

STANDPOINT *by Peter Hendry*

Planned responses key to grower success

Hello and welcome to this issue of Supplyline, MG Marketing's vehicle for keeping you in touch with news and views from around our produce sector.

The stories and photos in this edition are examples of successful enterprise built on dedication to meeting buyers' needs in the domestic produce market. While we like to celebrate success, it is seldom a given outcome and is never easy to achieve.

Befitting this observation, current market conditions are proving difficult across most produce lines. We have a lot of quality product in the ground, but demand at retail level has been soft. Sales statistics report consumer spending has been frugal, caused by conservative shopping attitudes in a flat economy.

The best response in such a market is for growers and MG to work closely together to meet prevailing supply and demand conditions. The ability to maximise returns relies on good planning, on-farm execution and prompt delivery. Without this disciplined approach to market, opportunities for gain will be slim.

MG is doing its part in this respect through specific programmes to assist growers and suppliers to make good selection and planting decisions. Our sales and marketing people, key account managers and procurement staff are dedicated to this process, and available at any time for expert advice.

One sector that has embraced this approach is summerfruit, which achieved some reasonable results in a very difficult growing season. Its

success has been driven by grower and MG pooling of resources and expertise accompanied with extensive planning with our valued retail partners. MG is taking this model and applying it to other produce sectors where coordinated initiatives are needed to stimulate buyer demand.

MG is also investing in expanding facilities at its major distribution centres in Auckland and Christchurch. More coolstore space is being created along with associated developments on available land at both locations. Later this year the MG Support Office will be moving to new offices at Waterloo Road in Christchurch, consolidating the region's operations onto one site.

These projects are integral to our goal of operating supply and distribution networks as efficiently and cost-competitively as possible. Our ability to deliver the freshest, highest quality produce to markets depends on good infrastructure, smart operating systems and sound management. All grower-shareholders stand to benefit.

On this note, I hope you enjoy reading the current articles which cover everything from apples to aubergines and a lot more besides. Thank you for taking an interest in our activities and we look forward to keeping in regular contact with you. 🍏



Wealth of experience underpins Dunedin strength

Such is the depth of experience at MG's Dunedin branch that many of the current staff pre-date the business starting up on the corner of Otaki and Midland Streets 19 years ago.

According to branch manager, Wayne Hume, there is no substitute for this hard-won experience in the challenging and often volatile fresh produce sector.

"Our nine sales people each have at least 15 years on the job and this counts for a lot in terms of servicing growers and buyers across a very large catchment area," Wayne says.

In total there are 19 staff responsible for MG's operations, which cover a region taking in the extensive provinces of North and Central Otago and Southland to boot.

In addition to the nine sales staff, the Dunedin team comprises three in administrative roles and seven running the storage and warehouse operations.

Big variations in land types and weather result in a wide range of produce types sourced locally, from green vegetables to traditional root crops such as potatoes, swedes, carrots and parsnips to summer harvests of summerfruit and berryfruit.

"In recent years there has been noticeable growth in sub-tropical lines, as well as in hothouse-grown varieties such as tomatoes, capsicums and especially eggplant and peppers" Wayne says.

"While this no doubt reflects changing consumer tastes, it also stems from our ability to manage distribution channels under strict temperature controlled conditions."

The branch received a major upgrade in 2006 when it was converted to operate in a fully temperature controlled environment.

This investment ensures regional growers achieve ideal conditions for storing, displaying and on-sending produce, with no loss of quality in the supply chain.

It also provides a key link in MG's national distribution network, giving the same quality control assurances for retailers wanting the best produce available – whether locally grown or sourced from further north or offshore.

"The bottom line is that buyers today expect to see high quality fruit and vegetables of all kinds pretty much available for all 12 months of the year," Wayne says.

"Our task is to ensure that across all our supermarket and independent buyers, whether for domestic or imported produce, they continue to have access to top quality and full selection." 🍏

The MG Team at their premises.





