of the world consumption of avocados. Ten years ago, the markets for avocados were similar and during this period, world production has focused on supplying these profitable markets. I suspect that in the next 20 years these countries will be added to the list as major markets for the avocado:

- China/Taiwan
- Korea
- The Former Soviet Union

In addition, I see the following developments in the USA market:

- Consumption will be 40,000,000 11.2 kg cartons
- 65% of the avocados sold will be imported

4. Overview of Produce Marketing

The marketing of produce in the industrialized nations is changing drastically. Improved shipping and storage techniques have accelerated the commerce of produce from producer to consumer. The competition between domestic producers and exporting producers in their historically exclusive home markets is increasing. The market place has more sourcing choices for products and more products. Competition in the markets has intensified. All of this makes for an uncertain future. What we do know is that people need to eat- and the avocado is one of the best providers of nutrients of all fruits and vegetables- and it appeals to a diverse consumer base. Unknown in France in the 50s, that nation now has the highest per capita consumption of any non-producing (Continental France) nation in the world. And if the French can learn to eat avocados, everyone can!

A recent study at the University of California - Los Angeles (UCLA) shows that avocados have nearly double the Vitamin E that was previously thought. It is the highest fruit source of this important antioxidant- about 2.5 times kiwifruit, the next on the list. Vitamin E is known to slow the aging process and protect against heart disease and the common forms of cancer. This study also revealed that avocados are the highest source of lutein- instrumental in protecting against eye disease. (See Appendix).

I will now review the current marketing programs in four (4) markets and make some projections for the future. I will focus the majority of my discussion on the avocado market in the United States. I do this because I am most familiar with this market. But also, more importantly, because I believe it is the most competitive and, therefore, will see the most changes in the future. This is not to say that innovative marketing is not happening everywhere else. It certainly is. I was very impressed and learned from the work done by Woolworths here in Australia when I had the pleasure to hear Jon McAtamney talk at last year's meeting of Team Avocado in Auckland. Jon told us about the great things his company is doing to promote Australian and New Zealand avocados in their stores. The ultimate beneficiary of these efforts by Woolworths is the avocado grower in Australia and New Zealand. And of course, I am one of the many around the world who enjoy learning from the next speaker, Lisa Cork, who keeps us knowledgeable with the current trends in produce with her newsletter "Fresh Thinking About Fresh Produce."

5. Case Study 1- The USA Avocado Market

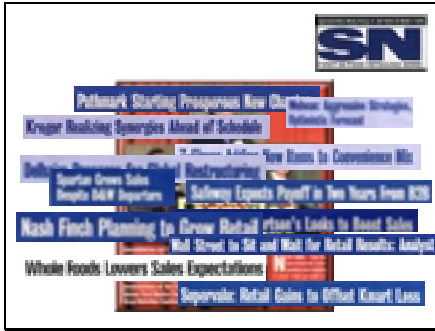


Figure 1.

Produce Marketing in the USA

The best word I can use to describe the present state of the Produce business in the USA is revolution- but I am tempted to use the word anarchy. I say this, because the changes we have seen have been unpredictable and we are still in a process that is continuing to evolve before our eyes. Let me review some facts from the recently released study by the United States Department of Agriculture.

- In 1987, there were 173 items in the super market produce section- by 1998 it has increased 100% to 345 items;
- 48% of Americans food dollars are spent out of the home at foodservice operations;
- In 1999, the top 20 largest retailers had 52% of the grocery store sales revenue; up from 39% in 1987- a 33% increase.

Supermarkets Top 10

	Share	Sales*
Wal-Mart Supercenters	11.1%	\$57.2
Kroger	9.6%	\$49.2
Albertson's	7.1%	\$36.4
Safeway	6.1%	\$33.2
Ahold USA	5.3%	\$27.5
Supervalu	4.5%	\$23.3
Fleming	2.9%	\$14.7
Publix Super Markets	2.7%	\$13.8
Winn-Dixie Stores	2.7%	\$13.8
Loblaws Cos.	2.7%	\$13.8
Delhaize America	2.5%	\$12.7

*2001 Retail Sales in \$ Billions

Figure 2. Supermarket Chains



Figure 3. Product Availability

Avocados have been grown commercially in California since early in the 20th Century. Our company is one of the oldest producers and marketers of avocados having been founded in 1924 as a Growers Cooperative. We are 100% owned by California avocado producers. Our Board of Directors has the overall responsibility for our company. Calavo is the largest marketer of domestic and imported avocados in the USA. Our sales and marketing efforts are supported by an well-experienced logistics department responsible for running two packinghouses in California and one in Mexico- as well as handling the logistics of our imports. Our field departments in California and Mexico are a critical part of our marketing effort as they help to assure a stable/even harvest. Our accounting and information system management department assures our financial stability. Over the past two years, we have been able to drastically reduce our operating costs, without impacting our quality and service to our customers. Our market share has increased by a third. We sell around 40% of the domestic California production and close to 30% of the imported production. We are growing in both areas under the leadership of our Board and its Chairman and President, Mr. Lee Cole.



