

Study tour to Fruit Logistica, Hong Kong incorporating a visit to Bangkok

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Project Number: CT12703

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Study Tour to Fruit Logistica, Hong Kong incorporating a visit to Bangkok and Guangzhou

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Research Provider: Fundamental research by participants through attendance of Fruit Logistica. In addition, the participants visited several markets and had numerous meetings with Australian Exporters and Asian Importers.

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Statement of Purpose of Report:

Describe the study tour and convey the research outcomes in an appropriate format.

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Media Summary

Key Components of Project

Nine day Study tour of Fruit Logistica, Hong Kong incorporating wholesale and retail market visits in Bangkok, Hong Kong, Macau and Guangzhou. In addition participants had numerous meetings with Australian based exporters and Asian based Importers. Participants were able to track the supply chain of their produce and in a couple of instances, see it sold to the end consumer. Participants were able to inspect the quality of both their own and their competitors produce and packaging.

Industry Significance

Increase the knowledge base of the producer to gain first hand experience of the Asian market and new technology within the industry.

Key Outcomes

Discovered that the boxes the fruit were packed into were subject to collapse and deterioration, particularly on the first couple of layers. This is due to a combination of factors including poor quality boxes and poor quality stacking, however the main contributing factor is the heat and humidity in the Asian countries. Fruit are taken from a cold room into ambient air for wholesale and retail marketing. The amount of moisture generated on each piece of fruit is amazing. Water literally runs out of the bottom of the boxes.

Discussions with Importers and observations at wholesale markets re-enforced the importance of branding. We saw evidence (in China) of many different producers fruit re-branded into a competitor's box, which had a stronger brand.

Conclusions

Branding is critical; if an organization is able to establish a recognized brand it will do better than its competitor.

Fruit quality is still a key factor in succeeding in the Asian Marketplace.

Packaging is very important, poor quality packaging leads to lower prices and or fruit being re-packed into other boxes.

Recommendations for Future R & D

More study tours for producers; the value gained by participants in this study tour is immeasurable. Participants have a much greater insight to the Asian Marketplace and were able to discuss their observations and learning's with their peers.

Recommendations for Practical Outcomes to Industry

Fruit quality is still a critical factor, with better quality fruit selling quicker and increasing demand.

Packaging is very important, producers need to strive to ensure that their produce is correctly packaged to last the journey and stand up to the humidity in Asian countries.

Branding is critical; buyers are looking for brands.

Expected Outcomes and How they were Achieved

Participants were expected to increase their knowledge of the Asian marketplace, meet buyers, to inspect their and their competitor's fruit and to see new technologies.

These outcomes were achieved by attendance at Fruit Logistica and numerous meetings with Australian based Exporters and Asian based importers. In addition, participants were able to inspect their fruit and their competitor's fruit in wholesale markets, local markets and supermarkets.

Results of Discussions

The participants had numerous, significant discussions, two of the key discussions being with Importers. In Thailand, Australian based exporter Ben Obrien from Condor Fresh introduced us to Golf (Ms. TunvaratRungrojwittayakul) of Interfresh Fruit Co. Ltd. Golf took us to Tarad Thai Wholesale Fruit Market, an hour south of Bangkok. Here participants were able to inspect their own and their competitors fruit, talk with market agents and examine many different packaging types for citrus. From there, Golf took us to her company's cold storage rooms and main office. Here we were able to inspect fruit and see how the fruit is stored before going to the wholesale markets. A robust discussion was held in the office in which Golf emphasized the importance of fruit quality, and packaging. She even made the statement that she would pay more per box, if the fruit were in a better quality box.

Another key discussion was with David Chen, an importer based in Guangzhou. Participants were introduced to David through Anna Wang of Royal Australian Wines, an Australian based exporter. David took us to Jiangnan Wholesale Fruit and Vegetable Market and participants were able to inspect their own and their competitors fruit, talk with market agents and examine many different packaging types for citrus.

It was here that participants noticed many examples of Australian murcott mandarins being repackaged into bigger brand name cartons, or other cartons deemed acceptable to the Chinese market. Some examples of these are "Noble Racing Citrus", "Lucky Baby Honey Murcott", "Happy Baby Honey Murcott" and "Tiger Citrus". Participants were interested to discover that when the Chinese copied boxes of bigger brand names they often mixed up the details, putting incorrect details on the box or the fruit, for example one box of Queensland Murcott mandarins were labeled product of New Zealand, and one box of lemons had a fruit sticker saying "Navel".

Participants commented that "the details are not too important here, it is all about the look of the product." It was also interesting to note that comments made by market agents indicated that citrus was difficult to sell and that the market was oversupplied with citrus at that time.

Implications for Australian Horticulture

Australian producers need to ensure their fruit quality for export is of a very high standard. Participants saw one large example of fruit, which had bad “Emperor Brown Spot”. This fruit may have left the packing shed in good condition and the condition expressed itself later, while the fruit was in transit. The importer stated that “this fruit will be very difficult to sell and we will lose money on this fruit”. When this happens, the result will be claims for both the Australian Exporter and the producer, it is a “lose – lose” situation for the whole supply chain and should be avoided if at all possible.

Participants noticed that nearly all the boxes on the bottom two layers of pallets were distorted at best, and that in Guangzhou, many, many pallets were re-packed (pattern packed) into new boxes. Participants commented that it would be worth investigating the use of plain, robust packaging for the transport to China, and organizing the fruit to be repackaged on arrival.

Participants observed that Guangzhou was a very big market, one which is very important to the marketing of Australian citrus. At the time of the visit there was a very large volume of fruit on the market, and market agents indicated that the fruit was very difficult to sell. The longer it takes to sell increases the chance of fruit deterioration and subsequent claims. Producers and associated stakeholders would be encouraged to bear this in mind and conduct appropriate research before flooding the market with fruit.

How the information gathered will be disseminated

Participants state that information gathered has already been disseminated through informal meetings with many other producers, passing on details of how their fruit looked in Asian markets and showing them photos of their fruit.

Tour leader, Bevan Young intends to give a presentation and hold a discussion at the next meeting of the Gayndah and District Fruitgrowers Association.

The Media Release from this document will be available through HAL for anybody to examine.

Itinerary

2 Sept 2012

Fly Brisbane to Hong Kong, then Hong Kong to Bangkok

2-4 Sept 2012

Visit wholesale and local fruit markets, chain stores and meet with current and future trading partners

4 Sept 2012

Fly Bangkok to Hong Kong

5-9 Sept 2012

Attend Fruit Logistica Asia and Pacific and visit fruit markets. Hold several meetings with current and future trading partners

9 Sept 2012

Travel to Guangzhou (China) and meet with current and future trading partners and visit wholesale fruit markets.

Recommendations

When exporting to Asian countries, the participants of this tour would highly recommend that producers ensure their:

- fruit quality is of a very high standard
- boxes are very robust and tightly stacked (and strapped) on the pallets

From numerous observations and discussions with market agents/importers in Guangzhou, it was obvious that branding was very important to that market and promotion of brand in the market would be beneficial. For the small producer, it may be worth considering joining with a larger brand name for entry into this market.

Participants would encourage other producers and associated stakeholders to visit Asian markets and observe their own and competitors fruit in the marketplace.

Acknowledgements

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