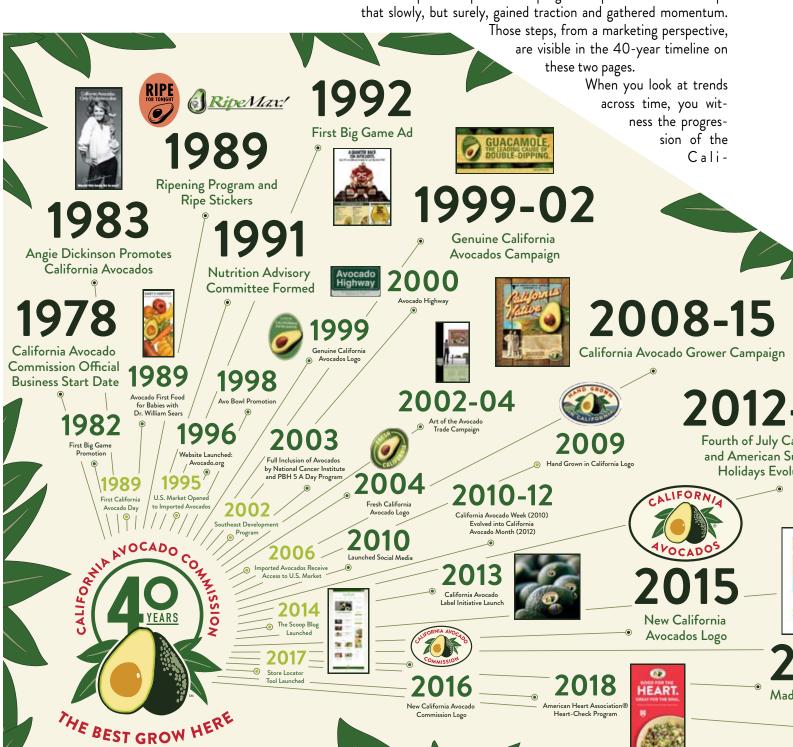
CAC 40th Anniversary

ooking back at the California Avocado Commission's (CAC) 40 years, it is easy to get caught up in the minutiae of each year — the push and pull of supply and demand, the swells and dips of the weather, the press of pests and diseases, and the unique timbre of that season's advertising and public relations campaigns. But what is more telling is the view from farther afield. When you view the broader timeline, the minute pinpoints of success and failure blend into larger swaths of coherent, intentional, proactive, well-planned and well-executed actions that plot an expansive and progressive path — measured steps that slowly, but surely, gained traction and gathered momentum.



fornia avocado from suspect appetizer (consumers believed guacamole was fattening) to a healthy fruit that is a versatile and much loved ingredient in any meal. You see Hass avocados skyrocket from 51 to 96 percent of volume in tandem with per capita U.S. avocado consumption that explodes by 344 percent from the 1990s to 2016. You discover that the Commission's daily market demand databases, consumer tracking studies, economic models and research-driven collection of scientific facts inform everything from maturity and quality standards, to harvest timing, pricing, agricultural water rates, legislative advocacy, integrated pest management, cultural management practices, marketing strategies, advertising, nutrition messaging, and targeting to the trade and consumers. And you watch the Commission wrestle with - and redefine - its place (and that of the California avocado) in the industry as it transitions from being the majority volume supplier to a premium niche player.

Harnessing Avocado Market Data

In 1978, optimism ran high as the newly minted Commission assumed general responsibility for and the authority to make final decisions concerning California avocado advertising, promotion and market research. The crop set a new record at nearly \$80 million, secured the second highest per acre gross returns for California fruits and celebrated a 7,000-acre in-

crease in avocado plantings. However, these formative years would bring mixed returns for growers in an era characterized primarily by an unfavorable "buyers' market" in which increasing avocado acreage, a surplus of handlers

and packers, the consolidation of retail chains, distribution challenges and supply that often

outpaced demand routinely provided weak grower returns (often in the 27 – 28 percent of retail range). In response, the Commission began working to find a means of securing accurate inventory information, f.o.b. price reports and precise crop estimates that would provide growers with the data they needed to time harvests, implement controlled picking and secure favorable pricing.

