

STRAWBERRY CATEGORY REVIEW



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The Strawberry Category Review is a biannual report developed as a tool to aid growers and shippers to analyze their business practices and to increase their knowledge of domestic retail berry category sales. Category information also provides retailers with a top-line re-cap of national berry category performance with emphasis on the category leader—strawberries. The information in this report covers the first six months of 2008 and most data is compared to 2007. The Category Review also contains information about the Canadian total berry category and strawberry sales in each province. The Canadian category data is a comparison of sales for the 52 week period ending July 5, 2008 and the same period in 2007.

The Strawberry Category Review is a publication of the:

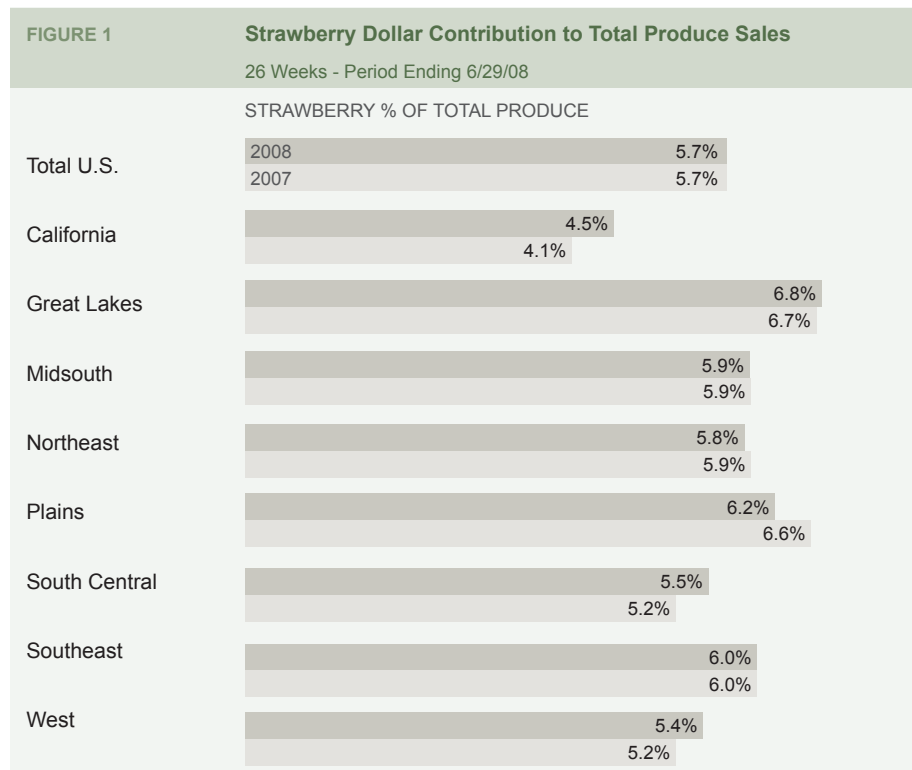
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During the first six months of 2008, both dollar sales and pound sales increased from 2007. Dollar sales increased 5.2% and pound sales were up by 2.2% in comparison to 2007. In the first six months of 2008, the California strawberry crop increased by 4.5% from 2007. The crop experienced usual fluctuations due to weather and plant production. The industry experienced consistent advertising activity across the country with the usual spikes around the major holidays of Easter, Mother's Day and Memorial Day. The average one pound ad price in 2008 was \$2.26, \$.03 higher than 2007. The average one pound non-promoted retail price was \$2.37 in 2008, \$.07 higher than 2007. Fresh berry pound sales per store, per week increased when strawberries were advertised along with other berries. As larger packages were added to the ad mix, incremental dollars increased. While dollar sales in the one pound package decreased by 2.9% from 2007, dollar sales from the two pound and four pound packages increased by 1.2% and 1.3% respectively. Most retailers saw an increase in pounds and dollars as a result of large package sales. Dollar sales for the pint increased by 2.8%. Nationwide in the first six months of 2008, strawberries were ranked eighth in total produce department sales and fourth in produce department fruit sales.

