



**Yes! Apples®**  
POWERED BY NEW YORK APPLE SALES

## Beyond the Branch



### Running Hurdles

Sales is like being on the track team and running the high hurdles. Sprint, jump over an obstacle, then sprint again. The last year and a half has been peppered with sales hurdles.

Covid-19, with its cousins Delta and Omicron, still dominates the landscape and wreaks havoc on every aspect of daily life. Trucking continues to be a huge nightmare with high costs and unreliable operators. Our Big Brothers in WA State can't decide whether to capitalize on a down year or blow out Honeycrisp and other items at what were ridiculous Fall prices. This year, Cosmic Crisp® started up around November 8th and had an immediate impact on our movement, especially on some of our "clubs" such as SweeTango®, Snapdragon® and Ruby Frost®. Every retailer has the variety taking up large swaths of produce department space. Not to mention all the other competing items such as citrus, berries, grapes...you get the idea.

Fortunately, I ran track in high school and college. The hurdles, believe it or not.

As an organization, New York Apple Sales was able to come out of the blocks with better pricing on all our items across the entirety of our customer base. Several large partners supported us with increases, having read the tea leaves in regards to rising supply costs and diminished crop volumes. We occasionally had to move and groove pricing on some items to stay competitive with WA and make sure we kept movement strong, but the overall pricing structure remained high. And, we are still pushing for more. Store retails are higher on all items, including apples, so hopefully movement will maintain momentum.

Our ability to remain relevant by having quality Honeycrisp, Gala, Fuji and Pink Lady (to name a few) for an extended period is the biggest key to our growth and future. We've worked hard at managing inventories, sales and CA rooms to have surety of supply for our biggest and best customers. The longer we remain in the conversation, the more essential we become to our customers.

In addition to our fruit supply, we've wrapped a multifaceted marketing program around everything we do. Without a doubt, we are the most aggressive player in the East, if not the industry, in this arena. We inundate our retailer base and their customers with Instagram messages promoting Yes! Apples. We employ geo-targeting, which allows customers to locate our products at retail and introduced an Ecommerce page on our website where we offer a few selections direct to consumers. We've attended the few Produce shows that have occurred, such as the recently completed NYC Produce show, and are set to hit the ground running in 2022 with what we hope is a full slate of events.

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If you run the hurdles long enough, you know you're going to hit some. The key is to jump back up and try to get over the next one. Here's to a successful race in 2022!



## **Pandemic and Consumer Purchase Behavior**

As we approach the end of the year, a full return to normalcy has yet to be seen. I thought this Fall we would be fully back to in-person customer visits, produce shows, and in-store demonstrations. However, we have seen our largest national produce show canceled in October, zoom calls reign supreme, and buyers continue to work from home. The same goes for consumers, there has been a slow return to normal but many of the early pandemic habits remain.

Online shopping while available before 2020 was fueled by the pandemic and grew more rapidly than anyone could predict. As with all change; it brings its benefits and disadvantages. Shopping online is a very different experience than shopping in-store. You simply lose those trial and impulse purchases. Surveys have found that consumers buy 50% less online than when they shop for their produce in the store. While I do not believe online will go away, I do feel that many consumers will take a more hybrid approach; shopping in-store for perishable items and staple goods online.

Another trend I see that will change ever so slightly each year as we move to the conclusion of this pandemic relates to packaging. Demand for produce that is packaged during pandemic times increased exponentially based on COVID-19 food safety concerns. We have seen this continue through this Fall however, Nielsen data reports bulk apple movement improving year over year for the 4<sup>th</sup> quarter of 2021 which is encouraging.

Despite the impact that the pandemic has and continues to have on consumer behavior, I believe people are naturally curious and will return to the hands-on experience of shopping for produce. With that, we expect there will be a return to buying apples in bulk and trying new varieties. While we at New York Apple Sales did not anticipate the pandemic, our introduction of the Yes! brand and pivot to engaging with consumers directly was very timely. Our marketing strategy is to generate excitement about our apples and motivate consumers to purchase them however and wherever they want!

