Infocado Information Extension Project

Antony Allen
Avocados Australia Limited (AAL)

Project Number: AV07010

AV07010

This report is published by Horticulture Australia Ltd to pass on information concerning horticultural research and development undertaken for the avocado industry.

The research contained in this report was funded by Horticulture Australia Ltd with the financial support of Avocados Australia Limited (AAL) and the avocado industry.

ISBN 0 7341 1758 2

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Avocados Australia

HAL Project

AV07010

Infocado Information Extension Project

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May 2008

Project details

Project Name: Infocado Information Extension Project

Project Number: AV07010

Date: May 2008

Project Purpose: The purpose of this project was to support the continued improvement of the Infocado crop flow system across the Australian avocado industry. Infocado is a web-based data collection system that allows volume data to be collected from individual businesses and aggregated in reports suitable for use by these businesses and industry. A high level of participation across the industry is imperative for the generated information to be of value.

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Funding: This project was funded using avocado grower levies which were matched by the Commonwealth Government through Horticulture Australia Limited

Media Summary

In September 2005, Avocados Australia began the process of rolling out its crop flow system, *Infocado*, to the Australian avocado industry. This internet based product which allows the collection and reporting of historical and anticipated volumes of avocados entering the Australian and export markets was developed to collect more meaningful and timely industry data to assist businesses with better information on which to base their management and marketing decisions.

The information generated from Infocado is also important for the industry as it will allow industry to determine the impact of an event, for example, adverse weather, on the industry's production level and better plan industry promotions.

In July 2006, the inaugural Infocado Summit was held in Brisbane, Queensland. This was one of the key initiatives in the initial Infocado rollout process and consisted of a one day workshop. In all 50 Australian packhouses, grower packers and consolidators attended, as well as representatives from the New Zealand industry. International speakers from the USA and New Zealand discussed how information was collected and used to benefit their industries.

The 2006 Summit was hailed as a resounding success. It provided the opportunity for the participants to discuss a range of issues including the need for better information to underpin decisions to address business challenges and opportunities and how Infocado may support this process and provided a list of recommendations for further improvement and development of the Infocado system.

Of those recommendations, one was that a similar event should be held on a biennial basis. This report documents the content of the second Infocado Summit, held in Sydney, New South Wales in April 2008 and the outcomes and key messages developed as a result of the 2008 event.

The second Infocado Summit was held at Coogee Beach in Sydney. In all 80 Australian packhouses, grower packers, consolidators and wholesalers attended. As well as providing the opportunity and forum to discuss the Infocado system specifically, it also provided the opportunity to present and discuss issues and new ideas relevant to packhouses, marketers and wholesalers as a specific segment of the Australian avocado industry. Guest presenters included Professor David Hughes (expert and businessman from the UK discussing consumer segmentation), Michael Batycki from Woolworths and Richard De Vos (consultant conducting a strategic analysis of the opportunities for avocados in the food service sector). A number of key messages were relayed by these presenters. Opportunities were presented in terms of increasing consumer demand by delivering specialized products to different segments of the market, further developing the food service sector through a strategic and coordinated approach and ensuring continued growth of Australian avocado demand by delivering a premium quality local product.

In relation to the Infocado system specifically, a range of recommendations were made to ensure the on-going success of the system. This included the inclusion of a comprehensive weekly retail price report in future Infocado reports, implementation of a wholesale module to report on retail sales and stock on hand, monitor of the accuracy of forecasting data entered into Infocado with the aim of improving individuals abilities to accurately forecast production, inclusion of further analysis in industry reports and a continual focus on updating reports and formats where necessary to keep up with the needs of contributors to the system.

Contents

Chairman's message

I would like to welcome everybody to the second Infocado Summit. An especially warm welcome to Professor David Hughes, who joins us from the UK, Michael Batycki, senior manager, fresh produce, Woolworths and our sponsor representatives George Ganzenmuller, National Development Manager, Amcor.

To set the scene for the next day and a half I will reiterate the main principles of the Infocado System. Infocado is an effective means of capturing data about the production of avocados in Australia, and the marketing of avocados in Australia and overseas.

The song row row row your boat demonstrates the two principles underpinning Infocado:

"Row row row your boat
Gently down the stream
Merrily merrily merrily merrily
Life is but a dream"

The first Infocado principle requires that we must all row together.
If the right hand of a single skull rower does not cooperate with the left hand, the skull will go round in circles and not move forward.

In the Athens Olympic Games, the Australian women's rowing team was favoured to win its event. A member of that team was sally Robbins. Near the finish line (and yes they were in front) Sally unexpectedly and for no apparent reason, just stopped rowing. Te team lost the event and the sad memory and recriminations still live on – four years later.

The second Infocado principle is about willingly and merrily collaborating together. It takes long and continuous effort to achieve a desired outcome. I believe that the Infocado system provides the necessary platform to achieve many of the collaborative goals of the avocado industry.

Since 2005, we have made an excellent start and the information we have received from you, the contributors, and augers well for the continued growth of the system. It will continue to provide meaningful data to achieve that I call "Intelligent Market Advantage".

I am well aware of the many challenges facing our industry – right across the supply chain from grower to end seller. The infocado system is one way of ensuring that you receive appropriate information, so you can adjust your marketing strategies to maximize your performance in the market place.

So let's make sure that the Infocado rowing team continues to row effectively and merrily together, for the good of the whole avocado industry.

Once again, I would like to thank our Amcor sponsor for tonight's dinner.

Regards
Henry Kwaczynski
Chair of Avocados Australia

Why hold a Summit

There were several aims that Avocados Australia wished to achieve from the Infocado Summit. These include:

- Increasing the industry's understanding of both the challenges and the opportunities facing packhouses, grower-packers and marketers over the next decade.
- Improving informal communication and providing networking opportunities between the packhouses and grower- packers.
- Informing Infocado users and potential users of the benefits of supporting an industry data collection system such as Infocado.
- Keeping Infocado users up to date with how other countries manage their industry data and the benefits they realise from their systems.
- Keeping Infocado users up to date with other world trends affecting both supply and demand.
- Developing an understanding of the information requirements of packhouse managers and grower-packers to align development of the system with industry need
- Understanding, from the users' perspective, the limitations and opportunities for development of the current system and providing a forum to address how these limitations may be overcome and opportunities exploited.

