

California Prune News

ANNUAL REPORT

No. 113

January 2000

This Annual Report was developed in accordance with the Agricultural Marketing Act of 1937 to provide you with a summary of California Prune Board activities for the 1998/99 marketing year. Special recognition should go to

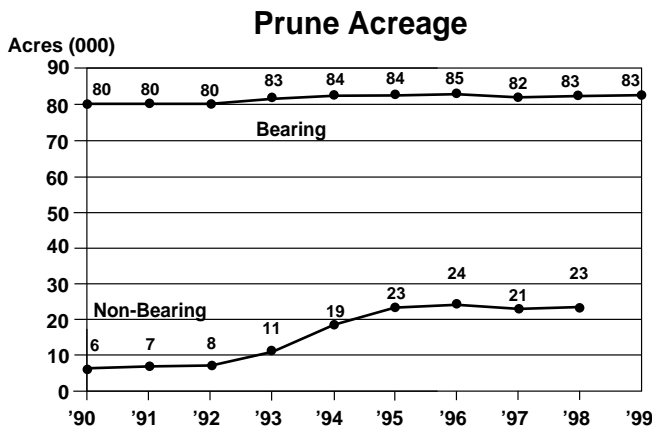
the members and alternates of the Board and Committee shown on page 6 and the various subcommittees who have devoted many hours to California prune industry matters during the course of the year.

PRODUCTION AND SUPPLY

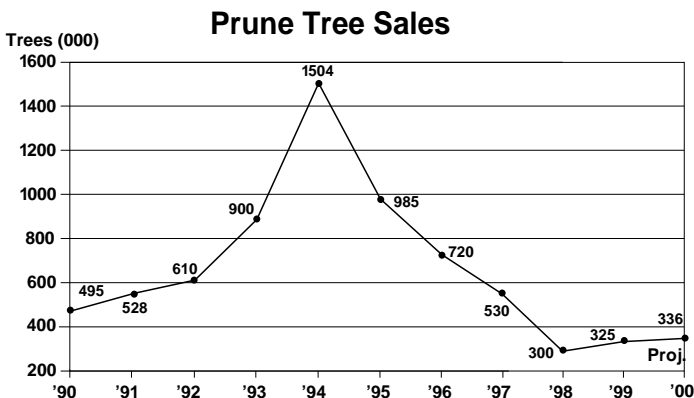
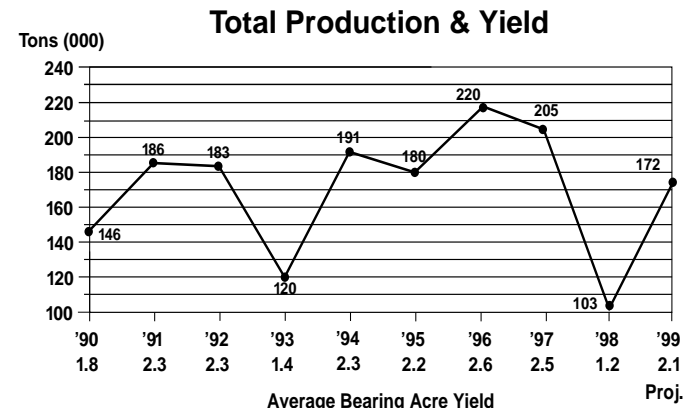
Bearing prune acreage for 1998 was estimated by the California Agricultural Statistics Service (CASS) at 83,000 acres which was up 1% from 1997's 82,000 acres and the same as the forecast for 1999. Non-bearing acreage for 1998 was estimated by CASS at 22,500 acres, which was 6% higher than 1997's 21,300 acre estimate.

The 1998 prune harvest reached only 102,521 tons which was 50% less than 1997 due to a wet, cool spring caused by El Nino weather patterns and extreme temperature swings through the growing season. This was 44% below the prior five-year average and 40% below the 171,550 tons projected for 1999. The 1.2 ton yield per bearing acre was the lowest in the last 25 years and the average off-grade was the highest in 30 years. The 24 Screen undersize content and trash totaled only 3,246 tons or 3.2% of total production.

