

Fresh Vegetable Product Group Speech Conference 2009 - FINAL 14 July 09

By Keith Vallabh

The year in hindsight

When I stood in front of you at last year's conference to deliver my Chairman's speech, I concluded by saying,

"There needs to be greater communication between all parties across the supply chain. There needs to be more transparency with the different players giving more realistic information so all can benefit. And – it goes without saying that there needs to be more profitability for growers."

Twelve months on and a general election later we are hopefully a bit wiser and some of us even a bit greyer up top.

For my part, the last twelve months have been a great learning experience as I met more of you on your land, engaged with that sector which supplies our inputs such as seed and fertilizer and tried to sell my own produce more profitably.

With learning though comes frustration. Frustration with short sighted decision-making going on all around me; frustration with opportunities lost for the industry and frustration with seeing too much money being left on the table and going to waste through poor management practices at all levels in our industry.

What am I talking about?

Let me give you a few examples that come to mind.

- Growers not understanding the true cost of production and what that means when selling a crop
- Growers apathy when it comes to involvement at political level
- The old boys network having both feet firmly planted in the way of progress
- The lack of new people coming into the industry
- The apparent reluctance of new immigrants to participate in our industry's affairs

- The mechanism for distributing research outcomes from programmes such as Future Vegetables and Vital Vegetables to industry for commercialization
- The lack of clarity around our collective position on vegetable promotion
- Fresh vegetable growers not being as export oriented as they need to be

It will already be clear to you that we cannot possibly tackle and resolve all these examples today.

Today I want to focus on four critical ones –

- **Promotion**
- **Apathy**
- **Knowledge**
- **Export**

Promotion (including linking Industry with the Consumer)

That is one of the topics that most people have an opinion on – in any industry. It is therefore not surprising that in our industry not just supermarkets and advertising agencies have an opinion on this, but growers as well!

What is the purpose of promotion? There is a simple answer to that in my view. Promotion is a must if we want to sell more vegetables and we are only going to sell more vegetables if there is more demand for them.

Whose job is it to promote the benefits of eating fresh vegetables? Is it the industry's? Is it the sector's? Is it the growers? Or is it the job of the wholesalers and retailers?

Do you know what? It is actually a job for all of us! Industry needs to play its part by promoting the benefits of eating fruit & vegetables. Yes, we are vegetable growers, but the fortunes of our crops are intrinsically linked to those of our colleagues down the hall, the exotic fruit growers, the apple growers, the kiwifruit growers and all the other fruit sector groups – not because we feel that is right, but because of what goes on in the consumer's mind. Fruit & vegetables go together – just like chalk and cheese, Laurel & Hardy and Ken Robertson & Ron Gall!

It is critical that the benefits of eating fresh fruit and vegetables are promoted consistently at that level – and our **vegetables.co.nz** and the United Fresh **5+ A Day** programmes do this very well across all sectors of the community.

What we as vegetable growers also need to think about is the amount of vegetables on the dinner plate or in the salad bowl, so there are aspects of promotion that we need to drive ourselves. Our sector is best placed to do that ourselves, in conjunction with the fresh tomato and potato sectors, and I do believe that there is a strong case for ongoing generic promotional activity at product category level so that we get a fair share of the plate!

One of my key focus points for the coming year is to provide some leadership in the area of vegetable promotion to ensure promotional strategies are better aligned with our product group objectives.

As individual growers and business owners we also have a role to play in promotions. It might be as simple as having a smart crate card or dust cover on the crate that stands out if all you want to do is draw attention to your product on the wholesale floor.

At the other extreme, you may want to develop a global brand and fund a three month TV campaign. Or maybe you are sitting somewhere in between. Whatever – the key is you must do what is right for your business. But your business does not exist in isolation, so make sure you support category and industry promotion of fresh vegetables by **vegetables.co.nz** and **5+ A Day**.

Apathy (Engagement in the future of the Industry)

The Greek Philosopher Plato once said

“The price of apathy towards public affairs is to be ruled by evil men”

The Directors of Horticulture New Zealand or the members you have elected to the product group committees are NOT evil – nor do we rule you. Nobody can rule growers.

Plato's message is as relevant today though as it was 2,000 years ago – and it certainly applies to us growers as well.

