

To kick-off the first day of the Produce Marketing Association's (PMA) Australia-New Zealand Fresh Connections 2013 event in Sydney, two busloads were jam-packed with leading industry delegates and sent on an eight-hour tour across six destinations, ranging from local farmers' markets to multibillion dollar supermarket giants like Costco. At www.freshfruitportal.com we take insights from the backstage operations of Sydney's leading retailers and their outlook for the country's fresh produce industry.



The tour began with a visit to the Norton St Grocer, inside a multi-level high-end shopping center in Bondi Junction. Sporting a local market atmosphere, the store stocked fruit and vegetables from both local and imported suppliers.

"Our main line of imports is garlic, because it's only grown in Australia seasonally in our summer months. So we're basically importing garlic 12 months of the year," said store manager Jon Doumbos.

He said Norton St Grocer's second biggest import product was asparagus, coming from as far as Mexico, the U.S., Peru, Argentina, Italy and South Korea. Doumbos, who has been a manager for 15 years, believes that quality is the best policy.

"We are self-efficient here, but if the quality is not good enough, we will import," he added.

His store is one of many smaller retailers impacted by the rising challenge of market competition around Sydney.

"Our biggest challenge is the chains - Woolies [Woolworths] and Coles. They participate in predatory pricing," he said.

"They'll come and inspect my store six, 10 times a day with industry shoppers and if I've got strawberries for AUD\$4, they'll go AUD\$3.50.

 "But we rise to that challenge. We have excellent product, we give excellent customer service. We give our customers a variety and quality and we're very competitive on price."

The second destination was one such leading chain store Woolworths, situated in a quiet suburb of Neutral Bay and a part of 200 other chains in the state of New South Wales.

Apart from the usual impressive resume of automated stock systems and efficient storage facilities, this Woolworths is one of the few to display an array of new ideas, such as a fresh sushi stand in the produce section. A large display with the number of organic produce in the store is also implemented to market the significance of affordable organic goods.

Garth Leary, a buyer for the local chain says the number number one goal is decreasing the stock flow to one day.

"Generally our goal is to get stock in and out of the system as quick as possible, because our stock goes to a distribution centre - we don't call it a warehouse," he said.

"If we're not going to use that stock on that day, we then forecast to but the stock that day and send it to stores that day." 

This was followed by one of five produce chains called Thomas Dux ("Dux"), located in Lane Cove and owned by Woolworths. Set in a dimly-lit environment, Dux operates in a family-like manner with friendly and dedicated staff members.

Dux perishables manager Jewel Raz said the store focused on upholding high quality tasting produce. Dux holds weekly markets, offering free tastings for locals and allocates a store 'foodie', who oversees the entire floor's taste quality every week.

With half the tour completed, the buses arrived at one of 20 family-owned retail chains Harris Farm Markets in Boronia Park, where the participants were treated with a gourmet, white-tablecloth buffet lunch on behalf of the the store.

 Owner David Harris sees his chain as a "strong weekend and late trade store". As a result of little direct competition, the store's main concern is the clean-up for Monday.

"Our biggest challenge is recovering from weekend trading. Because we do very strong weekend trading, by Monday the shop is not up to scratch," he said.

"This is a family oriented area. They do a lot of big shopping on the weekend and some top up shopping during work days," added store manager Andy Sondak.

The retailer holds strong ties with the community and tries to engage the local youth by employing them after school hours and on weekends.

"We're trying to support the neighbourhood here. We're trying to get all the school kids that live around here after school to work for 3-4 hours and mostly on the weekend. That way their parents also get to shop here as well." 

The penultimate destination took participants inside the membership-based retail giant Costco, in Lidcombe, where for most of the industry representatives, the low-margin, and high-volume business model was an "eye-opener".

The store spreads across across 14,000 square meters and offers consumers virtually everything from toilet paper to diamond rings.

Targeting mostly "Mums and Dads" and then individual small businesses, assistant general manager Marcel Moodley said the ideal consumer ratio would be a 70-30 split between these two groups.

"If it was a 70-30 split, 30% would be independent wholesalers or businesses, but it varies from state to state," he said.

"We have more independent restaurants buying from us in Melbourne, because they're more established.

"Our challenge is to get a somewhat clearer direction of data relations with suppliers. If there is an opportunity we could go directly to the farm and source the product and miss the middleman, agent or co-packer, that's ideally where we want to go."

✘ He said that with a new produce team in the buyers' office, implementing such long term strategies would take some time.

"We're trying to get the biggest ones first, which are obviously your strawberry farms, which we have direct relationships with. For root vegies we have direct relationships, but with stonefruit for example we have zero relationships."

The final destination was independently owned supermarket Supabarn in Five Dock, offering an impressive variety of Australian grown fresh produce; this is emphasized across the store with signs saying ".

Daily produce stocks arrive every morning from local markets.

"We buy from the Flemington markets, where our buyers go out there every morning," said general manager Simon Cowen.

Cowen believes this type of philosophy towards fresh produce helps support local farmers and ensure good value in the store's products.

"We're trying to do the best we can to offer the best value and the best quality, which I think we'll always beat the big chains on because we don't warehouse our produce - it's straight from the markets to the store."



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