

NATIONAL HONEY BOARD

MEETING MINUTES

PRESIDING: BUDDY ASHURST, CHAIR

LOCATION: AUSTIN, TEXAS

DATE: April 23-24, 2009

National Honey Board Members Present: Buddy Ashurst, Nancy Gamber-Olcott, Steven Smith, Bob Coyle, Charles Kocot, Hans Boedeker, Mark Mammen, Clint Walker and George Hansen. **Absent:** Zac Browning

National Honey Board Staff Present: Bruce Boynton, Bruce Wolk, Catherine Perez, Charlotte Jordan, Sam Butler, Andrea Brening. Also present were Kathie Notoro (AMS) and Mary Anne Davitt (transcriber).

Others Present: Brent Barkman, Ilene Miller, Nick Sargeantson, Greg Olson, Jim Phillips, David Ellingson, Doug Weinbrenner, Vincy Wong, Robina Mustafa, Nicole Pettibon, Kim Lehman

CALL TO ORDER

The April 2009 meeting of the National Honey Board was called to order by Chairman Buddy Ashurst on Thursday, April 23, at 8:03 a.m. Bruce Boynton called the roll.

ACTION ITEM I SEATING OF ALTERNATE FOR ZAC BROWNING

Motion by Clint Walker, seconded by Hans Boedeker, and carried to seat Board Alternate Dave Ellingson in place of absent Board Member Zac Browning.

ACTION ITEM II APPROVAL OF THE AGENDA

Moved by Mark Mammen, seconded by Bob Coyle, and carried to accept the Agenda as distributed.

SECRETARY-TREASURER'S REPORT

Secretary-Treasurer Nancy Gamber-Olcott asked if anyone objected to dealing with several sets of minutes and an email ballot as a single consent agenda item. There were no objections.

ACTION ITEM III CONSENT AGENDA

Motion by George Hansen, seconded by Clint Walker, and carried to approve the consent agenda.

FINANCIAL REVIEW

Sam Butler explained the audited year-end review, and noted that the current financial situation is good. He asked for comments on the industry prognosis for the rest of the year with respect to both import and domestic assessments, as both are substantially down for the first quarter. There was extensive discussion about the issue.

Butler summarized each proposed budget amendment and noted the inclusion of the 2009 Treasurer's Report in the board books.

AMS

Kathie Notoro said that the final termination of the old Honey Board was published in the Federal Register on Friday, April 17, with an effective date of April 20.

CEO REPORT

Bruce Boynton expressed appreciation of the staff for their contributions. With more fulfillment items now being stored at the office, offsite storage rental has been reduced from two units to just one unit. He reported on a recent Commodity Roundtable that he attended in Washington, D.C.. The group of CEO's and Executive Directors meet periodically to share information on programs and issues and hear guest speakers. CEO's from marketing orders and research and promotion programs are working with USDA through a Marketing Communication Working Group to seek equity in oversight and messaging of nutritional and health-related claims. The question of how boards can make donations to charitable organizations is also being looked into. Boynton shared key points of how the Peanut Board handled marketing and media activities to respond to the recent recall in that industry.

MARKETING

Bruce Wolk briefly reviewed the programs of the Marketing Department, noting that we have made all of the promotions target specific demographics, such as teens, men, families, etc., with every Honey Board promotion linked to market research. For example, the demographics of the typical honey consuming household very closely match the demographics of the families who attend Minor League Baseball games.

Wolk then listed the Board's various public relations and marketing firms by name and function: Championship Group (Minor League Baseball/Sports Promotion), Stephan & Brady (General Consumer PR), RL Public Relations (Hispanic PR programs), and Segerstrom Communications (Foodservice PR programs).

Catherine Perez reviewed the 2009 marketing budget and its percentage allocations across all marketing activity areas.

