



**THE  
GEM  
AVOCADO**



August 28, 2018

**2018 Gem  
Marketing Meeting**

# Agenda

- Introduction to the GEM avocado
- Preparation for rollout
  - Dry matter testing
  - Handling study
  - Consumer panel
- Harvest Scheduling
  - Timing
  - Grade out
- 2018 Marketing Plan
  - Positioning and Pricing Strategy
  - Customer Samples
  - POS Material
- Customer Feedback
- 2018 returns
- 2019 Plan
  - Volume
  - Timing
  - Preliminary Marketing Plan
- Concluding Thoughts



## **GEM Attributes**

- Exceptional Flavor
- Nuttiness/richness
- Bumpy external appearance – attractive shape
- Color black when ripe
- Internal appearance – clean and flawless
- Skin is conducive to peeling

## **Grower Benefit**

- Large sizes
- Compact tree/ high density
- Fruit set inside canopy, protecting from wind, frost and sunburn



# Preparation for Rollout

- 2015 to 2018 - Maturity testing in conjunction with Brokaw Nursery
  - Reaches 27% dry weight in March or April
- Index Fresh conducted two rounds of ripening, handling and shipping tests in 2016 with strong results
- Consumer taste panel by Land of Lakes subsidiary in 2016  
Strong ratings on:
  - ✓ Flavor
  - ✓ Flesh Appearance
  - ✓ Flesh Texture
  - ✓ External Appearance
  - ✓ Peelability





## Harvest Scheduling

- 2018 projected harvest = 400,000 pounds
- Harvest scheduled over a 4 week period from April 8<sup>th</sup> to May 5<sup>th</sup>
- Actual volume was 590,000 pounds and the harvest period was extended by one week ending May 12<sup>th</sup>
- Index Fresh field staff prescheduled the harvest with 15 growers to ensure a smooth flow of fruit to the market
- Strong grower cooperation led to a predictable and consistent supply for the marketing plan
- Grade out of #2's was higher than anticipated due to thrips and wind damage



# 2018 Marketing Campaign

## 2018 Marketing Campaign

- Timing - April to May chosen to take advantage of Cinco pull
- Marketed with a GEM PLU sticker (borrowed the Pinkerton PLU)
- Positioned as a high quality extension of the avocado category
  - Not as a replacement or substitute for Hass
    - Select customers for each size
      - 11 customers participated
      - Customers provided with:
        1. Sample package - Direct Mail
        2. Point of Sale Material
        3. Trade Advertising
        4. Carton identified with a GEM sticker

