

Supply management: latest development for selected fruits and tropical products and their impact on growers.



Errol W Hewett
Institute of Food, Nutrition and Human Health
Massey University
Albany Campus, Auckland,
NEW ZEALAND

Presentation prepared for the FAO/CFC China Workshop
Opportunities and Challenges in the World Markets for Fruits and Tropical Products
Guangzhou, China, 29- 30 November, 2007

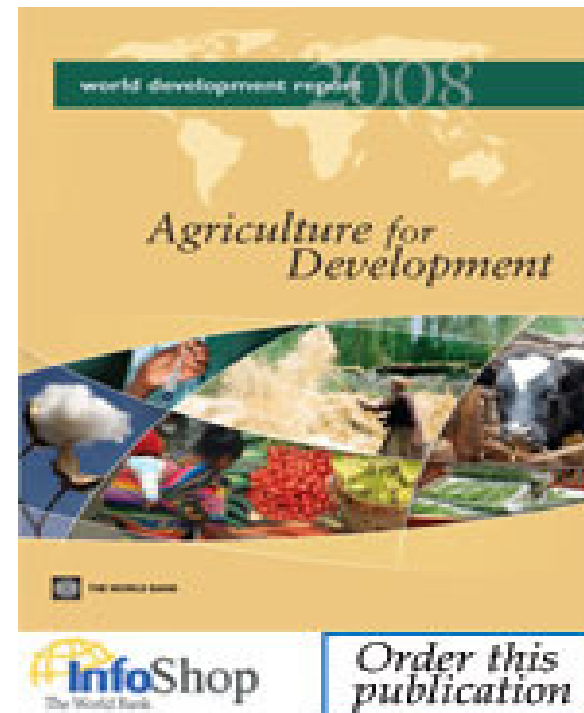


Overview

- Horticulture is organising internationally
- Know your markets
- Nurture a champion
- Develop strong producer organisations
- Adopt modern supply chain management systems from farm to fork
- Utilise sustainable production and postharvest systems
- Challenge the food mile concept

Horticulture is gaining favour!

- Revival in interest in agriculture
 - Horticulture specially as a driver for economic development
 - Major donors are becoming aware of this critical link
 - CGIAR, EU Directorates, World Bank
 - Of course FAO and UNDP has always been there!
- Recently published



Horticulture is organising?

- ISHS, World Vegetable Centre (AVRDC), and CIRAD have joined forces to create
- Global Horticulture Initiative [GHI]
- Links with CTA, ASHS, EU and other donors including ICRAF



World Health Organization



Market requirements



- Consumers are the target; they must be satisfied again and again
- Consumers are individuals
- Consumers are irrational and illogical
- Consumers spend their own money so they buy what they want and like
- Production must be market (demand) led and not producer (production) push

