

Pathways to export – not everyone needs to be an exporter!

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Industry is constantly being told that export is the pathway to a profitable industry but what does that actually mean for an individual business? This article will take you through the benefits and disadvantages of becoming part of an existing export supply chain. We are also shortly launching an online export education course to help demystify how export works and explain all the component parts – sign up to the new Berries Australia Export Hub (bit.ly/BA-Export) to stay in the loop.

In horticulture, we can simplify market entry into three basic pathways:

1. You can become a direct grower-exporter who manages the entire export supply chain within your own business,
2. You can work through a trader/consolidator/marketer,
3. You can work through a large, branded grower-exporter company.

Most growers consider moving into export because they want to diversify their customer base and not be at the mercy of the domestic supply chain. What is often not realised is that you can do this by becoming part of an existing export supply chain rather than taking onboard all the complexities of becoming a direct exporter.

Turning every grower into a direct exporter has sadly, in many cases, led to growers having a very poor first-time experience of the export game and consequently exiting the export space altogether, which is a damaging outcome for the industry in the long run.

Becoming a direct exporter involves taking charge of the entire export supply chain from regulatory requirements to commercial relationships in other countries.

The complexity, cost and time required to undertake this task is a sizeable commitment for a small-medium

sized business. On the other hand, if you work with existing export supply chains, the partners in the supply chain are there to help you succeed and will manage many of the day-to-day export functions.

For many small-medium growers, it can make good business sense to work with others whilst you learn the export landscape. In the future, you might transition to becoming a direct exporter but equally you might be content to remain part of a larger export supply chain so your business can concentrate on other goals like growing volume or diversifying into new varieties or crops.

Whilst it is true that direct exporters reap most of the rewards of a successful contract, they also carry all the risk should things go wrong. For many businesses, the trade-off whereby they receive a more modest return in exchange for lowering the risks is a reasonable compromise.

Success in export typically requires either volume or genuine uniqueness (which might be exclusive rights to a variety, a seasonal window, or a great story around your production or business model). You need one of these two attributes if you want to influence the market and be able to set the price.

When you have both volume and uniqueness you get a powerhouse export brand and there is no better example than Zespri™ Kiwi Fruit. On the other hand, without either volume or uniqueness you are likely to

become a price-taker and have reduced yourself to commodity or bulk trading. This is a commercially unviable position for most Australian berry growers as we are one of the most expensive producers in the world and need to achieve a premium on our export product.

In the Australian context, it is not uncommon for small-medium sized growers to have neither of these key attributes – they are not dominant in scale nor truly unique in their offering. This is not a barrier; it just means these growers need to choose their market entry strategy wisely and direct exporting is likely to be a very hard road.

It is exceptionally difficult to create uniqueness, but it is very possible to create volume. The swiftest way for a small-medium sized grower to find scale is to become part of an existing supply chain where you grow fruit for an established export relationship thereby combining your volume with others to create market opportunity.

Collaboration through working with other like-minded businesses, under commercial arrangements, can be a productive means to boost total export volume for

the industry whilst also fostering more positive export experiences for small-medium sized growers.

The most successful export-focused horticulture industries globally have mature export supply chains capable of moving large volumes of fruit. To reach this level of maturity it is important we encourage exports through all pathways; some in the industry will be suited to direct exporting but many more will be better suited to supplying the export supply chain. Both are important and both are required to ensure the long-term profitability of the industry.



For more information
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If you want to stay in touch with what is happening in the berry export space, then join the Berries Australia Export Group at the new Export Hub on our website at bit.ly/BA-Export



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