



Annual Meeting Reflects on 40th Anniversary & Forges Ahead

By Tim Linden and Marji Morrow

As the California Avocado Commission (CAC) celebrated the 40th anniversary of its establishment, the April 2019 CAC annual meetings for growers took a look at the Commission's history as it framed its future.

President Tom Bellamore, quoting from some of the pioneers in the early history of CAC, noted that while the industry has changed quite dramatically in the ensuing four decades, there also is much that has stayed the same. Topping that list is the main goal of the Commission, which is to increase grower returns. In the early days, the Commission's first president, Ralph Pinkerton, opined that no group looks ahead with more anxiety than the California avocado grower. Pinkerton noted that it was not a timid group, but one filled with members who have no issue speaking their mind.

Bellamore said the growers have charged CAC with the task of keeping expenses low while continuing to build pro-

grams to help growers both grow and market their crop. As a point of fact and an illustration of the Commission's effort in this regard, he revealed that the office rent negotiated soon after he took the helm in 2009 was exactly the same amount paid when CAC opened its doors 40 years ago.

Though the avocado category is clearly much different today – with total sales in the United States in the 2.5 billion pound range – Bellamore said the industry is reaping the rewards from the groundwork laid by the Commission in those 40 years. He noted it was CAC that started the research dispelling the nutrition myths about the avocado. CAC also launched the connection between the avocado and the Super Bowl, which has paid rich dividends to the entire industry. And it was CAC that first brought the avocado into national prominence with promotions featuring celebrity Angie Dickinson.

CAC also conceived of the avocado volume reporting sys-

tem (Avocado Marketing and Research Information Center – AMRIC), which has served the industry well for many years, and the Commission launched the ripe program that dramatically increased consumption.

CAC also worked diligently to make sure Mexico's entry into the U.S. avocado market occurred without peril to the California avocado industry. "It took 20 years for Mexico to gain full access to the U.S. market," he said.

He said that effort was part of CAC's issues management program that also included work on water costs, pest management and varietal development.

Always, Bellamore said, job number one was to grow the California brand and improve the plight of California growers. Toward this end, CAC helped write the legislation that established the Hass Avocado Board and made sure importers were paying their fair share to grow the market.

With the influx of imported avocados, Bellamore said CAC has shifted its strategy to position California avocados as the premium brand in the marketplace. By all accounts, this effort has been successful. Last year, California fruit achieved an 18 percent premium on average over the imports. Though it is an impressive premium Bellamore said, "I'm not happy with that and you shouldn't be either."

Though this year's California crop, which has been estimated at 175 million pounds, is the smallest in a decade and represents only about 7 percent of the 2019 total estimated U.S. sales, Bellamore said that should not be cause for worry. He believes the premium position will bode well for California growers and the April field price did bear that out.

Following Bellamore to the podium was Monica Arnett, CAC director of finance and administration. She explained the financial workings of CAC and how the staff uses its reserves to manage its cash flow and make sure it can fund programs 12 months of the year, even though revenues are concentrated in a much tighter window. In a short crop year like 2019, she said this is critical for CAC's continued success. This year, CAC has tapped into its reserves more significantly, but she said the financial scheme has allowed the Commission to keep the assessment rate stable for the past five years.

Following the annual meeting theme of looking both back and ahead, Arnett noted that the initial CAC budget 40 years ago devoted 75 percent of revenues to marketing, which is just about the same percentage allocated to those programs today.

Vice President Marketing Jan DeLyser took on the task of explaining how California can remain relevant in light of the fact that it only has a 7 percent market share this year. "The quality of fruit you grow works to our advantage," she said, adding it is the quality that has allowed California to become a premium provider.

This year, CAC is honing in on those consumers who seek



out California fruit and will pay the premium. While the marketing focus remains the same as it was 40 years ago, DeLyser said the tools being used have changed quite a bit. Now digital marketing, geo-targeting and the use of influencers on social media have largely replaced more expensive promotional campaigns. Wild postings that encourage people to take photos in front of CAC-branded imagery and post the selfies on social media have co-opted the drive-by freeway billboards of the past. And YouTube videos on social media are a better bet than network television advertising. She said these new efforts, which rely on technology and can be seen no matter where the avocado consumer is, can deliver results in a more efficient and affordable way.

"Targeting is imperative when you have a smaller crop," she said. "Some retailers are willing to pay the premium price and that is who we are targeting."

