

'Relevance' Emphasized at CAC Annual Meeting

By Tim Linden

Talking to several hundred growers over three days in three different locations, California Avocado Commission (CAC) President Tom Bellamore preached a doctrine of relevance. He made it clear he was speaking of both the "California Avocado" brand and the Commission itself.

California, he noted, is experiencing a shrinking U.S. market share as the state's production volume is steady, yet U.S. consumption continues to increase. "In 2011, just looking at normal growth, we projected that by 2025 the U.S. would be consuming 4.8 billion pounds of avocados and California alone would be consuming 700 million pounds. It doesn't look like we are going to be too far off. How can we remain relevant with static production," he asked...and then answered.

CAC's management, following the direction of the CAC Board, noted that the concept of premium positioning is the key to relevance. To illustrate the possibility, Bellamore shared the story of Copper River fishermen in Alaska. Copper River represents about 1 percent of Alaska's salmon output and a like number of its fishermen. For years, it sold its salmon as a commodity, often utilizing the canned and frozen sector to buy its fish. But several years ago, the group embarked on a branded program, upped the quality of its output, focused on the fresh market and strived for premium positioning. Today Copper River Salmon is the top shelf salmon brand and those fishermen reap twice the average for their catch. Today their goal is to maximize returns for the family fishermen who ply the waters of the Copper River.

"Substitute our brand for their brand – avocados for salmon – and we are quite similar," said Bellamore.

He said there is an opportunity in the avocado industry to rise above commodity status and deliver a premium product. Economic statistics show that California growers have received a premium price during their season for each of the last three years. Bellamore said there is room to grow the premium, but he challenged the growers to up their game and only put top quality fruit in the box. He said CAC has already embarked on this effort by targeting customers that note the difference and are willing to pay for it.

Vice President of Marketing Jan DeLyser continued with



Jan DeLyser talks to growers emphasizing the importance of the "California" label.

that same theme and discussed this year's marketing opportunities and challenges. Because the crop has only been estimated at about 200 million pounds – half the size of the 2016 crop – DeLyser said it will be marketed closer to home and largely in California. CAC has scaled back its promotional program, relying heavily on social media, in-store promotions including "geo-fencing", which targets consumers of specific retailers when they are within three miles of a store promoting California avocados. This high-tech approach will put the California crop in the hands of those searching for California avocados and those retailers willing to merchandise the premium fruit.

DeLyser, though, said CAC couldn't afford to abandon some key accounts across the country that also have an affinity for avocados from the Golden State. With the lighter crop and this year's significant rainfall, many are predicting that the 2018 crop will be toward the top end of the volume spectrum. "Next year we could need those guys," she quipped.

She also discussed the label initiative, which identifies fruit as California grown, and noted that it is the best way to ensure consumers know they are buying California avocados.

CAC Chairman Rick Shade also spoke at the annual meet-



CAC Chairman Rick Shade presents his views of the California avocado industry.

ings, emphasizing what a difference a year makes in the volume of the California crop. He reminded growers that in April of last year, as CAC held its annual meetings, the market price was in free-fall, growers were only getting dimes per pound for their fruit and a fourth year of drought was upon us. In comparison, Shade noted, this year the small crop is promising very nice per-pound pricing in the field and growers have rarely had to turn on their irrigation systems during the past four months.

Also on the dais was Dr. Tim Spann talking about production research and Ken Melban discussing industry issues.

Dr. Spann, CAC's production research director, highlighted past research programs including increasing yields, plant breeding, avocado tree monitoring, pesticide resistance management and shot hole borer and Fusarium dieback disease.

Dr. Spann echoed Bellamore's theme and noted that to ensure production research remained relevant, CAC would follow four strategic imperatives: increase average per acre production, achieve and sustain critical industry mass, maintain a premium quality product and engage in effective grower education. Having outlined the challenges of meeting these imperatives, the Production Research Committee (PRC) is working to determine what specific questions need to be asked and clearly defined for future proposals, including grant proposals.

Spann noted that the weakest link in avocado research efforts over the years has been communicating research results to growers. He said much of that grower education effort was left in the hands of the University of California Cooperative Research Extension program, which has faced budget cuts and staff erosion. The Commission is looking at a paradigm

shift with CAC going directly to the grower community to share research results and learn what needs growers have. Spann is anticipating being much more involved in this effort with more one-on-one grower interactions.

Melban, who is CAC's vice president of industry affairs, focused on four issues of key concern to the avocado industry: immigration reform, food safety, trade and water rates. He said immigration issues must be fixed, and expressed optimism that the current administration might get something done, largely because it does not seem to accept the status quo. Melban said both parties have had control of the legislative and executive branches over the last half dozen years and neither has solved the problem.

With regard to food safety, he advised all growers to become GAP-certified, noting that the designation is clearly called for in light of

CAC's premium positioning and pricing effort. He indicated that it is difficult to command a premium if you are not at the top of the food chain with regard to food safety measures.

Because of uncertainty with the new administration, CAC is holding off a bit on export trade work. The 3 percent tariff associated with shipping avocados to Japan was expected to be eliminated with the Trans Pacific Partnership trade agreement. But that effort is on hiatus at this point. Melban said CAC has received grant funding from the federal government to work toward exporting to China. He is setting up a potential promotion program for 2018 when more significant California volume is expected.

He said CAC continues to work to secure affordable water rates when opportunities arise, such as a recent effort in Ventura County. However, he did note that the days of inexpensive rates are all but over.

Another subject discussed during the grower meetings involved a change in structure that CAC has adopted. Bellamore explained that come November, any grower producing 10,000 pounds of fruit or less, on a three-year rolling average, will be exempt from paying assessments to CAC. He said these growers are welcome at CAC meetings and can take advantage of CAC materials and workshops, but they will no longer be called upon to fund the organization. Bellamore called it "budget relief for smaller growers."

The same restructuring will see Board membership drop from 29 to 19 people with fewer alternates and fewer handlers. Bellamore said board makeup has remained the same since the Commission was founded in 1978, despite the fact that the industry itself has undergone structural changes and was no longer consistent with the board makeup. 🍷