

Marketing Vietnamese dragon fruit in Australia

A guide to understanding the market potential for Vietnamese dragon fruit in Australia

Title	Information
Australian growing regions	<ul style="list-style-type: none"> • There is commercial production of dragon fruit in the Northern Territory, Queensland, Western Australia and northern New South Wales. The Northern Territory accounts for 70% of plantings in Australia. • Both white and red-fleshed varieties are grown; white-flesh varieties are more common.
Australian production status	<ul style="list-style-type: none"> • There is no recent data on the production of dragon fruit in Australia. However, in 2011–12 it was estimated that around 740 tonnes were harvested, with a gross value of AU\$2.2 million.
Uses	<ul style="list-style-type: none"> • Dragon fruit is usually consumed fresh in Australia
Harvest and postharvest	<ul style="list-style-type: none"> • The Australia dragon fruit season extends from October to April. Product can be stored for 1 month however the low volume of domestic production does not warrant storage programs. • The fruit is washed, dried and usually packed into single layer trays. • Dragon fruit are generally sold on count, rather than weight, each tray will generally weigh between 3.5–5.0 kilograms.
Markets	<ul style="list-style-type: none"> • Australia is a market in which fresh fruit and vegetables are predominantly supplied by Australian producers. • Import trade volume in fresh fruit and vegetables product is low, with imports equating for less than 2 per cent of local production volumes • Imports are largely limited to counter-seasonal products • Supermarkets hold more than 70 per cent of the total fresh fruit market and are the dominant retail channel with the balance of retail serviced by greengrocers or fresh markets. • Supermarkets are very supportive of domestic production and actively limit the amount of imported product on their shelves. • Coles and Woolworths, the two major supermarket chains in Australia, state: <ul style="list-style-type: none"> ○ “We work hard to source our fresh fruit & veg from Aussie growers through our Australia first sourcing policy” – Coles ○ Coles state that they retail imported product in the following instances: <ul style="list-style-type: none"> ▪ The product isn't grown in Australia (eg drinking Coconuts) ▪ Supply is limited in Australia (eg Blueberries in summer) ▪ It is not in season in Australia (eg Cherries in winter) ▪ When customers want a unique product (eg Gold Kiwifruit) ▪ When our customers want an alternative (eg Garlic) ○ “96 per cent of fresh fruit and vegetables sold at Woolworths are grown on farms in Australia” – Woolworths ○ “Woolworths stocks Australian fresh food wherever possible and only imports when local fruit and vegetables are out of season” – Woolworths • Given the concentration of fresh fruit retail market in the supermarkets. It is important to understand domestic production to better understand the scope of the market opportunity that exists for imported produce • Greengrocers are less restrictive in their views on imported products and are an important, but smaller, channel for imported exotic fruits
Marketing	<ul style="list-style-type: none"> • Dragon fruit are considered a niche industry and the fruit is currently sold in relatively small quantities in both supermarkets and greengrocers. • The role for the importation of dragon fruit is to complement the Australian fruit and grow total market for dragon fruit by increasing purchasing behaviour in consumers • A supply program should be constructed to be complementary to Australian production with an understanding of market competition from other exotic tropical fruits • The limited availability of red-fleshed dragon fruit may offer a market opportunity for imported product • Major supermarkets have a dominant role, holding the majority of retail share

	<ul style="list-style-type: none"> • Wholesale markets in capital cities are the primary way in which imported fruits are distributed and sold. Supermarkets and other retail buyers visit the markets and buy produce required, based on available supply. • The supermarket chains often prefer to deal directly with growers who produce larger volumes or alternatively with packers or agents who consolidate produce from a number of growers to ensure consistent supply. • Supermarkets are exposed to challenges associated with maintaining a consistent supply of quality, fresh product to their stores. To do this they set prescriptive specification that suppliers must comply to. Specifications set requirements for colour, visual appearance, sensory attributes, shape, size, maturity, physical damage/imperfections/disorders, temperature, packaging, labelling, receipt conditions, chemical residues, health attributes, production practices and labour use policies employed by producer. • Wholesalers and retailers are generally looking for suppliers that can consistently deliver on time and to the required specifications and volumes • Specialist retailers, which include greengrocers, fruiterers and fresh markets, compete on the basis of higher quality, wider range and better value. This is enabled through higher retail operating skills and an ability to range more than one grade of product (i.e. less restrictive specifications) • One of the best ways to monitor market and price signals and to plan sales accordingly is the establishment of good business relationships with your importer.
Regulatory considerations	<p>All suppliers must comply with:</p> <ul style="list-style-type: none"> • BICON: BICON houses the Australian Government's Biosecurity import conditions database for more than 20,000 plants, animals, minerals and biological products. It will help you to determine what import conditions exist and if an import permit is required. BICON should be consulted regularly prior to export. https://bicon.agriculture.gov.au/BiconWeb4.0 • FSANZ: Imported food must comply with the requirements of the <i>Imported Food Control Act 1992</i>, as well as Australian state and territory food laws. These laws require all imported food to meet the standards set out in the Australia New Zealand Food Standards Code (the Code). The Code includes the maximum residue limits (MRLs) and extraneous residue limits (ERLs) for agricultural or veterinary chemicals that are permitted in food, including imported food. <p>Supermarket suppliers must additionally comply with:</p> <ul style="list-style-type: none"> • HARPS: HARPS is a retailer-led scheme designed to assist with compliance to food safety, legal and trade legislation for suppliers to the major grocery retailers in Australia. ALDI, Coles, Costco, Metcash (IGA) and Woolworths participate in HARPS and they require supplying producers to have either SQF, Global G.A.P. or Freshcare certification. www.harpsonline.com.au • SMETA: SMETA is one of the most widely used social audit procedures in the world. It provides a globally-recognised way to assess responsible supply chain activities, including labour rights, health & safety, the environment and business ethics. Using SMETA, a supplier can have one audit conducted and share it with multiple customers, rather than having a different audit conducted for each customer. The SMETA documents are designed to be used by experienced auditors in line with current established practices. www.sedexglobal.com • Supermarket specifications: The major retailers set specification for products that are sold in their stores. This information will be provided by the importer.



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