



# Annual Report

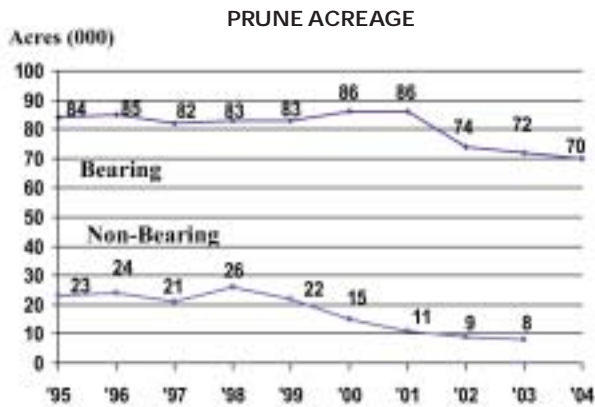
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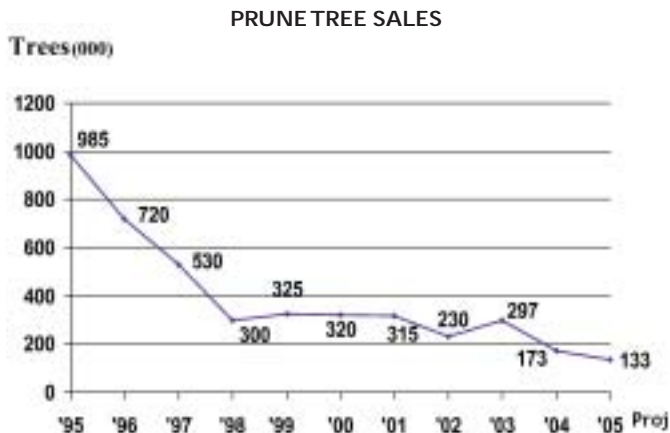
*This Annual Report was developed in accordance with the Agricultural Marketing Act of 1937 to provide you with a summary of California Dried Plum Board activities for the 2003/04 marketing year. Special recognition should go to the members and alternates of the Board and Committee shown on page 8 and the various subcommittees who have devoted many hours to California prune industry matters during the course of the year.*

## PRODUCTION AND SUPPLY

Bearing prune acreage for 2003 was estimated by the California Agricultural Statistics Service (CASS) at 72,000 acres which was down 2,000 acres from 2002 with an additional 2,000 acre reduction in 2004 projected. Non-bearing acreage for 2003 was estimated at 8,000 acres, down 1,000 acres from the prior year.

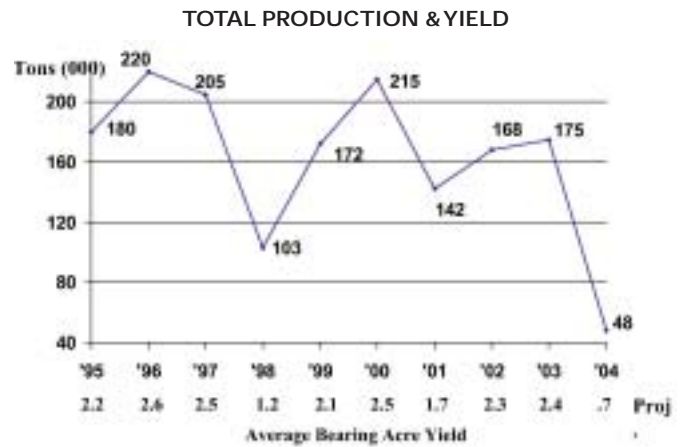


Prune tree sales reported by nurseries decreased by 42% in 2004 to 173,000 trees, which is well below the historical annual replacement level of about 250,000 to 300,000 trees. The projection for 2005 sales was 133,000 trees.



2003 prune production reached 175,302 tons which was 4% larger than the 2002 crop. This was 10% higher than the five-year average and 265% above the 48,000 tons projected for 2004 (the smallest crop since 1918's 45,000 tons). The 2.4 ton yield per bearing acre was 22% higher than the previous five-year average. The 23 Screen undersize content and trash totaled 7,335 tons or 4.2% of total production.

The North Sacramento Valley (Glenn, Tehama, Butte and Shasta Counties) accounted for 33% of total production, down from 37% in 2002. The South Sacramento Valley's contribution increased from 45% to 48%. San Joaquin Valley production increased slightly from 18% to 19%.



