



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

Period Ending July 1, 2005

CTFA Vice President of Marketing

Sheri Mierau

The iTunes promotion has officially launched. Within hours, the redemption had already topped 300 songs. We expect the heaviest traffic during the evenings and on weekends. I look forward to reporting our results in the weeks to come. We will be tracking redemption levels, ad activity during the promotion and price levels.

I just returned from a week of international travel. During my visit to Bogota, Columbia I was very impressed with the quality of the nectarines available in the marketplace. Nectarines are much more popular here than peaches. One importer indicated his volume was 70% nectarines and 30% peaches. All other importers indicated larger nectarine numbers for them as well. Unfortunately, all the peaches were from South Carolina and Georgia. It was indicated by the importers this had to do with price. CA Peaches were expected in the next week or two. Plums were expected to arrive at the end of this week.

In Caracas, Venezuela fruit had just begun to arrive. Most of the displays in the supermarkets were local peaches. The importers were just beginning to get the product into retail. Nectarines and Plums were the primary fruits we saw at the cold storages. Peaches were scheduled to arrive within a week or two.

Northeast U.S. / Eastern Canada

Ken Berger

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

Accounts:

New England BJs*, Big Y*, Hannaford*, Market Basket*, Shaws*, Stop & Shop*, C&S Wholesale, Roche Bros, Ahold USA, Bozzuto's
 NY/NJ/ Great A&P*, The Food Emporium*, Redner's*, Pathmark*, Shoprite*, Price Chopper*,
 Western PA Wegmans*, Clemens, Four Seasons Produce, King Kullen, King's Supermarkets, Penn Traffic, Weis, RLB
 Ontario A&P Canada*, Loblaw Companies East*, Sobeys Canada*
 Québec Métro*, Sobeys Québec*
 Atlantic CAN Sobeys Atlantic*, Coop Atlantic
 Western CAN Canada Safeway, Federated Coop, Overwaitea, The Produce People, Calgary Coop, Thrifty

*visited this period

Account Recap:

Canada

- **A&P Canada:** After several weeks of back-and-forth dialogue on the proposed tote-bag concept, Category Manager decided to shelve the idea. Wants to see the allocated funds used towards in-store sampling w/o 7/18 (if demo agency can manage on short notice) to complement a front-page flyer ad that breaks that week.
- **Métro:** Confirmation received from Métro management and its demo agency that the California peach, plum and nectarine demos (12h-2 days) will run week of July 18th in the 53 METRO Plus banner stores. Demonstrators will place a slice of the fruit on a bite of a vanilla waffle. Assurance, as well, that product will be featured in the flyer for that week.

Northeast U.S.

- **A&P Atlantic, Hannaford:** iTunes promo confirmed with both retailers, POS kits shipped and all is set to kick off July 11th
- **Price Chopper:** Featuring tree-ripe peaches, plums and nectarines for the July 4th weekend flyer ad, and including a recipe for *Fresh Peach Pitas* from CTFA's website
- **C&S:** Request for POS for the 12-store Foodmaster chain came too late into the production process so I provided contact with the CTFA link to download artwork: www.eatcaliforniafruit.com/download
- **Pathmark:** Demos confirmed in 40 of Pathmark's 'A' stores for California peaches during the height of the NJ deal – July 29, 30 and 31. All 150 stores will run with a flyer feature on California peaches that week as well
- **Price Chopper:** We'll be running the demos in 50 stores on July 28, 29 and 30, sampling all available species of California tree fruit on the shelf at that time. Complementing this will be in-store radio in all 109 Price Choppers, running mid-July through end-August. MJR-suggested copy points were emailed to PC's ad agency and they came up with this...

Price Chopper In-Store Radio Network Script :30 copy

Client: California Tree Fruit

Run Dates of: 07/17/05 thru 08/13/05

Announcer Preference-Authoritative Male

Shoppers: Nothing says "Summer" quite like the refreshing taste of Fresh Peaches, Plums and Nectarines from California. And with today's active lifestyles, delicious California Fresh Peaches, Plums and Nectarines make it easy for you to keep your family eating healthy. And right now, you'll find Fresh Peaches, Plums and Nectarines from California, right here in the Produce Department- They make a healthy on-the-go snack or light dessert, and are high in nutrients and antioxidants. So reap the harvest! Come over to the Produce Department and pick up some flavorful, delicious Fresh Peaches, Plums and Nectarines from California today!

