

Brand Credit — Is It Best For The Industry?

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Every few years, Calavo brings up the issue of brand credit with the California Avocado Commission (CAC). This means that Calavo wants to get a credit from CAC for monies it spends promoting avocados. In other words, if Calavo growers contribute \$1 million to the Commission through their assessments and Calavo, during the course of the year, spends \$200,000 on its brand via advertising or promotions, Calavo is suggesting that they receive a credit from CAC for all, or a portion, of the \$200,000 it spent.

The thinking behind Calavo's request is that the company is helping the industry by spending money on its brand, and shouldn't have to pay twice once through the CAC assessment and once through Calavo expenses.

On the surface, it's a legitimate argument. Here at Mission, on first thought, it looks like a good idea, as our company has grown to the size that this type of program would help us. Yet after giving it further thought, our opinion changes.

The California Avocado Commission was put in place to promote and advertise California avocados. The Commission's goal is to develop new consumers that will eat more California avocados and pay more money for them. A brand credit program is a form of this. However, the main intent is to promote one brand over others, whether it be Calavo, Mission or another. Brand promotional spending is not meant to increase consumption at the consumer level — that is why CAC is in existence.

For this reason, Mission is against a brand credit program that would take monies away from the real target, the consumer. Branded programs that promote companies should be paid for by those companies, not by the industry as a whole.