

Horticulture Innovation Australia

Final Report

Apple and Pear Industry Asian Export Market Development

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& Resources

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AP11023

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Media Summary

The Apple and Pear Industry Asian Export Market Development project was a 3 year national project managed in partnership between the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) and Apple and Pear Australia Ltd (APAL). The project was designed to build industry export capability and develop markets for Australian apples and pears in selected South East Asian countries. The project aimed to raise industry profitability and productivity by contributing to the industry target of 10% of marketable product being exported by 2015.

The project commenced in 2012 and delivered workshops, inward and outward trade missions, publications and contributed to maintaining market access negotiations. The project's focus was on market development in South East Asian countries of Malaysia, Indonesia, Singapore, Thailand and Vietnam and contribution to market access to China and Taiwan. The project has made significant progress by improving participating business export capability and willingness to consider exports, industry and market collaboration, trust and transparency and with export supply volumes, consistency and quality through an increasing understanding of Asian buyers/importers of Australian pome fruit industry. Pome fruit export markets have developed during the timeframe of the project, Malaysia and Singapore have emerged since 2013 as lead markets for Australian apples, worth approximately \$0.5 million. Indonesia is the strongest market for Australian pears worth \$2-3 million, Singapore has emerged since 2013 to account for 2-3% of total exports. The unit price (\$/kg) of pome fruit has increased within the project timeframe by 14%, largely supported by pears, which supports Australia's niche in supply of premium pome fruit to Asia.

The time taken to develop and maintain markets far exceeds the timeframe of this project due to the complex nature of market development. The project has established a strong platform for government and industry to continue to collaborate on market access and exporting Australian pome fruit to Asia to ensure the industry target is reached.

Technical Summary

Australian apple and pear exports have gradually declined over the past decade from 7-9% of total production in 2002/03 to 1-3% in 2014. The development of export markets has waned amongst industry due to the relative strength of the domestic market, the decline of traditional export markets through increased global competition and a lack of development of new markets to take their place. Also the existence of market and non-market factors with supply, consumer preference, relationships with buyers/importers, and currency volatility. However, the opening of new markets under Free Trade Agreements and increasing demands of Asia's middle class for specific quality fruit present opportunities for the Australian pome fruit industry in re-engaging into export markets. Industry as a whole needs to focus on export market development to reach the industry target of 10% of marketable product being exported by 2015.

Over the last 15 years, APAL has worked hard and invested heavily to establish the PINK LADY brand in many markets around the world. This project brought together the need for the Australian industry to export apples and pears with the ability of Australian growers to export PINK LADY apples under the APAL trademark.

The Apple and Pear Industry Asian Export Market Development project utilised key areas for action from the Apple and Pear Industry Strategic Export Development Plan and focused upon utilising the quality and marketing disciplines associated with the PINK LADY brand for collaborative exporting and a coordinated marketing program. This approach allowed the reputation for Australian apples

and subsequently pears in selected Asian markets to be built. The project built an export culture within industry to evaluate exports, through the delivery of workshops, inward and outward trade missions, publications and contributed to maintaining market access negotiations and to better understand technical and market access issues. The national project was managed in partnership between the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) and Apple and Pear Australia Ltd (APAL).

The project's focus was on South East Asian countries of Malaysia, Indonesia, Singapore, Thailand and Vietnam where Australia has access and reliable open supply chains to premium retail consumers. The project provided contribution to market access to China and Taiwan as identified by APAL.

The project made significant progress by improving participating business export capability, supply chain collaboration, trust and transparency in Malaysia, Indonesia, Singapore, Thailand and Vietnam. Improvements were made to export supply volume, consistency and quality through an increased understanding of Asian preferences, and a willingness and capability to supply Asian markets when export conditions are favourable to individual businesses. The project has allowed the pome fruit industry to evaluate, access and compete in Asian markets. Participating businesses have increased trade to South East Asia with a recognised understanding that industry needs to consider exports as part of its sales portfolio.

Pome fruit export markets have developed during the timeframe of the project, Malaysia and Singapore have emerged since 2013 as lead markets for Australian apples, worth approximately \$0.5 million. Indonesia is the strongest market for Australian pears worth \$2-3 million, however Singapore has emerged since 2013 to account for 2-3% of total exports. The unit price (\$/kg) of pome fruit has increased within the project timeframe by 14%, largely supported by pears, which supports Australia's niche to supply premium pome fruit to Asia.

The time taken to develop markets far exceeds the timeframe of this project due to the complex nature of market development. The project has enabled a platform for industry and government to collaborate on export as an industry whole rather than individual businesses and needs to continue if the target is to be reached.

Introduction

Over the past decade, Australian growers have become increasingly reliant on the domestic market. This market has been largely 'protected' and has returned high prices for growers. With the opening up of the domestic market to other countries and domestic competition from other fruit types, growers have been required to strive for higher levels of efficiency to remain profitable.

