



**VEGETABLE INDUSTRY EXPORT BUSINESS PLAN**

**July 2007**

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## 1. Executive Summary

The Australian vegetable industry is facing unprecedented international competition in global vegetable markets that threatens its very survival. The combination of uncompetitive terms of trade, in terms of the high Australian dollar, and the emergence of low cost, high volume international competitors, particularly China, has left the Australian industry at a cross roads. The industry has seen a reduction of fresh chilled and processed vegetable exports of some 25% in the four years to 2006 and an increase of foreign imports into the Australian domestic market of 35% over the same period.

Over the last four years alone, China's burgeoning vegetable industry has increased its market share in the key Australian export markets of Japan by 14%, Singapore by 8% and Malaysia by 16%. Over the same period Australia's market share in Japan has decreased by 1.5%, by 7% in Singapore and by 15% in Malaysia, with these markets all but disappearing for Australian exports if the same rate of decline continues for the next four years. The Australian vegetable industry's negative terms of trade with China (Australian exports of fresh, chilled, frozen and processed vegetables to China less imports from China) has doubled from over -\$A30m in 2002 to over -\$A60m in 2006. While the largest source of imported vegetables in Australia is New Zealand, Australian vegetable exporters are still performing well in that market<sup>1</sup>. In contrast, the declining terms of trade with China (which is rapidly becoming the second largest source of imported vegetable products in Australia), together with the facts that China is the world's largest vegetable producer accounting for 49% of global production and growing at 9.1% per annum<sup>2</sup>, presents stark evidence that Australian producers are under siege in their own domestic market.

Left unchecked the Australian vegetable industry's competitive position will continue to diminish to the extent that growers and exporters will increasingly compete among themselves for dwindling international and domestic market share. Ultimately they may not be able to compete with the Chinese: the \$A2.35 billion gross value of production of Australian vegetable producers and regional production and processing businesses, together with the employment and regional economic activity they generate will be at risk of being lost to those regions, the industry and the Australian economy as a whole.

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<sup>1</sup> 'AVIDG Market information audit – vegetables and China', Hudson Howells, May 2007, p.29

<sup>2</sup> 'AVIDG Market information audit – vegetables and China', Hudson Howells, May 2007, p.43

Despite these concerns and challenges, desk research suggests that there are still niche market, product development and supply chain integration opportunities in existing and new export markets. The Australian vegetable industry is in a position to exploit these opportunities provided it is prepared to address a range of strategic challenges - from collaborative international market and competitive analysis, through internal communication and export policy formulation, to potential new market development and global promotion of the features of Australian vegetable products.

This export business plan presents a way forward for the Australian vegetable industry to embrace the international competitive forces it faces through a sequence of integrated strategies and actions that provide a basis for the industry to meet the four key objectives of this plan:

- (a) Establish and resource a permanent Vegetable Industry Exporters Network (VIEN) focused on: export policy development: advice to the Peak Industry Body and government on investment priorities; international competitor analyses, market research and development efforts; and industry communication and coordination with respect to export markets.
- (b) Improve the vegetable industry's capacity to compete with China in the domestic and export markets.
- (c) Develop export markets for Australian vegetable products in China in the medium to long term.
- (d) Improve the industry's knowledge and understanding of: competitive success factors in the international vegetable industry; short and long term market retention and development opportunities; and priority regions for future competitive and market research, promotion and market development.

In meeting these objectives through the implementation of the strategies outlined in this export plan, the Australian vegetable industry will be in a position to pursue specific commercial opportunities during the first half of 2008. The strategies are based on the results of an independent market information audit and the detailed consideration by the VIEN, a group of Australia's leading exporters appointed by the Australian Vegetable Industry Development Group (AVIDG) for the purpose of determining how the industry can grow its exports and hence value to the Australian economy. This involvement and guidance of export industry leaders augers well for the practical implementation and future success of this plan.

The specific strategies underpinning this plan include:

1. Formalisation of the Vegetable Industry Export Network
2. International market and competitive analysis (initially China, Japan), to identify critical competitive success factors and develop appropriate market retention, entry and development strategies.
3. Test the VIEN's transferable analysis framework in China and Japan for subsequent use by the Australian vegetable industry in other markets
4. Prioritise and scope future market and competitive analysis initiatives and subsequent supply chain and market development conclusions and opportunities.
5. Consider future branding, promotion and education implications based on the results of competitor and market analyses.

Communication of the results of this plan to industry will be managed through the leverage of valuable and sensitive market information in order to encourage immediate commercial focus on export market retention, development and promotion initiatives. In line with the AVIDG's communication planning with Cox+Inall Communications, channels and tools to be used will include industry publications, events and conferences; media releases; case studies and political briefings. Specific targets for this information include all sectors of vegetable supply chains (from horticultural input suppliers, producers, processors, marketers through to consumers); industry media, associations, organisations; and research bodies.

This Export Business plan is based on a budget of \$683,353 (exc. GST) for funding in the 2007 – 2008 financial year to support the plan's strategies. Following investment of this initial funding, the VIEN itself will be sustained through an annual budget of \$97,600 (exc. GST) in order to maintain the focus on future market and product development opportunities, supply integration possibilities, further competitive and market research activities, together with industry promotion initiatives and export policy development. The VIEN will need to work with the industry to fund these future activities and initiatives which will be directed by findings from the implementation of strategies 2, 4 and 5.

It is envisaged that some of the activities and initiatives to flow from the strategies will be most appropriately undertaken by individual commercial entities, whilst others will need to be addressed at the industry-wide level. One of VIEN's key future roles therefore will be to identify funding sources for

all future 'industry' wide initiatives at the same time as ensuring processes are in place for individual commercial players to develop identified commercial opportunities.

This export business plan is a critical step in improving the export performance of the Australian vegetable industry. The implementation of its strategies will provide the industry with the knowledge and momentum necessary to achieve *Vegvision 2020* objectives. This implementation will be overseen by the VIEN as it continues its role of directing, resourcing and overseeing these initiatives on behalf of the Australian Vegetable Industry.

## 2. Background to the Vegetable Industry Export Business Plan

The Australian vegetable industry is facing considerable competitive challenges to its position in the international market place. Over the last decade Australian vegetable exporters have experienced loss of market share in established export markets, especially in South East Asia, to intense lower cost competition from a number of international competitors. The strong Australian dollar has exacerbated these competitive challenges. At the same time imports of highly competitive fresh and processed vegetable products have increased significantly thereby substituting home grown product in the Australian domestic market.

### **Australian Vegetable Industry Development Group**

In March 2006 the Hon Peter McGauran MP, Minister for Agriculture, Fisheries and Forestry, appointed the Australian Vegetable Industry Development Group (AVIDG) to advise him and his department (DAFF) on the investment of Commonwealth funds to implement the seven foundation projects identified in the *Vegetable Industry Taking Stock & Setting Direction* report.

The members of the AVIDG are:

- Richard Bovill, a Tasmanian vegetable grower and Chair of the Group;
- Michael Badcock, AUSVEG Chairman;
- Peter Cochrane, VFF Horticulture Group President;
- Wendy Erhart, Withcott Seedlings Co-Owner;
- John Mercer, Mercer Mooney Wholesalers WA;
- Sergio Cannale, Simplot Australia Supply Chain General Manager;
- Ian Pavey, fresh produce retail executive;
- Ian Robinson, Department of Agriculture, Fisheries and Forestry; and
- Nigel Steel Scott, HAL Chairman.

The first of the foundation projects was to develop an industry strategic plan, *Vegvision 2020*, which has been completed and was launched by the Minister in September 2006.



In *Vegvision 2020*, the Australian vegetable industry set its' sights on doubling its' value by 2020<sup>3</sup>. It was recognised that in order to achieve growth of this magnitude the industry would need to grow export sales significantly.

### **Formation of the Vegetable Industry Exporters Network (VIEN)**

In order to identify potential sources of global competitive advantage and formulate effective competitive strategies the Australian vegetable industry requires a deep and current understanding of their global business environment and their international competitors.

In November 2006 a Vegetable Industry Exporters Network (VIEN) was formed to bring together those businesses that were already growing, packing and exporting vegetables successfully. The network provided a mechanism to work collaboratively with industry and government to set the investment agenda to break down barriers to export, prioritize export market opportunities and to identify opportunities for growth. VIEN members subsequently confirmed the need to obtain and analyse export market information as a basis for export business planning on behalf of the industry. In particular they identified China as the single greatest threat to the profitability and sustainability of the Australian vegetable industry's domestic and export markets and also as a potential market development opportunity in the medium to long term that is currently poorly understood.

VIEN exporter members include:

- Mr Dene Lampard, Sales and Marketing Manager, Centre West Exports, Western Australia;
- Mr Nigel Carey, Marketing Manager, Webster Fresh, Tasmania;
- Mr Phillip Jauncey, Managing Director, Matilda Fresh Foods, Queensland;
- Mr David Depaoli, Managing Director, Austchilli, Queensland;
- Mr Sean Limbrey, Director and International Sales and Marketing Manager, Momack, Victoria;  
and
- Mr Neil Armstrong, Managing Director, Harvest Moon, Tasmania.

A profile on each member is included in Appendix 1.

Initial tasks overseen by the VIEN under the export business plan development process included: (a) a marketing information audit of the Australian Vegetable industry with a specific focus on China as a

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3 *Vegvision 2020* <http://www.avidgroup.net.au/>

competitor, commissioned by the Department of Agriculture, Fisheries and Forestry (DAFF); and (b) a series of VIEN stakeholder interviews to determine prevailing opinions regarding Australian vegetable export performance and the desired outcomes and priorities of the VIEN's activities. The VIEN met face to face four times between November 2006 and May 2007 to engage with the consultants developing the export business plan; to meet and discuss issues relevant to the plan with representatives from DAFF, Australian Quarantine Inspection Service (AQIS) and the Horticultural Market Access Coordinator (HMAC); and to engage with representatives from other horticultural industries to capture their export learnings and experience.

### **Market Information Audit – Vegetables and China**

In early 2007 DAFF, on behalf of the VIEN, commissioned Hudson Howells to complete a market information audit in relation to Australian vegetables and China. The audit was required to specifically:

- provide context and information to inform the Australian vegetable industry where it should focus its efforts to compete successfully in export markets in an increasingly competitive global business environment, with a specific focus on China;
- ascertain the potential of China as an export market for Australian vegetables;
- ascertain the potential threat of Chinese vegetable production to the Australian vegetable industry, domestically and in third party markets;
- identify trends in the trade of vegetable products in Australia's key export markets over the past five years;
- identify and prioritise market information gaps; and
- provide recommendations and project briefs to fill the priority 'gaps' in market information.

The marketing information audit identified strategically relevant reports, publications and sources of information to be used as secondary references in future research. It also specifically identified information gaps in relation to:

- details on the supply chain, and cold chain in particular;
- market size and segmentation details by product, region, channel, quality and price;
- new product opportunities and in some areas consumer expectations; and
- competition details in terms of: countries; companies; products; cost and price structures; distribution channels; promotions and branding; and supply relationships.

The audit provided a comprehensive reference of information sources essential to the formulation of an export business plan for the Australian vegetable industry. The authors however made the important point that the interpretation of the data they collected is the vital next step in the industry's strategic planning, and that this can only be achieved with in-market research.

In particular the audit concluded that the Australian industry must develop new product mixes for the Asian markets in which it has lost market share in recent years – the continued focus on product mixes in which little competitive advantage exists against low cost competitors such as China will only accentuate the decline in Australian export sales. Instead a focus on 'winnable niches' is required with suggested market retention, growth and research strategies focused on the regions of Japan, Singapore, Malaysia, New Zealand, and the United Arab Emirates; together with market research and development in Indonesia and China.

Given its focus on China the marketing information audit recommends that as consumer incomes and habits change over time the Australian vegetable industry will have the opportunity to employ its product quality, supply reliability and counter-seasonal production abilities in developing specific market niches. At the same time however the audit warns of the continued competitive threat that the Chinese industry poses for Australia. Chinese investment in vegetable production capacity and low costs of production have already eroded Australian vegetable exporter's market share in various important international markets with Chinese imports now impacting on the Australian domestic market. Australia can not compete on price and in terms of its long term survival must therefore find other ways in which to compete, and integrate, in international vegetable markets. A strategic assessment of the Chinese vegetable industry and market is therefore necessary in order to understand their competitive fundamentals and how they impact on export markets of Australian vegetables, and at the same time explore future market niche opportunities that may emerge in the vast Chinese market itself.

### **Conclusions from VIEN stakeholder consultation**

Results and conclusions from the VIEN stakeholder interviews were generally in accord with the Hudson Howell market information audit findings, although the specific knowledge of existing exporters in relation to particular supply chains, and market information relating to their own product lines was noted.

VIEN stakeholders strongly agree that the identified gaps in terms of information, knowledge, experience, understanding, access and relationships regarding market entry in China and the competitive threat posed by China warrants further investigation. Based on the commercial experience of VIEN exporter members there is however a different list of other potential priority markets that should be investigated as opportunities for market retention and growth strategy development by the Australian industry. This list includes those identified in the market information audit together with: Hong Kong, Russia, Thailand, Germany, Sri Lanka, United Kingdom, India, South Korea and Taiwan

The VIEN is certainly motivated to ensure the industry tackles the recommended competitive and market analysis tasks and as a result develops long term market retention and development strategies. This can however only be achieved through industry communication and coordination at a commercial level and also at the industry policy development level in respect of vegetable export and market access issues.

