



Yes! Apples®
POWERED BY NEW YORK APPLE SALES

Beyond the Branch

Hello Technology, Meet Fresh Produce!



The year 2020 has been a year of change for all of us. Our industry has also evolved due to the pandemic. Millennials are no longer the only people who are shopping online. Society, on the whole, has embraced delivery and/or curbside pick up. Instead of walking the produce aisles, many consumers now shop for the varieties listed on their favorite retailer's website. Instagram and other social media sites have propelled food to an exciting level. Most now turn to these sites for information on recipes, uses, and new products. Our timing could not have been any better for launching our new brand and meeting consumers where they shop. Yes! Apples, Powered by New York Apple Sales has allowed us to set ourselves apart from our competition. We are just beginning to show retailers, through sales data, just how much we can increase apple consumption and sales.

Fall of 2020 gave us the gift of a short national crop. As of December 1st, fresh apple holdings are down 13% from a year ago and down 9% off the five-year average. As of December 1st, only Fuji, Honeycrisp, and Pink lady have holdings greater than the five-year average. I am pleased to report pricing is on the rise and expected to be healthy for the remainder of the season. Bag sales are up over bulk due to pandemic fears; this too, has been good luck for us as our smaller fruit size meets the heightened demand.



Left to Right: NYAS Honeycrisp, WA Opal, WA Cosmic Crisp

Managed varieties continue to be an opportunity and a challenge. We are hopeful retailers will carry our new varieties and begin to relax variety limitations that were implemented as a result of the pandemic. This season, Cosmic Crisp has a much greater reach than last. Currently, Washington's approach is to price Cosmic above Honeycrisp to return dollars to the farm. Over time, we will see how Cosmic sells, but volume in the ground dictates it will be a factor for our industry for years to come.

Finally, the Covid – 19 pandemic will shape our nation's policies. Because of our nation's obesity crisis, our nation's health will no longer sit on the back burner. There will be a strong priority placed on healthy school lunches, more produce included in SNAP and WIC payments, and continuation of direct to consumer programs, like elements of the farmers to families program. The improvement of dietary requirements for all Americans will help support our industry.

I wish you all a healthy holiday season enjoyed with family and friends either together or online!



Variety Guidance—20/20

Every season, our team evaluates each variety and our customers to try to provide guidance on the future of our business; however, nobody has a crystal ball.

In the last few editions, we have called out recommendations on what to plant and what to remove. Since 2020 has proven to be a rather different year, might as well change up our way of thinking.

To the right, you will see a table that explains the sizing profile that is needed in our business. Our team has reviewed the past seasons and determined that these are the ratios needed to fill our orders throughout the year. When we swing heavier in either direction, it can be extremely difficult to find shelf space with our retailer partners. Cyclical changing every year, becomes even more difficult. For most of these varieties, normal horticulture practices will achieve these sizes, but please be thinking about these percentages over the coming months during pruning and then again for thinning. If you are still looking for something to remove, a reduction in the below varieties remains consistent with our markets:

Continue to reduce by 20% each season:

- Empire
- Acey Mac

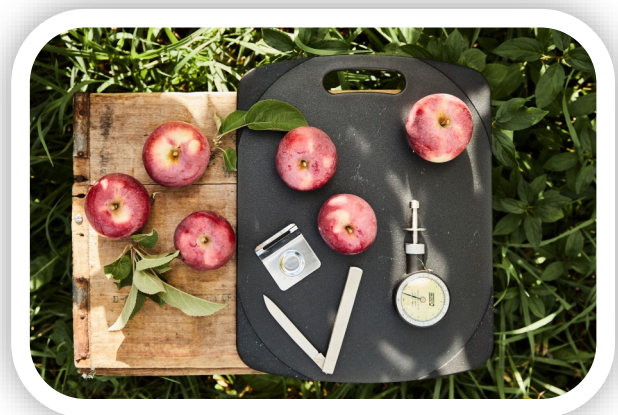
Reduce by 10% each season:

- Red Delicious

As always, the field team is willing to discuss specifics for each farm at any time and especially these winter planning months.

	Tray	Bag
Gingergold*	50%	50%
SweeTango	60%	40%
Honeycrisp	60%	40%
Gala	40%	60%
McIntosh	60%	40%
Jonamac	50%	50%
Cortland	50%	50%
Acey Mac	113's and larger	
Snap Dragon	80%	20%
Macoun	50%	50%
Empire	113's and larger	
Golden Delicious	50%	50%
Red Delicious	50%	50%
Ruby Frost	80%	20%
Law Rome	50%	50%
Fuji	70%	30%
Koru	80%	20%
Pink Lady	50%	50%
Evercrisp	80%	20%
Smitten	80%	20%

Tray = 88's and larger
Bag = 100's and smaller





Finding the Light in Commerce Through a COVID Lens

In a year where ‘Sourdough bread,’ ‘How to start your own vegetable garden,’ and ‘Where to buy toilet paper’ were top searches on Google, we have seen unexpected trends and new consumer behavior across all categories, including grocery and apples.

