

## The United States Avocado Market

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The United States is the world's second largest producer of avocados, with annual crop volume of around 200,000 metric tons. Production was fairly constant during 1987, 1988 and 1989. Increasing volume is anticipated for the U.S. in the next few years from a very solid acreage base of 65,000 acres, capable of producing nearly 230,000 metric tons.

There are three states that produce avocados in the U.S.A.: California, Florida and Hawaii. California represents nearly 90% of the U.S. total annual volume, with Florida accounting for most of the balance. Hawaii produces a minor percentage of the U.S. total.

There are seven main avocado cultivars grown in commercial volume in California: Hass, Fuerte, Gwen, Reed, Zutano, Bacon and Pinkerton. Of these, the 'Hass' is by far the most common, accounting for 82% of California's annual crop. All of the other varieties from California are greenskins similar to the varieties grown in Florida. Due to its strong acceptance by consumers domestically and abroad, the 'Hass' avocado is likely to remain the most common variety produced by the United States.

Another reason for the popularity of the 'Hass' avocado is its year-round availability. The avocado season in the United States begins November 1 and extends for nearly 12 months.

Since California represents the vast majority of the annual avocado crop in the United States, the information that follows is based exclusively on data on this state's crop, as we consider it to be reflective of the total U.S. situation.

Almost all of the California avocado crop, 96%, was consumed in the United States in 1990, leaving only 4% for export. Export shipments are limited to three key areas: Europe, Canada and Asia. The 'Hass' export season normally runs January through August or September. The greenskin export season runs September through February. While we are very interested in pursuing the European market, the past four years of lower volume and higher prices have made demand for California fruit low in Europe, where supplies from many countries are available. The Far East and Canada have taken imports from California when Mexico has peaked in the market around March.

When it comes to breaking out usage by retail and foodservice operations, the story is

very similar. Fully 70% of our annual crop goes to the retail market and the remaining 30% is foodservice. Even at only 30% of our total, foodservice is an important part of our marketing mix, as it helps to ensure a year-round market for our fruit.

The split between retail and foodservice is mirrored in the percentage of our annual crop sold fresh and processed. Fresh fruit represents about 80% of annual sales. However, processed fruit is seen as a growing segment, especially as foodservice gains in significance.

Having reviewed for you the general character of our avocado crop and the way it is marketed, I would now like to turn to the consumer component of the avocado market in the U.S. The California Avocado Commission conducted a consumer market research study that was national in scope. It provided a profile of the American consumer's awareness and usage of avocados. It also afforded some insight into regional differences in the United States.

The respondents to this study were primary grocery shoppers between the ages of 25 to 54. Awareness of avocados among the respondents was extremely high, with almost all of those interviewed, 98%, having heard of an avocado. Over half of these respondents had tasted an avocado. Demographically, the purchasers of avocados were more likely to be working women between the ages of 25 and 54, to have a college education and to have a higher than average household incomes. The study revealed various regional differences in the usage and purchases of avocados. Usage was highest in the western and southwestern portions of the country and was lower in the east and Midwest. Respondents were also asked how they used avocados. The most common use given was in guacamole, while the second most frequent response was in salads. Our communication efforts have recently increased usage in other ways, such as, sandwiches and entrees. In general, when asking respondents about their attitudes toward avocados, they think of avocados as having a pleasing taste, being very nutritional and being versatile.

We have developed and implemented various marketing programs at the California Avocado Commission on behalf of our growers. The national print advertising campaign is the Commission's most recognized consumer program. Over the past two years, this effort has been expanded to reach the entire U.S. to maximize usage and awareness across the country. The visual elements focus on attractively presenting interesting and different ways in which to use avocados. Showing consumers, both those familiar and unfamiliar with avocados, a range of uses for the fruit has proven to be very successful for us, and it is an approach we intend to maintain.

To complement this advertising campaign, the Commission conducts a variety of public relations activities designed to broaden usage further. Our national baby food program that has helped develop a taste for avocados with infants and children and increase usage among new mothers. The public relations effort also helps to convey our healthful message about research on the positive nutritional value of avocados. We are constantly at work setting the record straight on the many myths and misconceptions

consumers have about the fruit, specifically revolving around cholesterol and fat. The Commission has worked hard to dispel the myths by assembling the top nutrition experts in America to discuss avocado nutrition. From those discussions, programs are developed to change the misperceptions.

Another important public relations program is consumer media relations. We prepare a range of targeted press releases year-round, which reach millions of consumers with new recipe ideas and other educational information.

At the California Avocado Commission, we also devote a lot of attention to programs directed to the trade. For example, we offer attractive trade incentive programs, such as a contest in which retailers can win a trip to Tahiti by running a newspaper advertisement featuring California avocados. Our flexible display incentives have successfully resulted in a large number of in-store displays of our fruit, displays that are important in generating greater consumer purchases at retail.

One major trade effort the Commission promotes is what we call the Ripe Avocado Program. Our research shows that in many cases consumers would not purchase avocados when they were uncertain if the fruit was ripe, or worse yet, when ripe fruit was unavailable. So we designed a program to educate the trade on the benefits and ease of merchandising ready-to-eat avocados. The results of these efforts have been very positive, with retailers participating in the Ripe Program reporting sales increases of 30% or more.

We also consider it very important to establish and maintain consistent communication with the trade, regarding the California avocado industry and our marketing programs. To do so, we produce and distribute sales and support materials to provide produce retailers and merchandisers across the country with information they need to keep their avocado sales strong and thriving.

The California Avocado Commission also provides direct support to the avocado industry it serves. It administers specially funded production research efforts that are geared toward producing practical results growers can use in their groves. It has also launched a major anti-theft program to deter and eventually eliminate uncertified fruit from reaching wholesale and restaurant locations.

The Commission developed and constantly updates a communications program to keep its growers advised on these and other activities via an online computer and telephone information service called AMRIC, the Avocado Marketing Research Information Center. It is the only known system of its kind in the world. The Commission also prepares newsletters for its growers, such as the Green Sheet, published weekly with market trends and the Growing Times, which provides the latest industry information on a quarterly basis.

The last topic of this paper is that of innovations affecting the retail performance of avocados. At the Commission, we have found that materials designed for placement at

point-of-sale, such as an attractive and informative stack card highlighting the Ripe Program, help reinforce our consumer marketing programs as well as the trade's efforts. Consumers generally respond well to any product information, especially when available at the time they are making the actual purchase decision.

The Ripe Avocado Program has not only proven to increase sales, but, in so doing, it moves the fruit faster and helps to cut down on losses from spoilage and damage from excessive consumer handling. Identifying ripe fruit with stickers is another means of providing the shopper with information she needs to make her decision to purchase.

We have also taken steps to supplement these activities in the east and the Midwest where avocado sales are less strong than in the west and southwest. In such "low development areas", we encourage consumer trial of the fruit by sponsoring in-store demonstrations in an easy and popular recipe like guacamole. These demonstrations are a valuable tool for generating incremental sales from consumers who would not have chosen to purchase an avocado and sample it on their own at home.

The California Avocado Commission has developed and implemented a wide range of consumer and trade programs to encourage awareness, purchase and usage of California avocados.