### **Basis for the Export Business Plan**

This export business plan identifies strategies and actions to address the identified information, knowledge and experience gaps and the key issues identified by VIEN stakeholders in terms of the industry's future international competitiveness.

This project is aimed at addressing Strategic Imperative 3 "Internationally Competitive Australian Vegetable Supply Chains" and Strategic Imperative 4 "Advanced Industry Data and Information Systems in the industry strategic plan *"Vegvision 2020"*.

This project will specifically address:

- Foundation Project 2: Global Comparative Analyses;
- Foundation Project 3: Industry Information and Decision Support Framework; and
- Foundation Project 4 Market Development.

It will also indirectly address Foundation Project 7 "Business Skills Development" in industry report "Taking Stock and Setting Directions November 2005".

### **3. Objectives**

The objectives of this export business plan are to:

- (a) Establish and resource a permanent VIEN focused on: export policy development: the provision of advice to the Peak Industry Body and government on investment priorities; the maintenance of international competitor analyses, market research and development efforts; and industry communication and coordination with respect to export markets.
- (b) Improve the vegetable industry's capacity to compete with China in the domestic and third party markets.
- (c) Develop export markets for Australian vegetable products in China in the medium to long term.
- (d) Improve the industry's knowledge and understanding of: competitive success factors in the international vegetable industry; short and long term market retention and development opportunities for Australian vegetables; and priority regions for future competitive and market research, promotion and market development.

## 4. Current situation

International trade in vegetables has expanded significantly in recent years to meet the changing consumption patterns and preferences of international consumers, particularly throughout Asia. These changes are being driven by urbanisation, consumer demands for health, freshness and convenience, and an expansion in the variety of vegetable products being produced worldwide<sup>4</sup>.

The Australian vegetable industry as a whole contributed a gross value of production (GVP) of \$2.35 billion in 2003-04 to the Australian economy<sup>5</sup>. Whilst relatively few in number, Australian vegetable exporters have developed a wide range of international markets for their produce over recent decades. This has been achieved partly through the development of long term export client relationships, a focus on product quality and exploitation of counter seasonal supply opportunities. Significant market development achievements were made in regions such as Singapore, Malaysia and Japan.

### The problem

Despite the recent expansion in international trade and Australia's earlier successes in export, the past decade has seen the outlook for Australian vegetable exporters deteriorate significantly in the face of lower cost competition, especially from China, and the impediment of a relatively high Australian dollar. Australia's total exports of fresh, chilled and processed vegetables fell by 25% between 2002 and 2006 from \$A 333m to \$A 250m (exports of fresh and chilled vegetables alone fell by 29%). During the same period imports of fresh, chilled and processed vegetables increased 35% from \$A 268 million to \$A 362 million<sup>6</sup> (with imports of fresh alone increasing by 91%). More recent international competition seen in the Australian domestic market, particularly from New Zealand and China, has brought the international competitive challenge even closer to home.

The changing competitive positions of Australia and China in key international vegetable markets are evidenced by the following data<sup>7</sup> wherein the market share of China is not only significantly larger than Australia's but their share is increasing rapidly at the expense of Australian exporters.

<sup>4</sup> 'AVIDG Market information audit – vegetables and China', Hudson Howells, May 2007, p.12

<sup>5</sup> 'The Australian Vegetable Industry: Taking Stock & Setting Directions', Kiri-ganai Research, November 2005, pg 33

<sup>6</sup> 'AVIDG Market information audit – vegetables and China', Hudson Howells, May 2007, p.11

<sup>7</sup> 'AVIDG Market information audit – vegetables and China', Hudson Howells, May 2007, p.23

Fresh vegetable market share trends – Australia and China, 2002-2006

Market	Australia's export value	4 year trend in Australian market share	China's export value	4 year trend in Chinese market share
Japan	\$A 24m	Decrease of 1.5% (4% to 2.5%)	\$US 369	Increase of 14% (33% to 47%)
Singapore	\$A 20m	Decrease of 7% (17% to 10%)	\$S 90m	Increase of 8% (21% to 29%)
Malaysia	\$A 13m	Decrease of 15% (20% to 5%)	\$US 184m	Increase of 16% (31% to 47%)

These statistical trends are similar in other markets for Australian vegetable products with a significant decline in the balance of trade for the Australian vegetable industry over the last ten years and a negative balance being endured since 2001.

In terms of the reasons behind the increasing lack of competitiveness of the Australian vegetable industry, exporters confirm that it is partly due to a higher Australian dollar and the lower cost advantages of numerous competitors particularly from China. The ability of such competitors to land produce in Japan for example at a cost lower than Australia's cost of production is a common claim. Whilst China does enjoy significant labour cost advantages, investment in their productive capacity has been significant which is all the more relevant given that Chinese production is encouraged and coordinated across a vast array of growing regions. In addition, reforms during the 1970s allowed Chinese farmers to switch from broadacre grains to horticulture – an industry which, being more labour intensive, allows China to take advantage of its global competitive advantage in labour costs and abundant rural labour supply<sup>8</sup>. The result of this has been an increasing capacity to compete in international markets based on price together with gradual increases in product quality and food safety.

Vegetable production has also been encouraged and supported in Japan – a market which is underpinned by a cultural preference to support local producers. Australian vegetable exporters report that despite long term positive relationships with Japanese customers their propensity to support local produce as it has become increasingly available has undermined Australian market share.

<sup>8</sup> 'AVIDG Market information audit – vegetables and China', Hudson Howells, May 2007, p.44

**Implications**

Implications of the growing lack of competitiveness of the Australian vegetable industry have been most obviously felt in the loss of international market share. This has impacted on the Australian industry at large, even in its own domestic market.

As a result of international competition many exporters have been forced to refocus their efforts on the domestic market. Given their scale and supply chain management abilities (honed over years of dealing with discerning international markets such as Japan) these exporters are usually very competitive in the domestic market which in turn has placed further pressure on growers traditionally supplying the domestic market only. This pressure is in part evidenced by the facts that the number of family farms, the traditional production unit in the industry, has declined significantly in recent years; and the industry recognises that its gross value of production is set to decline in coming years. During this same period domestic supermarket chains have embarked on supply chain rationalisation often consolidating their supply through exporters who have the required infrastructure and systems for high volume low margin supply.

Vegetable production in Australia is by its very nature a regional industry with the value adding activities of processing and packing most often conducted in close proximity to the production areas. Exporters have already cited the need to reduce production and processing staff due to their lack of international competitiveness. Such reductions have either been a direct result of reduced marketing volumes (with increasing instances of crop being left in the paddock rather than harvested) and/or facilitated by mechanisation (characterized by high up front capital costs but significantly lower operating costs than labour). Reduced export volumes in turn have direct and indirect impacts on regional transport packaging and other input suppliers thus impacting significantly on regional economies and communities dependant on the vegetable industry.

In short, reduced competitiveness in international markets has begun to impact heavily on not only Australian vegetable exporters, but grower networks that supply them, horticultural input suppliers, production and processing staff and in turn whole regional economies that have developed around vegetable production over the decades. If this competitive situation continues unchecked the Australian vegetable industry will continue to decline with many producers, exporters and regions forced out of the industry altogether.



## **Opportunities**

Despite the international competitive challenges, a growing world population, urbanisation, increasing disposable incomes and growing numbers of health conscious consumers do present opportunities for Australian vegetable exporters. Research suggests that niche markets in both existing and potential international markets provide competitive opportunities for the Australian vegetable industry provided it has access to and appreciation of international market information and embodies a willingness to embrace product development and supply chain integration possibilities.

Whilst China is not a net importer of vegetables (due to abundant local production and significant import barriers), population growth, urbanisation, increasing income levels, growing demands for quality, convenient and safe foods, and the growth of its western style supermarket and food service sector, suggests that future vegetable import opportunities will develop. Whilst the traditional wet market remains dominant in China, the supermarket sector is increasing and their share of total food retail sales is expected to reach 50% in 2012 up from just 10% in 2002.<sup>9</sup>

Despite its competitive advantages in labour costs and abundant rural labour brought to the fore by changes in land use to high value, labour intensive crops such as horticulture, China's agricultural land is falling victim to urban encroachment, agricultural water supplies are under pressure and internal transport and supply chain inefficiencies will not be overcome for some time. Specific market niches based on urban regions such as Shanghai, specialty retail and food service distribution channels, product development opportunities, and packaging and branding; present opportunities for high quality, safe Australian produce. Similar opportunities for longer term market development are also suggested to exist in India and Indonesia.

In the shorter term, market retention and development opportunities in established markets for Australian vegetables do exist. Japan for example is experiencing changes in consumption patterns reflecting an increasing preference for innovative and branded fresh foods and presentable, convenient foods supported by transparent quality, safety and supply chain procedures. Such trends present opportunities for value added, prepared meals, ready to eat salads and re-sealable food packages. Research suggests that similar opportunities exist in Singapore and Malaysia, and that recent market success in New Zealand and UAE markets can be sustained.

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<sup>9</sup> 'AVIDG Market information audit – vegetables and China', Hudson Howells, May 2007, p.32

It should be noted that the consequences of a narrow 'seasonal-window' only approach to international vegetable marketing is suggested by some exporters as a pitfall that should be avoided if long term supply relationships are to be retained and built. Such exporters recommend a coordinated approach wherein the Australian supply is deliberately promoted as part of a coordinated supply strategy that may involve sourcing product from elsewhere to maintain supply. Whilst the relationship therefore may not always be based on Australian product (i.e. during periods when Australian product is not available) it is based on the service of an Australian business.

There are a range of reasons that the competitive position of the Australian vegetable industry has deteriorated to its current state and apparent international market niche opportunities have not been explored and developed at an industry wide level. The industry at large, indeed the AVIDG project stakeholders and industry organisations, acknowledge that the industry has been notoriously disjointed and uncoordinated in terms of both domestic and export marketing. In many cases the competitive nature of individual vegetable producers has engendered a reluctance to share information and consider cooperative activities even with other growers in close proximity. Many who have attempted the marketing of product based wholly or partly on the supply of other growers have reported significant dissatisfaction with product quality, supply reliability or even a willingness to understand let alone satisfy supply chain requirements and criteria. An opportunistic approach to markets on behalf of many growers and marketers (i.e. a short term focus on the best price), whilst understandable given low margins, has nevertheless led to a reputation of an industry that is often unable to maintain a long term commitment to specific market niches. This is evidenced through the historic conflict between domestic and export market supply as the fortunes in each segment vary according to short term supply and demand factors.

This lack of coordination has prevented comprehensive approaches to export development in the past leaving it to relatively few determined exporters to persevere and succeed in their own right. The AVIDG focus on industry coordination and communication provides an environment in which coordination with respect to export matters has an unprecedented chance of success.

Coordination between industry and government is also recognised as a shortcoming in Australia's approach to international vegetable markets. Governments at all levels have been challenged with the complexity of the industry and in many cases conflicting messages and the lack of a unified voice. The industry in turn has complained bitterly about export market access and free trade agreement

negotiations which have in some cases severely damaged established export markets. At the same time industry stakeholders have admitted a relative lack of knowledge in relation to export legislation and regulatory requirements.

Over and above the lack of coordination in international market development, industry stakeholders and commentators have bemoaned the fact that many industry players simply do not have access to competitor and market information with most not even aware of how to gather such data.

### **Industry commitment to the need for an export business plan**

The industry, through its involvement generally in the AVIDG process, but most particularly through the participation of VIEN members in the development of this export business plan, has displayed its willingness to grapple with the international competitiveness challenge and commit to appropriate strategies to redress the negative balance of trade and build its capacity for future competitive success.

The industry consultation conducted as a back grounding exercise for this business plan, particularly among VIEN stakeholders, has confirmed that the industry is aware of the significant challenges it faces and the dire consequences of not dealing with them appropriately. To do nothing would see increased competition between Australian vegetable producers and exporters for a dwindling international and domestic market share. The need for market research; analysis of competitors; leadership in export policy development and collaboration in the industry have been identified as prerequisites if such a turnaround is to be achieved.

Of all the possible approaches to an industry export business planning exercise, this plan is firmly based on one that depends on industry input and review as it is implemented. Any other approach will not secure necessary industry commitment and ownership of such a plan. Through its involvement in the development of this plan the VIEN has confirmed objectives and strategies that are commercially relevant to the current experience of leading Australian vegetable exporters and provide for dissemination of commercially significant information and export development processes to the industry at large. This plan presents a basis for market and competitive analysis and future coordinated market development and promotion and its budget, strategies and actions should be adopted and implemented as soon as possible.

## 5. Strategies and Actions

This export business plan outlines strategies and actions that should be invested in to improve the Australian vegetable industry's capacity to compete internationally and develop export markets for Australian vegetable products. It also provides a transferable framework and methodology for analysing market development opportunities and undertaking international competitor analyses.

