

Minutes
Domestic Market Development Subcommittee
Thursday, January 14, 2010
Reedley, CA

Chairman Justin Parnagian called the meeting of the Domestic Market Development Subcommittee to order on Thursday, January 14, 2010, at 12:20 p.m. in the conference room of the California Tree Fruit Agreement in Reedley, California.

Subcommittee Members Present:

George Neves	Justin Parnagian	Jeannine Martin
Wayne Brandt	Sabrina Mak (A)	Rod Rosales
Dave Maddux (A)	Ryan Jackson	

Subcommittee Members Absent:

John Forry	Bo Brett	Kerry Whitson
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Government Representatives:

None

Others Present:

Gordon Smith	Mike Rolph	Cassie Drake
Geoff Johnston	Dale Janzen	Gary Van Sickle
George Nikolich	Marco Luna	

Minutes

Chairman Justin Parnagian recognized that a quorum was present. Chairman Parnagian asked if there were any corrections to the meeting minutes from November 23, 2009 and asked for an approval of the minutes.

It was moved by Mr. Wayne Brandt, seconded by Ms. Jeannine Martin, to approve the minutes from the Domestic Market Development Subcommittee meeting on November 23, 2009. The motion passed unanimously

2010 Domestic Proposal

Mr. Gordon Smith explained that the reason for today's meeting was based on feedback from the Joint Committee meetings on December 10, 2009. The Full Board/Joint Committees failed to reach a consensus on the consumer research projects recommended by the Domestic Market Development Subcommittee in the 2010 Domestic proposal and asked the Subcommittee to meet again to discuss. Mr. Smith said the plan for the meeting today was to review the comments made at the Joint Meetings and to reconsider the 2010 Domestic proposal and budget for consideration at the next Joint meeting on February 18, 2010.

Mr. Smith reviewed the Category Research proposal which was recommended by the Subcommittee. Category research in 2010 would include maintaining data purchases from

Freshlook (IRI), Market Tracks (ad data) and US Marketing (store audits) and includes maintenance of the Data Resource Center from Fusion Marketing. Mr. Smith also discussed the retailer mini-reviews which were published for Industry the previous weekend, Season Year-to-Date report and the Category Analysis Newsletter which are created in house and released to the industry. Mr. Smith also recommended the continuation of CTFA's relationship with Delta Associates to maximize in-house resources and will also subsidize category management training for the industry. Mr. Smith noted that a two-day training seminar is scheduled for January 19 & 20 and anyone interested in signing up should speak with Ms Cassie Drake. The proposed budget allocation for category research is \$551,000, which is unchanged from 2008.

Mr. Smith reported that the Trade Education/Resources proposed for 2010 are significantly less than previous years due to the completion of the "How to...Guide" and orchard/recipe/stylized fruit photography completed in 2009. The proposed budget for 2010 is \$143,000 compared to \$310,500 in 2008. Mr. Smith noted that the budget included postage, PMA, travel, memberships (PMA, United Fresh, etc), website hosting and other expenses incurred to execute the program.

Mr. Smith presented the 2010 PPN Advocate campaign, which was a grass roots social media campaign along with an industry only website designed to keep industry updated on issues impacting California PPN and agriculture as preparation for future crisis management issues. In addition to the industry only website, there are three consumer blog style websites which allows for the Advocate to connect with consumers on a more personal and direct level and provide them with recipes, information about California PPN and share PPN TV grower episodes on various topics. Mr. Smith explained that last year 10 growers were interviewed creating 57 videos which was a way to connect consumers directly with growers. The proposed budget allocation for the PPN Advocate is \$155,000 compared to \$105,000 in 2008. The reason for a budget increase in 2010 was to increase the number of grower videos produced and to update the "Meet the Grower" section of the CTFA website to include the grower videos produced.

