



California Avocado Commission Prepares for the Future

By Tim Linden

Forward thinking has always been the hallmark of the California Avocado Commission (CAC) and that theme was front and center during the three annual meetings, which were held over consecutive days in three of California's distinct avocado growing regions in late March.

Of course, the meetings are always used to preview the current year's crop and discuss marketing expectations as the season progresses. But this year, the meetings also were utilized to highlight some of the cutting edge marketing strategies currently in use that will become even more important as millennials dominate the marketplace. And CAC's younger staff members, including a strong millennial core, also were on center stage as they presented much of the program.

CAC Chairman of the Board Rick Shade opened all three meetings on an upbeat note as he discussed the power of group dynamics when everyone is working toward the same goal. Quoting business management author Patrick Lencioni, he said, "If you could get all the people in an organization rowing in the same direction, you could dominate any industry, in any market, against any competition, at any time"

Shade marvelled at the tremendous strides the avocado industry has made over the years.

CAC President Tom Bellamore continued with the theme of industry cohesiveness as he reviewed the 2017 season and forecast the prospects for 2018. In 2017, the U.S. market consumed about 2.18 billion pounds of avocados, with California accounting for about 10 percent of the volume with its smaller-than-usual 216 million pound production. But in this case good things came in small packages. Bellamore noted that the reduced volume was met with strong demand and premium pricing for California's fruit, which resulted in a record farmgate price for the state's growers. Over the course of the 2017 season, growers received an average return of \$1.60 per pound for their fruit. The average premium for California fruit over the other avocados in the market was 14 percent. An impressive 25 percent premium was reached at several different times during the season, including during the last month of marketing.

At the time of the meetings in late March, Bellamore anticipated that the 2018 season would bring a different dynamic with both California and Mexico experiencing on-years in terms of volume. He said about 2.4 billion pounds are expected to be sold in the United States with California accounting for about 16 percent of that volume. Bellamore noted that the marketplace would have more fruit during California's

peak shipping period with increased volume expected from Mexico, and Peru acting as a wildcard, expecting to ship their fruit wherever the market is strongest at any given time between the United States and Europe. Considering that volume, Bellamore expects that it will be difficult for growers to get the same per pound prices they received in 2017, but he believes it will be a strong market nonetheless.

The CAC president spent less time than usual talking to the impressive group of attendees at each location as he expressly wanted to showcase the staff. He explained that CAC is preparing for both this year's large crop and the crops to come by building a team that can take the reins when their time comes. The future was on display as the CAC staff looked at the devastating fires this past winter, relayed the crop forecast for the year, took a deeper look at the Commission's well-developed social media presence, and examined government affairs, the financial condition of the organization and the production research effort.

Bellamore noted that both the Commission and the staff have a very good mix of young talent, including several in the influential millennial generation, and older expertise.

Ken Melban, vice president of industry affairs, was first tasked with discussing the devastating December fires in California. While acknowledging the huge number of acres, structures and personal belongings consumed by fires in San Diego, Ventura and Santa Barbara counties, Melban said irrigated agriculture, including avocado trees, acted as a fire break and did help limit the growth of the fire into local communities. All totaled, about 5,300 acres of avocados were within the perimeter of the fires and about 1,350 acres were adversely impacted. Melban said the end result is a crop reduction of about 5-7 percent, equating to about 20-30 million pounds. He summarized the Commission's actions to help growers in the wake of the fire and accompanying wind events, including visits with elected officials and CAC's advocacy to get relief from state and federal agencies.

Melban also discussed ongoing government affairs efforts such as dealing with regulators as the Food Safety Modernization Act's compliance deadlines come into focus. He said there also are continuing efforts with regard to legal issues concerning immigration. He noted that CAC's ultimate goal is still to help secure the passage of immigration reform legislation that recognizes the special needs of agriculture on this front.

He highlighted how provisions in the federal Farm Bill help growers, including the Tree Assistance Program, Foreign Agricultural Service (FAS) work, technical assistance for specialty crops (TASC) and the foreign marketing programs. CAC has been the recipient of TASC funds, as well as Emerging Marketing Program funds for helping gain access to China. Congress is again working on the Farm Bill as it is set to expire

this year. (In April the Agriculture and Nutrition Act of 2018 passed out of the House committee.) He added that the CAC staff is keeping an eye on NAFTA negotiations and how an export war involving tariffs could impact the industry.

CAC Industry Affairs Director April Aymami presented more detailed information concerning the expected availability of the 2018 crop. She said the majority of the crop is expected to be sold in the four-month period beginning April 1 and concluding at the end of July. About 75 percent of the crop should be sold during that time period. About 15 percent of the crop was marketed in the January to March time frame and the other 10 percent is forecast to be sold during August, September and October.

