

Canterbury Organics Marketing seminar July 2007

Canterbury Organics organised a marketing seminar for organic growers. The six presentations outlined different marketing strategies:

1. Jenny Lawrence is a grower and processor of organic and “wild” walnuts. Jenny and Malcolm’s business is called A Cracker of a Nut, and is based at West Melton, near Christchurch. They have 7 hectares of certified organic walnut trees of selected varieties known to produce good quality nuts, and they also process nuts from other growers around the country.

Jenny and Malcolm began in 1996 with a limited quantity of product (only half a tonne of walnuts in the first year) and while they waited for more nuts to come on stream they considered ways to market the nuts and add value to their product. At first, they promoted their product (walnut halves) directly to chefs in the restaurant and hospitality industry. This proved a good outlet as word spread; soon there were articles in many magazines and newspapers which led to further sales. They were always confident of the quality of their product.

With the limited quantity of organic nuts available, they began selling “wild” nuts – uncertified but spray-free nuts from trees of unknown origin. They gave this line the name “Just Wild” and sold it through retail outlets.

One of the biggest marketing leaps came when they moved into the Auckland market. A customer approached them offering to be their Auckland sales representative. It has proved to be a very good strategic decision now that they have more product to sell. They made a point of being very generous with samples – Jenny is sure this is a good marketing tool. It also showed their potential customers the huge difference between their top quality product and the inferior nuts imported from China which are often rancid by the time they reach New Zealand.

They have now extended their product range to include cold pressed walnut oil, pastes, halves, pieces and walnut flour (a very popular gluten free product). They now employ 7 staff (casual, part-time) and now produce 2 tonne of their own certified organic walnuts and process 46 tonnes of nuts altogether.

Jenny considers that the following points are crucial for anyone aiming to market their product:

- Don’t expect it to happen overnight
- You have to have the time, energy, money and confidence
- Aim for a quality product
- Be generous with samples
- Get a good brand name
- Find a good graphic designer who you can work with
- Develop different labels to differentiate different products
- Be outgoing and positive.

Jenny Lawrence from A Cracker of a Nut can be contacted on Ph/Fax 64 3 347 8103 or email <crackernut@clear.net.nz>

2. Piko Wholefoods Co-operative

Piko Co-op has been a Christchurch fixture since 1979. It sells organic certified, uncertified and conventional produce – fresh fruit and vegetables, dried pulses, beans and herbs, and health supplements. Piko has had steady growth over the last 6 years and now has total sales of \$1.5 million per year. There are 15 staff and a new branch of the business is opening in Lyttelton.

Major sales growth over the last few years has been in certified organic fresh produce and gluten free items.

In the fresh produce department, customers actively choose certified organic. The shop will also sell uncertified or produce in transition. They ensure they have a relationship with their suppliers who have a relationship with growers. They find it easier to work with distributors rather than many individual growers.

They also find that every day there are people coming in wanting information about organics. Competition from farmers markets is a good thing, they find, as it increases total demand for goods and encourages growers. However compared to a supermarket they feel they have a “social capital” that supermarkets lack.

Piko welcomes enquires from growers wanting to sell their produce. They especially need greater supplies of:

- Lentils & soy beans
- Ginger, garlic
- Brassicas
- Herb teas (especially peppermint, nettle, lemon balm)
- Rolled oats & buckwheat
- Free range organic eggs.

Piko Wholefoods Co-operative is located at the corner of Kilmore & Barbados Streets, Christchurch, ph 03 366.8116, website www.pikowholefoods.co.nz

3. Vege box scheme

Scott Barclay and Amanda Brennan grew veges and sold their produce through a veg box scheme, however they no longer run this business. The box scheme involved the complete chain – they grew the vegetables, packaged and packed them into boxes and delivered them throughout Christchurch.

The boxes had a minimum number of items for a set price throughout the season. Individual items were packaged into plastic or paper bags, then packed into wooden boxes and delivered on a set day from November to May. The produce was very fresh – picked that day or the day before, and for many customers the freshness of the produce was more important than the fact that it was organic. They only used very good quality produce. 60-80 boxes were delivered - one-third of these fortnightly, the remainder weekly.

Sometimes they had to buy in if they didn't have enough of their own, or if other growers had something available that was special (e.g., new season's apples). In the box they included recipes and farm information. They found that word of mouth recommendations was their best form of marketing. In fact, selling the boxes was not hard, growing it was.

Scott's recommendations for getting started:

- Can begin with very little capital
- 1 ha land is enough to start
- need tractor & implements, sprayer, hand tools, irrigation, packing shed, chiller

The benefits of producing and selling through a box scheme are:

- low capital requirement
- good way to experiment with land (what will grow well here?)
- growing a range of crops spreads risk

- connectedness with customers is satisfying
- you can adapt quickly to what people want
- retail margin retained by grower
- minimum waste
- good lifestyle.

Disadvantages:

- Hard to grow wide variety
- Very time consuming
- Large lead in time before income comes in (only Nov to May)
- High input system
- Quality vs. cost decisions (e.g., do you buy in extra product)
- High admin component
- Have to buy at times (expensive)

Solutions:

- Could work with complementary growers (e.g., egg producers)
- Could use WWOOFERS or students.

