

Building the Brand



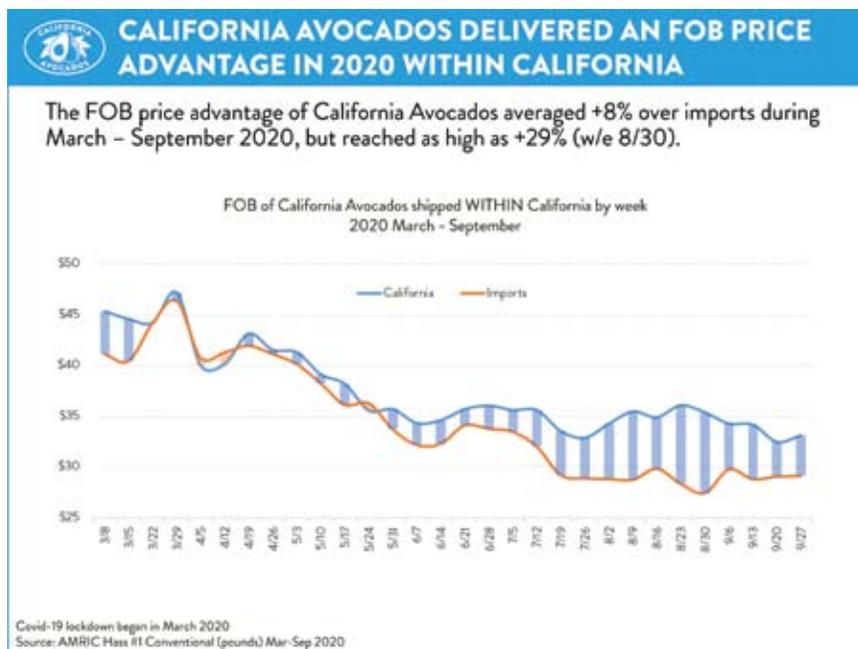
Tom Bellamore

The year 2020 has surely claimed its place in the annals of history and will forever be set apart from all others. Looking back, and as marketplace participants our inclination is to reflect on how the COVID-19 pandemic altered consumer behavior, including our own, and how the California Avocado Commission's marketing programs adjusted to near-term societal shifts engendered by fears, economic uncertainty and concern for the future. Full detail on the Commission's efforts to sustain our California Avocados brand under these dire conditions appears throughout this issue, where you'll read about social media challenges, foodservice promotions that occurred despite the enormous stress-test the sector was undergoing, and how retailers made the best of a wholly unpredictable spring. You also will read about the high notes in an otherwise bleak year, among them the evolution of CAC's consumer advertising campaign and the launch of the California avocado "merch shop."

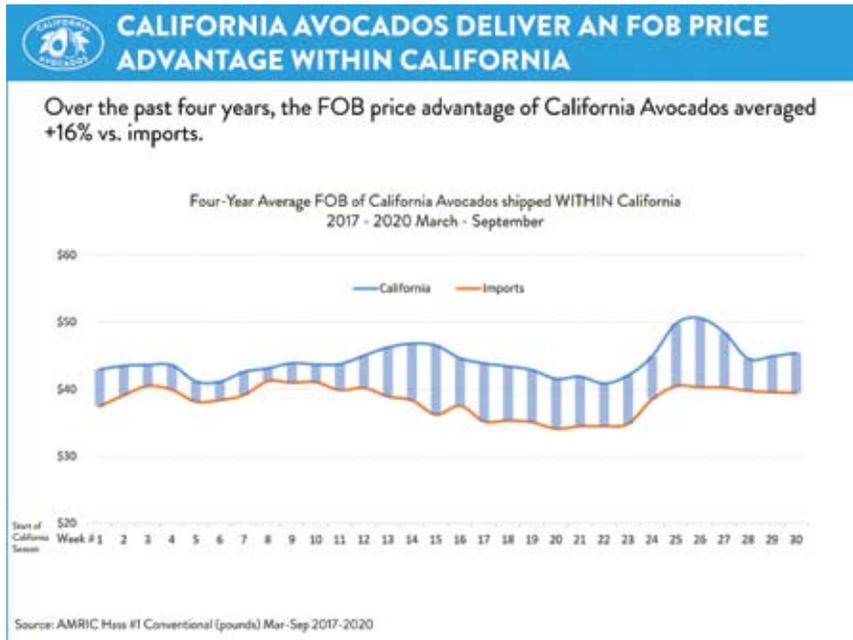
As different as 2020 has been, however, it does not change the fundamental question we (and growers) ask ourselves every year: *Are we still on course, strategically?* With-