# CA-GEM PROGRAM

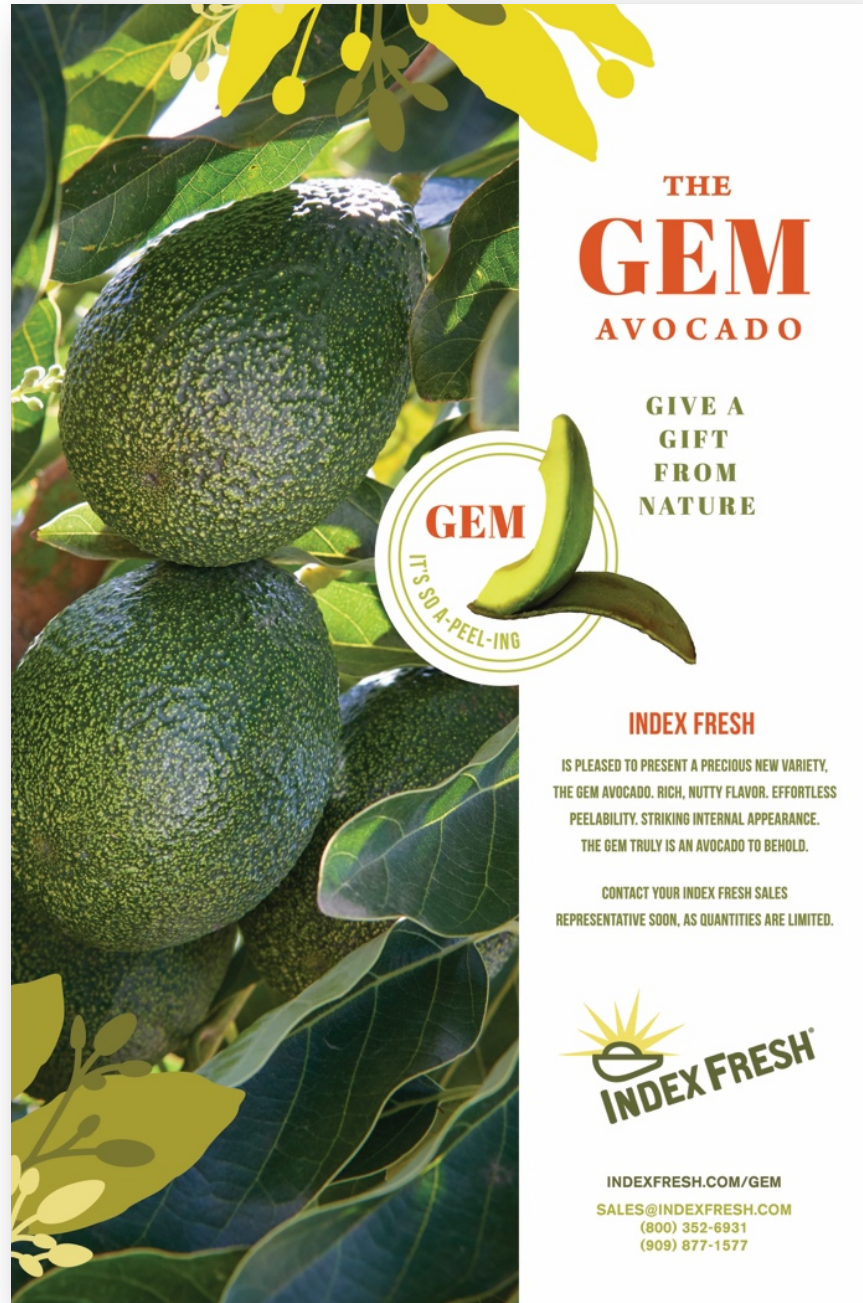


GEM Sample  
Direct Mail



# CA- GEM PROGRAM

Advertisement  
Featured in  
The Produce News  
& The Packer



**THE  
GEM  
AVOCADO**

**GIVE A  
GIFT  
FROM  
NATURE**

**INDEX FRESH**

IS PLEASED TO PRESENT A PRECIOUS NEW VARIETY.  
THE GEM AVOCADO. RICH, NUTTY FLAVOR. EFFORTLESS  
PEELABILITY. STRIKING INTERNAL APPEARANCE.  
THE GEM TRULY IS AN AVOCADO TO BEHOLD.

CONTACT YOUR INDEX FRESH SALES  
REPRESENTATIVE SOON, AS QUANTITIES ARE LIMITED.

**INDEX FRESH**

INDEXFRESH.COM/GEM  
SALES@INDEXFRESH.COM  
(800) 352-6931  
(909) 877-1577



# CA- GEM PROGRAM

POS Material supplied to Retailers



## THE GEM AVOCADO

is a new California variety of avocados. Gold speckles over green while on the tree, the GEM darkens to perfection when ripe. The GEM's thick skin makes it effortless to peel to reveal its rich, nutty flavor. Available for a limited time, try one today!

