

New Zealand produce company Turners & Growers (NZX: TUR) plans to double its already extensive global apple trade over the next six years by mainly focusing on making its brands instantly recognizable and developing 'next big thing' varieties.

The German-owned company already operates in more than 50 countries worldwide, and has set itself the goal of increasing its apple sales from roughly 10 million boxes to 20 million by 2020.

 T&G pipfruit executive general manager Darren Drury

Newly appointed pipfruit executive general manager Darren Drury told www.freshfruitportal.com the company's licensed varieties would play a huge role in achieving this success, although more common varieties could not be neglected.

"It's really about building up the right balance between our licensed varieties and what you would call the more commodity varieties, and giving our customers the selection and varietal mix they need, whether they be retailers or wholesalers," Drury said.

T&G acquired the rights to market some apple varieties as a result of the company's 2003 merger with Enza, formally the New Zealand Apple and Pear Marketing Board.

Drury said that part of the entity's growth plans will involve developing new and exciting varieties to release onto the market, but he added doing so took time as apples must fulfill several important criteria.

"There's a broad range of research programs that are carried out around the world, so we have relationships with a variety of people," he said.

"It's a very difficult thing to pick up a variety because there are just so many factors that come into it such as the yield, its disease resistance and its genuine unique attributes that make it a good apple to invest in.

"There's nothing in the immediate pipeline but it's certainly a key focus of ours and we've got some great staff and the focus of their job is looking for the next big thing."

Exclusive variety challenges

Drury said he had noticed a global industry trend over recent years of producers trying out their own exclusive varieties after having witnessed the success of apples like Jazz.

He warned, however, that growers had to do much more work than simply developing new

varieties and selling them to retailers. Without strong promotional campaigns it can be very hard for unknown apples to really take off.

"A lot of big players in the business have seen what's happened with some of the big club varieties and they realize that it's very important for them to be in that space of having intellectual property or licensed varieties that they can claim as an exclusive part of their basket," Drury said.

"But people have really struggled in two areas - one is not investing enough in the promotion and marketing spend and the second one is actually coming up with products that have genuine attributes that make them stand out from other apples."

Aside from new varieties, Drury spoke of his desire to grow Turners & Growers-owned brand names so products can become more familiar to consumers when shopping in supermarkets.

"I don't think there's been a lot of focus from businesses like ours in the marketing spend in trying to impart a message to consumers," he said.

"That's certainly part of our growth aspirations, doubling our volumes going from 10 to 20 million - we certainly see a need to invest in that space to make sure that consumers are recognizing our products.

"So a lot of the focus right through the industry has probably been business to business marketing or promotion, but we now feel the time has come to put a little bit more focus right at the cold face of retail."

Right variety for the right market

Another important growth strategy will be correctly matching apple varieties to the parts of the world where they would be best received.

Consumers' varietal preference can change significantly throughout the world, and understanding where certain apples are best suited is undoubtedly essential for global brands to experience rapid growth.

Drury explained how T&G had at first thought its Jazz apples would be almost exclusively suited to the northern European and American pallet, and so focused their marketing programs on countries like Germany and the U.K.

However they later discovered that the variety went down very well in parts of Asia too, and so it was not necessary to put so much attention into specific areas.

"I guess the thinking at the time was it was an apple maybe not suited to the Asian pallet, but overtime we've changed our views on that and I think we've seen it's very easy to pigeonhole taste profiles of certain countries," Drury said.

"When you break it down there is actually more acceptance of an apple like Jazz in Asia these days and potentially a cornerstone of our program is markets like Hong Kong, China, Thailand and Japan, who are all significant players of the Jazz variety."

Drury went on to say that while the business would endeavor to strengthen its brand in markets that were the 'backbone' of its programs - like North America, the U.K. and Germany - a huge part of planned growth over the new few years would most likely come from emerging Asian markets.

"Obviously there's been a lot of talk over the last 25 years of the growth of Asia and that's certainly where we see a lot of the real growth coming," he said.

"We're very excited at the growth potential of markets like China; we're having issues especially with our New Zealand production at the moment making the protocols for exporting fruit to that market work, but we think we've made some progress this season.

"We also see the growth opportunities in India and that's a market that has been consistently increasing the volume of fruit it imports."

In April 2012, Germany agricultural and energy company BayWa (DE: BYW) acquired a majority shareholding in Turners & Growers, and Drury said the two companies were working together very well to achieve ambitious growth plans.

"It's a very positive relationship. They've given us a very clear map of the direction that they want the business to go in," he said.

"We've put together a corporate strategy that they've signed off on, so really then it's up to us as a management group to deliver on that strategy.

"So I don't think that the strategy is driven so much from Germany - it's really driven by our executive management but it's definitely signed off by the board."

Drury has over 25 years' experience working in the produce industry, and said the changing

nature of pipfruit coupled with new varieties' soaring popularity in many parts of the world made it a good business to be involved with.

"It's a great product to work with, we're at a very exciting stage where I think around the world consumers are waking up to this new wave of apples becoming available that are a lot more flavorful, firm and we're actually seeing what you could probably call a golden time for the apple business in many parts of the world," he said.

"It's a very dynamic business - no season is like the previous. So it's a very enjoyable product to be involved with.

"I think the most exciting thing is that we're part of a company that has very ambitious growth plans, and we have resources available to make those plans happen. So it's a very exciting time to be involved with pipfruit."

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