

CIAB MEETS IN GRAND RAPIDS, MI

The Cherry Industry Administrative Board met on Thursday, September 12, 2019 at 9 a.m. USDA Marketing Specialist Jen Varela reviewed the anti-trust policies of USDA as they relate to Marketing Orders and also provided the Board and industry with an update on the delayed selection and seating of newly elected Board members and alternates. To summarize, Ms. Varela told the Board there are several marketing orders awaiting selection orders from the Department, but she encouraged the Board to continue to work on developing new language that addresses some of the issues with elections and seating in the Tart Cherry Order.

Board members discussed the recommended restriction for the 2019/20 crop year. In June, the Board had estimated the crop to be approximately 248.2 mm lbs, and agreed at that time that they expected a large amount of in-orchard diversion (June estimate was 50 mm lbs). CIAB staff presented the final crop data for the year, as follows:

District	Crop Size (mm lbs)	In Orchard Diversion (mm lbs)	Total Crop (mm lbs)
NW Michigan	95.40	7.989	103.39
WC Michigan	34.53	0.649	35.18
SW Michigan	26.87		26.87
New York	4.16		4.16
Oregon	1.16		1.16
Pennsylvania	3.36		3.36
Utah	42.27	9.356	51.63
Washington	22.80	0.165	22.97
Wisconsin	8.38	0.136	8.51
TOTAL	238.93	18.295	257.22
Regulated Crop*	230.2		

Oregon and Pennsylvania reported no in-orchard diversion since these states are normally exempt from regulation. This year, because of the small crop in New York, handlers in that state were exempt from regulation as well.

*The regulated crop is the total crop minus in orchard diversion and lbs from unregulated districts

OPTIMUM SUPPLY FORMULA DISCUSSION AND RECOMMENDATION

The Board reviewed the preliminary OSF from its' June meeting and recommended no changes to the market factors that were included in the initial calculation. These factors were: a desire to carryout 85 mm lbs at the end of the crop year and an adjustment of 20 mm lbs to account for the expected quality of the crop. Board members reported that, because of the above-average rainfall followed by high temperatures in many districts, the adjustment for fruit quality was necessary to account for poor recoveries by processors. The desired carryout number was based on discussions by the Board in June. The Board discussed the desire for additional inventory in May to carryover processors who might need extra inventory for processing before the crop is harvested in July and August. The market growth factor is automatically included in the OSF calculation and ensures that the order will never release less than 110% of market demand. The final market growth factor for the 2019/20 crop year was recommended at 22.8 mm lbs.

2019 MARKETING POLICY (7/1/19-6/30/20)

The final recommendation for the OSF from the Board was a restriction of 33%, or 76 mm lbs. All factors which were considered in both June and September are presented below in the Board’s final OSF recommendation.

Factors	Million Pounds (RPE or Actual)
Free or Unrestricted Carry In (as of May 31, 2019)	174
U.S. Crop	257.2
Available Supply	431.2
3 Year Sales Average (net of exports and USDA sales)	228
Target Carryout	85
Optimum Supply	313
Surplus	118.7
Market Growth Factor	(22.8)
Economic Adjustment for quality	(20)
Recommended Regulation	76/33%

Note: When calculating the OSF, the ratio of surplus cherries to the crop in regulated districts determines the surplus percentage. In-orchard diversions are subtracted out of the total crop number. SW Michigan did report in-orchard diversion, however due to the small numbers of growers reporting, SW’s total is reported in other districts. Diversion in SW Michigan was less than 300,000 lbs. For 2019/20, the regulated crop size is 230.2 mm lbs, which is equal to the total supply minus the crop in NY, OR and PA and minus in-orchard diversion.

The OSF calculation is: Surplus (76 mm lbs)/Regulated crop (230.2 mm lbs) = 33 %

The CIAB reserve inventory does not enter the OSF calculation. In May 2019, the reserve inventory was 28.9 mm lbs, which is the lowest it has been since 2014.

CIAB SETS 2019/20 BUDGET- REDUCES ASSESSMENTS BY 23%

Every September the CIAB establishes a budget to fund operations and promotion and research for the upcoming fiscal year. This year the CIAB Executive Committee recommended a reduced assessment rate to use surplus funds since, in the current environment of low returns across the industry, they felt any additional returns to growers were vital. Assessment rates for the 2019/20 fiscal year were recommended to USDA for approval at \$0.00575/lb. The recommended budget would leave the CIAB with a fund balance of just over \$81,000 at the end of the year. At plant diversions this year were just over 8 mm lbs across all production districts. These diversions impact the budget since tart cherries diverted at the plant by processors are not subject to assessment.

The Board reviewed how funds collected through the marketing order are used to the benefit of the industry. About 15% of all funds collected are used to cover operations of the order and in-field compliance activities. The remaining 85% of funds collected are used to fund promotions and research.

