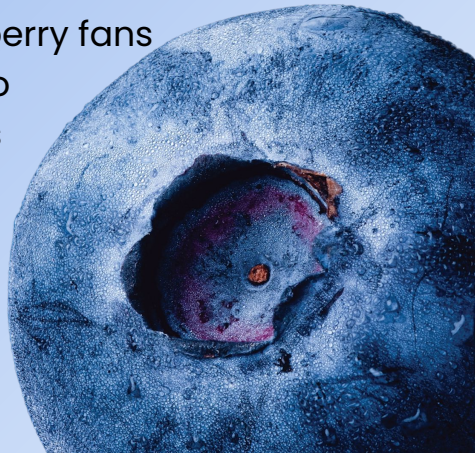


THE BIG BLUE PICTURE

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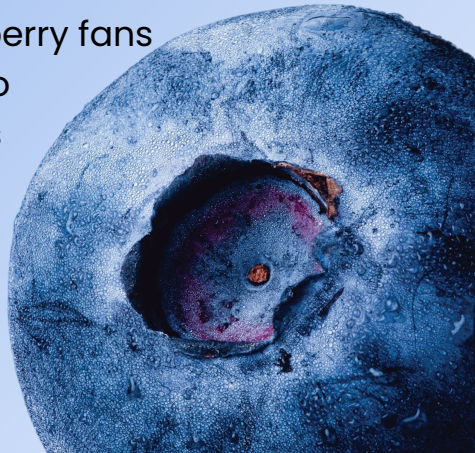
Answers to your Questions

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Questions we've been hearing

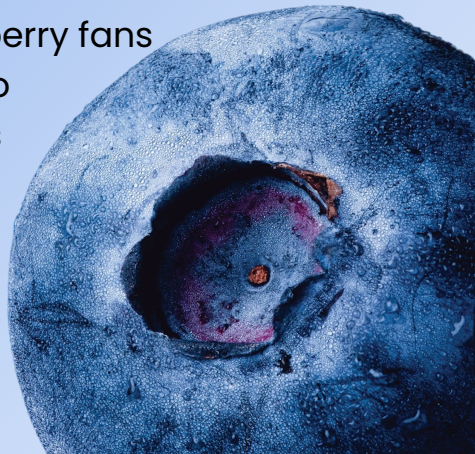
- ▶ [Why do we need an assessment increase?](#)
- ▶ [What's the point of an increase?](#)
- ▶ [What's the hurry?](#)
- ▶ [Would fresh and processed be assessed the same?](#)
- ▶ [How much money do we need to build demand and how did you arrive at that amount?](#)
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Why do we need an assessment increase?

Unless things change, industry data shows that supply will continue to outstrip demand over the next five years. All signs point to producers taking a hit in profits per pound – soon, and as much as \$.30 cents on average by 2033. If we can supercharge demand, we can create a much more promising marketplace for our members in the future.

A deeper dive ...

In recent years, the industry has done a great job increasing household penetration, establishing health messages that people remember and growing in new channels. But all those new blueberries entering the marketplace will need someone to want to take them home. You created the USHBC to find ways to make that happen, but we need resources as big as the challenge we face to do so. The last increase was in 2014. Inflation alone makes it harder for USHBC each year to stretch the current budget and make the impact we need with the dollars available.

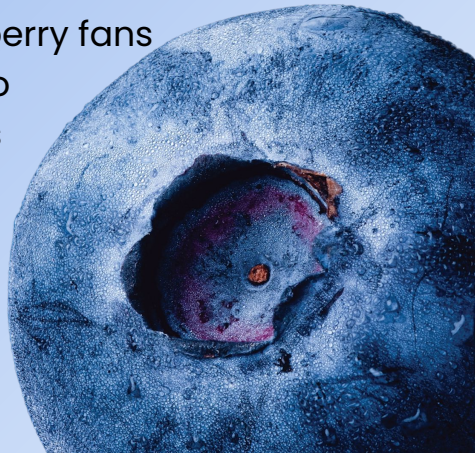
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What's the point of an increase?

This is all about two objectives:

1. To build profitable demand to match or surpass supply.
 2. To greatly enhance the perceived value of blueberries.
-

A deeper dive ...

