

THE HANDLERS' CONTRIBUTION

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The California avocado industry — producing a highly specialized crop — has witnessed the effective combination of modern agricultural technology on some of the most valuable California real estate with most expensive irrigation and other costs.

Credit is due to the growers who could see many years ahead to the fruition of their investments bringing returns commensurate with the risks involved. The very important conversion of avocados on tree into money returns to growers is done by the various services performed by the industry's handlers. Official statistics show impressive improvement in grower returns as shown below.

GROWER RETURNS: California Avocado Industry, 1960 to 1968

1960	\$ 7,700,000	1966	\$15,200,000
1961	9,900,000	1967	15,000,000
1962	10,700,000	1968	16,000,000
1963	10,700,000		(preliminary)
1964	12,100,000	1969	17,000,000
1965	12,500,000		(estimated)

Many factors are responsible for the increase in total dollars to growers: in industry advertising, certainly. Yet, no detailed analysis has been made on the part the handlers pay in the conversion of fruit into these millions of dollars. Fruit on trees is one thing, but this fruit had to be sold — and sold skillfully — to bring back almost ten million more dollars than in 1960. While there is still room for much improvement in many areas, on the whole, avocado handlers have become increasingly efficient in the marketing functions they perform.

Harvest Operations

In harvest operations, we find many growers pick their own crops. Over the years there has been a larger and larger proportion of the crop picked by harvest crews operated by handlers as an integral part of their picking-packing-selling operations.

Integration in avocado marketing has made it essential as well as more efficient for packers to harvest a larger share of the crop.

It is estimated that in 1960 about 20% of the crop was picked by handlers' commercial crews. In 1968, however, this had increased to an estimated 60% or more. In this area

handlers have contributed by labor recruitment the development of specialized equipment including trailers, hoists, bins, and other methodology.

The development and introduction of piece rates of compensation have provided increased incentive to the worker as well as increasing production per hour. Some handlers furnish accident and health insurance for pickers, in addition to housing and transportation, and almost year-round employment due to varietal seasons and different areas of production. These factors have resulted in a more stable and dependable harvest work force.

Hauling

Improved methods, increased capital investment in larger trucks and trailers, and close coordination with harvest crew operations, have resulted in speeding the movement of picked fruit from the grove to the packing house. The use of mobile radio by a few handlers represents additional capital investment to improve communications among field personnel and their base station — this is particularly helpful in the area of fruit movement from the field to packinghouse.

Packing

Many improvements in packing materials have come about in recent years. Composition containers with laminated wood ends sealed by automatic equipment have replaced about 90% of the all wood containers. Wood excelsior for nesting of the fruit has been replaced by most packers with pre-formed composition trays which accommodate the correct number of fruit in cups (according to size 20 - 24 - 30, etc. in a layer). Labor efficiency has been improved, as production per hour has been increased, again the result of increased capital investment in specialized equipment and improvements in methods of operation.

Shipping

There has been a more widespread geographical distribution of the crops these past few years. The advent of mechanical refrigeration units in railroad cars and truck reefers, and the tremendous improvements in both rail and road transportation such as the piggy-back system, have enabled handlers to take advantage of technological improvements in the transportation field to ship fruit where it brings back the most dollars. The time factor has been reduced, so that it is possible to keep national pipelines adequately supplied even to the remotest markets.

Selling

Probably the most significant contributions to this industry have occurred in the selling sphere itself, where growers and handlers have effected changes that have resulted in strengthened bargaining power with firmer pricing of the product, and a more professional job has resulted. The past decade has witnessed the demise of several

handler operations. Other handlers have merged their selling functions during these years from several sheds into one handlers' office, even to the point of packing the fruit from six sheds under one label. Several other handlers affiliated with the principal grower cooperative in 1966 and 1967. These instances of horizontal integration have reduced needless and destructive conflicts for markets such as occurred in prior years. These developments resulted in improved daily performances in all the market places -- and thereby improved the economic position of growers by millions of dollars.

Other Contributions

CADO, the handlers' organization, in cooperation with the University of California's Extension Marketing Economist Dr. Robert Rock and the California Department of Agriculture, developed a method for obtaining an industry crop estimate. Each month the handler submits a written report by four varietal groupings as to how many pounds has been shipped and remains to be shipped as of the first of each month. The compiled crop estimate has been helpful information to growers, handlers, and the industry's advertising and sales promotions programs. In addition to the crop estimate data, each week the handler submits a written report by four varietal groupings as to how many pounds were shipped the previous week. This information is compiled by Federal-State Market News and their weekly report has been very helpful to all segments of the industry.

The Future

Handlers may be expected to continue to invest in capital expenditures for labor saving equipment to offset the price-cost squeeze on the various operations from the grove to the consumer. The forces of competition and economics may be expected to continue to exert pressures on handlers in different ways in different locations, and some handlers may choose to close shop while others will grow by merging their operations or functions. One reason for this is the fact that the acreage of avocados in California is expected to remain relatively stable for the next few years. While individual handlers may try to keep some of their functions separate, the selling function may be expected to be merged to achieve the apparent advantages inherent therein.

With continued grower cooperation and barring unforeseen natural catastrophes, the value of grower returns may be expected to continue its upward trend as handlers continue to contribute their skills, energies, and knowledge to the avocado industry's benefit.