



2005 - 2010 Strategic Plan for the Australian Avocado Industry

Prepared by
Avocados Australia
with assistance from
Primary Business Solutions

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Know-how for Horticulture™



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MAKING IT HAPPEN

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"The future belongs to those who see possibilities before they become obvious."

Theodore Levitt, author

ESTABLISHING A CLEAR DIRECTION

1. Introduction

Background

Considerable change has occurred in the Australian avocado industry since it developed the Australian Avocado Growers' Strategic Plan 2000 - 2005.

The prospect for the years that lie ahead is further, and more rapid, change. Changing consumer tastes and community values about horticulture are being felt at retail level. Dramatic advances in science and technology have the potential to revolutionise the way food and fibre is produced, who produces it, and the way business is carried out. New business strategies are emerging with a shift from predominantly 'firm-against-firm' to 'whole-of-value-chain against whole-of-value-chain' competition. Globalisation is changing business rules, enabling rapid communication of views and ideas, and giving rise to new health and security concerns.

At the industry organisation level, Avocados Australia Limited (AAL) replaced the Australian Avocado Growers' Federation as the peak industry body in 2003. With decisions needing to be taken annually as to how best to invest more than \$8m over the next 5 years on avocado industry marketing and R&D activities, the newly elected Board of AAL considered it essential to update the industry's Strategic Plan. The Board considered that it was vital for industry investments in R&D and marketing projects and activities to be driven by well thought out and realistic strategies.

The Board recognised that individual businesses would want to seek out specific production and marketing strategies they believe would best enable them to accomplish their own commercial and personal goals for the future.

Our challenge as an industry, however, is to decide which among a multitude of possible courses of action are important enough to take action on, which are the responsibility of individual businesses, and which can best be handled by industry working together.

The focus of this 2005 - 2010 Strategic Plan for the Australian Avocado Industry is on the latter – the priorities identified as best for achievement by industry working together as a whole.

Methodology and Processes

The Board of AAL has developed this Strategic Plan through a detailed process that commenced in July 2004 and concluded with sign-off in March 2005. An advanced draft of the Plan was published in the Summer 2004 edition of Talking Avocados, providing the broader industry with an opportunity for feedback.

The strategic planning process commenced with a review of the Australian Avocado Growers Strategic Plan 2000-2005. An Industry Situation Analysis was undertaken of current and emerging issues, challenges and opportunities.

During the strategic planning segment of its first meeting on 14th July 2004, the newly-elected Board of AAL resolved to establish the three Industry Strategy Groups to develop realistic strategies and identify the implementation action needed to achieve its intended outcomes. These Groups met face-to-face on two occasions and by teleconference.

Key Stakeholders in successful outcomes from this Strategic Plan are Australian avocado growers, other businesses involved in supply chains for Australian avocados, and organisations providing market development and R&D services to the Australian avocado industry.

2. Ensuring a Successful Future for Our Industry – The Big Picture

Our Strategic Intent

To make Australian avocados a priority purchase for consumers, thereby assuring the international competitiveness, future profitability and sustainability of the industry.

Our Key Aspirations

- Annual average orchard gate returns to producers increasing by at least the equivalent of the Consumer Price Index (CPI).
- 90% of fruit at retail level meeting or exceeding the fruit quality expectations of consumers.
- Cost-effectively increasing average fruit yield per production hectare to 75% of the level achieved by the highest yielding Australian avocado orchards.