Those objectives are intertwined. Perceived value is what makes building profitable demand possible. Marketing's job is to use smart, targeted, recurring messages to give people more reasons to think more highly of blueberries more often, to challenge old assumptions ("just for breakfast") and to connect with people in both relevant and surprising ways ("I've never seen blueberries show up like that before!") beyond our important health messages. We want to make blueberries top of mind in exciting new ways.

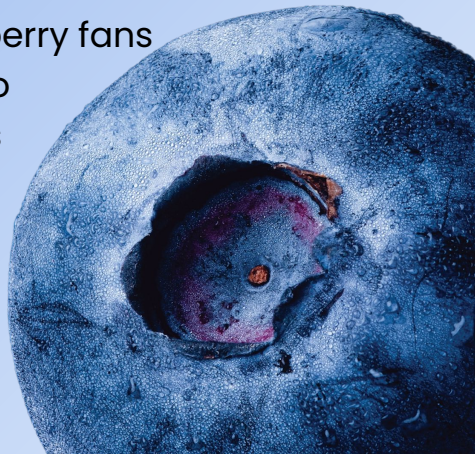
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What's the hurry?

It will take about two years from when the industry says, "go" to finally collecting the new assessment. Then, it will take time to implement new programs and it's not like instant oatmeal; it will take time for the marketing efforts to kick in. Supply is outpacing demand today. We're already behind.

A deeper dive ...

Agreeing that increasing the assessment is in the best interest of the industry would be just the start of a USDA process that can take 18 to 24 months. The following is the total process. Currently, we're at step 2. (1) Establishing the need and alternative solutions, (2) Communicating with the industry, (3) Holding a USHBC Council vote, (4) Drafting a justification document, (5) AMS preparing a USDA workplan, (6) Soliciting comments for the Federal Register, (7) Submitting a change order to the Office of the General Counsel for review and approval.

Assuming the Council votes this spring, domestic growers wouldn't experience the assessment until 2027, and 2028 would be the first full budget year we would have the increased dollars to invest in building increased demand. In the same way that you know the longer you wait to plant bushes, the longer you'll wait to harvest fruit, we need to act now to get the process going so we can generate results to protect price and profits per pound in the future.

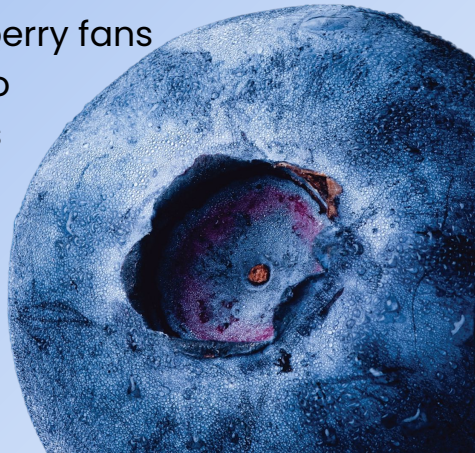
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Would fresh and processed be assessed the same?

We heard loud and clear: You want different assessment levels. The USDA has confirmed this is allowable. So, the Steering Committee is proposing an assessment of 2.5 cents/pound on fresh (\$50/ton), and 1.5 cents/pound (\$30/ton) on processed.

A deeper dive ...

There is precedent for this. The American Pecan Promotion Board has already done the same thing, assessing in-shell pecans at 2 cents per pound and shelled pecans at 4 cents per pound. We've seen a similar approach in the potato and mango industries' USDA check off programs as well.

This 2.5/1.5 assessment will allow us to generate the target \$30MM marketing budget by 2028, while maintaining a USDA required level of reserves moving forward.

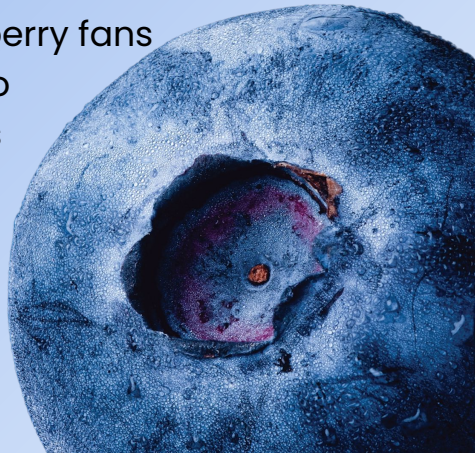
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How much money do we need to build demand and how did you arrive at that amount?

