Summerfruit
NEW ZEALAND

Sensational Summerfruit

A bold plan for growth

The programme plan

Sensational Summerfruit

The programme plan

The 2016 NZIER report told us that to achieve growth the summerfruit industry needs to do things significantly different – a paradigm shift. Achieving this will challenge the industry's current practices on every level. *Sensational Summerfruit: A bold plan for growth* has been developed to meet these challenges.

The programme plan formed the heart of the application to MPI for a Primary Growth Partnership (PGP) grant.

The programme will cover seven years and all five summerfruit.

The growth will be based on the following five major initiatives.

1. **The consumer**
   – delivering to the consumer healthy, flavourful fruit with quality, freshness and New Zealand provenance.
2. **New markets**
   – new markets need to be opened up, including online retail models, based on New Zealand's competitive advantage of quality fruit.
3. **Velocity through the supply chain**
   – providing fruit to market faster, in fresher condition and in consumer-ready packs.
4. **High performance orchards**
   – providing greater volumes of quality fruit with efficiency and greater profitability.
5. **A stronger industry**
   – characterised by innovation, scale and greater profitability.

The above initiatives are delivered through five projects with strong linkages and interdependencies.

Project 1 Understanding consumers

The competitive future for New Zealand summerfruit is differentiating for high value. This project will develop a sophisticated understanding of what creates high value for consumers of fresh fruit in target Asian and New Zealand markets in order to be able to provide the fruit the consumer wants.

Cultural variations within countries, new shopping channels and a focus on health and nutrition all require detailed investigation. With investigation comes the ability to grow our exports and fine-tune those sales within each market. This potential, both in New Zealand and the international market, will allow all five summerfruit crops to develop significant and sustainable growth.

Industry funded Nielsen consumer surveys indicate genuine potential for growth within New Zealand. Households without children and seniors are particularly strong demographic groups who are drawn to healthy, flavourful summerfruit. Our understanding of cultural demographics within New Zealand is yet to be explored.

Objective

The objective of this project is to move marketing of New Zealand summerfruit from broad spectrum to target audiences.

Activities

The suite of activities below will identify how to differentiate our fruit to deliver high value long term.

Activity 1.1 Demographics

In this activity we will use consumer research studies in New Zealand and target Asian countries, both current and proposed new ones, to carry out analysis into the purchasing preferences and habits of consumers. We will identify demographics by:

- age
- culture
- market segment
- health/nutritional values.

This activity will be closely aligned with activity 2.1 which will identify opportunities in current markets and potential new markets. It will initially be across all summerfruit, although there may be subsequent focus depending on results. The consumer and market information from this activity will feed into activity 4.2 and enable better targeting of attributes in new cultivars.

New Zealand's love affair with summerfruit is still strong. With continual improvement, that loyalty and commitment from consumers will only grow and grow.

NZ Market reporter, Summerfruit NZ

Activity 1.2 New market segments

As results become available from activity 1.1, we will identify key high return market segments that may be outside current target markets. New Zealand and target Asian countries, both current and proposed new ones, will be researched. The aim is to move marketing of New Zealand summerfruit from broad spectrum to target audiences. For instance, there is potential for a market segment specific to health/nutritional benefits to exploit attributes such as the high levels of anthocyanins found in Central Otago cherries.[1]

Activity 1.3 Fruit acceptance

The right varieties for the right markets is key. We will determine the consumer acceptance and weighting of sensory, visual, cosmetic and fruit size attributes in the new market segments identified. We will also investigate attitudes to the health/nutritional benefits of summerfruit.

This activity will initially focus on consumer trials of apricots and nectarines/peaches in new markets. This activity will closely align with the development of new varieties in project 4.

[1] *Otago University study*

Activity 1.4 Purchasing channels

This activity will investigate emerging purchasing channels and the impact or opportunities they create compared to current channels. There is a particular opportunity to investigate online sales models. This will also require close interaction with the activities in project 3 Innovative packaging, packing and transport systems.

Activity 1.5 Packaging requirements

This activity will identify packaging and presentation requirements specific to the consumers and market segments identified in the other activities. Transformation of packing practices to meet retail ready, one-touch packaging for delivery to target segments warrants investigation. Furthermore, the industry is conscious of the need to understand better and meet the requirements among consumers for ecological packaging. Delivering these requirements will require close interaction with the packaging activities in project 3.

