MT21011

Foodservice foundational market insights

Foodservice Market Insights Strategy

July 2022

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MT21011 aims to uncover foundational market insights and opportunities in the Australian foodservice sector for the horticulture industry to pursue

Introduction

Hort Innovation aim to obtain market insights on the foodservice sector and identify targeted opportunities for growers to engage directly with foodservice channels in the following sectors:

- Commercial channels (restaurants, cafés, catering, airlines, tourism and meal kits); and
- Institutional channels (Defence, health, education and mining).

This project will prioritise the following seven (7) horticulture industries:

Avocados, Melon, Mushroom, Onion, Papaya, Sweet Potato, Vegetable industry

Objective

The objective of this project is to support Hort Innovation by providing foundational research into key commercial and institutional foodservice channels. The key objectives of this program are to:

- Produce timely and commercially relevant market intelligence reports;
- Understand the current foodservice macro landscape;
- Define who influences menu design and understand what criteria influences their decisions;
- Understand the role of provenance and supporting Australian produce;
- Identify what the foodservice sector like and dislike about specific Australian produce. Consider taste attributes, quality, price, supply, versatility etc.;
- Understand the nuances of each of the channels including requirements (currently met or not met), new or improved product formats, target foodservice 'consumer' segment/s and $ size of opportunity; and
- Identify targeted opportunities for growers to more effectively engage directly with foodservice providers.

Methodology

Two research methods (desktop research and foodservice stakeholder consultations) were used to deliver the project objectives. Qualitative and quantitative data was analysed to offer a holistic perspective on the opportunities for the horticulture industry:

Quantitative analysis – desktop research:

- reviewed industry reporting;
- market sizing data;
- business directory scanning; and
- government directory scanning.

Qualitative analysis – 22 interviews were conducted with foodservices industry stakeholders spread across priority channels and SME's.

Market Profile and analysis + **Stakeholder identification** + **Strategic market considerations and opportunities**

MT21011's Phase Approach

Phase 1 Kick off and industry objectives → **Phase 2** Macro insights analysis → **Phase 3** Customer and channel preferences → **Phase 4** Value chain map → **Phase 5** Recommendations and reporting

MT21011 has a phased approach, with Hort Innovation leading the project with validation and guidance from the Project Reference Group (PRG).

The Foodservice Market Insights Strategy aims to offer a series of next step recommendations for the horticulture industry to follow insights uncovered through project MT21011

MT21011's Phased Approach

- **Phase 1** – Kick off and industry objectives
- **Phase 2** – Macro insights analysis
- **Phase 3** – Customer and channel preferences
- **Phase 4** – Value chain map
- **Phase 5** – Recommendations and reporting

The Foodservice Market Insights Strategy is a key output of project MT21011, and was delivered to Hort Innovation at the completion of Phase 5: Recommendations and reporting.

Process

The below process was followed for the Foodservice Market Insights Strategy development:

- Insights from 1:1 consultations with stakeholders who supply to and operate in foodservice channels across commercial and institutional sectors were captured to help inform strategy development
- Desktop research insights were drawn to support stakeholder commentary about relevant horticultural categories
- SME insights were sought to validate foodservice channel rankings and overall insights
- PRG members validated and provided input on findings and information

Purpose

The fundamental purpose of the Foodservice Market Insights Strategy is to:

1. provide guidance on foodservice industry activity and investment that will allow focus industries to capitalise on identified opportunities across foodservice
2. encourage more successful growth and market penetration in identified commercial and industrial foodservice channels

There are four key strategic pillars, under which a series of actions and activities, can support the in-scope horticulture categories with foodservice sector engagement

01 Alignment to foodservice trends and developments

Short term (<2 years)

1.1 Maintain sophisticated understanding of the foodservice market and its value chain through greater monitoring and evaluation efforts

1.2 Further advance sophisticated understanding of the foodservice market and its value chain.

1.3 Adapt and respond to existing and emerging foodservice channel needs and more general evolutions by understanding and showcasing unique value proposition of horticultural categories.

02 Enhance marketing and communications

Short term (<2 years)

2.1 Explore collaboration opportunities with foodservice channels and in-market professionals.

2.2 Explore practical opportunities to increase awareness and education of various categories.

2.3 Utilise ESG credentials.

03 Build relationships

Medium term (2-4 years)

3.1 Establish and foster relationships with key operators throughout the value chain.

3.2 Foster partnerships ahead of formal market entry for foodservice channels with high barriers to entry.

04 Optimise supply chains

Long term (>4 years)

4.1 Invest in research and development.

4.2 Leverage the outcomes of research and development in new and innovative means.

4.3 Reduce lead times through consolidating processes at certain foodservice value chain touchpoints.

The Foodservice Market Insights Strategy recommends a series of high level activities, within the actions of each of the strategic pillars

Actions and activities contained in this strategy are high-level and indicative. These actions been informed by desktop research and stakeholder consultations. Validation with industry is a key next step.