out wanting to sound callous, in that regard, 2020 must be judged by the same standards as any other year. Industry leaders and marketers focus on incremental forward progress and tough as 2020 might have been, it is but one aberration on the broader continuum of brand-building over time.

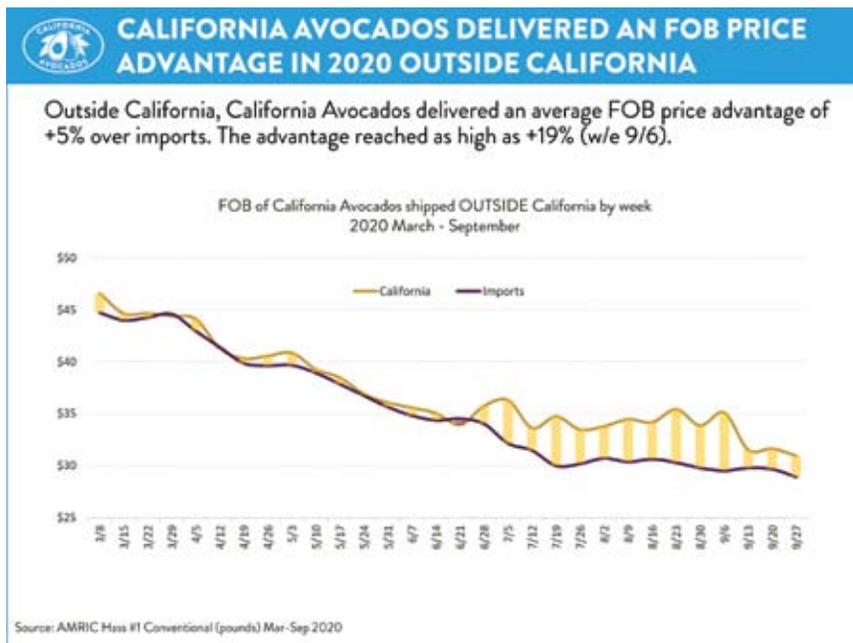
Two indicators are particularly illustrative of the kinds of measures we use to gauge our progress year over year. Recalling that the cornerstone of our strategy is premium positioning, one example of performance can be found in what we refer to as "ribbon graphs," which plot the average FOB lug price that California avocados and imports fetched across the California season, both in markets in which CAC conducts the majority of its advertising and promotional activity and those across the country where we do not.



This year, the price differential was a respectable 8%, to the advantage of California.



When taking the past four years into account, California avocados delivered a healthy 16% price advantage.

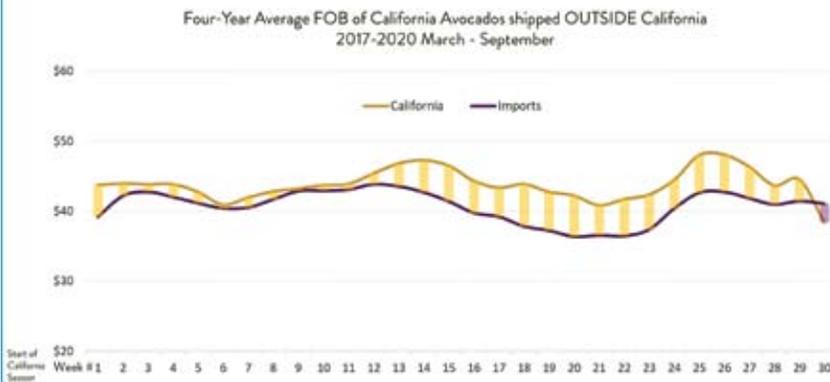


Outside of California the differential was still present, though diminished, suggesting that marketing or an absence thereof, makes a difference.



