



# THE TRUFFLE & WINE CO

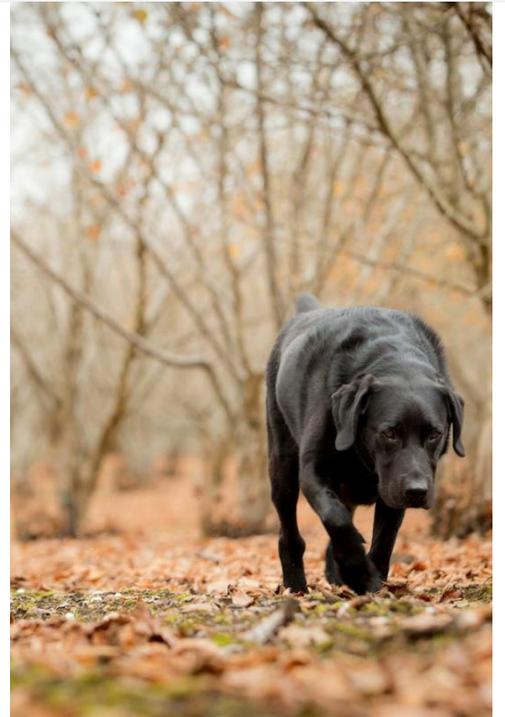
MANJIMUP ~ WESTERN AUSTRALIA

TRUFFLE BUSINESS - EDITION 06 - MAY 2018

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## *The Truffle Business*

HELPING YOU SUCCEED





# Marketing Options

**Alf Salter, Chairman  
The Truffle & Wine Co.**

As the Australian truffle industry develops, more marketing opportunities arise for selling into overseas markets. These markets are mature markets, so it is important that to expand the market size growers get involved in market development with their distributor or by using the services of Austrade or other government export agencies.

Early this year several East Coast growers established the NSW/ACT Truffle Marketing Co-operative, trading as **EAT Truffle, (Eastern Australian Truffle)**.



Membership is available to East Coast truffle growers and TWC is actively working to assist the Co-Op to attract new members, as the success of the Co-Op will be determined by it attracting enough grower support to process and market a critical volume of truffle to allow the operation to be efficient.



TWC has agreed to provide marketing leads to the Co-Op, which would allow it take 500 kg of saleable truffle this year if it is available.

Interested parties should contact Richard Austen or Wayne Haslam, who are two of the four Directors of the Co-Op.

**TWC is keen to market truffles for Western Australian growers** and have an attractive proposal. Last year we could have sold at least another 1,000 kg of truffle.



If you feel your truffière will produce more than 4kg/week, then please get in contact about dropping it off. If you aren't at 4kg/week just yet, then please contact us to talk about how we can help you get there. We are keen to develop long-term mutually beneficial relationships and help the industry grow together.

**If you would like to know more about what we can offer, contact our General Manager Michael Lowe on 0418 953 200.**

# Yield Forecasting and Market Stability

Michael Lowe, General Manager  
The Truffle & Wine Co.

## Why is it important to forecast truffle yield and how does that information help to stabilise the market?

Yield forecasting is an essential part of an effective marketing plan. It is impossible to develop a marketing plan without knowing how much product is available for sale.

Yield forecasting commences in the first week of March. Our procedure involves sampling multiple sites throughout the truffière and counting and weighing each initiated truffles – this gives us a weight x number distribution and an average weight.

This process is repeated in April and May so on completion of the May sampling we have an estimate of potential total truffle numbers, total yield, average size and possible whole truffle percentage.

While this process is not 100% accurate it does give us a realistic estimate of what we can expect during harvest. This estimate, together with past recorded information, informs Alex Wilson, Head of Sales, how much product he will have for sale and an estimate of weekly production. So Alex in conjunction with our distributors develops a Sales plan.

By the time we start harvest we have a pretty good idea where every kilogram of fresh truffle will be sold (Well done Alex!). In addition we budget to freeze about 600 kg to 800 kg of mixed grades (except for extra's). Why?

Well we know that at the peak of the season in July when our production is at its maximum, there are holidays in our major European and USA markets, so demand there will drop for a short time. This reduction in demand has potential to cause a fall in market prices – simple economics. We also know that there is year round demand for premium T. melanosporum so freezing enables us to take advantage of this opportunity whilst removing a potential oversupply that could adversely affect prices for growers.

We also plan to manage the hunt/harvest volumes at this time (our research indicates that undisturbed ripe truffle can stay in the ground quite happily for a couple of weeks) so we can meet market demand and avoid oversupply - and possibly extend our season a little!

The successful management of our harvest and sales volumes is possible because we have measured and monitored – we have planned. And it starts with understanding what the potential harvest is and ends with a stable market, stable pricing and happy customers.