Activity 1.6 Investigate the potential for development of nutraceutical-based products

This activity will investigate the nutraceutical composition of summerfruit that are closely aligned with consumer requirements. Product development will be undertaken as appropriate and trials in model systems will be assessed for feasibility.

A deep understanding of these attributes will also enable targeted promotion of fresh summerfruit to health-conscious consumers.

The activities outlined above are interactive and iterative for the duration of the PGP and interact strongly. Stop/go points are noted where relevant in the programme work plan. Stop/go points are used where an activity has been carried out and information obtained, and a decision needs to be made about direction and the use of significant resources, eg for an industry trial.

A re-estimate point has also been built into projects 1 and 2 after three years so that the projected export volumes and values can be re-forecast, and modified outcomes developed as appropriate as more information is known.

Outputs

- In-depth consumer analysis for the five summerfruit in a wider range of markets.
- Priority list of markets/summerfruit in Asia.
- New market segments and their attributes for specific countries.
- Information to determine how to focus on health/nutritional benefits.
- Greater understanding of consumers in New Zealand.
- Nutraceutical potential of high ranking summerfruit.

Timelines and budget

Project 1 Understanding consumers

Activities	Milestones	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
1.1	**Demographics**							
1.1.1	Consumer studies in NZ market	✓	✓	✓		✓		✓
1.1.2	Consumer studies in current export markets		✓	✓	✓		✓	
1.1.3	Consumer studies in new export markets		✓	✓	✓		✓	
1.2	**New market segments**							
1.3.1	Investigate new high return markets in NZ		✓	✓	✓			
1.3.2	Investigate new high return markets in current export markets		✓	✓	✓			
1.3.3	Investigate new high return markets in new export markets		✓	✓	✓		✓	
1.3	**Fruit acceptance**							
1.2.1	Consumer trials with fruit in NZ		✓	✓	✓			
1.2.2	Consumer trials with apricots in four countries			✓	✓	✓		
1.2.3	Consumer trials with peaches and nectarines in three countries			✓	✓	✓		
1.4	**Purchasing channels**							
1.4.1	Assessment of new purchasing channels in NZ		✓	✓	✓			
1.4.2	Assessment of new purchasing channels in export markets		✓	✓	✓	✓	✓	
1.4.3	Trialling new channels in two markets with two summerfruit types				✓	✓	✓	✓
1.4.4	Adoption of industry-wide direct to consumer sales				✓	✓	✓	✓
1.5	**Packaging requirements**							
1.5.1	Study on consumer packaging in NZ for all summerfruit	✓	✓					
1.5.2	Packaging preferences in preferred export markets and summerfruit	✓	✓	✓		✓		✓
1.5.3	Consumer responses to new packaging in NZ		✓	✓			✓	
1.5.4	Consumer responses to new packaging in export markets		✓	✓	✓		✓	
1.6	**Nutraceutical potential**							
1.6.1	Study on nutraceutical composition relevant to consumers' health perceptions	✓	✓					
1.6.2	Trials on efficacy commenced		✓	✓				
1.6.3	Product development			✓	✓	✓		
	Budget (000)	$617	$759	$862	$352	$358	$370	$382
			Total overall budget (000)					$3,700

Project 2 New market development

This project will work closely with summerfruit exporters and with project 1 to ensure market development activities align with the information on consumers and the priority list of markets.

- It will include both the Asian and wider markets for export and the New Zealand markets. For the New Zealand market there is still substantial opportunity to increase sales and consumption with consistent focus on quality.
- There will be a focus on China as an emerging market and particularly for apricots, which will require substantial development.
- There will also be work on improving access to existing markets in Asia to ensure we are exploiting all opportunities, eg Hong Kong, Singapore, Thailand, Taiwan.
- There will be a focus on competitor analysis for a comprehensive and long-term understanding of how competitors are responding to New Zealand products and the implications for the industry.

Objective

To ensure market development activities align with long-term market demand.

Asia is expected to grow by around 5.5% this year, accounting for nearly two-thirds of global growth, and the region remains the world's most dynamic by a considerable margin.

Regional Economic Outlook: Asia Pacific, IMF, May 2018

Activities

Activity 2.1 Market requirements and conditions

In this activity we will analyse market requirements and conditions for:

- current markets and access to ensure we are exploiting all opportunities in high value markets, eg Hong Kong, Singapore, Thailand, Taiwan
- potential new markets such as apricots for China, which will require substantial development.

