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17th Annual Food Quality & Safety
Symposium

June 4, 2015





Drought Issues Management Update

Situation Overview

Almonds Feature Prominently in Drought Coverage, but Conversation Expanding

Current Position	Communication Goal	Progress	Spokespeople (not inclusive)	Goal Message
Almonds exclusively featured	Decrease	Moderate	Growers, UC	Almonds are part of the CA bounty negatively impacted by the drought.
1 gallon = 1 nut	Broaden conversation / increase context	Moderate	Growers, UC	All foods need water. Almonds don't require significantly more than many foods.
Total almond acreage water requirement	Provide context	Moderate	Growers, CFWC	Almonds are efficient water users. Almonds use 12% of irrigated ag land, but only 8% of irrigation water.
Farmers aren't sharing the sacrifices	Correct Misinformation	Moderate	Growers, CFCW, PPIC, State Gov., Farm Bureau	Farmers are sharing in the sacrifices; 20% of usual state water and zero federal water
Current almond acreage footprint	Provide context	Moderate	Growers	Almonds are a large crop, however, ~90% of CA acreage is planted in the bountiful variety of CA ag.
Future almond acreage footprint	Provide context / educate	Minimal	Growers, investment groups	Almonds are a desirable crop because they are efficient water users and have high value to growers and consumers.
Benefits of almond production	Provide rationale	Moderate	Health Professionals, CDFA, Farm Bureau	Californians = locally grown food that contributes to GDP Consumers = nutritious, sustainable food that empowers your healthy life
Current groundwater management	Demonstrate responsible use	Not yet underway	CFWC, Farm Bureau	Groundwater is and has been an important tool to farmers in CA. Almond growers are participating in the dialog about future groundwater oversight.

Situation overview, continued

Secondary messages that may elevate over time

- Large and Small Farms
 - ABC needs to set the tone that both produce the almonds you love
- 2% GDP
 - ABC can participate in the conversation that 2% is notable: entertainment industry (3%), foodservice industry, Computer Systems
- Ag sectors competing with each other
 - ABC must broaden the conversation, but not at the appearance of another industry
- Ag competing with urban users

Balanced Coverage is Beginning to Appear Regularly

 **Mindy Hermann**
@MindyHermannRD  

@NYTimes @Bittman discuss misplaced Fear of #Almonds and commonsense #drought thoughts nyti.ms/1de0ugv

 **Jim Richardson**
@JimRichardsonNG  

Don't scapegoat #almonds. Mark Bittman on sane #water use in California. @nytimes #drought nytimes.com/2015/06/03/opi...





70% of California almonds are micro-irrigated which uses a similar amount of water to many other crops.

California Almond Board, 2015

MSNBC ORIGINALS 5/6/15

What California's almond farms really look like

California almond farming has come under much criticism in recent weeks for its intense water usage but long gone are the days of flooding fields with water. | Duration: 6:06

 **NBC NEWS** HOME TOP VIDEOS ONGOING

U.S. WORLD LOCAL POLITICS HEALTH TECH SCIENCE POP CULTURE

Growing Almonds in California's Drought

Farmer Tom Rogers runs a 175-acre family farm in Madera, California, producing 2,500 pounds of almonds per acre. Says Rogers, "No water, No food."

11 PHOTOS



Almond farmers unfairly roasted during the drought?

Posted: May 13, 2015 10:26 PM PDT



By Ken Wayne, Reporter, Anchor 



FRESNO COUNTY, Calif. (KTVU) - It takes a gallon of water to grow a single almond. But almond farmers say that widely publicized fact is not the whole story and they're the target of scorn from some who say the crop uses too much water in the middle of California's record drought.