\$30 million a year. This is based on extensive research, detailed calculations and discussion with industry leaders and an experienced and trusted economist from Cornell University. USHBC believes that amount will allow the industry to meet the challenge and opportunity ahead of us.

A deeper dive ...

From a marketing perspective, this is all about reach. In 2025, we've carved out \$2MM media dollars out of our overall budget to reach 18MM blueberry buying households primarily with low-cost digital ads. But we're not currently reaching another 45MM households predisposed to buy because we don't have enough money. With the target \$30MM, we can reach them all many times with high-impact premium advertising and other marketing efforts. It's all about scale in order to deliver the outcomes that our growers need and desire.

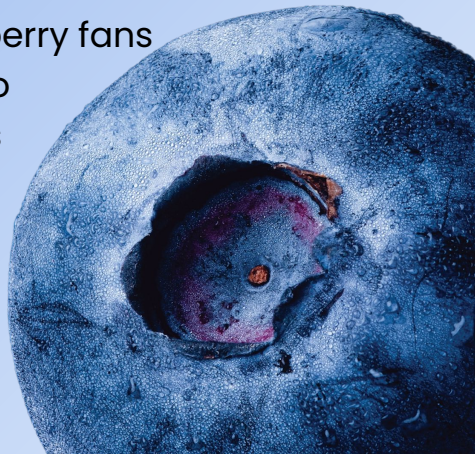
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How would you spend a \$30MM marketing budget?

- Premium advertising (something we can't do today)
- Retail promotions
- Digital marketing and ecommerce
- Foodservice
- Ingredient
- PR and owned digital platforms

A deeper dive ...

A \$30MM budget is about triple the advertising and marketing budget we've had to work with before and creates two exciting opportunities: First, and most significant, we would do something we've never been able to do before -- premium advertising designed to promote blueberries in new, relevant and exciting ways to existing fans. This would likely account for about half of the total budget. Second, we would pump up the volume on successful and proven marketing activities we've been doing well, but that can work harder, including retail promotions, digital marketing and ecommerce, foodservice outreach, ingredient marketing and PR activities.

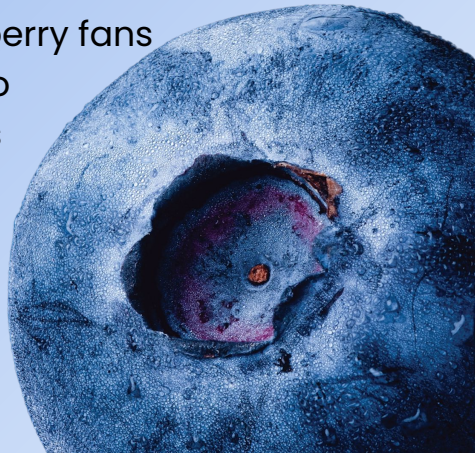
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What do you mean by “premium” advertising?

Just like anything else in life, you can buy a product or a service at the low end or the high end in terms of quality, performance reliability and effectiveness. Premium advertising, because it includes breakthrough creative execution and maximum reach, works better than the competition, but also costs more. We want to put premium advertising to work for the blueberry industry to meet the challenge and the opportunity at hand.

A deeper dive ...

Today, we're getting the most out of the dollars we have to work with, but the increased assessment will allow us to put the marketing muscle needed behind our messages to make blueberries truly top of mind with potential repeat buyers. Premium equates to maximum impact.

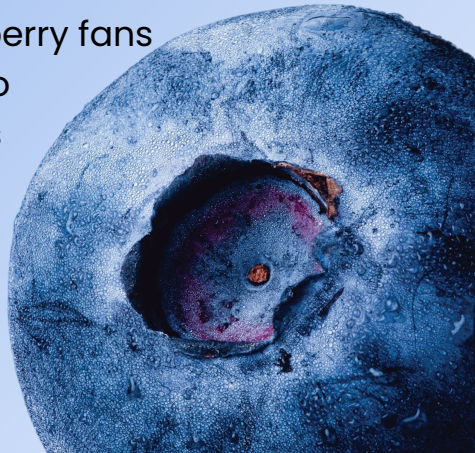
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Why not just keep promoting our healthy benefits?