In 1984, the CAC-commissioned Land Report confirmed what many had been thinking: the high number of handlers and packers had contributed to the downward spiral in avocado prices. That same year, CAC launched the Avocado Marketing Research Information Center (AMRIC), providing industry members with essential daily market demand data.

Throughout the next dozen years, AMRIC underwent a series of updates that helped growers and handlers make informed decisions and improve harvest timing and market coordination. Improvements included the addition of major packers who reported prices, shipments and inventories; converting to an off-site operator for daily reports; improving accessibility to data by updating report formats, upgrading the system's speed and allowing remote personal computer access; and adding destination categories. At the same time, the Commission significantly improved its Avocado Crop Estimating (ACE) program. By 1990, ACE was within 3 percent of actual crop volume; by 1995, ACE reported 99 percent accuracy. ACE was even used to assess the impact of the 1990 freeze — proving its value in adjusting estimates based on major weather events. These early developments of both systems paved the way for the programs that continue to operate today and provide the industry with timely and relevant industry statistics.

AMRIC also provided key destination data and U.S. shipment trends -data that became critical to CAC in its marketing decisions. Beginning in the late 1980s, the Commission launched a series of initiatives built on AMRIC and Commission-funded market research data to define targets, measure success, support messaging and identify key partners in a concerted effort to build demand. In 1992, CAC commissioned the development of an economic model

> to measure the effect of economics, crop size and CAC's programs on the market price of California avocados. The model clearly illustrated that for every

> > to the grower. Data indi-

dollar spent by CAC, three dollars were returned cated





Distinctly Californian Campaign



Big Game "Add'

of California Campaign





Close to Perfect Thematic

the Commission's marketing efforts led to increases in demand — by 1996, 10 million more households purchased the fruit than the previous year and retail distribution of avocados reached 100 percent in high-consumption Western markets. In 2018 a five-year economic evaluation conducted by UC Davis concluded that "CAC promotions had a highly statistically significant positive impact on per capita consumption" and "a substantial return on California growers' expenditures to promote fresh avocados in the U.S." In addition, CAC has utilized independent research firms to study the effectiveness of its advertising, periodically conducting similar research to ensure advertising is on track with Commission objectives.

The Long Path from "Fattening" to "Healthy"

From its inception, CAC focused on overcoming negative nutrition concerns by promoting positive avocado nutrition news and facts. The effort was a mixture of art, science and focused outreach that began with 1983's Would This Body Lie to You? campaign featuring cultural icon Angie Dickinson, which was designed to overcome consumer beliefs that avocados are fattening.

In the mid-'80s and '90s, sustained efforts supported by CAC-funded research helped the Commission establish itself as a trusted resource for nutritional information. CAC's Nutrition Advisory Committee developed updated nutrition information for the FDA. CAC participated in Avocado Nutrition Advisory Board meetings, helped with California Avocado Media Bureau nutrition messaging, and partnered with the National 5-A-Day program, American Dietetic Association, City of Hope and more. In the public sphere, misconceptions about avocados were addressed with messaging that focused on their cholesterol-free status and a "Before and After" nutrition campaign.

In 1997, CAC's website became a potent megaphone for nutritional messaging — with a 258 percent increase in nutrition-related hits just one year after its launch. The Commission initiated complementary nutrition-focused media-outreach efforts, created a Healthy Times newsletter for nutritionists, showcased ads that addressed specific medical conditions and secured a "Nutrition Superstar" nod from the American Diabetes Association. As a result of this outreach, by 2002 62 percent of consumers reported purchasing avocados because they are "good for you." By 2003, California avocados were featured as a "good fat" in a TIME magazine cover story, firmly positioning the fruit for positive exposure by the time new dietary guidelines were released in 2005 recommending Americans replace "bad" trans and saturated fats with "good" monounsaturated fats like those found in avocados. CAC-funded research at Ohio State University and UCLA yielded additional USDA-approved nutrition messages, including avocados being designated as a "nutrient booster" and

a source of four additional carotenoids. As these nutritional wins piled up, CAC expanded partnerships with trusted nutritional advocates including registered dietitians, supermarket dietitians, and health and wellness bloggers to get the word to consumers.