The average size count in 2003 was 73 compared to 59 in 2002 and 57 projected for 2004. Average sizes by region were 71 in the North Sacramento Valley, 73 in the South Sacramento Valley, 77 in the San Joaquin Valley and 78 in the declining Coastal region.

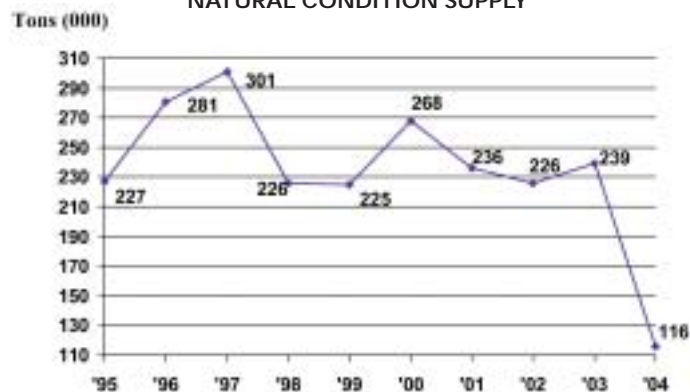
The 2003 carry-in of 71,320 natural condition tons was 12% above the 2002 carry-in and more than 31,000 tons above the desired inventory level. The 2004 carry-in declined to 68,833 tons.





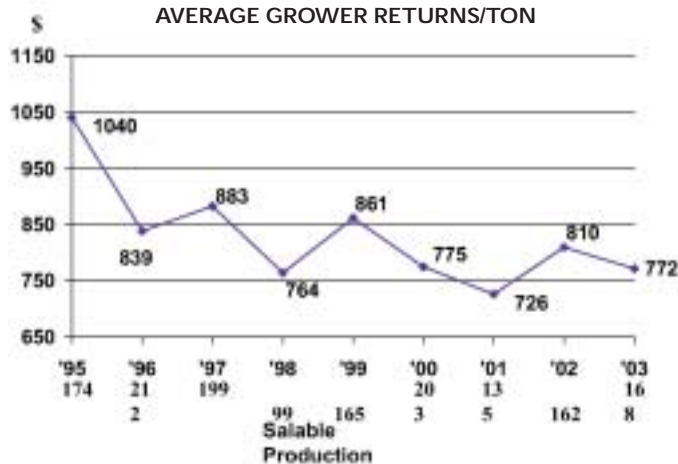
When combined with 2003 marketable production of 167,967 tons, the result was a total supply of 239,287 tons which was 6% higher than the 2002 supply and 106% higher than the projected 2004 supply.

NATURAL CONDITION SUPPLY



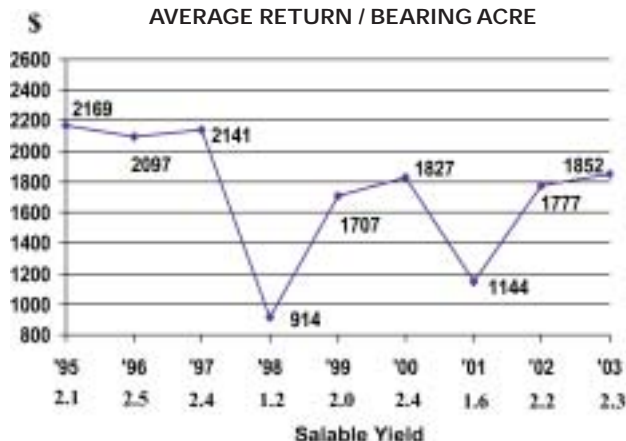
The average grower return per ton decreased by 5% to \$772/ton for 2003 according to the California Agricultural Statistics Service. This was slightly lower than the previous 5-year average.

AVERAGE GROWER RETURNS/TON



The average return per bearing acre increased by 4% in 2003 to \$1,852 due to the modest increase in the yield per acre and was 25% higher than the prior five-year average.