Before COVID, the US online grocery annual sales forecast was ~2% annual growth.

After lockdowns were put in place across cities and states, **food spending shifted from restaurants to grocery**, and **online grocery shifted from convenience to essential overnight**. The once high-barrier to online grocery channel was overcome by the necessity to stay home and the need to safely procure goods.

“36% of Gen. Z (anyone born between 1997 and 2012)--and 30% of all consumers--say **they’ve been shopping for food and beverage online more during COVID**. 52% of Millennials--and 45% of all consumers--**say they prefer it.**”

Walmart, Amazon, and Instacart were the biggest winners for online grocery growth, with 50.5%, 49%, and 20.3% growth, respectively.

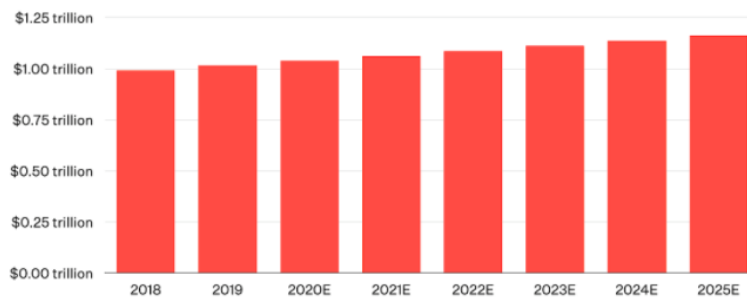
What’s more, “75% of consumers have **tried a new shopping behavior**” since the start of COVID, reports a June McKinsey survey, and “73% of those who tried a different shopping method or brand **intend to continue.**”

I could go on and on about the trends and data points seen over this unprecedented period (and if this interests you as much as it does me, please let me know, and I’d be happy to discuss further!), but what I really want to get to is **what this means for our apples.**

FOCUS ON E-COMMERCE

With online grocery becoming more prominent over time and then accelerated by the impact of COVID, the New York Apple Sales team will be looking to expand its online presence as a key strategic effort in 2021.

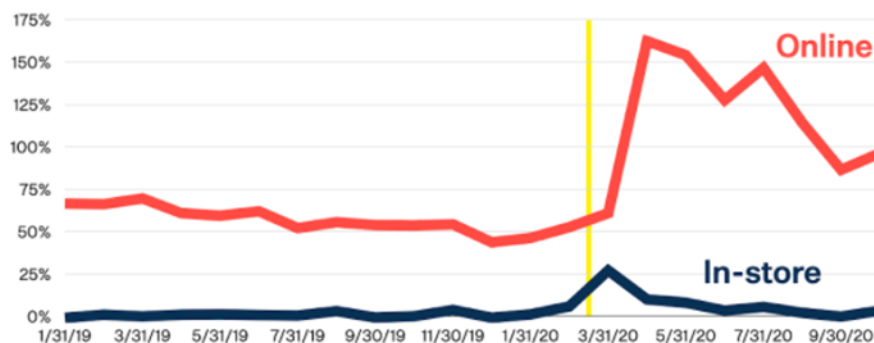
US grocery annual sales forecast: ~2% annual growth



Data: Mercatus / Incisiv

The New Consumer | Coefficient

Year/year change in grocery spending — Earnest Research



research

The New Consumer | Coefficient

Whether that means leveraging existing relationships with retail partners that are strong in e-commerce, i.e., Walmart, Blue Apron, and Ahold (PeaPod), or developing new relationships with the myriad of e-commerce platforms, i.e., subscriptions and kits, internet-native grocers, and direct-to-consumer, we will seek opportunities to develop new retail and revenue channels.

We will maintain an omnichannel approach where we are available both in-store and online to meet the needs of all consumer preferences. For many consumers, an omnichannel strategy isn't even negotiable as 40% of customers say that they won't do business with companies if they can't use their preferred channels.

DIGITAL ADS AND RETARGETING

A key marketing effort in Q1 will be entering the digital ad realm and utilizing retargeting through additional digital ads and social media. Instacart now has 1,000+ brand advertisers on their website, which is a huge opportunity for us once we expand onto their platform. Already, Walmart has encouraged us to start using their e-commerce to advertise our apples, which will be tackled starting in the new year.

