Who moved my pinot?

The presentation formerly known as 'How does climate risk impact primary industry sector competitiveness – from farm inputs to consumers?'

Lilly Lim-Camacho and the Adaptive Value Chain approaches team

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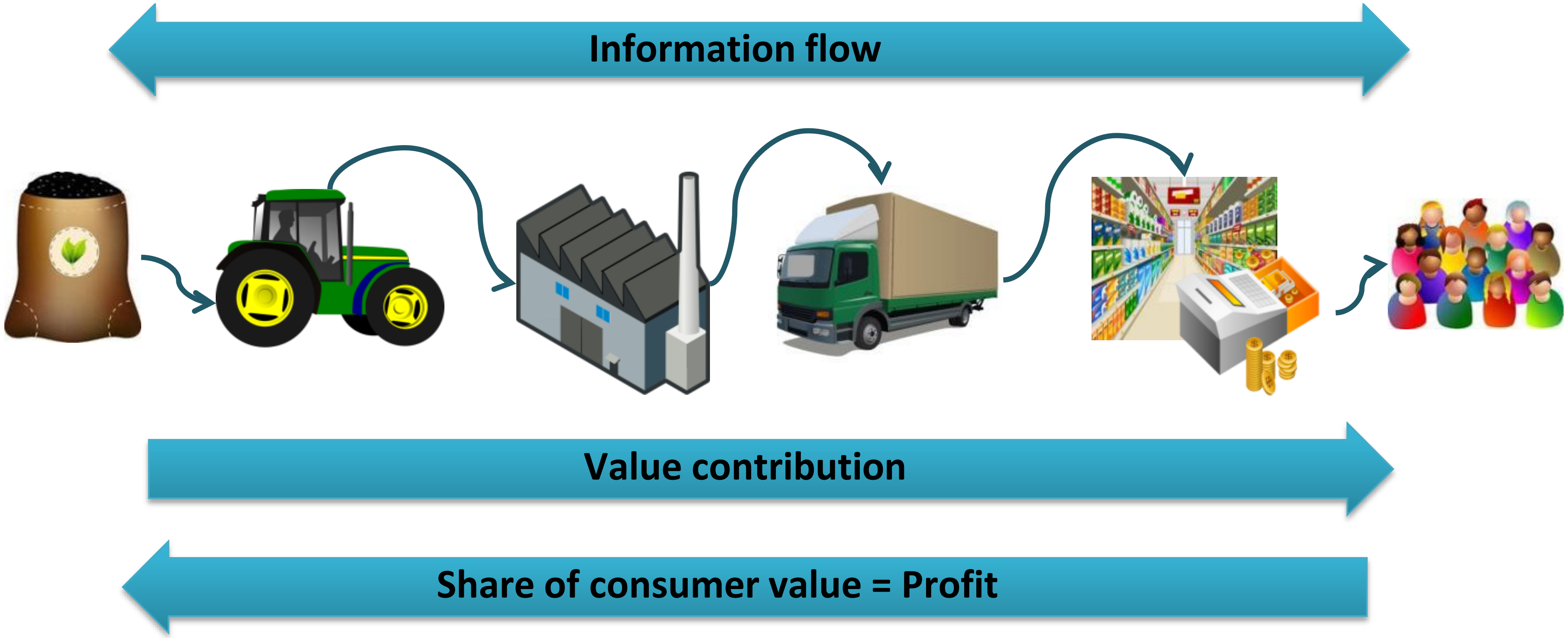
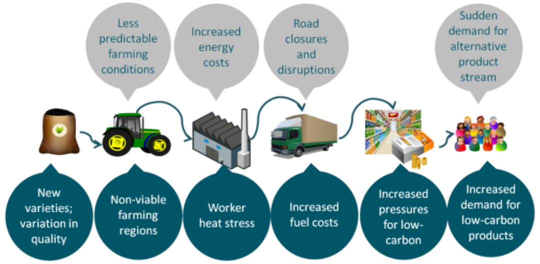
An Australian Government Initiative

The concept of value chains
Beyond product flows

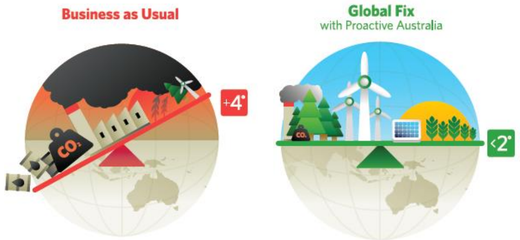


How can value chains adapt?



