Specialty Crop Block Grant Program-Farm Bill (FY10)

Final Performance Report


Grant Number: 791N130091

Requested Reimbursement $ 75,000.00

Submitted January 31, 2011 by:
Michigan Apple Committee
Diane Smith, Director of Finance & Administration
13750 S. Sedona Parkway, Suite 3
Lansing, MI 48906
Ph: (517) 669-8353
Fax: (517) 669-9506
EIN: 38-6005982
E-Mail: Diane@MichiganApples.com
Building Markets Close to Home:  
Making Michigan Apples More Competitive in Chicago

Project Summary
The purpose of this grant has remained the same: To develop a program to increase awareness about the locally-grown Michigan Apple in Greater Chicago. Building on the Michigan Apple Committee’s (MAC) strategic marketing plan, MAC developed a program to appeal to the nearly 8 million people in Chicago, who have been empirically shown to be predisposed to favor Michigan Apples.

In its March 2010 Specialty Crop Block Grant (SCBG) application, MAC proposed addressing this opportunity with the production of billboards, Kwik-lok® bag closures, possible radio advertisements in Chicago; and video production to be used for the future education of consumers everywhere. The original campaign was going to be in January 2011. Due to a severe crop shortage in Fall 2010, MAC worked with the industry and decided to request postponement of this work to the Fall 2011.

In March 2011, MAC submitted a request (which was approved April 1, 2011) to Michigan Department of Agriculture and Rural Development (MDARD) to significantly change not only this timeline, but also to fine-tune the scope of work to accomplish our original goal. During Fall 2010 and Winter 2010-11, MAC continued to gather/research data that allowed selection of more appropriate market tactics. Michigan State University (MSU) market research led to focus groups in the Western suburbs of Chicago, which in turn led to clear, consistent recommendations for revised market tactics. MAC responded to Chicago consumer preference by altering the proposed tactics to meet market demand in the March 2011 revisions. The results have been remarkable.

The data that was developed through the MAC-funded research used retailer interviews, shopper intercepts, consumer focus groups and scanning trends in the current market place. The strategy that emerged was to promote locally-grown. To do this a dramatic shift in how the product would be recognized on the store level needed to be developed.

The timing of the Chicago marketing campaign was ideal at this time as the 2011 apple crop was a near-record 26 million bushels. The 5-year average for Michigan has been around 18.9 million bushels per year. This larger crop is proving to be the new “normal” for Michigan, following significant orchard renovation, and Michigan growers’ larger market share in Chicago is needed now more than ever.

The fiscal importance of this grant to test, validate and implement the consumer/market research and preliminary findings, has been and will continue to be invaluable to the future direction of the Michigan Apple industry.

The research led MAC to focus on an 89-grocery-store target region in the Western Chicago suburbs. Once those stores, in an area approximately 20 miles x 15 miles were identified and appropriate tactics (branded bins, radio) created, the grant funds allowed over 83 percent of the target zone to be penetrated with in-store Michigan Apples sales tools. (Research shows that
over 80 percent of buying decisions are made when shoppers are in the produce department.) MSU in-store research at the conclusion of the project found that in-store Michigan Apple brand visibility prompts increased awareness of Michigan Apple displays between 27-37 percent! This is the first direct evidence for MAC that in-store and radio tactics work together to enhance awareness. It is also the first time MSU has reported that observation of Michigan Apple purchases exceeded expressed demand.

This will be tremendously important to how MAC spends grower assessment dollars and how MAC approaches a market for years to come.

The promotion was also timely because of the Pure Michigan® travel promotion. This Michigan Apple marketing campaign picked up at the tail end of the state’s fall travel campaign, and leveraged millions of dollars of Chicago travel promotions from Summer to Fall 2011.

**Project Approach**
SCBG funds paid for a Chicago partnership with Pure Michigan®, which developed a new logo, a 0:60 commercial featuring Tim Allen, a web slide show, and air time on seven radio stations. (6.2 MM impressions)

Contributions:
1) Pure Michigan matched MAC’s $75,000 ($35,000 from block grant); produced the ad; secured voice talent; developed web slides.
2) Retailers loved the Pure Michigan synergy; one chain ran the ad for six weeks in 204 stores at no charge. (Value: $33,750)
3) Boyne Resort donated $3,200 in prizes.

SCBG funds partially or fully paid for:
- Retailer events featuring chefs in 29 percent of target zone (30,000 impressions).
- In-store radio in nearly 300 retail stores (25.8 MM impressions) in 90 percent of target zone.
- In-store “signage” utilizing Pure Michigan Apples bins in nearly 250 retail stores (22.8 MM impressions) in 83 percent of the target zone. SCBG funds paid for bins, demos and in-store radio only in the target zone.
- Community events: Legoland® Chicago (10,000 impressions) and two events with WTMX Radio (7,000 impressions).

MAC also produced four YouTube videos aimed at educating consumers on the Michigan Apple industry and health benefits of apples, and one TV- or store-ready 0:30 commercial on Michigan Apples.
**Goals and Outcomes Achieved**

We will measure the consumer impressions via the separately – MAC-funded MSU marketing study on the observation of purchases with or without signage, spokesperson.

Results for this project were scrutinized four different ways:

1) **Retailer participation:** The appeal of the program is clear when 90 percent of stores in the target zone participated by using one or more of the tactics.

2) **Consumer Impressions:** All told, MAC had 55.8 million consumer impressions in Chicago during this October 2011 campaign. Eight-seven percent of these were in store, where produce buying decisions are made. This is extraordinary in the produce business. (Thousands of website impressions also occurred, but were not counted here.)