Retargeting (when you click on a product through an e-commerce site, and then you see an ad for that product on subsequent sites or on social media) will also be hugely impactful as we expand into e-commerce. Shoppers that click on our apples online will receive retargeted ads reminding them to either put our apples in their cart or to repurchase.

MAINTAIN AND GROW STRONG SOCIAL PRESENCE

Instagram has been deemed, pre and post COVID, as the new storefront. "Window shopping used to take place in malls and high streets, but now, increasingly, product discovery — and purchase decisions — happen online, especially on Instagram." With this in mind, Yes! Apples' Instagram [and brand strategy process] goal is to:

Inspire followers/consumers to learn, shop, find solutions, and discover a new favorite apple. Then we can **educate** followers/consumers on our system built for exceptional quality and taste, our relationships with growers, and the choices customers have in the produce aisle. After we educate, our customers will **feel** closer to the source and to us as a brand—transforming them into a loyal customer and increasing their cart at retailers.

Short and sweet: Our goal in all marketing efforts is to get followers/consumers to buy more apples--**OUR apples!**

With a vaccine already being implemented, there is a light at the end of the tunnel for this challenging time in our country and history. However, in my opinion, COVID has shed light on new ways to shop, has given consumers more options for procuring the highest quality products through multiple channels and purchasing formats, and has opened doors for commerce in the future. These opportunities energize New York Apple Sales and our Yes! Apples brand strategy, and we will do everything we can to leverage our strengths and to spread the good news of our impeccable service, high-quality fruit, and the prized ingredient: **our best-in-class grower and packer partners.**

For more information on how marketing has changed in the last decade and how we are adapting see article beginning on Page 7.



Grower Partners—

Another year of field audits are complete and overall great performances from each of you. Thank you!

As a reminder, we are currently accepting both the Global Gap HPSS and IFA audits. This fall, the HPSS audit switched to version 1.2. Unfortunately, Apple Leaf is still trying to determine the best way to audit against these new changes and will provide better guidance in the new year. For now, I would just like to point out some of the changes:

1.1.4– Establish a Food Safety Culture

1.3.1– Site Security

1.11.7– Response plan for spills and leaks from the sanitation units

1.12.1– Add Cleaning Agents

1.14.1– Supplier Approval Program

For 2020, Global Gap IFA audit will move to version 5.4 and it's expected that there will be additional version changes through 2022. Apple Leaf will be updating our group when these changes occur.

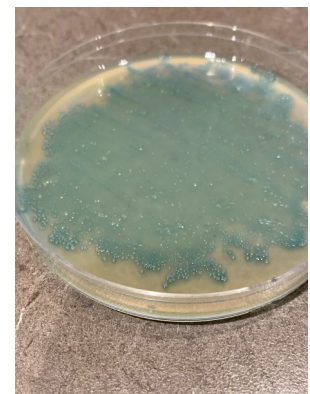
COMING SOON! This winter we are partnering with Apple Leaf for a virtual food safety training. The focus will be on new points of the HPSS audit and a food safety refresher course. If you have any requests, please reach out to me via email prior to the new year.

Lastly, in a recent discussion with Apple Leaf, Rob Koch, mentioned that growers could be receiving calls for not only an unannounced audit by one of their team members, but also a call from Global Gap for a calibration audit. He said that every few years Global Gap conducts audits to confirm that auditing companies are auditing to the standard and the growers are conforming. At this time, Rob did not know which growers might be contacted, but he felt it could be as early as January/February. If you are contacted, please let me know if you have any questions or concerns.



Packing Partners—

Starting this winter, NYAS will be hosting monthly food safety discussions for all of our packing houses to join. After many recommendations from each of you, we decided to encourage more discussion between each facility and share the broad knowledge with the entire organization. Our first topic of discussion will be Environmental Monitoring. Please look for more information on our first discussion and feel free to submit topic requests. All are welcome, so please invite all employees in your facility that could benefit or contribute.



Listeria spp. , courtesy
Biotrax Laboratory



Ah Ha Moment

Don't you love the feeling when you have that "ah ha" moment or something just clicks? I've had one of these moments recently and I want to share it. Here it is.....**we need to embrace technology!** Embracing and utilizing technology is an absolute must to be successful in business in today's times. I'm guessing that you would agree with this very generalized comment and might be thinking this is NOT an "ah ha" topic.