The global market is dynamic and there is significant changes in the supply and trade of fruit to international markets. Australia is now competing against southern hemisphere countries including Chile and South Africa. These countries provide large volumes of consistent quality fruit at a reasonable price in relation to their lower costs of production. Meanwhile, the increase of the middle class consumers in Asia provides an opportunity to supply fruit of a specific quality to meet this growing consumer need.

The development of an export market is a high priority for the Australian apple and pear industry. The focus on the development of export markets is part of the Apple and Pear Australia Limited (APAL) New Horizons 2015 Apple and Pear Industry Plan which is to expand trade such that 10% of marketable product is exported by 2015. Similarly, the APAL 2014-2019 Strategic Plan has increase exports to 5% of fresh production by 2019.

Over the last 15 years, APAL has worked hard and invested heavily to establish the PINK LADY brand in many markets around the world. This project brought together the need for the Australian industry to export apples and subsequently pears with the ability of Australian growers to export PINK LADY apples under the APAL trademark and using the quality and marketing disciplines associated with the PINK LADY brand.

The project built upon demonstration projects undertaken with the summer fruit industry in export market development projects in Asia that demonstrated that some of the Australian companies involved were able to establish on-going profitable export businesses. This project anticipated that there were similar pome fruit companies that had vision, skills, scale and capital to take advantage of this project and establish ongoing export businesses into Asia, build industry capacity to export and contribute to the industry export target for apples and pears.

Materials & Methods

The project addressed the following key areas for action from the Apple and Pear Strategic Export Development Plan (2010-2015):

1. Developing an export paradigm in the Australian industry;
2. Development of market access: (i) providing technical support to overcome phytosanitary barriers to trade; and, (ii) gaining a detailed commercial understanding of the quality specifications, price positioning and other trade aspects of specific markets.
3. Developing a critical mass of exports with exporters working together as a team (termed "Team Australia");
4. Implementing trade promotions and coordinating marketing programs in identified markets.

The following activity areas were utilised:

1. Developing an Export Paradigm

The strategies utilised by the project to achieve an export paradigm within the industry, a willingness to re-engage in export activity are:

Workshops: Explained the importance of exports, the chance to achieve success on export markets using the PINK LADY brand, the disciplines required and the detail of exporting such as MRL and food safety quality assurance requirements, cost structures and prospective commercial outcomes.

Study tours: These took growers to the markets to meet importers, study local infrastructure to understand how apples and pears are handled, see PINK LADY apples and pears on sale in the markets, and observe how consumers react to them to building understanding of Asian market requirements. This is important for the building of business-to-business relationships on which trade in PINK LADY and other apple and pear products could be based. They also built confidence (by the licensed exporters and growers) in the competitive position and offering of the Australian industry.

Importer tours: This brought licensed PINK LADY importers, from various Asian territories, to Australia to meet with leading Australian growers, packers and licensed PINK LADY exporters. These tours were important for the building of business-to-business relationships on which trade in PINK LADY and other apple and pear products would be based. They also built confidence (by the licensed importers) in the quality and reliability of the Australian industry.

Publications: Important to the industry goal is the provision of up-to-date data on the markets of interest. This included statistics related to in-market volumes and prices of PINK LADY apples and pears from various supply countries, quality issues by country of supply and other factors to be taken into account in each market, including competitor activity. Two significant publications were produced each year and distributed to industry members with the Australian Fruitgrower magazine.

Table 1 sets out the level of activity for developing an Export Paradigm for each year of the project

Table 1: Summary of Developing Export Paradigm project AP11023 activities

Activity	Year 1 (2012)	Year 2 (2013)	Year 3 (2014)	Total for Project
Workshops	7 regions of major apple production areas of Australia:	3 regions selected on the basis of showing the most potential after the previous year's activities	3 regions selected on the same basis as the previous year	13
Study Tours	1	1	1	3
Publications	2	2	2	6
Importer tours	1	1	1	3
In-market promotional activity	1 promotion campaign held in a priority market over several weeks held in conjunction with the PINK LADY licensee for the territory	1 promotion campaign held in a priority market over several weeks held in conjunction with the PINK LADY licensee for the territory	1 promotion campaign held in a priority market over several weeks held in conjunction with the PINK LADY licensee for the territory	3

2. Development of Market Access

A major part of the apple and pear industry's export plan is achieving phytosanitary market access for apples and pears from mainland Australia into China and Taiwan. This was led by APAL and conducted in conjunction with OHMA under separate projects. However, within this project DEDJTR acted in Australia and in Asia to provide:

- Proactive assistance with achieving market access for Australian apples into China and Taiwan.
- Proactive assistance with the maintenance of market access in Malaysia, Indonesia, Singapore, Thailand, Vietnam.
- Advice and technical support on managing phytosanitary risks.