New market opportunities that are identified will be prioritised for development.

Activity 2.2 Competitor analysis

Competition for New Zealand cherry exports has largely been from Tasmania and Chile. New Zealand's focus on quality has enabled it to maintain a leading role to date. It is essential to avoid commoditising the product as volumes build. Focus on quality is New Zealand's defining position worldwide in the face of larger competitors.

In this activity we will develop a full understanding of competitors, including their production systems, in the identified countries, markets and fruits. This is with a view to developing strategies to maintain New Zealand's leading position. For instance, the Chinese New Year festival is a significant market for New Zealand in terms of market pull and value, and being able to sustainably meet this market with high value product is key.

Activity 2.3 Strategies for new markets

In this activity we will identify strategies for new markets, both in Asia and New Zealand. We will identify opportunities to exploit unsupplied or underdeveloped markets.

The strategies will take into account factors such as:

- emerging market channels
- new post-harvest technologies.

For the New Zealand market, there is still substantial opportunity to increase sales with consistent reliable quality and continued development of relationships with retailers/supermarkets.

Activity 2.4 Opening new markets

An important part of this proposal is opening new markets, ie new countries as well as new target markets in existing countries. It has been a benefit to the industry to have a successful free trade agreement in place and the reduction in tariff for Korea.

The industry has a strong history around market access activity. We will prioritise the opening of new markets for specific fruits. This will be informed by the time frames for access. We will work closely with government departments such as MPI and MFAT to develop the industry data to support market access prioritisation. A focus of this activity is the market trials that will be carried out. Some of these will involve new varieties developed in project 4.

All market activities will be carried out in close cooperation with exporters and the SEC.

Activity 2.5 Traceability systems

We will develop systems to prove the origin and traceability of the products, because the New Zealand provenance of the fruit, its quality and environmental sustainability, is important. We will identify general requirements for traceability in the major markets, and any specific requirements for promoting the provenance to consumers. New systems will be trialled in industry.

Activity 2.6 Emerging market channels

In this activity we will respond to changing requirements of emerging marketing channels, eg online sales direct to consumers. This is a significant activity that will occur over multiple years. Initially the focus will be on cherries but will extend to the other fruit also. This activity will be closely aligned with activities in project 1, relating to understanding consumer behaviour, attitudes to packaging and purchasing channels and project 3, the delivery of packaging that meets the requirements of the market channel.

The activities outlined above are interactive and iterative for the duration of the PGP and interact strongly. Stop/go points are noted where relevant in the programme work plan. Stop/go points are used where an activity has been carried out and information obtained, and a decision needs to be made about direction and the use of significant resources, eg for an industry trial.

A re-estimate point has also been built into projects 1 and 2 after three years so that the projected export volumes and values can be re-forecast, and modified outcomes developed as appropriate as more information is known.

Outputs

- List of target markets for specific fruits along with plans for exploiting these markets.
- Market penetration is achieved in these target markets.
- New Zealand market further developed.
- Market development occurs.
- Traceability enables market development.
- Emerging market channels are well understood and used.
- New sales models.
- Analysis of competitors' value propositions in selected markets.
- New differentiated markets opened.

Timelines and budget

Project 2 New market development

Activities	Milestones	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
2.1	**Market requirements and conditions**							
2.1.1	Review current markets for further opportunities	✓	✓					
2.1.2	Identify potential new markets		✓	✓				
2.1.3	Prioritise new markets		✓	✓				
2.2	**Competitor analysis**							
2.2.1	Identification of competitors in priority markets and fruits for analysis	✓	✓					
2.2.2	Full competitor analysis and production systems	✓	✓					
2.3	**Strategies for new markets**							
2.3.1	Strategies for NZ markets/fruits		✓	✓				
2.3.2	Strategies for export markets/fruits		✓	✓				
2.4	**Opening new markets**							
2.4.1	Market access issues identified	✓	✓					
2.4.2	Market trials			✓	✓	✓	✓	
2.5	**Traceability systems**							
2.5.1	Identify requirements for traceability		✓					
2.5.2	Trial new systems			✓	✓			
2.6	**Emerging market channels**							
2.6.1	Assess potential and requirements of new market channels	✓	✓					
2.6.2	Develop industry plan for new market channels		✓	✓	✓			
2.6.3	Industry trials			✓	✓		✓	✓
	Budget (000)	$248	$222	$111	$112	$114	$118	$125
			Total overall budget (000)					$1,050

Project 3 Innovative packaging, packing, transport solutions

This project will look across the supply chain and create the options needed for transporting the fruit to the target markets and market segments. It will push current understanding of packaging, packing and freight logistics well beyond current thinking. The focus on innovation and investment in these areas will project the industry ahead of our competitors.

