



ZESPRI SHIPPING SOLUTIONS



Zespri has been a strong supporter of the specialised reefer mode for many years now, and for good reasons. I have been asked to write an article on what these reasons are, so to do this I firstly will list what the “key requirements” are that Zespri is looking for in its shipping solutions and how it applies these to its markets. **The key shipping requirements we are looking for:**

1. Fast transit times.
2. Sufficient capacity including container equipment where necessary.
3. Schedule integrity.
4. Quality outturns.
5. Cooperation with on- ship services (ripening, trials, technical support etc).
6. It goes without saying that we take a long term partnership approach with our shipping providers.

By chartering our own specialised reefer ships we can meet these key requirements and secure the value that a specialised reefer ship adds to our product.

NB: It goes without saying that we take a long term partnership approach with our shipping providers.



1. Transit Times.

The major market where we use specialised reefer ships is our European market which takes about 50% of our total volume. It's a long way from NZ to Europe with two oceans to cross and the Panama Canal to transit, in fact one of the longest sea voyages undertaken. There is only one direct container service still operating from NZ to Europe and that is only on a fortnightly basis with limited reefer plug capacity. All other container services to Europe tranship through SE Asia now and take about 40 (plus) days to reach Europe. By chartering our own ship and going direct we can get there in 27 days. It used to be faster but we have had to accept more economical speeds with the high price of bunkers now, but we are still arriving nearly two weeks ahead of the containers, more if you count the time needed to consolidate the containers prior to loading to meet documentation and security requirements. This is a huge advantage for Zespri as we are a seasonal shipper so the sooner we get to Europe, the sooner we can start selling, in this case gaining a minimum of two extra weeks of sales. Once we have started selling in Europe we concentrate on filling the pipeline from NZ to Europe for the next six to eight weeks where transit time and capacity are critical. During the middle period of our selling season we are in a steady load and ship mode where transit time can be relaxed a bit, as long as stocks and quality are not compromised. However during the last period of our season, when the fruit is not as strong as when it was first harvested, getting it quickly to the market in the best condition is paramount so transit time becomes critical again.



2. Capacity.

Zespri has a critical mass of product to ship to Europe and by chartering our own shipping capacity, we are certain that we have that capacity available to launch our programme in Europe. NZ is a long way from the rest of the world and off the major shipping trade lanes so we need to be absolutely certain we have the capacity we require. To do this in a sustainable way we enter into long term agreements with our key shipping partners. This gives them the security of the cargo to plan and develop trades to get the ships efficiently to NZ and gives Zespri the security that the capacity will be there when we need it. Once our season has started with harvesting underway, we use the capacity in the most efficient way by sending it to regional ports for loading if fruit is available there, or we can hold the capacity if fruit maturity is delayed due to weather etc. Either way the capacity stays with us, it does not go to another shipper or depart on a liner schedule regardless if we have loaded or not. Sometimes we work with other Owners or Charterers to swap ships to achieve the right capacity fit and/or load dates. Once the kiwifruit is picked and in coolstore, we can settle down to a steady export programme according to the schedule which is based on the sales demand from our markets. We also utilise the ondeck container capacity of the ships which is another advantage of the reefer ship, giving us flexibility on capacity. We sometimes do this on a firm programme to achieve freight efficiencies, and other times as required to give the flexibility to respond quickly to changes in market demand. With a four week transit to Europe and two weeks to order and prepare the cargo, we are talking about a six week lead time to respond to a change in market demand. This may seem a long time but it is shortest lead time we can achieve and is only possible due to Zespri controlling its own capacity.

3. Schedule Integrity.

Once we have started selling in Europe, it is very important we have a continuous supply line of fruit from NZ as we operate a JIT inventory in Europe. Starting a selling programme with our customers in Europe and then running out of fruit would be a disaster, hence schedule integrity receives a very high degree of focus. Reefer ships are a key part of Zespri's plans to achieve this schedule integrity which they deliver to a very high level. We work closely with the Owners to plan the agreed load ready dates in NZ and the subsequent market eta's, which includes making sure Panama Canal bookings are made in

time. One of the advantages of chartering our own ship is that we are in direct communication with the ships and can track their passage progress. Should they delay due to heavy weather etc we can advise the market immediately who can take action to mitigate the impact of the delay. Sometimes when ships are early or market demand has slowed, we work with the Owners to see if slow steaming is beneficial to both parties in which case we share any bunker savings produced, unlike the Container Lines which keep all the savings for themselves.