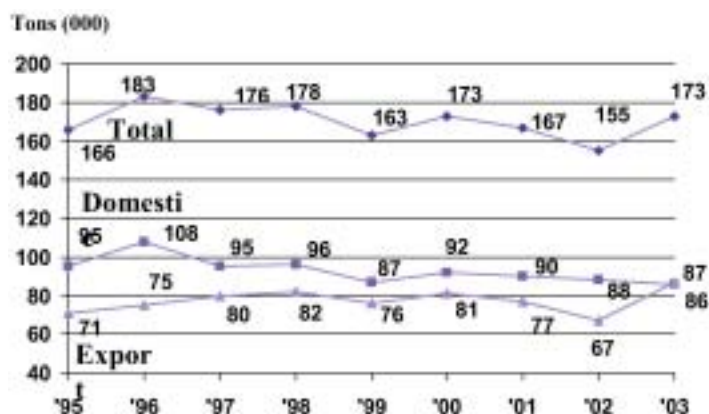
AVERAGE RETURN / BEARING ACRE



## SHIPMENTS

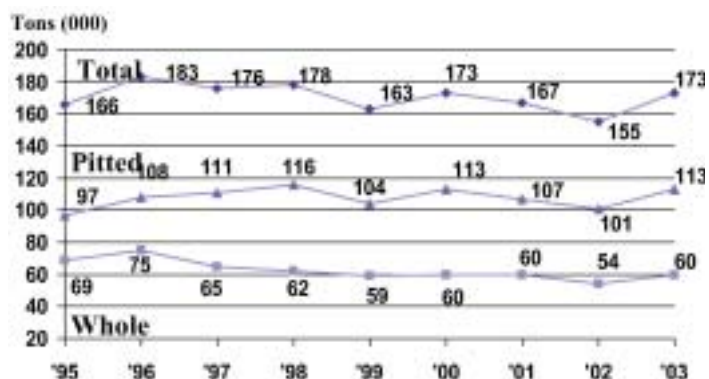
Total 2003 shipments of 173,042 processed condition tons were up 12% from 2002. Domestic shipments were down 1% due to a 7,100 ton decrease in consumer pack shipments. Exports increased by 29% due to the weak US dollar helping recovery from the previous year's 13% decline that resulted from the European Union - Chile Free Trade Agreement, the West Coast dock strike and the SARS epidemic in Asia. Exports as a percent of total shipments jumped nearly seven percentage points to 50.1%

TOTAL SHIPMENTS



Shipments of both pitted prunes and whole prunes increased by 12% from 2002. Pitted prune shipments as a percent of total domestic shipments declined by nearly seven points to 53.3%, while the pitted percent of exports increased slightly to 73.3%.

SHIPMENTS - WHOLE & PITTED

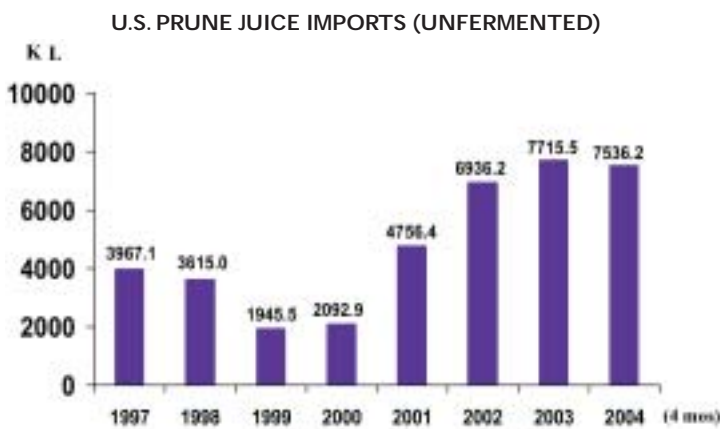




U.S. prune imports (excluding prunes in brine) last year totaled 28.9 MT. This represented a decline of 84% from the prior year. For the first four months of this very tight supply year, however, 884 MT have been imported from Argentina, France and Chile.



Imports of unfermented prune juice (including prune concentrate converted to single strength juice) increased by 15% last year to 7,715.5 kiloliters. For the first four months this year 7,536.2 KL, almost as much as in the prior 12 months, has been imported from Chile and Belgium/Luxembourg.



## DOMESTIC MARKETING

### Public Relations

The 2003/04 U.S. marketing focus was on positioning dried plums as the #1 fruit for digestive health. This was done through consumer public relations activities targeted at generally healthy women who rely heavily on processed, ready-

to-eat/prepared foods for themselves and their families, who are motivated by wellness and having a fit mind and body.

Our communications objectives were to:

- Create awareness that core digestive health is a form of fitness and wellness
- Increase the percent of the target audience who believe that it is important to improve core digestive health
- Build understanding that dried plums are one of the best foods for strong and fit digestive health.

To accomplish these objectives the CDPB partnered with the American

Gastroenterological Association (AGA), the leading physician-based organization for digestive disease. The AGA's involvement made the CDPB's digestive health program both credible and newsworthy. The AGA's physician advisory panel helped the CDPB develop a new definition of digestive health that included the following statement "Eating a nutritious diet is needed to maintain a healthy digestive system and may prevent and treat certain digestive diseases".



