

INTEGRATED LOCAL MARKETING STRATEGY FOR THE SOUTH AFRICAN AVOCADO INDUSTRY

David Hilton-Barber
Chairman, Local Marketing Committee
South African Avocado Growers Association (SAAGA)
Tzaneen, South Africa

1. Introduction

South Africa, although a comparatively minor avocado producer is one of the world's leading exporters with 70% and more of its annual production sold on European markets. Returns from domestic sales reflected the lack of commitment to the local market. In 1993 SAAGA collaborated with a professional research company to determine the key success factors for improving avocado marketing in South Africa and to develop an action plan for its phased implementation by an officer appointed on a two-year contract for this specific purpose.

2. Workshop

The first stage was a workshop attended by the major players in the industry to establish the dynamics for the local market, the product itself, local promotional history, pricing resources. The major issues were narrowed down to three.

2.1. Industry Structure and SAAGA's Role:

The major issue was to get agreement on the structure of the industry and the part that SAAGA should play in the development of the local market. The structure is set out in Figure 1. The industry was then stratified-vertically into four groupings as set out in Figure 2. SAAGA's role was then defined, at the first and second level, as one of communications, co-ordination and ensuring co-operation among the major players. At the third and fourth levels, the role changes to that of promotion and education; in other words, to create the marketing pull to complement the push role the producers have towards the distributors.

2.2. Long Term Commitment

The second key issue identified by the workshop was long term commitment. Commitment calls for an organised professional marketing approach, marketing expertise, a market orientation and an adequate marketing budget.

2.3. Implementation:

The third issue was the need to establish the logical dimensions of all the tasks involved and to appoint staff to implement a focused, inter-related series of strategies.

3. Fieldwork

The consultants then tested perceptions among distributors and intermediaries of the avocado industry. The major findings were that the market place was extremely well disposed towards avocados and there was a strong desire among distributors to work with the industry.

4. Final Integrated Strategy

4.1. Target Markets, Objectives and Means of Achievement

TARGET	OBJECTIVES	MEANS
Members	Keep them informed of SAAGA's plans	simplified version of marketing strategy
	Influence producers pricing strategy	Visual material (videos etc)
	Report back on successes achieved	Annual marketing Conference
	Report back on criticism/weaknesses	Monthly newsletter
	Report back on focus group findings	Meetings
FPMs	To increase volume turnover	Point of sale
Chains	To communicate quality/ price relationship	Reproduction of literature
		Avocado workshops
Green-Grocers	To emphasise that consumers view quality over price	Market statistics
Informal Sector	To generate dialogue	Ripe and Ready stickers
		Meetings with officials
		Avocado Promotions
		Visits to producer areas
Consumer	To promote health and nutritional aspects	Nutrition leaflets (sponsored)
	To educate consumers re ripening signals	Interviews with SAAGA's dietician
	To demonstrate avocado's versatility	PR Consultant's recipes
	To capitalise on editorial and radio/TV opportunities	Magazine features Visits to producer areas

References

Farrell David, Study of the Local Market for South African Avocados, 1991
 New Products Laboratory (Pty) Ltd, Integrated Marketing Strategy for SA Avocado Growers Association, October 1993

Figure 1. Structure of Industry

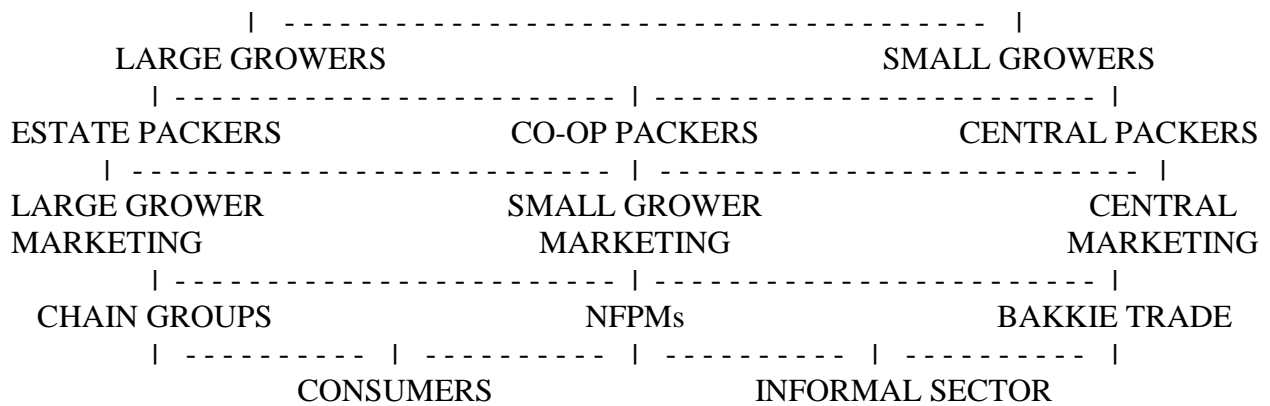


Figure 2. Segments of Industry

	LARGE GROWERS	SMALL GROWERS	
1. GROWERS & PACKERS	ESTATE PACKERS	CO-OP PACKERS	CENTRAL PACKERS
2. MARKETERS	LARGE GROWER MARKETING	SMALL GROWER MARKETING	CENTRAL MARKETING
3. DISTRIBUTORS	CHAINS	NFPMs	BAKKIE TRADE
4. CONSUMERS	C O N S U M E R S		

