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Attendance at Asia Food 2000 and to research the access and servicing issues related to exporting Australian vegetables

Noel Harvey
Queensland Fruit and Vegetable Growers

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Attendance at Asia Food 2000 and To Research The Access and Servicing Issues related To Exporting Australian Vegetables
April 2000

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1.0 SUMMARY

1.1 Background

This project was undertaken by QFVG Vegetable Committee with the financial support of HRDC and assistance in logistics and ground activities by the Queensland Department of State Development and Austrade Singapore. The project was planned in consultation with HRDC, Ausveg, Queensland Department of State Development and QFVG.

The Australian Vegetable Industry Development Plan identified increased exports of vegetable products as a primary objective over the period of the plan. The vegetable industry is changing in structure. The role of market consolidators is becoming increasingly important to domestic and export sales. The emergence of Grower-Packer-Marketers as increasingly prominent consolidators is also a significant trend and this presents a new set of issues for industry organizations. Grower-Packer-Marketers are major market consolidators and also levy paying members of QFVG and thus Ausveg.

1.2 Project Objectives

This project had four key objectives. Underlying those objectives is the need for QFVG and Ausveg to increase their understanding of the needs of consolidators. These organizations also have a need to identify how they will support and service Grower-Packer-Marketers, whose needs are considerably different to those of traditional grower members. Grower-Packer-Marketers are focused on the whole chain and focused on issues beyond the farm gate as key areas for change in order for them to be competitive in world markets. The project objectives were:

1. Provide Ausveg Board members and executive, industry development organizations and through them industry, an opportunity to learn about the parameters of fresh and processed (including pre-packed and semi processed) vegetable product exports into Asia, especially South East Asia

2. Facilitate representatives from industry organizations to interact with export customers alongside commercial consolidators, especially Grower-Packer-Marketers who are export-ready.

3. Assist participating consolidators, especially Grower-Packer-Marketers who are export-ready, to learn about and effectively participate in sustainable supply chains into Asian markets.

4. Assist industry organizations (such as QFVG and Ausveg) to understand how to tailor levy funded initiatives and strategies to support Grower-Packer-Marketers, particularly where they are willing to apply resources to export market development.

1.3 Activities

The activities undertaken included planning, preparation and participation in the Food and Hotel Asia 2000 international trade show in Singapore and a series of ground activities in Singapore. The activities undertaken were:

1. Participation in the Food and Hotel Asia 2000 International Trade Show
2. Presentation and discussions with the largest freight forwarder in the world Danzas AEI and specific information gathering about their Global Fresh initiative
3. Inspection of Air freight handling systems in two freight handling terminals at Changi International Airport
4. Inspection of the Port Authority of Singapore facilities, one of the largest trans-shipment sea ports in the world and discussions regarding how refrigerated sea freight (reefers) are handled in this facility
5. Attendance at an Austrade presentation on emerging markets for Australian food exports
6. Tour of wholesale and traditional retail food markets in Singapore
7. Attendance at Asia Fruit Congress and Retail Asia Congress
8. Meetings with major supermarkets in Singapore (Cold Storage, Carrefour, Sogo, NTUC).

Since return from Singapore the participating consolidators and QFVG personnel have met and maintained a process of exploring how the findings from Singapore can be applied to exporting consolidators in Queensland. QFVG has committed specific resources to case study development and dissemination. A number of specific issues have emerged from that interaction, to be found in Section 5.0.

1.4 Outcomes

The outcomes of this project have been categorized into:

- The identified changes and opportunities in South Asian food markets
- Identified new information about markets and logistics systems in South Asian markets
- Issues and Priorities for Australian vegetable export development, and
- Opportunities for increased export trade.

The outcomes of this project are provided in detail in Section 6.0.

1.5 Recommendations

In order for implementation, recommendations from this project need to be concise and practical. The recommendations are also focused on delivering on the export development objective of the Vegetable Industry Development Plan. The recommendations are summarised below. It is advisable that these recommendations be considered in conjunction with the outcomes detailed in Section 6.0.

1. **New Directions for Industry Organizations:** Industry organizations such as QFVG and Ausveg need to recognise and respond appropriately to the changing structure of the industry and the significant role of consolidators. The development and delivery of services and support to directly assist consolidators, especially Grower-Packer-Marketers is recommended as these are the parties that are capable of driving export development. This calls for an increased focus on one-on-one interaction with parties that have the capacity and will to develop exports and take the inherent risks associated with that. It calls for balancing the traditional 'strategy workshop and agri-political' modes (designed to appeal to all industry members) with an increased focus on in-field services to support the leaders of export development.

2. **Support for Dedicated Long Term Export Consolidators and Networks:** The most pervasive issue in the industry has been reiterated by Grower-Packer-marketers. Changing the attitudes and practices of Australian producers to one where they consistently supply long term export customers. The interaction between consolidators and QFVG in this project has identified the need to redouble efforts to create and support dedicated export producers and consolidators. This will require efforts targeted through consolidators to educate and inform producers in their networks. It must effect an attitude change that gets these Australian producers out of seeing export markets as a dumping ground for product when domestic markets are not favourable. Export customers must become the priority in the customer profiles of Australian export companies and networks.

3. **Market Segmentation and Differentiation:** The markets of South Asia are diverse between countries and within countries. Low priced, 'bulk supply' segments are rapidly becoming overcrowded with supplies from countries that have lower cost of production than Australia. Grower-Packer-Marketers and all exporters need to seek out specific niches and customers where they can be valued for their ability to deliver safe, consistent high quality produce that is part of a total package to satisfy each customer's needs. Supermarkets, food service end users and customers that need specific products need to become the focus of new business development activities. This may require new skills and a conscious effort to expand contact in export markets beyond traditional customers (importers) who are not the first port of call for these customers with special needs. Specific projects to address these issues have been initiated.

This project has resulted in an ongoing open and productive dialogue between QFVG and a group of consolidators that are export ready. Four of the five organizations are Grower-Packer-Exporters, the fifth being a traditional export consolidator who is willing to be part of an ongoing change process. The project itself has been an extremely worth while learning experience for all participants. It has opened up new areas of interaction between QFVG and the emerging Grower-Packer-Marketer category of its grower members.

All of the lessons related to Asian markets, export development and how to address the changing structure of the vegetable industry have not been identified or addressed by this project. More needs to be done. For that reason it is strongly recommended that further opportunities for industry support personnel and commercial industry participants to work together, on export development, be identified and utilized. A similarly planned and disciplined approach to attendances at similar events, or other events that can

enable cross fertilization of ideas between these industry groups, will be highly beneficial.