Cognizant of the positive impact its groundbreaking nutrition-oriented research and messaging could have on the Hass avocado industry worldwide, around 2005 the Commission passed the nutrition research baton to the Hass Avocado Board (HAB), which then assumed responsibility for managing avocado nutrition research. Today, funding from all countries of avocado origin who market their fruit in the U.S. support HAB avocado nutrition research and initiatives that powerfully impact avocado nutrition messaging. Most recently, the FDA announced a new avocado serving size that then qualified avocados to be called healthy, and California avocados are Heart-Check certified by the American Heart Association®.

From Majority Share to Premium Niche, Tracing the Marketing Path

CAC's early years (1978-83) marked the start of its efforts to differentiate California avocados as a standout "premium" product by "cleaning up" the fruit and establishing quality and maturity standards. When research determined that oil content was a poor criterion for harvest maturity, CAC embarked on a three-year breakthrough research program, settling on the dry matter method in 1981. New efforts were initiated to repackage the fruit, which until 1983 was sent out in "drab tan cartons." The marketing team also identified a strong Western market with high consumption and a base willing to pay "nearly any price" for avocados — this target market would remain a critical base throughout CAC's 40 years.

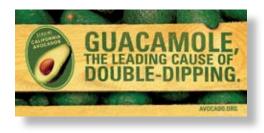
From 1984-1996, the Commission initiated a variety of efforts that laid the groundwork for future advertising, marketing and public relations campaigns.

- California avocado season. CAC developed promotional programs to focus on the specificity of the California avocado season football, Cinco de mayo, summer salads
- Defined users. Advertising campaigns were built around avocado "personalities" and the volume of avocados they consumed
- Versatility. The mid-'80s Beyond Guacamole campaign encouraged consumers to use avocados in other ways. CAC continued to expand its versatility messaging pairing it with a "California" brand image by 1996 using targeted TV and radio advertising in key markets and alliances with marquee California restaurants that promoted avocados as relevant and essential to everyday living

AD CAMPAIGN PROGRESSION

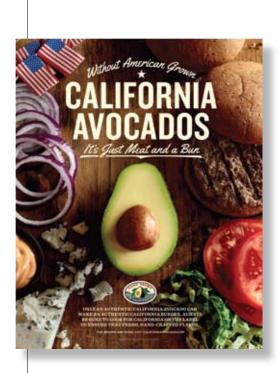
(Select Examples)

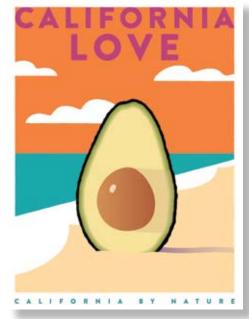














- Influencers. CAC launched the first of its baby-focused campaigns, partnering with Dr. William Sears, a well-known pediatrician. Identifying key influencers who could share accurate information with consumers became a vital part of the communications program
- Media relations. CAC developed a new approach to public relations by conducting annual editorial planning meetings with magazine editors, freelance writers and publishers in an effort to gain valuable, free editorial exposure. In 1985, CAC secured more than \$50,000 worth of free publicity; by 2005, CAC racked up five consecutive years in which avocado coverage exceeded one billion media impressions due to aggressive outreach efforts

In 1997, as the U.S. opened its doors to avocados from Chile, the Dominican Republic and Mexico, it became even more critical for the Commission to grow demand for the fruit in order to ensure that hard-earned grower returns didn't plummet in light of massive increases in supply. Thus began an era of fiercely competitive markets and markedly collaborative efforts to drive demand for the entire avocado category.

In 1998, CAC developed a joint radio campaign with the Chileans and three years later forged an alliance for a \$1 million generic avocado marketing investment to complement CAC's marketing. By 2000, the Hass Avocado Promotion Act — which authorized marketing assessments on all Hass avocados sold in the U.S. — was passed and CAC began strategically collaborating with importers to build year-round demand for the category.