This involved

- Providing active support to APAL and the Commonwealth on market-access issues for apples and pears – both technical and non-technical issues;
- Participation in relevant government-to-government negotiations led by the Commonwealth such as attendance at Bilateral meetings, meetings with key Asian government officials and participating in market access technical and audit visit to Australia;
- Providing responses to phytosanitary/ technical matters raised directly by: APAL / importing country officials / the Commonwealth;
- Advise and liaise with APAL on all relevant commercial and trade issues raised by government officials from importing Asian countries.

3. Developing a critical mass of exports – Team Australia

APAL in delivering the Strategic Export Development Plan brought the major current and/or potential Australian exporters together to form an export “Team Australia”.

In the past, Australian apple and pear exports have largely been on an individual basis, individual exporters supplying fruit to individual importers. Maintaining a continuum of supply can be difficult. Each exporter also faces large costs of identifying the most effective importer and assessing commercial prospects and market specifications. Collaboration through Team Australia was expected to deliver a number of benefits: defraying costs of developing a market and building a “united” Australian brand and presence.

For this project, Team Australia needed to be formed and established and operate initially as an interest group of actual or potential exporters under the PINK LADY system, sharing market and supply information, market intelligence, and discussing current issues and build to the objective of Australian exporters collaboratively supply supplying high quality Australian PINK LADY apples to licensed importers in selected territories, under the disciplines of the PINK LADY brand (quality, reporting, payment of royalties etc). Later in the project a Team Australia with a focus on Pears would be formed.

4. Implementing trade promotions and marketing activities

Trade promotions of Australian PINK LADY apples when in season were held in conjunction with the PINK LADY master licensee for the region. This was structured so that PINK LADY apples supplied from other countries were not denigrated – just that Australian PINK LADY apples would be promoted. The study tours where applicable to be coordinated with this promotion, so that Australian growers could participate (with translators) in the promotion – or at least see the promotions being conducted.

The 3 year national project was managed and delivered in partnership between DEDJTR and APAL. A steering committee provided overall direction for the project. DEDJTR provided in planning and execution of the project technical, commercial and promotional information and facilitation, support and liaison in-country with licensed importers and retailers and in a market access role. DEDJTR also provided project management services to achieve the milestones.

APAL (Market Development Manager) provided facilitation of access to the Australian industry, promoting participation in the project activities and played a lead in the formation and execution of Team Australia, disseminating market intelligence, project outputs and learning points to growers and exporters. They ensured industry advice and opinion of project was sort. DEDJTR and APAL worked to prepare, conduct and evaluate promotions with appropriate promotional materials, in store demonstrations and advertising and publicity.

Linkages to other projects were made whenever appropriate to value add outcomes. For example, the costs of the APAL Market Development Manager travelling with importers and the effort in arranging site visits is included was AP11016. Workshops were linked to the Future Orchards program or APAL grower roadshows. The project AP11025 Export Market Access Review (Kalang) assisted in assessing and prioritising market access activities for this project.

A final external independent evaluation was conducted to access the impacts and learnings of the project on the target audiences and recommendations for future action.

Results

The project has resulted in significant progress with improving:

- Participating business export capability
- Insights were developed from business meetings while on study tours
- Increased understanding of the retail environment including prices, quality and how consumers react to Australian apples and pears
- Greater understanding of the Asian market environment and Australia's position relative to competitors
- Increased understanding of the supply chain; professionalism of modern retailers, a more sophisticated supply chain compared to the past including the increase in supermarkets
- Understanding of opportunities in relation to market windows (timing) and which varieties are opportunities in which markets.
- Development of relationships with importers and retailers
- Supply chain collaboration, trust and transparency in Malaysia, Indonesia, Singapore, Thailand and Vietnam between grower/packer/exporters, buyers/importers and the DEDJTR and APAL project team
- Export supply volume, consistency and quality amongst participating growers/packers/exporters through an increasing understanding of Asian buyers/importers of the Australian pome industry

Although some participating growers/packers were not currently exporting to Asia their willingness and capability to supply these markets has been assisted by this project to enable them to export and take advantage of future opportunities. However, ongoing work will be important for continuing to develop the market and maintain relationships built during this project.

The project has had an influence on pome fruit exports, Malaysia and Singapore have emerged since 2013 as lead markets for Australian apples, worth approximately \$0.5 million. Indonesia is the strongest market for Australian pears worth \$2-3 million, however Singapore has emerged since 2013 to account for 2-3% of total exports. The unit price (\$/kg) of pome fruit has increased within the project timeframe by 14%, largely supported by pears, which supports Australia's niche to supply premium pome fruit to Asia.

The project has established a strong platform for DEDJTR and APAL to continue to collaborate on market access and exporting Australian pome fruit to Asia and other destinations in the future. An example of the legacy of the project is the continuation of in-market promotional projects, such as the multi-country and multi-industry Now In Season South East Asia project run by DEDJTR, which builds on the relationships and trust established during this project.