A national survey was conducted to gauge consumer awareness of digestive health and its relevance in their lives. Research highlights included:

- Americans report more than 81 million cases of chronic digestive problems each year.
- Digestive health problems are suffered fairly equally among all age groups.
- Quality of life is tied to what you eat – poor food choices can lead to disruptive digestive systems.

A self-test "The Core Score", was developed to help consumers assess their own behaviors to determine if they are at risk for digestive diseases. A separate tip sheet "5 Ways to Build Strong Digestive Health" was developed to provide simple steps that individuals can take to improve their digestive health through nutrition (dried plums), exercise and stress reduction.

The research findings and "Core Score" materials were distributed through mailings to newspaper and magazine health editors, the AGA and CDPB web sites, a newspaper matte release and influencer mailings to gastroenterologists, registered dieticians, physicians' assistants and yoga/pilates instructors.



Satellite media tours were conducted with both television and radio stations around the country. Television spokespersons were Dr. Samuel Klein, Director of the Center for Human



Dr. Samuel Klein



Leslie Bonci

Nutrition at Washington University School of Medicine, and Ms. Leslie Bonci, RD, Director of Sports Medicine Nutrition at the University of Pittsburgh Medical Center. Ms. Bonci and Dr. Lee Kaplan, Associate Chief of Gastroenterology at Massachusetts General Hospital served as the radio spokespersons. The results were very positive with nearly 3 million television impressions versus a goal of 1.5 million and over 3.6 million radio impressions versus a goal of 2 million.

Active senior citizens were given special emphasis through a partnership with the “Silver Foxes”, an organization that promotes good health through prevention and the development of a strong physical and emotional core through exercise. The CDPB assisted with the launch of the Silver Foxes’ New Power Pilates 2 video starring actress Stefanie Powers that included an endorsement of dried plums.

A satellite television and radio tour was conducted using celebrity parents Sal Pacino (father of Al Pacino) and Patsy Swayze (mother of Patrick Swayze) as spokespersons. Another 1 million media impressions were generated to further expand the CDPB’s digestive health campaign.



Sal Pacino



Patsy Swayze

## Nutrition Research

Since the beginning of the Nutrition Research Program in 1997, the Board has funded 24 studies involving over 50 scientific collaborators. Our nutrition research seeks to answer:

- What’s in dried plums? - composition
- What do these compounds do? - consumption
- What can we say about what these compounds do? - communication

In April 2004, Nutrition Advisory Panel member Dan Gallaher, PhD, Professor, Department of Food Science and Nutrition, University of Minnesota presented “Effect of Dried plum Consumption on the Development of Atherosclerotic Lesions in the ApoE-Deficient Mouse” at the meeting of the Federation of American Societies for Experimental Biology. His research discovered that mice consuming a diet approximately equivalent to consumers eating 10-12 dried plums daily developed significantly less atherosclerotic lesion than the animals on the control diet. Dried plums had a positive effect on the disease process that was not related to lowering blood cholesterol levels and the mechanism responsible for this effect remains uncertain.

Research projects carried over into 2004/05 include:

- The effect of dried plums on brain aging in rats
- The determination of the glycemic index of dried plums, prune juice and fresh plum juice
- The role of dried plums in oral health and the suppression of cariogenic bacteria
- The role of dried plums as a fat and carbohydrate replacer in bakery and confectionery products
- Development of an annotated bibliography on digestive health research.

## Industrial/Foodservice Program

The California Dried Plum Board’s industrial/foodservice program is focused on the use of various forms of dried plums as food ingredients. In prior years the applications focus was on baked goods as a humectant, shelf life extender and fat replacer, and on meat products as an antimicrobial suppressant, humectant and shelf life extender. During 2003/04 the



focus was expanded to be more inclusive of many other applications including sauces and confections. Also during 2003/04 more cost efficient approaches to communicating these dried plum messages were developed and employed.

Specific projects in 2003/04 included:

- Production of a new, lower cost and more flexible trade show booth
- Development of a technical bulletin on trans fat and dried plum use as a fat replacer
- Production of a celebrity chefs cook book for distribution at trade shows
- Press releases describing multiple dried plum applications, features and benefits
- Participation at the annual Research Chefs Association convention and the Institute of Food Technologists annual convention.

## INTERNATIONAL MARKETING

The California Dried Plum Board's support from USDA's Market Access Program (MAP) increased by 27% to \$2,572,000 in 2003/04. Generic marketing support was continued in the following export markets.

