



THE MARKET

Gardening is one of the most popular leisure activities in Australia and New Zealand, and Yates has been synonymous with the development of gardening in this part of the world since Arthur Yates arrived in New Zealand in 1879.

The market for garden products has expanded in both countries to include a diverse range, from seeds to organic fertilisers to plastic pots, and Yates has always been flexible enough to fit in with these changes. During the 20th Century, the home garden evolved from the stereotypical pre-Second World War productive garden, with ordered vegetable beds and rigid rows of flowers, to become, by the end of the century, an attractive outdoor 'room' that is the centre of home entertainment. Now, in the early 21st Century, as the baby boomers are moving into retirement, the gardening market is set for further expansion.

ACHIEVEMENTS

Since the publication of the first *Yates Garden Guide* in 1895, Yates has been the trusted provider of quality gardening information in both New Zealand and Australia.

Yates is the largest supplier of seeds to both markets, with strength not only in the consumer market, but also as a major supplier of vegetable and flower seed to professional horticulturists and commercial growers.

Yates was one of the first seed companies in the world to pack consumer seed in foil packs to ensure freshness and reliable germination. Yates has continued to lead the market in the consumer garden products field with not only its innovative product range and merchandising skills, but by introducing electronic order capture and use of EDI and VMI (Vendor Managed Inventory) with some of Australia's leading retailers.

Yates's diverse product range has mirrored consumer demand for convenience products. Recognising community concerns, Yates has also introduced products that are derived from natural sources and have greater environmental appeal.

Consumer support of the Yates brand has enabled the company to maintain its strength despite ownership changes and some turbulent times.



Auckland in 1883. The ledger for the first day records takings as 1/6 and expenses 2/6 but, in spite of this inauspicious beginning, the business soon flourished.

In 1886 Arthur visited Australia and soon employed an agent to sell seed in the Australian colonies. His younger brother, Ernest, joined him to help run the New Zealand business and, in 1887, Arthur moved to Australia and opened a shop in Sydney. Although both the Australian and New Zealand businesses operated as Arthur Yates and Co, they were separate entities. However they continued working closely together, not only with each other but also with Samuel Yates in the UK, until their formal separation in 1906.

The first Yates range of packet seeds for home gardeners was launched in 1893 to cater for the growing numbers of middle class homeowners.

In 1895, while recuperating from an illness, Arthur wrote the first *Yates Gardening Guide* for Australia and New Zealand. This small publication provided garden advice for conditions in both countries. It fulfilled an obvious

need as most of the publications that were then available had a European focus. *Yates Garden Guide* in Australia is now in its 40th edition and has sold over 7 million copies. The New Zealand publication, which has reached its 75th edition, has sold more than a million copies. *Yates Garden Guide* is still considered the most comprehensive basic guide for gardening in both countries.

The two companies grew as the countries prospered. Yates was seen as the leader in the supply of seeds, plants and consumer gardening information.

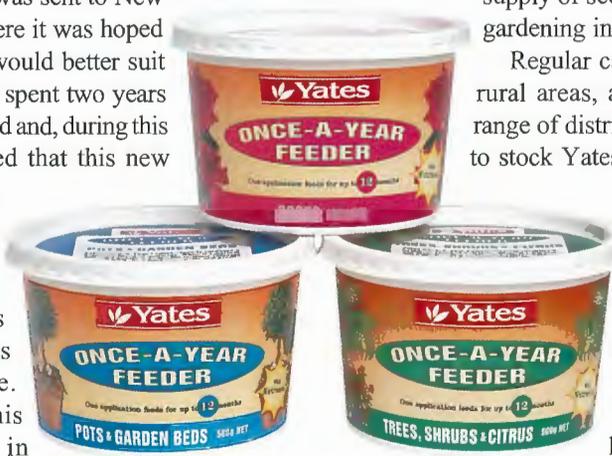
Regular catalogues were issued to rural areas, and Yates established a range of distributors who were invited to stock Yates reliable seeds. During the First World War Yates provided advice on productive gardening for the war effort, and established seed production farms in Tasmania.

After World War 2 lifestyles changed and the

HISTORY

The Arthur Yates story had its beginnings in the 1820s in Manchester, England, when George Yates opened a grocery and seed shop. In 1826 George put his 15-year-old son Samuel in charge of a second shop that was devoted entirely to the selling of seeds. The business expanded rapidly and Samuel's five sons all became involved in different aspects of its operation. In 1879 Arthur, the asthmatic second son, was sent to New Zealand, where it was hoped the climate would better suit

his health. Arthur spent two years working on the land and, during this period, he realised that this new country offered a great opportunity for him to supply quality seed sourced from his family contacts back in Europe. Arthur opened his first seed shop in



emphasis moved to recreational gardening. *Yates Garden Guide* evolved to reflect this and Yates introduced convenience products such as Thrive, a soluble fertiliser that turned water into fertiliser.