I wish you and your families well in the new year!





## Throw Out the Calendar

Harvest can be one of the most rewarding times of the year but also the most stressful. A favorite season for many, especially as the weather changes over to cooler mornings. At least that used to be the pattern. Think to when you were a kid, doesn't matter your age, the weather followed a more cyclical pattern: snow storms throughout the winter, rainy springs, sunny summer and then a cooling fall. In recent years, that pattern has definitely been different and as a result, our apple trees are acting differently too. Throw in the different planting systems, horticultural practices, varieties, strains, chemicals, PGR's and we are working with a completely different orchard than we once knew. Therefore, our view on harvesting should reflect these changes.

In recent years, my opinion has been that growers start their harvest too late. Why do I say that? A couple reasons, one I see the fruit coming out of storage. Many times, pack-out losses are related to storage disorders or general condition issues that relate back to fruit that was picked too late. Second, many of you start mentioning you are behind in harvest by the 3<sup>rd</sup> or 4<sup>th</sup> week of September.

So why are you starting late? The calendar and historical practice. History tells us to start picking either the week of Labor Day or for some, the week after. This stems from dates proposed by Cornell extension, processor start dates and varieties that may not control your harvest anymore (i.e., McIntosh). However, one of the biggest differences from two decades ago is the weather. This past season is a great example.

Looking back, in 2020 the trees were cropped heavy and experienced a severe summer drought. In 2021, our snow fall was lower, followed by a drier spring then warm days and consistent rainfall throughout the summer. These orchards were in their glory, warmth and water led to growth; not only the trees, but the fruit! Additionally, the spring was early and we had a few close calls with freeze events.

Although history teaches us a lot, we need to stay present when looking to harvest the current year's crop. Our first useful indicator is bloom as bloom tells us more than we give credit. First, look at the weather, was the flower stressed? Then how long did it take to pollinate? Was it a day or two, or two weeks? Lastly, what were the dates? If you can remember these details by block and/or variety you are halfway to a predictable harvest date. A warm, short pollination window means a much easier harvest for you! Extended and cool pollination means your apples are going to be more variable on the tree, which should suggest more picks, than from a "perfect" pollination window.



History tells us that apples are pollinated mid-May (for WNY). We then start harvesting the bulk of varieties mid-September. Therefore, if pollination is the beginning of May, why do we think the apples want to be on the tree two more weeks then normal? Add in some above average heat and water, they may even be

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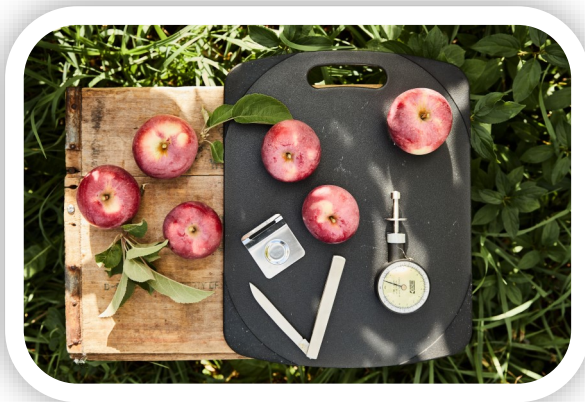
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ready sooner! In many cases, color present or not, this past season's crop wanted to be harvested close to 7-10 days ahead of "normal." Which for WNY, it meant starting Gala harvest before Labor Day weekend. Although we cannot fix the past, we can take our learnings and apply to the future.