Figure 4. Avocado consumption by region

The growth potential for sales of California and imported avocados in the USA is tremendous. Over 70% of all consumption is west of the Mississippi River, but just 38% of the population lives in this region. 62% of the population eat just 34% of the avocados. 44% of all USA households purchased avocados in the year 2000- and 85% of all households in core markets purchased avocados. These are very encouraging figures and help us predict the potential for avocado consumption in the USA.

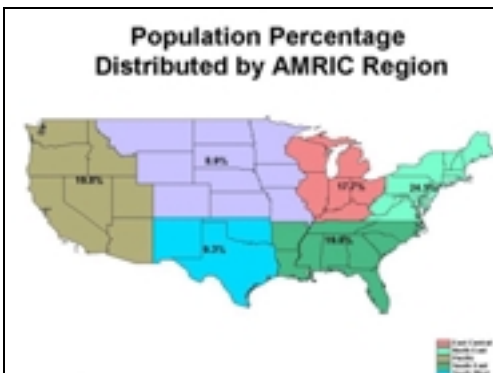


Figure 5.

The West, including California, accounts for 50.7% of all avocado purchases, but has only 19.8% of the population. 8.2% of the sales are in the Northeast, which has 24.5% of the population.



Figure 6.

The California Avocado industry has had tremendous success in handling the competition from imports. Close to 100% of the New Zealand Hass imports are sold by California avocado shippers. California handlers sold around 80% of the Chilean imports and, last season, 75% of the Mexican imports. Calavo was the largest with 33%. This has helped stabilize the market for avocados in the USA. Customers can rely on shippers to supply them everyday and the exporters work closely with their receivers to coordinate and time shipments to domestic harvest declines. The result is that domestic and imported avocado producers do not get leveraged against each other in the market place. Returns for all growers marketing their avocados in the USA are higher due to the resulting market stability.



Figure 7.

In the past 4 seasons, Mexico has had access to 19 Northeast States through a USDA protocol allowing access from November 1st to the last day of February. This has brought an additional 880,000 11.2 kg cartons to this region a year during this period. The Mexican Hass volume has allowed the supermarkets in this area to maintain an avocado shelf for 12 months. Historically, these markets were under-supplied during the low period of avocado production in the winter months.

a. CALAVO MARKETING

As the market leader, Calavo constantly strives to develop innovative programs with our customers. One of the most successful programs at Calavo and other California handlers is the Ripe Program, which is strongly promoted the California Avocado Commission.



Figure 8.

The retail trade has been educated and shown that ripe avocados move out of their stores twice as fast as hard green fruit. This is also crucial to movement during the beginning of the season when the fruit takes longer to ripen on the consumer kitchen table. This year at Calavo we increased our pre-conditioning capacity by 100% to ensure our customers of the entire pre-conditioned product they need. During the season, preconditioned fruit represents 20% of our sales and is close to 50% at the beginning of the season. Also, many customers pre-condition their own avocados.



Figure 9.

Recently, Calavo began a field-marketing program that employs two experienced Division Marketing Managers who will call on the retail, wholesale and foodservice trade. The objective is to work with our internal sales people on establishing sales objectives and developing strategies and services with retailers to accomplish those goals.

Division Marketing Managers work with retailers as chief communications on our industry – from Calavo’s perspective. And, as category management becomes more and more important to our increasingly demanding retailers, DMM’s will present scan data that clearly benchmarks our customers with their competition in weekly,

monthly, quarterly, yearly sales. This information paves the way for us to educate customers on new merchandising techniques and avocado best practices.

Education is a big part of Calavo's marketing portfolio. As mentioned earlier, preconditioning is a fact of any retailers healthy sales program. To facilitate this, Calavo's DMM's are trained in the ripening process so they are able to train retailers and wholesalers to the effect of creating "Calavo Certified Ripening Centers". Further, our DMM's also participate in produce manager training seminars.

Later this year, Calavo will be unveiling its new, state-of-the-art website, www.calavo.com. Many companies have websites, but what is new and seamless, will be our ability to have separate sites within the main address. These 'extranets' are designed for specific audiences: internal communications for employees, sales, brokers; growers will be able to actually speak with their field men and log into our computer network to view their deliveries, payments and get market conditions anytime; and retailers will be able to log into our system as well to view their sales history, request quotes, buy directly online, transfer funds.....the extent of this service is truly unlimited.