The QFVG Vegetable Committee wishes to thank HRDC, Ausveg, Queensland Department of State Development and Austrade Singapore for their assistance in this project. The committee would also like to thank and encourage the consolidators that participated in this project with QFVG and Ausveg: Il Primo Foods (Ayr, NQ), Bunny Bite Farms (Boonah QLD), Davey Farming Company (Ayr NQ and Gatton QLD), Central Packhouse Pty Ltd (Bundaberg QLD) and Tong Sing Pty Ltd (Cairns NQ). Their willingness to approach this project, and the many issues addressed, in an open minded and innovative manner has been a major reason for the success of the project.

2.0 BACKGROUND

2.1 Australian Vegetable Exports Must Increase

The markets of South East Asia are a high priority area for exports of many horticultural products out of Australia. The reasons for Australia's priority ranking of these markets include; their proximity and our perceived advantage (from an Australian perspective) in being able to supply with short transport times and low transportation costs, and they are amongst the fastest growing consumer markets in the world.

Exports of all horticultural produce out of Australia are low compared to those of other significant agribusiness sectors. Fruit exports amount to approximately 10% of Australian production, vegetables closer to 8%. Other sectors have a large export component such as beef (45%), wheat (77%) and sugar (70%)[1].

The Vegetable Industry Development Plan identifies increased exports as one of its primary objectives. The Vegetable Industry Development Service recognises that exports are a key issue to present and to focus on, in developing improved industry capacity and capability. Feedback already received from producers in Northern Australia (that region serviced by QFVG for the Vegetable Industry Development Service) has provided resounding feedback from producers to suggest: "we don't want to know how to produce more vegetables, we want to learn how to market our produce better".

Intrinsically this view expressed by producers does place a focus on seeking out and engaging greater numbers of market channels through which to market produce. The traditional domestic market channels are mature and not taking up any significant increased volumes of product.

Some producers state that they do not want to engage in supplying export market channels. However it is clear that, in order to dispose of the Australian vegetable crop more effectively and by so doing stabilizing price fluctuations and improving the risk profile of producers, more Australian vegetables must be exported.

2.2 Changing Structure in the Australian Vegetable Industry

Vegetable producers in Australia are characteristically small in size and large in number. Although some producers can realistically consider themselves comparatively large in terms of total Australian demand, in the international market our producers are all small in volume.

The need to consolidate volumes of produce into larger volumes, that can be supplied by single trading / marketing entities, has led to the establishment of a relatively small number of larger "Grower - Packer - Marketer" organisations, increasingly referred to as 'Consolidators'.

[1] 1996/97 statistics provided by ABS

Grower–Packer–Marketer entities have emerged as consolidators due to the rising importance of supermarket chains in domestic markets, increasing levels of dissatisfaction (from producers) about the prices achieved, feedback received, and levels of transparency from traditional non-producer owned consolidators.

2.3 Servicing Grower-Owned Consolidators (Grower-Packer- Marketers)

For organisations like QFVG and Ausveg (that are charged with the responsibility of supporting and servicing the needs of levy paying producers) identifying how to support these larger and more commercially aggressive Grower-Packer–Marketers (new consolidators) has not been easy. Traditional methods of service rely on strategies that are conceived by a small group of elected representatives and publicly disseminated to all producers, in the hope that individual producers will rise to the occasion and adopt new directions. This form of industry support has not been seen as effective by these organisations. This is due to many reasons some of which are:

1. Traditional approaches have focused on servicing the needs of the smaller or 'average' producers that have a traditional focus on issues within the farm gate.
2. Producer-owned consolidators are not 'average' in their approach to business, focusing heavily on issues further into the chain, less interested in initiatives and strategies that are oriented just to production.
3. Producer-owned consolidators are often owned and managed by commercial, aggressive entrepreneurs. These operators are not inclined to participate in industry wide initiatives that are focused on supporting smaller and less commercially astute producers. They prefer to keep to themselves, develop commercial solutions to business problems and be less open about their strategies when in the company of others who are more 'traditional' smaller producers.

These organisations are often the most aggressive in seeking out new market channels, including export markets. Some of these new consolidators have a worthy record for identifying and satisfying new markets and, in the process, taking the high risks associated with early adoption.

Due to the issues listed above, these organizations are at the same time disenfranchised from the methods of support traditionally provided by industry organizations (e.g. QFVG and Ausveg). There is a dilemma for QFVG and Ausveg. These organisations are levy paying members and, due to their operational focus, they are not benefiting from (and are not seeing themselves as benefiting from) the services and support initiatives being delivered to members. How will industry organizations (QFVG and Ausveg and others), that manage producer levy funds, understand and respond to the needs of the emerging Grower-Packer-Marketers who are providing the industry much needed leadership in developing new export markets?

2.4 Food and Hotel Asia and Future Services Delivered to Industry

Following the visit by Ausveg in 1999, it was identified that attending FHA 2000 would be a beneficial activity. This was initially perceived to be a project that would be undertaken by Ausveg as part of the Australia Fresh stand at Singapore in 2000. However due to lack of support from national participants it became clear by February 2000 that the Ausveg – Australia Fresh participation was not possible.

QFVG had already learnt valuable lessons from the first 6 months of the Vegetable Industry Development Service and has a growing awareness of the issues outlined in Sections 2.1 to 2.3. QFVG was presented with an opportunity to access Queensland government support, by way of participation in a low cost stand as part of the Queensland Department of State Development presence at FHA 2000.

In an effort to continue the needed push to deliver on the Vegetable Industry Strategic Plan export enhancement objective and also, in order to undertake research on how to service the rapidly emerging Grower-Packer-Marketer organisations (as consolidators of produce for export markets and levy paying industry members) this project was formulated. The project was planned in consultation with HRDC, Ausveg, QFVG and the Queensland Department of State Development.

The project aims were to provide Ausveg Board members and executive, industry development organizations and through them industry, with an opportunity to learn about the parameters of fresh and processed (including pre-packed and semi processed) vegetable exports into Asia, especially South East Asia. It was also planned as an opportunity to have representatives from industry organizations interacting with export customers alongside commercial industry participants that are Grower-Packer-Marketers and who are export ready.

New knowledge is needed relating to how Australian vegetable industry consolidators can effectively participate in sustainable supply chains into Asian markets.

Equally important is the need for consolidators who are export ready Grower-Packer-Markers to benefit from any new knowledge gained. These firms are entrepreneurial and are showing their willingness to seek out new marketing channels. In being so inclined they can significantly contribute to industry development.