STORE CHECKS

RETAIL STORE NAME	DATE	VARIETY	PRICE
Sobeys, Toronto	6/20	CA Tree Ripe peach & nectarine CA Red & Black plum	\$0.99/lb ADV \$2.49/lb
Dominion (AP), Toronto	6/20	CA Tree Ripe peach & nectarine CA White flesh peach & nectarine	\$2.49/lb ADV \$2.99/lb
Loblaws, Toronto	6/20	CA Tree Ripe peach & nectarine CA conventional peach CA conventional nectarine CA White flesh peach & nectarine CA red plum CA black plum	\$2.99/lb \$1.69/lb \$1.29/lb ADV \$2.99/lb \$1.99/lb \$2.99/lb
Métro, Montreal	6/28	CA Tree Ripe peach & nectarine CA White flesh peach & nectarine CA red plum CA black plum	\$2.49/lb ADV \$2.49/lb ADV \$2.49/lb ADV \$2.69/lb
Métro, Montreal	7/5	CA Tree Ripe peach & nectarine CA White flesh peach & nectarine CA red plum CA black plum	\$2.49/lb ADV \$2.49/lb \$3.29/lb \$2.49/lb
Loblaws, Montreal	6/28	CA conventional peach & nectarine CA White flesh peach CA red & black plum	\$1.69/lb ADV \$2.49/lb \$1.99/lb ADV
Loblaws, Montreal	7/5	CA conventional peach & nectarine CA White flesh peach CA red & black plum	\$1.79/lb \$2.49/lb \$2.49/lb
Provigo (Loblaws), Montreal	6/28	CA Tree Ripe peach & nectarine CA conventional peach & nectarine CA black & red plum	\$2.99/lb \$1.99/lb \$1.99/lb ADV
Provigo (Loblaws), Montreal	7/5	CA Tree Ripe peach & nectarine CA White flesh peach & nectarine CA red plum CA black plum	\$2.69/lb ADV \$1.99/lb \$1.99/lb \$0.99/lb
IGA (Sobeys), Montreal	6/28	CA Tree Ripe peach CA Tree Ripe nectarine CA White flesh peach CA White flesh nectarine CA red & black plum	\$2.79/lb \$2.99/lb \$2.49/lb \$2.99/lb \$1.99/lb
IGA (Sobeys), Montreal	7/5	CA Tree Ripe peach & nectarine CA red plum	\$1.29/lb ADV \$1.99/lb
Acme	6/26	Southeastern peach CA nectarine CA black plum	\$0.99/lb \$1.49/lb \$1.99/lb

Southeast/Mid-Atlantic

Tom Flach

Markets Visited: Orlando, Miami, Washington DC

Accounts Contacted: Kroger Memphis*, Kroger Atlanta, Kroger Roanoke*, Bi-Lo, Albertson's Florida, Rouses, Food City, Kash n' Karry, Publix, Lowe's, Ukrop's*, Giant Carlisle*, Farm Fresh, Acme, Deca, Foodlion, Harris Teeter, Ingles, Kroger Columbus, Kroger Louisville, K-VA-T, Sav A Center, Weis, and Winn Dixie*, Shopper Food Warehouse*

*contacted

Observations:

- **Food Lion, Trader Joe's** and **Wal-Mart** are among the chains considering **Winn Dixie's SaveRite** stores in Metro Atlanta, GA, according to *The Atlanta Journal Constitution*. "Bankruptcy court sources say there's a strong possibility that Food Lion might take over Atlanta [locations], if not all the Georgia stores," said Mike Grant, executive vice president of Mimms Enterprises, which manages shopping centers, including two with **SaveRite** stores.
- Only 5% - 10% of shoppers are non-Hispanic in Miami at the 26 **Sedano's** Supermarkets, a specialty grocer catering to tastes of various Latino groups. Sedano's plans to expand in and outside Florida, but the owner sees great potential in the "crossover" crowd - appealing to non-Hispanics, reported *HispanicBusiness.com*.
- **Ukrop's**, in Richmond, is having a good year with California fruit. California peaches and nectarines were advertised this week at \$1.49. (Probably to match the activity of Kroger). Their own label fruit are \$0.50 per pound higher. Jeff Parker, the merchandiser, indicated that California Peaches are eating every bit as well as the local peaches.
- The consensus to date indicates that the trade is pleased with the way peaches and nectarines are arriving and how they are eating after being on the shelf for a few days. They like the color of the fruit as well as the juiciness once allowed to ripen.
- In the Southeast, summer fruit advertised regularly, but not as many front page features. Cherries, berries and melons seem to be getting more "A" features than normal.

