<u>2021-22 MARKET ACCESS PROGRAM EVALUATION</u>

Florida Department of Citrus
Market: Pan Europe
Product: Grapefruit and Grapefruit Juice

(1) The name of the party conducting the evaluation

Florida Department of Citrus

(2) The scope of the evaluation

This evaluation assessed Florida Department of Citrus' (FDOC) program for the Pan-Europe market, which specifically covers the United Kingdom, Benelux, Scandinavia, Poland, Germany, Austria and Switzerland. FDOC employs both industry and Market Access Program (MAP) funding in the market to execute various consumer and trade-focused activities, such as retail and foodservice partnerships, reverse trade missions, social media and advertising campaigns, and consumer PR. The driving aim of these activities is to increase awareness of and preference for Florida Citrus within the Pan-European market. This evaluation reviewed the effectiveness of these activities throughout the 2021-22 program year with respect to current constraints and performance measure goals.

(3) A concise statement of the market constraint(s)/opportunity(ies) and the goals specified in the approved strategic plan

FDOC's Pan Europe program employs a multipronged marketing program with retailers, trade, and directly with consumers in order to improve Florida Grapefruit's image, relevance, and popularity within the market. The first four performance measures capture Florida Grapefruit's presence at retailers across the Pan Europe market, while the rest of the performance measures track levels of consumer knowledge regarding the versatility of grapefruit generically, along with differences in grapefruit quality and taste depending on the commodity's origin. To assess progress made against both these groups of constraints, performance measures gauge shifts in consumer awareness related to Florida Grapefruit to ascertain the state of its reputation within an increasingly competitive market.

SECTOR: TRADE (European importers, wholesalers, and retailers)
CONSTRAINT: • <u>Marketing support can alleviate price disadvantage –</u> Florida Grapefruit can be two to three times more expensive than the competition in Europe. Supporting importers and retailers with marketing efforts can make the difference between sustaining shelf space for Florida Grapefruit and losing significant market share • <u>Decreasing relevance in the produce category</u> – In today's crowded produce category, grapefruit has become a less relevant item for the trade. FDOC's retail marketing efforts can help increase that relevance by providing support to the trade to improve the merchandising of Florida Grapefruit. • <u>Lack of awareness of grapefruit versatility</u> – Grapefruit is commonly associated with breakfast, but many consumers do not eat grapefruit at other times of the day, failing to take advantage of Florida Grapefruit's versatility in food and beverage applications. • <u>Lack of awareness of Florida as a premium product</u> – Many consumers consider all grapefruit to be the same and do not pay attention to origin-specific distinguishing qualities. Increasing

awareness of Florida's best-in-class taste attributes is a key opportunity to increase demand for Florida Grapefruit and justify premium pricing.			
PERFORMANCE MEASURES[1]	**2020/21 BENCHMARK**	**2021/22 GOAL**	**2021/22 ACTUAL**
# of European retailers receiving FDOC funding that promote Florida Grapefruit	4	11	6
Average % of customer conversion rate to purchase after sampling	38*	44	NA*
Average % increase of retail sales during sampling activities vs period prior to sampling	90*	180	NA*
Average % increase of online sales during online promotion vs period prior to promotion.	36	40	53.87
Percentage of grapefruit consumers who, in the last six months, have used grapefruit at home as a topping on a salad, in a recipe, or to make fresh-squeezed juice.	22	23	33**
Percentage of grapefruit consumers who check origin sign or stickers at point of sale when purchasing grapefruit	27	28	56**
Percentage of consumers who are aware of Florida as a grapefruit supplier and identify Florida as their favorite origin of grapefruit	7	8	16**
Percentage of consumers who are aware of Florida as a grapefruit supplier and associate superior sweetness and juiciness with Florida grapefruit	9	12	30**
Percentage of consumers who are more willing to purchase grapefruit if it is from Florida	22	24	32**
Percentage of consumers who are willing to pay more for grapefruit if it is from Florida	16	17	26**

Source: FDOC In-Country Representative.
* The 2019/20 benchmark has been used as sampling has not been permitted due to COVID-19.
**Average percentage based on survey data collected in the UK, Belgium and the Netherlands

(4) A description of the evaluation methodology

FDOC's trade performance measure data (the first four performance measures) is collected and reported by FDOC's in-market representative, who conducts discussions with retailers and foodservice providers, as well as informal surveys. All results are then shared with FDOC upon the program year's end. FDOC's performance measure data related to consumer activities and sentiments (all remaining measures) is tracked through an annual consumer survey, which is managed by the Florida Agricultural Market Research Center at the University of Florida.