The proposed project outputs were achieved and the project demonstrated adaptive management where appropriate to ensure the activities were fit-for-purpose (Table 2).

Table 2: Summary of project AP11023 proposed versus actual outputs

Proposed outputs ¹	Outputs achieved
<p>13 export workshops, over 3 years in 7 regions:</p> <ul style="list-style-type: none"> Year 1 (2012): 7 workshops - Stanthorpe, Batlow, Goulburn Valley, Southern Victoria, Adelaide Hills, SW Western Australia, Tasmania Year 2 (2013): 3 regions selected on the basis of showing the most potential after the previous year's activities Year 3 (2014): 3 regions selected on the same basis as the previous year 	<ol style="list-style-type: none"> Goulburn Valley workshop, July 2012, VIC (7 participants) Yarra Valley workshop, July 2012, VIC (10 participants) Stanthorpe workshop, November 2012, QLD (3 participants) Batlow workshop, November 2012, NSW (2 participants) Lenswood workshop, November 2012, SA (2 participants) Donnybrook workshop, November 2012, WA (30 participants) Goulburn Valley two presentations to ex SPCA growers, June 2013, VIC Pear export workshop, May/June 2013, TAS Pear Day workshop, December 2013 Pear technical day workshop, December 2014 Pear handling guide and retailer training, August 2014, THAILAND Pear handling guide and retailer training, August 2014, THAILAND Pear export workshop part of regional importer tour, October 2014, VIC <p><i>Note the Tasmanian workshop planned in 2012 was cancelled.</i></p>
<p>3 study tours of Asian markets for Australian growers (one tour each year)</p>	<ol style="list-style-type: none"> Export study tour, August/September 2012. <i>Note that AP11078 conducted 1 study tour to China and Thailand in 2012 to initiate this project.</i> Export study tour to Malaysia, Thailand, Hong Kong and China, August/September 2013 Export pear study tour to Indonesia, Singapore and Thailand, April 2014 Export study tour and retailer training to Malaysia, Thailand and Hong Kong, August 2014
<p>6 significant publications related to achieving export, export markets etc. (two publications each year)</p>	<p>2 position papers (M102):</p> <ul style="list-style-type: none"> Apple industry position paper (basis for an article in AFG magazine; full paper available to

¹ As per 'Outputs' section of HAL (now HIA) Agreement, April 2012

Proposed outputs ¹	Outputs achieved
	<p>growers upon request)</p> <ul style="list-style-type: none"> ▪ Indonesian market for apples and pears (basis for article in AFG magazine; full paper available to Team Australia and available to growers upon request) <p>2 short articles (AFG Magazine) (M104):</p> <ul style="list-style-type: none"> ▪ Market insights Thailand (May 2013) ▪ Market insights UK (2013) <p>2 short articles (M106):</p> <ul style="list-style-type: none"> ▪ Market insights Taiwan (AFG Magazine, March 2013) ▪ Market insights Malaysia (AFG Magazine, April 2014; and APAL blog, April 2014) <p>Fruit handling publications to support training for retailers (e.g. Thailand) and are utilised for buyer/importer interactions:</p> <ul style="list-style-type: none"> ▪ Pear handling guide ▪ Pear production and handling DVD ▪ Pome fruit production and handling DVD <p>Other:</p> <ul style="list-style-type: none"> ▪ Various blog articles on APAL website
<p>3 tours of key Australian production regions for Asian PINK LADY importers</p>	<ol style="list-style-type: none"> 1. Asian PINK LADY Apple importer tour, April/May 2013, visiting VIC and SA (14 participants) 2. Asian PINK LADY Apple importer tour, April/May 2014 (10 participants) 3. Thailand importer tour, October 2014, Goulburn Valley, VIC (16 participants)
<p>3 promotional campaigns, held in conjunction with PINK LADY licensees, in Asian territories</p>	<ol style="list-style-type: none"> 1. Promotion in Thailand, 2012 in conjunction with AP11708 2. Promotional tour was conducted in August/September 2013 but was part of another project (M105) 3. Pear promotion in Indonesia and Singapore, April/May 2014 4. Pear promotion in Thailand, July/August 2014

Proposed outputs ¹	Outputs achieved
	<p>5. Pear promotion in Singapore, July/August 2014</p> <p><i>Note: it was unclear if the above tours used additional marketing levy funds outside AP11023 and are therefore reported elsewhere as well.</i></p>
The quality of PINK LADY apples exported from Australia into Asian markets meets minimum requirements	N/A
Verbal and brief written reporting of the out turn quality monitoring in market to APAL and PINK LADY Australia-licenced exporters	N/A
DPIV (now DEDJTR) advice and technical support to APAL on all matters to do with market access and exporting	<ul style="list-style-type: none"> ▪ Meetings with DAFF to progress Taiwan market access for mainland apples, pears and nashi (M105) ▪ Thailand market access conditions were revised in May 2013 and assisting exporters to response to these revisions. (M105) ▪ Encouragement of Tasmanian apple suppliers to utilise existing market access with China through importer tours to facilitate trade relationships (M105).
DPIV (now DEDJTR) attendance, where possible and appropriate, at major negotiations between Australia/China and Australia/Taiwan on market access for apples and pears, together with reports on progress towards achieving market access	
A Final Report for the project including an evaluation report detailing impacts of the project and recommendations for future actions	An evaluation report was conducted and insights and findings included into the final report.

