

For fresh fruit and vegetable marketing and distribution in Asia



By Matthew Jones

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Inefficiencies cost Australian suppliers



PMA A-NZ State of the Industry Report 2020 measures the impact of supply chain inadequacies

Australia's fresh produce industry loses over A\$1.5bn annually as a result of inefficiencies across the supply chain, according to Produce Marketing Association Australia-New Zealand's (PMA A-NZ) State of the Industry Report 2020.

Launched today (17 June), the report identifies opportunities for improvement and strategies to address key consumer trends within the Australian market.

A key finding of the report – commissioned by PMA A-NZ and prepared by Ernst & Young – was that 18-22 per cent of fresh produce is lost each year due to inefficiencies along the supply chain, equating to A\$1.72bn in lost earnings.

"Poor performance of the supply chain can cause visibility and trust issues, which often makes it difficult to pinpoint the inefficiencies and areas to directly target investment for

improvement," said Darren Keating, chief executive of PMA A-NZ.

"The PMA A-NZ State of the Industry Report 2020 aims to provide the fresh produce with the information to identify opportunities for improvement to ensure greater returns along the whole supply chain."

The report identifies product quality as the number one metric for consumer satisfaction when it comes to fruit and vegetables. Within that, a product's appearance, taste and size/shape are deemed the top three elements of quality.

"Consumers want access to high-quality locally-grown produce to experience the joy of fresh. The opportunities to make improvements along the supply chain will ensure consistent quality for consumers to enjoy," Keating said.

The report concludes that due to increasing globalisation, producers need to become more competitive to stay in

the market. Supply chain costs absorb around 55 per cent of the total product cost.

"A consistent theme identified in this report is that supply chains that have high levels of trust and transparency have greater opportunities for success," Keating added. "Data sharing, and the challenges that come with it are consistent. From the producer to the consumer there is a desire for more information."

The Covid-19 pandemic materialised during the development of the State of the Industry Report 2020. In a period of less than four months it has led to widespread disruption of the fresh produce industry.

"Covid-19 has driven change at a rapid pace, impacting the way we work, live, eat, move and use technology", Keating said. "The trends and drivers identified as a result of Covid-19 are the same as we have been living for a number of years, but what Covid-19 has done is accelerate and re-prioritise them.

"Trends that we had seen as slow burners

The PMA A-NZ State of the Industry

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that were to be prominent in shaping our future are here now. We've seen the rapid adoption of communication technology and online shopping but have also had a reset in the way we view food safety and occupational health and safety."

Report 2020 is available to read at pma-anz.com.

Produce Plus will continue to provide key insights from the State of the Industry Report 2020 over the coming days.

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