

2014 - 2015



U.S. Highbush Blueberry Council Annual Report

Chairman's Message



When Cort Brazelton shared findings from his World Blueberry Statistics & Global Market Analysis report at the USHBC spring meeting in Orlando, I started to think of the production potential from all this acreage and the market challenges and opportunities this presents us with. Some of the key highlights from Cort's report are: world production hit the billion pounds mark in 2014, by 2017 prediction is 1.5 billion pounds and by 2019 it is estimated to be 1.7 billion pounds. North American production could reach 1 billion pounds by 2020 based on present growth. The fastest growing region in North America is the West Coast, made up of California, Oregon, Washington and British Columbia, production here could exceed 500 million pounds by 2020.

At the field level we have been doing a wonderful job growing this healthy fruit, maintaining high quality and food safety standards. Producers in most regions continue to face increased labor challenges while we are aware that water issues will start to dominate in the coming years. We are starting to see greater consolidation and more investor and private equity money flowing in. Proprietary genetics, especially from private breeding programs, are playing a larger role in certain parts of the US and globally in places like Chile, Spain and Morocco. All of these trends and others are rapidly changing not only the way we grow blueberries but where we can grow them and how they get harvested and marketed.

With the steady increase in production, we now must match our great ability to market this increasing volume by further encouraging new product development, building and strengthening existing domestic and export markets, developing new export market opportunities while supporting our strong health research programs.

While we continue to strengthen and expand our domestic promotional activities, we are encouraged by the export market opportunities and the continual steady growth in this sector. There exists significant opportunities in the export market side not only in our existing established markets such as Japan, Taiwan, Mexico, Singapore, Australia, New Zealand and parts of Europe but newer markets such as South Korea which has been showing strong steady growth and now leads Japan in the frozen category. New target regions include China, India, Russia, and Brazil while long range regions are Turkey and South Africa. China is starting to show a vast appetite for fresh and frozen blueberries and has a potential to consume very large volumes, while India is emerging and has the potential to be a very large consumer as well. We can predict that South East Asia also has vast potential for new growth. These export markets have the potential to consume large volumes that will be produced in North America over the next decade and onward.

By continuing to work together, which is the very fabric of our grower base and the industry at large, we will prevail in taking our industry to newer heights and continue our success story in the decades to come.

This year also marks our 100 years celebration of the cultivated Highbush Blueberry Industry. We must thank and recognize the important contributions made by not just the likes of Elizabeth White and Frederick Coville but all those other tireless individuals that have given so much to our industry in bringing it to where it is today. Very hearty congratulations to all in achieving this milestone.

The Board, the Executive Committee and I wish our growers a bountiful harvest with strong grower returns.

Parm Bains

A handwritten signature in black ink, appearing to read 'P. Bains'.

Chairman
U.S. Highbush Blueberry Council

Executive Director's Message

Market Research Shows Increasing Demand and Use

With nearly half of all food dollars spent on food eaten away from home, foodservice is an area of prime interest to our industry. The USHBC has been aggressively bringing blueberries to the attention of this market segment through a variety of promotional activities. Foodservice promotion continues as a very important part of our marketing efforts.

As an increasing number of consumers eat their meals away from home, we are trying to take advantage of foodservice opportunities for blueberries with activities ranging from chef “boot camps,” where executive chefs from top restaurant chains take part in a weekend of hands on experience with various blueberry forms, to the expansion of blueberry information featured on the foodservice section of our USHBC website at www.blueberrycouncil.org/foodservice.

Just as in our consumer program, we bring the blueberry message to foodservice through blueberry articles, recipes and advertisements in foodservice trade publications. We are also bringing the blueberry message to future blueberry purchasers through grade school and college cafeteria promotions as well as working to secure blueberry promotions with restaurant chains.

Recent survey results show that we are having an impact in foodservice with over 43% of consumers saying that blueberries make a menu item more appealing. Blueberries are gaining major traction among the top 500 chain restaurants. Overall blueberry mentions on American menus have increased 97 percent from 2007 to 2013 – a stronger growth rate than that of strawberries, raspberries or blackberries – with fresh blueberry mentions up more than 176 percent in the same time period.

Our surveys also show that nearly 58% of consumers feel that menu items that contain blueberries are healthier. That perception supports previous research that has indicated consumers are inclined to pay more for an item that contains blueberries as an ingredient.

The chain restaurants we have surveyed are using blueberries in more and different types of dishes than ever before, with increased usage apparent across all restaurant segments and meal parts. Key areas of growth found in the menu survey include non-alcoholic beverages and smoothies with blueberry mentions on menus up 93 percent since 2007; entrees, including salads, with blueberry mentions up 66 percent; and dessert dishes up 45 percent since 2007.

So, the next time you are at your favorite restaurant take a close look at the menu and hopefully you will see a new dish featuring our “little blue dynamos”.



Mark Villata
USHBC Executive Director



USHBC Executive Officers



Parm Bains
Chairman, British Columbia



Dave Arena
Vice Chairman, New Jersey



Shelly Hartmann
Secretary, Michigan



Mark Villata
Executive Director, California



Mark Hurst
Treasurer, Oregon



Art Galletta
Past Chairman, New Jersey



John Bennett
Member at Large, Georgia

U.S. Highbush Blueberry Council

USHBC Members and Alternates - 2015

CALIFORNIA: Member - **Buck Klein**
..... Alternate - **Open**

GEORGIA: Member - **John Bennett**
..... Alternate - **Adair Chambers-Peterson**

MICHIGAN: Member - **Bob Carini**
..... Alternate - **George Fritz, Jr.**

NEW JERSEY: Member - **Tim Wetherbee**
..... Alternate - **Denny Doyle**

OREGON: Member - **Steve Erickson**
..... Alternate - **Doug Krahmer**

WASHINGTON: Member - **Bryan Sakuma**
..... Alternate - **Rob Dhaliwal**

WESTERN REGION: Member - **Mark Hurst**
..... Alternate - **Verne Gingerich**

MIDWEST REGION: Member - **Shelly Ann Hartmann**
..... Alternate - **Patricia Goin**

EASTERN REGION: Member - **Dave Arena**
..... Alternate - **Art Galletta**

SOUTHERN REGION: Member - **Bill Braswell**
..... Alternate - **Open**

HANDLER: Member - **Guy Cotton**
..... Alternate - **Brian Caster**

IMPORTER #1: Member - **Stan Crafton**
..... Alternate - **Francisco Allende**

IMPORTER #2: Member - **Brian Bocock**
..... Alternate - **Janice Honigberg**

IMPORTER #3: Member - **Parm Bains**
..... Alternate - **Ray Biln**

EXPORTER: Member - **Nicolas Moller**
..... Alternate - **Felipe Juillerat**

PUBLIC MEMBER: Member - **Amy Howell**
..... Alternate - **Juan Silva**

USHBC STAFF

Executive Director **Mark Villata**
Assistant Manager **Julie Fogarty**
Office Manager **Mary Nezbeth**

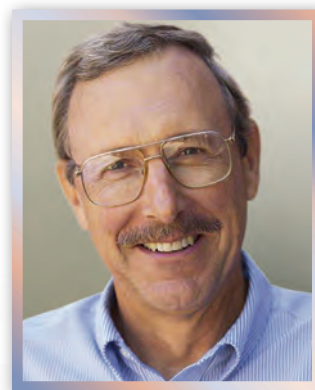
Health Research Annual Report

The USHBC Health Research Committee is looking forward to an exciting 2015. The year has started with a great deal of positive publicity around a study we funded at Florida State University which discovered that when 40 postmenopausal women who had slightly elevated blood pressure consumed either a placebo powder or freeze dried blueberry powder equivalent to about 1 cup of blueberries a day for 8 weeks, they saw a decrease in the blood pressure of the group who consumed the blueberries.

