



# Annual Report

No. 157

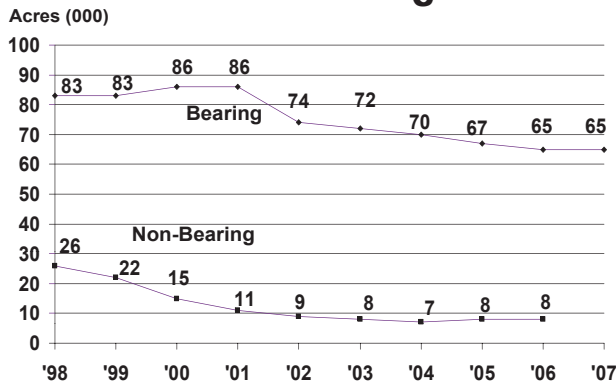
February 2008

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 2006/07 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

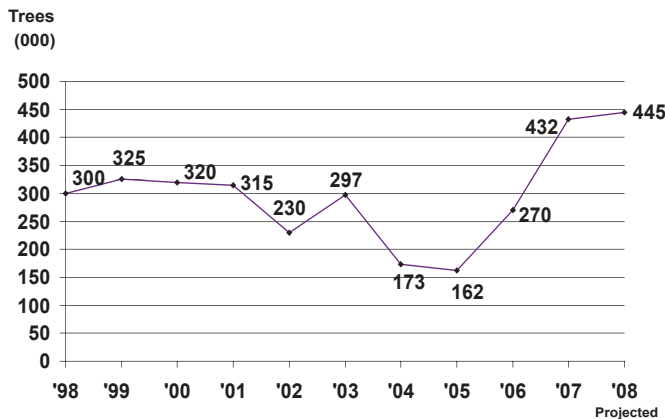
Bearing prune acreage remained unchanged at 65,000 acres in 2007. Non-bearing acreage remained at 7,500 acres in 2006.

### Prune Acreage



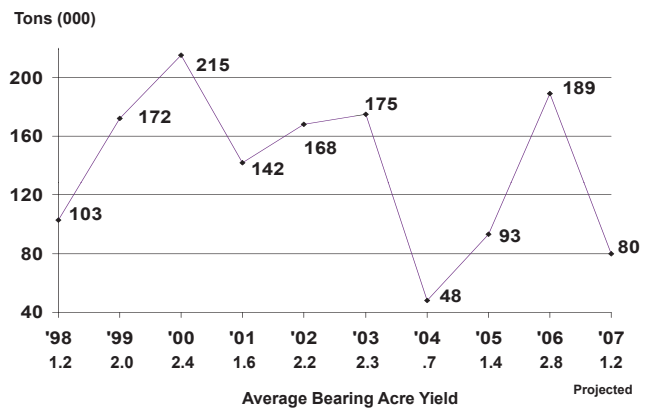
Prune tree sales, reported by nurseries, increased by 60% to 431,719 trees in 2007. The projection for 2008 sales was 445,000 trees, which would represent a 3% increase and the highest sales total since 1997.

### Prune Tree Sales



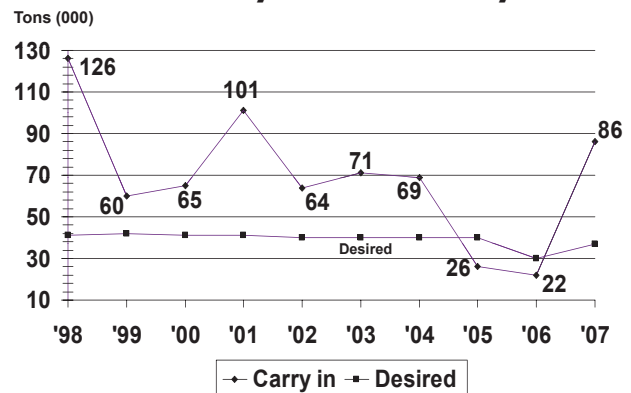
2006 prune production increased by 102% to 188,804 tons as the bearing acre yield doubled to 2.8 dried tons to the acre. The 2007 crop is projected by packers to only reach about 80,000 tons which would be 41% below the 5-year average of 134,748.

