



## Tropical Avocado Marketing Plan

### Brand Launch for First 12 Months

#### **Executive Summary:**

IESC hired Moxxy Marketing to develop a marketing program to increase sales and consumption of Green Skin avocados in the U.S. market. As part of this program, consumer focus groups were conducted in San Diego and Houston to understand current consumer knowledge of and opinions towards Green Skin avocados. As a result, it was clear there is great potential for Green Skin avocados in the U.S. market, but consumers are significantly opposed to the name “Green Skin Avocado” and instead prefer “Tropical Avocado.” Informed by the insights gained in these focus groups, Moxxy developed a marketing program for Tropical Avocados, including the development of a logo and sales materials intended to be flexible and complementary to the existing branding of Tropical Avocado shippers. The following marketing and tactical plan represent the strategy and tactics recommended for the first year of the brand launch, including recommended messaging, communications and marketing strategies, and three budget tiers for the suggested marketing activities.

This marketing and tactical plan is intended to cover a 12-month period, though many materials developed as part of this initial launch—such as photography, recipes, packaging and in-store display programs—will be usable for years to come. The tactical approaches and geographical limitations have been informed by discussions with Tropical Avocado exporters, marketers and importers to allow for a plan option that can be reasonably executed by the industry with their own funding sources. Though the budget recommendations included in the plan are not as high as the annual budget of a program such as Avocados from Mexico, the brand launch program is intended to provide a launching point for the brand that can grow as the program matures and volume increases—an approach common among brands in their initial launch for a new market.

Based on industry feedback from exporters, marketers and importers, as well as the need to establish funding for the program, Texas and the West Coast were recommended as markets to target for the initial marketing push. This focused approach will allow for a more targeted marketing and sales effort, allowing for more focused application of the marketing budget, and time to demonstrate success of the program to retailers in the broader U.S. market. These regions offer prime opportunities for distribution and trial of Tropical Avocados, not only because of the already prevalent popularity of avocados in these regions, but also because they offer a diverse population that includes the key demographic opportunities of Asian-Americans, Hispanic-Americans and Caucasian-Americans.



A significant part of this program will include education of not only consumers, but also retailers. Since both audiences are used to Hass avocados, they will need to be informed of the differences between Hass and Tropical Avocados, as well as proper handling, usage and storage. Consumers should be made aware of the naturalness of the product, that these avocados remain green when ripe, and that they tend to have a slower oxidation rate. Retailers will also need to be informed of the shorter shelf life of these avocados and any steps the industry has taken to address this issue—such as cartons with improved air flow, or usage of a post-harvest shelf life extension product such as Hazel Technologies or Apeel Sciences. To support a sales program, retailers should also be informed of the results of the consumer research, including their inclination to the name “Tropical Avocado” and the indication of consumer acceptance, opportunity and propensity to purchase.

To leverage the significant opportunities for Tropical Avocados in the U.S. market, implementation of this marketing plan and the recommended tactics laid out in the full tactical calendar is recommended to support a robust brand launch that includes the retailer and consumer education necessary for success. However, as of the writing of this plan, there is no identified funding source to implement the marketing activities. To support the implementation of this marketing program, additional funding sources may need to be explored and identified. Possible funding sources may include: importers, growers/exporters, the Dominican and/or U.S. governments, Florida Avocado Administrative Committee, or the formation of another unified organization (whether voluntary or under a USDA marketing order) for Tropical Avocados.

### **Consumer Research Summary:**

- Research was conducted in San Diego and Houston with two consumer target groups:
  - Millennials: men and women 25–35 without children
  - Gatekeepers: women 30–50 with a child 3–16 in the household
- There is great opportunity for Tropical Avocados with U.S. consumers—Avocado Enthusiasts are delighted to try something new
  - A vast majority of participants had a very positive experience with Tropical Avocados, and were interested in continued consumption
- The main concerns consumers had about Tropical Avocados were whether the size was natural, and if they would be able to consume the fruit before it spoiled. However, these were not significant or insurmountable concerns
- Consumers noted several positive attributes to leverage:
  - Appealing appearance—specifically the shiny, smooth, beautifully green skin that is memorable and stands out both in store and in the kitchen
  - Positive texture experience similar to Hass—avocado affinity is about texture and visual appeal; taste is important, but not a core driver
  - Convenience and value provided by the larger size