We refer you to the [table in Edition 03 of The Truffle Business](#), in the article 'You Can't Manage What You Don't Measure'. We encourage you to use this table to give an accurate understanding of saleable truffle produced and to create some consistent terminology within our industry.



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# TRUFFLE KERFUFFLE

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# Getting your dogs ready for truffle harvest

**Adrian Mielke**  
**Australian Truffle Hunters**

The truffle hunt is managed by myself and Katie Boyer. Over the past six years we have been hunting the truffle orchard at The Truffle & Wine Co. and have harvested nearly 30 tonnes of truffle. We are ably assisted by the TWC team of Shane Downie and Debra McLaren.

Here are our tips for getting dogs ready for the new truffle season:

Truffle production is the result of a symbiotic relationship between the fungus and the host tree. Likewise finding truffles is a symbiotic relationship between a truffle dog and its handler. The better this relationship the more successful is the team.

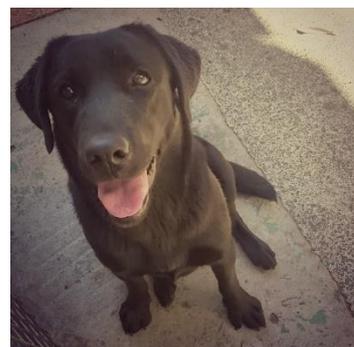
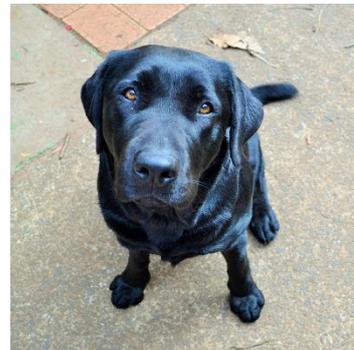
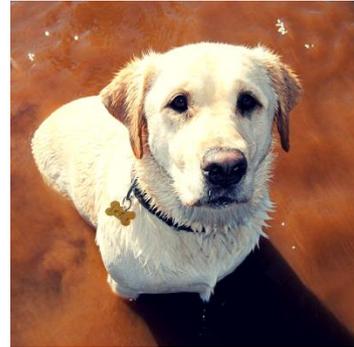
You own a truffle dog for 12 months of the year – not just during the season, so it is important that during the off-season, cylinders are re-charged and the brain is given a break.

We might train the occasional new party trick to keep their minds, and our training skills fresh; other than that it's really just general maintenance/obedience training, and any opportunities for socialisation and new experiences. After a winter of working off-lead, even reminding them of good leash 'manners' is a training opportunity.

We don't actively keep up scent work with the dogs out of season - over the years we've become sure of the fact that once the truffle detection behaviours are established over their first and subsequent seasons, they'll be readily remembered the next winter.

It is necessary to start pre-season training about a month or so before we return to the farm. This is when we can sharpen and 'shape' any behaviours that need a tweak, and desensitise to anything novel (new booties are a perfect example). We'll take advantage of the slower early season to remind them what a great smelling, mature truffle really is and leave the immature ones safe in the ground; and also gradually build up the dogs' stamina and concentration so that they, and we, can work for longer sessions (often as long as it takes to go up and back along a row of trees).

Good preparation will mean that dogs are ready to go when the season starts and time will not be wasted on training to hunt or breaking bad habits. When you have 10 to 12 weeks to harvest maybe 6,000 kg of dirty truffle, efficiency is the name of the game.



# European Truffle Prices

Alex Wilson, Head of Sales  
The Truffle & Wine Co.

If we compare our international pricing for Australian truffles with European truffles we must compare apples with apples. We set prices for washed and graded truffle, however in European markets and specifically the Teruel market, truffle is sold as a mixed lot of ungraded, unwashed truffle, usually with dirt still on, but sometimes brushed.

The purchaser of the truffle will wash and grade the truffle. This is very different to what we do in Australia.

I am grateful to Marcos Morcillo of Barcelona, who would be well known to most Australian truffle growers and the Teruel Truffle Growers Association for allowing us to use the graphs below and information from Marcos's recent blog.



The graphs show weekly **minimum wholesale price (blue line)**, **maximum wholesale price (red line)** and **retail average price (green line)** received at the market at Estacion de Mora, Spain. The prices are for mixed lots of ungraded unwashed truffles.

Marcos advises that these prices are set as follows:

*"When you go to the Teruel market, after it is finished, 4 people agree what these maximum and minimum prices have been.*

*"The wholesale "minimum" are lots that the quality was poor, and "maximum" lots with higher quality. Each week there are always some lots from some growers that have sold their prices even higher than the "red line" due to their great quality (less dirt and higher % of first and extra class truffles), but just a few and these are not considered for the figures.*

*"In the wholesale markets truffle is never sold in pieces, but dirty fruit bodies that have not even been washed, nor graded, sometimes just brushed..."*

We have no direct price comparison, so we need to have an excellent understanding of the European pricing mechanism if we are to use reported prices (as above) to set realistic prices for Australian truffles to be sold into the northern hemisphere.