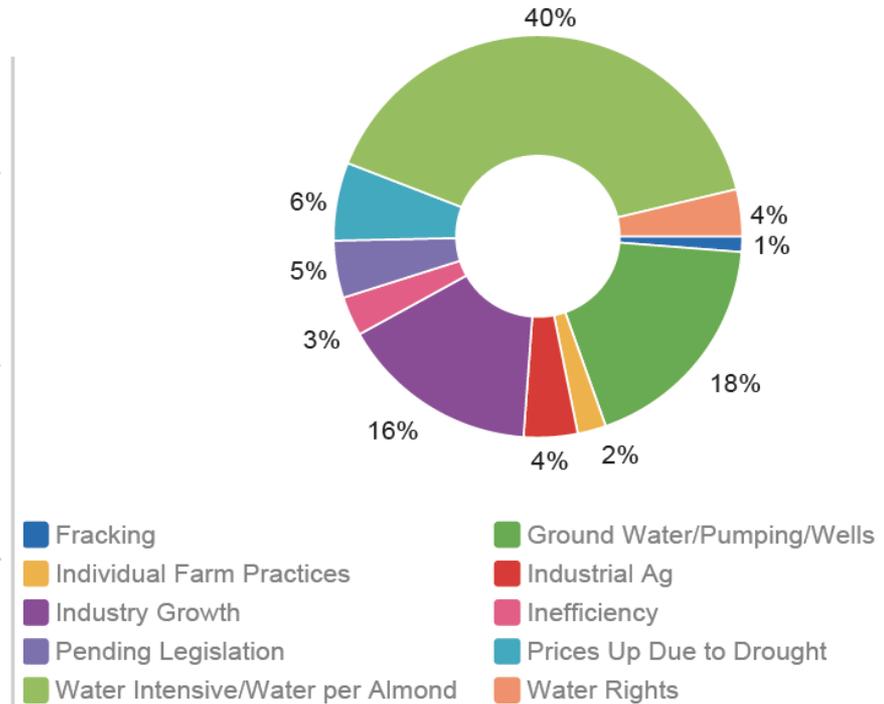
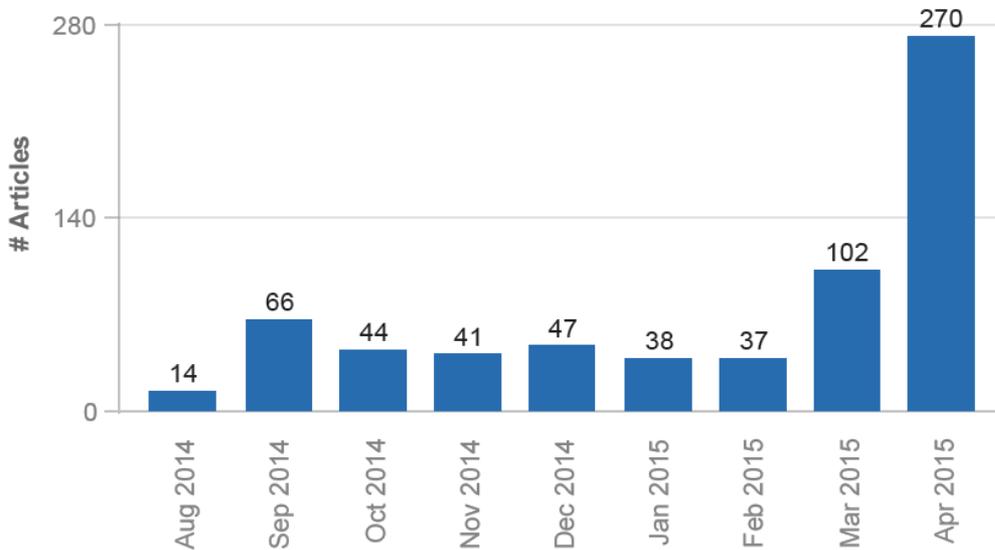
California almond orchards now cover a million acres of Central Valley farm land. California supplies all of the United States' and much of the world's almonds.

April Media Overview

- April was by far the heaviest media month for almonds and drought-related coverage, but with a significant taper in the final week.
- The water intensity of almonds and groundwater usage were the two most discussed topics.

