

**CALIFORNIA AVOCADO COMMISSION
MARKETING COMMITTEE MINUTES
April 18, 2023**

A hybrid meeting of the Marketing Committee was held on Tuesday, April 18, 2023, with the following people participating:

**MEMBERS
PARTICIPATING**

Jennifer Anazawa
Gary Caloroso
Maureen Cottingham
Dave Fausset
Patrick Lucy
Andy Lyall
Carson McDaniel
Hayden McIntyre
Joe Nava
Peter Shore
Steve Taft
Debbie Willmann
Rob Grether (Ex Officio Member)

**MEMBERS NOT
PARTICIPATING**

Robert Jackson
Chris Varvel

CAC STAFF PARTICIPATING

April Aymami
Zac Benedict
David Cruz
Ken Melban
Jeff Oberman
Terry Splane

OFFICIALLY PRESENT

David Anderson (Anderson Food Sales and Marketing)
Carolyn Becker (CL Marketing)
Brittany Ferrant (Mediahub)
Candace Hollar (Mediahub)
Lauren Jacobson (Golin)
Kathleen Johnson (PJ/PR)
Lauren Kelley (MullenLowe)
Kim Kurata (Kurata Communications)
Marji Morrow (Rockwell Morrow)
Steven Muro (Fusion Marketing)
Laura Paden (PJ/PR)

GUESTS PRESENT

Gahl Crane
Brittany Ferrant
Robbie Granatelli
George Henderson
Cheryl Hoefs
Rachael Laenen
Jill Netzel
Doug O'Hara
Rigo Perez
Sarah Sackett
Matt Schraut
Chuck Samuelson

ITEM #1 ROLL CALL/QUORUM

The Marketing Committee web meeting was called to order at 10:02 a.m. by Chairman Gary Caloroso. A quorum was established.

ITEM #2 OPPORTUNITY FOR PUBLIC COMMENT

None.

ITEM #3 CONSENT CALENDAR

Mr. Fausset moved to approve the Consent Calendar that was comprised of the minutes from the December 15, 2022 meeting. Mr. Shore seconded the motion and it was unanimously approved.

(Fausset/Shore) MSC Unanimous

MOTION 23-04-18-1.

ITEM #4 DISCUSSION ITEMS

Chairman Caloroso's Welcome and Introductions – Item 4.A.

Mr. Caloroso welcomed the Committee and guests.

2023 California Crop Forecast – Item 4.B.

Ms. Aymami noted that the Committee packet included an update on crop timing based on the March 2023 forecast. During March it was projected that while harvest is slower than expected, the remaining volume would occur April through July. However, April is still considerably lower than projections. The crop volume forecast will be updated with information from the next survey and shared before the June CAC Board meeting. She asked for the Committee to provide input on expected timing for the season, noting that the for the first two weeks of April only 12 million pounds of California avocados were harvested so hitting the April forecast is unlikely.

Mr. Lucy now expects more fruit will go into August and September because of the weather delays plus the bloom is not yet out in the south so there is not an urgency to harvest in that region. In the north harvest timing is expected to be April through July, but some growers need more time and sunlight for sizing. Mr. O'Hara noted that the fruit can only be held on the trees for so long and he expects growers to be picking in the next couple of months even if prices aren't favorable.

It was asked if growers were waiting for size or some other reason to harvest, and It was noted that some growers may be hoping for better market conditions like what occurred in 2022, but those conditions were an aberration. There is grower concern that the California season is getting squeezed and they are frustrated with low returns. A grower noted that his handler wasn't willing to buy his fruit earlier in the season when he was ready to harvest, and another grower and a handler suggested he shop around for packers who are willing to purchase during the timing that works best for his crop.

Mr. Fausset noted that 2023 is a year like no other because of how much volume both Mexico and Peru have to get through. The industry is hoping for an uptick in demand for Cinco de Mayo. He noted the windows of May through July 4th and August-September as may be good for California with sizes 48/60/70. He noted concerns that after Independence Day retailers often reduce avocado sections to make room for seasonal produce like watermelons and corn and July could see considerable volume of imported avocados.

