

Low Chill Stonefruit Market Performance

Session Facilitator Andrew Young, CEO Brisbane Markets Ltd.

The following transcript is taken from recordings of the facilitated panel discussion with representatives from the following marketing companies:

1. Ross Barker, Barkers Melbourne, Melbourne Markets
2. Paul Basoum, FHG Rogers, Sydney Markets
3. Tony Carter, Montague Fresh, Brisbane Produce Market
4. Darryl Wallace, Coles Supermarkets

DISCUSSION

Q. Do you think there has been enough done regarding quality standards issues across the industry?

There has been nothing developed by the industry for the past 20 years on a National perspective yet we are debating issues that are of lesser importance such as the carton issue. Without distracting the discussion from these other issues what's your feedback from a market wholesaler's perspective.

R. From a Coles and Safeways perspective both have quality standards but there has been nothing done grower directed or from grower to the wholesalers and that is not necessarily the growers fault but I think we need to have a cultural change. I think we need to embrace each other and turn around and make it a whole of chain approach. We are not going to change things in low chill unless you take ownership of the product you put up to us and if it needs to be dumped or sent back if you have done the wrong thing then I believe that's what should happen. We go through those issues year after year there must be a culture change - we have to own the problem.

Q. How many growers (show of hands) think the product should be rejected if it does not meet adequate Brix levels?

R. The older varieties certainly don't have the Brix levels of the newer ones and therefore we as growers know we will struggle to get a Brix level of over 10°. I am not sure as to what stage/level the fruit is inedible. We only have a very small window if we take two weeks out we don't have much time.

Q. If the product is going on the market with Brix under 10° is that going to be satisfactory for consumers?

R. To give a proper answer to this question we really do need to do some more fruit assessment work on consumers, work such as Dr Heather Smyth has done. Based on overseas USA work, researchers had two high acid cultivars. These also make up major part of our industry eg. Tropic Beauty and SunWright. Based on Carlos Crisosto's work on American consumers which are similar to Australian consumers, the researchers found that once you get to a certain sugar level that level of acceptance plateaued off. Now that level is between 10 – 11% for *Elegant Lady*, the yellow peach but for the *Springbright* nectarine that occurred between 11-12%. That work which is based on high chill cultivars gives some idea of levels that may have to be acceptable (in Australia also).

We have enormous variability in the composition of fruit within a single tree and a single batch and I've measured differences of 4-8% within a batch. So if you want to settle on a single figure as being your benchmark you need to take account of your variability. So to achieve a benchmark that you choose you will have to setup an average say 9-14% in order to make sure the majority of fruit does not fall outside the benchmark.

Q. Chairperson. What do the markets think about that? (Question to Tony Carter)

R. Low Chill Stonefruit Brix levels need to be brought up at certain times but I believe it's not the Brix levels that are the paramount thing for these varieties, it's the maturity and how we store it and pick it off the tree. We should not go under the chill zone. I believe we store it in the 10 – 15°C area and we should let it develop aromas and eating flavours and allow the ripening process to come through.

That's what I've found over the years, the Brix is important and variety and sugar to acid ratio but fundamentally we've requested the orchards we deal with store the product under 10°C and when it comes into our operation we keep the fruit in the 10-12°C area and requested any retailer or supermarket to try and hold the fruit in 12-15°C region. There is a slow flow on affect of ripening through the supply chain so by the time it is in the retail store it may be anything between 15-25°C. It's a very crude way it is done but I've seen very good results with very little low chill fruit under the lower Brix level (10°).

Q. I've heard this discussion over the last 20 years too many times. Until you have established what your standards are and it has to be developed by the market and there is no compromise to the market. The grower has to grow and pack to that standard.

Accordingly, they must be paid a premium for that effort. There is no incentive to do the job properly (getting 10°+ Brix levels). They continue to get away with putting inferior quality on the market so the standards need to be set and the market needs to determine that and then stick to it.

R. I do believe you are paid a premium because No 1 quality fruit is sold on the day the fruit arrives. I believe Coles and Safeway would not take any fruit below a certain Brix level and they would not take any early varieties. As soon as they started taking fruit the markets picked up and it kicked them along. So you have a market that takes 20-25% of the stored fruit and it helps with pricing so you need to achieve those Brix levels to achieve those prices and I see nothing wrong or illogical to argue against that.

Q. Last year Coles and Woollies said they would only take certain types of fruit whether it eats well or not.

R. No, that's not true. I think we need to set a standard a minimum standard we don't want just any fruit coming onto the market. Our consumers in Sydney demand a high quality product. We find product that comes to the market that is beyond or well above those minimum specifications you get not just a small improvement in price but a huge marginal increase return to that grower because of that standard they have set themselves I think a minimum standard has to be set so that growers can use that parameter to improve their own quality for their future improvement. Most importantly from the presentations given by Andrew, Phillip, Suzie, Heather and Bruce Topp on quality issues that's what it boils down to. Look what consumers demand of the supply chain. You need to ask yourselves "To achieve that standard and goal you need to focus on the consumer". "What do I have to do ultimately to achieve success with the consumer?"

