

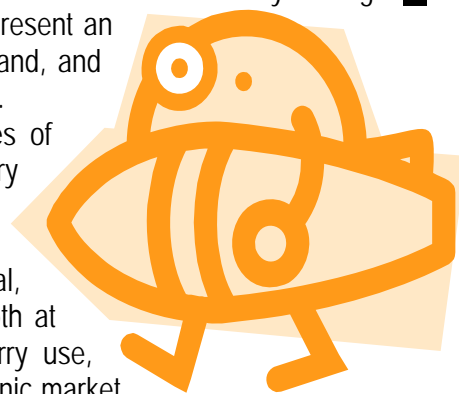
THE USHBC BLUESPAPER

News and Marketing Program Updates from the
U.S. Highbush Blueberry Council
April 2006

"Riding the Health Wave" An Update on the Blueberry Industry and USHBC Activities

Blueberries have been enjoying tremendous interest over the past few years, given the increased awareness of their healthfulness. With this interest has come increased demand and a gradual increase in production, both here at home and abroad. Industry sources report a significant increase in blueberry acreage from 1995 to 2005. In this expanded edition of *The USHBC Bluespaper* we present an overview of the international blueberry situation, changes in supply and demand, and how the USHBC is positioned to address these challenges in the years to come.

With the growing international interest in the nutraceutical properties of blueberries, our industry is "riding the health wave" with very favorable blueberry demand. The USHBC will continue to support and encourage additional health related blueberry research to learn more about the healthful properties of our fruit. Given recent acreage increases and future production potential, the industry also needs to continue to aggressively develop new markets both at home and abroad, work with food manufacturers to increase their blueberry use, increase consumer consumption, and encourage new users such as the Hispanic market segment here at home. With effective market promotion and management, a continued willingness to explore market opportunities, and a vision of future market potential, we will continue to ride this "wave" and enjoy a healthy and profitable industry.



An All-American Fruit Goes International

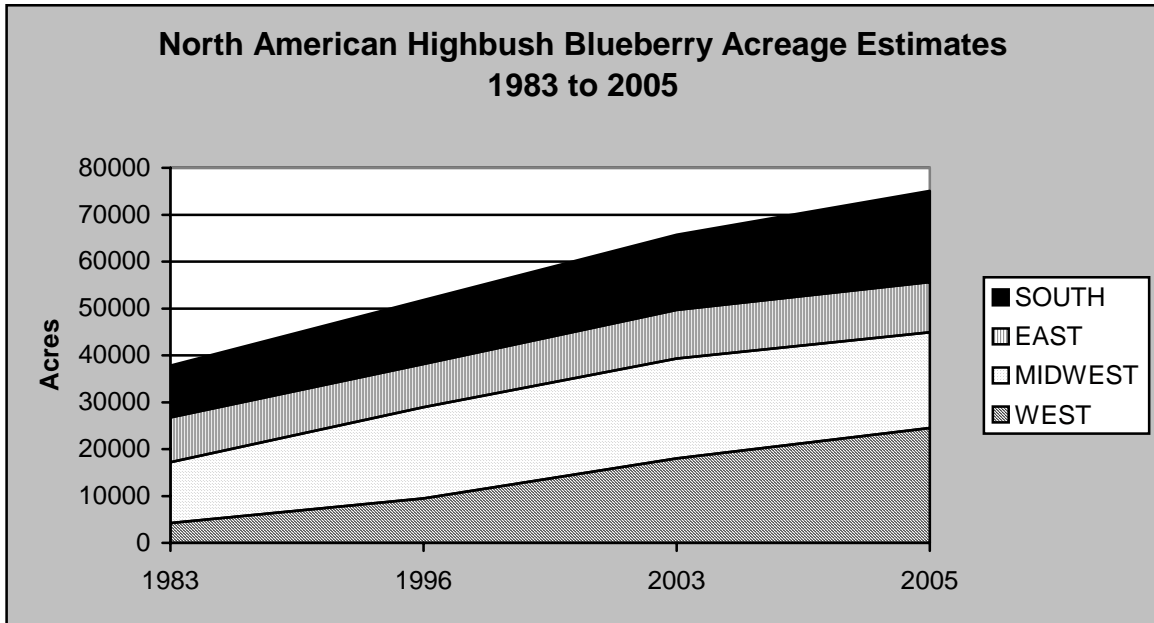
Industry sources note that world blueberry acreage has increased by +89% from an estimated total of 57,100 acres in 1995 to the currently estimated total of 108,141 acres in 2005. Though North America represents an estimated 69% of the world's acreage (74,585 acres), plantings in Europe, South America and Asia are on the rise. North American highbush blueberry acreage increased by +49% during this period from an estimated 50,000 acres in 1995 to an estimated 74,585 acres in 2005. Meanwhile production from all other regions increased by an estimated total of +373% from 7,100 acres to 33,556 acres. South America accounts for most of this growth followed by Europe, Australia and New Zealand. Increased plantings are also noted in Asia as well.

