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Mexico

Post: Mexico ATO

Skool Calendar Promotion- Wal-Mart

Report Categories:

Market Development Reports

CSSF Activity Report

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Report Highlights:

The Skool Calendar promotion at Wal-Mart Supercenters during the month of September promoted fruits, peanut butter, and sunflower seeds in the fruits and vegetables section of the five highest-grossing stores in Mexico City. This activity was a pilot program conducted with the primary objective of testing the promotional opportunities of U.S. products across different store departments and product types. Additionally, ATO Mexico wanted to gain first-hand experience with in-store promotions to affect positively these types of initiatives conducted by many cooperator groups in Mexico.

General Information:

The ATO Mexico City took the lead in organizing six U.S. cooperators in a Back-To-School promotion in the Fruits and Vegetables Department of top-selling Wal-Mart Supercenters in Mexico City. The objectives of the promotion were:

- a. Test a cross-promotion across product categories
- b. Conduct a pilot program with Wal-Mart to gauge the increase in sales generated by an activity supported at the point-of-sale

The six U.S. cooperators involved were:

1. Washington Apples
2. USA Pears
3. California Table Grapes
4. California Tree Fruits
5. National Sunflower Association
6. American Peanut Council

Five chefs and five promoters worked in the stores on weekends and Tuesdays during the market-days at Wal-Mart for the month of September. The chefs prepared snack and lunch box ideas cross-promoting peanut butter and sunflower seeds with the various American fruits being featured in the Fruits and Vegetables Department, tying-in sales of both fruits and peanut butter to get a free calendar.

Products included in the promotion were California stone fruits and grapes, all U.S. pears, apples, and all brands of peanut butter (90% of peanut butter in Mexico is of U.S. origin). Additionally, sunflower seeds in individual and bulk packs/various flavors were introduced into Wal-Mart stores in Mexico as a result of the promotion, although the product was not available for sale until October. Sunflower seeds' efforts focused on testing and sampling the product within the Fruit Department during the promotion to show the store personnel the high interest the product generates.

As the promotion was conducted in the Fruit section of the store, the primary stand used by the chef was also positioned in a prominent location within the department. The chef featured different brands of peanut butter on the stand to tie sales to the Skool promotion. The chef prepared peanut butter dips to serve with the fruit and offered tastings throughout the day. The secondary stand used by the promoter to redeem the calendars was placed at the entrance of the store to help create awareness of the promotion inside the store. The promoter was then able to introduce the promotion, create awareness of the U.S. products available, explain the mechanics of the promotion to potential consumers and finally redeem the calendars once customers presented their sales receipts showing the purchase of participating products.

EVENT EVALUATION REPORT

Name of Event: Skool Promotion USDA-Wal-Mart

Location: Five Stores in Mexico City
 Dates: September 1- October 2, 2012

STATISTICAL SUMMARY

A) Profile of Consumers

The chef demonstrations were targeted at mothers with school-age children as well as families with school-age children as families who shop together on Saturdays and Sundays and create a family outing of going to the supermarket on the weekend.

B) Event Expenses

Please view expense table at the end of the report.

FAS FIELD EVALUATION

Event Objectives

- Test cross-promotion opportunities featuring products complementary to fruits but not normally found in the fruits and vegetables department
- Evaluate the increase in sales when there is the presence of chefs and promoters
- Evaluate the increase in sales when offering a promotional item tied to product purchases

Event’s Success in Achieving the Objectives

- In participating stores incremental sales of the fruit products in the program grew by \$2,000,000 pesos from 2011 to 2012
- Fruit sales growth vs. same-store 2011:
- Volume in kilograms grew 97%
- Sales in pesos grew 101%
- Peanut butter sales volume grew by 53% vs. same-store 2011 during new product introduction for sunflower seeds into 30 Wal-Mart stores in Mexico City (sales began in October 2012, but the product introduced because of the promotion).
- 7,200 calendars with stickers were given away tied to fruit and peanut butter sales
- Promotional Chart/ Results:

Product	Volume Increase Sept '12 vs. Sept ' 11
California Plums	216%
California Peaches	-4%*
California Nectarines	-27%*
Washington Apples	273%
Anjou Pears	-52%*
California Grapes	135%
Bartlett Pears	237%
Peanut Butter (Aladdin/Jiff)	53%
Total	97%

