



SPRING 2008

GROWERS' CO-OPERATIVE GRAPE JUICE CO., INC. • A PUBLICATION FOR OUR PRODUCERS

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**GM'S REPORT - GRAPE MARKET
STRENGTH COMING FROM DOLLAR
WEAKNESS**

The bulk market for grape juice has shown some surprising strength over the last few months. Despite the harvest of the industry's 2nd largest crop, prices have remained firm. If the economic world revolved around grape juice, this would violate the law of supply and demand. Hard as it is to believe, the world actually revolves around the sun..... not grape juice, not the grape belt, and not my teenage kids. So, what else is happening in the market to cause this price phenomenon? It is the price of substitutes.

Remember the early 2000's? The price of red/white grape, apple, and pear concentrates plummeted. These concentrates are the filler juices in blends and can be utilized in varying proportions. The relative price of Concord vs. the substitutes was high, causing buyers to use less Concord. Concord inventories rose, and prices fell.

Today, the availability of substitutes is low and their price is high. This has caused higher usage of Concord and has stabilized the price despite a very large 2007 Harvest. The low value of our American Dollar is the primary cause of the low supply of Concord substitutes. Importers are raising their prices for goods shipped to the US to offset the lower return from the dollar. If US buyers don't pay the higher price, the goods are going elsewhere. China and apple concentrate is a good example of this. Price has doubled for this product in the last 2 years. If buyers balk, the Chinese have taken product to Russia, or to their own 1 + billion consumers. The low dollar is reducing imports of grape concentrate from Argentina and Brazil with many of the same effects as in the apple market.

The low dollar also increases the demand for US exports, by lowering the relative price of US goods sold in overseas markets. This phenomenon has increased demand for Concord Concentrate in Asia and Europe, leaving less for the domestic market. Domestic economic challenges from government deficit spending, high government debt, the housing bust and rising energy prices will likely keep the dollar value down for quite some time. Not even the great "experience" of the junior NY senator will save the country from these economic realities.

For those hardy souls who are still left standing, it is not a bad time to be in the bulk grape concentrate market. We've worked very hard to position our Co-op to be able to generate returns in a stagnant market. Imagine the possibilities of our leaner, focused and efficient Company operating in a good market!

This job is never boring.

Think Spring!
GM

**JOHN ELLIS RECEIVES
GRAPE INDUSTRY PERSON OF
THE YEAR AWARD**

On March 26, 2008, the Lake Erie Regional Grape Program awarded the Industry Person of the Year Award to John Ellis. The award was presented by Jay Hardenberg at the Grape Growers Conference at SUNY Fredonia. Dave Momberger introduced John to the large crowd in attendance and described his long service and contributions to Growers and the Grape Industry. Please join us in congratulating John on this well deserved honor.



PROCESSING UPDATE

Now that spring has arrived and we are in the final stages of completing this year's crop we have changed our focus to contract processing. We have spent the past several weeks concentrating SS and filtering bottoms juice for various producers. During this time we have also been focused on ventures of specialty items such as Organic juice, Concord Grape Seed oil, and Single Serve 100% Concord Grape Juice. All of these have been essential to recent Company growth and continues to be a future focal point. The efficient processing of the past year's crop continues to be possible because of the Decanter and addition of the R-55. Both pieces of equipment provided the ability to process the entire crop, without making Stock Juice which used to consume most of the spring and the early summer taking away the possibility to extend our Contract Processing resume. With all of this said we are looking forward to a summer of Cherries and Blueberries.

Todd Donato, Plant Manager

EMPLOYEE PROFILE - JAMES BREADS

Jim Breads is one of Growers two new full time employee's. He is one of the quietest and most unassuming people that I know. Doing this interview I learned some interesting things about his life that I never would have guessed.

Jim was born in Westfield as one of three sons to Jeff and Sue Breads. He graduated from WACS in 1995 and from Jamestown Business College in 1997.

After college he moved to the surf and sun of Hawaii, and worked in the sales department of a water systems business before the high cost of living and way too much sun turned him back to Western New York.

He worked in construction and at Ethan Allen in Mayville until that plant closed. The most important event during this time was the birth of his daughter Ariel, who is now eight years old.

After the plant closed, and needing work to support his new daughter, he decided to take an electrical apprenticeship in Florida. His stay in Florida lasted about two years before he realized that Westfield is still the best place in the country to live and raise a family, so back he came.

Jim left a good impression on us in the harvest of 2004 when he worked as a seasonal employee and ran the Decanter and did a very good job. He came back to Growers in September of 2007 to work as a temporary, and earned a full time position in November.

Jim has proven to be a quick study in the Tank Room operations, and will begin training on machines in the near future. We welcome him to the Growers family.

Jon Casler, Production Manager



“A GOOD TEAM OF HORSES WERE WORTH THEIR WEIGHT IN GOLD”

As the years go by so very quickly we tend to forget some of the highlights of the grape industry in years past.

