

From the Orchard

News from the Oregon Sweet Cherry Commission

Fall/Winter 2014

2014 NW Cherry Growers Crop Overview

B.J. Thurlby

President, NW Cherry Growers

The Northwest Cherry growers are a unified group of just over 2400 growers nestled within the mountains throughout five U.S. states Washington, Oregon, Utah, Idaho and Montana. The 2014 season was a veritable whirlwind of a season coming two weeks early and finishing close to three weeks sooner than we have seen in the previous 7 years. Our numbers currently indicate that the Northwest has shipped just over 23.2 million 20 lb. equivalent boxes through a brisk 77 days of shipping! Generally we expect a shipping window of 90 plus days, but extreme heat in the Northwest pushed the crop together, which made for a challenging but successful marketing season. Likewise, the 2014 Rainier or Yellow cherry harvest was one of the largest on record totaling an amazing 2,059,782 15 lb. equivalent boxes. The chart below shows the historical growth of the

Continued on pages 2 through 5.

2015 Northwest Cherry Research Review

Dana Branson

OSCC Administrator

The 2015 Northwest Cherry Research Review was held at the Best Western Hood River Inn on November 13 and 14, 2014.

Researchers gave short presentations regarding the findings for each project funded in 2014 on the final and continuing projects. Copies of the more in depth reports are available online if you're interested by going to <http://treefruitresearch.com/searchable-database>. On the 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.

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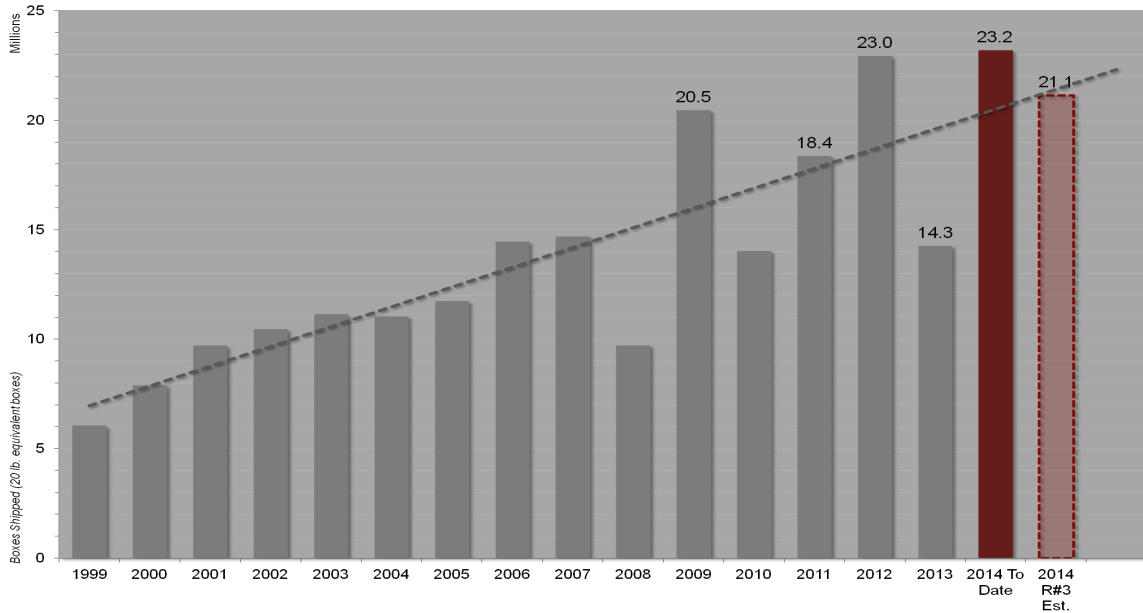
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Oregon Crop History