Charlotte Jordan reviewed the 2008 honey market, including AC Nielsen and what it provides for the Board, including breakdown of honey sales by varietal. Import statistics were reviewed. There was extensive discussion of the Packer Tracking Survey and its value. Currently the Packer Tracking Survey encompasses about half the annual poundage of honey packed in the US. It was noted that increased packer participation in the PTS would substantially improve the information it provides. By several measures, AC Nielsen and the PTS, retail sales of honey increased in 2008.

Bruce Wolk reviewed the first quarter marketing results for the General Consumer Public Relations program. For Q1, media relations efforts yielded more than \$500,000 in ad equivalency with more than 42 Million consumer impressions. Among the more notable results was the Test Kitchen result of an article in *Southern Living* magazine which alone was worth a substantial five figure sum in advertising. Other General Consumer discussion topics included the breakdown of the various core programs, and food and beauty initiatives to introduce consumers to different uses for honey.

There was a discussion of what market research has recently revealed in regard to a common consumer misconception of pure honey having something added. Wolk said consumers are now differentiating between honey sold at farmer's markets versus honey available in supermarkets. To that end, we have produced a "Honey Simplified" brochure explaining to consumers what is in a bottle of honey. Wolk emphasized that this mis-perception about what is in a bottle of pure honey is a serious trend that must be addressed.

Other programs reviewed for Q2 and beyond included an additional test kitchen visit, a chef honey tasting event in two cities, Family Features newspaper food insert, a New York City editor deskside visit, possible partnership with the 4-H Clubs, continuing food pitches and newspaper matte releases. There will also be a continuing beauty outreach using Christopher Watt for print, radio and television, along with beauty recipes.

Catherine Perez reviewed the Minor League Baseball (MiLB) program. Perez discussed the MiLB/Honey spokesperson, Mitzi Dulan, who is also known as "America's Nutrition Expert." Mitzi is the team nutritionist to the Kansas City Royals and Kansas City Chiefs as well as numerous minor and major league baseball players. Perez described the five teams the Board is working with this year: the Round Rock Express, Fresno Grizzlies, Gwinnett Braves, Kane County Cougars, and Toledo Mud Hens. The MiLB program activities include, among other things, one honey night per season for each team, in-stadium signage, in stadium video screen, between-innings promotions such as honey trivia, the "Kiss Your Honey" cam at the Fresno Grizzlies, a honey bear mascot, market research surveys with Honey Bear Bobble Heads give-away, stadium exit sampling, honey in the locker rooms for player nutrition and the nightly "Sweet Play of the Game!" The Honey Board has an MiLB Micro-site and radio remotes. Wolk noted that the Board's MiLB teams were specifically selected from underserved honey

markets with the potential for increasing sales; they were not chosen at random or to favor honey production or simple geographic patterns.

Perez stated that the marketing department is now bringing several activities in-house as part of an In-House Marketing Program. These activities include the Colorado Crossroads Volleyball Tournament and the 2009 IDEA World Fitness convention in Anaheim, California.

Hispanic Public Relations

Wolk reviewed the 2009 Hispanic promotions. These programs include Honey Mixology, where bartenders in three cities competed for the most creative drink recipes using honey, *Futbol de Oro*, a youth soccer tournament in two cities which features the honey and energy message, MiLB coordination featuring Hispanic baseball players in Fresno, Austin and Gwinnett, Back to School with Honey promotion, and a Honey Fusion 5-course honey feast designed by top Latino chefs across the country.

The Board's Hispanic web site has been revamped to take advantage of increased Internet use among Hispanics.

Foodservice

Wolk reviewed the foodservice programs. Foodservice advertising has been successfully used in publications such as *Food Arts* magazine, which caters to professional chefs. There was a high response from chefs to our offer to give-away Culinary CD's. Wolk then discussed Penton Publishing's 2008 MenuTrak Study, which indicated trends in foodservice as to honey usage. The Board continues to sponsor culinary competitions and chef events. Culinary education materials are often requested through www.honey.com and it is interesting to note that virtually all requests for Culinary Education materials are made by professional chefs and culinary students.