- Slower oxidation when cut (at least for the Carla and Semil varieties that were sampled)—adds value and makes Tropical Avocados more useful and convenient, and appropriate for smaller households
  - They found this more enticing than a long shelf life—most consumers plan on eating avocados within a day or two after purchase, and do not expect avocados to last long after purchase
- Everyone saw Tropical Avocados as just a big, gorgeous avocado, rather than a completely different, uncomfortable and unique fruit. Beyond size and color, the varieties they sampled were not perceived to be that different from other avocados
- The “unknown factor” of avocado ripeness is an accepted negative for Avocado Enthusiasts, though the reward is higher than the risk
- Consumers are used to Hass avocados turning black when ripe, but they are also used to squeezing their avocados to check for ripeness—the “stays green when ripe” factor of Tropical Avocados needs to be addressed, but is not difficult for consumers to overcome
- Participants had extremely adverse reactions to the name “Green Skin Avocado”—they did not like that it sounded reptilian and reminded them of human skin. The name “Tropical Avocado” provided an explanation for the large size and green coloring, served to create a connection with where these avocados are grown, and conjured images of lushness and delight
- Because of the convenience of having so much fruit in one avocado, Tropical Avocados offer “great value” beyond comparable price per unit. Consumers were willing to pay on average \$2–\$3 per avocado and still see it as an exceptional value

### **Goals:**

- Brand goals
  - Introduce Tropical Avocados
  - Create brand awareness
- Retailer goals
  - Increase distribution in Texas and West Coast
- Consumer goals
  - Generate retail purchase and in-home trial
  - Repeat purchase
  - Share knowledge, information and experience with family, friends and followers
- Media/influencer goals
  - Low (“Essential”) and medium (“Enhanced”) marketing budget: Increase trade media awareness
  - High (“Accelerated”) marketing budget: Increase consumer media awareness
- Aspirational sales target
  - Low (“Essential”) marketing budget: 10% increase in volume
  - Medium (“Enhanced”) marketing budget: 20% increase in volume
  - High (“Accelerated”) marketing budget: 30% increase in volume



- Other goals
  - Obtain more accurate data about sales and consumption specific to Tropical Avocados
  - Implement marketing and tactical plan
    - Identify funding source for program implementation
    - Determine and establish decision-making body for program
    - Organize and coordinate Dominican and Floridian Tropical Avocado industry marketing efforts
    - Keep momentum going

### **Current Situation / Challenges / Considerations:**

Though popular throughout the world, Tropical Avocados have seen limited retail distribution and consumer awareness in the U.S. However, the avocado sector of the fresh produce market has seen a steady increase in popularity, distribution and sales. While avocados as a whole are not seeing as dramatic increases in sales as when they saw their first boom in popularity in the U.S., the segment continues to grow annually, and demand remains consistent.

Sales data is limited for Tropical Avocados specifically, but with the overall demand for avocados as a whole remaining steady and the opportunity to increase distribution of Tropical Avocados to additional regions in the U.S., there is a tremendous opportunity for growth for Tropical Avocados in the U.S. market.

### **Current Situation**

- Sales of fresh produce has been steadily increasing by 2-3% every year
- In 2018, 50% of U.S. households purchased avocados, accounting for \$2.2 billion in sales—a 5.3% increase from 2017<sup>1</sup>
  - 978 million pounds of avocados were sold in 2018, an 18.3% increase from 2017. The higher increase in pounds sold versus sales dollars indicates a decrease in the average avocado price per pound
- In Quarter 2 of 2018:
  - Hass avocados sold for an average of \$2.10/lb (18.2% drop from 2017)
  - Tropical Avocados also sold for an average of \$2.10/lb (1.3% increase from 2017)<sup>1</sup>

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<sup>1</sup> United Fresh Produce Association. *Fresh Facts on Retail Q4 2018, Year in Review 2018.*