Implementation of these strategies, in the sequence presented, will ensure that the industry will within a period of twelve months have in place:

- a fully resourced and functioning VIEN that will manage, monitor and communicate;
- research initiatives and export policy development beyond the 2007-2008 initiatives funding outlined in this document;
- competitive and market analysis feedback in the key regions that most affect Australia's international competitiveness (China and Japan);
- competitive strategies and market development initiatives formulated for those regions;
- prioritisation of subsequent market and competitive analysis plans; and
- an understanding of the challenges and opportunities in developing a 'brand Australia' program for Australian vegetable products.

These strategies individually and collectively address the objectives of the business plan and provide a sequential progression from actions that address largely immediate term priorities (July 2007 – June 2008) based on the initial investment outlined in the plan, through to the medium and longer term imperatives if the Australian vegetable industry is to regain and retain its international competitiveness.

The five key strategies of this business plan are:

### 1. Vegetable Industry Export Network.

Formalise the VIEN's roles in relation to providing input and advice to Export Policy development on behalf of the Australian vegetable industry, and secure its required resources and funding beyond the initial 2007-2008 investment outlined in this business plan. Once its permanent function is established the VIEN will:

- oversee the export business plan activities outlined in the strategies detailed below;

- secure funding for future and ongoing activities and initiatives identified as a result of the international market and competitive analysis projects and market development activities outlined in this plan (i.e. post 2007-2008);
- provide commercial input into industry research and development processes and investment decisions; and
- provide input regarding trade, market access and industry development policy formulation to the peak industry body and government.

2. International market and competitive analysis.

An Export Project Manager (EPM) will be appointed to collect, collate and interpret market and competitor information with specific reference to the Chinese and Japanese vegetable industries and markets. Based on this analysis market retention, entry and development strategies will be developed where appropriate.

3. Test transferable analysis framework.

The EPM will test the 'transferable analysis framework' developed by the VIEN in Chinese and Japanese industry and market research, confirm its suitability and report back to the VIEN. The VIEN will subsequently make the transferable analysis framework available to industry for use in researching any global market in the future.

4. Prioritise and scope future market and competitive analysis initiatives.

Based on the international market and competitive analysis project findings, markets already nominated by VIEN members, and with further input from industry, the VIEN will prioritise future potential international market and competitor research initiatives, including supply chain / market development opportunities.

5. Future branding, promotion and education implications.

Based on the results of the international market and competitive analysis, and with reference to the experience of current Australian food industry and individual commercial branding activities, the VIEN will consider the feasibility of future international branding, promotion and consumer education in existing and potential export markets.

These strategies are outlined below with specific implementation activities and actions; responsibilities and budgets. It should be noted that various responsibilities have been nominated for the Export Project Manager (the entity appointed to implement Export Business plan initiatives); the AVIDG Project Manager (the entity which is managing the AVIDG's broader projects where reference to and coordination with the AVIDG's Foundation Projects is necessary); and the VIEN itself.

### **Strategy 1: Vegetable Industry Export Network (VIEN)**

The VIEN was created in November 2006 by bringing together representatives from successful Australian vegetable exporting businesses. The network's brief was to direct, with industry and government stakeholder input, an export business planning exercise in order to develop an investment agenda to break down barriers to export, prioritize export market opportunities and to identify opportunities for growth. Secretariat support was provided to VIEN during this period by the AVIDG project manager and was funded by the AVIDG. The Export business plan development exercise is now complete with the submission of this document and the VIEN's AVIDG-funded secretariat support finished in May 2007.

Consultation undertaken for the purposes of this Export Business Plan confirmed that the vegetable industry does not currently have a recognised mechanism for engaging the export sector on issues related to trade, market access or general industry development matters. Relevant industry stakeholders agree that such a mechanism is necessary and hence it is clear that the VIEN must fulfill this role on a permanent basis. In so doing the VIEN must assume ownership of this Export Business Plan on behalf of the Australian industry.

First and foremost the VIEN requires secretariat capability (see Action 1.1). With this capacity in place the key initiatives and activities that the VIEN must drive in 07/08 and beyond are mapped out below in Actions 1.2 – 1.4.

In accordance with the objectives of this export business plan it is necessary therefore to establish and resource a permanent VIEN to implement and monitor the plan [Objective (d)]. In terms of pursuing the market research briefs and subsequent planning of medium term market development priorities, this business plan identifies a range of VIEN activities that should be implemented in order

to support export business development and associated vegetable export policy development if the export sector is to assist the achievement of Vegvision 2020 industry aims.

**Action 1.1: VIEN role – secretariat support and operations**

Having identified a number of important activities for the VIEN to oversee in terms of immediate term research priorities (i.e. China and Japan market research activities); the trade and market access policy imperatives; and commercial orientation of industry research investments, this strategy also requires a focus on the operations and support required for the VIEN itself.

Secretarial support for the VIEN, as was provided by the Concept Consulting Group in its AVIDG Project Management role, is essential for the future operations of the VIEN. It is recommended that a similar model to that used to date (i.e. independent professional services rather than an employed position) is the most appropriate, efficient and responsive form of support.

It is important to recognise that this export business plan is an on-going process that is by no means a *fait accompli* in its own right. Whilst this is largely due to the fact the planned activities in the immediate term will provide direction for further planning in the medium and long term in the interests of Vegvision 2020 aims; it is also importantly due to the fact that in implementing this plan the VIEN will be able to make important contributions to the AVIDG’s industry leadership and structure considerations which are undoubtedly complex and challenging. Accordingly this plan nominates appropriate linkages for the VIEN with industry bodies and the vegetable research and development system.

<b>Action 1.1</b>	<b>VIEN role – secretariat support and operations</b>
Responsibility	VIEN and secretariat
Methodology	<p>The VIEN was appointed by the AVIDG in late 2006 to pursue the export business planning activity on behalf of the Australian vegetable industry. The allocated AVIDG budget, and provision of secretarial support for the VIEN through the AVIDG project, has enabled the completion of this export business plan. Continued support and funding will be secured to oversee implementation of the plan and its research strategies. As well as overseeing these research activities, the VIEN has determined that the export policy development strategy as outlined above requires on-going input and monitoring by the VIEN. This requires that the VIEN continues to receive secretariat or executive support to carry out these functions.</p> <ul style="list-style-type: none"> <li>• The VIEN to confirm its functions and priorities as outlined in</li> </ul>

	<p>this document.</p> <ul style="list-style-type: none"> <li>Identify funding options to support the VIEN operations including: government assistance and grant programs; potential industry levy support; exporter contributions to specific initiatives.</li> <li>Confirm funding, budgetary requirements and appoint secretariat / executive support.</li> </ul>
Proposed Milestones	<ul style="list-style-type: none"> <li>August 2007: Confirmation of VIEN functions and budgetary requirements beyond current AVIDG budget allocation.</li> <li>December 2007: seek funding support as outlined in methodology above.</li> <li>August 2007: appoint secretariat / executive support service</li> </ul>
Key performance indicators	<ul style="list-style-type: none"> <li>VIEN agreement on functions and budgets</li> <li>Funding secured</li> <li>Secretariat / executive support service provider appointed</li> </ul>
Budget	<ul style="list-style-type: none"> <li>\$81,240 exc. GST for the period July 2007 – June 2008 (secretariat: 66 days @ \$1,100 per day)</li> <li>\$106,240 exc. GST annual budget from July 2008 including secretariat/executive support and travel/meeting/communication costs for VIEN members (\$25,000 VIEN costs + secretariat @ 66 days @ \$1,100 per day)</li> </ul>
Contributions	<ul style="list-style-type: none"> <li>Existing IAC budget allocation covers VIEN costs through to June 2008</li> <li>Post AVIDG contributions to be identified by VIEN - industry levy / commercial partner / government funding support as appropriate.</li> </ul>
Time frame	August 2007 & then on-going
AVIDG reference	<p>Foundation Project 2: investing in leadership and industry structures</p> <p>Foundation Project 7: investing in market development</p>

**Action 1.2: VIEN role – oversee market research and plan future actions**

In order to achieve the key market and competitor research objectives of this Export Business Plan it is critical that the industry itself remains deeply involved in the activities and initiatives underpinning the plan's strategies so as to ensure a realistic commercial focus. The various research briefs have been developed with the close involvement and direction of VIEN members and their continued ownership of the plan on behalf of the industry is critical.

The methodology outlined for the China and Japan industry and market research briefs is based on a clear reporting function back to the VIEN. The VIEN will not only monitor progress with the research but also participate in considering the results of the research and developing appropriate market and



potential supply chain development initiatives. It is important that this monitoring function and industry guidance of development strategies be in place in accordance with AVIDG requirements.

Equally important is the managed and targeted release of research results to the industry in a way that facilitates optimal commercial responses and initiatives. The VIEN, based on its declared position and future protocols for communication and commercial interest recognition, will play a key role in guiding this information dissemination.

As identified above, it is envisaged that the results of immediate term market research will guide specific market development, product development and supply chain integration initiatives in the short term and branding and other international market research activities in the medium term. In particular the funding and resourcing requirements for such initiatives will be a key consideration of the VIEN. Investigations conducted for this business plan suggest that DAFF's 'Advancing Agricultural Industries Program – Action Grants' could be appropriate for consideration in terms of supporting these activities. Targeted industry contributions to market and product development together with supply chain integration opportunities however will be essential to support such initiatives and ensure long term commercial outcomes.

Critically the VIEN will have the responsibility to ensure all of the outcomes of this plan will be linked with activities in all the other AVIDG Foundation projects to ensure implementation and outcomes that are complimentary to AVIDG's inter-related strategic imperatives.

<b>Action 1.2</b>	<b>VIEN role – oversee market research &amp; agreed on future actions</b>
Responsibility	VIEN and secretariat
Methodology	<ul style="list-style-type: none"> <li>• Monitor China and Japan market research progress</li> <li>• Determine appropriate industry communication of results</li> <li>• Consider competitor analysis</li> <li>• Consider and prioritise market and product development opportunity briefs</li> <li>• Consider and prioritise supply chain integration opportunities</li> <li>• Consider Branding options and potential budgets</li> <li>• Consider and prioritise further market research briefs</li> <li>• Target and where possible engage industry involvement and leadership in above initiatives</li> <li>• Commission management and funding applications and proposals for above initiatives</li> </ul>
Proposed Milestones	<ul style="list-style-type: none"> <li>• 14/8/07: VIEN and exporter contact interviews – Japan brief</li> </ul>

	<p>and confirmation of Japan research brief</p> <ul style="list-style-type: none"> <li>• 15/10/07: Progress report – Japan research</li> <li>• 23/11/07: Progress report – China research</li> <li>• 17/12/07: Draft report – Japan research</li> <li>• 14/1/08: VIEN workshop – Japan research</li> <li>• 18/1/08: Final report incorporating opportunity development briefs – Japan research project</li> <li>• 4/2/08: Draft report – China research</li> <li>• 18/2/08: VIEN workshop – China research</li> <li>• 25/2/08: Final report incorporating opportunity development briefs (if any) – China research project and confirmed priorities for further export market research</li> </ul>
Key performance indicators	<ul style="list-style-type: none"> <li>• Research project activities completed and milestones met</li> <li>• Opportunity development briefs completed and appropriate funding and industry leadership secured.</li> <li>• Future market research briefs detailed and management and funding secured.</li> </ul>
Budget	See action 1.1 for VIEN secretariat / executive support budget
Contributions	<ul style="list-style-type: none"> <li>• Existing IAC budget allocation covers VIEN costs through to June 2008</li> <li>• Post AVIDG contributions to be identified by VIEN - industry levy / commercial partner / government funding support as appropriate.</li> </ul>
Time frame	August 2007 – February 2008
AVIDG reference	<p>Foundation Project 3: enhancement of industry information and decision support</p> <p>Foundation Project 7: Investing in market development</p>

### Action 1.3: VIEN role - trade and market access input

It is essential that industry players both understand and have constructive input into vegetable trade and market access policies and negotiations.

This plan outlines activities necessary to ensure that the VIEN, as representative group of leading Australian vegetable exporters, has recognised linkages with, and input into, industry policy discussion and formulation by the relevant industry bodies such as AUSVEG and the Horticultural Market Access Committee (HMAC).

<b>Action 1.3</b>	<b>VIEN role - trade and market access input</b>
Responsibility	VIEN and secretariat
Methodology	<ul style="list-style-type: none"> <li>• Confirm, and where appropriate negotiate, VIEN roles in and input to trade and market access activities, and the AVIDG's "Investing in leadership and industry structures" project.</li> <li>• Formalise in writing linkages with HAL advisory groups in</li> </ul>

	<p>terms of research priority input</p> <ul style="list-style-type: none"> <li>• Formalise in writing linkages and input to HMAC trade and market access consideration processes</li> <li>• Formalise in writing linkages with AUSVEG in terms of industry export policy development</li> <li>• Advise relevant industry stakeholders (e.g. Federal and State government agencies and state industry bodies) of the VIEN role and its linkages and input to other industry bodies.</li> </ul>
Proposed Milestones	<ul style="list-style-type: none"> <li>• August 2007: ensure VIEN input to the AVIDG's "Investing in leadership and industry structures" project.</li> <li>• August 2007: linkages and active input to other industry bodies confirmed.</li> </ul>
Key performance indicators	<ul style="list-style-type: none"> <li>• VIEN's ability to have input into the AVIDG's "Investing in and industry structures" project confirmed.</li> <li>• VIEN role acknowledged by other industry bodies and stakeholders</li> <li>• Active VIEN input into trade, market access and other export industry policy development</li> </ul>
Budget	See action 1.1 for VIEN secretariat / executive support budget
Contributions	<ul style="list-style-type: none"> <li>• Existing IAC budget allocation covers VIEN costs through to June 2008</li> <li>• Post AVIDG contributions to be identified by VIEN - industry levy / commercial partner / government funding support as appropriate.</li> </ul>
Time frame	August 2007 and then on-going
AVIDG reference	Foundation Project 2: investing in leadership and industry structures

#### **Action 1.4: VIEN role – industry research process and levy investments**

Vegvision 2020 recognises that the Australian vegetable industry has suffered from a lack of collective knowledge of international market trends and consumer preferences. Indeed a number of the AVIDG's Foundation Projects, and the VIEN's export business planning process in particular, are designed to address this shortcoming.