Our Preferred Positioning in the Marketplace

Benefits to Consumers:

(the consumer benefits that avocados will deliver – the industry's value proposition to consumers)

- Ongoing enjoyment from year round availability
- Packed with health promoting nutrients
- Easy to use in a wide range of meals and snacks

Domain:

(the areas of consumer interest in which industry will seek opportunities to make sales)

- Health and well-being
- Convenience
- Pleasure and indulgence

Target Markets:

(the Australian and overseas markets/market segments in which avocados are to be sold)

- Australia – traditional, niche segments (dietary needs/age etc), food manufacturing; food service
- Overseas – niche markets

Product Scope:

(the nature and range of products to be offered)

- Fresh whole – loose, packaged
- Value-added/processed – oil, spreads, dips, etc

Competitive Advantage:

(the strengths and uniqueness of the products and/or industry relative to others)

- Unique, natural, fresh and healthy product available year round
- United and well-organised industry with funding for R&D and market development

Competitive Intent:

(the manner in which the industry will compete with others for consumer spend and market share)

- Implementation of strategies in this Plan for increased international competitiveness and tackling industry priorities
- Formation of national/international/regional alliances with industries and groups to leverage market opportunities and operating efficiency

The Critical Success Factors

(for accomplishing the outcomes wanted by the Australian Avocado Industry)

- Delivering the benefits sought by consumers
- Beating competitors who offer similar consumer benefits
- Excellence in business operations and relationships within avocado industry supply chains
- Excellence in industry leadership and the coordination of agreed industry action

3. Industry Priorities

Industry Priority Areas

For strategy creation purposes, the Critical Success Factors (above) for accomplishing the outcomes wanted by industry (previous page) are addressed through the following three **Industry Priority Areas**:

1. Revenue Growth

Critical Success Factors addressed:

- Delivering the benefits sought by consumers
- Beating competitors who offer similar consumer benefits

2. Production and Marketing Systems

Critical Success Factor addressed:

- Excellence in business operations and relationships within avocado industry supply chains

3. Industry Management

Critical Success Factor addressed:

- Excellence in industry leadership and the coordination of agreed industry action

The **specific outcomes** that industry wishes to accomplish for each of these Priority Areas are summarised on the next page as **Industry Goals and Objectives**.

Industry Goals and Objectives

| Industry Priority Area | Goal(s) | Objective(s) |
|--|---|---|
| 1. REVENUE GROWTH | <p>R1 To build strong demand for an increasing level of production at profitable prices.</p> | <p>R1 By late 2005, to gain a detailed understanding of the critical factors affecting consumption of avocados in the domestic market - focused on fresh and processed products in the personal shopper and food service segments.</p> |
| | | <p>R2 By 2010, to successfully demonstrate the effectiveness of avocado industry systems for maintaining a profitable balance between supply and demand, so that annual average orchard gate returns increase by at least the equivalent of the Consumer Price Index (CPI).</p> |
| 2. PRODUCTION & MARKETING SYSTEMS | <p>P1 To ensure that consumers can confidently purchase consistently high-quality fresh avocados at retail level.</p> | <p>P1.1 By 2010, 90% of commercial avocado growers will be assessing their management practices against agreed industry guidelines for producing robust fruit with consumer-preferred characteristics.</p> |
| | | <p>P1.2 By 2010, 90% of fruit at retail level will meet or exceed the fruit quality expectations of consumers.</p> |
| | <p>P2 To continuously improve the efficiency of avocado production and marketing systems.</p> | <p>P2.1 By 2010, to cost-effectively increase average fruit yield per production hectare to 75% of the level achieved by the highest yielding Australian avocado orchards.</p> |
| | | <p>P2.2 By mid 2007, the key areas of inefficiency and waste in avocado supply chains will have been identified and an improvement process will have been initiated.</p> |
| 3. INDUSTRY MANAGEMENT | <p>I1 To provide avocado producers with a range of benefits that will assist them to achieve their business goals.</p> | <p>I1 To achieve and maintain a satisfaction level of at least 80% with the services and activities provided to avocado producers.</p> |
| | <p>I2 To ensure appropriate organisation, resourcing and management of the affairs of the Australian Avocado Industry on an on-going basis.</p> | <p>I2 To have sufficient resources available to implement all projects and activities rated annually as 'must do' by the industry's agreed prioritisation processes.</p> |

MAKING IT HAPPEN

4. Strategies

Industry Priority Area 1: REVENUE GROWTH

Goal R1: To build strong demand for an increasing level of production at profitable prices.