CHANGES IN WORLDWIDE Highbush BLUEBERRY ACREAGE- 1995 to 2005

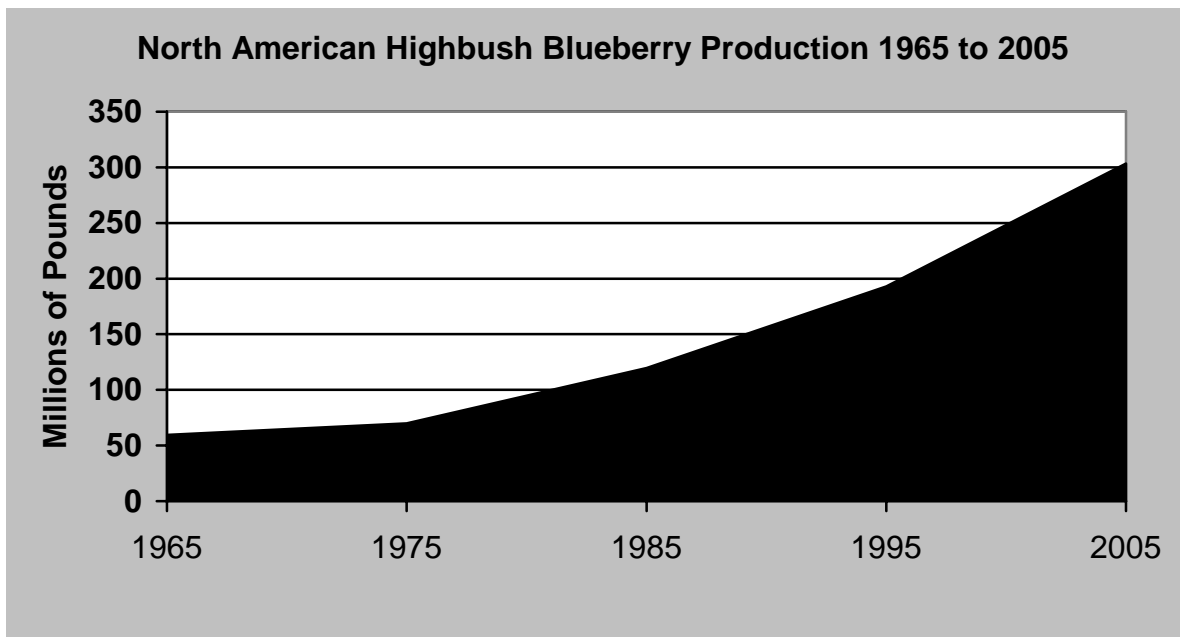
<i>Region</i>	<i>Estimated 1995 Acres</i>	<i>Estimated 2005 Acres</i>	<i>Percentage Change</i>
North America	50,000	74,585	+49%
All Others	7,100	33,556	+373%
World Total	57,100	108,141	+89%

Here at home we have seen North American blueberry acreage increase by an estimated +97% since the early 1980's (from 37,825 acres in 1983 to 74,585 acres in 2005) with the greatest increases taking place in