There are two ways to adjust your harvest window: throw PGRs or people at it. Ironic from my previous role, but PGRs are horrible and great all at the same time! When used correctly they can be an awesome storage tool, or they can place a Band-Aid on your crop. Remember as a kid you never quite healed under that Band-Aid, it just covered it up? Well, the same can apply to PGRs. We can use ReTain® and Harvista® to push our crop back, but the apples continue maturing and we will see the negative effects in storage. If you are going to use PGRs, talk to your packing house as this can move fruit out of the storage window based on when you get to it even though at delivery they might appear "in great condition". Always be mindful of your long-term quality when harvesting.

Then there is labor. A costly addition but in reality, required when planting more acreage that needs to harvest at the same time. This in comparison from 5-10 years ago when the harvest was spread evenly throughout the two-month harvest window. It is going to take more hands to harvest that fruit. With additional help, comes more housing, transportation vehicles, picking bags, tractors and drivers, etc.



The impacts of starting late ripple through not only your returns, but can negatively impact others as well. First, the snowball effect- once behind, catching up rarely occurs especially with the amount of fresh fruit varieties picked in September. Typically, later picked fruit loses pressure and then storability, which results in a lower packout and return to you. What also happens is that fruit may lose so much condition it is deemed "unpackable." If too much fruit falls in this window, we short our retailers or end a program unexpectedly; therefore, placing our customer relationship in jeopardy. This potentially leads to

a very large cost later on. Another impact is to the packinghouse. When fruit is harvested late and doesn't appear to be storable, packinghouses typically move this fruit into their regular pool. If fruit is unexpectedly added here, something else is not getting packed that was planned for or needed.

In summary, I ask you to throw your calendar away! Instead pay closer attention to bloom and weather patterns and then adjust your labor accordingly to fit your crop and anticipated harvest timing. Contact your field staff/storage operator/packinghouse to plan your harvest and alert them of changes as they occur. Lastly use PGRs as a tool, not a band-aid.





## Adapting to the “New Normal”

Despite the havoc that Covid-19 wreaked on the American economy and healthcare system in the last 21 months, we’ve learned to adapt and welcome some of the lasting changes the pandemic put into effect.

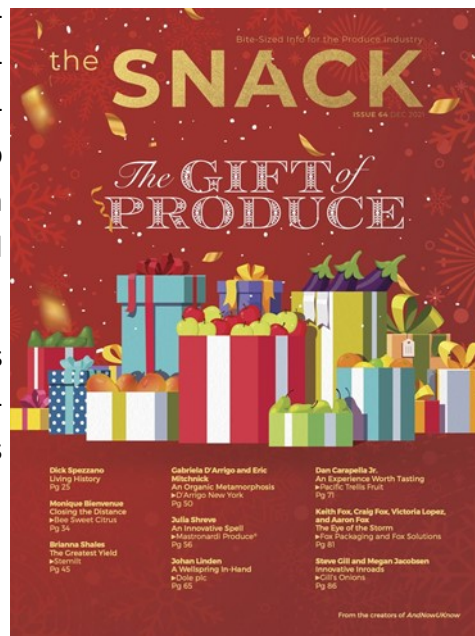
With individuals still wary of shopping in-person and in-store tastings/displays few and far between, the best way to spread the word about Yes! Apples and our superior product is through digital media. This continues largely through our Instagram presence, although there have been some surprises over the last year—we’ve found that our consumers reacted positively to the introduction of content on TikTok, the social media sensation that captures trends and capitalizes on short and to-the-point messages.

### Digital Advertising in Trade

This year, much of our marketing budget focused on advertising opportunities through digital trade publications, like The Produce News, And Now U Know, and The SNACK Magazine. In Q3 and Q4, we ran a total of 12 advertisements (mostly digital, with a few appearing a second time in print). Our October 22nd e-newsletter with The Produce News was seen by 98,000 subscribers, including retailers, wholesalers, foodservice distributors, growers and shippers, and other industry members. The week following publication, 475 unique viewers visited the Yes! Apples e-commerce site (54.72% increase from the previous 7-day period), 30% of which were directly linked to The Produce News blast.

