

A PREVIEW OF THE MARKETING SITUATION

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Many of you avocado growers are probably wondering what all this talk of financing cooperatives and cooperative marketing is for. The prices you have been receiving for your fruit have been high and you are dubious regarding the advisability or necessity of entering into any marketing arrangements. Perhaps these figures will dispel some of your doubts:

Florida

1915	Bearing acreage.....	200
	Not Bearing acreage	200
	Total	400

Last year the acreage was reported to be:

Bearing	900
Not Bearing	900
Total Dade County alone.....	1800

Last week we received a wire from the County Agent of Dade County reporting the total Florida acreage to be:

Bearing	2200
Not Bearing	700
Total	2900

The production of Dade County last year was in the neighborhood of 2,500,000 pounds of fruit. The sales of Florida and Tahiti fruit in California during the past year were in the neighborhood of 150,000 pounds. This fruit was shipped in by express, a few crates at a time, while during the last month there has been at least one full car of Trapp fruit sold in San Francisco and Los Angeles. This car contained about 25,000 pounds of fruit, so it looks as though California will be expected to consume ten times as much Florida fruit this year as it did last.

The figures on California acreage and production are incomplete, but they are sufficient to demonstrate the importance of immediate action.

<i>Production Acreage</i>	<i>lbs.</i>
Not bearing, at least.....	927
Light bearing, at least.....	232 117,740

Bearing, at least	145	443,552
Total	1304	561,292

Sales of California Avocados in San Francisco and Los Angeles during the past year— not over 150,000 pounds.

Consider these figures: Florida shipments of avocados into California promise to increase 1000 per cent during the coming year. California's estimated production 400 per cent greater than last year's consumption of California fruit. About 10 per cent of the acreage in California produces 80 per cent of the California avocados. That is, for every acre now producing commercially there are ten acres that will be producing before long.

You now have before you a few of the figures we have been able to gather. Here are some of the facts.

Present demand is very much less than our estimated supply. Supply and demand regulate prices, but it does not necessarily follow that prices regulate either supply or demand. The supply of fruit which it takes from three to twelve years to produce is not likely to react quickly and accurately to price fluctuations, nor will a reduction in price over night and of its own accord bring about a corresponding increase in consumptive demand. As a matter of fact, the high prices received heretofore for avocados have probably done more to advertise the fruit and create the existing demand for it than any other one thing except its appeal to the palate. A box of avocados placed in a market where avocados are entirely unknown would excite more interest if labeled with a high price than with a moderate price. But neither a high price nor a low price will, unassisted, move any considerable quantity of an unknown article. Furthermore, a low price level once reached is difficult to advance and the money lost to the growers on fruit sold during the period of deflation could be far better used in other ways.

Much of what has been said would not be true if price fluctuations were always reflected in what the consumer finally pays, but this is not always so. The wholesalers, the jobbers and the retailers absorb much of the temporary fluctuations in price, turning them into losses or gains for themselves, and herein lies one of the soundest economic arguments for cooperative marketing. By cooperation and the use of foresight, growers are able to lessen the speculative hazards met with in the sale of their fruit. A business is developed from what would otherwise be a game of chance.

Now, if low prices alone (and none of us wants low prices anyway), cannot regulate supply and demand, what will? Cooperation will. By cooperation—by coordinating and consolidating our efforts and ideas we can accomplish anything within reason if we will but pull together consistently and patiently.

Judging from the results obtained by our neighbors, the orange growers, lemon growers, walnut growers, raisin growers and others, we might confidently expect to accomplish, through cooperation, some of the following practical results:

1. The Regulation of Supply.

(a) By uniform distribution over the marketing season and throughout the various markets. The glutting of some markets, the starving of others, and the glutting and starving of a given market on different days is the inevitable result of haphazard,

uncoordinated marketing. All this can be avoided by controlling the supply at point of sale through proper distribution.

(b) By the elimination of unsalable sizes and grades at the point of shipment rather than by their decay or ruinous sale at destination. It is wiser to destroy fruit here, if necessary, than to pay packing, shipping and selling charges on it just for the satisfaction of seeing it demoralize the market and reduce the prices on better grades.

2. The Regulation of Demand.

(a) By the same methods employed to regulate supply, i.e. by (1) intelligent distribution, thus keeping a constant supply of fruit before the consumers so far as the seasons will permit. Many dealers who would not otherwise handle avocados would be interested if they could be reasonably sure of a constant supply; and (2) by the elimination from the market of fruit unfit and which cannot be made fit for consumption.