We expect that some of our other funded studies will be completed this year and submitted to scientific journals. Some studies will also be presented by the researchers at scientific meetings. When they are presented at meetings or are published in journals, we will work with CRT/Padilla to help inform the public of the results and the benefits of blueberries.

This will be a busy year for the Committee as we will be reviewing new research proposals that are submitted by researchers interested in the effect of blueberry consumption on health. We anticipate that it will be a funding year similar to those in the past in which we receive more exciting proposals than we can afford to fund. Nevertheless, we will select the most promising studies that we feel have the potential to yield information that will be of interest to consumers and encourage blueberry consumption.

This Spring we will be hosting an inaugural Research Roundtable meeting in which the Health Research committee will invite some of our researchers to present a brief overview of their studies. We will also be taking them on a tour of a blueberry field. One of our objectives for hosting this event is to have researchers learn a little more, first-hand, about the blueberry industry. Another objective is to allow the researchers to share ideas with the committee and each other about promising areas of future blueberry research. The field of nutrition and health is constantly evolving and the Health Research committee strives to keep abreast of new scientific discoveries on how blueberry consumption can improve health.



Dave Brazelton
Chairman, USHBC
Health Research
Committee,
Oregon



USHBC Health Research Committee

Front row left to right

Mike Mainland, (NC), Leslie Wada (CA), Adair Peterson (GA), Karen Avinelis (CA)

Back row left to right

Dave Brazelton (OR) Chairman, Mark Sweeney (BC), Dave Trinka (MI), Amy Howell (NJ)

Not pictured: Dave Wyckoff (WA)

The Research Committee is involved in all health related activities supported by the Council. The Committee serves a screening function by receiving research proposals and using a research review checklist and a panel of outside experts to recommend appropriate research proposals to the Council for funding consideration. Once a research proposal is approved and funded, the Research Committee serves as the Council contact with the research team.

Good Management Practices

USHBC Good Practices Committee Efforts Expand to Address Specific Industry Concerns

The USHBC Good Practices Committee has conducted a number of activities over the past year in addressing its mission to “Support the Industry in Earning and Maintaining Market Confidence Through Good Practices”. Our USHBC issue response plan and alert system, media training and the distribution of food safety materials are just a few examples of actions being taken by the Good Practices Committee. In addition to these basic activities, the committee is also looking at production and handling practices and supported a study to develop technologies to enhance harvest efficiency and to identify points of berry bruising in mechanical harvest and field transportation as well as from packing house machinery and handling procedures.

Our issue management activities continue with table-top exercises, continued updating of our issue response plan, media monitoring and media training. To date, a total of 584 individuals have signed on to the alert system and we continue to conduct “drop-in” media training at Spring and Fall USHBC meetings. A total of 55 members have had on-camera training to date.

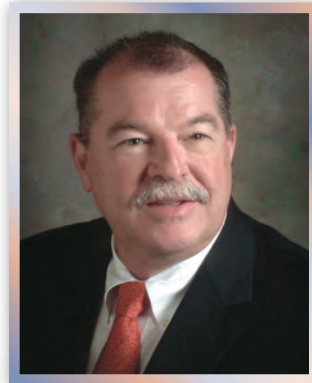
The Good Practices Committee is now also taking a proactive step in supporting research to address blueberry production concerns starting with Spotted Wing Drosophila (SWD). The committee has approved funding of an SWD Meta-Analysis project. The goal of this project is to identify key research and studies underway or published in terms of control of SWD and from this review address possible areas that need additional research. From this analysis, the USHBC will receive a detailed report listing the most significant SWD studies, a synopsis of each, and expert opinion on these studies. Details from this project can then be used to develop a request for proposals for specific SWD research projects.

Our committee is also involved in USDA Technical Assistance for Specialty Crops (TASC) funded blueberry pest research to develop documentation for fresh market access to those countries currently restricting fresh blueberries from the United States. The objective of the project is to develop kill steps for SWD and blueberry maggot which are needed in order to negotiate fresh market access with Australia, New Zealand and other markets of opportunity currently restricting our fresh blueberries.

The Good Practices Committee is established to maintain consumer confidence and ensure that consumers receive a safe, wholesome product. The committee assists the highbush blueberry industry, through information and education, in achieving this objective. With this expansion of efforts to include practices designed to ultimately open additional overseas markets for our blueberries, the USHBC Good Practices Committee is also working in support of the overall USHBC mission of generating greater interest and demand for highbush blueberries. I would like to thank the members of our committee for the time and effort they are putting into our committee activities and also thank our industry for its commitment to good practices.

Bob Hawk

Chairman
USHBC Good Practices Committee



**Bob Hawk, Chairman
USHBC Good
Practices Committee
Michigan**



USHBC Good Practices Committee

Front row left to right

Felipe Juillerat (Chile), John Galletta (NJ), Bryan Sakuma (WA), Brian Caster (CA), Pat Goin (IN), Juan Silva (MS)

Back row left to right

R. Verne Gingerich (OR), Bob Hawk (MI) Chairman, Cort Brazelton (OR), Denny Doyle (NJ)
(Not pictured) Bill Braswell (FL), Jason Smith (BC)

The Good Practices Committee is established to maintain consumer confidence and ensure that consumers receive a safe, wholesome product. The committee assists the highbush blueberry industry through information and education, in achieving this objective. The committee educates growers and handlers about best practices and regulations governing safe food production. The committee provides support for the industry's individual quality control programs by providing good management practices information to the highbush blueberry industry. The committee also serves as the coordinator and facilitator of the USHBC crisis management plan.

Communications and Promotions

Fueling the Passion for Blueberries

Chefs, dietitians, reporters, social media mavens ... these are some of the influential groups the USHBC has effectively engaged to help fuel the passion for blueberries, and keep their great taste, natural simplicity, delightful versatility and noteworthy nutrition top of mind for customers year-round.

In 2014, the USHBC had tremendous success reaching women aged 25-45, as well as the media outlets, health professionals, chefs, bloggers and others who influence their behaviors. Impressive goals in foodservice were met by delivering blueberry recipes, resources and tips to hundreds of decision makers at chain restaurants, college campuses and corporate dining rooms that feed thousands each day.

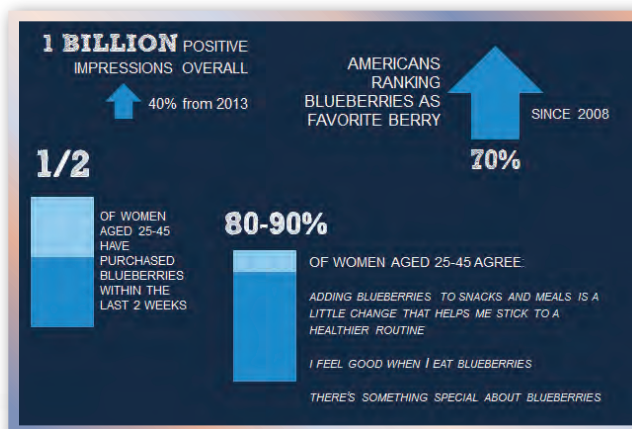
The USHBC's communications and marketing programs never stop. Even as you read this report, the Council is busy spreading more positive blueberry buzz across an ever-expanding network of communication channels. Below are highlights from 2014.

