



Case study – export journey of Australian table grapes industry

1. Jeff Scott – CEO of Australian table grapes association

Q: Can you describe for us the export supply chain and table grapes? What types of businesses they are?

Summary:

There are 600 businesses in table grapes industry representing \$900m in production value. Most are family farms and range from 50 – 70 acres with their own packing facilities.

It is primarily family farmers. We have some very large family farmers, and they would have in the vicinity of probably 50 to 75 acres in production. The only corporate that we have is Costa exchange and they've bought 2 farms in the last two to three years. But apart from that, we're all family farmers, ranging from about 30 acres through to probably the biggest family farmer would be round about 1500 acres, which is a huge table grape farm. We have 600 business that make up about \$900m worth production in our industry and 99% of them are family farmers who have their own infrastructure. Every individual farmer has their own infrastructure. They have their own packing shed and their own cold room facilities.

Q: Can you tell us why the table grape industry began its export journey? What were some of the driving factors that led the industry to become so export focused?

Summary:

Back in 2005, there was an understanding amongst the growers that there was going to be overproduction for the domestic market. The industry committed to a strategic approach to focus on market access and to develop export.

Educating and helping growers to start their export journey requires continuous support

Back in 2005, there was an understanding amongst the growers that there was going to be overproduction for our domestic industry. The only way we could sell that fruit would be by exporting so we chose a strategic approach that enabled us to have everything in order to be able to gain market access into a lot of countries. Our priorities were China, Japan, Korea and to improve our other access that we had into other protocol countries like Vietnam, Thailand, Philippines and so on. On the back of that, and because we had an oversupply for the domestic market, growers became more and more interested in export. There was a lot of work done by the ATGA in terms of educating the growers towards the export scene and there was a lot of work done in terms of gaining market access and establishing relationships from overseas importers.



Q: Beyond clean green and safe what makes Australian table grapes competitive? What is the industry's unique selling point and why do consumers choose Australian table grapes over other competitors in the market?

Summary

Beyond clean, green, and safe, the Australian table grape industry has a great reputation for producing good quality fruit because of our excellent growing conditions. As a result, Australia's table grapes are a far sweeter and crunchier grape compared to our overseas competitors.

When we grow grapes, we need the right environment. Australia is very fortunate that in an area like Sunraysia it has a semi-arid desert climate. We have very rich red soils that are very nutritious. We also have clean water supply from the Murray River. We have very cold winters but sunny days, so there are cold nights but reasonably warm days. We have an abundance of sunshine and that is basically the perfect recipe for growing table grapes. So cold nights during winter, warm days and during summer the heat is extremely dry, so there's not a lot of chance of having any pests or any disease pressure. So based on that, Australia has a reputation for growing one of the best quality grapes in the world compared to other southern hemisphere competitors. That reputation is well known throughout all our exporting countries, particularly throughout Asia. In terms of the look and presentation of our grapes, when you compare that to some overseas countries, grapes from Australia stand out especially when it comes to taste. Australia's table grapes are a far sweeter and crunchier grape when compared to our overseas competitors. We have a reputation of being the best in the world, and we've educated the buyers along those lines and that has been the main difference between us and our competitors. And that's what makes us unique in terms of our overseas southern hemisphere competitors.

Q: What role does brand marketing play in exporting Australian table grapes? Can you perhaps give us an example of some successful campaigns that table grapes have undertaken in overseas markets?

Summary:

There is a TG number as the grower's ID, therefore overseas consumers are able to identify the good quality fruit and growers from the TG number.

As the table grape industry body, Australian Table Grape Association hosts a pre-season trade seminar update on the new season forecast, quality, supply chain and other innovative practices to the overseas importers and retailers.

To build on our industry pre-season briefing, each business can provide their own updates such as fruit maturities, quality and so on

There are several things here. First, when you talk about branding, all growers need to register, and they get what we call a TG number. Each grower will get their own individual number. The better growers get the reputation because the importers know the TG number and they know this grower supplies good quality fruit year-round, so their branding is their own TG number. I get many importers who will come to me basically saying here is a list of 20 TG numbers and ask for the growers' contact details.



