



RETAIL NEWS FROM CTFA'S MARKETING CATALYSTS IN THE UNITED STATES AND CANADA

Period Ending June 14, 2006

CTFA Vice President of Marketing

Sheri Mierau

90-Day Challenge

The 2006 90-Day Challenge is ramping up. Our satellite media tour June 15 was a huge success, with 22 news outlets in markets across the country interviewing Summer Sanders. In addition, 12 retailers representing 2,450 stores are supporting the program utilizing in-store materials to reach consumers. We are excited by the increased awareness of the program.

Challenge sign-ups also continue to increase steadily. Consumers tell us how they heard about the program when they enroll. Most are coming from retailer or other websites, some from news coverage, and we're finding that many are being referred by friends! It's a great way to spread a healthy living message to those you care about.

California Nectarine Day

More than 40 industry members and CTFA staff traveled to San Francisco to celebrate California Nectarine Day at AT&T Park. The California Nectarine Day team distributed over 8,000 nectarine samples and packs of California Nectarine Day cards. Sampling started at 4:30pm and continued past 8:00 pm. Samples were distributed to fans, tourists, and those just leaving work. CTFA also sponsored a pre-game Pop-Fly Challenge. Two lucky winners will receive a box of nectarines per month for three months.

New Recipe Section

The recipe section of the website has been revamped with a new, easier-to-read layout. There is new functionality that has been added as well – users can print out a recipe card in their choice of sizes once they find the dish they want.

Northeast U.S. / Eastern Canada

Ken Berger

Markets Visited: NY/NJ/ PA, New England, Ontario, Québec, Atlantic Canada

Accounts:

New England BJ's, Big Y, Hannaford, Market Basket, Shaw's, Stop & Shop, PPO
NY/NJ/Western PA A&P Atlantic, Pathmark, Shoprite, Food Town, Price Chopper, Wegmans,
Acme, Giant
Ontario A&P Canada, Loblaw Companies East, Sobeys Canada
Québec Métro, Sobeys Québec, Provigo
Atlantic Canada Sobeys Atlantic, AWL

* Denotes accounts contacted during this reporting period

Market Observations:

NORTHEAST U.S

Retailers featuring California-identified tree fruit during this reporting period:

w/o 5/28: **Price Chopper:** The whole shebang...including plums??!

w/o 5/28: **Giant Foods:** "California peaches, large size"

w/o 5/28: **Shoprite:** "California nectarines, sweet & juicy - \$1.49 per lb."

w/o 6/5: **Big Y:** "Sweet California nectarines or peaches, white fleshed, sodium free, cholesterol free, good source of vitamin C - \$1.97 per lb."

w/o 6/5: **Pathmark:** Coming off a week where they featured a southern peach on the front page of the flyer at \$0.78 per lb.: "Large California peaches - \$1.99 per lb."

w/o 6/12: **A&P Atlantic:** "California peaches, try a taste of summer - \$1.99 per lb."

w/o 6/12: **Food Town:** "New crop, California white flesh peaches, or Tree Ripened peaches or nectarines - \$2.99 per lb."

w/o 6/12: **Price Chopper:** Playing both sides of the fence..."Fresh Sweet Southern or California Peaches - \$0.99 per lb." and "Sweet & Juicy California Nectarines, Ready to Eat - \$1.98 per lb and Fresh Sweet California Plums - \$1.98 per lb."

w/o 6/12: **Shoprite:** consistent support for California, 2nd week running: "Sweet & Juicy California Nectarines - \$1.49 per lb.; California Red Plums - \$1.99 per lb."



Retailers featuring “Southern” tree fruit or with no origin specified during this reporting period:

w/o 6/5: **Acme** (Southern) – Peaches – 2#/\$3 (2nd week in a row)

w/o 6/5: **Foodtown** (Southern, 2-1/2”) – Peaches - \$1.49 per lb. (on front page last week at \$0.99 per lb.)

w/o 6/5: **Giant Foods** (Southern) – Peaches - \$4.99 (5# Gift Box; coming off a California peach feature last week)

w/o 6/5: **Shoprite** (2-1/2”) – Peaches - \$1.29 per lb. (coming off a California peach & nectarine feature last week)

w/o 6/12: **Acme** (Southern) – Peaches - \$1.29 per lb. (coming off 2#/\$3 last week)

w/o 6/12: **Food Town** (Southern) – Peaches - \$1.49 per lb. (3rd week in a row; also featuring California tree fruit this week)

w/o 6/12: **Genuardi’s** (Southern) – Peaches - \$1.69 per lb.

