

TURNERS & GROWERS BRIEFING PAPER ON NEW KIWIFRUIT VARIETIES

The History of Turners & Growers

To understand Turners & Growers' drive to ensure the New Zealand Kiwifruit industry continues to lead the world, it's important to examine the company's past:

- Chinese Gooseberries began to appear in New Zealand horticultural catalogues around 1916.
- By 1918, the first Chinese Gooseberry plant was said to have been planted in Te Puke.
- During World War Two, American servicemen stationed in New Zealand were introduced to the fruit, which they loved. This encouraged further plantings and by 1952, growers could see that their future lay in exporting the fruit.
- In 1959 Turners & Growers coined a new name for the fruit: 'kiwifruit'. The marketing ploy was designed to please American buyers and to avoid any negative connotations associated with other gooseberry-type fruits prone to ground-borne diseases.
- In the late 1960s, with vigorous marketing, a new name and a newly commercialized industry, New Zealand's kiwifruit industry began to boom.
- By 1987 Turners & Growers was responsible for 25 percent of New Zealand's kiwifruit exports and were the largest kiwifruit exporter in the world.
- Kiwifruit is now New Zealand's largest export fruit by volume and value.
- 2009 marks 50 years since Turners & Growers named the kiwifruit and developed and commercialized the industry. The company continues to be at the forefront today, developing new varieties to expand the industry and guarantee its future.

Turners & Growers plans to grow the Kiwifruit category internationally

Turners & Growers objective is to create opportunities for New Zealand growers to diversify and get out of the 'green trap'.

New varieties

- 80 percent of the New Zealand crop is made up of Green kiwifruit.
- From a New Zealand grower perspective, the greatest opportunity lies in new varieties.
- Internationally, the supermarket kiwifruit category is a quarter of one percent of the total fruit sold.
- Internationally there's limited supermarket shelf space devoted to kiwifruit due to the lack of varieties (only Green and Gold).
- The easiest way to increase the category and drive consumer excitement is to provide new varieties.
- New varieties sell at a premium and will give better returns to growers.

Turners & Growers varieties

- In January 2003, Turners & Growers merged with ENZA (formerly the New Zealand Apple & Pear Marketing Board). ENZA are a significant player in the global pip fruit trade, with strong global customer relationships and a history of innovation.
- At this time it was evident that the kiwifruit category needed innovation and diversification of varieties to give growers more options.
- Turners & Growers saw an opportunity to pursue a new kiwifruit variety programme using ENZA's development background and Turners & Growers own pedigree with Kiwifruit, so it began searching for new cultivars:
 - **ENZA GOLD**
 - ENZA had already developed the ENZA Gold variety which is grown in New Zealand (Keri Keri, Hawkes Bay and the Bay of Plenty) and sold in New Zealand and Australia.
 - The shape and taste of the ENZA Gold is different to the Zespri Gold.
 - Supermarkets in Asia have asked to stock ENZA Gold
 - Turners & Growers did have a collaborative marketing proposal with Zespri to sell into Korea, but withdrew because it had no confidence in the collaborative marketing system.
 - **ENZA RED**
 - Jeff Wesley – Turners & Growers Managing Director found the ENZA Red in China, which is the world's first red kiwifruit.
 - The ENZA Red has been developed over 15 years and is a superior selection of the Hongyang variety with a striking red starburst on a golden background. The unique red pigmentation makes it appealing to the consumer and a wonderful presentation fruit.
 - The ENZA Red is already grown commercially in China and will be ready for grafting in New Zealand in 2011.

- Ultimately, Turners & Growers see the market potential for ENZA Red to be more than the Gold.
- The wholesale price for Gold ranges from US\$10/tray, and initial estimates place ENZA Red at between 20 and 50 percent more than Gold.
- **EARLY SUMMER KIWI**
 - Murray Malone – Turners & Growers Development Manager found the early summer green kiwifruit in Italy.
- **MEGA-KIWI**
 - Turners & Growers also have a new green variety – Tsechelidis – from Greece that is high in Vitamin C and naturally organic to grow.
- **ENZA PINK**
 - This new variety is still undergoing a phase of breeding stabilization, but was on display for the first time at Asia Fruit Logistica in Hong Kong in September 2009.
- Supermarket buyers are excited at the potential of the new varieties because they:
 - Have new colours - red is particularly appealing to the Asian market
 - Have different harvest and taste profiles (are sweeter and appeal to the Asian palate)
 - Create excitement for consumers around the kiwifruit category
- The big potential for these new varieties is in burgeoning markets, such as Asia and India where consumers have a sweeter palette and favour these new sweeter varieties.

Example – the Korean market:

- Korean fruit buyers, wholesalers and store managers want to introduce a new type of kiwifruit.
- According to their comments, they believe that introducing a new type of Kiwifruit will expand the NZ kiwifruit market in Korea.

Hyun Dai F&G fruit purchase manger comments: "The sales for Gold Kiwifruit from NZ shows increasing trend in Korean Market. If there is a new variety GOLD kiwifruit which prove its commercial value from NZ, it can certainly have competitive sales power in Korea.

Branch Fruit Manager AM: "I expect that kiwi market will grow by 10% more thanks to ENZA Gold Kiwi."

Comment from Cheongo Distribution Ltd. Broker & Wholesaler: "I want to be the first dealer of ENZA Gold Kiwi. Give me the permission."

Why is change needed now?

- The current regulatory environment prohibits New Zealand growers from the opportunity to diversify and add value to their orchard operations.
- In 2007 Turners & Growers called for expressions of interest for ENZA Gold and Red. There was high interest from growers, but interest waned due to regulatory issues which meant that Turners & Growers couldn't guarantee when ENZA Red would be available in New Zealand.
- Zespri also indicated that growers would lose loyalty payments if they grew for another exporter.
- To strengthen the future of the New Zealand kiwifruit industry and secure maximum returns, New Zealand growers need to be the leading growers in the Southern Hemisphere for these new varieties.
- Over the next 12 months, Turners & Growers will need to decide the predominant growing region for ENZA Red. Our preference, of course, is to continue to invest and innovate in New Zealand. However, the current monopoly structure means that Turners & Growers must investigate other Southern Hemisphere growing regions where there are no export restrictions and freedom of trade.
- Turners & Growers is an innovative company with exciting new varieties and its proposals for these new varieties support the government's strategy of an export led recovery through innovation.
- The key is to create excitement at the consumer level, which is achieved by the introduction of new products.
- The demand for these new varieties, particularly the red was recently proven at the ASIA FRUIT LOGISTICA EXPO in Hong Kong where the red was described as the most exciting product on show.