Industry organizations (such as QFVG and Ausveg) also have a need to understand how to tailor levy funded initiatives and strategies to Grower-Packer-Marketers, particularly where they are willing to apply resources to export market development. These consolidators and levy paying industry members can assist in the implementation of the export enhancement component of the Vegetable Industry Development Plan.

This project therefore had many complimentary objectives that, as outlined to follow, have been substantially fulfilled.

Project Objectives:

1. **Provide Ausveg Board members and executive, industry development organizations and through them industry, an opportunity to learn about the parameters of fresh and processed (including pre-packed and semi processed) vegetable product exports into Asia, especially South East Asia**

2. **Facilitate representatives from industry organizations to interact with export customers alongside commercial consolidators, especially Grower-Packer-Marketers who are export-ready.**

3. **Assist participating consolidators, especially Grower-Packer-Marketers who are export-ready, to learn about and effectively participate in sustainable supply chains into Asian markets.**

4. **Assist industry organizations (such as QFVG and Ausveg) to understand how to tailor levy funded initiatives and strategies to support Grower-Packer-Marketers, particularly where they are willing to apply resources to export market development.**

3.0 PREPARATION

The project involved preparation for, participation in and follow up activities associated with achieving the project objectives. This project has delivered valuable lessons for industry organizations in the preparation for participation in the trade, well before any travel overseas was undertaken.

The wide assortment of fresh produce that was needed to provide for display and tasting at the trade show and also to supply enough produce to support a Queensland government sponsored buyers dinner in Singapore, prior to the trade show, was arranged. This involved sourcing produce from specific growers (that were participating) and also sourcing a wider range of produce from central markets agents and exporters. Tong Sing Company in Cairns, Carter and Spencer in Brisbane and Miandetta Fresh Produce, in particular, provided a high degree of support for this process.

Organizing and booking the many elements of the stand at the trade show was a major task that required industry organization personnel (QFVG) and their support service providers to become aware of the issues and costs associated with participation in an international trade show. This experience alone was a lesson in understanding the level of investment and management required of consolidators that decide to promote Australian and Queensland produce in the international arena.

Planning and preparation of brochures and graphic design elements needed to present a trade show stand of international standard required significant investment and time from numerous individuals and service providers. The resulting stand display materials, QFVG produced industry support materials (folder of capabilities of the Australian and Queensland industry) and the support materials provided for the participating consolidators were of a high standard that received much recognition from trade show attendees. The costs associated with producing materials of an international standard are significant and this is a cost born by the majority of exporters out of Australia.

Lessons prior to the trade show and field program commencing were not restricted to those learnt at home. Delivering fresh produce to Hotel and trade show sites in Singapore for the trade dinner and the trade show respectively, also provided valuable lessons. Despite extreme diligence and efforts, produce arrived at the hotel in poor condition. Leafy vegetables, melons and exotic fruits (avocado, persimmon) arrived at the venue, for use by the chefs, in an unusable state. Although it is not known where the cold chain had been broken, produce suffered heat stress and physical damage prior to arrival in the destination kitchen.

Some of the damage may have been due to the small and delicate nature of the shipment. However, it became clear to industry organization representatives that exporters do face significant challenges in getting fresh produce from Australian farms to Singapore, (one of our closest export destinations), let alone more distant destinations. The extreme temperature and humid conditions of many Asian destinations are such that a simple one to two hours of being left on airport tarmacs or in interim storage facilities without correct temperature control have a dramatic, negative impact on the condition of fresh produce exports resulting in a high percentage of product wastage.

4.0 ACTIVITIES AND FINDINGS FROM FHA 2000 SINGAPORE

4.1 Trade Show Participation

The trade show stand was designed and used primarily as a forum for the commercial consolidators that participated in the project to present their organisations and their supply capacity to international food industry buyers and end users. The booth design and manning was also specifically intended as a testing ground for how industry organizations might support and work with their larger and more entrepreneurial members who are Grower-Packer-Marketers. By working on the stand with these consolidators and interacting directly with buyers from international markets, QFVG (and to a lesser extent Ausveg) representatives and executives, were able to learn more about the needs of consolidator members in their export marketing activities.

The trade show stand featured a display of fresh and pre-packed produce from Australia that was changed every day. Visitors to the stand showed a great deal of interest in the display, however the products that gained the greatest interest from buyers and end users were those that were pre-packed. The display was effective at getting the attention of trade show visitors. Some visitors to the booth sought out this stand in particular, due to news spreading of the impressive fresh produce display.

This experience suggests that for international trade show venues fresh produce needs to be displayed to fully express the capability of Australian suppliers to supply fresh, safe and environmentally sound produce. At the same time product formats that are in demand by buyers are increasingly those that are pre-packed and presented as a packaged, quality assured and consistent quality offer.

In Asia, buyers appear to want to know that supplied produce is fresh, safe and produced in environmentally secure regions. At the same time they have already begun to show a preference for purchasing their produce in pre-packed or semi-processed form. This trend is perhaps predicated by the high degree of pre-packing and bunching that is already occurring in supermarkets in Singapore and other Asian countries.

The stand was manned at most times by representatives from all five participating consolidators. These companies were supported at all times by personnel from QFVG. Due to other activities organized by Ausveg, outside of the project activities program, Ausveg representatives were often not available to participate as part of this commercially oriented trade booth. Ausveg personnel were able to attend the stand more fully on the final day of the trade show, however much of this day was used by consolidators (as planned in the program) to meet with supermarket operators in the Singapore region.

Commercial participants, (Grower-Packer-Marketers), have expressed that they had expected to be able to use this opportunity to understand Ausveg better and also to have Ausveg better understand their needs and issues in export market development. Participating consolidators expressed disappointment and lack of understanding of why this opportunity, to better understand the Grower-Packer-Marketer organizations was not better utilized by Ausveg delegates in the project. Ausveg needs be supported by facilitation of consultation, and dedicated time and resources to research initiatives.

4.2 Trends / Issues Defined By Trade Show Activities

Segmentation and Differentiation
There are many countries, traditionally been seen as 'developing nations', out there marketing their produce into South East Asia. Bangladesh, China, Malaysia, amongst others are providing acceptable products at the low end of the market (low priced). The presence at a major trade show of countries like Bangladesh is in itself a message that exports and global market access is not the sole domain of developed countries. Australia needs to define how it will compete in Asian markets for vegetables. Significant aspects of a competitive offer are likely to be quality, safety, consistency, environmental responsibility (relevant in some Asian countries only) and supply chain orientation (manifesting itself in issues such as whole of year supply through coordinated networks). The fundamentals of chain management, Segmentation, Differentiation, Optimization, and Integral Chain Care are clearly areas where Australian exporters will have to search for a competitive edge for vegetable exports to Asia.

