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## INFORMATION NEEDS FOR EFFECTIVE COMMODITY PROMOTION: FLORIDA CITRUS

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One factor contributing to the success of Florida's citrus promotional efforts is the emphasis placed on pre- and post-testing of promotional activities. The industry has a long, rich history of promotional efforts. These efforts have been undertaken on an ongoing basis during the past fifty years under the direction of the Florida Citrus Commission (FCC).

The FCC is a twelve-person "board of directors" that was established in 1935 after the citrus industry asked the state legislature for the privilege to: (1) regulate the quality of citrus products being shipped from Florida as well as firms doing business in the Florida industry, (2) promote Florida citrus products, and (3) conduct research in the area of product quality, marketing, and economics. The staff organization that carries out FCC objectives and policies is the Florida Department of Citrus (FDOC).

The industry agreed that the cost of the program would be paid by an excise tax on each box of fruit moving into commercial channels of trade. No general tax revenue is involved.

The three policy areas, while conceptually distinguishable, are very much interrelated. The regulatory activities insure that the quality of the products entering the market is acceptable to the consumers. Prior to establishment of the commission, voluntary organizations that attempted to maintain quality standards failed because some shippers did not participate in the program. Legislative authority granted to the industry provides a legal basis for enforcement of the quality standards. Florida processing plants and packinghouses are under continuous inspection to insure that rules are followed. Without some assurance of product quality, the promotional efforts of the industry would be less meaningful.

The purpose of promotional efforts is to expand demand. Promotion efforts are the primary focus of FDOC activities. Most of the excise tax revenue is used for this purpose. For example, 88% of the \$43

million 1983-84 budget was utilized for promotional efforts with 12% used for regulatory, research, and administrative activities.

Research supports the regulatory and promotion functions. Physical research focuses on new product development and product quality improvement. Market research identifies changing market trends and appropriate market strategies, pretests ads to insure effectiveness before they are aired nationally, and conducts follow-up analysis to determine the effectiveness of specific ads. Economic research is concerned with evaluation of short- and long-run supply/demand conditions, the implications of the supply/demand situation for the marketing activities of the industry, and the economic impact of programs, regulations, and changing competitive conditions on the industry.

A convenient way to view informational needs is to review the planning required for a promotional program. The components of the planning program generally include:

1. analysis of the market situation,
2. formulation of a market strategy,
3. development of a specific program to implement the strategy,
4. development of specific action plans, and
5. evaluation of program performance.

This is a dynamic process requiring evaluation of past efforts and modifications to adapt to changing supply/demand conditions.

It is imperative that changing consumer lifestyles, tastes, and preferences be evaluated if products are to be positioned properly in the market. For example, in 1940 per capita consumption of citrus in the United States was 62.5 fresh weight equivalent pounds according to the United States Department of Agriculture (USDA). By 1980 per capita consumption had increased to 117.5 pounds, almost double the level of forty years ago. During that period fresh citrus consumption declined by 50% and processed citrus consumption increased by nine-fold.

Other statistics reveal changing lifestyles that have impacted on the form of the product demand. For example, demand studies suggest that increased participation of females in the work force is reflected in retail food purchases in terms of increased demand for convenience. United States Department of Commerce statistics show that less than 35% of females sixteen years of age and older were in the work force in 1960. In 1982, that was up to 52%. By 1995, 58% of the female population sixteen years of age and older is expected to be in the work force. Convenience, according to consumer studies, is one of the major factors contributing to the growth in demand for chilled orange juice. Ready-to-serve product sales have expanded by 36% during the past

five years while sales of frozen concentrate have remained level or declined.

Assessment of the market situation goes beyond review of basic consumption and demographic trends. Formulation of a market strategy requires matching product characteristics with consumer needs. Thus, a major effort in formulation of a strategy includes interviews with a broad range of consumers focusing on assessment of attitudes regarding Florida citrus and how these products fit into current lifestyles. These studies are updated as needed based on changes in the industry and marketplace.

Based on assessment of the market situation, the industry has been following a strategy of extending the uses of orange juice to occasions other than breakfast. Perhaps you recall slogans like "It isn't just for breakfast anymore."

Once the strategy is developed, specific ads or promotions are prepared which are designed for specific audiences, e.g., working women twenty-five to forty years of age. These ads are reviewed by industry and tested extensively prior to airing with a final test conducted with a group of consumers in the target market. Usually at least three separate ads are tested with the most effective ad or ads being used in the promotion program. Pretesting potentially can save millions of dollars in terms of preventing ineffective ads from being used.