- Clipping tops of canes: a bud over the top wire after they have been tied up.
- Tucking canes back before disking. Row centers with team of horses to keep them from breaking off.
- Hand hoeing grapes following horse hoeing to remove what horse hoeing missed.
- Taking brush out of the middle of rows in spring with horses and long designed pole and leaving brush on head land to be burned. If pole sticks in ground let go in a hurry – or go for a sky ride.
- 100 lbs of bagged nitrate in burlap bags: a real back breaker.
- The first gas engine sprayer with tank and pulled with horses for grapes and fruit trees. This was quite a challenge to keep it running for this was in the 1920's.
- Who remember the whoopie the cheap farm made tractor from an old car cut down and a different rear end.
- How about the single chicken coop under the apple tree and you wanted to see if there were any eggs. You got a skunk instead – “Exit”. No school today.

I guess the fun days are gone forever and I would not have missed any of it for the world.

As ever – John Ellis, Director

GROWING TRENDS:

The Board of Directors of Grower's Cooperative recently announced plans to increase its contracted acreage of concord grapes beginning with the 2008 crop year. It is preferred that new contracted acreage comes from Grower's Cooperative members. Additional acreage from non-members will be selected on a first-come basis. Please contact Kevin Powell at 753-6843 for further information.

PLANNING AHEAD

Historical attitudes within our Concord grape industry were to have someone else promote and market our quality grape products. Those advertising institutions now represent other Concord grape growing areas, as well as their own brand names as they purchase foreign juice for blending with concord juice. Unfortunately, those companies have been all but invisible in this area in the last ten to twelve years.

How many of you are aware of the fact that as an industry we have very little knowledge about any of the problems we face in catching-up with other competing areas with promotion and marketing? Just look on the internet and see what is being done in California, the State of Washington, or Chile, South America. Not far behind are the Finger Lakes—but you get the idea!!!



“AMERICA'S GRAPE COUNTRY”, a branding initiative for the Lake Erie Concord Grape Belt, was recently announced. The America's Grape Country branding campaign is a result of a collaborative effort between the Chautauqua-Lake Erie Wine Trail, the Concord Grape Belt Heritage Association and the Chautauqua County Visitor's Bureau as part of a regional branding grant provided by the New York State Wine and Grape Foundation. The goal of the initiative was to unify the varied prospective of regional grape growers, juice producers, wine makers, and tourism promotion agencies to create a single brand incorporating the common objectives of all.

The new brand and awareness building campaign will promote the unique history and local flavor of the grape region located within Chautauqua County, New York and extending into Erie County, Pennsylvania.

As one participant at the recent Regional Flavors Conference stated: “You may not realize this, but there is nowhere else on earth like the Lake Erie Concord Grape Belt.”

Steve Baran, President, Grower's Cooperative

RON NUTTING - GROWER PROFILE

Ron is the son of Frank & Lois Nutting of Ripley NY. He is a 1974 graduate of Ripley Central School and has been a resident of the Westfield community since 1980. He's been a member of Grower's Co-Operative for 32 years and has currently served two terms as a Director on the Board for the Co-Op. Ron is also employed at The Electric Material Co. in North East, Pa. as the Quality Assurance Supervisor where he recently completed his 30th year of employment. His past time activities include cross country skiing, hunting, fishing, gardening and spending time at his vacation home in the Adirondack Mts.



In 1963 his parents purchased the family grape farm on Gale St. in Westfield from his mother's family. At the early age of six he started helping his parents out on the family farm. He jokes that shortly after learning to walk he started driving tractors and says, "At my young age while sitting on the tractor's seat, my legs weren't long enough to reach the clutch and brake pedals so my dad made and installed extensions on the pedals which helped solve the problem."

After graduating from high school Ron purchased his first grape acreage in Westfield and a couple of years later built a home on Barber Rd.

This Farm is where he currently resides. His parents retired from farming in "97" and at that time Ron took over their grape acreage. All of his grape acreage is Concords which go to Growers Co-Op.

"He has basically been involved with grape farming his entire life and he feels that he has truly been blessed and has enjoyed his time in farming. For Ron as a grower, it's been both rewarding and self-fulfilling. As a member of the Co-Op, Ron can honestly say he is proud to be associated with this dedicated group of people, He considers to be a "team". From the growers who continually strive through their hard work and viticulture practices to produce & deliver a high quality product for market; to the skilled and motivated employees who strive for efficiencies in the processes and implement the cost saving solutions; and finally to the management who has expanded the customer base for increased sales and with the addition of the contract processing has created additional revenue for the Co-Op.

Ron feels that this combined team effort by everyone has and will continue to be the success of Growers Co-Operative Grape Juice Co.

Chris Bertrando, Administrative Assistant

ANOTHER BUSY PROMOTIONAL SEASON

The 2008 promotional season finds us very busy again. In fact it finds us participating in four new shows. We will be participating in thirteen scheduled shows and possibly one or two thrown in here and there. The Pride of Chautauqua, Taste of Home, The Fancy Food Show and America's Grape Country Wine Festival are the new events we will be attending.

