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Almonds: A Feisty Industry

by **Kenneth Petrowsky**

A difficult day for dairy farmers is on the horizon. While over sixty dairy operations were shuttered in 2013, California's 2015 almond acreage average increased by 14.4 percent from the 2013 average (970,000 in 2013 to 1.1 million acres in 2015).¹ Skim milk consumption was estimated to decrease 11 percent.²

Estimated Percent Decrease in Milk Consumption 2015-2016



Data Source: USDA Estimated Fluid Milk Products Sales Report

Almond milk is stealing the eggs of profit out of the milk industry's nest. The reaction of the U.S. National Milk Producers Federation towards almond milk has been to pressure federal regulators to pass a law reserving the word "milk" for lactation from a mammal.³ Mark Janson, President and CEO of Blue Diamond, responded with the following statement:

"Dairy processor advertising has turned toward disparaging and misleading depictions of almond milk. The dairy industry should know that negative advertising really does nothing to encourage consumption of your product."⁴

A bitter power struggle is taking place between the almond industry and the milk industry, and the milk industry is currently losing the battle. Consider the

actions of three influential entities: (1) The National Milk Producers Federation, (2) Almond Board of California, and (3) Blue Diamond Co-op.

National Milk Producers Federation

The dairy industry has decades of close ties with Washington.⁵ "The U. S. is not unusual in this respect; most governments in major milk-producing countries take an active role in the regulation of milk production and milk marketing."⁶ Today, the National Milk Producer's Federation acts as one of the leading voices of the dairy industry. The federation's appeal to the government to protect milk is characteristic of its past actions.

Despite the dairy board's several marketing efforts to make milk alternatives unpopular, almond milk continues to rise in popularity.⁷



Source: NMPF, <http://www.nmpf.org/>

Blue Diamond Co-op

The Blue Diamond Co-op represents half of California's almond growers.⁸ Mark Janson described Blue Diamond's strategy: "In a free market society, you cannot legislate consumers to use your product. At the end of the day, it's all about supporting consumer choice and respecting the preferences and health needs of individuals."⁹ While the milk industry is trying to levy federal and celebrity support in their marketing efforts, the almond industry is focusing on delivering value to their customers.

Almond Board of California

Alongside Blue Diamond is the Almond Board of California. To help people better understand its role,

the board calls itself an agricultural promotion group.¹⁰ The board has become a voice comparable to the National Milk Producers Federation since they both act under oversight from the United States Department of Agriculture.

An interesting comparison between the almond board and the milk federation is the reason these groups were created. The milk federation was created to protect milk prices¹¹ while the almond board was created to improve the quality and marketing of almond crops.¹² The board now engages in nutrition and market research, quality control, and statistical analysis and dissemination.¹³ In this power struggle, the Almond Board has mostly been defending the integrity of almonds by focusing on enhancing the quality of the product, as well as increasing customer satisfaction.

Conclusion

One of the reasons free markets are established is to incentivize the making and developing of better products through competition. This current power struggle is a test of the United States' free market. While the wolf of the milk industry may huff and puff, almond industry's brick house of growing profit shouldn't blow down. Perhaps the milk industry can slow down the process of losing customers through governmental help, but the product that delivers the greatest value to customers should have the greatest demand.



Source: Public Domain

Notes

1. USDA, 2015 California Almond Acreage Report, April 27, 2016, p. 1, [URL], accessed March 2017.
2. USDA, Estimated Fluid Milk Products Sales Report, February 10, 2017, p. 1, [URL], accessed March 2017.
3. Patton, Leslie; and Mulvany, Lydia. "Dairy Farmers Think Almond Milk Is Bogus But Americans Love It." Bloomberg.com, September 2016, [URL], accessed February 2017.
4. Mark Jansen, "President's Corner," *Almond Facts*, January-February 2017, [URL], accessed February 2017.
5. Erba, Eric; and Novakovic, Andrew. "The Evolution of Milk Pricing and Government Intervention in Dairy Markets." Dairymarkets.org, February 1995, [URL], accessed May 2017.
6. Ibid.
7. Patton and Mulvany, Dairy Farmers think Almond Milk is Bogus.
8. Blue Diamond, Blue Diamond® Growers, 2017, [URL], accessed May 2017.
9. Jansen, President's Corner.
10. Almond Board of California, "About the Almond Board," [URL], accessed March 2017.
11. Erba and Novakovic, *The Evolution of Milk Pricing*.
12. Almond Board of California, About the Almond Board.
13. Ibid.

