

MARKETING AVOCADOS

A. F. YAGGY

Santa Barbara, Calif.

Mr. President, Ladies and Gentlemen:

At a time like this when sugar jumps \$5 a hundred over night and food staples sell at the price of luxuries, it is no wonder that good sized avocados have retailed as high as \$2 each. It is no wonder, either, that certain of our members express the opinion that at the present time the Association need not seriously consider the question of marketing, as the trade is calling for avocados faster than they can supply them.

In former discussions of marketing the grim specter Overproduction haunted the meetings, but as the years roll by the good angel, Increased Demand, has proven more than a match for him, and from the way prices have risen we can all easily believe that it is perfectly possible to send a sky-rocket to the moon. Just when this bubble of wild extravagance will burst and things will settle down to something like real values, no one can say, but whether that time comes in one year or five we can be reasonably sure that things classified as luxuries, such as fruit selling at \$2 a pound, will be the first to go begging. In the meantime, many small plantings and a few larger ones are getting to the productive stage, and nursery stock is in great demand.

Of course the law of supply and demand will regulate the price, as has been pointed out at every meeting of the Association. We know that the supply is bound to increase rapidly and we are all so imbued with the great virtues of this fruit that we believe the public will share our enthusiasm and keep shouting for more, regardless of price. Nevertheless unless we make sure that the demand keeps pace with the supply we shall doubtless arrive at the same unpleasant situation that the orange industry did. Read what Mr. Powell, manager of the California Fruit Growers Exchange said of that time:

"The rapidly increasing crop was left in the hands of individual buyers, the market collapsed because the buyers could not take a risk when the crop was large and the distribution not coordinated. The industry's problem was met only when the producers systematized the distribution of their own fruit, eliminated speculation from its purchase and distribution, established their own sales offices, and sold their products to the wholesale trade in the territory where the fruit was to be consumed. * * * The average jobbers' margin on oranges is now less than 10% of the selling price—retailers' about 25%. These trade margins are the lowest of those on any of the fruit crops."

A recent book by a learned man on Organized Methods of Marketing California Horticultural Products says this. "The permanence of horticultural industries depends upon the successful marketing of the products." He says further: "Growers' Co-operative Marketing organizations are capable of:

- "1. Reducing the cost of marketing.
- "2. Improving the distribution of the product.
- "3. Increasing the demand for the product.
- "4. Standardizing the product.
- "5. Protecting the individual grower."

Hence it would appear that to make a successful industry of growing avocados we must have, sooner or later, a marketing organization, and to quote again from Mr. Powell:

"To be permanently successful the organization must be formed by the *growers*, managed by them and the benefits returned to them. None has succeeded in which the growers and the buyer and speculator are joined together, because the interests of the two are not the same."

It is evident that unless we could make some satisfactory arrangement with a distributing organization already established, such as the California Fruit Growers Exchange, that would be willing to introduce, popularize, and market our product we shall have to take prompt and definite steps towards creating a marketing organization of our own. This we can do just as surely as we can determine which varieties are best to grow and how to grow them. In fact it is the next step for us to take—the one that our work so far leads up to.

It has been suggested that, for the present at least, we should select one good jobber in each city where we want to introduce our fruit, give him our support and assurance of the benefits in the future arising from his missionary work, work with him to educate the trade, and advertise to create a demand at times when the crop is heaviest. We would expect him to make a specialty of our avocados, we would get the benefit of his organized sales force, his warehouse, his trucks, and his good will with the trade, etc. This may be our best course for a few years at least, outside the city of Los Angeles. One live commission house in San Francisco writes:

"It is our opinion that it would be the very best policy to select one firm in this market to handle the avocados. We speak of this with the understanding that the Association will very soon take over and regulate distribution. Frankly, we do not believe that the avocado can be properly introduced on a large scale by the individual growers working from their own ideas. The Association could give its instructions to one firm which could be carefully carried out and in turn the firm could give the Association any information from experience with selling the fruit. We are awake to the important position the avocado will soon occupy in California's agricultural world. The mere fact that the limited supply is so readily absorbed at such extremely high prices is proof enough that the avocado will be a very popular fruit when it becomes more plentiful and the price comes down within reach of the ordinary pocketbook."