The other thing is we constantly network with our overseas countries. We will talk to the main importers, retailers, distributors on a continual basis. We will go and visit them every year. Pre-season we will have an in-market trade seminar workshop with them prior COVID. We'll give them a fairly lengthy presentation of how the season is going to pan out in terms of expectation of quality, supply, any varieties or any new innovative practices that we've introduced to our industry. We do that pre-season for all main importers and distributors. We are basically branding Australia table grapes the best quality grape in the world and giving them all the information up front prior every season.

So, there's two types of branding; one is from an individual point of view based on their growing techniques, their presentation, their maturity, and their quality of grape, and the other one is from an industry point of view where we will go out there and promote Australian grapes and give buyer as much information as we can.

Q: Does the table grape industry participate in promotions in the retail setting and what impact do you think they have on influencing consumers towards trying Australian table grapes?

Summary:

For trade and consumer marketing, we participate in Taste Australia program with a budget of \$1m p.a.

The budget of \$1m goes towards key markets and the marketing campaigns are delivered via social media, online activities, and instore promotions.

The table grape industry has established great market intelligence over the years to guide the export activities. With the market intelligence, we understand the different requirements for each export market and tailor our export activities accordingly.

Apart from the trade seminars and workshops, we participate with Hort Innovation in the Taste Australia program. The Taste Australia program has a budget of about \$2.85 million contributed by 3-4 industries, of which the table grape industry contributes approximately \$1,000,000. The Australian table grape industry is heavily engaged in international promotion. I would say maybe 70% of our promotional dollars, maybe even 80% of our promotional dollars goes to international marketing and we spread that out over several countries.

We do retail instore promotional activities through specific peak periods when we know the grapes are going to be in that country. Every industry is independent and different, but we are fortunate enough to have very good market intelligence based on our history of trade. We have been exporting exactly what each country wants in terms of quality, variety, size, and we market accordingly along those lines using our market intelligence. We also provide this market intelligence feedback to our growers, so they know too. For example, in China they will send their best Crimson variety but if we're going to Indonesia will send our best Red Globe. Every country has their own specifications in terms of preferences for quality, size and variety of grape, that market intelligence is fed through to all the growers.



Q: What have been some of the benefits of being an export-oriented industry?

Summary:

Long term return to the growers

We really enforce the message to our growers to grow quality fruit which will be recognized by the export market.

Return to the growers. It's as simple as that. I mean (when) you look at the domestic price which might be say, \$2.00 or \$2.50 kilogram, for table grapes. With export our average price that we've been getting has been close to \$4 a kilo. Therefore, the growers know if they produce a good quality grape and they have great presentation in terms of their branding and the way they look in the box then they are getting a higher price than our competitors in the market, such as Chile, Peru, South Africa. That's all based on providing a good quality, mature grape that looks good in terms of presentation. So, we really enforce that with the growers, so they know that they need to grow good quality grapes. That's why they go towards exporting – it's about basic bottom line, the return to the growers.

Q: Let's talk a little bit about price. Did the table grape industry find it was initially able to secure really high prices in international markets? Or is that a position you had to work towards overtime?

Summary:

The industry is built on supplying quality fruit. Hence, overseas consumers are willing to pay a slightly premium price point once they have tried the grapes.

As an industry, we need to keep investing in best practice and make sure we retain our leading position when it comes to quality.

In the first year, the market price was established, but just based on our quality and our presentation compared to the other southern hemisphere suppliers, Australian grapes were perceived to be more premium. A country like China will pay for good quality product and so it wasn't a hard sell because of the quality of grape that we delivered over there. But that doesn't mean to say that we can be complacent, because all these other overseas countries are getting better at their best practice management in terms of growing grapes. So, we continually need to ensure that the varieties and the quality of grapes we send over there is of the standard that they expect from Australia. In terms of market intelligence, we will send that information to our growers on a weekly basis. They receive market reports from several countries, particularly China, and in those market reports you can see the price per day per week. That is being received by Chile, by Peru, by South Africa and by Australia, which means the growers can easily see that Australia is always higher than our competitors.

2. Tim Milner - Milner grapes

Q: Can you describe your export supply chain – is your business vertically integrated or do you partner with other growers, packers, and exporters to assist in your trade?

