



STRATEGIC OVERVIEW & HAB ASSESSMENT CONSIDERATIONS

October 30, 2024

Ken Melban, Vice President
Industry Affairs & Operations





- Serving California's nearly 1,750 commercial avocado growers
- 50,000+ planted acres
- Ten-year average annual production 295.5 million pounds
- Marketing and promotional support
- Advocacy: water, labor, pest protection, trade, etc.
- Research and grower outreach
- Grower funded check-off program (CAC & HAB assessments)
- \$12 million annual budget (average)
- Typical season spring through summer
- 20-member board of directors, based in Irvine
- 8-member staff



CAC ORGANIZATION CHART



ORGANIZATION CHART



JASON COLE
CHAIRPERSON

BOARD OF DIRECTORS



TERRY
SPLANE

VICE PRESIDENT
OF MARKETING



KEN
MELBAN

VICE PRESIDENT OF
INDUSTRY AFFAIRS AND
OPERATIONS

INDUSTRY
AFFAIRS AND
OPERATIONS

MARKETING



DAVID CRUZ
BUSINESS DEVELOPMENT
DIRECTOR

TRADE



ZACHARY BENEDICT
DIRECTOR OF MARKETING

CONSUMER



LORI SMALL
MARKETING MANAGER



APRIL AYMAMI
DIRECTOR OF INDUSTRY
AFFAIRS AND OPERATIONS



STACIA KIERULFF
HUMAN RESOURCE
MANAGER



CRISTINA WEDE
OFFICE MANAGER



VISION

To be recognized as the most-desired avocado in the world by fostering a vibrant industry.

MISSION

To maximize grower returns by enhancing premium brand positioning for California avocados and improving grower sustainability.



Key Marketing Goals

- Stimulate demand for California Avocados in season
- Enhance premium brand positioning for California Avocados
- Increase awareness of California Avocados and CAC programs

Key Industry Goals

- Maintain grower competitiveness
- Safeguard grower economic interests
- Keep growers informed and engaged
- Ensure organizational integrity and stability



CAC PRIORITIES

CAC Priority No. 1

Position California Avocados to be the most-valued and desired avocados among targeted audiences*

(targeted consumers, retailers, foodservice operators, wholesalers)

CAC Priority No. 2

Advocate for, and engage with, the industry

CAC Priority No. 3

Support industry strategy through research and outreach

CAC Priority No. 4

Cultivate organizational excellence / Demonstrate effective use of resources



MARKETING OBJECTIVES

Priority 1: Position California Avocados to be the most valued and desired avocados among targeted audiences* (targeted consumers, retailers, foodservice operators, wholesalers)

