

Blueberries at the Crossroads

Planning for the future

What's Going On?

Unless things change, industry data show that supply will continue to outstrip demand over the next six years. All signs point to producers taking a hit in profit per pound – soon, and as much as 44 cents. But simply slowing production isn't a viable option because it's impossible to mandate or control industry wide.

IN SIMPLE TERMS, WE HAVE THREE CHOICES:

Do nothing – This is possible, but it places a bet on hope alone and it will come at the cost of almost-certain price erosion.

Continue to invest in farm strategy – This has been our industry's primary focus: grow supply. But "smart" production, improved genetics, and tech improvements are unlikely to make a big enough difference soon enough. If this is all we continue to focus on, we'll still see large-scale losses despite small-scale gains.

Build demand – This is the one thing we can do together to genuinely address the supply problem and make the biggest impact, but it will take more to do more.

What's Possible?

If building demand is, indeed, the industry's decision, then an assessment increase would be necessary to raise the marketing dollars needed to achieve this goal. If an assessment increase were to go through, here are the building blocks of a plan that such an increase would make possible:

VISION

- Make blueberries the world's favorite fruit.

OBJECTIVES

- Build profitable demand to match or surpass supply.
- Enhance perceived value of blueberries.

STRATEGY

- Provide one more reason for one more purchase.
Focus on increasing frequency among existing consumers rather than converting non-blueberry eaters.

TACTICAL DIRECTIVES

- Find a home for every berry.
All formats, all day parts, all channels, and all markets are opportunities.
- Merge function with emotion and lifestyle.
Supplement science-based claims that promise health with emotion-based ideas that promise delight.
- Be culturally relevant.
Show up where consumers show up. Be unexpected. Embrace new marketing moments.

The creative platform, ad campaigns, PR activities, social content, sponsorship, events, etc., that will bring those strategies to life and make up the specific things we'll actually do are all to come. We'll engage the best in the business to help us tell an even better story even louder.

What Would the Numbers Look Like?

*Last assessment increase was in 2014 from \$12/ton to \$18/ton.

Target demand-
building budget:

\$30
Million

New assessment level necessary
to achieve target budget:

\$0.025/pound
OR \$50/ton

Estimated return on investment in terms
of increased market value over six years:

10x

Approximate Budget Allocation

Note the addition of "brand value premium advertising," which is something the industry has never been able to afford.

Category	Hypothetical \$30MM Budget*	Status Quo \$10MM Budget
Brand Value Premium Advertising	\$16MM	\$0MM
Shopper (Retail) Volume Sell-Thru Promotions	\$3MM	\$1.5MM
Digital Marketing & Ecommerce Activities	\$2MM	\$3MM
Food Service (Comm/Non-Comm)	\$3MM	\$1MM
Food Ingredient	\$1MM	\$0.5MM
Global Markets Development (not incl MAP)	\$2.5MM	\$1MM
PR Internal/External Comms Owned Digital Sites	\$1MM	\$2MM
Consumer/Shopper/Patron Research + Data Purchases	\$1MM	\$0.5MM
Health Research + Nutrition Affairs	\$0.5MM	\$0.5MM

*Hypothetical allocation for illustration only.

What's Next?

First and foremost, more conversations with – and within – the industry are crucial. If an informal consensus is clear, then the industry can engage in a formal process prescribed by the USDA. Assuming this is the industry's choice, the process would take about 18 months.