In particular research and development activities and investments managed by Horticulture Australia Limited (HAL) on behalf of the industry, could benefit from stronger reference to prevailing commercial realities in international vegetable marketing. Technical supply chain and product related research for example is best directed and driven by commercial industry requirements and challenges.

Accordingly the VIEN has a vital role to play in informing HAL, through its IAC and research advisory groups, about research priorities.

<b>Action 1.4</b>	<b>VIEN role – industry research process / marketing levy</b>
Responsibility	VIEN & secretariat
Methodology	<p>The VIEN has a significant role to play in providing commercial, market oriented input into the vegetable industry’s research and development system. Industry discussions regarding levy based funding of market related research and development initiatives is strongly encouraged.</p> <ul style="list-style-type: none"> <li>• Advise Government, HAL, its Industry Advisory Committee and the various research advisory groups of the VIEN role and its initiatives in international market and competitor analyses on behalf of industry, together with the outcomes and recommendations of such research.</li> <li>• Secure regular input to research and development considerations through the research advisory groups, or potentially as a working group on export market development related matters.</li> <li>• Seek levy funding support where appropriate for export market development initiatives as identified through the export business planning process.</li> </ul>
Proposed Milestones	<ul style="list-style-type: none"> <li>• August 2007: secure input into research and development processes</li> <li>• February – March 2008: funding applications for levy support of export market development initiatives (to be identified in China and Japan market research) submitted</li> </ul>
Key performance indicators	<ul style="list-style-type: none"> <li>• Input into industry research and development discussions secured</li> <li>• Levy funding support for appropriate export market development initiatives secured</li> </ul>
Budget	See action 1.1 for VIEN secretariat / executive support budget
Contributions	<ul style="list-style-type: none"> <li>• Existing IAC budget allocation covers VIEN costs through to June 2008</li> <li>• Post AVIDG contributions to be identified by VIEN - industry levy / commercial partner / government funding support as appropriate.</li> </ul>
Time frame	August 2007 & then ongoing
AVIDG reference	<p>Foundation Project 2: investing in leadership and industry structures</p> <p>Foundation Project 3: enhancement of industry information and decision support</p>

## Strategy 2: International market and competitive analysis

Among the key objectives of this export business plan are the improvement the industry’s capacity to compete with China in the international market place, and the establishment in the medium to long term of export markets in China [Objectives (a) and (b)]. To do so requires a comprehensive analysis

of international competition and market opportunities for Australian vegetable products. Therefore information is required on competitive activity in both the existing or historical markets for Australian produce, which includes the domestic market, established markets such as Japan, Singapore and Malaysia as well as potential future markets suggested to include countries such as China, India and various regions in Europe, Asia and the Middle East.

This plan includes a targeted approach to collecting and collating market and competitor information in three markets: China, Japan and the Australian domestic market.

**Action 2.1: China**

Industry and market research in China given it is the Australian vegetable industry’s most significant competitor and is potentially a region that presents medium to long term new niche market opportunities.

In order to understand and appreciate the reasons for China’s success in this regard, a comprehensive analysis of their industry and in particular the features of their vegetable supply chains is necessary as well as investigation of potential future niche market opportunities for Australian vegetable products.

Such a study must not assume that China presents a homogenous vegetable industry or market. Careful sampling and targeting of regions and product types is necessary given the varying product regions and seasons, different consumer market segments and regions, and vast array of vegetables consumed. At the same time a local appreciation and interpretation of the operation and culture of Chinese vegetable supply chains is vital.

Action 2.1	Global comparative analysis – China
Responsibility	<ul style="list-style-type: none"> <li>Export project manager with VIEN &amp; secretariat input</li> </ul>
Methodology	<p>As per project brief (see Appendix 5)</p> <ul style="list-style-type: none"> <li>Research management and recommendations completed by Export project management team with the assistance and input of in-market researchers.</li> <li>Draft conclusions and recommendations confirmed in with VIEN workshop</li> <li>Results communicated to industry</li> </ul>
Proposed Milestones	<ul style="list-style-type: none"> <li>6/8/07: Export project management team selected and contracted</li> </ul>

	<ul style="list-style-type: none"> <li>• 24/8/07: VIEN members and exporter connections interviewed (in coordination with the Japan project)</li> <li>• 24/8/07: Researcher selection interviews completed</li> <li>• 14/9/07: In-market researchers selected and briefed</li> <li>• 23/11/07: Research progress report</li> <li>• 21/12/07: Draft market study report</li> <li>• 21/1/08: Final market study report</li> <li>• 4/2/08: Draft final report</li> <li>• 18/2/08: VIEN workshop</li> <li>• 25/2/08: Final report completed</li> </ul>
Key performance indicators	<ul style="list-style-type: none"> <li>• In market researchers selected and briefed</li> <li>• Draft market study report accepted by VIEN</li> <li>• Value chain models confirmed, perceptions of international suppliers and potential long term market opportunities identified</li> <li>• Conclusions communicated to industry</li> </ul>
Budget	\$309,047 exc. GST
Contributions	Contributions to be identified by VIEN - industry levy / commercial partner / government funding support as appropriate.
Time frame	6/8/07 – 25/2/08
AVIDG Foundation project references	Foundation Project 3: Enhancement of industry information and decision support Foundation Project 6: Undertaking global comparative analyses

### Action 2.2: Japan

Industry and market research in Japan as a significant established market in which share has been lost and a region that provides the management and capital needs of many international vegetable supply chains.

An understanding of supply chain integration opportunities, the activities and future trends of international competitors as well as new product development opportunities requires a comprehensive in-market study of the Japanese vegetable industry, from grower through to final consumer, and the various supply chain elements along the way. The results of such a study will include key conclusions and recommendations on trends in Japanese vegetable production, marketing and consumption; supply chain developments – domestic and international influences; competitor activities; attitudes and perceptions of Australian produce; and potential market retention and development opportunities.

Action 2.2	Global comparative analysis (market/competitor) – Japan
Responsibility	Export project manager with VIEN & secretariat input
Methodology	<ul style="list-style-type: none"> <li>• Seek project funding in July 2007</li> <li>• Project methodology as per project brief (see Appendix 6)</li> <li>• Literature review, VIEN consultation and project brief confirmation</li> <li>• Research management and recommendations completed by Export project management team with the assistance and input of in-market researchers.</li> <li>• Draft conclusions and recommendations confirmed in with VIEN workshop</li> <li>• Results communicated to industry and specific opportunities referred to industry</li> </ul>
Proposed Milestones	<ul style="list-style-type: none"> <li>• 1/8/07: Export project management team selected and contracted</li> <li>• 14/8/07: Literature search and consultation completed (in coordination with the China project)</li> <li>• 28/8/07: In-market researchers selected and briefed</li> <li>• 15/10/07: Research progress report</li> <li>• 15/11/07: Research report completed</li> <li>• 17/12/08: Draft final report</li> <li>• 14/1/08: VIEN workshop</li> <li>• 18/1/08: Final report completed</li> </ul>
Key performance indicators	<ul style="list-style-type: none"> <li>• Project research brief confirmed</li> <li>• In market researchers selected and briefed</li> <li>• Draft market study report accepted by VIEN</li> <li>• Value chain models confirmed, perceptions of international suppliers and market niche, product development and supply chain integration opportunities identified</li> <li>• Conclusions communicated to industry</li> <li>• Market share retained and regained</li> </ul>
Budget	\$270,567 exc. GST (less \$23,400 if industry consultation coordinated with the China project)
Contributions	Contributions to be identified by VIEN - industry levy / commercial partner / government funding support as appropriate.
Time frame	1/8/07 – 18/1/08
AVIDG reference	Foundation Project 3: Enhancement of industry information and decision support Foundation Project 6: Undertaking global comparative analyses

**Action 2.3: Australian domestic market**

In order to provide a comprehensive picture of the Australian vegetable industry’s global competitive position, an international competitor and market analysis conducted on behalf of the industry should, as well as addressing the key international markets such as Japan and China, include specific reference to conditions in the Australian domestic vegetable market. To this end the competitive success factors that underpin vegetable products imported into the Australian market, and the impact they have on Australian vegetable supply chains, must be understood. In this regard this business plan makes specific references to the AVIDG’s project to develop a ‘Domestic Marketing Strategy’ for Australian vegetables and the fact that this project, to be completed in early 2008, will be underpinned by focused qualitative and quantitative consumer and market research.

Action 2.3	AVIDG domestic market research reference
Responsibility	AVIDG project manager
Methodology	<ul style="list-style-type: none"> <li>The VIEN has already passed its key questions regarding domestic consumer perceptions of, and competitive issues associated with, imported vegetable products to the manager of the AVIDG’s domestic market research project.</li> <li>VIEN to study domestic market research results and incorporate any implications into its own export business planning process as appropriate.</li> </ul>
Proposed Milestones	March 2008: Results of domestic research studied and relevant components incorporated in export business planning
Key performance indicators	Incorporation of relevant domestic market research findings into export business planning activity
Budget	-
Contributions	Covered in AVIDG budget.
Time frame	March 2008
AVIDG reference	Foundation Project 3: Enhancement of industry information and decision support Foundation Project 6: Undertaking global comparative analyses

**Strategy 3: Test the transferable analysis framework**

A key feature of this business plan is that the prepared transferable framework for market and competitive analysis will be tested in China and Japan and subsequently made available to the Australian vegetable industry for future use in analysing any international market. In accordance with the objectives of the plan [Objective (a) and (b)], this framework will provide a methodology for the industry to use in future investigations thus improving its capacity to compete with China and develop future export markets.



A copy of the framework is included in Appendix 4.

Action 3.1	Market & Competitive analysis framework made available to industry
Responsibility	Export project manager, VIEN and AVIDG Project Manager
Methodology	<ul style="list-style-type: none"> <li>• A market and competitive analysis framework has been developed as part of the Export Business planning process</li> <li>• The framework will be tested through in-market research in China and Japan</li> <li>• Alterations if any will be incorporated in the draft final reports for both market research briefs and confirmed at subsequent VIEN workshops</li> <li>• VIEN to advise industry stakeholders the framework is available and distribute according to the communication protocols confirmed at the workshops</li> </ul>
Proposed Milestones	14/1/08: VIEN workshop decisions regarding communication protocols - Japan information 18/2/08: VIEN workshop decision regarding communication protocols – China information 29/2/08: Framework made available
Key performance indicators	<ul style="list-style-type: none"> <li>• Framework confirmed in VIEN workshops for Japan and China research projects</li> <li>• Framework adopted by relevant industry bodies (e.g. HAL)</li> </ul>
Budget	-
Contributions	Covered in VIEN budget.
Time frame	January – February 2008
AVIDG reference	Foundation Project 3: Enhancement of industry information and decision support

#### **Strategy 4: Prioritise and scope future market and competitive analysis initiatives**

A key objective of this business plan is to improve the industry’s knowledge and understanding of international competitive success factors, market development opportunities, and targeted regions for future competitive and market research, promotion and market development [Objective (c)].

With regard to budgetary and timing constraints, this business plan proposes that following completion of the China and Japan research briefs that the VIEN and the industry will be in a more informed position to commission other research and development activities. Pending the outcome of the immediate term research activities outlined above, and based on the market and competitive analysis research framework, these activities are envisaged to include the key issues of:

- Specific Market retention and development strategies for Japan;

- Supply chain integration initiatives in Japan and potentially China;
- Longer term market development initiatives in China.

Potential new and existing markets identified by the VIEN for investigation beyond the immediate term research activities include:

- Malaysia
- Singapore
- Hong Kong
- Russia
- China
- Thailand
- Germany
- Sri Lanka
- United Kingdom
- India
- United Arab Emirates
- South Korea
- Indonesia
- Taiwan.

As outlined in Strategy 1, activities following the completion of the China and Japan studies will involve the VIEN making appropriate decisions and formulating funding proposals.