- The average national weighted price fluctuates throughout the year, but in general Hass and Green Skin see relatively comparable pricing, especially considering the differences in size
  - A vast majority of retailers reported by the USDA sell both Hass and Tropical Avocados per each rather than per pound<sup>2</sup>
- According to the USDA, in mid-March 2019, 12,303 stores nationwide carried Hass avocados, while 587 stores carried Tropical Avocados. In contrast, during the same timeframe in 2018, 6,815 stores carried Hass while 47 stores carried Tropical Avocados<sup>2</sup>
  - This is an 81% distribution increase for Hass and a 1,149% increase for Tropical Avocados
- \$12 million / 6 million pounds of Green Skin avocados were sold in the U.S. in Q2 of 2018
  - 45.3% increase in sales in the U.S. from Q2 2017 to Q2 2018<sup>3</sup>
- In comparison, \$540 million / 258 million pounds of Hass avocados were sold in the U.S. in Q2 2018
  - However, Hass avocados only saw a 1.1% increase in sales dollars from Q2 2017 to Q2 2018, despite seeing a 23.6% increase in pounds sold—mainly because of the 18.2% drop in average price/lb<sup>3</sup>
- Tropical Avocados are currently primarily sold on the East Coast
  - The popularity of avocados in Texas and the West Coast combined with the opportunity to promote to the Asian consumer market—which is highly concentrated on the West Coast—indicates these two markets offer prime opportunities for Tropical Avocado expansion and growth

### Challenges / Considerations

- Tropical Avocados have been sold by retailers as Green Skin Avocados for the past 15 years; will need to emphasize consumer insights into the name change
- While focus group research suggests that consumers are less concerned about the shorter shelf life of Tropical Avocados, this is an important issue for logistics and retailers
  - The thinner skin of Tropical Avocados also presents logistical challenges, due to the increased possibility of damage to the fruit during transit
- Consumers were excited by the slower oxidation of Tropical Avocados. Further research is needed to confirm this is the case for varieties throughout the year, and not only applicable to the Semil, Carla and Beneke varieties
- Tropical Avocados see limited retail exposure compared to Hass avocados
- Consumer education is needed to overcome consumer perceptions of avocados formed by their experience with Hass, including informing them Tropical Avocados stay green when ripe rather than turning black like Hass, and the larger size of the fruit is natural rather than artificial
  - Consumers are both wowed and excited by the large size of the fruit and the convenience it has to offer, while also having difficulty accepting that the size is natural without messaging addressing this

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<sup>2</sup> USDA Agricultural Marketing Service. [Weekly Advertised Fruit & Vegetable Retail Prices.](#)

<sup>3</sup> United Fresh Produce Association. *Fresh Facts on Retail Q4 2018, Year in Review 2018.*



- A significant consideration is competition from Hass avocados, including higher consumer awareness, significantly higher retail exposure, and—especially in the case of Avocados from Mexico—drastically higher marketing budgets
- A benefit of Tropical Avocados is that the peak season coincides with traditionally heavy consumption periods for Hass avocados, namely the Superbowl and Cinco de Mayo. This offers an opportunity to take advantage of peak promotional opportunities
- Tropical Avocados are seen as complements—not replacements—to Hass avocados, both by consumers and retailers. Retailers will need to be convinced to allocate shelf space to Tropical Avocados by indicating the significant opportunity for consumer demand backed up by focus group research insights, and showcasing the retail merchandising support offered by the program
- The different flavor profiles, shapes and sizes of Tropical Avocados throughout the year may cause consumer confusion or negative experiences
  - Focus groups indicate consumers are open to trying multiple varieties but want to feel like they will receive a similar product overall. They are not interested in messaging that emphasizes the differences between varieties, or drastic flavor and texture differences between Tropical Avocados and Hass avocados
- Avocados from Mexico has the advantage of marketing only the Hass variety throughout the year. California Avocados is in a similar position, with 95% of the avocados they sell being of the Hass variety (the remaining 5% is distributed across 7 other varieties)<sup>4</sup>
- There is no established funding source for implementing the marketing and tactical plan, and no identified mechanism, structure, entity or cooperative agreement to lead the charge and coordinate the initial and continued application of the plan
  - If a communal funding organization is formed, it will likely need to be voluntary rather than through a marketing order because of the existence of the Federal Marketing Order 915, Florida Avocado Administrative Committee
  - There would likely also be difficulty establishing a mandatory assessment through the Dominican Republic government for exported avocados
- While some Floridian Tropical Avocado marketers are interested in cooperating with a collaborative overarching marketing effort, some distributors may decline participation
- U.S. consumers have different taste, recipe and information preferences than consumers in other markets where Tropical Avocados are sold (e.g. Europe, Dominican Republic, etc.) and will need tactics and messaging that are catered specifically to U.S. consumers

