

Investigation, Analysis and Development of a Strategic Plan to Maximise Avocado Sales in the Food Service Markets

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Australian Avocado Industry Foodservice Strategic Plan 2009-2011



*Prepared for Horticulture Australia Ltd
and the Avocado industry by*

Richard de Vos

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Terms

AAL	Avocados Australia Ltd
HAL	Horticulture Australia Limited
IAC	Avocado Industry Advisory Committee

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INTRODUCTION

Why this Plan has been prepared

This plan has been prepared by and for the Australian Avocado industry to guide its future R & D and Marketing activity in Australia's significant and growing Foodservice market.

For some time AAL and the IAC felt that more should be known about the Foodservice market in Australia; how Avocados are perceived and used in that market; and what potential there may be to stimulate sales growth. There was clear evidence that Foodservice as a category is a significant and growing proportion of total food consumption. But little was known about the position in the market of fresh fruit and vegetables.

As a second stage, beyond the desire for a better understanding of Avocados in Foodservice, the project has generated this recommended plan for R & D and marketing activity in Foodservice.

The process used

A 7-step process has been used in carrying out the project and developing this plan

1. Desk Research
Reviewing available syndicated and other reports on the size, structure and trends in Foodservice.

Also reviewing all relevant files held by AAL and any relevant projects for other industries, through HAL.
2. Industry Interviews
In-depth interviews with major wholesalers in the Sydney, Melbourne and Brisbane markets. In addition, interviews were conducted with a number of others in/associated with the industry. |
3. Research - Foodservice Industry
In-depth personal or phone interviews with selected individuals in the Foodservice industry. These interviews covered a cross-section of some market segments as well as some individuals involved in the education/TAFE area.

This was qualitative research to gain an overall understanding of how the market operates and gain some understanding of how Avocados are used; perceptions and attitudes; drivers and barriers etc.

4. Research - other commodity marketers
In-depth phone and personal interviews with senior managers responsible for R & D and marketing activity in Foodservice for a number of other commodity marketers

In these interviews the aim was to gain an understanding of the range of activities undertaken in Foodservice; strategies used;
5. Research – Overseas Avocado Organisations
In-depth phone and email interviews with key executives in a number of overseas Avocado organisations. Again, the aim here was to understand what they do in the foodservice market; how they gather information and what challenges they have had.
6. Familiarisation and Planning Workshop
A dedicated workshop over 2 half-days to familiarise the IAC with the Foodservice industry and then gather their input to the preparation of this plan. Participants at the workshop were IAC members, three representatives from HAL, the industry's marketing consultant and facilitator, Richard de Vos
7. Plan Preparation
Draft and finalisation of this plan.

Important Acknowledgement

We would like to acknowledge the open and forthcoming participation of all those involved in the research and interviews. All were helpful and constructive and gave freely of their knowledge and experience.

Details of interviewees are contained in Appendix A

BACKGROUND – THE AUSTRALIAN FOODSERVICE MARKET

What is Foodservice?

The generally accepted definition of 'Foodservice' includes all forms and situations of food preparation and consumption, where the food is not prepared in-home.

So this is a broad and multi-segmented market including, for example:

<i>Eating-out</i>	Everything from fine dining, to casual, cafes and milk-bars/sandwich shops.
<i>Take-away</i>	Including chains (e.g. McDonalds & Subway); franchised operations (such as Oporto and Chickens Plus) and individual outlets such restaurants, milk bars etc.
<i>Commercial Catering</i>	Including major corporate catering organisations through to small local caterers
<i>Institutional</i>	Such as hospitals and aged care facilities. Also goals and other government controlled institutional care.
<i>Events</i>	Major event catering (e.g. World Youth Day, Australian Open Tennis etc)
<i>Employment</i>	Staff cafeteria. Also food prepared and supplied in private employment-related situations such as mining camps; resource envelopment etc.
<i>Educational</i>	Universities, TAFE, and school canteens.
<i>Services</i>	Army, Navy, Air Force etc.

Note that major commercial carters are an integral part of some segments such as Institutional, Events, Employment and Educational.

Some Facts and Figures

(NOTE: Readers are also directed to the comprehensive summary in the BIS Shrapnel report 'Foodservice in Australia – Market Insights and Market Size'. An extract from that report is provided as Appendix D)

Total Market size and Value

- In 2007 total Australian Foodservice Market value estimated at \$10 billion with 'Fruit & Vegetables' representing 17% of the total.
- The 'consumer price' value of the Foodservice industry in 2007 was estimated to be around \$40billion; with 'Food and Beverage' (including alcoholic beverages) representing being over \$14 billion of that.
- Restaurants and major chains account for just almost half of the total market in 'consumer price' value.

BIS Shrapnel 2007

Number of Outlets – Total Food Service

- Total number of Foodservice outlets (2004) – 73,760
- Number of outlets by State/Territory (2004)

NSW	33%
Victoria	25%
Queensland	19%
South Australia	8%
Western Australia	9%
Tasmania	3%
Northern Territory	2%
ACT	1%

BIS Shrapnel 2005-2007

BACKGROUND – THE AUSTRALIAN FOODSERVICE MARKET (CONT'D)

1. Commercial Foodservice

- Estimated national number of outlets – 60,972
- Total channel value - \$7.2 billion (total food and beverage expenditure)
- Segmentation by proportion of total food and non-alcoholic beverage spend by the Commercial channel:

Segment	%
Full Service Restaurants	26%
Cafes	20%
Fast Food/QSR - Chains	17%
Fast Food/QSR - Independents	12%
Hotels	10%
Function Caterers	6%
Clubs	4%
Sporting Venues	2%
Commercial caterer	2%
Airline catering	1%

- Segmentation by number of outlets and total food and non-alcoholic beverage spend by the Commercial channel:

Segment	No	Value (exp \$million)
Full Service Restaurants	15,737	1,920
Cafes	10,194	1,450
Fast Food/QSR - Independents	10,550	860.1
Hotels, Motels & Resorts	7,734	682.3
Fast Food/QSR - Chains	6,399	1,181
Clubs	4,582	317.2
Caterers – Function	2934	398.6
Sporting Venues	1504	134.3
Caterers – Commercial	430	126.5
Caterers – Airline	16	51.1
Function Centres	892	123.6

BIS Shrapnel Foodservice in Australia 2007

BACKGROUND – THE AUSTRALIAN FOODSERVICE MARKET (CONT'D)

2. Institutional Foodservice

- Estimated national number of outlets – 15,238
- Total channel value - \$1.004 billion (total food and beverage expenditure)
- Segmentation by proportion of total food and non-alcoholic beverage spend by the Commercial channel:

Segment	%
Aged care	31%
Hospitals	16%
Schools	14%
Work canteens	14%
Tertiary Institutions	13%
Prisons	6%
Military	5%
Charitable organisations	1%

- Segmentation by number of outlets and total food and non-alcoholic beverage spend by the Commercial channel:

Segment	No	Value (exp \$million)
Hospitals	1,115	155.7
Aged Care	3,707	311.0
Schools	7,624	138.3
Tertiary Institutions	831	131.1
Private workplace canteens	1360	140.0
Military	177	52.2
Correctional Inst.	138	63.8
Charitable Orgs	286	12.2

BIS Shrapnel Foodservice in Australia 2007

BACKGROUND – THE AUSTRALIAN FOODSERVICE MARKET (CONT'D)

Total Market – Some Overall Key Trends

- Foodservice now accounts for 37% of all expenditure on food and beverages.
- The 'Breakfast' sector of Foodservice has increased 30% since 2001.
- Operators at all levels report a stronger call for healthier menu options.
- Chain restaurants are emerging, though far behind the levels of this segment in the US.
- 107% growth in café chains since 2001.

Fruit & Vegetables – Overall Key Trends

- Severe drought in parts of Australia has caused an increase in the cost of fresh fruit and vegetables driving operators to seek alternative products
- Frozen and canned product is likely to be in greater demand fuelling a significant increase in imported product.
- More fruit and vegetables are already being imported despite poorer quality which is likely to increase as drought conditions are showing no signs of changing.
- Growing concern with health and obesity, has led to a greater demand for salad meals
- In the more remote parts of Australia it is sometimes difficult to access fresh fruit and vegetables. For instance, Darwin has only two fresh food suppliers.
- The growing interest in organic fruit and vegetables will not translate to foodservice for some time as the cost precludes its use for most operators. However, there are some outlets in the commercial sector that include a couple of items on their menu that are made using organically grown product.