1 Take stock

2 Understand consumer value



3 Consider the possibilities

Adaptation	Farm	Transport	Manufacturing	Distribution	Retail	Consumer	Environment
Option 1							
Option 2							
Option 3							

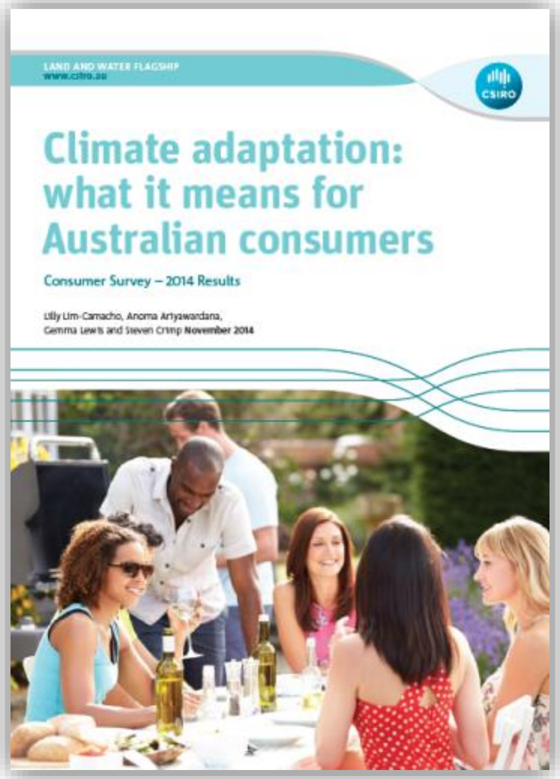
4 Develop your options

Is there consumer demand for adaptation?

A 2014 online survey of 1500 Australians who confess to purchasing wine, mangoes or potato chips.

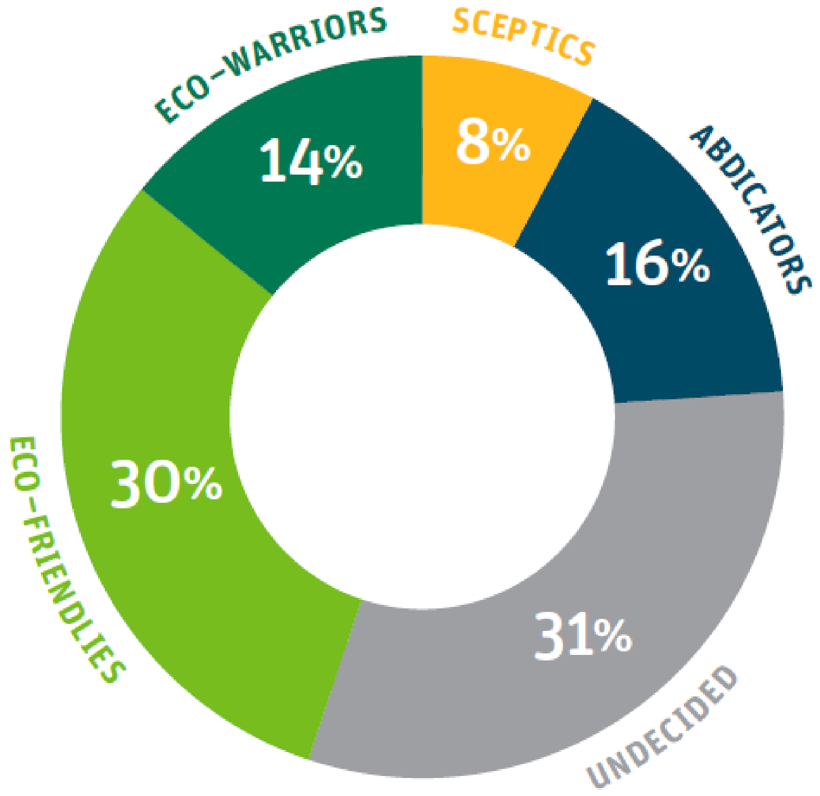
Three core topics:

1. Thoughts on climate change
2. Perceptions of adaptation
3. The value of adaptation for a specific food product

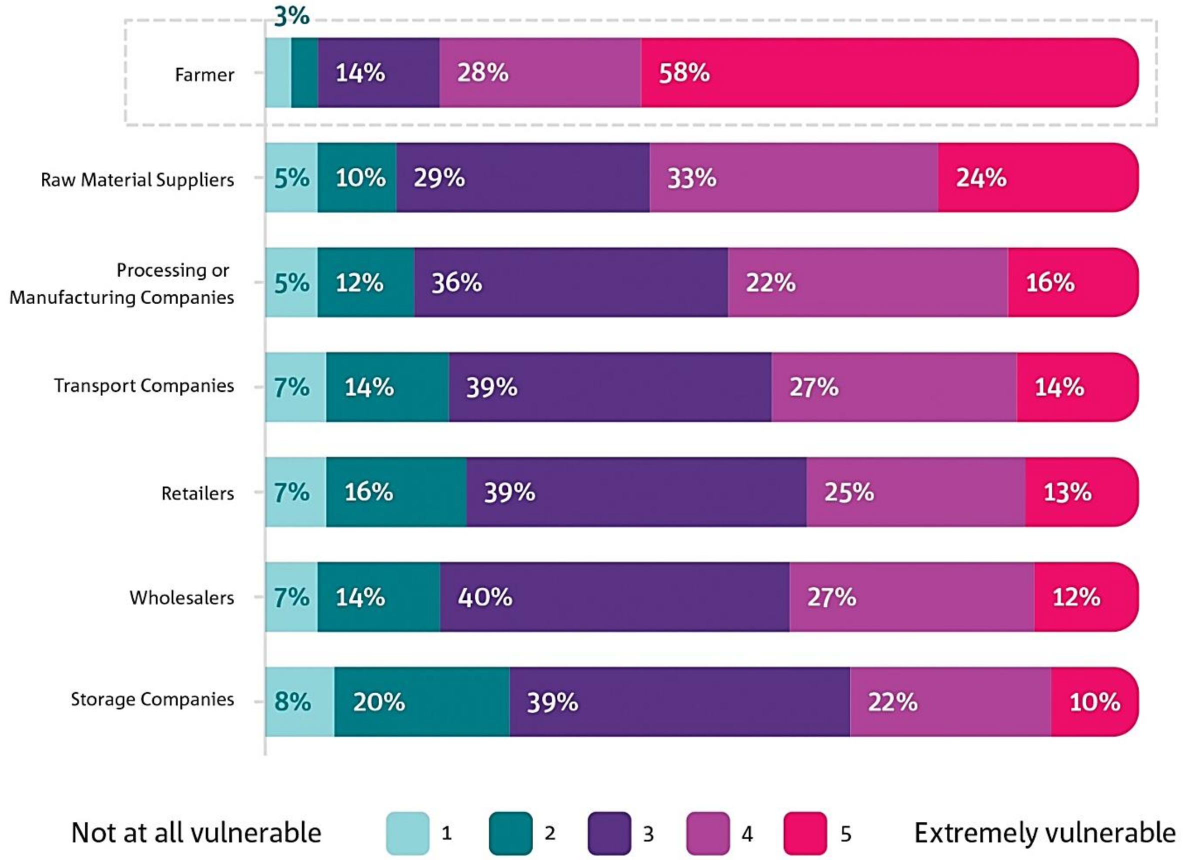


View the summary report: https://publications.csiro.au/rpr/download?pid=csiro:EP148832&dsid=DS2