Brought to you by:  
 INDEX FRESH

# CA- GEM PROGRAM



Avocado Shipping  
Box with GEM sticker

# CA- GEM PROGRAM

POS Material supplied to Retailers



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Brought to you by



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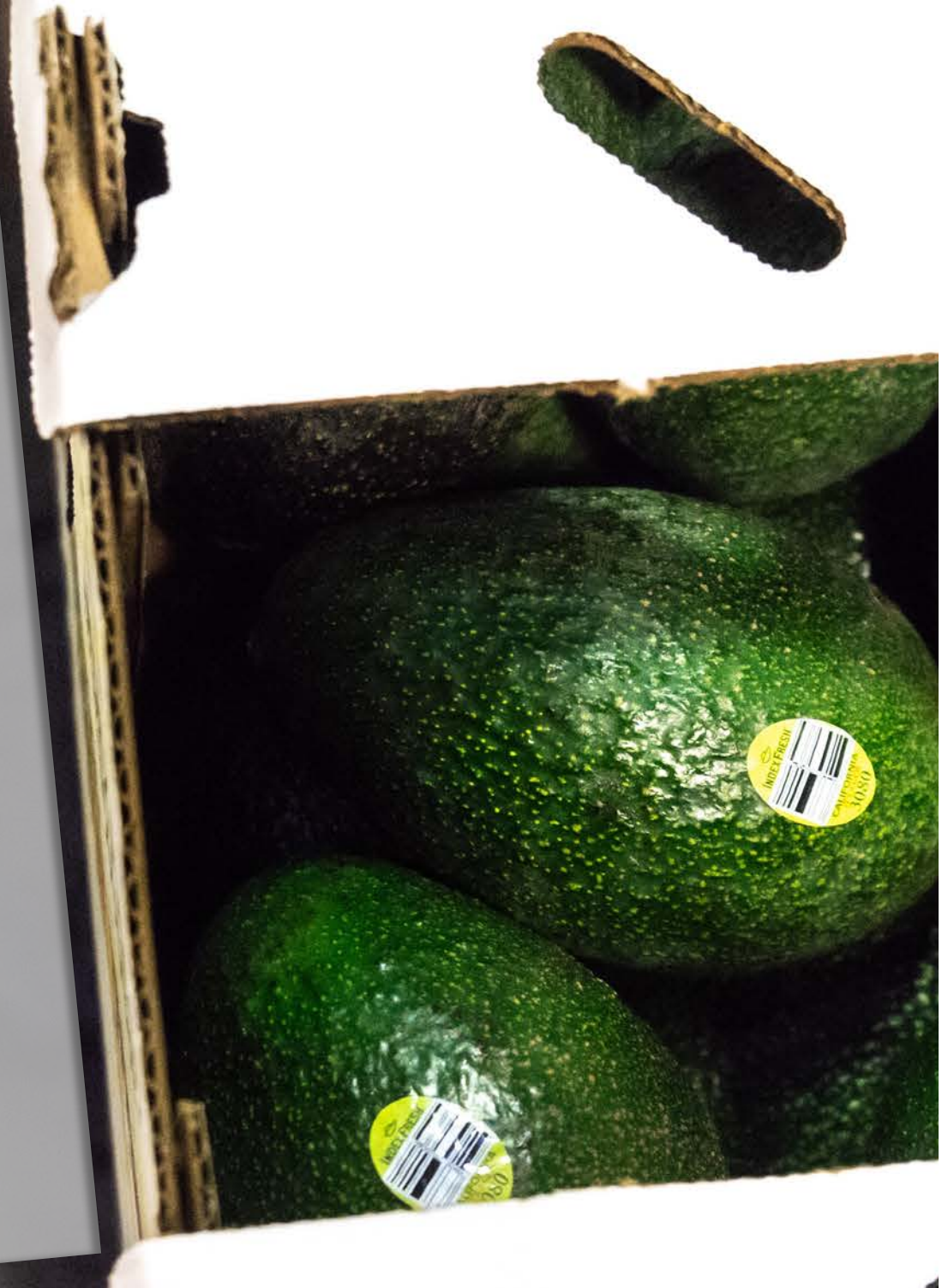