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<sup>4</sup> California Avocado Association. [Avocado Types and Their Differences](#).



**SWOT Analysis:**

<p><b>Strengths</b></p> <ol style="list-style-type: none"> <li>1. “Wow” factor—beautiful, big and green</li> <li>2. Growing demand for avocados</li> <li>3. Greater value than Hass</li> <li>4. Longer cut life</li> <li>5. Consumer awareness of avocados as a whole</li> <li>6. Similar flavor and texture to familiar avocados</li> <li>7. Tropical growing environment</li> <li>8. Size—larger households: “I only need to use one”</li> <li>9. Cultural story of growers and growing regions</li> </ol>	<p><b>Weaknesses</b></p> <ol style="list-style-type: none"> <li>1. “Whoa” factor—is this natural?</li> <li>2. Logistical challenges from shorter shelf life and thinner skin</li> <li>3. Multiple varieties—inconsistent flavor profile, size &amp; shape</li> <li>4. Seasonal availability</li> <li>5. Marketing budget</li> <li>6. Size—smaller households: “I’ll never be able to eat one”</li> <li>7. Fewer stores sell Tropical Avocados than Hass (currently)</li> <li>8. Nationwide distribution not established yet</li> <li>9. Lack of awareness of Tropical Avocados specifically</li> <li>10. Lack of reliable data</li> <li>11. High shrink at retail—lower shelf life and lower consumer awareness</li> </ol>
<p><b>Opportunities</b></p> <ol style="list-style-type: none"> <li>1. Leverage avocado popularity</li> <li>2. Consumer messaging             <ul style="list-style-type: none"> <li>• Green is ripe</li> <li>• Naturally big, creamy and delicious</li> <li>• Longer cut life</li> <li>• Greater value</li> <li>• Excitement about something new</li> </ul> </li> <li>3. Foodie trend-setting</li> <li>4. Differentiate from Mexican/Californian</li> <li>5. Collaborative marketing</li> <li>6. Currently fewer stores sell Tropical Avocados than sell Hass</li> <li>7. Campaign/awareness/education at universities</li> <li>8. Asian/African market in US</li> </ol>	<p><b>Threats</b></p> <ol style="list-style-type: none"> <li>1. Tariff/trade wars</li> <li>2. Uncertain supply</li> <li>3. Competitive marketing pressure</li> <li>4. Hurricane/disease/natural disaster</li> <li>5. Food safety</li> <li>6. Disconnected marketing</li> <li>7. Past negative press coverage about Florida avocados</li> <li>8. Possible quality issues/reputation damage as additional people join industry if they don’t follow regulations</li> </ol>