However, are we truly embracing technology and using it to improve our businesses? Generally speaking, I don't believe we are. Why? Technology is invented and improves so quickly it's difficult to keep up and recognize the opportunities soon enough. We tend to adopt new technology slowly and adopt it only when it's very obvious it can help our business, we witness others using it with success or are forced into using it. There are good arguments for the slow approach. You want to be sure the technology works and you get a return on investment. You don't want to be on the "cutting" edge (or bleeding edge) and have failures. There is also the psychological aspect that humans aren't comfortable with change. I get that too. (I get really ticked off when my iPhone goes through an update.)

Kaari and Tenley both mentioned the impact technology is having on consumer purchasing behavior. And we are quickly adapting our approach to sales and marketing. In the realm of growing and packing there are many areas where new technology can ensure we remain competitive. However, this "ah ha" moment that I had wasn't about a specific technology but it was about **having a mind-set that technology should be an integral part of our goals and objectives.** It needs to be "top of mind" and part of every discussion or calculation that goes into our businesses. We all know that we are competing with a "800 pound gorilla" and to do so we need all the advantages we can get.

There are two challenges we need to overcome if we are to utilize technology to our advantage. One, I don't believe we have enough "tech" people in our organizations. People that can envision the benefits of technology, understand it and can implement or use it are generally not the people we hire to work in our businesses. The second challenge is that we are small businesses that don't necessarily have the resources to "embrace" technology.



So, how do we overcome these challenges? **We need to figure out how to collaborate more as growers, packers and sales organization.** How can we share resources to include financial, physical (assets) and people? I don't have the answers, but it can start by first having conversations on this topic with all stakeholders. I can't think of a better time than this Winter when life's extracurricular activities are on pause. Talk to you soon!

Lastly, and changing topics. I just want to say thank you, to all of you! It's been a very difficult year and everyone has stepped up to keep our collective business running smoothly. We have a lot to be thankful for. (Imagine being in the travel and hospitality business.) While being in the food industry has its challenges, it's a rewarding industry to be in, especially when you can feed people in difficult times.



Q: What do dating, watching TV, and marketing all have in common? 😊 A: How we **think about and take these actions** has changed dramatically over the past 20 years.

Stanford researchers found that meeting online has become the most popular way U.S. couples connect today. 20 years ago, it was taboo to say you met your partner on “The Internet.”

Today, “there are over 300 streaming services in the United States, and the average household subscribes to three or four.” 20 years ago, we were still reliant on dish networks to expand our tv channel horizons (assuming it wasn’t too cloudy).

And marketing? Today, a brand has a personality, a DNA, and [hopefully] a heartbeat, and we have to interact with consumers online, in-store, and in-person--we’re not *just* a business anymore. 20 years ago, there was no Facebook, Instagram, or YouTube; omnichannel wasn’t a strategy or even a thought; “Googled” had yet to become a verb; the option of buying groceries online existed, however, e-commerce grocers were a far cry from the \$17.7 billion that Instacart was valued at this past October.

OK, you get it--a lot has changed in marketing (and beyond) in the past twenty years. And that means brands have changed the way we talk to consumers, what we tell them (and where and how and why), and what tools and strategies we utilize to drive consumers into stores (or online) and to convert them to purchase.

Consumers are smarter, savvier, and choosier than ever, and our marketing has to be top-notch to intersect with their purchasing path and decision. The path to purchase is no longer what it was once was: see an ad in the weekly circular and pick it up during your Saturday errands. One, two step. Rather, consumers today will see a product on Instagram; **THEN** see an ad for the same product while using a search engine, i.e., Google or Bing, or browsing the web; **THEN** look up the price at a few different online retailers; **THEN** see an Instagram influencer talking about said brand; **THEN** maybe they put the item in their online shopping cart while they mull it over; and **FINALLY** (if they haven’t already been swindled by another brand’s marketing or an irresistible deal) they will make the purchase in store or online.

In order to meet consumers where they are (online or in-store), brands have to:

- have a strong social presence
- utilize digital ads
- make sure that their website is chock-full of key search terms so that it appears when consumers are searching about related topics
- work with brand partners and influencers that highlight defining attributes and share with their followers
- partner with retailers to create in-store promotions and POS
- utilize pop-ups, events, and sponsorships to attach brand to events and moments that attracts like-minded consumers
- work with trade and consumer press to tell story

With Yes! Apples, we are utilizing all of the marketing tools and strategies listed above to meet consumers wherever they are and to share the key differentiating attributes that separate Yes! Apples from private label and other apple suppliers.

In the past 6-months, Yes! Apples has partnered with **29 brands** ranging from hummus to nut butter to kombucha through recipe collaborations and giveaways, and we've worked with **36 influencers**, eight of which highlighted our retail partners in their posts. We saw a bump in sales both at Walmart and Sam's Club after we hired influencers to promote apples in targeted areas and supported with paid social ad targeting.

