Summary of Recent Reports on BC and Canadian Apple Sector Competitiveness

BC Apple Industry – Benchmarking Phase 2, completed September, 2012

The second phase of a strategic "benchmarking" study, to compare the BC apple industry with competitors, is now completed. Many of the observations on competitiveness are driven by the current shrinkage of our sector compared to the continued growth in Washington State.

Recommendations of the Benchmarking Phase 2 study:

1. Prioritize actions and implement with dispatch.
2. Address mistrust and adversarial positions between growers and the Okanagan Tree Fruit Cooperative – engage a professional facilitator to assist.
3. Determine premium varieties best suited for commercial development. e.g. identify existing and yet-to-be-released varieties are particularly attractive in the market and for which BC has a competitive advantage in producing, especially with respect to higher quality.
4. Tie forward market planning with new consumer research emphasis and strategies for strengthening the demand for BC apples against competitor's products.
5. OTFC needs to strategically modernize facilities – risks to solvency need to be addressed and growers need to be consulted on their support for the proposed investment.
6. BCFGA should consider setting up programs to increase, at the grower level, yields and fruit quality. Recent examples are programs in Great Britain, New Zealand and Australia, where apple sectors have been re-invigorated.
7. Tie replant guidelines to strategy (e.g. variety selection).

The National Horticulture Value Chain Roundtable (HVCRT) - Benchmarking Study for Canadian Apples, completed in August 2012.

The study states that the vast majority of responses in the industry could be summarized into one paragraph:

The Canadian apple industry is its own worst enemy. The situation in which the Canadian industry finds itself is the outcome of how industry operates. The industry clearly has strengths, though these strengths are not being used to their full advantage. Factors such as climate and land values impact its options and costs of production; however, focusing on subjective social issues rather than making difficult objective decisions has lessened the industry's competitiveness.

<u>Recommendations of the Horticulture Value Chain Roundtable for Canadian Apples</u>

1. Focus on the Domestic Market Ahead of Exports:
    a. Canadian growers/packers should grow the market for Canadian apples by earnestly marketing them when they are at their best quality (within 9 months of harvest), and developing counter-seasonal relationships with Southern hemisphere suppliers to ensure a consistent higher quality offering to consumers year-round.
    b. Improved storage capabilities to help elongate the Canadian apple season and improve the quality of stored apples.
2. Establish a National Market and Industry Development Body.
    a. One industry body as a whole, to develop more consistent and coordinated research, production and marketing practices.
    b. An industry-led body that focuses on industry development through innovation and leads marketing initiatives.
    c. An organization that is overseen by a competency-based Board, comprised of producers, packers, retailers, foodservice and researchers that would have the ability to authorize projects.
3. Invest in Production and Packing Efficiencies/Effectiveness.
    a. Production Methods.
    b. Scale/Consolidation.
4. Learn from other jurisdictions (Washington State, United Kingdom):
    a. Category Management.
    b. Ability and Motivation to Innovate.
    c. Consolidation.
    d. Government Programs / Trade Associations.
    e. Research and Development.