Innovation in Packaging of Fresh Produce
Innovation and an increasing usage and demand for packaging of fresh produce was also evident from both the stands presented and the response of visitors to the QFVG / Ausveg stand. The use of innovative "clear vision" packaging concepts for such products as lettuce, capsicum, chilli and other products was clearly evident.

E-Commerce in International Produce Marketing
A strong area of innovation is the marketing of e-commerce solutions for the international trade of fresh produce. Whilst it is not clear how strong the uptake is in Asian countries it is clearly an area that is still in early adopter phase. The degree to which these solutions are addressing international trade documentation and protocols is unclear, however the trend appears clear; e-commerce operators are focused on international trade.

Perceptions of Australian Vegetables in Asia
Australian produce is held in high regard by buyers in Singapore and other areas of South East Asia. However, it is clear that a larger proportion of Australian produce being marketed into these markets is coming more from southern states and Western Australia than it is from Queensland and Northern Territory. Our Australian produce has a good name and all areas of the Australian exhibits were well patronised at the trade show. The challenges that became evident is to be competitive, to differentiate on the basis of stronger presence as an all year round supplier and not so much as an opportunist supplier "when it suits Australians" and to focus more strongly on product formats that suit Asian lifestyles.

Size of produce is an issue that was raised by many visitors to the stand. Australian producers are producing products for export markets that are suited to western eating and shopping habits. In general a prominent issue presented by trade show visitors (and seen on other stands) was product size. Australian produce is perceived to be too large for the Asian buyers and consumers. This was well demonstrated by the products that were displayed on the Dutch stand which were in generally smaller and more uniform in size and final presentation, mostly presented as pre-packed products.

Poor Asian Knowledge of Some Australian Vegetable Lines
Asian visitors found many of the Australian produce lines of interest, however had no knowledge of how to prepare, cook and consume them. Examples include button

squash, zucchini, some varieties of pumpkins and other products that are taken for granted in Australia. There is clearly an issue with exploring the potential market for different vegetable types in Asian markets. However attention will need to be given to education about how to prepare, cook and eat many lines. Perhaps this is a potential differentiation area for Australian vegetable suppliers.

State Boundaries and International Promotions

The presentation of Australian exhibits at the trade show from specific states is an issue. Asian buyers make it clear that they have little knowledge of or interest in the differentiation of Australian suppliers by state. This is an issue that is increasingly being addressed by the ongoing activities that are emerging from the VIDS program in Northern Australia. Increasingly buyers are wanting single point of contact suppliers that can supply specific products / categories all year round.

In order to satisfy this need, Grower-Packer-Marketers in Queensland are searching for network partners across states and regions, thus providing year round supply capacity. Several projects are currently under way in this area in Northern Australia. Australian marketing and promotions in Asian markets will also need to reflect a national supply capacity and not be limited by state parochialism.

This presents some real challenges to Australian industry. Active support for industry participants is coming from state funds more than national funds. States are supporting companies in export market development activities and demanding recognition for same in literature, and at international trade events. Regardless of the activities of national industry associations or organizations, unless state based support can be acquired and be used by firms to present a national front in international markets, the state-boundary paradox will continue to be presented to international buyers.

4.3 Freight Forwarding and Air Cargo Handling Tour

The group attended a half-day tour and series of presentations from three key organizations in the handling of airfreight in and out of Singapore:

1. Danzas AEI: *Xavier Ripoli, Melvyn Tan*
2. SATS: *Ong Thiam Guan*
3. CIAS: *Roland Low.*

AEI Danzas is now the largest freight forwarding company in the world following the recent merger between AEI and Danzas (owned by Dutch Post). Of most interest to this group is the ongoing development of the Danzas AEI Global Fresh initiative, a separate division that is singularly focused on handling fresh produce throughout the world. Global Fresh is an extension of normal forwarding services, attempting to provide direct one-stop-shop service from door to door any where in the world. The organization has recently been working with Dairy Farm International Global Procurement (DFI Global ceased operation in that form at the end of May 2000).

AEI Danzas is attempting to create a service that takes responsibility for cold chain management and all handling of fresh produce across all world markets. The Global Fresh team appear to be having some difficulties gaining commitment from their organization to the levels of capital and resources needed to support their intended level

of service. The size of transhipment cold storage facilities that they have installed at CIAS for example is small and may be limiting in the future. However there is a genuine effort being made to establish and manage a seamless system for airfreight forwarding worldwide. The receiving port environment will remain an issue until AEI, through further integration or contracts, are able to maintain control of and responsibility for delivery all the way to intended end use customers. They may be addressing this by way of establishing links with an import company to act as their custom's clearance and delivery vehicle in Singapore.

SATS (handling all Singapore Airlines) airfreight, ground crew and transhipment in and out of Singapore and also CIAS, providing ground crew services to other air cargo companies including Qantas and Royal Brunei, and others are the main ground handling organizations for airfreight in and out of Singapore. Both organizations have heavily invested in facilities to handling the large volumes entering and leaving Singapore by air. SATS has comprehensive Roll-On, Roll-Off infrastructure to enable fast handling including movement in and out of transhipment cold storage.

There was a very strong message to all exporters and intending exporters who attended that, regardless of the quality of in-flight cold chain management, once on the ground in Singapore and other Asian ports fresh produce is vulnerable to damage due to breaks in the cold chain. Night temperatures and humidity are such that even a one to two hour period of being held on the tarmac at receiving airport can be enough to damage the integrity of fresh produce intended for retail food service or industrial markets.

The use of "solar blankets" to cover and protect palletized product for example is a small price to pay as insurance in an attempt to minimize temperature stress in importing ports. Further, product that is well handled, all the way to release to the customer can still be damaged when it is not transported airport to DC or cold storage in refrigerated trucks. Examples were seen by all those attending of seafood (lobsters) from Australia being transported from airport to city destination on the back of open trucks at 3 PM Singapore time. Instead of being sedated (in 2 degrees C), these live exports were seen trying to escape through breathing holes in their polystyrene containers.

Australian efforts have been significant in trying to educate exporters and freight companies to ensure that cold chain integrity is maintained from paddock to arriving port. However the next frontier is for Australian exporters to work closely with their customers in Asia to ensure that cold chain integrity is maintained on-ground in the receiving country.

Distribution infrastructure is such that in many Asian countries both contractors and corporate ground freight companies transport imported fresh produce in non-refrigerated vehicles. Strategies (whether economic / incentive based, infrastructure development focused or delivering education and partnering activities (or others)) must be developed by Australian fresh produce exporters to support sound cold chain management all the way to cold store and ultimately consumers in receiving markets.