To track consumer-related data in Pan-Europe during the 2021-22 season, a total of 2,987 surveys were completed by women over the age of 20 between April and May of 2022. Surveys were only conducted in 3 countries in the market. Total participants for each country were: 999 in the UK, 996 in Belgium and 992 in the Netherlands. Demographic screenings were carried out prior to the survey

[1] FDOC's Annual Consumer Survey

to ensure that all participants were involved in household food purchases and had a minimum annual income above the 30th percentile of their respective country's average, because that has been identified as FDOC's target audience in the market.

All results collected for this year's evaluation were assessed against the performance measure goals established within the 2021-22 Unified Export Strategy (UES). Moreover, FDOC compared the results against baseline figures from the 2020-21 program year to identify year-over-year shifts. It is important to note that the ongoing COVID-19 pandemic did impact certain performance measure results and FDOC considers this when providing its overall assessment of its program in Europe. Sections 5, 6 and 7 below provide additional information on the evaluation methodology and results.

(5) A description of additional export sales achieved, including the ratio of additional export sales in relation to the MAP Participant's program funding received

During the 2021-22 program year, Pan-Europe imported 1,729 MT of fresh Florida Grapefruit valued at $3.24 million. This represented a 20.6% decrease in volume and a 10.3% decrease in value from the 2020-21 season. Despite this, Pan-Europe is an important source of value for the Florida Citrus industry and accounts for 15% of total fresh grapefruit exports by value. Florida Grapefruit Juice exports also declined, with reported export volume of 1.72 million liters valued at $1.92 million—a 56% and 34% decline respectively from the previous year. While Pan Europe remains an important market for Florida Citrus, the decline in value can be attributed to the effects of the global inflation crisis, the war in Ukraine, and the lingering effects of the COVID-19 pandemic decreasing consumer purchasing power within the market. Production challenges in Florida including shrinking grapefruit production acreage and citrus greening disease also decreased the supply of Florida Grapefruit exports.

FDOC was allocated $381,800 MAP funding for its promotional activities in Pan-Europe in the 2021-22 program year. With the allocated funds, FDOC successfully implemented a wide range of activities including retail promotions, trade and paid media, as well as social media campaigns through official FDOC channels and contracted influencer activations. Retail activities encountered varying levels of success at FDOC's six partner retail chains. The most successful promotional period was with UK-based retailer Morrisons, where a combination of in-store POS promotion and online advertisements for Florida Grapefruit created an uplift of 126% in sales. FDOCs social media presence also boasted extremely high engagement rates of 26-27% across all platforms, appealing content such as high-quality recipe videos contributed significantly to this success.

(6) A summary of the findings, including an analysis of the strengths and weaknesses of the program(s)

Over the 2021-22 program year, the direct effects of the COVID-19 pandemic lessened. With the rollout of vaccination initiatives, Pan-European consumers were allowed more freedom of movement. However, new challenges were faced by all Pan-Europe countries with the outbreak of the war in Ukraine. The subsequent response from European states led to drastic increases in energy costs, the effects of which have rippled across other commodities. Decreased buying power among consumers in addition to higher prices for Florida Grapefruit made programing essential in retaining the business of Pan-European consumers.

Fortunately, the diversity, effectiveness, and adaptability of FDOC's promotional strategies allowed FDOC to engage with consumers, leverage Florida Grapefruit's established reputation, and to keep

Florida Grapefruit top of mind. The lessons of the COVID-19 pandemic regarding digital marketing have continued to yield high engagement results on social media platforms. Not all strategies were a success (this will be elaborated on in subsequent paragraphs), but one core strength in FDOC's approach to the Pan-Europe market is its flexibility. Less successful programming initiatives have already been identified and will be reworked or replaced in the future.

In the 2021-22 program year, FDOC experienced mixed success in its first four performance measure results, such as the number of retailers partnering with FDOC to promote Florida Grapefruit, the conversion rate of consumers to Florida Grapefruit because of in-store sampling, and the increase of online sales during the promotional period. No new partner retail chains were added in the program year. With COVID-19 related restrictions preventing in-store sampling, FDOC was unable to record progress on either performance measure which gauged the effects of samplings. Success was achieved, however, on the performance measure which tracked the impact of digital advertisements on online sales. An average increase of 53.87% was recorded as a result of online promotion through retailers, surpassing the goal and the prior year's baseline by over 13%.