### Total Production & Yield



The 2006 carry-in of 22,140 tons was 15% lower than the 2005 carry-in of 25,931 tons and 74% lower than the reported 86,075 ton 2007 carry-in.

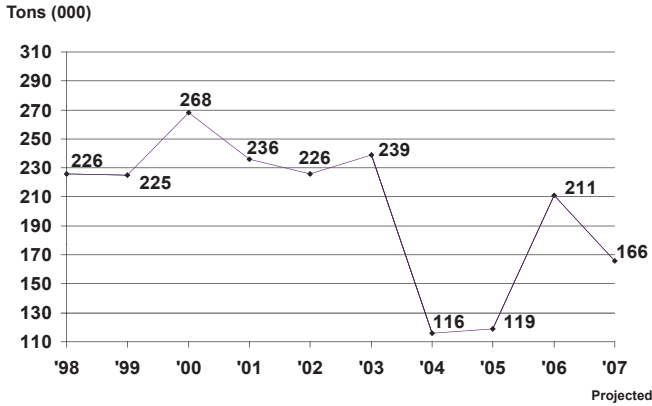
### Carry-In Inventory



When combined with 2006 production of 188,804 tons, the total supply was 210,944 tons, which was 77% larger than the 2005 supply. The projected 2007 total supply of 166,075 tons would represent a 21% decrease from 2006.

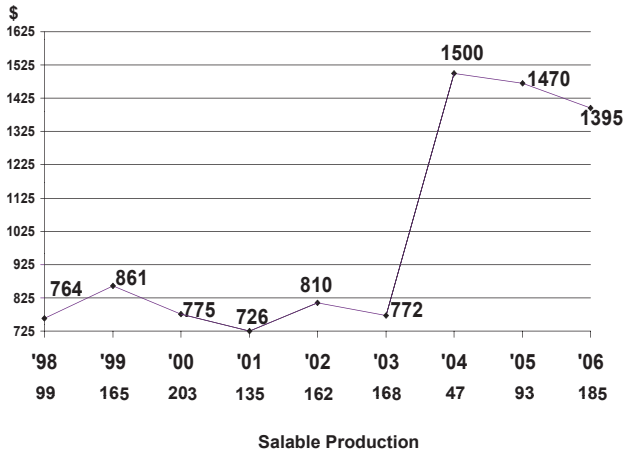


### Natural Condition Supply



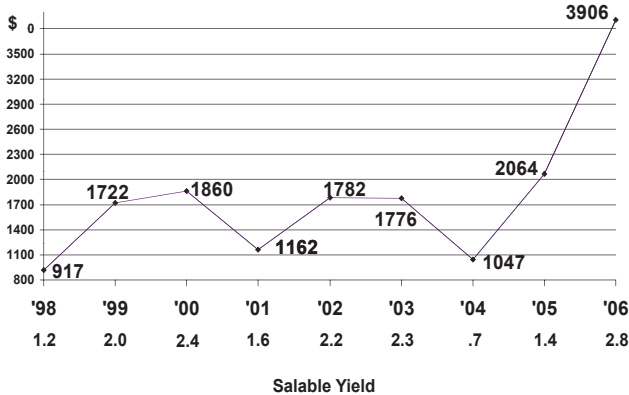
The average grower return per ton decreased by 5% to \$1,395 per ton for 2006 according to the California Agricultural Statistics Service. The average price for the 2004 – 2006 crop years was 84% higher than the previous 5-year average of \$789.

### Average Grower Returns/Ton



The average return per bearing acre increased by 89% due to the doubling of the yield per acre.