- Large volumes of fruit will need to be moved from the tree to the consumer with velocity, mostly by air freight, and in such a way that fruit is of unrelenting and unquestioned quality.
- New market channels are likely to have significantly different requirements around how fruit is received. Alongside this, modern consumers no longer want wasteful unsustainable packaging. Traditional packaging will not meet the criteria.
- One-touch packing systems that minimise the handling of delicate fruit between packhouse and consumer and protects fruit quality are needed. The logistics of implementing such systems will need to be investigated.
- Competition for freight space out of New Zealand is considerable, furthermore freight space is charged on volume not weight. Therefore, packaging that can maximise the space within cartons while retaining freshness of the products is essential to maximise limited freight space.

This future state requires substantial innovation in the packaging, packing and transport systems. However, notwithstanding this, sea freight will also be important as greater volumes are produced.

This project will be embedded in the industry. The programme partners will be central to achieving this project. Industry trials are a key part.

Objective

To ensure that fruit can be moved from the tree to the consumer with:

- velocity by air freight and in such a way that fruit is of unrelenting and unquestioned quality
- maximum efficiency
- the consumers' needs in mind.

Activities

Activity 3.1 Transport and logistics systems

In this activity we will analyse current industry practices and develop an understanding of the future options for best use of air and sea freight to handle projected increases in crop volume, to the highest quality and to a range of countries. Industry trials will be carried out to optimise new systems.

Activity 3.2 Innovative packaging

In this activity we will access the knowledge generated from wider consumer studies in activity 1.5 and carry out design and trial studies on:

- innovative packaging for direct to consumer marketing
- reduction of wasted space to maximise available freight options
- sustainable packaging.

New packaging will be designed, in tandem with the work in activity 3.3 below. Large scale industry trials will be carried out in cooperation with programme partners.

Activity 3.3 Innovative packing systems

In this activity we will focus on analysing the requirements and the development of innovative handling and packaging technologies. The following will need to be considered.

- New high performance orchards have trees that are smaller and in configurations that are more amenable to robotics, thus speeding up orchard activities. This will change the dynamics between orchard and packhouse.
- Robotic systems in packhouses. The pressures of greater fruit volumes and labour pressure make robotic systems more economically feasible. New systems will be designed, and industry trials carried out.
- The viability of one-touch packing systems designed specifically to minimise handling of the fruit in the market and promote quality will be investigated.

Activity 3.4 In market logistics systems

The investment in activity 3.3 will need a corresponding investment into the logistics in our key markets. In this work we will develop an understanding of internal systems and limitations within markets for prioritised markets and fruits. The emergence of new market channels is changing the way fruit is handled and how it reaches the consumer. In particular, the shift from shopping at the traditional wet markets to online shopping, is a major shift in Asia. Rapid and direct delivery of fresh fruit to the consumer within hours of ordering, puts new demands on those supplying these markets. Having a clear understanding of the implications of these changes in the supply chains will be essential for all exporters.

In market analysis of priority markets will be conducted. New systems will be designed, and industry trials carried out. Exporters, packhouses and freight forwarders will be involved in the trials and analysis.

The activities outlined above are interactive and iterative for the duration of the PGP and interact strongly. Stop/go points are noted where relevant in the programme work plan. Stop/go points are used where an activity has been carried out and information obtained, and a decision needs to be made about direction and the use of significant resources, eg for an industry trial.

Outputs

- Leading innovations in transport, packaging and packing.
- Investment into development of sustainable packaging that maximises freight space.
- Industry adoption trials and practices.
- Smart consumer ready packaging developed.
- Key information on changes in supply chain logistics shared.
- Direct delivery of high volumes of high quality fruit delivered to new markets and consumers with velocity.