There are many factors which could impact on the wholesale price in European markets:

- The quality mix of the lot sold (i.e. estimated % of whole truffle compared to pieces after grading by the buyer)
- Amount of insect damage and rot
- Amount of soil on truffles
- Quantity of truffles in the market that week
- Time of season and holidays (i.e. Christmas, Independence Day in USA)

### **How can you use this information?**

The graphs above give minimum and maximum prices for a range of grades, so the average or median price will be somewhere between these prices. I have estimated the average price for the whole 2017/18 season at about EUR660/kg and for 2016/17 at EUR470/kg.

These prices equate to AUD1046 and AUD746, so depending on the quantity of truffle produced by Australian growers this season and the discipline with which it is marketed, it is likely that price will be between these two figures, remembering that we have to add about AUD100 to these prices to cover grading, packing and freight.

Responsible marketing will mean that the higher figure may be possible.

Australian growers cannot sell unwashed and ungraded truffle as exporting dirt and insect pests will result in delays in clearing truffle through customs at the destination country. In most cases the product will be destroyed and a total loss incurred. It is not worth the risk.

Note that distributors in Europe are marking truffles up by between 25% and 30% when selling to restaurants (Retail price on 2017/18 graph).

### **European black truffle season 2017/18**

Reports from Europe indicate that the 2017/2018 melanosporum season has been very poor both in quantity and quality.

The lead up to the European season was remarkably similar to our own seasonal conditions:

- Moderate summer temperatures with modest rainfall
- Hot and dry autumn
- Early evidence of large numbers of truffles having set

The European season went on to follow this pattern:

- Very encouraging early harvest with large quantities of poor quality truffles
- The hot and dry autumn seemed to cause many of the early set truffles to die
- This resulted in low quantity of truffles in the peak of the season
- Quality was reduced by a very cold winter with abundant snow.

Marcos's estimate is that Spain produced 40 tonnes of truffle last season. If that was dirty truffle it would mean about 29 tonnes of graded truffle in Aussie terminology. Our General Manager, Michael Lowe visited France in February and production figures of 10 tonnes were mentioned for France, with only a few tonnes expected from Italy.

# Value-added Products

Are they a possible additional revenue source?

Brendan Nolan, Planning & Operations Manager &  
Ben Verrall, Sales & Marketing Officer  
The Truffle & Wine Co.



Many truffle growers think that value-added truffle products could be a useful additional source of revenue. Producing food products, which may sit on a shelf or in a cupboard for many months, has some unique challenges.

**How much truffle goes into products?** As there is only about 3% of truffle used in value-added products, unless you have a large market you will not use much truffle, so give careful consideration as to why you might produce value-added truffle product.

**Shelf life is important to ensure that the product does not spoil.** Because truffles carry a high bacterial load, they must be sterilised to ensure the value-added product is not contaminated and meets public health standards. Sterilisation is usually achieved by a heat process, and thereby loss of most of the volatile oils which create the truffle aroma. The flavour and aroma in truffle products comes from truffle essence, which is usually imported from Europe. The truffle is merely a visual marketing trigger!

**Profit Margins.** If you intend marketing through retail outlets you may need a distributor. Margins in the system soon chew up profits which can only be recovered by increased volume. You will also need to keep stock on hand to meet orders as they are placed and therefore a regular production program is required to ensure stock is available when required.

**Product Quality.** Consistency of product aroma and flavour must be obtained between batches. Recipes for ingredient quality and quantity are a necessary component of consistent product quality.

**Product Promotion.** Retail space is expensive and retailers only want stock that will move off their shelves and they will expect you to assist in making this happen by doing in-store tastings to establish brand credibility and customer product awareness. Printed brochures and recipes may also be required.

**Competition.** There are a multitude of European companies manufacturing and selling value-added truffle products worldwide. Volume gives these companies the benefit of economies of scale and as a result their production costs are low.

**Major risk factor.** The important issue in producing a food product with say 6 months shelf life, is to ensure you meet all food health standards as if somebody gets sick, your business and personal assets could be on the line!



Our view is that most small growers are better off spending their time and money in managing their truffle orchard and determining how they will market their fresh or frozen product. When the cost of stock (including product contents, bottles, labels, bar coding etc), product liability insurance and marketing are taken into account, selling \$100,000 of product through a distributor (probably over 10,000 x 100gm units), there is little left for your effort.

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