Strawberries Contribute 5.7% Nationally to Total Produce Sales

In 2008, strawberry sales contributed an average of 5.7% nationally to total produce sales. This is consistent to what was observed in 2007. The Great Lakes, Plains, Northeast, Midsouth and Southeast regions out-performed the total U.S. average of 5.7%. The Great Lakes and Plains regions had the highest contributions, 6.8% and 6.2% respectively, while California had the lowest contribution, 4.5%. In 2008, the strawberry dollar contribution to total produce sales increased from 2007 in the South Central, Great Lakes, West and California regions. The Northeast, Mid-South and Southeast were consistent with 2007. During the first six months of 2008, which covers strawberry peak production months of April through June, the berry category ranked first in total produce department fruit sales nationwide. In retail outlets nationwide, the berry category secured valuable produce space. After the successful third and fourth quarters of 2007, there was a shift to free-standing year round berry displays.



Northeast Continues to Lead Strawberry Dollar Sales Nationwide

In 2008, the Northeast generated the most strawberry dollar sales at 22.6%, down 0.4% from 2007. Regional demographic data suggests that Northeast dollars per capita from fresh strawberry sales are considerably higher than most other regions. The Northeast includes population pockets that are very dense and accommodate many more people than most other regions. Strawberry dollar sales grew in several regions in 2008. The Plains region generated the least dollars at 7.2%, this is a 0.5% decrease from last year. Strawberry dollar sales in the West and California grew the most from last year—0.4% and 1%. The Great Lakes region experienced the largest decline at 1% from 2007.

Strawberries Dominate Sales in Berry Category

Berry category sales are tracked for strawberries, blueberries, raspberries, blackberries, cranberries and all other berries. Strawberries continued to dominate category sales in 2008, with a 63% dollar share of total berries, a 3.4% decrease from 2007. The decrease is attributed to growth in other berry segments and strawberry crop availability. While strawberries led the berry category in share of sales, both blackberries and blueberries experienced increases of 0.4% and 2.9% respectively. Raspberry sales nationwide declined by 0.2% (Figure 3).

The one pound strawberry package led sales within the strawberry category and represented 78.3% of category dollar sales nationwide. This was a 2.9% decrease from 2007 and can be attributed to increases in the two pound and four pound package segments. In the Southeast region, sales of the one pound package represented 85.1% of category sales. In all other regions, one pound package sales generated between 67.6% and 82.6% of dollar sales. The West experienced the largest decline in the one pound package at 11%. In contrast, dollar sales of the two pound package increased in all regions, with the West experiencing the largest increase at 7.3%. The Northeast had the lowest share at 8%. Most regions experienced an increase in share of the two pound package from 2007 except the Northeast, the Plains and the Southeast regions. The Northeast and the Southeast experienced two pound package decreases due to availability problems with the Florida crop in early 2008. The West also had the highest dollar sales share in the four pound package at 13.6%, a 4% increase from 2007. The Southeast had the lowest share at 0.1%. All regions except the Plains and the Great Lakes regions experienced sales increases higher than those of 2007 for the four pound package. Pint sales in the Northeast

FIGURE 2 Total Strawberry Dollar Sales by Region
26 Weeks - Period Ending 6/29/08