Action 4.1	Confirm and scope future market research initiatives, including supply chain / market development conclusions and opportunities
Responsibility	Export project manager, VIEN and AVIDG Project Manager
Methodology	<p>The VIEN has identified other markets that it believes warrant market and competitive analysis once the China and Japan research is completed. This list will be updated and confirmed at that time.</p> <ul style="list-style-type: none"> <li>• Recommendations for potential market and competitor research initiatives, including supply chain / market development opportunities considered and confirmed by VIEN in Japan and China market research workshops</li> <li>• Market development / supply chain integration recommendations and priorities completed and included in final reports for Japan and China research projects</li> <li>• VIEN to subsequently consider further market research briefs and appropriate funding proposals (industry levy / commercial partner / government funding as appropriate) submitted.</li> </ul>
Proposed Milestones	<ul style="list-style-type: none"> <li>• 14/1/08: VIEN workshop decisions regarding opportunity briefs for Japan and further market research briefs</li> <li>• 18/2/08: VIEN workshop decisions regarding opportunity briefs for China if and further market research briefs (including a review of those considered on 14/1/08).</li> </ul>

	<ul style="list-style-type: none"> <li>• 18/1/08: Japan opportunity briefs incorporated in Japan research final report</li> <li>• 25/2/08: China opportunity briefs (if any) incorporated in China research final report together with further market research briefs confirmed as part of the Japan and China research process.</li> </ul>
Key performance indicators	<ul style="list-style-type: none"> <li>• Market, product or supply chain integration opportunity briefs taken up by relevant industry players</li> <li>• Further market research briefs confirmed and funded appropriately</li> </ul>
Budget	\$15,000 exc. GST
Contributions	<ul style="list-style-type: none"> <li>• The budgets for the global comparative analysis projects (Actions 2.1, 2.2 and 2.3) include the development of recommendations for further market research priorities</li> <li>• A new VIEN budget item of \$15,000 is required for professional assistance in the development and commissioning of specific opportunity briefs (based on a time estimate of 10 days). Industry levy / commercial partner / government funding (e.g. AAIP) as appropriate</li> </ul>
Time frame	January – February 2008
AVIDG reference	<p>Foundation Project 3: enhancement of industry information and decision support</p> <p>Foundation Project 6: undertaking global comparative analyses</p> <p>Foundation Project 7: investing in market development</p>

### Strategy 5: Future branding, promotion and education implications

This plan's objective of improving the industry's knowledge and understanding of international vegetable markets and opportunities for future promotion and market development [Objective (c)] recognises the need to educate international consumers about the advantages of Australian vegetable products. It should be recognised though that international perceptions of the food safety and 'clean and green' credentials of Australian vegetables do not necessarily represent a long term sustainable competitive advantage in export markets.

The challenge therefore is how the Australian vegetable industry should be promoted and branded in the face of intense international competition. A range of potential opportunities appear to exist. Accordingly the China and Japan research briefs (actions 2.1 and 2.2) include specific reference to the need to investigate the perceptions of Australian produce, as well as the feasibility of pursuing Australian vegetable branding initiatives. At the same time reference will be made in this research to the experience of other Australian food industries (e.g. meat, seafood etc). Reference also needs to

be made to the outcomes of the AVIDG's domestic market research project, as well as other current initiatives such as 'Australian Grown' to inform the VIEN's future decisions in this regard.

Action 5.1	Future branding / promotion / education implications
Responsibility	Export project manager, VIEN and AVIDG Project Manager
Methodology	<p>The China and Japan market/competitive research briefs include reference to the need to consider the potential for a brand for Australian vegetables in the international market place. Other promotions are being conducted in the domestic market (i.e. Australian grown) and VIEN exporters have a wide range of experience in promoting their own brands.</p> <p>The research will consider:</p> <ul style="list-style-type: none"> <li>• Consumer perceptions of Australian vegetables</li> <li>• Supply chain opinions of supposed competitive advantages of Australian product in terms of food safety and 'clean and green' credentials and comparative positions of other producing countries</li> <li>• Supply chain features that may impact on product quality and specifications</li> <li>• Promotional practices and costs (e.g. point of sale, personal selling, advertising) that may impact on brand and consumer education initiatives.</li> </ul> <p>The VIEN will consider these and other research findings through progress and draft reports from the research and in particular may be asked to consider brand development initiatives (with professional assistance) and the product quality systems and specifications on which they would have to be based.</p>
Proposed Milestones	<ul style="list-style-type: none"> <li>• 14/1/08: VIEN workshop consideration of brand development feasibility in Japan</li> <li>• 18/2/08: VIEN workshop consideration of longer term brand development feasibility in China</li> <li>• 18/1/08: Potential brand development brief incorporated in Japan research final report</li> <li>• 25/2/08: Potential brand development brief further developed in China research final report.</li> <li>• March 2008: Results of brand related implications (if any) from AVIDG domestic market research.</li> </ul>
Key performance indicators	<ul style="list-style-type: none"> <li>• VIEN decisions on the feasibility of brand development exercises</li> <li>• Potential brands developed and achieving recognition in export markets</li> </ul>
Budget	\$7,500 exc. GST
Contributions	<ul style="list-style-type: none"> <li>• The budgets for the global comparative analysis projects (Actions 2.1, 2.2 and 2.3) include the development of recommendations for brand/promotion priorities</li> <li>• A new VIEN budget of \$7,500 required for professional assistance in the development and commissioning of brand</li> </ul>

	development briefs (based on a time estimate of 5 days). Industry levy / commercial partner / government funding (e.g. AAIP) as appropriate
Time frame	January – March 2008
AVIDG reference	Foundation Project 3: enhancement of industry information and decision support Foundation Project 7: investing in market development



**Notes to Strategy, action, timelines and budget summary**

1. For the purposes of this budget it is understood that the IAC will cover VIEN expenses including travel and meeting costs in the 2007-08 financial year.
2. Given that the AVIDG budget allocation for VIEN secretarial support expired in May 2007, a new budget of \$81,240 (plus GST) per annum (based on 66 days @ \$1,100 per day) is required.
3. It is estimated that in subsequent years (i.e. from June 2008) that the VIEN should budget and annual amount of \$106,240 (plus GST) for its operations. This estimate is based on an amount of \$25,000 (plus GST) for VIEN travel and meeting costs for four meetings per year; and an amount of \$81,240 (plus GST) for secretariat / executive support as outlined above.

## **7. Project and corporate risk management**

Risks identified in relation to the implementation of this export business plan relate to specific issues in project agreements and management, research processes, development of recommendations, communication and potential conflicts of interest.

### **7.1 *Project agreements and management***

Each of the specific market / competitive project briefs outlined in this plan will be based on formal contracts with the selected service providers. The China and Japan research projects will be monitored by the VIEN in accordance with funding contract guidelines.

### **7.2 *Research methodology***

The research to be conducted in the China and Japan projects is based on a methodology already developed in this business planning exercise by the Export Project Manager and Competitive Analysis. Potential in-market researchers will be sought by Austrade or other relevant Australian government agencies with final selection to be made by the Export Project management team. This together with mid-term research reviews will ensure rigor in the research processes.

### **7.3 *Development of Recommendations***

The input and overview of the VIEN will be a key component of the Japan and China research projects. These projects will not only consider specific market development, supply chain integration and competitive strategy initiatives in relation to those regions and markets, but also provide further insight into subsequent industry and brand development opportunities together with further global comparative analyses and market research. As recognised Australian vegetable exporters, VIEN members will receive research progress reports, a draft final report and the opportunity to provide input and direction through a final workshop before these projects are completed.



## **8. Communication Plan**

This Export Business Plan places significant emphasis on the need to appropriately manage the dissemination of project information to the Australian vegetable industry for whose benefit this exercise is being conducted.

### **Audiences and communication tools**

In accordance with the Cox+Inall Communications AVIDG communication plan, this export business plan recognises that there are differing audiences for the information and conclusions that it will provide. Whilst the nature of communication with each audience will be different, they all require appropriate and sufficient access to information to facilitate action. The primary audience includes all elements of the vegetable supply chain from commercial interests in production inputs, production, processing, marketing, levy payers and consumers. The secondary, but equally important audience for export development and policy requirements includes the VIEN itself, AVIDG, DAFF, HAL, the various industry bodies and advisory committees, Government and industry media.

Once research is conducted, conclusions drawn and future initiatives confirmed, the VIEN with reference to the AVIDG communications plan will be in a position to formulate specific communication activities for implementation by its secretariat. Communication channels and tools that could be used will include: existing stakeholder networks; the internet; industry events and conferences; industry media and publications; fact sheets; media releases; the AVIDG Newsletter; case studies of export initiatives and successes; and political briefings.

### **Management of sensitive information**

The challenge in disseminating the results of competitor and market analysis to the industry at large, and therefore effectively the public, is that the release of commercially significant information should be managed in a way that does not hide information from industry, but rather targets it in the first instance to the areas or operators who have the best chance of successful business development activities. Given that the VIEN itself, and investment in export business planning strategies among with the myriad of other AVIDG initiatives, exists on behalf of the industry, the sensitivity of managing the release of commercially significant information must be addressed. This sensitivity has been discussed with the AVIDG and this communications plan involves activities that acknowledge and declare potential interests of VIEN members that may or may not be relevant once the competitor and

market analysis information is tabled. For these reasons the VIEN will make final decisions regarding communication protocols at the time of research project workshops in early 2008. At this stage these protocols and communication activities are expected to be carried out as per the activities outlined below in the plan summary.

These protocols will, based on consultation between the VIEN and AVIDG (and as previously discussed with AVIDG), pay particular regard to potential conflicts of interest in relation the VIEN members' businesses and the commercial opportunities identified.

### Communication Plan Summary

Responsibility	Export project manager, VIEN and AVIDG Project Manager																																										
Methodology	<p>Upon confirmation and receipt of China and Japan market research reports, the VIEN will consider appropriate management of the distribution of research results. It is envisaged this will be based on the following:</p> <table border="1"> <thead> <tr> <th>Project information output</th> <th>VIEN</th> <th>AVIDG &amp; DAFF</th> <th>HAL</th> <th>Industry bodies and Advisory Com'tees</th> <th>Levy payers</th> <th>General Public</th> </tr> </thead> <tbody> <tr> <td>Final Market study report (excluding strategic and action plans)</td> <td>X</td> <td>X</td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Summarised Market study Report</td> <td></td> <td></td> <td></td> <td>X</td> <td>X</td> <td></td> </tr> <tr> <td>Strategies and Action plans</td> <td>X</td> <td></td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Highlights of the Market Study report</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>X</td> </tr> <tr> <td>Market Study Executive Summary</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>X</td> </tr> </tbody> </table> <p>These communications activities will employ the media and systems established by the Cox+Inall AVIDG Communications plan and will be facilitated by the VIEN's secretariat.</p>	Project information output	VIEN	AVIDG & DAFF	HAL	Industry bodies and Advisory Com'tees	Levy payers	General Public	Final Market study report (excluding strategic and action plans)	X	X	X				Summarised Market study Report				X	X		Strategies and Action plans	X		X				Highlights of the Market Study report						X	Market Study Executive Summary						X
Project information output	VIEN	AVIDG & DAFF	HAL	Industry bodies and Advisory Com'tees	Levy payers	General Public																																					
Final Market study report (excluding strategic and action plans)	X	X	X																																								
Summarised Market study Report				X	X																																						
Strategies and Action plans	X		X																																								
Highlights of the Market Study report						X																																					
Market Study Executive Summary						X																																					
Proposed Milestones	<ul style="list-style-type: none"> <li>14/1/08: VIEN workshop decision regarding appropriate communication management of Japan information</li> <li>18/2/08: VIEN workshop decision regarding appropriate communication management of China information</li> <li>31/1/08: Dissemination of Japan study information</li> <li>29/2/08: Dissemination of China study information</li> <li>Ongoing communication initiatives as identified by the VIEN</li> </ul>																																										
Key performance indicators	<ul style="list-style-type: none"> <li>Communication protocol confirmed by VIEN</li> <li>Information disseminated to industry and the public as per the protocol</li> </ul>																																										
Budget	-																																										

Contributions	Covered by VIEN budget.
Time frame	January – February 2008
AVIDG reference	Foundation Project 3: Enhancement of industry information and decision support

## **9. Appendices**

Appendix 1: VIEN member profiles

Appendix 2: Global comparative analysis brief – China

Appendix 3: Global comparative analysis brief - Japan

Appendix 4: Draft transferable Competitor and Market Analysis framework

**Appendix 1: VIEN member profiles****Dene Lampard, Sales and Marketing Manager, Centre West Exports, WA.**

Situated approx 100 km's north of Perth at Woodridge, Sun City Carrot Farm covers an area of 1000 acres of fixed and pivot irrigation. The sandy soil in the area is ideal for the Nantes varieties of carrots that the company grows. The company has, since its inception, been synonymous with a quality product. Growing bigger is not the company's focus; instead, providing a cost competitive, quality product for export to a range of world markets is the company driver. At present the company exports to Asia, Japan, Hong Kong, Taiwan, the Middle East and the Maldives as well as supplying local and Eastern State markets. In 2003, new facilities were built on the farm comprising an up to date packing facility, administrative offices and farm buildings. Center West Exports then became the first Western Australian farm to grow and pack on the same premises. Carrots are harvested, hydro-cooled, graded and packed and in the cool room ready for export within 45 minutes. The farm harvests approximately 100 tones of carrots per day.

Center West is a SQF 2000 accredited company and has a compliance agreement with AQIS. Center West Exports are able to offer fresh, high quality produce to their clients for 12 months of the year. We are not restricted to growing seasons because of our northern coastal location. Overseas visitors and prospective clients are welcome to call at the farm and production operation and meet our hardworking team.