- At the high end of the hotel and full service restaurant segment, there is a growing interest in different fruit and vegetables e.g. broccolini. Operators want an increased range from which to choose and create interesting menus.
- There is a demonstrated reluctance by operators to use products like peeled vegetables and shredded lettuce. However, there is recognition, particularly in high volume production line outlets with set revenue patterns, that peeled and cut vegetables will offer part of the solution to the current labour shortage.
- As well as mitigating problems of a shortage of skilled labour in kitchens, peeled and cut vegetables assist outlets with limited floor space.
- Prepared vegetables are less likely to be acceptable to areas in the north of Australia, where there is the concern that these vegetables are less likely to stay fresh compared with vegetables which are washed, peeled and cut as needed.
- The only vegetable which is completely ready for cooking and widely used across all channels and in most areas are chips, generally frozen.
- Restaurants and cafés are including more 'healthy options' on their menus, such as salads and sandwiches and wraps containing vegetables and salad ingredients.
- The health issue has even impacted on traditionally small users of fruit and vegetables, with the QSR sector increasing their offerings of salads and wraps.
- High volume outlets are big users of frozen vegetables, such as hospitals and the larger full service restaurants.
- Some restaurants are seeing an increase in vegetarian meals, particularly Asian restaurants.

BIS Shrapnel Foodservice in Australia 2007

RESEARCH – FOODSERVICE AND AVOCADOS

National Quantitative Study

Through HAL, we had access to a 2008 national online survey of over 1000 Foodservice professionals. Full details are contained in the report and tables from the research. However a number of key findings should be emphasised here. Shown in italics are our interpretations or comments on the findings.

Interest in health/nutrition

Many respondents *say* that they notice an increasing interest from their customers in health and nutrition. For example 81% said customers are in "fat-free or low fat products or meals"; and 69% "low cholesterol and cholesterol free"

Caution should be exercised in this area. It is very likely that the interest in health/nutrition is more for some segments of Foodservice than others. Further, anecdotal evidence appears to be that while broadly people may say they are interested (in more healthy/nutritious food) their meal choice and purchase decisions may not reflect this.

Where they get information

While trade magazines are important sources, so too are consumer publications. Chef's and foodservice professionals read both. The top 4 magazines to which foodservice establishments subscribe are, in order (consumer publications in italics):

- Hospitality
- *Gourmet Traveller*
- *Australian Good Taste*
- Eat Drink
- *Delicious.*

Interaction with suppliers

After 'Product Samples', the most preferred ways of interaction with their suppliers is, in order, 'Sales Representatives', Trade Publications' 'Trade Shows' and 'Direct Mail'

This underscores the view strongly expressed by other commodity groups and on the IAC's familiarisation day, that the role and value of

personal contact and representation cannot be underestimated. In the case of Avocados therefore, the connection maintained and nurtured by proveedores is very important.

For 'Trade Publications' it would be reasonable to include major consumer magazines as highlighted earlier.

Where they purchase Avocados

The vast majority (over 80%) of fruit and vegetable purchase for Foodservice is from what they describe as 'Provedores' or 'Wholesalers'. Only relatively small amounts are purchased from local fruit and vegetable shops or supermarkets.

Where Avocados are purchased locally from retail the volumes are very small and are likely to be either top-up or from smaller outlet types, such as sandwich bars.

Again, this underscores the importance of Proveedores in the Avocados to Foodservice supply chain. Note that where the Foodservice respondent refers to a 'wholesaler' they do not mean a central markets wholesaler, but rather a fruit and vegetable wholesaler (or proveedor) as we have described them.

Overall comment on this study

Later in this Plan is a recommendation to maintain some form of tracking research to gauge trends in foodservice and also to measure Avocados performance. With further scrutiny of the methodology and some careful briefing, this syndicated study may be useful as the vehicle for such research

RESEARCH – FOODSERVICE AND AVOCADOS (CONT'D)

In-depth interviews – Foodservice businesses

A limited amount of qualitative research was conducted with a cross-section of Foodservice businesses (see list in Appendix A). Some key findings consistently emerged and are summarised here as they are important and relevant to the Plan that follows. Again, comments or interpretations are shown in italics.

Where and how Avocados are purchased

As highlighted earlier, all those interviewed said they purchase Avocados from a Providore/Wholesaler. They emphasised the importance of their relationship with their supplier – one based on trust and reliability. The key is that the foodservice outlet must receive Avocados exactly the way they want them (i.e. at the required ripeness or mix of ripeness depending on use). And they must be of good flesh quality. For if the Foodservice business has planned Avocados in their menu, and the ones received cannot be used, then they have a huge problem.

Quality of Avocados purchased

By and large, the people interviewed said that they were generally satisfied with the quality of Avocados purchased. However we would caution using this as an overall indicator.

Other anecdotal evidence gathered suggests that Avocado quality for foodservice, while generally good, may not be always meeting customer expectations.

There is a need for some form of formal tracking of avocado quality in this market, possibly similar in methodology to the consumer quality on-line survey conducted recently.

Learning about and knowledge of Avocados

Interviewees said that education about Avocados (and fruit and vegetables overall) was very limited in their formal TAFE or other training. They said that 'on the job' is how they generally gather knowledge – and that depends on the knowledge and experience of those with whom they work.

Most said that some form of information about Avocados varieties, seasons, storage, handling uses etc would be valuable basic information for all young chefs.

This kind of material is produced routinely by other commodity marketers.

New recipes and ideas

Virtually all were enthusiastic and would like more information and ideas and recipe suggestions for Avocados.

Seasonality

The view here is somewhat split. While most are aware that Avocados are available year-round, the majority perceive Avocados as essentially a 'Summer' product. This links closely with their current usage.

Therefore, this may present the opportunity to position Avocados as a more year-round ingredient to meals and menus – calling for recipe ideas and specific promotion.

How Avocados are currently used

In the main and in this limited study, Avocados are seen as a salad ingredient; or for smaller outlets as an ingredient in or spread for sandwiches and rolls.

It would be valuable for the industry to have some form of menu/usage tracking to see just how Avocados are used (at different times of the year) and also to measure the impact of any usage-oriented marketing activity.

The option for 'Foodservice' grade.

The idea of a cheaper, Foodservice grade Avocado (with goof flesh but some skin blemishes) was generally positively received by this small sample. However critical to its acceptability would be some form of guarantee or assurance of flesh quality.

It appears that, with careful management, this initiative could be tested in certain sectors of the market. Providore involvement and support will be essential.

RESEARCH – FOODSERVICE AND AVOCADOS (CONT'D)

In-depth interviews – Education

A small number of interviews were conducted - with two finalists of the Lexus Young Chef competition and three teachers from the major TAFE colleges in Brisbane, Sydney and Melbourne. Two key themes emerged:

How young chefs learn about Avocados

The young chefs interviewed could not recall any formal teaching about Avocados and in fact hardly any regarding fruits and vegetables overall. As we have found earlier, they said they have learned what they know from on-the-job experience and their own investigations.

The TAFE lecturers talked about the sheer volume of material (i.e. information) they have to get through and the requirement to stick closely to the formal curriculum. They too said there was very little taught about Avocados and lamented the limited time they could dedicate to fruit and vegetables overall.

Teachers said that it would be virtually impossible to influence the formal curriculum but that there are other ways of getting information and stimulus to their students.

The fruit and vegetable industries can not presume that much is able to be achieved through the formal curriculum-based education process. If they want young chefs to know about their products, then they must take responsibility for it; produce the material and deliver it in a way that grabs attention and builds engagement.

Potential for working with the TAFE's

TAFE's it seems would be very happy to make industry produced material available to students. This could be done a number of ways and the methodology used would be influenced by the information to be conveyed.

Teachers also talked of other strategies that may be employed through or in conjunction with TAFE. These included familiarisation days and workshops; competitions, sponsorships etc.

Teachers also recommended looking at materials produced and strategies used by other organisations – such as MLA, Australian Pork and Australian Mushroom Growers.

If the Avocado industry considers communication with and empowering young chefs is important, then it must develop the materials and communication strategies itself. However it is recommended that this be done in conjunction with key representatives from TAFE. The hospitality teaching community is a small and close one, and so if material is produced in conjunction with or with the assistance of, a respected teacher than it is likely to have more cut-through and acceptability with the others.

RESEARCH – FOODSERVICE AND AVOCADOS (CONT'D)

In-depth interviews – Other Commodity Marketers

Interviews were conducted with senior executives responsible for Foodservice market development for a small number of other commodity marketers (see Appendix A).