Timelines and budget

Project 3 Innovative packaging, packing, transport solutions

Activities	Milestones	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
3.1	**Transport and logistics systems**							
3.1.1	Current industry practices and gap analysis	✓	✓					
3.1.2	Option analysis for logistics to range of countries		✓	✓				
3.1.3	Trials for optimising new systems			✓	✓	✓	✓	✓
3.2	**Innovative packaging**							
3.2.1	Study of consumer requirements	✓	✓					
3.2.2	New systems design		✓	✓				
3.2.3	Industry trials			✓	✓	✓	✓	✓
3.3	**Innovative packing systems**							
3.3.1	Current industry practices and gap analysis	✓	✓					
3.3.2	New systems design		✓	✓				
3.3.3	Industry trials			✓	✓	✓	✓	✓
3.4	**In market logistics systems**							
3.4.1	Study of in market systems for prioritised markets and fruits	✓	✓	✓				
3.4.2	New systems design		✓	✓				
3.4.3	Industry trials			✓	✓	✓	✓	✓
	Budget (000)	$255	$322	$473	$649	$585	$598	$617
			Total overall budget (000)					$3,500

Note: Due to rounding, these numbers may not add up precisely to the total provided.

Germany:
'Younger generation prefers ecological packaging'

Today sustainability, a rural appeal and of course appearance are the most important requirements in the food sector. This does not only apply to the products, but also to their packaging.

Landpack GmbH

Project 4 High performance orchards and improved genetic material

This project will investigate and optimise the practices needed to produce consistent, high yields and quality. Plant selections that were developed under a former Plant & Food Research/Summerfruit NZ joint breeding programme, will now be commercially evaluated. Consequently, there is a close inter-relationship between project 4 and projects 1-3.

Objective

To provide:

- proven practices to maximise fruit yields and land use
- production of fruit with consistent quality irrespective of distance to market
- environmentally sustainable production systems that maximise water use and minimise reliance on agrichemicals
- successful varieties for commercial production.

What we're trying to do is convert a Morris Minor to something close to a Beemer or Ferrari.

Stuart Tustin, Plant & Food Research

Activities

Activity 4.1 High performance growing systems

The activity will develop high performance growing systems to result in a paradigm shift in maximising consistent yields and quality. These changes will be widespread and will result in significant changes in the way the industry operates.

There will be a change of production techniques on all fruit types (not just cherries), throughout the country.

High performance growing systems have significant economic benefit and provide for:

- more uniform light penetration to the fruit
- rapid pruning and tree management
- improved pollination
- more consistent ripening
- improved pest and disease management
- significant improvement in crop forecasting techniques
- feasibility of strip picking
- the groundwork for future robotic harvesting options.

The improved harvesting options will manage future situations where harvest labour may be constrained. The systems will also be designed to help combat the impacts of inclement weather which have previously constrained production and given rise to undesirable year to year variations on fruit quality.

Activity 4.2 Bringing forward genetic material

New varieties underpin growth of New Zealand's most successful fruit sectors, eg kiwifruit, pipfruit. They actively pursue sustainable profits from the new cultivars.

In this PGP, a number of plant selections of apricots, plums, peaches and nectarines, are now available for full commercial evaluation and development as appropriate. An agreement was developed between Summerfruit NZ and Plant & Food Research to license and commercialise selections arising from the former breeding programme for the benefit of the New Zealand industry.[2] Apricot Co, a grower-owned cooperative, will be the vehicle for commercialisation of the selections.

[2] *Summerfruit Evaluation and Commercial Development Agreement. Signed 2017*

The features of this commercial model are:

- Plant & Food Research owns the PVR and will collect the royalty from growers
- Summerfruit NZ will receive 50% royalties (after collection of administration costs)
- Apricot Co will manage the development and release of the plant material
- IP is retained and protected for New Zealand.

Apricot Co is in the final stages of development. Legal agreements confirming the supply of the cultivars to Apricot Co are in development. The activities of Apricot Co, while outside of this PGP proposal, underpin the programme.

This activity will focus on:

- bringing forward new genetic material to better meet market requirements, eg apricots and red flesh nectarines, peaches and plums. A number of flavourful apricot varieties specifically targeted at the Asian markets, will be evaluated in 2019.
- assessing the characteristics of those varieties selected for commercial release, eg low chill varieties that could be grown in a wider range of regions in New Zealand
- identifying the further product development closely linked to storage and handling.

Activity 4.3 Sustainable control of pests and diseases

This activity delivers on the ongoing process to develop systems for sustainable control of damaging pests and diseases. Sensitivity to agrichemical use by today's consumers and demands for increases in sustainable practices continue to increase year on year. Earlier investment in SummerGreen, the industry Integrated Pest Management programme, has underpinned an existing proactive approach to reduction of agrichemical use. However, the industry needs to stay abreast of changing technologies in pest management.