Calavo prides itself on being the innovator as the leader in our industry – we should be. Calavo participates in all major industry-marketing organizations and exhibits at our annual Produce Marketing Association (PMA) convention. We advertise in the primary domestic and international trade magazines to keep our brand at top-of-mind. Our processed products are above the rest with Superior ratings from food safety inspections. In fact, we have received kosher certification on all our processed products and an organic certification for our fresh packing facility in Santa Paula.

As the industry responds to change, so will Calavo. Our marketing services are built to enable Calavo to grow seamlessly and define our marketing approach to our customers, be seen as true partners, selling the #1 Calavo brand while offering value and solutions, every day.

b. CALAVO SALES



Figure 10.

Our 9 person Calavo Area Sales Managers team has a collective 130 years in the business. Our sales staff, who sits on the front line every day, is supported by our management, logistics and accounting departments.

Weekly sales plans by Area Sales Manager, by variety, by size are developed based on projected production. Daily sales strategies are directed toward the sales team. The objectives are clear: constantly improve business with the best customers in the market while returning top returns to growers. Sales volume and prices are monitored constantly during the day by the Sales Vice Presidents. Inventory control is an everyday strategy.

Business is conducted with 1,000 different destination entities. Sales are nationwide. Sales are made to retailers, wholesalers, food service distributors and produce brokers. More than 100 orders are placed daily, and more than one-half of all orders pertain to more than one size or variety. Daily sales volumes during the much of the season equal 20 full semi-trailers per day.

Our main objective is to maximize returns for our grower/owners and those growers overseas who turn to Calavo to market their product in the USA.

c. CALIFORNIA INDUSTRY PROMOTIONS

The California Avocado Industry has been fortunate to be blessed with qualified and devoted past and current leaders with vision and concern for the future of our industry. These individuals have endeavored to assure the success of our industry through an aggressive industry-funded production research program. And you will hear from some of the top researchers this week who have also come from California to make presentations here. These programs have helped make the California avocado grower competitive in an ever-changing environment by increasing per acre yields and decreasing costs.

In addition, our leaders assured the marketing success of our product when they set up the California Avocado Board, the predecessor to the California Avocado Commission in the early 60s. This organization has been instrumental in increasing consumption of avocados in the USA. I want to recognize one of the leaders of our industry who serves on both the CAC and Calavo Board and was asked to attend this conference by our Board at Calavo. Please recognize Alva Snider.

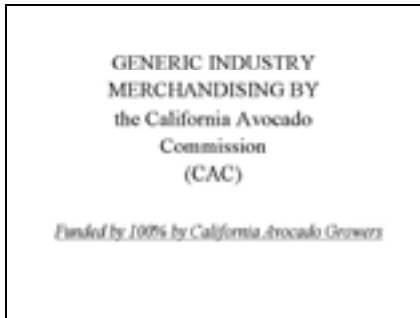


Figure 11.

Calavo works closely with the CAC and holds 50% of the seats on its Board of Directors. The CAC programs are developed with the input of the Industry's 12 major marketing organizations. At Calavo, we augment the CAC programs with our own. I will now review some of the CAC programs.

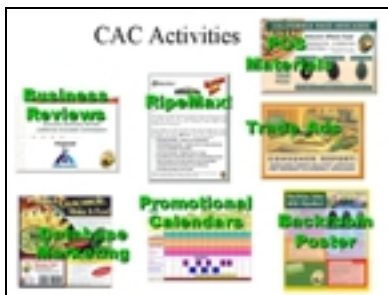


Figure 12.

The CAC has a wide range of programs with the trade.



Figure 13.

The CAC works closely with the industry's customers in providing technical information, crop information and promotions.

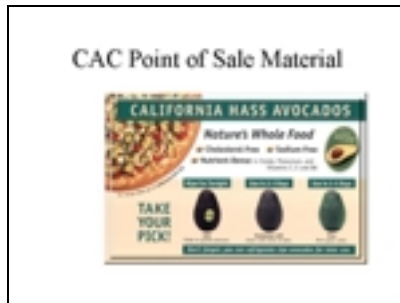


Figure 14.

Point of Sale Material is provided to stores to display next to the avocado display.



Figure 15.

Coupon Programs in the Sunday paper are designed around peak harvest periods.



Figure 16.