Ingredient/Baking Industry – Ingredient Public Relations

Jordan reviewed the ingredient/baking industry. Staff attended the Research Chefs Association annual conference in March to explore leads for product development vendors. Staff is working with the Arland Group, a full-service marketing and public relations agency, on ingredient promotions and advertising with the goal of driving the audience to a new website, BakingWithHoney.com. Promotions include a booklet on using honey, PR efforts towards baking publications, the new BakingWithHoney.com website and continuing the AIB scholarship. The NHB will also exhibit at the American Bakery Expo this fall.

NHB Web site Revamp

Perez talked about the need for a new Web site after the marketing and IT departments reviewed various concerns, such as difficult-to-access and outdated information, focus group feedback in their continuing interest for new honey recipes, the need for

consumer-friendly navigation, and the need to beautify the Web site. She noted that industry materials and information will stay on the Web site, but with less emphasis.

Tagline Research

Wolk stated that the tagline research project has already yielded a tremendous amount of information concerning honey consumers and consumer beliefs about adulteration. He reviewed the focus groups results in detail, concentrating on the five, most favored statements that had emerged from each group, and noting that one statement, "Honey. Naturally perfect," was common to both groups. Wolk recommended taking the winning statements and putting them into quantitative testing. The winner after quantitative testing could become part of the Honey Board's PR programs, appear on the Web site, and be incorporated into the MiLB program. He stated that the tagline would be strategic, rather than tactical in nature, and could become an industry focal point. He noted that the real focus group message is that consumers believe that honey is perfect as it is and additionally that consumers were more concerned about honey maintaining its purity than issues such as country of origin or domestic versus imported honey.

ACTION ITEM IV FUNDING THE QUANTITATIVE PHASE OF TAGLINE RESEARCH

Moved by Bob Coyle, seconded by Dave Ellingson, and carried to authorize up to \$20,000 for the quantitative phase of the tagline research project.

Budget Allocations

Wolk gave a brief explanation of the additional budget allocations proposed for the Marketing programs with a budget amendment.

RESEARCH

Charlotte Jordan gave an overview of research programs. The NHB is engaged in discussions with the Almond Board, pAM and North American Pollinator Protection Campaign to share information about funded projects, which group would be best to sponsor them, and how to avoid double funding. Other discussion included proposed market research for the consumer and foodservice audiences. The proposed research budget amendment was discussed.

The product development company Premiere Culinary has replaced Matson & Co.

INDUSTRY SERVICES

Bruce Boynton gave the Industry Services update, referring to the Industry Services budget in the board books. Additional funds requested in a proposed budget amendment of \$27,000 are intended to cover a cookbook reprint, "Honey I Love You" stickers, printing of a recipe brochure "freebie", and crisis management. Clint Walker commented that the recipes in the current recipe brochure freebie, titled Sweet & Simple, are probably not appropriate for the intended purpose of the brochure. More recipes and fewer glossy images were suggested.

Thursday's session ended at 4:00pm to allow participants to prepare for the evening Honey Night at the Round Rock Express minor league baseball game.

The meeting reconvened at 9:10 a.m. Friday following an 8:00 a.m. executive session.

MAP/EXPORT MARKETING PROGRAM

Bruce Boynton gave the export marketing update. Activities are underway in the Middle East under the direction of AMFI, the Board's Middle Eastern marketing representative. Boynton will be meeting with Simon Bakht, president of AMFI, on Monday at the NHB office to go over this year's programs. He has just received proposals for market research in Israel. The budget for market research in Israel is \$25,000. The total estimated cost for this year's export marketing activities is \$365,000. This includes \$330,000 for AMFI's contract for Middle East marketing & promotion activities, \$25,000 for Israel market research, and \$10,000 for our MAP consultant fees. Boynton distributed a handout showing U.S. honey exports to the Middle East, Japan, and Israel for 2007 and 2008.