Strategic Pillar

- Action #1
  - Activity #1 — Indicative timeframe
  - Activity #3 — Indicative timeframe
  - Activity #3 — Indicative timeframe
- Action #2
  - Activity #1 — Indicative timeframe
  - Activity #3 — Indicative timeframe
  - Activity #3 — Indicative timeframe
- Action #3
  - Activity #1 — Indicative timeframe
  - Activity #3 — Indicative timeframe
  - Activity #3 — Indicative timeframe

Summary of insights

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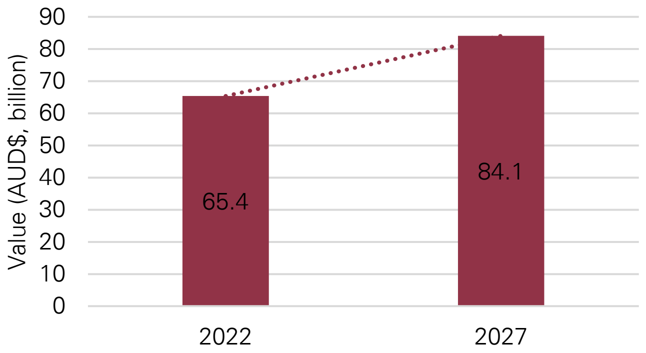
The Australian foodservice market is projected to reach $84.1bn in value by 2027

Australian Foodservice Market Size and Influences

Value of the foodservice market in Australia (2022-2027)



Currently valued at

AUD $65.4BN* [1]

And projected revenue CAGR from 2022-2027 is **5.1%**[1]

Expected projection towards

AUD $84.1BN^ [3]

by 2027

Australians consume food outside their residence at least **two to three times a week**, equating to 50 million meals a week.[3]

Foodservice in Australia is being driven by consumer desires for **healthier options**, **locally grown**, **sustainably grown and sourced**, and **quality** foods.[4]

The Australian foodservice sector is mainly being driven by an increase in frequency to **dine out**, **time-pressed schedules, growing cross-cultural diets**, and a **desire for a more convenient eating experience** (e.g. mobile app ordering).[5]

Consumer trends and desires are the main influences for **commercial** channels, with **Government and industry guidelines** influencing **institutional** channels.[4]

Impacts of COVID-19 on foodservice

1. **Rising discretionary income** and **positive consumer sentiment** is expected to support channel growth.[6]
2. COVID-19 **significantly impacted** the **commercial** channel. However, the **institutional** channel saw relatively **undisrupted** growth. [6]
3. Lingering COVID-19 **disruptions** are still expected to limit growth in the next **2-3 years**. [6]

Supply chain challenges

1. **Rail and road** freight that moves horticultural produce has been impacted by recent **environmental conditions, rising transport costs**, and **increasing cost of labour**. [7]
2. **Labour shortage** in **transport** and **distribution** is also a major problem, with up to a third of Australian truck drivers off work, as well as 20% of distribution centre staff and 10% of food retail store workers absent. [7]

General foodservice trends

1. There is rising consumer awareness of **environmental and sustainability issues.**[2]
2. **Breakfast and brunch** are the **fastest growing meal types**, and is supported by increased consumer demand and popularity.[8]
3. The foodservice market is shifting towards offering healthier options through more **fruits and vegetables**, **reduced sugar and fat** offerings. [8]

Relevant observations for the horticulture industry

1. Foodservice channels are trying to **use more** fruit and vegetables, and make them **more appealing**.[9]
2. Fruits and vegetables account for the **largest portion (25%)** of **total foodservice volume.**[8]
3. Channels are **growing at different paces**, and recovery from COVID-19 will be varied. [8]

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Source: (1) Mordor Intelligence, Australia foodservice Market (2022), (2) Food Industry Foresight, The Australian foodservice Market (2020), (3) Market Data Forecast, Australian foodservice Market (2022). (4) Australia Foodservice Market – Growth, Trends, COVID-19 Impact and Forecasts 2021-2026, 2021, (5) Global Agricultural Information Network, foodservice – Hotel Restaurant Institutional 2020, (6) IBIS World, 2022. (7) The Conversation, 2022. (8) Food Industry Foresight, The Australian foodservice Market, 2020. (9)Menus of Change, 2020. Further information is contained in the Market Profile.

Commercial and institutional foodservice channels have different requirements, but fundamentally both seek supply quality, certainty and cost effectiveness

Commercial foodservice channel insights

Commercial foodservice decisions are primarily influenced by **media food trends** and the **preferences of the end consumer** (profit driven).

Despite being price sensitive, commercial channels tend to **prioritise quality** just as highly as price when making procurement decisions.

Commercial foodservice channels are more **responsive in addressing environment and sustainability concerns** of their consumers.

Commercial foodservice channels tend to have **lower barriers to entry**.

Emphasising healthy, fresh and high-quality attributes of key Australian horticulture commodities in response to the shifting preferences and increase in health-conscious consumers is a key opportunity area.

Commercial foodservice channels have **greater appetite for change** when it comes to **menu adjustments** due to constantly evolving to meet consumer trends and desires.

Foodservice channels include

- Restaurants
- Cafés
- Catering
- Airlines
- Tourism
- Meal kits

Institutional foodservice channel insights

Institutional channels are more **influenced by regulators** e.g. DSTG for Defence, nutritionists for health (purpose driven).