4. Steve Wiley works for Fresh Direct, sourcing organic produce for sale to supermarkets. Fresh Direct is a nationwide wholesaler of organic and conventional fruit and vegetables, flowers and pot plants. They have a vision that organic produce should be available to all. Produce is packaged in branded pre-packs to differentiate it from conventional produce.

Demand for organic produce is growing 10-20% per year and Steve says there are still many gaps in supply. Fresh Direct is interested in hearing from growers who have the following:

- Organic certification
- Quality product – it is crucial that organic produce looks good
- Consistent supply
- Consistent units – i.e., arrives in saleable sized packs, e.g., returnable crates
- NZGAP accreditation – this covers the post-harvest time frame, e.g., washing and packing facilities. This is not a hard accreditation to achieve.

Steve says Fresh Direct can offer consistent access to a nationwide market. He also stressed that attention to quality will pay off. He predicted that premiums should remain around 25% above conventional prices.

Steve Wiley can be contacted on 03 349.8393, mobile 021 2295 600, email swylie@freshdirect.co.nz

5. Karen Joblin sells her produce at the Selwyn Farmers' Market at Lincoln under the name Waihora Organics. Certified with OFNZ for 3 years, she owns 5 ha of land at Greenpark, near Lincoln.

Advantages of selling at the Farmers' Market:

- Community – meeting the customers and selling directly is something Karen has really enjoyed about selling at the market. You get feedback on quality, price and know what are the most popular lines.
- Good way to sell when combined with a small box scheme – what doesn't sell at the market can be put into the boxes.

- Control – you can pick and sell as much or as little as you want.
- Speciality crops – the market allows you to experiment with new and unusual crops – eg, artichokes, watercress.
- Awareness of organics – good way to promote organics.
- A good way to “test the water” without committing a lot of capital.

Disadvantages:

- Weather – need a shelter, which can be expensive, and rain can deter customers.
- Fluctuating population: disappointing when you don’t sell as much as usual due to low numbers of people.
- Consistency – is very important for customers that stallholders are consistent – both being at the market every week and selling the same range of product.

Overview

- The Farmers’ Market demands consistency and quality produce.
- Have an attractive stall, not cluttered, so that customers can choose without the feeling of being watched.
- A business name and logo is helpful for recognition.
- Most people like bringing their own bags and prefer not to have things pre-packaged.
- Most popular lines were corn, garlic, salad mixes and herbs.
- It’s a great way for a small grower to sell produce, find out what people want and meeting a certain standard – a highly recommended outlet!

6. David Musgrave of Functional Wholefoods, Geraldine.

David runs Functional Wholefoods, a processor of linseed into flax seed oil at Geraldine. He started off running the business himself then realised that he did not have the business or people skills to do this successfully. He now employs people with specialist skills to do the business side for him.

David now contracts other growers to grow the linseed (flax) for him and to make this a more attractive business proposition, helps them find other crops to grow in their arable rotation. Unlike many contractors of arable crops, he pays his growers throughout the year to help with their cash flow.

Points for successful marketing :

- Packaging very important – e.g., flax seed oil needs to be in black plastic bottles to prevent light degrading the oil. Packaging should be recyclable. Attractive labelling.
- Encourage contract growers – give a high premium over conventional price. Maintain good contact with growers. Help find other markets for their other products.
- Diversify by producing a range of products – e.g., flax seed oil is being made into other products such as salad dressing.
- Use points of difference to your advantage – e.g., in Canterbury, the soils and weather conditions give the flax seed oil a unique flavour and has a 5-7% higher level of Omega 3 than flax than oil from the rest of the world.

David Musgrave of Functional Wholefoods can be contacted at 03 693 0034, or their website www.functionalwholefoods.co.nz

Summary:

- Aim for a quality product
- Consider your strengths and weaknesses – e.g., do you like growing but not selling? Do you enjoy contact with customers? Does the idea of “adding value” appeal? Do you have capital behind you?
- Do your homework – e.g., what crops can be grown on this land? Is there a market for a particular product?

Where are the markets/ what are your options for selling organic produce?

The Canterbury region is well catered for with many potential outlets for organic produce:

- Farmers' markets (Selwyn Farmers' Market (Lincoln), Canterbury (Riccarton House), Lyttelton and Waipara)
- Box schemes
- Local retail: e.g., Piko's
- Local processors: e.g., Functional Wholefoods, A Cracker of a Nut
- National: e.g., Fresh Direct, Fonterra
- Global: e.g., Enza.

At this seminar, certified organic crops that were noted to be in demand were:

- Walnuts
- Arable crops – oats, buckwheat, lentils, soybeans, linseed
- Herb teas – peppermint, chamomile, nettle, lemon balm
- Fruit and vegetables – all in demand, but particularly garlic, ginger, brassicas.
- Organic/free range eggs

Note: many other items are also in high demand, but these ones were brought to our attention at the seminar.

Remember Jenny Lawrence's favourite quote: “Fortune favours the prepared mind”!