4. Quality Outturns.

Quality outturns are critical for every fruit shipper and Zespri is no exception. One of our major costs is fruit loss (due to poor quality etc) in the market. This is fruit which has incurred all the costs of picking, packing, storage and freight to the market, only to be thrown away. We endeavour to reduce fruit loss in the market wherever possible starting with running low stocks there as experience has shown the best place to hold the fruit is in NZ, and only ship it when it is close to sale. We then use the most suitable shipping mode to ship the fruit in the best possible conditions, all the way to Europe. Research performed by Zespri over the years has confirmed that reefer ships are the best option available in keeping fruit at a consistent temperature which is very important for a quality outturn. This is especially so as we enter the later period of our selling season, when keeping our customers confidence high with good quality arrivals is critical to finishing the NZ season in a positive fashion. To help facilitate these outturns Zespri has instructed the ships it charters to report to its Shipping department every 48 hours with current details of delivery and return air temperatures, pulp temperatures, CO2 readings and ventilation levels. This way we can monitor the progress of the voyage and take corrective action should we see something abnormal. Research into improving the performance of the entire cold

chain is an ongoing quality activity with Zespri and we currently are running two programmes:

- Each ship has temperature data loggers installed across the delivery air bulk head recording delivery air temperature.
- In a high number of pallets we have installed RFID data logger tags. These record temperatures from within the pallet and transmit this data to a recorder when in close proximity. This gives us data on the performance of the primary coolstore in NZ, the ship carrying the fruit to market and the in-market coolstore as well.

All data collected is shared with the key stakeholders including the reefer Owners in an effort to improve the performance of the cold chain.



5. On Ship Services.

Once we have our transit times, capacity and schedule all secured we next focus on what is a major advantage of the reefer ship for Zespri, that is the ability to condition or ripen our early season fruit to a high degree of accuracy. Kiwifruit harvested early in the season can take weeks to ripen naturally which can affect early season, repeat sales. To avoid this and to supply our customers with a close to "Ready to Eat" product, Zespri has developed a conditioning or ripening programme for the early ships to Europe. We place a fruit technician on board the vessels, either in NZ or at Panama and use the ships to condition or ripen the product by elevating temperature.

The technician has access to several "library" pallets in each of the holds with representative trays from the farmers on it and monitors the evolution of the fruit maturity. The data collected is sent to the Conditioning Manager in NZ, who after discussion with the Market Managers, develops a ripening programme to meet the market's requirements. This is a very precise operation with minimal margin for error and therefore requires frequent communication and cooperation to and from the ship during this critical phase. However, it adds a lot of value to our product and is a major advantage of the reefer ship for Zespri.

Zespri also uses reefer ships to supply its key market of Japan and Korea. Their requirement for secure capacity, schedule integrity, transit times, quality outturns and on board ripening services are exactly the same as for our Europe market. By using one reefer operator who we have worked with in partnership to Asia for more

than 25 years, we are able to achieve these same outcomes for our Asian customers as we do for our European customers. The reefer ship plays a key part in Zespri's supply chain and strengthens and enhances the reputation of Zespri as a consistent and reliable shipper of quality kiwifruit.



News Update ... News Update ... News Update ...

Welcome on board:

We are pleased to announce Fresh Carriers Co Ltd has joined the 360 Quality Association as Executive Members.

Fresh Carriers Co Ltd are based in Tokyo and are also members of the Japanese Shipping Association.

Congratulations:

Congratulations to Affiliate Member MMD (Shipping Services) based in Portsmouth who have successfully passed the audit process and are now a 360 Quality Association certified terminal.

ANOTHER MYTH BUSTED

Exhibitions are all fun and no hard work

Fruit Logistica 2013 report

360 Quality sent us to Fruit Logistica 2013 in Berlin to tackle a persistent myth. Are exhibitions really all fun and no hard work? Two days on and around the 360 Quality booth helped solve the matter.

Do your friends and family have a good idea of what it is you do when you go to exhibitions for business? Some think you will mostly be laughing, drinking, eating and talking to good-looking hostesses. Others even compare it to going on holidays and believe you get to do sightseeing or even have a good night's rest.