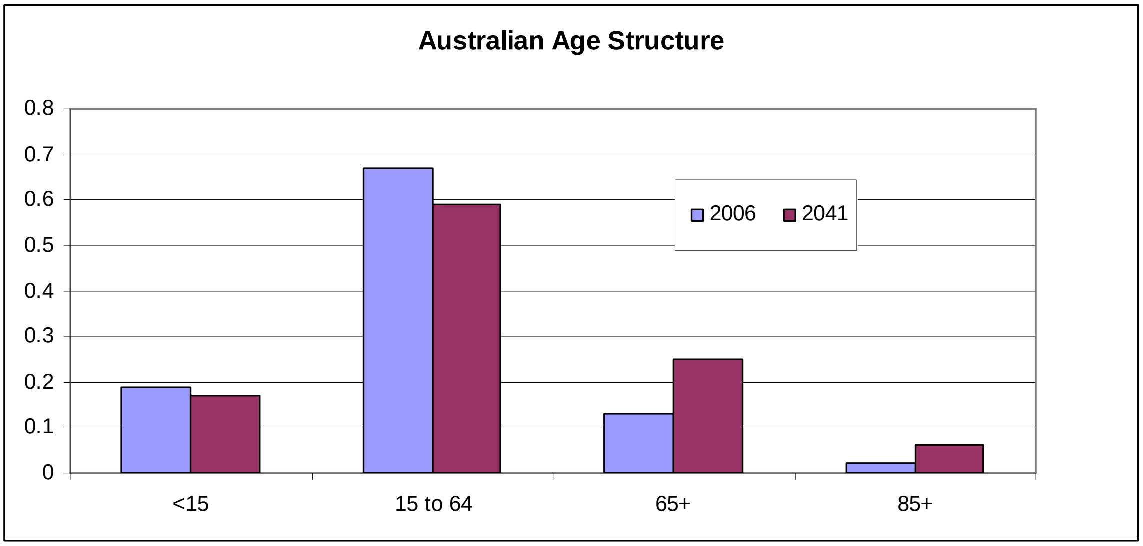
Key learnings from guest speakers

Customer Segmentation

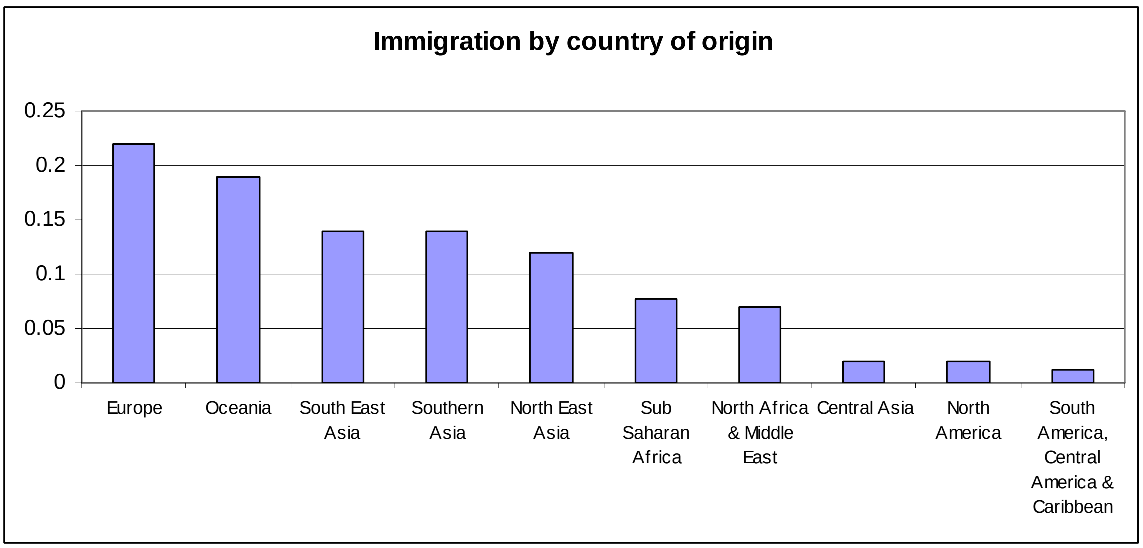
The following is a summary of the presentation given by Prof David Hughes.

Mega trends affecting the future of the industry

- 90% of fruit and vegetables go through supermarkets in UK compared with about 50% in Australia
- Population size and growth rate: Australia currently has an estimated population of 21.3 million people with a population growth rate of 1.1% per annum.
- Household size and structure – households getting smaller - The number of one-person households has grown largely as a result of the ageing of the population. While a combination of ageing, increased childlessness among couples and an increase in the number of one-parent families have contributed to the increase in the number of two-person households.
- Age structure



- Education – people in general are staying in education longer and therefore have more sophisticated understanding of health needs, environmental impacts etc.
- Ethnicity – 75% of population increase is from migration.



- Income level and distribution – increasing costs of living – tightening of the economy will have an impact on the way people buy. Top 3 money savings strategies in Australia – cutting back on takeaways, entertainment and clothes
- Beauty foods – people pay for beauty
- Increasingly reasons like environmental issues, ethical production and distribution and organics (food safety) are becoming reasons for paying more for particular foods

Keeping these trends in mind it is crucial to determine who your customers are, splitting them into distinct segments based on drivers that determine their purchasing choices. Need to measure what proportion of the population fit into each of these segments.

In the UK, Tesco uses DunnHumby data (which is the data gathered from their shopper card analysed by a third party, DunnHumby). This data provides detailed information about what consumers buy, when and in what quantities. They know that 21% of their customers are convenience shoppers, 16% finer foods shoppers, 25% mainstream, 10% healthy, 11% traditional, 17% price sensitive. Based on this data they have developed and marketed specific lines of products to satisfy each of these segments. Relevant data is also available to category managers (at a price) in order for them to better target product lines.

Some limited Australian data is available through AC Nielsen but not to anywhere near the same level of detail as Tescos. AC Nielsen data shows that 21% of Australian consumers are house proud, 9% are trendsetters, 10% old fashioned, 22% just feed me, 10% entertainer, 11% take it away and 17% zappit.

For more information see Appendix 1: Speakers Presentations

Food Service

The following is a summary of the presentation given by Catherine Mitchell, Spotless Food Services.

- estimated value of spotless business in Australia - $800m
- Spotless have locations in corporate head offices, regional manufacturing, heavy industry, financial/insurance sector, education. There is still resistence from companies such as large law firms against bringing catering companies in – they prefer their own personal chefs.
- Avocados are used by the company as a standard sandwich ingredient (made to order, pre made, functions), standard salad ingredient (packaged, salad bar, buffet) and accompaniments (salsa, guacamole) as well as in hot food (burgers, wraps, filo).
- Spotless spend on fruit and vegetables is $20m pa including 56 fruit and vegetable suppliers nationally. Supplier contracts are state or regionally based.
- Spotless already work in conjunction with Mushroom growers, Australian Pork Ltd and MLA in areas such as promotions, apprentice support, development and distribution of marketing materials, recipes, competitions etc.
- In order to increase use of avoados in food service there needs to be collaborations to provide more information on how to use avocados (provide recipes, cost versus return information, cooking demonstrations with avocados), information on why to use avocados (provide health education, information on cost/yield ratio), work to increase promotional support ie. Media coverage, competitions etc.
- There is potential to market composite grades to Spotless but currently they purchase to one spec for all formats.

For more information see Appendix 1: speaker's presentation.

The following is a summary of the presentation given by Richard De Vos.

- There is strong growth in the food service sector because of trends regarding family size and household structure, requirement for convenience, demand for choice and the aging population (nursing homes etc.).
- However with current economic squeeze this may plateau in the short to medium term (top 3 money saving strategies in Australia cutting back on takeaways, clothes and entertainment).

- Food Service uses 25-30% of all fruit and vegetables sold and around 40% of total food and bev $ spend.
- Primary target is the fruit and vegetable purchaser/meal planner (not the consumer or meal purchaser).
- Wholesale agent role is critical because food service need fruit ready to use.
- Aim is to break out of 'seasonal' mindset, create unique and attractive positioning become more than a garnish.
- Activities required include: advertising and advertorial, sponsorship, recipe development & promotion, education and information, competitions, food media linkages, cross promotion, funds for targeted program.

For more information see Appendix 1: speaker's presentation.

Woolworths

The following is a summary of the presentation given by Mr Michael Batycki.

- Woolworths has 175,000 team members
- The retail industry is made up of 9,000 retail outlets in australia (1,772 full service supermarkets, 2,799 independent supermarkets, 1,950 convenience markets, 2,580 specialty f&v retailers)
- Woolworths has approximately 500 produce suppliers from across australia
- Promotions programs for fresh fruit and vegetables – fresh food kids, in store demonstrations, woolworths brochures
- Utilising Australian Grown opportunities – specifically Australian Grown Logo.
- Opportunities for Avocados (develop promotional activity to support, ensure product quality is maintained, maintain competitive pricing position)
- Joint objective and challenge is to ensure that the Australian grown offer is superior to anything that can be offered from international sources.
- Woolworths promotes "buy local to sell nationally".
- Coming up is consumer led ranging – (coffee cluster legend) clusters of stores will stock different ranges of products based on consumer shopping behaviour. All stores will include all key "must have products" but each store will have a further range of products which is best suited to their customer shopping preferences.
- Sustainability Strategy – major commitments and targets
    - 40%reduction in carbon emissions on projected growth levels by 2015, maintaining 2006 levels.
    - 200 million litres of water to be saved each year through waterwise project.
    - 3.4 million reusable crates to replace single use waxed boxes.
    - 25% reductionin carbon emissions per carton delivered by woolworths owned trucks by 2012.
- Opportunities they see for the avocado category
    - Variety development (hass, shepard, reed) – plan by region and season.
    - Promotional activity linked to seasonal/variety planner (include associated products and versatility of avocados).
    - Ripe and ready program (to build consumer cofidence)
    - Packaging (rpc's).
    - Season expansion of Australian crop (define opportunity ie time and volume).