Linking With Hollywood

Consumers today interact with celebrities daily via Facebook, Twitter, Instagram and Pinterest, observing their food and lifestyle choices, and modeling their behavior. In 2014, the USHBC continued its partnership with its first-ever celebrity spokesperson, with a goal to keep blueberries top-of-mind for young women and moms.

Alison Sweeney, host of NBC's *The Biggest Loser* and former star of *Days of Our Lives*, now regularly recommends blueberries to her millions of fans, convincing them that eating more blueberries is one little change they can make in pursuit of a healthier lifestyle.

In 2014, the USHBC's partnership with Alison Sweeney drove increased exposure and appeal for blueberries to the tune of 430,000 social media interactions with customers who hold "the power of the purse."



USHBC promotions have driven increased preference for and purchases of blueberries over the past five years, especially among women 25-45



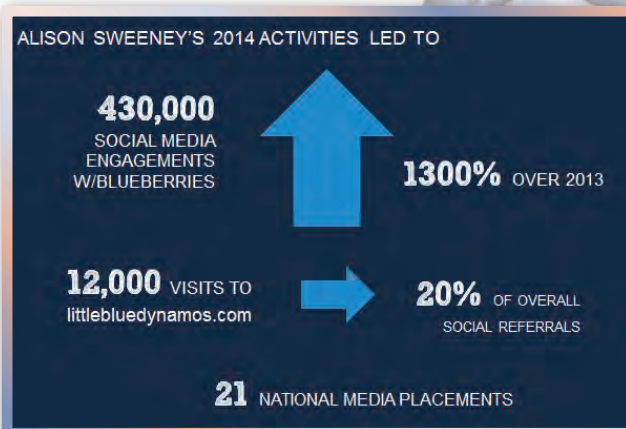
Biggest Loser Host Alison Sweeney works with the USHBC to promote blueberries in magazines and on national television



Communications and Promotions



In 2014, the USHBC and Alison Sweeney issued monthly "Little Changes" challenges to consumers, resulting in 42,000 social media engagements



Partnering with a celebrity allowed the USHBC to promote blueberries to millions of additional consumers in 2014



Alison Sweeney leads media, bloggers and blueberry growers in a smoothie demo at the February 2014 USHBC Spring Meeting



University of Southern California Chef Eric Ernest, Alison Sweeney and California Blueberry Grower Tom Avinelis pose for photos following a panel discussion at the USHBC Spring Meeting



The USHBC's 2015 Little Changes Sweepstakes, which offers consumers a chance to meet Alison Sweeney in LA, has garnered more than 10,000 consumer entries in just 3 weeks!

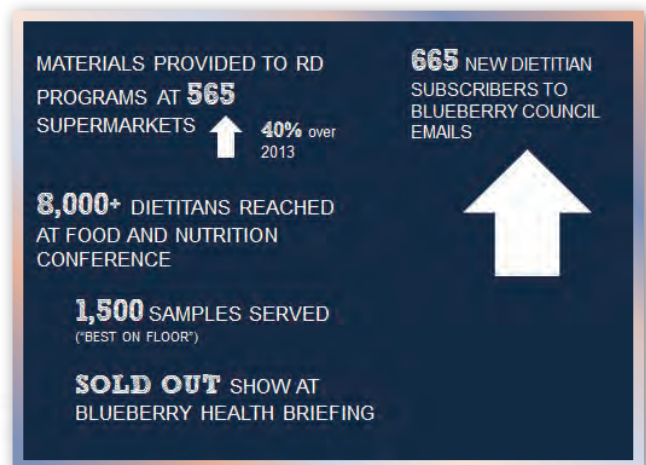
Communications and Promotions

Riding High on the Health Craze

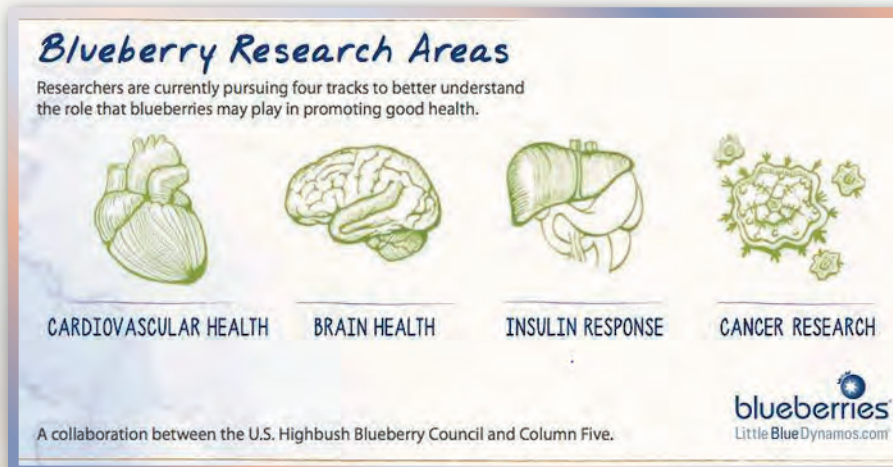
America's fixation on healthy living shows no sign of letting up, and the USHBC continues to help blueberries ride high on the craze. The Council works with registered dietitians who spread the word about blueberries' nutritional benefits via the news, trade shows, supermarket programs, social media and the web.

In 2014, the Council engaged thousands of dietitians and health professionals and placed more than 50 news articles and TV segments communicating the research-backed health benefits of blueberries to millions of consumers.

Together, these efforts have contributed to an overall lift in awareness of the blueberry's health halo.



In 2014, the USHBC engaged 8,000+ dietitians through trade shows and ongoing communications



USHBC-funded research continues to unearth positive news about blueberries and health



USHBC communications have contributed to an overall lift in awareness of blueberry health benefits



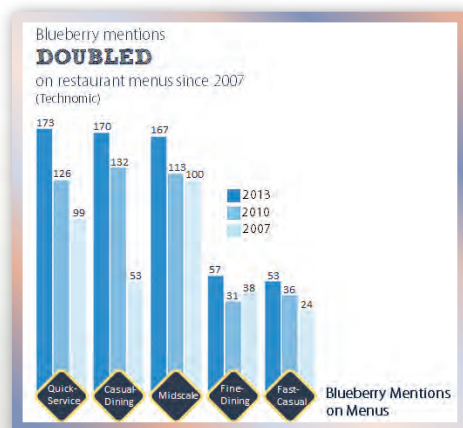
In 2014, the USHBC secured more than 50 TV segments and news articles featuring dietitians discussing blueberry nutrition

Giving Menus a Blueberry Boost

As consumers' interest in healthy, tasty food grows, so grows the presence of blueberries on menus. Blueberry mentions on top chain-restaurant menus have nearly doubled since 2007, and this exponential growth can be largely attributed to USHBC efforts to inspire kitchen stars via programs with The Culinary Institute of America, interactive training sessions, trade advertising and web communications.

Keeping blueberries rolling onto menus in 2014, the Council delivered blueberry education and inspiration to more than 300 chefs who make menu decisions for millions of customers every day.

