

Board Commits to a Strong Marketing Effort Despite Lower 2017 Budget

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. While no two years are ever the same, the past few years have found the Commission in a position where anticipated crop size and value continued to generate revenue levels that funded strong marketing, industry affairs and research programs without much consideration given to raising the assessment rate. However, this past October, faced with estimates of a 200 million-pound crop for 2017, the CAC Board had only two options for generating adequate revenues to continue carrying out the Commission's mission – increase the assessment rate or drastically reduce spending.

To thoroughly weigh their options, the CAC Board first reviewed the anticipated ending financial position for 2015-16, which provided a better understanding of projected reserve balances. Through prudent management of funds throughout the year, more than \$1.5 million dollars were returned to reserves at the end of the 2015-16 fiscal year. In ad-

dition, it is estimated that an excess of nearly \$2 million in assessment revenues were generated due to favorable market conditions and additional crop volume in the second half of the year. The result – a strong reserve balance heading into the lower volume 2017 crop year.

Those combined factors allowed management to develop a 2016-17 business plan and budget that continues to provide growers with a robust marketing effort of \$7.7 million, 61 percent of the total budget, with another \$1.6 million dedicated to industry affairs, issues management, research and grower education programs, despite projected revenues totaling only \$9 million dollars. Committed to providing growers a stable assessment rate, and not further burdening them in an already-short crop year, the CAC Board approved management's recommendation to maintain the assessment rate of 2.30 percent and adopted a budget of just over \$12.7 million, reflecting a reduction of \$2.7 million versus the 2015-16 budget of \$15.4 million.

Included here are just a few of the business plan highlights for the 2016-17 fiscal year. Review the complete business plan and budget online

at the following locations:

Business Plan:

www.californiaavocadogrowers.com/commission/accountability-reports/business-plans

Budget:

www.californiaavocadogrowers.com/commission/accountability-reports/finance

Marketing

- Continue tiered-marketing approach by targeting retailer and foodservice operators willing to pay a premium for California Avocados and providing these "Tier 1" customers with customized marketing support, including geo-targeted advertising, merchandising, recipes and more
- Extend the Made of California campaign and ensure the supporting media plan is targeted, efficient, technologically advanced and relevant to CAC's targeted audience
- Emphasize the unique competitive advantage of Fresh California Avocados as the only locally grown avocado



- Promote California Avocados as the perfect choice for the American Summer Holidays
- Enhance function and design of the website, blog and email programs to better communicate the superiority and unique competitive advantages of Fresh California Avocados
- Leverage third-party advocates to share key California avocado brand messages, including Artisan Chefs, Blogger Ambassadors, Registered Dietitian Nutritionists, retailers, foodservice operators and California avocado fans

Industry Affairs

- Conduct field meetings, seminars and workshops to educate and update growers and industry stakeholders on pertinent industry and cultural management issues

- Pursue external funding opportunities for industry initiatives
- Develop technical initiatives to support productivity and profitability, including shot hole borer detection, phytosanitary security and Section 18 emergency exemptions
- 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
- Advocate and develop position papers on behalf of stakeholders concerning topics such as food safety regulation, immigration reform, invasive species funding, conservation/water efficiency, free trade agreements, foreign market development and emerging markets programs

Production Research

- Obtain biocontrol agents against polyphagous shot hole borer (PSHB) from Southeast Asia and test at UCR for possible deployment in California
- Develop web-based decision support tool for avocado production and fruit quality
- Develop rootstock varieties resistant to Phytophthora cinnamomi and salinity
- Continue risk assessment of PSHB and monitor spread of insects, transmission factors, risk areas and crop yields in both infested and non-infested groves
- Maintain important germplasm collections
- Maintain and utilize high-density demonstration grove for grower education classes 