# Customer Feedback

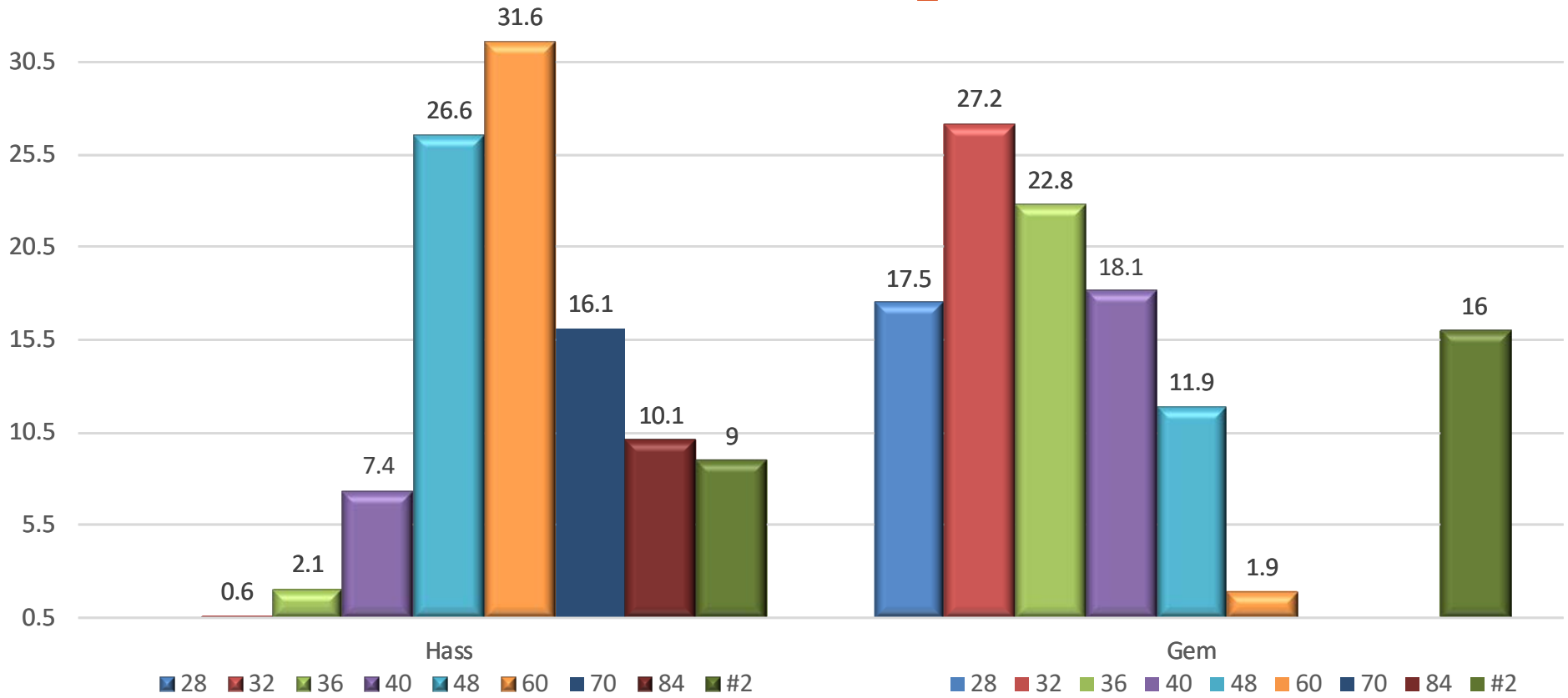
- Customer response was positive with interest in 2019's program
- Customers provided written support for assigning GEM it's own PLU
- Customers who did not participate are showing interest for 2019

## Pricing Strategy

- Customer committed to pricing two weeks prior to program beginning
- At time of commitment, the GEM price was equal to Hass
- When the program began the Hass price had escalated, but Index Fresh held the GEM price commitment
- Fruit size created a strong average (all pounds) return
- Index Fresh will continue to price GEM as a premium avocado