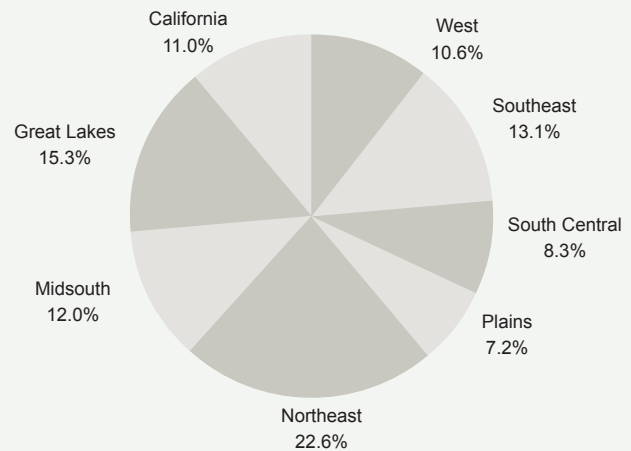


FIGURE 3 Total Berry Category Dollar Share
26 Weeks - Period Ending 6/29/08

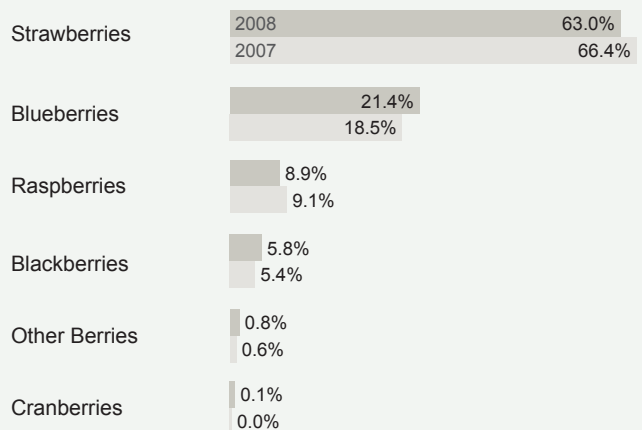


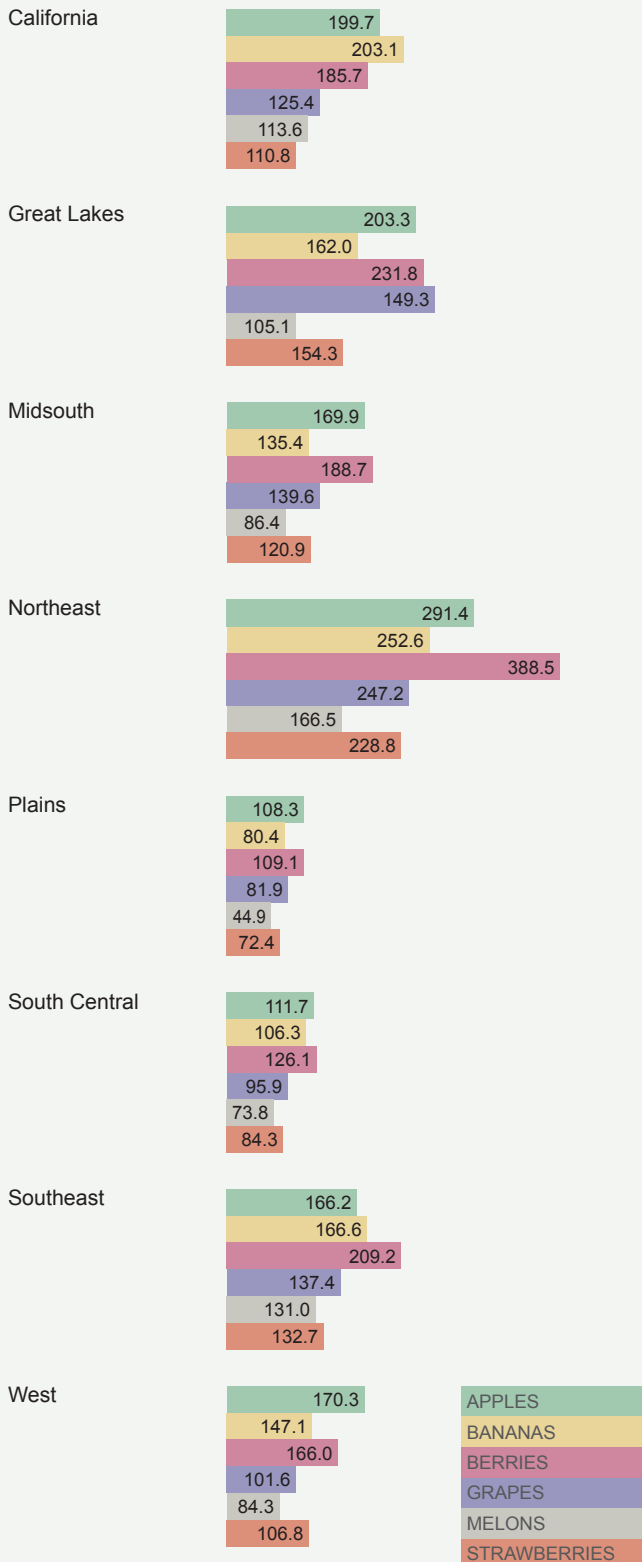
FIGURE 4 Strawberry Dollar Share by Package Type
26 Weeks - Period Ending 6/29/08

REGION	1 LB	2 LB	4 LB	PINT
Total U.S.	78.3	11.5	4.7	4.2
California	73.9	9.8	12.9	1.6
Great Lakes	82.4	13.1	2.0	1.7
Midsouth	82.2	13.4	1.4	1.6
Northeast	75.9	8.0	2.1	11.9
Plains	67.6	16.6	8.0	6.1
South Central	82.6	9.9	3.3	2.7
Southeast	85.1	13.4	0.1	1.3
West	72.7	11.8	13.6	0.8

FIGURE 5 2007 Top Fruit Category Sales by Region

26 Weeks - Period Ending 6/29/08

\$ SALES IN MILLIONS



increased by 10.4% from the previous year. All other regions experienced minimal increases. Historically, retailers used the two pound package to drive sales in large packages during peak volume periods. Some retail outlets now carry either the two pound or the four pound package and alternate their offering from week to week. Other retailers promote the two pound and four pound packages in-store while featuring one pound packages in their weekly ads (Figure 4).