The Pride of Chautauqua is sponsored by the Chautauqua County Farm Bureau at the Chautauqua Suites in Mayville, NY and gives a chance to display and sample locally grown produce and products. The Taste of Home Show at the Erie County Fairgrounds is sponsored by the nationally published magazine "Taste of Home" that comes out bi-monthly and has easy and old fashioned recipes for meals, desserts, beverages and more. The Fancy Food show is in NYC and is the largest show for specialty food items in North America. America's Grape Country Wine Festival at the Chautauqua County Fairgrounds is a brand new show and is sponsored by America's Grape Country a branding initiative for the Lake Erie Concord Grape Belt.

Grower's Co-Op will need your help again this season in promoting your products at these promotional events. Jim Gillespie will be building this list again and if you are able to help out at any of the promotional events please be sure to get in touch with him at 326-3161 or jim@concordgrapejuice.com or even better stop in and see him at the plant.

The schedule for 2008 is as follows: Niagara Health Fair (done), Strawberry Festival on 6/14-15/2008, Pride of Chautauqua on April 8, 2008, Taste of Home on April 30, 2008, Fancy food show on 6/29-7/1, 2008, Westfield Arts and Crafts on 7/25-26, 2008, Fredonia Farm Days on 8/22-24, 2008, Silver Creek Grape Festival on 9/19-21, 2008 and the North East Wine Fest on 9/26-28, 2008. We also might participate in the Pride of New York tasting day at the New York State Fair along with other events as they come to our attention. We also have arrangements made with local farmers to have your product promoted and sold at the Westfield Farmer's Market and the Jamestown Farmer's Market during the summer months.

Also remember that promoting your product is an ongoing thing and not limited to the shows and events that we participate in. We all should be talking up your product and the health benefits at family events, meetings and the list goes on. I look forward to working with all of you again at these promotional events.

Jim Gillespie,
Quality Assurance/Product Promotions Manager

RETAIL SALES GROWTH

In 2003, when the current retail products were introduced, the idea was to allow you the farmer to consume the juice from your grapes. Then you decided you should share this great flavor with your friends and neighbors. We started to have booths at local fairs and festivals (see Jim's related article where we will be this year). People who had seen it locally asked how to get it, and it went on our web site. Sales increased. We created more ways to enjoy Concord flavor, creating the single serve bottle, pie filling, oil, and organic products. We recently even had a consumer who paid for shipping to the UK!

Now we are in 2008, and the quantity that is being sold is enough to overload the original systems. To help remedy this, we have recently purchased a semi-automatic labeler, which greatly speeds that part of the operation. This has put smiles on a lot of people's faces. We are looking for a filler as well. While retail sales have increased each year, it is still a small fraction of our overall sales. Moving farther into retail sales involves more risks, and your board is evaluating how much bigger we want retail sales to be.

Steve Cockram, Technical Director

FIELD REPORT

It was announced at the annual meeting in December that we are actively seeking to increase our contracted Concord acreage. This additional acreage is being sought to meet plant efficiencies and our increasing markets.

Over that past few seasons, we have relied on custom processing accounts to fill the plant. Our desire is to continue to service certain aspects of the custom processing market during season and rely more heavily on our own loyal grower base. Custom processing accounts allow us a certain amount of flexibility. They have proven however, to be unreliable at times.

The increase in acreage has been offered to our current growers first. We have had a modest level of response at this time. Several growers have expressed an interest, but seem to be delaying a final decision for several reasons. It is important that we meet our acreage increase needs in a timely fashion. This opportunity is not likely to be long lasting, and those that delay will likely not have this option for long. If we can not fill our needs through our current group of contracted growers, we will reach out to others, and add to our group with new members. We have talked with certain growers that are interested in becoming a part of company and we fully expect to be able to fill our need in short time.

If any current grower would still like to take advantage of this opportunity, please contact us soon. Also, if you know of a grower that you feel would make a great addition to our group, please feel free pass that along as well.

Kevin Powell, Field Dept.

DECANTER UPGRADE MARCH 08

Since our last newsletter many options have been evaluated before the final decisions were made. The gearbox replacement was the main focus of consideration. Whether to rebuild, buy new, or purchase a refurbished unit was carefully evaluated. A proposed hydraulic retrofit was also considered but was rejected because of the new unproven design. The rebuild option became a dead-end when it was found parts were unavailable for our 25:1 gearbox from the original Decanter manufacturer and Sumitomo the OEM gearbox supplier to them. This left only the decision to order new 43:1 gearbox or purchase a completely rebuilt warranted unit requiring only some programming changes to work. Taking into consideration the delivery schedule and cost the decision was made to purchase the rebuilt unit. Mean while the Scroll was rebuilt and returned along with the bearing and seal rebuild kits. During the week of March 10th a service technician came in and finished the disassembly and the evaluation of the damages to the machine caused by the scroll bearing failure. The additional damaged housings and shields needed have been ordered and will be received in 4-5 weeks. All the removed hubs and housings were measured for tolerances, new bearings installed, lubricated and stored for their final service installation in 4-5 weeks. Although this project is beyond the original time schedule the approaching spring weather will help ease the rebuild environment and travel schedule and assure the rebuild will be completed well before our upcoming contract packing schedule.

Gene Steger, Maintenance Planner

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