Industry Affairs Director April Aymami traced the beginning of the department to 1983/84 when the Rex Land Report concluded the industry had too many marketers. CAC established the Industry Affairs department to improve communications between the Commission and the industry stakeholders, which Aymami said is still the goal today. Industry Affairs is charged with collecting and disseminating crop statistics to help growers develop their own picking and marketing strategy. The Avocado Marketing and Research Information Center (AMRIC) was launched in 1984 to collect price and shipment reports so handlers and growers have access to real-time inventory and price data.

Because of a better crop estimating system, Aymami said forecasts have gotten much better, which is very valuable as the Commission makes decisions and analyzes programs. She noted that especially useful to the Commission and industry are the midseason surveys, which provide updated volume information at the most critical point of the season.

Aymami revealed that acreage has been holding steady for

the past few years around the 50,000 figure, but reports indicate that there could be an increase in the next few years.

Aymami said CAC has continually used many different tools to communicate with growers including the annual meetings, the Annual Report, the semi-monthly GreenSheet, and this quarterly magazine, *From the Grove*. Other important information is communicated through the grower website and the online decision support tools system. Additionally, meetings and seminars are held including workshops at the Pine Tree Ranch demonstration grove in Santa Paula.

Next at the podium was Ken Melban, vice president of industry affairs, who discussed CAC's efforts in the issues management realm. He shared a quote from a CAC chairman talking about frost and unseasonable heat in late spring and summer of 1979, as well as concerns about water supplies, labor and theft. Melban noted that each of these problems are still relevant today, but he also delved into some new concerns and discussed how staff is handling them. For example, in early April the industry survived a voluntary recall related to listeria. Melban revealed that both the packer and CAC responded in such a way that it kept the situation under the radar and did not result in a widespread industry crisis.

He discussed the history of CAC's food safety program, which started in 1990 with its Food Safety Crisis Response program. More time and energy is being devoted to that issue with the Food Safety Modernization Act and the 2016 Produce Safety Rule now a reality. Melban reminded growers that the California Department of Food and Agriculture (CDFA) will inspect large farms (\$500,000+) in 2019, with small farms slated for inspection next year. He encouraged growers who get the questionnaire from CDFA to fill it out and demonstrate they are already involved in food safety programs, which could prove beneficial. As CDFA begins to identify operations for inspection, the agency may look to target those operations without a food safety program in place.

Melban said the phytosanitary issue of 40 years ago was the seed weevil. Pest concerns have changed over the years with the avocado seed moth now topping the list, but pest issues still remain front and center.

In 40 years export efforts have come full circle. Melban noted that in 1979, CAC worked on a plan to increase export sales to Asia, most notably Japan. Once again the sale of California avocados to Asia is on the table as CAC explores opportunities in that arena. He revealed that CAC has received a \$200,000 grant for export market programs for South Korea and China. Export sales of California avocados to South Korea jumped from 7.5 million pounds in 2017 to 17.5 million pounds in 2018. More importantly, Melban said the average sales price was \$4 more per lug than the domestic price.

Dr. Tim Spann, CAC research program director, noted that many different pests and diseases have bothered the industry



in the Commission's 40 years, which is why CAC has a robust production research effort. He said Pearson disease was a problem in the early 1990s, while the avocado thrip caused issues later that decade and the avocado lace bug has been a concern during most of this century's 19 years. While the polyphagous shot hole borer did not turn out to be as big a problem as first expected, Spann said, "If the avocado seed moth shows up, we are in trouble." That pest is on the Production Research Committee's radar and its development in other regions is being monitored.

Spann said the goal of production research has remained the same, which is to help California avocado growers remain profitable and productive. However, while the goals haven't changed, he said the approach has become more focused on grower outreach and education to put information into the hands of growers so they can utilize it. He pointed to the Pine Tree Ranch demonstration grove as one of those important outreach efforts.

He detailed efforts, over the last two years, to allow Gem fruit to be exported. Initially, the licensing agreement from the University of California prohibited exports but Spann said recent communications have revealed that the UC Regents will no longer object to exporting this relatively new variety.

Another change over the years has been the elimination of CAC funding for the scion breeding program. Spann said there are more pressing matters for the always-limited research budget but did note the breeding program has generated eight new varieties and six more are in the pipeline. CAC is no longer funding the effort but it continues through UC involvement.

He also touted the avocado online decision support tools, which is a CAC effort that helps growers with irrigation and nutrient management decisions. He urged growers to utilize these tools by logging on to the website at: CaliforniaAvocadoGrowersDST.com. He said the utilization of the tools will create a better database that will provide even more helpful information for growers moving forward. 🍷