



Jan Delyser and Ken Melban met with Tomoko Shibata (c), Costco's buyer for Japan at Asia Fruit Logistica.

## California Avocado Commission Explores Opportunities in Asia

California Avocado Commission (CAC) Vice Presidents Jan DeLyser and Ken Melban recently visited Tokyo and participated in Asia Fruit Logistica in Hong Kong to explore opportunities for California avocados.

### **Tokyo Retail Visits**

While in Tokyo, they visited a number of stores – including Kinokuniya International, Life, Yorkmart, Aeon, Tokyo Food Show Store, Seven & I Holdings, Kyusyuya and Ito

Yokado – to observe avocado merchandising practices. Like much of the world, Japanese consumption of avocados is on the rise and displays of fruit from multiple origins were common, as were labels identifying the source of the fruit. The retailers are diligent in merchandising different origins separately. In addition to Hass avocados from Mexico and Peru, there was one display of Reeds from California.

“We saw a wide array of avocado usage ideas in departments outside of produce, like the ‘Green Gourmet’, a deli-like case with multiple salads as well as sushi,” said DeLyser.



*CAC staff met with Sam's Club China Vice President Neil Maffey and Paul She, director produce/bakery, to discuss access status and potential opportunities.*

"We also saw foodservice menus featuring 'hamburg' and other proteins with avocados." When retailers were asked how Japanese consumers like to eat avocados, a common response was "with soy sauce."

In addition to store visits, the CAC team met with two distributors, Farmind and Wismettac, who source California avocados from California handlers and supply retailers and foodservice operations in Japan. The discussions centered on identifying opportunities for California avocados, target accounts and timing. There is a wide range of retailers in Japan, some focus on premium products and others focus on price. This retail structure is well suited to CAC's domestic tiered account approach, which determines distribution and promotion strategies based on the best fit for premium California avocados. As a result of the meetings, CAC identified opportunities for point-of-sale materials and recipe brochures to support California avocado availability in Japan. Additionally, there was some ideation around a usage for avocados that would be promoted in accordance with specific Japanese events and cuisine – similar to CAC's successful Super Bowl, Cinco de Mayo and 4<sup>th</sup> of July marketing programs.

### **Asia Fruit Congress**

The Asia Fruit Congress, held on September 6 as part of Asia Fruit Logistica, featured presentations on a number of topics. Youchi Kuo from the Boston Consulting Group spoke about China's slowing economy and the "new normal" of 5.5 percent growth yields in consumption — the same rate as Germany. She referenced a two-speed economy with rising affluents and a new generation leading a rise in e-commerce. In addition, she discussed the upper middle class consumer demand profiles — premium offerings, health and lifestyle, affordable treats, sophistication, brand aware-

ness, brand advocacy and global awareness.

Loren Zhao, co-founder of Fruitday China, discussed online opportunities for produce purchases during his presentation. He noted that fruit is one of the highest purchased products and the favorite online fresh product. Zhao indicated the majority of online fresh customers tend to be married women with high income and an education. According to Zhao, the Fruitday customer tends to be in the mid 30s, is married, has children and is open to new things. In addition, the customer understands globalization, has brand awareness and demands service and experience. He also shared case studies, including one about the benefits of educating consumers about fitness and avocado nutrition.

### **Asia Fruit Logistica**

Asia Fruit Logistica, which was held at Asia World-Expo September 7 – 9 in Hong Kong, hosted more than 11,000 buyers and trade registrants from 74 different countries. The event provided CAC staff with the opportunity to meet with retailers, government officials, California avocado industry stakeholders, global avocado stakeholders and produce representatives from around the world. California avocado industry stakeholders included representatives from Mission Produce, Index Fresh, West Pak Produce, Del Rey Avocado and Piru Fillmore Citrus.



*Ken Melban, CAC, met with representatives from the Agricultural Trade Offices of USDA in China.*

During the event, Melban and DeLyster met with Tomoko Shibata, who is the merchandise buyer fresh foods for Costco Wholesale Japan Ltd. She indicated their avocado category sales had grown significantly year over year and that their members have a preference for California avocados when available. Shibata said that demos have proven to positively impact sales of avocados at Costco Japan and



*Matthew Ogg, reporter for Fresh Fruit Portal, visited CAC's booth during the show and did a story about CAC's participation.*

mentioned that it's as simple as serving a cube of avocado with soy sauce. She also indicated that they merchandise a six-count bag at the 25 Costcos located in Japan.

CAC staff also met with Sam's Club China Vice President Neil Maffey and Paul She, director produce/bakery, to discuss access status and opportunities. Maffey served on a panel during the Congress held as part of Asia Fruit Logistica and shared Sam's Club's philosophy of targeting the upper middle class in China. He noted there is increased interest in avocados in China, and since they are not produced domestically, it is a tremendous import opportunity. There are currently 13 Sam's Clubs in China, with two more expected to open this year; the chain plans to open 20 more locations during the next 10 years. Maffey noted that demos are a proven way to increase sales at Sam's China. He also said that they market a four-pack with a divider in a box to enhance quality, and indicated that the firmer fruit is preferred since most Chinese do not eat raw vegetables or salads. The Sam's representatives recommended establishing relationships with distributors in China to ensure best quality at point of purchase.

In speaking with representatives from China and Thailand, CAC staff discovered there is a tremendous amount of interest in having California avocados gain access to these markets. Chinese and Thai importers and retailers, as well as California growers and packers, were all very positive concerning Chinese consumers' perceptions of California produce. There was consensus that California avocados could realize success in China, but before that can happen the U.S. and Chinese governments must complete the work necessary to finalize an agreement. The best-case scenario would be the finalization of a work plan sometime in 2017, thus culminating a lengthy process initiated by CAC in 2005.

Earlier this year, the Commission began the process of gaining access to Thailand, thus it was rewarding to hear representatives from Thailand express interest in having

California avocados available to round out their supply of avocados following the New Zealand avocado season.

In support of that government-to-government process, CAC held meetings with two key U.S. Consulate General officials: Zhen 'Freddie' Xu, agricultural marketing specialist from the Shanghai office, and May Liu from the Guangzhou office. Both indicated there remains strong support from the USDA's Agricultural Trade Offices in China and they are working with the Chinese government to finalize an agreement.

Part of the challenge for marketing fresh avocados in China is that consumers aren't accustomed to eating raw produce due to food safety concerns. In fact, much of the preparation of fresh, domestically-grown produce in China



*Matt Freeman (l) and Dave Fausett (r), Piru Fillmore Citrus visited CAC's booth, pictured here with Ken Melban, CAC at Asia Fruit Logistica in Hong Kong.*

involves cooking to mitigate any potential contamination. That said, one strong positive point that kept coming up in discussions with attendees is that Chinese consumers perceive California produce as very safe. There was also some discussion about finding that one popular Chinese "dish" that could incorporate avocados and drive consumption. California and other avocado producing countries with access to China (Mexico, Peru, Chile) will need to educate target consumers concerning the various ways avocado can be prepared and consumed.

Once the Commission is granted access to China that market could provide California avocado growers with a valuable opportunity, especially in years with large California volume. With a shipping time of two weeks, it's expected California avocados would travel well and provide a premium option in comparison with Mexican fruit (three weeks travel) or Chilean and Peruvian fruit (four weeks travel). 🥑