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Hass Avocado Marketers Gain Strength, Retain Independence

“The Hass Avocado Board’s story is one of cooperative learning, growth”

Born of the Hass Avocado Promotion, Research, and Information Act of 2000 (HAPRI), a bill passed by the U.S. Congress, the newly formed Hass Avocado Board’s (HAB) first Annual Report for 2002-2003 spoke sternly of “the real possibility of oversupply of Hass Avocados in the U.S. market”. The report predicted a one billion-pound supply within a few years. By 2011, one billion-pound years had become the norm, as suppliers from California, Chile, Mexico, New Zealand, Peru and the Dominican Republic all send Hass Avocados into the expanding U.S. market. Today all the participant’s in the U.S. marketplace talk of marketing two billion pounds of Hass avocados as the industry’s next market milestone, which will prove their collective ability to expand the acceptance of the Hass variety to all parts of the U.S. markets.

The period between 2003 and 2011 has at times seen challenges as HAB members and directors worked and traveled together into uncertain territory, regarding budget allocations and the development of collective marketing plans. But early trust and control issues – to be expected in a new organization mapping an uncharted path – have given way to a strong collaborative effort that has resulted in all member associations working toward one common goal, that of building the US market for the Hass Avocado category, all the while maintaining marketing independence for each member country association .

The 490 million-pound U.S. avocado market in 1999-2000 leapt to nearly 800 million pounds in the 2003-04 crop year, as consumers in traditional markets continued their love affair with Hass Avocados at both supermarkets and restaurants. Millions of additional pounds of fruit filled new markets that were

collaboratively developed, expanding both volume and geography of sales. The flow of fruit tipped over the one billion pound mark in the 2005-06 crop year, and continues to climb. HAB's role in creating a stable US marketplace has been significant, and for the past nine years it has refined its role in marketing and promoting the Hass Avocado in the United States.

The Opening Act (2000-2002)

Much of the Hass Avocado's success in the U.S. resulted from a steadfast commitment to marketing. The California Avocado Commission (CAC) was reorganized in 1988 behind a new marketing strategy to match the projected increases in volume of Hass Avocados. That philosophy of "Steady Consumer Advertising" year in and year out is still in place today for California and has been matched assertively by The Mexican Hass Avocado Importers Association (MHAIA) and the Chilean Avocado Importers Association (CAIA).

The California avocado industry, recognizing the need to grow market demand before the full impact of the imported fruit arrived, sponsored federal legislation that would allow collection of marketing dollars, equitably funded by all avocado producers, foreign and domestic alike. The result was the Hass Avocado Promotion, Research, & Information Act of 2000 (HAPRI Act), signed into law by Congress in 2000.

The Hass Avocado Board (HAB) was established under this Act after Hass Avocado producers and importers approved the program in a national referendum. The newly appointed board faced a tough job as the aggregate volume of Hass avocados moved inevitably toward 1 billion pounds over the next five years.



Operating under the supervision of USDA, HAB contracted in 2002 with the California Avocado Commission (CAC) to plan and execute its U.S. marketing programs in order to leverage 30 years of domestic market knowledge and expertise.



With the goal of building national market demand for Hass Avocados, HAB established an assessment rate of 2.5 cents per pound for all foreign and domestic avocado producers selling in the

U.S. market. Funds generated by that assessment could be used to unite all avocado producers selling in the U.S. market under one strategic marketing umbrella.

A Change of Plans (2002-2003)

Among the strategic initiatives originally envisioned by HAB was a seamless, 12-month marketing program designed to avoid fragmentation caused by seasonal marketing campaigns executed by each supplying country. However, a second approach – and the one adopted - allowed USDA certified import associations to withdraw 85 percent of their assessment funds, provided those funds are used to market Hass Avocados in the U.S.

Based on a provision in the HAPRI Act, certification of importer representative bodies, the Chilean Avocado Importer Association (CAIA) and the Mexican Hass Avocado Importer Association (MHAIA), by USDA in 2003 created an interesting backdrop for development of the HAB's program: while associations clearly chose to retain both independent marketing plans and country-of-origin brand identity, it was less clear how separate marketing plans would produce the discipline necessary to control market timing and geographic distribution. These individual import associations were now responsible for investing their portion of the HAB assessments. Would their marketing decision lead to over- or under- supply at various times of the year? Would they affect individual market prices as a result?