Objective R1: By late 2005, to gain a detailed **understanding of the critical factors affecting consumption of avocados in the domestic market** - focused on fresh and processed products in the personal shopper and food service segments.

| ID | Strategies |
|------|---|
| R1.1 | Prepare a detailed consumer research brief highlighting the specific questions about which the industry wishes to update and expand its knowledge, regarding consumer-purchasing decisions about avocados and any products they see as substitutes. |
| R1.2 | Identify how much of the required information is already available/remains current, and make arrangements for the information to be collated/analysed and for gaps to be filled. |
| R1.3 | Extract the consumer priority purchasing factors and ensure they are communicated widely and effectively to participants in avocado supply chains and industry management. |
| R1.4 | Undertake on-going monitoring and analysis of consumer behaviour to ensure early warning of significant changes that could present new opportunities or challenges for industry. |

Objective R2: By 2010, to successfully demonstrate the effectiveness of avocado industry systems for **maintaining a profitable balance between supply and demand**, so that annual average orchard gate returns increase by at least the equivalent of the Consumer Price Index (CPI).

| ID | Strategies |
|------|---|
| R2.1 | Prepare a Marketing Plan to take the industry forward over the next five years, based on the outcomes of detailed consumer research (see Objective R1 above). Areas to be specifically addressed in the Marketing Plan will include the: a. Traditional market segments for Australian avocados; b. Identification and capture of new value-creation opportunities in niche domestic markets, e.g. relating to age, special needs, nutrition etc – to spread industry risk and broaden the industry's market base through diversification; and c. Development of remunerative niche markets overseas – to spread industry risk and broaden the industry's market base through diversification. |
| R2.2 | Based on the Marketing Plan, and commensurate with anticipated fruit supply, implement a portfolio of promotional and other market development programs designed to deliver the best return on the funds available for these activities. |
| R2.3 | Design and implement a market information system that, together with production forecasts (see Strategy P2.1.1, Production and Marketing Systems), will enable industry to monitor returns and assess its ability to maintain a balance between supply and demand. |

Industry Priority Area 2: PRODUCTION AND MARKETING SYSTEMS

Goal P1: To ensure that consumers can confidently purchase consistently high-quality fresh avocados at retail level.

Objective P1.1: By 2010, 90% of commercial avocado growers will be assessing their management practices against agreed industry guidelines **for producing robust fruit with consumer-preferred characteristics.**

| ID | Strategies |
|--------|--|
| P1.1.1 | Encourage widespread understanding by industry of the fruit production implications of the findings of market research into avocado consumer priority purchasing factors (see strategies in Priority Area 1 – Revenue Growth). |
| P1.1.2 | Accelerate the rate of adoption of currently available information regarding orchard management and post-harvest systems and practices for assuring that product quality meets consumer requirements, e.g. canopy management, crop nutrition management, irrigation management, disease prevention and treatment, crop protection. |
| P1.1.3 | Adopt a rigorous, consumer-focused approach to commissioning appropriate R&D projects to fill knowledge gaps about the major orchard management and post-harvest determinants of fruit quality, e.g. rootstock selection, calcium uptake, varietal improvement. |
| P1.1.4 | Create general industry awareness and rapid uptake of the successful outcomes from fruit quality improvement R&D. |
| P1.1.5 | Develop and promote guidelines for use by producers in assessing their management practices for producing robust fruit with consumer-preferred characteristics. |

Objective P1.2: By 2010, 90% of fruit at retail level will **meet or exceed the fruit quality expectations of consumers.**

| ID | Strategies |
|--------|--|
| P1.2.1 | Develop and use good quality industry production data and forecasts for timely harvesting of fruit, management of supply to processors and retailers, and timing of promotion activities. |
| P1.2.2 | Ensure widespread adoption of product-handling and conditioning practices throughout avocado supply chains, to ensure optimal fruit quality is available to consumers at the retail shelf level. |
| P1.2.3 | Monitor on an on-going basis, and act upon, consumer behaviour/experience and satisfaction levels with their purchasing of avocados and avocado products. |
| P1.2.4 | Encourage the development of the processing sector to provide a viable market for fresh fruit that does not meet, or exceed, consumer expectations. |

Goal P2: To continuously improve the efficiency of avocado production and marketing systems.

