

# GOVERNMENT ASSISTANCE IN MARKETING AND PROMOTING HAWAII'S AGRICULTURAL PRODUCTS

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I would like to introduce you to the Department of Agriculture's Market Development Branch (MDB), explain how it operates with industry groups, and describe MDB programs pertaining to promoting agricultural products. This presentation will concentrate more on the programs that are pertinent to the mango industry than on other MDB programs such as those for floral and manufactured foods.

We hope that this presentation will give you ideas on how your industry may work with MDB as it continues to grow and develop.

MDB of the State Department of Agriculture develops and promotes Hawaii's agriculture, floriculture, and manufactured food products and industries locally, nationally, and internationally. Agriculture diversifies our economy, lends character to the state, and provides aesthetic benefits. Agriculture also faces significant challenges in Hawaii, with relatively high production costs, a small local market, a far distance to overseas markets, and stiff competition from U.S. mainland and foreign competitors.

MDB attempts to structure programs to address these challenges while seeking to best utilize Hawaii's advantages. The branch also assesses the stage in which various industries are developed in order to plan suitable programs. Since the branch cannot actually sell products, we try to create an environment to assist industries to market their products. In other words, the branch tries to help industries help themselves.

Agricultural marketing is a complex process, with a variety of marketing channels and procedures depending on the product and the target market. This can be quite an undertaking considering the wide variety of products available throughout the state. This presentation describes some of our activities and the rationale for those activities in assisting Hawaii's agricultural industry.

## **Marketing Channel**

The following is a simplistic diagram showing the flow of products from the farm through the trade to the consumer:

Farmer-----> Trade -----> Final Consumer

The "trade" is the wholesaler, importer, manufacturer, or retailer. Final consumers are any one of us that go to supermarkets, restaurants, or any other marketing outlet to purchase products for consumption. The bulk of agricultural sales are conducted through this basic flow. However, some farmers sell directly to the final consumer, as in the case of roadside sales. This basic diagram is used here to help explain the rationale for certain of our branch's market development and promotional activities. For the purpose of this presentation, promotions that focus on final consumers are referred to as "consumer promotions." Some examples are television and radio commercials and newspaper advertisements.

## **How MDB Operates with Industry Associations**

MDB works with industry associations and organizations rather than individual companies. Some examples of associations are the Hawaii Food Manufacturers Association, Hawaii Association of Nurserymen, Papaya Administrative Committee, Pineapple Growers of Hawaii, Hawaii Avocado Association, and Hawaii Egg Producers Association. In the case of mangos, MDB has worked with the Hawaii Tropical Fruit Growers (HTFG).

The larger associations, such as those for pineapple, papaya, and eggs, work on a contract basis. They do a three-year marketing plan, develop a promotional program, and then MDB works with them. Industry associations may also do single promotional projects which require a proposal and evaluation of the project. These contracts and proposals are funded on a 50-50 basis with industry matching 50 percent of the total cost and MDB paying for the other half.

Some projects are funded 100 percent if the project is considered multicommodity or generic, such as trade shows and some printed materials.

Most recently, MDB has worked with HTFG to produce a tropical fruit brochure. The brochure displays mangos prominently and also includes lychee, atemoya and cherimoya, rambutan, and

star fruit. The brochure also mentions several other fruits, such as the durian, mangosteen, and jackfruit.

The brochure is the result of HTFG identifying a lack of awareness among the trade, foodservice, and consumers characterized by not knowing what fruits we have, their seasonality, or how to prepare them. The brochure answers these questions as well as emphasizing the fruits' delicious tastes and uses. It is targeted to trade and foodservice market segments because the cost is fairly high--around \$14,000 for 10,000 copies.

### **Local Market: Selected Projects And Activities**

The State of Hawaii is a relatively small and compact market. Consumer promotions through such media as television, radio, and newspapers can generally reach a significant percentage of consumers. Because of the relatively small market, the trade, such as wholesalers, are generally aware of the products Hawaii suppliers have to offer. Therefore, local market programs concentrate more on the consumer than the trade.

### **Island Fresh Program**

The purpose of the Island Fresh Program is to increase consumer awareness and consumption of fresh local products. There is a special Island Fresh logo that is used in the supermarket point-of-purchase promotional materials to identify local products, and the logo is also used with special promotions such as on shopping bags at the Hawaii State Farm Fair. Part of the program includes recipes displayed in the supermarkets. MDB staff can work with you on printing Island Fresh mango recipes.