(b) By the systematic, gradual enlarging of the field of outlet through the establishment of trade connections in an ever-increasing number of cities throughout the country. This work must be undertaken even before the local demand is supplied in order to have the way paved for greater distribution as production increases.

(c) By standardizing the pack so that the dealer and consumer may know what to expect from a box of fruit without having to open it and examine the contents. Nothing builds up confidence with the buying public so rapidly or so enduringly, as standardization. We have a good example of the power of standardization in the California and foreign lemon situation. Foreign lemons are practically as good as ours and the packages are often more attractive, but one never knows what is on the inside as regards size and quantity. Because of this lack of standardization, the buyers pay big premiums for California lemons.

(d) By standardizing the quality. It is not so important that a grade be high or low as it is that it be standard so that the customer who buys it once can be sure of getting the same quality if he orders it again.

(e) By advertising. We have all heard or read that only one person in a hundred or one in a thousand knows what an avocado is. I do not know of any reliable statistics on this subject, but certain it is that a great many people have not acquired an insatiable appetite for our fruit. Some of them have never eaten it at all, others do not know what it is, and there are some poor folks who have never heard of it. The word, "Avocado," is not even listed in the railroad rate schedules. Now, before we can expect to sell fruit to these people we must tell them about it, teach them what it is, get them to eat it and make them like it and cry for more. To do this we shall have to advertise. We shall have to write the word, "Avocados," in letters that all will see. Instead of just leaving a box of avocados among strange people with a high or low price tag on it, we must put the word "Avocados" on it, and when the curious passer stops to enquire we must tell him what they are and how good and nourishing or, perhaps, we may give him a sample to taste. Then when he buys we must caution him not to eat the fruit before it is soft or after it is decayed and we must tell him of the many ways in which it can be served—and how it makes sick folks well and well folks strong, etc., etc.

The kind of advertising that will pay the largest and quickest dividends is personal

advertising—educational work with dealers, chefs and consumers. A stand set up in one of our largest markets—a stand attractively arranged to display the fruit and from which free samples could be handed out, would stop thousands where people are so wont to stand and gaze, and eager to try anything for nothing. And the people reached in this way are more often than not from far cities, to which they will return and proudly speak of avocados to their friends, while making final arrangements to settle in California.

At the annual meeting of the California Avocado Association in 1916, Mr. Dana C. King, Orange Sales Manager of the California Fruit Growers' Exchange, said: "In advertising, emphasize trade development or dealer service work. Personal advertising. You should start advertising in Los Angeles and San Francisco and work out from these points, near the center of production, as fast as the increasing production makes it necessary."

3. The Regulation of Price.

All that has been said of supply and demand, of course, applies to price, for price is but part of the equation; supply, demand and price. Other things being equal, the price the consumer pays does, of course, have an effect on demand; and as growers we must attempt to prevail upon the dealers to resell our fruit at prices that will assure them a reasonable profit. We must follow the example of our friends, the citrus growers, and while reaching the consumer through displays, etc., try to convince the dealers that the largest profits are to be made from small margins and rapid turnover rather than from an occasional sale at a high price while most of the fruit is decaying under the counter.

Competition

One of the most influential factors determining price is competition. "Competition is the life of trade." The man who started that propaganda was buying avocados, not selling them. The Government, through its antitrust laws has made monopoly illegal except for the farmers, yet farmers are slow to take advantage of their legal status. Why is it? If it is so profitable for the steel manufacturer or oil refiner to consolidate that the Government has to prevent them by law from doing so, why is it not profitable for the farmer to cooperate and control the distribution and sale of his products? I have never heard one logical reason why it is not, but I have heard and seen many reasons why it is not profitable for farmers to compete in such matters. In the Los Angeles market, the Association was getting, during the first part of October, 25 and 30 cents per pound for Mexican type avocados of good size and quality. One day a competitor offered similar Avocados for 20 cents. Then we had a wind and there were avocados offered for 15 cents and even 10 cents. Well the trade shifted to the cheaper fruit in spite of the fact that they were told about the windfalls and we had to reduce our prices to 15 and 20 cents for good sized Mexican fruits, Ganters, Harmons and such.

