

STANDPOINT by Tom Treacy

Home grown produce is on the rise

Earlier this year I referred to a flattening of consumer demand for fresh produce and resultant over-supply in many lines of vegetables and fruit. Through the autumn and early winter months this situation worsened to the point where some growers struggled to make a return on their crop due to slow sales and deflated prices.

This is a worrying trend for all who depend on growing and selling staple foodstuffs such as greens, root crops and fruit. It tells us something significant is happening in our buyers' market – but exactly what? And just as importantly, what should we be doing about it?

A major factor is more people growing their own produce, a trend confirmed by seedling and bedding plant sales. Garden centres have reported double and even triple-digit growth in the past year. Consumers are more resistant to retail price rises and want control over the quality of what they eat. Plus edible

gardens are “trendy” and “fun,” according to research, with families and friends spurred on by the many “eat healthy” cooking programmes.

It is clear that economic, lifestyle and social drivers are behind the new competition facing commercial suppliers. For the most part we cannot respond on pricing, since returns for growers are, by and large, already unsatisfactory. But we can respond in other ways to win more custom and market share.

First and foremost is our capacity to supply manageable sizes and specific products for consumers at the right times of the year. This depends absolutely on good two-way communication lines between growers and our sales and procurement staff. In short, if we don't heed market signals, the market will leave us behind. Allied to this is the enduring need for the very best in produce quality, as today's consumers will not tolerate anything less.

For its part, MG Marketing is doing its utmost to secure, prepare and present fresh local produce that appeals to discerning buyers. Our knowledge and resources are on hand for every supplier to MG, as it is only as partners in business that we can succeed against formidable competition. Two examples of successful collaboration between grower and distributor are highlighted in stories in this issue of Supplyline.

Our first revamped newsletter last April was well received and I hope you will enjoy reading this issue too. To our growers and buyers I wish you all the best in your endeavours for the rest of the year and remember – do keep in touch!



CATEGORY UPDATE

Exclusive marketing the way forward, starting with asparagus

MG's drive to add value for grower-shareholders has meant a change in direction to develop new and improved domestic products under exclusive marketing agreements.

Exclusive marketing is not new to MG, as it has successfully done so for international brands such as Dole, Sunkist and latterly POM Wonderful to New Zealand consumers.

The advent of new local and internationally-bred fruit and vegetable varieties offers domestic growers opportunities to lead the way with improved niche and commodity market products.

The first in a series of these to be grown locally and exclusively marketed in New Zealand is Pacific Crown® Asparagus.

MG has aligned with Aspara Pacific of Canterbury, which breeds new high

quality asparagus varieties. Dr Peter Falloon, the co-owner of Aspara Pacific, has bred asparagus for 25 years as the sole Southern Hemisphere breeder.

The locally bred variety is Pacific 2000, marketed exclusively by MG with Pacific Crown® positioned as the premium quality asparagus brand.

Produced and packed under a strict quality assurance programme from field to consumer, Pacific Crown's product has better uniformity, exceptional colour and sweeter taste and texture than standard varieties.

Grower benefits start earlier, with Pacific 2000 the highest-yielding hybrid according to national trials by the NZ Asparagus Council. Growers can expect marketable yields between 40% and 60% more than the previous standard Jersey Giant variety.

In addition, trials showed plant survival was higher at the end of the trial period than other varieties, with fields of Pacific 2000 outlasting either Jersey Giant or JWC1.

Pacific 2000 is also marketed under a similar agreement in the UK, and its branding, along with better taste and the long green spear, have resulted in a 75% lift in retail prices and higher grower returns.

In 2009 the first season sales results for Pacific Crown® in New Zealand also achieved a significant premium for growers.

For an industry that declined from 3,500 to 540 hectares in the past 25 years, the introduction of a new locally bred variety with higher yields and the bonus of superior taste and colour is the boost needed to get it back on track. 🌱



Did you know?

Asparagus is a member of the lily family and was widely used by the Greeks and Romans as a medicine. They must have known something, because it is has many and varied health benefits.

It is high in Vitamin K, vital for blood clotting and helping build bone calcium. It contains rutin which helps small blood vessels from

rupturing. It is also high in glutathione, an important anti-carcinogen, and is a good source of fibre and Vitamins A, C and B. For centuries it has been used to treat problems associated with inflammation such as arthritis and rheumatism. Being high in folic acid, it is also a good addition to the diet for pregnant women.