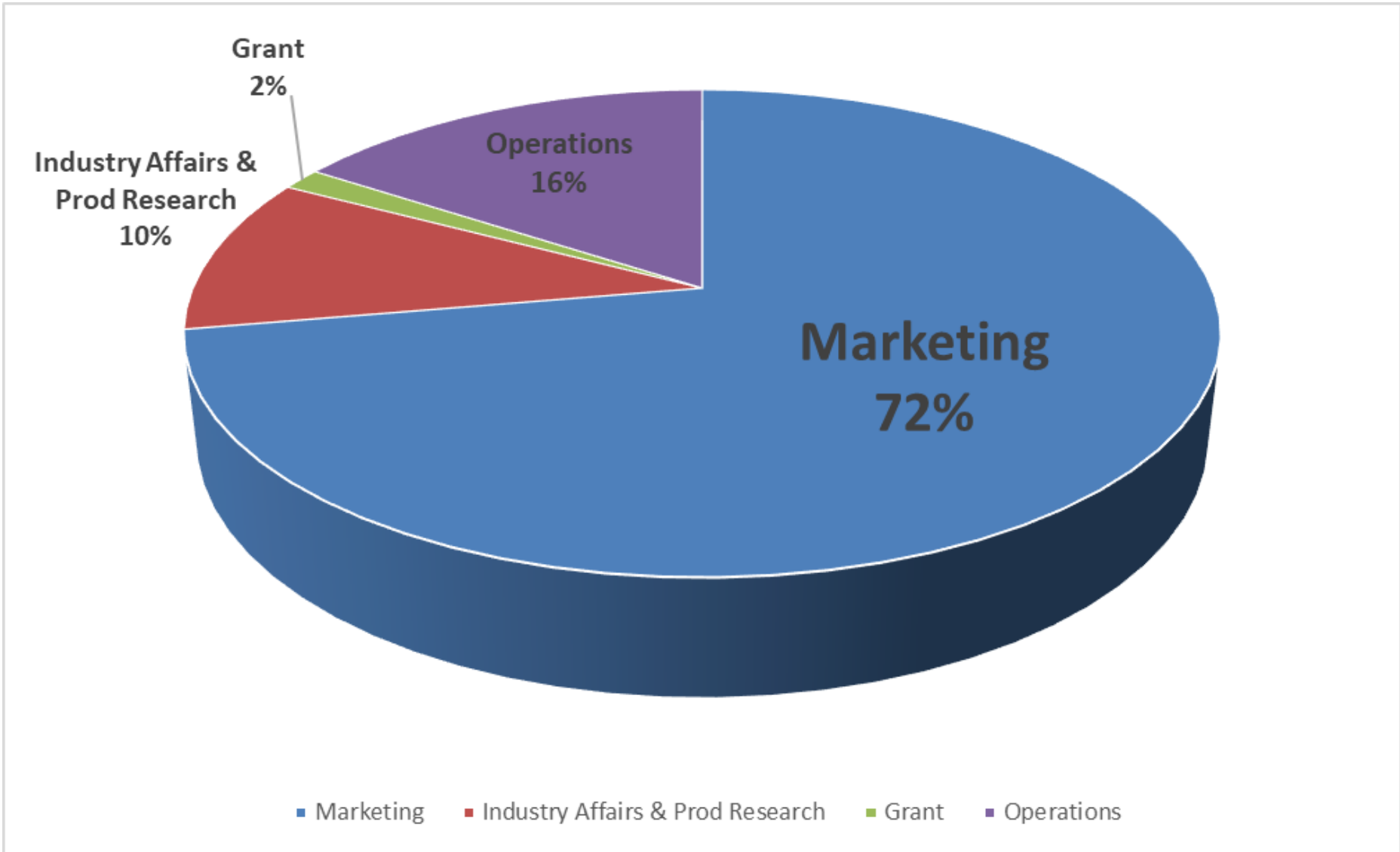
Objective: Achieve a premium average price per pound that meets or exceeds the four-year historical F.O.B. price differential between California Avocados and imports