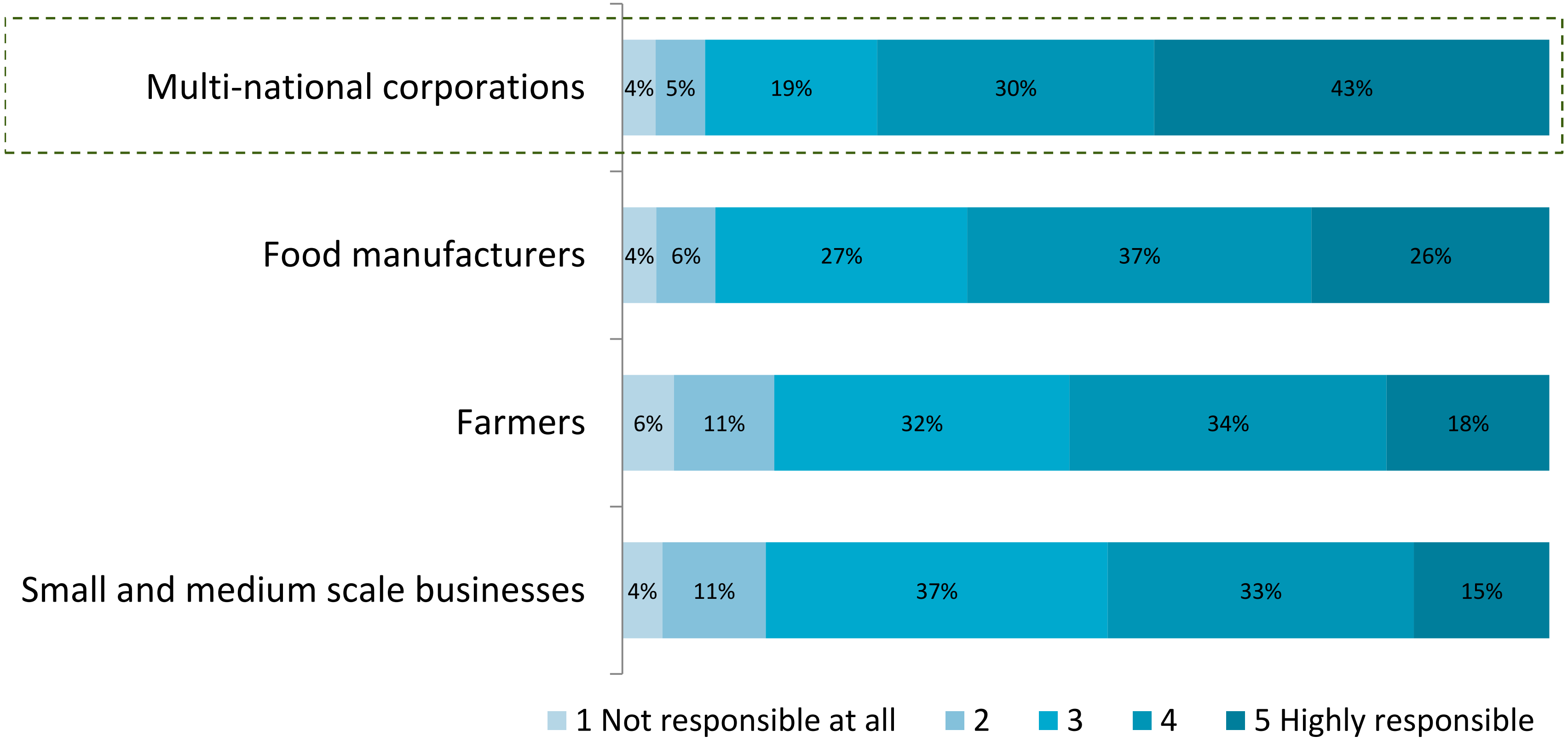
Five segments of consumers



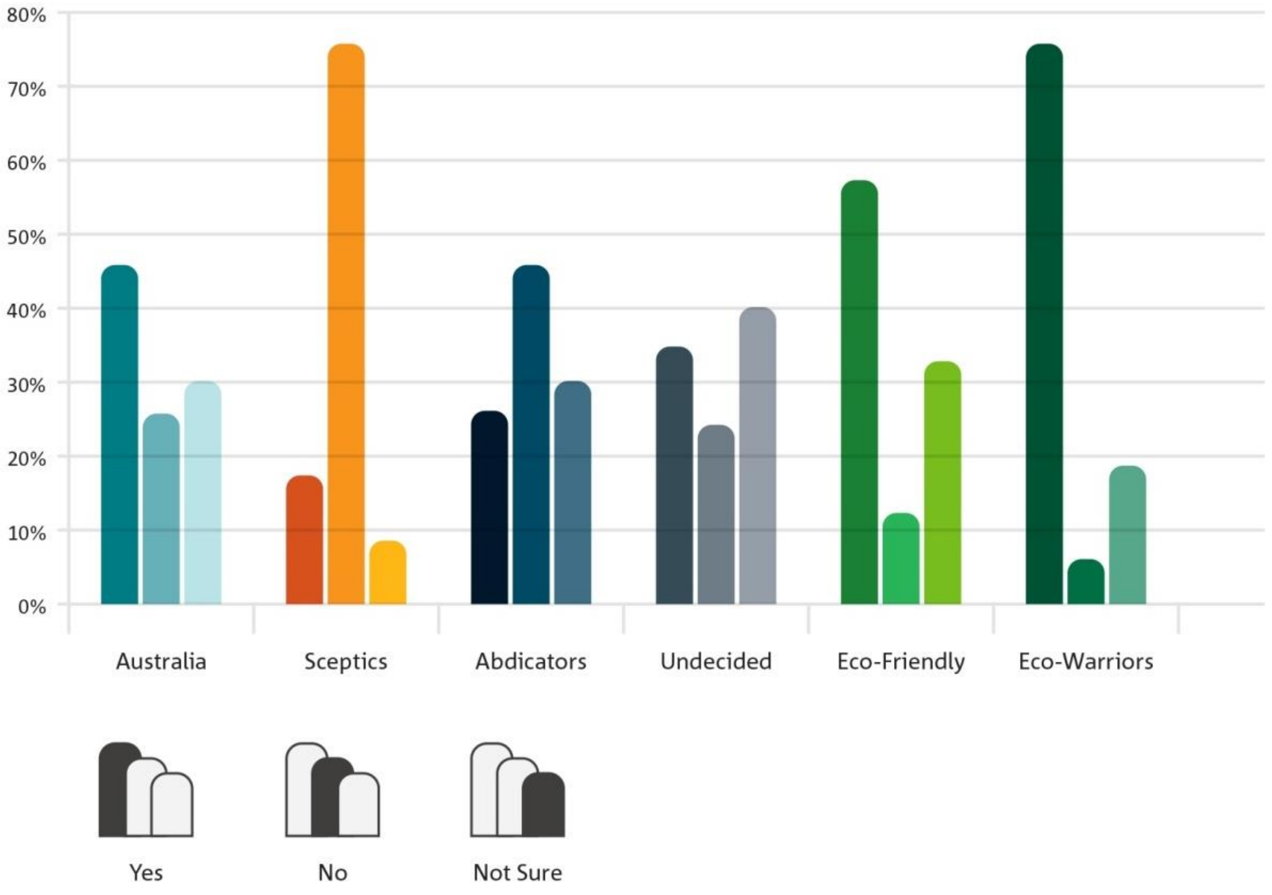
The whole food chain is considered vulnerable, especially farmers.



But consumers don’t expect the most vulnerable to be responsible for adaptation.



Still, consumers are starting to consider what they can do to adapt...



