Can technology improve competitiveness within the fresh produce industry?

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Executive Summary

The fresh produce industry which incorporates that Australasian fruit, vegetable and floral industries is forever being placed under more pressure from overseas markets. Subsequently the success of the industry relies on the adoption and successful implementation of modern day farming practices and new technologies to remain competitive (Martinez and Davis 2002). The meaning of competitiveness is described “as the ability and performance of a firm, sub-sector or country to sell and supply goods and services in a given market, in relation on the ability and performance of other firms, sub-sectors or countries in the same market”. Advancements within technology as seen today have the ability to greatly enhance the ability for the fresh produce industry to remain competitive with overseas markets.

Technology

With the global population predicted to reach 10 billion by 2050, food production and food security are of major concern. Diminishing land availability and increased climate variability lead many industries down a path of self destruction. Most importantly within the fresh produce markets, value chain competitiveness is by far the most crippling issue at this current moment. Therefore a so called ‘magic bullet’ approach is required and for once this is an achievable target as the advances in technology are making competitiveness a virtual reality. On a daily basis we are exposed to technology. When one rolls over in the morning the first thing we check is our iPhone, market prices, weather, stocks and it does not stop there. This type of technology is more a ‘tool’ rather than a value adding device (Malone, Yates and Benjamin 1987). In order to value add this technology must be incorporated (Salam 2007) and it is only under incorporation that this technology has the ability to ultimately enhance competitiveness with an overseas market.

New advancements in technology are occurring on a daily basis and something that you purchase today is old technology tomorrow. It seems that we are starting to live in a world which has the mentality that “nothing is good enough” you can have more and “we want” rather than “what can we afford”. The fresh produce market is no different to any other industry there are the big companies that control a significant amount of the market share (Woolworths and Coles), the medium sized such as (Aldi and Costco), and finally the independents (private sellers). Together these all devise and apply different strategies to enhance their competitiveness and this is achieved primarily through the use of successful technology implementation (Maloni and Benton 2000). When considering the successful uptake and implementation of technology to improve competitiveness, Aldi paints a very successful story. Woolworths and Coles have dominated the fresh food industry since the start of the last century, with considerable changes occurring over that last 20 years in order to remain competitive but also implementing new technologies surrounding advertising and developing better consistency with growers producing products for Woolworths. Aldi have only been in the
Australian market for 10 years but have already made a considerable mark within the fresh food industry adopting best European practice and making changes less sporadically as seen with Woolworths and Coles in a bid to remain as “number one”. They take the old mentality like the tortuous and the hair “slow and steady ultimately wins the race”.

But new technology certainly comes with its limitations including first and foremost the cost, followed secondly by the ability to fit new technology to an old pre-existing system. It follows the mentality putting the “horse before the cart”, however many times technology within Australian industries is underutilised and we see the “cart before the horse”. Many of the technologies that are presented to the fresh produce industry does not help to improve competitiveness rather more just improve the efficiency of a process or remove the requirement for human labour. Therefore it proves that technology yes it has the potential to make significant changes with regard to reducing labour costs and making the industry as a whole more efficient but does not really tick the “improving competitiveness” sub-category. In order to achieve competitiveness within the fresh produce market the integration of both technology with supply chain and improving marketability something that is unique to our market will only be the way forward in years to come and technology continues to make a statement rather than a market gain (Larsen, Ryan and Abraham 2008).

**Competitiveness**

It is much more than just using technology it is a “whole systems approach”. An acronym that sums this up is the FPVCA (Fresh Produce Value Chain Approach). Yes it is a made up acronym but it does represent that most fundamental principles associated with selling any product globally (Baldauf, Cravens and Binder 2003). What it looks at is a much more in depth analysis of the product itself. Rather than having a carrot or an apple these items should be marketed as not just another carrot or apple but rather something that you should be eating, something that the consumer wants to buy. Much of the technologies that are associated with competitiveness within the Australasian market are the way in which we advertise these products. As previously stated technologies are not really helping drive competitiveness within the fresh produce industry but rather assisting in making that process from field to shelf more efficient, they are important but the way in which any technology is uses ultimately leads to it improving competitiveness or not. The next stage is implementing the available technology to encourage people to buy the products that we offer. As Steve Jobs said “a lot of companies have chosen to downsize, and maybe that was the right thing for them. We chose a different path. Our belief was that if we kept putting great products in front of customers, they would continue to open their wallets”. This obviously came from the former CEO of Apple however the same can still be applied to the fresh produce industry.

The method of placing an item within a store allows a consumer to make either one of three choices,

1. Purchase the more expensive product which claims to be more beneficial to one’s health.
2. Purchase the less expensive item which does have the same effect just the packaging makes it less attractive to the eye of the consumer.
3. Buy neither of the items and leave the store. Obviously not really going to improve competitiveness
All of the above choices are somewhat contradictory. In one situation an item is being sold at a higher price, claiming to be better for your health. In the other corner there is an identical item that is packaged slightly differently and sold for much less, however what the consumer does not know that it really is the same thing. Humans are like bees that are given a choice when pollinating, a brightly coloured flower is more attractive than a less brightly coloured yet they are still on the same plant. This is the same for fresh products in the supermarket why is there this choice it only make it confusing and eventually does drive the consumer away as they find it difficult to decide. This is where a value chain approach is crucial and the advancements of technology integrated into this approach makes it much more efficient that either one on its own (O’Keefe 2002).

For the fresh produce industry adoption of these exacts methods is slowly becoming more prevalent within the industry however the uptake is similar to the uptake of technology, slow and steady. This for Australasian fresh produce growers seems to be the pivotal tipping point that consistently causes other countries to import products into Australia as our ability to market our own products and cost of product limit this ability. However with the technological advancements both in the field, packing, storage and then within the supermarket from and advertising and marking point the competitiveness of the industry certainly has the ability to make some impact not only on home soil but also within the global market (Lurie and Kohli 2002). And to finally state that “competitiveness demands flexibility, choice and openness” without these fundamental principles the future competitiveness of the Australian fresh produce industry is in ruin.

**Action/Recommendations**

So technology enhances the productivity but does not really improve competiveness within the market. Therefore as mentioning within the report the most important ways to improve competiveness whilst using technology to aid in overall efficiency is,

- Give the consumer what they want not what they have to ask for.
- Give the customer some choice but not 2 very similar choices, only leads to confusion.
- Use technology to innovate and ensure that the market your product is targeting is actually achieving what it originally set out to do.
- Value chain is the most important process to continued success by large fresh produce companies.
- Keep putting great products in front of customers
- Use technology to enhance your production system, it is there as an aid not a tool to help fix all your problems.
- When selecting technology it is important to choose technology that suits your operation. No reason to have something that a overseas competitor has, you are then only competing to produce the same quality of end product.
- Innovation within the industry, don’t apply the same mentality as your competitor the “follow the leader” these approaches usually only end in business becoming stagnant.
References