Again, some consistent themes emerged, which are valuable in developing our own plan:

Segment the market. Be very strategic

To contemplate marketing to the whole of the Foodservice market is not realistic. It is too large and there are too many sectors. Focus efforts and limited funds on certain sectors for specific strategic purpose (e.g. volume sale, increased profit, long-term growth etc).

It's a relationship business – Trust.

Foodservice is a close industry – particularly in some sectors. So while it is costly, the personal relationship and interaction is critical. MLA, Pork, Mushrooms (to name a few) use a formal network of representation to drive their Foodservice strategies.

Use a mix of strategies

Success in this market (as in the consumer market) relies on employing a mix of strategies to communicate and drive sales. Those interviewed used a mix of such things as recipe development; menu planning assistance; competitions; education and information; advertising; editorial; PR etc.

Longer-term commitment

Like many areas of marketing, where a shift in attitude and habit is sought, a longer view and commitment is required. Big results will not be achieved in 1 year.

Recipe Development/Menu Planning

Most of those interviewed regard recipe development and menu planning as an important part of their Foodservice strategy. And, they say, it is not just a matter of taking their consumer recipes and increasing the quantities. Recipe development and menu planning for Foodservice is a different skill.

Using advocates/leaders works

Chefs identify with others they respect. So the careful use of industry leaders, identities or up-and-coming chefs can be a powerful tool. These people can be used in various ways such as education; as advocates; in preparing 'Chefs Dinners'.

Relationship with the Food media is important

Chefs read consumer magazines. So relationships with the food media are important. These need to be fostered and a formal part of the overall strategy. It can fit well with the commodity's overall consumer promotion program –and certainly should not be at odds with it.

Consider co-operative activity

Most said they do undertake co-operative marketing activity with other commodities or with product manufacturers. But they must be satisfied that the marriage is in the best interests of their product and not just a way to reduce costs. There could be options here for Avocados, so long as the industry is similarly cautious.

Link with consumer promotion

In different ways, there is potential to link with consumer promotion. Mushrooms do this directly with their 'Mushroom Mania' promotion. On the other hand, Australian Pork believes that their promotions to present pork in new and different ways through Foodservice leads to increased consumer interest to re-create the dish (or similar) at home.

Trade Shows

Participation in trade shows (e.g. 'Fine Food', 'Restaurant 08') is not a given and is approached with caution. These activities are (relatively) costly and the result, in terms of sales increases, hard to measure.

Measurement is important –but difficult

Measurement of effectiveness in the Foodservice market is important and it must be done, but it is difficult. Measuring specific promotions (say with a restaurant chain) is easier. Measuring more broad promotional activity is much harder. Menu-mentions is one method used.

RESEARCH – FOODSERVICE AND AVOCADOS (CONT'D)

In-depth interviews – Overseas Avocado Organisations

A limited number of interviews (including emailed questionnaires) were conducted with selected overseas Avocado organisations (see Appendix A for the list). Again some overall themes emerged:

The southern US market is very different to Australia

Per capita consumption of Avocados in California and other southern states of the US is significantly greater than Australia. Similarly, it is confidently estimated that over 40% of all Avocados in the US are consumed in/through Foodservice. It is tempting to draw comparisons and seek to emulate the US experience. Yet the two markets, while on some levels looking similar, are vastly different

In the US the strong Mexican and Hispanic demographic sector; and the long and established Mexican and Hispanic dietary influence have put Avocados in the strong position they are now. By comparison, a recent Australian study found that 'Mexican' dining influence rated number 10 in consumer preference – way below the leaders – Thai and Vegetarian.

One area where there is a similarity between the two markets is the need to move Avocados beyond their current culinary positioning (in the US as guacamole or in salads and in Australia, in salads and sandwiches.

Take care not to simply try to replicate the US market.

Segment the market

In the US, in the same way as Australia but on a much larger scale, the Foodservice market must be segmented by those wishing to build sales and profits.

But the two markets are different. Overall, the number of meals eaten-out in the US is significantly more, per capita, than in Australia.

Again, care must be taken not to simply duplicate US activity but to segment and analyse the Australian market for Australian circumstances.

'Fast Casual Fresh' Segment

This segment is growing strongly in the US and is a key target for the Avocado organisations interviewed. In the US it is characterised by

many chains of this type of restaurant and so represent a cost-effective group to work with. Establish a promotion, menu addition or other activity with the Menu Planner in head office and it rolls-out through the chain.

In Australia, this segment is also growing strongly, however it is not dominated by so many chain-style outlets, though there are some. So targeting this segment may be relevant, but it will need to be approached differently.

Have a strategic approach

It is clear that groups such as the Californian Avocado Commission (CAC) and the Haas Avocado Board (HAB) have a very strategic approach to Foodservice.

In the case of HAB, their key drive is to stimulate Avocado use on menus, year round. For CAC, the aim is twofold. Firstly, to build loyalty to Californian-grown Avocados (as against imports). This strategy is directly aligned with their significant consumer promotion on the same theme. Secondly, they also seek to extend Avocado use in menus to a year-round relevance.

Use the web to deliver information

CAC are good users of the web to deliver information and promotion to Foodservice and say that it works well for them. The recipe finder tool is especially good. See [www/avocado.org/foodservice](http://www.avocado.org/foodservice)

There is every possibility that Avocados Australia could do just as good job with web presence and promotion for Foodservice.

Measurement –hard but important (again)

Both HAB and CAC say that measurement of direct results from Foodservice promotional activity is difficult, but not impossible. Both use a survey of 'Menu Mentions' as one guide.

AVOCADOS AND FOODSERVICE – STRENGTHS, WEAKNESSES, THREATS AND SIGNIFICANT OPPORTUNITIES

A close understanding of the Strengths, Weaknesses, Opportunities and Threats inherent in any new marketing initiative is necessary. For Avocados, moving more aggressively into the Australian foodservice market, a traditional SWOT analysis has been developed and is included as Appendix B. In addition, for emphasis and to guide strategy development, the key Opportunities are highlighted here.

An absolutely unique product

As one chef has commented "There's nothing you can use to replace an Avocado". Avocados have a unique taste, texture, appearance and result in cooking and preparation.

This uniqueness is a strength that can be marketed.

A versatile ingredient

Avocados are tremendously versatile and can be used in dishes (from entrée and soup through to dessert); and culinary styles way beyond the traditional salad, sandwich, spread and guacamole.

This versatility is promotable.

Popular with Consumers

Avocados already have a strong position with consumers. The industry's research shows Avocados are popular and widely purchased for in-home consumption. We are not trying to launch something new and unfamiliar into the Foodservice market.

Rather, we will be aiming to stimulate Foodservice presentation of Avocados in new and exciting ways – to an already loyal consumer.

Starting from a low base – great potential

Current Avocado use in Foodservice is limited both in volume and usage. Yet we know there are many opportunities to extend usage.

The Foodservice market is growing and Avocados can (and must) be part of that growth.

Thirsty for information

Foodservice professionals, from new chefs to old hands say they would like more information about Avocados and more menu ideas.

Added to this, we know that formal education and information about Avocados is almost non-existent.

There's a gap here that needs to be filled

Segmentation works for the Marketer

An industry as well segmented as Foodservice is a marketer's dream. However it does take commitment to identify the most appropriate segments and remain committed to it/them – rather than spread resources thinly across multiple segments for little effect.

The potential for segmented marketing is good.

The supply chain is known, tight and manageable

Avocados supply chain to the Foodservice market is well-defined and the principal operators are known. The relationships along the supply chain – grower to wholesaler to provider to Foodservice business are very important and Avocados Australia is already active and respected in this area.

We can work with the supply chain. Inform them. Involve them Engage them.

Ripeness and Quality

These two are critical to the Foodservice purchaser. In both areas solid R & D work is underway and the results of these will help to ensure Foodservice needs are being addressed

Maintaining R & D to improve quality and ensure ripeness is vital to the Foodservice offer.

Measurement

It is extremely difficult to put a measure on how much Avocado sales are into Foodservice. Yet this is important information we must have and must track. The 'Infocado' system, as it is rolled-out to include market agents, has the potential very significantly fill this gap – even if only in terms of total sales to Foodservice.

It is important to maintain development of this vital industry information tool.

KEY STRATEGIC CONSIDERATIONS & IMPLICATIONS

From the research and our investigations and in developing the plan the following Key Considerations have become obvious

External - The Foodservice Market

How much goes to Foodservice – Getting a fix on it.