w/o 6/12: **Pathmark** – Peaches or Nectarines – 2#/\$3 (front page flyer ad says “Ripe & Ready to Eat” but with no origin; coming off of two weeks of California-identified tree fruit ads)

w/o 6/12: **Shaws** – White flesh peaches; yellow flesh peaches and nectarines - \$1.88 per lb.

w/o 6/12: **Shoprite** – Sweet Peaches - \$0.79 per lb.

w/o 6/12: **Stop & Shop**: (Southern) – Peaches - \$1.49 per lb.

CANADA

Retailers featuring California-identified tree fruit during this reporting period:

w/o 6/5: **Colemans, NF**: “California #1, sweet juicy nectarines - \$1.99 per lb.”

w/o 6/5: **Provigo, QC**: “California nectarines - \$1.99 per lb.”

w/o 6/12: **Colemans, NF**: “California Sweet & Juicy Peaches - \$0.99 per lb.” (with advertorial copy)

w/o 6/12: **Sobeys, QC**: (all species with advertorial copy)

w/o 6/12: **Loblaws, QC**: “Nectarines or Peaches from California - \$1.69 per lb.”

Retailers featuring “Southern” tree fruit or with no origin specified:

w/o 6/5: **Longo’s** (U.S.A.) – Peaches - \$0.99 per lb. (Front page)

w/o 6/5: **Price Chopper** (Sobeys, ON EDLP banner) (U.S.A.) - \$0.87 per lb. (Front page)

w/o 6/5: **Real Atlantic Superstore** (Loblaws Atlantic region) (U.S.A.) – Regular or white flesh peaches - \$2.49 per lb.

w/o 6/5: **Real Canadian Superstore** (Loblaws ON) (U.S.A.) – Nectarines - \$0.99 per lb.

w/o 6/12: **Canada Safeway** (U.S.A.) – Nectarines, White Peaches, Red Plums, Peaches - \$1.99 per lb.

w/o 6/12: **Food Basics** (A&P EDLP banner) (U.S.A.) – Nectarines or Peaches - \$0.97 per lb.

w/o 6/12: **Loblaws, Fortinos & Zehrs** (Loblaws’ ON banners) (U.S.A.) – Peaches or Nectarines - \$1.49 per lb.

w/o 6/12: **No Frills** (Loblaws’ EDLP ON banner) (U.S.A.) - \$0.97 per lb.

w/o 6/12: **Sobeys ON**: (U.S.A.) – Peaches and Nectarines - \$1.69 per lb.

The 90-Day Challenge launched on CTFA’s website on June 1, and this year includes a version exclusively for Canadian consumers. All of the recipes and nutrition tips have been converted to metric measurements in compliance with Canadian laws. In addition, some of the specified ingredients, where necessary, have been substituted with products, packs and sizes more commonly found in Canadian supermarkets. Rewards, as well, have been “Canadianised,” with

the promotion offering \$1.00 discounts from Chapters.Indigo.com, a Canadian book and music seller. All three major retail players in Ontario – Loblaws, A&P and Sobeys – have agreed to delivery and installation of the tear-off pads in all of their stores, and regional representatives will be out to perform the installation June 19.

Under the MAP program, a comprehensive store audit program is about to kick-off in the provinces of Ontario and Québec where local representatives will visit 100 supermarkets, under all banners, in each province. They will be evaluating displays and providing valuable store-level information in the following categories in response to the performance measures contained in the UES:

- Variety/species, as per information on the original shipping carton
- Sizing as per information on the original shipping carton
- Display size in square feet
- Display type: lower/upper shelf, end-cap, island, etc.
- Quality
- Ripeness
- Origin
- PLU code as per sticker on fruit
- Price
- Advertised: yes or no
- Shipper label

Account Recap:

NORTHEAST U.S.

BJ's - Contacts sent along a few photos of the new CTFA POS and custom signage now installed in all 170 clubs.

