

37th

Australian Cherry Industry Conference

Shepparton, Victoria

1–3 August 2006



CHERRY CONFERENCE

I believe I have in the long distant past a link to the cherry industry.

I can remember in 1964 spending the afternoon with my cousin Robert Millis weighing cherries for Mac Robertsons at Wandin.

After a long day at the market the afternoon stretched to infinity as growers came in at their leisure with cherries and we weighed each consignment manually. My other memory was driving up to Wandin the following year to pick cherries – the first day of picking for the season – and sitting in the car with a couple of mates while the rain bucketed down. I imagine every cherry grower in the world can relate to this.

My early career was selling fruit in the Wholesale Market in A. Millis & Sons established 1882. We specialised in bananas and tomatoes but most importantly my father was instrumental in developing the supermarket business with Coles in fruit sales.

I switched to horticultural production in 1988 with no background except the home garden. My CV read, 20 years in the wholesale market, a Batchelor of Arts majoring in Latin and Far Eastern History and a strong work ethic. I greatly admired the Italian banana growers in Coffs Harbour for their dedication and hard work but mostly for their family values. I determined that I would bring my sons up in a farm environment where we would all work together.

So we started growing tomatoes in the paddock in 1988 and then just a few old sheds, a few experimental hydroponic tomatoes, no experts to help, just feeling our way. When the name Flavorite was created about 1991 there was the beginning of a belief that the product had an innate value, I had never seen such a wonderful product in all my time in the market. In 1994 with Warren Nichol the company Flavorite Tomatoes was created. Warren has had a lifetimes experience in the market selling bananas but created the hydroponic tomato market. Annual production 100 tonnes, sales \$250,000. 2005 and sales 8,000 tonnes sales \$45 million.

Today we are a fully integrated business. We grow seedlings in the most modern grafting facility in Australia, we produce, pick and pack tomatoes on state of the art equipment in environmentally controlled air space and we market and distribute product all over Australia. The company is now run on a day to day basis by Warren's and my 4 sons; they have the courage, the skills, the determination and the enthusiasm to continue to drive this business forward.

We have extended an open ended invitation to you all to visit the farm on September 8th. The visit would confirm the fact that there is major investment taking place in horticultural projects. Today I will try and titivate your interest then Michael will offer some practical hints on marketing.

Flavorite's expansion has been some sort of a ride and certainly not always a smooth one. Flavorite took a cottage industry and created the fastest and strongest growing category in the fruit business today. We managed, by creating a packing service, by gathering the fruit from a disparate set of growers spread all over Victoria and South Australia to turn out a well presented, reliable consistent product 365 days a year. It did not happen overnight but our offer was accepted, the supermarkets had a winning category backed by regular consistent supply. We are not perfect but we did set the bench marks, especially for bunches of tomatoes and we have set a standard that tends to get higher every year. We invest in the technology that can deliver the product; our buyers invest in the product for ready returns.

37th

Australian Cherry Industry Conference

Shepparton, Victoria

1–3 August 2006



Flavorite built large environmentally controlled facilities in Sydney and at Sunshine in Melbourne as well as at Warragul to ensure our tomatoes were maintained at the right temperature for distribution. Hidden value for our retail customers, who would achieve maximum potential shelf life with our fruit – once again lifting the benchmark as the competition started building more greenhouses.

But also REAL value for our consumers. We found consumers embracing our product, our tomatoes became a fashion statement, they drove the demand – we were on our way!

Supply was driving the decision making in the business. We needed fruit to drive the brand. We conducted grower meetings in South Australia and Sydney; we formed a partnership in Bundaberg and built more greenhouses in Melbourne. Our focus was to build the brand with a continuous supply of constant high quality red tomatoes by coordinating growing areas and seasons.

Maybe we weren't the first to do this but we had a dedicated marketing strategy, linked all the production units, bridged the seasons and furiously advertised the Flavorite Brand.

We were deliberately courting the consumer and our website became a marvellous tool for doing this. I still have difficulty believing the number of visits and hits on our website. All our presentation material features our web address and the recipe pages average 50 visits a day, 15,000 hits a month. I mean who are we?

Good Old Internet!

