Reaping the Fruits of Global Growth

Global Trends in the Fruit Sector and the Implications for Breeding

Cindy van Rijswick – 15 April 2019
Rabobank Services all Links in the Food & Agriculture Value Chain

Financing, Knowledge, Networks and Innovation

- Present in 40+ countries
- Global F&A loan portfolio of about EUR 100 billion
- Supporting access to finance in developing countries
- Supporting start-ups with our own events and funds
RaboResearch Food & Agribusiness

A true F&A bank

**Rabobank** is the world’s leading financial services provider for F&A. **RaboResearch Food & Agribusiness** is our dedicated F&A research department, central to the bank’s vision and strategy.

**It’s who you know**

Our broad network gives us access to all players in the market—and unique knowledge of innovation, local markets, and risk/reward balances along the chain.

**Strategic research and advice**

Our analysts combine in-depth market and sector research with strategic advice to facilitate unique C-suite discussions on strategic business development.

**Global view, local insight**

Our analysts have comprehensive agribusiness knowledge—from farm to fork, from beef to beverages, and from Melbourne to the Midwest.

**Strength in numbers**

With 90 analysts all over the globe, we are one of the largest commercial F&A research hubs worldwide, supporting rural and wholesale clients.

**A unique position**

Our extensive links to business, academic research, and government allow us to fully leverage this ‘golden triangle’ for our clients.

A global network of local experts
Variety Development Plays a Prominent Role in the Fruit Sector
The Fruit Business is (Increasingly) a Global Business
Global fruit production + 2% per year

Global fresh fruit trade + 7% per year

Logistics

Market access

Food retail

Consumer preferences

Food retail
Few big (Import) Growth Engines and Many Small Ones in Global Fruit Trade

Fresh Fruit and nut Imports by Selected Countries (Growth Since 2010)

To Meet Shopper Preferences, International Trade is a Must

**Top-3 Fresh Produce Growth Categories in Dutch Supermarkets**

1. **Healthy, ‘snackable’, photogenic, local, new, niche, sustainable**

Value growth is outpacing volume growth

Source: IRI, 2018. Note: figures are in absolute terms for the years 2014 – wk 16 2018
Growth in Fresh and Frozen Fruit Exceeds Canned Fruit and Juice Growth

Source: Euromonitor, 2018
High Value, Prepared, and Organic Fruits are Outperforming in US Retail

% Changes in Fresh Fruit Retail Spend, USA 2012-2017

- All Fruits: 16%
- Value-Added Fruits: 39%
- Berries: 24%
- Organic Fruits: 97%

Source: United Fresh Produce Association, Nielsen Perishables Group, Rabobank 2018
High Volume and/or High Value Categories Important for Retail

**Top-15 Fruit and Vegetables in German Retail Ranked by Value**

Bullet size = sales volume

Sources: AMI, Rabobank, 2018.
Essentially 100% Perfection is required, but the Supply Chain is Challenged

- Availability of resources: labour, water, fertile land
- Climate, weather
- Geopolitics
- Food safety
- Stable income
- Competition

(Sustainability) requirements
Sustainability is High on the Agenda

Chilean villagers claim British appetite for avocados is draining region dry

UK demand for fruit increased by 27% last year alone, prompting accusations that growers are illegally diverting rivers and leaving locals without water
More and more, machine will take over from man...

...but production systems and varieties need to adapt

Availability of Labour is a Major Issue
For Many Fruit Crops Production Systems are Advancing

- Higher consistency, quality
- Avoiding peak season
- Risk control
- More sustainable production
- Solve labour issues
Fruit Farming Businesses are (Slowly) Changing

**Profitability Dutch Fruit Growers**

- Many small growers, few large ones
- Volatile profitability

- (International) corporates
- Integrated companies
- (Flexible) partnerships
- More investor involvement

Supply Chains Become More Integrated, Shorter and Transparent

**Current Supply Chain Models**

- **Trading model**
- **Semi-integrated supplier model**
- **Semi-integrated grower model**
- **Fully integrated supply chain model**

**Future Supply Circle?**
Fruit Breeding is Often an Integral Part of the Fruit Supply Chain

**Businesses in horticulture breeding (random examples)**

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**Characteristics:**
- Fragmented playing field
- High dominance of universities
- Many integrated players
- Often very specialised
- Some consumer branding
Reaping the Fruits of Global Growth: not as Easy as Pie

Market value growth: convenience, snacks, organic (or other sustainable label), superfoods, premium, tasty, personalised etc.

Major challenges: labour, water, crop protection, soil, integrating technology and innovation

Opportunities for breeders:
- Many opportunities consumer and retail
- Urgent grower needs (water, labour, crop protection)
- Vertical cooperation
- Building more scale and power

Challenges for breeders:
- Long period to commercialise
- Nursery stage essential
- Growers only replant occasionally
- Acceptance and regulation new breeding techniques