

From the Orchard

News from the Oregon Sweet Cherry Commission

Fall/Winter 2012

2012 Fresh Market Promotion Highlights

B.J. Thurlby

President, Northwest Cherries

Here at the Northwest Cherry Growers we have been meeting with numerous retailers, growers and sales desk personnel across the industry ... it appears that no grower, sales agent, marketer or buyer was immune to the challenges we faced this year. We shipped a record-sized crop of over 22.9 million 20 lb. equivalent boxes in 2012. For a variety of reasons, the industry struggled in gaining sales momentum needed to successfully navigate the entirety of the season.

None of us would have dreamed that we would have 16 separate rain events across the growing districts this season. Each rain event caused anxiety in every corner of the business ... leading to slowdowns in harvest, packing and buying. As a result, some domestic and export buyers became

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2013 Northwest Cherry Research Review

Dana Branson

OSCC Administrator

The 2013 Northwest Cherry Research Review will be held at the Red Lion in Yakima, WA on November 13 and 14, 2012 starting at 8:00 a.m. Final project reports will be presented first, followed by New project proposals and Continuing reports will round out the agenda for the Tuesday, November 13th. There will be a poster session with the researchers for questions and discussion from 5:00-6:00 p.m. An industry dinner meeting with a panel discussion on "Tools to Improve Firmness & Mitigate Pitting and Cracking" will be from 6:30-8:00 p.m. On Wednesday morning, November 14, the group will reconvene to discuss and rank the new projects

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Oregon Crop History

	Estimate	Actual	Actual
<u>Type</u>	<u>2012</u>	<u>2011*</u>	<u>2010</u>
Fresh	37,078	28,917	25,052
Brine	9,460	10,458	10,269
Canned	2,550	1,452	696
Frozen	<u>5,853</u>	<u>2,248</u>	<u>992</u>
TOTAL	54,941	43,075	37,009

Quantities in tons. *Adjusted from previous list.

hesitant and cautious as market confusion became a constant. One of our key retail merchandisers summed the season as, "there were several points in the season where we just backed away for a couple days to let the market smooth out so we could find the type of cherries our consumers demand."

Some key statistics from the season are:

The shipped crop was 22.9 million 20 lb. equivalent boxes.

The Northwest shipped for 89 days in 2012. The season ran 94 days in 2011, versus 84 days in 2010 and 74 days in 2009.

First shipment was on June 7th as compared to June 13 in 2011. (June 8th in 2010).

The 10-year average start date is now June 8th.

California packed just over 8.5 million 18 lb. equivalent boxes this year, up from 6.1 million in 2011

The Rainier Cherry pack was just shy of 2.3 million boxes (15 lb.) in 2012, making it about 7% of the shipped crop. That's 11.5% more than the record set in 2011, and up 14% from 2009.

Export totals for the year are at 8.0 million boxes or 35.3% of the crop – compared to 5.7 million in 2011, the previous volume record.

The industry averaged 434,952 boxes per day in July vs. 364,000 per day in July 2011.

The industry had 26 days of 400,000 plus box shipments, compared to 12 days in 2011.

Challenges on supply created challenges for some retail spheres as well this season. The 2011 NW cherry season was such a positive for retailers that many in produce felt pressure from that raised bar heading into the 2012 cherry

program. Though harvest started earlier than last year, the cool weather this year made some retailers nervous about locking in ads going into the 4th of July. However, strong communication efforts by everyone in our industry helped calm the waters and many retailers changed planned ads to NW cherries instead. In the week leading up to the holiday, there were 60 ads (53 dark sweet @ \$3.23 avg.) last year compared to 176 this season (159 dark sweet @ \$2.84 avg.). Our NWCG regional reps were key in getting this message into the ears of produce decision makers across North America, helping drive a 200% increase year-over-year (YOY) in 4th of July ads during this critical movement window. With less than 50% of all June shipments marked 10.5 row and larger, early and continued back-to-back ad support was as important as ever to keep the crop moving in an organized manner.

Late season produce circular tracking reports are still coming in, but with ad numbers collected to date we have ended our season with another significant, consecutive increase in total Northwest cherry ads. To date we've tracked 1,200 circular features, which is a 14% increase from the same stores last season and a 35% growth over the last 20+ million box crop in 2009. Ad frequency and intensity increased as well. The reports show ad concentrations appearing around critical production windows, including the 4th of July as detailed above, highlighted in our pre-season meetings with the over 200 partner retail groups. Rainier ads, a key to building consumer awareness of the variety and its availability, increased 14% over last season's record.

As reported during the season, Northwest cherries maintained more square footage of fruit ad space across the U.S. than any other item for four weeks straight. Total cherry ads maintained a podium position for nearly the entire season once sustained volume was attained. Like we saw last season, the ad promotion strength of Northwest cherries (along with the strawberry category) left other fruit categories to compete for the remaining promotion space during their summer peaks.

While maintaining the strength of the ad circular program, NWC continued to shift retailer emphasis towards more in-store promotions to collaborate with their published ads. Consumer-cherry demos, division-wide display contests, in-store health circulars and volume goal challenges are just a few examples of the programs designed to increase NW cherry category space while improving in-store attention and merchandising. Final data continues to flow in with our post-season retailer meeting reports, but we confidently expect to see increased YOY execution and volume movement totals as well.