To set itself apart from the competition, CAC also launched aggressive "Genuine California" campaigns — with stronger California branding than previously — focused on taste and the versatility of the fruit. The 1998 Avo Bowl campaign, a descendant of the first 1982 "Big Game" promotion, generated 67 million media impressions. By 2002, when the avocado category hit a then-record of 44 percent household penetration, CAC had elevated brand awareness in 78 percent of advertised markets and increased shipments in Southern development markets by 64 percent.

In the late '90s, information technology became increasingly important as advances in technology made it easier to distribute key information, correct misinformation and expand marketing. In 1997, CAC expanded its year-old consumer website and it quickly became a hub of information across the industry with a 74 percent uptick in web traffic.

In the early 2000s, the Commission developed campaigns to cultivate consumers' affinity for avocados and encourage them to enjoy their favorite fruit with any meal. The *Irresistible* campaign sought to make consumers *love* California avocados and by 2005, data indicated that almost half of all avocado consumers were now considered "heavy users".

During the last decade, CAC began to differentiate California avocados as a premium niche product in an increasingly crowded market suffused with imported fruit. Here is where decades of consumer tracking studies, measured assessment of retail and foodservice partners, persistent efforts to recalibrate nutrition messaging, proactive digital marketing, strategic media relations and partnerships with influencers paid off. Backed by years of data-informed insights, buttressed by collaborative relationships, emboldened by avocado demand and strengthened by a reputation for leadership, CAC's marketing team stepped up its premium California differentiation with a series of award-winning campaigns that often broke industry molds.

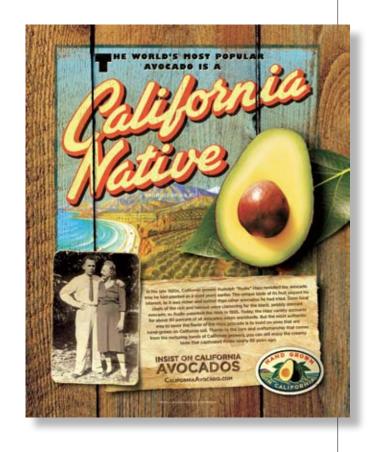
As more consumers began to express interest in knowing where their food came from, the Commission launched the California Avocado Grower Campaign with the Hand Grown in California thematic to connect consumers with farmers and the land. Executions initially focused on growers, then evolved to differentiate California avocados and their exclusive season. With avocado usage spanning all meals and snacks, and the growth of a robust foodie culture, CAC launched a Distinctly Californian campaign in 2015 communicating that a dish is not "California" without California avocados. Beginning in 2016, the Made of California campaign focused on California avocados as part of a California lifestyle, showcasing the fruit with iconic California landmarks and its proximity to market for local audiences.

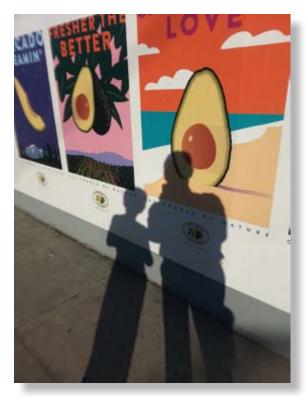
To supplement these campaigns, and showcase the seasonality of this uniquely American fruit, CAC introduced California Avocado Week (2010) and then expanded that to California Avocado Month (2012). In addition, CAC decided to "stake a claim" to the 4th of July in 2012 with the highly successful 4th of July campaign. This later evolved into the American Summer Holiday promotion, bookending a summer of California avocados with Memorial and Labor Day celebrations during the sweet spot of the California avocado season.