**Nigel Carey, Marketing Manager, Webster Fresh, TAS.**

Webster Fresh fruit and vegetables are exported to the markets of Europe and Asia.

From one of the richest horticultural regions in the Southern Hemisphere, Webster Fresh has cultivated scientific knowledge and applied horticultural technology - affirming its place as a diverse horticultural specialist in the global food industry. In doing so, Webster Fresh has achieved the balance between quality, service and cost. The Field Fresh Tasmania trademark represents an agricultural partnership that includes one of Australia's oldest pastoral-based companies Webster Ltd, which was established in 1840 and Clements & Marshall Pty. Ltd, which was established in 1901. An alliance forged from a shared determination to promote Tasmanian horticultural produce and practice, as world's best.

**Phillip Jauncey, Managing Director, Matilda Fresh, QLD.**

Matilda Fresh Foods Pty Ltd is a 100% Australian company specialising in the packing, distribution and marketing of Broccoli & Onions. Working with growers, Matilda takes pride in supplying the highest quality product to Australian and overseas markets, primarily Asia. Phillip and Dianne Jauncey are the second-generation owners of the property "Wando" where all of Matilda Fresh Foods products are grown. The home of Matilda Fresh Foods is "Wando", situated 80km west of Toowoomba, on the rich black soil plains of the Darling Downs, Queensland, Australia. Originally a sheep farming area, Wando has been cropping since the 1930's growing corn, wheat, sorghum, soybeans and cotton. Matilda diversified in the early 1990's into broccoli production for the quality conscious export markets of Japan, Taiwan and Singapore. Drawing from over 10 years experience in the export market, Matilda Fresh Foods is now using its expertise and technology to produce quality broccoli for the Australian Market. In 2001 Matilda trialed Onions and has continued to develop and market this product successfully since.

**Sean Limbrey, Director and International Sales & Marketing Manager, Momack, VIC.**

Momack Produce was established in 1991, and is Australia's largest integrated grower and exporter of asparagus. Based in Australia's premier asparagus growing region of Koo Wee Rup, Momack grows, packs and exports quality fresh asparagus. Momack owns and operates 3 major packing sheds in Koo Wee Rup, and utilizes the facilities of an additional 13 packing sheds throughout Koo Wee Rup and the Mildura area. During the asparagus growing season of September to January, Momack packs and exports by air to the Asian region in excess of 3,000MT of fresh asparagus. Momack's main overseas markets for asparagus are Japan, Taiwan, Singapore and Hong Kong. Utilizing Momack's logistical experience and know-how, they are able to harvest, pack and airfreight the product all within the same day under cool chain management, to arrive at the destination the next morning, thus guaranteeing a quality, fresh product. Momack also exports onions and squash from Tasmania to Europe and Asia, and is further developing new markets and products including carrots, broccoli, stone fruit, citrus and blueberries.

**Neil Armstrong, Managing Director, Harvest Moon, VIC.**

Harvest Moon is a major producer and exporter of fresh vegetables. It is located on the North West Coast of Tasmania, Australia. Harvest Moon was founded in 1981 by its current Managing Director, Neil Armstrong. Since then the company has steadily grown to be one of the largest fresh vegetable companies in Tasmania. Harvest Moon also has shareholding in GroPack, a carrot packing company located in the north Island of New Zealand. This allows Harvest Moon to provide a continual supply of carrots - all year round. Harvest Moon's main operations are located in the Forth Valley. A large percentage of the vegetables marketed are produced on land owned by Harvest Moon in the region. Last

year, Harvest Moon began operations at their new property, "Kinburn", located near Launceston in North East Tasmania. The acquisition of this land has doubled the size of the property owned by Harvest Moon. This is important as it provides some independence, Research and Development sites and continues the development of better agronomic practices prior to contracting out to growers.

**David Depaoli, Auschilli, QLD.**

Auschilli is an innovative and flexible company that produces high quality chilli, vegetable and herb products for the food manufacturing and service sectors. The company is 100% Australian owned. Operations have been vertically integrated to provide specialised services from the plantation farm to the customer for Auschilli's range of chilli products. Auschilli is the largest and most technologically advanced chilli producer in Australia and produces a range of chilli varieties for sale into the retail sector and for processing into puree. Varieties produced comprise: Red; Green & Yellow Cayenne Chilli; and Habanero Chilli. The company uses Integrated Crop Management farming practices for chilli production and holds HACCP (Hazard Analysis and Critical Control Point), SQF 2000TM (Safe Quality Food) and IFOAM (International Federation of Organic Agriculture Movement) organic certification, and is AQIS (Australian Quarantine Inspection Service) accredited, for puree production. Auschilli also carries WVQMS (Woolworths Vendor Quality Management Standard) accreditation.

## **Appendix 2: Global comparative analysis brief – China**

### **Details**

Project Code: VG 07XXXX  
 Project Title: Global Comparison Analysis Proposal  
 Project Type: R&D  
 Call Description: Tender Submission  
 Start Date: 6 August 2007  
 End Date: 25 February 2008  
 Service Provider: TBA  
 Industry: Vegetables  
 Government Priority: Improving trade and market access

**Confidentiality:** Yes

**Resources (team):** TBA

### **Summary**

*[What is the aim of this Project? What issues will be addressed?]*

The specific aims of this project are to:

- Improve the Australian vegetable industry's awareness and understanding of China's vegetable industry business fundamentals and basis for competitive advantage
- Generate commercially valuable information which can be applied at an industry and enterprise level to improve global competitiveness.
- Develop the Australian industry's capacity to adapt to changing global markets through the establishment of a mechanism for understanding overseas competitors through ongoing data collection, monitoring, analysis and dissemination.
- Identify potential market niche opportunities for Australian fresh, chilled and value added vegetables and clearly describe the values sought that give rise to the niche opportunities.
- Formulate strategies and actions at an industry and enterprise level to improve competitiveness and consider future market opportunities and potential barriers that may exist.
- Test and refine the transferable framework and methodology for analyzing market development opportunities and undertaking international competitor analyses developed through the "Vegetable Industry Export Business Plan" project funded by the AVIDG.



## Background

*[Background] What is the issue you intend to investigate?*

The Australian vegetable industry is facing acute challenges to its competitiveness in the global marketplace. In recent years well established export markets for Australian vegetables, particularly in South East Asia, have deteriorated in the face of intense competition from a number of international competitors, particularly China, and the impact of a strong Australian dollar.

In March 2006 the Hon Peter McGauran MP, Minister for Agriculture, Fisheries and Forestry, appointed the Australian Vegetable Industry Development Group (AVIDG) to advise him and his department (DAFF) on the investment of Commonwealth funds to implement the seven foundation projects identified in the *Vegetable Industry Taking Stock & Setting Direction* report.

The first of the foundation projects was to develop an industry strategic plan, *Vegvision 2020*, which has been completed and was launched by the Minister in September 2006. In *Vegvision 2020*, the Australian vegetable industry set its' sights on doubling its' value by 2020<sup>10</sup>. In order to achieve growth of this magnitude the industry will need to grow export sales significantly.

In order to identify potential sources of global competitive advantage and formulate effective competitive strategies the Australian vegetable industry requires a deep and current understanding of its global business environment in international competitors.

*[With whom, in industry, have you discussed this proposal?]*

In November 2006 the AVIDG formed a Vegetable Industry Exporters Network (VIEN), bringing together those businesses that are already growing, packing and exporting vegetables successfully.

Formation of the network created a mechanism for collaborative work between industry and government to set the agenda to break down barriers to export, prioritise export market opportunities and to identify opportunities for growth. At the inaugural meeting of the network, the exporters identified China as the greatest threat to the profitability and sustainability of the Australian vegetable industry's domestic and export markets and also as a potential opportunity that is currently poorly understood.

In February 2007 Hudson Howells were commissioned by the AVIDG to undertake a desktop study, "Marketing Information Audit – Vegetables & China". This study found that in the future:

- ***"Australian producers can expect China to become an even greater threat in the Australian market and in the important third party markets of Japan, Singapore and Malaysia"***.

The study also found that:

- ***"China is likely to become a contestable market for Australian vegetables provided Australian producers focus on specific winnable niches"***.

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At their most recent meeting on 22 May 2007 VIEN members endorsed the proposed transferable framework and methodology for analyzing market development opportunities and undertaking international competitor analyses (See Appendix B - Transferable framework for market and competitor analyses), the methodology proposed for this project. When asked to select the country in which they would like to see the transferable framework and methodology applied first, VIEN members unanimously chose China.

*[Which issue in the industry strategic plan does your project address?]*

This project will specifically address Foundation Project 2 “Global Comparative Analyses”, and Foundation Project 3 “Industry Information and Decision Support Framework”, as identified in the industry report “Taking Stock and Setting Directions November 2005”.

The project addresses several areas in the industry strategic plan, Vegvision 2020. Specifically, it addresses Strategic Imperative 2 “Market recognition for Australian quality, safety, reliable supply and innovation”, Strategic Imperative 3 “Internationally Competitive Australian Vegetable Supply Chains” and Strategic Imperative 4 “Advanced Industry Data and Information Systems” in the industry strategic plan “Vegvision 2020”.

## **Method**

*[In this section describe in detail the method that will be used to investigate the problem or opportunity. Include details of any experiments, trials, surveys etc. proposed]*

The proposed methodology for this project reflects the transferable framework and methodology for analyzing market development opportunities and undertaking international competitor analyses developed through the “Vegetable Industry Export Business Plan” funded by the AVIDG (See Appendix B).

A “Researcher Selection Criteria Matrix” (See Appendix B) for selecting in market research companies was developed as part of the framework and methodology for analyzing market development opportunities and undertaking international competitor analyses. This matrix will be utilized by the Export Project Management Team to select the market researcher.

The “Marketing Information Audit – Vegetables & China” study recommended a research rationale based on a regional focus for the in-market research including Beijing, Shanghai and another region to be identified in desk research. The study suggested the distribution focus for the market research to include premium supermarkets, western fast food chains and the food service sector. This recommendation was supported by the VIEN. Eighty-two (82) interviews will be completed including interviews in each of the segments of: supermarkets; premium hotels; fast food chains; and food service organisations in Beijing, Shanghai and a third market to be identified in desk research.

A market study report proforma (See Attachment C) was developed as part of the framework and methodology for analysing market development opportunities and undertaking international competitor analyses. The selected in-market research firm will be expected to produce a report meeting the requirements laid out in the proforma.

## **Roles and Responsibilities**

It is proposed that this project would be managed and monitored by an Export Project Management (EPM) team consisting of two external consultants. The Export Project Management team would:

- Prepare the market research brief
- Interview industry associations including the Meat and Livestock Corporation and Wine and Brandy Corporation together with VIEN members and any relevant commercial associates they have, in relation to the China vegetable market for market intelligence purposes
- Engage the appropriate Australian government agency, likely to be Austrade, to identify and shortlist in-market researchers
- Select an in-market research company from the shortlist
- Oversee in-market researchers who will conduct both desk top and in-depth face to face interviews in China. Analyse the market research, formulate draft findings, recommendations, strategies and actions.
- Facilitate a workshop with the members of the VIEN to test draft findings, recommendations, strategies and actions.
- Review and refine the transferable framework for market and competitor analyses
- Prepare the reports referred to in the “Outputs” section of this brief

### **Project Outputs**

*[Outputs: What will be the goods/services produced by this work (e.g. new variety, book, industry fact sheet, pesticide regimen, etc)?]*

The specific outputs expected from this project are:

- A final market study report containing an introduction, executive summary, detailed profile of the Chinese vegetable market, distribution and product flow analysis, value chain cost structure analysis and profiles of influential entities within the market.
- A confidential report containing the detailed strategies, action plans and recommendations formulated from the market study.
- A summarised market report, including outcomes and recommendations but without commercially sensitive strategy details, to be distributed to relevant industry stakeholders.
- A “Highlights of the Market Study” overview version of the final report suitable for distribution to the wider industry and public.
- A written report documenting the tested and refined framework and methodology for analyzing market development opportunities and undertaking international competitor analyses
- A regular written progress report for the HAL & AVIDG Project Managers and VIEN members
- A market study executive summary for distribution to the general public
- Electronic PowerPoint presentations and personal presentations to the project stakeholders.
- Raw data to be provided to relevant stakeholders as determined by the HAL & AVIDG Project Managers and VIEN members.

### **Project Outcomes**

*[Outcomes: What will be the benefit/consequences of this work (e.g. expanded export opportunity, lower production costs, etc)?]*

The specific outcomes expected from this project include:

- Improved industry capacity to adapt to changing global markets through the market and competitive analysis framework tested and refined in this project and the related on-going data collection, monitoring and analysis processes and industry information dissemination.
- Wide industry awareness of the competitive fundamentals of the Chinese vegetable industry and the strategic implications for the Australian vegetable industry.
- Application of commercially valuable global information at industry and enterprise levels to improve competitiveness.
- Deep and current understanding of the consumption patterns and trends, segments and niches within the Chinese market

### Industry Adoption

*[Who is/are your target audience(s)?]*

The ultimate target audience for this project is the entire Australian vegetable industry. It is imperative that the vegetable industry at large increases its awareness and understanding of the nature of the Chinese vegetable industry and its successful attributes as an international competitor. Participants throughout the supply chain must develop a far deeper understanding of the global competitive environment if they are to formulate effective competitive strategies that will enable them to remain competitive in domestic or international markets.