Mr. Marco Luna asked why more grower videos were needed. Mr. Smith responded that CTFA felt it important to feature as many perspectives as possible from an industry with over 1,000 diverse growers. Mr. Luna asked how many hits there had been on videos already produced. Mr. Geoff Johnston noted that the videos had been posted to youtube.com and vimeo.com and there had been 96 new views of the videos since October 2009, however admittedly this was after the season. Mr. Johnston added that the videos were being associated with other agriculture groups, which were using the videos in their sites and communications. This was one example why it was important to not use the same 10 growers over and over. Mr. Luna asked if it was worth spending \$75K for additional grower interviews and videos, and if there was a way to tell who was viewing them. Mr. Smith expected much better traction during the season, and because they were not uploaded until late last year there had not been any momentum built. In response to Mr. Luna's questions, Mr. Mike Rolph said that because this project was in the beginning stages there were certain questions which could not be answered at this stage. Mr. George Nikolich commented that if the goal of the videos was to put a face on the industry it was one thing but to represent every opinion may not work so well. Ms. Jeannine Martin asked Mr. Luna what amount of money he felt was the correct amount of money to spend on the videos. Mr. Luna responded that he was not sure without any way to measure the results. Chairman Parnagian agreed. Mr. Ryan Jackson commented that the only reason to get more videos was to get more exposure. Mr. Johnston noted that the current strategy is on trend and it would be good to have a library of tools available to use. Mr. Rolph stated that the best measure was to increase the number of videos and topics covered which would help increase the ability to hit searches on peaches, plums and nectarines. Ms. Sabrina Mak commented that the grower voices were a great way to tap into the local movement and send the message that the industry was a group of small growers and not "big Ag". Chairman Parnagian asked what topics were covered. Mr. Johnston said the videos produced last year were all made with the same 25 questions on everything from water to invasive pests, but that all of the answers varied. Mr. Smith said that the 2010 videos

would include 20 more growers with similar questions. Ms. Martin asked what the production time was for one video. Mr. Johnston responded that it took less than a week for one video. Mr. Rod Rosales asked under the current plan when would the new videos be posted. Mr. Johnston responded that MJR and staff were still planning content but would likely be the beginning of the 2010 season. Mr. Rosales noted that the videos last year were not posted until after PMA and that they needed to be utilized during the season for any value to be seen. He asked the question of possibly spending the same amount of money that was spent in 2009. Mr. Nikolich asked what the point of spending any more money would be. He stated that he was not opposed to the strategy, but felt there was no justification for any additional money. Mr. Jackson asked if only using the current 10 growers, if all growers felt represented. Mr. Rolph noted that it would be a mistake to think that the goal or outcome of the videos was to have redundancy and that MJR was managing the content of each video to have as many unique views as possible. Chairman Parnagian noted the Mr. Rolph made a valuable point but was still hesitant to add anymore funding without the results of the grower interviews produced in 2009. Mr. Neves asked if money could be set aside to create grower videos to answer questions as necessary in real-time. Mr. Rolph stated that if the Subcommittee decided to eliminate the additional videos, it would need to be decided what the Subcommittee would determine a measure of success. What is that we want to be measured? Who is visiting the videos? How long they spending on the site? The time of year they visit? The time of day? Mr. Rolph added that basic web measurements could be done at no additional cost, but that he could not tell us if 300 visits are good or 300,000 visits is good. The proposed budget is an extremely low budget but the goal is to get the message out to as many people as possible with a low cost, and there is an experiment element to this project. Mr. Neves asked if there was a way to measure if consumers were receiving a value by watching the videos. Mr. Rolph responded that the amount of time spent watching a video was a very good indication.

Mr. Luna asked what the \$60K line item in the PPN Advocate was for. Mr. Smith noted that it was for daily monitoring for news and content being added to all 4 sites. Mr. Johnston added that he completed a daily search for articles which meet the criteria that has been developed to be added to the Advocate site. Mr. Luna asked if certain key words were used. Mr. Johnston said that the consumer areas focus on a lighter content, and it gave a way for the Advocate to easily communicate and interact with consumers. Heavier issues like water or pesticides were reported to CTFA and an approved messaging was developed and the Advocate would then go back and communicate on that issue. Mr. Johnston also added that some big areas were not addressed at all but were still reported to CTFA. Mr. Nikolich asked if a log was kept of what articles were responded to. Mr. Johnston responded that he kept a daily log of his activities and reported it monthly to CTFA staff. Mr. Rolph added that the blog world was unique because everyone was able to view all conversations. Mr. Johnston explained that the role of the PPN Advocate was to add balance to discussions on the internet, such as the Chicago Tribune article. Mr. Smith showed the Subcommittee on the PPN Advocate website, the comments posted by the PPN Advocate on the Chicago Tribune website following the controversial article published in August 2009.

Mr. Luna asked what the \$15K in the PPN Advocate budget was for. Mr. Johnston explained that adding the grower videos to the "Meet the Grower" was just another layer of connecting the consumers with the industry. It would require a repackaging of the current site to include video content. Mr. Luna asked if there was a cheaper way to do that. Mr. Rolph responded that there was always a cheaper way of doing something but that it was important to maintain the quality standard that had already been developed on the CTFA website. Chairman Parnagian commented that the website is great and he would hate to cut corners. He said that website is used by many and it is important to maintain the integrity of the site.

Mr. Smith explained the next section was in regards to the Consumer Research portion of the budget which generated a majority of the discussion at the Full Board/Joint Committee meeting.