Institutional foodservice channels are particularly limited by **budget constraints.**

Foodservice operators, particularly the institutional channel, **gravitate towards versatile produce categories** that are able to be cooked in various formats and dishes due to bulk purchases.

There is great **demand for value added fruits and vegetables** in institutional sector since labour cost is increasing and labour shortages remain.

Complex logistical challenges that are more specific to institutional channels (**Defence and mining** foodservice) **need to be considered** should growth in these areas be a priority.

Institutional channels had **relatively undisrupted operations** during the COVID-19 pandemic and saw consistent growth.

Foodservice channels include

- Defence
- Health
- Education
- Mining

Information was informed by stakeholder consultation insights.

Further information is contained in the Market Profile and Segmentation Report.

The horticulture industry faces several opportunities and challenges that require focus if foodservice expansion is to be achieved

Opportunities

Ageing Population | Australia has an ageing population (those aged 65 and over) which is anticipated to increase demand for aged care facilities.

Nutrition Focus | Educational campaigns and national standards are influencing consumer awareness. This has encouraged the incorporation of healthy and nutritious ingredients in the foodservice sector, particularly the institutional channels.

Increased Need for Value Added Produce | Due to labour shortages and increased costs of labour, it is becoming increasingly difficult for foodservice channels to do quality processing in-house.

Preference for Australian Sourced Produce | The procurement of Australian sourced produce is an integral consideration for the commercial sector due to rising consumer preference for local produce and providers. The Defence sector also have requirements to source local products.

Rising Consumer Preference for Grade 1 Quality | The 'foodie culture' in Australia has lead to an increased standard for food quality, resulting in greater demand (through online blogs, word-of-mouth, social media etc.) for commercial foodservice businesses who meet these standards.

Challenges

Increase in Seasonal Related Issues | Seasonal and environmental impacts (e.g. rain, floods, bushfires) on the price, quality and availability of produce is a significant challenge for foodservice operators as they aim to provide core menu items at a consistent price and quality.

Limited Category Familiarity | Certain produce categories (e.g. papaya) are not widely sought after in the foodservice sector due to limited awareness on taste, health benefits and recipe ideas.

Rising Business Costs | Businesses across the foodservice channels are facing rising labour and transport prices, increasing the cost to get ingredients in the appropriate location and condition for cooking.

Need for Produce with Long Shelf-Life | The airline, Defence and mining foodservice channels particularly require produce with sufficient shelf-life and durability due to the complex distribution and logistical requirements in these channels.

Produce Preparation Difficulty | Certain produce categories (e.g. avocado) have limited desirability in the institutional channels due to the time and efforts required to handle and prepare the produce when serving large amounts of meals.

Fruit and Vegetable Imports | Australian imports of fresh and processes fruits and vegetables has steadily increased over the last 10 years by 77%, with great variance. Australia is a net importer of processed fruits and vegetables specifically.[1]

(1) Trading Economics, 2022.
Information was informed by stakeholder consultation insights.
Further information is contained in the Segmentation Report.

Attitudes of foodservice stakeholders toward different horticultural categories vary

Avocados are **highly popular and well liked in the commercial channel**, supported by **prominence in media and the rise of 'brunch culture'**, creating a large following amongst Australians. However, avocados are **perceived to be expensive** and are **less commonly considered by channels that do not operate to generate profit** such as the health, Defence and education foodservice channels.

Melons are **well liked in warmer months**, however face **decreased demand in cooler months** due to consumer perception of melons as a predominantly 'summer' fruit. Operators are also **particular about the quality and sweetness of produce**, only wanting to serve melon if it is "perfect".

Mushrooms are **growing popularity** in the foodservice sector as a **main ingredient** in dishes. Chefs in both the commercial and institutional channels are **seeking creative ways to incorporate different types of mushrooms** in various dishes. Currently, mushrooms are **a heavily favoured ingredient in winter**.

The **cost effectiveness** of onions makes it a favourable category for institutional foodservice channels, which tend to be more cost-conscious. Onions are also a **staple ingredient** of almost every major cuisine and are therefore **widely used across foodservice** channels

Papayas have a **low familiarity amongst Australians**, and are therefore not commonly served in foodservice channels. Foodservice operators also have **limited awareness and knowledge on creative ways to incorporate** the fruit into dishes.

Consumers are increasingly perceiving sweet potato as a **healthier alternative to potato**. This has led to sweet potato options becoming **more mainstream and prevalent in restaurants and cafes** (e.g. Grill'd Sweet Potato Fries). Sweet potatoes are also well liked in the **institutional foodservice channel** due to **ease in handling** and **ability to retain product integrity**.

Vegetables, particularly **mesclun, spinach, capsicum, zucchini, lettuce, broccoli and cauliflower** are highly favoured in foodservice channels due to **cost effectiveness, palatability, versatility, availability and nutritional benefits**.

Information was informed by stakeholder consultation insights.

Further information is contained in the Segmentation Report and Category Snapshot Report.