The Food Emporium – Primary produce-page blast with significant advertorial copy devoted to California white peaches. It says: “Sugary Sweet. Wait ‘till you bite into our white flesh peaches. They’re extra large and typically sweeter because of less acidity. And they’re juicier than most. Don’t miss the height of the juicy white excitement! Of course our quality is always extra-fancy! California White Flesh Peaches. Sweet and Juicy. First of the Season - \$3.99 per lb.”

Food Town - Worth special mention w/o 6/12 as it becomes the first retailer in the region to include “Tree Ripened” in its ad copy...

Price Chopper - Playing both sides of the fence on peaches, but fully committed on the nectarines...

Shaws - A major block devoted to “Ripe ‘n Ready” with good advertorial copy on the differences between the white and yellow varieties, but no mention of the fruit being from California.



CANADA

Sobeys Atlantic - Confirmation from the Category Manager and Demo Coordinator that the TasteUS!-themed ad/demo/loyalty card program on all available species of California tree fruit will begin the week of July 8.

Sobeys QC - Major produce-page blast with consumer educational points on yellow and white varieties.

California-identified in the ad. In addition to all this, Sobeys is offering its shoppers two bonus Air Miles through their loyalty card program for every purchase of 1 kg or more with presentation of the following coupon...

2 MILLES DE RÉCOMPENSE AIR MILES™ EN PRIME BONUS REWARD MILES

Obtenez 2 milles de récompense AIR MILES sur présentation de ce bon et à l'achat d'un minimum de 1 kg de fruits à noyau.

Earn 2 AIR MILES reward miles upon presentation of this coupon and the purchase of a minimum of 1 kg of stone fruits.

Du 12 au 18 juin 2006 seulement. Limite d'un bon par achat. / From June 12 to 18, 2006 only. Limit: one coupon per purchase.

IGA

Code d'offre 29

0 61925 186186 2

À la découverte des Fruits à noyau

Les pêches et les nectarines mûres à point!

- Écorce plus douce et moins acide
- Pêche et nectarine immédiatement
- Chair comme le sucre dans la bouche, mais moins sucrée.
- Plus de jus et plus de saveur.
- Plus de fibres et moins de sucre.

Pêches
Fruits à noyau
69¢ 2.99

Nectarines
Fruits à noyau
69¢ 2.99

Pêches mûres à point
Fruits à noyau
69¢ 2.99

Nectarines mûres à point
Fruits à noyau
69¢ 2.99

Nectarines
Fruits à noyau
69¢ 2.99

Abricots
Fruits à noyau
89¢ 3.99

Pêches
Fruits à noyau
69¢ 2.99

Pluots
Fruits à noyau
89¢ 3.99

Nectarines blanches
Fruits à noyau
69¢ 2.99

Pêches saturées
Fruits à noyau
69¢ 2.99

Pluots blancs
Fruits à noyau
89¢ 3.99

RETAIL STORE NAME	DATE	SPECIES	PLU #	PRICE	LABEL
Sobeys, Toronto	6/11	CA yellow peaches	4038	\$1.69/lb	Z & S
		CA yellow nectarines	4378	\$1.69/lb	Just-Ripe
Dominion (AP), Toronto	6/13	CA peaches TR	4044	\$2.99/lb	Kingsburg
		CA nectarines TR	4378	\$2.99/lb	
		CA white peaches	4401	\$2.99/lb	
Loblaws, Toronto	6/13	CA yellow peaches	4038	\$1.49/lb ADV	Prima
		CA yellow nectarines	4036	\$1.49/lb ADV	
		CA nectarines TR	4378	\$1.49/lb ADV	
		CA white peaches	4401	\$1.49/lb ADV	
		CA red plums	4041	\$2.99/lb \$2.99/lb	
Métro, Montreal	6/13	CA yellow peaches	4037	\$2.99/lb	Ripe 'n Ready Top Shelf
		CA TR peaches	4044	\$2.99/lb	
		CA yellow nectarines	4036	\$2.99/lb ADV	
		CA TR nectarines	4378	\$2.99/lb ADV	
		CA red plums	4042	\$2.99/lb ADV	
Loblaws, Montreal	6/13	CA yellow peaches	4038	\$1.69/lb ADV	
		CA yellow nectarines	4035	\$1.69/lb ADV	
		CA red plums	3278	\$1.69/lb ADV	
Provigo (Loblaws), Montreal	6/13	CA yellow peaches	4037	\$1.99/lb	
		CA yellow nectarines		None	
IGA (Sobeys), Montreal	6/13	CA TR peaches	4044	\$2.99/lb ADV	Ripe n Ready, Fruit Patch
		CA white peaches		None	Fruit Patch
		CA TR nectarines	4378	None	
		CA white nectarines	4035	\$2.99/lb ADV	
		CA red plums		\$2.99/lb ADV	
		CA black plums		None None	

