

**CALIFORNIA AVOCADO COMMISSION
MARKETING COMMITTEE MINUTES
February 2, 2017**

A meeting of the Marketing Committee was held on Thursday, February 2, 2017 in Irvine, California with the following people in attendance:

MEMBERS PRESENT

Mike Angelo
Scott Bauwens
Robb Bertels
Gary Caloroso
Jessica Hunter
Doug Meyer
Peter Shore
Dana Thomas

MEMBERS ABSENT

Phil Henry
Bob Lucy
Andy Lyall
Ed McFadden
Jim Swoboda
Steve Taft

STAFF

Monica Arnett
April Aymami
Tom Bellamore
Zachary Benedict
Dave Cruz
Jan DeLyser
Angela Fraser
Ken Melban
Tim Spann
Connie Stukenberg

GUESTS

Dave Anderson
Carolyn Becker
Wayne Brydon
Candace Hollar
Kathleen Johnson
Peggy McCormick
Marji Morrow
Steven Muro
Laura Paden
Rick Shade
Lori Small
Rebecca Wojcicki

ITEM #1 ROLL CALL/QUORUM

The Marketing Committee (MC) meeting was called to order at 10:00 a.m. by Jan DeLyser, with a quorum present. Members, guests and staff introduced themselves.

ITEM #2 OPPORTUNITY FOR PUBLIC COMMENT

California Avocado Commission (CAC) chair Rick Shade made two requests of the MC. He noted that a major stumbling block for California Avocado growers to attain Global Food Safety Initiative (GFSI) certification is the availability of GAP-certified harvesting crews. He suggested that CAC help harvesting crews become certified by making it worth the while of labor contractors and their crews to attend education programs. Funding for this by CAC may be an issue considering the expected crop size.

Mr. Shade encouraged the MC members to get younger members of their teams involved in the industry, bring them to CAC meetings when it is possible to do so. He also challenged marketers and handlers to “wring every bit of value” out of this year’s smaller California crop to ensure a sustainable industry.

ITEM #3 CONSENT CALENDAR

Mr. Thomas made a motion to approved the consent calendar including the minutes of the June 8, 2016, July 13, 2016 and December 13, 2016 Marketing Committee meetings. The motion was seconded by Mr. Meyer and approved unanimously.

ITEM #4 DISCUSSION ITEMS

California Crop Projection, Timing and Sizing – Item 4.A.

Mr. Bellamore noted the 2015-16 production statistics by county and summarized industry input from well-attended crop meetings. The December CAC crop estimate projected 215 million pounds for this year's California Avocado crop. Based on the meetings the estimate looks to be 183 million pounds, higher than the more conservative discussions in the north of 160 million pounds. Mr. Thomas and Mr. Bauwens encouraged the MC to not act too aggressively on this forecast because it is still very early. Ms. Hunter said that there might be fewer units of fruit than previously forecasted, but tonnage may be higher because of larger sizes. Brydon and Aymami noted that often the earliest estimate (September) is the most accurate.

The Committee discussed timing. It was noted that groves will be difficult to get into due to recent rains, so harvesting will be later. Ms. DeLyser summarized recent handler meetings indicating season timing of mid-April to end of July (for the bulk of volume). Some advised it could be valuable to be able to start in March with select retailers. But others cautioned the wild card is how much fruit Mexico will already have commitments for and recommended not jumping into a committed market. The committee confirmed direction for CAC's merchandising and marketing programs to go account specific for March with regular media starting in April, and to push value/ emphasize the premiumness.

Import Crop Estimates, Timing and Sizing – Item 4.B.

Mr. Bertels noted there is not as much Mexican fruit coming to market as previously expected. An Avocados from Mexico newsletter projected average weeks in the low 30 million pounds per week range for the near future. Timing for Peru should be better known known after Fruit Logistica – current expectations are for late-May or early June for impactful volume levels.

Media Timing Review – Item 4.C.

Ms. Hollar recapped key learnings from 2016, objectives and strategies. Updates include starting in-season media April 3, optimizing Pandora to increase sponsored listening, timing of print gatefolds focusing on May focus and key theme months.

The in-store radio buy will be two times per hour and retailer specific. DeLyser reiterated the spots will air only in accounts where there is distribution of California Avocados.

The media team has secured outdoor locations for May and June and finalized negotiations with significant added value and some savings vs. the budget. The evaluation of MC suggestions from last meeting, including wild postings near the Hollywood Bowl were presented and after Committee input DeLyser concluded that and additional opportunities

will wait for flexible media once more is known about the crop.

Retail Marketing Director and Foodservice Team Updates – Item 4.D.

Mr. Bellamore asked Ms. McCormick what the experience was for foodservice customers when Mexican fruit supply slowed in the fall. She advised that some chains that pulled avocado items off their menus would bring it back, but some independents may not. Some chains are upset and want California Avocados as soon as possible, and CAC is evaluating promotion opportunities against the target criteria. Mr. Meyer commented that franchisees erred by pulling off avocados and encouraged corporate involvement to keep franchisees in the program.

Ms. Hunter asked about the customer vibe at the end of last year and Mr. Thomas asked about information on tiers. The need for referential pricing was discussed and Ms. DeLyser noted that for every transaction this year we must gear toward maximizing value.

Satisfaction Research Project Discussion – Item 4.E.

In response to requests during the last MC meeting, Ms. Morrow presented a summary of the HAB quality study and pricing question from the 2016 HAB tracking study. She queried the Committee regarding the request for proposal for research into consumer satisfaction with California Avocados. Committee members indicated agreement with using a credible independent research such as Deloitte, proceeding forward with June timing for consumer evaluations and including the trade surveys. They recommended not doing a pre-season test, and depending on cost of the proposal considering an additional competitive wave during peak season for Mexico in October or November. There was a question about extending the test outside of California, it will be explored but due to budget limitations this would probably be deferred.

Industry Updates– Item 4.F.

Mr. Bellamore advised that in two weeks the Board will meet for a one-and-one-half day session led by an outside facilitator to discuss the role of the Board and future direction of the Commission into the future. He asked for MC input on the political situation because CAC has been inundated with media calls. He advised that because there isn't clarity on changes from the new administration CAC's response for now is "no comment."

ADJOURN

Mr. Bertels made a motion for adjournment that was seconded by Mr. Caloroso and approved unanimously. With no further business to discuss, the meeting was adjourned at 11:47 a.m.

Submitted by:



Jan DeLyser, CAC Staff