



Tamara Fruit: From seed to blossom in Armenia

Background

Tamara Fruit is one of Armenia's leading food production companies, specialising in fruit, berry and vegetable preserves, purees, deep frozen and bee products. The origins of this company date back to Armenian independence, when conditions for private entrepreneurship improved. The food industry was among the most successful in Armenia to recover and re-orientate towards new opportunities offered by market economies in transition. This involved finding new markets, positioning themselves on those markets and continuously improving marketing skills and product competitiveness so as to enter the global free market. Tamara Fruit first sold locally in Armenia, with some exports to Russia – but the company's ambitions did not stop there. At the time, Russia was the biggest export destination. Yet Armenia was headed for a Trade Association Agreement with the European Union, pushing companies to diversify exports and discover new markets. By 2005, Tamara Fruit had the European Union's organic market in its sights. The family-owned company was able to gain organic certification in Armenia through ECOGLOBE and is now one of the leading organic producers and promoters of value chains and exporters in Armenia.

Tamara Fruits has gone from mainly producing conventional products to organic ones – including fruits, preserves, purees, juices, nectars and honey. This shift was in no small part helped by the company taking part in the 2006 Biofach organic fair. The event allowed the company to find European organic partners. As a result, from 2007 the company has exported to Hungary, Germany and the Czech Republic, as well as Switzerland, while at the same time meeting growing demand for organic produce in Russia and other Commonwealth of Independent States countries. Tamara Fruits has since gained certification in line with US Department of Agriculture standards, allowing it to target the US market. Yet Tamara Fruits is not only processor and exporter, but also a big employer and investor in primary production. Given that it is a successful role model, the Government of Armenia even awarded the company with a grant to support organic raspberry cultivation on private farms in the country. Tamara Fruits then formed part of an expert group guiding the farmers and buys all produce that meets the right standard at a fixed price for the first five years. Berry cultivation has since become a trend in many mountainous regions of Armenia and created farming practices that generated higher value compared to lower value traditional crops such as cereals. It also shows the potential for public-private partnerships in the country that could be exploited further.

Tamara Fruits is also an innovator. New health and environment technologies have allowed the company to solve the problem of the lack of organic sugar on the market. For example, sweeteners in some products have been replaced with organic honey, whose production the company supports in the high mountainous regions of Armenia. Thanks to Tamara Fruits, a number of farmers and beekeepers have been able to set up their own

businesses in remote villages of the country. Tamara Fruits has also been one of the first companies to introduce organic products to local consumers. Honey-based nectars are selling well in local health stores and supermarket shelves. Organic honey is also successfully exported to Russia and Kazakhstan. In partnership with ECOGLOBE, the company furthermore recently succeeded in receiving BIOSUISSE organic certification. These are all obvious demonstrations of organic success for a committed company and staff.

Challenges

Accessing organic markets was not always an easy task. The financial crisis and “fall” of the Russian ruble hit the pockets of Tamar Fruit consumers hard and exports suffered. Yet the company has learned from this and has diversified to focus on organic markets in the EU, USA, Russia and worldwide. Aside from the impacts of global external markets, a number of challenges had to be overcome locally, where growing demand for organic produce could not be met due to a lack of certified organic farmland in Armenia. Tamara Fruits therefore took the initiative to ensure certification of wild crops in many regions of Armenia – with honey making up for a lack of organic sugar for example.

Meanwhile, a further challenge can be finding committed and responsible farmers to meet all requirements of organic standards. In order to mitigate the risks related to contracted farms, Tamara Fruits has its own orchards with a diversity of fruits close to its own processing plant. The reduction of risks and lowered transport costs help the company to meet the basic demands of international partners. Finally, a limited amount of knowledge about and availability of organic inputs exists in Armenia. This can pose challenges throughout the value chain and has driven Tamar Fruits to becoming a part-grower, buyer, processor and exporter – all of which require valuable resources. At the same time, this ensures the company has the best possible oversight on its product chain.

The way ahead

Despite these bottlenecks, Tamara Fruits is now a successful organic exporter and processor in Armenia and has diverse exports. It sells pre-packaged products under own brand names and labeled according to buyers request, as well as semi-finished bulk products and ingredients. The company has a good feel of the market and its diversity.

Looking ahead, Tamara Fruits is eyeing exports to well-known supermarket chains in USA which will require a substantial increase in volumes produced. “To become a successful handler and trader, especially of organic products, one has to have patience for at least five years and one has to work hard and use his skills and experience on building trust, improving quality, discovering regulatory requirements and marketing,” underlines Mr. Hovhannisyanyan, Owner and CEO of Tamara Fruits. Companies should be ready to invest in all the above aspects and not expect immediate financial returns, Mr. Hovhannisyanyan advises. Organic exports are very specific and slightly different from conventional trade, but at the same time give long term options for Armenian businesses, he explained. Another key to success is the study of diverse organic markets in different countries. For

an organic business to truly bloom, each of these markets require appropriate business models, products and partners.