### Average Returns / Bearing Acre

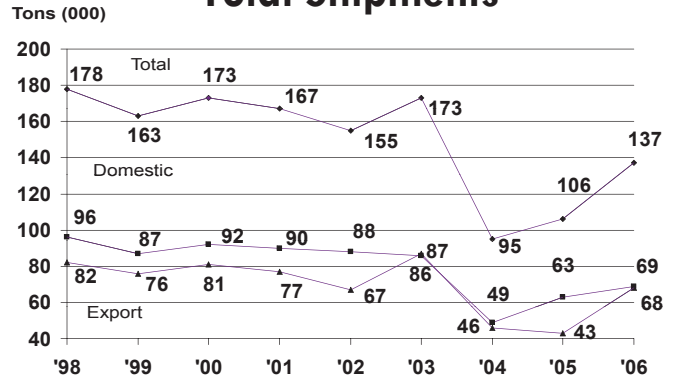


## SHIPMENTS

Total 2006 shipments of 136,876 processed condition

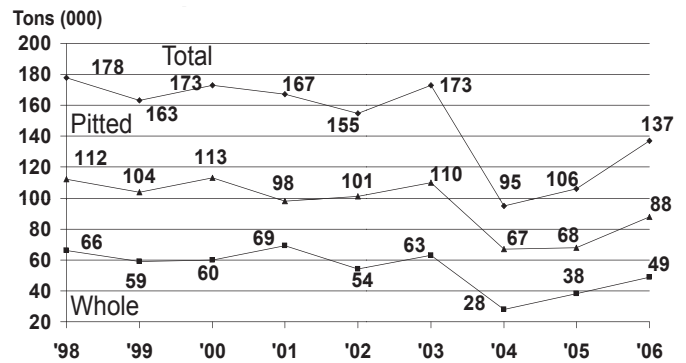
tons were 30% higher than 2005 shipments which had been abnormally low due to inventory limitations. Domestic shipments increased by 10% while exports increased by 59%. Exports as a percent of total shipments rebounded by over 9 points to a more typical 49.7%.

### Total Shipments



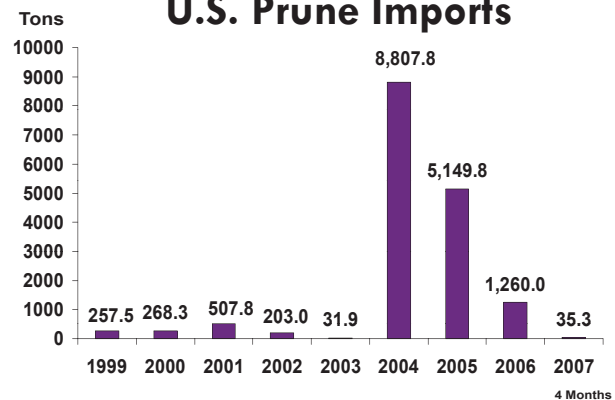
Shipments of pitted prunes increased by 30% versus year ago while whole prunes increased by 28%. Pitted prunes accounted for over 74% of exports and 54% of domestic shipments.

### Shipments – Whole & Pitted



The increasing availability of California prunes led to a 76% drop in US prune imports (excluding prunes in brine) last year to 1,260.0 tons. For the first four months this year imports dropped an additional 97% to 35.3 tons.

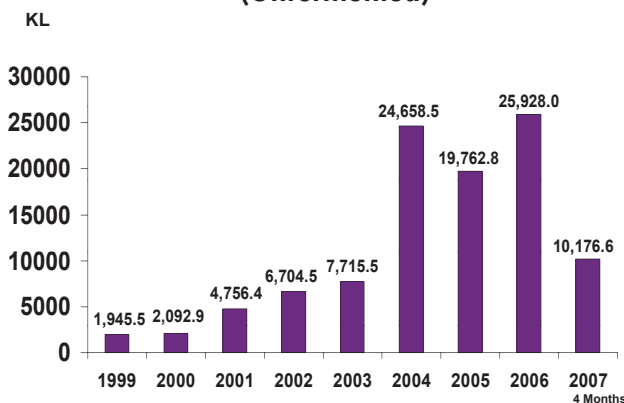
### U.S. Prune Imports





Imports of unfermented prune juice (including prune concentrate converted to single strength juice) increased by 31% last year to 25,928 kiloliters (the equivalent of about 9,260 short tons of N.C. prunes). For the first four months this year 10,176.6 KL (about 3,635 short tons) has been imported (primarily from Chile), an increase of 19%

### U.S. Prune Juice Imports (Unfermented)



## STRATEGIC PLAN

The California Dried Plum Board completed a Comprehensive Industry Strategic Plan (CISP) about 18 months ago through the facilitation of Ms. Mary Moos of Gordian Marketing, Inc. Representatives from all facets of the industry as well as CDPB staff, agency and consultant resources met for three work sessions to develop a comprehensive and coordinated global strategic plan that would:

- ◆ Support the long-term health of the industry
- ◆ Represent areas of common interest
- ◆ Provide benefits to all industry segments
- ◆ Be used to make informed decisions about funding and programming.