The integrity of the product has always been paramount. However, it is recognised that consumers are increasing their demands for sustainability in this area. Due to the high level of exposure by social media there are greater costs if the industry fails to meet these demands.

The activity covers the following:

- a systems approach to efficient control through better knowledge and management of:
  - pest biology
  - environmental factors
  - tree management
  - disease prediction models
- pursuit of new benign and soft compounds while reducing reliance wherever possible on agrichemicals.

Note: Summerfruit NZ is one of the 30 industry groups that sit under Horticulture NZ, a partner organisation in the Future Crop Protection PGP. There is no doubling up of the work above and any work in the latter PGP.

Activity 4.4 Consistent fruit set

In this activity we will focus on the management of fruit set factors including pollination to maximise consistent production. Consistent reliable pollination is essential if the projected increase in volumes are to occur. Recent research into alternative pollinators highlights the potential for a shift away from a reliance on honey bees. Combined with the requirements of the new high performance production systems, novel pollination systems may be developed. These will maximise consistent fruit set and crop load levels.

The activities outlined above are interactive and iterative for the duration of the PGP and interact strongly. Stop/go points are noted where relevant in the programme work plan. Stop/go points are used where an activity has been carried out and information obtained, and a decision needs to be made about direction and the use of significant resources, eg for an industry trial.

Outputs

- Development and marketing of new varieties delivering consistent consumer appeal.
- High performance production systems.
- Development of production models and analysis tools that generate production efficiencies, consistency and yields.
- Increased returns per hectare.
- Consistent and reliable fruit set.
- Increased hectares planted and new plantings using new systems = increased volumes within five years.
- Reduced agrichemical use or alternatives identified.

Timelines and budget

Project 4 High performance orchards and improved genetic material

Activities	Milestones	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
4.1	**High performance growing systems**							
4.1.1	Production prediction models developed	✓	✓					
4.1.2	High performance growing systems developed		✓	✓	✓	✓	✓	✓
4.1.3	Advisory expert support		✓	✓	✓	✓	✓	✓
4.2	**Bringing forward genetic material**							
4.2.1	Evaluation of advanced selections	✓	✓	✓	✓	✓	✓	✓
4.2.2	Commercialisation potential identified	✓	✓	✓	✓	✓	✓	✓
4.2.3	Tree health and form evaluated	✓	✓	✓	✓	✓	✓	✓
4.2.4	Consumer sensory evaluation	✓	✓	✓	✓	✓	✓	✓
4.3	**Sustainable control of pests and diseases**							
4.3.1	Improved knowledge		✓	✓	✓	✓		
4.3.2	Improved efficiency		✓	✓	✓	✓		
4.3.3	Reduced reliance on agrichemicals		✓	✓	✓	✓		
4.3.4	Inoculum quantification				✓	✓	✓	✓
4.3.5	Disease and prediction models			✓	✓	✓	✓	✓
4.3.6	Phytosanitary risks		✓	✓	✓	✓	✓	✓
4.3.7	Post harvest control	✓	✓	✓	✓	✓	✓	✓
4.3.8	Benchmarking agrichemical use	✓	✓	✓	✓	✓	✓	✓
4.4	**Consistent fruit set**							
4.4.1	Honeybee performance	✓	✓	✓	✓	✓	✓	✓
4.4.2	Hive optimisation	✓	✓	✓	✓	✓	✓	✓
4.4.3	New pollinators	✓	✓	✓	✓	✓	✓	✓
	Budget (000)	$590	$647	$660	$805	$955	$988	$1,021
			Total overall budget (000)					$5,667

Note: Due to rounding, these numbers may not add up precisely to the total provided.

Project 5 Industry development

Value is created all along the supply chain, from innovation in market access, on orchard production systems, transferable technologies and improved genetic material – innovation can come from all of these. Achieving the target of moving fruit with velocity will challenge the industry's current practices on every level. The industry will develop industry models and systems which collect and share data, insights and benchmarking. They will use effective extension programmes to enable rapid uptake of innovation to increase by almost threefold its value by 2035, compared to BAU.

This project: Industry development, underpins all of the other projects.

This project will:

- improve the quality of information utilised in strategic decisions
- take into account the varying lead times, pricing parameters, and sequencing needs of all five summerfruit crops
- build industry awareness, understanding, and commitment necessary for effective implementation of the strategy
- decrease the uncertainty surrounding such decisions by allowing for interactive learning between stakeholders
- improve the quality of the strategic analysis and choices by involving those people closest to the situation.

