



The taste you love, the nutrition you want.

**FY 2015 Budget Narrative
National Processed Raspberry Council
For the Period October 1, 2014 – September 30, 2015**

INTRODUCTION

In 2007, the Washington Red Raspberry Commission (WRRC) completed a Strategic Plan to examine current market conditions and identify key strategies to increase consumer and end user knowledge about raspberries with a goal of increasing demand for raspberries. Four key elements of that Plan and the associated rationale were:

1. Conduct nutrition research: *Fund additional scientific research to link raspberries to important health ramifications.*
2. Health and wellness messaging: *Use simple messages to articulate raspberry's nutritional advantages; a diet rich in whole foods, including regular consumption of raspberries, is a preventive practice that may offer protection from chronic illnesses including cardiovascular disease, neurological disorders, cancer and diabetes.*
3. New product introduction: *Provide technical support for new product development, utilizing professional meetings and trade events to deliver the message.*
4. Emerging trends: *Address growing trade and consumer interest in "sustainability" as a marketing tool.*

Periodically the WRRC revisited its Plan to review market conditions and assumptions, and ensure that these key strategies remain appropriate to address the overall goal of increasing demand. At the conclusion of each review, it was agreed that while circumstances and conditions are evolving, the strategies remained correct and should continue to provide guidance in considering marketing tactics.

The National Processed Raspberry Council (NPRC), at its organizational meeting held June 3-4, 2013, reviewed the Strategic Plan and decided that it would be used to provide guidance to NPRC programs.

During FY 2014, marketing communications programs were implemented by a team of independent contractors acting as virtual "staff" to the Council. This team of dedicated individuals launched the Council's website, created a new logo, implemented a multi-tiered social media program, applied for and received trademark protection for its tag line "The Taste you Love, The Nutrition you Want", re-designed



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the Council's trade show presence, introduced the Council to health communicators through trade education events and webinars, and fashioned a series of simple recipes along with demonstration videos.

At the same time, four nutrition research and one post-harvest/new technology projects were funded along with completion of a review of all raspberry related research that has been conducted from 1990 to 2013. The database that resulted from this exhaustive review is focused on research related to raspberries' impact on health and disease risk, and the diet/disease relationship for red raspberries.

At its meeting in January 2014 the Council approved conducting a search for a Public Relations agency. The selection process, composed of three phases, will conclude with presentations by the top two or three agencies at the Council's November 2014 Board meeting, and commencement of activity no later than January 1, 2015. If necessary, this Narrative will be amended to reflect any changes in strategic or tactical direction as a result of establishing this new relationship.

INCOME

National Processed Raspberry Council (NPRC) assessment income through September 30, 2014 is based on raspberry industry and USDA estimates of U.S. production and imports, respectively. It includes domestic production and imports for the period September 5, 2012 through September 30, 2014, the period since the NPRC Order became effective. Assessment income through the end of FY 2014 as amended is reflective of an estimated 123.4 million pounds of domestic production and 120.3 million pounds of imported product. For FY 2015, assessment income is based on 55 million pounds of domestic production and 55 million pounds of imports. These estimates are the result of discussion with industry leaders. Estimated domestic production income from the 2014 crop, while not likely to be received prior to September 30, 2014, is recognized in FY 2014, representing an accrual basis of accounting. Import assessments due prior to September 30, 2014, either to be invoiced by the Council quarterly or collected by U.S. Customs at the time of importation, are also reflected for the same reason. This same methodology will be employed for FY 2015 crop and income estimates.

Minimal interest income will accrue from investments in short term investments during FY 2015. No other non-assessment revenue is forecast for FY 2015.



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Progress has been made towards U.S. Customs collection of assessments due on imported product. At the time of developing this Narrative, Customs is testing programming changes necessary to effect assessment collection. Once complete, import brokers will be given sixty days to re-program their systems before collection becomes effective. It is expected that this transition will be completed well before the beginning of FY 2015.

NON-PROGRAM EXPENSES

Administrative Expenses

The Act and the Order limit administrative expenses to 15% of revenue. The recommended budget complies with the administrative spending limits, capping general administrative expenses at 14.8 % of FY 2015 assessment revenue.

