



BY MIRIAM JORDAN

**F**ROM A HILLOCK in the San Joaquin Valley, Berne Evans III recently surveyed a citrus grove that stretches as far as the eye can see. "It's the largest clementine planting in the world," he said, smiling. The groves make Mr. Evans the king of the Cuties, a brand of seedless, sweet and easy-to-peel mandarin that is storming the nation's fruit aisles and changing eating habits that span generations. The navel orange, after reigning supreme for decades, has a challenger.

The rise of Cuties heralds the arrival of big-money marketing in a tradition-steeped corner of American industry. Techniques once reserved for promoting consumer products have now made their way into the produce section. Just as people have long asked for a "Kleenex" instead of a tissue, they are starting to ask for "Cuties" when they mean mandarins.

"I can't think of any other produce that has done this," says John Ball of San Diego branding firm MiresBall. It's "a name that is the thing."

Cuties reflect a defining reality of the American consumer experience: Convenience sells. It's a simple idea, applied in an unexpected place in the case of Cuties. Few people may have looked at the traditional orange and considered it a candidate for the classic American "new and improved" treatment.

But part of the Cuties marketing message trumpets the fact that children find it easier to peel. "We are a very impatient nation," says Jerry Della Femina, of Della Femina Advertising in New York. "We have always led the way on, 'Isn't this the easiest way to do it?'"

Cuties fit the long-standing pattern of transformative marketing insights that have shaped the U.S. consumer-product landscape. The automatic washing machine changed the nature of the American household. The remote control upended TV advertising. The advent of pre-peeled baby carrots in a bag redefined cubicle snacking at office parks coast to coast.

It's too early, of course, to elevate the seedless mandarin to a place in this pantheon. But in the meantime, the small, glossy, deep-orange fruit is, acre for acre, the most profitable citrus in America. Across California's citrus belt, farmers are ripping out orange, lemon and grapefruit trees to switch to mandarins.

Mr. Evans, 67 years old, built his empire with Stewart and Lynda Resnick, the Beverly Hills billionaire marketers of Fiji Water and Pom Wonderful pomegranate juice. Eight years ago they launched the Cuties brand.

Mr. Evans and his group spent considerable sums to try to capture shoppers' attention. That strategy is spawning a marketing battle as rivals trumpet their own seedless, easy-to-peel brands: Darling Clementines, Delite, Clem'NTina's, Bee Sweet.

Now, the Cuties brain trust is showing some cracks. To fend off the new competition and keep their tangerines on top, the group is pouring money into marketing at the Resnicks' behest. In the latest season it spent \$20 million on a national campaign to promote Cuties.

The rising costs are a wedge issue. "We're having an argument," Mr. Evans says. "Are Cuties well-known just because of advertising? My personal view is it's a damn good piece of fruit."

Meantime, Mr. Evans irked the Resnicks by selling a smaller version of the fruit that his company registered under the trademark "Baby Cuties." The Resnicks believe it undermined the Cuties brand's premium image, according to Mr. Evans and other growers.

Shortly after, Paramount Citrus, the Resnicks' company and a unit of their closely held Roll Global LLC, sued Mr. Evans in Los Angeles federal court over use of the Cuties name on a new juice line. The issue is now in private arbitration.

The Resnicks declined to be interviewed. A Roll Global spokesman said the company wouldn't discuss the business relationship and issues in "ongoing arbitration."

Cuties have their origin in a 1990 freeze that badly damaged California's citrus harvest. Mr. Evans, a stockbroker-turned-farmer and already into tomatoes, oranges and kiwi at the time, caught wind of the fact that Spanish clementines were selling well

# The Big War Over a small Fruit

Simple but clever ideas have made America great. Now a small seedless fruit has become an emblem of marketing in our era. Will your local supermarket ever be the same again?



REVIEW

# The Big War Over a Small Fruit

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 on the East Coast. "Supermarket chains told me, 'If you can grow 'em, they'll sell,'" he recalls.

He hired experts to confirm that the fruit could endure the San Joaquin Valley's weather extremes. He dispatched his oldest son to research clementine groves abroad. "Put my inheritance in clementines," Mr. Evans recalls his son, Barney, telling him over the phone.

