

Strategies for Michigan Fresh Apples

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Presented to the

Michigan Apple Committee

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Evolution of the project

Fresh vs. Processed
Marketing/Packaging
Strategies



Work in Progress

- Funds from MSU Dept. of Agriculture Economics
- Meeting with Denise Yockey
- Meeting with MI fresh apple shippers
- Past strategic plans

GOAL:

- Identify some potential market strategies for MI fresh apples
- Work in cooperation with on-going MI apple industry efforts



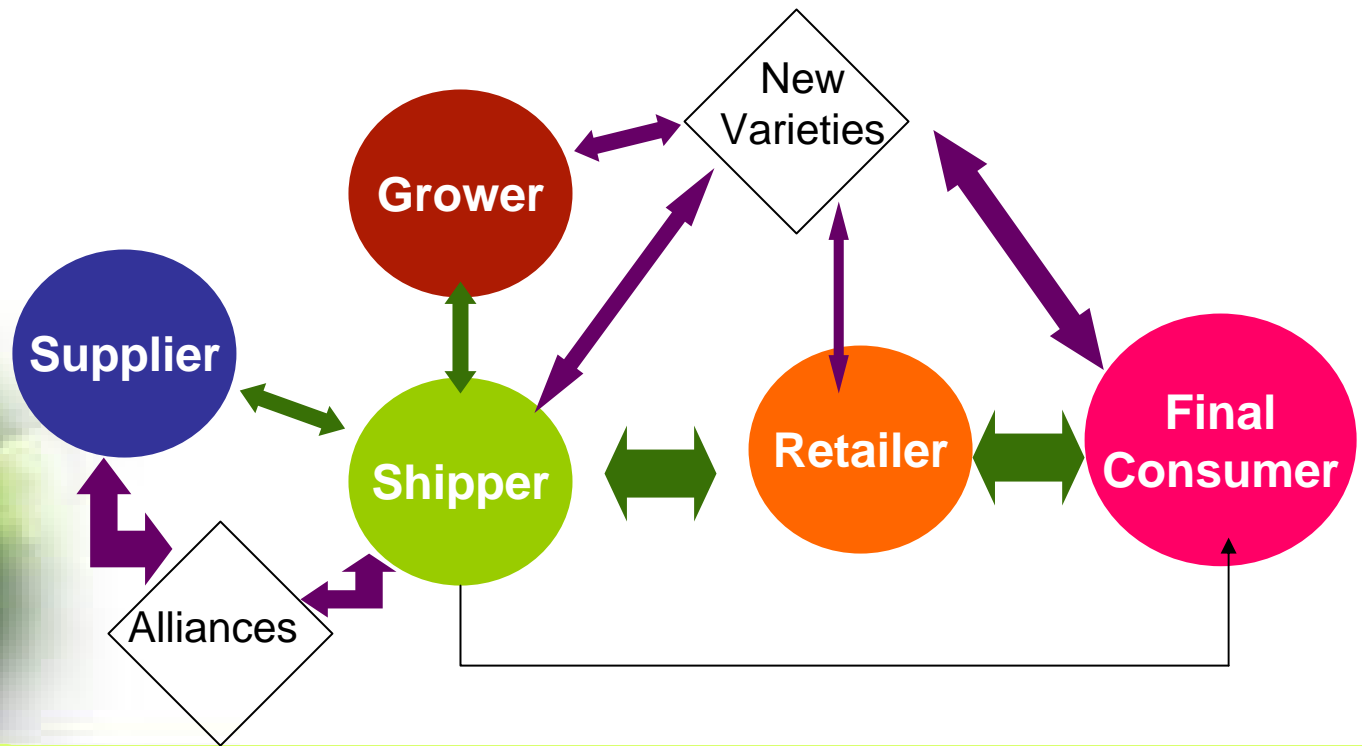
Selected Results

- What do retailers want?
- Role of bagged apples
- MSU market
- Holiday seasonal sales



What do Retailers want?

- Marketing vs. Sales
 - Knowing all the players in the supply chain



What do Retailers want, cont.