CIAB PROMOTION AND RESEARCH

The CIAB is unique since it funds promotion activities by assessing all US handlers. The CIAB funds promotion and research activities on behalf of all US growers and processors.

Our current promotion program is based on consumer research which the industry funded last year. This research revealed that two optimal target audiences for growth in purchases of tart cherry products, our most motivating messages (“Superfruit”, “Discovery of a New Tart Taste”, and “Not Imported”) and where our target consumers are most receptive to information. Not surprisingly, our target consumers get most of their health, nutrition and food information from online and social sources, not from television or radio advertising. To make our industry’s dollars work the hardest, we focus on paid social media advertising and earned media relations for credible news stories which showcase the multiple benefits and uses of tart cherries. Over the past year, on social media (*Facebook, Instagram and Pinterest*) our program has averaged over 13,000 engagements per day. That means over 13,000 people every day were exposed to a social media ad or news story that featured tart cherries.

In comparison, the industry would need to spend over \$160,000 to air one 60 second advertisement in a single large metro area during off-peak advertising times (this does not include the cost to create the ad). **A single TV ad during peak advertising times (like when your favorite shows are on from 6-9 p.m.) would cost \$350,000 or more to air a SINGLE 60 second commercial.** At the current funding rate our, program could fund about four 60 second commercials in one large metro area (like in Los Angeles for example; data from <https://fitsmallbusiness.com/tv-advertising/>).

For these reasons, the promotion Task Force members from both the CIAB and CMI have consistently recommended a promotion program which focuses on more cost-efficient efforts through channels where our target market (as identified by our market research) is actually looking for cooking recommendations and to discover new food items.

DID YOU KNOW:

Just in the last year 6 new peer reviewed articles were published that featured our product?

1. “Effects of Montmorency tart cherry supplementation on cardio-metabolic markers in metabolic syndrome participants: A pilot study” in the journal *Functional Foods*, 2019, by T Desai, M Roberts, and L Bottoms.
2. “Effect of Montmorency tart cherry juice on cognitive performance in older adults: a randomized controlled trial” in the journal *Food & Function*, 2019 by SC Chai, J Jerusik, K Davis, RS Wright and Z Zhang.
3. Montmorency tart cherry supplementation accelerates recovery from exercise-induced muscle damage in females” in the journal *European Journal of Sport Science*, 2019 by MA Brown, EJ Stevenson.
4. “Effect of anthocyanin-rich tart cherry extract on inflammatory mediators and adipokines involved in Type 2 Diabetes in a high fat diet induced obesity mouse study” in the journal *Nutrients*, 2019, by A Nemes, JR Homoki, R Kiss, C Hegedus and D Kovacs.
5. “Effects of tart cherry juice on biomarkers of inflammation and oxidative stress in older adults” in the journal *Nutrients*, 2019, by SC Chai, K Davis, Z Zhang, L Zha, KF Kirschner
6. “Authentic tart cherry juice reduces markers of inflammation in overweight and obese subjects: a randomized, crossover pilot study” in the journal *Food & Function*, 2018, by KR Martin, L Burrell, J Bopp

In addition to the social engagements listed on the previous page, over the past year our promotion program has resulted in media placements for Montmorency tart cherry recipes and information in outlets like: *Shape Magazine, Cosmopolitan, Better Homes & Gardens, Medical Xpress, the Today Show, Healthline, Bustle*. Some of the featured recipes and earned media coverage can be found below.

CONSUMERS FIND INSPIRATION AT:

Based on consumer research and food trends, we develop recipes that we know will appeal to our two target audiences. Some of their top occasions for exploring the taste of Montmorency tart cherries are through snacks, baked goods and smoothies. We make sure to create these types of recipes that also incorporate other on-trend ingredients and preparations, like smoothie bowls and granola balls.

- “Tart Cherry Superfood Granola Balls”, at www.choosecherries.com/recipe/tart-cherry-superfood-granola-balls/
- “Instant Pot Tart Cherry Wings”, www.choosecherries.com/recipe/instant-pot-montmorency-tart-cherry-chicken-wings/
- “Mini Tart Cherry Gallettes”, www.choosecherries.com/recipe/mini-tart-cherry-gallettes/
- “Sparkling Tart Cherry Cider”, www.choosecherries.com/recipe/sparkling-tart-cherry-apple-cider/
- “Montmorency Tart Cherry Pickled Onions,” www.choosecherries.com/recipe/montmorency-tart-cherry-pickled-onions/
- “Post-Workout Recovery Tart Cherry Smoothie Bowl”, www.choosecherries.com/recipe/post-workout-recovery-tart-cherry-smoothie-bowl/

We also work with our Montmorency Network of influencer partners to create and share recipes to their loyal audiences on their own blogs and social channels. Our target looks to influencers as experts, so partnering with them is an efficient way to create credible content – and through paid social support, we’re able to extend the reach of the content and have it show up in our target’s newsfeeds. Below are the Montmorency Network partners we worked with this year.