Mr. Smith recapped the Attitude Tracking study which is a survey on primary users of PPN and non-users to determine the variances in their perceptions and attitudes towards California PPN. Key questions to be answered with this study would include awareness levels of California PPN, attitude regarding quality and overall eating experience, importance of California vs non-California vs “locally grown”, selected target groups to leverage for future sales growth and purchase information (quantity, on-promo, and off-promo). The second study was the Consumer Decision Tree Study, which looks at how the PPN consumer shops and what influences their decisions to purchase fruits. The study will examine five stages of decision making; problem recognition (perceiving a need), information search (seeking value), alternative evaluation, (assessing value), purchase decision (buying value) and post-purchase behavior (value in consumption). Mr. Smith reported that the Consumer Attitude Study was \$80,000 and the Consumer Decision Tree Study was \$50,000 for a total consumer research line item of \$130,000, \$10,000 less than last month’s proposal, but compared to \$50,000 in 2009.

Mr. Smith presented the final overall recommended as presented for during the December 10, 2009 Full Board meeting with a season total of \$1,275,500 which is a \$91,083 reduction from 2009. Chairman Parnagian expressed that the Subcommittee should go through the budget by each line item. He reminded the subcommittee that in the initial staff proposal in September they were not willing to pass the two consumer research projects which were presented, but then new options were provided and the Subcommittee agreed on the Consumer Attitude Study and the Consumer Decision Tree Study, but at the Joint meeting there was not enough demand from the industry to follow through with those reports. Mr. Neves commented that the consumer research available right now was already 5 years old and that a new report was probably needed. Chairman Parnagian agreed but noted that discussions at the Joint meeting about how effective the research was and that it was hard to move forward with no measurable results of how effective the research was. Mr. Jackson asked if it was being recommended to slash the consumer research budget completely. Mr. Luna asked how we know the consumer research is being used. Mr. Neves asked if anyone had contacted the Subcommittee since the meeting about not getting rid of it. Ms. Cassie Drake noted that industry does use the information based on the reports tracked on the download center statistics. Mr. Smith said that one of the important benefits of the consumer research is when CTFA responds to trade publications requests for new information regarding California PPN. CTFA is currently relying on old studies. Ms. Martin commented that the Subcommittee is only a small group of people representing the larger industry. Her concern with eliminating these studies was that it eliminated the choice people had to use the consumer research or not use it. Chairman Parnagian stated that if the industry wanted this information it should have been fought for by them either at the joint meeting or individually with a Subcommittee member. He commented that he could go either way with the decision, but that due to the lack of interest it was the most responsible thing to not move forward with it. Mr. Neves said that the buyers he deals with tell him what they want regardless of what is provided to them and there is no compelling reason to approve. Mr. Luna said that in his own business he would not invest money in areas where you don’t know the results. Mr. Brandt asked staff if they learned in their sales desk meetings about industry using this information. Ms. Drake responded that she received weekly calls from people asking for information, specifically the Decision Tree Study.

It was moved by Mr. George Neves, to discontinue the 2010 Consumer Research.

Ms. Martin said that she would vote to keep the Consumer research. Ms. Mak said that the Decision Tree was pivotal to the development to category management as it grows. She said that if industry decides not to invest now it should be considered again next year.

Mr. George Neves withdrew his motion to discontinue the 2010 Consumer Research.

It was moved by Mr. Ryan Jackson, seconded by Mr. Rod Rosales to table the discussion for 2010 Consumer Research and discuss the projects for 2011. The motion passed with one nay (Jeannine Martin).

Chairman Parnagian noted that there were no issues with the category resources and industry resources. He asked if there was any additional conversation regarding the PPN Advocate. Mr. Jackson said that the PPN Advocate was one of the best things that CTFA has to offer, but that it was possible to cut the budget some. Mr. Neves said that they should only look at cutting the additional interviews but possibly leave it open for future videos. Mr. Rosales said that they should leave funds available to develop videos on current topics as they arise. Mr. Rolph responded that the videos could be used for a crisis if the need arose.


It was moved by Ms. Jeannine Martin, seconded by Mr. Ryan Jackson to keep the PPN Advocate and changes to the Grower website and table the funds for additional PPN TV Grower videos. The motion passed with one nay (George Neves).

It was moved by Mr. Wayne Brandt, seconded by Ms. Jeannine Martin to approve the revised budget for the 2010 season. The motion passed unanimously.

Issues to Be Discussed at Further Meetings

The chairman asked if there was any other business. Mr. Smith noted that the Full Board meeting would be held Thursday February 18 at 1pm at the Kearney Ag Center. The chairman adjourned the meeting at 1:47 p.m.

Respectfully submitted,



Cassie Drake
Category Research Specialist