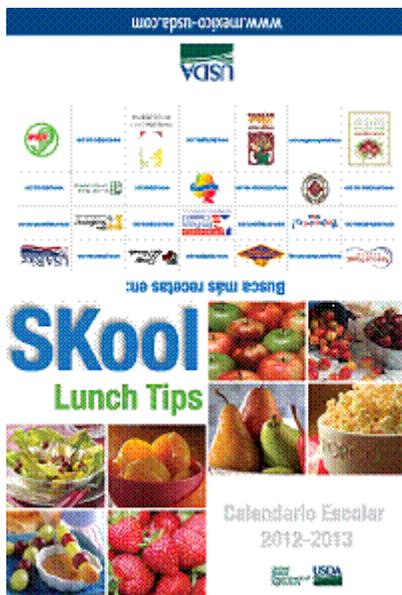
*Sales for these products experienced negative growth due to the limited product availability compared to 2011 following the fruits' seasons starting late in the year .

Items used in the Promotion

1. Photos: Stands, banners, uniforms and materials used for the promotion of fruits, peanut butter and sunflower seeds



2. Front and Back Cover of Promotional Calendar



Opportunities for Improving

1. When working closely with retailers, it is important to negotiate up front the information needed from the stores so that this can be reported back to the promotional organizer on a timely basis. In this event, Wal-Mart was very cooperative in reporting sales back regarding the promotion and this information

sharing was included in the contractual promotional agreement signed with the stores. The agreement also included the commitment on behalf of Wal-Mart to purchase and deliver enough incremental volume of products to the stores to make sure that the promotional efforts were maximized. Detailing clear expectations from the outset is of primary importance in order to get the data back on a timely basis.

2. The most successful aspect of this promotion was the awareness generated by the promotional team at the point of sale. While the calendars were well received, the key driver in pushing additional product sales was the informational sessions and tastings which took place within the fruits department. Future promotions should focus on the information given by the chef and promoters as well as clear objectives of managing their activities and time while working. This will help focus their initiative and to make sure they are using their time to promote USDA products as set out from the beginning.
3. Focusing on the support given by the chef and the promoter is much more effective than offering a promotional item. As more than 1/3 of the total budget was spent on the calendars, this money may be better spent by increasing the presence in the stores, offering inexpensive brochures featuring recipe ideas but much stronger presence by the chefs and promoters in other stores.
4. The idea of cross-promoting products from different categories was very successful as a new set of consumers were captured by secondary products (peanut butter and sunflowers) within the fruit department as well as giving creative new ideas to the use of fruits. This type of activity generates added work and thus, objectives must be clearly set up front to make sure attention is given to this aspect of promoting.

Back to School Promotion - September 2012

Exchange rate:

12.9

<u>Item</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Subtotal</u>	<u>VAT/IVA</u> 16%	<u>Total Pesos</u>	<u>Total USD</u>
POS						
Chef Stand	5	4839	24195	0	24,195.00	1,875.58
Stand alone Banner	5	487	2435	0	2,435.00	188.76
Demo Stand	5	3500	17500	2800	20,300.00	1,573.64
Vinyl Banner	10	122	1220	0	1,220.00	94.57
			0	0	-	-
Number of stores	5		0	0	-	-
			0	0	-	-
Chef/ Promoter Demos :			0	0	-	-
			0	0	-	-
Chef days (4 x 2 days)	40	650	26,000.00	4160	30,160.00	2,337.98
Promoter days	40	500	20,000.00	3200	23,200.00	1,798.45
Chef day extra (1 day)	20	650	13,000.00	2080	15,080.00	1,168.99
Promo day extra (1 day)	20	500	10,000.00	1600	11,600.00	899.22

Total Demo Days:	60						
Ingredients/1 demo day	60	350	21,000.00	3360	24,360.00	1,888.37	
Calendar Giveaways	7200	21.19	152,568.00	0	152,568.00	11,826.98	
Sticker Giveaways	7200	5.4	38880	0	38,880.00	3,013.95	
USDA Chef Uniforms		500	2500	400	2,900.00	224.81	
USDA Promoter Shirts		300	1500	240	1,740.00	134.88	
					-	-	
Ingredients for Training			1500		1,500.00	116.28	
Plastics and Containers						100.00	
Misc. Materials						300.00	
Administrator's Fee (JC and Israel)						2,900.00	
					Total USD	30,442.48	