The US estimates are that 40-45% of fresh Avocados are going into Foodservice. One estimate for all fruits and vegetables put it at around 25-30%. But we don't really know.

Getting a better handle on the actual volumes going to Foodservice and the trends, is essential to overall industry intelligence; to determining the priority that should be given to marketing to Foodservice; and to measuring marketing activity.

Segmentation for wise investment

Foodservice is diverse and various segments have differing sales increase potential.

Recognition of the segments and careful, targeted marketing will be essential and a cost efficient use of the limited budget.

Is it a garnish, or a main ingredient

Much of the 'salad' use of Avocados sees them being sliced thinly and used as an attractive garnish. Looking more broadly, new recipe/menu opportunities could easily also use only limited amounts of Avocado, again much as a garnish.

Promotion and menu/recipe development must strive to promote dishes that use Avocados as a significant ingredient rather than a garnish.

The power of competitions

The experience of many other marketers has shown that recipe/menu development competitions, carefully promoted and managed, can be a good promotional tool. They can appeal to chef's desire to show-off their skills; provide opportunities for publicity (both trade and consumer); and build the store of innovative new recipes.

Use of competitions should be considered in the marketing strategies.

Aspirational Works

It is clear that Chefs respect the opinions and practice of the leaders and trend-setters in their profession.

Choice and judicious use of a 'spokesperson/advocate' chef could be a valuable marketing tool. And it can be linked to a number of the other strategies to be employed (e.g. education, competitions etc)

Consumer rub-off

Presenting Avocados in new and interesting ways in Foodservice has potential to stimulate consumers' interest in re-creating the dish at home.

Consider strategies to extend Foodservice promotion to engaged consumers (e.g. recipe leaflets at the outlet).

Thirsty for information

Foodservice professional at all levels are saying they want more information about Avocados; their use and care; and new recipe/use suggestions

The industry should respond to this demand. No one else will, on our behalf.

Internal – the Industry & Product

Value (and potential) of the Providore

The relationship between the foodservice professional and his/her providore is an important one – built on trust and delivery of the specified product on time and of good quality. This is a vital link in the supply chain and can be used to good advantage in marketing and promotional activity.

Ensure a good database of the relevant providores is held and regularly updated

Consider aspects related to communication with and through providores in developing marketing activity.

KEY STRATEGIC CONSIDERATIONS & IMPLICATIONS (CONT'D)

Quality remains paramount

Supply of the best quality Avocados will remain paramount in Foodservice. While we have some evidence that quality supplied is good, we have heard contradictory views. The industry should have a more definitive ongoing quality monitor

Consider establishment of some form of quality monitoring system.

Maintain the industry's R & D initiatives in the areas of quality and ripeness.

Positioning,

As with any marketing, it will be important to establish and maintain a clear and strong positioning for Avocados in the minds of those in the Foodservice market. That position should directly address and identified market need and be in harmony with the overall identity of the product (Avocados). In addition, ideally the positioning should be congruent with the positioning established for Avocados in the broader consumer market.

Careful evaluation of the options and then establishment of a positioning for Avocados in Foodservice is essential.

Working with a limited budget

The budget allocated to Foodservice marketing and development is likely to be modest, at least in the first instance. Therefore it will be important to concentrate on activities that will realise the greatest benefit.

In addition, though not in contradiction, it may be appropriate to focus on a small number of profile activities to get some early runs on the board and prove the benefit of funds allocation to this area.

Carefully evaluate the various marketing and R & D options for greatest benefit and impact.

Passion and skill in the management

Foodservice is a specialist area calling for managers with specialist skills and experience and contacts. More than that though, this is an area that calls for management by people with a passion for the business and a real belief in the product.

Take care in determining how and by whom the Avocado Foodservice program should be managed.

Consider utilising input from the Foodservice sector in an ongoing way in the development and evaluation of R & D and marketing activity.

Link with consumer promotion – if appropriate.

There is potential to link the foodservice marketing with consumer marketing activity in a number of ways – so long as the integrity of either program is not lost.

Put in place a process to formally evaluate possible linkages between the Foodservice and consumer marketing programs.

Potential for a 'Foodservice Special' product.

There has been discussion about the potential for a specially marketed (labelled and priced) 'Foodservice Special' offering for this market. And at first analysis, giving growers a market for product that does not meet the exacting consumer (skin) quality standard is attractive

There may be an opportunity for such a product and it deserves further investigation and if found viable, careful test marketing. It will be important to consider all issues and implications such as substitution for a higher value more-profitable line; potential to guarantee flesh quality; the specialised marketing required.

SEGMENTATION OPPORTUNITIES

The total Foodservice market can be segmented in a number of different ways and different market analysts have used varying criteria. For our purposes, it is appropriate to use the segmentation developed by BIS Shrapnel, the consultancy that regularly reviews and reports on Foodservice. In their analyses, Foodservice is divided into two broad sectors – Commercial Channels and Institutional Channels.

Commercial Channels comprise:

- Restaurants
- Cafes
- Fast Food/Quick Service Restaurants (Independent)
- Fast Food/Quick Service Restaurants (Chains)
- Hotels
- Clubs
- Function Caterers
- Commercial Caterers
- Sporting Venues
- Airline Caterers

And, Institutional Channels comprise

- *Hospitals*
- *Aged Care*
- Schools
- *Tertiary Institutions*
- Charitable Organisations
- *Work Canteens*
- *Prisons*
- Military

Within the Institutional channels, it is important to note that those in italics can often be operated and managed under contract by major commercial caterers.

A comprehensive analysis of each of these sectors, their trends and drivers is contained in Appendix D which accompanies this Plan.

Which Sectors are important for Avocados

There are two ways to examine which sectors are important in ensuring Avocado sales are maximised in Foodservice.

1. For the first two Key Activity Areas of 'Education and Information' and 'Umbrella Marketing', all sectors are important. That is, it is important that professionals in all sectors are more informed about Avocados and their qualities – even if the opportunity to increase avocado consumption is greater in some sectors than others.
2. When it comes to the 'Targeted Segment Marketing' strategies, it is clear that the following sectors hold greatest potential for generating Avocado sales increase:
 - **Fast Food/Quick Service Restaurants (Chains)**
 - **Hotels**
 - **Clubs**
 - ***Tertiary Institutions***
 - ***Work Canteens***

This is because:

- More ability to influence menu offering, partly because these outlets are not so driven by budget constraints or other external factors.
- There is the potential to work with a group of them, through a centralised management structure (such as the commercial caterer) which will ensure consistency of approach and commitment.
- Outlets can be identified and selected based on their clientele, making it possible to target end consumers who are in the Avocado consumer primary target market.
- Clients/customers of these establishments have greater opportunity to make a promotion-driven choice about what they wish to purchase.
- Good potential to promote dishes/menu choices that are high-volume Avocado usage.

MARKET RESEARCH, DATA COLLECTION, ANALYSIS AND TRACKING

Recommendation

That by 30 December 2009 the industry have established and operating the necessary quantitative market research to ensure the IAC and industry have the information required to evaluate and track Avocado's performance in the Foodservice market and in particular to measure the impact of activity in the three nominated Key Activity Areas (see next section).

Rationale

In any area of marketing, data collection and analysis is essential to both establish a benchmark; and then measure the performance and cost effectiveness of marketing activity.

While the industry has some limited quantitative analysis and a deal of qualitative and anecdotal information, there is no established and reliable method for measuring and tracking:

- The volume of Avocados going into Foodservice (and its various sectors);
- Current menu mentions, usage and dishes; and
- The perceptions and attitudes of those in the Foodservice industry to Avocados, their quality, versatility, popularity with customers/clients etc.

So, in addition to the Strategic Plan that follows, it is critical that the industry have market monitoring in place. Provision has been made for it in the Budget section.

What needs to be done

Following in very broad summary, are the steps needed to establish this market information program.

1. Determine the scope and depth of information required
2. Review data collection methodologies/options
3. Call for submissions against strict market research criteria. Suggest limiting the call to selected suppliers, i.e. not public tender.