Mr. Oberman asked what the baseline volume is when CAC pushes the trigger for the marketing spend should start and Mr. Melban advised that it is usually 10 million pounds per week, because otherwise the Commission would be spending grower assessments when the majority of the crop in the marketplace is imported fruit.

2023 Import Crop Forecast – Item 4.C.

Avocado volume forecast in the U.S.:

- Mexico: There is expected to be some carryover of the current crop into June and an update on next year's estimate is not out yet; this is the second year of Jalisco volume, which is expected to drop off in June

- Peru: Although volume is expected to be similar to last year, it will be pushed later because market conditions and demand in Europe is attractive to Peru now. Also, rain is delaying development of dry matter in the north. It may be late May to June before they get going in the U.S. then they will likely be very active July-August

Retail and Foodservice Tiered-Account Updates – Item 4.D.

Mr. Splane noted that he and his team had been out in the field and noted advised that Ms. Fraser was not in attendance because she was representing CAC on a panel at the International Fresh Produce Association's women's conference. He introduced the Retail Marketing Directors to discuss the new partners the Commission is bringing on board. Subsequently he introduced CAC agencies to provide updates on their programs.

Mr. Anderson advised that retail activity has gone "from idle to high gear" very quickly. He shared spring promotion plans with Walmart with digital advertising starting in mid-May, The Fresh Market GEM sales contest and Reed digital support, as well as Target western region's first year that they have agreed to CAC Marketing program support, including display bins. Other new or re-acquired retailers include Lunds & Byerlys (variety promotions) and Associated Wholesale Grocers (late April "Web Blast"). Target customers include Publix, Hy-Vee, Costco, Whole Foods and HEB. Returning customer Kroger will have targeted digital coupons on California bagged avocados in 3 divisions: Fred Meyer, King Soopers and Ralphs.

Ms. Becker advised that retailers on the West Coast are very excited to transition to California soon. Some were not happy about sales declines they experience last year by transitioning to Peru. Bristol Farms has an online and printed "passport to savings" ad backed by in-store samplings April 5-May 30; Mollie Stone's will kick off with a Cinco de Mayo sales contest May; all 27 Gelson's stores will have demos May 4-7; Sprouts (a national retailer) stores in California will have custom "locally grown" California avocado signage as well as spotlight signage for Hass, GEM and Reed avocados with a sales contest to drive sales.

Ms. Paden summarized retail communications programs presented to nicer retailers to date. Mr. Splane noted that retailers see the value of the customized programs and grower content. Engaging with different departments with the retailers builds relationships and puts deeper tentacles with partners. Ms. Becker said that additional CAC funding for retail this year equals shopper marketing programs through coupons and ads on retailer websites, noting retailers are responding very well to footage/videos of growers. CAC is actively trying to get more custom POS at stores, samplings, recipes and more, and is ensuring some of the funds are reserved for August and September as needed for late-season volume.

Mr. Caloroso noted that CAC staff is doing an excellent job with the customer/handler/CAC Promotion Agreements and Mr. Oberman thanked Carolyn and Dave for letting him participate in some retailer meetings.

Mr. O'Hara asked if CAC has conducted taste tests on GEM (no formal consumer sensory work has been done) or if retailers have given any feedback on performance. He wants to make sure the quality/picking time of the GEMs is well informed so that consumers and

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retailers have a good experience with the variety. Ms. Becker stated that retailers are excited about having a “new kid on the block” in their top one or two categories in the produce department. It gives them something new to share with their shoppers. She noted that the spend on other varieties is small and Hass is part of all of the promotions.

Ms. Kurata shared that the foodservice tier 1 chain partners are ones who fit strategically with the California Avocados brand and are repeat partners from last season. Seven of nine have committed already this season, including Erik’s Delicafé, Wahoo’s Fish Taco, Buckhorn BBQ & Grill, Nordstrom Restaurants, The Flame Broiler, Del Taco, Mixt and Split. She noted that Del Taco’s team fought against corporate direction to use processed avocado in order to feature locally grown California Avocados.