Objective

To ensure the industry is equipped with models and practices to meet the challenge to increase by almost threefold its value by 2035, compared to BAU.

If you fail to plan, you are planning to fail.

Benjamin Franklin

Activities

Activity 5.1 Information management

In this activity we will develop innovative systems to collect and provide rapid, up-to-date information to growers and all parts of the supply chain. Industry expectations are higher about how information is delivered (both consumers and growers). Consumers are mobile savvy and reliant.

We will ensure that:

- innovation is not trapped in silos
- growth is based on shared information
- there will be the development and effective implementation of tools to disseminate the outcomes of research beyond traditional communication outlets
- establish a positive social media presence to communicate with consumers, ensuring that information is accurate and maintained
- there will be development of resources and educational tools to assist in the promotion of summerfruit.

Activity 5.2 Crop forecasting and labour requirement modelling

If information is key, then being able to accurately determine the size of the annual crop is essential to market development. This is difficult in many horticultural crops however the move to high performance systems greatly improves the ability to forecast the annual crop and potentially beyond that.

Accurate information on crop volumes will also enable the industry to better manage its labour requirements. This is important as access to labour is becoming more difficult. Current pressures are expected to increase as the industry and other sectors (kiwifruit, pipfruit, wine), also increase in size and require more harvest staff. Government is understandably unsympathetic to requests for bringing in more people under the Recognised Seasonal Employment (RSE) scheme, when the industry has failed to plan for such growth.

Improved crop forecasting will also enable more reliable investment in infrastructure such as new packhouses.

In this activity we will develop systems for reliable crop forecasting. The industry has not previously developed crop forecasting. It is anticipated that the new high performance planting systems will be more amenable to imaging technology. Industry trials will be carried out.

There will be:

- new models and systems for orchard imaging
- new models of crop forecasting
- crop forecasting achieved to within 10% of final outputs
- more effective planning across the industry for crop management including labour needs.

Activity 5.3 Benchmarking

In this activity we will develop interactive systems to enable growers to benchmark and compare performance. By this the industry will build on the top 10% of current practice and leave old systems behind.

Collective use of data will lead to the upskilling of growers:

- new skills along the entire chain
- labour and employment opportunities (attracting the right people, keeping them)
- improved training/tech transfer
- the consumer – establishing a relationship
- regional development and sustainability.

Benchmarking creates pockets of commitment around particular innovation processes. In some situations, some industry participants may wish to take higher risks (with consequent higher returns, relative to others, if successful). It is important to ensure that there is a facility to create these 'clubs of interest' through Summerfruit NZ.

Activity 5.4 New investment

In this activity we will prepare financial production models to encourage new investment. The models will cover land and orchard costs, capex and packhouse costs, and labour related costs such as accommodation for seasonal labour. The models will be actively disseminated throughout the industry.

New production can come from anywhere in New Zealand, but particular focus will be on Hawkes Bay and Central Otago.

Activity 5.5 New technology uptake

Increased uptake rates of new technology are critical to meeting targets. A better understanding of how technology is used by industry participants, and how they go about adopting technology, is crucial for industry success. For instance, it is essential to ensure that new varieties are picked up and are quickly in production. New skills will be required for the widespread adoption of high performance planting systems.

The purpose of the approach is to:

- be proactive about prompting innovative action
- demonstrate where innovation is successful (from whatever part of the marketing chain)
- disseminate successful innovation as fast as practicable
- provide the information to industry in multiple formats to improve implementation and rapid uptake.

The activities outlined above are interactive and iterative for the duration of the PGP and interact strongly. Stop/go points are noted where relevant in the programme work plan. Stop/go points are used where an activity has been carried out and information obtained, and a decision needs to be made about direction and the use of significant resources, eg for an industry trial.

Outputs

- Information will be available to those who need it, when they need it, how they need it.
- Best practice guidelines developed across the supply chain.
- New interactive industry systems for data management and benchmarking.
- Innovative and informed industry.
- Increased returns for grower, packer and exporter.

