



Australian Government

Department of Agriculture, Fisheries and Forestry

Message from the Minister

Peter McGauran



The vegetable industry's determination to build a profitable long-term future emerges strongly in its new strategic plan.

This Australian Vegetable Industry Development Group (AVIDG) Strategic Plan, "Vegvision 2020", establishes clear goals and ways to achieve them.

The industry is taking control of its own destiny.

And it's doing so with strong support from the Australian Government. Funding has been made available to help develop this plan and I congratulate AVIDG on its efforts.

Successful implementation of the strategic plan will deliver a stronger future for all who work within Australia's vegetable supply chain.

I offer my best wishes to all involved in this ground-breaking initiative and stand ready to work alongside industry as it shapes its future.

© AVID Group 2006

Vegvision Strategic Plan 2020

This strategy was developed with funding from the Australian Government through the Department of Agriculture, Fisheries and Forestry.

Design: **Spectrum Graphics**, www.sg.com.au

This publication was printed on Spicers Impress. Spicers Impress is Australian made, chlorine free and is manufactured under ISO 14001, which is the highest level of international environmental standards.



Foreword

by Richard Bovill

I am pleased to present to you the Australian vegetable industry strategic plan on behalf of the Australian Vegetable Industry Development Group (AVIDG).



The plan proposes a positive way forward, based on achieving significant growth through satisfying consumer demand for quality Australian vegetable products.

The AVIDG has approached the task of developing a vision and strategy for the vegetable industry in a systematic way. The plan represents the outcome of wide ranging industry consultation and extensive review over the past year.

The focus has been firmly on consumers and markets and the process has engaged with firms across all

vegetable industries and throughout the value chains that bring products to consumers in Australia and around the world.

It is an exciting and challenging plan. However, achieving the ambitious growth envisaged will mean the industry must embrace different ways of working together, develop new and different products and better understand its consumers and customers. It means embracing change and innovation to create value for consumers.

There are no simple solutions that assure industry success in a competitive business environment. Instead, the plan identifies a series of strategies and actions for the industry to pursue. Achieving success in the longer term will require a commitment by many organisations, businesses and individuals. It will also require a committed effort across all strategies over time.

There are always opportunities for quality products. Vegetables have always been fundamental to the diet for humans and represent an essential part of balanced nutrition for health and well-being.

One outcome of delivering superior value to consumers through innovation and continuous improvement at all stages of the value chain is to improve the well-being of the Australian vegetable industry.

There is much cause for optimism about the future for the Australian vegetable industry and we hope that you share our commitment and enthusiasm for implementation of the strategic plan.





Our vision for 2020

To double the 2006 value of fresh, processed and packaged vegetables in real terms by stimulating and meeting consumer preference for Australian products in domestic and global markets.



"If we can't get 20 million international consumers regularly eating Australian vegetable products, then we're simply not trying."

Our commitment

We are committed to strong growth of the Australian vegetable industry. Achieving the growth foreseen in the vision depends on maintaining the current high domestic market share, growing domestic consumption of vegetables well above the historical trend, and significantly increasing exports.

Our future lies in innovative and sustainable production and marketing based on cooperation, and quality systems that deliver products and services according to consumer expectations.

The whole vegetable industry will work to increase demand and create new markets for Australian vegetables. This will be driven by gaining deeper understanding of consumers and their preferences, strategically investing in market and product research and acting collaboratively to efficiently supply the products sought by consumers.

Our pursuits

- Delivering to changing consumer preferences and increasing demand.
- Market recognition for Australian quality, safety, reliable supply and innovation in products and services.
- Internationally competitive vegetable production and supply chains.
- Advanced industry data and information systems to meet future needs.
- Visionary leadership and change management.



"I see the vegetable industry as being at the forefront of the health sector."

Responsibilities for delivering the Plan's outcomes

This Plan relates to all parts of the supply chain and supporting services from the farm to the consumer's plate. Achievement of the vision and outcomes sought by the Plan will result from the commitments given by the various sectors of the industry to embrace the Plan, implement the strategies within their own business or operational context and deliver the results being sought. Therefore, the responsibility for implementing and achieving this Plan rests with the peak industry organisations that represent businesses across the supply chain; the industry service providers for R&D, policy and regulation; and the many individual businesses that are part of the Australian vegetable industry. The Australian Government is also a partner with industry in achieving the vision.