Objective P2.1: By 2010, to cost-effectively **increase average fruit yield** per production hectare to 75% of the level achieved by the highest yielding Australian avocado orchards.

| ID | Strategies |
|-----------|---|
| P2.1.1 | Develop a snapshot of current Australian yields and a system for monitoring changes over time. |
| P2.1.2 | Gain a comprehensive understanding of the yields and critical success factors for the best Australian and overseas avocado producers. |
| P2.1.3 | Accelerate the rate of adoption of currently available information regarding practices and approaches for driving yield increases cost-effectively. |
| P2.1.4 | Commission the development of appropriate R&D projects to fill knowledge gaps about the major determinants of yield improvement. |
| P2.1.5 | Create general industry awareness and rapid uptake of the successful outcomes from yield improvement R&D. |

Objective P2.2: By mid 2007, the **key areas of inefficiency and waste** in avocado supply chains will have been identified and an improvement process will have been initiated.

| ID | Strategies |
|-----------|---|
| P2.2.1 | Identify the specific production and marketing systems and practices that offer the greatest opportunity for improvement in efficiency. |
| P2.2.2 | Accelerate the rate of adoption of currently available information regarding the areas identified as the highest priorities for improvement. |
| P2.2.3 | Commission the development of appropriate R&D projects to fill identified knowledge gaps in the highest priority areas. |
| P2.2.4 | Create general industry awareness and rapid uptake of the successful outcomes from the R&D into production and marketing systems improvement. |

Industry Priority Area 3: **INDUSTRY MANAGEMENT**

Goal I1: To provide avocado producers with a range of benefits that will assist them to achieve their business goals.

Objective I1: To achieve and maintain a satisfaction level of at least 80% with the **services and activities provided to avocado producers.**

| ID | Strategies |
|------|---|
| I1.1 | <p>Represent industry interests domestically and internationally in regard to government and commercial policies and actions that have the potential to have a major impact (positive or negative) on avocado industry businesses, as determined by the AAL Board, e.g. areas of:</p> <ul style="list-style-type: none"> • agri-politics and industry risk management; • market access (exports and imports); • bio-security (disease freedom and emergency response); • commercial partnerships and alliances at industry level. |
| I1.2 | <p>Provide industry participants with better access to the knowledge and advice that will add value to their business (including information customised to the needs of particular users), e.g. information relating to:</p> <ul style="list-style-type: none"> • market intelligence (volumes, flows, estimates, dynamics); • new technologies and practices for improving production and marketing systems; • government and commercial policies with implications for the avocado industry; • industry events and activities (domestic and international). |
| I1.3 | <p>Undertake on-going monitoring of satisfaction levels with the services and activities provided, and make the changes needed to deliver benefits in the highest priority areas for industry.</p> |
| I1.4 | <p>Ensure an adequate pool of expertise is available from R&D service providers to tackle the knowledge priorities of industry that arise from implementation of this Strategic Plan.</p> |

Goal I2: To ensure appropriate organisation, resourcing and management of the affairs of the Australian Avocado Industry on an on-going basis.