Fresh Berries Rank First in Produce Department Fruit Sales Nationwide

In 2007, total fresh berries ranked in the top two fruit categories that drove sales in produce departments nationwide. In the first half of 2008, total fresh berries moved to the number one spot among other fruits in the produce department. In the first six months of 2008, berries contributed 17% to total department fruit sales, an increase from 2007. Strawberries ranked eighth in individual produce sales and fourth in individual fruit sales nationwide. The Northeast, Great Lakes and Southeast led among regions in strawberry sales, and in comparison to other top fruit categories for 2008. The top ten fruit categories nationwide ranked by dollar sales were: total berries, apples, bananas, grapes, strawberries, melons, oranges, avocados, blueberries and cherries. For the first six months of the year, strawberries ranked above all other fruit sales at \$1 billion dollars. During 2008, total U.S. figures showed that the fruit category accounted for \$8.9 billion, a 6.3% increase from last year. Vegetables accounted for \$7.8 billion, a 0.9% increase from last year. Tomatoes and potatoes led the vegetable category with \$1.4 billion and \$971 million in sales respectively (Figure 5).

Strawberry Pounds per Store, per Week Increased with Advertising in 2008

By adding larger package sizes to the advertising mix, most retailers experienced increases in dollars. The data shows that there were 395 two pound ads that represented 10.7% of retailer ads nationwide. These ads generated \$44 million or \$111,000 on average per retailer. One pound ads were 71% of retailer ads and generated \$182 million incremental dollars or \$69,000 incremental dollars per ad (Figure 6).

In 2008, studies showed that berry ads were most successful when strawberries were advertised both alone or with other berries. Total fresh berry sales increased by 144.3% when strawberries were included in an advertisement. When strawberries, along with one other berry were included in an ad, total fresh berry sales increased by 204.8%. Fresh berry pounds per store, per week increased by 841 pounds when strawberries, along with one other berry varietal were added to the mix (Figure 7).

FIGURE 6 Total US - Fresh Strawberries Promotions by SKU
52 Weeks - Period Ending 5/25/08

SKU	Total # of Retailer Ads*	% of Retailer Ads*	Total Incremental Dollars	Incremental Dollars per Retailer Ad
4 lb. Clamshell	137	3.7	20,529,739	149,852
2 lb. Clamshell	395	10.7	43,834,623	110,974
1 lb. Clamshell	2,612	70.7	182,024,319	69,688
Pints	391	10.6	8,867,019	22,678
8 oz.	97	2.6	722,161	7,445
8.8 oz.	61	1.7	254,169	4,167
Grand Total	3,693	100.0	256,232,030	69,383

FIGURE 7 Total US - Fresh Berries Ad Weekly Results
52 Weeks - Period Ending 5/25/08