Each of the foodservice channels prioritise and value key attributes differently, thus contributing to varied considerations when it comes to horticulture

Greatest Growth Opportunity of the Foodservice Channels for the Horticulture Industry	
1	Meal kits
2	Cafés
3	Restaurants
4	Catering
5	Education
6	Health
7	Defence
8	Tourism
9	Mining
10	Airlines

A foodservice channel assessment was conducted to rank the foodservice channels in order of greatest growth opportunity now and into the future for the horticulture industry as a whole.

The relative importance of 7 consistent attributes that were defined by the project scope and stakeholders were rated for each channel and then ranked in order of greatest growth opportunity for what it means to horticulture as a whole.

- Market Entry Difficulty
- Appetite for Change
- Supporting Australian Produce
- Sustainability
- Pricing
- Quality
- Health and Wellness

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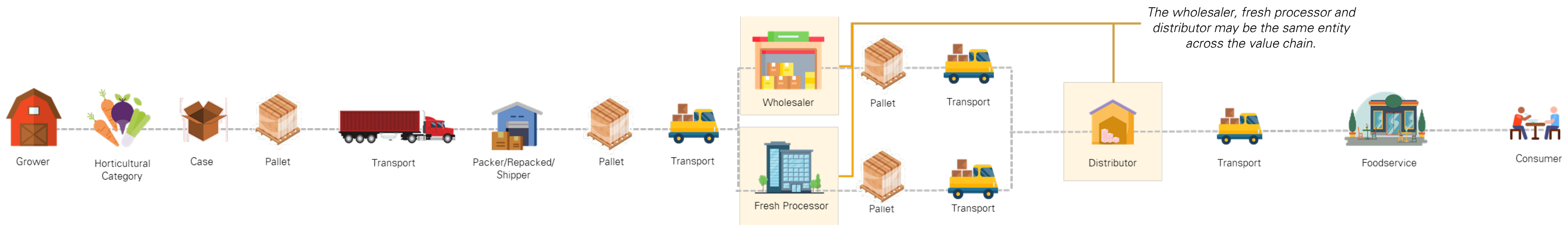
Further information is contained in the Segmentation Report and Category Snapshot Report.

The foodservice value chain has core operations required for all of foodservice. The below value chain visualises these activities in greater detail



Notable nuances and developments are occurring across the foodservice value chain

Horticultural produce

Competitive pressure
Growers and manufacturers are facing competitive pressure against imported fresh and processed horticultural produce alternatives due to greater scale, cheaper labour cost and currency advantages. [1]

Fragmented supply chain understanding
Limited direct engagement between the horticulture industry and foodservice channels has constrained understanding of horticultural produce end-point use amongst growers.[2]

Wholesaler

Potential for stronger intermediary positions
Certain horticultural category supply chains allow growers and wholesalers to make greater profit margins than value added produce. [1]

Access secure and committed supply
Unreliable horticultural production can lead wholesalers to increasingly procure from import sources.[3]

Fresh cut processor

Innovation incentives
Strong demand from foodservice channels for processed and value added produce increases pressure to invest in market innovation.[4]

Foodservice distributor or specialist fresh food distributor

Fresh shelf-life
Growing demands and specific foodservice channel requirements on food safety and quality has increased the pressure on the shelf-life performance of fresh horticultural produce. [1]

Competition against retail
Foodservice channels need to compete against larger food retailer demand for produce from distributors.[5]

Value chain visibility
Distributors are challenged in gaining visibility of volume/value drivers in downstream market channels due to the nature of the supply chain having many touchpoints.[6]

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Source: (1) Rural Industries Research and Development Corporation, 2015. (2) CSIRO, 2021. (3) Department of Agriculture, Water and the Environment, 2020. (4) Innovation and Science Australia, 2017. (5) Sustainability Journal, 2022. (6) Austrade, 2020.
Further information is contained in the Value Chain Map.

Strategic next steps for growing horticulture industry engagement with foodservice

There are four strategic pillars for Australian horticulture to consider in growing engagement with foodservice channels

Defined with industry's input, there are four main strategic pillars for future foodservice channel ambitions identified within this strategy. Next step activities have been mapped over short, medium and longer term timelines with suggested supporting activities on the following pages.

01
Alignment to foodservice trends and developments

Strategic alignment to existing and emerging foodservice trends and developments can improve the horticulture industry's ability to position themselves to supply foodservice. Greater awareness and monitoring of foodservice changes can equip the industry with robust knowledge on price changes, volume requirements, market drivers and additional demand factors that can uplift the industry's capability in responding to market movements more effectively and showcasing a category's unique value proposition.

02
Enhance marketing and communications

Foodservice stakeholders have emphasised a fundamental way in increasing specific horticulture industries' presence and utilisation across foodservice is through better understanding and knowledge of the produce. Thus, allowing greater demand generation from foodservice channel operators and consumers. Advocating and marketing that aligns to the specific trends and attributes that are becoming increasingly prioritised within foodservice channels such as Australian-grown, sustainability, pricing, quality and health and wellness, can further promote horticultural categories within foodservice.