4.4 Sea Cargo Handling Tour

A tour of the Port of Singapore Authority (PSA) facilities was conducted. Presentations and guided tours were provided to the group by William Tan Choon Hun (Manager Reefer Care) and Adrian Lim (Public Relations).

Singapore seaport was the second busiest port in the world in 1998/99, beaten marginally by Hong Kong. Volume through PSA was 15.1 million TEUs. The port is a major transhipment hub for sea freight of fresh produce (reefers) within South East Asia.

The transportation of fresh produce from Australia to most destinations in South East Asia is via the port of Singapore (PSA). The tour participants were shown in detail how reefer containers are managed and monitored throughout their stay at PSA to manage the integrity of the Cold Chain. Newer reefer containers are now equipped with monitoring technology that enables PSA monitoring systems to check the maintained temperatures by remote computer technology. This is achieved by downloading data via the power connection to each reefer, this connection being continuous while reefers are in port. Alarm alerts appear at computer terminals at the port as soon as a computer enabled reefer falls below pre-set threshold temperature.

It is clear that some shipping lines have converted to the newer reefers that are able to be monitored by computer at ports such as Singapore while others are still heavily stocked with older equipment that must be monitored by manual inspection of each reefer.

4.5 Aeroponics / Hydroponics Tour

Project participants visited an aeroponics and hydroponics farm on the Island of Singapore. The aeroponics farm was of particular interest as their products were evident in the supermarkets of Singapore.

Notable about this company is the high level of packaging they are applying to leafy vegetables and also the innovative products including juice products they are supplying to Singapore retail markets and to schools in Singapore. The lettuce packaging is in two forms. A clear plastic moulded tube is used for pre-packing three small lettuce hearts in a single retail pack. Larger, single lettuce hearts are retailed in a clear plastic bowl with an airtight printed foil seal. These products have very strong shelf appeal and enable innovate stacking and display of products as well as sustaining shelf life and minimizing damage from handling.

The hydroponics farm claims to be using environmentally sound pest management practices, claiming 'pesticide free' for some products. Given the nature of the facility and the environment there was some doubt in the minds of group members if this claim was valid under normal Australian use of the term "pesticide free".

Lettuce and kiwi fruit juice is also produced and sold in small plastic containers. To Australian tastes this product is not very appealing. However given current Singapore focus on healthy eating and claims of high vitamin content, plus the innovative nature of the product it seems to be being purchased, even if simply in trial mode for many consumers. A market for vegetable juice products may well exist in Asian countries and this prompts Australian producers and exporters to be reminded that our tastes are not necessarily the tastes of our customers in Singapore.

4.6 Wholesale and Other Markets Visited

Wholesale and traditional 'wet' markets were visited by some of the delegates who attended Singapore. Many of the Australian participants have visited these markets before and therefore chose to remain at the trade show and other activities. The fact that, of all the field activities organized these two were the ones that were attended by the fewest participants (due to prior experience) perhaps suggests that Australian focus in the past has been heavily on these traditional market channels. The emergence of supermarkets in Singapore and other South East Asian markets is changing the face of food retailing in these countries. Exporters who have traditionally used the wholesale channels need to re-focus their skills, their product specifications and their market development efforts on supermarket chains.

4.7 Austrade Briefing

Austrade provided a briefing to Australian participants in the FHA 2000 trade show. Austrade outlined the current market conditions and their perspective on opportunities in several key countries in South East Asia and the Middle East. Countries for which presentations were made included:

1. Malaysia and Brunei
2. Indonesia
3. Thailand
4. Philippines
5. United Arab Emirates

Austrade presentations outlined current demographic and economic conditions in each of these countries and also proposed areas where Australian exporters might focus their efforts.

4.8 Asia Fruit Congress

This was mostly attended by representatives from Ausveg while the group was in Singapore. The comments made in the Ausveg report on this project are supported by QFVG, as the agency managing this project. In addition to the comments provided by Ausveg it was also notable that significant debate emerge from this conference regarding the role of traditional importers in Asian markets and the growing trend towards more direct relationships between supermarkets and exporters in Australia. Importers, whilst not likely to be severely 'hurting' yet as much of the fresh produce imports still goes through traditional market channels, are certainly noting the trend and attempting to re-establish their credentials in their respective markets.

4.9 Meetings with Supermarket Buyers

Meetings were organized, facilitated and held between the Grower-Packer-Marketer consolidators that participated in this project and major retail chains in Singapore. Cold Storage, Sogo, NTUC and Carrefour stores were visited and meetings held with buyers in each of these organizations.

The degree to which pre-packing and bunching of fresh produce is being used in supermarket stores is high. The types of packaging differed from Australian supermarkets, particularly in the area of bunching of leafy vegetables. Much of this pre-packing is obviously done in Singapore while some (e.g. carrots out of Western Australia), baby carrots out of the US and others are imported in prepacked formats. Supplying produce to trading partners (perhaps in ventures with Australian suppliers) in Singapore that could then bunch or pre-pack may be one strategy to be explored by Australian suppliers.

Australian promotions were in progress in several stores. The Australia Fresh material was evident in almost every store visited. The reputation of Australian produce is sound in Singapore and retailers are proud to display Australian promotional material. It is not really possible to say that all produce on sale in those areas supported by Australia Fresh materials originated in Australia.

The level of pre-packing and the effort put into making fresh produce shelves attractive in these stores exceeds that commonly seen in Australia. The use of pre-packs and bunching to create visual effects is also exciting and leads the shopper to feel fresh produce is a clean, fresh and exciting part of the store.

A significant proportion of the Australian vegetables on display was of Western Australian origin. The fact that the majority of ships sail from Brisbane, via Sydney, Melbourne, Adelaide and then Perth to reach Singapore suggests that Queensland (and Northern Territory) produce is at a disadvantage in terms of transportation costs, remaining shelf life and freshness on supermarket shelves in Singapore.

