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The Outlook for Avocados

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The beginning of a new season is an appropriate time to discuss the outlook for avocados. To the grower, looking into the future, this means, "How much money—how many dollars per acre—can I expect to receive for my avocados in years ahead?" How does it look? Of course, there is no answer for each individual grower. All enterprises or businesses have unpredictable and unavoidable risks. So, necessarily, this discussion will be on an industry basis. Even then the picture will be incomplete, to some extent, because some data on the factors we will consider are missing.

OUTLOOK MUST CONSIDER

The outlook for avocados must consider two sets of factors:

1. Factors outside the California avocado industry.
2. Factors within the California avocado industry.

First, we will consider the external factors. As growers, we have no influence over these factors, and yet they have a very direct bearing on avocado income. Therefore they must be recognized, even though growers, as an industry, exercise no control over them.

FACTORS OUTSIDE THE CALIFORNIA AVOCADO INDUSTRY

First in importance is our

(a) National Economic Condition in Years Ahead.

It is impossible to make any safe prediction as to the national economic conditions in the future; the most we can do is to assume. In marketing our avocados we are, of necessity, dependent upon purchasing power. **Purchasing power** depends upon the "degree of prosperity" within our country. Without a fair degree of national prosperity, consumers purchase first the basic necessities of life (food, shelter and apparel); whatever is left over of their budget is expended for other articles, in which classification avocados fall. Among the necessities of today we find a new item—"defense taxes." We cannot, at this time, fully appreciate the extent of this statement but, undoubtedly, these taxes will take a big bite out of our national income for years to come. Uncle Sam will have these taxes first, irrespective of whether we have the immediate necessities of a livelihood. Another significant "question mark" before us during these confused times is

the issue of **war or peace. Which will it be?** In either case, our national economy will be affected.

Another factor confronted every day in marketing our crop is:

(b) Supplies and Prices of Competitive Fruits and Vegetables.

These are important factors which are most always mentioned, and rightly so, in a discussion of this nature. How many of us realize the direct bearing that competitive fruits have on the consumer when he is making his purchases of these specialty items? We have it before us every day and, particularly so, in our large super-markets. There are displayed, to the very best advantage, the many fruit specialty items, selling at various prices tending to make Mrs. Housewife more price-conscious. As an example of what our established food industries are doing, we find that last year the meat industry spent two million dollars in a consumer educational program. Recently, the poultry, butter and egg producers have announced a million-dollar program of the same nature. When these producers find it necessary to develop further consumer demand for their products, which are known to everyone and are considered necessities, what effect does this have on avocados—a product relatively unknown in many sections of the country? All agricultural commodities today are in keen competition with each other, striving for their share of the human stomach, and we, as avocado growers, should be likewise alert to this trend.

The export market for American fruits, in particular, deciduous and citrus fruits, has been closed by the European wars. Obviously, this forces the sale of a greater proportion of these crops in our domestic markets at relatively lower prices.

When the general price level of competitive crops is low, growers of these crops naturally endeavor to increase per acre production in order that they may spread their costs over more units. Hence we find most all of our specialty crops increasing in production even though burdensome surpluses exist.

And, too, we find definite inroads in the food field being made by frozen foods. Now we have exclusive jobbers and wholesalers in this business, and you will find supplies of these foods in many retail stores. Such items as strawberries, asparagus and other salad items directly in competition with avocados used to be seasonal but are now available the year round in the form of frozen food.

Also among our competitive supplies are imports from Cuba. They directly affect California avocado income, for they preclude the sale of our fruit in eastern markets at certain seasons. These imports seem to be about constant each year and this fruit comes in duty free. During the past season, "sea trains," a rather new scheme of marketing Cuban avocados, was extended to include Houston. Cuban fruit was loaded in refrigerated railroad cars which, in turn, were transported by water from Cuba to Houston and other gulf ports. There, huge cranes lifted the cars onto tracks where they were directed toward our consuming centers. Apparently there is little likelihood of any immediate change in our Reciprocal Trade policy which would reduce this Cuban competition. If there is, smaller industries are not likely to secure first consideration. Certainly, "hemisphere goodwill—Pan-Americanism," is a major cause at this time. Under this policy we can expect increased imports from other American republics which

are primarily agricultural.