03
Build relationships

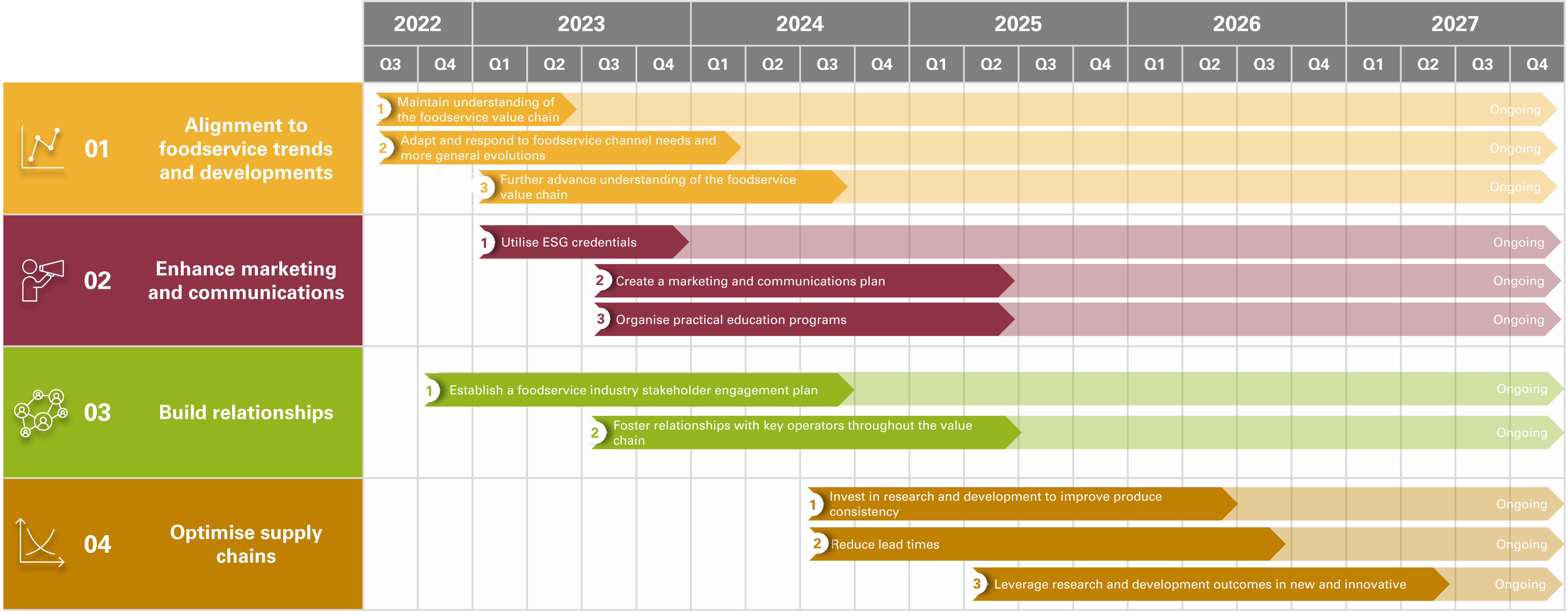
Relationship development with active participants across the foodservice value chain and within the foodservice channels themselves are key in leveraging opportunities to grow in prioritised foodservices. Direct contact is required as it is a very competitive market landscape in supplying to foodservice, particularly in commercial channels where a premium exists.

04
Optimise supply chains

Finding means to shorten lead times and build critical domestic volumes to key foodservice channels has been highlighted by foodservice and horticulture industry stakeholders. This can help preserve produce quality and reduce costs across the value chain which is key for highly cost conscious foodservice channels.

Targeted activities to achieve opportunities in foodservice sit across the short, medium and long term, under each strategic pillar

The activities mapped below provide an indicative timeline for when particular activities could be implemented. Each activity should be prioritised based on the foodservice channels being pursued and can be areas of continued focus depending on resources and individual category strategies.



Above timelines are highly indicative and have been provided at a high-level. Actions and activities have been informed by desktop research and stakeholder consultations. Further validation by the industry is required as progression is made for individual strategies.

Alignment to foodservice trends and developments can help the horticulture industry form a unique value proposition for foodservice

Activities to support 'Alignment to foodservice trends and developments' have been identified and mapped across short, medium and long term time frames.

Short term

Objective	Benefit to the horticulture industry	Actions
01 Alignment to foodservice trends and developments	• Improve the horticulture industry's ability to effectively use resources and adjust operations where required to respond to foodservice evolvements. • Allow for informed decisions to be made if further penetration across or within foodservice is desired. • Improve ability to plan, predict and forecast short, medium and long term production and value chain related plans that are targeted to expanding outreach in foodservice.	**1.1** Maintain sophisticated understanding of the foodservice market and its value chain through greater monitoring and evaluation efforts. **1.2** Adapt and respond to existing and emerging foodservice channel needs and more general evolutions by understanding and showcasing unique value proposition of horticultural categories. **1.3** Further advance sophisticated understanding of the foodservice market and its value chain.

Short Term
<2 years

Medium term
2-4 years

Long Term
4+ years

Alignment to foodservice trends and developments

Enhance marketing and communications

Build relationships

Optimise supply chains

Above timelines are highly indicative and have been provided at a high-level. Actions and activities have been informed by desktop research and stakeholder consultations. Further validation by the industry is required as progression is made for individual strategies.