This is also our first time appearing in The SNACK Magazine, which has seen several entries from competitors Starr Ranch Growers, Rice Fruit Company, Stemilt, and Rainier. We carefully reviewed each competitor feature in the “What The Fork Do I Do With...” section and submitted a unique recipe that was then featured in the holiday gifting issue.

In 2022, we will apply our learnings from these trade digital wins and apply them to the consumer space, as well.



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**Social Media Content**

One year ago, our goals for growing a strong social media presence were to *inspire* and *educate* followers and potential consumers. Since implementing this goal, we created three series to diversify engagement with our audience: Apple Fun Facts, Industry Features, and Orchard Visits with Kyle Wafler.

*Apple Fun Facts* highlight emerging research about the health benefits of eating apples and refute common misconceptions (read: the organic-is-better-than-non-organic argument).

*Industry Features* present an opportunity to engage with diverse individuals throughout the food industry, from restaurateurs and chefs to food writers, philanthropists, and food security activists. Thus far, we’ve celebrated Black History Month, Asian American and Pacific Islander Month, Hispanic Heritage Month, and Women’s History Month.

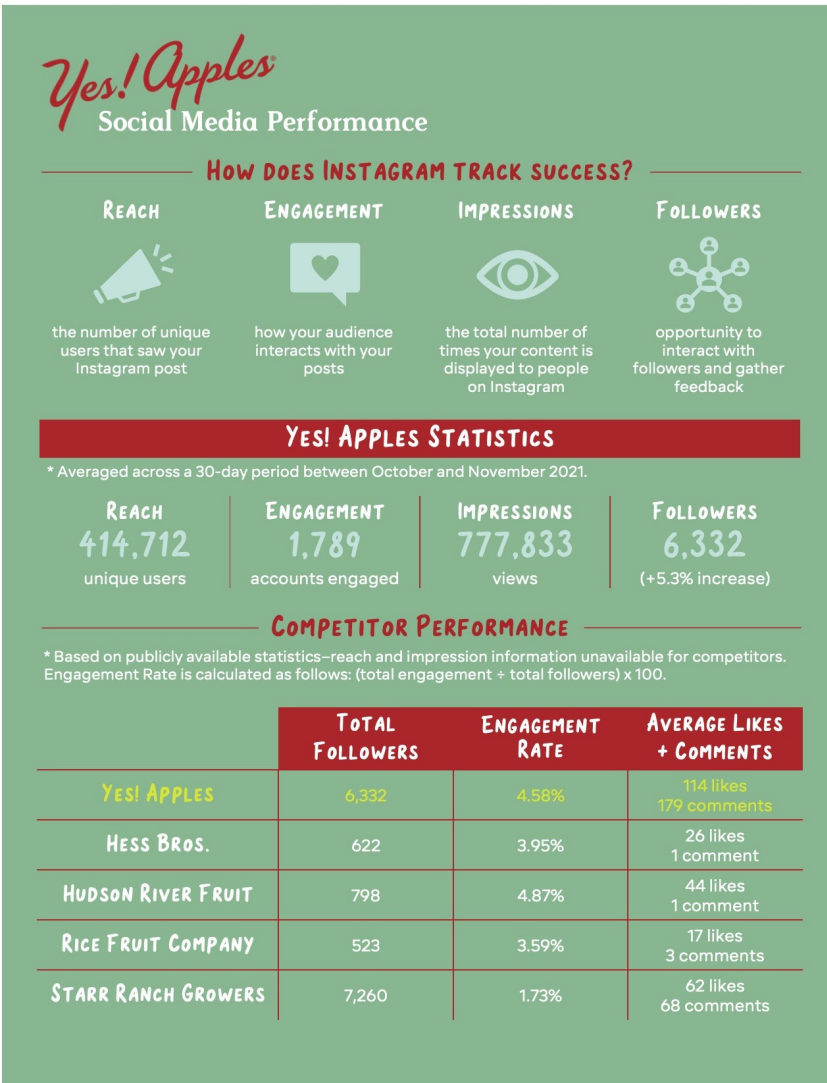
*Orchard Visits with Kyle Wafler* offer consumers an inside look at planting, maintaining,

and harvesting an orchard.