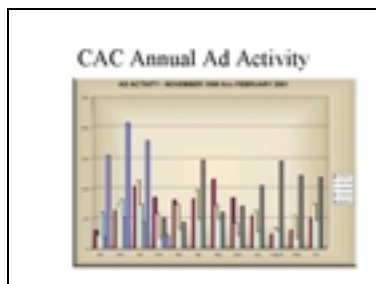


Figure 17.

The growers, marketers and trade are kept advised of the CAC activities during the season through mailings, trade advertising and the CAC website.



Figure 18.

The major retail trade is given feed back on the movement of ripe fruit in their stores by the CAC.



Figure 19.

Successful marketing by CAC, Calavo and the other industry marketers results in extensive newspaper ad activity. In addition, strong radio coverage with CAC produced advertisements run in the core avocado markets during this period. These promotions are coordinated with growers around peak harvest periods. The grower is an instrumental player in making sure there is product to support these promotional pushes. The growers are almost always cooperative, the weather is not!



Figure 20.

The CAC works with other food companies to execute cost-effective, co-marketing programs. This is an example of a current program that will include Gallo Wines, Ready Pac Salad and California avocados.



Figure 21.

The CAC also has an aggressive print campaign focusing in innovative advertising in major food and consumer magazines.

The Future

Produce marketing in the USA has changed drastically over the past two decades. This is a result of many factors. But the key factors, as I see them are:

1. Improved growing/packing/shipping/storage techniques.
2. The changing diet of Americans, which is influenced by both health concerns and the changing demographics of our population.
3. The increase of imports in our domestic market place.

Along with these changes, the retail trade in the USA has seen a tremendous transition in just the past few years. There have been mergers among the major supermarkets and Wal*Mart has emerged as the #1 retailer. Wal*Mart is planning on opening 180 Super Centers this year. They have a 5-year target of \$40 billion in food sales.



Figure 22.

Recently "The Packer," the US produce weekly newspaper, attempted to predict changes the produce industry in the USA will see over the next 5 years. I have adapted these to the avocado market over the next 20 years:

1. Retailers will reduce number of avocado suppliers. Having a large avocado supply (grower base) will be a must for any marketing organization. 3 shippers will have 75% of the avocado sales in the USA; today 5 shippers have 75%.

2. Retailers will demand service; supply will not be an issue. This is a major change in how the produce business has worked in the past. Many marketing organizations, such as Calavo, are grower owned. They are production driven and the norm has been to sell the inventory. This single model will not work in the future. Inventory management and having a pulse on the market will always be part of a winning battle plan. However, successful produce marketing organizations will have to adapt to the changing environment. "Pre Selling" of expected harvest or import volume will be a must. Customers will demand level supply 52 weeks a year- with increases during promotion period. Seasonal and annual supply programs will be the norm. I believe that Christmas, New Year's and the Chinese New Years, will become a major avocado promotion period in the USA. In the past, supplies of California avocados have been inconsistent during this period. Today, New Zealand, Chilean and Mexican avocados are in the market providing 90% of the volume.
3. Marketers will keep customers through innovative approaches in shipping, packaging and financial conditions. RPC containers (returnable plastic containers) and recyclable pallets will account for 50% of sales and almost 100% of sales to the retail chains; private labeling will be limited for fresh avocados; paper work will be decreased as sales/payments are made through electronic means.
4. Supermarkets will continue to merge and consolidate- 5 chains will represent 75% of the avocado retail business.
5. 20% of the avocados will be sold in bags of 3-5 pieces.
6. Contract pricing will increase to 50% of avocado sales.
7. Organically grown and packed avocados will have a niche market and represent 15% of all sales.
8. Product identification and case coding will become the norm.



Figure 23.

9. 50% of fruits and vegetable sold in the USA will be imports. Americans will consume 1 billion pounds of avocados in 2020- 65% from imported avocados.

6. Case Study 2 - Western Canadian Avocado Market



Figure 24.

Per capita consumption of fresh fruits and vegetables in Canada is much greater than in the USA. The Canadian Government and produce industry trade associations (CPMA) have aggressively pushed the health benefits of increased consumption of fresh fruits and vegetables and consumers are following this lead. Consumption is projected to increase annually over the next decade.

The Canadian avocado market has changed drastically in the 90s. The California industry used this market as a "burial ground" (my words) for our Green skin varieties. It became a very cheap market with few direct retail sales. Industry and marketing promotion is limited. This market was and remains a broker market. Mexican began sending Hass to this market around a decade ago. The Canadian avocado market quickly became a Hass market and Mexico became the sole supplier to this market.