Objective I2: To have **sufficient resources available to implement all projects and activities rated annually as 'must do'** by the industry's agreed prioritisation processes.

| ID | Strategies |
|------|--|
| I2.1 | <p>Ensure that industry organisational structures for determining and implementing industry priorities remain appropriate and cost-effective.</p> |
| I2.2 | <p>Ensure that adequate resources (financial and other) are available to provide the benefits and deliver on the priorities for action sought by avocado industry participants in working together.</p> |
| I2.3 | <p>Increase industry involvement in the leadership and implementation of industry affairs by encouraging the development of a culture of participation amongst all involved in the production and marketing of avocados.</p> |
| I2.4 | <p>Conduct a yearly performance review of progress with industry programs and priorities, in conjunction with preparing the Avocado Annual Investment Plan and the AAL Annual Action Plan.</p> |

5. Implementation Action

How the Industry's Objectives Are to be Achieved

A primary focus of the Horticulture Australia Limited (HAL) Avocado Industry Advisory Committee (IAC) is the development of an Annual Investment Plan that details the specific R&D and marketing projects and activities to be commissioned on behalf of the industry. The projects and activities to be funded each year from 2005 - 2010 will be those that rate highly as priority action for accomplishing the Objectives and Strategies outlined in this 5-year Strategic Plan.

Additionally, the Annual Action Plan of AAL will include projects and activities that address industry Objectives and Strategies that lie outside the areas for which HAL has responsibility.

The focus of both these annual planning requirements is on what needs to be done, or be done differently, to ensure that appropriate action is taken and maintained to accomplish the outcomes the industry is seeking from its Objectives and Strategies.

An example format for the industry's annual investment and action plans is presented below.

[EXAMPLE FORMAT]

Strategy No. _ _ _ :

| Task ID | Action Required (What needs to be done/what has to be delivered) | By When | By Whom |
|----------------|--|----------------|----------------|
| | | | |
| | | | |
| | | | |

KEY SOURCES OF INFORMATION AND ADVICE

Australian Avocado Growers' Federation Inc. (2000), Australian Avocado Growers' Strategic Plan 2000 – 2005
Avocados Australia Ltd and Primary Business Solutions Pty Ltd. (2004), Australian Avocado Industry Situation Analysis - comprising

- The Present Position of the Industry
- Signals of Change in the Industry's Future Operating Environment
- Stocktake and Review of the 2000 - 2005 Australian Avocado Industry Strategic Plan

Industry participants in strategic planning workshops and teleconferences held from July to November 2004 – see Annex 2, The Strategic Planners (pages 16 - 17).

Annex 1

THE CURRENT AND EMERGING BUSINESS ENVIRONMENT OF THE INDUSTRY

Overview of the Current Situation of the Industry

Industry Organisation and Performance

Avocados are grown commercially by around 1,300 growers. Key production areas are north, central and south-east Queensland, northern and central New South Wales, the tri-state area (South Australia, Victoria and south western New South Wales), and Western Australia.

The industry has been undergoing significant growth for more than a decade. It is estimated that over 36,000 tonnes of avocados will be harvested in 2004-05. In Queensland, which accounts for around 70% of total Australian avocado production, the gross value of production is in the vicinity of \$45m.

Since the end of 2003, the peak industry body in Australia for avocados is Avocados Australia Limited (AAL). The predecessor organisation was the Australian Avocado Growers Federation (AAGF). AAL has a Board of Directors, a Secretariat and four standing skills-based committees. The Board of Directors sets the strategic direction for Avocados Australia Limited and the Secretariat implements that direction. AAL's Standing Committees are the Research & Development Committee, the Marketing Committee, the Varieties Committee and the Export Development Committee.

Horticulture Australia Limited (HAL) is a company owned by all the horticultural industries that have a Federal levy – this includes the avocado industry. The levies are collected for the purpose of R&D and Marketing. This includes the administration, development and promotion of these areas. Levies cannot be used for 'agripolitical' activities. Currently the avocado industry has levies set at 8 cents per tray for R&D, and 15 cents per tray for Marketing. HAL administers the levies and the projects that are funded through the levies on behalf of the industries. In 2002 – 03, the total investment of funds administered by HAL for the avocado industry was almost \$1.8m. For 2004 - 05 the total investment could exceed \$2m.