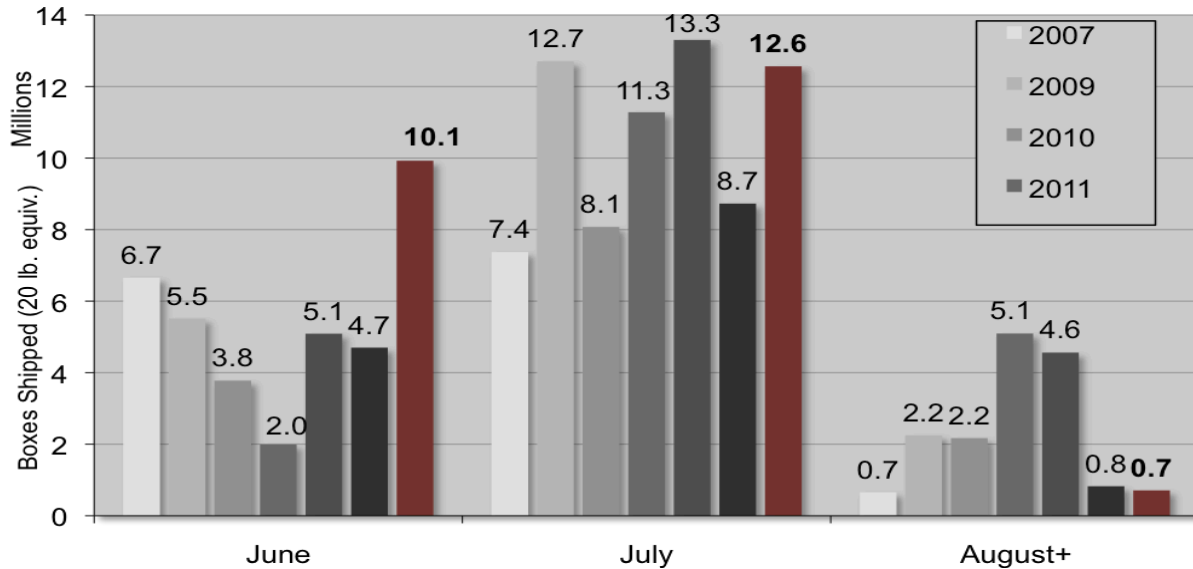
	Estimate	Actual	Actual
<u>Type</u>	<u>2014</u>	<u>2013*</u>	<u>2012</u>
Fresh	40,222	28,890	38,114
Brine	11,377	9,589	10,942
Canned	1,416	608	2,488
Frozen	<u>3,386</u>	<u>2,099</u>	<u>5,121</u>
TOTAL	56,401	41,186	56,665

Quantities in tons. *Revised from previous list

U.S. Northwest Cherry crop:



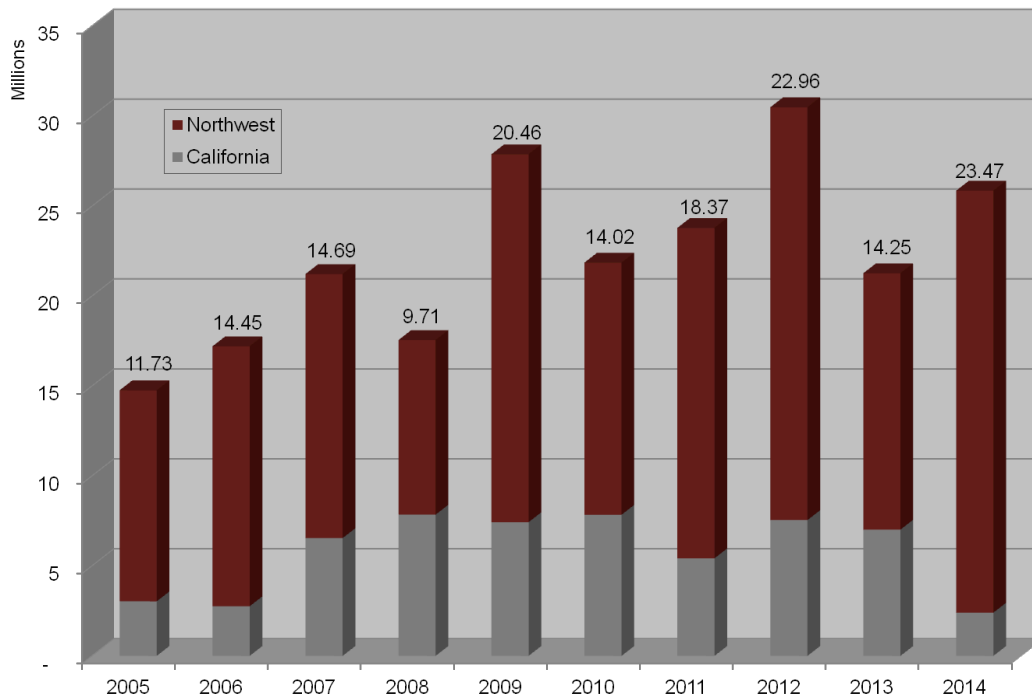
As every grower across the world knows ... the weather is the single most important factor in what happens during a cherry season. This year, as growers we were forced to deal with 19 days in July that exceeded 100 degrees F. Then in August we saw 10 days exceed 100 degrees F. ... throw in several serious rain events ... and we had the makings for another interesting year in the NW Cherry business. From 2009 to 2013 ... the Northwest experienced significant rain events in the early portion of the season and into the mid July portion of the crop ... it is safe to say that we have not seen many “clean” crops in recent years. By all accounts, this year’s crop was “cleaner” and more perfect when the growers were able to harvest their cherries. Likewise, growers spent more time managing the heat than they did from the few sporadic rainstorms the region saw. Extreme heat on the orchard changes the game. Growers need more tractors, more refrigerated trucks, more ladders, and more supervisors to finish picking early in day to avoid hottest daytime temperatures. Shipments by month look like this:



A few key statistics relative to this past season are thus:

- ✓ **The industry shipped for 77 days in 2014 vs. 81 days in 2013 and 92 days in 2012**
- ✓ **The industry shipped just over 10 million 20 lb. boxes in June for the first time ever**
- ✓ **Industry saw unprecedented 34 day streak averaging 502,000 boxes per day that encompassed the end of June to late July**
- ✓ **Increased shipments started June 16th (+400,000 Boxes)**
- ✓ **Ran through July 19th (354,000 Boxes)**
- ✓ **Before and After shipment days significantly less**
- ✓ **Largest Shipment Day in NWC history – July 11th, 665,936 boxes**
- ✓ **Second Largest Shipment Day in NWC history – June 24th, 654,297 boxes**
- ✓ **The Rainier Cherry pack was 2,059,782 15 lb. equivalent boxes in 2014**

To the extreme, our grower partners in the U.S. state of California had it even worse this year. The California production region is the midst of a severe drought. Sweet cherry orchards have not had sufficient chilling hours or precipitation for the past 18 months. The growers in California had the smallest crop in recent years ... only shipping 2.6 million 18 lb. equivalent boxes. A chart showing U.S. Pacific Coast (98% of all U.S. Cherries) production is below:



The growers deserve much credit for the cherries that did go into the box in this year ... the Northwest produced a high quality crop of large, firm cherries in 2014. The fact that there were a record amount of boxes sent to export markets strongly supports my opinion on this crop's quality. The Northwest exported 7.5 million 20 lb. equivalent boxes, which equates to 32.4% of the 2014 crop. Likewise, 2014 represents the first time the Northwest Cherries Growers have seen three

export markets exceed 1 million boxes! Canada (2.6 million), China (2.1 million) and Korea (1.1 million) have had astounding success as destinations in 2014. Other key export markets include Taiwan (540,000 boxes), Japan (337,000), Australia (233,000), New Zealand (8,000) Southeast Asia (227,000), Mexico (139,000) and the United Kingdom (124,000).

	2014	2013	2012	2011	2010
Japan	337,236	251,453	378,451	305,059	303,197
Taiwan	608,130	367,591	800,692	666,378	465,154
Hong Kong	768,737	446,984	1,025,910	602,348	415,395
China	1,268,790	567,333	1,137,888	511,497	427,917
Korea	1,119,308	491,890	650,050	351,478	242,768
UK	167,027	73,422	400,094	228,825	161,994
EU	85,951	16,680	159,526	157,595	73,918
Australia	232,708	161,133	434,214	332,562	244,220
Mexico	148,821	70,039	148,097	71,245	46,809
SE Asia	251,694	131,327	203,870	184,703	141,526
Canada	2,475,275	1,573,592	2,625,110	2,277,371	1,407,608
Total W/O CAN*	5,049,799	2,650,296	5,457,783	3,466,237	2,612,881
With CAN	7,525,074	4,200,209	8,082,893	5,743,608	4,020,489

North American Marketing Update - 2014 Overview

A Record size crop resulted in record advertising and promotion activity! Plans don't always align, but when a fast crop like 2014 coincides with a huge marketing emphasis in immediate-action digital marketing, it measurably impacts consumer awareness. We know it to be true, but research backs up the notion that a poor consumer impression can delay repurchase. Thus, given the challenges presented by the last of the late season Californian crop present on the shelves, it took all the wheels turning to keep the North American market pulling the crop through the season.

North America continued to play an important part of each day's shipments, receiving 4 out of every 5 cherries shipped from the Northwest. The lowest week, speaking in terms of weekly demand, was July 11th when North America took only 3 of every 4 shipped cherries. Rainier demand was stronger, as is typical, and was especially fueled by the longer-than-normal availability thanks to the plentitude of

earlier ripening varieties. This is allowing customers a greater window for repurchase, and making it easier for *New* and *Word-of-Mouth* entrants to find a display of quality fruit. Shipments peaked during the 4th of July weekend, as promotions geared up for National Rainier Cherry Day (July 11th) the following week. This has been an area of greater interest from retailers over the past few seasons, and March/April 2014 saw the most program inquiries yet. As a small but categorically important portion of our crop, specific time is spent during each pre-season meeting on the growth and availability of yellow/Rainier cherries. This emphasis can, in part, be credited with the witnessed increase in Rainier promotions and features, including the backbone ad program as well as store-level programs.