**Paid Social Media Advertising**

We’ve also ramped up our paid advertisements on Instagram, Facebook, and now TikTok to great success. The types of advertising campaigns we run serve to educate consumers about Yes! Apples drive potential customers to retailers carrying our varieties and drive traffic to our e-commerce site. At a spend of about \$400 each month, these paid advertisements generate an average of 96,540 impressions (the total number of times content is displayed to users) and 8,459 engagements (the number of post clicks, comments, likes, and shares) per month. This results in \$0.06 CPE (cost per engagement) versus the industry-wide range of \$0.14-

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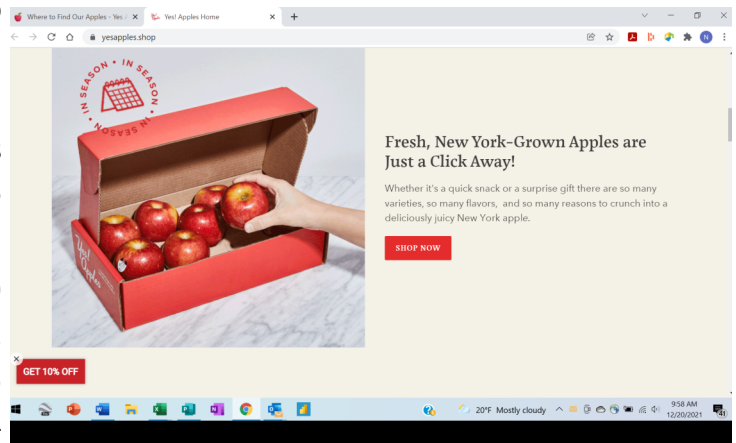
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\$0.25 per engagement.

All said, this means that there is a positive return on investment, as Instagram and Facebook algorithms recognize that users engage with our content frequently, and therefore paid advertisements are being presented to a wider audience as a “reward” for our successful statistics.

### **E-Commerce**

According to the latest Acosta sales and marketing report, as seen in the last year, online shopping growth shows no sign of slowing down. Nearly a quarter of all online grocery shoppers already plan to continue ordering online in 2022. One-third of consumers also report trying new products when they order online, which may be due to advertising within Instacart, Shipt, and Whole Foods Direct platforms. This is something Yes! Apples has been exploring over the last year, but currently, these platforms (and Walmart’s own omnichannel shopping experience) cannot locate our UPCs at participating retailers, and there is no guarantee that a consumer who clicks on one of our ads is purchasing our Yes! Apples (and not from a competitor).



One response to these challenges has been the creation of Yes! Apples’s e-commerce site, [www.yesapples.shop](http://www.yesapples.shop). We are among the first to sell fresh produce from our packing sheds directly to consumers (others include Frog Hollow Farm and The Peach Truck). This opportunity allows us to sell apples to regions that might not see our products in retail, especially club varieties. Varieties available are EverCrisp, Fuji, Gala, Honeycrisp, KORU, McIntosh, Pink Lady, Rave, RubyFrost, SnapDragon, and Sweetango addition to gift cards in several denominations. We’ve also released a “Charcuterie Essentials” box, including EverCrisp, KORU, and SnapDragon.

### **Looking Ahead**

With the momentum garnered in 2021, we are excited to build on this foundation to propel us forward in 2022. In the upcoming year, we will continue to develop our partnerships with Cornell Small Farms, National Young Farmers, and 1% for the Planet; we will continue to improve and optimize the sustainability of our packaging; we will review current brand partners and explore new opportunities; our marketing mix will further evolve as we develop a broader digital portfolio, expanded consumer PR, and new product collaborations; and we will look to diversify our e-commerce presence. So much has been done and there is so much more to do!