After eating asparagus, some people detect a very distinctive odour in their urine. This is caused by methane thiol, a compound produced in some people, but not others. A recessive gene controls the ability to produce this substance.



Tim Jones



GROWER PROFILE 45 SOUTH MANAGEMENT

Technology boosts cherry quality and brand reputation in market

A half-million dollar optical sizer is delivering 97% accuracy for a cherry grower where exact sizing, colour and softness are essential for sales profitability.

The investment in technology by 45 South Management, of Cromwell in Central Otago, has improved sorting accuracy by almost one-third, but still more can be attained.

The company's general manager, Tim Jones, says a fully automated optical defect sorting system is under consideration for achieving even greater cherry quality and packing efficiency.

"When the present business was set up four years ago we identified a need to invest in high-tech equipment if we wanted to maximise returns from what is an intense seasonal activity," he says.

"We also focused the business on producing only cherries and apricots, which comprise 85% and 15% respectively of our domestic and offshore markets."

With just an eight-week production window and 250 staff picking up to 50 tonnes of cherries each day, the importance of quality control systems cannot be over-stated, Tim says.

Volume is also important, but quality is the number one goal for both overseas and New Zealand customers.

"We want to be known as the top brand and it is very satisfying when buyers don't even lift the lid to check the product after seeing the 45 South brand name on a box.

"Our philosophy is to deliver quality right through the supply chain, from presentation and packaging to servicing our orchard clients and everything in between."

Tim, who has a life-long horticulture background including management of kiwifruit blocks, is a strong advocate of improving production methods to enhance the efficiency of operations.

He manages the 45 South enterprise on behalf of a small group of Auckland and Dunedin-based investor-shareholders, all of whom share his vision of progress through innovation.

The company owns 67 hectares of cherries and apricots, plus manages a further 130 hectares under grower contracts on 15 nearby lifestyle blocks. The size of the business and the extra month of apricot harvesting post-cherry season provides the operational economy of scale needed for a return on investments made, Tim says.

"We have developed a strong working relationship with MG Marketing to distribute to local markets."

"This has resulted in new packaging options for cherries and new equipment for packing gift cartons, clamshell punnets and loose-fill bags, all of which are well-received by New Zealand consumers." With such a short season to capitalise on 10 months of orchard management, it is not surprising that 45 South has plans to extend its market sales window.

Tim says new varieties being tested at higher growing altitudes will crop well into February, adding several weeks to the traditional Christmas production peak.

"It will require some consumer education, but we are confident buyers will enjoy access to freshly picked cherries well into the summer months.

"The key to this will be quality assurance, just as it always has been." 🍒

An impressive model, says MG manager

The success of 45 South's cherry operation is a result of astute management in a demanding producer environment, says MG Marketing's National Procurement Manager, Richard Cameron.

"This is a model for growers to aspire to, highlighting the importance of strategic investment and technology advances in pursuit of quality," he says.

"It shows that in a supply sector where a lot can go wrong in a narrow time-frame, there are sound ways to reduce risk and add value to the crop."

He says MG's partnership with 45 South has flourished in recent years, to the extent that 45 South now has over 15% of all fresh cherries sold in New Zealand and supplies MG exclusively for this market.

Sales growth has been driven by pioneering packaging and presentation developments, but most particularly by the consistent quality of product.

"In this case both grower and distributor have earned the trust of consumers by delivering convenience and top quality."



Contact with markets is key to vegetable growers' success

The O'Connors of Appleby Fresh are a close-knit third-generation family team running a large and diverse vegetable growing business in the Nelson region. Focused as they are on their 120-hectare farm, however, they also know the importance of reacting rapidly to market trends and keeping in contact with the MG Marketing sales and procurement team. Mark O'Connor, who co-owns the operation with brothers Michael and Brendan, is the General Manager with responsibility for sales and marketing. He is in constant touch with the market floors to identify the best opportunities for Appleby Fresh crops and keep abreast of trends in the market place. "The ability to anticipate supply and demand variables and identify price trends is hugely important to our business," he says. "While we value MG's contribution with research and day-to-day reporting, the final decisions on what, when and how much to plant rest with us. "We have to have realistic expectations when relying on the feedback we need to succeed in the market."