Account Recap:

- **Publix** - The "Apron's" in-store demo program started on the 22nd of June and ran for one week. Each of the 840 stores ran demos daily from 4:30 to 7:30. Stores continue to use end caps to support the second consecutive weeks of \$1.99 ads of peaches and nectarines. I talked to three demo employees.
- **Shoppers Food Warehouse** has advertised peaches, plums and nectarines at \$1.99 as a primary feature item. They have end cap displays evident in most stores. They are also using Southern Peaches, which are very small and retail at \$0.99 per pound.
- White Flesh peach and nectarine demos have been confirmed at **Harris Teeter** and **Kroger Roanoke**. Each of these accounts has been consistent in support of California Peaches and nectarines.
- **Winn Dixie** is taking an aggressive line when it comes to the promotion of produce these days. The merchandiser has indicated their intent to not be beaten with produce feature prices. This past week, they had our peaches and nectarines in ad at \$1.49, and had lobby displays or end cap displays in all stores.
- **Ingles** brought in Eastern peaches for the first time in several years, according to the merchandiser. Competition did contribute to this decision; since **Ingles** expanded its store count in South Carolina and Georgia. This action has not diminished their desire to promote California peaches and nectarines. Two weeks ago they ran both varieties at \$1.28 per pound.
- **Giant Landover** and **Giant Carlisle** have been promoting the **Orchard Perfect** regularly this season, and have had been pleased with all aspects of the program.
- **Food Lion** under the Bloom format have been using our peaches as the snack of choice for showcasing on the lobby displays.

- **Bi-Lo** – has a four-week flyer program, which is in the third week. California nectarines and peaches are in the ad all four weeks.

Western U.S. / Western Canada

Matt Ellison

Markets Visited: Portland, Seattle

Accounts: *Federated Co-op, *Fred Meyer, Albertson's-Portland, *Winco, *Albertson's-NCal, *Costco, *Safeway-Corporate, *Savemart, *Ralph's, *Albertson's-SCal, *Stater Bros., Albertson's-Salt Lake City, *Fry's, Albertson's-AZ, *Basha's, *Safeway Buying Office
*Contacted this period

Observations:

- California peaches and plums continue to look and eat well. Signs of russetting in nectarines quite common, but eating well. Retailers have been promoting hard in weekly ads and in-store specials.
- **Fred Meyer** is reporting good sales leading into the 4th of July weekend. "The combination between our ad schedule and the nice weather should make for some strong numbers," stated Kurt Palmer Fred Meyer's Produce Buyer/Merchandiser.
- Washington State Peaches and Nectarines set to harvest around 3rd week of July. Peak volume will be coming off mid-August to mid-September. Washington peaches and nectarines are estimated to be up approximately 2,000 tons over the 2004 season. Nectarines will be picked into early October. Retailers who traditionally switch exclusively to Washington crop are being encouraged to carry both California and Washington fruit this year. This will enhance retailers standing when CTFA evaluates their application for business development funds for the 2006 season.
- Safeway is very excited about the upcoming iTunes promotion and is already looking ahead towards next season. "Next year, if CTFA runs this promo again, we'd like to increase the qualifying amount from three pounds to a four pound box," stated Don Ochoa Safeway's Produce Director.

Account Recap:

- **Costco** – July 15,16,17 Two-day demos in all stores.
- **Safeway Corporate** – iTunes promotion with Fresh Express running 7/11 – 8/9. All US stores will be receiving a POS kit by end of June.
- **Ralph's** - iTunes promotion with Fresh Express running 7/11 – 8/9. POS kits are printed and will be arriving to all stores by end of June.
- **Albertson's-SCal** - Category Management Study
- **Stater Brothers** - Pre-printed inserts promotion. This Post-it Note program features a 3" x 4" 2 color Post It note attached to the front page of the San Bernardino Sun on the Best Food Day (Wednesday). Post-it Note will alert readers about our product and Stater Brothers ad flyer inside. We will be targeting 125,000 households at the end of July.

