

Managing the Value Chain to Deliver on Consumer Perceptions of Value

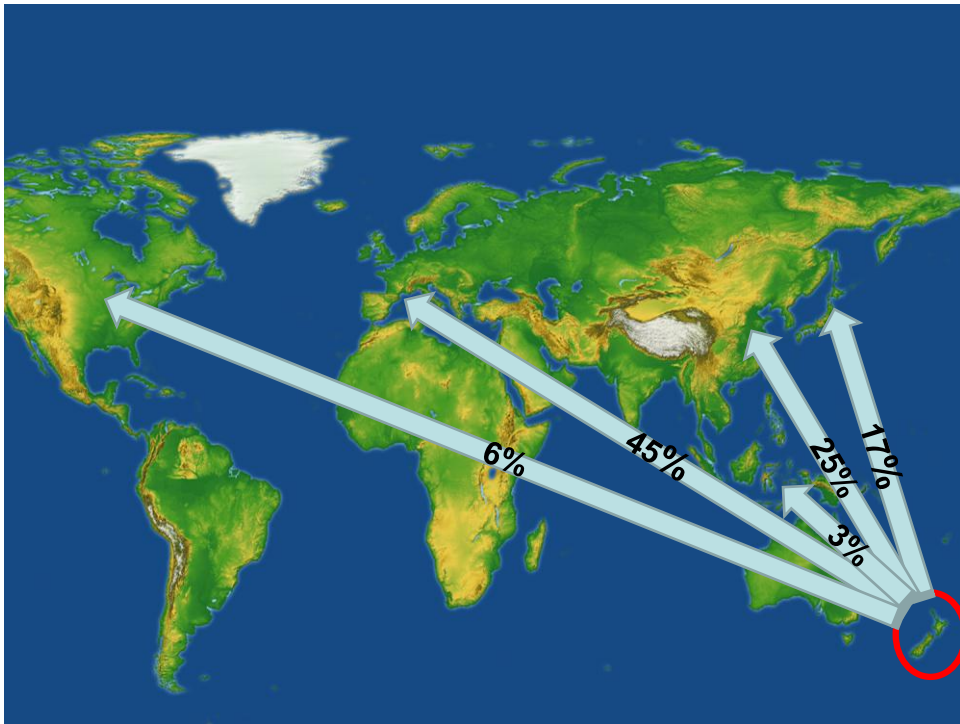
Dr David Tanner, GM – Innovation




Presentation outline

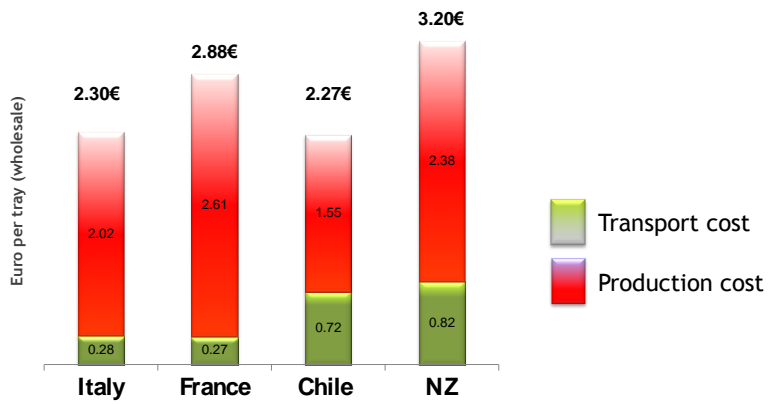


- What are ZESPRI's motivations to innovate?
- What gives us the strength to innovate?
- What innovation achievements have occurred to date?
- Where we are going in the future?
- How do we know we are going in the right direction?



Zespri Kiwifruit **NZ Kiwifruit cannot win the price war** 

Cost per tray of Hayward delivered to **Spain**



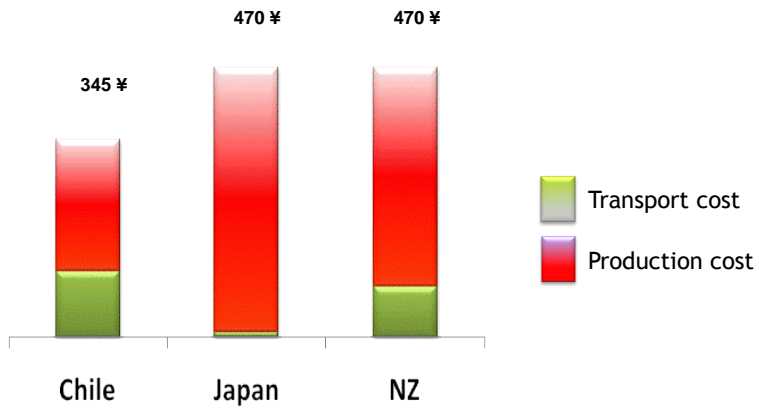
Source: Boston Consulting Group, plus ZESPRI July 2010 forecast