CALIFORNIA AVOCADOS DELIVER AN FOB PRICE ADVANTAGE OUTSIDE CALIFORNIA

Over the past four years, FOB price advantage of California Avocados averaged +8% vs. imports outside California.



Source: AMRIC Hass #1 Conventional (pounds) Mar-Sep 2017-2020

of mind than geography, and it is heartening to find increased knowledge about, and appreciation of, the advantages of California avocados firmly situating itself outside our state borders; this can only help future sales. A look at comparative retail prices is useful too. It's no surprise the average selling price for a size 48 Hass avocado was \$1.11 at retail across the U.S. during the 2020 season from March through August, somewhat lower than the \$1.30 received from April to September 2019, leaving one to wonder what might have been had the season been able to maintain the head of steam it had in February 2020 prior to the onset of the pandemic.

Confirmation that our strategy remains on track despite the year's upheaval can be found in every corner of the tracking study

This is clearly what we would consider the view from 30,000 feet. Closer to the ground, but still at an elevated level when making comparisons across multiple years, are the results of the Commission's tracking research, which surveys consumers in western and non-western markets annually about the collective effects of the Commission's marketing communications, in all its various forms. The study looks at how that messaging lands on certain consumer targets, demographically speaking, and on "premium Californians" i.e., those with similar characteristics who purchase more frequently and adhere to defined attitudinal requirements. This latter group fuels California avocado sales like no other and is the focus of much of our marketing attention.

The tracking study probes a wide number of measures through an online survey instrument administered soon after the primary thrust of the Commission's marketing effort concludes in the fall. It looks at a comprehensive range of categories—purchase dynamics, awareness, perceptions and preferences, the importance of "California" in branding, and seasonality—comparing responses by source of origin and to responses given when the same questions were posed in prior years. The 2020 study also included a special section on COVID-19 impacts. Emerging from the data is a good picture of how consumer attitudes and behavior change over time, and how our brand is performing.

It seems appropriate to pause here and consider that 77% of the 2020 crop, by volume, was sold in the Pacific region, predominantly Arizona, California, Nevada, Oregon, Utah, and Washington, and how some of these states have experienced an influx of new residents with a California mindset. Premium Californians are defined more by a state

and consumer responses to those questions most important to the continued success of the California Avocados brand. Survey respondents in California clearly demonstrated that the differentiators we use to distinguish California avocados from the competition—freshness, taste, reliability—are of paramount importance to them when selecting avocados at retail. Better still, they acknowledge California avocados to be of "premium quality" and "worth paying more for" even though more expensive than fruit from other origins. The study also revealed that most (65%) of the consumers surveyed continued to consistently buy avocados throughout the pandemic, and 18% bought more, largely because they perceived the fruit to be "satisfying" (48% of respondents) and "healthy" (47%).

The 2020 season "Dashboard", referenced elsewhere in this issue and available on the Commission's website, is worth a close look by any grower interested in the detail underlying our analysis of how the season progressed. We know that everyone's individual measure of how the season has gone is based upon their own personal circumstances and the returns received when their fruit was harvested. A brand-building strategy, however, must be driven by the industry as a whole and while every effort is made to ensure the benefits are far-reaching across the grower base, our real progress as a marketing organization representing a diverse group of private enterprises can only be measured in the aggregate. Bad as things were in 2020, and though it may not feel like it, the industry once again took a solid step forward, building on the promise the California Avocados brand proudly brings to our core customers. 🥑