Recognize the myth? We figured it would be an easy myth to bust. So we went to Fruit Logistica 2013 to observe the 360 Quality stand and members. Little did we know, we arrived on the day of the happy hour.

Brainstorm

The day started with a brainstorm. 360Q members and affiliates used the occasion of Fruit Logistica to get together and talk about the branding and positioning of 360 Quality.

A very serious matter to start the day with. We noticed how it took plenty of concentration and energy. Some jokes were made, but it definitely was hard work for all participants. At the end they agreed to position 360 Quality as a specialised reefer association, which offers quality by being:

1. Fast
2. Direct
3. Dedicated



ANOTHER MYTH BUSTED

Fast

After the brainstorm people went their separate ways. Some had a stand of their own, others went to see business contacts and headed for the 360Q stand. Either way, we all had a lot of miles to cover.

We followed some 360Q members around the exhibition grounds. They had to rush to get to meetings at various locations. Even the meetings had to be dealt with really fast in order not to be late for the next one. Moreover, with over 20 halls of exhibitors we quickly realized that walking around on an exhibition like Fruit Logistica is not only about being fast, but about being in good shape as well.

Direct

An exhibition like Fruit Logistica brings the world to Berlin. It is an opportunity for 360Q members and affiliates to get together to share stories and experiences. It is a chance to meet with customers, sit down and talk. Face-to-face. But there is another reason why - around 17h00 - it got a tad crowded around the 360Q stand.

Dedicated

By walking around at Fruit Logistica, you really get a good idea of how the market has been growing and evolving over the last year. Exhibitors are showing their latest innovations. It's interesting to learn about the new technologies customers use to grow better crops or to handle packaging in a more efficient way. And of course exhibitions are an opportunity to look at how the competition has evolved.

Happy

At the 360Q stand around 17h00 funny looking glasses were being put on the counter and the first De Koninck beers were drafted. And then it happened. Literally hundreds of people ordered hundreds of those beers. It sure was hard work for people behind the counter. But even for the people enjoying the beer it was hard to catch up meeting and talking to people they hadn't seen in a while.



The 360 Quality Happy Hour is a huge success, a tradition and maybe even a myth on its own. This is a myth that can't be busted. A myth that can't be copied. Because this is what 360 Quality does best: bringing people together around quality. Even when it is quality beer.

Busted?

After the exhibition most people went for dinner, again with clients. Talking business, again. It simply does not stop. No time for sightseeing whatsoever. And then, when you finally get back to the hotel, you still need to check your e-mails before turning in. And again as soon as you wake up the next morning.

So, are exhibitions all about fun and no hard work? Throughout the day it looked like an easy myth to bust. We witnessed countless meetings, cards being swapped and hands being shook. We overheard interesting discussions, were part of a creative brainstorm and walked for miles and miles in between. All that was hard work, no doubt.

But then came the Happy Hour. It looked like hard work at first. And it was, but none of the 360Q members, affiliates and guests complained. They had an excellent time, heaps of fun and probably a few too many beers. The Happy Hour is a fast, dedicated and direct brand experience. Keep it up!

By Guy & Jan
Mythbusters

MEMBERS:

Fresh Carriers Co Ltd
Maestro Reefers A/S
NYKCool AB
Seatrade Group NV
Star Reefers UK Ltd

AFFILIATE MEMBERS:

Ambassador Services Inc. *USA*
AROLA Aduanas Y Consignaciones SL *Spain*
Carga y Descarga de Costa Rica SA *Costa Rica*
CCS LOGISTICS (Pty) Ltd *South Africa*
COOPEUNITRAP RL *Costa Rica*
Diamond State Port Corporation *USA*
FPT Group (Pty) Ltd *South Africa*
George Hammond PLC *UK*
Gloucester Terminals LLC (Holt Logistics) *USA*
K-Services, LLC *USA*
Kloosterboer Vlissingen vof *The Netherlands*
Marmedsa Group *Spain*
MMD (Shipping Services) Limited *UK*
Murphy Marine Services Inc *USA*
Opticool Freshlogistics Rotterdam BV *The Netherlands*
Reefer Terminal SpA *Italy*
SEA-invest *Belgium*
SIELSA *Costa Rica*
Zoomweg Zeeland Cold Stores *The Netherlands*

360 Quality Association
info@360quality.org
www.360quality.org