In these formative years, HAB recognized the need for a consistent, strategic vision across all marketing efforts, and cooperation with all the players to get that job done. Rather than utilize years of U.S. market data and expertise to mold and shape only the plans that would be implemented with the remaining 15 percent of funds, HAB chose to continue with the complete strategic planning process and developed a macro strategy for the entire U.S. avocado market in 2004.

HAB then offered to share that vision and subsequent plans with all HAB participants so that the individual import associations could leverage strategic market intelligence to bolster their own marketing efforts.



The first move in that direction was HAB's launch of a comprehensive communication program to all Hass Avocado producers around the world who sell in the U.S. market. Key message points include:

- Explain that one, unified strategy is imperative to sustain value and market stability
- Review all marketing, and non-marketing needs, in a macro context and then prioritize/allocate/apportion those needs with fairness, efficiency and strength
- Generate retail support for an evolution from multiple brands competing against each other to multiple brands working together to offer consistent and uniform quality for consumers
- Harmonize independent marketing efforts conducted by various avocado organizations with those conducted directly by HAB

In the meantime, HAB and the associations were adding depth and breadth to their marketing communications efforts, mounting consumer, food-service and retailer programs. HAB launched an advertising campaign called "Team Hass" to give the retail market confidence that they could safely promote Hass Avocados as a great fruit, available 365 days a year.

The Launch Year (2003-2004)

Recognizing that resources remaining with the HAB following the distribution of 85 percent funds would be insufficient to mount an effective, broad-reach national consumer advertising campaign, the Board in 2003 developed the following dual program strategy for the 2003-04 season: Information Technology (InfoTech) and Marketing Communications (MarCom).

The primary goal behind the InfoTech program was to develop strategic intelligence to enable avocado marketers to share information essential to orderly marketing throughout the full 12-month season and ameliorate seasonal transition points and market instability between sources. This initiative helped all sellers in the U.S. market develop a much-needed framework to ensure orderly flow of fruit and market stability. The benefits from such an end state would inure to consumers, supermarket retailers and suppliers selling Hass Avocados in the U.S.

The Infotech vision found reality with the development of AvoHq.com, the first intranet site of its kind in the produce industry. This online undertaking offered producers, handlers and importers access to comprehensive historical data and up-to-the-minute industry information. AvoHq.com complemented the newly developed Network Marketing Center, a communication hub that could unite stakeholders from various countries

These twin resources provided a remarkably robust foundation for association marketing efforts. Until this point, avocado stakeholders were making decisions with inadequate information — a fact that plagued industry marketing efforts. The InfoTech program brought light into this realm, and enabled growers to market in ways that were not possible before — in an efficient, cost-effective manner.

For the MarCom program, HAB launched its first involvement with Super Bowl promotions, a seasonal program that has become a mainstay for marketing during transitional periods. This effort supported a new strategy of focusing HAB's own marketing efforts (as opposed to those of the associations) on the shoulder periods during which associations were less active due to the seasonality of their fruit. The MarCom plan included three components:

- Consumer Communications: Call-to-action public relations efforts to drive consumer demand/purchase in key markets around key holidays/events
- Trade Communications: Educating the trade about HAB strategies and developing retail/foodservice partnerships to effectively promote Hass Avocados
- Industry Communications: Updates key industry targets on the positive impact HAB programs have on industry cohesion and market development

As the first global body representing the Hass Avocado industry in the U.S., the HAB set the stage in 2003 and 2004 for future success by underscoring the need for collaboration and cohesion. The more united the industry became, the greater its marketing impact would be.

Bringing Everyone to the Table (2005)

Success proved a fine stimulus for the growing cooperation between HAB and the avocado associations over the next several years.

This unprecedented cooperation helped contribute to the increase in avocado demand across the U.S., exceeding that of any other major fruit category. While there remains a strong and healthy element of competition between Hass suppliers, the unity ardently sought took a quantum leap in 2005.

In-country visits and focused communication with international suppliers led to breakthrough agreements with Chilean, Mexican and California associations for weekly sharing of shipment information, including volume and size— a historical first. Hearing the concerns and ideas from the international Hass community first-hand also helped position HAB as a true asset for the industry.

Results were becoming evident. In 2005, marketing efforts by HAB and the associations helped generate a 14 percent sales revenue growth and 19 percent sales volume growth in the category tops among all major fruit. By comparison, total fruit sales increased by 5.1 percent and total produce volume by 2.8 percent, according to industry data.

While associations continued to refine marketing programs, HAB pressed on with imaginative promotions with titles such as “Guac Around the Clock,” “Avocados Around the World” “Sizzlin’ Summer Sweepstakes” and a fresh theme line, “Always in Season” to reinforce the year-around message.