Summit program

2nd Infocado Summit Program

Tuesday 29th April 2008	
12.30pm	**Sydney retail tour, looking at specialist Fruit and Veg stores through to flagship supermarket stores, including the new format Woolworths: Thomas Dux Grocer** (Pick up point/s to be confirmed with registered delegates)
Infocado Summit Dinner **Venue: deep blue bistro and Restaurant, Ground Floor "Coogee View" 56 Carr Street Coogee Beach, Sydney, NSW**	
6.30pm	**The Amcor Infocado Summit Dinner:** To be hosted by Mr Henry Kwaczynski, Chairman – Avocados Australia
Wednesday 30th April 2008	
4.30am	**Sydney Markets Tour:** Pick Up at the Crowne Plaza Coogee Beach, Cnr Arden & Carr Streets Coogee, Sydney, NSW
Infocado Summit **Venue: Crowne Plaza Coogee Beach, Cnr Arden & Carr Streets Coogee, Sydney, NSW**	
8.30am	**Arrival coffee available**
9.00am	**Introduction:** Mr Antony Allen, CEO - Avocados Australia
9.15am	**The Consumer**: Prof David Hughes – Customer segmentation and how it can build sales
10.00am	**What happens in other parts of the avocado world with data collection:** **Europe and US Update:** Mr Antony Allen **Australia:** Ms Joanna Embry, Infocado Project Manager – Avocados Australia
11.00am	**Morning tea**
11.30am	**Infocado: Where to from here? What Next?**
12.00am	**The Woolworth's Perspective:** Mr Michael Batycki – Senior Business Manager Fresh Produce. Woolworths Limited
12.45pm	**Case Study:** Prof David Hughes – Driven to success using supply chain data!
1.15pm	**Avocados in Foodservice:** Mr Richard de Vos – Getting the attack targeted effectively, the update on the first step!
1.40pm	**Lunch**
2.40pm	**Industry Update**
3.00pm	**Panel Discussion: supply chain, information and the industry**
3.45pm	**Close:** Mr Antony Allen

About the speakers

Professor David Hughes (UK, US and Canada) – David is: a non-Executive Director of KGG Limited, a farmer-owned and Europe's largest fresh berry business (turnover US$260 million in 2006); and co-owner and Director of a small property development business in Canada. He is a frequent keynote speaker at major national and international food industry seminars and conferences around the globe. He works closely with food industry firms on the development of marketing strategies, building partnerships in the food industry, and with governments on food policy formulation. He is a proponent of building strong vertical alliances – partnerships – in the food industry; between consumers and agribusiness, the farm sector, manufacturers, food service and retail. He has many articles/chapters published in notable national and international journals and books, he is a Visiting Professor at the University of Kent Business School and a Visiting Professor at the Royal Agricultural College, Cirencester, U.K. www.professordavidhughes.com

Mr Michael Batycki (Sydney) – Michael is Senior Business Manager Fresh Produce. Woolworths Limited. He has been a member of the Woolworths team for 32 years and has experience in Retail Operations, with 24 years within the Fresh Produce department. Michael has relocated a number of times and as such has worked with Woolworths in Victoria, Western Australia and NSW and has travelled to almost all growing regions in Australia. His current role involves the leadership of Buying and Marketing activities for the Fresh Produce Department in Woolworths Supermarkets. Woolworths operates seven buying teams across the Australia. These teams are led by a central team based in Sydney and together they are responsible for the supply of fresh produce daily to Woolworths 780 supermarkets via nine Regional Distribution Centres located strategically across Australia. He is also a member of the Retail Board of the US Produce Marketing Association (PMA), a member of the PMA Australia / New Zealand Country Council and a member of the current Horticulture Industry 'Future Focus' Strategic Plan review group.

Mr Richard de Vos (Sydney) – Richard is a planning, development and marketing consultant based in Sydney. His current clients include Avocados Australia, Horticulture Australia Ltd, Australian Mushroom Growers Association, HortResearch NZ and Irrigation Australia. Until late 2005 he was for 4 years, CEO of Nursery and Garden Industry Australia, the peak industry body for Australia's dynamic $5 billion garden industry. In that role he oversaw nationally coordinated marketing programs; innovative training packages; business and personal accreditation schemes and overall industry development activities. He was responsible for the industry's liaison with governments, State and Federal as well as the management of industry response to critical environmental issues such as garden water use and invasive species (ie weeds); and various gardening and health related concerns.

Before his role with the nursery & garden industry, Richard was Principal of a strategic planning and marketing consultancy. The group specialized in strategic planning and consumer and other research for agriculture and horticulture industries, charities and associations. Prior to that Richard was CEO of Milk Marketing Ltd, an industry-owned corporation responsible for the development, launch and outstanding success of milk products such as Moove, Shape and Lite White as well as generic milk promotion, PR and issues Management.

Attending delegates

Business Name	First Name	Surname	State
Avocados Australia	Antony	Allen	QLD
Avocados Australia	Henry	Kwaczynski	QLD
Avocados Australia	Anna	Allen	QLD
Avocados Australia	Tom	Silver	NSW
HF & JE Kwaczynski	Jocelyn	Kwaczynski	QLD
HAL	David	Chenu	NSW
Advance Packing & Mkting Services	Dean	French	WA
Advance Packing & Mkting Services	Mhairi	Donaldson	WA
Advance Packing & Mkting Services	Jennie	Franceschi	WA
Advance Packing & Mkting Services	Tracey	Hutcheson	WA
Avocado Ridge	Lois	Carney	QLD
Avocado Ridge & Superpak	Jim	Carney	QLD
Balmoral Orchard	Michael	Flynn	QLD
Balmoral Orchard	Patricia	Mair	QLD
Balmoral Orchard	Bill	Mair	QLD
Coastal Avocados	David	Nelson	NSW
Coastal Avocados	Chris	Nelson	NSW
Coastal Avocados	Sue	Nelson	NSW
Delroy Orchards	Jon	Simpson	WA
Delroy Orchards	Russell	Delroy	WA
Donovan Avocados	Lachlan	Donovan	QLD
Donovan Avocados	Annaleise	Donovan	QLD
GB & VA Clark	Terry	Clark	QLD
Googa Farms	Roger	Steinhell	QLD
Googa Farms	Anthony	Beutel	QLD
Googa Farms	Nick	Miall	QLD
I & A Tolson	Ian	Tolson	NSW
I & A Tolson	Alison	Tolson	NSW
Mountain Fresh	Beverley	McCulloch	QLD
Mountain Fresh	Desmond	McCulloch	QLD
Mt Binga Orchards	Eric	Erbacher	QLD
Mt Binga Orchards	Carol	Erbacher	QLD
Natures Fruit Company	Cormac	teKloot	QLD
Natures Fruit Company	Andrew	McKillop	QLD
Simpson Farms	John	Walsh	QLD
Sunfresh	Tom	French	QLD
Sunfresh	Paul	Moriarty	QLD
Sunnyspot Packhouse Pty Ltd	Daryl	Boardman	QLD
Tenterfield Fruit Packers P/L	Frank	Moore	NSW
Theart Farming Pty Ltd	Etienne	Theart	QLD
Tinaroo Falls Avocado Trust	Jim	Kochi	QLD
Touchwood Farming	Judy	Veal	QLD
Touchwood Farming	Andy	Veal	QLD
Imperial College London	Prof David	Hughes	Wales, UK

Business Name	First Name	Surname	State
Richard de Vos	Richard	de Vos	NSW
Woolworths Limited	Michael	Batycki	NSW
Woolworths Limited	John	Grove	NSW
Avocados Australia	John	Leonardi	QLD
Avocados Australia	Maree	Tyrrell	QLD
Avocados Australia	Joanna	Embry	QLD
p2p Business Solutions	Andrea	Ferris	QLD
p2p Business Solutions	Chris	Brown	QLD
p2p Business Solutions	Jenny	Margetts	QLD
CSIRO	Dimitrios	Zabaras	NSW
Food Circus	Yianni	Vachnas	NSW
Amcor	George	Ganzenmuller	VIC
Amcor	Gavin	Holmes	VIC
Amcor	Vince	Azzopardi	VIC
Sydney Markets Limited	John	Pearson	NSW
Sydney Markets Limited	Brad	Latham	NSW
Sydney Markets Limited	Gerry	Daras	NSW
Allcrops Pty Ltd	Nicholas	Martelli	NSW
Allcrops Pty Ltd	Joseph	Erbeni	NSW
Allcrops Pty Ltd	Maurice	Capo	NSW
Barkers Melbourne	Wayne	Kleeman	VIC
Col Johnson & Co	Bruno	Barbara	NSW
CostaExchange	Jon	Gleeson	VIC
Drive Inn Fruit Supply	Phillip	Bugeja	NSW
Exotic Fruit Traders	Joe	Costa	NSW
LaManna Group	Craig	Hunter	QLD
LaManna Group	Matt	Oliver	SA
LaManna Group	Shane	Quinn	QLD
LaManna Group	Tony	Walsh	QLD
LaManna Group	Tony	Schirripa	SA
Moraitis Wholesale NSW	Michael	Maestri	NSW
Moraitis Wholesale NSW	Damien	Taranto	NSW
Murray Bros	Gary	Poole	QLD
One Harvest	Sarah	Faris	QLD
One Harvest	Renee	Hutchinson	QLD
Premier Fruits	Peter	Power	QLD
Premier Fruits	Michael	Petroro	QLD

