

FEBRUARY 2022

Onion

Strategic Investment Plan 2017-2021

PERFORMANCE REPORT



Onion SIP performance report

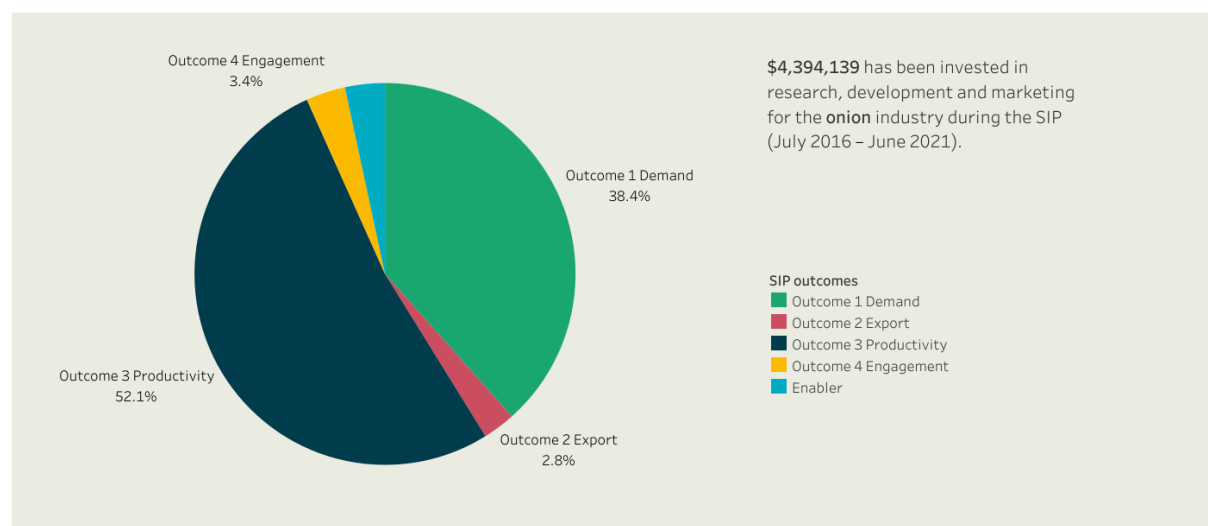
This performance report reviews the performance of levy investments delivered against the onion Strategic Investment Plan (SIP), which was active for the 5-year period from 2016/17 to 2020/21. The SIP was developed to strategically guide research and development (R&D) and marketing levy investment in accordance with core industry priorities. The SIP featured four outcome areas, 23 strategies and 14 key performance indicators (KPIs), summarised in Table 1. A total of \$4.4 million was invested into the Onion Fund over the 5-year period of the SIP. The total investment expenditure allocated against each outcome is provided in Figure 1.

Table 1: Onion SIP outcomes

Outcome	Description	Expenditure allocation*
1. Demand	A combined marketing approach working in harmony to show the versatility of onions to increase consumption	38.4%
2. Export	Export growth achieved through market diversification and product customisation, to support and maintain domestic pricing	2.8%
3. Productivity	Reduced costs and improved returns to growers through improvements in business and production skills	52.1%
4. Engagement	An informed and engaged industry results in greater ability to respond to market shifts	3.4%

*Total investment \$4.4 million as of June 2021. Balance of expenditure comprises of enabler investments, which includes expenditure to support the delivery of the SIP including advisory meeting and publication costs.

Figure 1: Onion SIP investment expenditure analysis



SIP performance analysis

This performance report reviews the investment achievements delivered within each outcome area that have generated impact for growers. The overall status of each strategic area, informed through an assessment of KPI performance, is also provided. The evaluation status and criteria were:

Strategic area status	Criteria
Achieved	KPIs for this strategic area were met
In progress	Investment delivery remains ongoing
Not achieved	Investment was not prioritised in this strategic area

The results have been informed from evidence compiled through reviewing investment documentation and engagement with project managers. Outcomes generated through the investments are documented and brief case studies of flagship performance and impact for each outcome area are also provided.

Outcome 1: Demand – A combined marketing approach working in harmony to show the versatility of onions to increase consumption

The onion SIP 2017-2021 identified the challenge of increasing the value perception of onions to consumers so they would accept higher prices. The most effective method of shifting consumer perception was seen as a combination of product differentiation and greater consumer engagement by building the value proposition for onions based on fitness for purpose and specific nutritional attributes.