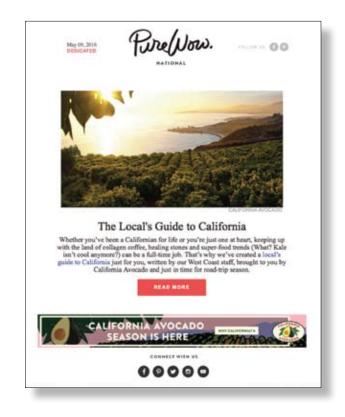
By the mid-2000s, the Commission began to transition its marketing dollars from traditional vehicles — print, radio, TV, outdoor — to non-traditional platforms — websites, foodie bloggers, consumer events, social media, digital radio, emails and social influencers. In 2010, CAC created Facebook, YouTube and Twitter accounts; in 2012 it added Instagram, and Pinterest in 2013. Integrated marketing campaigns that combined traditional and digital platforms resulted in record consumer engagement: by 2015, California Avocado Month alone secured 100 million impressions. Engagement with CAC grew exponentially as consumers flocked to the website for nutrition information, engaging blog posts, recipes and usage ideas, and shared their love of California avocados on their favorite social media channels.

CONSUMER MEDIA EVOLUTION









Driving Demand at Retail and Foodservice

As Hass avocados began to gain dominance (rising from 51 to 61 percent from 1978-83), the retail marketing team implemented the Ripe Fruit program in an effort to increase sales volume and meet year-round demand. The retail Ripe Program provided technical assistance, brochures, manuals, films, posters, seminars, merchandising assistance and instore "ripe" display kits to ensure quality fruit was on display.

Backed by data indicating that ripe avocados could increase sales by more than 30 percent, the Ripe Program became increasingly important. By 1988, CAC deemed it the "most important merchandising tool" as participation skyrocketed across the nation and expanded to Midwestern and Eastern regions. "Ripe for Tonight" stickers were sent to retailers beginning in 1989. By 1990, Ripe expanded to include wholesalers and foodservice, and in 1993 "Ripe on the Road" brought the message to key Texas markets in time for Cinco de Mayo. In 1996, RipeMax! was launched with promotional incentives shifted to handlers. As a result, the availability of ripe avocados was expanded to 90 percent of all stores stocking the fruit — a five-year high for the quality of fruit displayed at retail. As category competition and retail consolidation began increasing in 1997, CAC worked to further set itself apart as a high-value retail partner with category management programs, high-quality RipeMax! Displays, a new AvoInfo Planner and customized promotions with targeted accounts.

The development of targeted accounts began in the mid-'80s, when CAC created a database of retail chains by California avocado volume. In so doing, CAC learned that not all accounts are equal in their buying patterns and set out to develop customized promotion and merchandising programs for influential retailers who were selling the bulk of California fruit. With declining market share and the objective of maximizing grower return, in 2015 the Commission significantly increased its focus on targeted accounts with a tiered marketing program that secured extensive partnerships with "sweet spot" retailers and provided customized programs, planning, execution and performance tracking.

The Commission further integrated its tiered marketing program with its premium messaging by successfully launching its California avocado labeling initiative in 2014. By 2015, nearly 150 million California avocado labels were on fruit. To ensure consumers could easily find California avocados near them, it launched a digital store locator tool in 2017.

In the foodservice channel, the Commission pursued a three-pronged marketing approach of culinary education, menu development and seasonal promotions (limited time offers or LTOs). This work has helped marry the word "California" and avocados on menus to the point that now 70 percent of restaurant patrons in the U.S. think that if a dish on a menu includes "California" it will have avocados in it. (See the article

on page 44 for more information.) LTO promotions with a wide array of restaurant chains, many that are a good outlet for smaller size fruit, have been valuable for building California avocado sales and brand awareness in season as well as broadening consumer experiences with creative avocado usage.

The Power of Data and Science

In 1984, CAC established a new position — the vice president of industry affairs whose domain was AMRIC, industry communications, research and industry relations. This was a turning point that spurred the Commission's ascension as a powerful and trusted voice in the industry, backed by sound data and science that gave gravity to its advocacy, research and outreach.

In the mid-'80s, it became clear that imports were a likely eventuality. To prepare, CAC established a commanding presence at federal hearings armed with data and research to back its concerns about the risks pest infestations posed to the California avocado industry. CAC testified concerning Mexico's accession to General Agreement on Tariffs and Trade (GATT), helped reverse the California Department of Food and Agriculture's (CDFA) decision to allow Mexican avocados to be shipped through California on their way overseas, defeated Mexico's request to eliminate the 6 percent tariff, opposed transit of untreated Sharwil avocados from Hawaii to the U.S. mainland, inspected phytosanitary procedures in Hawaii, led the industry to protest the U.S. Department of Food and Agriculture's (USDA) proposed rule to allow imports of Mexican avocados and delayed the lifting of the USDA Mexican quarantine until 1997. CAC also proactively began monitoring international avocado acreage and yield data.