From these sessions the following mission statements were developed.

**Industry:** To sell more California dried plums to more people worldwide.

**CDPB:** To protect and support the health, growth and integrity of the California dried plum/prune industry.

It was agreed that the focus of the CDPB’s activities should be:

- ◆ **Generic Promotions:** Communicate differ

entiated benefits and encourage large-scale acceptance of California dried plums.

- ◆ **Research:** Market research for measurement; production research to improve grower efficiency; nutrition research to identify positioning opportunities and value messages.
- ◆ **Trade Policy:** Protect the interests of the California prune industry globally.
- ◆ **Issues Management:** Protect the health of the industry.

The most critical issues facing the California prune/dried plum industry over the next five years were identified as:

- ◆ Shrinking demand
- ◆ Competition from exports
- ◆ Increased production costs
- ◆ Difficulty of marketing dried plums

## DOMESTIC MARKETING

### Public Relations

The public relations focus in the U.S. continued to be on positioning dried plums as the #1 fruit for digestive health due to their sorbitol, fiber, antioxidants and potassium. This positioning extends beyond consumers’ traditional association of prunes with laxation to encompass lifestyle and well-being.

Our communication goals were to:

- ◆ Build awareness about the importance of digestive health among our target audiences:
  - Women 25 – 54 years old (universe of 63+ million)
  - Media
  - Health Professionals
- ◆ Drive awareness that Dried Plums are the “essential” solution to digestive health
- ◆ Position the California Dried Plum Board as the number one resource for information on digestive health

The strategies and programs used to reach the communication goals were:

### Dramatize to Publicize

The media is hungry for problem/solution stories so we demonstrated the impact of travel on digestive



health, using real-life experiences of frequent travelers who are often victims of stress, poor diet (esp. lack of fiber) and dehydration, which are disruptive and debilitating to overall wellbeing.

**Women On the Go: Frequent Travelers Program**

The CDPB partnered with CondeNet, a nationally recognized travelers’ resource, to create a survey for frequent travelers to uncover the most common digestive health problems experienced on the road. An online advertising campaign promoted the survey to target consumers. As an incentive for involvement, all survey participants were entered into a sweepstakes to win prizes such as an all expense-paid weekend at a spa. The survey/sweepstakes results increased awareness of the importance of maintaining good digestive health while traveling and highlighted California Dried Plums as the “essential” solution. The results were publicized nationally, creating a dramatic news hook for the media - “travelers’ digestive health distress.

**Sell the “Essential” Solution**

Consumers are looking for quick, easy fixes to solve their health problems, so we made California Dried Plums and the “Digestive Health Diet” the centerpiece of a problem/solution discussion regarding digestive health.

**“Good Gut” Travel Spokesperson Program**

A third-party spokesperson, Leslie Bonci, Director of Sports Nutrition at the University of Pittsburgh Medical Center and the author of the American Dietetic Association’s Guide to Better Digestion, was selected to enhance the credibility of our messages. Leslie helped “sell the solution” by promoting CDPB messages via print, broadcast, the Internet and national media vehicles.

Leslie works extensively with athletes to help them achieve peak performance and has developed the “Good Gut” Travel Kit, which includes “on-the-go” food solutions including California Dried Plums.



Leslie Bonci

**Fitness Enthusiasts’ Sampling Program**

A product-sampling program was launched to educate active adults about the digestive health benefits of

California Dried Plums by partnering with health clubs to provide complimentary California Dried Plum snack packs for members.

**Pump Up the Volume**

We increased awareness of the Digestive Health campaign by surrounding consumers with information about digestive health and the “essential role” of dried plums through multiple media channels.

**News Bureau Program**

A year-round news bureau program generated stories, tips and usage ideas featuring California Dried Plums, especially during the holidays when consumption was at its highest.

