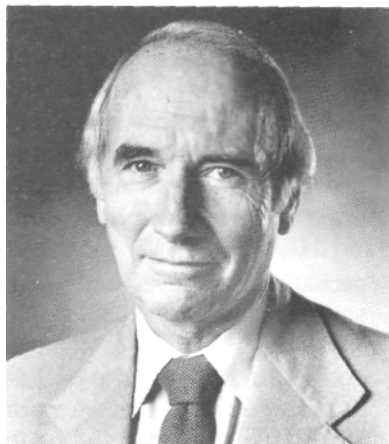


Marketing the 1982-83 California Avocado Crop



Ralph M. Pinkerton

President, *California Avocado Commission*

I want to commend Chairman Mike and Thelma Piercy for getting the minutes past Jack Shepherd and Al Snider. I've been manager of the Marketing Order and the Commission for 20 years, and for the eight years that Jack was on the Board I got them past him once; and I breathed a sigh of relief when Jack retired. But along came Al Snider, and we've gotten by him once, too. So, I think Brother Todd should have made a motion of even stronger commendation for getting the minutes past a group of 300 people.

You know, I'm sorry that Mayor Wilson isn't here today, because I would like to ask him about his campaign, because I don't see him saying anything about Medfly. We had a big celebration, noted in the paper two weeks ago, with much drinking of champagne, on the final elimination of Medfly. They scarcely mentioned that it cost you taxpayers — all of you in California — 100 million dollars. And it cost the taxpayers of the United States 29 million dollars. I wonder why Mayor Wilson isn't mentioning this, because it's one very vulnerable side of the Governor, whom I'm very frightened about getting elected as Senator. So, I would hope that all of you would remind Mayor Wilson — particularly you San Diego-ites — that 100 million dollars is an awful lot of money that could have been saved if we'd have started using Malathion the first week they discovered Medfly. It has nothing to do with the feet that they finally eradicated it, because I think we should commend the entomologists and the staff that did it. But we should remember that 100 million dollars IS a lot of money. That's almost the value of your total avocado crop for one year.

Anyway...

I do welcome this opportunity to speak to all of you; and I want to thank your program chairman, Lois Todd, for permitting this opportunity to me, because it's vital that all of you growers study carefully the crop estimate for next year and begin planning together how we can market what appears to be a record crop. And I want to pay particular commendation to Kenton Kidd, because in my friendship with Kenton over the years, and now with A&P, I've seen that Kenton is able to double and triple the sales of avocados in important eastern centers. He deserves a great deal of gratitude from everyone here.

Now, large crops have always presented a challenge to us, but we perhaps have never had — never had as great an opportunity for sensational success as 1982-83 offers us. Yet, we will miss this opportunity if we in this room fail to comprehend the remarkable change we have been going through over the past ten years. Prior to 1970-71, California was a "Fuerte society;" and we marketed our crop that way. Fuerte was "king," and provided an outstanding fruit which was the paragon of avocado lovers throughout the world. But in that season, we grew as many Hass as we did Fuertes: 52 million pounds of Fuertes and 52 million pounds of Hass, along with 27 million pounds of other varieties, for a total of 133 million pounds. We lived with axioms, like "Hass aren't fit to eat until February or March at the earliest;" and in those days, we didn't even think about the Hass until that time, and we could easily handle it by waiting until then to begin marketing. But, that ended abruptly and disastrously in 1980-81 when our crop zoomed to an all-time record of 475 million pounds, and we failed to understand the new avocado marketing world where we had arrived; and we lost 25 million dollars.

We must, today, declare war on that ever happening again. We can, and we should, benefit from the lessons learned that year; but we must accept that we are now a "Hass society," with five times as many Hass this year as Fuertes, and over twice as many Hass as all of the other varieties put together. Now, that in no way means that Fuerte, Bacon, Zutano, Pinkerton, Reeds, and others are all "forgotten fruits." But, rather, it means that we must plan our marketing AROUND the major variety in order to get the most money for all other varieties. Now, there are all kinds of reasons to be optimistic about '82-83, even if our crop is as large, or larger, than 1980-81. First of all, it doesn't scare me that Hass volume is estimated at 200 per cent of this year; and perhaps 75 million pounds greater than 1980-81. It is considered our premier variety and has the longest tree-storage capabilities. We have found that San Diego County Hass can be held until September — which we didn't used to believe, because we never had to hold them that long. The Hass is designed for picking in bins. It can take the rougher handling out there at retail, where Kenton has to worry about it. It can stand the pinching fingers of the "Great Ripe Hunters," without showing it. It can even stand falling off the display onto the floor, and still survive to make it into the kitchen. It can stand the 18 to 20 day trip to foreign markets, and still provide acceptable shelf life. It is truly the miracle avocado for mass, pell-mell merchandising that Kenton Kidd has to handle today.