During North American Free Trade Agreement (NAFTA) negotiations, CAC representatives visited Washington, D.C. repeatedly to argue that scientific evidence should not be forgotten in the rush to sign the trade agreement. As part of the NAFTA negotiations, CAC successfully opposed entry of Mexican avocados to Alaska and succeeded in keeping the USDA quarantine against Mexican avocados out of NAFTA.

From 1984-1996, the Commission expanded its research partnerships with the University of California Riverside and began consulting with representatives of other avocado producing nations — South Africa, Mexico, Australia, Chile, Israel, France — to examine opportunities for joint research projects and data sharing. CAC initiated the RadarScan Issues Management Project (IMP) to identify issues early and respond in advance to industry-threatening issues such as pests, water pricing and supply, labeling or imports.

In an effort to share its research with growers CAC established the *Growing Times*, the *GreenSheet*, a 1-800 number for daily crop information and annual grower meetings. A Food Safety Crisis Response program also was established.

To address water availability and rising rates, CAC initiated a four-part strategy: establish an industry water team, utilize the expertise of legal counsel, establish an information database and mount a public relations campaign addressing the importance of agriculture and the economic impact high rates have on growers. This strategy created a relationship between CAC, the agricultural industry and the Metropolitan Water District, among others, that remains vital today. In 1994, CAC negotiated a historic water rate reduction — a critical first step in securing grower sustainability for the future.

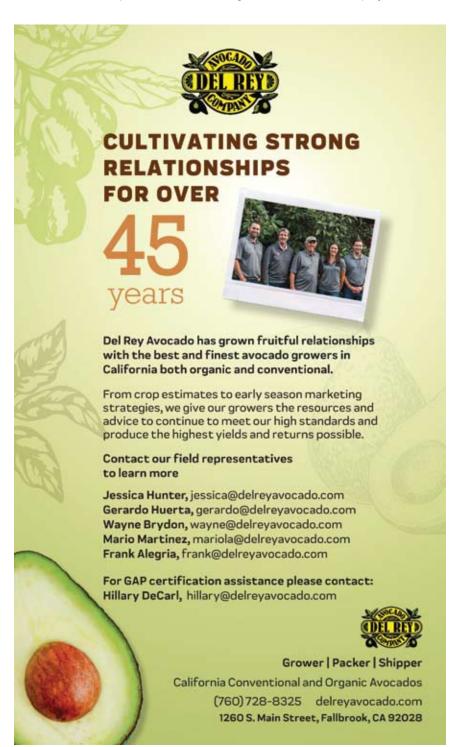
In light of increasing demand and prices in the '90s, avocado theft increased substantially. To combat theft, the Commission partnered with the CDFA's Avocado Inspection Committee and local law officials to establish an anti-theft and reward program, distribute anti-theft signs and remove stolen fruit from the market — initiatives that remain in place today.

By 1997, escalating grower costs reinforced CAC's mission to conduct production research to maximize long-term productivity and profitability. CAC research began to focus on projects that ensured growers could produce a differentiated premium product while collaboratively advancing cultural management practices for the industry as a whole. In the following years, the Commission secured permits for products to address avocado thrips, determined snap harvesting was equal to clipped fruit harvesting, hosted well-attended grower seminars, released a root rot resistant Merensky II rootstock, concluded a six-year persea mite study and reduced product shrinkage at retail.

Cognizant that Mexican imports to all areas of the U.S. would one day become the norm, CAC launched its Avocado Pest Security System in 1997 to monitor compliance with USDA import rules. For the next few years, CAC also provided scientific data to successfully challenge the USDA's proposed rule to expand Mexican imports and worked with the USDA to improve phytosanitary import standards.