## **Competitor Analysis:**

- Hass avocados account for 93% of avocado retail sales in the U.S.<sup>5</sup>
- Avocado consumption per capita in the U.S. has increased from 1.6 in 1997 to 8.0 in 2018<sup>6</sup>
- Hass Avocado Promotion, Research and Information Act enacted in 2000, allowing an order for research and promotion of Hass avocados<sup>7</sup>
- **Avocados from Mexico**
  - Avocados began being imported from Mexico in 1993; in 1997, the Avocado Producers and Exporting Packers Association of Mexico (APEAM) was formed, followed by the Mexican Hass Avocado Importers Association (MHAIA) in 2003. The MHAIA was certified by the USDA Agricultural Marketing Service (AMS) as part of the Hass Avocados Promotion, Research and Information Order and was overseen by the USDA<sup>6</sup>
  - Avocados from Mexico brand name developed in 2006 with the taglines “The Amazing Avocado” and “The World’s Finest.” The not-for-profit Avocados from Mexico organization was formed in 2013 as the “official marketing arm” of both MHAIA and APEAM<sup>6</sup>
  - 55% consumer brand preference and 83% market share as of 2018—compared to 4% market share in 1997, 37% market share in 2007 (when Mexican avocados were allowed to be imported to all 50 states) and 68% market share in 2013<sup>7</sup>
  - 1.1 billion lbs. imported in 2013. Increased to 1.9 billion lbs. by 2018—73% growth<sup>7</sup>
  - 2017 budget for marketing and promotions: \$54.2 million<sup>8</sup>
  - Receives funding from Hass Avocado Promotion Order, which assesses 2.5 cents/lb. of fresh avocados imported into the United States
  - By far the most widely recognized marketing region for avocados, regardless of variety. In the Tropical Avocado consumer focus groups, several participants did not even realize Hass was the name of the avocado variety they were familiar with—they knew them as Avocados from Mexico
  - Known for being the “party” or “fun” avocado—connected to Cinco de Mayo, promoted with quirky and memorable marketing
  - Strong in-store promotional presence. Offer robust retailer promotion program including:
    - Five seasonal themed retail promotions, with several merchandising bins and display options
    - In-store signage and radio
    - Rebate programs

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<sup>5</sup> United Fresh Produce Association. *Fresh Facts on Retail Q4 2018, Year in Review 2018*.

<sup>6</sup> USDA Economic Research Service. [“Avocado imports could rise further in 2018/19 as a weak crop outlook in California reduces domestic supply.”](#)

<sup>7</sup> Mexican Hass Avocado Importers Association. [Communications: Marketing in the USA](#).

<sup>8</sup> Avocados from Mexico 2017 990 Form.



- Registered dietician program
- Retailer resource portal on the Avocados from Mexico website where they can access consumer research and order point of sale pieces.
- **California Avocados**
  - Spent \$9.6 million on marketing activities in 2018<sup>9</sup>
  - Commission is funded by an assessment of no more than 6.5% of the gross annual sales dollars from associated producers and handlers<sup>10</sup> as well as funding from the Hass Avocado Board. 85% of assessments on domestic Hass avocados are allocated to the California Avocado Commission<sup>11</sup>
  - Though majority of sales are Hass avocados (95%), the California Avocado Commission markets 7 varieties under the California Avocado name. Does not differentiate between varieties in most of their marketing—only mentioned on their website<sup>12</sup>
  - California Avocados are the second-most recognizable avocado brand, behind Avocados from Mexico
  - Have a strong marketing presence such as advertising, outdoor media and in-store promotions
  - They have branded themselves as the “American” avocado, using vintage and traditional branding
- Other Hass avocado marketing regions include Avocados from Peru, Avocados from Chile, and New Zealand Avocados, but they have minimal consumer awareness compared to Avocados from Mexico and California Avocados. Avocados from Peru and Avocados from Chile also receive funding from the Hass Avocado Board
- Beyond whole avocados, additional avocado sales are seen in value-added retail repackaged products—primarily guacamole made from Hass avocados. This includes brands such as Wholly Guacamole, Yucatán Guacamole and private label store brands. The shorter cut life and higher rate of oxidation of Hass avocados limits the value-added Hass avocado opportunities
- Additional competitors include growers in Florida not sourcing any avocados from the Dominican Republic, or who are uninterested in taking part in the overarching Tropical Avocado program
- Hawaii also produces Green Skin avocados of the Sharwil variety, but they have only recently been approved for shipment and sale in the continental United States and are currently shipping very small quantities
  - Only 180 metric tons are anticipated to be shipped per year—accounts for less than 0.5% of non-Hass avocado supplies and less than 0.05% for all avocados<sup>13</sup>
- Beyond avocados, additional competitors for consumers’ dollars are other fresh fruits and vegetables. Avocados are the 5th most popular produce item, behind only apples, grapes, bananas and strawberries<sup>14</sup>

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<sup>9</sup> California Avocado Commission. [2018 Annual Report](#). p. 23.