HUMMUSAPIEN



EAT GOOD FOOD & MOVE



Jelly Toast
FOOD AND PHOTOS



pinch of yum



FRESH EXCHANGE



ambitious
KITCHEN



chelsea's
MESSY APRON



RUNNING TO THE KITCHEN
WHOLE SOME • FIT • INSPIRED • FRESH



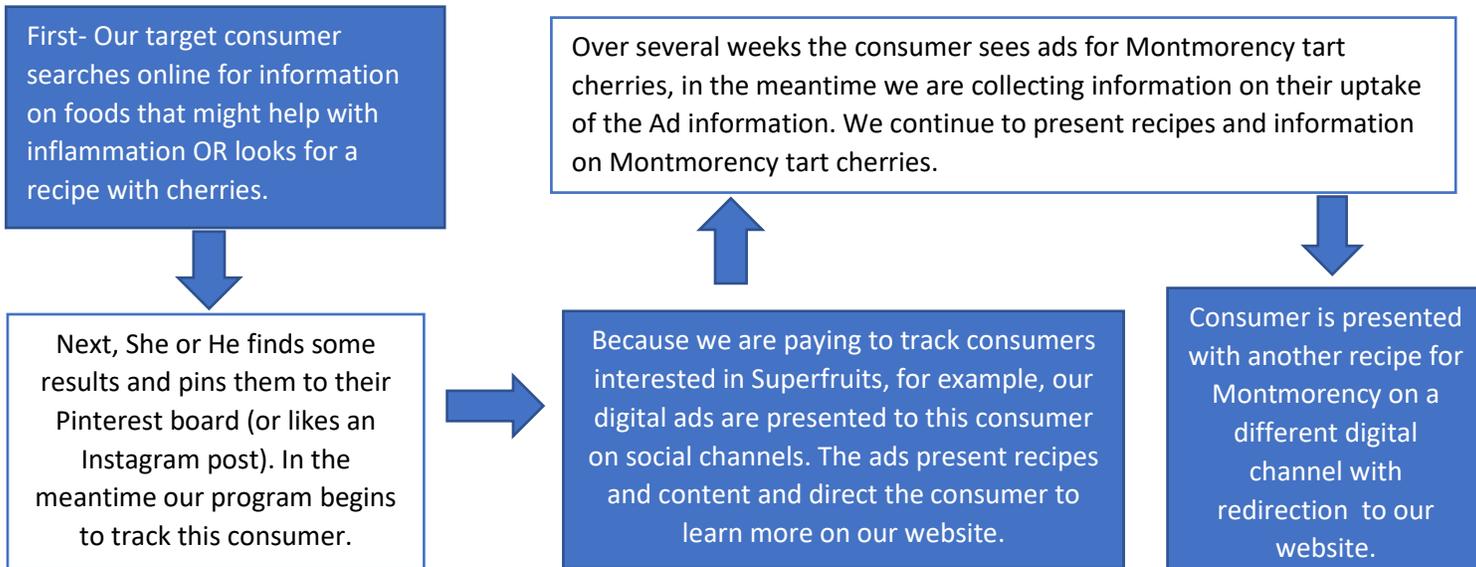
heartbeet
KITCHEN



the
mindful
blonde

Social Media Advertising

At the September CIAB meeting several audience members asked how industry dollars are used through advertising on social media. Marketing and promotion programs that utilize social media platforms like Facebook, Instagram and Pinterest allow small programs, like the Tart Cherry Industry, to maximize the value of funds to reach as many potential customers and new customers as possible. Below is an example of how advertising using social media works (spoiler: its not just what gets posted on your Facebook page!).



CIAB CALENDAR- CROP YEAR 2019/2020

OCTOBER 1: Handler reserve plan and final pack report due (Form 4)
 Inventory Reserve Summary and Inventory Location Report due (Form 5A and 5B)
 Assessments due

DECEMBER 2: Export and Market Expansion documents due for period July 1-September 30

DECEMBER 10: Sales/Inventory report due (Form 3; period ending Nov 30)

DECEMBER 10-12: Great Lakes Expo, Grand Rapids, MI

JANUARY 14-15, 2020: NW Michigan Orchard and Vineyard Show, Acme, MI and Empire State Producers Expo, Syracuse, NY (JAN 14-16, 2020)

MARCH 2020: CIAB referendum begins

MARCH 2, 2020: Export and Market Expansion documents due

MARCH 10, 2020: Sales and Inventory Report due (Form 3, period ending February 29, 2020)

APRIL 15, 2020: Grower revised orchard maps and application due