The North Sacramento Valley (Glenn, Tehama, Butte and Shasta Counties) accounted for 34% of total production, down from 37% in 1997. The South Sacramento Valley's contribution remained unchanged at 45%. San Joaquin Valley production increased to 21% of

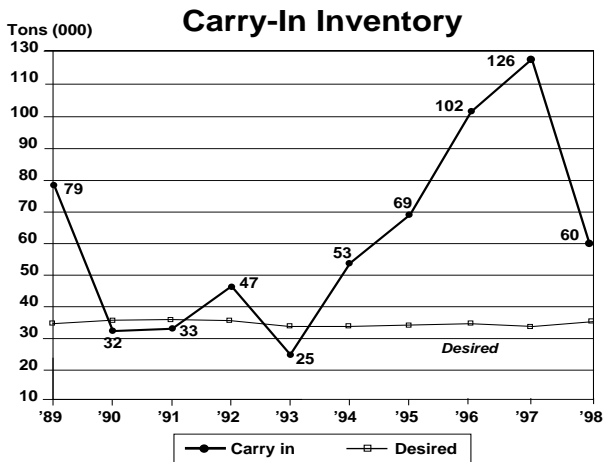


Prune tree sales reported by nurseries increased by 8% in 1999 to 325,000 trees versus 300,000 in 1998, but remained near the annual replacement level of about 300,000 trees. The projection for 2000 sales was 336,000 trees.

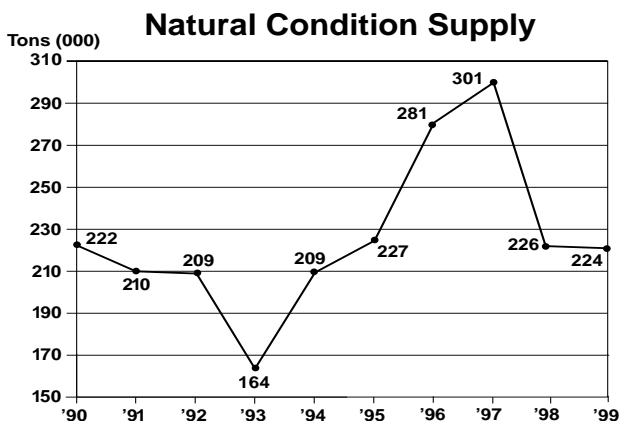


the total from last year's 18%. The average size count in 1998 was 65 compared to 68 in 1997 and 59 projected for 1999. Average sizes by region were 67 in the San Joaquin Valley, 66 in the South Sacramento Valley, 63 in the North Sacramento Valley and 62 in the Coastal Region.

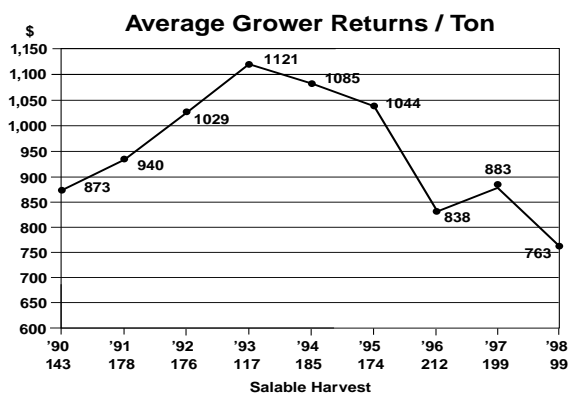
The 1998 carry-in of 126,485 natural condition tons was a record high and 85,000 tons above the desired 12-week supply level. It was 24,000 tons above the 1997 carry-in level and 66,500 tons above the 1999 carry-in.



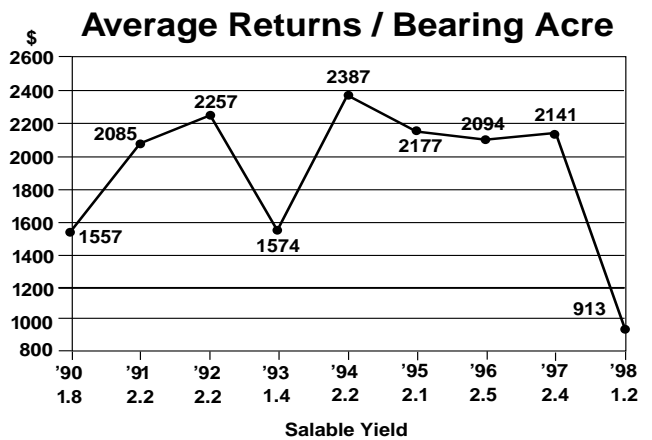
When combined with 1998 marketable production of 99,277 tons, the result was a total supply of 225,762 tons which represented a decrease of 25% from the 1997 supply and about the same as the projected 1999 supply.