3) **In-Store/Consumer Intercepts:** MSU students interviewed shoppers in six stores in the target zone at event conclusion, and found consumer awareness of Michigan Apples increased 34 to 45 percent where in-store tactics were used, as compared to broadcast radio alone. In addition, MSU reported that for the first time in three years of research, actual purchases of Michigan Apples in target zone exceeded stated desire. MSU concluded that Michigan Apples could benefit from a brand marketing approach.

4) **Cashier Scan Data:** MAC has also purchased (not with SCBG funds) scan data to see actual Michigan Apple sales in target zone and Greater Chicago stores using these various tactics. This study is not yet completed. These results will be tracked for several years to determine results.

MAC will receive apple shipment data from the Michigan apple shipping organizations to Greater Chicago during Fall 2011. We will use this data to develop benchmarks for future sales measurements in this targeted area. (Note: Direct apple sales in a grocery environment are impacted by crop failures, sales, economy, natural disasters of other crops and many more events which are out of MAC’s control. Shipping data is an approximate metric.)

MAC has received shipment data from some Michigan Apple shippers who sold to Greater Chicago during Summer - Fall 2011.

- August Shipments – 6,317 cases
- September Shipments – 20,967 cases
- October Shipments – 49,712 cases
- November Shipments – 36,507 cases

Shipment data is one additional metric. Also, accounts change hands from week to week, and not all shippers were willing to provide private sales data.

MAC will summarize all radio advertisements, earned TV and media activity, website visits, and in-store activities for the period of Fall 2011 with consumer impressions.

Please see the response to the first bullet in this section.
**Beneficiaries**
The beneficiaries of this grant were most of the 900 family-run apple farms in Michigan. Ninety-eight percent of Michigan’s fresh, unprocessed apples are sold through retail chains where most of these activities took place. Knowing which growers’ apples made it into Chicago is beyond our ability to calculate. Apples remain the largest and most valuable fruit crop produced in Michigan and this marketing approach sustained and benefited growers, their families, shipper organizations, as well as employees of the grower, shippers and suppliers.

The Michigan Apple shipping organizations continue to show great support for the Locally-Grown efforts and have been urging for an increased presence in Chicago. This grant allowed for the shipping organizations (that reported) to sell approximately 70,679 cases of apples into Chicago during the months of September and October when these very activities were taking place.

The benefit of promoting locally grown apples is building markets close to home. The state’s apple crop contributes up to $900 million to the Michigan economy annually. Dr. Forrest Carter has translated this to about a nickel per bite (MSU Marketing Study, Winter 2009). Selling Michigan apples close to home keeps price strong, loyalty high and transportation costs low. It forges a close connection between the farmer and consumer in the mainstream grocery marketplace.

**Lessons Learned**
The Michigan Apple Committee – acting on behalf of Michigan Apple growers, packers and shippers – has been able to utilize the block grant funds very successfully to leverage the committee’s own research dollars; to implement the committee’s research findings; to leverage the State of Michigan’s millions of dollars expended on Pure Michigan in Chicago; and to build upon an established brand (Pure Michigan + Pure Michigan Apples), rather than creating a brand image from the ground floor.

Interestingly, because of MAC’s own focus group research we learned that Chicago consumers did not discriminate between a Michigan travel message and a Michigan locally-grown food message. The apples, the lakes, the beaches – all represent Michigan to the consumer and should be promoted accordingly when the goal is building upon the locally-grown message. Michigan produce is locally-grown to Chicagoans.

MAC also learned from the focus group that the preferred tactics were radio and TV (not done); prior research indicated that in-store signage was mandatory. MAC appreciates the state’s ability to be flexible mid-course so that the grant dollars could be more properly targeted to the newly-emerging Chicago consumers’ preferences.

For years, the observed purchases of Michigan Apples by consumers in Michigan and Chicago have been 40 percent below their stated preference for Michigan Apples. Having this package of promotional materials in a controlled, targeted zone allowed us to boost recall above stated/surveyed desire for Michigan Apples for the first time ever. Having now tested this strategy with success, the Michigan Apple shipping organizations as well as the committee will
be much more competitive in the Chicago marketplace; we are now speaking in the marketplace the messages the consumer wishes to hear. Michigan Apples will definitely continue this approach in Chicago in the future, and is likely to utilize it in other target Midwestern markets as well.

MAC did not, of course, have perfect success! While we had major corporate buy-in, the autonomy of individual stores allowed many of them to continue their old apple-purchasing habits in restocking MAC’s wood bins. MAC has followed up on this issue with retail management, and believes the situation will improve in Fall 2012. Also, two important Chicago retailers did not utilize any of our in-store Pure Michigan Apple branding materials. MAC hopes that they will see their competitors’ success with consumers in upcoming sales meetings, and become involved in the 2012 Pure Michigan Apples program.

A final learning is that the radio advertisement produced by celebrity Tim Allen was 0:60. While this is fine for broadcast radio, it is too long for in-store radio. Because of the strong appeal of Tim Allen, most of them used it anyway. If it had been 0:15, the in-store pick-up would have been in the mid-90 percent range as opposed to 90 percent in the Chicago target zone. Next summer we will request the shorter version, as well.

**Contact Person**
Diane Smith  
Director of Finance & Administration  
Michigan Apple Committee  
(800) 456-2753  
Email: Diane@MichiganApples.com

**Additional Information**
Please see the Documentation and Miscellaneous tabs for backup documentation.