Mark says the farm's 12-month growing period for a wide range of vegetables reduces seasonal risk and widens

opportunities to meet demand for quality fresh produce on the domestic scene.

Crops range from leafy greens to pumpkins, melons, eggplant and capsicums, the latter all successfully grown outside, thanks to a favourable climate and mix of soil conditions. The operation expanded last year when the partnership converted an adjacent dairy farm into its crop rotation. It currently employs 35 staff with a peak of 50 in summer. Selecting new varieties to be grown is of constant interest to the partners, with a particular eye on advances in seasonality dependent crops. "If a new seedless water melon, for example, or a broccoli variety with a late winter yield is what the market will respond to, these are what we will grow," Mark says. "Again, communication is vital and we regularly talk with seed merchants, other growers and advisory crop groups. "The value from sharing knowledge and information within the industry for growers like us is essential, in my opinion." Along with Michael, who manages ground and mechanical work and Brendan, who handles planting and harvesting, all the O'Connors are ardent believers that you get out what you put in to your enterprise.

Their hands-on commitment to the business, which includes Mark's two sons and a nephew, means early days, long hours and little time for off-farm recreation.

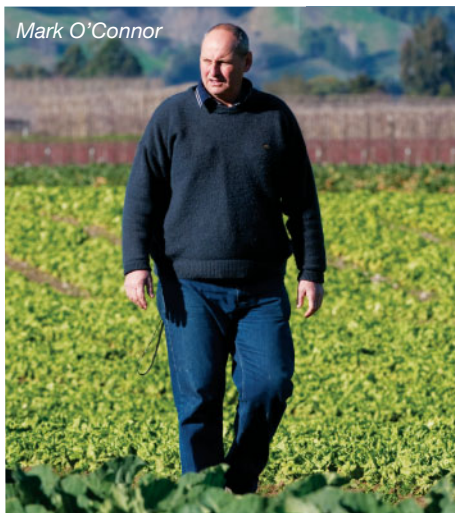
The family's focus is on quality first and foremost, starting with agronomic attention to soil fertility, drainage, irrigation, crop rotation, weed control and pest management.

When these are in place, the stage is set for producing high quality produce with additional benefits coming onstream, says Mark. "Harvesting gangs and packers can work faster and more efficiently, scales of economy can be realised and yields can be improved," he says. "And when the market flushes, invariably it is the best quality that sells first." It is the twin philosophy of knowledge-gathering, coupled with best-quality targets, that gives Appleby Fresh the ingredients of a continuing produce success story.



Dialogue is all-important, says MG

Strong two-way communication gives the O'Connor's business a head start over its competition, says MG Marketing's National Procurement Manager, Andrew Body. "Mark and his team are acutely aware of the need to maintain dialogue with others, including MG, who work closely alongside the markets," he says. "They ask questions, share information and get daily market feedback to guide decision-making. With this they can capitalise on opportunities others may overlook." The knowledge acquired pays dividends in the long run for both grower and marketer in a partnership role, Andrew says. "Appleby Fresh is an excellent example of how communication benefits all parties when it is given the importance it deserves."



'Take the job' said manager, and Phillipa is still with MG

A life-long career with MG Marketing in Wellington might have ended early for Phillipa Dunn, but for the urging of her branch manager almost 30 years ago. "I first worked part-time in the MG sales office while at university studying for a Bachelor of Arts in international history and politics," Phillipa said. "After graduating I travelled extensively through Asia, The Middle East and Europe, returning home and resuming with MG as an assistant accountant." This role gave Phillipa the opportunity to acquire new skills which would be useful for any future employment more suited to her qualifications. "When the branch accountant position became vacant, I was not altogether sure that

this was what I wanted," she said. "But my boss Frank Anquetil said I should take it. He told me that if he hired someone else, I would need to train them in any case!" Phillipa accepted and became, as she put it, "a fixture" in Wakefield Street, continuing when the branch relocated to purpose-built new premises north of the capital city in 1993. Currently administration manager at the Grenada North centre, Phillipa has seen huge changes in the produce supply and distribution business since her early days with MG. "When I began we manually processed every sale in the office, whereas now it is done electronically by the sales reps on portable laptops," she said.