The average grower return per ton declined by 14% from the upwardly adjusted \$883/ton for 1997 to \$763/ton according to the 1998 Walnut/Raisin/Prune Report published by the California Agricultural Statistics Service. This was the fourth year of decline out of the last five years following four consecutive annual increases which culminated in a record of \$1,121/ton in 1993.

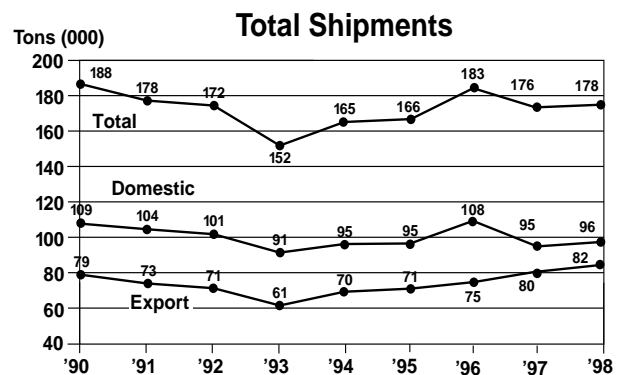


The average return per bearing acre dropped by 57% to \$913/bearing acre due to the reductions in both yield per acre and price per ton.

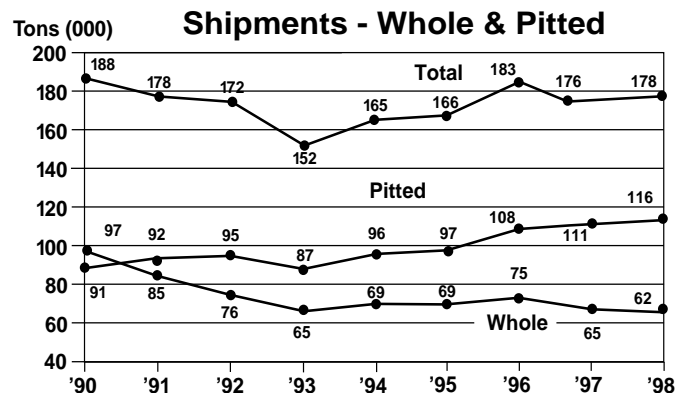


SHIPMENTS

Total 1998 shipments of 177,947 processed condition tons were up 1% from 1997. Domestic shipments increased 1% on the strength of consumer package sales after declining 12% in 1997. Exports increased 2% on top of the 7% gain in 1997. Especially noteworthy were gains in the United Kingdom (+40%), Poland (+37%), Australia (+58%), Taiwan (+97%) and Malaysia (+339%).



Shipments of pitted prunes increased by 5% from 1997 while whole prunes declined by 4%. Pitted prune shipments equalled 65% of total shipments, up 2 points from 1997. Pitted prune shipments increased to nearly 78% of export shipments (+3 points) due to continued growth in bulk exports. Domestic pitted prune shipments increased by 3% and represented over 54% of total domestic shipments (+1 point) in 1998. Whole prunes exported in natural condition fell off to under 49%, down 5 points from 1997.



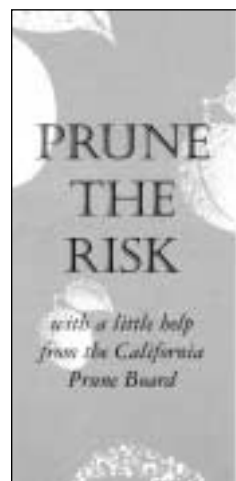
DOMESTIC MARKETING

In 1998/1999, the California Prune Board continued to target women, age 35-50, in both its advertising and public relations programs. The two programs were linked together under one theme – “Prune the Risk”. This theme focused on communicating how women could prune the risk of breast cancer. It allowed the CPB to garner “serious news” media attention versus media attention of a stereotypical nature.