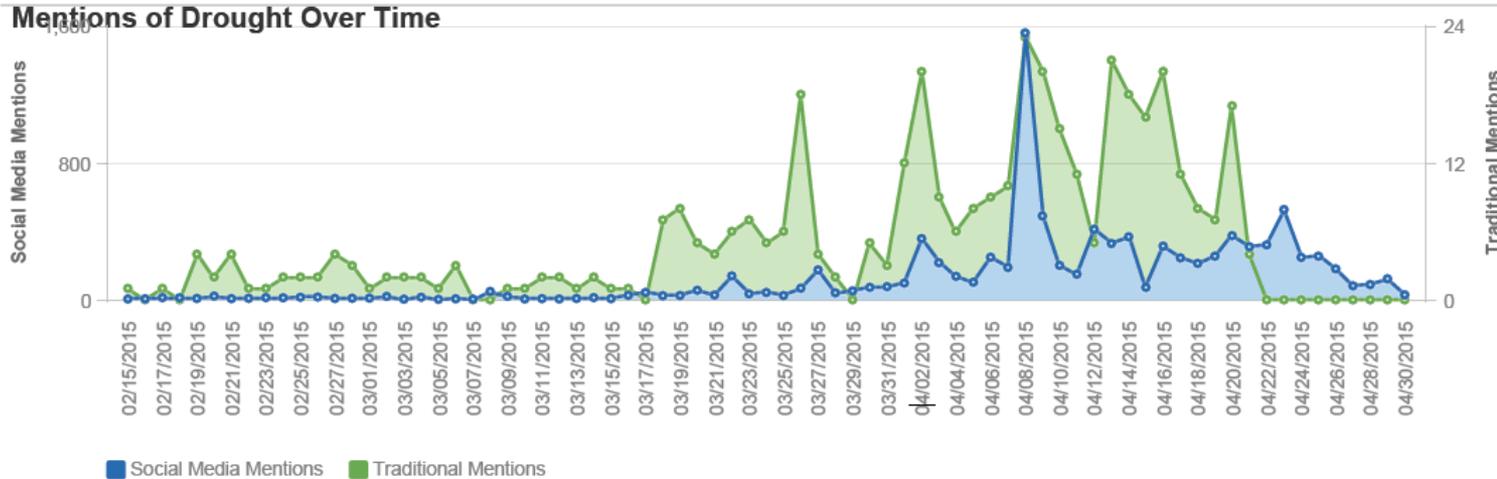
Traditional Coverage & Topics Over Time

TRADITIONAL COVERAGE - 8/1/14 to 3/19/15



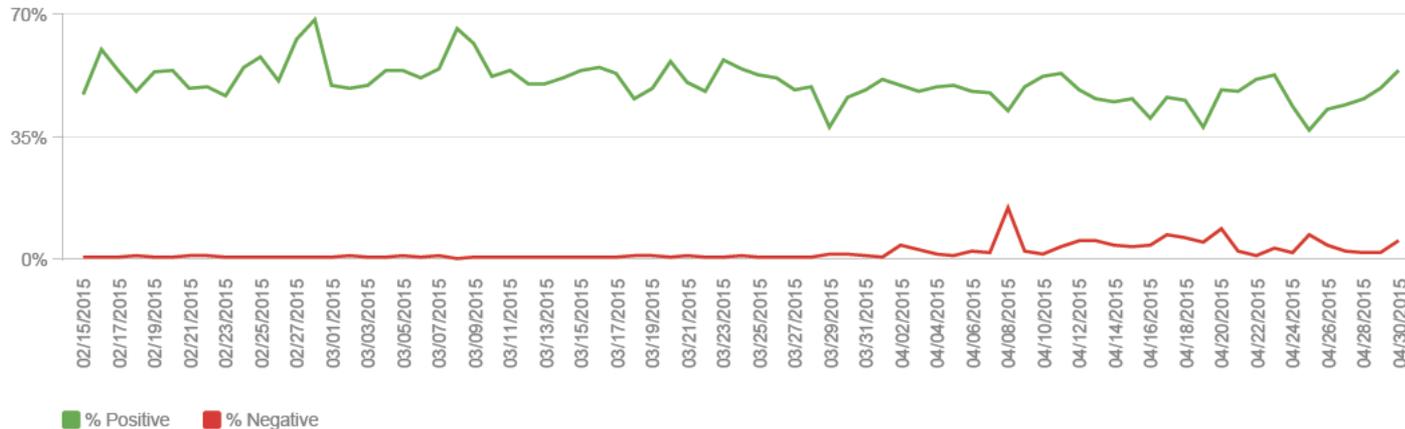
April Social Media Overview

Mentions of Drought Over Time



- Social media activity sustained higher mentions

Sentiment for all Social Almond Mentions



- Although all social tonality for almonds remains flat to up



Crop of Choice Issues Management

Going Forward



December 2014 ABC Board Meeting

Passing through a new threshold

- California farming scrutinized as never before
- Permission to farm questioned
- The status quo can no longer be sustained
- Threshold: Farming fundamentals being permanently altered

➤ 2014 – 2024

- The Crop of Choice decade

➤ Paradoxical Crossroads

- Unprecedented achievements
- Unprecedented challenges

➤ Industry Scale & Success = Visibility & Responsibility

Dealing with Perception

Where do we find ourselves?

- Fundamental agricultural change is evolving our industry
- Unprecedented media and public policy scrutiny is affecting the future of our industry
- We run the risk of having the “perception game” escape from our grasp
- This isn’t a “crisis du jour” – this isn’t just about damage control; this requires a different, long term approach
- Water is much more than H2O: it’s life as we know it...and then there’s dust, PPO, salmon, bees...
- Very soon we will be the largest acreage and most valuable crop in California



Growth of Top Natural Companies



	CAGR	3 yr Growth	2 yr Growth	% Chg vs YA
Ttl CPG	2.8%	8.0%	3.8%	1.6%
Top 5 "Natural Companies"	14.9%	46.0%	19.4%	7.6%
Top 5 Traditional	0.4%	-0.1%	-1.1%	-1.0%
Rest of CPG	2.6%	7.5%	3.5%	1.5%

Source: Nielson, 08/02/2014

Baby Boomer vs. Millennial

Our consumer model was built to serve baby boomers and is completely out of step with Millennials.

Baby Boomer



1946-1964
25% of Population
Mad Men
Shopping Malls
Fast Food

Millennial

1980-2000
1/3 of population by 2020
Connected
Tech-savvy
Transparent



Millennial Food Movement

Millennials are especially interested in the story behind their food and looking to learn more about what's in it and how it's made.