Objective: Maintain California Avocado awareness with our consumer targets

Objective: Build loyalty with existing customers and target new trade customers



Majority of the Commission's Budget goes to Marketing



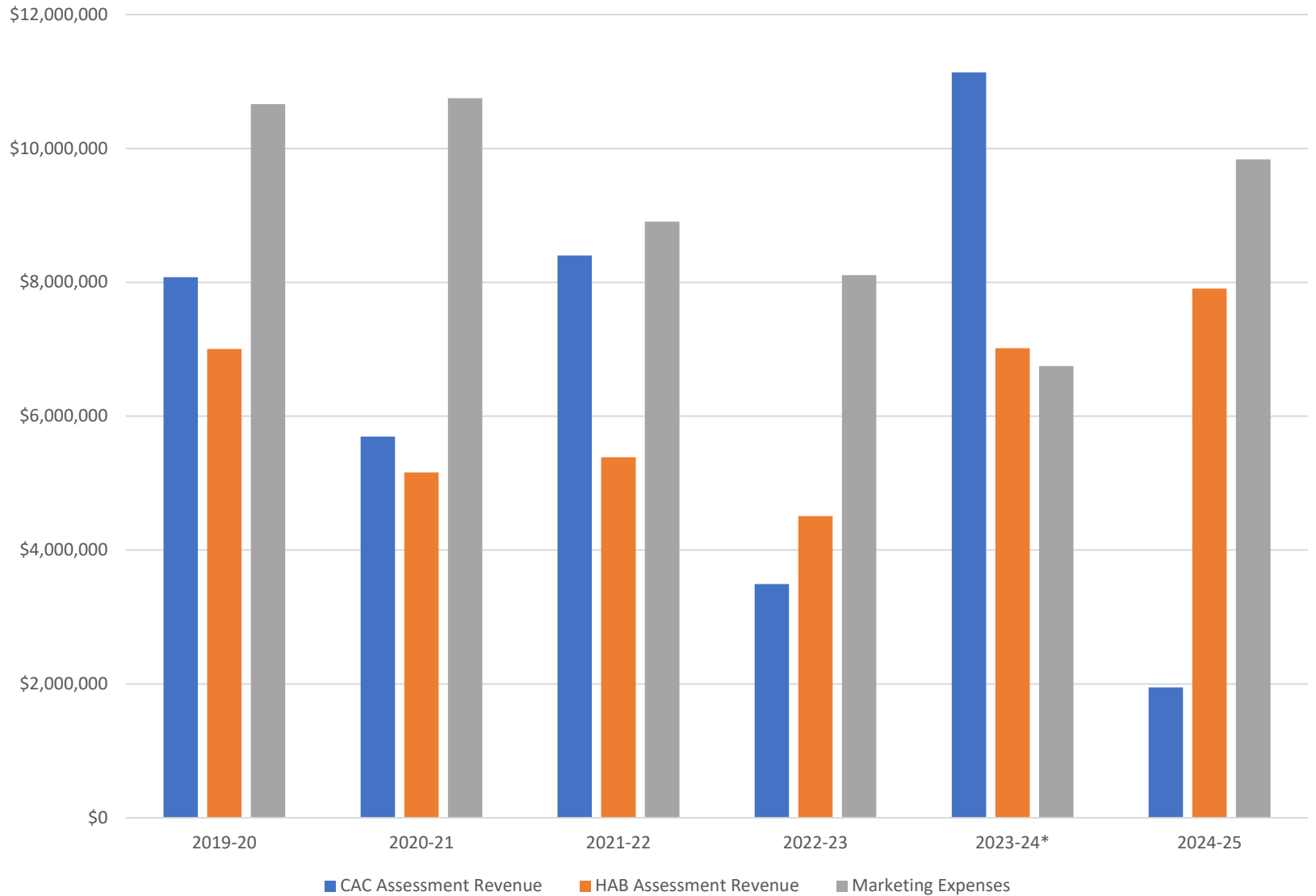


CAC ASSESSMENT RATE STRUCTURE

- 2024-25: changed to flat assmt. rate (previously percent of value)
- Flat rate provides budget stability for growers and CAC
- Target Range: \$0.01 to \$0.025 per lb.
- HAB assmt. \$0.025 per lb.
- Target Result: \$0.035 to \$0.05 per lb. combined CAC/HAB assmt.
- 2024-25 CAC assmt. \$0.005 plus HAB \$0.025 = \$0.03 per pound