Prune the Risk Magazine Ad

Saturday after Thanksgiving, one million samples were distributed at Target stores throughout the country. This opportunity was provided by Bon Appetit magazine. The FSI asked consumers to write-in for a free brochure on how to prune the risk of breast cancer. The brochure included information on prunes, as well as prune recipes. Over 12,000 consumers wrote in to request brochures.



Prune the Risk Brochure

The Prune the Risk public relations campaign resulted in 50 television placements, 325 radio placements, and 84 print placements for a total of 20 million impressions.

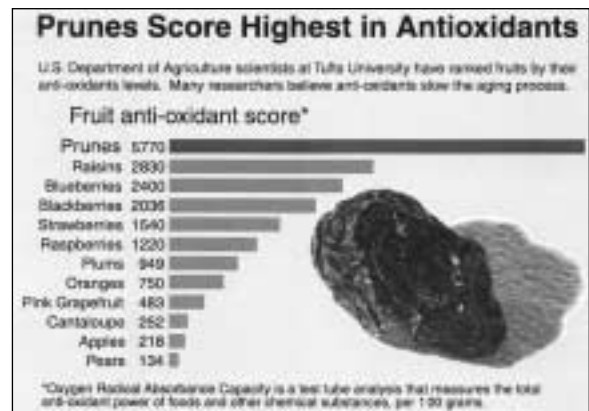
Advertising included the “Prune the Risk” fall print campaign and “Turn Back the Clock” free standing insert (FSI) featuring Dr. Snyderman. The print campaign ran in top women’s magazines such as People, Better Homes and Garden, and Ladies Home Journal. The CPB received fabulous placement on the ads in all magazines (next to editorial copy on breast cancer). It also received tremendous merchandising from the magazines at no additional cost to the CPB. Of note, on the

The CPB also continued its food and nutrition page recipe/publicity releases. Food page releases generated over 60 million impressions. Especially popular was a Matzo Prune Stuffing Recipe for the Jewish holidays that generated 123 placements and 13.3 million impressions.



Matzo Prune Stuffing Recipe

A February 1999 research study conducted at the USDA Center on Aging at Tufts University in Boston ranked prunes #1 in antioxidant power



Antioxidant Power Test Results

among 40 of the most commonly eaten fruits and vegetables. The CPB launched a media campaign promoting the study which resulted in over 25 million (and still counting) impressions. Highlights of the campaign included a “Refreshing Your Antioxidant I.Q.” media seminar hosted by ABC television’s Dr. Nancy Snyderman. Thirty leading food, health and nutrition editors attended from top national publications representing a circulation of over 94 million. The event was webcast live nationally with both national and international users logging on.

The food technology program was highlighted by new product innovations in 1998-1999. Earlier examples of using dried plum puree in pre-cooked hamburgers and hot dogs served as important lessons in the development of a series of new applications. Dried plum puree was used in new products such as turkey meatballs, turkey breakfast sausage and turkey patties in addition to school lunch pizza using dried plum puree in the beef sausage pizza topping as well as in the sauce. The CPB had a booth at the AMI show (American Meat Institute) and was



Plum Juicy Hamburger

DOMESTIC MARKETING CONT.



Plum Good Bar

awarded a ribbon for being one of the top ten most innovative products at the show.

One final new application that further demonstrated the flexibility of dried plum puree was the development of an energy bar called Plum Good. This product has all the nutritional components of the leading energy bars but with a taste and texture more reminiscent of a cereal bar. Samples were a hit at trade shows such as the Institute of Food Technologists, the American Dietetic Association and the American School Foodservice Association.

The CPB entered year two of its "Now You're Cooking" Program. This program trains school foodservice operators how to "menu thin" using a variety of methods including USDA commodities such as dried plum puree. Each individual trained then goes back to his/her district to train their people. The American School Foodservice Foundation has been a strong supporter of this program and the California Prune Board has gained a reputation as a strong supporter of school foodservice. 🍓

INTERNATIONAL MARKETING

California Prune Board support from USDA's Market Access Program (MAP) declined 7% to \$2.4 million in 1998. Support was continued in Italy, Germany, the United Kingdom, Japan, Mexico, Saudi Arabia and China. The unexpectedly short crop forced budget reductions and the curtailment of some activities in all markets but Japan.