Civil Rights Training. Civil rights training for staff and Board is required for the Board's participation in the MAP Program. Sam Butler stated that a civil rights audit is scheduled for August, in connection with which certain training materials must be completed by all staff and Board members. Butler distributed the materials to Board members and requested the signed forms be returned by June 30, 2009.

EMERGING OPPORTUNITIES

Boynton reviewed the Emerging Opportunities budget. The original budget of \$80,000 was used to temporarily cover some export marketing and crisis management costs. Proposed budget amendments are intended to consolidate these costs into their appropriate focus areas, reducing the need for much of the Emerging Opportunities budget. A proposed budget amendment would reduce the Emerging Opportunities budget from \$80,000 to \$40,000. Boynton said he had visited with staff program directors to see if there were anticipated needs other than those covered in the proposed budget amendments. No other needs are anticipated at this time.

PUBLIC RELATIONS AGENCIES

Mark Mammen led a discussion about the issues and procedures involved in the search for a new general PR agency for the Board. The respective roles of Board and staff and the need for clear Board direction in the search were considered, as were the kinds of agencies that should be invited to apply. The process of issuing an RFP, receiving proposals and narrowing down the selection was considered. Wolk asked that the Board permit staff take the Board's input from this discussion, combine it with their own ideas, and present a recommendation to the Board in a document he would prepare by next Friday.

2009 BUDGET AMENDMENTS

There was discussion about revenues and possible lower assessments than originally budgeted. A forthcoming AMS fee for startup of the new board was mentioned by Kathie Notoro. Several Board members and Boynton spoke against the proposed decrease to the Emerging Opportunities budget.

ACTION ITEM V APPROVAL OF BUDGET AMENDMENTS

Moved by Clint Walker, seconded by Nancy Gamber-Olcott, and carried to approve the proposed budget amendments with the following changes: increase the Research budget from \$102,744 to \$122,744; remove the proposed \$40,000 reduction in the Emerging Opportunities budget; decrease Assessment Revenue from \$3.8 million to \$3.5 million.

AUDIT REPORT

Sam Butler reported that the independent auditor gave the Board a clean audit report: internal controls are acceptable, the reserves are proper, and the Board is in compliance with USDA requirements.

ACTION ITEM VI INDEPENDENT AUDIT REPORT

Moved by Dave Ellingson, seconded by Mark Mammen, and carried to accept the independent auditor's report.

NEXT MEETING

There was discussion of whether alternates should be asked to attend the next meeting. The value of alternates' contributions to the meetings was recognized by several.

ACTION ITEM VII ALTERNATES AT NEXT BOARD MEETING

Moved by Bob Coyle, seconded by Hans Boedeker and carried to have the Board alternates attend the next meeting.

ACTION ITEM VIII NEXT BOARD MEETING DATE

Moved by Dave Ellingson, seconded by Bob Coyle, and carried to schedule the next Board meeting in Denver, from Thursday to Saturday, October 22-24, 2009, ending at noon on Saturday.

STRATEGIC PLAN

Bruce Boynton raised questions about possible revisions to the Strategic Plan. The discussion focused on Strategies 1.4.1 and 1.4.2, and focused on the Board's role in testing honey relative to the authority of the Board provided in the Act and the Order.

ACTION ITEM IX REVISIONS TO STRATEGIC PLAN

Moved by Charles Kocot, seconded by George Hansen and carried to change Strategy 1.4.1 to read "Support industry efforts to maintain honey purity," and Strategy 1.4.2 to read "Support industry testing methodologies to improve quality assurance as needed."

ADJOURNMENT

Chairman Ashurst asked if there was any other business. There was none.

ACTION ITEM X ADJOURNMENT

Motion by Bob Coyle, seconded by Hans Boedeker, and carried to adjourn.

The meeting was adjourned at 11:47 a.m.