

## **Vegetable Industry Export Market Development Strategy 2020**

***A pathway to increasing vegetable  
exports by 40 per cent within four  
years***

### STRATEGY SUMMARY

In recognition of the opportunities to grow exports of Australian vegetables, Horticulture Innovation in collaboration with AUSVEG, has developed a comprehensive export market development strategy. The strategy has been produced with levies from the vegetable, potato and onion industries.

The supporting data underpinning this strategy is extensive. It spans three volumes and includes snapshots of Australia's main vegetable export categories and their highest prospect markets.

In an industry first, McKINNA et al's Market Potential Index has been used to rank and rate export market potential for each vegetable category, providing a valuable resource for both growers and industry to focus their trade development investment.

The strategy is structured around a framework of simple questioning:

- Where are we now?
- Where do we want to be?
- What is stopping us getting there?
- What do we need to do?
- How will we do it?
- How will we measure success?

## WHERE ARE WE NOW?

Australian vegetable exports in 2015 were tracking at approximately the same value and volume that they were in 1998, albeit with considerable fluctuations in line with currency movements. In the 2015/16 financial year, Australia exported **209,871t** of vegetables valued at **\$226.5 million**. Carrots are by far Australia's largest vegetable export at a value of **\$81 million**.

## WHERE DO WE WANT TO BE?

### The opportunity

The factors that support the case for growth potential in vegetable export markets are:

1. The growing number of middle and upper middle class consumers in Asia and the Middle East.
2. The shift in shopping habits from traditional trade to modern trade driving demand for premium, packaged and convenient vegetable products.
3. Demand for safe, traceable food from a reliable and sustainable source.
4. Trend towards greater consumption of western style foods in food service outlets.

### The marketing imperative

Australian growers have competitive advantages in quality, product integrity/safety, seasonality and location. But growers must compensate for a lack of overall price competitiveness in most categories by marketing innovative products with:

- Better quality via the latest genetics and improved production systems.
- Supply chain improvements that address quality and service levels.
- Streamlining and shortening supply chains.
- Disciplined grading and QA systems.
- Packaging that delivers convenience and shelf presence.
- Branding and labeling that tells the product story in a manner responsive to local cultures.
- Product integrity and traceability systems.
- High customer service levels.
- More collaboration and strategic alliances that enable smarter business models.
- Improved skill sets in branding, packaging and marketing.
- Products that respond more directly to specific consumer needs in each market.

**Australia is well positioned to become a trusted supplier of quality, safe vegetables to premium markets in Asia and the Middle East**

## WHAT IS STOPPING US GETTING THERE?

### Burning issues

The strategy was devised to respond to the following burning issues, which are constraining Australia's performance in export markets:

1. The need to drive exports to relieve price pressure on the domestic market.
2. Australia's lack of global price competitiveness in many categories.
3. The need to develop differentiated products in order to compete on non-price factors.
4. Technical market access remains a barrier to fulfilling a number of market opportunities.
5. The skill sets, knowledge, experience and culture of prospective exporters.
6. The lack of scale and continuity of supply of individual businesses to service export demand.
7. The lack of timely commercial market intelligence and market insights.
8. The need for market research to better understand product and packaging needs and opportunities for each market.
9. The importance of communicating consistent and focused brand messaging about Australian vegetables at both the company and industry level.
10. Fragmentation of resources and mixed messaging from governments and industry bodies.

