



Opportunities for Innovation in Fruit & Vegetable Retailing: A Value Chain Approach

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Public health objectives and supply chain inefficiencies

Context

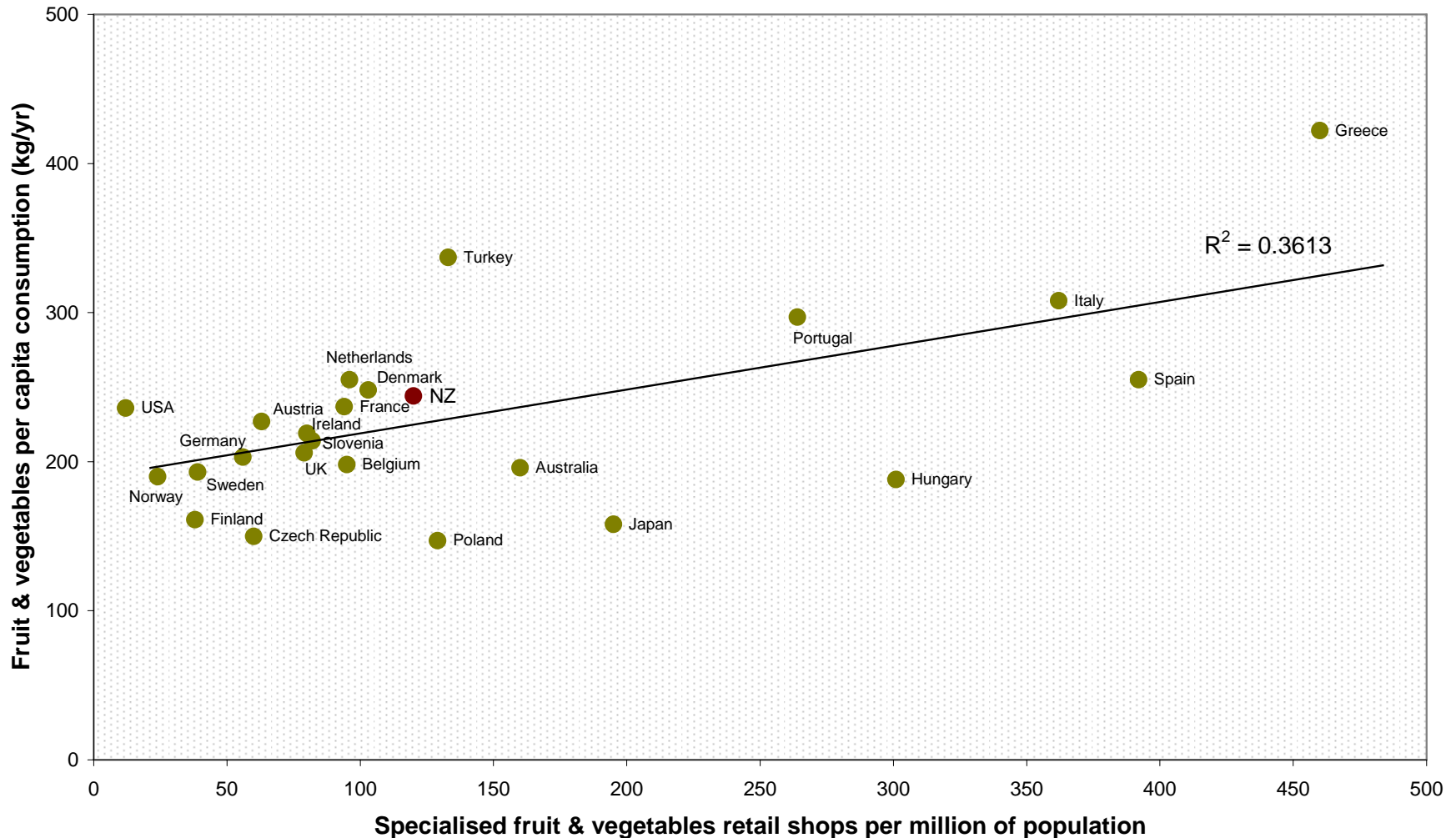
- ▶ Higher intakes of fruit & vegetables (F&V) are thought to:
 - contribute to healthy lifestyles, reduce obesity and prolong life expectancy;
 - be better for the planet – low production of greenhouse gases.
- ▶ There is significant wastage in the F&V supply chain.
- ▶ The specialised F&V retail industry (greengrocers) is in crisis.

Aims & method

- ▶ Explore whether supply-side issues could help to increase F&V consumption.
- ▶ Focus is on supply chain management and logistics aspects.
- ▶ Conceptual approach.