(Source: RMCg, 2015)

Discussion

Market access and export of Australian pome fruit industry to Asia is complex. The time taken for market development far exceeds the timeframe of this project due to a number of market and non-market issues such as trade conditions, consumer preference, relationships with buyers/importers, and the relative strength of the domestic market.

Best export prospects for South East Asia are those markets with open supply chains to premium retail consumers that can be managed with reliable consistency supply, such as Thailand and Malaysia. The project's focus was on market development in South East Asian countries of Malaysia, Indonesia, Singapore, Thailand and Vietnam and contribution to market access to China and Taiwan.

Progress against initial project outcomes have been achieved to a significant extent and will be discussed accordingly,

Outcome 1: Movement toward achievement of the New Horizons 2015 export goal of 10% of marketable product

This was a core focus of APAL New Horizons 2014 Apple and Pear Industry Plan. During the course of the project industry revised the export target down from 10% by 2015 to 5% by 2019. Similarly the APAL 2014-19 Strategic Plan has the following target, increase exports by 2 percentage points of fresh production each year (to 5% of fresh production by 2019) – initially this will come from existing production (trees in the ground) and then grow for export production.

Apple and pear exports have gradually declined over the last decade from 7-9% of total production in 2002/03 to 1-3% of total production in 2013-14. Australia faces greater global competitiveness and changing of domestic and export market conditions and markets. Businesses that can adapt to these changes and consider export in the long term to diversify market channels will be well positioned to make the most of export opportunities.

The project enabled a platform for industry and government to collaborate on export as an industry whole rather than individual businesses and needs to continue if the target is to be reached.

Outcome 2: An export mind set and capability amongst the Australian apple and pear industry related to export market requirements, and dealing effectively with modern Asian retailing companies

The project contributed to the improved capability amongst project participants as outlined in the results section. The project provided international access, connections and organisation of events beyond the individuals' capacity. The participants have either have made changes or intend to make changes in response to increased capability developed through the project

- Refining business strategy and production program as a direct result of knowledge gained through involvement in the study tour Appointing a Chinese-speaking Marketing Manager, as a direct result of knowledge gained through involvement in the study tour (Milestone report)
- Intention to change packaging to suit Asian markets (Milestone report)

- Intention to actively package fruit of specific quality to send to an Asian supplier (Milestone report)
- Through participation in the study tours, participants developed their understanding of South East Asian export markets, even though some of them were already exporting to other destinations. This highlights the importance of understanding each market, for example consumer preferences, prices, competitors and how the markets operate.
- Participants also highlighted the importance of businesses being prepared for when conditions, such as production, market access and exchange rates, are right:

There was a high degree of project awareness at an industry level but the project participants directly gained from capability activities of the project. The project recognised this through the duration of the project and is highlighted through content becoming tightly focused upon export specific issues and capability, including running workshops for retailer buyers in Thailand on fruit handling processes in the retail space. The project could have been further enhanced by targeting some activities on the production of export quality fruit, instead of assuming that packers and exporters would pass the information to their growers.

Outcome 3: A collaborative and united “Team Australia” approach towards export.

“Project has been successful – don’t want to overstate it from an export volume perspective, but there have been important qualitative progression about increased collaboration, relationships, trust and working together.” – Project team interviewee.

The Team Australia concept was designed to develop a critical mass of exporters specifically for South East Asian markets. There were fluctuations in membership of both Team Australia Apples and Pears due to changes in positions and personnel and was most effective when the groups were smaller due to maintaining competitive advantage over other businesses, particularly in relation to marketing and product packaging.

Team Australia were effective when they encouraged relationship development and discussion amongst key exporters, industry stakeholders and government departments.

The project provided a platform for Team Australia to seek and gain additional funding each year the project operated to encourage market maintenance through further promotions and solidification of relationships in those markets.

Competition between exporters and loss of competitive advantage needs to be considered in relation to the Team Australia concept eg sharing of information represents the tension between collaboration and competition at the individual business scale.

Some participants were considering potential future collaboration or sharing of information with others.