Currently there is no biosecurity plan specifically for the avocado industry, however, an across-commodity Horticulture Emergency Management provides a framework for responding to all types of emergency across the broader horticulture industry.

The avocado industry generally has a favourable community image. Whilst some regions are experiencing pressure to reduce usage of chemicals, the avocado industry does not specifically have a reputation of environmental damage or unsafe production systems.

Customers and Markets

There are more than 70 avocado varieties in Australia. The main types farmed for market are Hass, Reed, Sharwil, Fuerte, Shepard and Wurtz. Most avocados are marketed as fresh whole fruit. Avocados also have a wide variety of uses as industrialised products. Pulped avocado is used as the base for food products such as Guacamole and "Tex-Mex". Avocado oil is used for cosmetics, and more recently as an alternative to olive oil and salad dressings. Food service markets are becoming an increasingly important outlet for avocados.

Avocados are marketed in all states of Australia – direct to supermarket chains, through Central Wholesale Markets, at Farmers' Markets, to food processors and to the foodservice sector. It is estimated that over 60% of avocados are sold through supermarkets.

Previous consumer surveys show that only 30% of the Australian population eat avocados and that they expect to discard one in every four pieces of fruit they purchase because of poor internal quality. The ability to produce consistent quality fruit of the size demanded by the consumer offers considerable potential for the expansion of domestic markets.

The industry is currently working together to increase consumer knowledge and demand in Australia through

coordinated promotional campaigns, coupled with controlled increased production. Key objectives are to change the consumer image of avocados from an occasional luxury to an everyday fruit, and to increase demand for avocados in line with increasing production.

To date Australia has exported only small quantities (less than 500 tonnes per annum). The main destinations have been New Zealand, South-East Asia and the Middle East. Future export development is important as substantial growth in production is forecast. The industry has received a tariff-free quota as part of the Australia-United States Free Trade Agreement (FTA), but exports cannot occur until a quarantine protocol is agreed upon. Under the FTA, the Australian avocado industry will have a yearly quota starting off at 4000 tonnes, broken in to two periods. The quota will increase by 10% annually. In year 18 of the FTA, Australian avocados will have open access to the USA.

Competitors and the Nature of Competition

In both production and exports Australia is a very small player in the world avocado market – around 2% of world production and less than 0.2% of world exports in 2002-03.

New Zealand has marketed between 3,000 and 6,000 tonnes of avocados in Australia in recent years. . Australia is by far New Zealand's major avocado export market. New Zealand's avocado production could rise to over 40,000 tonnes by 2012. Production in 2002-03 was said to be 14,000 tonnes.

Reports from the USA point to possible changes in market share and prices in the USA that could have spin-off effects for the Californian industry, other suppliers to USA, and in other export markets. The catalyst for the concern is a USDA-APHIS pest-risk analysis declaring that Mexican Hass avocados pose no threat to the US agriculture sector. Greater competition in the USA market from Mexican fruit is claimed to pose a threat to producers in California, Chile and New Zealand.

The South African avocado industry has expressed interest in exporting to the USA during the June to September period. Disinfestation research is said to be underway.

Due to the relatively long lead time from planting to commercial production (7+ years, growers entering the avocado industry must have access to significant amounts of funds for orchard establishment and for initial living and working expenses. Farmers in struggling industries (e.g. sugar cane, tobacco) are, however, constantly on the lookout for profitable alternatives.

Australian avocados are positioning into a number of niche 'health and well-being' markets in which they compete with some other fresh fruits and vegetables, cholesterol-reducing spreads, vitamin-enhanced and functional foods (including fruit juices, breakfast cereals and soft dairy products), alternative medicines, infant foods etc.

Alliances and linkages with Horticulture Australia Ltd, federal and state governments, universities, and other horticulture industry organisations are extremely important for the avocado industry. The industry currently has had good linkages with a number of research delivery organisations, the principal being the Queensland Department of Primary Industries and Fisheries.