Out in the Glendora-Azusa district growers were getting 25 cents per pound for good Mexican fruits. Then one day a grower sold fruit for 10 cents and the 25-cent fruit went begging. Any of you who have sold fruit know what I mean. It matters not who makes the first cut, we either meet it, undercut or retire from the market with a consequent loss to all growers concerned—the inevitable result of competitive marketing.

If competition is good for us we should be overjoyed with the prospect of having Florida ship in carloads of fruit to be sold on our local markets.

4. *Lower Costs of Handling and Selling.*

It takes tonnage to enable a packing organization to run efficiently and economically, and the plant will only be at its best if maintained over a considerable period of time and pushed to its full capacity. What is true of a packing organization is even more pertinent to a marketing organization. The greater the volume, the lower the overhead. We have proof of this statement in every great fruit industry in Southern California.

5. *Improvement of Handling Methods.*

Each of us, working alone, will develop his peculiar methods for handling fruit, but some of these methods will be better than others and by exchanging views we shall all be better off. In order to bring about a profitable exchange of views we must have an organization interested in and studying our methods.

6. *Fewer Chances for Loss.*

By pooling our fruit with that of our neighbors we assure ourselves of the average price received for fruit of like variety, size and quality during the period agreed upon for the pool. The longer the pool the less the danger from temporary fluctuations in price, but there are other factors to be considered before deciding on the length of a pool. For example, some varieties mature earlier in some districts than in others (prices usually vary with the seasons), and the growers in the respective districts usually want the natural advantages afforded them by their locations.

7. *More Complete Marketing Information.*

At the present time it is absolutely impossible to determine accurately what the consumptive capacity of any city is. Most of the dealers either will not or cannot give any reliable figures on the quantity of avocados they sell, With an association keeping in touch with the groves and their production and with the sales of fruit being handled through our office it is a relatively simple matter to determine what proportion of the crop should be sold in each market.

Control

Now all of these things which have been mentioned depend on—control. Without control we cannot regulate distribution, open up new markets, raise money for advertising, eliminate competition, standardize the pack and grade, reduce overhead, stabilize the market and maintain prices or do any of the things that we must do with the increasing crop and maintain avocados growing on a commercially successful basis.

At the last reorganization of the Sun Maid Raisin Association, the further functioning of that organization was made conditional upon the signatures of a large proportion of the growers. The walnut growers control about 85 per cent of the walnuts. The orange growers about 75 per cent of the oranges and the lemon growers about 94 per cent of the lemons. Our aim must be 100 per cent. Of course we shall never reach that goal for there will always be those who are willing to sit under the umbrella without helping to support it and there will always be a few who think that their support is not needed. But it is needed. We must strive for 100 per cent, and make every individual realize that no matter how small his production is, it is an important part of the outside competition and that his duty to the Association is just as clear as that of any other grower and that his

fruit on the outside is damaging to our interest as well as to his own. In a matter of this kind there is no middle road, no straddling the fence—a grower either supports the organization with his fruit or he doesn't and to that extent, at least, he is working for or against it.

There is, perhaps, but one obstacle to our successfully marketing our fruit cooperatively at this time and the removal of that obstacle rests with each one of you individually.

As Mr. Sallmon so well put it in his Presidential address in 1920: "The first requirement is to instill in our membership the will to cooperate. It may take a large crop with low prices to awaken us to the necessity of cooperation, but with the experience of the citrus and walnut men before us, such a severe lesson ought not to be necessary."

It is not necessary; most of our growers are citrus or walnut men or both, in addition to being avocado men, and they do not have to learn by further experience that cooperation is necessary.

It is true that most of the older cooperatives were forced into existence by a long period of ruinous prices, but their early experiences would have been far happier if they had come into being for the purpose of maintaining profitable prices. They are examples of organized desperation, whereas the organization of the prune growers in 1917 and the recent reorganization of the raisin growers are examples of organized prosperity. What is there to prevent the organization of the avocado growers from being another such example?

Once you have that will to cooperate—once you have been filled with the cooperative spirit—the rest is easy—for it is simply the working out of contractual relations and methods of procedure. These we will take up in detail this afternoon.

Mr. Newman of the San Joaquin Fruit Company emphasized the importance of cooperative marketing to the small growers and expressed his fear that the small growers would not join in the movement until forced to do so by ruinous prices. He also stated that the large growers of the Tustin district were prepared to look after themselves, but that they were cooperating with the association in the hope that it would be able to control the shipments and stabilize the market.