Feature stories on certain fruits and vegetables are also part of the program. Feature stories can be targeted when there is an oversupply of the product, to encourage consumption.

The Island Fresh program also includes the Hawaii State Farm Fair. Industries can exhibit products, and a tabloid is also published in the newspaper regarding Island Fresh products.

One of the more successful components of this program for smaller commodity crops is the in-store demonstration of the product. Recently, MDB assisted the Hawaii Avocado Association (HAA) and HTFG with a joint demonstration of 'Sharwil' avocado and starfruit. Three demonstrations were conducted, in December, February, and March. Each demonstration was for three days at eight supermarkets on Oahu. Recipe cards were developed and printed and included

storage, ripeness, and nutritional information to inform the consumer about the fruit.

Both fruits face the challenge of differentiating the better quality commercial fruit from the "backyard" fruit. Mango, of course, faces a similar challenge in the local market. Avocado faces the additional challenge of the California 'Hass'.

### **Foodservice/Chefs Program**

HTFG developed a marketing plan which targets the foodservice industry as a promising target market for tropical fruits. MDB also recognizes that targeting the food service industry develops another market locally for Hawaii's food products and at the same time targets tourists.

To develop this market, MDB works with Hawaii Regional Cuisine and American Culinary Federation chefs to create a unique Hawaii cuisine using Hawaii products. MDB also assists in producing the Hawaii Cooks television show to promote our fresh products.

In working with the foodservice industry, the mango industry needs to find out what are the food service industry's needs and preferences, since they are often different from the mass consumer/supermarket needs and preferences.

### **Ag Day**

DOA sponsors a special Ag Day in conjunction with the national Agriculture Week to highlight Hawaii's new agricultural products. The event is targeted to key decision-makers and involves demonstrations and sampling. Some tropical fruits have been represented at past Ag Days.

### **Tourist Promotions**

As part of their marketing program, the papaya and pineapple industries have done a Chefs' Recipe contest and have advertised in the tourist media for the carry-home market. Currently, DOA is sponsoring a special reception for the Pacific Asian Travel Association press. The reception will feature Hawaii Regional Cuisine and will also feature tropical fruits as part of the food display.

### **U.S. Mainland Market**

Since the presence of fruit flies is a barrier that restricts entry of the mango into the mainland market, this presentation will not cover MDB's mainland market programs. However, I will cover foreign markets, because mangos can be imported into several of these markets.

### **Foreign Markets: Selected Projects and Activities**

Language and custom differences, foreign currency fluctuations, and foreign trade barriers such as tariffs and quotas are additional obstacles that increase the challenge of developing foreign markets. However, some foreign countries offer promising opportunities for Hawaii's products, especially those countries with high incomes that do not produce the same crops as Hawaii, such as Western Europe, East Asia, and Canada. Western European countries and Canada are not concerned with fruit flies and permit entry of our fresh produce. Japan has strict quarantine requirements on fresh produce but is a good target market for those products that are not restricted due to its high income and appreciation of Hawaii.

Hawaii is not currently marketing large volumes of agricultural products to foreign markets, except for fresh papayas and flowers to Japan. Therefore, the MDB has placed a major emphasis on targeting the trade segment in the marketing channel to establish or increase distribution of products, like in the mainland. Consumer promotions are also sometimes conducted in cases where a critical volume exists in retail outlets.

A great benefit to the state is that the department is the only state agency with access to federal funds for agricultural marketing assistance targeting foreign markets. These funds have been

used for trade development, promotion, and research projects.

### **Trade Shows**

As in the U.S. mainland, trade shows are used to gain a beach-head in distribution in foreign markets where the trade sector is generally unaware of Hawaii's products. The MDB has organized Hawaii firms for ANUGA and SIAL, the two largest food trade shows in the world, which are held in Europe. The branch has also been involved in shows conducted in Canada and Asia. The two Canadian trade shows are the Food and Hospitality Show and the Grocery Showcase West, both in Vancouver.

### **Research**

The MDB conducts research on a variety of topics to prepare activities. For example, the branch draws information from parties interested in department-sponsored trade shows to determine if they are suited and ready for the event. The MDB also commissions market research studies to help the branch and various industries obtain information to prepare developmental and promotional activities.

As your industry continues to grow, we hope that you can benefit and profit from some of our programs.