Summary of strategic area and achievement status:

The strategies in the SIP that were identified to support onion demand are listed below. An achievement status is provided based upon internal evaluation of project performances:

Strategic area	Status
Develop a domestic marketing strategy with a focus on gaining a stronger understanding of consumers and increasing their engagement with the category	Achieved
Support pilot projects around development of new, differentiated and value-added products	Achieved
Engage with supermarkets to gain a stronger understanding of consumer behaviour and issues affecting the success of the onion category	Not achieved
Equip small to medium enterprise (SME) growers with more effective supply chain knowledge, and increase capability to serve local and regional market channels	Not achieved
Introduce voluntary quality guidelines and processes that are aligned with consumer preferences	Not achieved

KPI callouts:

- The *Australian Horticulture Statistics Handbook* (HA18002) reported the average onion supply per capita over the 5-year period of the SIP was 1% higher than levels prior to development of the SIP. However, while volumes have remained relatively steady, wholesale prices increased 30%, indicating an improved value perception of onions among consumers and willingness to pay higher prices without reducing consumption.
- Industry marketing activities have been informed by 2019 research to understand the onion consumer through *Australian onion consumer research* (VN18001). This research identified that quality was not a major constraint in driving consumption, but suggested increased awareness of onion recipe ideas and onion health benefits could increase consumer demand.
- Onion marketing was also supported by *Australian onions nutritional literature review* (VN18002), which resulted in the creation of consumer messages that have been integrated into the industry promotions, e.g., 'good for gut health'.
- The investment *Onions foodservice farm tour and education pilot* (VN18000) also targeted the foodservice sector, which typically accounts for around 27% of onion sales, by providing a farm tour for 12 influential chefs to showcase onion production and the people who produce them, and their views on the value and versatility of Australian onions in culinary applications.
- 'Secret Serve' was the first 3-year marketing campaign delivered within the SIP. Commencing in May 2016 the campaign sought to increase the consumption of onions among mealtimes between parents and their children. The campaign supported the increase of small-sized families share of onion purchases to over 10% (11.5% from a 9.2% benchmark). From 2018/19, the campaign was adapted to capture additional messaging around educating consumers on the health benefits and inspiring families with additional recipe material.

Outcome 2: Export – Export growth achieved through market diversification and product customisation, to support and maintain domestic pricing

The onion SIP 2017-2021 highlighted the importance of maintaining and ideally growing export volumes. Increased domestic market volume was seen as a potential risk for domestic prices.

Summary of strategic area and achievement status:

The strategies in the SIP that were identified to support onion exports are listed below. An achievement status is provided based upon internal evaluation of project performances:

Strategic area	Status
Develop a five-year holistic and diversified export market development plan with a focus on Asian and Middle Eastern markets	Achieved
Conduct in-market trade research in high-prospect markets to identify opportunities for product differentiation or customisation	Not achieved
Support exporters to build capability and capacity to understand and service the emerging markets of Asia and Middle East	Not achieved
Collaborate more with the vegetable industry on inbound and outbound trade missions and trade shows	Not achieved

KPI callouts:

- The investment *Australian Onion Industry Export Strategy* (VN20003) delivered an evidence-based, independent assessment of export opportunities and recommended activities for industry export growth for the 2021-2026 period. An aspirational target of growing exports to 50,000 tonnes or 30% of overall production was identified.
- The *Australian Horticulture Statistics Handbook* (HA18002) reported the average onion exports over the 5-year period of the SIP were 18% below levels prior to development of the SIP, averaging 37,000 tonnes, and did not reach the SIP target of 53,000 tonnes. The share of production going to exports decreased from 18% to 14% over the same period.

Outcome 3: Productivity – Reduced costs and improved returns to growers through improvements in business and production skills

Poor and declining industry profitability was identified as the most important issue affecting all of the industry. Reducing production costs was seen as a critical driver of profitability alongside improved domestic and international demand in outcomes 1 and 2.

Summary of strategic area and achievement status:

The strategies in the SIP that were identified to support onion industry productivity are listed below. An achievement status is provided based upon internal evaluation of project performances:

Strategic area	Status
Assist industry to develop a stronger understanding of costs and profitability drivers	Not achieved
Continue with a prioritised R&D program to manage pest and disease challenges and threats with a focus on soil health	Achieved
Develop a regional extension program using small discussion group formats to transfer R&D knowledge in a more targeted and localised manner	Achieved
Initiate an onion specific training program for consulting agronomists with input from international experts	In progress
Investigate issues around seed quality, availability and variety selection appropriate to regional conditions	Not achieved
Explore options to replace imports by improving storage practice and/or variety selection	Not achieved

KPI callouts:

- The project *Detection and management of bacterial diseases in Australian allium crops* (VN13005) generated and communicated knowledge to support early detection and control of exotic bacterial diseases in onions and shallots.
- The project *Classification of the onion rust complex and development of rapid diagnostic assays* (VN13001) determined which rusts infect the onion family in Australia and overseas and looked at reliable diagnostic markers, to aid future biosecurity efforts for the Australian industry.
- Through *Development of an onion white rot forecast model for Tasmania* (VN14001) support was provided for growers by identifying major disease risk factors associated with the growing environment for onion white rot, and providing targeted management solutions.
- *International Onion Research Delegation* projects were delivered in 2016 (VN16001) and 2018 (VN17001) to bring international speakers to Australia to share knowledge and world best practice with onion growers through a mix of one-on-one meetings, group discussions, farm visits, and technical presentations.