Influencer: an influencer is a content creator with a social media following. Social media influencers develop a following by sharing quality content that inspires, entertains, informs, and connects them with their followers. They also have the **power to affect the purchasing decisions of others** because of his or her authority, knowledge, position, or relationship with his or her audience.

We hired @girlstwoeat to share information about Honeycrisp and to drive customers into Market Basket for purchase.



Yes! Apples was the *only* fresh product at traveling grocery store, Pop-Up Grocer, in New York City this October, where we shone brightly amongst 150+ of the most innovative and exciting food, beverage, home, pet, and body care brands today. From that experience alone, three food and beverage brands have reached out to us about product collaboration because they believe in our brand mission, aesthetic, and of course, our delicious apples!

We also hired influencers to go into Pop-Up Grocer to share our feature with their NYC-based followers.

This fall, we have run ads with Produce News (both in print and digitally), The Packer, Farmer's Quarterly, Eastern Produce, Southeast Produce Council, and will be launching an in-store ad with HEB in January that promotes EverCrisp.

In mid-November, we hosted our first virtual event: Say Yes! to Holiday Cheeseboards. We hired cheeseboard aficionado, Emily Dulaney, to host a virtual cheeseboard making class featuring SnapDragon® and KORU® apples. We had 40 people purchase tickets (\$15-\$20 each) and we invited several retail buyers that we work with. Each attendee received a 9-ct box of apples full of SnapDragon® and KORU® in advance of the class, a shopping list for all of the accoutrements, and discount codes for our six brand partners.

What's more, our attendees were located in NC, OR, WI, OH, NY, CA, TX, AZ, NH, DC, FL, CT, NJ, WA, and GA. We had mothers and daughters, friends, sisters, husbands and wives, and whole families join for the fun! It

was a diverse group of participants from all over the country brought together by our apples!

The BEST part of the event was that we shared a post-event survey where we asked attendees questions like “What else would you like to see from Yes! Apples?” “Do you buy organic or conventional apples?” “Would you buy apples online from us?” “What is your go-to grocery store?” We also asked if attendees had ever tried either SnapDragon® or KORU apples before®, and there was only one person in the whole group that had ever tried either! And EVERYONE said they would be interested in purchasing them online. It was a HUGE trial and awareness win, especially in a year where we’ve had to do away with in-store demos.

From Sue Burton to Everyone:
That was great - I've been loving your Instagram feed and I'm so excited to recreate at home!

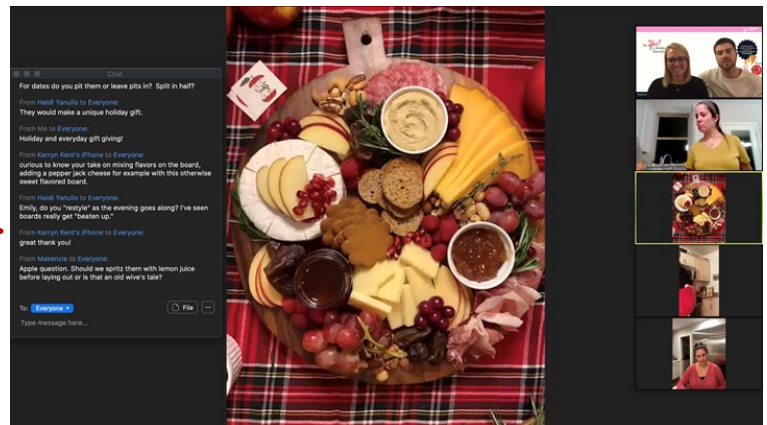
From Sarah Fogel to Everyone:
Thank you so much, this was so fun!

From Holly Bueb to Everyone:
Thank you Emily! And the apples are so amazing!!

From Heidi Yanulis to Everyone:
Can these apples be ordered for delivery? Honestly, just wow.

From Me to Everyone:
Hopefully VERY soon! ;)

From Melanie Grossman to Me: (Privately)
👏👏👏



The work and fun have just begun for Yes! Apples and we have a whole slew of goals, new channels, and apple-global-domination tactics planned for 2021! I oversee a

team of nine who are experts in brand, social media, design, email, and web development, and we are working tirelessly to build loyalty for Yes! Apples and our managed varieties, and to **sell more apples!**

It has been my pleasure to work along side the New York Sales Team, many of our grower and packer partners, and I look forward to working with more of you in the new year! Stay healthy and be well!

As part of our branding efforts we created brand guidelines to include colors, fonts and messaging. See our teal colored PLUs and Lok label. The Lok label bag closure is now on all private label bags.