Key messages and outcomes

Key messages

- Packhouses and marketers need to determine exactly who their customers are and what drives their purchasing decisions and then target specific market segments with products produced specifically for that segment.
- The Australian horticulture industry in general needs better tools for collecting information about consumers eg. DunnHumby data used by Tesco in UK
- There are opportunities for packhouses and marketers within the food service sector but a strategic and coordinated approach is required to take advantage of those opportunities.
- Expansion of Infocado to include wholesalers will further expand the usefulness of the system, providing more detailed information about how much fruit is on the retail floor and how much stock is on hand at any one time.
- Complete confidentiality and security of individual businesses data is central to the operation of the infocado system.
- Infocado reports are being updated continually in line with the requirements of contributors to ensure that the system is utilized to its utmost capacity in providing useful information.
- Only contributors to Infocado have access to Infocado reports. When wholesalers come on to the system only contributing wholesalers will have access to the system and the subsequent reports. Technology of today allows us to track where whether emails are forwarded.
- Currently, some data regarding long term forecasts is published in the Avocados Australia quarterly magazine that goes to all growers and other stakeholders within the industry.
- Currently infocado accounts for 85% of Australian avocados going through packhouses. This is the level of input we will be aiming for with the wholesale module.
- Providing a high quality product is crucial in further developing the avocado sector. There are currently still quality issues within the industry including both internal damage and immature fruit making its way onto the market.

Key outcomes

Avocados Australia has been charged with:

- Including weekly retail price points in the Infocado reports. A trial was conducted last year but only limited price data was then available. The system proposed to be implemented in July is a much more comprehensive program.
- Implementing a wholesale module (including retail report and stock on hand) – this should be in place by August 2008.

- Monitoring the accuracy of forecasting data being entered into Infocado and identifying packers that may need assistance to improve their forecasting systems.
- Including more commentary on the Infocado reports eg. Weather and public holiday implications for specific markets
- Sending out a number of options for current and proposed charts, reflecting some requests at the meeting including a week by week comparison of dispatches this year vs dispatches last year and possible changes to the format of the "dispatch by destination state" chart. Changes will be included in future reports if ratified by the majority of contributors.

Appendix 1: speaker's presentations

Presentations given at the Summit included:

- Customer segmentation and how it can build sales - Prof David Hughes
- What happens in other parts of the avocado world with data collection:

  a) Europe and US update - Mr Antony Allen – CEO Avocados Australia

  b) Australia – Ms Joanna Embry – Program Manager Avocados Australia
- Infocado – where to from here
  Ms Joanna Embry – Avocados Australia
- The Woolworths perspective (not available for publishing)
  Mr Michael Batycki – Senior Business Manager Fresh Produce – Woolworths Ltd
- Avocados in Food Service
  Mr Richard de Vos – getting the attack targeted effectively, the update on the first step.
- Industry Update
  Ms Joanna Embry Avocados Australia

Avocados Australia Infocado Summit 2008 Coogee, Sydney

Infocado Summit Why?

- Infocado Summit 2006 - Brisbane
- Retail and Food Service Tour
- Sydney Markets Visit
- Today's Summit Session

Infocado Summit Why?

- Opportunity to improve the system
- Expand our knowledge base
- Expand your contacts across the marketing side of the avocado industry

Why crop data is important

- Erratic, unstable market
- Rumors, misinformation
- Help manage the supply, reduce bumps
- Other countries
- Investing demand building

What are we focused on today?

- What the Infocado system is delivering now
- What additions can be made
- How effective supply chains can deliver for each member
- How Consumer data and information can improve our products sales potential

Today's Summit Session

- Prof David Hughes
- Mr Michael Batycki
- Mr Richard de Vos
- Ms Joanna Embry
- Mr Antony Allen

Imperial College London

Customer Segmentation and Building Sales Volume and Value

Dr David Hughes
Emeritus Professor of Food Marketing
Sydney Infocado Summit 2008
Crown Plaza Hotel, Coogee Beach, Sydney, April 30th, 2008

What the World Eats

Mexico: The Casales family of Cuernavaca

Food expenditure for one week: 1,862.78 Mexican Pesos or $189.09
Favorite foods: pizza, crab, pasta, chicken

What the World Eats

United States: The Revis family of North Carolina

Food expenditure for one week: $341.98
Favorite foods: spaghetti, potatoes, sesame chicken

What the World Eats

Chad: The Aboubakar family of Breidjing Camp

Food expenditure for one week: 685 CFA Francs or $1.23
Favorite foods: soup with fresh sheep meat

Proportion of UK Consumers Eating Fruit by Age Group

	Age Group				
Fruit	19-24	25-34	35-49	50-64	All
Apples & Pears	36	45	55	60	52
Citrus	16	21	30	35	27
Bananas	26	47	55	64	53
Other Fruit	25	34	48	57	44

Source: Food Standards Agency, UK

Imperial College London

Mega-Trends: Demographics

- population size and growth rate
- household size and structure
- age structure
- education
- employment structure
- income level and distribution
- ethnicity

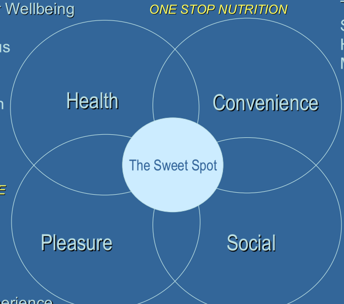
Imperial College London

Key Consumer Trends

Consumer Wellbeing
Food Plus
Food Minus
Natural
Organic
Vegetarian

ONE STOP NUTRITION

Time Factor
Snacking & Grazing
Heat & Serve
Meal Assembly



CONVENIENCE PLUS

GUILT FREE INDULGENCE

BETTER FOR ME & MY WORLD

Sensory Experience
Indulgent & Premium
New Flavours

Credence Factors
Food Miles
Environment
Fair Trade
Animal-Friendly

Source: Datamonitor

Imperial College London

Beauty is Skin Deep: Top Ten Beauty Foods

1. Strawberries	- ***antioxidants*** counters ageing
2. Blueberries	- *anthocyanins* improve nutrient delivery to the skin
3. Salmon/Eggs	- ***omega-3*** good for the heart and reduces wrinkles
4. Brazil nuts	- *selenium* for enzymes that soak up free radicals
5. Chicken	- ***protein*** for collagen for supple skin
6. Steak	- *iron* promotes hair growth
7. Oranges	- ***vitamin C*** good for youthful skin
8. Carrots	- *beta-carotene* reflects UV rays to save skin
9. Oatmeal	- ***silicon*** for healthy skin, hair and nails
10. Low fat yoghurt	- *calcium* for teeth and bones

Source: Sunday Times Style Magazine, December 2004

Imperial College London

'cosmetic yoghurt'

This is a mix of almonds, hazelnuts, pineapple, cranberries and raisins, and is claimed to be a good source of vitamins B2 and E, which help to enhance the skin's natural glow.

Magic Fruits®
Strawberry Beauty Snack
"bioactive ingredients in Magic Fruits® protect and strengthen the body from the inside"
Austria

We Want a Better World!

Products which are:
- better for me
  - more convenient
  - better tasting
  - better price
- better for my well-being and body
  - feel good
  - look good
- better for the world and my locale
  - environment
  - Third World
  - my countryside
- better for Bambi/Flipper/Little Nemo

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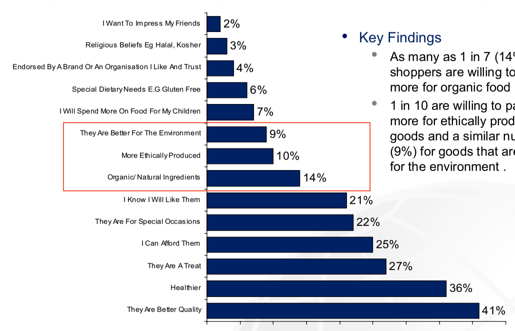
Reasons for paying more for food and drink

Thinking about food and drink that you are willing to pay more for, what are the most important reasons for doing so?