- “Project has helped work closer with other cool store operators – supplying markets overseas in a coordinated approach.” – Grower/packer/exporter interviewee

Outcome 4: Utilisation of the investment and work that has gone into developing the PINK LADY brand to the benefit of Australian growers and Outcome 5: Australia contributes more effectively to the global PINK LADY supply program.

Apple Industry confidence in the potential of South East Asian markets has been demonstrated by some participating companies applying for, and been granted, a PINK LADY export license to ship fruit to new South East Asian export markets (and other markets).

“Australia PINK LADY is important because [we have] put in efforts to heavily push this apple through strong support from collaborators; Victorian government, APAL and Austrade; for sampling promotions at their stores. Which means that [we] can bring in more volumes from Australia and secondly, the PINK LADY brand is gaining consumer recognition.” – Buyer/importer interviewee

APAL needs to further investigate how to coordinate and maintain the integrity of Brand Australia of PINK LADY – need to understand brand in the destination market, which is key to coordination and being properly represented.

Outcome 6: Growers currently not involved in export benefit from a greater diversion of product to export from a heavily supplied domestic market

The project was a catalyst for larger grower/packer/exporters to prioritise medium to longer-term benefits of exporting over potential short-term costs. This was usually when growers were already exporting and had a base level of capacity. Price and relative domestic and export market strength continue to be the main drivers for grower/packer/exporters to supply South East Asian export markets, and will likely continue to in the future. Market access, and not only costs or prices, can influence the decision on export destinations.

As the industry strives for the increase exports by 2 percentage points of fresh production each year (to 5% of fresh production by 2019), the decrease of product on the domestic market should benefit growers through maintaining returns.

Outcome 7: Increased sales of Australian PINK LADY apples in Asia

The project has had an influence on pome fruit exports and sales, Malaysia and Singapore have emerged since 2013 as lead markets for Australian apples, worth approximately \$0.5 million. While, Indonesia is the strongest market for Australian pears worth \$2-3 million, Singapore has emerged since 2013 to account for 2-3% of total exports. The unit price (\$/kg) of pome fruit has increased within the project timeframe by 14%, largely supported by pears, which supports Australia's niche in supply of premium pome fruit to Asia.

Thailand sales of PINK LADY increased from 10,000 apple customers in 2012 to 18,000 in 2013, due to a project promotional campaign (Milestone 104 report). Promotional campaigns appear to be very important for driving demand because consumers can taste the fruit and ask questions.

- "According to the retailers, sales of Australian pears were up by 25-40 per cent when there was a promotion with sampling in the stores." – Milestone 106 report

"Trade has occurred as a result [of the pear promo in Thailand]." – Milestone 106 report

An outcome of one of the inward tours was the instigation of a promotional campaign in Malaysia and subsequent increase in PINK LADY sales there.

“Volumes have increased, through collaborative support of Victorian government, industry bodies and Austrade and willingness of suppliers to provide regular information and updates on the fruit” – Buyer/importer interviewee

Further, to be sustainable the pome fruit industry needs to also consider:

- Increase production and profitability through world class orchard production systems
- Foster innovation and sustainability
- Build and transfer the strong skill and knowledge base
- Continue to supply the large and growing domestic market
- Increase the competitiveness and efficiency of the processing sector
- Improve access to and capitalising on export market opportunities.

Table 3: Summary of achievement of project outcomes

Level	Outcome	KEQs	Summary of findings
Medium-term outcomes	Coordinated and sustained export sector integrated into business models	Was there positive changes in export statistics?	<ul style="list-style-type: none"> It is important to consider the pome industry context and history of exports when analysing progress towards export goals Apple and pear exports have gradually declined over the last decade from 7-9% of total production in 2002/03 to 1-3% of total production in 2013/14
	Committed strategic market development by industry 'growing fruit to export'	What are the recommendations for next steps?	<ul style="list-style-type: none"> There is continued need for industry (APAL) and government (DEDJTR) to collaborate on strategic industry priorities such as export, rather than individual businesses Further in-market promotion for Australian pome fruit would be valuable and collaboration between DoA, HIA, APAL and DEDJTR is required. The continually evolving role of DoA in market access and HIA in marketing also needs to be considered
	Growth in market access as quality meets price point expectation in Asian countries		
Short-term outcomes	Improved business and industry export capability	Were there changes in knowledge, attitude, participation and export behaviour and results by Australian businesses and industry?	<ul style="list-style-type: none"> There were positive changes in knowledge, attitude, participation and export behaviour of participating individual businesses (<i>Case study 1: Changes by business in response to study tour knowledge</i>) There were two clear target audiences for the project 1) Larger grower/packer/exporters that are currently exporting and have the capacity. This group is seeking consolidation and further growth in export markets for risk management and diversification purposes, and not necessarily solely driven by profitability; and 2) Small to medium growers/packers that are not currently exporting where building awareness, capacity and growing export quality fruit for packers/exporters should be a focus Industry scale change in KASA will be more gradual and is difficult to measure. The willingness to export is high, however this is dependent on short-term prices