Wholesale and retail prices of Mexican Hass avocados in this market are relatively low compared to markets in the USA. Product is sold at retail by the unit with the most popular size being count 20 (200 grams). This size and pricing structure makes avocados an inexpensive option for most consumers. The population base is expected to grow significantly in the future. Avocado demand in this market is inelastic with respect to price and import quantities are relatively stable year round. We have determined that Calavo is well positioned to make strategic partnerships with the consolidating and merging trade that will allow us to obtain their exclusive support for a Calavo supplied avocado program. Electronic Data Interchange (EDI) capability also gives Calavo a competitive advantage, as more retailers demand this level of service from their suppliers.

There exist many challenges in this market today and in the future. 1) There is a constant threat of offshore imports from South Africa (in Eastern Canada) and Peru (in western Canada). 2) Many Mexican packers send low priced product to this market when they have no other outlet. 3) Also, fruit of inferior quality periodically enters the market causing price reductions for export quality product; 4) Canada does not have a large Hispanic population and ad periods for avocados do not produce the higher increase the other products such as apples and oranges achieve; 5) Importers must bring in full loads when they only have sales for

partial loads. The remaining product tends to be sold at lower prices; 6) Avocado demand is stable throughout the year, but peaks in the summer months. But it is difficult to persuade accounts to advertise September through May when avocado production in Mexico is at its peak.

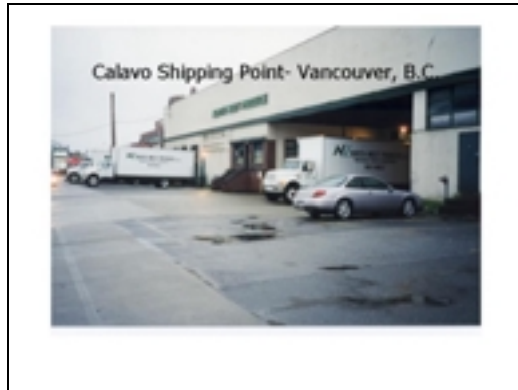


Figure 25.



Figure 26.

Calavo has been shipping Mexican avocados to Canada for over a decade. However, with the opening of our own facility in Uruapan, Michoacan in 1998, we were able to provide our customers with a consistent quality supply of Calavo label Hass from Mexico. For over two years, Calavo was affiliated with a quality broker in Vancouver, Canada. Weekly shipments were sent on consignment and returns were relatively good. However, this is a very low margin business. In order to maintain this business, we determined that we needed to have direct representation in this market.



Figure 27. Calavo avocado bag – retail store Vancouver



Figure 27. Retail display – Vancouver



Figure 28. Retail display Vancouver

The Calavo label is well known to buyers for its consistent and superior quality. This provides us with a competitive advantage over other importers- and a fighting chance to succeed!

Avocado loads shipped from Mexico through to Canada must travel in bond through the USA and cannot travel through any States that border the State of California. Most Western Canada customers cannot buy in load quantities and we need assistance to consolidate orders on straight truckloads. This market requires a broad customer base of retail chains, independent wholesalers and foodservice accounts to move the product in a timely manner that ensures optimum quality

and condition. Calavo offers a year round supply of Mexican product, but if required, we can substitute product from California, Chile or New Zealand. This provides a great service for buyers that demand our management of their avocado 'category.'

Calavo's fully integrated operation from harvest through to the final consumer results in control of quality and pricing. Direct sales representation for improved customer relations, quality control and pricing to achieve maximum market share. As the chain stores consolidate and merge and become larger, they demand to deal directly with suppliers and Calavo is now positioned to provide this service to them.

The Future

The Canadian avocado market has grown to demand of 10 loads a week (180 MT per week). This has been achieved with little promotion. With the expenditure of promotion and advertising dollars by marketers and trade associations, this market will grow during the next 2 decades. I believe per capita consumption will triple and this market will consume 500MT per week, every week of the year in the year 2020.

7. Case Study 3 – Japanese Avocado Market

California shippers, starting in the late 70s, initially developed the Japanese avocado market. By the 1990s there were weekly shipments from 4 or 5 packinghouses in California to Japan. However, Mexico began shipping into Japan at lower prices and within a couple of seasons accounted for 50% of the market. California crops have been low since 1993. This has allowed Mexico to be almost the sole supplier of avocados to Japan. I must add, however, that when I left California, we were packing fruit in our Temecula, California packinghouse for Japan since the prices in Mexico have surpassed the price in California.

Today this market is around 200,000 kilos per week (or around 54,000 4kg cartons). Calavo is one of the main suppliers of this market. Until 1999, the California shippers used their own funds along with funds from the United States Department of Agriculture for a promotion program in Japan. However, this was discontinued since virtually all the product was from Mexico.