Operating Systems

Avocado producers are price takers. Although there are several major avocado packers, the industry is dominated by smaller growers who pack their own fruit and market them through wholesalers.

Fruit quality reliability is a major challenge for the industry. The AAL Board is concerned about the industry's capability to consistently provide avocado consumers with a product of reliable quality. Dealing with the fruit quality issue is becoming more difficult as governments step away from direct control in favour of industry self-management.

*Source: Avocados Australia Ltd and Primary Business Solutions Pty Ltd. (2004),
Australian Avocado Industry Situation Analysis*

Signals of Change in the Industry's Future

Business Environment

Customers and Markets

Significant demographic changes are occurring that will affect future food consumption - these include population growth, changes in family structure, and an ageing population. Governments in the USA, UK and Australia are becoming concerned about increasing percentages of obese/overweight citizens.

Changing lifestyles and interests are creating more discerning and demanding consumers. Whilst good quality and value for money are necessary basic conditions for consumers, in affluent societies where food availability is not an issue people are increasingly showing interest in emotional, ethical, aesthetic or ecological factors when purchasing food. How food is produced and how food purchases make consumers feel is becoming an influence on food purchasing decisions.

Enabled by rapid advances in technology, a raft of new food products and ideas is entering the marketplace in response to the changing benefits that consumers are seeking. For avocados, these include fresh-cut/preserved and innovatively packaged products.

What consumers say and what they do in practice can differ. Although consumers may express positive attitudes toward the attributes and benefits associated with food products, this does not necessarily translate into purchase behaviour. Additionally, people are increasingly avoiding traditional advertising because of boredom, lack of time and a growing interest in other forms of media.

Competitors and the Nature of Competition

Globalisation is impacting on the nature of competition in Australia's food sector and changing the rules in international trade. New business strategies are emerging with a shift to relationship-based competition, including 'value-chain against value-chain' competition. Innovation is creating competitive advantage for food and beverage supply chains. Government is becoming more involved in issues relating to consumer protection, e.g. governments in developed countries are increasingly seeing a role in such areas as food labelling, product treatments (e.g. chemicals, irradiation), and in legislation relating to gene technology.

Large organisations are strongly focussing on productivity improvements through processes such as 'lean manufacturing'. These trends are occurring globally. New technologies are emerging that have the potential to revolutionise the way food is produced, who produces it, and the way business is carried out. Key trends are the application of knowledge to products to increase their value and the customisation of product offerings for niche customers. Changes occurring in the labour market will impact on recruitment and the customer-base of the food industry.

Operating Systems

Food manufacturing, distribution and retailing are becoming increasingly dominated by a relatively small number of firms, globally and locally. As a consequence, marketing channel options for avocados are declining, particularly for small to medium-sized growers who are having increasing trouble in getting onto the radar screen of the bigger buyers.

Industry Organisation and Performance

Many avocado growers are so busy with day-to-day problems that they have no time for new business projects, or to prepare for the future. As a consequence of the changes facing their members, grower organisations have started to move from a production/supply-push focus towards becoming smarter, opportunity creating, market-led, external environment-influencing businesses. This will challenge grower organisations to achieve separation of grower politics and industry management, be more professional, be more transparent, be clear as to/keep focussed on their 'core business'.

*Source: Avocados Australia Ltd and Primary Business Solutions Pty Ltd. (2004),
Australian Avocado Industry Situation Analysis*

