



August 1992

Cooperation is Essential to Compete Abroad

by

Enrique E. Figueroa

Agricultural Economics

New York State College of Agriculture and Life Sciences, Cornell University

This past week I organized a conference on the potential for exporting New York State fresh market apples. Many of the participants were individuals representing firms that pack and ship fresh apples throughout the country and to various markets in the world.

Though historical differences exist between the fresh apple markets in Western, as compared to Eastern New York, the two regions are becoming less different. One element that ties the two together is the increased production of the Empire apple. The Empire apple is only grown in commercial volumes in New York, Michigan, and Ontario Province.

Of particular relevance to participants in the conference was the position the Northern apple industry can take in future international markets. It is in these expanding and highly competitive markets where the notion of competition versus cooperation arises. Virtually every one of the participants agreed that the industry needs healthy competition -- for it has been through competition that many innovations have taken place. Also, the culture of the industry is that of individual firm behavior. However, the international marketplace is now characterized by highly organized marketing entities that discipline shippers from particular growing regions.

For example, New Zealand has one entity that markets all the fresh market apples sold in international markets and therefore the quality control exerted by such an entity disciplines growers and shippers. Promotional efforts are highly organized as well. The French have historically been very good promoters of their apples and many retailers and wholesalers view

French apple promotional efforts as setting the standards for the industry. The French enter markets with significant promotional resources because one entity represents the interests of many shippers.

Lastly, many shipping regions in the world have been able to provide consistent and reliable packs, that is to say, that grading, packaging, labeling, and palletizing have been standardized. This is so well liked that many receivers balk at shippers that do not provide consistency and reliability. The challenge to the Northeastern apple industry is to achieve cooperation in the international market while remaining a competitive industry domestically. It is a difficult undertaking, but one that needs to be done if the industry is to establish itself in the international arena. Leadership will be required, but members of the industry have taken the initial step by beginning to discuss the issue.