4. Implement the research program.
5. Analyse and report results on an annual basis
6. Review and adjust methodology if required

Specifically, what information is needed

A recommended scope for this market research/data collection is:

1. Overall volumes of fresh and processed Avocados sold into Foodservice (possibly available through Infocado).
2. Volumes of fresh and processed Avocados sold into the different Foodservice market segments, including seasonal variations/trends.
3. Where & how purchased for 2 above including size and grade.
4. 'Menu Mentions' in the different Foodservice market segments, including detail on the specific dish; relative Avocado volume for the dish (i.e. high, medium, low) plus seasonal variations/trends.
5. Foodservice professionals' knowledge about Avocados including varieties, seasonality, storage & handling, versatility, nutritional value etc Ensure this also covers those in Foodservice education.

Some points to consider

Following are some points that may be helpful:

- Note that in the US both the Haas Avocado Board and the Californian Avocado Commission have found this area of measuring overall volumes being sold through Foodservice particularly difficult. Both organisations measure the volumes sold through specific Foodservice promotions; and also use a 'Menu Mentions' survey to gauge the levels of Avocado penetration in the market.
- Be open to using different methodologies for the different Foodservice market segments.

MARKET RESEARCH, DATA COLLECTION, ANALYSIS AND TRACKING (CONT'D)

Some points to consider (cont'd)

- The Infocado extension to tracking the sales by broad segment of the wholesale market agents will be a useful, though broad-level too.
 - It will be important to have measures at say three different times in the year to track any seasonal influence.
 - Consider the use of cost-efficient online surveying. Though be mindful of the anecdotal advice received that chefs and others in Foodservice are time-poor and not particularly computer savvy. Remember also that the email address for a restaurant for example, may go to front of house and not reach those responsible for food ordering and preparation.
 - The on-line survey methodology used for the industry's consumer quality survey might be able to be effectively adapted for this task.
 - Remember to track awareness and attitudes of students, to get a measure of the effectiveness of the activities in the Information and Education area.
 - Ensure that each of the specific marketing activities under the 'Targeted Segment Marketing' has its own in-built measurement and evaluation.
- Be careful to collect useable and relevant information. Sometimes market research can become self-serving and the data collected more than is actually needed or useful.

THE STRATEGIC PLAN

Key Activity Areas

In the Strategic plan that follows, activity is divided into three separate areas which, taken together, make-up a coordinated and comprehensive program. They are:

1. **Information and Education**
Development and distribution of information on Avocados, tailored for Foodservice professionals and with an emphasis on versatility and stimulating new menu/dish opportunities.
2. **Foundation Marketing**
A range of marketing and promotion activity specifically designed to establish a strong and unique positioning for Avocados broadly across the Foodservice market and in particular within the identified primary target segment(s)
3. **Targeted Segment Marketing**
Specific and measurable marketing activity to the identified primary target segment(s)

In the following plan each is detailed with a specific objective, rationale and strategies, some drivers and barriers and suggested measurement criteria.

Marketing Objectives

The marketing objectives set for each Key Activity Area are:

1. Information and Education

- *By 30 March 2010 have developed and be delivering to the foodservice industry and young chefs in particular a core 'package' of information about Avocados.*
- *By 30 March 2011, achieve measurable and worthwhile increases in Foodservice professionals':*
 - *Knowledge about avocados (varieties, seasons, handling, storage, versatility, nutrition etc)*
 - *Positive attitudes and perceptions related to Avocados versatility, and important place in menu development.*

2. Umbrella Marketing Program

- *By 30 June 2010 have developed and running an ongoing campaign of promotion to strongly and uniquely position Avocados in the Foodservice market.*
- *By 30 March 2011, achieve measurable and worthwhile increases in Foodservice professionals':*
 - *Knowledge about avocados (varieties, seasons, handling, storage, versatility, nutrition etc)*
 - *Positive attitudes and perceptions related to Avocados versatility, and important place in menu development.*

3. Targeted Segment Marketing

- *By 30 June 2011 have developed, run and evaluated 4 separate marketing/promotion programs with identified target groups/segments.*
 - *Each one with the aim of achieving at least a 25% increase in Avocado usage through the participating establishments over the promotion period.*
 - *In each promotion one of the aims will be to stimulate higher volume avocado use (i.e. main dish ingredient, not garnish)*

1. INFORMATION AND EDUCATION

Development and distribution of information on Avocados, tailored for Foodservice professionals and with an emphasis on versatility and stimulating new menu/dish opportunities.

Objectives:

1. *By 30 March 2010 have developed and be delivering to the foodservice industry and young chefs in particular a core 'package' of information about Avocados.*
2. *By 30 March 2011, achieve measurable and worthwhile increases in Foodservice professionals':*
 - *Knowledge about avocados (varieties, seasons, handling, storage, versatility, nutrition etc)*
 - *Positive attitudes and perceptions related to Avocados versatility, and important place in menu development.*

Note: Further quantified objectives (relating specifically to volume of material developed and distributed/communicated) to be incorporated within the annual implementation/action plan. Note also that the quantitative research proposed under 'Market Research, Data Collection, Analysis and Tracking' will measure visibility, impact and response to this material].

Rationale	
<p><i>Every target market needs to <u>know</u> about the product marketers want them to purchase. For Foodservice, that knowledge must provide the essential information a chef would need to be able to select, store and prepare Avocados, as well as stimulate thinking about the versatility and use of Avocados in a variety of different dishes and styles. Without it chefs will remain uninformed and probably hesitant to take on the marketing ideas and initiatives to follow.</i></p> <p><i>We are aware that this essential information is not being delivered via TAFE, nor is it provided through the Avocado supplier or providore. So the responsibility rests with the industry to ensure this sound foundation of knowledge and awareness is established</i></p>	

Strategies & Timing	
1. Establish Educational Advisory Panel with clear terms of reference (see later under Specific Recommendations)	by30 July 2009
2. Review existing curriculum coverage of Avocados and examples of information/education material produced by other groups.	by 30 September 2009
3. Determine scope and content of the material. Develop theme and 'branding' (in conjunction with Foundation Marketing strategies – next section). Write and produce.	by 31 December 2009
4. Determine appropriate delivery mechanisms.	by 31 December 2009
5. Deliver and monitor uptake and response (possibly through targeted research)	From 30 March 2010

THE STRATEGIC PLAN (CONT'D)

Possible Activities/Tools	
<p>There are a wealth of options that should be considered in this area and the input of the two proposed Advisory Panels will be important. Taking note of successful strategies employed by other industries and by Avocado marketers overseas will be helpful. The options may include:</p> <ul style="list-style-type: none"> • Information, recipes and menu ideas presented and regularly updated on a dedicated 'Avocados for Foodservice' web site (or section of the Avocados Australia site. • Similar information formatted for and available via interactive DVD. • Regular e-newsletters, possibly seasonally based. • Special information sessions and demonstrations for students and conducted in association with the major TAFE colleges. • Some form of competition specifically designed for TAFE students and apprentice chefs. • A printed brochure/poster with pictures and key information on varieties, ordering, handling, storage etc. <p>Note that the experience of others shows that this material and its presentation must have a contemporary and engaging appeal (like APL's 'Porkstar' material – not just be educational.</p>	
Drivers	
<ul style="list-style-type: none"> • Must be developed in consultation with Foodservice professionals and educators. • Must be inviting and interesting and carry the overall positioning theme. • Ensure Providores are aware of the material and have copies. • Possibly use the delivery mechanism to establish a database for later contact/marketing. 	<ul style="list-style-type: none"> • Be imaginative and different about delivery mechanisms, materials, format etc. • Consider use of a dedicated web site (i.e. not necessarily part of the AAL site. It's about the product, not the association. • Possible use of an advocate or celebrity to deliver/endorse.
Barriers	
<ul style="list-style-type: none"> • A dry, educational and curriculum-type approach 	
Measurement	
<ul style="list-style-type: none"> • Results as determined through the research proposed under 'Market Research, Data Collection, Analysis and Tracking' 	
<ul style="list-style-type: none"> • Materials produced and being distributed. 	
<ul style="list-style-type: none"> • Level of engagement and support from TAFE etc 	
<ul style="list-style-type: none"> • Feedback from recipients 	
<ul style="list-style-type: none"> • Tracking of hits on, travel around and downloads from the web site 	

2. UMBRELLA MARKETING PROGRAM

A range of marketing and promotion activity specifically designed to establish a strong and unique 'positioning' (or brand personality) for Avocados broadly across the Foodservice market and in particular within the identified primary target segment(s)

Objectives:

1. **By 30 June 2010 have developed and running an ongoing campaign of promotion to strongly and uniquely position Avocados in the Foodservice market.**
2. **By 30 March 2011, achieve measurable and worthwhile increases in Foodservice professionals':**
 - **Knowledge about avocados (varieties, seasons, handling, storage, versatility, nutrition etc)**
 - **Positive attitudes and perceptions related to Avocados versatility, and important place in menu development.**

(Note: The second objective is the same as that for the 'Information and Education' areas, because the two areas work together to achieve the same end – a shift in attitudes and perceptions, leading to increased purchase and usage.)