5.0 ONGOING ACTIVITIES AFTER SINGAPORE

Interaction between QFVG, HRDC (Kim James) and the Grower-Packer-Marketers since returning from Singapore has continued. These businesses have provided feedback about the project and the ongoing interaction that is summarised in the following points:

1. Trade show stand and field activities in Singapore were well planned and executed and of unquestionable value in the minds of the companies.
2. Contacts that visited the stand were of high quality. Some business has already been transacted since the visit. The impact of high domestic prices and low availability for many vegetables has constrained the amount of business transacted (some producers not being willing to sell to export customers as domestic prices were acceptable, if not extreme).
3. One company has indicated that they consider that in order to realistically engage in a fully committed export program the whole production, harvesting and packaging processes will need to be re-aligned including variety selection. This is seriously being considered as a major strategy.
4. Australian producers are still constraining the capacity for Australian vegetables exports to expand as they (or the industry) are still treating the domestic price as setter of volumes and prices for export customers, a practice that will continue to damage Australia's reputation as a serious exporter.
5. Trade show interest particularly focused on the various pre-packed and semi processed products that were on display.
6. Singapore appears a mature and "crowded" market that, whilst valuable as a learning point is not necessarily a sound target for increased export business.
7. Many of the contacts that were made at the trade show were from other areas of Asia. These other markets are where most of the ongoing interest seems to be centred.
8. Pre-packed products in Singapore are being supplied from as far away as the US at prices that enable consumer prices to be low, compared to cost structures of Australian packers and marketers. Some of this product is not of high quality, shipped by sea and therefore realistically in a different quality category compared to what can be supplied from Australia. However the price competitiveness will make Singapore markets difficult for Australian pre-packing specialists.
9. Some of the participants have begun to develop initiatives for collaborative marketing ventures in domestic and potentially export markets since they participated together in Singapore.
10. At least one participant company identified more opportunity in food service and industrial segments than in retail supermarkets in Singapore.
11. All participants see the experience of being in the market in Singapore as extremely valuable for the consolidators and producers that supply them as part of their consolidation networks. They urge industry organisations to seek out ways to effectively get key messages all the way to grass roots producers.
12. Participants endorse the view that, in most respects, producers who decide to focus on export markets must re-align their total operations to the requirements of export markets.
13. Participants see the problems facing Australian exports of vegetables more as a "problem within ourselves as producers" than any issues related to the nature of markets. They urge QFVG and other industry organisations to influence grower

perceptions about exporting (*"We have to stop treating export markets as dumps for our products, when our domestic markets do not suit us"*).

14. Participants agreed that consolidators such as the Grower-Packer-Marketers are in a strong position to be the conduit for getting needed messages and attitudinal changes through to growers.
15. Participants suggest that QFVG and other industry organizations should enlist the assistance of Grower-Packer-Markers as a 'conduit' to get growers' attention. (Caution is also stated, that the Grower-Packer-Exporter must be careful that growers do not begin to perceive that they are making all the profits.) QFVG has a role as an educator and agent of change in relationship to export development.
16. Participants suggest that exporting should be seen as a tool for risk management (spreading interests across greater number of markets / chains).
17. Participants see the need to get producers to commit land resources and production for export chains and identify that the challenge for QFVG and other industry organizations is to devise a strategy to achieve this sort of commitment from growers.
18. An unfortunate but real long term effect of export expansion is that in order to be competitive, on-farm and off-farm components of chains will need to be efficient and globally competitive. In order to do this the level of employment in some areas of the chain may need to reduce from current levels. This will need to be done to arrive at a sustainable level of employment predicated by successful access to and performance in export supply chains.
19. Participants in this project have identified that educating and engaging producers in networks that can deliver competitive scale and year round supply is a key development issue.
20. Participants support the concept of QFVG facilitating greater levels of exporting and doing so in a manner that facilitates the establishment of national and cross-regional networks that can satisfy export customers throughout the year. This is likely to require QFVG to be influential in the implementation of a national approach to export development.
21. Export marketing is going to require professional account management skills to be applied by Grower-Packer-Marketers. Without identifying the ultimate model, consolidator participants of this project recognise that finding an effective method of applying account management skills to their businesses, separately or in some collaborative model, is important for development of export markets.
22. Participants express concern that sea freight providers out of Queensland and possibly the Northern Territory are shipping fresh produce freight to Singapore and connected destinations via the southern ports of Sydney, Melbourne, Adelaide and Perth. This is putting Queensland produce at a distinct disadvantage compared to produce from other parts of Australia in terms of transport costs, freshness and time to market. Participants have urged QFVG and any other agency with a vested interest (e.g. Supermarket to Asia, Queensland and Northern Territory Governments) to lobby and engage in any activities that can deliver improved freight competitiveness to Queensland fresh produce exports.
23. QFVG undertook to provide continuing assistance for the participant businesses under its Market and Business Capability Development Program with applications to Supermarket To Asia, AFFA Farmbis, AAA Farm Innovations Grants, on condition that participants would assist in the development of case studies.

6.0 OUTCOMES

Outcomes of this project were predicted in the areas of:

1. The changes that are taking place in Asian markets and the opportunities that exist for fresh and processed Australian vegetable products *(Changes and Opportunities).*
2. More Implementation ready action plans for the advancement of the objectives in the Vegetable Industry Development Plan, particularly in relation to increased export sales *(Actions for Increased Exports).*
3. Issues and priorities in relation to exporting to Asian markets, particularly those in the implementation of the Vegetable Industry Development Plan *(Issues and Priorities).*
4. Networking with key produce industry representatives (and buyers) in Asian markets *(Networking).*
5. Increased knowledge of the wholesale and retail trade in Asian countries and increased understanding of the logistics associated with produce transportation to and through main ports such as Singapore *(Markets and Logistics Knowledge).*
6. Increased recognition of opportunities for small and medium scale growers to export through product aggregation *(Opportunities for Increased Export Trade).*

Notes on the key outcomes are provided under the following selected headings that highlight the outcomes of this project.

6.1 Changes and Opportunities

1. **Market crowding in mature Asian markets (eg. Singapore):** Singapore and other more mature Asian markets are the target of many exporting nations. Market saturation is occurring with oversupply of product from many countries.
2. **Increasing presence of supermarkets in retailing of vegetables in Asia:** Supermarkets are increasing their presence in many Asian markets, with Royal Ahold, Dairy Farm International, Carrefour, Makro, Delhaize and others being significant players. Supplying to supermarkets is a different skills to supplying to traditional importers. There are opportunities in the supermarket sector in numerous Asian markets.
3. **Growing need for 'Account Management' skills:** The supermarket sector is becoming more organized and, as in Australia, supplying to the supermarkets is increasingly going to involve the use of Account Management skills in order to maximise the relationship and the opportunity to supply to these customers
4. **Support for Fresh, Safe, Environmentally Credible produce:** The parts of the Asian markets that Australia needs to target, the differentiating quality conscious sectors, are keen to have supplies that are fresh, safe and produced with environmentally credible means.
5. **Interest in pre-packed, semi-processed and bunched products:** Asian buyers are interested in products that are pre-packed and semi-processed, particularly supermarket and foodservice buyers who are seeking higher quality products. Asian supermarkets are involved in more pre-packing and bunching than most Australia supermarkets, some being supplied pre-packed and others being pre-packed and bunched in the destination market.