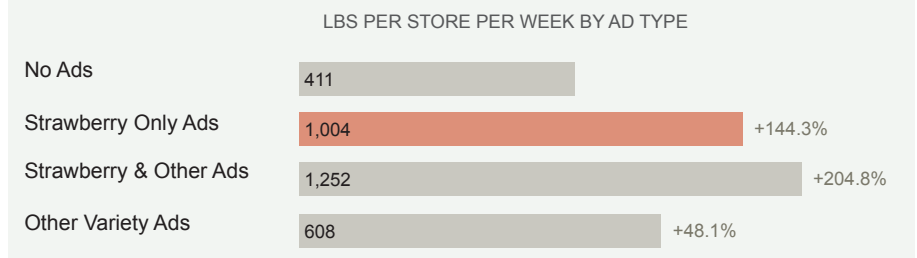
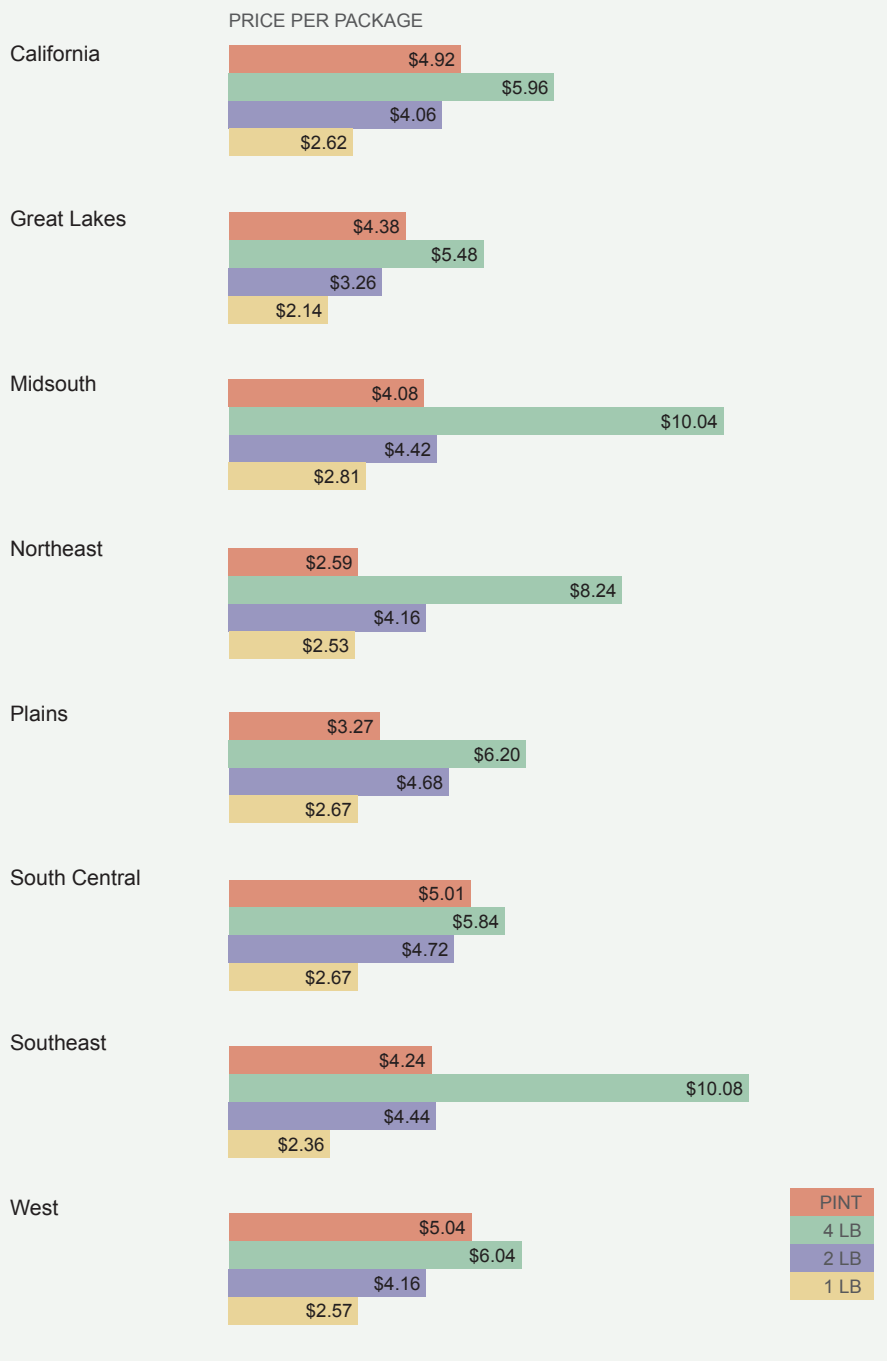


FIGURE 8 Average Retail Price by Region/Package

26 Weeks - Period Ending 6/29/08



Average Price per Package

During 2007, the average weekly ad price of the one pound package was \$2.26, \$.03 higher than 2007. The average one pound non-promoted retail price was \$2.37, \$.07 higher than 2007. The Midsouth, Northeast, Plains, South Central, West and California regions sold one pound packages at a higher price in comparison to the national average and other regions. The one pound package cost the least in the Great Lakes region at \$2.14, on average. The Southeast also had a lower non-promoted price at \$2.36. The average price for two pound, non-promoted packages was \$4.10, down \$.02 from 2007. The Great Lakes had the lowest price at \$3.26. All other regions were higher than above \$4.00 per two pound package. The South Central region had the highest pricing on the two pound package at \$4.72. Non-promoted pricing for the 4 lb. package increased \$.20 to \$6.32 on average, with the highest prices in the Southeast, Midsouth and Northeast regions at \$10.08, \$10.04 and \$8.24 respectively. The Great Lakes also had the lowest pricing for the four pound package at \$5.48, while prices in other regions ranged from \$5.84 to \$6.20 on average. Average non-promoted pricing was provided by Freshlook Marketing, Inc., and reflects data from most major supermarket retailers in all markets nationwide. Data does not include sales from club stores or mass merchandisers.