In that late March time frame, Aymami reported that the current estimate for this fiscal year was 374.6 million pounds – Hass 362 million, Lamb 10 million and other varieties 2.6 million. She also explained the process of the forecasting. Finally, Aymami shared industry resources available to help growers, including the *From the Grove* magazine, the *Green-Sheet*, CaliforniaAvocadoGrowers.com and HassAvocadoBoard.com. She encouraged growers to use these resources for a greater understanding of the total U.S. market dynamics.



CAC's Monica Arnett discussed the excellent financial shape of the commission going into the 2018 season.

Monica Arnett, CAC's director of finance and administration did a quick review of the robust financial report and did note that the current level of reserves is at the high end of its typical range. She explained that CAC needs strong reserves because of the seasonal and cyclical nature of the crop. While funds are expended throughout the year on all of the programs, the income is only produced during the shipping

season. She said the high reserves are necessary for cash flow purposes, and added that looking forward, the Commission is preparing for leadership transition and the special circumstances that arise with a crop size that fluctuates significantly from year to year.

Another glimpse into the future was presented by Zac Benedict, CAC's online marketing director, who outlined the more modern way to reach California avocado devotees.

Benedict showed how CAC's marketing programs have evolved to be more targeted and take advantage of new media opportunities, specifically a spotlight on online marketing. He highlighted online marketing channels such as Facebook, Twitter, Instagram and Pinterest, and noted that today's younger consumers are inundated with opportunities as they travel through social media platforms. He said one of the more popular platforms produces 1.3 million pieces of new content every minute. Users spend an average of eight seconds of engagement on a new piece of material. "That's less than the attention span of a goldfish," he quipped, stating that "authenticity" of your content is extremely important to these social media users. They are only spending eight seconds with you; they want an authentic approach.

Benedict said the users on all of the social media platforms are different and CAC has designed content specific to each platform. "What works on one channel may not work on another platform," he said, as users browse these spaces for different reasons. Benedict shared many different ways CAC has adapted to this environment and is using social media to spread its message. During the Winter Olympics from South Korea in February, the Commission launched an "Opening Sharemony" promotion to piggyback on interest in that major worldwide sporting event. The social media posts highlighted different ways to make guacamole themed to the cuisines of various countries around the world, with these recipes shared as specific countries marched in the opening ceremonies. The promotion gathered nearly 200,000 total social impressions.

Benedict also shared how CAC targets consumers using social media to blanket the areas around the stores where California avocados are merchandised.

The research portion of the program was delivered by Research Program Director Dr. Tim Spann. He discussed a new focus that involves getting the information developed into the hands of growers. He said there will be more grower meetings and more avenues to make sure the industry's producers have accessibility to the research results that CAC has obtained. Spann encouraged signing up for area grower meetings.

He also reported that new rootstocks "PP40" and "PP35" are showing good salinity and phytophthora tolerance. UC Riverside has tentatively agreed to an "early release" program to expedite getting these selections to growers. This is an



CAC's Zac Benedict discussed online marketing.

other of the Commission's efforts to reduce the gap between knowledge gained through research and applicability of that learning by growers.

Spann discussed the new avocado decision support tool, which is an interactive web-based tool that will help a grower maximize nutrition to improve his own productivity. Spann revealed that the tool would go into beta testing in April, with a target release date by summer. He also noted that CAC has worked to get an emergency release of gibberellic acid plant regulator – a natural plant hormone that improves fruit size and set and does not increase alternate bearing. The public comment period ended in March, and Spann said a new label should be forthcoming in a relatively short period of time.

During the question and answer period, growers were interested in many different topics but most notably concepts directly involving production issues and research. One discussion involved the GEM variety. Spann said there were about 500 acres in the ground with an anticipated production this year of one million pounds.

At the end of the Annual Meetings, Shade turned over the microphone to a Hass Avocado Board representative to discuss that organization, including its close working relationship with CAC. John McGuigan, HAB director of industry affairs, discussed some of the strategic priorities of HAB, including building demand, funding nutrition research, and providing supply & demand data. The majority of HAB's efforts revolve around nutrition research. McGuigan discussed the mechanics of HAB, including its operation and funding. He noted that the programs are 100 percent focused in the United States. HAB has a 12-member board, which is comprised of seven California producers and five U.S. importers, with USDA oversight. The assessment is 2.5 cents per pound on every avocado sold in the United States with HAB retaining 15 percent for its operations and rebating the other 85 percent back to the country of origin marketing groups. He added that since HAB's establishment, avocado per capita consumption in the United States has more than tripled. 🥑