### Estimating the Unknown

Every summer, the NYAS team asks each packing house to provide a 1, 5 and 10 year forecast of potential production. These numbers are then used to formulate a sales and pack plan for the current year, as well as, forecast changes in the future. In recent years, we have come to realize that the 10 year forecast is often not acknowledged or almost impossible to forecast and that the relevance is not there for anyone.

Last Winter, we conducted a Honeycrisp production survey and this information has been extremely valuable to not only our team, but hopefully each of you. As we approach the winter months, we had discussed rolling out a similar survey for Gala and Fuji, but instead are going to ask for a 1, 3 and 5 year forecast of all varieties. We are changing the requested years of production to more relevant and easier to predict years and also moving the data collection to a time where we hope is more convenient for each of you. In January, you will each receive this form, similar to the past, but in more detail to include strains of various varieties. In July, we will ask for a refresh of the current year crop to prepare for the marketing season.



As we move forward, we have learned more about early vs. late strains and would like to keep this data separate for our marketing purposes. Once all the data is collected, we will analyze and plan to share in both board meetings, as well as, at our annual meeting this summer (Yes, you heard it we plan to have a summer meeting again!). Thank you for your anticipated cooperation in this collection process.



### This is An Intervention

I like a good headline to articles I write. A good headline will grab a reader's attention and inspire them to start reading. For the topic of this article, I pondered titles like: "The Elephant in the Room", "Lipstick on a Pig" and "Writings on the Wall". I settled on "intervention" as that's truly my goal. An intervention is the act of interfering with an outcome (or process). You may think of an intervention as a situation when a person or a group of people confront someone with a problem that they have. Generally, those who are the subject of the intervention, don't want to be told they have a problem. Don't stop, read on, it's for our own good!



In my opinion, Honeycrisp is the only apple variety that has attained cult-like or brand status. Typically, a



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brand is associated with a company or a company's product line that has intangible value. Honeycrisp is just one of many commercial apple varieties available to consumers, yet it's the only variety that 99.9% of apple eaters recognize and request. Its popularity is why it commands the highest prices in the market. It's the standard for apple eating experiences by consumers.

All parties of the apple industry have benefited financially from the success of Honeycrisp. Some refer to it as the Golden Goose. Unfortunately, the apple industry is good at messing up a good thing, by planting too much of a variety and starting the strain game. Surprisingly, there aren't too many Honeycrisp planted (yet) but we now have multiple strains. A few red strains and one early strain. The jury is out on the red strains, whether they are not as good from a flavor standpoint but give it time, there will be more high-color strains that will likely result in an apple with a different eating experience.

Getting to the point of the article and the intervention. The Premier Honeycrisp strain is inferior to the original, it will decrease consumer interest, damage the Honeycrisp brand, it will lower selling prices for the entire Honeycrisp crop and there are too many acres planted. There, I said it. While some of you are probably put-off by my opinion, I bet many of you have started to question the value of this strain.

It truly is earlier than original Honeycrisp by two weeks and that's great as retailers are clamoring to get new crop Honeycrisp on the shelf. But that's the only "pro" to the strain. The "cons" are many: it doesn't taste like the original as it's more acidic, it's very difficult to color, it bruises easily, pack-outs are bad and early indications are that it doesn't store well. There is one overriding question that we have to answer: is the two week gain worth it?



Do we want consumers to eat a Premier as their first Honeycrisp of the season? When the original strain is ready to pack and sell, do we want to set them aside because we have several weeks of Premier to still move? Five years from now do we want to be selling Premier into November before we give the consumer the opportunity to eat the original? Do we want to lower the price at the start of the season to blow them out the door and set the stage for lower pricing on for the entire crop year? Do we want to give consumers a reason to switch to another high flavor apple? Are we willing to kill the goose?

