

# Blue Diamond is the almond heavyweight in California

[jwasserman@sacbee.com](mailto:jwasserman@sacbee.com)

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How many ways can a person eat an almond?

Blue Diamond Growers aims to find out. Having sliced, slivered, blanched and flavored the almond in Sacramento for the past century, it is still trying to push the frontier of the brown nut.

Statewide, production of almonds is nearing 2 billion pounds a year. To find a home for them, Blue Diamond needs to keep persuading Americans – and everyone else on the planet – to eat more almonds.

The grower-owned farming cooperative – marking its 100th anniversary this year – sees the rising middle classes of China and India as critical to its future. Overseas demand could help stabilize almond prices, which have dropped as land devoted to the crop has doubled over the past 25 years.

"Our people are traveling the world, visiting embassies and always working on issues that may be a barrier to selling more almonds," said Blue Diamond spokesman Susan Brauner. These globetrotters also tout the nutritional value of the almond, dubbed a "superfood" for its high amounts of protein, fiber, calcium and other nutrients.

Alongside Campbell Soup Co., Blue Diamond is one of the last vestiges of Sacramento's food processing heritage – and it's had to evolve to survive. The ceaseless flavoring and endless advertising are a lot different than in 1910, when almonds were sold in burlap bags and a handful of growers formed the cooperative in a Sacramento hotel.

An entire industry has since grown up in California alongside Blue Diamond. The state now accounts for 80 percent of the world's almond supply. Almonds grown throughout the Central Valley are the state's top farm export. They rank 11th among all California exports, according to the U.S. Census Bureau.

"Blue Diamond has a lot more competition now from almond handlers in the industry," said Shermain Hardesty, a University of California, Davis, specialist in agricultural cooperatives. "But because of their strong relations in the export market and their product development efforts, they're different from most of those handlers. It's not just that lowest price wins."

Blue Diamond's global competitiveness still means a lot to Sacramento. Long gone are the canneries of the 1920s and 1930s, which made "an enormous contribution to Sacramento's economic well being," said Steven Avella, a city historian.

In 1995, the city provided a \$21 million aid package to Blue Diamond after the co-op, hemmed in by urban neighborhoods at 18th and C streets, began exploring a move to Stanislaus County.

Fifteen years later, Blue Diamond employs 1,000 people in Sacramento during the peak harvest season, which begins this month and runs through November. Blue Diamond recently expanded beyond its 90-acre midtown facility, adding a major nut storage facility at McClellan Business Park.

For now, Blue Diamond plans to stay, Brauner said.

"Sacramento has been a fine place to do business for 100 years. We have committed to Sacramento," she said. "As you can see, we are looking for other assets for storage and processing. At the moment we're committed to Sacramento. I can't predict the future."

Like other California businesses, the co-op feels pressured by the state's regulatory climate, she said.

Nonetheless, in 2010, Blue Diamond remains the world's largest processor of almonds. Its distinctive logo still dominates grocery shelves. Blue Diamond reported \$3.3 billion in sales over the past five years – \$709 million last year alone. More than 3,000 of California's 6,000 almond growers belong to the cooperative.

Brauner declined to provide Blue Diamond's market share. "We don't talk about percentages of the crop," she said. "It's competitive information."

But that share appears to be about one-third when comparing Blue Diamond sales to statewide figures cited by California's Department of Food and Agriculture. The California Almond Board based in Modesto lists 112 almond suppliers and exporters statewide – and 15 operations that do custom almond processing.

Blue Diamond, however, is "the big guy and dominant factor within the industry," said Jock O'Connell of Sacramento, international trade adviser for Beacon Economics.

"Blue Diamond has been the dominant factor in opening the overseas market," he said. "It has the size and political clout to go to Washington to get the Foreign Agricultural Service and members of Congress and the White House to go to bat for them."

Old newspaper clippings show Blue Diamond being first into markets like the Soviet Union and China in the 1970s. Later it moved into India. Such aggressive global forays mirrored the co-op's marketing prowess at home. In the 1960s, the co-op put the first almond snacks on American Airlines. In the 1980s it unleashed a memorable TV advertising campaign. Grower families chest deep in almonds made their pitch to U.S. consumers: "A can a week. That's all we ask."

Such TV ads have also blanketed Europe and Asia. O'Connell said without global sales "the price of almonds will collapse and the industry go away."

Prices paid to growers have, indeed, fallen as they planted 200,000 new acres over the past decade. The average 2005 price of \$2.81 per pound fell last year to \$1.65, according to federal agricultural officials.

Blue Diamond highlighted its marketing emphasis last week in hiring Schwan Food's Mark Jansen to become its seventh chief executive in 100 years. Jansen's extensive marketing experience will help Blue Diamond expand its consumer business, which has higher profit margins. Most of the co-op's revenue still comes from bulk sales to food manufacturers, Blue Diamond officials said.

By any measure, the co-op has moved aggressively to create new almond products. Blue Diamond sells almonds in such traditional flavors as smokehouse and oven roast, and new "bold" flavors that include Habanero BBQ, Jalapeno Smokehouse, Wasabi and Soy Sauce, and Lime 'n Chile. It makes almond butter, almond paste, almond oil, an almond milk substitute and almond crackers.

Last year, said Brauner, the cooperative released 28 new consumer almond products. More are in the works.

"There are many flavors poised to be expanded into other countries," she said.

O'Connell said China and India have significant potential for more almond eating. He said both countries have a fast-growing "genuinely international upper middle class. Their consumption patterns are much more similar to North Americans' and Europeans'. It's an enormous market and there are quite a few of these people."

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Call The Bee's Jim Wasserman, (916) 321-1102.