Activities in the United Kingdom focused on "The healthy snack attack" which positioned California prunes as the new generation superfood. The very positive results from the Tufts University antioxidant study which found prunes to be #1 in antioxidant power received excellent pick up from the media. Sampling was an important part of the program also with CPB Mascot Ms. Prunelope distributing snack packs at department store sales, health clubs, Underground stations and schools.



CPB Mascot
Ms. Prunelope

In Germany a series of press releases was distributed to the media with nutrition-oriented themes like the Tufts University study results. A German nutrition researcher, Frau Carmen Golz, acted as CPB spokesperson in conveying the Tufts University antioxidant results to the media. Media publicity houses were chosen as sampling venues to maximize the impact of our sampling and publicity efforts. A radio audio feature promoted prunes as a healthy snack and offered listeners a competition to win prune-related prizes.

Since consumers in Italy still cook with prunes a new recipe leaflet was developed and inserted in "Natural Kitchen" magazine to demonstrate the product's versatility. Our trio of health and fitness related spokespersons was again employed in Italy: Chet Vienne - fitness instructor and Italian television personality, Dr. Lorenzo Somengini - sports physician to prominent athletes and Francesco Conti - "Mr. Fitness" - owner of fitness centers and marketer of fitness equipment. Prune samples were distributed at the Nautica Yachting Show, a Rome fitness festival, the Food Expo Show in Milano and fitness centers around Italy.



Italian Recipe Leaflet

After a 3-year absence, the CPB resumed television advertising in Japan in 1997/98 with strong results and record California prune exports. Shipments in 1998/99 held steady, even in the face of a depressed, stagnant economy and a devalued yen. Public relations activities focused on distributing frequent news releases to food journalists, television producers, and television directors. As a result, 18 television programs that specialize in healthy life and/or cooking featured prunes. The positive impact of these programs could be seen in increased sales coinciding with the airing of the programs.



Suzuke (Pickled)
Prune Recipe Shelf Talkers



China Trade Show Booth

The in-store promotions were especially successful, generating a 17.8% increase in distribution and a 175% increase in sales. The CPB also donated 50,000 sample packets and blood donation educational brochures - which included prune nutrition and health messages - to the Red Cross Society of China. 🍓

Activities for China focused on trade show participation and in-store promotions. Both activities served to help increase awareness among trade and consumers.

PRODUCTION RESEARCH

The Board funded a variety of production research projects in 1998/99 as well as membership in the Minor Crop Farmer Alliance, the Implementation Working Group and the California Commodity Committee at a total cost of \$273,935. Donald Vossler served as Chairman of the Production 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. 🍷

IPA CONFERENCE TO FOCUS ON PRUNE NUTRITION



The International Prune Association (IPA) will hold the fifth IPA World Conference from May 21 - 24, 2000 in France. The activities will begin in Agen with an IPA member business meeting on May 21. The IPA Conference on May 22 will focus on the

nutritional attributes of prunes and their role in a healthful diet. Dr. Ronald Prior of Tufts University has been invited to present his findings on prune antioxidant power and Dr. Phyllis Bowen of the University of Illinois has been asked to summarize prunes' nutrient components and health benefits. Dr. Albert Iron of Bordeaux University in France will speak on the benefits of prunes in athletics, while Dr. Stefano Manfredini of Ferrara University in Italy will explain the role of antioxidants in skin treatment. The international media will be invited to the conference to generate positive publicity for prunes.

Tours of prune orchards, dehydrators, a processing plant, a research facility and a prune museum are planned in the area around Agen on May 23 and 24. An optional post-conference sightseeing tour of the Basque country in southwest France will also be available on May 25 and 26.

For tour information and registration materials, contact the California Prune Board at (925) 734-0150. 🍷

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1998/99 BOARD INCOME & EXPENSES

The 1998/99 Board statement of income and expenses is shown below. Due to the unexpectedly short crop, a bank line of credit was obtained to cover the income shortfall. These represent audited figures verified in the Board's annual audit by Hood & Strong, Certified Public Accounts.