- “Nobody has ugly kids”
 - Consistency
 - Quality
 - Quantity
- Diversity in the Fresh Market: Premium Market
 - “Put your best foot forward”:
 - Packaging (bags, PLU)
 - Promotions
 - Education (Retailer and final consumer)



Bags: current situation

- Moves significant volume
- Low price, but may not be unprofitable
- WA only in the market intermittently



Bags: A look to the future

- Who buys bagged apples:
 - Households with more than 4 children (population growth is 0.91% and the fertility rate is 2.09 children born/woman)
 - Households with income below poverty line (12.7%)
 - Unemployed (4.2%)
 - Consumers + 58 years old (12.64%)



Source: The Fresh Report, Fresh Trends-2002, The Packer

Source: United States –Facts and Figures-, CIA World Fact Book

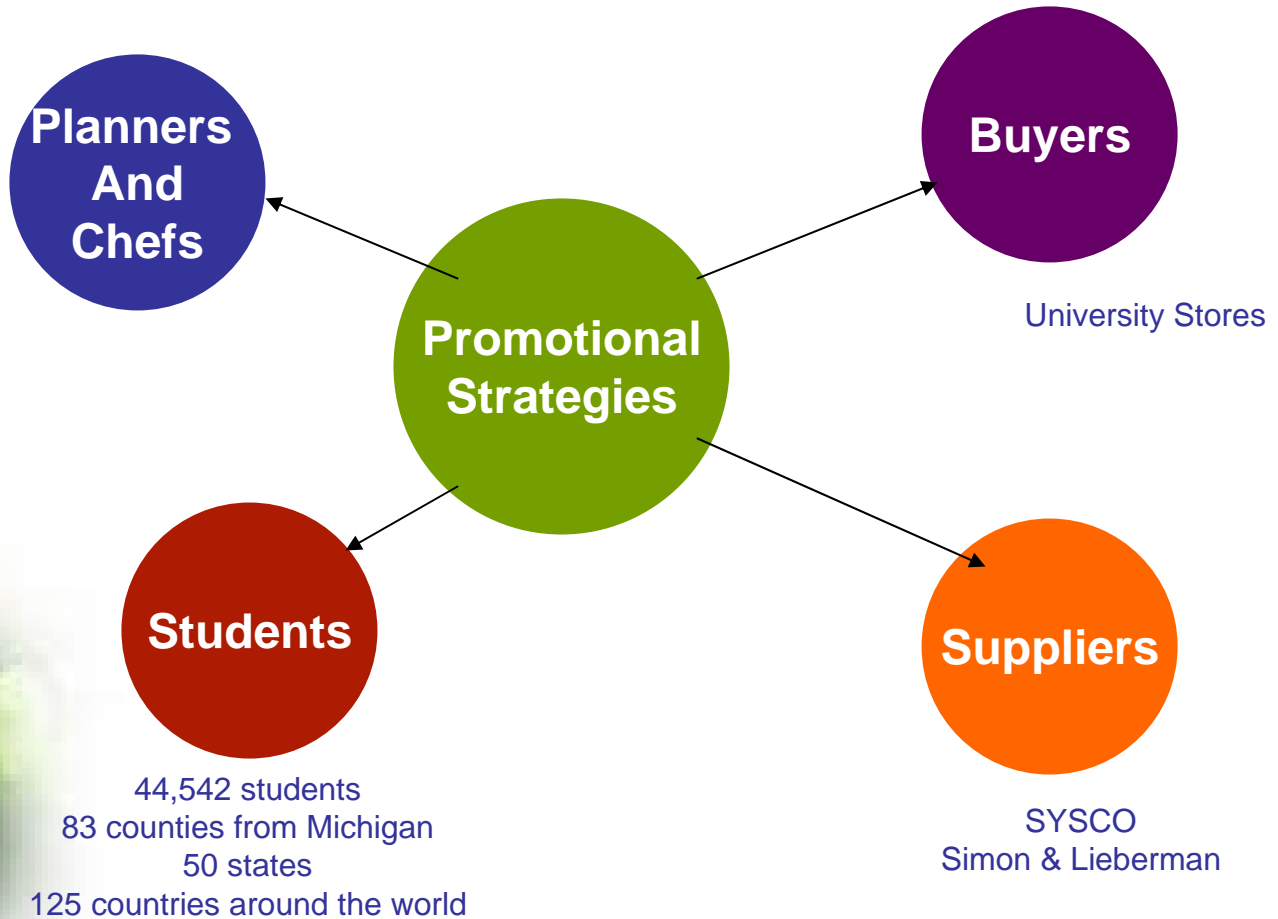
MSU Market

- Apples are not being served in the university cafeterias.
 - Students don't like apples?
 - Which varieties had they tasted before?
 - Are they bored?
 - Meal planners are not including any recipes with apples.
 - Too much paperwork for the MSU stores to buy in small quantities
 - Contracts with food service suppliers: Simons & Lieberman and SYSCO.



MSU Market

Featuring apples
in the menus
and recipes



Seasonal Sales

- Apples represent Christmas in other countries especially Central America
 - Population: 32 Million
 - Central Distribution Center for the region
 - Central buying for the region
 - Own standards and contracts
 - They are interested in having promotions and seasonal packaging
 - They want to meet with the shippers that are interested in exporting directly to them.



