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Industry Affairs Director

2017-18 CAC Budget Positioned to Market Increased California Volume

Each October, the California Avocado Commission (CAC) Board of Directors takes up the annual task of approving the budget, business plan and annual assessment rate for the upcoming fiscal year. At this time last year, the CAC Board faced a short crop, with reduced revenues and made the decision to accept management's recommendation to trim down on all budgets, maintain a stable assessment rate, reduce marketing spending by more than \$2 million and focus available funds on targeted marketing efforts.

We've said it before, but it war-rants saying it again: no two years in this avocado business are ever the same, and 2017 proved no different. No one could have predicted the roller coaster ride that this industry has been on for the past two years, one that has resulted in 2017 producing the highest price on record at about \$1.60 per pound and one of the top 10 highest total crop values in Commission history. These factors, combined with prudent spending by the Commission, resulted in CAC finishing the 2016-17 season in a balanced budget scenario, with revenues in line with expenditures while reserves remained level.

In October 2017, the CAC Board reviewed the anticipated final 2016-17 financial position, and then discussed the 2017-18 crop year to come. With consensus across the industry that California's crop volume could be nearly double that of 2017 and increased

shipments expected from off-shore producers, the CAC Board showed strong support for maintaining the existing assessment rate and approved management's recommended 2017-18 business plan and budget. This increases the marketing spend to \$10.5 million, representing about 67 percent of the proposed budget. As part of the approved 2017-18 budget, the industry affairs, production research and administration spending remain level with 2016, resulting in a total budget of \$15.6 million.

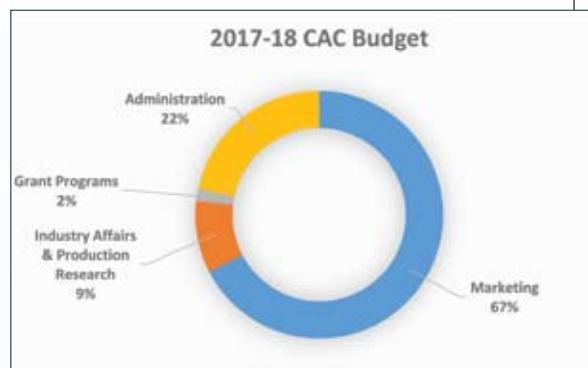
Included below are just a few of the business plan highlights for the 2017-18 fiscal year. Review the complete business plan and budget online at the following locations:

Business Plan: Californiaavocadogrowers.com/commission/accountability-reports/business-plans

Budget: Californiaavocadogrowers.com/commission/accountability-reports/finance

Marketing

- Extend the Made of California integrated campaign focusing on California's unique terroir and seasonal availability while efficiently engaging with targeted fans
- Redesign the recipe, nutrition and how-to sections of the consumer website to provide enhanced user functionality



- Review and optimize email program by updating the email sign-up, welcome and reactivation experiences and enhancing the current template design
- Rework social strategy based on previous season's lessons and continue to manage and monitor social media customer service and analytics
- Leverage third-party advocates to share key California avocado brand messages, including artisan chefs, food blogger advocates, health and wellness blogger advocates, retailers, and foodservice operators
- Explore experiential marketing opportunities that integrate the California avocado brand with pop culture experiences
- Partner with registered dietitian nutritionists to develop content that supports California avocado brand messaging and engages fans
- Coordinate co-promotion sponsorships with food companies to produce co-branded California avocado food products

- Continue tiered-marketing approach by targeting retailer and foodservice operators willing to pay for premium California avocados and providing these Tier 1 operators with customized POS planning and promotions, a steady stream of California avocado information and recipes, and responsive communications
- Continue to sponsor and participate in select retail and foodservice events to reinforce CAC's position as the trusted resource for avocado information
- Create customized menu concepts and promotions for existing and new top-tier foodservice operations

Industry Affairs

- Conduct field meetings, seminars and workshops to educate and update growers and industry stakeholders on pertinent industry and cultural management issues, and expand the reach of effective industry communications through CAC's grower website
- Monitor water issues, explore possible federal actions that would impact agricultural water supplies and represent industry stakeholder interests related to water conservation
- Identify water use efficiency technologies and work to improve the Metropolitan Water District water efficiency agricultural program
- Stay abreast of regulatory, legislative and trade issues that affect the industry and advocate on behalf of growers concerning food safety/regulation, immigration reform, invasive species, conservation/water efficiency, free trade agreements and emerging and foreign market development
- Identify California avocado production practices that will help demonstrate the California avocado industry's impact on sustainability
- Utilize Pine Tree Ranch for high-

density pruning demonstrations and a mulch project/trial with a Resource Conservation District

Production Research

- Develop rootstock varieties resistant to *Phytophthora cinnamomi* and salinity

- Continue risk assessment of PSHB and document transmission factors, risk areas and crop yields in both infested and non-infested groves
- Conduct branch canker situation assessment
- Maintain important germplasm collections 🥑

CALIFORNIA IS AT OUR CORE

Local growers are the heart of our business and are core to our West Pak avocado family. We too are growers with deep roots in the community, so it's personal for us! That's why we're committed to re-investing in our collective future. With modern facilities, state-of-the-art technology, and decades of dedication and experience, we're here for you!

Let our grower roots help maximize your returns!
1-800-266-4414 or visit us at westpakavocado.com

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