

## MARKETING STRATEGIES FOR CACTUS PEARS AND CACTUS LEAVES FOR THE 1990'S

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BUENAS TARDES! ME PERDONAN, POR NO HABLAR EN ESPANOL, PORQUE NO HABLO BIEN, PERO TRATO, QUE ES LO MAS IMPORTANTE.

Good afternoon! First of all, it is wonderful to be present at your annual Prickly Pear Conference. Because of the nature of our business most of the travelling I do takes me to other parts of the country where I visit our retail clients, both selling to them and educating produce personnel on the "What is it? and What do I do with it?" of selling produce. It's been a real change of pace and very refreshing to be here today and to have so much more background information on the cactus industry and the people behind it. My plan for the next 30 minutes is to give you some background information on our company, Frieda's Finest, to share two of our success stories with regards to marketing exotic produce, to tell you about our track-record with cactus pears and cactus leaves, then outline a suggested marketing strategy for the 1990's and then draw some conclusions. If you have any questions, I will be here (helping judge the recipe contest). Now some background on our company.

Frieda's Finest/Produce Specialties, Inc. was started in 1962 by my mother Frieda Caplan. She started her business by selling fresh California brown mushrooms on the Los Angeles wholesale produce market. Back in 1962, fresh brown mushrooms were considered exotic, and soon after Frieda started the business she gained the reputation of handling unusual items (like mangoes, papayas, pink grapefruit, etc.), and always listened openly to anyone who came down the walk offering a new item. Our business continued operating on the produce market for many years. In 1977, after college, I joined the business which was shortly after we established a national sales department and we began shipping our products directly to retailers across the United States, and eventually to Canada. In 1982, we created our present company logo - A Purple Heart - and began building consumer and trade recognition for our company identity. In 1983, we relocated to our present facility, about 1-1/2 miles south of the Produce Market, and closed our spot there. The facility we are in now is 45,000 square feet, and we do everything there. We operate 24 hours a day, 5-1/2 days a week and employ 88 people. We load between 155-180 trucks of produce each week, shipping in excess of 30,000 cases. Approximately 1/3 of everything we sell is custom-packaged right at our facility. We receive many of our products (like squash) in bins, directly from our growers, and after an inspection by quality assurance, we package it, label it and prepare it for shipment.



Most everything we sell is packed under the Purple Frieda label. Part of our marketing program is education. We know that because we are always introducing relatively unknown products to the American consumer, we must provide educational materials, accurate labeling and descriptions, and be prepared to answer any inquiries.

Each of our packages carry an invitation to the shopper to write to us and tell us what they bought, where they bought it and share any other comments they may have. And - believe me - They really do write to us... We started this program in 1972 and to date, we have received over 175,000 letters! We get from 300-500 letters each week - I read them all personally - and it's a great source of information.

As far as distribution goes - we presently supply literally every supermarket chain in America, and many in Canada. In Texas, you can find our Purple-packaged products in HEB, Kroger, Furr's, Appletree, Randall's to name just a few. We do all of our sales and shipping from our Los Angeles facility. We have 7 Sales Reps. who are on the telephone at 6 AM California time each day, and handle about 40-50 accounts each.

Probably the product we are most famous for is the Kiwifruit which we introduced in 1962. I share the Kiwifruit story with you for 2 reasons: (1) To let you know the influence one consumer can have. You see, we trace the industry back to a single Southern California shopper who went into a Safeway store asking for a "Chinese Gooseberry" like she had eaten in recent travels to New Zealand. The produce manager had no clue what the product was - but promised to try and find out. The Produce manager called the produce buyer - who came to Frieda one day asking her if she had any Chinese Gooseberries. She didn't - but promised to try and locate them. Coincidentally, several months later a broker approached Frieda ... He had an opportunity to import about 400 boxes of "Chinese Gooseberries" (about 3,000 lbs.). Frieda excitedly agreed to buy them, knowing that she already had her first customer!

The 2nd reason I bring up the Kiwifruit story - is I want you to know how long it took to "introduce" it. Remember, this was in 1962 - a full 28 years ago. For the first few years, Frieda took all the profits from her sales and sent them back to New Zealand to help the growers develop promotional and educational materials. It was not until 1980, a full 18 years, did Kiwifruit get it's big break. It was then that some well known chefs began featuring Kiwifruit on their Menus ... that Kiwifruit became popular and more visible. But, let me share something with you. Many people in the produce industry, in retailing and possibly in the University will tell you the Kiwifruit is "mainstream" --- But go out into the public and survey them, and you'll find that the majority still do not buy it regularly, or they may never have tasted it. It's something for all of us to keep in mind - it is a very slow and long process --- introducing a new food to the American consumer and the Cactus Pear does not have many of the positive qualities that the Kiwi does - it can be eaten out of hand, it's seeds are small and completely edible and you don't have to be cautious when handling it.



The other product that we market in the large volumes, that I think we can learn from - is the chile pepper. I bring up chiles for several reasons. First - when we began selling chiles 20 years ago - most retailers said - they would not buy them because there were no Mexicans or Latinos who shopped their stores. This was ridiculous of course, since many non-Latinos use fresh chiles to spice up their food. It was an educational process ... similar to that for Cactus Leaves, or nopales. Also - once we explained that chiles are a good salt - alternative for those on low-sodium diets - they became more receptive. To get better acceptance, and at the suggestion of one of our customers in Florida - we began packaging all varieties of chiles in 8 oz. trays; (1) to identify them, (2) to give recipes, and (3) to "Americanize" the product and get wider distribution. And this marketing strategy has worked - fresh chiles are now in our top 10 items 12 months out of the year.