Figure 29.

At Calavo, we determined that the best avenue to pursue to building our own label that had become well recognized in the Japanese market. To that goal, we are funding a promotion campaign in Japan. We have hired a consultant, Ayumi Yamagata. The following is a report she has prepared for this meeting.



Figure 30.

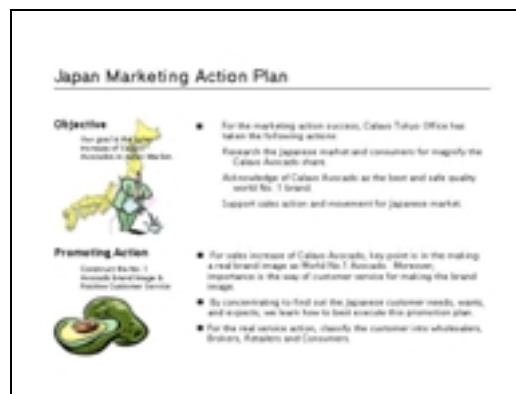


Figure 31.

Japan Customer Service for Calavo Avocado Sales Support

Service for

- Provide information on production locations and growers.
- Assess the support of customer sales with in-store demonstrations and sales support tools.

Wholesalers and Retailers

- Plan the original order-made style sales support plan as sales fair or event.

Service for

- Assess the support of customer of sales with in-store demonstrations and sales support tools.
- Plan the original order-made style sales support plan as sales fair or event.

Assess

- Communicate with retailers and exchange information.

Service for

- Communicate by effective visual presentation for confidence of products, high quality and good brand image.

Consumers

- Assess the information of Calavo Avocado for awareness.
- Media Action



Figure 32.

Japan Promoting Action 1

- In-store Demonstration for Sales Fair
 - Educate Calavo Avocado Sales Assistants so they can provide support to wholesalers, grocers and retailers.
 - For keeping the Calavo Avocado brand image, plan the order-made fair depends on the store staff.
 - For correct the date of avocado consumption and consumer.



In-store Demonstration **Sales Fair** **Restaurant Fair**

Figure 33.

Japan Promoting Action 2

- Seminar/PR Event
 - Contract with a famous chef or cooking coordinator for cooking specialist awareness.
 - Open the Cooking Class or Contest by consumers.
 - Operate by the well-educated Calavo Avocado Sales Assistants for consumer awareness.



Vegetable Party for people in the food industry and media **Avocado Seminar for people in the food industry and media**

Figure 34.

Japan Promoting Action 3

- Calavo Avocado Reception with Calavo International Sales Manager, Steve Hayward
- Operate by Calavo Growers of California Tokyo Office for business communications and awareness of Calavo Avocado.

Calavo Reception for Wholesale, Middlemen, Retailer and Media



Figure 35.

Japan Promoting Action 4

- Other Promotions
- Calavo Tokyo Office act positively for Calavo Avocado acknowledgment

Calavo PR Car for Broker
Calavo PR Booth
Calavo Table for Christmas Church or Tokyo Bay Hilton Hotel



Figure 36.

Japan POS Production

- Calavo Avocado Production for Sales Promotion
- The production must enforce the high quality item image.
- Spread the acknowledgment of Calavo Avocado as the best brand.
- Must make the customer support and service system as the reference company.

Example

- ① Original Cooking Guide Leaflet
- ② Original POP Under made Style
- ③ Original Poster
- ④ Color Chart Poster
- ⑤ Original Character Goods
- ⑥ Original Bag
- ⑦ Original Apron



Figure 37.

The Future

This is a growth market. The avocado fits in well to the diet of the Japanese and its acceptance has been tremendous. The market for avocados has also weathered the economic conditions in Japan over the past decade. For 2020, I see the following:

- Annual consumption increased by 200%
- Increased imports from various producing areas (Australia, New Zealand, Chile);
- Direct contract between Grower/Shipper/Exporter and Retail chains;
- Joint Market development by Growers/Shippers.

8. Case Study 4 - Korea

The marketing of imported produce in South Korea is done through import brokers. There are high tariffs on imports and the South Korean government provides some relief to cooperative marketing entities.

The Korean market received limited promotions by California growers in the early 90s. Demand has been stable for the past several years- only a few loads a season. The market is very sensitive to over-supply situations. Calavo has been able to supply this market with California and New Zealand avocados this past year. We have partnered with The PALMCO COMPANY. Brochures and POS materials have been produced to support the limited volume shipped to this market.