We've had great success telling our "good for you" story and most consumers today give us a rational nod for being healthy. While those benefits will remain a foundational part of our messages, we also want to give blueberry fans more emotional reasons to make more blueberry purchases. We want to be relevant, fun and exciting because we know that will help drive demand.

A deeper dive ...

Our research shows that blueberry consumers and non-consumers (70% each) state they are very aware of our products health benefits. But we also know most people don't eat as healthy as they say or know they should. We see other fruits and foods including avocados and pistachios successfully drive demand by also connecting emotionally with consumers. That's what we want to do for the blueberry industry.

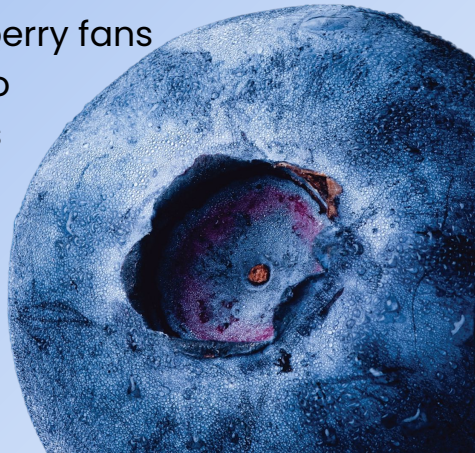
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Would any of the increase be used for USHBC salaries, staff, or non-marketing budgets?

Today, about 7% of our overall budget covers general and administrative costs. We would anticipate that percentage dropping even lower with an increased program budget, while also funding a larger reserve that would be required by USDA.

A deeper dive ...

We will need to increase some non-marketing budgets like accounting/auditing to ensure the compliance of fresh and frozen collections is done accurately. However, most of our general and administrative costs including staffing, rent, insurance and legal fees would remain the same, while factoring in anticipated rises in inflation and cost of living.

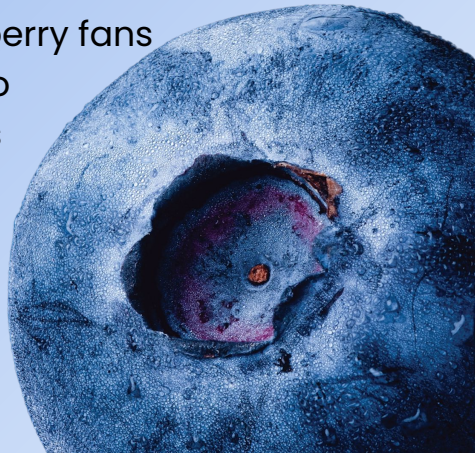
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Will it work – and how well?

We believe it will. Based on credible research and real-world experience, we would expect to see approximately a 10-fold return on investment in terms of increased market value over six years. That's based on the proposed 1.5/2.5 per pound assessment.

A deeper dive ...

Different scenarios could affect that estimate but fundamentally, an assessment increase in the neighborhood of the size we're talking about will create more value for the industry than it invests.

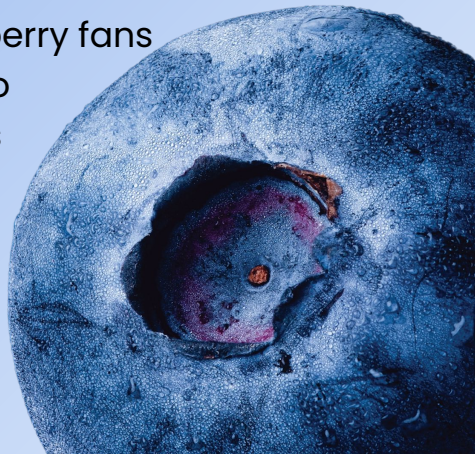
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What is the "Cornell Study" and why should we trust it?

That refers to research conducted by Harry Kaiser, Ph.D., an economics expert from Cornell University, who for the last 24 years has independently analyzed the impact of the work completed by the USHBC. The study is mandated by the USDA and shared broadly with our members. It uses sophisticated statistical models that are widely accepted in the academic world and routinely used in the commodity sector to measure the effectiveness of programs funded by industry investment. Click [here](#) for the impact reports.

A deeper dive ...