Level	Outcome	KEQs	Summary of findings
		Was there a clear understanding by Australian businesses and industry of Asian market requirements in supply, quality and offering?	<ul style="list-style-type: none"> Participating businesses have a greater understanding of Asian market requirements in supply, quality and offering There has been limited change of Asian market understanding at an industry level. This is because the project has worked more closely with larger growers/packers/exporter (target audience 1) in the first instance, compared to small to medium growers/packers (target audience 2) to grow export quality fruit, which will evolve in the future
		What are APAL growers unprompted then prompted awareness of the project?	<ul style="list-style-type: none"> There is generally a high degree of awareness of apple and pear export efforts at an industry level, which is usually associated with the project
	Improved supply chain collaboration, trust and transparency	Was there a change in benefits and costs of exporting to participating businesses?	<ul style="list-style-type: none"> The project was a catalyst for larger grower/packer/exporters to prioritise medium to longer-term benefits of exporting over potential short-term costs The project provided international access, connections and organisation of events beyond the individuals' capacity
	Increased export supply volume, consistency and quality	Was there positive changes in export statistics? <i>(links with medium-term outcome above)</i>	<ul style="list-style-type: none"> There is an increasing understanding of Asian buyers/importers of Australian industry's reliability, continuum of supply and product quality, however more work is required. The Now In Season South East Asia promotional project run by DEDJTR takes a multi-country and multi-industry approach to build on the in-market campaigns undertaken as part of this project from 2015 onwards. This approach should continue to be supported in the future to capture major synergies and efficiencies in a coordinated manner
		Was there a clear understanding by Asian buyers/importers of Australian industry's reliability, continuum of supply and product quality?	

(Source: RMCG, 2015)

Technology Transfer

The project provided resources that were for the development of an export market for the Australian Industry and is essentially an industry development and leadership project so technology transfer was a key component as detailed in the materials and methods section and results section of this report. The project outputs have been presented and disseminated to both government and industry

The project methodology and learnings of a coordinated approach to market development and promotional activities to create major synergies and efficiencies between State Governments, Austrade and Peak Industry bodies has been continued in the multi-country and multi industry DEDJTR project Now In Season South East Asia project. Also building upon the relationships and trust established during this project such as with APAL and industry and market participants.

Recommendations

The following recommendations are made for similar projects in the future plus the continued role of DEDJTR in the apple and pear industry. These recommendations have been grouped under the following themes:

- Collaboration
- Consolidation
- Knowledge, skills and capacity
- Marketing
- Production and supply.

Table 4: Recommendations for future directions

#	Recommendations	Description
Collaboration		
1	Promote industry and government and businesses working together	<p>The collaboration of organisations is essential to the development of Asian markets. This includes shared understanding of market access issues and establishment of open relationships. In particular it is necessary for DEDJTR, APAL, HIA and DoA to have a consistent approach and for this to be supported by industry.</p> <p><i>A high level taskforce should be established to facilitate government and industry working together</i></p>
2	Facilitate networks and relationships to build trust between grower/packer/exporters and buyers/importers	<p>The project has highlighted the fundamental importance of networks and trusted relationships facilitated by study tours, and reverse trade missions. These will continue to develop over time.</p> <p><i>Future study tours should be facilitated to align with in-store</i></p>

#	Recommendations	Description
		<i>promotions and involve a diversity of industry stakeholders</i>
3	Coordinating priorities and consistency in messaging to industry and business about market access and export e.g. state and federal government, within state government	<p>The challenge of working together will be ensuring that priorities align and there is consistency in messages from all facets of industry and government. Good communication between these groups will be essential.</p> <p><i>The taskforce should have responsibility for communicating progress and approach with industry</i></p>
4	Foster further business level collaboration, partnerships and networks on production, supply and export	<p>Alternative business models may be required, in order to supply consistent product of the right quality for many Asian markets. For example co-ops for smaller growers may be appropriate.</p> <p><i>A study to explore alternative business models should be undertaken</i></p>
Consolidation		
5	Support further vertical integration of the supply chain amongst grower/packer/exporters e.g. logistics, number of contract growers, purchasing of additional orchards, number of exporters	<p>The vertical integration of businesses has assisted in responding to export opportunities. This will continue to occur as business efficiencies are identified.</p> <p><i>Opportunities for vertical integration should be identified and facilitated</i></p>
Knowledge, skills and capacity		
6	Continue to build awareness of market access and exports	<p>The focus on the export market is critical for the Australian apple and pear industry. To date the combination of study tours and in-market promotions has been effective for larger growers/packers currently exporting (target audience 2). This audience represents a small but significant segment of the industry with future study tours needing to address new participants and/or destinations.</p> <p><i>The industry should continue to focus on awareness of export development for both audiences 1) and 2)</i></p>
7	Facilitate knowledge sharing amongst industry stakeholders	<p>It is important that different segments of the industry and government understand the challenges and issues associated with export.</p> <p><i>DEDJTR should continue to undertake a role in knowledge brokering in relation to export development</i></p>
8	Continue to build skills of export participants in market access and export issues	<p>Developing export markets is a complex process with skills required on marketing, protocols and technical issues e.g. post-harvest handling, protocols, MRLs, consumer preference.</p>

