

With 87% of Australian internet users purchasing products online, and 14% of these people buying food and groceries on a regular basis, e-commerce has captured the produce industry's attention. These figures from the Nielsen Australian Online Consumer Report 2011-2012 illustrate the potential for e-commerce, as discussed at the Produce Marketing Association's (PMA) Australia-New Zealand Fresh Connections 2013 event in Sydney this week.

Nielsen Media Group research director Melanie Ingrey told conference participants that an in-depth consumer study in 2005 showed little success for the platform, but most of the limitations for online grocery shopping have been eliminated since then.

"Some people perceived online groceries to be more expensive - there were perceptions about fewer specials, lower quality fresh produce, out of stocks, poor substitutes," she said.



Aussie Farmers Direct CEO Braeden Lord.

"It was perceived to take longer to shop online and was less convenient, as well as perceptions about reduced range and some servicing errors.

She added the two categories where Australian consumers were interested in receiving proximity marketing were food service, followed by supermarkets.

"All of these different types of devices and apps are not just a source of distribution for your products, but can act as a source for discovery - so a really great marketing and communications device as well."

One online food delivery business, Aussie Farmers Direct, has been able to capture the excitement around online marketing since establishing itself in 2005. The business works directly with farmers in an effort to shorten the supply chain and deliver fresh, 100% Australian grown produce.

"We have direct connections with a whole series of farms. They produce the product, and then ship it to our DCs (distribution centers) within the major cities," the company's CEO Braeden Lord told www.freshfruitportal.com.

"Then those DCs take bulk quantities of fruit and vegetables, break it down to individual boxes which then go out in smaller vans to the consumer's front door step."

Lord says the target audience has primarily been young, urban families with children under 12 years of age.

"87% of our first contact with customers is with females. A little over 70% of those females have families, and 60% of those families have children under the age of 12," he said.

The online home delivery model poses certain challenges for the business, including breaking the habit of shoppers preferring supermarkets over shopping online.

"The biggest challenge is probably a habitual one. I've grown up going to the supermarket - that's what Mum and Dad did and that was part of the psyche and experience," Lord said.

"If we can break the habit, customers will typically stay with us."

He added the Australian industry's volatile nature imposed difficulties on delivery and supply systems.

"Because our business is 100% Australian, it has become an emerging challenge in making sure that we have 100% Australian owned produce.

"With a lot of selling off of farms here in Australia, it actually limits farmers we can become involved with."

The value-for-money equation however is still present at Aussie Farms Direct, as high customer volumes drive prices down, while consumer expectations for good value continue to be the standard.

"Our pricing does change weekly and fluctuated relative to what the market is and what's available inside the market as well.

"We know we can deliver a box of fruit and vegetables to the consumer's front step without a delivery fee and be extremely competitive."

Lord emphasizes the importance of continuous innovation within the online business, including a recent launch of an iPhone and iPad app.

"The app was developed based on convenience, and playing off that reason why customers shop with us. It needed to replace that online shopping experience that they would otherwise do on a PC," he said.

"We've got a little incubator project, which enables us to identify high volume and highly interactive customers which we utilise to test new projects and new business ideas. Taking social interaction to the next level - where we would otherwise pay a research company to do such marketing."

Click [*here to visit the Aussie Farmers Direct website.*](#)

www.freshfruitportal.com