Trends and developments are a guaranteed constant in foodservice. Aligning horticulture categories to these is a fundamental determinant for success in foodservice

The following table outlines specific steps towards pursuing the ‘Alignment to foodservice trends and developments’ objective and provides an estimated timeframe for each activity for the industry to work toward.

Action		Indicative activities		Timeframe	Resource investment across horticulture	Impact potential
1.1	Maintain sophisticated understanding of the foodservice market and its value chain through greater monitoring and evaluation efforts.	1.1.1	Remain updated on reports and foodservice market insight documents produced by market research companies such as Mintel, GlobalData, Food Industry Foresight, Euromonitor, NPD, and Technomic, that are current and updated annually to gain a better understanding of the sector and how it tends to evolve with respect to key commercial areas: price changes, volume requirements, demand factors and market drivers.	6 – 12 months / ongoing	Low	Medium
		1.1.2	Exercise effective communication along the immediate value chain points to understand existing and emerging trends, pressures, and developments at a more micro level across foodservice.	6 – 12 months / ongoing	Low	High
1.2	Adapt and respond to existing and emerging foodservice channel needs and more general evolutions by understanding and showcasing unique value proposition of horticultural categories.	1.2.1	Create a concrete ‘list’ of distinguishing factors that sets the category apart, but are also characteristics that are advantageous to the developments occurring in foodservice.	6 – 12 months / ongoing	Low	High
		1.2.2	Actively define industry-wide (horticultural category specific) unique selling proposition. Through an understanding of the significance placed on key attributes by foodservice such as provenance, sustainability, pricing, quality and health and wellness, create an industry-wide response that can help mitigate, shift, or strengthen attitudes related to these attributes. Thus, promoting the category’s unique value.	1 - 2 years / ongoing	Low	High
1.3	Further advance sophisticated understanding of the foodservice market and its value chain.	1.3.1	Hold half yearly meetings that are actioned, organised and chaired by industry with a dedicated foodservice council and/or organisation like foodservice Australia to have foodservice focused discussions aimed at gaining direct insight on arising developments.	1 – 2 years / ongoing	Low	High
		1.3.2	Organise all-of-horticulture-industry town halls that are actioned, organised and chaired by industry to discuss key insights, evolutions, changes, trends and drivers being seen across foodservice on a half-yearly basis. These town halls can be conducted after meetings with industry organisations/councils to help provide relevant insight as well as guide fruitful discussion.	1 – 2 years / ongoing	Low	High

Resource (time and effort) investment required and potential for positive impact to the horticulture industry

Low | Medium | High

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Above timelines are highly indicative and have been provided at a high-level. Actions and activities have been informed by desktop research and stakeholder consultations. Further validation by the industry is required as progression is made for individual strategies.

Enhancing marketing and communications can improve overall familiarity with horticulture categories, and emphasise alignment to foodservice needs

Activities to support 'Enhance marketing and communications' have been identified and mapped across short, medium and long term time frames.

Short/medium term

Objective	Benefit to the horticulture industry	Actions
02 Enhance marketing and communications	• Strengthen produce versatility and overall demand through improved category familiarity amongst foodservice consumers and operators. • Encourage a shift in demand from imports to Australian horticulture by promoting key benefits of Australian grown categories across all of foodservice. • Help inspire the adaptation of menu offerings across foodservice channels.	**2.1** Utilise ESG credentials to showcase how the horticulture industry has responded and is continuing to respond to environmental, social and governance principles and developments to convey social responsibility. This is becoming an increasingly important criteria amongst foodservice channel operators and their consumers. **2.2** Create a marketing and communications plan that is validated by foodservice value chain stakeholders, consumers and in-market professionals to increase likelihood of promotion success. Tailor communications to emphasise key attributes that are highly valued and demanded by foodservice channels. **2.3** Organise practical educational programs across targeted foodservice channels that aim to inform and increase awareness of various categories more broadly.

Short Term <2 years | **Medium term** 2-4 years | **Long Term** 4+ years

Alignment to foodservice trends and developments

Enhance marketing and communications

Build relationships

Optimise supply chains

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Above timelines are highly indicative and have been provided at a high-level. Actions and activities have been informed by desktop research and stakeholder consultations. Further validation by the industry is required as progression is made for individual strategies.