NZ Kiwifruit cannot win the price war



Cost per tray of Hayward delivered to Japan

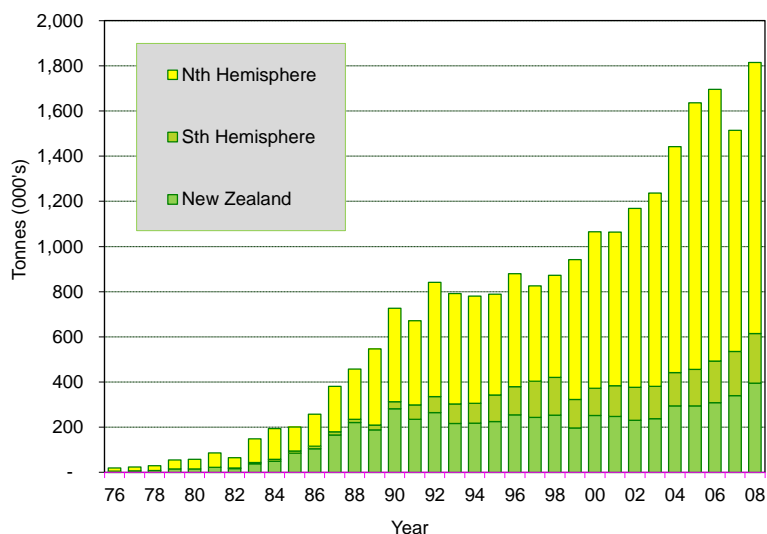


Source: Boston Consulting Group, plus ZESPRI July 2010 forecast





Global production



Kiwifruit – a niche product

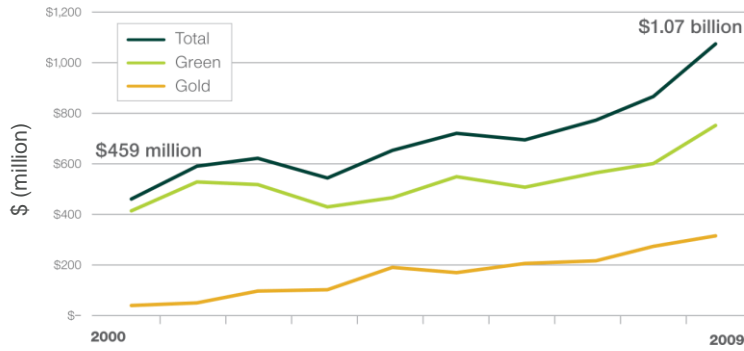


Fruit Category	1983-85 (% of total)	1995-97 (% of total)	2007-09 (% of total)	'07-09 v 95-97 (% change)
Apples	12.81	11.89	12.13	+ 0.24
Other Deciduous	9.68	10.80	10.71	- 0.09
Total Deciduous	22.48	22.69	22.84	+ 0.15
Total Grapes	20.35	12.30	11.61	- 0.69
Oranges	13.84	11.94	11.77	- 0.17
Other Citrus	7.60	9.27	9.68	+ 0.41
Total Citrus	21.45	21.21	21.45	+ 0.24
Bananas	12.94	15.56	16.27	+ 0.71
Other tropical	21.49	22.00	21.71	- 0.29
Total Tropical	34.43	37.56	37.98	+ 0.42
Other Fresh Fruit	0.0	4.75	4.68	- 0.07
Total Berries	1.18	1.27	1.21	- 0.06
Kiwifruit	0.11	0.22	0.22	+ 0.00
TOTAL FRUIT	100.0	100.0	100.0	n.a.





Growth through the decade

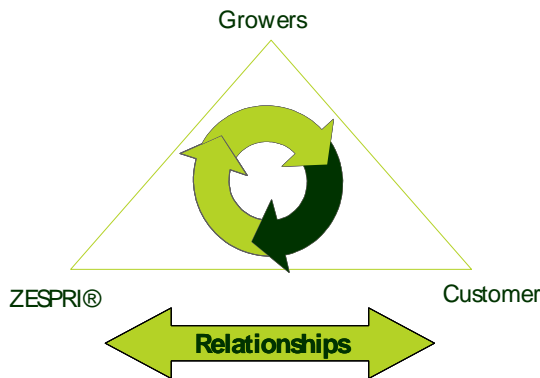


9.8% compound average growth rate (CAGR)