In April, 16 chefs from organizations that reach millions of diners spent 2.5 days with blueberries at The Culinary Institute of America. Chefs came from Safeway, Wyndham Hotels, Black Angus Steakhouse, Swissotel, JW Marriott, Morrison Healthcare Harvard, Oracle and other high-volume operations.



USHBC activities are contributing to blueberries' growing presence on restaurant menus



With interactive demos, Visiting Chef Michael Vignapiano took blueberry education to 200+ working chefs and culinary students in Atlanta, New York, Miami and Orlando



With relevant blog posts, chefs' recipes and other professional resources on the Council's website, the foodservice section saw a 30% increase in visits in 2014

Communications and Promotions



Last April, 16 chefs spent 2.5-days with blueberries at The Culinary Institute of America

92%



SAID AFTER ATTENDING
BOOT CAMP, THEY'RE
VERY LIKELY TO

ADD MORE BLUEBERRIES TO THEIR
MENUS

INCORPORATE DIFFERENT FORMS
OF BLUEBERRIES ON THEIR MENUS

RECOMMEND/TEACH NEW
BLUEBERRY APPLICATIONS TO
COLLEAGUES

8.5% AVERAGE CHEF-REPORTED
INCREASE IN BLUEBERRY PURCHASE VOLUME

AS A RESULT OF BOOT CAMP 2012-14



Communications and Promotions

Energizing School Lunch

School lunch programs have been transformed in recent years, with increased emphasis on tasty, nutritious options. During this period of change, the USHBC has kept blueberries top-of-mind for decision makers influencing billions of meals each year. As an annual sponsor of the School Nutrition Association's School Nutrition Industry Conference (SNIC), the USHBC has shared blueberry tips with thousands of school foodservice professionals. In 2014, the Council also engaged the cream of the school nutrition crop as a sponsor of the Culinary Institute of America's Healthy Flavors, Healthy Kids Conference.




In 2014, Executive Chef Jason Morse taught 60 school nutrition directors how to make Saucy Blueberries and Blueberry BBQ Sauce for their students

Harnessing Kid Power

If you've ever been through a grocery store with a child, you know who's really in charge of the grocery list. Kids hold tremendous influence over household food purchases and represent the next generation of blueberry consumers in the making.

In 2014, the USHBC partnered with Kaleidoscope Youth Marketing to harness kid power by delivering blueberry mini-magazines, recipe cards and activity sheets to 100,000 American households by way of 316 schools. The program was a huge success, with families polled post-program reporting a 10% lift in purchase frequency as a result.

SCHOOL MENUS



School Nutrition decision makers influence **5 billion** school lunches each year

In a 2014 survey of 58 school foodservice pros:

- 67%** have blueberries on their menus
- 72%** know blueberries are on the USDA Commodity Food List

KEY RESULTS

AFTER RECEIVING USHBC MATERIALS IN 2014

67% OF SCHOOL NUTRITION MANAGERS SAID THEY'D START SERVING BLUEBERRIES IN THEIR LUNCHROOMS



67,000 NEW POTENTIAL KID CUSTOMERS!



USHBC activities are driving increased use of blueberries in schools

ENERGIZING SCHOOL LUNCH

"USHBC did an awesome demonstration. I think it was one of the best ones I attended. An awesome workshop with great ideas and recipes."

Anita Trautwein
Director of School Nutrition
Alden Central Schools



The USHBC's 2014 School Nutrition Industry Conference program was lauded by school nutrition influencers



In 2014, 316 schools and 100,000 families learned about blueberries as a little change with big rewards. Families polled post-program reported a 10% lift in purchase frequency.

Communications and Promotions

Galvanizing Food Lovers

Today's consumers aren't content to rely on mom's recipe book – they're constantly gathering new ideas from cooking shows, magazines, websites, blogs and social media. The USHBC fuels the passion for blueberries by continuously developing, photographing and promoting new recipes that reach and inspire hundreds of thousands of consumers.



'Re-envisioning Blueberry Classics' brought 18 old favorites into the 21st century! Tangy Blueberry Chutney, Blueberry Sangria, and Blueberry, Peach & Celery Salad are among those featured on the USHBC website and social media platforms



New recipes developed in 2014 include Blueberry Wild Rice Salad, Blueberry Shrimp Po'Boys and 3-Ingredient Blueberry Ice Cream



In 2014, USHBC recipes were viewed more than 372,000 times online, a 133% increase over 2013. Smoothie recipes made with frozen blueberries saw a 248% increase in views thanks to USHBC promotion!



In July 2014, the USHBC promoted 12 'Re-envisioned Blueberry Classics' like these blueberry cheesecake bars on Pinterest. Within a month, the recipes garnered 150 million impressions and 33,000 re-pins on Pinterest.

Communications and Promotions

Harnessing the Web

Google, social networks, smartphones ... these are the tools consumers use to gather information and make purchase decisions. The USHBC employs these powerful tools for driving blueberry demand.

The USHBC has invested in building its presence in social media and on the web which has resulted in drawing hundreds of thousands of visitors to its website and social media pages, engaging customers with blueberry recipes, nutrition facts, cooking tips and more.

In 2014, the USHBC redesigned and relaunched its website, resulting in an 80% increase in traffic – that's hundreds of thousands more consumers who will consider buying blueberries as a result.



The USHBC's new website engages recipe-hungry consumers and drives them to purchase more blueberries



A redesigned website plus assertive social media outreach resulted in goal-busting numbers in 2014



Record numbers of blueberry fans tune into USHBC posts and platforms to learn new ways to enjoy blueberries every day

Communications and Promotions

Marketing Blueberries in Mexico

Blueberries were introduced to Mexican consumers in 2009 when the USHBC first partnered with Imalinx, a public relations agency in Mexico City. Over the years, a variety of activities for consumers and foodservice has built a growing market for blueberries there.



New to the program in 2014 was a sampling program held in ten Costco stores throughout Mexico in May and June. Each store reported an average 20% sales increase after the promotion.

Fueling Your Promotions

In addition to implementing programs that benefit the entire blueberry industry, the USHBC develops promotional materials that members may use in their own customer outreach. Contact the office to order recipe cards, brochures, posters, magnets, pens, kids' activity sheets and more.

A library of blueberry recipes, nutrition facts and photos, as well as Alison Sweeney's blueberry videos and tips can be found online at LittleBlueDynamos.com – Link to them from your own websites!

Also feel free to re-post blueberry inspiration shared via the USHBC social networks:

facebook.com/littlebluedynamos
twitter.com/blueberry411
youtube.com/littlebluedynamos
pinterest.com/blueberrylife
instagram.com/littlebluedynamos#

The Little Blue Dynamos® seal reminds shoppers of all the benefits blueberries have to offer and nudges them to toss more berries in the basket. To tap into the marketing power of Little Blue Dynamos, visit ridethebluewave.com or contact the USHBC office for a copy of the guidebook and participant seal.



In 2014, blueberries were featured in classes in four culinary schools for 350 students in Mexico City and Cancun. The students learned about blueberries' health benefits, versatility and how they can fit into traditional Mexican cuisine.



Contact the USHBC to discuss marketing materials for your blueberry promotions



Visit ridethebluewave.com and subscribe for monthly research and promotion updates

Communications and Promotions



USHBC Promotions Committee

Front row left to right.