### Japan

A revised television commercial "The Power of Prunes" put more emphasis on the products' nutritional attributes including potassium which had not previously been included. The commercial ran in eight spot markets in October 2003 and generated a 16.5% increase in scanner sales during the flight. The second flight ran in March 2004 and generated an increase of only .4% in prune sales due to a higher pre-flight comparison period when a



Power of Prunes Television Commercial

national television publicity feature had increased prune sales. The weak US dollar also reduced the amount of GRP's, thereby reducing the impact of the campaign.

New point-of-sale materials were developed featuring the iron, fiber, potassium and antioxidants in California prunes and offering easy serving suggestions. A new Japanese website ([www.prunes.jp](http://www.prunes.jp)) was launched to expand knowledge about prunes. Seminars continued to show home economists how to prepare recipes using California prunes for school lunch and the nutritional reasons for incorporating prunes into school lunch menus.

### China

Product sampling continues to be an effective way of introducing California prunes to consumers and demonstrating their superiority over domestic preserved fruits. The CDPB participated in U.S. Food Festivals sponsored by USDA, supermarket promotions and sporting events at schools and universities. These events are supported by magazine advertising and media publicity advising consumers of the nutritional reasons they should buy California prunes.

The CDPB also sponsored a pregnant salon at Shanghai's National Woman's Baby Care Hospital. Expectant mothers were given dietary advice and shown that California prunes are a tasty and nutritious solution to their diet deficiencies.



Shanghai's National Woman's Baby Care Hospital

California prunes have also been promoted as an ingredient in popular Moon Cakes. Bakery training seminars were held to increase knowledge about the use of prunes in Moon Cakes and other baking applications. The CDPB also exhibited at the National Candy & Spirit Fair in Shenyang and the SIAL China Show in Shanghai where over 15,000 trade contacts were made.



### India

Education efforts with the Indian trade are paying off as California prune distribution continues to expand. In order to increase consumer awareness, a leading television actress, Ms. Smitri Irani, was chosen as our brand ambassador. She was featured on POS materials and in media interviews urging consumers to try California prunes.



Smitri Irani

Prunes were featured during the November Diwali festival in nut and dried fruit gift packs. Festive fairs held during this holiday season provided ideal venues for sampling consumers.

Master Chef Sanjeev Kapoor conducted seminars in Bangalore and Mumbai on baking and cooking with California prunes for representatives of the hotel, restaurant, institutional and retail market segments.

### United Kingdom



Gail Porter at the Beach Bar

The CDPB held a California style beach party for the UK trade and nutrition media to emphasize why California is still the premier supplier of prunes. Television celebrity Gail Porter and author

Michael Van Straten explained the nutritional attributes and versatility of California prunes. Also discussed were the results of a CDPB survey on childhood obesity, a growing concern in the UK.

A new "Ripe from California" minizine featuring California prune facts, nutrition information and recipes was made available at point-of-sale. Over 130,000 pitted prune snack packs and minizines were distributed to mothers of 3 to 5 year olds by the National School Parent Teacher Association.

### Italy

A nutrition and trade seminar with a California Prune Power theme was held in Milan to reemphasize the advantages of California prunes. Celebrity chef E d u a r d o F e r r e r a demonstrated the versatility of California prunes and the nutritional attributes of California prunes were emphasized.



Italian Booklets

Two consumer booklets were developed to demonstrate both the versatility of cooking with California prunes and the health benefits of snacking on California prunes. Both booklets feature strong California imagery and have been distributed through the trade and the media.

### Spain



Alimentaria Booth

The California prune consumer leaflets promoting health, snacking and fine cuisine were so popular last year that their distribution was continued through the trade and the media. These were supplemented by in-store POS materials, magazine insertions and print and broadcast media interviews.

The Board exhibited at the biannual Barcelona trade show Alimentaria which generated considerable trade interest in why buyers should buy California prunes over cheaper foreign competition.



Trade Advertorials

### Germany

In the wake of an influx of cheap Chilean prunes into Germany resulting from the European Union's decision to grant them duty-free status, activities were limited to trade communications focusing on why California is still the premium supplier of prunes. Newsletters, advertorials in three leading trade publications, press kits and personal meetings with editors were employed.

