

Two Billion Pounds Forecast for 2015

If the predictions are accurate, U.S. consumers could purchase more than two billion pounds of avocados in 2015 with Mexico leading the way with a market share approaching 70 percent.

California is expected to chime in with about 320 million pounds followed by lesser volumes from Peru and Chile. Emiliano Escobedo, executive director of the Hass Avocado Board (HAB), believes that unprecedented volume of fruit will be absorbed by the marketplace in a very orderly fashion. “I was around in late 2005 when we were forecasting that in 2006 the United States would first reach one billion pounds,” he said. “There was a lot of discussion and even panic about how we were going to coordinate our efforts to be able to handle that volume. Today no one is panicking.”

Escobedo said the U.S. and international avocado industry deserve great credit for launching the Hass Avocado Board more than a decade ago and creating the funding mechanism that has allowed the industry to enjoy phenomenal growth. Doubling consumption in the United States in the last eight years is truly amazing.

While the two billion pound threshold could be daunting, the HAB executive said it will be accompanied



by a \$50 million industry-wide promotion budget. That level of promotion will be immediately evident early in the year as Avocados from Mexico will be airing an avocado commercial during the Big Game telecast. It is a tremendous opportunity but also a tremendous responsibility, said Escobedo. He added that the cost is very high and the folks in charge of producing that commercial have got to get it right. While the commercial will undoubtedly focus on avocados south of the border, Escobedo said it can be a great boost for the entire

industry. And this year, California is expected to be marketing some avocados prior to Big Game with the volume increasing shortly thereafter.

For HAB budgeting purposes, the board has estimated 1.95 billion pounds for this year, but the estimate for that purpose is always on the conservative side. Escobedo said that number predicts 1.34 billion pounds from Mexico, 320 million pounds from California, 230 million from Peru and only about 70 million pounds from Chile. Some are estimating California's crop as high as 340 million

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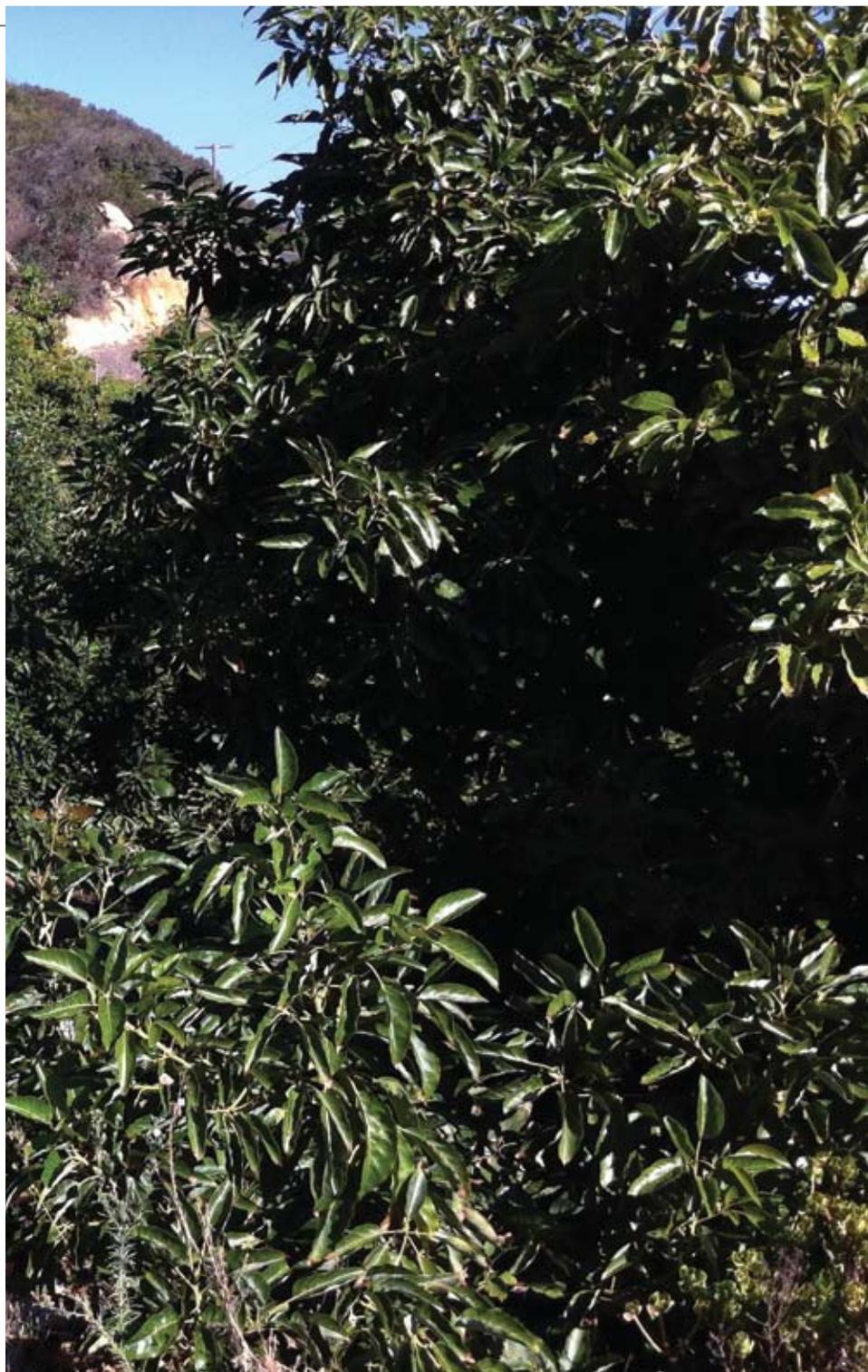
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pounds and Escobedo said Peru could be anywhere from 200 million to 280 million, which, in either extreme, is significantly greater than the 141 million pounds that came into the States from that South American country in 2014. Chile is also an unknown factor. Escobedo said Chile has a good crop this year but it has a very strong domestic market as well as solid marketing opportunities in Europe. He said Chilean avocado exporters are going to be opportunistic marketers when it comes to the United States. If it's a good market, they will ship their fruit here; otherwise it will go elsewhere.

Despite the huge volume increase in exports to the United States over the past decade, Escobedo remains very optimistic about the future. He said avocado consumption throughout the world is on an upward trajectory and the marketing of the fruit is a global phenomenon. Chile consumes about 15 pounds per capita while Mexico has been as high as 20 pounds per person before higher retail prices caused that number to fall a bit. He said at even two billion pounds of consumption in 2015, the per capita number in the United States is only at six pounds per person. Looking forward it is not a stretch to believe U.S. consumption can rise to 10 pounds per person, and both Asia and Europe are also seeing significant increases.

Escobedo believes global demand will keep up with increasing supply. He notes that Jalisco and other Mexican states are looking for access to the U.S. market, but he said the amount of new avocados from Michoacán that have gained certification granting U.S. access in the last two years is more than what Jalisco can provide. So he does not believe there should be fear of increased volume because the global market continues to absorb it.

That theory was seconded by Rob Wedin, vice president of sales



and marketing for Calavo Growers Inc., Santa Paula, CA, who said that while total volume consumed in the United States increased 5 percent from 2013 to 2014, the market price increased 13 percent. Using simple economic calculations with those two numbers reveals that demand is outstripping supply.

The sky might not be the limit but factoring in a continued increase in U.S. consumption at the same level as the last several years, demand for three billion pounds of avocados is not that far off. As amazing as the last eight years have been, it certainly won't take another eight years to get to that level. 🥑