Brian Bocock (MI), Shelly Hartmann (MI), Stan Crafton (CO), Andres Armstrong (Chile), Bob Carini (MI)

Back row left to right.

Nathan Sakuma (WA), Rod Cook (WA), Jeff Malensky (OR), Denny Doyle (NJ), John Shelford (FL), Kirk McCreary (MA) Chairman

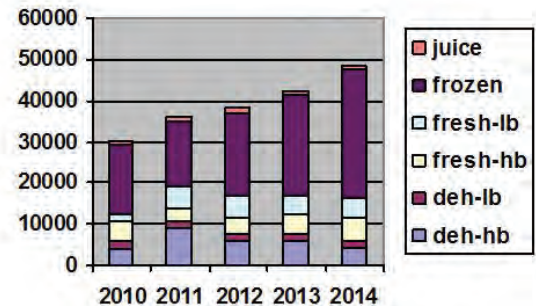
(Not pictured) Ray Biln (BC), Kable Munger (CA)

The Promotion Committee is involved in the development and monitoring of all USHBC market development activities in both the domestic and international markets. Activities include consumer and foodservice public relations, food manufacturer publicity, tie-in advertising and promotional activities with national food brands and the submission of USDA Market Access Program (MAP) foreign market development proposals. This Committee is also involved in fielding market research studies and developing benchmark data for program evaluation.

USHBC Export 2014-15

USHBC introduces highbush blueberries to the world through market development programs on three-continents. The results are paying off. As of the end of 2015, more than 70 million lbs of highbush blueberries were shipped to non-Canadian export markets. This is a 57% gain since 2010! This included our core markets of Japan, Korea and Taiwan in Asia and also new markets such as India, China and the Middle East!

US Blueberry Exports

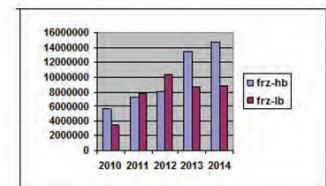


70 million lbs + of US Highbush Blueberries (Non-Canadian Export Markets)

US Customs Statistics (thousands of KG) shows rapid gains in export shipments including fresh, frozen, dried and liquid blueberry products.

Top Markets

- Japan
- South Korea
- China/HK
- Taiwan
- Mexico
- Australia
- Singapore
- UK



Frozen Blueberries HB/LB share

New Targets

Blue = USHBC historical target markets



Top offshore markets are highbush blueberries
US Customs Statistics (thousands of KG)

Food Technology and Export

1. Export

1.1. Emerging markets - new blueberry frontier.

The whole world is discovering blueberries. USHBC is introducing fresh and processed blueberries to up-and-coming markets and new customers around the world. The efforts are beginning to show promising results. In the past year, USHBC has received grants from the USDA-Foreign Agriculture Service (FAS) for research and market development activities in emerging markets – that is economies with less than \$17,000 per capita income. Our current targets are: China, Brazil, Turkey and Indonesia.



Next Stop Vietnam

China. This country of 1.3 billion is now the world's largest economy. While much of the population is not currently consuming blueberries -- times are changing. Locally produced fresh blueberries and imports are available in the major cities and there are dozens of cities in China with more than 10 million population! Guangdong province in South China has a population of more than 100 million and a per capita income on par with most western countries. The Chinese food processing industry is developing new blueberry-containing products at record clips. Many are in the health and beauty category and almost all show prominent blueberry identification on the package. USHBC is conducting trade research in the field to connect with these food manufacturers and attending major food expositions such as SIAL China. We are currently restricted from shipping fresh blueberries, but we are working with our partners at the USDA-Animal Plant Health Protection Service (APHIS) to do all we can to encourage an open market. We are convinced that China will eventually become the leading market for blueberries in the world!



USHBC's Julia Zhu in action at China National Frozen Food Conference in Zhengzhou!



Istanbul, at the crossroads of Europe and Asia, is crazy about blueberries!

Turkey. This European-Asian market of 75 million is discovering blueberries -- fast! In the past ten years, whenever we have exhibited at the major European trade shows such as ANUGA (Germany) and SIAL (France) -- we have engaged hundreds of Turkish visitors. Some even call blueberries -- “blue gold!” USHBC recently completed a trade mission to Istanbul and met with fresh and processed importers and end users. Many were quite familiar with blueberries and their main concern was how to source. Turks love dried fruit and entire bazaars or “souks” are full of dried fruit stores. Little by little, dried blueberries are offered and consumers are asking for them. Remember - it takes 3.5 lbs of frozen blueberries to make one pound of dried! So every 40 foot container sale could make a big difference in our frozen supply!

Brazil. This country of 200 million is saying -bon dia to blueberries! Brazilians have a long tradition of food-as medicine as well as for health and beauty and the concept of healthy blueberries is catching on fast. Currently Brazil imports fresh blueberries from the USA during the Southern Hemisphere off season. With newly opened air routes from all of the regions of the USA, this business is growing and fresh blueberries are available in all of the large cities such as Sao Paulo and Rio de Janeiro. USHBC has successfully conducted in store promotions and now with Emerging Markets (EMP) funds is exploring the enormous food industry market. We have employed local food industry experts to meet one on one with



Brazilians love beautiful fruit and fruit that makes you beautiful!

manufacturers who make beverages, jams, jellies and bakery products and are assessing interest and potential. The next step will be to provide samples and technical assistance. Initial reactions have been positive and already companies have begun to import frozen, dried and juice concentrate.

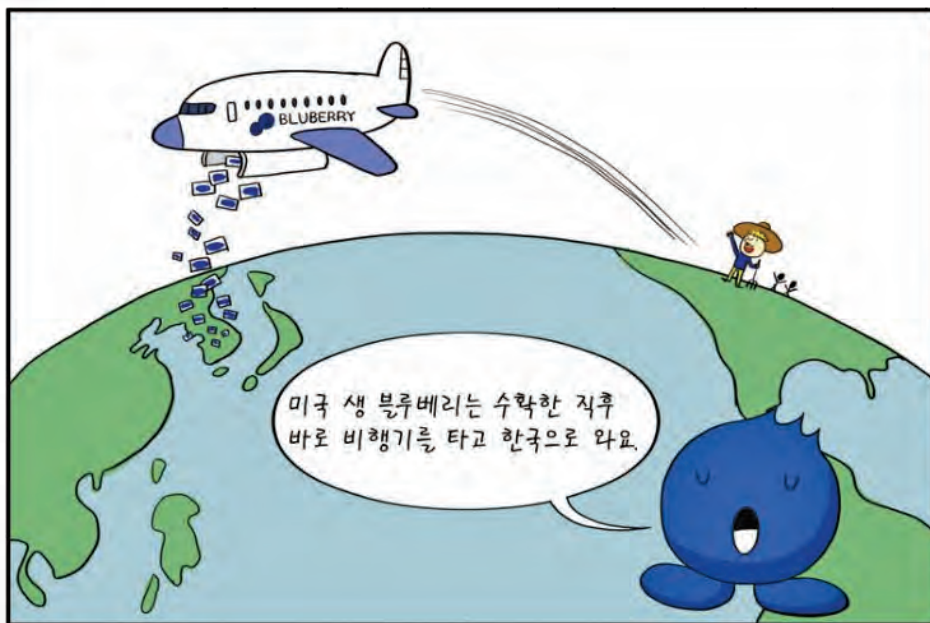
Indonesia. The largest populated country of Southeast Asia is showing promise for blueberries. With 250 million, this vast nation is the largest predominantly Islamic country on earth. It also boasts one of the largest and most rapidly growing food industries- world leading producers of snacks, noodles and confectionery items. USHBC is exploring this market with our tried and true method of interaction, sampling, technical assistance and promotions. We have targeted the leading companies -- many of which are already producing “blueberry” products such as cookies and snacks and dried fruits. Ramadan is the major purchase time for dried fruit and the huge Chinese population also purchases fresh and dried product for their version of Chinese Lunar New Year.