*What is/are your strategies for adoption including timeframe?*

This project will, by its' very nature, generate commercially valuable and sensitive information that the Australian vegetable industry should not consciously make available to their international competitors.

It is proposed that during the final project workshop with the Export Project Management team, HAL & AVIDG projects managers and VIEN members will be in a position to determine what components of the market report, strategies and action plans should be distributed and to whom.

It is envisaged that number of reports containing different levels of detail will be produced and disseminated to the various industry stakeholders. The table below outlines the proposed information dissemination strategy.

	VIEN	AVIDG & DAFF	HAL	Industry Bodies & Industry Advisory Committees	Levy Payers	General Public
Final Market Study Report (excluding strategic and action plans)	X	X	X			
Summarised Market Study Report				X	X	
Strategies and Action Plans	X		X			
Highlights of the Market						X

Study report						
Market Study Executive Summary						X

Commercialisation of the results of this research will ultimately fall to industry and its willingness and commitment to adopting the outcomes and acting accordingly.

It should be noted that the VIEN recognises that this research will be conducted on behalf of the Australian vegetable industry and the process must be transparent and results be made available to the industry at large.

### **Appendices**

Appendix A - Transferable framework for market and competitor analyses.

Appendix B - Vegetable Market Study – China final report proforma.

### **Budget Justification (Activities)**

*[In this section describe the key activities to be completed during the life of the project and the anticipated expenditure]*

The proposed budget for this project is \$309,047 (excluding GST). These costs are outlined below:

#### **Export Project Management Team Expenses (excluding travel)**

Estimated budget: \$105,450

- Interview exporter & industry connections: 2 consultants x 5 days.
- Liaise with Australian government agency to shortlist local researchers: 1 consultant x 1 day.
- Conduct researcher interviews: 2 consultants x 4 days.
- Detailed briefing of final researchers: 2 consultants x 1 day.
- Analyse final researcher proposals, select and commission successful researcher: 1 consultant x 1 day.
- Conduct in market review of research half way through interviews program: 2 consultants x 3 days.
- Progress report to the HAL & AVIDG project managers and VIEN members: 2 consultants x 2 days.
- Review research report and develop recommended strategies and actions: 2 consultants x 2 days.
- VIEN workshop to review recommended strategies and actions and document agreed way forward: 2 consultants x 1.5 days.
- Complete required reports: 2 consultants x 2 days.

#### **China In-Market Interviews by Local Researchers**

Estimated budget: \$115,200

- 82 interviews in total @ 2 interviews per day.
- Establish interviews: 10 days.
- Desk research on consumption, demand, imports, exports, prices: 5 days.

- Desk research – select key value chain players: 5 days.
- Research planning: 2 days.
- Documentation and report writing: 5 days.
- Mid term review of research: 3 days.

### **Horticulture Australia Management Fee**

Estimated budget: \$26,257

Justification: Horticulture Australia Limited will be responsible for managing this project. The project will incur a project management fee equivalent to 11.9% of the cost of the project (excluding travel expense).

### **Travel**

Estimated budget: \$62,140.

The travel budget presented reflects the estimated cost of the export project manager's travel, accommodation, meals and general expenses including four return flights to China and the travel, accommodation, meals and general expenses of the in market researchers.

All other travel is to be reimbursed at cost, with all travel, accommodation, ground transport, visa and related costs and itinerary pre-approved by AVIDG. Business class travel for international travel (including domestic links) will be funded if applicable. Domestic economy class travel expenses will be funded. Long distance phone calls will be reimbursed at cost. All other reasonable expenses, including courier costs will be reimbursed.

**Milestones**

<b>1.1 Milestone</b>	<b>Proposed date</b>
<p><b>Project Development</b></p> <ul style="list-style-type: none"> <li>• Export Project Management Team selected and contracted.</li> <li>• In-Market Researchers Selected and Briefed</li> </ul>	<p>6 August 2007</p> <p>14 September 2007</p>
<p><b>Consultation</b></p> <ul style="list-style-type: none"> <li>• Interview VIEN members and exporter connections</li> <li>• Conduct Researcher Interviews</li> <li>• Conduct in market review of research</li> <li>• Weekly progress report to the HAL Project Manager</li> </ul>	<p>Within the first 2 weeks 20 – 24 August</p> <p>12 – 16 November</p> <p>Weekly</p>
<p><b>Project Reporting</b></p> <p>Detailed progress report submitted  Draft market study report submitted  Final market study report completed.  Draft final report submitted  VIEN Workshop  Final report submitted.</p>	<p>23 November 2007  21 December 2007  21 January 2008  4 February 2008  18 February 2008  25 February 2008</p>

### **Appendix 3: Global comparative analysis brief – Japan**

#### **Details**

**Project Code:** VG 07XXXX  
**Project Title:** Global comparative analysis proposal  
**Project Type:** R&D  
**Call Description:** Tender Submission  
**Start Date:** 1 August 2007  
**End Date:** 18 January 2008  
**Service Provider:** TBA  
**Industry:** Vegetables  
**Government Priority:** Improving trade and market access

**Confidentiality:** Yes

**Resources (team):** TBA

#### **Summary**

[What is the aim of this Project? What issues will be addressed?]

The specific aims of this project are to:

- Improve the Australian vegetable industry's awareness and understanding of China's and other competitors' successful attributes in the Japanese market (strategies, structures, programs, costs etc).
- Generate commercially valuable information which can be applied at an industry and enterprise level to improve global competitiveness.
- Develop the industry's capacity to adapt to changing global markets through the establishment of a mechanism for ongoing data collection, monitoring and analysis and dissemination.
- Formulate strategies and actions at an industry and enterprise level to improve competitiveness and consider future market opportunities and potential barriers that may exist.
- Test and refine the transferable framework and methodology for analysing market development opportunities and undertaking international competitor analyses developed through the "Vegetable Industry Export Plan" project funded by the AVIDG.

#### **Background**

*[Background] What is the issue you intend to investigate?*

Competitive challenges faced by the Australian vegetable industry in the international market place in recent years has resulted in significant concern regarding the loss of market share in traditional export markets such as Japan.

In March 2006 the Hon Peter McGauran MP, Minister for Agriculture, Fisheries and Forestry, appointed the Australian Vegetable Industry Development Group (AVIDG) to advise him and his department (DAFF)



on the investment of Commonwealth funds to implement the seven foundation projects identified in the *Vegetable Industry Taking Stock & Setting Direction* report.

The first of the foundation projects was to develop an industry strategic plan, *Vegvision 2020*, which has been completed and was launched by the Minister in September 2006. In *Vegvision 2020*, the Australian vegetable industry set its' sights on doubling its' value by 2020<sup>11</sup>. In order to achieve growth of this magnitude the industry will need to grow export sales significantly.

In order to identify potential sources of global competitive advantage and formulate effective competitive strategies the Australian vegetable industry requires a deep and current understanding of its global business environment in international competitors.

*[With whom, in industry, have you discussed this proposal?]*

The AVIDG formed a Vegetable Industry Exporters Network (VIEN) in late 2006 in order to provide a structure for collaborative work between industry and government to set the agenda to break down barriers to export, prioritise export market opportunities and to identify opportunities for growth. The VIEN's specific aims include:

- the definition of what activities should be invested in order to improve the industry's capacity to compete with China in the domestic and third party markets and develop markets for Australian vegetable products in China and other markets; and
- the development of a transferable framework for market and competitor analyses.

The VIEN's discussions regarding industry experience, and an independent marketing information audit undertaken by Hudson Howells has confirmed that the Chinese vegetable industry poses the strongest competitive threat to Australian vegetable exporters – both internationally and in their own domestic market. In particular it was noted that:

- there has been a significant loss of market share in a number of traditional export markets including Japan in recent years, particularly due to competition from China;
- better international market information and data is required by the Australian vegetable industry;
- growth opportunities in new and existing export markets could be pursued through product development and supply chain management innovations; and
- a coordinated industry promotion of the 'safe and clean' credentials of Australian produce could improve competitiveness.

Given this situation members of the VIEN have determined that the industry should commit to: focusing on the export competitiveness challenges identified; collaborating as much as possible on behalf of the industry in international market research and strategy development; and formalising and implementing plans to conduct in-market research as the basis of the AVIDG's export business planning exercise.

The key challenges for the VIEN in pursuing these objectives can therefore be summarised as follows.

- Firstly, to devise the most strategic approach to the market research given a range of industry interest including – the investigation of new markets; assessment of competitive position in the domestic market and existing export markets; industry structure needs; and industry branding opportunities.

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- Secondly, the appropriate prioritisation over the medium term of the export markets that should be studied.
- Thirdly, determining the appropriate way to resource these efforts.

Accordingly this proposal to analyse competition from China for Australian vegetables in the Japanese Market is one of two proposals to address Export Business Plan objectives – the other being to study the Chinese vegetable market (both for competitive analysis and potential long term market opportunity reasons). An assessment of the Japan market is deemed important by the VIEN as it assists in assessing Chinese competition in an existing market that is quite complex and in which significant Australian market share has been lost. It will provide an excellent study for the purposes of developing a robust framework for international competitive and market analysis.

*[Which issue in the industry strategic plan does your project address?]*

This project is aimed at addressing and Strategic Imperative 2 “Market recognition for Australian quality, safety, reliable supply and innovation”, Strategic Imperative 3 “Internationally Competitive Australian Vegetable Supply Chains” and Strategic Imperative 4 “Advanced Industry Data and Information Systems” in the industry strategic plan “Vegvision 2020”.

This project will specifically address:

- Foundation Project 2 “Global Comparative Analyses”,
- Foundation Project 3 “Industry Information and Decision Support Framework”.

## **Method**

*[In this section describe in detail the method that will be used to investigate the problem or opportunity. Include details of any experiments, trials, surveys etc. proposed]*

The proposed methodology for this project reflects the transferable framework and methodology for analyzing market development opportunities and undertaking international competitor analyses developed through the “Vegetable Industry Export Business Plan” funded by the AVIDG.

A “Researcher Selection Criteria Matrix” for selecting in market research companies was developed as part of the framework and methodology for analyzing market development opportunities and undertaking international competitor analyses. This matrix will be utilized by the Export Project Management Team to select the market researcher.

The marketing information audit undertaken by Hudson Howells recommended a research rationale based on a regional focus for the in-market research including Tokyo and Osaka, with a distribution focus for the market research to include supermarkets, fast food chains and the premium food service sector. While the VIEN members currently export carrots, potatoes, onions, broccoli, asparagus and squash the contracted researchers will be instructed to identify market opportunities for vegetable products in a fresh, chilled or value added form.

This research project will be managed and monitored by an Export Project Management (EPM) team including consultants who will commission and manage in-market researchers and work with the VIEN to interpret results, develop conclusions and recommendations, and oversee communication requirements;

as well as the local in-market researchers themselves. The EPM team will prepare the market research brief, interview VIEN members and their Japanese affiliates for market intelligence purposes before engaging the appropriate Australian government agency to identify and shortlist in-market researchers. EPM team in-market researchers will conduct both desk top and in-depth face to face interviews in Japan. Thirty-six (36) interviews will be completed including interviews in each of the segments of: supermarkets; fast food chains; and food service organisations.

A market study report proforma was developed as part of the framework and methodology for analysing market development opportunities and undertaking international competitor analyses. The selected in-market research firm will be expected to produce a report meeting the requirements laid out in the proforma.

### **Roles and Responsibilities**

It is proposed that this project would be managed and monitored by an Export Project Management (EPM) team consisting of two external consultants. The Export Project Management team would:

- Prepare the market research brief
- Interview VIEN members and any relevant commercial associates they have in relation to the Japan vegetable market for market intelligence purposes
- Consultation with other Australian food industry bodies (e.g. meat, pork etc) will also take place together with a comprehensive literature search.
- Engage the appropriate Australian government agency, likely to be Austrade, to identify and shortlist in-market researchers
- Select an in-market research company from the shortlist
- Oversee in-market researchers who will conduct both desk top and in-depth face to face interviews in Japan. Analyse the market research, formulate draft findings, recommendations, strategies and actions.
- Facilitate a workshop with the members of the VIEN to test draft findings, recommendations, strategies and actions.
- Review and refine the transferable framework for market and competitor analyses
- Prepare the reports referred to in the “Outputs” section of this brief

### **Project Outputs**

*[Outputs: What will be the goods/services produced by this work (e.g. new variety, book, industry fact sheet, pesticide regimen, etc)?]*

The specific outputs expected from this project are:

- A final market study report containing an introduction, executive summary, detailed profile of the Japanese vegetable market, distribution and product flow analysis, value chain cost structure analysis and profiles of influential entities within the market.
- A confidential report containing the detailed strategies, action plans and recommendations formulated from the market study.
- A summarised market report, including outcomes and recommendations but without commercially sensitive strategy details, to be distributed to relevant industry stakeholders.

- A “Highlights of the Market Study” overview version of the final report suitable for distribution to the wider industry and public.
- A written report documenting the tested and refined framework and methodology for analyzing market development opportunities and undertaking international competitor analyses
- A regular written progress report for the HAL & AVIDG Project Managers and VIEN members
- A market study executive summary for distribution to the general public
- Electronic PowerPoint presentations and personal presentations to the project stakeholders.
- Raw data to be provided to relevant stakeholders as determined by the HAL & AVIDG Project Managers and VIEN members.