Dr. Kaiser's studies have consistently validated that USHBC's promotion efforts increase demand and deliver better prices to growers. We asked him to help us look forward and to anticipate what marketing dollars are going to be needed to maintain industry value over the next several years as supply continues to grow. His findings helped us arrive at the \$30 million marketing budget we believe is needed to effectively meet the challenge in front of us.

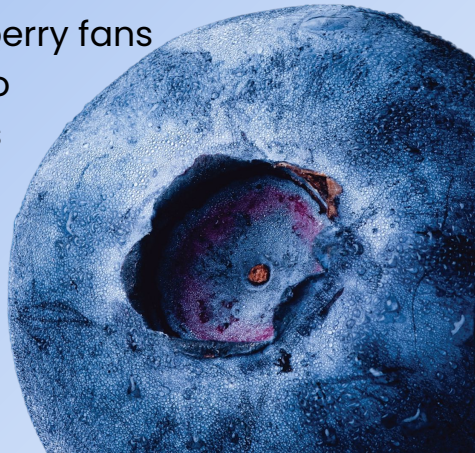
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Can't we just slow down production instead to keep prices stable?

Simply slowing production isn't a viable option because it's impossible to mandate or control a slowdown industrywide.

A deeper dive ...

Even if it were possible, slowing production solves the wrong problem. It encourages a downward spiral. Consider the domino effect of cutting supply to balance out the lower demand and combine that with a lack of new marketing messages to buy blueberries. Inevitably, consumers will see fewer blueberries in the marketplace, and buy and eat less of them, lowering demand once more. Then, imagine we pull back on supply again in response, and so on ... that's an unproductive cycle.

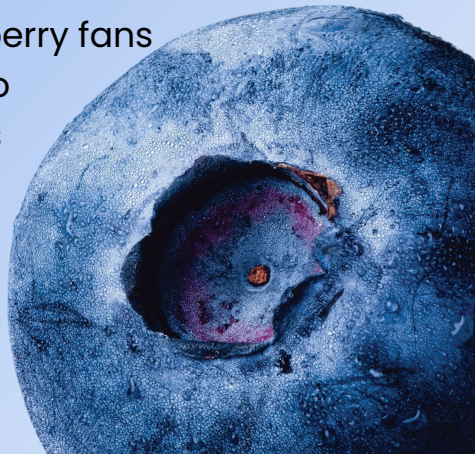
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Can't we do it with

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Fill in the blank: a smaller assessment, a gradually increasing assessment, the same increase but later, not now, and so on. All of these questions have the same answer – **yes, but.**

The USHBC will do the best it can under any circumstances with whatever the industry authorizes. But smaller budgets and delayed timelines will necessarily mean smaller and delayed results. We believe \$30MM activated as soon as possible is what it will take to match the size of the problem.

A deeper dive ...

We can certainly wait, but increased supply and falling prices won't. We can go smaller, but the problem will only get bigger. This is not the kind of problem that gets better with time or with hope. In fact, it's the kind that costs more to fix the longer you wait – in terms of dollars, but also in terms of time, anxiety, and pure effort. With the right investment, we can seize the opportunity, effectively drive demand and create a much healthier marketplace for all our members to operate in.

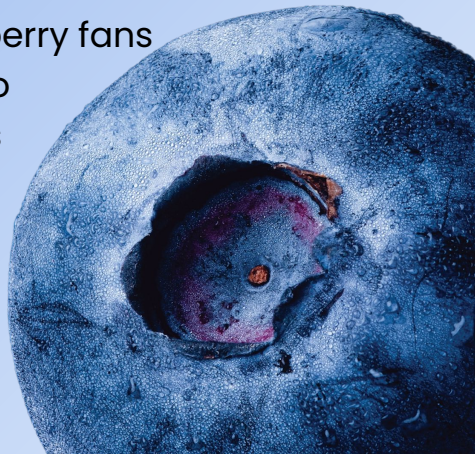
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Would the plan be to get new people to try blueberries?

Our best opportunity is with existing fans. We want existing buyers to eat more! So, our strategy will be to give them more reasons for more purchases. Increasing frequency will be more efficient and effective in achieving our objectives than trying to convert non-blueberry eaters

A deeper dive ...

Today, strawberries has 50% more repeat buyers than blueberries. If we only address that discrepancy, we will more than take care of the supply coming in. Of course, there will be spillover advertising that does reach new buyers and we're happy to accept them, but the strategy is to get more repeat purchasers.