Timelines and budget

Project 5 Industry development

Activities	Milestones	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
5.1	**Information management**							
5.1.1	Assess/survey information needs in industry	✓	✓					
5.1.2	Design and trial new IT tools and systems		✓	✓	✓	✓		
5.1.3	Design generic promotional material			✓	✓	✓		
5.2	**Crop forecasting and labour requirement modelling**							
5.2.1	Review current systems	✓	✓					
5.2.2	Design new options for current and high performance systems		✓	✓				
5.2.3	Trial new options			✓	✓		✓	✓
5.3	**Benchmarking**							
5.3.1	Review current summerfruit systems and other crops	✓	✓					
5.3.2	Design and trial new processes and IT systems		✓	✓	✓			
5.3.3	Develop clubs of interest			✓	✓	✓	✓	✓
5.4	**New investment**							
5.4.1	Integrate impacts of all new systems		✓	✓	✓	✓		
5.4.2	Analysis of information needs for new investment			✓	✓	✓	✓	
5.4.3	Design prospectus and financial models				✓	✓	✓	
5.4.4	Develop support programme for new investment					✓	✓	✓
5.5	**New technology uptake**							
5.5.1	Review current industry adoption rates and identify gaps	✓	✓					
5.5.2	Design enhanced models for better adoption		✓	✓				
5.5.3	Trial new models for enhanced adoption			✓	✓	✓	✓	✓
	Budget (000)	$346	$381	$390	$395	$400	$409	$427
			Total overall budget (000)					$2,750

Note: Due to rounding, these numbers may not add up precisely to the total provided.

Programme budget

	Total costs (000) ex GST							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
Summerfruit NZ cash								
1 Understanding consumers	$201	$276	$281	$115	$117	$121	$125	$1,235
2 New market development	$251	$111	$113	$115	$117	$121	$125	$951
3 Innovative packaging, packing, transport solutions	$151	$276	$281	$401	$350	$362	$374	$2,195
4 High performance orchards and improved genetic material	$251	$276	$281	$344	$408	$422	$436	$2,419
5 Industry development	$151	$166	$169	$172	$175	$181	$187	$1,200
Total	**$1,006**	**$1,106**	**$1,126**	**$1,146**	**$1,166**	**$1,206**	**$1,246**	**$8,000**
Summerfruit NZ in-kind								
1 Understanding consumers	$50	$55	$70	$29	$29	$30	$31	$295
2 New market development	$63	$83	$28	$29	$29	$30	$31	$293
3 Innovative packaging, packing, transport solutions	$38	$28	$70	$100	$87	$90	$93	$507
4 High performance orchards and improved genetic material	$63	$69	$70	$86	$102	$106	$109	$605
5 Industry development	$38	$41	$42	$43	$44	$45	$47	$300
Total	**$251**	**$276**	**$281**	**$286**	**$291**	**$301**	**$311**	**$2,000**
PGP contribution								
1 Understanding consumers	$168	$184	$235	$95	$97	$100	$104	$983
2 New market development	$210	$276	$94	$95	$97	$100	$104	$977
3 Innovative packaging, packing, transport solutions	$126	$92	$235	$334	$291	$301	$311	$1,691
4 High performance orchards and improved genetic material	$210	$230	$235	$286	$340	$352	$363	$2,016
5 Industry development	$126	$138	$141	$143	$146	$151	$156	$1,000
Total	$838	$921	$938	$955	$971	$1,005	$1,038	$6,667
Overall total	**$2,095**	**$2,304**	**$2,345**	**$2,387**	**$2,429**	**$2,512**	**$2,595**	**$16,667**

Note: Due to rounding, these numbers may not add up precisely to the total provided.

PGP funding

Sensational Summerfruit **is a strategic programme that forms the basis of our application for a Primary Growth Partnership with the Ministry for Primary Industries. Our application outlines an investment of $16.6 million in the industry over seven years. That investment would be made up of $8 million of industry funding, $2 million of in-kind activities and $6.6 million of MPI funding through the PGP grant.**

Summerfruit NZ has consistently maximised grower levies by securing grants to offset the cost of many developments. These grants have enabled us to leverage levies, on average, in excess of $100,000 per year. This funding has been used for scientific and market research, market access development, harvest tools for the NZ market, to conduct grower workshops and to bring expert speakers to New Zealand. Securing these grants requires constant effort, however, the opportunities to gain funding is becoming more elusive.

A grant of this size provides surety of funding for seven years and enables us to take on long-term strategic activities that are not possible with existing income or any other grant, nor existing income.

The greater danger for most of us lies not in setting our aim too high and falling short, but in setting our aim too low, and achieving our mark.

Michelangelo

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