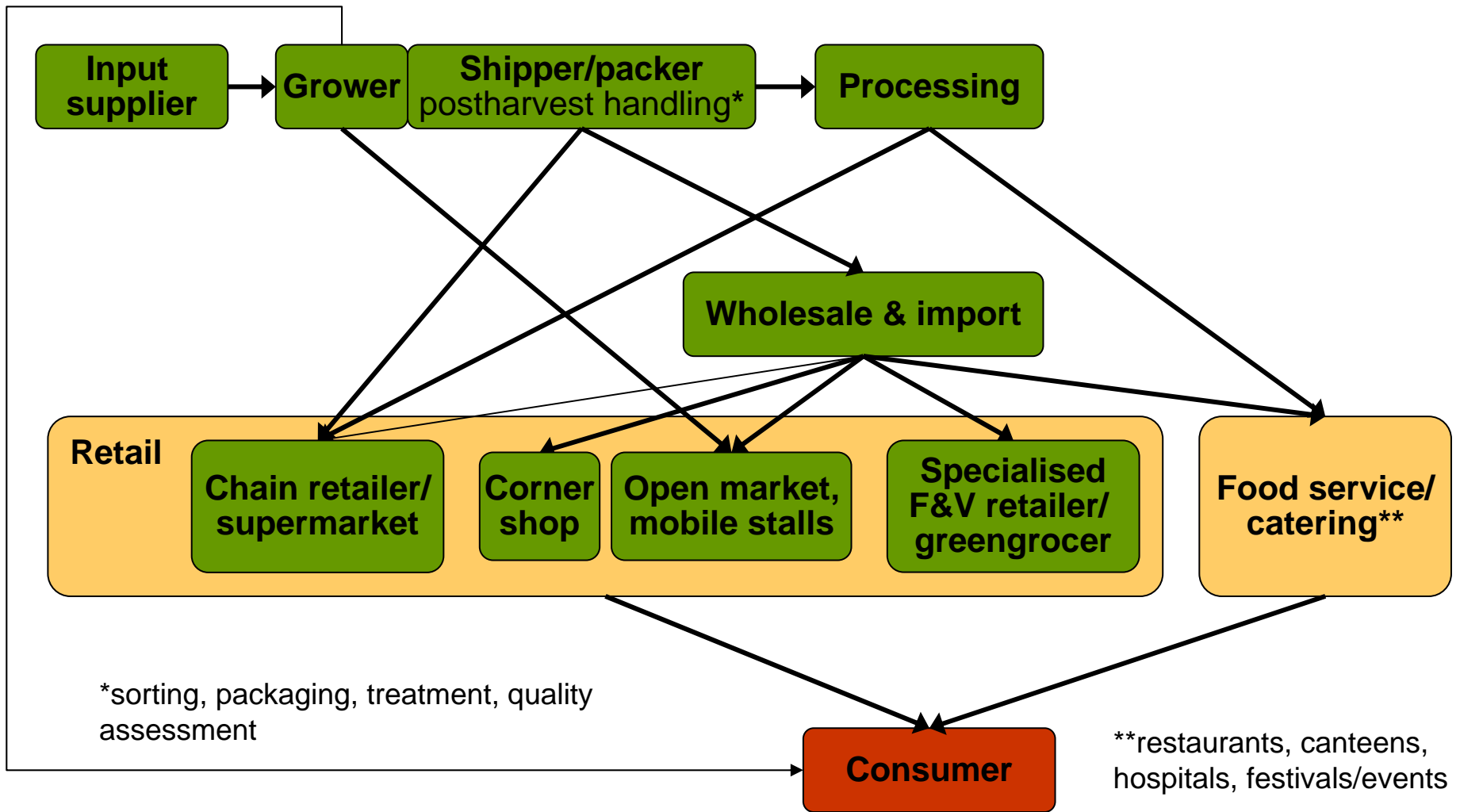
Reviewing the international situation

Does higher supply density lead to increased consumption intensity?