**Opportunistic Program**

The CDPB proactively identified potential partnerships and spokespersons that aligned with the Digestive Health Organization’s targeted messages. New research uncovered by the CDPB’s Nutrition Advisory Panel, the DHO Advisory Board or media coverage of emerging experts increased these opportunities. This program built relationships and kept the CDPB abreast of emerging trends and potential spokespeople.

**Strengthen Credibility**

The CDPB turned health professionals into ambassadors by educating registered dietitians and nurse practitioners about the importance of California Dried Plums in building and maintaining good digestive health.

**Influencer Program**

We met with health professionals on their own turf through participation at their national conferences, local meetings and in their publications.

- ▶ **American Dietetic Association (September 17-19, 2006):** The CDPB staffed a booth on the exhibit floor and sponsored an ADA Yoga Session.



ADA Exhibit

- ▶ **American Academy of Nurse Practitioners (June 20-24):** CDPB also exhibited at this conference and distributed Tummywise pamphlets and snack packs.



### Leveraging Assets with Influencer Program

The CDPB put the Digestive Health Organization into action and kept web site resources up to date via quarterly conference calls with DHO Advisory Board members. New research on Californian Dried Plums was posted on [www.DigestiveHealthOrg.com](http://www.DigestiveHealthOrg.com).

- ▶ **CDPB Website Resources:** Both the DHO website for health professionals and [www.Tummywise.com](http://www.Tummywise.com) for consumers were updated on a quarterly basis. We also redesigned [www.CaliforniaDriedPlums.org](http://www.CaliforniaDriedPlums.org).

### Nutrition Research

The CDPB sponsors nutrition and medical research to discover, characterize and/or quantify nutrient and non-nutrient components and health promoting functions of dried plums/products. The nutrition research program works directly with scientists at major research institutions to develop the objective research database on which to build credible health communications and public relations programs and marketing efforts.

A five member Nutrition Advisory Panel maintains the scientific integrity and credibility of the nutrition research program, evaluates current research activities, helps develop the research agenda, reviews proposals, assists in dissemination of research results, and helps identify key contacts to leverage research.

During 2006/07, Dr. Christine Wu, University of Illinois, Chicago, continued her study on the “Oral and dental health benefits of dried plums”. Dr. Bahram H. Arjmandi, Florida State University, began his USDA-funded clinical trial “Dried plum reverses bone loss in postmenopausal women”. The research includes several measurements of oxidative stress funded by the Board. Dr. James Joseph, USDA Human Nutrition Research Center on Aging at Tufts University, assessed the anti-inflammatory activity of fresh plum juice in a mouse cell model through a no-cost extension of his previous work on the role of dried plums on measurements of cognitive and motor behavior in aging rats.



**Dr. Bahram Arjmandi**

New projects approved by the Board in 2006/07 were:

- ◆ Satiety, weight management and a healthful diet – Mark Kern, PhD, RD, San Diego State University
- ◆ Short and mid-term effects on satiety in normal weight individuals – Antonis Zampelas, PhD, University of Athens, Greece
- ◆ Treatment of adults with constipation – Satish Rao, MD, PhD, University of Iowa

The CDPB also supported Nutrition Advisory Panel member, Dan Gallaher, PhD, who spoke at the International Symposium on Human Health Effects of Fruits and Vegetables.

### Industrial Program

The 2006/07 industry marketing program focused dried plum benefits on naturally extending product shelf life and shelf stability in food products like:

- ◆ Processed fresh meat and poultry products
- ◆ Precooked meat and poultry products
- ◆ Fresh/frozen prepared dinners and entrees
- ◆ Baked goods (fresh and frozen)
- ◆ Selected baked and extruded snacks.

Program objectives were to:

- ◆ Increase awareness of dried plums as a food ingredient
- ◆ Demonstrate dried plums’ ingredient effectiveness in extending product shelf life and shelf stability
- ◆ Achieve adoption of dried plums in existing and new products.