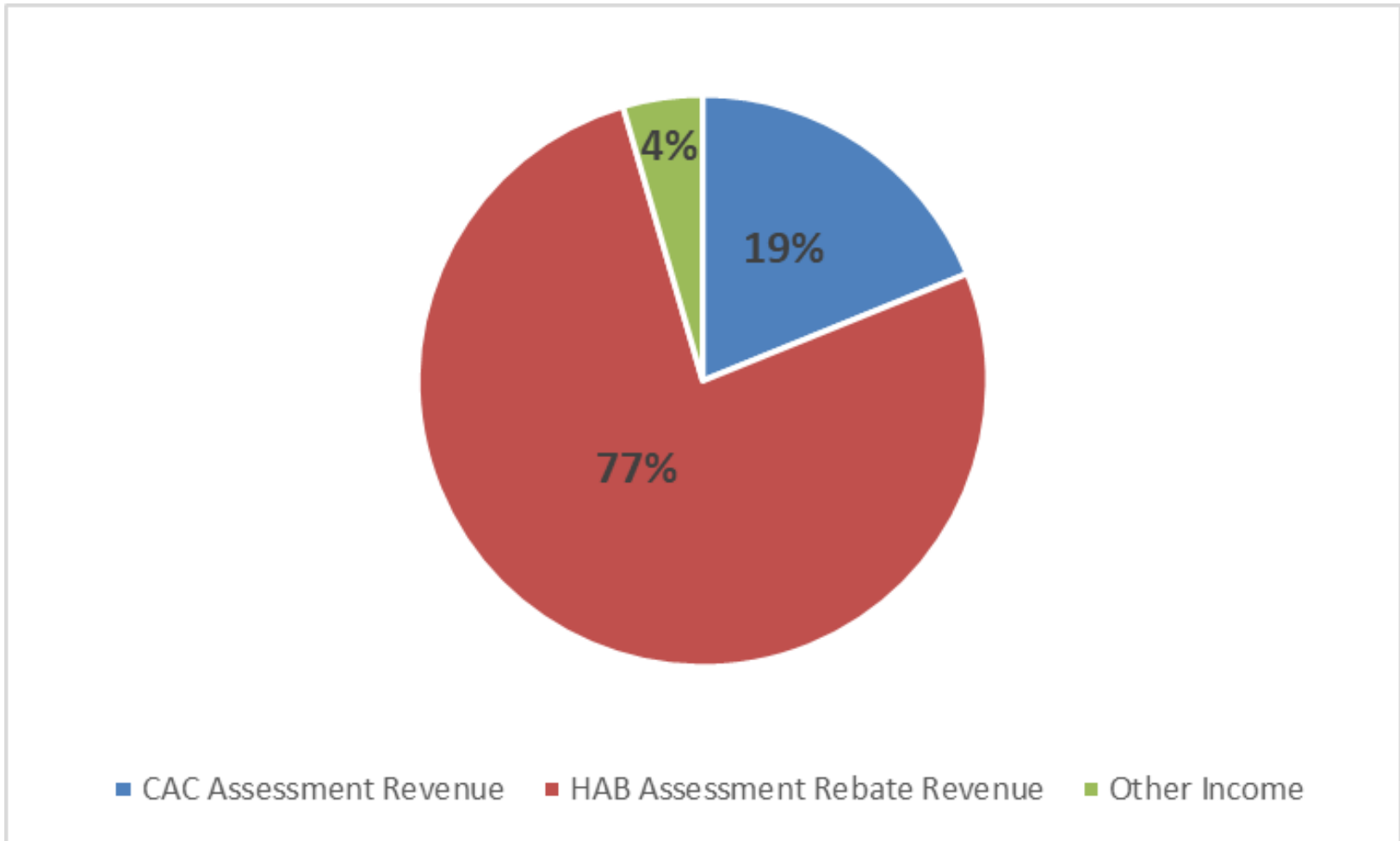


ASSESSMENTS VS. MARKETING SPEND





Commission funding (2024-25 revenue sources)





STRENGTHS & WEAKNESSES

Competitive Advantages

- Locally grown and sustainably farmed by California farmers
- Proximity to market (freshest, picked at the peak of the season)
- Consistency in taste and premium eating quality
- Limited availability

HAB Assessment

- Provides set per pound marketing spend for California fruit

Competitive Disadvantages

- Cost to farm in California (e.g. land, water, labor, regulations, etc.)
- California's volume of U.S. market share about 10%



OPPORTUNITIES & THREATS

Current HAB Assessment

- Mandatory \$0.025 marketing spend behind EVERY avocado in U.S. market
- Maintain/Build U.S. demand?

Reduced HAB Assessment

- How would it impact current demand/building demand?

Increased HAB Assessment

- Would it build additional demand?
- Will need to increase financial burden on California growers to maintain CAC's non-marketing funding (advocacy, research)

Additional thoughts...

- Increasing U.S. supply (more countries wanting market access)
- Flatlining U.S. demand
- Inflation: has spending value of HAB \$0.025 assessment diminished, resulting in less demand increase?
- Tiered assessment rate? (new countries pay more for first 5 years)

QUESTIONS

THANK YOU!