# STRATEGIC DIRECTION

## **In most categories, Australian growers are not price competitive, so must compete on non-price factors**

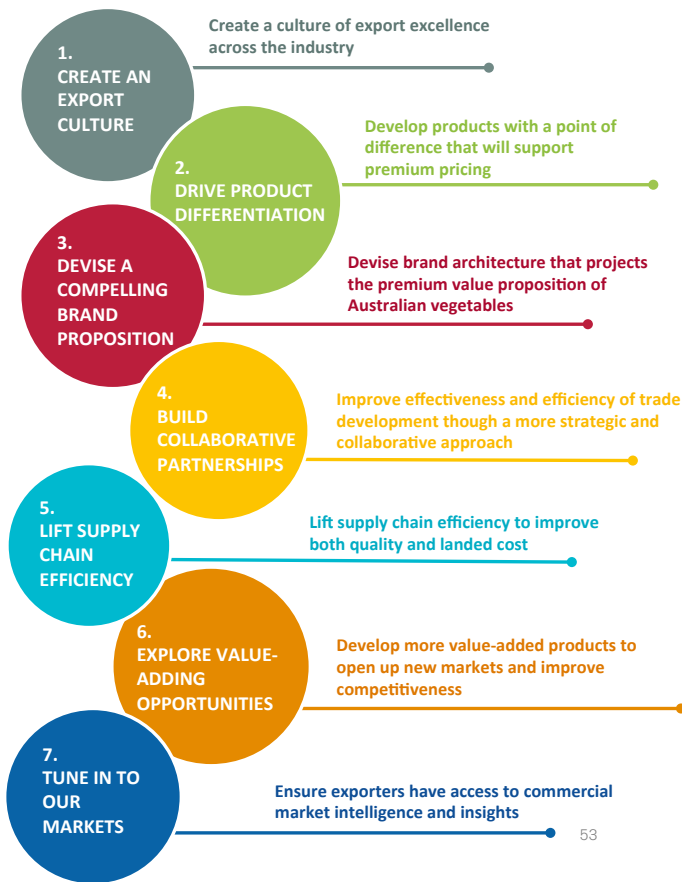
The Australian vegetable industry needs to make the cultural transition from being short-term, opportunistic traders of commodities, to long-term marketers of differentiated products, customised to highly targeted market needs.

In most categories, Australian growers cannot afford to compete head-to-head on price. They must pursue niche markets through a value proposition based on non-price factors that will justify premium pricing. These factors include quality, safety, seasonality, service levels or other differentiators.

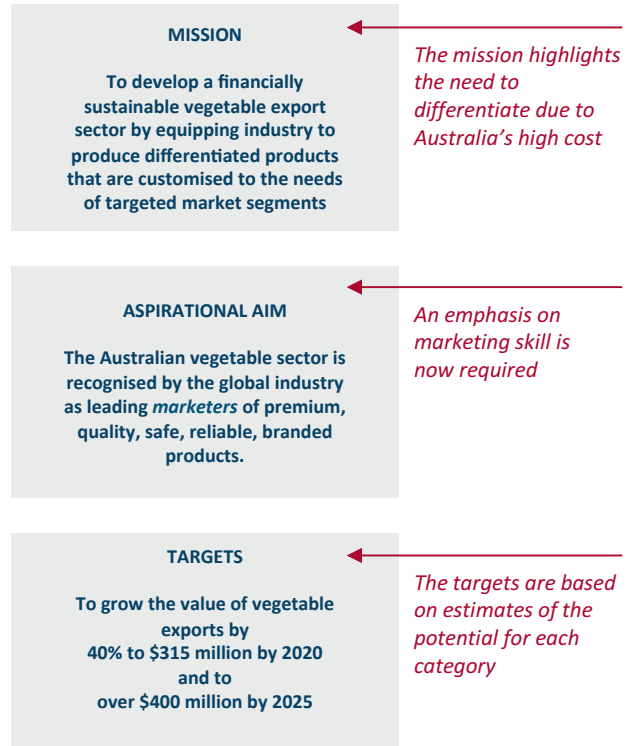
Each of the burning issues impacting vegetable exports that were identified in the situation analysis are addressed in the following strategic response.

**Realistically, Australian growers could increase vegetable exports to \$315 million within four years and close to double exports within 10 years**

## WHAT DO WE NEED TO DO?



## VEGETABLE INDUSTRY EXPORT STRATEGY



## HOW WILL WE DO IT?

Sitting below the above strategy platforms is a series of programs that will guide project activity to be delivered by industry, Horticulture Innovation and other stakeholders.

Existing governance structures will provide stewardship for this strategy. It will be administered under the current AUSVEG managed trade development project with oversight from Horticulture Innovation. The project reference group for the trade development project will include:

- Two grower representatives.
- One service provider representative.
- Two Horticulture Innovation Australia representatives.

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