"I see us as a business – a farm-family business – but a business none-the-less."

Focus on the consumer

The future of the vegetable industry rests on its capacity to understand and meet consumer expectations in a way which increases consumption of Australian vegetables.

Market research shows that the key drivers in consumer food purchases are:

- shopping convenience
- product availability
- price and value for money
- food preparation simplicity and speed
- food taste and enjoyment
- safety
- nutritional value.

Meeting these values is necessary, but not sufficient. Food purchases are subject to competition from other products and services in the consumer's budget. Within the food category, there is intense competition for a share of the consumer's total food intake.

Consumer tastes and preferences change rapidly. Innovation in products and services becomes the key to winning consumer purchases.

There are some longer term trends that must be taken into account by the industry. Consumers are becoming more conscious of food safety, contribution of food to health and the environmental sustainability of production. Over time this could translate into strong preference for foods that meet these requirements.

Working together: taking a whole-of-industry approach

In today's competitive world, the Australian industry must work as a whole and be seen as a whole rather than individual sectors. With increasing global consolidation through the supply chain, individual



"Australian vegetable businesses are dealing with something precious. Vegetables are nature's food jewels and consumers are recognising this more and more."



sectors will not have the capacity to compete separately and competitiveness will depend on the efficiency and value of services and infrastructure provided within the whole supply chain

It is important for each sector of the chain to understand how value is created within the chain through the transformation of products or the services provided to deliver products to consumers.

The Australian vegetable industry is part of the global food industry and has to compete in domestic and export markets where success depends on meeting consumer expectations about their food purchases.



“It is becoming increasingly evident that achievement of the desired market position cannot be achieved solely through a company’s own efforts. Because each company is just one link in the supply chain, with upstream and downstream links, it has to cooperate. The more effectively it does this, the stronger its competitive position in the market.”

Competition is increasing; this has meant world markets have become more crowded and even saturated as suppliers compete for market share. Markets have become “buyers’ markets” with consumers exerting greater power and being more discerning about the quality and value of products.

In consumer-dominated markets, supplier success factors include the following:

- close knowledge of consumers’ values and buying preferences and the ability to supply products which meet consumer expectations
- major investment in differentiation against the best competing suppliers from anywhere in the world
- continuity of supply over the whole year, requiring sufficient volumes and the ability to source the product at any time during the year
- capacity to supply domestic and export markets as the distinction continues to blur between these markets
- business approach and systems to deal with more consolidated buyers including retail and food service chains

- capacity and systems to supply global sourcing networks, which may mean being able to source product both domestically and from overseas
- building long term relationships with buyers and being able to supply according to their specifications, particularly in relation to quality and food safety.

Global competitive forces are driving consolidation in supply chains worldwide. Retailers supplying consumers and providers supplying the food service industry are consolidating themselves and at the same time seeking to deal with fewer suppliers who are able to deliver product year-round to stringent quality assurance standards and meet price expectations.

In this environment, new business models for achieving scale, accessing capital for growth and employing professional management and labour skills are required in order to be internationally competitive and remain profitable.

“Innovation is change that makes money. Simple as that.”