Then, again, Florida provides direct competition for us. Production in Florida is not decreasing, and Florida avocados are becoming more competitive with our California fruit due to the Guatemalan plantings, which have extended their marketing period further into the spring and early summer months. The freeze has evidently not set Florida production back except for this season.

FACTORS WITHIN THE CALIFORNIA AVOCADO INDUSTRY

(a) Production.

Of course, during each year, production is influenced by weather conditions—winds, rain, or a possible freeze. However, providing improved cultural practices are followed, growers can influence the size of their crop.

Greater avocado yield per acre is essential. A more uniform yield each year will tend to reduce production costs—meaning more money to the grower—and, likewise, greater continuity of supply. This will aid in marketing your fruit to better advantage. With our alternating yield, plus imports, it is necessary in parts of this country to reintroduce to the trade and consumers each year, California avocados.

(b) Sales Promotional Effort on Avocados.

The most effective method of marketing avocados is through dealer education and consumer persuasion. Only producers—those most directly interested—can do this job properly. Selling the crop on a day-to-day basis—in other words, letting the other fellow do the worrying—falls far short of our industry's needs. Substantial market building means planning the sale of the entire production in an orderly, efficient manner, supported by adequate advertising, dealer service and other sales promotional efforts. Such planning on an industry basis calls for the necessary "following through to completion"—that is, "taking our fruit from grower to consumer as directly as possible." Our avocados are not sold until the consumer buys them, eats them and likes them. This necessitates standard packs with eye appeal, and of uniform quality. Market research today indicates that "impulse buying" is typical of today's housewife. Oftentimes does she purchase food items not on her shopping list because they are attractively displayed and advertised at the market.

Referring back to our production chart, estimating expected increased production during the next eight years, we must of necessity have increased consumption in distant markets to absorb this increase. In discussing the possibilities of expanding future markets we might refer to our past records.

“Per Capita Consumption”-Based on Sales of Calavo Growers’ Packs:

		Pounds Per Capita 1934-35	Pounds Per Capita 1938-39	
East Coast	Washington, D. C.	.25	.53	
	Boston	.12	.24	2x
	New York City	.07	.10	
Middle West	Kansas City	.14	.24	
	Chicago	.13	.17	
	Detroit	.09	.16	2x
Southwest	San Antonio	.81	2.14	
	Dallas	.40	1.16	2½x
Northwest	Portland	.64	2.11	3x
California	Oakland	3.55	4.43	
	San Jose	3.87	7.23	
	Los Angeles	2.25	2.52	

Conclusion

We find, from the foregoing figures, a trend in market development which is encouraging. We must bear in mind that the avocado industry was developed commercially during the depression years. Considering the uncertainties of these years, I submit that a splendid job has been done in introducing a new commodity. Certainly the confidence of the pioneer growers in developing avocados into a commercial industry has been justified. We should have every confidence that we can further build a sounder and more substantial industry in the future. The signs ahead are hopeful, provided we continue to improve productivity and more effectively carry out the activities started in the early years of the industry. With a large part of our consuming public yet to be introduced to avocados, we can expect a continued increase in per capita consumption which will keep abreast of production. This is an educational job which can be done by the industry, and "the industry alone." In looking forward with confidence to the future, our greatest assurance of realizing a reasonable return on our investment is for our industry, as a whole, to attack and solve the problems which confront us.

Let's not forget our comparable position with other agricultural industries—it is "unique"—we are not burdened with surplus production and consequent regulatory marketing agreements. Hence, our entire time and effort can be devoted to the further development of more consumers. To be successful in our future, we must have vibrant industry spirit, industry tolerance and industry respect for each other's opinion. More than ever can we profit by the pooling of thoughts, as well as effort.