Over the past 10 plus years, as the Commission launched its premium marketing campaign, industry affairs launched a multifaceted quality initiative to ensure California growers remained the "preeminent

suppliers of quality" fruit: implementing a 'Grower Communication Revolution," worked toward developing a California Sustainable Avocado Program, initiating Good Agricultural Practices and Good Handling Practices programs and incentives, joining forces with the International Avocado Research Consortium, hosting grower seminars and field day series, establishing the Pine Tree Ranch demonstration grove, implementing online Decision Support Tools, securing six-figure Specialty Crop Block grants, establishing a Grove Database System, commissioning innovative research projects to ad-

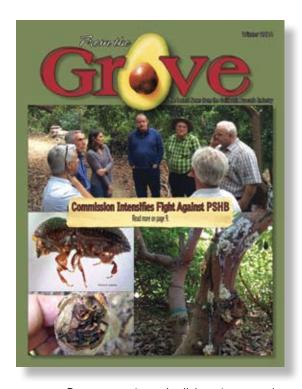


INDUSTRY AFFAIRS HIGHLIGHTS



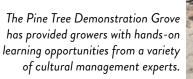
By establishing relationships with legislative members, the Commission has been able to successfully advocate on behalf of growers' more pressing concerns while demonstrating the value of agriculture to the state.





Due to proactive and collaborative research projects, robust communication and growers' diligent grove monitoring the threat of the polyphagous shot hole borer was substantiially minimized within five years.

A critical step in negotiating for trade access to China was informative grove and packing house tours where officials learned first hand about California growing, food safety and handling practices.





dress challenges presented by a changing climate, debuting From the Grove, examining pesticide resistance and evaluating research investments to ensure the projects yield actionable, practical grower tools.

Support networks established and refined over the last several decades came to fruition from 2003 to the present day as CAC demonstrated its ability to act quickly and decisively on behalf of its growers. Buffeted by years of proactive research practices, established partnerships with experts around the globe and digital tools that made it easy to disseminate critical information to growers, the Commission ably managed the arrival of the polyphagous shot hole borer (PSHB) pest-disease complex and substantially minimized the threat within five years. As record droughts impacted growers, CAC's established relationships with water districts, secured advantageous water rates (a noted \$300 million in grower savings in 2008) and helped launch conservation programs. Years of advocacy, grove tours and a routine presence in the halls of D.C. and Sacramento ensured legislators were open to hearing the concerns of growers as the Farm Bill, the Trans-Pacific Partnership and new immigration laws were prepared for review. Cognizant of the increasingly crowded U.S. market, CAC continued to forge relationships with foreign nations — China, Mexico, India and Thailand — to explore export opportunities that might provide profitable avenues.

Streamlined Restructuring and 40 Years of Experience Bode Well for the Future

Throughout its history, the Commission has realigned funding and structurally reorganized itself to be mindful of grower concerns, fiscally responsible, and efficient and effective in its actions. Reorganizations took place in fiscal years 1983-84, 1987-88, 2008-09 and 2015-16. The first reorganization put into place a much-need Industry Affairs sector during the Commission's fledgling years. The second restructuring, subsequent downsizing and move to Santa Ana allowed CAC to funnel resources where they were needed most — marketing. The third resulted in another significant downsizing, greater transparency, additional efficiencies and a long-term Vision 2020. The most recent restructuring, which streamlined board composition, also provided a financial break for smaller growers by redefining the definition of an assessment-paying "producer."

The combined forces of a nimble and fluid Commission, robust advocacy, industry leadership, growers committed to producing a premium avocado, proactive and collaborative research, staunch advocacy for California avocados' premium price, one-of-a-kind consumer engagement with the brand and award-winning marketing campaigns have led to some of the greatest gains in California avocado history. In fiscal year 2015-16, California avocado growers secured the third great-

LOGO PROGRESSION







est crop value in history; in fiscal year 2016-2017, growers garnered the highest ever, average price per pound for California avocados with CAC's help.

As long as the California avocado industry continues to build on the successes and lessons learned from the past, there's no reason to think we — the growers, researchers, handlers, board and staff members — can't weather any of the challenges before us. Here's to the next 40 years.