Source: Statistics NZ, ZESPRI



Integrated relationship

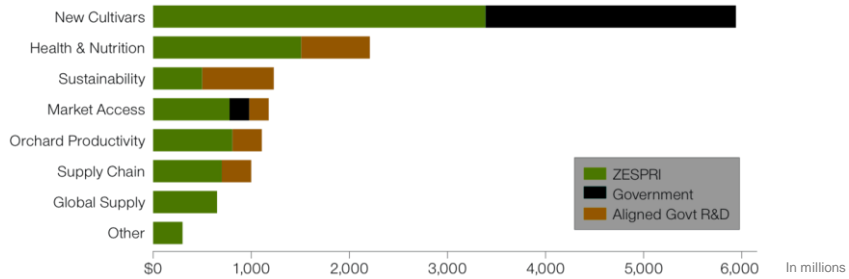




Innovation focus: soil to spoon



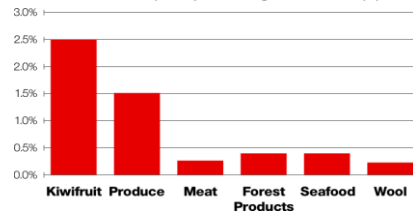
Innovation Investment 2011



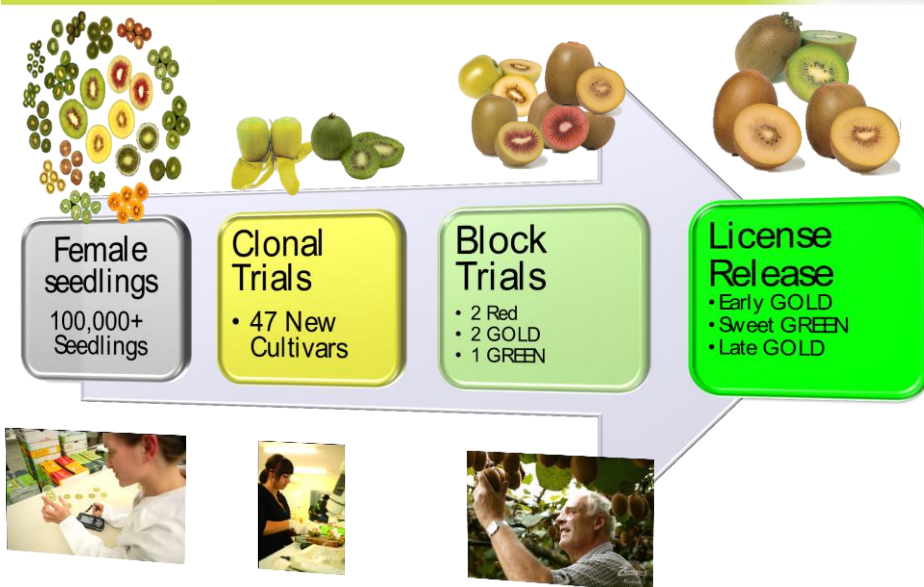
Innovation Strategy

- Optimise core performance
- Build competitive advantage
- Pursue growth horizons

Innovation Investment (as a percentage of revenue) (2011)