Rationale
<p><i>At present Avocados have no clear identity or positioning in the minds of Foodservice professionals. At best, they are seen primarily as an ingredient in (or garnish on) salads and as used in guacamole (though that may be partly imported frozen pulp).</i></p> <p><i>For fresh Australian Avocados to be valued and their use extended into new menu and meal situations, they need an identity, a personality. They need to be positioned and promoted in a way that creates unique appeal and interest. This is no different from the sound practice of establishing position and brand properties for Avocados in the consumer market. And in fact to maximise combined impact, the Foodservice positioning should be in harmony with the consumer approach.</i></p> <p><i>This sort of 'Umbrella' marketing program is most effective when utilising a mix of activities (see 'Possible Activities/Tools' list) and when applied consistently over a period of time (say no less than 3 years)</i></p>

Strategies	
1. Establish Marketing Advisory Panel with clear terms of reference (see later under Specific Recommendations)	by 30 July 2009
2. From research and informed advice, develop and test a unique and strong positioning for Avocados in Foodservice (or number of alternates to identify the one with greatest impact/appeal).	by 31 December 2009
3. Develop the marketing program utilising whatever tools and delivery mechanisms are considered most appropriate and cost efficient	by 31 March 2010 Launch end March
4. Measure and monitor effectiveness of the campaign (see earlier in Data Collection, Analysis and Tracking-	from 31 March 2010 and regularly thereafter

Possible Activities/Tools

Again, there are a range of activities that should be considered and once more, the input of the two proposed Marketing Advisory Panel will be valuable. Also, looking at successful strategies employed by other industries and by Avocado marketers overseas will be useful. The options may include such things as:

- Paid advertising in Foodservice trade media and also the top-level consumer food media such as 'Australian Gourmet' and 'Delicious'
- Regular advertorial in Foodservice trade media. For reference, similar advertorial programs are run by MLA and Dairy Australia.
- Creation of an event involving Foodservice (and in particular those in the identified Target Segments). 'Mushroom Mania Month' is a good example from another industry.
- Sponsorship – perhaps particularly around young chefs in or entering work in Foodservice in the identified Target Segments
- Leveraging HAL's existing sponsorship of the 'Lexus Appetite for Excellence' (previously 'Lexus Young Chef') award.
- Recipe development (though this may not be onerous as the California Avocado Commission have an amazing library of recipes for Foodservice which, if available, could be adapted for local use).
- Use of an advocate or spokesperson. A well respected and personable chef that is keen and interested to speak for Avocados.

Drivers

- | | |
|--|--|
| <ul style="list-style-type: none">• Adequate funds• Management and implementation by professionals skilled and experienced in Foodservice | <ul style="list-style-type: none">• Freedom to take a marketing-driven approach (i.e. with minimal industry bias or influence) |
|--|--|

Barriers

- Lack of strength and clarity in the positioning

Measurement

- Program developed and implementation commenced on time
- Tracking measurement of awareness and impact.
- Results as determined through the research proposed under 'Market Research, Data Collection, Analysis and Tracking'

3. TARGETED SEGMENT MARKETING

Specific and measurable marketing activity to the identified primary target segment(s)

Objective:

By 30 June 2011 have developed, run and evaluated 4 separate marketing/promotion programs with identified target groups/segments.

- *Each one with the aim of achieving at least a 25% increase in Avocado usage through the participating establishments over the promotion period.*
- *In each promotion one of the aims will be to stimulate higher volume avocado use (i.e. main dish ingredient, not garnish)*

(Note: In addition, specific and measurable volume sales objectives to be developed in conjunction with each targeted segment/group activity).

Rationale	
<p><i>The key to building increased consumption of Avocados in Foodservice lies in stimulating new and different menu use. Taking Avocados out of their traditionally perceived usages and presenting them as a special feature, in a new way. Doing this capitalises on the overall 'Umbrella Marketing' strategy of promoting the versatility and uniqueness of Avocados. And takes it further through specific meal/menu promotions with selected key target Foodservice outlets and chains.</i></p> <p><i>At this time, the aim is to comprehensively test-market the promotion concept; to see what works best and in which style of outlet. Following analysis of the increased sales and cost-benefit, decisions can be made about the level of further activity of this type.</i></p>	
Strategies	
1. Confirm the market segments/sectors to be targeted.	by 30 September 2009
2. Working closely with key players in the identified segments, develop the concept and methodology for the four (4) targeted promotions	by 31 March 2010
3. Prepare all required materials and resources	by 30 June 2010
4. Implement the 4 promotions – measuring sales and impact before, during and after the campaign	from 1 July 2010 (say 1 every 6 months)

THE STRATEGIC PLAN (CONT'D)

Example of how it might work
<p>Here is an example of how the promotion might work, in this case with a major commercial caterer. The steps would be similar for the other test groups such as a chain group of 'Quick Service Restaurants' or a group of hotel/club restaurants.</p> <ul style="list-style-type: none">▪ An approach would be made to a major workplace or tertiary institution caterer (e.g. Spotless) with the aim of developing a promotion which for them, will bring newness and interest to their menu in a selected number of outlets.▪ Working with them, develop a selection criteria and identify the outlets most suitable. Demographics of the outlet customer will be important. For example a promotion involving new (and possibly out-of-the-ordinary) Avocado-using dishes may be successful in a workplace or tertiary canteen serving middle to upper class customers than one located in a working class area factory. The expertise and guidance of the caterer will be important here.▪ With the caterer (possibly using input from a small committee of the outlet managers and chefs) select the dish(es) and develop the promotion theme. Refer to the excellent database of dishes held by the Californian Avocado Commission. The promotion theme could involve some sort of customer competition to stimulate purchase.▪ Using a professional designer with experience in this area, develop the required promotional material. This may include counter cards, posters, table cards and leaflets. Need to be guided by the catering organisation on what has worked for them in the past.▪ Fully brief and train outlet managers and chefs/cooks. It may be appropriate to organise some form of competition for them, based around the success of the promotion. Again, be guided by the catering company senior executive.▪ Establish and commence mechanism to track and record purchase of the promotion dishes and Avocado purchase, by outlet.▪ Run the promotion in all selected outlets. Suggest 2-4 weeks. If appropriate it may help to have specially recruited promotion staff working at the outlets at the start (i.e. for the first 2-3 days). Consider sampling to stimulate purchase.▪ On completion, critically review and analyse cost-benefit.
Drivers
<ul style="list-style-type: none">• Interested and engaged segment partners• An imaginative approach/idea and good choice of the promotion meal, theme or dish.• Excellent materials and execution• Quality, quality, quality produce throughout the promotion• Involvement and support of the relevant providers
Barriers
<ul style="list-style-type: none">• Insufficient resources to do the job well
Measurement
<ul style="list-style-type: none">• 4 Programs carried out on time and budget• Sales results measured against objectives set.

FOODSERVICE PROGRAM – 3 YEAR BUDGET

Following is a recommended budget to support the implementation of this Strategic Plan. It is structured around the three Key Activity Areas; plus the 'Market Research, Data Collection and Tracking' plus the need management and infrastructure required to drive the program.

