

PRODUCE

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TECH TALKS

From farm to fork, Australasian companies are harnessing the power of technology to improve supply chain efficiency and compliance

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Digital transition

HiveXchange CEO Antonio Palanca on why central markets must evolve into digital sales and marketing hubs.

By Matthew Jones

Reducing operating and compliance costs, coupled with shrinking revenue and profit margins, are common challenges facing farmers at several markets across Australia. However, Antonio Palanca, CEO of digital fresh produce marketplace HiveXchange, believes the market system has the power to reinvent itself through the widespread adoption of e-commerce. Palanca shares his thoughts in this exclusive interview with *ProducePlus*.

In your opinion, is the central market system currently adding value to the fresh produce supply chain in Australia, and if so, how?

Antonio Palanca: Most definitely. As intermediaries in the supply chain the central markets add value in many ways. In addition to their industry and product knowledge, they provide important services such as brokerage, financial services, breaking down of bulk orders, administration, representation and marketing of growers' interests, to name just a few.

Conversely, what are the limitations to the way central markets are set up in Australia? How their functions changed over the last decade and how they got the capabilities to evolve in the future?

AP: The role of central markets must evolve from becoming a place to sell and receiving bids, compensated by their natural strengths as physical distribution and service hubs. In so doing, every participant in the chain is a value-adding operational, distribution point. This provides opportunities to take costs out of contracting and administration, increase sales coverage and, to use digital marketing to generate more margins and greater market intelligence.

Consider that today several markets operating hours are restricted. It means there are limitations on time necessary for both buyers and producers. There is no single marketing infrastructure and much of it is still paper based. There is no national market view and there are limited digital marketing services available.

All of these limitations can be overcome through e-commerce: change open, automated contracts and administration, and access to more information and digitised marketing markets.

What job market e-commerce in a central markets context means you're talking about still trade. Apart from the administrative and marketing benefits mentioned above, how can B2B e-commerce strengthen business models for market traders and the central market system more broadly?

AP: B2B e-commerce is an important opportunity for the central market system for a few key reasons.

Firstly, central markets are seeing an energy transition and personnel costs increase. Cost of compliance and regulation are also powerfully significant challenges.

Meanwhile margins and margins are under pressure. Increasingly business is being conducted parallel to the market system, at large corporations and producer trade direct and organisations scale up through various integrations.

B2B e-commerce will address these strategic challenges for the markets by taking costs out of the supply chain and using digital platforms to expand their market reach and potential. In the first half of this year our Uffington was named in two B2B e-commerce business workbooks. Digital supply chains are a worthwhile investment and the way of the future.

At HiveXchange, you've coined the term 'E-commerce first-based e-commerce'. Can you explain the concept behind this?

AP: E-commerce is the digital foundation for transparency, provenance, quality assurance and compliance – this foundation can be used to build



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trust between stakeholders in a supply chain.

In profitable produce, trusted relationships are key to reducing risk. Our experience has shown that you must facilitate a relational marketplace and focus in on risk management. Do that and you can build trust in a digital environment.

This then means you can build trust-based relationships – both in volume and in reach. That is a massive opportunity for central market stakeholders simply because you can

and more without creating its own infrastructure.

How then does this differ from a standard B2B e-commerce model?

AP: A standard B2B e-commerce solution can increase efficiency in administration, improve market access and trade management, while quality controls are limited to those the participants bring to the trading relationship behaviour.

The real challenge is all about finding ways to grow markets and manage. Commerce enables the market to identify and engage with high value opportunities at a national and international level, without compromising the integrity of trade relationships, risk management and operational efficiency. By removing the cost and risk barriers of engaging these markets, Commerce supports a more agile system poised to capitalise on emerging trade opportunities.

We've also built the iTrack change to further marketing and demand insights, by complementing the physical market with a virtual one that happens 24 hours a day. It offers greater transparency up and down the supply chain, and makes it easy for central market agents to be value-added – promoting their business, product presence and quality assurance in the digital world.

Change is constant in any food supply chain but what currently sets some significant new forces in the Australian market. One of those is the digital delivery of produce to the home. As this force grows stronger, is there a place for central markets in this digital information supply chain? If so, what do you think this space could look like?

AP: In every digital transaction with the consumer, businesses need and want digital relationships further up the supply chain. That is where the



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markets have a logical need to start to make.

In our view, there are three broad opportunity areas. Firstly, there are companies that offer consumers a menu and fulfil for the menu. These companies typically buy in bulk rather than pallets, and therefore need someone in the supply chain to provide that as a service. Central markets could support these needs by providing a digital interface to those buyers, and provide services (as a digital add-on) to convert bulk orders into unit orders.

Secondly, there are many techies out there that simply deliver produce to the home. Central markets could offer a programming interface into a central market e-commerce platform to allow these businesses to synchronise order taking at the consumer end, with order fulfilment via the markets.

“The real challenge is all about finding ways to grow markets and margin”

Thirdly, using e-commerce to provide elements of payment, fulfilment and model fulfilment which can open up many new business models for other innovative service providers – for example neighbourhood buying groups could find it much easier to coordinate their buying from the markets.

Can you see this going a step further, with market traders venturing into the B2C e-commerce space?

AP: I would be surprised if they did that directly because it has the potential to introduce a lot of conflict into the distribution chain that may cause the central market to collapse their business. I would imagine that the B2B opportunity will take priority.

We're also seeing a renewed emphasis on exports in Australia, particularly in the Asian region. Are central markets in danger of being bypassed in this process or are there opportunities to position them as hubs for this sort of activity? How can e-commerce play a role in this?

AP: The combination of market infrastructure and knowledge with digital expertise is a phenomenal opportunity for the central markets.

The product knowledge and skills of market traders make the perfect marriage fit. Digital selling and marketing are a natural extension and key driver of potential export growth for central markets. The iTrack change will help central markets not only become export hubs, but digital marketing hubs for Australian produce locally and in international markets.

International markets are digital and Asia is the largest e-commerce market in the world. Being one of our major neighbours, this provides digital ready Australian suppliers with direct access to high value buyers. Based on our experience in Asia and engagement with exporters and importers, this is a clear opportunity for the Australian primary industry and central markets to use iTrack change technology to establish strong, faster digital supply chains into these lucrative markets.