A more aggressive approach by Calavo and others will be needed to increase consumption in this market. I am confident it can be done. This will require the same type of groundbreaking work done in Japan 20 years ago. We will need to better understand the market and its needs. Technical support for storage and handling techniques will be needed to be offered by the shippers of avocados to Korea. Initial retail incentives and promotions will be required to jump-start consumption. Calavo is considering these options at this time.



Figure 38.

Garak in Seoul is the main produce market in South Korea



Figure 39.

Calavo and other California based companies, such as Mission Produce, have shipped both Californian and New Zealand avocados to this market. Currently, avocados from Mexico are NOT permitted in South Korea.



Figure 40.

The Future

The population of South Korea is similar to Japan. If we look at the progression of the Japanese market since the early 80's, we can see where the potential for South Korean avocado consumption is in the year 2020. I predict weekly shipments of 12 loads of avocados - an annual total of 1,000,000 11.3 kg cartons. The fruit will be supplied from (in alphabetical order) Australia, California, Chile, Mexico and New Zealand.

9. Conclusion

My answer is a resounding YES when I am asked if I see a bright future for avocado growers around the world in the year 2020. I believe we produce one of nature's most extraordinary products. This is a product that is a stable in the

Mexican and most South American diets, extremely popular in Japan on "California Rolls," and used in Paris with shrimp as an entrée. Virtually every ethnic group in our world, once exposed to our product, has adapted it to their cuisine.

I enjoy giving the example of my own road to become an avocado consumer. My parents moved to California from Chicago after my father finished his tour of duty in the Navy during WWII and before I was born. My mother, of blessed memory, remembered eating avocados in Chicago and avocados quickly became a regular item on the Crane Family dinner table. My uncle always called them "CALAVOS." I learned later that Calavo had done a promotion in the 30s in Chicago- the first ever in that city. This promotion still pays dividends to all avocado growers, as the grandchildren of consumers who started eating avocados are now consumers themselves!

As I mentioned, 85% of the households in the core avocado markets in the USA buy avocados. With increased avocado availability in the market, there is nothing stopping this from becoming a national statistic in the USA. This is how I can confidently predict the consumption increase in the USA in 2020.

If we look at the avocado consumption growth in France and Japan in the past 20 years, we can also predict the levels it can reach in China, Taiwan, Korea and the Former Soviet Union. Yes, much of this is dependent on economic growth. I believe we will see extraordinary economic growth in these and other countries, which will provide additional markets for avocado growers.

I want to make one last comment before I open up for questions. I am a strong believer that growers around the globe need to communicate regularly. This includes research and it includes marketing. I am encouraged by the strong representation at this Australian/New Zealand meeting of growers from around the globe. The World Avocado Congresses have done much to increase this dialogue between growers. I urge all of you that are able to attend the next Congress in Spain.

Again, it has been a pleasure to be with you this morning and I look forward to hearing the speakers this week and meeting you.

Thank you very much.

Avi Crane
June 4, 2001
Bundaberg, Queensland, Australia

New Dietary Guidelines Urge Americans to Eat Avocados

Avocados contain unsaturated fats that help lower blood cholesterol

Santa Ana, CA (May 2000) – The new scientific Dietary Guidelines for Americans reports for the first time ever that avocados contain “good” unsaturated fats that do not raise blood cholesterol and should be included as part of a healthy diet.

“We have always known that avocados are a good-tasting part of our traditional cuisine,” said Johanna Dwyer, professor of Medicine and Community Health at Tufts University School of Medicine. “Now we know that they are also part of a healthy diet that can help reduce the incidence of obesity and diabetes.”

The Dietary Guidelines 2000 update report, developed by the United States Department of Agriculture and Department of Health and Human Services, and re-issued every five years, was designed to help Americans choose eating patterns that meet nutrient needs, promote health and active lifestyles and reduce chronic disease risks.

The new report suggests a diet based on moderate amounts of foods high in unsaturated fats to help keep blood cholesterol low and offer some protection against heart disease. Avocados contain good sources of unsaturated fats, much like vegetable oils, most nuts, olives and fatty fish like salmon, according to the report.

“With increasing public awareness of its inherent nutritional benefits, the avocado is fast becoming an essential part of a healthy American diet, so we are pleased that it is being recognized as a food that can build a nutritious diet and lifestyle,” said Mark Affleck, president of the California Avocado Commission, which serves as the official information source for the California avocado industry.

The Dietary Guidelines urges Americans to choose a diet moderate in total fat and one where most of the calories come from plant foods. While fats supply energy and essential fatty acids, and help absorb fat-soluble vitamins A, D, E and K, they should be chosen sensibly, since eating lots of fat can provide excess calories, the report says.

-- more --

New Dietary Guidelines, pg. 2.