For FY 2015, the NPRC will renew Administrative or Professional Service contracts to implement its programs. To assist the Research Committee, a Science Advisor will be contracted in FY 2015. With no employees, the Council will have no employer related costs. Contracts will be established for the Council's Executive Director, Legal Counsel, and Administrative Services. A Memorandum of Understanding was executed in FY 2014 for outside counsel.

Travel and Meetings includes direct meeting costs, travel for Board members and alternates to attend the two Council meetings scheduled for FY 2015, and for contractors to conduct the business and programs of the Council. To maximize efficiency and minimize expenses, the Council will either hold committee meetings in conjunction with scheduled Board meetings or by teleconference call as it did in FY 2014.

Operational expenses include equipment purchase/lease, insurance/bonds, memberships, supplies, phone/fax/internet, postage/shipping, printing/copies, repairs/maintenance, software purchases, subscriptions, and miscellaneous expenses.

PROGRAM EXPENSES

Total FY 2015 revenue is forecast to be \$ 2.424 million. Of this total, \$1.32 million is carryforward from unexpended FY 2014 funds. The FY 2015 budget, in the amount of \$1.880 million, will be utilized to fund market promotion, industry communications, nutrition research, new market development, and establish an operations reserve of \$.544 million. Detailed market communication and research strategies and tactics



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are described in their respective Narratives. The goals of these programs are summarized below.

Market Communication; Public Relations

Raspberries not only have a good story to tell but are a good story. The goal of market communication activity is to raise consumer, food manufacturer, and commercial end-user awareness of how raspberries can contribute to overall health and wellness, and through that increased awareness, expand demand. Trade education, print, electronic, and social media, and targeted public relations messages will be drawn from factual information flowing from the industry's nutrition research program.

FY 2015 marketing programs will be executed by independent contractors, functioning as virtual staff, in conjunction with a public relations agency to be selected by the Council's Marketing Committee. It is expected that the Agency will be both a resource to contractors while also creating and implementing programs in its own right.

Industry Communication

Industry Communications will keep industry members apprised of activities of the Council, events impacting raspberries, report on program successes, and encourage constructive discussion within the industry. The raspberry industry's sustainability story will be developed and disseminated. These activities will be accomplished through a combination of electronic media, newsletters, and face-to-face meetings with members of the raspberry industry.

Research

A growing body of research suggests that red raspberries, a rich source of bioactive polyphenols, have anti-inflammatory properties and may offer beneficial effects against inflammatory-related diseases including diabetes, cardiovascular disease, cancer, and musculoskeletal inflammation. The general consensus is that chronic inflammation is at the root of all chronic illness, and food with anti-inflammatory properties may play an important role in preventing chronic illness and/or helping to manage a host of related health issues. The goal of funded research is to establish a link between red raspberry consumption and its anti-inflammatory potential. Findings generated by funded research will be incorporated into public awareness campaigns about the health benefits of raspberries.

New Markets/Products



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Raspberry usage, attitude, and awareness studies to be conducted as part of the public relations program will establish baselines among consumers and end-users. Subsequent studies will quantify the Council's ability to influence demand and be used to evaluate program effectiveness. Learnings from the trade as to potential new uses for raspberries will be explored.

Government Fees

Repayment of USDA costs for program development and start-up costs totaling \$214,015 are amortized over three years. The FY 2015 budget reflects one year's repayment.

USDA has estimated annual user fees at \$85,000, which would include normal, but not extraordinary, OGC expenses. Budgets do not anticipate extraordinary USDA legal costs. The budget reflects one year's repayment.

In FY 2014 the Council collected all past due assessments and began quarterly assessment collection from importers and first handlers. During the middle of FY 2014, Customs began the process of system-wide changes to allow direct collection of import assessments at the time of entry to the United States. Once completed, the assessment process will become transparent to importers and ease the administrative time required to collect these funds due the Council.

Reserve Fund

A reserve fund of approximately 25% of total funds available will be established during FY 2015.