1. Information and Education

Activity	09/10 (\$'000)	10/11 (\$'000)	11/12 (\$'000)
1. Establish Educational Advisory Panel with clear terms of reference (see later under Specific Recommendations)	0	0	0
2. Review existing curriculum coverage of Avocados and examples of information/education material produced by other groups. <i>(to be done by contracted or employed Foodservice specialist)</i>	0	0	0
3. Determine scope and content of the material. Develop theme and 'branding' (in conjunction with Foundation Marketing strategies – next section). Write and produce.	75	15	15
4. Determine appropriate delivery mechanisms. <i>(to be done by contracted or employed Foodservice specialist with advice from the Advisory Panel)</i>	0	0	0
5. Deliver and monitor uptake and response (possibly through targeted research)	5	10	10
TOTAL	80	25	25

2. Umbrella Marketing Program

Activity	09/10 (\$'000)	10/11 (\$'000)	11/12 (\$'000)
1. Establish Marketing Advisory Panel with clear terms of reference (see later under Specific Recommendations)	0	0	0
2. From research and informed advice, develop and test a unique and strong positioning for Avocados in Foodservice (or number of alternates to identify the one with greatest impact/appeal).	20	20	20
3. Develop the marketing program utilising whatever tools and delivery mechanisms are considered most appropriate and cost efficient	50	100	150
4. Measure and monitor effectiveness of the campaign <i>(see in 'Market Research Data Collection, Analysis and Tracking')</i>	0	0	0
TOTAL	70	120	170

3. Targeted Segment Marketing

Activity	09/10 (\$'000)	10/11 (\$'000)	11/12 (\$'000)
1. Confirm the market segments/sectors to be targeted. <i>(to be done by contracted or employed Foodservice specialist with advice from the Advisory Panel)</i>	0	0	0
2. Working closely with key players in the identified segments, develop the concept and methodology for the four (4) targeted promotions <i>(to be done by contracted or employed Foodservice specialist with advice from the Advisory Panel)</i>	20	0	0
3. Prepare all required materials and resources	0	20	20
4. Implement the 4 promotions – measuring sales and impact before, during and after the campaign <i>(2 in 10/11 and 2 in 11/12)</i>	0	30	30
TOTAL	20	50	50

Market Research, Data Collection and Tracking

Activity	09/10 (\$'000)	10/11 (\$'000)	11/12 (\$'000)
1. Determine the scope and depth of information required <i>(to be done by contracted or employed Foodservice specialist)</i>	0	0	0
2. Review data collection methodologies/options <i>(to be done by contracted or employed Foodservice specialist)</i>	0	0	0
3. Call for submissions against strict market research criteria. Suggest limiting the call to selected suppliers, i.e. not public tender. <i>(to be done by HAL in conjunction with contracted or employed Foodservice specialist)</i>	0	0	0
4. Implement the research program.	30	35	40
5. Analyse and report results on an annual basis <i>(to be done by HAL in conjunction with contracted or employed Foodservice specialist)</i>	0	0	0
6. Review and adjust methodology if required <i>(to be done by contracted or employed Foodservice specialist)</i>	0	0	0
TOTAL	30	35	40

Management and Infrastructure

Activity	09/10 (\$'000)	10/11 (\$'000)	11/12 (\$'000)
Employment/contracting Foodservice specialist to oversee the whole program. Budget includes all on-costs, travel etc	125	130	140
Advisory Panels	4	4	4
Contingency and sundry AAL costs	10	10	10
TOTAL	139	144	154

TOTALS

Area	09/10 (\$'000)	10/11 (\$'000)	11/12 (\$'000)
Information and Education	80	25	25
Umbrella Marketing Program	70	120	170
Targeted Segment Marketing	20	50	50
Market Research, Data Collection and Tracking	30	35	40
Management and Infrastructure	139	144	154
PROGRAM TOTAL	339	374	439

SPECIFIC RECOMMENDATIONS

Following are two specific recommendations for consideration by HAL, the IAC and Avocados Australia. They are detailed here as it is considered they are essential to the effective implementation of this Strategic Plan.

Advisory Panels

Neither the Avocado IAC members, Avocados Australia staff nor the staff of HAL have considerable and current experience in the Foodservice industry. In such a situation, it is normal to enlist the support of others who have the specialist skills and experience to provide sound advice.

For this comprehensive program it is felt that two small Panels would provide that guidance and an assurance that the programs are on-track and relevant:

1. A 'Foodservice Marketing Advisory Panel'; and a
2. 'Foodservice Education Advisory Panel'

The primary roles of the Panels will be to:

- Advise on the scope and content of the various programs to be developed.
- Provide qualified evaluation of the marketing and education initiatives proposed by service providers.

Importantly, the role of the Panels is advisory. They have no decision-making or management role.

- We see both Panels being only small and comprising say 2-3 skilled professionals, plus one representative each from the AAL, Avocado IAC and one from HAL.
- It is very likely that the specialists will be available in/around Brisbane and that there will be some prestige in being invited to participate. It is unlikely that Panel members will need to be paid, though any expenses (travel etc) should be met and there will be some meeting costs to be budgeted.
- Time involved would probably be 2-3 meetings (of no more than 3 hours each) per year.
- Overseeing and guiding the work of the Panels will be the responsibility of the appointed/contracted industry Foodservice Manager and specified as such in his/her contact.

More details on the suggested composition and terms of reference for each Panel are provided in Appendix B'

It is envisaged that the Advisory Panel members would donate their time, so long as their contribution is recognised in some public way.

Cost for operation of the Panels is estimated at:

Half day meeting room hire and refreshments (x 2 Panels x 2 meetings)	\$1,000
Thank-you lunch or dinner after the meeting at a top restaurant. No doubt the conversation and contribution would continue if structured that way. (x 2 Panels x 2 meetings)	\$2,000
Secretariat support (by AAL) and other sundry costs. (x 2 Panels x 2 meetings)	\$1,000
Total	\$4,000

Special Note re HAL Position on the Advisory Panels:

In preparation of this Plan the recommendation to set-up these two Panels was discussed with HAL Professional Services personnel. HAL has reservations about the need for and usefulness of these Panels, their cost (and possibly the additional layer of administration involved). HAL has asked that these reservations be noted in this plan.

Recommendation 1:

That the 'Foodservice Marketing Advisory Panel' and the 'Foodservice Education Advisory Panel' be established along the lines proposed.

SPECIFIC RECOMMENDATIONS (CONT'D)

Overall Foodservice Program Management

Foodservice is a very specialised area and as highlighted earlier, good program management calls for someone with experience, relevant skills and a *passion* for the Foodservice industry. Someone who is known in the industry and can quickly build the relationships and alliances needed to support our program.

Furthermore, the manager of the program needs to be very closely aligned to the Avocado industry and working with them (especially the proveedores and wholesalers).

Therefore it is proposed that overall management of the Avocado Industry Foodservice Program be handled as a separate HAL project and that a suitable professional be employed (or contracted) by and located with, AAL.

Recommendation 2:

That the Avocado Foodservice Program be managed as a separate HAL project under contract to AAL who will be responsible for contracting/employing and managing a suitably skilled specialist.

APPENDICES

Appendix A

List of people/organisations involved in pre-planning research

Internal and Overseas Interviews

This section covers interviews with key people within or closely associated with the industry to gather their perspectives on Avocados and foodservice (as outlined in the Detailed Methodology). The following table details the schedule of interviews proposed, what has been undertaken so far, and what is yet to be done.

Interviewees	Originally Proposed	Completed
AAL CEO Antony Allen	1	1
Consultant Jenny Margetts	1	1
Consultants (Freshlogic) Martin Kneebone and Steve Spencer	2	2
Agents/wholesalers in Syd, Bris & Melb	6	8
Avocado Processor Simpson Farms	1	1
Overseas Avocado Organisations	3-5	4
Produce Marketing Association (US &		2

Australia)		
TOTALS	14-16	19

In addition:

- Internet searches were conducted to gather information on the foodservice marketing strategies employed by various overseas avocado organisations and to supplement the individual interviews mentioned above
- Internet searches were conducted to learn about various Avocado processing methods and processors overseas.

Market Research

The market research component involved extended individual face-to-face or phone interviews. Again, a schedule showing what was initially proposed and what is now being done is shown below.

Interviewees	Originally Proposed	Completed	Description
Major commercial caterers (key manager)	2-3	2	<i>Delaware North Catering Spotless Catering</i>
Medium catering companies (manager/chef)	2-3	2	<i>Crown Catering Armory Catering</i>
Small catering companies	-	3	<i>A OK Catering Buffets Galore Tender Loving Cuisine</i>
Quick service restaurant chains (key manager)	2-3	-	<i>See note below</i>
Restaurants (chef)	3-5	4	<i>Beach Road Restaurant (Syd) Rydges (Bris) Bluestone (Melb) Bel Mondo (Syd)</i>
Pubs/clubs (chef)	2-3	3	<i>RSL Ryde Newport Arms Hotel</i>

Café/sandwich bar (owner)	-	8	<i>Syd Café #2 (Syd city) Syd Café #1 (Syd city) Citicafe (Syd city) Healthy Chef (Syd suburban) Automatic Café (Melb city) Milsons Point Café #1 (Syd business) Milsons Point Café #2 (Syd business) Milsons Point Café #3 (Syd business)</i>
TOTALS	11-18	22	

Educational

Though not originally proposed in the project, it became very obvious that it would be important to gather the 'educational' perspective. Contact with the Lexus Young Chef finalists (through HAL's sponsorship) was an opportunity too good to miss –to get their perspective both as new chefs and also of what they learned about Avocados from their training.