Strategies employed were to:

- ◆ Communicate dried plum product features and benefits to the industrial and foodservice channels
- ◆ Use existing and new evidence as proof of dried plums’ performance
- ◆ Support dried plum handler industrial sales and marketing activities through the use of a consulting chef

The program’s focus was shifted to sandwiches which are the number 1 dinner and breakfast entrée.



Trade Ad

Dried plums can extend the shelf life of the three primary sandwich components: bread, protein and toppings (sauce, condiments, produce, cheese, etc). Most of these components are manufactured in a food plant with final assembly by a foodservice operator or consumer.

California Dried Plums' ingredient benefits were communicated through trade advertising in Food Product Design and Culinology, trade publicity releases, exhibiting at the Institute of Food Technologists convention and Research Chefs Association convention and the Board's website.

INTERNATIONAL MARKETING

The California Dried Plum Board was granted the equivalent of \$2.8 million in Market Access Program (MAP) support by USDA's Foreign Agricultural Service in 2006/07. Due to the inroads made by Chile and Argentina during California's inventory shortages, promotional activities were focused on the benefits of buying California prunes rather than prunes from other origins.



Japan



Television Commercial

Spot television advertising emphasizing the importance of California prunes in the diet for health and beauty ran in Tokyo, Osaka and Nagoya in March and April 2007. The translation of the Doctors' Handbook on Prunes was completed and distribution to the trade and health and medical professionals began. A mini-California Prune Book was developed with nutrition facts and recipes for consumers. Sampling and literature distribution were conducted at The Japan Menopause Society Conference and Yokohama Red Cross Blood

Donation sites.

China

A nutrition seminar featuring Dr. Maoshing Ni, a California Doctor of Chinese Medicine, was held in October with the Shanghai Nutrition Society. A bakery promotion was conducted in Shanghai to familiarize bakers, chefs and journalists with the use of California prunes as an ingredient. Over 50 magazine and newspaper articles were generated by the Board's media campaign. In-store sampling promotions were conducted in Beijing, Shanghai, Guangzhou and Shenzhen to introduce consumers to California prunes. Pregnant Salons were held in Beijing and Guangzhou to educate expectant mothers about the benefits of eating California prunes.

India

A reverse trade mission brought four dried fruit and nut importers to California in August and September 2006 to learn about the product and our industry. A Doctors' Handbook on Prunes was developed to incorporate all scientific studies on health and nutrition. Exhibits at high profile trade shows and consumer food shows have increased awareness of the benefits of buying California prunes. Nutrition seminars have also been held to tout the benefits of prunes.



Doctor's Handbook

United Kingdom

California prunes were designated as the official snack food of England Netball, the most popular sport for women. This sponsorship provided sampling opportunities at matches, international television coverage and access to UK schools that receive Skills Awards. Media relations position California prunes as the best prune available based on its superior taste and consistent quality. Retail support included in-store sampling in 74 Sainsbury's stores and a national promotion featuring CPB logos on special packages, leaflet distribution and sampling in 500 Holland & Barrett stores. The CPB exhibited at catering and restaurant shows and launched a new foodservice brochure promoting California prunes



as a quality, healthy and versatile ingredient in fine dining.

**Italy**

Sampling continued through the traveling roadshow following the Giro d'Italia bicycle tour, one of Italy's most popular sporting events. Our branded electric car has attracted excellent media publicity and drawn spectators who are given samples, new consumer leaflets and an opportunity to enter the CPB's national competition. Press materials position California prunes as the highest quality prunes available because they are natural, healthful and the best tasting. In-store promotions were successfully tested in a few supermarkets in North Italy and more will be scheduled.



**Electric Car**

**Greece**

Greek journalists who visited California last April wrote six articles in their popular womens' magazines. Media celebrity and spa owner Eleni Petroulaki generated press and broadcast media coverage through her appearances as California prune spokesperson. Consumer samples and brochures were distributed on Athens' beaches, to midwives and gynaecologists on International Midwives Day and through popular womens' magazines. Sampling was also conducted in over 30 retail stores in the Athens area.



**Eleni Petroulaki**

Please note that the California Dried Plum Board is a recipient of Market Access Program (MAP) funds from USDA's Foreign Agricultural Service. The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact Richard Peterson at (916) 565-6232.