Food Technology and Export

1.2. The importance of Social Media overseas.

We are all aware of Facebook and Linked in, but did you know that most of the Asian world is linked with Line Messenger, We-Chat and QQ among others! USHBC has been working the Asian Social media for several years and it has been an important part of connecting with the food industries and consumers. In China QQ is used to communicate with consumers, and answer questions. In Taiwan the line messenger announces promotions, the arrival of fresh blueberries and new products. Korea is the most wired of all markets and the Korean web site

has been used to hold contests for mascots that generated more than 70 mascot entries. The latest has been a series of web tunes which shows the mighty mascot saving the day over and over with blueberries of course!



Blueberry Mascot to the rescue! Korean Webtunes drew thousands of visitors per day at the peak of the fresh season.

1.3 USHBC Works way over the horizon.

When we prioritize markets for development -- of course the big rapidly developing economies are in the line! But, did you know that some of the fastest growing economies and consumer societies in the world are in rapidly growing third world societies such as Africa, Southeast and Central Asia? According to the World Bank, countries such as Nigeria, Angola and Mozambique are all experiencing double digit growth. Where groceries were once sold on a cart-- huge super shopping centers are rising in the suburbs of cities along with skyscrapers, golf clubs and upscale restaurant districts. USHBC is currently assessing these new markets, making contacts with importers, distributors and consumers who attend regional food expositions. Last year, we met more than 500 importers, food processors and grocers from countries such as Nigeria, Benin, Azerbaijan and others. All interested in engagement that will someday lead to blueberry business! Actions in these markets are:

- Assess the import channels for fresh and processed fruits and make contact.
- Seek out further processors of fruits, such as jams and jellies and beverages. They are normally the early-enablers of blueberries in new markets.
- Provide samples as well as technical assistance as needed through our wide skype based information exchange.
- Link to the blueberry industry when the time is right.

USHBC is also working in the food aid area, linking with non-governmental organizations, nutrition supplement manufacturers and organizations such as the US Agency for International Development on humanitarian feeding. Who knows where this will go, but it is nice to see blueberries in all parts of the world!



A Kumbaya Moment at the Foodex Show in Tokyo. These are the leaders of the West African Republic of Benin who now love blueberries. The out of place Japanese man on the left is our biggest blueberry buyer in Japan and he is anxious to do business with Africa too!

1.4 Quality Samples for the Food Industry.

Ask any frozen blueberry packer -- what is the most difficult part of the business. They will reply -- getting frozen samples to a potential customer! In fact one customer in Pakistan told us he paid more than \$2,500 to ship a single 30 lb case to his factory in Lahore. (A full 40 foot container would cost around \$6,000!).

USHBC has been working to ease this burden with what is called the Quality Samples Program (QSP). This USDA-FAS funded activity allows industries such as blueberry to receive reimbursement for sending USA grown samples to customers around the world. In the last two years, USHBC has shipped more than 2,500 cases of frozen blueberries to India for evaluation and trials by jam, jelly and juice manufacturers. The potential user gets one case to evaluate then up to six cases for product development. If things pan out, they are on the phone or email to the USA to initiate purchases. Already this scenario has played out positively as several companies have developed new jams, jellies and bakery fillings using US blueberries. Now that the “pump is primed” these same companies are starting to sell frozen cases to other companies, bakeries and sauce factories. The program has been so successful that USHBC is now looking at initiating QSP activities for China and will also consider Turkey and Indonesia in the next year!

2. Food Tech

The U.S. food industry continues to utilize more and more highbush blueberries. This year the USHBC has focused on optimization of blueberries in current product areas where minimal amounts of blueberries are used along with maximum blueberry identity! Industry leadership and education is the key.

Smoothies - USHBC conducted research on the optimal levels of blueberries for this popular worldwide beverage to give manufacturers and retail purveyors' guidance. The research conducted by Chef John Hui, a smoothie and sorbet expert, addressed technical constraints such as color and emulsification and came up with practical real world solutions. Now we are in the field spreading the news that a blueberry smoothie needs to have a substantial amount of blueberry for consumer appeal and product functionality.

Retail (Mom & Pop) Bakeries. Small bakeries are the best friends of the blueberry industry, churning out blueberry muffins, pies and pastries on a daily basis. USHBC is working with this market segment on optimization to show optimal and adequate amounts of blueberry content for flavor, and to show blueberry identity. Test baking was conducted in research test bakeries and real bakery shops to develop guidelines for optimal use for a bakers dozen of new items. Now we are in the field working with our bakery friends who appreciate the advice. Customers are looking for blueberries!

Food Processing. Each year, we tout the number of new blueberry products developed in the USA and the amount is impressive compared to most ingredients. A closer look at the ingredient statements reveals a slippage of blueberry content in a number of product categories. Product developers at major companies manipulate ingredient costs and sometimes lower the blueberry content. USHBC is working to develop guidelines for good practices in blueberry content and spreading the word to manufacturers of items such as bagels, frozen waffles, quick breads and others. Even a small rise in blueberry content in a billion dollar category such as frozen waffles can result in a huge gain in blueberry usage. USHBC is in the field meeting with manufacturers to assess and help nudge blueberry content higher in the ingredient statements.



New Blueberry Ice Cream created by company who utilized USHBC frozen blueberry samples for research, development and testing.

2.1 Food Processing Continues to Gobble Blueberries.

The food industry continues to churn out new products containing blueberries. According to the Mintel Global New Products Database, more than 900 new blueberry containing products were developed last year in the USA. That is not as many as the 1,400 tracked in 2012, but this is far more than most commodities will track in a year. We note a few trends:

More and more high value items like chocolates, are being developed with blueberries as an ingredient. Blueberry yogurts are now a category of their own. Blueberries are labeled prominently on packages. Some great statements include “Made with real blueberries” and “Made with more blueberries!” We are seeing fewer and fewer artificial blueberries in products and see a number of products previously containing artificial blueberries now converted to real!

USHBC is in the field meeting face to face with manufacturers to spread the real blueberry message! If you see any fakes, give us an e mail and we will check it out!



Kellogg's Eggo uses real dried blueberries!

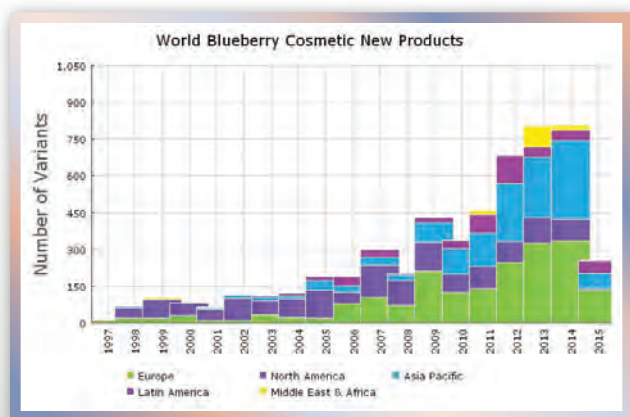


Now that is the spirit! Note the giant blueberries and label saying -- Made with REAL FRUIT!!!