You know, we should consider ourselves extremely fortunate that we're not like the canning tomato people, who invented a tomato that could be picked by machine. But you hear hundreds of complaints from consumers and consumer advocates of the poor quality of tomatoes today. You've invented a variety that will give complete consumer satisfaction. We are very lucky.

We no longer need to be scared to death of 475 million pound crops. We DID physically handle 475 million pounds in 1980-81. We DID have enough bins to pick the fruit. We managed to find enough storage to keep it, enough trucks and ships to transport it, and — most importantly — enough people to eat it at the right retail price. The fact that we did not get a good grower return is our own fault, and internal problems are much more easily solved than external ones.

We are finishing a year with the second largest crop in history and benefiting from the huge increase in new customers that 1980-81 produced from big volume which resulted in tremendous retail ad action and displays in every nook and cranny in America and many foreign countries.

Why are we having such a good success this year in a poor economy? It's because you have invested millions of dollars over twenty years — invested more than most all other agricultural organizations — in the event of a year like this one, and it has paid off.

Forty-seven per cent of the U.S. public tried avocados in 1980-81 before the year was finished. Now, this has created a tremendous well of latent demand that is just sitting out there waiting for you next season. CAC (the California Avocado Commission) has a well thought out "game plan" for 1982-83, and I want you to know that we're itching for the "kick-off." We've been standing around the side lines too long. We EXPECT to be in the "Super Bowl" of produce next year, with our most successful season hi history. But it all hinges on each grower understanding what must be done.

Now, Thursday and Friday of this week, we held meetings with 75 grove managers from throughout the state, and asked them for their varietal estimates as a percentage of this season's crop. Here's how it turned out: Fuertes, 118 per cent, or 64 million pounds; Hass, 200 per cent, or 340 million pounds; others, 100 per cent, or 84 million pounds — for a total crop of 488 million pounds. This is some 38 million pounds above CAC's current estimate and indicates that 1982-83 could well exceed the 1980-81 MARKETED crop. I emphasize the word "marketed" because I suspect a lot of fruit on the trees in '80-81 didn't get marketed because of a low price.

Still, none of us needs to be intimidated by a 488 million pound crop if we remember these things:

1. The green fruit crop is very manageable in size and smaller than 1980- 81 by 24 million pounds. We don't need to be "shook" about the green crop. We CAN hold it for desirable prices.

2. The Fuerte crop is 27 million pounds short of 1980-81, and there's going to be a darn good eastern market for green fruit when Florida is finished in January, and I think Kenton would agree with that.

3. While the Hass crop is much larger, all we need to do is recognize that we must sell some Hass every month of the year, in company with the greens. We must get two displays out there like the apple people have, and that can be done. Both foodservice and export DEMAND Hass every month of the year. These avenues can use 60 to 70 million pounds of Hass during 1982-83. We are suggesting marketing only ten per cent of the Hass during November, December, and January, 75 per cent of which will go to foodservice or export. If this is accomplished, it can easily prevent bunched-up weeks in

April, May, and June which could require 12 to 14 million pound weeks of Hass alone, and that can destroy our price base and wreck all hopes for a record-dollar year, which '82-83 can easily become. But we must stretch out the Hass, both in the front and in the rear.

I urge all of you to resist unreasonable, downward panic price trends. Keep remembering, we did sell the crop in 1980-81 at retail for \$361 million. Just 36 per cent of that would have returned to the grower 129 million dollars instead of 85 million. And we had enjoyed prior to that a 40 per cent share of retails for the previous five years. I am certain this season's new crop will be sold at a retail value for in excess of \$400 million. If we can get 36 per cent of that for the grower, do you know what that would mean? It would mean a crop value of \$144 million. Now, that can be achieved only by working with a plan in very close cooperation with your packer. You cannot overpick in stress periods like the weeks following Thanksgiving, Christmas, and New Year's. When you do that, it is the GROWER who's driving the price down. Remember, consumer demand is not dictated by your trees. It varies in tune with a number of things, like payday weekends, does it rain, does it snow; but most of all it is not predictable. Therefore, you must vary your picking as much as possible with what the market will take.

Now, CAC has developed a marketing plan whereby no more — no more than 44 million pounds will be marketed in any one month. Now, that's Utopia, and I don't expect to succeed 100 per cent; but we can try. If the crop is larger than the official estimate, if it has this additional 38 million pounds, it still can be handled without exceeding 50 million pounds in any one month. But you must start with thinking about how much Hass should be moved early to prevent overburdening the spring market.

Finally — I am optimistic about 1982-83 despite a faltering economy. 1981-82 is going to produce our second best dollar year in history. 1982-83 can easily be the best, but much of that success will depend on you. Watch the market carefully, and cooperate closely with your packer, and we shall see a record year. Thank you.