Canadian Category Update

Canadian data is reported by province and includes total berry category volume, dollar sales and contribution to total produce. The report includes both 52-week and 13-week trends for the period ending 7/5/08.

The top five fruit categories in Canada sometimes mirror the top fruit categories in the U.S. During the first half of 2008, the berry category in Canada contributed \$520 million CN annually to the total Canadian fruit category, which is at \$3.37 billion CN, with growth of 3% versus 2007 (Figure 9). The berry category ranked number one among other top fruits in Canada and was the fastest growing category among the top five fruits, with a 22% increase from 2007. Previously, apples ranked the highest. Bananas and oranges also experienced growth, but at lower rates than the berry category. Grape dollars were the same in 2008 versus 2007 while apples experienced a 2% decrease. Strawberries generated \$270 million CN during 2008, a 15% increase versus 2007.

In Canada, the 1 lb. package still captures the majority of the segment sales annually. The 1 lb. package represented 73% of category dollar sales for the period, the 2 lb. package 13%, and the 4 lb. package 3% of sales. Nationally the 2 pound package experienced a 109% growth and in the West the 2 pound package grew by 126% (Figure 10).

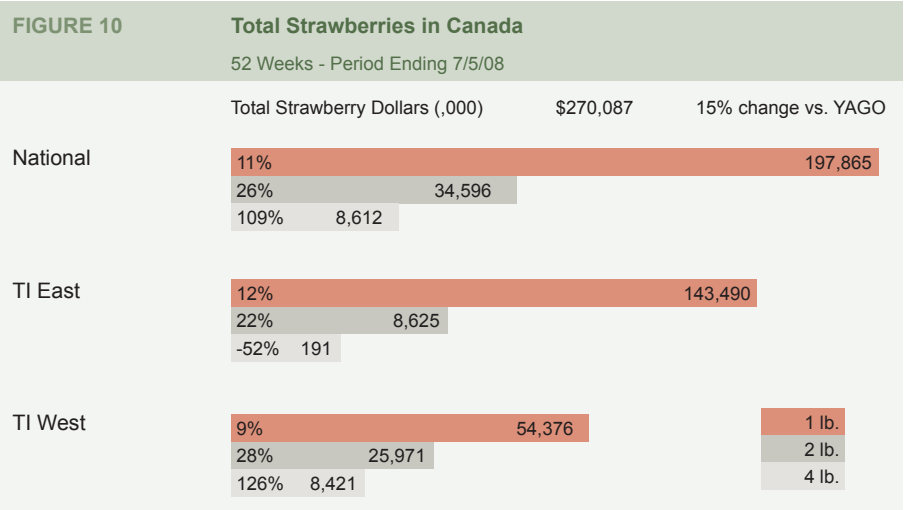
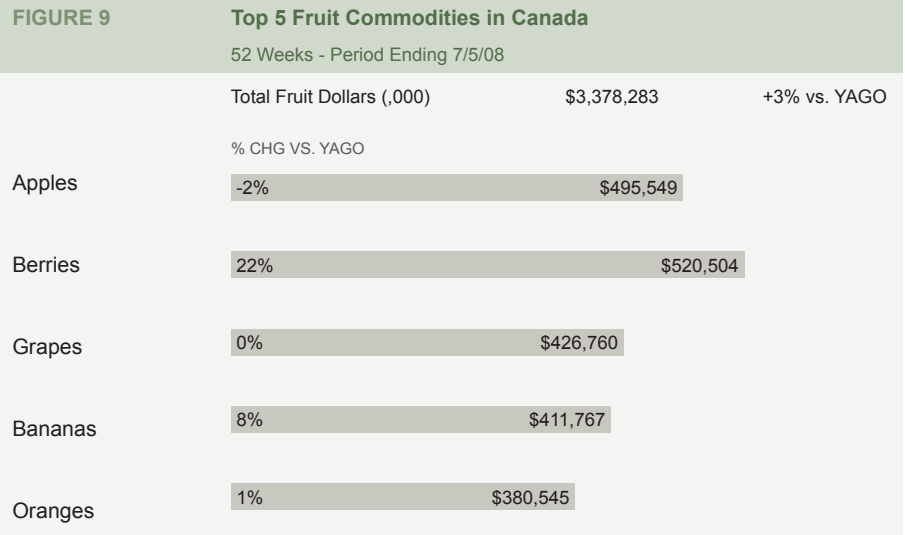
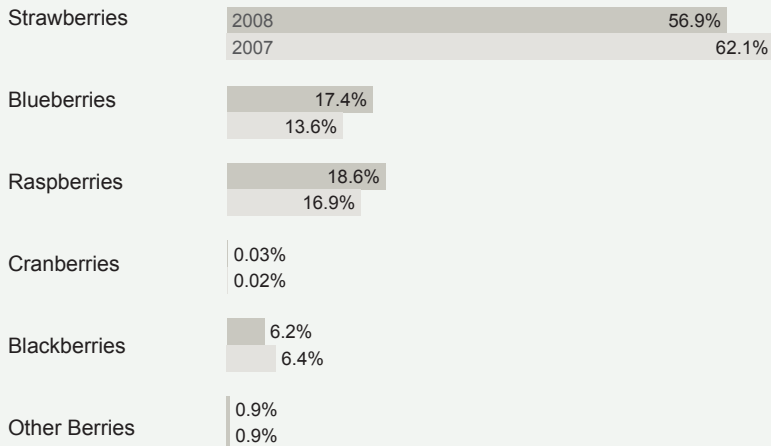