Ready to bet big, Mr. Evans signed a deal with a nursery in 1996 to multiply clementine trees and sell them exclusively to him, locking in a head start over rivals. Still, Mr. Evans was worried about a certain set of neighbors—the Resnicks, who ran one of the country's largest fruit and nut operations.

The Resnicks made a fortune marketing coins and collectibles before turning California pomegranate groves into the Pom Wonderful juice brand.

"I thought, 'If Stew [Resnick] hears I'm growing clementines, he's going to compete. He's a big-money guy who can do everything,'" says Mr. Evans, who already jointly owned with the Resnicks a corrugated-box plant for packing fruit. In 1997, Mr. Evans approached the Resnicks about cooperating. The Resnicks' Paramount Citrus and Mr. Evans' Sun Pacific agreed to grow and commercialize equal quantities of the fruit under one brand. A smaller grower, Fowler Packing Co., joined them later.

The Cuties moniker was born at a meeting in the Resnick business offices. At the meeting, Mrs. Resnick picked up a clementine, studied it and deemed it "so cute," according to two people who were present. The name "Cuties" was trademarked in 2001.

Paramount Citrus and Sun Pacific jointly own the trademark, a shared arrangement that is "extremely unusual," according to R. Polk Wagner, a professor of trademark law at the University of Pennsylvania.

The agreement stipulated the

Resnicks would develop advertising and marketing. Mr. Evans' team would pack, sell and distribute to retailers. Mr. Evans says he spent \$65 million to build a state-of-the-art facility to sort, clean and pack most of the group's fruit.

The clementine that Mr. Evans first planted in Maricopa, Calif., ripens in the fall and early winter. Seeking to extend the growing season, he later learned of a clementine-like seedless mandarin that could be harvested in late January

**21 million**

**BOXES OF CUTIES PACKED 2005-06**

to May. That fruit, the W. Murcott Afourer, originally hailed from Morocco. "I wanted to patent it," he says, frowning at the memory. Instead, he discovered "this guy Mulholland has commercialized it."

That person is Thomas Mulholland, a nurseryman, citrus grower and great-grandson of the engineer for whom Mulholland Drive in Los Angeles is named. Mr. Mulholland says he started planting the W. Murcott after scouring the globe for new citrus varieties that would thrive in California. He trademarked the name Delite.

But the W. Murcott didn't find its wide audience until Sun Pacific and Paramount started planting and selling them as Cuties. Sun Pacific and Paramount would "single-handedly change the industry," says Mr. Mulholland, who is among their competitors.

Navel oranges, grown in California for more than a century and also seedless, still occupy several times more acreage than Cuties. However, "we have definitely lost some navel business domestically," says Mark Gillette, chairman of the board of Sunkist, the citrus coop-

erative.

The first major Cuties crop hit the market in 2004, mainly west of the Mississippi. The Resnicks kicked in their marketing efforts, focusing on regional television and point-of-sale advertising. Soon the Cuties group produced more than three-quarters of the seedless mandarins in the U.S.

The proliferation of mandarin trees, however, brought more than money. It brought a bee problem. Being seedless is a main selling point for Cuties. But if Cuties groves get cross-pollinated with pollen from seeded citrus varieties, Cuties start having seeds, too.

As more mandarin orchards went up, more bees started to carry pollen where it wasn't welcome. In April 2006, the Resnicks' Paramount threatened to sue beekeepers for letting their bees "trespass," according to a letter sent to them and reviewed by The Wall Street Journal. Paramount declined to comment.

Irate beekeepers said that they couldn't restrict their bees' movement. A "Seedless Mandarin and Honeybee Coexistence Working Group" was convened, but it failed to reach a consensus between farmers and beekeepers.

Growers began covering their mandarin trees with nets to keep out bees. Mr. Evans started sending a helicopter over his orchards to spot beehives for removal. Scientists at the University of California helped by creating a W. Murcott tree that produced near-seedless fruit, even when visited by bees.

In 2006, California nurseries began propagating the improved variety, which the scientists called Tango. Citrus growers, large and small, ordered millions of trees. The first significant Tango crop was harvested this winter.