ZESPRI New Cultivars Breeding Programme Overview

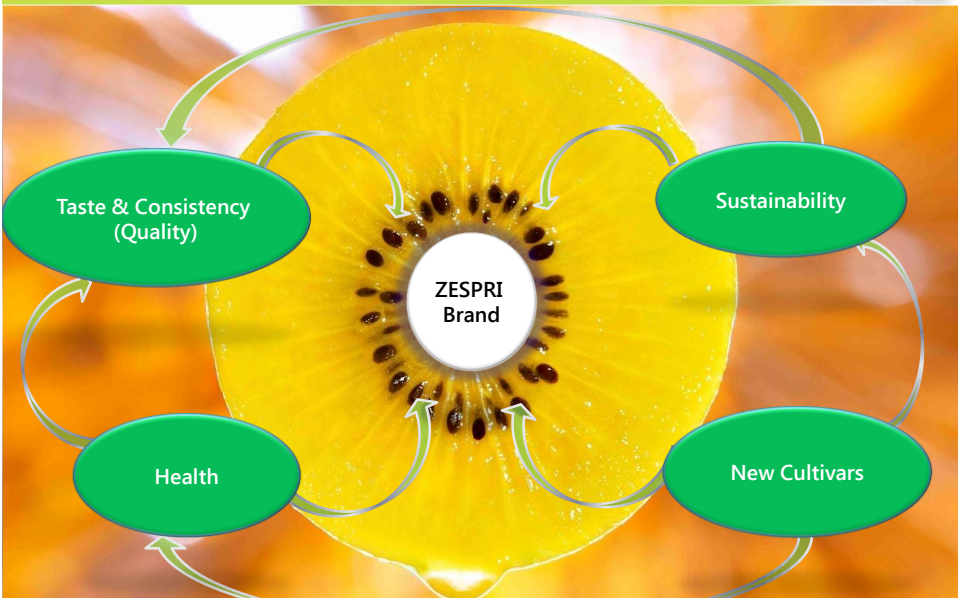




Extended season and improved taste

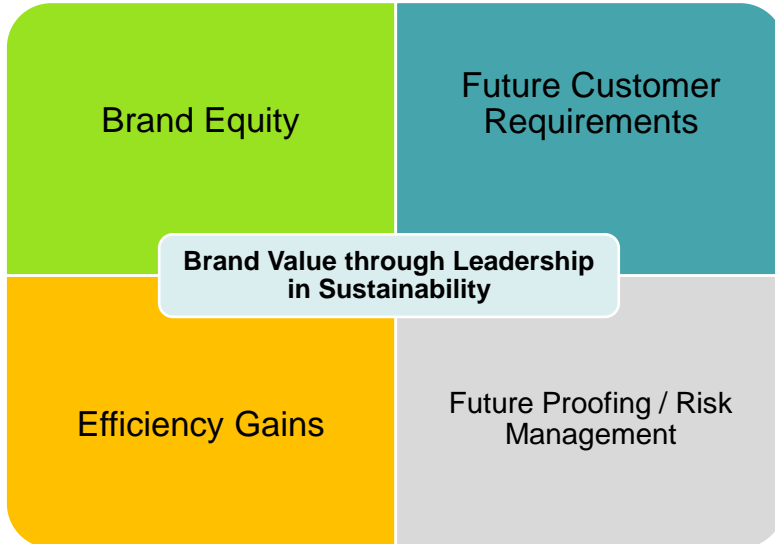


Taking ZESPRI forward





Sustainability supports core brand values



Health science space

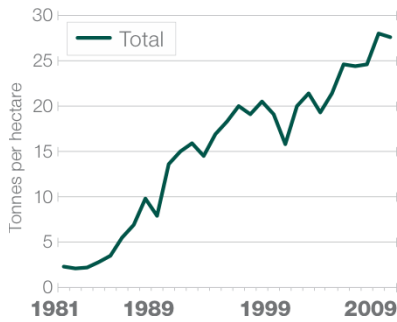




Reasons for growth

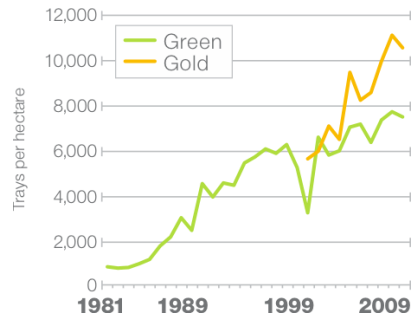


Kiwifruit Export Yield – per hectare



Source: Statistics NZ, NZIER

Kiwifruit Trays – per hectare



Source: ZESPRI

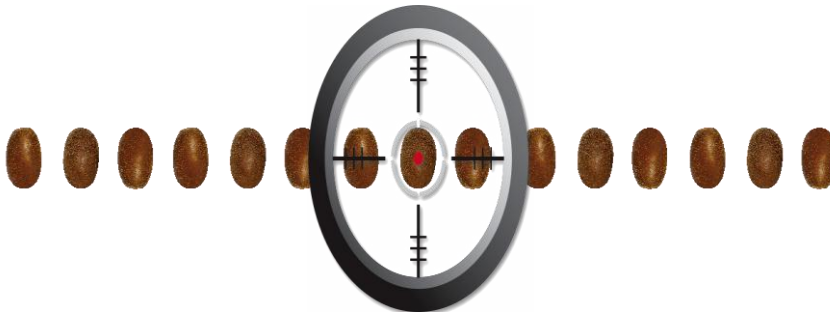
NB. New orchard plantings contribute to productivity increases in the early 1980s and 1990s (GREEN) and 2000s (GOLD)



Product concepts



Focused targets for the breeding programme

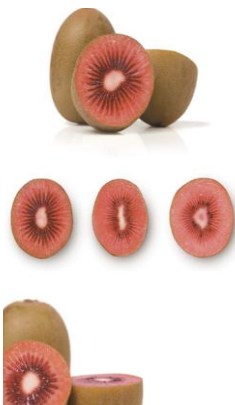




Convenience



Novel taste and appearance



Expansion not fragmentation

$$1 + 1 = 2$$





Where science meets industry



Staying ahead of the pack





Thank You