FIGURE 11 Total Berry Category Share in Canada

13 Weeks - Period Ending 7/5/08

PERCENT



Strawberries continue to lead the category in sales and generated 56.9% of total category sales in the second quarter of 2008, a decrease of 5.2% from 2007 (Figure 11). Blueberries and raspberries increased their 2008 share of total berry sales while blackberries experienced a decline from the previous year.

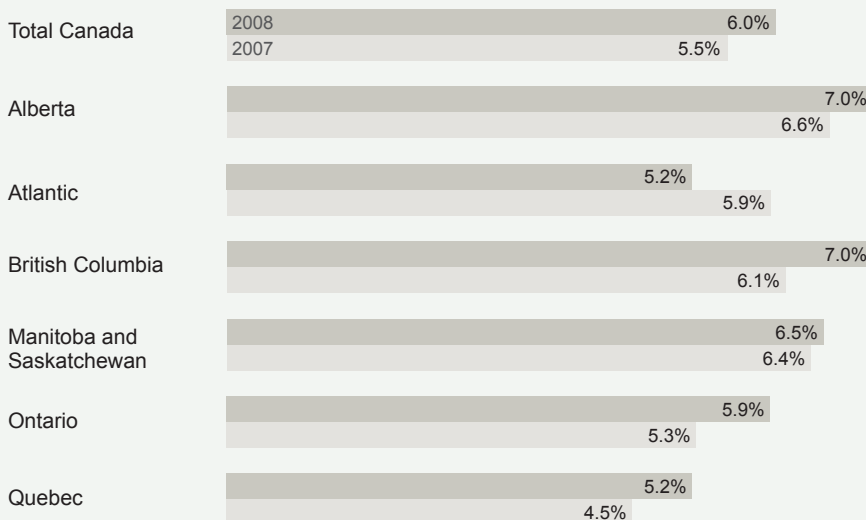
Strawberries Contributed 3.9% to Total Produce in Canada

On average during the second quarter of 2008, strawberry sales contributed 6% nationally to total produce sales in Canada, a 0.5% increase from 2007 (Figure 12). British Columbia, Alberta and Manitoba/ Saskatchewan provinces contributed more to total produce than the national average of 6%. The remaining provinces were all below the national average. Alberta and British Columbia had the highest contribution at 7%, which was up in both provinces from last year. The Atlantic and Quebec provinces had the lowest contribution at 5.2% each.