More than half of all cherry purchases are impulse-driven, and in a year where dominating heat waves across the continental US reduced shopping frequency, it was all the more important to maximize cherry attention during each shopping trip. With a sustained 14-15% average lift, In-Store Radio is an important program in boosting that Point of Purchase (POP) awareness. Final audience numbers for In-Store Radio ads are still being compiled, but with a network expansion from 7,000 to 11,000 stores this season, it's likely we'll see a combined shopping audience in excess of 1.1 billion people (A18+) or nearly 5 times greater than the estimated A18+ U.S. population (2011, US Census Bureau). New merchandising Point of Sale (POS) highlighting the healthy aspects of our media-dubbed "Superfruit" was in such demand that reprints were required of nearly every available piece.



Overall, these ever increasingly health-focused, retailer-based consumer promotions are an important channel in disseminating our industry's key messages. As we move forward in future seasons, these promotions will continue to merge with consumer marketing tactics, creating unified market messages with greater impact and clarity for the consumer gatekeepers.

In this business, we occasionally need to step back and take stock of the positives that come with a season. This year our cherries were the most advertised product in produce and grocery circular ads for 4 weeks straight and in the top 5 for 10 weeks straight from late June through mid-August. Despite slower sell through in some markets we saw record retail advertising activity this season, which is a key factor in maintaining consumer awareness. We saw demand exceed supply on the Rainier crop; We saw China increase its volume by over 1,000,000 boxes up to 2.2 million 20 lb. boxes this year; We saw over 655,000 boxes go into Korea ... an increase of over 87% from the previous year's record; we saw record shipments to Australia that exceeded 434,000 up 31% over last year's record shipments. Lastly, on the export front we saw over 8 million 20 lb. equivalent boxes shipped across international borders this is up from the 2011 record shipments of 5.7 million 20 lb. equivalent boxes. Never before has the industry seen a year over year increase of over 40% for the export growth in consecutive record years.

The bottom line is that we have the best growers in the world ... and a great product. We will never stop needing more markets and more consumers looking to make cherries a healthy part of their diets. While the cherry business is the riskiest proposition in tree fruit ... with ever-increasing markets, press attention and documented health research, it is a safe bet that we have many successful seasons ahead.

If you would like a copy of the Northwest Cherries report that has more detail please contact the OSCC office.

for funding recommendations to the Commissions.

The new project titles for consideration are:

1. Early season estimation of fruit set and size potential.
2. Improving tools for early detection of brown marmorated stink bug (BMSB).
3. Enhanced monitoring of spotted wing drosophila in cherry orchards.
4. Novel postharvest fumigation of sweet cherries to fruit fly pests.
5. Effects of humidity on powdery mildew of cherry foliage and fruit.
6. Estimating the effect of temperature on cherry growth and fruit size.
7. A sweet cherry DNA fingerprinting service for the PNW industry.

There also three proposals that are up for reconsideration each year. Those are the consulting service of Fred Bliss and Amy lezzoni and support for a full-time technician to the Cherry Improvement Project. The total amount of funding requested for all of these projects is \$325,688. Continuing project requests add up to \$334,085 for a total research request of \$659,773. Please remember this is just what the total request is – it is unlikely that all of them will be funded 100% and the costs are usually shared between Oregon and Washington.

Copies of the final reports are available online if you're interested by going to www.treefruitresearch.com/research-reviews/nw-cherry-review.html. On the right-hand side of the screen click on Searchable Database. On the next screen there's an area that says click here to start your search. The next screen lists the fruits to search by on the left-hand side of the screen. When you click on Cherry a drop down menu to select Horticulture, Entomology or Pathology appears. When you make that choice another drop down menu appears with a further categorization of topics. When you click on your choice the reports pertaining to

that topic are shown in a list and you can bring up the report you want to read.

Copies of continuing reports and the currently proposed new projects are available electronically from the OSCC office.

If you need or would like any details about attending please contact the OSCC office.

MEETING CALENDAR

NW CHERRY RESEARCH REVIEW
NOVEMBER 13 & 14, 2012
STARTS AT 8:00 A.M. BOTH DAYS
YAKIMA RED LION
YAKIMA, WA

REGULAR DECEMBER SWEET
CHERRY COMMISSION MEETING
FRIDAY, DECEMBER 7, 2012
2ND FLOOR CLASSROOM
FOOD INNOVATION CENTER
1207 NW NAITO PKWY
PORTLAND, OR
10:00 A.M.

THE MEETING LOCATION IS
ACCESSIBLE TO PERSONS WITH
DISABILITIES. IF YOU NEED
SPECIAL ACCOMMODATIONS
PLEASE CONTACT THE OSCC
OFFICE AT LEAST 48 HOURS
BEFORE THE MEETING.

LYNN LONG'S
WINTER CHERRY MEETING
&
MCAREC RESEARCH REVIEW
SCHEDULED FOR
TUESDAY, FEBRUARY 5, 2013
LOCATION AND TIME TO BE
ANNOUNCED

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If you know of anyone who wants to receive this newsletter, meeting notices or ODA Administrative Rules, or if you have an address change please contact us at the one of the addresses above. This publication will be made available in alternate formats upon request.

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