We prefer doing business direct with our export customers and in the end, they have become our long-term friends. However, we have partnerships with exporters for certain markets such as Japan and



Indonesia. The reason behind this is we don't have the consistent volume to be able to run programs exclusively into those markets. Also, Japan is a very old fashion market and the buyers over there in the trading houses value long relationships with exporters who can supply not just grapes, but then they'll move on to citrus and apple, asparagus, and watermelons. So as a grape grower, we really don't have that opportunity because we supply grapes and grapes only.

Q: As your business has transitioned to being 100% export focused, what are some of the most significant changes you've made to the business?

There have been government dictated changes which is related to regulation and food safety and just being more professional as we've grown. We cannot just be backyarders anymore. There had to be a level of professionalism applied to the place. Sheds have increased in size along with cool store capacity, and there have been some major changes we've made to help facilitate orchard growth as well. We've grown a lot more fruit as we can't supply enough for our export demand. One of the biggest changes has been in demand so we've had to grow more and more fruit, which is a good thing for us. The same will happen with avocado growers once you work your export markets.

Q: From your experience, how long did it initially take you to wrap your head around the regulatory requirements? You mentioned that you put aside about an hour a day to then deal with processing the paperwork, how long do you feel you need to spend trying to manage export requirements?

Yeah, you'll never get your head round it, it constantly changes and that's just the nature of what we're dealing with. Back when I first started, everything was done by fax. Now orders are placed by text message or WhatsApp or WeChat depending on what country you're dealing with and a lot of time it's not even orders. It's just advice such as this is what's being loaded and delivery expectations. The communication is much faster and has become more streamlined. But then we also have that layer of official documentation. It takes me an hour to look after that side of things, but that's probably an hour a day all year. We don't just stop talking to our buyers after a deal and then wait a year before reaching out again – we need to know what's happening. There will be changes that happen from our government or their government on regulations that you must know about. So, you must live and breathe it. You must subscribe to the newsletters and the stuff that the government puts out, but you've also got to read it and you've got to understand it.

Q: Do you find it challenging when one market is going exceptionally well and the prices are very high, remaining committed to some of your partners in other markets where the prices might have dropped a little bit? Is consistency in your relationships important or do you move the product around depending how the market looks that year?

Export is a long term game. You're developing partnerships that will last – the children of the business will deal with the buyers' children over there. That's how it will work, so you can either focus on consistent supply, even though other markets might pay better in any given year, or you can chase the money. Good relationships will look after you. They know that other markets will be paying more but if you're still supporting them, then they will support you in years like last year and the year before.



Q: With your export product, do you apply export quality standards, and if so, are those standards set by you or by the importer? How does that work in your supply chain?

There are no written down regulated quality standards. We've found we need to compromise a little because you can't always supply the best fruit, and it's honestly too expensive to do that. We are targeting the top 25% of the market and I focus on consistent supply all the time so that all my fruit always meets the agreed standard with my buyer, and that's just purely our marketing choice.

Q: How do you monitor the performance of your product in the supply chain? Do have conversations with your importers about the quality that they are receiving?

We have fully open and transparent communication with our buyers. We talk daily or more about the quality of the fruit. In terms of how we monitor the standards, we see what's in our pocket at the end of the day. If you've got good fruit, you're getting good money.



Q: Very good, so if you reflect on being an export-oriented businesses, what are some of the key benefits that you've found from being positioned in the export market as opposed to the domestic market?

The domestic market is too small and you're at the whim of the supermarkets. Export is the way to ship volume and we need to ship volume. We're shifting two to three 40f' containers a day. Importers asked us to up that, and we're saying no, just hold back because we need to make a compromise ourselves between quality and the volume. If you start putting too much volume out, then you can't control your actual quality. We do try and hold off on our sugars so that we get high sugars which sometimes drives our buyers mad because they say oh everyone else is picking why aren't you? Because we're waiting for sugar, they're not.

Q: Do you have any words of advice for avocado growers just beginning their export journey?

Get used to low prices and starting the export journey as soon as possible. You're going to be at the bottom of the market. You're the new kid on the block. (Farmers are) going to have to work in terms of scale. We started out low (price). We learned to coexist with Chile and South Africa (table grapes). Some of that means leaving them alone in markets. For instance, in Malaysia and Singapore we just let South Africa (table grapes) have it. They're just two smaller market so that you can have it, we will fill niches in those markets. we supply East Malaysia through a good friend of ours

3. Phillip Brancatisano - The grape house

Q: Can you tell us a little bit about your business? What is your current export footprint?