The new guidelines also implore Americans to aim for a healthy weight, be physically active every day and choose a daily diet of grains, vegetables and fruits in order to stay healthy and fit. The report

suggests being more flexible in the choice of fruits, vegetables and grains, and trying new choices from these three groups in place of some less nutritious or higher calorie foods usually eaten.

New to the guidelines is a recommendation to strive to eat a new kind or color of fruits and vegetables and to serve them in new ways, such as raw, stir-fried or mixed with other foods in soups, salads and casseroles. This will form a base of good nutrition and good health and may reduce the risk of certain chronic diseases, according to the report.

The new Dietary Guidelines also reports that fiber is best obtained from foods like fruits, vegetables and whole grains rather than from fiber supplements for several reasons: there are many types of fiber, the composition of fiber is poorly understood, and other protective substances accompany fiber in foods. The reports says that folate (folic acid) is a B vitamin that reduces the risk of serious types of birth defects and may also help protect against coronary heart disease and possibly certain cancers. Folate and fiber are higher in avocados than any other of the top 20 fruits by Americans.

#

NEW STUDY REVEALS AVOCADOS HIGHEST FRUIT SOURCE OF
VITAMIN E AND OTHER DISEASE-FIGHTING NUTRIENTS

*SANTA ANA, Calif. (April 22, 2001) -- New research from UCLA indicates that California avocados have nearly twice as much **Vitamin E** as previously reported, making avocados the highest fruit source of the powerful antioxidant. Vitamin E is known to slow the aging process and protect against heart disease and common forms of cancer by neutralizing free radicals, which may cause cellular damage.*

*In addition to the Vitamin E findings, the study also revealed that avocados are the highest fruit source of **lutein** -- a phytochemical known as a carotenoid, which helps protect against eye disease such as cataracts and macular degeneration, the leading cause of blindness in the elderly.*

According to Dr. David Heber, director of the UCLA Center for Human Nutrition, the data strengthen the healthful profile of the avocado. "Avocados are recognized as an excellent source of monounsaturated fat which is known to lower cholesterol levels, but the antioxidant and phytochemical properties of avocados are less well recognized. These plant nutrients naturally found in fruits and vegetables work together to reduce oxidant stress and prevent disease."

*Other phytochemicals found in avocados include **glutathione**, which functions as an antioxidant like Vitamin E to "mop up" free radicals. Avocados also contain four times more **beta-sitosterol** than any other fruit, which helps lower blood cholesterol levels. The avocado's beta-sitosterol content combined with its monounsaturated fat content help avocados to lower cholesterol levels in some studies, according to Heber.*

Dr. Heber, along with 35 scientists at the UCLA Center for Human Nutrition, has long encouraged a diet based on five to 11 servings per day of a diverse selection of fruits and vegetables like the California avocado. Worldwide research demonstrates that a high intake of fruits and vegetables is associated with better health due largely to their disease-fighting properties.

(more)

New California Avocado Data, P. 2

Top 5 Fruits* for Vitamin E Content (Per 100g Raw, Edible Portion Fruit)

1 – Avocado	4.31 IU
2 – Kiwifruit	1.67 IU
3 – Nectarine	1.33 IU

4 – Grapes	1.04 IU
4 – Peach	1.04 IU

Source for data: UCLA Center for Human Nutrition and USDA Nutrient Database for Standard Reference.

Top 5 Fruits* for Lutein Content
(Per 100g Raw, Edible Portion Fruit)

1 – Avocado	284 mcg
2 – Plum	240 mcg
3 – Kiwifruit	180 mcg
4 – Pear	110 mcg
5 – Grapes	72 mcg

Source for all data: UCLA Center for Human Nutrition and USDA Carotenoid Database.

Top 5 Fruits* for Glutathione Content
(Per 100g Raw, Edible Portion Fruit)

1 – Avocado	27.7 mg
2 – Lemon	8.7 mg
3 – Grapefruit	7.9 mg
4 – Nectarine	7.4 mg
4 – Peach	7.4 mg

Source for all data: Jones DP, et. al. *Nutrition & Cancer* 17:57-75, 1992.

Top 5 Fruits* for Beta-Sitosterol
(Per 100g Raw, Edible Portion Fruit)

1 – Avocado	76 mg
2 – Orange	17 mg
3 – Cherries	12 mg
4 – Apple (w Peel)	11 mg
4 – Banana	11 mg

Sources for data: Duester KC, *JADA* 101(4), 2001, and Weihrauch JL & Gardner JM, *JADA* 73(1), 1978.

*Based on 20 Most Frequently Consumed Raw Fruits in the United States