We must be prepared to step up and manage our own affairs. If growers do not want to be marginalized, growers need to be heard. For growers to be heard, growers need to have a voice – and not be afraid to use that voice.

I would really like you to engage in some navel gazing and decide how you – and those neighbours of yours who did not come to Conference – could become more involved in industry affairs.

This Product Group also needs a better mechanism to enable it to connect better with all growers in the regions. It is OUR industry guys – come on!

Let's get rid of apathy and aim for engagement!

Knowledge (Transferring the technology to the Users)

I am sure you have heard the saying “knowledge is power” from other people before today. I want to tell you something. I want to tell that this statement is actually not true. It is not knowledge that is power. Power comes from doing the right thing. True, knowledge helps in doing the right thing, but having all the knowledge in the world is useless, unless one is prepared to do something.

“Doing” is something us growers understand. We “do” things all the time. Ploughing, planting, nurturing, harvesting, packing, selling – you name it, we do it.

Sometimes we know what we need to know to do the right thing. At other times, not only do we NOT know enough about what we are doing, but we don't actually know what we don't know! That's right. We don't know what we don't know.

And that happens mostly when we are so deep in the groove that we are only working IN our business rather than ON our business.

I am telling you, we can't afford that. We growers need to get better on working ON the business – just working IN it is no longer good enough.

With this in mind, I would welcome your feedback on how your product group committee and how I as your product group chairman can help you to add working ON your business to the things you do!

Export (Growing the Industry value offshore)

Last but not least, I want to talk to you about export. New Zealand is an export based economy. Fresh vegetables, as calculated by Statistics New Zealand, contributed \$236 million to the country's export earnings in 2008. Onions were responsible for 39% of that sum and kabocha / squash for 29% of that sum.

In other words, \$75.5 million of fresh vegetable export earnings were "other vegetables". Capsicums were \$30 million of that "other vegetables", potatoes \$17 million, carrots \$9 million, tomatoes \$5.5 million, shallots \$2 million and mushrooms \$1.5 million.

By comparison, Broccoli, Cabbage & Cauliflower contributed a combined \$1.5 million, outdoor lettuce \$1.7 million and we also had a category called "Other", which managed to account for \$2 million. "Other" included celery, spring onions, Asian vegetables, leeks – amongst others.

Not a pretty picture for "fresh"!

Ladies and gentlemen – we need to do a lot better than that if we want to be around in ten years time and not marginalized or squeezed out altogether. Just like any other part of our industry, the fresh vegetable sector needs to have a balanced domestic and export strategy with the ability to work in with our process colleagues as and when the need arises.

Whether we add value by exporting fresh lettuce because WE CAN, whether we market that lettuce as a minimally processed salad or whether we come up with the next craze such as snap frozen lettuce leaves as the latest "in between" snack for busy household executives – we need to start getting serious about developing our export potential.

Can we do this ourselves? Do we need help? Should we use existing channels? Could we achieve more by working cooperatively? How do we go about product development?

What are potential export markets looking for? Are we aiming at too many markets at once? We won't do it successfully offshore based on the cost of production alone – we'll do it better in fewer but higher value niche markets.

None of this is rocket science, but it is not going to happen unless we commit to making it happen.

Horticulture NZ is launching the Industry's new Growth Strategy tomorrow at its Conference. The objective of the strategy is to set a new value goal of \$10 billion by 2020 (that's an increase of \$5.8billion on the \$4.2billion we have now).

To many of you it may appear to be very export oriented but the goal and principles also apply as much to the domestic market as they do to export.

This is not just about the big needing to get bigger. For both markets to achieve the growth objective will require a whole lot of growers to work together. Are we as a fresh vegetable industry ready and willing enough to really work together?

Please make sure you read the new Horticulture Industry Strategy and become engaged in the action plan that is going to be worked up to achieve the new goal of \$10billion by 2020.

In Conclusion

Did you notice that I have not mentioned profit once in my speech, apart from when I reminded you about what I said last year?

There is a good reason for that. I have just challenged you to speed up your learning between now and Conference 2010. In concluding, let me share with you something I have learnt in the last twelve months - which is that profit does not exist in isolation.

Profit is a function of Promotion, Engagement and Knowledge!

Thank you for your time this morning, thank you for travelling to Christchurch from all over the country – and now let's get on with growing our industry!

Keith Vallabh

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