After specific ads have been aired, there is immediate follow-up to determine the effectiveness in a day-after recall survey. The survey is designed to determine the message the viewing individual retained.

While responses to individual ads are important, response to the overall promotional effort is perhaps a better indicator of program success. Most authorities recognize advertising and promotion to be long-run investments.

National advertising for Florida orange juice has been sustained since 1966. During that time period, the image of orange juice has changed significantly. The ranking by product attributes of orange juice relative to other beverages is tracked in a quarterly national consumer survey. A comparison of these rankings in 1967, the beginning of the national advertising effort, and in 1984 demonstrates the gains that have been made.

While orange juice is enjoying an improved image, the bottom line is sales. In order to monitor sales, the industry purchases data on national sales from A.C. Nielsen which reflect supermarket sales. The Nielsen data show increases in both volume and revenue during the 1967-1984 period. Volume has increased 230% during the 1967-1984 period and revenue (which takes into account the price impact) has increased 81%.

In addition to the Nielsen data, the industry purchases diary panel

### Product Attribute Rankings

Phrases	March 1967	December 1984
good for breakfast	1	1
natural	2	1
low cost per serving	4	3
good for health	2	1
good for quick energy	2	1
good value for the money	2	1
like best	3	1
good anytime	—	1

### Orange Juice Sales (A.C. Nielsen)

Item	1967	1984	% Change
SS Gallons (millions)	371	856	230%
Revenue (million dollars)	369	2,993	811%

data in order to have a consumer profile. Fortunately, orange juice enjoys broad consumer acceptance. Typically, 85% of United States households purchase orange juice at some point during the year. Other citrus products do not have that same acceptance. More information concerning non-purchasing households would perhaps be very valuable in developing promotional programs to expand market demand.

In addition, data are purchased on trends in various food service areas which provide an indication of potential growth in the away-from-home market.

A number of factors affect citrus sales. As a consequence, review of sales and revenue trends is not necessarily sufficient.

Economic research is designed to separate the effects of advertising from all the other effects so that an economic value can be placed on the advertising activities. The FDOC economic research in the area of advertising has focused on the long-run impact of promotional programs rather than evaluation of specific ads. Estimates of marginal returns from advertising provide useful guidelines in decisions concerning budget allocations between markets and for allocations of funds for various products. Likewise, economic research has been useful in demonstrating that advertising cannot offset all other factors which impact on the marketplace.

Collection of market information and continued evaluation of markets are an integral part of the citrus industry's marketing program. Without such efforts there is little doubt that misallocation or inefficient allocation of funds would be commonplace.

Even though research efforts have been substantial, well received, and helpful in providing guidance in development of marketing programs, the job is not complete — for citrus or other agricultural commodities. The marginal returns from advertising can only be viewed as guidelines. The estimates are based on expenditures without regard

for effectiveness of advertising or promotional efforts. Little attention has been focused on the relationships among various components of promotional programs. The citrus industry has used a mix of media, coupon promotions, merchandising, and public relations. Indications of optimal mixes of the efforts are simply not available nor has the relationship between brand and generic advertising been given sufficient attention.

Most of the economic research focuses on the demand side of the equation in the evaluation process with less emphasis on the supply side of the equation and the distribution of the benefits that are derived from the programs. This has become an increasing concern in Florida's orange juice industry as a result of freezes and an increased volume of orange juice imports into the United States. Florida's orange production is at about half the level that would have been realized without recent freezes. Imports, which were largely a supplemental supply at one time, are becoming a more competitive factor in the United States market. Florida growers and processors realize reduced benefits to the extent that other suppliers benefit from Florida's promotion programs. This will represent an important marketing challenge for Florida's citrus industry and a unique measurement challenge for those involved in evaluation of marketing efforts. The orange juice market situation highlights the need for consideration of supply as well as demand factors in the marketplace if benefits to the grower from generic promotion programs are to be accurately assessed.

From the preliminary program for this symposium, it is clear that academic leaders in the area of promotional effectiveness are scheduled to be in attendance. The professionals in this area face increasingly important challenges with considerable theoretical and empirical work needed. The major challenge in developing additional methods is made even more challenging by the fact that the methodological approaches need to be readily applicable to a broad number of commodities with differing market structures, easily updated, and explainable to boards and commissions that make the taxing and allocation decisions.