

By Tim Linden

Market Should Improve As Season Progresses

With a huge amount of imported fruit in the market in January, the market price for the start of the California avocado season was not very strong, to say the least. However, handlers believe the market will improve as the season progresses and this still could be a good season for growers from the Golden State.

“Theoretically, we would have liked to have had an early start to this season,” said Rob Wedin, vice president of fresh sales and marketing for Calavo Growers Inc., speaking of the California crop. “However, the volume out of Mexico created pressure on the price and we haven’t had the rain we expected, so overall we have gotten off to a slow start.”

Speaking on the last day of February, Wedin said many retail customers do want to shift to California fruit, but the volume hasn’t been there yet. He noted that the shift was right around the corner and, combined with an expected drop in volume from Mexico, he pegged mid to late March as the time frame in which the California deal will garner a lot more retail support, and presumably command a better market price. Wedin said the early timing of Easter (March 27) should be advantageous to the market price as there is a significant gap between that holiday and the always avocado-centric Cinco de Mayo celebrations. He said volume from Mexico should begin to wane around Easter as retailers won’t feel the pressure of having to stock up again for the early May event.

As far as the length of the Cali-

fornia season, Wedin believes the fruit will be marketed through Labor Day because of the close to 400 million pounds expected to be harvested.

He is also anticipating less volume from Peru this summer. “We are not going to be bringing in Peruvian fruit at all this year,” he said, “as we expect to have 50 percent more volume from California. We are concentrating on fruit from North America to satisfy our customers.”

Gary Clevenger of Freska Produce/Harvest Time, who recently became the newest handler alternate on the California Avocado Commission (CAC) Board, echoed the comments of Wedin. “Right now we are only doing a little maintenance picking in California,” he said, “just taking the fruit that has to be picked.”

He guessed that by late March many retailers will switch to California fruit. “The price hasn’t been there so we haven’t had the volume. Hopefully, the switch will happen soon. Retailers don’t like to switch until they know there’s enough fruit. We’re just waiting to see what’s going to happen.”

Clevenger said in the early going most packers have been fairly conservative on pricing because of the large



volume from Mexico but that should start to change. “We’re the new kid on the block and just watching what everyone else is doing.”

Clevenger is excited about the new direction of CAC’s promotional effort. “From what I have seen it looks really good. It looks like we are going after the millennials, who are going to be the next big group to buy avocados.”

Robb Bertels, vice president of marketing for Mission Produce, is also on the CAC board and excited about the new creative direction of the group’s promotions. “I’ve seen the creative materials and there are some very impressive pieces for retailers,” he said.

Bertels said the key for California avocados to achieve the premium positioning and pricing that they seek is the retailer. “I like the new agency and the approach they are taking. It was time for a change. This new agency is really a big deal,” he said of their reputation in the advertising

industry. “I think they will take good care of the California program.”

Bertels specifically likes the grassroots effort that relies heavily on social media to spread the word.

Speaking of the crop itself, he is anticipating a very good year for California growers. “We had a grower barbecue in late January and I’d say everyone is pretty bullish about this year.”

Discussing the crop in late February, the Mission Produce executive anticipated that the light California volume in the five to six million pounds per week range that marked February would double by the end of March. He expects volume to peak in April and carry through July at a very strong level.

Dana Thomas, president of Index Fresh Inc. also is excited about this year’s California crop and how he expects it to play out. Speaking in early March, he said volume of California fruit “would increase throughout March, hit its stride in April and remain strong in May, June, July and August, before beginning to taper off in late August.”

He also anticipates a strong market during most of that marketing period. Thomas opined that the large volume of avocados brought into the United States during the fall and winter months increased the distribution channels and has created a very strong demand for the fruit. “This will become more apparent as we enter the spring and summer and (as a result) I expect to see improvement in the market.”

Like other packers, Index Fresh did pick, pack and market California fruit in January and February when the market price was not stellar. He supported the earlier start to the deal and said it happened for three distinct reasons: “We have a big crop, some growers are worried about the drought and wanted to avoid stressing their trees any more than they had to and there is also a general

shift toward early picking in an effort to smooth out the effects of the alternate bearing tendencies of avocados.”

Thomas said every year is different and growers and packers are confronted with a different set of circumstances that influence the market price. He believes the strategy involved remains valid despite this year’s lower early market.

But as the California season heats up, this longtime participant is excited about the new direction CAC has taken for its promotional activities. He said the grower-centric campaign of the past several years was very successful but he likes the concept of targeting millennials with a new campaign in an effort to increase consumption and advance the premium positioning strategy. He said using more digital advertising and social media interactions appears to be a great way to reach this important demographic.

In an effort to capitalize on the premium positioning for California fruit, Index Fresh has launched its own split branding strategy this season. Only California fruit will be packed in its Index Fresh label with its Avoterra brand being used for imported fruit. Thomas said this differentiation will be supported with trade advertising for each brand as Index markets the fruit. He said virtually all of the Index Fresh label will be marketed west of Denver and he does expect to get a premium for the fruit. Even in a large crop year like this one, Thomas said the demand for California fruit will outstrip the supply.

Harvest Time Purchased by Freska

Freska Produce International LLC, based in Oxnard, CA, and a leader in the mango business, acquired California avocado packer

Harvest Time Produce Inc., located in Oceanside, CA, late last year.

With the new California program to complement its existing Mexican avocado deal, Freska will now have a year-round avocado program to offer its customers. The firm has been importing Mexican avocados into the United States for the past three years.

Harvest Time Produce was formed in 1985, packing mostly Hass avocados from growers in San Diego County. As demand for avocados expanded, the firm began importing from Mexico and Chile in 2002 and installed a larger packing line and bagging equipment in 2010.

Clevenger noted that both he and partner Jesus “Chuy” Loza live in Ventura County and will be making a play for growers in the northern districts as well as the south. “We look at this as a tremendous opportunity,” he said. “We see avocados as a real complement to our mango business. The (retail) buyers for avocados are often the same people buying mangos.”

As the newest entrant in the California deal, Clevenger said Freska will be making an aggressive run at growers and make sure that its field price is very competitive.

Both Loza and Clevenger were involved in the avocado business in the 1990s before they formed their mango distribution company.

Clevenger said most of the avocados will be packed under the Freska label but the Harvest Time label also will be utilized. The avocados will be sold from the Freska office in Oxnard but the Harvest Time Produce name will continue to be used. He said the firm should harvest and pack eight to 12 million pounds of California avocados this season, though he observed that number could go higher because of the heavier set on many trees, and the company’s effort to attract new growers. 🥑