In addition, FDOC, through its in-market representative Midsummer Marketing Ltd., saw great success in raising consumer awareness of Florida Grapefruit's outstanding flavor profile and health benefits in the Pan Europe market. All performance measures related to consumer awareness surpassed their established goals in the 2021-22 program year. It is important to note that said performance measures are gauged through consumer surveys conducted in Belgium, the Netherlands, and the United Kingdom, and may not represent consumer preferences in other countries across the Pan Europe market. That said, the consistent achievement speaks to the strength of Florida Grapefruit's reputation. In order to increase that reputation, FDOC employed a multipronged approach to promotion with paid media in trade-facing publications, multifaceted promotional partnerships with major grocery chains, and a variety of social media promotions.

For the first time ever, FDOC ran multiple articles and advertisements with Fruitnet Media, a leading publisher in the fresh fruit and vegetable trade in Europe. Fruitnet has a variety of outlets with the monthly published *Eurofruit Magazine*, the monthly *Fresh Produce Journal* (UK-focused coverage), a weekly podcast *Fruitbox*, and an email newsletter *Fruitnet Daily News*. In February 2022, FDOC ran two articles with the publisher based on an interview with FDOC's executive director Shannon Shepp. One article ran in *Eurofruit* and the other in the *Fresh Produce Journal*, with full-page ads for Florida Grapefruit running in the same issues. In addition, FDOC's global marketing director Samantha Lane was interviewed on an episode of the *Fruitbox* podcast published in March. Lastly, Florida Grapefruit banner ads were featured front and center on the *Fruitnet Daily News* newsletter for two weeks in February, generating a total of 3,856 impressions among trade members in the Pan-Europe market.

To engage with retail consumers, FDOC partnered with six retail chains across the market. For those promotions, it is best to review the strategy and results for each chain individually, given the variation in demographics and geographic locations. To target affluent consumers, FDOC partnered with Waitrose, a UK-based retail chain that attracts an affluent customer base. 75% of consumers are classified as upper and upper-middle class by the Institute of Practitioners of Advertising in the UK. Unsurprisingly, Waitrose's customer base is willing to spend 27% more than average on groceries. Promotions with Waitrose included: a piece of paid media and one advertisement in the *Waitrose Weekend* (a publication with over 550,000 weekly readers), the distribution of nine Florida Grapefruit recipe cards, banner ads on the chain's website, distribution of POS materials, and through rotating digital screen ads displayed prominently in stores. The promotions led to a 1.9% increase in total sales of Florida Grapefruit through all channels. Positively, in-store sales (where most marketing was focused) saw an increase of 9.8% in the 2022 promotional period compared to the previous year.

At Sainsburys, FDOC targeted a significantly wider swath of the British populous, as Sainsburys is the second largest grocery retailer in the United Kingdom with a 16% share of the grocery retail market. Florida Grapefruit was only available for purchase online and, correspondingly, all promotions were digital with the retailer. Digital promotions were centered on two recipe pages featured on the Sainsburys website which linked to point-of-purchase for Florida Grapefruit. This promotion occurred during the peak of grapefruit season, and also included banner advertisements and prime placement on the "digital shelf", with Florida Grapefruit as one of the first six suggested pages on Sainsburys' homepage. In April, advertisements were placed in the *Sainsburys Magazine*, a digital and print publication with a monthly reach of 2.7 million. The ads drove consumers back to the aforementioned recipe pages. Altogether, the campaign was a success and generated a 53.6% boost in online sales during the promotion compared to the pre-promotional period.

FDOC's final retail partnership in the UK was with Morrisons. With over 490 locations, Morrisons is the fourth largest grocery chain in the UK. After a delisting of Florida Grapefruit in 2020, FDOC successfully resumed business in 2021 and deepened the relationship in 2022. To detail, in 2022, Florida Grapefruit was displayed in-store and online with "The Best" line of products, Morrisons' own premium label brand. Banner advertisements were employed at the opening of grapefruit season and demonstrated great success by lifting online sales by 126%. POS materials were distributed as well, including shelf talkers — 3x8 inch advertisements attached to produce shelves highlighting availability of "the best Florida Pink Grapefruit." Promotions with Morrisons were highly successful, with 2.1% growth reported in total Florida Grapefruit sales during the reviewed period. Going forward, because in-store promotions were most successful, FDOC plans to concentrate its promotions with Morrisons in this area. Another contributing factor to this change in promotional focus, resulted from Morrisons announcing that sales data would be the only available metric to gauge the success of online promotions going forward.

Elsewhere, in Sweden, FDOC partnered with leading Swedish grocery retailer ICA (Inköpscentralernas aktiebolag). ICA commands a market share of 36% in Sweden. Six recipes were created by ICA chefs and featured on their website, and two articles promoting one recipe each were published in ICA's weekly newsletter to an audience of 100,000. Unique page views for both the articles and recipe pages topped 41,000. Banner and front-page advertisements ran on ICA's website, and four paid posts were made on the retailer's social media, generating over 320,000 impressions. Resultingly, ICA reported robust sales of 265,000 Florida Grapefruits. A commanding 79% share of these sales occurred online.