# Size Curve % Comparison



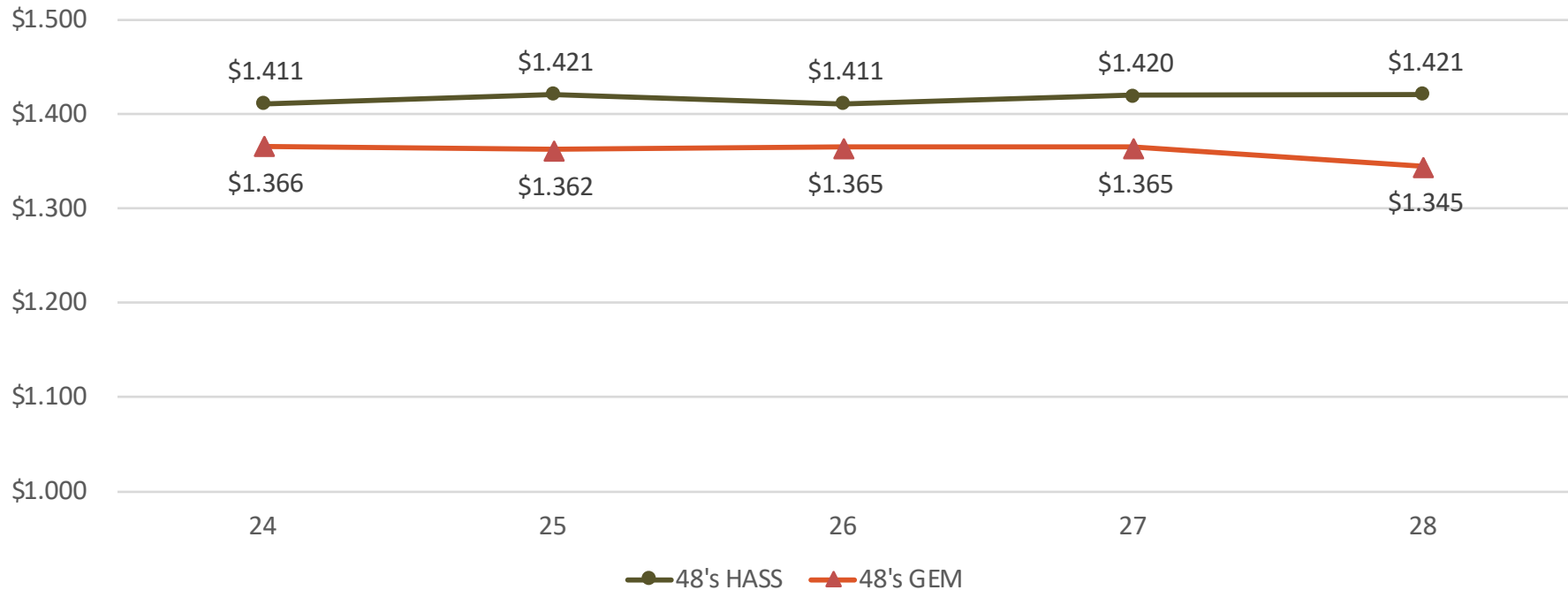
## Size Curve % Comparison

	Size:	28	32	36	40	48	60	70	84	#2
<b>Hass</b>		0.1	0.6	2.1	7.4	26.6	31.6	16.1	10.1	9.0
<b>Gem</b>		17.5	27.2	22.8	18.1	11.9	1.9	0.3	0.1	16.0



# 2018 GEM RETURNS

Pool	Date	48's Return		All Size Hass Average	All Size GEM Average
		Hass	GEM		
24	04/08-04/14	\$1.411	\$1.366	\$1.097	\$1.302
25	04/15-04/21	\$1.421	\$1.362	\$1.062	\$1.275
26	04/22-04/28	\$1.411	\$1.365	\$1.082	\$1.267
27	04/29-05/05	\$1.420	\$1.365	\$1.013	\$1.276
28	05/06-05/12	\$1.421	\$1.345	\$1.005	\$1.257



# What is ahead in 2019?





## 2019 Considerations - Production

1. Crop size (post heat)
2. Selection of harvest window
3. Harvest scheduling with increased amount of growers
4. Size curve
5. #2 percentage

- Based upon volume available
- Increase number of participating customers
- Continued use of sample package
  - Refresh POS material
    - New PLU
    - Trade advertising
    - Engage food bloggers
  - YouTube and Vimeo videos
  - Goal of premium pricing

# 2019 Considerations - Marketing



# Concluding Thoughts

1. GEM is a high quality avocado
2. GEM has the potential to expand the avocado category and increase retail sales without cannibalizing Hass
3. GEM has the ability to produce strong grower returns
4. We are off to a good start, but a tremendous amount of work remains

