

**CALIFORNIA AVOCADO COMMISSION
MARKETING COMMITTEE MINUTES
December 13, 2016**

A meeting of the Marketing Committee was held on Tuesday, December 13, 2016 in Irvine, California with the following people in attendance:

MEMBERS PRESENT

Robb Bertels
Gary Caloroso
Phil Henry
Bob Lucy
Andy Lyall
Ed McFadden
Doug Meyer
Dana Thomas

STAFF

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

GUESTS

Mike Angelo
Wayne Brydon
Kristyn Dunlap
Candace Hollar
Marji Morrow
Steven Muro
Peter Shore
Lori Small
Temra Wald
Rebecca Wojcicki

MEMBERS ABSENT

Leesa Eichberger
Jamie Johnson
Jerome Stehly
Jim Swoboda
Steve Taft
Rob Wedin

ITEM #1 ROLL CALL/QUORUM

The Marketing Committee (MC) meeting was called to order at 10:05 a.m. by Committee Chairman, Bob Lucy, with a quorum present.

ITEM #2 OPPORTUNITY FOR PUBLIC COMMENT

None.

ITEM #3 DISCUSSION ITEMS

Ms. DeLyser noted that approval of Marketing Committee meeting minutes for June 8 and July 12, 2016 was not listed on the agenda, therefore action on the minutes will be deferred until the next MC meeting

California Crop Projection, Timing and Sizing – Item 3.A.

Mr. Bellamore showed the 2017 California crop harvest projection based on the handler survey, four-year average and comparison to 2016. Group discussion noted there have been some wind events but not much damage. While some good sizing may be available

early, harvest timing will depend on weather and market prices. Input from Mr. Wedin was read by Ms. DeLyser. The MC recommended sending the AMRIC handler forecast to HAB at this point and adjust as more information is known.

Ms. Aymami reported a final tally of 401.4 million pounds for California Avocados in fiscal year 2016-17.

Import Crop Estimates, Timing and Sizing – Item 3.B.

Mr. Lucy noted that Mexico's flora loca crop will be much smaller this year compared to last. Consensus was that Mexico's volume is not living up to their estimate with more small sizes and quality issues with a high percentage of #2s. The shortfall may be about 20%, approximately 400 MM lbs. The near-term forecast is for about 35 MM pounds per week from Mexico except for pre-Super Bowl with multiple 60 MM lb. weeks estimated in January to support anticipated retail promotions. There was speculation that a "Super Bowl hangover" could depress prices if the volume does not pull through the system. An APEAM press release said the crop was up, and there may be more large sizes released from Mexico in April, May and June. Mr. Meyer advised that Asia and Europe may also be pulling more of the crop. Jalisco is factored into the overall Mexico crop. There was some cautious optimism for higher foundational pricing as the California season begins.

The Peru crop volume is expected to be significantly higher than last year due to better weather, alternate cycle and more trees in the ground. Arrivals here could reach 130 MM pounds in 2017 up over 70 MM pounds shipped to the U.S. this year, if market pricing is strong. It was indicated that Fruit Logistica in Berlin in February is where Peru tends to put many of their deals in place, especially for the European market. There was a recommendation that growers get some California fruit into market before Peru comes in – which could be in May, earlier than usual.

Chile has taken advantage of the market opportunity in the U.S. this season sending more volume than in recent years. Retailers are reporting better quality on the Chilean fruit compared to the fruit from Mexico. Currently Chilean groves have a very large bloom, depending on market conditions volume could arrive here in the U.S. as early as September.

2016 California Avocado Tracking Study Presentation – Item 3.C.

Temra Wald presented the 2016 California Tracking Study results. Committee members asked questions about the definition of premium, inclusion of Peru in the consumer advertising evaluation and the rationale for "splitting the millennial group (adding the 18-24 age group). The value of including an evaluation of Mexico's Super Bowl ad was questioned, and Ms. DeLyser advised that CAC updates the survey annually and would like to keep it for at least one more year.

Mr. Thomas asked if we know where the respondents shop; Ms. DeLyser advised not through the tracking study research but that as part of the Tiered-Account program meetings with AMRIC handlers CAC is exploring opportunities regarding getting the information to answer this question.

2016 California Avocado Media Performance Update – Item 3D.

Mr. Benedict announced the avocado emoji arrival. Ms. Hollar presented the 2016 media campaign wrap up and 2017 media recommendation. Ms. DeLyser noted CAC will continue geo-targeting and geo-fencing for customer-specific opportunities throughout the season based on success this year. The Committee recommended shifting print and wild postings one month later to start in May. Mr. Lucy asked MullenLowe to investigate posters in high traffic concert areas (such as Hollywood Bowl and Coachella) and airports in California. The 2016 murals and cost/effectiveness of billboards versus wild postings was discussed. Mr. Meyer asked that Committee members receive locations of wild postings and copies of magazines with CAC print ads.

Asia Trip Report – Item 3.E.

Mr. Melban and Ms. DeLyser reported on their trip to Japan for Asia Fruit Congress and Asia Fruit Logistica in Hong Kong. CAC has been pursuing access to China since 2005 and in the last 2 years has seen progress, including grove visits by the Chinese this year. The trip was designed to learn about the markets and identify possible opportunities for the Commission to support export sales in Japan and other markets in Asia. Ms. DeLyser reported a lot of interest from China and Thailand and suggested that with a small crop in the coming year a targeted trial program with one customer might be a good option. Mr. Melban reported the latest from the AQSIQ and APHIS talks, noting that current politics could influence progress.

Satisfaction Research Input – Item 3.F.

Ms. Morrow queried the Committee regarding objectives and parameters for research into consumer satisfaction with California Avocados. Committee members indicated that the key use of the research would be with retailers as a selling tool for California Avocados, and hypothesized that the key determinant of consumer satisfaction is if an avocado looks good when it is cut open. Committee members indicated interest in additional research, including price sensitivity/elasticity and merchandising/supply chain best practices. Marketing will utilize the Committee input to guide the research project.

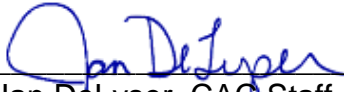
Other

The next Marketing Committee meeting is tentatively scheduled for February 2, 2017.

ADJOURN

With no further business to discuss, the meeting was adjourned at 12:38 p.m.

Submitted by:



Jan DeLyser, CAC Staff