

## **A Steady Hand, a Long Term View: Development of the California Avocado Marketing Profile**

**Edd Buckley**

*Associated Marketing Chicago, IL*

What life was like before the avocado is hard to imagine, but it surely is a lot better now — not much question. In 1958, fewer than 5% of U.S. households were users of the fruit, a penetration level representing about 2.5 million of the 50.1 million households then in the nation. That was the first time the industry looked at the national consumer market, 1958. With an eye toward making life better by putting more avocados on more plates more often, the industry began to do just that!

Forty-one years later, in 1999, the U.S. household population reached just more than 101.5 million. More than 40.0 million of those households were homes where avocados were served that year.

Thus, while the U.S. household population more than doubled between 1958 and 1999, the number of the nation's households using avocados increased more than 16 times!

For the five-year period 1970-1974, U.S. consumers were using the fruit at the average rate of about .68 of a pound per person. Some twenty-five years later, per capita use of the fruit had jumped to 1.54 pounds per person, an increase of more than 140%!

There can be little question about the growth of the California avocado industry from the late 1950's to the turn of the century. Few fresh fruits have enjoyed such growth. Between the average three-year periods, 1976-78 and 1996-98, major non-citrus fruits increased their combined per capita consumption by a little more than +37%. Over the same twenty years, avocados grew by more than +64% — a rate nearly double that posted for the total non-citrus group.

Much of the California avocado industry growth occurred during a period of significant change in basic American eating habits, including a sharp increase in the consumption of fresh fruits and vegetables. Expanding rapidly, the keenly competitive fresh produce business slowed for not one minute. It can readily be seen that the energy and accomplishments of the Avocado are to be recognized and appreciated.

Market development such as the avocado has recorded does not just "happen." The fruit has long been popular in the West, especially in the Southwest and along the Pacific Coast — the area where it is often said that "new things start." Though an important part of Southern California agriculture for many years, it was not until the close of World War II that the avocado industry began to take the organizational form that brought it to the forefront of the fresh produce industry.

To get the California Avocado Advisory Board on its way, growers, handlers and others willingly served and characterize the early days of the California program, contributing in

so many ways to meeting the needs of a fledgling industry with a very bright future. This loyalty and spirit were clearly and meaningfully dedicated to the development of the industry.

The strength of the management and direction complex which was developed and put in place, has continued almost without interruption to this day. From seed, soil and water to fresh at the consumer's table, the California avocado industry has been integrated, focused, productive and efficient.

The real strength of the industry throughout its development period, a period that is far from over, has been the people within the industry itself. The visionaries that saw the promise of the fruit also saw the need for an organization that could and would represent the industry in the marketplace and in the growers' ranches.

It was a small group that put the first California Avocado Advisory Board together. These visionaries managed it as it became a highly visible factor in the marketing of fresh fruit across the nation and around the world. People who knew how to manage a business in place, from production through marketing, followed these market leaders. Perhaps not all hands-on in all facets, these were people knowledgeable about putting a young organization in place, what needed to be done, the resources required and how to accomplish the objectives.

This continuing flow of competent leadership at the organization level put the foundation of the industry, its production and marketing in a single unified package. It was the essence of the California industry and remains so today - The California Avocado Commission.

There developed during this time, a determined commitment to a stable program, carefully crafted to meet both strategic and tactical requirements. From long-term planning, state of the art communications as well as detail-oriented merchandising and promotion efforts at the local store level, the objective has always been in clear view — the consumer.

The California Avocado program, from a marketing point of view, sparked interest not only in the avocado but also in the overall marketing of produce almost from the very start. In only a few seasons, it became the pacesetter for the fresh fruit and vegetable segment of American food retailing. Its fresh, innovative style and its carefully integrated merchandising, promotion, advertising and public relations activities became the pattern to envy and copy for many other items in the fresh produce category.

Perhaps obscured, or taken for granted, the pattern of organization of the California industry contributed significantly to efficiently building the business of selling avocados. A nearly unknown fruit in the late 1950's, fresh avocado sales reached nearly a half billion dollars at retail in 1999. It is that same capability and purpose that the California avocado industry holds today. From the solid formatting of years ago, the program roots are deep. This has allowed the industry a firm platform upon which to stand and meet the challenges of global marketing that have developed over the past few years.

The *California Avocado* has long been recognized and appreciated as an elegant food with good associations — in short, a good part of the good life.

The word 'California' is a key component in the stable, long-term program that has

brought the avocado to the tables of more than 40 million households in the U.S. and millions more around the world.

The established quality and confidence that the word 'California' brings to consumers everywhere are part and parcel of the *California Avocado*.

This carefully developed position for the *California Avocado* is the result of its exceedingly sensitive program, attuned to change but always focused. Based on meaningful and relevant information, well-grounded plans have been thoughtfully drawn in an environment welcoming and encouraging a free exchange of ideas. Beyond that, the plans have been reliably well executed by interested, capable and professional people. To forge a program of such capacity takes time and commitment, no question.

In a long-term view such as this, the development of the industry may seem to have moved along without struggle or difficulty. But, agricultural products are rarely so lucky and avocados are no exception. Freezes caused problems at times, desperately wrecking well-laid plans of the seasons. Especially in the late 60's did low temperature's take their toll.