Foodservice channels, particularly in the commercial sector, actively market and communicate to their consumers. Equipping them with information can promote category developments across different channels

The following table outlines specific steps towards pursuing the 'Enhance marketing and communications' objective and provides an estimated timeframe for each activity for the industry to work toward

Action		Indicative activities		Timeframe	Resource investment across horticulture	Impact potential
2.1	Utilise ESG credentials to showcase how the horticulture industry has responded and is continuing to respond to environmental, social and governance principles and developments to convey social responsibility. This is becoming an increasingly important criteria amongst foodservice channel operators and their consumers.	2.1.1	Actively showcase to foodservice stakeholders a common interest and prioritisation of ESG principles and the activities being implemented across the horticultural category value chain through the marketing and communications plan. This will emphasise the acknowledgement of social responsibility which is slowly becoming a non-negotiable for foodservice consumers.	< 1 year / ongoing	Medium	High
		2.1.2	Develop and publish an official public-facing report that showcases horticultural category-specific ESG roadmap and strategies that are yet to be actioned and underway. Within the report, ensure there is acknowledgement and detail that there is a recognised role that all of industry plays in supporting positive sustainable and ethical impact.	< 1 year / ongoing	Medium	High
2.2	Create a marketing and communications plan that is validated by foodservice value chain stakeholders, consumers and in-market professionals to increase likelihood of promotion success. Tailor communications to emphasise key attributes that are highly valued and demanded by foodservice channels.	2.2.1	Explore, with in-market foodservice stakeholders, how communications can be best received to generate greatest impact for the horticulture industry and how they are positioned in supplying to foodservice e.g. online advertising, social media, print or other forms of media.	1 - 2 years / ongoing	Medium	High
		2.2.2	Determine and confirm marketing and communications mix and plan by working with in-market industry bodies to fund, develop and implement campaigns designed to improve familiarity and encourage consumption of horticultural categories within foodservice. Explore timelines and viability of influencer endorsements, hatted chef endorsements, recipe cards etc. Ensure marketing and communications showcase an alignment to existing and emerging foodservice industry values related to sustainability, provenance, quality and health wellness.	1 - 2 years / ongoing	High	High
2.3	Organise practical educational programs across targeted foodservice channels that aim to inform and increase awareness of various categories more broadly.	2.3.1	Educate foodservice consumers on produce categories through running sessions at foodservice establishments e.g. schools, mess halls.	1 - 2 years / ongoing	High	Medium
		2.3.2	Conduct competitions, workshops, training days with experienced chefs etc. to test new recipes and promote versatility of categories within targeted foodservice channels.	1 - 2 years / ongoing	High	Medium
		2.3.3	Educate foodservice operators on where produce comes from and factors influencing availability, price and quality to improve understanding in the sector. In addition to this, explore effectiveness of education pieces at trade fairs, expositions and farm visits.	1 - 2 years / ongoing	Medium	Medium

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Resource (time and effort) investment required and potential for positive impact to the horticulture industry — Low, Medium, High

Above timelines are highly indicative and have been provided at a high-level. Actions and activities have been informed by desktop research and stakeholder consultations. Further validation by the industry is required as progression is made for individual strategies.

Building relationships is arguably the most important objective for the horticulture industry as it enables direct and timely communication with foodservice value chains

Activities to support 'Build relationships' have been identified and mapped across short, medium and long term time frames.

Short/medium term

Objective	Benefit to the horticulture industry	Actions
03 Build relationships	• Improve foodservice value chain visibility for horticulture industries. • Build long term relationships based on trust, transparency and potential value creation with key foodservice stakeholders. • Long term business relationships with foodservice stakeholders that improve total aggregated profits over time. • Improve foodservice operator understandings across the value chain as well as influences that can affect key attributes (i.e. quality) of horticultural produce, and ultimately, help with expectation management.	**3.1** Establish a foodservice industry stakeholder engagement plan. **3.2** Foster relationships with key operators throughout the value chain such as wholesalers, distributors, food processors, and foodservice players to encourage bilateral communication and exchange of information regarding the desires and requirements of consumers and foodservice operators.

Short Term	Medium term	Long Term
<2 years	2-4 years	4+ years

- Alignment to foodservice trends and developments
- Enhance marketing and communications
- **Build relationships**
- Optimise supply chains

Above timelines are highly indicative and have been provided at a high-level. Actions and activities have been informed by desktop research and stakeholder consultations. Further validation by the industry is required as progression is made for individual strategies.

Building relationships establishes a sense of trust, which can directly and positively impact production demands and operational activities

The following table outlines specific steps towards pursuing the ‘Build relationships’ objective and provides an estimated timeframe for each activity for the industry to work toward

Action		Indicative activities		Timeframe	Resource investment across horticulture	Impact potential
3.1	Establish a foodservice industry stakeholder engagement plan.	3.1.1	Identify and map stakeholders across the foodservice value chain that are operators in prioritised channels. Understand their role, operational objectives and vested interests in servicing channels of interest.	< 2 years / ongoing	Low	Medium
		3.1.2	Plan engagement and outreach based on areas of interest and identify which stakeholders are best placed along the value chain to support and inform foodservice value chain operational understandings and help catalyse profitable commercial activity. Perform outreach with a specific objective and aim to help establish trust and respect.	< 2 years / ongoing	Low	High
3.2	Foster relationships with key operators throughout the value chain such as wholesalers, distributors, food processors, and foodservice players to encourage bilateral communication and exchange of information regarding the desires and requirements of consumers and foodservice operators.	3.2.1	Draw on cross-industry relations to facilitate connections with in-market players, through trade shows, expositions, markets and other in-person events with operators who work within and across the foodservice value chain.	< 2 years / ongoing	Low	Medium
		3.2.2	Connect through membership-based foodservice groups to leverage relationships where there is a common interest of capitalising on trends and opportunities that present themselves within and across foodservice.	< 2 years / ongoing	Low	High
		3.2.3	Explore where direct relationships can be built with stakeholders across points in the value chain, with focus on points that are closer to the foodservice channel consumers in desired foodservice channels. This will help in receiving more timely information about emerging trends and developments.	< 2 years / ongoing	Medium	High
		3.2.4	Encourage site visits with foodservice stakeholders and operators to transparently showcase operations and activities. This can help strengthen relationships through built respect, trust, and confidence.	< 2 years / ongoing	Medium	High