Colruyt Group, a Belgium-based retail corporation represented the two final retail brands partnered with FDOC during the reviewed period: Colruyt Supermarkets and OKay supermarkets. Colruyt supermarkets command an impressive 32% market share and over 222 locations in Belgium, and the chain is one of the longest standing partners of Florida Citrus. OKay supermarkets, on the other hand, has differentiated its brand by focusing on faster, more convenient service at 151 locations closer to residential areas. At both chains, POS materials were distributed and displayed during the grapefruit season. Given the established relationship with Colruyt supermarkets, additional promotional avenues were possible, such as Florida Grapefruit recipes appearing in the March issue of Colruyt's *Inspiration* brochure, and on Colruyt social media accounts. However, FDOC's in-market representative reported that the implementation of these additional promotions unfortunately experienced multiple delays due to ongoing reorganization within Colruyt's media team and plans to rework the promotional strategy with Colruyt supermarkets in the future. Both chains reported success from these promotional initiatives, with Florida Grapefruit sales at OKay locations increasing 11.25% compared to the pre-promotion period. Colruyt supermarkets reported that the promotions helped Florida Grapefruit sales remain consistent with prior years, in sharp contrast to overall citrus sales which were down 10% from the same period in 2021. This success at both retail brands highlighted the effectiveness of FDOC's promotional initiatives.

In the vein of social media, FDOC's efforts were directed at the UK. Throughout the course of the program year, a total of 312 posts were made on FDOC's UK Facebook and Instagram accounts. Content included grapefruit recipe posts, stories, advertisements, and two competitions. Total impressions surpassed 6.5 million on both platforms, with engagement of over 458,000 consumers. The resulting engagement rates of 26.7% on Instagram and 27.7% on Facebook were well over the industry standard rate of 1-3%, demonstrating the campaign's success. To complement these efforts, FDOC also contracted 18 influencers to generate additional exposure, which resulted in an engagement rate of 14.9%.

In addition, two social media competitions generated notable levels of engagement. The first was a sweepstakes drawing where consumers followed FDOC's Instagram accounts and then tagged Florida Grapefruit in their photos. Resultingly, participants created a variety of Florida Grapefruit recipes linked back to FDOC's account. The second competition had a similar structure except participants tagged friends on a single post to be entered into the drawing. This competition was put on as collaborative effort with the California Prune Board. UK-based chef Peter Sidwell created a high-quality recipe video for a muffin which used both Florida Grapefruit and California Prunes to launch the joint competition. In all, the promotion garnered an impressive engagement rate of 64% on Facebook and 56.7% on Instagram and will be a format that FDOC will use to cultivate engagement in the future.

(7) Recommendations for future programs

Given the success of many of the individual promotional initiatives in 2021-22, FDOC will continue to use a multi-pronged approach to raise awareness of the superior taste, versatility, and nutritional benefits of Florida Grapefruit in the Pan Europe market. FDOC has also already made strides in addressing the lack of clarity between its trade-focused and consumer-focused goals. Subsequent UES submissions from FDOC have reorganized the established performance measures into trade-focused and consumer-focused sections which will offer sharper clarity to the program's progress going forward.

FDOC will continue to refine its approach to promotional activities across all sectors based on the successes and setbacks of the 2021-22 program year. To most effectively leverage allocated MAP funds going forward, promotional activities will either be expanded, maintained, or reworked. At retail, FDOC plans to expand its partnerships and promotions with ICA, Waitrose, and Sainsbury's, as well as reimplement in-store sampling as COVID-19 restrictions ease to regain progress on the performance measures aimed at increasing retail sales during sampling activities. On social media, FDOC will increase the number of competitions hosted, as well as increase the year-round engagement with FDOC social media followers by employing brand ambassadors and posting consistently in the off-season. For activities more recently added to FDOC's Pan Europe strategy, such as trade promotion through the partnership with OKay supermarkets, FDOC plans to develop additional relationships with retailers to meet FDOC's first performance measure aiming to increase the number of European retailers that receive FDOC funding. Finally, FDOC will reevaluate and rework its partnerships with Morrisons and Colruyt supermarkets to ensure they are effective and provide FDOC with the data it needs. Strategic realignment with those partners will aim to circumvent the setbacks faced in the 2021-22 program year. This robust mix of programming will ensure Florida Grapefruit's reputation remains strong in the Pan European market. When production setbacks are rectified and when economic conditions in Europe improve, FDOC will have a prime opportunity to expand its share of the market and become the preferred origin for grapefruit products in Europe.