

Premier Apple Cooperative Inc.

2004 Produce Marketing Conference
March 11, 2004

History

- **Premier was created following the acceptance of the NY Apple Industry Strategic Plan in January 2001. This plan demonstrated the need for a new organization that would let the apple industry work together legally. The Capper-Volstead act of 1922 exempts members of a cooperative of “agricultural producers” from anti-trust laws**

Purpose

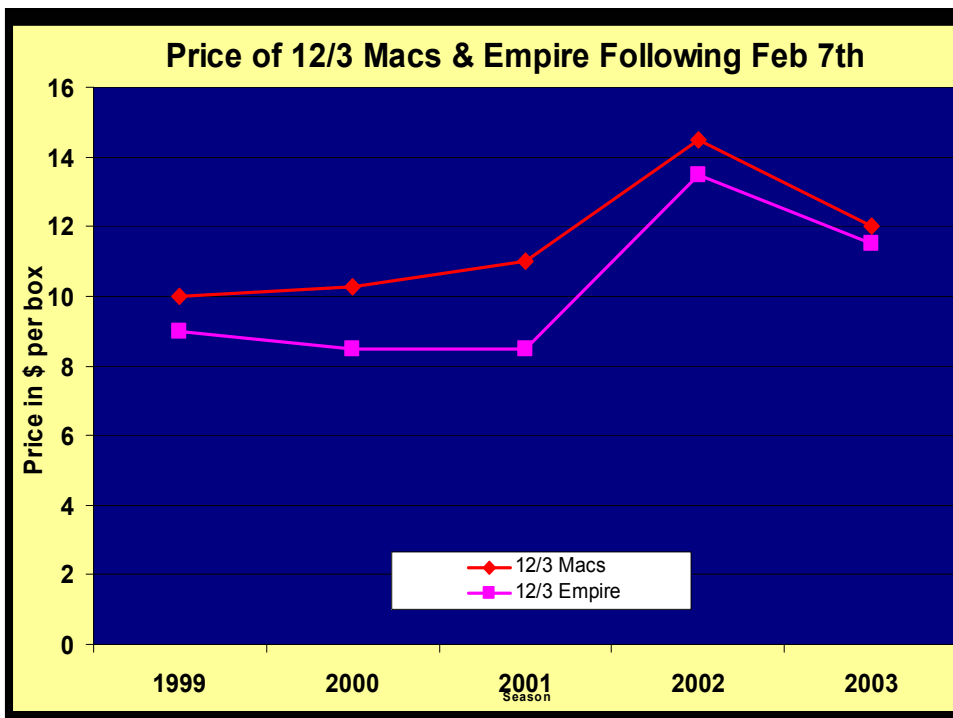
- **To improve communications within the industry**
- **To improve the flow of market information**
- **To improve the quality of apples**
- **To improve the growers net return**

Premier Structure

- **Members must be “agricultural producers”**
 - **Pay \$100 annual membership fee**
- **Eleven person board of directors**
- **Two committees:**
 - **Marketing Advisory Committee**
 - **Quality Committee**
- **No employees (Hort Society performs admin)**

Accomplishments

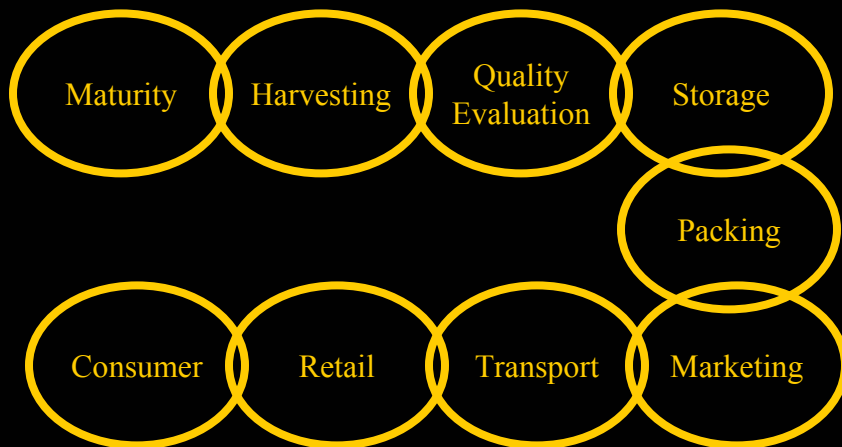
- **Marketing Advisory Committee meets bi-weekly by conference call**
- **Publish newsletter with price information**
- **Published quality standards for the fresh apple industry including pressure & brix**
- **Raised New York growers fresh apple receipts by \$9 million in 2002**



Accomplishments (2)

- **Received two Ag & Mkts grants**
 - \$19,200 for quality improvement in supermarkets
 - \$20,800 for a Quality Improvement Coordinator position

Quality Chain



Industry Trends

- **World apple production has increased much faster than population growth**
 - China now produces over 4 X as many apples as the US
 - Washington produces over 70 % of the fresh apples in the US
- **The East consumes 77 million boxes of fresh apples, but produces less than 40% of that**

Industry Trends (2)

- **Supermarket Consolidation has**
 - increased their buying power
 - Increased the pressure to produce profits

Strengths

- **The flavor of eastern apples**
- **Number of varieties**
- **Closeness to market**
- **Homegrown image**
- **Consumer prefer our size apples**