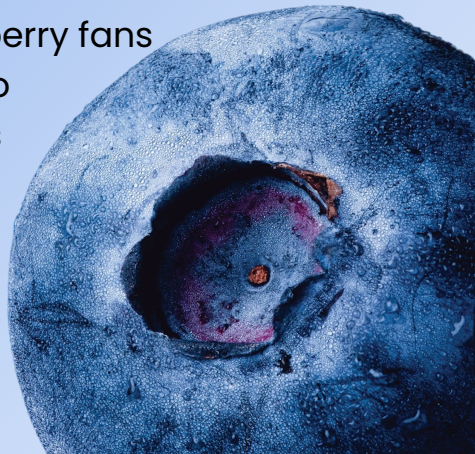
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Does this mean we're going to do a Super Bowl commercial?

Not necessarily, but – and this is the point – it means we'd have the resources to do that sort of thing if it's what's best for the industry.

A deeper dive ...

The “cool” ideas and decisions always come last in marketing, after you know what you have to work with, exactly who you want to reach, what the best avenues to reach them are, and so on. Think NFL, Coachella, Golden Globes, World Cup or F1 racing. That's the kind of backdrop for activating an advertising and marketing program we should be in a position to take advantage of with the increase.

When the time comes, we'll engage the best in the marketing business to help us arrive at a creative platform to deliver an exciting and effective story as many times and in as many ways as possible to motivate repeat blueberry buyers.

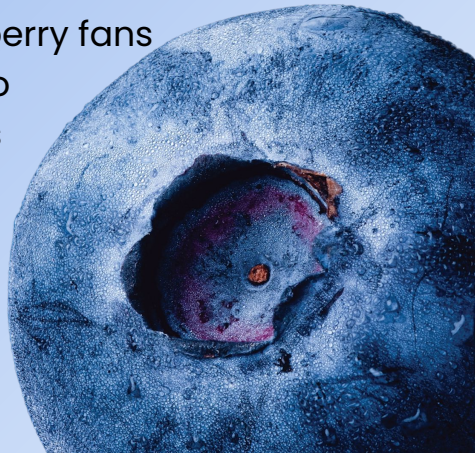
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What is this going to do for my business?

It's going to give blueberry fans more reasons to buy your blueberries more times.

A deeper dive ...

While USHBC can't ensure the success of any *one* member, its responsibility is to ensure that *all* members have the opportunity to take advantage of a marketplace primed with new, relevant, motivating and exciting messages for consumers. We'll lay the best foundation we can. What makes the future so exciting is that each producer can build whatever they want on it.

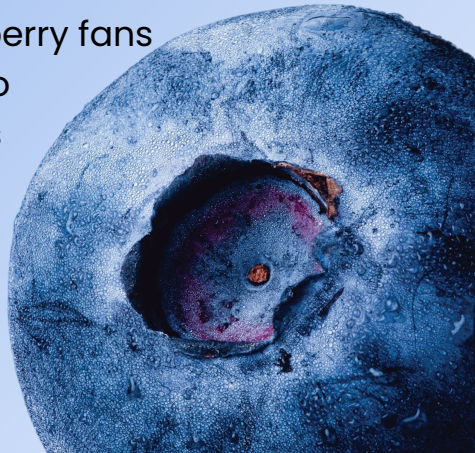
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Has any other group done this?

Yes. The avocado industry is a current shining example of the benefits of investing in demand. An increased assessment to 2.5 cents per pound on all Hass avocados sold in the United States went into effect in January 2003. Enhanced marketing resulting from the investment has grown the total avocado market in the U.S. from \$1.3B in 2003 to more than \$7B in 2021, while maintaining real producer prices. Because of their success, the avocado industry is currently discussing another 1 cent increase.

In July 2024, the National Watermelon Promotion Board (NWPB) increased its assessments on domestic and import producers and handlers to grow demand through more consumer, retailer and foodservice marketing. NWPB will begin its new marketing efforts soon.

A deeper dive ...