Unfortunately, the solution is a bitter pill. Thousands of acres have been planted nationally and more are go-

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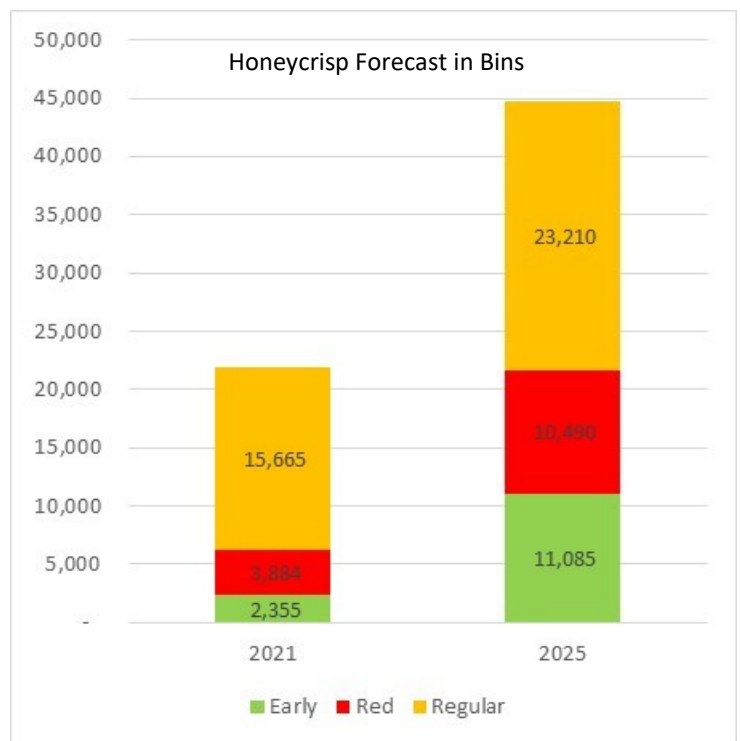
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ing in the ground. Growers will throw everything they have at it horticulturally to improve color and condition but that’s just lipstick on the pig. The pro-active solution would be to reduce acreage. The reactive approach will be to let the market decide, which will lead to the same result: much less acreage but several years in the future, resulting in a damaged Honeycrisp brand and far more money lost.

I suspect in most interventions all parties walk away not satisfied. At the very least can we agree to stop calling it “Premier” and begin to call it “early” Honeycrisp?

**Honeycrisp Survey Results:**

This past winter we conducted a survey and asked growers their 2021 and 2025 forecasts for Early, Red Strain and Originals. Total Honeycrisp volume increases 104% from 22K bins to 45K bins. Early Honeycrisp were less than 7% of the 2021 actual production and is expected to be 25% of the production in 2025, or the equivalent of 2/3rds of this years production total.



R	Variety	\$ Sales	\$ Change	Vol. Chg.
1	HONEYCRISP TOTAL	\$ 261,800,543	8.6%	3.7%
2	GALA TOTAL	\$ 173,854,148	3.3%	-12.2%
3	GRANNY SMITH TOTAL	\$ 97,983,976	12.0%	-8.1%
4	FUJI TOTAL	\$ 82,677,899	7.4%	-2.0%
5	RED DELICIOUS TOTAL	\$ 60,352,744	8.7%	-5.0%
6	ORG HONEYCRISP TOTAL	\$ 58,392,066	20.9%	21.4%
7	ORG GALA TOTAL	\$ 43,266,293	7.1%	0.4%
8	OTHER MATURE	\$ 34,692,557	-0.7%	-4.9%
9	PINK LADY TOTAL	\$ 31,745,179	33.3%	29.8%
10	MCINTOSH TOTAL	\$ 20,548,838	9.3%	0.4%

**2021 Crop Year to Date Variety Performance at Retail:** (source: Nielsen)

Total apple sales in dollars is up while volume is down. Higher retail pricing is generating more dollars despite lower volume. Honeycrisp remains strong and is out performing the other top four varieties - despite being the highest priced variety on the shelf.