The majority of our members with whom I have discussed the question, feel that sooner or later we have to do our own marketing. One of them says: "I believe we should confine our efforts to one city at a time. As the greatest danger of having the fruit rejected by one who does not know the avocado is from eating it when it is not at its

best, it will be of the greatest importance that there should be one at hand who knows when each variety is at its best. The Association should place such a man in the city to be educated and have him handle and sell the fruit. Place him at a salary. Let him have but one object—to introduce and make friends for our fruit. Only one who has a real love for and faith in the avocado should be considered worthy for this position." One of the largest growers in the Association says: "It goes without saying that the producers must look forward to some other method of marketing their output than through the commission houses." Another: "The commission houses want such high commission that business through them is not satisfactory." I wish to quote from one more source, from a man who has had a great deal of experience buying and selling avocados and who is broad enough to look at the matter from our standpoint. He says: "I think sales direct from grower to consumer is not the correct way. * * * I think the Avocado Association should form a marketing place in Los Angeles where the growers could take or ship fruit and receive a price per pound, such price to be determined by the board of directors after they have carefully canvassed the situation as to the amount of fruit available. The fruit should be distributed from this marketing point to local consumers and shipped to distant markets. They could arrange for growers to ship direct to consumers and distant markets but it should be done under direction of this marketing point. These are the most important points, and I think should be discussed thoroughly by members of the Association."

Naturally, we should start in a small way. Our big problem is to tell the public about avocados and furnish them the kinds that make them want more. At present the public on this coast is big enough for us to tackle. As one of our members brought out in a paper several years ago, we should have 1 00,000 customers in Los Angeles alone. We should see that every one of the thousands of rich and intelligent tourists who come here annually has ample opportunity to taste the finest fruit that California can grow. We must make sure that the public knows what a ripe avocado is. We must educate the trade, from boss to clerk, and we must tell the chef to put the soft pedal on the peanut-oil mayonnaise and the cottonseed oil French dressing. We must get a brand, trade mark or some slogan that will appeal to the public more than our present cry of "Eat Avocados," and that will eventually accumulate a valuable good-will for us. We must advertise as much as our means allow at the proper time—when our crop is heaviest. We must always be sure of having a supply of rich, ripe fruit to satisfy the trade after we have stimulated the craving for our product.

We should have an office where the hundred thousand questions of our hundred thousand ultimate consumers will be courteously and intelligently answered, where the trade can send their orders, where our secretary will have at least a modest equipment for the transaction of his ever-increasing business, where our members can make their headquarters in Los Angeles. In connection with the office we could have a packing-room where shipments received from the growers could be inspected, sorted, repacked for local or distant shipment. Such a place would soon become the most interesting and the most important place to the avocado industry. We should have to select the location with a view to its expansion in the near future.

Until we centralize our marketing operations and all co-operate for the common good there will be almost as many different opinions as there are members of the Association

on even the most important subjects. Take the question of prices, for instance: One of our members who has large, handsome fruit for sale has received as high as \$14 a dozen for his fruit; another sold fruit weighing about a pound each to a Los Angeles store for \$7 a dozen which the store sold for \$2 each; another sold all his at \$ 10 a dozen; another sold his fancy Guatemalan fruit for \$1 a pound; another says that 60 to 75 cents a pound for the Guatemalan type fruit and 25 to 35 cents a pound for the thin-skinned is correct; another got 45 cents a dozen for his thin-skinned on the trees, and they are good fruit averaging 6 to 8 ounces; another with fruit slightly smaller got \$1.50 a dozen delivered to the nearby market; another sells his Fuertes at \$7 a dozen locally; another sells his Fuertes at \$10 a dozen less 10% commission in San Francisco; one sells to a large hotel at 50 cents a pound. Levy & Zentner quote: 1/2 pound fruit \$3.00 doz.; 3/4 pounds fruit \$5.00 doz.; 1 pound fruit \$5.00 to \$6.00 doz.; 1 1/2 pounds fruit \$8.00 to \$ 1 1.00 doz.; 1 3/4 pounds fruit \$ 12.00 to \$14.00 doz. One guess is as good as another.

If there is any consensus of opinion among our members on the subject at present it is that it is best to sell the large fruit by the dozen, the smaller and irregular-sized fruit by the pound. If all the fruit were to be sold by the dozen it should be graded into different groups according to size, i. e., 1 0 to 12 ounce, 12 to 14 ounce, 14 to 16 ounce, 16 to 20 ounce, etc.