FIGURE 12 Strawberry Dollar Contribution to Total Produce Sales in Canada

13 Weeks - Period Ending 7/8/08

STRAWBERRY % OF TOTAL PRODUCE

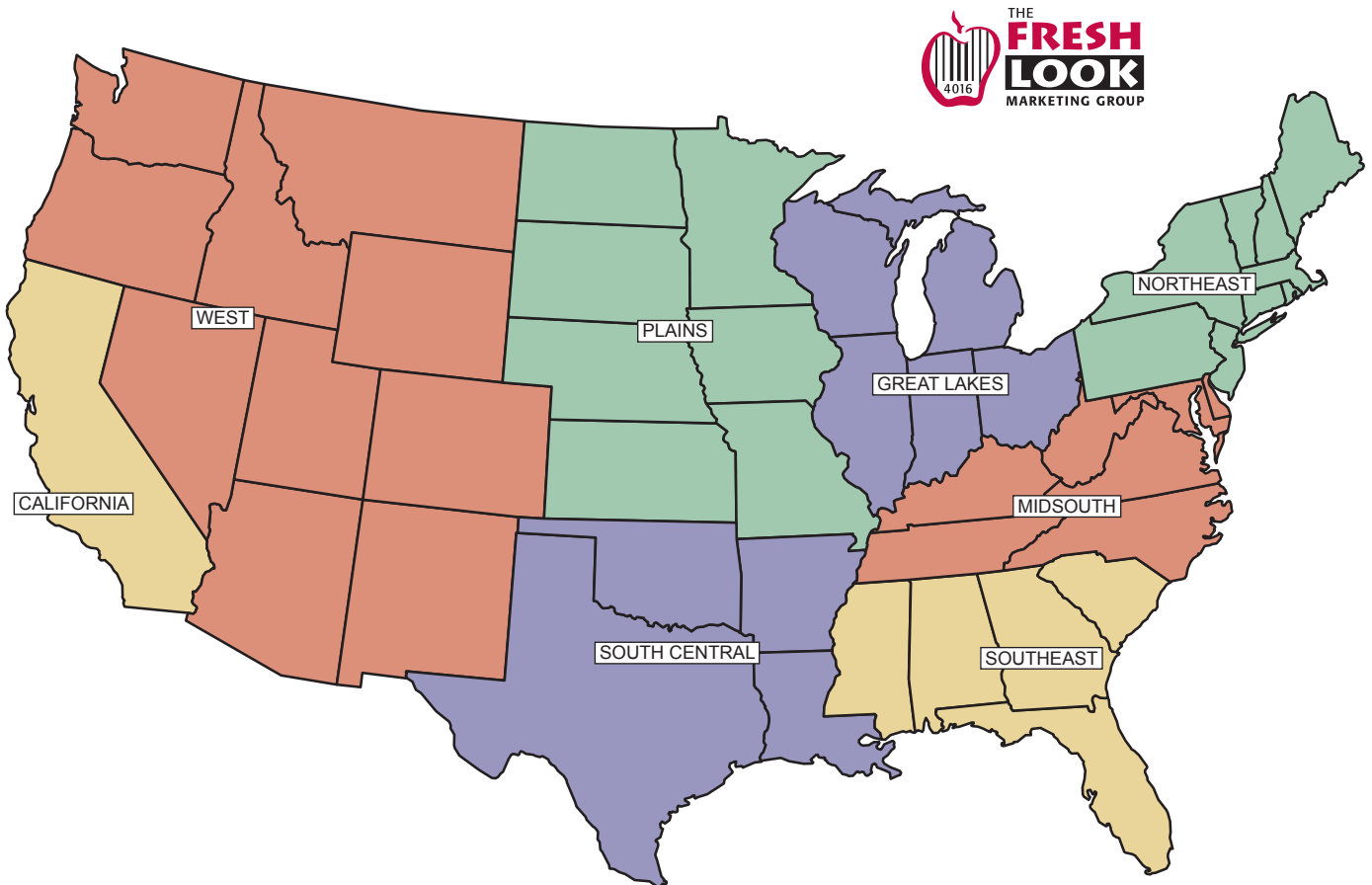


Methodology

The information presented in this review has been created from the California Strawberry Commission’s category management database, supplied by the FreshLook Marketing Group, Chicago, Illinois. The database includes weekly sales information collected from eight geographies that combine to encompass the entire U.S. The regions include approximately 50 retailer and competitive retailer marketing areas. These marketing areas are defined by specific major retailers in all of the top U.S. cities and the metropolitan and outlying areas where they operate. The database monitors product movement through scanner cash register sales at more than 17,000 retail food stores nationwide, representing 65% of the grocery ACV nationally. Data does not include sales from club stores or mass merchandisers. Since the sales information reflects data

from all available in-market retailers, it is designed to project 100% of the category sales by region. FreshTrack data for berry category sales in Canada was provided by ACNielsen Company of Canada, Toronto, Ontario. Feature advertising data was supplied by Promodata Leemis Services, Chicago, Illinois.

Note: the FreshLook Marketing Group performs a re-statement of data at least once a year. As a result of a recent re-statement and an update of how data is compiled by IRI, some figures may not exactly match the numbers published in the 2007 category reviews.



For more retail-based information, visit www.calstrawberry.com and select the retailers link on the home page.