70% Increasingly more concerned about the increase in food prices

54% Look for things to address and change in everyday life as a result of the challenges of climate change

54% Think about what is acceptable and sustainable with respect to products, packaging and consumption

... in their own way

Potato chips

$3.20

The Spotty Chip	The Perfect Chip	Farmer Friendly Chips
27% Substitute	28% Purchase less often	21% Continue, with reasonable prices
22% Discount	24% Substitute	18% Continue, because it's worthwhile
Eco-warriors		Eco-warriors Sceptics
$0.75 Price reduction	$0.40 Price premium	$0.50 Price premium

Wine

$14.00

Temperature affected Sauv Blanc

30% Substitute region

24% Substitute variety

Eco-warriors

$5.00 Price reduction

Award winning Stanthorpe

56% Continue

21% Substitute

$1.30 Price premium

Mangoes

$2.80

Small, quick ripening

- **28%** Purchase less often
- **25%** Continue

Sceptics support

$0.50 Price reduction

High price, good quality

- **20%** Purchase lower quality
- **19%** Purchase less often

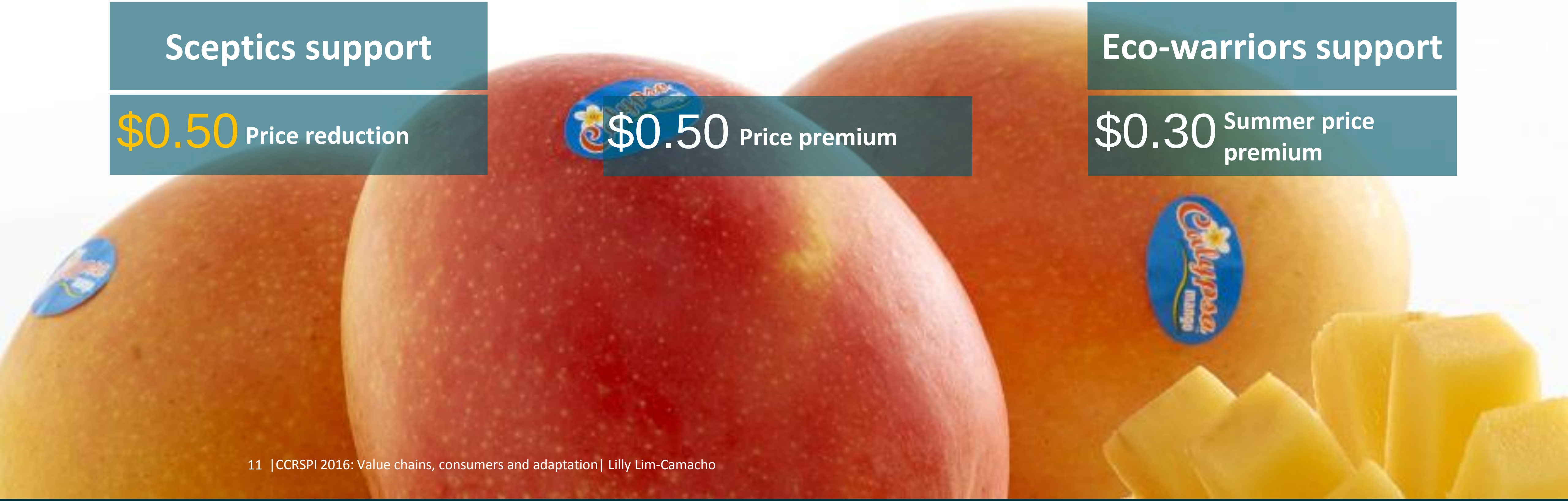
$0.50 Price premium

Mangoes in July

- **47%** Purchase at same summer prices
- **20%** Purchase in summer at higher prices

Eco-warriors support

$0.30 Summer price premium



Some final thoughts

1. Value chains play a crucial role in ensuring successful continuity of our food and fibre industries

2. Climate change represents a new operating environment for value chains – a threat to and an opportunity for the successful continuation of our industries.

3. A value chain approach to adaptation gives line-of-sight of the direct and indirect impacts of climate change and flow-on effects of adaptation, from farm input suppliers, all the way to consumers.

Thank you

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