

Wonderful Citrus expects a stable easy peeler season in 2017-18 despite the impacts of hot spring conditions that led some fruit to drop from trees.

Speaking with *Fresh Fruit Portal* during the Produce Marketing Association's (PMA) Fresh Summit convention in New Orleans last month, Wonderful Citrus president David Krause said the Californian citrus crop would be down overall.

"We're looking at shorter crops in general. Halos would be the one exception where we're shorter per acre but the new acreage is making it even in terms of volume versus last year," Krause said.



Wonderful Citrus president David Krause

"Navels are less, lemons are less, they're all down in volume.

"Then you take the unfortunate situation of Florida and [hurricane] Irma virtually wiping out half of that crop," he said, adding the Texan crop would be even.

He said while there would likely be higher ranchgate prices as a result of this shortage, the influence on prices at the consumer level would be relatively small.

"It's not so great that it's likely to turn the consumer away. That's our expectation, but we are looking at higher commodity pricing; there's no doubt about that.

He said it was hard to believe Halos were now starting their fifth season, and that it only took four years for the brand to [crack the top 40 of Smarty Pants LLC's "Kidfinity" index](#).

"We're the only produce, good-for-you brand that kids recognize on that entire list," he said.

"We have another very strong marketing program coming for this season again. It'll be at least a US\$25 million integrated spend on TV, media, print, PR, everything, and crop volume relatively the same so we're going to have lots of good distribution."

He said exports would remain relatively small at around 5% of the crop, with the bulk of Wonderful Citrus' efforts dedicated to expanding the Halos brand in the U.S.

"And we continue to see consumption, household penetration and we still have lots of room for that, and we want to grow the export crop," he said.

"It's actually mostly Pacific Rim, so Japan, Korea, Hong Kong, China, and some in Australia and New Zealand as it's counterseasonal for them."

The executive was also positive about the new opportunities presented by [Wonderful Citrus' purchase of Florida-based import company DNE](#) earlier this year.

"That's been a great strategic add for us because it's allowed us to source counterseasonal product from foreign countries," Krause said.

"They had all that infrastructure, relationships and knowledge - it's really helped us round out the one-stop citrus shop notion, so where we had that big gap in the counterseason, now we have that filled."

However, that counterseasonal product will not be marketed as Halos for the timebeing.

"Today the focus is Halos are California-based supply and consumers know us for that. We're going to stick with that for now," he said.

He added the company was also enjoying benefits from a [Mexican lime operation acquisition](#) made in April last year.

"So our expansion of late has been limes in Mexico which is another category growing very aggressively, as well as some lemons in Mexico," he said.

"We're now close to 18 months into integration of that segment of our business.

"We're learning a lot about the lime business. It has plenty of challenges - the volatility of supply, the fragmentation of supply from Mexico to the U.S. market, but we like it because in these other crops that we mentioned consumption is growing."

He said much of the opportunity in limes, similarly to lemons, came from growth in its inclusion in cooking, restaurants and mixology, but there were demographic factors as well.

"It's that along with I would say population changes - Hispanic population growth. It's obviously a mainstay for that culture and that product - we're enjoying that benefit across that line," he said.



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