

Point of Origin Labeling Gaining Traction

California Designation Getting Sticker Treatment

By Tim Linden

Going back 20 years, the idea of developing a strong connection between domestic avocados and their California point of origin has been a concept the California Avocado Commission (CAC) has embraced.

"In the 1990s when the idea of stickering fruit with PLU numbers was in the forefront, we talked about it," said Tom Bellamore, president of CAC. "And then we did so again when the U.S. Department of Agriculture began regulating country of origin labeling. When we launched the 'Hand Grown in California' campaign in 2008 it seemed only logical to try and create a visual connection between our promotional material and what the consumer would find on avocados in the display bin at retail."

But the momentum for actually labeling the fruit with a prominent "California" label failed to reach the tipping point then. The idea is no longer just idle chatter. Consumer research shows that the end users have a strong preference for California-grown fruit and it makes perfect sense to give the consumer what he or she says they are looking for. "Don't get me wrong. Some packers have been designating California on their stickers or their labels for years, but it hasn't always been done in a prominent way or in a manner that complements our messaging," Bellamore said.

This year, on the other hand, several packers have already embraced the idea and are labeling fruit with the "California" name and artwork provided by CAC that is graphically similar to CAC's recognized Hand Grown in California logo. And almost every packer is at least exploring the concept. At the time of this writing there is fruit in the marketplace with the California name prominently displayed on it.

The genesis of the tipping point, according to the CAC president, was the articulation of Vision 2025 a couple of years ago, which was the shared effort of CAC's board and management to anticipate the future challenges facing the California avocado industry and devise a path for continued profitability. Since California first started touting its point of origin, the landscape has dramatically changed. Back then it was a way to tell consumers where the avocados they were buying were coming from. Today, California makes up 20-30 percent of the volume sold in the United States, and the point of origin designation label is designed to highlight a point of differentiation.

Bellamore said the Vision 2025 plan staked out a goal of creating a "premium position" for California avocados. The product is grown much closer to the marketplace and can be in the consumer's hand at the peak of its freshness. California growers have a superior piece of fruit during their growing season and they know it costs more to produce.

"Premium positioning is essential for the long term," said Bellamore.

And most importantly, research shows the consumer agrees. In its ongoing tracking study, CAC has been asking consumers for a decade about the importance of country of origin in avocados and how they check for country of origin. The research shows that the locally grown movement has moved the needle substantially. By a factor of as much as 10 to 1, consumers, who have a preference, prefer to buy California avocados. But unfortunately, they can't always tell the origin of the avocados they buy. Though the California origination is often somewhere on a label or a package, it isn't typically prominent and consumers typically do not spend much time seeking it out when making a purchase.

Bellamore said for a variety of legitimate business reasons, packers have not made that a priority. In the first place, most packers source from many different points of origin and creating a seamless supply of avocados for their trade customers is important to them. There are also logistical and cost issues involved in adding a sticker to the fruit in the packing line or redesigning a label.

For these reasons, Bellamore said CAC has approached its label initiative from a consumer and retailer perspective. Before asking packers to make the switch, the Commission wanted to survey consumers as to their preference and conduct in-store testing to gauge its effectiveness. He said those tests proved that the idea was worthwhile and effective but he points to grower buy-in as quite possibly the key to influencing packer acceptance.

"The consumers want it, their customers want it, but may be most importantly, growers want it," Bellamore said.

It is no secret that packers compete in the marketplace for market share, but they also compete in the groves for growers' fruit. It is a highly competitive environment.

For the 2014 season, CAC was hoping to convince a



packer or two to take a small step and launch a pilot program. “We thought once that happened, the packers would be rewarded by the grower community and that is exactly what has happened. Once a couple of packers said they were willing to try, others came aboard.”

Bellamore is still characterizing this year’s effort as a pilot program because many packers are still weighing their options. There is a two label option that involves adding a prominent “California” label with CAC-similar artwork to the fruit along with the PLU barcode. Other packers are designing new barcode labels incorporating the California logo. To CAC, there is no right or wrong way. The goal is to have the California fruit with a prominent label designating that point of origin in an artful way that mirrors the messaging CAC presents to consumers and retailers in its other promotional materials.

“We know packers are going to be using up old labels so not every piece of fruit will be labeled,” Bellamore said of this season.

But acceptance has been widespread and this program is clearly moving down the path at a much faster clip than anticipated even a couple of months ago.

The CAC merchandising staff has also found wide retailer acceptance. Chris Vasconcellos, senior director of customer solutions for Lucky Stores, a division of Save Mart in Northern California, said the chain has gotten “good positive responses from our shoppers” to the avocado label. “Our customers are very loyal to California and love to see that label.”

He said that loyalty to the state, as well as embracing the

locally-grown concept, is especially noticeable in the Bay Area. “They know that it means it’s fresh and they feel safer buying it.”

Vasconcellos said the chain is currently redefining what “local” means but in general, “we like to look at fruits and vegetables that can get to our stores within 24 hours. Any product from California fits the description.”

He said Lucky will often advertise the point of origin if that point of origin is meaningful. “Right now I am working on an ad for Brentwood corn (grown in Northern California).”

He added that California avocados are definitely a distinction that means something to his customers.

Bellamore said over time CAC will try to quantify the effectiveness of the “California” label, measuring the ring at retail as well as the velocity of movement. He said it gives CAC and the California industry the opportunity to strive for premium positioning in its promotions, while allowing consumers to act upon their preferences. At the end of the day, the CAC president admits that measuring results of such a program are difficult as every year is different and many other factors influence price and movement on a daily basis.

But Bellamore sees it as a no-lose proposition. He doesn’t discount the cost of initiating the program but in the long term, he said if the label can be added without a substantial incremental cost increase, there is no downside. “Consumers want it. Retailers want it. Growers want it. It is the right thing to do for the industry’s future.” 🥑