Case study: An IPM extension program for the potato and onion industries (MT16009)

Between 2016 and 2021, this project focused on supporting grower adoption of integrated pest management (IPM) on farm – improving pest management with minimal pesticide use and a reduction in associated costs.

IPM strategies were developed for potatoes and onions in Tasmania, South Australia, Queensland and New South Wales. IPM resources were developed, including pocket guides, case studies, and fact sheets. IPM training and ongoing support was provided through introduction and training workshops, field days at the commercial on-farm demonstration sites in each growing region, and also through zoom workshops, phone-calls and text messages. In addition to assisting farmers directly, the project trained field officers from major processors (McCain, Snack Brands Australia and Simplot), major reseller agronomy companies (IK Caldwell, Elders, Landmark, EE Muir and Sons, Serve-Ag, Roberts, CRT's, Farmer Johns) and independent advisors.

The project reported that participating advisors saw the value in using IPM and there was a significant change in the type of advice being given by these advisors, who have ceased recommending routine, broad-spectrum insecticides and are now promoting IPM. The results showed a significant reduction in insecticide use as a result of the recommended IPM strategies, with commercial demonstration sites showing that potato growers were able to reduce insecticides application from every 10 days down to zero or one application in a whole season.

Outcome 4: Engagement – An informed and engaged industry results in greater ability to respond to market shifts

A consistent message to emerge from the engagement process was that a lack of industry engagement and cohesiveness was affecting performance, particularly the oversupply situation. Despite the investment and effort in industry communications, engagement was not at a satisfactory level for a healthy and progressive industry. An alternative approach was therefore required, not just for communication but also industry development and sharing of supply chain data.

Summary of strategic area and achievement status:

The strategies in the SIP that were identified to support onion engagement are listed below. An achievement status is provided based upon internal evaluation of project performances:

Strategic area	Status
Investigate ways to drive greater industry engagement, such as local extension group project	Achieved
Provide a scholarship for participation by industry leaders in industry management and governance development programs (Hort Frontiers)	Not achieved
Introduce scholarships for overseas study programs for young growers	Not achieved
Encourage young grower participation in industry committees and advisory groups	Not achieved
Leverage levy investments more effectively by increasing collaboration with potato and vegetable industries	Achieved
Include a regular business and financial management skill column in <i>Onions Australia</i> magazine	Not achieved
Include a regular pack house and supply chain best practice column in <i>Onions Australia</i> magazine	Not achieved

KPI callouts:

- The onion industry collaborated with the fresh potato industry to deliver *An IPM extension program for the potato and onion industries* (MT16009), effectively leveraging the onion levy investment to deliver increased IPM knowledge, awareness, and adoption.

Case study: Australian onion industry communications program (VN15002, VN15003, VN18003)

From 2016 to 2021, these investments delivered effective and timely communications to ensure Australian onion growers and other industry stakeholders were kept up-to-date with the latest R&D outcomes, marketing activities, and other industry news and information.

The regular communication channels produced and maintained by the program included the following outputs:

- An annual magazine focusing on the latest R&D updates for onion growers
- A monthly e-newsletter (changed to quarterly in 2019) that achieved a 160% increase in subscribers to 375 (above the goal of 10% growth), while maintaining an average 12-month open rate of 39% (exceeding the target of 30%) and a click through rate of 9% (above the goal of 6.5%)
- 45 podcasts and videos highlighting industry R&D, marketing and other information. Onions Australia website traffic increased an average 69% on the days the videos were released
- Five case studies showcasing practice change associated with the adoption of R&D
- Twelve grower resources including factsheets on R&D and marketing outputs and recommendations
- Twenty-four media releases promoting industry events, industry credentials, and onion consumption
- Six industry events, including grower walks and field days, with an average attendance of 20 growers and other stakeholders.

By communicating key industry resources with a particular focus on R&D outputs and recommendations, the ultimate goal of the communications program was to drive practice change for growers, boosting productivity and profitability.