<sup>10</sup> State of California Department of Food and Agriculture Marketing Branch. [California Avocado Commission Law, Chapter 5 of Part 2, Division 22 of the California Food and Agricultural Code](#). Article 6, Section 67101.

<sup>11</sup> USDA Agricultural Marketing Service. [“Hass Avocado Board.”](#)

<sup>12</sup> California Avocado Commission. [“Avocado 101: Avocado Types and Their Differences.”](#)

<sup>13</sup> Karst, Tom. [“Hawaiian avocados come to U.S. mainland.”](#) The Packer. January 3, 2019.

<sup>14</sup> United Fresh Produce Association. *Fresh Facts on Retail Q4 2018, Year in Review 2018*.



## **Target Audiences:**

### Primary Audiences:

- Geographic Concentrations:
  - West Coast
  - Texas
- Retailers/Distributors
  - National chains
  - Regional chains
  - Ethnic/cultural chains
- Consumers
  - Demographics:
    - Households with 2 or more people (couples, roommates, etc.)
    - Families of 3 or more (with children)

### Secondary Audiences:

- Chefs
- Food Writers
- Trade Media
- Producers
- Importers/Marketers
- Logistics Providers
- Florida Avocado Advisory Committee
- Center for Export and Trade Promotions (Dominican Republic)
- USDA

## **Brand Positioning / Unique Selling Proposition:**

More of what avocado lovers love.



### **Substantiation / Reasons to Believe:**

The items included in the following list were either said or reinforced by the consumer research that was completed:

- Similar taste and texture as Hass avocados, but with a larger size offering more fruit
- Large, creamy and delicious
- Non-GMO—large size is natural
- Longer cut-life (slower oxidation)
- Beautiful, shiny green skin looks pretty on shelf (both in store and at home) and more appetizing/appealing than Hass
  - Looks healthier
  - Remains green when ripe
- Tropical provides differentiation from other avocado brand marketing efforts and provides substantiation for large size and green color
- “It’s the perfect avocado”—takes negative attributes of Hass (quick oxidation, unappealing skin, small size, etc.) and solves for them
- Good value—larger size is more convenient and creates feeling of receiving “more bang for your buck”

### **Brand Image/Tone:**

Tropical

- Relaxed and laid-back
- A warm ocean breeze
- Barefoot on the beach
- Vibrant colors

Appetizing and visually appealing

- Naturally lush
- Fresh
- Full of color and flavor



## **Positioning Strategy:**

### All Audiences:

- Use “tropical” origin and theme to explain the size, color and naturalness
- Use “tropical” to differentiate from Mexican avocados’ fiesta theme and California avocados’ more nostalgic and conservative image

### Retailers:

- Focus on sales potential:
  - Additional product to offer in large and growing avocado category
  - Market research supports demand and informs messaging
  - Perceived greater value is attractive to consumers
  - POS materials will drive consumer demand and support increased sales
  - Visual “wow factor” adds interest to produce aisle

### Consumer:

- Focus on what people see:
  - Large, beautiful, green and delicious avocados
  - Greater value and more convenient than Hass—fewer avocados to buy and prepare while keeping without oxidation longer, allowing use for multiple meals
  - Naturally grown in the tropics (non-GMO)
- Focus on what people experience:
  - Green when ripe
  - Creamy, flavorful and delicious
  - Longer cut life

## **Communication Objectives / Messaging:**

### Overall Communications Objectives

- Inform audiences about Tropical Avocados (Hass is not the only avocado)
- Generate positive associations towards Tropical Avocados
- Persuade audiences to try Tropical Avocados
- Repeat messaging across multiple media to achieve reach and frequency of communications
- Maintain consistent messaging over time and platforms



#### Retailer Communications Objectives

- Emphasize sales potential of Tropical Avocados
- Educate about Tropical Avocado shelf life, ripeness, usage, size, seasonality, sourcing, etc.
- Share consumer insights on product excitement for the “perfect avocado”
- Demonstrate there is year-round marketing support behind Tropical Avocados as a category
- Encourage sampling and in-store display / promotions activities
- Assure quality and safety of Tropical Avocados