Weaknesses

- **Large number of marketers (70 in East)**
- **Quality inconsistent**
- **Lack of control of market supply**
- **Insufficient quantity of some varieties to supply the market**
- **Poor industry profitability and many growers financially unable to improve their agricultural practices**

Threats

- **Washington could capture an increasing share of the eastern market**
- **Other apple producing countries – Chile, Argentina, New Zealand and China want US market**
- **Shrinking grower production base**
- **Availability of alternative fruit choices to consumers**

Opportunities

- **Grow the Eastern market**
- **Capture an increasing share of the Eastern market**
- **Capture increasing share of foreign markets**
- **Develop solidarity within the Eastern market**

Vision

- **Our vision is a healthy, vibrant, and prosperous Eastern Apple Industry that delivers a consistently high quality product to the consumer, and where the marketers achieve market strength through communication, cooperation, collaboration and consolidation**

Mission

- **The mission of Premier Apple Coop is to lead Eastern apple growers, packers and marketers to work collaboratively to produce wholesome apples and apple products that delight the local, national and international customers, resulting in Eastern apples becoming the apples of choice in our markets. This must be accomplished in a manner that produces a financial return for all segments that is competitive with other industries, and in harmony with the environment.**

Key Issues

- East lacks market strength
- The quality of eastern apples is inconsistent
- The demand for eastern apples may be in jeopardy
- Keeping a core of progressive growers in business
- Controlling the supply of packed fruit

Key Issue -

East lacks market strength

Objectives -

**Reduce the fragmentation of marketers &
Improve the flow of market information**

Strategies -

**Encourage groups of marketers
to work together**

**Develop an Apple
Marketing Workshop
with Cornell**

Tactics -

**Develop a
shared
account
model
operating
plan**

**Develop a
model for a
collaborative
marketing
organization**

**Continue the
Marketing
Advisory
Committee
conference
calls**

**Develop
an apple
marketer
communic
ations
network**

**Have an
annual
pre-season
meeting of
all
marketers**

Implementation
Date -

**June
2004**

**June
2005**

Now

**June
2004**

**June
2004**

Key Issue - Eastern apple quality is inconsistent

Objectives - Improve the level and consistency of apple quality

Strategies -

Check quality in supermarkets continually	Set quality standards and encourage acceptance	Encourage packing to order
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Tactics -

Publish apple quality data	Publish updated quality standards	Hire a quality improvement coordinator
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Implementation Date -

July 2004	August 2004	August 2004
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Key Issue - Grower Profitability

Objective - Improve the grower net returns

Strategy - Set minimum pricing levels

Tactics - Publish minimum price sheets

Implementation date - Sept 2004

Key Issue -	Demand for Eastern apples is in jeopardy			
Objectives -	Increase Eastern apples market share		Increase the per capita consumption of apples in the East	
Strategy -	Control the Category Management (CM) Process	Encourage growers to plant varieties preferred by consumers		Leverage the Apple Association(s) marketing tools to create competitive advantage
Tactics -	Put together marketing groups to control the CM process	Publish list of recommended varieties	Publicize returns by variety	Encourage collaborative promotional programs
Implementation date -	May 2004	March 2004	March 2004	August 2004

Key Issue -	Controlling the supply of Packed Apples	
Objectives -	Taylor the supply to the market	
Strategy -	Encourage packing to order	Encourage infrastructure to match crop (bins, storage, etc)
Tactics -	Publish store quality data	Publish crop estimates
Implementation date -	September 2004	August 2004

Thank You!!

for your

support

of the

Premier Apple

Cooperative Inc.

Objectives

- **Reduce the number of marketers**
- **Improve the flow of market information**
- **Improve the consistent quality of apples**
- **Improve the grower net returns**
- **Improve Eastern apple market share**
- **Increase per capita consumption of apples**
- **Taylor supply of packed fruit to the market**

Strategies

- **Encourage groups of marketers to work together**
- **Develop an apple marketing workshop with Cornell**
- **Check quality in supermarkets continually**
- **Set quality standards and strongly encourage acceptance**
- **Encourage packing to order**
- **Set minimum pricing levels**
- **Control the Category Management process**

Strategies (2)

- **Encourage growers to plant varieties preferred by consumers**
- **Encourage supermarkets and packers to provide fruit sizes and package sizes that consumers prefer**
- **Leverage the Apple Association(s) marketing tools to create competitive advantage**
- **Encourage “packing to order”**
- **Encourage infrastructure to match crop (bins, storage, etc)**

Tactics

- **Develop a shared account model operating plan** **June 2004**
- **Develop a model for a collaborative marketing organization** **June 2004**
- **Continue the Marketing Advisory** **Now**
- **Committee conference calls**
- **Develop an apple marketer communications network** **June 2004**
- **Hold an annual pre-season meeting** **June 2004**

Tactics (3)

- **Publicize returns by variety** **March 2004**
- **Encourage collaborative promotional programs** **March 2004**
- **Publish store quality data** **July 2004**
- **Publish crop estimates** **July 2004**

Tactics (2)

- **Publish supermarket quality - July 2004 data**
- **Hire a Quality Improvement-August 2004 Coordinator**
- **Publish a minimum price sheet - Sept 2004**
- **Put together marketing groups - May 2004 to control the CM process**
- **Publish a list of recommended varieties** **March 2004**