In 1951 Arthur Yates was listed and in 1969 Arthur Yates (Aust.) purchased Samuel Yates (UK). In 1985 Yates was acquired by Cheetham Limited, which already owned Hortico, so Australia's two leading garden companies were merged into one. The eighties were renowned as a period of company takeovers and, in 1987, Cheetham was acquired by AcmeX, a subsidiary of Industrial Equity Limited (IEL). In 1989, following the Equiticorp receivership, Yates New Zealand was purchased by Yates in Australia and, a year later, IEL was acquired by Adelaide Steamship Company. In 1993 Yates was floated by IEL as a unified company including Australia, New Zealand and United Kingdom.

In 1994 Yates acquired the Zero brand from Reckitt and Coleman and in 1995 purchased Dynamic Lifter (an organic fertiliser made from composted chicken manure). Both these products have subsequently been brought under the Yates umbrella brand.

In 1996, Samuel Yates was sold to Sakata Seed Company. In 1997, Yates formed a joint venture with US seed company Seminis to establish Yates Vegetable Seeds (YVS). An important arm of YVS is the vegetable breeding and research station in Narromine, NSW. In 1998 Yates acquired Watkins, a home garden company operating in the New Zealand market.

In 2001, at the end of a difficult trading period, Yates entered into a Scheme of Arrangement with Western Australian-based Norgard Clohessy Equity (NCE). The Scheme was ratified by Yates shareholders in March 2001 and, as a result, Arthur Yates and Co Ltd became a subsidiary of NCE. NCE, recognising the strength of the Yates brand, changed the name of the entire group to Yates Limited.

THE PRODUCT

Despite these changes, Yates has remained the industry leader and has moved a long way from just being a packet seed company. Its range of products and sub brands includes seeds, bulbs, Dynamic Lifter, Zero herbicide, potting mixes, Thrive and Gro-Plus fertilisers, premium pots, *Yates Garden Guide* and a number of other gardening books with the Yates masthead.

RECENT DEVELOPMENTS

The garden market is always evolving, and Yates is at the forefront of innovation with new products making gardening

more interesting or easier for consumers. Many Yates products are now available in either ready-to-use trigger packs or with hose-end applicators. The new range of quality, Australian-made plastic pots has been expanded to include a square Roman pot.

In 1999 Yates successfully entered the plant propagation market in Australia with the acquisition of Burbank Biotechnology and ForBio Plants. This new division, now called Yates Botanicals, supplies tissue-cultured plantlets to wholesale nurseries, fruit plantations and eucalyptus growers. October 2000 saw the introduction of the first Yates-branded plant, the Yates Princess Lilies (see opposite page). Yates Botanicals has played a major role in the development of Saltgrow salt-tolerant eucalypts, a



often with no prior exposure to gardening, Yates's promotional activity covers all media options. To enthruse tomorrow's consumers Yates conducts promotions for children with special seed packs, and cooperative promotion with key retail groups. Yates supports major garden shows in Australia and New Zealand and, in Western Australia, features prominently during Yates Tulip Time at Araluen, in the hills just outside Perth.

BRAND VALUES

Yates is the leading company in the garden market as a result of continuing adherence to the values of its founders: to be a knowledgeable supplier of products that help homeowners produce quality gardens. This responsible approach has meant consumers can be confident that all products carrying the Yates name have been tried and proven in the markets where they are sold.



cloned series of hybrids that can be planted in saline-affected soils around Australia. Yates Botanicals is working in conjunction with Suntory (Japan) to identify and breed superior Australian native plants for both the domestic ornamental horticulture market and for export.

PROMOTION

Yates has used a variety of promotional tools to disseminate brand and product information.

The wide range of products sold by Yates has presented some challenges to its advertising agencies. On the positive side, the gardening market is well serviced with opportunities for promotion with a multitude of television shows, radio shows, magazines and newspaper columns dedicated to the pursuit of gardening on both a national and regional level.

Customers continue to seek gardening information from all sources and the Yates web site, launched in 1998, is proving very popular with gardeners and retail customers. Information is changed regularly with seasonal advice.

It's well worth a visit - www.yates.com.au.

Yates's promotions have focused on growing the gardening market by giving consumers confidence in their gardening activities. As the market is continually attracting new entrants,



THINGS YOU DIDN'T KNOW ABOUT YATES

- In the period 1880-1950 Yates ran a sophisticated direct marketing operation that supplied product throughout Australia.
- Yates has a copy of every *Yates Garden Guide* ever published, including two copies of the original 1895 edition.
- *Yates Garden Guide* is the all-time best selling Australian book.
- In one of its earlier catalogues Yates offered *Cannabis sativa* (marijuana) 'a large leafed foliage plant, to five feet' for 6d a packet.
- Yates products are exported to gardeners in Europe, Asia, Middle East, Central and South America and the Pacific Islands.
- Throughout Australia there are more than four million chickens producing Yates Dynamic Lifter.
- Since their introduction seven years ago, more than one million Yates Botanicals' Tapien and Kazari verbenas have been bought by Australian gardeners.