That is, getting the consumer to have that confidence in your product and you guys are the ones able to produce a high value product. If you can do that you will have success in the market place. If you produce a product below standard you're only as good as your last cheque – and you make your own destiny and you make your choice. You people in the low chill industry are setting a standard for early stonefruit from September/October through to April when the stonefruit season's finished. If you get your act together right in terms of minimum quality standards it will have long term ramifications on low and high chill fruit all the way through.

Q. Darryl, from the retail perspective, where have you seen the low chill sector in the last few years. I've come to the conference for the next couple of days primarily for a couple of reasons.

R. In September/October and early November Coles has a smaller market share for stonefruit category than it does in the January-March period in which we dominate the market after Christmas.

So I'm here to see if we should lower our specifications because most of the product in the low chill area we just can't accept it into Coles. We have market dominance in a number of fruit products not in low chill stonefruit. It's been suggested to me that we need to lower our sugar or Brix specifications for low chill stonefruit. What we will need to do is create a low chill stonefruit set of specifications that will be quite different from the high chill varieties which is what we propose to do. We are short of stocks in September/October but we prefer to take grapes. We will take apricots but we will not take peaches and nectarines from this region if they don't have adequate sugars.

Q. Is there anything we can do to inform every grower how to manage the ripening process of our fruit? I tell so many people not to try to ripen fruit in the refrigerator. It seems to me you have people who buy the fruit irrespective of the ripeness or softness and they pack it in the refrigerator and all they are doing is destroying the quality of the fruit every time you are putting it back into the sun.

There is a new generation of consumers coming along so the promotions we did 5 years ago are no longer relevant as there is new generation of consumers.

R. I believe that this has been answered before by SAL (Summerfruit Aust Ltd) with supermarkets. I agree you are right. There is still education to be done but low chill stonefruit is not getting enough coverage and usage of SAL (levy) money. How do we get that across to consumers that they are ruining the product as far as promotion and marketing is concerned?

Q. I would like to look at comments being made here and make a comment. Everyone is looking at quality but is there enough emphasis being placed at the farm level in growing the crop or is it all being focused on the marketing end. Have you as an industry developed a system of total supply chain that you can take on farm right through the whole chain to the markets? We proposed various things but nobody's really taken them on to do with that system so is the time right for that to happen in this industry? It is small enough as an industry to do something spectacular?

R. Could I make a suggestion? The same problem comes up year after year and basically everyone knows one of our biggest problems is sugar level. The reason it is still a problem 20 years down the track is it is difficult to get everyone in one attempt to do Brix levels and having the Brix levels all very high. Perhaps if you introduced a

system of monitoring Brix levels, then monitoring with each season. So perhaps in the first season you take out obscenely green fruit such as observed in the back of that truck going to the markets then every grower will have a culture checking Brix levels. Every grower will know things they are to do to enhance Brix levels and things that detract from high Brix levels could be management and also varieties. Instead of setting it very low as shown in the example by changing varieties and management we can lift the whole average Brix levels. It is difficult to implement it all in one go.

Q. We need to wind it up so summarising the main issues. We can't go on year in year out doing the same thing. It's not the market it's your issue. Consumers are telling you the same thing. They want your sector of the industry to respond to this particular issue.

R. I think we spend too much money on consumer research. At the end of the day every single person in this room is a consumer. You eat peaches and nectarines every day. You don't need someone to come and tell you what you should eat or can't eat. Setting up a research project for \$70,000 to set a bar is a waste of money. You need to go back to basics. The issues are that individual grower's need to improve their own Brix levels of their stonefruit. That's all the consumer wants you to do to produce a better piece of fruit and we will all make some money because at present we are all going downhill because we are not producing what we know the consumer wants and we do know what they want. They want to go into Coles or a retail fruiterer and pick up a good piece of fruit they can eat.

You need to use that money from your levy to promote stonefruit in November when you have fruit on the market not like last year in January when your season was all over and there was a downturn in the industry dollars and cents – why? - because we did not promote when we should have.

R. We're here shooting ourselves in the foot. It seems to me that every year we criticise ourselves. Low chill was very good this year. Supermarkets were buying it for \$7/kg. How much of the low chill product is unfit for sale. Consumer preferences and buying patterns have changed. We seem to be getting a little negative here.

We are not saying all the fruit is bad. There is 80% satisfaction 20% dissatisfaction. Whatever it is we need to do better. There is much more we can do as an industry to match what consumers want. There is product that is making the grade but in terms of the percentage that is not, there is still a significant portion that is causing concern.

In conclusion (*Andrew Young*) - the significant messages that have come out today:

We need product specifications standards for your sector of the industry. Although it costs your sector of the industry and the whole industry. Good quality will always demand top market price.

Issues raised by our speakers in relation to what consumers want and best varieties suited to the industry.

Issues relating to wholesalers and feedback to the industry communications etc. - maintaining quality communications with growers as to how your product quality is performing in the marketplace.

Whether you are picking harvesting at the correct time as well as handling packing and sugar levels of fruit are good.

Thank you for your input.