Take the question of ripeness of fruit. One of our respected members of long experience writes thus of the people who are handling his fruit: "I find that they sell the fruit comparatively green, claiming that the trade demands it. (Levy & Zentner say it is absolutely essential to pick them "somewhat green and hard" to ship well and to keep long enough for the dealer to dispose of them). Formerly I would have condemned this method but lately, especially this year, I find that, like the Bartlett pear, the avocado does not have to be mature to be edible and that it will soften satisfactorily and become very good eating when perhaps only two-thirds grown. While lacking in oil content to some extent the flavor is to my taste superior. The seed matures ahead of the rest of the fruit and it may be that we will find that the test of edibility is the maturity of the seed and this will require more or less expert knowledge * * * At present the market is not very critical as to variety. If the avocado is good size it will sell at a good price, more or less depending on the looks." Is he right about the maturity of the fruit? What expert is going to follow this up for us conclusively? How can an expert follow this up successfully unless he has a great number of shipments to examine? How can we better co-operate with the State and U. S. authorities in their efforts to keep unripe fruit from the markets than to have our market representative appointed as inspector for the State or the Government or at least work with their men?

Packages: Everything from a peach box containing 15 one-pound avocados to an orange container is recommended. Some recommend a crate holding three dozen one-pound fruits having one end closed so that we could paste a nice label on it advertising the word *Avocados* prominently and the name of the variety, the shipper and the contents. One San Francisco commission house writes: "The kind of container used is an important question. From close observation we have come to the conclusion that large sizes should be packed in boxes containing from one to two dozen and the smaller sizes in boxes containing from three to four dozen to the box. These containers

are recommended because they hold about the average quantity that the retail dealers and the restaurant and hotel buyers purchase at one time. Later on when the fruit, by reason of large production, takes its place with the leading products of the state a standard container should be introduced for uniform use. We believe the Association would do well to consider a package similar to that used for citrus fruit. We find that the best results are obtained by selling avocados by the dozen. This method, however, may not apply so strongly in other markets as it does here where merchants have been accustomed to purchase only by the dozen. Selling in this manner requires less handling and in numerous ways is more satisfactory than to handle by the pound, crate, or otherwise. This is the one particular reason why we have recommended the one, two, three, or four dozen containers and the contents should be very plainly marked on the boxes. This will eliminate a second handling when they are received here. Not only this but in case the boxes are robbed en route the receiver will then have a basis for a claim against the express company."

A number of our members who have done considerable local shipping favor the lug box with cover, holding about 2 1/2 dozen one pound fruits. It allows air to get to the fruit in transit and does not allow them to be placed in more than two layers which is important, especially when fruits are nearly mature. All fruit should be sound and firm when packed. Fruit not firm is likely to be badly injured in transit. If nearly ripe fruit is put in they should be partitioned off by themselves and well protected with excelsior or straw so that they cannot move around. Florida growers have used a tomato crate successfully. It measures 12x12x24 inches, and is used sometimes with a partition. They pick their fruit with an orange clipper, cutting the stem just above the swollen portion at the point of attachment to the fruit. Coarse excelsior is used above and below each layer as a cushion. They ship mostly by express.

With proper packing it has been shown that our thin skinned varieties, picked at the right time, will carry to any part of the United States. There is no reason why the Association cannot successfully handle these rich, smaller fruits and make them as profitable per pound for its members as the larger, more showy fruit. One commission firm states that the hotel trade is using more of them than of the larger fruit now and that it is the retail grocery trade that asks for the larger sizes. Practically none of the trade knows anything about varieties. Another dealer says that only 8% of his trade asks for any particular varieties. The smaller fruit will probably be the kind the average buyer will first taste. Many will always prefer them because of their rich flavor as a class and because of their convenient size for family use. The Association will have to discover the proper basket or carton designed for family use for this smaller fruit. Such details can be easily mastered when we have our marketing organization and a place where we can iron them out. Box-makers and others experienced in such matters will be quick to help us with samples, figures, demonstrations, etc. when they learn that we are a live business organization and not merely several hundred widely scattered individuals.

In conclusion I wish to touch on another phase of the situation brought out by a letter of one of our most faithful and beloved members. He says: "Just what part the Association must play in the new and changed order of things is something I have given no particular thought to. This fact is clear enough, however, that when it does engage in the marketing game it will then change from the rather social character it has so far had,

to one of a more serious nature. In fact the whole Association would immediately take on a different character in my opinion. Hence it is a serious and vital question to approach. I think it is one which may profitably be discussed at the next meeting."

Why cannot the purely business part of our marketing organization be so segregated from the delightful social gatherings that we all anticipate and enjoy that we should lose none of the treat in store for us at these friendly meetings? According to our By-Laws the purpose of this Association shall be to improve the culture, production and *marketing* of the avocado. We certainly have done something toward improving the culture and we are all doing our utmost to speed up the production. Is not it equally important to solve the question that will determine whether our industry is on a firm foundation or not? It seems to me that with the same energy and the same spirit of cooperation that the members of this Association have shown in the past, we can form a marketing organization that will be a credit to the Association and that will assure its permanence.