Southeast/Mid-Atlantic

Tom Flach

Markets Visited: Atlanta, Orlando, Lakeland, Tampa, New Orleans, Jacksonville

Accounts: Kroger Atlanta, Albertson's Florida, Kash n' Karry, Lowe's, Bi-Lo, Ukrop's, Rouses, Sav-A-Center, and Publix.

Market Observations:

The following accounts received in-store materials to support the "Which Peach is your Peach" program: Publix, Bi-Lo, Kroger (Memphis, Atlanta and Roanoke), Lowes, Ingles and Kash n' Karry. The "Which Peach is Your Peach" POS program is what retailers have been looking for. They want the consumer to be educated so they can make intelligent choices when buying our fruit.

The industry should be noticing a trend that has had a dramatic impact on the volume some retailers sell. In recent years some retailers are more interested in taking higher margins on certain commodities and are not as concerned with volume they generate. Retailers have discovered that they can meet their goals by increasing the price and being satisfied with less volume. Old story, but valid, at least temporarily.

With the weather-related problems California has experienced with cherries, it is likely that we did pick up earlier ad activity at several accounts here in the Southeast. Publix and Harris Teeter added peaches and nectarines to the ad mix last week. Publix is on ad again this week at \$1.99 per lb.

Memorial Day features here in the Southeast did not include cherry activity. Accounts that didn't run tree fruit ran berries and melons, which were the most widely-used feature items.

Summer fruit is just now arriving at retail in large enough quantities to actually stimulate consumption. Up until recently, accounts have run some token ads, with pricing in the \$1.69 to \$1.99 per lb. range.

The retail shelf space expansion on California fruit has been very dramatic this past two weeks. PPN endcaps are most often in front-end or lobby locations.

Grapes, cherries, melons, berries and summer fruit are the feature items of choice here in the Southeast.

The trade, to listen to the way they say it, has come to expect more from the CTFA in terms of promotion incentive funding, but in reality they recognize that they are responsible for profitability and increasing their share of the produce dollars.

Small-sized Eastern peaches are finding their way into several major accounts in the Southeast. South Carolina peach harvest is a little behind schedule, which might extend the eastern peach crop presence.

I have been in contact with each account scheduled to receive in-store materials and determined that each of the following accounts have the materials in the stores or are being sent to the stores this

week. The accounts are; Publix, Food Lion, Kroger (Atlanta, Memphis and Roanoke), Kash n' Karry, Lowe's, Harris Teeter and Ukrop's.

Account Recap:

Kroger – Roanoke – Account indicated that it would make every effort to make summer fruit a critical commodity for the produce departments this season. They need to do very well to match the sales they enjoyed last season. Account is eager for more data from CTFA regarding CA summer fruit. as they relate to the performance of other commodities. Promotion will encourage them to carry more variety throughout the season and promote late season with back-to-school.

Albertson's - Georgia peaches are on front-end displays priced at 10 lb. for \$10.00. The produce manager indicated that they expect the first sizable quantities of our summer fruit to begin this week.

Winn-Dixie - This account is the pleasant surprise of the week. They used white peaches or nectarines as a semi-lead item at \$1.99 per lb. They also showcased plums and apricots at \$1.99 per lb.

Publix – This account has indicated that they plan to use the Southern peaches in a few markets where the fruit is grown, but will not showcase Eastern peaches with consistent regularity. The “Aprons” in-store demo program is locked in with an ad supporting peaches and nectarines. They have had yellow peaches and nectarines in primary ad space at \$1.99 per lb. for the past two weeks. Space in the stores has quadrupled in the past two weeks. I was in six stores and each had summer fruit in the lobby on end-cap displays at a feature price of \$1.99 per lb.

Food Lion - Summer fruit sales were down about 15% at this account last season, and they are very interested in having that situation turned around. Unfortunately, they have decided not to include iTunes in this season's promotion. They will support the 90-Day Challenge by tying our web site to theirs. Merchandiser indicated that this was the first of several features on both white and yellow flesh peaches and nectarines. He is serious about increasing his business on summer fruit. This week however, they had southern peaches on ad at \$0.89 per lb.