Svend Pedersen (left) and Kees van der Eijk (right)

GROWER PROFILE

Innovative energy source for eggplant producers

Being located near a major landfill site might be undesirable for some, but for a major eggplant grower in Albany it has proved to be a welcome asset.

Forestburg Eggplant takes methane gas piped from the landfill to run boilers regulating temperature in its two hectares of glass houses containing 35,000 plants.

Business partners Kees van der Eijk and Svend Pedersen believe theirs is the only glasshouse operation using renewable methane energy, as well as waste warm water from the landfill's generators, to provide glasshouse heating.

Kees says their ability to be sustainable and operate efficiently is a core principle in Forestburg's business philosophy.

"Eggplant is highly susceptible to disease and insect infestation, so it is essential we maintain a healthy growing environment for the life cycle of each crop."

"By adopting sustainable growing practices we use less water, less pesticides and fewer resources to produce a high quality product all year round," he says.

They have also introduced efficient production and packaging systems for the crop, such as high technology grading equipment to minimise handling and bruising of freshly picked produce.

One example is the combination of electric trolleys and conveyor system to move the product to the packhouse for grading with minimal manual labour.

Forestburg have identified what the market needs and has been educating retailers and customers to select medium-sized fruit which has no bitterness.

"An eggplant with a weight of 300 to 400 grams gives an optimum flavour, allows longer storage and results in better flavour infusion when cooked with other foods," he says.

"Knowing these advantages, as well as not keeping eggplant refrigerated means consumers enjoy a better experience and are more likely to use it as part of their regular eating habits."

The partners, both of European descent, have a strong work ethic and lead by example to create a culture amongst 12 staff of caring about what is done across all aspects of the business.

In striving to achieve a high kilo yield throughout the year they believe continuous reinvestment in their operation, coupled with modern horticulture practices, are prerequisites for a profitable return.

"We also rely on MG Marketing to provide us with up-to-date information from the market on consumer trends and preferences for our speciality crop," Kees says.

"Plus MG's distribution network provides us with the coverage we need to move all our domestic production quickly and safely around New Zealand."

Forestburg's achievements are a tribute to the vision and standards of these two Auckland growers who have taken a risk to grow this variety and made it into a success. 🍆



Did you know?

Satsuma mandarins are thought to have originated in Japan and were brought from Asia to North America by Jesuits. Satsuma groves started in Louisiana in the 18th Century continue to produce fruit today.

This seedless and easy-to-peel member of the citrus family became so popular in the USA that today there are no less than four towns called Satsuma in four states. A feature of the fruit is its thin, leathery skin

dotted with large and prominent oil glands, which is lightly attached around the fruit, enabling it to be peeled very easily. It has delicate flesh sensitive to the effects of careless handling, although the loose skin

means any bruising to the fruit may not be apparent. Of all edible citrus varieties, only the kumquat is more cold-hardy than satsuma, which can survive down to -9.5 °C (15 °F) for several hours. Cold weather actually sweetens the fruit. Satsumas can be grown from seed, taking about 8 years until the first fruits are produced, or they can be grafted onto other citrus rootstocks.

Satsuma mandarins are grown in Gisborne and Kerikeri and are available from mid April to early August



Innovation enables exclusivity

The controlled management of intellectual property is becoming an important part of a companies/growers ability to manage supply and demand and the financial value of a product over time.

Through continuous market lead performance and innovation MG is able to expand its grower services to meet the demands of the evolving horticulture sector.