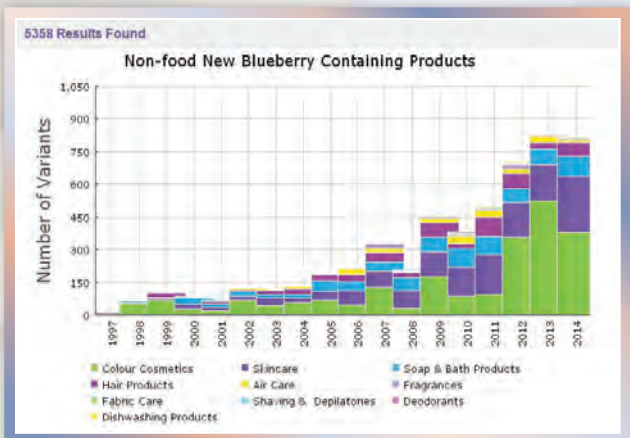
Food Technology and Export

2.2. Alternative Markets Continue to Develop.

Two decades ago, we discussed nutraceuticals as the next big thing to hit blueberries. Some thought the concept of a “blueberry pill” was crazy. Of course the health craze turned blueberries into a nutraceutical superstar. Next came cosmeceuticals, natural cosmetics and pet foods with blueberries. There is always something new. So, what is next? Dr. Jim Duke the Ethnobotany pioneer at North Carolina State University assayed the hundreds and hundreds of beneficial substances in the blueberry, plant, leaves and fruit. He even looked at the roots and bark of the plant! From there he collected the scientific and anecdotal information on the benefits for food, medicine and industry. The list is massive. Today scientists, food chemists and technologists are looking at all parts of the blueberry and some interesting developments may exist in the future. For example, companies are extracting the oil of the blueberry for special cosmetic and industrial uses. Leaves are of great interest to the biotechnology industry. The answers are out there, so stay tuned!



Blueberry Cosmetics are on the rise worldwide. In fact the trend began in Asia where blueberries are associated with beauty. The chart shows MINTEL Global new Product Database results as of May 17, 2015.



Real blueberries and by-products as well as co-products are used in hundreds of non food applications because of their functional characteristics and performance.

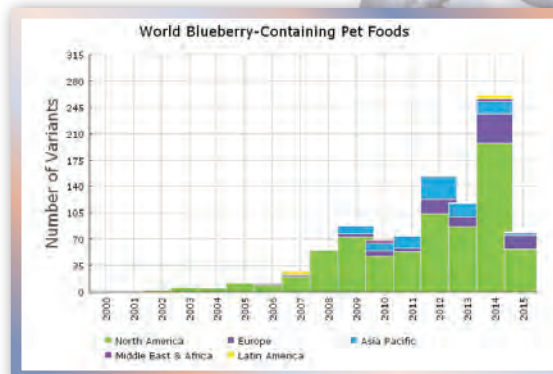


Blueberries are associated with Skin Care in Korea, and this is a good example of the use of blueberry skin, oil and pomace.

Food Technology and Export



The blueberry pet food craze is international! This new blueberry-containing pet food in Japan has been selling out in Japanese markets, and imports of blueberry containing pet foods into China are soaring. Food safety is a huge concern for pet owners in Asia and blueberries are a trusted ingredient.



2.3 Look to our Neighbors in the South.

Ten years ago, we were told that Latin Americans did not like blueberries. Today Mexico is one of our leading markets for frozen blueberries. Now the rest of the Americas -- the area from the Panama Canal to the Arctic- are turning on to blueberries!

The blueberry pet food craze continues to spread. Everyone has an old dog at home and the health message of blueberries resonates with pet owners around the world!

Mexico was the leader. In the 1990s, the major big box stores such as Walmart, Sam's Club, and Superama all began to import fresh and frozen blueberries. All of a sudden Mexicans had ready access to blueberries and they loved them! Now the blueberry message is spreading. In Central America, food processors in Costa Rica, Panama and Guatemala are utilizing frozen blueberries in bakery items. In the Caribbean, the hotel trade is importing fresh blueberries in places like Bermuda, Bahamas and Antigua. Food manufacturers are developing blueberry items in places like Trinidad and Tobago for home consumption and trade to the Trinidadian Diaspora in Europe. Where do they get the blueberries? All roads lead to Miami -- the capital of Latin America. USHBC annually attends the Show of The Americas which is the premiere gathering of food and beverage companies from the region. The World Trade Center of Miami sponsors buyers for three days and they make the best of it and have a chance to meet the blueberry team! This may not be the biggest market in the world, but when you add up all of these small markets -- it is a nice addition to the blueberry world of customers!



Mexican Mini Muffins are marketed nationwide as a light snack.



Mexico is now producing blueberry jams, jellies and preserves as well as items for ingredient use such as yogurts and beverages.



Blueberries are now used in the Mexican Dairy industry. This national brand calls it "Mora Azul" but most products are identified as "blueberries."

USHBC Industry Relations Committee Encourages Grower Participation through the USHBC Ambassador Program

The following procedure is used in the USHBC outreach effort to invite prospective members to attend and observe USHBC meetings and encourage future participation:

- USHBC Regional Members are the only USHBC Members asked to propose new growers for possible invitation to USHBC Meetings. Western Regional representatives are also encouraged to consider potential candidates from British Columbia (and other highbush blueberry growing regions in Canada) and Southern Regional representatives should also consider possible candidates from South America.
- At this time USHBC Regional Members are:
Mark Hurst - Western Region
Shelly Hartmann - Midwestern Region
Dave Arena - Northeast Region
Bill Braswell - Southern Region
- Each Regional Member may propose only one person per meeting. If a region does not supply a name, another region may take that regions spot.
- The invitee must be a first time visitor and cannot have attended any previous USHBC and/or NABC meetings.
- The Regional Member needs to submit to the Executive Committee for approval (through the USHBC Office) the potential invitee's name, occupation and a brief explanation of why he/she should be invited.
- Regional Member proposals need to be presented to the USHBC Executive Committee at least 60 days prior to the meeting. As the North American Blueberry Council (NABC) will also be subsidizing costs for attendees, the NABC Executive Committee will also be provided with the proposals for their review.
- The Executive Committee members of both the USHBC and NABC will accept or reject Regional representative's proposals within 15 days from receipt of the proposal.
- If the invitee is accepted, his or her expenses will be reimbursed by the USHBC or the NABC in the same fashion as USHBC Members, Alternates or Committee Members attending USHBC Meetings.
- The USHBC Industry Relations Committee, along with the USHBC Regional Members, will work on introduction activities for these guests during the meeting as well as serve as hosts.