Avocados Serve as Inspiration

Growth in volume and preservation of value through marketing support:

- Legislation authorized an assessment on all Hass avocados sold in the U.S. to support promotional programs: 2.5 cents per pound, effective January 2, 2003
- Helped expand demand sufficiently to maintain real producer prices



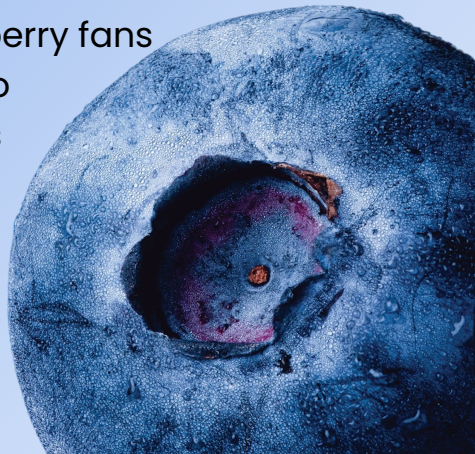
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How is USHBC funded today?

USHBC is primarily funded today from assessments (\$.009/pound, \$18 ton) on domestic blueberry production and imported fresh/frozen blueberries.

A deeper dive ...

In addition to the assessments, 10 domestic importers, 2 international exporters and 2 international country partners have voluntarily agreed – through a Memo of Understanding (MOU) – to make additional contributions to support USHBC initiatives. The North American Blueberry Council (NABC) collects those MOU contributions quarterly and remits contributions to USHBC. Below is the summarized source of USHBC revenue for 2024 and what is projected for 2025.

The USHBC also receives grant funding from USDA for the purposes of export market development. Those dollars are dedicated to global market development on behalf of U.S. production.

All budget information can be found at ushbc.blueberry.org/about-ushbc/finances/.

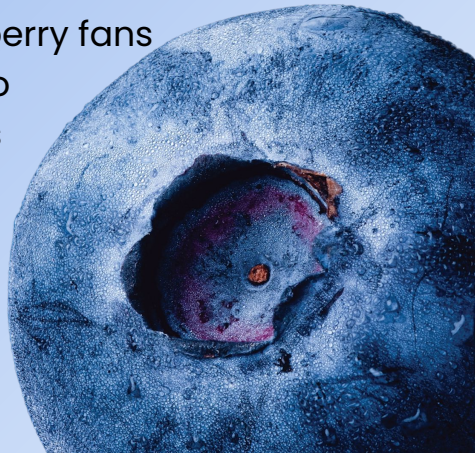
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USHBC 2025/2024 BUDGET SUMMARY

REVENUE/INCOME PROJECTIONS

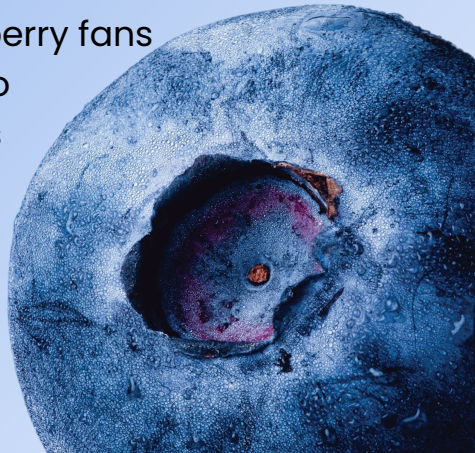
	<u>2025 BUDGET</u>	<u>2024 BUDGET</u>
Carry-In Funds	\$3,856,387	\$2,477,674
Domestic Crop Assessments	5,400,000	4,700,000
Import Assessments	7,000,000	6,400,000
Grant Revenue	2,027,175	711,476
Contributions	2,550,000	2,250,000
Other Revenue	142,000	125,000
TOTAL PROJECTED REVENUE	17,119,175	14,186,476
TOTAL FUNDS AVAILABLE	\$20,975,562	\$16,664,150

THE BIG BLUE PICTURE

The path to prosperity for the blueberry industry depends on more demand. But right now, what we have more of is supply. If that trend continues, in five years there will be roughly twice as many blueberries in the marketplace as people want to buy.

That means lower prices are inevitable. But it doesn't have to be that way.

An investment in demand is an investment in your future. Increasing the assessment will allow us to work together to reach more blueberry fans with more reasons to buy your blueberries more times.



If you have additional questions, please send them to USHBC President Kasey Cronquist at kcronquist@blueberry.org