

# Annual Grower Meetings Focus on the Future

By Tim Linden

**A**t the series of California Avocado Commission annual grower meetings held in April, President Tom Bellamore took a different tack than is usually the case.

“We usually talk about the past year, but today we are looking forward,” he said.

The past is interesting, but the California avocado industry has gone through dramatic changes in the marketplace over the past decade, and Bellamore wanted to focus on how the Commission and staff view the industry moving forward. He reviewed the efforts of the past several years and articulated a long term marketing strategy that strives for premium positioning for California fruit.

It is no secret that the volume of California avocados represent a much smaller market share than it did even a decade ago. With this year’s marketed volume projected to be under 300 million pounds, California only represents about 15 percent of the volume of avocados that will be sold in the United States. Even a large crop – which may well be in the works for next year – will still only be 20-25 percent of total volume.

Bellamore said with these facts in mind, CAC has been working toward creating product differentiation and helping growers achieve the best possible pricing for California avocados during the months in which California competes. CAC has been focused on building demand for the California brand, while also increasing grower productivity, and protecting the investment growers have made in their operations and in the California brand. Last year CAC launched a labeling campaign that was expanded this year to gain additional exposure for the California fruit.

“We wanted to create a market situation for California avocados that returns value substantially above amounts received by all other avocados,” he said during the event held in San Luis Obispo.

This strategy came into question during 2014 when Peru

flooded the market with an abundance of fruit during the middle of the California season that resulted in a dropping of the market price and a reduction in orders from some longtime California avocado customers. As such, CAC embarked on fact-finding mission to determine if its long term strategy is viable. During the off season, CAC staff and board members met with stakeholders and marketing experts as well growers, packers and marketers.

In reviewing that effort, Bellamore said the questioning of CAC’s focus revealed that the short-term strategy of creating a premium position is “spot-on.” California needs to continue to refine its value proposition and further differentiate its offering. Bellamore noted that it does take actions by the entire industry working together to achieve this. First and foremost, California needs to deliver top quality product each and every time to the grocer’s shelf. The close proximity to market will help the industry achieve this goal.

From CAC’s perspective, the marketing strategy is to target premium customers who have a “willingness to pay” the higher price the product commands. To achieve this, CAC has been cultivating relationships with high-end retailers whose customers place quality above price by rewarding those accounts who take the extra effort to promote the California brand.

While California avocados are sold to retailers across the country, Bellamore and the CAC staff are placing an emphasis on “core” western markets. They differentiate the California avocado based on freshness, quality, and safety. CAC’s new “Distinctively Californian” advertising campaign continues to communicate the “*Hand Grown in California*” logo and capitalizes on the growing interest in locally grown.

As detailed in Bellamore’s “President’s Message” in this issue, he also discussed governance issues as the board is determined to make sure that it is designed in a manner to foster innovation, and flexibility.



*CAC President Tom Bellamore discussed the group's premium pricing strategy during the April grower meetings*

Vice President of Marketing Jan DeLyster also presented a more detailed look at CAC's efforts to create the premium positioning for California fruit. She spoke of the specific target markets as well as the type of retailers and foodservice operators that CAC has successfully cultivated. The "sweet spot", she said, is retailers who are loyal to the brand throughout the season, will pay a premium for the product and promote it very well. However, the size of the crop fluctuates from year to year and CAC also has to be mindful of the need to market to buyers who are opportunistic or who might only focus on California promotions during holiday periods. Each of these customer classifications are important to the overall success of the California avocado industry.

DeLyster detailed the merchandising and marketing efforts for 2015, and also discussed the consumer advertising campaign "Distinctively Californian." Conducted through several different avenues, including digital social media, this campaign connects California avocados with other iconic California menu items, such as a *California Club Sandwich* and *California Roll*. It also reinforces the labeling campaign by giving

packers a distinct reason to call out point of origin for California fruit.

Of course, one of the keys for establishing a premium price is to deliver a premium product. Toward this end, CAC Research Program Director Tim Spann updated the audience of growers on many different cultural management projects designed to overcome challenges and improve the quality of the fruit. Numerous articles in this issue cover the topics Dr. Spann covered, including polyphagous shot hole borer, drought, plant breeding, production research, pest and disease management and cultural management.

Also on the dais was Ken Melban, CAC's vice president of industry affairs. He detailed several different grove visits by various groups including a Chinese delegation and U.S. Congresswoman Julia Brownley. In this April meeting,

Melban also previewed a California visit from Israeli researchers which was scheduled to take place in May. That visit did occur and is covered in this issue, along with an article written by those researchers detailing Israel's efforts on its own PSHB-related issues. 🥑



*CAC Research Director Tim Spann outlined efforts designed to mitigate the impact of the polyphagous shot hole borer*