USHBC Industry Relations Committee

Front row left to right

Steve Erickson (OR), Bo Slack (WA), Bob Ditchen (OR)

Back row left to right

Rob Dhaliwal (WA), Chris Barnhill (NC), Francisco Allende (NJ) Chairman, Neil Moore (NJ), Dave Arena (NJ)

(Not pictured) Guy Cotton (CA), Ken Patterson (FL) Sofia Rebolledo Refusta (Chile)

The Industry Relations Committee serves as the initial Council contact handling any inquiries, complaints or issues brought before the Council by members of the highbush blueberry industry. The Committee works with the Administrator and the USDA in compliance cases and oversees diversity/outreach campaigns as part of the USHBC nomination process. The Committee also serves as the coordinator for the USHBC election of Council assigned member seats (Public Member, Importer, Exporter and Handler). In some cases, Committee members serve as USHBC representatives and spokespersons at grower and/or industry meetings.

Statements of Financial Position

December 31, 2014 and 2013

Assets

	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash	\$5,732,441	\$4,640,667
Accounts receivable	390,625	228,826
Promotional materials	51,628	28,650
Prepaid expenses	685,895	5,725
Total current assets	6,860,589	4,903,868
Equipment, net	746	1,235
Total assets	6,861,335	4,905,103

Liabilities and Net Assets

Current Liabilities:		
Accounts payable	\$578,850	\$348,454
Current portion of health research contract obligations	776,539	775,597
Deferred crop assessments	4,567,026	2,894,641
Total current liabilities	5,922,415	4,018,692
Health research contract obligations, net of current position	141,266	655,595
Total Liabilities	\$6,063,681	\$4,674,287
Unrestricted net assets	797,654	230,816
Total Liabilities and Net Assets	\$6,861,335	\$4,905,103

Statement of Activities

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenue:		
Domestic crop assessments	\$2,935,906	\$2,572,202
Foreign crop assessments	2,565,134	1,795,164
Contributions	-	100,000
USDA Quality Samples Program	127,220	75,000
Other revenue	16,453	10,732
Total revenue	5,644,713	4,553,098
Expenses:		
Market promotion and publicity	3,661,256	2,679,301
Research	361,374	1,532,494
Industry relations	68,440	45,902
Food safety	52,593	59,494
USHBC program fees	201,314	184,110
General and administrative	732,898	643,887
Total expenses	5,077,875	5,145,188
Change in unrestricted net assets	566,838	(592,090)
Unrestricted net assets, beginning of year	230,816	822,906
Unrestricted net assets, end of year	\$797,654	\$230,816



USHBC Finance Committee

Front row left to right

Janice Honigberg (IL), Tim Wetherbee (NJ)

Back row left to right

Doug Krahmer (OR), Mark Hurst (OR), Chairman, John Bennett (GA), George Fritz, Jr. (MI)

Not pictured: Art Galletta (NJ) Buck Klein (CA), Lorrie Merker (MI), Nicolas Moller (Chile)

The Finance Committee is concerned with overseeing the financial affairs of the Council including the recommendation and monitoring of the yearly USHBC budget assessment collection and compliance; investment of Council funds; fiscal reporting and audit. The USHBC Treasurer serves as the Chairperson of this committee.

Rely on Blueberries

The Corporate Social Responsibility Statement of the U.S. Highbush Blueberry Council

Members of the U.S. Highbush Blueberry Council (USHBC) believe in several core values related to the responsible stewardship of the resources with which we are entrusted. In order to fulfill our responsibilities in accordance with these values we will:

- Promote sustainable practices in agriculture, balancing the needs of consumers with the needs of the land and the industry.
- Contribute to an important agricultural economy that must be self-supporting and profitable.
- Recognize the interdependence of our growing, handling and marketing activities with customers, regulators, neighbors, suppliers, employees and others who support and permit our work.
- Enjoy and foster diversity in all its positive forms, from the crops we grow to the membership in our blueberry community.
- Encourage the sharing of information to provide participants in the industry and our consumers the knowledge they need to make good choices about all aspects of their enjoyment of blueberries.
- Embrace the challenge of promoting the goodness of blueberries to all corners of the earth and to be the impetus that contributes to the health and well-being of consumers and creates opportunity for fellow industry members.

The USHBC Code of Ethics

As members of the U.S. Highbush Blueberry Council, we acknowledge our responsibility to our industry, its customers, the Council and our fellow humans to exhibit the highest standards of business conduct. We therefore encourage our industry members to:

- Be committed to adherence to laws, practices and regulations which apply to the areas where we conduct business.
- At a minimum, follow the standards and practices required by law and regulation for growing, harvesting, processing and handling blueberries for the protection and health of our employees and those who eat our great product.
- Encourage that hours worked each day, and days worked each week, shall not exceed legal limitations, that unsafe workplace practices not be tolerated and that employees be trained in safe practices.
- Provide impartial and unprejudiced treatment to employees in all sectors of the industry.
- Conduct all our business practices with honesty, fair dealing and in conformance with high ethical standards and use only legal and ethical means in all business activities following all applicable laws and operating in ways that encourage trust among our members, their customers and other stakeholders.
- Provide the means to help our industry grow in socially appropriate and ecologically responsible ways throughout the entire supply chain.
- Be strongly committed to the strict adherence to all environmental rules, regulations and standards that are imposed by local, state and national government authorities.
- Hold one another to the highest levels of integrity and be a good corporate citizen in every community and locality where we grow. Encourage blueberry growers to become involved in the life of their communities by participating in and sponsoring activities that result in community betterment.
- Collaborate with industry members, researchers and others to benefit the responsible growth of the blueberry industry.
- Be honest and fair in our promotion of blueberries and scrupulously accurate in our representation of the benefits of eating blueberries.
- Support our Council, and the industry at large, by debating, crafting and promoting changes that will create opportunity for involvement in the industry.
- Educate members about good management practices that contribute to further development of the industry's growing, handling, marketing, health, safety, public education and other important disciplines.

USHBC Meeting Schedule and Invitation

USHBC meetings are open to all members of the industry and offer an excellent opportunity to learn more about the Council and the various market promotion and health research activities being conducted by the USHBC. These open meetings also offer the opportunity to contribute by sharing your thoughts with the USHBC.

All members of the blueberry industry are encouraged to attend and participate in USHBC meetings and are asked to also consider future service with the USHBC as an elected member or alternate. Please contact the USHBC office at (916) 983-0111 if you have any questions concerning the USHBC or future meetings, or for more information about USHBC member or alternate positions.

2015 USHBC Fall Meeting

Las Vegas, Nevada

Wednesday, October 7 to Friday, October 9, 2015

Monte Carlo Resort & Casino

3770 Las Vegas Blvd. South

Las Vegas, NV. 89109

Hotel Reservation Dept. (800) 311-8999

Identification: North American Blueberry Council (NABC)

2016 USHBC Spring Meeting

Dallas, Texas

Wednesday, March 2 to Friday, March 4, 2016

Hilton Arlington

2401 East Lamar Blvd.

Arlington, TX 76006

Hotel Reservation Phone: (817) 640-3322

The USHBC has adopted a diversity outreach plan to attempt to achieve a diverse representation on the Council. USHBC programs and meetings are open to all individuals. The USHBC prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, genetic information, parental status and marital or family status. The USHBC fully complies with any and all applicable Federal, State and local equal employment opportunity statutes, ordinances and regulations, including but not limited to Title VII of the Civil Rights Act of 1964; the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967; and the Equal Pay Act of 1963. Persons with disabilities or who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact the USHBC office at (916) 983-0111. To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington DC. 20250-9410 or call 800-795-3272 (voice) or 202 720-6382 (TDD).



The USHBC Annual Report is published by the

U.S. Highbush Blueberry Council

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