- Key Findings
  - As many as 1 in 7 (14%) shoppers are willing to pay more for organic food
  - 1 in 10 are willing to pay more for ethically produced goods and a similar number (9%) for goods that are better for the environment .

Why Buy Organic Food Products?

- better taste
- more natural
- contributing to improved health
- better for the environment
- peer group approval
- special meal (additional "story")
- overall "feel good" factor
- price very similar to regular products
- response to recent food safety scare
- shopping mistake (thought it was regular)

Source: Hughes and www.condor-organic.org, 2005

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Migration to the Poles

Global	Local
High Tech	High Touch
New and Improved	Traditional
Ready-to-Eat	Natural/Unprocessed
Fast Food	Slow Food
Fuel Food	Story Food
Just Me	Friends/Family
Low Price	Premium Price
Good For You	Naughty but Nice
All Year	Seasonal
Large-Scale	Craft-scale
Open Supply Chain	Closed Supply Chain

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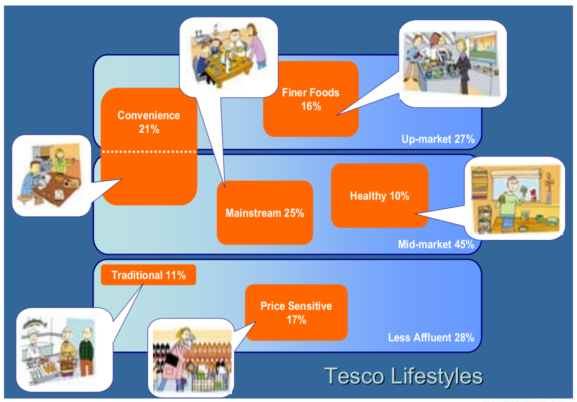

Source: Tesco
* 84% shoppers buy Value lines
64% shoppers buy both Value and Finest

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Products – Customer Segmentation Drives Private Label

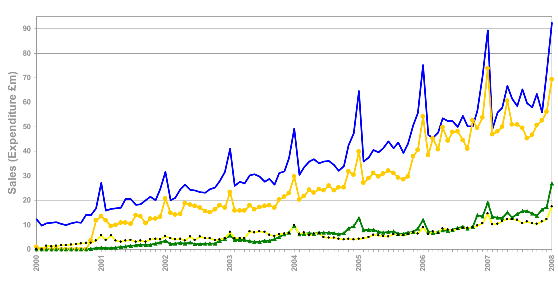
Tesco then launched brands targeting these identified segments

- Finer Foods 16% → TESCO Finest; TESCO Fair Trade
- Healthy 10% → TESCO Organic; TESCO healthy living; free from
- Traditional 11% → TESCO
- Mainstream 25% → TESCO Kids; TESCO
- Convenience 21% → TESCO
- Price Sensitive 17% → TESCO value

Source: Tesco

Imperial College London

Premium Private Label Sales Trends



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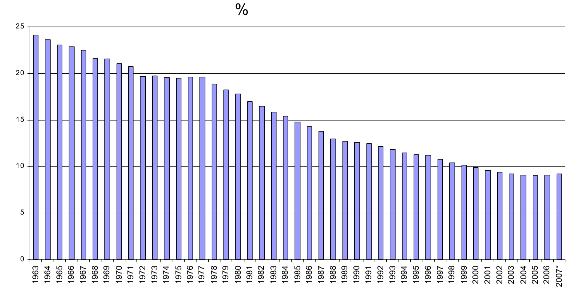
Food and Drink as a Proportion of UK Household Expenditure %



Source: ONS Series ABQI / ABZV * MAT to June

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Categorising countries according to their money-saving strategies: top three 'cut backs'

	Fast Food Canners
Argentina	takeaways, entertainment, clothes
Australia	takeaways, entertainment, clothes
Canada	takeaways, entertainment, clothes
Indonesia	takeaways, entertainment, technology
Malaysia	takeaways, entertainment, technology
Mexico	takeaways, gas/electric, entertainment
New Zealand	takeaways, entertainment, clothes
South Korea	takeaways, entertainment, clothes
US	takeaways, gas/electric, entertainment

Source: ACNielsen, 2006

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Shopper Anticipated Responses to Household Budget Squeeze

Response	Percent
Increase spend on budget brands	33
Cut back on treats	26
Shop around for offers	25
Cut back on convenience food	22
Switch from brands to own labels	21
Change to discount retailer	13
Cut back on ethical buying	6
Spend same on food, cut back elsewhere	15

Source: IGD, Consumer Survey, 2008

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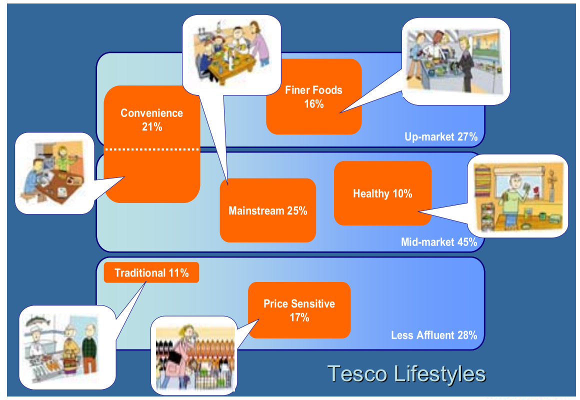

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* 84% shoppers buy Value lines
64% shoppers buy both Value and Finest

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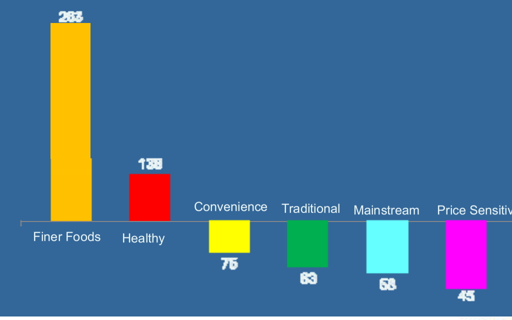
Avocado Shopper Segmentation in Tesco by Lifestyle, 2008



Source: dunnhumby, 2008

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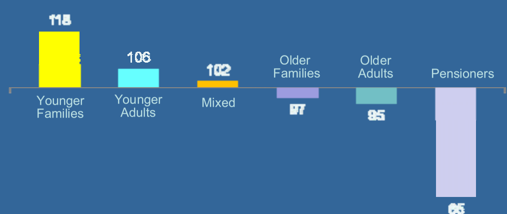
Avocado Shopper Segmentation in Tesco by Lifestage, 2008



Source: dunnhumby, 2008

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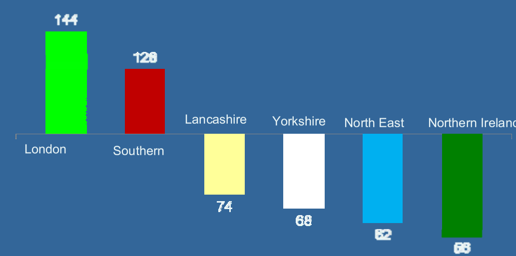
Avocado Shopper Segmentation in Tesco by Selected Regions in the UK, 2008



Source: dunnhumby, 2008

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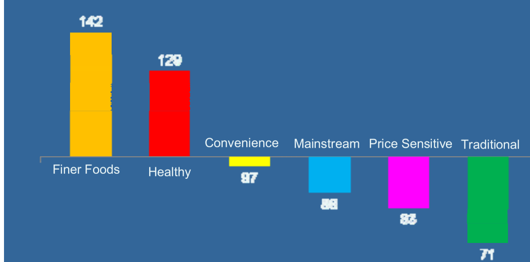
Pepper (Capsicum) Shopper Segmentation in Tesco by Lifestyle, 2008



Source: dunnhumby, 2008

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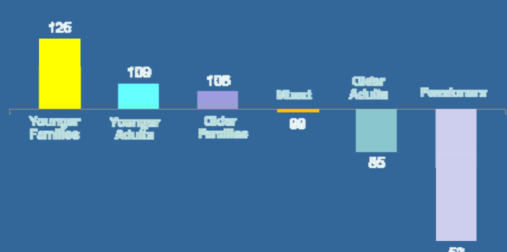
Pepper (Capsicum) Shopper Segmentation in Tesco by Lifestage, 2008