#	Recommendations	Description
		<i>DEDJTR should continue to build the skills of industry participants in relation to technical issues</i>
Marketing		
9	Support further in-market promotional campaigns to build in current project investment and learn from other international best practice examples e.g. Washington Apples	The in-market campaigns are essential to building an understanding of the Australian apple and pear product. International best practice examples, such as Washington Apples, should continue to be understood and built on. <i>Dedicated in-market campaigns should continue to be supported and coordinated through industry and government (state and federal)</i>
10	Maintain integrity of Brand Australia	The Australian brand is one that is well recognised and associated with a Clean and Green image. It is important that the underpinning components of the brand are protected through adherence to appropriate protocols and implementation of quality assurance (QA) and traceability. <i>The implementation of QA and traceability should be promoted</i>
11	Explore linkages and support the Now In Season project beyond 2015	Support for promoting Brand Australia is strong and there are definite windows in the market that are filled by different products (tablegrapes, stone fruit, pome fruit). The Now in Season project is an appropriate vehicle to promote Brand Australia across a number of complementary commodities in multiple countries. <i>DEDJTR should continue to promote Brand Australia across commodity groups and engage with DoA and HIA</i>
Production and supply		
12	Further build knowledge of export standards, protocols and MRLs	There is a significant amount of information for exporters to be familiar with in relation to standards, protocols and MRLs. The cost of misinterpreting this knowledge can be high. <i>DEDJTR should ensure that exporters have sufficient understanding of market access knowledge</i>
13	Facilitate consumer preference awareness and enable industry and business to grow fruit to export markets	The industry is currently shifting in its attitude to export markets. There is now a recognition that fruit needs to be produced that meets the needs of the export market. To understand the nuances of these specific markets, additional consumer preference studies need to be undertaken. <i>DEDJTR need to support consumer preference studies and promote production of particular fruit for specific markets</i>
14	Promote adoption of emerging and best practice technologies for orchard production, post-	In order for the industry to remain competitive, production efficiencies must continue to improve. Relevant information exists in DEDJTR on new varieties, production efficiencies and

#	Recommendations	Description
	harvest management and supply of produce to buyers/importers (further link DEDJTR Horticulture Services Branch with DEDJTR R&D)	post-harvest handling. <i>DEDJTR should continue to promote relevant technologies and practices to the industry</i>

(Source: RMCG, 2015)

References

Apple and Pear Australia Limited (2010) New Horizons 2015; Apple and Pear Industry Plan, North Melbourne

The Apple and Pear Strategic Export Development Plan (2010-2015), Apple and Pear Australia Ltd, North Melbourne

RMCG (2015), Evaluation of AP11023 Apple and Pear Industry Asian Export Market Development, Camberwell, Victoria.

Appendix 1:

Examples of project activities from milestone reports



Figure 1: Australian PINK LADY promotion in Malaysian Supermarket .



Figure 2: Australian PINK LADY and Pear Promotions in Thailand supermarkets part funded by Team Australia.



Figure 3: Australian Pear promotion in Indonesian retail store. This included a cooking demonstration of Australian pears in Indonesia with the Australian Ambassador to Indonesia (left). This catalogue featuring Australian pears was distributed to retailer VIP and registered customers and also available in store (above)



Figure 3: Study tour: Market tour inspecting PINK LADY and the group meeting in Malaysia.



Figure 4: Australian industry showcases pears to visiting Asian delegation (photo courtesy Geoff Adams, Country News).



Figure 5: Asian fruit buyers inspect apples at the Melbourne Wholesale markets.



Figure 6: Fruit buyer explains what her consumer market in Vietnam prefers in an apple during a buyer visit to Tasmania (photo courtesy Claire Fitchett, APAL)

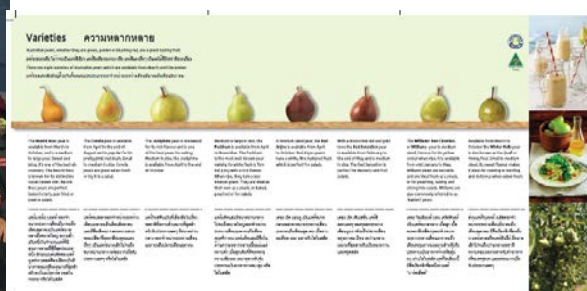


Figure 7: Pear Handling workshop for retailer store managers in Thailand and the training brochure