New chain partner Mendocino Farms has 50 units and from May 1-June 16 they will feature National Salad Month (May) with California Avocados. Ms. Kurata noted that they loved California Avocado grower stories and that CAC has been pursuing them since 2017. In June, Norms will have a “Calicado Benedict” added to their menu, the result of a Commission menu ideation done last year. There also is strong interest from Robeks with locations in California, Arizona, Colorado and Ohio, as well as from Rubio’s, Super Duper Burgers, Ike’s Sandwiches and Denny’s.

Tier 2 chains include Ladle & Leaf, Chipotle (461 units in California with a geo-targeted social media campaign) and Gott’s Roadside. The foodservice team is talking to about 60 other chains. Ms. Kurata also shared information about foodservice events, advertising and PR.

Ms. Morrow shared information about trade public relations support and Mr. Muro summarized trade advertising plans as well as retail data and analysis, noting that results of a bagged avocado study will be available soon.

Mr. Grether asked what the consumer sees with foodservice promotions and Ms. Kurata advised that since the pandemic CAC only requires logo placement on their websites and social platforms as well as tagging us too. Mr. Oberman asked about the role of broadline distributors and noted CAC is working with the handlers about how to verify that the fruit is getting to participating operators during promotion periods.

2023 Media Schedule – Item 4.E.

Ms. Hollar reviewed the current media schedule, noting pre-season social was cut short due to delayed harvesting and the kickoff of “in-season” media was pushed to April 7. She shared media examples and noted that retail customized support tactics Waze and YouTube have strong traction with targeted customers. Mr. Splane asked if there were any questions or concerns about the timing and there were none.

Ms. Kelley shared high-impact outdoor examples and social media support. Ms. Ferrant discussed audio advertising as well as custom content with Food52, Tastemade and more.

Consumer Public Relations and Living Well Brand Advocates Plans – Item 4.F.

Ms. Jacobsen explained the season opener press release that occurred on April 12 to

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encourage consumers to seek out in-season California Avocados. Always-on earned media key timing includes California Avocado Month (June) and other culturally relevant moments. She shared brand advocates plans and noted that for California Avocado Month celebrity chef and Californian Brooke Williamson developed two recipes for a press release in late May. Her short rib recipe will be featured at the local restaurant Playa Provisions in June.

Ms. Johnson shared the Living Well Brand Advocates programs including themes, assets, dietitians and timing.

Mr. Grether requested that the team ensure that any promotion (retail and foodservice) will be driving enough value to growers. How do we know that the volume would not come anyway without the promotional spend? Value could mean driving volume/lift as well as premium. He asked that CAC evaluates promotional performance and if the spending is "worth it". Mr. Splane will follow up on this request.

Industry Updates – Item 4.G.

Mr. Melban announced that CAC annual meetings will be held May 8 in San Luis Obispo, May 9 in Ventura and May 10 in Temecula. Times, locations and more information is available on CaliforniaAvocadoGrowers.com.

ADJOURN

Mr. Caloroso adjourned the web/teleconference meeting at 12:01 p.m.

Submitted by:

A handwritten signature in black ink, appearing to read "Terry Splane", with a long horizontal flourish extending to the right.

Terry Splane



CALIFORNIA AVOCADO COMMISSION

AB 2720 Roll Call Vote Tally Summary

To be attached to the Meeting Minutes

Meeting Name: <i>California Avocado Commission Marketing Committee Meeting</i>	Meeting Location: <i>Hybrid In-Person – Irvine Online – Zoom</i>	Meeting Date: <i>April 18, 2023</i>
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Attendees Who Voted	<u>MOTION</u> <u>23-04-18-1</u>
Gary Caloroso	Yea
Peter Shore	Yea
Jennifer Anazawa	Not Present
Maureen Cottingham	Yea
Dave Fausset	Yea
Patrick Lucy	Yea
Andy Lyall	Yea
Carson McDaniel	Yea
Hayden McIntyre	Not Present
Joe Nava	Yea
Steve Taft	Yea
Debbie Willmann	Yea
<i>Outcome</i>	Unanimous