Source: dunnhumby, 2008

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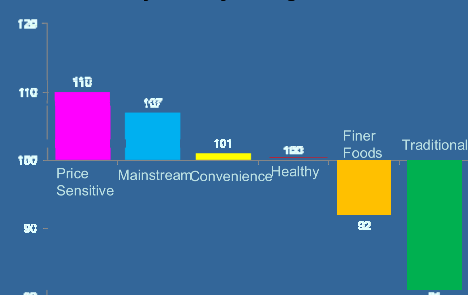
Index of Tesco Club Card Customer Purchases of Ground Beef by Lifestyle Segment



Source: dunnhumby

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Segmenting the Australian Food Shopping and Meal Preparation Scene

House Proud (21%)
Family-orientated cooks.
Big grocery spenders and experimenters

Trendsetter (9%)
Try anything new and opinion leaders on food and drink

Old–Fashioned Cook (10%)
Big volume shoppers, brand loyal with tried and trusted meal repertoire

Just Feed Me (22%)
The segment for older men who eat what they're given (and prefer basic stuff)

Entertainer (10%)
Prefer to eat out, but good target for gourmet food and drink products

Take-it-Away (11%)
Grab and eat on the run.
Hardly at home

Zappit (17%)
Time poor, income rich.
Prime target for pre-prepared foods

Source: Roy Morgan, Australia (2005)

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Growing the Liquid Milk Market by Consumer Insights. How can I segment thee? Let me count the ways*

			Goat	Cat
			Drinking yoghurt	Pregnant mum
	Regular	Fortified with	With extra calcium	Baby
Cows Milk	2%	vitamins	Omega -3	Toddler
	Skim	UHT	Folic acid	Athlete
	Flavoured	Organic	Cholesterol reducing	Men
			Lactose-free	Women
			Soy	Breakfast
			Super-filtered	Posh
				Pharma

* *After Elizabeth Barrett Browning (1806-1861)*

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US and European Avocado Market Data Systems

AMAPWG
Avocado Marketing And Promotion Working Group

avoHQ.com
GLOBAL AVOCADO MARKETING INTRANET
2ND GENERATION

Two Large World Markets Data Collection Systems

- United States of America
  - AMRIC - Avocado Marketing Research and Information Centre since 1985
  - Rebranded avoHQ.com in 2003
- Europe
  - AMAPWG – (World) Avocado Marketing And Promotion Working Group since 1999

USA: avoHQ.com

- INVENTORY: Packed/Unpacked fruit daily by supplier, variety and size
- SHIPMENTS: Previous day activity reported by noon each day, domestic market destinations, variety, grade and size
- PRICES: FOB market price - NOT including transportation or fees - for sales that have occurred
- UTILITY: Prices are “trend trackers” and NOT “true” grower returns

USA: avoHQ.com

- US importer Community
- Product Tracker
- Intelligence Database
- Global AvoWeather
- Promotion Plans from all suppliers

USA: avoHQ.com

- First-ever Produce Global Intranet linking multiple producing countries/industries
- Connects 100 packers and over 20,000 domestic and foreign producers from California, Chile, Dominican Republic, Mexico and New Zealand
- Web-based intranet collects, tracks, analyzes and disseminates all information relevant to selling Hass avocados in the U.S. market
- 24-hour access to that drives growing, shipping, distribution and marketing decisions

Europe: AMAPWG

- AMAPWG is voluntary organization of producers and exporters from various countries that identified “common interests in developing the Avocado consumption”.
- The main goal is to inspect and develop the Avocado consumption in Europe.

Europe: AMAPWG

Unique model with special motto:

“Cooperation of Competitors” from all over the world, with mutual understanding that it is much more beneficial “to act together on enlarging the cake than to fight on its slices”.

Who are the members countries ?

12

Argentina
Brazil
Chile
Mexico
Peru
USA
Israel
Spain
Kenya
South Africa
Australia
New Zealand

AMAPWG: Current Situation

- **Fluent information**
  - Ideas, questions and data exchange
  - Simultaneous “Weekly Shipments’ Report”
  - Weekly form of “Projected and actual Avocado supply to Europe”
- **Annual Meeting**

  Survey on the industry in each country:
  - Planted area, varieties, future view, export & domestic market
  - Report about past season – marketing and promotion
  - Programs for the coming season – quantities and promotion
  - Review and presentation of the European Market
  - New researches and/or developments
  - Ideas regarding mutual promotion and Generic promotion

AMAPWG: Current Situation

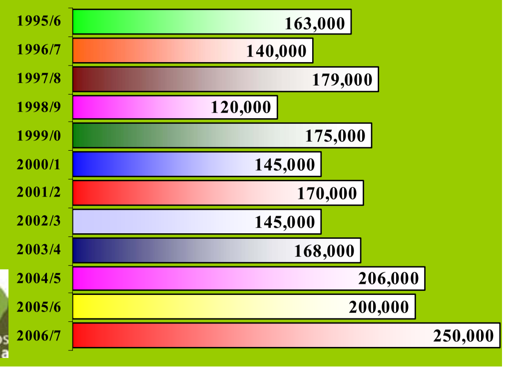
- All this cooperation is done without any administration, fee or levy
- Is <u>not a Cartel</u> - there is no information exchange or coordination of prices, client's lists or quantities per single client

It is simple model of:

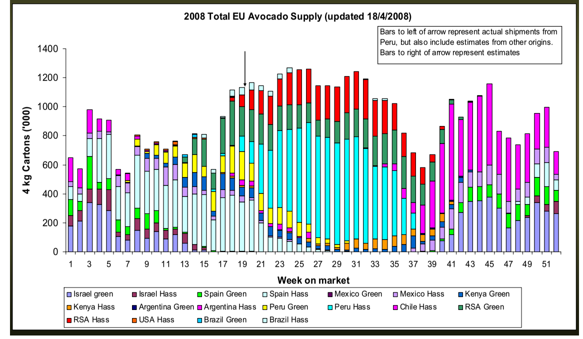
"Free competition with free information"

Avocado supply to Europe - all sources

(September - August, in Tons)



Europe: AMAPWG



Infocado: What is Infocado?

- Online data collection system
- Forms to collect individual business data
  - forecast of expected dispatches for the next 15 months (by month)
  - forecast of expected dispatches over the next four weeks (by week)
  - dispatches from the previous week

Who contributes?

Those businesses that determine where product is being sent eg.

- Packhouses
- Grower packers
- Growers that pack in their own right
- Consolidators

What data is collected

Three Forms
Long term forecast form
Short term forecast form
Dispatch form

Long Term Forecast Form

- 15 months forecast
- Last years monthly estimate
- Last years monthly actuals
- Like a paper form

Short Term Forecast Form

- Data collected on each variety
- No. of units expected to be dispatched
- by pack type
- For each of the coming 4 weeks
- Form

Dispatch Form

- Data collected on each variety
- No. of units dispatched in the previous week
- by pack type (and fruit count for trays)
- By market destination (Bris, Syd, Melb)
- By market type (direct or trader)
- Form

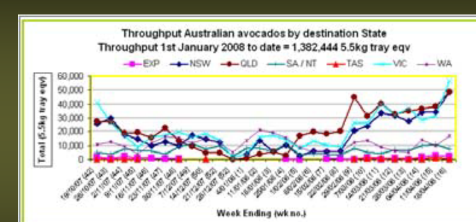
Reports

- Industry summary - forecast reports and dispatch reports (weekly)
- Quarterly reports indicating dispatch data for the past 12 months and forecasts by region for the next 12 months
- Examples

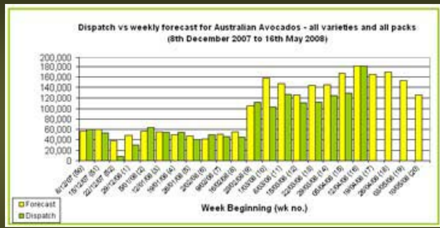
Industry reports - weekly

- **Sent to all contributors**
- **Dispatch data by size and market destination**
- **Comparison between industry forecast and dispatch**
- **Dispatch and forecast data by variety**