Discussion

Long Term Commitment

The second key issue identified by the workshop was long term commitment. The industry is still export-orientated. The South African avocado industry has never been controlled (as are the citrus and deciduous fruit industries) and*in place of single-channel marketing, a number of export companies compete for the fruit on offer. Notwithstanding this intense competitive spirit, there is co-ordination of export volumes to prevent peaks and valleys on the European market.

This is done by the voluntary exchange of information which can well be mirrored in local market co-ordination.

Commitment also calls for:

- meeting the consumer's needs for quality, freshness a good appearance and an acceptable price;
- a detailed understanding of the market, its segmentation and potential;
- cost-effective distribution and consistency of supply;
- educational and promotional activities aimed at the trade and the consumer;
- and product packaging which is compatible with the demands of the market.

As discussed under industry structure, SAAGAFs role is not that of a marketer per se. SAAGA's job is to communicate, co-ordinate and ensure co-operation amongst the marketing companies involved in the domestic market.

Fieldwork

The detailed findings and conclusions in the fieldwork phase were 1. The marketplace is extremely well-disposed towards avocados which are considered unique and with no real direct competition.

2. The preoccupation with exports presumes a "second best" status for fruit marketed locally.

3. The industry has done little to help itself or its allies in the distribution of fruit. Consequently the market is poorly educated particularly as far as cultivar quality and ripening.

4. Notwithstanding this, there is a strong desire among distributors to work with the industry to increase trade.

5. The promotional resources should be directed at point-of-sale rather than consumer advertising.

Final Integrated Strategy

Objective: To create commitment to the controlled development of the local market through the implementation of a focused, inter-related series of strategies.

The consultants recommended a three phased programme:

Phase 1: Sharp focus

- Confining the programme to the Gauteng area
- Choosing one major retailer only for internal promotions
- Confining oneself to the Johannesburg FPM
- Selecting key greengrocers as a first-season pilot group
- Confining oneself to above-the-line media which reaches this geographic area only

Phase 2: Medium Focus, extending the above to a larger area

Phase 3: Broad Focus, moving to a conventional nation-wide sales, distribution and marketing programme.

Sharp Focus of the Integrated Marketing Strategy

The Product: the avocado is a popular member of the fresh produce community. Marketed properly, it has major further sales potential. That said, there are high levels of ignorance concerning avocados in general and the Hass cultivar in particular. This ignorance is centred upon ripening status, health and nutrition, and cultivar types.

Two other areas of concern are local market quality (second best to export) and seasonality (not available for three months of the year.)

Product Strategies: Although overlapping with the promotional area of strategy, the recommended product positioning should be, in order of importance:

- How to identify ripeness
- Health and nutrition
- Versatility

Technical research was suggested to extend the season by two months through late hanging in cooler areas, controlled atmosphere or even importing from elsewhere, and then, if this is feasible, to conduct test trials among key distributors.

Consumer research was also recommended with an on-going series of focus groups held initially in the production area and Gauteng, eventually extending these nationally.

The format would be standardised to enable a benchmark process as follows:

- Frequency of use
- Diversity of use
- Where purchased
- Perceived negatives
- Perceived positives
- Product knowledge (or ignorance)
- Ripening knowledge
- Health and dietary knowledge

Price: SAAGA cannot dictate price to the industry as this falls outside its mandate. However it should educate producers to the concept of premium price for premium quality.

Distribution: Presentations/negotiations must be undertaken with each of the parties concerned in order to agree the distribution strategy as part of the overall promotional presentation to these parties. In the case of retailers this would include showing draft concepts, budgets and modus operandi.

A series of meetings should be held with those precluded from this first phase to reassure them that it is a pilot scheme to provide SAAGA with a learning curve and to iron out wrinkles, after which it will be extended to all parties on a national basis.

Review formats must be devised for SAAGA to report back according to a predetermined set of criteria and frequency.

Promotion: This is the most critical of SAAGA's overt activities against which its performance may be measured. success in this area will ultimately govern the support it receives from the industry as a whole and upon which will depend the success of the entire programme.

Appointment of Promotions Co-ordinator

The committee recommended the appointment of a Promotions officer on a two-year contract to implement the agreed task. The post was advertised and three candidates were short-listed and interviewed. The successful applicant was appointed and the following job description was mutually agreed for the officer.

Mission:

To increase public and trade awareness and consumption of avocados on the domestic market by co-ordinating research, communication and promotion involving growers, the trade (fresh produce markets, retail chains, greengrocers, the informal sector), the media and the consumer.