Key Strengths, Weaknesses, Opportunities and Threats

| STRENGTHS | WEAKNESSES |
|---|---|
| <ul style="list-style-type: none"> • United industry and good communication • Good market growth and investment in promotion • Unique and healthy product • Year-round supply • Good production systems by world standards • Effective peak industry body and R&D and marketing programs • Structure • Communication • Known by growers as <ul style="list-style-type: none"> - Peak industry body - Levies | <ul style="list-style-type: none"> • Undisciplined marketing • Product quality at retail • Limited \$ to compete for consumer \$ • Lack of coordination of supply (ability to hold fruit on tree is a factor) • Major supply in winter and under-supply in summer • Inconsistent quality at retail level • Communication (two way) • Key industry information (facts) • Service providers <ul style="list-style-type: none"> - Range - Options - Integration |
| OPPORTUNITIES | THREATS |
| <ul style="list-style-type: none"> • Value adding <ul style="list-style-type: none"> - Food service - Retail • Health benefits • Export development • Increase domestic consumption • Develop new value-added products • Increase efficiency in supply chains (including production systems) • Develop relationships with <ul style="list-style-type: none"> - Government - Industry sector partners • Grower involvement • Key industry information | <ul style="list-style-type: none"> • Imported product <ul style="list-style-type: none"> - Fresh - Processed • Production/consumption imbalance • Poor quality reducing demand/uptake of value-added • Risk of over-supply • Risk of pest/disease incursions due to lowered bio-security standards • Risk of imported product from low cost producing countries • Bio-security • Lack of key industry information • Loss of corporate knowledge |

Annex 2

THE STRATEGIC PLANNERS

Board of Avocados Australia Limited (AAL):

| | | |
|------------------|------------------------|-----------------------------|
| Rod Dalton | Chairman | South Qld Growing Area |
| Henry Kwaczynski | Director and Treasurer | Sunshine Coast Growing Area |
| Lachlan Donovan | Director | Central Qld Growing Area |
| Colin Fechner | Director | Tri State Growing Area |
| Wayne Franceschi | Director | WA/NT Growing Area |
| Jim Kochi | Director | North Qld Growing Area |
| Peter Molenaar | Director | North NSW Growing Area |
| Chris Nelson | Director | Central NSW Growing Area |
| Ron Simpson | Director | Central Qld Growing Area |

Industry Strategy Groups:

| | | | |
|----------------------------------|----------------------------|--|-----------------------|
| Revenue Growth | | | |
| Rod Dalton (Chair & Coordinator) | Grower & Director | | Grantham Qld |
| Henry Kwaczynski | Grower & Director | | Woombye Qld |
| Jim Kochi | Grower & Director | | Atherton Qld |
| John Pritchard | Growcom | | Brisbane Qld |
| John Walsh | Grower | | Childers Qld |
| John Dorrian | Grower & AAL R&D Committee | | Childers Qld |
| Graham Charters | AAL Marketing Committee | | Prospect SA |
| Gary Poole | AAL Marketing Committee | | Brisbane Markets, Qld |

Production and Marketing Systems

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|-------------------------|----------------------------|--|-------------------|
| Lachlan Donovan (Chair) | Grower & Director | | Bundaberg Qld |
| John Tyas (Coordinator) | Horticulture Australia | | Brisbane Qld |
| Peter Molenaar | Grower & Director | | Mullumbimby NSW |
| Chris Nelson | Grower & Director | | Stuarts Point NSW |
| George Green | Grower | | Childers Qld |
| Robert Gray/John Dawson | One Harvest | | Brisbane Qld |
| Alan Blight | Grower & AAL R&D Committee | | Edgewater WA |
| Tony Wiley | AAL R&D Committee | | Nambour, Qld |

Industry Management

| | | | |
|------------------------------------|-------------------|--|---------------|
| Antony Allen (Chair & Coordinator) | CEO AAL | | Brisbane Qld |
| Wayne Franceschi | Grower & Director | | Pemberton, WA |
| Colin Fechner | Grower & Director | | Ramco, SA |
| Gordon Burch | Grower | | Comboyne, NSW |
| Jonathan Cutting | CEO NZAGA | | Tauranga, NZ |

Facilitator:

| | | | |
|----------------|----------------------------|--|---------------|
| Richard Coutts | Primary Business Solutions | | Brisbane, Qld |
|----------------|----------------------------|--|---------------|



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