The Milestone Year (2006)

By 2006 well placed optimism had replaced anxiety as suppliers to the US market hit the 1 billion pound milestone. The volume was expected, but less apparent, at least early in the season, was the prospect of seeing avocado category performance remaining strong.

But it did. HAB’s and the marketing associations performance proved the market could absorb the record breaking volume while maintaining market value. The unity of purpose among suppliers since 2003 melded into a cohesive distribution approach that found suppliers paying attention to marketing timing. Notably, both Mexican and Chilean suppliers moderated their shipping schedules to reflect the large amount of California fruit available during certain weeks.

Similarly, the following year, when California growers faced a harvest reduced by multiple natural calamities, other producing countries stepped in and increased their shipments to fulfill consumer demand. Most important, market prices remained stable, consumers stayed loyal and all suppliers benefited.

During this record year, domestic and international suppliers invested more than \$35 million in advertising, promotions, public relations and related marketing activities. This level of investment allowed a broader variety of tactical programs than was possible in the past, ranging from the introduction of cable television and radio advertising to sports promotions.

Also in 2006, HAB marketing efforts settled comfortably into a “transition period” strategy that eliminated full-year promotions in favor of consumer communications with the Super Bowl and fall tailgating initiatives, with additional strategic public relations for consumers.

Redefining HAB’s Role (2007-2010)

As the necessary investment in information infrastructure waned, the HAB board began in 2007-2008 a transition from its technology focus to a greater marketing orientation, with more resources available for external programs. Along the way, through trial and feedback, it became apparent that HAB’s efforts

should center on several core activities, primarily enhanced marketing activities during key consumption periods in cooperation with HAB associations. Three critical decisions resulted:

- HAB established a stronger concentration on consumer research and industry data.
- HAB honed its marketing focus to include two time periods to augment the association marketing programs: “Big Game” in January/February and “Tailgating” in late summer/early fall. That focus continues.
- HAB established a nutrition program that will grow over the years and reflect critical health messages in support of avocado consumption.

With encouragement from the industry, HAB took on the responsibility in 2009 for planning and implementing comprehensive avocado nutrition research. The goal of this ongoing process is to establish beneficial health claims and nutrition messaging, approved by the U.S. Food and Drug Administration to be used as important marketing messages.

Securing results in peer-reviewed publications as well as providing news to be leveraged in the market, HAB is pursuing a combination of research and education projects over the next two years. These projects will include the completion of at least four published scientific studies to help support health claims. As these studies unfold, HAB continues its aggressive marketing of messages around nutrient value.

In 2009, the Hass Avocado Board joined those associations who had fruit in the marketplace – the Chilean Avocado Importers Association and the Mexican Hass Avocado Importers Association – for a groundbreaking professional baseball promotion in September and October called “The Big Hit.” Originally a MHAIA project, that group brought it to HAB and the other associations with the thought that pooling resources could produce significantly higher return on everyone’s investment.

In addition to the “Big Hit” effort, 2010 brought another joint promotion. CAC and CAIA joined forces with HAB to develop a college football themed promotion called “Kick-Off with Hass Avocados” which included a TV commercial that aired throughout the college football season. This program will be repeated in 2011 and for the first time, will be funded by all associations under the HAPRI.

Joint Promotions are perfect examples of how multi-origin avocado marketing organizations can work together to promote the category as a whole, capi-

talizing on economies of scale. These programs creatively align avocados with the excitement building around sports, while benefiting in-season avocados in the marketplace.

Growth Continues (2010-)

In 2010, a record year that saw well over 1.3 billion pounds of avocados consumed in every corner of the United States, the complex marketing engine that delivers avocados needed a powerful, fluid performance in order to achieve success. Learning from recent experience in driving ever-expanding crops into a high-demand market, the Hass Avocado Board, in coordination with all Hass Avocado associations, ran a well-oiled machine that met the challenge.

Clearly, HAB, the associations, handlers, importers, retailers and food-service operators have learned how to successfully drive the market up a constant climb over the past years. HAB has facilitated this learning even as it established its independence in all decisions and management from the California Avocado Commission.

Now HAB and its Board of Directors focuses on long-term, demand-building activities rather than targeting immediate sales, a job that the Californian, Chilean and Mexican avocado industries have done extremely well over the years. In addition and following the direction of its stakeholders, the emphasis on nutrition research and communication will continue to expand in 2011 and beyond.

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