Nielsen research shows that one of the biggest challenges to overcome each season is consumer awareness that the season has begun. And once the NW cherries have arrived, to boost cherry sales a retailer needs to remind their customers that cherries are still in season. To that end, many retailers ran back-to-back ads this year with great success. We were told by several Produce Directors they wanted NW cherries on the front page week after week and had to prove the item was worth the valuable real estate to their management. Normally, one item isn't repeated on the front page. This year proved it can work. Together, NW cherry ads were up 23% over the previous record (2012), and 66% up over 2009's 20-million box crop. Compared to crop increases of 2% and 15%, promotions continue to keep setting the bar ahead of the crop.

A key number in this year's performance was the June ad total of 427 in the US. The big crops in 2009 and 2012 began too late for most June ads, and as such each season had less than 150 ads. But thanks to early information and cooperating weather, 2014 posted an impressive 427 NW cherry ads, easily an NWC record. Followed by the biggest July (965 ads), the difference of the season was further highlighted in August when only 85 circular ads were tracked.

Pricing stayed up at the shelf for the most part, with average retail prices in the US coming in as follows:

June - \$3.52	July - \$2.95	August - \$3.80
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The NWC continues to encourage retailers to support the momentum of the season with their ads, but front level pricing continues to be an area of challenge for some. Grower-funded large displays, in-store advertisements via print materials and radio ads, and consumer demos all play a part in setting the stage for a sale, and fortunately at a summer average retail price of over \$3 a pound, the market still eagerly absorbed 363,000,000 pounds.

Media clips are still coming in and being counted, as there truly were too many to count during the hectic season. Mainstream publications such as *Self*, *Shape*, *Eating Well*, *Every Day with Rachel Ray*, *Martha Stewart Living*, *Prevention*, *Food & Wine*, *Country Living* and many, many more all took up the call and helped educate customers this season. Our 2-pronged approach, health and lifestyle, found targets not only with traditional media but in the digital world as well. A new emphasis on social media communication took our NWC Facebook account from just over 100 likes on July 1st to over 9,000 likes by the season end. Combined with a Twitter following of over 600 that includes heavy

weights such as the LA Times along with a slew of Registered Dietitians and medical professionals, the NW Cherry Growers are coming out of the 2014 crop with momentum and a path as we enter the Holiday & New Year's health-focused media seasons.

MEETING CALENDAR

REGULAR OSCC MEETING
THURSDAY, DECEMBER 4, 2014
COLUMBIA GORGE COMMUNITY COLLEGE
BOARDROOM, BUILDING 1
400 E SCENIC DR, THE DALLES, OR
10:00A.M.

OSU EXTENSION
CHERRY DAY
SCHEDULED FOR
THURSDAY, FEBRUARY 5, 2015
AGENDA BEING DEVELOPED

NORTHWEST CHERRY INSTITUTE
JANUARY 16, 2015
YAKIMA CONVENTION CENTER
10 NORTH 8TH ST.
YAKIMA, WA
PRE-REGISTRATION REQUIRED BY
DECEMBER 29, 2014
\$30 WORKSHOP & LUNCH

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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. This newsletter, previous issues and meeting minutes are available on the OSCC website. www.osweetcherry.org.

Commission meetings are held bi-monthly in August, October, December, February, April and June. The date for the next meeting is set at the conclusion of each one to coordinate individual schedules.

Commissioners serve voluntary three-year terms. The Director of the Oregon Department of Agriculture makes the appointments. If you're interested you can contact the OSCC office or go to <http://www.oregon.gov/ODA/programs/MarketAccess/Pages/OregonCommodityCommissions.aspx> online to print a form.

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.

There were 19 pre-proposals submitted for consideration in September. The Oregon and Washington Research committees prioritized that list to 11 new proposals that were given a more thorough hearing at the Research Review in addition to the cherry breeding and genetics program and the renewal of consulting services of Amy Iezzoni on that project. The new proposals included three involving SWD control, determining flower bud hardiness, powdery mildew, improving fruit size and quality, bacterial canker, looking for weakness in a new virus, analysis of fruit flies in exported fruit, novel postharvest fumigation for key insect pests and residue remediation postharvest to reduce MRL barriers. Bud hardiness work has been done by Todd Einhorn and Lynn Long so some on the Oregon side weren't sure there is much more to learn. SWD remains a concern for both states and two of the three projects involved developing IPM strategies. The cherry breeding program work continues with discussion about the need to obtain new DNA from varieties not already being used. These could possibly come from Eastern Europe and Russia. Work on MRL's, fumigation and pests is crucial for exports.

The total amount of funding requested for both new and continuing projects adds up to \$1,057,744. The OSCC meets December 4 to consider which projects they will fund and Washington is scheduled to meet December 14. California will not be able to contribute much, if any, to research this year due to their short crop. Final decisions will probably not be reached until February 2015.

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