"People are tearing things out to plant them," says Joe Berberian, sales manager for Bee Sweet, among California's top citrus growers and a Cuties competitor.

Some tangerines sold as Cuties are

the Tango variety. Others are either W. Murcott or the clementine that got the brand started.

Cuties commonly retail in 5-pound boxes for \$4.99 to \$8.99 at chains including Costco, Kroger and Safeway as well as at Whole Foods and smaller grocers. By comparison, navels sell for about 97 cents a pound.

To stay ahead of new rivals, the Cuties group last year expanded distribution eastward, bringing the fruit coast-to-coast for the first time. To promote the expansion, Paramount in December unveiled a \$20 million national media campaign.

Four spots featured children peeling Cuties and touting their flavor, size and "peelability." In one commercial, a girl plops a Cutie slice into her mouth while lying on a sofa, a suggestion that she won't choke on the seeds. It closes with the slogan, "Kids love Cuties. Because Cuties are made for kids."

**75 million**

**BOXES OF CUTIES PACKED 2011-12**

The ads resonated with seven-year-old João Quezada of Alhambra, Calif. Visiting the supermarket one afternoon, there was only one item in the produce section that excited him. "Cuties, mama. Let's buy Cuties," João shouted.

His mother, Bianka, said she likes that he can peel them without her having to help. "Cuties are better for him than candy," she added.

The TV campaign was supported by a kid-focused interactive website offering cash and Cutie memorabilia to contest winners. Facebook fans have grown by more than 100,000 since the launch.

"Everything we've seen has indicated that this year's advertising campaign

and subsequent marketing activities were successful," Paramount President David Krause said in an email.

The Cutie group packed about 75 million five-pound boxes of mandarins in the 2011-12 season, four times more than in their first substantial season, which was 2004-05. But Mr. Evans argues against the Resnicks' marketing strategy. It drove up advertising expenses to 26 cents per box of Cuties in the latest season, up from 8 cents a few years ago, he says.

In response, Mr. Evans in February hired a high-powered consulting firm to help evaluate the group's advertising costs. The consultants concluded that the group was actually losing money on the campaign. Mr. Evans says that a complaint to Paramount that the ad budget was "excessive" fell on deaf ears. The dispute is now in private arbitration. Mr. Evans declined to disclose how much compensation he is seeking. A Roll Global official declined to comment.

Adding to the tension is an idea Mr. Evans hatched after a freeze forced some of the fruit to mature smaller. Mr. Evans devised "Baby Cuties," as a trademark with a logo that mimics the original Cuties (a smiling tangerine with an open zipper on the peel) wearing a bonnet and with a pacifier in its mouth. Selling the fruit exclusively at Wal-Mart Stores, the group made an "extra \$2 or \$3 million," Mr. Evans says, a better profit than turning them into juice. The Resnicks didn't approve of the Baby Cuties, according to Mr. Evans and other citrus growers, out of concern it would undercut the main brand.

On March 21, Paramount Citrus filed suit against a unit of Sun Pacific in Los Angeles federal court for "infringing and diluting the Cuties mark" by producing and selling mandarin juice under the Cuties brand. In the complaint, Paramount acknowledges the parties had a "verbal license arrangement" that the Resnicks' company later withdrew.

Mr. Evans' lawyer filed a motion to compel arbitration and on April 20, Paramount withdrew its suit in a way that leaves the door open for legal action in the future. Mr. Evans says that he continues to use the Cuties name on the juice.

Roll declined to comment. The trademark and marketing-budget disputes are in arbitration. The agreement between Sun Pacific and Paramount to pack and sell the mandarins expires in two years.

One recent afternoon, at a roadside cantina near his groves, Mr. Evans ate a cheese enchilada and discussed the unsettled state of affairs. "We're disagreeing on how to do a couple of things," he said. "It's a bump in the road."

Still, his eyes are peeled for the next big thing. Casually plucking and eating a cherry from a tree, Mr. Evans mused, "If someone could produce a seedless cherry, now that would be something."

—James Oberman contributed to this article.



STEW EVANS III, above, walks among the Cuties, a mandarin brand he helped create that is transforming the citrus business and changing American shopping habits. Right, Lynda and Stewart Resnick, part of the group behind the rise of Cuties.