"Sales and delivery systems are so much more efficient today, and we take a lot of pride in providing accurate, on-time services for suppliers and customers. "My motto in working with MG has always been to do it once and do it right." Phillipa says the most rewarding aspect of her job is dealing with growers, buyers and staff who share an appreciation of the fresh produce industry. "Whatever our roles may be, we are similar types of people with a practical interest in the land and holding down-to-earth attitudes." "For me it is very satisfying to contribute to a business involving many others who are passionate about making sustainable use of the land." In fact Phillipa's environmental interests go beyond the workplace to include conservation and plant restoration projects in the Wellington region. She is active with the local Forest and Bird Protection Society in re-establishing native

trees to encourage the return of forest birds such as tui, bellbird and kaka. "I am also a keen gardener at home and particularly enjoy growing flowers."





Auckland branch upgrade enhances customer service and efficiency

When MG's new produce centre opened in Auckland eight years ago, it set a national benchmark for handling and distribution efficiency.

Since then, such has been the pace of change in the industry that this standard has been improved further by a major recent upgrade and space expansion at the Penrose facility. Kevin Munroe, the branch manager, says the improvements include fundamental alterations to equipment and operating systems, all aimed at speeding service and optimising product quality. In the process the centre's entire refrigeration system has been reconfigured to

allow changes to the way produce is handled by MG staff, from receipt through to despatch. "Two chillers have been re-positioned and, along with two larger chillers, have been given new racking effectively doubling capacity and making better use of space," he says. "The extra room has allowed us to revamp the floor layout and look at how we can best consolidate customers' orders." The new handling process entails departmental support staff working with salespeople to ensure each produce item is selected, collated and stored at the correct temperature. "Produce held in the cool chain now flows directly to the main floor where it is ready for customers to uplift, or to despatch by truck," Kevin says. "The end result is that we can look after

growers' produce better and provide customers with a prompt, reliable and efficient service." Driven by Auckland's expanding population base and growth in communities, the centre has increased staff numbers by 50% since it first opened for business. The region's market as a whole is like no other in the country, with a high proportion of independent customers. As a consequence, says Kevin, there is a diverse range of buyer preferences for specific vegetable and fruit lines, requiring close attention to detail on the part of MG's sales, support and procurement teams. "We work hard to understand these preferences and to provide buyers with a positive experience when dealing with our produce, systems and staff." "At the end of the day our point of difference in a competitive market is less

about price and more about satisfying the differing needs of all our customers." "From the good feedback we've received to date, it is clear the changes we have made to our operations and overall efficiency gains are welcome steps in the right direction." In addition to refrigeration and handling changes for local produce, the branch has expanded its banana storage capacity with two big new areas. These give MG the ability to receive large volumes of bananas for ripening directly from ships when they arrive in port, affording closer quality control of the product on the premises. All in all, MG's investment in improvements at the distribution centre are a vote of confidence in a fast-growing region, stretching from Kaitiaki in the north to the Bombay Hills in the south. 🌱

MG procurement team is here to assist

MG Marketing's five-strong procurement team, provides an important link between grower-suppliers and the company's sales activities.

The team members provide a range of helpful services that are tailored to each grower's needs and business circumstances.

They also undertake a multitude of related tasks, if required, to ensure growers benefit from efficiency improvements and market feedback.

The procurement team is dedicated to growers' best interests and ensuring the best possible outcomes for their commercial success.

They include advising on annual growing programmes, recommending appropriate cultivars or varieties and matching selected produce lines with selected buyers.

These may include, for example, general administrative support, business reviews, transport and packaging options and quality control measures.

Andrew Body



Green Vegetables, Melons, Yams, North Island Root Crops / Pumpkin

Richard Cameron



Hot house Products, Mushrooms, Onions, Cherries, South Island Root Crops / Pumpkin

Roger Georgieff



Overall responsibility for Procurement, Central Otago Summerfruit

Rob Hollier



Apples, Pears, Citrus, Hawkes Bay Summerfruit

Brett Reid



Berryfruit, Kiwifruit, Avocados, Sub Tropicals