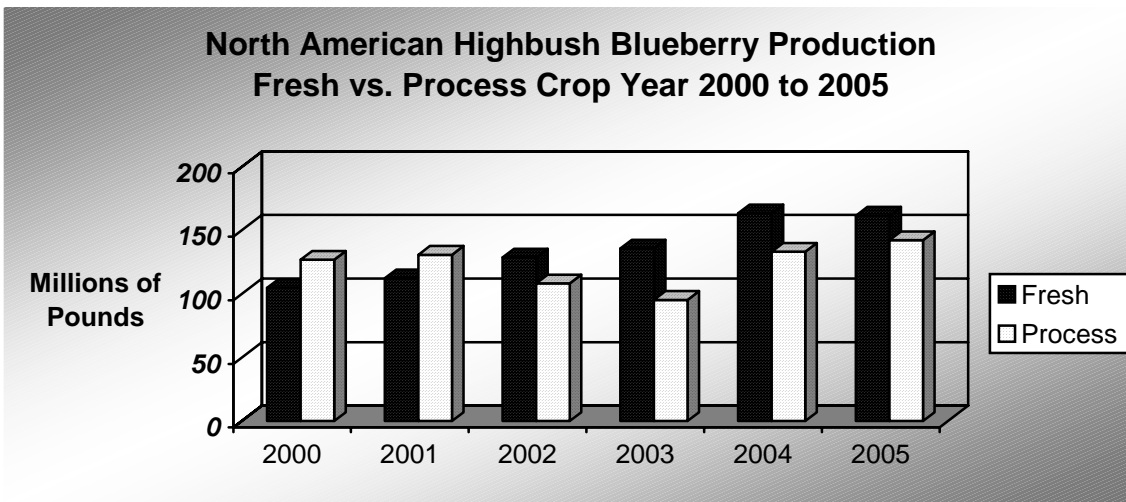
the western United States and British Columbia. The western region, which accounted for 11% of the total acreage in 1983 (4,200 acres), represents an estimated 33% of the total in 2005 (24,500 acres).



As would be expected, with increased acreage has come increased domestic production. In fact, domestic production has increased more than five fold in the past forty years from a total of 59.6 million pounds in 1965 to 303.5 million pounds in 2005.

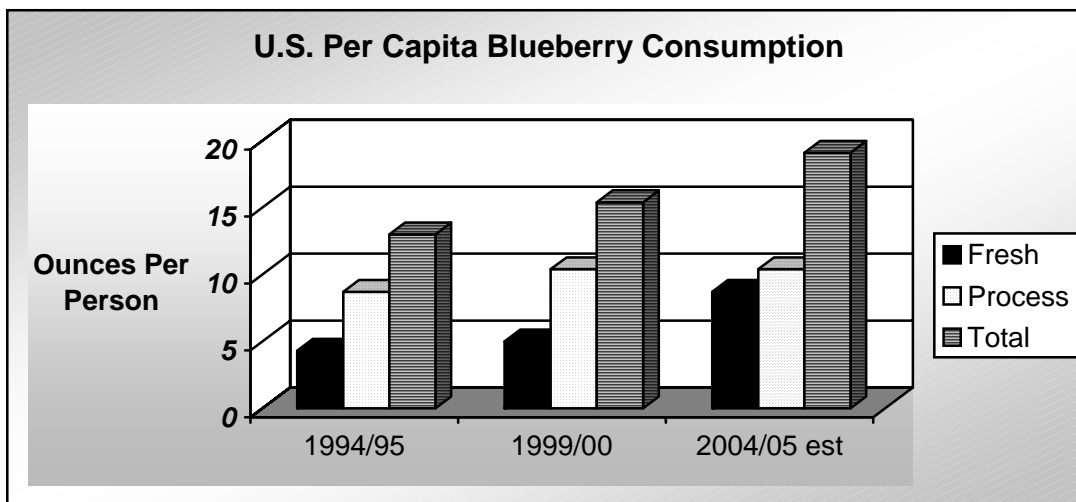


Given the increasing awareness of the healthfulness of blueberries, we are seeing record levels of blueberries sold on the fresh market. In 2005 a total of 161.4 million pounds of fresh blueberries were produced which represented 53% of the total crop of 303.5 million pounds. Fresh production has surpassed process in each of the last four seasons.



USHBC Efforts to Keep Demand Ahead of Supply

Given the increased worldwide availability of blueberries, and the potential yields in the future from recently planted blueberry acreage, the U.S. Highbush Blueberry Council is charged with the duty of working to keep blueberry demand ahead of supply. Using the marketing tools of consumer and foodservice public relations, food manufacturer publicity, and magazine advertising, the USHBC works to create interest and demand for blueberries both here at home and abroad. In addition to international market promotion activities, the USHBC also supports health and nutrition related research efforts to continue to learn more about the healthful attributes of blueberries. As the increased level of fresh shipments and increased per capita consumption figures show, the blueberry health message has gained considerable consumer interest worldwide. Consumption of blueberries in the United States over the past 10 years has increased by +47% from 13 ounces per person during the 1994/95 season to an estimated 19.1 ounces per person in 2004/05. Fresh blueberry consumption has more than doubled during this period from 4.3 ounces per person to 8.7 ounces while process consumption recorded a +20% increase from 8.7 to 10.4 ounces per person.