Work in Progress

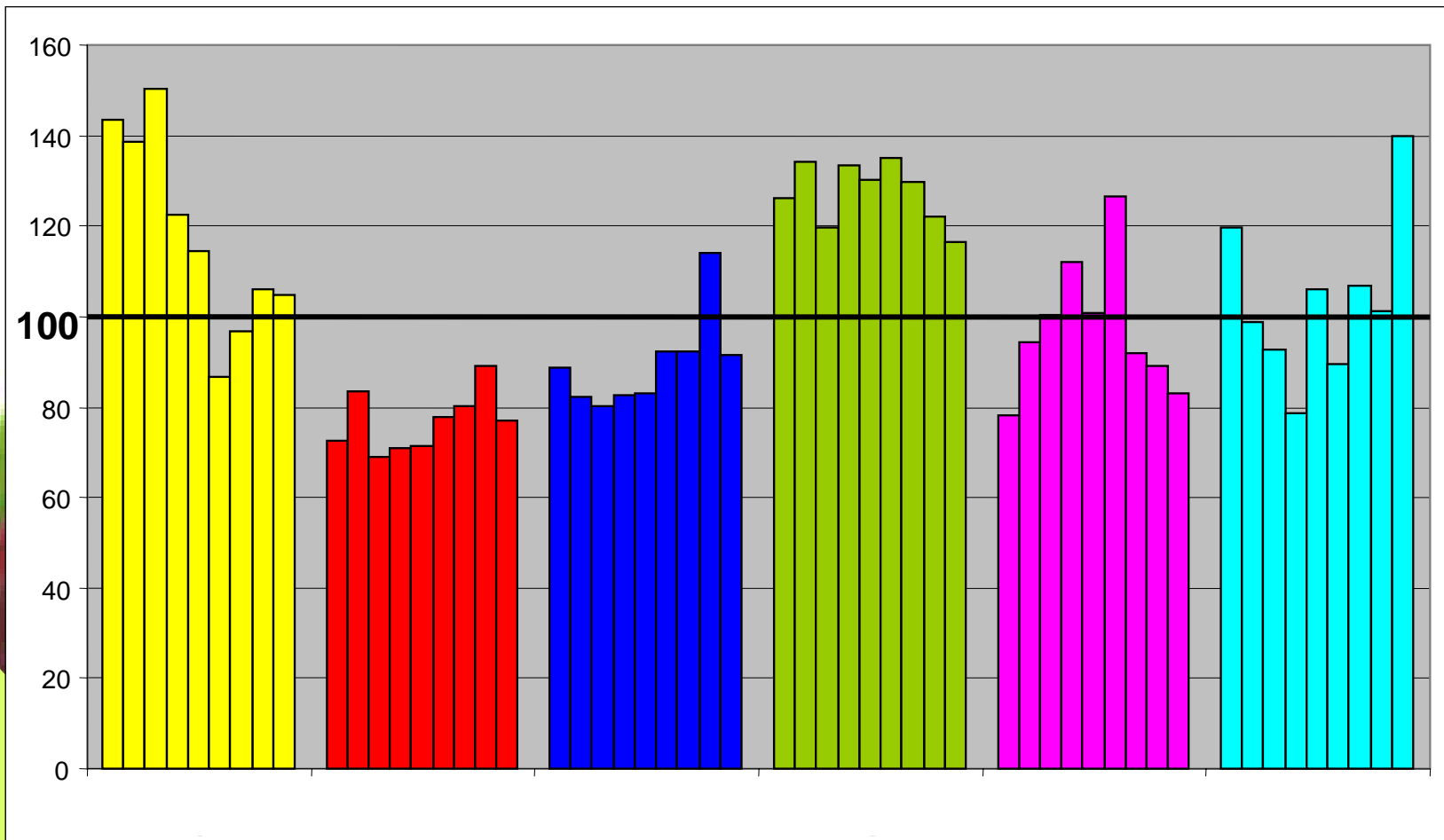
- What do retailers want?
 - Perishables Group
- Varieties
- Price Trends
- Globalization
- Strategies



Price

Apples for Fresh Use: Index 100 = 6-state average price

MI, WA, NY, CA, OH, PA



What can be done?

- Researching where the data comes from:
 - Market News and periodic surveys of growers
- Economic Models
 - Elasticity
 - Price determinants
 - Market structure
- Business Strategies



Where to go from here?

- As an industry?
- As Growers?
- As Shippers?