Farm Fresh - Peaches and nectarines are on front-end displays priced at \$1.68 per lb. The vice president of produce had nothing but good things to say about how the product looked. He did have a few issues with quality.

Sav-A-Center – Account did not have our fruit in the spotlight this week. He is still receiving some Georgia peaches and did have them in the ad this week.

Bi-Lo - has a four-week flyer program starting next week which puts nectarines and peaches in the ad for all four weeks.

Kash n' Karry / SweetBay – The Ripe n' Ready in-store materials have arrived at the Tampa area stores, where once again end-cap displays abound.

Wal-Mart – This past week nectarines and plums are still on the same end-cap display in first position, priced at \$1.69 per lb. Peaches were in the normal set with about 20 ft. of space and priced at \$1.99 per lb.

Harris Teeter – In the past they did special things on white peaches early in the season. This week they advertised both small eastern and large California peaches at \$0.88 and \$2.49 per lb. respectively.

Kroger-Memphis - has advertised Southern peaches 10 lbs. for \$10.00.

Western U.S. / Western Canada

Matt Ellison

Markets Visited: Portland, Seattle, Northern California, Southern California, Phoenix, Cincinnati.

Accounts: *Fred Meyer, *Winco, *Kroger Corporate, Albertson's Corporate, *Costco, *Safeway Corporate, Food-4-Less, *Savemart, *Ralphs, *Stater Brothers, *Fry's, *Bashas', *Safeway Buying Office, Raley's

*visited this period

Market Observations:

Display space size at Northwest retailers have remained the same over the past couple weeks. Average display space is measuring at approximately 50% of summer's maximum.

Store managers at Top Foods and Albertsons in Washington state have commented on some problems with splitting, rot and shriveling with the early varieties. Those reports have slowed down with the latest varieties.

Kurt Palmer, Produce Director for Fred Meyer, has had no complaints on quality and said sales are going fine and he's looking forward to some larger sizes.

Costco reports slower-than-forecasted sales on peaches and has yet to see much volume in nectarines. Pat Burlingette, Costco's Buyer, said she's confident about tree fruit sales and will be pushing hard when the sizes increase. CTFA's premium display space study with Costco will be delayed until Costco feels they are up to full capacity.

Stater Brothers advertising department has approved the 90-Day Challenge promotion and plans to utilize CTFA's PPN Network Download Center for POS.

Account Recap:

Costco - Premium display space study

Safeway Corporate - iTunes promotion with Fresh Express

Save Mart - Category Management Study

Ralphs - iTunes promotion with Fresh Express, "Are You a Cruncher, Leaner or In-Between" POS

Albertsons - iTunes promotion with Fresh Express

Stater Brothers – 90-Day Challenge promotion

Kroger Corporate – “Which Peach is Your Peach” POS
Bashas’ – “Which Peach is Your Peach” POS

Southwest
David Anderson

Markets Visited: Houston, Dallas, Ft. Worth, Austin, San Antonio

Accounts: Wal-Mart*, Sam’s Clubs*, Schnucks*, Save A lot, AWG KC, Ball’s Food Stores, Hy-Vee, King Soopers*, Minyard’s*, Albertsons Ft. Worth*, Brookshire Grocery Company, Fiesta Mart, First Quality, Kroger SW*, FoodTown, HEB*, Central Market*, Whole Foods SW, Dierbergs, Dillons, Meijer*, Jewel-Osco*, Cub Chicago, W. Newell Co*, Spartan Stores, Central Grocers, Marsh, Kroger Indianapolis, Kroger Great Lakes, Kroger Cincinnati, Kroger Louisville, Super Target,

*contacted
*visited this period

Market Observations:

Albertsons Ft. Worth division will be operating 40 or fewer stores – possibly more - in a month or two. Twelve in Austin will close, with an additional 15-20 in the Dallas-Fort Worth market. Reportedly all the Texas and Louisiana Super Saver-format stores, formerly operating as a stand-alone entity, supplied by the FW distribution center, will close as well. Reportedly, this is it - no more closings expected.