#### Consumer Communications Objectives

- Consider Tropical Avocados as an appealing additional avocado option
- Improve understanding of Tropical Avocado characteristics (green is ripe, size is natural, etc.)
- Generate retail purchase and in-home trial
- Repeat purchase
- Encourage experienced consumers to become Tropical Avocado advocates
  - Share knowledge, information and experience with family, friends and followers

#### **Marketing Strategy / Recommended Retailers:**

The overall marketing strategy will focus on retail support programs, not only to increase the likelihood that retailers will be interested in stocking the product, but to also increase consumer interest in Tropical Avocados in-store. Since avocados are already the 5<sup>th</sup> most popular produce item, with 50% of households purchasing avocados annually<sup>15</sup>, a primary focus on reaching consumers while they are already in the purchasing environment is recommended. This will be done mainly through the development of programs to support retail trial and sales, including sales materials and in-store promotional programs for retailers. With increased retail presence and a display of retailer support, the likelihood of Tropical Avocados seeing increased distribution and thus improved opportunities for consumer trial is improved.

To allow for a more focused and targeted marketing and sales effort, the initial marketing push will be in the Texas and West Coast markets. These regions offer prime opportunities for distribution and trial of Tropical Avocados not only because of the already prevalent popularity of avocados, but also because they offer a diverse population that includes the key demographic opportunities of Asian-Americans, Hispanic-Americans and Caucasian-Americans.

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<sup>15</sup> United Fresh Produce Association. *Fresh Facts on Retail Q4 2018, Year in Review 2018*.



A multi-pronged approach is recommended for the target retailers in these regions; such an approach will include targeting regional chains, stores that tend to carry more specialty items, and top retailers in the Texas and West Coast markets. Regional and/or ethnic chains with at least 20 stores (such as Food4Less and Vallarta) are recommended, as these stores tend to target the produce they stock to the consumer tastes in their region. Unless such chains reach out to a Tropical Avocado distributor directly, retailers with fewer than 20 store locations are not recommended, in order to focus sales efforts on key opportunities. An emphasis should also be placed on retailers with consumer bases that are already open to trying interesting new produce items—such as Whole Foods, Sprouts and Trader Joe’s. In addition, the top retailers in these regions, as reported by the Shelby Report, should also be targeted to improve consumer access to Tropical Avocados.

#### Texas

- HEB
  - Accounts for 61% market share in South Texas, and 30% market share in East Texas<sup>16</sup>
- Walmart / Sam’s Club
  - Walmart holds 36% market share in North Texas<sup>16</sup>
  - Walmart is also the #1 retailer in the United States<sup>17</sup>, and is the #1 retailer in the Dallas-Fort Worth region, with 27.4% market share<sup>18</sup>
- Kroger
  - Kroger is the #2 retailer in the United States<sup>17</sup>, and is also the #2 retailer in the Dallas-Fort Worth region, with 15.4% market share<sup>18</sup>
- Whole Foods
  - 34 stores located in Texas<sup>19</sup>
- Sprouts
  - 44 stores located in Texas<sup>20</sup>
- Trader Joe’s
  - If relationships already established with West Coast (which contains far more store locations) and opportunities exist for expansion into Texas
  - 10 stores located in Texas<sup>21</sup>
- Albertsons
  - 44 stores located in Texas<sup>22</sup>

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<sup>16</sup> Park, Brooke. [“Top retailers in the Southwest by market share.”](#) The Packer, May 16, 2019.

<sup>17</sup> STORES Magazine. [“STORES Top Retailers 2018.”](#) National Retail Federation.

<sup>18</sup> Halkias, Maria. [“Walmart and Kroger top Dallas-Fort Worth grocery market share, but all are taking risks, innovating.”](#) The Dallas Morning News. October 2019.