Now that we've shared 2 of our success stories, let's talk about what Frieda's has done with Cactus Pears (Tunas) and Cactus Leaves (Nopalitos). We have been selling both of these items for over 15 years. The Cactus Leaves we sell are grown primarily in Baja California and Southern California. Up until 5 years ago - we would primarily buy them off the produce market in 15 lb. boxes that came up from Mexico. We would typically pay \$2.00 - \$3.00 for a box. About 7 years ago, we began talking directly with some farmers in Southern California and began being more selective about the size of the leaves, and requesting the thornless variety whenever possible. The smaller size meant it was more tender, and the thornless pads made them more palatable for the consumer. Presently we are still paying about 15-20 cents/lb. for the leaves, and even when the market gets very short (usually from the first frost in Dec/Jan to late Spring-April), we are only paying about 75-80 cents/lb. Most of the information I have read from Peter Felker's work refers to their popularity during Lent - but our sales are year 'round and we ship to retailers all over the country, not just to areas with a heavy concentration of Latinos.

Most of the Cactus Leaves we sell are sold packed in 12/8 oz. trays with a big Purple label, 2 recipes, etc. One of the interesting things we hear from many consumers is their awareness of the positive medicinal benefits of cactus leaves for hypoglycemics and diabetics.

Cactus Pears have been handled by our firm for many years, but it has only been in the last 5 years that we have developed direct relationships with farmers in Southern California, in Mexico and in Chile. Previous to this, we would buy Cactus Pears second-hand from D'Arrigo Bros. in Salinas!

Because tropical fruit sections in produce departments nationwide are getting a lot of attention from retailers - it has been relatively easy to sell them anywhere. Part of the key to the success of this program has been that all fruit is labelled, and we have developed an informational brochure, and 6 of them go in each box of fruit. We do sell many colors - Red, Purple, Green, Orange, and Yellow - and they are sold nationwide.

As a matter of fact, when we received our first load of Orange Cactus Pears on this past Thursday - the first customer I called was in Boston. We've also found that Cactus Pears sell extremely well in areas with a large Italian population.

I'm sure you've all noticed that we have "renamed" the Tunas. Most produce people call them Prickly Pears or Tunas. Because we are a marketing oriented firm - we found the name "Prickly Pear" a turn off to many consumers. The name Cactus Pear however is much more self-explanatory. The same with Cactus Leaves - the name makes a lot more sense to the average American rather than nopales.

By the way, in reviewing our sales records, you'll be happy to know that Cactus Pears made our top 15 list in September 1989 (which is pretty good considering we presently offer over 270 products for sale.

Now for the important stuff - I'd like to share with you our recommended marketing strategies for the 1990's.

- (1) Be realistic - Cactus Pears and Cactus Leaves will not become mainstream as quickly as kiwifruit. Don't expect them to. The market is limited and you need to approach growing with this in mind.
- (2) For the fresh market - only ship the highest quality - this way you will demand the highest prices.
- (3) Develop varieties of Cactus Leaves that are small and tender and have no thorns.
- (4) Develop varieties of Cactus Pears that have smaller seeds, large size fruit and excellent flavor. Taste will be the buzzword of the 1990's.
- (5) Be prepared to offer samples. You want consumers to not be afraid of these 2 "strange looking" items. Give samples in supermarkets, at state fairs, at charity events.
- (6) Develop lots of easy-to-use recipes. Don't make them complicated or "too" gourmet.
- (7) Stress the natural medicinal benefits of Cactus Leaves.
- (8) Develop complementary products that build consumer awareness - like jellies, jams, ice creams, desserts, canned or processed Cactus Leaves strips, casseroles, etc. Emphasize low-sodium, low-sugar, low preservatives.
- (9) Self-regulate packaging for the fresh market with sturdy cartons, consistent sizing, weights and ripeness.



(10) Don't go crazy planting lots of nopales plants because of what you've heard today. Do your own market research and have a plan for marketing and sales outlets before you invest in farming. And for the fresh market, it is imperative that you have the capability for pre-cooling the fruit (for extended shelf life) and be able to package them correctly soon after harvest.

(11) And last - be prepared to educate! Educate - Educate - Educate!  
Consumers will never know or care as much about cactus as we all do. You must constantly be teaching them about the product and how to eat them.

Today, if I leave you with one lasting thought - I hope it is one of caution. Do not proceed too quickly --- We have seen many farmers lose out in the end, by not putting a lot of thought into growing a product before planting. They say the main difference between Japanese business and American business is that Japanese market like this: "Ready - Aim - Fire!" The Americans are: "Ready - Fire - Aim!" We need to spend more time planning, planning, planning.

Cactus growers have heard a lot today about producing Cactus for cattle feed --- which seems less risky and less expensive than growing for the fresh market.

However, there is great potential for the fresh market - and we at Frieda's are very excited about it.

We thank you for allowing us the opportunity to let us share our thoughts with all of you. Good Luck!