Associated Wholesale Grocers intends to consolidate the procurement process into the Kentucky location. However, their Tennessee, Oklahoma City, and Springfield locations will continue to operate autonomously in terms of merchandising. (This will remove SoFresh as their broker / field buying operation.)

First \$0.99 per lb. or below feature ad pricing has occurred over the last 2 weeks, since last report.

Account Recap:

Wal-Mart -Here is picture of their soft fruit modular as of the first week of June.
The second end cap display event is also pictured.



Sam’s - Approx 130 clubs will be sampling yellow flesh peaches the weekend of June 23. The new Demo Kit for 2006 season is approved by buyer, and will be utilized by all participating locations.

Fiesta Mart - Their commitment to low-balling Southern and Georgia peaches continues.



Kroger SW - Contact advised in meeting last week that they would like to stay out of the low-ball peach ad activity that is occurring (again) this year between Fiesta and HEB. They are looking to upgrade this year by offering a better piece of fruit, with lower pressures – albeit with a price point to match. Ad frequency, as always, is stellar here. Unfortunately, they also were into Georgia product last week with a 10 for 10 ad – ad lids much lower w/ a better freight rate was the comment.

HEB - Both Houston and San Antonio ran front page ads on peaches. Will be auditing 5 locations this week and reporting on conditions next report.



Here you see what their Business Development Manager wants their modular soft fruit section to look like:

King Soopers – This account will break with a major plum feature in July – CTFA provided “Which Plum is Your Plum?” elements for distribution within all of their stores. Furthermore, there will be index cards (six total) for each plum variety and a 22x28 special stanchion (iron man) sign produced utilizing some of the imagery.

King’s - here’s King’s ad from the beginning of June. Note they are the best Kroger division in Central/SW region when it comes to creative artwork and imagery.

Schnucks - Meeting scheduled for June 30 - first ad broke this past week.



Albertson’s Ft. Worth – “Are You a Cruncher, Leaner, or In-Between?” POS has been distributed to all locations. Yet another new contact now on board here. In meeting last week, they revealed their intent to essentially vacate Austin market. Included in the closings as reported in general observations were numerous other locations in DFW – and all Super Saver formats. Note the “Pick’d Ripe” logo no longer appears. At least not yet.



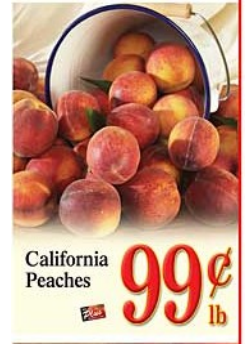
Minyard’s - Met with new contact (formerly old contact at Albertson’s FW) and - not surprisingly - learned of their intent to continue to operate on a purely value proposition. While they would of course like to offer higher quality, their intent to always be right on price will make this difficult. Move to more Carnival formats from former Minyard’s, Sak N Save locations also now official. Visited two of the Carnival remodels recently completed, one location was busier than the Fiesta across the street.

Kroger Columbus / Detroit (Great Lakes) - Will be auditing some locations last week of June in the (Columbus area) – aggressive ad pricing as of late.

Kroger Louisville - Meeting with this contact 6/29, historically a strong supporter of the Southern deal, contact indicated they were moving into CA this week however.

Kroger Indy – Also now well into CA deal with this feature, at right.

Dillon's / Baker's - New contact as sales promoter here – called this week concerned about where their in-store messaging materials were, called 10 minutes later to inform me that he found them. I'll be out to retail this week with direction from merchandiser regarding placement locations, and commitment to this category.



Jewel – Osco - Contact indicated the proprietary Albertson's "Pick'd Ripe" program would be promoted yet again at Jewel. In a meeting earlier this season there was a lot of hand-wringing about how the category was declining in Chicagoland, despite what they considered to be best efforts at promotion and product. High retail prices in this market seem to be the scapegoat. Messaging materials confirmed to have arrived last week.

Meijer – Meet with this account took place during the week of June 26. Meijer has run an \$0.88 per lb. price on peaches out of California for two straight weeks; will report on retail conditions at end of June.

Markets to visit in next few weeks include Bentonville, Kansas City, Des Moines, Minneapolis, Oklahoma City, Springfield MO, Indianapolis, Cincinnati, Columbus, Louisville, Chicago, Western Michigan, and St. Louis.

The CTFA Domestic Market Report is available online at www.caltreefruit.com

Please send suggestions or comments to jwaite@caltreefruit.com

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