The company has been growing grapes and exporting grapes for over 20 years, but that was indirectly through exporters. It's only been in the last 10 years that we became the exporter. I've been in the industry for 43 years and I have a lot of experience with fruit and vegetables. Our mainstream markets are New Zealand, the UAE and Asia including Japan, Korea, China, Indonesia, Philippines, Taiwan, Singapore. Our real supply peak would probably be from February until June. When we export our fruit, it's all exported with our brand on it. If a customer wants to put their own sticker on it with their own brand, they're quite welcome to, but it's still acknowledged that the fruit is from the Grape House.

Q: If you can cast your mind back, why did the business begin exporting? What were some of the motivating factors that led the business to make that decision?

Basically, it was just because we grew so much fruit, we had to move the volume. We had to move 400-500 containers in the season. Break that down weekly and we had to keep this volume moving, moving, moving. The biggest challenge was to go out there and find customers. We needed a lot more customers than what we had, so we had to go out there, find customers, meet them, greet them, get to know them. The biggest challenge we had was to find the right customers.



Q: Can you elaborate on some of the characteristics you look for in an export customer? Obviously paying is a good starting point, but are there are other things you look for?

Well, that was the hardest part, what we did was a lot of inquiries with Austrade. I rang different people like freight forwarders and asked if they had heard anything bad about these customers or things like that. Then what you do is just a little bit of business to see what you think and if they were slow payers or if they are putting in claims because they wanted to make extra money. That's basically it. In our 10-year journey, identifying suitable customers probably took us three to five years.

Q: Have you participated in trade shows or trade missions to the market and in all the activities you've done, which ones do you think have been particularly successful or valuable?

I attended all the trade activities with Jeff Scott from the Australian Table Grape Association. I fully acknowledge that the Victorian government is very good to promote and assist Jeff to go out and promote our industry. Asia Fruit Logistica is probably one of the biggest events in Hong Kong. They haven't had it for two years now, but every September it is the biggest event for us because everyone from all around the world comes to Asia Fruit Logistica. We set up a stand with Australian Table Grapes Association because we didn't want to go on our own. We wanted to be amongst the Australian Table Grapes Association because Jeff Scott is known all over the world. If the Victorian government or ATGA or anybody offered anything (such as tradeshow opportunities) we always attended because you might pick up one customer out of say 20 enquiries and that one customer might be the big one. I enjoyed meeting the people, it was a pretty good experience.

Q: What do you think some of the benefits of being an exporting company has been, particularly compared to when you only serviced the domestic market?

Moving volume is the biggest advantage to having export. Australia can only consume so much product and we grow a lot of products here because we have got the land and we have got the weather. There is just too much product to move in Australia. It gave us the opportunity to move more product because you take one container, one container of grapes is 2000 boxes. By comparison, if you ring up wholesalers in the market, they are only going to ask for say maximum 10 pallets which might be 800 to 1000 boxes. Everybody overseas, when they order fruit, it's by the container. They'll say give me one, two, or three containers. That's 6000 boxes.

Q: Do you have any words of advice for avocado growers who might just be beginning their export journey?

Make sure your compliance is in place. Compliance with the Australian government is number one. Make sure you've got all your certificates. Make sure you've got all your audits in place. We've got a person employed to look after compliance and she's full time. Number two, you obviously have to go out and get



your customers and number 3 most importantly, try and make sure you're dealing with the ones (customers) who pay. Traveling to meet people, getting out there and promoting yourself, your brand and your name are very important.

I learned something about 35 years ago from a colleague, he said to me 'buyers can go anywhere to buy a box of grapes, but you want them to come to Phillip and buy that box of grapes. So, promote yourself, promote your company and promote your logo. Make your customers want to deal with you at the end of the day. They want to know who you are. If you are honest and have integrity, you can sell him whatever you want.'

Q: What do you think the future looks like for the exporting business at the grape house? What's your vision?

We think going forward export will still be good because people have to eat overseas. I mean for Australia; our population is only 24 million. They all want Australian product, whether it be a grapes, avocado, or apples. Overseas consumers know we grow the best product in the world, so going forward I can't see our export business being any different. I mean I've even had enquiries from Japan telling me that they have planned to visit the farm this next year if this all goes back to normal. It has been tough recently, but you watch, the export business will bloom again.