6. **Low cost producers from developing countries:** There are many countries vying to supply Asian markets (including supermarkets) with low cost product that is of acceptable quality to be on most shelves. Australia cannot effectively compete with countries such as Bangladesh, Malaysia, China, Thailand etc due to our cost of production and must seek out more high quality, differentiated segments to target.
7. **Food service industry opportunities:** Food service in Asian countries is growing and already substantial and is a viable target segment for Australian producers who have packing and semi-processing capability.
8. **Niches for specifically formatted products:** Australian vegetable exporters need to seek out and target specific segments that have a desire for quality, consistency and specific product formats and requirements. Pre-packing, fresh-cuts, innovation in packaging, specified product parameters and other means must be pursued to acquire sustainable relationships and access in these markets.

6.2 Markets and Logistics Knowledge

1. **Positive profile of Australian produce:** Australian vegetables and fruit have a good reputation in many Asian markets. This positive profile can be used to shift Australian exporters to focus on differentiated niches and segments. Australian export activity into many of these markets has traditionally been focused on the traditional fresh supply via importers and wet markets. Queensland and the Northern Territory are less well known as vegetable suppliers than Western Australia and some southern states.
2. **Product size and consistency:** Product produced for the Australian domestic market is often too large for Asian consumers. Asians purchase fresh produce daily and they are generally seeking smaller and more consistent "contained" product forms and sizes.
3. **Packaging Innovation:** Innovation in pre-packing, bunching and pre-processing is evident in Singapore and other Asian markets. Aeroponic product seen on supermarket shelves in innovative 'clear vision' packaging, and the use of bunching for many products are examples of this trend.
4. **Pre-packaging at destination:** Pre-packing in exporting country (Australia) or entering ventures where produce can be pre-packed, pre-processed and bunched once it arrives in Asian markets, is a key area for more concerted effort in order to target significant areas of the emerging supermarket sector in Asia.
5. **Low product knowledge of some vegetable products:** Many vegetable products that are traditional fare in Australia are not well known to Asians. Products such as button squash, zucchini, some pumpkins and others are not traditional foods in Asia and Asians do not know how to prepare or cook them. Educating Asians on how to use some vegetable products may be needed.
6. **Negative profile of opportunist Australian exporters:** Whilst Australian produce is well received in Singapore and other parts of Asia the practice of only supplying to Asia when our domestic market is not desirable has resulted in some Asian buyers loosing faith in Australian suppliers. More work is needed to overcome a perception that Australian exporters cannot be relied upon to supply consistently into Asia
7. **Cold chain management issues in destination markets:** Cold chains out of Australia may be well managed to their destination port or to a transhipment port, however much risk exists of damage between vessel / aircraft and final end user. Education, infrastructure and common practice in Asian destinations is not

supportive of maintaining cold chain all the way to end-user. High temperatures and humidity are detrimental for fresh produce and this is an area for continued concern.

8. **Single source supply models (national networks):** Asian buyers, particularly supermarket and food service buyers are seeking consistent year round supplies from their suppliers and this is a driver for Australian exporters to link producers together into networks that cross regional and state boundaries.
9. **Satisfying customers' tastes, not ours:** Exporters to Asian countries have made the mistake of assuming what is acceptable to domestic tastes is acceptable to customers in Asian markets. Different buying habits and attitudes to taste, colour and nutrition etc. exist in Asian markets to Australia. Exporters who want to target specific customers in Asia need to understand the customers' needs better.

6.3 Issues and Priorities

With new knowledge of the changing nature of Asian markets and the market and logistics issues that have been identified from this project, participants have emphasized the following key issues that need addressing in the Australian vegetable industry.

1. **Educating producers (particularly those in networks) about an export culture:** Consolidators and exporters want assistance with the task of changing the attitudes of producers towards export business. Producers who commit to supplying export markets through consolidators or networks need to adopt a longer term view and commit specific land resources and production effort to satisfying export markets, not just supplying to export when domestic prices are less attractive. Consolidators and exporters on this project have asked specifically for assistance from industry organisations to achieve this significant shift in Australian producer attitudes. Grower-Packer-Marketers that undertook this project have asked specifically for assistance in educating growers that are in their networks and also to assist to recruit new producers who want to be committed export producers.
2. **Consolidators, Grower-Packer-Marketers as conduits to attitudinal change:** Consolidators and exporters, (with established networks of producers who are working for them), recognise that they are a credible conduit for improved and more targeted communication with these producers on matters of exporting and business and commercial development. Communicating with growers via an introduction / event organized with the assistance and support of consolidators is an area for industry organizations and other change agencies to recognize and utilise.
3. **National / year-round supply capacity:** Consolidators who have established and are establishing longer term relationships with export customers see the need to develop larger networks that extend beyond regions and states. National supply networks are needed to enable them to satisfy their customers for longer periods of any one year. Participating consolidators to this project are keen for assistance in achieving this.
4. **Identify customer requirements:** Consolidators recognize that many Australian producers do not understand the needs of export customers. They support the need for greater tailoring of products and production systems to the needs of export customers and consumers, not to continue supplying Asians with what Australians like. This change needs to be driven all the way to individual producer level, so as end product specifications are part of the genetic material selection, planting and management decisions, not just part of sorting and packing processes.

5. **Enhanced pre-packaging and processing capacity and profile:** The evolving Asian market segments that Australia needs to target are those that want to pay for quality, consistency and specific product formats. This includes pre-packing, semi-processing and specified product and package combinations. Australian exporters need to increase their awareness and utilization of these processes and technologies in order to present themselves to Asian supermarket and foodservice customers as innovative suppliers who can satisfy their changing needs.
6. **Design and management of effective cold chain systems all the way to Asian end users:** Cold chain management of fresh produce whilst in Australia and whilst en route to an export destination has been the focus of much effort in Australia. The need to influence, educate and change cold chain management practices in destination countries, for produce handling between vessel / aircraft and final end user (and often whilst in end user and retailer establishments) is an area for increased effort by Australian vegetable exporters. Assisting Asian customers with this task will be a major contribution to Australian fresh produce being seen as more competitive and desirable. Solutions may be varied including education, incentives, engaging freight forwarders in new / changed roles, etc.