Southwest

David Anderson

Markets Visited: San Antonio, Austin

Accounts: Wal-Mart*, Sam's Clubs*, Schnuck's, Save A lot, AWG KC*, Ball's Food Stores*, Hy-Vee*, King Soopers*, Minyard's*, Albertson's Ft. Worth*, Brookshire Grocery Company*, Fiesta Mart*, First Quality*, Kroger SW*, FoodTown, HEB*, Central Market, Whole Foods SW*, Albertsons Aurora, Dierbergs, Dillon's*, Kroger Houston, Kroger Memphis, United Supermarkets, and Wild Oats
*contacted

Observations:

- Starting to see some creative advertising on the part of the trade, attached are a couple of looks at ads from Denver, St. Louis and Wichita, KS – Omaha, NE.
- Not a peep from trade on quality as of late, with plum ads now breaking below a dollar per lb., volume surely improving.
- We do continue to see too much competitive Non-CA product in Texas however, with pricing and concern about image cited as reasoning.

Account Recap:

- **Wal-Mart:**
 - White flesh varieties will be sampled, sold in conjunction with early season Bartlett pears in select locations. Projecting 200 super centers for this activity in early August. 90-Day Challenge tear-off pads will be distributed at this event. All buyers at W-M have approved this activity, and merchandiser is setting up demo companies, with store list now provided.
- **Sam's**
 - ½ day's worth of demo activity is budgeted, and Sam's has approved distribution of 90-Day Challenge materials at demo tables.
 - Club audit conducted yesterday was much improved, with all items out on the tables, and one whole table devoted to CA soft fruit. Nectarines and peaches in trays, plums in clams. Contact reports that volumes are exploding with move to tables and out from behind glass doors.
- **HEB**
 - Houston locations being audited this week on special one-week-only CTFA sponsored support program, assessing space, pricing and quality levels of product including storage and merchandising temperatures. HEB is on new protocol for handling, and we're attempting to improve sales and potentially shrink by grading stores.
 - Clear focus is being given to the need to improve sales on items that improve sales, i.e. quality fruit. Potentially NOT Non-Ca product that seems to be showing up at prices too low to not drive some business.
- **Hy-Vee**
 - Display/Sales Contest is off and running here at HV, with contact also running demos on internal basis, (HV personnel) to focus on white flesh for contest period.
- **Fiesta Mart**
 - Contact has called three times this week to go thru offering, and is certain we'll have this wrapped up by Friday. Projecting 20 stores participating in 2 day event, PEACHES AND CREMA MEXICANA.



- **Kroger SW**
 - In call last week contact confirmed ad breaking for iTunes 7/13 and is also certain PLU's loaded for Catalina.
- **King Soopers**
 - King's is excited to get going on iTunes, contact indicates we should be in touch with loyalty card department next week. Meanwhile look at their gatefold ad attached. Peaches and Ice Cream.
- **Dierberg's**
 - Branding their own internal program this season, and reporting good results thus far. Attached ad from this week.
- **Albertson's Ft. Worth**
 - Contact reiterated today his desire to stay in higher quality product, with internally produced materials, and while grateful for demo support, does not want to execute anything that is not done on a larger scale.
- **Minyard's**
 - This contact is excited to get going on demo offerings, and will confirm our intended date of 7/30/05 this week.
- **Brookshire's**
 - Contact on vacation next week during trip to North Texas, will call by this Friday.



Peaches, Nectarines,
Plums or Apricots
White flesh included
Plus 1.49
lb

Midwest

Jim Hager

Markets Visited: Minneapolis, St. Cloud MN

Accounts: Coborn's*; Cub East and West; Jewel; Kroger (Indianapolis and Blue Ash) ; Marsh; Meijer; Nash-Finch; Roundy's; Super Target

*visited this period

Market Observations:

- The weather has been perfect this past week: low 80's and low humidity.
- Holiday pricing will certainly lift sales; .99 on ad for **Rainbow; Cub East** (Illinois and Wisconsin) is on radio with .78 or .89 peaches or nectarines; and **Coborn's Superstores** will entice travelers to northern Minnesota lake cabins with .79 pricing.
- **Cub West** ad launching July 3 featured organic peaches (\$2.88 lb.) and pluots or apricots at \$1.88 lb.
- I made follow-up phone calls to **Cub East** produce managers last week confirming shipment of CTFA/Fresh Express point-of-sale packets and instructions. Most gave a positive report on both issues. I will work with the merchandiser at Cub ensuring placement when the promotion hits.

Account Recap:

- **Cub East:** iTunes download promotion set for the end of July.
- **Marsh:** August white flesh demos.
- **Super Target:** August white flesh demos.

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

Please send any suggestions or comments to : jwaite@caltreefruit.com

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