<sup>19</sup> Whole Foods. [“Stores By US State.”](#)

<sup>20</sup> Sprouts Farmers Market. [“Find a Store or Update Your Location.”](#)

<sup>21</sup> Trader Joe’s. [“Trade Joe’s Locations.”](#)

<sup>22</sup> Albertsons Companies, Inc. [“Albertsons Locations in Texas.”](#)



- United Supermarkets / Market Street / Amigos / United Express
  - 43 stores located in Texas<sup>23</sup>
- Target
  - 148 stores located in Texas (10.13% of all Target stores—second only to California)<sup>24</sup>
- Costco
  - 29 stores located in Texas<sup>25</sup>
- El Ahorro
  - 20 stores located in Texas<sup>26</sup>

#### West Coast

- Albertsons / Safeway / Vons
  - Top retailers in Washington, Oregon and California, with market share ranging from 26% - 34%<sup>27</sup>
- Kroger & Associated Regional Chains
  - Accounts for 24% market share in East Washington<sup>27</sup>
  - Kroger also owns several regional chains, including Fry's Food Stores (Washington, Oregon and California) and Food4Less (primarily central California)
- Walmart / Sam's Club
  - Walmart accounts for 28% market share in Oregon, Washington and California<sup>27</sup>
- Whole Foods
  - 88 stores located in California, 11 stores in Washington, 10 in Oregon<sup>28</sup>
- Sprouts
  - 119 stores located in California, 2 in Washington<sup>29</sup>
- Trader Joe's
  - 136 locations in California, 18 stores in Washington, 10 stores in Oregon<sup>30</sup>
- Vallarta
  - Hispanic retail chain located in California; 50 stores located in Ventura, Los Angeles, San Bernardino, Kern, San Diego, Santa Barbara, Tulare, Orange and Fresno counties<sup>31</sup>
- Target
  - 278 stores located in California (most locations of all states, accounts for 19.03% of Target locations), 37 stores located in Washington<sup>32</sup>, 28 locations in Oregon<sup>33</sup>

<sup>23</sup> United Family Stores. ["About Us."](#)

<sup>24</sup> ScrapeHero. ["How many stores does Target have—An analysis."](#)

<sup>25</sup> Costco Wholesale Corporation. ["Find a Warehouse."](#)

<sup>26</sup> El Ahorro Supermarket. ["Meet Our Stores."](#)

<sup>27</sup> Park, Brooke. ["Top retailers in the West by market share."](#) The Packer, May 16, 2019.

<sup>28</sup> Whole Foods. ["Stores By US State."](#)

<sup>29</sup> Sprouts Farmers Market. ["Find a Store or Update Your Location."](#)

<sup>30</sup> Trader Joe's. ["Trade Joe's Locations."](#)

<sup>31</sup> Vallarta Supermarkets. ["About Us."](#)

<sup>32</sup> ScrapeHero. ["How many stores does Target have—An analysis."](#)

<sup>33</sup> AllStays LLC. ["Target Locations in Oregon."](#)



- Nob Hill / Raley's / Bel Air
  - 129 stores operated under the Raley's corporate umbrella (with different store names depending on location)<sup>34</sup>
- Lucky's / Save Mart / S-Mart / FoodMaxx
  - Hundreds of stores located throughout California with multiple store names dependent on location
- Stater Brothers
  - 171 stores located in Southern California<sup>35</sup>
- Costco
  - 49 stores located in California, 33 stores located in Washington, 12 stores located in Oregon<sup>36</sup>
- Cardenas (formerly Mi Pueblo)
  - 28 stores located in California<sup>37</sup>

### **Marketing Tactics:**

Please refer to the separate Tactical Plan spreadsheet documents for the recommended tactical activities. This tactical plan has been established to offer three budget tiers, depending on the amount of funding available. The Essential tier includes the crucial projects recommended for a basic initial brand launch. The Enhanced tier offers a more robust brand launch program, while the Accelerated tier offers tactics to achieve the most aggressive and visible brand launch strategy.

To allow for the most flexible start date and application of the tactical plan, the budget has been provided on an annual basis rather than broken down on a month-by-month basis. Thus, the tactical budget will be applicable whenever the industry is ready to proceed with the recommended tactics and can apply the funds to the appropriate tactic and timeframe as needed.

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<sup>34</sup> Raley's. "[Raley's Corporate Fact Sheet.](#)"

<sup>35</sup> Stater Bros. Markets. "[Stater Bros. Markets Facts.](#)"

<sup>36</sup> Costco Wholesale Corporation. "[Find a Warehouse.](#)"

<sup>37</sup> Cardenas Market, LLC. "[Locations.](#)"