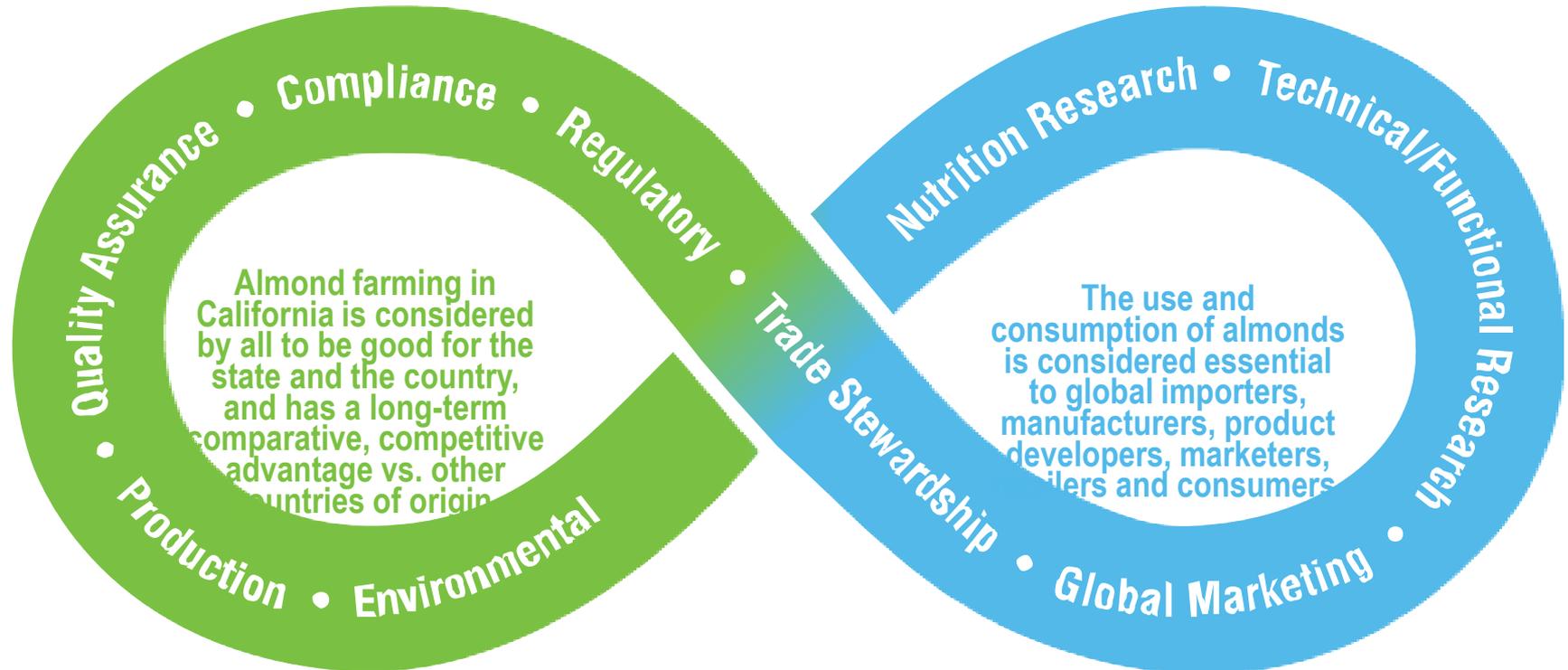


- Connect with lifestyle brands
- Value authenticity
- Transparency and ingredient focus
- Comfortable with unknown brands if discovery is theirs

Where We've Been:

Crop of Choice

Nut of Choice



Built on tremendous equities and perceptions:

* Great taste

Simple, natural and unprocessed

* Nutrient dense, powerful health benefits

* Versatile, convenient and portable

* Grown in pristine, beautiful CA

* Global consumer demand

Where is the Tipping Point?

Currently, the discussion of water usage and industry growth is mostly in the context of the drought.

But occasionally a story or comment pierces through the drought's shadow to ask the **real question** – one that's **not going away**:



Are almonds good?

For me?

For my family?

For my environment?

For my community?

The Future of California Almond Agriculture

- Where do California almond growers fall along the continuum of “Status Quo” and “a new possible reality” – our bell curve.

Almonds are
“A Crop of
Choice”!

Drought will end soon
Reasonable/Achievable Regulations

Status
Quo



Are Almonds
“A Crop of
Choice”?

Climate change = unending drought
Unreasonable/Unachievable Regulations

New Possible
Reality

Consumer Outlook and Behavior – Consumer Bell Curve

- How could consumer attitudes change?

Almonds are
“The Nut of
Choice”!

Consumers choose Almonds as a snack and an ingredients in the products they buy because they are **healthy, delicious and fit their lifestyle and values**

Today



Are Almonds
“The Nut of
Choice”?

Consumers limit their purchase of almonds because of concerns about the **the impact that Almonds have on the environment: water, bees, pollution**

Possible
challenges

Food Company Perspective

- How could retailer and CPG food company attitudes change?

Almonds are
“The Nut of
Choice”!

Almonds add consumer demand, health, texture, crunch, great taste, versatility and value

Today



Are Almonds
“The Nut of
Choice”?

Negative environmental impact doesn't align with consumer needs. Supply and price concerns make other options more appealing

Possible
challenges

Reputation Management is Broader than Drought and Water: Almonds Are at the Center of Multiple Tension Points



Areas of Industry Alignment:

- Position Taking
- Goal Setting

- Applied Water
- Ground Water Management
- Precision Agriculture
- Central Valley Air
- Healthy Bees
- Additional Growth of the Industry



We are leaders

- Health+
- Conscious Consuming
- Transparency = Trust