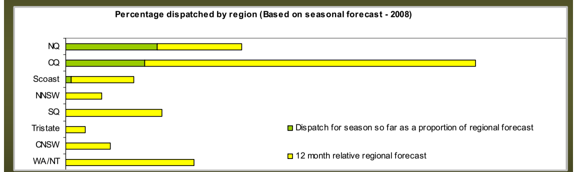
Throughput by destination state



Weekly total dispatch vs forecasts



Proportion of crop dispatched by region

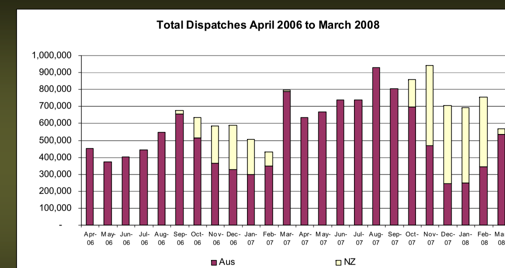


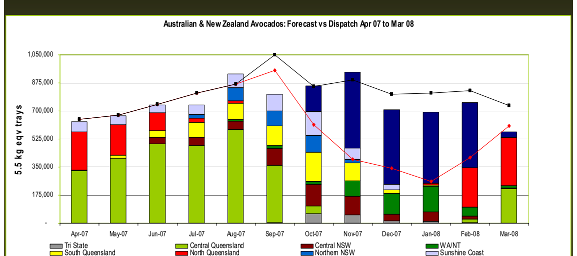
Industry reports - quarterly

- 12 month retrospective data and 12 month forecast data by variety and region
- Includes import data where available

12 Month forecast

January to December 2008 Australian Avocado Production Estimates 5.5kg eqv trays	
North Queensland	1,443,366
Central Queensland	3,499,375
Sunshine Coast	700,000
Southern Queensland	943,892
Northern NSW	372,353
Central NSW	486,075
Tri State	219,176
WA	834,355
Total	**8,498,593**





Individual Reports

Who's participating?

- Packhouses
- Grower packers
- Growers that contribute in their own right
- Consolidators

- Very good uptake across Australia and with major packhouses / consolidators
- 112 packhouses/grower packers on system (85% of production)

Orchard Info Productivity Data

- Data provided by growers not packhouses
- WA and Sunraysia regions so far
- Tool to assist growers monitor own productivity
- Assist growers to forecast future production
- Compare productivity against other growers
- Assist in improving future forecasting

Information required

- Variety
- Rootstock
- Age
- Spacings
- No. trees
- Yields/rejects

Reports to Growers

- Total no. trees by age, region, variety
- Average yields by variety, age and region
- Direct comparisons between own productivity, region and total industry

Thoughts?

- Commentary eg. Weather
- Week by week comparison of dispatch this year and last
- Wholesale data – stock on hand
- Production/dispatch/sales impacts on price.
- Factors effecting sales in individual markets
- Dispatch by dest'n state too busy (bar graph?)

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Using Shopper and Supply Chain Data to Build Category Sales

Dr David Hughes
Emeritus Professor of Food Marketing
2nd Infocado Summit
Coogee Beach, Sydney
April 30th, 2008

Household Penetration of Berry Sales in the UK? Still Low for all but Strawberries.

	Proportion Households Buying %	Purchases per Year for those Buying
Strawberries	75	10
Raspberries	32	6
Blueberries	22	4
Blackberries	10	3

Source: TNS, January, 2008

Imperial College London

Riding on the Coat Tails of the Health and Well-Being Mega Trend

Sales and Sales Growth for Fresh Berry Fruit in the UK Retail Market, 2004-2007

	€Millions		
	2004	2007	% change 07/04
Strawberries	271	391	+44
Raspberries	65	112	+72
Blueberries	20	73.9	+370
Blackberries	4	17.3	+433
All Berry Fruit	366	602	+64

Source: TNS UK, various years

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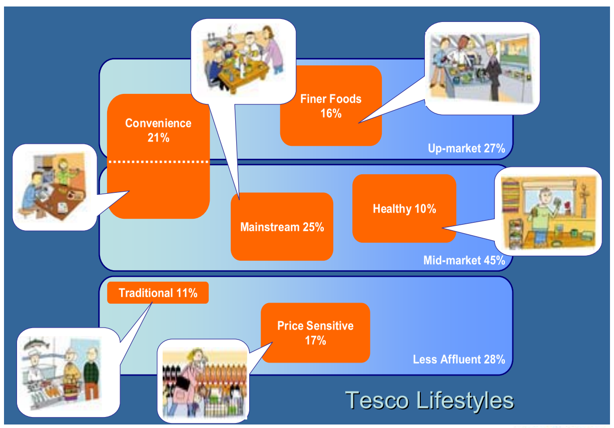

Source: Tesco
* 84% shoppers buy Value lines
64% shoppers buy both Value and Finest

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Driscoll Jubilee

KG

- Best flavoured strawberry in the market
- Key variety establishing KG Growers position as main suppliers to the rapidly developing premium market

Driscoll Raspberries
Driscoll Maravilla

KG

Driscoll Carmel Blackberries

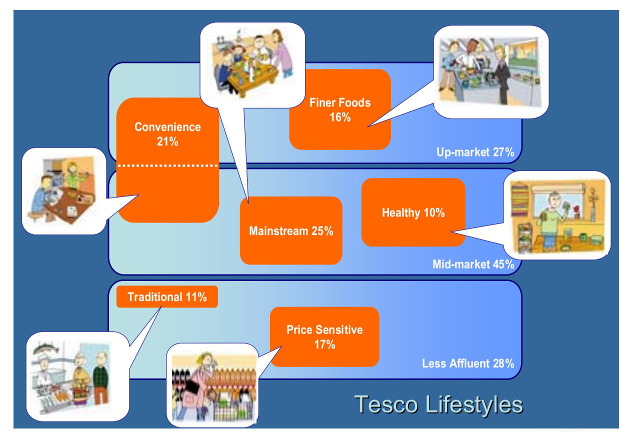
KG

Strategic Alliance

KG FRUITS LTD

Driscoll's The Finest Berries in the World.

Alconeras



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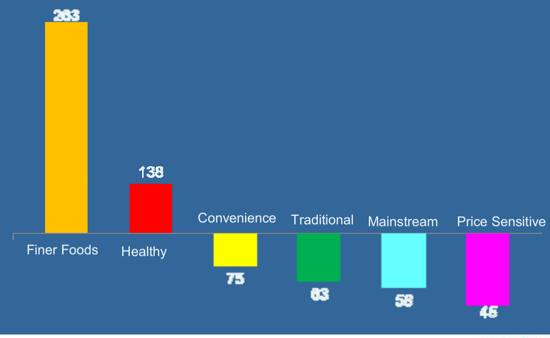

Source: dunnhumby, 2008

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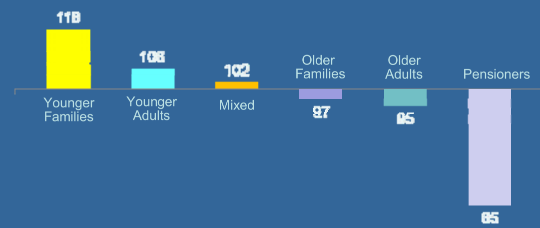

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Where to from here

- Wholesaler module
- Retail price reporting

Avocados Australia

Wholesaler Module

Purpose

- Capture receivals, SOH and sales from wholesalers
- Consolidate direct dispatches (to supermarkets) and sales through wholesalers to provide national aggregate figures (National Sales Report)
- Provides thorough/timely indication of fruit on retail floor and Stock on Hand

Avocados Australia

Process

- Form to be emailed weekly to wholesaler or accessed via Avocados Australia website
- Wholesaler to complete and upload to system via "send" button on form

Avocados Australia

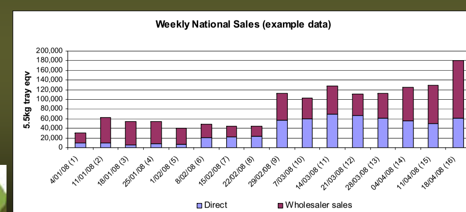
Reports

- Contributing wholesalers receive Infocado reports
- Report will include national industry totals contributed by Packhouses (Direct Product) and by Wholesalers (Sales) to show total volume moving into the retail system in any given week.
- Aggregated data –individual contributors' data is never identifiable

Avocados Australia

National Sales Report

	Trays 5.5kg				Mod 6				Bulk 10kg				Pre-packs kg				TOTAL
	Hass	Shepard	Other	Total	Hass	Shep	Other	Total	Hass	Shep	Other	Total	Hass	Shep	Other	Total	Total 5.5kg eqv
Wholesaler Sales																	
Packhouse direct																	
Total																	



Avocados Australia

Conditions of use

It is a condition of use that users:

- participate in 'good faith'
- provide accurate and complete data
- contribute at least 80% of their data on a weekly basis but ideally 100%
- meet the weekly timelines required.
- Are members of Avocados Australia

Reports are for the use of participating businesses and not for distribution to other parties

Avocados Australia reserve the right to terminate access to parties that do not meet the conditions of use

Avocados Australia

Retail Price Reporting

- Collected weekly from 16 stores in capital cities including Sydney, Brisbane, Melbourne, Perth
- Includes sizes, pack type, specials etc.
- Includes Major retailers, Independent chains and small independents.
- Uploaded directly to the internet in graph format and reported through Infocado

Avocados Australia

Feedback?