The outlook

- ▶ Strategies are needed to stimulate domestic demand for Australian vegetables and increase exports. The capacity of the Australian industry to supply vegetables far exceeds domestic demand, while international competition is intensifying. In this environment, it is necessary to develop a better understanding of overseas competitor strategies and their advantages in the market relative to Australia.
- ▶ Export success will require action to reduce costs and develop niche markets. A more sophisticated and coordinated approach will be required to consolidate and expand exports in the future. To date Australia has largely operated in spot markets and been an opportunistic trader in international markets.
- ▶ Australia is presently a small player on a global scale, but the vegetable industry is subject to all the forces of international markets. There are few restrictions on trade in the Australian market. Imports have free access except on limited quarantine grounds where biosecurity threats can be scientifically proven.
- ▶ Competition in markets is strongly price-related and exchange rate fluctuations influence the price competitiveness of Australian imports and exports. International markets are dynamic and new low-labour-cost players are providing strong competition. The challenge for Australian businesses is to invest in areas where they can create and sustain competitive advantage against suppliers from other countries.
- ▶ Niche markets and opportunities to differentiate Australian vegetables locally and overseas are important strategies for competitive advantage. In order to develop and implement these strategies, attributes of consumer satisfaction and trends must be better understood than at present, and be monitored by the industry.
- ▶ Despite the challenges, it is clear that the global vegetable industry has large, growing consumer markets to supply. The world population is growing, there is a trend to urbanisation and consumers in developing countries have more disposable income, providing the opportunity to increase consumption of vegetables.
- ▶ At the same time, consumers are increasingly well-informed about food quality, safety and health issues. An emerging focus on obesity and associated diseases has sharpened consumers' attention on food that is good for their health.



Our strategic imperatives: responding to challenges and opportunities

Challenges and Opportunities

- Growing demand based on demographics and health/lifestyle preferences
 - Quality attributes of vegetables as a food
 - Increasing health issues due to poor diet.
- Discriminating consumers demanding food safety, quality and sustainable production
 - Consumer demand for innovative food products and services
 - Global sourcing of products that meet stringent specifications.
- Cost/price pressures on all sectors of the supply chain
 - Supply chain consolidation forcing changing business models
 - Profitability of sectors and return on assets/investment as key drivers of business sustainability.
- Knowledge increasingly seen as the key asset of businesses and industries
 - Rapid changes in information and communications technology enabling highly efficient data collection and transmission
 - Increased complexity and speed of decision-making, requiring real-time data.
- Consumer and industry demographics requiring major changes in marketing, business, service and policy approaches
 - Government policies, regulation and community interests extending across most aspects of industry activity
 - Business pressures to work through partnerships and alliances.

Strategic Imperatives

Delivering to changing consumer preferences and increasing demand.

Market recognition for Australian quality, safety, reliable supply and innovation in products and services.

Internationally competitive Australian vegetable supply chains.

Advanced industry data and information systems to meet future needs.

Visionary leadership and change management.

Aligning priorities and strategies across vegetable industry sectors

This Plan will work in conjunction with the many plans that exist for the various organisations and product sectors involved in the industry. Effective implementation of this Plan requires the alignment of other industry plans to the strategic imperatives and strategies outlined herein. This alignment of plans will build the resource base to implement the Plan's strategies and to broaden stakeholder acceptance of responsibility to implement change.

Vegvision 2020 Strategies

1. Consumers

1.1

Targeting global and domestic consumer market research

1.2

Increasing the promotion and marketing of Australian vegetables

1.3

Partnering with Australian health and food education initiatives

2. Markets

2.1

Building competitive advantage for domestic and export markets

2.2

Achieving effective quality assurance for domestic and export markets

2.3

Developing and commercialising new products and services

2.4

Supporting sustainable vegetable production

3. Competitiveness

3.1

Enhancing human resource capacity across the supply chain

3.2

Establishing efficient and cooperative supply chain relationships

3.3

Promotion of best-practice business models across the supply chain

3.4

Minimising cost burdens in supply chain systems

3.5

Establishing an effective whole-of-supply chain R&D system

4. Information

4.1

Refining industry data and information collection

4.2

Upgrading industry information dissemination systems

4.3

Improving technical, business and financial information services

4.4

Improving information services to policy makers and the media

5. Leadership

5.1

Achieving efficient and effective service delivery to support industry growth

5.2

Upgrading leadership development and succession planning

5.3

Improving industry communication and change management

bottom line

An increase in domestic and international consumption of Australian vegetables

International recognition of the quality, safety, reliable supply and innovation of Australian vegetables

Profitable and sustainable supply chain businesses

Effective production and marketing decisions

Strengthen the enabling environment, industry capacity, motivation and commitment to meet the Vegvision 2020





PO Box 6170
CONDOR ACT 2906

Telephone: **(02) 6283 8158**
Facsimile: **(02) 6283 8132**
Internet: **www.avidgroup.net.au**