Purchasing decisions



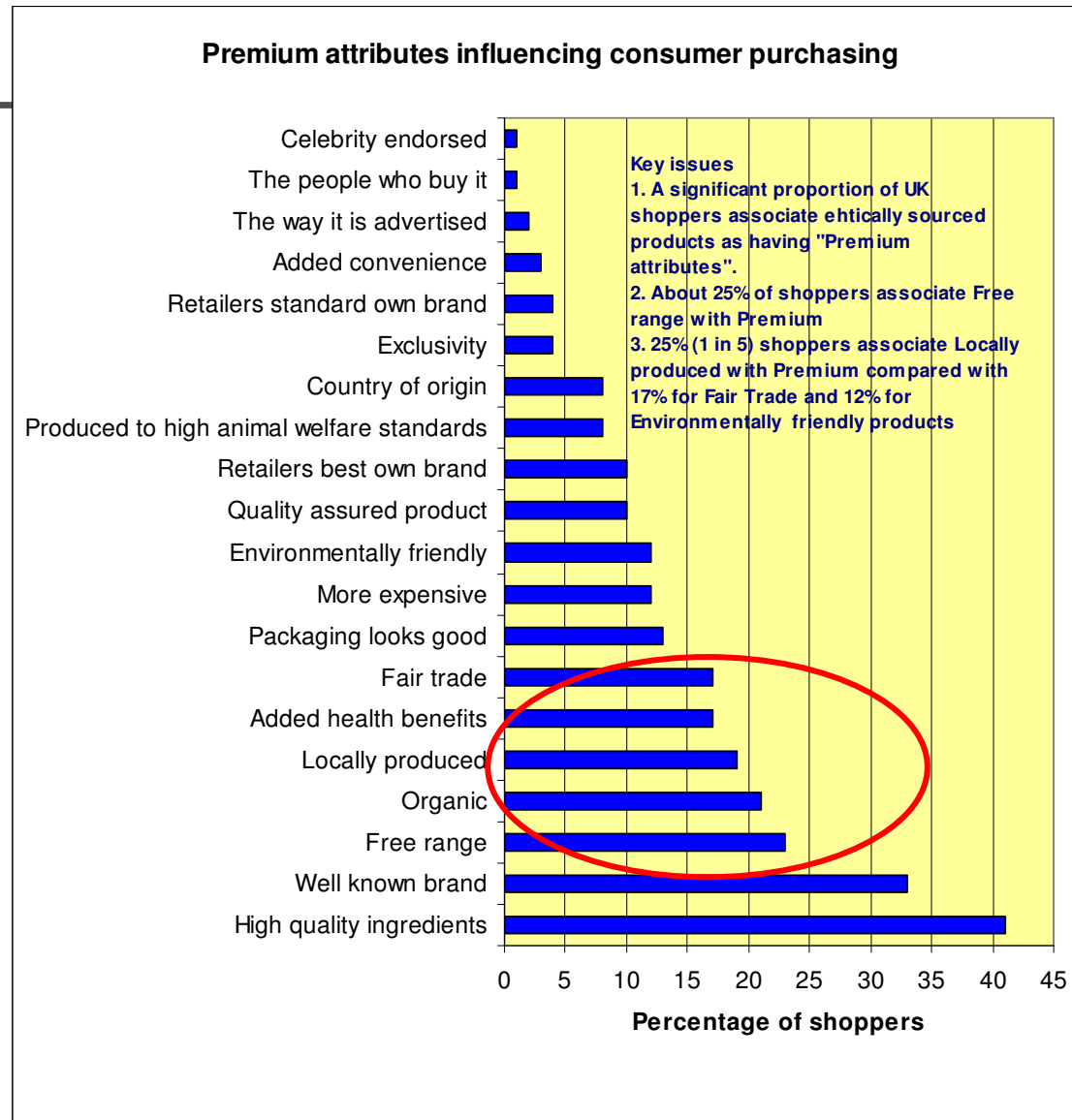


Market needs



- Understand market and consumer; market data must come back to producers
- Health, safety, appearance, taste, texture, novelty and indulgence are driving forces
- Consumers becoming globally conscious and environmentally aware
- Quality is critical to satisfy consumers
- Quality needs will vary according to income, age, tradition, necessity, mood.