Avocados Australia

Industry update
Supply Chain Project

Consumer Research

- Online survey
- 1000 respondents across Australia
- Range from low frequency (quarterly) consumers to high frequency (weekly) consumers
- Extension of consumer panel work last year to measure impact of price, frequency and severity of internal defects on purchase intent

Objectives

- Impact of price, frequency and severity of defect on purchase intent
- Previous avocado purchase experiences
- Response to ripeness indicator technology
- Health benefits of avocados

Results
Purchase Intent

- Severity of defect has the highest relative importance followed by price then incidence

A. Bruising

Price	Severity	Incidence 1 in 10	1 in 5	3 in 5	5 in 5
0.89	10%	0.74	0.71	0.58	0.55
	25%	0.60	0.57	0.44	0.42
	33%	0.52	0.50	0.37	0.34
	50%	0.40	0.37	0.24	0.21
1.39	10%	0.64	0.59	0.50	0.46
	25%	0.47	0.42	0.33	0.28
	33%	0.45	0.40	0.30	0.26
	50%	0.35	0.30	0.21	0.16
1.99	10%	0.57	0.55	0.44	0.40
	25%	0.43	0.41	0.30	0.26
	33%	0.37	0.35	0.24	0.20
	50%	0.29	0.28	0.17	0.13
2.49	10%	0.45	0.40	0.34	0.32
	25%	0.33	0.28	0.22	0.19
	33%	0.29	0.24	0.18	0.15
	50%	0.24	0.19	0.13	0.10

definitely will buy (90-100% chance)
probably will buy (70-89% chance)
possibly will buy (50-69% chance)
possibly will not buy (30-49% chance)
probably will not buy (10-29% chance)
definitely will not buy (less than 10% chance)

Results
Past Purchase Experience

- Just under half consumers chose to shop at same outlet most of the time for avocados (47%)
- Remainder shop at variety of outlets
- Woolworths (27%), Coles(23%) and local fruit and vegetable stores (24%) most used outlets.
- ¼ consumers found last avocado shopping experience unsatisfactory – satisfaction dropped when amount of usable flesh fell to 50%

Results
Ripeness Indicator Technology

- Concept of Ripesense® indicator technology well received
- Strong preference for loose avocados
- Significant proportion would pay a premium for avocados labelled this way

Results – health benefits

Most important health benefits

- Vitamin E and other anti-oxidants
- More vitamin B1, B2, niacin, folate, potassium and magnesium per serve than any other fruit or veg
- More folate than any other fruit
- More than 14 essential vitamins and minerals

Awareness of benefits low – fewer than half

Weekly frequency buyers more aware than monthly or quarterly

Retail Quality Surveys

- Began in October 2007 – 12 month project
- Information collected
  - Price
  - Display details
  - Size
  - Weight
  - Sticker Information
  - Internal quality

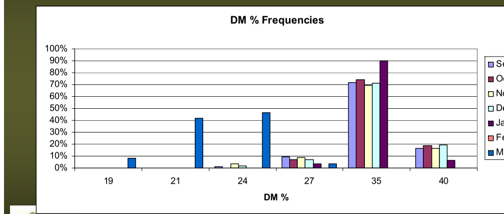
Preliminary Results

% Total damage	% NSW	QLD	VIC	WA	All
0	53	35	42	28	**39**
10	30	32	27	46	**34**
25	10	14	18	11	**13**
33	2	6	2	1	**2**
50	3	5	8	5	**5**
100	2	8	3	8	**6**

DM Testing

- Sydney markets
- Once per month
- Hass and Shepard
- DM % measured by QDPI

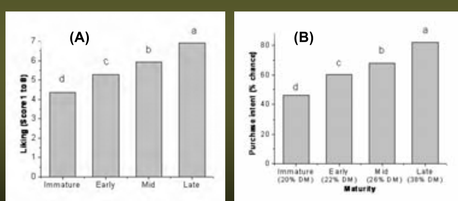
Preliminary Results



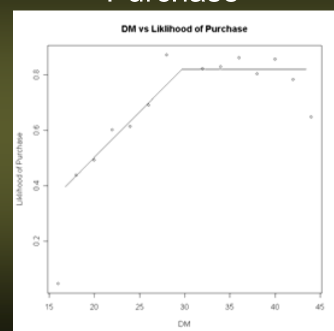
Results – Maturity

A: Liking score for different DM%

B: Purchase intent for different DM%



Results: DM v Likelihood of Purchase



Conclusions - Maturity

- Avocados with DM lower than 22% significantly less acceptable to consumers than avocados with DM of 22% or higher
- At 28% purchase intent was maximised and further increases in DM did not result in further improvement in consumers willingness to buy avocados
- Gap between 22% DM and 28% DM represents a region where competitive advantage is gained by providing consumers with higher rather than lower DM avocados
- 70% of consumers would choose the 26% DM avocados over the 22% DM

Avocados Australia

Infocado Summit

Foodservice Update

Foodservice – What is it?

- Restaurants – 30%
- Institutions/catering – 20%
- Fast food Chains – 17%
- Cafes – 10%
- Other fast food take-away – 9%
- Hotels/motels – 9%
- Clubs - 5%

Foodservice – How big?

- Around 40% of total food and bev $ spend
- Over 70,000 outlets
- 25-30% of all fruit & vegetables
- Employs nearly 200,000
- $13.7 billion 2006/7 ($10.4bn in 2003/4)

Strong Growth – Why?

- Family size/household structure
- Busy, busy, busy
- Ease & convenience
- Discretionary spending
- Variety/choice
- Employer offer
- Ageing population/health care
- ???

The Market

- It's clearly segmented – but which represents the best opportunity for Avocados?

- The 'consumer' is <u>not</u> our primary market.
- The 'staff', 'worker' or 'resident' is <u>not</u> our primary market.
- The meal purchaser is <u>not</u> our primary market.
- *The fruit and vegetable purchaser/meal planner <u>IS</u> our primary target.*

Drivers & Barriers

- Meal/menu usage
- Value/portion analysis
- Season
- Quality – critical!

How they purchase Avocados

- Mostly through providores
- Regular customers. Important relationship
- Need it ready to use. Therefore wholesale agent role is critical.
- 2nd grade question???

- 30% of smaller outlets say they purchase from local fruit & vege shops.

Foodservice Trends

- Health – both demand and corporate responsibility
- Variety, new, experience
- Family eating – clubs, pubs etc
- Café style
- Fine dining has changed

A Strategic Approach

- Clearly define our need
- Identify the target market
- Be a solution to their problem(s)

then . . .

- Use a well-executed, properly funded marketing plan.

A mix of activities . . .

- Advertising & editorial (key trade magazines)
- Sponsorship
- Recipe development & promotion
- Education and information
  - TAFE
  - General
- Competition
- Food media linkage
- Cross-promotion

Some Examples

- Mushroom Mania
- Pork
- Meat & Livestock Australia
- Haas Avocado Board
- Avocados Mexico

Can we . . ?

- Break out of the 'seasonal' mindset.
- Create a unique and attractive *positioning* for Avocados
- Become more than a garnish
- Find a value home for '*Foodservice Special'* and *'Foodservice Premium'* grades

Yes – we must . . .

- Be strategic – Market, Need, Outcome
- Be consistent – not short term
- Learn by example
- Work <u>with</u> others – for mutual gain
- Allocate the $.

Watch this space !

Questions?