

THE ROLE OF THE INDEPENDENT PACKER IN THE AVOCADO INDUSTRY

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What is the role of the independent packer or cash buyer in the avocado industry? That is one of the many questions every grower must understand when he considers how to market his fruit.

Unfortunately, the answer is not an easy one since there are so many types and sizes of independent packers and cash buyers. There are small operators who buy the fruit and then consign it at the nearest terminal market. There are medium size packers who make an occasional chain store sale and consign the balance of the fruit.

Finally, there are well established, independent packers who pack a large quantity of fruit and distribute on a nationwide basis. Unlike the small operations which sometimes close during lean months, the major independents operate year round.

While the various types of cash buyers cause some confusion, the situation works to the advantage of the grower. Because this type of buyer competes with other packers for the fruit, each must offer the best possible prices and services. In most cases the grower who sells through independents is not tied to a long term marketing contract and therefore may switch packers if he fails to get a good price or adequate service.

Once he selects an independent packer, the marketing problem is a simple matter for the grower. After looking over the grove, the cash buyer and grower negotiate a fixed price for the fruit. The fruit is bought on a field run basis, with no deductions for off sizes or off grades. Since the fruit is weighed the day it is packed, the grower loses no weight through shrinkage and he knows before he sells, exactly what he will receive.

In the consignment and co-op methods of marketing fruit, of course, the grower does not immediately know what price he will finally receive for his fruit.

More important perhaps is the fast payment offered by the cash buyer. Once the fruit is weighed, it becomes the property of the packer and payment is almost immediate.

Also, the system places the burden of marketing the fruit entirely upon the buyer. Since the fruit belongs to the buyer, he must assume all risks involved in shipping and in market fluctuations. If a car of fruit is too ripe when it arrives at the market, the packer, not the grower, takes the loss. In the case of a co-op, of course, the growers share equally with other members in any such loss. The same is true of any loss due to price fluctuations. The grower is completely protected from loss after the price is set by a cash buyer.

These advantages are significant to every grower, but at one time many of the larger

grove owners were doubtful that the independent packers would be able to handle and sell all the fruit available in a large crop year. In 1955 the independent packers had the opportunity to test that doubt. When the big crop finally came that year, the independent buyers proved they could handle the volume and still be competitive.

As for the grower services, the independents, because of competition, have actually led the industry. They recognized the problems created by the fact that small growers had to pick their own fruit, a difficult task for a young man and a truly dangerous occupation for the many middle aged men in the industry.

Large growers had the problem of recruiting, training and housing crews. Direct hiring also involved the time and cost of timekeeping, payroll, tax deductions and record keeping.

To save growers these problems, the independent buyers were first to offer trained picking crews at cost to the grove owners.

In addition, most independent packers haul boxes from the packing house to the grove site without charge. Other services offered at no cost usually include maturity testing and use of picking equipment such as picking sacks, picking poles, and extension ladders.

Several independents have recently offered orchard care and maintenance service on a non-profit basis. In many cases this professional service can improve production through proper irrigation and fertilization. The advantage of such a program is obvious to absentee growers, but can also prove valuable to growers who live on the property. In many cases they can devote more time to their other businesses while lower paid but equally well qualified men do the irrigation and ranch chores.

The large percentage of fruit shipped through independents indicates that the cash buyer has an important role to play as far as individual growers are concerned, but what about the industry as a whole?

First, of course, they are profit making organizations. Those that are not profitable go out of business rapidly. However, since they are competitive with each other, they are forced to work on small overhead.

In most cases the owner is the working manager. White collar, office workers are rare. Overhead in buildings and machinery is kept to a minimum.

Economical operation is vital since the independent packer must compete on two sides. He must first compete for the grower's fruit and secondly he must compete on the open market to distribute the fruit he has already purchased. His mistakes cannot be charged back to the grower as can those of a co-op manager or company which purchases on consignment.

The cash buyer must also work for an over-all fair price for avocados. Since he has already paid for the fruit, he cannot accept a low price from his own customers without losing money. The result is that cash buyers tend to hold up the price of fruit. Also, many of them constantly seek new markets where they can distribute their fruit at the highest possible price.

Finally, the independent packer serves the entire industry by creating competition in

favor of the grower. Without the cash buyer, there would be no effective competition for the grower's fruit. With only one outlet, the grove owner would be at the mercy of the single buyer.

In short, the independent cash buyer by competing with other buyers, helps the avocado grower in the market place.