6.4 Opportunities for Increased Export Trade

1. **Committed Long Term Export Supply Networks:** Encourage and support for export consolidators and networks that are prepared to make a genuine shift to committed export operations, including commitment of specified land and other resources to export oriented systems and products. Increased exporting by these organizations and networks (whether through Grower-Packer-Marketer driven networks or through exporters who have taken a long term approach) will enhance sustainable Australian export of vegetables and vegetable products. The products that can be supplied in this fashion include fresh, semi-processed, bunched and further processed (e.g. foodservice ingredients). This will include support by way of assisting these parties to adapt the attitudes of producers to one of committed export production, not opportunistic 'swings' to export when domestic prices are less attractive.
2. **Cold Chain Improvements:** The focus of Australian exporters on the management of the cold chain needs to continue to push into influencing how customers and transport operators handle product once it leaves the vessel or aircraft in the destination country. If Australian exporters can enhance their relationships with customers by assisting them to improve their cold chain, thus improving the quality and reducing the waste experienced with Australian products this can assist to increase Australian exports and enrich relationships between Australian exporters and their customers.
3. **Value added niches in mature markets:** The focus of the past on Singapore and Hong Kong as high priority markets for Australia vegetable exports will not deliver quantum change unless effort is targeted at specific supply relationships with specific customers and segments. Supermarket sales of specific product formats (assembled in Australia or in destination country), sales to foodservice operators and further processors and other non-traditional channels are needed.
4. **Less mature markets:** Less specified vegetable exports in particular (e.g. traditional 'boxed fresh' produce) as well as more specified vegetable product exports into less mature markets need to be pursued. Malaysia, Brunei, Indonesia, Thailand, The

Philippines and Middle East countries are amongst other markets that should be explored.

5. **Supermarket chains:** Supermarket chains have different needs to traditional importers that sell imported product into the traditional 'wet market' segment. Increased understanding of the needs of supermarket buyers and increasing the skill and discipline applied to marketing to supermarket customers in Asia, through adopting stronger Account Management principles, are needed so as Australian vegetable products can be part of long term supply for these customers.
6. **Food service and other channels beyond retail:** Specifically formulated product, packaging and information as tailored supply offers for food service operators and assemblers is an area where Australian vegetable exporters have not traditionally focused. Packaging, semi-processing and new technologies may be needed to enable Australian suppliers to sell fresh, semi-processed, components and further processed ingredient products to this sector in Asian markets.
7. **Potential in Middle East, Europe and other global markets:** Whilst Asia is our closest neighbour and has significant untapped potential for vegetable exports, the potential of other regions should not be overlooked. The Middle East and Europe are also areas where much, albeit different, changes are occurring that suggest Australian exporters with a long-term commitment to export systems development should investigate. Discussion with trade show visitors and Austrade presentations focused on both Middle East and Europe as markets with potential for Australia. As technologies expand so to does our ability to be in export markets that are further away and perhaps more difficult to supply. Australian supply of component products (e.g. fresh-cuts, assembled mixes and salads) and vegetable based ingredients are two areas that may be worthy of consideration for exports into more distant markets.

7.0 RECOMMENDATIONS

7.1 Role of Industry Organizations

This project was an experiment in how industry organizations and peak bodies might interact with and support industry development in the future. This project was designed to enable industry representatives to work shoulder to shoulder with commercial parties (Grower-Packer-Marketers and other consolidators) in seeking out new business in export markets. The experience has enriched the knowledge of industry organization personnel and also the commercial parties.

QFVG and to a lesser degree Ausveg have now tested and proven the hypothesis that industry organizations can and should participate in targeted field activities that support and encourage progressive consolidators as a way of achieving the export objectives of the Vegetable Industry Development Plan. The structure of the vegetable industry has changed and consolidators are now a significant component of industry. Many consolidators are Grower-Packer-Marketers who are also levy paying members of organizations such as QFVG (and thus Ausveg).

Industry organization personnel and industry representatives have been shown the importance and value of moving out of the "developing global strategies for others to implement" mode into an active in-field mode. This shift is another example of the value of truly adopting the credo "Think Global, Act Local".

The new role (that has been well demonstrated by this project) involves identifying which part of the industry can and will drive change and working directly (in a collaborative and supportive fashion) with them to drive industry development. In this example export development has been the focus. This methodology, identifying, linking in with and supporting leaders to drive change across industry perhaps should now be tested across other objectives of the Vegetable Industry Development Plan.

7.2 Committed Export Supply Networks

The consolidators that participated in this project reiterated the concerns that all exporters and consolidators have expressed for a generation: The biggest challenge is to get Australian vegetable producers to treat export customers as valuable long term customers that must be supported, regardless of how domestic prices and availability vary.

Out of this project it has been identified that efforts must be redoubled to seek out, educate and support production, supply and marketing organizations and networks that are prepared to commit to a long term export business model. In order to do so it appears clear that dedicated resources and systems will be needed in order to tailor the supply end of the chain to deliver quality, consistency, differentiated products and cost efficiency (thus value) to consumers in global markets.

As part of this task it is also clear that industry organizations such as QFVG and others charged with industry development tasks will need to:

1. Recognise the role of consolidators and utilize consolidators as a primary entry point for education, communication, technology adoption, marketing and commercial skills enhancement and, last but not least, for driving the needed attitudinal change amongst producers.
2. Develop and deliver services that support producer 'cells' or networks that make up the production networks of export consolidators
3. Adapt industry organizations' roles, resources and structures away from the traditional "strategy, workshops and agri-politics" focus to include in-field activities that drive change in response to commercial imperatives.
4. Continue to gather information and intelligence that can assist consolidators as well as traditional producers and to encourage consolidators and exporters to expand their area of focus in key areas. These areas should include those related to cold chain. Improvements in cold chain in destination countries can enhance the value delivered by Australian vegetable exporters.

7.3 Segmentation and Differentiation

Southern Asia was the target of this project. The project has highlighted the varied and changing nature of these markets. It has enabled consolidators and industry representatives to recognise the many segments and niches that exist in each export destination market.

It is clear that the low price, bulk supply segments of Asian markets are becoming crowded with suppliers, many of whom have significant cost of production advantages over Australia. Australian fresh produce is held in high regard. At the same time Asian buyers are increasing their interest in pre-packing, semi-processing, and other product modifications that can improve shelf life, reduce shrinkage and further differentiate their offer from that of competitors. The messages that are clear for Australian vegetable product exporters are:

1. In mature markets such as Singapore and Hong Kong, niches must be found through strong relationships and the application of account management skills in supermarkets, the foodservice sector and for products that are differentiated and value added to specifically suit the needs of each customer.
2. In less mature markets there may still be a market for Australian vegetables with little differentiation or value adding but it could be short lived. It may be linked to establishing close relationships with importers and marketers. However, instead of waiting until others have done it, Australian exporters should proactively seek out differentiated niches in these markets. These niches are likely to represent better value for exporters and are also likely to be created through close relationships, thus making it tougher later on for suppliers from other countries to break into.
3. Other export markets should also be investigated for specifically tailored products including Middle East and Europe.