**PRODUCTION RESEARCH**

The California Dried Plum Board funded a variety of production research projects in 2006/07 as well as membership in the Minor Crop Farmer Alliance and the Implementation Working Group at a total cost of \$246,448. Joe Turkovich 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.

**2006/07 BOARD INCOME & EXPENSES**

The 2006/07 Board statement of income and expenses is shown below. These represent audited figures verified in the Board's annual audit by Hood and Strong, Certified Public Accountants.

**INCOME:**

Carryover Funds	\$	727,576
Production (Assessable tons only)		188,804
Assessment Rate per ton		34.00
Assessment Income		5,812,634
Misc. Income (Interest, etc.)		26,355

**TOTAL INCOME** \$ **6,566,565**

**EXPENSES:**

Operating Expenses	\$	200,462
Consulting Services		129,876
Crop Estimating Services		32,000
Production Research & Coordination		324,308
Public Relations		1,264,441
Advertising		0
Consumer Research		103,112
Sales Promotion		77,100
International Market Development		1,768,416
Administration		443,379

**TOTAL EXPENSES** \$ **4,343,094**

**FUNDS CARRIED OVER** \$ **2,223,471**

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

Tim Smith, Chairman, CDPB  
 Jon Lavy, Chairman, PMC  
 Richard Peterson, Executive Director, CDPB & PMC



**2006/07 MARKETING YEAR**

**CALIFORNIA DRIED PLUM BOARD**

**PRUNE MARKETING COMMITTEE**

**DISTRICT/  
 AFFILIATION MEMBERS FLOATING ALTERNATES**

<b>PRODUCERS</b>		
1	Vern Vereschagin	} Keith Larrabee (c) Neill Mitchell Dan Bozzo Al Lengtat  Bob Amarel, Jr. Phil Filter John Rehermann Vacant
2	Ron Giovannetti	
3	Jaswant Bains	
4	Ken Lindauer	
5	Jon Lavy (c)	
6	Ranvir Singh	
7	Chris Steggall	
Co-op	Ren Fairbanks	
Co-op	Brendon Flynn	
Co-op	Bob Kolberg	
Co-op	Hans Smith	
Co-op	Tim Smith (a) (c)	
Co-op	Gary Thiara (b) (c)	
Co-op	Joe Turkovich (d)	

<b>PROCESSORS</b>		
Co-op	Arthur Driscoll (c)	} Mark Dalrymple Steve Harris Harold Upton Mark Mariani (f) David Mazzola Dennis Serger Rick G. Wilbur
Co-op	Dane Lance	
Co-op	Harold Schenker	
Independent	George Sousa, Jr. (c) (e)	
Independent	Don Soetaert	
Independent	Kent Mannee (c)	
Independent	Richard R. Wilbur	

**PUBLIC MEMBER**  
 Karen Berke Vacant

**MEMBERS ALTERNATES  
 PRODUCERS**

Keith Larrabee (c)	Vern Vereschagin
Ron Giovannetti	W.C. "Buzz" Sowden
Neill Mitchell	Jagdeep Bajwa
Ken Lindauer (b)	Dorothy Lindauer
Jon Lavy (a) (c)	Dan Bozzo
Ranvir Singh	Brien Smith
Lucille Demetriff	Jim Demetriff
Ren Fairbanks	Vacant
Brendon Flynn	Vacant
Bob Kolberg	Phil Filter
Hans Smith	John Rehermann
Tim Smith (c)	Vacant
Gary Thiara (c)	Bob Amarel, Jr.
Joe Turkovich (d)	Vacant

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Mark Dalrymple	Bruce Norton
Arthur Driscoll (c)	Harold Upton
Harold Schenker	Dane Lance
George Sousa, Jr. (c) (e)	Mark Mariani (f)
Don Soetaert	David Mazzola
Dennis Serger	Joe Serger
Richard R. Wilbur	Rick G. Wilbur

**PUBLIC MEMBER**  
 Karen Berke Vacant

(a) Chairman, (b) Vice Chairman, (c) Executive Committee Member, (d) Replaced Don Vossler, (e) Replaced Mark Mariani, (f) Replaced George Sousa, Jr.