## **Project Outcomes**

*[Outcomes: What will be the benefit/consequences of this work (e.g. expanded export opportunity, lower production costs, etc)?]*

The specific outcomes expected from this project include:

- Improved capacity to adapt to changing global markets through the market and competitive analysis framework established in this project and the related on-going data collection, monitoring and analysis processes and industry information dissemination.
- Wide industry awareness of the competitive fundamentals of the Japanese vegetable industry and the strategic implications for the Australian vegetable industry.
- Application of commercially valuable global information at industry and enterprise levels to improve competitiveness.
- Deep and current understanding of the consumption patterns and trends, segments and niches within the Japanese market

## **Industry Adoption**

*[Who is/are your target audience(s)?]*

The immediate target audience for the results of this research project includes the VIEN and the AVIDG. The clear intent though is that these results be presented, analysed and used for the development of strategies to assist Australian vegetable exporters in contributing to Vegvision 2020 objectives.

Development of the outcomes proposed from this project will be managed and monitored by the EPM throughout the course of the research with the VIEN receiving progress reports and the opportunity to participate in a workshop to analyse and confirm such outcomes.

*[What is/are your strategies for adoption including timeframe?]*

In terms of assisting adoption, the proposed outcomes, and in particular the strategies and actions recommended in the final report, will be presented with regard to industry structures and implementation capacities. The dissemination of this information will be conducted in accordance with the AVIDG Communications Plan.

In particular it should be noted that the VIEN recognises that this research will be conducted on behalf of the Australian vegetable industry and the process must be transparent and results be made available to the

industry at large. Every effort will be to manage the release of the report's finding and recommendations with due regard to commercial in confidence information. During the final project workshop with the EPM, the VIEN will be in a position to consider and declare various interests if necessary and confirm the appropriate distribution of this information. At the outset though it is expected that the various documents presented (see Project Outputs Section above) will be distributed as indicated in the following table:

Project information output	VIEN	AVIDG & DAFF	Industry Bodies & HAL	Industry Advisory Com'tees	General Public
Final Market Analysis Report	X	X	X		
Summarised Market Report				X	
Strategy & Recommendations	X				
Highlights of the Study					X
Final Report Executive Summary					X

It is imperative that the vegetable industry at large will increase its awareness and understanding of the competitive position of the industry in the existing market of Japan and the successful attributes of key competitor countries particularly China. It is proposed that the communication approach above will control the release of the reports findings such that:

- industry will understand the competitive success factors necessary in the Japanese market,
- industry will be aware of market opportunities and how they can be best pursued;
- commercial-in-confidence details can be fed back to industry participants;
- feedback can be provided to appropriate bodies in order to formulate industry policy, and to industry research and development advisory groups to assist in directing of future research and development activities.

**Appendices**

- Appendix A - Transferable framework for market and competitor analyses.
- Appendix B - Vegetable Market Study – Japan final report proforma.

**Budget Justification (Activities)**

[In this section list the key activities to be completed during the life of the project and the anticipated expenditure]

The proposed budget for this project is \$270,567 (excluding GST). These costs are outlined below:

**Literature review, VIEN consultation and project brief development**

Estimated budget: \$29,600

- Identify VIEN market contacts and information sources to address: 1 consultant x 1 day.
- Interview 5 Australian industry associations (meat, pork, citrus, wine, seafood) regarding Japan export market development and source relevant reports: 2 consultants x 5 days.
- Analyse industry reports, document overall conclusions and confirm research brief: 1 consultant x 1 day.

**Establishing researchers in Japan, develop strategies and actions and deliver final report by EPM team.**

Estimated budget: \$86,950

- Liaise with the appropriate Australian government agency to shortlist local researchers: 1 consultant x 1 day.
- Travel to and from Tokyo on two occasions.
- Interview exporter connections: 2 consultants x 2 days.
- Conduct researcher interviews: 2 consultants x 4 days.
- Detailed briefing of final researchers: 2 consultants x 1 day.
- Analyse final researcher proposals, select and commission successful researcher: 1 consultant x 1 day.
- Conduct in market review of research half way through interviews program: 2 consultants x 3 days.
- Progress report to VIEN: 2 consultants x 2 days.
- Review research report and develop recommended strategies and actions: 2 consultants x 2 days.
- VIEN workshop to review recommended strategies and actions and document agreed way forward: 2 consultants x 1.5 days.
- Complete final report: 2 consultants x 2 days.

**Japan in-market interviews by local researchers.**

Estimated budget: \$68,800

- 36 interviews in total @ 2 interviews per day.
- Establish interviews: 5 days.
- Desk research on consumption, demand, imports, exports, prices: 5 days.
- Desk research – select key value chain players: 5 days.
- Research planning: 2 days.
- Documentation and report writing: 5 days.
- Mid term review of research: 3 days.

**Horticulture Australia Management Fee**

Estimated budget: \$22,057

Justification: Horticulture Australia Limited will be responsible for managing this project. The project will incur a project management fee equivalent to 11.9% of the cost of the project (excluding travel expense).

**Travel expenses.**

Estimated budget: \$63,160.

- EPM team travel, accommodation, meals and general expenses.
- In-market researchers travel, accommodation, meals and general expenses.

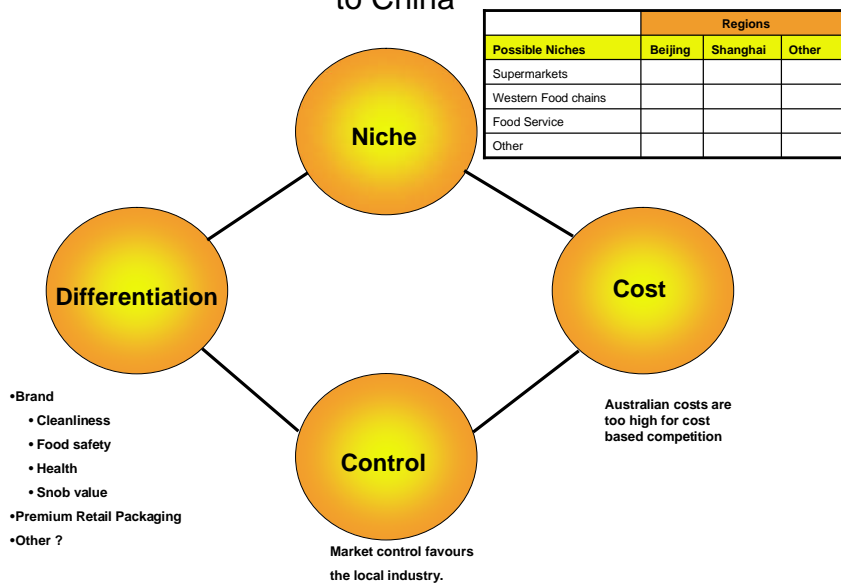
**Milestones**

<b>Milestone</b>	<b>Proposed date</b>
<p><b>Project Development</b></p> <ul style="list-style-type: none"> <li>• Export Project Management Team selected and contracted.</li> <li>• In-Market Researchers Selected and Briefed</li> </ul>	<p>6 August 2007</p> <p>28 August 2007</p>
<p><b>Consultation</b></p> <ul style="list-style-type: none"> <li>• Interview VIEN members and exporter connections</li> <li>• Conduct Researcher Interviews</li> <li>• Conduct in market review of research</li> <li>• Weekly progress report to the HAL Project Manager</li> </ul>	<p>14 August 2007</p> <p>28 August 2007</p> <p>15 October 2007</p> <p>Weekly</p>
<p><b>Project Reporting</b></p> <p>Detailed progress report submitted            Draft market study report submitted            Draft final report submitted            VIEN Workshop            Final report submitted.</p>	<p>15 October 2007</p> <p>15 November 2007</p> <p>17 December 2007</p> <p>14 January 2008</p> <p>18 January 2008</p>

**Appendix 4: Draft transferable Competitor and Market Analysis framework**

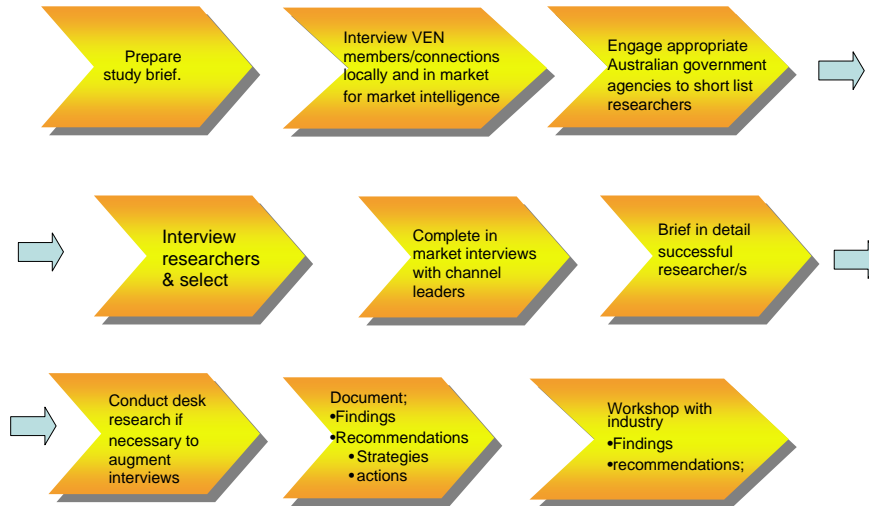
**Export Vegetables Study Sequence  
For  
China**

**Sources of Competitive Advantage-for Export  
to China**





### Study Sequence for Export Market - CHINA



### Researcher Selection Criteria

Criteria	Weight	Researcher 1	Researcher 2	Researcher 3	Researcher 4	Researcher 5	Researcher 6	Researcher 7	Researcher 8
English ability	10	A							
Industry knowledge	9	B							
Conflict of Interest	8								
Availability	8								
Value chain expertise	10								
Industrial marketing expertise	9								
Knowledge of Govt.	10								
Cost	7								
<b>Total</b>		<b>C</b>	<b>D%</b>						

A - Score out of 10  
 B - A x Weighting

C - Sum of B scores  
 D% - C divided by maximum score possible

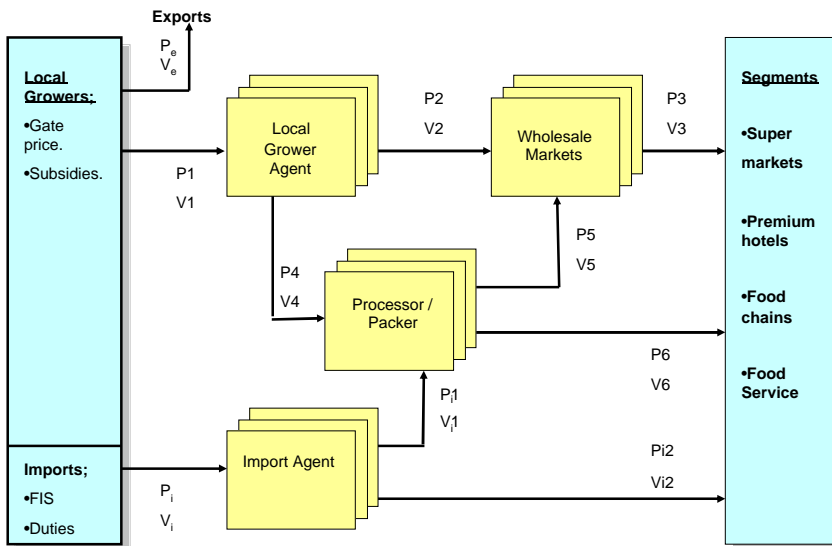
1<sup>st</sup> Cut Interviews - China

Regions	Possible Niches			
	Supermarkets	Food Service	Fast Food Chains	Other
Beijing	6	6	6	6
Shanghai	6	6	6	6
Other	6	6	6	6

**Note;** Interviews would be with senior managers/executives  
 Managers/executives should be in business development roles not procurement or logistics.  
 The focus would be to understand the competitive environment and establish niche gap opportunities in the markets

**Plus a minimum of 2 interviews at each key point in the value chain**

Straw-man Domestic Vegetables Product Flow for China



**Areas of Focus for Face to Face Interviews - China**

- What are they receiving from current suppliers. (products, price, quality, delivery etc)
- What would they like to receive, but are not getting from the local suppliers
- What are the roadblocks to receiving what they currently don't receive.
- What are the growth areas/ opportunities.
- Is there a premium niche in the market that is currently not addressed
- What does the value chain, from grower to them look like.
- How do they purchase, eg. centrally, locally etc.
- Re Australian products;
  - How do they perceive it
  - Do they see niches for them and why
  - On what basis would they source Australian vegetables
  - What products would be of interest.
  - What is their opinion re an Australian brand and how should it be promoted.
- Is premium packaging a need and if yes, what type
- What are the growth areas
- How is pricing determined
- What is the criteria for the introduction of a new product?
- What is the criteria for the selection of new products?
- What are the factors that determine success of a new product?
- What consumer/market research is available?

**Supply Chain Cost Structures – China  
(for 3 regions included in study)**