## PRODUCTION RESEARCH

The California Dried Plum Board funded a variety of production research projects in 2003/04 as well as membership in the Minor Crop Farmer Alliance and the Implementation Working Group at a total cost of \$151,000. Donald Vossler served as Chairman of the Research Subcommittee and Gary Obenauf, President of Agricultural Research Consulting, coordinated all research activities. For a report on these prune research projects, contact the Board office.

### 2003/04 BOARD INCOME & EXPENSES

The 2003/04 Board statement of income and expenses is shown below. These represent audited figures verified in the Board's annual audit by Hood & Strong, Certified Public Accountants.

#### INCOME:

Carryover Funds	\$2,452,020
Production (Assessable tons only)	167,967
Assessment Rate per ton	\$ 14.00
Assessment Income	2,351,043
Misc. Income (Interest, etc.)	9,941

**TOTAL INCOME** \$4,813,004

#### EXPENSES:

Operating Expenses	\$196,375
Consulting Services	107,310
Uncollectible Assessment Expense	6,536
Crop Estimating Services	30,500
Production Research & Coordination	226,837
Public Relations	837,449
Consumer Research	116,216
Sales Promotion	58,549

International Market Development	1,838,204
Administration	310,868

**TOTAL EXPENSES** \$3,728,844

**FUNDS CARRIED OVER** \$1,084,160

## -ADDRESS SERVICE REQUESTED-

3841 North Freeway Blvd., Suite 120  
Sacramento, CA 95834

CDPB (916) 565-6232

PMC (916) 565-6235

FAX (916) 565-6237

E-mail: [pconine@cdpb.org](mailto:pconine@cdpb.org)

Web Site: [www.californiadriedplums.org](http://www.californiadriedplums.org)



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the California Dried Plum Board (CDPB) &  
the Prune Marketing Committee (PMC)*

Tim Smith, Chairman, CDPB

H.A. (Gus) Collin, Chairman, PMC

Richard Peterson, Executive Director, CDPB & PMC



## 2003/04 MARKETING YEAR

### CALIFORNIA DRIED PLUM BOARD

#### DISTRICT/ AFFILIATION

	MEMBERS	ALTERNATES
	<u>PRODUCERS</u>	
1	Vern Vereschagin (a)(c)	Stan Lester
2	Warren Riley	Vacant
3	Jaswant Bains	Neill Mitchell
4	Ken Lindauer (c)	Al Lengtat
5	Ron Giovannetti	Jon Lavy
6	Steve Danna	Ranvir Singh
7	Chris Steggall	Lucille Demetriff
Co-op	Gus Collin (c)	Bob Amarel, Jr.
Co-op	Ren Fairbanks	Jill Cenedella
Co-op	Jane Flynn	Joe Turkovich
Co-op	Bob Kolberg	Gary Thiara
Co-op	Hans Smith	Jaswinder Bains
Co-op	Tim Smith	Brendon Flynn
Co-op	Donald Vossler (b)	Larry Waters

#### PROCESSORS

Co-op	Arthur Driscoll	Harold Upton
Co-op	Dane Lance	Steve Ricardelli
Co-op	Harold Schenker (c)	Mark Dalrymple (d)
Independent	Kent Mannee	Dennis Serger
Independent	Mark Mariani (c)	George Sousa, Jr.
Independent	Dick Onyett	Brad Stapleton (c)
Independent	Rick Wilbur	Emily Wilbur

#### PUBLIC MEMBER

Karen Berke                      Michele McCormick

### PRUNE MARKETING COMMITTEE

MEMBERS	ALTERNATES
<u>PRODUCERS</u>	
Vern Vereschagin (c)	Keith Larrabee
Warren Riley	Vacant
Joginder Bains	Neill Mitchell
Ken Lindauer (b)(c)	Dorothy Lindauer
Ron Giovannetti	Jon Lavy
Steve Danna	Ranvir Singh
Dwayne Cardoza	Jeff Jue
Gus Collin (a)(c)	Bob Amarel, Jr.
Ren Fairbanks	Jill Cenedella
Jane Flynn	Joe Turkovich
Bob Kolberg	Gary Thiara
Hans Smith	John Rehermann
Tim Smith	Brendon Flynn
Donald Vossler	Larry Waters

#### PROCESSORS

Mark Dalrymple	Bruce Norton
Arthur Driscoll	Harold Upton
Harold Schenker (c)	Dane Lance (d)
Kent Mannee	Dick Onyett
Mark Mariani (c)	George Sousa, Jr.
Dennis Serger	Richard Taylor
Rick Wilbur	Emily Wilbur

#### PUBLIC MEMBER

Karen Berke                      Michele McCormick