You cannot underestimate the value of a good website, there is always someone looking at your business, evaluating or using your services, they know you before they approach you. What a way to start a relationship! They want to do business with you! The website is part of our consolidation of our position as industry leaders. Our high profile has been engendered by our constant Open Days, openness in the business to develop grower's skills, a genuine desire for the industry to grow a willingness to share information. This attitude attracts people in the greenhouse industry of similar ilk and is a major reason for the momentum behind the boom we are seeing in covered cropping.

Flavorite trained staff are to be found in every major project in Australia and are testimony to the belief that the training of staff not only improves their performance but gives them pride in their jobs, and ownership of the product but also the confidence to develop a career in horticulture. Training and information, the ability to get that right information into your business and use it, are major reasons for the Flavorite success.

We travel extensively overseas to keep abreast of trends to introduce technology to the farm, to introduce the same to other growers, but also we need to keep our buyers up to speed with international trends. Today we have to be creative, innovative and to try and offer our retail customers solutions to their problems without compromising our own profitability. Flavorite supplies our buyers with the information that allows them to set up their retail selling programs including specials and promotions across the seasons.

Accurate information drives the category forward and increases the returns to growers as market share increases with well organised, coordinated sales programs. Growers should work together – we can't collude on price – but we do all have the same problems and we need to cooperate and communicate with each other to solve these problems. It is always helpful too if the leaders in an industry have a strategic vision and can impart that vision because it makes it easier for others to follow and become part of a marketing group, for example. Flavorite has supplied that leadership and vision for the hydroponic tomato industry

37th

Australian Cherry Industry Conference

Shepparton, Victoria

1–3 August 2006



Why do I think Flavorite has been successful?

1. In a business sense we have bought the world's best technology and have the managers in our business who can apply it.
2. We have fixed the things that we did either wrongly or poorly in the first place, at the expense of profits – first loss is the best lost.
3. We have managed to develop a good relationship with the NAB who are large stakeholders in our business. Finance is a very important part of farming today.
4. In a practical sense Flavorite made a huge investment in natural gas. We have a cost effective heating system that not only delivers production capability but also guarantees quality – the essence of our business.
5. Strategic vision and planning have been critical in positioning the business in the industry and developing the internal systems to cope with the increase in turnover, training of management staff has reinforced this.
6. Familiarity with the market, the ability to develop relationships with other growers through long experience in the industry has been crucial to developing the hydroponic market as an essential part of the supermarket stocking program.
7. Constant reinvestment in the business, the ability to adapt, and the willingness to adapt new ideas continues to drive the business and to motivate staff.

The ground is always shifting under you. Sometimes we believe that our bigger buyers are making unrealistic demands of us, but their sales environment is extremely tough and demanding too. The benefit of operating in these highly competitive systems is that it doesn't allow you to tolerate poor business practices in your own operation.

Unfortunately the retailers do make poor decisions at times and as growers we have to wear them. But if we focus on being the most cost efficient producers of the best product available, that supply will drive the market – there will be hiccups along the way - but that efficiency will drive our marketing edge.

There are plenty of doomsayers around but I believe it is time for growers to work together and reclaim the future. Identify common issues and work together to solve them. We operate in a highly regulated environment in Australia - you know all about it, OH&S, HACCP etc. This environment is a fundamental point of difference to many imported fruit and vegetables. We should embrace this regime - the key is to play an instrumental role in the framing of legislation and its implementation; this is home town advantage and in fresh fruit and vegetables "Australian grown" is a very powerful brand – but we have to earn it. It's not of ours of a right.

I offer you a challenge – to get Mark Millis to eat cherries again. I have hardly eaten a cherry in the last 20 years and yet would spend a small fortune on fruit and vegetables every year. My perception is that they are too dear and not good value in comparison say to nectarines and peaches. How are you going to convince me otherwise of the "value proposition" of cherries, by advertising! – Perhaps! It's a very competitive world out there and you are competing against every type of fruit for the consumer dollar – the elastic consumer dollar.

Finally as growers we do have to believe our product is something special and work together to convince consumers likewise. I believe in the tomato business that Flavorite has managed to do this well. Our business will continue to grow, the more reliable and consistent the supply of our tomatoes is over the whole year. The same applies to cherries; the secret to success is to give consumers the same great experience again – AND AGAIN!

I now introduce you to Mike Nichol.