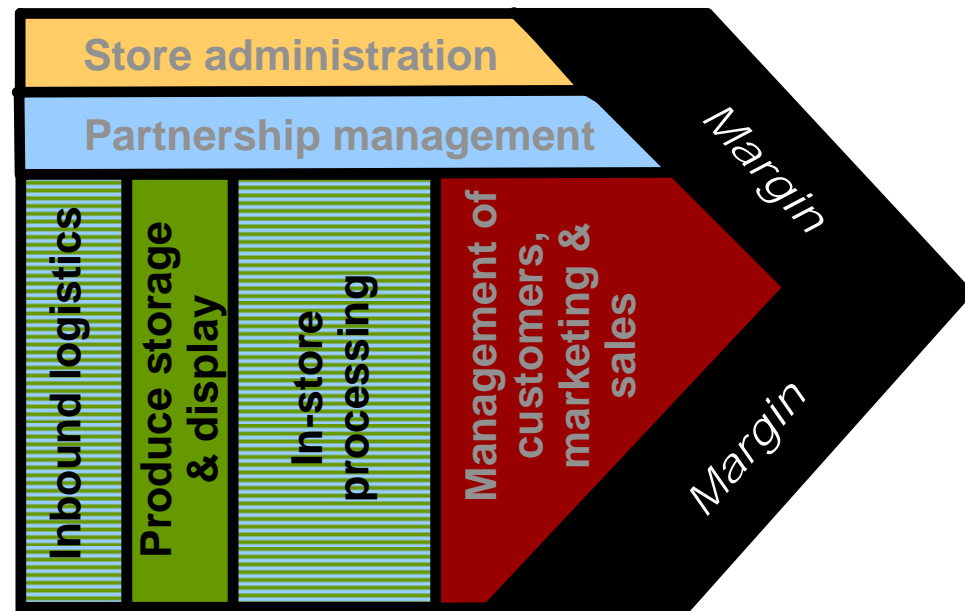
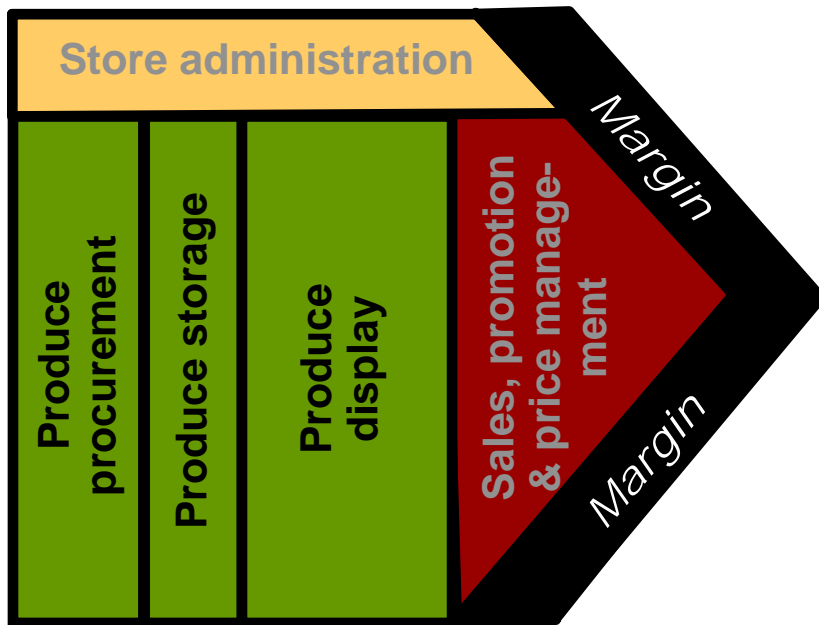


Source: author's draft, compiled from FAOSTAT, Eurostat and national statistical offices data, 2003 or closest year

Changing retail channels



From 'distributing fresh produce' to 'catering meal solutions & health contributions' for the 21st-century food consumer



Adding value by processing/conservation

Fresh-cut

- ▶ salads
- ▶ fruit salads
- ▶ vegetable mixes



Pre-prepared

- ▶ antipasti
- ▶ soup mixes
- ▶ vegetable dishes (gratins, etc.)



Freshly prepared

- ▶ fresh juices and smoothies – juice bars
- ▶ fruit ice-creams
- ▶ fruit-based desserts



Dried

- ▶ fruits (apricots, apple rings, plums, etc.)
- ▶ vegetables (tomatoes, mushrooms, chillies, etc.)



Deep-frozen (and canned)

Changing the way how things are done

Processes

- ▶ **Category management:**
 - marketing fruit differently to veg;
 - additional health products;
 - 'grow your own' range.
- ▶ **Demand management** (Efficient Consumer Response principles):
 - understand local market
 - customer preference analysis
- ▶ **Improved staff training:**
 - preparation, technology handling;
 - food safety;
 - health advise.

System

- ▶ **Use of third-party logistics providers (3PLs).** Ordering and delivery of produce rather than personal pick-up.
- ▶ **Implementing reverse logistics systems.** Shipping unsold fresh produce back to wholesaler for processing/preservation.

The greengrocer store of the future



Internally:

- ▶ more technology-intensive, using state-of-the-art equipment and machinery for F&V processing and storage;
- ▶ skill levels of both staff and management would be considerably higher than today.

Externally:

- ▶ more intensively integrated in the industry supply chain;
- ▶ fresh, and perhaps processed, produce would be delivered rather than personally picked up, and not-perfectly-fresh-anymore one potentially sent back to wholesalers for further processing.

Possible?