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Resource (time and effort) investment required and potential for positive impact to the horticulture industry | Low | Medium | High

Above timelines are highly indicative and have been provided at a high-level. Actions and activities have been informed by desktop research and stakeholder consultations. Further validation by the industry is required as progression is made for individual strategies.

Supply chain fluidity is becoming an increasing demand across foodservice operators with recent supply issues and delayed deliveries

Activities to support 'Optimise supply chains' have been identified and mapped across short, medium and long term time frames.

Long term

Objective	Benefit to the horticulture industry	Actions
04 Optimise supply chains	• Engage with foodservice operators more directly, to improve demand-related issues and increase profitability by being 'closer' to foodservice consumers. • Improve ability to advocate for greater and improved attributes such as freshness and quality through reduced food miles resulting from more direct value chains. • Decrease third party costs and increase competitiveness and profitability for the horticulture industry for the foodservice value chain.	**4.1** Invest in research and development to improve produce consistency pre and post farm-gate to satisfy the requirements of foodservice and drive profitability. **4.2** Reduce lead times through consolidating processes at certain foodservice value chain touchpoints. **4.3** Leverage the outcomes of research and development in new and innovative product formats and varieties to increase produce shelf-life pre and post-farm gate in order to unlock different value chain options and further preserve produce quality.

Short Term <2 years | **Medium term** 2-4 years | **Long Term** 4+ years

- Alignment to foodservice trends and developments
- Enhance marketing and communications
- Build relationships
- **Optimise supply chains**

Hort Innovation
Strategic levy investment

Above timelines are highly indicative and have been provided at a high-level. Actions and activities have been informed by desktop research and stakeholder consultations. Further validation by the industry is required as progression is made for individual strategies.

Streamlining end to end supply chains through research and development and optimisation can enhance profitability and sales potential

The following table outlines specific steps towards pursuing the 'Optimise supply chains' objective and provides an estimated timeframe for each activity for the industry to work toward

Action		Indicative activities		Timeframe	Resource investment across horticulture	Impact potential
4.1	Invest in research and development to improve produce consistency pre and post farm-gate to satisfy the requirements of foodservice and drive profitability.	4.1.1	Explore opportunities to partner with other industries or cross-value chain participants to align on produce consistency-focused R&D that focus on the needs of specific foodservice channels.	2 - 4 years / ongoing	High	Medium
		4.1.2	Conduct a review of pre and post-harvest practices with leading Australian growers to more closely identify foodservice value chain pain points that can be mitigated.	2 - 4 years / ongoing	Medium	Medium
4.2	Reduce lead times through consolidating processes at certain foodservice value chain touchpoints.	4.2.1	Analyse detailed value chain areas to understand the touchpoints that are most challenging/expensive and identify opportunities to consolidate or make operations more efficient (e.g. transport, processing, distribution).	2 - 4 years / ongoing	Medium	High
		4.2.2	Utilise relationships built with foodservice stakeholders to identify where and how lead times can be reduced and consolidated more effectively.	2 - 4 years / ongoing	Medium	High
4.3	Leverage the outcomes of research and development in new and innovative product formats and varieties to increase produce shelf-life pre and post-farm gate in order to unlock different value chain options and further preserve produce quality.	4.3.1	Leverage outcomes of ongoing study into innovative ways to increase produce consistency and quality for foodservice.	< 4 years / ongoing	Medium	Medium
		4.3.2	Hort Innovation to explore investment opportunities or existing research in on-farm technologies designed to increase fresh shelf-life of produce. There is opportunity to focus on complex foodservice value chains such as Defence and mining in greater detail.	< 4 years / ongoing	High	Medium

Hort Innovation
Strategic levy investment

Resource (time and effort) investment required and potential for positive impact to the horticulture industry Low Medium High

Above timelines are highly indicative and have been provided at a high-level. Actions and activities have been informed by desktop research and stakeholder consultations. Further validation by the industry is required as progression is made for individual strategies.

Actioning two fundamental next steps detailed below is suggested to monitor performance against the four strategic pillars

In order for industry to work toward the objectives of this strategy and execute activities in a logical and systematic way, consistent monitoring of the recommended activities will be required. Members across horticulture will need to provide input on the overall foodservice engagement strategy to ensure they are ready and willing to respond accordingly.

01

Industry must take initiative to validate high level strategic pillars, actions and activities to ensure items are practical, actionable and desired.

02

Industry must maintain and establish an ongoing operating rhythm with nominated stakeholders at regular intervals to update on progress, identify actions required of industry and make any necessary changes to foodservice specific strategic ambitions.


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