The alternate year cropping pattern of avocados, combined with an occasional extra heavy yield have put significant multimillion pound pressure on the industry during more than one season. In 1984, 1987 and more recently in 1993, these were supply conditions for the industry to address and live with. On the other side, short crop years such as 1980 and 1990 put a different kind of pressure on the industry, but a kind no less difficult.

Water, land use, and land value have played very significant roles in the development of the industry. As the population of Southern California expanded, so too did the need for water and land for the newcomers. Avocados have felt these pressures almost since the start of the industry expansion. For the California grower, these concerns may continue, though perhaps at a different pace.

Insects and disease have been concerns for Avocados just as for most agricultural products. A continuing program of research competently directed by the Commission and executed by the University of California, and others, has dealt with such issues long-term, thanks to the prominent position given production research by the industry. Administratively, there were differences from time to time, but the strong and cohesive structure of the industry allowed the problems to be resolved within the context of the organization. Labor, environmental matters and other issues have also provided rough sailing from time to time, just as happens for most organizations.

In short, the development of the California avocado industry has not, by any means, been without some difficult times, some struggles, some disappointments. Over the long-term, there have been problems, times of turmoil and difficulty, just as with any endeavor. Nevertheless, over that same long-term, the resulting picture is one of success and progress that is far from common in agricultural production and marketing.

Important here, and perhaps unique to the avocado industry, is the thoughtful and sensible approach to working and dealing with the problems that are almost always a part of agriculture and its products. From this application of organizational skills has emerged the ability to draft new plans and programs to deal with problems the Avocado

has faced — the concept of latent demand, the sharply improved crop estimating procedures, fully integrated marketing of high value perishable product, forecasting and other components of a contemporary program such as the California Avocado Commission directs and administers.

Today, the matter of imported avocados is a relatively new issue. Last year, some 112 million pounds of avocados were imported into the U.S. from all origins, with Mexico and Chile furnishing most of the fruit. Only six years earlier, in 1993, that number was barely more than 14 million pounds. In 1989, only ten years before, imports were an even smaller 10 million pounds or so.

Many fresh produce items have felt the pressures of changing times and the increased presence of imported products. Often, they were unprepared to meet the new competition in their marketplace. For avocados, however, the situation is far from the same. The long-term development of the seamless connection of the Avocado and California has put quite a different picture in place for the fruit. The *California Avocado* holds an enviably strong position that is nearly analogous to that of 'a brand' in other fields — with all of the marketing strengths and advantages that can go with it.

Very early in the development of the basic platform upon which the industry based much of its sustaining work, the focus was on the demographic and geographic characteristics of the market. These trade and consumer identifiers are the essential, basic underpinnings of efficient contemporary marketing. Wisely, this segmentation process was maintained through time. Possession of the information enabled the California Avocado Commission to develop and execute its plans and programs with precision in a market full of change and in nearly constant flux. These marketing separations clearly defined and isolated two very important groups of consumers: current users and current nonusers. This allowed for an efficient focus on maintaining and increasing use of the fruit among current users. In addition, and equally productive, was the ability provided for attracting new users from the nonuser target group and converting them to regular users. Both groups, on a priority and carefully defined basis, could be approached efficiently and easily within the program context.

Given this focus, the California avocado industry was able to productively and responsively stay in touch through time with the retail market as it changed and with consumers as they changed. The energy and vitality of the management and direction complex which was developed and put in place so long ago, have continued almost without interruption to this day. Over the years, in the same building-block fashion as most solid building is done, the strong franchise the California avocado holds with the consumer has developed.

As imported avocados continue to pursue the U.S. market, the strength of the California industry will be a matter to contend with, quite unlike what other produce items may have presented to the offshore products as their crops felt the competitive pressure of the foreign origins.

So tightly is the location identifier 'California' bound to the avocado, that a product without such union may be at a severe disadvantage with millions of U. S. consumers. The very careful and sensitive analysis of the market over a long period has enabled the California industry to identify and communicate with its market with precision. This

precise identification includes both demographic and geographic characteristics. With such knowledge in hand, competing can be quite a different matter than may be the case when no such investment in time and resources may have been made.

The near-brand status of the California and avocado combination, the long-term attention to the changes and trends in the demographic and geographic characteristics of the market, the matter of a persistent center focus on the consumer, and the vigor and vitality of the industry management combine to give the *California Avocado* a powerful marketing profile of its very own.

Long before the ships entered the harbor with their imported fruit, the California avocado industry was prepared for their arrival. Decisions made more than fifty years ago are today contributing significantly to the continued success of the *California Avocado* and its industry. While other origins can and do ship their product into the U.S. marketplace, they cannot import 'California' with their fruit.

*Edd Buckley is a principal of Associated Marketing, an agricultural marketing and research firm based in Chicago, Illinois. The firm specializes in consumer marketing of high value agricultural crops. Mr. Buckley is a familiar figure in the Avocado industry, given his long association with the California Avocado Commission and its predecessor. He has been watching the avocado industry at the national and international level since 1965.*