Purchasing of premium products





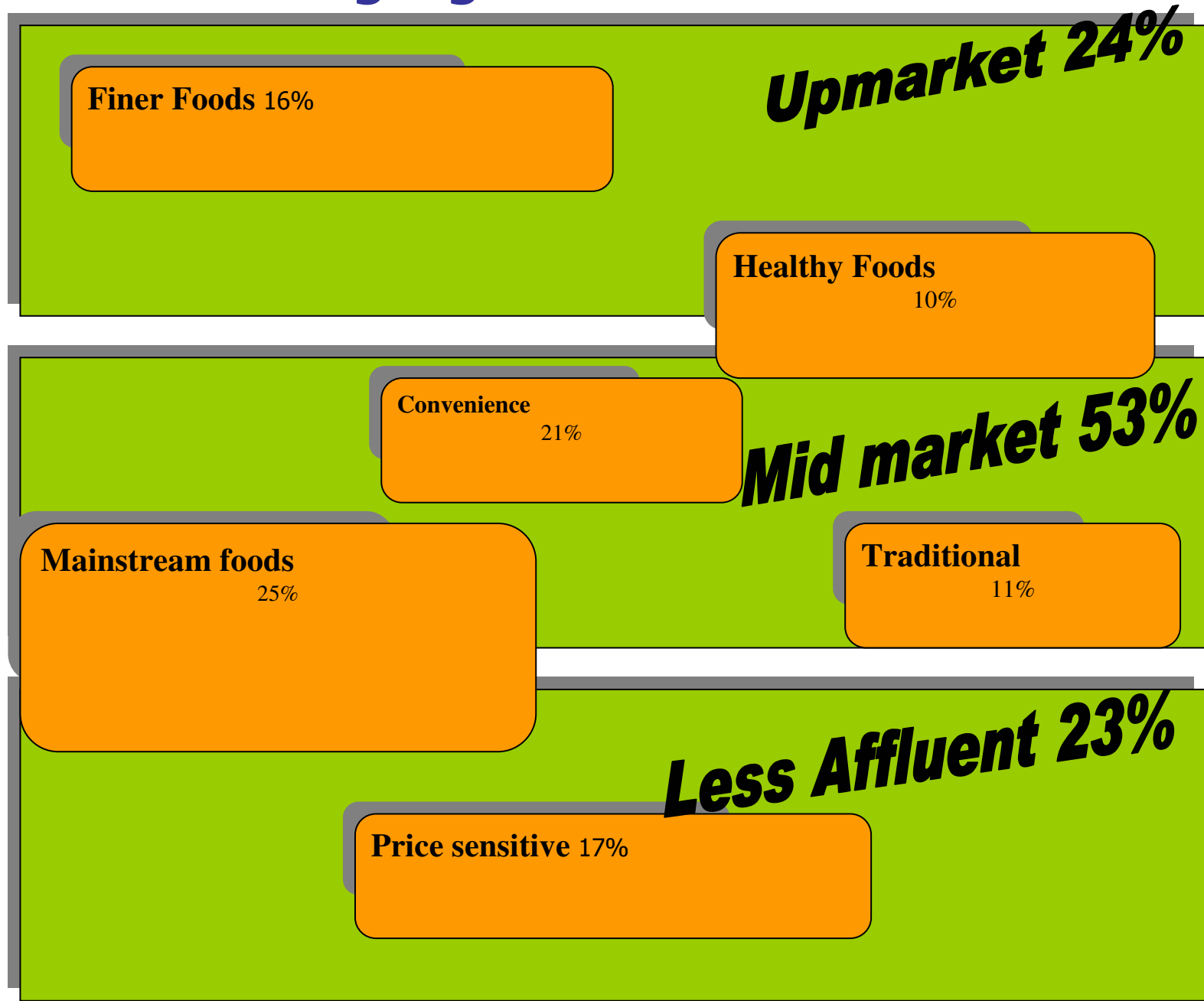
Market research



- Understand consumer needs - essential
- Understand retailer needs- critical
- Understand the competition, and this may not only be fruit – vitamin pills, fruit flavoured sweets, and snack foods
- Understand market dynamics, volumes, seasonality, price fluctuations
- Plan strategically using all of the above to establish specific market niche

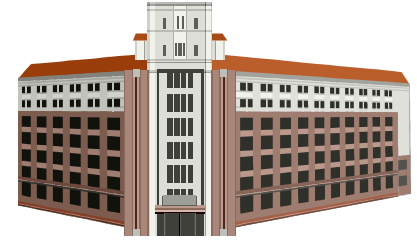
Affluence

Tesco Segregation of Customers





The supermarkets



■ What do they want?

- Excellent quality
- Same day freshness
- Rapid cooling and quality refrigeration
- Extended shelf life
- Moderate, sustainable prices
- Consistent pricing through year/season
- Regular, consistent supply
- Appropriate packaging
- Guarantee of product safety
- Produced using GAP
- Product specifications achieved

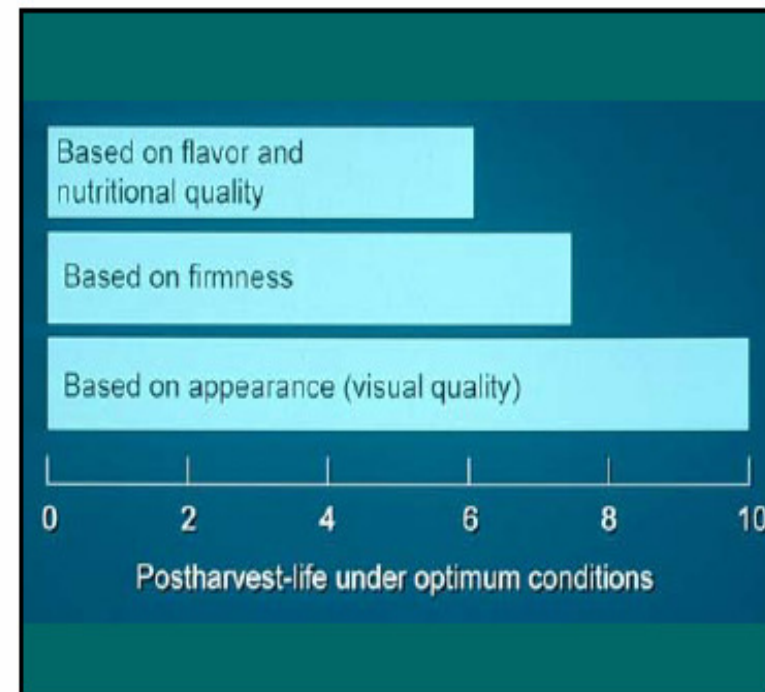
■ What do they get?

- Poor quality
- Not fresh
- Poor storage and transportation facilities
- Short shelf-life
- High prices expected
- High fluctuation of prices
- Inconsistent supply
- Variable and inadequate packaging
- Food safety requirement not adhered to
- No use of GAP practises
- Product specifications not followed

Market quality



- **Intrinsic** attributes
- Appearance
- Big is not always better
- Taste and texture critical
- Nutritional and health benefits –vitamins, antioxidants
- Storage and shelf life
- Quality, volume and price differentiation
- Tropical fruit have it all



After Kader 2005

Market quality



- **Extrinsic** attributes
- Environmental impact; carbon footprint
- Fertiliser and pesticide use
- Packaging – biodegradable
- Organic products –IFP systems
- Storage, transport and distribution efficiency



Promotion



- Consumers must know about the product
- Promotion, promotion, promotion!
- Costly but essential
- Spend money to make money
- In store sampling and assistance
- Cultivate chefs in restaurants
- Use stories womens' magazines
- Radio and TV