Exclusivity is not entirely new to MG. Whilst not “closed-loop” MG has single-handedly

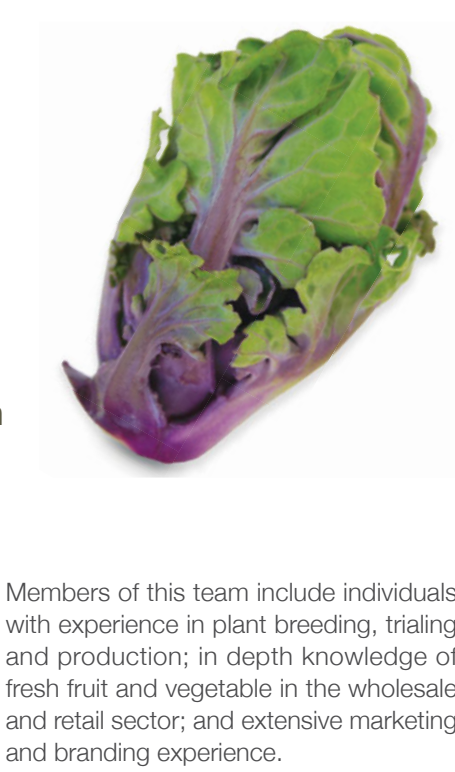


introduced and developed international brands in NZ through exclusive marketing arrangements with Dole, Sunkist and POM Wonderful.

More recently this innovation has developed into a program targeting fresh fruit and vegetable crops grown in NZ by our very own growers.

The aim of this strategic variety development program is to provide some of MGs grower base with new and unique varieties with competitive advantages in the field and/or at retail level.

MG’s variety development team comprises experienced people with multi-disciplinary skills enabling effective communication and decision making with stakeholders across the entire development and supply chain.



Flower Sprout product, Recipe and Packaging.

Members of this team include individuals with experience in plant breeding, trialing and production; in depth knowledge of fresh fruit and vegetable in the wholesale and retail sector; and extensive marketing and branding experience.

Working closely with the NZ seed supply agents South Pacific Seeds (NZ) Ltd, MG will very soon bring a new vegetable line to market this season.

This new vegetable known as Flower Sprout is the first new vegetable for over a decade and is a natural cross between kale and brussels sprout.

Both kale and brussels sprouts are classed as superfoods because they are good sources of dietary fibre, B vitamins, iron

as well as being high in folate which is good for pregnant women.

The plant habit is similar to brussels sprouts, a tall stem with rosettes forming all the way up to a frilly-leaved top.

The taste is milder and sweeter than a brussels sprout with a good texture. It is an ideal winter vegetable and can be steamed, stir-fried or microwaved.

Flower Sprouts is a classic example of many unique or new varieties MG has under trial or at a commercial growing phase with a number of growers.

Joint venture offers export expansion

MG Marketing has formed a 50:50 joint venture with Te Mata Exports, a leading New Zealand exporter of pip fruit.

Kerry Wells, MG’s international business manager, says the venture offers significant potential to expand Te Mata’s already successful apple export business and diversify into other produce.

“To date MG has had a limited role in horticulture exports. The partnership is an excellent strategic fit in terms of capitalising on our respective skills and experience in the immediate future,” he said.

“Our goal is to become a major produce exporter by developing commercially viable and sustainable offshore markets for New Zealand growers and suppliers.”

Te Mata was formed four years ago by Murray Tait of Havelock North after seven years managing Pacific Harvest’s apple export division.

Murray has built a successful apple export business in a relatively short time, with sales spanning all international markets and achieving good returns for growers.

“The most exciting aspect of this venture is combining our resources to develop and expand the business to the next phase,” Murray said.

“We are confident that Te Mata will continue to be successful and to maintain its recent growth.”

Under the joint venture MG will take an active procurement role and add its business relationship synergies to Te Mata’s operations.

It is also intended to source additional produce from shareholder-growers of the Co-operative.

“Key products are being studied for export trade expansion in the short term, with a growth strategy of ensuring customer and supplier expectations are fully satisfied”, Kerry said.



Murray Tait



GROWER PROFILE

Big team effort behind strawberry grower's success



In the early 1980's Phil Greig needed something to do during summer months when his orchard pruning work ended. With the help of a few mates Phil could see he could make some money from the berry plants. He then borrowed some land from his brother to get into strawberry production.

His first crop for export went well and later Phil Greig Strawberries Ltd was set up at Kumeu, west of Auckland, setting the scene for what is today a highly successful strawberry growing business.

