

citrus commission

May 16, 2007

MEETING SUMMARY

FDOC Staff Proposes '07-'08 Tax Rates to FCC

FDOC staff proposed an '07-'08 budget of \$65.2 million to the Commission Wednesday. The proposed budget represents a 30 percent increase from the '06-'07 budget which was impacted by a decreased crop as the season progressed. Proposed research expenditures are to increase by over 100%, responding to the industry's need to address citrus diseases and mechanical harvesting. In the upcoming weeks, FDOC staff will meet with grower groups across the state to discuss the budget and program plans. The FCC is scheduled to vote on the tax rates at its next meeting on June 20.

TAX RATE HISTORY	Processed Orange	Grapefruit*	Fresh Orange	Fresh Specialty
2006-07	22.0	35.0	16.0	16.0
2007-08 Proposed	26.0	40.0	18.0	17.0
Tax as % of Returns	3.8	9.5	3.1	1.3
4-year Avg. % of Returns	3.7	5.5	2.7	1.3

*Includes Processed and Fresh

Commission Previews '07-'08 Program Plans

During the '07-'08 fiscal year, the FDOC plans to continue its successful health and wellness message across advertising, public relations and retail communications programs. In '07-'08, the FDOC's scientific research department plans to undertake research that confirms the health benefits of citrus and bolsters FDOC marketing claims. The international marketing team will focus on improving Florida citrus exports to a handful of key markets.

► **Domestic Marketing:** Each '07-'08 marketing program will be anchored in promoting the nutrient benefits of citrus. Television will form the foundation of the OJ plans with two new advertisements, which point up OJ's nutrients with a touch of humor.

The ads are scheduled to be unveiled by the end of 2007. The FDOC will supplement television advertising with a targeted online campaign designed to drive people to the FDOC's website. The online effort includes sponsorship of prime time television shows being broadcast on abc.com. The '07-'08 public relations programs will once again utilize 3rd party experts to promote the health benefits of citrus to national, state and local media. On the grapefruit side, the FDOC plans a national print advertising campaign in major magazines that targets women 35-44. The ads will focus on grapefruit's health and weight management benefits. The FDOC also plans to continue its grapefruit juice drug interaction program which has

been successful at getting the facts to health professionals and minimizing inaccurate media reports. In '07-'08, the FDOC also has several initiatives planned to promote fresh Florida citrus including the holiday gift fruit program and a national media relations campaign for tangerines and oranges. In-store television is also part of the plan. The retail communication initiative will continue to expand its dialogue with retailers while the FDOC's away-from-home programs will again focus on forming partnerships with family breakfast restaurants such as Perkins and IHOP.

► **Scientific Research:** Senator Alexander and others in the Florida legislature were successfully able



to secure matching dollars for citrus disease research. FDOC staff is proposing that two million dollars (about a penny a box across all varieties) be put toward this critical need.

Likewise, for growers of processed oranges, continuing the abscission chemical research and registration project, at a cost of almost three cents a box, will remain a priority.

Otherwise, the main goal of the FDOC's scientific research team next year is to validate citrus' positive nutritional message. The idea is to position citrus as a nutrient delivery system that provides unique components and subsequent health benefits. Scientific

research will accomplish this by identifying, isolating and evaluating substances found in citrus such as hesperidin and naringin that may provide positive health benefits. Specific studies include documenting OJ's positive effect on inflammation, validating the "grapefruit diet" and conducting clinical studies into the nature of citrus flavonoids.

► **International Marketing:** The '07-'08 international marketing plans call for a host of promotions in several key citrus export markets including Canada, Japan, France, U.K., Belgium, Netherlands and Sweden. In Canada, the FDOC will

continue to air television ads that position orange juice as a natural source of energy. Public relations efforts will help support the campaign. Japan will once again be a primary target of FDOC marketing. The '07-'08 Japan plans call for numerous retail promotions, point of sale material, cross merchandising and in-store sampling in addition to newspaper and radio advertising and public relations programs. The media relations efforts in Japan include press releases and television infomercials that tout the benefits of fresh Florida grapefruit. In Europe, the FDOC will also execute a number of public relations and promotional activities.

New Advertising Creative Presented to FCC

The FDOC will take six concepts to focus groups in the coming weeks to determine which ones will form the basis of new television advertisements. The six concepts follow several different themes; however, each promotes the health and wellness attributes of orange juice. Using humorous settings, all of the ads imply orange juice provides an easy way to get the vitamins and minerals a body needs. There are two alternate voiceovers at the end of the ads. One reminds viewers that OJ offers almost 25 percent of the fruit and vegetable servings recommended by the USDA and the other states that OJ contains more nutrients per ounce than other leading fruit juices. Viewers hear the voiceovers during the OJ "pour shot." The FDOC will present the focus group results at the June Commission meeting. The ads that the Commission approves will then go to copy testing and subsequent production. The new advertisements are scheduled to air sometime in the fall.



Inspector General Gives Ad Agency Perfect Audit

Billy Weathers, the FDOC's inspector general, reported that The Richards Group received a perfect audit report for the period from July 1, 2005 to June 30, 2006. Weathers said the processes implemented and refined over the past few years have resulted in strong controls to ensure contractual compliance while providing "flexibility in the critical advertising arena in today's climate of significant budget adjustments and rigid state requirements." Weathers gave special kudos to FDOC staff: Debbie Bright, Gennie Donovan, Leigh Killeen, Semona Ling, Sandi Pate and Jayne Whitaker as well as Courtney DeLapp and Lance Miceli of The Richards Group.

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