4. Rocky Mammone - Elite Produce

Q: Can you please tell us your name, your role in the organization that you represent.

My name is Rocky Mammone, I am a third-generation table grower in Mildura. I'm also the sales manager. I handle both exports sales and domestic sales as well as general day-to-day operations on the farm. The business has been exporting through exporters for well over 20 years. Currently, we export 80% of our production, mainly to North Asia, Southeast Asia, and some to Middle Eastern countries.

Q: Can you tell us about some of the changes that you have made to your business as you have become export focused? Have you made any significant investments, or have you changed the way you have structured your business so that you can accommodate export in a meaningful and programmed way?

We have had to make some big investments in a packing shed. The packing shed, especially storage cool rooms, has been a big one because that allows us to control the speed of the sales. Some weeks the sales are a bit slow. We'll have to hold the fruit or choose not to ship.

Q: How long do you feel it took you to become familiar with the regulatory requirements for export? Is that something that has become easier over time, or do you still find that it takes a considerable portion of your day, making sure you stay on top of all those regulations?



Look, I think farming and regulations just go hand in hand these days, so I don't really believe that the export regulations are much more rigorous than supplying supermarkets domestically. There are some extra steps, but once you are aware of them and you have got a system in place, it's quite easy.

Q: Do you ever have challenges ensuring quality upon arrival and how do you manage conversations with your importer around the quality standard of what you shipped versus what they have received? How does your business manage that quality in transit?

Yeah, it's a major issue with table grapes. We can't pack them on a packing line with grading system. It's all done manually therefore, it's all very subjective such as there's different shades of red, for instance. For export, it's the business relationship that gets us through. If you don't have a good business relationship, that's when you'll get taken advantage of in the market. Communication is the key and we use WhatsApp a lot. As soon as the fruit arrives, I'll get a quality report on arrival and if there's any issues, I'll know within a couple of days. If it is a major issue, I'll travel to the market. If it is a small issue, often we will sort it out. We throw a couple of dollars their way to resolve the problem and we move on to the next shipment. You've got to deal with the problem quickly.

Q: Can you reflect on what some of the benefits of being an exporter have been to your business, particularly compared to when you were only supplying the domestic market? What are some of the upsides of being in the export game?

Well, you can get a premium for your fruit with a larger volume. The numbers that you can move (through export) are just incredible and you also have control from the growing process right to the importer. If you have a good relationship, then you get reports back from the customer or from the retailer. I get a buzz to see my fruit on the shelf of a supermarket in Korea or in Japan – I can see good quality fruit grown by my family. It's not all about the better return, but it's about building a good relationship and building a brand that has value. If you have consistently good quality, you know you will be getting phone calls and emails all the time.

Q: And so, in a similar vein, can you share one thing your business did that's been most helpful on your export journey?

Choosing the right exporter or the right customers and that takes time. You might go through 2-3 exporters or customers or importers before you settle on one where you know that you're both comfortable. It's all about communication. Also, you need to have the best quality product and always strive for that. You've always got to keep up with new varieties, better quality in new packaging, new marketing material and of course, consistency of supply. Keeping your word so if you say you're going to supply certain amount you make it happen. That goes a long way.



Q: Can you tell me a little bit about how you position your brand overseas? The premise for most Australian agriculture is clean, green and safe but have you found a way to differentiate yourself beyond that?

Look, I think people understand that Australia is clean, green, and safe, right? It's kind of been drummed, you know jammed down their throats for years. It's more about the personal connection, the story behind the producer. It is the farmer that builds trust in a brand. You know you can lose the trust in the brand overnight if you supply something that you know doesn't meet the specification. In some markets we have multiple customers in same market, so we don't supply the same brand. Having multiple customers in the same market with the same brand is not helpful. It shows a sort of disloyalty, so once we're comfortable with a customer or an importer, we dedicate a brand to them.

Q: Do you have any words of advice for avocado growers who might just be beginning their export journey?

Do it. Getting to it before you need to. You need to start building the relationships as soon as possible because there will come a time where the domestic markets oversupplied. Domestic markets are very easy. Exports are more challenging, but you need the diversification.

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