In addition, it was decided to also interview the head teachers of the major hospitality training organisations.

Interviewees	Originally Proposed	Completed	Description
Lexus Young Chef finalists	-	2	<i>Able to interview 2 of 4</i>
TAFE/Food School – Syd, Melb, Bris (Head Teacher or tutor)	-	4	<i>William Angliss College (Melb) Ryde TAFE (Syd) Hospitality Training Australia Metropolitan South Inst of TAFE (Bris)</i>

Other Commodity Marketers

It was obvious early in the process that much could be learned from the experiences and strategies of other commodity marketers. They were not part of the original research plan, but were added to the list.

Interviewees	Originally Proposed	Completed	Description
Other Commodity Marketers	-	8	<i>Australian Egg Corporation Australian Pork Ltd Meat & Livestock Australia Seafood Experience Australia Dairy Australia Australian Mushroom Growers Association Sydney Fish Markets Suncoast Gold (Macadamia Processor)</i>

Appendix B **A SWOT Analysis**

The following is an analysis of Avocados' Strengths, Weaknesses, Opportunities and Threats as they relate to the development of the Foodservice market:

Strengths

Unique Product

Avocados are an absolutely unique product and are recognised by foodservice operators as such. They are not easily substitutable. The addition of Avocado to a dish or as a feature in a menu item provides a unique difference and promotable opportunity

Versatility

Avocados are tremendously versatile. They can be incorporated in dishes throughout the menu (entrée & soup to dessert); as well as a garnish or extra in many traditional meal/snack servings (e.g. sandwiches and rolls; salads etc)

Avocados are already familiar and popular

Consumers (or the customers/clients of Foodservice establishments) are already familiar with Avocados. Existing consumer research shows Avocados are well-liked and widely purchased and used in the consumer market.

Known and familiar supply chain.

The supply chain for Avocados to Foodservices is known and relatively compact. Certain wholesale agents specialise in supplying Foodservice providores. And the major providores in each state generally have regular and reliable suppliers (i.e. the wholesale agents) as well as regular and committed purchasers (i.e. the Foodservice establishments).

Apparent good quality control

The limited and essentially qualitative Foodservice market survey conducted reported general satisfaction with the quality of Avocados purchased by Foodservice. This seems to be different to the findings from consumer research and highlights the importance of the role of both the wholesale agents/ripeners and the providore in supplying exactly what the market requires.

National, Association level commitment

There is commitment both at the level of the industry's national

association, Avocados Australia and at the Industry Advisory Committee to address the Foodservice market opportunity. The consumer marketing programs run by the industry are well-regarded and successful.

This will ensure a managed national approach to the Foodservice market and program credibility to encourage participation by wholesalers and providores.

Weaknesses

Quality & volume challenges with processed product

While there are some (limited) calls for processed Avocado product for Foodservice, the technology available in Australia to deliver the product required in significant volumes and high quality, is limited. This may present an opportunity for imported processed product. Our initiatives to build sales in Foodservice will need to bear this risk in mind and consider strategies that will also build loyalty to 'local' product.

Measurement of volumes to Foodservice

There is no good measure and monitor of the volumes of Avocados being sold to Foodservice (nor other fruits and vegetables for that matter). This leaves the industry with limitations in its ability to measure the success of broad marketing initiatives in this market.

The plans to extend the Infocado program into the Wholesale sector will address this issue to some extent. It may be appropriate to also look at other means of measuring Avocado sales in Foodservice.

Infrastructure to manage the program

Management of marketing to foodservice is a specialist field and requires people with expertise, experience and a passion for the (Foodservice) industry. Moreover, marketing in Foodservice is strongly influenced by personal relationships and professional reputation. Neither Avocados Australia nor HAL have such specialists on staff and so it will be essential to either recruit or contract suitable people.

Opportunities

Market growth

Despite some recently reported downturns in trade (as a result of the current economic climate and mostly at the 'fine dining' end of the market), Foodservice has been growing strongly both in volume and value. The trend to more Australians eating more food prepared out-of-home has been evident and consistent for some years. If Avocados'

want to be where people are eating (and not limited to home-prepared consumption) then they must be active and promoted in Foodservice.

No significant past promotion

There has been no significant past promotion of Avocados to Foodservice and so the market is not jaded or re-conditioned. It is a new market opportunity in the true sense of the word.

Strong call for information

At every level in the Foodservice market research there was a very positive response to the offer of more information about Avocados; recipes; menu ideas and promotions. This is a market that is open to (even thirsting for) information, ideas, stimulation and encouragement.

Potential to explore opportunity for '2nd grade' sales

The suggestion that 2nd grade Avocados could be directed to segments of the Foodservice market (for the benefit of both customers and the industry) met with a degree of interest – *so long as flesh quality could be assured.*

Use of existing supply chain

The existing and efficient Foodservice supply chain has great potential to be used in supporting (and participating in) marketing initiatives.

Threats

Continued/increased use of imported product

There is a degree of imported processed product coming onto the

Australian Foodservice market at present. Recent national promotions by McDonalds and Subway are good examples of where such product is used. Mostly this is frozen pulp originating from South America. *In one sense this marketing/supply activity is a strength* for Avocados per-se, providing strong media and POS visibility for the fruit. Yet the ease with which cheaper imported product can penetrate the Australian market is a concern. There is a risk that increased domestic marketing activity, if not closely linked to local supply, will risk attracting more imported product onto the market

Lack of industry/supply chain support

For marketing initiatives in Foodservice to be successful they *must* have supply chain support. The supply chain is critical in this market and their participation will need to be enlisted. Time and effort must be dedicated to this.

Continuity of Program

It is likely that (increased sales) results for some parts of the recommended program will take time to be evident. However, like the Avocado consumer program, the objective is to change attitudes practices, so a commitment to a consistent level of marketing activity, over say 2-3 years (with appropriate monitoring of course) is strongly recommended

Appendix C

Suggested Composition and Terms of Reference for Avocado Foodservice Advisory Panels

Foodservice Marketing Advisory Panel

Aim

This group will provide sound (Foodservice) industry input, suggestions and advice to the IAC and those responsible for delivering the agreed marketing strategies and activity. It is not intended that this group have authority to make decisions.

Composition

Proposed that the committee comprise:

- 2 Experienced Chefs – one from a mid-upper class restaurant (not fine dining); and one from a major volume catering enterprise, such as a larger club or catering organisation.
- One manager from a major catering operation (such as Spotless)
- Two fruit and vegetable providores, preferably with business emphasis in different segments of Foodservice.
- Plus a Chairman

Operations and Terms of Reference

- Committee to be chaired by CEO of Avocados Australia, or Marketing Manager, Avocados, HAL, or their nominee.
- Probably only 2 half-day meetings per year with clear agenda and desired outcomes. One to provide input to program development and the second to evaluate and comment on the programs developed (at concept stage and prior to finalising).
- Brief is to provide advice and opinion from their experience and professional perspective.
- No payment to Committee members though expenses to be covered and participants to be publicly recognised.
- It is envisaged that all participants could be sourced in one city (say Brisbane or Sydney) thus removing any travel and accommodation costs.

Foodservice Education Advisory Panel

Aim

This group will provide sound educational and foodservice input, suggestions and advice to the IAC and those responsible for delivering the strategies and activities under the 'Information and Education' key activity area. It is not intended that this group have authority to make decisions.

Composition

Proposed that the committee comprise:

- 2 professional educators in the Foodservice/Hospitality area
- 1 Experienced Chefs – preferably one that is well known and respected.
- One young chef – possibly (but not necessarily) a past finalist in the Lexus Young Chef Award
- One fruit and vegetable providores, preferably with a strong interest in educating customers about their produce.
- Plus a Chairman

Operations and Terms of Reference

- Committee to be chaired by either CEO of Avocados Australia, or Marketing Manager, Avocados, HAL, or their nominee.
- Probably only 2 half-day meetings per year with clear agenda and desired outcomes. One to provide input to program development and the second to evaluate and comment on the programs developed (at concept stage and prior to finalising).
- Brief is to provide advice and opinion from their experience and professional perspective.
- No payment to Committee members though expenses to be covered and participants to be publicly recognised.

Appendix D

Extracts from BIS Shrapnel report "Foodservice in Australia 2007 – Market Insights and Market Size"