INCOME:	
Carryover Funds	\$ 2,038,230
Production (Assessable tons only)	99,276
Assessment Rate per ton	<u> \$50</u>
Assessment Income	5,097,800
Misc. Income (Interest, etc.)	<u> 52,963</u>
TOTAL INCOME	\$7,188,993
EXPENSES:	
Operating Expenses	\$ 217,886
Consulting Services	96,865
Crop Estimating Services	24,600
Production Research & Coordination	349,297
Public Relations	2,290,089
Advertising	1,750,587
Consumer Research	638,870
Sales Promotion	626,242
International Market Development	1,669,919
Administration	<u> 320,289</u>
TOTAL EXPENSES	\$ 7,984,644
Deficit Carried Over	\$ - 795,651

PRUNE DAY MEETINGS SCHEDULED

The University of California Cooperative Extension Service will hold two Prune Day meetings for growers, handlers and other interested persons. On February 24, 2000, a San Joaquin Valley meeting will be held at the Agricultural Building Auditorium in Visalia. A North Sacramento Valley meeting will be held on March 7, 2000, at the Veteran's Building in Yuba City. These meetings will provide reports on research projects and other prune industry activities, and all growers are urged to attend the meeting nearest them. 🍷

SUPER ANTIOXIDANT SMOOTHIE

- 1 cup clear apple juice
- 3 ounces frozen peach slices
- 3 ounces frozen whole strawberries
- 2 1/2 ounces frozen banana chunks
- 2 1/2 ounces pitted prunes

Combine all ingredients in blender container; blend until smooth. Serve immediately. Makes about 2 1/2 cups.

Nutritional Information Per Serving: 230 calories; 0 g fat; 0 mg cholesterol; 5 mg sodium; 53 g carbohydrate; 5 g fiber; 2 g protein.



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1998/99 CALIFORNIA PRUNE BOARD

PRUNE MARKETING COMMITTEE

**District/
Affiliation** **Members** **Alternates**

Members **Alternates**

Producers

Producers

1	Vern Vereschagin (a)(c)	Richard Conte
2	Richard Wilbur	Dominic Nevis
3	Joginder Bains	Stan Lester
4	Ken Lindauer (c)	Al Lengtat
5	Ron Giovannetti	Walter Stile, Jr.
6	Neill Mitchell	Steve Danna
7	Peter Orlando	Chris Steggall
Co-op	Gregory Correa	Ken Kaplan
Co-op	Gus Collin (c)	Sarb Basrai
Co-op	Hans Smith	Mike Billiou
Co-op	Ken Overly	Fred Shaeffer
Co-op	Larry Patane	Tim Smith
Co-op	James Edwards	M.R. Burton
Co-op	Donald Vossler (b)	Todd Southam

Vern Vereschagin (c)	Richard Conte
Sam Nevis	Dominic Nevis
Joginder Bains	Frank Monasterio
Ken Lindauer (b)(c)	Al Lengtat
Ron Giovannetti	Walter Stile, Jr.
Neill Mitchell	Greg Foster
Peter Orlando	David Loquaci
Gregory Correa	Ken Kaplan
James Edwards	M.R. Burton
Gus Collin (a)(c)	Sarb Basrai
Hans Smith	Mike Billiou
Larry Patane	Tim Smith
Ken Overly	Fred Shaeffer
Donald Vossler	Todd Southam

Processors

Processors

Co-op	Bill Haase (c)	Ron Sandage
Co-op	Howard Nager	Jeff Chan
Co-op	Mike Pereira	Mark Dalrymple
Co-op	Robert Shuler	Gilbert Lomeli
Independent	Mark Mariani (c)	George Sousa, Jr.
Independent	Mark Nesbitt	Richard Burrigh
Independent	Brad Stapleton (c)	Gavrilo Spaich

Bill Haase (c)	Ron Sandage
Howard Nager	Jeff Chan
Mike Pereira	Mark Dalrymple
Robert Shuler	Gilbert Lomeli
Mark Mariani (c)	George Sousa, Jr.
Mark Nesbitt	Richard Burrigh
Gavrilo Spaich	Brad Stapleton (c)

Public Members

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Karen Berke Kim Stumph

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(a) Chairman
(b) Vice Chairman
(c) Member of the Executive Committee

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(c) Member of the Executive Committee