USHBC Market Promotion Programs Help Industry "Ride the Wave" of Blueberry Interest

Taking advantage of this positive momentum, the USHBC funds public relations activities directed to both the consumer and foodservice sector. These actions are designed to generate third party blueberry endorsements through media placements. The program also includes the distribution of blueberry informational materials to increase the number of blueberry users and to expand their overall use. Press kits, recipes, photography and press releases are issued by the USHBC for use by major metro, regional and weekly

newspapers and women's magazines. Efforts are also made to encourage blueberry coverage on health oriented radio programs, syndicated television food shows and on the green grocer segments of local television newscasts. Through magazine advertising placement, the USHBC teams up with a variety of products to show the healthfulness, convenience and versatility of blueberries. Advertising is scheduled to encourage year round use. Ads have been placed in general interest publications such as Cooking Light and Woman's Day as well as health-oriented magazines such as Fitness and Health. Efforts are also being directed to the Hispanic market, a major growth segment with considerable blueberry potential. To encourage blueberry trial, the USHBC has been translating domestic press materials into Spanish for distribution to Hispanic magazines, newspapers, radio and television programs. An instore sampling pilot program has also been conducted at grocery stores in Hispanic neighborhoods, with supermarkets taking part in the program noting increased blueberry sales during and following their demo week.

Given the increasing amount of meals consumed outside of the home, the USHBC works to leverage this trend through foodservice promotional efforts. USHBC materials are published in major trade publications such as Restaurant Business, Food Management and Restaurants and Institutions. The USHBC also conducts cafeteria promotions with select business and academic cafeterias to encourage new blueberry menu placements.

Encouraging the domestic and international food industry to use blueberries in their products is the goal of the USHBC Food Manufacturer Publicity Program. Using product documentation, communication, demonstration and technical assistance, the USHBC acts as an information source for the food industry. Technical support includes the development and distribution of blueberry product concept sheets. Concepts are also featured in the USHBC industrial newsletter *The Berry Latest* distributed to research and development and marketing departments of food companies throughout North America. Activities also include trade advertisements placed in food manufacturer publications, as well as print publicity in bakery, dairy, and confectionery publications and the USHBC website www.blueberry.org which serves as a source of technical blueberry information bringing blueberries to the attention of food manufacturers throughout the world. The USHBC also brings the blueberry message and product concepts directly to manufacturers through participation in trade shows such as the *Institute of Food Technologist (IFT) Show* and regional *IFT Supplier Nights*.

In order to find new and profitable international markets to accommodate future supply and maintain domestic market balance, the USHBC is working to develop export markets for highbush blueberries. With the assistance of USDA Market Access Program (MAP) funding, the USHBC has been directing promotional activities primarily to Japan, Taiwan, Korea, Hong Kong and China. Actions include consumer advertising as well as trade advertising to encourage Asian food manufacturer use of blueberries in their existing products and to consider new product development with blueberries. Trade ads also announce the arrival of fresh blueberries to generate retail interest and promotion. In addition to advertising and promotion, the USHBC also meets face to face to discuss blueberries with members of the food trade and food manufacturers at major Asian trade shows. Native language websites, modeled after the domestic USHBC website, have also been developed for Japan, Taiwan, Korea and China and provide not only the consumer, but members of the trade with a wide range of blueberry information from blueberry product forms and nutritional data to background on the blueberry industry and blueberry health research.

With these types of programs in place, both here at home and abroad, the USHBC is positioned to continue to ride the wave of blueberry interest, work to maintain a supply and demand balance, and continue efforts to maintain a healthy blueberry industry.

The USHBC Bluespaper is published by the U.S. Highbush Blueberry Council; 2390 East Bidwell Street, Suite #300; Folsom, California 95630. Phone (916) 983-0111; Fax (916) 983-9022; Web Site: www.blueberry.org, or www.ushbc.org. 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 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 who require alternative means for communication of program information (Braille, large print, audiotope, 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 D.C. 20250-9410 or call 800-795-3272 (voice) or 202-720-6382 (TDD).