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2018/19 Business Plan and Budget

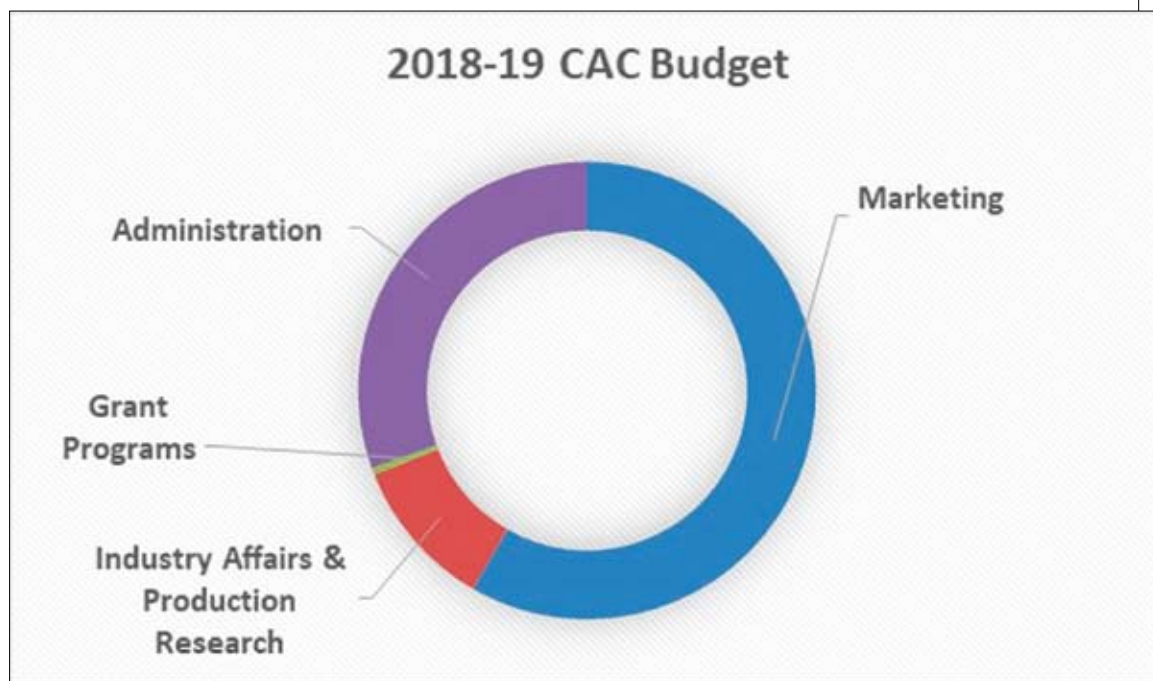
In October 2018, the new California Avocado Commission (CAC) Board of Directors took up the annual task of approving the budget, business plan and setting the annual assessment rate for the upcoming 2018-19 fiscal year. As you can imagine, faced with a crop volume (and revenue stream) of less than half the current year, the task set before the Board was quite daunting. As part of the in-depth analysis, the CAC Board reviewed the anticipated ending 2017-18 financial position, as well as discussed the 2018-19 crop year to come and projected 2019 ending reserve balance. This year the Board also went so far as to look two years out and projected potential ending reserve balance scenarios for 2020.

Based on the various scenarios, it was determined early on in discussions that the CAC assessment rate should re-

main at the current level of 2.3 percent of the gross dollar value. At this point, the Board turned to management's proposed \$11.4 million dollar budget and business plan to review activities and potential cost savings. With the proposed budget already reducing expenditures by nearly \$4.3 million, areas to further cut spending, while continuing to remain relevant in an ever-increasing market, were limited. In the end, the Board approved the proposed business

plan and budget with the understanding that management would carefully watch crop volume and the ending reserve levels throughout the season and initiate budget cuts if necessary, to ensure the organization remains in strong financial health.

The approved 2018-19 budget, while a significant reduction from the prior year, continues to dedicate the majority of spending to marketing, with \$6.7 million committed to programs



and activities that differentiate the premium attributes of California avocados. In addition, the budget allocates \$1.2 million to industry affairs and production research activities, with \$3.5 million for administration and operations. Included here are just a few of the business plan highlights for the 2018-19 fiscal year. The complete business plan and budget can be reviewed online at the following locations:

Business Plan: www.californiaavocadogrowers.com/commission/accountability-reports/business-plans

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

Consumer Marketing

- Continue the Made of California advertising campaign, focusing on seasonal availability and the advantages of locally grown and the unique terroir of California
- Reach CAC's Premium Californian target consumer, including Baby Boomers, Gen X, Millennials and Gen Z, utilizing highly targeted media
- Develop tactics to target avocado super users in California based on lessons from 2017-18
- Leverage third-party advocates to spread key brand messages, including artisan chefs, food blogger advocates, registered dietitian nutritionists, retail registered dietitians, health and wellness blogger advocates, retailers and foodservice operators
- Build integrated programs including Pre-Season Anticipation, Season Opener, California Avocado Month and California Avocado Summer Entertaining, creating new assets and recipes, working with chefs and blogger advocates, using press releases, social media posts, public relations activities and a

food hall sponsorship

- Develop integrated social concepts that support CAC programs and encourage sharing of key California avocado messages
- Optimize website performance, conducting a technical search engine optimization audit and redesigning sections of the website

Trade Marketing

- Utilize CAC's tiered-marketing approach by targeting retailer and foodservice operators, primarily but not exclusively in California, who are willing to pay for premium California avocados
- Create customized menu concepts and promotions for existing and new targeted foodservice operations
- Reinforce CAC's position as the trusted resource for avocado information by continuing to sponsor and participate in select retail and foodservice events
- Build anticipation for California avocado season using targeted trade advertising and support pre-season and in-season activities with trade public relations

Industry Affairs

- Conduct 2018 and 2019 avocado acreage surveys, including an in-depth analysis of acreage impacted by the Thomas Fire and July 2018 weather events
- Process 2019-20 grower exemption status using production data from 2016, 2017 and 2018
- Offer seminars and field demonstrations to update growers and industry stakeholders about relevant and critical industry issues, food safety, the CAC Decision Support Tools, research and cultural management practices

- Expand the reach of industry communications through CAC's grower website, *From the Grove*, and the *GreenSheet*
- Explore possibility of registering gibberellic acid for Special Local Needs
- Monitor water issues, explore federal actions that would improve agricultural water supplies, explore efficiency technologies and represent industry stakeholder interests related to water conservation and pricing
- Monitor regulatory, legislative and trade issues relevant to the industry and advocate on behalf of growers concerning food safety/regulation, immigration reform, APHIS/ARS funding for invasive species, conservation/water efficiency, free trade agreements and emerging and foreign market development
- Work to identify sustainable production practices for the California avocado industry
- Utilize Pine Tree Ranch for grower outreach and education field days
- Develop and improve CaliforniaAvocadoGrowersDST.com
- Attend seminars and join coalitions to broaden support and awareness for industry-wide initiatives and develop collaborative advocacy and research opportunities

Production Research

- Examine the extent, causes and symptoms of *Botryosphaeria* branch canker and dieback and anthracnose blight disease
- Conduct avocado micropropagation studies
- Develop rootstock breeding opportunities 🍷