Currently Phil and wife Lianne farm 13 hectares containing close to a million strawberry plants of different varieties to suit soil types, location and seasonal market conditions.

"At the peak of the season prior to Christmas time we dispatch up to 25 pallets a day. At present about 30% of the crop is exported; the rest goes to domestic market around New Zealand," Phil says.

The business also runs a direct sales shop from the premises 7 days a week through the summer months selling fresh strawberries and speciality orders as well as their highly popular berry fruit ice cream.

For over a decade Phil has relied on MG Marketing to distribute fresh strawberries within its national branch network. Strong marketing is key, ensuring crop movement to a diverse range of customers.

"Just-in-time daily deliveries are essential to our business, as freshness and shelf-life are critical for what is one of the most challenging seasonal crops to manage," he says.

"At the height of production the crops are picked from dawn until dusk 7 days a week, sometimes requiring two harvests from the same fruit patch in one day."

Such a commitment requires a lot of staff working long hours manually picking the harvest – up to 150 on the site at any time from a total pool of 200 people.

Phil and Lianne co-ordinate and manage the packing of fruit, drawing on a core group of around 50, many of them second and third generation family members of the original pickers two and half decades ago.

"The operation runs like one very big and close community, with a great atmosphere amongst the staff," Lianne says.

"A fundamental reason behind the success of our organisation is the quality of our pickers and packers performance and their loyalty to the business.

Phil says "the operation is not dependent on high tech equipment, but on running a well-organised team in terms of labour and logistical support.

"We all work extremely hard for eight to nine months of the year, then the pressure comes off and we can relax a bit and enjoy some recreational time off the farm." 🍓



Working with Phil and Lianne is rewarding, says MG

"Working with Phil and Lianne is very rewarding for the MG Marketing sales team and, despite selling a highly perishable product, is an enjoyable experience. Phil's ability to read and understand the market gives our team confidence and flexibility. The quality that Phil and Lianne ultimately distribute is second to none in the market and their desire for innovation ensures a competitive edge." Brett Reid, National Procurement Manager –Berryfruit for MG Marketing

Kevin Tracey takes up national logistics role

MG Marketing has appointed Kevin Tracey to the new role of national warehousing and logistics manager, based in Auckland.

The position is an important one for managing MG's distribution systems and delivering peak service efficiency, says national operations manager Grant Harford.

Grant says logistics and warehousing advances are part of a continuing programme to adopt smarter supply chain

networks linking growers and suppliers with customers.

"Kevin's role is to oversee developments in this area and ensure MG's facilities and supporting services are delivering the best value for growers and buyers," he says.

"One example is fine-tuning our ordering and procurement systems so that branch receivables, tracking and reporting systems are operating with a high degree of accuracy. Another is to improve stock management to maximise our speed to market,

while maintaining quality assurance controls at all times."

"This is vital for our ability to pack and present produce in the best possible way for the benefit of customers inspecting and purchasing produce on offer."

Kevin, who started his role two months ago, says "it's a steep learning curve, but essential for me to properly understand what goes on at our regional business centres in the wider national context.

"With depots functioning around the clock, this will involve quite a few night shifts and strange working hours – but nothing I'm not used to."

Prior to his appointment Kevin managed two of the country's largest cold

storage depots in Auckland, with pallet capacities of 23,000 and 10,000 chilled and frozen goods.

"While there are similarities, MG's distribution network encompasses a lot more points of contact and locations needing to move fresh produce quickly and safely to market," he says.

"I will be working closely with all operational managers to facilitate their work and assist in running a sound logistical network with efficient warehousing practices."

An immediate priority for Kevin is on current developments at Auckland's Penrose centre which incorporates extra storage, coolstore and display facilities.

When not at work, Kevin and partner Karen, along with their three children, are all self-confessed football addicts. "At this time of year there are five football matches each weekend to participate in, so things are pretty busy at home and at work!" 🍓

Kevin Tracey

